



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
BOARD MEETING HIGHLIGHTS
JUNE 2024

Board Elects New Officers

For FY2025 (July 1, 2024 – June 30, 2025), the Board elected Employee-member Matthew King as chair and Retiree-member Catherine Moss as vice-chair.

Board Approves FY2025 Annual Investment Plan

SERS’ Board approved the FY2025 Annual Investment Plan (AIP), which serves as a guide to the System’s investment decisions for the year.

The AIP includes an overview of the current economic environment based on reports from leading economic firms, and SERS’ asset allocation target and long-term performance objective for each type of investment. In addition, it contains last year’s objectives and accomplishments, and details about how each investment portfolio will be managed during the year.

Board Approves Statement of Investment Policy Amendment

Following Wilshire Associates’ recommendation at [last month’s meeting](#), the Board approved an amendment to SERS’ *Statement of Investment Policy*.

Effective July 1, 2024, SERS’ global fixed income benchmark will change from the Bloomberg U.S. Aggregate Index to the Bloomberg U.S. Universal Index.

Wilshire’s benchmark review showed that the Bloomberg U.S. Universal Index has a lower tracking error and outperformed the Bloomberg U.S. Aggregate Index across the 1-, 3-, 5-, and 10-year periods.

Total Fund Update

TOTAL FUND BALANCE		
March 31	April 30	Difference
\$18.77 billion	\$18.44 billion	▼ \$330 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 6.14%	▲ 2.12%	▲ 5.32%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 0.99%	▲ 0.54%	▲ 1.51%

Investment Committee Approves Three Private Equity Investments

The SERS Staff Investment Committee approved a \$100 million commitment to StepStone Venture Capital Secondaries VI, a venture capital secondaries strategy, a \$50 million commitment, plus a \$25 million side-car co-investment, to Graham Partners VI, a U.S. middle market buyout strategy, and a \$25 million commitment to Collier Project Neapolitan Co-Investment, a secondary strategy, all within the private equity portfolio.

RETIREMENT BOARD

FRANK A. WEGLARZ
Chair, Retiree-Member

MATTHEW KING
Vice-Chair, Employee-Member

JEFFREY T. DELEONE
Appointed Member

JAMES HALLER
Employee-Member

CATHERINE P. MOSS
Retiree-Member

BARBRA M. PHILLIPS
Employee-Member

JAMES A. ROSSLER, JR.
Appointed Member

AIMEE RUSSELL
Employee-Member

DANIEL L. WILSON
Appointed Member

These investments will be funded from cash reserves.

Health Care Update

Christi Pepe, SERS' health care services director, and Michael Steiner, SERS' health care services assistant director, summarized proposed changes to the health care program for 2025.

Medicare

In terms of monthly Medicare premiums, there are no changes to the Aetna Medicare Advantage rate. The full premium remains \$198. The most frequently paid premium remains \$64. There are no changes to the Aetna Traditional Choice premiums.

In terms of benefit changes, the primary care office visit co-pay will be reduced from \$10 in 2024 to \$0 in 2025.

Non-Medicare

In terms of monthly non-Medicare premiums, Aetna Choice premiums will be increasing by approximately 7%. The full premium will be \$1,630, with the most frequently paid premium being \$354.

AultCare premiums will be increasing by 3%, with the full monthly premium increasing to \$1,183 from \$1,149. The most frequently paid premium will be \$265.

In terms of benefit changes, the ambulance coinsurance will go from 20% in 2024 to a \$150 co-pay in 2025 for both Aetna Choice and AultCare.

Wraparound HRA

The Wraparound HRA federal reimbursement limit expanded to \$2,150 from \$2,100. The \$0 premium continues.

Dental and Vision

Dental

The SERS dental benefit, which is offered by Delta Dental, is fully supported by member premiums. The benefits are not changing. For 2024 and 2025, dental premiums are \$30.37 per month for a single benefit recipient; \$60.74 per month for a benefit recipient and one dependent; and \$91.35 per month for a benefit recipient and two or more dependents.

Vision

The SERS vision coverage, which is offered by VSP, also is fully supported by member premiums. The benefits are not changing. For 2024 and 2025, the premiums remain \$6.17 per month for a single benefit recipient; \$12.34 for a benefit recipient and one dependent; and \$14.49 for a benefit recipient and two or more dependents.

Premium Discount Program

The Premium Discount Program, which provides health care premium relief to qualifying recipients based on household size and income, is brought to the Board on an annual basis. Benefit recipients with household incomes less than or equal to 175% of the 2024 Federal Poverty Level (FPL) will be eligible for a 25% premium reduction. Most previously approved participants will continue to be enrolled for the 2025 program without reapplication.

The Board approved the 2025 health care premium amounts and plan changes, including the Premium Discount Program.

Executive Director's Update

FY2025 Budget Approved

The Board approved the proposed administrative budget for FY2025.

The approved budget totals \$38,998,582 and includes personnel costs, professional service fees, including investment-related costs; communications expenses; capital expenditures; and other operating expenses. This amount represents a 4.4% increase from the FY2024 budget.

ORSC Update

At the June Ohio Retirement Study Council (ORSC) meeting, Funston Advisory Services gave a presentation on board governance and fiduciary duty.

Funston noted seven core fiduciary principles that public pension systems should consider:

1. Loyalty
2. Impartiality
3. Prudence
4. Diversification
5. Cost management
6. Transparency and accountability
7. Compliance with laws and plan documents

Director Richard Stensrud noted SERS checks all of the boxes through good governance practices such as the System's:

- Education and training policy;
- Board self-evaluations;
- Asset allocation policy;
- Strategic planning process;
- Budget and personnel policies;
- Investment policy and beliefs;
- Due diligence and proxy voting;
- Audit and compliance policies; and
- Benefit administration performance monitoring.

State Legislation

SERS continues to monitor HB 491, the bill that would require political subdivisions and state retirement systems to participate in the online Ohio Checkbook managed by the treasurer of state. The bill received a second hearing on June 11.

While SERS currently participates in the Ohio Checkbook on a voluntary basis, the proposed legislation would require participants to include revenue information. SERS staff will continue to work with the bill sponsors to better understand the level of detail that would be required.

SB 6, introduced by Sen. Kirk Schuring, received a second hearing in the House Financial Institutions Committee on June 18. The bill would prohibit the state retirement system boards, and other state entities, from making investment decisions with the primary purpose of influencing any social or environmental policy or the governance of any corporation (ESG). SERS will continue to monitor the bill; however, the policies and practices of SERS' investment program are fully in compliance with the provisions of SB 6.

Federal Legislation

Sen. Sherrod Brown held a field hearing in downtown Columbus on June 6 to take testimony from public employees in support of S.597, which would repeal the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP). First responder and school employee representatives provided personal stories regarding the impact of the GPO and WEP on their retirement plans.

Strategic Plan Update

Final draft versions of the FY2025-2029 Strategic Plan will be presented at the July Board meeting.

Director Stensrud noted that the plan was completed with input from multiple sources throughout the organization, the Board, and advocacy groups. After the plan is finalized, staff will provide the Board with an annual update on the strategic plan progress.

Pensionable Compensation Update

Staff presented a draft of the new compensation rule that reflects the Board's feedback from previous discussions regarding the definition of pensionable compensation.

The Board authorized staff to request impact modeling from SERS' actuary, Cavanaugh Macdonald.

This modeling would give the Board a better idea of the fiscal impact of modifying the compensation rule. Staff will present the actuary's findings to the Board in the coming months.

Board Self-Evaluation

In 2017, SERS participated in a Fiduciary Audit Report required by the ORSC. One recommendation in the report was for SERS' Board to implement a self-evaluation process.

Regular Board self-evaluations are considered best practice in terms of Board efficiency and self-governance.

All Board members agreed that the Board is operating positively and effectively. An area to improve upon included more thorough education and discussion at the monthly Board meetings.

Monthly Retirement and Survivor Benefit Transactions

For June, the SERS Board approved 170 active members for service retirements, and 17 survivor benefits for spouses and/or dependents.

July Meeting Dates

The next Board meeting will take place Thursday, July 18, and Friday, July 19, at 8:30 a.m. (if necessary).