



**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**BOARD MEETING HIGHLIGHTS**  
**JULY 2016**

**Board Member Takes Oath**

Retiree-member Catherine Moss took the oath of office at this month’s Board meeting. Moss, who retired from West Geauga Local Schools in 1997, is serving her fourth term on the Board.

Her term runs from July 1, 2016, to June 30, 2020.

**It’s Board Election Time**

Two employee-member seats are up for election with the terms beginning July 1, 2017, and ending June 30, 2021. Any member of SERS, other than a disability benefit recipient, is eligible to run for an employee-member seat. To be considered for election, the following requirements must be met:

- Obtain signatures of 500 SERS members on a nominating petition provided by SERS with no fewer than 20 signatures of members from each of at least 10 counties where those members are employed
- Make sure that each signing member indicates his or her employer, county of employment, and last four digits of his or her Social Security number
- Begin gathering signatures on or after Sept. 2, 2016
- Deliver petitions with original signatures and a completed original Certification Form to the SERS office no later than 4:30 p.m., EST, Dec. 2, 2016

**Total Fund Update**

<b>TOTAL FUND BALANCE</b>		
<b>April 30</b>	<b>May 31</b>	<b>Difference</b>
\$12.45 billion	\$12.44 billion	▼ \$10 million
<b>TOTAL FUND RETURN (net of fees)</b>		
<b>Fiscal Year</b>	<b>Calendar Year</b>	<b>3-Year</b>
▲ 0.84%	▲ 2.17%	▲ 6.53%
<b>TOTAL FUND RETURN vs. BENCHMARK</b>		
<b>Fiscal Year</b>	<b>Calendar Year</b>	<b>3-Year</b>
▲ 0.28%	▲ 0.13%	▲ 0.43%

For FY2016, ended June 30, 2016, preliminary numbers show that the total fund returned 1.39% and outperformed the benchmark by 0.4%.

**Wilshire Begins Work as SERS’ Investment Consultant**

On July 1, 2016, Wilshire Associates became the System’s investment consultant. Felicia Bennett and David Lindberg, managing directors at Wilshire, were introduced to the Board.

Wilshire was selected from three finalists following an RFP issued in January 2015.

They will work closely with SERS’ investment staff, and report directly to the Board.

**SERS Commits to Multi-Asset Strategies Investment**

The SERS Staff Investment Committee approved a \$50 million commitment to GSA QMS Fund Limited, a quantitative investment strategy.

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**RETIREMENT BOARD**

BARBRA M. PHILLIPS <i>Chair, Employee-Member</i>	MADONNA D. FARAGHER <i>Vice-Chair, Employee-Member</i>	JAMES HALLER <i>Employee-Member</i>	CHRISTINE D. HOLLAND <i>Employee-Member</i>
CATHERINE D. MOSS <i>Retiree-Member</i>	JAMES A. ROSSLER, JR. <i>Appointed Member</i>	DANIEL L. WILSON <i>Appointed Member</i>	BEVERLY A. WOOLRIDGE <i>Retiree-Member</i>
			VACANT <i>Appointed Member</i>

Funding for the multi-asset strategies investment came from cash.

### **Executive Director's Update**

#### ***New NIRS Study Supports Public Pension Portability for all Public Workers***

A recent study released by the National Institute on Retirement Security (NIRS) finds almost all public retirement systems offer defined benefit pensions that provide a stable retirement income throughout retirement, and many plans, including SERS, have implemented plan features that allow employees who change jobs to preserve their retirement benefits.

The report, [Preserving Retirement Income for Public Sector Employees](#), focuses on the portability of public pensions, and the positive impact pension savings have on the retirement security of short-term members.

SERS is a longtime member of NIRS, and Executive Director Lisa Morris serves as a member of its Visionary Circle, a committee that works with NIRS' Board of Directors to define the organization's research priorities.

#### ***Governor Signs H.B. 305; H.R. 711 Stalled in Committee***

In late June, Governor Kasich signed H.B. 305, which will require all new University of Akron non-teaching employees to become members of the Ohio Public Employees Retirement System (OPERS) instead of SERS. The provisions will go into effect on Sept. 26, 2016.

H.R. 711, the bill that would reform the Social Security Windfall Elimination Provision (WEP), was delayed before it was referred to the House Ways & Means Committee due to differences in calculation of cost impact. Despite the delay, Rep. Brady has reaffirmed his commitment to get this important legislation passed.

#### ***Information Security Update***

Staff presented its FY2016 fourth quarter update on SERS' Information Security Program.

The update included a discussion of accomplishments, in-progress and upcoming security initiatives, and the program's strategic plan. Among the notable accomplishments, staff completed the annual incident response exercise, the Health Insurance Portability and Accountability Act (HIPAA) assessment, and organization-wide information security awareness training.

Upcoming initiatives include the Corporate Emergency Preparedness Plan (CEPP) testing at the organization's business continuity site, and completion of the first phase of SERS' Information Security strategic plan. The plan's goals are within the context of the organization's Enterprise Risk Management program.

#### ***SMART Update***

Staff provided the Board with an update on the development of SERS' new pension administration computer system, SMART (SERS Member and Retiree Tracking). Piyush Jain, CEO, and Sanjay Gupta, Project Manager for Sagitec, the vendor selected to develop the new system, also addressed the Board.

The project is on target for implementation in early 2017.

### **Health Care Update**

For non-Medicare (under age 65) retirees, the SERS Board gave Health Care Staff the authority to offer limited wraparound coverage to those who choose coverage from the federal Marketplace under a pilot program established in the Patient Protection and Affordable Care Act (ACA).

SERS will offer coverage that "wraps around" and enhances the essential health benefits provided by the Marketplace plan and retirees will be able to maintain their eligibility for a Marketplace subsidy. For people with lower household income, the SERS Marketplace Wraparound Plan can provide more affordable coverage than our current plan because they are eligible for relatively larger federal subsidies available through the Marketplace.

The Board also authorized staff to negotiate a contract with HealthSCOPE Benefits, Inc., a third-party administrator, for management of the Marketplace Wraparound Plan.

With the introduction of the wraparound coverage, the Board approved changes to SERS' health care rule.

The rule makes clear that wraparound coverage is considered SERS health care coverage. Therefore, non-Medicare retirees who opt for SERS' wraparound coverage may switch to other coverage offered by SERS if they are dissatisfied with the wraparound coverage.

The rule also was amended to allow Medicaid recipients to be reinstated into SERS' health care coverage if they voluntarily terminated their Medicaid coverage.

### **Pension Reform Discussions Continue**

John Garrett and Todd Green from Cavanaugh Macdonald, SERS' independent actuary, updated the Board on SERS' projected future funding status based on the System's preliminary FY2016 year-end results.

In addition, the Board reviewed SERS' history of Cost of Living Adjustment (COLA) and Ad Hoc changes. Since the COLA was introduced in 1971, it has been changed six times. Over the years, changes included implementing and removing waiting periods, raising and lowering fixed rates, and using a rate tied to the annual Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Discussions will continue at the September Board meeting.

### **Monthly Retirement and Survivor Benefit Transactions**

For July, the SERS Board approved 352 active members for service retirements, and 20 survivor benefits for spouses and/or dependents.

### **No Board Meeting in August**

The SERS Board will not meet in August.

### **September Meeting Dates**

The next Board meeting will take place Thursday, September 15, and Friday, September 16 (if necessary) at 8:30 a.m.