

School Employees Retirement System of Ohio
GASB 75 Disclosure Information
June 30, 2017

	Source Document
<p>OPEB Plan Description (paragraph 91)</p> <ul style="list-style-type: none"> • The name of the OPEB plan • A brief description of the benefit terms • A brief description of the contribution requirements • Access to the OPEB Plan’s stand-alone financial report 	<ul style="list-style-type: none"> • School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Financial Section, Pages 20-21 and Footnote 15, Page 36
<p>Actuarial Assumptions (paragraphs 92 & 93)</p> <ul style="list-style-type: none"> • Valuation date : June 30, 2017 • Wage inflation: 3.00% • Projected salary increases: 3.50% to 18.20%, including inflation • Investment rate of return: 7.50% • Municipal bond index rate <ul style="list-style-type: none"> • Prior measurement date: 2.92% • Measurement date: 3.56% • Single equivalent interest rate, net of plan investment expense, including price inflation <ul style="list-style-type: none"> • Prior measurement date: 2.98% • Measurement date: 3.63% • Medical trend assumption <ul style="list-style-type: none"> • Pre-Medicare: 7.50%-5.00% • Medicare: 5.50%-5.00% • Year FNP is projected to be depleted: 2026 • Mortality Tables: RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years • Date of Most Recent Experience Study: 6/30/2015 	<ul style="list-style-type: none"> • School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Financial Section, Footnote 15, Page 37 • GASB Statement No. 75 Report for the Retiree Health Care Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2017 Prepared by Cavanaugh Macdonald Consulting, LLC Page 4-5

School Employees Retirement System of Ohio
GASB 75 Disclosure Information
June 30, 2017

<p>Discount Rate, Projected Cash Flows, Long-term Rate of Return, Municipal Bond Rate and Periods of Projected Benefit Payments (paragraph 94a – 94e)</p> <ul style="list-style-type: none"> Discount rate at measurement date: 3.63% Discount rate at prior measurement date: 2.98% Cash flows as set in state statute: Contribution rate: 2.00% of covered payroll; included 1.50% payroll surcharge and 0.50% additional contribution from basic benefits plan. Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members. Both pension and OPEB benefits are paid by the trust as a whole. Long-term rate of return: 7.50% Municipal bond rate: 3.56% Periods of projected benefits are until benefit payments ran out 	<ul style="list-style-type: none"> School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Financial Section, Footnote 15, Page 36-37 GASB Statement No. 75 Report for the Retiree Health Care Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2017 Prepared by Cavanaugh Macdonald Consulting, LLC Page 5 – 6 																								
<p>Assumed Asset Allocation (paragraph 94f)</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Allocation</th> <th>Real Rate of Return</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>1.00%</td> <td>0.50%</td> </tr> <tr> <td>US Equity</td> <td>22.50%</td> <td>4.75%</td> </tr> <tr> <td>International Equity</td> <td>22.50%</td> <td>7.00%</td> </tr> <tr> <td>Fixed Income</td> <td>19.00%</td> <td>1.50%</td> </tr> <tr> <td>Private Equity</td> <td>10.00%</td> <td>8.00%</td> </tr> <tr> <td>Real Assets</td> <td>15.00%</td> <td>5.00%</td> </tr> <tr> <td>Multi-Asset Strategies</td> <td>10.00%</td> <td>3.00%</td> </tr> </tbody> </table>	Asset Class	Allocation	Real Rate of Return	Cash	1.00%	0.50%	US Equity	22.50%	4.75%	International Equity	22.50%	7.00%	Fixed Income	19.00%	1.50%	Private Equity	10.00%	8.00%	Real Assets	15.00%	5.00%	Multi-Asset Strategies	10.00%	3.00%	<ul style="list-style-type: none"> School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Financial Section, Footnote 15, Page 37 GASB Statement No. 75 Report for the Retiree Health Care Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2017 Prepared by Cavanaugh Macdonald Consulting, LLC Page 7
Asset Class	Allocation	Real Rate of Return																							
Cash	1.00%	0.50%																							
US Equity	22.50%	4.75%																							
International Equity	22.50%	7.00%																							
Fixed Income	19.00%	1.50%																							
Private Equity	10.00%	8.00%																							
Real Assets	15.00%	5.00%																							
Multi-Asset Strategies	10.00%	3.00%																							

School Employees Retirement System of Ohio
 GASB 75 Disclosure Information
 June 30, 2017

Sensitivity of Employer’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate (paragraph 94g & 93e)

Employer’s Net OPEB Liability		
1% Decrease	Current Trend Rate	1% Increase
6.50% decreasing to 4.00%	7.50% decreasing to 5.00%	8.50% decreasing to 6.00%
\$2,177,651,679	\$2,683,737,261	\$3,353,550,196

- [School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Financial Section, Footnote 15, Page 37](#)
- [GASB Statement No. 75 Report for the Retiree Health Care Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2017 Prepared by Cavanaugh Macdonald Consulting, LLC Page 7](#)

Sensitivity of Employer’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate (paragraph 94g & 93e)

Employer’s Net OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
2.63%	3.63%	4.63%
\$3,240,954,465	\$2,683,737,261	\$2,242,278,957

- [School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2017 Financial Section, Footnote 15, Page 37](#)
- [GASB Statement No. 75 Report for the Retiree Health Care Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2017 Prepared by Cavanaugh Macdonald Consulting, LLC Page 7](#)

School Employees Retirement System of Ohio
GASB 75 Disclosure Information
June 30, 2017

Net OPEB Liability (NOL) as of June 30, 2016

- The NOL as of June 30, 2016 can be calculated as follows:
Total OPEB Liability at June 30, 2016.....\$3,220,574,434
Less: Plan Net Position at June 30, 2016.....\$370,204,515
Net OPEB Liability at June 30, 2016.....\$2,850,369,919
- Individual employers can apply their proportionate share percentage as identified in the Schedule of Employer Allocations As of and For the Year Ended June 30, 2017 to determine its proportionate share of the June 30, 2016 net OPEB liability of \$2,850,369,919.

- [OPEB liability and Plan net position figures may be found in: GASB Statement No. 75 Report for the Retiree Health Care Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2017 Prepared by Cavanaugh Macdonald Consulting, LLC Page 1](#)
- [Proportionate share calculation may be found in: School Employees Retirement System of Ohio GASB 75 Allocation Report Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer As of and For the Year Ended June 30, 2017 Audited by RSM US, LLP](#)