



**Retirement Board Agenda
December 16, 2021**

Click Link to Join Zoom Meeting:

<https://ohsers.zoom.us/j/94854026676?pwd=NE84TE81MHo0dFFVbm1MUUndMdG02QT09>

Meeting ID: 948 5402 6676

Password: 310209

To join by phone, dial: (929) 205-6099 and enter the meeting ID: **948 5402 6676** and password: **310209** when prompted.

PLEDGE OF ALLEGIANCE

1. Roll Call

CONSENT AGENDA

2. Minutes of the **November 18, 2021** Retirement Board meeting
3. Summary of Investment Transactions – **October 1, 2021 to October 31, 2021**
4. Retirement Report
 - Superannuation and Survivor Benefits
 - Special Cases
5. Disability Report
 - Approval of Disability Benefits
 - Disapproval of Disability Benefits
 - Termination of Disability Benefits – Any Occupation

EXTERNAL AUDIT REPORT

6. External Audit Report

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

7. 2021 ACFR Highlights

INVESTMENT REPORT

8. Annual Portfolio Review – Global Equities
9. Monthly Investment Report

EXECUTIVE DIRECTOR'S REPORT

10. Five-Year Review and Filing of No Change Administrative Rules (R)
11. Five-Year Review and Filing of Proposed Amended Administrative Rules (R)
12. Five-Year Review and Filing of Proposed Rescinded Administrative Rule (R)
13. Five-Year Review and Filing of Proposed Rescinded and New Administrative Rule (R)
14. 2022 Qualified Excess Benefit Plan Budget (QEBA) (R)
15. Implementation of Actuarial Factors (R)
16. Carol Nolan Drake Honor (R)

INTERNAL AUDIT REPORT

17. Internal Audit Update

EXECUTIVE DIRECTOR'S REPORT (cont.)

18. Federal legislative Report - Jeannine Markoe Raymond (NASRA) – **11:30am**

COMPENSATION COMMITTEE UPDATE

19. Compensation Committee Report
20. Executive session pursuant to R.C. 121.22(G)(1) to discuss the employment and compensation of a public employee (R)

RETIREMENT REPORT

21. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R) *if needed*

BOARD COMMUNICATION AND POLICY ISSUES

22. Calendar Dates for Future Board Meetings
23. Continued or New Business
 - Board Information Requests and Follow-up Items

ADJOURNMENT (R)

**Retirement Board Meeting
December 16, 2021**

_____ A.M.

Roll Call:

Jeffrey T. DeLeone	_____
Hugh Garside	_____
James Haller	_____
Matthew King	_____
Catherine Moss	_____
James Rossler	_____
Frank Weglarz	_____
Daniel Wilson	_____
Barbra Phillips	_____

CONSENT AGENDA

1. Minutes of the **November 17, 2021** Retirement Board meeting
2. Summary of Investment Transactions – **October 1, 2021 to October 31, 2021**
3. Retirement Report
 - a. Superannuation and Survivor Benefits
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation

APPROVAL OF CONSENT AGENDA

_____ moved and _____ seconded the motion to approve the Consent Agenda, which includes the following items:

- 5. Minutes of the **November 17, 2021** Retirement Board meeting
- 6. Summary of Investment Transactions – **October 1, 2021 to October 31, 2021**
- 7. Retirement Report
 - a. Superannuation and Survivor Benefits
 - b. Special Cases
- 8. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

SERS Retirement Board Meeting Minutes

November 18, 2021

The nine hundredth and forty-fourth meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, November 18, 2021.

Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:31 a.m. with the Pledge of Allegiance.

Roll Call

Following the Pledge of Allegiance, the roll call was as follows: Barbra Phillips, Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, and Daniel Wilson. Also attending in person was Lisa Reid, representative of the Ohio Attorney General's Office and various members of the SERS staff. Attending virtually was David Lindberg of Wilshire Associates, along with other members of the public in person and viz Zoom.

Consent Agenda

The consent agenda for November 18, 2021, included:

- Minutes from the **October 21, 2021**, board meeting
- Summary of Investment Transactions for the period of **September 1, 2021**, through **September 31, 2021**
- Retirement Report – Superannuation and Survivor Benefits and Special Cases
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits – Any Occupation, Disapproval of Appeal of Appeal of Termination – Any Occupation)

Catherine Moss moved and Jeffrey DeLeone seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, November 18, 2021. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. The motion carried.

Executive Director's Report

Richard Stensrud, SERS Executive Director, opened by introducing SERS actuarial consultant Todd Green, President and Consulting Actuary at Cavanaugh Macdonald Consulting. Mr. Green provided the board with a presentation on the Pension and Health Care annual actuarial valuations. Mr. Green provided some key findings for the board:

- Funded status for Basic Benefits increased from 71.49 % to 74.46%.
- Actuarially determined contribution rate increased from 10.86% to 12.50% for Basic Benefits.
- Board-adopted funding policy requires at least a 13.50% employer contribution rate for funding of Basic Benefits since funded ratio is greater than 70%, but less than 80%.
- Based on Board Resolution dated October 21, 2021, the entire employer contribution of 14% will be allocated to Basic Benefits.
- Health Care Fund will receive the 1.50% employer surcharge, with no additional contribution from employer.
- Since the previous valuation, the assumptions used in the valuation have been updated based on an experience study for the five-year period ending June 30, 2020.
- Updated Economic Assumptions
 - Investment Rate of Return
 - Inflation
 - Wage Inflation
 - Payroll Growth Assumption
 - Cost-of-Living Adjustments

SERS Retirement Board Meeting Minutes

November 18, 2021

- Demographic Assumptions
 - Merit Base Salary Scale Component
 - Retirements, Withdrawals, Disabilities
 - Pre & Post Mortality

Alisa Bennett, of Cavanaugh Macdonald Consulting, provided an update on the healthcare valuation. Ms. Bennett reported the funded ratio of the SERS Health Care fund was 26.86% as of June 30, 2020, and has a funded ratio of 46.56% as of June 30, 2021. This increase is largely due to a change in the rate of assumption and investment gains. Ms. Bennett also reported if the Health Care Fund receives only the 1.50% surcharge in the future, and all other actuarial assumptions are met, the Health Care Fund is projected to remain solvent through 2058, or 37 years of solvency.

After a robust discussion, the board thanked the actuaries for their report.

James Rossler moved and Frank Weglarz seconded that after review and discussion of the actuary's *Report on the Annual Basic Benefits Valuation of the School Employees Retirement System of Ohio* (prepared as of June 30, 2021) at the November 2021 Board meeting, the Board accept the actuary's recommended allocation of the 14% employer contribution for fiscal year 2022 as follows: Pension Fund (11.82%), Death Benefit Fund (0.05%), Medicare B Fund (0.63%) and Health Care Fund (0.00%). The Board indicated that no allocation should be made to the Health Care Fund during the October 2021 Board meeting, preferring to enhance the funding levels for Basic Benefits. The remainder (1.50%) will also be allocated proportionately to the Pension Fund, Death Benefit Fund and Medicare B Fund in accordance with the funding policy approved by the Board on June 18, 2015. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. The motion carried.

Catherine Moss moved and Hugh Garside seconded the motion to accept the recommendation of SERS's actuary, Cavanaugh Macdonald Consulting, LLC, and establish \$25,000 as the minimum compensation amount for purposes of the fiscal year 2023 Health Care surcharge. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. The motion carried.

The board took a break at 9:39 a.m. and reconvened in open session at 9:51 a.m. to continue with the investment report.

Investment Report

Fixed Income Portfolio Review

Jason Naber presented the annual Fixed Income portfolio review. As of September 30, 2021, the portfolio market value was \$2.64 billion with Net of Fee 2.87% excess return for the one-year period. Mr. Naber focused on performance, characteristics, portfolio structure, and sector exposures. Fixed income returns exceeded the benchmark for the one-year and longer periods. High Yield and U.S. TIPS were the leading sector returns, while US Treasuries and Agency MBS had negative returns for the one-year period. After questions, the Board thanked Mr. Naber for his presentation.

Wilshire Quarterly Performance

David Lindberg presented the performance report for the quarter ending September 30, 2021. Mr. Lindberg discussed asset class performance, total fund allocation and attribution, asset allocation and performance, performance versus peers, five-year performance, economic and capital market highlights, and asset class assumptions. After discussion, the Board thanked David Lindberg for his presentation.

The Board took an intermission from the Investment report at 10:53 a.m.

SERS Retirement Board Meeting Minutes

November 18, 2021

Member Appeal

At 10:55 a.m. Barbra Phillips moved and Catherine Moss seconded the motion to that the board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss a matter required to be kept confidential by law. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. The motion carried.

The board convened in executive session at 10:55 a.m.

The board returned to open session at 11:43 a.m.

Catherine Moss moved and Hugh Garside seconded to affirm the Final Staff Determination that declined the member's request to be granted the retirement allowance set forth in estimates she received prior to retirement. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Catherine Moss, James Rossler, Frank Weglarz, Daniel Wilson, and Barbra Phillips. The Final Staff Determination was affirmed.

The board recessed for lunch at 11:46 a.m.

The board reconvened after lunch at 12:30 p.m.

Investment Report (continued)

Quarterly Performance Report

Farouki Majeed presented the quarterly performance report for the period ending September 30, 2021. The preliminary performance report as of October 31, 2021, was distributed to the Board. Mr. Majeed also reviewed the Top Equity and Fixed Income Holdings as of September 30, 2021. As of October 31, 2021, the Fund was \$18.3 billion with an FYTD return of 4.29%. Following the discussion, the Board thanked Mr. Majeed for the presentation.

The Investment Report concluded at 1:15 p.m.

Executive Director's Report (cont.)

COVID-19 Health Care Report

Richard Stensrud, SERS Executive Director, reported that there have been 3,798 COVID-19 cases to-date in SERS' Pre-Medicare plan. Mr. Stensrud noted there were 7 more Covid-19 related deaths in the Medicare plan, bringing the total to 320. Mr. Stensrud stated he's hoping this is the plateau and numbers will begin to take a downward turn soon.

Ohio Retirement Study Council

Mr. Stensrud reported the ORSC meeting scheduled for November 11, 2021, was cancelled. The next meeting is scheduled for December 9, 2021, subject to the call of the chairman and all ORSC meetings are broadcast on the Ohio channel.

Advocacy Groups

Mr. Stensrud reported that Bill Winegarner, fearless defender of public retirement systems, passed away recently. Bill had been working in the public pension space for more than 25 years. He believed sustainable benefit plans were valuable to our staff and our communities. Mr. Winegarner always defended the integrity of public pension systems, and he will be missed.

SERS Retirement Board Meeting Minutes

November 18, 2021

Mr. Stensrud reported the Ohio Federation of Teachers (OFT) is advocating against the Backpack Bill (HB 290). This bill would make every student in Ohio eligible for a voucher to pay for a private education using public education dollars. This legislation has not gotten any traction yet and SERS will continue to follow this.

Mr. Stensrud also reported that the Ohio School Board Association (OSBA) is no longer affiliated with the National School Board Association (NSBA). This separation is due to a rift over a communication that was sent out by NSBA.

Ohio General Assembly

Mr. Stensrud reported the Ohio General Assembly has been focused on redistricting. However, there have been a few recent hearings of note:

- Sponsor testimony is being heard on SB 233 (School nurse licensure legislation). This bill could potentially cause a loss of some nurse memberships, and a smaller number of participants (school nurses).
- Sponsor testimony is being heard on HB 416 (Auto-enrollment DB plan for private sector employees). Other states have established this and Ohio would like to establish a similar plan. This may not have a future in Ohio (led by Democrats). Will keep the board up to date on any movement on this bill.
- 3rd hearing on HB 184 (OP&F Disability program changes)

There has not been much other legislative activity.

Federal Legislative Activity

Mr. Stensrud continued his report with an update on federal legislation activity. Some notable items are:

- **Infrastructure/Reconciliation:** Bi-partisan infrastructure legislation was sent to President Biden's desk after passing the House at the start of November. The pending reconciliation bill remains the centerpiece of President Biden's "Build Back Better" initiative. Some prescription drug reforms have been included in the proposed bill. SERS concerns remain regarding the impact on Employer Group Waiver Plans (EGWP) like ours of any Medicare Part D changes. We continue to work in coalition with the Public Sector HealthCare Roundtable and other like-minded allies. Could increase for employees and or SERS for pharmacy benefit.
- **Rep. Kevin Brady (R-TX) WEP reform bill reintroduction:** Similar to his prior WEP reform bill, Brady's bill joins Chairman Neal's bill (HR 2337) as two versions of WEP reform before the House Ways and Means committee, one generally supported by Democrats, the other by Republicans. A bi-partisan solution will need to be found before WEP reform is likely to move forward. The goal is to have both sides to come together for bipartisan support. SERS will continue to monitor this legislation. Brady may view this as legacy legislation as he looks forward to retirement. SERS is actively communicating our support of this legislation.
- Ohio Special Congressional Elections results
 - Shontel Brown (D) replaces Marcia Fudge
 - Mike Carey (R) replaces Steve Stivers

SERS Retiree Webinar Participation Statistics

- SERS hosted a retirement conference and had 125 registrants. There was another retirement conference in October and SERS hosted 80+ attendees. 69% of attendees preferred a virtual conference to a live conference. SERS will continue to look for ways to build up the virtual and in person education opportunities for our members. SERS staff is also looking at changing from Webinars to Zoom to have more interaction between members and staff. SERS also continues to be active on the employer front and recently OASBO hosted a payroll seminar held to educate employers on how to properly report earnings to SERS. Tuesdays at SERS is dedicated to virtual counseling.

SERS Retirement Board Meeting Minutes

November 18, 2021

SERS Employee Holiday Charitable Initiatives

Mr. Stensrud reported SERS staff participated in Operation Gratitude a program that allowed staff to share a portion of their excess Halloween candy with US troops. Operation Gratitude then assists in distributing the candy to deployed troops, local military units, veterans, and first responders, providing a sweet opportunity for SERS staff to thank those who serve our nation. SERS staff also donated dental supplies for troops.

Mr. Stensrud also reported SERS staff will participate in the 2021 Angel Tree program. Staff supporting the effort can purchase a toy from the Angel Tree Toy wish list on Amazon. Toys from the list will be delivered to the Salvation Army East Main location for distribution during their Christmas Cheer program for needy families. When we wind down, we'll provide an update of final numbers.

Finally, Mr. Stensrud reported that due to lack of available Santa's, Santa Saturday will be canceled. SERS hopes to find another Santa who can participate next year.

Compensation Committee Update

Mr. Stensrud reported that the Compensation Study is going well and is on track for an update in December. There will be additional meetings between November and December with the goal of finalizing the compensation study data for presentation to the full board.

SERS Myths and Misconceptions

Mr. Stensrud talked at last month's board meeting about myths and misconceptions that do not apply to SERS. SERS has one of the best risk profiles in the country. SERS takes improving and maintaining sustainability very seriously and all of SERS employers have made all their contributions on time. SERS staff hopes to create a space on the website and update information monthly to address misconceptions.

Pension Sustainability

Mr. Stensrud reported there will be no pension sustainability discussion this month. SERS staff and the actuaries are working on alternate benefit formulas and want to be sure the data presented is correct and that it represents what the board wants to see. SERS still plans to move forward with CBBC legislation and will present a timeline to the board once it has been established.

Technology Committee Report

Matthew King, Chair of the SERS Technology Committee, provided an update on the work of the Technology Committee. The last Technology Committee meeting was held on October 21, 2021. Mr. King thanked staff and others who participated in the Cyber Incident Tabletop Exercise. The committee is also working on moving SERS data to a cloud-based system and costs are being assessed. The committee is working with staff and hopes to provide a report to the full board on findings soon.

SERS Retirement Board Meeting Minutes

November 18, 2021

Board Communication and Policy Issues

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2022 **

AUDIT COMMITTEE MEETINGS

March 16, 2022 - 2:30 p.m. (Weds.)
June 15, 2022 - 2:30 p.m. (Weds.)
September 14, 2022 - 2:30 p.m. (Weds.)
December 14, 2022 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 17, 2022 - 7:30 a.m. (Thurs.)
June 16, 2022 - 7:30 a.m. (Thurs.)
September 15, 2022 - 7:30 a.m. (Thurs.)
December 15, 2022 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 17, 2022 - 1:00 p.m. (Thurs.)
June 16, 2022 - 1:00 p.m. (Thurs.)
September 15, 2022 - 1:00 p.m. (Thurs.)
December 15, 2022 - 1:00 p.m. (Thurs.)

BOARD MEETINGS

February 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)
March 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)
April 21-22, 2022 - 8:30 a.m. (Thurs. and Fri.)
May 19-20, 2022 - 8:30 a.m. (Thurs. and Fri.)
June 16-17, 2022 - 8:30 a.m. (Thurs. and Fri.)
July 21-22, 2022 - 8:30 a.m. (Thurs. and Fri.)
September 15-16, 2022 - 8:30 a.m. (Thurs. and Fri.)
October 20-21, 2022 - 8:30 a.m. (Thurs. and Fri.)
November 17-18, 2022 - 8:30 a.m. (Thurs. and Fri.)
December 15-16, 2022 - 8:30 a.m. (Thurs. and Fri.)

****NOTE: The above dates are tentative.**

SERS Retirement Board Meeting Minutes
November 18, 2021

Continued or New Business

The Board continued with the review of continued or new business.

Adjournment

Barbra Phillips moved to adjourn to meet on Thursday, December 16, 2021, at 8:30 a.m. for the SERS regularly scheduled Retirement Board meeting. The SERS board meeting adjourned at 1:43 p.m.

Barbra Phillips, Chairperson

Richard Stensrud, Secretary

DRAFT

Board Meeting Agenda Item

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

Summary of Investment Transactions to be
Reported to the Retirement Board for
Ratification in December

The following is a summary of the investment transactions made during the period of **October 1, 2021 through October 31, 2021**. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$ 237.4
Fixed Income	425.0
Private Equity Capital Calls	64.3
Real Asset Capital Calls	103.5
Opportunistic & Tactical	50.8
Global Private Credit	46.3
Cash Equivalents	461.3

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$266.0	\$ 54.5
Fixed Income	403.9	(0.5)
Private Equity distributions	36.4	n/a
Real Asset distributions	11.0	n/a
Opportunistic & Tactical	0.7	n/a
Global Private Credit	n/a	n/a
Cash Equivalents	621.3	n/a

APPROVAL OF SUPERANNUATION, SURVIVOR BENEFITS, AND TRANSFERS

IT WAS MOVED BY _____ AND SECONDED BY _____ THAT THE FOLLOWING 515 SUPERANNUATION RETIREMENTS, 18 SURVIVOR BENEFITS, AND ZERO TRANSFERS BE APPROVED AND, FURTHER, THAT THE PERSONS LISTED BELOW BE GRANTED ALLOWANCES AND BENEFITS IN THE AMOUNTS SET FORTH AND EFFECTIVE AS OF THE DATES GIVEN IN THE REPORT.

A.SUPERANNUATIONS

NAME	WHERE PENSIONED	TRANSFERRED TO
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

External Audit Report Discussion



School Employees Retirement System of Ohio
Serving the People Who Serve Our Schools®



2021

Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2021



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended June 30, 2021

Prepared by SERS Staff
Richard Stensrud, Executive Director
300 E. Broad St., Suite 100, Columbus, Ohio 43215-3746
www.ohsers.org
Serving the People Who Serve Our Schools®

Mission

To provide our membership with valuable lifetime pension benefit programs and services

Vision

Through the continuous pursuit of excellence and innovative solutions, we will partner with our stake holders so that our membership will understand and achieve security in retirement

Values

- Focus
- Accountability
- Communication
- Collaboration
- Innovation

Core Beliefs

- We are here to serve.
- We are open and honest.
- We are professional.
- We are dedicated.
- We are enthusiastic.
- We are high performers.
- We are valuable partners.
- We are member advocates.
 - We are innovators.
 - We are SERS.

SERS Annual Comprehensive Financial Report

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SERS Annual Comprehensive Financial Report

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INTRODUCTORY SECTION

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WHERE WE STAND

\$18.4 BILLION
Net Position



146,646 Members


**80,721 Retirees &
 Beneficiaries**


**40,897 Total Covered Lives
 (Health)**

\$1.4 BILLION
**Annual Pension Benefit
 Payments**



Net Rate of Return


1,053 Contracted Employers


74.46%
Funded as of June 30, 2021



SERS Retirement Board as of June 30, 2021



Seated (front row, left to right): Hugh W. Garside Jr., Barbra M. Phillips, Jeffrey T. DeLeone, Catherine D. Moss
 Standing (back row left to right): Richard Stensrud - Executive Director, James H. Haller, Daniel L. Wilson, James A. Rossler Jr., Frank A. Weglarz, Matthew King

Hugh W. Garside Jr.
 Chair, Employee-Member
 Term Expires 6/30/2023

Barbra M. Phillips
 Vice-Chair, Employee-Member
 Term Expires 6/30/2021

Jeffrey T. DeLeone
 Appointed Member
 Term Expires 12/5/2024

Catherine D. Moss
 Retiree-Member
 Term Expires 6/30/2024

James H. Haller
 Employee-Member
 Term Expires 6/30/2021

Daniel L. Wilson
 Appointed Member
 Term Expires 9/27/2024

James A. Rossler Jr.
 Appointed Member
 Term Expires 11/4/2024

Frank A. Weglarz
 Retiree-Member
 Term Expires 6/30/2021

Matthew King
 Employee-Member
 Term Expires 6/30/2024

SERS Executive Staff as of June 30, 2021



Richard Stensrud
Executive Director



Karen Roggenkamp
Deputy Executive Director



Jeff Davis
Chief Audit Officer



Farouki Majeed
Chief Investment Officer



Joseph Marotta
General Counsel



Tracy Valentino
Chief Financial Officer



Christi Pepe
Director - Health Care
Services



Michelle Miller
Director -
Administrative
Services



Jay Patel
Chief Technology
Officer

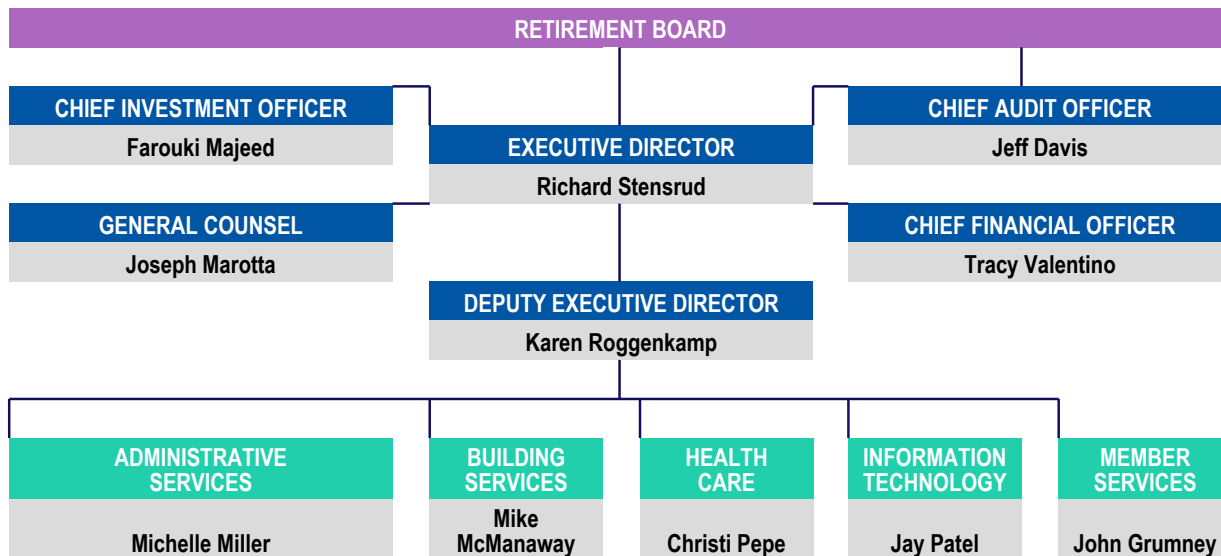


John Grumney
Director - Member
Services



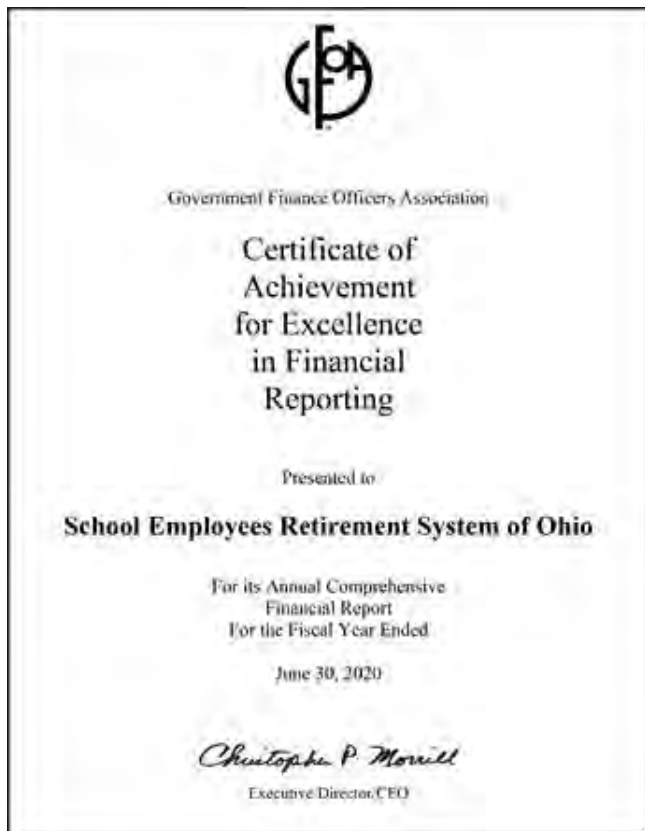
Mike McManaway
Assistant Director -
Building Services

Organizational Chart and Advisors to the Retirement Board



Advisors	
Independent Auditor	RSM US LLP Cleveland, Ohio
Investment Consultant	Wilshire Associates, Inc. Santa Monica, California
Actuary	Cavanaugh Macdonald Consulting, LLC Kennesaw, Georgia
Medical Advisor	Dr. Glen Borchers Columbus, Ohio
Investment Consultants and Investment Mangers and Brokers' Fees - see pages 67 - 68	

Awards



Letter of Transmittal



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 E BROAD ST SU TE 100 • COLUMBUS OH O 43215-3746
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

RICHARD S. ENSRUD
Executive Director

KAREN ROGGENKAMP
Deputy Executive Director

December 15, 2021

Dear Chair and Members of the Retirement Board:

On behalf of all management and staff, we are pleased to submit the *Annual Comprehensive Financial Report* of the School Employees Retirement System of Ohio (SERS) for the fiscal year ended June 30, 2021. We are responsible for the accuracy of the contents, and the completeness and fairness of the presentation, including disclosures. A narrative overview and analysis to accompany the basic financial statements is presented as Management's Discussion and Analysis (MD&A); it can be found immediately following the report of the independent auditor in the Financial Section. This letter of transmittal is designed to complement the MD&A.

Established in 1937 by an act of the Ohio General Assembly, SERS provides pensions and benefits to public and charter school employees who are not required to possess a certificate issued pursuant to sections 3319.22 to 3319.31 of the Ohio Revised Code in order to perform their duties. By statute, benefit plans include retirement for age and service, disability benefits, and survivor benefits that are paid upon the death of a member before retirement. A post-retirement health care program also is provided, although it is not required by law.

A system of internal accounting controls ensures the security of member and employer contributions and provides reasonable, but not absolute, assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. Our independent external auditors have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America. They have full and unrestricted access to you to discuss their audit and related findings concerning the integrity of financial reporting and adequacy of internal controls.

MAJOR INITIATIVES AND HIGHLIGHTS

Actuarial Assumptions Change after Results of Five-Year Experience Study Every five years, SERS is required by law to measure the reasonableness of the actuarial assumptions used to measure and budget future costs against SERS' actual experience over the previous five years. If actual experience differs significantly from the overall expected results, new assumptions are recommended.

SERS' economic assumptions, including price inflation, investment returns, and wage inflation, were compared to historical data from indices such as the Consumer Price Index and the S&P 500 over a 50-year period. Demographic assumptions including the rates of retirement, rates of withdrawal, rates of salary increase for merit and promotions, and mortality rates were compared to what actually occurred to the membership during the study period.

Based on the results of the study and the actuary's recommendations, the Board approved prospective changes in April 2021 to all three economic assumptions and five demographic assumptions for actuarial valuations. Price inflation decreased from 3.00% to 2.40%. This impacted the assumed investment return which decreased from 7.50% to 7.00%; the real rate of return increased from 4.50% to 4.60%. Wage inflation increased from 0.50% to 0.85%; however, because of the decrease in price inflation, the total wage inflation assumption decreased from 3.50% to 3.25%. More information about the actuarial assumptions used in the basic benefits and health care valuations can be found in the Actuarial Section.

Pandemic Spurs Innovation Due to the ongoing pandemic, SERS' information technology team added digital and virtual tools including Zoom, Microsoft Teams, and Voice Over Internet Protocol (VOIP). This technology improved staff collaboration, and member and employer outreach, and allowed live phone calls answered directly by Member Services, Health Care, and Employer Reporting, regardless of location.

Letter of Transmittal

With the addition of VOIP, SERS' staff was able to achieve similar call answering efficiency when working remotely. Call response times and hold times returned to pre-COVID levels. This was significant for our membership as we now have the capability to take phone calls even when there is no access to the building. On average, more than 90% of calls are answered on the member's first attempt.

Based on the successful implementation of remote work during the pandemic, SERS has given staff members the flexibility to work remotely one day a week, and innovations like the VOIP technology allows staff to maintain efficiency no matter where they work.

SERS' Employer Outreach staff also leveraged new technology to continue their statewide training programs. Because employer reporting is a critical component of tracking contributions and service time for SERS members, the Employer Outreach team provides numerous in-person individual and group training sessions each year all over the state. When schools implemented remote learning and hybrid learning models and SERS halted staff travel, the Employer Outreach team continued to provide monthly group eSERS trainings virtually.

Employer Outreach also was able to provide virtual one-on-one trainings in FY2021. These one-on-one trainings consisted of an Employer Outreach representative providing virtual personalized training to address specific issues the employer or contractor was experiencing.

In addition, the Employer Outreach team represented SERS at multiple virtual meetings sponsored by advocacy groups that represent active members.

Improving Customer Service through Counseling and Disability Surveys During the fiscal year, staff developed surveys for members to share their experience during their recent disability application process and counseling sessions. Using the feedback from members, staff identified areas that could benefit from process improvement and implementing changes where possible.

The disability survey asked questions about the amount of time it took to complete the process as well as staff outreach during the process, while the counseling survey asked questions about the materials provided and overall satisfaction with the phone interview and staff knowledge. Both surveys include questions regarding the member's use of SERS' website and Account Login.

American Rescue Plan Act of 2021 Reduces Costs for Under 65 Marketplace Health Plans The American Rescue Plan Act of 2021 expanded access to lower health care premiums and out-of-pocket costs for people under age 65 who enrolled with a Marketplace health plan. A Special Enrollment Period for the Marketplace was held so that current enrollees could update their Marketplace applications to receive increased tax credits that reduced 2021 premiums. SERS mailed letters to the 220 Wraparound HRA enrollees informing them of this opportunity. HealthSCOPE Benefits assisted enrollees with their application updates. SERS also sent a letter to non-Medicare group plan benefit recipients encouraging them to consider the new Marketplace premiums and Wraparound HRA plan, which costs less for members and SERS.

Protecting SERS' Critical Processes During FY2021, SERS' Enterprise Risk Management (ERM) team focused on upgrading the System's business continuity and disaster recovery plans. Working from a list of 11 critical processes identified by leadership, the ERM team prepared impact assessments and drafted individual incident response plans for each one. Once these plans are finalized, annual tabletop exercises will be conducted to test the plans, make improvements, and prepare staff for their roles in the event of an actual emergency.

Additionally, the ERM team contracted with an external vendor for a strategic review to assess SERS' current data backup operations and recommend improvements. The review indicated that a cloud or cloud-hybrid data backup data center could be beneficial, so the team will issue a Request for Proposal (RFP) next fiscal year. A secondary site helps ensure SERS' continued resiliency in the event of an extended business interruption.

INVESTMENTS

SERS' investment portfolio is diversified by asset class, investment approach, and individual investments within each asset class to reduce overall portfolio risk and volatility. At year end, SERS' investment portfolio at fair value was \$18.2 billion. The investment return was 26.8% (net) for the fiscal year exceeding the policy benchmark by 3.2% and the actuarial assumed return of 7.00%. Net investment income was \$4.1 billion compared to \$424.2 million in FY2020. The SERS Investment Committee structure was fully operational and represents a leading practice in investment operations. For more information on SERS' portfolio performance and investment strategy and policy, please turn to the Investment Section of this report.

Upon becoming SERS' investment consultant in 2016, Wilshire Associates (Wilshire), in partnership with SERS' investment staff, completed an asset liability review. SERS' staff and Wilshire explored numerous change options, most involving the reduction of the multi-asset strategies portfolio and increases in dedicated mandates such as high-yield bonds, emerging market debt, and master limited partnerships. Ultimately, staff recommended and Wilshire supported a proposal to change the existing asset allocation. The FY2021 allocation is 22.5% for US equity, 22.5% for non-US equity, 11% for private equity, 21% for fixed income and cash, 16% for real assets, 3% for private credit and 4% for multi-asset strategies.

Letter of Transmittal

FUNDING

SERS' primary objective is to assure that at the time benefits commence, sufficient funds will be available to provide retirement, disability, and survivor benefits for its members. In addition, SERS is committed to sustaining contribution rates that remain level from generation to generation.

SERS' benefits are separated to comply with various sections of the Internal Revenue Code (IRC), and then reported and valued for funding purposes in accordance with relevant GASB statements. For FY2021, the funded ratios for the three benefits mandated by statutes increased, which was due to impact of changes to COLA eligibility made in previous years, slower growth in the number of new retirees, and the performance of SERS' investments. The funding level for pension benefits increased from 71.5% over a 24-year period to 74.5% over a 23-year period. The funding level for discretionary health care benefits increased from 26.9% to 46.6% over a 30-year period. Historical information related to progress on meeting the funding objective can be found in the Required Supplementary Information in the Financial Section of this report.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SERS for its *Annual Comprehensive Financial Report (ACFR)* for the fiscal year ended June 30, 2020. This was the 36th consecutive year that SERS has received this prestigious award. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA gave SERS an Award for Outstanding Achievement in Popular Annual Financial Reporting for its *Summary Annual Financial Report (SAFR)* for the fiscal year ended June 30, 2020. SERS first issued the SAFR for fiscal year ended June 30, 2013 and has received this award for eight consecutive years. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for one year only.

We believe that our current SAFR continues to meet the Award for Outstanding Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Public Pension Coordinating Council (PPCC) awarded to SERS the Public Pension Standards Award for 2021. Developed by the PPCC to promote excellence in meeting professional standards for plan funding and administration among state and local public retirement systems, the Public Pension Standards are the benchmark for measuring current practices of defined benefit plans. The PPCC is a coalition of three national associations that represent public retirement systems and administrators: the National Association of State Retirement Administrators, the National Council on Teacher Retirement, and the National Conference on Public Employee Retirement Systems.

This report represents the collaboration of SERS' staff and advisors. Our sincere appreciation is extended to all those who contributed to the completion of this report. This report is intended to provide complete and reliable information as a basis for management decisions, for compliance with legal requirements, and as a measurement of the responsible stewardship of SERS' assets.

In closing, we recognize that our strength is a reflection of the quality of our staff. We value their efforts that enable us to maintain effective internal controls while at the same time deliver high quality service to our members, retirees, and employers.

Respectfully submitted,

Richard Stensrud
Executive Director

Tracy L. Valentino, CPA
Chief Financial Officer

Legislative Summary

Legislative Summary

SERS and its members can be significantly affected by legislation enacted by the Ohio General Assembly and Congress. SERS closely monitors legislative and regulatory activities, and when appropriate, provides testimony or otherwise educates Ohio legislators, congressional representatives, and regulatory agencies on the impact of those proposals.

State Legislation

FROM THE 133RD GENERAL ASSEMBLY:

HB308 Post-Traumatic Stress Fund (04/12/2021, Effective) To provide compensation and benefits to first responders with post-traumatic stress disorder and to study the financial and administrative requirements for that fund. Requires the Board of Trustees of the Ohio Police and Fire Pension Fund, in consultation with specified entities, including SERS, to have prepared an actuarial valuation and report that answers specific questions about funding and administrative requirements associated with paying claims from the fund.

HB442 Occupational Regulations (04/12/2021, Effective) Requires pupil services personnel to register with the Department of Education, rather than hold a separate license from the State Board of Education as under prior law. The change applies to school speech language pathologists, audiologists, school nurses, physical therapists, occupational therapists, and social workers, who are licensed by their respective professional boards. The provision impacts certain nurses who are covered under SERS and subsequently would be covered by STRS.

FROM THE 134TH GENERAL ASSEMBLY:

HB110 Operating Budget (07/01/2021, Effective) To make operating appropriations for the biennium beginning July 1, 2021, and ending June 30, 2023, to levy taxes, and to provide authorization and conditions for the operation of state programs. The legislation ended temporary authority for public entities to meet remotely using technological means as of July 1, 2021.

Federal Legislation

FROM THE 117TH CONGRESS:

HR 3 Elijah E. Cummings Lower Drug Costs Now Act (04/23/2021, Referred to Subcommittee on Health) - The bill would establish several programs and requirements relating to the prices of prescription drugs, health care coverage and costs, and public health. Restructures Medicare Part D rebates in a way that would impact SERS' Employer Group Waiver Plan (EGWP). Similar to Senate proposal (PDPRA).

HR 82 Social Security Fairness Act of 2021 (01/04/2021, Referred to the House Committee on Ways and Means) - This bill would repeal the Government Pension Offset and Windfall Elimination Provisions. Companion bill to S 1302.

HR 328 Wall Street Tax Act of 2021, (01/15/2021, Referred to House Committee on Ways and Means) - This bill would create a financial transaction tax on the sale of stocks, bonds, and derivatives at 0.1 percent (10 basis points). Companion bill to S 817.

HR 1319 American Rescue Plan Act of 2021 (03/11/2021, Became Public Law No: 117-2) - COVID-19 relief bill. Provided \$1.9 trillion funding for economic stimulus, including \$350 billion in aid to state and local government. Provisions included to prohibit deposit of relief funds into any pension fund.

HR 2337 Public Servants Protection and Fairness Act (04/01/2021, Referred to the House Committee on Ways and Means) - This bill would amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with non-covered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

HR 2954 Securing a Strong Retirement Act of 2021 (05/05/2021, Ordered to be reported by House Committee on Ways and Means) - Referred to as SECURE Act 2.0, the legislation would make several changes to retirement savings programs including raising the required minimum distribution (RMD) age to 75.

Regulatory Activity

SERS closely monitored the rebate rule revived by President Donald Trump's HHS late last year. The proposed regulation would replace protections for drug rebates in Medicare Part D with protections for discounts provided directly to consumers. Implementation would negatively impact SERS' EGWP plan. The Biden Administration has instituted a one-year delay for implementation until January 2023. The action gives the administration time to evaluate whether the rule has an impact on plan sponsors like SERS, premiums for retirees, and Medicare Part D enrollees.

The Securities and Exchange Commission has two lawsuits pending, one which stemmed from its decision last year that raised the bar for filing resolutions at annual shareholder meetings. The other pending suit, filed by Institutional Shareholder Services (ISS), in October 2019, against the SEC, challenges the interpretation and guidance issued by the SEC that applies the proxy solicitation rules. The outcomes will be informative for SERS' corporate governance program.

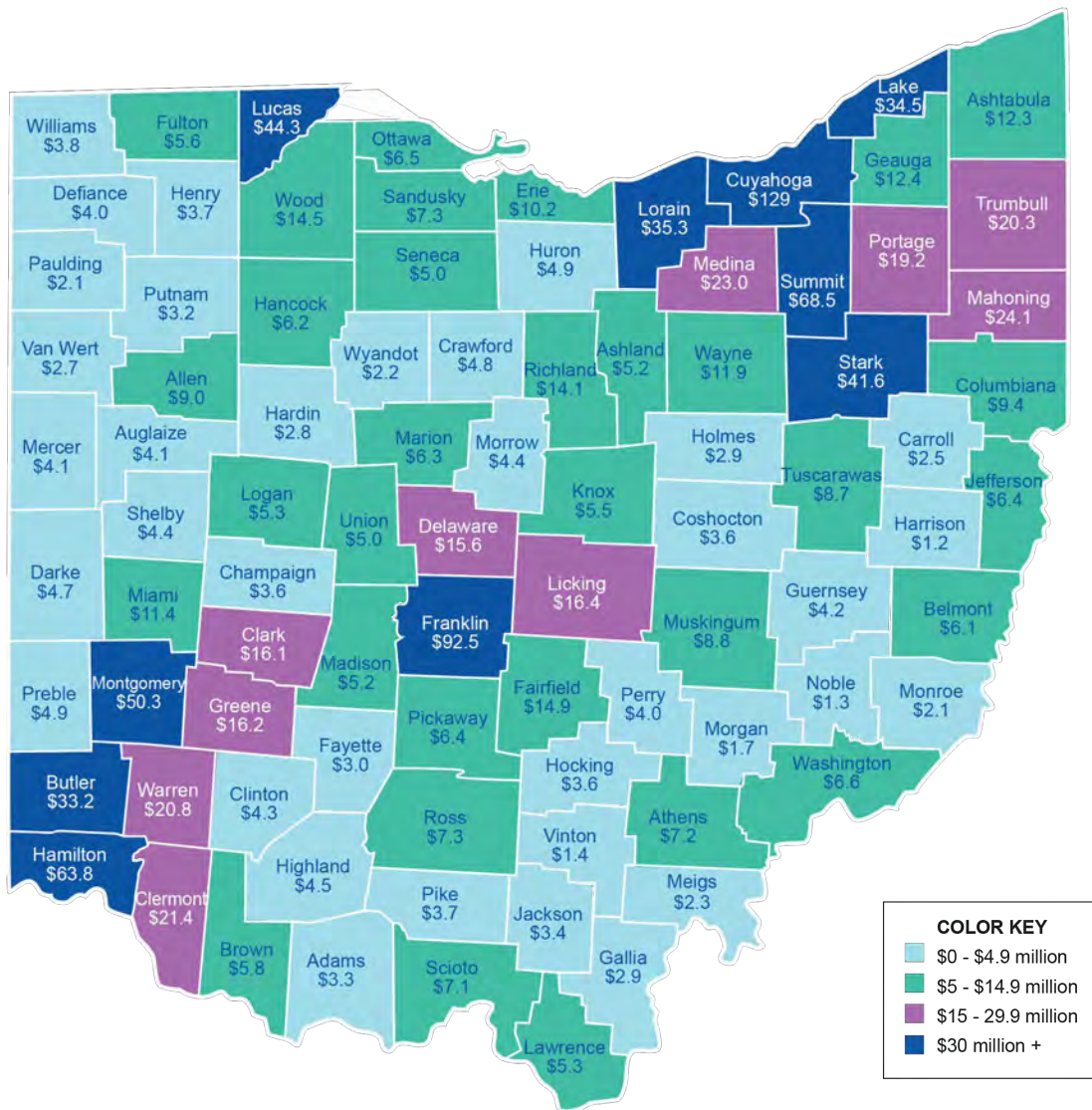
Economic Impact

Pension Benefits by County FY2021

(\$ in millions)

Public pensions positively impact Ohio's economy. Of the 80,721 individuals receiving pension benefits from SERS, nearly 91% live in Ohio.

In FY2021 alone, benefit payments of approximately \$1.4 billion were distributed among Ohio's 88 counties, positively impacting the state's economy. For every dollar in employer contributions invested in SERS' retirement benefits last year, \$2.67 was returned to local economies.

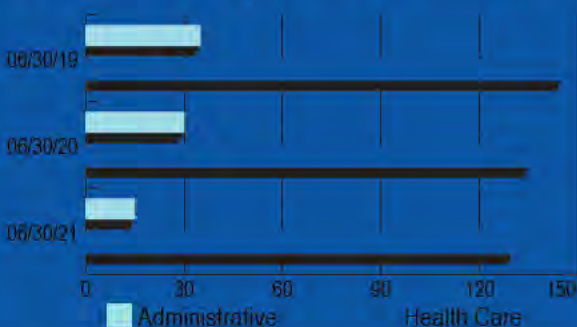


SECTION **2** FINANCIAL SECTION

FINANCIAL SECTION

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Controlling Expenses (in millions)

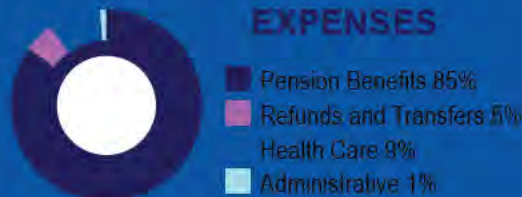


Through a culture that exemplifies ownership and innovation, SERS' staff knows the importance of what it costs to administer the System and prioritizes work on decreasing those costs. Total health care expenses have decreased year over year since FY2015.

REVENUES



EXPENSES



Independent Auditors' Report



Independent Auditor's Report

The Retirement Board
School Employees Retirement System of Ohio
and The Honorable Keith Faber

Report on the Financial Statements

We have audited the accompanying financial statements of School Employees Retirement System of Ohio (SERS) which comprise the statement of fiduciary net position as of June 30, 2021 and the related statement of changes in fiduciary net position for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SERS basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of SERS as of June 30, 2021 and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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RSM US LLP is a U.S. member firm of RSM International, a global network of independent member firms affiliated with RSM US LLP, the U.S. member firm, and other member firms of the RSM network. RSM US LLP is a member firm of the RSM network. RSM US LLP is a member firm of the RSM network. RSM US LLP is a member firm of the RSM network.

Independent Auditors' Report

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Changes in the Employers' Net Pension Liability, the Schedule of the Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Investment Returns, the Schedule of Changes in the Net OPEB Liability, the Schedule of the Net OPEB Liability, the Schedule of Employer Contributions – OPEB, the Schedule of Investment Returns – OPEB, the Schedule of SERS' Proportionate Share of the Net Pension Liability – OPERS Traditional Pension Plan, the Schedule of SERS' Proportionate Share of the Net Pension Liability – OPERS Combined Pension Plan, the Schedule of Contributions – OPERS Traditional Pension Plan, the Schedule of Contributions – OPERS Combined Pension Plan, the Schedule of SERS' Proportionate Share of the Net OPEB Liability - OPERS, and the Schedule of OPEB Contributions – OPERS and the related notes on pages 16 to 21 and 44 to 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SERS's basic financial statements. The other supplementary information, including the schedule of administrative expenses, investment expenses, and payments to consultants, as listed in table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The introductory, investments, actuarial, and statistical sections, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Independent Auditors' Report

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2021 on our consideration of SERS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SERS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SERS's internal control over financial reporting and compliance.

RSM US LLP

Cleveland, Ohio
December 9, 2021

Management's Discussion and Analysis (unaudited)

Introduction

This section presents management's discussion and analysis of the School Employees Retirement System of Ohio's financial performance for fiscal year ended June 30, 2021. This information is based on SERS' financial statements, which begin on page 22. We encourage readers to consider the information presented here in conjunction with the information in our Letter of Transmittal, which is found in the Introductory Section of this report. In addition to historical information, Management's Discussion and Analysis includes forward-looking statements that involve certain risks and uncertainties. Actual results, performance, and achievements may differ from those expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

FINANCIAL HIGHLIGHTS

- SERS' total assets at June 30, 2021 were \$18.8 billion, an increase of \$3.5 billion, or 23.1%, compared to FY2020 assets. Cash and Short Term Investments are 76.8% higher than FY2020. Investments had a strong year which accounted for the majority of the increases in assets. Investments increased by \$3.0 billion, a 21.3% increase. There was also a \$5.0 million increase in pension assets and a \$15.8 million increase in OPEB assets recognized as part of recording the increases in Net Pension Assets and activity from the Ohio Public Employees Retirement System (OPERS) that flowed through to SERS in compliance with Governmental Accounting Standards Board (GASB) pronouncements.
- Deferred outflows from from SERS' participation in OPERS decreased from FY2020 to FY2021. The deferred outflows from Pensions decreased \$1.7 million and deferred outflows from Other Post Employment Benefits (OPEB) decreased \$2.9 million.
- SERS' total liabilities at June 30, 2021 were \$298.5 million, a decrease of \$(26.5) million, or, (8.2)% compared to FY2020 liabilities. The decrease was due to the timing of investment transactions resulting in a lower Investment Payable balance at year end.
- Deferred inflows changed substantially from FY2020 to FY2021. The deferred inflows from SERS' participation in OPERS also increased from FY2020 to FY2021. Deferred inflows from Pensions decreased by \$0.1 million and deferred inflows from OPEB increased by \$2.8 million. Deferred inflows from tenant leases decreased by \$0.9 million.
- Total additions to plan net position were \$5.1 billion, comprised of contributions of \$884.5 million, \$84.1 million of other income and net investment income of \$4.1 billion. This was an increase of \$3.7 billion in investment income from FY2020 to FY2021. The markets recovered in FY2021, despite the ongoing pandemic, with strong investment returns in FY2021.
- Total deductions from plan net position for FY2021 totaled \$1.5 billion, including benefits payments of \$1.4 billion and administrative expenses of \$16.1 million, a decrease of (0.1)% from FY2020 deductions. Small increases in benefit payments were offset by a significant reduction in Administrative expenses resulting from SERS recognizing their portion of OPERS pension income and OPEB income, \$3.3 million and \$10.1 million respectively. Included in administrative expenses are personnel, professional, communications, computer support, facilities expenses and depreciation.
- The net increase in plan net position was \$3.5 billion compared to a net decrease of \$(106.0) million in FY2020. The majority of the variance was due to strong investment earnings in FY2021.

Management's Discussion and Analysis (unaudited)

CONDENSED SUMMARY OF TOTAL FIDUCIARY NET POSITION				
(\$ in millions)				
ASSETS	2021	2020	Change	
			Amount	Percent
Cash	\$ 1,174.2	\$ 664.3	\$ 509.9	76.8 %
Receivables	163.4	196.9	(33.5)	(17.0)
Investments	17,352.6	14,310.1	3,042.5	21.3
Capital Assets, Net	59.0	62.3	(3.3)	(5.3)
Other Assets	3.3	0.9	2.4	266.7
Total Assets	18,752.5	15,234.5	3,518.0	23.1
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	2.0	6.5	(4.5)	(69.2)
LIABILITIES				
Benefits & Accounts Payable	41.4	42.5	(1.1)	(2.6)
Other Liabilities	257.1	282.5	(25.4)	(9.0)
Total Liabilities	298.5	325.0	(26.5)	(8.2)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	15.4	13.6	1.8	13.2
Fiduciary Net Position	\$ 18,440.6	\$ 14,902.4	\$ 3,538.2	23.7 %

CONDENSED SUMMARY OF CHANGES IN TOTAL FIDUCIARY NET POSITION				
(\$ in millions)				
ADDITIONS	2021	2020	Change	
			Amount	Percent
Contributions	\$ 884.5	\$ 892.4	\$ (7.9)	(0.9)%
Other Income	84.1	97.4	\$ (13.3)	(13.7)%
Net Investment Income	4,088.6	424.2	3,664.4	863.8
Total Additions	5,057.2	1,414.0	3,643.2	257.7
DEDUCTIONS				
Benefits	1,425.1	1,412.8	12.3	0.9
Refunds & Transfers	77.8	76.3	1.5	2.0
Admin. Expenses	16.1	30.9	(14.8)	(47.9)
Total Deductions	1,519.0	1,520.0	(1.0)	(0.1)
Net Increase (Decrease)	3,538.2	(106.0)	3,644.2	(3,437.9)
Balance, Beginning of Year	14,902.4	15,008.4	(106.0)	(0.7)
Balance, End of Year	\$ 18,440.6	\$ 14,902.4	\$ 3,538.2	23.7 %

OVERVIEW OF FINANCIAL STATEMENTS

SERS' financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Management's Discussion and Analysis is intended to serve as an introduction to SERS' financial statements, which are prepared using the accrual basis of accounting. Following Management's Discussion and Analysis are the basic financial statements. Reviewing these statements, along with the accompanying notes, gives the reader a better understanding of SERS' financial position.

The Statement of Fiduciary Net Position is a point-in-time snapshot of SERS' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at fiscal year-end. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources.

The Statement of Changes in Fiduciary Net Position presents the additions and deductions for the fiscal year. Major sources of additions are contributions and investment income. Major sources of deductions are benefits, refunds, and administrative expenses.

The Notes to Financial Statements supply additional information that is essential for a full understanding of the data provided in the financial statements. The notes describe the history and purpose of the plans; present information about accounting policies; and disclose material risks, subsequent events, and contingent liabilities, if any, that may significantly impact SERS' financial position.

In addition to the financial statements and notes, the following supplementary information is also provided:

- Required supplemental information that presents SERS' proportionate share of the Ohio Public Employees Retirement System (OPERS) net pension liability;
- Required supplemental information that presents SERS' contribution to pension based on statutory requirements;
- Required supplemental information that presents SERS' proportionate share of the OPERS net other post-employment benefits (OPEB) liability;
- Required supplemental information that presents SERS' contribution to OPEB based on statutory requirements; and
- Optional supplemental schedules that present information related to funding progress, employer contributions, administrative expenses, and investment-related expenses.

The financial statements, notes, and Required Supplementary Information (RSI) are presented in compliance with GASB Statement No. 84, *Fiduciary Activities*.

In accordance with GASB Statement No. 68, the net pension liability equals SERS' proportionate share of OPERS' unfunded actuarial accrued liability. However, SERS is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state

Management's Discussion and Analysis (unaudited)

statute. A change in these caps requires action of both houses of the general assembly and approval by the governor. Benefit provisions also are determined by state statute. In Ohio, public employers are not legally bound to pay off the unfunded liabilities of the public pension systems. The pension systems are solely responsible for the prudent fiscal administration of their plans.

In accordance with GASB Statement No. 75, the net OPEB liability equals SERS' proportionate share of the OPERS unfunded liability. However, SERS is not responsible for certain key factors affecting the balance of this liability. OPERS' Board of Directors determines on an annual basis the percentage of total employer contributions to be allocated to health care. The portion of Traditional Pension Plan and Combined Plan employer contributions was 0% for calendar year 2020. Contributions are expected to continue at that rate for the next several years. In Ohio, health care is a discretionary benefit; it is not guaranteed by statute. Public employers are also not legally bound to pay off the OPEB liabilities of the public pension systems. The pension systems are solely responsible for the prudent fiscal administration of their plans.

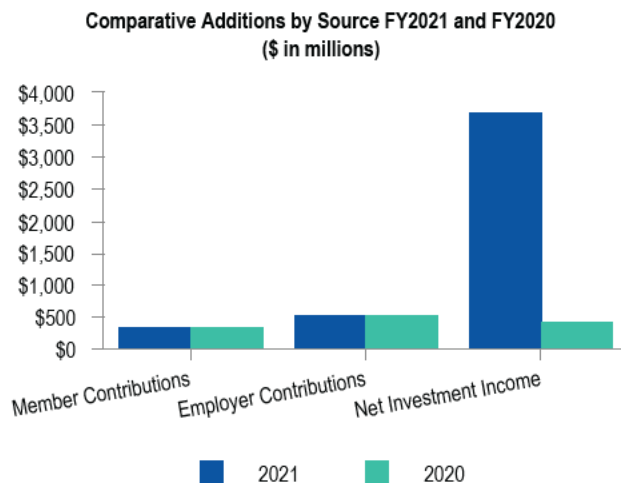
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in pension benefits, OPEB benefits, contribution rates, and return on investments affect the balance of the net pension liability and the net OPEB liability, but are outside the control of SERS. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion.

FINANCIAL ANALYSIS

A statewide defined benefit public pension plan, such as SERS, has a long-term perspective on financial activities. SERS' primary responsibility is to assure that sufficient funds will be available to provide retirement, disability, and survivor benefits, Medicare Part B premium reimbursements, and lump sum death benefits. Laws governing SERS' financing intend the contribution rates to remain approximately level from generation to generation.

A Condensed Summary of Total Fiduciary Net Position and a Condensed Summary of Changes in Fiduciary Net Position as of June 30, 2021 and 2020, are shown on page 16.

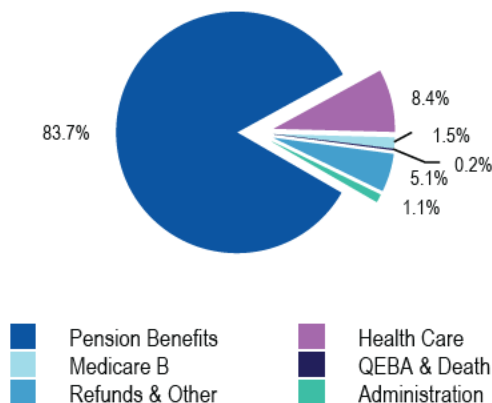
SERS is comprised of five separate funds – the Pension Trust Fund, the Medicare B Fund, the Death Benefit Fund, the Qualified Excess Benefit Arrangement (QEBA) Fund, and the Health Care Fund. Pension benefits are funded through a combination of employee and employer contributions and investment income. Medicare Part B premium reimbursements and death benefits are funded through employer contributions and investment income. The QEBA, a separate plan under Internal Revenue Code §415, is funded by contributions from the retiree's last employer and invested separately in a short-term investment fund. Funding for the Health Care Fund comes from employers, retiree premium payments, the federal government, and investment income. The graph below, "Comparative Additions by Source FY2021 and FY2020", depicts the proportion that each source added to the fund's assets.



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Expenses were incurred primarily for the purpose for which SERS was created: the payment of benefits to non-teaching Ohio public school, community school, and community college employees. Included in the deductions from fiduciary net position were benefit payments, refunds of contributions due to member terminations or deaths, net transfers to other Ohio retirement systems to provide benefits for those members who had membership in more than one system, and administrative expenses.

**Deductions from Plan Fiduciary Net Position
FY2021**



SERS' fiduciary net position increased by \$3.5 billion during FY2021, compared to a net decrease of \$(106.0) million in FY2020.

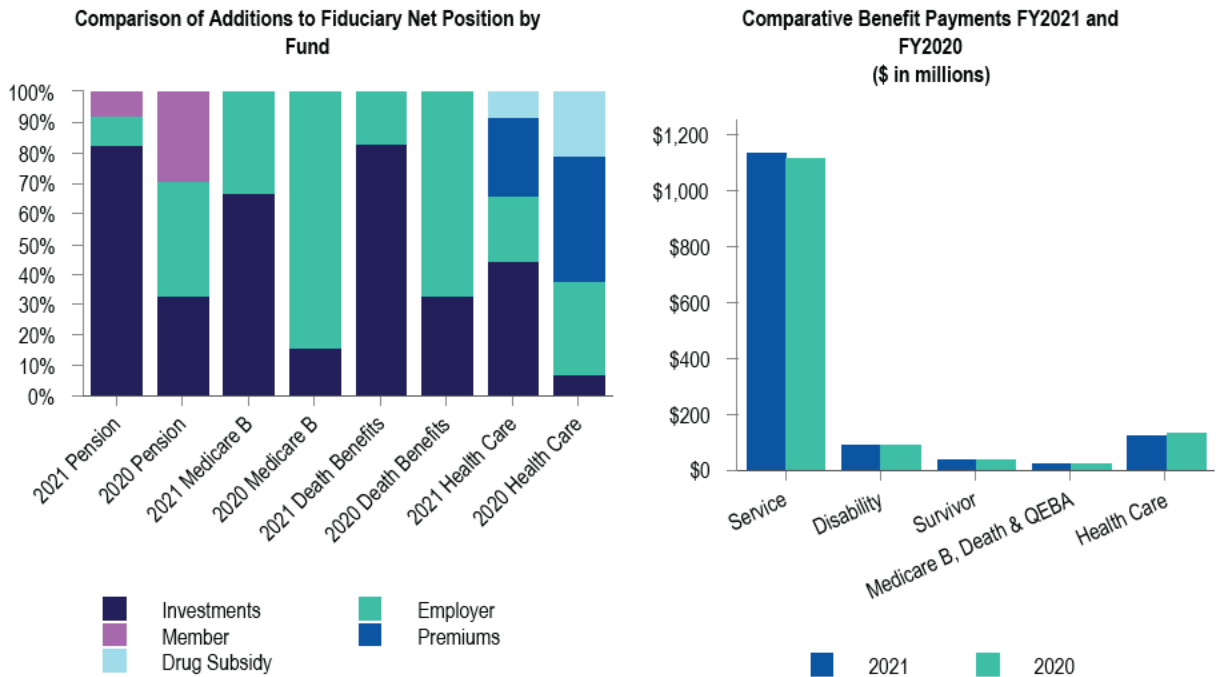
- For financial statement purposes, employee contributions consist of 10% of reported payroll, and member purchases of restored and optional service credits. Employer contributions include 14% of reported payroll, the employer's share of optional and compulsory purchased service credit, early retirement incentives, and the health care surcharge which is capped at 1.5% of statewide Employer payroll. Employer contributions in excess of those required to support the Pension, Medicare B, and Death Benefit Funds may be allocated to the Health Care Fund.

Effective June 18, 2015, SERS adopted a new funding policy that allocates a higher portion of the employer contribution toward the Pension, Medicare B, and Death Benefit Funds until the fund achieves a funded status of 90%.

- Employee contributions and employer contributions, excluding the surcharge, decreased (1.8%). Many schools had virtual education versus live instruction for a portion of the year. This resulted in lower payrolls for our members which include non-teaching personnel in schools along with school bus drivers.
- Employer contributions to the Health Care Fund are derived from two sources. The first source is an allocation of the employers' 14% contribution after pension benefits are funded. Because of SERS' funding policy, a maximum of 0.50% of the employer contribution was available for the Board to allocate to the Health Care Fund in FY2021. The Board ultimately decided to allocate the remaining portion available to the basic benefits to increase the pension funding level. The second is a health care surcharge for members who earn less than an actuarially determined minimum salary, which is established annually by the Board based on the actuary's recommendation. Regardless of the minimum compensation amount, legislated limits on SERS' surcharge revenue restrict the actual surcharge to 1.5% of statewide payroll, and no employer pays more than 2.0% of the district's payroll. The surcharge increased from \$46.4 million in FY2020 to \$53.5 million in FY2021. The surcharge increase of \$7.1 million includes a retroactive billing of \$3.7 million to Employers due to the adoption of a revised minimum compensation level for FY2020 that occurred in FY2021.
- Along with employer contributions and investment income, additions to the Health Care Fund included health care premiums paid by retirees. Enrollment and total premiums declined approximately 1.6% from FY2020 to FY2021.
- The other sources of contributions to the Health Care Fund include a net reimbursement from the federal program for Medicare Part D qualified prescription drug plans (PDP) and from our primary Medicare Advantage provider based on a risk-sharing contract effective January 1, 2011. Premiums for this program are estimated at the beginning of the contract and then adjusted based on actual claims experience and Medicare reimbursements. If experience is favorable, SERS receives a payment for the adjusted premium; however, if experience is not favorable, SERS pays an additional premium to the provider.
- Investment income is allocated to all funds except the QEBA. It is presented net of investment fees and is comprised of interest, dividends, and realized and unrealized investment gains and losses. Investment expense is comprised of external manager, custody,

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master record keeper fees, and internal investment and accounting expenses. SERS' investment portfolio, with the exception of cash and short-term investments, is managed by external investment managers. SERS had a net investment gain of \$4.1 billion compared to a gain of \$424.2 million in FY2020. Investment performance was strong, despite the ongoing global pandemic.



- Payments to service, disability, and survivor benefit recipients increased \$18.5 million, or 1.5% during FY2021. Service retirement payments increased 1.9%, disability payments decreased (2.9%), and survivor benefits payments increased 0.2%. A 0.5% simple COLA was adopted for CY2021, which applied to half our fiscal year.
- Total refunds paid decreased (0.7%) from FY2020 to FY2021. A lump sum of employee contributions was only distributed to members who had terminated public employment, applied for a refund, and waited for expiration of the 90-day waiting period that begins with the last day of service. SERS' members cannot take partial distributions. Reemployed retirees who were eligible for an annuity may elect a lump sum distribution, which included the employee's contributions, a portion of the employer's contributions, and interest.
- If a member has been employed in a job covered by the State Teachers Retirement System of Ohio (STRS) or the Ohio Public Employees Retirement System (OPERS) defined-benefit plans, as well as in a job covered by SERS, the member may receive a retirement benefit independently from each system, if eligible, or combine the service credit and accounts in all the systems to receive one benefit at retirement. The system that holds the greatest service credit will calculate and pay the benefit; the employee's full contributions and a share of the employer contributions and interest are transferred to the paying system. Net transfers to other Ohio systems increased in FY2021 when compared to FY2020.
- SERS reimburses a portion (\$45.50) of the Medicare Part B monthly premium to retirees eligible for SERS' health care program who provide proof of enrollment in Medicare Part B. The reimbursement amount, established by statute, has not changed since 2001; therefore, changes in expense are driven by eligible retirees' enrollment in Medicare Part B or termination of a benefit. Medicare Part B expenses remained substantially the same in FY2021. The eligibility of new retirees to receive the Part B reimbursement is now tied to enrollment in one of SERS' health care plans.
- SERS pays a \$1,000 death benefit, established by statute in 2001, to the designated beneficiary of service and disability retirees. Death benefit payments increased 25.3% in FY2021. We believe the higher death rates are the result of the global pandemic.
- Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care expenses decreased \$6.9 million, or 5.1%, to \$128.1 million. Our goals for the non-Medicare program are to provide access to quality coverage at an affordable cost and to focus on care management to improve the quality of care and to lower costs. Health care is a benefit that is permitted, not

Management's Discussion and Analysis (unaudited)

mandated, by statute. Our funding policy is to maintain the Health Care Fund with a 20-year solvency period to ensure that the fluctuations in the cost of health care do not cause an interruption in the program.

ACTUARIAL

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date but not yet paid. The actuarial accrued liability (AAL) for the four funds changed as follows:

Fund	AAL FY2021	AAL FY2020	Increase/ (Decrease)	% Change
Pension	\$ 21,097	\$ 20,601	\$ 496	2.4 %
Medicare B	391	393	(2)	(0.5)
Death	41	40	1	2.5
Health Care	1,289	1,797	(508)	(28.3)

The unfunded accrued liability (UAL) is the present value of the future benefits payable that are not covered by the actuarial value of assets as of the valuation date. The funded ratio reflects the percentage of the accrued liability covered by the actuarial value of assets. A decrease in the UAL indicates progress towards funding. The unfunded liability and the funded ratio changed as follows:

Fund	UAL FY2021	UAL FY2020	Increase/ (Decrease)	% Change	Funded Ratio FY2021	Funded Ratio FY2019
Pension	\$ 5,316	\$ 5,790	\$ (474)	(8.2)%	74.8 %	71.9 %
Medicare B	169	194	(25)	(12.9)	57.0	50.6
Death	13	13	—	—	68.3	67.5
Health Care	689	1,314	(625)	(47.6)	46.5	26.9

To completely understand the funding status of SERS, it is important to analyze actuarial data in combination with financial data. The actuarial data provided in the two previous tables are presented using an actuarial or funding basis. The funding basis uses an actuarial value of assets that smooths market gains and losses over a closed four-year period subject to a 20% market corridor. This differs from an accounting basis (utilized in accordance with GASB 67 and GASB 74) that calculates the funding status using the fair value of assets.

As a result of actuarial smoothing, the fair value of assets may be more than or less than the actuarial or funding value of assets at a given point in time. In periods of protracted market decline, the fair value of assets will usually be less than the actuarial or funding value of assets. In contrast, during periods of protracted market gains, the fair value of assets will generally be greater than the actuarial or funding value of assets.

To ensure the funding value of assets and the fair value of assets remain within reasonable proximity of each other, SERS uses a 20% market corridor in conjunction with its four-year smoothing. This policy ensures that the funding value of assets is neither lower than 80%, nor higher than 120% of the fair value of the assets. At the end of FY2020, the fair value of assets was below the funding value by \$617 million. At the end of FY2021, the fair value of assets was higher than the funding value by \$1,808 million.

As of June 30, 2021, the date of the latest actuarial valuation, the funded ratio for basic pension was 74.46%. In general, this means that for every dollar of future pension liability, SERS had accumulated approximately \$0.74 to meet that obligation. The funded ratio for basic pension increased from June 30, 2020 by 2.97%. The June 30, 2021 actuarial report indicated that, if all actuarial assumptions were met, SERS would accumulate sufficient assets to pay all pension liabilities for active members and retirees within 23 years compared to 24 years at June 30, 2020.

Management's Discussion and Analysis (unaudited)

CONDITIONS EXPECTED TO AFFECT FINANCIAL POSITION OR RESULTS OF OPERATIONS

SERS' primary objective is to assure that at the time benefits commence, sufficient funds will be available to provide retirement, disability, and survivor benefits for its members. In addition, SERS is committed to sustaining contribution rates that remain level from generation to generation.

A pension sustainability committee has been formed and is evaluating all the variables in the current pension model. This includes investment returns, contribution levels, contribution rates, service credit rates, minimum age requirements, along with a variety of other variables. The committee continues to meet on a regular basis to determine what adjustments may need to be made to ensure the continued sustainability of the system.

A five-year actuarial experience study was performed in the spring of FY2021. Results from this study provided the Board with useful insight on adjustments to actuarial assumptions used in valuations, and may be beneficial to them during the pension sustainability discussions. As a result of the study, new actuarial assumptions were adopted by the Board for the June 30, 2021 actuarial valuations for Pension and Health Care.

Markets are expected to remain volatile over the next several years. The Strategic Investment Plan has been designed to improve the portfolio structures to optimize returns while minimizing risks. Overweight portions of investments in Global Equities have been gradually reduced. Global Fixed Income investments are underweight and Cash Equivalent investments are overweight to try to mitigate risk.

COVID-19 continues to impact financial markets, schools, and the overall economy. It is unknown how long this pandemic will continue. Although Financial markets recovered in FY2021, it is unknown how long it will continue.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The effective date of this standard is reporting periods beginning after June 15, 2022. SERS is currently evaluating this statement.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021. The statement updates the document name and acronym. SERS has early implemented this standard and it is reflected in this document.

REQUEST FOR INFORMATION

This financial report is designed to provide the Retirement Board, our membership, employers, and investment managers with a general overview of SERS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

School Employees Retirement System of Ohio
Finance Department
300 East Broad Street, Suite 100
Columbus, Ohio 43215-3746

Basic Financial Statements

STATEMENT OF FIDUCIARY NET POSITION AS OF JUNE 30, 2021

	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	TOTAL
ASSETS						
Cash & Operating Short Term Investments	\$ 1,069,815,068	\$ 17,718,106	\$ 1,661,106	\$ 234,385	\$ 84,843,051	\$ 1,174,271,716
Receivables						
Contributions						
Employer	569,683	1,241,724	231,214	—	48,203,549	50,246,170
Employee	3,545,153	—	—	—	—	3,545,153
Investments Receivable	89,692,614	1,247,576	161,030	—	2,547,034	93,648,254
Other Receivables	4,795,600	1,768	—	—	11,132,025	15,929,393
Total Receivables	98,603,050	2,491,068	392,244	—	61,882,608	163,368,970
Investments at Fair Value						
US Equity	4,970,445,596	69,136,235	8,923,713	—	141,147,572	5,189,653,116
Non-US Equity	3,451,806,300	48,012,776	6,197,217	—	98,022,213	3,604,038,506
Private Equity	2,081,903,555	28,958,163	3,737,755	—	59,120,581	2,173,720,054
Fixed Income	3,507,248,128	48,783,942	6,296,755	—	99,596,615	3,661,925,440
Real Estate	2,536,460,509	35,280,806	4,553,846	—	72,028,803	2,648,323,964
Total Investments at Fair Value	16,547,864,088	230,171,922	29,709,286	—	469,915,784	17,277,661,080
Securities Lending Collateral at Fair Value	71,759,854	998,141	128,834	—	2,037,791	74,924,620
Capital Assets						
Land	3,315,670	—	—	—	—	3,315,670
Property & Equipment, at Cost	97,593,771	—	—	—	—	97,593,771
Accumulated Depreciation and Amortization	(41,930,990)	—	—	—	—	(41,930,990)
Property & Equipment, Book Value	58,978,451	—	—	—	—	58,978,451
Prepays and Other Assets	3,349,296	—	—	—	259	3,349,555
TOTAL ASSETS	17,850,369,807	251,379,237	31,891,470	234,385	618,679,493	18,752,554,392
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pension	1,002,081	—	—	—	—	1,002,081
Deferred Outflows - OPEB	948,412	—	—	—	—	948,412
LIABILITIES						
Accounts Payable & Accrued Expenses	28,716,215	(388)	2,323	204	11,357,087	40,075,441
Benefits Payable	720,827	—	590,000	—	—	1,310,827
Investments Payable	174,832,080	2,431,821	313,886	—	4,964,771	182,542,558
Obligations under Securities Lending	71,395,589	993,074	128,180	—	2,027,447	74,544,290
TOTAL LIABILITIES	275,664,711	3,424,507	1,034,389	204	18,349,305	298,473,116
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension	6,390,561	—	—	—	—	6,390,561
Deferred Inflows - OPEB	5,702,420	—	—	—	—	5,702,420
Deferred Inflows - Leases	3,327,432	—	—	—	—	3,327,432
FIDUCIARY NET POSITION RESTRICTED FOR PENSION	\$ 17,561,235,176	\$ 247,954,730	\$ 30,857,081	\$ 234,181	\$ —	\$ 17,840,281,168
FIDUCIARY NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	\$ —	\$ —	\$ —	\$ —	\$ 600,330,188	\$ 600,330,188
FIDUCIARY NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS	\$ 17,561,235,176	\$ 247,954,730	\$ 30,857,081	\$ 234,181	\$ 600,330,188	\$ 18,440,611,356

See accompanying notes to the financial statements.

Basic Financial Statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2021

	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	TOTAL
ADDITIONS						
Contributions						
Employer	\$ 456,195,419	\$ 26,273,453	\$ 1,382,813	\$ 355,442	\$ 53,533,333	\$ 537,740,460
Employee	346,781,820	—	—	—	—	346,781,820
Other Income						
Health Care Premiums	—	—	—	—	63,990,508	63,990,508
Federal Subsidies & Other Receipts	—	—	—	—	20,059,596	20,059,596
	802,977,239	26,273,453	1,382,813	355,442	137,583,437	968,572,384
Income from Investment Activity						
Net Appreciation in Fair Value	3,699,885,821	50,578,283	6,615,899	—	105,377,312	3,862,457,315
Interest and Dividends	311,664,253	4,264,905	557,767	218	8,911,852	325,398,995
	4,011,550,074	54,843,188	7,173,666	218	114,289,164	4,187,856,310
Investment Expenses						
Investment Expenses	(89,319,857)	(1,221,023)	(159,716)	—	(2,543,940)	(93,244,536)
Investment Administrative Expenses	(6,482,159)	(88,376)	(11,627)	—	(184,986)	(6,767,148)
Net Income from Investment Activity	3,915,748,058	53,533,789	7,002,323	218	111,560,238	4,087,844,626
Income from Securities Lending Activity						
Gross Income	446,291	6,101	798	—	12,711	465,901
Brokers' Rebates	308,697	4,220	552	—	8,792	322,261
Management Fees	(54,126)	(740)	(97)	—	(1,541)	(56,504)
Net Income from Securities Lending Activity	700,862	9,581	1,253	—	19,962	731,658
Total Investment Income	3,916,448,920	53,543,370	7,003,576	218	111,580,200	4,088,576,284
TOTAL ADDITIONS	4,719,426,159	79,816,823	8,386,389	355,660	249,163,637	5,057,148,668
DEDUCTIONS						
Benefits						
Retirement	1,139,424,266	20,885,774	—	343,700	—	1,160,653,740
Disability	90,688,344	1,229,228	—	—	—	91,917,572
Survivor	40,622,837	798,753	—	—	—	41,421,590
Death	—	—	2,962,198	—	—	2,962,198
Health Care Expenses	—	—	—	—	128,132,981	128,132,981
	1,270,735,447	22,913,755	2,962,198	343,700	128,132,981	1,425,088,081
Refunds and Lump Sum Payments	72,374,764	—	—	—	—	72,374,764
Net Transfers to Other Ohio Systems	5,424,513	—	—	—	—	5,424,513
Administrative Expenses	12,704,584	6,453	59,297	2,577	3,311,946	16,084,857
	90,503,861	6,453	59,297	2,577	3,311,946	93,884,134
TOTAL DEDUCTIONS	1,361,239,308	22,920,208	3,021,495	346,277	131,444,927	1,518,972,215
Net Increase	3,358,186,851	56,896,615	5,364,894	9,383	117,718,710	3,538,176,453
FIDUCIARY NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS						
Fiduciary Net Position, Beginning of Year	14,203,048,325	191,058,115	25,492,187	224,798	482,611,478	14,902,434,903
Fiduciary Net Position Restricted For Pension	\$ 17,561,235,176	\$ 247,954,730	\$ 30,857,081	\$ 234,181	\$ —	\$ 17,840,281,168
Fiduciary Net Position Restricted For Other Postemployment Benefits	\$ —	\$ —	\$ —	\$ —	\$ 600,330,188	\$ 600,330,188
Fiduciary Net Position, End of Year	\$ 17,561,235,176	\$ 247,954,730	\$ 30,857,081	\$ 234,181	\$ 600,330,188	\$ 18,440,611,356

See accompanying notes to the financial statements.

Notes to the Basic Financial Statements June 30, 2021

1. Summary of Significant Accounting Policies

Basis of Accounting The financial statements of the School Employees Retirement System of Ohio (SERS) are prepared using the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due based on statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Use of Estimates In preparing financial statements in conformity with governmental accounting principles generally accepted in the United States of America, SERS' management makes estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Certain SERS investment assets, in particular Global Real Assets, Global Private Equity, and Opportunistic and Tactical investments, use estimates in reporting fair value in the financial statements. These estimates are subject to uncertainty in the near term, which could result in changes in the values reported for those assets in the Statement of Fiduciary Net Position.

Health Care Expenses Incurred and Unpaid Amounts accrued for health care expenses payable for recipients under age 65 in the Health Care Fund are based upon estimates that have been developed from prior claims experience.

Allocation of Expenses to Plans Direct expenses are charged to the fund for which they are incurred. All indirect expenses are paid by the Pension Trust Fund and are reimbursed by the Medicare B, Death Benefit, and Health Care funds in proportion to their use of the assets.

Benefit Payments Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Investments Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned.

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Fixed income securities, real estate investment trusts (REITs), derivative instruments, and common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. International stocks are then adjusted to reflect the current exchange rate of the underlying currency. Investments for which no national exchanges or pricing services exist, such as private equity assets, are valued at fair value by the investment partnership based on the valuation methodology outlined in the partnership agreement. Real estate may be valued by the manager or independent appraisers.

Commingled assets that are not traded on a national exchange are valued by the commingled manager. SERS performs due diligence reviews of the investment pricing, process, and infrastructure of private equity, commingled, and real estate investments to assure that the asset values provided by the managers are reasonable.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to SERS' investment operations, as well as the internal administrative expenses associated with SERS' investment program.

The monies held by the Pension Trust, Medicare B, Death Benefit, and Health Care funds are pooled for the purpose of the investment of those funds. Each fund holds units of the investment pool, which are adjusted on a monthly basis. The value of one unit of the pool on June 30, 2021, was \$3,342.54. The unit holdings and net value of each of the funds at the close of the fiscal year were:

INVESTMENT POOL AS OF JUNE 30, 2021		
	Units	Value
Pension Trust Fund	5,200,179	\$ 17,381,793,376
Medicare B Fund	72,332	241,771,431
Death Benefits Fund	9,336	31,206,485
Health Care Fund	147,672	493,597,182
Total	5,429,519	\$ 18,148,368,474

Notes to the Basic Financial Statements June 30, 2021

Office Building, Equipment, and Fixtures (Non-Investment Assets) The cost of equipment and fixtures in excess of \$5,000 is capitalized at cost when acquired. Improvements that increase the useful life of the property are capitalized. Maintenance and repairs are charged to expense as incurred. Software costs in excess of \$25,000 are capitalized. Intangible assets, such as internally-developed software, are capitalized in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Depreciation and amortization have been provided using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture, Equipment, and Software	3-7 years
Building and Improvements	40 years
Internally-developed Software	17 years

Reserves Ohio Revised Code Section 3309.60 establishes various reserves to account for future and current benefit payments. These are:

- **Employees' Savings Fund** Accumulated members' contributions are held in trust pending refund or transfer to another account other than the Guarantee Fund or Expense Fund.
- **Employers' Trust Fund** Accumulated employer contributions are held for future benefit payments.
- **Annuity and Pension Reserve Fund** This reserve contains the monies set aside to pay all annuities and pensions. Money is transferred to this fund from the Employees' Savings Fund, Employers' Trust Fund, and Guarantee Fund at the time of retirement.
- **Survivors' Benefit Fund** Monies in this account are set aside to finance payments to beneficiaries of deceased members. Money is transferred to this fund from the Employees' Savings Fund, Employers' Trust Fund, and Guarantee Fund in an amount to fund all liabilities at the end of each year.
- **Guarantee Fund** Income derived from the investment pool and any gifts or bequests are accumulated in this fund. The balance in this fund is transferred to other reserves to aid in the funding of future benefit payments and administrative expenses.
- **Expense Fund** This fund provides for the payment of administrative expenses with the necessary money allocated to it from the Guarantee Fund.

RESERVE BALANCES AS OF JUNE 30, 2021	
	Reserve Amount Totals
Employees' Savings Fund	\$ 3,582,367,223
Employers' Trust Fund	1,242,129,629
Annuity and Pension Reserve Fund	13,242,581,706
Survivors' Benefit Fund	373,532,798
Guarantee Fund	—
Expense Fund	—
Total	\$ 18,440,611,356

2. Description of the System

Organization SERS is a statewide, cost-sharing, multiple-employer defined benefit public pension plan. Established by state law in 1937, SERS provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public K-12 school districts, vocational, technical, and community schools, community colleges, and the University of Akron.

The Retirement Board is responsible for the general administration and management of the System. The Board comprises nine members: four elected employee members; two elected retiree members; and three appointed investment expert members. One investment expert is appointed by the Governor, a second one by the State Treasurer, and the third one jointly by the Speaker of the House and President of the Senate.

Several separate funds comprise the Retirement System. The pension funds include the Pension Trust Fund, the Medicare B Fund, the Death Benefit Fund, and the Qualified Excess Benefit Arrangement (QEBA) Fund. The Pension Trust Fund holds the funds to pay the basic retirement, disability, and survivor benefits authorized under state law, Ohio Revised Code (ORC) Chapter 3309. The Medicare B

Notes to the Basic Financial Statements June 30, 2021

Fund reimburses a portion of the Medicare Part B premiums paid by eligible benefit recipients as permitted under ORC Section 3309.69. The current reimbursement is \$45.50 per month. The Death Benefit Fund pays \$1,000 to a designated beneficiary of a deceased retiree or disability benefit recipient as allowed under ORC Section 3309.50. The QEBA Fund pays benefits as allowed by federal tax law to retirees whose SERS benefits exceed Internal Revenue Code (IRC) 415(b) limits. A fifth fund, the Health Care Fund, provides money for payment of health care expenses under SERS' health care coverage for retirees and other benefit recipients.

Pension Benefits Following the passage of Senate Bill 341, SERS' pension reform legislation, new age and service requirements for retirement became effective January 7, 2013. For members who retired on or after August 1, 2017, the new requirements are:

- age 67 with 10 years of service credit, or age 57 with 30 years of service credit, to retire with full benefits; or
- age 62 with 10 years of service credit, or age 60 with 25 years of service credit, to retire early with actuarially-reduced benefits.

To protect the benefits of longtime members, SERS included a grandfather provision and a buy-up option that gave members the opportunity to retire under the previous age and service credit requirements after August 1, 2017.

The grandfather provision allowed members, who attained 25 years of service on or before August 1, 2017, to retire under the previous age and service credit eligibility requirements.

These age and service requirements were:

- any age with 30 years of service credit to retire with full benefits; or
- age 60 with 5 years of service credit, or age 55 with 25 years of service credit to retire with actuarially-reduced benefits.

The buy-up option allowed members with fewer than 25 years of service credit as of August 1, 2017, to retire under the previous retirement eligibility requirements if they paid the actuarial difference between the benefit they would have received under the new requirements and the benefit they would have received under the previous requirements. Members who wanted to buy-up must have completed their payment on or before August 1, 2017.

The current formula used in calculating an annual retirement benefit is as follows: number of years of service credit up to 30 years x 2.2% of the member's final average salary (FAS) + number of years of service credit over 30 years x 2.5% of FAS. For SERS, FAS equals the average of the highest three years of salary. If the member does not meet the age and service requirements to retire with full benefits, the annual benefit is reduced to cover a longer period of retirement.

If a member has been employed in a job covered by the State Teachers Retirement System of Ohio (STRS) or the Ohio Public Employees Retirement System (OPERS) as well as in a job covered by SERS, at retirement the member may receive a retirement benefit independently from each of the systems, if eligible, or may combine the service credit and accounts in all the systems to receive one benefit. The system with the greatest service credit will be the system that will calculate and pay the benefit. While the salaries in one year will be added together, if the member has service credit in each system for the same year, the member cannot be credited with more than one year of service credit.

If a retiree from OPERS, SERS, STRS, Ohio Police & Fire, or Ohio State Highway Patrol is employed in a SERS-covered position, then employee and employer contributions are required for the new position. The retiree accrues a new benefit in the form of an annuity based on the contributions paid by the retiree and the employer payable at age 65 or termination of employment, whichever is later. This is separate from the original SERS benefit. There are no other benefits available and the retiree does not accrue any additional service credit for the period of reemployment. Prior to age 65 and after termination of employment, a reemployed retiree may request a refund of the employee contributions for the reemployed period.

Notes to the Basic Financial Statements June 30, 2021

EMPLOYER AND EMPLOYEE MEMBERSHIP DATA

(as of June 30, 2021)

Employer Members

Local	371
City	191
Educational Service Center	52
Village	49
Higher Education	15
Vocational/Technical	49
Community Schools	305
Other	21

Total	1,053
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Employee Members and Retirees

Retirees and Beneficiaries Currently Receiving Benefits	80,721
Inactive Employees Entitled to But Not Yet Receiving Benefits	5,972

Total	86,693
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Active Employees

Vested Active Employees	44,997
Non-vested Active Employees	101,649

Total	146,646
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3. Contributions

State retirement law requires contributions by covered employees and their employers, and limits the maximum rate of contributions. The Retirement Board sets contribution rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. During FY2021, employees and their employers were required to contribute 10% and 14%, respectively, of active member payroll.

Employer (excluding surcharge discussed below) and employee contributions were \$484.2 million and \$346.8 million, respectively, in FY2021. The contribution amounts also included contributions for purchased service credit.

The Retirement Board, acting with the advice of the actuary, allocates the current employer contribution rate among the funds of the System. For FY2021, the allocation of the employer contribution rate to pension plan benefits was established as the rate necessary to cover normal cost and amortize the unfunded accrued liability. The 14% contribution rate paid by employers was allocated to the funds as follows:

Pension Trust Fund	13.20 %
Medicare B Fund	0.76 %
Death Benefit Fund	0.04 %
Health Care Fund	— %

The portion of the employer contribution not required to actuarially fund the pension plans (Pension Trust Fund, Medicare B Fund, and Death Benefit Fund) may be available for the Health Care Fund, depending on funded ratios. The funded ratio for the basic benefits in FY2021 was 74.46%, which was above the 70% funded ratio that would permit an allocation to the Health Care Fund. The amount of employer contributions directed to the Health Care fund in FY2021 was zero. A health care surcharge on employers was collected for employees earning less than an actuarially determined minimum compensation amount, and was pro-rated according to service credit earned during the year. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of total statewide SERS-covered payroll for the health care surcharge. For FY2021, the minimum compensation level was established at \$23,000. The surcharge accrued for FY2021 and included in employer contributions in the Statement of Changes in Fiduciary Net Position is \$53.5 million.

Notes to the Basic Financial Statements June 30, 2021

4. Funding Policy

The statute sets a contribution cap of 24% of payroll; 14% from employers and 10% from employees. Employer contributions in excess of those required to support the basic benefits may be allocated to retiree health care funding. If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.

5. Fair Value Measurement

SERS investments are measured at fair value within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement established a three-tier, hierarchical reporting framework which ranks the level of market price observations used in measuring fair value. The hierarchy is based on the valuation inputs used to measure the fair value of the investment and gives the highest ranking to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest ranking to unobservable inputs (Level 3). Inputs refer to the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique. The categorization of the investments within the hierarchy is based upon the valuation transparency of the instrument and should not be perceived as the particular investment's risk. The three-tier hierarchy is summarized as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations reflect practices where significant inputs are unobservable.

Investments in certain entities that calculate a net asset value (NAV) per share (or its equivalent) sometimes do not have a readily determinable fair value. For these investments, governmental accounting standards permit establishment of fair value using a practical expedient based on the NAV per share (or its equivalent).

The table on page 29, presents the fair value hierarchy of SERS' investment portfolio as of June 30, 2021.

Bond Mutual Funds generally include investments in money market-type securities that are reported at either fair value or at cost plus accrued interest, which approximates market or fair value.

Equity, US Corporate Obligations, US Government, and derivative instruments classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and derivative instruments classified in Level 2 are valued using either a bid evaluation or a matrix based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Index linked debt securities are valued by multiplying the external market price by the applicable day's Index Ratio. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Equity and equity derivative instruments classified in Level 2 are securities whose values are derived daily from associated traded securities.

Debt, equities, and investment derivative instruments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The fair values of investments in certain equity, fixed income, and marketable alternative funds are based on the investments' net asset value provided by the investee. Investments that are measured at fair value using the net asset value as practical expedient are not classified in the fair value hierarchy.

Notes to the Basic Financial Statements June 30, 2021

INVESTMENTS AND SHORT-TERM HOLDINGS MEASURED AT FAIR VALUE

(\$ in thousands)

Investments by Fair Value Level	6/30/2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Bond Mutual Funds	\$ 918,298	\$ 918,298	\$ —	\$ —
Certificates of Deposit	2,535	—	2,535	—
Foreign Obligations	368,310	2,815	362,429	3,066
Mortgage and Asset Backed	208,710	—	208,710	—
Municipal Obligations	26,934	—	26,934	—
US Corporate Obligations	639,101	—	637,913	1,188
US Government	1,017,821	487,931	529,890	—
Total Debt Securities	3,181,709	1,409,044	1,768,411	4,254
Equity Securities				
Foreign Common & Preferred Stock	3,604,140	2,751,960	—	852,180
US Common & Preferred Stock	4,860,907	3,956,887	23,962	880,058
Total Equity Securities	8,465,047	6,708,847	23,962	1,732,238
Total Investments by Fair Value Level	\$ 11,646,756	\$ 8,117,891	\$ 1,792,373	\$ 1,736,492
Investments Measured at the net asset value (NAV)				
Commingled Bond Funds	\$ 75,305			
Commingled Equity Funds	328,511			
Hedge Funds	682,737			
Private Credit Funds	637,439			
Private Equity Funds	2,173,720			
Private Real Estate Funds	2,648,324			
Total Investments Measured at the NAV	6,546,036			
Total Investments Measured at Fair Value	\$ 18,192,792			
Investment Derivative Instruments				
Foreign Equity Derivatives	\$ (844)	\$ (851)	\$ 7	
Foreign Fixed Derivatives	2,247	(117)	2,364	
US Commodity Derivatives	(55)	(55)	—	
US Equity Derivatives	197	197	—	
US Fixed Derivatives	781	826	(45)	
Total Investment Derivative Instruments	\$ 2,326	\$ —	\$ 2,326	

Notes to the Basic Financial Statements June 30, 2021

INVESTMENTS MEASURED AT THE NET ASSET VALUE				
(\$ in thousands)				
Investments by Fair Value Level	6/30/2021	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Bond Funds ⁽¹⁾	\$ 75,305	\$ —	Monthly	1-10 Days
Commingled International Equity Funds ⁽¹⁾	328,511	—	Daily, Semi-Monthly, Monthly	1-120 Days
Hedge Funds				
Event Driven ⁽²⁾	161,707	—	Monthly, Quarterly	45-90 Days
Multi-Strategy / Risk Focus ⁽³⁾	204,413	—	Daily, Monthly	1-45 Days
Relative Value ⁽⁴⁾	233,127	—	Quarterly	60-90 Days
Tactical Trading ⁽⁵⁾	83,490	—	Quarterly	30 Days
Private Credit Funds ⁽⁶⁾	637,439	1,178,455	Not Eligible	Not Eligible
Private Equity Funds ⁽⁶⁾	2,173,720	1,540,259	Not Eligible	Not Eligible
Private Real Estate Funds ⁽⁶⁾	2,648,324	609,588	Not Eligible	Not Eligible
Total Investments Measured at the NAV	\$ 6,546,036			

(1) *Commingled Bond Funds, Equity Funds, and Real Estate Investment Funds* One bond fund, 23 equity funds, and one real estate investment fund are considered to be commingled in nature. Each is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(2) *Event Driven Hedge Funds* Consisting of six funds, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share. Due to contractual lock-up restrictions, approximately 99% of the value of these investments are eligible for redemption in the next six months. The remaining 5% of these investments remains restricted through the next year.

(3) *Multi-Strategy / Risk Focus Hedge Funds* The two funds included in this group aim to pursue varying strategies in order to diversify risks and reduce volatility. These investments are valued at NAV per share, and are redeemable within a month or less, as they are not subject to lock-up restrictions.

(4) *Relative Value Hedge Funds* Consisting of five funds, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. These investments are valued at NAV per share. Due to contractual lock-up restrictions, approximately 98% of these investments are eligible for redemption in the next 6 months. The remaining 2% of the value of these investments are eligible within the next 12 months.

(5) *Tactical Trading Hedge Funds* The primary focus of the one fund within this group is to invest across multiple strategies based upon the outcomes of economic and technical analyses, with the goal of long-term benefit. These investments are valued at NAV per share. Due to contractual lock-up restrictions, approximately 100% of these investments are eligible for redemption in the next six months.

(6) *Private Credit, Private Equity, and Private Real Estate Funds* SERS' Private Credit portfolio consists of 22 private partnerships providing exposure to distressed debt, SERS' Private Equity portfolio consists of 93 funds, investing primarily in Buyout Funds, with some exposure to Distressed Funds, Special Situations, Structured Debt, and Venture Capital. The Real Estate portfolio, comprised of 37 funds, invests mainly in U.S. commercial real estate. The fair values of these funds are measured at net asset value, and are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years.

6. Cash Deposits and Investments

Custodial Credit Risk, Deposits Custodial credit risk for deposits is the risk that in the event of a bank failure, SERS' deposits may not be returned. In accordance with state law, the Board of Deposit designates SERS' depository bank, and the Treasurer of State serves as custodian and contracts depository services for all of SERS' deposits. Therefore, SERS does not have a policy for deposit custodial credit risk.

At June 30, 2021, the carrying amounts of SERS' operating and investment cash deposits totaled \$255,973,701, and the corresponding bank balances totaled \$231,185,951. Of the bank balances, the Federal Deposit Insurance Corporation insured \$1,805,945. In accordance with state law, bank balances of \$154,321,824 were collateralized at 71% with securities held in the name of SERS' pledging financial institutions. The remaining bank deposits of \$75,058,182 were uninsured and uncollateralized.

Custodial Credit Risk, Investments Custodial credit risk for investments is the risk if the securities are uninsured, are not registered in the name of the SERS and are held by either the counterparty or the counterparty's trust department or agent, but not in the SERS name. As of June 30, 2021, approximately \$6.5 billion of SERS' assets are not held by the custodians or registered in the SERS name.

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. ORC 3309.15 and the Board's Statement of Investment Policy (adopted September 2015) direct that the funds of SERS will be invested following the prudent person standard. This fiduciary standard dictates that the Board consider the probable safety of investments, avoid speculative

Notes to the Basic Financial Statements June 30, 2021

investments, and invest as persons of prudence, discretion, and intelligence would manage their own affairs. The Board accomplishes this through a combination of internal and external investment professionals.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of a plan's investment in a single issuer. SERS does not hold investments representing 5% or more of plan investment portfolio in any one issuer.

Interest Rate Risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SERS does not have a policy for managing interest rate risk.

At June 30, 2021, SERS held interest-only strips that had a total fair value of \$37,023,909. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. SERS also held principal-only strips that had a total fair value of \$1,065,415. These principal-only strips are sensitive to interest rate increases that may result in decreasing mortgage prepayments, thus increasing the average maturity of this investment.

Foreign Currency Risk Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. SERS' exposure to foreign currency risk derives from its positions in foreign currency and foreign currency-denominated investments.

FAIR VALUE SUBJECT TO COUNTERPARTY CREDIT RISK		
	S&P Credit Quality Rating	Fair Value (\$ in thousands)
Foreign Fixed Derivatives	A	(42)
	A-	27
	AA-	2,302
	BBB+	78
	BBB	(1)
Total		2,364
US Fixed Derivatives	A	(3)
	BBB+	(22)
Total		(25)
Total		\$ 2,339

*Futures and Options contracts are transacted via clearinghouse and are not subject to counterparty risk.

FAIR VALUE SUBJECT TO INTEREST RATE RISK		
Investment	Fair Value (\$ in thousands)	Option Adjusted Duration (in years)
Bond Mutual Funds	\$ 918,298	0.08
Certificates of Deposit	2,535	2.46
Foreign Obligations*	369,151	5.82
Mortgage and Asset Backed	208,710	2.24
Municipal Obligations	26,934	7.63
US Corporate Obligations	639,101	7.28
US Government & Agency Obligations	1,017,821	6.20
Total	\$ 3,182,550	4.36

*Excludes Pending FX

FAIR VALUE SUBJECT TO ISSUER CREDIT RISK												
Fair Value Based Upon S&P Credit Quality Rating (\$ in thousands)												
	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated	Total
Bond Mutual Funds	\$ —	\$ 192,234	\$ 726,064	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 918,298
Certificates of Deposit	—	—	741	1,795	—	—	—	—	—	—	—	2,536
Foreign Obligations	10,981	10,383	38,013	149,931	62,797	17,836	6,773	113	—	516	71,808	369,151
Mortgage and Asset Backed	65,263	35,340	13,603	17,511	1,609	3,026	1,431	878	—	275	69,773	208,709
Municipal Obligations	—	5,499	15,253	4,656	—	—	—	—	—	—	1,527	26,935
US Corporate Obligations	2,530	20,338	135,467	396,856	64,487	9,037	1,849	—	—	—	8,538	639,102
US Government & Agency Obligations	—	1,017,821	—	—	—	—	—	—	—	—	—	1,017,821
Total	\$78,774	\$1,281,615	\$929,141	\$570,749	\$128,893	\$29,899	\$10,053	\$991	\$—	\$ 791	\$151,646	\$3,182,552

Notes to the Basic Financial Statements June 30, 2021

FAIR VALUE SUBJECT TO FOREIGN CURRENCY RISK (\$ in thousands)					
Currency	Currency	Foreign Common and Preferred Stock	Foreign Equity Derivatives	Foreign Obligations	Foreign Fixed Derivatives
Argentinean Peso	45	—	—	208	—
Australian Dollar	483	52,721	(42)	—	(13)
Brazilian Real	64	30,521	—	4,514	12
British Pound	1,699	211,770	(127)	2,471	—
Bulgarian Lev	—	—	—	—	—
Canadian Dollar	142	74,805	45	—	—
Chilean Peso	—	2,073	—	—	—
Chinese Yuan	1,897	131,364	—	4,147	—
Colombian Peso	58	—	—	2,907	—
Czech Koruna	—	—	—	—	—
Danish Krone	379	52,736	—	—	—
Dominican Republic Peso	—	—	—	—	—
Egyptian Pound	—	—	—	800	—
Euro	718	404,839	(515)	3,487	(112)
Hong Kong Dollar	950	175,723	(26)	—	—
Hungarian Forint	2	3,067	—	—	—
Indian Rupee	288	50,258	—	554	—
Indonesian Rupiah	—	7,695	—	8,162	—
Israeli Shekel	12	5,950	—	—	—
Japanese Yen	3,899	427,974	(145)	—	(5)
Malaysian Ringgit	—	2,672	—	718	—
Mexican Peso	591	17,723	—	11,739	197
Netherlands Antilles Guilder	—	—	—	—	—
New Zealand Dollar	—	—	—	—	—
Norwegian Krone	770	9,685	—	—	—
Peruvian New Sol	—	—	—	865	—
Philippines Peso	—	500	—	—	—
Polish Zloty	10	2,613	—	1,705	(17)
Romanian Leu	—	—	—	1,116	—
Russian Ruble	1,083	103,147	—	8,017	—
Saudi Riyal	—	3,958	—	—	—
Singapore Dollar	798	18,875	—	—	—
South African Rand	—	19,481	—	3,869	(3)
South Korean Won	56	217,858	—	—	5
Swedish Krona	49	33,236	(24)	—	—
Swiss Franc	12	163,873	—	—	—
Taiwan Dollar	105	113,406	—	—	—
Thailand Baht	7	8,246	—	1,445	—
Turkish Lira	—	10,167	—	701	—
United Arab Emirates Dirham	—	354	—	(841)	—
Uruguayan Peso	—	—	—	442	—
Vietnam Dong	—	733	—	—	—
	\$ 14,117	\$ 2,358,023	\$ (834)	\$ 57,026	\$ 64

Notes to the Basic Financial Statements June 30, 2021

Derivative Instruments Derivative instruments are investment instruments whose cash flows or fair values are derived from the value of some other asset or index. SERS uses a variety of derivative instruments primarily to maximize yields and offset volatility due to interest rate and currency fluctuations. SERS is exposed to various types of credit, market, and legal risks related to these investments. The investment staff continually monitors these types of investments.

Foreign exchange forward currency contracts are legal agreements between two parties to purchase and sell a foreign currency, for a price specified at the contract date, with delivery and settlement in the future. SERS enters into these contracts to hedge the foreign currency movements of assets held in the underlying funds. The contracts do not subject SERS to risk due to exchange rate movements since gains and losses on the contracts offset gains and losses on the transactions being hedged. SERS could be at risk for replacing these contracts at current market rates, should the counterparty default. SERS seeks to control this risk through contracting only with counterparties that meet certain credit guidelines. A futures contract is a contract to buy or sell units of an index or financial instrument on a specified future date at a price agreed upon when the contract is originated. SERS uses equity and fixed income futures during the fiscal year to rebalance its asset allocation and overlay its cash exposure in the US and Non-US equity portfolios. Only the most liquid futures are used by SERS to overlay the temporary and transactional cash held, and to rebalance asset allocations between asset classes.

Options give buyers the right, but not the obligation, to buy or sell an asset at a predetermined strike price over a specified period. The option premium is usually a small percentage of the underlying asset's value. When writing an option, SERS receives a premium up front and bears the risk of an unfavorable change in the price of the underlying asset during the option's life.

Swaps represent an agreement between two or more parties to exchange a sequence of cash flows during a predetermined timeframe. SERS utilizes swaps to manage interest rate fluctuations, default by a borrower, and to gain market exposure without having to actually own the asset.

FAIR VALUE OF FORWARD CURRENCY AND HEDGED CONTRACTS		
As of June 30, 2021 and 2020 (\$ in thousands)		
	FY2021	FY2020
Forward Currency Purchases	\$ 1,899,223	\$ 1,172,967
Forward Currency Sales	1,898,383	1,171,269
Unrealized gain (loss)	(841)	(1,698)

SWAP CONTRACTS				
As of June 30, 2021 and 2020 (\$ in thousands)				
Type	FY2021		FY2020	
	Notional Value	Fair Value	Notional Value	Fair Value
Credit Default	\$ 23,508	\$ 61	\$ 37,772	\$ 131
Interest Rate	143,912	928	388,501	(3,679)
Zero Coupon	20,940	1,351	16,496	(16)

FUTURES CONTRACTS						
As of June 30, 2021 and 2020 (\$ in thousands)						
Type	FY2021			FY2020		
	Number of Contracts	Notional Value	Contract Value	Number of Contracts	Notional Value	Contract Value
Equity Features						
International Equity Index Futures - Long	750	\$ 77,388	\$ (834)	358	\$ 28,651	\$ (223)
US Commodity Futures - Long	19	2,858	(56)	—	—	—
US Commodity Futures - Short	(8)	(588)	1	—	—	—
U.S. Stock Index Futures - Long	817	91,778	197	4,768	563,676	14,361
Fixed Income / Cash Equivalent Futures						
Cash Equivalent (Eurodollar) Futures - Long	238	58,831	(28)	216	46,303	803
Cash Equivalent (Eurodollar) Futures - Short	(682)	(170,208)	3	(378)	(94,312)	(402)
International Fixed Income Index Futures - Long	59	7,989	8	21	3,956	73
International Fixed Income Index Futures - Short	(83)	(22,909)	(125)	(193)	(47,077)	(346)
US Treasury Futures Long	1,893	272,061	2,155	738	122,430	666
US Treasury Futures Short	(1,081)	(154,863)	(1,231)	(3,213)	(534,012)	(1,504)
Total Futures (Net)	1,922	\$ 162,337	\$ 90	2,317	\$ 89,615	\$ 13,428

Notes to the Basic Financial Statements June 30, 2021

OPTIONS CONTRACTS						
As of June 30, 2021 and 2020 (\$ in thousands)	FY2021			FY2020		
	Type	Number of Contracts	Notional Value	Fair Value	Number of Contracts	Notional Value
Fixed Income Options						
Fixed Income Call Options on Foreign Currency - Purchased	3,224,981	\$ 3,225	\$ 7	7,998,655	\$ 7,999	\$ 30
Fixed Income Call Options on Foreign Currency - Written	—	—	—	(3,250,000)	(3,250)	(351)
Fixed Income Call Options on Futures (non-dollar) - Purchased	578	—	147	—	—	—
Fixed Income Call Options on Futures (non-dollar) - Written	(358)	—	(200)	—	—	—
Fixed Income Put Options on Futures (non-dollar) - Purchased	904	—	77	—	—	—
Fixed Income Put Options on Futures (non-dollar) - Written	(681)	—	(112)	—	—	—
Fixed Income Call Options on US Futures - Written	—	—	—	(42)	—	(45)
Fixed Income Call Options on US Interest Rate Swap - Purchased	17,050,000	17,050	85	—	—	—
Fixed Income Call Options on US Interest Rate Swap - Written	—	—	—	(22,300,000)	(22,300)	(153)
Fixed Income Put Options on US Futures - Written	(29,890,000)	(29,890)	(114)	(42)	—	(19)
Fixed Income Put Options on US Interest Rate Swap - Purchased	5,970,000	5,970	71	3,390,000	3,390	—
Fixed Income Put Options on US Interest Rate Swap - Written	(11,940,000)	(11,940)	(63)	(36,730,000)	(36,730)	(76)

Securities Lending SERS participates in a securities lending program that directly holds equity and fixed income investments using Goldman Sachs Agency Lending (GSAL) as a third-party lending agent. Securities are loaned to independent broker/dealers in exchange for cash collateral equal to approximately 102% of the fair value of domestic securities on loan and 105% of the fair value of international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. At the same time, SERS records a liability for the collateral held in the securities lending program. The total net gain on the securities lending program was \$731,662 during FY2021.

At June 30, 2021, SERS had no credit risk exposure on the securities lending collateral because the collateral exceeded the value of the securities loaned.

Under the terms of the lending agreement, SERS is fully indemnified against losses that might occur in the program due to the failure of a broker to return a security that was borrowed where the collateral is inadequate to replace the security. SERS is also indemnified should the borrower fail to pay distributions of earnings on the securities lent.

Securities on loan can be recalled on demand by SERS or returned by the borrower at any time. There is no matching of the securities lent with the invested cash collateral. The lending agent mitigates risk by focusing on intrinsic value lending, and BNY Mellon reinvests the cash collateral in accordance with contractual investment guidelines that are designed to ensure the safety of principal and obtain a moderate rate of return. Earnings generated from the collateral investments, less the amount of rebates paid to the dealers, result in the gross earnings from lending activities, which is then split on an 85%/15% basis with GSAL. SERS is at risk to contribute additional funds should the earnings from the invested SERS collateral not be sufficient to pay the negotiated dealer rebate. At June 30, 2021, the GSAL collateral portfolio had an average weighted maturity of one day. SERS receives pro-rated income from participation in the securities lending program of a commingled investment. SERS has no direct responsibility for this program and the collateral held by this securities lending program is not held in SERS' name. Total net direct proceeds from the commingled investment during FY2021 were \$77,453.

SECURITIES LENDING		
As of June 30, 2021 (\$ in thousands)	Fair Value of Securities on Loan	Collateral Value (Cash)
Foreign Stocks	\$ 9,287	\$ 9,857
US Common & Preferred Stock	61,536	63,026
US Corporate Obligations	1,604	1,661
	\$ 72,427	\$ 74,544

Notes to the Basic Financial Statements June 30, 2021

Commitments As of June 30, 2021, unfunded commitments related to the opportunistic, private equity, and real estate investments totaled \$3.3 billion.

7. Capital Assets (Non-Investment Assets)

CAPITAL ASSETS ACTIVITY for the year ended June 30, 2021						
Cost:	Land	Office Building & Improvements	Furniture & Equipment	Internally-Developed Software	Total Capital Assets	
Balances, June 30, 2020	\$ 3,315,670	\$ 54,097,623	\$ 7,920,426	\$ 34,979,428	\$ 100,313,147	
Additions	—	210,064	386,230	—	596,294	
Disposals	—	—	—	—	—	
Balances, June 30, 2021	3,315,670	54,307,687	8,306,656	34,979,428	100,909,441	
Accumulated Depreciation:						
Balances, June 30, 2020	—	24,639,594	7,039,678	6,356,993	38,036,265	
Additions	—	1,408,726	428,386	2,057,613	3,894,725	
Disposals	—	—	—	—	—	
Balances, June 30, 2021	—	26,048,320	7,468,064	8,414,606	41,930,990	
Net Capital Assets, June 30, 2021	\$ 3,315,670	\$ 28,259,367	\$ 838,592	\$ 26,564,822	\$ 58,978,451	

8. Net Pension Liability and Actuarial Information – Defined Benefit Plan

The components of the net pension liability as of June 30, 2021:

Plan Funds	
Total Pension Liability (a)	\$ 21,529,757,004
Fiduciary Net Position (b)	\$ 17,840,046,988
Net Pension Liability (Surplus) (a) - (b)	\$ 3,689,710,016
Fiduciary Net Position as a Percent of Total Pension Liability (b) / (a)	82.86 %

The total pension liability is determined by SERS' actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2132.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term

Notes to the Basic Financial Statements June 30, 2021

expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	(0.33)%
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income /Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/ Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/ Private Credit	3.00	5.28

Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 23-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of FY2021 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for FY2021 was 28.18%.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions:	
Experience Study Date	Period of 5 years ended June 30, 2020
Investment Rate of Return	7.00%, net of System expenses
Cost of Living Increases (COLA) or "Ad Hoc" COLA	2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.
Future Salary Increases, Including Inflation	3.25% - 13.58%
Inflation	2.40%
Mortality Assumptions	SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Notes to the Basic Financial Statements June 30, 2021

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the table presents the net pension liability calculated using the discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

Net Pension Liability Sensitivity to Changes in the Discount Rate	
1% Decrease (6.00%)	\$ 6,138,771,258
Current Discount Rate (7.00%)	\$ 3,689,710,016
1% Increase (8.00%)	\$ 1,624,309,612

9. Pension Plans for Employees of SERS

All SERS Ohio employees are required to participate in a contributory retirement plan administered by Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer public employee retirement system that administers three pension plans that include a defined benefit plan, a defined contribution plan, and a combined plan. Participation in these plans is a choice members make at the time their employment commences.

In 2012, the Ohio Legislature passed Senate Bill 343 to improve the financial condition of OPERS. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Retirement benefits are specific to each group and members must meet the eligibility requirements based on their age and years of service, within the group. The key components to OPERS' pension plan changes are:

- Age and service requirements for retirement increased.
- Final average salary calculation increased to five years from three years.
- Calculation used to determine the benefit amount for service retirement was modified.
- COLA is based on the annual percentage change in the Consumer Price Index with a 3% cap.
- Calculation used for early retirement benefit is determined by OPERS' actuary.

Details about OPERS' plan changes and when they become effective can be found on its website at www.opers.org.

The member and employer contribution rates are 10.0% and 14.0% of covered payroll, respectively. The required employer contributions for the current year and the two preceding years are shown in the table below.

SERS Required Employer Contributions to OPERS		
Year Ended June 30	Annual Required Contribution	Percent Contributed
2019	\$2,157,149	100%
2020	\$2,139,891	100%
2021	\$2,137,785	100%

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires SERS to record a net pension liability based on its proportionate share of OPERS' total net pension liability. Likewise, SERS' proportionate share of OPERS' deferred outflows and deferred inflows of resources related to pensions and pension expense are recorded in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for the fiscal year ending June 30, 2021.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPERS also provides post-employment health care coverage which is considered an OPEB as described in GASB Statement No. 75. In addition to the legislation that made changes to the pension plan, the OPERS Board approved changes to the retiree health care plan with phased-in implementation dates over the next several years. OPERS has the discretion to direct a portion of employer contributions to

Notes to the Basic Financial Statements June 30, 2021

fund retiree health care. The Revised Code provides statutory authority for employer contributions. The employer rate allocated to post-employment health care in the defined benefit plan and combined plan was zero in calendar 2020. The portion of the employer rate allocated to post-employment health care in the defined contribution plan was 4% in calendar 2020.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB fiduciary net position of OPERS and additions to/deductions from the OPEB fiduciary net position of OPERS have been determined on the same basis as they are reported by OPERS. For this purpose, health care benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Historical trend information showing the progress of OPERS in accumulating sufficient assets to pay pension and OPEB benefits when due is presented in the OPERS *Annual Comprehensive Financial Report*. OPERS issues a publicly available financial report for the plans. The report may be found on its website at www.opers.org.

10. Compensated Absences

As of June 30, 2021, and 2020, \$2,919,154 and \$2,652,497, respectively, were accrued for the unused vacation leave of all employees and the unused sick leave of SERS' employees who are eligible to retire within five years with the following limitations. Employees who retire or become disabled after five years of service are entitled to receive payment for all unused sick time up to 960 hours. If an employee accumulated unused sick time in excess of 960 hours as of June 30, 2018, then compensation of 50% of the excess hours of their unused sick time balance as of June 30, 2018, will also be paid. Unused sick leave pay is forfeited upon resignation or termination. Employees who retire or separate employment from SERS are entitled to full compensation for all earned unused vacation. If an employee dies after five years of service, the beneficiaries are entitled to receive the same unused vacation and sick leave benefits as an employee who retires.

11. Self-insured Health Care for Employees of SERS

SERS is self-insured for employee benefits for dental, medical, and hospitalization. A third-party administrator manages the program. SERS holds a stop-loss policy of \$250,000 per employee per year. SERS also accrues incurred claims from the current fiscal year that have not yet been billed in the current fiscal year. The amount accrued in FY2020 was \$200,000, and the amount accrued in FY2021 was \$365,000.

12. Federal Income Tax Status

The SERS Pension Trust Fund is a qualified plan under Internal Revenue Code (IRC) Section 401(a) and is therefore exempt from federal income taxes. The Medicare B Fund is established pursuant to IRC Section 401(h). The Death Benefit Fund is an insurance fund and is in compliance with IRC Section 101(a). The QEBA Fund is a qualified entity, created in accordance with IRC Section 415(b). The Health Care Fund is structured to meet the requirements of IRC Section 105(e).

13. Risk Management

SERS is exposed to various risks of loss, including theft or destruction of assets, general liability, employee injuries, and legal challenges to fiduciary decisions. SERS self-insures some risks through deductibles and retention, and purchases insurance for the remainder. For the past seven years, there has been no reduction in coverage, and no claims have exceeded purchased limits.

Notes to the Basic Financial Statements June 30, 2021

14. Leases

SERS adopted early implementation of GASB 87, *Leases* in FY2020. During the current fiscal year, SERS was the lessor of eight third party lease contracts noted in the table below. The lease contract for ERA expired on January 1, 2021 while The Doctors contract terminated and was no longer considered a long term contract as of June 30, 2021. SERS recognized \$690,175 in lease revenue and \$102,680 in interest revenue during the current fiscal year related to lease payments. As of June 30, 2021, SERS' receivable for lease payments was \$3,659,534. Also, SERS has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2021, the balance of the deferred inflow of resources was \$3,327,432.

Leases							
Tenant Name	Lease Start Date	Lease Term (months)	Monthly Receivable at 06/30/2021	FYTD Lease Revenue	FYTD Interest Revenue	Lease Receivable as of 06/30/2021	Deferred Inflow balance as of 06/30/2021
ERA	11/01/2015	63	\$ —	\$ 32,544	\$ 265	\$ —	\$ —
Law Offices of Craig Scott	10/01/2014	88	4,353	50,369	1,408	30,226	25,054
Plunkett	05/01/2013	112	7,464	85,914	3,651	102,916	90,896
Poling	03/01/2017	180	25,325	226,445	77,452	3,051,167	2,785,285
Ribway	12/01/2016	63	7,379	85,982	2,568	58,497	51,318
Stratos	02/01/2018	60	6,561	74,070	3,994	123,265	115,456
The Doctors	10/01/2018	63	6,026	66,459	5,269	—	—
ZSG	11/01/2019	65	6,520	68,392	8,073	293,463	259,423
Totals			\$ 63,628	\$ 690,175	\$ 102,680	\$ 3,659,534	\$ 3,327,432

15. Contingent Liabilities

Deutsche Bank Trust Company Americas, et al. v. Huntington National Bank, et. al. - The Litigation Trustee and certain former creditors for the Tribune Company brought intentional and constructive fraudulent conveyance claims against SERS and thousands of other former Tribune shareholders for amounts paid to them in connection with Tribune's leveraged buyout in 2007. All of the claims pending against SERS were dismissed, but creditors have the opportunity to seek review by the U.S. Supreme Court of the Second Circuit's dismissal of their fraudulent conveyance claims. While the final outcome of this litigation cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on SERS' financial position.

State of Ohio ex rel. Brian G. Adams v. School Employees Retirement System of Ohio Board – On October 16, 2019, Brian Adams filed a Verified Complaint for Writ of Mandamus against the Retirement Board in the Franklin County Court of Common Pleas. The complaint concerns a disagreement between the parties as to Mr. Adams' effective date of retirement and the calculation of his "compensation" for purposes of SERS. The complaint seeks the issuance of a writ ordering SERS to recognize April 1, 2019, as Mr. Adams' effective date of retirement and to recognize the compensation Mr. Adams received from Ohio Community School Consultants as his compensation for SERS purposes, or alternatively to deduct all the deductions claimed on Schedule C from his compensation. SERS filed its answer on November 14, 2019. Both parties have filed motions for summary judgment with the Court.

Kimberly Dawn Clifford v. School Employees Retirement System and Board of Education of Loveland School District - On April 5, 2021, Kimberly Clifford filed a complaint in the Franklin County Court of Common Pleas against SERS and the Board of Education for Loveland School District. The Complaint alleges that in September 2020 Loveland notified her that it had mistakenly enrolled her in SERS rather than STRS when she was hired in 2001 and that SERS is required to refund all unauthorized contributions. In addition to various claims against Loveland, the complaint seeks a declaratory judgment from the court that SERS must include all growth on investment of income from the contributions it has received. Loveland filed a cross-claim against SERS. SERS filed a motion to dismiss the complaint.

16. Net Other Postemployment Benefits (OPEB) Liability and Actuarial Information - Defined Benefit Plan

Plan Administration SERS administers School Employees Retirement System of Ohio Health Care Plan – a cost-sharing, multiple-employer, defined benefit OPEB plan that provides various levels of health care to retired and disabled members, surviving beneficiaries,

Notes to the Basic Financial Statements June 30, 2021

and eligible dependents of non-teaching personnel of Ohio schools, the University of Akron, 10 community colleges, and 4 technical colleges. The Board administers the program in accordance with Chapter 3309 of the Ohio Revised Code.

Plan Membership At June 30, 2021, SERS' Health Care Plan's membership consisted of the following:

Plan Membership	
Currently Receiving Benefits:	
Retirees, or Their Beneficiaries	35,598
Inactive Members Entitled to But Not Yet Receiving Benefits	5,972
Active Members	146,646
Total	188,216

Benefits Provided SERS' Health Care program provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986 need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

Contributions The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Investment Policy The Health Care Fund follows the same investment policy as the Pension Plan, as defined in the Statement of Investment Policy.

Discount Rate (SEIR) The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate was used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

Rate of Return The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Periods of Projected Benefit Payments The projection of future benefit payments for all current plan members was until benefit payments ran out.

Notes to the Basic Financial Statements June 30, 2021

Assumed Asset Allocation The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33)%
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/ Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/ Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/ Private Credit	3.00	5.28

Net OPEB Liability of SERS The components of the net OPEB liability of SERS at June 30, 2021, were as follows:

Plan Funds	
Total OPEB Liability (a)	\$ 2,492,912,153
Plan Fiduciary Net Position (b)	600,330,188
SERS' Net OPEB Liability (a) - (b)	<u>\$ 1,892,581,965</u>
Plan Fiduciary Net Position as a Percent of Total OPEB Liability (b) / (a)	24.08 %

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rate The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.63%) and higher (3.63%) than the current discount rate (2.63%).

Net OPEB Liability		
1% Decrease (1.27%)	Discount Rate (2.27%)	1% Increase (3.27%)
\$2,345,138,104	\$1,892,581,965	\$1,531,047,864

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1% lower (5.75% decreasing to 3.40%) and 1% higher (7.75% decreasing to 5.40%) than the current rate.

Net OPEB Liability		
1% Decrease (5.75% decreasing to 3.40%)	Health Care Cost Trend Rates (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
\$1,457,133,024	\$1,892,581,965	\$2,474,208,058

Actuarial Assumptions The total OPEB liability was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions used in the valuation were based on results from the most recent actuarial experience study, which covered the five-year period ending June 30, 2020. The experience study report was dated April 2021.

Notes to the Basic Financial Statements June 30, 2021

The total OPEB liability used the following assumptions and other inputs:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Long-term Rate of Return, Net of System Expenses, Including Price Inflation	7.00%
Price Inflation	2.40%
Wage Increases, Including Price Inflation	3.25% - 13.58%
Municipal Bond Index Rate	
Prior Measurement Date	2.45 %
Measurement Date	1.92 %
Year FNP is Projected to be Depleted	2042
Single Equivalent Interest Rate, Net of Plan Investment Expense, Including Price Inflation	
Prior Measurement Date	2.63 %
Measurement Date	2.27 %
Medical Trend Assumption	
Pre-Medicare	6.750% - 4.400%
Medicare	5.125% - 4.400%
Base Mortality	
Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.	
Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.	
Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.	
Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.	

17. Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. The requirements for this Statement are effective for financial statements starting with the fiscal year that ends June 30, 2022. This Statement's objective is to improve accounting and financial reporting for leases by governments. The payments for short-term leasing of equipment should be recognized as outflows of resources based on the provisions of the lease contract. SERS early implemented GASB 87. The requirements of this Statement are reflected in this report.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve note disclosures in government financial statements related to debt, including direct borrowings and direct placements. Requirements include that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has reviewed this Statement and determined SERS is not impacted.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement take effect for financial statements starting with the fiscal year that ends December 31, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which

Notes to the Basic Financial Statements June 30, 2021

the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has reviewed this Statement and determined SERS is not impacted.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The requirements for this Statement will take effect for financial statements starting with the fiscal year that ends after December 31, 2020. This Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that was previously reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100% equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. It defines a majority equity interest, specifies that majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment, and establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. In FY2020, SERS implemented GASB Statement No. 90. SERS has two legally separate organizations, OSERS Holdings, LLC and OSERS Broad Street, LLC, which own and operate the building that SERS occupies. These legally separate organizations do not meet the definition of an investment under GASB Statement No. 72, *Fair Value Measurement and Application*, because the legally separate organizations are not held by SERS to primarily generate income or profit. SERS reports the majority equity interests of OSERS Holdings, LLC and OSERS Broad Street, LLC as a component unit measured using the equity method.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022. The primary objectives of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. Management has reviewed this Statement and determined SERS is not impacted at this time.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements.

This Statement addresses the following:

- The effective date of Statement No. 87.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan.
- The applicability of Statement No. 73 as amended, and No 74 as amended, to reporting assets accumulated for post-employment benefits.
- The applicability of certain requirements of Statement No. 84 to post-employment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to AROs in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

Management has reviewed this Statement and determined that the applicable requirements pertaining to SERS are related to the effective date of Statement No. 87 and terminology used to refer to derivative instruments. Both of these requirements are reflected in this report.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2021. The requirements in paragraph 11b are effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for financial statements starting with the fiscal year that ends June 30, 2022. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve

Notes to the Basic Financial Statements June 30, 2021

the usefulness of information for users of state and local government financial statements. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Management has reviewed this Statement and determined SERS is not impacted at this time.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. Management has reviewed this Statement and determined SERS is not impacted.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this Statement are effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued and SERS has elected to follow those guidelines.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will take effective for financial statements starting with the fiscal year that ends June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - and intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. These requirements will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The impact of the requirements of this Statement to SERS is still being determined by management.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has reviewed this Statement and determined SERS is not impacted.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021. The statement updates the document name and acronym. SERS has early implemented this standard and it is reflected in this document.

Required Supplementary Pension Information

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY⁽¹⁾

	2021	2020	2019	2018
Total pension liability				
Service Cost	\$ 373,675,302	\$ 369,976,273	\$ 355,452,912	\$ 368,167,321
Interest	1,525,995,298	1,488,777,887	1,449,726,066	1,420,093,605
Benefit changes	—	—	—	(357,618,668)
Difference between expected and actual experience	(155,871,041)	1,562,953	60,411,674	286,313,613
Changes of assumptions	126,558,803	—	—	—
Benefit payments	(1,302,035,913)	(1,280,910,125)	(1,260,400,360)	(1,248,097,556)
Refunds of contributions	(72,374,764)	(72,849,117)	(75,639,810)	(59,575,036)
Net change in total pension liability	495,947,685	506,557,871	529,550,482	409,283,279
Total pension liability – beginning	21,033,809,319	20,527,251,448	19,997,700,966	19,588,417,687
Total pension liability – ending (a)	\$ 21,529,757,004	\$ 21,033,809,319	\$ 20,527,251,448	\$ 19,997,700,966
Plan fiduciary net position				
Contributions – employer	\$ 483,851,685	\$ 491,557,790	\$ 464,683,489	\$ 435,103,620
Contributions – member	346,781,820	352,343,063	345,212,684	324,842,074
Net investment income	3,976,995,866	413,108,397	831,584,377	1,242,021,081
Benefit payments	(1,302,035,913)	(1,280,910,125)	(1,260,400,360)	(1,248,097,556)
Administrative expense	(12,770,334)	(28,002,623)	(31,880,024)	(26,993,893)
Refunds of contributions	(72,374,764)	(72,849,117)	(75,639,810)	(59,575,036)
Other	—	—	—	—
Net change in plan fiduciary net position	3,420,448,360	(124,752,615)	273,560,356	667,300,290
Plan fiduciary net position – beginning	14,419,598,628	14,544,351,242 *	14,270,515,748	13,603,215,458 *
Plan fiduciary net position – ending (b)	17,840,046,988	14,419,598,627	14,544,076,104 *	14,270,515,748
Net pension liability – ending (a) – (b)	\$ 3,689,710,016	\$ 6,614,210,692	\$ 5,983,175,344	\$ 5,727,185,218

⁽¹⁾The effort and cost to re-create financial statement information for the previous two years was not practical. Information was prepared prospectively from June 30, 2014 for GASB 67 purposes. Additional years will be added to the schedule as they become available.

*Beginning Fiduciary Net Position was restated in FY2015 due to the implementation of GASB 68, in FY2018 due to the implementation of GASB 75, and in FY2020 due to the implementation of GASB 87.

Required Supplementary Pension Information

	2017	2016	2015	2014
\$	335,918,449	\$ 344,059,634	\$ 338,060,547	\$ 332,975,336
	1,436,626,290	1,385,878,598	1,341,777,662	1,296,763,757
	(998,484,758)	—	—	—
	275,031,424	50,307,199	78,749,615	53,951,305
	0	668,216,579	—	—
	(1,170,689,006)	(1,110,694,355)	(1,076,498,383)	(993,355,839)
	(60,692,833)	(70,340,495)	(60,635,651)	(55,668,466)
	(182,290,434)	1,267,427,160	621,453,790	634,666,093
	19,770,708,121	18,503,280,961	17,881,827,171	17,247,161,078
\$	\$ 19,588,417,687	\$ 19,770,708,121	\$ 18,503,280,961	\$ 17,881,827,171
\$	467,796,738	\$ 436,421,681	\$ 395,804,105	\$ 405,029,627
	336,627,658	314,325,716	303,866,076	295,690,550
	1,613,368,560	106,543,126	441,455,552	1,888,288,396
	(1,170,689,006)	(1,110,694,355)	(1,076,498,383)	(993,355,839)
	(24,403,350)	(21,808,880)	(19,305,477)	(19,582,190)
	(60,692,833)	(70,340,495)	(60,635,651)	(55,668,466)
	—	0	1,874,997	—
	1,162,007,767	(345,553,207)	(13,438,781)	1,520,402,078
	12,451,630,823	12,797,184,030	12,810,622,811 *	11,300,482,029
	13,613,638,590 *	12,451,630,823	12,797,184,030	12,820,884,107 *
\$	\$ 5,974,779,097	\$ 7,319,077,298	\$ 5,706,096,931	\$ 5,060,943,064

Required Supplementary Pension Information

SCHEDULE OF THE NET PENSION LIABILITY⁽¹⁾ (\$ in millions)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 21,530	\$ 21,034	\$ 20,527	\$ 19,998	\$ 19,588	\$ 19,771	\$ 18,503	\$ 17,882
Plan fiduciary net position	17,840	14,420	14,544	14,271	13,614	12,452	12,797	12,821
Net pension liability	\$ 3,690	\$ 6,614	\$ 5,983	\$ 5,727	\$ 5,974	\$ 7,319	\$ 5,706	\$ 5,061
Ratio of plan fiduciary net position to total pension liability	82.86 %	68.55 %	70.85 %	71.36 %	69.50 %	62.98 %	69.16 %	71.70 %
Covered payroll	\$ 3,449	\$ 3,478	\$ 3,463	\$ 3,332	\$ 3,303	\$ 2,932	\$ 2,845	\$ 2,922
Net pension liability as a percentage of covered payroll	106.97 %	190.20 %	172.80 %	171.86 %	180.90 %	249.61 %	200.53 %	173.18 %

⁽¹⁾The effort and cost to re-create financial statement information for the previous two years was not practical. Information was prepared prospectively from June 30, 2014 for GASB 67 purposes. Additional years will be added to the schedule as they become available.

See accompanying notes to the required supplementary information.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (\$ in millions)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 483.9	\$ 491.6	\$ 464.7	\$ 435.1	\$ 467.8	\$ 436.4	\$ 395.8	\$ 405.0	\$ 402.2	\$ 399.7
Actual employer contributions	483.9	491.6	464.7	435.1	467.8	436.4	395.8	405.0	402.2	399.7
Annual contribution deficiency (excess)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Covered payroll	\$3,449.3	\$3,477.6	\$3,462.5	\$3,332.4	\$3,302.8	\$2,932.2	\$2,845.4	\$2,922.3	\$2,905.7	\$2,971.9
Actual contributions as a percentage of covered payroll	14.03 %	14.14 %	13.42 %	13.06 %	14.16 %	14.88 %	13.91 %	13.86 %	13.84 %	13.45 %

SCHEDULE OF INVESTMENT RETURNS⁽¹⁾

Year ended June 30	2021	2020	2019	2018	2017	2016	2015	2014
Annual money weighted rate of return, net of investment expense	28.18 %	2.91%	5.96%	9.37%	13.27%	0.81%	3.45%	17.21%

⁽¹⁾The effort and cost to re-create financial statement information for the previous two years was not practical. Information was prepared prospectively from June 30, 2014 for GASB 67 purposes. Additional years will be added to the schedule as they become available.

See accompanying notes to the required supplementary information.

Required Supplementary Pension Information

Notes to Required Supplementary Pension Information June 30, 2021

Changes of Benefit Terms

No changes of benefit terms were implemented in FY2021.

Changes of Benefit Terms from 2018

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

Changes of Benefit Terms from 2017

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019, and 2020.

Changes of Assumptions from 2020

- Assumed rate of inflation was reduced from 3.00% to 2.40%.
- Assumed real wage growth was increased from 0.50% to 0.85%.
- Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%.
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Changes of Assumption from 2016

- Assumed rate of inflation was reduced from 3.25% to 3.00%.
- Payroll Growth Assumption was reduced from 4.00% to 3.50%.
- Assumed real wage growth was reduced from 0.75% to 0.50%.
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Additional Actuarial Information

The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for FY2021 in the Schedule of Employer Contributions:

Actuarial cost method:	Entry age normal
Amortization method:	Level percent of payroll
Remaining amortization period:	24 years
Asset valuation method:	4-year smoothed market
Inflation:	3.00%
Salary increase, including price inflation:	3.50% - 18.20%
Investment rate of return:	7.50% net of investment expense, including inflation
Mortality:	The RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates is used to evaluate allowances to be paid. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

Required Supplementary Health Care Information

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY⁽¹⁾

	2021	2020	2019	2018	2017
Total OPEB liability					
Service Cost	\$ 159,635,250	\$ 164,641,764	\$ 160,601,083	\$ 155,385,800	\$ 178,649,865
Interest	69,007,716	94,783,974	117,411,967	109,982,145	101,409,264
Benefit changes	—	—	—	—	—
Difference between expected and actual experience	(67,242,883)	(772,465,329)	(653,300,118)	53,656,583	—
Changes of assumptions	(260,284,207)	260,375,382	217,194,383	(102,900,217)	(295,667,088)
Benefit payments*	(64,142,473)	(69,997,414)	(73,206,711)	(72,071,363)	(86,257,389)
Net change in total OPEB liability	(163,026,597)	(322,661,623)	(231,299,396)	144,052,948	(101,865,348)
Total OPEB liability - beginning	2,655,938,750	2,978,600,373	3,209,899,769	3,065,846,821	3,167,712,169
Total OPEB liability - ending (a)	\$2,492,912,153	\$2,655,938,750	\$2,978,600,373	\$3,209,899,769	\$3,065,846,821
Plan fiduciary net position					
Contributions - employer	\$ 73,592,929	\$ 80,536,164	\$ 81,944,848	\$ 100,056,736	\$ 65,013,891
Net investment income	111,580,200	11,139,059	22,009,627	28,167,652	35,730,747
Benefit payments*	(64,142,473)	(69,997,414)	(73,206,711)	(72,071,363)	(86,257,389)
Administrative expense	(3,311,946)	(2,877,010)	(2,566,722)	(2,632,948)	(2,582,204)
Other	—	—	—	—	—
Net change in plan fiduciary net position	117,718,710	18,800,799	28,181,042	53,520,077	11,905,045
Plan fiduciary net position - beginning	482,611,478	463,810,679	435,629,637	382,109,560	370,204,515
Plan fiduciary net position - ending (b)	600,330,188	482,611,478	463,810,679	435,629,637	382,109,560
Net OPEB liability - ending (a) - (b)	\$1,892,581,965	\$2,173,327,272	\$2,514,789,694	\$2,774,270,132	\$2,683,737,261

*Benefit payments are net of retiree contributions.

⁽¹⁾Additional years will be added to the schedule as they become available.

SCHEDULE OF THE NET OPEB LIABILITY⁽¹⁾

	2021	2020	2019	2018	2017
Total OPEB liability	\$ 2,492,912,153	\$ 2,655,938,750	\$ 2,978,600,373	\$ 3,209,899,769	\$ 3,065,846,821
Plan fiduciary net position	600,330,188	482,611,478	463,810,679	435,629,637	382,109,560
Net OPEB liability	\$ 1,892,581,965	\$ 2,173,327,272	\$ 2,514,789,694	\$ 2,774,270,132	\$ 2,683,737,261
Ratio of plan fiduciary net position to total OPEB liability	24.08 %	18.17 %	15.57 %	13.57 %	12.46 %
Covered payroll	\$ 3,449,254,911	\$ 3,477,578,726	\$ 3,462,524,396	\$ 3,332,395,171	\$ 3,303,055,969
Net OPEB liability as a percentage of covered payroll	54.87 %	62.50 %	72.63 %	83.25 %	81.25 %

⁽¹⁾Additional years will be added to the schedule as they become available.

Required Supplementary Health Care Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB (\$ in millions)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution	\$ 126.6	\$ 161.0	\$ 190.1	\$ 189.4	\$ 178.0	\$ 161.6	\$ 164.2	\$ 190.4	\$ 171.4	\$ 155.9
Actual employer contributions	73.6	80.5	81.9	100.1	65.0	77.3	89.0	75.3	45.5	56.5
Annual contribution deficiency (excess)	\$ 53.0	\$ 80.5	\$ 108.2	\$ 89.3	\$ 113.0	\$ 84.3	\$ 75.2	\$ 115.1	\$ 125.9	\$ 99.4
Covered payroll	\$3,449.3	\$3,477.6	\$3,462.5	\$3,332.4	\$3,303.1	\$2,932.2	\$2,845.4	\$2,759.3	\$2,746.8	\$2,788.2
Actual contributions as a percentage of covered payroll	2.13 %	2.32 %	2.37 %	3.00 %	1.97 %	2.64 %	3.13 %	2.73 %	1.66 %	2.03 %

SCHEDULE OF INVESTMENT RETURNS - OPEB⁽¹⁾

Year ended June 30	2021	2020	2019	2018	2017
Annual money weighted rate of return, net of investment expense	24.85 %	2.54%	5.41%	8.05%	11.59%

⁽¹⁾Additional years will be added to the schedule as they become available.
See accompanying notes to the required supplementary information.

Required Supplementary Health Care Information

Notes to Required Supplementary Health Care Information June 30, 2021

Changes of Benefit and Funding Terms

No changes of benefit or funding terms were implemented in FY2021.

Changes in Actuarial Assumptions from 2020

- Assumed rate of inflation was reduced from 3.00% to 2.40%.
- Payroll Growth Assumption was reduced from 3.50% to 1.75%.
- Assumed real wage growth was increased from 0.50% to 0.85%.
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Rates of health care participation for future retirees and spouses was updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Changes in Actuarial Assumptions from 2016

- Assumed rate of inflation was reduced from 3.25% to 3.00%.
- Payroll Growth Assumption was reduced from 4.00% to 3.50%.
- Assumed real wage growth was reduced from 0.75% to 0.50%.
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Additional Actuarial Information

The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for FY2021 in the Schedule of Employer Contributions – OPEB:

Actuarial cost method:	Entry age normal
Amortization method:	Level percent of payroll
Remaining amortization period:	30 years
Asset valuation method:	Fair value
Price inflation:	2.40%
Salary increase, including price inflation:	3.50% - 18.20%
Actuarial assumptions:	Investment rate of return 5.25%, compounded annually
Medical trend assumptions:	Pre-Medicare - 7.00% initially, decreasing to 4.75% Medicare - 5.25% initially, decreasing to 4.75%

OPERS Related Required Supplementary Pension Information

SCHEDULES OF SERS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Ohio Public Employees Retirement Plan - Traditional Pension Plan							
Last 10 Fiscal Years*	2021	2020	2019	2018	2017	2016	2015
SERS' proportion of the net pension liability (asset)	0.0909161%	0.0923731%	0.0958985%	0.0973540%	0.0956142%	0.0937745%	0.0925739%
SERS' proportionate share of the net pension liability (asset)	\$13,462,691	\$18,258,172	\$26,288,404	\$15,272,959	\$21,712,365	\$16,242,931	\$11,165,446
SERS' covered payroll	12,805,035	12,996,795	12,963,846	11,946,483	10,594,473	10,003,875	9,728,270
SERS' proportionate share of the net pension liability (asset) as a % of its covered payroll	105%	140%	203%	128%	205%	162%	115%
Plan fiduciary net position as a % of the total pension liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

*The amounts presented were determined as of 12/31 of the prior calendar year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as available.

Ohio Public Employees Retirement Plan - Combined Pension Plan							
Last 10 Fiscal Years*	2021	2020	2019	2018	2017	2016	2015
SERS' proportion of the net pension liability (asset)	0.1994927 %	0.1942455 %	0.0217249 %	0.2256010 %	0.2277590 %	0.2364605 %	0.2391363 %
SERS' proportionate share of the net pension liability (asset)	\$ (575,863)	\$ (405,048)	\$ (242,933)	\$ (307,116)	\$ (126,764)	\$ (115,067)	\$ (92,073)
SERS' covered payroll	879,164	864,692	929,157	857,951	759,911	737,594	749,257
SERS' proportionate share of the net pension liability (asset) as a % of its covered payroll	(66%)	(47%)	(26%)	(36%)	(17%)	(16%)	(12%)
Plan fiduciary net position as a % of the total pension liability	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

*The amounts presented were determined as of 12/31 of the prior calendar year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as available.

SCHEDULES OF CONTRIBUTIONS

Ohio Public Employees Retirement Plan - Traditional Pension Plan							
Last 10 Fiscal Years*	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$1,792,704	\$1,819,551	\$1,781,661	\$1,616,321	\$1,517,599	\$1,457,881	\$1,361,957
Contributions in relation to the contractually required contribution	1,792,704	1,819,551	1,781,661	1,616,321	1,517,599	1,457,881	1,361,957
Contribution deficiency (excess)	—	—	—	—	—	—	—
SERS' covered payroll	\$12,898,191	\$12,998,243	\$12,726,150	\$11,545,152	\$10,839,992	\$10,413,435	\$9,877,201
Contributions as a % of covered payroll	14%	14%	14%	14%	14%	14%	14%

*The amounts presented were determined as of 6/30 of the fiscal year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as available.

Ohio Public Employees Retirement Plan - Combined Pension Plan							
Last 10 Fiscal Years*	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 123,083	\$ 121,057	\$ 127,825	\$ 116,006	\$ 110,430	\$ 109,964	\$ 104,896
Contributions in relation to the contractually required contribution	123,083	121,057	127,825	116,006	110,430	109,964	104,896
Contribution deficiency (excess)	—	—	—	—	—	—	—
SERS' covered payroll	\$ 881,469	\$ 864,788	\$ 913,034	\$ 828,612	\$ 788,786	\$ 785,457	\$ 760,728
Contributions as a % of covered payroll	14%	14%	14%	14%	14%	14%	14%

*The amounts presented were determined as of 6/30 of the fiscal year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as available.

OPERS Related Required Supplementary OPEB Information

SCHEDULE OF SERS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Ohio Public Employees Retirement Plan					
Last 10 Fiscal Years*	2021	2020	2019	2018	2017
SERS' proportion of the net OPEB liability	0.1007839 %	0.1014843 %	0.0104825 %	0.1060842 %	0.1047274 %
SERS' proportionate share of the net OPEB liability	\$(1,795,546)	\$14,017,613	\$13,666,743	\$11,519,966	\$10,577,819
SERS' covered payroll	445,100	417,675	375,863	1,338,357	2,243,369
SERS' proportionate share of the net OPEB liability as a % of its covered payroll	(403)%	3,356 %	3,636 %	861 %	472 %
Plan fiduciary net position as a % of the total OPEB liability	115.57 %	47.80 %	46.33 %	54.14 %	54.05 %

*The amounts presented were determined as of 12/31 of the prior calendar year. GASB 75 was implemented in 2018. Additional years will be added to the schedule as they become available.

SCHEDULE OF OPEB CONTRIBUTIONS

Ohio Public Employees Retirement Plan					
Last 10 Fiscal Years*	2021	2020	2019	2018	2017
Contractually required contribution	\$ 62,314	\$ 58,824	\$ 125,775	\$ 262,029	\$ 295,539
Contributions in relation to the contractually required contribution	62,314	58,824	125,775	262,029	295,539
Contribution deficiency (excess)	—	—	—	—	—
SERS' covered payroll	\$ 446,267	\$ 417,722	\$ 898,395	\$ 1,871,633	\$ 2,110,993
Contributions as a % of covered payroll	14 %	14 %	14 %	14 %	14 %

*The amounts presented were determined as of 6/30 of the fiscal year. GASB 75 was implemented in 2018. Additional years will be added to the schedule as they become available.

Other Supplementary Information

SCHEDULE OF ADMINISTRATIVE EXPENSES for the year ended June 30, 2021

	General Expenses	Investment Related Expenses	Total
Personnel Services			
Salaries	\$ 13,639,434	\$ 2,444,543 *	\$ 16,083,977
Retirement Contributions	(11,676,569)	312,266	(11,364,303)
Insurance	3,764,406	382,915	4,147,321
Total Personnel Services	5,727,271	3,139,724	8,866,995
Professional Services			
Actuarial Advisors	339,054		339,054
Audit Services	185,539		185,539
Custodial Banking	186,841	881,324	1,068,165
Master Recordkeeper	—	—	—
Investment Related Consulting	40,847	2,456,632	2,497,479
Medical	42,500		42,500
Technical	1,307,304	232,725	1,540,029
Total Professional Services	2,102,085	3,570,681	5,672,766
Communications			
Postage	583,673	—	583,673
Telecommunications Services	216,511	—	216,511
Member / Employer Education	475	—	475
Printing and Publication	86,062	—	86,062
Total Communications	886,721	—	886,721
Other Services			
Computer Support Services	1,852,833		1,852,833
Office Equipment and Supplies	127,994	88	128,082
Training	73,584	1,300	74,884
Transportation and Travel	28,928	561	29,489
Memberships and Subscriptions	88,195	54,794	157,690
Property and Fiduciary Insurance	391,771		391,771
Facilities Expense	691,968		691,968
Maintenance	56,172		56,172
Staff Support	102,547		102,547
Ohio Retirement Study Council	44,532		44,532
Miscellaneous	15,531		15,531
Total Other Services	3,474,054	56,743	3,545,499
Total Administrative Expenses before Depreciation	12,190,132	6,767,148	18,971,981
Depreciation			
Furniture and Equipment	2,485,999	—	2,485,999
Building	1,408,726	—	1,408,726
Total Depreciation	3,894,725	—	3,894,725
Total Administrative Expenses	\$ 16,084,857	\$ 6,767,148	\$ 22,852,005

*Includes salary and incentive payments for investment staff.

See accompanying independent auditor's report.

Other Supplementary Information

SCHEDULE OF INVESTMENT EXPENSES for the year ended June 30, 2021

Description of Expenses	Net Assets Under Management	Direct Fees
Global Equities	8,751,893,637	24,475,641
Global Private Equity	2,147,918,916	20,414,938
Global Fixed Income	2,674,655,067	8,527,707
Multi-Asset Strategies	221,496,023	2,500,486
Global Real Assets	2,723,556,505	19,708,495
Global Private Credit	408,697,444	4,945,551
Opportunistic Investments	566,406,161	7,448,377
Cash Equivalents	653,364,390	5,223,341
Total Investment Management Fees		\$ 93,244,536
Custody Service Fees		881,324
Master Recordkeeper Fees		989,247
Investment Consulting and Performance/Analytics Fees		1,492,272
Investment Administrative Expenses		3,404,305
Total Other Investment Expenses		6,767,148
Total Investment Expenses		\$ 100,011,684

SCHEDULE OF PAYMENTS TO CONSULTANTS

SERS paid the following non-investment related consulting fees in FY2021:

Actuarial Advisors	\$ 339,054
Audit Services	185,539
Legal Counsel	123,630
Medical Consultant	42,500
Information Technology Consultants	811,555
Health Care Consultants	138,000
Other Consultants	461,807
Total	\$ 2,102,085

See accompanying independent auditor's report.

SECTION **3** INVESTMENT SECTION

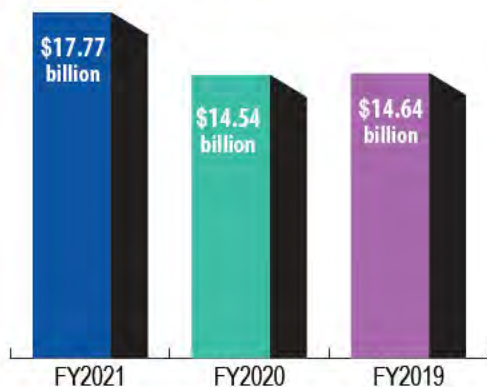
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INVESTMENT HIGHLIGHTS

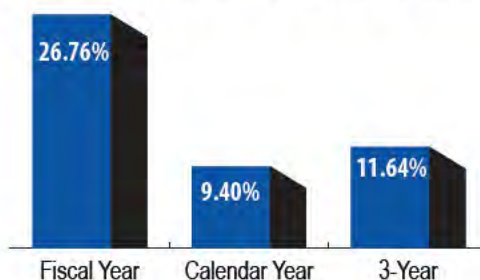
For fiscal year-end June 30, 2021, SERS' gross investment rate of return was 27.45% with \$17.77 billion in assets. The Fund's net return was 26.76% which outperformed the policy benchmark by 3.19%. SERS maintains a diversified investment portfolio including global equities, global bonds, global private credit, global real assets, global private equity, and short-term securities.

Total Fund Balance

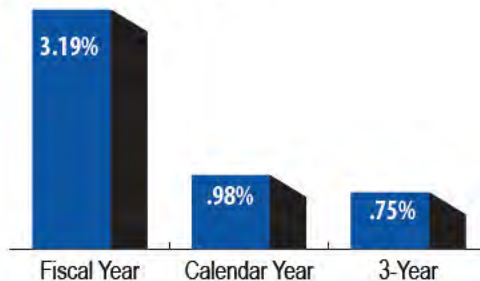


Difference
\$3.13 BILLION
FY2019 - FY2021

Total Fund Return (net of fees)



Total Fund Excess Return vs. Benchmark



Letter from Chief Investment Officer



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 E BROAD ST SUITE 100 • COLUMBUS OH 43215-3746
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RICHARD S. ENSRUD
Executive Director

KAREN ROGGENKAMP
Deputy Executive Director

December 1, 2021

Retirement Board, Members, Retirees, and Beneficiaries of the Retirement System:

On behalf of the SERS Investment Department, I respectfully submit the Investment Section of the *Annual Comprehensive Financial Report* for the year ended June 30, 2021. Information in this section was compiled by SERS' Investment and Finance Staff, and BNY Mellon Global Risk Solutions. Investment results are based upon a time-weighted rate of return methodology, and assets are shown at fair value.

The U.S. economy rebounded strongly in FY2021 with GDP growth rate of 12.2% compared to -9.1% GDP in FY2020, and 7.9 million jobs were added back. The strong recovery was helped by monetary and fiscal stimulus of unprecedented scale as well as fast COVID-19 vaccination rollout. The equity markets also had an exceptional 12-month period as the US equity markets gained 44.2% and the non-US equity markets returned 35.7% while the US fixed income Bloomberg Barclays Aggregate index was down 0.3%.

SERS total fund generated a net of fees (NOF) return of 26.8% in FY2021, exceeding the policy benchmark by 3.2%. Private Equity recorded the highest return at 45.8% followed by Global Equities at 41.6% and Opportunistic at 25.8%. The total fund five-year return of 11.5% exceeded the policy benchmark by 0.9%, while the ten-year return of 9.2% exceeded the benchmark by 0.5%. Implementation of the investment program added value to the fund over five and ten-year periods relative to the total fund benchmark and also exceeded the actuarial rate of 7.5%.

Staff will continue to remain focused on implementing the portfolio to add value relative to the benchmark and to manage risks which are expected to remain elevated in the near term. Valuations across most asset classes exceed long-term averages by a good margin, hence, forward returns are likely to be lower.

I wish to thank the Investment staff for their dedication and accomplishments this year, and I appreciate the support of the Board and the Executive team. We look forward to working with the Board and the Executive team in the coming year to serve our members with excellence.

Respectfully,

Farouki Majeed
Chief Investment Officer

Investment Report

Chapter 3309 of the Ohio Revised Code and the Board-adopted Investment Policy govern investment activity at the School Employees Retirement System of Ohio (SERS). The Board is responsible for managing the assets of the Fund effectively, prudently, and for the exclusive benefit of SERS' members and beneficiaries.

INVESTMENT POLICY

The Board approves the *Statement of Investment Policy*. The purpose of the policy is to set forth SERS' investment philosophy and objectives. The policy establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and establishes a framework for making investment decisions, monitoring investment activity, and promoting effective communication between the Board, Staff, and other involved parties.

INVESTMENT OBJECTIVES

The primary objective of the investment portfolio is to achieve investment returns exceeding the return of our Policy Benchmark within prudent risk parameters. Over the long term, it is expected that investment returns also should meet or exceed the Board-approved actuarial assumed rate of 7.0% effective July 2021.

INVESTMENT STRATEGIES

Asset Allocation Adjustments made during FY2021 were to gradually reduce multi-asset strategies from 10.0% to 0.0% and revise the Global Equities portfolio and Opportunistic and Tactical strategy benchmarks. SERS' new policy, as well as FY2021 interim strategic asset allocation targets and corresponding benchmarks, were as follows:

Asset Class	FY2021 Interim Targets	FY2022 Policy	Benchmark
Global Equities	45%	45%	<i>US Equity: 55% Russell 3000;</i> <i>NUSE Developed Market: 30% MSCI World ex-USA Net Total Return Index (USD);</i> <i>NUSE Emerging Market: 15% MSCI Emerging Markets Net Total Return Index (USD)</i>
Global Private Equity	11%	12%	Burgiss All Private Equity benchmark (BAPE) (one quarter in arrears)
Global Fixed Income	19%	19%	Bloomberg US Aggregate Bond Index
Global Private Credit	3%	5%	LIBOR + 4.5%
Global Real Assets	16%	17%	NCREIF Property Index (one quarter in arrears)
Cash Equivalents	2%	2%	FTSE 30-day T-Bill Index
Multi-Asset Strategies	4%	NA	HFRI Fund of Funds Composite Index plus 1.0%
Strategy			Benchmark
Opportunistic and Tactical Investments	0%	0%	Bloomberg US Aggregate Bond Index + 2%

Diversification Broad diversification within an investment portfolio is used to control the level of risk and volatility within the portfolio over the long term. SERS has adopted a broadly diversified asset allocation policy, and the strategies used within each asset class also have been diversified.

Besides the broad diversification of assets and strategies within SERS' portfolio, SERS also employs a diverse group of investment managers with the goal of outperforming the respective benchmark while managing relative risks.

Wilshire Associates, Inc., SERS' general investment consultant, assists the Board on matters of investment policy and asset allocation recommendations. Wilshire also reports to the Board on quarterly performance reviews of the Fund and each portfolio.

Proxy Voting In 2012, the Board adopted SERS' Corporate Governance Principles. The Board authorizes the Proxy Review Committee, which consists of staff members from Executive and Investments, to vote proxies according to the *SERS Proxy Voting Guidelines*. This committee implements a process for voting proxies as described in the *Proxy Voting Policy and Procedures* document. Staff hires a proxy voting advisor, Institutional Shareholder Services (ISS), to vote proxies according to SERS' custom vote policy and provide advice on corporate governance-related matters.

Sustainability and Corporate Governance Good governance of markets and entities comprising the markets improves outcomes for investors. SERS' Board and Staff will exercise corporate ownership responsibly and with the best fiduciary interest of members and stakeholders. SERS' Board and Staff must be attentive to important environmental, social, and governance issues that affect markets and promote its interests in a responsible manner in the best fiduciary interest of members and stakeholders.

Investment Report

Global Equities

Global equity markets rebounded sharply for FY2021 due to unprecedented global government support in response to the coronavirus pandemic. The Russell 3000 returned 44.2% for US markets, while the MSCI World ex-US posted a 33.6% non-US developed market return and the MSCI Emerging Index generated a 40.9% emerging market return for FY2021. The FY2021 global market favored large cap growth through early fall, which then shifted to favoring small cap value equities in November with COVID-19 vaccine announcements.

During the fiscal year, the US Equity portfolio returned 41.6% net of fees, which underperformed the Russell 3000 index benchmark by 2.7%. This underperformance was driven by SERS' active managers underperforming their respective benchmarks as active managers had trouble quickly repositioning their portfolios with the large growth to small value market shift after the COVID-19 vaccine announcement. The large cap passive portfolio also underperformed the Russell 3000 by 0.9% as this portfolio replicates the Russell 1000, which returned 43.1% versus the US small capitalization Russell 2000 index return of 62.0%.

The Non-US Developed Equity portfolio returned 39.3% net of fees, outperforming the MSCI World ex-US benchmark by 5.7% in FY2021. Returns were boosted by SERS' core ACWI ex-US mandate, which posted a 50.2% net return. Small cap also helped performance with this portfolio returning 44.2% net of fees.

The Non-US Emerging Equity portfolio returned 50.1% net of fees, outperforming the MSCI Emerging Market benchmark by 9.2%. This portfolio is 100% actively managed. Performance was boosted by managers over weighting smaller capitalization stocks and over weighting technology (76.2% FY2021 index return) and materials (72.0% FY2021 index return), the two best performing sectors in the index.

Global Private Equity

Despite an economic slowdown triggered by a global pandemic, private equity emerged from 2020 relatively unscathed. Private equity investment activity fell sharply in April and May; however, the environment changed dramatically in the second half of the year as market conditions improved and private equity investors put large amounts of capital to work. After falling off in the first half of the year, the private equity industry raced to the finish line completing over \$590 billion in transactions in 2020. Overall, the year observed an 8.0% increase in transactions from the prior year. Highlighting the level of the second half of the year activity, \$410 billion of the \$590 billion total was completed in the third and fourth quarters. Nevertheless, the total volume of deals completed fell to approximately 3,100 in 2020 representing a 24% decrease from the 4,100 transactions completed in 2019. The rise in dollar volume combined with the decrease in transactions highlights the ever increasing transactions sizes in the marketplace with the average deal size coming in at approximately \$776 million. The increase in deal flow is a direct result of the abundance of low-cost debt financing and the estimated \$2.9 trillion of dry powder available across all fund types and all geographies at the end of 2020. The intense competition for assets has led to growth in purchase price multiples and made it very difficult for private equity firms to find and purchase companies. Purchase price multiples have risen from 8.5 times earnings in 2010 to an average of 11.5 times earnings in 2020. Nevertheless, the same factors that complicated deal making paved the way for an excellent exit market for private equity funds in 2020. Just over 1,000 exits were completed in 2020 for a total value of \$427 billion. This was on balance with 2019 and in line with the five-year average. The first half of the year slowdown in activity also affected the fundraising market as private equity raised a total of \$989 billion in 2020, down from a record high \$1.1 trillion in 2019. SERS' Private Equity portfolio generated a net return of 45.8% for FY2021, trailing the benchmark return of 47.3%

Global Fixed Income

For FY2021, the global fixed income portfolio produced a net return of 3.6% relative to the Bloomberg US Aggregate Bond Index return of (0.3%). While high yield and local currency emerging market debt were hit hardest in FY2020, they rebounded and had the strongest FY2021 returns at 15.4% and 8.0%, respectively. High yield spreads have recovered to pre-pandemic levels and emerging markets stand to benefit from a weaker dollar and continued vaccine rollout in the second half of 2021. Investment grade corporates recovered quickly after March 2020 and returned 4.6% by December 31, 2020, but gave back some of the gains and ended the fiscal year with a return of 3.3%. Residential mortgages returned (0.4%) for the fiscal year. US Treasuries were the poorest performing sector with a return of (3.2%) and the portfolio benefited from under weighting the sector.

Several new strategies were introduced to the portfolio at the beginning of the fiscal year when long/short credit, emerging market macro and fixed income arbitrage strategies were transferred from the MAS portfolio. Additionally, the portfolio made allocations to two opportunistic drawdown strategies, one focused on structured credit and the other on corporate and emerging market debt. Along with the existing emerging market debt and opportunistic high yield strategies, these exposures constitute the new Tactical and Diversifying sector. This sector has had the desired effect of increasing performance and diversifying the sources of portfolio return relative to the Bloomberg US Bond Aggregate Index.

Investment Report

Global Private Credit

The global private credit portfolio generated a net return of 17.6% during FY2021 versus the benchmark return of 4.8%. While the performance timeframe for the portfolio is short, the portfolio benefited from the recovery of valuations as the economic outlook improved throughout the fiscal year. In addition, a stressed debt investment executed during the market dislocation contributed positively to the portfolio's return. The tumultuous market environment during FY2021 tested the ability of private credit managers to navigate through a period of great uncertainty, but also provided a robust pipeline of investment opportunities. The private credit market continued to grow throughout the fiscal year and capital raising activity increased as managers sought to deploy capital given the strong demand from borrowers. The market environment was ideal for ramping the private credit portfolio towards its target allocation. During FY2021, a total of \$632.1 million was deployed, which included six new investments totaling \$575 million, the increase of capital commitments for two existing investments totaling \$50 million, and one co-investment totaling \$7.1 million.

Global Real Assets

During FY2021, market conditions were challenging for both commercial real estate and infrastructure assets because of the uneven recovery from the COVID-19 pandemic. In real estate, industrial and multifamily property types performed well during fiscal year but retail and hospitality assets were adversely impacted. Real estate returns for FY2021 dipped below the long-term average levels of 7.0-9.0% because of the uneven recovery. Going forward, returns are expected to be near long-term averages, and the economic recovery is expected to support multifamily, industrial, hospitality, and select niche property types. Infrastructure assets, particularly renewable energy, utilities, and digital infrastructure, performed well during the fiscal year despite pandemic induced challenges for transportation and energy assets. Many real estate and infrastructure assets realized strong returns since their lows during the COVID-19 pandemic. Going forward, infrastructure and real estate total returns are expected to be driven by income returns. Cash yields continue to be the focus for the asset class, which produced a one-year income return around 2.9% gross of fees as of June 30, 2021.

Multi-Asset Strategies

The MAS portfolio returned 17.4% gross of fees. This asset strategy will be phased out by June 30, 2022, as recommended in the recent asset allocation study. Exposure was reduced from 10% of the Total Fund to 4% by June 30, 2021.

Opportunistic and Tactical Investments

The opportunistic and tactical portfolio returned 25.8% net of fees. The portfolio benefited from a risk-on environment as credit spreads tightened and equity markets generated double digit returns. The opportunistic portfolio is comprised of non-traditional investment opportunities which do not fit neatly within SERS' strategic asset classes. Opportunistic investments are defined as tactical or non-traditional investment opportunities. Such investments may involve capitalizing on short-term market dislocations or other unique situations or innovative strategies including tactical allocation. The opportunistic portfolio has a 0.0% policy target allocation with a maximum of 5.0%, giving staff flexibility to invest only when market conditions present attractive opportunities. SERS made four opportunistic investments in FY2021, committing a total of \$275 million to funds that will invest in strategies including distressed debt and structured products.

Cash Equivalents

The cash equivalents portfolio consists primarily of short-term cash and any gains or losses of the overlay program. Short-term cash is a source of liquidity for the Total Fund. For FY2021 the short-term cash returned 0.0%, underperforming the FTSE 30-day T-Bill Index by 3 bps. As of June 30, 2021, the weight of cash equivalents was 3.4% of the Total Fund.

Overlay Program

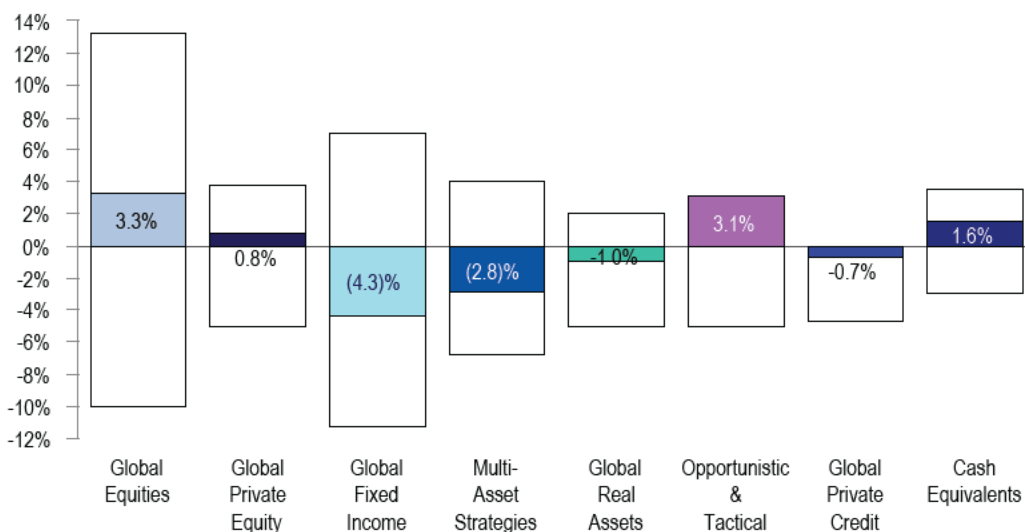
The overlay program, comprised of the enhanced asset allocation and active currency programs, aims at adding value by taking active long/short positions in the broad asset classes and foreign exchange markets, with a tight risk budget. For FY2021, the overlay program produced gains and added 8 bps to the total fund's return. These programs do not require full cash funding except for the margin requirements since they are implemented through futures and forward contracts.

Investments

Investment Summary as of June 30, 2021

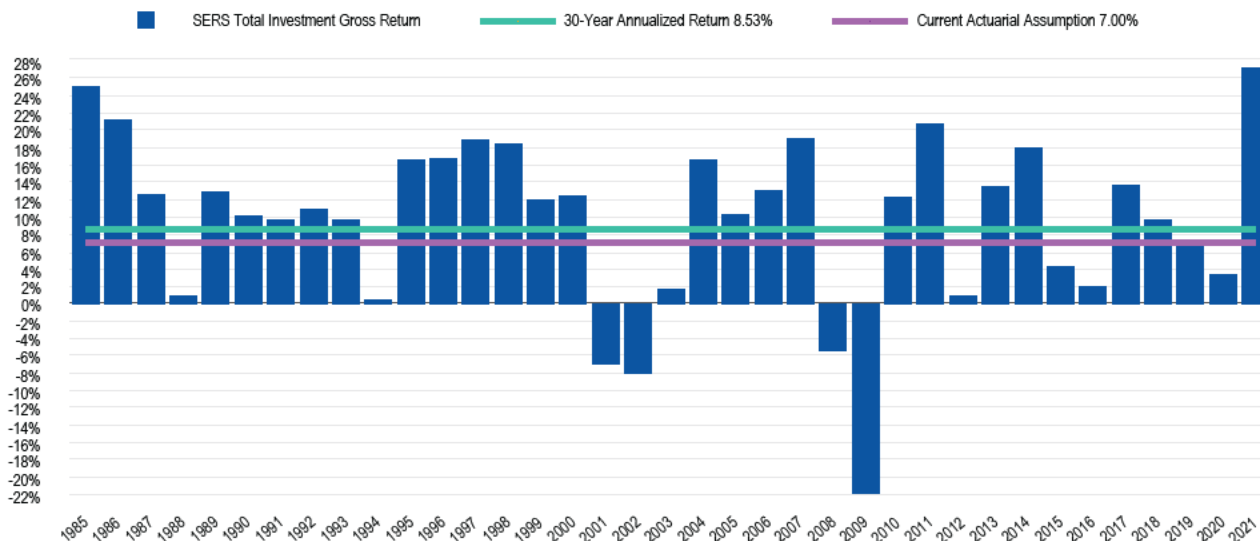
	Fair Value	% of Fair Value	Policy	Range
Global Equities	\$ 8,751,893,637	48.3 %	45.0 %	35% - 55%
Global Private Equity	2,147,918,916	11.8	11.0	8 - 16
Global Fixed Income	2,674,655,067	14.7	19.0	12 - 26
Multi-Asset Strategies	221,496,023	1.2	4.0	0 - 0
Global Real Assets	2,723,556,505	15.0	16.0	14 - 20
Opportunistic and Tactical Investments	566,406,161	3.1	0.0	0 - 5
Global Private Credit	408,697,444	2.3	3.0	3 - 7
Cash Equivalents	653,364,390	3.6	2.0	0 - 5
Total Portfolio	\$ 18,147,988,143	100.0 %	100.0 %	

Asset Allocation vs. Policy



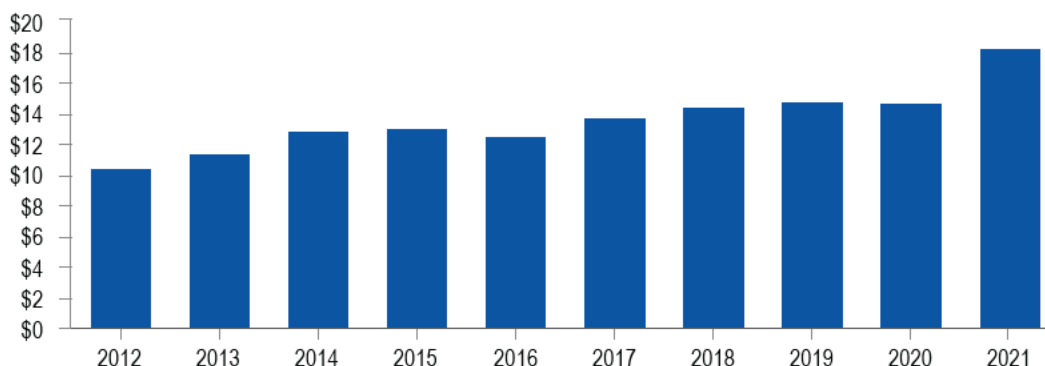
Note: Boxes represent permissible ranges around target weights.

SERS Total Investment Return (Gross of Fees)



Investments

Total Investment Fund at Fair Value (\$ in billions)



Schedule of Investment Results for the years ended June 30 (Gross of Fees)

	2021	2020	2019	Annualized Rates of Return		
				3 Years	5 Years	10 Years
Global Equities						
SERS	41.9 %	3.0 %	5.0 %	15.4 %	15.5 %	11.0 %
Custom Global Equities Benchmark ⁽¹⁾	40.3	0.8	5.2	14.1	14.6	10.3
Global Private Equity						
SERS ⁽²⁾	48.1	4.0	16.7	21.6	20.9	19.3
Custom Global Private Equity Benchmark ⁽³⁾	47.3	1.9	10.3	17.8	16.7	14.9
Global Fixed Income						
SERS	3.9	8.8	8.3	7.0	4.6	4.6
Barclays Capital US Aggregate Bond Index	(0.3)	8.7	7.9	5.3	3.0	3.4
Multi-Asset Strategies						
SERS ⁽⁴⁾	17.4	0.9	4.3	7.3	7.6	6.1
Custom Multi-Asset Strategies Benchmark ⁽⁵⁾	19.2	1.1	2.4	7.3	7.1	4.6
Global Real Assets						
SERS ⁽⁶⁾	8.7	5.0	10.5	8.0	8.8	10.6
Custom Global Real Assets Benchmark ⁽⁷⁾	2.6	5.3	6.8	4.9	5.8	8.8
Opportunistic and Tactical Investments						
SERS ⁽⁸⁾	27.3	(6.1)	7.1	8.6	12.0	N/A
Policy Benchmark	1.7	3.7	6.5	3.9	6.3	N/A
Global Private Credit						
SERS ⁽⁹⁾	19.5	N/A	N/A	N/A	N/A	N/A
3 month LIBOR +4.5%	4.8	N/A	N/A	N/A	N/A	N/A
Cash Equivalents						
SERS	2.6	0.8	5.1	2.8	2.1	1.6
Citigroup 30 Day Treasury Bill Index	0.1	1.4	2.3	1.2	1.1	0.6
Total Fund (Gross of Fees)						
SERS	27.5	3.6	7.3	12.3	12.1	9.9
Policy Benchmark ⁽¹⁰⁾	23.6	3.7	6.5	10.9	10.5	8.6
Total Fund (Net of Fees)						
SERS	26.8	3.0	6.6	11.6	11.5	9.2
Policy Benchmark ⁽¹⁰⁾	23.6	3.7	6.5	10.9	10.5	8.6

Source: BNY Mellon Global Risk Solutions

Investment results provided by BNY Mellon Global Risk Solutions are based upon a time-weighted rate of return methodology. Fair value adjustments made to global private equity, global real assets, opportunistic and tactical, multi-asset strategies, and global private credit as of June 30 will be reflected in the investment returns in the next financial statement.

Investments

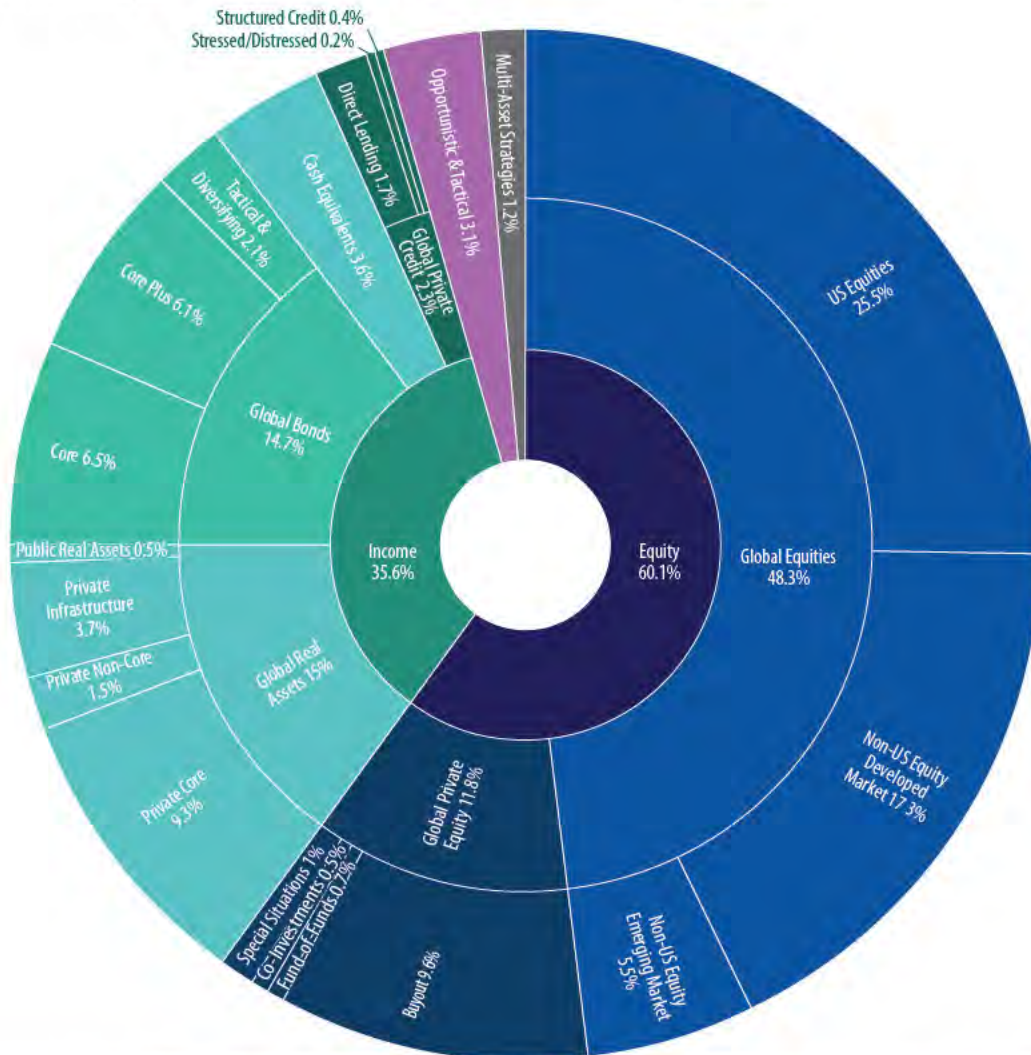
Notes to Investment Results

- (1) Custom Global Equities Benchmark:
- a) Effective January 1, 2021
 - 55.0% Russell 3000 Index
 - 30.0% MSCI ACWI ex-US (net dividends) Index
 - 15.0% MSCI Emerging Markets Net Total Return Index
 - b) Effective January 1, 2014
 - 50.00% Russell 3000 Index
 - 50.00% MSCI ACWI ex-US (net dividends) Index
 - c) Effective July 1, 2013
 - 50.0% Russell 3000 Index
 - 50.0% MSCI ACWI ex-US (net dividends) Index (developed markets 50% hedged)
 - d) Prior to July 1, 2013
 - 50.0% Russell 3000 Index
 - 50.0% MSCI ACWI ex-US (gross dividends) Index (developed markets 50% hedged)
- (2) Global Private Equity returns are reported one quarter in arrears.
- (3) Custom Global Private Equity Benchmark:
- a) Effective January 1, 2014 Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
 - b) Prior to January 1, 2014 S&P 500 Index plus 3%
- (4) Prior to July 1, 2013 Multi-Asset Strategies was known as Hedge Funds.
- (5) Custom Multi-Asset Strategies Benchmark:
- a) Effective July 1, 2013 HFRI Fund of Funds Composite Index + 1.0%
 - b) Effective July 1, 2010 HFRI Fund of Funds Composite Index
- (6) Global Real Asset partnership returns are reported one quarter in arrears. Public real asset returns are reported in the current quarter.
- (7) Custom Global Real Assets Benchmark:
- a) Effective July 1, 2010 NCREIF Property Index (one quarter in arrears)
- (8) Opportunistic and Tactical Investments inception date occurred in June 2013.
- a) Effective July 1, 2020 Bloomberg US Aggregate Bond Index +20%
 - b) Prior to July 1, 2020 SERS Policy BM
- (9) Global Private Credit investments inception date occurred in July 2020
- (10) SERS Policy Benchmark weightings for the past 10 years:
- a) Effective January 1, 2020
 - 24.75% Russell 3000 Index
 - 13.50% MSCI ACWI ex-US (net dividends) Index
 - 6.75% MSCI Emerging Markets ex-US (net dividends) Index
 - 19.00% Barclays Capital US Aggregate Bond Index
 - 16.00% NCRE F Property Index (one quarter in arrears)
 - 11.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
 - 4.00% HFRI Fund of Funds Composite Index + 1.00%
 - 3.00% 3 Month L BOR + 4.50%
 - 2.00% Citigroup 30 Day T-Bill Index
 - b) Effective July 1, 2020
 - 22.50% Russell 3000 Index
 - 22.50% MSCI ACWI ex-US (net dividends) Index
 - 19.00% Barclays Capital US Aggregate Bond Index
 - 16.00% NCRE F Property Index (one quarter in arrears)
 - 11.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
 - 4.00% HFRI Fund of Funds Composite Index + 1.00%
 - 3.00% 3 Month L BOR + 4.50%
 - 2.00% Citigroup 30 Day T-Bill Index
 - c) Effective January 1, 2016
 - 22.50% Russell 3000 Index
 - 22.50% MSCI ACWI ex-US (net dividends) Index
 - 19.00% Barclays Capital US Aggregate Bond Index
 - 15.00% NCREIF Property Index (one quarter in arrears)
 - 10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
 - 10.00% HFRI Fund of Funds Composite Index + 1.0%
 - 1.00% Citigroup 30 Day T-Bill Index
 - d) Effective January 1, 2015
 - 22.50% Russell 3000 Index
 - 22.50% MSCI ACWI ex-US (net dividends) Index
 - 19.00% Barclays Capital US Aggregate Bond Index
 - 12.00% NCREIF Property Index (one quarter in arrears)
- 10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
- 13.00% HFRI Fund of Funds Composite Index + 1.0%
- 1.00% Citigroup 30 Day T-Bill Index
- e) Effective July 1, 2014
 - 22.50% Russell 3000 Index
 - 22.50% MSCI ACWI ex-US (net dividends) Index
 - 19.00% Barclays Capital US Aggregate Bond Index
 - 15.00% NCRE F Property Index (one quarter in arrears)
 - 10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
 - 10.00% HFRI Fund of Funds Composite Index + 1.0%
 - 1.00% Citigroup 30 Day T-Bill Index
- f) Effective January 1, 2014
 - 22.50% Russell 3000 Index
 - 22.50% MSCI ACWI ex-US (net dividends) Index
 - 19.00% Barclays Capital US Aggregate Bond Index
 - 12.00% NCRE F Property Index (one quarter in arrears)
 - 10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
 - 13.00% HFRI Fund of Funds Composite Index + 1.0%
 - 1.00% Citigroup 30 Day T-Bill Index
- g) Effective July 1, 2013
 - 22.50% Russell 3000 Index
 - 22.50% MSCI ACWI ex-US (net dividends) Index (developed markets 50% hedged)
 - 19.00% Barclays Capital US Aggregate Bond Index
 - 12.00% NCRE F Property Index (one quarter in arrears)
 - 10.00% SERS Custom Private Equity Benchmark
 - 13.00% HFRI Fund of Funds Composite Index + 1.0%
 - 1.00% Citigroup 30 Day T-Bill Index
- h) Effective July 1, 2010
 - 22.50% Russell 3000 Index
 - 22.50% MSCI ACWI ex-US Index (developed markets 50% hedged)
 - 19.00% Barclays Aggregate Index
 - 10.00% NCRE F
 - 10.00% SERS Custom Private Equity Benchmark
 - 15.00% HFRI Fund of Fund Index
 - 1.00% Citigroup 30 Day T-Bill Index

Investments

SERS Detailed Asset Allocation

EQUITY		INCOME	
Global Equities	48.3 %	Global Bonds	14.7 %
US Equities	25.5 %	Core	6.5 %
Non-US Equity Developed Market	17.3 %	Core Plus	6.1 %
Non-US Equity Emerging Market	5.5 %	Tactical & Diversifying	2.1 %
Global Private Equity	11.8 %	Global Private Credit	2.3 %
Buyout	9.6 %	Direct Lending	1.7 %
Fund-of Funds	0.7 %	Stressed/Distressed	0.2 %
Co-Investments	0.5 %	Structured Credit	0.4 %
Special Situations	1.0 %	Global Real Assets	15.0 %
OPPORTUNISTIC & TACTICAL	3.1 %	Private Core	9.3 %
Opportunistic & Tactical	3.1 %	Private Non-Core	1.5 %
Opportunistic & Tactical	3.1 %	Private Infrastructure	3.7 %
		Public Real Assets	0.5 %
MULTI-ASSET STRATEGIES	1.2 %	Cash Equivalents	3.6 %
Multi-Asset Strategies	1.2 %	Cash Equivalents	3.6 %
Multi-Asset Strategies	1.2 %		



Investments

Largest Public Equity Holdings as of June 30, 2021

Description	Country	Shares	Fair Value
1 Apple, Inc.	United States	1,260,801	\$ 172,679,305
2 Microsoft Corp.	United States	614,365	166,431,479
3 Amazon.com, Inc.	United States	35,443	121,929,591
4 Facebook, Inc.	United States	199,651	69,420,649
5 Samsung Electronics Co. Ltd.	South Korea	875,312	62,724,916
6 Alphabet, Inc. Class A	United States	24,819	60,602,786
7 Alphabet, Inc. Class C	United States	22,176	55,580,152
8 Taiwan Semiconductor Manufacturing Co.	Taiwan	458,222	55,059,956
9 ASML Holdings NV	Netherlands	64,373	44,231,362
10 Johnson & Johnson	United States	264,176	43,520,354

All monetary values stated in US dollars.
A complete listing of holdings is available upon request.

Largest Public Fixed Income Holdings as of June 30, 2021

Description	Rating	Par Value	Fair Value
1 US Treasury Note 0.875% 11/15/2030	AA+	\$ 22,455,000	\$ 21,353,302
2 GNMA TBA 2.000% 07/01/2051	AA+	18,330,000	18,532,730
3 GNMA TBA 2.500% 09/01/2051	AA+	15,775,000	16,250,099
4 GNMA II TBA 2.500% 07/20/2051	AA+	14,800,000	15,315,688
5 US Treasury Note 1.625% 05/15/2031	AA+	14,846,000	15,073,329
6 US Treasury Note 0.125% 04/30/2022	AA+	14,495,000	14,499,530
7 US Treasury Bond 2.750% 08/15/2047	AA+	11,477,000	13,055,088
8 US Treasury Note 0.750% 03/31/2026	AA+	12,264,000	12,208,908
9 FNMA Pool #0CA8441 2.000% 01/01/2051	AA+	11,782,447	11,940,971
10 US Treasury Bond 2.000% 02/15/2050	AA+	11,500,000	11,297,852

All monetary values stated in US dollars.
A complete listing of holdings is available upon request.

Investments

Investment Consultants and Investment Managers as of June 30, 2021

Investment Consultants	Odyssey Investment Partners	Investment Managers - Global Real Assets
Aksia LLC	Primus Venture Partners	Almanac Realty Investors, LLC
Wilshire Associates, Inc.	Quantum Energy Partners	AMP Capital Investors Ltd.
	Silver Lake Partners	Beacon Capital Partners, LLC
Investment Managers - US Equity	Swander Pace Capital Partners	BlackRock Institutional Trust Co., N.A.
AllianceBernstein, LP	Thomas H. Lee Partners	CBRE Global Investors, LLC
BNY Mellon Asset Management North America	Transportation Resource Partners	Clarion Partners, LLC
Brown Capital Management, Inc.	Warburg Pincus	Colony Capital, LLC
Coho Partners Ltd.		Deutsche Asset & Wealth Management
Martingale Asset Management, LP	Investment Managers - Global Fixed Income	Fiera Infrastructure Inc.
Poma Investment Counsel, LLC	Aristeia Capital, LLC	Global Infrastructure Partners
State Street Global Advisors	BlackRock Institutional Trust Co., N.A.	Harrison Street Real Estate Capital, L.L.C.
	C.S. McKee, LP	J.P. Morgan Investment Management, Inc.
Investment Managers - Non-US Equity	Dodge & Cox	Industry Fund Management Pty, Ltd.
Arrowstreet Capital, LP	Goldman Sachs Asset Management, LP	LA Financial Management, LLC
Axiom International Investors, LLC	J.P. Morgan Investment Management, Inc.	Mesa West Capital, LLC
BlackRock institutional Trust Co., N.A	Johnson Investment Counsel, Inc.	Patrizia, AG
City of London Investment Management Co. Ltd.	Loomis, Sayles & Co.	The Carlyle Group
Genesis Asset Managers	PGIM Fixed Income a/k/a PGIM, Inc.	UBS Realty Investors, LLC
GlobeFlex Capital, LP	Pharo Global Advisors Ltd.	
Highclere International Investors	Stone Harbor Investment Partners, LP	Investment Managers - Opportunistic & Tactical Investments
LSV Asset Management	Western Asset Management Co.	Arcmont Asset Management
MFS Institutional Advisors, Inc.		Barings Global Advisers, Ltd.
State Street Global Advisors	Investment Managers - Multi-Asset Strategies	Blackstone Group LLC
Walter Scott & Partners Ltd.	Angelo, Gordon & Co.	BlackRock Institutional Trust Co., N.A.
	Bain Capital, LP	D.E Shaw & Co., LLC
Investment Manager - Futures	BlackRock Institutional Trus Co., N.A	Francisco Partners Management, LP
Russell Implementation Services, Inc.	GoldenTree Asset Management, LP	GoldenTree Asset Management, LP
	Oceanwood Capital Management, LLP	HPS Investment Partners, LLC
Investment Managers - Global Private Equity	Redwood Capital Management, LLC	KKR Credit Advisors (US) LLC
Altas Partners GP, LP	Schroder Investment Management N.A. Ltd.	LBC Credit Partners
Bridgepoint Advisers Ltd.	Stark Offshore Management, LLC	Oceanwood Capital Management, LLP
Charterhouse Capital Partners	Viking Global Investors, LP	Pacific Investment Management Co.
Cinven Capital Management Ltd.		
Coller Investment Management Ltd.	Investment Managers - Global Private Credit	Currency Overlay
Evergreen Pacific Partners	Angelo, Gordon & Co.	P/E Global, LLC
FdG Associates, LLC	Bain Capital, LP	
Ford Ultimate Management II, LLC	BlackRock Institutional Trus Co., N.A	Securities Lending Agent
Francisco Partners Management II, LLC	GoldenTree Asset Management, LP	Goldman Sachs Agency Lending
Freeman Spogli Management Co., LP	Oceanwood Capital Management, LLP	
Goldman Sachs Asset Management, LP	One William Street Credit Management, LP	Custodians
Graham Partners	PGIM Fixed Income a/k/a PGIM, Inc.	The Bank of New York Mellon
J.P. Morgan Investment Management, Inc.	Pharo Global Advisors Ltd.	Fifth Third Bank
Kohlberg & Co.	Redwood Capital Management, LLC	
Leonard Green & Partners	Schroder Investment Management N.A. Ltd.	Master Recordkeeper
Levine Leichtman Capital Partners, Inc.	Stark Offshore Management, LLC	BNY Mellon Asset Servicing
Linsalata Capital Partners, LLC	Viking Global Investors, LP	
Mason Wells, Inc.		Investment Analytics
Monomoy Capital Partners		BNY Mellon Global Risk Solutions
NGP Energy Capital Management, LLC		
Oak Hill Capital Partners		
Oaktree Capital Management, LP		

Investments

Summary Schedule of Broker Commissions for US and Non-US Equity Transactions for the Year Ended June 30, 2021

Broker Name	Fees Paid	# of Shares Traded	Avg. Commission per Share
Instinet, LLC	145,992	132,986,122	0.001
J.P. Morgan Securities, LLC	96,339	3,981,014,928	0.000
HSBC Securities, Inc.	93,773	622,657,507	0.000
Citigroup Global Markets, Inc.	66,840	74,198,289	0.001
Credit Agricole Securities, Inc.	66,467	73,209,360	0.001
Morgan Stanley & Co., Inc.	59,309	32,454,629	0.002
CSLA Americas, LLC	55,276	12,098,257	0.005
Jefferies, LLC	51,955	288,984,647	0.000
Stifel, Nicolaus & Co., Inc.	51,015	3,134,601	0.016
Merrill Lynch Professional Clearing Corp.	50,927	30,154,233	0.002
All other brokers	711,345	1,708,282,763	0.000
Total US	\$ 1,449,238	\$ 6,959,175,336	\$ 0.000

Reconciliation to Statement of Fiduciary Net Position

Asset Class/Strategy	Fair Value	% of Total Fair Value
Global Equities	\$ 8,751,893,637	48.3 %
Global Private Equity	2,147,918,916	11.8
Global Fixed Income	2,674,655,067	14.7
Multi-Asset Strategies	221,496,023	1.2
Global Real Assets	2,723,556,505	15.0
Opportunistic & Tactical Investments	566,406,161	3.1
Global Private Credit	408,697,444	2.3
Cash Equivalents	653,364,390	3.6
Net Portfolio Value	\$ 18,147,988,143	100.0 %
Investments receivable, securities sold	(93,648,288)	
Investments payable, securities purchased	182,542,558	
Cash and cash equivalents	(959,221,366)	
Investments per Statement of Fiduciary Net Position	\$ 17,277,661,047	

Statement of Investment Policy

Statement of Investment Policy (effective February 18, 2021)

I. Purpose of Statement of Investment Policy

The purpose of this Statement of Investment Policy (SIP) is to set forth the investment philosophy and objectives of the Retirement Board (Board) for the School Employees Retirement System of Ohio (SERS).

This SIP:

- A. incorporates and is subject to all restrictions and obligations set forth in Chapter 3309 of the Ohio Revised Code;
- B. establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and
- C. establishes a framework for making investment decisions, and monitoring investment activity, and promotes effective communication between the Board, Staff, and other involved parties.

This SIP is subject to change at any time by the Board. The Board will review the SIP and revise it periodically to assure it continues to reflect the investment philosophy, objectives and strategies of the Board.

II. Investment Philosophy

The Board recognizes the need to manage SERS assets prudently (the Total Fund) to meet its statutory and fiduciary obligations and to achieve or exceed its objectives. The Board's investment philosophy is grounded in fundamental, prudent investment principles, incorporating modern portfolio theory, risk management and portfolio management practices. These principles are incorporated in the "Investment Beliefs" below. The Board believes it can provide consistent, long-term performance at appropriate levels of risk. By delineating responsibilities and defining policy objectives, this SIP reflects the Board's investment philosophy and governance.

SERS Investment Beliefs:

Financial Markets

- A. Capital markets are not perfectly efficient. Inefficiencies create opportunities that skilled investors could exploit to generate excess returns. Investment Staff will prudently attempt to add value by exploiting such inefficiencies across different assets selectively, although it is not easily achieved.
- B. Markets generally afford higher prospective returns for riskier assets, such as equity or credit risk premiums over the long term. Anomalies could occur in intermittent periods on account of shifting valuations. When valuations are elevated returns tend to be lower.

Investment Process

- C. Strategic asset allocation is the key determinant of risk and return and represents the Board's tolerance for risk in achieving funding goals. It is important to diversify across risk factors and return sources and to be explicit about the role of asset classes.
- D. Risk is the likelihood of loss or less than expected outcomes and is not fully captured by a single metric such as volatility. Risk has many dimensions, subjective and objective, which must be comprehensively assessed and managed in the investment process.
- E. Long-term horizon is an advantage as it enables SERS to tolerate volatility, capture illiquidity and other risk premia, and take advantage of trends and opportunities.
- F. Costs matter. Managing fees and transaction costs adds value to the Fund. Costs must be judged relative to expected value added.

Organizational Skills and Design

- G. Investment success is dependent on good governance, decision process, skill and judgment. Having an experienced and talented staff with appropriate decision authority is an advantage. SERS' Board will delegate authority as appropriate to staff to facilitate execution of the investment process, but retain policy and oversight powers.
- H. Explicit investment objectives, guidelines and collaborative teamwork among staff as well as external partners is essential for success.

Sustainability and Corporate Governance

- I. Good governance of markets and entities comprising the markets improves outcomes for investors. SERS Board and Staff will exercise corporate ownership responsibly and with the best fiduciary interest of members and stakeholders.

Statement of Investment Policy

- J. SERS Board and Staff must be attentive to important environmental, social and governance issues that affect markets and promote its interests in a responsible manner in the best fiduciary interest of members and stakeholders.

III. Investment Objectives

The Investment Objectives of SERS are:

- A. to assure that SERS provides statutorily-mandated retirement benefits;
- B. to earn a net-of-fees total return that equals or exceeds over the long term the Actuarial Assumed Rate approved by the Board; and
- C. to enhance risk-adjusted investment returns of the Total Fund in a prudent and cost-effective manner.

IV. Risk Management

- A. The Board evaluates risk in terms of the probability of not earning the actuarial assumed rate over the long term. Diversification across asset classes, within asset classes, and across investment styles, sectors, and securities will be employed to manage overall portfolio risk and volatility.
- B. SERS utilizes a risk budgeting approach in management of volatility risk of investment portfolios. Active risk of the Total Fund, asset class and individual portfolios and their respective risk contribution to total risk are important factors in the management of the capital allocations to individual asset classes and portfolios. The Total Fund shall be managed within a forecast active risk (tracking error) range of 0% to 3.0% relative to the policy benchmark and within the asset allocation range specified elsewhere in this SIP. Active risk is determined by asset allocation deviations and active security selection decisions as well as underlying market volatility. In times of high market volatility the active risk may exceed 3%. In any event, if the active risk exceeds 3% staff will discuss this with the Board and present appropriate recommendations. The realized tracking error is also expected to be below 3% over rolling three-year periods. Individual asset classes will be managed within the tracking error range specified in the respective asset class implementation guideline. Private asset classes (Private Equity, Private Credit and Real Asset) are excluded at this point from tracking error guidelines.
- C. Other risks, including but not limited to those such as interest rate risk, credit risk, and liquidity risk, will be managed and carefully monitored by Investment Managers and Investment Staff.

V. Implementation Approach

- A. The Board reserves certain responsibilities for itself, while delegating other responsibilities to the Executive Director, the Chief Investment Officer, the Investment Committee, Investment Staff, Investment Managers, Investment Consultants, the Investment Compliance and Governance Officer, and other Investment Service Providers. These responsibilities are described in this SIP.
- B. In fulfilling its fiduciary duties the Board utilizes a competent and qualified Staff to implement the investment program and to manage daily operations.
- C. The Board utilizes Investment Managers or Funds selected by Staff to invest most assets of the Total Fund. The Board recognizes that costs associated with external Investment Managers and Funds are typically higher than costs associated with internal management. However, the Board believes external Investment Managers that act as fiduciaries possess specialized investment expertise and economies of scale, and can generate higher returns on a net-of-fee basis.
- D. The Board requires regular reporting on the Total Fund's investment program to ensure compliance with its SIP.

VI. Investment Organization and Responsibilities

A. Responsibilities of the **Board**

The Board as a fiduciary is responsible for ensuring that Total Fund assets are managed prudently and effectively, in compliance with applicable laws and with this SIP, for the exclusive benefit of participants and beneficiaries.

Responsibilities of the Board include:

1. establishing controls and systems to ensure that Total Fund fiduciaries comply with applicable laws;
2. establishing asset allocation and investment policies for SERS assets;
3. appointing and discharging the Executive Director and Board Investment consultants;
4. confirming or rejecting the Executive Director's proposed appointment of a Chief Investment Officer for SERS;
5. designating the individual as Chief Investment Officer of SERS for purposes of R.C. 3309.043, and then notifying the Ohio Department of Commerce, Division of Securities in writing of the designation as required by the Ohio Revised Code;

Statement of Investment Policy

6. monitoring and reviewing investment performance and policy compliance;
7. requesting, receiving and reviewing reports from Investment Staff, Board consultants and other entities, if applicable;
8. approving an Annual Investment Plan;
9. approving Statement of Investment Policy and changes thereto; and
10. conducting an annual evaluation of the performance of the Board's Investment Consultant.

B. Responsibilities of **Staff**

Staff will administer Total Fund assets as fiduciaries in accordance with applicable federal and state laws and regulations, and in accordance with this SIP, ethics laws, codes of professional conduct (in particular, the CFA Code of Ethics and Standards of Professional Conduct), and other applicable codes and/or regulations. Staff will establish plans, policies and procedures to carry out these duties.

1. The **Executive Director** is responsible for:
 - a. ensuring that reports of the Total Fund's investment performance are presented on a timely basis;
 - b. retaining vendors, consultants and advisors as necessary to assist Staff, and assist the Board in the retention of Investment consultants;
 - c. appointing, discharging and retaining the Chief Investment Officer, and Investment Staff;
 - d. overseeing the investment function,
 - e. executing investment documents when necessary,
 - f. conducting a fiduciary audit of investment operations at least on a seven- to ten-year cycle unless circumstances require an audit to be conducted sooner.
2. The **Chief Investment Officer** is responsible for:
 - a. overseeing the Investment Program and keeping the Executive Director advised;
 - b. conducting periodic asset liability studies with the assistance of investment consultants and recommending asset allocation targets and ranges;
 - c. reviewing the SIP on an annual basis and recommending changes as needed for approval by the Board;
 - d. preparing and presenting the Annual Investment Plan to the Board for approval;
 - e. implementing the Annual Investment Plan;
 - f. investigating, researching and recommending new and emerging investment concepts and strategies, and implementing appropriate strategies in accordance with approved policies and procedures;
 - g. informing Investment Managers, Investment Consultants and others providing investment services to SERS about the requirements of applicable laws and Board policies, and monitoring their compliance with said laws and policies;
 - h. adjusting allocations to Asset Classes, Investment Managers and Funds as needed, subject to any approved allocation ranges;
 - i. approving implementation guidelines for each asset class to establish allocation ranges for sub-strategies, risk parameters and risk limits and providing such guidelines to the Board;
 - j. appointing and discharging Investment Managers and approving investments in or redemptions from Funds subject to conditions and guidelines in Section VII.;
 - k. executing investment documents;
 - l. approving Investment Manager guidelines, changes and additions;
 - m. hiring and supervising Investment Staff;
 - n. monitoring and evaluating the effectiveness of executed securities transactions and reporting annually to the Board regarding the performance of agents who execute securities transactions on behalf of SERS; and
 - o. regularly reporting to the Board on market conditions, the status of the Total Fund and its multi-period performance relative to benchmarks. Performance will be calculated on a gross-of-fees and net-of-fees basis.

Statement of Investment Policy

3. The **Investment Committee** is responsible for:
 - a. ensuring that a procedure is in place defining the Committee's structure and establishing rules for reviewing and approving investments;
 - b. reviewing Investment Manager and Fund due diligence; and
 - c. approving or discharging Investment Managers or Funds.
4. The **Investment Staff** is responsible for:
 - a. regularly reporting the status of the respective asset classes and Total Fund and its multi-period performance to the Chief Investment Officer;
 - b. periodically meeting and speaking with existing or potential Investment Managers to review and assess the quality of their investments and management of assets;
 - c. performing ongoing due diligence to evaluate and monitor Investment Manager capabilities relative to managing Total Fund assets;
 - d. recommending to the Chief Investment Officer implementation guidelines for the respective asset classes to establish allocation ranges for sub-strategies, risk parameters and risk limits; and managing the portfolio to the approved implementation guidelines.
 - e. recommending to the Chief Investment Officer any additions or withdrawals from Investment Manager accounts or Funds, or rebalancing of asset class allocations;
 - f. recommending to the Chief Investment Officer and the Investment Committee the appointment or discharge of Investment Managers and investments in or redemptions from Funds;
 - g. investing assets of the cash equivalents portfolio;
 - h. investigating and researching new and emerging investment concepts and strategies, and recommending those strategies to the Chief Investment Officer;
 - i. preparing periodic reports for the Chief Investment Officer on the performance of agents who execute securities transactions on behalf of SERS; and
 - j. maintaining a list of Ohio-qualified Investment Managers and their investment products.

C. Responsibilities of **Investment Service Providers**

Investment Service Providers who do business or seek to do business with SERS will act in the best interest of SERS when providing services to SERS or the Total Fund. Investment Service Providers will:

1. comply with all applicable federal and state laws and regulations, with this SIP, and with all applicable professional codes and regulations;
2. have established ethics and conflict of interest policies and procedures, and proper internal compliance controls in place as needed;
3. at the earliest opportunity disclose to Investment Staff any actual or potential conflict of interest;
4. as permitted by law disclose any investigation of, or litigation involving, its operations to Investment Staff; and
5. provide annual or other periodic disclosures as required.

The Chief Investment Officer will adopt procedures as appropriate to implement this section.

D. Responsibilities of **Investment Managers**

Investment Managers and Investment Staff managing assets internally are responsible as fiduciaries for investing prudently the Total Fund assets. In addition to those applicable responsibilities described in VI.B., Investment Managers and internal staff members will:

1. manage assets within their control in compliance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements, this SIP, contractual obligations, and applicable professional codes of conduct;
2. inform the Chief Investment Officer and Investment Staff of any substantial changes in investment strategy, portfolio structure, asset value, and of any organizational changes, including that of ownership, affiliation, organizational

Statement of Investment Policy

structure, financial condition, or changes in professional personnel staffing in the investment management organization;

3. present in-depth reports to Investment Staff;
4. recommend to Investment Staff changes to investment guidelines the Investment Manager believes would enhance investment performance on a risk adjusted basis; and
5. select such agents for the execution of transactions, at such prices, and at such commission rates as in the good faith judgment of the Investment Manager will be in the best interest of the Total Fund, taking into consideration in the selection of such agents not only the available prices and rates of brokerage commissions, but also other factors relevant to the transaction.

E. Responsibilities of *Investment Consultants*

Investment Consultants will:

1. provide services as fiduciaries and in accordance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements; in accordance with this SIP and its written Agreement with SERS; and with all applicable professional codes and/or regulations;
2. provide independent and unbiased research, information and advice to the Board and Staff;
3. assist in the development and amendment of this SIP;
4. assist in the development of investment guidelines as may be requested by Staff;
5. assist in the development of strategic asset allocation targets and ranges;
6. assist in the development of performance measurement standards;
7. monitor and evaluate Investment Manager and Fund performance as appropriate on an ongoing basis;
8. recommend to Staff the retention or discharge of Investment Managers and investment in or redemption from Funds;
9. collaborate with Investment Staff on the due diligence of potential Investment Managers and Funds, and existing Investment Managers and Funds, as requested by Staff;
10. assist in the development of criteria for and procedures to be utilized in the selection of Investment Managers and Funds;
11. provide research, information and advice on investment topics and strategies considered relevant by the Investment Consultant, or when requested by the Board or Investment Staff;
12. provide those services delineated in the Advisory or Consultant Agreement;
13. provide any other advice or services that the Board, Executive Director or Chief Investment Officer determines are necessary, useful or appropriate to fulfill the objectives of this SIP; and
14. regularly report the status of the Total Fund and its multi-period performance to the Board. Performance will be calculated on a net-of-fee basis.

F. Responsibilities of the *Investment Compliance Department*

The Investment Compliance Department is responsible for:

1. monitoring and reporting compliance with this SIP and Board Resolutions;
2. ensuring that investment management agreements and related contracts comply with the SIP;
3. ensuring that Investment Service Providers and Investment Managers comply with Sections VI., herein; and
4. identifying and, in concert with Investment Staff, resolving compliance violations by Investment Managers and Investment Staff relative to their respective investment guidelines. Staff will ensure that those accounts with guideline violations are efficiently and effectively brought back into compliance.

G. Responsibilities of the *Government Relations Office*

The Government Relations Officer is responsible for:

1. promptly voting proxies and related actions in accordance with Board approved procedures, and maintaining detailed records of proxy votes and related actions for the Proxy Review Committee; and

Statement of Investment Policy

2. reporting proxy voting activity to the Board on a quarterly basis and highlighting any emerging issues related to this activity.

H. Responsibilities of the *Investment Accounting Department*

Responsibilities of the Investment Accounting Department related to the Investment Department are defined in Policy FIN4-004 Investment Valuation.

VII. Conditions and Guidelines for Making Investments

A. Conditions

1. In cooperation with legal counsel, Staff will endeavor to ensure that the legal structure of each investment limits potential losses to no more than the amount invested;
2. Investments will be of institutional quality;
3. Investments will require the approval of the Chief Investment Officer and the Investment Committee;
4. Investment documents must be approved by SERS' Legal Department and the Investment Compliance Department;
5. The Investment Committee will develop and implement definitive procedures for approving investments in accordance with this SIP
6. The Chief Investment Officer or the Executive Director must sign the necessary investment documents when making investments.

B. Guidelines

1. Selected Investment Managers and Funds will have proven track records in the strategy;
2. Monthly reporting by the Fund or Investment Manager is preferred, but there shall be quarterly reporting at a minimum;
3. The liquidity of an investment will be prudent, both for the strategy and for the Total Fund;
4. The amount invested with an Investment Manager or in a Fund will be prudent for the strategy;
5. Investment limits established by Board resolution remain in effect unless modified or eliminated by the Board.

VIII. Implementation Strategies

A. Asset Allocation

The Board will conduct an asset and liability study every three- to five-years or sooner, if necessary, in order to establish allocation targets and ranges for asset classes within distinct capital markets. Staff, with the assistance of consultants, will review annually the market outlook and expected returns for asset classes with the Board. If there are significant changes in return assumptions, Staff will conduct an interim review of the Asset Allocation Policy.

In order to identify the investment horizon of SERS and its cash flow requirements, liability considerations will include but not be limited to current and expected future values of the benefits, contributions and total assets.

After giving due consideration to an asset and liability study conducted by the Investment Consultant, which study meets the requirements of this SIP, the Board hereby recognizes and reaffirms the following asset allocation for SERS:

<u>ASSET CLASS</u>	<u>TARGET</u>	<u>RANGE</u>	<u>Interim Targets FY2021*</u>
Equity	57%	47% - 67%	56 %
Global Equities	45%	35% - 55%	45 %
Global Private Equity	12%	8% - 16%	11 %
Income	43%	38% - 48%	40%
Global Bonds	19%	12% - 26%	19 %
Global Private Credit	5%	3% - 7%	3 %
Global Real Assets	17%	14% - 20%	16 %
Cash Equivalents	2%	0% - 5%	2 %
Multi-Asset Strategies	NA	NA	4 %
STRATEGY			
Opportunistic and Tactical Investments	0%	0 - 5%	NA
Total	100%		

*The board approved interim asset allocation targets for FY2021 with board resolution 2227.

Statement of Investment Policy

B. Derivatives

The Board authorizes the use of derivatives in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement derivative instrument derivatives strategies as needed. The Chief Investment Officer will follow the derivatives policy setting forth general guidelines for the use of derivatives.

C. Leverage

The Board authorizes the use of leverage in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement certain leverage strategies. The Chief Investment Officer will follow the leverage policy setting forth general guidelines for the use of leverage.

D. Rebalancing

The Total Fund rebalancing is conducted by the Chief Investment Officer within the active risk limit specified in Section IV.(Risk Management) as well as asset class portfolio ranges specified in Section VIII. Within individual asset classes, rebalancing is conducted based on the specific targets and ranges of the sub-strategies specified in the implementation guidelines subject to the overall tracking error limit of each asset class.

E. Currency Hedging

The Board authorizes currency hedging in the Total Fund and authorizes the Chief Investment Officer to develop and implement currency hedging strategies as needed. Currency hedging programs and managers shall be approved by the Investment Committee.

F. Transition Management

The Board authorizes the Executive Director and the Chief Investment Officer to hire Transition Managers as needed.

G. Proxy Voting

The Board authorizes the Proxy Review Committee, which consists of staff members from Executive and Investments, to vote proxies of common stock owned by SERS and to hire proxy services as required to implement this strategy. The Proxy Review Committee will follow a process for voting proxies as described in the Proxy Voting Procedures document.

H. Securities Lending

The Board authorizes Investment Staff to develop and implement a securities lending program which may involve the appointment or discharge of third party securities lending agents by the Executive Director or the Chief Investment Officer. The Board recognizes that while the practice of securities lending can generate meaningful income for the Total Fund, it is not without investment risk. To mitigate investment risk the securities lending program will focus on intrinsic value lending and use conservative collateral reinvestment guidelines as outlined in the securities lending policy. If Staff determines the risk/reward relationship of the program is no longer advantageous for the Total Fund, the program will be discontinued.

I. Opportunistic and Tactical Investments

The Board authorizes Investment Staff to invest up to 5% of Total Assets in Opportunistic and Tactical Investment Strategies. These investments will comply with the Opportunistic and Tactical Investment Policy approved by the Chief Investment Officer.

J. Overlay Program

The Board authorized Investment Staff to invest in an overlay program which includes tactical asset allocation and active currency strategies. The overlay program trades derivatives of the Total Fund's underlying assets and foreign currency exposures to enhance Total Fund's risk adjusted return. The net notional exposures of the tactical asset allocation should be zero and the gross notional exposure of the currency program is limited to 50% of the Non-US Equity portfolio value. The active risk (tracking error) of the overlay positions are governed by the overall tracking error limit for the Total Fund as stated in Section IV. (Risk Management).

K. Investment Managers and Funds

The Board authorizes the Chief Investment Officer and the Investment Committee to approve and discharge Investment Managers and Funds based upon recommendations of Investment Staff or Investment Consultants, as may be appropriate, and discussions with Managers. The Chief Investment Officer is authorized to discharge Investment Managers or Funds and report such actions to the Investment Committee or to present the discharge action to the Investment Committee for approval on a discretionary basis. Allocations to approved Investment Managers and Funds will be determined or adjusted by the Chief Investment Officer in accordance Section VI. Allocations and adjustments are subject to any maximum allocation amounts established by the Board.

Statement of Investment Policy

Investment Managers will adhere to investment guidelines established by Investment Staff, as well as all applicable laws and policies. The Chief Investment Officer is authorized to establish and amend investment guidelines as needed.

It is a goal of the Board to increase the utilization of Ohio-qualified Investment Managers when an Ohio-qualified Investment Manager offers quality, services and safety comparable to other Investment Managers available to the Board, and the use of such Investment Manager is consistent with the Board's fiduciary duties.

The Board will require that a list of Ohio-qualified Investment Managers and their investment products be maintained, and that public notice be given to Ohio-qualified Investment Managers of Investment Manager searches and search criteria.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

L. Co-investments

The Board authorizes the Chief Investment Officer to approve co-investments in a single investment within a Fund investment previously approved by the Investment Committee. A single co-investment is limited to \$10 million. Such approvals shall be reported to the Investment Committee with supporting investment memoranda. The Chief Investment Officer may present the co-investment to the Investment Committee for approval on a discretionary basis.

M. Collective Investment Funds

To the extent SERS' assets are invested in a group trust described in IRS Revenue Ruling 81-100, the instruments governing such trusts, as they may be amended from time to time, are hereby incorporated by reference and made part of the SIP as if fully set forth herein.

N. Approved Brokers

Brokers (or broker/dealers) who may provide execution of securities transactions for SERS will be evaluated on the basis of financial soundness, underwriting capabilities, research services, execution costs, and any other capabilities necessary in the execution of such transactions. Investment Managers who use such brokers will use their good faith judgment to ensure that said brokers will perform in the best interest of the Total Fund.

It is a goal of the Board to increase its utilization of Ohio-qualified brokers for the execution of domestic equity and domestic fixed income trades when an Ohio-qualified broker offers quality, services, and safety comparable to other brokers available to the Board or its Investment Managers, and the use of such broker is consistent with the Board's fiduciary duties.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

O. Soft Dollars

SERS allows investment managers to enter into limited soft dollar trading arrangements as governed by the "safe harbor" provision of Section 28(e) of the Securities and Exchange Act of 1934, and guided by the CFA Institute Soft Dollar Standards. SERS does not support any new soft dollar arrangements outside of these noted provisions.

P. Securities Litigation

SERS will follow the securities litigation policy and procedures as approved by the Board in setting out a course of action that best represents the interests of SERS' participants and beneficiaries.

Q. Other

The strategies listed herein are not meant to constrain the Chief Investment Officer from managing the Investment Program in a prudent manner. The Chief Investment Officer may develop additional investment strategies as needed and will discuss such additional strategies with the Board prior to implementation.

IX. Performance

A. Performance Measurement Standard

Performance evaluation for the Total Fund will focus on total return, on an accrual accounting basis, including realized and unrealized capital gains and losses, and income. Valuations are to be made at least on a quarterly basis, and period returns are to be geometrically linked. Private market asset returns may be reported one quarter in arrears. Cash and cash equivalents will be included in the portfolio's return. Performance will be calculated on a gross-of-fee and net-of-fee basis.

B. Performance Benchmark – Total Fund

Performance of the Total Fund relative to benchmarks will be examined monthly, and will be reported for multiple time periods as needed. The Board's Investment Consultant will calculate and report performance net-of-fees on a quarterly basis.

Statement of Investment Policy

The performance benchmark for the Total Fund will be the target-weighted average of the performance benchmark for each asset class and strategy grouping as stated in Section VIII.

In the event of a significant change in policy targets, the Board may approve interim targets for a period to move progressively toward the final target; interim targets may be used for the purpose of calculating the Total Fund policy benchmark in the interim period.

C. Performance Benchmarks – Asset Classes and Strategies

The long-term performance benchmark for each asset class is shown below. Performance benchmarks are determined as appropriate for SERS in cooperation with SERS' Investment Consultant. For purposes of this section, long-term refers to rolling three- to five-year periods. Performance in each asset class should meet or exceed the Benchmark measure.

ASSET CLASS	BENCHMARK MEASURE
Global Equities	<u>US Equity</u> : 55% Russell 3000;
	<u>NUSE Developed Market</u> : 30% MSCI World ex-USA Net Total Return Index (USD);
	<u>NUSE Emerging Market</u> : 15% MSCI Emerging Markets Net Total Return Index (USD)
Global Private Equity	Burgiss All Private Equity benchmark (BAPE)(one quarter in arrears)
Global Fixed Income	Bloomberg Barclays Capital US Aggregate Bond Index
Global Private Credit	LIBOR + 4.5%
Global Real Assets	NCREIF Property Index (one quarter in arrears)
Cash Equivalents	Citigroup 30-day T-Bill Index
STRATEGY	BENCHMARK MEASURE
Opportunistic and Tactical Investments	Bloomberg Barclays Capital US Aggregate Bond Index + 2%

D. Performance Benchmarks – Individual Investment Managers

Investment Staff will establish performance benchmarks for each Investment Manager based on its respective style.

X. Review and Evaluation

The Board will review and evaluate periodic reports on the investment performance of Total Fund assets. Greater emphasis will be placed on three- to five-year results. The intended frequency for review and evaluation, subject to change by the Board, is as follows:

- A. Monthly – Investment Report including Total Fund fair value, asset allocation, performance of the Total Fund and each asset class, and the Total Fund's compliance with this SIP.
- B. Quarterly – Summary Investment Report presented by the Investment Consultant, including highlights and commentary about market conditions, investment performance, asset composition and characteristics for each asset class, and relevant manager level information.

This policy supersedes the policy adopted August 2, 1985 and all revised policies dated 7/1/20; 9/17/15; 6/18/15; 12/18/14; 5/01/14; 1/01/14; 7/01/13; 1/19/12; 7/21/11; 7/01/10; 2/01/09; 8/01/08; 2/21/08; 10/01/07; 10/20/05; 9/15/00; 10/23/98; 6/19/98; 12/12/97; 7/25/97; 3/21/97; 12/20/96; 11/22/96; 6/21/96; 4/25/96; 9/15/95; 7/28/95; 6/16/95; 3/17/95; 1/20/95; 10/21/94; 5/20/94; 3/06/92; 4/07/89; 9/04/87; 1/09/87.

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SECTION 4 ACTUARIAL SECTION

ACTUARIAL SECTION

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ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial methods and assumptions were updated to reflect an experience study performed over the five-year period ending June 30, 2020. The experience study reviewed the actuarial assumptions and methods used in the actuarial valuation process. The assumptions fall into two categories: economic assumptions and demographic assumptions.

Membership		Retirees	
 146,646 Active Members	 \$3,622 million Annual Payroll	 80,721 Retirees*	 \$1,255 million Annual Benefits
 \$24,700 Annual Average Salary	 11.2% Percent Increase in Average Pay	 \$15,547 Group Average Benefit	 75.0 Average Age: Retirees and Beneficiaries
 47.7 Average Age: Members	 8.1 Active Average Years of Service	 66.7 Average Age: Disabilities	 72.6 Average Age: Survivors

June 30, 2021 Data

*Number of Retirees include retirees, beneficiaries, disability, and survivors



Actuary's Certification Letter



Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

October 28, 2021

Board of Trustees
School Employees Retirement System of Ohio
300 East Broad Street, Suite 100
Columbus, OH 43215-3746

Dear Board Members:

The basic financial objective of the School Employees Retirement System of Ohio (SERS) is to establish and receive contributions which, when expressed in terms of percent of active member payroll, will remain approximately level from generation to generation of members, and which, when combined with present assets and future investment returns, will be sufficient to meet the present and future financial obligations of SERS.

In order to measure progress toward this fundamental objective, SERS has an actuarial valuation performed each year. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of the unfunded actuarial accrued liability over a reasonable period. The valuation performed as of June 30, 2020 indicates that a contribution rate of 12.50% of payroll for 146,646 school employees meets the basic financial objective over a 23-year period.

The statutory employer contribution is 14.00% of payroll. The funding policy establishes ranges of the funded ratio for basic benefits that restrict the allocation of employer contributions to the Health Care Fund. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued liability of promised benefits. The Board seeks to maintain a funded ratio of at least 90% for basic benefits. If the basic benefit funded ratio is less than 70%, the entire 14.00% of the employers' contribution shall be allocated to basic benefits. If the funded ratio is at least 70% but less than 80%, the minimum portion of the employers' contribution allocated to basic benefits is 13.50% of payroll, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is at least 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund basic benefits. The funding policy is intended to accelerate the pace at which SERS' basic benefits will achieve a funded ratio equal to 90%.

The funded ratio for basic benefits is 74.46%. Since the funded ratio is at least 70% but less than 80%, at least 13.50% of the employer's 14.00% of payroll contribution must be allocated toward basic benefits. Based on a Board Resolution dated October 21, 2021, the entire employer contribution rate of 14.00% will be allocated to SERS basic benefits.

The actuarial valuation of the pension benefits, the post-retirement death benefit, and the Medicare Part B reimbursement are based upon two factors. The first is financial and participant data as of the valuation date and the second is economic and demographic assumptions.

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Actuary's Certification Letter



Board of Trustees
October 28, 2021
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The valuation is based upon data concerning active, inactive and retiree members along with pertinent financial information. The data was furnished by the SERS staff and has been certified by the System's auditor. While not verifying the data at the source, we performed tests for consistency and reasonableness.

Economic assumptions address future rates of investment return and inflation; and demographic assumptions relate to future rates of retirement, turnover, death and disability among SERS members and their beneficiaries. We review the data for internal and year-to-year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of SERS during the 2016-2020 fiscal years. Assets are valued according to a method that fully recognizes expected investment returns and averages unanticipated market return over a four-year period. The assumptions and methods used for financial reporting purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs).

In order to prepare the results in this report we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We note that as we are preparing this report, the world is in the midst of a pandemic. We have considered available information, but do not believe that there is yet sufficient data to warrant the modification of any of our assumptions. We will continue to monitor the situation and advise the Board in the future of any adjustments that we believe would be appropriate.

The financial condition of health care is different and is being significantly affected by the provisions of Act 290 of 1988 and Act 270 of 2001. Act 290 established a health care surcharge, a program to determine a minimum annual pay for use in calculating employer contribution dollars. Act 270 placed limits on the amount of health care surcharge that can be assessed to each employer and in total.

On the basis of projections of health care fund activity and the surcharge limit established by Act 270, the allocated contributions are sufficient in the long-term to provide for a 20-year solvency period for the health care fund. This result is based on the projected claims and premium contributions for the next 20 years, as is described in the Statement of Funding Policy adopted by the Board. However, total claims are projected to exceed total contributions in future years beyond the 20-year period. It is currently anticipated that future fund amounts will be depleted in 2057, assuming all actuarial assumptions are met and there will be no health care cost increases due to ACA law changes or COVID-19 impact other than anticipated health care trend.

The current benefit structure is outlined in the Plan Summary. There have been no changes to the benefit structure since the last valuation.

We provided information used in the schedules of Actuarial Accrued Liabilities, Active Member Valuation Data, Retirees and Beneficiaries Added To and Removed From Rolls, Analysis of Financial Experience, the Schedule of Funding Progress, and the Schedule of Employer Contributions in the Financial Section.

Actuary's Certification Letter



Board of Trustees
October 28, 2021
Page 3

The main purpose of the Basic Benefits Valuation is to determine the System's funded status and the actuarially determined employer contribution rate as of June 30, 2021 necessary to satisfy the funding objectives of the Board. The Basic Benefit Valuation indicates the School Employees Retirement System of Ohio is expected to continue in sound condition in accordance with actuarial principles of level percent of payroll financing provided all actuarial assumptions for future experience are met. Should future adverse experience develop, SERS may find it necessary to seek benefit reductions and/or contribution rate increases from employers, members, or both. Upcoming detailed projection analyses will provide a more complete indication concerning the future actuarial condition of the System.

Sincerely,

Handwritten signature of Todd B. Green in blue ink.

Todd B. Green ASA, EA, FCA, MAAA
President

Handwritten signature of Alisa Bennett in blue ink.

Alisa Bennett, FSA, EA, FCA, MAAA
President

Handwritten signature of John Garrett in blue ink.

John Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

Actuarial

PENSION

Summary of Actuarial Assumptions and Methods

The SERS Retirement Board adopted the following actuarial assumptions and methods April 15, 2021, on the recommendation of its actuary. These assumptions were based on an analysis of plan experience for the 5-year period July 1, 2015 through June 30, 2020, and were adopted for use in the valuation as of June 30, 2021.

Funding Method Basic benefits are determined using the entry age normal actuarial cost method. Under this cost method, projected service retirement, termination, disability, and death benefits are determined for all active members. Cost factors, which are developed to produce level annual costs in each year from the age at hire (entry age) to the assumed retirement age, are applied to the projected benefits to determine the “normal cost.” The normal cost is the portion of the total cost of the plan allocated to the current year. The normal cost for contribution refunds is assumed to end in the last year of the assumed eligibility, and is spread over all years of service.

The “actuarial accrued liability” for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for retirees currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to future benefits, is equal to the present value of the benefits expected to be paid.

The dollar amount of the total actuarial accrued liability in excess of the value of the plan fiduciary net position is called the “unfunded actuarial accrued liability.” Funding requirements under the entry age actuarial cost method are determined by adding the normal cost and the cost to amortize the unfunded liability.

Actuarial assumptions are used to determine the projected benefits and cost factors. The effect of differences between these assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences produce either actuarial gains or losses that result in an adjustment of the unfunded liability.

Funding Policy The Board adopted a new funding policy on June 18, 2015, effective with the June 30, 2015 valuation. The funding policy established ranges of the funded ratio for basic benefits that restrict the allocation of employer contributions to the Health Care Fund. The Board seeks to maintain a funded ratio of at least 90% for basic benefits. If the basic benefits funded ratio is less than 70%, the entire 14% of the employers' contributions shall be allocated to basic benefits. If the funded ratio is at least 70% but less than 80%, the minimum portion of the employers' contribution allocated to basic benefits is 13.50% of payroll; the remainder may be allocated to the Health Care Fund at the Board's discretion. If the funded ratio is at least 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to basic benefits; the remainder may be allocated to the Health Care Fund at the Board's discretion. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund basic benefits.

Contributions During FY2021, active members and their employers were required to contribute 10% and 14%, respectively, of active member payroll. The Board allocates the employer contribution rate of 14% among basic benefits (pension, Medicare B, and death benefit) and health care in accordance with its funding policy. For the year ended June 30, 2021, the policy required the determination of a rate for basic benefits to cover normal cost and to amortize the unfunded actuarial accrued liabilities over a 23-year period.

Pension Trust Fund	13.20 %
Death Benefit Fund	0.04 %
Medicare B Fund	0.76 %
Health Care Fund	— %
	<u>14.00 %</u>

The Ohio Revised Code (ORC) also provides for an employer contribution surcharge as an additional source of funding for health care. The surcharge is equal to 14% of the difference between a minimum pay amount and the member's pay, if below that minimum, it is prorated for partial service credit. For FY2021, the minimum pay amount is established at \$23,000. The employer surcharge cap is applied at 2.0% of each employer's payroll and at 1.5% of total payroll statewide.

Asset Valuation Method Differences between assumed and actual experience (actuarial gains and losses) become part of unfunded actuarial accrued liabilities. When these differences between assumed and actual experience have been observed to be sizeable and persistent, a change is made to the actuarial assumptions.

SERS' Board adopted a method of valuing investment assets that recognizes a “smoothed” fair value of those assets. The smoothed value of assets recognizes the difference between actual and expected performance for each year in equal amounts over a four-year period.

Economic Assumptions The following economic assumptions were used in the actuarial valuation as of June 30, 2021:

- **Investment Return** Net after all SERS' expenses, the return on investments is compounded annually at 7.00%.

Actuarial

- **Inflation Rate** The inflation assumption is 2.40% per year. The real rate of return is the portion of total investment return, which is more than the inflation rate. Considering inflation recognition of 2.40%, the 7.00% investment return rate translates to an assumed real rate of return of 4.60%.
- **Benefit increases** Cost-of-living adjustments of 2.00% per year on anniversary of retirement are assumed. On and after April 1, 2018, COLAs for future retirees are delayed for until the fourth anniversary of benefit commencement.
- **Payroll Growth** Salary increases attributable to payroll growth of 1.75% are projected and compounded annually. Additional projected salary increases ranging from 0.0% to 10.00% per year are attributable to seniority and merit. Pay increase assumptions for individual active members are shown for service durations in the table below.

Years of Service	Merit & Seniority	Salary Inflation	Total
0	10.00 %	3.25 %	13.58 %
1	3.00	3.25	6.35
2	1.75	3.25	5.06
3	1.25	3.25	4.54
4	1.00	3.25	4.28
5-9	0.75	3.25	4.02
10-15	0.50	3.25	3.77
16-17	0.25	3.25	3.51
18 & over	—	3.25	3.25

Non-Economic Assumptions

- **Retirements** Representative values of the assumed annual rates of service retirement are:

Annual Rates of Retirement								
Age	Reduced	Eligible prior to 8/1/17			Eligible on or after 8/1/17			
		Reduced (55/25)	First Eligible Unreduced	Subsequent Unreduced	Reduced	Reduced (60/25)	First Eligible Unreduced	Subsequent Unreduced
50			21 %	19 %				
55		10 %	27	19				
57		10	27	19			30 %	19 %
60	43 %	15	27	19		6 %	30	19
62	43	15	27	19	5 %	6	30	19
65			50	33	15	17	30	19
68			50	33			30	18
70			50	33			30	18
75			100	100			100	100

Actuarial

- **Death-in-Service and Disability Benefits** Separation from active service other than retirement or termination of employment assumed rates are:

Age	Annual Rates of			
	Death*		Disability	
	Male	Female	Male	Female
20	0.041 %	0.013 %	0.020 %	0.010 %
25	0.041	0.012	0.039	0.010
30	0.052	0.019	0.071	0.028
35	0.068	0.030	0.127	0.059
40	0.096	0.047	0.214	0.106
45	0.143	0.072	0.313	0.180
50	0.218	0.107	0.414	0.300
55	0.320	0.157	0.530	0.450
60	0.466	0.238	0.590	0.450
65	0.682	0.380	0.533	0.300
70	1.025	0.627	0.300	0.200
74	1.461	0.937	0.300	0.200

*Pre-retirement mortality is based on the PUB-2010 General Amount Weighted Below Median Employee Mortality Table with fully generational projection using the MP-2020 projection scale. The rates in the table above represent the base rates used.

- **Death after Retirement** These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2107 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

- **Marriage Assumption** Based on prior experience, it is assumed that 80% of retirees are married, with the husband three years older than his wife.

Actuarial

Actuarial Accrued Liabilities

Actuarial accrued liabilities are the present value of plan promises to pay benefits in the future, based upon service already rendered. A liability has been established or accrued because the service has been performed, but the resulting monthly cash benefit may not be payable until years in the future. Actuarial accrued liabilities are the result of complex mathematical calculations performed by the plan's actuaries. The results of the computed actuarial accrued liabilities, using the entry age normal actuarial cost method, are disclosed in the following schedule.

ACTUARIAL ACCRUED LIABILITIES AS OF JUNE 30, 2021

Present value of:	Pension Benefits	Medicare Part B	Post-Retirement Death Benefit	Total Basic Benefits
Future benefits to present retirees and survivors	\$ 12,736,738,325	\$ 217,208,538	\$ 31,483,557	\$ 12,985,430,420
Benefits and refunds to present inactive members	697,582,994	20,292,866	1,098,698	718,974,558
Allowances to present active members				
Service	7,130,252,984	137,713,793	7,616,764	7,275,583,541
Disability	250,271,688	3,898,347	339,590	254,509,625
Survivor benefits	168,812,510	3,004,139	—	171,816,649
Withdrawal	113,749,800	9,270,922	421,489	123,442,211
Total Active AAL	7,663,086,982	153,887,201	8,377,843	7,825,352,026
Total AAL	\$ 21,097,408,301	\$ 391,388,605	\$ 40,960,098	\$ 21,529,757,004

Active Member Valuation Data

Actuarial Valuation as of June 30	Number of Active Members*	Annual Payroll** (\$ in millions)	Average Annual Salary	% Increase in Average Salary
2021	146,646	\$ 3,622	\$ 24,700	11.2 %
2020	156,579	3,478	22,210	2.2
2019	159,363	3,463	21,727	3.2
2018	158,343	3,332	21,045	0.7
2017	157,981	3,303	20,906	(11.2)
2016	124,540	2,932	23,545	1.7
2015	122,855	2,845	23,161	1.8
2014	121,251	2,759	22,757	0.8
2013	121,642	2,747	22,581	(1.3)
2012	121,811	2,788	22,889	0.6

*Beginning with FY2017, members with 0.25 or less years of service during the fiscal year are categorized as active members.

**The annual compensation as of June 30, 2021 reflect imputed salaries.

Actuarial

Pension Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls at Year End		% Increase in Annual Allowances	Average Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
2021	3,928	\$ 70,415,860	4,058	\$ 49,823,424	80,721	\$ 1,254,934,762	1.7%	\$ 15,547
2020	2,902	52,895,232	3,075	37,508,412	80,851	1,234,342,326	1.3	15,267
2019	3,055	56,557,169	3,363	49,537,299	81,024	1,218,955,506	0.6	15,044
2018	5,339	74,311,354	3,164	24,391,232	81,332	1,211,935,637	4.3	14,901
2017	5,499	70,973,748	2,622	(7,420,188)	79,157	1,162,015,515	7.2	14,680
2016	4,388	66,860,652	2,480	3,607,967	76,280	1,083,621,579	6.2	14,206
2015	4,909	70,608,680	3,142	8,777,486	74,372	1,020,368,894	6.5	13,720
2014	4,144	61,331,002	2,310	1,060,903	72,605	958,537,700	6.7	13,202
2013	4,197	62,841,820	2,464	2,650,786	70,771	898,267,601	7.2	12,693
2012	4,137	61,519,329	2,320	1,353,680	69,038	838,076,567	7.7	12,139

Medicare B Retirees and Beneficiaries Added to and Removed from Rolls⁽¹⁾

Year Ended	Added to Rolls		Removed from Rolls		Rolls at Year End		% Decrease in Annual Allowances	Average Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
2021	1,996	\$ 1,089,816	3,100	\$ 1,692,600	41,360	\$ 22,582,560	(2.6)%	\$ 546
2020	2,257	1,232,322	3,327	1,816,542	42,464	23,185,344	(2.5)	546
2019	2,222	1,213,212	2,333	1,273,818	43,534	23,769,564	(0.3)	546
2018	1,752	956,592	2,848	1,555,008	43,645	23,830,170	(2.5)	546
2017	1,853	1,011,738	3,278	1,789,788	44,741	24,428,586	(3.1)	546
2016	2,006	1,095,276	2,459	1,342,614	46,166	25,206,636	(1.0)	546
2015	1,853	1,011,738	2,532	1,382,472	46,619	25,453,974	(1.4)	546
2014	2,225	1,214,850	2,303	1,257,438	47,298	25,824,708	(0.2)	546
2013	2,569	1,402,674	2,824	1,541,904	47,376	25,867,296	(0.5)	546

⁽¹⁾ The effort and cost to re-create financial statement information for the previous year was not practical. Additional years will be displayed as they become available.

Actuarial

Short-Term Solvency Test

SERS' financing objective is to pay for pension benefits through contributions that remain approximately level from year to year as a percent of member payroll.

If the contributions are level in concept and soundly executed, SERS will pay all promised benefits when due, which is the ultimate test of financial soundness. Testing for level contribution rates is the long-term test. A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the present assets (cash and investments) are compared with:

1. Active member contributions on deposit.
2. The liabilities for future benefits to present retired lives.
3. The liabilities for service already rendered by active members.

Under the level percent of payroll financing, liabilities for active member contributions on deposit and the liabilities for future benefits to present retirees and beneficiaries will be fully covered by present assets except in rare circumstances. In addition, liabilities for active member benefits earned or to be earned in the future will be partially covered by the remainder of present assets. Generally, because SERS has been using level cost financing, the funded portion of active member benefits will increase over time.

Actuarial

Short-Term Solvency Test *(\$ in millions)*

Valuation as of June 30	Aggregate Accrued Liabilities For			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)
PENSION							
2021	\$ 2,986	\$ 13,434	\$ 4,677	\$ 15,781	100.0 %	95.2 %	0.0 %
2020	2,934	13,009	4,658	14,811	100.0	91.3	0.0
2019	2,842	12,666	4,582	14,268	100.0	90.2	0.0
2018	2,733	12,427	4,399	13,824	100.0	89.2	0.0
2017	3,010	11,690	4,449	13,537	100.0	90.0	0.0
2016	2,914	11,689	4,728	13,015	100.0	86.4	0.0
2015	2,979	11,046	4,062	12,446	100.0	86.0	0.0
2014	2,892	10,437	4,128	11,882	100.0	86.0	0.0
2013	2,860	9,796	4,196	10,988	100.0	83.0	0.0
2012	2,826	9,190	4,322	10,266	100.0	81.0	0.0
MEDICARE B							
2021	\$ 0	\$ 238	\$ 154	\$ 223	100.0 %	93.7 %	0.0 %
2020	0	236	157	199	100.0	84.3	0.0
2019	0	244	153	180	100.0	73.8	0.0
2018	0	251	149	164	100.0	65.3	0.0
2017	0	251	151	153	100.0	61.0	0.0
2016	0	251	151	142	100.0	56.6	0.0
2015	0	252	130	134	100.0	53.0	0.0
2014	0	259	131	128	100.0	49.0	0.0
2013	0	255	132	119	100.0	47.0	0.0
2012	0	251	132	113	100.0	45.0	0.0
DEATH BENEFIT							
2021	\$ 0	\$ 33	\$ 7	\$ 28	100.0 %	84.8 %	0.0 %
2020	0	31	8	27	100.0	87.1	0.0
2019	0	31	8	25	100.0	80.6	0.0
2018	0	31	8	24	100.0	77.4	0.0
2017	0	30	8	23	100.0	76.7	0.0
2016	0	30	8	22	100.0	73.3	0.0
2015	0	28	7	21	100.0	75.0	0.0
2014	0	27	8	21	100.0	76.0	0.0
2013	0	27	7	19	100.0	73.0	0.0
2012	0	26	8	18	100.0	70.0	0.0

Actuarial

Analysis of Financial Experience

Gains and Losses in Accrued Liabilities Resulting from Differences Between Assumed Experience and Actual Experience in the Pension, Medicare B, and Death Benefit Funds

(\$ in millions)

Type of Risk Area	2021				2020				2019				2018			
	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total
Age and Service Retirements If members retire at older ages, there is a gain. If younger ages, there is a loss.	\$ (99.9)	\$ 2.9	\$ 0.8	\$ (96.2)	\$ (98.0)	\$ 3.0	\$ 1.0	\$ (94.0)	\$ 3.4	\$ 3.8	\$ 0.6	\$ 7.8	\$ (211.1)	\$ 1.2	\$ 0.3	\$ (209.6)
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	(5.0)	0.0	0.0	(5.0)	(3.0)	(0.1)	0.0	(3.1)	(9.5)	0.0	0.0	(9.5)	\$ (14.6)	\$ (0.1)	\$ 0.0	\$ (14.7)
Pre-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(4.5)	(0.2)	0.0	(4.7)	(5.2)	(0.2)	0.0	(5.4)	(3.8)	(0.2)	0.0	(4.0)	\$ (6.4)	\$ (0.2)	\$ 0.0	\$ (6.6)
Pay Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, there is a loss.	136.7	0.0	0.0	136.7	136.2	0.0	0.0	136.2	20.3	0.0	0.0	20.3	\$ 85.2	\$ 0.0	\$ 0.0	\$ 85.2
Investment Income (Loss) If there is greater investment income than assumed, there is a gain. If less income, there is a loss.	425.4	5.2	0.7	431.3	6.4	0.7	0.0	7.1	(44.1)	0.1	(0.1)	(44.1)	\$ (159.0)	\$ (1.9)	\$ (0.2)	\$ (161.1)
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	(108.7)	1.1	0.1	(107.5)	(104.1)	(0.1)	0.0	(104.2)	(105.9)	(0.4)	0.0	(106.3)	\$ (124.0)	\$ (0.5)	\$ 0.0	\$ (124.5)
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(16.0)	(0.6)	0.0	(16.6)	(21.5)	(0.7)	0.0	(22.2)	(21.6)	(0.8)	0.0	(22.4)	\$ (34.6)	\$ (1.0)	\$ (0.1)	\$ (35.7)
Death After Retirement If retired members live longer than assumed, there is a loss. If not as long, there is a gain.	45.3	15.0	(0.5)	59.8	15.6	13.6	(0.3)	28.9	(35.6)	10.7	0.0	(24.9)	\$ 4.6	\$ 10.5	\$ (0.1)	\$ 15.0
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	186.4	2.7	0.1	189.2	59.3	2.9	0.1	62.3	75.7	2.7	0.0	78.4	\$ (0.7)	\$ 5.5	\$ (0.2)	\$ 4.6
Non-Recurring Items Adjustments for plan amendments, assumption changes, or method changes.	(120.9)	(4.5)	(1.1)	(126.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$ 357.6	\$ 0.0	\$ 0.0	\$ 357.6
Total Gain (Loss) During Year	\$ 438.8	\$ 21.6	\$ 0.1	\$ 460.5	\$ (14.3)	\$ 19.1	\$ 0.8	\$ 5.6	\$ (121.1)	\$ 15.9	\$ 0.5	\$ (104.7)	\$ (103.0)	\$ 13.5	\$ (0.3)	\$ (89.8)

Actuarial

2017				2016				2015				2014				2013*	2012*
Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total		
\$ (211.0)	\$ (0.5)	\$ (0.3)	\$ (211.8)	\$ (141.6)	\$ 0.7	\$ (0.1)	\$ (141.0)	\$ (124.4)	\$ 1.5	\$ (0.1)	\$ (123.0)	\$ (122.0)	\$ (0.5)	\$ (0.1)	\$ (122.6)	\$ (121.9)	\$ (154.8)
(37.0)	(0.7)	(0.1)	(37.8)	(49.9)	(0.6)	(0.1)	(50.6)	(52.4)	(0.6)	(0.1)	(53.1)	(55.3)	(0.6)	(0.1)	(56.0)	(53.6)	(47.7)
(0.1)	0.0	0.0	(0.1)	(27.9)	(0.6)	0.0	(28.5)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	(0.2)
(69.2)	0.0	0.0	(69.2)	70.0	0.0	0.0	70.0	53.3	0.0	0.0	53.3	103.4	0.0	0.0	103.4	219.2	178.7
(12.1)	0.1	0.0	(12.0)	49.6	0.9	0.1	50.6	60.6	1.3	0.2	62.1	398.0	4.5	0.8	403.3	241.0	(692.0)
21.7	0.2	0.0	21.9	29.2	1.1	0.1	30.4	63.2	1.7	0.2	65.1	43.0	5.1	0.2	48.3	61.1	46.5
(45.0)	(2.9)	(0.2)	(48.1)	(42.3)	(1.6)	(0.1)	(44.0)	(46.0)	(1.5)	(0.1)	(47.6)	(26.7)	(1.4)	(0.1)	(28.2)	(35.1)	(29.5)
85.3	14.0	(2.1)	97.2	104.4	10.6	(1.2)	113.8	39.0	16.9	(0.1)	55.8	2.5	0.5	0.1	3.1	2.9	51.9
(32.1)	1.8	3.6	(26.7)	(3.3)	1.0	1.6	(0.7)	(0.8)	0.4	0.3	(0.1)	(4.6)	2.3	0.2	(2.1)	1.9	(6.2)
998.5	0.0	0.0	998.5	(643.5)	(22.4)	(2.3)	(668.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.8	194.7
\$ 699.0	\$ 12.0	\$ 0.9	\$ 711.9	\$ (655.3)	\$(10.9)	\$ (2.0)	\$ (668.2)	\$ (7.5)	\$ 19.7	\$ 0.3	\$ 12.5	\$ 338.4	\$ 9.9	\$ 1.0	\$ 349.3	\$ 343.3	\$ (458.6)

*Breakdowns by fund for prior years are not available.

Actuarial

HEALTH CARE

Summary of Actuarial Assumptions and Methods

Governmental Accounting Standards Board (GASB) Statement No. 74 and Statement No. 75 require actuarial valuations of retiree medical and other post-employment benefit plans.

Funding Method The medical and drug benefits of the plan are included in the actuarially calculated contribution rates, which are developed using the entry age normal actuarial cost method with the normal cost rate determined as a level percentage of payroll. GASB requires the discount rate used to value a plan to be based on the likely return of the assets held in trust to pay benefits. The discount rate used in this valuation is 7.00%.

Contributions Gains and losses are reflected in the unfunded accrued liability that is amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase 1.75% annually. The assumptions recommended by the actuary are, in the aggregate, reasonably related to the experience under the plan and to reasonable expectations of anticipated experience under the plan. They also meet the parameters for the disclosures under GASB Statement No. 74 and Statement No. 75.

Year Ended June 30	Annual Required Contribution (ARC)	Employer Contribution	Retiree Drug Subsidy (RDS) & Other Contribution	Total Contribution	Percentage of ARC Contributed
	(a)	(b)	(c)	(d) = (b) + (c)	(d) / (a)
2021	\$ 132,930,967	\$ 53,533,333	\$ 20,059,596	\$ 73,592,929	55.4%
2020	161,011,895	48,187,050	32,349,114	80,536,164	50.0
2019	190,092,589	65,877,673	16,067,175	81,944,848	43.1
2018	176,950,184	63,539,354	36,517,382	100,056,736	56.5
2017	178,034,717	47,672,886	17,341,005	65,013,891	36.5
2016	161,566,234	44,855,441	32,493,250	77,348,691	47.9
2015	164,182,107	68,904,867	20,084,826	88,989,693	54.2
2014	190,390,431	46,097,206	29,200,200	75,297,406	39.5
2013	171,402,038	45,489,443	—	45,489,443	26.5
2012	155,857,785	56,476,230	—	56,476,230	36.2

Asset Valuation Method Fair Value

Economic Assumptions The following economic assumptions were used in the actuarial valuation as of June 30, 2021:

- **Investment Return** Net after all plan expenses, the return on investments is compounded annually at 7.00%.
- **Inflation Rate** The inflation assumption is 2.40% per year. The real rate of return is the portion of total investment return, which is more than the inflation rate. Considering inflation recognition of 2.40%, the 7.00% investment return rate translates to an assumed real rate of return of 4.60%.
- **Health Care Cost Trend Rates** Below is a chart detailing trend assumptions:

Calendar Year	Non-Medicare	Medicare
2021	6.75 %	5.13 %
2022	6.50	5.00
2023	6.25	4.75
2024	6.00	4.40
2025	5.75	4.40
2026	5.50	4.40
2027	5.25	4.40
2028	5.00	4.40
2028	4.75	4.40
2030 and beyond	4.40	4.40

Actuarial

Non-Economic Assumptions

- **Age-related morbidity** Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims is assumed to be:

Participant Age	Annual Increase	
	Medical	Prescription
Under 41	0.00 %	0.00 %
41 - 45	2.50	1.25
46 - 50	2.60	1.30
51 - 55	3.20	1.60
56 - 60	3.40	1.70
61 - 65	3.70	1.85
66 - 70	3.20	1.60
71 - 75	2.40	1.20
76 - 80	1.80	0.90
81 - 85	1.30	0.65
86 and over	0.00	0.00

- **Anticipated Plan Participation** 25% of male and 25% of female retirees will choose spousal coverage.

Pre-65 Participants:			Post-65 Participants:		
Years of Service at Retirement	Service Retiree Participation	Disabled Retiree Participation	Years of Service at Retirement	Service Retiree Participation	Disabled Retiree Participation
1.5 - 4	—	— %	1.5 - 4	— %	— %
5 - 9	—	25.0	5 - 9	—	70.0
10 - 14	25.0	25.0	10 - 14	25.0	70.0
15 - 19	25.0	45.0	15 - 19	45.0	70.0
20 - 24	45.0	50.0	20 - 24	70.0	75.0
25 - 29	50.0	75.0	25 - 29	75.0	75.0
30 - 34	75.0	75.0	30 - 34	85.0	85.0
35 and over	90.0	90.0	35 and over	90.0	90.0

Actuarial Accrued Liabilities

The results of the computed actuarial accrued liabilities, using the entry age normal actuarial cost method, are disclosed in the following schedule:

HEALTH CARE FUND ACTUARIAL ACCRUED LIABILITIES AS OF JUNE 30, 2021	
Present value of benefits payable on account of present retired members and beneficiaries	\$ 533,055,355
Present value of benefits payable on account of active members	1,185,107,982
Present value of benefits payable on account of deferred vested members	11,250,342
Total AAL	\$ 1,729,413,679

Actuarial

Analysis of Financial Experience

Gains and Losses in Accrued Liabilities Resulting from Differences Between Assumed Experience and Actual Experience in the Health Care Fund

(\$ in millions)

Type of Risk Area	2021	2020	2019	2018	2017	2016	2015	2014*
Age and Service Retirements If members retire at older ages or participate in lower numbers, there is a gain. If younger ages or higher participation, there is a loss.	\$ (3.9)	\$ (6.6)	\$ (3.9)	\$ 30.8	\$ (4.8)	\$ (10.6)	\$ 2.8	\$ 2.7
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	1.2	1.2	(1.6)	(0.4)	(5.1)	2.8	2.6	3.8
Post-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(1.5)	(1.7)	(2.0)	(1.9)	(2.4)	(1.0)	(0.7)	(1.5)
Claims Increases (Including Wrap Plan) If there are smaller claims increases than assumed, there is a gain. If greater increases, there is a loss.	(7.9)	491.4	415.3	(71.4)	124.0	170.7	112.7	561.2
Investment Income (Loss) If there is greater investment income than assumed, there is a gain. If less income, there is a loss.	82.7	(16.4)	(3.7)	4.7	14.3	(21.0)	(12.5)	29.2
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	19.7	17.5	17.9	39.2	3.4	29.4	30.1	51.0
Contribution Shortfall If there are more contributions than the ACR, there is a gain. If less contributions, there is a loss.	(60.9)	(82.6)	(111.0)	(78.9)	(116.0)	(86.4)	(77.2)	(118.1)
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(12.8)	(18.1)	(20.5)	(21.2)	(39.0)	(24.7)	(18.2)	(31.4)
Death after Retirement If retirees live longer than assumed, there is a loss. If not as long, there is a gain.	14.4	16.0	16.3	35.4	18.4	12.2	14.3	24.3
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	42.3	55.1	63.4	9.2	31.1	(2.9)	9.0	19.3
Non-Recurring Items Adjustments for plan amendments, assumption changes, or method changes.	560.9	(16.4)	0.0	0.0	0.0	(72.1)	0.0	(36.1)
Total Gain (Loss) During Year	\$ 634.2	\$ 439.4	\$ 370.2	\$ (54.5)	\$ 23.9	\$ (3.6)	\$ 62.9	\$ 504.4

*Breakdowns by fund for prior years are not available.

Actuarial

Health Care Solvency Test *(\$ in millions)*

The following table provides the Health Care solvency test for SERS members:

Valuation as of June 30	Aggregate Accrued Liabilities For			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)
2021	\$ 0	\$ 544	\$ 745	\$ 600	100.0 %	100.0 %	7.6 %
2020	0	626	1,171	483	100.0	77.1	0.0
2019	0	813	1,386	464	100.0	57.0	0.0
2018	0	968	1,557	436	100.0	45.0	0.0
2017	0	916	1,480	382	100.0	41.7	0.0
2016	0	918	1,489	370	100.0	40.3	0.0
2015	0	979	1,507	408	100.0	41.7	0.0
2014	0	968	1,508	414	100.0	42.8	0.0
2013	0	1,157	1,761	379	100.0	32.8	0.0
2012	0	1,074	1,617	355	100.0	33.1	0.0

Health Care Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls ⁽¹⁾		Rolls at Year-End		% Increase in Projected Benefits	Average Projected Benefits
	No.	Projected Benefits	No.	Projected Benefits	No.	Projected Benefits		
2021	2,213	\$ 7,152,506	3,172	\$ 4,050,170	40,897	\$ 69,028,349	(0.82)%	\$ 1,688
2020	2,058	6,645,569	2,749	4,275,713	41,856	69,600,381	(15.92)	1,663
2019	1,791	6,375,244	2,665	4,496,857	42,547	82,778,168	(8.73)	1,946
2018	2,383	7,833,624	2,820	5,004,204	43,421	90,696,175	(0.94)	2,089
2017	2,355	10,099,985	2,774	4,834,866	43,858	91,554,056	1.18	2,088
2016	2,820	10,209,470	2,650	4,258,016	44,277	90,484,518	(0.41)	2,044
2015	2,329	8,897,861	2,932	4,682,901	44,107	90,855,858	4.42	2,060
2014	2,251	8,658,731	2,873	4,834,922	44,710	87,007,272	(13.44)	1,946
2013	2,110	8,977,566	3,217	4,370,993	45,332	100,514,730	10.81	2,217
2012	2,073	9,280,779	3,785	5,391,796	46,439	90,708,513	11.49	1,953

⁽¹⁾The benefits removed from rolls do not include subsidies that were changed due to premium changes, plan election changes, or reductions due to members obtaining Medicare eligibility.

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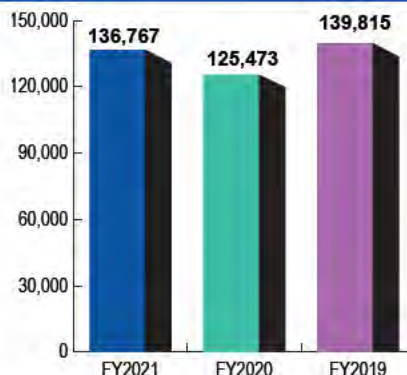
STATISTICAL SECTION

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MEMBER AND EMPLOYER INTERACTION

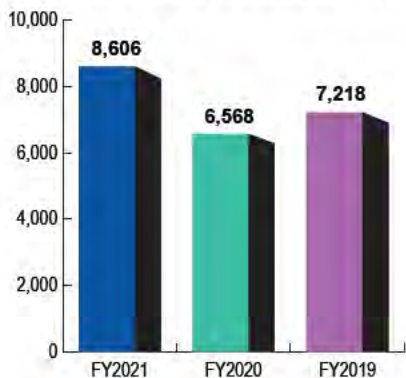
Member

Calls received from members increased by 9.0% in FY2021 over FY2020. The addition of Voice Over Internet Protocol (VOIP) had a significant positive impact on customer service allowing 14 Member Support Team representatives to take live calls from home and the office.



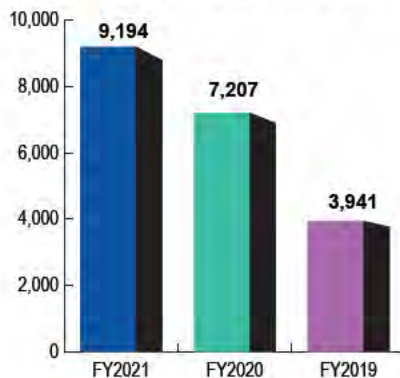
Employer

Calls received from employers increased by 3.1% in FY2021 over FY2020. The highest volume SERS has experienced since FY20218.



Health Care

Health Care team members made 9,194 outbound calls in FY2021. This is 27.6% more calls made than FY2020 and 133.3% more calls than FY2019.



Statistical Overview

Statistical Section

The objectives of the statistical section are to provide additional historical perspective, context, and relevant details to assist readers in using information in the financial statements, notes to the financial statements, and required supplementary information in order to understand and assess SERS' overall financial condition.

The schedules and graphs beginning on page 99 show financial trend information about the change in SERS' assets for the past 10 years. These schedules provide detailed information about the trends of key sources of asset additions and deductions, which assist in providing a context framing how SERS' financial position has changed over time. The financial trend schedules presented are:

- Fiduciary Net Position by Fund
- Total Fiduciary Net Position
- Changes in Fiduciary Net Position
- Benefit and Refund Deductions from Fiduciary Net Position by Type

The schedules beginning on page 106 show demographic and economic information. This information is designed to assist in understanding the environment in which SERS operates. The demographic and economic information and the operating information presented include:

- Employee and Employer Contribution Rates
- Demographics of New Pension Benefit Recipients
- Demographics of Active and Retired Members Used for Valuation Purposes
- Retired Members by Type of Benefit
- Retirees, Spouses, and Dependents Receiving Health Care Coverage
- Principal Participating Employers
- Average Benefit Payments - New Retirees (Service Only)

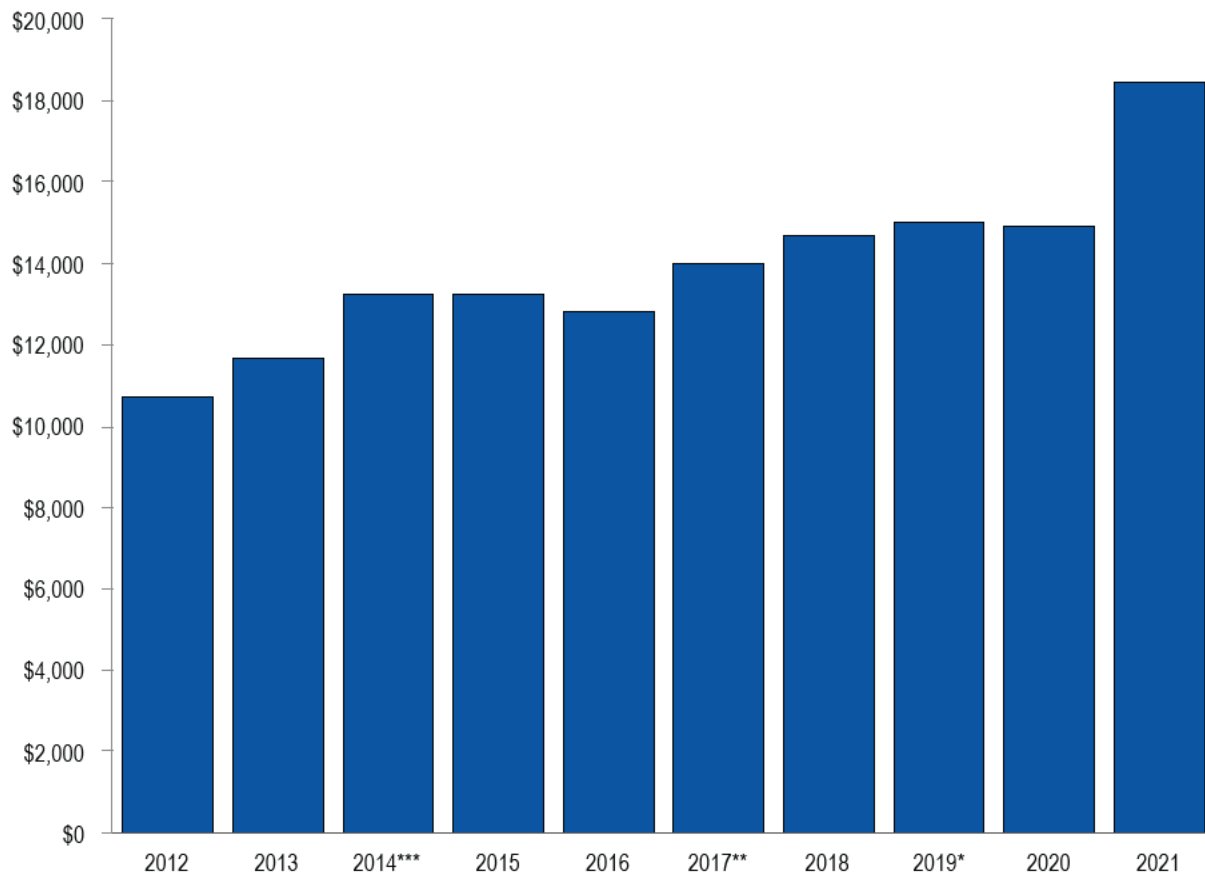
SERS Retirement Plan Schedules

Fiduciary Net Position by Fund

Last 10 years

June 30	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	Total Fund
2021	\$ 17,561,235,177	\$ 247,954,730	\$ 30,857,081	\$ 234,180	\$ 600,330,188	\$ 18,440,611,356
2020	14,203,048,325	191,058,115	25,492,187	224,798	482,611,478	14,902,434,903
2019*	14,337,481,691	180,963,382	25,631,031	212,757	463,810,679	15,008,099,540
2018	14,078,724,296	167,266,385	24,525,067	217,341	435,629,637	14,706,362,726
2017**	13,428,420,143	151,581,147	23,214,168	217,398	382,109,560	13,985,542,416
2016	12,296,016,233	134,623,247	20,991,343	223,565	370,204,515	12,822,058,903
2015	12,638,892,425	136,580,030	21,711,575	193,687	408,363,598	13,205,741,315
2014***	12,652,514,842	136,115,160	21,992,809	165,480	413,858,201	13,224,646,492
2013	11,160,574,582	120,363,782	19,543,665	144,750	379,181,026	11,679,807,805
2012	10,201,185,790	112,200,252	18,272,350	107,877	355,110,407	10,686,876,676

Total Fiduciary Net Position (\$ in millions)



* Fiduciary Net Position was restated due to the implementation of GASB 87 during FY2020.

** Fiduciary Net Position was restated due to the implementation of GASB 75 during FY2018.

*** Fiduciary Net Position was restated due to the implementation of GASB 68 during FY2015.

SERS Retirement Plan Schedules

Changes in Fiduciary Net Position

Last 10 fiscal years

ALL FUNDS COMBINED	2021	2020	2019*	2018
ADDITIONS				
Employer Contributions	\$ 537,740,460	\$ 540,093,944	\$ 530,912,162	\$ 499,018,574
Employee Contributions	346,781,820	352,343,063	345,212,684	324,842,074
Other Income	84,050,104	97,386,324	87,988,134	116,893,434
Total Investment Income (Loss), Net	4,088,576,284	424,249,537	853,597,055	1,270,190,442
TOTAL ADDITIONS	5,057,148,668	1,414,072,868	1,817,710,035	2,210,944,524
DEDUCTIONS				
Benefits	1,425,088,081	1,412,869,771	1,404,572,346	1,407,652,952
Refunds and Lump Sum Payments	72,374,764	72,849,117	75,639,810	59,575,036
Net Transfers to Other Ohio Systems	5,424,513	3,411,620	1,311,797	(6,734,065)
Administrative Expenses	16,084,857	30,882,135	34,449,268	29,630,291
TOTAL DEDUCTIONS	1,518,972,215	1,520,012,643	1,515,973,221	1,490,124,214
Net Increase (Decrease)	3,538,176,453	(105,939,775)	301,736,814	720,820,310
Fiduciary Net Position Held in Trust:				
Beginning of Year	14,902,434,903	15,008,374,678	14,706,362,726	13,985,542,416
End of Year	\$ 18,440,611,356	\$ 14,902,434,903	\$ 15,008,099,540	\$ 14,706,362,726

PENSION TRUST FUND	2021	2020	2019*	2018
ADDITIONS				
Employer Contributions	\$ 456,195,419	\$ 461,695,266	\$ 435,388,804	\$ 406,953,261
Employee Contributions	346,781,820	352,343,063	345,212,684	324,842,074
Other Income	—	—	—	—
Total Investment Income (Loss), Net	3,916,448,920	407,045,705	819,731,217	1,226,089,090
TOTAL ADDITIONS	4,719,426,159	1,221,084,034	1,600,332,705	1,957,884,425
DEDUCTIONS				
Pension Benefits	1,270,735,447	1,251,597,154	1,232,808,916	1,227,807,547
Refunds and Lump Sum Payments	72,374,764	72,849,117	75,639,810	59,575,036
Net Transfers to Other Ohio Systems	5,424,513	3,411,620	1,311,797	(6,734,065)
Administrative Expenses	12,704,584	27,934,647	31,814,787	26,931,754
TOTAL DEDUCTIONS	1,361,239,308	1,355,792,538	1,341,575,310	1,307,580,272
Net Increase (Decrease)	3,358,186,851	(134,708,504)	258,757,395	650,304,153
Fiduciary Net Position Held in Trust:				
Beginning of Year	14,203,048,325	14,337,756,829	14,078,724,296	13,428,420,143
End of Year	\$ 17,561,235,176	\$ 14,203,048,325	\$ 14,337,481,691	\$ 14,078,724,296

HEALTH CARE FUND	2021	2020	2019*	2018
ADDITIONS				
Employer Contributions	\$ 53,533,333	\$ 48,187,050	\$ 65,877,673	\$ 63,539,354
Other Income	84,050,104	97,386,324	87,988,134	116,893,434
Total Investment Income (Loss), Net	111,580,200	11,139,059	22,009,627	28,167,652
TOTAL ADDITIONS	249,163,637	156,712,433	175,875,434	208,600,440
DEDUCTIONS				
Health Care Expenses	128,132,981	135,034,624	145,127,670	152,447,415
Administrative Expenses	3,311,946	2,877,010	2,566,722	2,632,948
TOTAL DEDUCTIONS	131,444,927	137,911,634	147,694,392	155,080,363
Net Increase (Decrease)	117,718,710	18,800,799	28,181,042	53,520,077
Fiduciary Net Position Held in Trust:				
Beginning of Year	482,611,478	463,810,679	435,629,637	382,109,560
End of Year	\$ 600,330,188	\$ 482,611,478	\$ 463,810,679	\$ 435,629,637

* Fiduciary Net Position was restated due to the implementation of GASB 87 during FY2020.

** Fiduciary Net Position was restated due to the implementation of GASB 75 during FY2018.

SERS Retirement Plan Schedules

2017**	2016	2015	2014***	2013	2012
\$ 515,834,904	\$ 481,635,982	\$ 466,904,369	\$ 451,402,553	\$ 447,901,887	\$ 456,375,083
336,627,658	314,325,716	303,866,076	295,690,550	292,958,056	296,974,146
98,190,524	113,932,903	116,501,166	127,867,227	135,705,046	154,832,793
1,649,100,073	108,787,810	452,598,520	1,939,269,151	1,329,495,903	(37,922,409)
2,599,753,159	1,018,682,411	1,339,870,131	2,814,229,481	2,206,060,892	870,259,613
1,341,304,984	1,309,740,098	1,248,400,086	1,174,068,175	1,120,377,591	1,083,844,151
60,692,833	70,340,495	60,635,651	55,668,466	48,979,203	47,920,393
(3,139,875)	(2,272,514)	28,139,159	7,535,690	22,301,557	4,976,841
37,411,704	24,556,744	21,600,412	32,118,463	21,471,412	21,625,193
1,436,269,646	1,402,364,823	1,358,775,308	1,269,390,794	1,213,129,763	1,158,366,578
1,163,483,513	(383,682,412)	(18,905,177)	1,544,838,687	992,931,129	(288,106,965)
12,822,058,903	13,205,741,315	13,224,646,492	11,679,807,805	10,686,876,676	10,974,983,641
\$ 13,985,542,416	\$ 12,822,058,903	\$ 13,205,741,315	\$ 13,224,646,492	\$ 11,679,807,805	\$ 10,686,876,676

2017**	2016	2015	2014***	2013	2012
\$ 442,032,882	\$ 412,712,475	\$ 374,724,343	\$ 382,098,970	\$ 380,083,642	\$ 376,816,938
336,627,658	314,325,716	303,866,076	295,690,550	292,958,056	296,974,146
—	—	—	—	—	—
1,593,050,588	105,116,336	435,966,343	1,864,902,017	1,277,940,348	(38,010,415)
2,371,711,128	832,154,527	1,114,556,762	2,542,691,537	1,950,982,046	635,780,669
1,146,987,656	1,085,216,541	1,020,154,456	957,757,668	901,072,882	845,683,445
60,692,833	70,340,495	60,635,651	55,668,466	48,979,203	47,920,393
(3,139,875)	(2,272,514)	28,139,159	7,535,690	22,301,557	4,976,841
34,766,604	21,746,197	19,249,913	29,789,453	19,239,612	19,090,214
1,239,307,218	1,175,030,719	1,128,179,179	1,050,751,277	991,593,254	917,670,893
1,132,403,910	(342,876,192)	(13,622,417)	1,491,940,260	959,388,792	(281,890,224)
12,296,016,233	12,638,892,425	12,652,514,842	11,160,574,582	10,201,185,790	10,483,076,014
\$ 13,428,420,143	\$ 12,296,016,233	\$ 12,638,892,425	\$ 12,652,514,842	\$ 11,160,574,582	\$ 10,201,185,790

2017**	2016	2015	2014***	2013	2012
\$ 47,672,886	\$ 44,855,441	\$ 68,904,867	\$ 46,097,206	\$ 45,489,443	\$ 56,476,230
98,190,524	113,932,903	116,501,166	127,867,227	135,705,046	154,832,793
35,730,747	2,244,300	11,142,837	50,980,652	35,523,491	541,940
181,594,157	161,032,644	196,548,870	224,945,085	216,717,980	211,850,963
167,106,908	196,445,600	199,750,908	187,994,468	190,468,991	209,965,344
2,582,204	2,746,127	2,292,565	2,273,442	2,178,370	2,480,956
169,689,112	199,191,727	202,043,473	190,267,910	192,647,361	212,446,300
11,905,045	(38,159,083)	(5,494,603)	34,677,175	24,070,619	(595,337)
370,204,515	408,363,598	413,858,201	379,181,026	355,110,407	355,705,744
\$ 382,109,560	\$ 370,204,515	\$ 408,363,598	\$ 413,858,201	\$ 379,181,026	\$ 355,110,407

*** Fiduciary Net Position was restated due to the implementation of GASB 68 during FY2015.

SERS Retirement Plan Schedules

Changes in Fiduciary Net Position (continued)

Last 10 fiscal years

MEDICARE B FUND	2021	2020	2019	2018
ADDITIONS				
Employee Contributions	\$ 26,273,453	\$ 28,332,747	\$ 27,319,485	\$ 26,291,404
Other Income	—	—	—	—
Total Investment Income (Loss), Net	53,543,370	5,305,350	10,373,511	13,784,587
TOTAL ADDITIONS	79,816,823	33,638,097	37,692,996	40,075,991
DEDUCTIONS				
Pension Benefits	22,913,755	23,536,709	23,990,512	24,384,610
Administrative Expenses	6,453	6,655	5,487	6,143
TOTAL DEDUCTIONS	22,920,208	23,543,364	23,995,999	24,390,753
Net Increase (Decrease)	56,896,615	10,094,733	13,696,997	15,685,238
Fiduciary Net Position Held in Trust:				
Beginning of Year	191,058,115	180,963,382	167,266,385	151,581,147
End of Year	\$ 247,954,730	\$ 191,058,115	\$ 180,963,382	\$ 167,266,385

DEATH BENEFIT FUND	2021	2020	2019	2018
ADDITIONS				
Employer Contributions	\$ 1,382,813	\$ 1,529,777	\$ 1,975,200	\$ 1,858,955
Other Income	—	—	—	—
Total Investment Income (Loss), Net	7,003,576	757,342	1,479,649	2,147,404
TOTAL ADDITIONS	8,386,389	2,287,119	3,454,849	4,006,359
DEDUCTIONS				
Death Benefits	2,962,198	2,364,642	2,289,135	2,639,464
Administrative Expenses	59,297	61,321	59,750	55,996
TOTAL DEDUCTIONS	3,021,495	2,425,963	2,348,885	2,695,460
Net Increase (Decrease)	5,364,894	(138,844)	1,105,964	1,310,899
Fiduciary Net Position Held in Trust:				
Beginning of Year	25,492,187	25,631,031	24,525,067	23,214,168
End of Year	\$ 30,857,081	\$ 25,492,187	\$ 25,631,031	\$ 24,525,067

QEBA FUND	2021	2020	2019	2018
ADDITIONS				
Employer Contributions	\$ 355,442	\$ 349,104	\$ 351,000	\$ 375,600
Other Income	—	—	—	—
Total Investment Income (Loss), Net	218	2,081	3,051	1,709
TOTAL ADDITIONS	355,660	351,185	354,051	377,309
DEDUCTIONS				
Pension Benefits	343,700	336,642	356,113	373,916
Administrative Expenses	2,577	2,502	2,522	3,450
TOTAL DEDUCTIONS	346,277	339,144	358,635	377,366
Net Increase (Decrease)	9,383	12,041	(4,584)	(57)
Fiduciary Net Position Held in Trust:				
Beginning of Year	224,798	212,757	217,341	217,398
End of Year	\$ 234,181	\$ 224,798	\$ 212,757	\$ 217,341

SERS Retirement Plan Schedules

2017	2016	2015	2014	2013	2012
\$ 24,155,026	\$ 22,208,623	\$ 21,499,206	\$ 21,517,805	\$ 20,672,040	\$ 21,450,368
—	—	—	—	—	—
17,527,764	1,233,948	4,716,932	20,040,557	13,702,584	(378,593)
41,682,790	23,442,571	26,216,138	41,558,362	34,374,624	21,071,775
24,718,613	25,391,810	25,743,861	25,800,345	26,204,777	25,715,070
6,277	7,544	7,407	6,639	6,317	5,800
24,724,890	25,399,354	25,751,268	25,806,984	26,211,094	25,720,870
16,957,900	(1,956,783)	464,870	15,751,378	8,163,530	(4,649,095)
134,623,247	136,580,030	136,115,160	120,363,782	112,200,252	116,849,347
\$ 151,581,147	\$ 134,623,247	\$ 136,580,030	\$ 136,115,160	\$ 120,363,782	\$ 112,200,252

2017	2016	2015	2014	2013	2012
\$ 1,608,830	\$ 1,500,583	\$ 1,455,553	\$ 1,412,852	\$ 1,398,442	\$ 1,454,763
—	—	—	—	—	—
2,790,208	192,842	772,277	3,345,822	2,329,326	(75,490)
4,399,038	1,693,425	2,227,830	4,758,674	3,727,768	1,379,273
2,122,612	2,358,518	2,460,907	2,262,136	2,410,943	2,309,922
53,601	55,139	48,157	47,394	45,510	46,941
2,176,213	2,413,657	2,509,064	2,309,530	2,456,453	2,356,863
2,222,825	(720,232)	(281,234)	2,449,144	1,271,315	(977,590)
20,991,343	21,711,575	21,992,809	19,543,665	18,272,350	19,249,940
\$ 23,214,168	\$ 20,991,343	\$ 21,711,575	\$ 21,992,809	\$ 19,543,665	\$ 18,272,350

2017	2016	2015	2014	2013	2012
\$ 365,280	\$ 358,860	\$ 320,400	\$ 275,720	\$ 258,320	\$ 176,784
—	—	—	—	—	—
766	384	131	103	154	149
366,046	359,244	320,531	275,823	258,474	176,933
369,195	327,629	289,954	253,558	219,998	170,370
3,018	1,737	2,370	1,535	1,603	1,282
372,213	329,366	292,324	255,093	221,601	171,652
(6,167)	29,878	28,207	20,730	36,873	5,281
223,565	193,687	165,480	144,750	107,877	102,596
\$ 217,398	\$ 223,565	\$ 193,687	\$ 165,480	\$ 144,750	\$ 107,877

SERS Retirement Plan Schedules

Benefit and Refund Deductions from Fiduciary Net Position by Type

Last 10 fiscal years

PENSION BENEFITS	2021	2020	2019	2018
Service Retirement	\$ 1,139,424,266	\$ 1,117,724,808	\$ 1,096,960,216	\$ 1,091,624,986
Disability Retirement	90,688,344	93,391,297	95,725,624	97,027,548
Survivor Benefits	40,622,837	40,481,049	40,123,076	39,155,013
Total Pension Benefits	\$ 1,270,735,447	\$ 1,251,597,154	\$ 1,232,808,916	\$ 1,227,807,547
Refunds				
Separation	\$ 72,308,775	\$ 72,834,422	\$ 75,630,053	\$ 59,496,216
Beneficiaries	65,989	14,695	9,757	78,820
Total Refunds	\$ 72,374,764	\$ 72,849,117	\$ 75,639,810	\$ 59,575,036

MEDICARE B REIMBURSEMENT	2021	2020	2019	2018
Service Retirement	\$ 20,885,774	\$ 21,365,130	\$ 21,734,690	\$ 22,072,596
Disability Retirement	1,229,228	1,296,750	1,327,303	1,330,670
Survivor Benefits	798,753	874,829	928,519	981,344
Total Medicare B Reimbursement	\$ 22,913,755	\$ 23,536,709	\$ 23,990,512	\$ 24,384,610

DEATH BENEFITS	2021	2020	2019	2018
Service	\$ 2,710,522	\$ 2,169,207.57	\$ 2,083,499	\$ 2,377,087
Disability	251,676	195,434.14	205,636	262,377
Total Death Benefits	\$ 2,962,198	\$ 2,364,641.71	\$ 2,289,135	\$ 2,639,464

HEALTH CARE EXPENSES	2021	2020	2019	2018
Medical	\$ 64,912,611	\$ 56,771,016	\$ 72,447,500	\$ 81,873,185
Prescription	63,220,370	78,263,608	72,680,170	70,574,230
Other	—	—	—	—
Total Health Care Expenses	\$ 128,132,981	\$ 135,034,624	\$ 145,127,670	\$ 152,447,415

SERS Retirement Plan Schedules

2017	2016	2015	2014	2013	2012
\$ 1,012,404,884	\$ 952,950,117	\$ 891,831,626	\$ 834,865,512	\$ 781,736,903	\$ 731,236,350
96,312,675	94,595,437	91,265,121	87,804,462	85,514,086	81,219,934
38,270,097	37,670,987	37,057,709	35,087,694	33,821,893	33,227,161
\$ 1,146,987,656	\$ 1,085,216,541	\$ 1,020,154,456	\$ 957,757,668	\$ 901,072,882	\$ 845,683,445
59,541,576	68,857,916	59,875,564	55,018,577	48,392,410	47,272,246
1,151,257	1,482,579	760,087	649,889	586,793	648,147
\$ 60,692,833	\$ 70,340,495	\$ 60,635,651	\$ 55,668,466	\$ 48,979,203	\$ 47,920,393

2017	2016	2015	2014	2013	2012
\$ 22,336,187	\$ 22,855,321	\$ 23,105,680	\$ 23,099,058	\$ 23,460,682	\$ 23,006,643
1,336,790	1,413,048	1,428,700	1,436,026	1,425,456	1,405,443
1,045,636	1,123,441	1,209,481	1,265,261	1,318,639	1,302,984
\$ 24,718,613	\$ 25,391,810	\$ 25,743,861	\$ 25,800,345	\$ 26,204,777	\$ 25,715,070

2017	2016	2015	2014	2013	2012
\$ 1,939,771	\$ 2,133,523	\$ 2,256,060	\$ 2,052,993	\$ 2,197,804	\$ 2,101,093
182,841	224,995	204,847	209,143	213,139	208,829
\$ 2,122,612	\$ 2,358,518	\$ 2,460,907	\$ 2,262,136	\$ 2,410,943	\$ 2,309,922

2017	2016	2015	2014	2013	2012
\$ 87,845,475	\$ 108,821,435	\$ 117,389,938	\$ 109,622,130	\$ 110,990,977	\$ 112,818,198
79,261,433	86,997,168	80,843,448	76,945,975	78,135,361	94,731,407
0	626,997	1,517,522	1,426,363	1,342,653	2,415,739
\$ 167,106,908	\$ 196,445,600	\$ 199,750,908	\$ 187,994,468	\$ 190,468,991	\$ 209,965,344

Defined Benefit Program Schedules

Employee and Employer Contribution Rates

Last 10 fiscal years

Fiscal Year	Employee Rate	Employer Rate				Total
		Pension	Medicare B	Death Benefit	Health Care	
2021	10.00 %	13.20 %	0.76 %	0.04 %	0.00 %	14.00 %
2020	10.00	13.15	0.81	0.04	0.00	14.00
2019	10.00	12.61	0.83	0.06	0.50	14.00
2018	10.00	12.59	0.01	0.06	0.50	14.00
2017	10.00	13.20	0.75	0.05	0.00	14.00
2016	10.00	13.21	0.74	0.05	0.00	14.00
2015	10.00	12.39	0.74	0.05	0.82	14.00
2014	10.00	13.05	0.76	0.05	0.14	14.00
2013	10.00	13.05	0.74	0.05	0.16	14.00
2012	10.00	12.65	0.75	0.05	0.55	14.00

Demographics of New Pension Benefit Recipients

Last 10 fiscal years

Average Service Benefit

Year Ended June 30	Service Credit	Monthly Amount	Age	Final Average Salary
2021	24.5 \$	1,536	65.5 \$	36,972
2020	24.8	1,573	65.0 \$	37,169
2019	25.8	1,659	65.1	37,047
2018	21.2	1,281	63.9	34,090
2017	19.8	1,078	63.4	30,256
2016	21.4	1,224	63.4	31,785
2015	21.6	1,254	63.2	32,263
2014	21.7	1,228	63.4	31,617
2013	21.7	1,236	63.2	31,558
2012	22.9	1,246	63.6	31,600

Average Disability Benefit

Year Ended June 30	Service Credit	Monthly Amount	Age	Final Average Salary
2021	18.2 \$	1,398	58.1 \$	34,290
2020	17.1	1,294	57.2	32,094
2019	17.2	1,348	55.4	33,255
2018	17.4	1,315	55.5	31,736
2017	17.0	1,245	56.6	30,570
2016	16.5	1,296	55.9	31,118
2015	15.9	1,291	54.1	31,091
2014	15.8	1,250	54.5	29,965
2013	16.1	1,254	54.0	29,484
2012	16.0	1,249	54.9	29,071

Defined Benefit Program Schedules

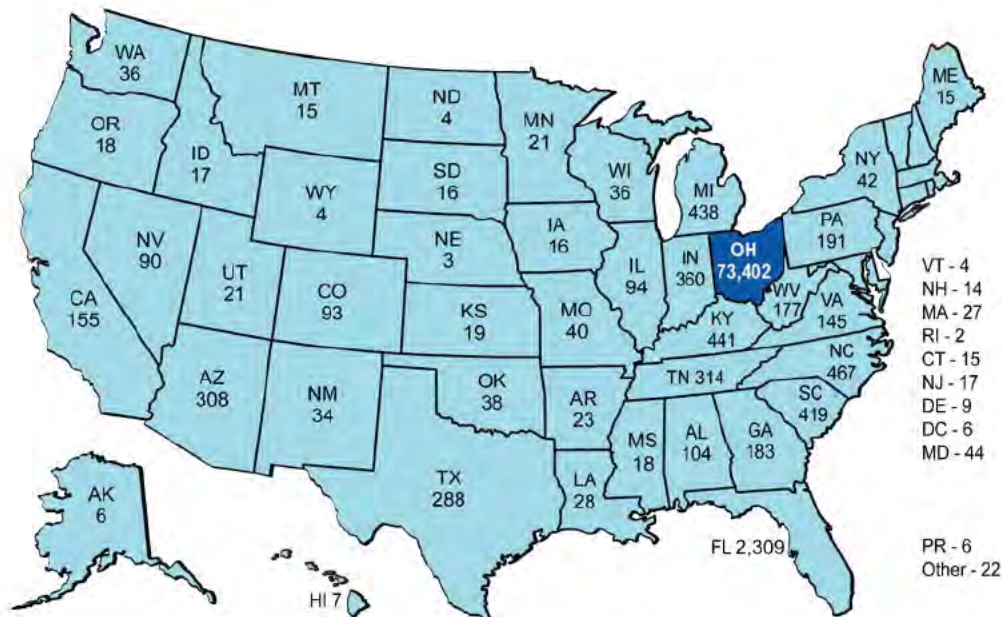
Demographics of Active and Retired Members Used for Valuation Purposes

Fiscal Year 2021

	Active Members			Percentage of Distribution		
	Male	Female	Total	Male	Female	Total
Under 20	1,096	1,045	2,141	1 %	1 %	2 %
20 to 29	8,041	10,366	18,407	5	7	12
30 to 39	7,906	14,773	22,679	5	10	15
40 to 49	9,842	22,577	32,419	7	15	22
50 to 54	5,430	13,953	19,383	4	10	14
55 to 59	5,420	15,378	20,798	4	10	14
60 to 64	5,090	13,611	18,701	3	9	12
65 to 69	2,659	5,198	7,857	2	4	6
70 and over	1,784	2,477	4,261	1	2	3
	47,268	99,378	146,646	32 %	68 %	100 %

	All Benefit Recipients			Percentage of Distribution		
	Male	Female	Total	Male	Female	Total
Under 55	373	643	1,016	— %	1 %	1 %
55 to 59	877	1,308	2,185	1	2	3
60 to 64	2,303	5,508	7,811	4	7	11
65 to 69	4,394	12,480	16,874	5	15	20
70 to 74	4,747	12,887	17,634	6	16	22
75 to 79	3,453	9,682	13,135	4	12	16
80 to 84	2,578	7,858	10,436	3	10	13
85 to 89	1,568	5,415	6,983	2	7	9
90 to 94	729	2,810	3,539	1	3	4
95 to 99	163	809	972	—	1	1
100 and over	11	125	136	—	—	—
	21,196	59,525	80,721	26 %	74 %	100 %

All Benefit Recipients by State



Defined Benefit Program Schedules

Retired Members by Type of Benefit

Amount of Monthly Benefit (\$)	Total	Service	Disability	Survivor
1 - 250	9,701	8,987	30	684
251 - 500	11,053	9,704	285	1,064
501 - 750	10,776	9,403	559	814
751 - 1,000	9,671	8,252	818	601
1001 - 1,500	14,347	12,540	1,261	546
1501 - 2,000	8,855	7,829	796	230
over 2,000	16,318	14,942	1,119	257
	80,721	71,657	4,868	4,196
Average Monthly Benefit \$		1,313 \$	1,502 \$	794
Average Age		74.6	66.2	76.8

Retirees, Spouses, and Dependents Receiving Health Care Coverage

Attained Age	Number of		Total Number
	Males	Females	
Under 30	98	105	203
30 - 39	0	6	6
40 - 49	22	15	37
50 - 59	399	550	949
60 - 64	1,075	1,889	2,964
65 - 69	2,254	4,843	7,097
70 - 74	2,457	5,768	8,225
75 - 79	1,955	5,154	7,109
80 - 84	1,797	4,708	6,505
85 - 89	1,164	3,304	4,468
90 - 94	521	1,889	2,410
95 - 99	116	675	791
100 and over	13	120	133
	11,871	29,026	40,897

Defined Benefit Program Schedules

Principal Participating Employers

Current fiscal year and nine years ago

	Fiscal Year 2021			Fiscal Year 2012		
	Covered Employee Members	Rank	Percentage of Total System	Covered Employee Members	Rank	Percentage of Total System
Columbus City Schools	3,594	1	2.45 %	3,564	1	2.93 %
Cincinnati Public Schools	3,350	2	2.28	2,649	3	2.17
Cleveland Metropolitan School District	2,622	3	1.80	2,684	2	2.20
Toledo City Schools	1,671	4	1.14	1,344	6	1.10
Educational Service Center Council of Governments	1,653	5	1.13	—	—	—
Akron Public Schools	1,553	6	1.06	1,507	5	1.24
Olentangy Local Schools	1,316	7	0.90	—	—	—
South-Western City Schools	1,237	8	0.84	1,110	8	0.91
Lakota Local Schools	1,164	9	0.79	—	—	—
Dayton City Schools	1,048	10	0.71	1,130	7	0.93
University of Akron	—	—	—	2,413	4	1.98
Parma City Schools	—	—	—	985	10	0.81
Columbus State Community College	—	—	—	1,053	9	0.86
All Other	127,438		86.90	103,372		84.87
Total	146,646		100.00 %	121,811		100.00 %

In FY2021 "All Other" consisted of:

	Covered Employee Members	Number of School Districts
City School Districts	52,222	184
Local School Districts	46,867	369
Educational Service Centers	8,101	51
Exempted Village Districts	6,801	49
Community Schools	4,770	305
Higher Education	4,139	15
Vocational Schools	3,102	49
Other	1,436	21

Defined Benefit Program Schedules

Average Benefit Payments - New Retirees (Service Only)

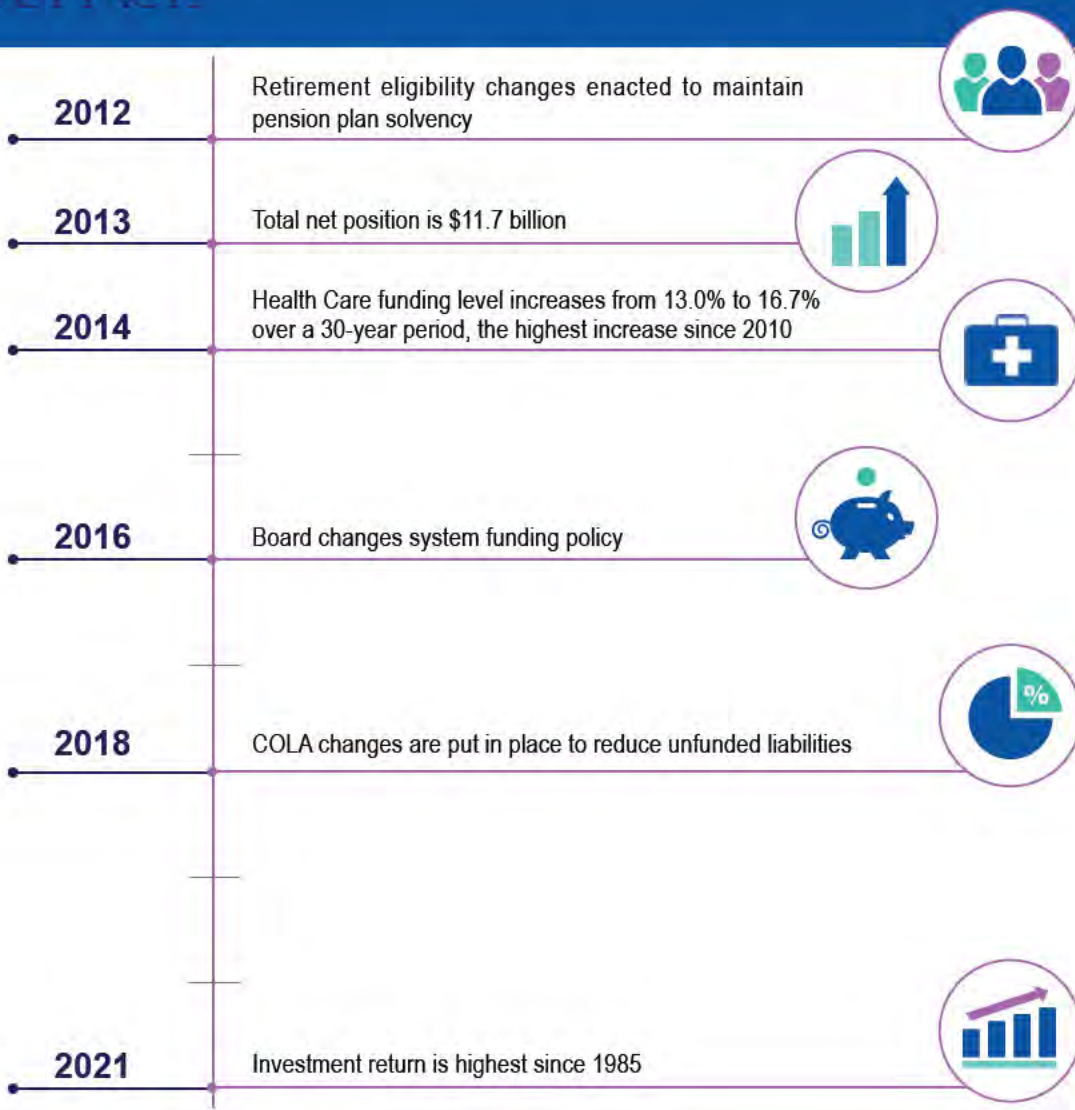
Last 10 fiscal years

Retirement Effective Dates	Years of Credited Service					
	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/20 to 6/30/21						
Average Monthly Benefit	\$ 497	\$ 460	\$ 744	\$ 1,014	\$ 1,521	\$ 2,723
Monthly Final Average Salary	4,425	2,311	2,518	2,650	3,050	3,967
Number of Retirees	4	456	433	542	634	952
Period 7/1/19 to 6/30/20						
Average Monthly Benefit	\$ 339	\$ 485	\$ 712	\$ 997	\$ 1,532	\$ 2,627
Monthly Final Average Salary	2,241	2,354	2,484	2,643	3,034	3,869
Number of Retirees	3	386	345	388	442	914
Period 7/1/18 to 6/30/19						
Average Monthly Benefit	\$ 414	\$ 478	\$ 747	\$ 1,040	\$ 1,519	\$ 2,551
Monthly Final Average Salary	3,351	2,240	2,402	2,544	2,965	3,770
Number of Retirees	2	279	265	216	444	863
Period 7/1/17 to 6/30/18						
Average Monthly Benefit	\$ 243	\$ 497	\$ 880	\$ 1,241	\$ 1,555	\$ 2,537
Monthly Final Average Salary	1,734	2,151	2,700	2,950	3,027	3,741
Number of Retirees	500	668	949	977	656	1,021
Period 7/1/16 to 6/30/17						
Average Monthly Benefit	\$ 212	\$ 488	\$ 767	\$ 1,044	\$ 1,487	\$ 2,439
Monthly Final Average Salary	1,532	2,084	2,360	2,498	2,937	3,654
Number of Retirees	715	847	951	948	692	857
Period 7/1/15 to 6/30/16						
Average Monthly Benefit	\$ 241	\$ 510	\$ 762	\$ 1,110	\$ 1,456	\$ 2,392
Monthly Final Average Salary	1,608	2,104	2,341	2,644	2,869	3,582
Number of Retirees	535	671	615	630	769	1,013
Period 7/1/14 to 6/30/15						
Average Monthly Benefit	\$ 247	\$ 511	\$ 804	\$ 1,123	\$ 1,459	\$ 2,404
Monthly Final Average Salary	1,587	2,157	2,479	2,675	2,875	3,576
Number of Retirees	515	636	535	505	764	994
Period 7/1/13 to 6/30/14						
Average Monthly Benefit	\$ 239	\$ 506	\$ 756	\$ 1,053	\$ 1,390	\$ 2,391
Monthly Final Average Salary	1,554	2,130	2,357	2,511	2,785	3,586
Number of Retirees	468	622	489	527	736	957
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$ 227	\$ 483	\$ 732	\$ 1,086	\$ 1,403	\$ 2,815
Monthly Final Average Salary	1,540	2,069	2,270	2,585	2,830	3,224
Number of Retirees	483	639	437	538	744	965
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$ 237	\$ 475	\$ 759	\$ 1,066	\$ 1,376	\$ 2,439
Monthly Final Average Salary	1,555	2,029	2,342	2,548	2,863	3,136
Number of Retirees	468	557	478	498	643	1,089

PLAN SUMMARY

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FAST FACTS



Plan Summary

Introduction

Established by state law in 1937, SERS is a statewide defined benefit plan that provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public, vocational, technical, and community schools; community colleges; and the University of Akron.

The Retirement Board is responsible for the general administration and management of the Retirement System. The Board comprises nine members: four elected employee members; two elected retiree members; and three appointed investment expert members. One investment expert is appointed by the Governor, a second one by the State Treasurer, and the third one jointly by the Speaker of the House and President of the Senate of the General Assembly.

The day-to-day operations are administered by a professional staff led by the Executive Director.

The plan summary in effect at June 30, 2021, is described below.

COVERED EMPLOYEES

All non-teaching employees of Ohio's public, vocational, technical, and community schools; community colleges; and the University of Akron are required to be members unless their position permits exemption from membership, optional membership, or the position is excluded from membership.

Compulsory or Mandatory Coverage

Compulsory coverage is required for any employee who:

- Is employed in a position for which the person is not required to have a registration certificate or license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code; or
- Performs a service common to the normal daily operation of an educational unit even though the person is employed and paid by one who has contracted with the school to perform the service.

Exemption from Coverage

The following individuals may choose exemption from coverage by filing a written application with the employer within the first month after being employed:

- A student who is not a member at the time of the student's employment and who is employed by the school, college, or university in which the student is enrolled and regularly attending classes;
- An emergency employee serving on a temporary basis in case of fire, snow, earthquake, flood, or other similar emergency; or
- An individual employed in a program established under the Workforce Innovation and Opportunity Act.

Optional Coverage

A school or governing board member may choose to become a member by making application within thirty (30) days of taking office. A school board member is a member of a city, local, exempted village, or joint vocational school district board of education, and a governing board member is a member of an educational service center governing board.

Exclusion from Coverage

The following employees are excluded from SERS coverage:

- Any person having a license issued by the Ohio Department of Education (ODE) and employed in a public school in this state in an educational position, as determined by the ODE, under programs under federal law and financed in whole or in part from federal funds, but for which no licensure requirements for the position can be made under the provisions of such federal law.
- Any person who participates in an alternative retirement plan (ARP) established by a college or university.
- University of Akron police officers who are covered by the Ohio Public Employees Retirement System (OPERS).
- Nonteaching University of Akron employees hired on or after September 28, 2016. These employees are covered by OPERS unless terminated and rehired within one (1) year of September 28, 2016.
- Employees of community school operators who withhold Social Security taxes beginning with their first paycheck: whose initial employment with the community school operator is on or after July 1, 2016, or; who previously worked for a community school operator and returned to work for that same operator on or after July 1, 2016, provided the employee was not previously employed by the same operator at any time between July 1, 2015 to June 30, 2016, and whose date of reemployment is before July 1, 2017. The

Plan Summary

community school operator must have withheld Social Security taxes for employees on or before February 1, 2016, in order for employers to fall under this exemption.

CONTRIBUTIONS

The employee and employer are required to contribute a percentage of the employee's compensation to SERS to fund the benefits available. Employees contribute 10% of their gross compensation. Employers contribute 14% of the employee's compensation. Members are entitled to a return of their contributions, either in the form of monthly benefits, provided they meet eligibility requirements, or a single lump-sum payment after the termination of employment.

SERVICE CREDIT

The amount of a member's service credit is a factor in determining:

- Eligibility for retirement or disability benefits
- The amount of a benefit
- Eligibility for health care coverage and the amount of the health care premium

It also determines the eligibility of a member's dependents for survivor benefits, the amount of benefits, and availability of health care coverage.

Service credit is accrued through contributions during school employment, for other periods at no cost, and for other service that may be purchased.

Contributing Service Credit

One year of service credit is granted upon completion of 120 or more days of paid school employment within a fiscal year (July 1 through the following June 30). Any portion of a day constitutes one full day. If service is less than 120 days, a fractional amount of service credit is prorated on the basis of a 180-day school year.

Free Service Credit

Additional service credit up to three years is available at no cost for periods a member received Workers' Compensation. In addition, certain periods of military service or disability credit may be available at no cost.

Purchased Service Credit

The following additional service credit may be available for purchase:

- Previously refunded SERS service credit
- Employer-authorized unpaid leaves of absence
- Any service after July 1, 1991, in a position for which SERS membership was compulsory, but for which a member was permitted to, and did, sign an exemption from membership form
- Any service before July 1, 1991, in a position for which SERS membership was optional, and a member did not choose to become a member
- Up to five years of service with a public or private school, college, or university in another state, or operated by the federal government, which has been chartered or accredited by the proper government agency if the service in a comparable position in Ohio would have been covered by an Ohio state retirement system, or an Ohio municipal retirement system except the Cincinnati Retirement System
- Periods of military service
- Up to two years for periods when the member resigned because of pregnancy or adoption of a child
- School board member service prior to July 1, 1991
- Cincinnati Retirement System covered service
- Service covered by the Ohio Police & Fire Pension Fund or Ohio Highway Patrol Retirement System if not being used in a benefit under those systems
- Disability credit, if member received SERS disability benefits for more than two years and returned to work for at least two years after the disability benefit terminated

Plan Summary

Other Ohio State Retirement System Service Credit

If a member has been employed in a job covered by the State Teachers Retirement System of Ohio (STRS) or the Ohio Public Employees Retirement System (OPERS) as well as in a job covered by SERS, at retirement the member may receive a retirement benefit independently from each of the systems if eligible, or may combine the service credit and accounts in all the systems to receive one benefit. The system with the greatest service credit will be the system that will calculate and pay the benefit. While the salaries in one year will be added together, if the member has service credit in each system for the same year, the member cannot be credited with more than one year of service credit for each 12 months in a year.

Early Retirement Incentive Program

An employer may establish an Early Retirement Incentive program (ERI), which allows employees who are at least 57 years old to retire early. Under an ERI, an employer may purchase up to five years of service credit for its eligible employees. If an employer has an ERI, it notifies all eligible employees of the plan and its requirements.

AGE AND SERVICE RETIREMENT

Eligibility

A member who retired on or before August 1, 2017, from SERS retired under the following age and service credit guidelines:

- Five (5) years of service credit and is at least 60 years old,
- 25 years of service credit and is at least 55 years old, or
- 30 years of service credit irrespective of age.

These guidelines also apply to grandfathered members. To be grandfathered, as of August 1, 2017, the member must have had at least 25 years of service credit or purchased the right to be grandfathered.

A member who is not grandfathered may retire under the following age and service credit guidelines:

- 10 years of service credit and is at least 62 years old,
- 25 years of service credit and is at least 60 years old, or
- 30 years of service credit and is at least 57 years old.

Calculating a Benefit

The calculation of a benefit is determined using the member's salary, service credit, and age.

The **salary** used is the Final Average Salary (FAS) which is the average of the three (3) highest years of salary. If a member has more than one covered job, the salaries will be combined.

The **service credit** used is the total service credit at the time of retirement.

The **age** used to calculate a benefit is the member's actual age at the time of retirement.

The formula used in calculating a benefit is as follows:

1. The value of a year of service credit is determined by multiplying the member's FAS by 2.2%, and by 2.5% for each year above 30 years of service credit. If the result is less than \$86.00, then \$86.00 is the value of each year.
2. The number of years of service credit is then multiplied by this value of each year to determine the annual retirement benefit.
3. Depending on the member's service credit and age at retirement, the annual benefit may be reduced to cover a longer period of retirement.

Payment Plans

At retirement, a member must choose a payment plan. There are three categories of plans. All plans pay a monthly benefit for the retiree's life. Under the first category, payments cease with the retiree's death; this is Plan B (Single Life Allowance). Another category provides a continuing benefit to a designated beneficiary after the retiree's death. The plans in this category are Plan A, C, D (Joint Life plans), and F (Multiple Beneficiaries plan). The third category provides payment to a designated beneficiary for a specified period of time if the retiree dies during the specified period; this is Plan E (Time Limited). Choosing a plan other than the Single Life Allowance will result in a reduced monthly benefit to the retiree depending on the retiree's age, the beneficiary's age, and the plan chosen.

Plan Summary

Partial Lump Sum Option Payment

In addition to selecting a payment plan, a member may elect to receive part of their benefit in a one-time partial lump sum option payment (PLOP), which will permanently reduce the lifetime monthly benefit. A PLOP payment may be from 6 to 36 months of the unreduced retirement allowance, and cannot reduce the original allowance more than 50%.

Reemployment

A retiree may be reemployed after retirement. A job in the private sector does not affect the retiree's benefit.

However, if the job is in a position covered by SERS, the State Teachers Retirement System of Ohio, the Ohio Public Employees Retirement System, the Ohio Police & Fire Pension Fund, or the Ohio Highway Patrol Retirement System, SERS must be notified. If the retiree returns to work in a job covered by any of these systems before the retiree has received a SERS benefit for two months, the retiree forfeits the benefit payment for each of the two months in which the retiree worked.

If the retiree returns to a SERS-covered position, then employee and employer contributions are required for the new position. The retiree accrues a new benefit in the form of an annuity based on the contributions paid by the retiree and the employer. This is separate from the original SERS benefit. There are no other benefits available, and the retiree does not accrue any additional service credit for the period of reemployment.

DISABILITY BENEFITS

A member is entitled to a benefit under one of two disability plans. A member who became a member on or after July 29, 1992, is covered under the **new disability plan**. A member who became a member before July 29, 1992, is covered by the **old disability plan** unless they exercised a one-time election to switch to the new plan.

The following describes the common and different features of both plans.

Eligibility

Under both plans, a member is eligible for disability benefits if the member:

- Has at least 5 years of total service credit;
- Files an application no later than 2 years from the date that the contributing service stopped;
- Is permanently disabled, either physically or mentally, for work in a SERS-covered position as determined by a physician appointed by SERS;
- Became disabled after becoming a SERS member;
- Did not receive a refund of the member's contributions;
- Does not receive a service retirement benefit;
- Is not receiving a disability benefit from State Teachers Retirement System of Ohio, the Ohio Public Employees Retirement System, the Ohio Police & Fire Pension Fund, the Ohio Highway Patrol Retirement System, or the Cincinnati Retirement System;
- Is not applying for a disability benefit based on a disabling condition that resulted from a felony the member was convicted of, pled guilty to, or was found not guilty of by reason of insanity.

Under the old disability plan, a member also must apply before turning 60 years old. Under the new disability plan a member may apply at any age.

All disability recipients enrolled in a SERS health care plan are required to apply for Social Security disability benefits, if eligible.

Benefit Payment

Old Disability Plan

Under the old disability plan, an annual benefit is calculated by the following formula using total service credit and Final Average Salary (FAS):

1. The value of a year of service credit is determined by multiplying the member's FAS by 2.2%. If the result is less than \$86.00, then \$86.00 is the value of each year.
2. The number of years of service credit is then multiplied by this value of each year.

Plan Summary

Service credit includes all service credit the member has at the time of the benefit effective date plus the number of years between the member's current age and age 60. The benefit cannot be less than 30% of FAS or more than 75%.

New Disability Plan

Under the new disability plan, the amount of an annual benefit is the greater of 45% of FAS, or total service credit at the time of the application multiplied by 2.2% of FAS. The following chart shows the approximate applicable percentage amounts under this plan:

Years of Service Credit	Percentage of the Member's FAS
5-21	45.0 %
22	48.4
23	50.6
24	52.8
25	55.0
26	57.2
27	59.4
28 or more	60.0

Termination of Benefits

Under the **new disability plan**, benefits also will end after a specified number of months as shown:

Age at Effective Date	Period Benefits Payable
Younger than 60	Until age 65
60 or 61	60 months
62 or 63	48 months
64 or 65	36 months
66, 67, or 68	24 months
69 or older	12 months

At the end of the period, the member can apply for a conversion retirement benefit.

A disability benefit under either plan stops if any one of the following events occur:

- A subsequent SERS medical re-examination finds that the member meets the applicable standard for termination, which changes 3 or 5 years after the disability benefits began (depending on whether the member is receiving rehabilitation or treatment).
- The member is no longer disabled from their SERS-covered position, or
- The member is capable of performing other job duties with pay at or above 75% of his or her annual compensation and can reasonably find such a position with his or her qualifications.
- The member returns to a SERS-covered job.
- The member dies.
- The member requests that benefits end.

DEATH BENEFIT

At death after retirement or receipt of a disability benefit, the retiree's beneficiary or disability benefit recipient's beneficiary is entitled to a one-time lump sum payment of \$1,000.

SURVIVOR BENEFITS

Eligibility

If a member dies while working, before the member begins receiving a monthly service retirement benefit, or while receiving a disability benefit, the member's qualified survivors are entitled to certain benefits.

A beneficiary qualifies for benefits in the following order:

1. Person designated in writing by the member on a form provided by SERS

Plan Summary

2. If there is no designated beneficiary or the beneficiary died before the member, the statutory order of beneficiaries applies

The statutory order of succession is as follows, the member's:

1. Surviving spouse
2. Surviving children
3. Dependent parent who is age 65 or older
4. Surviving parents
5. Estate

The first qualifying beneficiary is entitled to a one-time, lump-sum payment of only the member's employee contributions to SERS, or monthly benefits if otherwise eligible. However, if the member is survived by children under age 19, only a monthly benefit is available to the qualifying survivors.

Monthly benefit payments are available if the member:

1. Had at least one and one-half (1½) years of contributing service credit
2. Had at least one-quarter (¼) year of Ohio service credit earned within two and one-half (2½) years prior to death
3. Was not receiving a service retirement benefit

The following survivors are eligible for monthly benefits:

1. Surviving spouse at age 62
2. Surviving spouse at any age if the member had 10 or more years of service credit; or if there are qualified children; or has been declared mentally or physically incompetent by a court
3. Children who have never married and are under 19, or have been declared mentally or physically incompetent by a court
4. Dependent parent age 65 or older

Benefit Payments

The amount of the monthly benefit is determined under one of the following schedules, whichever pays the greater benefit:

	SCHEDULE I	SCHEDULE II
Number of Qualified Beneficiaries	Monthly Benefit Shall Not be Less than	As a Percentage of the Member's Final Average Salary
1	\$96*	25%
2	186	40
3	236	50
4	236	55
5 or more	236	60

*Not less than \$106 to spouse if the member had 10 or more years of service credit.

SCHEDULE III	
Years of Service	As a Percent of the Member's Final Average Salary
20	29%
21	33
22	37
23	41
24	45
25	48
26	51
27	54
28	57
29 or more	60

Plan Summary

COST-OF-LIVING ADJUSTMENT

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 0.5% COLA for calendar year 2021.

HEALTH CARE

Currently, SERS offers medical and prescription drug coverage to qualifying benefit recipients. To the extent that resources permit, SERS intends to continue offering access to health care coverage. However, the Retirement System reserves the right to change or discontinue any plan or program at any time.

Currently a **service retiree** qualifies for health care coverage if the retiree has 10 qualified years of service credit at retirement. Qualifying service credit does not include:

- Military, other than free or interrupted military service credit;
- Other government and school service credit;
- Exempted service credit;
- Service credit purchased by an employer under an Early Retirement Incentive plan (ERI).

A beneficiary of a deceased service retiree who receives a monthly benefit qualifies for health care coverage if the retiree had qualified for such coverage.

Disability benefit recipients qualify for the SERS health care coverage upon receipt of a disability benefit.

Survivor benefit recipients qualify for health care coverage upon receipt of a survivor benefit.



RSM US LLP

Independent Auditor's Report

The Retirement Board
School Employees Retirement System of Ohio
and The Honorable Keith Faber

Report on the Financial Statements

We have audited the accompanying financial statements of School Employees Retirement System of Ohio (SERS), which comprise the statement of fiduciary net position as of June 30, 2021, and the related statement of changes in fiduciary net position for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SERS basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of SERS as of June 30, 2021, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Changes in the Employers' Net Pension Liability, the Schedule of the Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Investment Returns, the Schedule of Changes in the Net OPEB Liability, the Schedule of the Net OPEB Liability, the Schedule of Employer Contributions – OPEB, the Schedule of Investment Returns – OPEB, the Schedule of SERS' Proportionate Share of the Net Pension Liability – OPERS Traditional Pension Plan, the Schedule of SERS' Proportionate Share of the Net Pension Liability – OPERS Combined Pension Plan, the Schedule of Contributions – OPERS Traditional Pension Plan, the Schedule of Contributions – OPERS Combined Pension Plan, the Schedule of SERS' Proportionate Share of the Net OPEB Liability - OPERS, and the Schedule of OPEB Contributions – OPERS and the related notes on pages 16 to 21 and 44 to 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SERS's basic financial statements. The other supplementary information, including the schedule of administrative expenses, investment expenses, and payments to consultants, as listed in table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The introductory, investments, actuarial, and statistical sections, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2021 on our consideration of SERS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SERS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SERS's internal control over financial reporting and compliance.

RSM US LLP

Cleveland, Ohio
December 9, 2021

School Employees Retirement System of Ohio

Report to the Audit Committee and Retirement Board
December 9, 2021





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December 9, 2021

Audit Committee & Retirement Board
School Employees Retirement System of Ohio
Columbus, Ohio

We are pleased to present this report related to our audit of the financial statements of School Employees Retirement System of Ohio (the System) as of and for the year ended June 30, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the System's financial reporting process.

This report is intended solely for the information and use of the Audit Committee, the Retirement Board, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to School Employees Retirement System of Ohio.

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REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated October 12, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 13, 2021 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the System's audited financial statements is to read the information and consider whether its content or manner of its presentation is materially inconsistent with the financial information covered by our auditor's report or whether it contains a material misstatement of fact. We read the System's management discussion and analysis. We did not identify material inconsistencies with the audited financial statements.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the System's Required Supplementary Information and Other Supplementary Information. We did not identify material inconsistencies with the audited financial statements.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the System are attached as Exhibit A. The communications include the representation letter provided to us by management and a copy of our independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the System's June 30, 2021 financial statements.

Significant Accounting Estimates	
Investments	
Accounting policy	The fair value of investments is determined monthly and the investments are stated at fair value. Unrealized gains and losses are reported on the statement of changes in fiduciary net position.
Management's estimation process	The System adjusts its investments to fair value on a monthly basis based on fair values provided by the custodian that holds the investments in safekeeping.
Basis for our conclusion on the reasonableness of the estimate	We tested the propriety of information provided by the custodian and found the methodology used is reasonable and appropriate. We also performed independent testing over fair value of a sample of investments and found the values assigned to be reasonable.
Pension Benefit Obligations and Assumptions (for the System)	
Accounting policy	The System's pension benefit obligations and disclosures are based upon numerous assumptions and estimates including the interest rate used to determine the present value of liabilities and certain participant-related factors.
Management's estimation process	The System's pension benefit obligations are calculated by an independent actuary using participant-related factors including, but not limited to, turnover, mortality, inclusion date, retirement age and rate of retirement. These factors and the estimated discount rate are based upon historical and general market data.
Basis for our conclusion on the reasonableness of the estimate	<p>We have tested the reliability of the census data submitted to the System actuary and have utilized an actuarial specialist to review the methodology and assumptions used by the System actuary. Based on our procedures, we have determined that census data compiled by the System is reliable.</p> <p>Using our internal specialists, we analyzed the methodologies and assumptions that were used by the independent actuary and concluded that the estimates used are reasonable for the pension benefit obligations.</p>

Significant Accounting Estimates (Continued)	
Postretirement Benefit Obligations and Assumptions (for the System)	
Accounting policy	The System's postretirement benefit obligations and disclosures are based upon numerous assumptions and estimates including demographic data, benefit coverage and the interest rate used to determine the present value of liabilities and certain other participant-related factors.
Management's estimation process	The System's postretirement benefit obligations are calculated by an independent actuary using participant-related factors including, but not limited to, turnover, mortality, inclusion date, retirement age and rate of retirement. These factors and the estimated discount rate are based upon historical and general market data.
Basis for our conclusion on the reasonableness of the estimate	<p>We have tested the reliability of the census data and claims data submitted to the System actuary and have utilized an actuarial specialist to review the methodology and assumptions used by the System actuary. Based on our procedures, we have determined that census data and claims data compiled by the System is reliable.</p> <p>Using our internal specialists, we analyzed the methodologies and assumptions that were used by the independent actuary and concluded that the estimates used are reasonable for the postretirement benefit obligation.</p>

EXHIBIT A

Significant Written Communications Between Management and Our Firm

December 9, 2021

RSM US LLP
1001 Lakeside Avenue, Suite 200
Cleveland, Ohio 44114

This representation letter is provided in connection with your audit of the financial statements of School Employees Retirement System of Ohio (the System) which comprise the statement of fiduciary net position as of June 30, 2021; the related statements of changes in fiduciary net position for the year then ended; and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 12, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. In that regard, we are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. The methods and significant assumptions used to determine fair values of the financial instruments are described in note five to the financial statements.

Our valuation methodologies have been consistently applied from period to period. The methods and assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

6. All significant estimates and material concentrations known to management that are required to be disclosed have been properly recorded and/or disclosed in the financial statements. Significant estimates are estimates at the statement of fiduciary net position date that could change materially within the next year. Concentrations refer to the nature and type of investments held by the System, or markets in which events could occur that would significantly disrupt normal finances within the next year.

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December 9, 2021
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7. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
11. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
12. We have no knowledge of any uncorrected misstatements in the financial statements.
13. We are responsible for determining that significant events or transactions that have occurred since the statement of fiduciary net position date and through the date of this letter, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of fiduciary net position date and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that as of the date of this letter, the financial statements were complete in form and format that complied with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.

Information Provided

14. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the System from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Retirement Board, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. The currently effective version of the Ohio Revised Code Chapter 3309.
15. Actuarial valuation reports were prepared by an actuary for the System.
16. All transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

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18. We have no knowledge of allegations of fraud or suspected fraud affecting the System's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the System's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, service providers, third-party administrators or others.
20. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
21. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
22. We have disclosed to you the identity of all of the System's related parties and all the related-party relationships and transactions of which we are aware.
23. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the System's ability to record, process, summarize and report financial data.
24. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
25. We have no plans or intentions that may materially affect the carrying value or classification of assets of liabilities.
26. The System has satisfactory title to all owned assets that recorded at fair value, and all liens, encumbrances or security interests have been properly disclosed.
27. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements.
 - a. Extent, nature, and terms of financial instruments with off-balance sheet credit risk;
 - b. The amount of credit risk of financial instruments with off-balance sheet credit risk and information about the collateral supporting such financial instruments; and
 - c. Significant concentrations of credit risk arising from all financial instruments and such information about the collateral supporting such financial instruments.
28. The System has complied, in all material respects with the 2021 Ohio Compliance Supplement.
29. We have considered the user controls identified in the Service Auditor Reports of Bank of New York Mellon, Huntington National Bank, Fifth Third Bank, Goldman Sachs, Aetna, and Express Scripts and believe that appropriate controls are in place.

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December 9, 2021
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30. With respect to the actuarial determined amounts reflected in the notes to the financial statements, required supplementary information and elsewhere:
- a. The information provided to the System's actuary to perform the valuation is accurate and there have been omissions from the participants' data provided to the System's actuary for the purpose of determining any actuarially determined amounts.
 - b. There have been no changes in the actuarial methods or assumptions used in calculating amounts disclosed in the financial statements other than those disclosed in the actuary's report or financial statements.
 - c. We are not aware of any matters that have impacted the independence or objectivity of the System's actuary.
 - d. There have been no changes to the System provisions between actuarial valuation date and the date of this letter.
 - e. In addition, we believe that actuarial assumptions and methods used by the actuary for funding purposes and for determining the accumulated plan benefits are appropriate in the circumstances. We did not give or cause any instruction to be given to the specialist with respect to the value or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the System's actuary.
31. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- 32. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 33. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
- 34. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 35. There have been no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- 36. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 37. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 38. Has a process to track the status of audit findings and recommendations.

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December 9, 2021
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39. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
40. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
41. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Supplementary Information

42. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe that the supplementary information, including its form and content, is fairly stated in all material respects.
 - e. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
 - f. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
43. With respect to (i) management's discussion and analysis, (ii) the Schedule of Changes in the Employers' Net Pension Liability, (iii) Schedule of the Net Pension Liability, (iv) Schedule of Employer Contributions, (v) Schedule of Investment Returns, (vi) Schedule of Changes in the Net OPEB Liability, (vii) Schedule of the Net OPEB Liability, (viii) Schedule of Employer Contributions - OPEB, (ix) Schedule of Investment Returns - OPEB, (x) Schedule of SERS' Proportionate Share of Net Pension Liability - Ohio Public Employees Retirement Plan - Traditional Pension Plan, (xi) Schedule of SERS' Proportionate Share of the Net Pension Liability - Ohio Public Employees Retirement Plan - Combined Pension Plan, (xii) Schedule of Contributions - Ohio Public Employees Retirement Plan - Traditional Pension Plan, (xiii) Schedule of Contributions - Ohio Public Employees Retirement Plan - Combined Pension Plan, (xiv) Schedule of SERS' Proportionate Share of the Net OPEB Liability - Ohio Public Employees Retirement Plan and (xv) Schedule of OPEB Contributions - Ohio Public Employees Retirement Plan presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.

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- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. Underlying significant assumptions or interpretations regarding the measurement or presentation of such information, if any, have been properly disclosed.

School Employees Retirement System of Ohio


DocuSigned by:

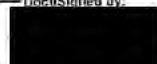
Richard Stensrud, Executive Director


DocuSigned by:

Tracy L. Valentino, Chief Financial Officer


Farouki Majeed, Chief Investment Officer

DocuSigned by:

Joseph M. Marotta, General Counsel

DocuSigned by:

Stacy Easterday, Senior Manager, Financial Accounting

DocuSigned by:

Kathleen Thornburg, Manager, General Accounting



RSM US LLP

Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

The Retirement Board
School Employees Retirement System of Ohio
and The Honorable Keith Faber

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of School Employees Retirement System of Ohio (SERS), which comprise the statement of net position as of June 30, 2020, the related statement of changes in net position for the year then ended, and the related notes to the financial statements, which collectively comprise SERS's basic financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SERS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SERS's internal control. Accordingly, we do not express an opinion on the effectiveness of SERS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether SERS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Cleveland, Ohio
December 9, 2021



RSM US LLP

Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

The Retirement Board
School Employees Retirement System of Ohio
and The Honorable Keith Faber

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of School Employees Retirement System of Ohio (SERS), which comprise the statement of net position as of June 30, 2020, the related statement of changes in net position for the year then ended, and the related notes to the financial statements, which collectively comprise SERS's basic financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SERS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SERS's internal control. Accordingly, we do not express an opinion on the effectiveness of SERS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

THE POWER OF BEING UNDERSTOOD
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether SERS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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RSM US LLP

Cleveland, Ohio
December 9, 2021

Sunshine Law Star Rating System (StaRS)
(IPA Audit/AUP Engagements)
School Employees Retirement System of Ohio

Entity Name: 67097-F37DB

Project Number: _____

In order to determine each applicable entity’s StaRS level per Section 2-23 of the current *Ohio Compliance Supplement*, the following form **MUST** be completed prior to submission of the audit report for release.

Instructions:

1. If a written citation (GAGAS level or management letter) regarding any of the 13 mandatory testing requirements has been approved by legal counsel, and was included in the audit report or management letter, click the “Noncompliance Reported” button in the StaRS Results section below and skip to step 4.

2. If noncompliance was **NOT** reported and **NO** best practices were implemented, click the “NO Noncompliance Reported and NO Best Practices Implemented” button in the StaRS Results section below and skip to step 4.

3. If noncompliance was **NOT** reported and best practices **WERE** implemented, click the checkbox next to each best practice that has been implemented by the entity at the time of audit, based on the testing performed and documentation maintained in the audit work papers. (Although compliance with the ORC statutes should be only tested for the audit period, the entity should be provided “credit” for implementation of any best practice that is in place at the time of audit, regardless of whether it was in place during the audit period.)

NOTE: If an entity, such as a county, has multiple public records processes, at least one process must have implemented the best practice to get “credit.” (i. e. every process tested does **not** need to demonstrate implementation of the best practice in order for the entity to receive “credit” for implementation.)

4. Submit the completed form (with the entity name and project number listed) to the Center for Audit Excellence with the final audit/AUP report.

StaRS Results:

- Noncompliance Reported
- NO** Noncompliance Reported and **NO** Best Practices Implemented
- NO** Noncompliance Reported and the following Best Practices Implemented

(please click the box next to the description for each best practice implemented)

1. **Method to Track Public Records Requests**
 - Standard Request Forms**
 - Public Records Request Acknowledgement**
 - Public Records Custodian Identified and Trained**
 - Prompt Certified Public Records Training**
 - Online Presence – Upcoming Events and Office Operations**
 - Online Presence – Official Documents**



GLOBAL EQUITY PORTFOLIO REVIEW

As of October 31, 2021

Presented by Investment Staff:

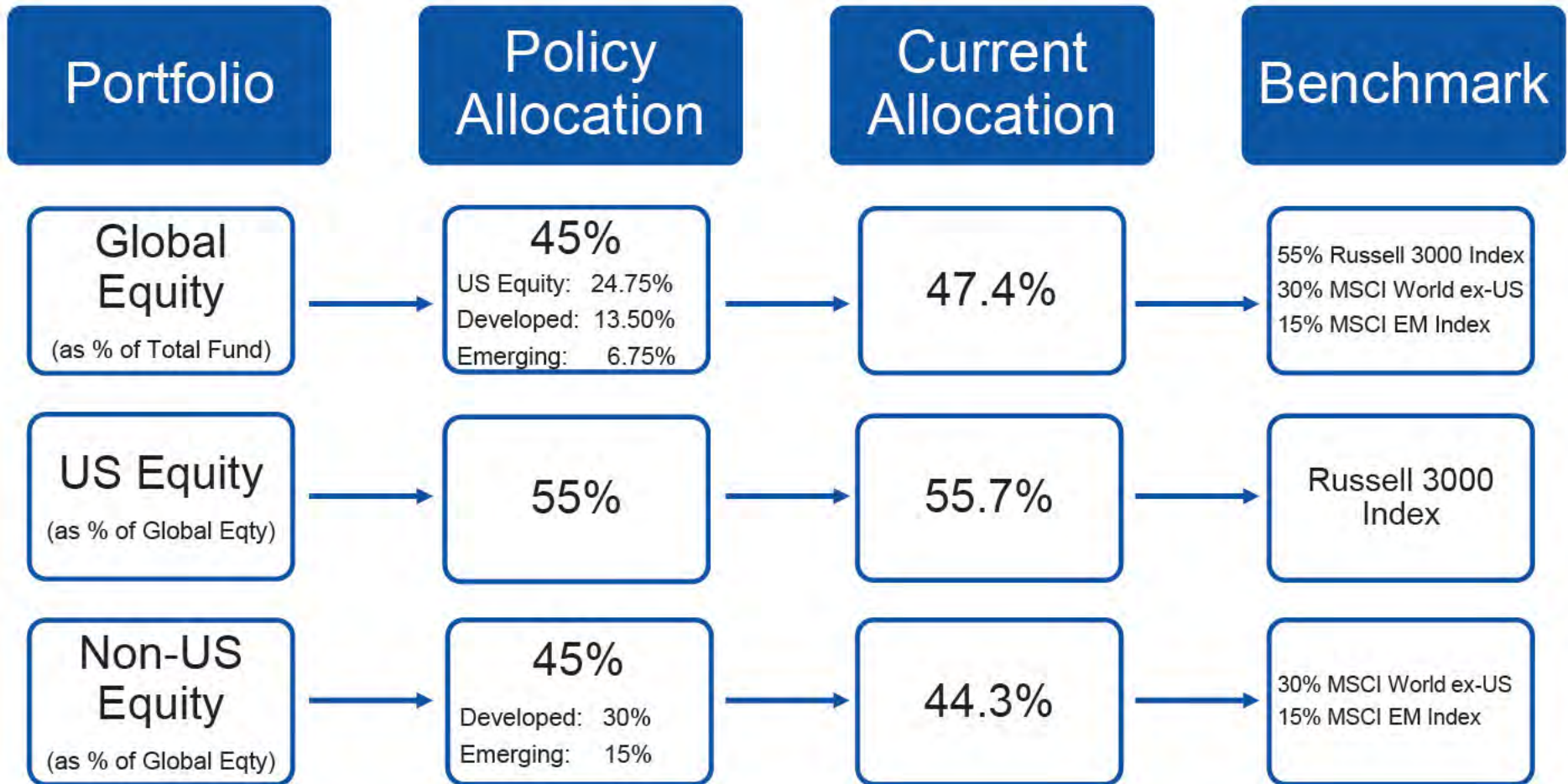
Judi Masri and Dustin Matthiessen

Meeting Date: December 2021

as of October 31, 2021



Global Equity Overview



Growth Asset Class: Total Fund Risk Contribution is 63.5% while Portfolio Weight is 47.4%

As of October 31, 2021



Global Equity Market Review

FYTD	One Year	Three Years	Five Years	Ten Years
Russell 3000 6.65%	Russell 3000 43.90%	Russell 3000 21.62%	Russell 3000 18.91%	Russell 3000 16.10%
Developed ex-US 2.30%	Developed ex-US 35.59%	Emerging 12.30%	Developed ex-US 9.95%	Developed ex-US 7.19%
All Country ex-US (0.67%)	All Country ex-US 29.66%	All Country ex-US 12.00%	All Country ex-US 9.77%	All Country ex-US 6.66%
Emerging (7.19%)	Emerging 16.96%	Developed ex-US 11.97%	Emerging 9.39%	Emerging 4.88%

Global Market Summary

- The US continues to dominate World Markets.
- Non-US Developed Markets posted Good Returns when Markets Favored Value
- China Markets impact Emerging Returns

as of October 31, 2021

**GLOBAL EQUITY****Net of Fee Performance**

	One Year	Three Years	Five Years	Ten Years
Global Equity	37.92%	18.16%	14.99%	12.08%
Custom Global Equity BM	37.40%	16.99%	14.46%	11.61%
Excess Return	0.52%	1.17%	0.53%	0.47%

Portfolio Performance

- Strong Absolute and Relative Performance in all Time Periods
- Absolute Returns Driven by US Markets
- Relative Returns Driven by Non-US Markets
- Strong Absolute Returns are expected to Decline in the Future

as of October 31, 2021



US EQUITY

Portfolio Summary

\$4.8 Billion Market Value

- 71.4% of Portfolio is Passive with 1 Manager, ranked as A
- 28.6% of Portfolio is Active with 6 Mandates
 - Three ranked as A
 - Two ranked as B
 - One ranked as a C

Focus on Portfolio Structure

- US Markets are Efficient – Passively Invest most Large Cap Stocks
- Increasing Passive in Large Cap and Increasing Diversity in Small Cap
- Remained Overweight Small Cap by approximately 4%
- Moved from a Growth Bias to a Neutral Style

Portfolio Activity 2021 Overview

- Currently Overweight US Equity by 1.64%
- Redeemed a net \$250 Million
- Portfolio Management Fee of 18 bps

As of October 31, 2021



US Equity Market Review

FYTD	One Year	Three Years	Five Years	Ten Years
R3000 Growth 9.16%	Russell 2000 50.80%	R3000 Growth 28.67%	R3000 Growth 24.96%	R3000 Growth 19.08%
Russell 1000 Large 7.16%	R3000 Value 44.97%	Russell 1000 Large 22.01%	Russell 1000 Large 19.16%	Russell 1000 Large 16.30%
Russell 3000 6.65%	Russell 3000 43.90%	Russell 3000 21.62%	Russell 3000 18.91%	Russell 3000 16.10%
R3000 Value 4.02%	Russell 1000 Large 43.51%	Russell 2000 16.47%	Russell 2000 15.52%	Russell 2000 13.50%
Russell 2000 (0.29%)	R3000 Growth 42.81%	R3000 Value 13.85%	R3000 Value 12.41%	R3000 Value 12.79%

as of October 31, 2021



US EQUITY

Portfolio Characteristics

Sector	SERS	Russell 3000
Price/Earnings	31.0	31.5
Price/Book	4.6	4.5
Price/Cash Flow	19.4	19.5
Price/Sales	3.1	3.2
Dividend Yield	1.2	1.2
Number of Holdings	1,161	3,043
Beta	0.98	N/A

as of October 31, 2021



US EQUITY

Market Capitalization

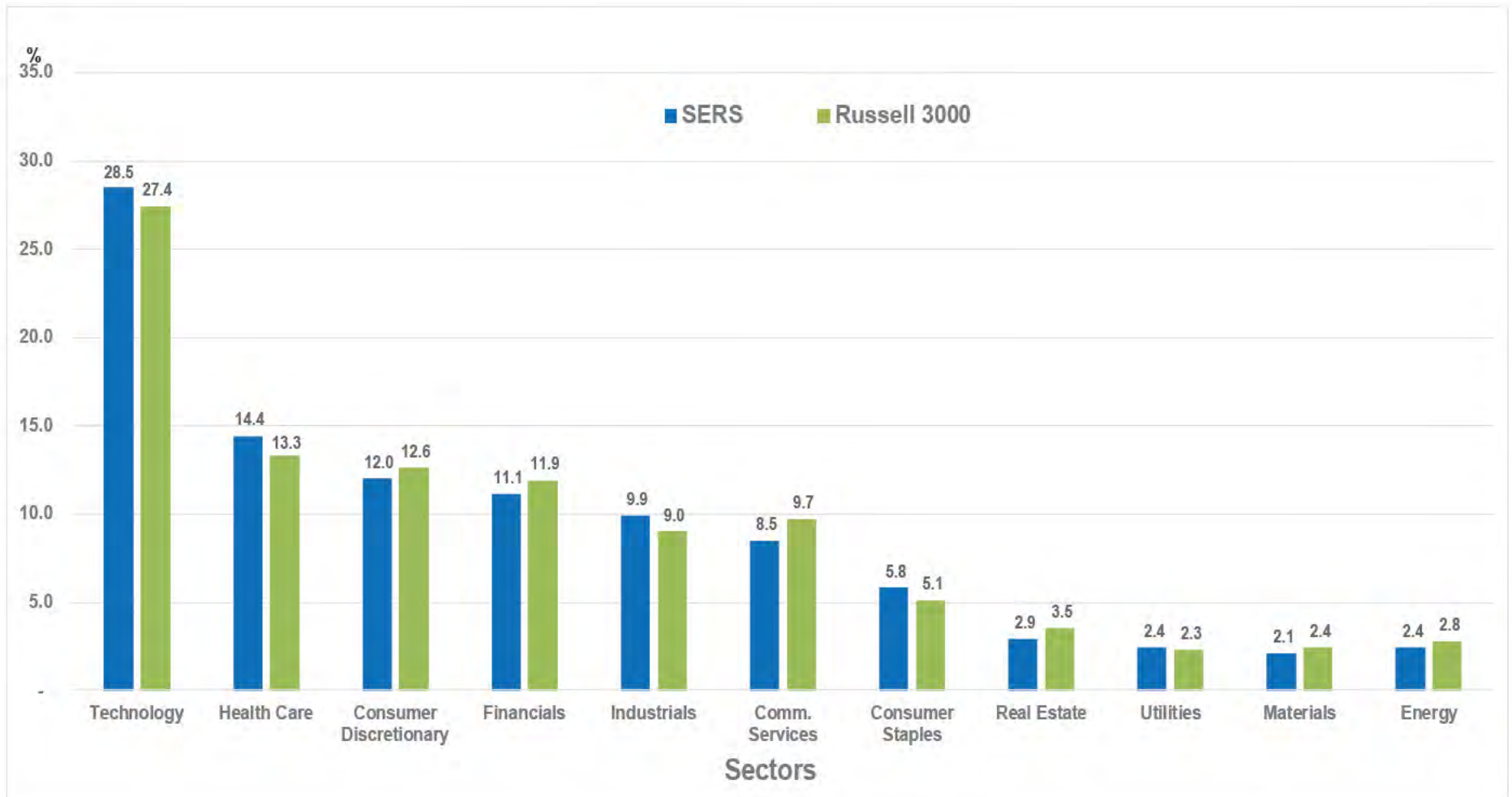


as of October 31, 2021



US EQUITY

Sector Exposures



as of October 31, 2021



US EQUITY

Net of Fee Performance

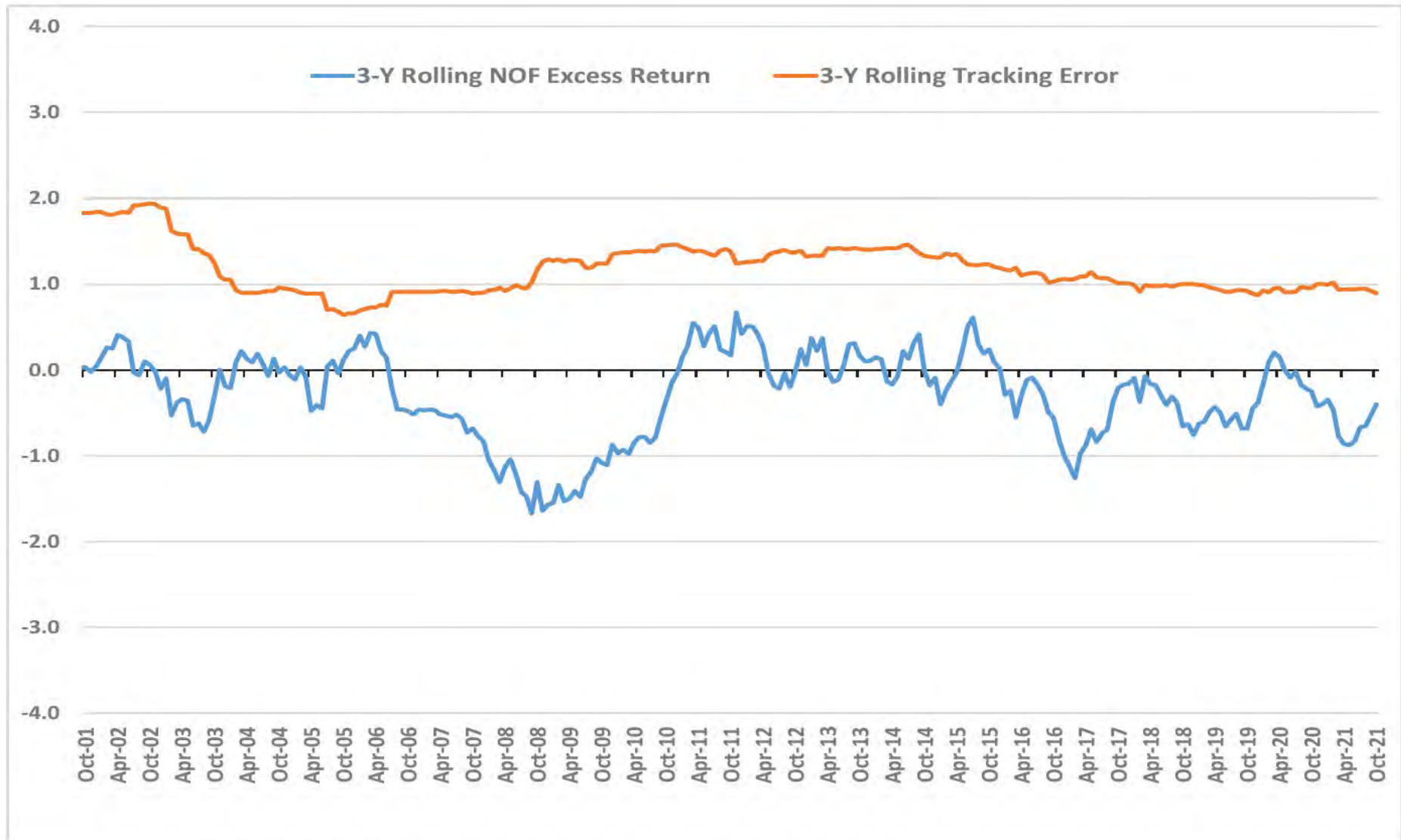
		One Year	Three Years	Five Years	Ten Years
US Equity		41.61%	21.21%	18.34%	15.76%
-Large Active	(16.2%)	36.79	18.03	15.35	13.65
-Large Passive	(71.4%)	43.44	22.59	19.52	16.45
-Small Active	(12.4%)	35.65	16.53	16.97	15.10
Russell 3000 Benchmark		43.90%	21.62%	18.91%	16.10%
Excess Return		(2.29%)	(0.41%)	(0.57%)	(0.34%)

as of October 31, 2021



US EQUITY

Three Year Risk and Return





US EQUITY

Calendar 2021 and Goals Review

US Equity Underperformance

- Passive Mandates Matched R1000; Underperformed R3000 from Small Cap Strong Return
- 4 of 6 Active Managers Underperformed their Benchmark
- Large Cap Active Defensive Beta of 0.79 could not Outperform a Rising Market

US Equity Tracking Error

- Realized 3-Year Tracking Error was 0.91%, Below the 1.0% Target
- Barra Predicts a 0.84% Tracking Error going forward

US Equity Portfolio Changes

- Increased Passive from 68.2% to 71.4%
- Added a R1000 Value Passive Mandate
- Reduced the Growth 3% Overweight to Neutral
- Reduced the Value 5% Underweight to a 60bps Underweight

as of October 31, 2021



NON-US EQUITY

Portfolio Summary

Focus on Portfolio Structure

- Non-US Markets are more Inefficient than US – Use More Active Management
- Emerging and Small Cap Active Mandates are Additive with Allocation Adjustments
- Portfolio Management Fee of 41 bps

Developed Markets: \$2.89 Billion Market Value

- 29.0% of Portfolio is Passive with one Mandate, ranked as A
- 71.0% of Portfolio is Active with 8 Mandates
 - 6 ranked as A
 - 2 ranked as B

Emerging Markets: \$954 Million Market Value

- 100% Active with 4 Mandates
 - 3 ranked as A
 - 1 ranked as B

As of October 31, 2021



Non-US Equity Market Review

FYTD	One Year	Three Years	Five Years	Ten Years
Developed ex-US 2.30%	ACWI ex-US Small 38.83%	ACWI ex-US Growth 16.87%	ACWI ex-US Growth 12.68%	ACWI ex-US Small 8.72%
ACWI ex-US Small 1.56%	ACWI ex-US Value 37.09%	ACWI ex-US Small 14.77%	ACWI ex-US Small 11.22%	ACWI ex-US Growth 8.50%
ACWI ex-US Growth (0.64%)	Developed ex-US 35.59%	Emerging 12.30%	Developed ex-US 9.95%	Developed ex-US 7.19%
ACWI ex-US (0.67%)	ACWI ex-US 29.66%	ACWI ex-US Large 12.04%	ACWI ex-US Large 9.82%	ACWI ex-US 6.66%
ACWI ex-US Value (0.71%)	ACWI ex-US Large 29.29%	ACWI ex-US 12.00%	ACWI ex-US 9.77%	ACWI ex-US Large 6.52%
ACWI ex-US Large (0.76%)	ACWI ex-US Growth 22.73%	Developed ex-US 11.97%	Emerging 9.39%	Emerging 4.88%
Emerging (7.19%)	Emerging 16.96%	ACWI ex-US Value 6.89%	ACWI ex-US Value 6.66%	ACWI ex-US Value 4.68%

Non-US Market Review

- Developed Markets performed well in 2021 due to Value Influence
- Emerging Markets declined with China Uncertainty in Summer 2021
- Non-US Small Cap has performed Consistently Well over last Decade

as of October 31, 2021



NON-US EQUITY

Portfolio Characteristics

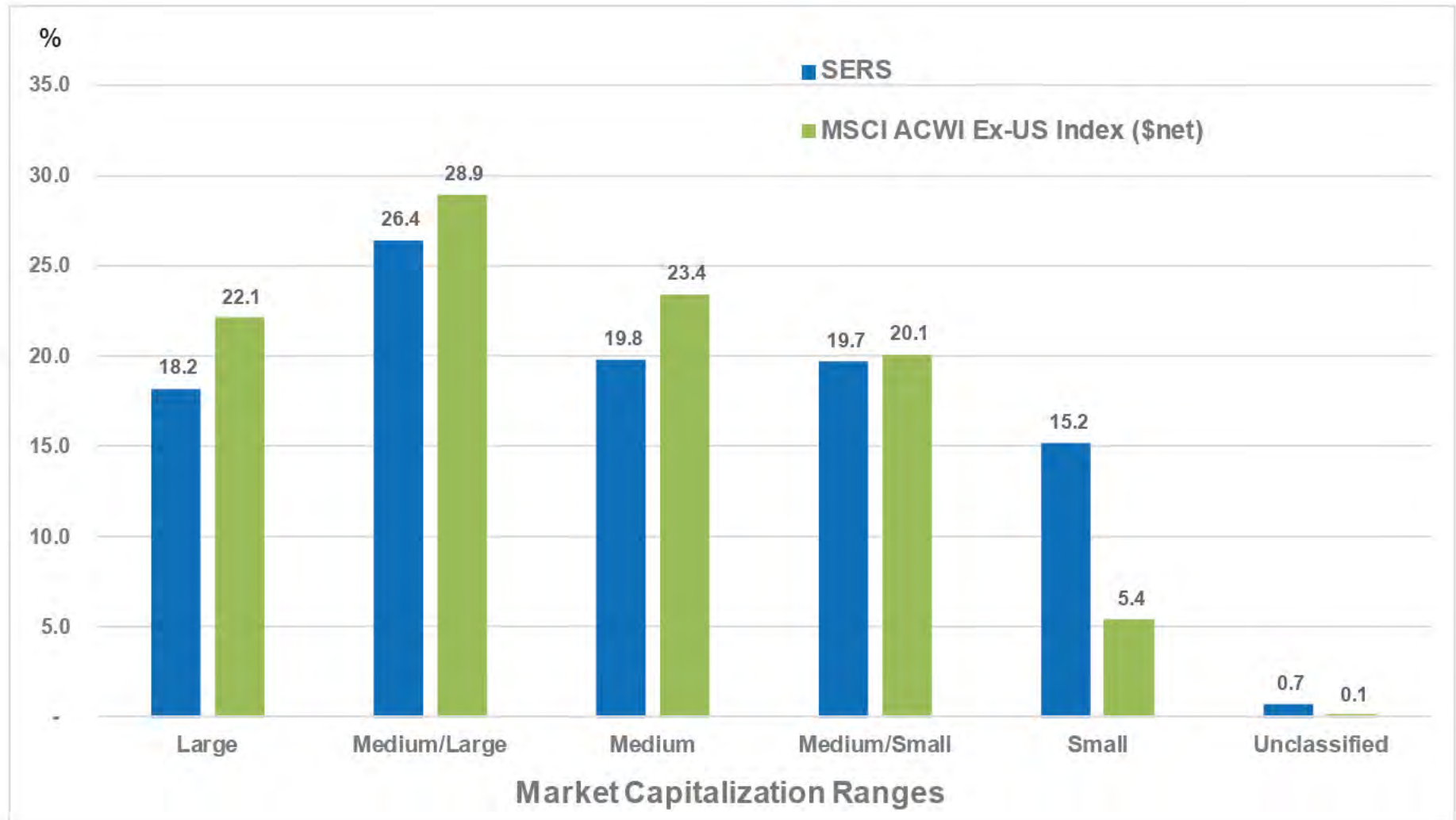
Sector	SERS	MSCI ACWI ex US (\$net)
Price/Earnings	15.7	18.7
Price/Book	1.8	2.1
Price/Cash Flow	8.3	10.1
Price/Sales	1.4	1.8
Dividend Yield	2.7	2.4
Developed Market Allocation	70.0%	70.8%
Emerging Market Allocation	30.0%	29.2%
Number of Holdings	2,655	2,342
Beta	0.98	N/A

as of October 31, 2021



NON-US EQUITY

Market Capitalization

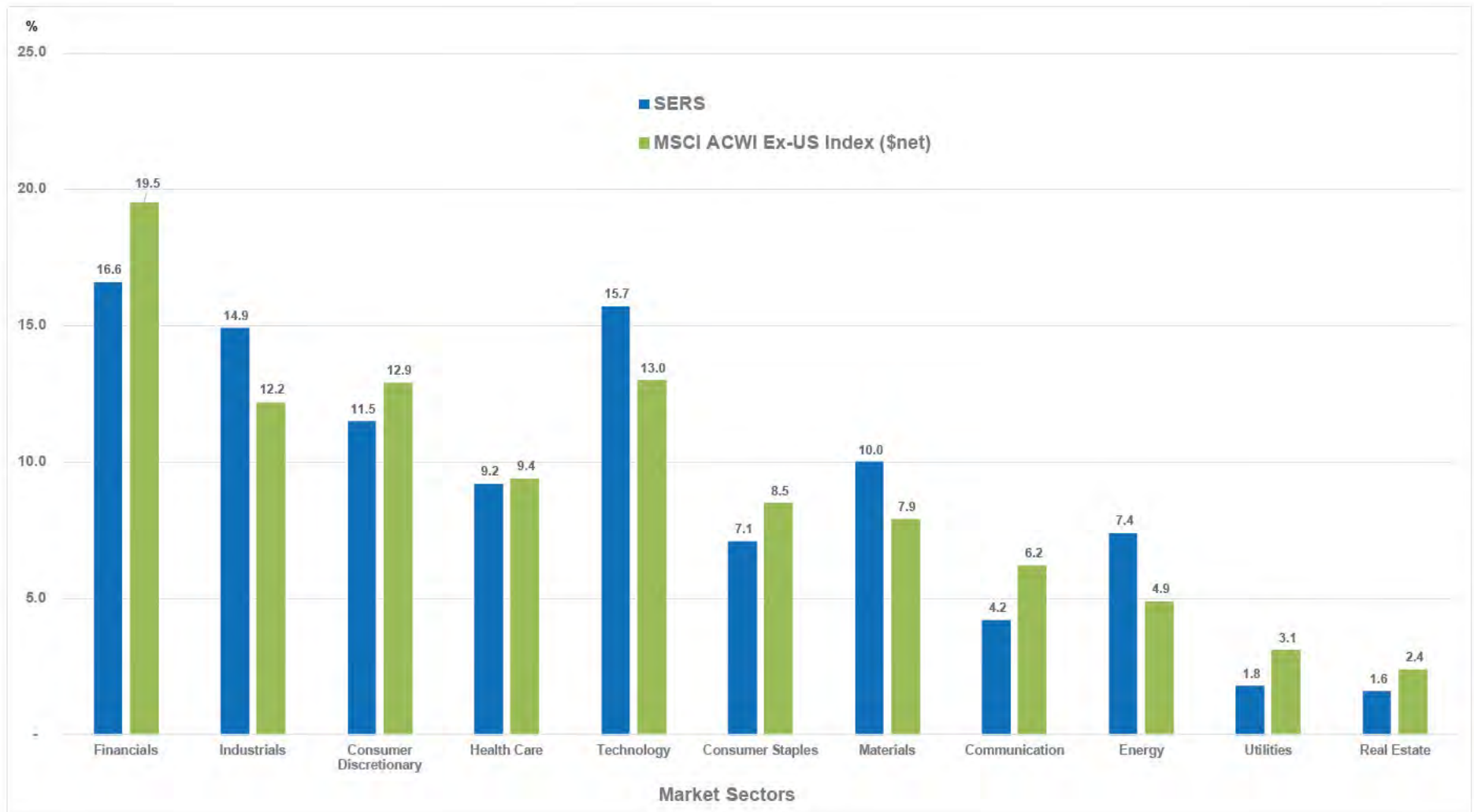


as of October 31, 2021



NON-US EQUITY

Sector Exposures



as of October 31, 2021



NON-US EQUITY

Net of Fee Performance

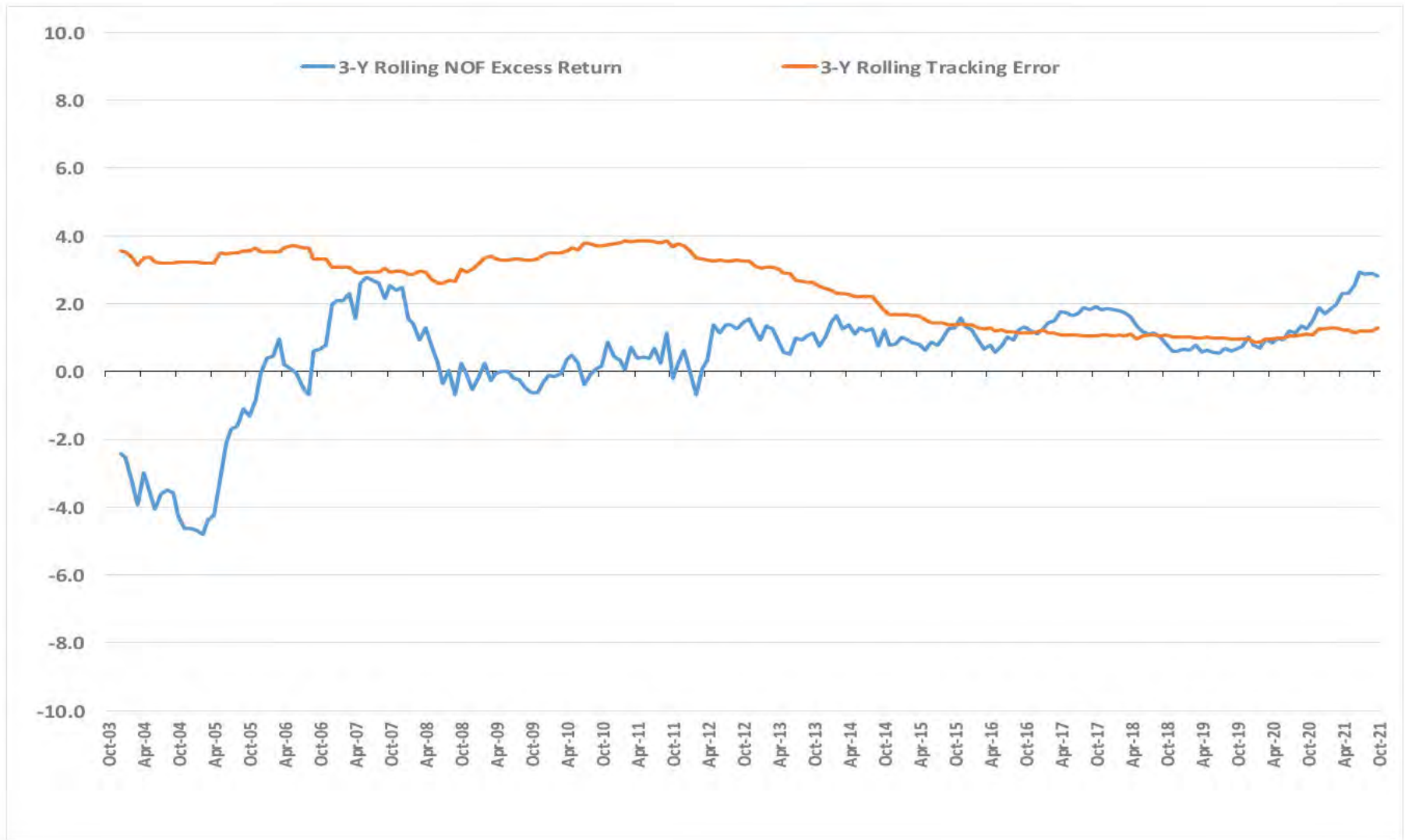
		One Year	Three Years	Five Years	Ten Years
Developed Market Equity		37.66%	13.94%	11.32%	9.01%
-Large Active Developed	(31.8%)	32.66	13.60	11.41	8.96
-Large Active All Country	(33.6%)	43.11	16.55	13.39	10.65
-Large Passive Developed	(29.0%)	36.53	12.54	10.44	7.62
-Small Active	(5.6%)	35.46	12.93	9.61	9.46
MSCI World ex-US Index (\$net)		35.59	11.97	9.95	7.19
Excess Return		2.07%	1.97%	1.37%	1.82%
Emerging Market Equity		21.52%	17.77%	12.09%	6.03%
MSCI Emerging Market Index (\$net)		16.96	12.30	9.39	4.88
Excess Return		4.56%	5.47%	2.70%	1.15%

as of October 31, 2021



NON-US EQUITY

Three Year Risk and Return





NON-US EQUITY

Calendar 2021 and Goals Review

Good Non-US Equity Returns Driven By

- Developed Markets: 7 out of 9 Mandates Outperformed their Benchmarks
- Emerging Markets: 2 out of 4 Mandates Outperformed their Benchmarks

Tracking Error

- Developed: Realized 3-Year Tracking Error 1.5%; Target 1.5%; Future Prediction 1.7%
- Emerging: Realized 3-Year Tracking Error 2.2%; Target 2.5%; Future Prediction 2.6%

New Mandate Updates

- Quantitative 130-30 Strategy (130% Long – 30% Short) Outperformed by 10%
- Dedicated China A-Share Strategy Inception is October 2021
- Developed Market Small Cap Growth Mandate Selected

Portfolio Monitoring

- Fully Renegotiated One Manager IMA
- Redeemed a net \$445 Million in Developed and \$75 Million in Emerging
- Currently Overweighted Developed by 34bps and Emerging by 41bps



Presentation Acronyms

- **All Country Ex-US:** MSCI All Country World Excluding United States Net Index, which includes stocks from 22 developed countries and 24 emerging market countries
- **ACWI Ex-US Growth:** MSCI All Country World Excluding United States Growth Net Index includes stocks from 22 developed countries and 24 emerging market countries with higher expected growth
- **ACWI Ex-US Value:** MSCI All Country World Excluding United States Value Net Index, which includes stocks from 22 developed countries and 24 emerging market countries with lower price-to-book ratios and lower expected growth rates
- **Developed Ex-US:** MSCI World Excluding United States Net Dividend Index, which includes stocks from 22 developed countries
- **Emerging:** MSCI Emerging Markets Net Dividend Index, which includes stocks from 24 emerging market countries
- **Russell 1000 Large:** Russell's Top 1,000 United States Companies by Market Capitalization
- **Russell 2000 Small:** Russell's Smallest 2,000 United States Companies by Market Capitalization
- **Russell 3000:** Russell's Top 3,000 United States Companies by Market Capitalization
- **Russell 3000 Growth:** Russell's Top 3,000 United States Companies by Market Capitalization that display signs of above average growth
- **Russell 3000 Value:** Russell's Top 3,000 United States Companies by Market Capitalization that have lower price-to-book ratios and lower expected growth rates
- **130-30 Strategy:** An equity strategy introducing risk controlled leverage to buy 130% long while simultaneously selling 30% short, composing a net 100% portfolio.



Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: October 31, 2021

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: December 2021



Investment Agenda

- Annual Portfolio Review – Global Equities
- Monthly Investment Report (October 31, 2021)



Economic and Financial Market Outlook

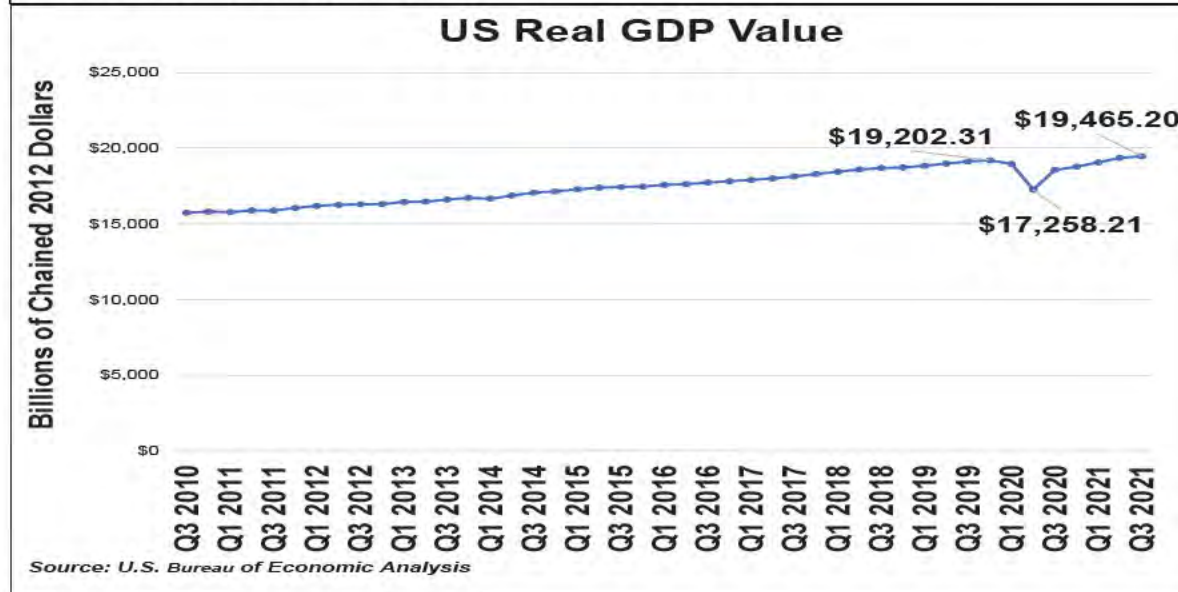
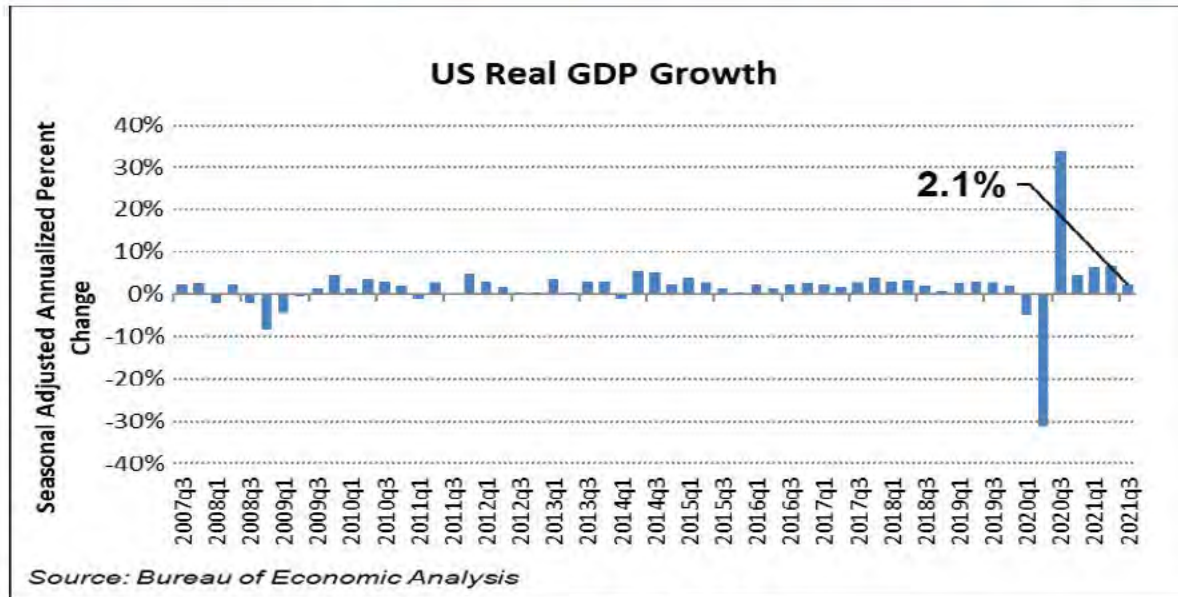
- US economy slowed significantly to 2.1% in Q3 due to supply chain disruptions and Covid-19 resurgence; Blue Chip Consensus forecasted stronger growth in Q4, at 4.9% as supply constraints are expected to ease. *(Sources: Bureau of Economic Analysis and Blue Chip Economic Indicators)*
- US labor market regained strength as the employment number increased by 531,000 and the unemployment rate was down to 4.6% in October. However, the labor force participation rate declined and stayed at a historical low of 61.6% in October. *(Sources: Bureau of Labor Statistics and Department of Labor)*
- The US inflation remained relatively high. The October headline inflation rate was 6.2% while the core was 4.6%. The energy index increased 30.0% while the food index was up 5.3% for the last 12 months. Supply constraints, labor shortage, commodity price increase combined with demand surge are the major contributors to the inflation hike. Blue Chip Consensus projected headline inflation to remain above 5.5% in Q4 2021 and Q1 2022, then to decline to 4.2% in Q2 2022. *(Sources: Bureau of Labor Statistics and Blue Chip Economic Indicators)*
- The 10-year Treasury nominal yield increased to 1.55% in October. The 10-year real yield remained in a deep negative level of (4.65%).
- House prices continued to rise with a gain of 1.0% for the month of September. The annual increase of the S&P Case-Shiller 20-City home price index was 19.1%, slightly lower than the previous month.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan declined slightly to 71.7, staying significantly below the historical average. The US Economic Surprise index improved but remained at a sub-zero level of (16.1). The Leading Economic Index (LEI) issued by the Conference Board continued its upward trend, reaching 118.3 in October.
- The US manufacturing PMI stayed robust at 60.8 while the global reading stayed at a moderate level of 54.3. The global economic recovery continued, although challenged by worldwide supply disruptions, material and labor shortages, and an emerging new covid-19 wave. *(Source: Institute for Supply Management, Markit).*
- Equity markets were up in October led by the US with a gain of 6.73% followed by the non-US developed at 2.98%. The emerging markets were up 0.99% . The market valuation declined from the recent high, although remained rich by major indicators.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was down 0.03% for October.

Notes: Acronym – PMI – Purchasing-Managers' Index



ECONOMY

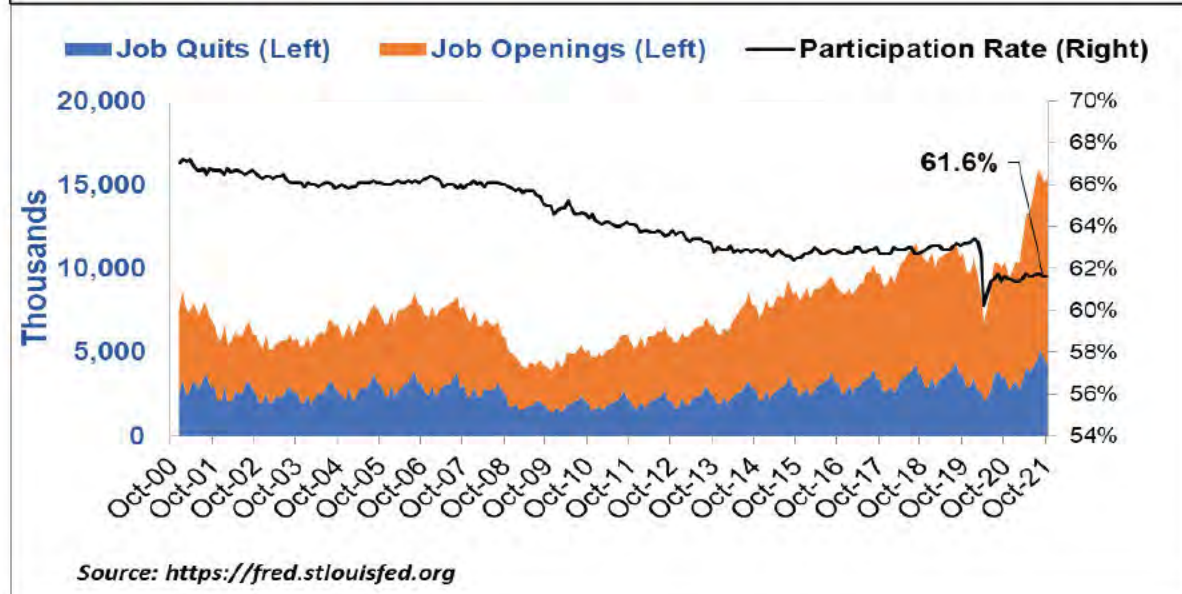
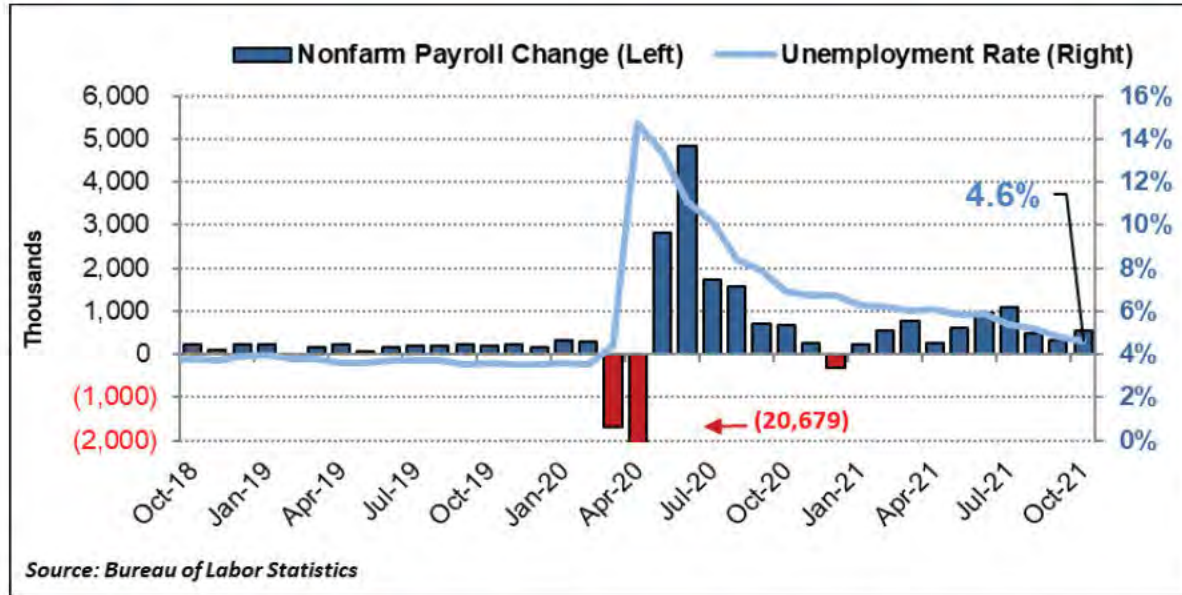
US Real Gross Domestic Product





ECONOMY

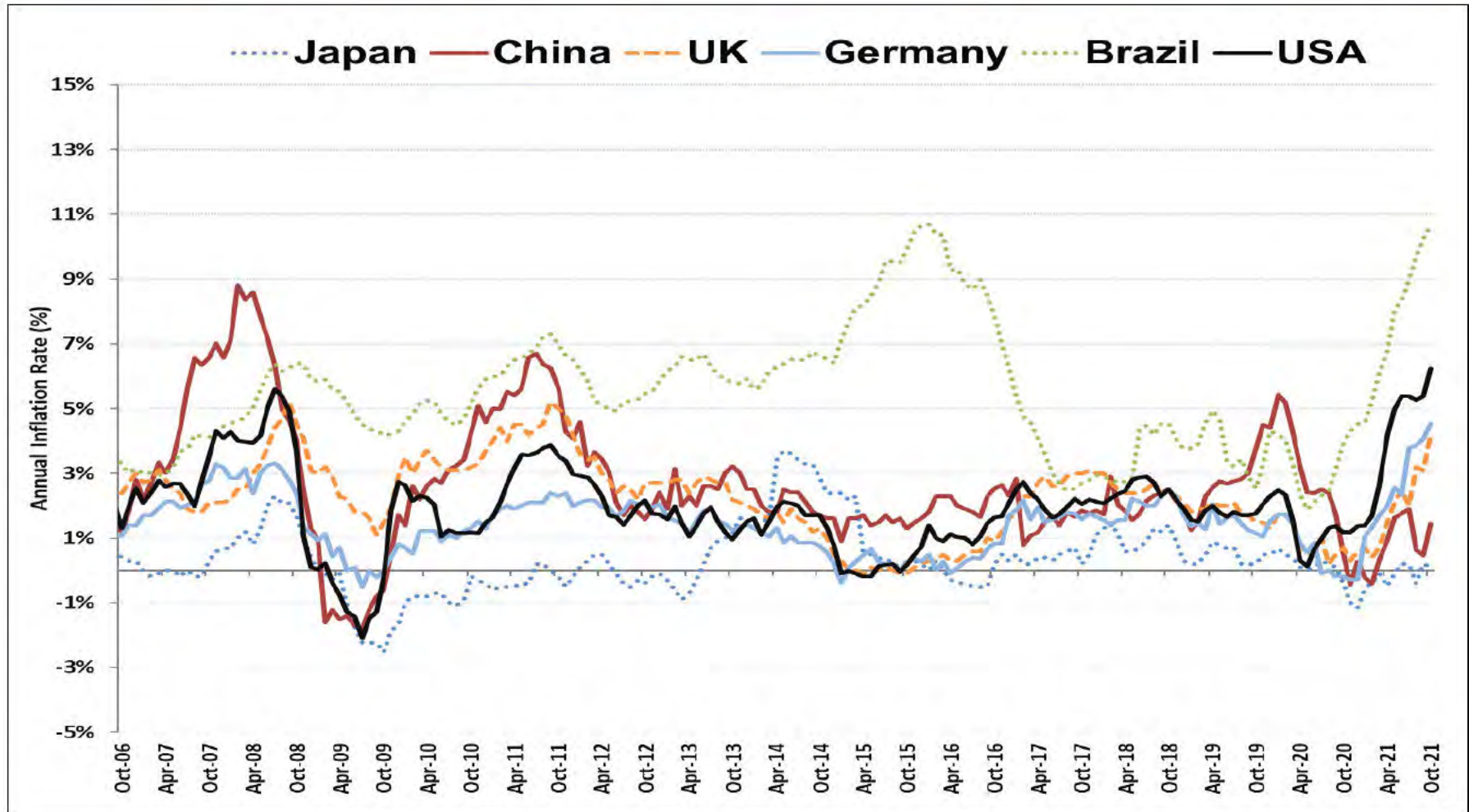
US Labor Market





ECONOMY

Headline Inflation



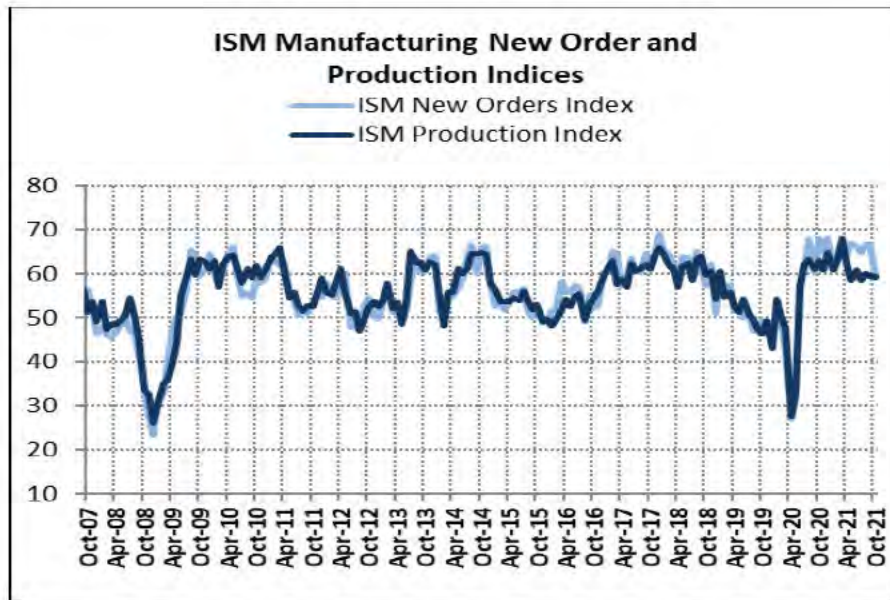
	Japan	China	UK	Germany	Brazil	USA
Oct-21	0.1	1.4	4.2	4.5	10.7	6.2

Sources: www.ons.gov.uk, www.oecd.org, www.inflation.eu, and www.tradingeconomics.com



ECONOMY

US & Global Manufacturing Activities

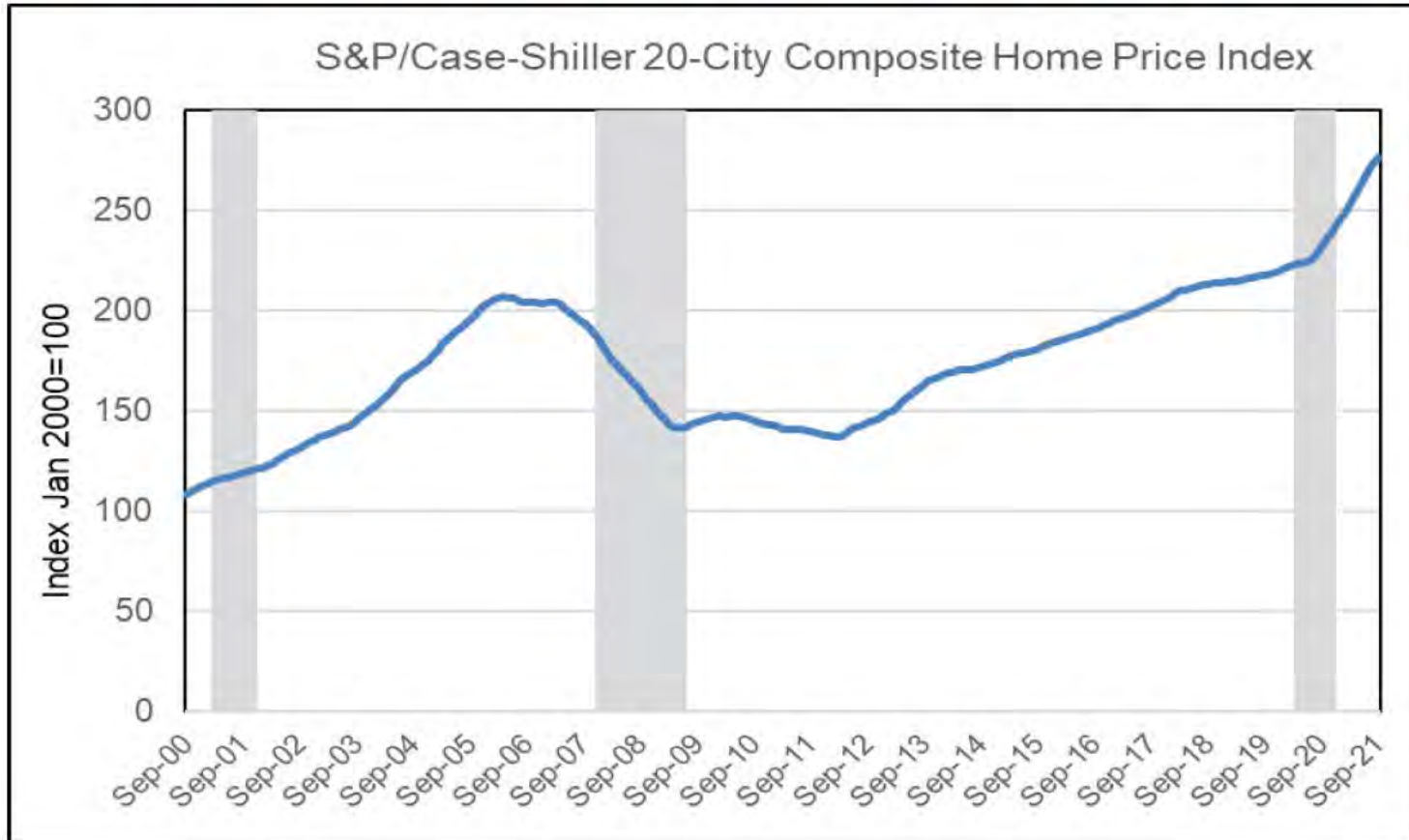


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
 Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



ECONOMY

US Housing Market



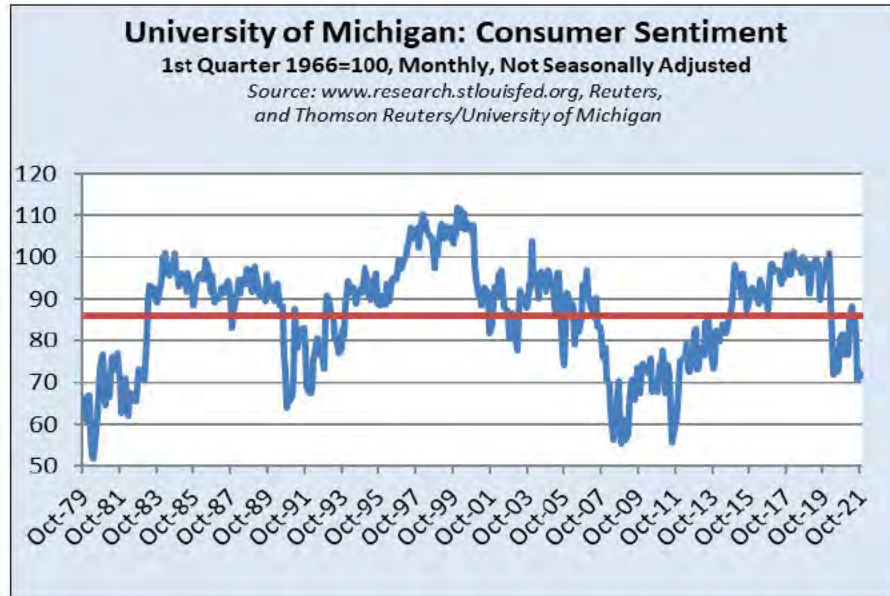
Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-17	200.04
Jul-18	211.99
Jul-19	216.09
Jul-20	225.56
Jul-21	270.73
Sep-21	276.51

Source: www.research.stlouisfed.org



ECONOMY

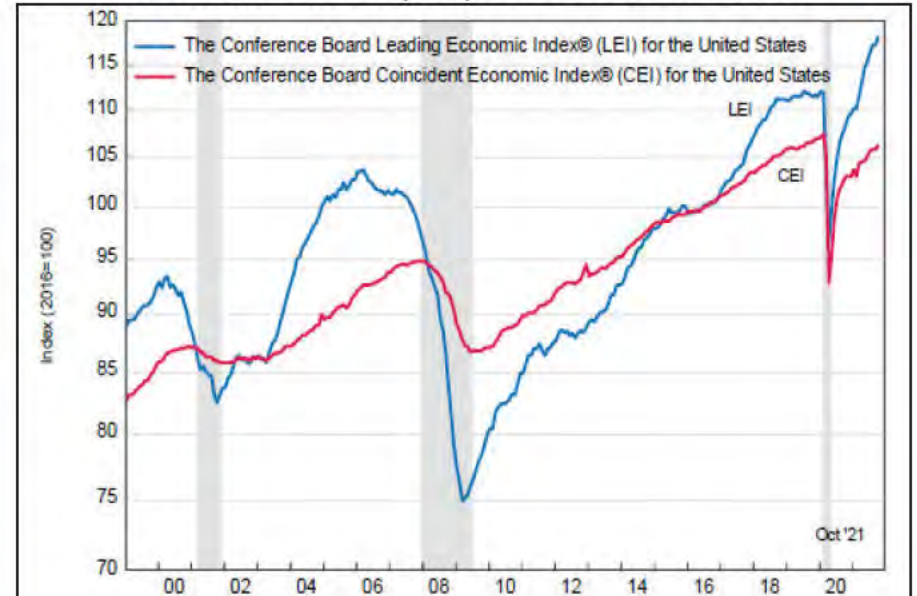
Consumer Sentiment



Index of Consumer Sentiment				
Sep-21	Oct-21	Oct-20	M-M Change	Y-Y Change
72.8	71.7	81.8	-1.5%	-12.3%

Sources: Thomson Reuters / University of Michigan

The Leading Economic Index (LEI) and Coincident Economic Index (CEI) for the United States



Shaded areas represent US recessions

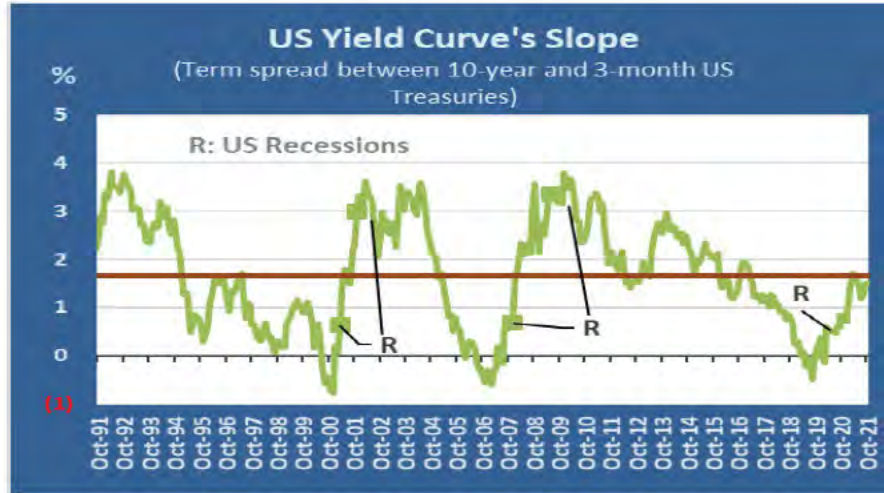
Index	Aug-21	Sep-21	Oct-21	Month -Month Percent Change	6-Month Percent Change (Apr-Oct)
LEI	117.2 r	117.3 r	118.3 p	0.9	4.6
CEI	105.8	105.8	106.3 p	0.5	1.7

p Preliminary; r Revised; Indexes equal 100 in 2016

Sources: The Conference Board and advisorperspectives.com



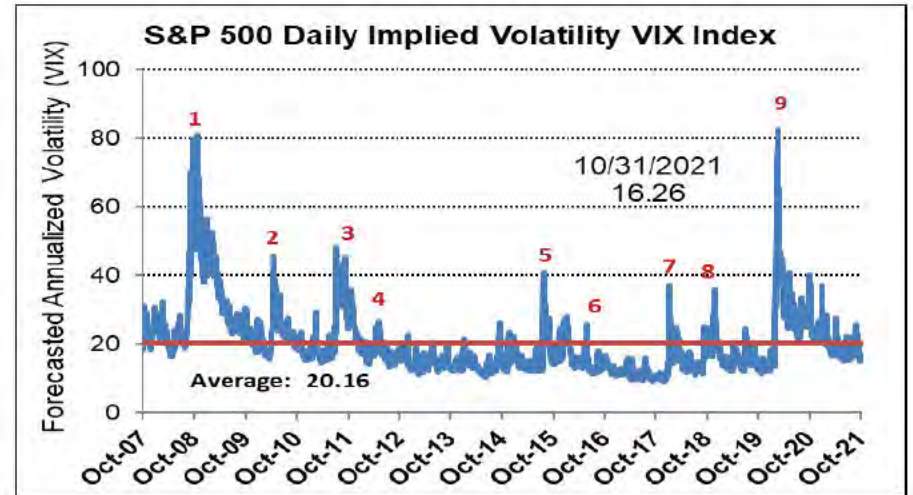
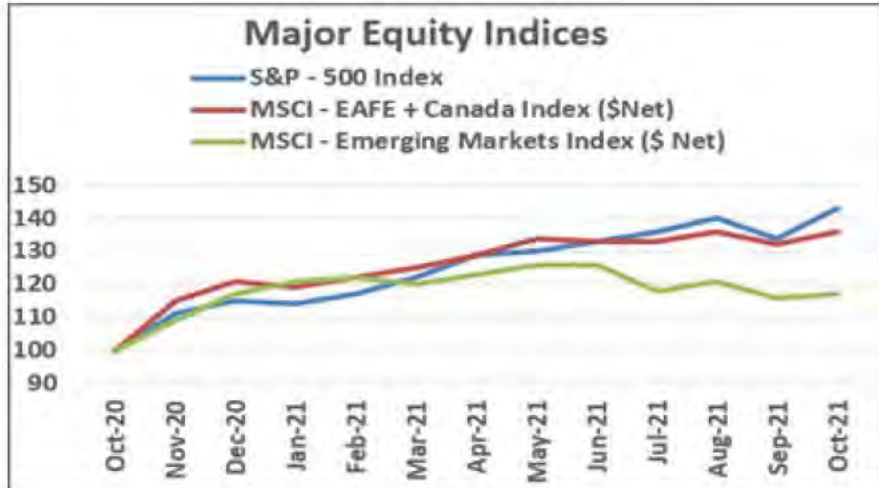
ECONOMY





MARKETS

Equity



	Return as of 10/31/2021	
	1 Year	FYTD
S&P 500	42.91	7.63
MSCI - EAFE + Canada Index (\$Net)	35.59	2.30
MSCI - Emerging Markets Index (\$Net)	16.96	(7.19)

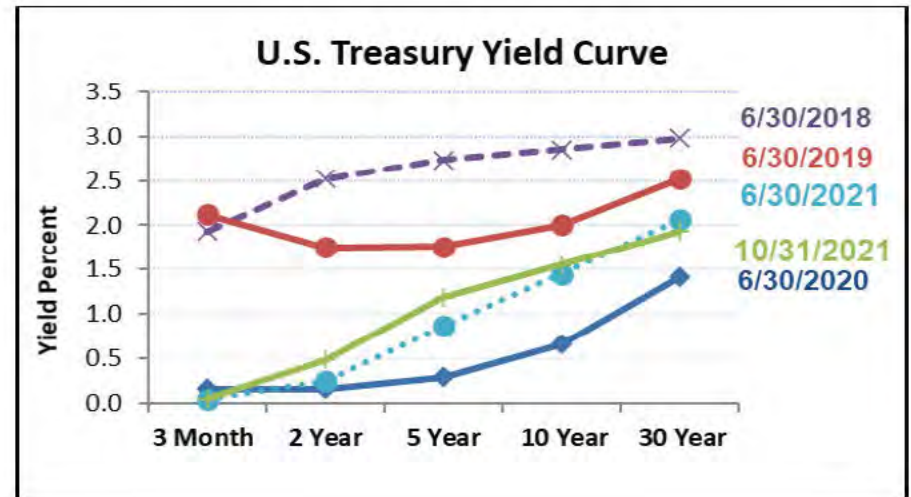
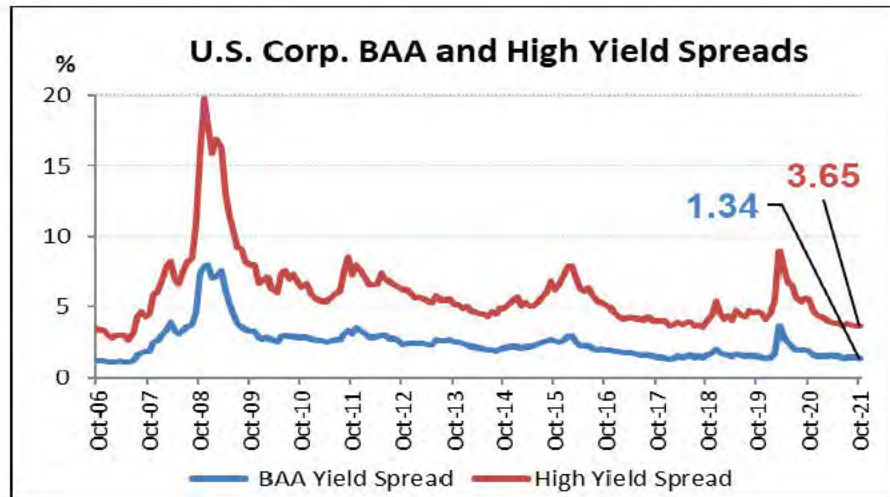
- 1 2008 (Nov.) Financial Crisis S&P 500: -48.8%
- 2 2010 (May) Flash crash; Europe/ Greece debt S&P 500: -16%
- 3 2011 (Aug.) US downgrade, Europe periphery S&P 500: -19.4%
- 4 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5 2015 (Aug.) Global slowdown, China, Fed S&P 500: -12.4%
- 6 2016 (Feb.) Oil crash, US recession fear, China S&P 500: -10.5%
- 7 2018 (Feb.) Inflation, trade, tech S&P 500 : -10.2%
- 8 2018 (Dec.) Interest rate hike, trade tension, global slowdown S&P 500: -10.5%
- 9 2020 (Mar.) Coronavirus, S&P 500 : -23.7%

Sources: www.research.stlouisfed.org, and Wilshire Compass



MARKETS

Fixed Income

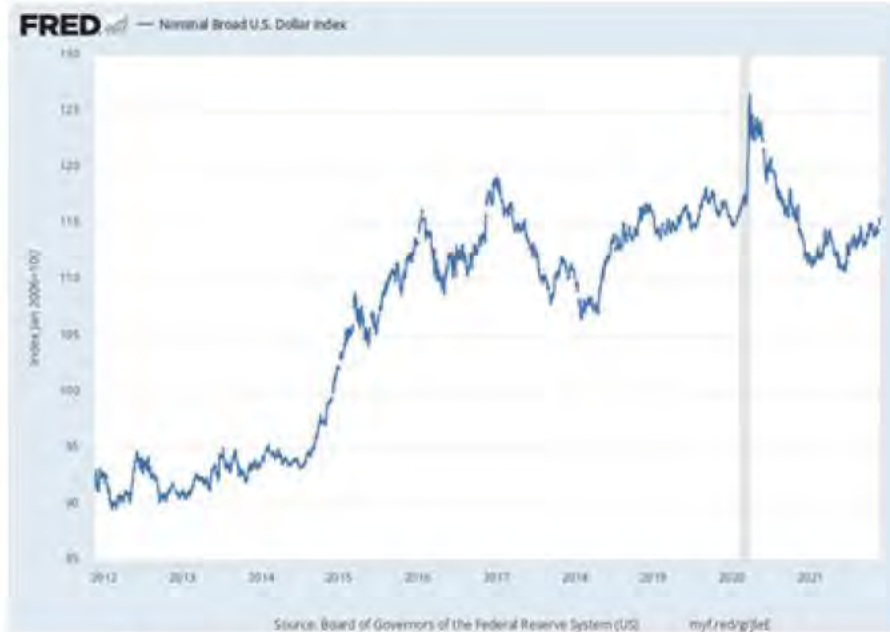


Sources: Wilshire Compass, ThomsonReuters, and Bloomberg



MARKETS

Foreign Exchange



Date	Nominal Broad U.S. Dollar Index January 1997=100
June-17	111.97
June-18	113.27
June-19	114.56
June-20	120.86
June-21	112.85
October-21	114.51



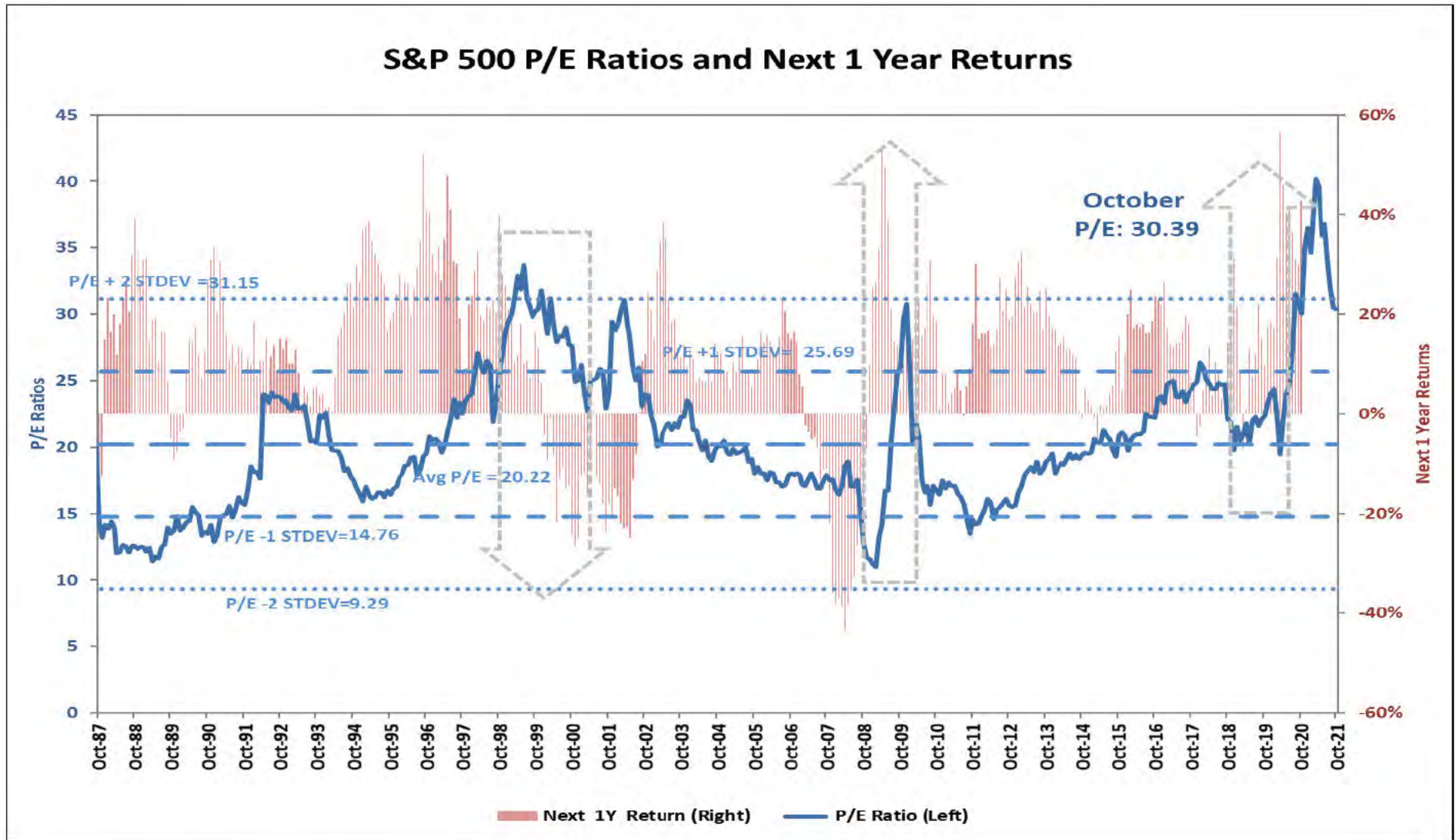
Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-17	1.14
June-18	1.17
June-19	1.14
June-20	1.12
June-21	1.18
October-21	1.16

Source: www.research.stlouisfed.org



VALUATION **US Equity**

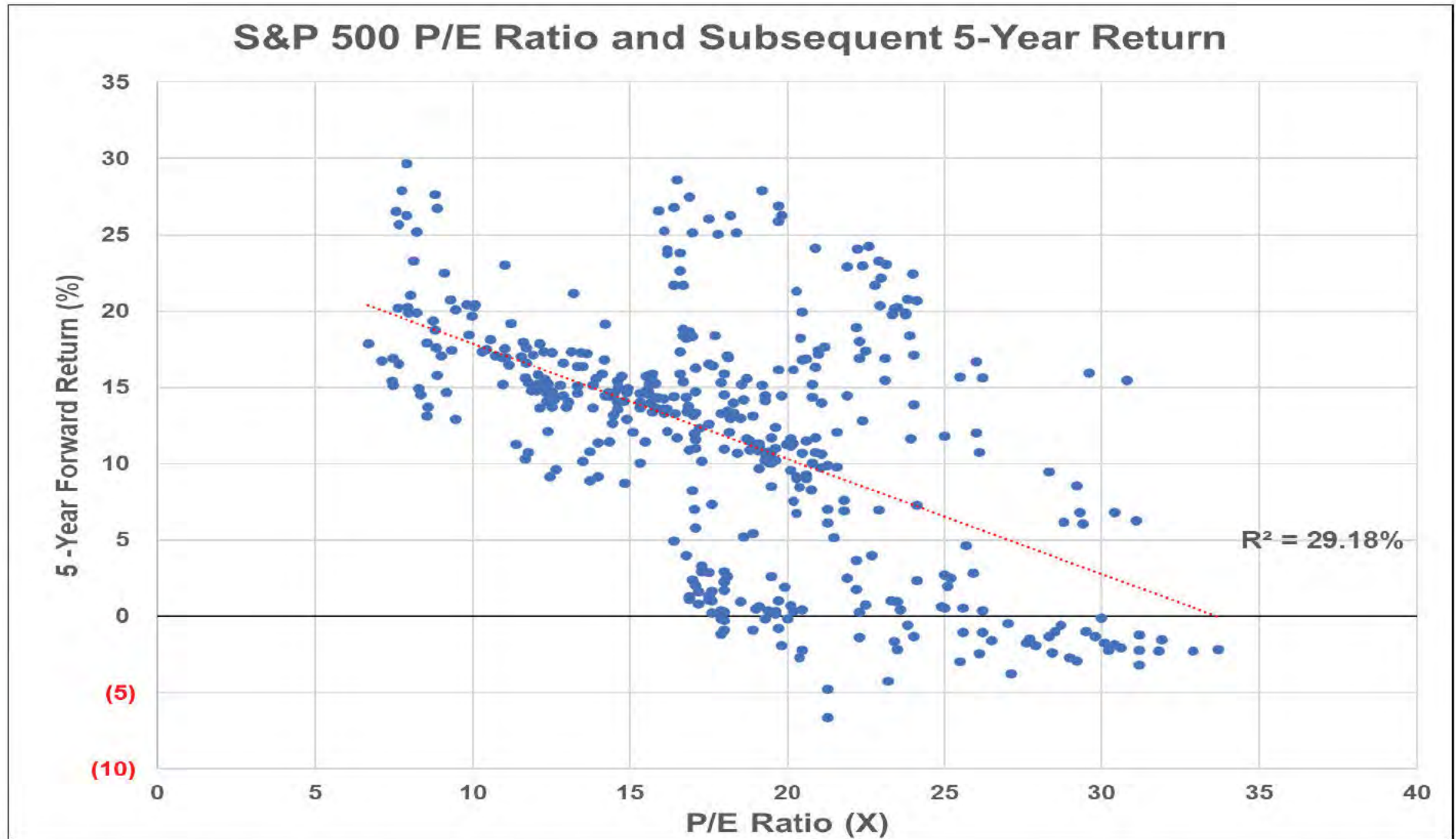
S&P 500 P/E Ratios and Next 1 Year Returns



Source: Wilshire Compass



VALUATION **US Equity**



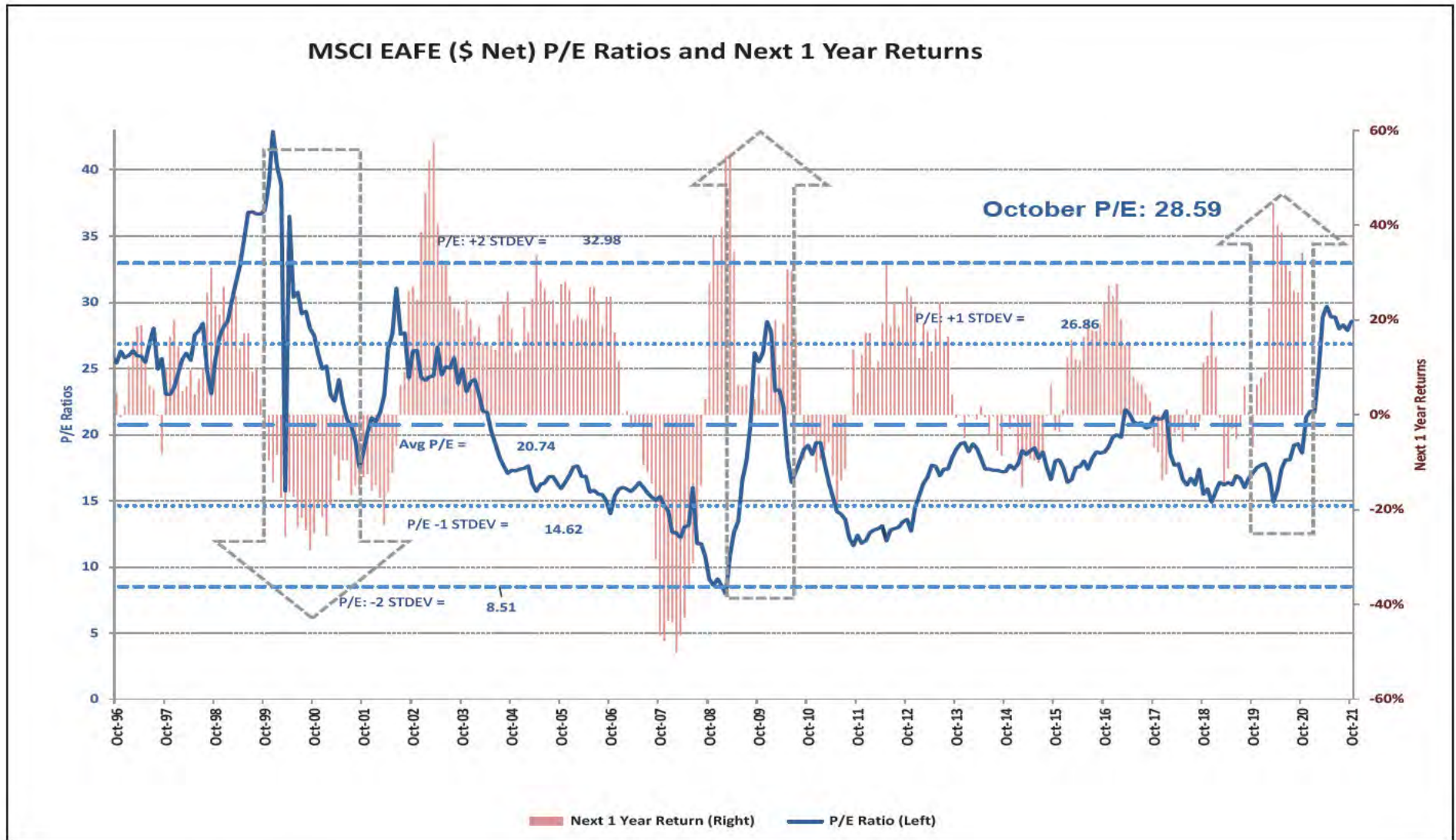
Source: Wilshire Compass



VALUATION

Non US Developed Market Equity

MSCI EAFE (\$ Net) P/E Ratios and Next 1 Year Returns



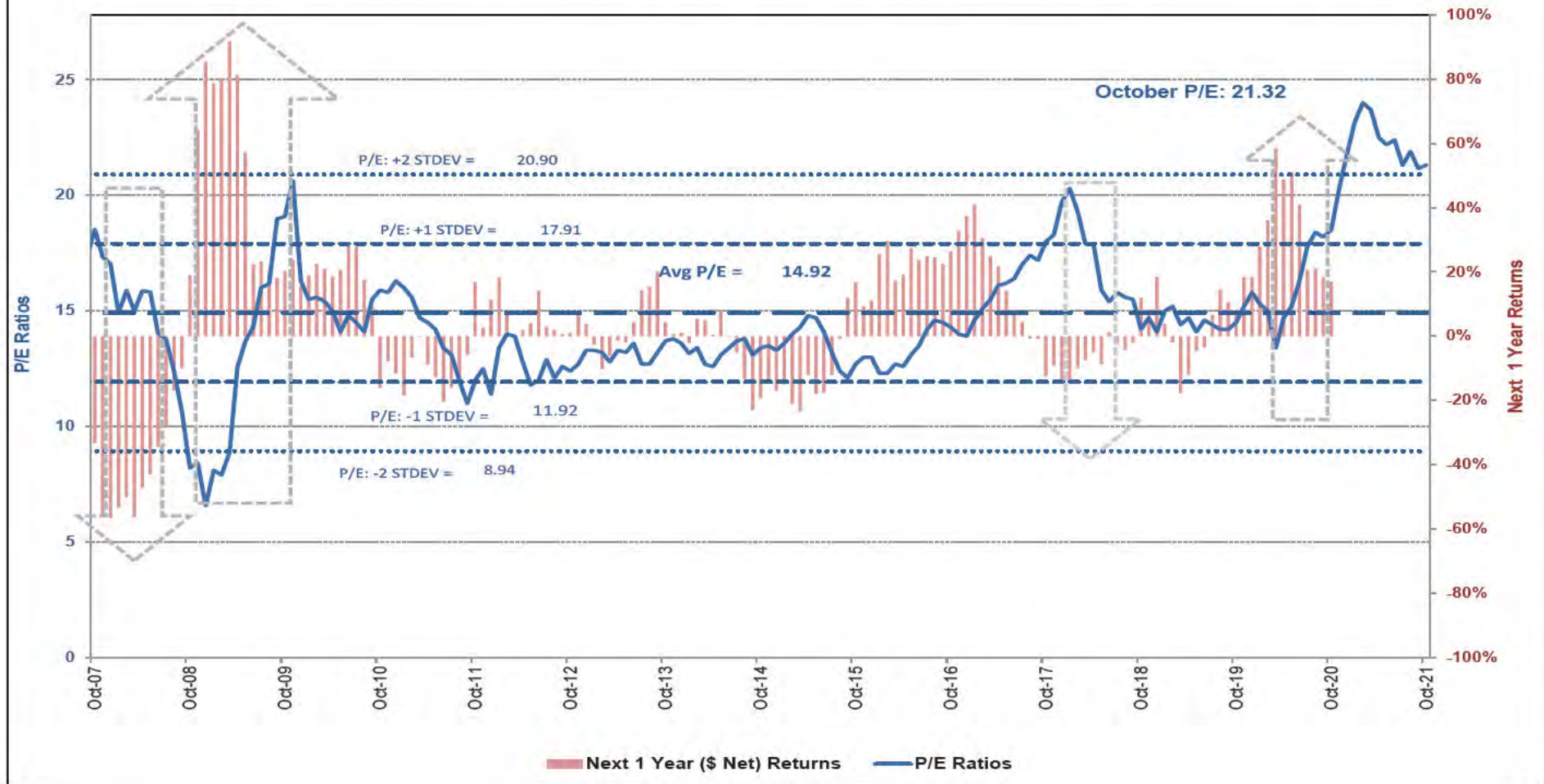
Source: Wilshire Compass



VALUATION

Emerging Market Equity

MSCI EM P/E Ratios and Next 1 Year (\$ Net) Returns

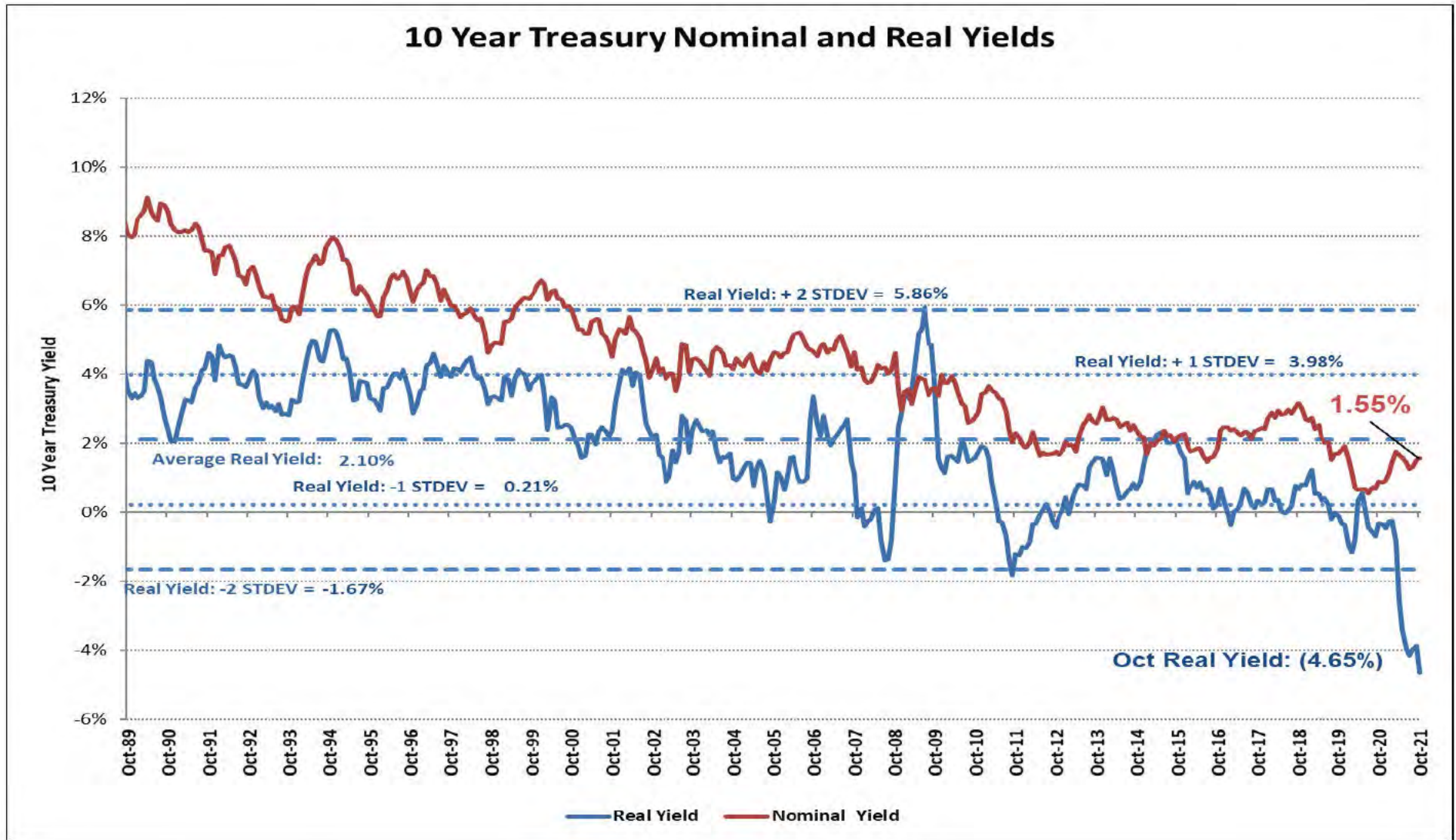


Source: Wilshire Compass



VALUATION **US Treasury Bonds**

10 Year Treasury Nominal and Real Yields



Sources: Wilshire Compass and U.S. Bureau of Labor Statistics



SERS' Investment Portfolios Review

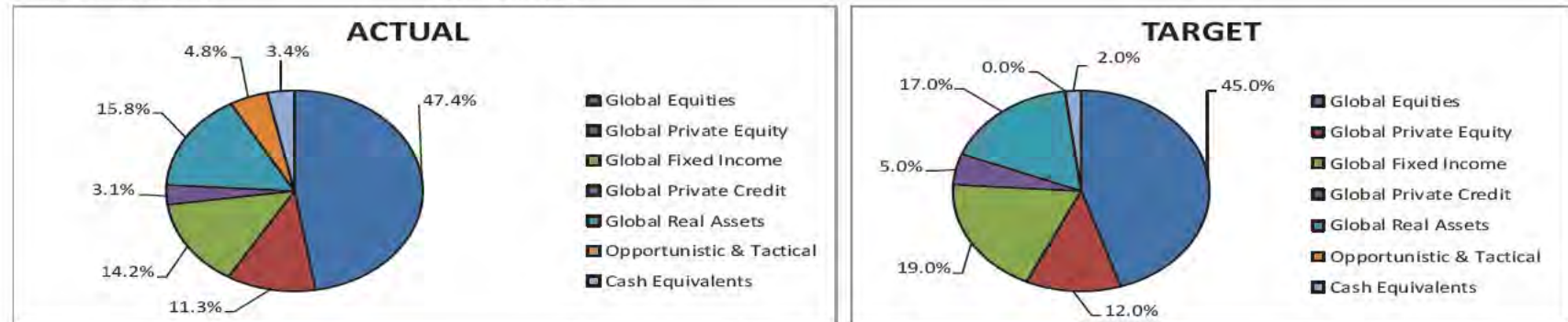


Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	8,683,810,968	47.4%	45.0%	35% - 55%
US Equity	4,836,260,497	26.4%	24.8%	19.25% - 30.25%
Non-US Equity Developed Market	2,893,116,232	15.8%	13.5%	10.50% - 16.50%
Non-US Equity Emerging Market	954,434,239	5.2%	6.8%	5.25% - 8.25%
Global Private Equity	2,062,406,414	11.3%	12.0%	8% - 16%
Global Fixed Income	2,600,827,085	14.2%	19.0%	12% - 26%
Global Private Credit	568,631,967	3.1%	5.0%	1% - 7% *
Global Real Assets	2,895,912,626	15.8%	17.0%	14% - 20%
Opportunistic & Tactical	885,828,509	4.8%	0.0%	0% - 5%
Cash Equivalents	626,007,104	3.4%	2.0%	0% - 5%
Short-Term	599,490,857	3.3%	2.0%	
Russell EA Overlay	-2,503,803	0.0%	0.0%	
Aegis - Alpha Overlay	3,209,879	0.0%	0.0%	
Direct Rebalance Overlay	0	0.0%	0.0%	
Transition / Operational Account	6,771,895	0.0%	0.0%	
Currency Overlay	19,038,276	0.1%	0.0%	
Total Fund	18,323,424,673	100.0%	100.0%	

Source: BNY Mellon GRS

* FY22 Interim range

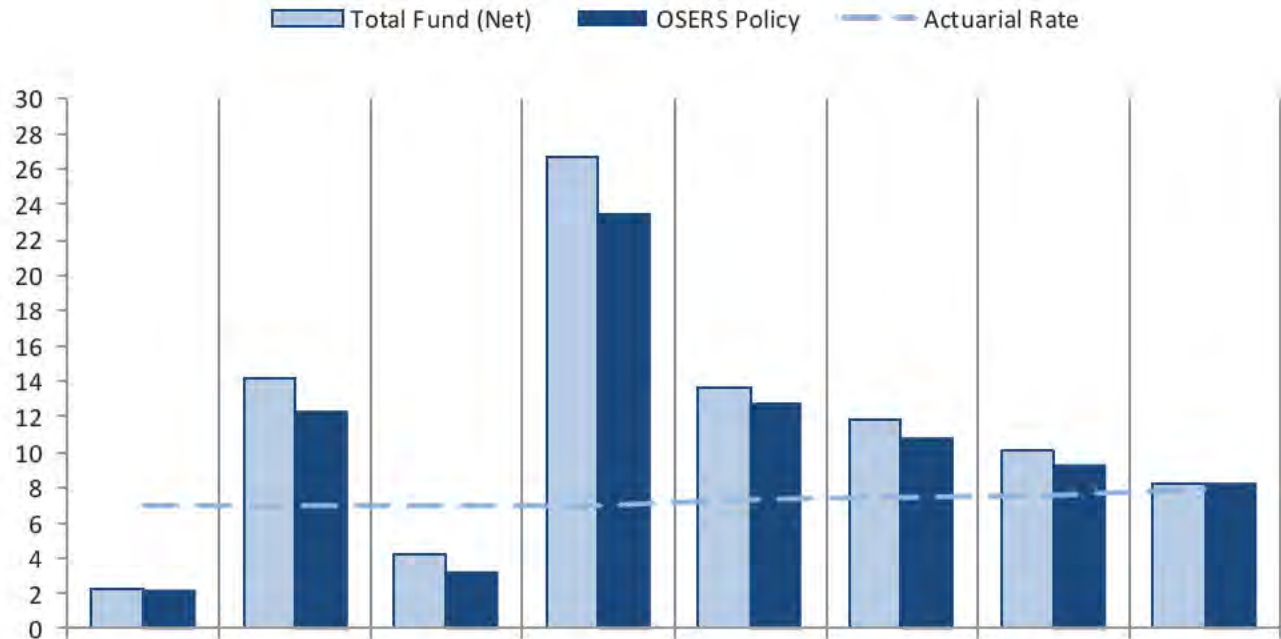




Total Fund Performance

Current Benchmark:

- 24.75% Russell 3000
- 13.50% MSCI World Ex US Index (net dividends)
- 6.75% MSCI Emerging Markets Index (net dividends)
- 12.00% Burgiss All Private Equity benchmark (1q lag) (BAPE)
- 19.00% Bloomberg Aggregate Bond
- 17.00% NCREIF Property (1q lag)
- 5.00% LIBOR + 4.5%
- 2.00% Citigroup 30 Day US T-Bill



Actuarial Rate

(7.0% effective 7/1/21, adopted 4/15/21)

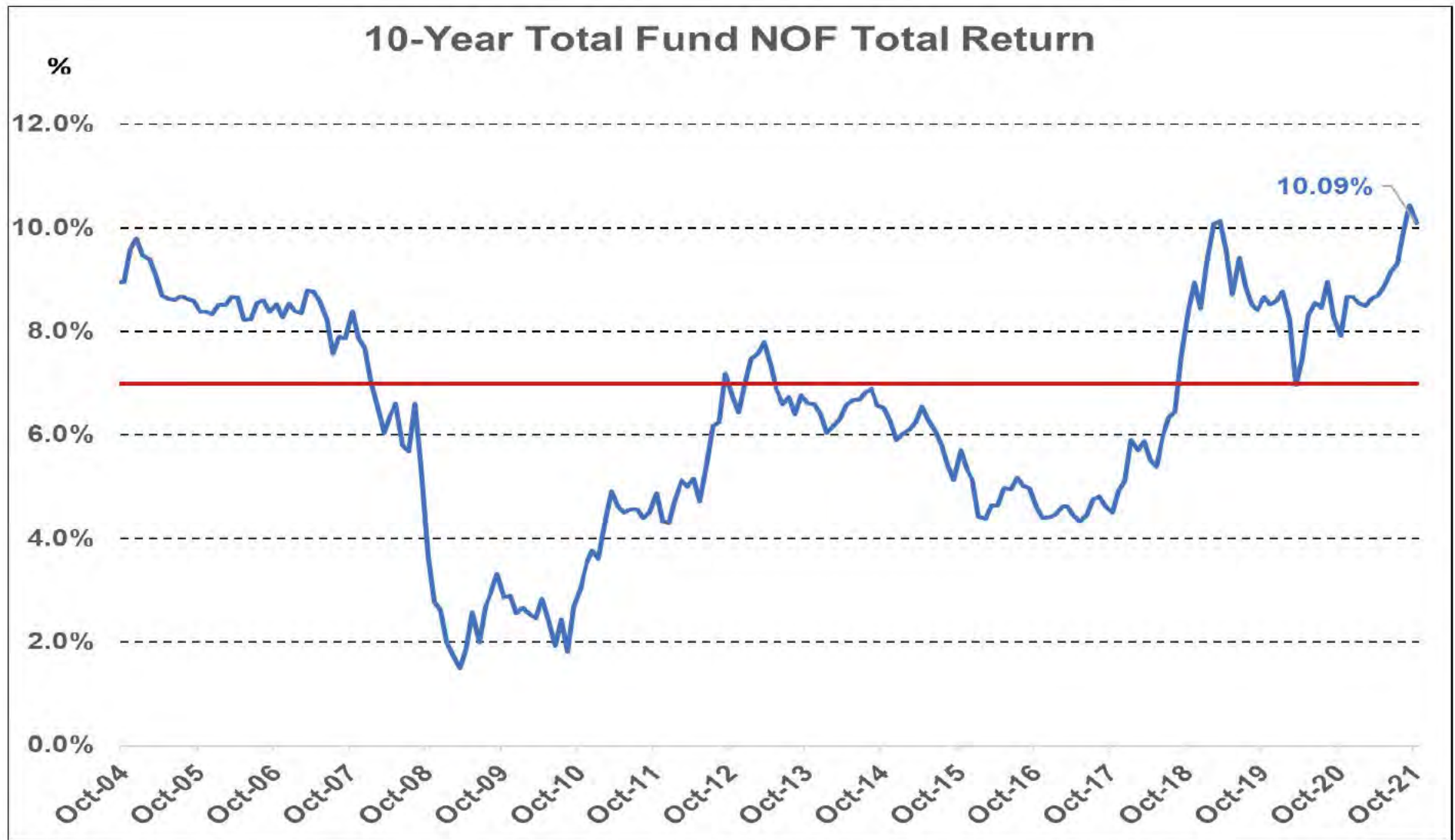
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	2.32	14.60	4.43	27.33	14.34	12.46	10.79	8.74
Total Fund (Net)	2.31	14.09	4.29	26.68	13.69	11.79	10.09	8.22
OSERS Policy	2.16	12.34	3.31	23.54	12.80	10.80	9.34	8.26
Value Added (Net of Fee)	0.15	1.75	0.98	3.14	0.89	0.99	0.75	(0.04)

Source: BNY Mellon GRS

*ITD is Inception date 10/1/1994 (27 years and 1 months)

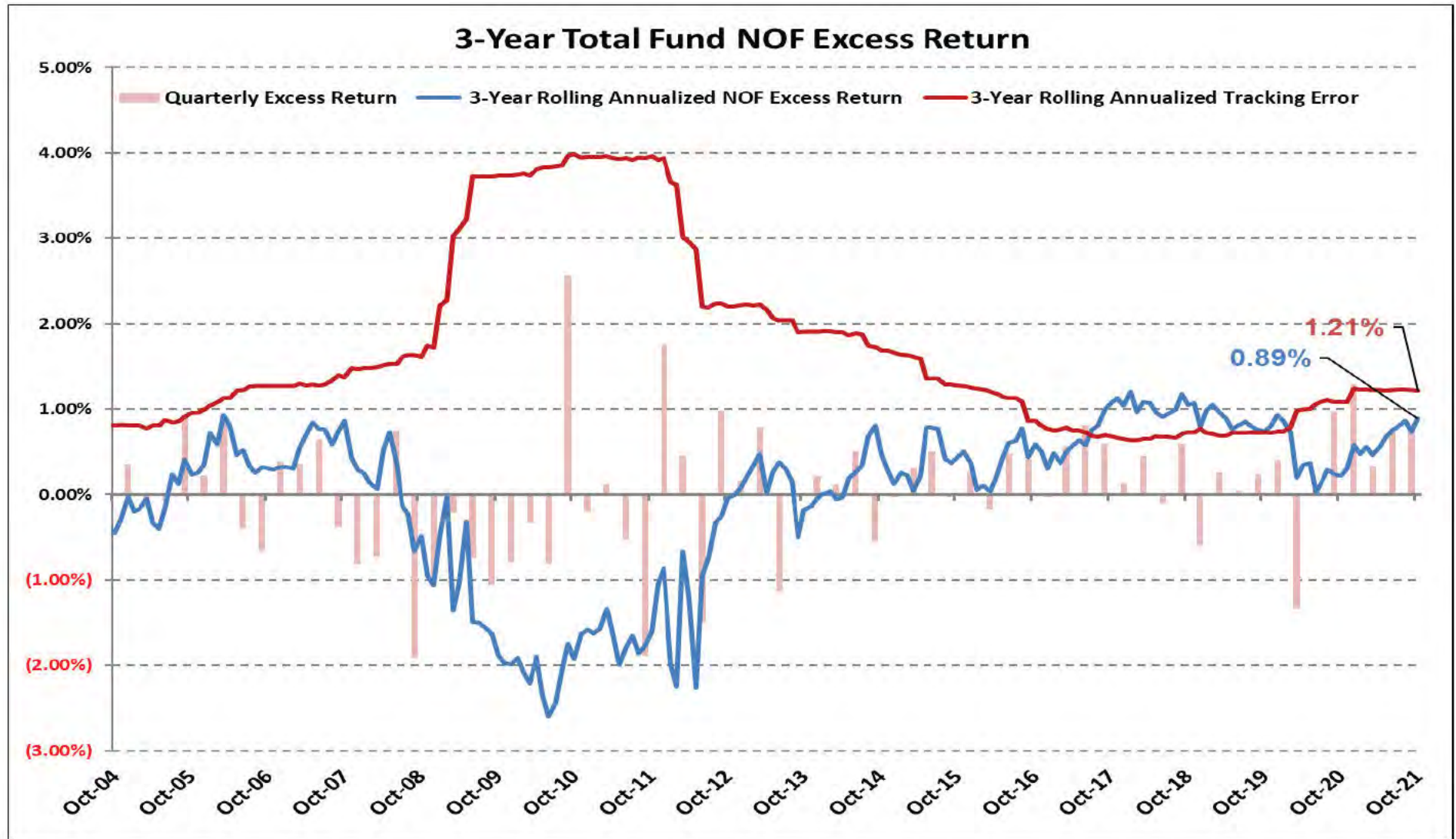


Total Fund Performance



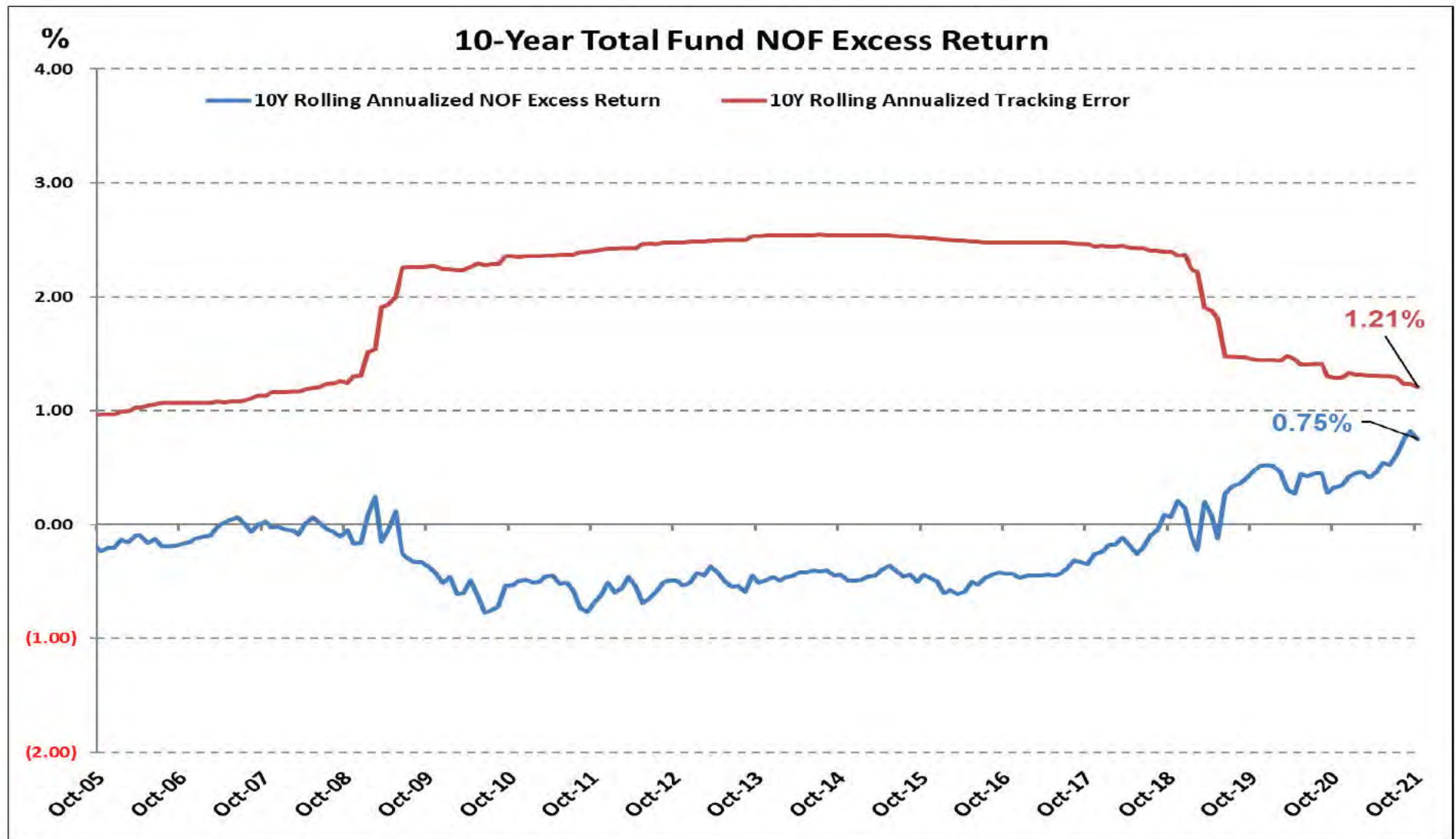


Total Fund Performance



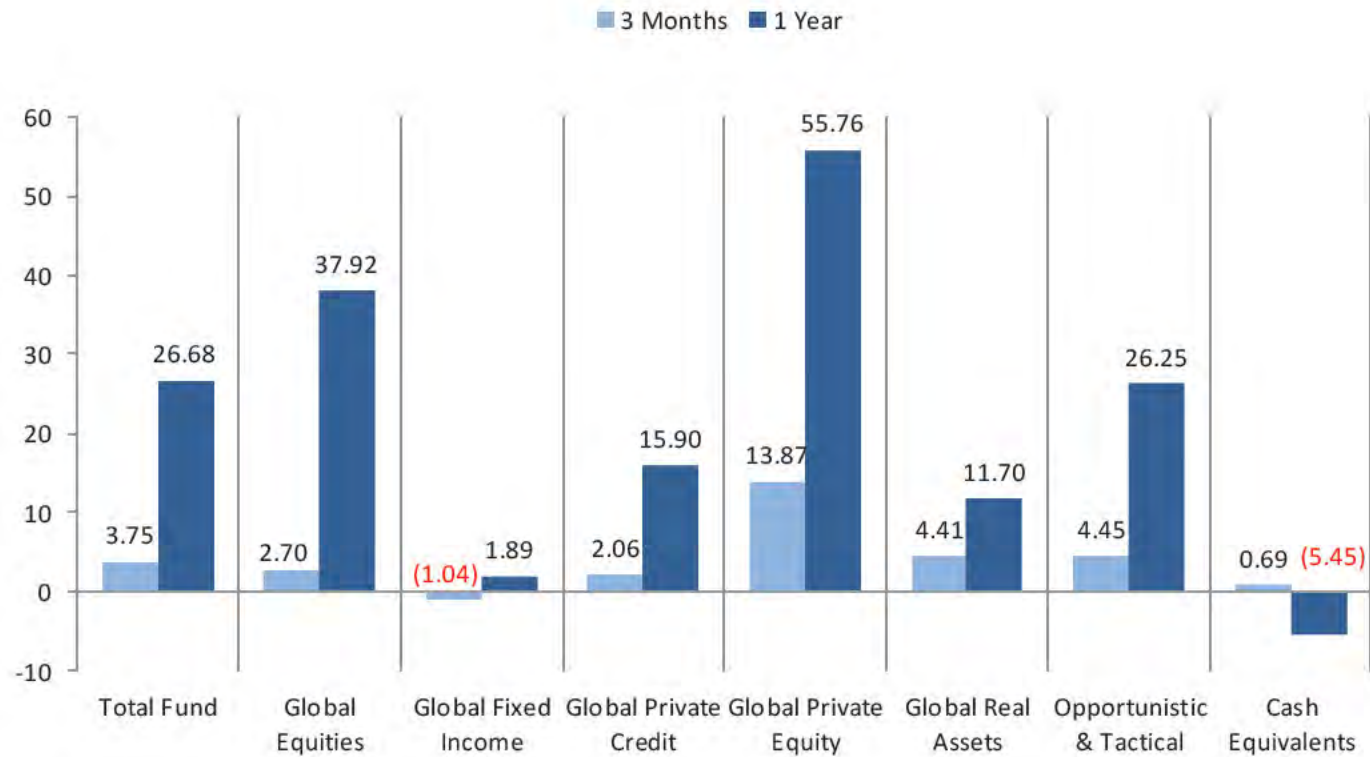


Total Fund Performance





Total Fund and Asset Class Performance (Net)



Source: BNY Mellon GRS



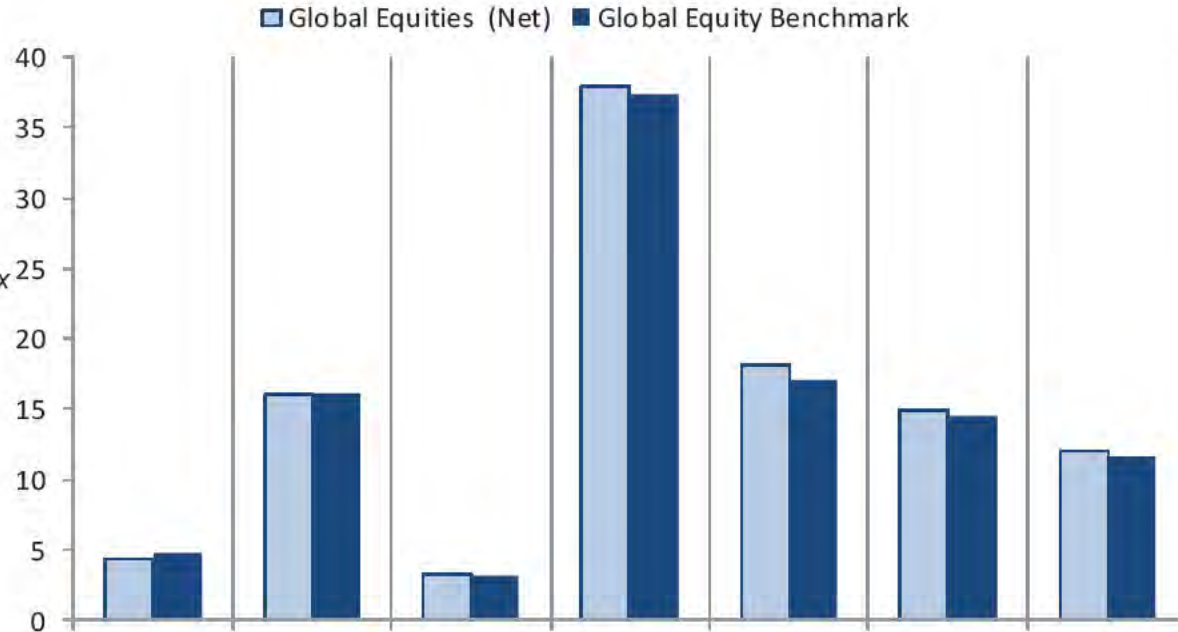
Global Equities Performance

Current Benchmark:

55% Russell 3000

30% MSCI World Ex United States
Index (Net dividends)

15% MSCI Emerging Markets Index
(Net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	4.36	16.35	3.39	38.30	18.49	15.34	12.45
Global Equities (Net)	4.34	16.08	3.30	37.92	18.16	14.99	12.08
Global Equity Benchmark	4.76	16.05	3.23	37.40	16.99	14.46	11.61
MSCI ACWI	5.13	17.21	4.13	37.86	18.06	15.31	11.91
Value Added (Net of Fee)	(0.42)	0.03	0.07	0.52	1.16	0.53	0.46

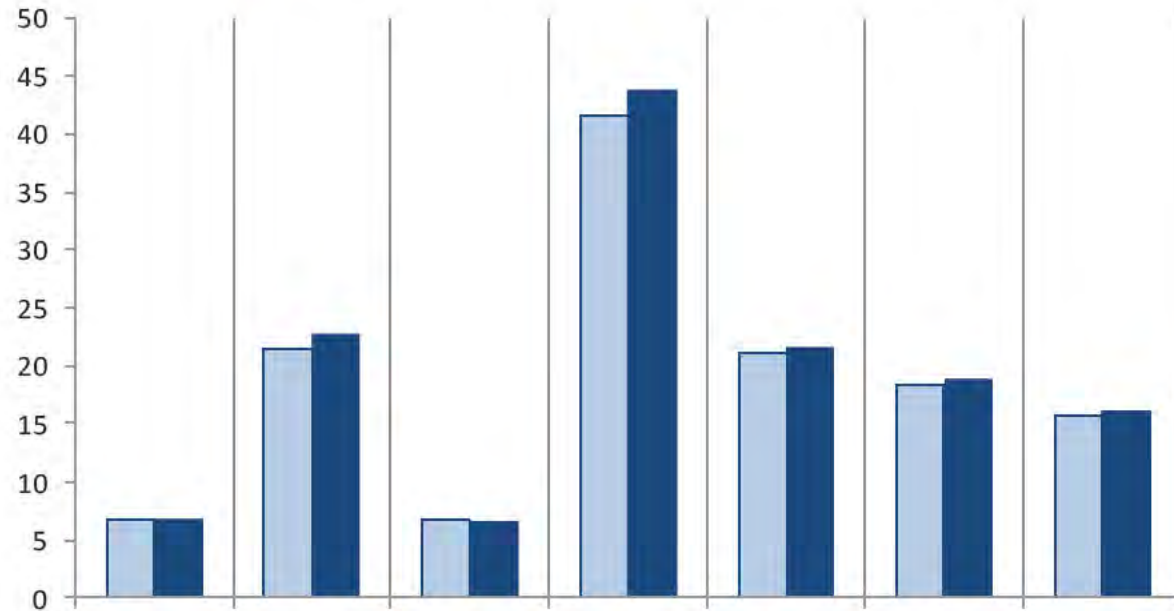
Source: BNY Mellon GRS



US Equity Performance

Current Benchmark:
Russell 3000

□ US Equity Portfolio (Net) ■ US Equity Policy Benchmark



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
US Equity Portfolio (Gross)	6.68	21.58	6.70	41.84	21.43	18.59	16.06
US Equity Portfolio (Net)	6.67	21.42	6.64	41.61	21.21	18.34	15.76
US Equity Policy Benchmark	6.76	22.77	6.65	43.90	21.62	18.91	16.10
Value Added (Net of Fee)	(0.09)	(1.35)	(0.01)	(2.29)	(0.40)	(0.57)	(0.33)

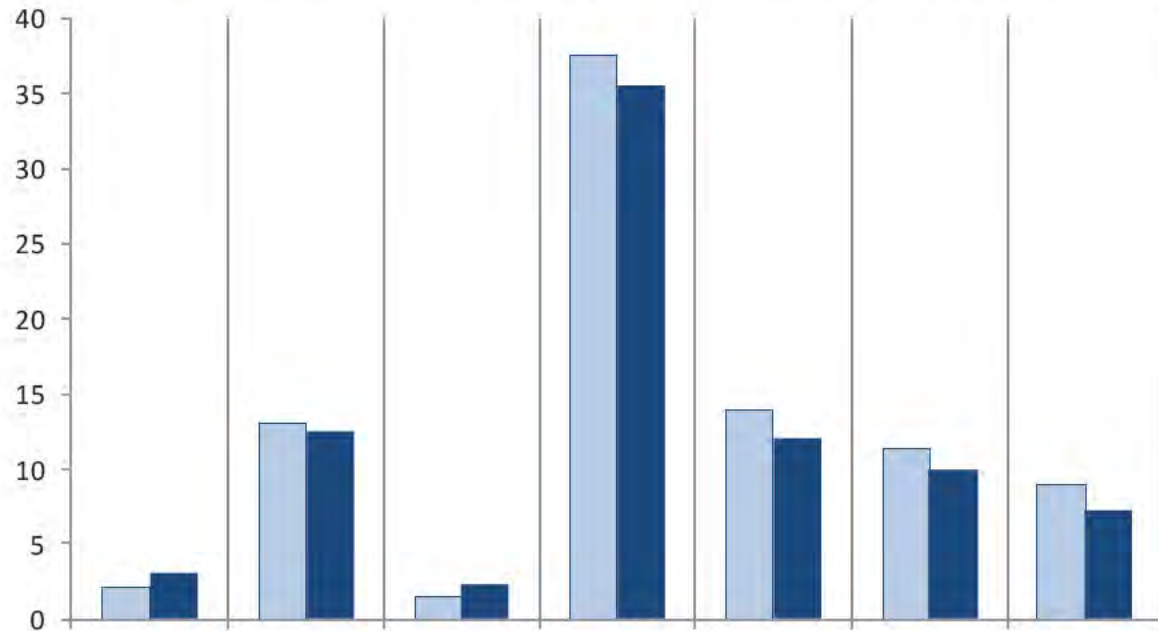
Source: BNY Mellon GRS



Non-US Equity Developed Market Performance

Current Benchmark:
MSCI World Ex United States Index
 (Net dividends)

■ Non-US Developed Market (Net) ■ Non-US Equity Policy Benchmark



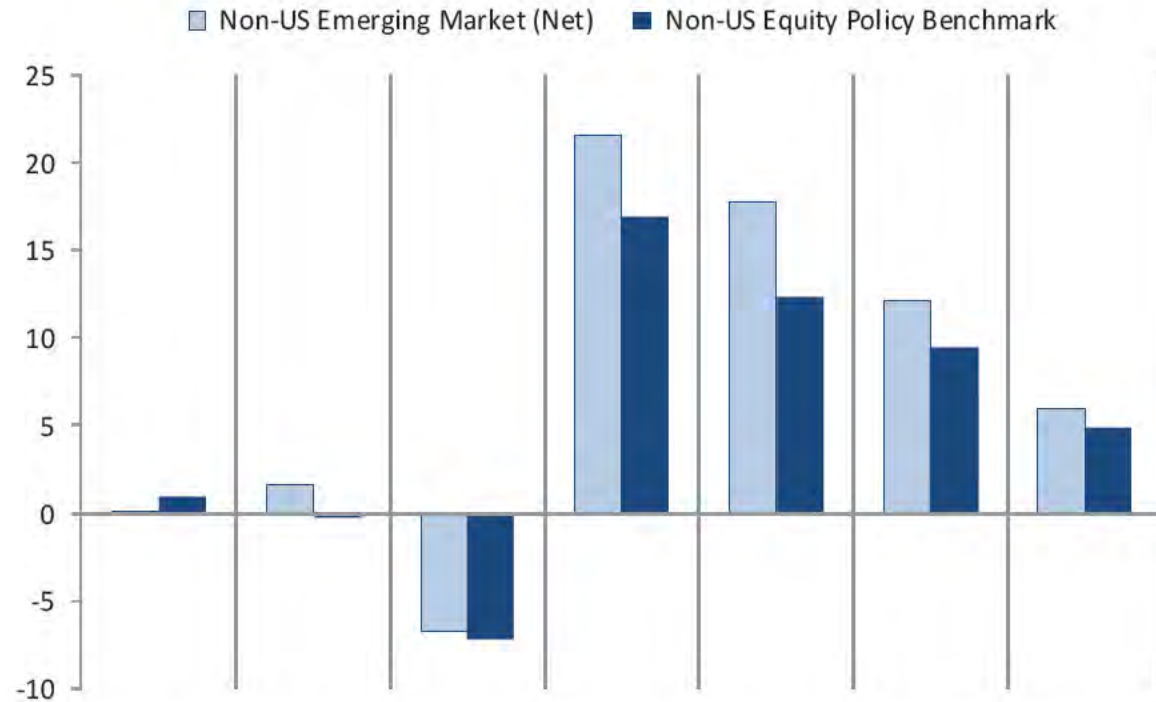
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Non-US Developed Market (Gross)	2.02	13.34	1.53	38.07	14.28	11.66	9.36
Non-US Developed Market (Net)	2.00	13.05	1.42	37.66	13.94	11.32	9.01
Non-US Equity Policy Benchmark	2.98	12.44	2.30	35.59	11.97	9.95	7.19
Value Added (Net of Fee)	(0.98)	0.61	(0.88)	2.07	1.96	1.37	1.82

Source: BNY Mellon GRS



Non-US Equity Emerging Market Performance

Current Benchmark:
MSCI Emerging Markets Index
(Net dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Non-US Emerging Market (Gross)	0.16	2.24	(6.53)	22.45	18.68	12.96	6.81
Non-US Emerging Market (Net)	0.10	1.58	(6.77)	21.52	17.77	12.09	6.03
Non-US Equity Policy Benchmark	0.99	(0.27)	(7.19)	16.96	12.30	9.39	4.88
Value Added (Net of Fee)	(0.89)	1.86	0.41	4.56	5.47	2.69	1.15

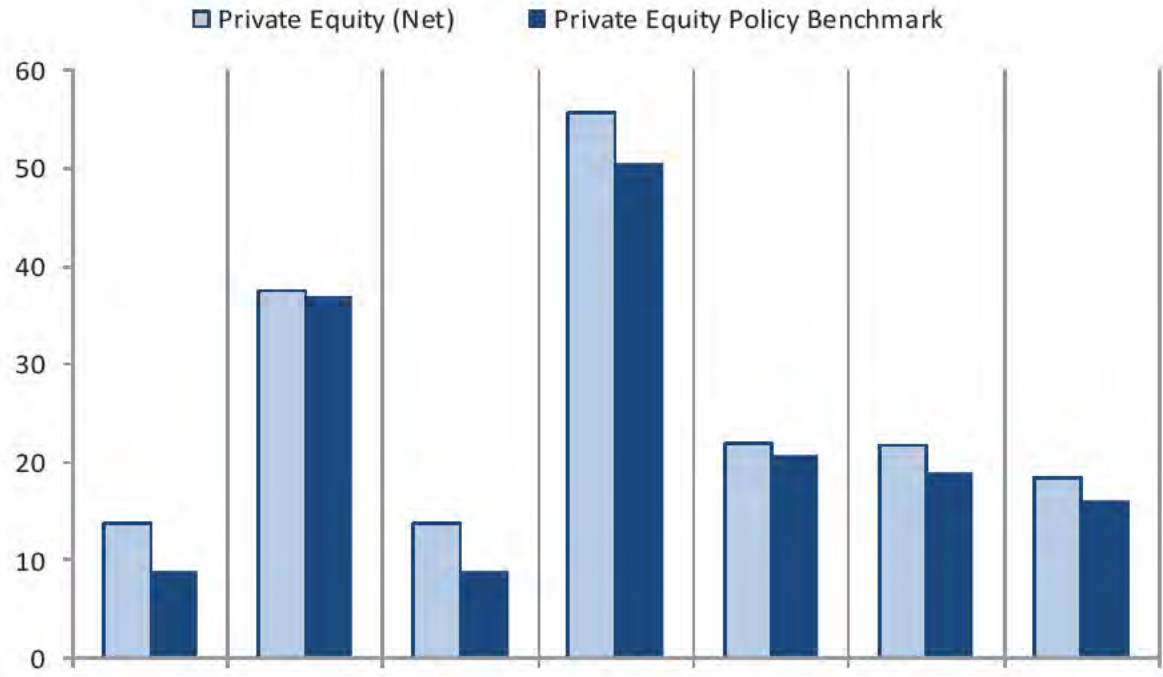
Source: BNY Mellon GRS



Global Private Equity Performance

Results as of: 09/30/2021

Current Benchmark:
Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	14.13	39.01	14.13	57.86	23.71	23.32	20.14
Private Equity (Net)	13.87	37.39	13.87	55.76	21.96	21.66	18.48
Private Equity Policy Benchmark	8.85	36.95	8.85	50.57	20.68	18.85	16.17
Value Added (Net of Fee)	5.02	0.44	5.02	5.19	1.28	2.81	2.31

Source: BNY Mellon GRS

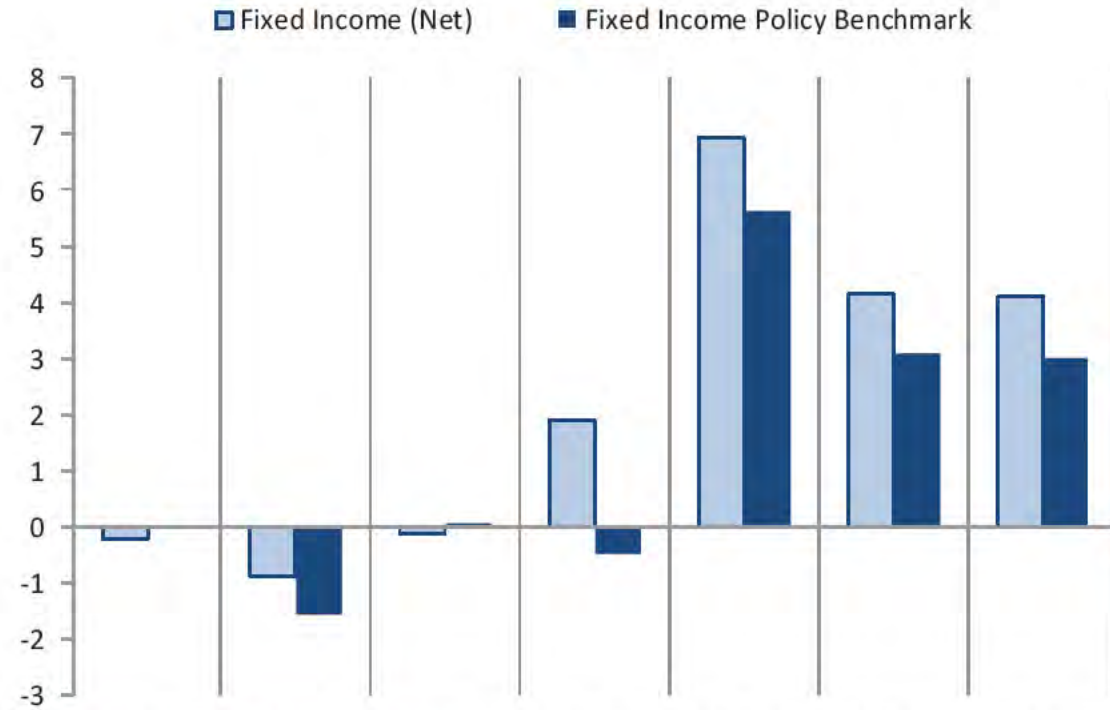
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Private Equity performance is reported one quarter in arrears.



Global Fixed Income Performance

Current Benchmark:
Bloomberg Aggregate Bond Index



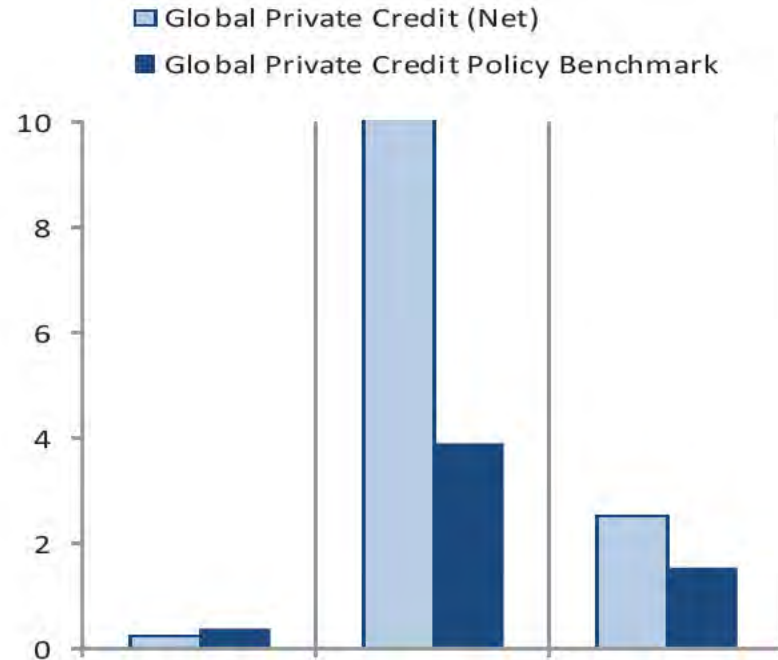
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	(0.22)	(0.64)	(0.07)	2.17	7.18	4.40	4.34
Fixed Income (Net)	(0.24)	(0.88)	(0.16)	1.89	6.93	4.16	4.10
Fixed Income Policy Benchmark	(0.03)	(1.58)	0.02	(0.48)	5.63	3.10	3.00
Value Added (Net of Fee)	(0.21)	0.70	(0.18)	2.37	1.30	1.07	1.11

Source: BNY Mellon GRS



Global Private Credit Performance

Current Benchmark:
3 Month LIBOR plus 4.5%



	1 Month	CYTD	FYTD	1 Year
Global Private Credit (Gross)	0.25	13.42	2.84	17.67
Global Private Credit (Net)	0.25	11.85	2.53	15.90
Global Private Credit Policy Benchmark	0.38	3.90	1.53	4.69
Value Added (Net of Fee)	(0.13)	7.96	1.01	11.21

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

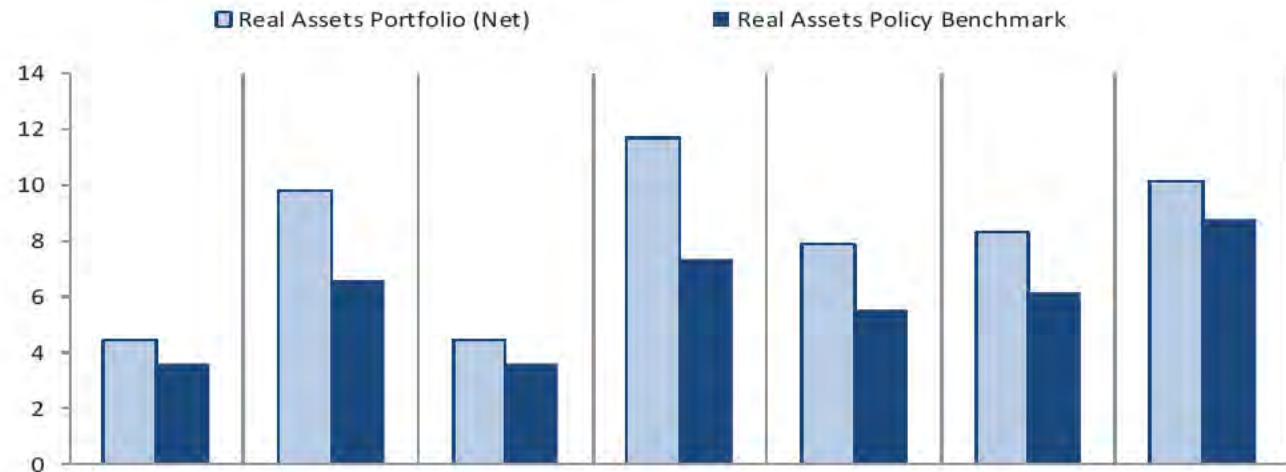


Global Real Assets Performance

Results as of: 09/30/2021

Current Benchmark:

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	4.61	10.53	4.61	12.46	8.79	9.33	11.19
Real Assets Portfolio (Net)	4.41	9.79	4.41	11.70	7.89	8.33	10.10
Real Assets Policy Benchmark	3.59	6.58	3.59	7.37	5.50	6.13	8.79
Real Assets Value Added (NOF)	0.82	3.21	0.82	4.33	2.39	2.20	1.31
Real Assets Core (Net)	5.05	9.66	5.05	10.69	7.23	7.79	9.80
Real Assets Policy Benchmark	3.59	6.58	3.59	7.37	5.50	6.13	8.79
Real Assets Core Value Added (NOF)	1.46	3.08	1.46	3.32	1.73	1.66	1.01
Real Assets Non-Core (Net)	4.66	5.93	4.66	5.98	5.86	7.12	9.28
Real Assets Policy Benchmark	3.59	6.58	3.59	7.37	5.50	6.13	8.79
Real Assets Non-Core Value Added (NOF)	1.07	(0.65)	1.07	(1.39)	0.36	0.99	0.49
Real Assets Infrastructure (Net)	3.38	10.45	3.38	14.35	11.24	12.19	n/a
Real Assets Policy Benchmark	3.59	6.58	3.59	7.37	5.50	6.13	n/a
Real Assets Infrastructure Value Added (NOF)	(0.21)	3.87	(0.21)	6.98	5.74	6.06	n/a

Source: BNY Mellon GRS

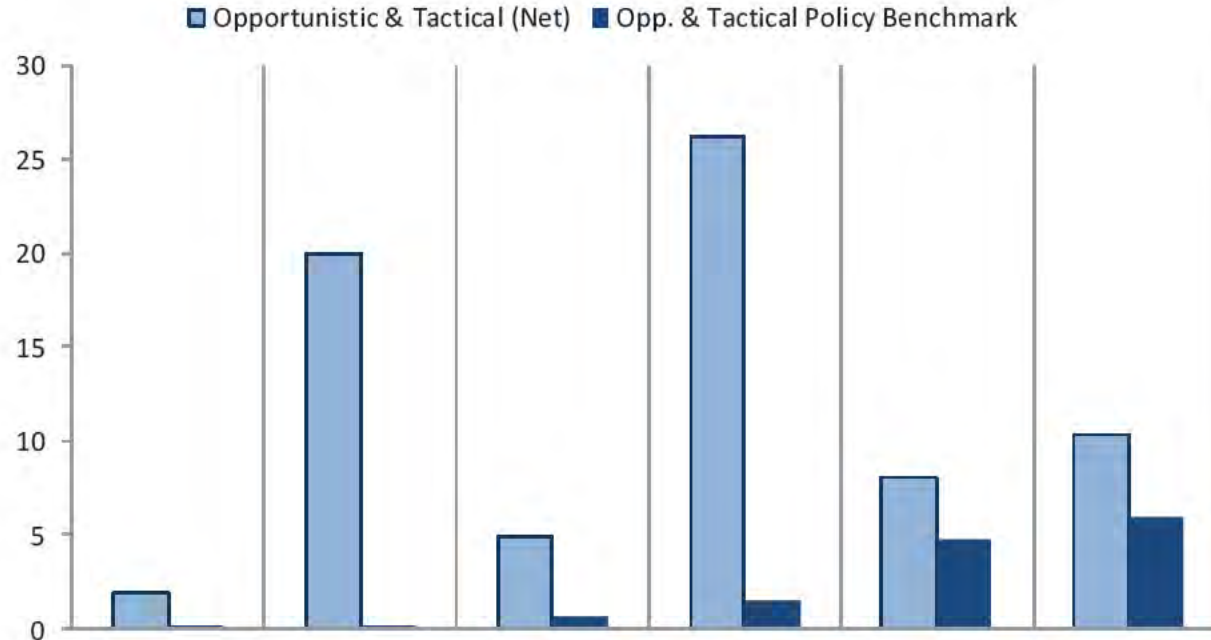
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.



Opportunistic & Tactical Performance

Current Benchmark:
*Bloomberg Aggregate
 Bond Index + 2%*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Opportunistic & Tactical (Gross)	1.90	21.23	5.23	27.64	9.55	11.82
Opportunistic & Tactical (Net)	1.90	19.94	4.93	26.25	8.03	10.32
Opp. & Tactical Policy Benchmark	0.13	0.08	0.69	1.52	4.68	5.95
Value Added (Net of Fee)	1.77	19.86	4.24	24.73	3.35	4.38

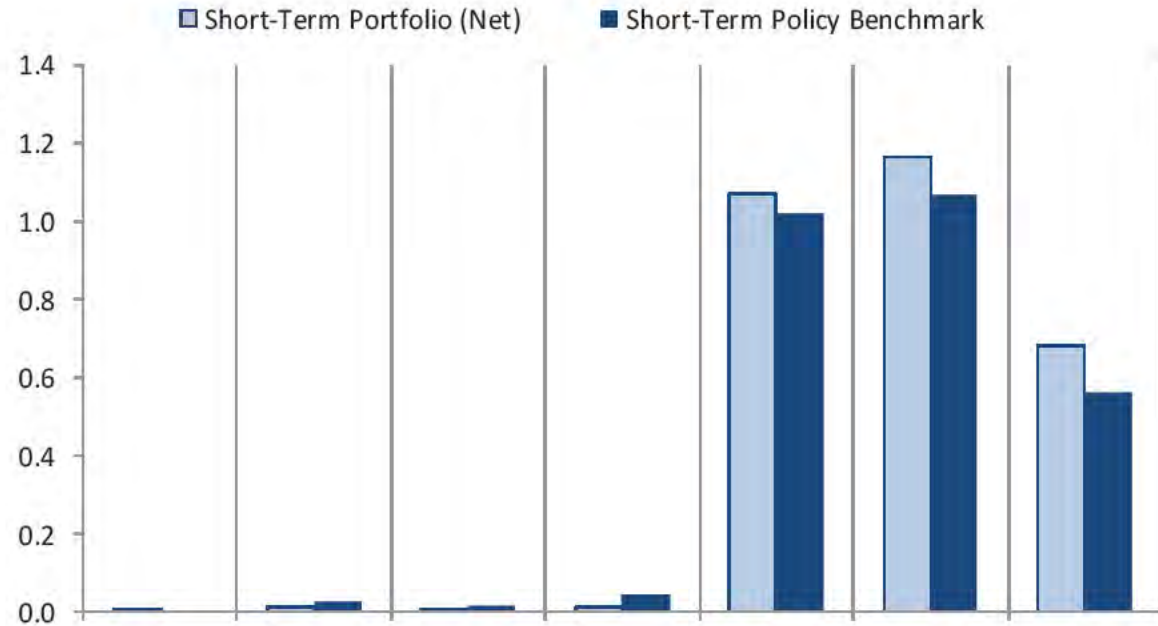
Source: BNY Mellon GRS



Short-Term Performance

Current Benchmark:

Citigroup 30 Day Treasury Bill Index

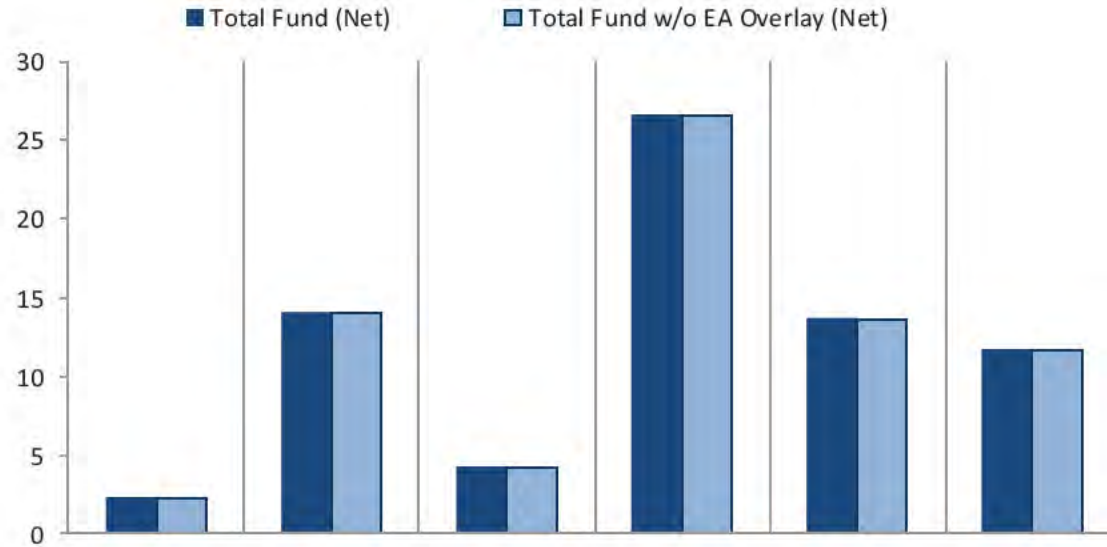


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.00	0.01	0.00	0.01	1.07	1.16	0.68
Short-Term Portfolio (Net)	0.00	0.01	0.00	0.01	1.07	1.16	0.68
Short-Term Policy Benchmark	0.00	0.03	0.01	0.04	1.02	1.07	0.56
Value Added (Net of Fee)	(0.00)	(0.02)	(0.01)	(0.03)	0.05	0.10	0.13

Source: BNY Mellon GRS



Enhanced Asset Overlay Performance

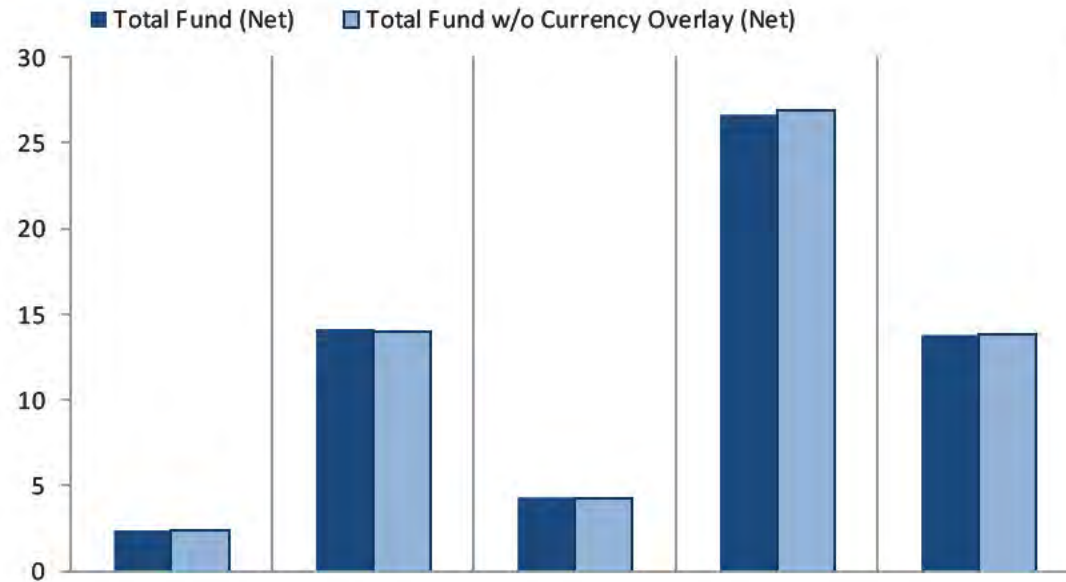


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	2.32	14.60	4.43	27.33	14.34	12.46
Total Fund w/o EA Overlay (Gross)	2.31	14.55	4.42	27.23	14.28	12.40
Total Fund (Net)	2.31	14.09	4.29	26.68	13.69	11.79
Total Fund w/o EA Overlay (Net)	2.29	14.04	4.27	26.61	13.64	11.74
EA Overlay Impact (Net of Fee)	0.01	0.05	0.01	0.07	0.05	0.05

Source: BNY Mellon GRS



Currency Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	2.32	14.60	4.43	27.33	14.34	12.46
Total Fund w/o Currency Overlay (Gross)	2.37	14.49	4.37	27.53	14.43	12.50
Total Fund (Net)	2.31	14.09	4.29	26.68	13.69	11.79
Total Fund w/o Currency Overlay (Net)	2.36	13.98	4.23	26.88	13.79	11.84
Currency Overlay Impact (Net of Fee)	(0.05)	0.11	0.06	(0.20)	(0.10)	(0.05)

Source: BNY Mellon GRS



Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review – Real Assets
- Wilshire Quarterly Investment Report (December 31, 2021)
- Quarterly Investment Report (December 31, 2021)



Memo

To: Retirement Board
From: SERS Legal Department
CC: Richard Stensrud
Date: December 3, 2021
Re: Administrative Rules

Four categories of resolutions on Administrative Rules are on the December Board Agenda.

I. Approval to file with JCARR the following rules as no change rules under the five-year review of rules:

- **3309-1-01 Membership effective date**
- **3309-1-10 Mandatory direct deposit**
- **3309-1-16 Qualified child attending educational institution**
- **3309-1-47 Purchase of school board member service**
- **3309-1-48 Effect of applicant's death on retirement application**
- **3309-1-49 Purchase of exempt service credit**
- **3309-1-54 Purchase of service credit by payroll deduction**
- **3309-1-59 Cincinnati retirement system**
- **3309-1-66 Application for early medicare coverage**
- **3309-1-67 Electronic transactions**

II. Approval to file with JCARR the following proposed amended rules under the five-year review of rules:

- **3309-1-14 Purchasing leave of absence service credit**

This rule sets forth procedural requirements for purchasing leave of absence service credit. Language has been added to paragraph (C) to make clear that leave cannot be purchased until extensions or renewals of a leave have ended.

- **3309-1-30 Eligibility for retirement**

This rule amplifies eligibility requirements for age and service retirement.

A new paragraph has been added to clarify the requirement that, if the member is employed when their application is filed, the effective date of retirement cannot be

sooner than the last date of covered employment *after* a complete application has been filed.

- **3309-1-40 Application and procedures for receiving disability benefits**

This rule details the administration of disability applications and annual reviews.

Throughout the rule chairman has been changed to chairperson.

In paragraph (A) a definition of disability benefit recipient has been added to clarify that a member whose application is granted, but who delays commencement of payments, is subject to the annual review and report requirements.

Paragraphs (C) and (I) have been amended to clarify that SERS does not require an independent medical examination of an applicant, or disability recipient up for annual review, when the individual's current medical records clearly establish disability.

Paragraph (F) has been amended to address the handling of a disability application when the applicant dies before the board has made a final determination.

Paragraphs (I) and (M) have been amended to address the annual review process for a disability recipient whose termination standard is any occupation and who has submitted an annual earnings statement establishing that they earned 75% or more of their adjusted FAS. In this scenario no independent medical examination will be conducted and the recipient will be recommended for termination if the chairperson of the MAC finds that the recipient's current medical records do not indicate a subsequent decline in their physical or mental capacity.

- **3309-1-41 Appeals for denial and termination of disability benefits**

This rule sets forth the procedure for appealing the denial or termination of a disability benefit.

Paragraph (A) has been amended to exclude a right of appeal when a recipient's termination is based on the fact that they have reported earnings of 75% or more of their adjusted final average salary.

A new subparagraph (A)(2)(e) provides for a late appeal of a denial or termination when the member was hospitalized or in a care facility at the time notice of the denial or termination was sent.

- **3309-1-45 Release of names, addresses and information**

This rule sets forth guidelines for the release of member information to the public.

With limited exceptions member information is confidential and not subject to a public record request. R.C. 3309.22(D) creates an exception for lists of names and addresses of members, former members, retirants, contributors, former contributors, or beneficiaries.

Definitions of contributor, former contributor, and former member have been added to this rule to align with SERS' understanding of both the intent behind the terms as used in R.C. 3309.22(D) and the expectations of the entities requesting names and addresses.

- **3309-1-60 Division of property orders**

This rule includes SERS' requirements for accepting and administering a division of property order (DOPO). A DOPO is used to authorize SERS to pay a portion of a participant's lump sum or monthly benefit to a former spouse. The DOPO form is an appendix to the rule.

The form has been updated to reflect an address change for Ohio State Highway Patrol Retirement System. Amendments require the new version of the form be used. A provision is also added to ensure that the marital portion of a benefit does not exceed the amount of the benefit payment itself.

- **3309-1-68 Guardianship**

This rule specifies the actions a court appointed guardian may take with respect to an individual's SERS account. Amendments permit a guardian of the person to change an address and apply for and receive payment when required by federal tax law.

III. Approval to file with JCARR the following proposed rescinded rule under the five-year review of rules:

- **3309-1-51 Long-term care coverage**

This rule describes the requirements for purchasing optional long-term care insurance that was available to SERS members and benefit recipients. SERS' vendor stopped accepting new enrollments after June 30, 2013. Participants were given the opportunity to convert their coverage to an individual policy upon termination of the program.

IV. Approval to file with JCARR the following proposed rescinded and new rule under the five-year review of rules:

- **3309-1-57 Rule on rules**

This rule explains the process by which SERS exercises its rule-making authority. Due to the extent of proposed amendments, the existing rule must be rescinded and filed as a new rule. The new rule is intended to reflect the current process by which SERS provides notice to interested individuals of proposed new, amended, or rescinded administrative rules.

Please call Susan Russell at 614-222-5809 or Dawn Viggiano at 614-222-5924 if you have any questions before the meeting.

FIVE YEAR REVIEW AND FILING OF NO CHANGE ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board filing with JCARR the following rules as no change rules: 3309-1-01 Membership effective date; 3309-1-10 Mandatory direct deposit; 3309-1-16 Qualified child attending educational institution; 3309-1-47 Purchase of school board member service; 3309-1-48 Effect of applicant's death on retirement application; 3309-1-49 Purchase of exempt service credit; 3309-1-54 Purchase of service credit by payroll deduction; 3309-1-59 Cincinnati retirement system; 3309-1-66 Application for early medicare coverage; 3309-1-67 Electronic transactions.

_____ moved and _____ seconded that rules 3309-1-01, 3309-1-10, 3309-1-16, 3309-1-47, 3309-1-48, 3309-1-49, 3309-1-54, 3309-1-59, 3309-1-66 and 3309-1-67 be filed with JCARR as no change rules as discussed.

3309-1-01 Membership effective date.

Membership shall begin on the first date of compensated service for which employee contributions have been received by SERS.

Effective: 4/6/12
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.01, 3309.23, 3309.36, 3309.39

3309-1-10 Mandatory direct deposit.

- (A) For purposes of this rule, "alternate payee" has the same meaning as defined in section 3105.80 of the Revised Code.
- (B) Except as provided in paragraph (C) of this rule, an individual whose retirement, benefit, or payment effective date is on or after January 1, 2013 and who receives an annuity, pension, allowance, monthly benefit, or monthly payment from the school employees retirement system shall be paid by direct deposit, which is an electronic fund transfer directly to an individual's account at a financial institution. Retirants, benefit recipients, and alternate payees shall provide to the retirement system valid direct deposit account and routing numbers, the name and contact information of the financial institution, and such other information as may be required by the retirement system. The retirement system may withhold payment until the individual provides the information described in this paragraph.
- (C) If a retirant, benefit recipient, or alternate payee resides outside the United States, in a nursing or convalescent home, correctional facility, jail, or prison, or experiences other circumstances such that compliance with paragraph (B) of this rule is impracticable, the individual may submit a written request for exemption from direct deposit and the retirement system staff shall approve or deny the request.

Effective: 4/20/17

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.341, 3309.344, 3309.35, 3309.36, 3309.381, 3309.40,
3309.401, 3309.45, 3309.46, 3309.47
Prior Effective Dates: 1/1/13

3309-1-16 Qualified child attending educational institution.

(A) For purposes of this rule and division (B)(2)(b) of section 3309.45 of the Revised Code:

- (1) "Qualified child" means a qualified child as defined in division (B)(2)(b) of section 3309.45 of the Revised Code.
- (2) "School year" means the twelve-month period beginning the first day of July through the last day of June of the following calendar year.
- (3) "School" means an educational entity providing instruction through grade twelve and includes a vocational or technical school.
- (4) "College" or "university" means an educational entity providing instruction post grade twelve.
- (5) "Attending" means registered or enrolled at the institution of learning or training and attending classes.
- (6) "Institution of learning or training" means one of the following:
 - (a) A school:
 - (i) In Ohio and recognized by the Ohio department of education as meeting Ohio's compulsory education requirements;
 - (ii) In another state and recognized by that state as complying with the state's compulsory education requirements or accredited by a state-recognized, regionally-recognized, or nationally-recognized accrediting agency; or
 - (iii) Operated by the federal government.
 - (b) Home education provided in compliance with Ohio law, or with the law of the state in which the home education is provided.
 - (c) A college or university:
 - (i) In Ohio and recognized by the Ohio board of regents, the state board of career colleges and schools, or other applicable state agency or board; or
 - (ii) In another state and recognized by the Ohio board of regents, the state board of career colleges and schools, or other applicable Ohio state agency or board, or by comparable state agencies where the college or university is located, or accredited by a state-recognized or nationally-recognized accrediting agency.
 - (d) An unrecognized or unaccredited private school, college, or university provided at least three recognized or accredited schools, colleges, or universities accept

its credits on transfer on the same basis as if transferred from a recognized or accredited school, college, or university.

- (e) A school, college, or university outside the United States if it meets comparable qualifications described in paragraphs (A)(6)(a) to (A)(6)(d) of this rule.
 - (7) "Two-thirds of the full-time curriculum" means at least two-thirds of the full-time curriculum requirements as established and certified by the school, college or university. The curriculum may include the time a qualified child is employed in a position approved by the school, college, or university and required as part of the child's program of study.
- (B) Benefit payments made to a qualifying child under division (B)(2)(b) of section 3309.45 of the Revised Code shall be made as follows:
- (1) Benefit payments to a qualified child over age eighteen but under age twenty-two shall begin only after the child files an application for such benefits.
 - (2) Benefit payments shall be paid during an institution of learning or training vacation or other academic break provided the child:
 - (a) Was a qualified child before the vacation or break began;
 - (b) Intends to, and subsequently does, return to an institution of learning or training and certifies such return to the retirement system;
 - (c) Receives a benefit payment for no more than four consecutive months without returning to the institution of learning or training from the vacation or academic break;
 - (d) Does not receive benefits for more than one vacation or break for a period which exceeds one month in duration during a single school year.
 - (3) If benefits are terminated because the child no longer attends an institution of learning or training, such benefits may be reinstated if the child subsequently becomes eligible and files a new application for prospective payment of such benefits.
- (C)
- (1) At the end of each academic year, a qualified child shall certify the child's registration with an institution of learning or training and completion of all courses for such academic year.
 - (2) The retirement system may require or request such certification at any other time and/or additional supporting documentation.
- (D)
- (1) The retirement system may delay or terminate benefits to a qualified child if:
 - (a) The child is no longer attending an institution of learning or training; or

- (b) The retirement system does not receive a timely and properly verified certification as required by this rule.
- (2) Any benefit payment made for a period in which the child was not attending an institution of learning or training, or for which there was no proper verified certification as required by this rule shall be deemed an overpayment of the benefit. Any overpayment of a benefit shall be repaid to the retirement system by the child or the child's parent or guardian or obtained by the retirement system pursuant to section 3309.70 of the Revised Code.

Effective: 12/14/13
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.45
Prior Effective Dates: 1/7/13

3309-1-47 Purchase of school board member service.

- (A) This rule amplifies section 3309.311 of the Revised Code.
- (B)

(1) A member of the school employees retirement system may purchase credit for service as a school board member by filing a written request which shall include a certification of service signed by the employer.

(2) A member may purchase credit only for qualified service that occurred prior to June 30, 1991.

(3) A member may purchase credit for service, including concurrent service, on two or more school boards provided that the total of the credit purchased shall not exceed one year of credit for any year as defined in division (R) of section 3309.01 of the Revised Code.

Effective: 4/6/17
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.311
Prior Effective Dates: 2/1/92

3309-1-48 Effect of applicant's death on retirement application.

If a member has filed a proper and complete application for a retirement allowance and dies subsequent to the established effective date of the retirement, whatever benefits may be due the member's beneficiaries will be determined by the plan of payment selected by the member on the application forms for retirement.

Effective: 4/6/17
Promulgated Under: 111.15
Statutory Authority: 3309.04

Rule Amplifies: 3309.46
Prior Effective Dates: 5/3/02, 2/1/92

3309-1-49 Purchase of exempt service credit.

- (A) A member may purchase in portions all or part of the exempt service credit that the member is eligible to purchase. Payment for any portion purchased shall be made in full at the time of purchase. A member may make subsequent purchases of any remaining exempt service credit at any time prior to retirement.
- (B)
 - (1) If the credit to be purchased is for service that would have been covered under Chapter 3309. of the Revised Code, the system shall request certification of the service from the employer for which the service was performed. On the basis of the employer certification, the system shall determine the amount of service credit that would have been earned had the service not been exempt.
 - (2) If the credit to be purchased is for service that would have been covered under Chapter 145. or 3307. of the Revised Code, the system shall request certification from the applicable retirement system that the service was exempt and the amount of service credit, based upon the certification of the employer for which the service was performed, that would have been earned had the service not been exempt.
 - (3) The service credit determined under paragraphs (B)(1) and (B)(2) of this rule shall be reduced to the extent that:
 - (a) It is concurrent with any other credit that will be used in calculating a benefit;
 - (b) Its purchase will result in the member being credited with more than twelve months of service credit in any one year.
- (C) The member shall be eligible to purchase the credit determined pursuant to paragraph (B) of this rule. The system shall calculate the cost to purchase each year of credit by multiplying the member's compensation for the twelve months of contributing service under Chapter 145., 3307. or 3309. of the Revised Code immediately preceding the month in which the application to purchase is received by a percentage rate established by the board by resolution upon recommendation of its actuary. The cost for portions of credit of less than a full year shall be prorated on the basis of the cost for a full year.
- (D) For purposes of section 3309.301 of the Revised Code, one and one-half years of contributing service in the school employees retirement system or the state teachers retirement system shall be equivalent to eighteen months of contributing service.

Effective: 4/6/17
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.301
Prior Effective Dates: 5/3/02, 8/1/92, 5/13/92 (Emer.)

3309-1-54 Purchase of service credit by payroll deduction.

- (A) A member of the school employees retirement system may purchase service credit by payroll deduction pursuant to agency-level 3309 of the Administrative Code and section 3309.021, 3309.022, 3309.26, 3309.261, 3309.301, 3309.31, 3309.41, 3309.473, 3309.474, 3309.73, 3309.731, or 3309.75 of the Revised Code.
 - (1) Payroll deduction purchase plans received before January 1, 2019, and whose starting date is before January 1, 2019, shall be paid with amounts designated by the member's employer as picked-up contributions under a plan in compliance with section 414(h)(2) of the Internal Revenue Code of 1986, 26 U.S.C. 414(h)(2). Prior to the purchase of service credit with amounts designated as picked-up contributions, the member's employer shall have adopted and filed with the retirement system a resolution authorizing the purchase of service credit for its employees by payroll deduction with amounts designated as picked-up and paid to the retirement system by the employer.
 - (2) Payroll deduction purchase plans with a starting date on or after January 1, 2019 may not be paid with amounts designated by the member's employer as picked-up contributions under a plan in compliance with section 414(h)(2) of the Internal Revenue Code.
- (B)
 - (1) Upon a member's request to purchase service credit, the retirement system shall prepare and forward to the member payroll deduction purchase plan documents, which shall include a cost estimate and a payroll deduction authorization form. The payroll deduction authorization form shall set forth:
 - (a) The type and amount of service to be purchased;
 - (b) The employer's payroll cycle;
 - (c) The number of payments in which the service is to be purchased;
 - (d) The amount of each payment; and
 - (e) The starting date of the payments.
 - (2)
 - (a) The member shall complete and sign the employee portion of the payroll deduction authorization form and forward it to the member's employer;
 - (b) The payroll officer of the member's employer shall complete the employer's portion of the payroll deduction authorization form; and
 - (c) The retirement system must receive the completed authorization form and first payment before the expiration of the cost estimate.
- (C)
 - (1) A separate payroll deduction authorization form shall be completed for each separate type of service credit to be purchased;

- (2) Only one service credit purchase plan at a time may be in place for each separate type of service credit;
 - (3) The maximum number of months over which service may be purchased under a payroll deduction purchase plan shall be one hundred twenty;
 - (4) The allocation of each payment toward interest and purchase of service credit shall be uniform for the period of the payroll deduction purchase plan;
 - (5) If a payroll deduction purchase plan is terminated early, the member shall be granted service credit based on the total amount allocated toward the purchase of service that was remitted to the retirement system under the payroll deduction purchase plan.
- (D)
- (1) The employer shall begin payroll deduction on the starting date set forth on the payroll deduction authorization form.
 - (2) The employer shall remit the amounts withheld directly to the retirement system on the employer's payroll cycle basis;
 - (3) Notwithstanding paragraph (E)(2) or (F)(2) of this rule, if a completed payroll deduction authorization form is returned to the retirement system, but at any point thereafter the employer fails to remit the amounts to be withheld to the retirement system for three consecutive months, the retirement system shall terminate the payroll deduction purchase plan.
- (E) When a member is purchasing service credit under a payroll deduction purchase plan as provided for in paragraph (A)(1) of this rule:
- (1) The member cannot:
 - (a) Decrease or increase the amount of the payroll deduction;
 - (b) Terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form; or
 - (c) Make a direct payment to the retirement system to purchase the service credit.
 - (2) The member's employer shall not decrease, increase, or terminate the payroll deduction unless the member has terminated employment or purchased all of the service credit set forth on the payroll deduction authorization form.
- (F) When a member is purchasing service credit under a payroll deduction purchase plan as provided for in paragraph (A)(2) of this rule:
- (1) The member can:
 - (a) Terminate a payroll deduction plan at any time by providing written notice to the member's employer and by notifying the retirement system;
 - (b) Make a direct payment to the retirement system to purchase the remaining

service credit. To purchase the remainder of service credit, the member must first terminate the payroll deduction purchase plan and then submit a request to the retirement system for a statement of the balance due.

- (2) The member's employer shall not decrease, increase, or terminate the payroll deduction purchase plan unless the member has terminated the payroll deduction purchase plan, terminated employment, or purchased all of the service credit set forth in the payroll deduction authorization form.
- (G) A member who has had one or more prior payroll deduction purchase plans for a type of service credit may establish a new payroll deduction purchase plan for the same type of service credit. The new plan's commencement date must be six or more months after the first deduction under the most recent payroll deduction purchase plan for the same type of credit.
- (H) Upon receipt of payments transferred pursuant to section 145.311 or 3307.711 of the Revised Code, the school employees retirement system shall restore the former member's service credit for which payment is transferred.

Effective: 10/11/18
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.021, 3309.022, 3309.26, 3309.261, 3309.262, 3309.27, 3309.301, 3309.31, 3309.35, 3309.41, 3309.473, 3309.474, 3309.73, 3309.731, 3309.75
Prior Effective Dates: 4/6/17, 8/13/15, 3/8/13, 1/7/13 (Emer.), 5/3/02, 2/11/02, 11/19/01 (Emer.), 5/2/01, 2/11/00, 11/1/97

3309-1-59 Cincinnati retirement system.

- (A) This rule amplifies sections 3309.74, 3309.75, and 3309.76 of the Revised Code.
- (B) As used in this rule:
 - (1) "Eligible service credit" means service credit earned under this system or the Cincinnati retirement system or military service credit purchased or obtained in this system or the Cincinnati retirement system.
 - (2) "Eligible SERS member" means a member of this system who is eligible to obtain service credit in this system for service in the Cincinnati retirement system pursuant to section 3309.75 of the Revised Code.
 - (3) "Eligible CRS member" means a member or former member of this system who is eligible to obtain service credit in the Cincinnati retirement system pursuant to section 3309.76 of the Revised Code.
- (C) To obtain service credit in this system for eligible service credit with the Cincinnati retirement system, an eligible SERS member shall file a written request on a form provided by this system. Upon receipt of the properly completed form, this system shall notify the Cincinnati retirement system.
- (D) This system shall grant .083 per cent of a year of service credit in this system per month

of eligible service credit with the Cincinnati retirement system upon payment of the following amounts:

- (1) Payment by the Cincinnati retirement system of the amounts required under division (B)(4) or division (C)(4)(b) of section 3309.75 of the Revised Code.
 - (2) Payment by the eligible SERS member of the amounts required under division (C)(4)(a) of section 3309.75 of the Revised Code with interest as provided by rule 3309-1-38 of the Administrative Code.
- (E) If the Cincinnati retirement system fails to pay any amounts required under division (B)(4) or division (C)(4)(b) of section 3309.75 of the Revised Code, this system shall not grant any service credit for which payment was not received and shall:
- (1) Provide notice to the eligible SERS member; and
 - (2) Refund any amounts paid by the eligible SERS member under division (C)(4)(a) of section 3309.75 and paragraph (D)(2) of this rule for which service credit is not granted.
- (F) An eligible SERS member may obtain service credit pursuant to section 3309.75 of the Revised Code in increments of one month. Service credit obtained in this system shall be deemed to be based first on the eligible SERS member's most recently acquired eligible service credit in the Cincinnati retirement system.
- (G) No service credit shall be granted in this system that would result in the eligible SERS member accruing more than one year of service credit for any twelve-month period.
- (H)
- (1) This system shall pay to the Cincinnati retirement system the amounts required under section 3309.76 of the Revised Code upon receiving written notice from the Cincinnati retirement system that the eligible CRS member has filed a request to obtain service credit in the Cincinnati retirement system and paid any amounts required.
 - (2) If less than the eligible CRS member's total eligible service credit in this system is obtained in the Cincinnati retirement system pursuant to division (A)(4)(a) of section 3309.76 of the Revised Code, any benefits or payments to which the eligible CRS member or beneficiaries may be entitled shall be based on the remaining service credit with this system.

Effective: 3/26/18
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.74, 3309.75, 3309.76
Prior Effective Dates: 4/6/17, 2/11/02, 11/19/01 (Emer.)

Rule 3309-1-66 Application for early medicare coverage.

- (A) This rule amplifies section 3309.392 of the Revised Code and applies to a disability benefit recipient whose disability benefit was granted on or after January 7, 2013 and

who is enrolled in the school employees retirement system's health care coverage on or after April 6, 2017.

- (B) A disability benefit recipient shall be exempt from the requirements in section 3309.392 of the Revised Code for good cause shown if any of the following apply:
- (1) The disability benefit recipient has attained age sixty-three at the time of enrollment in the retirement system's health care coverage;
 - (2) The disability benefit recipient submits a written request to be exempt from the requirements due to circumstances that make compliance with section 3309.392 of the Revised Code impracticable, and the retirement system approves the request;
 - (3) The disability benefit recipient submitted an application for social security disability insurance benefits, provided the recipient files a copy of the application and the social security administration's acknowledgement with the retirement system;
 - (4) Prior to April 6, 2017, the disability benefit recipient submitted a signed statement to the retirement system certifying that the recipient does not meet the requirements to apply for social security disability insurance benefits; or
 - (5) The disability benefit recipient files with the retirement system written documentation from the social security administration verifying the recipient does not meet the requirements to apply for social security disability insurance benefits or medicare part A hospital insurance benefits.

Effective: 4/6/17 (Emer.)
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.392, 3309.69

Rule 3309-1-67 Electronic transactions.

The school employees retirement system may provide an electronic medium to perform an action and such medium shall constitute a form or application provided or required by the system. An action taken through the electronic medium shall have the same effect as a filing made on paper.

The system is not required to create an electronic medium to perform an action, nor accept an electronic document that is not designated by the system as the form or application necessary to perform an action.

Effective: 6/30/17
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.28, 3309.34, 3309.341, 3309.344, 3309.35, 3309.381, 3309.39, 3309.41, 3309.44, 3309.56

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-14 Purchasing leave of absence service credit.

_____ moved and _____ seconded that proposed amended rule 3309-1-14 be filed with JCARR as discussed.

3309-1-14 Purchasing leave of absence service credit.

- (A) A state retirement system member as defined in section 3309.474 of the Revised Code who while employed in a position covered by the school employees retirement system was out of service due to an unpaid leave of absence granted by the employer pursuant to section 3319.13 of the Revised Code for educational or professional purposes, illness, or disability may purchase service credit for the leave so long as the member provides certifications from the employer establishing the following:
 - (1) That the employer granted the leave of absence pursuant to section 3319.13 of the Revised Code;
 - (2) The beginning and ending dates of the leave;
 - (3) The number of days the member would have worked during the leave period; and
 - (4) The compensation the member would have received for the period of the approved leave.
- (B) Payment shall be made by payroll deduction or by payment to the member's employer who shall transmit the payment to the retirement system.
- (C) Service credit may not be purchased under this rule until the leave, including any extensions or renewals, has ended.
- (D) Service credit purchased under this rule may be purchased in increments of one month.
- (E) Amounts paid by a member to purchase service credit shall be credited to the employees' savings fund.
- (F) Service credit purchased under this rule shall be considered the equivalent of Ohio service credit.

Effective: 4/6/17
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.474
 Prior Effective Dates: 1/7/13, 4/2/10

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____

Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-30 Eligibility for retirement.

_____ moved and _____ seconded that proposed amended rule 3309-1-30 be filed with JCARR as discussed.

3309-1-30 Eligibility for retirement.

~~(A) This rule amplifies division (A)(1) of section 3309.34 of the Revised Code.~~

~~(A)(B)~~ For purposes of division (A) of section 3309.34 of the Revised Code and this rule:

- (1) "Total service credit" means all service credit earned in the public employees retirement system, state teachers retirement system, or school employees retirement system, except credit for service subject to section 3309.341 of the Revised Code. Total service credit shall not exceed one year of credit for any twelve-month period.
- (2) "Buy-up" means to pay an additional voluntary contribution in an amount equal to the additional actuarial liability to the school employees retirement system of retiring under the retirement eligibility criteria contained in division (A)(1)(a) of section 3309.34 of the Revised Code.

~~(B)(C)~~

- (1) SERS administrative staff shall provide a cost estimate of a member's buy-up amount to any member or their designee upon request. A member who wishes to buy-up after receiving a cost estimate shall submit a written request for an actuarial cost calculation.
- (2) The actuarial cost calculation of the additional liability shall be performed by the school employees retirement system actuary based on factors recommended by the actuary and approved by the retirement board. The factors used in calculating the additional liability will be revised no more than once annually and shall apply only to payments made after such revision is approved by the school employees retirement board.
 - (a) SERS will send notice of the actuarial cost calculation to the member upon receipt from the actuary.
 - (b) The buy-up payment shall be made in a lump sum payment and shall be received by SERS within ninety days following the date of the notice or by August 1, 2017, whichever is earlier. If SERS does not receive the payment within ninety days of the notice, a new cost calculation is required.
 - (c) Members can request no more than four actuarial cost calculations in any calendar year.

- (3) The amount of any buy-up payment cannot exceed the limitations set forth in Internal Revenue Code section 415. If the cost of the additional liability exceeds the limitations set forth in the Internal Revenue Code, the member is not eligible to retire under division (A)(1)(a) of section 3309.34 of the Revised Code.
- (4) Buy-up payments shall be treated as part of a member's accumulated contributions as defined in division (J) of section 3309.01 of the Revised Code. Contributions paid by a member pursuant to this rule shall be credited to the employees' savings fund.

~~(C)(D)~~ Except as provided in division (A)(1)(c) of section 3309.34 of the Revised Code, to retire under division (A)(1)(a)(i) of section 3309.34 of the Revised Code, a member must meet the following requirements:

- (1) Have at least five years of total service credit and have attained at least sixty years of age before August 1, 2017;
- (2) File with the retirement board a proper and complete application for retirement before August 1, 2017; and
- (3) Have a retirement effective date that is no later than August 1, 2017.

~~(D)(E)~~ For purposes of division (A)(1)(b) of section 3309.34 of the Revised Code:

- (1) Periods of compulsory service that occurred before August 1, 2017 for which the employer did not deduct and transmit contributions and for which SERS receives required contributions and interest after August 1, 2017 pursuant to section 3309.47 of the Revised Code, shall be credited to the member's account effective the dates of the service.
- (2) A period of reinstatement with back wages that preceded August 1, 2017 and for which SERS receives required contributions after August 1, 2017, shall be credited to the member's account effective as of the dates of the reinstatement period identified under the final order or final settlement awarding back wages.

(E) For purposes of division (B)(1) of section 3309.34 of the Revised Code, "last day of employment" refers to the last day of covered employment after a completed application is filed with the retirement system.

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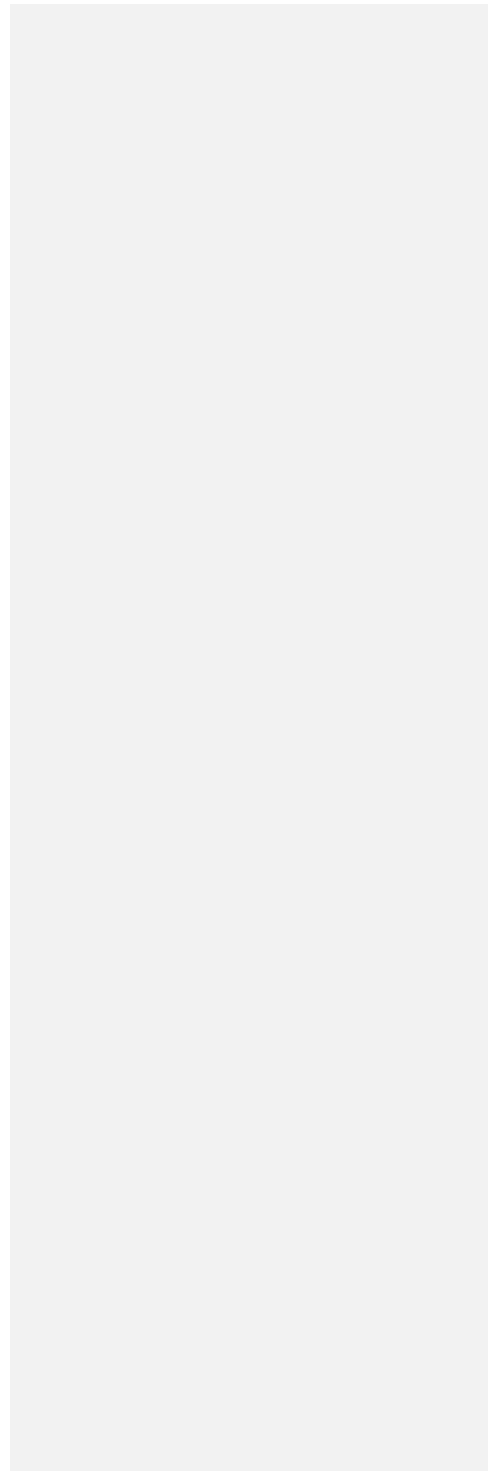
Effective: 6/3/18
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.34
 Prior Effective Dates: 7/27/15, 7/12/14, 1/7/13

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____

Matthew King
Catherine Moss
James Rossler
Frank Weglarz
Daniel Wilson
Barbra Phillips

_____	_____	_____
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FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-40 Application and procedures for receiving disability benefits.

_____ moved and _____ seconded that proposed amended rule 3309-1-40 be filed with JCARR as discussed.

3309-1-40 Application and procedures for receiving disability benefits.

- (A) For purposes of sections 3309.39, 3309.40, 3309.401 and 3309.41 of the Revised Code and SERS rules:
- (1) "Disability" or "disabled" means that the member meets the following applicable standard of disability:
 - (a) At the time of application: A disabling condition, either permanent or presumed to be permanent for twelve continuous months following the filing of an application, which has occurred or increased since the applicant last became a member and which renders the member mentally or physically incapacitated for the performance of the member's last assigned primary duty as an employee.
 - (b) At the time of annual examination:
 - (i) For a disability benefit recipient with a benefit effective date before January 7, 2013 and for a disability benefit recipient with a benefit effective date on or after January 7, 2013 who is on leave of absence, a disabling condition that renders the member mentally or physically incapable of resuming the service from which the member was found disabled.
 - (ii) For a disability benefit recipient with a benefit effective date on or after January 7, 2013 who is not on leave of absence, a disabling condition that renders the member mentally or physically incapable of performing the duties of any occupation.
 - (2) "Ongoing disability" means:
 - (a) For a disability benefit recipient with a benefit effective date before January 7, 2013, a disability for which medical treatment presently offers no reasonable expectation of improvement to the extent that a member may be found mentally and physically capable of resuming employment that is the same or similar to that from which the member was found disabled.
 - (b) For a disability benefit recipient with a benefit effective date on or after January 7, 2013, a disability for which medical treatment presently offers no reasonable expectation of improvement to the extent that a member may be found mentally and physically capable of employment in any occupation.
 - (3) "Medical treatment" means treatment of common medical acceptance that is readily available, would be covered under the system's health care plan and may include but is not limited to, medicine, physical therapy, psychological or psychiatric services or mechanical devices, but would exclude surgery or other invasive procedures.
 - (4) "Board physician" means the ~~chairman~~ chairperson of the medical advisory

committee.

- (5) "Examining physician(s)" means the disinterested physician(s) assigned by the system or the chairman-chairperson of the medical advisory committee to conduct medical examinations of a disability applicant or recipient to determine eligibility to obtain or continue to receive disability benefits.
 - (6) "Any occupation" means a position that meets all of the following criteria:
 - (a) Replaces not less than seventy-five per cent of the member's final average salary, adjusted each year by the actual average increase in the consumer price index prepared by the United States bureau of labor statistics (U.S. City Average for Urban Wage Earners and Clerical Workers: "All items 1982-84=100");
 - (b) Is reasonably to be found in the member's regional job market;
 - (c) Is one that the member is qualified for by experience or education.
 - (7) "Vocational rehabilitation" means tests, evaluations, and/or training whose purpose is to enable a disability benefit recipient to find employment in any occupation.
 - (8) "Annual disability benefit" means the annuity and pension, or allowance, calculated under section 3309.40 or 3309.401 of the Revised Code at the time the member is determined to qualify for a disability benefit.
 - (9) "Employee" includes service as a school board member or governing board member as defined in section 3309.012 of the Revised Code.
- (10) "Disability benefit recipient" means a member whose application for disability has been approved by the school employees retirement board.
- (B) (1) The school employees retirement board shall appoint a minimum of three members to the medical advisory committee who shall be physicians who demonstrate a wide range of competent medical experience, and a chairman-chairperson for the medical advisory committee who shall act as medical advisor to the board. The chairman-chairperson shall have authority and responsibility to assign competent and disinterested physicians to conduct medical examinations of disability applicants and recipients for the purpose of determining the member's eligibility to obtain and continue to receive disability benefits, to recommend and review medical treatment and/or vocational rehabilitation, to certify a disability as ongoing and to submit to the board a recommendation to accompany the report of the medical examiner and/or the medical advisory committee.
 - (2) The board may appoint as consultants, professionals in the field of vocational rehabilitation to provide services to the board on matters of vocational rehabilitation, including to conduct evaluations and to advise and make recommendations to the medical advisory committee, the board physician, and the board.
- (C) The board shall be responsible for screening disability benefit applications; serving as a hearing committee for disability applicants; and determining eligibility to obtain or continue to receive disability benefits.
 - (D) (1) In order to qualify for a disability benefit, a member shall submit an application and undergo a medical examination by the examining physician(s) as required.
 - (a) The application shall include report(s) from the member's health care provider(s) that identify the medical bases of the application and include supportive

medical evidence, a job duty form, and a job description provided by the last employer.

(b) Medical examinations will only be assigned for conditions identified by a health care provider.

(c) A medical examination will not be required if the board physician determines that the medical records submitted with the application clearly establish that the member is disabled.

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(2) For purposes of division (C) of section 3309.39 of the Revised Code,

(a) A disability occurs before termination of contributing service if the underlying medical condition existed while the member was contributing to SERS;

(b) A disability occurs after last becoming a member if the underlying condition did not exist or did not render the member incapacitated from working for at least twelve continuous months when the member last became a member of SERS.

(E) The examining physician(s) shall make a report of the examination on a form provided by the board that sets forth the examining physician's medical opinion as to the nature of any disabilities disclosed; and

(1) Any recommended medical treatment, and the period of time in which recovery may reasonably be expected with such treatment, or

(2) That the disability is ongoing.

(F) (1) Upon receipt of a completed application, report of the examining physician(s) as required, and any other available evidence pertaining to the application for disability, the board's medical advisory committee and/or the chairman-chairperson of the medical advisory committee shall review all such information and prepare a recommendation to the board. The recommendation shall include a description of any disability, the nature and duration of any recommended medical treatment and/or vocational rehabilitation, where applicable, or a certification from the board's physician that the disability is ongoing, and any recommended reexamination requirements.

(2) If the applicant dies before the chairperson finalizes a recommendation, the application shall be automatically vacated. If the applicant dies after the chairperson has finalized a recommendation of disability, disability benefits from the effective date of disability through the month of the applicant's death shall be paid to the applicant's beneficiary.

(G) The board shall determine whether the applicant is eligible for disability benefits. Notice of denial or termination of disability benefits shall be sent to the applicant by regular U.S. mail or certified mail pursuant to rule 3309-1-41 of the Administrative Code. Notice of eligibility for disability benefits shall be sent by regular U.S. mail or certified mail.

(H) If the board's physician recommends medical treatment and if the board's physician or consultant recommends vocational rehabilitation, the grant of disability benefits, or continuation of disability, shall be conditioned on the applicant completing and returning a signed agreement to obtain recommended medical treatment on a form included with the notice of the conditional grant of disability benefits. Failure to return this agreement, properly completed, within sixty days of the date mailed by the system constitutes failure to meet conditions for granting the disability benefits and will result in an automatic denial of disability benefits without further action by the board, with all rights of appeal pursuant to rule 3309-1-41 of the Administrative Code. Notice of the denial

will be sent to the applicant pursuant to rule 3309-1-41 of the Administrative Code.

- (1) A copy of the notice of a conditional grant or continuation of disability benefits shall be sent to the health care provider designated on the member's application for disability benefits as authorized to receive the applicant's disability information unless the applicant subsequently provides a signed release designating another health care provider. The applicant's health care provider shall also receive:
 - (a) A description of the disabling condition,
 - (b) The nature and duration of any recommended medical treatment.
- (2) The applicant's notice of the conditional grant or continuation of disability benefits shall inform the applicant that information regarding the nature of the disability and recommended treatment has been forwarded to the applicant's health care provider and that the applicant must contact that health care provider to review this information. The applicant shall be informed that the agreement to obtain recommended medical treatment and/or vocational rehabilitation must be properly completed and returned to the system within sixty days of the date that the system mailed the notice. Proper completion requires the signature of the health care provider indicating that the provider has communicated the disability information and recommended medical treatment to the applicant and the signature of the applicant indicating agreement to obtain the recommended medical treatment and/or vocational rehabilitation.
- (3) Upon the timely return of a properly completed agreement to obtain recommended medical treatment and/or rehabilitation, the system shall forward to the applicant an acknowledgment of receipt of the agreement containing the effective date of the disability benefits and annual reexamination and reporting requirements necessary to continue receiving disability benefits.

(l) (1) ~~Based on a certification of ongoing disability by the board physician, the board may waive a~~ Annual examinations required by division (B) of section 3309.41 of the Revised Code, ~~shall be waived as follows:~~

~~(a) When the board has waived the requirement indefinitely based on a certification of ongoing disability.~~

~~(b) For the present year based on the board physician's determination that the current medical information clearly establishes that the disability recipient continues to be disabled.~~

~~(c) If the termination standard is whether the recipient can perform any occupation, when:~~

~~(i) An annual earnings statement establishes that the recipient earned 75% or more of their adjusted FAS, and,~~

~~(ii) The board physician determines that current medical records do not indicate a subsequent material decline in the recipient's physical and mental condition.~~

~~(2) The obligation of the filing of annual earnings statements and current medical information required by division (D) of section 3309.41 of the Revised Code, and the filing any other information required in this rule, shall be waived as follows:~~

~~(a) By the board based on a certification of ongoing disability;~~

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(b) If not previously waived, the obligation to file annual earnings statements of a disability recipient whose disability has been certified as ongoing shall automatically be waived when the benefit recipient has satisfied one of the following requirements:

~~(a)~~(i) Has received a disability benefit for twenty years, or

~~(b)~~(ii) Has attained age sixty-five.

~~(2)~~(3) The board may review any disability granted including those certified as ongoing and request other information pursuant to division (D) of section 3309.41 of the Revised Code.

~~(3)~~(4) The board or the board's physician may require a disability recipient to submit to a medical examination by an examining physician and a vocational rehabilitation evaluation by a vocational rehabilitation professional or health care professional assigned by the system.

(J) In the absence of a waiver from the board ~~based on a certified ongoing disability~~, in order to continue receiving disability benefits, the recipient shall comply with the following conditions as set forth in section 3309.41 of the Revised Code:

- (1) Submit to an annual medical examination,
- (2) If required, submit to a medical examination,
- (3) If required, submit to a vocational rehabilitation evaluation,
- (4) If applicable, obtain any recommended medical treatment and submit medical reports regarding the treatment,
- (5) If applicable, obtain any recommended vocational rehabilitation and submit required reports regarding the rehabilitation,
- (6) Annually file an earnings statement, current medical information, and any other information required by the board.

(K) (1) If a recipient refuses to submit to a required examination or evaluation or to file required information, the disability benefits shall be suspended until the examination or evaluation is obtained or the information is filed.

(2) If, when applicable, the recipient fails to obtain recommended medical treatment and submit medical reports regarding the treatment, the disability benefits shall be suspended until the treatment is obtained and the report of the treatment submitted, or the board physician certifies that the treatment is no longer helpful or advisable.

Medical treatment is no longer helpful or advisable if, after a period of time in which it would be medically reasonable to see results, the treatment has failed to produce improvement in the disability, or continuation of the treatment presents a medically significant risk of aggravation or complication of an existing disability or creation of an additional disability.

(3) If, when applicable, the recipient fails to obtain required vocational rehabilitation and submit reports regarding the rehabilitation, the disability benefits shall be suspended until the rehabilitation is obtained and the report submitted, or the board physician or consultant certifies that vocational rehabilitation is no longer helpful or advisable.

Vocational rehabilitation is no longer helpful or advisable if:

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- (a) The recipient's disability renders the recipient unable to perform the duties of any position and is not expected to improve sufficiently, or
 - (b) After a period of time in which the recipient has complied with recommended vocational rehabilitation, the recipient cannot be reasonably expected to obtain employment in any occupation.
- (L) If the recipient's failure to comply with any of the applicable conditions set forth in paragraph (J) of this rule continues for one year from the date of the suspension of benefits for noncompliance, the recipient's right to the disability benefits shall be terminated as of the date of the original suspension.
- (M) On reexamination the board's medical advisory committee and/or the board physician shall review the medical and vocational reports and certify to the board whether the recipient continues to be disabled.
- (1) If the medical advisory committee and/or the board physician certifies that the recipient continues to be disabled, the medical advisory committee and/or the board physician shall make recommendations regarding reexamination and, where applicable:
 - (a) Recommend a continuation of the medical treatment and/or vocational rehabilitation previously recommended,
 - (b) Recommend a modification in medical treatment and/or vocational rehabilitation, or
 - (c) Certify that the disability is ongoing.
 - (2) When the termination standard is whether the recipient can perform any occupation, a recipient may ~~shall not~~ be certified for termination ~~as follows; unless~~
 - (a)(i) A SERS appointed vocational consultant has submitted a report that is based on findings made at the time of the review and that identifies a minimum of three positions that meet the any occupation definition and has submitted job descriptions that include a discussion of the physical and mental demands of the position; -and
 - (ii) An examining physician or the medical advisory committee concludes that the recipient is capable of meeting the physical and mental demands of a minimum of three of the positions; or
 - (b) (i) The recipient's A recipient has submitted an -current earnings statement that establishes that the recipient is employed in a position whose annual earnings of are seventy-five per cent or more of the recipient's final average salary, adjusted each year by the actual average increase in the consumer price index prepared by the United States bureau of labor statistics (U.S. City Average for Urban Wage Earners and Clerical Workers: "All items 1982-84=100"); and
(ii) The board physician determines that recipient's current medical records establish no subsequent material decline in the recipient's physical and mental condition.
 - (3) If the medical advisory committee and/or the board physician certifies that the recipient meets the applicable standard for termination of disability under division (C) of section 3309.41 of the Revised Code and the board concurs, the board shall:
 - (a) Terminate the disability benefits effective as of a date not later than three months after the board's concurrence, or upon notice of employment of the recipient as

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an employee.

- (b) (1) If the leave of absence has not expired when the board votes to terminate the disability benefit, the board shall certify to the recipient and the recipient's last employer as applicable that the recipient is no longer incapable of resuming service that is the same or similar to that from which the recipient was found disabled and shall identify the scheduled termination date of the disability benefit.
 - (2) The employer must notify the system if the member returns to work before the scheduled termination date. If the employer fails to notify the system, the amount of benefits paid to the member after the member's return to work shall be paid from amounts allocated under Chapter 3317. of the Revised Code.
- (N) (1) Disability benefit recipients with a benefit effective date before January 7, 2013 shall be considered on leave of absence from employment during the first five years following the effective date of their disability benefit.
 - (2) Disability benefit recipients with a benefit effective date on or after January 7, 2013 shall be considered on leave of absence from employment during the first three years following the effective date of their disability benefit; thereafter, their leave of absence shall terminate as follows:
 - (a) If medical treatment and/or vocational rehabilitation is not recommended, at the end of the first three years;
 - (b) If medical treatment and/or vocational rehabilitation is recommended, but the recipient is not participating in the recommended treatment or rehabilitation, the earlier of the last month the benefit recipient participated in recommended treatment or rehabilitation or the end of five years following the benefit effective date;
 - (c) If medical treatment and/or vocational rehabilitation was recommended and the recipient is participating in the recommended treatment or rehabilitation, at the end of five years following the benefit effective date.
- (O) A disability benefit recipient is employed for purposes of division (E) of section 3309.41 of the Revised Code if they hold office as a school board member or governing board member as defined in section 3309.012 of the Revised Code, regardless of whether the disability recipient elects membership under that section.
 - (1) Upon receipt of notice that a disability recipient holds office as a school board member or governing board member, the system shall notify the recipient that the recipient must terminate their service in order to continue to receive a disability benefit.
 - (2) The disability recipient shall send written notice to the system within thirty days from the date on the notice sent under [division paragraph \(O\)\(1\)](#) of this rule, indicating whether they will resign their office.
 - (3) If the disability recipient affirms a continuation of service or if the recipient fails to provide notice to the system, the disability benefit shall be terminated on the date the recipient first held office as a school board member or governing board member and any overpayments shall be collected as authorized in Chapter 3309 of the Revised Code.
 - (4) If the disability recipient affirms a termination of service, the termination shall be

effective on the receipt of the notice described in ~~division-paragraph~~(O)(1) of this rule. Any employee contributions remitted for the service shall be unauthorized and returned to the employer.

- (P) (1) Amounts paid by a member to purchase service credit shall be credited to the employees' savings fund.
- (2) Service credit for a period of disability shall be considered the equivalent of Ohio service credit.
- (3) Service credit granted or purchased under section 3309.41 of the Revised Code for a period of disability shall not result in the member receiving more than one year of service credit for any year as defined in division (R) of section 3309.01 of the Revised Code.

Effective: 12/22/19
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.39, 3309.41
 Prior Effective Dates: 8/13/17, 4/6/17, 10/4/15, 1/7/13, 4/3/08, 1/30/06, 1/6/05, 1/2/04, 5/9/03, 11/9/98, 1/2/93, 2/1/92, 10/26/84, 2/19/82, 1/21/77

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-41 Appeals for denial and termination of disability benefits.

_____ moved and _____ seconded that proposed amended rule 3309-1-41 be filed with JCARR as discussed.

3309-1-41 Appeals for denial and termination of disability benefits.

(A) The following procedures will govern in cases of a member's appeal of a denial of disability benefits, including an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code, or a disability benefit recipient's appeal of a termination of disability benefits, excluding when the recommendation to terminate was certified pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code.

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- (1) After formal board action is taken or an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code, a notice of denial or termination of disability benefits shall be issued to the applicant or former disability benefit recipient by regular or certified U.S. mail. This notice shall inform the member of:
 - (a) The medical evidence reviewed;
 - (b) The board's denial or termination of disability benefits; and
 - (c) The procedures for appeal of a denial or termination of disability benefits as set forth in this paragraph.
- (2)
 - (a) The member may appeal a decision to deny or terminate disability benefits, excluding a termination pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code, within fifteen days of the date on the notice of denial or termination by filing a notice of intent to appeal such decision and by providing additional evidence. Such additional evidence must be received by the board within ninety days from the date on the notice of denial or termination and must be submitted in writing by the member or by counsel and/or personal physician on behalf of the member.
 - (b) If a member does not submit a notice of intent to appeal or additional evidence as required by this rule, all appeal rights shall cease and the prior decision of the board shall become final. The member shall be notified of all future rights and/or limitations to apply for disability benefits.
 - (c) The member may request, as part of the appeal, a personal appearance before the board with counsel and/or a personal physician. The request for a personal appearance must be in writing and submitted to the board within fifteen days of the date on the notice of denial or termination. A personal appearance will not be granted unless additional evidence as required by this paragraph is received by the board within ninety days from the date on the notice of denial or termination. If a personal appearance is granted, the member will be notified in writing of the date and time.
 - (d) (i) For appeals whose standard is whether the member is physically and mentally capable of performing the member's last assigned primary duty as an employee, "additional evidence" means evidence that is current and pertinent

to the illness or injury for which the disability was claimed and that has not been submitted before.

- (ii) For appeals whose standard is whether the member is physically and mentally capable of performing the duties of a position that meets the criteria of division (C)(1) to (C)(3) of section 3309.41 of the Revised Code, "additional evidence" means evidence that is current and pertinent to the illness or injury that the member claims supports the member's inability to perform the duties of a position that meets the criteria of division (C)(1) to (C)(3) of section 3309.41 of the Revised Code.

(e) Upon a finding that a member was hospitalized or in a nursing home or other care facility at the time notice of denial or termination was sent, the board may allow a late appeal, but in no event more than 30 days after the member's discharge from the hospital or care facility.

- (3) All costs incidental to the appeal and/or personal appearance shall be at the expense of the member.
- (4) If a personal appearance is granted, the member shall appear before the board on the date and at the time specified by the board, or as otherwise requested by the member and agreed to by the board. If the member fails to appear on the specified date and time, all rights to a personal appearance shall terminate and the appeal shall be decided on the basis of the written evidence previously submitted.
- (5) A personal appearance, if granted, shall be conducted as follows:
 - (a) The member shall appear in person and may be represented by counsel, the member's agent, and/or a personal physician, if desired. The member shall provide the name, title, and position of each person appearing on the member's behalf at least seven days prior to the hearing.
 - (b) The board shall be responsible for conducting the hearing.
 - (c) A ~~tape~~ recording of the hearing will be made to provide the board and the medical advisory committee with a record for further review.
 - (d) Only one such appearance per application or termination will be allowed.
- (6) During the appeal process, the board's physician or the medical advisory committee may request that the member undergo an additional medical examination by an examining physician.
- (7) Following receipt of additional evidence and a personal appearance, if applicable, all evidence and information submitted shall be reviewed by the board's medical advisory committee and/or the board's physician who shall make a recommendation to the board.
 - (a) If the board concurs with a recommendation to grant the appeal, disability benefits will be paid from the benefit effective date, or if a recommendation for termination of disability benefits was appealed and the appeal is granted by the board, the payments will be resumed from the date of termination, and the applicant or benefit recipient will be so notified.
 - (b) If the board concurs with a recommendation for denial of the appeal, the applicant or benefit recipient will be notified by letter of the board's decision, such decision shall be final and all appeal rights shall cease.

- (B) The school employees retirement system administrative staff shall have the authority to act for the board in matters related to the appeal proceedings, but shall not have authority to decide appeals.
- (C) Any future applications for disability benefits filed after a denial of appeal must be submitted with medical evidence supporting progression of the former illness or injury or evidence of a new illness or injury. If such evidence is evaluated by the medical advisory committee and found to be inadequate to establish the progression of the former illness or injury or the existence of a new illness or injury, the application shall be voided.

Effective: 4/6/17
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.39, 3309.41
 Prior Effective Dates: 1/7/13, 4/30/09, 4/3/08, 1/30/06, 7/4/03, 5/2/01, 11/9/98, 1/2/93, 2/1/92, 10/26/84, 2/19/82, 1/21/77

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-45 Release of names, addresses and information.

_____ moved and _____ seconded that proposed amended rule 3309-1-45 be filed with JCARR as discussed.

3309-1-45 Release of names, addresses and information.

Names, addresses and other information contained in records maintained by the school employees retirement system shall be released to members of the public in accordance with this rule.

- (A) Except as otherwise provided in section 3309.22 of the Revised Code, no part of an individual's personal history record shall be released to a third party except upon the written authorization of the person to whom the record pertains.

In addition to the information set forth in division (A)(1) of section 3309.22 of the Revised Code, personal history record includes, but is not limited to, any record identifying:

- (1) The amount of benefit or allowance paid or payable to any person,
 - (2) The service history or service credit of a member or retiree, or
 - (3) The dependents or beneficiaries of a member or retiree.
- (B) Medical reports and recommendations shall be released only under the following circumstances:
- (1) Upon written request from the person to whom the report or recommendation pertains, to that person;
 - (2) Upon written authorization from the person to whom the report or recommendation pertains or the person's agent, to the physician, attorney or authorized agent of that person;
 - (3) To the board assigned physician.
- (C) Except as otherwise provided by law, all other system information not described in paragraph (A) or (B) of this rule shall be made available for inspection and copies provided upon request and payment of any applicable costs for copying and mailing. The person requesting a copy may choose to obtain the copy on paper, in the same medium in which the record is kept, or in any other medium in which the system determines that it can reasonably duplicate the record as an integral part of normal operations. A list of names and addresses of members, former members, retirants, contributors, former contributors, or beneficiaries shall be made available upon written request and payment of the cost of compiling, copying and mailing the list.

[\(D\) As used in division \(D\)\(3\) of section 3309.22 of the Revised Code and this rule:](#)

[\(1\) "Contributor" means a SERS retirant or other system retirant who has an account with SERS based on contributions to SERS pursuant to section 3309.341 of the Revised Code.](#)

(2) "Former contributor" means a current recipient of a monthly annuity under section 3309.344 of the Revised Code.

(3) "Former member" means a member who has not contributed to SERS in twelve months and is considered inactive.

Effective: 1/7/13
 Promulgated Under: 111.15
 Statutory Authority: 3309.04, 149.43
 Rule Amplifies: 3309.22, 149.43
 Prior Effective Dates: 2/16/89, 2/11/00, 5/3/02, 12/10/09

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-60 Division of property orders.

_____ moved and _____ seconded that proposed amended rule 3309-1-60 be filed with JCARR as discussed.

3309-1-60 Division of property orders.

- (A) "Order" means an order described in section 3105.81 of the Revised Code.
- (B) "Alternate payee", "benefit", "lump sum payment" and "participant" have the meanings set forth in divisions (A) to (D) of section 3105.80 of the Revised Code.
- (C) School employees retirement system may retain an order that provides the last four digits of the participant's and alternate payee's social security numbers.
- (D) Prior to receiving a benefit or lump sum payment, an alternate payee shall provide the information required on a form approved by this system. An alternate payee shall notify this system in writing of any change in the information provided.
- (E) Any benefit or lump sum payment that is owed and unpaid to an alternate payee at the time of the alternate payee's death shall be paid to the estate of the alternate payee.
- (F) Pursuant to section 3105.90 of the Revised Code, an order shall be on the form prescribed by the appendix to this rule. ~~The system may also accept the version of the form prescribed by the previous appendix to this rule that was effective January 1, 2014.~~
- (G) Starting with a participant's next annual benefit increase under section 3309.374 of the Revised Code on or after October 27, 2006, the annual increase shall be apportioned between the participant and the alternate payee while the order is in effect.
- (H) In determining the amount to be paid to the alternate payee under division (D)(2) of section 3105.82 of the Revised Code, the fraction to be used in the calculation shall not exceed one whole.

Effective: 4/6/17
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3105.80, 3105.81, 3105.82, 3105.821, 3105.83, 3105.84, 3105.85, 3105.86, 3105.87, 3105.88, 3105.89, 3105.90, 3309.374
 Prior Effective Dates: 1/1/14, 1/1/10, 10/27/06, 10/3/03, 4/5/02, 1/1/02 (emer.)

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____

Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

IN THE COURT OF COMMON PLEAS OF _____ COUNTY, OHIO
DIVISION OF DOMESTIC RELATIONS

_____	:	
Plaintiff/Petitioner,	:	
	:	Case No. _____
v.	:	
	:	Judge _____
_____	:	
Defendant/Petitioner.	:	

DIVISION OF PROPERTY ORDER

The Court finds the following facts and issues the following Order pursuant to Sections 3105.80 to 3105.90, Revised Code:¹

I. Terms:

- A. The "Plan Participant" or "Participant" means _____, Social Security number _____, whose date of birth is _____, whose current address is _____, and whose current mailing address is _____.
- B. The "Alternate Payee" means _____, Social Security number _____, whose date of birth is _____, whose current address is _____, and whose current mailing address is _____.
- C. The "Public Retirement Program(s)" means (please check the name and address of the public retirement program(s) and/or University/College Alternative Retirement Plan Administrator):
 - Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215
 - State Teachers Retirement System of Ohio
275 East Broad Street
Columbus, Ohio 43215

¹ This form was created under Ohio Revised Code Section 3105.90. Since Ohio Revised Code Section 3105.82 requires that this form be used, variance from this form will result in non-acceptance of the order by the Public Retirement Program.

- School Employees Retirement System of Ohio
300 East Broad Street
Suite 100
Columbus, Ohio 43215

- Ohio Police and Fire Pension Fund
140 East Town Street
Columbus, Ohio 43215

- Ohio State Highway Patrol Retirement System
1900 Polaris Parkway
Suite 201
Columbus, Ohio 43240

- University/College Alternative Retirement Plan
Name and address of University/College Plan Administrator:

D. Obligation of Plan Participant and Alternate Payee: The Plan Participant and the Alternate Payee are ordered to notify in writing the Public Retirement Program of a change in the individual's mailing address.

II. Amount Payable to the Alternate Payee: Upon the Plan Participant receiving a payment from the Public Retirement Program, the court orders that the Alternate Payee shall receive payment in accordance with and subject to the limitations set forth in Sections 3105.82 to 3105.90, Revised Code. The Public Retirement Program is required to distribute amounts to the Alternate Payee in the same manner selected by the Participant. For example, if only a lump sum dollar amount is provided in Paragraphs II(B)(1)(a) and (b), then the Alternate Payee also receives a lump sum payment. Please designate the type and the method of payment:

A. Type of Payment: If the Participant is eligible to receive more than one benefit payment or more than one lump sum payment, please check the benefit(s) or lump sum payment(s) from which payment to the Alternate Payee shall be made. If no benefit or lump sum payment is designated, the Alternate Payee shall receive payment from the first benefit payment or lump sum payment for which the Participant is eligible to apply and to receive. Please check ALL APPLICABLE BENEFIT(S) OR LUMP SUM PAYMENT(S):

- Age and service retirement benefit, INCLUDING Partial Lump Sum Payments ("PLOP") received under Sections 145.46(E)(1), 3307.60(B), 3309.46(B)(4), or 5505.162(A)(3), Revised Code, and Deferred Retirement Option Plan ("DROP") under Section 742.43 or 5505.50, Revised Code.

- Age and service retirement benefit, BUT EXCLUDING Partial Lump Sum Payments ("PLOP") received under Sections 145.46(E)(1), 3307.60(B), 3309.46(B)(4) or 5505.162(A)(3), Revised Code, and Deferred Retirement Option Plan ("DROP") under Section 742.43 or 5505.50, Revised Code.

- Disability monthly benefit
- Account refund
- Additional money purchase annuity/additional annuity lump sum refund
- Reemployed retiree money purchase annuity (when monthly payment exceeds \$25.00) or lump sum refund
- Defined contribution plan benefit

B. Method of Payment: If the Plan Participant is a reemployed retiree contributing to a money purchase annuity or is eligible to receive or is receiving monthly benefits or a lump sum payment from a reemployed retiree money purchase annuity, the Alternate Payee shall receive payment from the reemployed retiree money purchase annuity and any other type of payment designated in Paragraph II(A) above in a monthly or one-time dollar amount as specified in Paragraph II(B)(1)(a) below. If the Plan Participant is participating in the defined contribution program, or any of its constituent plans, the Alternate Payee shall receive payment from the defined contribution program, or any of its constituent plans, and any other type of payment designated in Paragraph II(A) above in a percentage of a fraction as specified in Paragraph II(B)(2) below. If the Plan Participant is participating in any other plan in a Public Retirement Program, the Alternate Payee shall receive payment in either a dollar amount **OR** a percentage of a fraction as specified below (i.e. Please complete Dollar Amount **OR** Percentage).

1. Dollar Amount: Paragraphs II(B)(1)(a) and (b) must be fully completed, even if the indication is to pay the Alternate Payee "\$0.00" from the Participant's periodic benefit or/and lump sum payment.

a. If the Participant elects a plan of payment that consists of a lump sum payment **OR** a plan of payment that consists of periodic benefits:

\$ _____ per benefit from the Participant's periodic benefit upon the Participant's receipt of the aggregate periodic benefit; **or**

\$ _____ from the Participant's lump sum payment upon the Participant's receipt of the payment.

- b. If the Participant elects a plan of payment consisting of both a lump sum benefit **AND** a periodic benefit:

\$ _____ per benefit from the Participant's periodic benefit upon the Participant's receipt of the periodic benefit; **and**

\$ _____ from the Participant's lump sum benefit upon the Participant's receipt of the payment.

OR

- 2. Percentage: Please provide percentages in both Paragraph II(B)(2)(a) and (b) even if the percentage is "0%".

- a. If the Participant elects a plan of payment that consists of either periodic benefits **OR** a lump sum payment, the Public Retirement Program shall pay directly to the Alternate Payee per benefit or in a one-time lump sum payment _____ percent (_____ %) of a fraction as set forth in Paragraph II(B)(2)(c) below of the Plan Participant's periodic benefit or one-time lump sum payment.

- b. If the Plan Participant elects a plan of payment consisting of both a lump sum benefit **AND** a periodic benefit, the Public Retirement Program shall pay directly to the Alternate Payee _____ percent (_____ %) of a fraction as set forth in Paragraph II(B)(2)(c) below of the Plan Participant's periodic benefit and _____ percent (_____ %) of a fraction as set forth below of the Plan Participant's lump sum benefit.

- c. Fraction:

- i. The numerator of the fraction shall be _____, which is the number of years during which the Plan Participant was both a contributing member of the Public Retirement Program and married to the Alternate Payee. The date of marriage is _____.

- ii. The denominator, which shall be determined by the Public Retirement Program at the time that the Plan Participant elects to take a benefit or a payment, shall be the Participant's total years of service credit with the Public Retirement Program or, in the case of a Participant in a retirement plan established under Chapter 3305, Revised Code, the years of participation in the plan.

- C. Applicable Benefit: The monthly benefit amount used to determine the amount paid to the Alternate Payee from the Participant's monthly benefit shall be whichever applies:
1. If the Participant is receiving a monthly benefit, the monthly benefit shall be the gross monthly benefit the Participant is receiving at the time the decree of divorce or dissolution becomes final. The effective date of the decree of divorce, dissolution, or legal separation is _____;
 2. If the Participant has applied for but is not yet receiving a monthly benefit, the monthly benefit shall be the benefit for which the Participant is eligible;
 3. If the Participant has not applied for a benefit, the monthly benefit shall be the benefit calculated at the time the Participant elects to take the benefit.
- D. Minimum Benefit Notice: The total amount paid to the Alternate Payee pursuant to this order plus any administrative fee charged to the Participant and Alternate Payee as authorized by Section 3105.84, Revised Code, shall not exceed fifty percent of the amount of a benefit or lump sum payment that the Plan Participant is to receive or, if withholding is to be made from more than one benefit or lump sum payment, fifty percent of the total of the benefits or lump sum payments that the Plan Participant is to receive. If the Plan Participant's benefit or lump sum payment is or will be subject to more than one order issued pursuant to Section 3105.81, Revised Code, the Public Retirement Program shall not withhold an aggregate amount for all the orders plus the administrative fee(s) charged to the Participant and Alternate Payee as authorized by Section 3105.84, Revised Code, that exceeds fifty percent of the benefit or lump sum payment.
- E. Cost of living allowances: Any cost-of-living allowance ("COLA") granted to a Participant while this Order is in effect shall be apportioned between the Participant and Alternate Payee in the same proportion that the amount being paid the Alternate Payee bears to the amount paid the Participant, as provided under Sections 145.323(B), 742.3711(G), 742.3716(F), 742.3717(B)(3), 3307.67(C), 3309.374(B), and 5505.174(C), Revised Code.

III. Notification to Alternate Payee: The Alternate Payee is hereby notified of the following:

- A. The Alternate Payee's right to payment under this Order is conditional on the Plan Participant's right to a benefit payment or lump sum payment from the Public Retirement Program;
- B. When the Plan Participant's benefit or lump sum payment is subject to more than one order under Section 3105.81, Revised Code, or to an order described in Section 3105.81, Revised Code and a withholding order under Section 3121.03, Revised Code, the amount paid to the Alternate Payee under this order may be reduced based on the priority of the other orders;

- C. The Alternate Payee's right under this order to receive an amount from the benefit payment or lump sum payment to the Plan Participant shall terminate upon:
 - 1. The death of the Plan Participant;
 - 2. The death of the Alternate Payee;
 - 3. The termination of a benefit pursuant to the governing laws of the Public Retirement Program.

- IV. Administrative Fee: Pursuant to Section 3105.84, Revised Code, this order authorizes the Public Retirement Program that is or will be paying the benefit or lump sum payment to withhold from any benefit or payment that is subject to this order an amount determined by the Public Retirement Program to be necessary to defray the cost of administering the order. This amount shall be divided equally between the Plan Participant and the Alternate Payee.

- V. Application of Order: This order applies to payments made by the Public Retirement Program after retention of the Order under Section 145.571, 742.462, 3305.21, 3307.371, 3309.671, or 5505.261, Revised Code.

- VI. Additional Limitations on Order:
 - A. Payments under this order shall commence as provided under Section 145.571, 742.462, 3305.21, 3307.371, 3309.671, or 5505.261, Revised Code.
 - B. The Alternate Payee has no right or privilege under the law governing the Public Retirement Program that is not otherwise provided in the governing law.
 - C. This order shall not require the Public Retirement Program to take any action or provide any benefit, allowance, or payment not authorized under the law governing the Public Retirement Program.

- VII. Notice of Order:
 - A. The clerk of courts shall transmit a certified copy of this order to the Public Retirement Program(s) named in the order.
 - B. On receipt of this order, the Public Retirement Program shall determine whether the order meets the requirements as set forth in Sections 3105.80 to 3105.90, Revised Code.
 - C. The Public Retirement Program shall retain the order in the Plan Participant's record if the order meets the requirements in Sections 3105.80 to 3105.90, Revised Code.
 - D. The Public Retirement Program shall return, by regular mail, to the clerk of courts of the court that issued the order any order the Public Retirement Program determines does not meet the requirements in Sections 3105.80 to 3105.90, Revised Code, no later than sixty days after the Public Retirement Program's receipt of the order.

- VIII. Jurisdiction of the Court: The Court shall retain jurisdiction to modify, supervise, or enforce the implementation of this order notwithstanding Section 3105.171(I), Revised Code.

APPROVED:

Signature of Attorney for Plaintiff/Petitioner

Attorney for Plaintiff/Petitioner (please type or print name)

Supreme Court No.

Address

Address

Signature of Attorney for Defendant/Petitioner

Attorney for Defendant/Petitioner (please type or print name)

Supreme Court No.

Address

Address

SO ORDERED.

Judge

Division of Property Order approved per Section 145.571, 742.462, 3305.21, 3307.371, 3309.671, or 5505.261, Revised Code, for filing and submission.

Retirement System

Retirement System

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-68 Guardianships.

_____ moved and _____ seconded that proposed amended rule 3309-1-68 Guardianships be filed with JCARR as discussed.

3309-1-68 Guardianship Payment to individual with legal incapacity.

- (A) (1) For purposes of this rule, "benefit" means a payment from the accumulated contributions of the member or employer, or both, under Chapter 3309. of the Revised Code and includes an account refund, pension, annuity, disability benefit, or survivor benefit.
- (2) For purposes of this rule, "benefit recipient" means any person who is eligible to receive a payment or benefit under Chapter 3309. of the Revised Code.
- (B) Except as otherwise provided in this rule, guardianship of the estate shall be required to do any of the following on behalf of a member or benefit recipient who has a legal disability as defined in division (B) or (D) of section 2131.02 of the Revised Code:
 - (1) The guardian may designate a beneficiary, but if the designation is anyone other than the estate or the statutory order of succession identified in section 3309.44 or 3309.50 of the Revised Code, the beneficiary designation must be approved by court order.
 - (2) Direct payment of benefits on behalf of the member or benefit recipient. Payment shall be issued to the guardian of the estate or as otherwise specified by court order.
- (C) Guardianship of the estate shall not be required ~~in the following situations: if a~~ A court of competent jurisdiction issued a limited order pursuant to section 2111.02, 2111.021, 2111.05, or 2111.131 of the Revised Code or comparable law of another state an order that directs SERS to issue a member or benefit recipient's payment to a specific person or entity, and identifies a specific account at a financial institution.
 - ~~(1) If the benefit recipient is a minor, payment may be issued to the benefit recipient's biological or adoptive parent so long as the minor is in the care and custody of the parent, or to the benefit recipient's legal custodian.~~
- (D) A guardian of the person may do any of the following:
 - (1) Receive a benefit recipient's account information;
 - (2) Change a benefit recipient's address; or
 - (3) Apply for and receive a payment required by paragraph (C)(1) of rule 3309-1-09 of the Administrative Code.
 - ~~, but cannot make any changes to the account.~~
- (E) If the benefit recipient is a minor, payment may be issued to the benefit recipient's biological or adoptive parent so long as the minor is in the care and custody of the parent, or to the benefit recipient's legal custodian.

Effective Date: 3/26/18
 Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.01, 3309.22, 3309.34, 3309.343, 3309.344, 3309.35, 3309.381, 3309.39, 3309.40, 3309.401, 3309.42, 3309.44, 3309.45, 3309.46, 3309.50

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED RESCINDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-57 Rule on rules.

_____ moved and _____ seconded that proposed rescinded rule 3309-1-57 be filed with JCARR as discussed.

3309-1-57 Rule on rules.

- (A) The procedures provided herein shall apply to all rules having a general and uniform application which affect the rights, privileges, or benefits of the members of the system, of the benefit recipients of the system, or of the employer units defined in section 3309.01 of the Revised Code. The word "rule," as used herein, shall include any proposed amendments to or rescission of existing rules.
- (B) The school employees retirement board shall adopt rules pursuant to section 111.15 of the Revised Code.
- (C) Any person may obtain, at cost, advance notification of the proposed adoption of any rule by requesting that his or her name be included on a mailing list to be maintained by the system. At least seven days prior to the date on which the board intends to consider the adoption of any rule, the system shall mail to each person on such mailing list an agenda of the meeting which shall contain a synopsis of the proposed rule and a statement of the date, time and place of the meeting.
- (D) Notice of rules adopted shall be reported as applicable, in publications sent to employers, members, contributors and/or retirants and benefit recipients.
- (E) Any person may obtain a copy of any rule adopted.

Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Amplifies: 3309.04
 Effective Dates: 12/24/76, 11/9/98

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED NEW ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-57 Rule on rules.

_____ moved and _____ seconded that proposed new rule 3309-1-57 be filed with JCARR as discussed.

3309-1-57 Rule on rules,

- (A) The school employees retirement board shall adopt rules pursuant to section 111.15 of the Revised Code.
- (B) Any person may receive notice of the proposed adoption, amendment, or rescission of any rule by requesting their name be included on the mailing list to receive the retirement board's meeting agenda.
- (C) Notice of material changes to rules or new rules adopted shall be reported, as applicable, in publications sent to employers, members, contributors, and/or retirants and benefit recipients.

Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.04
 History: 4/6/17, 11/9/98, 12/24/76

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED RESCINDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-51 Long-term care coverage.

_____ moved and _____ seconded that proposed rescinded rule 3309-1-51 Long-term care coverage be filed with JCARR as discussed.

3309-1-51 Long-term care coverage.

- (A) The school employees retirement system may contract directly with an insurer to establish a program that provides contracts for long-term care insurance for members and benefit recipients of the system and members of their families. If the program is established jointly with another retirement system, the contract shall separately establish the terms and conditions for participation through the school employees retirement system.
- (B) Members of the school employees retirement system who have contributed to the system during the previous eighteen months may make application to participate in contracts effective on and after July 1, 1994 for long-term care coverage offered pursuant to section 3309.691 of the Revised Code, provided:
 - (1) Application for coverage shall be made directly to the insurer during enrollment periods specified by the school employees retirement system; and
 - (2) Determination of eligibility for participation under the terms of any such contract shall be made by the insurer with approval of the school employees retirement system.
- (C) The recipient of any monthly benefit may participate in contracts for long-term care coverage, subject to the same conditions as those applicable to members under the terms of paragraph (B) of this rule.
- (D) Payment for coverage shall be made by the member or benefit recipient to the insurer in such amounts and by such methods as determined under the contract for long-term care coverage.
- (E) A spouse, parent or parent-in-law of any individual who has made application pursuant to paragraph (B) or (C) of this rule may apply for coverage subject to the same terms and conditions as those applicable to members under the terms of paragraph (B) of this rule, provided that in the case of a spouse, the individual participating pursuant to paragraph (B) or (C) of this rule agrees to remit the cost of such coverage along with his or her own payment.

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.691
Effective Dates: 5/3/02, 6/10/94

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

**SCHOOL EMPLOYEES
RETIREMENT SYSTEM**

Memo

To: SERS Retirement Board

From: Tracy Valentino

Date: December 2, 2021

Re: 2022 Qualified Excess Benefit Arrangement (QEBA) Budget

SERS established a separate plan, effective January 2003, to provide for the payment of a retiree's service retirement benefit that otherwise would have been payable by the System except for the limitations of Internal Revenue Code ("IRC") §415(b). This code section limits the amount of annual benefit that a defined benefit plan, such as SERS, can pay to a retiree. However, IRC §415(m) allows governmental plans to set up a qualified excess benefit arrangement (QEBA) to pay the excess amount. SERS' Qualified Excess Benefit Plan is funded on a calendar year basis from contributions from the retiree's last employer. Estimated expenses for administering the plan are included in the annual funding request.

Each year a budget is prepared using the new IRS plan limits, calculating current QEBA recipients' projected benefits, adding new QEBA recipients and projecting the cash balance remaining in the QEBA account at year end. For calendar year 2022, we are requesting that \$ 283,000 of employer contributions be assigned to the QEBA Fund.

2022 QUALIFIED EXCESS BENEFIT PLAN BUDGET (QEBA)

_____ moved and _____ seconded the motion to assign \$ 283,000 of employer contributions from the last employer of retirees covered by the SERS Qualified Excess Benefit Plan to the QEBA Fund for calendar year 2022. The QEBA Fund is authorized to pay benefits of approximately \$ 278,000 to qualified retirees; with the balance allocated to QEBA Fund operating expenses.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

**School Employees
Retirement System**

Memo

To: Retirement Board

From: Karen Roggenkamp, Deputy Executive Director

cc: Richard Stensrund Executive Director

Date: December 16, 2021

Re: **Defer Implementation of Actuarial Factors**

Based on the 5-year actuarial experience study completed by Cavanaugh Macdonald Consulting, the Board adopted resolutions to change certain quinquennial benefit factors and rates in September 2021 with an effective date of January 1, 2022. We are requesting that these factors and rates updates be deferred until April 1, 2022, based on the information provided below.

Overview

Actuarial factors are used to calculate final pension benefits for new retirees and beneficiaries. As Staff was testing and preparing to implement the factor changes, unlike previous quinquennial changes where there were nominal differences between estimates and final benefit calculations, test results were showing larger variances. In some instances, the monthly pension benefit was reduced by up to 3 percent when using the new factor tables. Staff reached out to Cavanaugh Macdonald to verify that the adopted factors were correct. This review was completed on December 10 and it validated the primary drivers of the benefit differences were related to reductions in assumed investment returns (currently at 7 percent), mortality table changes, and lower COLA assumptions.

Member Services provides advance estimated pension calculations using an applicant's requested retirement date. Based on the options chosen by the future retiree, for example: partial lump sum payments, survivor benefits, early retirement, the final actual monthly benefit is now lower compared to estimates that members have already received. Younger retirees and beneficiaries are more impacted by the new factors and rates since they receive benefits over a longer time. Currently we have approximately 680 applications with 500+ members that have a planned January, 2022 retirement date. The examples provided below help provide comparison impacts between the old and new factors:

Cavanaugh Macdonald Comparison – Payment Examples Based on Earned Benefit

Plan A: Member receives specific monthly amount and spouse receives 1/2 of amount

Age	2017 Factors	2022 Factors
	Mortality, Interest Rates, & COLA	Mortality, Interest Rates, & COLA
50	\$963	\$937
60	\$911	\$892
70	\$808	\$796

Plan D: Member receives specific monthly amount and spouse receives the same amount

Age	2017 Factors	2022 Factors
	Mortality, Interest, & COLA	Mortality, Interest, & COLA
50	\$928	\$881
60	\$837	\$805
70	\$679	\$661

Recommendation – Amend the Resolution Effective Date

Although our correspondence includes language that information provided are estimates and the final benefit calculations may change, the variances due to the new factors are more significant than expected. To better align estimates to final calculations, we recommend changing the effective date of the previous resolutions from January 1 to April 1, 2022. This will allow us to grandfather pending retirements through March 31, and to provide April and forward retirement estimates using the new actuarial factors and rates. Amended resolutions that are needed for this recommendation are:

Optional Benefit Plan and PLOP Reduction Factors

Early Retirement Incentive Rates

Re-employed Retiree Annuity Factors

Money Purchase Annuity Factors

Interest Rates and Factors (amend the portion of the resolution pertaining to interest charged on purchased service and unpaid ERI balances)

Resolutions approved in October for Re-employed Retiree Annuity – Employer Contributions, Re-employed Retiree Annuity – Interest on Contributions, Interest Rates and Factors (the portion of the resolution pertaining to interest credited to additional annuity contributions and percent of salary required for purchase of exempted credit) and School Board Service Credit Purchase – Liability Factors, do not require an amendment.

Thank you for your consideration.

AMEND EFFECTIVE DATE – OPTIONAL BENEFIT PLAN AND PARTIAL LUMP SUM OPTION PLAN REDUCTION FACTORS

_____ moved and _____ seconded to amend the resolution passed at the Board meeting held on September 16, 2021, by applying the revised actuarial equivalent optional benefit plan and partial lump sum option plan (PLOP) reduction factors, as developed by the actuary, to initial benefits paid on and after April 1, 2022 rather than January 1, 2022.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

AMEND EFFECTIVE DATE – RE-EMPLOYED RETIREE ANNUITY FACTORS

_____ moved and _____ seconded to amend the resolution passed at the Board meeting held on September 16, 2021, by applying the revised re-employed retiree annuity factors, as developed by the actuary, to initial re-employed retiree annuities paid on and after April 1, 2022 rather than January 1, 2022.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

AMEND EFFECTIVE DATE – MONEY PURCHASE ANNUITY FACTORS

_____ moved and _____ seconded to amend the resolution passed at the Board meeting held on September 16, 2021, by applying the revised money purchase annuity factors, as developed by the actuary, to initial benefits paid on and after April 1, 2022 rather than January 1, 2022.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

AMEND EFFECTIVE DATE – INTEREST RATE ON PURCHASED SERVICE AND UNPAID ERI BALANCES

_____ moved and _____ seconded to amend the resolution passed at the Board meeting held on September 16, 2021, by applying the new interest rate charged on purchased service and unpaid ERI balances, as developed by the actuary, on and after April 1, 2022 rather than January 1, 2022.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

AMEND EFFECTIVE DATE – EARLY RETIREMENT INCENTIVE RATES

_____ moved and _____ seconded to amend the resolution passed at the Board meeting held on September 16, 2021, by applying the percentage of salary rates and additional health care liability costs for early retirement incentive (ERI) programs, as developed by the actuary, to ERI programs that become effective on and after April 1, 2022 rather than January 1, 2022.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

The Retirement Board of the School Employees Retirement System of Ohio adopted the following resolution on December 16, 2021 to honor Carol Nolan Drake

WHEREAS, the School Employees Retirement System of Ohio provides pension benefits to more than 227,000 active and retired non-teaching school employees; and

WHEREAS, Carol Nolan Drake, a respected public pension fund legislative and public policy advocate has faithfully represented SERS as our federal legislative consultant since 2017; and

WHEREAS, Ms. Drake has served as the system's eyes, ears, and voice on numerous federal legislative and regulatory issues impacting the administration of the system and the retirement security of our members and retirees; and

WHEREAS, through Ms. Drake's extensive networking contacts and close relationships she forged with members of the Ohio Congressional delegation, legislative leadership, and the influential committee staff, SERS' messages have received prominent consideration; and

WHEREAS, Ms. Drake has consistently advocated for repeal or reform of the harmful GPO and WEP penalties; and

WHEREAS, Ms. Drake has urged Congress and the Administration to preserve innovative retiree health care programs such as the Wraparound HRA and appropriate Medicare prescription drug coverage through our Employer Group Waiver Plan (EGWP); and

WHEREAS, Ms. Drake earnestly shared the stories of SERS members to support pension policies involving taxes, investments, and health care to improve their retirement security ; and

WHEREAS, despite the perception that the U.S. political system is gridlocked and partisanship is at an all-time high, Ms. Drake remained hopeful and optimistic about the American political process in good times and bad; now, therefore,

BE IT RESOLVED, that the Retirement Board of the School Employees Retirement System of Ohio is sincerely appreciative of Ms. Drake's guidance on federal government issues and extends it best wishes in her future endeavors.

**School Employees
Retirement System**

Memo

To: Retirement Board
From: Joe Marotta, General Counsel
Date: December 3, 2021
CC: Richard Stensrud, Executive Director
Re: SERS Ethics Policy Review

As you may know, the SERS Ethics Policy ("the Policy") is subject to a biennial review for effectiveness by the Board. The Board approved minor edits to the Policy in 2019, as recommended by staff, and with the concurrence of the Ethics Commission and Ohio Retirement Study Council. This year, staff has no proposed edits to the Policy. A copy of the Policy is attached to this memo for review. Should the Board wish to make edits, or if you have any questions, feel free to contact me at 614-340-2699.



Ethics Policy

BD2-003

Effective Date:	10/1/2005	Revision Date:	12/19/2019	Audience:	Everyone
Owner:	Board	Certifier:	Richard Stensrud	Co-Owner (s):	Executive
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History				

Purpose

It is the policy of the School Employees Retirement System (“System”) Board to carry out its mission in accordance with the strictest ethical guidelines and to ensure that Board Members and employees conduct themselves in a manner that fosters public confidence in the integrity of the System, its processes, and its accomplishments.

Policy

General Standards of Ethical Conduct

1. System Board Members and employees must, at all times, abide by protections to the public embodied in Ohio’s ethics laws, as found in Chapters 102 and 2921 of the Ohio Revised Code, and as interpreted by the Ohio Ethics Commission and Ohio courts. (A copy of these laws is provided by the System, and receipt acknowledged, as required in R.C. 102.09(D)). Board Members and employees must conduct themselves, at all times, in a manner that avoids favoritism, bias, and the appearance of impropriety.
2. A general summary of the restraints upon the conduct of all Board Members and employees includes, but is not limited to, those listed below. No Board Member or employee shall:
 - a. Solicit or accept anything of value from anyone doing business with the Board or System;
 - b. Solicit or accept employment from anyone doing business with the Board or System, unless the Board Member or employee completely withdraws from any Board and System discretionary or decision-making activity regarding the party offering employment, and the Board approves the withdrawal in the case of a Board Member or the Executive Director of the System, and the Executive Director approves the withdrawal in the case of another employee;
 - c. Use his or her public position to obtain benefits for the Board Member or employee, a family member, or anyone with whom the Board Member or employee has a business or employment relationship;

- d. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell goods or services to, the Board or System;

Be paid or accept any form of compensation for personal services rendered on a matter before, or sell (except by competitive bid) goods or services to, any state agency other than the Board or System, unless the Board Member or employee first discloses the services or sales and withdraws from matters before the Board or System that directly affect officials and employees of the other state agency, as directed in R. C. 102.04;

Have an unlawful interest in a public contract as follows:

1. Vote, authorize, recommend, or in any other way use his or her position to secure the investment of public funds when the Board Member or employee, a family member, or anyone with whom the Board Member or employee has a business or employment relationship, has an interest in, or will receive a fee from, the investment;
2. Vote, authorize, recommend, or in any other way use his or her position to secure approval of a public contract (including employment or personal services) in which the Board Member or employee, a family member, or anyone with whom the Board Member or employee has a business or employment relationship, has an interest;
3. During public service, and for one year after leaving public service, profit from a Board or System contract authorized by the Board or the employee unless the contract was competitively bid and awarded to the best and lowest bidder;
4. Have an interest in the profits or benefits of a Board or System contract;
5. The Ethics Law does except some interests in a public contract when all criteria under R.C. 2921.42 are met including that the interest is disclosed in advance; stockholdings are limited; and, as to contracts, they are for necessary goods and services and are objectively shown as the lowest cost services.

Solicit or accept honoraria (see R.C. 102.01(H) and 102.03(H)), except that employees who are not financial disclosure filers may receive an honorarium only if the honorarium is paid in recognition of a demonstrable business, professional, or esthetic interest of the employee that exists apart from public office or employment, and is not paid by any person or other entity, or by a representative or association of those persons or entities, doing business with the Board or System;

During public service, and for one year after leaving public service, represent any person, in any fashion, before any public agency, with respect to a matter in which the Board Member or employee personally participated while serving with the Board or

System;

Use or disclose confidential information protected by law, unless appropriately authorized;

Use, or authorize the use of, his or her title, the name of the Board or System, or the Board's or System's logo in a manner that suggests impropriety, favoritism, or bias by the Board or System, or the Board Member or employee;

Solicit or accept any compensation, except as allowed by law, to perform his or her official duties or any act or service in his or her official capacity; and

No Board Member, state retirement system investment officer, or an employee of the System whose position involves substantial and material exercise of discretion in the investment of System funds shall solicit or accept from any person, including a partnership of which the System is a partner, payment of actual travel expenses, including expenses incurred with the travel for lodging, meals, food, and beverages.

In addition to complying with the restrictions in the Ethics Law and related statutes, no Board Member of the System who is running for a position on the System Board shall:

Solicit or accept campaign contributions from any person or entity that the Board Member knows or has reason to know:

- i. has a contract related to investment of the System's funds;
- ii. is marketing or otherwise attempting to secure business involving the System's funds; or
- iii. is an agent or acting on behalf of any person or entity described in (1) or (2).

Campaign contributions include contributions made to a campaign committee, political party, legislative campaign fund, political action committee, or political contributing entity on behalf of the Board Member.

For purposes of this policy:

"Anything of value" includes anything of monetary value, including, but not limited to, money, loans, gifts, food or beverages, social event tickets and expenses, travel expenses, golf outings, consulting fees, compensation, or employment. "Value" means worth greater than de minimis or nominal.

"Anyone doing business with the Board or System" includes, but is not limited to, any person, corporation, or other party that is doing or seeking to do business with, regulated by, or has interests before the Board or System, including anyone who is known or should be known to be an agent or acting on behalf of such a party, including any partnership of which the system is a partner, any person or entity that has a contract related to investment of the System's funds, and any person marketing or otherwise attempting to secure business involving the System's funds.

Financial Disclosure

1. Every Board Member or employee required to file a financial disclosure statement must file a complete and accurate statement with the Ethics Commission by May 15 of each year. Any Board Member or employee
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appointed to, or employed in a filing position after May 15 and required to file a financial disclosure statement must file a statement within ninety days of appointment or employment. However, if a Board Member is filling an unexpired term of an elected position, the Board Member must file their statement within fifteen days of being sworn into office.

Assistance

1. The Ethics Commission is available to provide advice and assistance regarding the application of the Ethics Laws and related statutes. The Commission can be contacted at (614) 466-7090. The Commission's web site address is: www.ethics.ohio.gov.
2. Attached to this Policy is a Commission Fact Sheet titled "Helpful Ethics Guidance for State and Local Board and Commission Members" that provides useful guidance to Board Members and employees in complying with Ohio's ethics laws. This Fact Sheet and others may be found at the Commission web site. System counsel are available to answer questions regarding this policy.

Penalties

Failure of any Board Member or employee to abide by this Ethics policy, or to comply with the Ethics Laws and related statutes, will result in discipline, which may include dismissal, as well as any potential civil or criminal sanctions under the law.

Evaluation and Changes

This policy shall be evaluated for effectiveness by the Board of the School Employees Retirement System no less than biennially. The policy may be changed only by a majority vote of the Board, after approval by the Ethics Commission and review by the Ohio Retirement Study Council.

None

Definitions

None

Related Documents and Information

Statutes:	Chapter 102, 2921.42, 2921.43
Rules:	N/A
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History
Forms:	—

Policy History

Version 1 – October 1, 2005 – Created – Approved by Board
Version 1 – October 18, 2007 – Reviewed by Board
Version 1 – October 15, 2009 – Reviewed by Board

Version 1 – October 20, 2011 – Reviewed by Board
Version 2 – October 18, 2013 – Edited – Approved by Board
Version 2 – October 15, 2015 – Reviewed by Board



OHIO ETHICS COMMISSION
William Green Building
30 West Spring Street, L3
Columbus, Ohio 43215-2256
Telephone: (614) 466-7090
Fax: (614) 466-8368

www.ethics.ohio.gov

Helpful Ethics Guidance for State and Local Board and Commission Members

DO:

- Avoid any action that might give rise to the appearance of impropriety
- Abstain from all formal or informal issues if you have a relationship with a private company or organization that is seeking public funds (through, for example, a contract, tax abatement, grant, or loan) from your board.
- Withdraw completely from questions or issues regarding those who do business with the board or have direct interests before, or are regulated by the board where your interest, or the interest of your family or a business associate is presented
- Comply with financial disclosure as required by law to remind of potential conflicts of interest
- Feel free to seek the advice and assistance from the Ohio Ethics Commission

DON'T:

- Solicit or accept anything of value from anyone doing business with your board
- Use your position to obtain financial gain or benefit for yourself, a family member, or anyone with whom you have a business or employment relationship
- Vote, authorize, recommend, or in any other way use your position to secure the approval of board services, supplies, property, investments, or other contracts or acquisitions in which you, a family member, or anyone with whom you have an ongoing business relationship, has an interest
- Accept compensation, other than from the Board, for the performance of Board duties and responsibilities
- Be paid for personal services rendered on matters before, or sell goods or services to your board or commission (See R.C. 102.04(A))
- Do business directly with or benefit from a contract with, the Board unless exception applies for limited stockholding or contracts are objectively shown as the lowest cost services, where all criteria under R.C. 2921.42 are met
- Be paid for personal services rendered on matters before, or sell (except by competitive bid) goods or services to other state agencies, boards, or commissions, unless you first disclose and withdraw from matters before the board that directly affect officials and employees of the other state agency, board, or commission (See R.C. 102.04(B))
- Solicit or accept honoraria, unless you meet the limited exceptions allowed by law
- Use or disclose confidential information protected by law, unless appropriately authorized
- During public service and for one year thereafter, represent any person, in any fashion, before any public agency, with respect to a matter in which you personally participated while serving with the board
- Use or authorize the use of your title, the board or its name in a manner that suggests impropriety, favoritism, or bias by the board or any board official or employee
- Hesitate to seek advice or guidance from the Ohio Ethics Commission by calling or writing

Promoting Ethics in Public Service for Ohio since 1974

Internal Audit Report

SERS

Memo

To: Retirement Board
From: Richard Stensrud
CC: Karen Roggenkamp, Chris Collins
Date: December 10, 2021
Re: Federal Level Developments Presentation

Traditionally, at the December Board Meeting the Board receives a presentation on federal level issues of interest by SERS' federal liaison. With the departure of Carol Drake from that position in the fall, the presentation this year will be made by Jeannine Markoe Raymond, Director of Federal Relations for the National Association of State Retirement Administrators (NASRA).

Jeannine is a highly respected and influential advocate on behalf of public retirement systems, with extensive first hand federal level engagement on issues important to public retirement systems. A copy of Jeannine's bio is attached.

She will be presenting remotely, with the presentation scheduled to start at 11:30 am.

JEANNINE MARKOE RAYMOND, DIRECTOR OF FEDERAL RELATIONS



Ms. Raymond has served as director of federal relations for the National Association of State Retirement Administrators since 1997. In this role, she educates staff and officials in Congress, the Administration and its many federal agencies, and other organizations on issues affecting state and local retirement systems, and is a liaison to other professional associations, interest groups, and policy institutions. She also frequently speaks and writes on federal legislative and regulatory matters and is a contributor to publications on state retirement system policies and administration.

Ms. Raymond serves on the advisory board of the [Wharton Business School's Pension Research Council](#), the [International Foundation of Employee Benefit Plans' Government Liaison Committee](#), the board of directors for the [Coalition to Preserve Retirement Security](#), and the advisory board of the Modern Markets Initiative. She was a congressionally appointed delegate to the 2002 National Summit on Retirement Savings.

Formerly, Ms. Raymond was the legislative analyst for the [Government Finance Officers Association](#). She also worked as a graduate student associate for the California Debt Advisory Commission within the California State Treasurer's Office.

She received a Bachelor's degree in economics from the University of California, San Diego, and a Master's degree, with honors, in public administration and intergovernmental management from the University of Southern California.



Federal Legislative Update

Jeannine Raymond

NASRA Director of Federal Relations

Ohio SERS Board Meeting

December 16, 2021

Message to Congress Last Year: *Public Pensions are NOT a COVID-19 Emergency*

- Operations successfully moved remotely
- Benefits paid on time and in full
- Investments recovered
- Funding levels stabilized/improved

- *Nevertheless*
 - ▲ *Pensions continuously used as a reason to block pandemic-related aid to state/local governments*
 - ▲ *Confusion over private pension relief being sought by corporations and multiemployer plans*

Many Proposed Restrictions on Federal Aid to States/Localities

- “cannot supplant any liability that existed prior to the pandemic”
- “prohibition on state changes to pension programs that would increase pension obligation payments”
- **Ultimately, American Rescue Plan Act (enacted 3/11/21) stipulated aid “cannot be deposited into a state pension fund”**

ARPA Private Sector Pension Relief

- Changes to federal funding rules/insurance applicable to private sector single- and multi-employer pension plans
- Largest multiemployer plan facing insolvency, the Teamsters Central States Pension Plan, often confused with state plans
- Past attempts made to add public pension restrictions into private pension relief
- Problems with implementation will keep issues alive
- Continued education needed with Congressional offices regarding significant changes to public pensions (without the need for federal involvement or one-size-fits-all solution)

Past Calls for Federal Intervention

- Prof. Josh Rauh, formerly a member of the White House Council of Economic Advisors:
 - ▲ Tax-free POBs to fully fund public plans and then require they be closed and replaced with DC plans and mandatory SS, or federal aid would require pension reform
- Andrew Biggs, AEI, PR Federal Control Board, formerly on Social Security Advisory Board:
 - ▲ Federal aid with mandated federal ERISA funding requirements (discount rates and amortization) on public plans, or required move to 401(k)
- Taxpayer Protection Act
 - ▲ Forgivable loans to states/localities, but must not have a fixed COLA and be able to reach full funding of their pensions in 25 years without raising contribution levels; sense of Congress that pensions can be cut
- Public Employee Pension Transparency Act
 - ▲ Costly federal reporting mandates inconsistent with GASB that would eliminate tax-exempt bonding authority of states/localities for noncompliance

Past Interest in Pension Infrastructure Investment

- Draft National Infrastructure Development Bank Act
 - ▲ 40-year “Rebuild America Bonds” to sold exclusively to public and private pension funds with set interest rate 200 bps more than 30-year Treasuries
- National Infrastructure Investment Corporation
 - ▲ To provide loans and loan guarantees for infrastructure projects, and may accept loans from pension funds
- Strengthening Pensions Through Infrastructure Investment Act
 - ▲ Clarifies that “use” by a public pension fund of public infrastructure property shall not be treated as private business use for tax-exempt debt financing - could affect direct investment, ownership/asset transfers, assets-in-kind (AIK)
- Draft Pension Infrastructure Finance and Innovation Act (PIFIA)
 - ▲ U.S. Treasury loans to states/localities for pensions with savings dedicated to COVID relief and infrastructure, also clarifies tax-treatment of infrastructure transfers/AIK



Bipartisan Infrastructure Deal

- Kennedy amendment (not passed)
 - ▲ “No amounts [made available in FFCRA, CARES Act, PPPHCEA, Consolidated Appropriations act of 2021, and ARPA] may be used to fund an underfunded State pension plan”
- Asset recycling report by DOT due 8/1/24 on impediments to private investment in “transportation improvements” and proposals to address them

Waning Days of 1st Session

- Continuing Resolution
 - ▲ Through February 18, 2022

- Debt Limit
 - ▲ Procedural hurdle cleared

- Reconciliation (Build Back Better)

Retirement Security Legislation “SECURE 2.0”

- **Bipartisan bills introduced in House and Senate**
 - Securing a Strong Retirement Act (WMC Chair Neal, Ranking Member Brady)
 - Retirement Security & Savings Act (SFC Members Portman and Cardin)
- **Notable provisions:**
 - Increase RMD age to 75
 - Increased flexibility/restrictions in recovering overpayments
 - Retirement Savings Lost and Found
 - Additional (Roth) catch-up contributions for those age 62-64
 - Collective Investment Trusts allowed in 403(b)s
 - Administrative improvements for 457 plans
 - Student loan repayments to be treated as elective deferrals for matching contributions

Past Revenue Raisers Potentially Affecting Public Plans

- “Rothification”
 - ▲ Making all/some employee contributions after-tax
- Removing “special rules” for governmental plans
 - ▲ Exclusion from Unrelated Business Income Tax (UBIT) on public plan investments
 - ▲ 457 plan exclusion from 10% early distribution penalty and 403(b)/457 catch-up provisions
- Financial Transactions Tax (FTT)
 - ▲ Proposals would impose a 0.2-50 bps tax on equity, fixed income and derivative/swap transactions
 - ▲ Billed as a tax on Wall Street; no current exemptions for savings plans/pensions

Social Security 2100 Act

- Nearly 200 (D) cosponsors, including Chairmen of Ways and Means Committee and Subcommittee on Social Security
- Host of provisions aimed at increasing benefits and revenues
- Repeals WEP and GPO

Social Security Offsets (Government Pension Offset/Windfall Elimination Provision)

- **Numerous bills over the years:**
 - ▲ **Equal Treatment of Public Servants Act and Public Servants Protection and Fairness Act** would replace the WEP with a new proportional formula, provide a broad grandfather and a rebate to those affected by WEP; also, pilot partnerships between the SSA, state/local pension systems, potentially IRS, to improve info about noncovered pensions
 - ▲ **Social Security Fairness Act** would repeal WEP and GPO
 - ▲ **Social Security Fairness for Firefighters and Police Officers Act** would exempt certain firefighters and police officers from WEP/GPO
 - ▲ **Social Security Equity Act** would expand the exception to the windfall elimination provision based on years of coverage
- **Unclear whether consensus can be reached on replace vs. repeal**
 - ▲ Cost of repeal invites interest in mandatory coverage

Mandatory Social Security

- No serious proposals expected to impose Social Security on all public employees
- Increased interest (off the Hill) in FICA replacement plan regulations and safety nets for those not covered, some calling for mandatory coverage

Key Takeaways

- Efforts to impose federal restrictions on public plans were largely avoided in private pension funding relief and state/local aid, but are not going away
- Other issues on the horizon:
 - ▲ Implementation of infrastructure legislation
 - ▲ Reconciliation/BBB
 - ▲ SECURE Act 2.0
 - ▲ Social Security Reform and GPO/WEP
 - ▲ Revenue raisers



Questions?

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of December 3, 2021)

134th General Assembly

HB110 OPERATING BUDGET Scott Oelslager (R- North Canton) To make operating appropriations for the biennium beginning July 1, 2021, and ending June 30, 2023, to levy taxes, and to provide authorization and conditions for the operation of state programs.

Current Status: 07/01/2021 SIGNED BY GOVERNOR; effective 7/1/21

HB14 REGARDS STATE RETIREMENT SYSTEM Diane Grendell (R – Chesterland) Regarding state retirement system fiduciary duties, Public Employees Retirement System management fees and employee pay, and creating the Committee on Pension Salaries and Fees.

Current Status: 02/04/2021 Referred to Financial Institutions Committee

SB233 SCHOOL NURSE LICENSURE, RETIREMENT Louis Blessing III (R - Cincinnati) Regarding licensure and state retirement system membership for school nurses.

Current Status: 11/09/2021 Senate Primary and Secondary Education, (First Hearing)

HB416 AUTO-ENROLLMENT RETIREMENT PROGRAM FOR PRIVATE EMPLOYEES Juanita Brent, (D – Cleveland) Stephanie Howse (D – Cleveland) To establish an auto-enrollment retirement savings program for private sector employees.

Current Status: 10/27/2021 House Insurance, (First Hearing)

School Employees Retirement System

Memo

To: Retirement Board
From: Chris Collins
cc: Richard Stensrud, Karen Roggenkamp
Date: December 5, 2021
Re: Federal Legislative Report

OVERVIEW

Infrastructure: A \$1.2 trillion infrastructure bill Biden was signed at the White House on November 15th. The new law will channel \$9.2 billion to Ohio highways, \$1.4 billion to the state's water infrastructure, \$1.2 billion for Ohio public transportation, \$1 billion for the Great Lakes Restoration Initiative, \$483 million to fix Ohio bridges, \$140 million for Ohio's electric vehicle chargers, \$100 million to bolster Ohio broadband and \$253 million for Ohio airports.

Reconciliation: The House of Representatives on Friday, November 19th voted largely along party lines to pass a sweeping \$2 trillion social spending package including a universal pre-kindergarten program and subsidized child-care costs for low and middle-income families. The package, known as the Build Back Better bill, passed by a vote of 220-213 and now heads to the Senate.

Ohio Democrats said the bill would lower the cost of healthcare, childcare, and senior care, improve education and infrastructure, and create good-paying jobs throughout the nation, while the state's Republicans said it would aggravate inflation by massive stimulus spending and slow economic growth by increasing taxes.

The bill includes a new short-term fix to the Medicaid coverage gap and extension of temporary enhanced Affordable Care Act tax credits, as well as \$150 billion for home care—including technical assistance for state home- and community-based improvement programs—and an extra year of Medicare hearing benefits. Additionally, the House approved an annual cap on seniors' out-of-pocket drug costs and new authority for Medicare to negotiate drug prices. Further changes are anticipated for the bill as it heads to the Senate, where lawmakers will likely modify the legislation to meet budget reconciliation restrictions

FEDERAL APPROPRIATIONS

With the temporary continuing resolution scheduled to expire December 3rd, Democrats and Republicans approved another stopgap spending bill that covers federal spending until February 18th. Some Republican lawmakers in both chambers had threatened to hold up the process, hoping to use it as leverage to quash President Biden's recent vaccine and testing directives targeting private businesses. In the end, though, Senate leaders brokered an agreement that eased the logjam, allowing Republicans to take a vote on an amendment that would have defunded vaccine mandates applying to businesses, as well as those targeting military service-members and federal employees. That effort ultimately failed on a 48-to-50 vote, with two Republicans absent. The Senate then adopted the final stopgap bill on a 69-to-28 vote. The House approved the bill earlier in the evening largely along party lines.

Stopgap funding legislation sometimes serves as a catalyst for deal-making on other bills, by giving lawmakers a reason to stick around Washington late into the year. But punting the continuing resolution into next year doesn't mean lawmakers can abandon another must-pass measure: raising the statutory debt limit.

DEBT CEILING INCREASE AND OTHER MANDATORY PROGRAMS

Congress raised the debt ceiling by \$480 billion last month, bringing the total limit to \$28.9 trillion. Treasury Secretary Janet L. Yellen has urged Congress to raise the debt limit again by December 15th to avoid any possibility of the government running out of money to pay all its bills on time.

Still to be determined is what other legislative riders might be attached to the year-end continuing resolution, without the much larger omnibus funding package as a vehicle. Authorizations expiring Friday, December 3rd along with the stopgap funding include the National Flood Insurance Program and Temporary Assistance for Needy Families.

Also, without congressional action, on January 1st, across-the-board cuts to Medicare reimbursements will take effect after lawmakers delayed the cuts in April.

And without legislative language providing a waiver from statutory pay-as-you-go requirements more than \$388 billion in cuts to mandatory program benefits, including Medicare, farm subsidies and many more, would be triggered.

SERS ADVOCACY ON EGWPs

SERS continues to work with other plan sponsors, industry organizations and providers to educate Congress and key committee staff on the impact prescription drug reform proposals included in the Build Back Better reconciliation package would affect the EGWP used by SERS for our Medicare eligible retirees.

SERS has supported a letter crafted by the coalition to the legislative leaders of Congress urging them to consider technical changes that would enact meaningful reforms and protect employer drug benefits for millions of retirees covered under EGWPs. The letter is being shared with key legislative offices, staff, and the media.

SERS staff have reached out to legislative staff with Senators Brown and Portman, who both serve on the Senate Finance committee, to educate them on the need to include legislative language in the bill under consideration to address the EGWP issue.

SOCIAL SECURITY AND WINDFALL ELIMINATION PROVISION (WEP)

The Congressional Research Service (CRS) has updated its reports on Social Security coverage and WEP for state & local government workers.

The CRS updated report on Social Security Coverage of State and Local Government Employees focuses on Social Security coverage among state and local government employees under current law and issues surrounding proposals to make Social Security coverage mandatory for newly hired state and local government employees. It also provides a review of the Windfall Elimination Provision and the Government Pension Offset laws and proposals to repeal or reform the laws. It presents the pros and cons of the mandatory coverage issue, concluding that supporters see a potential positive impact on the financial status of the Social Security trust funds, arguing it would provide better benefit protections for currently non-covered workers. While opponents state that mandatory coverage would undermine existing retirement systems and pose additional costs and administrative burdens on state and local governments.

<https://sgp.fas.org/crs/misc/R46961.pdf>

The CRS report on the Windfall Elimination Provision discusses the history of the current law and recent legislation proposed to either eliminate WEP for all or some affected beneficiaries or replace the provision with a new proportional formula based on actual earnings. It has added a summary of newly introduced legislation from Congressman Brady (R-TX), HR 5834.

<https://crsreports.congress.gov/product/pdf/RS/98-35>

HEALTH CARE

OSHA COVID-19 Rule: Last month a three-judge panel of the U.S. Court of Appeals for the 5th Circuit halted the Biden administration's COVID-19 vaccine or testing requirement for private businesses. They said they believed that the OSHA rule imposed a financial burden on businesses and potentially violated the commerce clause of the Constitution. The vaccine mandate released by the Biden administration was scheduled to take effect January 4th. It says private employers with more than 100 employees must require staff to get vaccinated or face weekly testing and mandatory masking. Workers who don't work on-site or with others are able to be exempted.

The case will now go to the U.S. Court of Appeals for the Sixth Circuit. And no matter what happens at the circuit court level, the U.S. Supreme Court is likely to have the final say on the vaccinate-or-test emergency temporary standard. If the stay remains in place as of mid-December, then there's near-zero chance the rule will be in effect by the January 4^h deadline for employers with at least 100 employees to ensure that their workers are fully vaccinated or to begin testing them regularly.

ACA Marketplace open enrollment: Open enrollment for individuals or families to enroll or change their healthcare plans will end on Wednesday, December 15th for coverage that starts January 1, 2022. January 15^h, 2022 is the last day to enroll or change plans for 2022 coverage. Information on the Affordable Care Act (ACA) and how to select a plan is available on www.healthcare.gov.

FINANCIAL SERVICES

H. Res. 249, introduced by Rep. Patrick McHenry (R-NC), to express the sense that "Congress should not impose a financial transaction tax on individuals or market intermediaries in connection with trades executed on the National Market System or alternative trading systems" has 23 cosponsors. It was referred to the House Committee on Ways and Means. Reps. Warren Davidson (R-OH) and Anthony Gonzalez (R-OH) are cosponsors.

H.R. 328, the "Wall Street Tax Act of 2021," with 28 cosponsors, including Rep. Tim Ryan (D-OH) has not advanced out of Committee. The legislation would create a financial transaction tax on the sale of stocks, bonds, and derivatives at 0.1 percent (10 basis points), which could raise approximately \$777 billion over ten (10) years. A Senate companion bill, S. 817, has been introduced, however, neither Senator Sherrod Brown (D-OH) or Rob Portman (R-OH) have co-sponsored the bill.

CONGRESSIONAL REDISTRICTING

On Saturday, November 20th, Gov. Mike DeWine signed SB258 (McColley), which sets new congressional boundaries for Ohio's 15 congressional districts for the next four years.

The new map was introduced a week earlier by Senate Republicans, and quickly moved through the Senate and House over the week despite the objections of legislative Democrats and voting rights groups. The General Assembly had until Tuesday, November 30^h, to adopt a new map.

A lawsuit, filed almost immediately by the National Redistricting Action Fund on behalf of 12 Ohio voters, challenged SB258 on the basis that it violates Article XIX of the Ohio Constitution which states that when passing a map without bipartisan support, the General Assembly "shall not pass a

plan that unduly favors or disfavors a political party or its incumbents" and "shall not unduly split governmental units."

The Ohio Supreme Court has set an expedited briefing schedule, denying a motion by the plaintiffs that would set oral arguments for February. Both sides of the lawsuit said the Court should expedite the lawsuit, but each side had differing ideas of what that schedule might be and whether the Court could change election dates next year.

The timeline is short for the lawsuit. Currently, congressional candidates have until March 4, 2022 to file their petitions to appear on the May 3, 2022 primary ballot. Under the Ohio Constitution, should the Court strike down part or all of the map, the General Assembly would have 30 days to make changes to the plan, and if it fails to do so in that timeline, the Ohio Redistricting Commission would get 30 days to adopt a remedial map.

FEDERAL LEGISLATION BOARD REPORT
117th United States Congress
(Prepared by Chris Collins as of December 3, 2021)

H.R. 82

SPONSOR: Rep. Rodney Davis (R-IL)
LAST ACTIONS: House - 01/04/2021 Referred to the Subcommittee on Social Security.
CAPTION: Social Security Fairness Act of 2021

COMMENT: Repeals the GPO and WEP. 237 co-sponsors; six Ohioans

H.R.328

SPONSOR: Rep. Peter DeFazio (D-OR)
LAST ACTION: House - 01/15/2021 Referred to the House Committee on Ways and Means.
CAPTION: To amend the Internal Revenue Code of 1986 to impose a tax on certain trading transactions.

COMMENT: 28 co-sponsors; one Ohioan

H.R. 1319

SPONSOR: Rep. John Yarmuth (D-KY)
LAST ACTIONS: 03/11/2021 Became Public Law No: 117-2.
CAPTION: American Rescue Plan Act of 2021

COMMENT: Provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses.

H.R. 2337

SPONSOR: Rep. Richard Neal (D-MA)
LAST ACTIONS: House - 04/01/2021 Referred to the House Committee on Ways and Means.
CAPTION: To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 183 cosponsors; three Ohioans

S. 1302

SPONSOR: Sen. Sherrod Brown (D-OH)
LAST ACTIONS: Senate - 04/22/2021 Read twice and referred to the Committee on Finance.
CAPTION: A bill to amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

COMMENT: 38 cosponsors

H.R. 3

SPONSOR: Rep. Frank Pallone (D-NJ)

LAST ACTIONS: House - 04/27/2021 Referred to the Subcommittee on Oversight and Investigations

CAPTION: Elijah E. Cummings Lower Drug Costs Now Act

COMMENT: 85 cosponsors; three Ohioans

H.R. 5376

SPONSOR: Rep. John Yarmuth (D-KY)

LAST ACTIONS: House - 11/19/2021 Motion to reconsider laid on the table.

CAPTION: Build Back Better Act

COMMENT: This bill provides funding, establishes programs, and otherwise modifies provisions relating to a broad array of areas, including education, labor, child care, health care, taxes, immigration, and the environment.

H.R. 5834

SPONSOR: Rep. Kevin Brady (R-TX)

LAST ACTIONS: House - 11/03/2021 Referred to the House Committee on Ways and Means

CAPTION: Equal Treatment of Public Servants Act of 2021

COMMENT: 38 cosponsors; four Ohioans

Compensation Committee Report

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Barbra Phillips	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Hugh Garside	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits.

IN EXECUTIVE SESSION AT _____ A.M. / P.M.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Jeffrey DeLeone	_____	_____	_____
Hugh Garside	_____	_____	_____
James Haller	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Barbra Phillips	_____	_____	_____

RETURNED TO OPEN SESSION AT _____ A.M. / P.M.

CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2022

AUDIT COMMITTEE MEETINGS

March 16, 2022 - 2:30 p.m. (Weds.)
June 15, 2022 - 2:30 p.m. (Weds.)
September 14, 2022 - 2:30 p.m. (Weds.)
December 14, 2022 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 17, 2022 - 7:30 a.m. (Thurs.)
June 16, 2022 - 7:30 a.m. (Thurs.)
September 15, 2022 - 7:30 a.m. (Thurs.)
December 15, 2022 - 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 17, 2022 – 1:00 p.m. (Thurs.)
June 16, 2022 – 1:00 p.m. (Thurs.)
September 15, 2022 – 1:00 p.m. (Thurs.)
December 15, 2022 – 1:00 p.m. (Thurs.)

BOARD MEETINGS

February 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
March 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
April 21-22, 2022 – 8:30 a.m. (Thurs. and Fri.)
May 19-20, 2022 – 8:30 a.m. (Thurs. and Fri.)
June 16-17, 2022 – 8:30 a.m. (Thurs. and Fri.)
July 21-22, 2022 – 8:30 a.m. (Thurs. and Fri.)
September 15-16, 2022 – 8:30 a.m. (Thurs. and Fri.)
October 20-21, 2022 – 8:30 a.m. (Thurs. and Fri.)
November 17-18, 2022 – 8:30 a.m. (Thurs. and Fri.)
December 15-16, 2022 – 8:30 a.m. (Thurs. and Fri.)

****NOTE: The above dates are *tentative*.**

CONTINUED OR NEW BUSINESS

Board Information Requested

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

ADJOURNMENT(R)

_____ moved that the Board adjourn to meet on Thursday, February 17, 2022 for their next regularly scheduled meeting.

The meeting adjourned at _____ p.m.

Barbra Phillips - Chairperson

Richard Stensrud, Secretary