



# Future Matters

Start Thinking About Tomorrow – Today

August 2023

## Governor Signs CBBC into Law

SERS contribution based benefit cap (CBBC) became law on July 4, 2023; however, it will not be implemented until August 1, 2024. Originally introduced in HB 146, the CBBC provision was amended into HB 33, the 2024-2025 state budget bill, which Governor Mike DeWine Signed on July 4, 2023.

## What is the CBBC?

The CBBC is a pension benefit inflation control measure. It ensures that pension payouts are supported by a member's career contribution history.

Typically, a SERS pension is based on a member's three-year Final Average Salary (FAS). In most cases, the accrued contributions and investment earnings are sufficient to fund the benefit. In rare instances, however, when an individual has an FAS substantially higher than the majority of that individual's working career, it can result in benefit inflation or "spiking."

The CBBC and its implementation is the byproduct of the SERS Board's sustainability discussions held during May, June, September, and October 2021.

SERS' Board considered tools to limit pension spiking in the future. The Board was opposed to changing the three-year FAS as it would negatively affect everyone, and instead they opted for the CBBC.

**See CBBC on Page 4**

## Reading Your Annual Statement

Your annual statement shows your total employee contributions and service credit as of June 30, 2023.

If you have service credit or are buying service credit with another Ohio system, such as Ohio Public Employees Retirement System or State Teachers Retirement System, it is NOT shown in your total credit.

## About Your Pension

SERS offers two types of service retirement:

- unreduced service retirement
- early service retirement

For unreduced service retirement, you earn the maximum pension amount based on your service credit, which is how long you worked in an Ohio public service job, and final average salary, which is the average of your three highest years of salary.

Early retirement pensions are reduced to cover the cost of providing a pension over a longer period of time.

The Service Retirement Eligibility Requirements chart on your statement includes eligibility requirements for both unreduced service retirement and early service retirement.

## Questions?

If you have a question about this statement, visit our website at [www.ohsers.org](http://www.ohsers.org) and submit it using the message feature on Account Login, or call SERS at 800-878-5853.



# Start Saving Now

Time is of the essence, and it is never too early to start thinking about your retirement.

SERS offers online educational and instructional opportunities through our website at [www.ohsers.org](http://www.ohsers.org).

Watch a Retirement Conference video presentation by visiting the SERS YouTube channel. The presentation is divided into subject segments.

Watch individual segments or view the entire series, all at your own convenience. Visit [www.youtube.com/SERSofOhio](http://www.youtube.com/SERSofOhio), or [www.ohsers.org/education/video-center](http://www.ohsers.org/education/video-center).

Videos discussing the benefits of being a SERS member, service credit, contributions, eligibility, Social Security Offset/Windfall, and health care, as well as your SERS online account, Account Login, also are available in the Video Center.



## Fill the Gap

A SERS pension is great, but alone, it is probably not enough to carry you into the future.

Start adding other savings accounts to your retirement nest egg now to supplement your retirement savings. Every little bit helps.

Your SERS income in retirement is only a percentage of your present income. The average monthly pension is about \$1,581. Can you live on that?

While you can't control the future, you can control the amount you save. Start saving now.

## Be Pennywise: Supplement with Ohio Deferred Compensation

You are savvy. You know that retiring comfortably is a balancing act requiring budgeting and planning. One way to start saving now is with Ohio Deferred Compensation.

You have opportunities. Make them work for you. As a public employee, you are eligible to participate in Ohio Deferred Compensation, a 457(b) retirement savings plan that allows you to make tax-deferred investments through payroll contributions. Use those pre-tax dollars to save for the future.

With pre-tax dollars, you do not owe income tax on your contribution amount the year your employer pays you. Instead, the income tax obligation is deferred until you withdraw it from your 457(b) account, giving you more firepower for your financial wellness.

Learn more at [www.ohio457.org](http://www.ohio457.org).

## Myths and Misconceptions

When false allegations arise, Executive Director Richard Stensrud addresses them during Board meetings.

Recently, an article surfaced titled, "Your State Pension is Now Gambling on Cryptocurrency." Stensrud said sometimes you read something so wrong, you know it is meant to be intentionally misleading.

In the article, the author cited "a recent study" that said, "94% of America's state and local government pensions...are gambling on cryptocurrencies. If you are a participant in a state or local government-sponsored pension fund, then a portion of your hard-earned retirement savings is likely invested in cryptocurrency or a cryptocurrency-adjacent enterprise."

This was not a study but rather a survey, the results of which were determined by whomever responded.

Of the 151 US institutional investors that responded, only about 7 to 8 were public pensions.

Stensrud said that "the author sought to stir up fear in hard working public employees by manipulating and mischaracterizing the data to falsely claim that participants in public pension funds across the country are being put at risk due to crypto investments."

SERS does not invest in cryptocurrencies. It also has no plans to invest in cryptocurrencies in the future.

## Election Update: Employee-Member Seat Certified



At the April Board meeting, election results for the open employee-member seat were certified for Aimee Russell, a library secretary for Ashland City Schools. Her term began July 1, 2023, and ends June 30, 2027.

## Average New Retiree in FY2022:



**65.2**  
Years Old



**\$38,250**  
Final Average  
Salary



**24.8**  
Years of Service



**\$1,581**  
Monthly Pension

## Upcoming Election: Employee-Member Board Seat Open

One employee-member seat is up for election with the term beginning July 1, 2024, and ending June 30, 2028.

### Electronic Petition Option

SERS has changed its Board election nominating petition procedure for the upcoming election.

The Board approved a rule change, which is currently going through the Joint Committee on Agency Rule Review process, that allows for electronic petitions in the nomination of a candidate.

Any member of SERS, other than a disability benefit recipient, is eligible to run for an employee-member seat.

To be considered for election:

- Begin gathering signatures on or after August 8, 2023
- Obtain signatures of 500 SERS members on a paper or electronic nominating petition provided by SERS with not less than 20 signatures of members from each of at least 10 counties where those members are employed
- Make sure that signing members indicate their school district employer, and the county of employment
- Return original paper petitions with original signatures and all original completed and required forms to the SERS office, 300 E. Broad St., Suite 100, Columbus, Ohio 43215-3746, no later than 4:30 p.m., EST, December 1, 2023

If two or more candidates qualify for the open seat, SERS will hold an election. Ballots will be mailed in January.

All ballots must be received in the SERS office no later than 4:30 p.m. EST, March 4, 2023.

Ballots will be delivered unopened to the judges appointed by the Board. The judges will make the final determination of the validity of the ballots, which will be counted on March 5, 2024, in accordance with the Board's election laws, election rule, policy, and procedure.

Those interested in running should contact Tim Barbour by phone at 614-222-5901 or by email at [tbarbour@ohsers.org](mailto:tbarbour@ohsers.org) to have an electronic form on the website created with their names.

All election information and forms will be available on SERS' website beginning August 8, 2023.



# CBBC

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The CBBC will compare a member's traditional formula benefit to the member's CBBC benefit. The CBBC calculation will annuitize the member's accumulated contributions and then multiply it by a factor selected by the Board to identify the outer end of the contribution/benefit alignment. A member's pension will be the lower of the formula benefit or the CBBC benefit.

Sustainability session details and materials that include numerous calculations can be found on the SERS website at [www.ohsers.org/about-sers/board-of-trustees/sustainability/](http://www.ohsers.org/about-sers/board-of-trustees/sustainability/).

## Will I Be Affected?

Nobody wants their monthly pension to be reduced, but SERS' sustainability is adversely impacted when everyone else in the System must subsidize the pensions of the handful of members whose FAS is significantly greater than normal salary growth.

SERS' staff tested the CBBC calculations on 3,270 actual retirees from 2020-2021 and found that only a small percentage of those members would have been affected, and most of those would have minimal reductions to their monthly pension amounts.

Therefore, the majority of members will not be affected.

In general, only members whose three-year FAS is significantly higher than their career salary history will be affected.

The CBBC is not expected to cap a benefit that is a product of normal salary growth during a working career.

Anyone who is already retired or who retires before August 1, 2024, will not be affected by the CBBC.

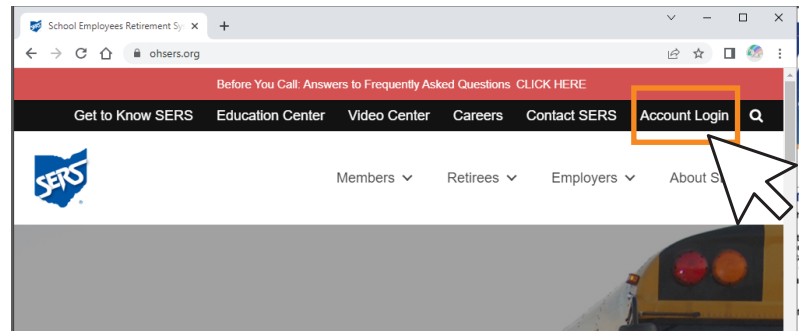
More details on the implementation of the CBBC will be shared in the upcoming months.

# Register for Account Login



Account Login is your personal tool for managing your SERS account. With Account Login, you can access your account whenever you want, view pay stubs, or update your personal information, including your address. Register now. It's easy.

- 1 Visit our website at [www.ohsers.org](http://www.ohsers.org), and click "Account Login."



- 2 On the My SERS Account page, click "Register Now."
- 3 On the End User Terms and Conditions page, click "I Agree."
- 4 On the Confirm Your Identity page, fill in your Last Name, Social Security Number, Date of Birth, ZIP Code/Postal Code, and click "Continue."
- 5 On the Create Username page, create a username by typing it into the blank field and clicking "Continue."
- 6 Create a password as instructed by entering it, confirming it, and clicking "Continue."
- 7 On the Account Verification page, select Email or Mail, click "Generate," enter the verification code sent to you, either by email or mail, and click "Submit." Those who select Mail, must wait for the verification code to arrive in the mail before continuing with Steps 8-11.
- 8 On the Select a Security Image and Phrase page, select an image and create a phrase, and then click "Continue."
- 9 Select your Challenge Questions by answering four questions and clicking "Continue."
- 10 On Your Communication Information page, type your email address, and click "Continue."
- 11 You will be asked if you want to use your current computer when checking your SERS account, click "Yes" or "No," and then click "Finish."



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