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**Report on the Retiree Health Care  
Valuation of the  
School Employees Retirement System of Ohio**

**Prepared as of June 30, 2023**





November 16, 2023

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

Dear Members of the Board:

We have submitted the results of the annual actuarial valuation of the Retiree Health Care Fund of the School Employees Retirement System of Ohio (SERS) prepared as of June 30, 2023. While not verifying the data at the source, the actuary performed tests for consistency and reasonability. The valuation indicates that an actuarially determined contribution of 2.65% of active payroll payable for the fiscal year ending June 30, 2023 is required to fund the benefits.

Separate reports will be prepared to provide accounting information under Governmental Accounting Standards Board Statements No. 74 and 75, when applicable.

The medical and drug benefits of the Plan are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method with the normal cost rate determined as a level percentage of payroll. GASB requires the discount rate used to value a plan 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%. 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 by 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.

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs, and the anticipation of potential changes to Medicare due to the IRA, which are included in our trend assumption. Continued monitoring of the impact on the Plan's liability due to this and other legislation, if applicable, will be required.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.



November 16, 2023  
Board of Trustees  
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To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the system, and on actuarial assumptions that are, in the aggregate, internally consistent and reasonably based on the actual experience of the system.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Alisa Bennett'.

Alisa Bennett, FSA, FCA, EA, MAAA  
President

A handwritten signature in blue ink, appearing to read 'John J. Garrett'.

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

AB/JJG:jf



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**REPORT ON THE ANNUAL VALUATION OF THE  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

**PREPARED AS OF JUNE 30, 2023**

**SECTION I – SUMMARY OF PRINCIPAL RESULTS**

1. This report, prepared as of June 30, 2023, presents the results of the annual actuarial valuation of retiree health care offered to SERS members. For convenience of reference, the principal results of the valuation and a comparison with the preceding valuation results are summarized in the following table.

	June 30, 2023	June 30, 2022
<b>Active members included in valuation</b>		
Number	159,873	155,063
Annual Compensation	\$4,298,689,195	\$3,994,657,693
<b>Service Retirees*</b>		
Number	29,915	30,569
<b>Disability Retirees*</b>		
Number**	2,735	2,391
<b>Spouses of Retirees</b>		
Number	4,852	4,909
<b>Spouses of Deceased Retirees</b>		
Number	1,390	1,431
<b>Survivor Benefit Recipients</b>		
Number	532	581
<b>Non-Spouse Dependents</b>		
Number	232	250
<b>Deferred Vested</b>		
Number	6,413	6,118
<b>Assets</b>		
Market Value	\$706,785,561	\$611,574,409
<b>Unfunded Accrued Liability</b>	\$824,890,815	\$736,679,661
<b>Actuarial Accrued Liability</b>	\$1,531,676,376	\$1,348,254,070
<b>Funded Ratio (MVA/AAL)</b>	46.14%	45.36%
<b>Employer Contribution Rate</b>		
Normal	1.40%	1.31%
Accrued Liability	<u>1.25%</u>	<u>1.20%</u>
Total	2.65%	2.51%
Employer Contribution Toward Health Care***	1.50%	1.50%
Accrued liability amortization period	30	30

\* In addition and not included in the counts above, there are 3,181 pre-Medicare eligible service retirees and 1,443 pre-Medicare eligible disabled retirees who are waiving coverage. It is assumed that 15% will elect coverage upon reaching Medicare eligibility.

\*\* Of the 2,735 Disabled Retirees listed above, 500 converted to a Service Pension Benefit.

\*\*\* Includes 1.50% of payroll surcharge



2. The funding policy requires at least 13.50% of the employers' contributions be allocated to SERS' basic benefits when the funded ratio is 70% but less than 80%, with the remainder (if any) allocated to the Health Care Fund. However, based on a Board Resolution in September, the entire 14.00% employer contribution will be allocated to SERS' basic benefits, therefore setting the health contribution rate at 0.00%, plus a health care surcharge of 1.50%. This rate includes the anticipated revenue from the minimum surcharge level for FY2024 of \$30,000.
3. The valuation balance sheet showing the results of the valuation is given in Schedule A.
4. Comments on the valuation results are given in Section IV, comments on the experience and actuarial gains during the valuation year are given in Section V, and the rates of contribution payable by the employer are given in Section VI. Since the previous valuation, there were no changes to the plan provisions, however changes were also made to the assumed initial per capital health care costs and future cost increases. See Schedule B for more details on assumptions and methods used.
5. The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.
6. Since the most recent experience study was completed, we note that inflation has been significantly higher than assumed. Inflation is a component of several assumptions so the effects of higher inflation as a component of one assumption may be partially offset by the effect of higher inflation in another. We do not want to give too much credibility to recent experience, but we cannot ignore that current rates of inflation are the highest in the past 40 years. We will continue to monitor inflation in subsequent valuations to assess the reasonableness of the assumed inflation used in the valuation.
7. The following changes were reflected in this valuation:

**Medicare Eligible**

**Premiums**

Premiums will remain the same in 2024.

**Benefits**

In-network Specialist Visit co-pay will decrease to \$20 from \$30.

The Aetna Medicare Advantage plan includes a quarterly Over-The-Counter (OTC) benefit of \$60, which covers certain eligible health and wellness products, disclosed in the Aetna product catalog provided to participants, purchased after January 1, 2024. Unused benefit amounts will not carry over to the next quarter. Reimbursements are not allowed for this benefit and purchases outside of the benefit are not covered or reimbursable.



### **Pharmacy Network**

The pharmacy plan will change to Express Scripts National Performance Medicare Network effective January 1, 2024. A new formulary will be available after October 1, 2023. Co-pays will be reduced to \$0 upon reaching the Catastrophic Phase of the benefit. A few prescription drugs may change to non-preferred, with details available from Express Scripts.

### **Non-Medicare Eligible**

#### **Premiums**

There will be no change in premiums in 2024 for enrollees in the Aetna Choice POS II Plan.

There will be a 4% premium increase in 2024 for enrollees in the AultCare PPO Plan.

#### **Benefits**

Primary Care co-pay will decrease to \$10 from \$20.

Special Visit co-pay will decrease to \$25 from \$40.

There are no pharmacy changes. However, a few prescription drugs may change to non-preferred.

#### **SERS Wraparound HRA**

The Health Reimbursement Arrangement (HRA) limit is increasing to \$2,100 from \$1,950 per family per calendar year. Enrollees seeking non-Medicare coverage are required to participate in a counseling session to explore the affordability of available SERS alternatives, including the SERS Marketplace Wraparound Plan.

### **Disability Subsidization**

Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

8. Assumption changes since the prior valuations include:
- The assumption for percent of pre-Medicare eligible retirees who choose the Wraparound plan has been increased from 10% to 20%
  - The health care trend assumption on retiree premiums has been updated to not apply trend to the \$35 surcharge
  - The morbidity factors have been updated based on the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries.
  - An assumption has been added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility



9. The statute sets a contribution cap of 24.00% of payroll: 14.00% from employers and 10.00% from employees. The funding policy states that 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 14.00% 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.
10. Contributions to the Health Care Fund will be 1.50% for fiscal year 2024, which is less than the actuarially determined employer contribution rate. However, as can be seen on page 16, the expected Health Care Fund solvency has increased by two years from 2060 in the prior valuation to 2062. This increase is primarily due to June 30, 2023 assets higher than expected in the prior valuation and payroll increase higher than expected leading to higher future year contributions due to the 1.50% surcharge.



**SECTION II – MEMBERSHIP DATA**

Data regarding the membership of the System for use as a basis for the valuation were furnished by the System’s office. The following tables summarize the membership of the System as of June 30, 2023 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

**Active Members**

Number	Payroll	Group Averages		
		Salary	Age	Service
159,873	\$4,298,689,195	\$26,888	46.9	7.3

The following table shows a six-year schedule of active member valuation data.

**SCHEDULE OF SERS ACTIVE MEMBER VALUATION DATA**

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
6/30/2018	158,343	\$ 3,332,395,171	\$ 21,045	0.7%
6/30/2019	159,363	3,462,524,396	21,727	3.2
6/30/2020	156,579	3,477,578,726	22,210	2.2
6/30/2021	146,646	3,622,097,199*	24,700	11.2
6/30/2022	155,063	3,994,657,693	25,762	4.3
6/30/2023	159,873	4,298,689,195	26,888	4.4

\* Effective June 30, 2021, the annual compensation reflects imputed salaries.



The following table shows the number of retiree members and their beneficiaries receiving health care as of the valuation date as well as average ages.

### Retiree Lives

<b>AultCare PPO, Aetna Choice POS II, and SERS Marketplace Wraparound HRA</b>		
	<b>Number</b>	<b>Average Age</b>
Service Retirees	2,598	62.2
Disability Retirees	435	60.8
Spouses	259	61.4
Non-Spouse Dependents	158	20.7
<b>Total</b>	<b>3,450</b>	<b>60.0</b>

<b>Aetna Medicare Plan (PPO) and Aetna Traditional Choice</b>		
	<b>Number</b>	<b>Average Age</b>
Service Retirees	27,317	77.3
Disability Retirees	2,300	73.1
Spouses	6,515	78.5
Non-Spouse Dependents	74	58.8
<b>Total</b>	<b>36,206</b>	<b>77.2</b>

<b>Non-Medicare Waiving Type of Benefit Recipient</b>		
	<b>Number</b>	<b>Average Age</b>
Service Retirees	3,181	62.1
Disability Retirees	1,443	58.4
<b>Total</b>	<b>4,624</b>	<b>61.0</b>

This valuation also includes 6,413 deferred vested members eligible for health care not included in the counts above.



**SECTION III – ASSETS**

1. As of June 30, 2023 the total market value of assets amounted to \$706,785,561.

<b>Asset Summary Based on Market Value</b>			
(1)	Assets at June 30, 2022	\$	611,574,409
(2)	Contributions and Misc. Revenue		269,891,157
(3)	Investment Gain (Loss)		35,445,488
(4)	Total Health Care Expenses		<u>(210,125,493)</u>
(5)	Assets at June 30, 2023	\$	706,785,561
	(1) + (2) + (3) + (4)		
(6)	Annualized Rate of Return*		5.53 %

\*Based on the approximation formula:  $I/[0.5 \times (A + B - I)]$ , where

- I = Investment Gain (Loss)
- A = Beginning of year asset value
- B = End of year asset value



#### **SECTION IV - COMMENTS ON VALUATION**

Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2023.

1. The total health care valuation balance sheet shows that the System has total future health care liabilities of \$2,116,322,363 of which \$606,867,180 is for the future benefits payable for present retiree members and beneficiaries of deceased members; \$22,677,627 is for the future benefits payable for current deferred vested members; and \$1,486,777,556 is for the future benefits payable for present active members. Against these health care liabilities, the System has a total market value of assets of \$706,785,561 as of June 30, 2023. The difference of \$1,409,536,802 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future for health care. Of this amount, no future contributions are expected to be made by members, and the balance of \$1,409,536,802 represents the present value of future contributions payable by SERS.
2. SERS' contributions on account of health care consists of normal contributions and accrued liability contributions. The valuation indicates that employer normal contributions at the rate of 1.40% of payroll are required to provide the benefits of the System for the average new member of SERS.
3. Prospective employer normal contributions on account of health care at the above rates have a present value of \$584,645,987. When this amount is subtracted from \$1,409,536,802 which is the present value of the total future contributions to be made by the employer, there remains \$824,890,815 as the amount of future accrued liability contributions.
4. It is recommended that the accrued liability contribution rate payable by SERS on account of health care be set at 1.25% of payroll. This rate is sufficient to liquidate the unfunded accrued liability of \$824,890,815 over 30 years on the assumption that the aggregate payroll for members will increase by 1.75% each year.



**SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES**

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) for the year ended June 30, 2023 is shown below.

**Experience Gain/(Loss)  
(\$ Thousands)**

(1)	UAAL* as of 6/30/22	\$ 736,680
(2)	Normal cost from last valuation	52,213
(3)	Expected employer contributions	107,897
(4)	Interest accrual: [(1) + (2)] x .070 - (3) x .070/2	<u>51,446</u>
(5)	Expected UAAL before changes: (1) + (2) - (3) + (4)	\$ 732,442
(6)	Change due to claims and retiree premiums	107,776
(7)	Change due to assumption changes**	(270,394)
(8)	Change due to benefit changes***	<u>16,987</u>
(9)	Expected UAAL after changes: (5) - (6) - (7) - (8)	\$ 878,073
(10)	Actual UAAL* as of 6/30/23	<u>824,891</u>
(11)	Total gain/(loss): (9) - (10)	\$ 53,182
(a)	Asset Gain/(Loss)	<u>12,018</u>
(b)	Experience Gain/(Loss) (11) - (11a)	\$ 41,164
(12)	Accrued Liabilities as of 6/30/23	\$ 1,531,676
(13)	Experience Gain/(Loss) as percent of actuarial accrued liabilities at end of year (11c) / (12)	2.7%

\* unfunded actuarial liability

\*\* Assumptions regarding Wraparound Plan election and uptake of the plan upon Medicare eligibility as well as health care aging factors and retiree premium trend were updated

\*\*\*Reflects changes to the health care subsidy for disabled retirees on Non-Medicare plans effective January 1, 2024



**ANALYSIS OF FINANCIAL EXPERIENCE**  
**Gains and Losses in Accrued Liabilities**  
**Resulting from Difference Between**  
**Assumed Experience and Actual Experience**  
**(\$ Millions)**

Type of Activity	\$ Gain (or Loss) For Year Ending 6/30/23
<b>Age &amp; Service Retirements.</b> If members retire at older ages or participate in lower numbers, there is a gain. If younger ages or higher participation, a loss.	\$ 0.8
<b>Disability Retirements.</b> If disability claims are less than assumed, there is a gain. If more claims, a loss.	0.0
<b>Death-in Service Benefits.</b> If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(1.6)
<b>Withdrawal From Employment.</b> If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	29.3
<b>Claims Increases (Including Wrap Plan).</b> If smaller claims increases than assumed, there is a gain; if larger, a loss.	107.8
<b>New Members.</b> Additional accrued liability attributable to members who entered the plan since the last valuation.	(12.8)
<b>Asset Experience.</b> If there is a greater investment income than assumed, there is a gain. If less income, a loss. If there are more contributions than the ARC, there is a gain. If less contributions, a loss.	12.0
<b>Death After Retirement.</b> If retiree members live longer than assumed, there is a loss. If not as long, a gain.	12.4
<b>Other.</b> Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	13.1
<b>Gain (or Loss) During Year From Financial Experience</b>	\$ 161.0
<b>Non-Recurring Items.</b> Adjustments for plan amendments, assumption changes and method changes	(253.4)
<b>Composite Gain (or Loss) During Year</b>	\$ (92.4)



**SECTION VI – REQUIRED CONTRIBUTION RATES**

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement System. The following tables show the rates of contribution payable by employers as determined from the present valuation for FY2023.

**Required Contribution Rates**

Contribution for	Amount	% of Payroll
A. Normal Cost	\$ 62,098,626	1.40%
B. Member Contributions*	\$ 0	0.00%
C. Employer Normal Cost: [A - B]	\$ 62,098,626	1.40%
D. Unfunded Actuarial Accrued Liability**	\$ 53,778,775	1.25%
E. Total Recommended Employer Contribution Rate: [C + D]	\$ 115,877,401	2.65%
F. Employer Contribution Toward Health Care <sup>+</sup>	\$ 65,315,014	1.50%

\* The liabilities are net of retiree contributions towards their health care.

\*\* Based on 30-year amortization of the UAAL from June 30, 2023.

+ Includes 1.50% payroll surcharge.

**Fourteen-Year History of Employer Contribution Rates**

Fiscal Year Ending June 30	Employer Health Care Contribution Rate	Surcharge Percentage	Total Health Care Contribution Rate
2010	0.46%	1.50%	1.96%
2011	1.43	1.50	2.93
2012	0.55	1.50	2.05
2013	0.16	1.50	1.66
2014	0.14	1.50	1.64
2015	0.82	1.50	2.32
2016	0.00	1.50	1.50
2017	0.00	1.50	1.50
2018	0.50	1.50	2.00
2019	0.50	1.50	2.00
2020	0.00	1.50	1.50
2021	0.00	1.50	1.50
2022	0.00	1.50	1.50
2023	0.00	1.50	1.50



**SECTION VII - ACCOUNTING INFORMATION**

Governmental Accounting Standards Board Statements 74 and 75 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2023. Additional information will be provided in separate reports.

Valuation date	6/30/2023
Actuarial cost method	Entry Age
Amortization	Level Percent Open
Remaining amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions	
Investment rate of return*	7.00%
* Includes price inflation at	2.40%
Wage increases	1.75%
Medical Trend Assumption	6.75% - 4.40%
Year of Ultimate Trend	2033



**Twelve-Year Schedule of Funding Progress**  
**(\$ Millions)**

<b>Actuarial Valuation Date</b>	<b>Value of Plan Assets ( a )</b>	<b>Actuarial Accrued Liability (AAL) Entry Age ( b )</b>	<b>Unfunded AAL (UAAL) ( b - a )</b>	<b>Funded Ratio ( a / b )</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll (( b - a ) / ( c )</b>
6/30/2012	\$355	\$2,691	\$2,336	13.2%	\$2,788	83.8%
6/30/2013	379	2,918	2,539	13.0	2,747	92.4
6/30/2014	414	2,476	2,062	16.7	2,759	74.7
6/30/2015	408	2,425	2,016	16.8	2,845	70.9
6/30/2016	370	2,407	2,037	15.4	2,932	69.5
6/30/2017	382	2,396	2,014	15.9	3,303	61.0
6/30/2018	436	2,525	2,089	17.3	3,332	62.7
6/30/2019	464	2,199	1,735	21.1	3,463	50.1
6/30/2020	483	1,797	1,314	26.9	3,478	37.8
6/30/2021	600	1,289	689	46.5	3,622	19.0
6/30/2022	612	1,348	736	45.4	3,995	18.4
6/30/2023	707	1,532	825	46.1	4,299	19.2



**SCHEDULE A**  
**VALUATION BALANCE SHEET**

The following valuation balance sheet shows the assets and liabilities of the retirement system as of the current valuation date of June 30, 2023 and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2022.

**VALUATION BALANCE SHEET**  
**SHOWING THE ASSETS AND LIABILITIES OF THE**  
**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

	June 30, 2023	June 30, 2022
<b>ASSETS</b>		
Current market value of assets	\$ 706,785,561	\$ 611,574,409
Prospective contributions		
Employer normal contributions	584,645,987	514,981,761
Unfunded accrued liability contributions	824,890,815	736,679,661
Total prospective contributions	<u>\$ 1,409,536,802</u>	<u>\$ 1,251,661,422</u>
Total assets	<u>\$ 2,116,322,363</u>	<u>\$ 1,863,235,831</u>
<b>LIABILITIES</b>		
Present value of benefits payable on account of present retiree members and beneficiaries	\$ 606,867,180	\$ 519,877,530
Present value of benefits payable on account of active members	1,486,777,556	1,331,072,628
Present value of benefits payable on account of deferred vested members	<u>22,677,627</u>	<u>12,285,673</u>
Total liabilities	<u>\$ 2,116,322,363</u>	<u>\$ 1,863,235,831</u>



The following twelve-year table provides the solvency test for SERS members. The table allocates the valuation assets of the System to its liabilities based on an order of precedence. The highest order of precedence is active member contributions. The second highest order of precedence are members in pay status and vested and non-vested terminated members. The lowest order of precedence is the employer financed portion of active member accrued benefits. The liabilities are determined using the System's assumed rate of return.

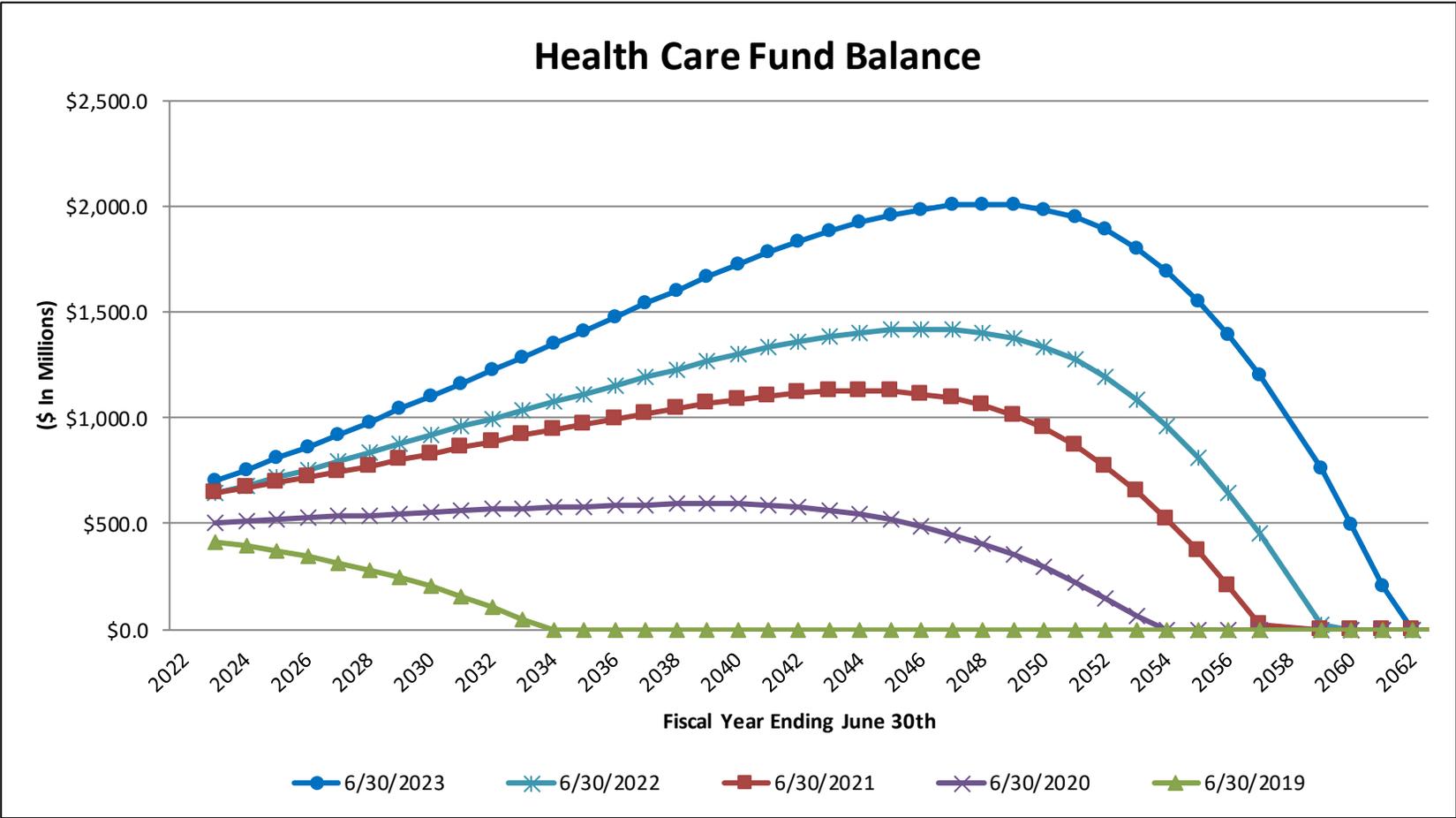
**Solvency Test**  
(\$ Millions)

Valuation Date	Aggregate Accrued Liabilities For				Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
	(1) Active Member Contributions	(2) Retiree Members & Beneficiaries	(3) Active Members (Employer Financed Portion)			(1)	(2)	(3)
6/30/2012	\$0	\$1,074	\$1,617	\$355	100.0%	33.1%	0.0%	
6/30/2013	0	1,157	1,761	379	100.0	32.8	0.0	
6/30/2014	0	968	1,508	414	100.0	42.8	0.0	
6/30/2015	0	979	1,507	408	100.0	41.7	0.0	
6/30/2016	0	918	1,489	370	100.0	40.3	0.0	
6/30/2017	0	916	1,480	382	100.0	41.7	0.0	
6/30/2018	0	968	1,557	436	100.0	45.0	0.0	
6/30/2019	0	813	1,386	464	100.0	57.0	0.0	
6/30/2020	0	626	1,171	483	100.0	77.1	0.0	
6/30/2021	0	544	745	600	100.0	100.0	7.5	
6/30/2022	0	532	816	612	100.0	100.0	9.8	
6/30/2023	0	630	902	707	100.0	100.0	8.5	



### Solvency Chart

The following chart shows the projected Health Care Fund Balances from the five most recent valuations. The prior year projections were based on the funding policy and assumptions in effect on the prior year valuation dates. The current year projection is based on a 7.00% future asset rate of return assumption, on a payroll growth assumption of 1.75% per year, and on the assumption that the health contribution rate will be 0.00%, plus a health care surcharge of 1.50%. These projections assume there will be no health care cost increases due to ACA law changes or COVID-19 impact other than anticipated health care trend.





**SCHEDULE B**

**STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

The decremental assumptions used in the valuation were adopted by the Board on April 15, 2021.

INTEREST RATE: 7.00% per annum, compounded annually (net after all System expenses).

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions. Trend is applied to total health care costs and retiree service based premiums. No trend is applied to the \$35 surcharge.

Calendar Year	
2023	6.75%
2024	6.50
2025	6.25
2026	6.00
2027	5.75
2028	5.50
2029	5.25
2030	5.00
2031	4.75
2032	4.50
2033 and beyond	4.40

ANTICIPATED PLAN PARTICIPATION: The assumed annual rates of retiree participation and spouse coverage are as follows:

Retiree Gender	Spouse Coverage	Dependent Child Coverage
Male	25.0%	0.0%
Female	25.0%	0.0%

Wives are assumed to be three years younger than husbands.



Pre-65 Participants:

Years of Service	Service Retiree Participation	Disabled Retiree Participation	Deferred Vested Retiree Participation	Death in Service Surviving Spouse Participation
1.5 – 4	N/A	N/A	N/A	100.0%
5 – 9	N/A	25.0%	N/A	100.0
10 – 14	25.0%	25.0	50.0%	100.0
15 – 19	25.0	45.0	50.0	100.0
20 – 24	45.0	50.0	50.0	100.0
25 – 29	50.0	75.0	50.0	100.0
30 – 34	75.0	75.0	50.0	100.0
35 and over	90.0	90.0	50.0	100.0

15% of eligible pre-65 retirees who are waiving coverage are assumed to elect coverage upon Medicare eligibility

Post-65 Participants:

Years of Service	Service Retiree Participation	Disabled Retiree Participation	Deferred Vested Retiree Participation	Death in Service Surviving Spouse Participation
1.5 – 4	N/A	N/A	N/A	100.0%
5 – 9	N/A	70.0%	N/A	100.0
10 – 14	25.0%	70.0	50.0%	100.0
15 – 19	45.0	70.0	50.0	100.0
20 – 24	70.0	75.0	50.0	100.0
25 – 29	75.0	75.0	50.0	100.0
30 – 34	85.0	85.0	50.0	100.0
35 and over	90.0	90.0	50.0	100.0



ANTICIPATED PLAN ELECTIONS: The assumed annual rates of member plan elections are as follows:

Plan Type	Future Retirees	
	Non-Medicare	Medicare
PPO	80.0%	100.0%
Wraparound HRA	20.0%	N/A

Anticipated plan elections within the above plan types are further expanded below:

Plan Type	Future Retirees*	
	Non-Medicare	Medicare
<u>PPO</u>		
Aetna Choice POS II	96.0%	0.0%
Aetna Medicare <sup>SM</sup> Plan	0.0%	100.0%
AultCare PPO	4.0%	0.0%

*\*Future disabled retirees assumed 85% Non-Medicare coverage and 15% Medicare coverage before age 65.*

ANTICIPATED MEDICARE COVERAGE AT AGE 65: The assumed annual rates of future retirees obtaining Medicare coverage at age 65 are as follows:

Medicare Coverage	Percent Covered
No Medicare at age 65	1.0%
Medicare Part A	98.0%
Medicare Part B Only	1.0%

Current service retirees, disabled benefit recipients, spouses, and dependent children under age 65 were assumed to have similar Medicare coverage at age 65 as their post-Medicare counterparts.

Effective September 30, 2021, an individual who fails to enroll in Medicare Part B during their Medicare initial or special enrollment period will lose eligibility for SERS health care coverage. If an individual enrolls in Medicare Part B coverage but then fails to maintain the coverage, the individual must re-enroll during Medicare's first available general enrollment period.

HEALTH CARE PREMIUM DISCOUNT PROGRAM PARTICIPATION: Current Medicare-eligible service retirees, disabled benefit recipients, spouses and dependent children reported as qualifying for the health care Premium Discount Program were assumed to continue participating in the program for their lifetime. The health care premium Discount Program is not available for non-Medicare participants.



MONTHLY EXPECTED MEDICAL/PRESCRIPTION DRUG CLAIMS COSTS (INCLUDES ADMINISTRATIVE EXPENSES): Following are charts detailing expected claims for the year following the valuation date.

<b>Retiree Costs</b>			
<b>Medicare Status</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
Non-Medicare	\$1,465	N/A	\$1,114
Medicare A	\$154	\$504	N/A
Medicare B Only	\$154	N/A	N/A

<b>Spouse Costs</b>			
<b>Medicare Status</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
Non-Medicare	\$1,173	N/A	\$890
Medicare A	\$154	\$504	N/A
Medicare B Only	\$154	N/A	N/A

<b>Children Costs</b>			
<b>Medicare Status</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
Non-Medicare	\$367	N/A	\$197
Medicare A	\$154	\$504	N/A

The above amounts are shown as average costs and represent blended premiums rates.



EXPECTED ANNUAL CLAIMS: Per capita costs are adjusted to reflect expected cost changes related to age. The relative value factors used were developed from the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries. Representative values of the expected annual claims based on expected service retiree plan elections are as follows:

**Pre-Medicare**

Age	Retiree		Spouse	
	Male	Female	Male	Female
40	\$ 4,700	\$ 7,670	\$ 3,863	\$ 6,304
45	5,825	8,120	4,788	6,674
50	7,608	9,460	6,253	7,776
55	9,982	11,021	8,205	9,058
60	12,859	12,854	10,569	10,565
64	15,705	15,049	12,908	12,369

**Post-Medicare**

Age	Retiree		Spouse	
	Male	Female	Male	Female
65	\$ 1,416	\$ 1,349	\$ 1,296	\$ 1,235
70	1,721	1,659	1,575	1,518
75	2,044	1,937	1,870	1,773
80	2,372	2,232	2,171	2,042
85	2,673	2,518	2,446	2,304
90	2,935	2,734	2,686	2,503



SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

Service	Annual Rates of Withdrawal
0	40.00%
1	19.00
2	11.00
3	9.00
4	8.00
5	6.50
10	3.50
15	2.25

Age	Annual Rates of			
	Death *		Disability	
	Male	Female	Male	Female
20	.041%	.013%	.020%	.010%
25	.041	.012	.039	.010
30	.052	.019	.071	.028
35	.068	.030	.127	.059
40	.096	.047	.214	.106
45	.143	.072	.313	.180
50	.218	.107	.414	.300
55	.320	.157	.530	.450
60	.466	.238	.590	.450
65	.682	.380	.533	.300
70	1.025	.627	.300	.200
74	1.461	.937	.300	.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 above rates represent the base rates used.



Annual Rates of								
Age	Retirement Eligible prior to 8/1/17				Retirement Eligible after 8/1/17			
	Reduced	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%

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

Annual Rates of			
Service	Merit & Seniority (A)	Base (Economy) (B)	Increase Next Year (1+(A))*(1+(B))
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	0.00	3.25	3.25

PAYROLL GROWTH: 1.75% per annum, compounded annually.

PRICE INFLATION: 2.40% per annum, compounded annually.



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 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

VALUATION METHOD: Entry age normal cost method. Entry age is established on an individual basis.

ASSET VALUATION METHOD: Market value.



## SCHEDULE C

### SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO Summary of Main Plan Provisions as of June 30, 2023

#### **ELIGIBILITY FOR ACCESS TO RETIREE HEALTH CARE:**

##### **Normal Retirement:**

*Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017:* Attainment of age 65 with at least 10 years of creditable service, or completion of 30 years of creditable service, regardless of age.

*Members attaining 25 years of service after August 1, 2017:* Attainment of age 67 with at least 10 years of creditable service, or attainment of age 57 with at least 30 years of creditable service. Buy-up option available.

##### **Early Retirement:**

*Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017:* Not eligible for unreduced service retirement but has attained age 55 with at least 25 years of service, or age 60 with 10 years of service.

*Members attaining 25 years of service after August 1, 2017:* Attainment of age 62 with at least 10 years of creditable service, or attainment of age 60 with at least 25 years of creditable service.

**Disability Retirement:** Permanently disabled after completion of at least 5 years of total service credit.

**Survivor Allowances:** Beneficiary must be receiving monthly benefits due to the death of a member, age and service retiree or disability benefit recipient.

**Termination:** Members that terminated with at least 10 years of creditable service and have attained age 60 (age 62 for those retiring after August 1, 2017).

#### **PREMIUM PAYMENTS:**

Retirees, spouses and dependent children pay either all or a portion of the cost of health care and prescription drug coverage as well as a \$35 monthly surcharge. The remainder of the cost is paid by SERS.

Medicare-eligible retirees, spouses and dependent children may qualify for the health care Premium Discount Program if their household income falls at or below a specified level. Income limits are updated annually. Retirees, spouses and dependent children qualifying for the program will receive a 25% discount in their monthly health care premiums.



**PREMIUM PAYMENTS (Continued):**

The following schedule lists the percentage of the retiree premium paid by service retirees:

Years of Service	Retirement Date on or before July 1, 1989	Retirement Date August 1, 1989 through July 1, 2008	Retirement Date on or after August 1, 2008
	Service Retiree Premium Contribution Percentage		
5 – 9	50.0%	N/A	N/A
10 – 14	17.5	100.0%	100.0%
15 – 19	17.5	50.0	100.0
20 – 24	17.5	25.0	50.0
25 – 29	17.5	17.5	30.0
30 – 34	17.5	17.5	20.0
35 and over	17.5	17.5	15.0*

\* Additional 1% reduction for each year over 35.

The following schedule lists the percentage of the retiree premium paid by disability benefit recipients:

**Non-Medicare Plans Prior to January 1, 2024 and Medicare Plans**

Years of Service	Disabled Benefit Recipient Premium Contribution Percentage
5 – 9	50.0%
10 – 24	33.0
25 and over	17.5

**Non-Medicare Plans Effective January 1, 2024**

Years of Service	Retirement Date on or before July 1, 1989	Retirement Date August 1, 1989 through July 1, 2008	Retirement Date on or after August 1, 2008
	Disabled Benefit Recipient Premium Contribution Percentage		
5 – 9	50.0%	100.0%	100.0%
10 – 14	17.5	100.0	100.0
15 – 19	17.5	50.0	100.0
20 – 24	17.5	25.0	50.0
25 – 29	17.5	17.5	30.0
30 – 34	17.5	17.5	20.0
35 and over	17.5	17.5	15.0*

\* Additional 1% reduction for each year over 35.



The following schedule lists the percentage of the spouse premium paid by spouses of retirees:

Service Retiree, Disability Recipient, or Member's Qualified Years of Service	Spouse Premium Contribution Percentage
1.5 – 24	100.0%
25 – 29	90.0
30 and over	80.0

Dependent children pay 70.0% of the child premium.

In addition, SERS offered a new coverage option beginning in 2017, the Marketplace Wraparound HRA. This option is only available to health care participants who are not eligible for Medicare and who are not enrolled in Medicaid. Participants will be able to choose insurance from any insurer offering coverage in the federal Marketplace, and if eligible, receive a federal subsidy to lower the premium and cost-sharing amounts. The SERS Marketplace Wraparound HRA offers additional benefits to help pay for deductibles, co-pays, and other costs.

**OTHER POST-EMPLOYMENT BENEFITS:** Health care and prescription drug coverage is provided in all post-employment group health care plan options. Dental and vision coverage are made available to retirees, spouses, and dependent children at the full cost.

**2024 RETIREE HEALTH CARE PLAN OPTIONS:**

**Options available to members without Medicare**

- ◇ Aetna Choice POS II with Express Scripts prescription drug coverage
- ◇ AultCare PPO with AultCare prescription drug coverage
- ◇ Wraparound HRA

**Options available to members with Medicare:**

- ◇ Aetna Medicare<sup>SM</sup> Plan (PPO) with Express Scripts Medicare Part D Prescription Drug Plan
- ◇ Aetna Traditional Choice with Express Scripts Medicare Part D Prescription Drug Plan (only available to members with special circumstances)

The following pages contain information that was provided by SERS in the 2024 *Open Enrollment Guide* and the 2024 *Member Health Care Guide*.



**2024 Contribution Rates**

<b>Years of Service</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
<b>Service Retirement Date on or before July 1, 1989 Premiums</b>			
5-9.999 years			
Without Medicare	\$780		\$592
With Medicare A & B	\$117	\$287	
With Medicare B Only	\$297		
10-24.999 years			
Without Medicare	\$296		\$230
With Medicare A & B	\$64	\$123	
With Medicare B Only	\$127		
25 years & over			
Without Medicare	\$296		\$230
With Medicare A & B	\$64	\$123	
With Medicare B Only	\$64		

<b>Years of Service</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
<b>Service Retirement Date August 1, 1989 through July 1, 2008 Premiums</b>			
10-14.999 years			
Without Medicare	\$1,524		\$1,149
With Medicare A & B	\$198	\$539	
With Medicare B Only	\$558		
15-19.999 years			
Without Medicare	\$780		\$592
With Medicare A & B	\$117	\$287	
With Medicare B Only	\$297		
20-24.999 years			
Without Medicare	\$407		\$314
With Medicare A & B	\$76	\$161	
With Medicare B Only	\$166		
25 years & over			
Without Medicare	\$296		\$230
With Medicare A & B	\$64	\$123	
With Medicare B Only	\$64		



**2024 Contribution Rates  
(continued)**

<b>Years of Service</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
<b>Service Retirement Date on or after August 1, 2008 Premiums*</b>			
10-19.999 years			
Without Medicare	\$1,524		\$1,149
With Medicare A & B	\$198	\$539	
With Medicare B Only	\$558		
20-24.999 years			
Without Medicare	\$780		\$592
With Medicare A & B	\$117	\$287	
With Medicare B Only	\$297		
25-29.999 years			
Without Medicare	\$482		\$369
With Medicare A & B	\$84	\$186	
With Medicare B Only	\$84		
30-34.999 years*			
Without Medicare	\$333		\$258
With Medicare A & B	\$68	\$136	
With Medicare B Only	\$68		

\* Further reductions for each year over 35.

<b>Years of Service</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
<b>Disability Benefit Recipient Premiums**</b>			
5-9.999 years			
Without Medicare	\$780		\$592
With Medicare A & B	\$117	\$287	
With Medicare B Only	\$297		
10-24.999 years			
Without Medicare	\$526		\$403
With Medicare A & B	\$89	\$201	
With Medicare B Only	\$208		
25 years & over			
Without Medicare	\$296		\$230
With Medicare A & B	\$64	\$123	
With Medicare B Only	\$64		

**\*\* Effective January 1, 2024, Disability Benefit Recipient Premiums will be the same as Service Retirement Premiums for all Non-Medicare plans. Rates above are applicable for Medicare plans and for Non-Medicare plans prior to January 1, 2024.**



**2024 Contribution Rates  
(continued)**

<b>Years of Service</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
<b>Spouse Premiums (Service Retiree, Disability Recipient, or Member's Qualified Service)</b>			
Up to 25 years			
Without Medicare	\$1,227		\$925
With Medicare A & B	\$198	\$539	
With Medicare B Only	\$558		
25-29.999 years			
Without Medicare	\$1,108		\$836
With Medicare A & B	\$182	\$489	
With Medicare B Only	\$182		
30 years & over			
Without Medicare	\$989		\$747
With Medicare A & B	\$166	\$438	
With Medicare B Only	\$166		

<b>Years of Service</b>	<b>Aetna Choice POS II and Aetna Medicare<sup>SM</sup></b>	<b>Aetna Traditional Choice</b>	<b>AultCare PPO</b>
<b>Child Premiums</b>			
Child w/o Medicare A	\$296		\$173
Child with Medicare A & B	\$149	\$388	



## **SERS' Non-Medicare Plans**

Non-Medicare plans are available to benefit recipients and dependents under age 65 and not Medicare eligible. Beginning 1/1/2021, however, members who are under age 65 that are eligible for Medicaid are not eligible for the SERS Health Care Plan coverage. Beginning September 2021, plan enrollees eligible for Medicare B lose eligibility for SERS coverage if they do not enroll in Medicare B. Enrollees seeking non-Medicare coverage are required to participate in a counseling session to explore the affordability of available SERS alternatives, including the SERS Marketplace Wraparound Plan.

### **Aetna Choice POS II**

This is a Preferred Provider Organization (PPO) plan with prescription drug coverage by Express Scripts. The plan is available throughout the United States.

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare

Use of out-of-network providers will increase out-of-pocket costs.

### **AultCare PPO**

This is a Preferred Provider Organization (PPO) plan with prescription drug coverage by AultCare.

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare.
- Live in one of the Ohio counties listed on the map in the *2024 Open Enrollment Guide*.

Use of out-of-network providers will increase out-of-pocket costs.

### **2024 SERS Marketplace Wraparound HRA**

The SERS Marketplace Wraparound HRA is available to participants who are not eligible for Medicare and who are not enrolled in Medicaid. Participants are able to choose insurance from any insurer offering coverage in the federal Marketplace. If eligible, participants receive a federal subsidy to lower the premium and cost-sharing amounts. The SERS Marketplace Wraparound HRA offers additional benefits to help pay for deductibles, co-pays, and other costs up to a federally established annual reimbursement limit.



## SERS' Medicare Plans

### **Aetna Medicare Plan (PPO)**

This is a Medicare Advantage plan with Medicare Part D prescription drug coverage administered by Express Scripts.

**Ohio Residents:** Aetna has a preferred provider network. Use of out-of-network providers will increase out-of-pocket costs.

**Non-Ohio Residents:** Can use any medical provider that accepts Medicare patients and agrees to file claims with Aetna.

This plan is available throughout the United States. To enroll, members must have:

- Medicare Part B
- Medicare Part A, if eligible

### **Aetna Traditional Choice Plan**

This plan is NOT available for optional enrollment. It is only available in special circumstances. SERS determines when enrollment is appropriate. Medicare Part D prescription drug coverage is administered through Express Scripts.



## Prescription Drug Coverage

Prescription drug coverage is included in SERS' health care coverage and does not require a separate premium. Express Scripts provides the prescription drug coverage for Aetna. AultCare provides their own prescription coverage. All prescription plans have a formulary of covered medications. These are referred to as preferred medications. Medications not on the formulary are referred to as non-preferred. The amount members are responsible for paying, known as the co-pay, is based on the medication's preferred status. Members pay the least for generic medications. Members pay the most for brand-name medications that are not preferred. Members can get prescriptions at retail pharmacies or through the mail. Members save money by having prescriptions for maintenance medications mailed to their homes.

The following is a partial list of situations or types of medications that are not covered.

- Prescriptions or medications dispensed in a hospital. These are typically covered under the medical plan.
- Prescriptions covered by Workers' Compensation.
- Prescriptions for fertility, erectile dysfunction, or cosmetic drugs.
- Over-the-counter drugs and herbal preparations, including homeopathic preparations.

With the exception of insulin, Express Scripts does not cover non-preferred medications. Members pay the full amount for non-preferred medications, and these costs do not count toward any out-of-pocket maximum or the Medicare coverage gap.

All prescription plans include these common coverage rules:

- Prior Authorization - For some medications, the doctor must contact the drug plan before certain prescriptions can be filled. The prescription is only covered if the doctor is able to confirm that the medication is necessary.
- Quantity Limits - Limits how much of a specific medication members can get at a time.
- Step Therapy - A process where certain medications that have proven to be safe and effective are tried as the first choice rather than starting with a more expensive prescribed medication.

### Medicare Part D Prescription Drugs

SERS' health plan participants enrolled in a Medicare plan are automatically covered under a Medicare Part D prescription drug plan through SERS and should not enroll in a separate Medicare Part D plan. Enrolling in another Part D plan would cause cancellation of SERS coverage for both medical and prescription drug benefits per federal law.



### Non-Medicare Plan Benefits

	Aetna Choice POS II (In-Network)	AultCare PPO (In Network)
Annual Combined Medical & Prescription Drug Out-of-Pocket Maximum	\$7,350/person \$14,700/family	\$7,350/person \$14,700/family
Deductible	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family
Primary Care Office Visit	\$10 co-pay	\$20 co-pay
Specialist Office Visit	\$25 co-pay	\$40 co-pay
Outpatient Diagnostic X-Ray and Lab	20% coinsurance	20% coinsurance
Retail Walk-In Clinic	\$20 co-pay	\$20 co-pay
Urgent Care	\$40 co-pay	\$40 co-pay
Emergency Room	\$150 co-pay	\$150 co-pay
Ambulance	20% coinsurance	20% coinsurance
Inpatient Hospital	20% coinsurance after \$250 co-pay	20% coinsurance after \$250 co-pay
Outpatient Surgery	20% coinsurance	20% coinsurance
Skilled Nursing Facility (100-day max)	20% coinsurance	20% coinsurance
Home Health Care	20% coinsurance	20% coinsurance
Hospice Health Care	100% coverage	Inpatient: 100% coverage Outpatient: 20% coinsurance
Outpatient Short-Term Rehab	20% coinsurance	20% coinsurance
Chiropractic	20% coinsurance	20% coinsurance
Durable Medical Equipment	20% coinsurance	20% coinsurance
Prescription Drugs	<b>Express Scripts</b> <u>Retail 34-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max)  <u>Insulin Retail:</u> \$25 preferred brand, 25% or \$45 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$115 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min, \$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min, \$67 max per 30-day supply)	<b>AultCare</b> <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) Non-preferred at 100% <u>Insulin Retail:</u> \$30 preferred brand, \$45 non-preferred brand <u>Insulin Mail Order:</u> \$60 preferred brand, \$115 non-preferred brand <u>Specialty medications:</u> \$100 co-pay <u>Specialty Mail order:</u> \$100 co-pay; 30-day supply only



**Non-Medicare Plan Benefits  
(continued)**

**SERS Marketplace Wraparound HRA**

<b>Benefit</b>	<b>Maximum Reimbursement</b>
Out-of-pocket expenses for Marketplace plan covered services. Examples include deductibles, co-pays, and coinsurance.	Reimbursements are limited to \$2,100 per family, per calendar year in accordance with federal limits*
* Reimbursement is limited to cost sharing after the Participant's Marketplace plan has adjudicated any claim(s). Actual reimbursement may vary according to the Participant's Marketplace plan's terms but will in no event exceed the Participant's actual out-of-pocket expenses under the applicable Marketplace plan.	
The SERS Marketplace Wraparound HRA eligible expenses noted above only apply to covered service under your Marketplace plan. Claims for non-covered services are not eligible for reimbursement.	



## Medicare Plan Benefits

### Aetna Medicare<sup>SM</sup> Plan (PPO)

Annual Out-of-Pocket Maximum	\$3,000 per person
Deductible	None
Primary Care Office Visit	\$10 co-pay
Specialist Office Visit	\$20 co-pay
Outpatient Diagnostic X-Ray	\$25 co-pay
Outpatient Diagnostic Lab	100% coverage
Urgent Care	\$40 co-pay
Emergency Room	\$100 co-pay
Ambulance	\$80 co-pay
Inpatient Hospital	\$150 co-pay per day 1-5, then 100%
Outpatient Surgery /Procedures	15% coinsurance up to \$200 max
Skilled Nursing Facility (100-day max)	Co-pay: \$0 per day 1-10, \$25 per day 11-20, \$50 per day 21-100
Home Health Care	100% coverage
Hospice	Covered per Medicare
Outpatient Short-Term Rehab	\$15 co-pay
Cardiac Rehabilitation Services	\$15 co-pay for in-network; 20% coinsurance for out-of-network
Chiropractic	\$20 co-pay limited to Medicare coverage
Durable Medical Equipment	20% coinsurance
Over-The-Counter Benefit	\$60 per quarter towards eligible health and wellness products from CVS pharmacy
Prescription Drugs	<b>Express Scripts Medicare D PDP</b> <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min,\$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) <u>Insulin Retail:</u> \$25 preferred brand, 25% or \$35 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$90 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min,\$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min,\$67 max per 30-day supply)



**SCHEDULE D**  
**DETAILED TABULATIONS OF THE DATA**

**All Retirees, Spouses and Dependents Receiving Health Care**  
**Male and Female Demographic Breakdown**  
**As of June 30, 2023**  
**Tabulated by Attained Ages**

Attained Age	Number of		Total Number
	Males	Females	
Under 20	24	37	61
20-24	33	35	68
25-29	18	12	30
30-34	1	1	2
35-39	1	6	7
40-44	9	5	14
45-49	12	12	24
50-54	62	71	133
55-59	245	412	657
60-64	952	1,919	2,871
65-69	2,415	5,192	7,607
70-74	2,577	5,748	8,325
75-79	1,824	4,896	6,720
80-84	1,612	4,497	6,109
85-89	1,105	3,175	4,280
90-94	424	1,564	1,988
95-99	79	578	657
100	7	36	43
101	2	22	24
102	0	22	22
103	1	5	6
104	1	3	4
105 & Over	1	3	4
<b>Total</b>	<b>11,405</b>	<b>28,251</b>	<b>39,656</b>

Retirees currently waiving insurance are not included in the headcounts above.



**Schedule of Retiree Members Added to and Removed from Rolls  
Last Twelve Fiscal Years**

Year Ended	Added to Rolls		Removed from Rolls*		Rolls at Year-End		% Increase in Projected Benefits	Average Projected Benefits
	Number	Projected Benefits	Number	Projected Benefits	Number	Projected Benefits		
6/30/2012	2,073	9,280,779	3,785	5,391,796	46,439	90,708,513	11.49%	1,953
6/30/2013	2,110	8,977,566	3,217	4,370,993	45,332	100,514,730	10.81%	2,217
6/30/2014	2,251	8,658,731	2,873	4,834,922	44,710	87,007,272	(13.44)%	1,946
6/30/2015	2,329	8,897,861	2,932	4,682,901	44,107	90,855,858	4.42%	2,060
6/30/2016	2,820	10,209,470	2,650	4,258,016	44,277	90,484,518	(0.41)%	2,044
6/30/2017	2,355	10,099,985	2,774	4,834,866	43,858	91,554,056	1.18%	2,088
6/30/2018	2,383	7,833,624	2,820	5,004,204	43,421	90,696,175	(0.94)%	2,089
6/30/2019	1,791	6,375,244	2,665	4,496,857	42,547	82,778,168	(8.73)%	1,946
6/30/2020	2,058	6,645,569	2,749	4,275,713	41,856	69,600,381	(15.92)%	1,663
6/30/2021	2,213	7,152,506	3,172	4,050,170	40,897	69,028,349	(0.82)%	1,688
6/30/2022	2,245	6,676,697	3,011	4,299,770	40,131	63,016,244	(8.71)%	1,570
6/30/2023	2,155	5,780,866	2,630	3,716,184	39,656	59,374,856	(5.78)%	1,497

\* 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.

Retirees currently waiving insurance are not included in the headcounts above.



**Deferred Vested Members Eligible for Health Care**  
**Male and Female Demographic Breakdown**  
**As of June 30, 2023**  
**Tabulated by Attained Ages**

Attained Age	Number of		Total Number
	Males	Females	
Under 35	8	7	15
35-39	62	63	125
40-44	122	210	332
45-49	170	422	592
50-54	251	888	1,139
55-59	328	1,469	1,797
60 & Over	439	1,974	2,413
<b>Total</b>	<b>1,380</b>	<b>5,033</b>	<b>6,413</b>



**Total Active Members as of June 30, 2023**  
**Tabulated by Attained Ages and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
Under 20	3,328							3,328
Avg Pay	\$12,551							\$12,551
20-24	10,448	97						10,545
Avg Pay	\$14,022	\$31,868						\$14,186
25-29	9,992	1,118	35					11,145
Avg Pay	\$17,995	\$34,917	\$51,113					\$19,796
30-34	9,576	2,245	401	35	1			12,258
Avg Pay	\$18,710	\$36,396	\$48,496	\$49,768	\$79,767			\$23,017
35-39	10,258	3,063	834	308	32			14,495
Avg Pay	\$18,802	\$36,183	\$48,083	\$54,683	\$62,296			\$25,018
40-44	10,890	4,310	1,342	768	386	45		17,741
Avg Pay	\$18,269	\$33,764	\$44,528	\$56,075	\$61,040	\$58,035		\$26,688
45-49	9,314	4,368	1,828	1,100	753	268	17	17,648
Avg Pay	\$17,539	\$32,645	\$39,241	\$48,486	\$60,864	\$61,243	\$67,164	\$28,015
50-54	8,052	4,371	2,634	2,044	1,569	709	166	19,545
Avg Pay	\$18,390	\$32,933	\$36,432	\$42,742	\$50,496	\$61,718	\$64,484	\$31,161
55-59	6,405	3,534	2,431	2,714	2,906	1,556	498	20,044
Avg Pay	\$18,830	\$33,600	\$36,644	\$38,971	\$43,086	\$49,903	\$58,590	\$33,238
60-64	4,928	2,699	1,872	2,380	3,437	2,390	937	18,643
Avg Pay	\$17,174	\$31,278	\$36,004	\$38,252	\$41,216	\$44,084	\$52,145	\$33,437
65-69	3,366	1,443	850	808	1,148	1,038	739	9,392
Avg Pay	\$13,313	\$26,909	\$33,518	\$38,872	\$42,161	\$42,398	\$45,880	\$28,733
70 & over	2,451	906	399	304	281	229	519	5,089
Avg Pay	\$10,534	\$20,847	\$27,121	\$30,612	\$34,826	\$41,341	\$41,334	\$20,739
<b>Totals</b>	<b>89,008</b>	<b>28,154</b>	<b>12,626</b>	<b>10,461</b>	<b>10,513</b>	<b>6,235</b>	<b>2,876</b>	<b>159,873</b>
<b>Avg Pay</b>	<b>\$17,149</b>	<b>\$32,948</b>	<b>\$38,380</b>	<b>\$42,049</b>	<b>\$45,253</b>	<b>\$47,998</b>	<b>\$50,501</b>	<b>\$26,888</b>

Averages:  
Age: 46.9  
Service: 7.3  
Annual Pay: \$26,888



**Male Active Members as of June 30, 2023**  
**Tabulated by Attained Ages and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
Under 20	1,631							1,631
Avg Pay	\$13,128							\$13,128
20-24	4,265	45						4,310
Avg Pay	\$14,619	\$36,088						\$14,062
25-29	4,069	527	26					4,622
Avg Pay	\$18,572	\$40,168	\$54,704					\$21,238
30-34	3,262	828	203	20	1			4,314
Avg Pay	\$19,220	\$41,647	\$55,094	\$57,710	\$79,767			\$25,405
35-39	2,964	870	354	187	25			4,400
Avg Pay	\$19,496	\$46,972	\$56,455	\$58,037	\$66,396			\$29,807
40-44	3,387	962	435	339	201	19		5,343
Avg Pay	\$18,227	\$44,561	\$59,097	\$66,963	\$70,498	\$63,622		\$31,516
45-49	3,342	932	425	284	278	129	10	5,400
Avg Pay	\$16,215	\$41,626	\$52,771	\$67,119	\$76,458	\$70,480	\$67,872	\$30,649
50-54	3,065	1,007	527	382	319	268	81	5,649
Avg Pay	\$16,859	\$40,947	\$49,727	\$60,211	\$73,039	\$75,979	\$70,133	\$33,892
55-59	2,496	1,019	525	437	431	323	193	5,424
Avg Pay	\$19,108	\$39,719	\$48,424	\$58,792	\$62,035	\$70,942	\$67,805	\$37,246
60-64	1,987	924	554	466	498	293	239	4,961
Avg Pay	\$18,660	\$36,905	\$45,401	\$53,960	\$59,468	\$66,799	\$67,528	\$37,654
65-69	1,449	594	353	230	228	130	134	3,118
Avg Pay	\$15,075	\$29,602	\$38,844	\$47,828	\$57,144	\$54,125	\$62,435	\$29,689
70 & over	1,066	472	202	121	72	42	61	2,036
Avg Pay	\$10,995	\$23,919	\$30,075	\$35,670	\$40,930	\$53,377	\$52,594	\$20,530
<b>Totals</b>	<b>32,983</b>	<b>8,180</b>	<b>3,604</b>	<b>2,466</b>	<b>2,053</b>	<b>1,204</b>	<b>718</b>	<b>51,208</b>
<b>Avg Pay</b>	<b>\$17,153</b>	<b>\$39,680</b>	<b>\$49,194</b>	<b>\$57,958</b>	<b>\$64,682</b>	<b>\$68,461</b>	<b>\$65,682</b>	<b>\$28,764</b>

Averages:  
Age: 45.4  
Service: 5.7  
Annual Pay: \$28,764



**Female Active Members as of June 30, 2023**  
**Tabulated by Attained Ages and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
Under 20	1,697							1,697
Avg Pay	\$11,996							\$11,996
20-24	6,183	52						6,235
Avg Pay	\$13,610	\$26,434						\$13,717
25-29	5,923	591	9					6,523
Avg Pay	\$17,598	\$30,234	\$40,740					\$18,775
30-34	6,314	1,417	198	15				7,944
Avg Pay	\$18,447	\$33,327	\$41,730	\$39,179				\$21,721
35-39	7,294	2,193	480	121	7			10,095
Avg Pay	\$18,520	\$31,903	\$41,909	\$49,501	\$47,653			\$22,931
40-44	7,503	3,348	907	429	185	26		12,398
Avg Pay	\$18,288	\$30,662	\$37,540	\$47,471	\$50,764	\$53,952		\$24,607
45-49	5,972	3,436	1,403	816	475	139	7	12,248
Avg Pay	\$18,279	\$30,209	\$35,143	\$42,001	\$51,738	\$52,671	\$66,153	\$26,853
50-54	4,987	3,364	2,107	1,662	1,250	441	85	13,896
Avg Pay	\$19,331	\$30,533	\$33,107	\$38,727	\$44,743	\$53,051	\$59,100	\$30,051
55-59	3,909	2,515	1,906	2,277	2,475	1,233	305	14,620
Avg Pay	\$18,652	\$31,121	\$33,399	\$35,167	\$39,786	\$44,391	\$52,758	\$31,752
60-64	2,941	1,775	1,318	1,914	2,939	2,097	698	13,682
Avg Pay	\$16,170	\$28,349	\$32,054	\$34,428	\$38,123	\$40,910	\$46,877	\$31,908
65-69	1,917	849	497	578	920	908	605	6,274
Avg Pay	\$11,981	\$25,025	\$29,735	\$35,309	\$38,448	\$40,720	\$42,213	\$28,257
70 & over	1,385	434	197	183	209	187	458	3,053
Avg Pay	\$10,179	\$17,507	\$24,093	\$27,268	\$32,724	\$38,637	\$39,835	\$20,878
<b>Totals</b>	<b>56,025</b>	<b>19,974</b>	<b>9,022</b>	<b>7,995</b>	<b>8,460</b>	<b>5,031</b>	<b>2,158</b>	<b>108,665</b>
<b>Avg Pay</b>	<b>\$17,146</b>	<b>\$30,191</b>	<b>\$34,060</b>	<b>\$37,142</b>	<b>\$40,538</b>	<b>\$43,101</b>	<b>\$45,450</b>	<b>\$26,004</b>

Averages:  
Age: 47.6  
Service: 8.0  
Annual Pay: \$26,004



**Active Members as of June 30, 2023**  
**Tabulated by Annual Pay**

Annual Pay	Number of Active Members			Portion of Total Number	
	Men	Women	Totals	Group	Cumulative
Less than \$1,000	1,619	2,851	4,470	2.8%	2.8%
\$1,000 - 1,999	2,282	2,955	5,237	3.3%	6.1%
2,000 - 2,999	2,930	3,119	6,049	3.8%	9.9%
3,000 - 3,999	3,224	2,965	6,189	3.9%	13.7%
4,000 - 4,999	2,622	2,422	5,044	3.2%	16.9%
5,000 - 5,999	2,034	2,232	4,266	2.7%	19.5%
6,000 - 6,999	1,587	2,264	3,851	2.4%	22.0%
7,000 - 7,999	1,278	2,248	3,526	2.2%	24.2%
8,000 - 8,999	1,095	2,175	3,270	2.0%	26.2%
9,000 - 9,999	916	2,106	3,022	1.9%	28.1%
10,000 - 11,999	1,531	4,208	5,739	3.6%	31.7%
12,000 - 13,999	1,304	4,591	5,895	3.7%	35.4%
14,000 - 15,999	1,323	4,988	6,311	3.9%	39.3%
16,000 - 17,999	1,316	5,372	6,688	4.2%	43.5%
18,000 - 19,999	1,319	5,707	7,026	4.4%	47.9%
20,000 - 24,999	3,269	14,689	17,958	11.2%	59.1%
25,000 - 29,999	2,702	11,400	14,102	8.8%	68.0%
30,000 - 35,999	2,787	9,399	12,186	7.6%	75.6%
36,000 - 39,999	1,974	4,718	6,692	4.2%	79.8%
40,000 - 49,999	4,925	8,410	13,335	8.3%	88.1%
50,000 - 59,999	3,480	4,589	8,069	5.0%	93.2%
60,000 and over	5,691	5,257	10,948	6.8%	100.0%
<b>Totals</b>	<b>51,208</b>	<b>108,665</b>	<b>159,873</b>		



## **SCHEDULE E**

### **GLOSSARY**

**Actuarial Accrued Liability.** The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability".

**Accrued Service.** The service credited under the plan which was rendered before the date of the actuarial valuation.

**Actuarial Assumptions.** Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

**Actuarial Cost Method.** A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

**Actuarial Equivalent.** A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.

**Actuarial Present Value.** The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

**Age-Related Morbidity.** Assumed increase to the net incurred claims related to increase in age.

**Amortization.** Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

**Experience Gain (Loss).** A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

**Health Care Cost Trend Rates.** The annual assumed rate of increase for both claims and contributions.

**Normal Cost.** The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost". Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

**Plan Termination Liability.** The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

**Reserve Account.** An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.



Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability".

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.