



Retirement Board Agenda
Thursday, December 19, 2024
8:30 a.m.

Click Link to Join Zoom Meeting:

<https://ohsers.zoom.us/j/99636375770?pwd=9XUo9Jr7Vkc7Rrhq3HuLQOn6UaUMSm.1>

Meeting ID: 996 3637 5770

Password: 12345

To join by phone, dial: (305) 224-1968 and enter the meeting ID: **996 3637 5770** and password: **12345** when prompted.

PLEDGE OF ALLEGIANCE

1. Roll Call
2. Board Vacancy Election (R)
3. Oath of Office

CONSENT AGENDA

4. Minutes of the **November 21, 2024** Retirement Board meeting
5. Summary of Investment Transactions – **October 1, 2024, to October 31, 2024**
6. Retirement Report
 - Superannuations, Survivor Benefits, and Transfers
 - Special Cases
7. Disability Report
 - Approval of Disability Benefits
 - Termination of Disability Benefits – Any Occupation

EXTERNAL AUDIT REPORT

8. External Audit Report

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

9. 2024 ACFR Highlights

INVESTMENT REPORT

10. Annual Portfolio Review – Opportunistic & Tactical
11. Monthly Investment Report

EXECUTIVE DIRECTOR'S REPORT

12. Executive Session Pursuant to R.C. 121.22 (G)(5) to Discuss a Matter Required to be Kept Confidential by Law (R)
 - Personal Appearance **10:30 a.m.**
13. Executive Session Pursuant to R.C. 121.22 (G)(2) to Discuss the Sale of Property (R)
14. OSERS Budget Modification (R)
15. Certification of Candidates – Employee Member Seats (R)
16. Certification of Candidate – Retiree Member Seat (R)
17. Five-Year Review and Filing of No Change Administrative Rules (R)
18. Five-Year Review and Filing of Proposed Amended Administrative Rule (R)
19. Filing of Proposed Rescinded Administrative Rule (R)
20. Filing of Proposed New Administrative Rule (R)
21. Filing of Proposed Amended Administrative Rules (R-4)
22. 2025 Qualified Excess Benefit Plan Budget (QEBA) (R)
23. Executive Director's Update
24. Review of Administrative Expenses

AUDIT COMMITTEE UPDATE

25. Audit Committee Report

COMPENSATION COMMITTEE UPDATE

26. Compensation Committee Report

RETIREMENT REPORT

27. 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

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

ADJOURNMENT (R)

FY2025 SERS Board Roll Call

Matthew King	<hr/>
Catherine Moss	<hr/>
Jeffrey DeLeone	<hr/>
James Haller	<hr/>
James Rossler	<hr/>
Aimee Russell	<hr/>
Frank Weglarz	<hr/>
Daniel Wilson	<hr/>

BOARD VACANCY ELECTION

It was moved by _____ and seconded by _____ that as stated at the November 2024 Board Meeting, Jeanine Alexander is elected to fill Barbra Phillips' vacant employee member Board seat. The term for this seat ends on June 30, 2025.

Upon roll call, the vote was as follows:

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

BOARD ELECTION FOR THE VACANT EMPLOYEE MEMBER SEAT

As Chairperson of the SERS Board, I open the floor to votes for the vacant employee member seat:

ROLL CALL:	YEA	NAY	ABSTAIN
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

As Chairperson of the SERS Board, I declare _____ elected to fill the employee member seat.

OATH OF OFFICE

OATH OF OFFICE OF JEANINE ALEXANDER
MEMBER OF THE RETIREMENT BOARD OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

STATE OF OHIO)
) ss:
COUNTY OF FRANKLIN)

I, JEANINE ALEXANDER, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed.

JEANINE ALEXANDER

SWORN TO and SUBSCRIBED before me this 19th day of December 2024.

Notary Public

ATTESTED BY:

Richard Stensrud, Executive Director

Matthew King, Chairperson

DECEMBER 2024 CONSENT AGENDA

1. Minutes of the
 - a. **November 21, 2024**, Retirement Board meeting
2. Summary of Investment Transactions – **October 1, 2024 to October 31, 2024**
3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Termination of Disability Benefits

APPROVAL OF CONSENT AGENDA

_____ moved and _____ seconded the motion to approve the Consent Agenda for **December 19, 2024**, which includes the following items:

1. Minutes of the
 - a. **November 21, 2024**, Retirement Board meeting
2. Summary of Investment Transactions – **October 1, 2024 to October 31, 2024**
3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Termination of Disability Benefits

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

SERS Retirement Board Meeting Minutes

November 21, 2024

The nine hundredth and seventy-third 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 21, 2024.

Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:30 a.m. with the Pledge of Allegiance.

Roll Call

The roll call was as follows: Matthew King, Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, and Daniel Wilson. Also attending was Lisa Reid, representative of the Ohio Attorney General's Office. Various members of the SERS staff attended in person while other SERS staff members and members of the public attended virtually.

Consent Agenda

The consent agenda for **November 21, 2024**, included:

- Minutes of the **October 17, 2024**, Retirement Board meetings
- Summary of Investment Transactions for the period of **September 1, 2024**, to **September 30, 2024**
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Termination of Disability Benefits, Approval of Appeal of Termination – Any Occupation

James Haller moved and Aimee Russell seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, November 21, 2024. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, and Matthew King. Abstain: Daniel Wilson. The motion carried.

Executive Director's Report

Pension and Health Care Annual Actuarial Valuations

Alisa Bennett and Todd Green of CavMac provided actuarial valuations for the SERS pension fund and healthcare fund. Mr. Green opened the report stating that the June 30, 2024 valuation reports that the funded ratio of the Basic Benefits increased to 78.99% from the 76.61% funded ratio reported in 2023 and the amortization period of the unfunded actuarial accrued liability decreased to 20 years. Mr. Green also reported that the current year investment earnings were above the assumed rate of return of 7.0%, and the actuarial value of assets continues to exceed the market value of assets due to the investment smoothing methodology.

Mr. Green continued, stating that one of the key purposes of the Pension Fund Valuation is to determine if the employer and member contribution rates remain sufficient to fund the pension plan. The member contribution rate is 10% and the employer contribution rate is 14%. CavMac has determined that the normal cost of the pension benefits requires a contribution rate of 10.75%. The normal cost is first addressed by the 10% member contribution and the remainder (0.75%) is provided by the employer contribution.

Mr. Green continued stating that CavMac has further determined that the contribution rate required to pay off the UAAL is 8.81%. The 13.25% remaining employer contribution is not only sufficient to address the required UAAL payment but also provides an additional 4.44% toward paying off the UAAL. For these reasons CavMac has concluded that the current contribution rates are reasonable and sufficient to fully fund the pension plan and to amortize the UAAL over the current 20-year amortization period.

Ms. Bennett provided an update on the Health Care Fund Valuation. Ms. Bennett stated that although health care is not funded on an actuarial basis, an annual valuation of the Health Care Fund is performed to fulfill the

SERS Retirement Board Meeting Minutes

November 21, 2024

requirements of GASB Statement 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and Statement 75 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Ms. Bennett continued, stating that the balance of the Health Care Fund as of June 30, 2024 is \$816,468,867, up from \$706,785,561 as of June 30, 2023. This represents a new high in the balance in the Health Care Fund. The funded ratio of the Health Care Fund as of June 30, 2024 is 61.59%, up from 46.14% as of June 30, 2023. The increase is attributed to investment earnings along with lower Medicare costs due to increased federal subsidies. The solvency period of the Health Care Fund as of June 30, 2024 is 45 years, up from 39 years as of June 30, 2023. This is the longest solvency period for the Health Care Fund to date.

Following several questions, the board thanked Mr. Green and Ms. Bennett for their presentation.

Allocation of Employer Contributions

Catherine Moss moved and James Rossler 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, 2024) at the November 2024 Board meeting, the Board accept the actuary's recommended allocation of the 14% employer contribution for fiscal year 2025 as follows: Pension Fund (9.13%), Death Benefit Fund (0.03%), Medicare B Fund (0.40%) and Health Care Fund (0.00%). The Board indicated that no allocation should be made to the Health Care Fund during the September 2024 Board meeting, preferring to enhance the funding levels for Basic Benefits. The remainder (4.44%) 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: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

Health Care Surcharge

Frank Weglarz moved and James Haller seconded the motion to accept the recommendation of SERS's actuary, CavMac, and establish \$33,000 as the minimum compensation amount for purposes of the fiscal year 2026 Health Care surcharge. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

Investment Report

Annual Portfolio Review – Fixed Income

SERS Investment staff Jason Naber provided an update on the Fixed Income portfolio. Mr. Naber reported that the portfolio has a value of \$2.6B as of September 30, 2024. Mr. Naber also reported that the portfolio continues to be underweight compared to strategic allocation of 18% by 4.7%. Mr. Naber also stated that interest rates remain higher than in past cycles and higher rates for longer periods of time could lead to an economic downturn or market stress.

Mr. Naber stated the objectives for FY2025 are to increase Fixed Income strategic allocation and increase portfolio duration. Mr. Naber added that long-term returns are expected to be close to the current portfolio yield of 4.8%. With no additional questions, the board thanked Mr. Naber for his report.

Wilshire Quarterly Performance Report – As of September 30, 2024

Joanna Bewick of Wilshire Associates provided a quarterly performance report as of September 30, 2024. Ms. Bewick reported that the U.S. stock market was up 6.2% for the third quarter and is up 20.6% for the year-to-date. Ms. Bewick also stated that during his press conference, Federal Reserve Chair Jerome Powell indicated that data released since their prior meeting – including weak employment numbers – may have played a part in the higher rate cut. Ms. Bewick also reported that a surge in Chinese stocks followed several announcements from China's central bank and government. Among those is the possible removal of significant restrictions on

SERS Retirement Board Meeting Minutes November 21, 2024

home purchases. Ms. Bewick reported that non-US equity markets dominated over US equity markets. China was up 23.6% for the quarter.

Following several questions, the board thanked Ms. Bewick for her presentation.

Executive Session

Catherine Moss moved and Frank Weglarz seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(3) to discuss imminent litigation. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

The board convened in executive session at 10:01 a.m.

The board reconvened in open session at 10:21 a.m.

Approval of Legal Action

It was moved by Catherine Moss and seconded by Frank Weglarz to authorize special counsel to the Ohio Attorney General's Office to commence litigation on behalf of the School Employees Retirement System of Ohio as discussed in the Executive Session of November 21, 2024, and to authorize the Executive Director to execute any documents necessary. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

The board took a break at 10:23 a.m.

The board returned from break at 10:36 a.m.

Investment Report (cont.)

Quarterly Investment Report – As of September 30, 2024

Chief Investment Officer, Farouki Majeed, provided an update on the investment fund status for the quarter ending September 30, 2024. Mr. Majeed opened his report stating that we can expect lots of change after the recent election. It's possible that tariffs will go up and deportation efforts could create friction in the market and with distribution.

Mr. Majeed continued his report, stating that the GDP number is expected to go up and the US dollar will remain strong. The US economy is growing due to expansion in the services sector, not growth in manufacturing.

Mr. Majeed finished his report stating that SERS overall performance remains steady but we are approaching the end of the smoothing period. Mr. Majeed and his investments staff will continue to closely monitor the market to look for ways to grow the SERS pension fund.

After several questions, the board thanked Mr. Majeed for his report.

Executive Director's Report (cont.)

Executive Session

Catherine Moss moved and Aimee Russell seconded the motion that the Retirement Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the appointment of a public official. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

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The board convened in executive session at 11:20 a.m.

The board reconvened in open session at 12:01 p.m.

Declaration of Election of Employee Seat

Matthew King, Chairman of the Board, declared Jeanine Alexander elected to fill the employee member seat for the term ending June 30, 2025.

Certification of Election Results by the Attorney General's Office

Lisa Reid, as election judge, monitored the election by the School Employees Retirement System Board held on November 21, 2024, to fill the vacancy in the employee member seat on the Board. I hereby certify that Jeanine Alexander was duly elected by the Board to fill the vacancy.

Lisa Reid
Attorney General's Office

Final Filing of Proposed Rescinded, New, and Amended Administrative Rules

Legal Counsel discussed with the Retirement Board the following proposed rules: rescinded rule 3309-1-02 Definition of compensation; new rule 3309-1-02 Definition of compensation; amended rule 3309-1-35 Health care; amended rule 3309-1-41 Appeals for denial and termination of disability benefits; and new rule 3309-1-51 Recovery of overpayments that have been reviewed by JCARR and are ready for adoption by the Board. Included in the discussion was the delayed effective date of July 1, 2025, for rescinded rule 3309-1-02 and new rule 3309-1-02.

Catherine Moss moved and Aimee Russell seconded that rescinded rule 3309-1-02 Definition of compensation, new rule 3309-1-02 Definition of compensation, amended rule 3309-1-35 Health care, amended rule 3309-1-41 Appeals for denial and termination of disability benefits, and new rule 3309-1-51 Recovery of overpayments, be adopted and filed in final form. Upon roll call, the vote was as follows: Yea: Catherine Moss, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. The motion carried.

Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided an update on SERS administrative expenses. Ms. Hall reported that the current FY2025 expenses are on budget and any variances are due to invoices and bills being paid and received in a different month that was budgeted. Ms. Hall reported there are no abnormalities to note. With no questions, the board thanked Ms. Hall for her report.

Review of First Quarter Budget to Actual Administrative Expenses for SERS and OSERS Broad Street, LLC

Ms. Hall reported that building expenses are on budget so far this fiscal year. Ms. Hall also reported that SERS staff continues to attract potential tenants and will provide the board with an update on occupancy at 300 E. Broad Street at the December board meeting. With no other questions, the board thanked Ms. Hall for her report.

Executive Director's Report (cont.)

Ohio Retirement Study Council

SERS Executive Director, Richard Stensrud, began his report stating the ORSC meeting scheduled for November 14, 2024, was cancelled. The next ORSC meeting will be scheduled, subject to the call of the chairman.

SERS Retirement Board Meeting Minutes

November 21, 2024

Ohio General Assembly

Mr. Stensrud continued his report, stating yesterday the House Pensions Committee had hearings on HB296. The contribution rate increase bill is moving through final approval and is on its way to the senate. The Bill is being amended to increase employee and employer contributions. Because there are a limited number of days available to vote in the lame duck session, it's likely that the Bill will move quickly or attach it to something else, allowing it to move quickly for final approval.

Mr. Stensrud continued, stating post-election sessions will be limited as the House has already cancelled its November sessions. However, SERS leadership is hopeful that possible action on remote meeting legislation (HB 257) will be taken in the lame duck session. This bill is in the senate and has potential to continue moving forward in some form or fashion.

Mr. Stensrud stated SERS staff will continue to watch for any other pension-related legislative activity during the lame duck session.

Federal Legislative Activity

Mr. Stensrud continued his report, stating that the WEP/GPO repeal vote was successful in the House. H.R. 82, the *Social Security Fairness Act of 2023*, passed the U.S. House of Representatives with a vote of 327 in favor and 75 against. H.R. 82 would completely repeal the Windfall Elimination Provision (WEP), and Government Pension Offset (GPO). All of the Ohio U.S. House delegation voted in favor of passage.

Mr. Stensrud stated that the bill overcame a procedural maneuver by the Freedom Caucus to table the bill on election night to keep it from getting a vote. The legislation now heads to the U.S. Senate for consideration. Ohio Senator Sherrod Brown is already the lead sponsor the Senate version (S. 597) of the same WEP/GPO repeal bill that just passed the House and Senator JD Vance is a cosponsor. 62 Senators (of 100) have cosponsored Senator Brown's bill. Passage of the bill would have a \$196B cost and would shorten SSI solvency.

Mr. Stensrud reported that it is historic moment since this is the first time in 40 years there has been a vote to repeal WEP and GPO since it was first passed. Mr. Stensrud advised the board that there is a grassroots letter writing campaign being started by SERS staff. As of today, 1429 messages have been sent with 348 each going to Senator Brown & Senator Vance. The letters are also being sent to other senators, including the House Majority & Minority leaders. SERS is continuing to monitor the legislation and will keep members informed if there are any additional developments.

Stakeholder Engagement

Mr. Stensrud continued his report, stating that an Employer Relations Panel was formed by SERS staff and met recently to discuss new pensionable income rules. Staff continues working hard to support employers as they look forward to implementing the new CBBC rule(s). SERS staff continue to take a high number of calls from employers and members about the new rules. SERS staff have held numerous retirement conferences, webinars, and trainings to help ease the transition. SERS staff are also traveling each month to employers across the state to educate everyone on the new rules. SERS staff is committed to a smooth transition as new compensation rules take effect.

Actuarial Valuation Highlights

Mr. Stensrud reported on some highlights from the actuarial valuation. Mr. Stensrud stated that there are 163,350 active members as of June 30, 2024, which was approximately 3,500 higher compared to June 30, 2023. Of that number, 26% (42,453) are vested and 74% (120,897) are not vested. Mr. Stensrud also stated that 74.0% of current active members have less than 10 years of service. 57.4% have less than 5 years of service. The percentage of active members declines as service increases and drops to 5.8% when you get to 25 or more years of service. This shows that while many people are in SERS for a few years, the active members who stay and ultimately draw a benefit are longer career employees.

SERS Retirement Board Meeting Minutes November 21, 2024

Mr. Stensrud continued, stating that 27.7% of current active members make less than \$10,000 annually. 46.4% of current active members make less than \$20,000 annually. 78.4% make less than \$40,000 annually. 21.6% make more than \$40,000 annually. Also, 68% of active members are female and 32% are male. Mr. Stensrud assured the board and members of the public that retirees are not getting rich from working in Ohio schools. In fact, Mr. Stensrud stated, 47.5% of current service retirees receive an annual benefit of \$12,000 or less. 65.5% of current service retirees receive an annual benefit of \$18,000 or less. 77% receive an annual benefit of \$24,000 or less. Mr. Stensrud shared a few more statistics before moving on with his presentation. Mr. Stensrud also stated that SERS continues to be in a strong position without the need for increase employer or employee contributions.

Annual Board Workshop (Formerly Known as the Annual Board Retreat)

Mr. Stensrud continued his report, stating that the Annual Board Retreat is being rebranded as an Annual Board Workshop. This year, SERS hopes to have Dr. Basu, one of the previous presenters, join us again for a presentation on his economic outlook. The Board Workshop will take place on Wednesday, February 19, 2025, instead of the usual Friday morning session. This change was based on Dr. Basu's availability. We look forward to an informative and educational session with Dr. Basu, SERS actuaries CavMac, and the other presenters.

Upcoming CBIZ Presentation

Mr. Stensrud continued his report, stating that CBIZ will provide a presentation on Compensation. They will meet with the Compensation Committee in December then provide a report to the full board.

Future Meeting Dates

Mr. Stensrud reviewed the meeting calendar with the board, mentioning that the federal Juneteenth holiday falls on the same day as the June board meeting. SERS offices will be closed Thursday, June 19, 2025.

With the board's approval, June's board meeting date will be changed. Mr. Stensrud stated the June Audit committee meeting will take place on Tuesday, June 17, 2025, at 2:30 p.m. The June board meeting, the Compensation Committee, and the Technology Committee meetings will take place on Wednesday, June 18, 2025.

Conference Updates

Board members James Rossler and Aimee Russell provided the board with updates on the conferences they each attended. Mr. Rossler and Ms. Russell both reported that the conferences they attended were informative, the work was challenging, and they both expressed appreciation for the ability to attend educational conferences each year. Mr. Stensrud thanked both board members for their updates.

Retirement Report

There was no executive session for the retirement report.

Board Communication and Policy Issues

Board Information Request & Follow Up Items

There were no requests for additional information.

SERS Retirement Board Meeting Minutes November 21, 2024

Calendar Dates for Future Board Meetings

The board reviewed the meeting dates for 2025.

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2025 **

AUDIT COMMITTEE MEETINGS

March 19, 2025 – 2:30 p.m. (Weds.)
June 17, 2025 – 2:30 p.m. (Tues.) **** Moved due to Juneteenth Holiday ****
September 17, 2025 - 2:30 p.m. (Weds.)
December 17, 2025 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 20, 2025 – 7:30 a.m. (Thurs.)
June 18, 2025 – 7:30 a.m. (Weds.) **** Moved due to Juneteenth Holiday ****
July 17, 2025 – 7:30 a.m. (Thurs.) **** Special Meeting ****
September 18, 2025 – 7:30 a.m. (Thurs.)
December 18, 2025 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 20, 2025 – 12:30 p.m. (Thurs.)
June 18, 2025 – 12:30 p.m. (Weds.) **** Moved due to Juneteenth Holiday ****
September 19, 2025 – 12:30 p.m. (Thurs.)
December 19, 2025 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

February 20 – 21, 2025 – 8:30 a.m. (Weds. and Thurs.) **** Annual Board Workshop Updated ****
March 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
April 17 – 18, 2025 - 8:30 a.m. (Thurs. and Fri.)
May 15 – 16, 2025 – 8:30 a.m. (Thurs. and Fri.)
June 18, 2025 – 8:30 a.m. (Weds.) **** Moved due to Juneteenth Holiday ****
July 17 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)
September 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
October 16 – 17, 2025 – 8:30 a.m. (Thurs. and Fri.)
November 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
December 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)

**** Please note that these dates and times are tentative.**

SERS Retirement Board Meeting Minutes November 21, 2024

Adjournment

Board Chair, Matthew King, moved to adjourn to meet on Thursday, December 19, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:43 p.m.

Matthew King, Board Chair

Richard Stensrud, Secretary

DRAFT

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, 2024, through October 31, 2024. 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	\$285.3
Fixed Income	227.3
Private Equity Capital Calls	40.8
Real Estate Capital Calls	0.1
Infrastructure Capital Calls	3.3
Opportunistic & Tactical	5.5
Global Private Credit	0.3
Cash Equivalents	521.4

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$439.2	65.8
Fixed Income	208.6	(0.9)
Private Equity Distributions	27.1	n/a
Real Estate Distributions	14.7	n/a
Infrastructure Distributions	1.3	n/a
Opportunistic & Tactical	n/a	n/a
Global Private Credit	1.6	n/a
Cash Equivalents	354.9	0.2



2024 SERS ACFR Highlights

December 19, 2024





Reports Issued

Comprehensive



Summary





What is an ACFR

- Annual Comprehensive Financial Report (ACFR)
- Meets standards of Government Accounting Standard's Board (GASB)
- Audited
- Contains 5 sections
 - Introductory
 - Financial (audited)
 - Investment
 - Actuarial
 - Statistical
- Award winning!
 - 39 years in a row through 6/30/2024

Introduction Section



- Transmittal letter includes (pages 6-10):
 - High level accomplishments:
 - Wrapped up the FY2020-2024 Strategic Plan and constructed the FY2025-2029 Strategic Plan.
 - Implemented Contribution Based Benefit Cap
 - Approved changes to the definition of compensation
 - Technology upgrades
 - Implemented Agile project management
 - Investment holdings and returns
 - Funding
 - Awards
 - GFOA
 - ACFR (39 years)
 - SAFR (11 years)
 - Public Pension Coordinating Council

- A summary of enacted or pending legislation (page 11)
 - State – 135th General Assembly
 - Federal – 118th Congress
 - Regulatory

Financial Section



Category	Description
Opinion letter (pages 14-16)	<ul style="list-style-type: none">• Clean unqualified opinion
Management's Discussion and Analysis (pages 17-23)	<ul style="list-style-type: none">• High level overview of SERS financial performance• Tells the story
Statements (pages 24-25)	<ul style="list-style-type: none">• Pension Fiduciary Net Position increased \$1.113 billion• Health Care Fiduciary Net Position increased \$109.7 million• Total Fiduciary Net Position increased from \$18.3 billion (6/30/23) to \$19.5 billion (6/30/2024)
Footnotes (pages 26-45)	<ul style="list-style-type: none">• Provides additional information to better understand the statement numbers• No new notes in 2024• GASB 101 – Compensated Absences – Effective FY25

Financial Section, cont.



Category	Description
Footnote 8 – Net Pension Liability (page 37)	<ul style="list-style-type: none">• GASB 67 required disclosure of SERS' net pension liability• Fluctuates based on investment returns, expected versus actual experience, and change in assumptions<ul style="list-style-type: none">• 6/30/2024 - \$5.1 billion• 6/30/2023 - \$5.5 billion• 6/30/2022 - \$5.4 billion• 6/30/2021 - \$3.7 billion• 6/30/2020 - \$6.6 billion
Footnote 9 – Pension and OPEB Plans for Employees of SERS (page 39)	<ul style="list-style-type: none">• GASB 68/75 requirements• Represents SERS participation in OPERS<ul style="list-style-type: none">• Details included in Required Supplementary Information (pages 58-61)

Financial Section, cont.



Category	Description
Footnote 16 - Net OPEB Liability (page 41)	<ul style="list-style-type: none">• GASB 74 required disclosure of SERS' net OPEB liability• Net OPEB liability fluctuates based on investment returns, expected versus actual experience, and change in assumptions<ul style="list-style-type: none">• 6/30/2024 - \$1.0 billion• 6/30/2023 - \$1.6 billion• 6/30/2022 - \$1.4 billion• 6/30/2021 - \$1.9 billion• 6/30/2020 - \$2.2 billion
Footnote 17 – Recently issued accounting pronouncements (page 44)	<ul style="list-style-type: none">• GASB 100 – Accounting changes and error corrections; effective 6/30/2024• GASB 101 – Compensated absences; effective 6/30/2025• GASB 102 – Certain Risk Disclosures; effective 6/30/2025

Required Supplemental Schedules



- Required GASB schedules and notes (pages 46-61)
 - 10 years when available
- GASB 67 – Pension (pages 46-50)
 - Changes in SERS' Net Pension Liability
 - SERS' Net Pension Liability
 - SERS' Employer Contributions
 - SERS' Investment Returns
- GASB 74 – OPEB (pages 52-56)
 - Changes in SERS' Net OPEB Liability
 - SERS' Net OPEB Liability
 - SERS' Employer Contributions
 - SERS' Investment Returns
- GASB 68 – SERS' participation in OPERS' Pension (pages 58-59)
- GASB 75 – SERS' participation in OPERS' OPEB (page 60-61)

Other Supplementary Information



- Schedule of Administrative Expenses
 - General versus investment related
- Schedule of Investment Expenses
 - Management fees
 - Custody
 - Master recordkeeper
 - Consulting, performance and analytics
 - Investment department operations
- Payments to Consultants

Investment Section

- Information focused on investment strategy including (pages 66-86):
 - Asset allocation targets
 - Asset class descriptions
 - Performance
 - Largest holdings
 - List of consultants and managers
 - Broker commissions
 - Policy

<u>Total Fund Results (Net of Fees)</u>	June 30,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
SERS	9.7	7.4	(0.5)
Policy Benchmark	8.8	7.1	(3.6)

Actuarial Section



- 6/30/2024 Actuarial Valuation information as presented at the November 2024 board meeting (pages 88-107):
 - Letter from actuary
 - Pension and health care information:
 - Summary of assumptions
 - Actuarial Accrued Liabilities
 - Funding progress
 - Financial experience
 - Solvency test
 - Retirees added to and removed from the rolls

Pension Funding Progress (\$ in millions)			
Year	Unfunded AAL	Funded Ratio	Amortization Period
2024	\$ 4,914	79.0%	20
2023	5,272	76.7%	21
2022	5,330	75.7%	22
2021	5,316	74.8%	23
2020	5,790	71.9%	24

Health Care Funding Progress (\$ in millions)			
Year	Unfunded AAL	Funded Ratio	Solvency Period
2024	\$ 509	61.6%	45
2023	825	46.1%	39
2022	736	45.4%	38
2021	689	46.6%	37
2020	1,314	26.9%	34

- Historical ten-year information (pages 110-122)
 - Financial
 - Fiduciary Net Position by Fund
 - Changes in Fiduciary Net Position
 - Benefit and Refund Deductions by Type
 - Employee and Employer Contribution Rates
 - Demographic and Benefit payments
 - Active and Benefit Recipient Counts
 - Retired Members by Type
 - Health Care Participant Counts
 - Principal Participating Employers
 - Average Benefit Payments for New Retirees



2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2024



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



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended June 30, 2024

Prepared by SERS Finance Department
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 stakeholders so that our membership will understand and achieve security in retirement

Values

- Focus on Service
- Be Accountable
- Support Collaboration
- Respect Differences and Practice Inclusion
- Remain Resourceful and Embrace Change

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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“ **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.** ”

– Richard Stensrud, *Executive Director*



163,350
Members



82,490
Retirees & Beneficiaries



39,192
Total Covered Lives (Health)



1,075
Contracted Employers

For every dollar in employer contributions invested in SERS’ retirement benefits last year, \$2.40 was returned to local economies.





Frank A. Weglarz
Chair, Retiree-Member
Term Expires 6/30/2025



Matthew King
Vice-Chair, Employee-Member
Term Expires 6/30/2028



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



James H. Haller
Employee-Member
Term Expires 6/30/2025



Catherine P. Moss
Retiree-Member
Term Expires 6/30/2028



Barbra M. Phillips *
Employee-Member
Term Expires 6/30/2025



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



Aimee Russell
Employee-Member
Term Expires 6/30/2027



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

* Barbra Phillips resigned in July 2024. The seat remains vacant.



Richard Stensrud
Executive Director



Karen Roggenkamp
Deputy Executive Director



Joseph Bell *
Chief Risk Officer



Jeff Davis
Chief Audit Officer



Marni Hall
Chief Financial Officer



Farouki Majeed
Chief Investment Officer



Joseph Marotta
General Counsel



John Grumney
Director - Member
Services



Mike McManaway
Assistant Director -
Building Services



Michelle Miller
Director - Administrative
Services



Jay Patel
Chief Technology
Officer

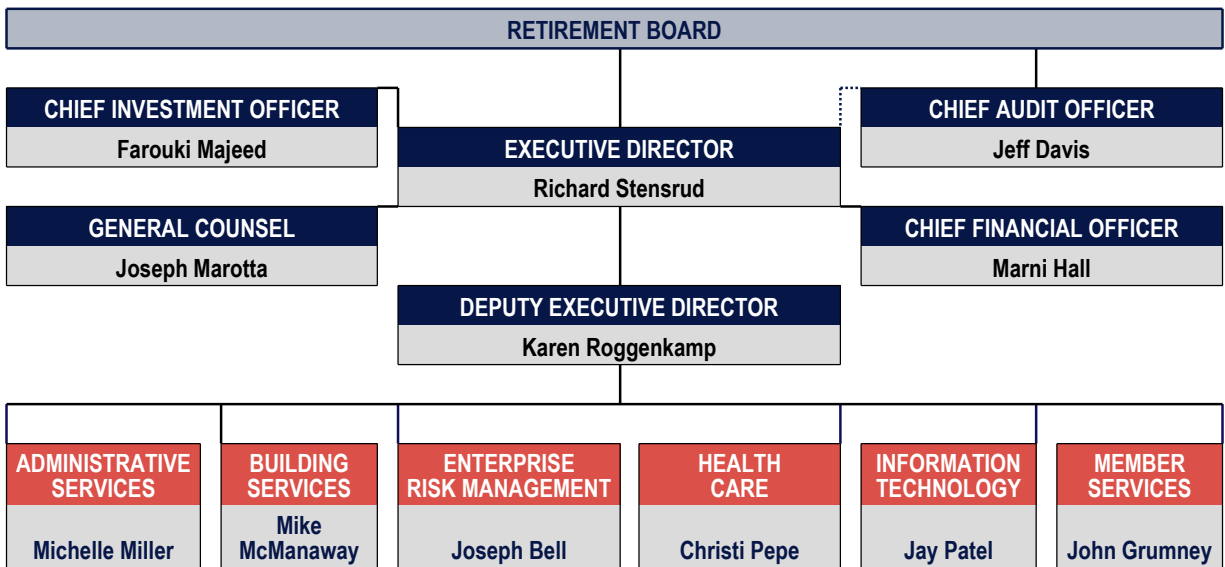


Christi Pepe **
Director - Health Care
Services

* Joseph Bell retired as Chief Risk Officer in March 2024. Colette Barricks became Chief Risk Officer in September 2024.

** Christi Pepe became Assistant Director - Health Care Services in July 2024. Michael Steiner became Director - Health Care Services in July 2024.

Organizational Chart and Advisors to the Retirement Board



Advisors to the Retirement Board

Investment Consultant

Wilshire Associates, Inc.
Santa Monica, California

Actuary

CavMac
Kennesaw, Georgia

Medical Advisor

Dr. Glen Borchers
Columbus, Ohio

Independent Auditor

(under contract with the Auditor of State)

Plante & Moran, PLLC
Toledo, Ohio

Investment Consultants and Investment Managers and Brokers' Fees - see pages [75](#) - [76](#)



Government Finance Officers Association

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Reporting

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School Employees Retirement System of Ohio

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell

Executive Director/CEO



Public Pension Coordinating Council

**Public Pension Standards Award
For Funding and Administration
2024**

Presented to

School Employees Retirement System of Ohio

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

RICHARD STENSrud
Executive Director

KAREN ROGGENKAMP
Deputy Executive Director

December 10, 2024

Dear SERS Members and Members of the Retirement Board:

On behalf of all management and staff, we are pleased to submit the *Annual Comprehensive Financial Report* of School Employees Retirement System of Ohio (SERS) for the fiscal year ended June 30, 2024. 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

Our most important role during the year is advocating for you – SERS' active and retired members. We do this in a number of ways: individual meetings with legislators, attending legislative meetings such as the monthly Ohio Retirement Study Council meetings, and in the interactions we have with media and representatives from other organizations. We understand that the work you do every day is invaluable to the successful operation of schools across the state and we want everyone else to know that too. We deliver the message that SERS is transparent, accountable, engaged, and most of all sustainable.

Over the last 10 years our investment returns are in the top 2% of all pension systems in the Wilshire pension fund universe, and over the last four years we have realized the highest returns with the lowest risk of all the plans. This year, our private equity returns were recognized by the American Investment Council as having the 7th best returns over the last 10 years compared to all other public pension plans. SERS is financially sound and we continue to make positive progress on our funding while delivering the benefits we promise.

Finally, the Board unanimously voted to approve a 2.5% cost-of-living adjustment (COLA) increase for eligible benefit recipients in 2024 at a cost of approximately \$3.7 million. This was greater than the CPI of 2.3%. For those who retired more than four years ago, the COLA took effect on the benefit anniversary of the recipient's effective date of retirement. The Board approved another 2.5% COLA increase for 2025.

Wrap-up of FY2020-2024 Strategic Plan On June 30, 2024, SERS concluded its five-year Strategic Plan that was implemented on July 1, 2019.

The plan had six major goals: pension fund sustainability; health care sustainability; service delivery; operations; culture; and communications and stakeholder engagement. While significant accomplishments were attained in each of these areas, the sustainability and service delivery goals impacted SERS' membership the most.

To address pension fund sustainability, SERS' Board scheduled dedicated time at every Board meeting from 2019 through 2021 to discuss topics such as alternate benefit formulas, risks to the fund, retirement age/eligibility, final average salary (FAS), vesting, disability program review, 120-day school year, and benefit inflation or pension spiking. Staff prepared relevant data on all of these topics to aid discussion and made all of that data available to members via the website. Significant decisions included keeping a 3-year FAS, implementing a contribution-based benefit cap (CBBC) on August 1, 2024, to address pension spiking, and lowering the assumed rate of investment return to 7.0%.

Significant health care sustainability decisions included requiring non-Medicare retirees to obtain Medicare if eligible, terminating Medicare Advantage Plan coverage for those who did not secure Medicare B coverage, and equalizing subsidies for non-Medicare disability and service retirees. These actions generated savings for SERS and pushed the solvency of the Health Care Fund to an all-time high of 45 years.

The Board also committed to discussing pension and health care sustainability on an annual basis, or as needed.

The goal of improving service delivery was challenged in March of 2020 when the state closed down businesses due to COVID. SERS' staff began working from home and the Information Technology Department quickly implemented a Remote Desktop Application that allowed staff to access their files and SERS data and purchased Voice over Internet Protocol (VOIP) licenses that enabled member phone calls to be answered remotely. Virtual counseling options were introduced to members via Zoom, Teams, and teleconferencing, retirement conferences were held online, and Board meetings began to be streamed via Zoom. While in-person conferences and counseling sessions have returned, virtual options remain popular for members who live far from Columbus.

The FY2025-2029 Strategic Plan was also constructed during the fiscal year with input from the Board, all levels of staff, and advocacy group representatives. It is a continuation of the previous plan with focus on sustainability, service delivery and operations, technology, education and engagement, talent and culture, and risk. Progress on these goals will be reported in future annual reports.

Board Approves Changes to the Definition of Compensation As part of the Board's sustainability discussions, the topic of pensionable compensation was identified as something that should be reviewed.

Accurately defining what types of compensation should be counted toward a member's pensionable contributions is of vital importance to members, employers, and SERS. Compensation has evolved beyond just a salary and now includes many types of one-time payments.

During the fiscal year, the Board held discussions at several meetings including one to receive input from advocacy group members.

Board members discussed SERS' statutory and administrative rule definitions of compensation and chose to make administrative rule changes that recognize contemporary pay practices and more closely align SERS' definition of pensionable compensation with the definition used by the State Teachers Retirement System (STRS). Because SERS and STRS have the same group of employers (schools), it makes sense to have similar compensation definitions.

The updated administrative rule is expected to go into effect at the beginning of next fiscal year.

Technology Upgrades to Improve Business Functions As part of SERS' five-year Technology Roadmap, the IT staff implemented several technology upgrades that directly impacted membership.

Equipment and software upgrades were made to SERS' Board room and O'Keefe Conference Center to improve the remote meeting experience for attendees. SERS began livestreaming monthly Board meetings during the pandemic to limit the number of in-person attendees. It also provided an opportunity for members and retirees across the state to observe how the System conducts business from the comfort of their home. SERS decided to continue to livestream meetings as a way to increase transparency in the management of the System.

The initial pairing of Zoom and existing Board room technology was not viewer friendly, but the addition of better-quality cameras, microphones, and room controls greatly improved the meeting presentation capabilities and quality.

Similar upgrades were made to the O'Keefe Conference Center. SERS uses that room when a large number of presenters are on-site. Several of the Board's sustainability sessions were held there and a number of advocacy group meetings are streamed live from that room every year.

SERS also upgraded its phone system from analog technology to Zoom digital technology. The old phone system at SERS had been in place since the building opened in 2001 and was costly to maintain.

The new Zoom system provides several enhancements:

- Callers now have the option for a callback if wait times are too long
- SERS' staff now answer phone calls through their computers from anywhere Wi-Fi capability is available. This also eliminated the antiquated handset equipment.
- Voicemails are automatically transcribed without the need for playback
- Statistics on phone usage are easily compiled for monitoring purposes
- Calls can be switched to video if both parties have video capability

Another improvement that positively impacted members was a security upgrade to the Account Login web portal. This upgrade implemented dual authentication technology to help keep member data safe. It also eliminated outdated password security features that sometimes caused users to have to reset their accounts.

Process Improvements In FY2024, SERS' staff began implementing the agile project management approach for large projects. The agile methodology is an approach that breaks up projects and procedures into phases or smaller pieces. Instead of working on the whole project at once, agile teams divide their work into segments. While each segment can be worked on independent of the other segments, it does allow for critical areas to be tested and perfected before other phases begin.

Although this management approach has only been in place for a year, SERS has observed improvement in cross-department collaboration and completed projects faster with fewer obstacles.

The Information Governance staff also completed the long-term project of digitizing all of SERS' paper records. Member files and other historical business records dating from SERS' beginning in 1937 to the time computers were implemented, are now available digitally. The paper files were kept in a storage room at SERS' headquarters building and at a fireproof storage facility in Columbus. Now that all of those files have been successfully scanned and imaged, the paper files will be shredded and disposed of securely.

Member Outreach By the end of the fiscal year, SERS' staff had everything in place to begin the implementation of the Contribution-Based Benefit Cap (CBBC) on August 1, 2024. The CBBC is a tool SERS will use to identify and prevent pension spiking or benefit inflation.

Staff contacted 17 potentially affected members who could retire before the CBBC was enacted and approximately 1,800 inactive members with significant service time to make sure they knew about the CBBC and its potential impact on them.

Staff also updated the *CBBC Explained* web page to assist members in understanding the CBBC, and added CBBC notes to Annual Statements before they were mailed in July.

A new educational opportunity for companies that contract services to schools was unveiled by SERS' Employer Services Staff in FY2024. Called the Contractor Mini-Series, the two-day webinar covered topics such as roles and responsibilities of contractors, membership in SERS, contracted services that must contribute to SERS, membership determinations, enrollment, an eSERS overview, and an in-depth eSERS demonstration.

eSERS is the membership portal that all employers use to enroll members and remit contributions.

Risk Management Update SERS continued to expand awareness and utilize our risk management programs to identify and manage risks. SERS' Risk Management department oversees information security, investment compliance, and vendor management.

In FY2024, their focus was on email security, improved monitoring of third-party vendors to keep data safe, continued staff training in the form of monthly awareness training videos, tabletops, and business continuity/disaster recovery exercises, and the safe implementation of Artificial Intelligence (AI) into SERS' operations. The risk team worked with our Communications department to educate retirees on identity theft prevention and works with both Health Care and Member Services to update best practices around protecting member data.

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 was \$19.1 billion. The time weighted investment return was 9.7% (net), for the fiscal year exceeding the policy benchmark by 0.9%. The actuarial rate of return was 7.00%. Net investment income was \$1.7 billion compared to net investment income of \$1.2 billion in FY2023. 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.

SERS' investment staff, with support from Wilshire Associates, Inc., the Board investment consultant, continually monitor the asset allocation and recommends to the Board asset allocation changes as needed. Various changes were made to the allocation schedule for FY2024. Global equity reallocated 5% to private equity and real assets to improve cash flow. Later in the year, real assets were separated between real estate and infrastructure for better performance evaluation. The FY2024 allocation is 40% for global equities 18% for global fixed income, 14% for global private equity, 13% for global real estate, 7% for global infrastructure, 5% for global private credit, and 3% for cash equivalents.

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 FY2024, the funded ratios for the three benefits mandated by statutes (basic benefits) increased, as designed by the funding policy. The funding level for basic benefits increased from 76.6% over a 21-year period to 79.0% over a 20-year period. The funding level for discretionary health care benefits increased from 46.1% to 61.6% over a 30-year period. The Health Care Fund is projected to remain solvent through 2069, a 45-year solvency period as of June 30, 2024. 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, 2023. This was the 39th 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, 2023. SERS first issued the SAFR for fiscal year ended June 30, 2013 and has received this award for 11 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 2024. 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

Letter of Transmittal

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

Marni Hall, CPA
Chief Financial Officer

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 135th General Assembly:

H.C.R. 6: URGE CONGRESS - REPEAL THE WINDFALL ELIMINATION PROVISION (12/6/2023, Adopted by Ohio House of Representatives 85-0. Adopted by Ohio Senate 30-0.) To urge Congress to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). SERS provided written testimony to both the House of Representatives and Senate in support of H.C.R. 6.

S.B. 6 ESG POLICIES - STATE ENTITIES (5/10/2023 Passed Ohio Senate 26-7, 6/18/2024 House Financial Institutions Committee, Second Hearing) Regarding environmental, social, and corporate governance (ESG) policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education. SERS provided written interested party testimony to the Senate Finance committee.

H.B. 257 VIRTUAL MEETINGS FOR PUBLIC BODIES (11/14/2023 Passed Ohio House of Representatives 74-3. 6/26/2024 Senate Government Oversight, Second Hearing) To authorize certain public bodies to meet virtually. Would allow SERS trustees to participate remotely in board meetings with certain restrictions. SERS provided in-person testimony to the Senate Government Oversight committee in support of H.B. 257.

H.B. 491 STATE, LOCAL GOVERNMENT EXPENDITURE DATABASE REQUIREMENTS (6/11/2024 House State and Local Government Committee, Second Hearing) To require a political subdivision or state retirement system to provide information on expenditures to the Treasurer of State for inclusion in the Ohio State and Local Government Expenditure Database.

Federal Legislation

From the 118th Congress:

H.R. 82 SOCIAL SECURITY FAIRNESS ACT OF 2023 (1/9/2023 Referred to the House Committee on Ways and Means) This bill would repeal the GPO and WEP. Companion bill to S. 597.

H.R. 4260 PUBLIC SERVANTS PROTECTION AND FAIRNESS ACT OF 2023 (6/21/2023 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 WEP.

H.R. 4583 SOCIAL SECURITY 2100 ACT (7/12/2023 Referred to the House Committees on Ways and Means, on Education and the Workforce, and on Energy and Commerce) This bill modifies the Social Security system, particularly with respect to benefit calculations, fund administration, and beneficiary resources. This bill improves the cost of living adjustment, minimum benefits, and benefits for widows and widowers. This bill would repeal the WEP and GPO. This legislation would apply the payroll tax to wages above \$400,000.

H.R. 5342 EQUAL TREATMENT OF PUBLIC SERVANTS ACT OF 2023 (9/5/2023 Referred to the House Committee on Ways and Means) This bill amends title II of the Social Security Act to replace the Windfall Elimination Provision with a formula equalizing benefits for certain individuals with noncovered employment, and for other purposes.

H.R. 7780 SAFEGUARDING INVESTMENT OPTIONS FOR RETIREMENT ACT (3/21/2024 Referred to the House Committee on Ways and Means) This bill amends the Internal Revenue Code of 1986 to prohibit certain retirement plans from making investment decisions on the basis of factors other than financial risk and return.

Regulatory Activity

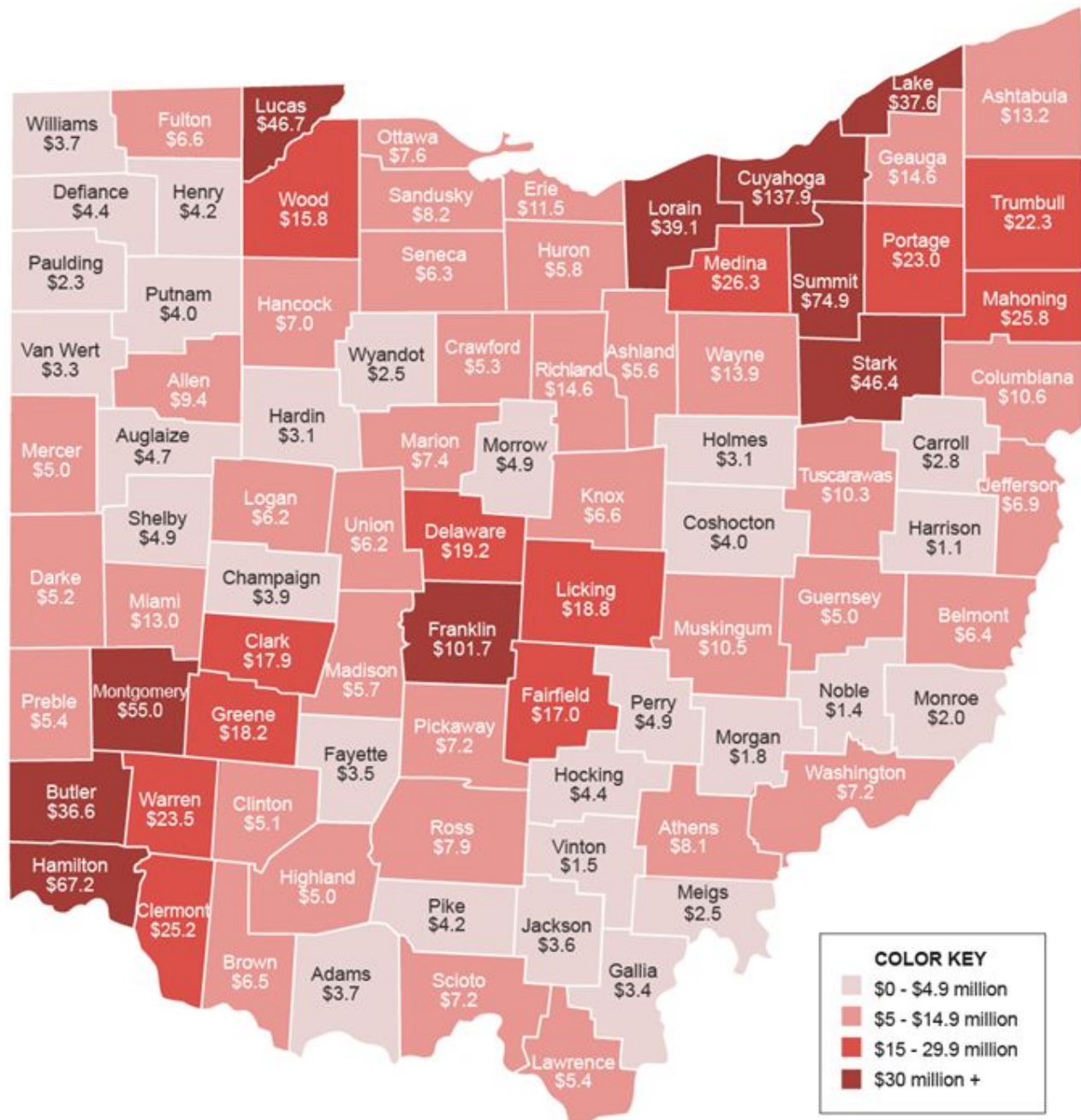
SERS submitted a comment letter to the Centers for Medicare and Medicaid Services (CMS) on September 20, 2023, responding to the draft guidance for the new Medicare Prescription Payment Plan. For SERS, the Prescription Payment Plan raised several concerns and questions as an Employer Group Waiver Plan (EGWP) sponsor and public pension system. We requested that CMS offer an exclusion for EGWPs, or an exclusion for plans with no deductible and/or specifically low per-prescription cost-sharing based on the historic and current protective plan design compared to the standard Part D benefit.

Economic Impact

Pension Benefits by County FY2024 (\$ in millions)

Public pensions positively impact Ohio's economy. Of the 82,490 individuals receiving pension benefits from SERS, nearly 91% live in Ohio.

In FY2024 alone, benefit payments of approximately \$1.29 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, \$2.40 was returned to local economies.



FINANCIAL SECTION

SECTION 2 • FINANCIAL SECTION

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\$19.52 BILLION

Net Position

\$1.39 BILLION

Annual Pension
Benefit Payments

↑ 9.7%

Net Rate of Return



78.99%

Funded as of June 30, 2024
(Basic Pension Benefits)



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Independent Auditor's Report

To the Retirement Board
School Employees Retirement System of Ohio

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of School Employees Retirement System of Ohio (SERS) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise SERS' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SERS as of June 30, 2024 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of SERS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SERS' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



To the Retirement Board
School Employees Retirement System of Ohio

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SERS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SERS' basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory, investment, actuarial, statistical, and plan summary sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Independent Auditor's Report

To the Retirement Board
School Employees Retirement System of Ohio

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 on our consideration of SERS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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' 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' internal control over financial reporting and compliance.

Plante & Morse, PLLC

December 9, 2024

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, 2024. This information is based on SERS' financial statements, which begin on page 24. We encourage readers to consider the information presented here in conjunction with the information in our Letter of Transmittal, which begins on page 6 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, 2024, were \$19.7 billion, an increase of \$1.2 billion, or 6.5%, compared to FY2023 assets. Cash is 43.0% lower than FY2023. Short-term cash equivalents were repositioned from Cash to Investments in the Statement of Fiduciary Net Position. Investments increased by \$1.7 billion, or 9.6%, after the FY2024 9.7% net investment return. Prepaid & Other Assets decreased by \$98.9 million in FY2024 because July 1, 2024, did not fall on a weekend and benefit payments were not prepaid as in July 2023.
- Deferred outflows from SERS' participation in OPERS decreased from FY2023 to FY2024. Deferred outflows from pensions decreased \$0.7 million and deferred outflows from other postemployment benefits (OPEB) increased \$0.2 million. The deferred outflows from pension decrease resulted from OPERS' investments experiencing a gain in FY2023 compared to loss in FY2022.
- SERS' total liabilities at June 30, 2024, were \$138.0 million, a decrease of \$59.5 million, or 30.1%, compared to FY2023 liabilities. The change is attributed to a decrease in investments payable, which fluctuate due to the timing of investment purchases.
- Deferred inflows increased from FY2023 to FY2024 from SERS' participation in OPERS. Deferred inflows from pensions increased by \$2.6 million and deferred inflows from OPEB increased by \$1.6 million. Deferred inflows from GASB Statement No. 87, Leases, or tenant leases, decreased by \$0.2 million. The increase in deferred inflows is due to the difference between the OPERS projected 6.9% investment rate of return and OPERS' actual FY2023 investment gain. This difference transitioned the GASB 68 investment earnings deferrals to a net deferred inflow.
- Total additions to plan net position were \$2.9 billion, comprised of contributions of \$1.1 billion, \$0.1 billion of other income, and net investment income of \$1.7 billion. Net investment income increased \$0.6 billion in FY2024 due to market performance. Investments experienced a 9.7% time weighted net return in FY2024 as compared to a 7.4% net gain in FY2023.
- Total deductions from plan net position for FY2024 totaled \$1.7 billion, including benefits payments of \$1.5 billion and administrative expenses of \$33.4 million, an increase of 1.9% from FY2023 deductions. Included in administrative expenses are personnel, professional, communication, computer support, facility expenses, and depreciation.
- The net increase in plan net position was \$1.3 billion compared to a net increase of \$0.7 billion in FY2023. The majority of the variance is due to investment earnings in FY2024.

CONDENSED SUMMARY OF TOTAL FIDUCIARY NET POSITION (\$ in millions)				
ASSETS	2024	2023	Change	
			Amount	Percent
Cash	\$441.3	\$774.7	(\$333.4)	(43.0%)
Receivables	172.9	196.3	(23.4)	(11.9)
Investments	18,989.4	17,329.9	1,659.5	9.6
Capital Assets, Net	48.2	51.6	(3.4)	(6.6)
Prepaid & Other Assets	2.2	101.1	(98.9)	(97.8)
Total Assets	19,654.0	18,453.6	1,200.4	6.5
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	11.0	11.6	(0.6)	(5.2)
LIABILITIES				
Benefits & Accounts Payable	41.9	40.8	1.1	2.7
Other Liabilities	96.1	156.7	(60.6)	(38.7)
Total Liabilities	138.0	197.5	(59.5)	(30.1)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	5.9	2.0	3.9	195.0
Fiduciary Net Position	\$19,521.1	\$18,265.7	\$1,255.4	6.9%
CONDENSED SUMMARY OF CHANGES IN TOTAL FIDUCIARY NET POSITION (\$ in millions)				
ADDITIONS	2024	2023	Change	
			Amount	Percent
Contributions	\$1,070.2	\$1,013.4	\$56.8	5.6%
Other Income	115.6	134.3	(18.7)	(13.9)
Net Investment Income	1,739.6	1,183.0	556.6	47.0
Total Additions	2,925.4	2,330.7	594.7	25.5
DEDUCTIONS				
Benefits	1,540.1	1,498.6	41.5	2.8
Refunds & Transfers	96.5	107.5	(11.0)	(10.2)
Admin. Expenses	33.4	33.2	0.2	0.6
Total Deductions	1,670.0	1,639.3	30.7	1.9
Net Increase	1,255.4	691.4	564.0	81.6
Balance, Beginning of Year	18,265.7	17,574.3	691.4	3.9
Balance, End of Year	\$19,521.1	\$18,265.7	\$1,255.4	6.9%

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 supplementary information that presents SERS' employer proportion of collective net pension liability based on statutory requirements, including employer contributions and notes;
- Required supplementary information that presents SERS' employer proportion of collective OPEB liability based on statutory requirements, including employer contributions and notes;
- Required supplementary information that presents SERS' proportionate share of the Ohio Public Employees Retirement System (OPERS) net pension liability;
- Required supplementary information that presents SERS' proportionate share of the OPERS net OPEB liability (asset); and
- Optional supplementary schedules that present information related to administrative expenses, investment-related expenses, and non-investment related consulting fees.

The financial statements, notes, and Required Supplementary Information (RSI) are presented in compliance with generally accepted accounting principles.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 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 member contribution rates are capped by state 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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), the net OPEB liability (asset) equals SERS' proportionate share of the OPERS unfunded liability (asset). However, SERS is not responsible for certain key factors affecting the balance of this liability (asset). 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 employer contributions was 0% for calendar year 2023. The portion of Combined Plan employer contributions allocated to health care was 2% for calendar year 2023. 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 (asset). 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 (asset), 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

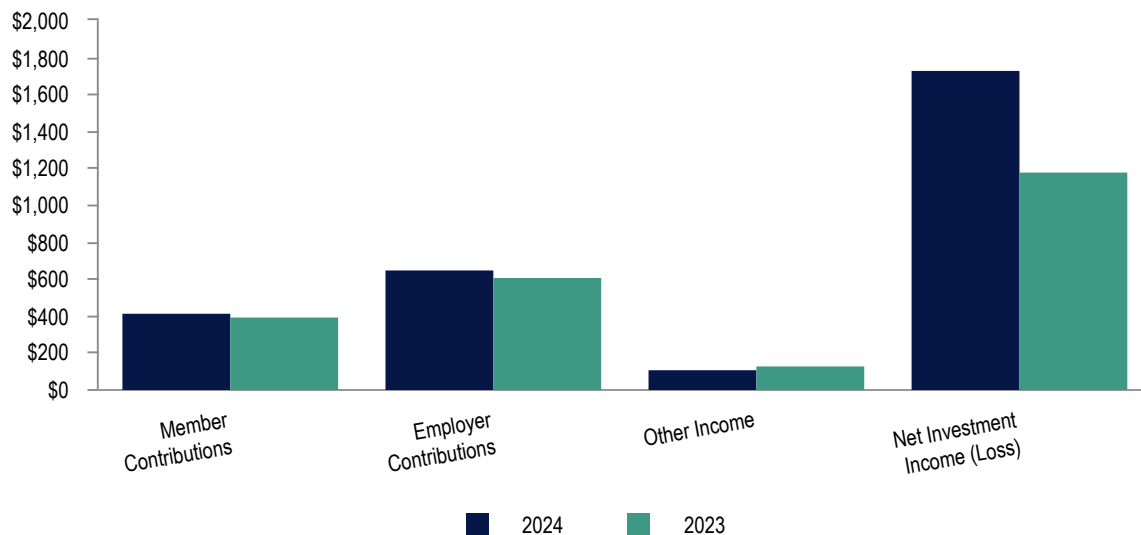
A statewide defined benefit public pension plan, such as SERS, has a long-term perspective on financial activities. SERS' primary responsibility is to assure that sufficient funds will be available to provide retirement, disability, and survivor benefits, Medicare Part B premium reimbursements, and lump 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 Total Fiduciary Net Position as of June 30, 2024 and 2023, are shown on page 17.

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 member 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. Funding for the Health Care Fund comes from employers, retiree premium payments, federal subsidies, other receipts, and investment income. The graph, "Comparative Additions by Source to Total Plan Fiduciary Net Position FY2024 and FY2023", depicts the amount that each source added to the system's assets.

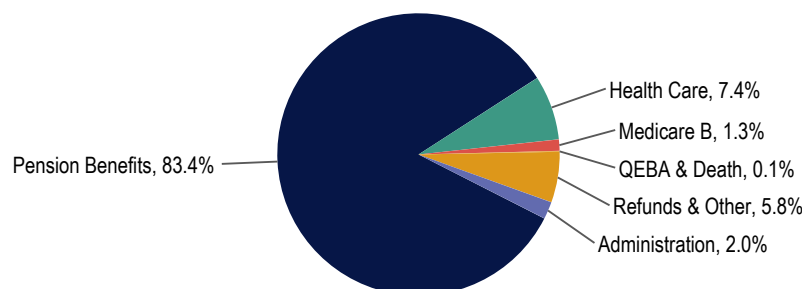
Comparative Additions by Source to Total Plan Fiduciary Net Position FY2024 and FY2023

(\$ in millions)



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 Total Plan Fiduciary Net Position FY2024



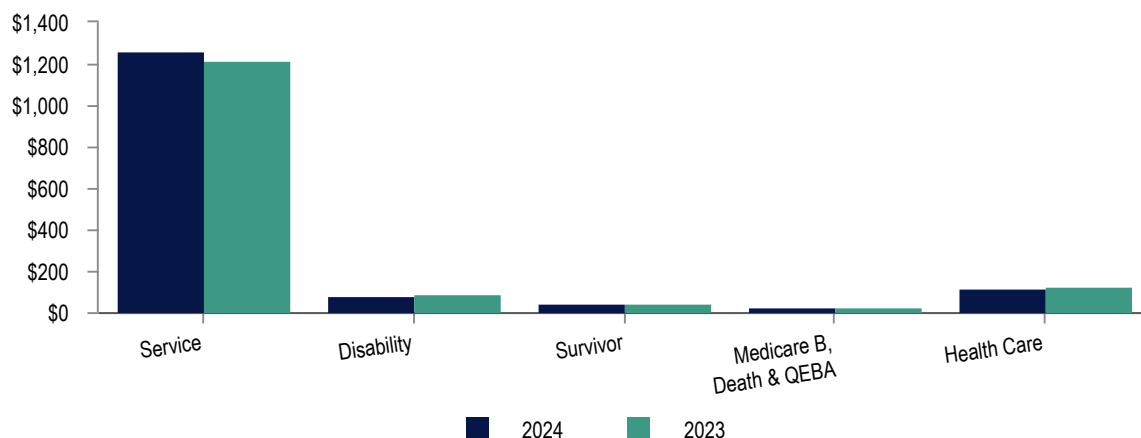
Management's Discussion and Analysis (unaudited)

SERS' fiduciary net position increased by \$1.3 billion during FY2024, compared to a net increase of \$0.7 billion in FY2023.

- For financial statement purposes, member 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 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.
- Member and employer contributions, excluding the health care surcharge, increased 5.2% in FY2024 from FY2023. The number of active members in FY2024 increased by 3,477, or 2.2%, compared to FY2023 for a total of 163,350 members.
- 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 FY2024; however, the Board voted to allocate 100% of the employer contribution to fund pension benefits during FY2024. The second source 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 \$53.8 million in FY2023 to \$61.0 million in FY2024.
- Along with employer contributions and investment income, additions to the Health Care Fund include health care premiums paid by benefit participants. Enrollment and total premiums decreased 1.2% and 4.1%, respectively, from FY2023 to FY2024.
- Other sources of additions to the Health Care Fund include net reimbursements from the federal program for Medicare Part D qualified prescription drug plans (PDP) and our primary Medicare Advantage provider, and risk sharing refunds. Total additions from these programs in FY2024 were \$57.5 million versus additions of \$73.8 million in FY2023.
- Investment income is allocated to all funds, 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, and 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 net investment income of \$1.7 billion in FY2024 compared to a gain of \$1.2 billion in FY2023. Income from interest and dividends decreased by \$26.9 million to \$458.7 million and investment expenses, including investment management fees and investment administrative expenses, decreased \$0.4 million, or 0.3%, in FY2024.
- Total payments to service, disability, and survivor benefit recipients increased \$48.7 million, or 3.6% during FY2024. Service retirement payments increased 4.0%, disability payments decreased 1.5%, and survivor benefits payments increased 2.3%. A 2.5% simple COLA was adopted for CY2023 and CY2024, which applied to FY2024.

Comparative Benefit Payments FY2024 and FY2023

(\$ in millions)



- Total refunds paid decreased 3.7% from FY2023 to FY2024. The decrease is due to the number of refund applications received, which was 15,819 in FY2024 compared to 19,513 in FY2023. A lump sum of member contributions is only distributed to members who have terminated public employment, applied for a refund, and waited for expiration of the 90-day waiting period that begins with

their last day of service. SERS' members cannot take partial distributions. Reemployed retirees who are eligible for an annuity may elect a lump sum distribution, which includes the member'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 systems to receive one benefit at retirement. The system that holds the greatest service credit will calculate and pay the benefit; the member's full contributions and a share of the employer contributions and interest are transferred to the paying system. Net transfers to other Ohio systems decreased in FY2024 when compared to FY2023. Independently, transfers to other Ohio systems from SERS increased 25.5% in FY2024 and transfers from other Ohio systems to SERS increased 3.0% in FY2024.
- 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 the benefit. Medicare Part B expenses remained substantially the same in FY2024. The eligibility of new retirees to receive Medicare Part B reimbursement is now tied to enrollment in one of SERS' health care plans.
- SERS pays a \$1,000 death benefit to the designated beneficiary of service and disability retirees. Death benefit payments decreased 15.3% in FY2024.
- Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and 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, net of prescription rebates and reinsurance reimbursements from Centers for Medicare & Medicaid Services, decreased by \$6.9 million, or 5.3%, to \$122.6 million. Goals for the non-Medicare program are to provide access to quality coverage at an affordable cost. SERS has offered a Marketplace Wraparound HRA since 2017, which has offered a more affordable option. Health care is a benefit that is permitted, not mandated, by statute. SERS' 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. If the health care surcharge, which is capped at 1.5% of statewide employer payroll, is received and all other actuarial assumptions are met, the Health Care Fund is projected to remain solvent through 2069, or a 45-year solvency period, as of June 30, 2024.

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:

ACTUARIAL ACCRUED LIABILITY (\$ in millions)				
Fund	FY2024	FY2023	Increase/ (Decrease)	% Change
Pension	\$23,396	\$22,656	\$740	3.3%
Medicare B	382	386	(4)	(1.0)
Death	43	42	1	2.4
Health Care	1,325	1,532	(207)	(13.5)

The unfunded actuarial accrued liability (UAAL) 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 toward funding. The unfunded liability and the funded ratio changed as follows:

UNFUNDED ACTUARIAL ACCRUED LIABILITY (\$ in millions)						
Fund	FY2024	FY2023	Increase/ (Decrease)	% Change	Funded Ratio FY2024	Funded Ratio FY2023
Pension	\$4,914	\$5,272	(\$358)	(6.8%)	79.0%	76.7%
Medicare B	83	116	(33)	(28.4)	78.3	69.9
Death	9	11	(2)	(18.2)	79.1	74.4
Health Care	509	825	(316)	(38.3)	61.6	46.1

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

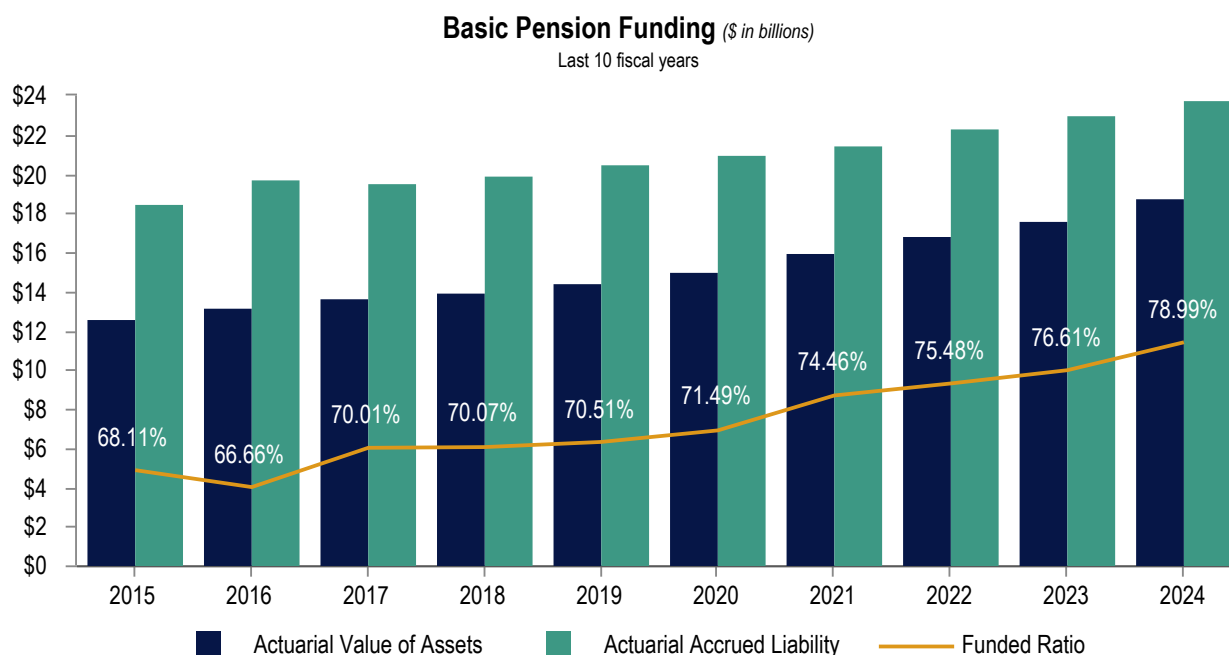
Management's Discussion and Analysis (unaudited)

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 Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* and GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*) 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 FY2023, the funding value was higher than the fair value by \$0.1 billion. At the end of FY2024, the funding value was higher than the fair value by \$0.1 billion.

As of June 30, 2024, the date of the latest actuarial valuation, the funded ratio for basic pension benefits, which include pension, Medicare B, and death benefits, was 78.99%. In general, this means that for every dollar of future pension liability, SERS had accumulated approximately \$0.79 to meet that obligation. The funded ratio for basic pension increased from June 30, 2023 by 2.38%. The June 30, 2024 actuarial report indicates that if all actuarial assumptions are met, SERS would accumulate sufficient assets to pay all pension liabilities for active members and retirees within 20 years compared to 21 years at June 30, 2023.



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.

SERS, with the assistance of its actuary, annually evaluates pension sustainability by reviewing 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. Through the pension sustainability work, legislation was passed in FY2023 to reduce the risk of benefit inflation. The legislation requires SERS to implement a Compensation Based Benefit Cap (CBBC) effective August 1, 2024. CBBC ensures that members' career contributions support their pension benefits.

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. 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. While assumptions are reviewed annually, they are mostly updated during the five-year actuarial experience study cycle unless there is a compelling reason to adjust assumptions mid-cycle.

Markets are expected to remain volatile over the next several years. The Strategic Investment Plan has been designed to add value relative to the benchmark returns and to manage risks. High interest rates and slowing growth pose significant risks to expected returns.

While the COVID-19 national emergency ended May 11, 2023, the long-term impact to financial markets, schools, and the overall economy is unknown.

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, 2024

	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	TOTAL
ASSETS						
Operating and Investment Cash	\$323,167,032	\$14,976,612	\$174,400	\$149,692	\$102,864,633	\$441,332,369
Receivables						
Contributions						
Employer	7,139,760	5,364,442	565,259	—	61,045,647	74,115,108
Member	3,015,042	—	—	—	—	3,015,042
Investments Receivable	69,501,207	1,069,741	127,796	—	2,493,081	73,191,825
Other Receivables	2,931,852	—	—	—	19,636,755	22,568,607
Total Receivables	82,587,861	6,434,183	693,055	—	83,175,483	172,890,582
Investments						
US Equity	5,356,299,864	82,442,555	9,848,912	—	192,136,031	5,640,727,362
Non-US Equity	2,429,448,336	37,393,337	4,467,155	—	87,146,831	2,558,455,659
Private Equity	2,795,639,244	43,029,638	5,140,490	—	100,282,479	2,944,091,851
Fixed Income	3,665,205,129	56,413,734	6,739,407	—	131,474,709	3,859,832,979
Real Assets	3,288,242,245	50,611,635	6,046,265	—	117,952,659	3,462,852,804
Short-term Cash Equivalents	474,841,977	7,308,625	873,117	—	17,033,074	500,056,793
Total Investments	18,009,676,795	277,199,524	33,115,346	—	646,025,783	18,966,017,448
Securities Lending Collateral at Fair Value	22,206,004	341,788	40,832	—	796,552	23,385,176
Capital Assets						
Land	3,315,670	—	—	—	—	3,315,670
Property & Equipment, at Cost	93,955,059	—	—	—	—	93,955,059
Accumulated Depreciation and Amortization	(49,091,814)	—	—	—	—	(49,091,814)
Property & Equipment, Book Value	48,178,915	—	—	—	—	48,178,915
Prepaid and Other Assets	2,153,215	—	—	—	223	2,153,438
TOTAL ASSETS	18,487,969,822	298,952,107	34,023,633	149,692	832,862,674	19,653,957,928
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pension	8,929,589	—	—	—	—	8,929,589
Deferred Outflows - OPEB	2,108,902	—	—	—	—	2,108,902
LIABILITIES						
Accounts Payable & Accrued Expenses	27,175,594	—	—	—	13,121,826	40,297,420
Benefits Payable	1,591,609	—	—	—	—	1,591,609
Investments Payable	69,042,326	1,062,679	126,952	—	2,476,620	72,708,577
Obligations under Securities Lending	22,172,794	341,277	40,770	—	795,361	23,350,202
TOTAL LIABILITIES	119,982,323	1,403,956	167,722	—	16,393,807	137,947,808
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension	2,924,750	—	—	—	—	2,924,750
Deferred Inflows - OPEB	1,792,988	—	—	—	—	1,792,988
Deferred Inflows - Leases	1,191,980	—	—	—	—	1,191,980
FIDUCIARY NET POSITION RESTRICTED FOR PENSION	\$18,373,116,272	\$297,548,151	\$33,855,911	\$149,692	\$—	\$18,704,670,026
FIDUCIARY NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	\$—	\$—	\$—	\$—	\$816,468,867	\$816,468,867
FIDUCIARY NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS	\$18,373,116,272	\$297,548,151	\$33,855,911	\$149,692	\$816,468,867	\$19,521,138,893

See accompanying notes to the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2024

	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	TOTAL
ADDITIONS						
Contributions						
Employer	\$559,502,068	\$26,027,395	\$2,098,943	\$195,000	\$60,953,779	\$648,777,185
Member	421,433,681	—	—	—	—	421,433,681
Other Income						
Health Care Premiums	—	—	—	—	58,049,041	58,049,041
Federal Subsidies & Other Health Care Receipts	—	—	—	—	57,471,722	57,471,722
Miscellaneous Income	42,727	—	—	—	—	42,727
	<u>980,978,476</u>	<u>26,027,395</u>	<u>2,098,943</u>	<u>195,000</u>	<u>176,474,542</u>	<u>1,185,774,356</u>
Income from Investment Activity						
Net Appreciation in Fair Value	1,326,209,334	20,214,032	2,423,533	—	47,082,213	1,395,929,112
Interest and Dividends	435,730,433	6,652,338	796,403	83	15,537,804	458,717,061
Investment Management Fees	(101,676,702)	(1,549,752)	(185,805)	—	(3,609,660)	(107,021,919)
Direct Investment Administrative Expenses	(8,079,054)	(122,177)	(14,665)	—	(281,679)	(8,497,575)
Net Income from Investment Activity	<u>1,652,184,011</u>	<u>25,194,441</u>	<u>3,019,466</u>	<u>83</u>	<u>58,728,678</u>	<u>1,739,126,679</u>
Income from Securities Lending Activity						
Gross Income	1,490,711	22,721	2,724	—	52,922	1,569,078
Rebate Expense	(974,136)	(14,848)	(1,780)	—	(34,583)	(1,025,347)
Securities Lending Management Fees	(81,784)	(1,247)	(149)	—	(2,903)	(86,083)
Net Income from Securities Lending Activity	<u>434,791</u>	<u>6,626</u>	<u>795</u>	<u>—</u>	<u>15,436</u>	<u>457,648</u>
Total Investment Income, Net	<u>1,652,618,802</u>	<u>25,201,067</u>	<u>3,020,261</u>	<u>83</u>	<u>58,744,114</u>	<u>1,739,584,327</u>
TOTAL ADDITIONS	<u>2,633,597,278</u>	<u>51,228,462</u>	<u>5,119,204</u>	<u>195,083</u>	<u>235,218,656</u>	<u>2,925,358,683</u>
DEDUCTIONS						
Benefits						
Retirement	1,265,272,705	20,031,314	—	178,059	—	1,285,482,078
Disability	85,336,886	1,055,691	—	—	—	86,392,577
Survivor	42,701,136	615,944	—	—	—	43,317,080
Death	—	—	2,303,102	—	—	2,303,102
Health Care Expenses	—	—	—	—	122,558,704	122,558,704
	<u>1,393,310,727</u>	<u>21,702,949</u>	<u>2,303,102</u>	<u>178,059</u>	<u>122,558,704</u>	<u>1,540,053,541</u>
Refunds and Lump Sum Payments	94,073,791	—	—	—	—	94,073,791
Net Transfers to Other Ohio Systems	2,454,005	—	—	—	—	2,454,005
Administrative Expenses	30,318,870	7,137	55,495	2,527	2,976,646	33,360,675
	<u>126,846,666</u>	<u>7,137</u>	<u>55,495</u>	<u>2,527</u>	<u>2,976,646</u>	<u>129,888,471</u>
TOTAL DEDUCTIONS	<u>1,520,157,393</u>	<u>21,710,086</u>	<u>2,358,597</u>	<u>180,586</u>	<u>125,535,350</u>	<u>1,669,942,012</u>
Net Increase	<u>1,113,439,885</u>	<u>29,518,376</u>	<u>2,760,607</u>	<u>14,497</u>	<u>109,683,306</u>	<u>1,255,416,671</u>
FIDUCIARY NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS						
Fiduciary Net Position, Beginning of Year	17,259,676,387	268,029,775	31,095,304	135,195	706,785,561	18,265,722,222
Fiduciary Net Position Restricted For Pension	\$18,373,116,272	\$297,548,151	\$33,855,911	\$149,692	\$—	\$18,704,670,026
Fiduciary Net Position Restricted For Other Postemployment Benefits	\$—	\$—	\$—	\$—	\$816,468,867	\$816,468,867
Fiduciary Net Position, End of Year	<u>\$18,373,116,272</u>	<u>\$297,548,151</u>	<u>\$33,855,911</u>	<u>\$149,692</u>	<u>\$816,468,867</u>	<u>\$19,521,138,893</u>

See accompanying notes to the basic financial statements.

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 economic resources measurement focus and 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 Estate, Global Infrastructure, 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.

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.

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. SERS participates in external money markets with a stable \$1 net asset value per share and are valued at amortized cost, which approximates fair value.

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. These investments are valued using net asset values supplied by the commingled manager.

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, 2024, was \$3,857.95. 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, 2024		
	Units	Value
Pension Trust Fund	4,699,434	\$18,130,175,755
Medicare B Fund	72,332	279,054,207
Death Benefits Fund	8,641	33,336,914
Health Care Fund	168,574	650,348,205
Total	4,948,981	\$19,092,915,081

Notes to the Basic Financial Statements June 30, 2024

Office Building, Equipment, and Fixtures (Non-Investment Assets) The cost of equipment and fixtures in excess of \$5,000 and with a useful life greater than one year 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 annual administrative expenses with the necessary money allocated to it from the Guarantee Fund. This is a pass through fund, therefore it maintains a zero balance.

RESERVE BALANCES AS OF JUNE 30, 2024

	Reserve Amount Totals
Employees' Savings Fund	\$3,864,986,897
Employers' Trust Fund	808,096,653
Annuity and Pension Reserve Fund	14,464,180,051
Survivors' Benefit Fund	383,875,292
Guarantee Fund	—
Expense Fund	—
Total	\$19,521,138,893

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 a 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 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 S.B. 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 an exemption 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 exemption 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 member 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 member contributions for the reemployed period.

EMPLOYER AND EMPLOYEE MEMBERSHIP DATA

(as of June 30, 2024)

Employer Members

Local	371
City	191
Educational Service Center	52
Village	49
Higher Education	15
Vocational/Technical	49
Community Schools	326
Other	22
Total	1,075

Employee Members and Retirees

Retirees and Beneficiaries Currently Receiving Benefits	82,490
Inactive Employee Members Entitled to But Not Yet Receiving Benefits	6,607
Total	89,097

Active Employee Members

Vested Active Employee Members	42,453
Non-vested Active Employee Members	120,897
Total	163,350

3. Contributions

State retirement law requires contributions by covered employee members 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 FY2024, members and their employers were required to contribute 10% and 14%, respectively, of active member payroll.

Employer (excluding surcharge discussed below) and member contributions were \$587.8 million and \$421.4 million, respectively, in FY2024. 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 FY2024, 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 actuarial accrued liability. The 14% contribution rate paid by employers was allocated to the funds as follows:

Pension Trust Fund	13.33%
Medicare B Fund	0.62%
Death Benefit Fund	0.05%
Health Care Fund	0.00%

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 pension benefits in FY2024 was 78.99%, 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 FY2024 was zero in order to direct more contributions toward paying down pension liabilities. A health care surcharge on employers was collected for employee members 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 FY2024, the minimum compensation level was established at \$30,000. The surcharge accrued for FY2024 and included in employer contributions in the Statement of Changes in Fiduciary Net Position is \$61.0 million.

4. Funding Policy

Statute sets a contribution cap of 24% of payroll; 14% from employers and 10% from employee members. 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 31 presents the fair value hierarchy of SERS' investment portfolio as of June 30, 2024.

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

Bond Mutual Funds classified in Level 2 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.

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 commingled funds, hedge funds and private 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, 2024

INVESTMENTS AND SHORT-TERM HOLDINGS MEASURED AT FAIR VALUE <i>(\$ in thousands)</i>				
		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)
Investments by Fair Value Level	6/30/2024			
Debt Securities				
Certificates of Deposit	\$7,459	\$—	\$7,459	\$—
Foreign Obligations	287,199	(17,342)	304,541	—
Mortgage and Asset Backed	185,392	—	185,392	—
Municipal Obligations	19,689	—	19,689	—
Mutual Funds	338,576	34,511	304,065	—
US Corporate Obligations	496,977	—	494,668	2,309
US Government & Agency Obligations	1,069,410	464,258	605,152	—
Total Debt Securities	2,404,702	481,427	1,920,966	2,309
Equity Securities				
Foreign Common & Preferred Stock	1,943,478	1,943,458	—	20
US Common & Preferred Stock	4,507,239	4,486,393	20,846	—
Total Equity Securities	6,450,717	6,429,851	20,846	20
Total Investments by Fair Value Level	\$8,855,419	\$6,911,278	\$1,941,812	\$2,329
Investments Measured at the net asset value (NAV)				
Commingled Bond Funds	\$127,781			
Commingled Equity Funds	1,710,180			
Hedge Funds	444,235			
Private Credit Funds	1,204,896			
Private Equity Funds	2,944,092			
Private Real Estate Funds	3,462,853			
Total Investments Measured at the NAV	9,894,037			
Total Investments Measured at Fair Value	\$18,749,456			
Investment Derivative Instruments				
Foreign Equity Derivatives	(\$44)	(\$44)	\$—	
Foreign Fixed Derivatives	(689)	20	(709)	
US Equity Derivatives	(1,823)	(1,795)	(28)	
US Fixed Derivatives	5,639	5,636	3	
Total Investment Derivative Instruments	\$3,083	\$3,817	(\$734)	
Reconciliation of Investments to Statement of Fiduciary Net Position				
Investments Measured at Fair Value		\$18,749,456,242		
Investment Derivative Instruments		3,083,205		
Money Markets at Amortized Cost		195,991,303		
Foreign Obligations		17,485,698		
Rounding		1,000		
Investments (Statement of Fiduciary Net Position)		\$18,966,017,448		

Money markets at amortized cost include investments of \$125,846,917 in Fidelity Investments Money Market Government Portfolios - Institutional Class and \$70,144,386 in BlackRock Liquidity Funds FedFund - Institutional Shares, both of which invest in short-term, high credit quality money market instruments, including direct obligations of the U.S. Treasury and repurchase agreements backed by Treasury obligations. Both Funds offer daily liquidity with no restrictions, fees, or gating.

Notes to the Basic Financial Statements June 30, 2024

INVESTMENTS MEASURED AT THE NET ASSET VALUE (\$ in thousands)

Investments by Fair Value Level	6/30/2024	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Bond Funds ¹	127,781		Monthly	1-10 Days
Commingled International Equity Funds ¹	1,710,180		Daily, Semi-Monthly, Monthly	1-120 Days
Hedge Funds				
Event Driven ²	840		Monthly, Quarterly	45-90 Days
Multi-Strategy / Risk Focus ³	14,953		Daily, Monthly	1-45 Days
Relative Value ⁴	316,700		Quarterly	60-90 Days
Tactical Trading ⁵	111,742		Quarterly	30 Days
Private Credit Funds ⁶	1,204,896	1,347,415	Not Eligible	Not Eligible
Private Equity Funds ⁶	2,944,092	1,577,714	Not Eligible	Not Eligible
Private Real Estate Funds ⁶	3,462,853	362,340	Not Eligible	Not Eligible
Total Investments Measured at the NAV	\$9,894,037			

¹ *Commingled Bond Funds, Equity Funds and Real Estate Investment Trust Funds* four bond funds, twenty-six equity funds, and one real estate investment trust fund are considered to be commingled in nature. These investments are used to gain exposure in bonds, international equity, and real estate through a pooled investment vehicle.

² *Event Driven Hedge Funds* Consisting of three 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 20% of the value of these investments are eligible for redemption in the next six months. The remaining 80% of these investments remains restricted through the next year. SERS is currently in the process of liquidating these investments.

³ *Multi-Strategy / Risk Focus Hedge Funds* One fund included in this group aiming to pursue varying strategies in order to diversify risks and reduce volatility. The 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 seven 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. 100% of these investments are eligible for redemption in the next six months.

⁵ *Tactical Trading Hedge Funds* The primary focus of the four funds 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. 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 24 private partnerships providing exposure to distressed debt. SERS' Private Equity portfolio consists of 117 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 48 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 five to ten 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, 2024, the carrying amounts of SERS' operating and investment cash deposits totaled \$441,332,369, and the corresponding bank balances totaled \$336,237,653. Of the bank balances, the Federal Deposit Insurance Corporation insured \$1,860,724. In accordance with state law, bank balances of \$322,564,158 were collateralized at 56% with securities held in the name of SERS' pledging financial institutions. The remaining bank deposits of \$11,812,771 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. As of June 30, 2024, approximately \$9.8 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* 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 investments, and invest as persons of

Notes to the Basic Financial Statements June 30, 2024

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, 2024, SERS held interest-only strips that had a total fair value of \$11,822,406. 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 \$744,782. 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 (\$ in thousands)

	S&P Credit Quality Rating	Fair Value
Foreign Fixed Derivatives	A	(\$163)
	A-	(97)
	AA-	14
	BBB+	(30)
	Not Rated	(433)
Total		(709)
US Equity	A-	(28)
Total		(28)
Total		(\$737)

* 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	\$338,576	0.07
Certificates of Deposit	7,459	2.29
Foreign Obligations ¹	304,684	5.00
Mortgage and Asset Backed	185,392	2.47
Municipal Obligations	19,689	5.96
US Corporate Obligations	496,977	5.51
US Government & Agency Obligations	1,069,410	6.62
Total	\$2,422,187	4.57

¹ Excludes Pending FX

FAIR VALUE SUBJECT TO ISSUER CREDIT RISK (\$ in thousands)

	Fair Value Based Upon S&P Credit Quality Rating										Total
	AAA	AA	A	BBB	BB	B	CCC	CC	D	Not Rated	
Bond Mutual Funds	\$—	\$34,511	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$304,065	\$338,576
Certificates of Deposit	—	—	5,207	2,252	—	—	—	—	—	—	7,459
Foreign Obligations ¹	8,347	5,163	36,275	131,413	43,555	8,810	3,908	2,152	1,042	64,019	304,684
Mortgage and Asset Backed	42,385	30,267	11,486	13,223	1,597	734	468	315	140	84,777	185,392
Municipal Obligations	—	5,609	10,922	—	—	—	—	—	—	3,158	19,689
US Corporate Obligations	3,869	11,679	119,989	311,495	35,542	5,952	3,599	—	—	4,852	496,977
US Government & Agency Obligations	739	1,050,689	—	—	—	—	—	—	—	17,982	1,069,410
Total	\$55,340	\$1,137,918	\$183,879	\$458,383	\$80,694	\$15,496	\$7,975	\$2,467	\$1,182	\$478,853	\$2,422,187

¹ Excludes Pending FX

Notes to the Basic Financial Statements June 30, 2024

FAIR VALUE SUBJECT TO FOREIGN CURRENCY RISK (\$ in thousands)

Type	Currency	Foreign Common & Preferred Stock	Foreign Obligations	Foreign Fixed Derivatives	Commingled Equity Funds	Private Equity Funds	Private Real Estate Funds
Australian Dollar	\$298	\$34,505	\$—	\$—	\$390	\$—	\$—
Brazilian Real	206	19,570	2,040	(390)	—	—	—
British Pound Sterling	1,179	196,417	1,457	17	3,767	77,298	—
Canadian Dollar	354	58,082	—	—	—	—	—
Chilean Peso	—	1,125	215	77	—	—	—
Chinese Yuan Renminbi	569	92,992	2,765	—	—	—	—
Colombian Peso	—	78	3,088	(4)	—	—	—
Czech Koruna	8	66	4,733	—	—	—	—
Danish Krone	423	38,437	—	—	—	—	—
Dominican Peso	—	—	582	—	—	—	—
Egyptian Pound	700	—	706	—	—	—	—
Euro	698	466,824	6,604	(22)	—	241,894	48,961
Hong Kong Dollar	1,592	131,740	—	—	—	—	—
Hungarian Forint	29	1,036	2,151	(43)	—	—	—
Indian Rupee	307	25,590	716	—	—	—	—
Indonesian Rupiah	29	3,615	1,734	—	—	—	—
Israeli Shekel	122	2,554	—	—	—	—	—
Japanese Yen	2,384	299,026	—	2	—	—	—
Kuwaiti Dinar	—	79	—	—	—	—	—
Malaysian Ringgit	—	2,263	3,571	—	1,142	—	—
Mexican Peso	595	3,162	7,546	(601)	—	—	—
New Zealand Dollar	20	—	1,043	—	—	—	—
Nigerian Naira	—	—	325	—	—	—	—
Norwegian Krone	323	8,109	1,027	—	—	—	—
Peruvian Sol	—	—	4,224	—	—	—	—
Philippines Peso	—	1,045	—	—	—	—	—
Polish Zloty	131	3,091	—	(2)	—	—	—
Qatari Riyal	—	278	—	—	—	—	—
Romanian Leu	1	—	—	—	—	—	—
Saudi Riyal	592	4,347	—	—	—	—	—
Singapore Dollar	434	14,490	—	—	—	—	—
South African Rand	137	1,271	6,417	4	—	—	—
South Korean Won	48	72,427	—	—	—	—	—
Swedish Krona	558	28,541	—	—	—	—	—
Swiss Franc	290	117,077	—	—	—	—	—
Taiwan Dollar	275	59,139	—	—	—	—	—
Thailand Baht	—	3,645	2,220	—	—	—	—
Turkish Lira	89	6,853	434	—	—	—	—
United Arab Emirates Dirham	—	1,776	—	—	—	—	—
Uruguayan Peso	—	—	1,234	—	—	—	—
Vietnamese Dong	—	898	—	—	—	—	—
Total	\$12,391	\$1,700,148	\$54,832	(\$962)	\$5,299	\$319,192	\$48,961

Notes to the Basic Financial Statements June 30, 2024

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.

Swaptions are options on swaps that give the purchaser the right, but not the obligation, to enter into a swap at a specific date in the future. An interest-rate swaption gives the buyer the right to pay or receive a specified fixed interest rate in a swap in exchange for a floating rate for a stated time period. When writing a swaption, SERS as the seller is obligated to pay or receive a fixed rate in exchange for a floating rate for a stated period of time. When purchasing a swaption, SERS as the buyer is obligated to receive or pay a fixed rate in exchange for a floating rate for a stated period of time.

FAIR VALUE OF FORWARD CURRENCY

(\$ in thousands)

Forward Currency Purchases	\$4,882,358
Forward Currency Sales	4,864,872
Unrealized gain (loss)	(17,486)

SWAP CONTRACTS

(\$ in thousands)

Type	Notional Value	Fair Value
Credit Default	\$20,793	(\$235)
Interest Rate	34,908	(989)
Zero Coupon	112,760	515
Total Return	1,106	(28)

FUTURES CONTRACTS

(\$ in thousands)

Type	Notional Value	Contract Value
Equity Features		
US Stock Index Futures - Long	\$111,081	\$210
US Stock Index Futures - Short	(696,813)	(2,019)
Fixed Income / Cash Equivalent Futures		
Cash Equivalent (3 Month) Futures - Long	50,074	(72)
International Equity Index Futures - Long	3,156	14
International Fixed Income Index Futures - Long	2,467	17
International Fixed Income Index Futures - Short	(2,664)	2
US Treasury Futures - Long	816,371	6,219
US Treasury Futures - Short	(79,160)	(529)
Total Futures (Net)	\$204,512	\$3,842

OPTIONS CONTRACTS

(\$ in thousands)

Type	Notional Value	Fair Value
Fixed Income Options		
Fixed Income Call Options on US Futures - Purchased	\$136,304	\$23
Fixed Income Put Options on US Futures - Purchased	1,202	30
Fixed Income Call Options on US Futures - Written	(220,276)	(54)
Fixed Income Put Options on US Futures - Written	(180,759)	(25)

SWAPTIONS

(\$ in thousands)

Type	Notional Value	Fair Value
Put Swaptions on US Interest Rate Swap - Purchased	\$1,510	\$22
Put Swaptions on US Interest Rate Swap - Written	(4,640)	(19)

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 \$457,648 during FY2024.

At June 30, 2024, SERS had no credit risk exposure on the securities lending collateral because the collateral exceeded the value of the securities loaned. SERS also had no credit risk exposure on the securities lending collateral reinvested as the reinvested value exceeded the collateral value.

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, 2024, the GSAL collateral portfolio had an average weighted maturity of three days. 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 FY2024 were \$14,101.

SECURITIES LENDING (\$ in thousands)

	Fair Value of Securities on Loan	Collateral Value (Cash)	Collateral Reinvest Value
Cash Equivalents (Repurchase Agreement)	\$—	\$—	\$23,385
Foreign Stocks	5,738	5,979	—
US Common & Preferred Stock	11,118	11,455	—
US Corporate Obligations	5,789	5,916	—
Total	\$22,645	\$23,350	\$23,385

7. Capital Assets (Non-Investment Assets)

CAPITAL ASSETS ACTIVITY (for the year ended June 30, 2024)					
Cost:	Land	Office Building & Improvements	Furniture & Equipment	Internally-Developed Software	Total Capital Assets
Balances, June 30, 2023	\$3,315,670	\$54,547,091	\$7,947,297	\$34,979,428	\$100,789,486
Additions	—	55,863	336,156	—	392,019
Disposals	—	(134,138)	(3,776,638)	—	(3,910,776)
Balances, June 30, 2024	3,315,670	54,468,816	4,506,815	34,979,428	97,270,729
Accumulated Depreciation:					
Balances, June 30, 2023	—	28,868,421	7,808,871	12,529,833	49,207,125
Additions	—	1,541,701	159,314	2,057,613	3,758,628
Disposals	—	(6,942)	(3,866,997)	—	(3,873,939)
Balances, June 30, 2024	—	30,403,180	4,101,188	14,587,446	49,091,814
Net Capital Assets, June 30, 2024	\$3,315,670	\$24,065,636	\$405,627	\$20,391,982	\$48,178,915

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

The components of the net pension liability as of June 30, 2024:

PLAN FUNDS	
Total Pension Liability (a)	\$23,820,116,970
Fiduciary Net Position (b)	18,704,520,334
Net Pension Liability (Surplus) (a) - (b)	<u>\$5,115,596,636</u>
Fiduciary Net Position as a Percent of Total Pension Liability (b) / (a)	78.52%

The total pension liability is determined by SERS' actuaries in accordance with GASB 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 2137.

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*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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 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.

Notes to the Basic Financial Statements June 30, 2024

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (GEOMETRIC)
Cash	3.00%	0.97%
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income / Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt / Private Credit	5.00	5.86

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 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of FY2024 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 FY2024 was 9.31%.

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 DISCOUNT RATE	
1% Decrease (6.00%)	\$7,826,154,409
Current Discount Rate (7.00%)	\$5,115,596,636
1% Increase (8.00%)	\$2,833,452,924

Notes to the Basic Financial Statements June 30, 2024

The annual actuarial valuation performed as of June 30, 2024 (the measurement date) was used as the basis for determining the total pension liability, using the following key methods and assumptions applied to all periods included in the measurement date.

KEY METHODS AND ASSUMPTIONS USED IN VALUATION OF TOTAL PENSION LIABILITY

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Experience Study Date	Period of 5 years ended June 30, 2020
Investment Rate of Return	7.00%, net of investment expenses, including inflation
Cost of Living Increases (COLA) or "Ad Hoc" COLA	2.00% on anniversary of retirement date; on and after April 1, 2018, COLAs 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	<p>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.</p> <p>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.</p> <p>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.</p>

9. Pension Plans and OPEB 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 S.B. 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 an 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.

Notes to the Basic Financial Statements June 30, 2024

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 following table.

SERS REQUIRED EMPLOYER CONTRIBUTIONS TO OPERS		
Year Ended June 30	Annual Required Contribution	Percent Contributed
2022	\$2,243,214	100%
2023	\$2,455,208	100%
2024	\$2,503,468	100%

GASB Statement No. 68 requires SERS to record a net pension liability based on its proportionate share of OPERS' total net pension liability. SERS' proportionate share of the net pension liability for OPERS' Traditional Plan is \$23.0 million and is included in Accounts Payable & Accrued Expenses of the Statement of Fiduciary Net Position. The net pension asset for OPERS' Combined Plan is \$0.5 million and is included in Prepaid & Other Assets of the Statement of Fiduciary Net Position. Effective January 1, 2022 the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill 33 which allows for the consolidation of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. As of the latest date of OPERS' GASB 68 Schedules of Collective Pension Amounts and Employer Allocations, or December 31, 2023, the consolidation has not been executed. 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, 2024.

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 postemployment health care coverage which is considered an OPEB as described in GASB Statement No. 75 and requires SERS to record a net OPEB liability (or asset) based on its proportionate share of OPERS' total net OPEB liability. SERS' proportionate share of the net OPEB asset for OPERS is \$0.9 million and is included in Prepaid & Other Assets of the Statement of Fiduciary Net Position. OPERS has the discretion to direct a portion of employer contributions to fund retiree health care. The Revised Code provides statutory authority for employer contributions. The portion of Traditional Pension Plan employer contributions allocated to postemployment health care was 0% for calendar year 2023. The portion of Combined Plan employer contributions allocated to postemployment health care was 2% for calendar year 2023. The portion of the defined contribution plan, or Member-Directed Plan, employer contributions allocated to postemployment health care was 4% for calendar 2023.

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, 2024, \$3,715,250, was 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 FY2024 was \$220,000.

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.

14. Leases

At the end of FY2024, SERS was the lessor of four third-party lease contracts noted in the following table. SERS recognized \$436,740 in lease revenue and \$35,121 in interest revenue during the fiscal year related to lease payments. As of June 30, 2024, SERS' lease receivable (included in other receivables) for lease payments was \$1,478,624. 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, 2024, the balance of the deferred inflow - leases was \$1,191,980.

LEASES (as of June 30, 2024)						
Lessee Name	Current Lease Start Date	Lease Term (months)	Lease Revenue	Interest Revenue	Lease Receivable Balance	Deferred Inflow Balance
ClearPath	07/01/2023	18	\$86,716	\$3,107	\$42,857	\$42,155
Law Offices of Craig Scott & Company	02/01/2022	84	53,360	5,356	243,024	233,600
Poling & Associates Co., L.P.A.	04/01/2022	119	147,927	22,836	1,079,755	822,660
Zambito Executive Search, LLC (ZSG)	04/01/2022	36	148,737	3,822	112,988	93,565
Totals			\$436,740	\$35,121	\$1,478,624	\$1,191,980

15. Contingent Liabilities

There are no contingent liabilities.

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

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

Notes to the Basic Financial Statements June 30, 2024

Plan Membership At June 30, 2024, SERS' Health Care Plan's membership consisted of the following:

PLAN MEMBERSHIP

Currently Receiving Benefits:

Retirees, or Their Beneficiaries	34,121
Inactive Members Entitled to But Not Yet Receiving Benefits	6,607
Active Members	163,350
Total	204,078

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*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS.

Discount Rate (SEIR) The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. 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 is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 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 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 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 Future benefit payments for solvency on all current plan members were projected to 2124.

Notes to the Basic Financial Statements June 30, 2024

Assumed Asset Allocation The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized as follows:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (GEOMETRIC)
Cash	3.00%	0.97%
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income / Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt / Private Credit	5.00	5.86

Net OPEB Liability of SERS The components of the net OPEB liability of SERS at June 30, 2024, were as follows:

PLAN FUNDS

Total OPEB Liability (a)	\$1,834,964,203
Plan Fiduciary Net Position (b)	816,468,867
SERS' Net OPEB Liability (a) - (b)	\$1,018,495,336
Plan Fiduciary Net Position as a Percent of Total OPEB Liability (b) / (a)	44.50%

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, as well as what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.88%) and higher (5.88%) than the current discount rate of 4.88%.

NET OPEB LIABILITY

1% Decrease (3.88%)	\$1,358,127,255
Current Discount Rate (4.88%)	\$1,018,495,336
1% Increase (5.88%)	\$748,611,833

The following table presents the OPEB liability of SERS, as well as what SERS' net OPEB liability would be based on health care cost trend rates that are 1% lower (6.00% decreasing to 3.40%) and 1% higher (8.00% decreasing to 5.40%) than the current rate.

NET OPEB LIABILITY

1% Decrease (6.00% decreasing to 3.40%)	Health Care Cost Trend Rates (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
\$688,464,760	\$1,018,495,336	\$1,452,293,806

Actuarial Assumptions The total OPEB liability was determined by an actuarial valuation as of June 30, 2024. 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, 2024

The annual actuarial valuation performed as of June 30, 2024 (the measurement date) was used as the basis for determining the total OPEB liability, using the following actuarial assumptions applied to all periods included in the measurement date. Roll forward procedures were not used.

ACTUARIAL ASSUMPTIONS USED IN VALUATION OF TOTAL OPEB LIABILITY

Long-term Rate of Return, Net of Investment 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	3.86%
Measurement Date	3.93%
Year Fiduciary Net Position is Projected to be Depleted (OPEB Plan)	2059
Single Equivalent Interest Rate (SEIR), Net of Investment Expenses, Including Price Inflation	
Prior Measurement Date	4.27%
Measurement Date	4.88%
Medical Trend Assumption	7.00% - 4.40%
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.	
Mortality Projection	
Mortality rates are projected using a fully generational projection with Scale MP-2020.	

17. Recently Issued Accounting Pronouncements

SERS reviews all new GASB pronouncements when issued and evaluates their impact to financial statements and reporting. There was no material impact to SERS' financial statements resulting from implementation of GASB pronouncements for the fiscal year ended June 30, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature, and addresses how information that is affected by a change in

accounting principle or error correction should be presented in required supplementary information. The requirements of this Statement will be applied by SERS when an accounting change or error correction is deemed necessary.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that a liability for compensated absences be recognized for leave that has been earned, can accumulate, and is more likely than not to be used for time off or paid out. Also, this Statement requires that a liability for parental leave, military leave, and jury duty leave not be recognized until the leave commences. This Statement establishes guidance for measuring liabilities for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements, and for estimating the leave that is more likely than not to be used or paid. The requirements of this Statement to SERS will be implemented during the fiscal year ending June 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The objective of this Statement is to provide information about risks related to a government's vulnerabilities due to certain concentrations and/or constraint, and require a government to assess whether an event associated with a concentration and/or constraint could cause a substantial financial impact. The Statement then requires the government to disclose information in notes to financial statements the details of the risk, associated event, and actions taken to mitigate the risk. The impact of the requirements of this Statement to SERS is being evaluated by management.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of the Statement is to enhance the effectiveness of financial reporting by providing information that is essential for decision making and assessing accountability. Areas impacted include Management's Discussion and Analysis, unusual or infrequent items, statement of changes in fiduciary net position, and required supplementary information. The impact of the requirements of this Statement to SERS is being evaluated by management.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to disclose essential information about certain types of capital assets, and require intangible assets recognized in accordance with Statement No. 87, *Leases*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and Statement No. 96, *Subscription-Based Information Technology Arrangements*, to be disclosed separate of other major classes of intangible assets. The impact of the requirements of this Statement to SERS is being evaluated by management.

Required Supplementary Pension Information (unaudited)

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY

	2024	2023	2022	2021
Total pension liability				
Service cost	\$493,992,218	\$460,216,525	\$434,605,440	\$373,675,302
Interest	1,562,917,608	1,514,327,908	1,457,466,508	1,525,995,298
Benefit changes	—	—	—	—
Difference between expected and actual experience	153,857,539	177,650,685	330,257,785	(155,871,041)
Changes of assumptions	38,877,482	37,078,750	36,995,852	126,558,803
Benefit payments	(1,419,770,783)	(1,378,757,376)	(1,335,404,562)	(1,302,035,913)
Refunds of contributions	(94,073,791)	(97,668,607)	(82,209,215)	(72,374,764)
Net change in total pension liability	735,800,273	712,847,885	841,711,808	495,947,685
Total pension liability – beginning	23,084,316,697	22,371,468,812	21,529,757,004	21,033,809,319
Total pension liability – ending (a)	\$23,820,116,970	\$23,084,316,697	\$22,371,468,812	\$21,529,757,004
Plan fiduciary net position				
Contributions – employer	\$587,628,406	\$556,661,200	\$524,356,285	\$483,851,685
Contributions – member	421,433,681	398,907,335	375,838,354	346,781,820
Net investment income	1,680,840,130	1,147,508,467	(338,351,099)	3,976,995,866
Benefit payments	(1,419,770,783)	(1,378,757,376)	(1,335,404,562)	(1,302,035,913)
Administrative expense	(30,381,502)	(30,540,558)	(21,585,745)	(12,770,334)
Refunds of contributions	(94,073,791)	(97,668,607)	(82,209,215)	(72,374,764)
Other	42,727	—	—	—
Net change in plan fiduciary net position	1,145,718,868	596,110,461	(877,355,982)	3,420,448,360
Plan fiduciary net position – beginning	17,558,801,466	16,962,691,005	17,840,046,987	14,419,598,627
Plan fiduciary net position – ending (b)	18,704,520,334	17,558,801,466	16,962,691,005	17,840,046,987
Net pension liability – ending (a) – (b)	\$5,115,596,636	\$5,525,515,231	\$5,408,777,807	\$3,689,710,017

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

See accompanying notes to the required supplementary information.

Required Supplementary Pension Information (unaudited)

2020	2019	2018	2017	2016	2015
\$369,976,273	\$355,452,912	\$368,167,321	\$335,918,449	\$344,059,634	\$338,060,547
1,488,777,887	1,449,726,066	1,420,093,605	1,436,626,290	1,385,878,598	1,341,777,662
—	—	(357,618,668)	(998,484,758)	—	—
1,562,953	60,411,674	286,313,613	275,031,424	50,307,199	78,749,615
—	—	—	—	668,216,579	—
(1,280,910,125)	(1,260,400,360)	(1,248,097,556)	(1,170,689,006)	(1,110,694,355)	(1,076,498,383)
(72,849,117)	(75,639,810)	(59,575,036)	(60,692,833)	(70,340,495)	(60,635,651)
506,557,871	529,550,482	409,283,279	(182,290,434)	1,267,427,160	621,453,790
20,527,251,448	19,997,700,966	19,588,417,687	19,770,708,121	18,503,280,961	17,881,827,171
\$21,033,809,319	\$20,527,251,448	\$19,997,700,966	\$19,588,417,687	\$19,770,708,121	\$18,503,280,961
\$491,557,790	\$464,683,489	\$435,103,620	\$467,796,738	\$436,421,681	\$395,804,105
352,343,063	345,212,684	324,842,074	336,627,658	314,325,716	303,866,076
413,108,397	831,584,377	1,242,021,081	1,613,368,560	106,543,126	441,455,552
(1,280,910,125)	(1,260,400,360)	(1,248,097,556)	(1,170,689,006)	(1,110,694,355)	(1,076,498,383)
(28,002,623)	(31,880,024)	(26,993,893)	(24,403,350)	(21,808,880)	(19,305,477)
(72,849,117)	(75,639,810)	(59,575,036)	(60,692,833)	(70,340,495)	(60,635,651)
—	—	—	—	—	1,874,997
(124,752,615)	273,560,356	667,300,290	1,162,007,767	(345,553,207)	(13,438,781)
14,544,351,242 *	14,270,515,748	13,603,215,458 *	12,451,630,823	12,797,184,030	12,810,622,811
14,419,598,627	14,544,076,104 *	14,270,515,748	13,613,638,590 *	12,451,630,823	12,797,184,030
\$6,614,210,692	\$5,983,175,344	\$5,727,185,218	\$5,974,779,097	\$7,319,077,298	\$5,706,096,931

Required Supplementary Pension Information (unaudited)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	\$23,820	\$23,084	\$22,372	\$21,530	\$21,034	\$20,527	\$19,998	\$19,588	\$19,771	\$18,503
Plan fiduciary net position	18,705	17,559	16,963	17,840	14,420	14,544	14,271	13,614	12,452	12,797
Net pension liability	\$5,115	\$5,526	\$5,409	\$3,690	\$6,614	\$5,983	\$5,727	\$5,974	\$7,319	\$5,706
Ratio of plan fiduciary net position to total pension liability	78.52%	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%
Covered payroll	\$4,189	\$3,965	\$3,734	\$3,449	\$3,478	\$3,463	\$3,332	\$3,303	\$2,932	\$2,845
Net pension liability as a percentage of covered payroll	122.11%	139.37%	144.84%	106.97%	190.20%	172.80%	171.86%	180.90%	249.61%	200.53%

See accompanying notes to the required supplementary information.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (\$ in millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$587.6	\$556.7	\$524.4	\$483.9	\$491.6	\$464.7	\$435.1	\$467.8	\$436.4	\$395.8
Actual employer contributions	587.6	556.7	524.4	483.9	491.6	464.7	435.1	467.8	436.4	395.8
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	\$4,189.4	\$3,964.7	\$3,734.3	\$3,449.3	\$3,477.6	\$3,462.5	\$3,332.4	\$3,302.8	\$2,932.2	\$2,845.4
Actual contributions as a percentage of covered payroll	14.03%	14.04%	14.04%	14.03%	14.14%	13.42%	13.06%	14.16%	14.88%	13.91%

See accompanying notes to the required supplementary information.

SCHEDULE OF INVESTMENT RETURNS

Year ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money weighted rate of return, net of investment expense	9.31%	6.90%	(1.93%)	28.18%	2.91%	5.96%	9.37%	13.27%	0.81%	3.45%

See accompanying notes to the required supplementary information.

Notes to Required Supplementary Pension Information June 30, 2024

Changes of Benefit Terms

- No changes of benefit terms were implemented in FY2024.

2018

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

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 H.B. 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019, and 2020.

Changes of Assumptions in the following June 30th actuarial valuations

2024

- Cost-of-Living-Adjustment was increased from 2.00% to 2.50% for calendar year 2025.

2023

- Cost-of-Living-Adjustment was increased from 2.00% to 2.50% for calendar year 2024.

2022

- Cost-of-Living-Adjustment was increased from 2.00% to 2.50% for calendar year 2023.

2021

- 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%.
- Cost-of-Living-Adjustment was reduced from 2.50% to 2.00% for calendar year 2022.
- 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 rates among active members, service retirees and beneficiaries, and disabled members were updated.

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 rates among active members, service retirees and beneficiaries, and disabled members were updated.

Required Supplementary Pension Information (unaudited)

Additional Actuarial Information

The following actuarial methods and assumptions (from the June 30, 2023 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for FY2024 in the Schedule of Employer Contributions:

Actuarial cost method:	Entry age normal
Amortization method:	Level percent of payroll, closed
Asset valuation method:	4-year smoothed market
Inflation:	2.40%
Salary increase, including price inflation:	3.25% - 13.58%
Investment rate of return:	7.00%, net of System expenses, including inflation

Mortality:

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.

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Required Supplementary Health Care Information (unaudited)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY¹

	2024	2023	2022	2021
Total OPEB liability				
Service Cost	\$145,181,415	\$123,416,320	\$170,026,723	\$159,635,250
Interest	99,148,377	80,830,711	55,840,796	69,007,716
Benefit changes	—	(19,096,028)	—	—
Difference between expected and actual experience	(588,786,757)	(231,260,850)	(211,615,083)	(67,242,883)
Changes of assumptions	(110,300,041)	453,635,839	(425,649,309)	(260,284,207)
Benefit payments ²	(64,509,663)	(68,879,971)	(65,930,429)	(64,142,473)
Net change in total OPEB liability	(519,266,669)	338,646,021	(477,327,302)	(163,026,597)
Total OPEB liability - beginning	2,354,230,872	2,015,584,851	2,492,912,153	2,655,938,750
Total OPEB liability - ending (a)	\$1,834,964,203	\$2,354,230,872	\$2,015,584,851	\$2,492,912,153
Plan fiduciary net position				
Contributions - employer	\$60,953,779	\$57,483,842	\$53,766,548	\$53,533,333
Contributions - non-employer	57,471,722	73,815,170	34,516,422	20,059,596
Net investment income	58,744,114	35,445,488	(8,096,503)	111,580,200
Benefit payments ²	(64,509,663)	(68,879,971)	(65,930,429)	(64,142,473)
Administrative expense	(2,976,646)	(2,653,377)	(3,011,817)	(3,311,946)
Net change in plan fiduciary net position	109,683,306	95,211,152	11,244,221	117,718,710
Plan fiduciary net position - beginning	706,785,561	611,574,409	600,330,188	482,611,478
Plan fiduciary net position - ending (b)	816,468,867	706,785,561	611,574,409	600,330,188
Net OPEB liability - ending (a) - (b)	\$1,018,495,336	\$1,647,445,311	\$1,404,010,442	\$1,892,581,965

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

² Benefit payments are net of retiree contributions.

See accompanying notes to the required supplementary information.

SCHEDULE OF THE NET OPEB LIABILITY¹ (\$ in millions)

	2024	2023	2022	2021
Total OPEB liability	\$1,835.0	\$2,354.2	\$2,015.6	\$2,492.9
Plan fiduciary net position	816.5	706.8	611.6	600.3
Net OPEB liability	\$1,018.5	\$1,647.4	\$1,404.0	\$1,892.6
Ratio of plan fiduciary net position to total OPEB liability	44.50%	30.02%	30.34%	24.08%
Covered payroll	\$4,189.4	\$3,964.7	\$3,734.3	\$3,449.3
Net OPEB liability as a percentage of covered payroll	24.31%	41.55%	37.60%	54.87%

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 (unaudited)

2020	2019	2018	2017
\$164,641,764	\$160,601,083	\$155,385,800	\$178,649,865
94,783,974	117,411,967	109,982,145	101,409,264
—	—	—	—
(772,465,329)	(653,300,118)	53,656,583	—
260,375,382	217,194,383	(102,900,217)	(295,667,088)
(69,997,414)	(73,206,711)	(72,071,363)	(86,257,389)
(322,661,623)	(231,299,396)	144,052,948	(101,865,348)
2,978,600,373	3,209,899,769	3,065,846,821	3,167,712,169
\$2,655,938,750	\$2,978,600,373	\$3,209,899,769	\$3,065,846,821
\$48,187,050	\$65,877,673	\$63,539,354	\$47,672,886
32,349,114	16,067,175	36,517,382	17,341,005
11,139,059	22,009,627	28,167,652	35,730,747
(69,997,414)	(73,206,711)	(72,071,363)	(86,257,389)
(2,877,010)	(2,566,722)	(2,632,948)	(2,582,204)
18,800,799	28,181,042	53,520,077	11,905,045
463,810,679	435,629,637	382,109,560	370,204,515
482,611,478	463,810,679	435,629,637	382,109,560
\$2,173,327,272	\$2,514,789,694	\$2,774,270,132	\$2,683,737,261

2020	2019	2018	2017
\$2,655.9	\$2,978.6	\$3,209.9	\$3,065.8
482.6	463.8	435.6	382.1
\$2,173.3	\$2,514.8	\$2,774.3	\$2,683.7
18.17%	15.57%	13.57%	12.46%
\$3,477.6	\$3,462.5	\$3,332.4	\$3,303.1
62.50%	72.63%	83.25%	81.25%

Required Supplementary Health Care Information (unaudited)

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB¹ (\$ in millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$111.0	\$99.5	\$91.9	\$126.6	\$161.0	\$190.1	\$189.4	\$178.0	\$161.6	\$164.2
Actual employer contributions	61.0	57.5	53.8	53.5	48.2	65.9	63.5	47.7	44.9	68.9
Annual contribution deficiency (excess)	\$50.0	\$42.0	\$38.1	\$73.1	\$112.8	\$124.2	\$125.9	\$130.3	\$116.7	\$95.3
Covered payroll	\$4,189.4	\$3,964.7	\$3,734.3	\$3,449.3	\$3,477.6	\$3,462.5	\$3,332.4	\$3,303.1	\$2,932.2	\$2,845.4
Actual contributions as a percentage of covered payroll	1.45%	1.45%	1.44%	1.55%	1.39%	1.90%	1.91%	1.44%	1.53%	2.42%

¹ Schedule has been updated from prior fiscal years to include only actual employer contributions, removing non-employer contributions.

See accompanying notes to the required supplementary information.

SCHEDULE OF INVESTMENT RETURNS – OPEB¹

Year ended June 30	2024	2023	2022	2021	2020	2019	2018	2017
Annual money weighted rate of return, net of investment expense	5.51%	5.93%	(1.40%)	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.

Notes to Required Supplementary Health Care Information June 30, 2024

Changes of Benefit and Funding Terms

- No changes of benefit and funding terms were implemented in FY2024.

Changes of Assumptions in the following June 30th actuarial valuations

2024

- Discount rate changed from 4.27% to 4.88%.
- Health care trend rates were updated.

2023

- Discount rate changed from 4.08% to 4.27%.
- Health care trend rates were updated.
- Assumption for percentage of pre-Medicare eligible retirees who choose the Wraparound plan was increased from 10% to 20%.
- Health care trend assumption on retiree premiums was updated to not apply the trend to the \$35 surcharge.
- Assumption was added to assume that 15% of pre-65 retirees who waive health care will elect coverage upon Medicare eligibility.
- Morbidity factors were updated based on the Society of Actuaries' June 2013 research report, Health Care Costs—From Birth to Death by Dale Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

2022

- Discount rate changed from 2.27% to 4.08%.
- Health care trend rates were updated.

2021

- Discount rate changed from 2.63% to 2.27%.
- Investment rate of return was reduced from 7.50% to 7.00%.
- 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%.
- Health care trend rates were updated.
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Rates of health care participation for future retirees and spouses were updated to reflect recent experience.
- Mortality rates among active members, service retirees and beneficiaries, and disabled members were updated. Mortality rates are projected using a fully generational projection with Scale MP-2020.

2020

- Discount rate changed from 3.22% to 2.63%.

2019

- Discount rate changed from 3.70% to 3.22%.
- Health care trend rates were updated.

2018

- Discount rate changed from 3.63% to 3.70%.
- Health care trend rates were updated.

2017

- Discount rate changed from 2.98% to 3.63%.

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 rates among active members, service retirees and beneficiaries, and disabled members were updated.

Required Supplementary Health Care Information (unaudited)

Additional Actuarial Information

The following actuarial methods and assumptions (from the June 30, 2023 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for FY2024 in the Schedule of Employer Contributions – OPEB:

Actuarial cost method:	Entry age normal
Amortization method:	Level percent of payroll, open
Asset valuation method:	Market value
Inflation:	2.40%
Salary increase, including price inflation:	3.25% - 13.58%
Investment rate of return:	7.00%, net of System expenses, including inflation
Medical trend assumptions:	6.75% - 4.40%

Mortality:

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.

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OPERS Related Required Supplementary Pension Information (unaudited)

SCHEDULES OF SERS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Ohio Public Employees Retirement Plan - Traditional Pension Plan					
Last 10 Fiscal Years*	2024	2023	2022	2021	2020
SERS' proportion of the net pension liability (asset)	0.0878858%	0.0883558%	0.0921448%	0.0909161%	0.0923731%
SERS' proportionate share of the net pension liability (asset)	\$23,008,862	\$26,100,343	\$8,016,966	\$13,462,691	\$18,258,172
SERS' covered payroll	14,466,114	13,696,163	13,372,990	12,805,035	12,996,795
SERS' proportionate share of the net pension liability (asset) as a % of its covered payroll	159%	191%	60%	105%	140%
Plan fiduciary net position as a % of the total pension liability	79.01%	75.74%	92.62%	86.88%	82.17%

* The amounts presented were determined as of 12/31 of the prior calendar year.

Ohio Public Employees Retirement Plan - Combined Pension Plan					
Last 10 Fiscal Years*	2024	2023	2022	2021	2020
SERS' proportion of the net pension liability (asset)	0.1680692%	0.1834134%	0.2096088%	0.1994927%	0.1942455%
SERS' proportionate share of the net pension liability (asset)	(\$516,614)	(\$432,287)	(\$825,869)	(\$575,863)	(\$405,048)
SERS' covered payroll	661,501	790,227	955,597	879,164	864,692
SERS' proportionate share of the net pension liability (asset) as a % of its covered payroll	(78%)	(55%)	(86%)	(66%)	(47%)
Plan fiduciary net position as a % of the total pension liability	144.55%	137.14%	169.88%	157.67%	145.28%

* The amounts presented were determined as of 12/31 of the prior calendar year.

SCHEDULES OF CONTRIBUTIONS

Ohio Public Employees Retirement Plan - Traditional Pension Plan					
Last 10 Fiscal Years*	2024	2023	2022	2021	2020
Contractually required contribution	\$2,077,308	\$2,026,566	\$1,868,582	\$1,805,747	\$1,825,245
Contributions in relation to the contractually required contribution	2,077,308	2,026,566	1,868,582	1,805,747	1,825,245
Contribution deficiency (excess)	—	—	—	—	—
SERS' covered payroll	\$14,837,914	\$14,475,473	\$13,347,012	\$12,898,191	\$13,037,464
Contributions as a % of covered payroll	14%	14%	14%	14%	14%

* The amounts presented were determined as of 6/30 of the fiscal year.

Ohio Public Employees Retirement Plan - Combined Pension Plan					
Last 10 Fiscal Years*	2024	2023	2022	2021	2020
Contractually required contribution	\$107,845	\$131,770	\$130,617	\$121,992	\$126,307
Contributions in relation to the contractually required contribution	107,845	131,770	130,617	121,992	126,307
Contribution deficiency (excess)	—	—	—	—	—
SERS' covered payroll	\$770,322	\$941,211	\$932,981	\$871,375	\$902,194
Contributions as a % of covered payroll	14%	14%	14%	14%	14%

* The amounts presented were determined as of 6/30 of the fiscal year.

OPERS Related Required Supplementary Pension Information (unaudited)

2019	2018	2017	2016	2015
0.0958985%	0.0973540%	0.0956142%	0.0937745%	0.0925739%
\$26,288,404	\$15,272,959	\$21,712,365	\$16,242,931	\$11,165,446
12,963,846	11,946,483	10,594,473	10,003,875	9,728,270
203%	128%	205%	162%	115%
74.70%	84.66%	77.25%	81.08%	86.45%

2019	2018	2017	2016	2015
0.0217249%	0.2256010%	0.2277590%	0.2364605%	0.2391363%
(\$242,933)	(\$307,116)	(\$126,764)	(\$115,067)	(\$92,073)
929,157	857,951	759,911	737,594	749,257
(26%)	(36%)	(17%)	(16%)	(12%)
126.64%	137.28%	116.55%	116.90%	114.83%

2019	2018	2017	2016	2015
\$1,781,661	\$1,616,321	\$1,517,599	\$1,457,881	\$1,382,808
1,781,661	1,616,321	1,517,599	1,457,881	1,382,808
—	—	—	—	—
\$12,726,150	\$11,545,152	\$10,839,992	\$10,413,435	\$9,877,201
14%	14%	14%	14%	14%

2019	2018	2017	2016	2015
\$127,825	\$116,006	\$110,430	\$109,964	\$106,502
127,825	116,006	110,430	109,964	106,502
—	—	—	—	—
\$913,034	\$828,612	\$788,786	\$785,457	\$760,728
14%	14%	14%	14%	14%

OPERS Related Required Supplementary OPEB Information (unaudited)

SCHEDULE OF SERS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Ohio Public Employees Retirement Plan					
Last 10 Fiscal Years*	2024	2023	2022	2021	2020
SERS' proportion of the net OPEB liability (asset)	0.0985947%	0.0993089%	0.1040415%	0.1007839%	0.1014843%
SERS' proportionate share of the net OPEB liability (asset)	(\$889,840.69)	\$626,161	(\$3,258,739)	(\$1,795,546)	\$14,017,613
SERS' covered payroll	616,593	567,283	541,604	445,100	420,175
SERS' proportionate share of the net OPEB liability (asset) as a % of its covered payroll	(144%)	110%	(602%)	(403%)	3,336%
Plan fiduciary net position as a % of the total OPEB liability	107.76%	94.79%	128.23%	115.57%	47.80%

* 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*	2024	2023	2022	2021	2020
Contractually required contribution	\$86,323	\$79,420	\$75,825	\$62,314	\$58,824
Contributions in relation to the contractually required contribution	86,323	79,420	75,825	62,314	58,824
Contribution deficiency (excess)	—	—	—	—	—
SERS' covered payroll	\$623,203	\$592,478	\$497,986	\$432,124	\$398,914
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.

OPERS Related Required Supplementary OPEB Information (unaudited)

2019	2018	2017
0.0104825%	0.1060842%	0.1047274%
\$13,666,743	\$11,519,966	\$10,577,819
375,863	1,338,357	2,243,369
3,636%	861%	472%
46.33%	54.14%	54.05%

2019	2018	2017
\$125,775	\$262,029	\$295,539
125,775	262,029	295,539
—	—	—
\$898,395	\$1,871,633	\$2,110,993
14%	14%	14%

Supplementary Information

SCHEDULE OF ADMINISTRATIVE EXPENSES for the year ended June 30, 2024

	General Administrative Expenses	Direct Investment Administrative Expenses	Total Administrative Expenses
Personnel Services			
Salaries	\$15,419,937	\$3,555,479 *	\$18,975,416
Retirement Contributions	2,127,595	437,447	2,565,042
Insurance	3,870,648	413,693	4,284,341
Total Personnel Services	21,418,180	4,406,619	25,824,799
Professional Services			
Actuarial Advisors	306,604		306,604
Audit Services	225,837		225,837
Custodial Banking	167,450	974,890	1,142,340
Master Recordkeeper	—	1,030,797	1,030,797
Investment Related Consulting	60,212	1,464,869	1,525,081
Medical	45,000		45,000
Technical	1,637,982	299,613	1,937,595
Total Professional Services	2,443,085	3,770,169	6,213,254
Communications			
Postage	444,848		444,848
Telecommunications Services	158,151		158,151
Member / Employer Education	7,980		7,980
Printing and Publication	103,086		103,086
Total Communications	714,065		714,065
Other Services			
Computer Support Services	2,039,992	193,816	2,233,808
Office Equipment and Supplies	165,887	168	166,055
Training	125,633	8,649	134,282
Transportation and Travel	115,827	67,351	183,178
Memberships and Subscriptions	106,686	50,729	157,415
Property and Fiduciary Insurance	504,501		504,501
Facilities Expense	1,016,774		1,016,774
Maintenance	30,634		30,634
Staff Support	111,119	74	111,193
Ohio Retirement Study Council	63,492		63,492
Miscellaneous	709,335		709,335
Total Other Services	4,989,880	320,787	5,310,667
Total Administrative Expenses before Depreciation	29,565,210	8,497,575	38,062,785
Depreciation	3,795,465		
Total Administrative Expenses	\$33,360,675	\$8,497,575	\$41,858,250

* Includes salary and incentive payments for investment staff.

See accompanying independent auditor's report.

SCHEDULE OF INVESTMENT EXPENSES for the year ended June 30, 2024

Description of Expenses	Net Assets Under Management	Direct Fees
Global Equities ¹	\$8,335,000,855	\$27,437,575
Global Private Equity	2,590,254,706	23,294,229
Global Fixed Income ¹	2,441,406,556	6,305,308
Global Real Estate	2,209,618,221	17,875,417
Global Infrastructure	1,253,230,301	10,579,636
Global Private Credit	1,239,170,647	14,949,166
Opportunistic and Tactical	540,393,156	5,925,504
Cash Equivalents	483,805,665	655,084
Total Investment Management Fees		\$107,021,919
Custody Service Fees		974,890
Master Recordkeeper Fees		1,030,797
Investment Consulting and Performance/Analytics Fees		1,345,443
Other Investment Administrative Expenses		5,146,445
Total Direct Investment Administrative Expenses		8,497,575
Total Investment Expenses		\$115,519,494

SCHEDULE OF PAYMENTS TO CONSULTANTS

SERS paid the following non-investment related consulting fees in FY2024:

Actuarial Advisors	\$306,604
Audit Services	225,837
Legal Counsel	178,281
Medical Consultant	45,000
Information Technology Consultants	910,886
Health Care Consultants	165,080
Other Consultants	611,397
Total	\$2,443,085

See accompanying independent auditor's report.

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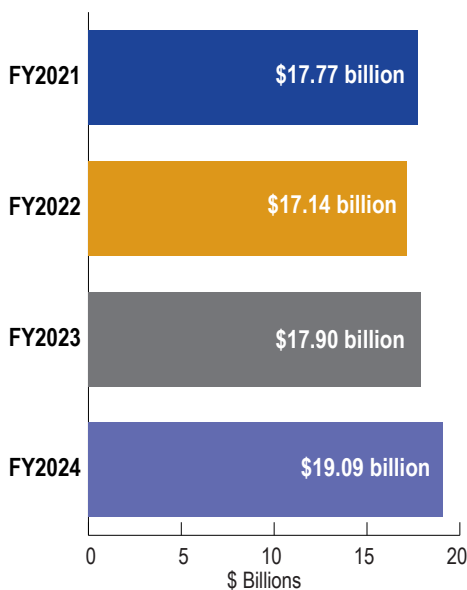
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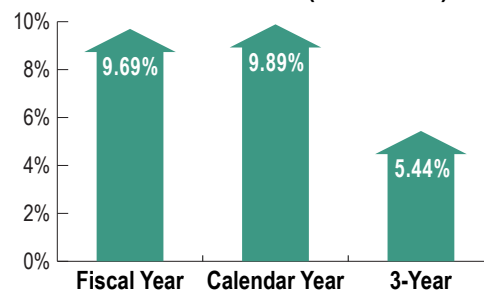
Investment Highlights

For fiscal year end June 30, 2024, SERS' gross investment rate of return was 10.46% with \$19.09 billion in assets. The Fund's net return was 9.69% and outperformed the policy benchmark by 0.90%. SERS maintains a diversified investment portfolio including global equities, global private equity, global fixed income, global private credit, global real estate, global infrastructure, and short-term securities.

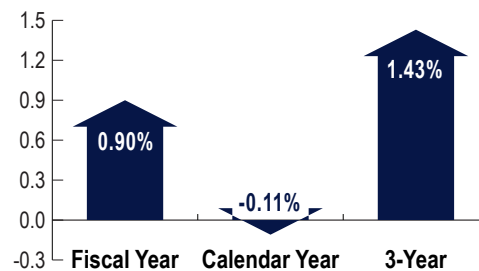
Total Investment Fund Balance



Total Rate of Return (net of fees)



Total Fund Excess Return vs Benchmark (net of fees)





SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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RICHARD STENSRUD
Executive Director

KAREN ROGGENKAMP
Deputy Executive Director

December 1, 2024

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, 2024. 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.

US economic growth remained resilient through FY2024. GDP grew 2.5% in 2023 followed by 1.4% annualized rate in Q1 2024 and 2.8% in Q2 2024. Strong consumer and government spending at all levels, including federal, state, and local, have helped GDP growth, notwithstanding Fed fund rate held at a restrictive level of 5.3-5.5%. The headline inflation (CPI) declined significantly from the 9.1% peak in June 2022 to 3.0% in June 2024. However, core inflation remains sticky, and CPI is higher than the Fed's 2.0% target level. The labor market continued to be solid while showing softening signs, with 2.6 million jobs added in FY2024 vs. 3.8 million jobs in FY2023, and the unemployment rate ticked up from 3.6% in June 2023 to 4.1% in June 2024. The equity markets posted strong returns in FY2024. US equity led with a 23.1% gain, followed by emerging markets at 12.6%, and non-US developed markets at 11.2% for the respective market indices. Bond returns, the US fixed income Bloomberg Barclay's Aggregate index, turned moderately positive with 2.6% for FY2024 after a negative 0.94% return for FY2023.

SERS' Total Fund generated a net of fees return of 9.7% in FY2024, exceeding the policy benchmark by 0.9%. The total return was helped by strong returns of 20.0% in Global Equities, 11.8% in Private Credit, and 10.9% in Private Equity, while returns for all other asset classes were below the total fund return. Positive excess return was contributed by strong excess returns in Private Equity at 5.7%, Global Infrastructure at 4.6%, Opportunistic at 2.8%, Private Credit at 1.7%, Fixed Income at 1.6%, and Global Equities at 0.6% relative to the respective asset class benchmarks. The Total Fund five-year return of 8.9% net of fees exceeded the policy benchmark by 1.2%, while the ten-year return of 7.8% net of fees exceeded the benchmark by 0.8%. Implementation of the investment program has added value to the fund over one-, three-, five-, ten-, and twenty-year periods relative to the Total Fund benchmark. Total fund returns exceeded the actuarial rate of 7.0% for five-, ten-, and twenty-year periods. SERS returns ranked in the top decile (10%) in the public fund peer universe on a gross of fees basis for the three-, five-, and ten-year periods.

Staff will continue to remain focused on implementing the portfolio to add value relative to benchmark returns net of fees and to manage risks. Since the Fed rate hikes in CY2022, market volatility has increased causing bond returns to turn negative and equity/bond correlations to rise negatively impacting portfolio diversification. SERS' portfolio has been more diversified and less impacted by the effects of recent market behavior. High interest rates, full valuation in the equity and credit markets, and slowing growth pose significant risks to expected returns. Though current expectation is that a recession has been avoided and the Fed began rate cuts in September, a downturn in growth remains a possibility.

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

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 7.00%.

INVESTMENT STRATEGIES

Asset Allocation FY2024 SERS' strategic asset allocation targets and its corresponding benchmarks were as follows:

Asset Class	FY2024 Policy	Benchmark Measure
Global Equities	40%	MSCI All Country World Index (ACWI) (Net Dividends)
Global Private Equity	14%	Burgiss All Private Equity (BAPE) (one quarter in arrears)
Global Fixed Income	18%	Bloomberg US Aggregate Bond Index
Global Private Credit	5%	90-day Treasury Bill Rate +4.5% (one quarter in arrears)
Global Real Estate	13%	NCREIF Property Index (one quarter in arrears)
Global Infrastructure	7%	Quarterly (4 qtrs.) smoothed CPI +1.2% per quarter
Cash Equivalents	3%	Citigroup 30-day Treasury Bill Index
Strategy		Benchmark Measure
Opportunistic and Tactical Investments	0%	Bloomberg US Aggregate Bond Index +2.0%
Total	100%	

Leverage SERS' Board has approved the use of leverage up to 10% of total fund value through the use of equity/bond derivatives when conditions are favorable. Currently, this has not been implemented.

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 have also 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 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.

Global Equities

For FY2024, the Global Equities portfolio, which is a combination of global, US, Developed Markets and Emerging Markets composites, returned 20.0% net of fees, outperforming the MSCI ACWI benchmark by 0.6%. The global composite within the Global Equities portfolio gained 27.4% net of fees, outperforming the benchmark by 8.0%, while the regional composite returned 18.3% net of fees, lagging the benchmark by 1.1%.

The US market (Russell 3000 Index) returned 23.1%, beating both Non-US Developed (MSCI World ex-US Index) and Emerging markets (MSCI Emerging Markets Index) by significant margins due to gains in the technology sector. However, the US market's strong return was concentrated in the largest 7 stocks by market capitalization, favoring high beta technology stocks. The US Equity portfolio returned 22.4% net of fees, underperforming the Russell 3000 Index benchmark by 0.7% due to its defensive beta and broader composition. Two large cap core managers were hired, and one large cap value manager was terminated in the second half of the fiscal year to reduce the low beta bias of the US portfolio.

The Non-US Developed portfolio returned 10.7% net of fees, underperforming the MSCI World ex-US Index benchmark by 0.5% in FY2024, mostly due to the small cap overweight.

The Emerging Market Equity portfolio returned 13.5% net of fees, outperforming the benchmark by 1.0% due to strong stock selection. One Emerging Market manager was hired, and two were terminated in FY2024.

Global Private Equity

The private equity market faced several challenges in CY2023 as conditions proved more uncertain. Interest rates rose more quickly than any time since the 1980s, and uncertainty remains as to when the US Federal Reserve will reverse course. Additionally, concerns about a long-anticipated recession that has yet to occur remained present. At the same time, the economy provided positive signs that hint at a possible soft landing, including low unemployment, sufficient growth, and rallying public markets. These mixed signals put downward pressure on private equity deal value, exits, and fundraising. New deal activity has been hampered by the rise in cost of capital. Economic uncertainty combined with elevated purchase valuations and a steady flow of dry powder once again underscores the importance of identifying and backing high quality private equity managers that remain disciplined in their process, due diligence, and selection criteria throughout investment cycles. SERS' Global Private Equity portfolio generated a net return of 10.9% net of fees for FY2024, beating the benchmark return of 5.3% by 5.6%.

Global Fixed Income

The Global Fixed Income portfolio returned 4.2% net of fees, outperforming the US Aggregate Index of 2.6% by 1.6% in FY2024. The outperformance was due to a yield advantage of 0.6% and allocations to outperforming sectors. Portfolio performance had less impact from duration in FY2024 as the Fed's interest rate hiking cycle ended in July 2023 with a 25 basis point hike. The best performing sector was high yield bonds at 10.4%, which continued to benefit from tightening spreads and low defaults. The commercial mortgage-backed securities sector outperformed with a 5.8% return as most subsectors besides office continued to recover from the pandemic. Asset backed securities returned 5.5% with the continued strength of US household spending. Emerging market debt also outperformed with the 50/50 blend of USD and local currency performance of 4.9% as several emerging market countries started cutting interest rates during the year, which was offset by a stronger USD. Investment grade bonds benefited from spread compression as US corporate balance sheets and earnings continued to show strength. Residential mortgages underperformed the benchmark by (0.5%) with a 2.1% return as spreads widened in the first half of 2024 as banks are the predominant buyers of mortgages and remain largely absent as buyers in the sector. US Treasuries were the worst performing sector at 1.6%.

Global Private Credit

The Global Private Credit portfolio generated a net return of 11.8% during FY2024 versus the benchmark return of 10.0%. The portfolio performed well during the fiscal year and generated an attractive cash yield for the Total Fund. The private credit market continued to grow in CY2023 and reached an estimated \$1.7 trillion in assets under management at the end of the year, which was higher than earlier forecasts. The private credit market is forecast to surpass \$2.7 trillion in the next several years. During CY2023, fundraising activity slowed, given the economic uncertainty and higher interest rate environment. Many investors paused on new investments within the private credit space given the uncertainty of corporate earnings growth and the ability of companies to service debt obligations. Nonetheless, over \$200 billion was raised within private credit funds during CY2023. The leveraged loan market continued to see a slowdown in new issuances throughout most of the year as traditional banks pulled back from lending to companies. Still, activity began to pick up towards the end of CY2023. Larger companies, including public companies, continued to turn to the private credit market for financing needs, given the lack of readily available capital. Loan defaults continued to increase, but not as drastically as originally expected since many companies were able to continue servicing debt. The outlook for the private credit market is positive, with considerable growth still

expected despite the slowdown in private equity deal activity. The deal activity within the private credit market remained strong since many companies had no alternative source of financing, which led to a lender-friendly market with tighter covenants and better pricing terms for investors. During FY2024, a total of \$200 million was deployed, and SERS' Global Private Credit portfolio ended the fiscal year above the 5% target allocation.

Global Real Estate and Global Infrastructure

In January 2024, Global Real Estate and Global Infrastructure were separated into two asset classes, previously categorized as Global Real Assets. The new Global Infrastructure asset class adopted an absolute benchmark of quarterly (4qtrs.) smoothed CPI +1.2% per quarter. The Global Real Estate allocation ended FY2024 at 11.7%, which is below the target allocation of 13.0% but within its policy range of 10.0-15.0%. The Global Infrastructure allocation ended FY2024 at 6.5%, which is below the target allocation of 7.0% but within its policy range of 5.0-10.0%.

For FY2024, SERS' Global Real Assets portfolio generated a net of fees return of (4.6%), underperforming the benchmark return of (4.5%). Income return is estimated at 3.5% gross of fees. Infrastructure had a positive net of fees return of 5.3%, while Real Estate net of fees return was negative 9.2%.

Real Estate returns were negatively impacted by mark downs of property values due to deteriorating fundamentals in some sectors (Retail and Office) and higher interest rates.

Going forward, market conditions and fundamentals are expected to support multifamily, industrial, and select niche property types like storage and single-family rentals. Real estate returns are expected to turn positive in the coming year as mark downs taper off and interest rates trend lower. During FY2024, infrastructure continued to demonstrate resilience. Global Infrastructure net of fees return for FY2024 was 5.3%, which outperformed the benchmark of 0.7%. Infrastructure assets performed well, particularly utilities, midstream energy, data centers, and airports. For the next several years, core infrastructure is expected to align with forecast returns of 8.0-10.0% gross internal rate of return. Income returns are expected to play a more critical role in real estate and infrastructure.

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 FY2024, short-term cash returned 5.3% net of fees, underperforming the FTSE 30-day T-Bill Index by 0.3%. The return on cash increased by 1.5% in FY2024 but underperformed the index as the US T-Bill outperformed prime and government money market funds. Money market funds are slower to reinvest in higher yielding assets as interest rates rise as they wait for current securities to mature.

As of June 30, 2024, the weight of cash equivalents was 2.0% of the Total Fund.

Opportunistic and Tactical Investments

The Opportunistic and Tactical portfolio returned 7.5% net of fees, outperforming the benchmark return of 4.6%. The Opportunistic portfolio is comprised of non-traditional investment opportunities that 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, other unique situations, or innovative strategies such as tactical allocation. The Opportunistic portfolio has a 0.0% policy target allocation with a maximum allocation of 5.0%, giving Staff flexibility to invest only when market conditions present attractive opportunities. SERS made three opportunistic investments in FY2024, committing a total of \$125 million to a global long/short commodity trading strategy, a collateralized loan obligation equity fund, and a long/short equity strategy focused on the energy sector. In addition, Staff received approval to invest up to 10.0% of the portfolio in exchange traded funds that do not fit within existing asset class risk/return profiles or objectives.

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 FY2024, the overlay program had losses and reduced the Total Fund net of fees return by 0.4% but has added value since inception. These programs do not require full cash funding except for the margin requirements since they are implemented through futures and forward contracts.

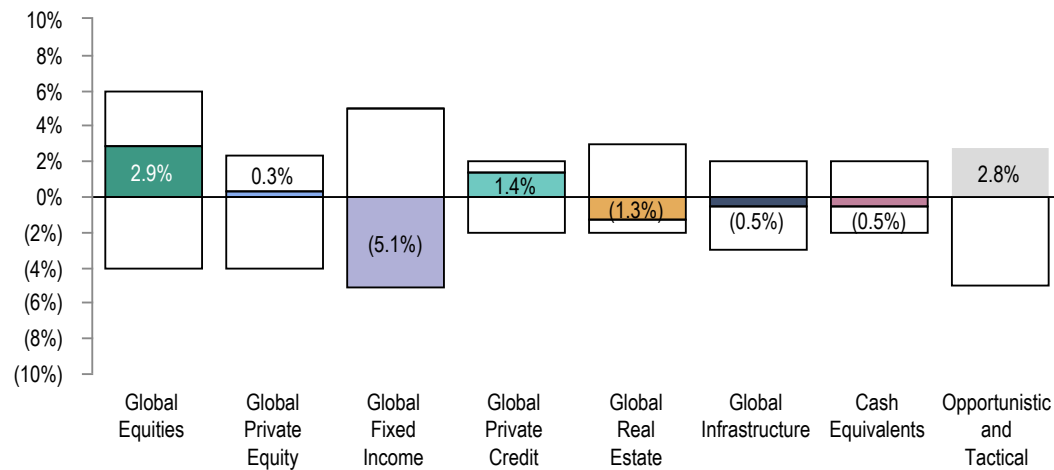
Investments

Investment Summary as of June 30, 2024

	Value	% of Value	Policy	Range
Global Equities ¹	\$8,335,000,855	43.7%	40.0%	35% - 45%
Global Private Equity	2,590,254,706	13.6	14.0	11 - 17
Global Fixed Income ¹	2,441,406,556	12.8	18.0	13 - 23
Global Private Credit	1,239,170,647	6.5	5.0	3 - 7
Global Real Estate	2,209,618,221	11.5	13.0	10 - 15
Global Infrastructure	1,253,230,301	6.6	7.0	5 - 10
Cash Equivalents	483,805,665	2.5	3.0	1 - 5
Opportunistic and Tactical	540,393,156	2.8	0.0	0 - 5
Total Portfolio	\$19,092,880,107	100.0%	100.0%	

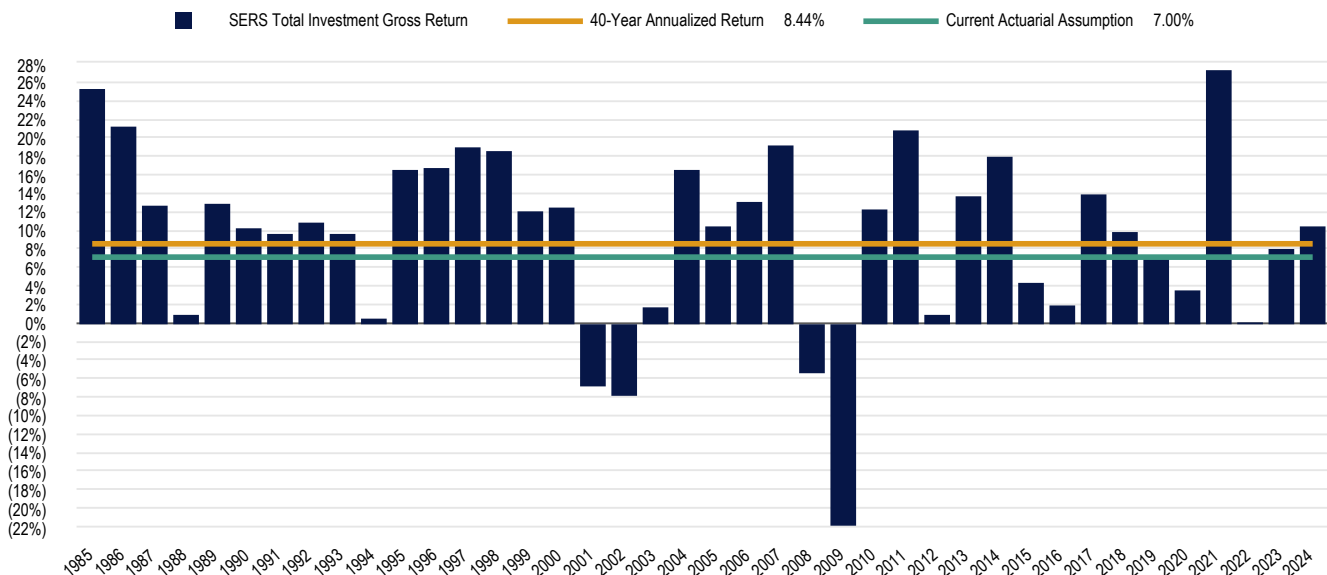
¹ Inclusive of overlay rebalancing positions, the global fixed income fair value allocation was 15.9% and global equities fair value allocation was 40.2%.

Asset Allocation vs. Policy

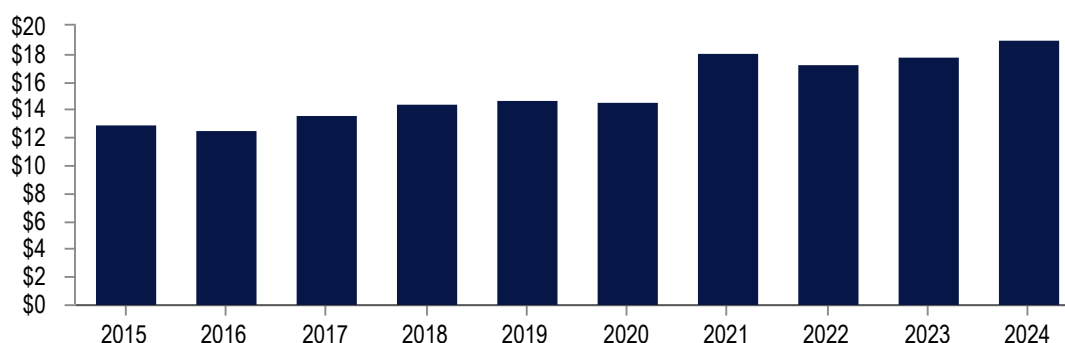


Note: Boxes represent permissible ranges around target weights.

SERS Total Investment Return (Gross of Fees)



Total Investment Fund (\$ in billions)



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

	2024	2023	2022	Annualized Rates of Return		
				3 Years	5 Years	10 Years
Global Equities						
SERS	20.4%	15.9%	(15.6%)	5.6%	11.5%	9.0%
Custom Global Equities Benchmark ⁽¹⁾	19.4	16.5	(16.4)	5.2	10.5	8.3
Global Private Equity						
SERS ⁽²⁾	12.9	4.2	36.3	17.0	19.8	18.9
Custom Global Private Equity Benchmark ⁽³⁾	5.3	(4.0)	22.3	7.8	13.9	12.6
Global Fixed Income						
SERS	4.5	1.0	(10.4)	(1.9)	1.3	2.3
Bloomberg US Aggregate Bond Index	2.6	(0.9)	(10.3)	(3.0)	(0.2)	1.4
Global Real Estate						
SERS ⁽⁴⁾	(8.5)	(0.7)	31.6	6.2	6.1	8.5
Custom Global Real Estate Benchmark ⁽⁵⁾	(7.1)	1.6	21.9	3.7	3.8	6.4
Global Infrastructure						
SERS ⁽⁶⁾	6.3	9.3	10.9	8.8	9.3	N/A
Custom Global Infrastructure Benchmark ⁽⁷⁾	0.7	(1.6)	21.9	6.5	5.5	N/A
Opportunistic and Tactical Investments						
SERS ⁽⁸⁾	8.7	3.8	7.9	6.8	7.8	8.0
Policy Benchmark ⁽⁹⁾	4.6	1.1	(8.3)	(1.0)	0.4	3.3
Global Private Credit						
SERS ⁽¹⁰⁾	13.4	7.7	10.6	10.5	N/A	N/A
3-month Treasury Bill Rate +4.50% ⁽¹¹⁾	10.0	8.3	4.7	7.6	N/A	N/A
Cash Equivalents						
SERS	(11.6)	4.3	16.5	2.5	2.1	2.3
FTSE 30-day Treasury Bill Index	5.6	3.7	0.2	3.1	2.2	1.5
Total Fund (Gross of Fees)						
SERS	10.5	8.1	0.2	6.2	9.6	8.5
Policy Benchmark ⁽¹²⁾	8.8	7.1	(3.6)	4.0	7.7	7.0
Total Fund (Net of Fees)						
SERS	9.7	7.4	(0.5)	5.4	8.9	7.8
Policy Benchmark ⁽¹³⁾	8.8	7.1	(3.6)	4.0	7.7	7.0

Source: BNY Mellon Global Risk Solutions

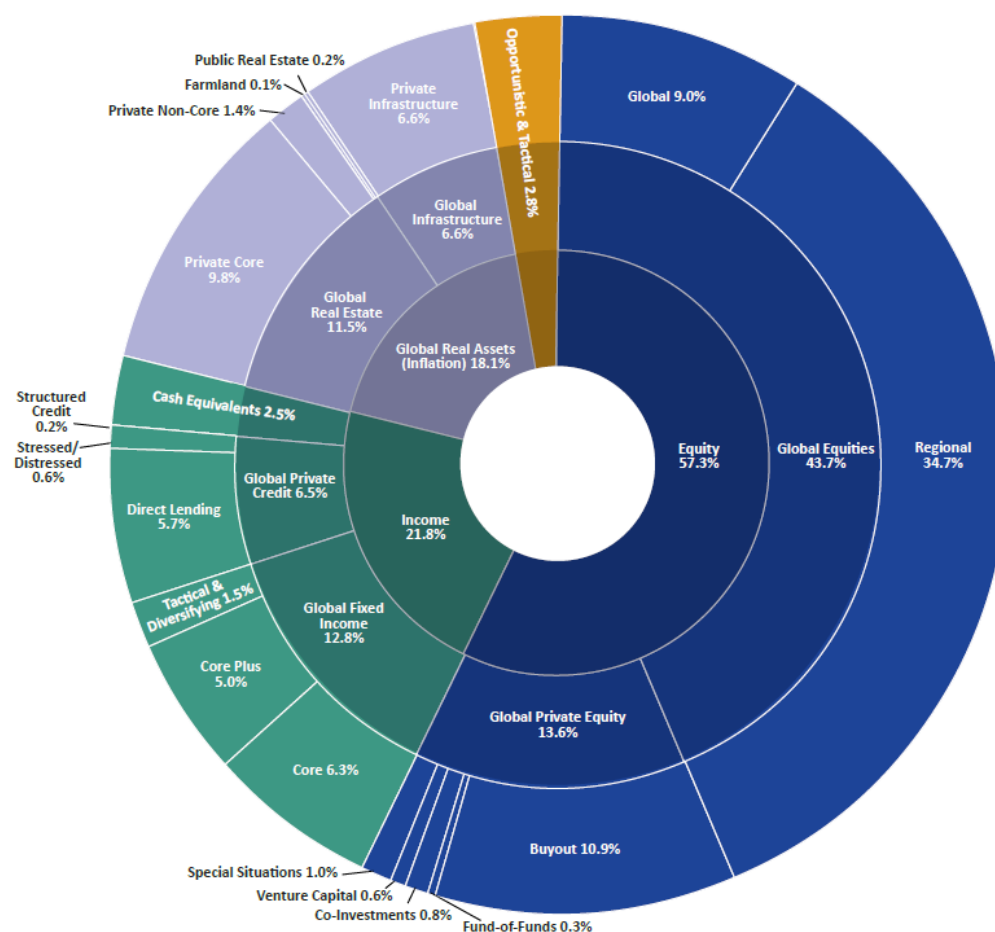
Investment results provided by BNY Mellon Global Risk Solutions are based upon a time-weighted rate of return methodology. Fair value adjustments made to global private equity, global real assets, opportunistic and tactical, and global private credit as of June 30 will be reflected in the investment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

Notes to Investment Results

- (1) Custom Global Equities Benchmark:
 - (a) Effective July 1, 2022
100.00% MSCI All Country World Net Total Return Index
 - (b) Effective January 1, 2021
55.00% Russell 3000 Index
30.00% MSCI ACWI ex-US (net dividends) Index
15.00% MSCI Emerging Markets Net Total Return Index
 - (c) Effective January 1, 2014
50.00% Russell 3000 Index
50.00% MSCI ACWI ex-US (net dividends) Index
 - (d) Effective July 1, 2013
50.00% Russell 3000 Index
50.00% MSCI ACWI ex-US (net 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 +3.0%
- (4) Global Real Estate
 - (a) Prior to January 1, 2024 was reported in Global Real Assets
 - (b) Partnership returns are reported one quarter in arrears. Public real estate returns are reported in the current quarter.
- (5) Global Real Estate Benchmark:
 - (a) Effective July 1, 2010 NCREIF Property Index (one quarter in arrears)
- (6) Global Infrastructure
 - (a) Prior to January 1, 2024 was reported in Global Real Assets
 - (b) Partnership returns are reported one quarter in arrears. Public infrastructure returns are reported in the current quarter.
- (7) Global Infrastructure Benchmark:
 - (a) Effective January 1, 2024, Quarterly (4 qtrs.) smoothed CPI +1.2% per quarter
 - (b) Prior to January 1, 2024 NCREIF Property Index (one quarter in arrears)
- (8) Opportunistic and Tactical inception date occurred in June 2013
- (9) Opportunistic and Tactical Benchmark:
 - (a) Effective July 1, 2020 Bloomberg US Aggregate Bond Index +2.0%
 - (b) Prior to July 1, 2020 SERS Policy BM
- (10) Global Private Credit investments inception date occurred in July 2020
- (11) Global Private Credit Benchmark:
 - (a) Effective July 1, 2023 90-day Treasury Bill Rate +4.5% (one quarter in arrears)
 - (b) Effective February 1, 2022 90-Day Treasury Bill Rate +4.50%
 - (c) Prior to February 1, 2022 3-Month LIBOR +4.50%
- (12) SERS Policy Benchmark weightings for the past 10 years:
 - (a) Effective January 1, 2024
41.00% MSCI All Country World Net Total Return Index
18.00% Bloomberg US Aggregate Bond Index
13.00% NCREIF Property Index (one quarter in arrears)
7.00% Quarterly (4 qtrs.) smoothed CPI +1.2% per quarter
13.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 90-day T-Bill +4.50% (one quarter in arrears)
3.00% Citigroup 30-day T-Bill Index
 - (b) Effective October 1, 2023
41.00% MSCI All Country World Net Total Return Index
18.00% Bloomberg US Aggregate Bond Index
20.00% NCREIF Property Index (one quarter in arrears)
13.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 90-day T-Bill +4.50% (one quarter in arrears)
3.00% Citigroup 30-day T-Bill Index
 - (c) Effective July 1, 2023
40.00% MSCI All Country World Net Total Return Index
18.00% Bloomberg US Aggregate Bond Index
20.00% NCREIF Property Index (one quarter in arrears)
14.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 90-day T-Bill +4.50% (one quarter in arrears)
3.00% Citigroup 30-day T-Bill Index
 - (d) Effective July 1, 2022
45.00% MSCI All Country World Net Total Return Index
19.00% Bloomberg US Aggregate Bond Index
17.00% NCREIF Property Index (one quarter in arrears)
12.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 90-day T-Bill +4.50%
2.00% FTSE 30-day T-Bill Index
 - (e) Effective February 1, 2022
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% Bloomberg US Aggregate Bond Index
17.00% NCREIF Property Index (one quarter in arrears)
12.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 90-Day T-Bill +4.50%
2.00% Citigroup 30-Day T-Bill Index
 - (f) Effective July 1, 2021
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% Bloomberg US Aggregate Bond Index
17.00% NCREIF Property Index (one quarter in arrears)
12.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 3-Month LIBOR +4.50%
2.00% Citigroup 30-Day T-Bill Index
 - (g) Effective January 1, 2021
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% Bloomberg US Aggregate Bond Index
16.00% NCREIF 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 +1.0%
3.00% 3-Month LIBOR +4.50%
2.00% Citigroup 30-Day T-Bill Index
 - (h) Effective July 1, 2020
22.50% Russell 3000 Index
22.50% MSCI ACWI ex-US (net dividends) Index
19.00% Bloomberg US Aggregate Bond Index
16.00% NCREIF 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 +1.0%
3.00% 3-Month LIBOR +4.50%
2.00% Citigroup 30-Day T-Bill Index
 - (i) 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
 - (j) 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
 - (k) 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% 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

SERS Detailed Asset Allocation

EQUITY	57.3%	INCOME	21.8%
Global Equities	43.7%	Global Fixed Income	12.8%
Global	9.0%	Core	6.3%
Regional	34.7%	Core Plus	5.0%
		Tactical and Diversifying	1.5%
Global Private Equity	13.6%	Global Private Credit	6.5%
Buyout	10.9%	Direct Lending	5.7%
Fund-of Funds	0.3%	Stressed/Distressed	0.6%
Co-Investments	0.8%	Structured Credit	0.2%
Venture Capital	0.6%		
Special Situations	1.0%		
OPPORTUNISTIC AND TACTICAL	2.8%	Cash Equivalents	2.5%
Opportunistic and Tactical	2.8%	GLOBAL REAL ASSETS (INFLATION)	18.1%
		Global Real Estate	11.5%
		Private Core	9.8%
		Private Non-Core	1.4%
		Farmland	0.1%
		Public Real Estate	0.2%
		Global Infrastructure	6.6%
		Private Infrastructure	6.6%



Investments

Largest Public Equity Holdings as of June 30, 2024

	Description	Country	Shares	Fair Value
1	Microsoft Corp.	United States	770,374.84	\$344,319,036
2	Apple, Inc.	United States	1,461,394.76	307,798,964
3	NVIDIA Corp.	United States	2,348,702.48	290,158,705
4	Meta Platforms, Inc.	United States	291,409.29	146,934,392
5	Amazon.com, Inc.	United States	735,254.6	142,087,951
6	Alphabet, Inc. Class A	United States	435,286.05	79,287,355
7	Taiwan Semiconductor MFG Co.	Taiwan	2,597,314.25	77,339,382
8	Eli Lilly & Co.	United States	78,420.38	71,000,247
9	Alphabet, Inc. Class C	United States	378,576.44	69,438,490
10	Oracle Corp.	United States	382,279.66	53,977,888

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, 2024

	Description	Rating	Par Value	Fair Value
1	US Treasury Bond 4.750% 11/15/2053	AA+	\$22,213,000	\$22,962,689
2	US Treasury Bond 4.750% 11/15/2043	AA+	18,274,000	18,516,702
3	US Treasury Bond 2.375% 02/15/2042	AA+	21,739,000	15,825,313
4	US Treasury Note 2.250% 02/15/2027	AA+	15,916,000	15,005,182
5	US Treasury Bond 4.125% 08/15/2053	AA+	12,857,000	11,972,579
6	US Treasury Note 3.500% 02/15/2033	AA+	12,549,000	11,761,746
7	US Treasury Note 4.625% 04/30/2029	AA+	11,241,000	11,370,096
8	US Treasury Bond 2.500% 02/15/2045	AA+	15,580,000	11,113,530
9	US Treasury Note 4.875% 10/31/2028	AA+	10,620,000	10,818,295
10	US Treasury Note 4.875% 04/30/2026	AA+	9,880,000	9,894,666

All monetary values stated in US dollars.

A complete listing of holdings is available upon request.

Investment Consultants and Investment Managers as of June 30, 2024

Investment Consultants

Wilshire Associates, Inc.

Investment Managers - Opportunistic and Tactical

Barings Global Advisers, Ltd.
The Carlyle Group
GoldenTree Asset Management, LP
HITE Hedge Asset Management LLC
Intermediate Capital Group, PLC
Marathon Asset Management, LP
Oceanwood Capital Management, LLP
Pacific Investment Management Company, LLC
PanAgora Asset Management, Inc.
Pinnacle Asset Management, LLC
Strategic Value Partners
Wellington Management Company, LLP

Investment Managers - Global Infrastructure

Brookfield Asset Management
DigitalBridge Group, Inc.
Fiera Infrastructure Inc.
Global Infrastructure Partners
Harrison Street Real Estate Capital, L.L.C.
Industry Fund Management Pty, Ltd.
J.P. Morgan Investment Management, Inc.

Investment Managers - Global Real Estate

Almanac Realty Investors, LLC
Beacon Capital Partners, LLC
BlackRock Institutional Trust Co., N.A.
Blackstone Inc
The Carlyle Group
CBRE Global Investors, LLC
Clarion Partners, LLC
Deutsche Asset & Wealth Management
GI Partners
IFC Core Farmland Fund, LP
J.P. Morgan Investment Management, Inc.
Lubert-Adler Management Company, LP
Mesa West Capital, LLC
Patrizia, AG
Pretium Partners, LLC
Prudential Real Estate
UBS Realty Investors, LLC

Investment Managers - Global Private Equity

Altas Partners GP, LP
Bridgepoint Advisers Limited
The Carlyle Group
Charterhouse Capital Partners
Cinven Capital Management Ltd.
Coller Investment Management Ltd.

FdG Associates, LLC
Ford Financial Fund, LP
Francisco Partners Management, LP
Freeman Spogli Management Co., LP
Graham Partners
J.P. Morgan Investment Management, Inc.
KKR Credit Advisors (US) LLC
Kohlberg & Co.
Leonard Green & Partners
Levine Leichtman Capital Partners, Inc.
Lightspeed Venture Partners
Mason Wells, Inc.
Monomoy Capital Partners
NGP Energy Capital Management, LLC
Oaktree Capital Management, LP
Odyssey Investment Partners
Primus Venture Partners
Quantum Energy Partners
Silver Lake Partners
Sole Source Capital
StepStone Group LP
Swander Pace Capital Partners
TPG Inc.
Warburg Pincus LLC

Investment Managers - Global Private Credit

Apollo Global Management
Arcmont Asset Management
Ares Management Corporation
Barings Global Advisers, Ltd.
The Carlyle Group
Francisco Partners Management, LP
GoldenTree Asset Management, LP
Goldman Sachs Asset Management, LP
HPS Investment Partners, LLC
Invesco Credit Partners
KKR Credit Advisors (US) LLC
LBC Credit Partners
One William Street Credit Management, LP

Investment Managers - Global Fixed Income

Aristeia Capital, LLC
BlackRock Institutional Trust Co., N.A.
C. S. McKee, LP
Dodge & Cox
Goldman Sachs Asset Management, LP
J.P. Morgan Investment Management, Inc.
Johnson Investment Counsel, Inc.
Loomis, Sayles & Co., L. P.
Ninety One Asset Management
Pharo Global Advisors Ltd.
Western Asset Management Co.

Investment Managers - Global Equity

AllianceBernstein, LP
Arrowstreet Capital, LP
BlackRock institutional Trust Co., N.A
BNY Mellon Asset Management North America
Brown Capital Management, Inc.
City of London Investment Management Co. Ltd.
Connor, Clark & Lunn Investment Management Ltd.
D.E Shaw & Co., LLC
GlobeFlex Capital, LP
J.P. Morgan Investment Management, Inc.
LSV Asset Management
Lazard Asset Management LLC
Martingale Asset Management, LP
MFS Institutional Advisors, Inc.
Neumeier Poma Investment Counsel LLC
PanAgora Asset Management
State Street Global Advisors Ltd.
T. Rowe Price Group, Inc.
Walter Scott & Partners Ltd.
WCM Investment Management, LLC

Investment Managers - Multi-Asset Strategies

Nephila Capital
Redwood Capital Management, LLC
Stark Offshore Management, LLC

Investment Manager - Overlay Futures

Russell Implementation Services, Inc.

Currency Overlay

P/E Global, LLC

Securities Lending Agent

Goldman Sachs Agency Lending

Investment Proxy Manager

ISS

Custodians

The Bank of New York Mellon
Fifth Third Bank, N.A.

Master Recordkeeper

BNY Mellon Asset Servicing

Investment Performance

BNY Mellon Global Risk Solutions

Investments

Summary Schedule of Broker Commissions for US and Non-US Equity Transactions for the Year Ended June 30, 2024

Broker Name	Fees Paid	# of Shares Traded	Avg. Commission per Share
Instinet, LLC	\$90,812	32,366,922	\$0.003
Macquarie Group Limited	59,308	38,313,866	0.002
Goldman Sachs & Co.	56,764	8,241,834	0.007
HSBC Securities, Inc.	51,509	40,395,069	0.001
Merrill Lynch Professional Clearing Corp.	50,010	11,925,459	0.004
Jefferies, LLC	48,370	15,008,283	0.003
Piper Jaffray & Co.	43,912	4,324,019	0.010
Credit Agricole Securities, Inc.	40,988	28,691,170	0.001
Morgan Stanley & Co., Inc.	40,451	14,599,041	0.003
J.P. Morgan Securities, LLC	39,275	31,957,744	0.001
All other brokers	678,965	157,658,076	0.004
Total	\$1,200,364	383,481,483	

Reconciliation to Statement of Fiduciary Net Position

Asset Class/Strategy	Value	% of Total Value
Global Equities	\$8,335,000,855	43.7%
Global Private Equity	2,590,254,706	13.6
Global Fixed Income	2,441,406,556	12.8
Global Private Credit	1,239,170,647	6.5
Global Real Estate	2,209,618,221	11.5
Global Infrastructure	1,253,230,301	6.6
Cash Equivalents	483,805,665	2.5
Opportunistic and Tactical	540,393,156	2.8
Net Portfolio Value	\$19,092,880,107	100.0%

Investments receivable, securities sold	(73,191,825)
Investments payable, securities purchased	72,708,577
Investment cash	(126,379,411)
Investments per Statement of Fiduciary Net Position	\$18,966,017,448

Statement of Investment Policy (effective January 1, 2024)

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 is 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. Furthermore, active risk (tracking error) shall be inclusive of any applied leverage. 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 Assets) 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 Department, 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;
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;

Statement of Investment Policy

- 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;
 - 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; and
 - p. conducting Investment Committee meetings as the Chair and ensuring appropriate due diligence prior to investment decision.
3. The **Investment Committee** is responsible for:
- a. ensuring that a policy and procedure are 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 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.

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 Investment 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 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;

Statement of Investment Policy

2. ensuring that investment management agreements and related contracts comply with the SIP;
3. ensuring that Investment Service Providers and Investment Managers comply with Section 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 Officer**

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
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 Investments 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; and
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; and
5. Investment limits established by Board resolution remain in effect until 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.

Statement of Investment Policy

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:

ASSET CLASS	TARGET		RANGE
Equity		54%	44% - 64%
Global Equities	40%		35% - 45%
Global Private Equity	14%		11% - 17%
Income		26%	41% - 51%
Global Fixed Income	18%		13% - 23%
Global Private Credit	5%		3% - 7%
Cash Equivalents	3%		1% - 5%
Global Real Assets (Inflation)		20%	17% - 22%
Real Estate	13%		10% - 15%
Infrastructure	7%		5% - 10%
STRATEGY			
Opportunistic and Tactical Investments		0%	0% - 5%
Total	100%	100%	
Leverage		0%	0% - 10%
Total Notional Exposure (Including Leverage)		100%	100% - 110%

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 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. Leverage at the total fund level may be used to gain higher level of exposure than 100% of the above asset allocation targets subject to a limit of 10% of total fund. Economic leverage is obtained by the use of derivatives (equities, bond or other liquid assets) and may be employed to balance risk contribution and/or potentially enhance total fund return. Any active risk introduced by the total fund leverage shall be governed by the limits specified in Section IV. (Risk Management) above.

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.

Statement of Investment Policy

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 authorizes 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 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.

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 \$25 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) if time permits.

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 report performance net-of-fees on a quarterly basis.

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., excluding leverage. Performance for the Total Fund shall be reported including total fund leverage.

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

Global Equities
Global Private Equity
Global Fixed Income
Global Private Credit
Global Real Assets
Global Infrastructure
Cash Equivalents

BENCHMARK MEASURE

MSCI All Country World Net Total Return Index (USD)
Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
Bloomberg US Aggregate Bond Index
90-day Treasury Bill Rate +4.5% (one quarter in arrears)
NCREIF Property Index (one quarter in arrears)
Quarterly (4 qtrs.) smoothed CPI +1.2% per quarter
FTSE 30-day Treasury Bill

STRATEGY

Opportunistic and Tactical Investments

BENCHMARK MEASURE

Bloomberg US Aggregate Bond Index +2.0%

Statement of Investment Policy

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 market 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 7/1/23; 7/1/22; 2/17/22; 2/18/21; 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.

ACTUARIAL SECTION

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MEMBERSHIP



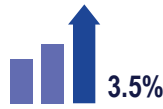
163,350
Active Members



\$4,547 million
Annual Payroll



\$27,838
Annual
Average Salary



Percent Increase
in Average Pay



46.8
Average Age:
Members



7
Active Average
Years of Service

RETIREES



82,490
Retirees*



\$1,384 million
Group Annual
Benefits**



\$16,774
Group Average
Annual Benefit**



75.6
Average Age:
Retirees and
Beneficiaries



68.9
Average Age:
Disabilities



73
Average Age:
Survivors

June 30, 2024 Data

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

**Group include retirees, beneficiaries, disability, and survivors





October 24, 2024

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, 2024 indicates that an actuarial determined contribution rate of 9.56% of payroll for 163,350 school employees meets the basic financial objective over a 20-year period. The actuarial determined contribution rate is reasonable with respect to Actuarial Standards of Practice.

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 78.99%. 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 September 19, 2024, the entire employer contribution rate of 14.00% will be allocated to SERS basic benefits.

ATLANTA OFFICE | 3550 Busbee Parkway | Suite 250 | Kennesaw, GA 30144
Phone: 678-388-1700 | CavMacConsulting.com



Board of Trustees
October 24, 2024
Page 2

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.

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 funding purposes meet the parameters set by the Actuarial Standards of Practice.

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 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 2069, assuming all actuarial assumptions are met and there will be no health care cost increases due to Federal 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.



Board of Trustees
October 24, 2024
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, 2024 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,

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

Alisa Bennett, FSA, EA, FCA, MAAA
President

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

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, 2024.

Pension plan and health care provisions can be found in the Notes to the Basic Financial Statements beginning on page [26](#).

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 FY2024, 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, 2024, 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 20-year period.

Pension Trust Fund	13.33%
Medicare B Fund	0.62%
Death Benefit Fund	0.05%
Health Care Fund	0.00%
	<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 pro-rated for partial service credit. For FY2024, the minimum pay amount is established at \$30,000. 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.

Actuarial

Economic Assumptions The following economic assumptions were used in the actuarial valuation as of June 30, 2024:

- **Investment Return** Net after all SERS' 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%.
- **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 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 following table.

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	0.00	3.25	3.25

Non-Economic Assumptions

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

Age	Annual Rates of Retirement							
	Eligible prior to 8/1/17				Eligible on or 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

- **Separations from Active Service** Separation from active service other than retirement assumed rates are:

Years of 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	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 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.

- **Marriage Assumption** Based on prior experience, it is assumed that 80% of retirees are married, with the husband 3 years older than his wife.

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, 2024

Present value of:	Pension Benefits	Medicare Part B	Post-Retirement Death Benefit	Total Basic Benefits
Future benefits to present retirees and survivors	\$13,700,032,722	\$200,476,726	\$32,710,639	\$13,933,220,087
Benefits and refunds to present inactive members	858,409,994	23,905,649	1,261,371	883,577,014
Allowances to present active members				
Service	8,166,940,511	140,345,151	7,823,320	8,315,108,982
Disability	305,415,521	5,253,611	337,907	311,007,039
Survivor benefits	187,722,285	2,923,052	—	190,645,337
Withdrawal	177,085,408	9,047,776	425,327	186,558,511
Total Active AAL	8,837,163,725	157,569,590	8,586,554	9,003,319,869
Total AAL	\$23,395,606,441	\$381,951,965	\$42,558,564	\$23,820,116,970

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
2024	163,350	\$4,547	\$27,838	3.5%
2023	159,873	4,299	26,888	4.4
2022	155,063	3,995	25,762	4.3
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

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

**Beginning with FY2021, the annual compensation reflects imputed salaries.

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		
2024	3,802	\$68,298,152	3,145	\$25,156,149	82,490	\$1,383,749,267	3.2%	\$16,775
2023	3,740	63,623,157	3,058	18,454,519	81,833	1,340,607,264	3.5	16,382
2022	3,867	67,062,445	3,437	26,558,581	81,151	1,295,438,626	3.2	15,963
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

Medicare B Retirees and Beneficiaries Added to and Removed from Rolls

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		
2024	2,176	\$1,188,096	2,693	\$1,470,378	39,273	\$21,443,058	(1.3%)	\$546
2023	1,953	1,066,338	2,754	1,503,684	39,790	21,725,340	(2.0)	546
2022	2,057	1,123,122	2,826	1,542,996	40,591	22,162,686	(1.9)	546
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

Schedule of Funding Progress (\$ in millions)

Valuation as of June 30	Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Active Member Payroll (c)	UAAL as a % of Active Member Payroll (b - a) / (c)	Amortization Period (years)
PENSION							
2024	\$18,482	\$23,396	\$4,914	79.0%	\$4,547	108.1%	20
2023	17,384	22,656	5,272	76.7	4,299	122.6	21
2022	16,611	21,941	5,330	75.7	3,995	133.4	22
2021	15,781	21,097	5,316	74.8	3,622	146.8	23
2020	14,811	20,601	5,790	71.9	3,478	166.5	24
2019	14,267	20,090	5,823	71.0	3,463	168.1	25
2018	13,824	19,559	5,735	70.7	3,332	172.1	26
2017	13,537	19,148	5,611	70.7	3,303	169.9	27
2016	13,015	19,331	6,316	67.3	2,932	215.4	28
2015	12,446	18,087	5,641	68.8	2,845	198.3	27
MEDICARE B							
2024	\$299	\$382	\$83	78.3%	\$4,547	1.8%	20
2023	270	386	116	69.9	4,299	2.7	21
2022	246	389	143	63.2	3,995	3.6	22
2021	223	391	168	56.9	3,622	4.6	23
2020	199	393	194	50.7	3,478	5.6	24
2019	180	397	217	45.3	3,463	6.3	25
2018	164	400	236	41.1	3,332	7.1	26
2017	153	402	249	38.0	3,303	7.5	27
2016	142	402	260	35.4	2,932	8.9	28
2015	134	381	247	35.3	2,845	8.7	27
DEATH BENEFIT							
2024	\$34	\$43	\$9	79.1%	\$4,547	0.2%	20
2023	31	42	11	73.8	4,299	0.3	21
2022	30	41	11	71.7	3,995	0.3	22
2021	28	41	13	67.7	3,622	0.4	23
2020	27	40	13	66.8	3,478	0.4	24
2019	26	40	14	64.5	3,463	0.4	25
2018	24	39	15	61.6	3,332	0.5	26
2017	23	38	15	61.0	3,303	0.5	27
2016	22	38	16	58.5	2,932	0.5	28
2015	21	35	14	60.8	2,845	0.5	27

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.

Valuation as of June 30	Aggregate Accrued Liabilities For (\$ in millions)				Portion of Accrued Liabilities Covered by Reported Asset		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
PENSION							
2024	\$3,595	\$14,558	\$5,243	\$18,482	100.0%	100.0%	6.3%
2023	3,093	14,132	5,431	17,384	100.0	100.0	2.9
2022	3,040	13,773	5,128	16,611	100.0	98.5	0.0
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
MEDICARE B							
2024	\$0	\$224	\$158	\$299	100.0%	100.0%	47.6%
2023	0	228	158	270	100.0	100.0	26.5
2022	0	231	158	246	100.0	100.0	9.5
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
DEATH BENEFIT							
2024	\$0	\$34	\$8	\$34	100.0%	100.0%	0.0%
2023	0	33	9	31	100.0	93.9	0.0
2022	0	33	8	30	100.0	90.9	0.0
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

Analysis of Financial Experience

Gains and Losses in Accrued Liabilities Resulting from Difference Between Assumed Experience and Actual Experience

(\$ in millions)

(continued through page 100)

Type of Risk Area	2024				2023				2022			
	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.	(\$58.1)	\$4.0	\$1.0	(\$53.1)	(\$69.1)	\$3.3	\$0.7	(\$65.1)	(\$69.6)	\$2.7	\$1.1	(\$65.8)
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	(1.3)	0.1	0.0	(1.2)	(1.9)	(1.3)	0.0	(3.2)	(6.3)	(0.1)	0.0	(6.4)
Pre-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(7.1)	(0.3)	0.0	(7.4)	(5.1)	(0.3)	0.0	(5.4)	(6.6)	(0.4)	0.0	(7.0)
Pay Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, there is a loss.	(105.3)	0.0	0.0	(105.3)	(139.7)	0.0	0.0	(139.7)	(212.3)	0.0	0.0	(212.3)
Investment Income (Loss) If there is greater investment income than assumed, there is a gain. If less income, there is a loss.	407.2	6.1	0.8	414.1	153.3	2.1	0.3	155.7	264.7	3.5	0.4	268.6
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	(49.7)	3.3	0.2	(46.2)	(43.9)	3.6	0.2	(40.1)	(46.9)	3.2	0.2	(43.5)
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(61.8)	(1.8)	(0.1)	(63.7)	(64.3)	(1.9)	(0.1)	(66.3)	(50.7)	(1.8)	(0.1)	(52.6)
Death After Retirement If retired members live longer than assumed, there is a loss. If not as long, there is a gain.	31.1	12.4	(0.5)	43.0	41.4	13.6	(0.5)	54.5	67.3	16.1	(0.7)	82.7
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	77.0	2.9	0.2	80.1	86.2	1.7	(0.2)	87.7	(23.3)	(1.9)	0.0	(25.2)
Non-Recurring Items Adjustments for plan amendments, assumption changes, or method changes.	(38.9)	0.0	0.0	(38.9)	(37.1)	0.0	0.0	(37.1)	(37.0)	0.0	0.0	(37.0)
Total Gain (Loss) During Year	\$193.1	\$26.7	\$1.6	\$221.4	(\$80.2)	\$20.8	\$0.4	(\$59.0)	(\$120.7)	\$21.3	\$0.9	(\$98.5)

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
(\$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)
(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)
(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)
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
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)
(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)
(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)
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
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
(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
\$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)

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Actuarial

(continued from prior page)

Type of Risk Area	2017				2016				2015			
	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.	(\$211.0)	(\$0.5)	(\$0.3)	(\$211.8)	(\$141.6)	\$0.7	(\$0.1)	(\$141.0)	(\$124.4)	\$1.5	(\$0.1)	(\$123.0)
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	(37.0)	(0.7)	(0.1)	(37.8)	(49.9)	(0.6)	(0.1)	(50.6)	(52.4)	(0.6)	(0.1)	(53.1)
Pre-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(0.1)	0.0	0.0	(0.1)	(27.9)	(0.6)	0.0	(28.5)	0.0	0.0	0.0	0.0
Pay Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, there is a loss.	(69.2)	0.0	0.0	(69.2)	70.0	0.0	0.0	70.0	53.3	0.0	0.0	53.3
Investment Income (Loss) If there is greater investment income than assumed, there is a gain. If less income, there is a loss.	(12.1)	0.1	0.0	(12.0)	49.6	0.9	0.1	50.6	60.6	1.3	0.2	62.1
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	21.7	0.2	0.0	21.9	29.2	1.1	0.1	30.4	63.2	1.7	0.2	65.1
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(45.0)	(2.9)	(0.2)	(48.1)	(42.3)	(1.6)	(0.1)	(44.0)	(46.0)	(1.5)	(0.1)	(47.6)
Death After Retirement If retired members live longer than assumed, there is a loss. If not as long, there is a gain.	85.3	14.0	(2.1)	97.2	104.4	10.6	(1.2)	113.8	39.0	16.9	(0.1)	55.8
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	(32.1)	1.8	3.6	(26.7)	(3.3)	1.0	1.6	(0.7)	(0.8)	0.4	0.3	(0.1)
Non-Recurring Items Adjustments for plan amendments, assumption changes, or method changes.	998.5	0.0	0.0	998.5	(643.5)	(22.4)	(2.3)	(668.2)	0.0	0.0	0.0	0.0
Total Gain (Loss) During Year	\$699.0	\$12.0	\$0.9	\$711.9	(\$655.3)	(\$10.9)	(\$2.0)	(\$668.2)	(\$7.5)	\$19.7	\$0.3	\$12.5

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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 postemployment 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 actuarial 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.

Asset Valuation Method Market Value

Economic Assumptions The following economic assumptions were used in the actuarial valuation as of June 30, 2024:

- **Investment Return** Net after all SERS' 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** The following is a chart detailing trend assumptions:

Calendar Year	Trend Rate
2024	7.00%
2025	6.75
2026	6.50
2027	6.25
2028	6.00
2029	5.75
2030	5.50
2031	5.25
2032	5.00
2033	4.75
2034	4.50
2035 and beyond	4.40

Non-Economic Assumptions

- **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-65 Age	Retiree		Spouse		Post-65 Age	Retiree		Spouse	
	Male	Female	Male	Female		Male	Female	Male	Female
40	\$5,056	\$8,251	\$4,658	\$7,602	65	\$1,248	\$1,189	\$1,164	\$1,109
45	6,267	8,735	5,774	8,048	70	1,517	1,462	1,415	1,364
50	8,184	10,177	7,541	9,377	75	1,801	1,707	1,680	1,592
55	10,739	11,856	9,894	10,924	80	2,091	1,967	1,950	1,834
60	13,833	13,828	12,745	12,740	85	2,356	2,219	2,197	2,070
64	16,895	16,190	15,566	14,916	90	2,587	2,410	2,413	2,248

- **Anticipated Plan Participation** 25% of male and 25% of female retirees will choose spousal coverage. Wives are assumed to be three years younger than husbands.

Pre-65 Participants:

Years of Service at Retirement	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 at Retirement	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

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, 2024

Present value of:

Benefits payable on account of present retiree members and beneficiaries	\$479,898,533
Benefits payable on account of present active members	1,395,665,613
Benefits payable on account of deferred vested members	20,425,309
Total AAL	\$1,895,989,455

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	2024	2023	2022	2021	2020	2019
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.	\$11.4	\$0.8	(\$1.0)	(\$3.9)	(\$6.6)	(\$3.9)
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	0.8	0.0	(0.3)	1.2	1.2	(1.6)
Post-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(1.9)	(1.6)	(1.5)	(1.5)	(1.7)	(2.0)
Claims Increases (Including Wrap Plan) If there are smaller claims increases than assumed, there is a gain. If greater increases, there is a loss.	318.7	107.8	69.4	(7.9)	491.4	415.3
Asset Experience If there is greater investment income than assumed, there is a gain. If less income, there is a loss. If there are more contributions than the actuarially determined contributions, there is a gain. If less contributions, there is a loss.	2.3	92.8	(64.2)	21.8	(99.0)	(114.7)
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	25.4	29.3	21.5	19.7	17.5	17.9
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(14.3)	(12.8)	(10.3)	(12.8)	(18.1)	(20.5)
Death after Retirement If retired members live longer than assumed, there is a loss. If not as long, there is a gain.	12.1	12.4	15.9	14.4	16.0	16.3
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	12.0	(67.7)	22.8	42.3	55.1	63.4
Non-Recurring Items Adjustments for COLA, plan amendments, assumption changes, and/or method changes.	(53.6)	(253.4)	(106.2)	560.9	(16.4)	0.0
Total Gain (Loss) During Year	\$312.9	(\$92.4)	(\$53.9)	\$634.2	\$439.4	\$370.2

2018	2017	2016	2015
\$30.8	(\$4.8)	(\$10.6)	\$2.8
(0.4)	(5.1)	2.8	2.6
(1.9)	(2.4)	(1.0)	(0.7)
(71.4)	124.0	170.7	112.7
(74.2)	(101.7)	(107.4)	(89.7)
39.2	3.4	29.4	30.1
(21.2)	(39.0)	(24.7)	(18.2)
35.4	18.4	12.2	14.3
9.2	31.1	(2.9)	9.0
0.0	0.0	(72.1)	0.0
(\$54.5)	\$23.9	(\$3.6)	\$62.9

Health Care Schedule of Funding Progress *(\$ in millions)*

Valuation as of June 30	Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Active Member Payroll (c)	UAAL as a % of Active Member Payroll (b - a) / (c)	Solvency Period (years)
2024	\$816	\$1,325	\$509	61.6%	\$4,547	11.2%	45
2023	707	1,532	825	46.1	4,299	19.2	39
2022	612	1,348	736	45.4	3,995	18.4	38
2021	600	1,289	689	46.6	3,622	19.0	37
2020	483	1,797	1,314	26.9	3,478	37.8	34
2019	464	2,199	1,735	21.1	3,463	50.1	15
2018	436	2,525	2,089	17.3	3,332	62.7	17
2017	382	2,396	2,014	15.9	3,303	61.0	16
2016	370	2,407	2,037	15.4	2,932	69.5	8
2015	408	2,425	2,017	16.8	2,845	70.9	9

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)
2024	\$0	\$500	\$825	\$816	100.0%	100.0%	38.3%
2023	0	630	902	707	100.0	100.0	8.5
2022	0	532	816	612	100.0	100.0	9.8
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

Health Care Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls*		Rolls at Year-End		% Change in Projected Benefits	Average Projected Benefits
	No.	Projected Benefits	No.	Projected Benefits	No.	Projected Benefits		
2024	2,156	\$5,852,358	2,620	\$4,216,620	39,192	\$49,618,746	(16.4%)	\$1,266
2023	2,155	5,780,866	2,630	3,716,184	39,656	59,374,856	(5.8)	1,497
2022	2,245	6,676,697	3,011	4,299,770	40,131	63,016,244	(8.7)	1,570
2021	2,213	7,152,506	3,172	4,050,170	40,897	69,028,349	(0.8)	1,688
2020	2,058	6,645,569	2,749	4,275,713	41,856	69,600,381	(15.9)	1,663
2019	1,791	6,375,244	2,665	4,496,857	42,547	82,778,168	(8.7)	1,946
2018	2,383	7,833,624	2,820	5,004,204	43,421	90,696,175	(0.9)	2,089
2017	2,355	10,099,985	2,774	4,834,866	43,858	91,554,056	1.2	2,088
2016	2,820	10,209,470	2,650	4,258,016	44,277	90,484,518	(0.4)	2,044
2015	2,329	8,897,861	2,932	4,682,901	44,107	90,855,858	4.4	2,060

* 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

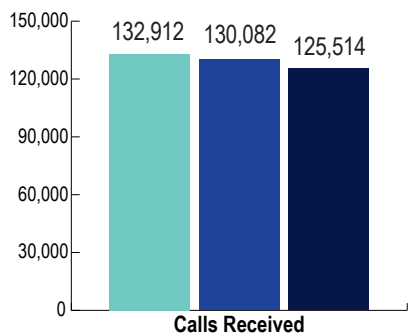
FY2022

FY2023

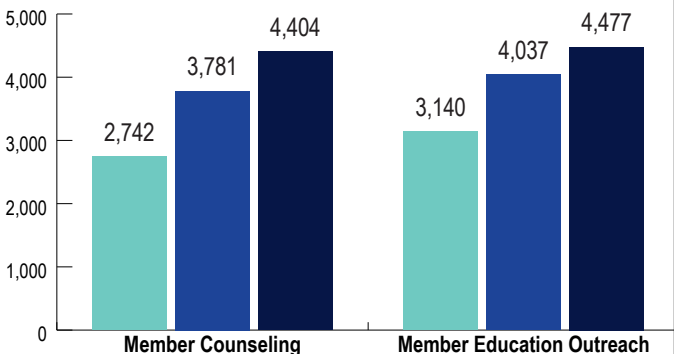
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MEMBER

Incoming Calls

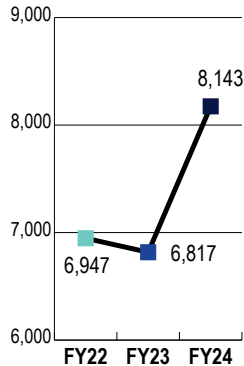


Counseling and Outreach



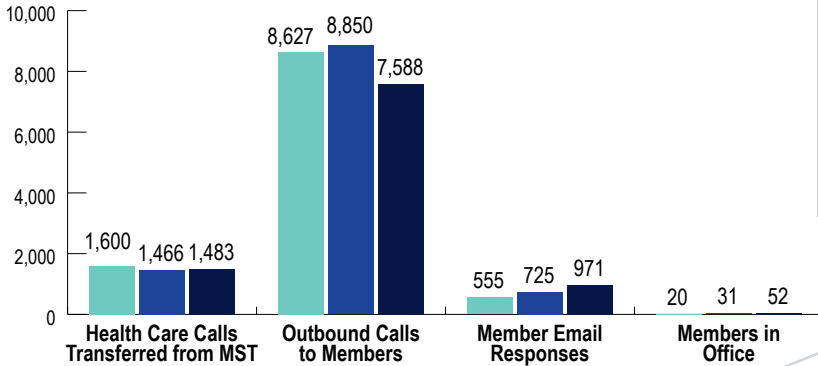
EMPLOYER

Incoming Calls



HEALTH CARE

Interaction



Data from FY2024 Annual Ops Report



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 [111](#) 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 [118](#) 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:

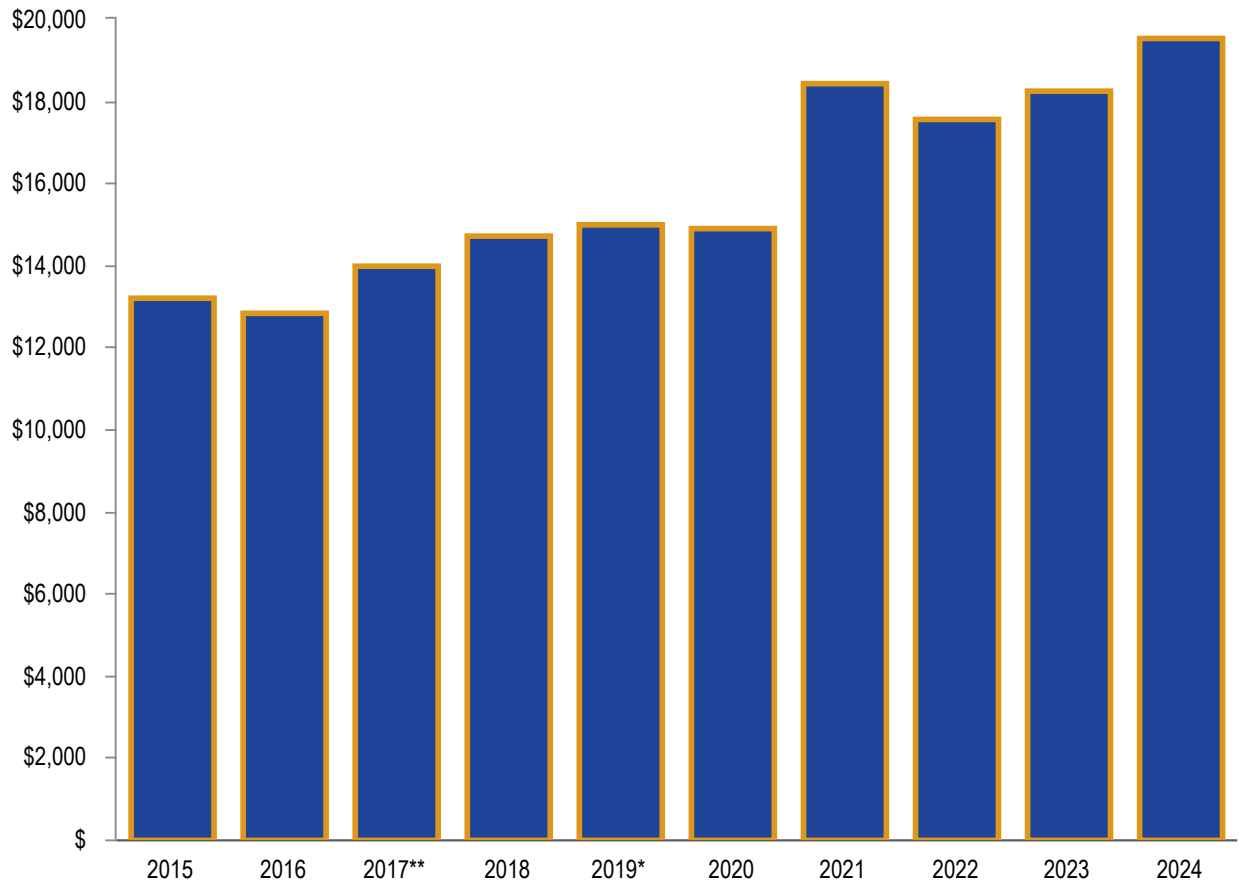
- Employee and Employer Contribution Rates
- Demographics of New Pension Benefit Recipients
- Demographics of Active and Retired Members Used for Valuation Purposes
- Retired Members by Type of Benefit
- Retirees, Spouses, and Dependents Receiving Health Care Coverage
- Principal Participating Employers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

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
2024	\$18,373,116,272	\$297,548,151	\$33,855,911	\$149,692	\$816,468,867	\$19,521,138,893
2023	17,259,676,387	268,029,775	31,095,304	135,195	706,785,561	18,265,722,222
2022	16,685,941,961	246,901,660	29,847,384	54,035	611,574,409	17,574,319,449
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**	13,438,843,275	151,581,147	23,214,168	217,398	382,109,560	13,995,965,548
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

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.

SERS Retirement Plan Schedules

Changes in Fiduciary Net Position

Last 10 fiscal years

(continued through page 115)

ALL FUNDS COMBINED	2024	2023	2022	2021
ADDITIONS				
Employer Contributions	\$648,819,912	\$614,499,611	\$578,301,752	\$537,740,460
Member Contributions	421,433,681	398,907,335	375,838,354	346,781,820
Other Income	115,520,763	134,359,629	97,382,882	84,050,104
Total Investment Income (Loss), Net	1,739,584,327	1,182,955,780	(346,447,426)	4,088,576,284
TOTAL ADDITIONS	2,925,358,683	2,330,722,355	705,075,562	5,057,148,668
DEDUCTIONS				
Benefits	1,540,053,541	1,498,588,257	1,456,559,791	1,425,088,081
Refunds and Lump Sum Payments	94,073,791	97,668,607	82,209,215	72,374,764
Net Transfers to Other Ohio Systems	2,454,005	9,866,201	7,998,389	5,424,513
Administrative Expenses	33,360,675	33,196,517	24,600,074	16,084,857
TOTAL DEDUCTIONS	1,669,942,012	1,639,319,582	1,571,367,469	1,518,972,215
Net Increase (Decrease)	1,255,416,671	691,402,773	(866,291,907)	3,538,176,453
Fiduciary Net Position Held in Trust:				
Beginning of Year	18,265,722,222	17,574,319,449	18,440,611,356	14,902,434,903
End of Year	\$19,521,138,893	\$18,265,722,222	\$17,574,319,449	\$18,440,611,356

PENSION TRUST FUND	2024	2023	2022	2021
ADDITIONS				
Employer Contributions	\$559,502,068	\$528,038,431	\$495,884,566	\$456,195,419
Member Contributions	421,433,681	398,907,335	375,838,354	346,781,820
Other Income	42,727	—	—	—
Total Investment Income (Loss), Net	1,652,618,802	1,128,873,919	(332,917,903)	3,916,448,920
TOTAL ADDITIONS	2,633,597,278	2,055,819,685	538,805,017	4,719,426,159
DEDUCTIONS				
Pension Benefits	1,393,310,727	1,344,067,864	1,302,357,602	1,270,735,447
Refunds and Lump Sum Payments	94,073,791	97,668,607	82,209,215	72,374,764
Net Transfers to Other Ohio Systems	2,454,005	9,866,201	7,998,389	5,424,513
Administrative Expenses	30,318,870	30,482,587	21,533,026	12,704,584
TOTAL DEDUCTIONS	1,520,157,393	1,482,085,259	1,414,098,232	1,361,239,308
Net Increase (Decrease)	1,113,439,885	573,734,426	(875,293,215)	3,358,186,851
Fiduciary Net Position Held in Trust:				
Beginning of Year	17,259,676,387	16,685,941,961	17,561,235,176	14,203,048,325
End of Year	\$18,373,116,272	\$17,259,676,387	\$16,685,941,961	\$17,561,235,176

HEALTH CARE FUND	2024	2023	2022	2021
ADDITIONS				
Employer Contributions	\$60,953,779	\$57,483,842	\$53,766,548	\$53,533,333
Other Income	115,520,763	134,359,629	97,382,882	84,050,104
Total Investment Income (Loss), Net	58,744,114	35,445,488	(8,096,503)	111,580,200
TOTAL ADDITIONS	235,218,656	227,288,959	143,052,927	249,163,637
DEDUCTIONS				
Health Care Expenses	122,558,704	129,424,430	128,796,889	128,132,981
Administrative Expenses	2,976,646	2,653,377	3,011,817	3,311,946
TOTAL DEDUCTIONS	125,535,350	132,077,807	131,808,706	131,444,927
Net Increase (Decrease)	109,683,306	95,211,152	11,244,221	117,718,710
Fiduciary Net Position Held in Trust:				
Beginning of Year	706,785,561	611,574,409	600,330,188	482,611,478
End of Year	\$816,468,867	\$706,785,561	\$611,574,409	\$600,330,188

* 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

2020	2019*	2018	2017**	2016	2015
\$540,093,944	\$530,912,162	\$499,018,574	\$515,834,904	\$481,635,982	\$466,904,369
352,343,063	345,212,684	324,842,074	336,627,658	314,325,716	303,866,076
97,386,324	87,988,134	116,893,434	98,190,524	113,932,903	116,501,166
424,249,537	853,597,055	1,270,190,442	1,649,100,073	108,787,810	452,598,520
1,414,072,868	1,817,710,035	2,210,944,524	2,599,753,159	1,018,682,411	1,339,870,131
1,412,869,771	1,404,572,346	1,407,652,952	1,341,304,984	1,309,740,098	1,248,400,086
72,849,117	75,639,810	59,575,036	60,692,833	70,340,495	60,635,651
3,411,620	1,311,797	(6,734,065)	(3,139,875)	(2,272,514)	28,139,159
30,882,135	34,449,268	29,630,291	26,988,572	24,556,744	21,600,412
1,520,012,643	1,515,973,221	1,490,124,214	1,425,846,514	1,402,364,823	1,358,775,308
(105,939,775)	301,736,814	720,820,310	1,173,906,645	(383,682,412)	(18,905,177)
15,008,374,678	14,706,362,726	13,985,542,416	12,822,058,903	13,205,741,315	13,224,646,492
\$14,902,434,903	\$15,008,099,540	\$14,706,362,726	\$13,995,965,548	\$12,822,058,903	\$13,205,741,315

2020	2019*	2018	2017**	2016	2015
\$461,695,266	\$435,388,804	\$406,953,261	\$442,032,882	\$412,712,475	\$374,724,343
352,343,063	345,212,684	324,842,074	336,627,658	314,325,716	303,866,076
—	—	—	—	—	—
407,045,705	819,731,217	1,226,089,090	1,593,050,588	105,116,336	435,966,343
1,221,084,034	1,600,332,705	1,957,884,425	2,371,711,128	832,154,527	1,114,556,762
1,251,597,154	1,232,808,916	1,227,807,547	1,146,987,656	1,085,216,541	1,020,154,456
72,849,117	75,639,810	59,575,036	60,692,833	70,340,495	60,635,651
3,411,620	1,311,797	(6,734,065)	(3,139,875)	(2,272,514)	28,139,159
27,934,647	31,814,787	26,931,754	24,343,472	21,746,197	19,249,913
1,355,792,538	1,341,575,310	1,307,580,272	1,228,884,086	1,175,030,719	1,128,179,179
(134,708,504)	258,757,395	650,304,153	1,142,827,042	(342,876,192)	(13,622,417)
14,337,756,829	14,078,724,296	13,428,420,143	12,296,016,233	12,638,892,425	12,652,514,842
\$14,203,048,325	\$14,337,481,691	\$14,078,724,296	\$13,438,843,275	\$12,296,016,233	\$12,638,892,425

2020	2019	2018	2017	2016	2015
\$48,187,050	\$65,877,673	\$63,539,354	\$47,672,886	\$44,855,441	\$68,904,867
97,386,324	87,988,134	116,893,434	98,190,524	113,932,903	116,501,166
11,139,059	22,009,627	28,167,652	35,730,747	2,244,300	11,142,837
156,712,433	175,875,434	208,600,440	181,594,157	161,032,644	196,548,870
135,034,624	145,127,670	152,447,415	167,106,908	196,445,600	199,750,908
2,877,010	2,566,722	2,632,948	2,582,204	2,746,127	2,292,565
137,911,634	147,694,392	155,080,363	169,689,112	199,191,727	202,043,473
18,800,799	28,181,042	53,520,077	11,905,045	(38,159,083)	(5,494,603)
463,810,679	435,629,637	382,109,560	370,204,515	408,363,598	413,858,201
\$482,611,478	\$463,810,679	\$435,629,637	\$382,109,560	\$370,204,515	\$408,363,598

(continued on next page)

SERS Retirement Plan Schedules

Changes in Fiduciary Net Position (continued from prior page)

Last 10 fiscal years

MEDICARE B FUND	2024	2023	2022	2021
ADDITIONS				
Employer Contributions	\$26,027,395	\$26,635,054	\$26,224,585	\$26,273,453
Total Investment Income (Loss), Net	25,201,067	16,604,465	(4,824,251)	53,543,370
TOTAL ADDITIONS	51,228,462	43,239,519	21,400,334	79,816,823
DEDUCTIONS				
Pension Benefits	21,702,949	22,104,393	22,446,630	22,913,755
Administrative Expenses	7,137	7,011	6,774	6,453
TOTAL DEDUCTIONS	21,710,086	22,111,404	22,453,404	22,920,208
Net Increase (Decrease)	29,518,376	21,128,115	(1,053,070)	56,896,615
Fiduciary Net Position Held in Trust:				
Beginning of Year	268,029,775	246,901,660	247,954,730	191,058,115
End of Year	\$297,548,151	\$268,029,775	\$246,901,660	\$247,954,730

DEATH BENEFIT FUND	2024	2023	2022	2021
ADDITIONS				
Employer Contributions	\$2,098,943	\$1,987,715	\$2,247,134	\$1,382,813
Total Investment Income (Loss), Net	3,020,261	2,030,083	(608,945)	7,003,576
TOTAL ADDITIONS	5,119,204	4,017,798	1,638,189	8,386,389
DEDUCTIONS				
Death Benefits	2,303,102	2,718,918	2,601,941	2,962,198
Administrative Expenses	55,495	50,960	45,945	59,297
TOTAL DEDUCTIONS	2,358,597	2,769,878	2,647,886	3,021,495
Net Increase (Decrease)	2,760,607	1,247,920	(1,009,697)	5,364,894
Fiduciary Net Position Held in Trust:				
Beginning of Year	31,095,304	29,847,384	30,857,081	25,492,187
End of Year	\$33,855,911	\$31,095,304	\$29,847,384	\$30,857,081

QEBA FUND	2024	2023	2022	2021
ADDITIONS				
Employer Contributions	\$195,000	\$354,569	\$178,919	\$355,442
Total Investment Income (Loss), Net	83	1,825	176	218
TOTAL ADDITIONS	195,083	356,394	179,095	355,660
DEDUCTIONS				
Pension Benefits	178,059	272,652	356,729	343,700
Administrative Expenses	2,527	2,582	2,512	2,577
TOTAL DEDUCTIONS	180,586	275,234	359,241	346,277
Net Increase (Decrease)	14,497	81,160	(180,146)	9,383
Fiduciary Net Position Held in Trust:				
Beginning of Year	135,195	54,035	234,181	224,798
End of Year	\$149,692	\$135,195	\$54,035	\$234,181

SERS Retirement Plan Schedules

2020	2019	2018	2017	2016	2015
\$28,332,747	\$27,319,485	\$26,291,404	\$24,155,026	\$22,208,623	\$21,499,206
5,305,350	10,373,511	13,784,587	17,527,764	1,233,948	4,716,932
33,638,097	37,692,996	40,075,991	41,682,790	23,442,571	26,216,138
23,536,709	23,990,512	24,384,610	24,718,613	25,391,810	25,743,861
6,655	5,487	6,143	6,277	7,544	7,407
23,543,364	23,995,999	24,390,753	24,724,890	25,399,354	25,751,268
10,094,733	13,696,997	15,685,238	16,957,900	(1,956,783)	464,870
180,963,382	167,266,385	151,581,147	134,623,247	136,580,030	136,115,160
\$191,058,115	\$180,963,382	\$167,266,385	\$151,581,147	\$134,623,247	\$136,580,030

2020	2019	2018	2017	2016	2015
\$1,529,777	\$1,975,200	\$1,858,955	\$1,608,830	\$1,500,583	\$1,455,553
757,342	1,479,649	2,147,404	2,790,208	192,842	772,277
2,287,119	3,454,849	4,006,359	4,399,038	1,693,425	2,227,830
2,364,642	2,289,135	2,639,464	2,122,612	2,358,518	2,460,907
61,321	59,750	55,996	53,601	55,139	48,157
2,425,963	2,348,885	2,695,460	2,176,213	2,413,657	2,509,064
(138,844)	1,105,964	1,310,899	2,222,825	(720,232)	(281,234)
25,631,031	24,525,067	23,214,168	20,991,343	21,711,575	21,992,809
\$25,492,187	\$25,631,031	\$24,525,067	\$23,214,168	\$20,991,343	\$21,711,575

2020	2019	2018	2017	2016	2015
\$349,104	\$351,000	\$375,600	\$365,280	\$358,860	\$320,400
2,081	3,051	1,709	766	384	131
351,185	354,051	377,309	366,046	359,244	320,531
336,642	356,113	373,916	369,195	327,629	289,954
2,502	2,522	3,450	3,018	1,737	2,370
339,144	358,635	377,366	372,213	329,366	292,324
12,041	(4,584)	(57)	(6,167)	29,878	28,207
212,757	217,341	217,398	223,565	193,687	165,480
\$224,798	\$212,757	\$217,341	\$217,398	\$223,565	\$193,687

SERS Retirement Plan Schedules

Benefit and Refund Deductions from Fiduciary Net Position by Type

Last 10 fiscal years

PENSION BENEFITS	2024	2023	2022	2021
Service Retirement	\$1,265,272,705	\$1,215,742,249	\$1,173,041,717	\$1,139,424,266
Disability Retirement	85,336,886	86,650,975	88,531,533	90,688,344
Survivor Benefits	42,701,136	41,674,640	40,784,352	40,622,837
Total Pension Benefits	\$1,393,310,727	\$1,344,067,864	\$1,302,357,602	\$1,270,735,447
Refunds				
Separation	\$93,129,656	\$97,571,386	\$82,147,880	\$72,308,775
Beneficiaries	944,135	97,221	61,335	65,989
Total Refunds	\$94,073,791	\$97,668,607	\$82,209,215	\$72,374,764

MEDICARE B REIMBURSEMENT	2024	2023	2022	2021
Service Retirement	\$20,031,314	\$20,329,498	\$20,556,582	\$20,885,774
Disability Retirement	1,055,691	1,101,768	1,153,448	1,229,228
Survivor Benefits	615,944	673,127	736,600	798,753
Total Medicare B Reimbursement	\$21,702,949	\$22,104,393	\$22,446,630	\$22,913,755

DEATH BENEFITS	2024	2023	2022	2021
Service	\$2,125,363	\$2,495,769	\$2,391,622	\$2,710,522
Disability	177,739	223,149	210,319	251,676
Total Death Benefits	\$2,303,102	\$2,718,918	\$2,601,941	\$2,962,198

HEALTH CARE EXPENSES	2024	2023	2022	2021
Medical	\$26,461,573	\$53,469,247	\$51,225,584	\$64,912,611
Prescription	96,097,131	75,955,183	77,571,305	63,220,370
Other	—	—	—	—
Total Health Care Expenses*	\$122,558,704	\$129,424,430	\$128,796,889	\$128,132,981

* Total Health Care Expenses are net of rebates.

SERS Retirement Plan Schedules

2020	2019	2018	2017	2016	2015
\$1,117,724,808	\$1,096,960,216	\$1,091,624,986	\$1,012,404,884	\$952,950,117	\$891,831,626
93,391,297	95,725,624	97,027,548	96,312,675	94,595,437	91,265,121
40,481,049	40,123,076	39,155,013	38,270,097	37,670,987	37,057,709
\$1,251,597,154	\$1,232,808,916	\$1,227,807,547	\$1,146,987,656	\$1,085,216,541	\$1,020,154,456
\$72,834,422	\$75,630,053	\$59,496,216	\$59,541,576	\$68,857,916	\$59,875,564
14,695	9,757	78,820	1,151,257	1,482,579	760,087
\$72,849,117	\$75,639,810	\$59,575,036	\$60,692,833	\$70,340,495	\$60,635,651

2020	2019	2018	2017	2016	2015
\$21,365,130	\$21,734,690	\$22,072,596	\$22,336,187	\$22,855,321	\$23,105,680
1,296,750	1,327,303	1,330,670	1,336,790	1,413,048	1,428,700
874,829	928,519	981,344	1,045,636	1,123,441	1,209,481
\$23,536,709	\$23,990,512	\$24,384,610	\$24,718,613	\$25,391,810	\$25,743,861

2020	2019	2018	2017	2016	2015
\$2,169,208	\$2,083,499	\$2,377,087	\$1,939,771	\$2,133,523	\$2,256,060
195,434	205,636	262,377	182,841	224,995	204,847
\$2,364,642	\$2,289,135	\$2,639,464	\$2,122,612	\$2,358,518	\$2,460,907

2020	2019	2018	2017	2016	2015
\$56,771,016	\$72,447,500	\$81,873,185	\$87,845,475	\$108,821,435	\$117,389,938
78,263,608	72,680,170	70,574,230	79,261,433	86,997,168	80,843,448
—	—	—	—	626,997	1,517,522
\$135,034,624	\$145,127,670	\$152,447,415	\$167,106,908	\$196,445,600	\$199,750,908

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	
2024	10.00%	13.33%	0.62%	0.05%	0.00%	14.00%
2023	10.00	13.28	0.67	0.05	0.00	14.00
2022	10.00	13.24	0.70	0.06	0.00	14.00
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	0.85	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

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
2024	23.9	\$1,536	65.6	\$39,248
2023	23.8	1,459	65.4	37,430
2022	24.2	1,496	65.5	37,361
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

Average Disability Benefit

Year Ended June 30	Service Credit	Monthly Amount	Age	Final Average Salary
2024	16.8	\$1,446	57.8	\$35,653
2023	17.8	1,402	57.7	34,507
2022	17.2	1,380	56.6	34,162
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

Defined Benefit Program Schedules

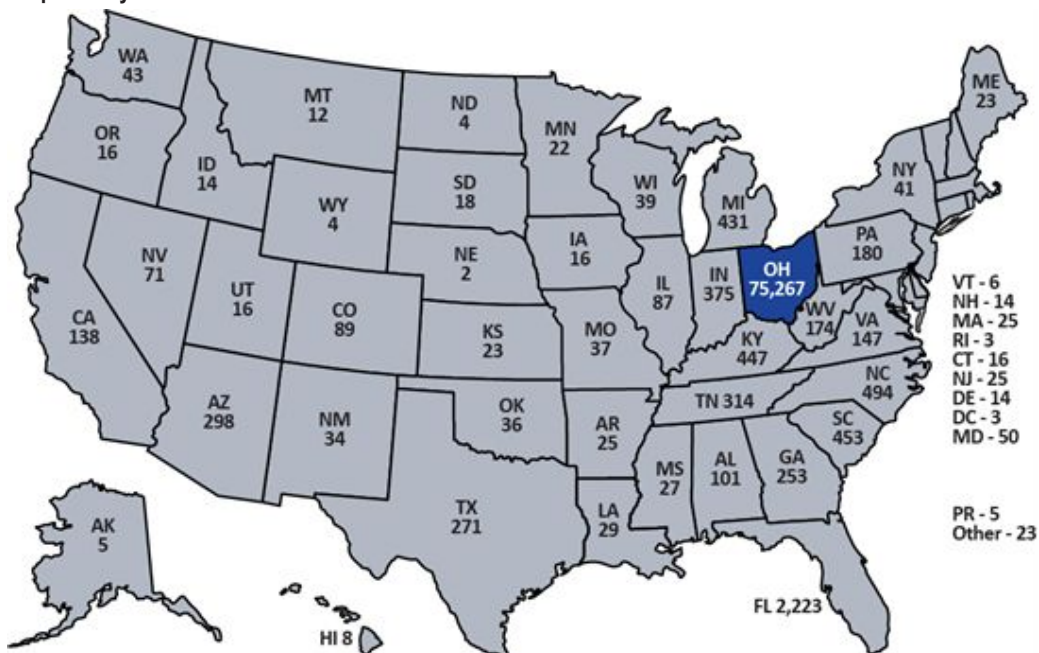
Demographics of Active and Retired Members Used for Valuation Purposes

Fiscal Year 2024

	Active Members			Percentage of Distribution		
	Male	Female	Total	Male	Female	Total
Under 20	1,759	1,616	3,375	1%	1%	2%
20 to 29	9,335	13,383	22,718	6	8	14
30 to 39	9,060	19,066	28,126	6	12	18
40 to 49	11,043	25,291	36,334	7	16	23
50 to 54	5,716	13,455	19,171	3	8	11
55 to 59	5,397	14,134	19,531	3	9	12
60 to 64	4,954	13,612	18,566	3	8	11
65 to 69	3,268	6,793	10,061	2	4	6
70 and over	2,143	3,325	5,468	1	2	3
Total	52,675	110,675	163,350	32%	68%	100%

	All Benefit Recipients			Percentage of Distribution		
	Male	Female	Total	Male	Female	Total
Under 55	302	511	813	0%	1%	1%
55 to 59	576	936	1,512	1	1	2
60 to 64	1,794	4,424	6,218	2	5	7
65 to 69	4,264	12,667	16,931	5	15	20
70 to 74	4,840	13,649	18,489	6	18	24
75 to 79	4,116	11,194	15,310	5	14	19
80 to 84	2,825	8,334	11,159	3	10	13
85 to 89	1,765	5,667	7,432	2	7	9
90 to 94	679	2,743	3,422	1	3	4
95 to 99	183	874	1,057	0	1	1
100 and over	18	129	147	0	0	0
Total	21,362	61,128	82,490	25%	75%	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	8,454	7,826	36	592
251 - 500	10,612	9,355	334	923
501 - 750	10,460	8,976	705	779
751 - 1,000	9,643	8,018	1,015	610
1,001 - 1,500	14,849	12,752	1,505	592
1,501 - 2,000	9,555	8,392	935	228
over 2,000	18,917	17,403	1,189	325
Total Number	82,490	72,722	5,719	4,049
Average Monthly Benefit		\$1,422	\$1,466	\$861
Average Age		75.6	68.9	73.0

* Disability counts include 1,401 retirees that have converted to a service retirement.

Retirees, Spouses, and Dependents Receiving Health Care Coverage

Attained Age	Number of		Total Number
	Males	Females	
Under 30	70	87	157
30 - 39	1	6	7
40 - 49	20	17	37
50 - 59	255	395	650
60 - 64	885	1,816	2,701
65 - 69	2,344	5,140	7,484
70 - 74	2,631	5,767	8,398
75 - 79	1,901	5,009	6,910
80 - 84	1,549	4,381	5,930
85 - 89	1,075	3,143	4,218
90 - 94	429	1,511	1,940
95 - 99	84	567	651
100 and over	13	96	109
Total	11,257	27,935	39,192

Defined Benefit Program Schedules

Principal Participating Employers

Current fiscal year and nine years ago

	Fiscal Year 2024			Fiscal Year 2015		
	Covered Employee Members	Rank	Percentage of Total System	Covered Employee Members	Rank	Percentage of Total System
Columbus City Schools	4,172	1	2.55%	3,532	1	2.87%
Cincinnati Public Schools	3,440	2	2.11	2,711	3	2.21
Cleveland Metropolitan School District	2,725	3	1.67	2,749	2	2.24
Educational Service Center Council of Governments	2,122	4	1.30	1,177	8	0.96
Toledo City Schools	1,984	5	1.21	1,595	5	1.30
Akron Public Schools	1,731	6	1.06	1,530	6	1.25
Olentangy Local Schools	1,714	7	1.05	—	—	—
South-Western City Schools	1,324	8	0.81	1,178	7	0.96
Dublin City Schools	1,324	9	0.81	—	—	—
Lakota Local Schools	1,267	10	0.78	—	—	—
University of Akron	—	—	—	2,224	4	1.81
Dayton City Schools	—	—	—	1,158	9	0.94
Parma City Schools	—	—	—	1,036	10	0.84
All Other	141,547		86.65	103,965		84.62
Total	163,350		100.00%	122,855		100.00%

In FY2024 "All Other" consisted of:

	Covered Employee Members	Number of School Districts
City School Districts	57,290	184
Local School Districts	51,643	369
Educational Service Centers	10,149	51
Exempted Village Districts	7,509	49
Community Schools	6,022	326
Higher Education	3,915	15
Vocational Schools	3,306	49
Other	1,713	22

Defined Benefit Program Schedules

Average Benefit Payments - New Retirees (Service Only)

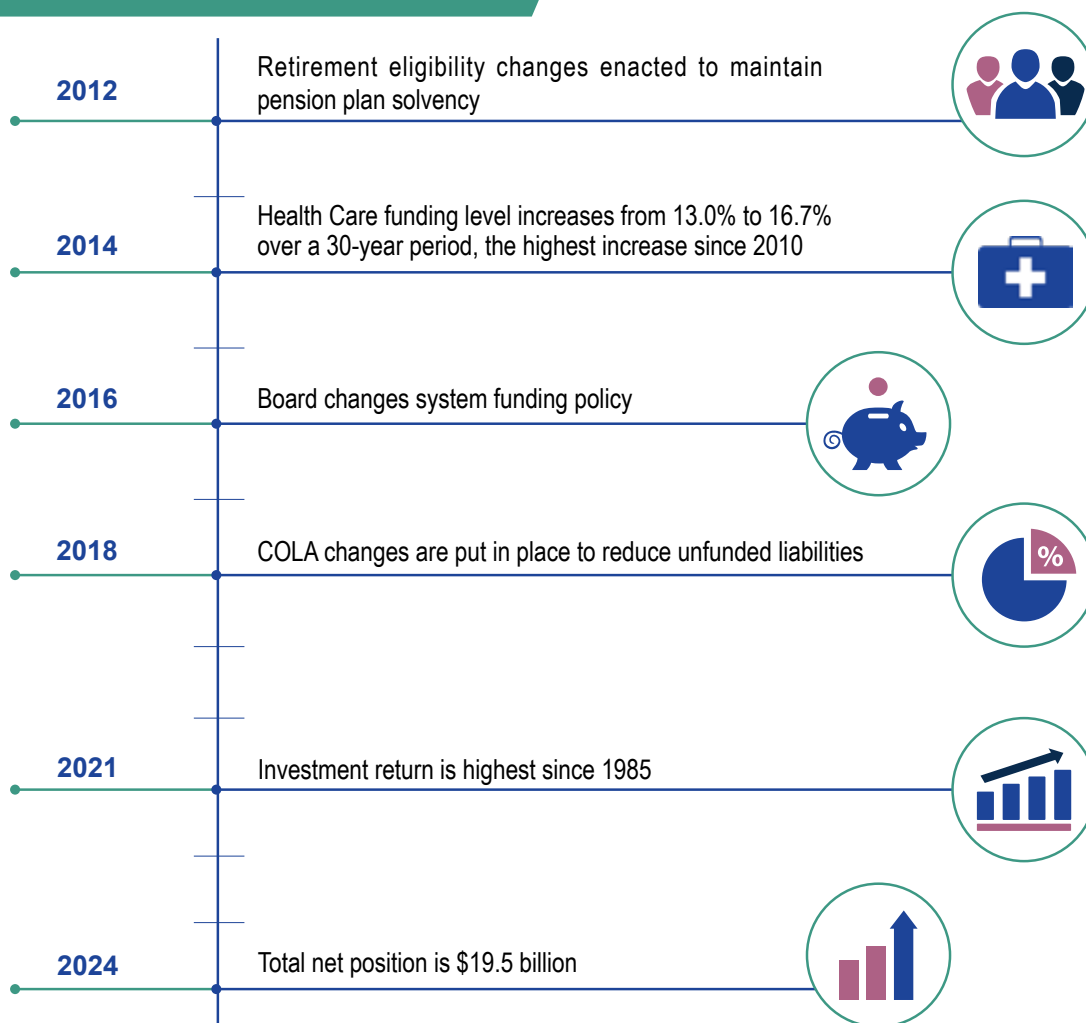
Last 10 fiscal years

Retirement Effective Dates	Years of Credited Service					
	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/23 to 6/30/24						
Average Monthly Benefit	\$—	\$516	\$810	\$1,145	\$1,576	\$2,808
Monthly Final Average Salary	\$—	\$2,586	\$2,800	\$3,029	\$3,281	\$4,115
Number of Retirees	0	514	514	669	805	885
Period 7/1/22 to 6/30/23						
Average Monthly Benefit	\$461	\$496	\$735	\$1,090	\$1,499	\$2,769
Monthly Final Average Salary	\$3,623	\$2,499	\$2,547	\$2,896	\$3,122	\$4,028
Number of Retirees	3	538	493	740	759	855
Period 7/1/21 to 6/30/22						
Average Monthly Benefit	\$306	\$486	\$783	\$1,075	\$1,493	\$2,665
Monthly Final Average Salary	\$1,906	\$2,371	\$2,678	\$2,860	\$3,061	\$3,922
Number of Retirees	4	488	491	712	660	985
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	1021
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	1013
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

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, 2024, 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).
- Non-teaching 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

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 for a school-related injury. 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:

- 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 exempt members. To be exempt, as of August 1, 2017, the member must have had at least 25 years of service credit or purchased the right to be exempt.

A member who is not exempt 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.

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 member 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; and
- 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.

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 the FAS or more than 75%.

Plan Summary

New Disability Plan

Under the new disability plan, the amount of an annual benefit is the greater of 45% of the FAS, or total service credit at the time of the application multiplied by 2.2% of the FAS, not to exceed 60% of the 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

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 remaining contributions to SERS, or monthly benefits if otherwise eligible. However, if the member is survived by children under age 19, or by children who are mentally or physically incompetent, 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 ($1\frac{1}{2}$) years of contributing service credit
2. Had at least one-quarter ($\frac{1}{4}$) year of Ohio service credit earned within two and one-half ($2\frac{1}{2}$) 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	SCHEDULE III	
Number of Qualified Beneficiaries	Monthly Benefit Shall Not be Less than	As a Percentage of the Member's Final Average Salary	Years of Service	As a Percentage of the Member's Final Average Salary
1	\$96*	25%	20	29%
2	186	40	21	33
3	236	50	22	37
4	236	55	23	41
5 or more	236	60	24	45
			25	48
			26	51
			27	54
			28	57
			29 or more	60

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

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 2.5% COLA for calendar year 2024.

Plan Summary

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; or
- Service credit purchased by an employer under an Early Retirement Incentive plan.

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.



Opportunistic and Tactical Investments Portfolio Review

As of October 31, 2024

Presented by Investment Staff

Meeting Date: December 2024

Adam Messerschmitt and Brad Carr

\$583 Million Market Value

- 11 Managers / 19 Fund Investments
 - 4 Ranked as A
 - 3 Ranked as B
 - 1 Ranked as C
 - 11 are new to the portfolio and not yet ranked
- Unfunded commitments: \$328 million

Recent Performance

- 11.1% one-year net return; 5.3% three-year annualized net return.
- Portfolio is underperforming the policy benchmark on a one-year period but exceeding the policy benchmark across longer time periods.

Portfolio Activity

- Three funds totaling \$125 million added to the portfolio in the last 12 months.
- Initiated redemptions from two investments totaling \$69 million.
- Received approval to invest up to 10% of portfolio in exchange traded funds.
- Research new opportunities to take advantage of market volatility or new themes.

Role

- SERS invests in opportunistic strategies that do not fit within the existing asset classes.
- The 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 asset allocation.

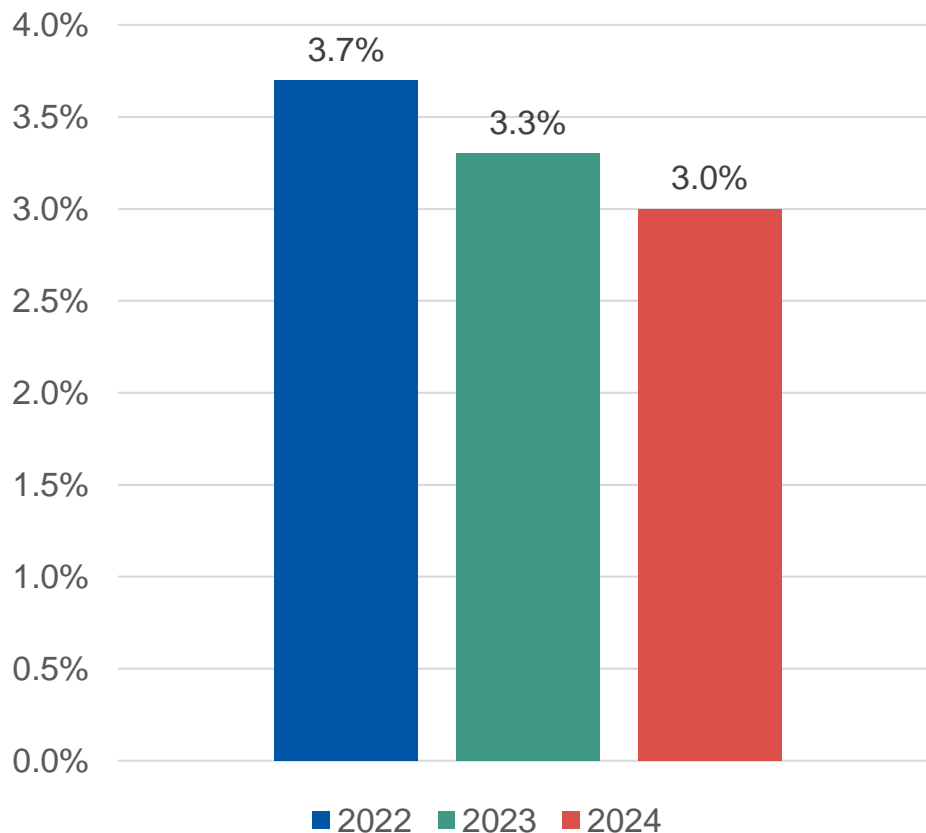
Performance Objective

- Earn a net-of-fee return of 100 basis points above the Bloomberg US Aggregate Bond Index + 2%

Allocation

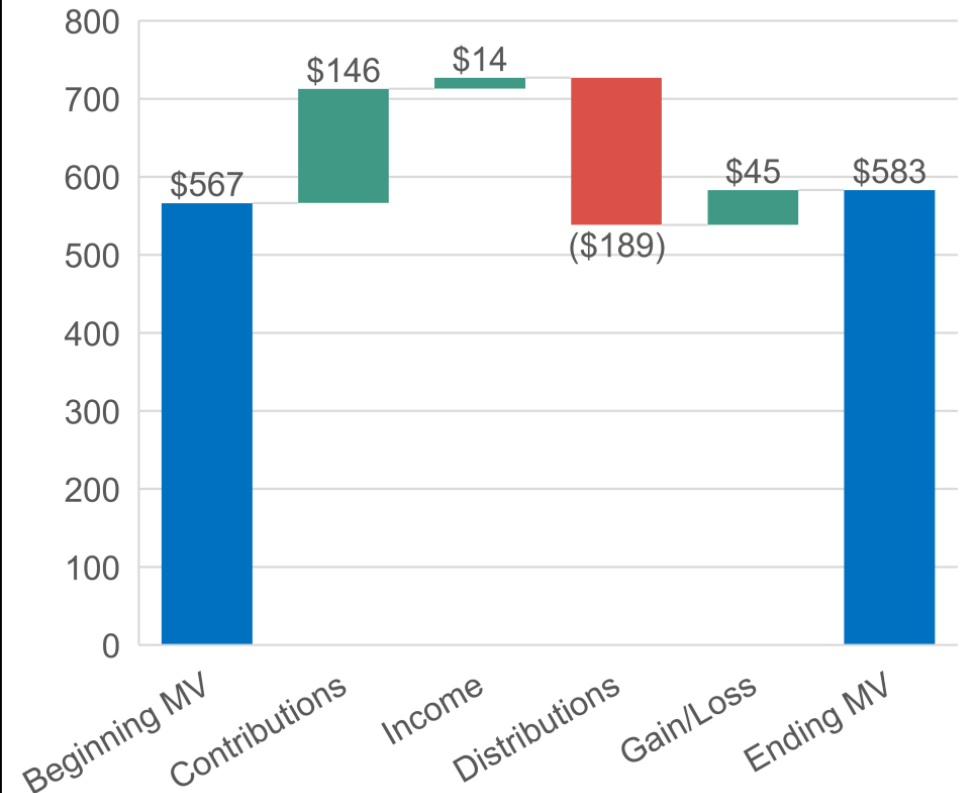
- The allocation range is 0-5%

Total Fund Allocation



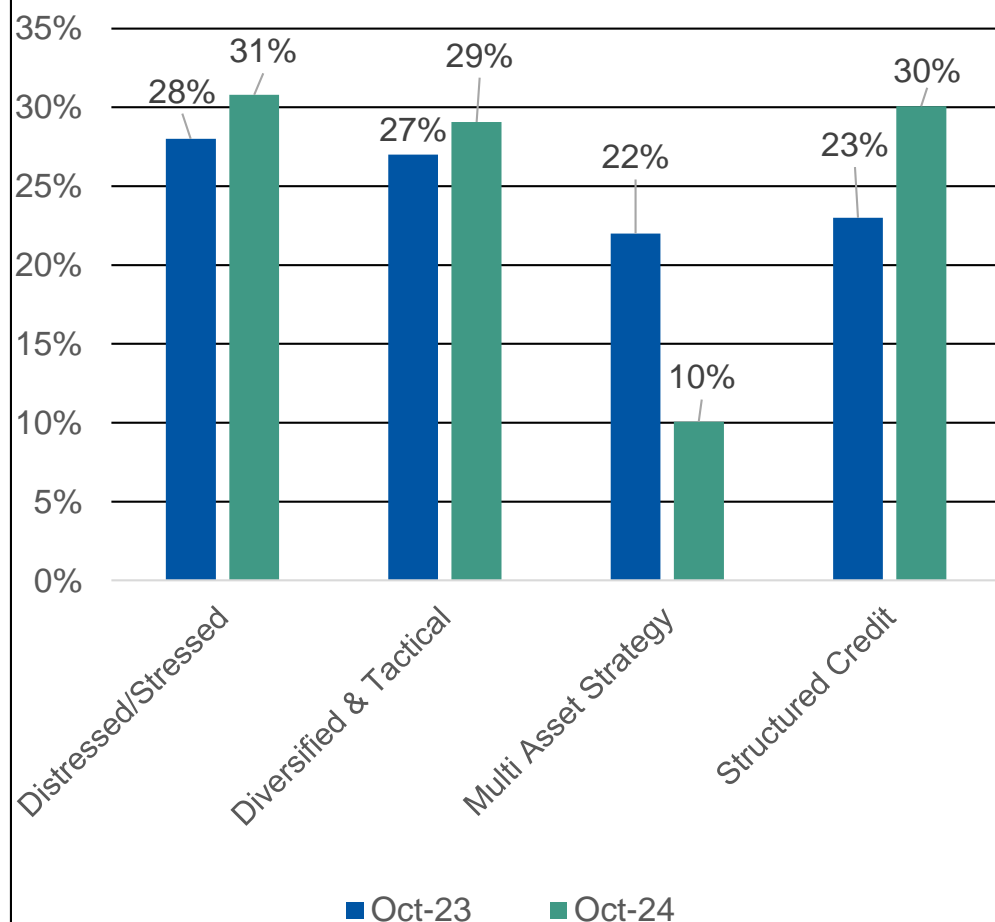
Opportunistic Valuation Bridge

Nov 1, 2023 – October 31, 2024



- In the last year, the allocation decreased from 3.3% to 3.0% due to the growth in plan assets and net redemptions.
- Since October 2023, the portfolio value has changed from \$567 million to \$583 million.
- Investment gains and income of \$59 million contributed to the increase in the portfolio value.

Strategy Allocations



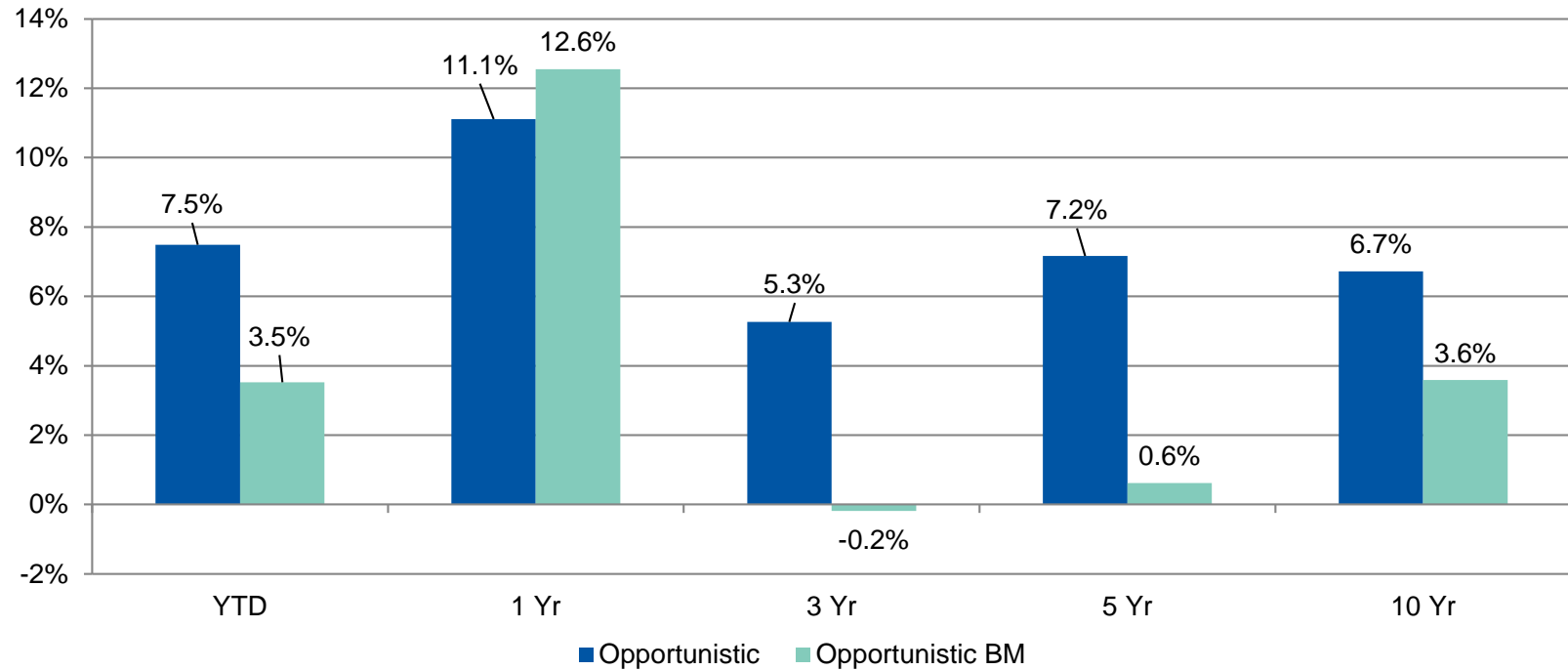
- **Distressed/Stressed (31%)**
 - Distressed debt investing is the process of investing in the debt of a financially distressed company. This can include companies undergoing operational challenges or operating in cyclical industries such as energy, retail and media.
- **Diversified and Tactical (29%)**
 - Tactical investments are strategies that can actively allocate between opportunities and provide inflation protection.
- **Multi Asset Strategy (10%)**
 - Diversified portfolios investing in debt and equity investments.
- **Structured Credit (30%)**
 - Structured credit includes investments in commercial real estate, mortgages, and other asset-backed securities.

Why?

- Provide more flexibility to invest in market dislocations or opportunities outside of a specific asset class's generally accepted risk/return parameter.
- Pay only underlying ETF fees.

Since Inception Results (Inception: 4/1/2024)

- Invested \$44.5 million
- Current market value of \$51.9 million
- 17.3% since inception return, outperforming policy benchmark by 13.5%
- Account ETF fees are 0.07%



As of Oct 31, 2024 (net of fees)	Year to Date	1 Year	3 Years	5 Years	10 Years
Opportunistic Portfolio	7.5	11.1	5.3	7.2	6.7
Opportunistic Policy Benchmark	3.5	12.6	(0.2)	0.6	3.6
<i>Excess Returns vs. Policy Benchmark</i>	<i>4.0</i>	<i>(1.5)</i>	<i>5.5</i>	<i>6.6</i>	<i>3.1</i>



Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: October 31, 2024

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: December 2024



Investment Agenda

- Annual Portfolio Review – Opportunistic & Tactical
- Quarterly Investment Report (October 31, 2024)



Economic and Financial Market Outlook

- The US economy grew 2.8% in Q3, declining from 3.0% in Q2. The Q3 growth was primarily contributed from personal consumption expenditures and government spending, which increased 3.5% and 5% on an annualized basis, respectively. The BCEI's September consensus projected 2.7% GDP growth for 2024. (Source: *Bureau of Economic Analysis and Blue Chip Economic Indicators (BCEI)*).
- The US labor market recovered strongly, adding 227,000 jobs in November. Health care, leisure and hospitality, and government sectors had solid job growth, while the retail trade sector lost jobs. The unemployment rate was 4.2%, 0.1% higher than October. The labor force participation was almost unchanged at 62.5%. (Sources: *Bureau of Labor Statistics and Department of Labor*).
- US headline inflation was 2.6% in October, up 0.2% from September. The food index appreciated 2.4%, while the energy index declined 4.9% for the last 12 months. Core inflation was 3.3% in October, unchanged from September. Transportation services and rent inflation remained elevated at 8.2% and 4.9%, respectively, for the last 12 months. (Source: *Bureau of Labor Statistics*).
- The 10-year Treasury nominal yield decreased slightly by 10 bps to 4.18% as of November end. The September current 10-year real yield, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation, was 1.68%, lower than the historical average by 0.11%. The Fed conducted the second interest rate cut of 0.25%, lowering the Fed Funds rate range to 4.50-4.75% on November 7th.
- The housing market (S&P Case-Shiller 20-City home price index) was down 0.3% for the month yet gained 4.6% for the last 12 months as of September 2024.
- The Consumer Sentiment Index released by Thomson Reuters and the University of Michigan increased to 71.8 in November from 70.5 in October. The US Economic Surprise index stayed positive at 27.8, while the Global index dropped to negative 1.5 in November. The October Leading Economic Index (LEI) issued by the Conference Board was 99.5, declining 0.3% for the month and 2.2% for the 6-month period, predicting softer economic growth ahead.
- In November, US Service PMI remained at an expansion level of 52.1 while the manufacturing PMI improved to 48.4, indicating less contraction in the manufacturing activities. Global manufacturing PMI improved to a neutral level of 50.0 in October from contraction levels for the last three months. (Source: *Institute for Supply Management and S&P Global*).
- The equity markets were mixed in November. The US market (Russell 3000) led with a 6.65% gain, followed by Non-US Developed markets (MSCI World ex-USA) with a 0.24% gain, and Emerging markets (MSCI EM) with a 3.59% loss, as the US Dollar appreciated 1.98%.
- The US fixed income market, Bloomberg US Universal Bond Index, was up 1.05% in November.

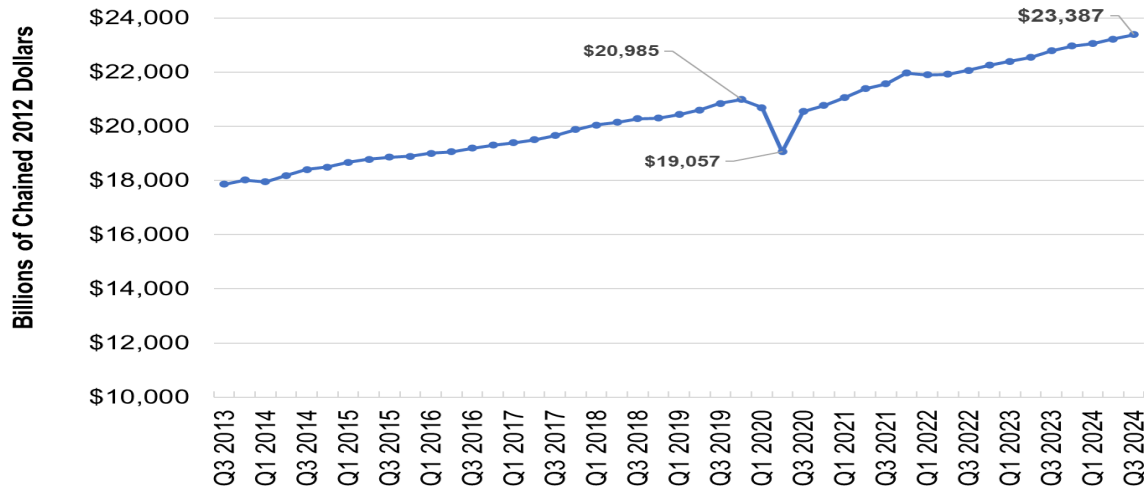
Notes: Acronym – PMI – Purchasing-Managers' Index



ECONOMY

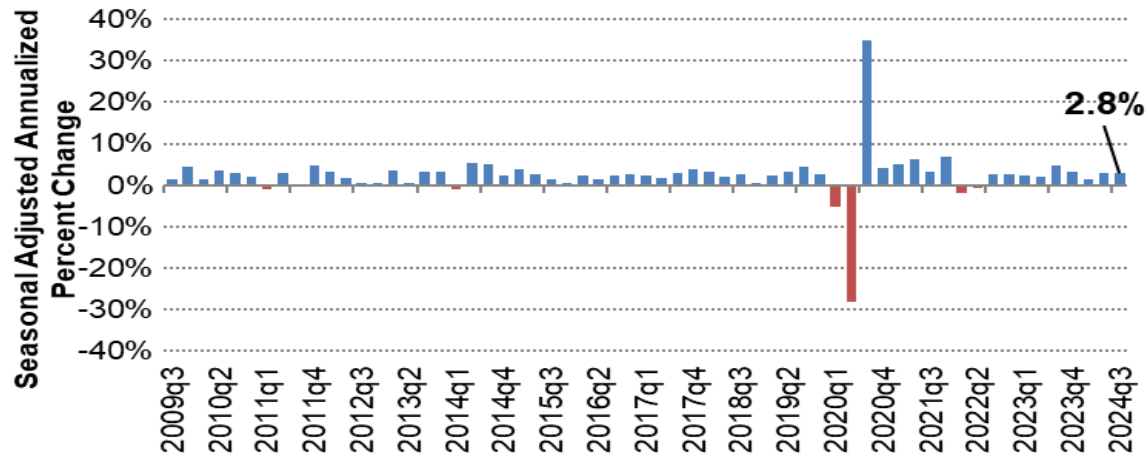
US Real Gross Domestic Product

US Real GDP Value



Source: U.S. Bureau of Economic Analysis

US Real GDP Growth

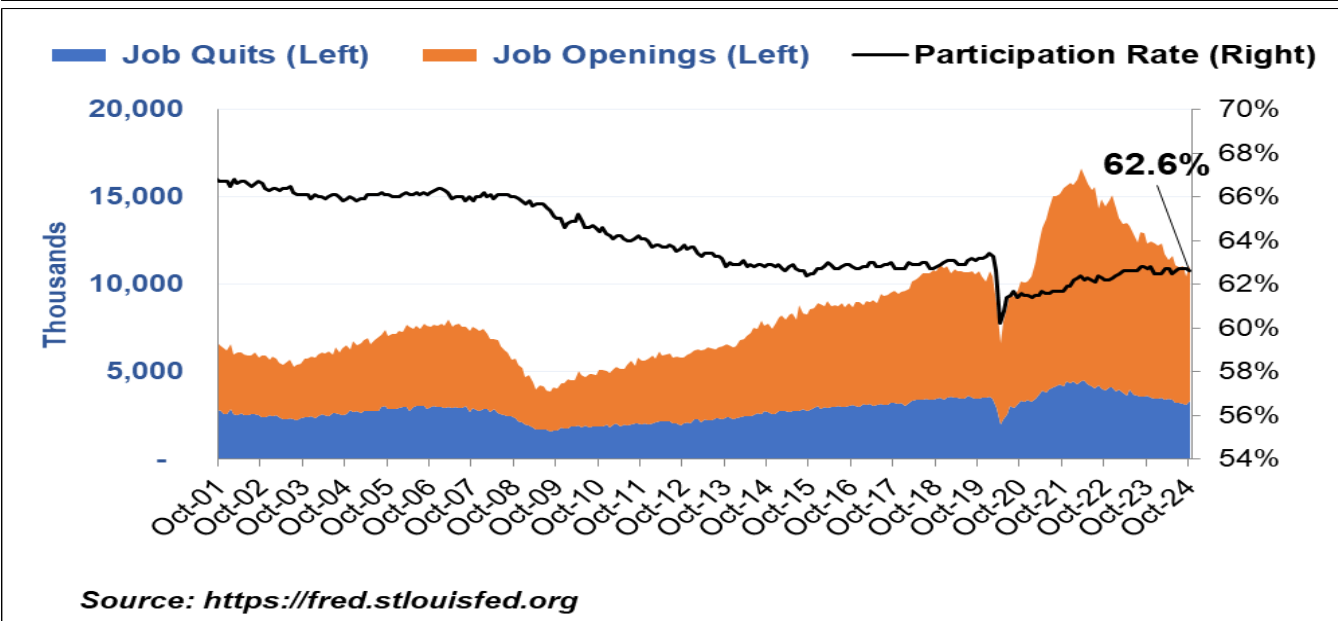
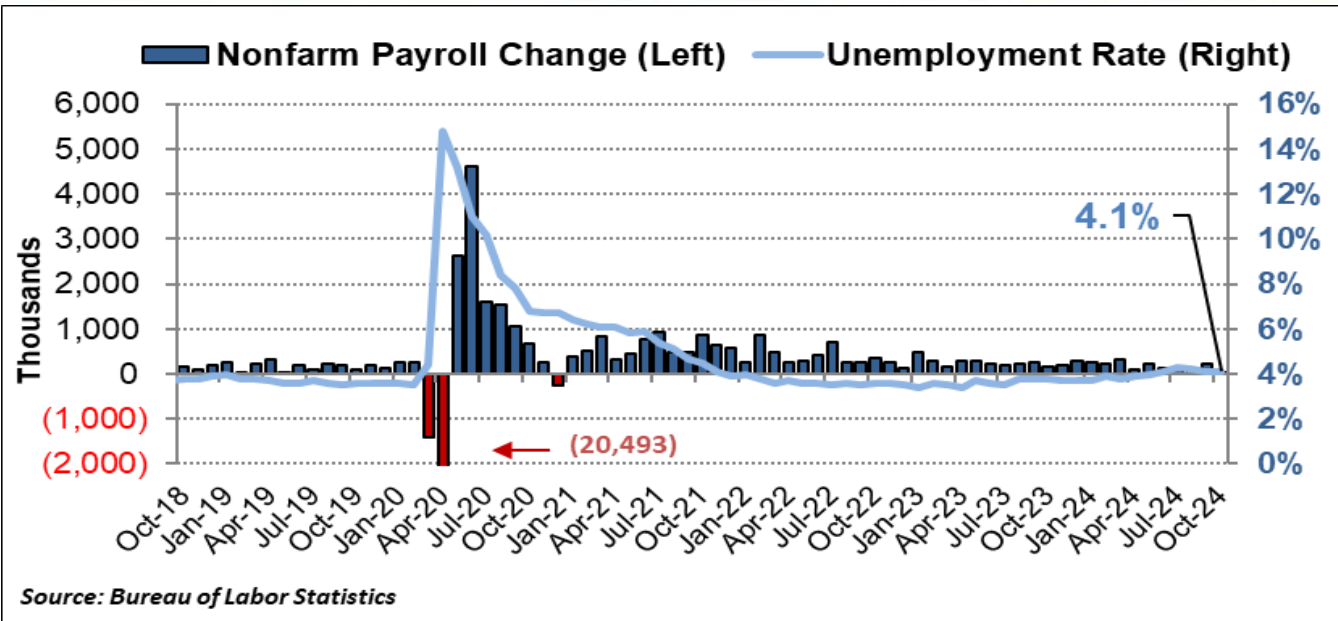


Source: Bureau of Economic Analysis



ECONOMY

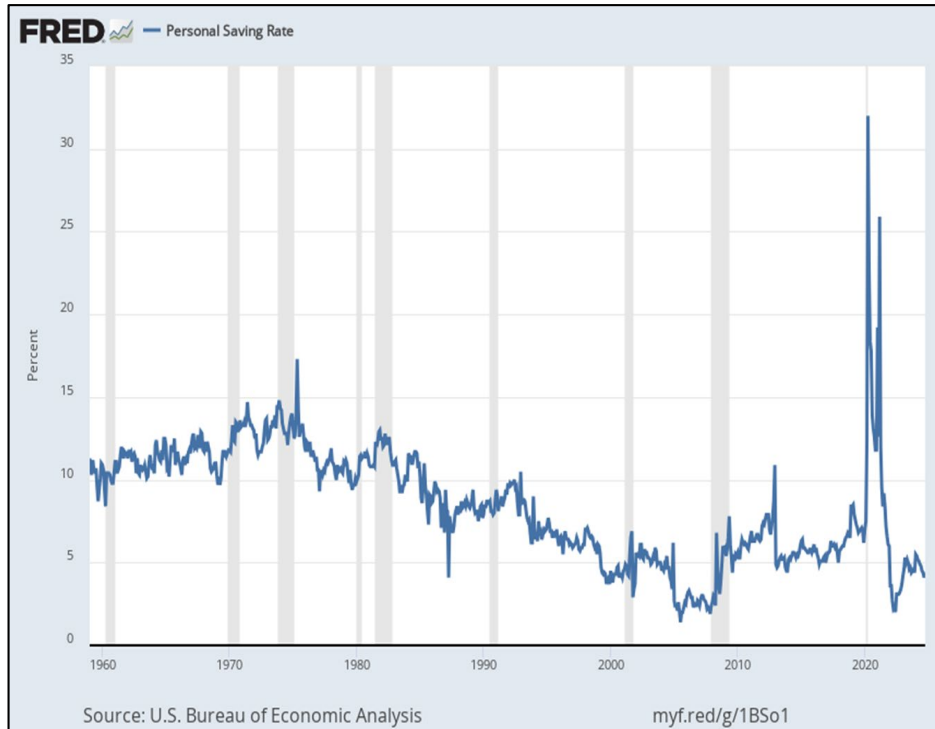
US Labor Market





ECONOMY

Personal Savings Rate & Personal Expenditures: Goods



Date	Annual Personal Savings Rate
Jun-21	8.4%
Jun-22	2.0%
Jun-23	5.0%
Jun-24	4.8%
Oct-24	4.4%

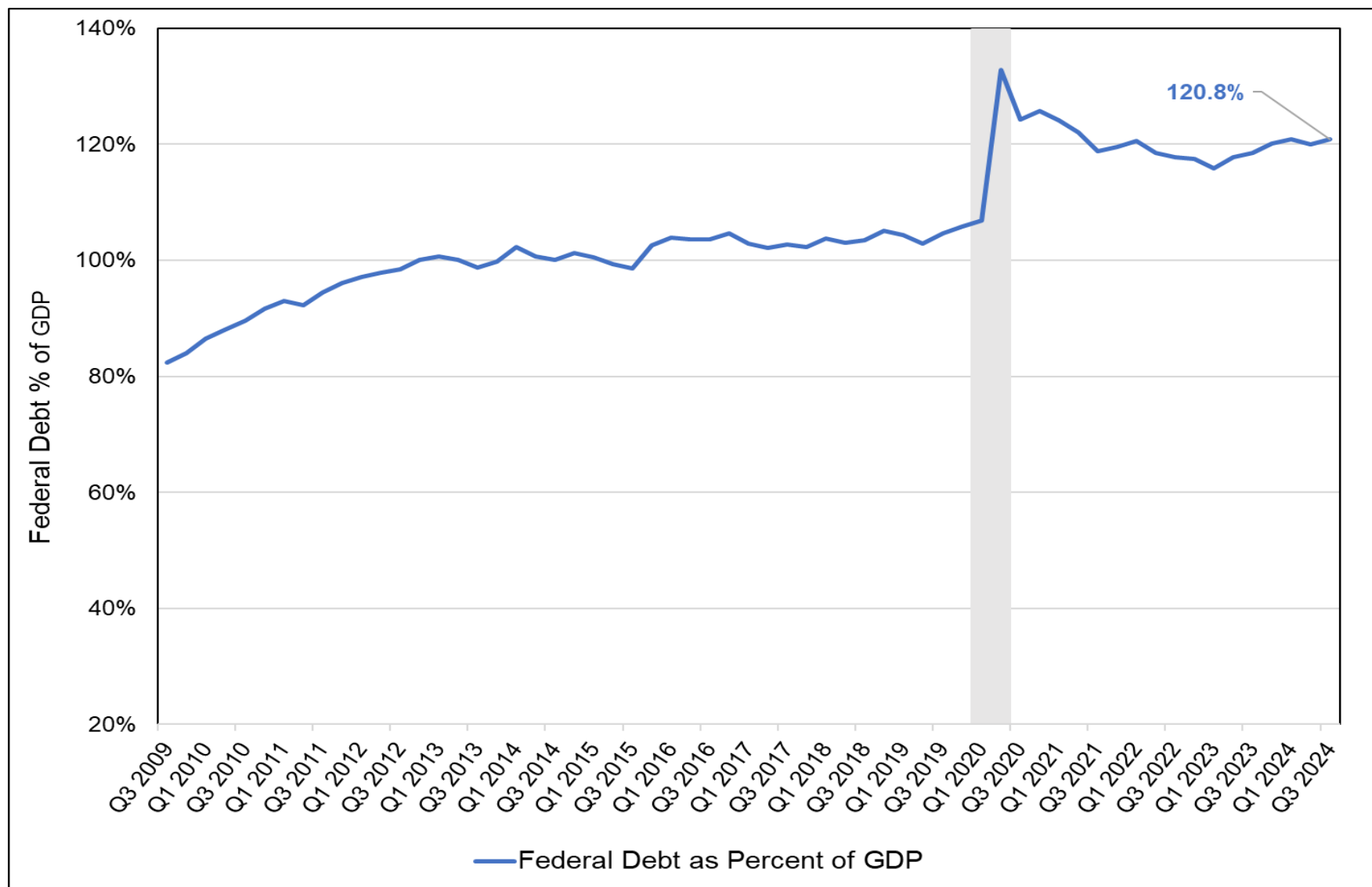


Date	Personal Consumption Expenditures: Goods Change from Prior Year
Jun-21	16.5%
Jun-22	8.3%
Jun-23	1.0%
Jun-24	2.1%
Oct-24	2.0%



ECONOMY

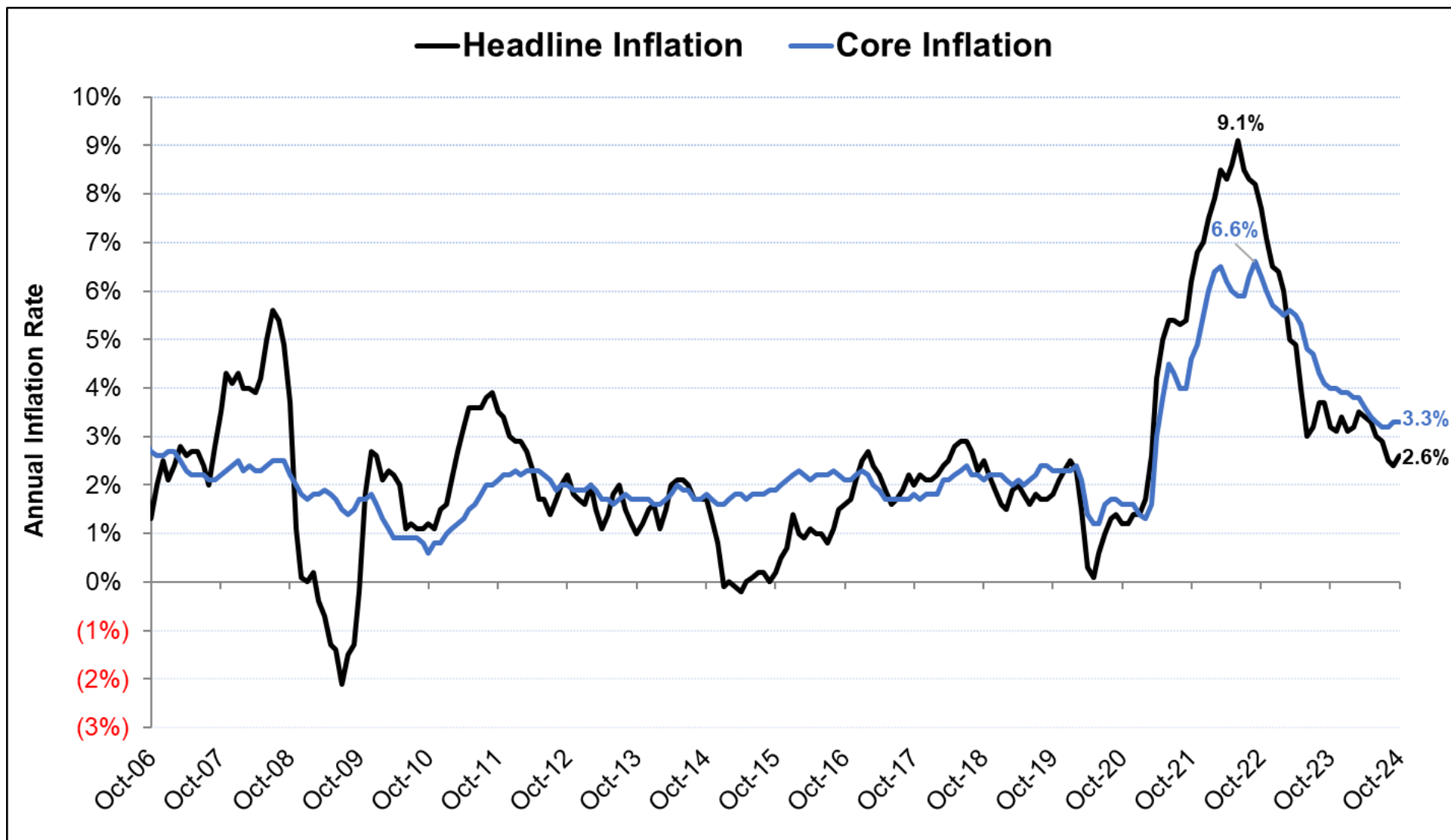
Federal Debt as Percent of GDP





ECONOMY

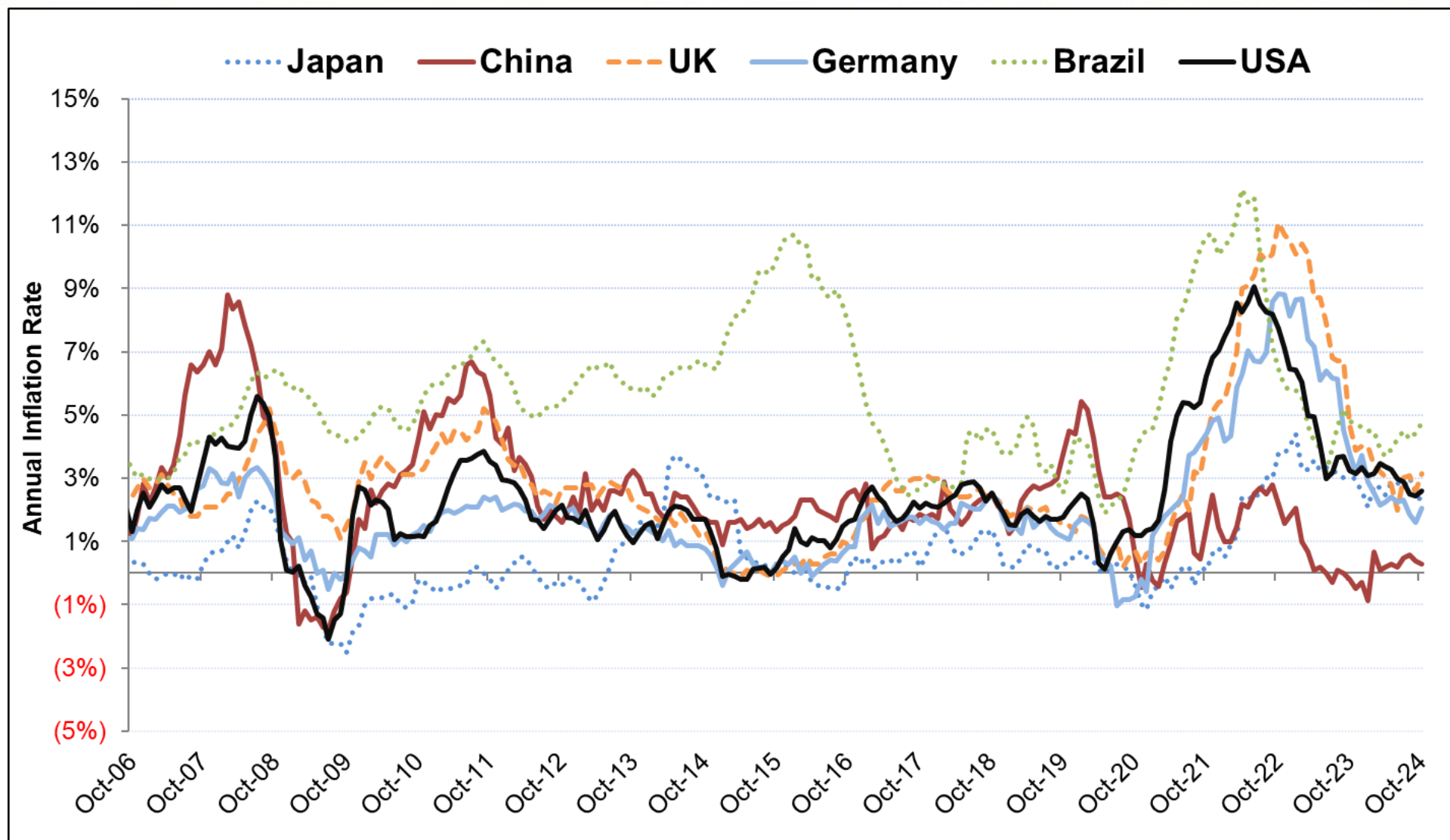
US Inflation





ECONOMY

Global Headline Inflation

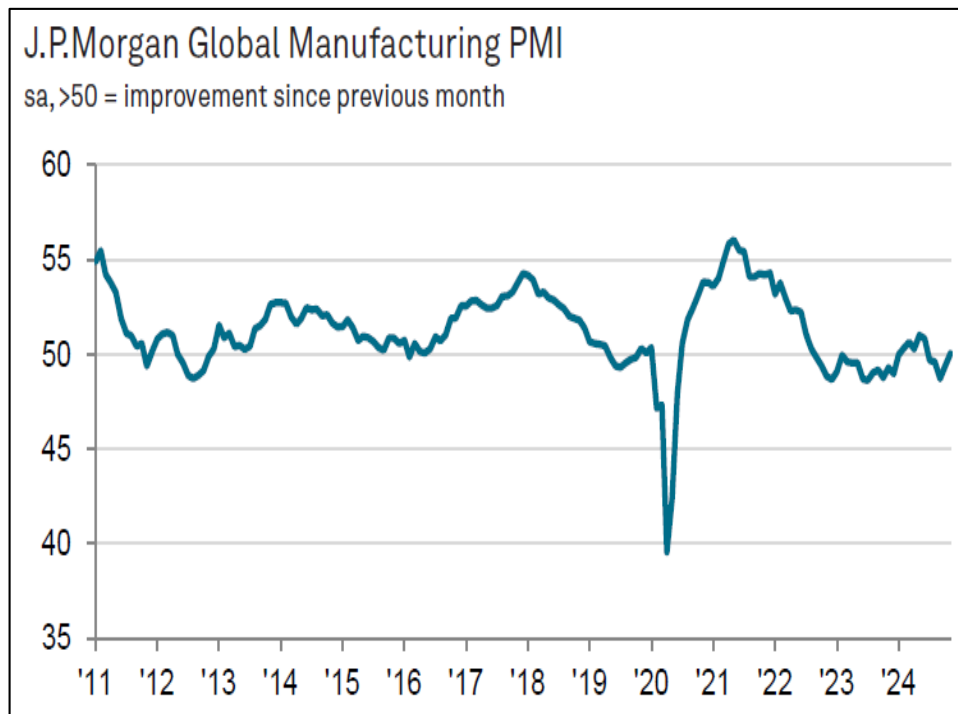
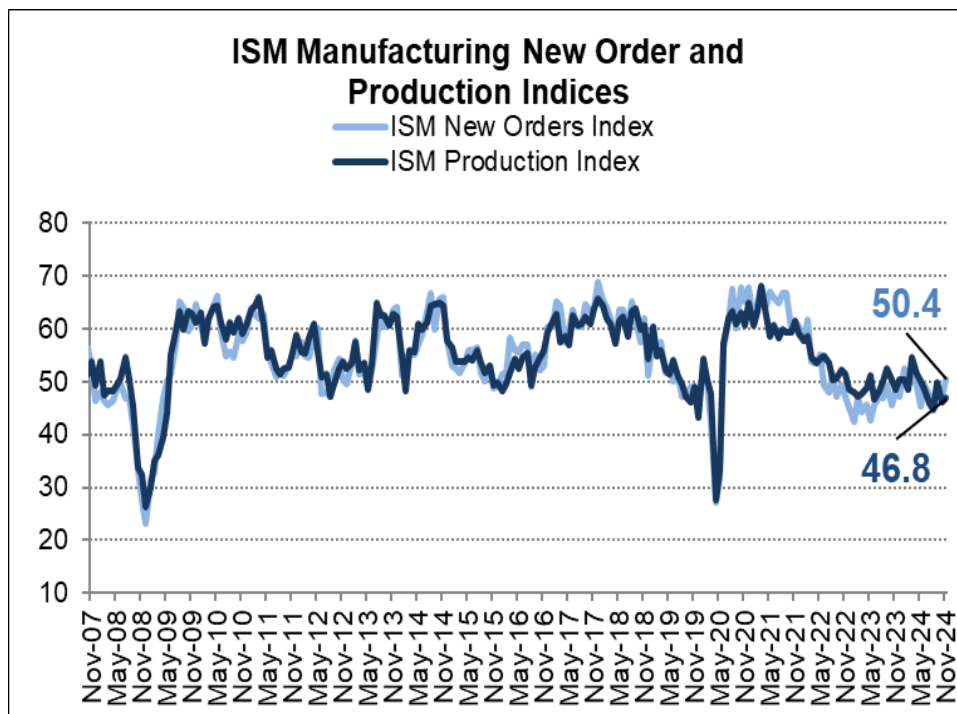


	Japan	China	UK	Germany	Brazil	USA
Oct-24	2.2	0.3	3.2	2.0	4.8	2.6



ECONOMY

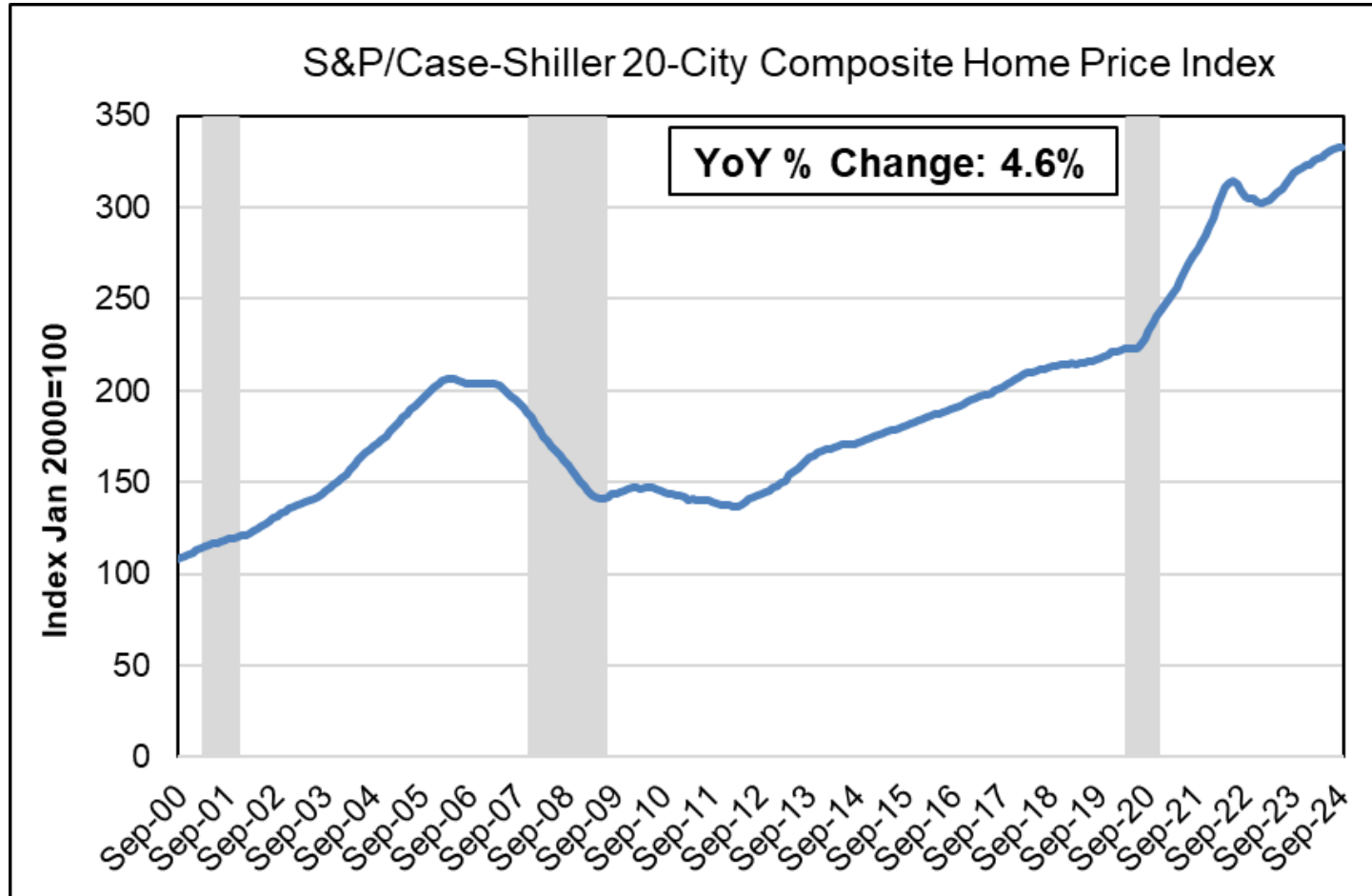
US & Global Manufacturing Activities





ECONOMY

US Housing Market

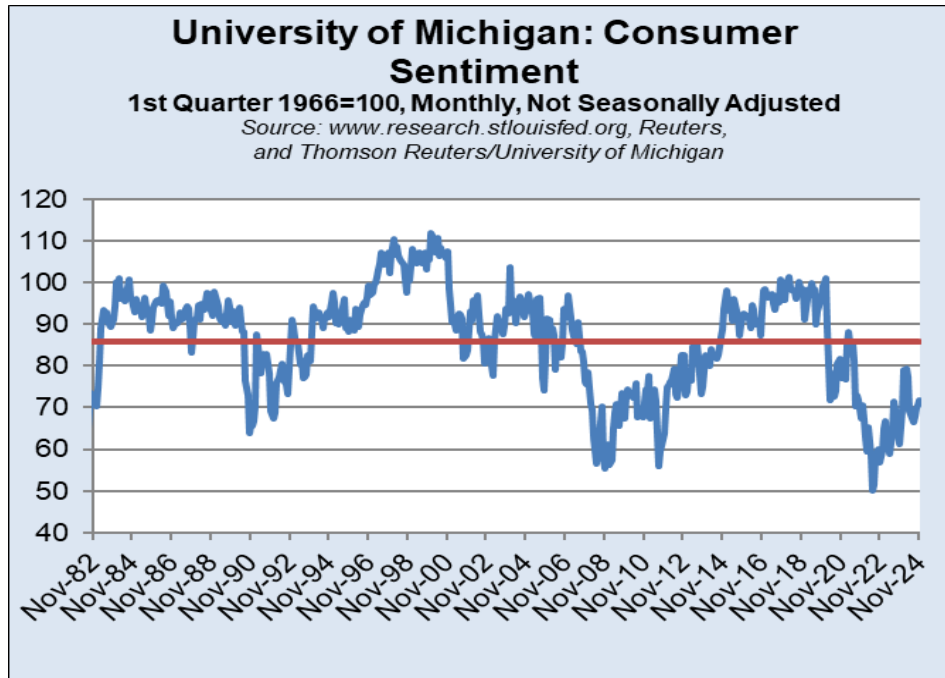


Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-21	269.50
Jul-22	312.43
Jul-23	312.88
Jul-24	331.36
Sep-24	333.04



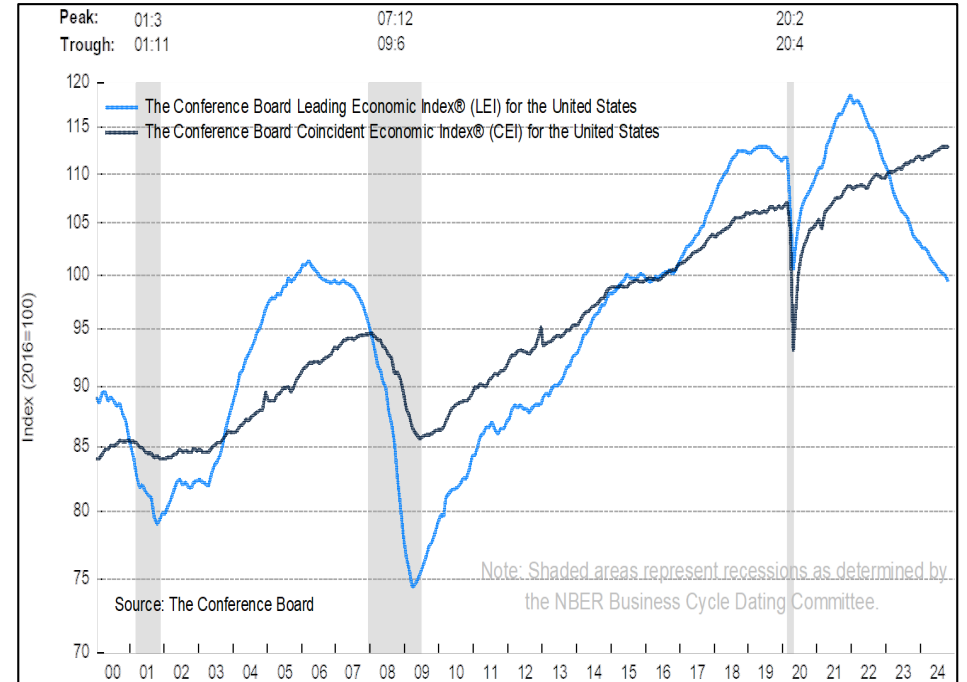
ECONOMY

Consumer Sentiment



Index of Consumer Sentiment				
Oct-24	Nov-24	Nov-23	M-M Change	Y-Y Change
70.5	71.8	61.3	1.8%	17.1%

The Leading Economic Index (LEI)



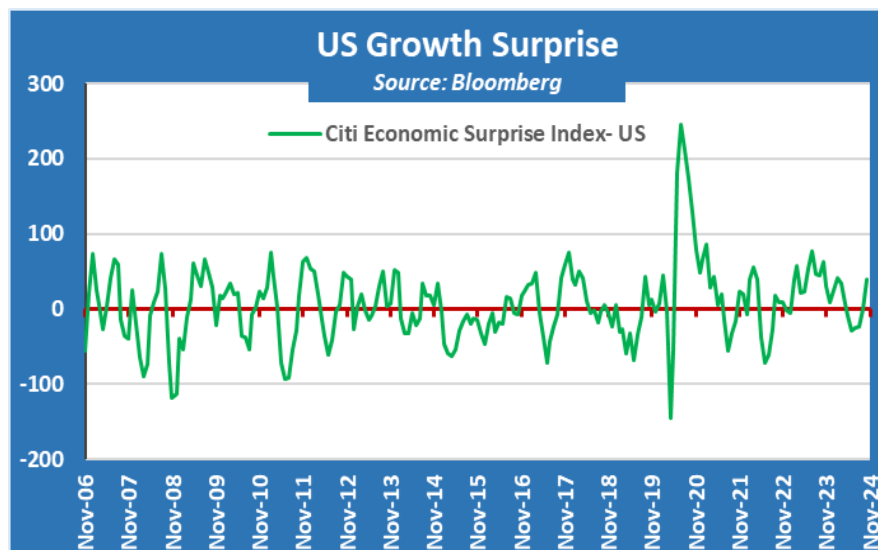
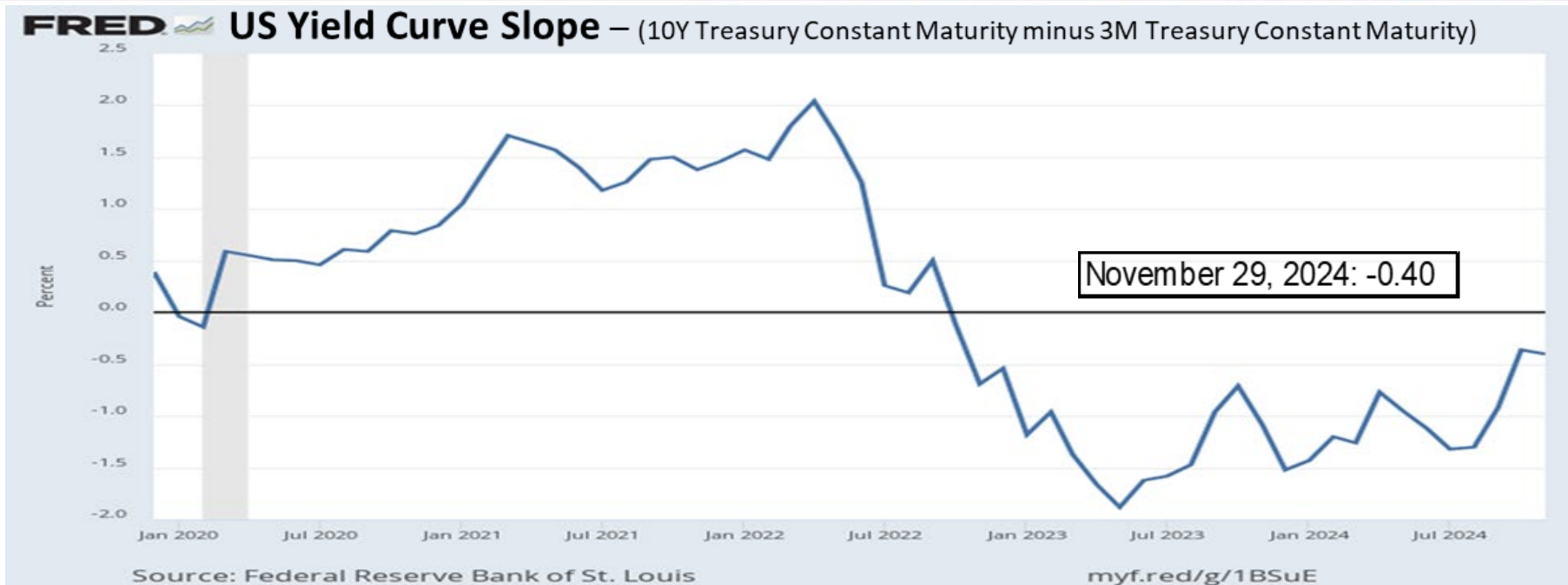
Shaded areas represent US recessions

Index	Sep-24	Oct-24	Month -Month Percent Change	6-Month Percent Change (Apr-Oct)
LEI	99.9 r	99.5 p	-0.4	-2.2

p Preliminary; r Revised; Indexes equal 100 in 2016



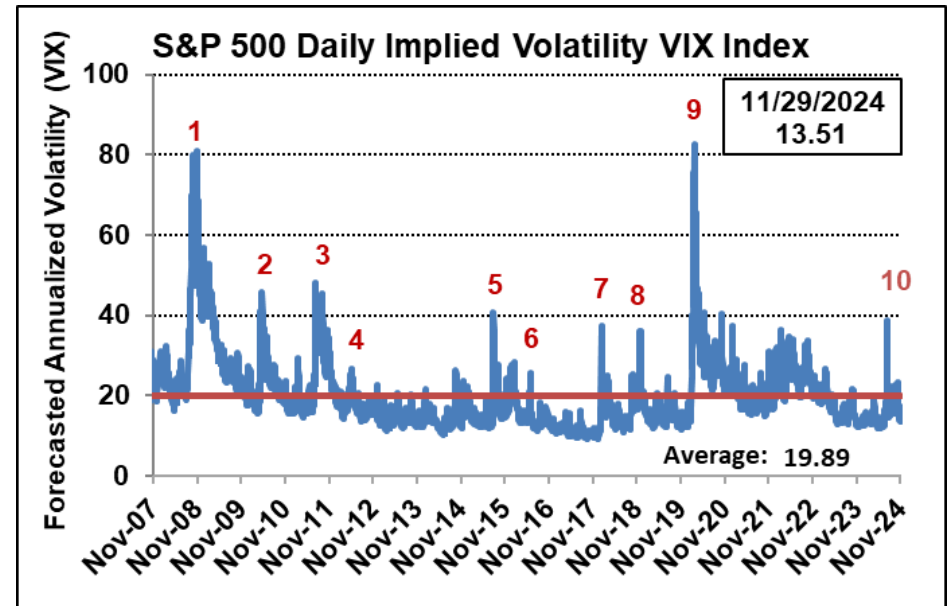
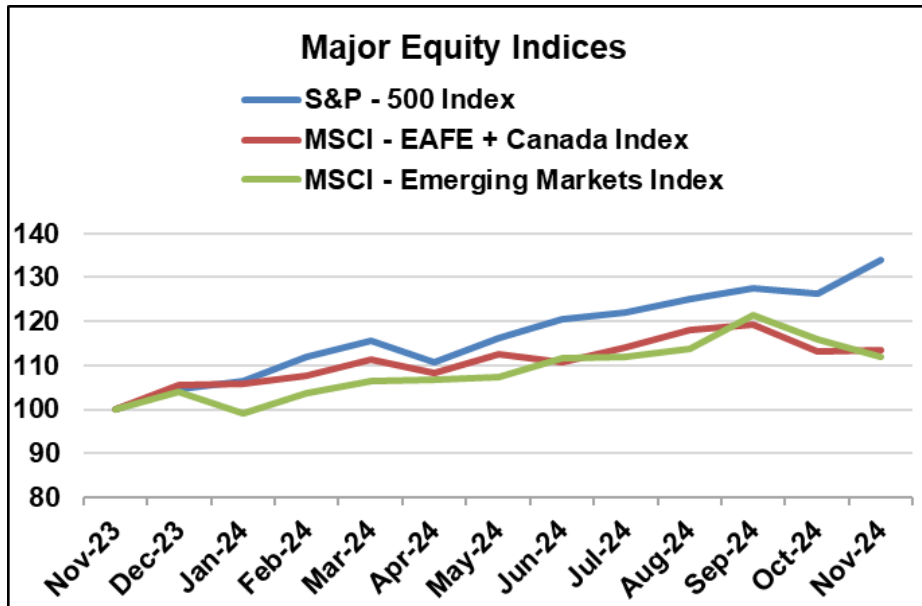
ECONOMY





MARKETS

Equity



	Return as of 11/30/2024	
	1 Year	FYTD
S&P 500 Index	33.89	11.09
MSCI - EAFE + Canada Index	13.49	2.53
MSCI - Emerging Markets Index	11.87	0.17

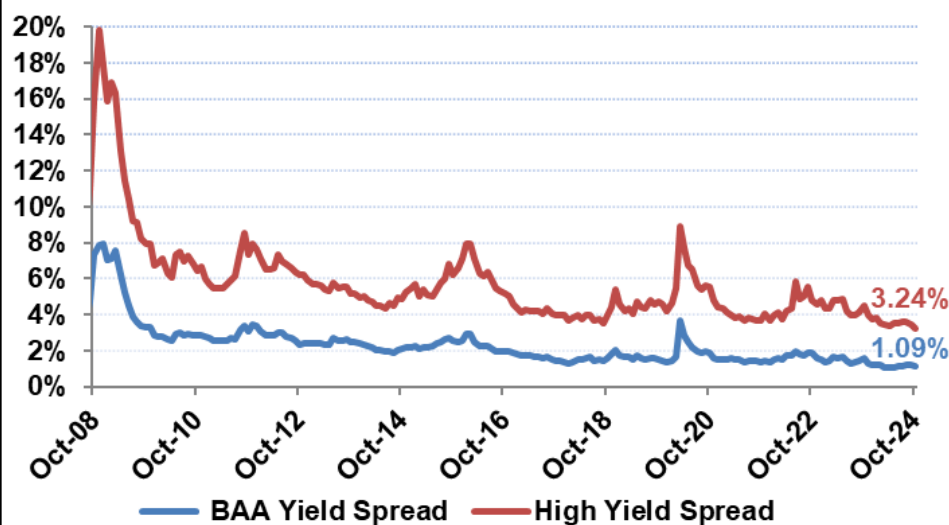
- 1 2008 (Nov.) Financial Crisis S&P 500: - 48.8%
- 2 2010 (May) Flash crash; Europe/ Greece debt S&P 500: -16%
- 3 2011 (Aug.) US downgrade, Europe periphery S&P 500: -19.4%
- 4 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5 2015 (Aug.) Global slowdown, China, Fed S&P 500: -12.4%
- 6 2016 (Feb.) 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%
- 10 2024 (Aug.) Crowded FX (Japanese Yen) trade, recession fear S&P 500: -6.0%



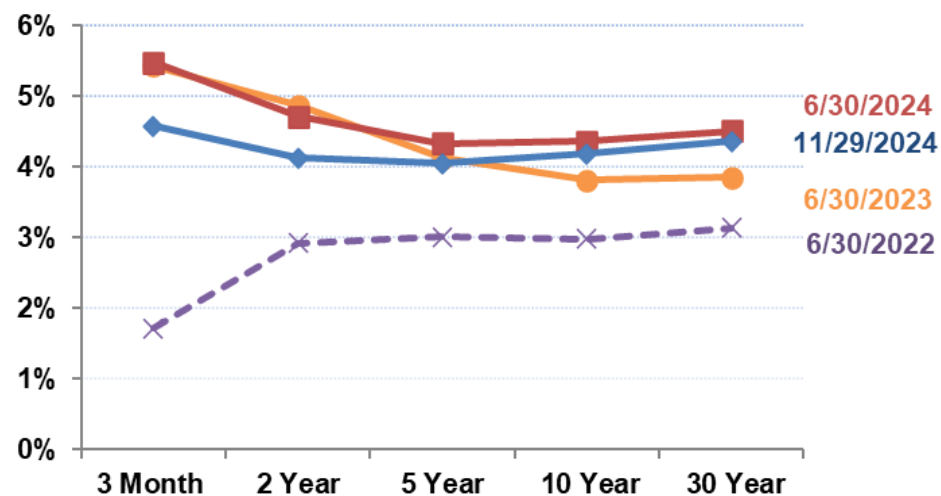
MARKETS

Fixed Income

U.S. Corp. BAA and High Yield Spreads



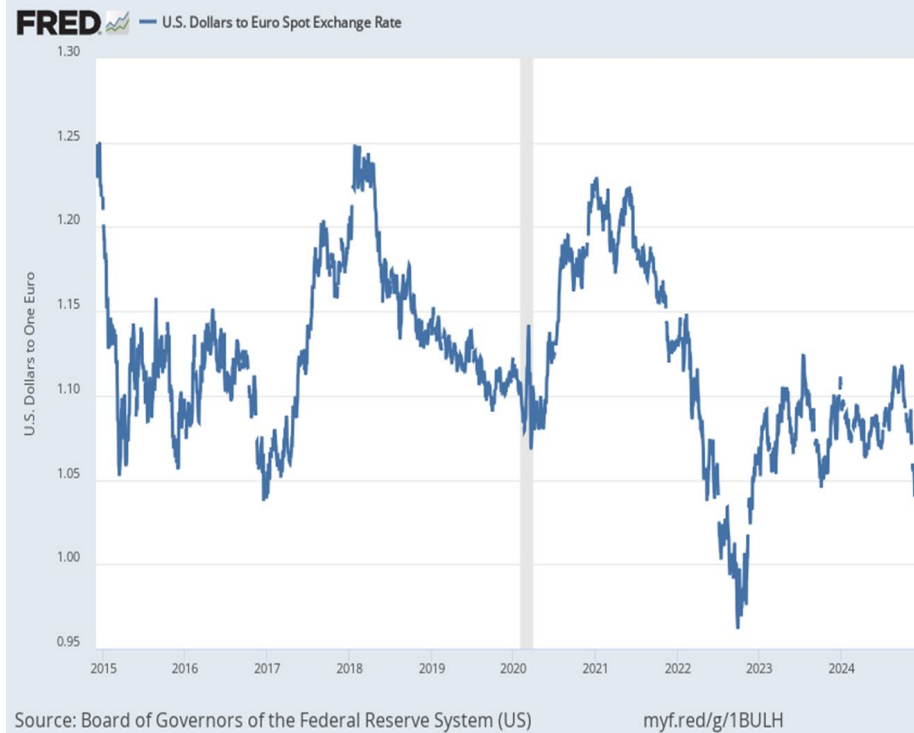
U.S. Treasury Yield Curve



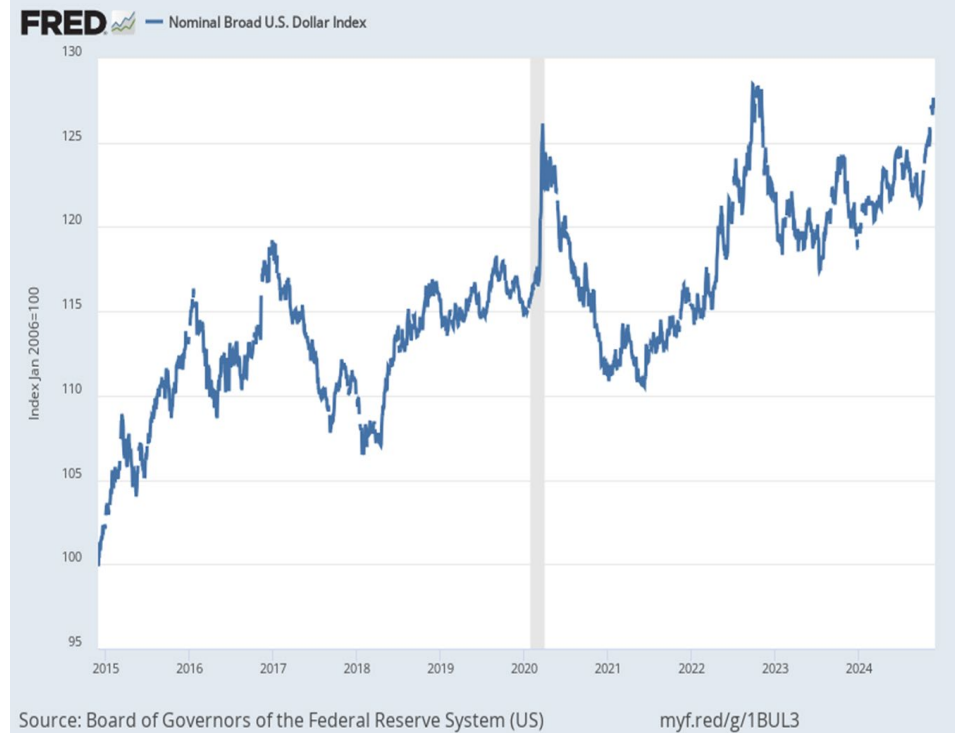


MARKETS

Foreign Exchange



Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-21	1.18
June-22	1.05
June-23	1.09
June-24	1.07
November 29, 2024	1.05

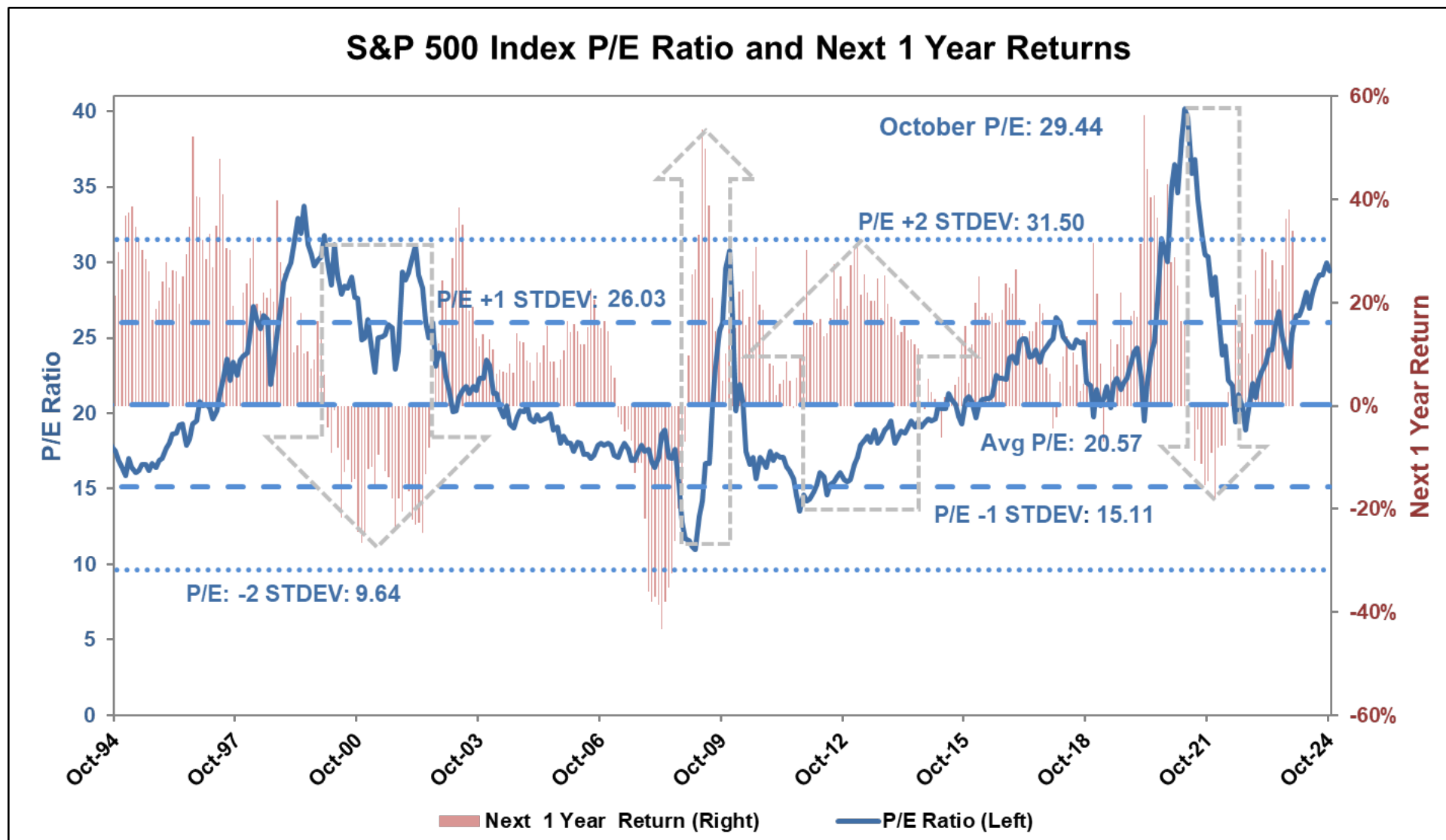


Date	Nominal Broad U.S. Dollar Index January 2006=100
June-21	112.85
June-22	121.05
June-23	119.89
June-24	124.52
November 29, 2024	126.81



VALUATION US Equity

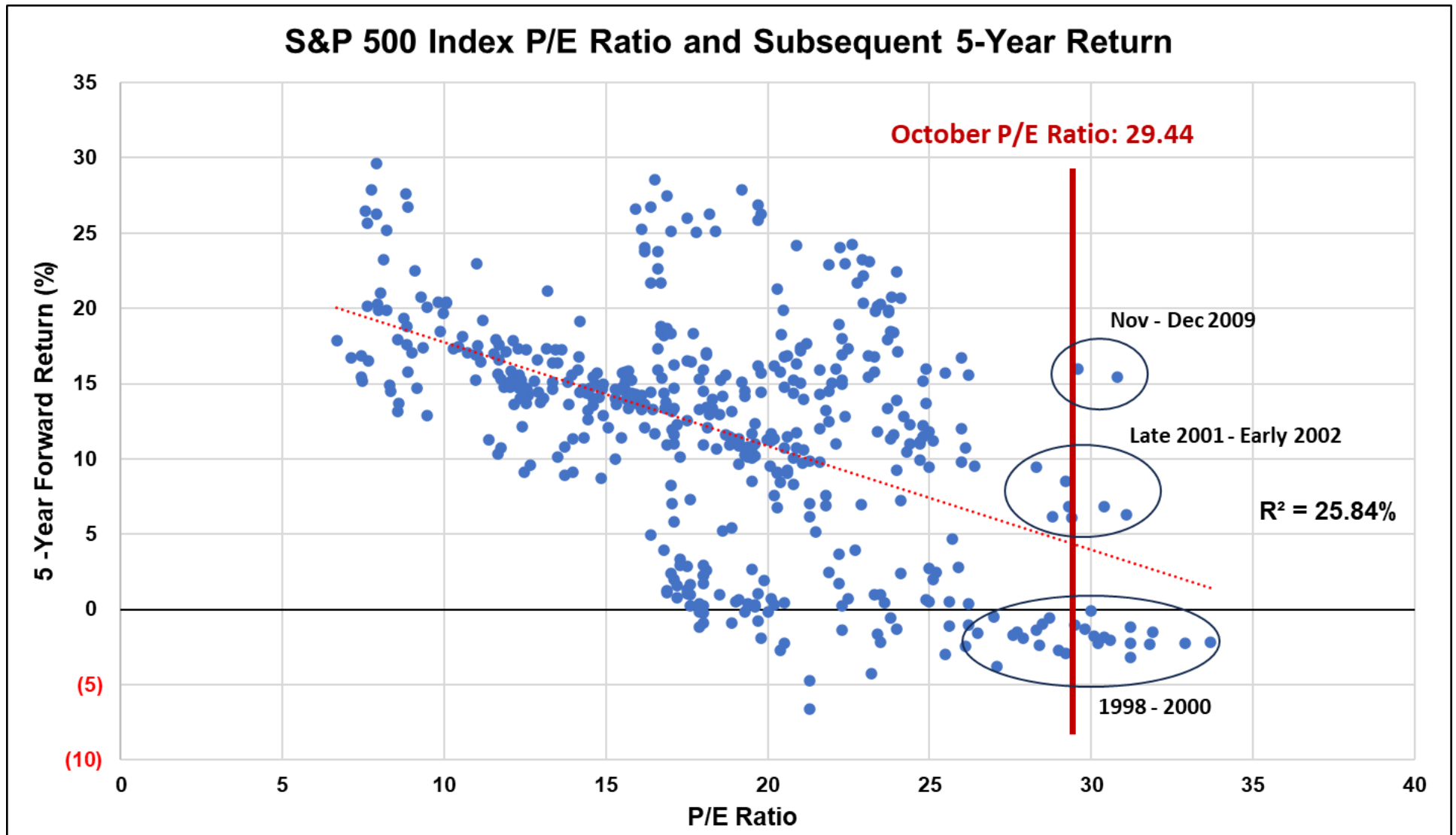
S&P 500 Index P/E Ratio and Next 1 Year Returns





VALUATION

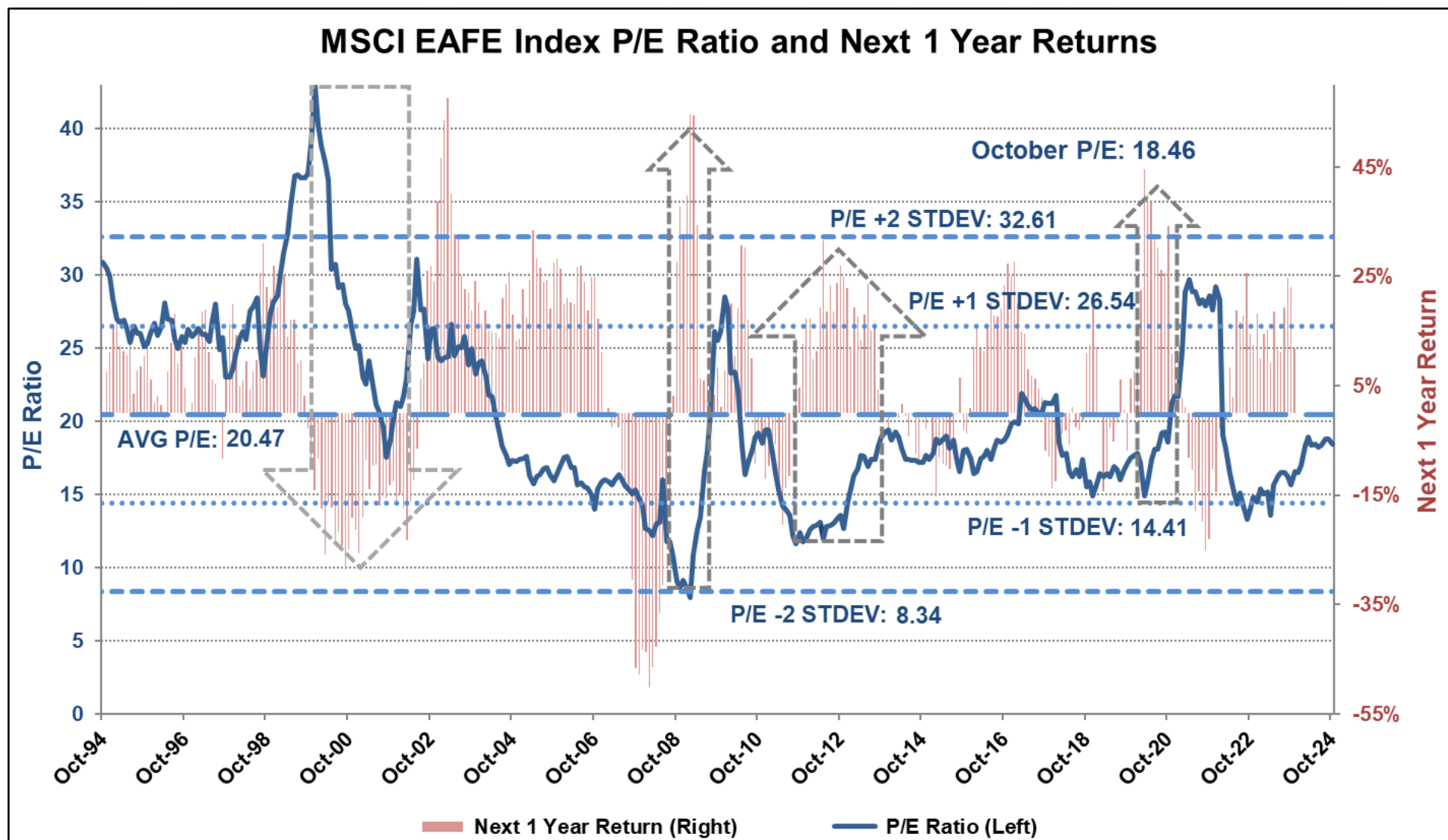
US Equity





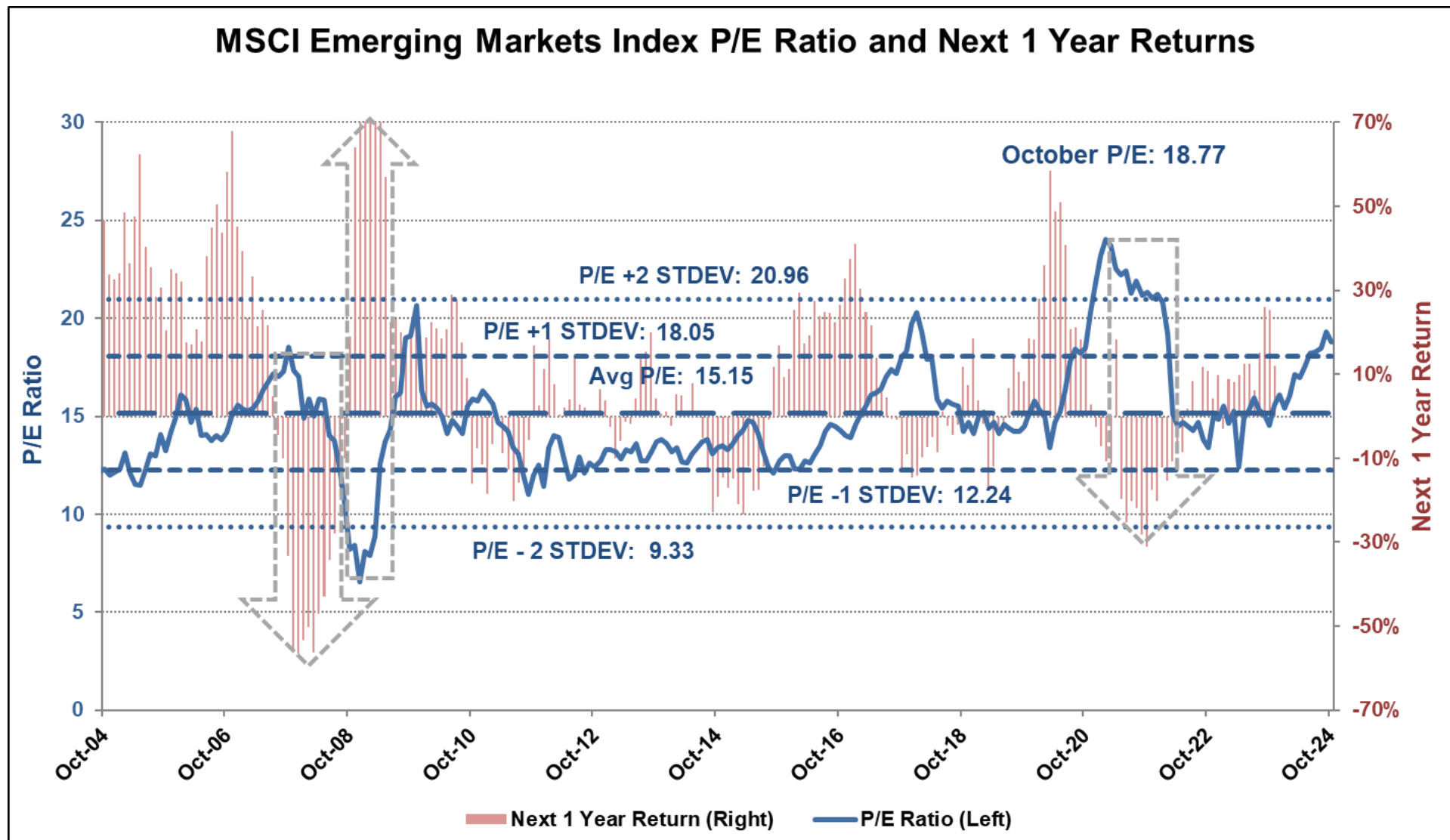
VALUATION

Non US Developed Market Equity



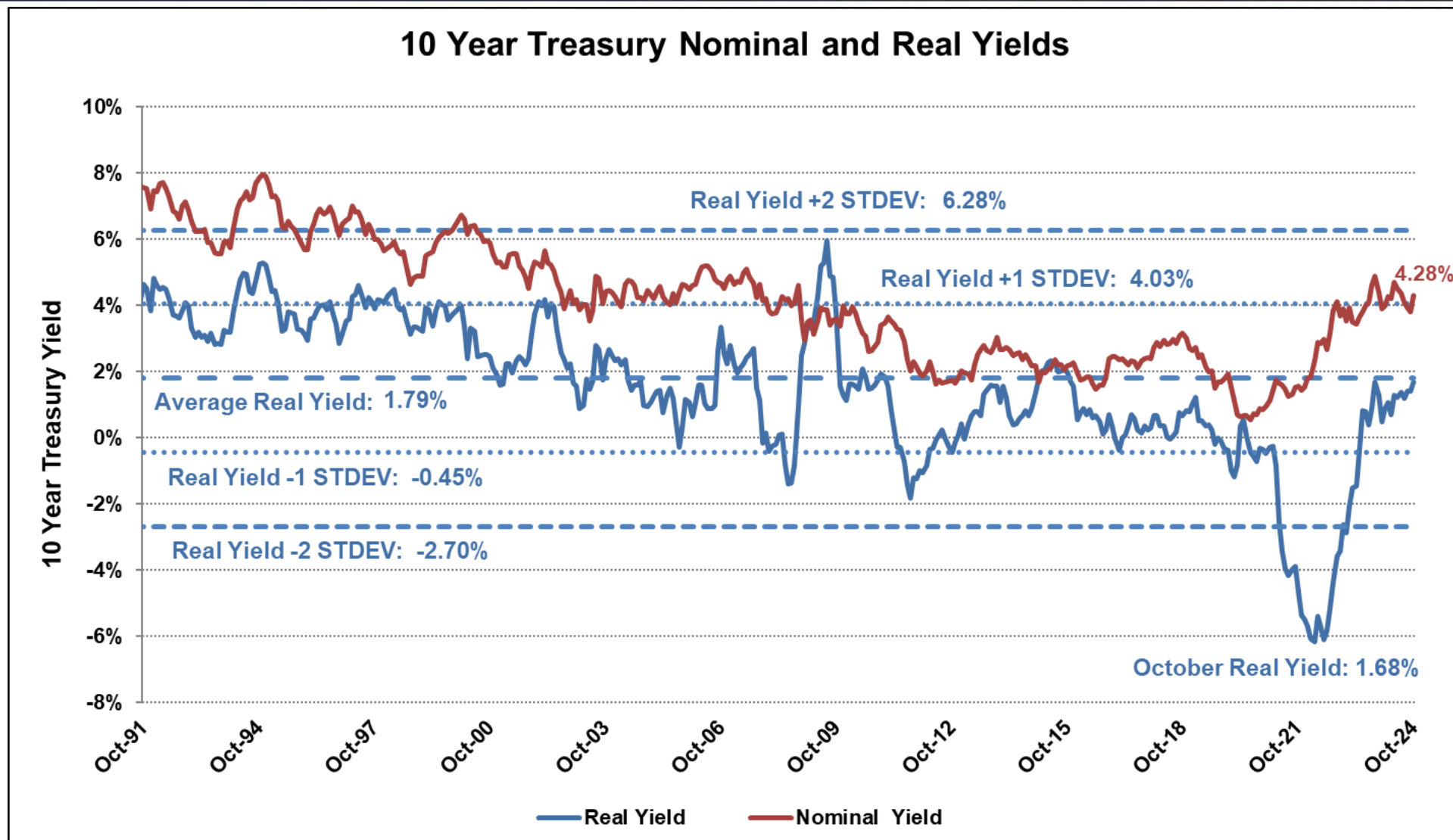


VALUATION Emerging Market Equity





VALUATION US Treasury Bonds





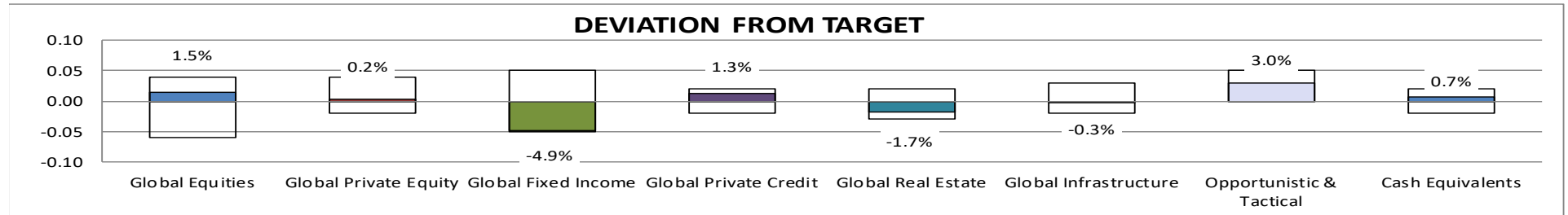
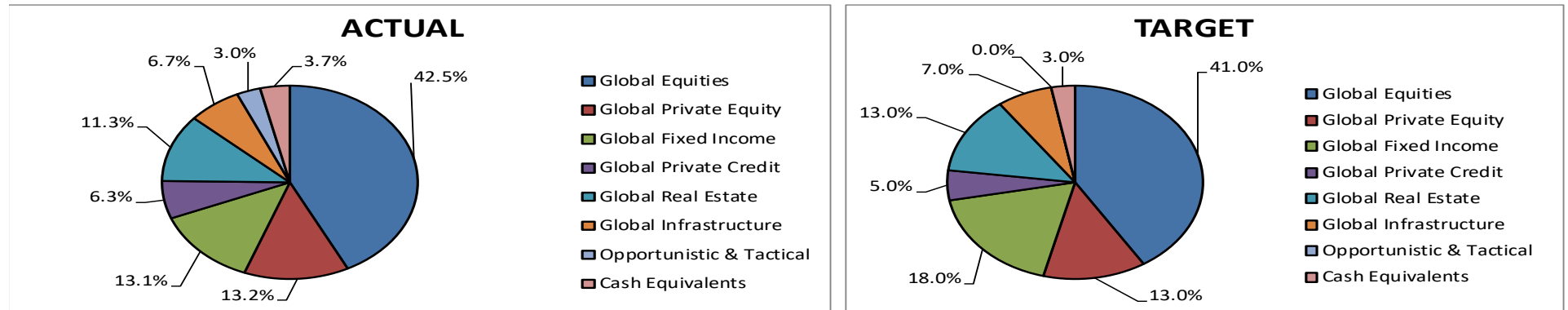
SERS' Investment Portfolios Review



Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	8,236,108,023	42.5%	41.0%	35% - 45%
Global Private Equity	2,565,599,903	13.2%	13.0%	11% - 17%
Global Fixed Income	2,545,226,877	13.1%	18.0%	13% - 23%
Global Private Credit	1,220,594,905	6.3%	5.0%	3% - 7%
Global Real Estate	2,188,239,954	11.3%	13.0%	10% - 15%
Global Infrastructure	1,301,597,171	6.7%	7.0%	5% - 10%
Opportunistic & Tactical	583,178,303	3.0%	0.0%	0% - 5%
Cash Equivalents	724,024,794	3.7%	3.0%	1% - 5%
Short-Term	517,845,701	2.7%	2.0%	
Russell EA Overlay	39,836,372	0.2%	0.0%	
Direct Rebalance Overlay	11,536,105	0.1%	0.0%	
Transition / Operational Account	1,139,349	0.0%	0.0%	
Currency Overlay	39,610,562	0.2%	0.0%	
SERS Cash	114,056,705	0.6%	0.0%	
Total Fund	19,364,569,930	100.0%	100.0%	

Source: BNY Mellon GRS

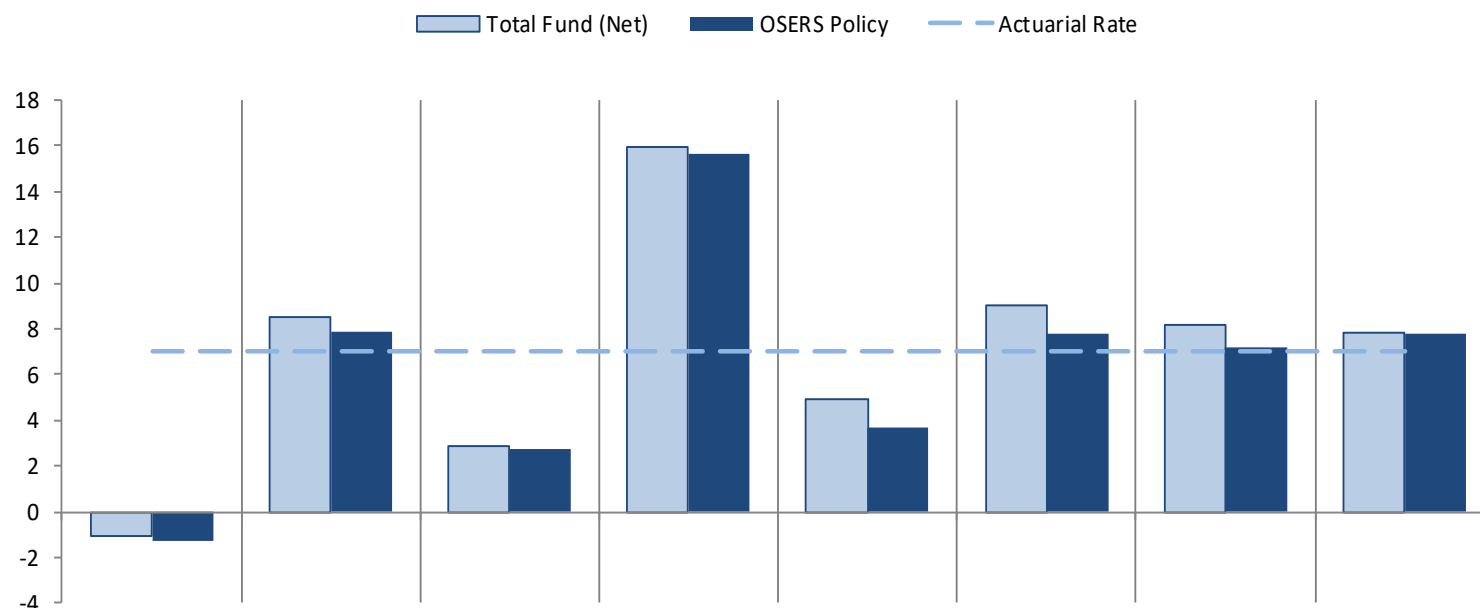




Total Fund Performance

Current Benchmark:

41% MSCI ACWI (Net Dividends)
 13.00% Burgiss All Private Equity
 benchmark (1q lag) (BAPE)
 18.00% Bloomberg US Universal Bond
 13.00% NCREIF Property
 (1Qtr in Arrears Monthized)
 7.00% Quarterly (4 qtrs.) smoothed CPI
 +1.20% per quarter
 5.00% 90 Day T-Bill (1q lag) + 4.5%
 3.00% FTSE 30 Day T-Bill



Actuarial Rate

(7.0% effective 07/01/2021, adopted 04/15/2021)

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	(1.02)	9.13	3.08	16.79	5.71	9.69	8.86	8.43
Total Fund (Net)	(1.06)	8.55	2.86	15.95	4.95	8.98	8.16	7.89
OSERS Policy	(1.24)	7.91	2.71	15.61	3.70	7.75	7.20	7.81
Value Added (Net of Fee)	0.18	0.64	0.15	0.34	1.25	1.23	0.96	0.08

Estimated Cumulative Net Value Added (\$MM)**	\$38.0	\$114.8	\$28.8	\$56.1	\$730.7	\$1,157.2	\$1,927.9
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Source: BNY Mellon GRS

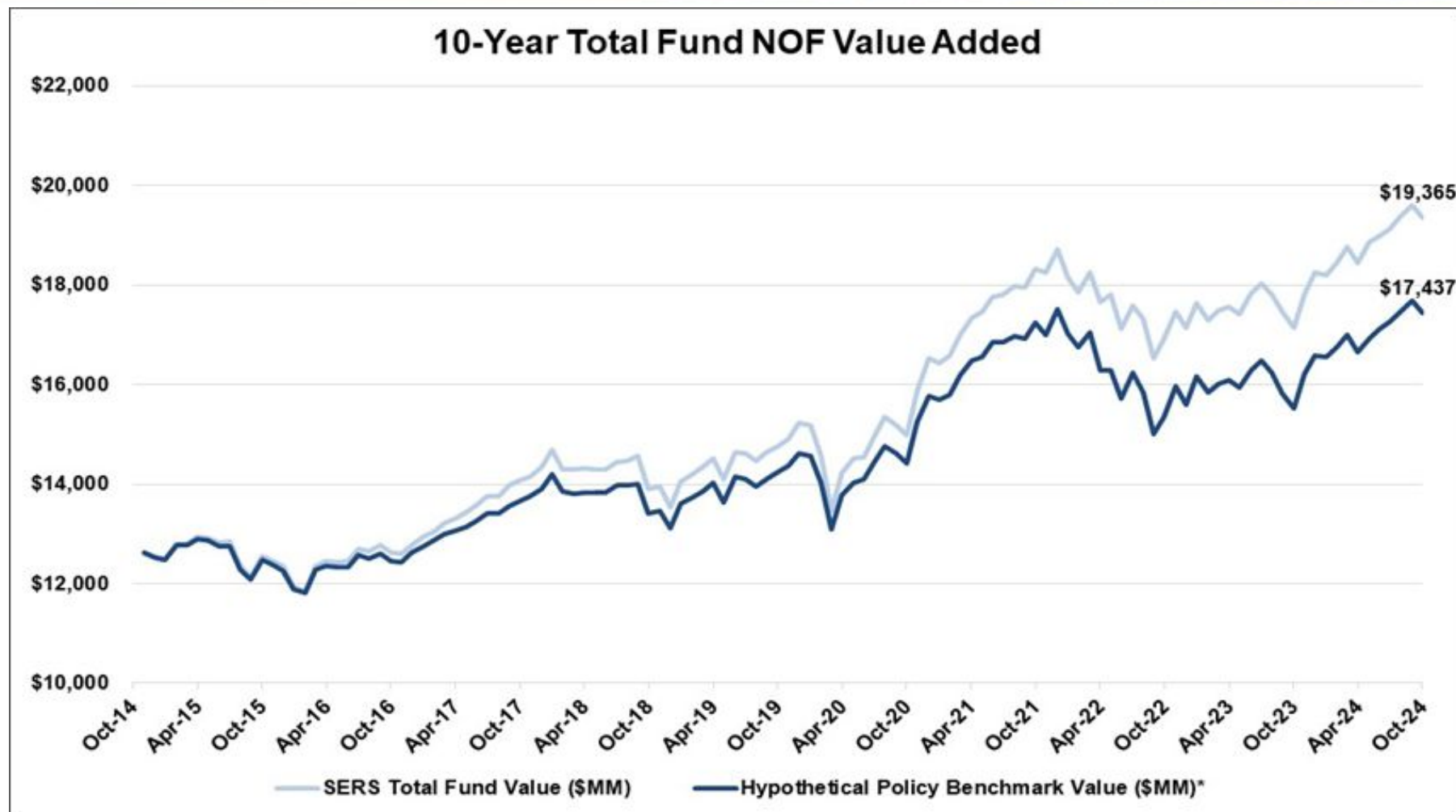
*ITD is Inception date 10/1/1994 (30 years and 1 months)

**For each period, calculated as the difference between the actual change in fund assets and the hypothetical change in fund assets under a benchmark-returns scenario.

**Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.



Total Fund Performance



Fiscal Year Net Excess Return (%)									
FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
(0.22)	0.33	1.50	0.86	0.06	(0.64)	2.66	3.01	0.23	0.90

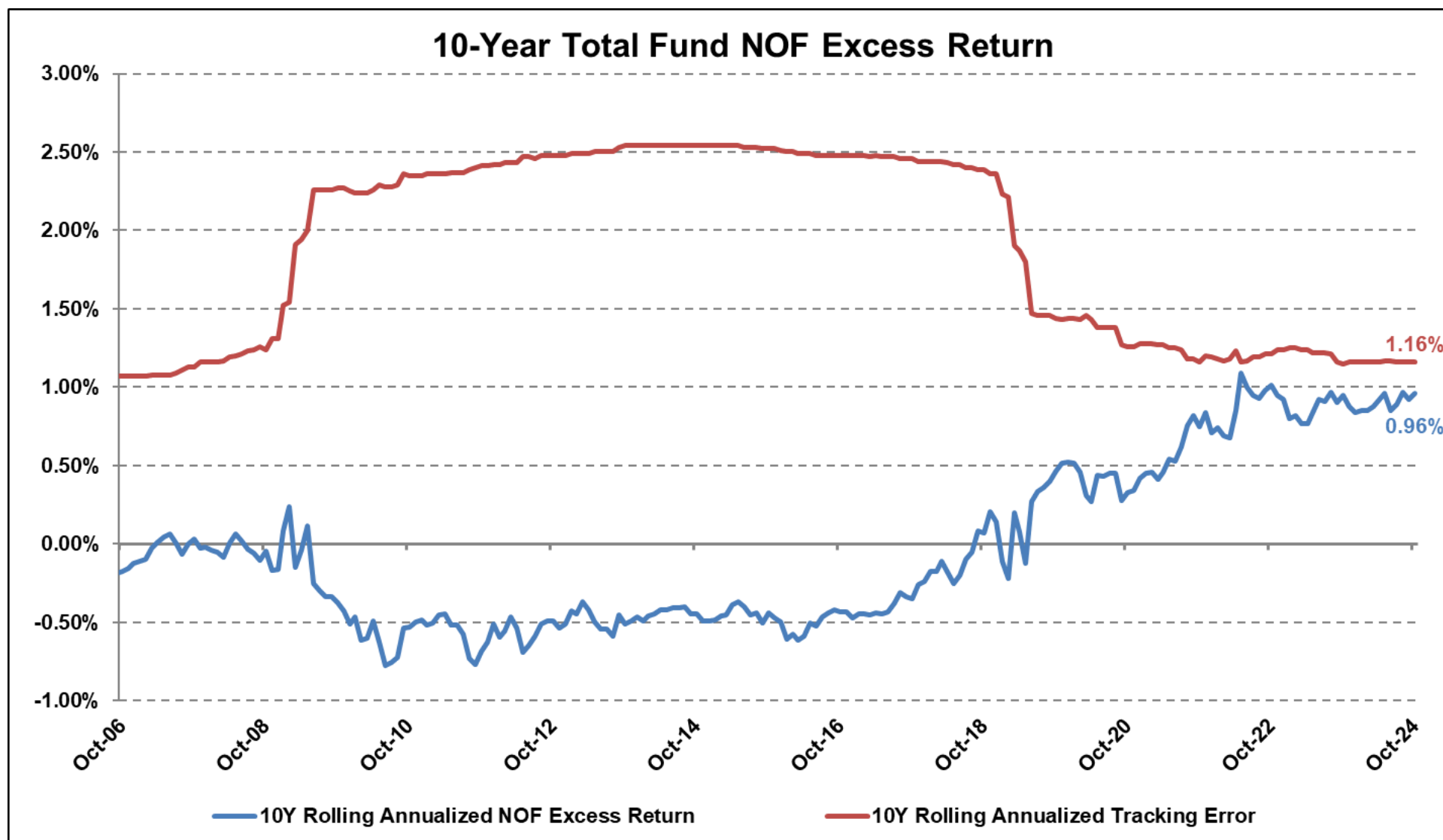
Source: BNY Mellon GRS

*Calculated as the hypothetical change in fund assets under a policy benchmark-returns scenario.

*Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.

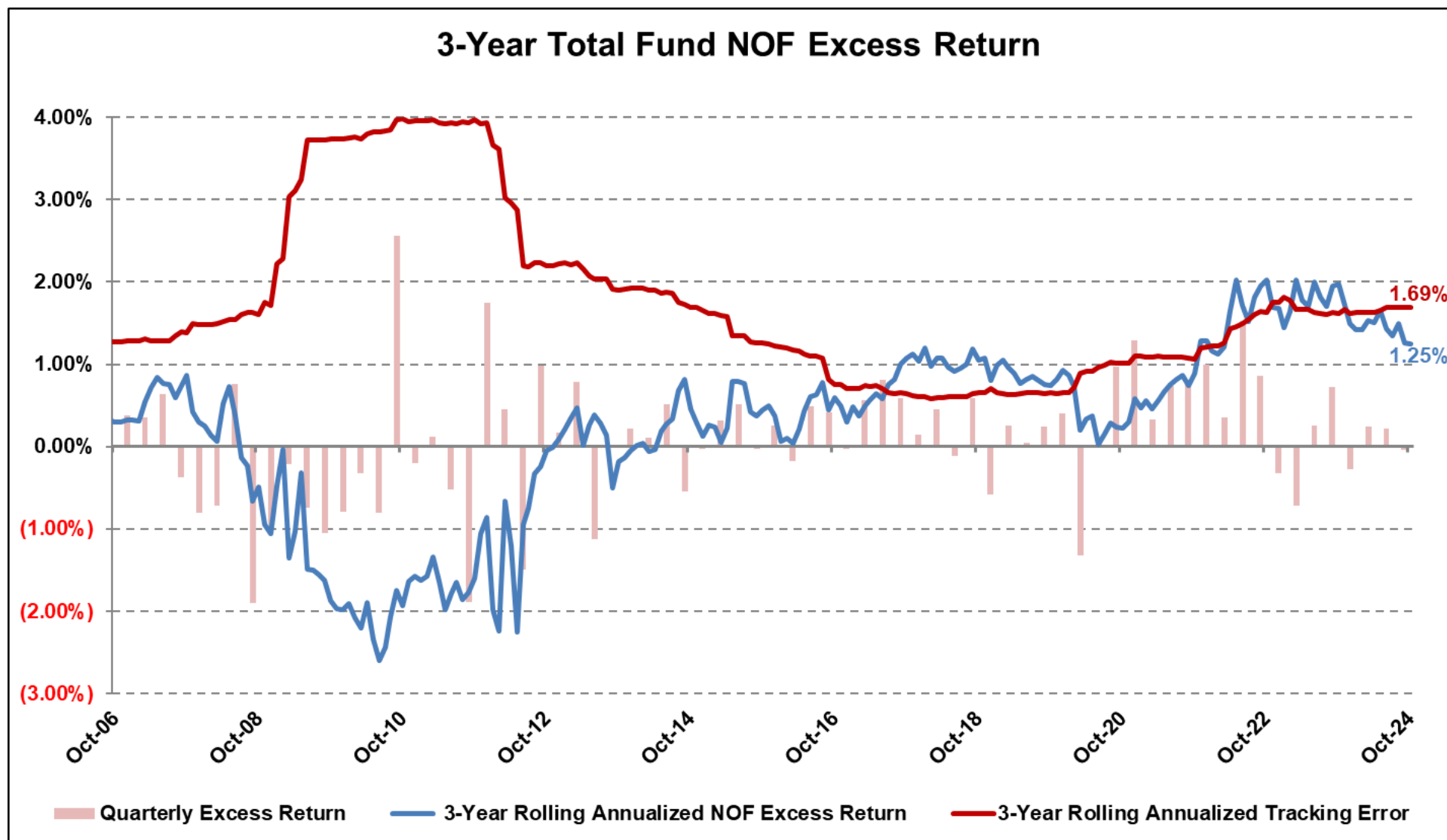


Total Fund Performance





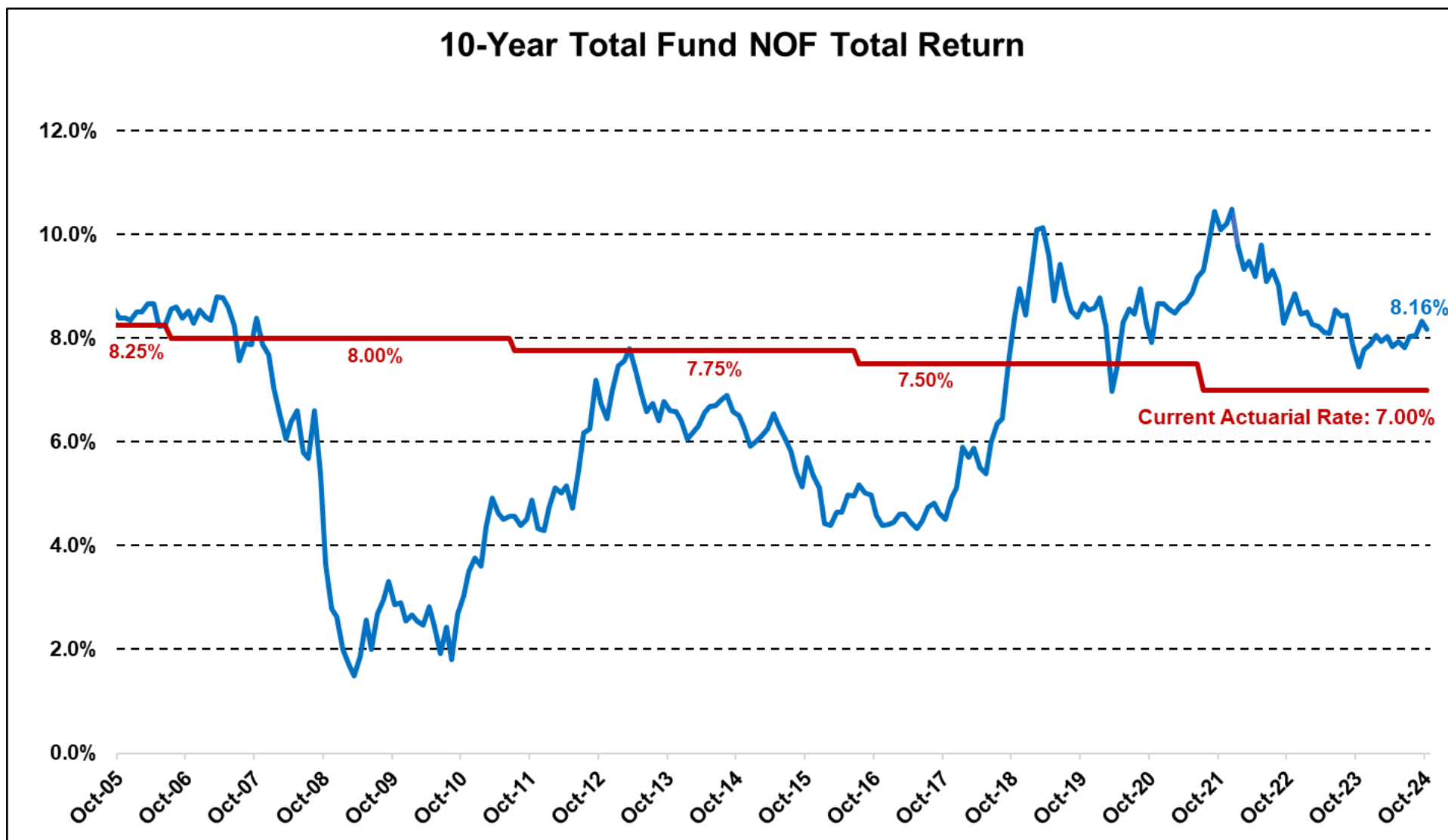
Total Fund Performance





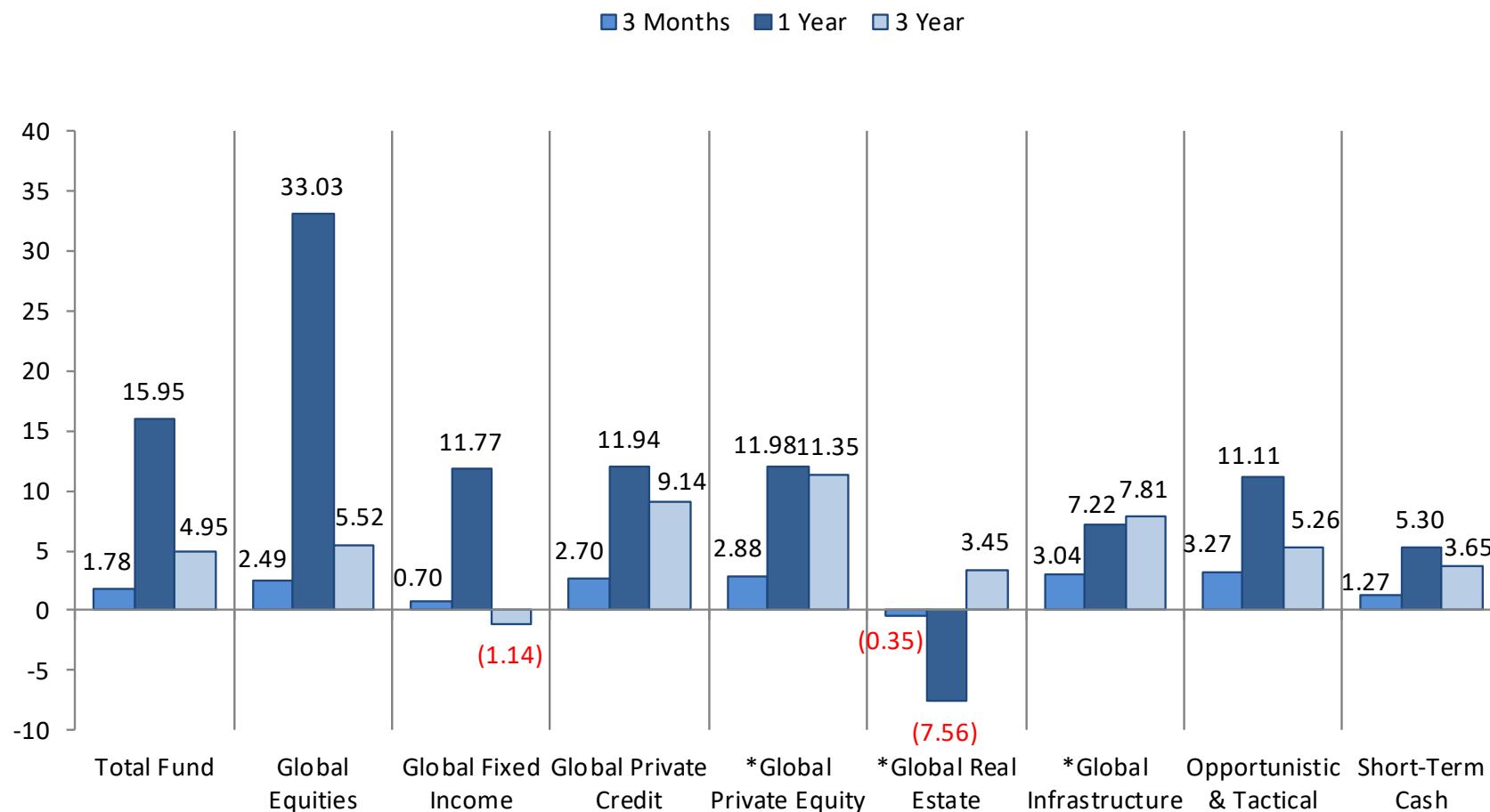
Total Fund Performance

10-Year Total Fund NOF Total Return





Total Fund and Asset Class Performance (Net)



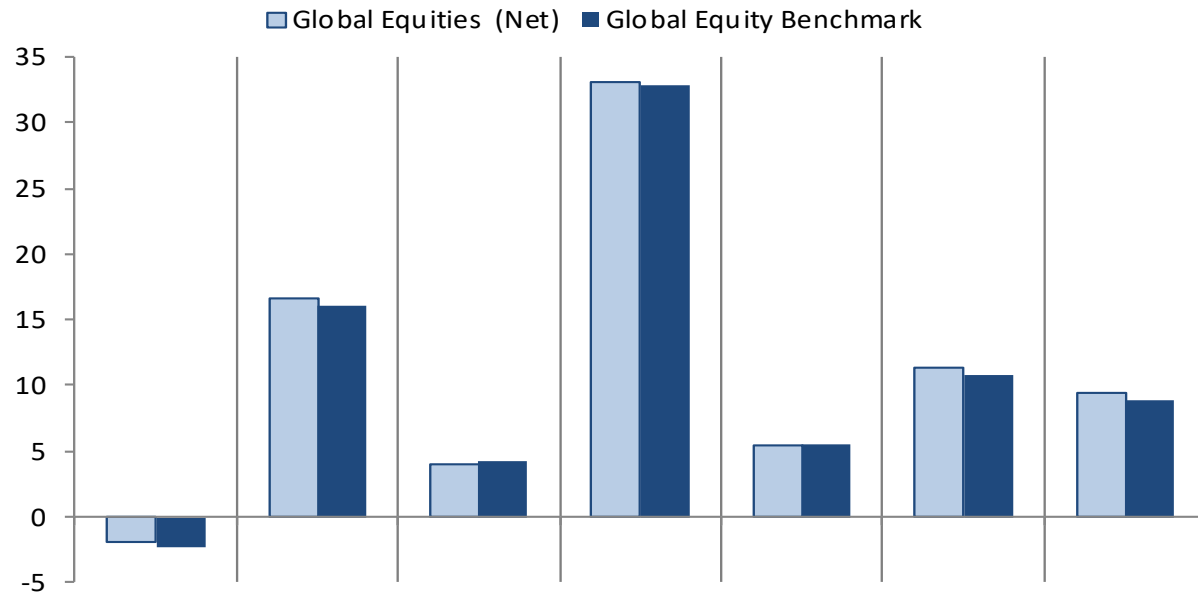
* Global Private Equity, Global Real Estate, and Global Infrastructure results are as of 09/30/2024

Source: BNY Mellon GRS



Global Equities Performance

Current Benchmark:
MSCI ACWI (Net Dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	(1.95)	16.94	4.14	33.46	5.84	11.73	9.75
Global Equities (Net)	(1.97)	16.62	4.06	33.03	5.52	11.39	9.41
Global Equity Benchmark	(2.24)	16.00	4.22	32.79	5.48	10.82	8.94
Value Added (Net of Fee)	0.27	0.62	(0.16)	0.24	0.03	0.57	0.47
Regional US Equity	(0.82)	19.37	5.25	37.13	7.03	14.07	11.92
Russell 3000 Index	(0.73)	19.75	5.45	37.86	7.64	14.60	12.44
Value Added (Net of Fee)	(0.09)	(0.37)	(0.20)	(0.73)	(0.62)	(0.53)	(0.52)
Regional Non-US Equity	(4.70)	8.64	2.16	24.34	1.52	6.95	6.04
Custom Non-US Equity BM	(4.91)	8.61	2.76	24.33	1.60	5.73	4.77
Value Added (Net of Fee)	0.21	0.03	(0.60)	0.00	(0.08)	1.22	1.27

Source: BNY Mellon GRS

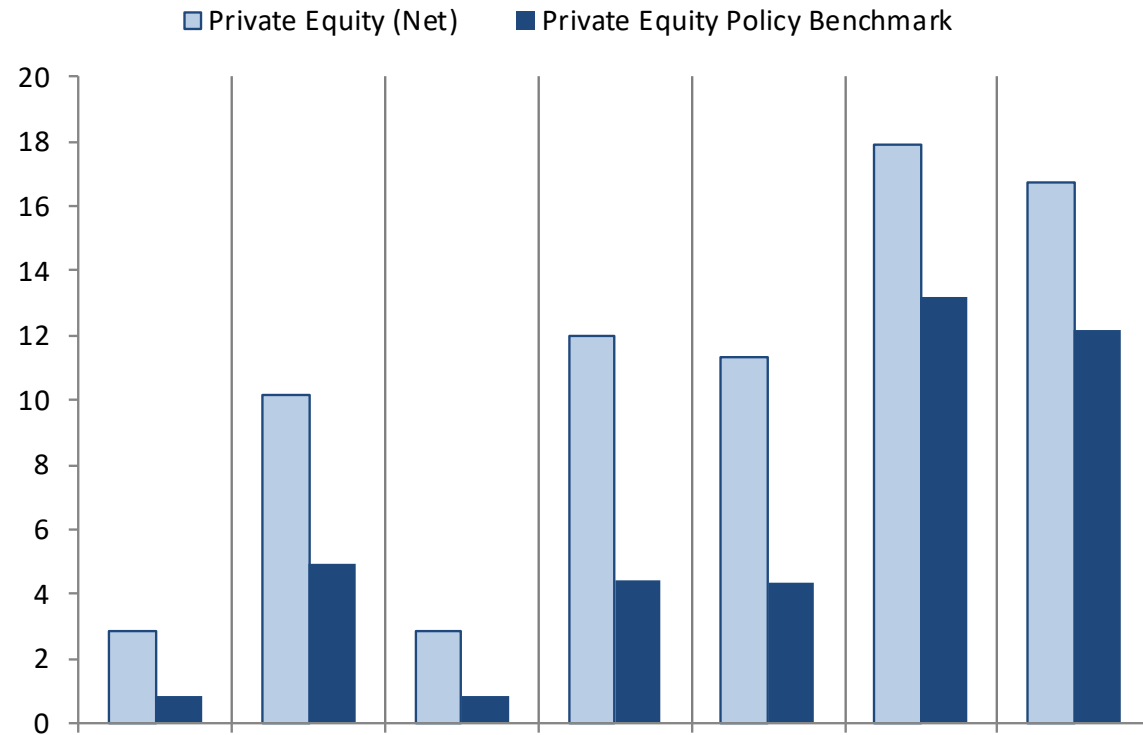


Global Private Equity Performance

Results as of: 09/30/2024

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	3.36	11.32	3.36	14.03	13.24	19.79	18.47
Private Equity (Net)	2.88	10.16	2.88	11.98	11.35	17.89	16.77
Private Equity Policy Benchmark	0.82	4.95	0.82	4.41	4.33	13.17	12.17
Value Added (Net of Fee)	2.06	5.20	2.06	7.57	7.03	4.72	4.60

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

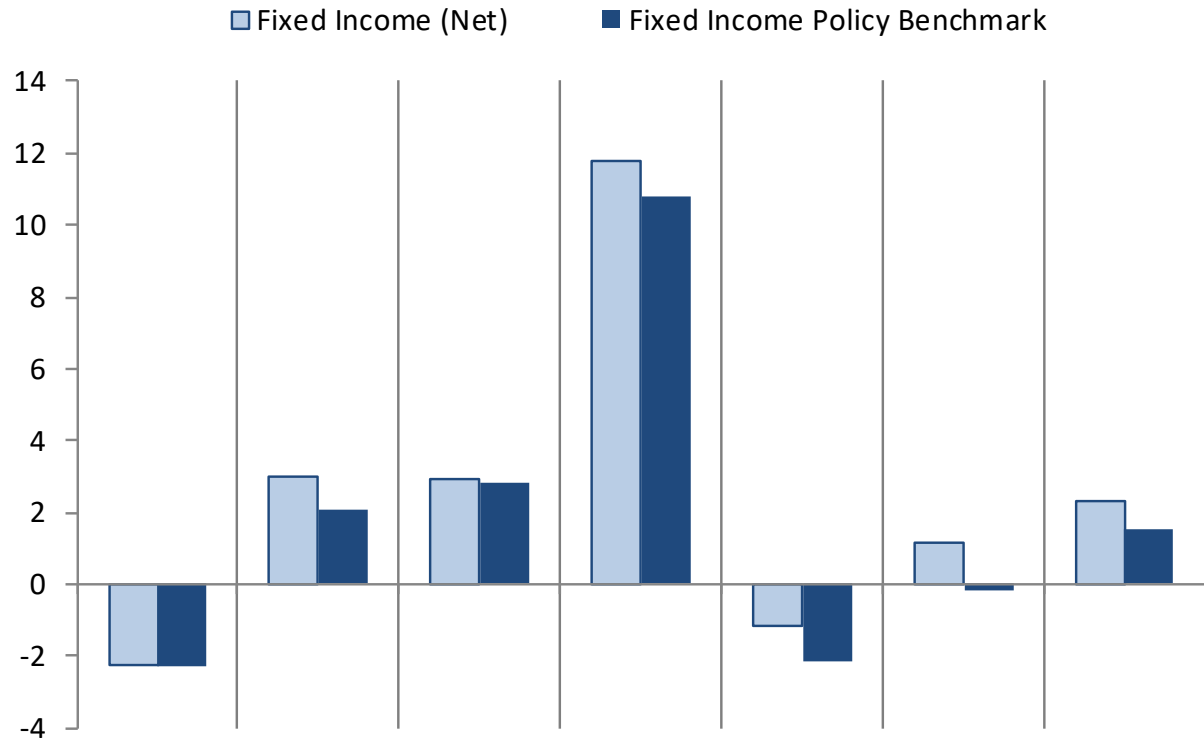
Global Private Equity performance is reported one quarter in arrears.



Global Fixed Income Performance

Current Benchmark:

Bloomberg US Universal Bond Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	(2.20)	3.22	2.99	12.05	(0.87)	1.39	2.57
Fixed Income (Net)	(2.22)	3.01	2.91	11.77	(1.14)	1.13	2.32
Fixed Income Policy Benchmark	(2.27)	2.08	2.81	10.79	(2.13)	(0.19)	1.51
Value Added (Net of Fee)	0.05	0.93	0.10	0.98	0.99	1.31	0.81

Source: BNY Mellon GRS

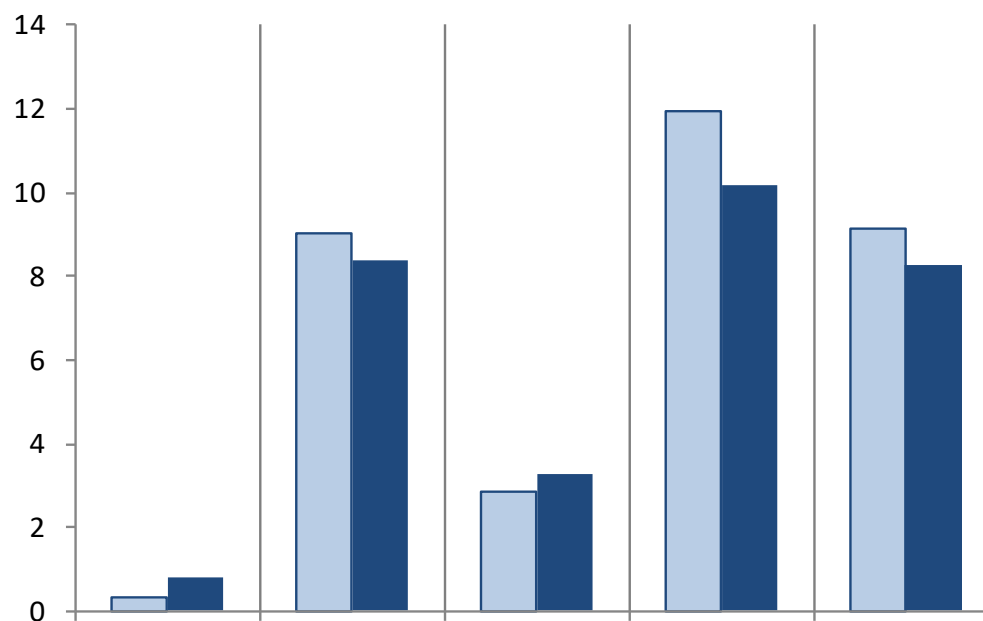


Global Private Credit Performance

Global Private Credit (Net) Global Private Credit Policy Benchmark

Current Benchmark:

90 Day T-Bill (1q lag) + 4.5%



	1 Month	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	0.34	10.20	3.20	13.54	10.65
Global Private Credit (Net)	0.34	9.01	2.84	11.94	9.14
Global Private Credit Policy Benchmark	0.82	8.40	3.27	10.15	8.26
Value Added (Net of Fee)	(0.48)	0.62	(0.43)	1.79	0.88

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 Estate Performance

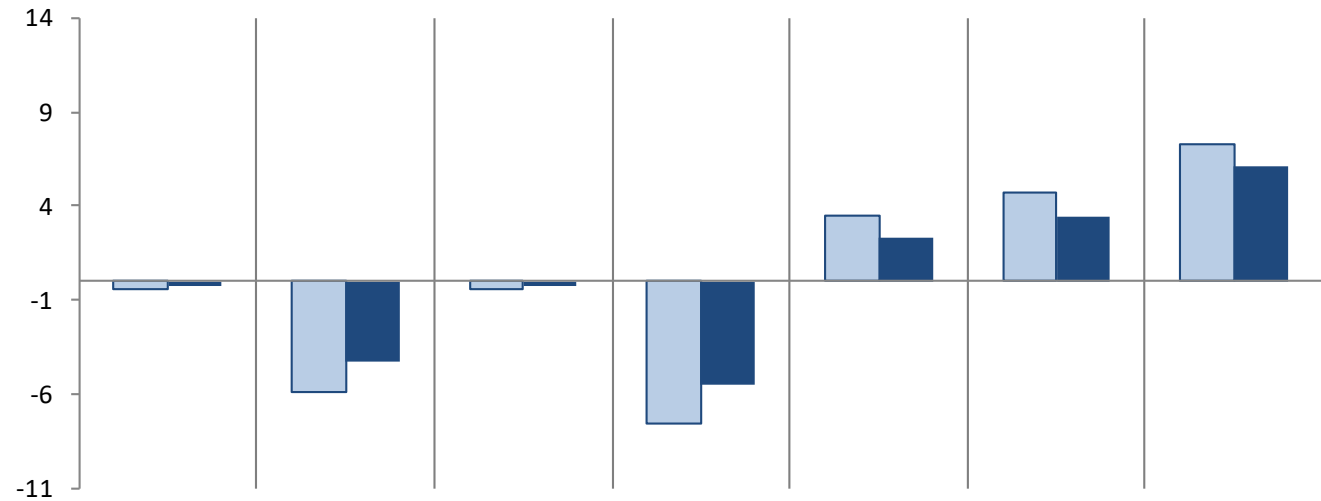
Results as of: 09/30/2024

Real Estate Portfolio (Net)

Real Estate Policy Benchmark

Current Benchmark:

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Estate Portfolio (Gross)	(0.12)	(5.28)	(0.12)	(6.78)	4.40	5.59	8.24
Real Estate Portfolio (Net)	(0.35)	(5.89)	(0.35)	(7.56)	3.45	4.69	7.23
Real Estate Policy Benchmark	(0.26)	(4.22)	(0.26)	(5.53)	2.33	3.39	6.07
Real Estate Value Added (NOF)	(0.10)	(1.67)	(0.10)	(2.03)	1.11	1.30	1.16
Real Estate Core (Net)	(0.58)	(6.24)	(0.58)	(8.12)	4.19	5.27	7.45
Real Estate Policy Benchmark	(0.26)	(4.22)	(0.26)	(5.53)	2.33	3.39	6.07
Real Estate Core Value Added (NOF)	(0.33)	(2.02)	(0.33)	(2.59)	1.85	1.88	1.37
Real Estate Non-Core (Net)	(0.71)	(5.93)	(0.71)	(7.51)	0.37	2.21	6.25
Real Estate Policy Benchmark	(0.26)	(4.22)	(0.26)	(5.53)	2.33	3.39	6.07
Real Estate Non-Core Value Added (NOF)	(0.44)	(1.71)	(0.46)	(1.99)	(1.95)	(1.18)	0.17

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 Estate performance is reported one quarter in arrears.



Global Infrastructure Performance

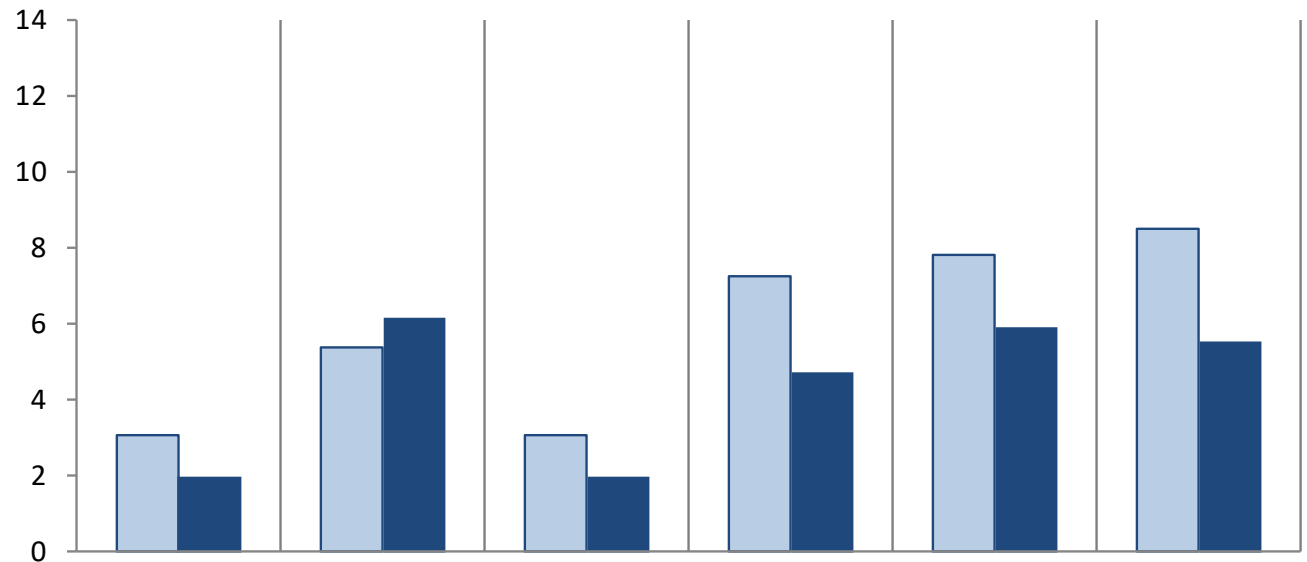
Results as of: 09/30/2024

Global Infrastructure (Net)

Global Infrastructure Policy Benchmark

Current Benchmark:

Quarterly (4 qtrs.) smoothed CPI
+1.20% per quarter



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Global Infrastructure (Gross)	3.40	6.26	3.40	8.37	8.80	9.29
Global Infrastructure (Net)	3.04	5.38	3.04	7.22	7.81	8.47
Global Infrastructure Policy Benchmark	1.97	6.18	1.97	4.72	5.91	5.55
Global Infrastructure Value Added (NOF)	1.07	(0.80)	1.07	2.49	1.90	2.93

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Infrastructure performance is reported one quarter in arrears.

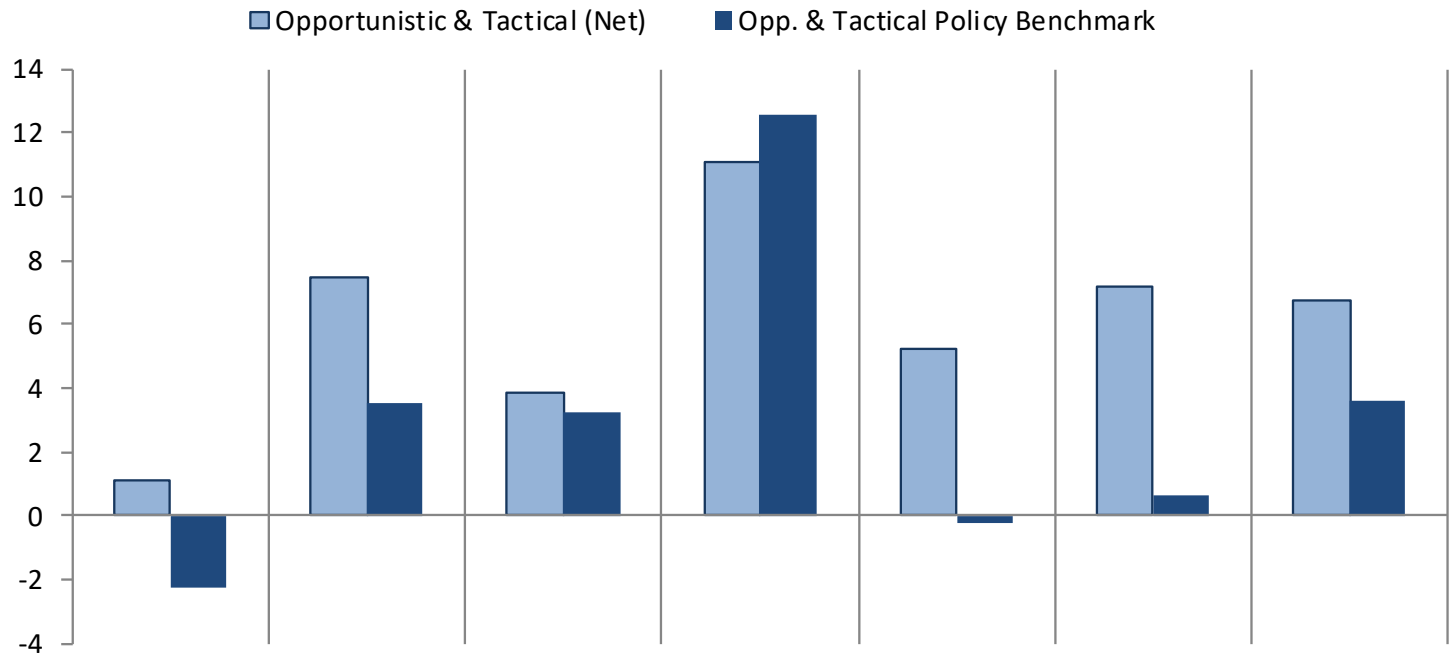


Opportunistic & Tactical Performance

Current Benchmark:

Bloomberg Aggregate

Bond Index + 2%



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Opportunistic & Tactical (Gross)	1.15	8.38	4.16	12.35	6.41	8.44	8.13
Opportunistic & Tactical (Net)	1.15	7.49	3.87	11.11	5.26	7.17	6.72
Opp. & Tactical Policy Benchmark	(2.27)	3.52	3.24	12.55	(0.19)	0.62	3.59
	3.42	3.97	0.63	(1.43)	5.44	6.55	3.13

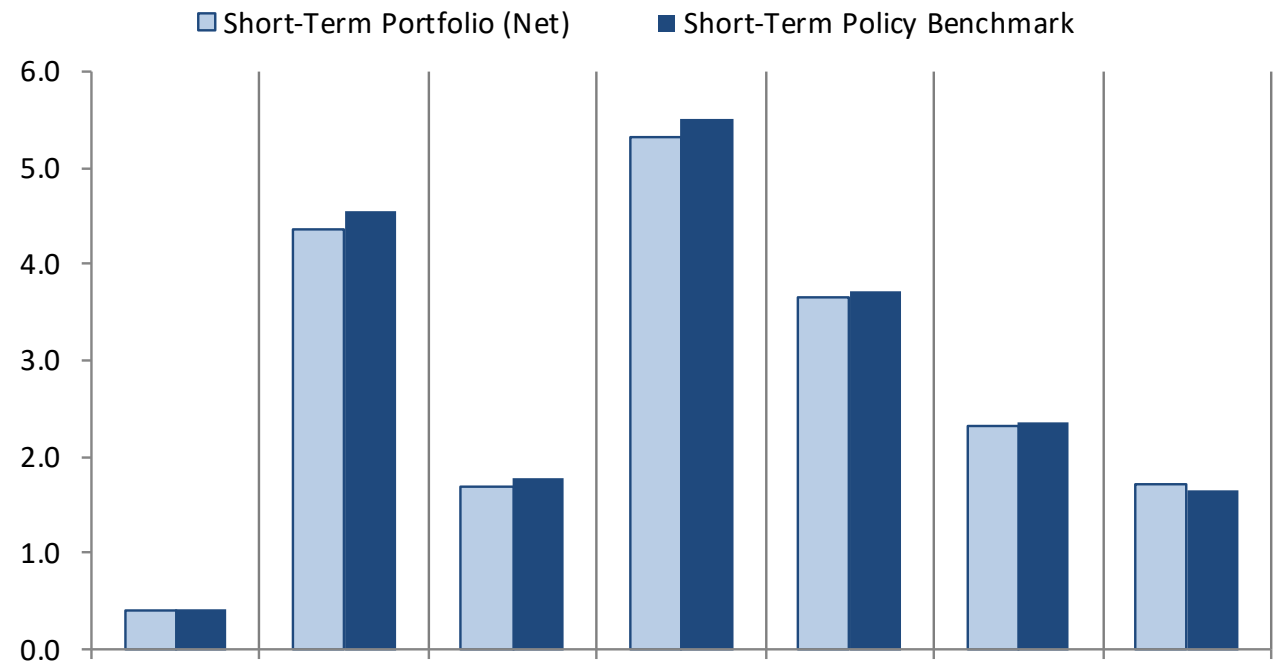
Source: BNY Mellon GRS



Short-Term Performance

Current Benchmark:

FTSE 30 Day Treasury Bill Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.40	4.36	1.70	5.30	3.65	2.32	1.71
Short-Term Portfolio (Net)	0.40	4.36	1.70	5.30	3.65	2.32	1.71
Short-Term Policy Benchmark	0.41	4.56	1.78	5.51	3.71	2.37	1.66
Value Added (Net of Fee)	(0.02)	(0.20)	(0.08)	(0.21)	(0.07)	(0.05)	0.05

Source: BNY Mellon GRS



Overlay Performance

	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Overlay Cumulative Net Value Added (\$MM)	\$14.2	(\$88.4)	(\$21.2)	(\$109.5)	(\$40.3)	(\$36.3)	(\$4.3)
Overlay Cumulative Net Value Added (%)	0.08	(0.54)	(0.12)	(0.92)	(0.09)	(0.06)	(0.01)

Source: BNY Mellon GRS



Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review – Global Equities
- Wilshire Quarterly Performance Report (December 31, 2024)
- Quarterly Investment Report (December 31, 2024)

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

CONVENED IN EXECUTIVE SESSION AT _____ A.M./P.M.

RETURNED TO OPEN SESSION AT _____ A.M. / P.M.

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Retirement Board convene in Executive Session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property.

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>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

OSERS HOLDINGS TRANSFER FY2025

It was moved by _____ and seconded by _____ that as discussed at the December 19, 2024 Board meeting, SERS transfer to OSERS Holdings, LLC, \$350,131.00 to be used for tenant space improvements and lease commission fees of OSERS Broad Street LLC, an LLC held by OSERS Holdings, LLC.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

CERTIFICATION OF CANDIDATES – EMPLOYEE MEMBER SEATS

_____ moved and _____ seconded that having met the eligibility requirements of Chapter 3309 of the Ohio Revised Code, and having received sufficient and proper petitions to meet the qualifications of Section 3309.07 of the Ohio Revised Code, the following candidates be placed upon the ballots for the election of two employee members to the School Employees Retirement Board for the term July 1, 2025 to June 30, 2029:

NAME	SCHOOL DISTRICT	COUNTY
Jeanine Alexander	Rossford Exempted Village Schools	Wood
James Haller	Lima City Schools	Allen
Rebekah Roe	Columbus City Schools	Franklin

In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State's Office has reviewed the certification that Jeanine Alexander, James Haller, and Rebekah Roe are qualified to run for the two employee member seats.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

CERTIFICATION OF CANDIDATE – RETIREE MEMBER SEAT

_____ moved and _____ seconded that having met the eligibility requirements of Chapter 3309 of the Ohio Revised Code, and having received sufficient and proper petitions to meet the requirements of Section 3309.07 of the Ohio Revised Code, Frank Weglarz is certified as nominated to run for the retiree member seat for the term July 1, 2025 to June 30, 2029. In accordance with Section 3309.071 of the Ohio Revised Code, since only one candidate has been nominated by petition for the open seat, no election is required. Frank Weglarz shall take office as if elected for the term July 1, 2025 to June 30, 2029. In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State's Office has reviewed the certification that Frank Weglarz is qualified to run for the retiree member seat.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

Memo

To: Retirement Board
From: SERS Legal Department
CC: Richard Stensrud
Date: December 6, 2024
Re: Administrative Rules

Five 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:

- **3309-1-43 Service credit established under retirement incentive plan**
- **3309-1-53 Rollover distributions and trustee-to-trustee transfers**
- **3309-1-55 Responsibility for health care coverage**
- **3309-1-62 Retirement plan required by court order**
- **3309-1-65 Medicare part B reimbursement account**

II. Approval to file with JCARR the following proposed amended rule under the five-year review of rules:

- **3309-1- 20 Validity of marriage**

This rule specifies the documents necessary to validate a marriage for a spouse to qualify for or receive a benefit. The proposed amendments would require a certified copy of a marriage certificate or an abstract of marriage. The proposed amendment also removes 3309-1-20(C) as it is no longer needed in the rule.

III. Approval to file with JCARR the following proposed rescinded administrative rule

- **3309-1-61 Reemployment covered by section 3309.345 of the Revised Code**

Because approximately fifty per cent of the existing text of this rule is being stricken and replaced with a comparable amount of new text, the rule is being rescinded and a new rule proposed.

IV. Approval to file with JCARR the following proposed new administrative rule

- **3309-1-61 Reemployment covered by section 3309.345 of the Revised Code**

This rule addresses public notice and public meeting requirements when an employer continues the employment as a reemployed retirant, or rehires as a reemployed retirant, an individual who is, or was most recently, employed in a position customarily filled by a vote of members of a board or commission.

The rule is being amended to clarify that the public notice and public meeting requirements do not apply to subsequent years of continuous employment in the same position.

V. Approval to file with JCARR the following proposed amended rules

- **3309-1- 07 Application for payment upon termination of employment**

This rule addresses the payment of a member's, or retirant's, accumulated contributions. The existing rule requires a member's or retirant's signature to be notarized or witnessed by a SERS counselor when applying for a lump sum payment of accumulated contributions in an amount greater than \$5,000. The proposed amendment expands the scope this requirement to cover a beneficiary's signature on an application for a lump sum payment of account balances greater than \$5,000.

- **3309-1- 11 Membership determinations**

This rule addresses the membership determination process and includes the three alternative definitions of "service common to the normal daily operation of an educational unit."

The proposed amendment is a housekeeping amendment to the existing alternative definition of "service common to the normal daily operation of an educational unit" set forth in subparagraph (D)(2)(a). This definition of "service common to the normal daily operation of an educational unit" means any service that an educational unit is required by law, statute or rule to provide on a regular continuous basis. The amendments clarify that the definition does not apply to a service that a school is not required to provide, even when laws, statutes, or rules govern the provision of the service.

- **3309-1-09 Federal taxation**

This rule contains provisions relevant to SERS' compliance with federal tax law. Last December amendments were proposed to this rule in response to the SECURE 2.0 Act, which changed the applicable age for required minimum distributions and gave a surviving spouse the right to choose to be treated as the deceased employee. This year additional amendments are proposed in response to the issuance of Final Treasury Regulations ("2024 Final Regulations") interpreting the SECURE Act and SECURE 2.0 Act and Proposed Treasury Regulations addressing provisions that were reserved under the 2024 Final Regulations.

Due to the complexity of SECURE 2.0, SERS Legal worked with outside tax counsel on the SECURE 2.0 amendments. The SECURE 2.0 amendments are located in paragraphs (B) and (C)(4).

In addition to amendments in response to SECURE 2.0, new language in paragraph (C) clarifies that SERS will only force a required minimum distribution when it has accurate contact information for the member or retiree.

- **3309-1-70 Contribution based benefit cap**

This rule amplifies R.C. 3309.363, the recently enacted contribution based benefit cap ("CBBC") statute.

The rule is being amended to clarify that when a member takes a combined retirement system and SERS is the paying system, contributions to fund a disability benefit from state teachers retirement system or public employees retirement system will be included in the member's accumulated contributions when calculating the member's CBBC.

Please call Susan Russell at 614-222-5809 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: 3309-1-24 Ohio service credit and calculation of final average salary; 3309-1-37 Surviving spouse or dependent may purchase credit; 3309-1-43 Service credit established under retirement incentive plan; 3309-1-53 Rollover distributions and trustee-to-trustee transfers; 3309-1-55 Responsibility for health care coverage; 3309-1-62 Retirement plan required by court order; 3309-1-65 Medicare part B reimbursement account.

_____ moved and _____ seconded that rules 3309-1-24, 3309-1-37, 3309-1-43, 3309-1-53, 3309-1-55, 3309-1-62, and 3309-1-65 be filed with JCARR as no change rules as discussed.

3309-1-24 Ohio service credit and calculation of final average salary.

Service credit that is purchased or obtained under section 3309.022, 3309.474, 3309.73, 3309.731, or 3309.75 of the Revised Code, shall be used in determining eligibility for a retirement allowance or a benefit as provided in Chapter 3309. of the Revised Code, including the calculation of the member's final average salary and total service credit in the school employees retirement system.

HISTORY: 4/1/16

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.022, 3309.474, 3309.73, 3309.731, 3309.75

Review Date: 1/31/25

3309-1-37 Surviving spouse or dependent may purchase credit.

- (A) For purposes of section 3309.451 of the Revised Code and this rule, "dependent" means a "qualified child" or "qualified parent" as those terms are defined in division (B)(2) of section 3309.45 of the Revised Code.
- (B)
 - (1) A spouse or dependent of a deceased member who wants to purchase service credit pursuant to section 3309.451 of the Revised Code must deliver a written request to purchase service to the school employees retirement system before they receive payment of a benefit under section 3309.44 or 3309.45 of the Revised Code.
 - (2) Eligibility shall be determined upon receipt of a written request.
 - (3) Service credit shall be purchased in accordance with the laws and policies of the retirement system in effect at the time of purchase.
 - (4) Benefit payments shall commence on the first of the month following the date the purchase of service credit is completed.
- (C) Service credit purchased under section 3309.451 of the Revised Code shall be included in the member's total service credit as of the member's date of death.

- (D) The commencement of benefit payments to a spouse or dependent not subject to paragraph (B) of this rule shall not be delayed due to a request to purchase service.

HISTORY: 5/31/20, 4/1/16, 1/2/93, 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.451
Review Date: 1/31/25

3309-1-43 Service credit established under retirement incentive plan.

- (A) Upon adoption of a Retirement Incentive Plan in accordance with section 3309.33 of the Revised Code, the employer shall notify the school employees retirement system on an official form approved by the school employees retirement board and attached as an appendix to this rule.
- (B) The cost to the employer for each year of credit purchased will be determined by factors recommended by the school employees retirement system actuary which yield an amount equal to the additional liability of the amount purchased. Actuarial cost will be revised no more than once annually and shall apply only to new credit established after such revision is approved by the school employees retirement board.
- (C)
1. Employers may make equal payments to the retirement system for the cost of the year or years of credit purchased over the number of years equal to the number of years purchased under the employer adopted plan.

After the thirtieth of June of the year in which the service is purchased, interest, compounded annually, shall be calculated on the remaining payments at the rate established for other purchased credit.
 2. Purchase of partial years is not permitted.
 3. Notwithstanding paragraph (C)(1) of this rule, governing authorities of community schools shall pay the cost of the service credit purchased in one payment made within thirty days of receipt from the retirement system of the calculated cost.
- (D)
- (1) An employee may initiate action to retire under the locally adopted retirement incentive plan in accordance with section 3309.33 of the Revised Code by completing the employee section of the form adopted by the school employees retirement board, attached as an appendix to this rule, and filing such form with the employer.
 - (2) Upon receipt of the form, the employer must complete the employer section of the form and file it with the retirement system. In no event shall the employer file the form later than

the earlier of the last day of the month preceding the employee's date of retirement or the expiration date of the plan. The employer's completion of the employer portion of the form constitutes the employer's acceptance of liability for the cost of the additional service credit. The effective date of the purchase of service under a retirement incentive plan shall be the date the retirement system receives the completed form.

(3) Upon receipt of the completed form, the retirement system shall notify the employee by letter that service credit has been purchased for the employee under the retirement incentive plan. The date of this letter shall constitute the date the employee received notice that service credit has been purchased for the employee.

4. The retirement system must receive the employee's valid retirement application within ninety days of the employee's receipt of notice.

5. The employee's effective date of retirement must be within ninety days of the employee's receipt of notice.

6. If an employee does not retire within ninety days of receiving notice, withdraws their application for retirement, or dies before their effective date of retirement and/or before the retirement system received a valid application, the purchase of service credit on behalf of the employee under section 3309.33 of the Revised Code shall be cancelled and any amounts received from the employer refunded.

HISTORY: 5/31/20, 4/1/16, 9/16/83

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.33
Review Date: 1/31/25

3309-1-53 Rollover distribution and trustee-to-trustee transfers.

A. For purpose of SERS rules, "eligible rollover distribution," or "rollover distribution," means all or any portion of an amount that qualifies as an eligible rollover distribution under section 402(c)(4) of the Internal Revenue Code of 1986, as amended, 26 U.S.C. 402(c)(4), and is paid to a member or the surviving spouse of the member from either:

1. Another employer plan qualified under section 401(a) of the Internal Revenue Code, 26 U.S.C. 401(a);

2. An individual retirement account, or annuity other than an endowment contract, under section 408 of the Internal Revenue Code, 26 U.S.C. 408, to the extent that the amount would be a taxable event;

3. A tax-sheltered annuity under section 403(b) of the Internal Revenue Code, 26 U.S.C. 403(b);

4. A governmental deferred compensation plan under section 457 of the Internal Revenue Code, 26 U.S.C. 457; or

5. An annuity plan under section 403(a) of the Internal Revenue Code, 26 U.S.C. 403(a).

B.

1. The school employees retirement system may accept direct trustee-to-trustee transfers from a 26 U.S.C. 457 deferred compensation plan, a 26 U.S.C. 403(b) tax-sheltered annuity plan, or a plan qualified under 26 U.S.C. 401(k) and eligible rollover distributions only for the purchase of service credit pursuant to section 3309.021, 3309.022, 3309.26, 3309.301, 3309.31, 3309.311, 3309.41, 3309.451, 3309.473, 3309.474, 3309.73, 3309.731 or 3309.75 of the Revised Code, for the payment of back contributions under rule 3309-1-13 of the Administrative Code, or for the payment of additional liability pursuant to division (A)(1)(c) of section 3309.34 of the Revised Code.

2. A member or surviving spouse of a member must be otherwise eligible to purchase the service credit or pay the back contributions pursuant to Chapter 3309. of the Revised Code and SERS rules.

3. The amount of the rollover distribution accepted by the retirement system shall not exceed the amount necessary to fund the benefit attributable to the service credit.

C. A member, alternate payee, or otherwise qualified beneficiary of a deceased member who is entitled to a distribution from the retirement system that qualifies as an eligible rollover distribution pursuant to sections 401(a)(31) and 402(f)(2)(A) of the Internal Revenue Code, 26 U.S.C. 401(a)(31) and 402(f)(2)(A), may request that the distribution be paid in a direct rollover to another eligible retirement plan to the extent permitted by sections 401(a)(31) or 408A of the Internal Revenue Code, 26 U.S.C. 401(a)(31) or 26 U.S.C. 408A. A qualified nonspouse beneficiary of a deceased member may only rollover directly to an inherited individual retirement account or annuity to the extent permitted by section 402(c)(11) of the Internal Revenue Code , 26 U.S.C. 402(c)(11).

HISTORY: 4/1/16, 1/6/14, 10/18/13 (Emer), 3/8/13, 1/7/13 (Emer.), 4/30/09, 12/24/07, 6/1/07, 5/11/06, 4/5/02, 5/2/01, 3/7/97

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.021, 3309.022, 3309.26, 3309.301, 3309.31, 3309.311, 3309.41, 3309.451, 3309.46, 3309.473, 3309.474, 3309.73, 3309.731, 3309.75

Review Date: 1/31/25

3309-1-55 Responsibility for health care coverage.

A. This rule amplifies division (F) of section 3309.69 of the Revised Code.

B. For the purpose of this rule:

1. "Age and service retirant" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code.
2. "Available coverage" means any of the following provided by another Ohio retirement system: a group plan, or a payment, stipend, or reimbursement provided for the purpose of obtaining medical or prescription drug coverage. Coverage shall be considered available if the individual is eligible for the coverage, regardless of whether the individual waived or declined to accept or enroll in the coverage. Coverage shall not be considered available if only provided as a dependent of another person.
3. "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.
4. "Survivor benefit recipient" means a beneficiary receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code.

C. Except as otherwise provided in this rule, this retirement system shall be the system responsible for health care coverage for its eligible benefit recipients.

D. An individual otherwise eligible for health care coverage from this system may not enroll in this system's coverage if the individual also has available coverage in the following circumstances:

1. The individual is only eligible for health care coverage from this system as a dependent of an eligible benefit recipient; or
2. The individual is an age and service retirant or disability benefit recipient in both this system and another Ohio retirement system and the benefit recipient has less service credit in this system than in the other system. Where the service credit is the same in each system, the individual may not enroll in this system's health care coverage if the employee contributions in the account upon which the benefit in this system is based are less than the employee contributions in the account upon which the benefit in the other system is based; or
3. The individual is a survivor benefit recipient in this system and receiving an age and service retirement or disability benefit from another Ohio retirement system; or
4. The individual is a survivor benefit recipient in both this system and another Ohio retirement system and the benefit effective date in this system is later than the benefit effective date in the other system.

E. Each individual enrolled in health care coverage provided by this system shall notify the system of other available coverage at the time of enrollment in this system's coverage, and whenever the individual becomes eligible for any available coverage.

HISTORY: 5/31/20, 4/1/16, 7/12/14, 1/7/13, 12/10/09, 3/1/07, 5/2/01, 8/10/98

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.375, 3309.69
Review Date: 1/31/25

3309-1-62 Retirement plan required by court order.

A. The specified amount that a member is required to elect pursuant to a court order in division (B)(1)(b)(ii) of section 3309.46 of the Revised Code shall be expressed only as a specified percentage of the member's retirement allowance.

HISTORY: 4/1/16, 10/27/06

Promulgated under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.46
Review Date: 1/31/25

3309-1-65 Medicare part B reimbursement account.

A. As used in this rule, "eligible benefit recipient" has the same meaning as in paragraph (J)(2)(b) of rule 3309-1-35 of the Administrative Code.

B. The school employees retirement board has previously established a separate account within the funds described in section 3309.60 of the Revised Code for the purpose of reimbursing eligible benefit recipients for a portion of the cost of medicare part B coverage paid by the eligible benefit recipient, as authorized under section 3309.69 of the Revised Code, and in accordance with rule 3309-1-35 of the Administrative Code. The medicare part B reimbursement account shall be a separate account established pursuant to section 401(h) of the Internal Revenue Code, 26 U.S.C. 401(h). The assets in the medicare part B reimbursement account shall be accounted for separately from the other assets of the school employees retirement system, but may be commingled with the other assets of the system for investment purposes. Investment earnings and expenses shall be allocated on a reasonable basis.

C. Each year the board designates the amount of contributions that are to be allocated to the medicare part B reimbursement account for any year. The contributions are funded by employer contributions under section 3309.49 of the Revised Code and are subordinate to the contributions for payment of retirement allowance and other benefits provided under Chapter 3309. of the Revised Code. At no time shall contributions to the medicare part B reimbursement account, when added to contributions for any life insurance benefits provided on behalf of eligible benefit recipients, be in excess of twenty-five per cent of the total aggregate actual contributions made to the school employees retirement system, excluding contributions to fund past service credit. In any event, all contributions to the medicare part B reimbursement account shall be reasonable and ascertainable.

D. The assets of the medicare part B reimbursement account are only used to pay reimbursement of medicare part B premiums paid by eligible benefit recipients and authorized under section 3309.69 of the Revised Code and in accordance with rule 3309-1-35 of the Administrative Code.

E. If any rights of an individual who is eligible to receive medicare part B reimbursement authorized under section 3309.69 of the Revised Code and paid from the medicare part B reimbursement account are forfeited as provided in rule 3309-1-35 of the Revised Code, an amount equal to the amount of such forfeiture shall be applied as soon as administratively possible to reduce employer contributions allocated to the medicare part B reimbursement account.

F. At no time prior to the satisfaction of all liabilities under this rule shall any assets in the medicare part B reimbursement account be used for, or diverted to, any purpose other than as provided in paragraph (D) of this rule and for the payment of administrative expenses relating to the medicare part B reimbursement account. Assets in the medicare part B reimbursement account may not be used for retirement, disability, or survivor benefits, or for any other purpose for which the other funds of the system are used.

G. If the school employees retirement board discontinues medicare part B reimbursement authorized under section 3309.69 of the Revised Code, or upon satisfaction of all liabilities under this rule, any assets in the medicare part B reimbursement account, if any, that are not used as provided in this rule shall be returned to the employers, as required by 26 U.S.C. 401(h)(5).

H. It is the intent of the school employees retirement board in adopting this rule to reflect its continuing compliance in all respects with sections 401(a) and 401(h) of the Internal Revenue Code, 26 U.S.C. 401, and regulations interpreting those sections. In applying this rule, the board will apply the interpretation that achieves compliance with those sections and preserves the qualified status of the system as a governmental plan under sections 401(a) and 414(d) of the Internal Revenue Code, 26 U.S.C. 401 and 414.

I. This rule is intended to reflect past and current policies, practices and procedures of the system with respect to the funding and payment of medicare part B reimbursements and does not confer any new rights to or create any vested interest in receiving medicare part B reimbursement for members, retirees, survivors, beneficiaries, or their dependents.

HISTORY: 1/15/16, 10/30/15 (Emer.)

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.03, 3309.60, and 3309.69
Review Date: 1/31/25

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-20 Validity of marriage.

_____ moved and _____ seconded that proposed amended rule 3309-1-20 be filed with JCARR as discussed.

3309-1-20 Validity of marriage.

- (A) For purposes of this rule, "age and service retirant" and "disability benefit recipient" have the same meaning as defined in rule 3309-1-35 of the Administrative Code, and "retirant" has the same meaning as defined in division (G) of section 3309.01 of the Revised Code.
- (B) For the purpose of qualifying for, or receiving, any benefit as a spouse under Chapter 3309. of the Revised Code, the member's or retirant's marriage must be recognized by the state of Ohio. The school employees retirement board shall accept the following as proof of marriage:
- (1) A certified marriage certificate or abstract of marriage; or
 - (2) In the absence of a certified marriage certificate or -abstract of marriage, a decision rendered by a court, having jurisdiction in the state in which the member or retirant was domiciled at the time of death, that the relationship constituted a valid marriage at time of death, or the "spouse" would have the same status as a widow or widower for purposes of sharing in the distribution of the member's or retirant's intestate personal property if not otherwise prohibited by section 3105.12 of the Revised Code.
- ~~(C) For any retirant or disability benefit recipient legally married in another state before June 26, 2015 whose marriage became recognized in the state of Ohio beginning on that date, the following rules apply:~~
- ~~(1) If a retirant makes an election under division (E)(3) of section 3309.46 of the Revised Code, the election must be made before June 26, 2016;~~
 - ~~(2) An eligible age and service retirant or disability benefit recipient may enroll himself and may enroll a spouse in the system's health care plan at any time between August 1, 2015 and November 30, 2015.~~
 - ~~(3) The surviving spouse of a deceased age and service retirant who is receiving a benefit pursuant to section 3309.46 of the Revised Code may enroll in the system's health care plan at any time between August 1, 2015 and November 30, 2015.~~

HISTORY: 10/4/15, 4/10/14, 4/3/09, 8/14/04, 5/8/04, 12/24/76

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.44, 3309.45

Review Date:

1/31/25

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF RESCINDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-61 Reemployment covered by section 3309.345 of the Revised Code.

_____ moved and _____ seconded that proposed rescinded rule 3309-1-61 be filed with JCARR as discussed.

3309-1-61 Reemployment covered by section 3309.345 of the Revised Code.

- (A) Where a position is one that is customarily filled by vote of members of a board or commission and an employer proposes to:
- (1) Continue the employment of a person as a reemployed retirant in the same position that the person held prior to retirement; or
 - (2) Rehire a person as a reemployed retirant in the same position that the person last held prior to retirement
- The employer shall comply with the public notice and hearing requirements of section 3309.345 of the Revised Code and so certify to the retirement system on a form provided by the system.
- (B) Where such reemployment is in the same position and continuous from year to year, no certification to the system shall be required for subsequent years.
- (C) The person reemployed shall be subject to any other provisions applicable to reemployment.

HISTORY: 1/4/04, 10/17/03

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.341, 3309.345
Review Date: 2/1/28

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED NEW ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-61, Reemployment covered by section 3309.345 of the Revised Code.

_____ moved and _____ seconded that proposed new rule 3309-1-61 be filed with JCARR as discussed.

3309-1-61 Reemployment covered by section 3309.345 of the Revised Code.

(A) When an employer proposes to continue the employment as a reemployed retirant , or rehire as a reemployed retirant in the same position, an individual who is, or most recently has been employed in a position customarily filled by a vote of members of a board or commission, the employer shall certify to the retirement system that it complied with the public notice and public meeting requirements of section 3309.345 of the Revised Code.

(B) The public notice and public meeting requirements of division (B) of section 3309.345 of the Revised Code, shall not apply to subsequent years when the reemployment is in the same position and continuous from year to year.

(C) The person reemployed shall be subject to any other provisions applicable to reemployment.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-07 Application for payment of accumulated contributions.

_____ moved and _____ seconded that proposed amended rule 3309-1-07 be filed with JCARR as discussed.

3309-1-07 Application for payment ~~upon termination of employment~~ of accumulated contributions.

- (A) For purposes of this rule, "retirant" means a "SERS retirant" or "other system retirant" as defined in section 3309.341 of the Revised Code, or a member who retired under section 3309.343 of the Revised Code.
- (B) An application for payment of the accumulated contributions in a member's individual account pursuant to section 3309.42 of the Revised Code shall be signed by the member. If the account balance exceeds five thousand dollars, the member's signature must be notarized or witnessed by a SERS counselor.
- (C) An application for a lump sum annuity payment or a return of contributions pursuant to section 3309.344 of the Revised Code shall be signed by the retirant. If the account balance exceeds five thousand dollars, the retirant's signature must be notarized or witnessed by a SERS counselor.
- (D) If the member or retirant was employed in a SERS-covered position during the six month period preceding the application, the application shall not be approved until the employer certifies to the retirement system the member or retirant's last date of service.
- (E) For purposes of division (A)(2) of section 3309.42 of the Revised Code, "eligible for age and service retirement" means a member is eligible for retirement under section 3309.34, 3309.36, or 3309.381 of the Revised Code on or before the first of the month following the date the application for a refund is received by the retirement system.
- (F) The retirement board waives the requirement of spousal consent in division (A)(2) of section 3309.42 of the Revised Code upon receipt of one of the following:
 - (1) The written statement of the spouse's physician certifying that the spouse is medically incapable of consent;
 - (2) A certified copy of a probate court order appointing a guardian for the spouse due to a finding of incompetence; or
 - (3) The affidavits of the member and at least two other persons, one of whom must be unrelated to the member, attesting that the whereabouts of the spouse is unknown.
- (G) A member or retirant may withdraw an application by delivering to the retirement system a signed written request over the applicant's signature to withdraw the application and as follows:
 - (1) If the payment was made by check, by returning to the retirement system the warrant uncashed no later than thirty days from the date the check was issued.

- (2) If the payment was transmitted by direct deposit to the member or retirant's financial institution, by remitting to the retirement system a personal check or money order repaying the amount transmitted no later than thirty days after the institution's receipt of the payment.
- (3) If any portion of the payment was distributed as a direct rollover pursuant to rule 3309-1-53 of the Administrative Code, the retirement plan that received the distribution must return to the retirement system the amount transferred no later than sixty days after the transfer.
- (4) If any portion of the payment was paid to satisfy a court order or was otherwise deducted as required by law, the application may not be withdrawn as provided in this rule.

(H) An application for payment of a benefit pursuant to Chapter 3309. of the Revised Code due to the death of a member or a retirant shall be signed by the beneficiary. When a benefit payable pursuant to division (C) of section 3309.344 of the Revised Code, section 3309.44 of the Revised Code, division (E) of section 3309.45 of the Revised Code, or division (D) of section 3309.46 of the Revised Code exceeds five thousand dollars, the beneficiary's signature must be notarized or witnessed by a SERS counselor.

HISTORY: 4/1/24, 5/3/19, 5/15/17, 8/13/15, 3/30/15, 4/2/10, 5/14/05, 2/11/00, 1/2/93, 12/24/76

Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.42, 3309.344
 Review Date: 2/1/29

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-11 Membership determinations.

_____ moved and _____ seconded that proposed amended rule 3309-1-11 be filed with JCARR as discussed.

3309-1-11 Membership determinations.

- (A) A request for a determination as to whether an individual or a group of individuals are required to be members of the school employees retirement system may be initiated by an employer, an affected individual, or the retirement system.
- (1) An employer or individual who has a question as to membership requirements shall request in writing a determination by the retirement system. Such determination shall be made as provided in rule 3309-1-03 of the Administrative Code.
- (2) When a membership determination has been initiated, the employer and any affected individual or individuals shall furnish such documents and information requested by the retirement system.
- (B) If contributions have not been remitted and the retirement system determines the individual is covered by this system, the employer shall be liable for employee and employer compulsory contributions pursuant to rule 3309-1-13 of the Administrative Code. If no membership record and/or contributions are received by the system within thirty days of the determination, a charge, based on an estimated salary for such individual's position, against the employer shall be made for collection through the state school foundation program if available or by direct billing.
- (C) If contributions have been remitted and the retirement system determines the individual is not covered by this system, any contributions received shall be unauthorized and shall be refunded.
- (D)
- (1) The definition of "employee" in division (B)(2) of section 3309.01 of the Revised Code does not include a person who holds a position for which the person is required to have a certificate or license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code.
- (2) The retirement board has determined that the phrase "service common to the normal daily operation of an educational unit" as used in division (B)(2) of section 3309.01 of the Revised Code means:
- (a) Any service ~~that an educational unit is required, by law, statute, or rule, to be provided~~ on a regular continuous basis ~~by an educational unit or the provision of which is governed by law, statute, or rule;~~ or

(b) Any service necessary on a regular continuous basis to the efficient operation of an educational unit; or

(c) Any service which, through custom and usage, has become a service commonly provided or procured by an educational unit on a regular continuous basis.

HISTORY: 4/1/24, 12/4/20, 4/3/09, 9/27/04

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.01, 3309.23
Review Date: 2/1/2029

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-09 Federal taxation.

_____ moved and _____ seconded that proposed amended rule 3309-1-09 be filed with JCARR as discussed.

3309-1-09 Federal taxation.

- (A) For purposes of this rule, "benefit" refers to a payment from the accumulated contributions of the member or the employer, or both, under Chapter 3309. of the Revised Code and includes an account refund, pension, annuity, disability benefit, or survivor benefit.
- (B) Notwithstanding any provision in rules of school employees retirement system ("SERS") or Chapter 3309. of the Revised Code to the contrary, distributions to members and beneficiaries shall be made in accordance with a good faith interpretation of the requirements of section 401(a)(9) of the Internal Revenue Code of 1986, 26 U.S.C. 401(a)(9), as applicable to a governmental plan within the meaning of section 414(d) of the Internal Revenue Code, 26 U.S.C. 414(d), and the following:
 - (1) The entire interest of a member shall be distributed to the member:
 - (a) Not later than the required beginning date; or
 - (b) Beginning not later than the required beginning date over the life of the member and a designated beneficiary (or over a period not extending beyond the life expectancy of such member or the life expectancy of such member and designated beneficiary) within the meaning of section 401(a)(9) of the Internal Revenue Code.
 - (2)
 - (a) The required beginning date means April first of the calendar year following the later of:
 - (i) The calendar year in which the member attains the applicable age; or
 - (ii) The calendar year in which the member retires.
 - (b) For purposes of compliance with section 401(a)(9) of the Internal Revenue Code, "applicable age" means:
 - (i) Age seventy and one-half (if the member was born before July 1, 1949);
 - (ii) Age seventy-two (if the member was born after June 30, 1949, but before January 1, 1951); ~~or~~
 - (iii) Age seventy-three, ~~or the otherwise applicable age under section 401(a)(9)(C)(v) of the Internal Revenue Code, (if the member was born on or after January 1, 1951 December 31, 1950, but before January 1, 1960);~~

or

(iv) Age seventy-five (if the member was born on or after January 1, 1960).

- (3) If distribution of a member's benefit has begun in accordance with section 401(a)(9) of the Internal Revenue Code, and the member dies, any survivor benefits will be distributed at least as rapidly as under the plan of payment selected and effective as of the date of the member's death.
 - (4) If a member dies before the distribution of the member's interest has begun in accordance with section 401(a)(9) of the Internal Revenue Code, the entire interest of the member will be distributed within five years after the death of such member. However, if a benefit is payable to or for the benefit of a designated beneficiary within the meaning of section 401(a)(9) of the Internal Revenue Code, the benefit may be distributed, over the life of such beneficiary, or over a period not extending beyond the life expectancy of the beneficiary, provided that such distributions begin not later than one year after the date of the member's death. If the beneficiary is the surviving spouse of the member, distributions shall not be required to begin, pursuant to that section, until the end of the calendar year in which the member would have attained ~~age seventy-two, in the case of a member who would have attained~~ the applicable age. When the beneficiary is the surviving spouse and the surviving spouse dies before distributions commence, then the surviving spouse shall be treated as the member for purposes of this rule. Effective for calendar years beginning after December 31, 2023, a surviving spouse who is the member's sole designated beneficiary may elect to be treated as if the surviving spouse were the member as provided under section 401(a)(9)(B)(iv) of the Internal Revenue Code.
 - (5) Any death benefit amount payable under Chapter 3309. of the Revised Code must comply with the incidental death benefit requirements of section 401(a)(9)(G) of the Internal Revenue Code.
- (C) When the retirement system is required to make a distribution in accordance with section 401(a)(9) of the Internal Revenue Code, and has confirmed that it has accurate contact information for the member or retirant, but the- a member or retirant does not respond after notification of the requirement to begin distributionssuch event, the following shall apply notwithstanding any provision in SERS rules or Chapter 3309. of the Revised Code to the contrary.
- (1) If the member is not eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall refund the member's account as authorized in section 3309.42 of the Revised Code.
 - (2) If the member is eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall calculate and pay a benefit as authorized in section 3309.36 or 3309.343 of the Revised Code, as a plan B, effective on the required beginning date as provided in paragraph (B)(2) of this rule.
 - (a) The member cannot purchase or receive any service credit after the effective date of the retirement allowance.
 - (b) A member who commences receipt of a retirement allowance under this rule, and

who is married, may, not later than one year after the payment commenced, elect a plan of payment under division (B)(1), (B)(3)(b), or (B)(3)(c) of section 3309.46 of the Revised Code provided the spouse is named as the beneficiary. The election shall be made on a form provided by the retirement system and shall be effective on the later of the effective date of the retirement allowance or the marriage. Any overpayment may be recovered as provided in section 3309.70 of the Revised Code.

(c) If the member also was eligible for health care coverage pursuant to SERS rules and Chapter 3309. of the Revised Code, the member may, not later than sixty days after the commencement of payment of the retirement allowance, enroll for such health care coverage on a form provided by the retirement system. The effective date shall be no earlier than the first of the month after the retirement system receives the member's enrollment form.

(3) If the retirant is eligible for a benefit pursuant to section 3309.344 of the Revised Code, the retirement system shall calculate and pay a single lump sum benefit as authorized in section 3309.344 of the Revised Code. If such retirant also is eligible for an annuity, the retirant may return the lump sum payment within sixty days of the receipt of the payment and request an annuity on a form provided by the retirement system.

(4) If the benefit payment of a deceased member's spouse is subject to section 401(a)(9) of the Internal Revenue Code, then the retirement system shall treat the spouse as if the spouse was the member as described in Treas. Reg. 1.401(a)(9)-3(b)(3)(d) for the purposes of this rule, ~~to the extent provided under section 401(a)(9) of the Internal Revenue Code.~~

(D)

(1) Effective for the limitation year beginning on January 1, 2012, the final regulations promulgated April 5, 2007 with respect to section 415 of the Internal Revenue Code, 26 U.S.C. 415 are incorporated herein by reference. The 5.5 per cent interest rate assumption established by the Pension Funding Equity Act of 2004, which is applicable to any actuarial adjustments required because the member or retirant elects a form of payment to which section 415(b)(2)(E) of the Internal Revenue Code and section 417(e)(3) of the Internal Revenue Code, 26 U.S.C. 417(e)(3) apply based on the form of benefit and not the status of the plan, shall be effective as of that same date.

(2) "Limitation year" is the year used in determining whether the limits set forth in section 415 of the Internal Revenue Code have been exceeded with respect to a member or retirant in the plan describe in sections 3309.18 to 3309.70 of the Revised Code. The limitation year for the plan is the calendar year.

(E) Effective January 1, 2007, to the extent required by section 401(a)(37) of the Internal Revenue Code, 26 U.S.C. 401(a)(37) and notwithstanding any provision in Chapter 3309. of the Revised Code to the contrary, the survivor of a member on a leave of absence to perform military service with reemployment rights described in section 414(u) of the Internal Revenue Code, 26 U.S.C. 414(u), where the member cannot return to employment on account of his or her death, shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service)

that would be provided under Chapter 3309. of the Revised Code had the member resumed employment and then terminated employment on account of death.

(F) If there is a termination of the plan described in Chapter 3309. of the Revised Code or a complete discontinuance of contributions to the plan, the rights of each affected member, retirant, and beneficiary to the pension, annuity, or benefits accrued at the date of termination or discontinuance of contributions, to the extent then funded, are non-forfeitable.

(G) For purposes of the limit established by section 415 of the Internal Revenue Code, 26 U.S.C. 415, effective January 1, 2009, compensation shall include differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code, 26 U.S.C. 3401(h)(2).

HISTORY: 4/1/24, 6/1/23, 6/5/20, 5/1/18, 4/10/14, 4/1/13, 9/26/10, 4/3/09, 1/6/09 (Emer.)

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.03, 3309.34, 3309.344, 3309.36, 3309.44, 3309.45, 3309.46, 3309.50
Review Date: 2/1/28

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-70 Contribution based benefit cap.

_____ moved and _____ seconded that proposed amended rule 3309-1-70 be filed with JCARR as discussed.

3309-1-70 Contribution based benefit cap.

(A) As used in this rule:

- (1) "Retirement allowance" has the same meaning as defined in division (A) of section 3309.363 of the Revised Code.
- (2) "CBBC" has the same meaning as defined in division (A) of section 3309.363 of the Revised Code.

(B) The calculations required by section 3309.363 of the Revised Code shall be made when calculating retirement allowances with effective dates of August 1, 2024, or later.

(C) A retirement allowance with an effective date of August 1, 2024 or later shall not be finalized and granted until after the member's CBBC has been calculated.

(D) When a member's employer has purchased service credit under section 3309.33 of the Revised Code, an amount equal to ten per cent of the member's highest year of compensation multiplied by the years of service credit purchased shall be credited to the member's accumulated contributions.

(E) When a member retires under section 3309.35 of the Revised Code and school employees retirement system is the paying system, contributions used to fund a disability benefit under sections 145.36 or 3307.63 of the Revised Code shall be included in the value of the member's accumulated contributions for purposes of division (C) of section 3309.363 of the Revised Code.

HISTORY: 8/4/24

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.36, 3309.363, 3309.381, 3309.45

Review Date: 2/1/29

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____

James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

School Employees Retirement System

Memo

To: SERS Retirement Board

From: Marni Hall

Date: December 6, 2024

Re: 2025 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 the plan year 2025, we are requesting that \$178,000 of employer contributions be assigned to the QEBA Fund.

2025 QUALIFIED EXCESS BENEFIT PLAN BUDGET (QEBA)

_____ moved and _____ seconded the motion to assign \$ 178,000 of employer contributions from the last employer of retirees covered by the SERS Qualified Excess Benefit Plan to the QEBA Fund for calendar 2025. The QEBA Fund is authorized to pay benefits of approximately \$ 173,000 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>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

In Memoriam: Senator Kirk Schuring

The Board of Trustees of the School Employees Retirement System of Ohio (SERS) expresses its sorrow regarding the death of Senator Kirk Schuring, on November 22, 2024. The Ohio public pension system community lost a champion who recognized the value of public service. The Board adopted the following resolution to honor the service of Senator Schuring:

Whereas Kirk Schuring served for 30 years as a member of the Ohio General Assembly in both the House and Senate; and

Whereas he provided thoughtful oversight as a leader of the Ohio Retirement Study Council; and

Whereas he sponsored numerous pieces of legislation to strengthen the sustainability of the systems; and

Whereas Kirk Schuring recognized the vital roles of SERS' members in the operation of Ohio's schools and SERS' dedication in providing retirement security to them; and

Whereas his leadership, wisdom, and fairness were an inspiration to his fellow legislators and pension system representatives, and now, therefore,

Be It Resolved, on behalf of the entire SERS community, the Board of Trustees extends its sincerest condolences to his beloved wife Darlene, his family, and friends, and its deepest sympathy and compassion for their loss. It is directed that this resolution be inscribed upon the minutes of the Board of Trustees and that a copy be tendered to his family as an expression of the Board's heartfelt sympathy and appreciation.

Memo

To: Retirement Board
From: Chris Collins
cc: Richard Stensrud, Karen Roggenkamp
Date: December 7, 2024
Re: Federal Legislative Report

WINDFALL ELIMINATION PROVISION (WEP) AND GOVERNMENT PENSION OFFSET (GPO)

H.R. 82, the Social Security Fairness Act, legislation to repeal the WEP and GPO, passed the U.S. House of Representatives by a vote of 327-75 in November after its sponsors, Reps. Abigail Spanberger (D-VA) and Garret Graves (R-LA) filed a rarely used discharge petition with more than 218 signatures (representing a majority of the House) to force a floor vote on the bill.

Efforts to get the Senate to vote on WEP/GPO repeal are intensifying. Louisiana Senator Bill Cassidy took to social media to decry that a vote on the measure has yet to be scheduled in the chamber, with the Republican lawmaker posting on December 3rd on social media.

New York Senator Kirsten Gillibrand in late November held a press conference to urge her colleagues to pass the measure, and also advocated for it on social media.

Although lead sponsor Senator Sherrod Brown (D-OH) did not win his reelection, he continues to push for consideration of his version of the bill (S. 597) before the end of the session in December.

SERS posted an action alert on our website asking SERS members to reach out to their Senators to urge them to support acting on the WEP/GPO repeal. As of December 6th 3,790 messages have been sent, over 1,000 each to Senators Brown and JD Vance (R-OH). One of the largest responses we've had to an action alert.

The biggest opposition to the bill continues to be its cost. The Congressional Budget Office estimates it would cost upward of \$190 billion over a decade.

"It would hasten the combined trust funds shortfall by six months to a year, when it's already in trouble," said Shannon Benton, Executive Director of The Senior Citizens League who supports reforming Social Security to resolve its projected insolvency in 2033 to 2034.

"The long-term solvency of Social Security is an issue that Congress must address — but an issue that is wholly separate from allowing Virginians, Louisianans, and Americans across our country who did their part and contributed their earnings to retire with dignity," Graves and Spanberger said in their joint statement.

TRUMP TRANSITION UPDATES

Key health care department nominations announced

If there's a theme among President-elect Donald Trump's health Cabinet picks, it's this: The vast majority were critics of how the Biden administration handled COVID-19.

It is particularly notable in Trump's pick for secretary of Health and Human Services, Robert F. Kennedy Jr., a vaccine skeptic who has been critical of the federal government's pandemic response. Trump and Republicans have praised Kennedy for bucking conventional thinking when it comes to public health, even though many of Kennedy's theories and proposals are not backed by science.

As Trump's presumptive HHS secretary nominee, Kennedy worked with the Trump team to pick the leaders of the Centers for Disease Control and Prevention, the Centers for Medicare and Medicaid, the Food and Drug Administration and the National Institutes of Health.

Former Rep. Dave Weldon, Trump's selection to head the CDC, is also a vaccine skeptic. Mehmet Oz, known more commonly as "Dr. Oz," Trump's choice to head CMS, promoted use of the anti-malarial drug hydroxychloroquine to treat COVID-19. FDA commissioner pick Marty Makary promoted herd immunity to stop the virus, as did Trump's choice to lead the NIH, Jay Bhattacharya.

Taken as a whole, the picks reflect a deep skepticism toward the recommendations of the very agencies these men have been tapped to lead.

But as Republicans cheer these changes to the public health sector, Democrats and medical institutions are concerned about health misinformation and how that could impact the American health care system, which spends roughly \$4.5 trillion per year and accounts for 17.3 percent of the nation's gross domestic product.

Nominee to lead SEC is a former commissioner

Trump also has announced that former Securities and Exchange Commission member Paul Atkins will be the next chair the SEC. Atkins would take over from SEC Chair Gary Gensler, who said last month that he will step down when Trump is inaugurated on January 20th.

Gensler, who was appointed by President Joe Biden and assumed office in April 2021, has been excoriated by Republicans and many financial firms and trade groups for being too aggressive in pursuing an expansive regulatory agenda.

Atkins, CEO and founder of the financial services consulting firm Patomak Global Partners based in Washington, was a commission member from 2002-08.

In recent years, he has been a vocal critic of what SEC detractors call the agency's tendency to conduct "regulation by enforcement." Agency officials say they're following existing securities laws.

As an example of "regulation by enforcement," Atkins has pointed to the SEC's crackdown on investment advisory and brokerage firms for inadequately disclosing fees that they receive from mutual fund firms when they recommend the funds for clients' and customers' portfolios.

Atkins and other critics say the SEC has never clarified its expectations surrounding the fees and is pursuing enforcement cases rather than setting policy through rulemaking. SEC enforcement leaders say that advisers and brokers have failed to meet disclosure requirements.

Atkins also has been a proponent of the SEC's Regulation Best Interest (Reg BI), which prohibits brokers from placing their own revenue interests ahead of a customer's interest.

The five-person SEC finalized the rule under a Republican majority during the first Trump administration to try to bring brokers and investment advisers under similar advice rules. Advisers owe a fiduciary duty to their clients. Reg BI is not legally a fiduciary standard.

"Paul Atkins is not fiduciary friendly," Knut Rostad, president of the Institute for the Fiduciary Standard, wrote in an email. "Yet, he could serve retail investors well if he actually made disclosure clear, concise and meaningful."

FEDERAL APPROPRIATIONS

As Congress returned this week for one last burst of activity before it wraps up the session, it faces a key deadline of December 20th to avert a government shutdown.

Democrats and Republicans appear resigned to passing a continuing resolution, or CR, that would temporarily fund the government into early 2025 as they run out of time to strike a full funding deal this year. The two parties haven't even agreed on an overall spending level for the new fiscal year, let alone how to allocate the money across parts of the government.

Lawmakers on both sides had hoped Congress would strike a larger deal hashing out full-year government funding for fiscal 2025 after the presidential election. But conservatives in both chambers have been dialing up pressure for a stopgap into next year, when President-elect Trump will assume office and can drive funding negotiations.

Some Republicans are hopeful of a stopgap into March, but there are concerns among defense hawks over what a potential funding freeze could mean for the Pentagon.

Another big downside is it would create a critical deadline early in the Trump presidency, potentially taking valuable time away from confirming his nominees through the Senate and from the big party-line bill that Republicans are looking at to extend his tax cuts and advance his immigration and border security agenda.

The expected funding bill has already been discussed as a potential vehicle for disaster relief funds. But lawmakers from states hit hard by hurricanes Helene and Milton are pressing congressional leadership for swift emergency relief as officials warn of dwindling cash.

Senate Majority Leader Chuck Schumer (D-NY) indicated that bipartisan negotiations to avert the threat of a government shutdown this month are "on the right track," but he warned against "divisive" provisions.

Senator John Kennedy (R-LA) said "I expect us to have a CR probably through the middle of March. I expect that CR to be pretty thin."

Kennedy added that Congress is likely to attach "\$30 [billion] to \$40 billion of disaster relief" to the CR, for states hit by hurricanes this year. "It won't be enough, but it'll be enough to get a start," he said.

HEALTH CARE

Debate ongoing on prescription drug cost-containment and the IRA

There is an ongoing post-election debate on current policies to lower the price of prescription drugs, with particular focus on the Inflation Reduction Act (IRA). For context, the IRA (enacted in 2022) newly allows the government to negotiate Medicare drug prices but has led to a shift in Medicare funding and payment liability that many argue could increase costs for beneficiaries.

Some argue that traditional Medicare requires seniors to overpay for their care due to separate premiums for Part B, Part D and Medigap coverage; the absence of risk-adjusted payments to insurers; and pharmacy benefit managers (PBMs) who calculate patients' coinsurance based on list prices, rather than on the actual discounted prices the PBM pays the manufacturers. The argument is that traditional Medicare disincentivizes plans from enrolling sicker beneficiaries and champions Medicare Advantage as an alternative for promoting better health outcomes and drug adherence.

Despite the positive benefit of the \$2,000 out-of-pocket cap for seniors in the legislation, the removal of more than \$300 billion in government subsidies for Part D insurance over the next 10 years is likely to raise premiums and out of pocket costs for most seniors.

The ongoing implementation of the IRA is expected to be the focus of much debate as the Trump Administration assumes office with a new Republican-led Congress. While cost containment is a bipartisan priority, much collaboration is needed to arrive at a consensus on a sustainable approach.

Studies of various aspects of the health care system consistently show that people respond to incentives by acting in their own economic self-interest. Furthermore, for-profit entrepreneurial firms tend to respond to changing incentives very quickly. The hope is that if Congress gets the incentives right, entrepreneurs will rather quickly solve problems that otherwise might linger for decades. The political challenge is in getting the incentives right.

Kaiser Family Foundation report on 2025 Medicare Part D market

The Kaiser Family Foundation (KFF) released an issue brief that provides an overview of the Medicare Part D prescription drug plan (PDP) market for 2025, highlighting key trends and changes.

KFF's analysis shows that while the Part D market remains robust with a variety of plan options, the stand-alone PDP market has seen declines in the number of sponsors, plans, and enrollees over time. In contrast, the Medicare Advantage Prescription Drug (MA-PD) market remains stable, with steady enrollment growth. Key findings include:

1. Beneficiaries will have an average of 48 Part D plans in 2025, including 14 stand-alone PDPs (7 fewer than 2024) and 34 MA-PDs (2 fewer). The number of PDPs has dropped 52% over the past decade, while MA-PDs have grown 143%. Seven firms will offer 464 PDPs, the fewest since Part D began, but beneficiaries will still have 12-16 PDP options, depending on the state.
2. PDP premiums will average \$45/month, compared to \$7 for MA-PDs. PDP premiums will rise slightly (\$3), while MA-PD premiums will drop (\$2). Despite premium increases, 54% of PDP enrollees will see no increase or reduction if they stay in their current plan.
3. In 2025, 60% of MA-PD enrollees will face a deductible for drug coverage, up from 21% in 2024. PDPs will have an average deductible of \$486, compared to \$225 for MA-PDs. More MA-PD enrollees will face coinsurance for drugs instead of copayments.
4. In 2025, only 90 PDPs will offer premium-free coverage for low-income subsidy (LIS) enrollees, the smallest number since Part D began. LIS beneficiaries will have 2 benchmark plan options on average, one fewer than in 2024. Additionally, 26% of LIS PDP enrollees (1.1 million) will pay an average of \$30/month in premiums unless they switch plans during open enrollment.

The trends outlined must be considered in the context of several policy changes to the Part D program. These include changes to the Part D benefit under the Inflation Reduction Act, such as the \$2,000 out-of-pocket drug spending cap, and the new premium stabilization demonstration, which allows some stand-alone PDPs to raise premiums by up to \$35, the maximum permitted.

Health care cybersecurity legislation introduced

Senators from the Bipartisan Senate Health Care Cybersecurity Working Group introduced the Health Care Cybersecurity and Resiliency Act of 2024 (S. 5390). The bill aims to promote patient medical information privacy and prevent disruptions to health care service provisioning. The bill offers health entities grants to prevent and respond to cyberattacks, supports rural communities by sharing best practices, improves Department of Health and Human Services (HHS) and Cybersecurity and Infrastructure Security Agency (CISA) coordination, modernizes regulations for HIPAA compliance, and requires the Secretary of the HHS to create and implement a cybersecurity incident response plan.

The Working Group, formed in November of 2023 in response to rising cyberattacks on health care infrastructure, is led by Senate Health, Education, Labor, and Pensions (HELP) committee Ranking Member Senator Bill Cassidy (R-LA) and includes Senator Mark Warner (D-VA), Senator John Cornyn (R-TX), and Senator Maggie Hassan (D-NH).

Though this legislation is unlikely to pass in the limited time left in the session, the content will likely be the basis for ongoing work in the new Congress to address these important cybersecurity issues in the health care space.

FEDERAL LEGISLATION BOARD REPORT
118th United States Congress
(Prepared by Chris Collins as of December 6, 2024)

H.R.82

SPONSOR: Rep. Graves, Garret (R-LA)

LAST ACTIONS: House – 11/12/24 On motion to suspend the rules and pass the bill Agreed to by the Yeas and Nays: (2/3 required): 327 - 75, 1 Present. Senate – 11/19/24 Received in the Senate.

CAPTION: Social Security Fairness Act of 2023

COMMENT: Repeals the GPO and WEP. 330 co-sponsors; 12 Ohioans

S.597

SPONSOR: Sen. Brown, Sherrod [D-OH]

LAST ACTIONS: Senate - 03/01/2023 Read twice and referred to the Committee on Finance.

CAPTION: Social Security Fairness Act

COMMENT: Repeals the GPO and WEP. 62 co-sponsors; one Ohio Senator

H.R.4260

SPONSOR: Rep. Neal, Richard (D-MA)

LAST ACTIONS: House - 06/21/2023 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: 107 co-sponsors; two Ohioans

H.R.4583

SPONSOR: Rep. John Larson (D-CT)

LAST ACTIONS: House - 07/12/2023 Referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

CAPTION: Social Security 2100 Act. To protect our Social Security system and improve benefits for current and future generations.

COMMENT: 189 co-sponsors; four Ohioans

H.R.5342

SPONSOR: Rep. Jodey Arrington (R-TX)

LAST ACTIONS: House - 09/05/2023 Referred to the House Committee on Ways and Means

CAPTION: To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment, and for other purposes.

COMMENT: 37 co-sponsors; three Ohioans

H.R.7780

SPONSOR: Rep. Greg Murphy (R-NC)

LAST ACTIONS: House - 03/21/2024 Referred to the House Committee on Ways and Means

CAPTION: To amend the Internal Revenue Code of 1986 to prohibit certain retirement plans from making investment decisions on the basis of factors other than financial risk and return factors.

COMMENT: 3 co-sponsors; no Ohioans

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of December 6, 2024)

135th General Assembly

SB 6 ESG POLICIES-STATE ENTITIES (Schuring, K) - Regarding environmental, social, and corporate governance policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education.

Current Status: 12/03/2024 REPORTED OUT AS AMENDED

HB 4 LEGISLATIVE INTENT-ECONOMIC BOYCOTTS (Young, T., King, A.) To declare the General Assembly's intention to enact legislation regarding financial institutions and other businesses that conduct economic boycotts or discriminate against certain companies or customers based on certain factors.

Current Status: 11/14/2023 Substitute Bill Accepted

HB 33 FY24-25 OPERATING BUDGET (Edwards, J.) To make operating appropriations for the biennium beginning July 1, 2023, and ending June 30, 2025, to levy taxes, and to provide authorization and conditions for the operation of state programs. [Includes SERS' CBBC provision]

Current Status: 01/24/2024 Consideration of Governor's Veto; Senate Overrides Veto, Vote 24-8

HB 146 SERS BENEFIT CAP (Bird, A.) To establish a contribution based benefit cap in calculating a School Employees Retirement System member's retirement benefit.

Current Status: 05/16/2023, REPORTED OUT, House Pensions, (Third Hearing)

HCR 6 URGE CONGRESS - REPEAL WINDFALL ELIMINATION PROVISION (King, Plummer) To urge Congress to repeal the Windfall Elimination Provision.

Current Status: 04/10/2024, ADOPTED BY SENATE; Vote 30-0

HB 257 VIRTUAL MEETINGS FOR PUBLIC BODIES (Hoops, Claggett) - To authorize certain public bodies to meet virtually, and to declare an emergency.

Current Status: 12/04/2024 Senate Government Oversight, (Fourth Hearing)

HB 491 STATE, LOCAL GOVERNMENT EXPENDITURE DATABASE REQUIREMENTS (Young, Peterson) - To require a political subdivision or state retirement system to provide information on expenditures to the Treasurer of State for inclusion in the Ohio State and Local Government Expenditure Database.

Current Status: 06/11/2024 House State and Local Government, (Second Hearing)

Finance Headline News – Dec 2024



- Budget Administration
 - FY25 SERS administrative expenses are tracking under budget through November
 - FY26 budget cycle officially kicked off December 13, 2024
- The following detailed reports are attached for further analysis:
 - FY25 Budget Administrative expense reports
 - Administrative expense summary for November 2024
 - Administrative expense detail for November 2024
 - Parameters report for November 2024
 - Financial highlights
 - As of October 2024
 - Financial audit is complete and audit opinion was issued

School Employees Retirement System of Ohio
SERS Summary Admin Expenses
November 2024

Financial Row	Amount
Summary Admin Expenses	
Expense	
53100.0 - Staff Salaries Expense	
53100 - Salaries & Wages	\$1,830,572.14
53106 - Salaries & Wages - Length of Service	\$175,184.03
53110 - Salaries & Wages - Overtime	\$5,907.03
53111 - Vacation Leave Expense	\$119,369.56
53112 - Sick Leave Expense	\$101,282.62
53113 - Voluntary Life Insurance Reimbursement	\$482.72
53120 - Incentive Pay	\$88,186.11
Total - 53100.0 - Staff Salaries Expense	\$2,320,984.21
53200.0 - Staff Retirement Contribution Expense	
53200 - Employer Contributions - PERS	\$315,476.31
Total - 53200.0 - Staff Retirement Contribution Expense	\$315,476.31
53300.0 - Staff Benefit Expenses	
53300 - Staff Group Life	\$10,092.92
53310 - Staff Long Term Disability	\$3,589.79
53315 - Staff Short Term Disability	\$3,175.47
53320 - Staff Group Health Claims	\$336,397.02
53321 - Staff Group Health - Admin Fees	\$8,986.96
53322 - Staff Prescription Claims	\$152,230.89
53324 - Staff Group Health - Stop Loss Admin	\$20,375.52
53326 - Staff Vision Claims	\$2,063.45
53327 - Staff Vision Admin Fees	\$126.00
53330 - Staff Group Health - Employee Cost	(\$50,427.39)
53331 - Staff Group Health - Wellness Incentive	\$4,025.00
53332 - Staff Group Health - Tobacco Premiums	(\$1,000.00)
53340 - Staff Medicare Premium - Employer	\$32,395.38
53380 - Staff Deferred Compensation Match	\$7,440.00
Total - 53300.0 - Staff Benefit Expenses	\$529,471.01
54100 - Actuarial Services	\$57,000.00
54200 - Audit Services	\$10,500.00
54300.0 - Banking Fee Expenses	
54310 - Custodial Fees	\$100,358.86
54320 - Custodial Banking	\$11,526.89
Total - 54300.0 - Banking Fee Expenses	\$111,885.75
54400.0 - Investment Related Expenses	
54410 - Master Recordkeeper Fees	\$95,474.44
54430 - Performance/Analytics Fee	\$96,012.91
54450 - Other Prof. Inv. Related Consulting	\$60,212.50
54460 - Bloomberg Terminal Rentals	\$13,519.83
Total - 54400.0 - Investment Related Expenses	\$265,219.68
54520 - Medical Consultant	\$3,750.00
54600.0 - Technical Expenses	
54610 - Special Counsel	\$69,399.58
54620 - Technical	\$51,110.37
54630 - Other Professional Services	\$6,389.16
Total - 54600.0 - Technical Expenses	\$126,899.11
55100 - Postage	\$2,149.02
55200 - Telecommunications Services	\$4,963.58
55300 - Member/Employer Education	\$10,296.30
55400.0 - Printing & Publication Expenses	
55400 - Printing Paper	\$805.81

Financial Row	Amount
Total - 55400.0 - Printing & Publication Expenses	\$805.81
56000.0 - Computer Support Service Expenses	
56020 - Hardware Maintenance	\$12,985.00
56030 - Software Maintenance	\$83,879.37
56035 - Software Subscriptions	\$39,045.42
56040 - Hardware < \$5,000	\$364.91
Total - 56000.0 - Computer Support Service Expenses	\$136,274.70
56100.0 - Office Equipment & Supply Expenses	
56110 - Equipment Repairs & Maintenance	\$6,108.17
56130 - Office Supplies & Expenses	\$14.99
56160 - Records Storage	\$125.00
Total - 56100.0 - Office Equipment & Supply Expenses	\$6,248.16
56200.0 - Staff Training Expenses	
53370 - Staff Tuition	\$2,144.00
56210 - Seminars & Conferences	\$3,637.68
56220 - In House Training	\$658.80
Total - 56200.0 - Staff Training Expenses	\$6,440.48
56300.0 - Transportation & Travel Expenses	
56310 - Travel & Transportation	\$14,910.04
56311 - Mileage	\$1,203.84
Total - 56300.0 - Transportation & Travel Expenses	\$16,113.88
56400.0 - Membership & Subscription Expenses	
56410 - Subscriptions	\$16,378.72
56420 - Memberships	\$2,044.00
Total - 56400.0 - Membership & Subscription Expenses	\$18,422.72
56600.0 - Maintenance Expenses	
56630 - Interior Landscaping	\$3,480.37
56640 - Vehicle Expense	\$299.77
Total - 56600.0 - Maintenance Expenses	\$3,780.14
56650.0 - Staff Support Expenses	
56620 - Staff Support	\$5,821.94
56621 - Recruiting Expenses	\$15,101.64
Total - 56650.0 - Staff Support Expenses	\$20,923.58
56700.0 - School District Board Member Reimbursement Expense	
56710 - Board Member - School Reimb.	\$1,704.00
Total - 56700.0 - School District Board Member Reimbursement Expense	\$1,704.00
56900 - Reimbursement of Leased Svcs from OSERS Broad St	(\$25,416.67)
Total - Expense	\$3,943,891.77
Total Admin Expenses	\$3,943,891.77

School Employees Retirement System of Ohio
SERS Detail Admin Expenses
Nov 2024

Financial Row	Vendor Name	Amount
Summary Admin Expenses		
Expense		
53100.0 - Staff Salaries Expense		
53100 - Salaries & Wages		
	0133 ADP, LLC	\$1,830,572.14
Total - 53100 - Salaries & Wages		\$1,830,572.14
53104 - Salaries & Wages - Cash in Vacation		
	0133 ADP, LLC	\$0.00
Total - 53104 - Salaries & Wages - Cash in Vacation		\$0.00
53106 - Salaries & Wages - Length of Service		
	0133 ADP, LLC	\$175,184.03
Total - 53106 - Salaries & Wages - Length of Service		\$175,184.03
53110 - Salaries & Wages - Overtime		
	0133 ADP, LLC	\$5,907.03
Total - 53110 - Salaries & Wages - Overtime		\$5,907.03
53111 - Vacation Leave Expense		
	0133 ADP, LLC	\$119,369.56
Total - 53111 - Vacation Leave Expense		\$119,369.56
53112 - Sick Leave Expense		
	0133 ADP, LLC	\$101,282.62
Total - 53112 - Sick Leave Expense		\$101,282.62
53113 - Voluntary Life Insurance Reimbursement		
	0267 American United Life Insurance Company	\$482.72
Total - 53113 - Voluntary Life Insurance Reimbursement		\$482.72
53120 - Incentive Pay		
	0133 ADP, LLC	\$88,186.11
Total - 53120 - Incentive Pay		\$88,186.11
Total - 53100.0 - Staff Salaries Expense		\$2,320,984.21
53200.0 - Staff Retirement Contribution Expense		
53200 - Employer Contributions - PERS		
	0133 ADP, LLC	\$315,476.31
Total - 53200 - Employer Contributions - PERS		\$315,476.31
Total - 53200.0 - Staff Retirement Contribution Expense		\$315,476.31
53300.0 - Staff Benefit Expenses		
53300 - Staff Group Life		
	0267 American United Life Insurance Company	\$10,092.92
Total - 53300 - Staff Group Life		\$10,092.92
53310 - Staff Long Term Disability		
	0267 American United Life Insurance Company	\$3,589.79
Total - 53310 - Staff Long Term Disability		\$3,589.79
53315 - Staff Short Term Disability		
	0267 American United Life Insurance Company	\$3,175.47
Total - 53315 - Staff Short Term Disability		\$3,175.47
53320 - Staff Group Health Claims		
	3555 Aetna Daily Wires - ESERS	\$336,397.02
Total - 53320 - Staff Group Health Claims		\$336,397.02
53321 - Staff Group Health - Admin Fees		
	3552 Aetna Admin - ESERS	\$7,606.96
	5240 Mount Carmel Occupational Health	\$1,380.00
Total - 53321 - Staff Group Health - Admin Fees		\$8,986.96
53322 - Staff Prescription Claims		
	2811 Express Scripts - ESERS	\$150,187.66
	5271 SaveonSP, LLC	\$2,043.23
Total - 53322 - Staff Prescription Claims		\$152,230.89
53324 - Staff Group Health - Stop Loss Admin		
	3552 Aetna Admin - ESERS	\$20,375.52
Total - 53324 - Staff Group Health - Stop Loss Admin		\$20,375.52
53326 - Staff Vision Claims		
	0266 VSP - (OH)	\$2,063.45
Total - 53326 - Staff Vision Claims		\$2,063.45
53327 - Staff Vision Admin Fees		
	0266 VSP - (OH)	\$126.00
Total - 53327 - Staff Vision Admin Fees		\$126.00
53330 - Staff Group Health - Employee Cost		
	Employee Premiums	(\$50,427.39)
Total - 53330 - Staff Group Health - Employee Cost		(\$50,427.39)

53331 - Staff Group Health - Wellness Incentive	0133 ADP, LLC	\$4,025.00
Total - 53331 - Staff Group Health - Wellness Incentive		\$4,025.00
53332 - Staff Group Health - Tobacco Premiums	0133 ADP, LLC	(\$1,000.00)
Total - 53332 - Staff Group Health - Tobacco Premiums		(\$1,000.00)
53340 - Staff Medicare Premium - Employer	0133 ADP, LLC	\$32,395.38
Total - 53340 - Staff Medicare Premium - Employer		\$32,395.38
53380 - Staff Deferred Compensation Match	0133 ADP, LLC	\$7,440.00
Total - 53380 - Staff Deferred Compensation Match		\$7,440.00
Total - 53300.0 - Staff Benefit Expenses		\$529,471.01
54100 - Actuarial Services	3241 CavMac	\$57,000.00
Total - 54100 - Actuarial Services		\$57,000.00
54200 - Audit Services	5222 Plante & Moran, PLLC	\$10,500.00
Total - 54200 - Audit Services		\$10,500.00
54300.0 - Banking Fee Expenses		
54310 - Custodial Fees	0273 BNY Mellon Asset Servicing	\$70,592.68
	5482 Fifth Thrid - Investments	\$29,766.18
Total - 54310 - Custodial Fees		\$100,358.86
54320 - Custodial Banking	0125 Treasurer of State - Warrants	\$55.16
	0386 Huntington National Bank	\$11,471.73
Total - 54320 - Custodial Banking		\$11,526.89
Total - 54300.0 - Banking Fee Expenses		\$111,885.75
54400.0 - Investment Related Expenses		
54410 - Master Recordkeeper Fees	0273 BNY Mellon Asset Servicing	\$95,474.44
Total - 54410 - Master Recordkeeper Fees		\$95,474.44
54430 - Performance/Analytics Fee	0484 Wilshire Advisors, LLC	\$2,000.00
	4896 Barra LLC	\$59,611.25
	0273 BNY Mellon Asset Servicing	\$34,401.66
Total - 54430 - Performance/Analytics Fee		\$96,012.91
54450 - Other Prof. Inv. Related Consulting	4410 MSCI ESG Research LLC	\$19,712.50
	0308 Institutional Shareholder Services	\$40,500.00
Total - 54450 - Other Prof. Inv. Related Consulting		\$60,212.50
54460 - Bloomberg Terminal Rentals	2700 Bloomberg Finance LP	\$13,519.83
Total - 54460 - Bloomberg Terminal Rentals		\$13,519.83
Total - 54400.0 - Investment Related Expenses		\$265,219.68
54520 - Medical Consultant	1021 Glen G Borchers, M.D.	\$3,750.00
Total - 54520 - Medical Consultant		\$3,750.00
54600.0 - Technical Expenses		
54610 - Special Counsel	4550 Calfee Halter & Griswold LLP	\$3,870.00
	0276 Ice Miller LLP	\$40,212.08
	3361 Seyfarth Shaw LLP	\$25,317.50
Total - 54610 - Special Counsel		\$69,399.58
54620 - Technical	3296 LexisNexis Risk Data Management- Accrual Reversal	(\$27.13)
	5345 Sigital, LLC	\$1,295.00
	5215 ComResource	\$3,680.00
	5827 Launch Consulting	\$10,820.00
	4518 Sagitec Solutions, LLC	\$35,342.50
Total - 54620 - Technical		\$51,110.37
54630 - Other Professional Services	0303 NASRA	\$125.00
	5874 Tax Me, LLC	\$15.00
	5031 Vorys Advisors LLC	\$3,666.66
	5661 Linea Solutions, Inc.	\$451.50
	5060 Kimberly Wickert	\$603.00
	4428 R F Henn & MC Gallagher, MD's, Inc.	\$300.00
	5423 Contoural, Inc.	\$1,228.00
Total - 54630 - Other Professional Services		\$6,369.16
Total - 54600.0 - Technical Expenses		\$126,899.11
55100 - Postage	0254 Unishippers Association	\$211.85
	2489 FedEx	\$32.54
	0060 Pitney Bowes Inc.	\$1,904.63
Total - 55100 - Postage		\$2,149.02
55200 - Telecommunications Services	5555 Everstream Solutions LLC	\$1,376.00
	4732 Verizon Wireless	\$194.11
	0277 XO Verizon	\$1,826.65
	5543 Spectrum AWS	\$1,230.00
	1605 AT&T - 7258	\$40.10
	0253 T-Mobile	\$59.38
	0087 Spectrum	\$237.34
Total - 55200 - Telecommunications Services		\$4,963.58

55300 - Member/Employer Education		
	4395 Katie Talbert	\$178.11
	4116 Cameron Vaughan	\$116.69
	4583 4Imprint, Inc	\$10,001.50
Total - 55300 - Member/Employer Education		\$10,296.30
55400.0 - Printing & Publication Expenses		
55400 - Printing Paper		
	0379 Key Blue Prints, Inc	\$805.81
Total - 55400 - Printing Paper		\$805.81
Total - 55400.0 - Printing & Publication Expenses		\$805.81
56000.0 - Computer Support Service Expenses		
56020 - Hardware Maintenance		
	5871 Sphere	\$12,985.00
Total - 56020 - Hardware Maintenance		\$12,985.00
56030 - Software Maintenance		
	4518 Sagitec Solutions, LLC	\$70,000.00
	2263 Dell Marketing LP	\$2,527.50
	4139 Shi International Corp.	\$11,351.87
Total - 56030 - Software Maintenance		\$83,879.37
56035 - Software Subscriptions		
	5473 Wellable LLC	\$473.20
	5501 Expedient	\$13,794.92
	0133 ADP, LLC	\$2,994.51
	5409 Amazon Web Services	\$62.98
	5561 Board Smart LLC	\$9,750.00
	5648 Oracle America, Inc.	\$11,969.81
Total - 56035 - Software Subscriptions		\$39,045.42
56040 - Hardware < \$5,000		
	3410 Metalcraft, Inc.	\$364.91
Total - 56040 - Hardware < \$5,000		\$364.91
Total - 56000.0 - Computer Support Service Expenses		\$136,274.70
56100.0 - Office Equipment & Supply Expenses		
56110 - Equipment Repairs & Maintenance		
	5332 Canon Financial Services, Inc	\$544.00
	4620 Ricoh USA, Inc	\$528.07
	5499 Woodhull	\$297.98
	4849 US Bank Equipment Finance	\$3,947.17
	5340 Digital Print Solutions	\$790.95
Total - 56110 - Equipment Repairs & Maintenance		\$6,108.17
56130 - Office Supplies & Expenses		
	0411 Amazon.com	\$14.99
Total - 56130 - Office Supplies & Expenses		\$14.99
56160 - Records Storage		
	0007 Vital Records Holdings, LLC	\$125.00
Total - 56160 - Records Storage		\$125.00
Total - 56100.0 - Office Equipment & Supply Expenses		\$6,248.16
56200.0 - Staff Training Expenses		
53370 - Staff Tuition		
	5647 Darin Hartsell	\$2,144.00
Total - 53370 - Staff Tuition		\$2,144.00
56210 - Seminars & Conferences		
	0690 International Foundation of Employee Benefit Plans- Registration Refun	(\$1,846.25)
	5875 CompTIA	\$738.00
	5531 Mightevent.com	\$479.00
	5362 1105 Media Inc.	\$2,825.00
	0730 Public Sector Healthcare Roundtable	\$1,400.00
	5872 Coursera Inc.	\$41.93
Total - 56210 - Seminars & Conferences		\$3,637.68
56220 - In House Training		
	0133 ADP, LLC	\$658.80
Total - 56220 - In House Training		\$658.80
Total - 56200.0 - Staff Training Expenses		\$6,440.48
56300.0 - Transportation & Travel Expenses		
56310 - Travel & Transportation		
	5419 David McGary	\$207.00
	5639 Aimee Russell	\$776.48
	5380 Chris Collins	\$538.16
	5100 James Haller	\$63.38
	3503 Michelle Miller	\$361.72
	0024 James Rossler	\$1,604.60
	5418 Matt King	\$293.86
	4588 Farouki Majeed	\$4,722.40
	5449 HoneyBaked Ham	\$399.08
	5439 Mike Steiner	\$1,445.22
	0564 Kroger	\$32.85
	5585 Marni Hall	\$1,215.68
	5570 Michelle Richards	\$30.68
	5512 Paul Cheng	\$1,948.04
	0188 Jason Naber	\$229.29
	5437 Adam Messerschmitt	\$832.62
	0146 Judi Masri	\$77.98
	0017 Daniel L Wilson	\$131.00
Total - 56310 - Travel & Transportation		\$14,910.04

56311 - Mileage		
	5585 Marni Hall	\$243.88
	5512 Paul Cheng	\$15.68
	4588 Farouki Majeed	\$76.70
	5439 Mike Steiner	\$9.38
	5639 Aimee Russell	\$185.59
	5437 Adam Messerschmitt	\$8.30
	0146 Judi Masri	\$18.22
	5418 Matt King	\$160.80
	0017 Daniel L Wilson	\$199.66
	0024 James Rossler	\$259.36
	5380 Chris Collins	\$26.27
Total - 56311 - Mileage		\$1,203.84
Total - 56300.0 - Transportation & Travel Expenses		\$16,113.88
56400.0 - Membership & Subscription Expenses		
56410 - Subscriptions		
	5391 Stylebooks.com, Inc.	\$27.00
	4547 Constant Contact	\$945.00
	5511 Toledo Blade	\$12.99
	5865 Cleveland.Com	\$10.00
	0305 Columbus Dispatch	\$35.00
	4810 Shutterstock, Inc.	\$29.00
	0304 Wall Street Journal	\$41.91
	5873 Ned Davis Research	\$3,125.00
	0304 Wall Street Journal	\$83.82
	5571 Currency Research Associates LLC	\$1,250.00
	5384 Money-Media, Inc	\$4,620.00
	3926 Hannah News Service	\$6,599.00
Total - 56410 - Subscriptions		\$16,378.72
56420 - Memberships		
	5006 ISC2	\$135.00
	4983 Hyland Software, Inc.	\$800.00
	0306 Association of Certified Fraud Examiners	\$245.00
	0311 Government Finance Officers Association	\$150.00
	0331 AICPA	\$350.00
	5556 Shared Assessments LLC	\$100.00
	5876 Human Resource Certification Institute	\$169.00
	1155 Treasurer, State of Ohio	\$50.00
	5829 Brad Carr	\$45.00
Total - 56420 - Memberships		\$2,044.00
Total - 56400.0 - Membership & Subscription Expenses		\$18,422.72
56600.0 - Maintenance Expenses		
56630 - Interior Landscaping		
	3039 Ambius Inc. (05)	\$3,480.37
Total - 56630 - Interior Landscaping		\$3,480.37
56640 - Vehicle Expense		
	0687 Ohio Treasurer of State - BMV	\$299.77
Total - 56640 - Vehicle Expense		\$299.77
Total - 56600.0 - Maintenance Expenses		\$3,780.14
56650.0 - Staff Support Expenses		
56620 - Staff Support		
	0133 ADP, LLC	\$3,399.99
	0411 Amazon.com	\$592.30
	1683 Premier ProduceOne	\$311.35
	5574 Aetna Behavioral Health, LLC	\$282.60
	4750 Inspira Financial	\$346.50
	5240 Mount Carmel Occupational Health	\$300.00
	5303 Culligan Bottled Water of Columbus	\$12.97
	5043 Cintas Corporation	\$576.23
Total - 56620 - Staff Support		\$5,821.94
56621 - Recruiting Expenses		
	5460 Indeed	\$999.34
	4707 LinkedIn Corporation	\$13,835.00
	5430 ADP Screening & Selection Services	\$267.30
Total - 56621 - Recruiting Expenses		\$15,101.64
Total - 56650.0 - Staff Support Expenses		\$20,923.58
56700.0 - School District Board Member Reimbursement Expense		
56710 - Board Member - School Reimb.		
	1049 Ashland City School District	\$1,704.00
Total - 56710 - Board Member - School Reimb.		\$1,704.00
Total - 56700.0 - School District Board Member Reimbursement Expense		\$1,704.00
56900 - Reimbursement of Leased Svcs from OSERS Broad St		
	Reimbursement of Leased Services	(\$25,416.67)
Total - 56900 - Reimbursement of Leased Svcs from OSERS Broad St		(\$25,416.67)
Total - Expense		\$3,943,891.77
Total Admin Expenses		\$3,943,891.77

FY2025 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through November 30, 2024

Major Category/Sub-Major Category	Line Item	Vendor	FY2025 Budget Approved	Year to Date Expense	Additional Information
PROFESSIONAL SERVICES			\$ 6,493,858.00	\$ 2,168,116.68	
ACTUARIAL ADVISORS			\$ 425,500.00	\$ 136,831.00	
	Actuarial	Cavanaugh Macdonald	\$ 325,500.00	\$ 136,831.00	Actuarial Consultant
	Actuarial	Audit PTA/KMS/Bolton	100,000.00	-	Actuarial Audit
AUDITING			\$ 220,000.00	\$ 95,500.00	
	Auditing	Plante Moran	180,000.00	95,500.00	External Auditor
BANKING FEES			\$ 1,213,380.00	\$ 526,597.74	
	Custodial Banking		1,020,000.00	471,625.50	
		Fifth Third	360,000.00	157,939.82	Domestic Custodian
		BNYM	660,000.00	313,685.68	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	193,380.00	54,972.24	Banking Services
INVESTMENT RELATED			\$ 2,530,364.00	\$ 978,664.19	
	Master Recordkeeper	BNYM	1,056,000.00	442,541.96	
	Investment Consulting & Advisory Services		525,000.00	112,500.05	
		Wilshire	450,000.00	112,500.05	Investment Consulting
	Performance Analytics Services		704,765.00	318,794.80	
		Barra-One Risk Mgmt Sys	238,445.00	119,222.50	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	172,806.30	Investment Performance Analytics
TECHNICAL			\$ 2,059,614.00	\$ 987,028.29	
	Special Counsel		301,000.00	211,908.87	
	Technical		1,285,720.00	492,053.60	
		Merative	124,000.00	31,000.00	Data Warehouse
		Sagitec	573,440.00	249,489.60	SMART Development Resources
		Board Initiative	100,000.00	-	Board Initiatives
	Other Professional Services		472,894.00	283,065.82	
		Gartner	109,230.00	101,359.00	Management Consulting
OTHER OPERATING EXPENSE			\$ 4,350,782.00	\$ 2,080,132.58	
COMPUTER SUPPORT SERVICES			\$ 3,003,345.00	\$ 1,291,753.27	
	Software Maintenance		1,013,621.00	648,318.31	
		Dell	300,000.00	248,976.58	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	210,000.00	SMART Silver Support
		Hyland	119,061.00	121,454.36	ImageNow
	Software Subscriptions		1,732,520.00	604,072.92	
		DRaaS	163,332.00	68,894.60	Expedient
		Dynamo	207,686.00	224,477.76	Dynamo Software, INC
		Carahsoft	163,830.00	135,266.32	ServiceNow System
		Zoom	100,000.00	-	Telecommunication Services
PROPERTY MANAGEMENT LIABILITY INSURANCE			\$ 566,375.00	\$ 512,467.00	
	Management Liability Insurance		566,375.00	512,467.00	
		Cyber Liability Insurance	166,805.00	152,374.75	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	372,182.00	360,092.25	ARC Excess & Surplus, LLC

PROJECT ITEMS					
Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Additional Information
PROFESSIONAL SERVICES					
	TECHNICAL				

SERS					
UNBUDGETED PROJECT ITEMS					
Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Additional Information
Professional Services	Other Professional Services	Chief Risk Officer recruiting	\$ -	\$ 35,450.00	Hudepohl & Associates Inc.

OSERS BROAD STREET, LLC					
UNBUDGETED PROJECT ITEMS					
Major Category	Line Item	Project	FY2025 Budget	YTD Expense	

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS

As of October 31, 2024 and 2023

(unaudited)

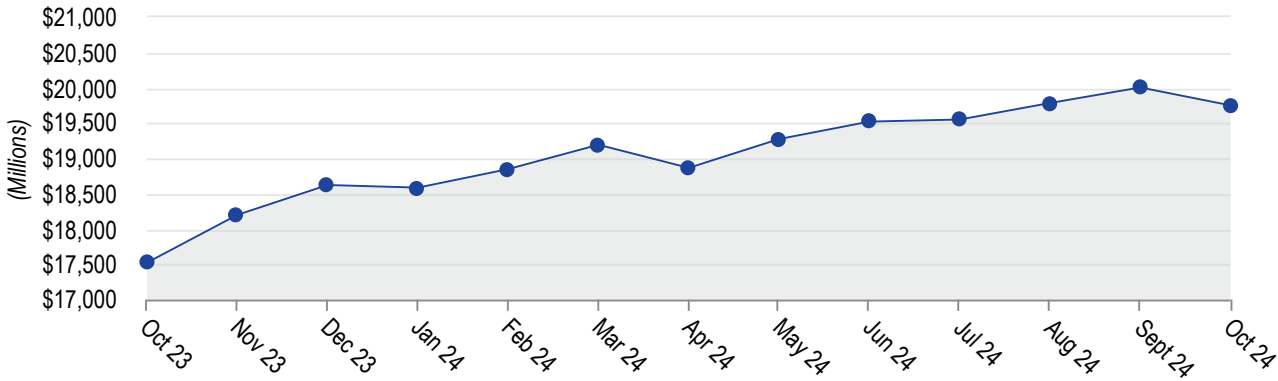
SERS (All Funds)	10/31/24 YTD	10/31/23 YTD	Comparative Difference	% Difference
<u>ADDITIONS</u>				
Employer Contributions	\$215,016,907	\$201,154,452	\$13,862,455	7%
Member Contributions	139,586,128	130,728,358	8,857,770	7
Other Income	45,788,268	41,664,717	4,123,551	10
Total Investment Income (Loss), Net	423,098,639	(540,300,879)	963,399,518	178
TOTAL ADDITIONS	823,489,942	(166,753,352)	990,243,294	594
<u>DEDUCTIONS</u>				
Retirement, Disability, Survivor & Death Benefits	496,469,775	473,340,360	23,129,415	5
Health Care Expenses	56,656,486	58,064,841	(1,408,355)	(2)
Refunds & Transfers	29,478,475	34,330,441	(4,851,966)	(14)
Administrative Expenses (excluding Investments)	11,110,342	10,224,251	886,091	9
TOTAL DEDUCTIONS	593,715,078	575,959,893	17,755,185	3
Changes in Net Position	229,774,864	(742,713,245)	972,488,109	131
Net Position - Beginning	19,521,138,893	18,265,722,222	1,255,416,671	7
SERS Net Position - Ending	\$19,750,913,757	\$17,523,008,977	\$2,227,904,780	13%

HEALTH CARE FUND

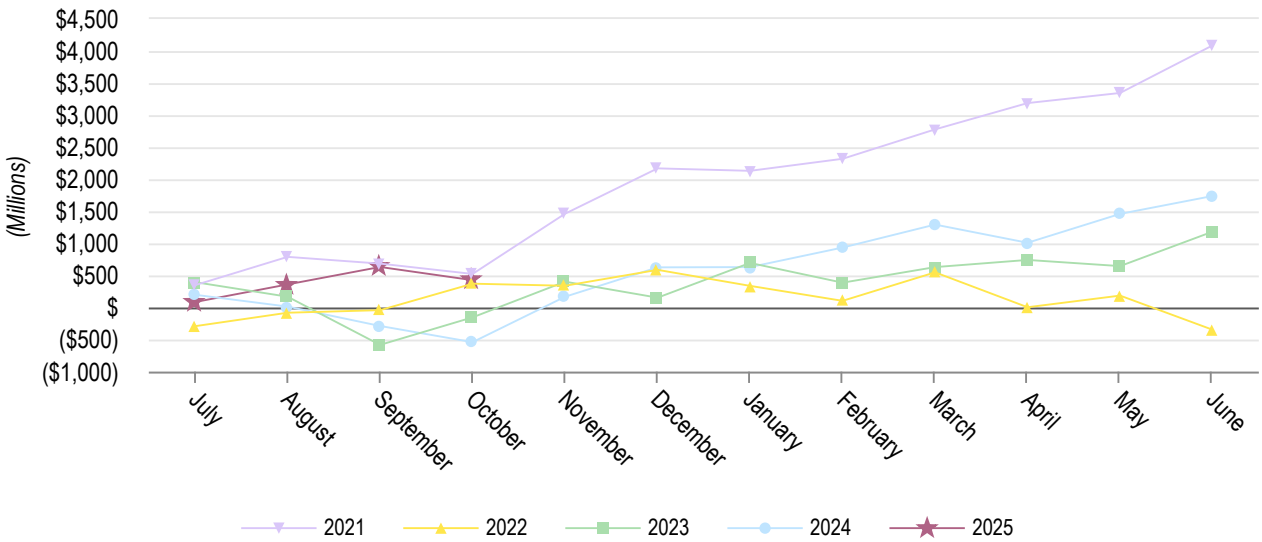
HEALTH CARE ADDITIONS

Employer Contributions	\$19,999,990	\$18,798,923	\$1,201,067	6%
Health Care Premiums	19,030,450	19,768,275	(737,825)	(4)
Federal Subsidies & Other Receipts	26,757,630	21,891,512	4,866,118	22
Total Investment Income (Loss), Net	14,572,156	(18,022,057)	32,594,213	181
TOTAL HEALTH CARE ADDITIONS	80,360,226	42,436,653	37,923,573	89
TOTAL HEALTH CARE DEDUCTIONS	57,736,799	59,009,726	(1,272,927)	(2)
Changes in Net Position	22,623,427	(16,573,073)	39,196,500	237
Net Position - Beginning	816,468,867	706,785,561	109,683,306	16
SERS Health Care Fund Net Position - Ending	\$839,092,294	\$690,212,488	\$148,879,806	22%

Total SERS Fund Balance for Previous 12 Months



Investment Income (includes realized and unrealized gains & losses)



Health Care Fund Balance Trend



**SERS
AUDIT
COMMITTEE
REPORT**

**SERS
COMPENSATION
COMMITTEE
REPORT**

Only If Needed

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.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

CONVENED IN EXECUTIVE SESSION AT _____A.M./P.M.

RETURNED TO OPEN SESSION AT _____A.M. / P.M.

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2025 **

AUDIT COMMITTEE MEETINGS

March 19, 2025 – 2:30 p.m. (Weds.)
June 17, 2025 – 2:30 p.m. (Tues.) **** Moved due to Juneteenth Holiday ****
September 17, 2025 – 2:30 p.m. (Weds.)
December 17, 2025 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 20, 2025 – 7:30 a.m. (Thurs.)
June 18, 2025 – 7:30 a.m. (Weds.) **** Moved due to Juneteenth Holiday ****
July 17, 2025 – 7:30 a.m. (Thurs.) **** Special Meeting ****
September 18, 2025 – 7:30 a.m. (Thurs.)
December 18, 2025 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 20, 2025 – 12:30 p.m. (Thurs.)
June 18, 2025 – 12:30 p.m. (Weds.) **** Moved due to Juneteenth Holiday ****
September 19, 2025 – 12:30 p.m. (Thurs.)
December 19, 2025 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

February 20 – 21, 2025 – 8:30 a.m. (Weds. and Thurs.) **** Annual Board Workshop Updated ****
March 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
April 17 – 18, 2025 – 8:30 a.m. (Thurs. and Fri.)
May 15 – 16, 2025 – 8:30 a.m. (Thurs. and Fri.)
June 18, 2025 – 8:30 a.m. (Weds.) **** Moved due to Juneteenth Holiday ****
July 17 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)
September 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
October 16 – 17, 2025 – 8:30 a.m. (Thurs. and Fri.)
November 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
December 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)

**** Please note that these dates and times 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 SERS Retirement board adjourn to meet on Thursday, February 19, 2025, for the next regularly scheduled meeting.

The meeting adjourned at _____ a.m./p.m.

Matthew King – Chair

Richard Stensrud, Secretary