



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

BOARD MEETING HIGHLIGHTS

JUNE 2025

Board Member Reappointed

Jeffrey T. DeLeone took his oath of office at this month's Board meeting. He was reappointed by the Ohio Treasurer.

This is DeLeone's third term on the SERS Board. His term runs until December 31, 2028.

DeLeone is president of Jeff DeLeone & Associates. He served almost eight years in multiple roles as a senior advisor to Governor George V. Voinovich and his administration.



Appointed Member Jeff DeLeone, left, and General Counsel Joseph Marotta, right

Board Member Recognized for Service

Outgoing Employee-member James Haller was presented with a proclamation that summarized his accomplishments while serving on the Board as an employee representative for nine years.

Haller was a trusted resource who spoke to the impact of system changes on every worker, especially those involved in manual labor positions, including custodians and maintenance workers.

The Board thanked Haller for his stewardship, service, and dedication to the retirement security of Ohio's non-teaching public school employees.



Outgoing Board Member James Haller, left, and Executive Director Richard Stensrud, right

Board Elects New Officers

For FY2026 (July 1, 2025 – June 30, 2026), the Board elected Appointed Member James Rossler, Jr. as chair and Appointed Member Daniel Wilson as vice-chair.

Board Approves FY2026 Annual Investment Plan

SERS' Board approved the FY2026 *Annual Investment Plan* (AIP), which serves as a guide to the System's investment decisions for the year.

The AIP includes an overview of the current economic environment based on reports from leading economic firms, and SERS' asset allocation target and long-term performance objective for each type of

RETIREMENT BOARD

MATTHEW KING
Chair, Employee-Member

CATHERINE P. MOSS
Vice-Chair, Retiree-Member

JEANINE ALEXANDER
Employee-Member

JEFFREY T. DELEONE
Appointed Member

JAMES HALLER
Employee-Member

JAMES A. ROSSLER, JR.
Appointed Member

AIMEE RUSSELL
Employee-Member

FRANK A. WEGLARZ
Retiree-Member

DANIEL L. WILSON
Appointed Member

investment. In addition, it contains last year's objectives and accomplishments, and details about how each investment portfolio will be managed during the year.

Board Approves *Statement of Investment Policy* Amendments

Following Wilshire Associates' recommendation at [last month's meeting](#), the Board approved amendments to SERS' *Statement of Investment Policy*.

Effective July 1, 2025, SERS' private credit benchmark will change from the 90 Day U.S. T-Bill +4.5% to the 90 Day SOFR +4.5% standard. Wilshire's benchmark review showed that the SOFR is based on actual transactions in the treasury repo market while T-bills are based on market expectations and future interest rate movements. It also is considered to be a more transparent and reliable measure of market conditions.

The Global Real Asset benchmark will change from the NCREIF Property Index to the Expanded NCREIF Property Index. The Expanded NCREIF adds more property types to the traditional index, including hotels, self storage, and senior housing. NCREIF added the new index in response to new Real Estate supply.

In addition, SERS' global private equity benchmark is changing its name from Burgiss All Private Equity Index to MSCI-Burgiss Global Private Equity Funds Index due to a change in ownership; however, nothing is changing in terms of performance calculations.

Educational Session on Fixed Income

Terrill Armstrong, vice president and client portfolio manager, and Nils Reuter, vice president, investment committee member, and structured products analyst, with Dodge & Cox, provided the Board with an educational session on the firm's fixed income investment philosophy. Dodge & Cox manages nearly \$477 million of SERS' fixed income portfolio.

According to Armstrong, Dodge & Cox's investment philosophy is based on four principles: independent research on all investment decisions; a bottom up approach emphasizing security selection to portfolio construction, a concentration on risk management across a range of scenarios; and focusing on a three-to-five-year time horizon with the flexibility to respond quickly to changing market conditions.

Reuter focused on current market conditions and Dodge & Cox's economic forecasts. In the U.S., growth is slowing, the labor market is gradually loosening, and inflation has declined; however, risks are intensifying from tariffs, immigration, and fiscal policy headlines. While inflation is trending toward the 2% target, tariffs have the potential to slow down or reverse that progress. Also, they do not foresee a recession during the coming year.

Dodge & Cox has been a manager within SERS' portfolio since 1995. Since inception, the net-of-fees returns have averaged 5.48% with an added value over the benchmark of 1.12%. Currently, SERS' fixed income portfolio managed by Dodge & Cox consists of 51.5% of mortgage and asset-backed securities, 33.3% of corporate and non-corporate credit securities, 15.3% Treasuries and cash and 6.9% of derivatives (Treasury futures).

Investment Committee Approves Three Investments

The SERS Staff Investment Committee approved up to a \$50 million commitment to Bayview Opportunity Fund, a structured credit strategy within the opportunistic portfolio; up to a \$50 million commitment to Pathlight Capital Evergreen Fund, an asset-based lending strategy within the private

credit portfolio; and up to a \$10 million commitment to KKR Olympus Co-Invest LP, a private infrastructure co-investment strategy within the real assets portfolio.

These investments will be funded from cash reserves.

Total Fund Update

TOTAL FUND BALANCE		
March 31	April 30	Difference
\$19.61 billion	\$19.70 billion	▲ \$90 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 5.61%	▲ 1.74%	▲ 6.61%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 0.67%	▲ 0.73%	▲ 0.75%

Health Care Update

Michael Steiner, SERS' health care services director, summarized proposed changes to the health care program for 2026.

Medical

Medicare

In terms of monthly Medicare premiums, the health care premium surcharge will be reduced to \$15 from \$35, resulting in the full premium being reduced to \$178 from \$198. The most common premium will change to \$48 from \$68.

Out-of-pocket Part D prescription drug expenses will not exceed the federally established \$2,100 limit for 2026.

Non-Medicare

In terms of non-Medicare premiums, the Aetna Choice POS II premium will be increasing by approximately 3%. The full premium will be \$1,671, with the most frequently paid premium being \$362.

AultCare premiums will be increasing by approximately 4%. The full premium will be \$1,228, with the most frequently paid premium being \$274.

The Wraparound HRA total annual reimbursement limit will increase to \$2,200 from \$2,150.

Dental and Vision

Dental

The SERS dental benefit, which is offered by Delta Dental, is fully supported by member premiums. The benefits for the upcoming two-year enrollment period are not changing. The premiums will be increasing by approximately 12%. For 2026 and 2027, dental premiums are \$33.56 per month for a single benefit recipient; \$67.12 per month for a benefit recipient and one dependent; and \$100.94 per month for a benefit recipient and two or more dependents.

Vision

The SERS vision coverage, which is offered by VSP, also is fully supported by member premiums. The benefits for the upcoming two-year enrollment period are not changing. The premiums will be increasing by approximately 10%. For 2026 and 2027, vision premiums are \$6.81 per month for a single benefit recipient; \$13.62 per month for a benefit recipient and one dependent; and \$16.00 per month for a benefit recipient and two or more dependents.

Premium Discount Program

The Premium Discount Program, which provides health care premium relief to qualifying recipients based on household size and income, is brought to the Board on an annual basis. Benefit recipients with household incomes less than or equal to 175% of the 2025 Federal Poverty Level (FPL) will be eligible for a 25% premium reduction. Most previously approved participants will continue to be enrolled for the 2026 program without reapplication.

The Board approved the 2026 health care premium amounts and plan changes as well as continuation of the Premium Discount Program.

Executive Director's Update***FY2026 Budget Approved***

The Board approved the proposed administrative budget for FY2026.

The approved budget totals \$41,246,670 and includes personnel costs; professional service fees, including investment-related costs; communications expenses; capital expenditures; and other operating expenses.

House Bill 96

SERS continues to monitor the state operating budget (HB 96) legislative process.

The Ohio Senate passed their version of the bill and sent it back to the House, which rejected the Senate's changes. It is now being heard by House conference committees.

Director Richard Stensrud noted several provisions of interest to SERS that were included in the budget bill. The first was the inclusion of the Ohio retirement systems as state agencies.

Whether through other sections of the Revised Code, case law, and/or Attorney General opinions that exempts them, Ohio's public retirement systems are not considered state agencies.

Maintaining the Board's independence is of utmost importance, and preserving distinct lines of management and governance responsibilities is vital for SERS' Board and staff to fulfill their fiduciary duty. Staff is monitoring progress closely and continually educating legislators and stakeholders on the important distinctions between Ohio's retirement systems and state agencies.

Stensrud also highlighted the exemption of certain third-party employees from SERS membership. Due to the quick manner in which this provision would take effect, exempted employees may be forced to retire from SERS with greatly reduced benefits or not be able to

retire at all. Typically, pension reforms offer a gradual “grandfathering” of changes, which this provision does not allow.

The Ohio Retirement Study Council (ORSC) noted that this carve-out also could create potential problems as it applies to Social Security coverage of these employees.

Another provision of interest is the prohibition of local district pickups (payment) of superintendents’ and treasurers’ employee contributions to retirement systems. The ORSC remarked that this could hurt recruitment and retention of school employees.

Lastly, Stensrud noted that progress was made on a requirement that the Ohio retirement systems withhold school district-based income tax. In the Senate version, the effective date was pushed back to January 1, 2027, from January 1, 2026, giving the System time to budget for and implement the change.

ORSC Update

Last year, the ORSC released a historical report on all five statewide pension systems comparing the fiscal health of the systems since 1998. One recommendation from that report was for Ohio’s pension systems to implement an amortization period shorter than the 30-year standard.

Stensrud noted that SERS has made sustainability a priority over the last three years. SERS has never fallen outside the 30-year mandate, and has not requested, nor needed, additional employer contributions. This proposal seeks to impose a solution for problems that do not exist at SERS and the cost to achieve these improvements would be borne by SERS’ members and retirees.

SERS staff will continue to inform legislators of the effects of such a change.

Monthly Retirement and Survivor Benefit Transactions

For June, the SERS Board approved 132 active members for service retirements, and 18 survivor benefits for spouses and/or dependents.

July Meeting Dates

The Board meeting will take place on Thursday, July 17, at 8:30 a.m.