

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

GASB Statement

No. 75 Report



Prepared as of June 30, 2025



November 5, 2025

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

Ladies and Gentlemen:

Presented in this report is information to assist School Employees Retirement System of Ohio (System) in providing information required under the Governmental Accounting Standards Board (GASB) Statement No. 75 to participating employers. GASB Statement No. 75 (GASB 75) establishes accounting and financial reporting requirements for governmental employers who have other post-employment benefits (OPEB) plans. This report has been prepared as of June 30, 2025 (Measurement Date) for financial reporting as of June 30, 2026. The calculations in this report have been made on a basis that is consistent with our understanding of the accounting standard.

The annual actuarial valuation performed as of June 30, 2025 was used as the basis for the information presented in this report. The valuation was based upon data furnished by the System staff concerning active, inactive, and retired members, along with pertinent financial information. This information was reviewed for completeness and internal consistency but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised. Please see the actuarial valuation for additional details on the funding requirements for the System including actuarial assumptions and methods and the funding policy.

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs, and the anticipation of potential changes to Medicare due to the IRA, which are included in our baseline costs and trend assumption. We note that the Marketplace subsidies put in place by the American Rescue Plan Act (ARPA) of 2021 are set to expire at the end of 2025. If they are extended, it is expected to be for a limited time. If these subsidies are discontinued, either now or in the future, the HRA Wraparound plan may become less attractive to certain groups of pre-65 retirees. We have made no changes to our HRA Wraparound plan participation assumptions at this time. Continued monitoring of the impact on the Plan's liability due to these and further legislation, if applicable, will be required.

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



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

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The calculations are based on the current provisions of the System, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the System. In addition, the calculations were completed in compliance with applicable law and, in our opinion, meet the requirements of GASB 75.

The calculations are based on the current provisions of the System, and on actuarial assumptions that are, individually and in the aggregate, internally consistent and reasonably based on the actual experience of the System. In addition, the calculations were completed in compliance with the laws governing the System.

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 75 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

We, Alisa Bennett, FSA and Jessica Fain, EA, are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

Respectfully submitted,

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

Alisa Bennett, FSA, FCA, EA, MAAA
President

A handwritten signature in blue ink, appearing to read 'Jessica Fain'.

Jessica Fain, EA, ACA, MAAA
Associate Actuary

AB/JF:jf

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SECTION I – SUMMARY OF COLLECTIVE AMOUNTS



**REPORT OF THE ANNUAL GASB STATEMENT NO. 75
RETIREE HEALTH PLAN
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
PREPARED AS OF JUNE 30, 2025**

Valuation Date (VD):	June 30, 2025
Measurement Date (MD):	June 30, 2025
Reporting Date (RD):	June 30, 2026
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	7.00%
Municipal Bond Index Rate	5.20%
Fiscal Year in which Plan's Fiduciary Net Position is projected to be depleted from future benefit payments for current members	2053
Single Equivalent Interest Rate	5.62%
Net OPEB Liability (Fiscal Year Ended 2024)	
Total OPEB Liability (TOL)	\$ 1,834,964,203
Fiduciary Net Position (FNP)	816,468,867
Net OPEB Liability (NOL = TOL – FNP)	\$ 1,018,495,336
FNP as a percentage of TOL	44.50%
Net OPEB Liability (Fiscal Year Ended 2025)	
Total OPEB Liability (TOL)	\$ 2,124,373,356
Fiduciary Net Position (FNP)	939,812,471
Net OPEB Liability (NOL = TOL – FNP)	\$ 1,184,560,885
FNP as a percentage of TOL	44.24%
OPEB Expense (OE):	\$ (135,771,590)
Deferred Outflows of Resources:	\$ 706,160,086
Deferred Inflows of Resources:	\$ 1,423,553,742



SECTION II – INTRODUCTION



This report, prepared as of June 30, 2025 (the Measurement Date), presents information to assist the School Employees Retirement System of Ohio in providing the required information under GASB 75 to participating employers. Much of the material provided in this report, including the Net OPEB Liability, is based on the results of the GASB 74 report for the School Employees Retirement System of Ohio. See that report for more information on the member data, actuarial assumptions and methods used in developing the GASB 74 results.

GASB 75 requires the determination of the Net OPEB Liability (NOL) and recognition of an OPEB Expense (OE) in the financial statements of the participating employer.

GASB 75 requires the inclusion of a Net OPEB Liability (NOL) on the plan sponsor's balance sheet and a determination of an OPEB Expense (OE), which may bear little relationship to the funding requirements for the School Employees Retirement System of Ohio. In fact, it is possible in some years for the NOL to be an asset or the OE to be an income item. The NOL is set equal to the Total OPEB Liability (TOL) minus the Fiduciary Net Position (FNP). The benefit provisions recognized in the calculation of the TOL are summarized in Appendix B. For the purposes of reporting under GASB 75, the School Employees Retirement System of Ohio is assumed to be a cost-sharing-employer defined benefit OPEB plan.

OE includes amounts for Service Cost (the Normal Cost under Entry Age Normal (EAN) for the year), interest on the TOL, employee contributions, administrative expenses, other cash flows during the year, recognition of increases/decreases in the TOL due to changes in the benefit structure, actual versus expected experience, actuarial assumption changes, and recognition of investment gains/losses. The actual experience and assumption change impacts are recognized over the average expected remaining service life of the System membership as of the beginning of the measurement period, while investment gains/losses are recognized equally over five years. The development of the OE is shown in Section V. The unrecognized portions of each year's experience, assumption changes and investment gains/losses are used to develop Deferred Inflows and Outflows of Resources, which also must be included on the employer's Statement of Net Position.

Among the items needed for the TOL calculation is a discount rate, as defined by GASB, or a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan provisions applicable to the membership and beneficiaries of the System on the Measurement Date. Future contributions were projected to be made at the current levels set in statute. If the FNP is not projected to be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, the FNP is projected to be depleted at a future measurement date, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index published at the last Thursday of June by The Bond Buyer (www.bondbuyer.com) (5.20%).



SECTION II – INTRODUCTION



Our calculations indicated that the FNP is projected to be depleted in 2053, so the Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2024 and the June 30, 2025 TOL. The SEIR is 5.62% at June 30, 2025 and 4.88% at June 30, 2024.

The FNP projections are based upon the School Employees Retirement System of Ohio's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 74 and 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the System, or the System's ability to make benefit payments in future years.

The sections that follow provide the results of all the required calculations, presented in the order laid out in GASB 75 for note disclosure and Required Supplementary Information (RSI).



SECTION III – FINANCIAL STATEMENT NOTES



The material presented herein will follow the order presented in GASB 75. Paragraph numbers are provided for ease of reference.

Paragraph 89: The information required to be prepared by the System and/or the individual employer.

Paragraph 90: The information required to be prepared by the individual employer.

Paragraph 91: The information required to be prepared by the System.

Paragraph 92-93.: This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs used in developing the TOL are outlined in Appendix C. The TOL as of June 30, 2025 was determined based on an actuarial valuation prepared as of June 30, 2025, using the following actuarial assumptions and other inputs, which are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2020:

Price Inflation	2.40%
Salary increases, including price inflation	3.25% - 13.58%
Long-term Rate of Return, net of investment expense, including price inflation	7.00%
Municipal Bond Index Rate	
Prior Measurement Date	3.93%
Measurement Date	5.20%
Year FNP is projected to be depleted	2053
Single Equivalent Interest Rate, net of investment expense, including price inflation	
Prior Measurement Date	4.88%
Measurement Date	5.62%
Health Care Cost Trend Rate	6.75% - 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.

Paragraph 94:

(a) **Discount rate (SEIR):** The discount rate used to measure the TOL at June 30, 2025 is 5.62%. The discount rate used to measure the TOL at the Prior Measurement Date was 4.88%.

(b) **Projected cash flows:** The projection of cash flows used to determine the discount rate assumed that plan contributions from members and the System will be made at the current contribution rates as set out in state statute:

- a. State contribution rate: 1.50% of covered payroll; which reflects 1.50% payroll surcharge, with 0.00% additional contribution from the basic benefits plan. The additional contribution of 0.00% is based on a Board Resolution on September 18, 2025, which allocated the entire 14.00% employer contribution to SERS' basic benefits.
- b. Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members.
- c. Both pension and OPEB benefits are paid by the trust as a whole.

Based on those assumptions, the System's FNP was projected to not be available to make all projected future benefit payments of current System members, so the Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2024 and the June 30, 2025 TOL. The SEIR is 5.62% at June 30, 2025 and 4.88% at June 30, 2024.

The FNP projections are based upon the System's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing System basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the System, or the System's ability to make benefit payments in future years.





- (c) **Long-term rate of return:** The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2015 through 2020, is outlined in a report adopted by the Board in April 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 log-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 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.
- (d) **Municipal bond rate:** A municipal bond rate used in determining the discount rate was 5.20% on the Measurement Date.
- (e) **Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2125.

Assumed asset allocation: The target asset allocation effective June 30, 2025 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	3.00%	1.20%
US Equity	22.00%	5.88%
Non-US Equity Developed	12.00%	6.55%
Non-US Equity Emerging	6.00%	8.22%
Fixed Income / Global Bonds	18.00%	2.87%
Private Equity	14.00%	9.73%
Real Estate	13.00%	5.18%
Infrastructure	7.00%	6.24%
Private Debt / Private Credit	5.00%	6.30%



SECTION III – FINANCIAL STATEMENT NOTES



(f) & 93(e) **Sensitivity analysis:** These paragraphs require disclosure of the sensitivity of the NOL to changes in the health care cost trend rates and the discount rate. The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. Similarly, the second exhibit presents the NOL of the System, calculated using the discount rate of 5.62%, as well as the System's NOL calculated using a discount rate that is 1-percentage-point lower (4.62%) or 1-percentage-point higher (6.62%) than the current rate.

	1% Decrease	Current Healthcare Trend Rate	1% Increase
	(5.75% decreasing to 3.40%)	(6.75% decreasing to 4.40%)	(7.75% decreasing to 5.40%)
Net OPEB Liability	\$832,444,924	\$1,184,560,885	\$1,643,972,656

	1% Decrease	Current Discount Rate	1% Increase
	(4.62%)	(5.62%)	(6.62%)
Net OPEB Liability	\$1,563,556,533	\$1,184,560,885	\$882,336,366

Paragraph 96(a): This paragraph requires the disclosure of the employer's proportionate share of the Collective NOL and if an employer has a special funding situation, the portion of the non-employer contributing entities proportionate share of the collective NOL that is associated with the employer. This will be determined by the System.

Paragraph 96(b): This paragraph requires disclosure of the employer's proportion of the collective NOL and the change in the proportion since the prior measurement date. This will be determined by the System.

Paragraph 96(c): June 30, 2025 is the actuarial valuation date upon which the TOL is based. No update procedures were used to determine the TOL.

Paragraphs 96(d): The following change was made to the assumptions as noted:

2025

1. The discount rate was changed from 4.88% to 5.62%.

Paragraphs 96(e): There were no changes in benefit terms since the prior measurement period.

Paragraph 96(f): There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

Paragraph 96(g): Please see Section V of the report for the development of the collective OPEB expense. OE for each employer will be determined by the System.



SECTION III – FINANCIAL STATEMENT NOTES



Paragraph 96(h): Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. As noted in the previous section, the amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

The table below provides a summary of the deferred inflows and outflows as of the Measurement Date. The allocation of deferred inflows and outflows will be determined by the System.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 371,505,333	\$ 810,395,126
Changes of assumptions	\$ 334,654,753	\$ 608,405,815
Net difference between projected and actual earnings on plan investments	\$ 0	\$ 4,752,801
Employer contributions subsequent to the Measurement Date	<u>0</u>	<u>0</u>
Total	<u>\$ 706,160,086</u>	<u>\$ 1,423,553,742</u>

Paragraph 96(i): The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Deferred Amounts to be Recognized in Future Fiscal Years	Deferred Outflows / (Inflows) of Resources
Year 1	(\$196,017,687)
Year 2	(\$143,748,396)
Year 3	(\$118,596,171)
Year 4	(\$117,098,924)
Thereafter	(\$141,932,478)

Paragraph 96(j): The amount of revenue recognized for the support provided by non-employer contributing entities for the participating employers. The System will provide this information.



SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION



There are several tables of Required Supplementary Information (RSI) that need to be included in the System's financial statements:

Paragraph 97(a) and (b): This information will be provided by the System.

Paragraph 98: Information about factors that significantly affect trends in the amounts in the schedules required by paragraph 97 should be presented as notes to the schedule. Comments on additional years will be added as they occur.

Changes of benefit and funding terms: There have been no changes to the benefit provisions.

Changes in actuarial assumptions:

2025

1. The discount rate was changed from 4.88% to 5.62%.

2024

1. The discount rate was changed from 4.27% to 4.88%.
2. The health care trend assumption was updated.

2023

1. The discount rate was changed from 4.08% to 4.27%.
2. The assumption for percent of pre-Medicare eligible retirees who choose the Wraparound plan increased from 10% to 20%.
3. The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.
4. The 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 ASOP 6 practice note developed by the American Academy of Actuaries.
5. An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

2022

1. The discount rate was changed from 2.27% to 4.08%.
2. The health care trend rates were updated.

2021

1. The discount rate was changed from 2.63% to 2.27%.
2. The investment rate of return was reduced from 7.50% to 7.00%.
3. Assumed rate of inflation was reduced from 3.00% to 2.40%.
4. Payroll Growth Assumption was reduced from 3.50% to 1.75%.
5. Assumed real wage growth was increased from 0.50% to 0.85%.
6. Rates of withdrawal, retirement and disability were updated to reflect recent experience.
7. Rate of health care participation for future retirees and spouses was updated to reflect recent experience.
8. Mortality among active members was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
9. Mortality among service retired members was updated to the following:
 - a. 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.





2021 (continued)

10. Mortality among beneficiaries was updated to the following:
 - a. 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.
11. Mortality among disabled member was updated to the following:
 - a. 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.
12. Mortality rates are projected using a fully generational projection with Scale MP-2020.

2020

1. The discount rate was changed from 3.22% to 2.63%.
2. The health care trend rates were updated.

2019

1. The discount rate was changed from 3.70% to 3.22%.

2018

1. The discount rate was changed from 3.63% to 3.70%.
2. The health care trend rates were updated.

2017

1. The discount rate was changed from 2.98% to 3.63%.

2016

1. Assumed rate of inflation was reduced from 3.25% to 3.00%.
2. Payroll Growth Assumption was reduced from 4.00% to 3.50%.
3. Assumed real wage growth was reduced from 0.75% to 0.50%.
4. Rates of withdrawal, retirement and disability were updated to reflect recent experience.
5. Mortality among active members was updated to the following:
 - a. RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females.
6. Mortality among service retired members, and beneficiaries was updated to the following:
 - a. RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
7. Mortality among disabled members was updated to the following:
 - a. RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.



SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION



Method and assumptions used in calculations of actuarially determined contributions.

The System is funded with fixed contribution rates for the state and with varying contributions for employees based on their job and personal elections. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions (from the June 30, 2024 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for Fiscal Year End 2025 in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Market Value
Price Inflation	2.40%
Salary increase, including price inflation	3.25% - 13.58%
Long-term Rate of Return, net of investment expense, including price inflation	7.00%
Health Care Cost Trend Rate	7.00% - 4.40%





SECTION V – OPEB EXPENSE

The OPEB Expense (OE) consists of a number of different items. GASB 75 refers to the first item as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the TOL at the Discount Rate in effect as of the Prior Measurement Date.

The next three items refer to any changes that occurred in the TOL due to:

- benefit changes, or
- actual versus expected experience, or
- changes in assumptions or other inputs.

Benefit changes are recognized immediately. Benefit improvements will increase OE. Benefit reductions will decrease the OE. For the year ended June 30, 2025, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TOL due to actual versus expected Plan experience for the year. For the period ended June 30, 2025 this amount was \$413,435,957. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. For the year ended June 30, 2025 this number is 12.59 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts, or 9.86 years. The development of the average remaining service life is shown in the table below.

Calculation of Weighted Average Years of Working Lifetime

Category	Number (1)	Average Years of Working Lifetime (2)
a. Active Members	163,350	12.59
b. Inactive Members	<u>45,276</u>	0.00
c. Total	208,626	
Weighted Average Years of Working Lifetime [(a1 * a2) + (b1 * b2)]/c1		9.86

The last item under changes in TOL is changes in assumptions or other inputs. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership, similar to the way experience gains and losses are recognized. For the year ended June 30, 2025, there was a change in the TOL arising from the change in the Discount Rate from 4.88% on the Prior Measurement Date to 5.62% on the Measurement Date. For the period ended June 30, 2025 this amount was \$(271,868,318).



SECTION V – OPEB EXPENSE



Contributions for the year and projected earnings on the FNP at the discount rate serve to reduce the expense. One-fifth of current-period difference between actual and projected earning on the FNP are recognized in the OPEB expense.

Investment Earnings (Gain)/Loss as of June 30, 2025		
a	Expected asset return rate	7.00%
b	Beginning of year market value assets (BOY)	\$ 816,468,867
c	End of year market value assets (EOY)	\$ 939,812,471
d	Expected return on BOY for plan year (a x b)	\$ 57,152,821
External Cash Flow		
	Contributions - employer	\$ 63,568,312
	Contributions - non-employer	41,152,667
	Contributions - member	0
	Benefits paid	(54,524,081)
	Admin expenses	(3,397,791)
	Other	\$ 0
e	Total net external cash flow	\$ 46,799,107
f	Expected return on net cash flow (a x 0.5 x e)	\$ 1,637,969
g	Projected earnings for plan year (d + f)	\$ 58,790,790
h	Net investment income (c - b - e)	\$ 76,544,497
	Investment earnings (gain)/loss (g - h)	(17,753,707)



SECTION V – OPEB EXPENSE



The current year portions of previously determined experience and assumption amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources are included. Deferred Outflows of Resources are added to the OE while Deferred Inflows of Resources are subtracted from the OE. Finally, other miscellaneous items are included.

OPEB Expense Determined as of the Measurement Date	
Service Cost	\$ 114,149,729
Interest on the TOL and Cash Flow	88,215,866
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	41,930,624
Expensed portion of current-period changes of assumptions	(27,572,852)
Member contributions	0
Projected earnings on plan investments	(58,790,790)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(3,550,741)
Administrative expense	3,397,791
Other	0
Recognition of beginning deferred outflows of resources as OPEB expense	102,482,876
Recognition of beginning deferred inflows of resources as OPEB expense	(396,034,093)
OPEB Expense	<u>\$ (135,771,590)</u>



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



ELIGIBILITY FOR ACCESS TO RETIREE HEALTH CARE:

Normal Retirement:

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

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

Early Retirement:

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

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

Disability Retirement:

Permanently disabled after completion of at least 5 years of total service credit.

Survivor Allowances:

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

Termination:

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

PREMIUM PAYMENTS:

Retirees, spouses and dependent children pay either all or a portion of the cost of health care and prescription drug coverage as well as a \$35 monthly surcharge for the Aetna Choice POS II Plan, the Aetna Traditional Choice Plan, and the AultCare PPO Plan. The \$35 monthly surcharge is reduced to a \$15 monthly surcharge for the Aetna Medicare Plan. The remainder of the cost is paid by SERS.

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



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



PREMIUM PAYMENTS (Continued):

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

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

* Additional 1% reduction for each year over 35.

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

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

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



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



Non-Medicare Plans Effective January 1, 2024

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

* Additional 1% reduction for each year over 35.

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

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

Dependent children pay 70.0% of the child premium.

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

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



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



2026 RETIREE HEALTH CARE PLAN OPTIONS:

Options available to members without Medicare:

- [Aetna Choice POS II](#) with Express Scripts prescription drug coverage
- [AultCare PPO](#) with AultCare prescription drug coverage
- [Wraparound HRA](#)

Options available to members with Medicare:

- [Aetna MedicareSM Plan \(PPO\)](#) with Express Scripts Medicare Part D Prescription Drug Plan
- [Aetna Traditional Choice](#) with Express Scripts Medicare Part D Prescription Drug Plan (only available to members with special circumstances)

The following pages contain information that was provided by SERS in the *2026 Open Enrollment Guide* and the *2026 Member Health Care Guide*.



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



2026 Monthly Contribution Rates

Years of Service	Aetna Medicare SM	Aetna Traditional Choice
Service Retirement Date on or before July 1, 1989 Premiums		
5-9.999 years		
With Medicare A & B	\$97	\$287
With Medicare B Only	\$277	
10-24.999 years		
With Medicare A & B	\$44	\$123
With Medicare B Only	\$107	
25 years & over		
With Medicare A & B	\$44	\$123
With Medicare B Only	\$44	

Years of Service	Aetna Choice POS II and Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only	AultCare PPO
Service Retirement Date August 1, 1989 through July 1, 2008 Premiums			
10-14.999 years			
Without Medicare	\$1,671		\$1,228
With Medicare A & B	\$178	\$539	
With Medicare B Only	\$538		
15-19.999 years			
Without Medicare	\$853		\$632
With Medicare A & B	\$97	\$287	
With Medicare B Only	\$277		
20-24.999 years			
Without Medicare	\$444		\$333
With Medicare A & B	\$56	\$161	
With Medicare B Only	\$146		
25 years & over			
Without Medicare	\$321		\$244
With Medicare A & B	\$44	\$123	
With Medicare B Only	\$44		



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



2026 Monthly Contribution Rates (continued)

Years of Service	Aetna Choice POS II and Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only	AultCare PPO
Service Retirement Date on or after August 1, 2008 Premiums*			
10-19.999 years			
Without Medicare	\$1,671		\$1,228
With Medicare A & B	\$178	\$539	
With Medicare B Only	\$538		
20-24.999 years			
Without Medicare	\$853		\$632
With Medicare A & B	\$97	\$287	
With Medicare B Only	\$277		
25-29.999 years			
Without Medicare	\$526		\$393
With Medicare A & B	\$64	\$186	
With Medicare B Only	\$64		
30-34.999 years*			
Without Medicare	\$362		\$274
With Medicare A & B	\$48	\$136	
With Medicare B Only	\$48		

* Further reductions for each year over 35.

Years of Service	Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only
Disability Benefit Recipients Premiums**		
5-9.999 years		
With Medicare A & B	\$97	\$287
With Medicare B Only	\$277	
10-24.999 years		
With Medicare A & B	\$69	\$201
With Medicare B Only	\$188	
25 years & over		
With Medicare A & B	\$44	\$123
With Medicare B Only	\$44	

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



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



2026 Monthly Contribution Rates (continued)

Years of Service	Aetna Choice POS II and Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only	AultCare PPO
Spouse Premiums (Service Retiree, Disability Recipient, or Member's Qualified Service)			
Up to 25 years			
Without Medicare	\$1,508		\$988
With Medicare A & B	\$178	\$539	
With Medicare B Only	\$538		
25-29.999 years			
Without Medicare	\$1,361		\$893
With Medicare A & B	\$162	\$489	
With Medicare B Only	\$162		
30 years & over			
Without Medicare	\$1,213		\$798
With Medicare A & B	\$146	\$438	
With Medicare B Only	\$146		

Years of Service	Aetna Choice POS II and Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only	AultCare PPO
Child Premiums			
Without Medicare	\$379		\$182
With Medicare A & B		\$388	



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



SERS' Non-Medicare Plans

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

Aetna Choice POS II

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

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare

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

AultCare PPO

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

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare.
- Live in one of the Ohio counties listed on the map in the *2026 Open Enrollment Guide*.

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

2026 SERS Marketplace Wraparound HRA

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





SERS' Medicare Plans

Aetna Medicare Plan (PPO)

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

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

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

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

- Medicare Part B
- Medicare Part A, if eligible

Aetna Traditional Choice Plan

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





Prescription Drug Coverage

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

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

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

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

All prescription plans include these common coverage rules:

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

Medicare Part D Prescription Drugs

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



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



Non-Medicare Plan Benefits

	Aetna Choice POS II (In-Network)	AultCare PPO (In Network)
Annual Combined Medical & Prescription Drug Out-of-Pocket Maximum	\$7,350/person \$14,700/family	\$7,350/person \$14,700/family
Deductible	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family
Primary Care Office Visit	\$10 co-pay	\$20 co-pay
Specialist Office Visit	\$25 co-pay	\$40 co-pay
Outpatient Diagnostic X-Ray and Lab	20% coinsurance	20% coinsurance
Retail Walk-In Clinic	\$10 co-pay	\$20 co-pay
Urgent Care	\$40 co-pay	\$40 co-pay
Emergency Room	\$150 co-pay	\$150 co-pay
Ambulance	\$150 co-pay	\$150 co-pay
Inpatient Hospital	20% coinsurance after \$250 co-pay	20% coinsurance after \$250 co-pay
Outpatient Surgery	20% coinsurance	20% coinsurance
Skilled Nursing Facility (100-day max)	20% coinsurance	20% coinsurance
Home Health Care	20% coinsurance	20% coinsurance
Hospice Health Care	100% coverage	Inpatient: 100% coverage Outpatient: 20% coinsurance
Outpatient Short-Term Rehab		
For Cardiac, Pulmonary, Speech	20% coinsurance	20% coinsurance
For Physical, Occupational	\$10 co-pay	20% coinsurance
Chiropractic	\$10 co-pay	20% coinsurance
Durable Medical Equipment	20% coinsurance	20% coinsurance
Prescription Drugs	Express Scripts <u>Retail 34-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) No coverage for non-preferred brand name <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) No coverage for non-preferred brand name <u>Insulin Retail:</u> 25% or \$25 max preferred brand, 25% or \$45 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$115 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min, \$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min, \$67 max per 30-day supply)	AultCare <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) Non-preferred at 100% <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) Non-preferred at 100% <u>Insulin Retail:</u> \$30 preferred brand, \$45 non-preferred brand <u>Insulin Mail Order:</u> \$60 preferred brand, \$115 non-preferred brand <u>Specialty medications:</u> \$100 co-pay <u>Specialty Mail order:</u> \$100 co-pay; 30-day supply only



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



Non-Medicare Plan Benefits (continued)

SERS Marketplace Wraparound HRA	
Benefit	Maximum Reimbursement
Out-of-pocket expenses for Marketplace plan covered services. Examples include deductibles, co-pays, and coinsurance.	Reimbursements are limited to \$2,200 per family, per calendar year in accordance with federal limits*
* Reimbursement is limited to cost sharing after the Participant's Marketplace plan has adjudicated any claim(s). Actual reimbursement may vary according to the Participant's Marketplace plan's terms but will in no event exceed the Participant's actual out-of-pocket expenses under the applicable Marketplace plan.	
The SERS Marketplace Wraparound HRA eligible expenses noted above only apply to covered service under your Marketplace plan. Claims for non-covered services are not eligible for reimbursement.	



SCHEDULE A – SUMMARY OF MAIN PLAN PROVISIONS



Medicare Plan Benefits

Aetna Medicare SM Plan (PPO) (In-Network)	
Annual Out-of-Pocket Maximum	\$3,000 per person
Deductible	None
Primary Care Office Visit	100% coverage
Specialist Office Visit	\$20 co-pay
Outpatient Diagnostic X-Ray	\$25 co-pay
Outpatient Diagnostic Lab	100% coverage
Urgent Care	\$40 co-pay
Emergency Room	\$100 co-pay waived if admitted
Ambulance	\$80 co-pay
Inpatient Hospital	\$150 co-pay per day 1-5, then 100% coverage
Outpatient Surgery /Procedures	15% coinsurance up to \$200 max
Skilled Nursing Facility (100-day max)	Co-pay: \$0 per day 1-10, \$25 per day 11-20, \$50 per day 21-100
Home Health Care	100% coverage
Hospice	Covered by Medicare
Outpatient Short-Term Rehab	\$15 co-pay
Cardiac Rehabilitation Services	\$15 co-pay
Chiropractic	\$20 co-pay limited to Medicare-covered services
Durable Medical Equipment	20% coinsurance
Diabetic Supplies	100% coverage
Over-The-Counter Benefit	\$60 per quarter towards eligible health and wellness products from CVS pharmacy
Prescription Drugs	Express Scripts Medicare D PDP <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) No coverage for non-preferred brand name <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) No coverage for non-preferred brand name <u>Insulin Retail:</u> 25% or \$25 max preferred brand 25% or \$35 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$90 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min, \$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min, \$67 max per 30-day supply)



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



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

INTEREST RATE: 5.62% per annum, compounded annually (net after all System expenses).

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions. Trend is applied to total health care costs and retiree service based premiums. No trend is applied to the surcharge. The initial trend rate includes the use of published annual health care inflation surveys in conjunction with actual plan experience, where credible. The assumed annual decrease in trend rates to an ultimate level of price inflation plus 2% reflects the belief that health care inflation cannot indefinitely outstrip the growth rate of employer budgets and the overall economy.

Calendar Year	
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

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

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

Wives are assumed to be three years younger than husbands.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



Pre-65 Participants:

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

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

Post-65 Participants:

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



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



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

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

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

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

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

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

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

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

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

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



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



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

Retiree Costs			
Medicare Status	Aetna Choice POS II and Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only	AultCare PPO
Non-Medicare	\$1,636	N/A	\$1,193
Medicare A & B	\$163	\$463	N/A
Medicare B Only	\$163	N/A	N/A

Spouse Costs			
Medicare Status	Aetna Choice POS II and Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only	AultCare PPO
Non-Medicare	\$1,473	N/A	\$953
Medicare A & B	\$163	\$463	N/A
Medicare B Only	\$163	N/A	N/A

Children Costs			
Medicare Status	Aetna Choice POS II and Aetna Medicare SM	Aetna Traditional Choice with Medicare A Only	AultCare PPO
Non-Medicare	\$491	N/A	\$211
Medicare A & B	\$163	\$463	N/A

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



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



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

Pre-Medicare

Age	Retiree		Spouse	
	Male	Female	Male	Female
40	\$ 5,163	\$ 8,424	\$ 4,752	\$ 7,755
45	6,399	8,919	5,890	8,210
50	8,356	10,391	7,692	9,565
55	10,965	12,106	10,093	11,143
60	14,124	14,119	13,002	12,997
64	17,250	16,530	15,879	15,216

Post-Medicare

Age	Retiree		Spouse	
	Male	Female	Male	Female
65	\$ 1,505	\$ 1,434	\$ 1,411	\$ 1,345
70	1,829	1,763	1,715	1,653
75	2,172	2,059	2,036	1,930
80	2,521	2,372	2,364	2,224
85	2,841	2,676	2,664	2,509
90	3,120	2,906	2,925	2,725



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



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

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

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

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



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS

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

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

Service	Annual Rates of		
	Merit & Seniority: (A)	Base (Economy): (B)	Increase Next Year: (1+(A))*(1+(B))
0	10.00%	3.25%	13.58%
1	3.00	3.25	6.35
2	1.75	3.25	5.06
3	1.25	3.25	4.54
4	1.00	3.25	4.28
5 – 9	0.75	3.25	4.02
10 – 15	0.50	3.25	3.77
16 – 17	0.25	3.25	3.51
18 & over	0.00	3.25	3.25

PAYROLL GROWTH: 1.75% per annum, compounded annually.

PRICE INFLATION: 2.40% per annum, compounded annually.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



DEATH AFTER RETIREMENT: These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

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

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

CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

ASSET VALUATION METHOD: Market value.





SCHEDULE C – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE											
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance Deferred Outflows (a)	Beginning Balance Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Ending Balance Deferred Outflows (a) + (c) - (e)	Ending Balance Deferred Inflows (b) + (d) - (f)
2025	\$413,435,957	\$0	9.86	\$0	\$0	\$413,435,957	\$0	\$41,930,624	\$0	\$371,505,333	\$0
2024	\$0	\$588,786,757	9.73	\$0	\$528,274,243	\$0	\$0	\$0	\$60,512,514	\$0	\$467,761,729
2023	\$0	\$231,260,850	9.79	\$0	\$184,016,550	\$0	\$0	\$0	\$23,622,150	\$0	\$160,394,400
2022	\$0	\$211,615,083	8.09	\$0	\$133,142,247	\$0	\$0	\$0	\$26,157,612	\$0	\$106,984,635
2021	\$0	\$67,242,883	6.54	\$0	\$26,115,739	\$0	\$0	\$0	\$10,281,786	\$0	\$15,833,953
2020	\$0	\$772,465,329	6.50	\$0	\$178,261,229	\$0	\$0	\$0	\$118,840,820	\$0	\$59,420,409
2019	\$0	\$653,300,118	6.48	\$0	\$48,392,604	\$0	\$0	\$0	\$48,392,604	\$0	\$0
Total				<u>\$0</u>	<u>\$1,098,202,612</u>	<u>\$413,435,957</u>	<u>\$0</u>			<u>\$371,505,333</u>	<u>\$810,395,126</u>





SCHEDULE C – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN EXPECTED AND ACTUAL INVESTMENT EARNINGS											
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance Deferred Outflows (a)	Beginning Balance Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Ending Balance Deferred Outflows (a) + (c) - (e)	Ending Balance Deferred Inflows (b) + (d) - (f)
2025	\$0	\$17,753,707	5.00	\$0	\$0	\$0	\$17,753,707	\$0	\$3,550,741	\$0	\$14,202,966
2024	\$0	\$7,486,253	5.00	\$0	\$5,989,002	\$0	\$0	\$0	\$1,497,251	\$0	\$4,491,751
2023	\$9,456,519	\$0	5.00	\$5,673,911	\$0	\$0	\$0	\$1,891,304	\$0	\$3,782,607	\$0
2022	\$50,796,541	\$0	5.00	\$20,318,617	\$0	\$0	\$0	\$10,159,308	\$0	\$10,159,309	\$0
2021	\$0	\$75,154,145	5.00	\$0	\$15,030,829	\$0	\$0	\$0	\$15,030,829	\$0	\$0
Total				<u>\$25,992,528</u>	<u>\$21,019,831</u>	<u>\$0</u>	<u>\$17,753,707</u>			<u>\$13,941,916</u>	<u>\$18,694,717</u>
Net difference between projected and actual earnings on investments											\$4,752,801





SCHEDULE C – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES ARISING FROM CHANGES OF ASSUMPTION											
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance Deferred Outflows (a)	Beginning Balance Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Ending Balance Deferred Outflows (a) + (c) - (e)	Ending Balance Deferred Inflows (b) + (d) - (f)
2025	\$0	\$271,868,318	9.86	\$0	\$0	\$0	\$271,868,318	\$0	\$27,572,852	\$0	\$244,295,466
2024	\$0	\$110,300,041	9.73	\$0	\$98,963,963	\$0	\$0	\$0	\$11,336,078	\$0	\$87,627,885
2023	\$453,635,839	\$0	9.79	\$360,962,531	\$0	\$0	\$0	\$46,336,654	\$0	\$314,625,877	\$0
2022	\$0	\$425,649,309	8.09	\$0	\$267,806,550	\$0	\$0	\$0	\$52,614,253	\$0	\$215,192,297
2021	\$0	\$260,284,207	6.54	\$0	\$101,088,975	\$0	\$0	\$0	\$39,798,808	\$0	\$61,290,167
2020	\$260,375,382	\$0	6.50	\$60,086,627	\$0	\$0	\$0	\$40,057,751	\$0	\$20,028,876	\$0
2019	\$217,194,383	\$0	6.48	\$16,088,471	\$0	\$0	\$0	\$16,088,471	\$0	\$0	\$0
Total				<u>\$437,137,629</u>	<u>\$467,859,488</u>	<u>\$0</u>	<u>\$271,868,318</u>			<u>\$334,654,753</u>	<u>\$608,405,815</u>

