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**GASB Statement No. 67 Report**

**For the**

**Basic Benefits Valuation**

**of the**

**School Employees' Retirement System of Ohio**

**Prepared as of**

**June 30, 2014**

www.CavMacConsulting.com

May 19, 2015

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

Ladies and Gentlemen:

Presented in this report is information to assist the School Employees' Retirement System of Ohio (System) in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 67. The information is presented for the period ending June 30, 2014.

The annual actuarial valuation performed as of June 30, 2014 was used as a basis for the information presented in this report. The valuation was based upon data, furnished by System staff, concerning active, inactive and retired members along with pertinent financial information.

To the best of our knowledge, this report is complete and accurate. The necessary calculations were performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. Further, the calculations were prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, and, in our opinion, meet the requirements of GASB 67.

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. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

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

Respectfully submitted,

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

Todd B. Green, ASA, FCA, MAAA
Principal and Consulting Actuary

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**OHIO SCHOOL EMPLOYEES' RETIREMENT SYSTEM OF OHIO**
**PREPARED AS OF JUNE 30, 2014**

## SECTION I – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 67 (GASB 67), "*Financial Reporting For Pension Plans*", in June 2012. GASB 67's effective date is for plan years beginning after June 15, 2013. This report, prepared as of June 30, 2014 (the Measurement Date), presents information to assist the System in meeting the requirements of GASB 67. Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the Ohio School Employees' Retirement System of Ohio as of June 30, 2014. The results of that valuation were detailed in a report dated October 29, 2014.

GASB 67 replaces GASB 25, and represents a significant departure from the requirements of that older statement. GASB 25 was issued as a funding friendly statement that required pension plans to report items consistent with the results of the plan's actuarial valuations, as long as those valuations met certain parameters. GASB 67 basically divorces accounting and funding, creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the System.

A major change in GASB 67 is the requirement to determine the Total Pension Liability (TPL) utilizing the Entry Age Normal actuarial funding method. The Net Pension Liability (NPL) is then set equal to the TPL minus the System's Fiduciary Net Position (FNP) (the market values of assets) as of the Measurement Date. The benefit provisions recognized in the calculation of the TPL are summarized in Schedule B.

Among the assumptions needed for the liability calculation is 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's provision applicable to the membership and beneficiaries of the System on the Measurement Date. If the FNP is projected to not be depleted at any point in the future, as is the case as of the June 30, 2014 measurement date, 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, in a future year, the FNP is projected to be depleted, 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 monthly by the Board of Governors of the Federal Reserve System.

The sections that follow provide the results of all the necessary calculations, presented in the order laid out in GASB 67 for note disclosure and Required Supplementary Information (RSI).

## SECTION II – FINANCIAL STATEMENT NOTES

The material presented herein will follow the order presented in GASB 67. Paragraph numbers are provided for ease of reference.

**Paragraphs 30(a) (1)-(3):** The information required is to be supplied by the Plan.

**Paragraph 30(a) (4):** The data required regarding the membership of the Ohio School Employees' Retirement System were furnished by the Staff of the Retirement System. The following table summarizes the membership of the system as of June 30, 2014, the Measurement Date.

**Membership**

| | Number |
|---|---|
| Inactive Members Or Their Beneficiaries Currently Receiving Benefits | 72,605 |
| Inactive Members Entitled To But Not Yet Receiving Benefits | 107,170 |
| Active Members | 121,251 |
| Total | 301,026 |

**Paragraphs 30(a)(5)-(6) and Paragraphs 30(b)-(f):** The information required is to be supplied by the Plan.

**Paragraphs 31(a) (1)-(4):** The information is provided in the following table. As stated above, the NPL is equal to the TPL minus the FNP. That result as of June 30, 2014 is presented in the table below.

| | Fiscal Year Ending June 30, 2014 |
|---|---|
| Total Pension Liability | $17,881,827,171 |
| Fiduciary Net Position | 12,820,884,107 |
| Net Pension Liability | $5,060,943,064 |
| Ratio of Fiduciary Net Position to Total Pension Liability | 71.70% |

**Paragraph 31(b):** This paragraph requires information regarding the actuarial assumptions used to measure the TPL. The actuarial assumptions utilized in developing the TPL are outlined in Schedule B. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.25 percent |
| Salary increases | 4.0 percent, average, including inflation |
| Investment rate of return | 7.75 percent, net of investment expense, including inflation |

| | |
|---|---|
| Mortality | Mortality rates were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special tables are used for the period after disability retirement. This assumption measure the probabilities of each benefit payment being made after retirement. There is sufficient margin in the current mortality tables for possible future improvement in mortality rates and that margin will be |

reviewed again when the next experience investigation in conducted.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – July 1, 2010.

**Paragraph 31.b.(1)**

- **(a) Discount rate:** The discount rate used to measure the total pension liability was 7.75%
- **(b) Projected cash flows:** The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first three years of the projection period. Due to the statutorily required contribution, at the end of the 28 year period the local employers will only contribute the normal cost of the remaining actives and new hires of the System.
- **(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 2005 through 2010, is outlined in a report dated April 14, 2011. 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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. 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:** the discount rate determination does not use a municipal bond rate.
- **(e) Periods of projected benefit payments:** projected future benefit payments for all current plan members were projected through 2116.

**(f) Assumed Asset Allocation:** The target asset allocation 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 | 1.00% | 0.00% |
| US Stocks | 22.50% | 5.00% |
| Non-US Stocks | 22.50% | 5.50% |
| Fixed Income | 19.00% | 1.50% |
| Private Equity | 10.00% | 10.00% |
| Real Estate | 10.00% | 5.00% |
| Hedge Funds | 15.00% | 7.50% |

**Sensitivity analysis:** this paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the System, calculated using the discount rate of 7.75% percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|---|---|---|
| System's net pension liability | $7,220,461,742 | $5,060,943,064 | $3,244,601,203 |

**Paragraph 31(c):** June 30, 2014 is the actuarial valuation date upon which the TPL is based. No roll forward procedures were used.

## SECTION III – REQUIRED SUPPLEMENTARY INFORMATION

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

**Paragraphs 32(a)-(c):** The required tables are provided in Schedule A.
**Paragraph 32(d):** The money-weighted rates of return required are to be supplied by the Plan.

**Paragraph 34:** In addition the following should be noted regarding the RSI:

***Changes of benefit terms: N***one.

***Changes of assumption:*** None

***Method and assumptions used in calculations of actuarially determined contributions.*** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 28 years |
| Asset valuation method | 4-year smoothed market |
| Inflation | 3.25 percent |
| Salary increase | 4.0 percent, average, including inflation |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

# SCHEDULE A

## REQUIRED SUPPLEMENTARY INFORMATION
### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
### GASB 67 Paragraph 32(a)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | |
| Service Cost | 332,975,336 | | | | | | | | | |
| Interest | 1,296,763,757 | | | | | | | | | |
| Benefit changes | 0 | | | | | | | | | |
| Difference between expected | | | | | | | | | | |
| and actual experience | 53,951,305 | | | | | | | | | |
| Changes of assumptions | 0 | | | | | | | | | |
| Benefit payments | (993,355,839) | | | | | | | | | |
| Refunds of contributions | (55,668,466) | | | | | | | | | |
| **Net change in total pension liability** | 634,666,093 | | | | | | | | | |
| **Total pension liability - beginning** | 17,247,161,078 | | | | | | | | | |
| **Total pension liability - ending (a)** | 17,881,827,171 | | | | | | | | | |
| **Plan net position** | | | | | | | | | | |
| Contributions - employer | 405,029,627 | | | | | | | | | |
| Contributions - member | 295,690,550 | | | | | | | | | |
| Net investment income | 1,888,288,396 | | | | | | | | | |
| Benefit payments | (993,355,839) | | | | | | | | | |
| Administrative expense | (19,582,190) | | | | | | | | | |
| Refunds of contributions | (55,668,466) | | | | | | | | | |
| Other | 0 | | | | | | | | | |
| **Net change in plan net position** | 1,520,402,078 | | | | | | | | | |
| **Plan net position - beginning** | 11,300,482,029 | | | | | | | | | |
| **Plan net position - ending (b)** | 12,820,884,107 | | | | | | | | | |
| **Net pension liability - ending (a) - (b)** | 5,060,943,064 | | | | | | | | | |

## SCHEDULE OF THE NET PENSION LIABILITY
## GASB 67 Paragraph 32(b)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total pension liability | $ 17,881,827,171 | | | | | | | | | |
| Plan net position | 12,820,884,107 | | | | | | | | | |
| Net pension liability | $ 5,060,943,064 | | | | | | | | | |
| Ratio of plan net position to total pension liability | 71.70% | | | | | | | | | |
| Covered-employee payroll | $ 2,922,291,681 | | | | | | | | | |
| Net pension liability as a percentage of covered-employee payroll | 173.18% | | | | | | | | | |

## SCHEDULE OF EMPLOYER CONTRIBUTIONS
## GASB 67 Paragraph 32(c)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially calculated employer contribution | $405,029,627 | $402,154,124 | $399,722,069 | $379,299,222 | $402,047,392 | $291,069,103 | $260,669,755 | $278,509,373 | $294,035,899 | $256,046,087 |
| Actual employer contributions | $405,029,627 | $402,154,124 | $399,722,069 | $379,299,222 | $402,047,392 | $291,069,103 | $260,669,755 | $253,141,600 | $257,545,432 | $256,046,087 |
| Annual contribution deficiency (excess) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,367,773 | 36,490,466 | 0 |
| Covered-employee payroll | $2,922,291,681 | $2,905,737,890 | $2,971,911,294 | $3,017,495,800 | $2,969,330,812 | $2,958,019,339 | $2,654,478,157 | $2,604,337,449 | $2,552,481,982 | $2,422,384,929 |
| Actual contributions as a percentage of covered-employee payroll | 13.86% | 13.84% | 13.45% | 12.57% | 13.54% | 9.84% | 9.82% | 9.72% | 10.09% | 10.57% |

## SCHEDULE B

### ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions used in the valuation were adopted by the Board in April, 2011.

INTEREST RATE: 7.75% per annum, compounded annually (net after all System expenses).

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

| Service | Annual Rates of Withdrawal |
|---|---|
| 0 | 45.00% |
| 1 | 31.00 |
| 2 | 23.00 |
| 3 | 17.00 |
| 4 | 13.00 |
| 5 | 9.00 |
| 10 | 4.00 |
| 15 | 2.00 |
| 20 | 2.00 |
| 25 | 1.50 |

| | Annual Rates of | | | |
|---|---|---|---|---|
| | Death | | Disability | |
| Age | Male | Female | Male | Female |
| 20 | .013% | .007% | .020% | .020% |
| 25 | .017 | .007 | .038 | .020 |
| 30 | .020 | .009 | .068 | .026 |
| 35 | .021 | .012 | .122 | .054 |
| 40 | .027 | .018 | .210 | .100 |
| 45 | .040 | .024 | .310 | .168 |
| 50 | .065 | .036 | .410 | .260 |
| 55 | .111 | .057 | .510 | .360 |
| 60 | .199 | .111 | .550 | .400 |
| 65 | .363 | .216 | .550 | .400 |
| 70 | .593 | .343 | .550 | .400 |
| 74 | .851 | .510 | .550 | .400 |

| Annual Rates of Normal Retirements | | |
|---|---|---|
| Age | Male | Female |
| 50 | 28.0% | 25.0% |
| 55 | 20.0 | 21.0 |
| 60 | 18.0 | 17.0 |
| 62 | 20.0 | 20.0 |
| 65 | 25.0 | 25.0 |
| 70 | 14.0 | 14.0 |
| 75 | 100.0 | 100.0 |

For members who are not eligible to retire prior to August 1, 2017, the assumed rates of retirement in the first year of eligibility for a normal retirement and upon completing 30 years of service are 28%. The assumed rates of early retirement for members who retire prior to August 1, 2017 are 14% for males and 13% for females aged 55 to 59 and 8.5% for males and 9.5% for females aged 60 to 64.

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

| | | Annual Rates of | |
|---|---|---|---|
| Service | Merit & Seniority | Base (Economy) | Increase Next Year |
| 0 | 18.00% | 4.00% | 22.00% |
| 1 | 8.00 | 4.00 | 12.00 |
| 2 | 5.50 | 4.00 | 9.50 |
| 3 | 4.00 | 4.00 | 8.00 |
| 4 | 3.00 | 4.00 | 7.00 |
| 5 | 2.00 | 4.00 | 6.00 |
| 6 | 1.25 | 4.00 | 5.25 |
| 7 | 1.00 | 4.00 | 5.00 |
| 8 | 0.50 | 4.00 | 4.50 |
| 9 | 0.25 | 4.00 | 4.25 |
| 10-14 | 0.00 | 4.00 | 4.00 |
| 15 & over | 0.00 | 4.00 | 4.00 |

PAYROLL GROWTH: 4.00% per annum, compounded annually.

PRICE INFLATION: 3.25% per annum, compounded annually.

DEATH AFTER RETIREMENT: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table, set back one year for both men and women. Special tables are used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. There is sufficient margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

MARRIAGE ASSUMPTION: 80% married with the husband three years older than his wife.

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

ASSET VALUATION METHOD: Actuarial value, as developed in Schedule A. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 25% of the difference between market value and expected market value. The actuarial value of assets cannot be less than 80% or more than 120% of market value.

## SCHEDULE C

### SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

**Summary of Benefit and Contribution Provisions**

**Contributions for Basic Benefits**

Members contribute 10% of pay and employers contribute 14% of pay. Employer contributions not required to finance basic benefits are allocated to the health care program.

**Final Average Salary**

Average annual salary over the member's three highest years of service.

**Normal Retirement**

Condition for 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 five 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 ten years of creditable service, or attainment of age 57 with at least 30 years of creditable service. Buy-up option available.

Amount of Allowance

The annual retirement allowance payable shall not be greater than 100% of final average salary, and is the greater of:

1. Money Purchase - the greater of:
   The sum of:
   a. An annuity based on the value of the member's accumulated contributions at retirement
   b. A pension equal to the annuity
   c. For members who have 10 or more years of service credit prior to 10/1/1956, an annual benefit of $180.

2. Defined Benefit - the greater of:
   The sum of:
   a. 2.2% of final average salary multiplied by the member's years of service up to 30,
   b. 2.5% of final average salary multiplied by the member's years of service in excess of 30,

   or:
   c. $86 multiplied by the years of service.

## Early Retirement

Condition for 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 five years of service. |
| *Members attaining 25 years of service after August 1, 2017* | Attainment of age 62 with at least ten years of creditable service, or attainment of age 60 with at least 25 years of creditable service. |

Amount of Allowance

*Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017*

Normal retirement allowance accrued to the date of early retirement. The Defined Benefit amount determined above is adjusted by the following percentages based on attained age or years of service:

| Attained Age | Years of Ohio Service Credit | Percentage |
|---|---|---|
| 58 | 25 | 75% |
| 59 | 26 | 80 |
| 60 | 27 | 85 |
| 61 | | 88 |
| | 28 | 90 |
| 62 | | 91 |
| 63 | | 94 |
| | 29 | 95 |
| 64 | | 97 |

*Members attaining 25 years of service after August 1, 2017*

Actuarial equivalent of the normal retirement allowance accrued to the date of early retirement. The Defined Benefit amount determined above is actuarially adjusted for the years before age 65 (age 67 if after August 1, 2017) or 30 years of service, whichever is shorter, but in no event is the adjusted benefit less than the following percentages of the Defined Benefit amount based on years of service:

| Years of Ohio Service Credit | Percentage |
|---|---|
| 25 | 75% |
| 26 | 80 |
| 27 | 85 |
| 28 | 90 |
| 29 | 95 |

**Disability Retirement**

Condition for Retirement

An allowance is paid upon becoming permanently disabled after completion of at least 5 years of total service credit.

Amount of Allowance

1. For those who were active members prior to July 29, 1992 and did not elect the benefit structure outlined below, an allowance based on service to date of disablement, plus, if the age at disablement is less than 60, continuous service to age 60. The allowance is computed in the same manner as the defined benefit service retirement allowance, subject to a minimum of 30% of FAS and a maximum of 75% of FAS. It is payable for life, unless terminated.

2. For those who became active members after July 28, 1992, and for those who were active members prior to July 29, 1992 who so elected, an allowance equal to the greater of (i) 45% of FAS, or (ii) the lesser of 60% of FAS, or the allowance computed in the same manner as the defined benefit service retirement allowance. The allowance will continue until:

   a. The date the member is granted a service retirement benefit, or
   b. The date the allowance is terminated, or
   c. The later of the date the member attains age 65 or the date the disability allowance has been paid for the minimum duration in accordance with the following schedule:

| **Age at Disability** | **Minimum Duration In Months** |
|---|---|
| 60 and earlier | 60 |
| 61 | 60 |
| 62 | 48 |
| 63 | 48 |
| 64 | 36 |
| 65 | 36 |
| 66 | 24 |
| 67 | 24 |
| 68 | 24 |
| 69 and older | 12 |

**Death Benefits Prior to Retirement**

**Death While Eligible to Retire**

If a member dies in service after becoming eligible to retire with a service allowance and leaves a surviving spouse or other sole dependent beneficiary, the survivor may elect to receive the same amount that would have been paid had the member retired the last day of the month of death and elected the 100% joint and survivor form of payment.

**Survivor (Death-in-Service) Allowances**

Condition for Benefit

Upon the death of a member with at least 1½ years of Ohio service credit and with at least ¼ year of Ohio contributing service credit within 2½ years prior to the date of death, the survivor allowances are payable as follows:

1. Qualified Spouse: A monthly allowance commencing at age 62, except that the benefit is payable immediately if: (1) the qualified deceased member had 10 or more years of Ohio service credit; or (2) is caring for a surviving child, or (3) is incompetent.
2. Qualified Child: For allowances that commenced before January 7 2013, an allowance is payable to the qualified child of a deceased member who has never been married and is under age 18, under age 22 and in school, or adjudged incompetent prior to the member's death and the child attaining age 18 or age 22 if attending school. For allowances that commence on or after January 7, 2013 an allowance is payable to the qualified child of a deceased member who has never been married and is under age 19, or adjudged incompetent prior to the member's death and prior to the child attaining age 19.
3. Qualified Parent's Allowance: A monthly allowance is payable to a dependent parent age 65 or more.

Amount of Allowances

Except when survived by a qualified child(ren), upon the death of a member prior to retirement, the accumulated contributions of the member without interest is payable. Alternatively, the beneficiary may elect the following amounts, payable monthly while eligible:

| Number of Qualified Survivors | Annual Benefit as Percent of Member's FAS | Minimum Monthly Allowance |
|---|---|---|
| 1 | 25% | $96 |
| 2 | 40 | 186 |
| 3 | 50 | 236 |
| 4 | 55 | 236 |
| 5 or more | 60 | 236 |

If the deceased member had attained at least 20 years of service, the total benefits payable to all qualified survivors are not less than:

| Years of Service | Annual Benefit as Percent of Member's FAS |
|---|---|
| 20 | 29% |
| 21 | 33 |
| 22 | 37 |
| 23 | 41 |
| 24 | 45 |
| 25 | 48 |
| 26 | 51 |
| 27 | 54 |
| 28 | 57 |
| 29 or more | 60 |

**Termination Benefits**

Refund of Members' Accumulated Contributions

In the event a member leaves service before any monthly benefits are payable on his behalf, his accumulated contributions, without interest, may be refunded.

Deferred Benefits

Members who retire prior to August 1, 2017 must have at least 5 years of service credit and those members who retire on and after August 1, 2017 must have at least 10 years of service credit and are eligible to draw the benefit the first of the month following their $62^{nd}$ birthday.

**Normal Form of Benefit**

Single Life Annuity

**Optional Forms of Benefit**

A member upon retirement may elect to receive his allowance in one of the following forms that are computed to be actuarially equivalent to the applicable retirement allowance:

Upon the death of a retiree, 50%, 100%, or some other percentage of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his beneficiary or his estate for a specified number of years certain.

A member can select a partial lump-sum option at retirement. Under this option, the partial lump- sum shall not be less than 6 times and not more than 36 times the unreduced monthly benefit, and the monthly benefit will be actuarially reduced. In addition, the monthly benefit payable cannot be less than 50% of the unreduced amount.

**Post-Retirement Death Benefit**

Regardless of the form of benefit selected, a lump sum benefit of $1,000 is paid at the death of the retiree.

**Post-Retirement Increases**

On each anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased by 3% of the base benefit.

**Medicare Part B**

Each recipient of a service retirement benefit, a disability benefit or a survivor benefit who was credited with at least 10 years of service and is covered under Medicare Part B and has chosen the health care option, is reimbursed $45.50 per month for premiums for that coverage.

**Re-Employed Retirants**

Eligibility Effective

July 1, 1991, service retirees of SERS, or service or disability retirees of one of the other four Ohio retirement systems who are employed in a SERS covered position are required to contribute to a money purchase annuity, a type of defined contribution plan.

Amount of Allowance

Upon termination of employment, a re-employed retirant who has attained age 65 is eligible to receive an annuity based on the amount of his/her accumulated contributions, and an equal amount of employer contributions, plus interest to the effective date of retirement. Effective July 1, 2006 the amount of employer contributions will be determined by the Board. Interest is granted on the reemployed retirant's prior fiscal year account balance, calculated using a rate determined by the SERS Board, compounded annually. The benefit is payable as a lump sum or as an annuity if the amount of such annuity is at least $25. Upon termination of employment, a re-employed retirant who has not attained age 65 may request a lump sum refund of his/her own contributions; there is no payment of employer contributions or interest.

Benefits Payable Upon Death

If a re-employed retirant dies while employed, a lump sum payment of the monthly annuity, discounted to the present value using the current actuarial assumption rate of interest, will be paid to his beneficiary.

If a re-employed retirant dies while receiving a monthly annuity, a lump sum payment will be made to a beneficiary in an amount equal to the excess, if any, of the lump sum payment the re-employed retirant would have received at the effective date of retirement over the sum of the annuity payments received by the re-employed retirant to the date of death.

Member Contributions

Each re-employed retirant is required to contribute 10% of his pay by payroll deductions.

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| Employer Contributions | Employer contributions are expressed as percents of member covered payroll. Employers are required to contribute 14% of payroll. |
| Other Benefits | Re-employed retirants of SERS are not eligible to receive any of the other benefits provided to SERS members. |
| **Member Contributions** | 10% of salary. |