EMPLOYER REPORTING INFORMATION
For the Year Ended June 30, 2014

Updates on GASB Statements 27 and 45

Who should read this information?
School officials responsible for compiling the Comprehensive Annual Financial Report (CAFR) should read the statements.

Overview
Each year, SERS receives requests for the information required by the Governmental Accounting Standards Board (GASB) Statements 27 and 45. Attached to this notice, you will find the required updated information for:

- **Statement 27, Accounting for Pensions by State and Local Governmental Employers** requires public employers to provide detailed disclosures of pension information in financial statements and accompanying information.

- **Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension** establishes standards for disclosure of information on postemployment benefits other than pension benefits by all state and local government employers.

Please review the information and include it, as appropriate, in your financial reports.

<table>
<thead>
<tr>
<th>Employer Contribution Allocation (% of Payroll)</th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
<td>13.05</td>
<td>13.05</td>
<td>12.65</td>
</tr>
<tr>
<td>Death</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
</tr>
<tr>
<td>Pension Total</td>
<td>13.10</td>
<td>13.10</td>
<td>12.70</td>
</tr>
<tr>
<td>Medicare B</td>
<td>.76</td>
<td>.74</td>
<td>.75</td>
</tr>
<tr>
<td>Health Care</td>
<td>.14</td>
<td>.16</td>
<td>.55</td>
</tr>
<tr>
<td>OPEB Total</td>
<td>.90</td>
<td>.90</td>
<td>1.30</td>
</tr>
<tr>
<td>Total Contribution</td>
<td>14.00</td>
<td>14.00</td>
<td>14.00</td>
</tr>
</tbody>
</table>
NOTICE TO EMPLOYERS

The following information is provided for compliance with disclosure requirements in Governmental Accounting Standards Board (GASB) Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. A sample disclosure notice may be found in paragraph 20 of GASB 27. Please note that within the sample footnote [ ] indicate areas where information obtained from your payroll records should appear.

SAMPLE GASB STATEMENT NO. 27 DISCLOSURE

Plan Description
The [name of your school district] contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Funding Policy
Plan members are required to contribute 10% of their annual covered salary and [name of your school district] is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District’s contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were [$xx,xxx, $yy,yyy and $zz,zzz], respectively, which equaled the required contributions each year.
NOTICE TO EMPLOYERS

The following information is provided for compliance with disclosure requirements in Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. A sample disclosure notice may also be found in Statement No. 45, Appendix D, Illustration 5.

SAMPLE GASB STATEMENT NO. 45 DISCLOSURE

Postemployment Benefits
In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan
The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was $104.90 for most participants, but could be as high as $335.70 per month depending on their income. SERS' reimbursement to retirees was $45.50 if they participated in one of SERS' health care plans.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is .76%. [Name of employer] contributions for the years ended June 30, 2014, 2013 and 2012 were [$xx,xxx, $yy,yyy and $zz,zzz], respectively, which equaled the required contributions each year.

Health Care Plan
ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially
determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at $20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. [Name of employer] contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were [$xx,xxx, $yy,yyy and $zz,zzz], respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS’ Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Information from Employer’s Records

The required contribution for the employer is expressed in dollars and as a percentage of current year covered payroll. The disclosure must include the required contribution and the actual percentage contributed for the current year and the two previous years.

The portion of your employer contributions used for the Medicare Part B reimbursement can be determined by multiplying actual employer contributions by .05428571.

The portion of your employer contributions used to fund health care benefits can be determined by multiplying actual employer contributions by .01, then adding the employer surcharge due as of June 30, 2014.