December 19, 2019

OATH OF OFFICE

OATH OF OFFICE OF MATTHEW KING
MEMBER OF THE RETIREMENT BOARD OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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

MATTHEW KING

SWORN TO and SUBSCRIBED before me this 19th day of December, 2019.

JOSEPH M. MAROTTA
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

Richard Stensrud, Executive Director

Catherine Moss, Chairperson
The nine hundredth and twenty-six meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, on Thursday, December 19, 2019. The meeting convened in open session at 8:36 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, the roll call was as follows: Catherine Moss, Chair, Jeffrey DeLeone, Hugh Garside, James Haller, Matthew King, Barbra Phillips and Daniel Wilson. Catherine Moss excused the absence of James Rossler. Also in attendance was Mary Therese Bridge, representative of the Attorney General, various members of the SERS staff, and members of the public.

APPROVAL OF MINUTES OF THE SPECIAL RETIREMENT BOARD MEETING HELD ON November 20, 2019

Barbra Phillips moved and James Haller seconded the motion to approve the minutes of the Special Retirement Board meeting held on Wednesday, November 20, 2019. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Barbra Phillips, Daniel Wilson and Catherine Moss. Abstain: Matthew King. The motion carried.

APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON November 21 & 22, 2019

Hugh Garside moved and Jeffrey DeLeone seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday and Friday, November 21 & 22, 2019. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Barbra Phillips, Daniel Wilson and Catherine Moss. Abstain: Matthew King. The motion carried.

EXECUTIVE SESSION

At 8:39 a.m., Barbra Phillips moved and James Haller seconded the motion that the Board convene in Executive Session pursuant to 121.22 (G)(1) of the Ohio Revised Code to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 9:29 a.m.

EXECUTIVE SESSION

At 9:29 a.m., Barbra Phillips moved and James Haller seconded the motion that the Board convene in Executive Session pursuant to 121.22 (G)(6) of the Ohio Revised Code to discuss details of security arrangements and emergency response protocols. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 10:22 a.m.

The Board took a break at 10:22 a.m., and reconvened at 10:26 a.m.

EXTERNAL AUDIT REPORT

Chief Financial Officer Tracy Valentino introduced David Andrews of RSM US LLP to present the findings of SERS external audit.
Mr. Andrews presented the results of the FY2019 external, financial audit. Mr. Andrews also provided information regarding the results of the audit, the internal controls review, and all other information required to be communicated to the Board.

Mr. Andrews stated that this was a very quiet audit, and there were no new standards of significance to adopt. RSM has provided an unmodified opinion and is ready to submit to the State of Ohio. Mr. Andrews noted that this document is clear of deficiencies from an auditing perspective. Mr. Andrews also noted that there were no changes in policies or practices this year, and no adoption of any significant accounting changes. The audit focused primarily in the investment area, which included the valuation and alternatives. The audit was found to be satisfied.

Additionally, Mr. Andrews stated that the team did not find any corrections in audit adjustments. Further, the team did not have any disagreements with management in conducting the audit. Estimates were found to be reasonable, and the system has not changed dramatically from a year ago.

Board Chair Catherine Moss thanked Mr. Andrews for the presentation.

FEDERAL REPORT UPDATE

Carol Nolan Drake presented an update of the prior year’s public pension plan issues and expected federal activity for the coming year.

OVERVIEW

Highlights for November and December include: the continued impeachment hearings in the House and separate Senate discussions if it must hold a trial; discussions to address federal spending appropriations and another short-term Continuing Resolution (CR) to keep the government open past December 20; advocacy for the SERS Wraparound Program; education on SERS’ analysis of introduced legislation to lower prescription drug costs; and advocacy to support a bipartisan solution to WEP reform.

The House Committee on the Judiciary has continued its impeachment inquiry against President Trump. The Committee, under Democratic leadership, released a 300-page report on its findings on December 3 and commenced hearings on December 5 to consider Articles of Impeachment. The Republicans drafted their own response and on December 2, the 123-page report was mentioned in Politico. Reps. Steve Chabot (R-OH) and Jim Jordan (R-OH) serve on the Committee.

As the House has been deliberating, the Republican Senate leadership has been discussing how it would conduct a trial if Articles of Impeachment are voted out by the House. The Senate would then need a two-thirds vote of its membership to remove the President. Senate Majority Leader Mitch McConnell (R-KY) indicated that the Senate may adopt rules for the conduct of the trial, however, there is no current sentiment to remove the President.

The House is scheduled to be in session until Tuesday, December 12, however, the discussion among appropriators may continue well after that date. The House has tentatively set eight days for session. The hearing schedule includes the following hearings of interest:

- Committee on Rules, Tuesday, December 3 at 5:00 p.m. to discuss H.R. 2534, “The Insider Trading Prohibition Act,” and other bills.

- Committee on Financial Services, December 4, 10:00 a.m., to consider, “Oversight of Prudential Regulators: Ensuring the Safety, Soundness, Diversity, and Accountability of Depository Institutions?” The witnesses were: The Honorable Rodney Hood, Chairman, National Credit Union Administration, The Honorable Jelena McWilliams, Chairman, Federal Deposit Insurance Corporation, The Honorable Randal Quarles, Vice Chairman of Supervision, Board of Governors of the Federal Reserve System.
The Memorandum for the Committee stated, “This hearing will examine various supervisory and regulatory developments, rulemakings, and other regulatory activities enacted since these agency principals last testified before the Committee on May 16, 2019,” and cover:

- Reregulating Megabanks Act. This legislation would codify the April 2014 regulation that U.S. G-SIBs maintain a 6% enhanced supplementary leverage ratio (eSLR), and their holding companies maintain a 5% eSLR. The bill would ensure leverage requirements are included in stress testing.
- Financial Institution Living Will Improvement Act. The bill would require banks submit resolution plans, known as “living wills,” every two years. A similar bill passed the House by a 414-0 vote in 2018.
- Proprietary Trading Disclosures Act. The bill would require the FDIC, in consultation with other regulators, to annually report on the Volcker Rule’s implementation and large bank trading activities.
- Close the ILC Loophole Act. The discussion draft would eliminate an exemption to the Bank Holding Company Act that permits ILCs and their corporate owners to operate outside of that law’s regulatory framework, including consolidated supervision and activity restrictions, unlike other banks.
- Mergers and Acquisition Disclosure of Diversity and Inclusion Act. The bill would require banks subject to a merger or acquisition to include diversity and inclusion data with their application.
- Federal Reserve Bank Board Diversity. The bill would require persons selecting regional Federal Reserve Bank boards of directors to consider at least one individual reflective of gender and racial diversity.
- Promoting Diversity and Inclusion in Banking Act. The bill would require bank examinations of diversity and inclusion efforts, including policies to promote diversity and inclusion, and it would require responses to Office of Women and Minority Inclusion (OMWI) assessments of diversity policies and practices.

The full Committee Memorandum may be read by using this link: https://financialservices.house.gov/uploadedfiles/hhrg-116-ba00-20191204-sd002.pdf

The House of Representatives calendar for 2020 was announced last week by House Majority Leader Steny H. Hoyer (D-MD). The proposed legislative schedule would allow for four-week work periods in both June and September. Next year will see elections for the office of the president, all House members and 33 Senate seats (barring any special elections needed). Given the need to campaign back home, the House members will have time off next year for monthly district work periods. The House schedule shows a break starting on October 2 to prepare for the general election on Tuesday, November 3. The House is then expected to return on Monday, November 16 before the Thanksgiving break.

On November 21, President Trump signed a Continuing Resolution right before the deadline, which extended federal funding until December 20. The House and Senate appropriators only have a few weeks left to reach a deal how to spend $1.37 trillion for the 2020 federal fiscal year, which started on October 1. The President has continued to demand funding for the wall between the U.S. and Mexico. There are concerns that the deadline is right before a national holiday and another shutdown could occur if the President does not get his way. Once House members finalize the spending bills and any other last-minute action, they are not expected to return until Tuesday, January 7.

The Senate will be in session until December 16 and may need to extend session for further discussion on pending federal spending bills and/or the expiring Continuing Resolution.

The 2020 calendar has been released without a firm number of session days in January due to the potential impeachment trial. Committee hearings of interest include:

- Committee on Banking, Housing and Urban Affairs, “Oversight of Financial Regulators,” December 5 at 10:00 a.m. The witnesses were: the Honorable Randal K. Quarles, Vice Chairman for Supervision, Board of Governors of the Federal Reserve System; the Honorable Jelena...
McWilliams, Chairman, Federal Deposit Insurance Corporation; and the Honorable Rodney E. Hood, Chairman, National Credit Union Administration.

- Committee on Banking, Housing and Urban Affairs, “Oversight of the Securities and Exchange Commission,” December 10 at 10:00 a.m. The witness will be the Honorable Jay Clayton, Chairman, U.S. Securities and Exchange Commission.

**SERS WRAPAROUND PLAN**

H.R. 4763, the “Wraparound Health Coverage Protection Act,” a bill to extend the limited wraparound coverage pilot program for five years or until December 31, 2024, and for other purposes, has bipartisan support for the Ohio delegation with eight cosponsors, including Reps. Tim Ryan (D-OH), Joyce Beatty (D-OH), Marcia Fudge (D-OH), Bob Gibbs (R-OH), David Joyce (R-OH), Michael Turner (R-OH), Steve Stivers (R-OH) and Anthony Gonzalez (R-OH). We are seeking cosponsors for the bill from the entire Ohio delegation and other House members in states that have supported wraparound plans.

Efforts continue to seek inclusion of wraparound plan extension language in the Continuing Resolution or any extenders package before the end of the year. On November 8, I met with the Federal Policy Director for Governor Mike DeWine in the Washington, D.C. office that has been reestablished. During the meeting, I discussed the letters of support for wraparound plans that were submitted by the Ohio Department of Insurance (ODI) in 2018 as the federal regulatory agencies were considering whether to extend the plans. SERS and I had also met several times with the head of the Office of Health Care Transformation under former Governor John Kasich. We discussed whether Governor DeWine and ODI would support H.R. 4763, Rep. Kaptur’s bill, and reach out to the Trump administration on SERS’ behalf. The Director suggested that we set up a call with ODI and they would talk with the Governor’s office.

Additional advocacy:
- AFSCME’s legislative director contacted Senator Chuck Schumer’s (D-NY) office for SERS to express support for a legislative extension before the end of the year. The AFL-CIO and the Teamsters reached out to their lobbyists who have contacts primarily on the Democratic side.

- Discussion with Health Care Legislative Assistants (LA) for Reps. Bob Latta (R-OH) and Bill Johnson (R-OH) who serve on the Committee on Energy and Commerce. This is the Committee of jurisdiction for H.R. 4763. We would like both Representatives to support the bill as the Committee considers it. Rep. Latta’s LA asked for information on the Wraparound Plan’s impact on District 5 so he could talk with Rep. Latta about signing on as a cosponsor. SERS provided me with the information to share with the office.

- On November 15, Chris Collins and I met with the Chief of Staff for Rep. Troy Balderson (R-OH). We covered the need for an extension of the Wraparound Plan and asked if Rep. Balderson would become a cosponsor on the bill. We also discussed the need for WEP reform. The Director indicated that she would talk with Rep. Balderson and the Legislative Director and let us know.

- On December 3, Chris Collins, Government Relations Officer, and Christi Pepe, Director of Health Care Services, and I talked with ODI’s Director and two senior staff members. While they could not say officially that they supported the bill, they did indicate that the five-year extension would likely be something they could support. They will let us know in a few days whether the DeWine administration would support Rep. Kaptur’s bill.

On December 5-6, I will be in Washington, D.C., meeting with House and Senate Committee staff and legislative assistants for several Ohio delegation offices to discuss placing the extension language in the upcoming CR. We had requested that the language be included in the previous CR that was finalized on November 21, however, we were told that it would be a “clean” CR for federal programs only. We have stayed in touch with the Legislative Assistants for Senators Portman and Brown, who have helped keep the issue to the forefront of the Senate Committees on Finance and Appropriations.
Executive Director Richard Stensrud wrote a letter to the Committee on Ways and Means Chairman Richard Neal (D-MA) and Ranking Member Kevin Brady (R-TX) on November 19, in which he said, in part:

The School Employees Retirement System of Ohio (SERS) wholeheartedly supports recent efforts to a permanent legislative solution for our retirees who have been impacted and members who will be unfairly disadvantaged by the current Windfall Elimination Provision (WEP) when they retire. Because the vast majority of our membership works in low-paying school support positions, the reduction of the modest Social Security benefits they earned is enough to cause additional financial hardship in retirement.

Both the Equal Treatment of Public Servants Act (HR 3934) and the Public Servants Protection and Fairness Act (HR 4540) include positive provisions that reflect that approach. However the differences between the proposals has made it difficult for either bill to achieve broad support from members of the opposite party. Until those issues are resolved SERS is unable to endorse either bill.

We believe a bi-partisan solution must be found to this ongoing problem and are encouraged by the continuing efforts by you both to address this issue. Only a bi-partisan solution has a realistic chance to become law. This issue is too important to allow another legislative cycle to pass without progress.

SERS mailed a copy of the letter to all 41 members of the Ways and Means Committee and I emailed the letter to the offices. I sent a copy of the letter to several stakeholder contacts that have worked on WEP reform for several years and the members of the Ohio delegation. I also shared the SERS letter with the majority and minority Committee staff members with whom we have discussed WEP reform in the past. Both the majority and minority staff members expressed appreciation for SERS’ letter and understood the reason why SERS would not endorse one bill over the other, preferring to support a bipartisan effort. I am meeting with staff members during my trip to discuss bipartisan support.

Chairman Richard Neal’s (D-MA) WEP reform bill, H.R. 4540, currently has 65 cosponsors, including new cosponsors Reps. Marcy Kaptur (D-OH), Tim Ryan (D-OH) and Joyce Beatty (D-OH). Rep. Kevin Brady’s (R-TX) WEP reform bill, H.R. 3934, has 43 cosponsors, with three from Ohio, namely Reps. Bob Latta (R-OH), Michael Turner (R-OH) and Anthony Gonzalez (R-OH).

Nine Ohio Representatives have signed on to the full WEP and GPO repeal bill, H.R. 141, called the “Social Security Fairness Act of 2019,” which now has 231 cosponsors including Reps. Tim Ryan (D-OH), David Joyce (R-OH), Steve Stivers (R-OH), Bob Gibbs (R-OH), Marcy Kaptur (D-OH), Michael Turner (R-OH), Marsha Fudge (D-OH), Joyce Beatty (D-OH) and Troy Balderson (R-OH).

The Senate companion bill for full repeal of WEP and GPO, S. 521, the “Social Security Fairness Act,” was introduced by Senator Sherrod Brown (D-OH) and now has 36 cosponsors. There has been no action on the bill in the Senate and Senator Portman is not one of the co-sponsors.

SOCIAL SECURITY
On December 2, the Social Security Administration announced expanded hours for serving Social Security recipients. According to the press release, “Starting on January 8, 2020, Social Security offices nationwide will be open to the public on Wednesday afternoons. This change restores Wednesday public service hours that were last in place in late 2012.” Commissioner Saul also announced in his “Open Letter to the Public” that SSA is hiring 1,100 employees to provide better service responding to calls to the 1-800 Number and in its processing centers. The letter may be read here:
www.ssa.gov/agency/coss-message.html

Due to an increase in scams against recipients, on November 19, SSA announced the “launch of a dedicated online form at https://oig.ssa.gov to receive reports from the public of Social Security-
related scams. These scams—in which fraudulent callers mislead victims into making cash or gift card payments to avoid arrest for purported Social Security number problems—skyrocketed over the past year to become the #1 type of fraud reported to the Federal Trade Commission and the Social Security Administration. Commissioner Saul and Inspector General Ennis encourage the public to use the new online form to report Social Security phone scams including robocalls and live callers, as well as email, text, and in-person scams. The form allows people to create a unique Personal Identification Number (PIN), so if OIG contacts a person about their report, they will know the call is legitimate."


H.R. 860, the “Social Security 2100 Act,” introduced by Rep. John Larson (D-CT) was one bill that House Democrats hoped to pass before the end of the year. The bill has 208 cosponsors, all Democrats. All members of Ohio’s Democratic delegation are cosponsors, Reps. Joyce Beatty, Marcia Fudge, Tim Ryan and Marcy Kaptur. The identical Senate bill is S. 269, introduced by Senator Richard Blumenthal (D-CT). Senator Chris Van Hollen (D-MD) is the only cosponsor.

H.R. 3417, the “Beneficiary Education Tools, Telehealth, and Extenders Reauthorization Act of 2019,” was reported out of the Committee on Ways and Means by a unanimous vote of 41-0 and was another bill that House Democrats hoped would pass this year. It was introduced by Chairman Richard Neal (D-MA) and cosponsored by Rep. Kevin Brady (R-TX), which could mean that the language might be added to another bipartisan bill. It would be ideal if the WEP reform proposals that Chairman Neal and Ranking Member Brady have introduced could be combined with language from H.R. 3417.

H.R. 2302, the “Protecting and Preserving Social Security Act,” introduced by Rep. Theodore Deutch (D-FL) still has only eight cosponsors, including Rep. Marcy Kaptur (D-OH). This bill, like the “Social Security 2100” bill, H.R. 860, would make improvements in the old-age, survivors, and disability insurance program and provide for Social Security benefit protection.

MEDICARE AND MEDICAID

Open enrollment for Medicare ends on December 7. The website, www.Medicare.gov, has information to assist with open enrollment, the selection of plans and local resources to help seniors. https://www.medicare.gov/ The date for open enrollment for federal Marketplace plans is December 15 and the website, https://www.healthcare.gov/, provides information for retirees that need to enroll in a federal health care plan on the Marketplace.

Neither H.R. 1346, the “Medicare Buy-In and Health Care Stabilization Act of 2019,” a bill with 48 Democratic cosponsors, to “amend title XVIII of the Social Security Act to provide for an option for individuals who are ages 50 to 64 to buy into Medicare,” or S. 470, the “Medicare at 50 Act,” with 20 Democratic cosponsors, the companion Senate bill that Senator Sherrod Brown (D-OH) has cosponsored, has advanced.

PRESCRIPTION DRUGS

On November 22, Rep. Dave Joyce (R-OH) introduced H.R. 5239, called the “Prescription Drug Price Reporting Act” to require reporting on prescription drug expenditures under group health plans and on prescription drug price changes. The companion bill in the Senate, S.1664, was introduced by Senator Rick Scott (R-FL). The bill would create a public, consumer-friendly federal database of drug pricing information and compels drug companies to explain any price increases. It has been referred to the Committee on Energy and Commerce. There are no cosponsors yet.

In the press release, Rep. Joyce said, “The high cost of prescription drugs is one of the biggest challenges facing our communities. On top of that, it’s next to impossible for patients to know the real cost of medications before they receive them. You wouldn’t buy a car – or make any other major purchase – without knowing how much it cost, so why do we force patients to make critical choices about their health without having that same information? The Prescription Drug Price Reporting Act brings accountability to our broken drug pricing system and combats the lack of transparency that has burdened Ohio families for far too long.”
H.R. 3, the “Elijah E. Cummings Lower Drug Costs Now Act,” has 104 cosponsors, however, the bill has not moved since the October markup in two Committees. This House bill and the Senate Committee on Finance bill have been debated for over two months and neither bill has been modified enough to provide incentive for the other party to endorse it. It sits in limbo as Congress decides how to negotiate a way forward for government funding. Several Republican and Democratic members of Congress expressed a desire to pass legislation to help Americans with the high cost of prescription drugs before the end of the year.

During my Hill visits on December 5-6, I will be meeting with Health Care Legislative Assistants and will ask the questions that SERS has about both bills. SERS has already determined that the current bills will require members to pay higher premiums or cost-sharing if either bill is passed as written.

H.R. 965, the “CREASE Act of 2019,” would “increase competition by cracking down on brand-name drug manufacturers using tactics to keep generic manufacturers from entering the market. The bill is cosponsored by 68 members, 55 Democrats and 13 Republicans including Reps. David Joyce (R-OH), Jim Jordan (R-OH) and Anthony Gonzalez (R-OH). The bill would enable generic drug companies to sue brand-name drug companies for withholding product samples. S. 340 is the identical Senate bill and has 37 cosponsors, including Senator Sherrod Brown (D-OH).

RETIREMENT SECURITY
Senator Rob Portman (R-OH) submitted an op-ed in The Hill on November 26, entitled, “The Time is Now to Pass the SECURE Act.” He said, in part:
[I]’ve introduced the Retirement Security and Savings Act with Sen. Cardin, which builds on the policies included in the Secure Act to further improve Americans’ opportunities to build retirement savings. This legislation includes major new reforms to allow individuals who have saved too little to set aside more for retirement, provide even more incentives for small businesses to offer retirement plans, expand access to retirement savings for low-income Americans, and provide more certainty and flexibility for Americans as they enter retirement. While I’m hopeful that we can pass this broader legislation soon, Congress shouldn’t pass on the chance to provide an immediate boost to the retirement security of the American people through the Secure Act.

The Secure Act passed the House nearly unanimously, and I know the support in the Senate can be just as strong. That’s why the time is now to pass this legislation and ensure that every American has the opportunity to save for a well-deserved retirement.

SECURITIES AND EXCHANGE COMMISSION (SEC)
On December 4, the SEC held a conference on “The State of Our Securities Markets.” Three areas of discussion were covered:

- Global macroeconomic trends and their impacts on our capital markets. Participants explored effects on markets arising from US and global monetary policy, fiscal policy (taxes), trade policy, regulation, Brexit, and other economic and geopolitical issues.
- Changes to the global equity and credit markets, including how today’s markets differ from those of the early 2000s. Panelists explored the dynamics, trends, and risks shaping tomorrow’s markets, including corporate debt levels and high yield debt, CLOs, the impact of economic growth slowdown in the U.S. and Europe, dynamics in China and Asia, bank risk, and relevant regulation.
- Market concentration and fragmentation within certain areas of the securities markets, including relevant causes and potential risks and effects. Panelists explored questions such as: Which aspects of the securities markets are becoming more concentrated? Which aspects are becoming more fragmented? What are the relevant causes and attendant risks? What are the implications of common ownership concentration for product market competition?

The full agenda and list of participants may be viewed here: https://www.sec.gov/dera/agenda-conference-state-our-securities-markets
During a speech on November 14, before his alma mater, the University of Pennsylvania, Chairman Jay Clayton spoke about the recent “modernization” effort at the SEC to ensure that its rules and procedures were in keeping with the needs of investors, companies and market participants. He said, in part:

We have approached modernization in a systematic manner, recognizing significant changes in, among other things: (1) communications technology and methods (the proxy is just one of many methods that shareholders, companies and other market participants use to communicate with and among each other); (2) the amount and type of institutional holdings (a majority of Main Street investors invest through funds); and (3) market practices (20 years ago, the business of providing proxy advice was virtually non-existent; today there are thousands of investment advisers managing trillions of dollars in assets for our retail investors, and many of these investment advisers contract with businesses to provide proxy voting advice).

In the Fall of 2018, we held a roundtable that brought together investors, issuers and other market participants who raised many issues in this area. We received significant public comment and helpful suggestions to improve our proxy voting system. In August of this year, the Commission took the first step to address these suggestions when it provided guidance to assist investment advisers in understanding and fulfilling their proxy voting responsibilities.

Last week, the Commission continued its focus on improving the proxy system with two proposals designed to increase the effectiveness and improve the credibility of our proxy process. The first is focused on full and fair disclosure of material conflicts by proxy advisory businesses as well as improving the accuracy of their solicitations. The second is aimed at enhancing the effectiveness of our shareholder proposal process and, in particular, the resubmission process which has not been significantly revised since 1954. And following our work on these proposals, I expect that the Commission will then address “proxy plumbing” and “universal proxy.”

The Chairman’s full remarks may be read here: https://www.sec.gov/news/speech/clayton-modernizing-our-regulatory-framework-111419

The SEC will host an open Commission meeting on December 18. The posted agenda notes that the “Commission will consider whether to approve the 2020 budget of the Public Company Accounting Oversight Board and the related annual accounting support fee for the Board under Section 109 of the Sarbanes-Oxley Act of 2002.”

REPORTS
The National Institute on Retirement Security (NIRS) issued a new report in November. The report is entitled, “State and Local Employees Views Their Jobs, Pay and Benefits.” NIRS said, “At a time when state and local governments are struggling to attract and retain employees to deliver vital taxpayer services, this new national poll finds that retirement and healthcare benefits are critically important job features, more so than salary.” The findings are based on research conducted by Greenwald & Associates.

The findings showed “nearly all state and local workers (93 percent) said that pensions incentivize public workers to have long public service careers, and 94 percent agreed that a pension is a good tool for attracting and retaining employees.” NIRS published additional fact sheets to provide information on the views of state and local employees, teachers, firefighters and law enforcement professionals.


NASRA updated its issue brief, “State and Local Government Spending on Public Employee Retirement Systems.” In the announcement, NASRA said the brief “identifies the percentage of state and local spending on pensions in each state for FY 17, the latest year for which complete data is available, and a projected aggregate rate of spending on pensions for FY 18.” The brief noted:
• The rate of spending in FY 17 was essentially unchanged from the prior year, dropping from 4.72 percent to 4.71 percent. Although slight, this decline marked the first decrease in pension spending since 2009. This reduction is especially notable in light of the improved effort among state and local governments in recent years to adequately fund their pension plans.

• We project that a substantial increase in employer pension contributions in FY 18 - approximately $160 billion in aggregate - will cause the percentage of spending on pensions to increase to 5.0 percent.

A copy of the issue brief may be read here: https://www.nasra.org/files/Issue%20Briefs/NASRACostsBrief.pdf

OTHER MATTERS OF INTEREST
On November 19, several Congressional members, including Reps. David Joyce (R-OH) and Michael Turner (R-OH) wrote to leadership in the House and Senate, to seek a renewed effort to fund infrastructure for the nation’s schools which “are a critical area of need. The public schools that strengthen our communities and fuel our competitive economy are deteriorating.” The signatories encouraged leadership to “advance student success by investing in the infrastructure of our nation’s public schools.” The letter may be read here: https://educationvotes.nea.org/wp-content/uploads/2019/11/Signer-Letter-to-Leadership-School-Construction-2019.pdf

NCPERS hosted a call on November 13 with representatives of public pension funds to discuss the Financial Transaction Tax (FTT) bills that have been introduced in the House and Senate, including H.R. 1516, S.1587 and S. 647. Chris Collins and I participated on the call. We discussed ways to calculate the potential cost of the FTT on pension funds and an effort to monitor the bills in 2020.

SERS provided information on its private equity holdings to the offices of Reps. Anthony Gonzalez (R-OH) and Joyce Beatty (D-OH) prior to a hearing on Tuesday, November 19. Both members serve on the Committee on Financial Services. The Committee held a hearing entitled, “America for Sale? An Examination of the Practices of Private Funds.” Part of the discussion related to the practices of private equity firms.

The U.S. Census Bureau issued a press release on December 3, relating to the number of students enrolled in U.S. schools. According to the release, “Overall enrollment in kindergarten through 12th grade in 2018 was 53.1 million, compared with 53.7 million enrolled in 2011. Enrollment in K-12 private schools was 4.4 million in 2018, not statistically different from the level in 2009, after having fallen by 20% from 2000 to 2009.” A copy of the full release may be viewed with this link: https://www.census.gov/newsroom/press-releases/2019/school-enrollment.html

ACTIVITIES:
1. Discussions related to Rep. Kaptur’s bill to seek cosponsors from the Ohio delegation and other states, especially Kentucky and Texas.
3. Provided information on the SERS’ private equity holdings to the offices of Reps. Anthony Gonzalez (R-OH) and Joyce Beatty (D-OH) prior to the November 19 hearing.
4. Set up and participated on a call with Aetna’s federal policy office representatives to discuss the House and Senate versions of lowering prescription drug bills.
5. Provided information to the office of Rep. Bob Latta, as follow up to the early November meeting, relating to the economic benefit of the SERS Wraparound Plan to District 5.
6. Followed up with AFSCME, Teamsters and AFL-CIO on efforts to extend wraparound plans.
7. Email follow up with organizations and pension peers asking for their support of the Wraparound Plans bill.
8. Over forty emails were sent to the members of the Committee on Ways and Means, to share the letter from Executive Director Stensrud on WEP reform. Emails were sent to stakeholder groups, the Ohio delegation and peers.
9. Conference calls with Chris Collins and Christi Pepe to discuss the Wraparound Plans bill.
10. Scheduled appointments for Hill visits on December 5-6.
11. Monitored bills from the Committees on Appropriations, Finance, Judiciary and others related to public pensions, retirement security, health care, prescription drugs, Social Security and kept informed of relevant House and Senate Committee hearings and witnesses.
12. Reviewed bills that were introduced by members of the Ohio delegation or other House/Senate members on issues that could impact SERS, retirement security and/or health care.
13. Reviewed public notices or proposed rules from the SEC, HHS/CMS and regulatory agencies.
14. Monitored organizations, such as the Social Security Administration, American Benefits Council, AARP and other entities on pension, investment, and/or health-care-related issues.

Continuing, Board Chair Catherine Moss asked Chief Investment Officer Farouki Majeed to present the Investment Report.

**INVESTMENT REPORT**

**Annual Portfolio Review – Fixed Income**
Senior Investment Officers Judi Masri and Jason Naber presented the annual review of Fixed Income portfolio. Ms. Masri reviewed sector exposures, net of fee performance and three year risk and returns. Mr. Naber discussed the FY2019 goals review. He also discussed historical spreads and Fixed Income outlook. Following comments, the Board thanked Ms. Masri and Mr. Naber for their presentation.

**Monthly Investment Report**
Mr. Majeed discussed the Investment report for the period ending October 31, 2019. The preliminary performance report as of November 30, 2019 was distributed to the Board for their information. As of October 31, 2019, the Fund was $14.77 billion with a FYTD return of 2.35%. Following comments, the Board thanked Mr. Majeed for the presentation.

**SUMMARY OF INVESTMENT TRANSACTIONS**
Barbra Phillips moved and James Haller seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of October 1, 2019 through October 31, 2019 hereby be approved. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

**A. PURCHASES**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Approximate Cost (in millions)</th>
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<tbody>
<tr>
<td>US Equities</td>
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<td>Non-US Equities</td>
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<tr>
<td>Fixed Income</td>
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<td>Multi-Asset Strategies</td>
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<td>Private Equity Capital Calls</td>
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<tr>
<td>Real Asset Capital Calls</td>
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<td>Opportunistic</td>
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<tr>
<td>Cash Equivalents</td>
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B. SALES

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Approximate Net Proceeds (in millions)</th>
<th>Approximate Gain/(Loss) (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equities</td>
<td>$163.5</td>
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<tr>
<td>Non-US Equities</td>
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<tr>
<td>Fixed Income</td>
<td>476.7</td>
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<td>Multi-Asset Strategies</td>
<td>78.7</td>
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<tr>
<td>Private Equity distributions</td>
<td>30.5</td>
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<td>Real Asset distributions</td>
<td>10.1</td>
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<tr>
<td>Opportunistic</td>
<td>4.8</td>
<td>(0.6)</td>
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<tr>
<td>Cash Equivalents</td>
<td>571.3</td>
<td>n/a</td>
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**EXECUTIVE DIRECTOR’S UPDATE**

**Ohio Retirement Study Council**
Executive Director Richard Stensrud reported that staff presented the SERS Disability Report in its new, standardized format at the December ORSC meeting held on December 12th. Mr. Stensrud further stated that the next ORSC meeting is scheduled for January 9, 2020.

**Advocacy Groups**
Mr. Stensrud stated that he and staff met with the SERO Board on Friday, December 6th, as part of SERS ongoing stakeholder outreach efforts, and that the main objective was to provide an update on the Sustainability Initiative.

Mr. Stensrud also noted that he met with OASBO Executive Director Jim Rowan on December 10th to discuss sustainability initiatives.

Mr. Stensrud reminded the Board that SERS’ annual Advocacy Group Roundtable is scheduled to take place on Friday, January 17, 2020, from 10 am to 12 pm.

**Sustainability Newsletter Mailing**
Mr. Stensrud stated that a four page newsletter with content devoted entirely to the sustainability initiatives is scheduled to be mailed to all retirees and active members at the end of December. Mr. Stensrud anticipates the entire membership should receive the newsletter by mid-January.

**Staff Charity Activity**
Mr. Stensrud noted that staff continues its charitable activities for the year. Again this year, staff made the holidays brighter for children and families in need by adopting them through the Salvation Army Angel Tree program. This year, staff purchased a total of 83 gifts for families in need.

Mr. Stensrud further noted that SERS’ IT staff organized a department cookie extravaganza for Toys for Tots; their seventh year raising money through this event. More than $640 was raised.
SB10 THEFT IN OFFICE PENALTIES Steve Wilson (R-Maineville) To expand the penalties for theft in office based on the amount stolen and to include as restitution audit costs of the entity that suffered the loss.

Current Status: 10/29/2019 - Re-Referred to Committee

HB326 PUBLIC EMPLOYEE RETIREMENT-DISABILITY BENEFIT Adam Miller (D – Columbus) To allow a Public Employees Retirement System or School Employees Retirement System disability benefit recipient elected to certain offices to continue receiving a disability benefit during the term of office.

Current Status: 11/12/2019 House Insurance, (First Hearing)

HCR13 GENDER REPRESENTATION Thomas West (D- Canton), Sara Carruthers (R-Hamilton) - To encourage equitable and diverse gender representation on the boards and in senior management of Ohio companies and institutions.

Current Status: 11/12/2019 House Civil Justice, (Second Hearing)

FEDERAL LEGISLATION BOARD REPORT
116th United States Congress
(Prepared by Chris Collins as of December 6, 2019)

H.R. 141
SPONSOR: Rep. Rodney Davis (R-IL)
LAST ACTIONS: House - 01/31/2019 Referred to the Subcommittee on Social Security
CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 231 co-sponsors; nine Ohioans

H.R. 748
SPONSOR: Rep. Joe Courtney (D-CT)
LAST ACTIONS: Senate - 07/22/2019 Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 157
CAPTION: Middle Class Health Benefits Tax Repeal Act of 2019

COMMENT: Repeals the health care “Cadillac Tax.” 369 co-sponsors; 14 Ohioans
H.R. 1398
SPONSOR:  Rep. Ami Bera (D-CA)
LAST ACTIONS:  House - 02/28/2019 Referred to the Subcommittee on Health.
CAPTION:  To delay the reimposition of the annual fee on health insurance providers until after 2021
COMMENT:  Delays the health care HIF tax. 162 co-sponsors; eight Ohioans

S. 521
SPONSOR:  Sen. Sherrod Brown (D-OH)
LAST ACTIONS:  Senate - 02/14/2019 Referred to Committee on Finance
CAPTION:  Social Security Fairness Act of 2019
COMMENT:  Repeals the GPO and WEP. 36 co-sponsors.

S. 684
SPONSOR:  Sen. Martin Heinrich (D-NM)
LAST ACTIONS:  Senate - 03/06/2019 Referred to the Committee on Finance
CAPTION:  To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage
COMMENT:  Repeals the health care “Cadillac Tax.”  62 co-sponsors; two Ohioans

H.R.3934
SPONSOR:  Rep. Kevin Brady (R-TX)
LAST ACTIONS:  House - 07/24/2019 Referred to the House Committee on Ways and Means.
CAPTION:  To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with non-covered employment, and for other purposes.
COMMENT:  43 co-sponsors; three Ohioans

H.R.4540
SPONSOR:  Rep. Richard Neal (D-MA)
LAST ACTIONS:  House - 09/27/2019 Referred to the House Committee on Ways and Means.
CAPTION:  To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with non-covered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.
COMMENT:  65 cosponsors

H.R.4763
SPONSOR:  Rep. Kaptur, Marcy (D-OH)
LAST ACTIONS:  House - 10/18/2019 Referred to the House Committee on Energy and Commerce.
CAPTION:  To extend the limited wraparound coverage pilot program for an additional 5 years, and for other purposes.
COMMENT:  Eight co-sponsors, all of whom are Ohioans
CAFR HIGHLIGHTS

Chief Financial Officer Tracy Valentino provided an overview of the FY2019 Comprehensive Annual Financial Report (CAFR), which includes financial, investment, actuarial, and other supplementary information.

Ms. Valentino noted the CAFR highlights completion of the five-year strategic plan, the Board’s sustainability discussions, federal advocacy to extend the Federal Marketplace Wraparound Program, technology upgrade, and expansion of SERS’ risk management functions. Ms. Valentino also briefly discussed state and federal legislative initiatives that will have an impact on SERS.

Concluding the presentation, the Board thanked Ms. Valentino and staff for their work on the CAFR.

ETHICS POLICY

General Counsel Joe Marotta stated the SERS Ethics Policy (“the Policy”) is subject to a biennial review for effectiveness. To that end, SERS Legal sent the Policy to the Ethics Commission (“the Commission”) for proposed edits/recommendations. The Commission recommended more explicitly setting forth the prohibitions found in R.C. 2921.42 (unlawful interests in public contracts), in addition to small technical clean-ups. SERS incorporated the Commission’s recommendations in the redlined Policy. Per the terms of the Policy, in addition to Commission approval, ORSC review of the changes is required. ORSC reviewed the Policy at its November 14th meeting and had no comments.

Ethics Policy

BD2-003

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<th>Effective Date:</th>
<th>10/1/2005</th>
<th>Revision Date:</th>
<th>12/19/2019</th>
<th>Audience:</th>
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<td>Owner:</td>
<td>Board</td>
<td>Certifier:</td>
<td>Richard Stensrud Lisa Morris</td>
<td>Co-Owner (s):</td>
<td>Executive</td>
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<tr>
<td>Document Links:</td>
<td>Purpose, Policy, Procedure, Definitions, Related Documents, Policy History</td>
<td></td>
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Purpose

It is the policy of the School Employees Retirement System (“System”) Board to carry out its mission in accordance with the strictest ethical guidelines and to ensure that Board Members and employees conduct themselves in a manner that fosters public confidence in the integrity of the System, its processes, and its accomplishments.

Policy

General Standards of Ethical Conduct

1. System Board Members and employees must, at all times, abide by protections
to the public embodied in Ohio’s ethics laws, as found in Chapters 102 and 2921. of the Ohio Revised Code, and as interpreted by the Ohio Ethics Commission and Ohio courts. (A copy of these laws is provided by the System, and receipt acknowledged, as required in R.C. 102.09(D)). Board Members and employees must conduct themselves, at all times, in a manner that avoids favoritism, bias, and the appearance of impropriety.

2. A general summary of the restraints upon the conduct of all Board Members and employees includes, but is not limited to, those listed below. No Board Member or employee shall:

a. Solicit or accept anything of value from anyone doing business with the Board or System;

b. Solicit or accept employment from anyone doing business with the Board or System, unless the Board Member or employee completely withdraws from any Board and System discretionary or decision-making activity regarding the party offering employment, and the Board approves the withdrawal in the case of a Board Member or the Executive Director of the System, and the Executive Director approves the withdrawal in the case of another employee;

c. Use his or her public position to obtain benefits for the Board Member or employee, a family member, or anyone with whom the Board Member or employee has a business or employment relationship;

d. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell goods or services to, the Board or System;

e. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell (except by competitive bid) goods or services to, any state agency other than the Board or System, unless the Board Member or employee first discloses the services or sales and withdraws from matters before the Board or System that directly affect officials and employees of the other state agency, as directed in R. C. 102.04;

f. Have an unlawful interest in a public contract as follows:

1. **Vote, authorize, recommend, or in any other way use his or her position to secure the investment of public funds when the Board Member or employee, a family member, or anyone with whom the Board Member or employee has a business or employment relationship, has an interest in, or will receive a fee from, the investment;** Hold or benefit from a contract with, authorized by, or approved by, the Board or System (the Ethics Law does except some limited stockholdings, and some contracts objectively shown as the lowest cost services, where all criteria under R.C. 2921.42 are met);

2. **Vote, authorize, recommend, or in any other way use his or her position to secure approval of a public Board or System contract (including employment or personal services) in which the Board Member or employee, a family member, or anyone with whom the Board Member or**
employee has a business or employment relationship, has an interest;

3. **During public service, and for one year after leaving public service, profit**
   from a Board or System contract authorized by the Board or the employee
   unless the contract was competitively bid and awarded to the best and
   lowest bidder;

4. **Have an interest in the profits or benefits of a Board or System contract;**

4-5. The Ethics Law does except some interests in a public contract
     when all criteria under R.C. 2921.42 are met including that the interest is
     disclosed in advance; stockholdings are limited; and, as to contracts, they
     are for necessary goods and services and are objectively shown as the
     lowest cost services.

f. **Solicit or accept honoraria (see R.C. 102.01(H) and 102.03(H)), except that**
   employees who are not financial disclosure filers may receive an honorarium
   only if the honorarium is paid in recognition of a demonstrable business,
   professional, or esthetic interest of the employee that exists apart from public
   office or employment, and is not paid by any person or other entity, or by a
   representative or association of those persons or entities, doing business with
   the Board or System;

g. **During public service, and for one year after leaving public service,**
   represent any person, in any fashion, before any public agency, with respect
   to a matter in which the Board Member or employee personally participated
   while serving with the Board or System;

h. **Use or disclose confidential information protected by law, unless appropriately**
   authorized;

i. **Use, or authorize the use of, his or her title, the name of the Board or System,**
   or the Board’s or System’s logo in a manner that suggests impropriety,
   favoritism, or bias by the Board or System, or the Board Member or
   employee;

j. **Solicit or accept any compensation, except as allowed by law, to perform his**
   or her official duties or any act or service in his or her official capacity; and

k. **No Board Member, state retirement system investment officer, or an**
   employee of the System whose position involves substantial and material
   exercise of discretion in the investment of System funds shall solicit or accept
   from any person, including a partnership of which the System is a partner,
   payment of actual travel expenses, including expenses incurred with the
   travel for lodging, meals, food, and beverages.

3. **In addition to complying with the restrictions in the Ethics Law and related**
   statutes, no Board Member of the System who is running for a position on the
   System Board shall:
a. Solicit or accept campaign contributions from any person or entity that the Board Member knows or has reason to know:

i. has a contract related to investment of the System’s funds;

ii. is marketing or otherwise attempting to secure business involving the System’s funds; or

iii. is an agent or acting on behalf of any person or entity described in (1) or (2).

b. Campaign contributions include contributions made to a campaign committee, political party, legislative campaign fund, political action committee, or political contributing entity on behalf of the Board Member.

4. For purposes of this policy:

a. “Anything of value” includes anything of monetary value, including, but not limited to, money, loans, gifts, food or beverages, social event tickets and expenses, travel expenses, golf outings, consulting fees, compensation, or employment. “Value” means worth greater than de minimis or nominal.

b. “Anyone doing business with the Board or System” includes, but is not limited to, any person, corporation, or other party that is doing or seeking to do business with, regulated by, or has interests before the Board or System, including anyone who is known or should be known to be an agent or acting on behalf of such a party, including any partnership of which the system is a partner, any person or entity that has a contract related to investment of the System’s funds, and any person marketing or otherwise attempting to secure business involving the System’s funds.

Financial Disclosure

1. Every Board Member or employee required to file a financial disclosure statement must file a complete and accurate statement with the Ethics Commission by May 15 of each year. Any Board Member or employee appointed to, or employed into a filing position after May 15 and required to file a financial disclosure statement must file a statement within ninety days of appointment or employment. However, if a Board Member is filling an unexpired term of an elected position, the Board Member must file their statement within fifteen days of being sworn into office.

Assistance

1. The Ethics Commission is available to provide advice and assistance regarding the application of the Ethics Laws and related statutes. The Commission can be contacted at (614) 466-7090. The Commission’s web site address is: www.ethics.ohio.gov.

2. Attached to this Policy is a Commission Fact Sheet titled “Helpful Ethics Guidance for State and Local Board and Commission Members” that provides useful guidance to Board Members and employees in complying with Ohio’s ethics laws. This Fact Sheet and others may be found at the Commission web
site. System counsel are available to answer questions regarding this policy.

**Penalties**

Failure of any Board Member or employee to abide by this Ethics policy, or to comply with the Ethics Laws and related statutes, will result in discipline, which may include dismissal, as well as any potential civil or criminal sanctions under the law.

**Evaluation and Changes**

This policy shall be evaluated for effectiveness by the Board of the School Employees Retirement System no less than biennially. The policy may be changed only by a majority vote of the Board, after approval by the Ethics Commission and review by the Ohio Retirement Study Council.

**Procedures**

None

**Definitions**

None

**Related Documents and Information**

- **Statutes:** Chapter 102, 2921.42, 2921.43102.02, 102.03
- **Rules:** N/A
- **Document Links:** Purpose, Policy, Procedure, Definitions, Related Documents, Policy History
- **Forms:** ---

**Policy History**

Version 1 – October 1, 2005 – Created – Approved by Board
Version 1 – October 18, 2007 – Reviewed by Board
Version 1 – October 15, 2009 – Reviewed by Board
Version 1 – October 20, 2011 – Reviewed by Board
Version 2 – October 18, 2013 – Edited – Approved by Board
Version 2 – October 15, 2015 – Reviewed by Board

**SERS ETHICS POLICY AMENDMENTS**

Barbra Phillips moved and Hugh Garside seconded to approve amendments to the SERS Ethics Policy as presented and discussed at the December 19, 2019 Board Meeting. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

**2020 QUALIFIED EXCESS BENEFIT PLAN BUDGET – QEBA**

Chief Finance Officer Tracy Valentino presented the Qualified Excess Benefit Plan Budget.
Ms. Valentino stated that SERS established a separate plan, effective January 2003, to provide for the payment of a retiree’s service retirement benefit that otherwise would have been payable by the System except for the limitations of Internal Revenue Code Section 415(b). This code section limits the amount of annual benefit that a defined benefit plan, such as SERS, can pay to a retiree. However, IRC §415(m) allows governments to set up a qualified excess benefit arrangement (QEBA) to pay the excess amount. SERS’ Qualified Excess Benefit Plan is funded on a calendar year basis from contributions from the retiree’s last employer. Estimated expenses for administering the plan are included in the annual funding request.

Each year a budget is prepared using the new IRS plan limits, calculating current QEBA recipients’ projected benefits, adding new QEBA recipients and projecting the cash balance remaining in the QEBA account at year end. For the plan year 2020, staff is requesting that $352,000 of employer contributions be assigned to the QEBA Fund.

2020 QUALIFIED EXCESS BENEFIT PLAN BUDGET (QEBA)

Barbra Phillips moved and Jeffrey DeLeone seconded the motion to assign $352,000 of employer contributions from the last employer of retirees covered by the SERS Qualified Excess Benefit Plan to the QEBA Fund for calendar 2020. The QEBA Fund is authorized to pay benefits of approximately $343,000 to qualified retirees; with the balance allocated to QEBA Fund operating expenses. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, and Catherine Moss. Abstain: Daniel Wilson. The motion carried.

ADMINISTRATIVE RULES

Associate General Counsel Susan Russell and Sr. Staff Counsel Dawn Viggiano discussed with the Board the filing of proposed amended administrative rules.

Four categories of resolutions on Administrative Rules are on the December Board Agenda.

I. Approval to final file with JCARR the following administrative rule:
   a. 3309-1-35 Health care

II. Approval to file with JCARR the following rules as no change rules under the five-year review of rules:
   a. 3309-1-20 Validity of marriage
   b. 3309-1-24 Ohio service credit and calculation of final average salary
   c. 3309-1-53 Rollover distribution and trustee-to-trustee transfers
   d. 3309-1-62 Retirement plan required by court order
   e. 3309-1-65 Medicare part B reimbursement account

III. Approval to file with JCARR the following proposed amended rule under the five-year review of rules:
   a. 3309-1-43 Service credit established under retirement incentive plan
      This rule governs an employer’s purchase of service credit under a retirement incentive plan. It has been amended to provide more detail of the existing process. These amendments include a provision that by signing the Employee’s Intent to Participate in Plan and Employer’s Acceptance of Liability form, the employer is committing to pay the cost of the service purchase, and provisions that the employee must both submit a valid retirement application within ninety days and have an effective retirement date that is within 90 days of receiving notice that credit has been purchased. Additional amendments make clear that certain fact scenarios shall result in the purchase being
cancelled and any money received refunded to the employer. The appendix forms have also been updated. Paragraph (E) has been deleted as employees do not retire under section 3309.33 of the Revised Code.

IV. Approval to file with JCARR the following proposed rescinded and new rules under the five-year review of rules:

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

This rule sets addresses the purchase of service credit by a deceased member’s surviving spouse or dependents. Due to the relative extent of the amendments, the existing rule is being rescinded and a new rule is being filed. It is being amended to clarify that the reference in R.C. 3309.451 to dependents refers to qualified child and qualified parent as defined in R.C. 3309.45. It has also been amended to make clear that once purchased, service credit shall be included in the member’s total service credit as of the member’s date of death, and that the purchase of credit by one qualified survivor will not delay the commencement of benefit payments to any other qualified survivor.

b. 3309-1-55 Responsibility for health care coverage

This rule specifies the circumstances under which SERS is responsible for providing health care coverage when an individual is eligible for health care coverage from more than one Ohio retirement system. Due to the numerous amendments, the rule must be rescinded and filed as a new rule.

The new rule expands the definition of available coverage beyond traditional group plans. The rule now includes any type of payment, stipend, or reimbursement provided for the purpose of obtaining health care coverage. References to coordination of coverage have also been removed. This is due in large part to Medicare restrictions that prohibit an individual from being enrolled in more than one plan. In addition, outdated provisions involving irrevocable waivers have been removed.
FINAL FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board the following proposed amended rule: 3309-1-35 Health care, that has been reviewed by JCARR and is ready for final adoption by the Board.

Barbra Phillips moved and Jeffrey DeLeone seconded that proposed amended rule 3309-1-35 be adopted. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

3309-1-35 Health care.

(A) Definitions

As used in this rule:

(1) "Benefit recipient" means an age and service retirant, disability benefit recipient, or a beneficiary as defined in section 3309.01 of the Revised Code, who is receiving monthly benefits due to the death of a member, age and service retirant or disability benefit recipient.

(2) "Member" has the same meaning as in section 3309.01 of the Revised Code.

(3) "Age and service retirant" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code. A former member with an effective retirement date after June 13, 1986 must have accrued ten years of service credit, exclusive of credit obtained after January 29, 1981 pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code.

(4) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.

(5) "Dependent" means an individual who is either of the following:

(a) A spouse of an age and service retirant, disability benefit recipient, or member,

(b) A biological, adopted or step-child of an age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member or other child in a parent-child relationship in which the age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member has or had custody of the child, so long as the child:

(i) Is under age twenty-six, or

(ii) Regardless of age is permanently and totally disabled, provided that the disability existed prior to the age and service retirant’s, disability benefit recipient’s, or member’s death and prior to the child reaching age twenty-six. For purposes of this paragraph “permanently and totally disabled” means the individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve months.

(6) "Health care coverage" means either of the following group plans offered by the system:

(a) A medical and prescription drug plan;

(b) Limited wraparound coverage, which provides limited benefits that wrap around an
individual health insurance plan; or

(c) An excepted benefit health reimbursement arrangement, which provides reimbursement of medical expenses incurred under an individual health insurance plan.

(7) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for health care coverage for the recipient or the recipient's eligible dependents.

(8) "Employer" and "public employer" have the same meaning as in section 3309.01 of the Revised Code.

(B) Eligibility

(1) A person is eligible for health care coverage under the school employees retirement system's health care plan so long as the person qualifies as one of the following:

(a) An age and service retirant or the retirant's dependent,
(b) A disability benefit recipient or the recipient's dependent,
(c) The dependent of a deceased member, deceased age and service retirant, or deceased disability benefit recipient, if the dependent is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code,
(d) The dependent child of a deceased member, deceased disability benefit recipient, or deceased age and service retirant if the spouse is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code and the spouse elects to be covered.

(2) Eligibility for health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of this rule, except that a dependent described in paragraph (A)(5)(b)(i) of this rule shall cease to qualify on the first day of the calendar year following the dependent's twenty-sixth birthday.

(3) Except for a dependent described in paragraph (A)(5)(b) of this rule, eligibility for health care coverage shall terminate when the person is not enrolled in medicare part B and on or after January 1, 2016 commences employment that provides access to a medical plan with prescription coverage through the employer, or if employees of that employer in comparable positions have access to a medical plan available through the employer, provided the medical plan with prescription drug coverage available through the employer is equivalent to the medical plan with prescription coverage at the cost available to fulltime employees as defined by the employer. For purposes of this paragraph, employer means a public or private employer.

(C) Enrollment

(1) Except as otherwise provided in this rule, an eligible benefit recipient may enroll in school employees retirement system's health care coverage only at the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefits pursuant to section 3309.45 of the Revised Code.

(2) An eligible spouse of an age and service retirant or disability benefit recipient may only be enrolled in the system's health care coverage at the following times:

(a) At the time the retirant or disability benefit recipient enrolls in school employees retirement system's health care coverage.
(b) Within thirty-one days of the eligible spouse's:
(i) Marriage to the retirant or disability benefit recipient;

(ii) Voluntary or involuntary termination of health care coverage under medicaid; or

(iii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.

(c) Within ninety days of becoming eligible for medicare.

(3) An eligible dependent child of an age and service retirant, disability benefit recipient, or deceased member may be enrolled in the system's health care coverage at the following times:

(a) At the time the retirant, disability benefit recipient, or surviving spouse enrolls in school employees retirement system's health care coverage.

(b) Within thirty-one days of the eligible dependent child's:

(i) Birth, adoption, or custody order; or

(ii) Voluntary or involuntary termination of health care coverage under medicaid;

(iii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.

(c) Within ninety days of becoming eligible for medicare.

(D) Cancellation of health care coverage

(1) Health care coverage of a person shall be cancelled when:

(a) The person's eligibility terminates as provided in paragraph (B)(2) of this rule;

(b) The person's eligibility terminates as provided in paragraph (B)(3) of this rule;

(c) The person's health care coverage is cancelled for default as provided in paragraph (F) of this rule;

(d) The person's health care coverage is waived as provided in paragraph (G) of this rule;

(e) The person's health care coverage is cancelled due to the person's enrollment in a medicare advantage plan or medicare part D plan as provided in paragraph (H) of this rule;

(f) The health care coverage of a dependent is cancelled when the health care coverage of a benefit recipient is cancelled; or

(g) The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section 3309.45 of the Revised Code, division (F) of section 3309.39 of the Revised Code, division (D) of section 3309.41 of the Revised Code, or division (D) of section 3309.392 of the Revised Code.

(E) Effective date of coverage

(1) The effective date of health care coverage for persons eligible for health care coverage as set forth in paragraph (B) of this rule shall be as follows:

(a) For a disability benefit recipient or dependent of a disability benefit recipient, health care
coverage shall be effective on the first of the month following the determination and recommendation of disability to the retirement board or on the benefit effective date, whichever is later.

(b) For an age and service retiree or dependent of an age and service retiree, health care coverage shall be effective on the first of the month following the date that the retirement application is filed with the retirement system or on the benefit effective date, whichever is later.

(c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retiree, health care coverage shall be effective on the effective date of the benefit if the appropriate application is received within three months of the date of the member's or retiree's death, or the first of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retiree's death.

(F) Premiums

1. Payment of premiums for health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.

2. Premium payments billed to a benefit recipient shall be deemed in default after the unpaid premiums for coverage under this rule and supplemental health care coverage under rule 3309-1-64 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums. The retirement system shall send written notice to the benefit recipient that payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage.

3. After cancellation for default, health care coverage can be reinstated as provided in paragraph (I) of this rule, or upon submission of an application for reinstatement supported by medical evidence acceptable to SERS that demonstrates that the default was caused by the benefit recipient's physical or mental incapacity. "Medical evidence" means documentation provided by a licensed physician of the existence of the mental or physical incapacity causing the default. Health care coverage reinstated after termination for default shall be effective on the first of the month following the date that the application for reinstatement is approved and payment for the total amount in default is received.

4. A person enrolled in SERS' health care plan cannot receive a premium subsidy unless that person is:

   (a) A dependent child.

   (b) An age and service retiree:

      (i) An age and service retiree with an effective retirement date before August 1, 1989; or

      (ii) An age and service retiree with an effective retirement date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or

      (iii) An age and service retiree with an effective retirement date on or after August 1, 2008 who had earned twenty years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and
3309.33 of the Revised Code, and who;

(a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.

(c) A disability benefit recipient:

(i) A disability benefit recipient with an effective benefit date before August 1, 2008; or

(ii) A disability benefit recipient with an effective benefit date on or after August 1, 2008 who:

(a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.

(d) A spouse:

(i) A spouse or surviving spouse of an age and service retiree or disability benefit recipient with an effective retirement date or benefit date before August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;

(ii) A spouse or surviving spouse of an age and service retiree or disability benefit recipient with an effective retirement date or benefit date on or after August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:

(a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.

(iii) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date before August 1, 2008; or

(iv) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date on or after August 1, 2008, and the member;

(a) Was eligible to participate in the health care plan of his or her employer at the time of death or separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding the member’s death or
separation from SERS service.

(e) For purposes of determining eligibility for a subsidy under paragraph (F)(4) of this rule, when the last contributing service of an age and service retirant, disability benefit recipient, or member was as an employee as defined by division (B)(2) of section 3309.01 of the Revised Code, the health care plan participation requirement shall be if the individual would have been eligible for the public employer's health care plan if the individual were an employee as defined by division (B)(1) of section 3309.01 of the Revised Code.

(f) Any other individual covered under a SERS health care plan shall be eligible for a premium subsidy under the standard set forth for spouses.

(g) In all cases of doubt, the retirement board shall determine whether a person enrolled in a SERS health care plan is eligible for a premium subsidy, and its decision shall be final.

(G) Waiver

(1) A benefit recipient may waive health care coverage by completing and submitting a SERS waiver form to SERS.

(2) The health care coverage of a benefit recipient's dependent may be waived as follows:

   (a) For non-medicare eligible dependents, the benefit recipient may waive their coverage by completing and submitting a signed written request to SERS on their behalf.

   (b) For medicare eligible dependents, the dependent may waive their coverage by completing and submitting a signed written request to SERS.

(H) Medicare advantage or medicare part D

SERS shall cancel the health care coverage of a benefit recipient or dependent who enrolls in a medicare advantage or medicare part D plan that is not offered by the system.

(I) Reinstatement to SERS health care coverage

(1) An eligible benefit recipient, or dependent of a benefit recipient with health care coverage, whose coverage has been previously waived or cancelled may be reinstated to SERS health care coverage by filing a health care enrollment application as follows:

   (a) The application is received no later than ninety days after becoming eligible for medicare. Health care coverage shall be effective the later of the first day of the month after becoming medicare eligible or receipt of the enrollment application by the system;

   (b) The application is received no later than thirty-one days after voluntary or involuntary termination of coverage under medicaid. Health care coverage shall be effective the later of the first day of the month after termination of coverage or receipt of proof of termination and the enrollment application by the system; or

   (c) The application is received no later than thirty-one days after involuntary termination of coverage under another plan, medicare advantage plan, or medicare part D plan with proof of such termination. Health care coverage shall be effective the later of the first day of the month after termination of the other plan or receipt of proof of termination and the enrollment application by the system.

(2) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(g) of this rule shall be reinstated to SERS health care plan when benefit payments are reinstated.
(3) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(b) of this rule may be reinstated to SERS health care plan when they no longer have access to the medical plan of an employer by filing a health care enrollment application within thirty-one days of the employment ending.

(4) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled and who is enrolled in medicare parts A and B or medicare part B only on December 31, 2007 may be reinstated to SERS health care coverage by filing a healthcare enrollment application during the period of time beginning October 1, 2007 and ending November 30, 2007. Health care coverage shall be effective January 1, 2008.

(5) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled pursuant to paragraph (H) of this rule and who is enrolled in medicare parts A and B or medicare part B only on June 30, 2009 may be reinstated to SERS health care coverage by filing a health care enrollment application during the period of time beginning May 21, 2009 and ending July 15, 2009.

(6) An eligible benefit recipient who had an effective retirement or benefit date on or after August 1, 2008, who qualifies for a premium subsidy under paragraph (F)(4) of this rule, and whose coverage has previously been waived as provided in paragraph (G) of this rule, may be reinstated to school employees retirement system health care coverage by submitting a complete health care enrollment application on or before December 14, 2012. Health care coverage shall be effective January 1, 2013.

(7) An eligible benefit recipient for whom SERS is transferring funds to another Ohio retirement system in accordance with paragraph (G) of rule 3309-1-55 of the Administrative Code may be reinstated to SERS health care coverage by submitting a health care enrollment application during open enrollment periods for health care coverage starting January 1, 2015 or January 1, 2016.

(J) Medicare part B

(1) A person who is enrolled in SERS' health care shall enroll in medicare part B at the person's first eligibility date for medicare part B.

(2)

(a) The board shall determine the monthly amount paid to reimburse an eligible benefit recipient for medicare part B coverage. The amount paid shall be no less than forty-five dollars and fifty cents, except that the board shall make no payment that exceeds the amount paid by the recipient for the coverage.

(b) As used in paragraph (J) of this rule, an "eligible benefit recipient" means:

(i) An eligible person who was a benefit recipient and was eligible for medicare part B coverage before January 7, 2013, or

(ii) An eligible person who is a benefit recipient, is eligible for medicare part B coverage, and is enrolled in SERS' health care.

(3) The effective date of the medicare part B reimbursement to be paid by the board shall be as follows:

(a) For eligible benefit recipients who were a benefit recipient and were eligible for medicare B coverage before January 7, 2013 the later of:

(i) January 1, 1977; or
(ii) The first of the month following the date that the school employees retirement system received satisfactory proof of coverage.

(b) For eligible benefit recipients not covered under paragraph (J)(3)(a) of this rule, the later of:

(i) The first month following the date that the school employees retirement system received satisfactory proof of coverage, or

(ii) The effective date of SERS health care.

(4) The board shall not:

(a) Pay more than one monthly medicare part B reimbursement when a benefit recipient is receiving more than one monthly benefit from this system; nor

(b) Pay a medicare part B reimbursement to a benefit recipient who is eligible for reimbursement from any other source.

HISTORY: 5/3/19, 10/13/16, 8/13/15, 12/4/14, 7/12/14, 1/1/14, 3/8/13, 1/7/13 (Emer.), 9/30/12, 8/14/11, 9/26/10, 7/1/10 (Emer.), 6/11/10, 8/10/09, 5/22/09 (Emer.), 1/8/09, 8/8/08, 12/24/07, 9/28/07 (Emer.), 3/1/07, 1/2/04, 6/13/03, 11/9/98, 8/10/98, 1/2/93, 7/20/89, 3/20/80, 1/1/77

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.69
Review Date: 2/1/24
Legal Counsel discussed with the Retirement Board filing with JCARR the following rules as no change rules: 3309-1-20 Validity of marriage; 3309-1-24 Ohio service credit and calculation of final average salary; 3309-1-53 Rollover distribution and trustee-to-trustee transfers; 3309-1-62 Retirement plan required by court order; and 3309-1-65 Medicare part B reimbursement account.

Barbra Phillips moved and James Haller seconded that rules 3309-1-20, 3309-1-24, 3309-1-53, 3309-1-62, and 3309-1-65 be filed with JCARR as no change rules as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

3309-1-20 Validity of marriage.

(A) For purposes of this rule, "age and service retirant" and "disability benefit recipient" have the same meaning as defined in rule 3309-1-35 of the Administrative Code, and "retirant" has the same meaning as defined in division (G) of section 3309.01 of the Revised Code.

(B) For the purpose of qualifying for, or receiving, any benefit as a spouse under Chapter 3309. of the Revised Code, the member’s or retirant’s marriage must be recognized by the state of Ohio. The school employees retirement board shall accept the following as proof of marriage:

(1) A marriage certificate; or

(2) In the absence of a marriage certificate, a decision rendered by a court, having jurisdiction in the state in which the member or retirant was domiciled at the time of death, that the relationship constituted a valid marriage at time of death, or the "spouse" would have the same status as a widow or widower for purposes of sharing in the distribution of the member's or retirant's intestate personal property if not otherwise prohibited by section 3105.12 of the Revised Code.

(C) For any retirant or disability benefit recipient legally married in another state before June 26, 2015 whose marriage became recognized in the state of Ohio beginning on that date, the following rules apply:

(1) If a retirant makes an election under division (E)(3) of section 3309.46 of the Revised Code, the election must be made before June 26, 2016;

(2) An eligible age and service retirant or disability benefit recipient may enroll themself and may enroll a spouse in the system’s health care plan at any time between August 1, 2015 and November 30, 2015.

(3) The surviving spouse of a deceased age and service retirant who is receiving a benefit pursuant to section 3309.46 of the Revised Code may enroll in the system's health care plan at any time between August 1, 2015 and November 30, 2015.

Effective: 10/4/2015
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.44, 3309.45
Prior Effective Dates: 12/24/76, 5/8/04, 8/14/04, 4/3/09, 4/10/14

3309-1-24 Ohio service credit and calculation of final average salary.
Service credit that is purchased or obtained under section 3309.022, 3309.474, 3309.73, 3309.731, or 3309.75 of the Revised Code, shall be used in determining eligibility for a retirement allowance or a benefit as provided in Chapter 3309. of the Revised Code, including the calculation of the member's final average salary and total service credit in the school employees retirement system.

Effective: 4/1/2016
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.022, 3309.474, 4409.73, 3309.731, 3309.75

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

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

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

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

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

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

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

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

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

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

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

Effective: 4/1/2016
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.021, 3309.022, 3309.26, 3309.301, 3309.31, 3309.311, 3309.41, 3309.451, 3309.46, 3309.473, 3309.474, 3309.73, 3309.731, 3309.75
Prior Effective Dates: 3/7/97, 5/2/01, 5/11/06, 6/1/07, 12/24/07, 4/30/09, 1/7/13 (Emer.), 3/8/13, 10/18/13 (Emer), 1/6/14

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

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

Effective: 4/1/2016
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.46
Prior Effective Dates: 10/27/06

3309-1-65  Medicare part B reimbursement account.

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

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

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

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

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

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

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

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

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

Effective: 1/15/2016
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.03, 3309.60, 3309.69
Prior effective dates: 10/30/15
Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-43 Service credit established under retirement incentive plan.

Barbra Phillips moved and Jeffrey DeLeone seconded that proposed amended rule 3309-1-43 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

Authority provided in section 3309.33 of the Revised Code as enacted in Substitute H.B. 410 in the 115th General Assembly.

(A) Upon adoption of a retirement incentive plan in accordance with section 3309.33 of the Revised Code, the employer shall notify the school employees retirement system on an official form approved by the school employees retirement board and attached as an appendix to this rule.

(B) The cost to the employer for each year of credit purchased will be determined by factors recommended by the school employees retirement system actuary which yield an amount equal to the additional liability of the amount purchased. Actuarial cost will be revised no more than once annually and shall apply only to new credit established after such revision is approved by the school employees retirement board.

(C)

(1) Employers may make equal payments to the school employees retirement system for the cost of the year or years of credit purchased over the number of years equal to the number of years purchased under the employer adopted plan.

After the thirtieth of June of the year in which the service is purchased, interest, compounded annually, shall be calculated on the remaining payments at the rate established for other purchased credit.

(2) Purchase of partial years is not permitted.

(3) Notwithstanding paragraph (C)(1) of this rule, governing authorities of community schools shall pay the cost of the service credit purchased in one payment made within thirty days of receipt from SERS the service credit purchased in one payment made within thirty days of receipt from SERS the retirement system of the calculated cost.

(D)

(1) An employee may initiate action to retire under the locally adopted retirement incentive plan in accordance with section 3309.33 of the Revised Code by completing the employee section of the form adopted by the school employees retirement board, attached as an appendix to this rule, and filing such form with the employer.

(2) Upon receipt of the form, the employer must complete the employer section of the form. Subsequently, the form must be completed by the employer and filed with the school employees retirement system board within ninety days of the effective date of retirement. In no event shall the employer file the form later than the earlier of the last day of the month preceding the employee’s date of retirement or the expiration date of the plan. The employer’s completion of the employer portion of the form constitutes the employer’s acceptance of liability for the cost of the additional service credit. The effective date of the purchase of service under a retirement incentive plan shall be the date the retirement system receives the completed form.
(3) Upon receipt of the completed form, the retirement system shall notify the employee by letter that service credit has been purchased for the employee under the retirement incentive plan. The date of this letter shall constitute the date the employee received notice that service credit has been purchased for the employee.

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

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

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

For purposes of section 3309.33 of the Revised Code and this rule, the effective date of the purchase of service under a retirement incentive plan shall be the date SERS receives the completed form.

(E) Employees who retire under section 3309.33 of the Revised Code shall not forfeit any rights or privileges provided in rules of Chapter 3309-1 of the Administrative Code in existence at the time of retirement.

Effective:4/1/2016
Five Year Review (FYR) Dates:01/05/2016 and02/01/2020
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.33
Prior Effective Dates: 9/6/83(Emer)
EARLY RETIREMENT INCENTIVE

NOTICE OF ADOPTION OF
AN EARLY RETIREMENT INCENTIVE PLAN

This is to certify that_____________________________ has established a retirement incentive plan in accordance with Section 3309.33 of the Ohio Revised Code.

The effective date of the incentive plan is________________________, and the plan terminates on________________________.

The maximum service credit purchasable under our plan is_____year(s) per employee. The last date an employee can retire with Early Retirement Incentive credit is________________________.

Employer Name ________________________________

Employer ID ________________________________

Authorized By:

Fiscal Officer:______________________________ Date: ________________

Signature

______________________________ Title: ______________________________

Printed Name

Phone ______________________________

EMP-7028 Rev. 02/2013
EARLY RETIREMENT INCENTIVE

EMPLOYEE’S INTENT TO PARTICIPATE IN PLAN
AND EMPLOYER’S ACCEPTANCE OF LIABILITY

I, ____________________________, Employee Name
__________________________, Social Security Number

hereby request service credit be purchased for me under the Early Retirement Incentive plan adopted in accordance with Section 3309.33 of the Ohio Revised Code. I have attained age 57 and understand that I must retire within 90 days after receipt of notice from the School Employees Retirement System of Ohio (SERS) that service credit has been purchased in my behalf or I will forfeit the right to such credit.

I authorize release of necessary information by SERS to my employer in connection with the retirement incentive plan.

Signature ____________________________ Date __________

EMPLOYER PORTION

The above named employee is considering retirement under our retirement incentive plan. The effective date of retirement will be ____________

DATE

Please certify the total cost of purchasing ____________ year(s) of service for the above named employee. ____________________ NUMBER OF YEARS

We accept the liability for purchase of the above listed service credit.

Signature ____________________________ District Name ____________________________

AUTHORIZED OFFICER

Date ____________________________ District Number ____________________________

Address ____________________________

Phone (___) ____________________________

This form should be submitted no earlier than 90 days before the employee’s retirement date, and no later than the earlier of the retirement date or expiration date of the plan.
FIVE YEAR REVIEW AND FILING OF PROPOSED RESCINDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-37 Surviving spouse or dependent may purchase credit.

Barbra Phillips moved and Jeffrey DeLeone seconded that proposed rescinded rule 3309-1-37 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

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

(A) For purposes of this rule, “dependent” means a “child” or “parent” as those terms are defined in division (A) of section 3309.44 of the Revised Code.

(B) The spouse or eligible dependent(s) of a member who died prior to receipt of a disability benefit or service retirement may purchase any service credit that the member would have been eligible to purchase had the member not died. Eligibility shall be determined upon receipt of a written request from the spouse or eligible dependent.

(C) The benefit payment shall begin on the first of the month following the date of purchase or restoration of service credit under this rule. If the purchase or restoration of service credit is not necessary to be eligible to receive a benefit under division (A) of section 3309.45 of the Revised Code, the retirement system shall issue a retroactive payment for the period the benefit was payable prior to the date of purchase or restoration.

(D) Any purchase or restoration of service credit under section 3309.451 of the Revised Code must be completed before receipt of the first benefit payment by the spouse or eligible dependent.

(E) The service credit to be purchased under this rule shall be granted in accordance with the laws and policies of the school employees retirement system in effect at the time of purchase.

Effective: 4/1/2016
Five Year Review (FYR) Dates: 01/05/2016 and 02/01/2020
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.451
Prior Effective Dates: 12/24/76, 1/2/93
Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-37 Surviving spouse or dependent may purchase credit.

Barbra Phillips moved and Jeffrey DeLeone seconded that proposed new rule 3309-1-37 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

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

(A) For purposes of section 3309.451 of the Revised Code and this rule, "dependent" means a "qualified child" or "qualified parent" as those terms are defined in division (B)(2) of section 3309.45 of the Revised Code.

(B)

(1) A spouse or dependent of a deceased member who wants to purchase service credit pursuant to section 3309.451 of the Revised Code must deliver a written request to purchase service to the school employees retirement system before they receive payment of a benefit under section 3309.44 or 3309.45 of the Revised Code.

(2) Eligibility shall be determined upon receipt of a written request.

(3) Service credit shall be purchased in accordance with the laws and policies of the retirement system in effect at the time of purchase.

(4) Benefit payments shall commence on the first of the month following the date the purchase of service credit is completed.

(C) Service credit purchased under section 3309.451 of the Revised Code shall be included in the member's total service credit as of the member's date of death.

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

Effective: 4/1/2016
Five Year Review (FYR) Dates: 01/05/2016 and 02/01/2020
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.451
Prior Effective Dates: 12/24/76, 1/2/93
FIVE YEAR REVIEW AND FILING OF PROPOSED RESCINDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-55 Responsibility for health care coverage.

Barbra Phillips moved and Jeffrey DeLeone seconded that proposed rescinded rule 3309-1-55 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

3309-1-55 Responsibility for health care coverage.

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

(B) For the purpose of this rule:

(1) "Age and service retirant" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code.

(2) "Cost paid by the benefit recipient" means the amount equal to the percentage as of January 1, 1998 paid by the benefit recipient multiplied by the system's cost per benefit recipient.

(3) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.

(4) "Eligible benefit recipient" means an age and service retirant, disability or survivor benefit recipient who is eligible for health care coverage under this system.

(5) "Eligible dependent" means an eligible spouse or child of an eligible benefit recipient.

(6) "Health care coverage" means the medical plan and the prescription drug plan offered by this system and the medicare part B premium reimbursement.

(7) "Ohio retirement system" means public employees retirement system, state teachers retirement system, school employees retirement system, Ohio police and fire pension fund, or highway patrol retirement system.

(8) "Survivor benefit recipient" means a beneficiary receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code.

(C) Health care coverage provided by this retirement system under sections 3309.69 and 3309.375 of the Revised Code shall pay covered medical expenses for eligible benefit recipients of this retirement system prior to payment under any available coverage from another Ohio retirement system if the available coverage is provided to the individual as the spouse or dependent of another person.

(D) Health care coverage provided by this system shall pay only the covered medical expenses not paid or reimbursed by any available coverage from another Ohio retirement system if either of the following occur:

(1) In the case of an eligible benefit recipient, the available coverage is not provided as a dependent of another person, and has been in effect for a longer time than the health care coverage provided by this system;

(2) In the case of a dependent, the available coverage is not provided as the dependent of another person or is provided as the dependent of another person but has been in effect for a longer time than the health care coverage provided by this system.

(E) Except as otherwise provided in this rule, the school employees retirement system shall not be the
system responsible for health care coverage for eligible benefit recipients or eligible dependents of eligible benefit recipients of this system who waive or are otherwise eligible for any available coverage from another Ohio retirement system after December 31, 2007.

(F) Each eligible benefit recipient and eligible dependent enrolled in health care coverage provided by this system shall annually make a report to the system or, an entity designated by the system, stating whether the person has other available coverage. The report shall include any information requested by the system or entity.

(G)

(1) If an eligible benefit recipient of this system who also was an eligible benefit recipient of another Ohio retirement system irrevocably waived such health care coverage in this system on or before December 31, 2007 in order to be covered by the other Ohio retirement system, this system shall transfer to the other system annually for covered benefit recipients and dependents for each month covered an amount equal to the sum of:

(a) The lesser of this system’s average monthly medical including health maintenance organization cost per benefit recipient less the cost paid by the benefit recipient, or the other system’s average monthly medical cost including health maintenance organization cost per benefit recipient.

(b) The lesser of this system’s average monthly cost of the prescription drug program per benefit recipient, or the other system’s average monthly cost of the prescription drug program per benefit recipient.

(c) The lesser of the monthly cost of the medicare part B premium that would be reimbursed by this system for the benefit recipient, or the monthly cost of the medicare part B premium that would be reimbursed by the other system for the benefit recipient.

(2) This system shall transfer the amounts due pursuant to paragraph (G)(1) of this rule no later than the last business day of February each year for the preceding calendar year after the following occur:

(a) This system receives from the other system a list containing the names of benefit recipients and the number of months during which the recipients were covered by the other system for the preceding calendar year; and

(b) This system prepares an itemized accounting of the amount transferred for each such benefit recipient.

(H) Where an eligible benefit recipient or dependent of an eligible benefit recipient of this system has waived health care coverage in another Ohio retirement system on or before December 31, 2007, this system shall be responsible to provide health care coverage only if the other system pays annually to this system for covered benefit recipients and dependents for each month covered an amount equal to the sum of:

(1) The lesser of this system’s average monthly medical including health maintenance organization cost per benefit recipient less the cost paid by the benefit recipient, or the other system’s average monthly medical cost including health maintenance organization cost per benefit recipient.

(2) The lesser of this system’s average monthly cost of the prescription drug program per benefit recipient, or the other system’s average monthly cost of the prescription drug program per benefit recipient.

(3) The lesser of the monthly cost of the medicare part B premium that would be reimbursed by this system for the benefit recipient, or the monthly cost of the medicare part B premium that
would be reimbursed by the other system for the benefit recipient.

(I)

(1)

(a) Paragraph (G) of this rule is rescinded effective January 1, 2016.

(b) This system shall transfer the amounts due pursuant to paragraph (G)(1) of this rule for calendar year 2015 no later than the last business day of February 2016 after the following occur:

   (i) This system receives from the other system a list containing the names of benefit recipients and the number of months during which the recipients were covered by the other system for the preceding calendar year; and

   (ii) This system prepares an itemized accounting of the amount transferred for each such benefit recipient.

(2) Paragraph (H) of this rule is rescinded effective January 1, 2016.

(J) Except as otherwise provided in this rule, where an eligible benefit recipient’s benefit effective date in this system is the same date as the benefit effective date in another Ohio retirement system, this system shall not be the system responsible for health care coverage if the benefit recipient has less service credit in this system than in the other system. Where the benefit effective dates and service credit are the same in each system, this system shall not be the system responsible for health care coverage if the employee contributions in the account upon which the benefit in this system is based are less than the employee contributions in the account upon which the benefit in the other system is based.
FIVE YEAR REVIEW AND FILING OF PROPOSED NEW ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-55 Responsibility for health care coverage.

Barbra Phillips moved and Jeffrey DeLeone seconded that proposed new rule 3309-1-55 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

3309-1-55 Responsibility for health care coverage.

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

(B) For the purpose of this rule:

(1) "Age and service retirant" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code.

(2) "Available coverage" means any of the following provided by another Ohio retirement system: a group plan, or a payment, stipend, or reimbursement provided for the purpose of obtaining medical or prescription drug coverage. Coverage shall be considered available if the individual is eligible for the coverage, regardless of whether the individual waived or declined to accept or enroll in the coverage. Coverage shall not be considered available if only provided as a dependent of another person.

(3) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.

(4) "Survivor benefit recipient" means a beneficiary receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code.

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

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

(1) The individual is only eligible for health care coverage from this system as a dependent of an eligible benefit recipient; or

(2) The individual is an age and service retirant or disability benefit recipient in both this system and another Ohio retirement system and the benefit recipient has less service credit in this system than in the other system. Where the service credit is the same in each system, the individual may not enroll in this system’s health care coverage if the employee contributions in the account upon which the benefit in this system is based are less than the employee contributions in the account upon which the benefit in the other system is based.
(3) The individual is a survivor benefit recipient in this system and receiving an age and service retirement or disability benefit from another Ohio retirement system; or

(4) The individual is a survivor benefit recipient in both this system and another Ohio retirement system and the benefit effective date in this system is later than the benefit effective date in the other system.

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

Effective: 4/1/2016
Five Year Review (FYR) Dates: 01/05/2016 and 02/01/2020
Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.375, 3309.69
Prior Effective Dates: 8/10/98, 5/2/01, 3/1/07, 12/10/09, 1/7/13, 7/12/14
CERTIFICATION OF CANDIDATE – EMPLOYEE MEMBER SEAT

Barbra Phillips moved and Jeffrey DeLeone seconded that having met the eligibility requirements of Chapter 3309 of the Ohio Revised Code, and having received sufficient and proper petitions to meet the requirements of Section 3309.07 of the Ohio Revised Code, Matthew King is certified as nominated to run for the employee member seat for the term July 1, 2020 to June 30, 2024. In accordance with Section 3309.071 of the Ohio Revised Code, since only one candidate has been nominated by petition for the open seat, no election is required. Matthew King shall take office as if elected for the term July 1, 2020 to June 30, 2024. In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State’s Office has reviewed the certification that Matthew King is qualified to run for the employee member seat. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Barbra Phillips, Daniel Wilson and Catherine Moss. Abstain: Matthew King. The motion carried.

CERTIFICATION OF CANDIDATES – RETIREE MEMBER SEAT

Barbra Phillips moved and Jeffrey DeLeone seconded that having met the eligibility requirements of Chapter 3309 of the Ohio Revised Code, and having received sufficient and proper petitions to meet the qualifications of Section 3309.07 of the Ohio Revised Code, the following candidates be placed upon the ballots for the election of a retiree member to the School Employees Retirement Board for the term July 1, 2020 to June 30, 2024:

<table>
<thead>
<tr>
<th>NAME</th>
<th>COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catherine P. Moss</td>
<td>Lake County</td>
</tr>
<tr>
<td>Beverly A. Woolridge</td>
<td>Summit County</td>
</tr>
</tbody>
</table>

In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State’s Office has reviewed the certification that Catherine P. Moss and Beverly A. Woolridge are qualified to run for the retiree member seat. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

EXECUTIVE SESSION

At 12:17 p.m., Barbra Phillips moved and James Haller seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) of the Ohio Revised Code to discuss the appointment of a public official. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 1:16 p.m.

Upon return to open session, the Board vote was as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Robert Hancock</th>
<th>Tim Penton</th>
<th>Frank Weglarz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hugh Garside</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeffrey DeLeone</td>
<td></td>
<td>x</td>
<td></td>
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<tr>
<td>James Haller</td>
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<td>x</td>
<td></td>
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<tr>
<td>Matthew King</td>
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<tr>
<td>Barbra Phillips</td>
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<td>x</td>
<td></td>
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<tr>
<td>Daniel Wilson</td>
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<td>x</td>
<td></td>
</tr>
<tr>
<td>Catherine Moss</td>
<td></td>
<td>x</td>
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</tr>
</tbody>
</table>
DECLARATION OF ELECTION OF RETIREE MEMBER

I, Catherine Moss, Chairman of the Board, declare Frank Weglarz elected to fill the retiree member seat for the term ending June 30, 2021.

CERTIFICATION OF ELECTION RESULTS BY THE ATTORNEY GENERAL’S OFFICE

I, Mary Therese Bridge, as election judge, monitored the election by the School Employees Retirement System Board held on December 19, 2019 to fill the vacancy in the retiree member seat on the Board. I hereby certify that Frank Weglarz was duly elected by the Board to fill the vacancy.

[Signature]
Name
Attorney General’s Office

[12/19/2019]
Date
OATH OF OFFICE

OATH OF OFFICE OF FRANK A. WEGLARZ
MEMBER OF THE RETIREMENT BOARD OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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

FRANK A. WEGLARZ

SWORN TO and SUBSCRIBED before me this 19th day of December, 2019.

Notary Public

JOSEPH M. MAROTTA
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

ATTESTED BY:
Richard Stensrud, Executive Director
Catherine Moss, Chairperson
EXECUTIVE SESSION

At 1:20 p.m., Barbra Phillips moved and James Haller seconded the motion that the Board convene in Executive Session pursuant to 121.22 (G)(1) of the Ohio Revised Code to discuss the employment and compensation of a public employee. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 2:05 p.m.

Following, the Board took a break at 2:05 p.m., and reconvened at 2:52 p.m.

EXECUTIVE SESSION

At 2:53 p.m., Barbra Phillips moved and James Haller seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits. Upon roll call, the vote was as follows: Yea: Hugh Garside, Jeffrey DeLeone, James Haller, Matthew King, Barbra Phillips, Frank Weglarz, Daniel Wilson and Catherine Moss. The motion carried.

The Board returned to open session at 2:55 p.m.

INTERNAL AUDIT UPDATE

Chief Audit Officer Joe Bell provided highlights of the December Audit Committee meeting. Mr. Bell informed the Board of their legal requirement to provide an annual audit report to the Ohio Retirement Study Council. This document has been completed and will be delivered by year-end. Mr. Bell also provided an update on the annual Audit Plan and discussed the Change Management audit, noting that an RFP has gone out for bid. This audit will focus on SMART implementation measures.

Following Mr. Bell’s update, Deputy Executive Director Karen Roggenkamp provided a brief update on information security. Ms. Roggenkamp noted that SERS has hired a new information security officer, and that future information security training will be tailored for staff, which will put good preventive measures in place.

The Board continued with the review of calendar dates.

FUTURE CALENDAR DATES FOR 2020

AUDIT COMMITTEE MEETINGS

March 18 - 2:30 p.m. (Weds.)
June 17 - 2:30 p.m. (Weds.)
September 16 - 2:30 p.m. (Weds.)
December 16 - 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 19 - 7:30 a.m. (Thurs.)
June 18 - 7:30 a.m. (Thurs.)
September 17 - 7:30 a.m. (Thurs.)
December 17 - 7:30 a.m. (Thurs.)
BOARD MEETINGS

February 19 Board Retreat (Weds.)
February 20 and 21 (Thurs. and Fri.)
March 19 and 20 (Thurs. and Fri.)
April 16 and 17 (Thurs. and Fri.)
May 21 and 22 (Thurs. and Fri.)
June 18 and 19 (Thurs. and Fri.)
July 16 and 17 (Thurs. and Fri.)
September 17 and 18 (Thurs. and Fri.)
October 15 and 16 (Thurs. and Fri.)
November 19 and 20 (Thurs. and Fri.)
December 17 and 18 (Thurs. and Fri.)

**NOTE: The above dates are tentative.**

DISPOSITION OF TABLED, CONTINUED OR NEW BUSINESS

Board members Catherine Moss and Hugh Garside provided highlights of a recently attended conference, and noted their appreciation of the governance portion of the conference.

PENSION SUSTAINABILITY

With two new Board members in attendance, the Board reviewed accomplishments from the previous sustainability discussions and agreed on a starting point for discussions that resume again in February.

Prior to the meeting, the Board members received a data booklet containing staff research on System demographics that was requested during the November meeting. The data included introductory System information for the new Board members as well as additional details on employer trends, refund demographics, and how benefits can be combined with service from other Ohio retirement systems.

In addition, more in-depth information about active members, retired members, inactive members, survivors, disability recipients, and employer trends was presented. This data was reviewed by the group and served as the starting point for determining the direction of February's sustainability discussions.

Board members agreed that the demographic data, provided by staff in November and December, helped them better understand the System’s current makeup. Because they have a shared interest in evaluating how the current method of calculating service time affects each subgroup and investigating if changes can be made to make the calculation more sustainable and equitable among the groups, it was decided that the group would reexamine these factors in February.
ADJOURNMENT

Catherine Moss moved that the Board adjourn to meet on Thursday, February 20, 2020 for their regularly scheduled meeting. The meeting adjourned at 4:34 p.m.

Catherine Moss, Chair

Richard Stensrud, Secretary