



# Pension Fund Sustainability: Finalizing Plan Design Elements and Subgroups

February 19, 2020

At the February Board Retreat held at SERS' headquarters in Columbus, Ohio, Board members used the morning session to continue sustainability discussions.

Board Vice-Chair Hugh Garside reiterated the Board's goal of making substantial progress on the sustainability analysis by the end of the fiscal year so that engagement with SERS' advocacy groups and stakeholders on possible sustainability measures can accelerate in the new fiscal year.

At the meeting, the Board identified the following plan design elements that will be discussed at future meetings: level of benefits, employee eligibility, vesting requirements, retirement formula, other benefits (health care, disability, survivors, etc.), and forms of benefit payments. All of these design elements will be discussed as they pertain to the following membership subgroups: disability recipients, inactive members, career members (30+ years of service), and non-career members.

To begin the session, the Board reviewed all of the demographic data that was gathered since the sustainability discussions began. The following data was identified as important to consider in upcoming sustainability discussions:

1. The significant jump in the number of retirees over age 90 in the last 40 years
2. The average service time of retirees is only 26 years which means more people could live in retirement longer than they contributed to the SERS
3. The concept of SERS replacing 60-66% of final average salary compared to Social Security, which replaces less than 40%, may need to be examined
4. A review of disability benefits compared to service retirement payments. If disability benefits are higher, explore the rationale.
5. The reasons why the vesting period is 10 years

Board members also expressed interest in the following courses of action:

1. Investigate further when employee/employer contributions are exhausted and look at ways to incentivize/enhance refunds
2. Make sure SERS retains the ability to revise plan design elements as economic conditions change
3. Gather data as to when retirees begin receiving more in pension benefits than their final average salary
4. Compare SERS' plan design with other similar pension systems
5. Investigate how changes to school employment (i.e., the recent implementation of two-hour jobs) affect SERS
6. Look at changes to plan design on a blank sheet of paper rather than in comparison to where the System is today

Finally, the Board agreed to focus on reviewing plan design elements for career members at the March meeting.

