



Pension Fund Sustainability

Exploring Benefit Inflation Control Measures

May 21, 2021

The May 2021 sustainability session began with an [overview of the benefit inflation control materials](#) created by staff at the request of the Board.

The Contribution Based Benefit Cap (CBBC) materials contain numerous retirement scenarios based on actual member experience with modifications to birth dates and salary information to avoid releasing actual retiree information. The goal was to maintain earnings patterns of common groups of retirees and show a few extreme examples of unusual final average salary scenarios.

Board discussion centered on three main topics: assurances that the CBBC model implementation would not negatively impact SERS members who earned promotions or switched to higher paying positions late in their careers; guardrails that could be put into place using administrative rules to exempt some members (i.e., members on the new disability plan) from the CBBC calculation; and possible implementation of additional benefit inflation tools that would prevent extreme final average salary inflation (900+%) just before retirement.

Although the Board asked for more data concerning the CBBC's impact on SERS' members, Board Chair Hugh Garside asked staff to prepare legislative language in advance of the June meeting for further discussion. SERS needs legislative approval before it can implement a CBBC model. The Ohio Public Employees Retirement System (OPERS) received legislative approval for their CBBC model in 2012 and SERS' proposed model is nearly identical to the CBBC model now in place at OPERS.

For June, SERS' staff is preparing more data to further illustrate the retirement trends of SERS members who retire with 10-14 years.