



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
BOARD MEETING HIGHLIGHTS
JUNE 2023

Board Elects New Officers

For FY2024 (July 1, 2023 – June 30, 2024), the Board elected Retiree-member Frank Weglarz as chair and Employee-member Matthew King as vice-chair.

Board Member Recognized for Service

Outgoing Employee-member Hugh Garside was presented with a proclamation that summarized his accomplishments while serving on the Board as an employee representative.

Garside was chosen by the Board to fill a vacant seat in November 2017 and began his first full term in July 2019, dedicating six years of service to SERS’ members and retirees.



In March, Aimee Russell was chosen to fill the Employee-member seat, with a term beginning July 1, 2023, and ending June 30, 2027.

Board Approves FY2024 Annual Investment Plan

SERS’ Board approved the FY2024 *Annual Investment Plan* (AIP), which serves as a guide to the System’s investment decisions for the year.

The AIP includes an overview of the current economic environment based on reports from leading economic firms, SERS’ asset allocation target, and long-term performance objectives for each type of investment. In addition, it contains last year’s objectives and accomplishments, and details about how each investment portfolio will be managed during the year.

Investment Committee Approves Private Equity Investment

The SERS Staff Investment Committee approved a \$75 million commitment to KKR Ascendant Fund, a U.S. middle market buyout strategy within the private equity portfolio.

This investment will be funded from cash reserves.

RETIREMENT BOARD

JEFFREY T. DELEONE
Chair, Appointed Member

FRANK A. WEGLARZ
Vice-Chair, Retiree-Member

HUGH W. GARSIDE, JR.
Employee-Member

JAMES HALLER
Employee-Member

MATTHEW KING
Employee-Member

CATHERINE P. MOSS
Retiree-Member

BARBARA M. PHILLIPS
Retiree-Member

JAMES A. ROSSLER, JR.
Appointed Member

DANIEL L. WILSON
Appointed Member

Total Fund Update

TOTAL FUND BALANCE		
March 31	April 30	Difference
\$17.49 billion	\$17.55 billion	▲ \$60 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 5.09%	▲ 3.47%	▲ 11.00%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▼ 0.16%	▼ 0.89%	▲ 1.78%

Health Care Update

Penny Baker, SERS' health care services assistant director, will retire at the end of June after nearly 17 years with SERS.

The Board and Health Care Services Director Christi Pepe thanked Baker for her dedicated service to SERS' members, retirees, and the organization.

Pepe summarized proposed changes to the health care programs for 2024.

Medicare

In terms of Medicare premiums, there are no changes to the Aetna Medicare Advantage rate. The full premium remains \$198. The most common premium for post-2008 enrollees remains \$84.

In terms of benefit changes, the specialist office visit co-pay will be reduced to \$20 from \$30. The Medicare prescription drug network will transition to Express Scripts' National Medicare Performance Network. A quarterly \$60 over-the-counter product benefit available through CVS pharmacies or home delivery will be made available to SERS Medicare plan enrollees.

Non-Medicare

In terms of non-Medicare premiums, the Aetna Choice full premium remains \$1,524. The most common premium remains \$333. The AultCare premium will increase by 4%, with the full premium increasing to \$1,149 from \$1,106. The most common premium is \$249.

In terms of benefit changes, the primary care office visit co-pay will be reduced to \$10 from \$20. The specialist office visit co-pay will be reduced to \$25 from \$40.

Wraparound HRA

The Wraparound HRA federal reimbursement limit will increase to \$2,100 from \$1,950. The \$0 premium continues.

Dental

The SERS dental benefit, which is offered by Delta Dental, is fully supported by member premiums. The benefits are not changing. For 2024 and 2025, dental premiums increase to \$30.37 from \$28.25 for a single benefit recipient; to \$60.74 from \$56.50 per month for a benefit

recipient and one dependent; and to \$91.35 from \$84.98 per month for a benefit recipient and two or more dependents.

Vision

The SERS vision coverage, which is offered by VSP, also is fully supported by member premiums. The benefits are not changing. For 2024 and 2025, the premiums remain \$6.17 per month for a single benefit recipient; \$12.35 for a benefit recipient and one dependent; and \$14.49 for a benefit recipient and two or more dependents.

Premium Discount Program

The Premium Discount Program, which provides health care premium relief to qualifying recipients based on household size and income, is brought to the Board on an annual basis.

Benefit recipients with household incomes less than or equal to 175% of the 2023 Federal Poverty Level (FPL) will be eligible for a 25% premium reduction. Most previously approved participants will continue to be enrolled for the 2024 program without reapplication.

The Board approved the 2024 health care premium amounts and plan changes, including the vision and dental plans, and the Premium Discount Program.

The Board also adopted the “SERS Health Care Plan and Trust” as restated July 1, 2023.

Board Approves Filing of Amended Administrative Rules

The Board approved the filing of two amended administrative rules with the Joint Committee on Agency Rule Review (JCARR).

The first rule concerned the process for conducting Board elections. The amended rule would permit SERS to provide nominating petitions in an electronic format, in addition to paper. The amendments permit the use of electronic signatures for the electronic petitions.

In order for this rule to be effective before the next election, the Board approved the filing of this amended rule as an emergency rule.

The second rule addressed contribution and surcharge payments. The amended rule clarifies that the contribution payment deadline is the date SERS receives the payment, not the date the payment is remitted. Several minor technical amendments also were made to the rule.

Executive Director’s Update

FY2024 Budget Approved

The Board approved the proposed administrative budget for FY2024.

The approved budget totals \$37,357,382, and includes personnel costs; professional service fees, including investment-related costs; communications expenses; capital expenditures; and other operating expenses. This amount represents a 4.1% increase from the FY2023 budget.

Board Continues Discussions on Compensation

Accurately defining what types of compensation should be counted toward a member’s pensionable contributions is of vital importance to members, employers, and SERS.

Compensation has evolved beyond just a salary and now includes many types of one-time

payments including accomplishing performance goals, attaining educational objectives, meeting attendance guidelines, accomplishing health and wellness goals, and reaching length of service milestones.

For future discussions, the Board asked staff to collect a list of compensation types that employers regularly inquire about so they can determine if any statutes or rules need to be updated to better fit current compensatory practices in school districts.

State Legislation

Last month, the House Pensions Committee passed House Bill 146, which would establish a Contribution Based Benefit Cap (CBBC) in calculating a SERS member's retirement benefit.

Earlier this week, the Senate Finance Committee included SERS' CBBC provision in the operating budget's omnibus amendment. The Senate passed House Bill 33 along party lines on Thursday.

The bill is now with the House for a concurrence vote.

Board Self-Evaluation

In 2017, SERS participated in a Fiduciary Audit Report required by the Ohio Retirement Study Council. One recommendation in the report was for SERS' Board to implement a self-evaluation process. Regular Board self-evaluations are considered best practice in terms of Board efficiency and self-governance.

All Board members agreed that the Board is operating positively and effectively with sustainability of the Fund at the forefront. Areas to improve upon included a more consistent and thorough onboarding process and an annual self-evaluation that takes into consideration the Board's achievements, potential improvements, and future objectives.

Monthly Retirement and Survivor Benefit Transactions

For June, the SERS Board approved 184 active members for service retirements, and 21 survivor benefits for spouses and/or dependents.

July Meeting Dates

The next Board meeting will take place Thursday, July 20, and Friday, July 21, at 8:30 a.m. (if necessary).