



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Employer Bulletin

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Board Sets Contribution Based Benefit Cap (CBBC) Factor at 6.25

The CBBC is a tool SERS will begin using next year to identify and cap benefit inflation.

Benefit inflation may occur when the highest three years of a member's salary history is considerably higher than the rest of the member's working career. This results in a traditional pension calculation that is significantly higher than what is supported by the member's career contributions.

When benefit inflation occurs, the pension fund must subsidize those pensions, which is unfair to members whose career salary and contributions followed a normal trajectory. The CBBC ensures that a member's career contributions support the member's pension benefit.

Assuring that the contributed funding is sufficient to support the benefit is important for the long-term sustainability of the pension fund and is also important for maintaining fairness for all SERS members.

After more than two years of discussion, at the October meeting, the Board approved a factor of 6.25 to be used under the CBBC analysis for retirements with an effective date on or after August 1, 2024.

The purpose of the analysis is to assure that the pension benefit is sufficiently supported by the contributions made by a member over the course of the member's working career. The factor is the multiplier for an annuity based on the member's contributions that will be compared to the member's formula benefit.

The Board considered extensive data in determining the factor, including analysis of actual retirements which showed that, in most cases, the member's formula benefit will continue to be the basis of the retirement allowance. For example, of the nearly 3,000 retirements in 2022-2023, a CBBC with a factor of 6.25 would have impacted only eight retirements.

Whether a retirement will be impacted by the CBBC will be data based and is intended to fix a flaw in the plan that, in a small number of cases, has allowed for a lifetime retirement allowance that is not sufficiently supported by the contribution funding provided over the member's entire career.

For more information, visit the [CBBC Explained page](#) on our website. You can also run an estimate from the website using [Account Login](#).

eSERS Registration Update

In December, Employer Services will update the registration and login process for eSERS. A dual factor authentication process will replace the image, phrase, and security questions. Instead, it will use the email address or cellphone number on file.

In late October, Employer Services sent an update to each Employer Web Administrator (EWA) listed for each district advising them of the upgrade and to update all contact information in the Contacts/Web User Maintenance application on eSERS.

All contact information should always be current and accurate in the Contacts/Web User Maintenance, but we understand that it is not always the case. Please log into [eSERS](#) and verify that your contact information is correct. It is important for every user to receive the updated login information in December.

Employer Services will only be announcing the update via email.

Please Remember:

If you are the Employer Web Administrator (EWA) for the district, it is your responsibility to ensure that the contact information for the **Web Users** is correct.

In order to update the EWA contact information, **you have to [contact Employer Services](#)**. EWAs are unable to update their own information.

SERS-Covered Membership and Covered Compensation Reminders

Membership

Employer Services would like to remind our Employers that when there is a question regarding SERS Membership, it is important to request a Membership Determination or call Employer Services at 1-877-213-0861.

Remember that a SERS member is anyone who is employed by a school in a position for the Ohio Department of Education (ODE) and does not require a license under Ohio Revised Code 3319.22 - 3319.31. This includes contracted service providers who fall within SERS' membership because they provide a service common to the normal daily operations of a school.

Contracted Services common to the normal daily operations of a school include, but are not limited to:

- Fiscal services or management company services
- Food services
- Transportation
- Custodial or maintenance
- School security
- Health-related services
 - Including Health Aides, IEP Nurses
- Substitutes for SERS-covered positions
- IT Services

For more information on mutual positions of interest between SERS and STRS, please download the [Joint Membership handout](#).

Compensation

For purposes of SERS, compensation is defined as:

- Salary (i.e., the base salary of exempt employees),
- Wages (i.e., hourly pay of non-exempt employees), and
- Other earnings paid to a contributor by reason of employment and identified by rule as included in SERS compensation, R.C. 3309.01(V)(1) and (V)(3).

SERS' definition of compensation generally excludes one-time and/or lump sum payments not based on an employee's standard rate of pay.

SERS currently accepts six types of one-time or lump sum payments:

1. Payments on behalf of the employee to an eligible retirement plan
2. Back wages paid pursuant to a final court order or settlement agreement
3. Differential wage payments
4. Annual longevity payments
5. Payment to a class of employees in exchange for waiver of an increase to base pay owed under terms of a contract
6. Payment for additional services

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