Retirement Board Agenda
Thursday, December 21, 2023
8:30 a.m.

Click Link to Join Zoom Meeting:
https://ohsers.zoom.us/j/92619341575?pwd=OW1pZmRLVHRWdS9sM0p3S0VraVJsUT09

Meeting ID: 926 1934 1575 **Password:** 12345
To join by phone, dial: +1 (309) 205-3325 and enter the meeting ID: **926 1934 1575** and password: **12345** when prompted.

PLEDGE OF ALLEGIANCE

1. Roll Call

CONSENT AGENDA

2. Minutes of the **November 16, 2023** Retirement Board meeting
3. Summary of Investment Transactions – **October 1, 2023, to October 31, 2023**
4. Retirement Report
   - Superannuations, Survivor Benefits, and Transfers
   - Special Cases
5. Disability Report
   - Approval of Disability Benefits
   - Disapproval of Disability Benefits
   - Termination of Disability Benefits – Any Occupation
   - Approval of Appeal of Termination – Any Occupation
   - Disapproval of Appeal of Termination – Any Occupation

EXTERNAL AUDIT REPORT

6. External Audit Report

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

7. 2023 ACFR Highlights

INVESTMENT REPORT

8. Annual Portfolio Review – Opportunistic
9. Monthly Investment Report
10. Asset Allocation Real Assets Segregation Discussion
11. Statement of Investment Policy Amendment – Approval (R)

EXECUTIVE DIRECTOR'S REPORT

12. RAMA Presentation – Strategic Plan Discussion **10:00 a.m.**
13. Certification of Candidate – Employee Member Seat (R)
14. Certification of Candidate – Retiree Member Seat (R)
15. Five-Year Review and Filing of No Change Administrative Rules (R)
16. Five-Year Review and Filing of Proposed Amended Administrative Rules (R-6)
17. Filing of Proposed Amended Administrative Rule (R)
18. Final Filing of Proposed Amended Administrative Rule (R)
19. 2024 Qualified Excess Benefit Plan Budget (QEBA) (R)
20. Executive Director's Update
21. Annual Federal Legislative Report – Leigh Snell from NCTR
22. Review of Administrative Expenses
23. Amended Travel Policy (R)
24. Definition of Compensation Discussion

AUDIT COMMITTEE UPDATE

25. Audit Committee Report

COMPENSATION COMMITTEE UPDATE

26. Compensation Committee Report

RETIREMENT REPORT

27. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R) *if needed*

BOARD COMMUNICATION AND POLICY ISSUES

28. Calendar Dates for Future Board Meetings
29. Continued or New Business
   - Board Information Requests and Follow-up Items

ADJOURNMENT (R)

FY2024 SERS Board Roll Call

Frank Weglarz	________________
Matthew King	________________
Jeffrey DeLeone	________________
James Haller	________________
Catherine Moss	________________
Barbra Phillips	________________
James Rossler	________________
Aimee Russell	________________
Daniel Wilson	________________

DECEMBER 2023 CONSENT AGENDA

1. Minutes of the
    a. **November 16, 2023,** Retirement Board meeting
2. Summary of Investment Transactions – **October 1, 2023 to October 31, 2023**
3. Retirement Report
    a. Superannuations and Survivor Benefits and Transfers
    b. Special Cases
4. Disability Report
    a. Approval of Disability Benefits
    b. Disapproval of Disability Benefits
    c. Termination of Disability Benefits – Any Occupation
    d. Approval of Appeal of Termination – Any Occupation
    e. Disapproval of Appeal of Termination

APPROVAL OF CONSENT AGENDA

________________ moved and ____________ seconded the motion to approve the Consent Agenda, which includes the following items:

1. Minutes of the
   a. **November 16, 2023,** Retirement Board meeting
2. Summary of Investment Transactions – **October 1, 2023 to October 31, 2023**
3. Retirement Report
   a. Superannuations and Survivor Benefits and Transfers
   b. Special Cases
4. Disability Report
   a. Approval of Disability Benefits
   b. Disapproval of Disability Benefits
   c. Termination of Disability Benefits – Any Occupation
   d. Approval of Appeal of Termination – Any Occupation
   e. Disapproval of Appeal of Termination

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	_______	_______	_______
Jeffrey DeLeone	_______	_______	_______
James Haller	_______	______	_______
Catherine Moss	_______	_______	_______
Barbra Phillips	_______	_______	_______
James Rossler	_______	_______	_______
Aimee Russell	_______	_______	_______
Daniel Wilson	_______	_______	_______
Frank Weglarz	_______	_______	_______

SERS Retirement Board Meeting Minutes

November 16, 2023

The nine hundredth and sixty-fourth meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, November 16, 2023.

Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:30 a.m. with the Pledge of Allegiance.

Moment of Silence

The Board held a moment of silence for Tuscarawas Valley Local Schools and the Tuscarawas Valley community in remembrance of those involved in the tragic accident earlier this week.

Roll Call

Following the Moment of Silence, the roll call was as follows: Frank Weglarz, Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, and Daniel Wilson. Also attending via Zoom was Lisa Reid, representative of the Ohio Attorney General's Office. Various members of the SERS staff and the public attended in person. Several SERS staff members and members of the public attended virtually.

Approval of Out-of-State Board Travel

Barbra Phillips moved and Catherine Moss seconded the motion that the travel request by a Board Member to travel and receive reimbursement for the following out-of-state conference and meeting expenses be approved.

Conference	Attendee	Conference Date(s)	Conference Location	Estimate of Expenses
IFEBP Health Care Management Conference	James Rossler	March 3 – March 5. 2024	Rancho Mirage, CA	$3488.73
IFEBP Investments Institute	James Rossler	March 6 – March 7, 2024	Rancho Mirage, CA	$2511.27

Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Consent Agenda

The consent agenda for **November 16, 2023**, included:

- Minutes of the October 19, 2023, Retirement Board meeting
- Summary of Investment Transactions for the period of September 1, 2023, to September 30, 2023
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Termination of Disability Benefits - Any Occupation

Catherine Moss moved and James Haller seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, November 16, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

SERS Retirement Board Meeting Minutes

November 16, 2023

Executive Director's Report

Pension and Health Care Annual Actuarial Valuations

John Garrett, Todd Green and Alisa Bennett from Cavanaugh Macdonald Consulting, LLC provided the board with a presentation of the results of the FY2023 Pension and Health Care Actuarial Valuations. Mr. Green explained that the SERS pension plan has an actuary to develop a strategy to systematically fund the promised benefits of the system, measure assets and liabilities (future benefit payments), determine actuarial contribution rates, analyze experience (actual vs. expected), and report on trends, risks, accounting, etc. Ms. Bennet continued, stating that for a defined benefit pension plan, the ultimate value of future cash flows cannot be predicted with certainty. To estimate the probability and the likely cost of a future event such as disability, retirement, or death, actuaries need to make assumptions about turnover, retirement, and mortality.

Mr. Green continued, reporting while the investment performance in FY 22-23 was slightly below the investment return, assumption, due to the continued phase-in of the strong investment performance in FY 20-21, the actuarial value of assets is greater than the market value of assets by $126.9 million as of June 30, 2023. As a result, the funded ratio based on the actuarial value of assets is 76.61%, which is higher than the 76.06% funded ratio based on the market value of assets.

Mr. Green also noted several key findings:

- Funded status for Basic Benefits increased from 75.48% to 76.61%.
- The actuarially determined contribution rate decreased from 11.22% to 10.57% for Basic Benefits.
- The board-adopted funding policy requires at least a 13.50% employer contribution rate for funding of Basic Benefits since funded ratio is greater than 70%, but less than 80%.
- Based on a board resolution dated September 21, 2023, the entire employer contribution of 14% will be allocated to Basic Benefits.
- Based on Board Resolution, 2.50% COLA has been adopted for calendar year 2024
- Health Care Fund will receive the 1.50% employer surcharge, with no additional contribution from employers.

Ms. Bennett continued, noting that the impact of the COVID-19 pandemic and the Inflation Reduction Act were considered in this valuation and no specific adjustments were made other than healthcare trend assumption. The morbidity assumption recognizes that healthcare costs, on average, increase with age and this assumption was updated to a newer study with sex-distinct rates. New morbidity factors were updated based on the Society of Actuaries' research report and the American Academy of Actuaries ASOP 6 practice note.

Ms. Bennett reported the Inflation Reduction Act reforms primarily impact those who have Medicare coverage. The Inflation Reduction Act allows the Secretary of Health and Human Services to negotiate the prices of certain Medicare drugs each year. The negotiations will take effect in 2026 for 10 drugs covered by Medicare, increasing to 20 drugs in 2029. Beginning in 2023, the cost of insulin will be capped at $35 per month for people with diabetes enrolled in Medicare and it is anticipated that there will be changes to cost of insulin for active and pre-Medicare retirees in the commercial market.

Ms. Bennett also noted that beginning in 2025, out-of-pocket prescription drug costs will be capped at $2,000 per year for Medicare beneficiaries. The bill also implements a three-year extension on increased health insurance subsidies for coverage purchased through Marketplace Exchange. These enhanced subsidies were originally provided as part of the American Rescue Plan Act, a COVID-19 relief bill, and were set to expire at the end of 2022. Ms. Bennett also reported the funded ratio for the healthcare fund was 45.36% as of June 30, 2022, and funded ratio is 46.14% as of June 30, 2023. The increase was due to demographic, asset and claims experience and change to disability subsidization and assumed Wraparound Plan participation.

Following several questions and a robust discussion, the board thanked the actuaries for their presentation.

SERS Retirement Board Meeting Minutes

November 16, 2023

Allocation of Employer Contributions

Barbra Phillips moved and James Haller seconded that after review and discussion of the actuary's Report on the Annual Basic Benefits Valuation of the School Employees Retirement System of Ohio (prepared as of June 30, 2023) at the November 2023 Board meeting, the Board accept the actuary's recommended allocation of the 14% employer contribution for fiscal year 2024 as follows: Pension Fund (10.06%), Death Benefit Fund (0.04%), Medicare B Fund (0.47%) and Health Care Fund (0.00%). The Board decided at the September 2023 Board meeting that no allocation from the 14% employer contribution should be made to the Health Care Fund in fiscal year 2024, preferring instead to enhance the funding levels for Basic Benefits. The remainder (3.43%) of the 14% employer contribution will be allocated proportionately to the Pension Fund, Death Benefit Fund and Medicare B Fund in accordance with the funding policy approved by the Board on June 18, 2015.

Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Amended SERS Solicitation to Employees Policy

SERS Human Resources Director, Michelle Miller, reviewed the Solicitation to Employees Policy ("Solicitation Policy") with the board. The Solicitation Policy is jointly owned by the Board and Human Resources and sets forth appropriate instances for solicitation to employees. Proposed amendments (which have been reviewed by SERS' outside employment counsel) include more detailed examples of approved charitable solicitations by staff, the addition of electronic bulletin board posting parameters, and the addition of corrective action for violating the policy. The essence of the Solicitation Policy has not changed.

Board member Daniel Wilson asked that the word "PTA" be changed to reflect the current term, "PTO", which is more commonly used. SERS staff agreed to make the requested change.

It was moved by Jeffrey DeLeone and seconded by Catherine Moss to amend the SERS Solicitation to Employees Policy as recommended by staff and discussed at the November 2023 Board meeting. The effective date for the amended SERS Solicitation to Employees Policy is November 16, 2023.

Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Ethics Policy Review

SERS General Counsel Joe Marotta reviewed the SERS Ethics Policy, which is reviewed on a biennial basis. It was last reviewed in December 2021 and last amended in December 2019 with the assistance of the Ohio Ethics Commission and following review by the Ohio Retirement Study Council. At this time, staff has no proposed edits for the Ethics Policy, therefore no formal action is necessary.

The board took a break at 9:55 a.m.

The board reconvened at 10:12 a.m.

Executive Director's Update

SERS Executive Director, Richard Stensrud, provided an update on the recent publications and communications provided to employers by the SERS Communications team. Staff communicates with employers about board decisions and policies that affect employer contributions to ensure everyone understands how the changes will be executed.

SERS Retirement Board Meeting Minutes

November 16, 2023

ORSC

Mr. Stensrud continued his report, stating that the ORSC met on November 9. Senator Romanchuk, the newly elected Chair, expressed hope that Senator Schuring might return to the role in the future. Also, during the meeting, several systems presented their budgets. There was also a review of current pension-related legislation, including HB 257, which would allow remote meeting participation for system board members. Mr. Stensrud also reported that he and other SERS staff met with Senator Romanchuk to share SERS pension sustainability information, such as charts and data provided in past board meetings. Senator Romanchuk was impressed and thinks SERS is doing great work by providing information and data about the past to better understand where SERS is going in the future. Board member Catherine Moss expressed her gratitude for the data and appreciates it being readily available for anyone who has questions.

State Legislation Activity

Mr. Stensrud continued his report stating that HB296 was introduced to increase the employer contributions for OP&F. During the hearings, several questions were asked, including the question about how the increased costs would impact the fund. This bill will continue to be an element of discussion going forward. Mr. Stensrud advised Sen. Romanchuk at their meeting that SERS is not looking for an increase and is comfortable with the current employer contribution rates.

Senator Schuring introduced HB4, which was introduced last year in a placeholder format. It is far ranging Anti-ESG legislation. Mr. Stensrud stated this bill requires SERS staff to get a better understanding as to what the bill would require or what the bill would prohibit. This bill, if passed, would not affect how SERS currently invests (we don't have ESG guidelines) but the bill could affect who we invest with. Mr. Stensrud also reported that this bill could affect the proxy voting side. Mr. Stensrud assured the board that staff will continue to learn about the possible outcome of this bill passing and will keep the board updated.

Mr. Stensrud continued, reporting that SERS provided proponent testimony on October 24th before the House Government Oversight Committee on HB 257, a bill that would permit retirement systems to create a policy allowing remote participation by board members. The bill also includes authority for virtual meetings for several other public entities. There has been no opposition to the legislation so far and the ORSC is supportive of the legislation. The bill was voted out of committee earlier this week and Mr. Stensrud will keep the board updated on the progress of the bill.

Executive Session

Matthew King moved and James Haller seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law.

Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

The board convened in executive session at 10:26 a.m.

The board reconvened in open session at 11:43 a.m.

Member Services and Employer Services Activities

Mr. Stensrud continued his report, stating that SERS staff continue to reach out to members and employers to provide information and training. SERS staff host monthly webinars and training to remain actively engaged with members and employers and continue to provide the best possible service.

SERS Retirement Board Meeting Minutes

November 16, 2023

Actuarial Valuation

Mr. Stensrud continued his report by providing some additional context around the data presented in the actuarial valuation. Mr. Stensrud stated SERS retirees are the lowest paid of all five Ohio retirement systems. In addition, Mr. Stensrud provided the following data points:

- 93% of retirees receive less than $40,000 per year
- 67% of retirees receive less than $18,000 per year
- Nearly 50% of retirees receive less than $12,000 per year
- 28% of retirees receive less than $10,000 per year

Mr. Stensrud also reported SERS members are working long careers:

- 73% of 2023 retirees had 20 years or more of service
- 52% of 2023 retirees had 25 years or more of service
- 29% of 2023 retirees had 30 years or more of service

Mr. Stensrud reported 57% of 2023 retirees were age 65 or older at retirement.

Mr. Stensrud continued, stating that the Health Care fund is at $705M, which is the highest level ever for the Health Care fund. Mr. Stensrud thanked the board for making such prudent decisions over the years.

Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided a review of the first quarter budget-to-actual administrative expenses for SERS. Ms. Hall stated SERS is on track to being on or under budget. Ms. Hall also noted there will be an audit update at the December board meeting. With no questions, the board thanked Ms. Hall for her report.

Executive Session

James Rossler motioned and Catherine Moss seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property.

Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

The board convened in executive session at 11:56 a.m.

The board reconvened in open session at 12:30 p.m.

The board took a lunch break at 12:30 p.m.

The board reconvened after lunch at 1:05 p.m.

Investment Report

Annual Portfolio Review - Fixed Income

SERS Chief Investment Officer, Farouki Majeed, provided an update of the fixed income portfolio's structure and performance, and provided details on a new initiative.

Mr. Majeed reported SERS' fixed income portfolio currently has a market value of $2.2 billion and is 5.2% below its 18% target. Over the last year, staff has strategically underweighted fixed income due to the Federal Reserve's aggressive increase in interest rates to combat historically high inflation. However, now that interest rates have stabilized, staff has begun to take advantage of opportunities that will get the portfolio closer to its target.

Mr. Majeed stated for the first time in SERS' history, staff is now managing Exchange Traded Funds (ETFs) in house. SERS Investment Staff is managing three ETFs with a value of approximately $13 million. These funds are comprised of government Treasuries. All of SERS' external fixed income managers are short on government assets, so these new ETFs provide some diversification in the fixed income assets.

The fixed income portfolio contains investments in three sectors: 48% in core (Treasuries, corporate bonds, and mortgages); 40% in core plus (core securities plus high yield and non-US debt); and 12% in tactical and diversifying (market debt, high yield, dislocation strategies, and fixed income relative value). Sector exposure includes 25.3% in mortgages, 24.1% in government bonds, 24.1% in investment grade corporate, 7.5% in emerging market debt, and 6.4% in high-yield bonds, with the remaining 12.6% allocated to asset-backed securities, commercial mortgage-backed securities, non-US developed, and other/cash.

Over the last 12 months, this portfolio has realized a net return of 2.12%, which was 1.48% higher than the Bloomberg U.S. Aggregate Bond Index benchmark. The long-term net asset returns over the 3-, 5-, and 10-year periods are all positive. Following the presentation, the board thanked Mr. Majeed and the Investment Staff for their report and continued hard work.

Wilshire Quarterly Performance Report as of September 30, 2023

Joanna Bewick of Wilshire Associates provided a quarterly performance update. Ms. Bewick reported during the last quarter, the U.S. stock market was down 3.3%, but up 20.5% for the past 12 months and large cap stocks outperformed small cap stocks and value outperformed growth.

Ms. Bewick continued, stating that the U.S. economy was still performing well with a gross domestic product (GDP) of 2.1, solid job creation statistics, and continued consumer spending. Despite the reduction in inflation pressures, consumer sentiment about the economy remained below the 10-year average. For the quarter, SERS posted a net investment loss of 1.27%, which was 0.72% higher than the benchmark. Global equities, global fixed income, and global real assets posted losses for the quarter while the global private equity, global private credit, and opportunistic and tactical portfolios registered gains.

Ms. Bewick also reported SERS continues to compare favorably with other U.S. pension plans in terms of gross returns over the 3-year (4th) and 5-year (2nd) periods and continues to do so without taking on more risk. Following several questions and a robust discussion, the board thanked Ms. Bewick for her report.

Quarterly Investment Report as of September 30, 2023

Mr. Majeed provided a brief presentation on the quarterly investment report, adding more detail to the Wilshire report. Mr. Majeed reported that this year, SERS has had strong returns but October returns were negative, down by 1.46%. However, for the fiscal year, the fund is ahead of the benchmark by 2 basis points, Following his report and several questions, the board thanked Mr. Majeed for his presentation.

Definition of Compensation Discussion

Mr. Stensrud opened the discussion with a review of previous requests. The board asked SERS staff to look into and provide information on how other pension systems in other states define compensation.

Joe Marotta, SERS General Counsel, stated per the board's directive, SERS legal staff spent time looking at other systems to see how they define compensation. Legal staff selected several systems of interest, including STRS, and 2 regional systems with non-teaching jobs from Michigan and some in Louisiana, who have mostly non-social security employees.

Susan Russell, SERS Associate General Counsel, reviewed the definition of compensation and provided the current definition of compensation. She also noted some definitions are rules and others are statutory. Compensation is defined in R.C.3309.01(V) and O.A.C. 3309-1-02 and includes:

- Salary, wages, and other earnings as set forth in rule by the retirement board (statute)
- Payments to an eligible retirement plan (deferred compensation) (rule)
- Back wages (rule)
- Differential wage payments (school earnings v. military pay) (rule)
- Longevity payments (rule)
- One time or lump sum payment to all persons in a class of employees in lieu of salary or wage increase per a written contract (rule)
- One time or lump sum payment for additional services (rule)

Ms. Russell continued, stating compensation does not include:

- Unused leave pay (statute)
- Concurrent vacation pay (statute)
- Unused compensatory time (rule)
- Amounts paid by employer for insurance (statute)
- Incidentals (lodging, food, parking, laundry, use of employer's property or equipment, reimbursement of expenses) (statute)
- Payments in excess of IRC 401(a)(17) annual limits (statute)
- Leave of absence pay for military service (statute)
- Payments paid in consideration of retirement (statute and rule)
- One-time or lump sum payment not based on rate of pay (rule)

Ms. Russell noted the Legal team reviewed systems in 20 states plus Ohio. Some key takeaways from the reviewed systems are:

- Many systems include performance-based incentive payments when based on contract terms setting forth objective standards.
- Most systems do not include unused vacation, sick, or personal leave cash outs.
- There is a wide range of pensionable compensation definitions.

Following a robust discussion, the board asked legal staff to provide a revision to the rule to be voted on at the next meeting. Legal will provide a new rule for consideration at the next meeting and from there, the board can work on additional details. The board thanked the legal staff for their presentation and hard work.

Board Communication and Policy Issues

Board Information Request & Follow Up Items

The board requested that a new rule for allowed pensionable compensation be provided at the next board meeting.

Calendar Dates for Future Board Meetings

Mr. Stensrud reported that the SERS annual board retreat is scheduled for Friday, February 16, 2024, and Dr. Basu will be attending again, as he was very well received at last year's retreat.

Mr. Stensrud also advised the board that the Juneteenth holiday, which falls on Wednesday, June 19, 2024, conflicts with the quarterly Audit Committee meeting. The board agreed to have the Audit and Technology Committee meetings on Thursday, June 20, 2024, and have the Compensation Committee meeting and the Board meeting on Friday, June 21, 2024.

The board reviewed the meeting dates for 2024.

SERS Retirement Board Meeting Minutes

November 16, 2023

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 **

AUDIT COMMITTEE MEETINGS

March 20, 2024 – 2:30 p.m. (Weds.)
June 19, 2024 – 2:30 p.m. (Weds.)
September 18, 2024 - 2:30 p.m. (Weds.)
December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 21, 2024 – 7:30 a.m. (Thurs.)
June 20, 2024 – 7:30 a.m. (Thurs.)
July 18, 2024 – 7:30 a.m. (Thurs.) *** *Special Meeting* ***
September 19, 2024 – 7:30 a.m. (Thurs.)
December 19, 2024 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 21, 2024 – 12:30 p.m. (Thurs.)
June 20, 2024 – 12:30 p.m. (Thurs.)
September 19, 2024 – 12:30 p.m. (Thurs.)
December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

February 15 - 16, 2024 - 8:30 a.m. (Thurs. and Fri.)
March 21 - 22, 2024 – 8:30 a.m. (Thurs. and Fri.)
April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)
May 16 – 17, 2024 – 8:30 a.m. (Thurs. and Fri.)
June 20 - 21, 2024 - 8:30 a.m. (Thurs. and Fri.)
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)
November 21 – 22, 2024 – 8:30 a.m. (Thurs. and Fri.)
December 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)

**** Please note that these dates and times are tentative.**

Adjournment

Board Chair, Frank Weglarz, moved to adjourn to meet on Thursday, December 21, 2023, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 3:19 p.m.

______________________________ ______________________________
Frank Weglarz, Board Chair Richard Stensrud, Secretary

Board Meeting Agenda Item

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

Summary of Investment Transactions to be
Reported to the Retirement Board for
Ratification in December

The following is a summary of the investment transactions made during the period of October 1, 2023 through October 31, 2023. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	$118.6
Fixed Income	339.3
Private Equity Capital Calls	31.7
Real Asset Capital Calls	20.0
Opportunistic & Tactical	1.5
Global Private Credit	13.5
Cash Equivalents	341.4

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	$157.5	(1.6)
Fixed Income	299.2	(8.2)
Private Equity distributions	29.9	n/a
Real Asset distributions	20.9	n/a
Opportunistic & Tactical	22.1	2.9
Global Private Credit	16.4	0.5
Cash Equivalents	317.1	n/a

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School Employees Retirement System of Ohio

Audit Presentation

December 20, 2023

Introductions

Kristin Hunt, CPA
Partner

Amanda Cronk, CPA
Principal

Ashley Raden, CPA
Senior Manager

Agenda

- ✓Audit timeline and deliverables
- ✓Audit areas of focus
- ✓Results of the audit
  - ✓Audit opinion letter
  - ✓Required communications
- ✓Questions

Audit timeline and deliverables

Audit timeline:

- Spring 2023 – Initiated planning procedures
- July 2023 – Performed interim testing procedures
- July/August 2023 – Performed additional planning and audit procedures
- September/October 2023 – Fieldwork testing
- November 2023 – Finalization of census testing and review of financial statements
- December 5, 2023 – Issuance of audit opinion on Annual Comprehensive Financial Report (ACFR)

Deliverables:

- SERS' 2023 ACFR opinion and Required Communications with the Board
- GASB 68 Schedule of Employer Allocations and Schedule of Pension Amounts by Employer
- GASB 75 Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer

Audit areas of focus

The ultimate goal of the audit is the expression of an opinion on your financial statements.

- Investment valuations
- Census data testing
- Actuarial assumptions and actuarial calculations
- Accuracy of benefit calculations and related payments
- Financial reporting

Results of the audit

Opinion

We have audited the financial statements of School Employees Retirement System of Ohio (SERS) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise SERS' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SERS as of June 30, 2023 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

- ✓Unmodified Opinion
  - ✓Free from material misstatement
  - ✓Highest level of assurance you can obtain

Results of the audit

Required Communication with Those Charged With Governance

- Management estimates included within the financial statements
  - Harder to value investments – based upon information obtained from various sources
  - Actuarial assumptions
    - Long-term expected rate of return and discount rate
    - Mortality assumptions
- No difficulties or disagreements with management in performing the audit
- No corrected or uncorrected misstatements

Results of the audit

Report on Internal Control over Financial Reporting

Audit identified a Significant Deficiency related to bank reconciliation process

- Audit standards require us to communicate instances when a control is not operating effectively
  - Categories of deficiencies as defined by auditing standards generally accepted in the United States of America:
    - **Material Weakness** – A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
    - **Significant Deficiency** – A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
    - **Control Deficiency** - Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Questions?

Thank you!

For more information contact:

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Amanda.Cronk@plantemoran.com

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586-416-4931
Ashley.Raden@plantemoran.com

2023 SERS ACFR Highlights

Serving the People Who Serve Our Schools ®

What is an ACFR

- Annual Comprehensive Financial Report (ACFR)
- Meets standards of Government Accounting Standard's Board (GASB)
- Audited
- Contains 5 sections
  - Introductory
  - Financial (audited)
  - Investment
  - Actuarial
  - Statistical
- Award winning!
  - 38 years in a row through 6/30/2022

Introduction Section

- Transmittal letter includes (pages 6-9):
  - High level accomplishments:
    - 85th Anniversary
    - Sustainability discussions prompted health care changes
    - Benefit inflation control tool approved by state legislature
    - Increased outreach to members and employers using new technology
    - Streamlining digital information storage and retention
    - Mandatory direct deposit effective July 1, 2022
  - Investment holdings and returns
  - Funding
  - Awards
    - GFOA
      - ACFR (38 years)
      - SAFR (10 years)
    - Public Pension Coordinating Council

Legislative

- A summary of enacted or pending legislation (page 10-11)
  - State – 134th and 135th General Assembly
  - Federal – 117th and 118th Congress
  - Regulatory

Financial Section

Category	Description
Opinion letter (pages 14-16)	• Clean unqualified opinion
Management's Discussion and Analysis (pages 17-23)	• High level overview of SERS financial performance • Tells the story
Statements (pages 24-25)	• Pension Fiduciary Net Position **increased** $574 million • Health Care Fiduciary Net Position **increased** $95 million • Total Fiduciary Net Position **increased** from $17.6 billion (6/30/22) to $18.3 billion (6/30/2023)
Footnotes (pages 26-45)	• Provides additional information to better understand the statement numbers • No new notes in 2023 • GASB 96 - Subscription-Based Information Technology Arrangements – assessment resulted in no changes to SERS financial statements • GASB 101 – Compensated Absences – Effective FY25

Financial Section, cont.

Category	Description

Footnote 8 – Net Pension Liability (page 37)	• GASB 67 required disclosure of SERS' net pension liability
	• Fluctuates based on investment returns, expected versus actual experience, and change in assumptions
	  • 6/30/2023 - $5.5 billion
	  • 6/30/2022 - $5.4 billion
	  • 6/30/2021 - $3.7 billion
	  • 6/30/2020 - $6.6 billion
	  • 6/30/2019 - $6.0 billion

Footnote 9 – Pension and OPEB Plans for Employees of SERS (page 39)	• GASB 68/75 requirements • Represents SERS participation in OPERS • Details included in Required Supplementary Information (pages 56-59)

Financial Section, cont.

Category	Description

Footnote 16 - Net OPEB Liability (page 41)	• GASB 74 required disclosure of SERS' net OPEB liability
	• Net OPEB liability fluctuates based on investment returns, expected versus actual experience, and change in assumptions
	    • 6/30/2022 - $1.6 billion
	    • 6/30/2022 - $1.4 billion
	    • 6/30/2021 - $1.9 billion
	    • 6/30/2020 - $2.2 billion
	    • 6/30/2019 - $2.5 billion

Footnote 17 – Recently issued accounting pronouncements (page 44)	• GASB 96 – Subscription-Based Information Technology Arrangements - No impact • GASB 100 – Accounting changes and error corrections; effective 6/30/2024 • GASB 101 – Compensated absences; effective 6/30/2025

Required Supplemental Schedules

- Required GASB schedules and notes (pages 46-59)
  - 10 years when available

  - GASB 67 – Pension (pages 46-50)
    - Changes in SERS' Net Pension Liability
    - SERS' Net Pension Liability
    - SERS' Employer Contributions
    - SERS' Investment Returns

  - GASB 74 – OPEB (pages 52-55)
    - Changes in SERS' Net OPEB Liability
    - SERS' Net OPEB Liability
    - SERS' Employer Contributions
    - SERS' Investment Returns

  - GASB 68 – SERS' participation in OPERS' Pension (pages 56-57)

  - GASB 75 – SERS' participation in OPERS' OPEB (page 58-59)

Other Supplementary Information

- Schedule of Administrative Expenses
  - General versus investment related
- Schedule of Investment Expenses
  - Management fees
  - Custody
  - Master recordkeeper
  - Consulting, performance and analytics
  - Investment department operations
- Payments to Consultants

Investment Section

- Information focused on investment strategy including (pages 64-85):
  - Asset allocation targets
  - Asset class descriptions
  - Performance
  - Largest holdings
  - List of consultants and managers
  - Broker commissions
  - Policy

	June 30,		
Total Fund Results (Net of Fees)	**2023**	**2022**	**2021**
SERS	7.4	(0.5)	26.8
Policy Benchmark	7.1	(3.6)	23.6

Actuarial Section

- 6/30/2023 Actuarial Valuation information as presented at the November 2023 board meeting (pages 88-107):
  - Letter from actuary
  - Pension and health care information:
    - Summary of assumptions
    - Actuarial Accrued Liabilities
    - Funding progress
    - Financial experience
    - Solvency test
    - Retirees added to and removed from the rolls

Pension Funding Progress ($ in millions)

Year	Unfunded AAL	Funded Ratio	Amortization Period
2023	$ 5,272	76.7%	21
2022	5,330	75.7%	22
2021	5,316	74.8%	23
2020	5,790	71.9%	24
2019	5,823	71.0%	25

Health Care Funding Progress ($ in millions)

Year	Unfunded AAL	Funded Ratio	Solvency Period
2023	$ 825	46.1%	39
2022	736	45.4%	38
2021	689	46.6%	37
2020	1,314	26.9%	34
2019	1,735	21.1%	15

Statistical Section

- Historical ten-year information (pages 110-122)
  - Financial
    - Fiduciary Net Position by Fund
    - Changes in Fiduciary Net Position
    - Benefit and Refund Deductions by Type
    - Employee and Employer Contribution Rates
  - Demographic and Benefit payments
    - Active and Benefit Recipient Counts
    - Retired Members by Type
    - Health Care Participant Counts
    - Principal Participating Employers
    - Average Benefit Payments for New Retirees

School Employees Retirement System of Ohio

Serving the People Who Serve Our Schools®

2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended
June 30, 2023

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended June 30, 2023

Prepared by SERS Staff
Richard Stensrud, Executive Director
300 E. Broad St., Suite 100, Columbus, Ohio 43215-3746
www.ohsers.org
Serving the People Who Serve Our Schools®

Mission

To provide our membership with valuable lifetime pension benefit programs and services

Vision

Through the continuous pursuit of excellence and innovative solutions, we will partner with our stakeholders so that our membership will understand and achieve security in retirement

Values

- Focus on Service
- Be Accountable
- Support Collaboration
- Respect Differences and Practice Inclusion
- Remain Resourceful and Embrace Change

Core Beliefs

- We are here to serve.
- We are open and honest.
- We are professional.
- We are dedicated.
- We are enthusiastic.
- We are high performers.
- We are valuable partners.
- We are member advocates.
- We are innovators.
- **WE ARE SERS.**

Introductory Section (unaudited)

SERS Retirement Board 2
SERS Executive Staff 3
Organizational Chart and Advisors to the Retirement Board 4
Awards 5
Letter of Transmittal 6
Legislative Summary 10
Economic Impact 12

Financial Section

Independent Auditors' Report 14
Management's Discussion and Analysis (unaudited) 17
Basic Financial Statements
- Statement of Fiduciary Net Position 24
- Statement of Changes in Fiduciary Net Position 25
- Notes to the Basic Financial Statements 26

Required Supplementary Information (unaudited)
- Schedule of Changes in the Employers' Net Pension Liability 46
- Schedule of the Net Pension Liability 48
- Schedule of Employer Contributions 48
- Schedule of Investment Returns 48
- Notes to Required Supplementary Pension Information 49
- Schedule of Changes in the Net OPEB Liability 52
- Schedule of the Net OPEB Liability 52
- Schedule of Employer Contributions - OPEB 53
- Schedule of Investment Returns - OPEB 53
- Notes to Required Supplementary Health Care Information 54
- Schedule of SERS' Proportionate Share of the Net Pension Liability - OPERS Traditional Pension Plan 56
- Schedule of SERS' Proportionate Share of the Net Pension Liability - OPERS Combined Pension Plan 56
- Schedule of Contributions - OPERS Traditional Pension Plan 56
- Schedule of Contributions - OPERS Combined Pension Plan 56
- Schedule of SERS' Proportionate Share of the Net OPEB Liability (Asset) - OPERS 58
- Schedule of OPEB Contributions - OPERS 58

Other Supplementary Information
- Schedule of Administrative Expenses 60
- Schedule of Investment Expenses 61
- Schedule of Payments to Consultants 61

Investment Section (unaudited)

Letter from Chief Investment Officer . . . 64
Investment Report . . . 65
Investment Summary . . . 69
Asset Allocation vs. Policy . . . 69
SERS Total Investment Return (Gross of Fees) . . . 69
Total Investment Fund at Fair Value . . . 70
Schedule of Investment Results . . . 70
Notes to Investment Results . . . 71
SERS Detailed Asset Allocation . . . 72
Largest Public Equity Holdings . . . 73
Largest Public Fixed Income Holdings . . . 73
Investment Consultants and Investment Managers . . . 74
Summary Schedule of Brokers' Commissions . . . 75
Reconciliation to Statement of Fiduciary Net Position . . . 75
Statement of Investment Policy . . . 76

Actuarial Section (unaudited)

Actuary's Certification Letter . . . 88
Pension Summary of Actuarial Assumptions and Methods . . . 91
Pension Actuarial Accrued Liabilities . . . 94
Active Member Valuation Data . . . 94
Pension Retirees and Beneficiaries Added to and Removed from Rolls . . . 95
Medicare B Retirees and Beneficiaries Added to and Removed from Rolls . . . 95
Schedule of Funding Progress . . . 96
Short-Term Solvency Test . . . 97
Analysis of Financial Experience . . . 98
Health Care Summary of Actuarial Assumptions and Methods . . . 102
Health Care Actuarial Accrued Liabilities . . . 103
Health Care Analysis of Financial Experience . . . 104
Health Care Schedule of Funding Progress . . . 106
Health Care Solvency Test . . . 106
Health Care Retirees and Beneficiaries Added to and Removed from Rolls . . . 107

Statistical Section (unaudited)

Statistical Section Overview . . . 110
Fiduciary Net Position by Fund . . . 111
Total Fiduciary Net Position . . . 111
Changes in Fiduciary Net Position . . . 112
Benefit and Refund Deductions from Fiduciary Net Position by Type . . . 116
Employee and Employer Contribution Rates . . . 118
Demographics of New Pension Benefit Recipients . . . 118
Demographics of Active and Retired Members Used for Valuation Purposes . . . 119
Retired Members by Type of Benefit . . . 120
Retirees, Spouses, and Dependents Receiving Health Care Coverage . . . 120
Principal Participating Employers . . . 121
Average Benefit Payments - New Retirees (Service Only) . . . 122

Plan Summary (unaudited)

Plan Summary 124
Covered Employees 124
Contributions 125
Service Credit 125
Age and Service Retirement 126
Disability Benefits 127
Death Benefit 128
Survivor Benefits 128
Cost-of-Living Adjustment 129
Health Care 130

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Introductory Section

SERS Retirement Board 2
SERS Executive Staff 3
Organizational Chart and Advisors to the Retirement Board 4
Awards 5
Letter of Transmittal 6
Legislative Summary 10
Economic Impact 12

> **SERS' primary objective is to assure that at the time benefits commence, sufficient funds will be available to provide retirement, disability, and survivor benefits for its members.**
>
> – Richard Stensrud, *Executive Director*

159,873
Members

81,833
Retirees & Beneficiaries

39,656
Total Covered Lives (Health)

1,069
Contracted Employers

SERS Retirement Board as of June 30, 2023

Seated (front row, left to right): Hugh W. Garside Jr., Barbra M. Phillips, Jeffrey T. DeLeone, Catherine P. Moss
Standing (back row left to right): Richard Stensrud - Executive Director, James H. Haller, Daniel L. Wilson, James A. Rossler Jr., Frank A. Weglarz, Matthew King

Jeffrey T. DeLeone
Chair, Appointed Member
Term Expires 12/5/2024

Frank A. Weglarz
Vice-Chair, Retiree-Member
Term Expires 6/30/2025

Hugh W. Garside Jr.
Employee-Member
Term Expires 6/30/2023

James H. Haller
Employee-Member
Term Expires 6/30/2025

Matthew King
Employee-Member
Term Expires 6/30/2024

Catherine P. Moss
Retiree-Member
Term Expires 6/30/2024

Barbra M. Phillips
Employee-Member
Term Expires 6/30/2025

James A. Rossler Jr.
Appointed Member
Term Expires 11/4/2024

Daniel L. Wilson
Appointed Member
Term Expires 9/27/2024

Richard Stensrud
Executive Director

Karen Roggenkamp
Deputy Executive Director

Joseph Bell
Chief Risk Officer

Jeff Davis
Chief Audit Officer

Marni Hall
Chief Financial Officer

Farouki Majeed
Chief Investment Officer

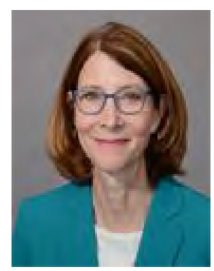
Joseph Marotta
General Counsel

John Grumney
Director - Member Services

Mike McManaway
Assistant Director - Building Services

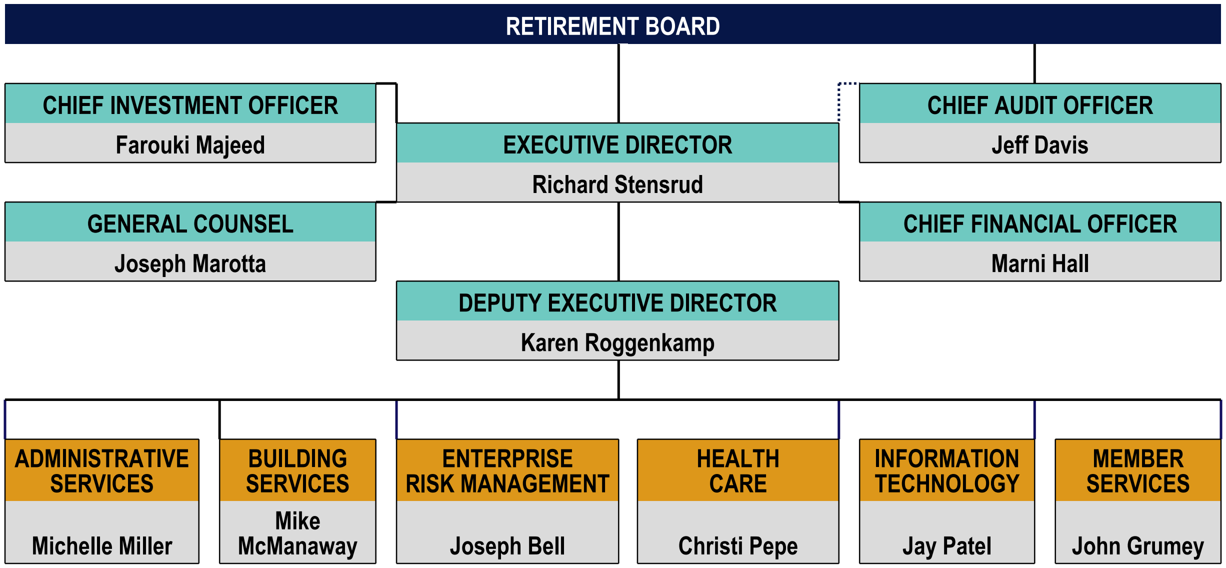
Michelle Miller
Director - Administrative Services

Jay Patel
Chief Technology Officer



Christi Pepe
Director - Health Care Services

Organizational Chart and Advisors to the Retirement Board



Advisors to the Retirement Board

Investment Consultant	**Wilshire Associates, Inc.** Santa Monica, California
Actuary	**Cavanaugh Macdonald Consulting, LLC** Kennesaw, Georgia
Medical Advisor	**Dr. Glen Borchers** Columbus, Ohio

Independent Auditor
(under contract with the Auditor of State)

Plante & Moran, PLLC
Toledo, Ohio

Investment Consultants and Investment Managers and Brokers' Fees - see pages 74 - 75

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School Employees Retirement System of Ohio

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill
Executive Director/CEO

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2023

Presented to

School Employees Retirement System of Ohio

In recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

RICHARD STENSRUD
Executive Director

KAREN ROGGENKAMP
Deputy Executive Director

December 6, 2023

Dear Chair and Members of the Retirement Board:

On behalf of all management and staff, we are pleased to submit the *Annual Comprehensive Financial Report* of the School Employees Retirement System of Ohio (SERS) for the fiscal year ended June 30, 2023. We are responsible for the accuracy of the contents, and the completeness and fairness of the presentation, including disclosures. A narrative overview and analysis to accompany the basic financial statements is presented as Management's Discussion and Analysis (MD&A); it can be found immediately following the report of the independent auditor in the Financial Section. This letter of transmittal is designed to complement the MD&A.

Established in 1937 by an act of the Ohio General Assembly, SERS provides pensions and benefits to public and charter school employees who are not required to possess a certificate issued pursuant to sections 3319.22 to 3319.31 of the Ohio Revised Code in order to perform their duties. By statute, benefit plans include retirement for age and service, disability benefits, and survivor benefits that are paid upon the death of a member before retirement. A post-retirement health care program also is provided, although it is not required by law.

A system of internal accounting controls ensures the security of member and employer contributions and provides reasonable, but not absolute, assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. Our independent external auditors have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America. They have full and unrestricted access to you to discuss their audit and related findings concerning the integrity of financial reporting and adequacy of internal controls.

MAJOR INITIATIVES AND HIGHLIGHTS

Celebrating SERS' 85th Anniversary On September 1, 2022, SERS celebrated its 85th anniversary. Staff chose the theme of "gratitude for where we've been and what's to come" to engage with members via social media throughout the month. At least twice a week, staff posted trivia questions about SERS' past, shared historical photos, and provided insight into SERS' operations through its social media accounts.

Sustainability Discussions Prompt Health Care Changes In March, as part of the Board's health care sustainability discussions, they voted to equalize the health care premium subsidy rates for non-Medicare disability recipients and service retirees based on years of service.

This change takes effect beginning January 1, 2024. With expanded Marketplace plan subsidies and SERS' Wraparound Health Reimbursement Arrangement, non-Medicare recipients have access to coverage and affordability that meets or exceeds that offered by SERS. Representatives from UMR, previously HealthSCOPE Benefits, will assist disability and service retirees in selecting Marketplace plans that best meet their health care needs and budget.

Finally, SERS will implement an amended health care administrative rule that requires new retirees and disability benefit recipients who are not eligible for Medicare to receive Marketplace counseling before enrolling in SERS' health care coverage. Counseling will be provided by SERS' vendor, UMR, whose staff is licensed to enroll individuals in federal Marketplace plans. This requirement became effective on June 1, 2023, for everyone with a benefit effective date on or after that date, and it applies to those who have previously waived SERS' coverage but wish to enroll on or after that date due to a qualifying event.

Benefit Inflation Control Tool Approved by State Legislature The Contribution Based Benefit Cap (CBBC) proposal approved by the SERS Board in September 2021, was drafted as a benefit inflation control (anti-spiking) statutory provision.

The Ohio Retirement Study Council (ORSC) endorsed the proposal and Senators Kirk Schuring and Jay Hottinger introduced stand-alone legislation (S.B. 347) of the SERS CBBC proposal in 2022. Because this legislation did not get passed by the end of the year, staff had to begin the process over again in 2023.

As the new legislative year began, SERS staff worked closely with ORSC member, Representative Adam Bird, on reintroduction of the CBBC as H.B. 146 in the new General Assembly. SERS provided proponent testimony on H.B. 146 before the House Pensions committee in May. The committee voted out the CBBC legislation unanimously at a subsequent hearing.

As H.B. 146 was moving through the legislative process, staff also pursued an opportunity to include the CBBC language in the State Operating Budget (H.B. 33). Staff worked closely with Senators Schuring and Louis Blessing, and Representative Bird on amendment language for H.B. 33. SERS' CBBC proposal was included as an amendment to H.B. 33 and signed into law by the Governor with an effective date of August 1, 2024.

SERS Increases Outreach to Members and Employers Using New Technology Even though SERS has returned to its pre-pandemic in-person member and employer meeting schedules, virtual meetings continue to be a viable way for SERS staff to connect with people all over the state. Our surveys indicate that members are becoming more comfortable using virtual technology tools such as Zoom to attend meetings and the overall experience is positive. For SERS, hosting virtual meetings allows the System to expand its educational outreach and keep costs low.

In FY2023, SERS' Member Services Department held 25 virtual meetings with more than 2,000 total attendees. The Employer Services Department held 22 virtual meetings with more than 800 total attendees. Both departments added new virtual offerings during the year.

In August, Employer Services debuted *Sound Bite Wednesdays*, which is a once-a-month, 20-minute lunchtime webinar that focuses on one employer topic. Topics covered this year included payroll schedules, salary estimates, penalties, employer statements, surcharge, the web user maintenance application in eSERS, and how to read a foundation deduction letter.

In November, Member Services kicked off a new virtual series called *Lunch Break* targeted toward members with less than 10 years of service. This 30-minute webinar is scheduled during the lunch hour, which allows members to attend without having to set aside time after work or on the weekend. It provides an overview of contributions, Social Security, the difference between defined benefit and defined contribution plans, refunds, disability benefits, retirement requirements, and the importance of supplemental retirement savings.

Streamlining SERS' Digital Information Storage and Retention SERS' Information Governance (IG) Department completed several projects that reduced SERS' digital storage footprint and implemented new tools and policies that will reduce future retention of transitory data and email.

The IG staff and Digital Workplace team completed the migration of all departments to Microsoft Teams and SharePoint Online (SPO). This included reviewing and deleting approximately 850,000 documents from shared storage drives and 350,000 files from the legacy SharePoint site. These changes make the user experience better, improve information security, and are in alignment with SERS' disaster recovery plan.

In addition, after all departments reviewed their contract libraries, IG assisted with the migration of files into a new centralized contracts site that stores all active contracts by department or business unit. Separate libraries were created for inactive contracts that are still within retention requirements and must be maintained. A new naming convention was also applied to all active contracts so that the library is easier to navigate.

In March 2023, IG applied a retention policy to the Deleted Items folder on all staff's Outlook email. The retention policy will automatically delete messages more than 180 days old that remain in the Deleted Items folder. Deleting these emails will significantly reduce the amount of email SERS' system maintains.

Mandatory Direct Deposit On July 1, 2022, SERS switched to direct deposit for all benefit recipients. While direct deposit had been mandatory for all new benefit recipients since 2013, the SERS Board authorized staff to make it mandatory for everyone. This change affected about 3,000 recipients.

The rationale for implementing mandatory direct deposit is that it eliminates risks such as theft and fraud to benefit recipients and reduces SERS' costs associated with providing paper checks and reissuing checks that are lost or stolen.

INVESTMENTS

SERS' investment portfolio is diversified by asset class, investment approach, and individual investments within each asset class to reduce overall portfolio risk and volatility. At year end, SERS' investment portfolio at fair value was $17.9 billion. The time weighted investment return was 7.4% (net), for the fiscal year exceeding the policy benchmark by 0.3%. The actuarial rate of return was 7.00%. Net investment income was $1.2 billion compared to a net investment loss of $0.3 billion in FY2022. The SERS Investment Committee structure was fully operational and represents a leading practice in investment operations. For more information on SERS' portfolio performance and investment strategy and policy, please turn to the Investment Section of this report.

SERS' investment staff, with support from Wilshire Associates, Inc., the Board investment consultant, continually monitor the asset allocation and recommends to the Board asset allocation changes as needed. No changes were made to the allocation schedule for FY2023. The FY2023 allocation is 45% for global equities, 12% for global private equity, 19% for global fixed income, 17% for global real assets, 5% for global private credit, and 2% for cash equivalents.

FUNDING

SERS' primary objective is to assure that at the time benefits commence, sufficient funds will be available to provide retirement, disability, and survivor benefits for its members. In addition, SERS is committed to sustaining contribution rates that remain level from generation to generation.

SERS' benefits are separated to comply with various sections of the Internal Revenue Code (IRC), and then reported and valued for funding purposes in accordance with relevant GASB statements. For FY2023, the funded ratios for the three benefits mandated by statutes (basic benefits) increased, as designed by the funding policy. The funding level for basic benefits increased from 75.5% over a 22-year period to 76.6% over a 21-year period. The funding level for discretionary health care benefits increased from 45.4% to 46.1% over a 30-year period. The Health Care Fund is projected to remain solvent through 2062, a 39-year solvency period as of June 30, 2023. Historical information related to progress on meeting the funding objective can be found in the Required Supplementary Information in the Financial Section of this report.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SERS for its *Annual Comprehensive Financial Report* (ACFR) for the fiscal year ended June 30, 2022. This was the 38th consecutive year that SERS has received this prestigious award. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA gave SERS an Award for Outstanding Achievement in Popular Annual Financial Reporting for its *Summary Annual Financial Report* (SAFR) for the fiscal year ended June 30, 2022. SERS first issued the SAFR for fiscal year ended June 30, 2013 and has received this award for ten consecutive years. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for one year only.

We believe that our current SAFR continues to meet the Award for Outstanding Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Public Pension Coordinating Council (PPCC) awarded to SERS the Public Pension Standards Award for 2023. Developed by the PPCC to promote excellence in meeting professional standards for plan funding and administration among state and local public retirement systems, the Public Pension Standards are the benchmark for measuring current practices of defined benefit plans. The PPCC is a coalition of three national associations that represent public retirement systems and administrators: the National Association of State Retirement Administrators, the National Council on Teacher Retirement, and the National Conference on Public Employee Retirement Systems.

This report represents the collaboration of SERS' staff and advisors. Our sincere appreciation is extended to all those who contributed to the completion of this report. This report is intended to provide complete and reliable information as a basis for management decisions, for compliance with legal requirements, and as a measurement of the responsible stewardship of SERS' assets.

In closing, we recognize that our strength is a reflection of the quality of our staff. We value their efforts that enable us to maintain effective internal controls while at the same time deliver high quality service to our members, retirees, and employers.

Respectfully submitted,

Richard Stensrud	Marni Hall, CPA
Executive Director	*Chief Financial Officer*

Legislative Summary

SERS and its members can be significantly affected by legislation enacted by the Ohio General Assembly and Congress. SERS closely monitors legislative and regulatory activities, and when appropriate, provides testimony or otherwise educates Ohio legislators, congressional representatives, and regulatory agencies on the impact of those proposals.

State Legislation

From the 134th General Assembly:

H.B. 539 STATE RETIREMENT SYSTEMS - PUBLIC BROADCAST (11/16/2022 House Insurance Committee, First Hearing)
To require the state retirement systems to publicly broadcast board meetings.

H.B. 540 STATE RETIREMENT SYSTEMS – FINANCIAL INFORMATION (11/16/2022 House Insurance Committee, Second Hearing)
To require the state retirement system boards to disclose certain financial information regarding alternative investments.

H.B. 541 STATE RETIREMENT SYSTEMS – FORMER EMPLOYEES (11/16/2022 House Insurance Committee, Second Hearing)
Regarding the prohibition against the state retirement systems doing business with a former state retirement system employee, officer, or board member.

S.B. 367 REGARDING STATE GOVERNANCE POLICIES (11/30/2022 Referred to Senate Finance Committee) Regarding environmental, social, and corporate governance policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education.

From the 135th General Assembly:

H.B. 33 FY24-25 STATE OPERATING BUDGET (7/3/2023, Signed by Governor) To make operating appropriations for the biennium beginning July 1, 2023, and ending June 30, 2025, to levy taxes, and to provide authorization and conditions for the operation of state programs. SERS' CBBC provisions, which were identical to H.B. 146, were included as an amendment to H.B. 33.

H.B. 146 SERS BENEFIT CAP (5/16/2023, Reported out of House Pensions Committee) To establish a contribution-based benefit cap (CBBC) in calculating a School Employees Retirement System member's retirement benefit. SERS testified in support of the CBBC proposal.

H.C.R. 6 URGE CONGRESS - REPEAL WINDFALL ELIMINATION PROVISION (5/16/2023, Reported out of House Pensions Committee) To urge Congress to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) SERS provided written testimony to the committee in support of H.C.R. 6.

S.B. 6 ESG POLICIES-STATE ENTITIES (5/10/2023 Passed Ohio Senate, 5/23/2023 Referred to House Financial Institutions Committee) Regarding environmental, social, and corporate governance (ESG) policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education. SERS provided written interested party testimony to the Senate Finance Committee.

Federal Legislation

From the 117th Congress:

H.R. 2954 SECURING A STRONG RETIREMENT ACT of 2021 (3/29/2022 Passed House, 03/30/2022 Received in the Senate and read twice and referred to the Committee on Finance) Referred to as SECURE Act 2.0, the legislation would make several changes to retirement savings programs including raising the required minimum distribution (RMD) age to 75. Similar provisions included in the Enhancing American Retirement Now also called the EARN Act (6/22/2022 passed Senate Finance Committee). Included as part of year-end $1.7 trillion omnibus spending bill approved by U.S. Senate "Consolidated Appropriations Act, 2023" (H.R. 2617 as amended) on 12/22/22 by a vote of 68-29. The House followed suit, approving the legislation 12/23/22 by a vote of 225-201. Signed by the President on 12/29/22, became Public Law No: 117-328.

H.R. 5376 INFLATION REDUCTION ACT of 2022 (8/16/2022 Became Public Law No: 117-169) Provides funding, establishes programs, and otherwise modifies provisions relating to a broad array of areas, including health care policy, especially impacting Medicare:

- Drug Pricing Negotiations – Requires the Centers for Medicare & Medicaid Services (CMS) to negotiate prices for some top-selling drugs covered under Medicare Part D. CMS would negotiate prices for 10 Part D drugs in 2026, 15 Part D drugs in 2027 and 2028, and 20 Part D drugs in 2029 and each year thereafter.
- Drug Rebates – Requires drug manufacturers to pay a rebate if prices increase faster than inflation for drugs used by Medicare beneficiaries. Manufacturers that do not pay the required rebates would face a financial penalty.
- Medicare Part D Reform – Eliminates a 5% coinsurance for catastrophic coverage in Medicare Part D, adds a $2,000 cap on Part D out-of-pocket spending in 2025, and limits annual increases in Part D premiums for 2024-2030. This section includes language protecting Employer Group Waiver Plans (EGWPs) like the one SERS provides.

- ACA Subsidies – Extends the enhanced ACA premium tax credits provided under the American Rescue Plan for three years through 2025 to increase generosity for individuals will household incomes below 400% of the federal poverty level (FPL) and expand eligibility for taxpayers above 400% of the FPL.

From the 118th Congress:

H.R. 82 SOCIAL SECURITY FAIRNESS ACT OF 2021 (1/09/2023 Referred to the House Committee on Ways and Means) This bill would repeal the GPO and WEP. Companion bill to S. 597.

H.R. 4260 PUBLIC SERVANTS PROTECTION AND FAIRNESS ACT (6/21/2023 Referred to the House Committee on Ways and Means) This bill would 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 WEP.

Regulatory Activity

On August 31, 2022, SERS wrote a comment letter to the Centers for Medicare & Medicaid Services, in response to their request for information regarding various aspects of the Medicare Advantage program. Although SERS believes the Medicare Advantage program is already an excellent option for our retirees, we also believe there are ways to improve our members' experience as described in the letter. SERS' letter argued that group Medicare Advantage enrollees would benefit from a prohibition on traditional marketing, or some pre-notification to the enrolling group plan of a request to change, or an alternative that offers protection and full information unique to retiree group plan enrollees.

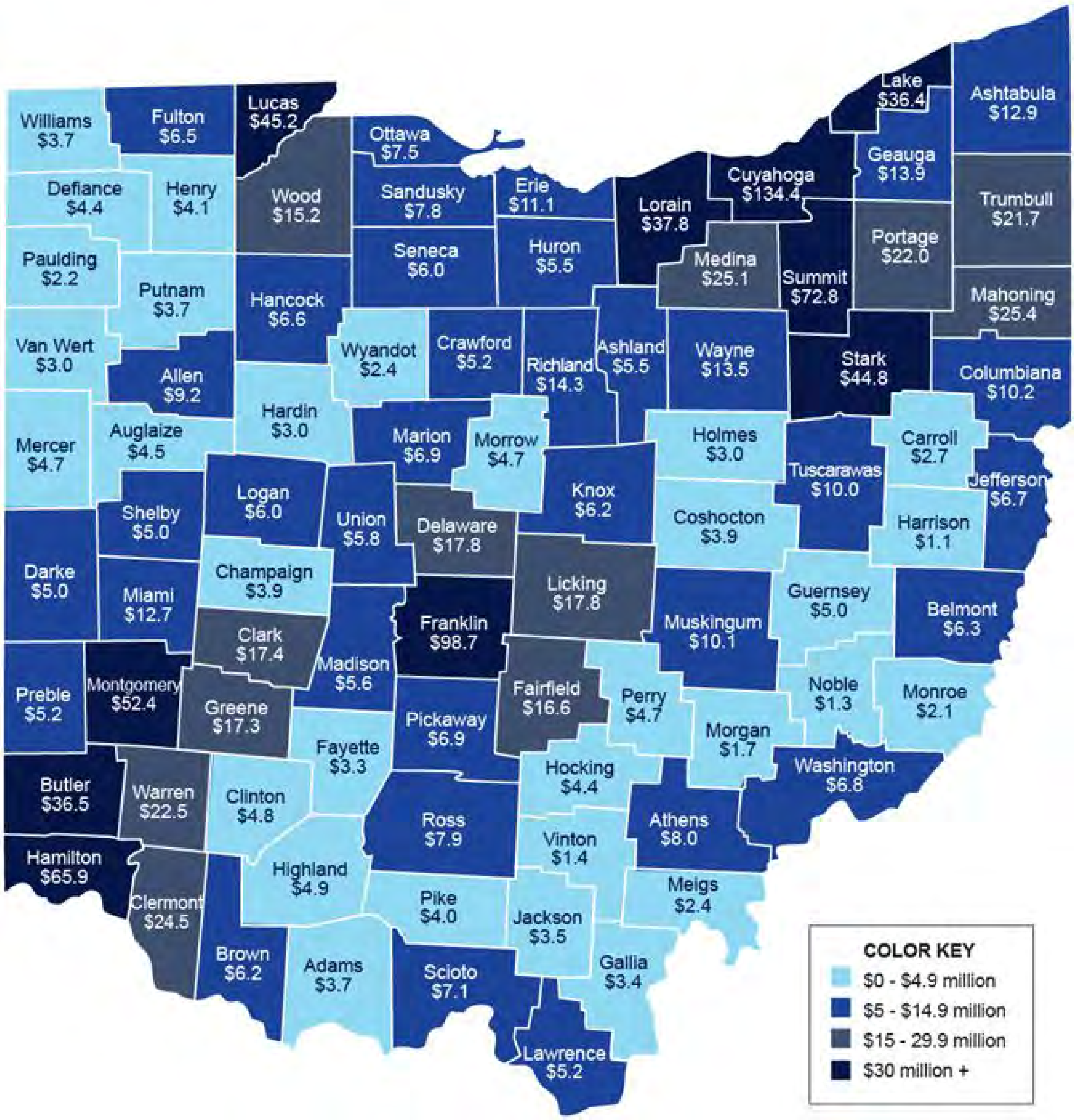
SERS also submitted a comment letter to the Centers for Medicare & Medicaid Services, on March 6, 2023, responding to their advance notice of methodological changes in calendar year 2024 for Medicare Advantage Capitation Rates and Part C and Part D Payment Policies, urging them to delay implementation and allow stakeholders the opportunity to participate in evaluating their impact.

Economic Impact

Pension Benefits by County FY2023 *($ in millions)*

Public pensions positively impact Ohio's economy. Of the 81,833 individuals receiving pension benefits from SERS, nearly 91% live in Ohio.

In FY2023 alone, benefit payments of approximately $1.25 billion were distributed among Ohio's 88 counties, positively impacting the state's economy. For every dollar in employer contributions invested in SERS' retirement benefits last year, $2.45 was returned to local economies.



Financial Section

Independent Auditors' Report 14
Management's Discussion and Analysis (unaudited) 17
Basic Financial Statements
- Statement of Fiduciary Net Position 24
- Statement of Changes in Fiduciary Net Position 25
- Notes to the Basic Financial Statements 26

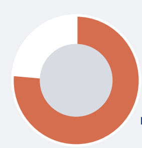
Required Supplementary Information (unaudited)
- Schedule of Changes in the Employers' Net Pension Liability 46
- Schedule of the Net Pension Liability 48
- Schedule of Employer Contributions 48
- Schedule of Investment Returns 48
- Notes to Required Supplementary Pension Information 49
- Schedule of Changes in the Net OPEB Liability 52
- Schedule of the Net OPEB Liability 52
- Schedule of Employer Contributions - OPEB 53
- Schedule of Investment Returns - OPEB 53
- Notes to Required Supplementary Health Care Information 54
- Schedule of SERS' Proportionate Share of the Net Pension Liability - OPERS Traditional Pension Plan 56
- Schedule of SERS' Proportionate Share of the Net Pension Liability - OPERS Combined Pension Plan 56
- Schedule of Contributions - OPERS Traditional Pension Plan 56
- Schedule of Contributions - OPERS Combined Pension Plan 56
- Schedule of SERS' Proportionate Share of the Net OPEB Liability (Asset) - OPERS ..58
- Schedule of OPEB Contributions - OPERS 58

Other Supplementary Information
- Schedule of Administrative Expenses 60
- Schedule of Investment Expenses 61
- Schedule of Payments to Consultants 61

$18.3 BILLION
Net Position

$1.3 BILLION
Annual Pension Benefit Payments

7.4%
Net Rate of Return



76.61%
Funded as of June 30, 2023
(Basic Pension Benefits)

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Independent Auditor's Report

To the Retirement Board
School Employees Retirement System of Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of School Employees Retirement System of Ohio (SERS) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise SERS' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SERS as of June 30, 2023 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of SERS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SERS' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Retirement Board
School Employees Retirement System of Ohio

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of SERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SERS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SERS' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory, investment, actuarial, statistical, and plan summary sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Retirement Board
School Employees Retirement System of Ohio

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of SERS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SERS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SERS' internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 5, 2023

Introduction

This section presents Management's Discussion and Analysis of the School Employees Retirement System of Ohio's financial performance for fiscal year ended June 30, 2023. This information is based on SERS' financial statements, which begin on page 24. We encourage readers to consider the information presented here in conjunction with the information in our Letter of Transmittal, which begins on page 6 in the Introductory Section of this report. In addition to historical information, Management's Discussion and Analysis includes forward-looking statements that involve certain risks and uncertainties. Actual results, performance, and achievements may differ from those expressed or implied in such forward-looking statements, due to a wide range of factors, including changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

FINANCIAL HIGHLIGHTS

- SERS' total assets at June 30, 2023 were $18.5 billion, an increase of $0.6 billion, or 3.2%, compared to FY2022 assets. Cash and Short Term Investments are 19.3% lower than FY2022. Investments increased by $0.7 billion, or 4.1%, after the FY2023 7.39% net investment return. Prepaid and Other Assets increased by $96.3 million in FY2023 after the July 1, 2023 benefit payments were prepaid due to July 1, 2023 falling on a weekend.
- Deferred outflows from SERS' participation in OPERS increased from FY2022 to FY2023. Deferred outflows from pensions increased $7.2 million and deferred outflows from other postemployment benefits (OPEB) increased $1.9 million. The deferred outflows increase resulted from OPERS' investments experiencing a loss in FY2022 compared to the 6.9% assumed rate of return.
- SERS' total liabilities at June 30, 2023 were $197.5 million, a decrease of $102.8 million, or 34.2%, compared to FY2022 liabilities. The decrease is attributed to a decrease in investments payable, which fluctuate due to the timing of investment purchases.
- Deferred inflows decreased from FY2022 to FY2023 from SERS' participation in OPERS and GASB Statement No. 87, *Leases*. Deferred inflows from pensions decreased by $9.7 million and deferred inflows from OPEB decreased by $3.1 million. Deferred inflows from tenant leases decreased by $0.3 million. The decrease in deferred inflows is primarily due to the difference between the OPERS projected 6.9% investment rate of return and the OPERS actual FY2022 investment losses. This difference transitioned the balance to a net deferred outflow as noted above.
- Total additions to plan net position were $2.3 billion, comprised of contributions of $1.0 billion, $0.1 billion of other income and net investment income of $1.2 billion. Net investment income increased $1.5 billion in FY2023 due to market performance. Investments experienced a 7.39% time weighted net return in FY2023 as compared to a 0.49% net loss in FY2022.
- Total deductions from plan net position for FY2023 totaled $1.6 billion, including benefits payments of $1.5 billion and administrative expenses of $33.2 million, an increase of 4.3% from FY2022 deductions. Included in administrative expenses are personnel, professional, communication, computer support, facility expenses, and depreciation.
- The net increase in plan net position was $691.4 million compared to a net decrease of $866.3 million in FY2022. The majority of the variance is due to investment earnings in FY2023 and a volatile market in FY2022.

CONDENSED SUMMARY OF TOTAL FIDUCIARY NET POSITION *($ in millions)*

			Change	
ASSETS	2023	2022	Amount	Percent
Cash	$774.7	$959.4	($184.7)	(19.3%)
Receivables	196.3	217.8	(21.5)	(9.9)
Investments	17,329.9	16,650.0	679.9	4.1
Capital Assets, Net	51.6	55.2	(3.6)	(6.5)
Prepaid & Other Assets	101.1	4.8	96.3	2,006.3
Total Assets	18,453.6	17,887.2	566.4	3.2
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	11.6	2.5	9.1	364.0
LIABILITIES				
Benefits & Accounts Payable	40.8	25.6	15.2	59.4
Other Liabilities	156.7	274.7	(118.0)	(43.0)
Total Liabilities	197.5	300.3	(102.8)	(34.2)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	2.0	15.1	(13.1)	(86.8)
Fiduciary Net Position	**$18,265.7**	**$17,574.3**	**$691.4**	**3.9%**

CONDENSED SUMMARY OF CHANGES IN TOTAL FIDUCIARY NET POSITION *($ in millions)*

			Change	
ADDITIONS	2023	2022	Amount	Percent
Contributions	$1,013.4	$954.1	$59.3	6.2%
Other Income	134.3	97.4	36.9	37.9
Net Investment Income (Loss)	1,183.0	(346.4)	1,529.4	441.5
Total Additions	2,330.7	705.1	1,625.6	230.5
DEDUCTIONS				
Benefits	1,498.6	1,456.6	42.0	2.9
Refunds & Transfers	107.5	90.2	17.3	19.2
Admin. Expenses	33.2	24.6	8.6	35.0
Total Deductions	1,639.3	1,571.4	67.9	4.3
Net Increase (Decrease)	691.4	(866.3)	1,557.7	179.8
Balance, Beginning of Year	17,574.3	18,440.6	(866.3)	(4.7)
Balance, End of Year	**$18,265.7**	**$17,574.3**	**$691.4**	**3.9%**

OVERVIEW OF FINANCIAL STATEMENTS

SERS' financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. Management's Discussion and Analysis is intended to serve as an introduction to SERS' financial statements, which are prepared using the accrual basis of accounting. Following Management's Discussion and Analysis are the basic financial statements. Reviewing these statements, along with the accompanying notes, gives the reader a better understanding of SERS' financial position.

The Statement of Fiduciary Net Position is a point-in-time snapshot of SERS' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at fiscal year-end. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources.

The Statement of Changes in Fiduciary Net Position presents the additions and deductions for the fiscal year. Major sources of additions are contributions and investment income. Major sources of deductions are benefits, refunds, and administrative expenses.

The Notes to Financial Statements supply additional information that is essential for a full understanding of the data provided in the financial statements. The notes describe the history and purpose of the plans; present information about accounting policies; and disclose material risks, subsequent events, and contingent liabilities, if any, that may significantly impact SERS' financial position.

In addition to the financial statements and notes, the following supplementary information is also provided:

- Required supplementary information that presents SERS' employer proportion of collective net pension liability based on statutory requirements, including employer contributions and notes;
- Required supplementary information that presents SERS' employer proportion of collective OPEB liability based on statutory requirements, including employer contributions and notes;
- Required supplementary information that presents SERS' proportionate share of the Ohio Public Employees Retirement System (OPERS) net pension liability;
- Required supplementary information that presents SERS' proportionate share of the OPERS net OPEB liability (asset); and
- Optional supplementary schedules that present information related to administrative expenses, investment-related expenses, and non-investment related consulting fees.

The financial statements, notes, and Required Supplementary Information (RSI) are presented in compliance with generally accepted accounting principles.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68), the net pension liability equals SERS' proportionate share of OPERS' unfunded actuarial accrued liability. However, SERS is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee member contribution rates are capped by state statute. A change in these caps requires action of both houses of the general assembly and approval by the governor. Benefit provisions also are determined by state statute. In Ohio, public employers are not legally bound to pay off the unfunded liabilities of the public pension systems. The pension systems are solely responsible for the prudent fiscal administration of their plans.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), the net OPEB liability (asset) equals SERS' proportionate share of the OPERS unfunded liability (asset). However, SERS is not responsible for certain key factors affecting the balance of this liability (asset). OPERS' Board of Directors determines on an annual basis the percentage of total employer contributions to be allocated to health care. The portion of Traditional Pension Plan employer contributions was 0% for calendar year 2022. The portion of Combined Plan employer contributions allocated to health care was 0% from January 1, 2022 to June 30, 2022 and was 2% from July 1, 2022 to December 31, 2022. In Ohio, health care is a discretionary benefit; it is not guaranteed by statute. Public employers are also not legally bound to pay off the OPEB liabilities of the public pension systems. The pension systems are solely responsible for the prudent fiscal administration of their plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability (asset). Changes in pension benefits, OPEB benefits, contribution rates, and return on investments affect the balance of the net pension liability and the net OPEB liability (asset), but are outside the control of SERS. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion.

FINANCIAL ANALYSIS

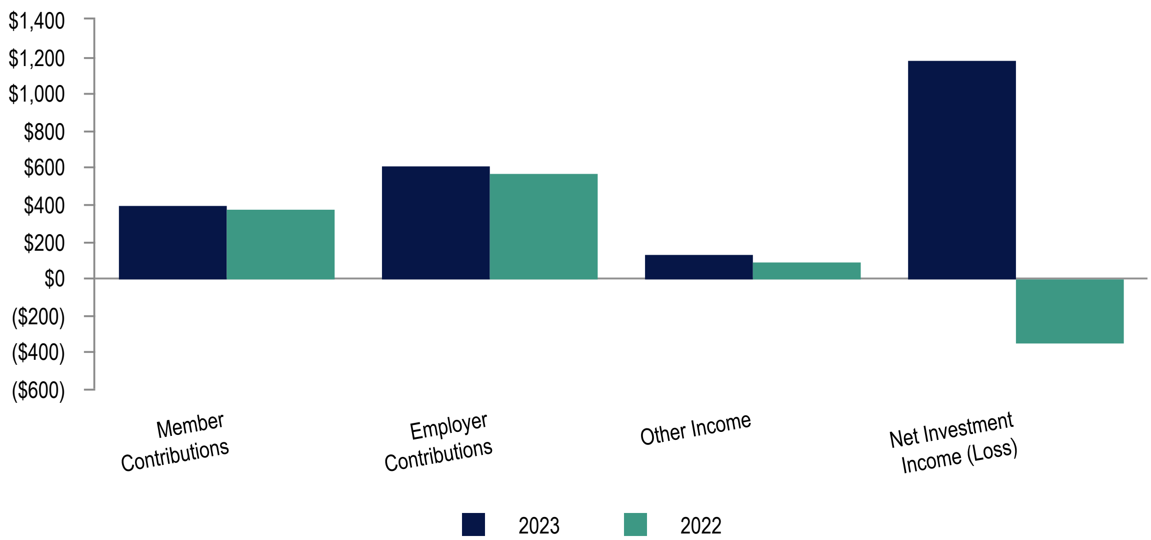
A statewide defined benefit public pension plan, such as SERS, has a long-term perspective on financial activities. SERS' primary responsibility is to assure that sufficient funds will be available to provide retirement, disability, and survivor benefits, Medicare Part B premium reimbursements, and lump sum death benefits. Laws governing SERS' financing intend the contribution rates to remain approximately level from generation to generation.

A Condensed Summary of Total Fiduciary Net Position and a Condensed Summary of Changes in Total Fiduciary Net Position as of June 30, 2023 and 2022, are shown on page 17.

SERS is comprised of five separate funds – the Pension Trust Fund, the Medicare B Fund, the Death Benefit Fund, the Qualified Excess Benefit Arrangement (QEBA) Fund, and the Health Care Fund. Pension benefits are funded through a combination of member and employer contributions and investment income. Medicare Part B premium reimbursements and death benefits are funded through employer contributions and investment income. The QEBA, a separate plan under Internal Revenue Code §415, is funded by contributions from the retiree's last employer and invested separately in a short-term investment fund. Funding for the Health Care Fund comes from employers, retiree premium payments, federal subsidies, other receipts, and investment income. The graph, "Comparative Additions by Source FY2023 and FY2022", depicts the proportion that each source added to the fund's assets.

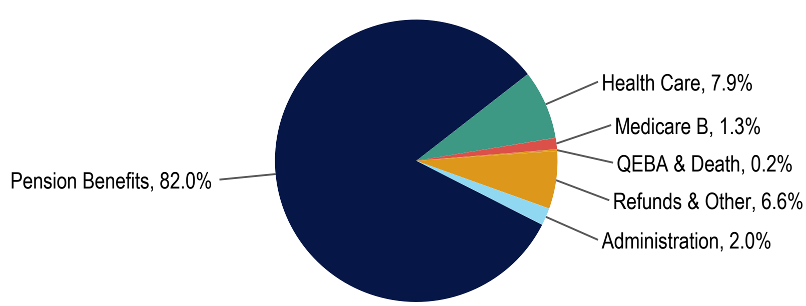
Comparative Additions by Source FY2023 and FY2022

($ in millions)



Expenses were incurred primarily for the purpose for which SERS was created: the payment of benefits to non-teaching Ohio public school, community school, and community college employees. Included in the deductions from fiduciary net position were benefit payments, refunds of contributions due to member terminations or deaths, net transfers to other Ohio retirement systems to provide benefits for those members who had membership in more than one system, and administrative expenses.

Deductions from Total Plan Fiduciary Net Position FY2023

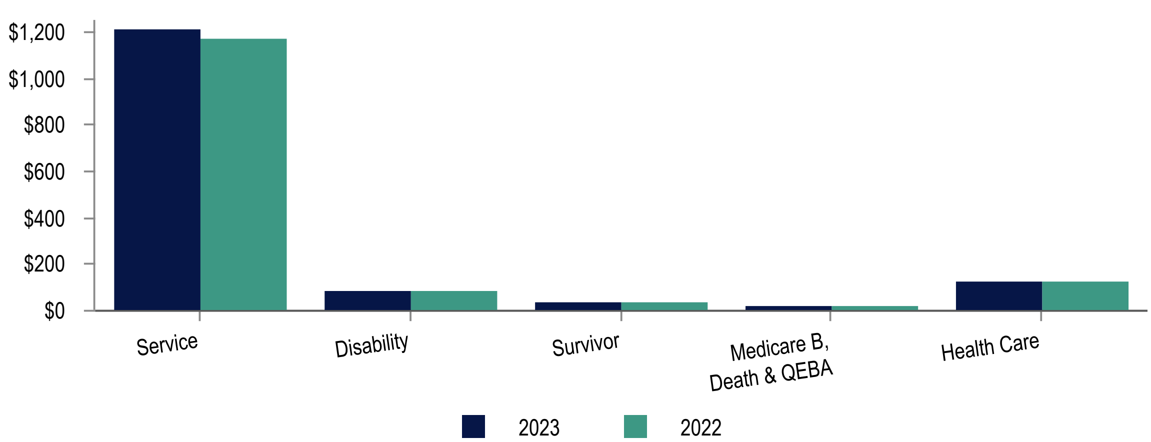


SERS' fiduciary net position increased by $691.4 million during FY2023, compared to a net decrease of $866.3 million in FY2022.

- For financial statement purposes, member contributions consist of 10% of reported payroll, and member purchases of restored and optional service credits. Employer contributions include 14% of reported payroll, the employer's share of optional and compulsory purchased service credit, early retirement incentives, and the health care surcharge which is capped at 1.5% of statewide payroll. Employer contributions in excess of those required to support the Pension, Medicare B, and Death Benefit Funds may be allocated to the Health Care Fund.
- Member and employer contributions, excluding the health care surcharge, increased 6.2% in FY2023 from FY2022. The number of active members in FY2023 increased by 4,810, or 3.1%, compared to FY2022 for a total of 159,873 members. Most schools returned to a full-year of in-classroom learning after two years of virtual and hybrid education. This resulted in higher payroll for our members.
- Employer contributions to the Health Care Fund are derived from two sources. The first source is an allocation of the employers' 14% contribution after pension benefits are funded. Because of SERS' funding policy, a maximum of 0.50% of the employer contribution was available for the Board to allocate to the Health Care Fund in FY2023; however, the Board voted to allocate 100% of the employer contribution to fund pension benefits during FY2023. The second source is a health care surcharge for members who earn less than an actuarially determined minimum salary, which is established annually by the Board based on the actuary's recommendation. Regardless of the minimum compensation amount, legislated limits on SERS' surcharge revenue restrict the actual surcharge to 1.5% of statewide payroll, and no employer pays more than 2.0% of the district's payroll. The surcharge increased from $53.8 million in FY2022 to $57.5 million in FY2023.
- Along with employer contributions and investment income, additions to the Health Care Fund include health care premiums paid by benefit participants. Enrollment and total premiums decreased 1.2% and 3.7%, respectively, from FY2022 to FY2023.
- Other sources of additions to the Health Care Fund include net reimbursements from the federal program for Medicare Part D qualified prescription drug plans (PDP) and our primary Medicare Advantage provider, risk sharing refunds, and prescription drug rebates. Total additions from these programs in FY2023 were $73.8 million versus additions of $34.5 million in FY2022. The increase is mainly due to a change in reporting in FY2023 to show all items as gross revenue versus netting against health care expenses.
- Investment income is allocated to all funds. It is presented net of investment fees and is comprised of interest, dividends, and realized and unrealized investment gains and losses. Investment expense is comprised of external manager, custody, and master record keeper fees, and internal investment and accounting expenses. SERS' investment portfolio, with the exception of cash and short-term investments, is managed by external investment managers. Following the FY2022 economic uncertainties amid 40-year high inflation, SERS had net investment income of $1.2 billion in FY2023 compared to a loss of $0.3 billion in FY2022. The FY2023 Federal Reserve interest rate hikes produced a decline in inflation, but the volatility in the markets remains. Income from interest and dividends decreased by $25.0 million to $485.6 million and investment expenses, including investment administrative expenses, increased $4.9 million, or 4.4%, in FY2023.
- Total payments to service, disability, and survivor benefit recipients increased $41.3 million, or 3.1% during FY2023. Service retirement payments increased 3.6%, disability payments decreased 2.2%, and survivor benefits payments increased 2.0%. A 2.5% simple COLA was adopted for CY2022 and CY2023, which applied to FY2023.

Comparative Benefit Payments FY2023 and FY2022

($ in millions)



- Total refunds paid increased 18.8% from FY2022 to FY2023. The increase is due to the number of refund applications received, which was 19,513 in FY2023 compared to 15,019 in FY2022. A lump sum of member contributions was only distributed to members who had terminated public employment, applied for a refund, and waited for expiration of the 90-day waiting period that begins with the last day of service. SERS' members cannot take partial distributions. Reemployed retirees who are eligible for an annuity may elect a lump sum distribution, which includes the member's contributions, a portion of the employer's contributions, and interest.
- If a member has been employed in a job covered by the State Teachers Retirement System of Ohio (STRS) or the Ohio Public Employees Retirement System (OPERS) defined-benefit plans, as well as in a job covered by SERS, the member may receive a retirement benefit independently from each system, if eligible, or combine the service credit and accounts in all the systems to receive one benefit at retirement. The system that holds the greatest service credit will calculate and pay the benefit; the member's full contributions and a share of the employer contributions and interest are transferred to the paying system. Net transfers to other Ohio systems increased in FY2023 when compared to FY2022.
- SERS reimburses a portion, $45.50, of the Medicare Part B monthly premium to retirees eligible for SERS' health care program who provide proof of enrollment in Medicare Part B. The reimbursement amount, established by statute, has not changed since 2001; therefore, changes in expense are driven by eligible retirees' enrollment in Medicare Part B or termination of the benefit. Medicare Part B expenses remained substantially the same in FY2023. The eligibility of new retirees to receive Medicare Part B reimbursement is now tied to enrollment in one of SERS' health care plans.
- SERS pays a $1,000 death benefit to the designated beneficiary of service and disability retirees. Death benefit payments increased 4.5% in FY2023.
- Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and enrolled in a fully-insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care expenses increased by $0.6 million, or 0.5%, to $129.4 million. Goals for the non-Medicare program are to provide access to quality coverage at an affordable cost. SERS has offered a Marketplace Wraparound HRA since 2017, which has offered a more affordable option. Health care is a benefit that is permitted, not mandated, by statute. SERS' funding policy is to maintain the Health Care Fund with a 20-year solvency period to ensure that the fluctuations in the cost of health care do not cause an interruption in the program. If the health care surcharge, which is capped at 1.5% of statewide employer payroll, is received and all other actuarial assumptions are met, the Health Care Fund is projected to remain solvent through 2062, or a 39-year solvency period, as of June 30, 2023.

ACTUARIAL

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date but not yet paid. The actuarial accrued liability (AAL) for the four funds changed as follows:

ACTUARIAL ACCRUED LIABILITY *($ in millions)*

Fund	FY2023	FY2022	Increase/ (Decrease)	% Change
Pension	$22,656	$21,941	$715	3.3%
Medicare B	386	389	(3)	(0.8)
Death	42	41	1	2.4
Health Care	1,532	1,348	184	13.6

The unfunded accrued liability (UAL) is the present value of the future benefits payable that are not covered by the actuarial value of assets as of the valuation date. The funded ratio reflects the percentage of the accrued liability covered by the actuarial value of assets. A decrease in the UAL indicates progress toward funding. The unfunded liability and the funded ratio changed as follows:

UNFUNDED ACCRUED LIABILITY *($ in millions)*

Fund	FY2023	FY2022	Increase/ (Decrease)	% Change	Funded Ratio FY2023	Funded Ratio FY2022
Pension	$5,272	$5,330	($58)	(1.1%)	76.7%	75.7%
Medicare B	116	143	(27)	(18.9)	69.9	63.2
Death	11	11	—	—	74.4	71.7
Health Care	825	736	89	12.1	46.1	45.4

To completely understand the funding status of SERS, it is important to analyze actuarial data in combination with financial data. The actuarial data provided in the two previous tables are presented using an actuarial or funding basis. The funding basis uses an actuarial value of assets that smooths market gains and losses over a closed four-year period subject to a 20% market corridor. This differs from an accounting basis (utilized in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* and GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*) that calculates the funding status using the fair value of assets.

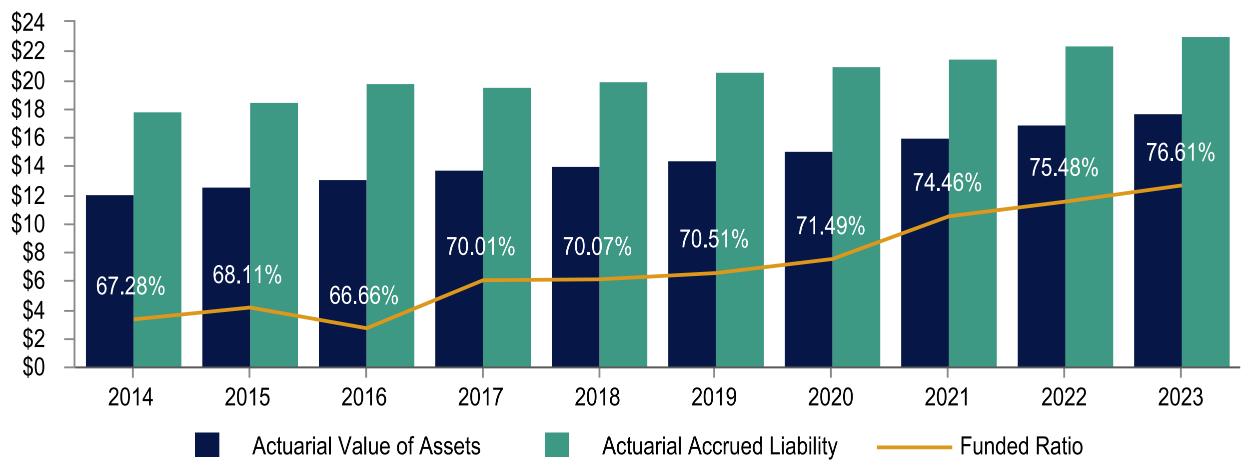
As a result of actuarial smoothing, the fair value of assets may be more than or less than the actuarial or funding value of assets at a given point in time. In periods of protracted market decline, the fair value of assets will usually be less than the actuarial or funding value of assets. In contrast, during periods of protracted market gains, the fair value of assets will generally be greater than the actuarial or funding value of assets.

To ensure the funding value of assets and the fair value of assets remain within reasonable proximity of each other, SERS uses a 20% market corridor in conjunction with its four-year smoothing. This policy ensures that the funding value of assets is neither lower than 80%, nor higher than 120% of the fair value of the assets. At the end of FY2022, the fair value of assets was higher than the funding value by $0.1 billion. At the end of FY2023, the funding value was higher than the fair value by $0.1 billion.

As of June 30, 2023, the date of the latest actuarial valuation, the funded ratio for basic pension benefits, which include pension, Medicare B, and death benefits, was 76.61%. In general, this means that for every dollar of future pension liability, SERS had accumulated approximately $0.77 to meet that obligation. The funded ratio for basic pension increased from June 30, 2022 by 1.13%. The June 30, 2023 actuarial report indicates that if all actuarial assumptions are met, SERS would accumulate sufficient assets to pay all pension liabilities for active members and retirees within 21 years compared to 22 years at June 30, 2022.

Basic Pension Funding *($ in billions)*

Last 10 fiscal years



CONDITIONS EXPECTED TO AFFECT FINANCIAL POSITION OR RESULTS OF OPERATIONS

SERS' primary objective is to assure that at the time benefits commence, sufficient funds will be available to provide retirement, disability, and survivor benefits for its members. In addition, SERS is committed to sustaining contribution rates that remain level from generation to generation.

SERS, with the assistance of its actuary, annually evaluates pension sustainability by reviewing all the variables in the current pension model. This includes investment returns, contribution levels, contribution rates, service credit rates, minimum age requirements, along with a variety of other variables. Through the pension sustainability work, legislation was passed in FY2023 to reduce the risk of benefit inflation. The legislation requires SERS to implement a Compensation Based Benefit Cap (CBBC) effective August 1, 2024. CBBC ensures that a member's career contributions support their pension benefit.

A five-year actuarial experience study was performed in the spring of FY2021. Results from this study provided the Board with useful insight on adjustments to actuarial assumptions used in valuations. As a result of the study, new actuarial assumptions were adopted by the Board for the June 30, 2021 actuarial valuations for Pension and Health Care. While assumptions are reviewed annually, they are mostly updated during the five-year actuarial experience study cycle unless there is a compelling reason to adjust assumptions mid-cycle.

Markets are expected to remain volatile over the next several years. The Strategic Investment Plan has been designed to add value relative to the benchmark returns and to manage risks. High interest rates and slowing growth pose significant risks to expected returns.

While the COVID-19 national emergency ended May 11, 2023, the long-term impact to financial markets, schools, and the overall economy is unknown.

REQUEST FOR INFORMATION

This financial report is designed to provide the Retirement Board, our membership, employers, and investment managers with a general overview of SERS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

School Employees Retirement System of Ohio
Finance Department
300 East Broad Street, Suite 100
Columbus, Ohio 43215-3746

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2023

	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	TOTAL
ASSETS						
Cash & Operating Short Term Investments	$646,332,931	$18,731,765	$1,165,330	$135,195	$108,351,064	$774,716,285
Receivables						
Contributions						
Employer	4,715,703	4,312,200	480,407	—	57,545,644	67,053,954
Member	2,560,121	—	—	—	—	2,560,121
Investments Receivable	99,455,903	1,479,307	177,826	—	3,214,594	104,327,630
Other Receivables	4,041,864	—	—	—	18,290,996	22,332,860
Total Receivables	110,773,591	5,791,507	658,233	—	79,051,234	196,274,565
Investments at Fair Value						
US Equity	4,704,274,641	69,971,386	8,411,210	—	152,050,641	4,934,707,878
Non-US Equity	2,285,819,000	33,999,275	4,087,028	—	73,881,793	2,397,787,096
Private Equity	2,286,320,347	34,006,732	4,087,925	—	73,897,997	2,398,313,001
Fixed Income	3,813,590,862	56,723,355	6,818,673	—	123,262,135	4,000,395,025
Real Estate	3,397,018,744	50,527,261	6,073,846	—	109,797,773	3,563,417,624
Total Investments at Fair Value	16,487,023,594	245,228,009	29,478,682	—	532,890,339	17,294,620,624
Securities Lending Collateral at Fair Value	33,616,928	500,018	60,107	—	1,086,560	35,263,613
Capital Assets						
Land	3,315,670	—	—	—	—	3,315,670
Property & Equipment, at Cost	97,473,816	—	—	—	—	97,473,816
Accumulated Depreciation and Amortization	(49,207,126)	—	—	—	—	(49,207,126)
Property & Equipment, Book Value	51,582,360	—	—	—	—	51,582,360
Prepaid and Other Assets	101,113,663	—	—	—	210	101,113,873
TOTAL ASSETS	17,430,443,067	270,251,299	31,362,352	135,195	721,379,407	18,453,571,320
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pension	9,657,610	—	—	—	—	9,657,610
Deferred Outflows - OPEB	1,935,451	—	—	—	—	1,935,451
LIABILITIES						
Accounts Payable & Accrued Expenses	30,025,686	—	—	—	9,766,386	39,792,072
Benefits Payable	1,026,312	—	—	—	—	1,026,312
Investments Payable	115,772,269	1,721,997	207,000	—	3,741,969	121,443,235
Obligations under Securities Lending	33,583,872	499,527	60,048	—	1,085,491	35,228,938
TOTAL LIABILITIES	180,408,139	2,221,524	267,048	—	14,593,846	197,490,557
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension	296,998	—	—	—	—	296,998
Deferred Inflows - OPEB	221,756	—	—	—	—	221,756
Deferred Inflows - Leases	1,432,848	—	—	—	—	1,432,848
FIDUCIARY NET POSITION RESTRICTED FOR PENSION	$17,259,676,387	$268,029,775	$31,095,304	$135,195	$—	$17,558,936,661
FIDUCIARY NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	$—	$—	$—	$—	$706,785,561	$706,785,561
FIDUCIARY NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS	**$17,259,676,387**	**$268,029,775**	**$31,095,304**	**$135,195**	**$706,785,561**	**$18,265,722,222**

See accompanying notes to the basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	TOTAL
ADDITIONS						
Contributions						
Employer	$528,038,431	$26,635,054	$1,987,715	$354,569	$57,483,842	$614,499,611
Member	398,907,335	—	—	—	—	398,907,335
Other Income						
Health Care Premiums	—	—	—	—	60,544,459	60,544,459
Federal Subsidies & Other Receipts	—	—	—	—	73,815,170	73,815,170
	926,945,766	26,635,054	1,987,715	354,569	191,843,471	1,147,766,575
Income from Investment Activity						
Net Appreciation in Fair Value	777,043,566	11,425,924	1,396,566	—	24,371,133	814,237,189
Interest and Dividends	463,422,028	6,818,408	834,098	1,825	14,565,635	485,641,994
	1,240,465,594	18,244,332	2,230,664	1,825	38,936,768	1,299,879,183
Investment Expenses	(103,125,266)	(1,516,390)	(185,345)	—	(3,234,413)	(108,061,414)
Investment Administrative Expenses	(7,475,046)	(108,899)	(13,454)	—	(225,776)	(7,823,175)
Net Income from Investment Activity	1,129,865,282	16,619,043	2,031,865	1,825	35,476,579	1,183,994,594
Income (Loss) from Securities Lending Activity						
Gross Income	101,478	1,492	182	—	3,184	106,336
Rebate Expense	(960,591)	(14,125)	(1,726)	—	(30,128)	(1,006,570)
Management Fees	(132,250)	(1,945)	(238)	—	(4,147)	(138,580)
Net Income (Loss) from Securities Lending Activity	(991,363)	(14,578)	(1,782)	—	(31,091)	(1,038,814)
Total Investment Income, Net	1,128,873,919	16,604,465	2,030,083	1,825	35,445,488	1,182,955,780
TOTAL ADDITIONS	2,055,819,685	43,239,519	4,017,798	356,394	227,288,959	2,330,722,355
DEDUCTIONS						
Benefits						
Retirement	1,215,742,249	20,329,498	—	272,652	—	1,236,344,399
Disability	86,650,975	1,101,768	—	—	—	87,752,743
Survivor	41,674,640	673,127	—	—	—	42,347,767
Death	—	—	2,718,918	—	—	2,718,918
Health Care Expenses	—	—	—	—	129,424,430	129,424,430
	1,344,067,864	22,104,393	2,718,918	272,652	129,424,430	1,498,588,257
Refunds and Lump Sum Payments	97,668,607	—	—	—	—	97,668,607
Net Transfers to Other Ohio Systems	9,866,201	—	—	—	—	9,866,201
Administrative Expenses	30,482,587	7,011	50,960	2,582	2,653,377	33,196,517
	138,017,395	7,011	50,960	2,582	2,653,377	140,731,325
TOTAL DEDUCTIONS	1,482,085,259	22,111,404	2,769,878	275,234	132,077,807	1,639,319,582
Net Increase	573,734,426	21,128,115	1,247,920	81,160	95,211,152	691,402,773
FIDUCIARY NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS						
Fiduciary Net Position, Beginning of Year	16,685,941,961	246,901,660	29,847,384	54,035	611,574,409	17,574,319,449
Fiduciary Net Position Restricted For Pension	$17,259,676,387	$268,029,775	$31,095,304	$135,195	$—	$17,558,936,661
Fiduciary Net Position Restricted For Other Postemployment Benefits	$—	$—	$—	$—	$706,785,561	$706,785,561
Fiduciary Net Position, End of Year	**$17,259,676,387**	**$268,029,775**	**$31,095,304**	**$135,195**	**$706,785,561**	**$18,265,722,222**

See accompanying notes to the basic financial statements.

1. Summary of Significant Accounting Policies

Basis of Accounting The financial statements of the School Employees Retirement System of Ohio (SERS) are prepared using the economic resources measurement focus and accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due based on statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Use of Estimates In preparing financial statements in conformity with governmental accounting principles generally accepted in the United States of America, SERS' management makes estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Certain SERS investment assets, in particular Global Real Assets, Global Private Equity, and Opportunistic and Tactical investments, use estimates in reporting fair value in the financial statements. These estimates are subject to uncertainty in the near term, which could result in changes in the values reported for those assets in the Statement of Fiduciary Net Position.

Allocation of Expenses to Plans Direct expenses are charged to the fund for which they are incurred. All indirect expenses are paid by the Pension Trust Fund and are reimbursed by the Medicare B, Death Benefit, and Health Care funds in proportion to their use of the assets.

Investments Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned.

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Fixed income securities, real estate investment trusts (REITs), derivative instruments, and common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. International stocks are then adjusted to reflect the current exchange rate of the underlying currency. Investments for which no national exchanges or pricing services exist, such as private equity assets, are valued at fair value by the investment partnership based on the valuation methodology outlined in the partnership agreement. Real estate may be valued by the manager or independent appraisers.

Commingled assets that are not traded on a national exchange are valued by the commingled manager. SERS performs due diligence reviews of the investment pricing, process, and infrastructure of private equity, commingled, and real estate investments to assure that the asset values provided by the managers are reasonable. These investments are valued using net asset values supplied by the commingled manager.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to SERS' investment operations, as well as the internal administrative expenses associated with SERS' investment program.

The monies held by the Pension Trust, Medicare B, Death Benefit, and Health Care funds are pooled for the purpose of the investment of those funds. Each fund holds units of the investment pool, which are adjusted on a monthly basis. The value of one unit of the pool on June 30, 2023, was $3,508.02. The unit holdings and net value of each of the funds at the close of the fiscal year were:

INVESTMENT POOL AS OF JUNE 30, 2023

	Units	Value
Pension Trust Fund	4,863,000	$17,059,509,706
Medicare B Fund	72,332	253,743,168
Death Benefits Fund	8,695	30,502,283
Health Care Fund	157,181	551,394,122
Total	**5,101,208**	**$17,895,149,279**

Office Building, Equipment, and Fixtures (Non-Investment Assets) The cost of equipment and fixtures in excess of $5,000 and with a useful life greater than 1 year is capitalized at cost when acquired. Improvements that increase the useful life of the property are capitalized. Maintenance and repairs are charged to expense as incurred. Software costs in excess of $25,000 are capitalized. Intangible assets, such as internally-developed software, are capitalized in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* Depreciation and amortization have been provided using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture, Equipment, and Software	3-7 years
Building and Improvements	40 years
Internally-developed Software	17 years

Reserves Ohio Revised Code Section 3309.60 establishes various reserves to account for future and current benefit payments. These are:

- **Employees' Savings Fund** Accumulated members' contributions are held in trust pending refund or transfer to another account other than the Guarantee Fund or Expense Fund.
- **Employers' Trust Fund** Accumulated employer contributions are held for future benefit payments.
- **Annuity and Pension Reserve Fund** This reserve contains the monies set aside to pay all annuities and pensions. Money is transferred to this fund from the Employees' Savings Fund, Employers' Trust Fund, and Guarantee Fund at the time of retirement.
- **Survivors' Benefit Fund** Monies in this account are set aside to finance payments to beneficiaries of deceased members. Money is transferred to this fund from the Employees' Savings Fund, Employers' Trust Fund, and Guarantee Fund in an amount to fund all liabilities at the end of each year.
- **Guarantee Fund** Income derived from the investment pool and any gifts or bequests are accumulated in this fund. The balance in this fund is transferred to other reserves to aid in the funding of future benefit payments and administrative expenses.
- **Expense Fund** This fund provides for the payment of annual administrative expenses with the necessary money allocated to it from the Guarantee Fund. This is a pass through fund, therefore it maintains a zero balance.

RESERVE BALANCES AS OF JUNE 30, 2023

	Reserve Amount Totals
Employees' Savings Fund	$3,754,028,595
Employers' Trust Fund	178,717,704
Annuity and Pension Reserve Fund	13,952,980,407
Survivors' Benefit Fund	379,995,516
Guarantee Fund	—
Expense Fund	—
Total	**$18,265,722,222**

2. Description of the System

Organization SERS is a statewide, cost-sharing, multiple-employer defined benefit public pension plan. Established by state law in 1937, SERS provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public K-12 school districts, vocational, technical, and community schools, community colleges, and the University of Akron.

The Retirement Board is responsible for the general administration and management of the System. The Board comprises nine members: four elected employee members; two elected retiree members; and three appointed investment expert members. One investment expert is appointed by the Governor, a second one by the State Treasurer, and a third one jointly by the Speaker of the House and President of the Senate.

Several separate funds comprise the Retirement System. The pension funds include the Pension Trust Fund, the Medicare B Fund, the Death Benefit Fund, and the Qualified Excess Benefit Arrangement (QEBA) Fund. The Pension Trust Fund holds the funds to pay the basic retirement, disability, and survivor benefits authorized under state law, Ohio Revised Code (ORC) Chapter 3309. The Medicare B Fund reimburses a portion of the Medicare Part B premiums paid by eligible benefit recipients as permitted under ORC Section 3309.69. The current reimbursement is $45.50 per month. The Death Benefit Fund pays $1,000 to a designated beneficiary of a deceased retiree or disability benefit recipient as allowed under ORC Section 3309.50. The QEBA Fund pays benefits as allowed by federal tax law to retirees whose SERS benefits exceed Internal Revenue Code (IRC) 415(b) limits. A fifth fund, the Health Care Fund, provides money for payment of health care expenses under SERS' health care coverage for retirees and other benefit recipients.

Pension Benefits Following the passage of Senate Bill 341, SERS' pension reform legislation, new age and service requirements for retirement became effective January 7, 2013. For members who retired on or after August 1, 2017, the new requirements are:

- age 67 with 10 years of service credit, or age 57 with 30 years of service credit, to retire with full benefits; or
- age 62 with 10 years of service credit, or age 60 with 25 years of service credit, to retire early with actuarially-reduced benefits.

To protect the benefits of longtime members, SERS included an exemption provision and a buy-up option that gave members the opportunity to retire under the previous age and service credit requirements after August 1, 2017.

The exemption provision allowed members, who attained 25 years of service on or before August 1, 2017, to retire under the previous age and service credit eligibility requirements.

These age and service requirements were:

- any age with 30 years of service credit to retire with full benefits; or
- age 60 with 5 years of service credit, or age 55 with 25 years of service credit to retire with actuarially-reduced benefits.

The buy-up option allowed members with fewer than 25 years of service credit as of August 1, 2017, to retire under the previous retirement eligibility requirements if they paid the actuarial difference between the benefit they would have received under the new requirements and the benefit they would have received under the previous requirements. Members who wanted to buy-up must have completed their payment on or before August 1, 2017.

The current formula used in calculating an annual retirement benefit is as follows: number of years of service credit up to 30 years x 2.2% of the member's final average salary (FAS) + number of years of service credit over 30 years x 2.5% of FAS. For SERS, FAS equals the average of the highest three years of salary. If the member does not meet the age and service requirements to retire with full benefits, the annual benefit is reduced to cover a longer period of retirement.

If a member has been employed in a job covered by the State Teachers Retirement System of Ohio (STRS) or the Ohio Public Employees Retirement System (OPERS) as well as in a job covered by SERS, at retirement the member may receive a retirement benefit independently from each of the systems, if eligible, or may combine the service credit and accounts in all the systems to receive one benefit. The system with the greatest service credit will be the system that will calculate and pay the benefit. While the salaries in one year will be added together, if the member has service credit in each system for the same year, the member cannot be credited with more than one year of service credit.

If a retiree from OPERS, SERS, STRS, Ohio Police & Fire, or Ohio State Highway Patrol is employed in a SERS-covered position, then member and employer contributions are required for the new position. The retiree accrues a new benefit in the form of an annuity based on the contributions paid by the retiree and the employer payable at age 65 or termination of employment, whichever is later. This is separate from the original SERS benefit. There are no other benefits available and the retiree does not accrue any additional service credit for the period of reemployment. Prior to age 65 and after termination of employment, a reemployed retiree may request a refund of the member contributions for the reemployed period.

EMPLOYER AND EMPLOYEE MEMBERSHIP DATA (as of June 30, 2023)	
Employer Members	
Local	371
City	191
Educational Service Center	52
Village	49
Higher Education	15
Vocational/Technical	49
Community Schools	319
Other	23
Total	**1,069**
Employee Members and Retirees	
Retirees and Beneficiaries Currently Receiving Benefits	81,833
Inactive Employee Members Entitled to But Not Yet Receiving Benefits	6,413
Total	**88,246**
Active Employee Members	
Vested Active Employee Members	42,715
Non-vested Active Employee Members	117,158
Total	**159,873**

3. Contributions

State retirement law requires contributions by covered employee members and their employers, and limits the maximum rate of contributions. The Retirement Board sets contribution rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. During FY2023, members and their employers were required to contribute 10% and 14%, respectively, of active member payroll.

Employer (excluding surcharge discussed below) and member contributions were $557.0 million and $398.9 million, respectively, in FY2023. The contribution amounts also included contributions for purchased service credit.

The Retirement Board, acting with the advice of the actuary, allocates the current employer contribution rate among the funds of the System. For FY2023, the allocation of the employer contribution rate to pension plan benefits was established as the rate necessary to cover normal cost and amortize the unfunded accrued liability. The 14% contribution rate paid by employers was allocated to the funds as follows:

Pension Trust Fund	13.28%
Medicare B Fund	0.67%
Death Benefit Fund	0.05%
Health Care Fund	0.00%

The portion of the employer contribution not required to actuarially fund the pension plans (Pension Trust Fund, Medicare B Fund, and Death Benefit Fund) may be available for the Health Care Fund, depending on funded ratios. The funded ratio for the basic pension benefits in FY2023 was 76.61%, which was above the 70% funded ratio that would permit an allocation to the Health Care Fund. The amount of employer contributions directed to the Health Care Fund in FY2023 was zero in order to direct more contributions toward paying down pension liabilities. A health care surcharge on employers was collected for employee members earning less than an actuarially determined minimum compensation amount, and was pro-rated according to service credit earned during the year. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of total statewide SERS-covered payroll for the health care surcharge. For FY2023, the minimum compensation level was established at $25,000. The surcharge accrued for FY2023 and included in employer contributions in the Statement of Changes in Fiduciary Net Position is $57.5 million.

4. Funding Policy

Statute sets a contribution cap of 24% of payroll; 14% from employers and 10% from employee members. Employer contributions in excess of those required to support the basic benefits may be allocated to retiree health care funding. If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.

5. Fair Value Measurement

SERS investments are measured at fair value within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement established a three-tier, hierarchical reporting framework which ranks the level of market price observations used in measuring fair value. The hierarchy is based on the valuation inputs used to measure the fair value of the investment and gives the highest ranking to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest ranking to unobservable inputs (Level 3). Inputs refer to the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique. The categorization of the investments within the hierarchy is based upon the valuation transparency of the instrument and should not be perceived as the particular investment's risk. The three-tier hierarchy is summarized as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations reflect practices where significant inputs are unobservable.

Investments in certain entities that calculate a net asset value (NAV) per share (or its equivalent) sometimes do not have a readily determinable fair value. For these investments, governmental accounting standards permit establishment of fair value using a practical expedient based on the NAV per share (or its equivalent).

The table on page 31, presents the fair value hierarchy of SERS' investment portfolio as of June 30, 2023.

Equity, US Corporate Obligations, US Government, and derivative instruments classified in Level 1 are valued using prices quoted in active markets for those securities.

Bond Mutual Funds classified in Level 2 include investments in money market-type securities that are reported at either fair value or at cost plus accrued interest, which approximates market or fair value.

Debt and derivative instruments classified in Level 2 are valued using either a bid evaluation or a matrix based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Index linked debt securities are valued by multiplying the external market price by the applicable day's Index Ratio. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Equity and equity derivative instruments classified in Level 2 are securities whose values are derived daily from associated traded securities.

Debt, equities, and investment derivative instruments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The fair values of investments in certain Commingled Funds, Hedge funds and Private Funds are based on the investments' net asset value provided by the investee. Investments that are measured at fair value using the net asset value as practical expedient are not classified in the fair value hierarchy.

INVESTMENTS AND SHORT-TERM HOLDINGS MEASURED AT FAIR VALUE *($ in thousands)*

		Fair Value Measurements Using		
Investments by Fair Value Level	6/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Bond Mutual Funds	$539,351	$—	$539,351	$—
Certificates of Deposit	5,109	—	5,109	—
Foreign Obligations	293,655	1,353	292,302	—
Mortgage and Asset Backed	169,151	—	169,151	—
Municipal Obligations	23,273	—	23,273	—
US Corporate Obligations	485,794	—	483,548	2,246
US Government	1,048,347	431,859	616,488	—
Total Debt Securities	2,564,680	433,212	2,129,222	2,246
Equity Securities				
Foreign Common & Preferred Stock	1,906,512	1,906,476	—	36
US Common & Preferred Stock	3,921,643	3,899,994	21,649	—
Total Equity Securities	5,828,155	5,806,470	21,649	36
Total Investments by Fair Value Level	**$8,392,835**	**$6,239,682**	**$2,150,871**	**$2,282**
Investments Measured at the net asset value (NAV)				
Commingled Bond Funds	$135,463			
Commingled Equity Funds	1,506,561			
Hedge Funds	434,814			
Private Credit Funds	1,403,463			
Private Equity Funds	2,398,313			
Private Real Estate Funds	3,563,418			
Total Investments Measured at the NAV	9,442,032			
Total Investments Measured at Fair Value	**$17,834,867**			
Investment Derivative Instruments				
Foreign Equity Derivatives	$449	$449	$—	
Foreign Fixed Derivatives	(419)	(61)	(358)	
US Equity Derivatives	(1,045)	(1,045)	—	
US Fixed Derivatives	(1,789)	(1,790)	1	
Total Investment Derivative Instruments	**($2,804)**	**($2,447)**	**($357)**	

Reconciliation of Investments to Statement of Fiduciary Net Position	
Investments Measured at Fair Value	$17,834,867,577
Investment Derivative Instruments	(2,803,720)
Bond Mutual Funds	(539,351,321)
Foreign Obligations	1,907,830
Rounding	258
Investments at Fair Value (Statement of Fiduciary Net Position)	**$17,294,620,624**

INVESTMENTS MEASURED AT THE NET ASSET VALUE *($ in thousands)*

Investments by Fair Value Level	6/30/2023	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Bond Funds[1]	$135,463	$—	Monthly	1-10 Days
Commingled International Equity Funds[1]	1,506,561	—	Daily, Semi-Monthly, Monthly	1-120 Days
Hedge Funds				
Event Driven[2]	10,902	—	Monthly, Quarterly	45-90 Days
Multi-Strategy / Risk Focus[3]	14,387	—	Daily, Monthly	1-45 Days
Relative Value[4]	255,979	—	Quarterly	60-90 Days
Tactical Trading[5]	153,546	—	Quarterly	30 Days
Private Credit Funds[6]	1,403,463	1,238,942	Not Eligible	Not Eligible
Private Equity Funds[6]	2,398,313	1,438,774	Not Eligible	Not Eligible
Private Real Estate Funds[6]	3,563,418	300,502	Not Eligible	Not Eligible
Total Investments Measured at the NAV	**$9,442,032**			

[1] *Commingled Bond Funds, Equity Funds, and Real Estate Investment Trust Funds* Nine bond funds, 27 equity funds, and one real estate investment trust fund are considered to be commingled in nature. These investments are used to gain exposure in bonds, international equity and real estate through a pooled investment vehicle.

[2] *Event Driven Hedge Funds* Consisting of six funds, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share. Due to contractual lock-up restrictions, approximately 20% of the value of these investments are eligible for redemption in the next six months. The remaining 80% of these investments remains restricted through the next year. SERS is currently in the process of liquidating these investments.

[3] *Multi-Strategy / Risk Focus Hedge Funds* Twelve funds included in this group aiming to pursue varying strategies in order to diversify risks and reduce volatility. The investments are valued at NAV per share, and are redeemable within a month or less, as they are not subject to lock-up restrictions.

[4] *Relative Value Hedge Funds* Consisting of three funds, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. These investments are valued at NAV per share. 100% of these investments are eligible for redemption in the next six months.

[5] *Tactical Trading Hedge Funds* The primary focus of the two funds within this group is to invest across multiple strategies based upon the outcomes of economic and technical analyses, with the goal of long-term benefit. These investments are valued at NAV per share. 100% of these investments are eligible for redemption in the next six months.

[6] *Private Credit, Private Equity, and Private Real Estate Funds* SERS' Private Credit portfolio consists of 19 private partnerships providing exposure to distressed debt. SERS' Private Equity portfolio consists of 73 funds, investing primarily in Buyout Funds, with some exposure to Distressed Funds, Special Situations, Structured Debt, and Venture Capital. The Real Estate portfolio, comprised of 32 funds, invests mainly in U.S. commercial real estate. The fair values of these funds are measured at net asset value, and are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

6. Cash Deposits and Investments

Custodial Credit Risk, Deposits Custodial credit risk for deposits is the risk that in the event of a bank failure, SERS' deposits may not be returned. In accordance with state law, the Board of Deposit designates SERS' depository bank, and the Treasurer of State serves as custodian and contracts depository services for all of SERS' deposits. Therefore, SERS does not have a policy for deposit custodial credit risk.

At June 30, 2023, the carrying amounts of SERS' operating and investment cash deposits totaled $235,364,965, and the corresponding bank balances totaled $177,036,897. Of the bank balances, the Federal Deposit Insurance Corporation insured $1,892,204. In accordance with state law, bank balances of $100,042,708 were collateralized at 56% with securities held in the name of SERS' pledging financial institutions. The remaining bank deposits of $75,101,985 were uninsured and uncollateralized.

Custodial Credit Risk, Investments Custodial credit risk for investments is the risk if the securities are uninsured, are not registered in the name of the SERS, and are held by either the counterparty or the counterparty's trust department or agent. As of June 30, 2023, approximately $9.4 billion of SERS' assets are not held by the custodians or registered in the SERS name.

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. ORC 3309.15 and the Board's *Statement of Investment Policy* direct that the funds of SERS will be invested following the prudent person standard. This fiduciary standard dictates that the Board consider the probable safety of investments, avoid speculative investments, and invest as persons of prudence, discretion, and intelligence would manage their own affairs. The Board accomplishes this through a combination of internal and external investment professionals.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of a plan's investment in a single issuer. SERS does not hold investments representing 5% or more of plan investment portfolio in any one issuer.

Interest Rate Risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SERS does not have a policy for managing interest rate risk.

At June 30, 2023, SERS held interest-only strips that had a total fair value of $9,946,979. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. SERS also held principal-only strips that had a total fair value of $815,262. These principal-only strips are sensitive to interest rate increases that may result in decreasing mortgage prepayments, thus increasing the average maturity of this investment.

Foreign Currency Risk Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. SERS' exposure to foreign currency risk derives from its positions in foreign currency and foreign currency denominated investments.

FAIR VALUE SUBJECT TO COUNTERPARTY CREDIT RISK *($ in thousands)*

	S&P Credit Quality Rating	Fair Value
Foreign Fixed Derivatives	A	($817)
	A+	(218)
	A-	219
	AA-	537
	BBB+	(79)
Total		(358)
US Fixed Derivatives	A	1
Total		1
Total		**($357)**

* Futures and Options contracts are transacted via clearinghouse and are not subject to counterparty risk.

FAIR VALUE SUBJECT TO INTEREST RATE RISK

Investment	Fair Value *($ in thousands)*	Option Adjusted Duration *(in years)*
Bond Mutual Funds	$539,351	0.01
Certificates of Deposit	5,109	3.17
Foreign Obligations[1]	295,563	4.93
Mortgage and Asset Backed	169,151	2.23
Municipal Obligations	23,273	6.41
US Corporate Obligations	485,794	5.90
US Government & Agency Obligations	1,048,347	6.58
Total	**$2,566,588**	**4.58**

[1] Excludes Pending FX

FAIR VALUE SUBJECT TO ISSUER CREDIT RISK *($ in thousands)*

	Fair Value Based Upon S&P Credit Quality Rating										
	AAA	AA	A	BBB	BB	B	CCC	CC	D	Not Rated	Total
Bond Mutual Funds	$—	$77,614	$172,682	$—	$—	$—	$—	$—	$—	$289,055	$539,351
Certificates of Deposit	—	—	997	4,112	—	—	—	—	—	—	5,109
Foreign Obligations	6,564	7,327	43,036	123,556	42,776	12,399	5,894	—	1,706	52,305	295,563
Mortgage and Asset Backed	47,471	22,794	15,590	11,408	930	1,617	721	444	173	68,003	169,151
Municipal Obligations	—	8,744	10,963	—	—	—	—	—	—	3,566	23,273
US Corporate Obligations	2,333	12,761	112,353	302,924	40,395	10,312	733	—	—	3,983	485,794
US Government & Agency Obligations	816	995,944	—	—	—	—	—	—	—	51,587	1,048,347
Total	**$57,184**	**$1,125,184**	**$355,621**	**$442,000**	**$84,101**	**$24,328**	**$7,348**	**$444**	**$1,879**	**$468,499**	**$2,566,588**

FAIR VALUE SUBJECT TO FOREIGN CURRENCY RISK *($ in thousands)*

Type	Currency	Foreign Common & Preferred Stock	Foreign Equity Derivatives	Foreign Obligations	Foreign Fixed Derivatives	Commingled Equity Funds	Private Equity Funds	Private Real Estate Funds	Hedge Funds
Argentinean Peso	$5	$—	$—	$—	$—	$—	$—	$—	$—
Australian Dollar	149	34,040	(23)	—	(6)	254	—	—	—
Brazilian Real	132	22,201	—	956	17	—	—	—	—
British Pound	1,251	229,800	(33)	238	(12)	—	50,037	—	—
Canadian Dollar	1,112	67,097	48	—	—	—	—	—	—
Chilean Peso	—	471	—	1,384	(8)	—	—	—	—
Chinese Yuan	38	75,804	—	2,334	—	—	—	—	—
Colombian Peso	—	—	—	794	(51)	—	—	—	—
Czech Koruna	(32)	—	—	3,246	—	—	—	—	—
Danish Krone	351	39,033	—	—	—	—	—	—	—
Egyptian Pound	215	—	—	—	—	—	—	—	—
Euro	1,332	396,147	119	3,889	(15)	—	215,655	30,518	11,307
Hong Kong Dollar	784	113,832	(3)	—	—	—	—	—	—
Hungarian Forint	—	68	—	1,099	—	—	—	—	—
Indian Rupee	457	25,173	—	—	—	—	—	—	—
Indonesian Rupiah	—	5,111	—	6,198	—	—	—	—	—
Israeli Shekel	86	1,564	—	—	—	—	—	—	—
Japanese Yen	2,014	340,934	7	—	(9)	—	—	—	—
Malaysian Ringgit	—	—	—	3,619	—	734	—	—	—
Mexican Peso	326	7,550	—	9,109	(242)	—	—	—	—
Norwegian Krone	222	9,468	—	—	—	—	—	—	—
Peruvian New Sol	—	—	—	2,446	—	—	—	—	—
Polish Zloty	5	972	—	1,586	(17)	—	—	—	—
Romanian Leu	1	—	—	—	—	—	—	—	—
Saudi Riyal	—	4,076	—	—	—	—	—	—	—
Singapore Dollar	112	14,802	—	—	7	—	—	—	—
South African Rand	78	4,576	—	4,402	(33)	—	—	—	—
South Korean Won	48	88,477	—	2,899	(8)	—	—	—	—
Swedish Krona	185	21,473	3	—	—	—	—	—	—
Swiss Franc	105	109,823	—	—	—	—	—	—	—
Taiwan Dollar	250	38,900	—	—	—	—	—	—	—
Thailand Baht	—	4,500	—	2,912	—	—	—	—	—
Turkish Lira	103	6,669	—	—	—	—	—	—	—
United Arab Emirates	—	2,018	—	—	—	—	—	—	—
Total	**$9,329**	**$1,664,579**	**$118**	**$47,111**	**($377)**	**$988**	**$265,692**	**$30,518**	**$11,307**

Derivative Instruments Derivative instruments are investment instruments whose cash flows or fair values are derived from the value of some other asset or index. SERS uses a variety of derivative instruments primarily to maximize yields and offset volatility due to interest rate and currency fluctuations. SERS is exposed to various types of credit, market, and legal risks related to these investments. The investment staff continually monitors these types of investments.

Foreign exchange forward currency contracts are legal agreements between two parties to purchase and sell a foreign currency, for a price specified at the contract date, with delivery and settlement in the future. SERS enters into these contracts to hedge the foreign currency movements of assets held in the underlying funds. The contracts do not subject SERS to risk due to exchange rate movements since gains and losses on the contracts offset gains and losses on the transactions being hedged. SERS could be at risk for replacing these contracts at current market rates, should the counterparty default. SERS seeks to control this risk through contracting only with counterparties that meet certain credit guidelines. A futures contract is a contract to buy or sell units of an index or financial instrument on a specified future date at a price agreed upon when the contract is originated. SERS uses equity and fixed income futures during the fiscal year to rebalance its asset allocation and overlay its cash exposure in the US and Non-US equity portfolios. Only the most liquid futures are used by SERS to overlay the temporary and transactional cash held, and to rebalance asset allocations between asset classes.

Options give buyers the right, but not the obligation, to buy or sell an asset at a predetermined strike price over a specified period. The option premium is usually a small percentage of the underlying asset's value. When writing an option, SERS receives a premium up front and bears the risk of an unfavorable change in the price of the underlying asset during the option's life.

Swaps represent an agreement between two or more parties to exchange a sequence of cash flows during a predetermined timeframe. SERS utilizes swaps to manage interest rate fluctuations, default by a borrower, and to gain market exposure without having to actually own the asset.

FAIR VALUE OF FORWARD CURRENCY *($ in thousands)*

As of June 30, 2023 and 2022	FY2023	FY2022
Forward Currency Purchases	$4,309,846	$4,414,339
Forward Currency Sales	4,307,938	4,442,566
Unrealized gain (loss)	(1,908)	28,227

SWAP CONTRACTS *($ in thousands)*

As of June 30, 2023 and 2022	FY2023		FY2022	
Type	Notional Value	Fair Value	Notional Value	Fair Value
Credit Default	$20,936	$3	$24,857	($114)
Interest Rate	20,172	(355)	80,530	(643)
Zero Coupon	100,070	(5)	63,971	4,619

FUTURES CONTRACTS *($ in thousands)*

As of June 30, 2023 and 2022	FY2023			FY2022		
Type	Number of Contracts	Notional Value	Contract Value	Number of Contracts	Notional Value	Contract Value
Equity Features						
International Equity Index Futures - Long	345	$33,359	$118	(64)	($3,501)	($36)
International Commodity Futures - Long	21	2,942	(9)	21	3,041	(78)
US Commodity Futures - Short				(8)	(846)	9
US Stock Index Futures - Long	1,495	162,637	3,499	50	9,548	43
US Stock Index Futures - Short	(643)	(144,297)	(4,544)	(71)	(7,015)	(75)
Fixed Income / Cash Equivalent Futures						
Cash Equivalent (3 Month) Futures - Long	104	24,974	(44)	81	20,260	(17)
Cash Equivalent (3 Month) Futures - Short	(134)	(31,704)	375	(40)	(9,705)	(10)
Cash Equivalent (Eurodollar) Futures - Long				366	88,264	(1,077)
Cash Equivalent (Eurodollar) Futures - Short				(66)	(16,035)	115
International Fixed Income Index Futures - Long	47	4,469	(30)	38	3,539	(25)
International Fixed Income Index Futures - Short	(5)	(2,512)	(22)	(4)	(669)	33
US Treasury Futures - Long	2,520	313,874	(2,664)	2,198	264,371	(1,664)
US Treasury Futures - Short	(641)	(84,225)	1,096	(1,441)	(201,134)	868
Total Futures (Net)	**3,109**	**$279,517**	**($2,225)**	**1,060**	**$150,118**	**($1,914)**

OPTIONS CONTRACTS *($ in thousands)*

As of June 30, 2023 and 2022	FY2023			FY2022		
Type	Number of Contracts	Notional Value	Fair Value	Number of Contracts	Notional Value	Fair Value
Fixed Income Options						
Fixed Income Call Options on Futures (non-dollar) - Purchased	—	$—	$—	314	$—	$35
Fixed Income Call Options on Futures (non-dollar) - Written	—	—	—	(690)	—	(204)
Fixed Income Put Options on Futures (non-dollar) - Written	—	—	—	(137)	—	(568)
Fixed Income Call Options on US Interest Rate Swap - Purchased	—	—	—	29,000,000	29,000	9
Fixed Income Call Options on US Interest Rate Swap - Written	—	—	—	(50,950,000)	(50,950)	(10)
Fixed Income Call Options on US Futures - Purchased	204	—	31	23	—	44
Fixed Income Call Options on US Futures - Written	(264)	—	(81)	(91)	—	(93)
Fixed Income Put Options on US Futures - Purchased	784	—	352	—	—	—
Fixed Income Put Options on US Futures - Written	(704)	—	(524)	(76)	—	(10)

Securities Lending SERS participates in a securities lending program that directly holds equity and fixed income investments using Goldman Sachs Agency Lending (GSAL) as a third-party lending agent. Securities are loaned to independent broker/dealers in exchange for cash collateral equal to approximately 102% of the fair value of domestic securities on loan and 105% of the fair value of international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. At the same time, SERS records a liability for the collateral held in the securities lending program. The total net loss on the securities lending program was $1,038,814 during FY2023.

At June 30, 2023, SERS had no credit risk exposure on the securities lending collateral because the collateral exceeded the value of the securities loaned. SERS also had no credit risk exposure on the securities lending collateral reinvested as the reinvested value exceeded the collateral value.

Under the terms of the lending agreement, SERS is fully indemnified against losses that might occur in the program due to the failure of a broker to return a security that was borrowed where the collateral is inadequate to replace the security. SERS is also indemnified should the borrower fail to pay distributions of earnings on the securities lent.

Securities on loan can be recalled on demand by SERS or returned by the borrower at any time. There is no matching of the securities lent with the invested cash collateral. The lending agent mitigates risk by focusing on intrinsic value lending, and BNY Mellon reinvests the cash collateral in accordance with contractual investment guidelines that are designed to ensure the safety of principal and obtain a moderate rate of return. Earnings generated from the collateral investments, less the amount of rebates paid to the dealers, result in the gross earnings from lending activities, which is then split on an 85%/15% basis with GSAL. SERS is at risk to contribute additional funds should the earnings from the invested SERS collateral not be sufficient to pay the negotiated dealer rebate. At June 30, 2023, the GSAL collateral portfolio had an average weighted maturity of three days. SERS receives pro-rated income from participation in the securities lending program of a commingled investment. SERS has no direct responsibility for this program and the collateral held by this securities lending program is not held in SERS' name. Total net direct proceeds from the commingled investment during FY2023 were $69,584.

SECURITIES LENDING *($ in thousands)*

As of June 30, 2023	Fair Value of Securities on Loan	Collateral Value (Cash)	Collateral Reinvest Value
Cash Equivalents (Repurchase Agreement)	$—	$—	$35,264
Foreign Stocks	10,678	11,247	—
US Common & Preferred Stock	14,217	14,564	—
US Corporate Obligations	9,227	9,418	—
Total	**$34,122**	**$35,229**	**$35,264**

7. Capital Assets (Non-Investment Assets)

CAPITAL ASSETS ACTIVITY (for the year ended June 30, 2023)

Cost:	Land	Office Building & Improvements	Furniture & Equipment	Internally-Developed Software	Total Capital Assets
Balances, June 30, 2022	$3,315,670	$54,281,003	$8,373,826	$34,979,428	$100,949,927
Additions	—	266,088	—	—	266,088
Disposals	—	—	(426,529)	—	(426,529)
Balances, June 30, 2023	3,315,670	54,547,091	7,947,297	34,979,428	100,789,486
Accumulated Depreciation:					
Balances, June 30, 2022	—	27,458,371	7,836,082	10,472,220	45,766,673
Additions	—	1,410,051	399,318	2,057,613	3,866,982
Disposals	—	—	(426,529)	—	(426,529)
Balances, June 30, 2023	—	28,868,422	7,808,871	12,529,833	49,207,126
Net Capital Assets, June 30, 2023	**$3,315,670**	**$25,678,669**	**$138,426**	**$22,449,595**	**$51,582,360**

8. Net Pension Liability and Actuarial Information – Defined Benefit Plan

The components of the net pension liability as of June 30, 2023:

PLAN FUNDS	
Total Pension Liability (a)	$23,084,316,697
Fiduciary Net Position (b)	17,558,801,466
Net Pension Liability (Surplus) (a) - (b)	$5,525,515,231
Fiduciary Net Position as a Percent of Total Pension Liability (b) / (a)	76.06%

The total pension liability is determined by SERS' actuaries in accordance with GASB 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (GEOMETRIC)
Cash	2.00%	0.75%
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income / Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate / Real Assets	17.00	3.70
Private Debt / Private Credit	5.00	5.64

Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of FY2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for FY2023 was 6.90%.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the table presents the net pension liability calculated using the discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

NET PENSION LIABILITY SENSITIVITY TO CHANGES IN DISCOUNT RATE	
1% Decrease (6.00%)	$8,155,377,885
Current Discount Rate (7.00%)	$5,525,515,231
1% Increase (8.00%)	$3,310,356,527

The annual actuarial valuation performed as of June 30, 2023 (the measurement date) was used as the basis for determining the total pension liability, using the following key methods and assumptions applied to all periods included in the measurement date.

KEY METHODS AND ASSUMPTIONS USED IN VALUATION OF TOTAL PENSION LIABILITY	
Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions:	
Experience Study Date	Period of 5 years ended June 30, 2020
Investment Rate of Return	7.00%, net of investment expenses
Cost of Living Increases (COLA) or "Ad Hoc" COLA	2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.
Future Salary Increases, Including Inflation	3.25% - 13.58%
Inflation	2.40%
Mortality Assumptions	SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
	DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
	CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

9. Pension Plans and OPEB for Employees of SERS

All SERS Ohio employees are required to participate in a contributory retirement plan administered by Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer public employee retirement system that administers three pension plans that include a defined benefit plan, a defined contribution plan, and a combined plan. Participation in these plans is a choice members make at the time their employment commences.

In 2012, the Ohio Legislature passed Senate Bill 343 to improve the financial condition of OPERS. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Retirement benefits are specific to each group and members must meet the eligibility requirements based on their age and years of service, within the group. The key components to OPERS' pension plan changes are:

- Age and service requirements for retirement increased.
- Final average salary calculation increased to five years from three years.
- Calculation used to determine the benefit amount for service retirement was modified.
- COLA is based on the annual percentage change in the Consumer Price Index with a 3% cap.
- Calculation used for an early retirement benefit is determined by OPERS' actuary.

Details about OPERS' plan changes and when they become effective can be found on its website at www.opers.org.

The member and employer contribution rates are 10.0% and 14.0% of covered payroll, respectively. The required employer contributions for the current year and the two preceding years are shown in the following table.

SERS REQUIRED EMPLOYER CONTRIBUTIONS TO OPERS

Year Ended June 30	Annual Required Contribution	Percent Contributed
2021	$2,137,785	100%
2022	$2,243,214	100%
2023	$2,455,208	100%

GASB Statement No. 68 requires SERS to record a net pension liability based on its proportionate share of OPERS' total net pension liability. SERS' proportionate share of the net pension liability for OPERS' Traditional Plan is $26.1 million and is included in Accounts Payable & Accrued Expenses of the Statement of Fiduciary Net Position. The net pension asset for OPERS' Combined Plan is $0.4 million and is included in Other Assets of the Statement of Fiduciary Net Position. Likewise, SERS' proportionate share of OPERS' deferred outflows and deferred inflows of resources related to pensions and pension expense are recorded in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for the fiscal year ending June 30, 2023.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPERS also provides postemployment health care coverage which is considered an OPEB as described in GASB Statement No. 75 and requires SERS to record a net OPEB liability based on its proportionate share of OPERS' total net OPEB liability. SERS' proportionate share of the net OPEB liability for OPERS' is $0.6 million and is included in Accounts Payable & Accrued Expenses of the Statement of Fiduciary Net Position. In addition to the legislation that made changes to the pension plan, the OPERS Board approved changes to the retiree health care plan with phased-in implementation dates over the next several years. OPERS has the discretion to direct a portion of employer contributions to fund retiree health care. The Revised Code provides statutory authority for employer contributions. The portion of Traditional Pension Plan employer contributions was 0% for calendar year 2022. The portion of Combined Plan employer contributions allocated to health care was 0% from January 1, 2022 to June 30, 2022 and 2% from July 1, 2022 to December 31, 2022. The portion of the employer rate allocated to postemployment health care in the defined contribution plan was 4% for calendar 2022.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB fiduciary net position of OPERS and additions to/deductions from the OPEB fiduciary net position of OPERS have been determined on the same basis as they are reported by OPERS. For this purpose, health care benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Historical trend information showing the progress of OPERS in accumulating sufficient assets to pay pension and OPEB benefits when due is presented in the OPERS *Annual Comprehensive Financial Report*. OPERS issues a publicly available financial report for the plans. The report may be found on its website at www.opers.org.

10. Compensated Absences

As of June 30, 2023, and 2022, $3,381,061 and $3,035,395, respectively, were accrued for the unused vacation leave of all employees and the unused sick leave of SERS' employees who are eligible to retire within five years with the following limitations. Employees who retire or become disabled after five years of service are entitled to receive payment for all unused sick time up to 960 hours. If an employee accumulated unused sick time in excess of 960 hours as of June 30, 2018, then compensation of 50% of the excess hours of their unused sick time balance as of June 30, 2018, will also be paid. Unused sick leave pay is forfeited upon resignation or termination. Employees who retire or separate employment from SERS are entitled to full compensation for all earned unused vacation. If an employee dies after five years of service, the beneficiaries are entitled to receive the same unused vacation and sick leave benefits as an employee who retires.

11. Self-insured Health Care for Employees of SERS

SERS is self-insured for employee benefits for dental, medical, and hospitalization. A third-party administrator manages the program. SERS holds a stop-loss policy of $250,000 per employee per year. SERS also accrues incurred claims from the current fiscal year that have not yet been billed in the current fiscal year. The amount accrued in FY2022 was $320,000, and the amount accrued in FY2023 was $120,000.

12. Federal Income Tax Status

The SERS Pension Trust Fund is a qualified plan under Internal Revenue Code (IRC) Section 401(a) and is therefore exempt from federal income taxes. The Medicare B Fund is established pursuant to IRC Section 401(h). The Death Benefit Fund is an insurance fund and is in compliance with IRC Section 101(a). The QEBA Fund is a qualified entity, created in accordance with IRC Section 415(b). The Health Care Fund is structured to meet the requirements of IRC Section 105(e).

13. Risk Management

SERS is exposed to various risks of loss, including theft or destruction of assets, general liability, employee injuries, and legal challenges to fiduciary decisions. SERS self-insures some risks through deductibles and retention, and purchases insurance for the remainder. For the past seven years, there has been no reduction in coverage, and no claims have exceeded purchased limits.

14. Leases

At the end of FY2023, SERS was the lessor of three third-party lease contracts noted in the following table. Effective August 31, 2022, the lease contract for Plunkett & Cooney, PC ended and was not renewed. The lease contract for Stratos Wealth Partners, Ltd ended January 31, 2023 and was not renewed. SERS recognized $352,625 in lease revenue and $38,589 in interest revenue during the fiscal year related to lease payments. As of June 30, 2023, SERS' lease receivable (included in other receivables) for lease payments was $1,753,778. Also, SERS has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow - leases was $1,432,848.

LEASES (as of June 30, 2023)

Lessee Name	Current Lease Start Date	Lease Term (months)	Lease Revenue	Interest Revenue	Lease Receivable Balance	Deferred Inflow Balance
Law Offices of Craig Scott & Company	02/01/2022	84	$50,967	$6,292	$291,028	$284,568
Plunkett & Cooney, PC	05/01/2013	112	14,555	45	—	—
Poling & Associates Co., L.P.A.	04/01/2022	119	107,303	25,255	1,204,847	929,962
Stratos Wealth Partners, Ltd	02/01/2018	60	44,650	377	—	—
Zambito Executive Search, LLC (ZSG)	04/01/2022	36	135,150	6,620	257,903	218,318
Totals			**$352,625**	**$38,589**	**$1,753,778**	**$1,432,848**

15. Contingent Liabilities

There are no contingent liabilities.

16. Net Other Postemployment Benefits (OPEB) Liability and Actuarial Information - Defined Benefit Plan

Plan Administration SERS administers School Employees Retirement System of Ohio Health Care Plan – a cost-sharing, multiple-employer, defined benefit OPEB plan that provides various levels of health care to retired and disabled members, surviving beneficiaries, and eligible dependents of non-teaching personnel of Ohio schools, the University of Akron, ten community colleges, and four technical colleges. The Board administers the program in accordance with Chapter 3309 of the Ohio Revised Code.

Plan Membership At June 30, 2023, SERS' Health Care Plan's membership consisted of the following:

PLAN MEMBERSHIP	
Currently Receiving Benefits:	
Retirees, or Their Beneficiaries	34,572
Inactive Members Entitled to But Not Yet Receiving Benefits	6,413
Active Members	159,873
Total	**200,858**

Benefits Provided SERS' Health Care program provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986 need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

Contributions The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Investment Policy The Health Care Fund follows the same investment policy as the Pension Plan, as defined in the *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS.

Discount Rate (SEIR) The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

Rate of Return The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Periods of Projected Benefit Payments Future benefit payments for solvency on all current plan members were projected to 2123.

Assumed Asset Allocation The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized as follows:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (GEOMETRIC)
Cash	2.00%	0.75%
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income / Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate / Real Assets	17.00	3.70
Private Debt / Private Credit	5.00	5.64

Net OPEB Liability of SERS The components of the net OPEB liability of SERS at June 30, 2023, were as follows:

PLAN FUNDS	
Total OPEB Liability (a)	$2,354,230,872
Plan Fiduciary Net Position (b)	706,785,561
SERS' Net OPEB Liability (a) - (b)	$1,647,445,311
Plan Fiduciary Net Position as a Percent of Total OPEB Liability (b) / (a)	30.02%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rate The following table presents the net OPEB liability of SERS, as well as what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.27%) and higher (5.27%) than the current discount rate of 4.27%.

NET OPEB LIABILITY	
1% Decrease (3.27%)	$2,105,906,165
Current Discount Rate (4.27%)	$1,647,445,311
1% Increase (5.27%)	$1,285,929,916

The following table presents the OPEB liability of SERS, as well as what SERS' net OPEB liability would be based on health care cost trend rates that are 1% lower (5.75% decreasing to 3.40%) and 1% higher (7.75% decreasing to 5.40%) than the current rate.

NET OPEB LIABILITY

1% Decrease (5.75% decreasing to 3.40%)	Health Care Cost Trend Rates (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
$1,210,321,040	$1,647,445,311	$2,226,693,896

Actuarial Assumptions The total OPEB liability was determined by an actuarial valuation as of June 30, 2023. The actuarial assumptions used in the valuation were based on results from the most recent actuarial experience study, which covered the five-year period ending June 30, 2020. The experience study report was dated April 2021.

The annual actuarial valuation performed as of June 30, 2023 (the measurement date) was used as the basis for determining the total OPEB liability, using the following actuarial assumptions applied to all periods included in the measurement date. Roll forward procedures were not used.

ACTUARIAL ASSUMPTIONS USED IN VALUATION OF TOTAL OPEB LIABILITY	
Long-term Rate of Return, Net of Investment Expenses, Including Price Inflation	7.00%
Price Inflation	2.40%
Wage Increases, Including Price Inflation	3.25% - 13.58%
Municipal Bond Index Rate	
Prior Measurement Date	3.69%
Measurement Date	3.86%
Year Fiduciary Net Position is Projected to be Depleted	2048
Single Equivalent Interest Rate (SEIR), Net of Investment Expenses, Including Price Inflation	
Prior Measurement Date	4.08%
Measurement Date	4.27%
Medical Trend Assumption	6.75% - 4.40%
Base Mortality	
HEALTHY RETIREES - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.	
DISABLED RETIREES - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.	
CONTINGENT SURVIVORS - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.	
ACTIVES - PUB-2010 General Amount Weighted Below Median Employee mortality table.	
Mortality Projection	
Mortality rates are projected using a fully generational projection with Scale MP-2020.	

17. Recently Issued Accounting Pronouncements

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will take effective for financial statements starting with the fiscal year that ends June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - and intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. These requirements will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Management performed a detailed analysis of SERS' SBITA contracts and concluded that individually, and collectively, they were not material to SERS' financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature, and addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information. The impact of the requirements of this Statement to SERS is still being determined by management.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that a liability for certain types of compensated absences not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used, and establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The impact of the requirements of this Statement to SERS is still being determined by management.

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY

	2023	2022	2021	2020
Total pension liability				
Service Cost	$460,216,525	$434,605,440	$373,675,302	$369,976,273
Interest	1,514,327,908	1,457,466,508	1,525,995,298	1,488,777,887
Benefit changes	—	—	—	—
Difference between expected and actual experience	177,650,685	330,257,785	(155,871,041)	1,562,953
Changes of assumptions	37,078,750	36,995,852	126,558,803	—
Benefit payments	(1,378,757,376)	(1,335,404,562)	(1,302,035,913)	(1,280,910,125)
Refunds of contributions	(97,668,607)	(82,209,215)	(72,374,764)	(72,849,117)
Net change in total pension liability	712,847,885	841,711,808	495,947,685	506,557,871
Total pension liability – beginning	22,371,468,812	21,529,757,004	21,033,809,319	20,527,251,448
Total pension liability – ending (a)	$23,084,316,697	$22,371,468,812	$21,529,757,004	$21,033,809,319
Plan fiduciary net position				
Contributions – employer	$556,661,200	$524,356,285	$483,851,685	$491,557,790
Contributions – member	398,907,335	375,838,354	346,781,820	352,343,063
Net investment income	1,147,508,467	(338,351,099)	3,976,995,866	413,108,397
Benefit payments	(1,378,757,376)	(1,335,404,562)	(1,302,035,913)	(1,280,910,125)
Administrative expense	(30,540,558)	(21,585,745)	(12,770,334)	(28,002,623)
Refunds of contributions	(97,668,607)	(82,209,215)	(72,374,764)	(72,849,117)
Other	—	—	—	—
Net change in plan fiduciary net position	596,110,461	(877,355,982)	3,420,448,360	(124,752,615)
Plan fiduciary net position – beginning	16,962,691,005	17,840,046,987	14,419,598,627	14,544,351,242 *
Plan fiduciary net position – ending (b)	17,558,801,466	16,962,691,005	17,840,046,987	14,419,598,627
Net pension liability – ending (a) – (b)	**$5,525,515,231**	**$5,408,777,807**	**$3,689,710,017**	**$6,614,210,692**

* Beginning Fiduciary Net Position was restated in FY2015 due to the implementation of GASB 68, in FY2018 due to the implementation of GASB 75, and in FY2020 due to the implementation of GASB 87.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
$355,452,912	$368,167,321	$335,918,449	$344,059,634	$338,060,547	$332,975,336
1,449,726,066	1,420,093,605	1,436,626,290	1,385,878,598	1,341,777,662	1,296,763,757
—	(357,618,668)	(998,484,758)	—	—	—
60,411,674	286,313,613	275,031,424	50,307,199	78,749,615	53,951,305
—	—	—	668,216,579	—	—
(1,260,400,360)	(1,248,097,556)	(1,170,689,006)	(1,110,694,355)	(1,076,498,383)	(993,355,839)
(75,639,810)	(59,575,036)	(60,692,833)	(70,340,495)	(60,635,651)	(55,668,466)
529,550,482	409,283,279	(182,290,434)	1,267,427,160	621,453,790	634,666,093
19,997,700,966	19,588,417,687	19,770,708,121	18,503,280,961	17,881,827,171	17,247,161,078
$20,527,251,448	$19,997,700,966	$19,588,417,687	$19,770,708,121	$18,503,280,961	$17,881,827,171
$464,683,489	$435,103,620	$467,796,738	$436,421,681	$395,804,105	$405,029,627
345,212,684	324,842,074	336,627,658	314,325,716	303,866,076	295,690,550
831,584,377	1,242,021,081	1,613,368,560	106,543,126	441,455,552	1,888,288,396
(1,260,400,360)	(1,248,097,556)	(1,170,689,006)	(1,110,694,355)	(1,076,498,383)	(993,355,839)
(31,880,024)	(26,993,893)	(24,403,350)	(21,808,880)	(19,305,477)	(19,582,190)
(75,639,810)	(59,575,036)	(60,692,833)	(70,340,495)	(60,635,651)	(55,668,466)
—	—	—	—	1,874,997	—
273,560,356	667,300,290	1,162,007,767	(345,553,207)	(13,438,781)	1,520,402,078
14,270,515,748	13,603,215,458 *	12,451,630,823	12,797,184,030	12,810,622,811 *	11,300,482,029
14,544,076,104 *	14,270,515,748	13,613,638,590 *	12,451,630,823	12,797,184,030	12,820,884,107 *
$5,983,175,344	**$5,727,185,218**	**$5,974,779,097**	**$7,319,077,298**	**$5,706,096,931**	**$5,060,943,064**

Required Supplementary Pension Information (unaudited)

SCHEDULE OF THE NET PENSION LIABILITY *($ in millions)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	$23,084	$22,372	$21,530	$21,034	$20,527	$19,998	$19,588	$19,771	$18,503	$17,882
Plan fiduciary net position	17,559	16,963	17,840	14,420	14,544	14,271	13,614	12,452	12,797	12,821
Net pension liability	$5,526	$5,409	$3,690	$6,614	$5,983	$5,727	$5,974	$7,319	$5,706	$5,061
Ratio of plan fiduciary net position to total pension liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%
Covered payroll	$3,965	$3,734	$3,449	$3,478	$3,463	$3,332	$3,303	$2,932	$2,845	$2,922
Net pension liability as a percentage of covered payroll	139.37%	144.84%	106.97%	190.20%	172.80%	171.86%	180.90%	249.61%	200.53%	173.18%

See accompanying notes to the required supplementary information.

SCHEDULE OF EMPLOYER CONTRIBUTIONS *($ in millions)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$556.7	$524.4	$483.9	$491.6	$464.7	$435.1	$467.8	$436.4	$395.8	$405.0
Actual employer contributions	556.7	524.4	483.9	491.6	464.7	435.1	467.8	436.4	395.8	405.0
Annual contribution deficiency (excess)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Covered payroll	$3,964.7	$3,734.3	$3,449.3	$3,477.6	$3,462.5	$3,332.4	$3,302.8	$2,932.2	$2,845.4	$2,922.3
Actual contributions as a percentage of covered payroll	14.04%	14.04%	14.03%	14.14%	13.42%	13.06%	14.16%	14.88%	13.91%	13.86%

See accompanying notes to the required supplementary information.

SCHEDULE OF INVESTMENT RETURNS

Year ended June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money weighted rate of return, net of investment expense	6.90%	(1.93%)	28.18%	2.91%	5.96%	9.37%	13.27%	0.81%	3.45%	17.21%

See accompanying notes to the required supplementary information.

Notes to Required Supplementary Pension Information June 30, 2023

Changes of Benefit Terms

- No changes of benefit terms were implemented in FY2023.

2018

- With the authority granted to the Board under S.B. 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

2017

- The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under H.B. 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019, and 2020.

Changes of Assumptions in the following June 30th actuarial valuations

2023

- Cost-of-Living-Adjustment was increased from 2.00% to 2.50% for calendar year 2024.

2022

- Cost-of-Living-Adjustment was increased from 2.00% to 2.50% for calendar year 2023.

2021

- Assumed rate of inflation was reduced from 3.00% to 2.40%.
- Payroll growth assumption was reduced from 3.50% to 1.75%.
- Assumed real wage growth was increased from 0.50% to 0.85%.
- Cost-of-Living-Adjustment was reduced from 2.50% to 2.00% for calendar year 2022.
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience.
- Mortality rates among active members, service retirees and beneficiaries, and disabled members were updated.

2016

- Assumed rate of inflation was reduced from 3.25% to 3.00%.
- Payroll Growth Assumption was reduced from 4.00% to 3.50%.
- Assumed real wage growth was reduced from 0.75% to 0.50%.
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Mortality rates among active members, service retirees and beneficiaries, and disabled members were updated.

Required Supplementary Pension Information (unaudited)

Additional Actuarial Information

The following actuarial methods and assumptions (from the June 30, 2022 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for FY2023 in the Schedule of Employer Contributions:

Actuarial cost method:	Entry age normal
Amortization method:	Level percent of payroll
Asset valuation method:	4-year smoothed market
Inflation:	2.40%
Salary increase, including price inflation:	3.25% - 13.58%
Investment rate of return:	7.00%, net of System expenses, including inflation

Mortality:

DEATH AFTER RETIREMENT: These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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Required Supplementary Health Care Information (unaudited)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY[1]

	2023	2022	2021	2020
Total OPEB liability				
Service Cost	$123,416,320	$170,026,723	$159,635,250	$164,641,764
Interest	80,830,711	55,840,796	69,007,716	94,783,974
Benefit changes	(19,096,028)	—	—	—
Difference between expected and actual experience	(231,260,850)	(211,615,083)	(67,242,883)	(772,465,329)
Changes of assumptions	453,635,839	(425,649,309)	(260,284,207)	260,375,382
Benefit payments[2]	(68,879,971)	(65,930,429)	(64,142,473)	(69,997,414)
Net change in total OPEB liability	338,646,021	(477,327,302)	(163,026,597)	(322,661,623)
Total OPEB liability - beginning	2,015,584,851	2,492,912,153	2,655,938,750	2,978,600,373
Total OPEB liability - ending (a)	$2,354,230,872	$2,015,584,851	$2,492,912,153	$2,655,938,750
Plan fiduciary net position				
Contributions - employer[2]	$57,483,842	$53,766,548	$53,533,333	$48,187,050
Contributions - non-employer[2]	73,815,170	34,516,422	20,059,596	32,349,114
Net investment income	35,445,488	(8,096,503)	111,580,200	11,139,059
Benefit payments[3]	(68,879,971)	(65,930,429)	(64,142,473)	(69,997,414)
Administrative expense	(2,653,377)	(3,011,817)	(3,311,946)	(2,877,010)
Net change in plan fiduciary net position	95,211,152	11,244,221	117,718,710	18,800,799
Plan fiduciary net position - beginning	611,574,409	600,330,188	482,611,478	463,810,679
Plan fiduciary net position - ending (b)	706,785,561	611,574,409	600,330,188	482,611,478
Net OPEB liability - ending (a) - (b)	$1,647,445,311	$1,404,010,442	$1,892,581,965	$2,173,327,272

[1] Additional years will be added to the schedule as they become available.

[2] Contributions - employer has been updated from prior fiscal years to include only actual employer contributions. Contributions - non-employer has been added.

[3] Benefit payments are net of retiree contributions.

See accompanying notes to the required supplementary information.

SCHEDULE OF THE NET OPEB LIABILITY[1] *($ in millions)*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability	$2,354.2	$2,015.6	$2,492.9	$2,655.9	$2,978.6	$3,209.9	$3,065.8
Plan fiduciary net position	706.8	611.6	600.3	482.6	463.8	435.6	382.1
Net OPEB liability	$1,647.4	$1,404.0	$1,892.6	$2,173.3	$2,514.8	$2,774.3	$2,683.7
Ratio of plan fiduciary net position to total OPEB liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%
Covered payroll	$3,964.7	$3,734.3	$3,449.3	$3,477.6	$3,462.5	$3,332.4	$3,303.1
Net OPEB liability as a percentage of covered payroll	41.55%	37.60%	54.87%	62.50%	72.63%	83.25%	81.25%

[1] Additional years will be added to the schedule as they become available.

See accompanying notes to the required supplementary information.

2019	2018	2017
$160,601,083	$155,385,800	$178,649,865
117,411,967	109,982,145	101,409,264
—	—	—
(653,300,118)	53,656,583	—
217,194,383	(102,900,217)	(295,667,088)
(73,206,711)	(72,071,363)	(86,257,389)
(231,299,396)	144,052,948	(101,865,348)
3,209,899,769	3,065,846,821	3,167,712,169
$2,978,600,373	$3,209,899,769	$3,065,846,821
$65,877,673	$63,539,354	$47,672,886
16,067,175	36,517,382	17,341,005
22,009,627	28,167,652	35,730,747
(73,206,711)	(72,071,363)	(86,257,389)
(2,566,722)	(2,632,948)	(2,582,204)
28,181,042	53,520,077	11,905,045
435,629,637	382,109,560	370,204,515
463,810,679	435,629,637	382,109,560
$2,514,789,694	$2,774,270,132	$2,683,737,261

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB[1] *($ in millions)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$99.5	$91.9	$126.6	$161.0	$190.1	$189.4	$178.0	$161.6	$164.2	$190.4
Actual employer contributions	57.5	53.8	53.5	48.2	65.9	63.5	47.7	44.9	68.9	46.1
Annual contribution deficiency (excess)	$42.0	$38.1	$73.1	$112.8	$124.2	$125.9	$130.3	$116.7	$95.3	$144.3
Covered payroll	$3,964.7	$3,734.3	$3,449.3	$3,477.6	$3,462.5	$3,332.4	$3,303.1	$2,932.2	$2,845.4	$2,759.3
Actual contributions as a percentage of covered payroll	1.45%	1.44%	1.55%	1.39%	1.90%	1.91%	1.44%	1.53%	2.42%	1.67%

[1] Schedule has been updated from prior fiscal years to include only actual employer contributions, removing non-employer contributions.

See accompanying notes to the required supplementary information.

SCHEDULE OF INVESTMENT RETURNS – OPEB[1]

Year ended June 30	2023	2022	2021	2020	2019	2018	2017
Annual money weighted rate of return, net of investment expense	5.93%	(1.40%)	24.85%	2.54%	5.41%	8.05%	11.59%

[1] Additional years will be added to the schedule as they become available.

See accompanying notes to the required supplementary information.

Notes to Required Supplementary Health Care Information June 30, 2023

Changes of Benefit and Funding Terms

Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

Changes of Assumptions in the following June 30th actuarial valuations

2023

- Discount rate changed from 4.08% to 4.27%.
- Health care trend rates were updated.
- Assumption for percentage of pre-Medicare eligible retirees who choose the Wraparound plan was increased from 10% to 20%.
- Health care trend assumption on retiree premiums was updated to not apply the trend to the $35 surcharge.
- Assumption was added to assume that 15% of pre-65 retirees who waive health care will elect coverage upon Medicare eligibility.
- Morbidity factors were updated based on the society of Actuaries' June 2013 research report, Health Care Costs—From Birth to Death by Dale Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

2022

- Discount rate changed from 2.27% to 4.08%.
- Health care trend rates were updated.

2021

- Discount rate changed from 2.63% to 2.27%.
- Investment rate of return was reduced from 7.50% to 7.00%.
- Assumed rate of inflation was reduced from 3.00% to 2.40%.
- Payroll Growth Assumption was reduced from 3.50% to 1.75%.
- Assumed real wage growth was increased from 0.50% to 0.85%.
- Health care trend rates were updated.
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Rates of health care participation for future retirees and spouses were updated to reflect recent experience.
- Mortality rates among active members, service retirees and beneficiaries, and disabled members were updated. Mortality rates are projected using a fully generational projection with Scale MP-2020.

2020

- Discount rate changed from 3.22% to 2.63%.

2019

- Discount rate changed from 3.70% to 3.22%.
- Health care trend rates were updated.

2018

- Discount rate changed from 3.63% to 3.70%.
- Health care trend rates were updated.

2017

- Discount rate changed from 2.98% to 3.63%.

2016

- Assumed rate of inflation was reduced from 3.25% to 3.00%.
- Payroll Growth Assumption was reduced from 4.00% to 3.50%.
- Assumed real wage growth was reduced from 0.75% to 0.50%.
- Rates of withdrawal, retirement, and disability were updated to reflect recent experience.
- Mortality rates among active members, service retirees and beneficiaries, and disabled members were updated.

Additional Actuarial Information

The following actuarial methods and assumptions (from the June 30, 2022 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for FY2023 in the Schedule of Employer Contributions – OPEB:

Actuarial cost method:	Entry age normal
Amortization method:	Level percent of payroll
Asset valuation method:	Fair value
Inflation:	2.40%
Salary increase, including price inflation:	3.25% - 13.58%
Investment rate of return:	7.00%, net of System expenses, including inflation
Medical trend assumptions:	7.00% - 4.40%

Mortality:

DEATH AFTER RETIREMENT: These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

SCHEDULES OF SERS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Ohio Public Employees Retirement Plan - Traditional Pension Plan

Last 10 Fiscal Years*	2023	2022	2021	2020	2019
SERS' proportion of the net pension liability (asset)	0.0883558%	0.0921448%	0.0909161%	0.0923731%	0.0958985%
SERS' proportionate share of the net pension liability (asset)	$26,100,343	$8,016,966	$13,462,691	$18,258,172	$26,288,404
SERS' covered payroll	13,696,163	13,372,990	12,805,035	12,996,795	12,963,846
SERS' proportionate share of the net pension liability (asset) as a % of its covered payroll	191%	60%	105%	140%	203%
Plan fiduciary net position as a % of the total pension liability	75.74%	92.62%	86.88%	82.17%	74.70%

* The amounts presented were determined as of 12/31 of the prior calendar year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as they become available.

Ohio Public Employees Retirement Plan - Combined Pension Plan

Last 10 Fiscal Years*	2023	2022	2021	2020	2019
SERS' proportion of the net pension liability (asset)	0.1834134%	0.2096088%	0.1994927%	0.1942455%	0.0217249%
SERS' proportionate share of the net pension liability (asset)	($432,287)	($825,869)	($575,863)	($405,048)	($242,933)
SERS' covered payroll	790,227	955,597	879,164	864,692	929,157
SERS' proportionate share of the net pension liability (asset) as a % of its covered payroll	(55%)	(86%)	(66%)	(47%)	(26%)
Plan fiduciary net position as a % of the total pension liability	137.14%	169.88%	157.67%	145.28%	126.64%

* The amounts presented were determined as of 12/31 of the prior calendar year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as they become available.

SCHEDULES OF CONTRIBUTIONS

Ohio Public Employees Retirement Plan - Traditional Pension Plan

Last 10 Fiscal Years*	2023	2022	2021	2020	2019
Contractually required contribution	$2,026,566	$1,868,582	$1,805,747	$1,825,245	$1,781,661
Contributions in relation to the contractually required contribution	2,026,566	1,868,582	1,805,747	1,825,245	1,781,661
Contribution deficiency (excess)	—	—	—	—	—
SERS' covered payroll	$14,475,473	$13,347,012	$12,898,191	$13,037,464	$12,726,150
Contributions as a % of covered payroll	14%	14%	14%	14%	14%

* The amounts presented were determined as of 6/30 of the fiscal year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as they become available.

Ohio Public Employees Retirement Plan - Combined Pension Plan

Last 10 Fiscal Years*	2023	2022	2021	2020	2019
Contractually required contribution	$131,770	$130,617	$121,992	$126,307	$127,825
Contributions in relation to the contractually required contribution	131,770	130,617	121,992	126,307	127,825
Contribution deficiency (excess)	—	—	—	—	—
SERS' covered payroll	$941,211	$932,981	$871,375	$902,194	$913,034
Contributions as a % of covered payroll	14%	14%	14%	14%	14%

* The amounts presented were determined as of 6/30 of the fiscal year. GASB 68 was implemented in 2015. Additional years will be added to the schedule as they become available.

2018	2017	2016	2015
0.0973540%	0.0956142%	0.0937745%	0.0925739%
$15,272,959	$21,712,365	$16,242,931	$11,165,446
11,946,483	10,594,473	10,003,875	9,728,270
128%	205%	162%	115%
84.66%	77.25%	81.08%	86.45%

2018	2017	2016	2015
0.2256010%	0.2277590%	0.2364605%	0.2391363%
($307,116)	($126,764)	($115,067)	($92,073)
857,951	759,911	737,594	749,257
(36%)	(17%)	(16%)	(12%)
137.28%	116.55%	116.90%	114.83%

2018	2017	2016	2015
$1,616,321	$1,517,599	$1,457,881	$1,382,808
1,616,321	1,517,599	1,457,881	1,382,808
—	—	—	—
$11,545,152	$10,839,992	$10,413,435	$9,877,201
14%	14%	14%	14%

2018	2017	2016	2015
$116,006	$110,430	$109,964	$106,502
116,006	110,430	109,964	106,502
—	—	—	—
$828,612	$788,786	$785,457	$760,728
14%	14%	14%	14%

OPERS Related Required Supplementary OPEB Information (unaudited)

SCHEDULE OF SERS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Ohio Public Employees Retirement Plan					
Last 10 Fiscal Years*	**2023**	**2022**	**2021**	**2020**	**2019**
SERS' proportion of the net OPEB liability (asset)	0.0993089%	0.1040415%	0.1007839%	0.1014843%	0.0104825%
SERS' proportionate share of the net OPEB liability (asset)	$626,161	($3,258,739)	($1,795,546)	$14,017,613	$13,666,743
SERS' covered payroll	567,283	541,604	445,100	420,175	375,863
SERS' proportionate share of the net OPEB liability (asset) as a % of its covered payroll	110%	(602%)	(403%)	3,336%	3,636%
Plan fiduciary net position as a % of the total OPEB liability	94.79%	128.23%	115.57%	47.80%	46.33%

* The amounts presented were determined as of 12/31 of the prior calendar year. GASB 75 was implemented in 2018. Additional years will be added to the schedule as they become available.

SCHEDULE OF OPEB CONTRIBUTIONS

Ohio Public Employees Retirement Plan					
Last 10 Fiscal Years*	**2023**	**2022**	**2021**	**2020**	**2019**
Contractually required contribution	$79,420	$75,825	$62,314	$58,824	$125,775
Contributions in relation to the contractually required contribution	79,420	75,825	62,314	58,824	125,775
Contribution deficiency (excess)	—	—	—	—	—
SERS' covered payroll	$592,478	$540,160	$446,267	$417,722	$898,395
Contributions as a % of covered payroll	14%	14%	14%	14%	14%

* The amounts presented were determined as of 6/30 of the fiscal year. GASB 75 was implemented in 2018. Additional years will be added to the schedule as they become available.

2018	2017
0.1060842%	0.1047274%
$11,519,966	$10,577,819
1,338,357	2,243,369
861%	472%
54.14%	54.05%

2018	2017
$262,029	$295,539
262,029	295,539
—	—
$1,871,633	$2,110,993
14%	14%

SCHEDULE OF ADMINISTRATIVE EXPENSES for the year ended June 30, 2023

	General Expenses	Investment Related Expenses		Total
Personnel Services				
Salaries	$15,406,888	$3,304,524	*	$18,711,412
Retirement Contributions	2,510,820	399,062		2,909,882
Insurance	2,479,651	261,034		2,740,685
Total Personnel Services	20,397,359	3,964,620		24,361,979
Professional Services				
Actuarial Advisors	373,710			373,710
Audit Services	186,971			186,971
Custodial Banking	186,968	1,019,206		1,206,174
Master Recordkeeper		1,011,276		1,011,276
Investment Related Consulting	58,429	1,366,124		1,424,553
Medical	45,000			45,000
Technical	1,329,216	159,371		1,488,587
Total Professional Services	2,180,294	3,555,977		5,736,271
Communications				
Postage	608,330			608,330
Telecommunications Services	254,255			254,255
Member / Employer Education	12,597			12,597
Printing and Publication	132,278			132,278
Total Communications	1,007,460			1,007,460
Other Services				
Computer Support Services	1,980,420	148,114		2,128,534
Office Equipment and Supplies	161,228	345		161,573
Training	104,230	11,387		115,617
Transportation and Travel	86,524	77,789		164,313
Memberships and Subscriptions	112,150	64,943		177,093
Property and Fiduciary Insurance	519,591			519,591
Facilities Expense	1,066,175			1,066,175
Maintenance	52,339			52,339
Staff Support	127,011			127,011
Ohio Retirement Study Council	48,386			48,386
Miscellaneous	1,486,369			1,486,369
Total Other Services	5,744,423	302,578		6,047,001
Total Administrative Expenses before Depreciation	29,329,536	7,823,175		37,152,711
Depreciation				
Furniture and Equipment	3,835,537			3,835,537
Building	31,444			31,444
Total Depreciation	3,866,981			3,866,981
Total Administrative Expenses	**$33,196,517**	**$7,823,175**		**$41,019,692**

* Includes salary and incentive payments for investment staff.

See accompanying independent auditor's report.

SCHEDULE OF INVESTMENT EXPENSES for the year ended June 30, 2023

Description of Expenses	Net Assets Under Management	Direct Fees
Global Equities	$7,492,526,497	$18,551,431
Global Real Assets	3,593,736,459	29,940,752
Global Private Equity	2,373,409,512	24,759,001
Global Private Credit	1,074,493,283	12,150,511
Cash Equivalents	469,694,333	9,733,246
Opportunistic and Tactical	572,882,795	7,001,883
Global Fixed Income	2,318,371,725	5,924,590
Total Investment Management Fees		$108,061,414
Custody Service Fees		1,019,206
Master Recordkeeper Fees		1,011,276
Investment Consulting and Performance/Analytics Fees		1,379,994
Other Investment Administrative Expenses		4,434,724
Total Other Investment Expenses		7,845,200
Total Investment Expenses		**$115,906,614**

SCHEDULE OF PAYMENTS TO CONSULTANTS

SERS paid the following non-investment related consulting fees in FY2023:

Actuarial Advisors	$373,710
Audit Services	186,971
Legal Counsel	153,001
Medical Consultant	45,000
Information Technology Consultants	747,093
Health Care Consultants	144,776
Other Consultants	529,743
Total	**$2,180,294**

See accompanying independent auditor's report.

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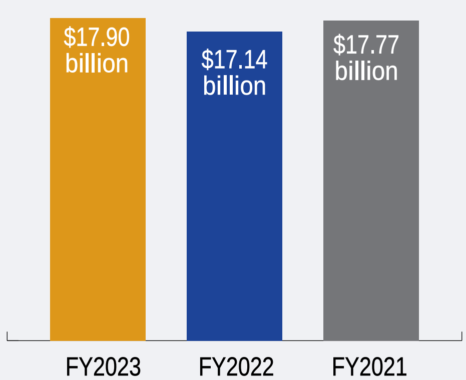
Investment Section

Letter from Chief Investment Officer 64
Investment Report 65
Investment Summary 69
Asset Allocation vs Policy 69
SERS Total Investment Return (Gross of Fees) 69
Total Investment Fund at Fair Value 70
Schedule of Investment Results 70
Notes to Investment Results 71
SERS Detailed Asset Allocation 72
Largest Public Equity Holdings 73
Largest Public Fixed Income Holdings 73
Investment Consultants and Investment Managers 74
Summary Schedule of Brokers' Commissions 75
Reconciliation to Statement of Fiduciary Net Position 75
Statement of Investment Policy 76

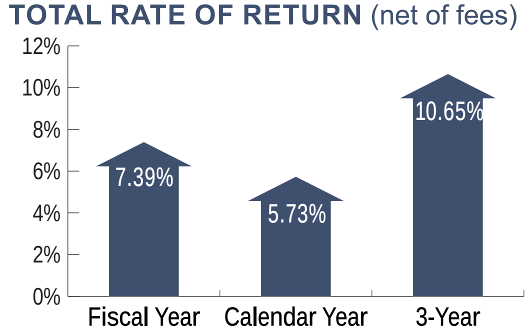
Investment Highlights

For fiscal year end June 30, 2023, SERS' gross investment rate of return was 8.14% with $17.90 billion in assets. The Fund's net return was 7.39% and outperformed the policy benchmark by 0.30%. SERS maintains a diversified investment portfolio including global equities, global private equity, global fixed income, global private credit, global real assets, and short-term securities.

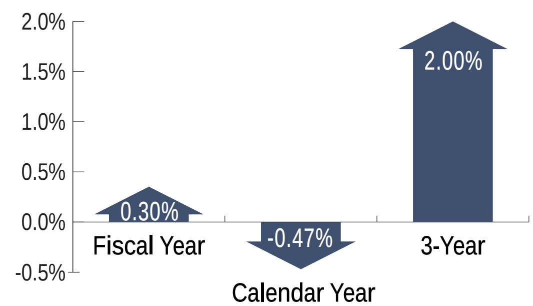
TOTAL INVESTMENT FUND BALANCE



TOTAL RATE OF RETURN (net of fees)



TOTAL FUND EXCESS RETURN VS BENCHMARK (net of fees)



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RICHARD STENSRUD
Executive Director

KAREN ROGGENKAMP
Deputy Executive Director

December 1, 2023

Retirement Board, Members, Retirees, and Beneficiaries of the Retirement System:

On behalf of the SERS Investment Department, I respectfully submit the Investment Section of the *Annual Comprehensive Financial Report* for the year ended June 30, 2023. Information in this section was compiled by SERS' Investment and Finance Staff, and BNY Mellon Global Risk Solutions. Investment results are based upon a time-weighted rate of return methodology, and assets are shown at fair value.

US economic growth turned positive and was resilient through FY2023 despite two negative quarters in the first half of 2022. GDP grew at 2.1% in 2022 followed by 2.0% annualized rate in Q1 2023 and 2.1% in Q2 2023 despite the Fed's 5% points tightening since March 2022. Headline inflation declined significantly from 9.1% in June 2022 to 4.0% in May 2023. However, core inflation remains sticky, and consumer price index is higher than the Fed's 2.0% target level. The labor market continued to be strong with 3.8 million jobs added in FY2023, and the unemployment rate remained historically low at 3.6% as of June 2023. The equity markets posted strong returns in FY2023. US equity led with a 19.0% gain, followed by non-US developed markets at 17.4%; emerging markets lagged with a 1.75% return for the respective market indices. Bond returns were negatively impacted by rising interest rates and the US fixed income Bloomberg Aggregate index was down 0.94% for FY2023.

SERS' Total Fund generated a net of fees return of 7.4% in FY2023, exceeding the policy benchmark by 0.3%. The total return was helped by strong return(s) of 15.6% net of fees from Global Equity while returns for all other asset classes were below the total fund return. Positive excess return of total fund was contributed by strong excess returns in Private Equity at 6.6% followed by Real Assets at 2.9%, Fixed Income at 1.7%, and Opportunistic at 1.6%. The Total Fund five-year return of 8.3% net of fees exceeded the policy benchmark by 1.1%, while the ten-year return of 8.5% net of fees exceeded the benchmark by 0.9%. Implementation of the investment program has added value to the fund over one-, three-, five-, ten-, and twenty-year periods relative to the Total Fund benchmark, and exceeded the actuarial rate of 7.0%. SERS returns ranked in the top decile (10%) in Wilshire's public fund universe on a gross of fee basis for the three-, five-, and ten-year periods.

Staff will continue to remain focused on implementing the portfolio to add value relative to the benchmark and to manage risks which are expected to remain elevated in the near term. High interest rates and slowing growth pose significant risks to expected returns which could be below the 7.0% actuarial rate in the near term.

I wish to thank the Investment staff for their dedication and accomplishments this year, and I appreciate the support of the Board and the Executive team. We look forward to working with the Board and the Executive team in the coming year to serve our members with excellence.

Respectfully,

Farouki Majeed
Chief Investment Officer

Chapter 3309 of the Ohio Revised Code and the Board-adopted Investment Policy govern investment activity at the School Employees Retirement System of Ohio (SERS). The Board is responsible for managing the assets of the Fund effectively, prudently, and for the exclusive benefit of SERS' members and beneficiaries.

INVESTMENT POLICY

The Board approves the *Statement of Investment Policy*. The purpose of the policy is to set forth SERS' investment philosophy and objectives. The policy establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and establishes a framework for making investment decisions, monitoring investment activity, and promoting effective communication between the Board, Staff, and other involved parties.

INVESTMENT OBJECTIVES

The primary objective of the investment portfolio is to achieve investment returns exceeding the return of our Policy Benchmark within prudent risk parameters. Over the long term, it is expected that investment returns also should meet or exceed the Board-approved actuarial assumed rate of 7.00%.

INVESTMENT STRATEGIES

Asset Allocation FY2023 SERS' strategic asset allocation targets and its corresponding benchmarks were as follows:

Asset Class	FY2023 Policy	Benchmark Measure
Global Equities	45%	MSCI All Country World Index (ACWI) (net dividends)
Global Private Equity	12%	Burgiss All Private Equity (BAPE) (one quarter in arrears)
Global Fixed Income	19%	Bloomberg US Aggregate Bond Index
Global Private Credit	5%	90-day Treasury Bill Rate +4.5%
Global Real Assets	17%	NCREIF Property Index (one quarter in arrears)
Cash Equivalents	2%	FTSE 30-day T-Bill Index
Strategy		**Benchmark Measure**
Opportunistic and Tactical Investments	0%	Bloomberg US Aggregate Bond Index +2.0%
Total	**100%**	

Leverage SERS Board has approved the use of leverage up to 10% of total fund value through the use of equity / bond derivatives, when conditions are favorable. Currently this has not been implemented

Diversification Broad diversification within an investment portfolio is used to control the level of risk and volatility within the portfolio over the long term. SERS has adopted a broadly diversified asset allocation policy, and the strategies used within each asset class also have been diversified.

Besides the broad diversification of assets and strategies within SERS' portfolio, SERS also employs a diverse group of investment managers with the goal of outperforming the respective benchmark while managing relative risks.

Wilshire Associates, Inc., SERS' general investment consultant, assists the Board on matters of investment policy and asset allocation recommendations. Wilshire also reports to the Board on quarterly performance reviews of the Fund and each portfolio.

Proxy Voting In 2012, the Board adopted SERS' Corporate Governance Principles. The Board authorizes the Proxy Review Committee, which consists of staff members from Executive and Investments, to vote proxies according to SERS Proxy Voting Guidelines. This committee implements a process for voting proxies as described in the Proxy Voting Policy and Procedures document. Staff hires a proxy voting advisor, Institutional Shareholder Services (ISS), to vote proxies according to SERS' custom vote policy and provide advice on corporate governance-related matters.

Sustainability and Corporate Governance Good governance of markets and entities comprising the markets improves outcomes for investors. SERS' Board and Staff will exercise corporate ownership responsibly and with the best fiduciary interest of members and stakeholders. SERS' Board and Staff must be attentive to important environmental, social, and governance issues that affect markets and promote its interests in a responsible manner in the best fiduciary interest of members and stakeholders.

Global Equities

Global equity markets rebounded strongly in FY2023 thanks to the positive growth of the global economy, supported by decelerating inflation and a resilient labor market. The global equity markets, MSCI ACWI, returned 16.5% for FY2023. All major regional markets delivered positive returns for FY2023. The Global Equities portfolio returned 15.6% net of fees, underperforming the MSCI ACWI benchmark by 0.9%. The global composite within the Global Equities portfolio gained 16.8% net of fees, outperforming the benchmark by 0.3% while the regional composite returned 15.4% net of fees, lagging the benchmark by 1.1%. The Global Equities portfolio outperformed the benchmark for the three-, five-, ten-, and twenty-year periods.

The US market, (Russell 3000 Index), returned 18.9% for FY2023 as the risks from the March 2023 regional bank crisis receded and high expectations from Artificial Intelligence buoyed the market. However, the US market's strong return was concentrated in a few of the largest stocks. High beta stocks were in favor during this market environment. The US Equity portfolio returned 17.0% net of fees, underperforming the Russell 3000 index benchmark by 1.9% for FY2023 due to defensive beta in contrast to its 0.6% outperformance in the FY2022 down-market environment. The large cap and small cap composites underperformed their respective Russell 1000 and Russell 2000 benchmarks.

The Non-US Developed Equity markets, (MSCI World ex-US index) delivered 17.4% for FY2023 vs. (16.8%) for FY2022. The Non-US Developed portfolio returned 18.4% net of fees, outperforming the MSCI World ex-US benchmark by 1.0% in FY2023. Positive excess returns were contributed from most managers in the portfolio. The large cap composite outperformed its benchmark by 1.7% and the small cap composite outperformed its benchmark by 1.4%.

The Non-US Emerging markets, MSCI Emerging Markets Index, returned 1.8% for FY2023, lagging the developed markets. The main detractor was China market's underperformance. While occupying 30% of the MSCI Emerging Markets index, China's market was down 16.9%. The Emerging Markets Equity portfolio returned (4.0%) net of fees, underperforming the benchmark by 5.8% due to negative stock selection and China overweight. The portfolio is under reconstruction with two managers hired during FY2023.

Global Private Equity

Despite a number of headwinds that included the war in Ukraine, inflation, and growing tension between the US and China, private equity continued to expand its record-breaking run of deal activity during the first six months of the year. However, the Federal Reserve's decision to raise interest rates by 75 basis points and then to continue raising them signaled the end of cheap debt in the buyout markets. The combination of concerns about inflation and rate increases drove speculation about a recession, which in turn caused banks to be more cautious about providing debt to private equity backed companies. As a result, year-end totals for private equity deals, exits and fund raising were all down considerably. Transactions fell to $657 billion in CY2022. Although still a large number, this was well below the record of $1.1 trillion set in CY2021. The volume of deals completed in CY2022 fell to 2,318. Fund-raising also declined last year by approximately 16% with a total of $347 billion in capital raised resulting in a total of approximately $3.7 trillion of dry powder available across all fund types and all geographies at the end of CY2021. The intense competition for assets that has led to growth in purchase price multiples made it very difficult for private equity firms to find and purchase companies continued in CY2022. Purchase price multiples have risen from approximately 9.0 times earnings in CY2011 to an average of 11.9 times earnings in CY2022, slightly down from 12.3 in 2021 but still ahead of prior periods. The change in conditions also impacted exits in CY2022. Exits declined from over 1,500 exits in 2021 to approximately 600 exits totaling $565 billion in 2022. Economic uncertainty combined with elevated purchase valuations and a steady flow of dry powder once again underscores the importance of identifying and backing high quality private equity managers that remain disciplined in their process, due diligence, and selection criteria throughout investment cycles. SERS' Global Private Equity portfolio generated a net return of 2.5% for FY2023, beating the benchmark return of (4.0%) by 6.5%.

Global Fixed Income

For FY2023, the Global Fixed Income portfolio generated a net return of 0.7% relative to the Bloomberg US Aggregate Bond Index return of (0.9%). The underweight to duration during a rising interest rate environment contributed to portfolio outperformance. The best performing sector was high yield debt at 9.1%, helped by a below average default rate and credit spread compression in FY2023. Investment grade corporate bonds returned 1.6% with a positive impact from a 5.8% yield that was offset by a drop in value due to rising interest rates. Asset-backed securities returned 1.2% and continued to benefit from strong spending as consumers continued to spend down excess savings. Residential and commercial mortgages had negative performance, returning (1.5%) and (1.7%), respectively. Residential mortgage spreads widened during the year as the Fed continued to reduce its mortgage exposure. Commercial mortgages were impacted by the regional banking crisis in March as banks were selling commercial mortgages to repair their balance sheets. Finally, US Treasuries were the worst performing sector returning (2.1%) as rising interest rates continued to drive losses in the sector. A 50/50 blend of local currency and US dollar emerging market debt returned 4.0% US dollar bonds outperformed local currency bonds by 3.4% as the dollar strengthened in the first half of CY2023 after weakening in Q4 2022.

Global Private Credit

The Global Private Credit portfolio generated a net return of 6.1% during FY2023 versus the benchmark return of 8.3%. While the portfolio trailed the benchmark, it still contributed positively to the Total Fund return on an absolute basis. The private credit market began to experience valuation markdowns during CY2022, primarily due to mark-to-market movements impacting broader public markets. In addition, the rapid increase in interest rates by the Federal Reserve led to higher base rates on the underlying loans, which took time to be reflected in the loans within the portfolio. The private credit market continued to grow in CY2022 and reached an estimated $1.4 trillion in assets under management, which was higher than earlier forecasts. The private credit market is forecast to reach over $2 trillion in the next several years. During CY2022, fundraising activity slowed given the economic uncertainty and rapidly increasing interest rates as the Federal Reserve shifted its monetary policy. Many investors paused on new investments within the private credit space given the uncertainty of corporate earnings growth, rising inflation, and the ability of companies to service debt obligations. Nonetheless, over $200 billion was raised within private credit funds during CY2022. The leveraged loan market faced a sharp decline in new issuances throughout most of the year as traditional banks pulled back from lending to the middle-market. Loan defaults also began to increase across the credit markets and the level of U.S. distressed loans increased drastically to an estimated $100 billion towards the end of CY2022. It is estimated that loan default rates will continue to trend upwards in the coming years as companies need to recapitalize balance sheets to deal with rising costs and interest rates. However, deal activity continued to remain strong within the private credit market since many companies had no alternative source of financing, which led to a lender-friendly market with tighter covenants and better pricing terms for investors. While rising rates may negatively impact other assets classes, it can add to returns within the private credit asset class since most loans are structured with a floating interest rate. During FY2023, a total of $355 million was deployed and SERS' Global Private Credit portfolio ended the fiscal year above the 5% target allocation.

Global Real Assets

During FY2023, market conditions for commercial real estate were negatively impacted by higher interest rates and tight credit markets, while infrastructure continued to provide consistent performance. The Real Assets allocation was above the previous 17% target allocation during the fiscal year but stayed within its policy range of 14-22%. Within real estate, industrial and multifamily property types continued to be relative outperformers because of strong fundamentals. Retail centers with grocery anchor tenants continue to outperform malls. Older offices have been impacted by high vacancy due to structural changes related to "work from home trends" and tenants' preferences for LEED-certified buildings with updated amenities. Core real estate return for FY2023 was (1.1%) net of fees, well below the long-term average of 8.5% to 9.5% as many assets were repriced due to capital markets volatility (higher interest and cap rates). Current market conditions and fundamentals are expected to support multi-family, industrial, and select niche property types like storage and single-family rentals. Infrastructure assets, particularly renewable energy, utilities, energy, and digital infrastructure, performed well during the fiscal year, while many transportation assets showed signs of recovering as travel rebounds globally. For the next two to three years, real estate total returns are expected to be below long-term averages, while infrastructure is expected to be in-line with forecast returns of 8-10% gross IRR. Income returns are expected to play a more important role for real estate and infrastructure. SERS' Global Real Assets portfolio generated a net return of 1.3% for FY2023, beating the benchmark return of (1.6%), and its one-year income return as of June 30, 2023, was approximately 3.2% gross of fees.

Cash Equivalents

The Cash Equivalents portfolio consists primarily of short-term cash and any gains or losses of the overlay program. Short-term cash is a source of liquidity for the Total Fund. For FY2023, the short-term cash returned 3.8% net of fees, outperforming the FTSE 30-day T-Bill Index by 0.1%. The return on cash has increased significantly over the last year as the Fed continued to aggressively hike interest rates to bring down high inflation. As of June 30, 2023, the weight of cash equivalents was 2.6% of the Total Fund.

Opportunistic and Tactical Investments

The Opportunistic and Tactical portfolio returned 2.7% net of fees. The Opportunistic portfolio is comprised of non-traditional investment opportunities which do not fit neatly within SERS' strategic asset classes. Opportunistic investments are defined as tactical or non-traditional investment opportunities. Such investments may involve capitalizing on short-term market dislocations or other unique situations or innovative strategies such as tactical allocation. The Opportunistic portfolio has a 0.0% policy target allocation with a maximum allocation of 5%, giving Staff flexibility to invest only when market conditions present attractive opportunities. SERS made two opportunistic investments in FY2023, committing a total of $100 million to a global macro fund and an opportunistic credit fund.

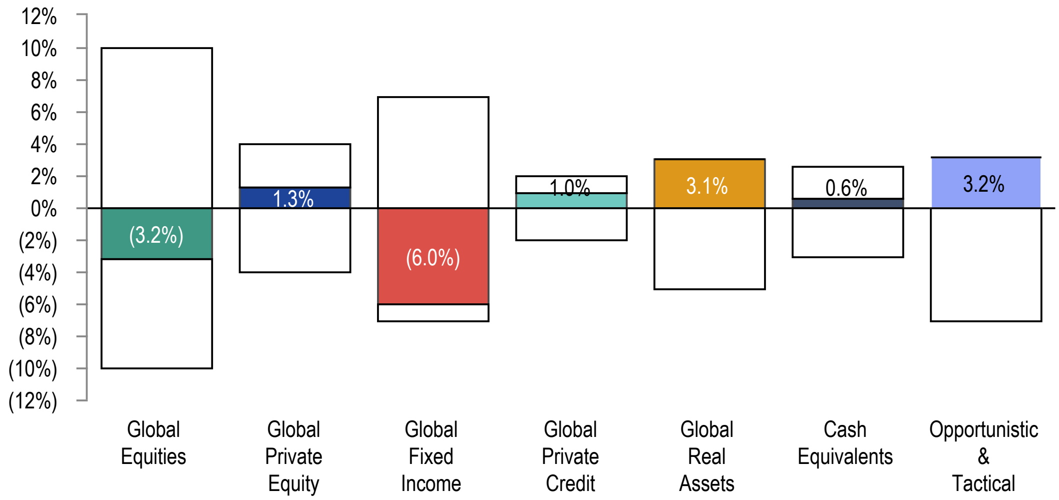
Overlay Program

The overlay program, comprised of the enhanced asset allocation and active currency programs, aims to add value by taking active long/short positions in the broad asset classes and foreign exchange markets, with a tight risk budget. For FY2023, the overlay program had losses and reduced the Total Fund net of fees return by four basis points but has added value since inception. These programs do not require full cash funding except for the margin requirements since they are implemented through futures and forward contracts.

Investment Summary as of June 30, 2023

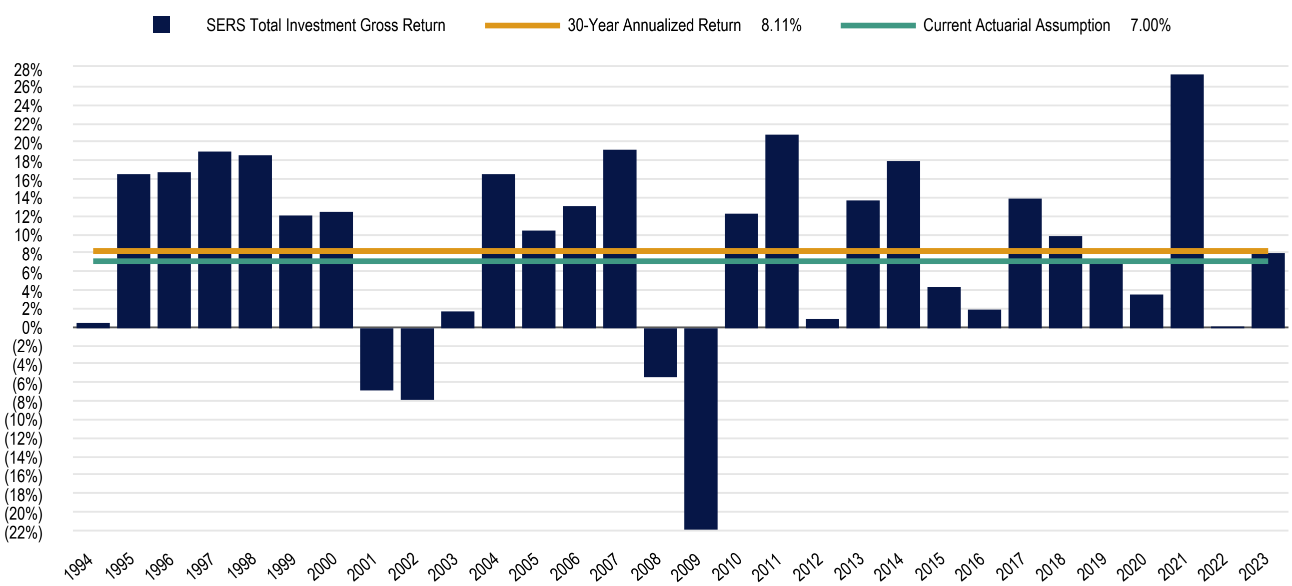
	Fair Value	% of Fair Value	Policy	Range
Global Equities	$7,492,526,497	41.8%	45.0%	35% - 55%
Global Private Equity	2,373,409,512	13.3	12.0	8 - 16
Global Fixed Income	2,318,371,725	13.0	19.0	12 - 26
Global Private Credit	1,074,493,283	6.0	5.0	3 - 7
Global Real Assets	3,593,736,459	20.1	17.0	14 - 20
Cash Equivalents	469,694,333	2.6	2.0	0 - 7
Opportunistic and Tactical	572,882,795	3.2	0.0	0 - 5
Total Portfolio	**$17,895,114,604**	**100.0%**	**100.0%**	

Asset Allocation vs. Policy



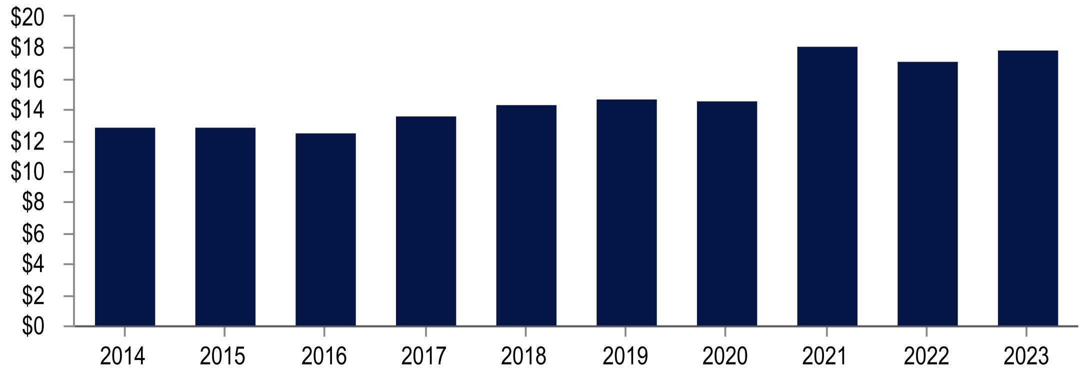
Note: Boxes represent permissible ranges around target weights.

SERS Total Investment Return (Gross of Fees)



Investments

Total Investment Fund at Fair Value *($ in billions)*



Schedule of Investment Results for the years ended June 30 (Gross of Fees)

	2023	2022	2021	Annualized Rates of Return 3 Years	5 Years	10 Years
Global Equities						
SERS	15.9%	(15.6%)	41.9%	11.6%	8.5%	9.4%
Custom Global Equities Benchmark(1)	16.5	(16.4)	40.3	11.0	7.7	8.6
Global Private Equity						
SERS(2)	4.2	36.3	48.1	28.1	20.6	20.1
Custom Global Private Equity Benchmark(3)	(4.0)	22.3	47.3	21.7	15.1	14.3
Global Fixed Income						
SERS	1.0	(10.4)	3.9	(2.0)	2.1	2.5
Bloomberg US Aggregate Bond Index	(0.9)	(10.3)	(0.3)	(4.0)	0.8	1.5
Global Real Assets						
SERS(4)	2.2	25.7	8.7	11.8	10.1	11.3
Custom Global Real Assets Benchmark(5)	(1.6)	21.9	2.6	7.2	6.7	8.3
Opportunistic and Tactical Investments						
SERS(6)	3.8	7.9	27.3	12.6	7.5	8.9
Policy Benchmark(7)	1.1	(8.3)	1.7	(2.0)	0.8	4.4
Global Private Credit						
SERS(8)	7.7	10.6	19.5	12.5	N/A	N/A
3-month Treasury Bill Rate +4.50%(9)	8.3	4.7	4.8	5.9	N/A	N/A
Cash Equivalents						
SERS	4.3	16.5	2.6	7.6	5.7	3.6
FTSE 30-day Treasury Bill Index	3.7	0.2	0.1	1.3	1.5	0.9
Total Fund (Gross of Fees)						
SERS	8.1	0.2	27.5	11.4	9.0	9.2
Policy Benchmark(10)	7.1	(3.6)	23.6	8.6	7.2	7.6
Total Fund (Net of Fees)						
SERS	7.4	(0.5)	26.8	10.7	8.3	8.5
Policy Benchmark(10)	7.1	(3.6)	23.6	8.6	7.2	7.6

Source: BNY Mellon Global Risk Solutions

Investment results provided by BNY Mellon Global Risk Solutions are based upon a time-weighted rate of return methodology. Fair value adjustments made to global private equity, global real assets, opportunistic and tactical, and global private credit as of June 30 will be reflected in the investment returns in the next financial statement.

Notes to Investment Results

(1) Custom Global Equities Benchmark:
(a) Effective July 1, 2022
100.00% MSCI All Country World Net Total Return Index
(b) Effective January 1, 2021
55.00% Russell 3000 Index
30.00% MSCI ACWI ex-US (net dividends) Index
15.00% MSCI Emerging Markets Net Total Return Index
(c) Effective January 1, 2014
50.00% Russell 3000 Index
50.00% MSCI ACWI ex-US (net dividends) Index
(d) Effective July 1, 2013
50.00% Russell 3000 Index
50.00% MSCI ACWI ex-US (net dividends) Index (developed markets 50% hedged)

(2) Global Private Equity returns are reported one quarter in arrears.

(3) Custom Global Private Equity Benchmark:
(a) Effective January 1, 2014 Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
(b) Prior to January 1, 2014 S&P 500 Index plus +3.0%

(4) Global Real Asset partnership returns are reported one quarter in arrears. Public real asset returns are reported in the current quarter.

(5) Custom Global Real Assets Benchmark:
(a) Effective July 1, 2010 NCREIF Property Index (one quarter in arrears)

(6) Opportunistic and Tactical inception date occurred in June 2013

(7) Opportunistic and Tactical Benchmark:
(a) Effective July 1, 2020 Bloomberg US Aggregate Bond Index +2.0%
(b) Prior to July 1, 2020 SERS Policy BM

(8) Global Private Credit investments inception date occurred in July 2020

(9) Global Private Credit Benchmark:
(a) Effective February 1, 2022 90-Day Treasury Bill Rate +4.50%
(b) Prior to February 1, 2022 3-Month LIBOR +4.50%

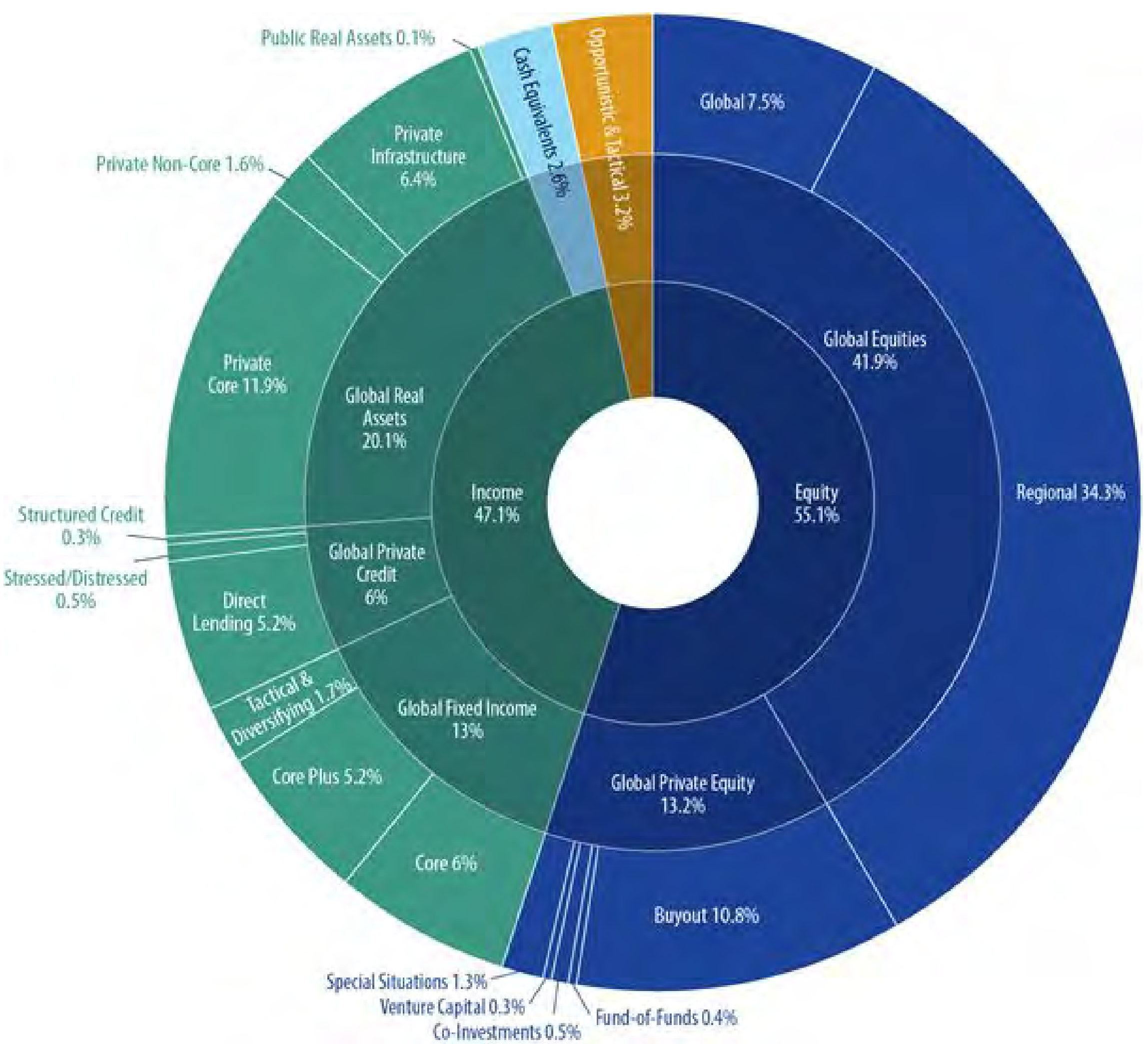
(10) SERS Policy Benchmark weightings for the past 10 years:
(a) Effective July 1, 2022
45.00% MSCI All Country World Net Total Return Index
19.00% Bloomberg US Aggregate Bond Index
17.00% NCREIF Property Index (one quarter in arrears)
12.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 90-day T-Bill +4.50%
2.00% FTSE 30-day T-Bill Index
(b) Effective February 1, 2022
24.75% Russell 3000 Index
13.50% MSCI ACWI ex-US (net dividends) Index
6.75% MSCI Emperging Markets ex-US (ned dividends) Index
19.00% Bloomberg US Aggregate Bond Index
17.00% NCREIF Property Index (one quarter in arrears)
12.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 90-Day T-Bill +4.50%
2.00% Cititgroup 30-Day T-Bill Index
(c) Effective July 1, 2021
24.75% Russell 3000 Index
13.50% MSCI ACWI ex-US (net dividends) Index
6.75% MSCI Emperging Markets ex-US (ned dividends) Index
19.00% Bloomberg US Aggregate Bond Index
17.00% NCREIF Property Index (one quarter in arrears)
12.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
5.00% 3-Month LIBOR +4.50%
2.00% Cititgroup 30-Day T-Bill Index
(d) Effective January 1, 2021
24.75% Russell 3000 Index
13.50% MSCI ACWI ex-US (net dividends) Index
6.75% MSCI Emperging Markets ex-US (ned dividends) Index
19.00% Bloomberg US Aggregate Bond Index
16.00% NCREIF Property Index (one quarter in arrears)
11.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
4.00% HFRI Fund of Funds Composite Index +1.0%
3.00% 3-Month LIBOR +4.50%
2.00% Cititgroup 30-Day T-Bill Index
(e) Effective July 1, 2020
22.50% Russell 3000 Index
22.50% MSCI ACWI ex-US (net dividends) Index
19.00% Bloomberg US Aggregate Bond Index
16.00% NCREIF Property Index (one quarter in arrears)
11.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
4.00% HFRI Fund of Funds Composite Index +1.0%
3.00% 3-Month LIBOR +4.50%
2.00% Cititgroup 30-Day T-Bill Index
(f) Effective January 1, 2016
22.50% Russell 3000 Index
22.50% MSCI ACWI ex-US (net dividends) Index
19.00% Barclays Capital US Aggregate Bond Index
15.00% NCREIF Property Index (one quarter in arrears)
10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
10.00% HFRI Fund of Funds Composite Index +1.0%
1.00% Citigroup 30-Day T-Bill Index
(g) Effective January 1, 2015
22.50% Russell 3000 Index
22.50% MSCI ACWI ex-US (net dividends) Index
19.00% Barclays Capital US Aggregate Bond Index
12.00% NCREIF Property Index (one quarter in arrears)
10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
13.00% HFRI Fund of Funds Composite Index +1.0%
1.00% Citigroup 30-Day T-Bill Index
(h) Effective July 1, 2014
22.50% Russell 3000 Inde
22.50% MSCI ACWI ex-US (net dividends) Index
19.00% Barclays Capital US Aggregate Bond Index
15.00% NCREIF Property Index (one quarter in arrears)
10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
10.00% HFRI Fund of Funds Composite Index +1.0%
1.00% Citigroup 30-Day T-Bill Index
(i) Effective January 1, 2014
22.50% Russell 3000 Index
22.50% MSCI ACWI ex-US (net dividends) Index
19.00% Barclays Capital US Aggregate Bond Index
12.00% NCREIF Property Index (one quarter in arrears)
10.00% Burgiss All Private Equity Benchmark (BAPE) (one quarter in arrears)
13.00% HFRI Fund of Funds Composite Index +1.0%
1.00% Citigroup 30-Day T-Bill Index
(j) Effective July 1, 2013
22.50% Russell 3000 Index
22.50% MSCI ACWI ex-US (net dividends) Index (developed markets 50% hedged)
19.00% Barclays Capital US Aggregate Bond Index
12.00% NCREIF Property Index (one quarter in arrears)
10.00% SERS Custom Private Equity Benchmark
13.00% HFRI Fund of Funds Composite Index +1.0%
1.00% Citigroup 30-Day T-Bill Index

SERS Detailed Asset Allocation

EQUITY	55.1%
Global Equities	**41.9%**
Global	7.5%
Regional	34.4%
Global Private Equity	**13.2%**
Buyout	10.7%
Fund-of Funds	0.4%
Co-Investments	0.5%
Venture Capital	0.3%
Special Situations	1.3%

OPPORTUNISTIC AND TACTICAL	3.1%
Opportunistic and Tactical	3.1%
Opportunistic and Tactical	3.1%

INCOME	41.7%
Global Fixed Income	**13.0%**
Core	6.0%
Core Plus	5.2%
Tactical & Diversifying	1.8%
Global Private Credit	**6.0%**
Direct Lending	5.2%
Stressed/Distressed	0.5%
Structured Credit	0.3%
Global Real Assets	**20.1%**
Private Core	12.0%
Private Non-Core	1.5%
Private Infrastructure	6.4%
Public Real Assets	0.2%
Cash Equivalents	**2.6%**
Cash Equivalents	2.6%



Largest Public Equity Holdings as of June 30, 2023

	Description	Country	Shares	Fair Value
1	Microsoft Corp.	United States	765,869	$260,808,950
2	Apple, Inc.	United States	1,319,868	256,014,827
3	Meta Platforms, Inc.	United States	314,874	90,362,558
4	Amazon.com, Inc.	United States	667,480	87,012,638
5	Alphabet, Inc. Class A	United States	675,416	80,847,306
6	NVIDIA Corp.	United States	172,487	72,965,361
7	Alphabet, Inc. Class C	United States	557,357	67,423,462
8	Tesla, Inc.	United States	199,579	52,243,828
9	Oracle Corp.	United States	403,779	48,086,026
10	Home Depot, Inc.	United States	154,119	47,875,435

All monetary values stated in US dollars.
A complete listing of holdings is available upon request.

Largest Public Fixed Income Holdings as of June 30, 2023

	Description	Rating	Par Value	Fair Value
1	iShares 7-10 Year US Treasury Bond ETF	AA+	$230,201	$22,237,417
2	US Treasury Bond 3.375% 08/15/2042	AA+	21,436,000	19,457,357
3	US Treasury Bond 2.375% 02/15/2042	AA+	21,239,000	16,535,723
4	US Treasury Note 2.250% 02/15/2027	AA+	16,916,000	15,729,898
5	US iShares MBS ETF	AA+	158,976	14,826,897
6	US Treasury Note 3.500% 02/15/2033	AA+	13,790,000	13,432,322
7	iShares US Treasury Bond ETF	AAA	539,182	12,347,268
8	US Treasury Note 3.000% 07/15/2025	AA+	11,810,000	11,382,349
9	FNMA TBA 3.500% 05/01/2052	AA+	11,834,033	10,808,186
10	US Treasury Note 2.500% 04/30/2024	AA+	10,805,000	10,547,115

All monetary values stated in US dollars.
A complete listing of holdings is available upon request.

Investment Consultants and Investment Managers as of June 30, 2023

Investment Consultants
- Aksia LLC
- Wilshire Associates, Inc.

Investment Managers - Opportunistic and Tactical Investments
- Barings Global Advisers, Ltd.
- BlackRock Institutional Trust Co., N.A.
- GoldenTree Asset Management, LP
- Intermediate Capital Group, PLC
- Marathon Asset Management, LP
- Oceanwood Capital Management, LLP
- Pacific Investment Management Company, LLC
- PanAgora Asset Management, Inc.
- PGIM, Inc.
- Schroder Investment Management North America Ltd.
- Strategic Value Partners
- Wellington Management Company, LLP

Investment Managers - Global Real Assets
- Almanac Realty Investors, LLC
- Beacon Capital Partners, LLC
- BlackRock Institutional Trust Co., N.A.
- Brookfield Asset Management
- CBRE Global Investors, LLC
- Clarion Partners, LLC
- Core Farmland Fund, LP
- Deutsche Asset & Wealth Management
- DigitalBridge Group, Inc.
- Fiera Infrastructure Inc.
- Global Infrastructure Partners
- Harrison Street Real Estate Capital, L.L.C.
- Industry Fund Management Pty, Ltd.
- J.P. Morgan Investment Management, Inc.
- Lubert-Adler Management Company, LP
- Mesa West Capital, LLC
- Patrizia, AG
- Pretium Partners, LLC
- Prudential Real Estate
- The Carlyle Group
- UBS Realty Investors, LLC

Investment Managers - Global Private Equity
- Altas Partners GP, LP
- Bridgepoint Advisers Limited
- Charterhouse Capital Partners
- Cinven Capital Management Ltd.
- Coller Investment Management Ltd.
- FdG Associates, LLC
- Ford Financial Fund, LP
- Francisco Partners Management, LP
- Freeman Spogli Management Co., LP
- Goldman Sachs Asset Management, LP
- Graham Partners
- J.P. Morgan Investment Management, Inc.
- KKR Credit Advisors (US) LLC
- Kohlberg & Co.
- Leonard Green & Partners
- Levine Leichtman Capital Partners, Inc.
- Lightspeed Venture Partners
- Linsalata Capital Partners, LLC
- Mason Wells, Inc.
- Monomoy Capital Partners
- NGP Energy Capital Management, LLC
- Oak Hill Capital Partners
- Oaktree Capital Management, LP
- Odyssey Investment Partners
- Primus Venture Partners
- Quantum Energy Partners
- Silver Lake Partners
- Sole Source Capital
- StepStone Group LP
- Swander Pace Capital Partners
- The Carlyle Group
- TPG Inc.
- Transportation Resource Partners
- Warburg Pincus LLC

Investment Managers - Global Private Credit
- Apollo Global Management
- Arcmont Asset Management
- Ares Management Corporation
- Barings Global Advisers, Ltd.
- Francisco Partners Management, LP
- GoldenTree Asset Management, LP
- Goldman Sachs Asset Management, LP
- HPS Investment Partners, LLC
- Invesco Credit Partners
- KKR Credit Advisors (US) LLC
- LBC Credit Partners
- One William Street Credit Management, LP
- The Carlyle Group

Investment Managers - Global Fixed Income
- Aristeia Capital, LLC
- BlackRock Institutional Trust Co., N.A.
- C. S. McKee, LP
- Dodge & Cox
- Goldman Sachs Asset Management, LP
- J.P. Morgan Investment Management, Inc.
- Johnson Investment Counsel, Inc.
- Loomis, Sayles & Co., L. P.
- Ninety One Asset Management
- Pharo Global Advisors Ltd.
- Stone Harbor Investment Partners, LP
- Western Asset Management Co.

Investment Managers - Global Equity
- AllianceBernstein, LP
- Arrowstreet Capital, LP
- Axiom International Investors, LLC
- BlackRock Institutional Trust Co., N.A
- Brown Capital Management, Inc.
- City of London Investment Management Co. Ltd.
- Coho Partners Ltd.
- Connor, Clark & Lunn Investment Management Ltd.
- D.E. Shaw & Co., LLC
- Genesis Investment Management, LLC
- GlobeFlex Capital, LP
- J.P. Morgan Investment Management, Inc.
- LSV Asset Management
- Martingale Asset Management, LP
- MFS Institutional Advisors, Inc.
- Neumeier Poma Investment Counsel LLC
- Newton Investment Management North America, LLC
- PanAgora Asset Management
- State Street Global Advisors Ltd.
- Walter Scott & Partners Ltd.
- WCM Investment Management, LLC

Investment Managers - Multi-Asset Strategies
- Bain Capital, LP
- Nephila Capital
- Redwood Capital Management, LLC
- Stark Offshore Management, LLC

Investment Manager - Overlay Futures
- Russell Implementation Services, Inc.

Currency Overlay
- AlphaEngine Global Investment Solutions LLC
- P/E Global, LLC

Securities Litigation Monitor and Filing Agent
- Financial Recovery Technology

Custodians
- Fifth Third Bank, N.A.
- The Bank of New York Mellon

Master Recordkeeper
- BNY Mellon Asset Servicing

Investment Analytics
- BNY Mellon Global Risk Solutions

Investment Proxy Manager
- ISS

Tax Reclaim
- Wtax

Summary Schedule of Broker Commissions for US and Non-US Equity Transactions for the Year Ended June 30, 2023

Broker Name	Fees Paid	# of Shares Traded	Avg. Commission per Share
Instinet, LLC	$76,853	24,240,075	$0.003
Jefferies, LLC	76,687	19,191,571	0.004
Macquarie Group Limited	75,521	30,462,048	0.002
J.P. Morgan Securities, LLC	56,791	20,695,801	0.003
State Street Global Markets, LLC	56,772	8,676,424	0.007
Stifel, Nicolaus & Co., Inc.	54,668	3,137,716	0.017
HSBC Securities, Inc.	54,258	30,312,798	0.002
ITG, Inc.	51,591	13,170,965	0.004
Piper Jaffray & Co.	48,415	6,592,750	0.007
Citigroup Global Markets, Inc.	37,850	26,715,427	0.001
All other brokers	584,583	170,014,104	0.003
Total	**$1,173,989**	**353,209,679**	

Reconciliation to Statement of Fiduciary Net Position

Asset Class/Strategy	Fair Value	% of Total Fair Value
Global Equities	$7,492,526,497	41.8%
Global Private Equity	2,373,409,512	13.3
Global Fixed Income	2,318,371,725	13.0
Global Real Assets	3,593,736,459	20.1
Opportunistic and Tactical Investments	572,882,795	3.2
Global Private Credit	1,074,493,283	6.0
Cash Equivalents	469,694,333	2.6
Net Portfolio Value	$17,895,114,604	100.0%

Investments receivable, securities sold	(104,327,630)
Investments payable, securities purchased	121,443,235
Cash and cash equivalents	(617,609,585)
Investments per Statement of Fiduciary Net Position	**$17,294,620,624**

Statement of Investment Policy (effective July 1, 2022)

I. Purpose of Statement of Investment Policy

The purpose of this Statement of Investment Policy (SIP) is to set forth the investment philosophy and objectives of the Retirement Board (Board) for the School Employees Retirement System of Ohio (SERS).

This SIP:

A. incorporates and is subject to all restrictions and obligations set forth in Chapter 3309 of the Ohio Revised Code;

B. establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and

C. establishes a framework for making investment decisions, and monitoring investment activity, and promotes effective communication between the Board, Staff, and other involved parties.

This SIP is subject to change at any time by the Board. The Board will review the SIP and revise it periodically to assure it continues to reflect the investment philosophy, objectives and strategies of the Board.

II. Investment Philosophy

The Board recognizes the need to manage SERS assets prudently (the Total Fund) to meet its statutory and fiduciary obligations and to achieve or exceed its objectives. The Board's investment philosophy is grounded in fundamental, prudent investment principles, incorporating modern portfolio theory, risk management and portfolio management practices. These principles are incorporated in the following "Investment Beliefs". The Board believes it can provide consistent, long-term performance at appropriate levels of risk. By delineating responsibilities and defining policy objectives, this SIP reflects the Board's investment philosophy and governance.

SERS Investment Beliefs:

Financial Markets

A. Capital markets are not perfectly efficient. Inefficiencies create opportunities that skilled investors could exploit to generate excess returns. Investment Staff will prudently attempt to add value by exploiting such inefficiencies across different assets selectively, although it is not easily achieved.

B. Markets generally afford higher prospective returns for riskier assets, such as equity or credit risk premiums over the long term. Anomalies could occur in intermittent periods on account of shifting valuations. When valuations are elevated returns tend to be lower.

Investment Process

C. Strategic asset allocation is the key determinant of risk and return and represents the Board's tolerance for risk in achieving funding goals. It is important to diversify across risk factors and return sources and to be explicit about the role of asset classes.

D. Risk is the likelihood of loss or less than expected outcomes and is not fully captured by a single metric such as volatility. Risk has many dimensions, subjective and objective, which must be comprehensively assessed and managed in the investment process.

E. Long-term horizon is an advantage as it enables SERS to tolerate volatility, capture illiquidity and other risk premia, and take advantage of trends and opportunities.

F. Costs matter. Managing fees and transaction costs adds value to the Fund. Costs must be judged relative to expected value added.

Organizational Skills and Design

G. Investment success is dependent on good governance, decision process, skill and judgment. Having an experienced and talented staff with appropriate decision authority is an advantage. SERS' Board will delegate authority as appropriate to staff to facilitate execution of the investment process, but retain policy and oversight powers.

H. Explicit investment objectives, guidelines and collaborative teamwork among staff as well as external partners is essential for success.

Sustainability and Corporate Governance

I. Good governance of markets and entities comprising the markets improves outcomes for investors. SERS Board and Staff will exercise corporate ownership responsibly and with the best fiduciary interest of members and stakeholders.

J. SERS Board and Staff must be attentive to important environmental, social and governance issues that affect markets and promote its interests in a responsible manner in the best fiduciary interest of members and stakeholders.

III. Investment Objectives

The Investment Objectives of SERS are:

A. to assure that SERS provides statutorily-mandated retirement benefits;

B. to earn a net-of-fees total return that equals or exceeds over the long term the Actuarial Assumed Rate approved by the Board; and

C. to enhance risk-adjusted investment returns of the Total Fund in a prudent and cost-effective manner.

IV. Risk Management

A. The Board evaluates risk in terms of the probability of not earning the actuarial assumed rate over the long-term. Diversification across asset classes, within asset classes and across investment styles, sectors and securities is employed to manage overall portfolio risk and volatility.

B. SERS utilizes a risk budgeting approach in management of volatility risk of investment portfolios. Active risk of the Total Fund, asset class and individual portfolios and their respective risk contribution to total risk are important factors in the management of the capital allocations to individual asset classes and portfolios. The Total Fund shall be managed within a forecast active risk (tracking error) range of 0% to 3.0% relative to the policy benchmark and within the asset allocation range specified elsewhere in this SIP. Active risk is determined by asset allocation deviations and active security selection decisions as well as underlying market volatility. Furthermore, active risk (tracking error) shall be inclusive of any applied leverage. In times of high market volatility, the active risk may exceed 3%. In any event, if the active risk exceeds 3% staff will discuss this with the Board and present appropriate recommendations. The realized tracking error is also expected to be below 3% over rolling three-year periods. Individual asset classes will be managed within the tracking error range specified in the respective asset class implementation guideline. Private asset classes (Private Equity, Private Credit and Real Assets) are excluded at this point from tracking error guidelines.

C. Other risks, including but not limited to those such as interest rate risk, credit risk, and liquidity risk, will be managed and carefully monitored by Investment Managers and Investment Staff.

V. Implementation Approach

A. The Board reserves certain responsibilities for itself, while delegating other responsibilities to the Executive Director, the Chief Investment Officer, the Investment Committee, Investment Staff, Investment Managers, Investment Consultants, the Investment Compliance Department, and other Investment Service Providers. These responsibilities are described in this SIP.

B. In fulfilling its fiduciary duties, the Board utilizes a competent and qualified Staff to implement the investment program and to manage daily operations.

C. The Board utilizes Investment Managers or Funds selected by Staff to invest most assets of the Total Fund. The Board recognizes that costs associated with external Investment Managers and Funds are typically higher than costs associated with internal management. However, the Board believes external Investment Managers that act as fiduciaries possess specialized investment expertise and economies of scale, and can generate higher returns on a net-of-fee basis.

D. The Board requires regular reporting on the Total Fund's investment program to ensure compliance with its SIP.

VI. Investment Organization and Responsibilities

A. Responsibilities of the ***Board***

The Board as a fiduciary is responsible for ensuring that Total Fund assets are managed prudently and effectively, in compliance with applicable laws and with this SIP, for the exclusive benefit of participants and beneficiaries.

Responsibilities of the Board include:

1. establishing controls and systems to ensure that Total Fund fiduciaries comply with applicable laws;
2. establishing asset allocation and investment policies for SERS assets;
3. appointing and discharging the Executive Director and Board Investment Consultants;
4. confirming or rejecting the Executive Director's proposed appointment of a Chief Investment Officer for SERS;

5. designating the individual as Chief Investment Officer of SERS for purposes of R.C. 3309.043, and then notifying the Ohio Department of Commerce, Division of Securities in writing of the designation as required by the Ohio Revised Code;
6. monitoring and reviewing investment performance and policy compliance;
7. requesting, receiving and reviewing reports from Investment Staff, Board Consultants and other entities, if applicable;
8. approving an Annual Investment Plan;
9. approving Statement of Investment Policy and changes thereto; and
10. conducting an annual evaluation of the performance of the Board's Investment Consultant.

B. Responsibilities of ***Staff***

Staff will administer Total Fund assets as fiduciaries in accordance with applicable federal and state laws and regulations, and in accordance with this SIP, ethics laws, codes of professional conduct (in particular, the CFA Code of Ethics and Standards of Professional Conduct), and other applicable codes and/or regulations. Staff will establish plans, policies and procedures to carry out these duties.

1. The ***Executive Director*** is responsible for:
   a. ensuring that reports of the Total Fund's investment performance are presented on a timely basis;
   b. retaining vendors, consultants and advisors as necessary to assist Staff, and assist the Board in the retention of Investment Consultants;
   c. appointing, discharging and retaining the Chief Investment Officer and Investment Staff;
   d. overseeing the investment function,
   e. executing investment documents when necessary,
   f. conducting a fiduciary audit of investment operations at least on a seven- to ten-year cycle unless circumstances require an audit to be conducted sooner.
2. The ***Chief Investment Officer*** is responsible for:
   a. overseeing the investment program and keeping the Executive Director advised;
   b. conducting periodic asset liability studies with the assistance of Investment Consultants and recommending asset allocation targets and ranges;
   c. reviewing the SIP on an annual basis and recommending changes as needed for approval by the Board;
   d. preparing and presenting the Annual Investment Plan to the Board for approval;
   e. implementing the Annual Investment Plan;
   f. investigating, researching and recommending new and emerging investment concepts and strategies, and implementing appropriate strategies in accordance with approved policies and procedures;
   g. informing Investment Managers, Investment Consultants, and others providing investment services to SERS about the requirements of applicable laws and Board policies, and monitoring their compliance with said laws and policies;
   h. adjusting allocations to Asset Classes, Investment Managers and Funds as needed, subject to any approved allocation ranges;
   i. approving implementation guidelines for each asset class to establish allocation ranges for sub-strategies, risk parameters and risk limits, and providing such guidelines to the Board;
   j. appointing and discharging Investment Managers and approving investments in or redemptions from Funds subject to conditions and guidelines in Section VII.;
   k. executing investment documents;
   l. approving Investment Manager guidelines, changes and additions;
   m. hiring and supervising Investment Staff;

n. monitoring and evaluating the effectiveness of executed securities transactions and reporting annually to the Board regarding the performance of agents who execute securities transactions on behalf of SERS; and

o. regularly reporting to the Board on market conditions, the status of the Total Fund, and its multi-period performance relative to benchmarks. Performance will be calculated on a gross-of-fees and net-of-fees basis.

3. The ***Investment Committee*** is responsible for:

a. ensuring that a policy and procedure are in place defining the Committee's structure and establishing rules for reviewing and approving investments;

b. reviewing Investment Manager and Fund due diligence; and

c. approving Investment Managers or Funds.

4. The ***Investment Staff*** is responsible for:

a. regularly reporting the status of the respective asset classes and Total Fund and its multi-period performance to the Chief Investment Officer;

b. periodically meeting and speaking with existing or potential Investment Managers to review and assess the quality of their investments and management of assets;

c. performing ongoing due diligence to evaluate and monitor Investment Manager capabilities relative to managing Total Fund assets;

d. recommending to the Chief Investment Officer implementation guidelines for the respective asset classes to establish allocation ranges for sub-strategies, risk parameters and risk limits, and managing the portfolio to the approved implementation guidelines;

e. recommending to the Chief Investment Officer any additions or withdrawals from Investment Manager accounts or Funds, or rebalancing of asset class allocations;

f. recommending to the Chief Investment Officer and the Investment Committee the appointment or discharge of Investment Managers and investments in or redemptions from Funds;

g. investing assets of the cash equivalents portfolio;

h. investigating and researching new and emerging investment concepts and strategies, and recommending those strategies to the Chief Investment Officer;

i. preparing periodic reports for the Chief Investment Officer on the performance of agents who execute securities transactions on behalf of SERS; and

j. maintaining a list of Ohio-qualified Investment Managers and their investment products.

C. Responsibilities of ***Investment Service Providers***

Investment Service Providers who do business or seek to do business with SERS will act in the best interest of SERS when providing services to SERS or the Total Fund. Investment Service Providers will:

1. comply with all applicable federal and state laws and regulations, with this SIP, and with all applicable professional codes and regulations;

2. have established ethics and conflict of interest policies and procedures, and proper internal compliance controls in place as needed;

3. at the earliest opportunity disclose to Investment Staff any actual or potential conflict of interest;

4. as permitted by law, disclose any investigation of, or litigation involving, its operations to Investment Staff; and

5. provide annual or other periodic disclosures as required.

D. Responsibilities of ***Investment Managers***

Investment Managers and Investment Staff managing assets internally are responsible as fiduciaries for investing prudently the Total Fund assets. In addition to those applicable responsibilities described in VI.B., Investment Managers and internal Investment Staff members will:

1. manage assets within their control in compliance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements, this SIP, contractual obligations, and applicable professional codes of conduct;
2. inform the Chief Investment Officer and Investment Staff of any substantial changes in investment strategy, portfolio structure, asset value, and of any organizational changes, including that of ownership, affiliation, organizational structure, financial condition, or changes in professional personnel staffing in the investment management organization;
3. present in-depth reports to Investment Staff;
4. recommend to Investment Staff changes to investment guidelines the Investment Manager believes would enhance investment performance on a risk adjusted basis; and
5. select such agents for the execution of transactions, at such prices, and at such commission rates as in the good faith judgment of the Investment Manager will be in the best interest of the Total Fund, taking into consideration in the selection of such agents not only the available prices and rates of brokerage commissions, but also other factors relevant to the transaction.

E. Responsibilities of ***Investment Consultants***

Investment Consultants will:

1. provide services as fiduciaries and in accordance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements; in accordance with this SIP and its written Agreement with SERS; and with all applicable professional codes and/or regulations;
2. provide independent and unbiased research, information and advice to the Board and Staff;
3. assist in the development and amendment of this SIP;
4. assist in the development of investment guidelines as may be requested by Staff;
5. assist in the development of strategic asset allocation targets and ranges;
6. assist in the development of performance measurement standards;
7. monitor and evaluate Investment Manager and Fund performance as appropriate on an ongoing basis;
8. recommend to Staff the retention or discharge of Investment Managers and investment in or redemption from Funds;
9. collaborate with Investment Staff on the due diligence of potential Investment Managers and Funds, and existing Investment Managers and Funds, as requested by Staff;
10. assist in the development of criteria for and procedures to be utilized in the selection of Investment Managers and Funds;
11. provide research, information and advice on investment topics and strategies considered relevant by the Investment Consultant, or when requested by the Board or Investment Staff;
12. provide those services delineated in the Advisory or Consultant Agreement;
13. provide any other advice or services that the Board, Executive Director or Chief Investment Officer determines are necessary, useful or appropriate to fulfill the objectives of this SIP; and
14. regularly report the status of the Total Fund and its multi-period performance to the Board. Performance will be calculated on a net-of-fee basis.

F. Responsibilities of the ***Investment Compliance Department***

The Investment Compliance Department is responsible for:

1. monitoring and reporting compliance with this SIP and Board Resolutions;
2. ensuring that investment management agreements and related contracts comply with the SIP;
3. ensuring that Investment Service Providers and Investment Managers comply with Section VI., herein; and

4. identifying and, in concert with Investment Staff, resolving compliance violations by Investment Managers and Investment Staff relative to their respective investment guidelines. Staff will ensure that those accounts with guideline violations are efficiently and effectively brought back into compliance.

G. Responsibilities of the ***Government Relations Officer***

The Government Relations Officer is responsible for:

1. promptly voting proxies and related actions in accordance with Board approved procedures, and maintaining detailed records of proxy votes and related actions for the Proxy Review Committee; and

2. reporting proxy voting activity to the Board on a quarterly basis and highlighting any emerging issues related to this activity.

H. Responsibilities of the ***Investment Accounting Department***

Responsibilities of the Investment Accounting Department related to the Investments Department are defined in Policy FIN4-004 Investment Valuation.

VII. Conditions and Guidelines for Making Investments

A. Conditions

1. In cooperation with legal counsel, Staff will endeavor to ensure that the legal structure of each investment limits potential losses to no more than the amount invested;

2. Investments will be of institutional quality;

3. Investments will require the approval of the Chief Investment Officer and the Investment Committee;

4. Investment documents must be approved by SERS' Legal Department and the Investment Compliance Department;

5. The Investment Committee will develop and implement definitive procedures for approving investments in accordance with this SIP; and

6. The Chief Investment Officer or the Executive Director must sign the necessary investment documents when making investments.

B. Guidelines

1. Selected Investment Managers and Funds will have proven track records in the strategy;

2. Monthly reporting by the Fund or Investment Manager is preferred, but there shall be quarterly reporting at a minimum;

3. The liquidity of an investment will be prudent, both for the strategy and for the Total Fund;

4. The amount invested with an Investment Manager or in a Fund will be prudent for the strategy; and

5. Investment limits established by Board resolution remain in effect until modified or eliminated by the Board.

VIII. Implementation Strategies

A. Asset Allocation

The Board will conduct an asset and liability study every three- to five-years or sooner, if necessary, in order to establish allocation targets and ranges for asset classes within distinct capital markets. Staff, with the assistance of consultants, will review annually the market outlook and expected returns for asset classes with the Board. If there are significant changes in return assumptions, Staff will conduct an interim review of the Asset Allocation Policy.

In order to identify the investment horizon of SERS and its cash flow requirements, liability considerations will include but not be limited to current and expected future values of the benefits, contributions and total assets.

After giving due consideration to an asset and liability study conducted by the Investment Consultant, which study meets the requirements of this SIP, the Board hereby recognizes and reaffirms the following asset allocation for SERS:

ASSET CLASS	TARGET	RANGE
Equity	**57%**	**47% - 67%**
Global Equities	45%	35% - 55%
Global Private Equity	12%	8% - 16%
Income	**43%**	**38% - 48%**
Global Fixed Income	19%	12% - 26%
Global Private Credit	5%	3% - 7%
Global Real Assets	17%	14% - 22%
Cash Equivalents	2%	0% - 5%
STRATEGY		
Opportunistic and Tactical Investments	0%	0% - 7%
Total	**100%**	
Leverage	**0%**	**0% - 10%**
Total Notional Exposure (Including Leverage)	**100%**	**100% - 110%**

B. Derivatives

The Board authorizes the use of derivatives in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement derivatives strategies as needed. The Chief Investment Officer will follow the derivatives policy setting forth general guidelines for the use of derivatives.

C. Leverage

The Board authorizes the use of leverage in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement certain leverage strategies. The Chief Investment Officer will follow the leverage policy setting forth general guidelines for the use of leverage. Leverage at the total fund level may be used to gain higher level of exposure than 100% of the above asset allocation targets subject to a limit of 10% of total fund. Economic leverage is obtained by the use of derivatives (equities, bond or other liquid assets) and may be employed to balance risk contribution and/or potentially enhance total fund return. Any active risk introduced by the total fund leverage shall be governed by the limits specified in Section IV. (Risk Management) above.

D. Rebalancing

The Total Fund rebalancing is conducted by the Chief Investment Officer within the active risk limit specified in Section IV. (Risk Management) as well as asset class portfolio ranges specified in Section VIII. Within individual asset classes, rebalancing is conducted based on the specific targets and ranges of the sub-strategies specified in the implementation guidelines subject to the overall tracking error limit of each asset class.

E. Currency Hedging

The Board authorizes currency hedging in the Total Fund and authorizes the Chief Investment Officer to develop and implement currency hedging strategies as needed. Currency hedging programs and managers shall be approved by the Investment Committee.

F. Transition Management

The Board authorizes the Executive Director and the Chief Investment Officer to hire Transition Managers as needed.

G. Proxy Voting

The Board authorizes the Proxy Review Committee, which consists of staff members from Executive and Investments, to vote proxies of common stock owned by SERS and to hire proxy services as required to implement this strategy. The Proxy Review Committee will follow a process for voting proxies as described in the Proxy Voting Procedures document.

H. Securities Lending

The Board authorizes Investment Staff to develop and implement a securities lending program which may involve the appointment or discharge of third party securities lending agents by the Executive Director or the Chief Investment Officer. The

Board recognizes that while the practice of securities lending can generate meaningful income for the Total Fund, it is not without investment risk. To mitigate investment risk the securities lending program will focus on intrinsic value lending and use conservative collateral reinvestment guidelines as outlined in the securities lending policy. If Staff determines the risk/reward relationship of the program is no longer advantageous for the Total Fund, the program will be discontinued.

I. Opportunistic and Tactical Investments

The Board authorizes Investment Staff to invest up to 5% of Total Assets in Opportunistic and Tactical Investment Strategies. These investments will comply with the Opportunistic and Tactical Investment Policy approved by the Chief Investment Officer.

J. Overlay Program

The Board authorizes Investment Staff to invest in an overlay program which includes tactical asset allocation and active currency strategies. The overlay program trades derivatives of the Total Fund's underlying assets and foreign currency exposures to enhance Total Fund's risk adjusted return. The net notional exposures of the tactical asset allocation should be zero and the gross notional exposure of the currency program is limited to 50% of the Non-US Equity portfolio value. The active risk (tracking error) of the overlay positions are governed by the overall tracking error limit for the Total Fund as stated in Section IV. (Risk Management).

K. Investment Managers and Funds

The Board authorizes the Chief Investment Officer and the Investment Committee to approve Investment Managers and Funds based upon recommendations of Investment Staff or Investment Consultants, as may be appropriate, and discussions with Managers. The Chief Investment Officer is authorized to discharge Investment Managers or Funds and report such actions to the Investment Committee or to present the discharge action to the Investment Committee for approval on a discretionary basis. Allocations to approved Investment Managers and Funds will be determined or adjusted by the Chief Investment Officer in accordance Section VI. Allocations and adjustments are subject to any maximum allocation amounts established by the Board.

Investment Managers will adhere to investment guidelines established by Investment Staff, as well as all applicable laws and policies. The Chief Investment Officer is authorized to establish and amend investment guidelines as needed.

It is a goal of the Board to increase the utilization of Ohio-qualified Investment Managers when an Ohio-qualified Investment Manager offers quality, services and safety comparable to other Investment Managers available to the Board, and the use of such Investment Manager is consistent with the Board’s fiduciary duties.

The Board will require that a list of Ohio-qualified Investment Managers and their investment products be maintained, and that public notice be given to Ohio-qualified Investment Managers of Investment Manager searches and search criteria.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

L. Co-investments

The Board authorizes the Chief Investment Officer to approve co-investments in a single investment within a Fund investment previously approved by the Investment Committee. A single co-investment is limited to $25 million. Such approvals shall be reported to the Investment Committee with supporting investment memoranda. The Chief Investment Officer may present the co-investment to the Investment Committee for approval (on a discretionary basis) if time permits.

M. Collective Investment Funds

To the extent SERS’ assets are invested in a group trust described in IRS Revenue Ruling 81-100, the instruments governing such trusts, as they may be amended from time to time, are hereby incorporated by reference and made part of the SIP as if fully set forth herein.

N. Approved Brokers

Brokers (or broker/dealers) who may provide execution of securities transactions for SERS will be evaluated on the basis of financial soundness, underwriting capabilities, research services, execution costs, and any other capabilities necessary in the execution of such transactions. Investment Managers who use such brokers will use their good faith judgment to ensure that said brokers will perform in the best interest of the Total Fund.

It is a goal of the Board to increase its utilization of Ohio-qualified brokers for the execution of domestic equity and domestic fixed income trades when an Ohio-qualified broker offers quality, services, and safety comparable to other brokers available to the Board or its Investment Managers, and the use of such broker is consistent with the Board’s fiduciary duties.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

O. Soft Dollars

SERS allows investment managers to enter into limited soft dollar trading arrangements as governed by the "safe harbor" provision of Section 28(e) of the Securities and Exchange Act of 1934, and guided by the CFA Institute Soft Dollar Standards. SERS does not support any new soft dollar arrangements outside of these noted provisions.

P. Securities Litigation

SERS will follow the securities litigation policy and procedures as approved by the Board in setting out a course of action that best represents the interests of SERS' participants and beneficiaries.

Q. Other

The strategies listed herein are not meant to constrain the Chief Investment Officer from managing the investment program in a prudent manner. The Chief Investment Officer may develop additional investment strategies as needed and will discuss such additional strategies with the Board prior to implementation.

IX. Performance

A. Performance Measurement Standard

Performance evaluation for the Total Fund will focus on total return, on an accrual accounting basis, including realized and unrealized capital gains and losses, and income. Valuations are to be made at least on a quarterly basis, and period returns are to be geometrically linked. Private market asset returns may be reported one quarter in arrears. Cash and cash equivalents will be included in the portfolio's return. Performance will be calculated on a gross-of-fee and net-of-fee basis.

B. Performance Benchmark – Total Fund

Performance of the Total Fund relative to benchmarks will be examined monthly, and will be reported for multiple time periods as needed. The Board's Investment Consultant will report performance net-of-fees on a quarterly basis.

The performance benchmark for the Total Fund will be the target-weighted average of the performance benchmark for each asset class and strategy grouping as stated in Section VIII., excluding leverage. Performance for the Total Fund shall be reported including total fund leverage.

In the event of a significant change in policy targets, the Board may approve interim targets for a period to move progressively toward the final target; interim targets may be used for the purpose of calculating the Total Fund policy benchmark in the interim period.

C. Performance Benchmarks – Asset Classes and Strategies

The long-term performance benchmark for each asset class is shown below. Performance benchmarks are determined as appropriate for SERS in cooperation with SERS' Investment Consultant. For purposes of this section, long-term refers to rolling three- to five-year periods. Performance in each asset class should meet or exceed the Benchmark measure.

ASSET CLASS	BENCHMARK MEASURE
Global Equities	MSCI All Country World Net Total Return Index (USD)
Global Private Equity	Burgiss All Private Equity (BAPE) (one quarter in arrears)
Global Fixed Income	Bloomberg US Aggregate Bond Index
Global Private Credit	90-day Treasury Bill Rate +4.5%
Global Real Assets	NCREIF Property Index (one quarter in arrears)
Cash Equivalents	FTSE 30-day T-Bill Index

STRATEGY	BENCHMARK MEASURE
Opportunistic and Tactical Investments	Bloomberg US Aggregate Bond Index +2.0%

D. Performance Benchmarks – Individual Investment Managers

Investment Staff will establish performance benchmarks for each Investment Manager based on its respective style.

X. Review and Evaluation

The Board will review and evaluate periodic reports on the investment performance of Total Fund assets. Greater emphasis will be placed on three- to five-year results. The intended frequency for review and evaluation, subject to change by the Board, is as follows:

A. Monthly – Investment Report including Total Fund market value, asset allocation, performance of the Total Fund and each asset class, and the Total Fund's compliance with this SIP.

B. Quarterly – Summary Investment Report presented by the Investment Consultant, including highlights and commentary about market conditions, investment performance, asset composition and characteristics for each asset class, and relevant manager level information.

This policy supersedes the policy adopted August 2, 1985 and all revised policies dated 7/1/20; 9/17/15; 6/18/15; 12/18/14; 5/01/14; 1/01/14; 7/01/13; 1/19/12; 7/21/11; 7/01/10; 2/01/09; 8/01/08; 2/21/08; 10/01/07; 10/20/05; 9/15/00; 10/23/98; 6/19/98; 12/12/97; 7/25/97; 3/21/97; 12/20/96; 11/22/96; 6/21/96; 4/25/96; 9/15/95; 7/28/95; 6/16/95; 3/17/95; 1/20/95; 10/21/94; 5/20/94; 3/06/92; 4/07/89; 9/04/87; 1/09/87.

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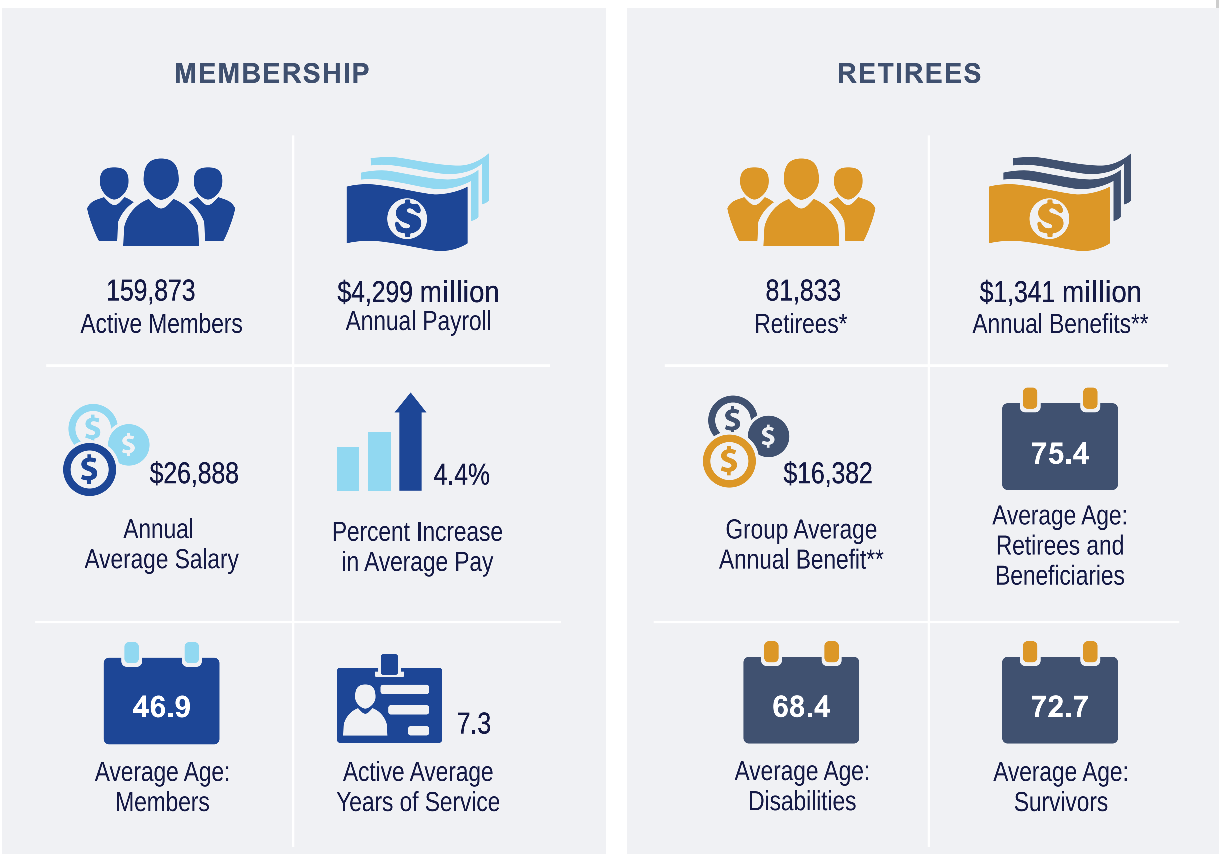
Actuarial Section

Actuary's Certification Letter 88
Pension Summary of Actuarial Assumptions and Methods 91
Pension Actuarial Accrued Liabilities 94
Active Member Valuation Data 94
Pension Retirees and Beneficiaries Added to and Removed from Rolls 95
Medicare B Retirees and Beneficiaries Added to and Removed from Rolls 95
Schedule of Funding Progress 96
Short-Term Solvency Test 97
Analysis of Financial Experience 98
Health Care Summary of Actuarial Assumptions and Methods 102
Health Care Actuarial Accrued Liabilities 103
Health Care Analysis of Financial Experience 104
Health Care Schedule of Funding Progress 106
Health Care Solvency Test 106
Health Care Retirees and Beneficiaries Added to and Removed from Rolls 107



June 30, 2023 Data

*Number of Retirees include retirees, beneficiaries, disability, and survivors
**Group include retirees, beneficiaries, disability, and survivors

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November 9, 2023

Board of Trustees
School Employees Retirement System of Ohio
300 East Broad Street, Suite 100
Columbus, OH 43215-3746

Dear Board Members:

The basic financial objective of the School Employees Retirement System of Ohio (SERS) is to establish and receive contributions which, when expressed in terms of percent of active member payroll, will remain approximately level from generation to generation of members, and which, when combined with present assets and future investment returns, will be sufficient to meet the present and future financial obligations of SERS.

In order to measure progress toward this fundamental objective, SERS has an actuarial valuation performed each year. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of the unfunded actuarial accrued liability over a reasonable period. The valuation performed as of June 30, 2023 indicates that a contribution rate of 10.57% of payroll for 159,873 school employees meets the basic financial objective over a 21-year period.

The statutory employer contribution is 14.00% of payroll. The funding policy establishes ranges of the funded ratio for basic benefits that restrict the allocation of employer contributions to the Health Care Fund. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued liability of promised benefits. The Board seeks to maintain a funded ratio of at least 90% for basic benefits. If the basic benefit funded ratio is less than 70%, the entire 14.00% of the employers' contribution shall be allocated to basic benefits. If the funded ratio is at least 70% but less than 80%, the minimum portion of the employers' contribution allocated to basic benefits is 13.50% of payroll, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is at least 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund basic benefits. The funding policy is intended to accelerate the pace at which SERS' basic benefits will achieve a funded ratio equal to 90%.

The funded ratio for basic benefits is 76.61%. Since the funded ratio is at least 70% but less than 80%, at least 13.50% of the employer's 14.00% of payroll contribution must be allocated toward basic benefits. Based on a Board Resolution dated September 21, 2023, the entire employer contribution rate of 14.00% will be allocated to SERS basic benefits.

The actuarial valuation of the pension benefits, the post-retirement death benefit, and the Medicare Part B reimbursement are based upon two factors. The first is financial and participant data as of the valuation date and the second is economic and demographic assumptions.

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Board of Trustees
November 9, 2023
Page 2

The valuation is based upon data concerning active, inactive and retiree members along with pertinent financial information. The data was furnished by the SERS staff and has been certified by the System's auditor. While not verifying the data at the source, we performed tests for consistency and reasonableness.

Economic assumptions address future rates of investment return and inflation; and demographic assumptions relate to future rates of retirement, turnover, death and disability among SERS members and their beneficiaries. We review the data for internal and year-to-year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of SERS during the 2016-2020 fiscal years. Assets are valued according to a method that fully recognizes expected investment returns and averages unanticipated market return over a four-year period. The assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs).

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The financial condition of health care is different and is being significantly affected by the provisions of Act 290 of 1988 and Act 270 of 2001. Act 290 established a health care surcharge, a program to determine a minimum annual pay for use in calculating employer contribution dollars. Act 270 placed limits on the amount of health care surcharge that can be assessed to each employer and in total.

On the basis of projections of health care fund activity and the surcharge limit established by Act 270, the allocated contributions are sufficient in the long-term to provide for a 20-year solvency period for the health care fund. This result is based on the projected claims and premium contributions for the next 20 years, as is described in the Statement of Funding Policy adopted by the Board. However, total claims are projected to exceed total contributions in future years beyond the 20-year period. It is currently anticipated that future fund amounts will be depleted in 2063, assuming all actuarial assumptions are met and there will be no health care cost increases due to Federal law changes or COVID-19 impact other than anticipated health care trend.

The current benefit structure is outlined in the Plan Summary. There have been no changes to the benefit structure since the last valuation.

We provided information used in the schedules of Actuarial Accrued Liabilities, Active Member Valuation Data, Retirees and Beneficiaries Added To and Removed From Rolls, Analysis of Financial Experience, the Schedule of Funding Progress, and the Schedule of Employer Contributions in the Financial Section.

Board of Trustees
November 9, 2023
Page 3

The main purpose of the Basic Benefits Valuation is to determine the System's funded status and the actuarially determined employer contribution rate as of June 30, 2023 necessary to satisfy the funding objectives of the Board. The Basic Benefit Valuation indicates the School Employees Retirement System of Ohio is expected to continue in sound condition in accordance with actuarial principles of level percent of payroll financing provided all actuarial assumptions for future experience are met. Should future adverse experience develop, SERS may find it necessary to seek benefit reductions and/or contribution rate increases from employers, members, or both. Upcoming detailed projection analyses will provide a more complete indication concerning the future actuarial condition of the System.

Sincerely,

Todd B. Green ASA, EA, FCA, MAAA
President

Alisa Bennett, FSA, EA, FCA, MAAA
President

John Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

PENSION

Summary of Actuarial Assumptions and Methods

The SERS Retirement Board adopted the following actuarial assumptions and methods April 15, 2021, on the recommendation of its actuary. These assumptions were based on an analysis of plan experience for the 5-year period July 1, 2015 through June 30, 2020, and were adopted for use in the valuation as of June 30, 2023.

Pension plan and health care provisions can be found in the Notes to the Basic Financial Statements beginning on page 26.

Funding Method Basic benefits are determined using the entry age normal actuarial cost method. Under this cost method, projected service retirement, termination, disability, and death benefits are determined for all active members. Cost factors, which are developed to produce level annual costs in each year from the age at hire (entry age) to the assumed retirement age, are applied to the projected benefits to determine the "normal cost." The normal cost is the portion of the total cost of the plan allocated to the current year. The normal cost for contribution refunds is assumed to end in the last year of the assumed eligibility, and is spread over all years of service.

The "actuarial accrued liability" for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for retirees currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to future benefits, is equal to the present value of the benefits expected to be paid.

The dollar amount of the total actuarial accrued liability in excess of the value of the plan fiduciary net position is called the "unfunded actuarial accrued liability." Funding requirements under the entry age actuarial cost method are determined by adding the normal cost and the cost to amortize the unfunded liability.

Actuarial assumptions are used to determine the projected benefits and cost factors. The effect of differences between these assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences produce either actuarial gains or losses that result in an adjustment of the unfunded liability.

Funding Policy The Board adopted a new funding policy on June 18, 2015, effective with the June 30, 2015 valuation. The funding policy established ranges of the funded ratio for basic benefits that restrict the allocation of employer contributions to the Health Care Fund. The Board seeks to maintain a funded ratio of at least 90% for basic benefits. If the basic benefits funded ratio is less than 70%, the entire 14% of the employers' contributions shall be allocated to basic benefits. If the funded ratio is at least 70% but less than 80%, the minimum portion of the employers' contribution allocated to basic benefits is 13.50% of payroll; the remainder may be allocated to the Heath Care Fund at the Board's discretion. If the funded ratio is at least 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to basic benefits; the remainder may be allocated to the Health Care Fund at the Board's discretion. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund basic benefits.

Contributions During FY2023, active members and their employers were required to contribute 10% and 14%, respectively, of active member payroll. The Board allocates the employer contribution rate of 14% among basic benefits (pension, Medicare B, and death benefit) and health care in accordance with its funding policy. For the year ended June 30, 2023, the policy required the determination of a rate for basic benefits to cover normal cost and to amortize the unfunded actuarial accrued liabilities over a 21-year period.

Pension Trust Fund	13.28%
Medicare B Fund	0.67%
Death Benefit Fund	0.05%
Health Care Fund	0.00%
	14.00%

The Ohio Revised Code (ORC) also provides for an employer contribution surcharge as an additional source of funding for health care. The surcharge is equal to 14% of the difference between a minimum pay amount and the member's pay, if below that minimum, it is pro-rated for partial service credit. For FY2023, the minimum pay amount is established at $25,000. The employer surcharge cap is applied at 2.0% of each employer's payroll and at 1.5% of total payroll statewide.

Asset Valuation Method Differences between assumed and actual experience (actuarial gains and losses) become part of unfunded actuarial accrued liabilities. When these differences between assumed and actual experience have been observed to be sizeable and persistent, a change is made to the actuarial assumptions.

SERS' Board adopted a method of valuing investment assets that recognizes a "smoothed" fair value of those assets. The smoothed value of assets recognizes the difference between actual and expected performance for each year in equal amounts over a four-year period.

Economic Assumptions The following economic assumptions were used in the actuarial valuation as of June 30, 2023:

- **Investment Return** Net after all SERS' expenses, the return on investments is compounded annually at 7.00%.
- **Inflation Rate** The inflation assumption is 2.40% per year. The real rate of return is the portion of total investment return, which is more than the inflation rate. Considering inflation recognition of 2.40%, the 7.00% investment return rate translates to an assumed real rate of return of 4.60%.
- **Benefit increases** Cost-of-living adjustments of 2.00% per year on anniversary of retirement are assumed. On and after April 1, 2018, COLAs for future retirees are delayed until the fourth anniversary of benefit commencement.
- **Payroll Growth** Salary increases attributable to payroll growth of 1.75% are projected and compounded annually. Additional projected salary increases ranging from 0.0% to 10.00% per year are attributable to seniority and merit. Pay increase assumptions for individual active members are shown for service durations in the following table.

Years of Service	Merit & Seniority	Salary Inflation	Total
0	10.00%	3.25%	13.58%
1	3.00	3.25	6.35
2	1.75	3.25	5.06
3	1.25	3.25	4.54
4	1.00	3.25	4.28
5-9	0.75	3.25	4.02
10-15	0.50	3.25	3.77
16-17	0.25	3.25	3.51
18 & over	0.00	3.25	3.25

Non-Economic Assumptions

- **Retirements** Representative values of the assumed annual rates of service retirement are:

Annual Rates of Retirement

	Eligible prior to 8/1/17				Eligible on or after 8/1/17			
Age	Reduced	Reduced (55/25)	First Eligible Unreduced	Subsequent Unreduced	Reduced	Reduced (60/25)	First Eligible Unreduced	Subsequent Unreduced
50			21%	19%				
55		10%	27	19				
57		10	27	19			30%	19%
60	43%	15	27	19		6%	30	19
62	43	15	27	19	5%	6	30	19
65			50	33	15	17	30	19
68			50	33			30	18
70			50	33			30	18
75			100	100			100	100

- **Death-in-Service and Disability Benefits** Separation from active service other than retirement or termination of employment assumed rates are:

	Annual Rates of			
	Death*		Disability	
Age	Male	Female	Male	Female
20	0.041%	0.013%	0.020%	0.010%
25	0.041	0.012	0.039	0.010
30	0.052	0.019	0.071	0.028
35	0.068	0.030	0.127	0.059
40	0.096	0.047	0.214	0.106
45	0.143	0.072	0.313	0.180
50	0.218	0.107	0.414	0.300
55	0.320	0.157	0.530	0.450
60	0.466	0.238	0.590	0.450
65	0.682	0.380	0.533	0.300
70	1.025	0.627	0.300	0.200
74	1.461	0.937	0.300	0.200

* Pre-retirement mortality is based on the PUB-2010 General Amount Weighted Below Median Employee Mortality Table with fully generational projection using the MP-2020 projection scale. The rates in the table above represent the base rates used.

- **Death after Retirement** These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

  SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rats is reflected by applying the MP-2020 projection scale generationally.

  DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

  CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2107 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

- **Marriage Assumption** Based on prior experience, it is assumed that 80% of retirees are married, with the husband 3 years older than his wife.

Actuarial Accrued Liabilities

Actuarial accrued liabilities are the present value of plan promises to pay benefits in the future, based upon service already rendered. A liability has been established or accrued because the service has been performed, but the resulting monthly cash benefit may not be payable until years in the future. Actuarial accrued liabilities are the result of complex mathematical calculations performed by the plan's actuaries. The results of the computed actuarial accrued liabilities, using the entry age normal actuarial cost method, are disclosed in the following schedule.

ACTUARIAL ACCRUED LIABILITIES AS OF JUNE 30, 2023

Present value of:	Pension Benefits	Medicare Part B	Post-Retirement Death Benefit	Total Basic Benefits
Future benefits to present retirees and survivors	$13,326,930,088	$204,804,627	$32,251,533	$13,563,986,248
Benefits and refunds to present inactive members	804,883,149	22,960,856	1,213,740	829,057,745
Allowances to present active members				
Service	7,891,775,351	140,994,951	7,824,892	8,040,595,194
Disability	290,934,728	5,276,558	343,083	296,554,369
Survivor benefits	182,005,249	2,976,292	—	184,981,541
Withdrawal	159,747,406	8,973,826	420,368	169,141,600
Total Active AAL	8,524,462,734	158,221,627	8,588,343	8,691,272,704
Total AAL	**$22,656,275,971**	**$385,987,110**	**$42,053,616**	**$23,084,316,697**

Active Member Valuation Data

Actuarial Valuation as of June 30	Number of Active Members*	Annual Payroll** *($ in millions)*	Average Annual Salary	% Increase in Average Salary
2023	159,873	$4,299	$26,888	4.4%
2022	155,063	3,995	25,762	4.3
2021	146,646	3,622	24,700	11.2
2020	156,579	3,478	22,210	2.2
2019	159,363	3,463	21,727	3.2
2018	158,343	3,332	21,045	0.7
2017	157,981	3,303	20,906	(11.2)
2016	124,540	2,932	23,545	1.7
2015	122,855	2,845	23,161	1.8
2014	121,251	2,759	22,757	0.8

* Beginning with FY2017, members with 0.25 or less years of service during the fiscal year are categorized as active members.

**Beginning with FY2021, the annual compensation reflects imputed salaries.

Pension Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls No.	Added to Rolls Annual Allowances	Removed from Rolls No.	Removed from Rolls Annual Allowances	Rolls at Year End No.	Rolls at Year End Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2023	3,740	$63,623,157	3,058	$18,454,519	81,833	$1,340,607,264	3.5%	$16,382
2022	3,867	67,062,445	3,437	26,558,581	81,151	1,295,438,626	3.2	15,963
2021	3,928	70,415,860	4,058	49,823,424	80,721	1,254,934,762	1.7	15,547
2020	2,902	52,895,232	3,075	37,508,412	80,851	1,234,342,326	1.3	15,267
2019	3,055	56,557,169	3,363	49,537,299	81,024	1,218,955,506	0.6	15,044
2018	5,339	74,311,354	3,164	24,391,232	81,332	1,211,935,637	4.3	14,901
2017	5,499	70,973,748	2,622	(7,420,188)	79,157	1,162,015,515	7.2	14,680
2016	4,388	66,860,652	2,480	3,607,967	76,280	1,083,621,579	6.2	14,206
2015	4,909	70,608,680	3,142	8,777,486	74,372	1,020,368,894	6.5	13,720
2014	4,144	61,331,002	2,310	1,060,903	72,605	958,537,700	6.7	13,202

Medicare B Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls No.	Added to Rolls Annual Allowances	Removed from Rolls No.	Removed from Rolls Annual Allowances	Rolls at Year End No.	Rolls at Year End Annual Allowances	% Decrease in Annual Allowances	Average Annual Allowances
2023	1,953	$1,066,338	2,754	$1,503,684	39,790	$21,725,340	(2.0%)	$546
2022	2,057	1,123,122	2,826	1,542,996	40,591	22,162,686	(1.9)	546
2021	1,996	1,089,816	3,100	1,692,600	41,360	22,582,560	(2.6)	546
2020	2,257	1,232,322	3,327	1,816,542	42,464	23,185,344	(2.5)	546
2019	2,222	1,213,212	2,333	1,273,818	43,534	23,769,564	(0.3)	546
2018	1,752	956,592	2,848	1,555,008	43,645	23,830,170	(2.5)	546
2017	1,853	1,011,738	3,278	1,789,788	44,741	24,428,586	(3.1)	546
2016	2,006	1,095,276	2,459	1,342,614	46,166	25,206,636	(1.0)	546
2015	1,853	1,011,738	2,532	1,382,472	46,619	25,453,974	(1.4)	546
2014	2,225	1,214,850	2,303	1,257,438	47,298	25,824,708	(0.2)	546

Schedule of Funding Progress *($ in millions)*

Valuation as of June 30	Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Active Member Payroll (c)	UAAL as a % of Active Member Payroll (b - a) / (c)	Amortization Period (years)
PENSION							
2023	$17,384	$22,656	$5,272	76.7%	$4,299	122.6%	21
2022	16,611	21,941	5,330	75.7	3,995	133.4	22
2021	15,781	21,097	5,316	74.8	3,622	146.8	23
2020	14,811	20,601	5,790	71.9	3,478	166.5	24
2019	14,267	20,090	5,823	71.0	3,463	168.1	25
2018	13,824	19,559	5,735	70.7	3,332	172.1	26
2017	13,537	19,148	5,611	70.7	3,303	169.9	27
2016	13,015	19,331	6,316	67.3	2,932	215.4	28
2015	12,446	18,087	5,641	68.8	2,845	198.3	27
2014	11,882	17,457	5,575	68.1	2,759	202.1	28
MEDICARE B							
2023	$270	$386	$116	69.9%	$4,299	2.7%	21
2022	246	389	143	63.2	3,995	3.6	22
2021	223	391	168	56.9	3,622	4.6	23
2020	199	393	194	50.7	3,478	5.6	24
2019	180	397	217	45.3	3,463	6.3	25
2018	164	400	236	41.1	3,332	7.1	26
2017	153	402	249	38.0	3,303	7.5	27
2016	142	402	260	35.4	2,932	8.9	28
2015	134	381	247	35.3	2,845	8.7	27
2014	128	390	262	32.7	2,759	9.5	28
DEATH BENEFIT							
2023	$31	$42	$11	73.8%	$4,299	0.3%	21
2022	30	41	11	71.7	3,995	0.3	22
2021	28	41	13	67.7	3,622	0.4	23
2020	27	40	13	66.8	3,478	0.4	24
2019	26	40	14	64.5	3,463	0.4	25
2018	24	39	15	61.6	3,332	0.5	26
2017	23	38	15	61.0	3,303	0.5	27
2016	22	38	16	58.5	2,932	0.5	28
2015	21	35	14	60.8	2,845	0.5	27
2014	21	35	14	60.0	2,759	0.5	28

Short-Term Solvency Test

SERS' financing objective is to pay for pension benefits through contributions that remain approximately level from year to year as a percent of member payroll.

If the contributions are level in concept and soundly executed, SERS will pay all promised benefits when due, which is the ultimate test of financial soundness. Testing for level contribution rates is the long-term test. A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the present assets (cash and investments) are compared with:

1. Active member contributions on deposit.
2. The liabilities for future benefits to present retired lives.
3. The liabilities for service already rendered by active members.

Under the level percent of payroll financing, liabilities for active member contributions on deposit and the liabilities for future benefits to present retirees and beneficiaries will be fully covered by present assets except in rare circumstances. In addition, liabilities for active member benefits earned or to be earned in the future will be partially covered by the remainder of present assets. Generally, because SERS has been using level cost financing, the funded portion of active member benefits will increase over time.

	Aggregate Accrued Liabilities For (*$ in millions*)				Portion of Accrued Liabilities Covered by Reported Asset		
Valuation as of June 30	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
PENSION							
2023	$3,093	$14,132	$5,431	$17,384	100.0%	100.0%	2.9%
2022	3,040	13,773	5,128	16,611	100.0	98.5	0.0
2021	2,986	13,434	4,677	15,781	100.0	95.2	0.0
2020	2,934	13,009	4,658	14,811	100.0	91.3	0.0
2019	2,842	12,666	4,582	14,268	100.0	90.2	0.0
2018	2,733	12,427	4,399	13,824	100.0	89.2	0.0
2017	3,010	11,690	4,449	13,537	100.0	90.0	0.0
2016	2,914	11,689	4,728	13,015	100.0	86.4	0.0
2015	2,979	11,046	4,062	12,446	100.0	86.0	0.0
2014	2,892	10,437	4,128	11,882	100.0	86.0	0.0
MEDICARE B							
2023	$0	$228	$158	$270	100.0%	100.0%	26.5%
2022	0	231	158	246	100.0	100.0	9.5
2021	0	238	154	223	100.0	93.7	0.0
2020	0	236	157	199	100.0	84.3	0.0
2019	0	244	153	180	100.0	73.8	0.0
2018	0	251	149	164	100.0	65.3	0.0
2017	0	251	151	153	100.0	61.0	0.0
2016	0	251	151	142	100.0	56.6	0.0
2015	0	252	130	134	100.0	53.0	0.0
2014	0	259	131	128	100.0	49.0	0.0
DEATH BENEFIT							
2023	$0	$33	$9	$31	100.0%	93.9%	0.0%
2022	0	33	8	30	100.0	90.9	0.0
2021	0	33	7	28	100.0	84.8	0.0
2020	0	31	8	27	100.0	87.1	0.0
2019	0	31	8	25	100.0	80.6	0.0
2018	0	31	8	24	100.0	77.4	0.0
2017	0	30	8	23	100.0	76.7	0.0
2016	0	30	8	22	100.0	73.3	0.0
2015	0	28	7	21	100.0	75.0	0.0
2014	0	27	8	21	100.0	76.0	0.0

Analysis of Financial Experience

Gains and Losses in Accrued Liabilities Resulting from Difference Between Assumed Experience and Actual Experience

($ in millions)

(continued through page 100)

Type of Risk Area	2023				2022				2021			
	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total
Age and Service Retirements If members retire at older ages, there is a gain. If younger ages, there is a loss.	($69.1)	$3.3	$0.7	**($65.1)**	($69.6)	$2.7	$1.1	**($65.8)**	($99.9)	$2.9	$0.8	**($96.2)**
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	(1.9)	(1.3)	0.0	**(3.2)**	(6.3)	(0.1)	0.0	**(6.4)**	(5.0)	0.0	0.0	**(5.0)**
Pre-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(5.1)	(0.3)	0.0	**(5.4)**	(6.6)	(0.4)	0.0	**(7.0)**	(4.5)	(0.2)	0.0	**(4.7)**
Pay Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, there is a loss.	(139.7)	0.0	0.0	**(139.7)**	(212.3)	0.0	0.0	**(212.3)**	136.7	0.0	0.0	**136.7**
Investment Income (Loss) If there is greater investment income than assumed, there is a gain. If less income, there is a loss.	153.3	2.1	0.3	**155.7**	264.7	3.5	0.4	**268.6**	425.4	5.2	0.7	**431.3**
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	(43.9)	3.6	0.2	**(40.1)**	(46.9)	3.2	0.2	**(43.5)**	(108.7)	1.1	0.1	**(107.5)**
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(64.3)	(1.9)	(0.1)	**(66.3)**	(50.7)	(1.8)	(0.1)	**(52.6)**	(16.0)	(0.6)	0.0	**(16.6)**
Death After Retirement If retired members live longer than assumed, there is a loss. If not as long, there is a gain.	41.4	13.6	(0.5)	**54.5**	67.3	16.1	(0.7)	**82.7**	45.3	15.0	(0.5)	**59.8**
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	86.2	1.7	(0.2)	**87.7**	(23.3)	(1.9)	0.0	**(25.2)**	186.4	2.7	0.1	**189.2**
Non-Recurring Items Adjustments for plan amendments, assumption changes, or method changes.	(37.1)	0.0	0.0	**(37.1)**	(37.0)	0.0	0.0	**(37.0)**	(120.9)	(4.5)	(1.1)	**(126.5)**
Total Gain (Loss) During Year	($80.2)	$20.8	$0.4	**($59.0)**	($120.7)	$21.3	$0.9	**($98.5)**	$438.8	$21.6	$0.1	**$460.5**

2020				2019				2018				2017			
Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total
($98.0)	$3.0	$1.0	**($94.0)**	$3.4	$3.8	$0.6	**$7.8**	($211.1)	$1.2	$0.3	**($209.6)**	($211.0)	($0.5)	($0.3)	**($211.8)**
(3.0)	(0.1)	0.0	**(3.1)**	(9.5)	0.0	0.0	**(9.5)**	(14.6)	(0.1)	0.0	**(14.7)**	(37.0)	(0.7)	(0.1)	**(37.8)**
(5.2)	(0.2)	0.0	**(5.4)**	(3.8)	(0.2)	0.0	**(4.0)**	(6.4)	(0.2)	0.0	**(6.6)**	(0.1)	0.0	0.0	**(0.1)**
136.2	0.0	0.0	**136.2**	20.3	0.0	0.0	**20.3**	85.2	0.0	0.0	**85.2**	(69.2)	0.0	0.0	**(69.2)**
6.4	0.7	0.0	**7.1**	(44.1)	0.1	(0.1)	**(44.1)**	(159.0)	(1.9)	(0.2)	**(161.1)**	(12.1)	0.1	0.0	**(12.0)**
(104.1)	(0.1)	0.0	**(104.2)**	(105.9)	(0.4)	0.0	**(106.3)**	(124.0)	(0.5)	0.0	**(124.5)**	21.7	0.2	0.0	**21.9**
(21.5)	(0.7)	0.0	**(22.2)**	(21.6)	(0.8)	0.0	**(22.4)**	(34.6)	(1.0)	(0.1)	**(35.7)**	(45.0)	(2.9)	(0.2)	**(48.1)**
15.6	13.6	(0.3)	**28.9**	(35.6)	10.7	0.0	**(24.9)**	4.6	10.5	(0.1)	**15.0**	85.3	14.0	(2.1)	**97.2**
59.3	2.9	0.1	**62.3**	75.7	2.7	0.0	**78.4**	(0.7)	5.5	(0.2)	**4.6**	(32.1)	1.8	3.6	**(26.7)**
0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**	357.6	0.0	0.0	**357.6**	998.5	0.0	0.0	**998.5**
($14.3)	$19.1	$0.8	**$5.6**	($121.1)	$15.9	$0.5	**($104.7)**	($103.0)	$13.5	($0.3)	**($89.8)**	$699.0	$12.0	$0.9	**$711.9**

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Type of Risk Area	2016				2015				2014			
	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total	Pension	Med B	Death Benefit	Total
Age and Service Retirements If members retire at older ages, there is a gain. If younger ages, there is a loss.	($141.6)	$0.7	($0.1)	**($141.0)**	($124.4)	$1.5	($0.1)	**($123.0)**	($122.0)	($0.5)	($0.1)	**($122.6)**
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	(49.9)	(0.6)	(0.1)	**(50.6)**	(52.4)	(0.6)	(0.1)	**(53.1)**	(55.3)	(0.6)	(0.1)	**(56.0)**
Pre-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(27.9)	(0.6)	0.0	**(28.5)**	0.0	0.0	0.0	**0.0**	0.1	0.0	0.0	**0.1**
Pay Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, there is a loss.	70.0	0.0	0.0	**70.0**	53.3	0.0	0.0	**53.3**	103.4	0.0	0.0	**103.4**
Investment Income (Loss) If there is greater investment income than assumed, there is a gain. If less income, there is a loss.	49.6	0.9	0.1	**50.6**	60.6	1.3	0.2	**62.1**	398.0	4.5	0.8	**403.3**
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	29.2	1.1	0.1	**30.4**	63.2	1.7	0.2	**65.1**	43.0	5.1	0.2	**48.3**
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(42.3)	(1.6)	(0.1)	**(44.0)**	(46.0)	(1.5)	(0.1)	**(47.6)**	(26.7)	(1.4)	(0.1)	**(28.2)**
Death After Retirement If retired members live longer than assumed, there is a loss. If not as long, there is a gain.	104.4	10.6	(1.2)	**113.8**	39.0	16.9	(0.1)	**55.8**	2.5	0.5	0.1	**3.1**
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	(3.3)	1.0	1.6	**(0.7)**	(0.8)	0.4	0.3	**(0.1)**	(4.6)	2.3	0.2	**(2.1)**
Non-Recurring Items Adjustments for plan amendments, assumption changes, or method changes.	(643.5)	(22.4)	(2.3)	**(668.2)**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Total Gain (Loss) During Year	($655.3)	($10.9)	($2.0)	**($668.2)**	($7.5)	$19.7	$0.3	**$12.5**	$338.4	$9.9	$1.0	**$349.3**

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HEALTH CARE

Summary of Actuarial Assumptions and Methods

Governmental Accounting Standards Board (GASB) Statement No. 74 and Statement No. 75 require actuarial valuations of retiree medical and other postemployment benefit plans.

Funding Method The medical and drug benefits of the plan are included in the actuarially calculated contribution rates, which are developed using the entry age normal actuarial cost method with the normal cost rate determined as a level percentage of payroll. GASB requires the discount rate used to value a plan to be based on the likely return of the assets held in trust to pay benefits. The discount rate used in this valuation is 7.00%.

Contributions Gains and losses are reflected in the unfunded accrued liability that is amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase 1.75% annually. The assumptions recommended by the actuary are, in the aggregate, reasonably related to the experience under the plan and to reasonable expectations of anticipated experience under the plan. They also meet the parameters for the disclosures under GASB Statement No. 74 and Statement No. 75.

Asset Valuation Method Fair Value

Economic Assumptions The following economic assumptions were used in the actuarial valuation as of June 30, 2023:

- **Investment Return** Net after all SERS' expenses, the return on investments is compounded annually at 7.00%.
- **Inflation Rate** The inflation assumption is 2.40% per year. The real rate of return is the portion of total investment return, which is more than the inflation rate. Considering inflation recognition of 2.40%, the 7.00% investment return rate translates to an assumed real rate of return of 4.60%.
- **Health Care Cost Trend Rates** The following is a chart detailing trend assumptions:

Calendar Year	Trend Rate
2023	6.75%
2024	6.50
2025	6.25
2026	6.00
2027	5.75
2028	5.50
2029	5.25
2030	5.00
2031	4.75
2032	4.50
2033 and beyond	4.40

Non-Economic Assumptions

- **Expected Annual Claims** Per capita costs are adjusted to reflect expected cost changes related to age. The relative value factors used were developed from the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries. Representative values of the expected annual claims based on expected service retiree plan elections are as follows:

	Retiree		Spouse	
Pre-65 Age	Male	Female	Male	Female
40	$4,700	$7,670	$3,863	$6,304
45	5,825	8,120	4,788	6,674
50	7,608	9,460	6,253	7,776
55	9,982	11,021	8,205	9,058
60	12,859	12,854	10,569	10,565
64	15,705	15,049	12,908	12,369

	Retiree		Spouse	
Post-65 Age	Male	Female	Male	Female
65	$1,416	$1,349	$1,296	$1,235
70	1,721	1,659	1,575	1,518
75	2,044	1,937	1,870	1,773
80	2,372	2,232	2,171	2,042
85	2,673	2,518	2,446	2,304
90	2,935	2,734	2,686	2,503

- **Anticipated Plan Participation** 25% of male and 25% of female retirees will choose spousal coverage.

Pre-65 Participants:		
Years of Service at Retirement	Service Retiree Participation	Disabled Retiree Participation
1.5 - 4	N/A	N/A
5 - 9	N/A	25.0%
10 - 14	25.0%	25.0
15 - 19	25.0	45.0
20 - 24	45.0	50.0
25 - 29	50.0	75.0
30 - 34	75.0	75.0
35 and over	90.0	90.0

Post-65 Participants:		
Years of Service at Retirement	Service Retiree Participation	Disabled Retiree Participation
1.5 - 4	N/A	N/A
5 - 9	N/A	70.0%
10 - 14	25.0%	70.0
15 - 19	45.0	70.0
20 - 24	70.0	75.0
25 - 29	75.0	75.0
30 - 34	85.0	85.0
35 and over	90.0	90.0

Actuarial Accrued Liabilities

The results of the computed actuarial accrued liabilities, using the entry age normal actuarial cost method, are disclosed in the following schedule:

HEALTH CARE FUND ACTUARIAL ACCRUED LIABILITIES AS OF JUNE 30, 2023	
Present value of:	
Benefits payable on account of present retiree members and beneficiaries	$606,867,180
Benefits payable on account of present active members	902,131,569
Benefits payable on account of deferred vested members	22,677,627
Total AAL	**$1,531,676,376**

Analysis of Financial Experience

Gains and Losses in Accrued Liabilities Resulting from Differences Between Assumed Experience and Actual Experience in the Health Care Fund

($ in millions)

Type of Risk Area	2023	2022	2021	2020	2019	2018
Age and Service Retirements If members retire at older ages or participate in lower numbers, there is a gain. If younger ages or higher participation, there is a loss.	$0.8	($1.0)	($3.9)	($6.6)	($3.9)	$30.8
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, there is a loss.	0.0	(0.3)	1.2	1.2	(1.6)	(0.4)
Post-Retirement Death Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(1.6)	(1.5)	(1.5)	(1.7)	(2.0)	(1.9)
Claims Increases (Including Wrap Plan) If there are smaller claims increases than assumed, there is a gain. If greater increases, there is a loss.	107.8	69.4	(7.9)	491.4	415.3	(71.4)
Investment Income (Loss) If there is greater investment income than assumed, there is a gain. If less income, there is a loss.	(12.2)	(53.9)	82.7	(16.4)	(3.7)	4.7
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, there is a loss.	29.3	21.5	19.7	17.5	17.9	39.2
Contribution Shortfall If there are more contributions than the ACR, there is a gain. If less contributions, there is a loss.	105.0	(10.3)	(60.9)	(82.6)	(111.0)	(78.9)
New Members Additional accrued liability attributable to members who entered the plan since the last valuation.	(12.8)	(10.3)	(12.8)	(18.1)	(20.5)	(21.2)
Death after Retirement If retired members live longer than assumed, there is a loss. If not as long, there is a gain.	12.4	15.9	14.4	16.0	16.3	35.4
Other Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	(67.7)	22.8	42.3	55.1	63.4	9.2
Non-Recurring Items Adjustments for plan amendments, assumption changes, or method changes.	(253.4)	(106.2)	560.9	(16.4)	0.0	0.0
Total Gain (Loss) During Year	**($92.4)**	**($53.9)**	**$634.2**	**$439.4**	**$370.2**	**($54.5)**

2017	2016	2015	2014
($4.8)	($10.6)	$2.8	$2.7
(5.1)	2.8	2.6	3.8
(2.4)	(1.0)	(0.7)	(1.5)
124.0	170.7	112.7	561.2
14.3	(21.0)	(12.5)	29.2
3.4	29.4	30.1	51.0
(116.0)	(86.4)	(77.2)	(118.1)
(39.0)	(24.7)	(18.2)	(31.4)
18.4	12.2	14.3	24.3
31.1	(2.9)	9.0	19.3
0.0	(72.1)	0.0	(36.1)
$23.9	**($3.6)**	**$62.9**	**$504.4**

Health Care Schedule of Funding Progress *($ in millions)*

Valuation as of June 30	Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Active Member Payroll (c)	UAAL as a % of Active Member Payroll (b - a) / (c)	Solvency Period (years)
2023	$707	$1,532	$825	46.1%	$4,299	19.2%	39
2022	612	1,348	736	45.4	3,995	18.4	38
2021	600	1,289	689	46.6	3,622	19.0	37
2020	483	1,797	1,314	26.9	3,478	37.8	34
2019	464	2,199	1,735	21.1	3,463	50.1	15
2018	436	2,525	2,089	17.3	3,332	62.7	17
2017	382	2,396	2,014	15.9	3,303	61.0	16
2016	370	2,407	2,037	15.4	2,932	69.5	8
2015	408	2,425	2,017	16.8	2,845	70.9	9
2014	414	2,476	2,062	16.7	2,759	74.7	15

Health Care Solvency Test *($ in millions)*

The following table provides the Health Care solvency test for SERS members:

	Aggregate Accrued Liabilities For				Portion of Accrued Liabilities Covered by Reported Asset		
Valuation as of June 30	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
2023	$0	$630	$902	$707	100.0%	100.0%	8.5%
2022	0	532	816	612	100.0	100.0	9.8
2021	0	544	745	600	100.0	100.0	7.6
2020	0	626	1,171	483	100.0	77.1	0.0
2019	0	813	1,386	464	100.0	57.0	0.0
2018	0	968	1,557	436	100.0	45.0	0.0
2017	0	916	1,480	382	100.0	41.7	0.0
2016	0	918	1,489	370	100.0	40.3	0.0
2015	0	979	1,507	408	100.0	41.7	0.0
2014	0	968	1,508	414	100.0	42.8	0.0

Health Care Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls No.	Added to Rolls Projected Benefits	Removed from Rolls* No.	Removed from Rolls* Projected Benefits	Rolls at Year-End No.	Rolls at Year-End Projected Benefits	% Change in Projected Benefits	Average Projected Benefits
2023	2,155	$5,780,866	2,630	$3,716,184	39,656	$59,374,856	(5.8%)	$1,497
2022	2,245	6,676,697	3,011	4,299,770	40,131	63,016,244	(8.7)	1,570
2021	2,213	7,152,506	3,172	4,050,170	40,897	69,028,349	(0.8)	1,688
2020	2,058	6,645,569	2,749	4,275,713	41,856	69,600,381	(15.9)	1,663
2019	1,791	6,375,244	2,665	4,496,857	42,547	82,778,168	(8.7)	1,946
2018	2,383	7,833,624	2,820	5,004,204	43,421	90,696,175	(0.9)	2,089
2017	2,355	10,099,985	2,774	4,834,866	43,858	91,554,056	1.2	2,088
2016	2,820	10,209,470	2,650	4,258,016	44,277	90,484,518	(0.4)	2,044
2015	2,329	8,897,861	2,932	4,682,901	44,107	90,855,858	4.4	2,060
2014	2,251	8,658,731	2,873	4,834,922	44,710	87,007,272	(13.4)	1,946

* The benefits removed from rolls do not include subsidies that were changed due to premium changes, plan election changes, or reductions due to members obtaining Medicare eligibility.

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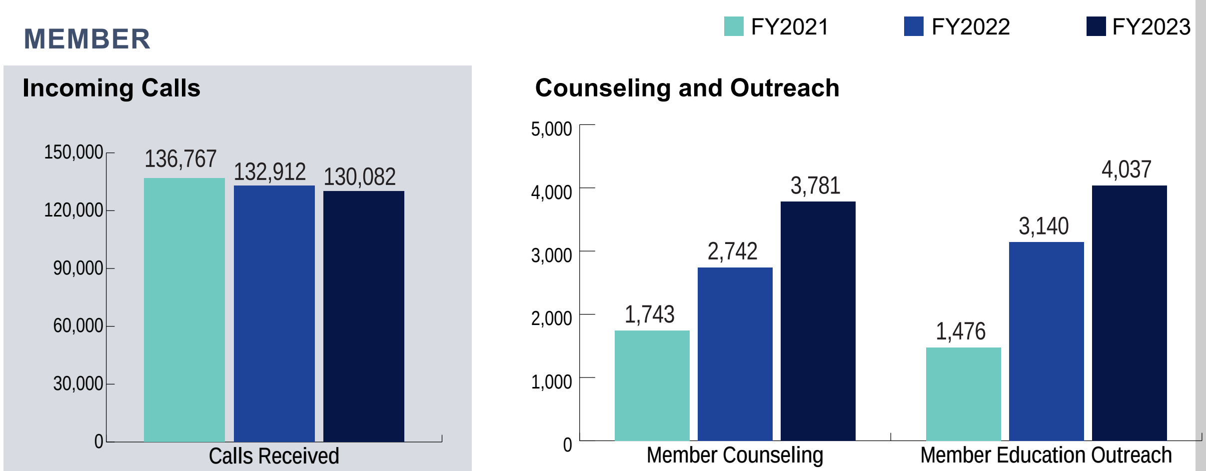
Statistical Section

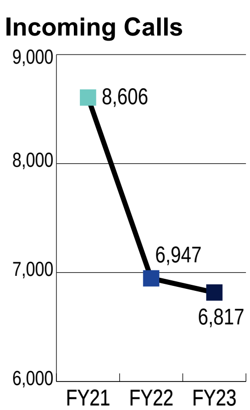
Statistical Section Overview 110
Fiduciary Net Position by Fund 111
Total Fiduciary Net Position 111
Changes in Fiduciary Net Position 112
Benefit and Refund Deductions from Fiduciary Net Position by Type 116
Employee and Employer Contribution Rates 118
Demographics of New Pension Benefit Recipients 118
Demographics of Active and Retired Members Used for Valuation Purposes 119
Retired Members by Type of Benefit 120
Retirees, Spouses, and Dependents Receiving Health Care Coverage 120
Principal Participating Employers 121
Average Benefit Payments - New Retirees (Service Only) 122

Member and Employer Interaction

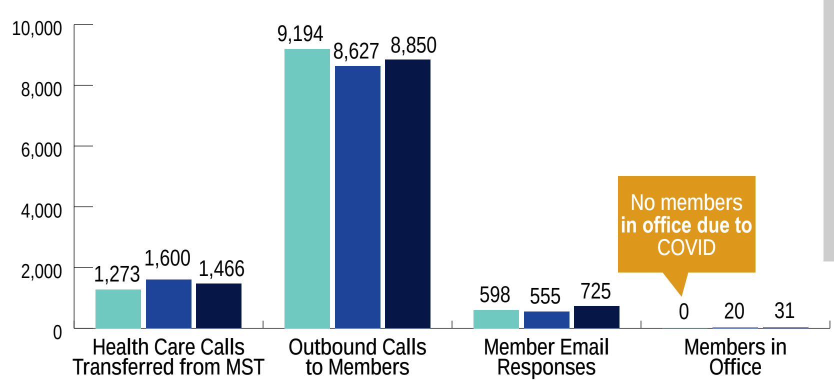
MEMBER



EMPLOYER



HEALTH CARE



Data from FY2023 Annual Ops Report

Statistical Section

The objectives of the statistical section are to provide additional historical perspective, context, and relevant details to assist readers in using information in the financial statements, notes to the financial statements, and required supplementary information in order to understand and assess SERS' overall financial condition.

The schedules and graphs beginning on page 111 show financial trend information about the change in SERS' assets for the past 10 years. These schedules provide detailed information about the trends of key sources of asset additions and deductions, which assist in providing a context framing how SERS' financial position has changed over time. The financial trend schedules presented are:

- Fiduciary Net Position by Fund
- Total Fiduciary Net Position
- Changes in Fiduciary Net Position
- Benefit and Refund Deductions from Fiduciary Net Position by Type

The schedules beginning on page 118 show demographic and economic information. This information is designed to assist in understanding the environment in which SERS operates. The demographic and economic information and the operating information presented include:

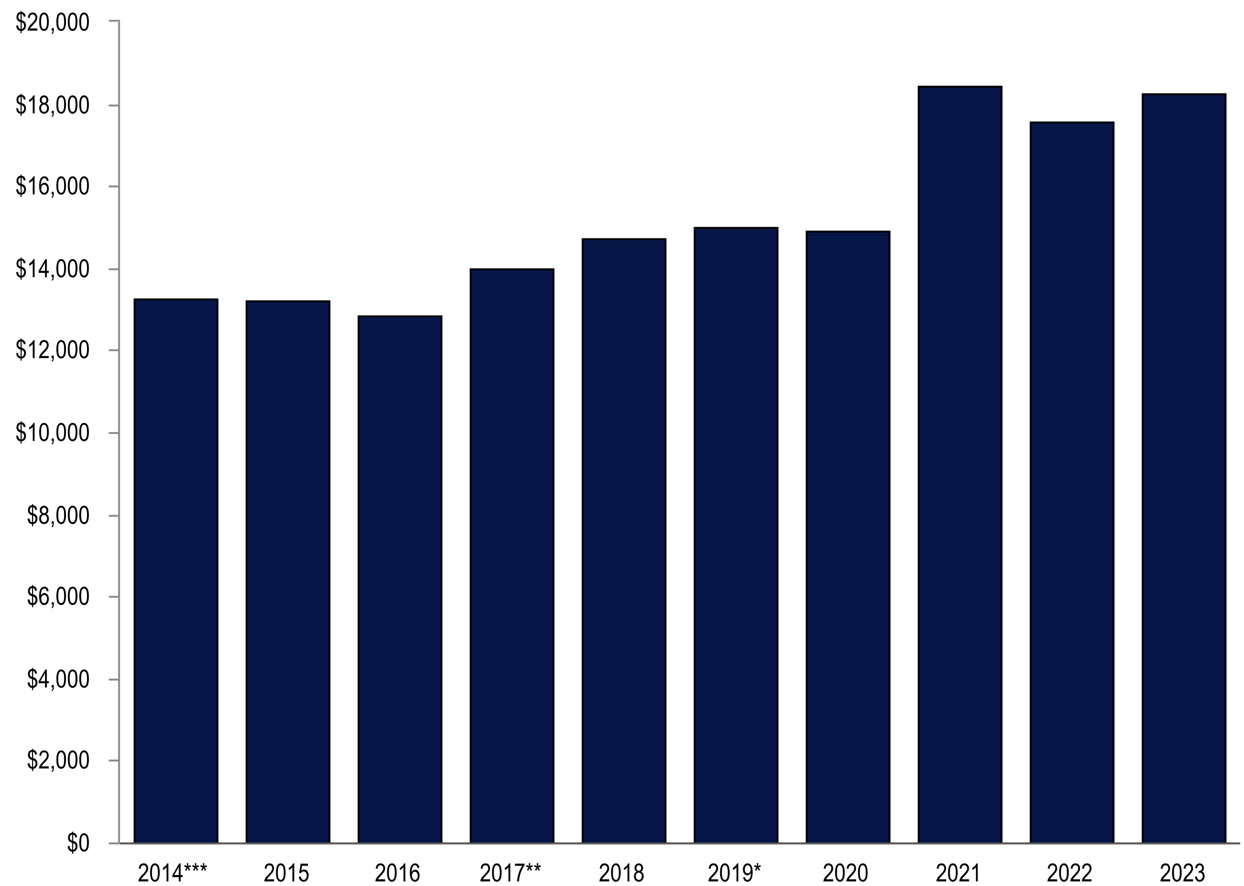
- Employee and Employer Contribution Rates
- Demographics of New Pension Benefit Recipients
- Demographics of Active and Retired Members Used for Valuation Purposes
- Retired Members by Type of Benefit
- Retirees, Spouses, and Dependents Receiving Health Care Coverage
- Principal Participating Employers
- Average Benefit Payments - New Retirees (Service Only)

Fiduciary Net Position by Fund

Last 10 years

June 30	Pension Trust Fund	Medicare B Fund	Death Benefit Fund	QEBA Fund	Health Care Fund	Total Fund
2023	$17,259,676,387	$268,029,775	$31,095,304	$135,195	$706,785,561	$18,265,722,222
2022	16,685,941,961	246,901,660	29,847,384	54,035	611,574,409	17,574,319,449
2021	17,561,235,177	247,954,730	30,857,081	234,180	600,330,188	18,440,611,356
2020	14,203,048,325	191,058,115	25,492,187	224,798	482,611,478	14,902,434,903
2019*	14,337,481,691	180,963,382	25,631,031	212,757	463,810,679	15,008,099,540
2018	14,078,724,296	167,266,385	24,525,067	217,341	435,629,637	14,706,362,726
2017**	13,438,843,275	151,581,147	23,214,168	217,398	382,109,560	13,995,965,548
2016	12,296,016,233	134,623,247	20,991,343	223,565	370,204,515	12,822,058,903
2015	12,638,892,425	136,580,030	21,711,575	193,687	408,363,598	13,205,741,315
2014***	12,662,776,138	136,115,160	21,992,809	165,480	413,858,201	13,234,907,788

Total Fiduciary Net Position *($ in millions)*



* Fiduciary Net Position was restated due to the implementation of GASB 87 during FY2020.

** Fiduciary Net Position was restated due to the implementation of GASB 75 during FY2018.

*** Fiduciary Net Position was restated due to the implementation of GASB 68 during FY2015.

Changes in Fiduciary Net Position

Last 10 fiscal years

(continued through page 115)

ALL FUNDS COMBINED	2023	2022	2021	2020
ADDITIONS				
Employer Contributions	$614,499,611	$578,301,752	$537,740,460	$540,093,944
Member Contributions	398,907,335	375,838,354	346,781,820	352,343,063
Other Income	134,359,629	97,382,882	84,050,104	97,386,324
Total Investment Income (Loss), Net	1,182,955,780	(346,447,426)	4,088,576,284	424,249,537
TOTAL ADDITIONS	2,330,722,355	705,075,562	5,057,148,668	1,414,072,868
DEDUCTIONS				
Benefits	1,498,588,257	1,456,559,791	1,425,088,081	1,412,869,771
Refunds and Lump Sum Payments	97,668,607	82,209,215	72,374,764	72,849,117
Net Transfers to Other Ohio Systems	9,866,201	7,998,389	5,424,513	3,411,620
Administrative Expenses	33,196,517	24,600,074	16,084,857	30,882,135
TOTAL DEDUCTIONS	1,639,319,582	1,571,367,469	1,518,972,215	1,520,012,643
Net Increase (Decrease)	691,402,773	(866,291,907)	3,538,176,453	(105,939,775)
Fiduciary Net Position Held in Trust:				
Beginning of Year	17,574,319,449	18,440,611,356	14,902,434,903	15,008,374,678
End of Year	**$18,265,722,222**	**$17,574,319,449**	**$18,440,611,356**	**$14,902,434,903**

PENSION TRUST FUND	2023	2022	2021	2020
ADDITIONS				
Employer Contributions	$528,038,431	$495,884,566	$456,195,419	$461,695,266
Member Contributions	398,907,335	375,838,354	346,781,820	352,343,063
Total Investment Income (Loss), Net	1,128,873,919	(332,917,903)	3,916,448,920	407,045,705
TOTAL ADDITIONS	2,055,819,685	538,805,017	4,719,426,159	1,221,084,034
DEDUCTIONS				
Pension Benefits	1,344,067,864	1,302,357,602	1,270,735,447	1,251,597,154
Refunds and Lump Sum Payments	97,668,607	82,209,215	72,374,764	72,849,117
Net Transfers to Other Ohio Systems	9,866,201	7,998,389	5,424,513	3,411,620
Administrative Expenses	30,482,587	21,533,026	12,704,584	27,934,647
TOTAL DEDUCTIONS	1,482,085,259	1,414,098,232	1,361,239,308	1,355,792,538
Net Increase (Decrease)	573,734,426	(875,293,215)	3,358,186,851	(134,708,504)
Fiduciary Net Position Held in Trust:				
Beginning of Year	16,685,941,961	17,561,235,176	14,203,048,325	14,337,756,829
End of Year	**$17,259,676,387**	**$16,685,941,961**	**$17,561,235,176**	**$14,203,048,325**

HEALTH CARE FUND	2023	2022	2021	2020
ADDITIONS				
Employer Contributions	$57,483,842	$53,766,548	$53,533,333	$48,187,050
Other Income	134,359,629	97,382,882	84,050,104	97,386,324
Total Investment Income (Loss), Net	35,445,488	(8,096,503)	111,580,200	11,139,059
TOTAL ADDITIONS	227,288,959	143,052,927	249,163,637	156,712,433
DEDUCTIONS				
Health Care Expenses	129,424,430	128,796,889	128,132,981	135,034,624
Administrative Expenses	2,653,377	3,011,817	3,311,946	2,877,010
TOTAL DEDUCTIONS	132,077,807	131,808,706	131,444,927	137,911,634
Net Increase (Decrease)	95,211,152	11,244,221	117,718,710	18,800,799
Fiduciary Net Position Held in Trust:				
Beginning of Year	611,574,409	600,330,188	482,611,478	463,810,679
End of Year	**$706,785,561**	**$611,574,409**	**$600,330,188**	**$482,611,478**

* Fiduciary Net Position was restated due to the implementation of GASB 87 during FY2020.

** Fiduciary Net Position was restated due to the implementation of GASB 75 during FY2018.

*** Fiduciary Net Position was restated due to the implementation of GASB 68 during FY2015.

2019*	2018	2017**	2016	2015	2014***
$530,912,162	$499,018,574	$515,834,904	$481,635,982	$466,904,369	$451,402,553
345,212,684	324,842,074	336,627,658	314,325,716	303,866,076	295,690,550
87,988,134	116,893,434	98,190,524	113,932,903	116,501,166	127,867,227
853,597,055	1,270,190,442	1,649,100,073	108,787,810	452,598,520	1,939,269,151
1,817,710,035	2,210,944,524	2,599,753,159	1,018,682,411	1,339,870,131	2,814,229,481
1,404,572,346	1,407,652,952	1,341,304,984	1,309,740,098	1,248,400,086	1,174,068,175
75,639,810	59,575,036	60,692,833	70,340,495	60,635,651	55,668,466
1,311,797	(6,734,065)	(3,139,875)	(2,272,514)	28,139,159	7,535,690
34,449,268	29,630,291	26,988,572	24,556,744	21,600,412	21,857,167
1,515,973,221	1,490,124,214	1,425,846,514	1,402,364,823	1,358,775,308	1,259,129,498
301,736,814	720,820,310	1,173,906,645	(383,682,412)	(18,905,177)	1,555,099,983
14,706,362,726	13,985,542,416	12,822,058,903	13,205,741,315	13,224,646,492	11,679,807,805
$15,008,099,540	**$14,706,362,726**	**$13,995,965,548**	**$12,822,058,903**	**$13,205,741,315**	**$13,234,907,788**

2019*	2018	2017**	2016	2015	2014***
$435,388,804	$406,953,261	$442,032,882	$412,712,475	$374,724,343	$382,098,970
345,212,684	324,842,074	336,627,658	314,325,716	303,866,076	295,690,550
819,731,217	1,226,089,090	1,593,050,588	105,116,336	435,966,343	1,864,902,017
1,600,332,705	1,957,884,425	2,371,711,128	832,154,527	1,114,556,762	2,542,691,537
1,232,808,916	1,227,807,547	1,146,987,656	1,085,216,541	1,020,154,456	957,757,668
75,639,810	59,575,036	60,692,833	70,340,495	60,635,651	55,668,466
1,311,797	(6,734,065)	(3,139,875)	(2,272,514)	28,139,159	7,535,690
31,814,787	26,931,754	24,343,472	21,746,197	19,249,913	19,528,157
1,341,575,310	1,307,580,272	1,228,884,086	1,175,030,719	1,128,179,179	1,040,489,981
258,757,395	650,304,153	1,142,827,042	(342,876,192)	(13,622,417)	1,502,201,556
14,078,724,296	13,428,420,143	12,296,016,233	12,638,892,425	12,652,514,842	11,160,574,582
$14,337,481,691	**$14,078,724,296**	**$13,438,843,275**	**$12,296,016,233**	**$12,638,892,425**	**$12,662,776,138**

2019	2018	2017	2016	2015	2014
$65,877,673	$63,539,354	$47,672,886	$44,855,441	$68,904,867	$46,097,206
87,988,134	116,893,434	98,190,524	113,932,903	116,501,166	127,867,227
22,009,627	28,167,652	35,730,747	2,244,300	11,142,837	50,980,652
175,875,434	208,600,440	181,594,157	161,032,644	196,548,870	224,945,085
145,127,670	152,447,415	167,106,908	196,445,600	199,750,908	187,994,468
2,566,722	2,632,948	2,582,204	2,746,127	2,292,565	2,273,442
147,694,392	155,080,363	169,689,112	199,191,727	202,043,473	190,267,910
28,181,042	53,520,077	11,905,045	(38,159,083)	(5,494,603)	34,677,175
435,629,637	382,109,560	370,204,515	408,363,598	413,858,201	379,181,026
$463,810,679	**$435,629,637**	**$382,109,560**	**$370,204,515**	**$408,363,598**	**$413,858,201**

(continued on next page)

Changes in Fiduciary Net Position (continued from prior page)

Last 10 fiscal years

MEDICARE B FUND	2023	2022	2021	2020
ADDITIONS				
Employer Contributions	$26,635,054	$26,224,585	$26,273,453	$28,332,747
Total Investment Income (Loss), Net	16,604,465	(4,824,251)	53,543,370	5,305,350
TOTAL ADDITIONS	43,239,519	21,400,334	79,816,823	33,638,097
DEDUCTIONS				
Pension Benefits	22,104,393	22,446,630	22,913,755	23,536,709
Administrative Expenses	7,011	6,774	6,453	6,655
TOTAL DEDUCTIONS	22,111,404	22,453,404	22,920,208	23,543,364
Net Increase (Decrease)	21,128,115	(1,053,070)	56,896,615	10,094,733
Fiduciary Net Position Held in Trust:				
Beginning of Year	246,901,660	247,954,730	191,058,115	180,963,382
End of Year	**$268,029,775**	**$246,901,660**	**$247,954,730**	**$191,058,115**

DEATH BENEFIT FUND	2023	2022	2021	2020
ADDITIONS				
Employer Contributions	$1,987,715	$2,247,134	$1,382,813	$1,529,777
Total Investment Income (Loss), Net	2,030,083	(608,945)	7,003,576	757,342
TOTAL ADDITIONS	4,017,798	1,638,189	8,386,389	2,287,119
DEDUCTIONS				
Death Benefits	2,718,918	2,601,941	2,962,198	2,364,642
Administrative Expenses	50,960	45,945	59,297	61,321
TOTAL DEDUCTIONS	2,769,878	2,647,886	3,021,495	2,425,963
Net Increase (Decrease)	1,247,920	(1,009,697)	5,364,894	(138,844)
Fiduciary Net Position Held in Trust:				
Beginning of Year	29,847,384	30,857,081	25,492,187	25,631,031
End of Year	**$31,095,304**	**$29,847,384**	**$30,857,081**	**$25,492,187**

QEBA FUND	2023	2022	2021	2020
ADDITIONS				
Employer Contributions	$354,569	$178,919	$355,442	$349,104
Total Investment Income (Loss), Net	1,825	176	218	2,081
TOTAL ADDITIONS	356,394	179,095	355,660	351,185
DEDUCTIONS				
Pension Benefits	272,652	356,729	343,700	336,642
Administrative Expenses	2,582	2,512	2,577	2,502
TOTAL DEDUCTIONS	275,234	359,241	346,277	339,144
Net Increase (Decrease)	81,160	(180,146)	9,383	12,041
Fiduciary Net Position Held in Trust:				
Beginning of Year	54,035	234,181	224,798	212,757
End of Year	**$135,195**	**$54,035**	**$234,181**	**$224,798**

2019	2018	2017	2016	2015	2014
$27,319,485	$26,291,404	$24,155,026	$22,208,623	$21,499,206	$21,517,805
10,373,511	13,784,587	17,527,764	1,233,948	4,716,932	20,040,557
37,692,996	40,075,991	41,682,790	23,442,571	26,216,138	41,558,362
23,990,512	24,384,610	24,718,613	25,391,810	25,743,861	25,800,345
5,487	6,143	6,277	7,544	7,407	6,639
23,995,999	24,390,753	24,724,890	25,399,354	25,751,268	25,806,984
13,696,997	15,685,238	16,957,900	(1,956,783)	464,870	15,751,378
167,266,385	151,581,147	134,623,247	136,580,030	136,115,160	120,363,782
$180,963,382	**$167,266,385**	**$151,581,147**	**$134,623,247**	**$136,580,030**	**$136,115,160**

2019	2018	2017	2016	2015	2014
$1,975,200	$1,858,955	$1,608,830	$1,500,583	$1,455,553	$1,412,852
1,479,649	2,147,404	2,790,208	192,842	772,277	3,345,822
3,454,849	4,006,359	4,399,038	1,693,425	2,227,830	4,758,674
2,289,135	2,639,464	2,122,612	2,358,518	2,460,907	2,262,136
59,750	55,996	53,601	55,139	48,157	47,394
2,348,885	2,695,460	2,176,213	2,413,657	2,509,064	2,309,530
1,105,964	1,310,899	2,222,825	(720,232)	(281,234)	2,449,144
24,525,067	23,214,168	20,991,343	21,711,575	21,992,809	19,543,665
$25,631,031	**$24,525,067**	**$23,214,168**	**$20,991,343**	**$21,711,575**	**$21,992,809**

2019	2018	2017	2016	2015	2014
$351,000	$375,600	$365,280	$358,860	$320,400	$275,720
3,051	1,709	766	384	131	103
354,051	377,309	366,046	359,244	320,531	275,823
356,113	373,916	369,195	327,629	289,954	253,558
2,522	3,450	3,018	1,737	2,370	1,535
358,635	377,366	372,213	329,366	292,324	255,093
(4,584)	(57)	(6,167)	29,878	28,207	20,730
217,341	217,398	223,565	193,687	165,480	144,750
$212,757	**$217,341**	**$217,398**	**$223,565**	**$193,687**	**$165,480**

Benefit and Refund Deductions from Fiduciary Net Position by Type

Last 10 fiscal years

PENSION BENEFITS	2023	2022	2021	2020
Service Retirement	$1,215,742,249	$1,173,041,717	$1,139,424,266	$1,117,724,808
Disability Retirement	86,650,975	88,531,533	90,688,344	93,391,297
Survivor Benefits	41,674,640	40,784,352	40,622,837	40,481,049
Total Pension Benefits	**$1,344,067,864**	**$1,302,357,602**	**$1,270,735,447**	**$1,251,597,154**
Refunds				
Separation	$97,571,386	$82,147,880	$72,308,775	$72,834,422
Beneficiaries	97,221	61,335	65,989	14,695
Total Refunds	**$97,668,607**	**$82,209,215**	**$72,374,764**	**$72,849,117**

MEDICARE B REIMBURSEMENT	2023	2022	2021	2020
Service Retirement	$20,329,498	$20,556,582	$20,885,774	$21,365,130
Disability Retirement	1,101,768	1,153,448	1,229,228	1,296,750
Survivor Benefits	673,127	736,600	798,753	874,829
Total Medicare B Reimbursement	**$22,104,393**	**$22,446,630**	**$22,913,755**	**$23,536,709**

DEATH BENEFITS	2023	2022	2021	2020
Service	$2,495,769	$2,391,622	$2,710,522	$2,169,208
Disability	223,149	210,319	251,676	195,434
Total Death Benefits	**$2,718,918**	**$2,601,941**	**$2,962,198**	**$2,364,642**

HEALTH CARE EXPENSES	2023	2022	2021	2020
Medical	$45,251,021	$51,225,584	$64,912,611	$56,771,016
Prescription*	162,221,095	77,571,305	63,220,370	78,263,608
Other	—	—	—	—
Total Health Care Expenses	**$207,472,116**	**$128,796,889**	**$128,132,981**	**$135,034,624**

* Prescription expenses prior to FY2023 are net of prescription rebates.

2019	2018	2017	2016	2015	2014
$1,096,960,216	$1,091,624,986	$1,012,404,884	$952,950,117	$891,831,626	$834,865,512
95,725,624	97,027,548	96,312,675	94,595,437	91,265,121	87,804,462
40,123,076	39,155,013	38,270,097	37,670,987	37,057,709	35,087,694
$1,232,808,916	**$1,227,807,547**	**$1,146,987,656**	**$1,085,216,541**	**$1,020,154,456**	**$957,757,668**
$75,630,053	$59,496,216	$59,541,576	$68,857,916	$59,875,564	$55,018,577
9,757	78,820	1,151,257	1,482,579	760,087	649,889
$75,639,810	**$59,575,036**	**$60,692,833**	**$70,340,495**	**$60,635,651**	**$55,668,466**

2019	2018	2017	2016	2015	2014
$21,734,690	$22,072,596	$22,336,187	$22,855,321	$23,105,680	$23,099,058
1,327,303	1,330,670	1,336,790	1,413,048	1,428,700	1,436,026
928,519	981,344	1,045,636	1,123,441	1,209,481	1,265,261
$23,990,512	**$24,384,610**	**$24,718,613**	**$25,391,810**	**$25,743,861**	**$25,800,345**

2019	2018	2017	2016	2015	2014
$2,083,499	$2,377,087	$1,939,771	$2,133,523	$2,256,060	$2,052,993
205,636	262,377	182,841	224,995	204,847	209,143
$2,289,135	**$2,639,464**	**$2,122,612**	**$2,358,518**	**$2,460,907**	**$2,262,136**

2019	2018	2017	2016	2015	2014
$72,447,500	$81,873,185	$87,845,475	$108,821,435	$117,389,938	$109,622,130
72,680,170	70,574,230	79,261,433	86,997,168	80,843,448	76,945,975
—	—	—	626,997	1,517,522	1,426,363
$145,127,670	**$152,447,415**	**$167,106,908**	**$196,445,600**	**$199,750,908**	**$187,994,468**

Employee and Employer Contribution Rates

Last 10 fiscal years

Fiscal Year	Employee Rate	Employer Rate				
		Pension	Medicare B	Death Benefit	Health Care	Total
2023	10.00%	13.28%	0.67%	0.05%	0.00%	14.00%
2022	10.00	13.24	0.70	0.06	0.00	14.00
2021	10.00	13.20	0.76	0.04	0.00	14.00
2020	10.00	13.15	0.81	0.04	0.00	14.00
2019	10.00	12.61	0.83	0.06	0.50	14.00
2018	10.00	12.59	0.85	0.06	0.50	14.00
2017	10.00	13.20	0.75	0.05	0.00	14.00
2016	10.00	13.21	0.74	0.05	0.00	14.00
2015	10.00	12.39	0.74	0.05	0.82	14.00
2014	10.00	13.05	0.76	0.05	0.14	14.00

Demographics of New Pension Benefit Recipients

Last 10 fiscal years

Average Service Benefit

Year Ended June 30	Service Credit	Monthly Amount	Age	Final Average Salary
2023	23.8	$1,459	65.4	$37,430
2022	24.2	1,496	65.5	37,361
2021	24.5	1,536	65.5	36,972
2020	24.8	1,573	65.0	37,169
2019	25.8	1,659	65.1	37,047
2018	21.2	1,281	63.9	34,090
2017	19.8	1,078	63.4	30,256
2016	21.4	1,224	63.4	31,785
2015	21.6	1,254	63.2	32,263
2014	21.7	1,228	63.4	31,617

Average Disability Benefit

Year Ended June 30	Service Credit	Monthly Amount	Age	Final Average Salary
2023	17.8	$1,402	57.7	$34,507
2022	17.2	1,380	56.6	34,162
2021	18.2	1,398	58.1	34,290
2020	17.1	1,294	57.2	32,094
2019	17.2	1,348	55.4	33,255
2018	17.4	1,315	55.5	31,736
2017	17.0	1,245	56.6	30,570
2016	16.5	1,296	55.9	31,118
2015	15.9	1,291	54.1	31,091
2014	15.8	1,250	54.5	29,965

Demographics of Active and Retired Members Used for Valuation Purposes

Fiscal Year 2023

	Active Members			Percentage of Distribution		
	Male	Female	Total	Male	Female	Total
Under 20	1,631	1,697	3,328	1%	1%	2%
20 to 29	8,932	12,758	21,690	6	8	14
30 to 39	8,714	18,039	26,753	5	11	16
40 to 49	10,743	24,646	35,389	7	15	22
50 to 54	5,649	13,896	19,545	4	9	13
55 to 59	5,424	14,620	20,044	3	9	12
60 to 64	4,961	13,682	18,643	3	9	12
65 to 69	3,118	6,274	9,392	2	4	6
70 and over	2,036	3,053	5,089	1	2	3
Total	**51,208**	**108,665**	**159,873**	**32%**	**68%**	**100%**

	All Benefit Recipients			Percentage of Distribution		
	Male	Female	Total	Male	Female	Total
Under 55	336	555	891	0%	1%	1%
55 to 59	629	1,078	1,707	1	1	2
60 to 64	1,945	4,583	6,528	2	6	8
65 to 69	4,357	12,821	17,178	5	16	21
70 to 74	4,869	13,289	18,158	6	16	22
75 to 79	3,815	10,624	14,439	5	13	18
80 to 84	2,778	8,271	11,049	4	10	14
85 to 89	1,699	5,617	7,316	2	7	9
90 to 94	665	2,727	3,392	1	3	4
95 to 99	166	865	1,031	0	1	1
100 and over	16	128	144	0	0	0
Total	**21,275**	**60,558**	**81,833**	**26%**	**74%**	**100%**

All Benefit Recipients by State

Retired Members by Type of Benefit

Amount of Monthly Benefit ($)	Total	Service	Disability*	Survivor
1 - 250	8,855	8,190	41	624
251 - 500	10,759	9,405	368	986
501 - 750	10,628	9,098	736	794
751 - 1,000	9,572	7,951	1,012	609
1,001 - 1,500	14,645	12,518	1,530	597
1,501 - 2,000	9,406	8,262	919	225
over 2,000	17,968	16,508	1,168	292
Total Number	**81,833**	**71,932**	**5,774**	**4,127**
	Average Monthly Benefit	$1,390	$1,442	$831
	Average Age	75.4	68.4	72.7

* Disability counts include 1,303 retirees that have converted to a service retirement.

Retirees, Spouses, and Dependents Receiving Health Care Coverage

Attained Age	Number of Males	Number of Females	Total Number
Under 30	75	84	159
30 - 39	2	7	9
40 - 49	21	17	38
50 - 59	307	483	790
60 - 64	952	1,919	2,871
65 - 69	2,415	5,192	7,607
70 - 74	2,577	5,748	8,325
75 - 79	1,824	4,896	6,720
80 - 84	1,612	4,497	6,109
85 - 89	1,105	3,175	4,280
90 - 94	424	1,564	1,988
95 - 99	79	578	657
100 and over	12	91	103
Total	**11,405**	**28,251**	**39,656**

Principal Participating Employers

Current fiscal year and nine years ago

	Fiscal Year 2023			Fiscal Year 2014		
	Covered Employee Members	Rank	Percentage of Total System	Covered Employee Members	Rank	Percentage of Total System
Columbus City Schools	4,028	1	2.52%	3,470	1	2.86%
Cincinnati Public Schools	3,441	2	2.15	2,607	2	2.15
Cleveland Metropolitan School District	2,713	3	1.70	2,572	3	2.12
Educational Service Center Council of Governments	2,088	4	1.31	1,258	7	1.04
Toledo City Schools	1,891	5	1.18	1,465	6	1.21
Akron Public Schools	1,697	6	1.06	1,487	5	1.23
Olentangy Local Schools	1,560	7	0.98	—	—	—
South-Western City Schools	1,316	8	0.82	1,149	8	0.95
Dublin City Schools	1,259	9	0.79	—	—	—
Lakota Local Schools	1,240	10	0.78	—	—	—
University of Akron	—	—	—	2,253	4	1.86
Dayton City Schools	—	—	—	1,136	9	0.94
Parma City Schools	—	—	—	968	10	0.80
All Other	138,640		86.71	102,886		84.84
Total	**159,873**		**100.00%**	**121,251**		**100.00%**

In FY2023 "All Other" consisted of:

	Covered Employee Members	Number of School Districts
City School Districts	56,218	184
Local School Districts	50,505	369
Educational Service Centers	9,657	51
Exempted Village Districts	7,329	49
Community Schools	5,878	319
Higher Education	4,130	15
Vocational Schools	3,238	49
Other	1,685	23

Average Benefit Payments - New Retirees (Service Only)

Last 10 fiscal years

	Years of Credited Service					
Retirement Effective Dates	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/22 to 6/30/23						
Average Monthly Benefit	$461	$496	$735	$1,090	$1,499	$2,769
Monthly Final Average Salary	3,623	2,499	2,547	2,896	3,122	4,028
Number of Retirees	3	538	493	740	759	855
Period 7/1/21 to 6/30/22						
Average Monthly Benefit	$306	$486	$783	$1,075	$1,493	$2,665
Monthly Final Average Salary	1,906	2,371	2,678	2,860	3,061	3,922
Number of Retirees	4	488	491	712	660	985
Period 7/1/20 to 6/30/21						
Average Monthly Benefit	$497	$460	$744	$1,014	$1,521	$2,723
Monthly Final Average Salary	4,425	2,311	2,518	2,650	3,050	3,967
Number of Retirees	4	456	433	542	634	952
Period 7/1/19 to 6/30/20						
Average Monthly Benefit	$339	$485	$712	$997	$1,532	$2,627
Monthly Final Average Salary	2,241	2,354	2,484	2,643	3,034	3,869
Number of Retirees	3	386	345	388	442	914
Period 7/1/18 to 6/30/19						
Average Monthly Benefit	$414	$478	$747	$1,040	$1,519	$2,551
Monthly Final Average Salary	3,351	2,240	2,402	2,544	2,965	3,770
Number of Retirees	2	279	265	216	444	863
Period 7/1/17 to 6/30/18						
Average Monthly Benefit	$243	$497	$880	$1,241	$1,555	$2,537
Monthly Final Average Salary	1,734	2,151	2,700	2,950	3,027	3,741
Number of Retirees	500	668	949	977	656	1,021
Period 7/1/16 to 6/30/17						
Average Monthly Benefit	$212	$488	$767	$1,044	$1,487	$2,439
Monthly Final Average Salary	1,532	2,084	2,360	2,498	2,937	3,654
Number of Retirees	715	847	951	948	692	857
Period 7/1/15 to 6/30/16						
Average Monthly Benefit	$241	$510	$762	$1,110	$1,456	$2,392
Monthly Final Average Salary	1,608	2,104	2,341	2,644	2,869	3,582
Number of Retirees	535	671	615	630	769	1,013
Period 7/1/14 to 6/30/15						
Average Monthly Benefit	$247	$511	$804	$1,123	$1,459	$2,404
Monthly Final Average Salary	1,587	2,157	2,479	2,675	2,875	3,576
Number of Retirees	515	636	535	505	764	994
Period 7/1/13 to 6/30/14						
Average Monthly Benefit	$239	$506	$756	$1,053	$1,390	$2,391
Monthly Final Average Salary	1,554	2,130	2,357	2,511	2,785	3,586
Number of Retirees	468	622	489	527	736	957

Plan Summary

Plan Summary 124
Covered Employees 124
Contributions 125
Service Credit 125
Age and Service Retirement 126
Disability Benefits 127
Death Benefit 128
Survivor Benefits 128
Cost-of-Living Adjustment 129
Health Care 130

Fast Facts

2012 Retirement eligibility changes enacted to maintain pension plan solvency

2014 Health Care funding level increases from 13.0% to 16.7% over a 30-year period, the highest increase since 2010

2016 Board changes system funding policy

2018 COLA changes are put in place to reduce unfunded liabilities

2021 Investment return is highest since 1985

2023 Total net position is $18.3 billion

Plan Summary

Introduction

Established by state law in 1937, SERS is a statewide defined benefit plan that provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public, vocational, technical, and community schools; community colleges; and the University of Akron.

The Retirement Board is responsible for the general administration and management of the Retirement System. The Board comprises nine members: four elected employee members; two elected retiree members; and three appointed investment expert members. One investment expert is appointed by the Governor, a second one by the State Treasurer, and the third one jointly by the Speaker of the House and President of the Senate of the General Assembly.

The day-to-day operations are administered by a professional staff led by the Executive Director.

The plan summary in effect at June 30, 2023, is described below.

COVERED EMPLOYEES

All non-teaching employees of Ohio's public, vocational, technical, and community schools; community colleges; and the University of Akron are required to be members unless their position permits exemption from membership, optional membership, or the position is excluded from membership.

Compulsory or Mandatory Coverage

Compulsory coverage is required for any employee who:

- Is employed in a position for which the person is not required to have a registration certificate or license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code; or
- Performs a service common to the normal daily operation of an educational unit even though the person is employed and paid by one who has contracted with the school to perform the service.

Exemption from Coverage

The following individuals may choose exemption from coverage by filing a written application with the employer within the first month after being employed:

- A student who is not a member at the time of the student's employment and who is employed by the school, college, or university in which the student is enrolled and regularly attending classes;
- An emergency employee serving on a temporary basis in case of fire, snow, earthquake, flood, or other similar emergency; or
- An individual employed in a program established under the Workforce Innovation and Opportunity Act.

Optional Coverage

A school or governing board member may choose to become a member by making application within thirty (30) days of taking office. A school board member is a member of a city, local, exempted village, or joint vocational school district board of education, and a governing board member is a member of an educational service center governing board.

Exclusion from Coverage

The following employees are excluded from SERS coverage:

- Any person having a license issued by the Ohio Department of Education (ODE) and employed in a public school in this state in an educational position, as determined by the ODE, under programs under federal law and financed in whole or in part from federal funds, but for which no licensure requirements for the position can be made under the provisions of such federal law.
- Any person who participates in an alternative retirement plan (ARP) established by a college or university.
- University of Akron police officers who are covered by the Ohio Public Employees Retirement System (OPERS).
- Non-teaching University of Akron employees hired on or after September 28, 2016. These employees are covered by OPERS unless terminated and rehired within one (1) year of September 28, 2016.
- Employees of community school operators who withhold Social Security taxes beginning with their first paycheck: whose initial employment with the community school operator is on or after July 1, 2016, or; who previously worked for a community school operator and returned to work for that same operator on or after July 1, 2016, provided the employee was not previously employed by the same operator at any time between July 1, 2015 to June 30, 2016, and whose date of reemployment is before July 1, 2017. The

community school operator must have withheld Social Security taxes for employees on or before February 1, 2016, in order for employers to fall under this exemption.

CONTRIBUTIONS

The employee and employer are required to contribute a percentage of the employee's compensation to SERS to fund the benefits available. Employees contribute 10% of their gross compensation. Employers contribute 14% of the employee's compensation. Members are entitled to a return of their contributions, either in the form of monthly benefits, provided they meet eligibility requirements, or a single lump-sum payment after the termination of employment.

SERVICE CREDIT

The amount of a member's service credit is a factor in determining:

- Eligibility for retirement or disability benefits
- The amount of a benefit
- Eligibility for health care coverage and the amount of the health care premium

It also determines the eligibility of a member's dependents for survivor benefits, the amount of benefits, and availability of health care coverage.

Service credit is accrued through contributions during school employment, for other periods at no cost, and for other service that may be purchased.

Contributing Service Credit

One year of service credit is granted upon completion of 120 or more days of paid school employment within a fiscal year (July 1 through the following June 30). Any portion of a day constitutes one full day. If service is less than 120 days, a fractional amount of service credit is prorated on the basis of a 180-day school year.

Free Service Credit

Additional service credit up to three years is available at no cost for periods a member received Workers' Compensation for a school-related injury. In addition, certain periods of military service or disability credit may be available at no cost.

Purchased Service Credit

The following additional service credit may be available for purchase:

- Previously refunded SERS service credit
- Employer-authorized unpaid leaves of absence
- Any service after July 1, 1991, in a position for which SERS membership was compulsory, but for which a member was permitted to, and did, sign an exemption from membership form
- Any service before July 1, 1991, in a position for which SERS membership was optional, and a member did not choose to become a member
- Up to five years of service with a public or private school, college, or university in another state, or operated by the federal government, which has been chartered or accredited by the proper government agency if the service in a comparable position in Ohio would have been covered by an Ohio state retirement system, or an Ohio municipal retirement system except the Cincinnati Retirement System
- Periods of military service
- Up to two years for periods when the member resigned because of pregnancy or adoption of a child
- School board member service prior to July 1, 1991
- Cincinnati Retirement System covered service
- Service covered by the Ohio Police & Fire Pension Fund or Ohio Highway Patrol Retirement System if not being used in a benefit under those systems
- Disability credit, if member received SERS disability benefits for more than two years and returned to work for at least two years after the disability benefit terminated

Other Ohio State Retirement System Service Credit

If a member has been employed in a job covered by the State Teachers Retirement System of Ohio (STRS) or the Ohio Public Employees Retirement System (OPERS) as well as in a job covered by SERS, at retirement the member may receive a retirement benefit independently from each of the systems if eligible, or may combine the service credit and accounts in all the systems to receive one benefit. The system with the greatest service credit will be the system that will calculate and pay the benefit. While the salaries in one year will be added together, if the member has service credit in each system for the same year, the member cannot be credited with more than one year of service credit for each 12 months in a year.

Early Retirement Incentive Program

An employer may establish an Early Retirement Incentive program (ERI), which allows employees who are at least 57 years old to retire early. Under an ERI, an employer may purchase up to five years of service credit for its eligible employees. If an employer has an ERI, it notifies all eligible employees of the plan and its requirements.

AGE AND SERVICE RETIREMENT

Eligibility

A member who retired on or before August 1, 2017, from SERS retired under the following age and service credit guidelines:

- 5 years of service credit and is at least 60 years old,
- 25 years of service credit and is at least 55 years old, or
- 30 years of service credit irrespective of age.

These guidelines also apply to exempt members. To be exempt, as of August 1, 2017, the member must have had at least 25 years of service credit or purchased the right to be exempt.

A member who is not exempt may retire under the following age and service credit guidelines:

- 10 years of service credit and is at least 62 years old,
- 25 years of service credit and is at least 60 years old, or
- 30 years of service credit and is at least 57 years old.

Calculating a Benefit

The calculation of a benefit is determined using the member's salary, service credit, and age.

The **salary** used is the Final Average Salary (FAS) which is the average of the three (3) highest years of salary. If a member has more than one covered job, the salaries will be combined.

The **service credit** used is the total service credit at the time of retirement.

The **age** used to calculate a benefit is the member's actual age at the time of retirement.

The formula used in calculating a benefit is as follows:

1. The value of a year of service credit is determined by multiplying the member's FAS by 2.2%, and by 2.5% for each year above 30 years of service credit. If the result is less than $86.00, then $86.00 is the value of each year.
2. The number of years of service credit is then multiplied by this value of each year to determine the annual retirement benefit.
3. Depending on the member's service credit and age at retirement, the annual benefit may be reduced to cover a longer period of retirement.

Payment Plans

At retirement, a member must choose a payment plan. There are three categories of plans. All plans pay a monthly benefit for the retiree's life. Under the first category, payments cease with the retiree's death; this is Plan B (Single Life Allowance). Another category provides a continuing benefit to a designated beneficiary after the retiree's death. The plans in this category are Plan A, C, D (Joint Life plans), and F (Multiple Beneficiaries plan). The third category provides payment to a designated beneficiary for a specified period of time if the retiree dies during the specified period; this is Plan E (Time Limited). Choosing a plan other than the Single Life Allowance will result in a reduced monthly benefit to the retiree depending on the retiree's age, the beneficiary's age, and the plan chosen.

Partial Lump Sum Option Payment

In addition to selecting a payment plan, a member may elect to receive part of their benefit in a one-time partial lump sum option payment (PLOP), which will permanently reduce the lifetime monthly benefit. A PLOP payment may be from 6 to 36 months of the unreduced retirement allowance, and cannot reduce the original allowance more than 50%.

Reemployment

A retiree may be reemployed after retirement. A job in the private sector does not affect the retiree's benefit.

However, if the job is in a position covered by SERS, the State Teachers Retirement System of Ohio, the Ohio Public Employees Retirement System, the Ohio Police & Fire Pension Fund, or the Ohio Highway Patrol Retirement System, SERS must be notified. If the retiree returns to work in a job covered by any of these systems before the retiree has received a SERS benefit for two months, the retiree forfeits the benefit payment for each of the two months in which the retiree worked.

If the retiree returns to a SERS-covered position, then member and employer contributions are required for the new position. The retiree accrues a new benefit in the form of an annuity based on the contributions paid by the retiree and the employer. This is separate from the original SERS benefit. There are no other benefits available, and the retiree does not accrue any additional service credit for the period of reemployment.

DISABILITY BENEFITS

A member is entitled to a benefit under one of two disability plans. A member who became a member on or after July 29, 1992, is covered under the **new disability plan**. A member who became a member before July 29, 1992, is covered by the **old disability plan** unless they exercised a one-time election to switch to the new plan.

The following describes the common and different features of both plans.

Eligibility

Under both plans, a member is eligible for disability benefits if the member:

- Has at least 5 years of total service credit;
- Files an application no later than 2 years from the date that the contributing service stopped;
- Is permanently disabled, either physically or mentally, for work in a SERS-covered position as determined by a physician appointed by SERS;
- Became disabled after becoming a SERS member;
- Did not receive a refund of the member's contributions;
- Does not receive a service retirement benefit;
- Is not receiving a disability benefit from State Teachers Retirement System of Ohio, the Ohio Public Employees Retirement System, the Ohio Police & Fire Pension Fund, the Ohio Highway Patrol Retirement System, or the Cincinnati Retirement System; and
- Is not applying for a disability benefit based on a disabling condition that resulted from a felony the member was convicted of, pled guilty to, or was found not guilty of by reason of insanity.

Under the old disability plan, a member also must apply before turning 60 years old. Under the new disability plan a member may apply at any age.

All disability recipients enrolled in a SERS health care plan are required to apply for Social Security disability benefits, if eligible.

Benefit Payment

Old Disability Plan

Under the old disability plan, an annual benefit is calculated by the following formula using total service credit and Final Average Salary (FAS):

1. The value of a year of service credit is determined by multiplying the member's FAS by 2.2%. If the result is less than $86.00, then $86.00 is the value of each year.
2. The number of years of service credit is then multiplied by this value of each year.

Service credit includes all service credit the member has at the time of the benefit effective date plus the number of years between the member's current age and age 60. The benefit cannot be less than 30% of FAS or more than 75%.

New Disability Plan

Under the new disability plan, the amount of an annual benefit is the greater of 45% of FAS, or total service credit at the time of the application multiplied by 2.2% of FAS, not to exceed 60% of FAS. The following chart shows the approximate applicable percentage amounts under this plan:

Years of Service Credit	Percentage of the Member's FAS
5-21	45.0%
22	48.4
23	50.6
24	52.8
25	55.0
26	57.2
27	59.4
28 or more	60.0

Termination of Benefits

Under the **new disability plan**, benefits also will end after a specified number of months as shown:

Age at Effective Date	Period Benefits Payable
Younger than 60	Until age 65
60 or 61	60 months
62 or 63	48 months
64 or 65	36 months
66, 67, or 68	24 months
69 or older	12 months

At the end of the period, the member can apply for a conversion retirement benefit.

A disability benefit under either plan stops if any one of the following events occur:

- A subsequent SERS medical re-examination finds that the member meets the applicable standard for termination, which changes 3 or 5 years after the disability benefits began (depending on whether the member is receiving rehabilitation or treatment).
- The member is no longer disabled from their SERS-covered position, or
- The member is capable of performing other job duties with pay at or above 75% of his or her annual compensation and can reasonably find such a position with his or her qualifications.
- The member returns to a SERS-covered job.
- The member dies.
- The member requests that benefits end.

DEATH BENEFIT

At death after retirement or receipt of a disability benefit, the retiree's beneficiary or disability benefit recipient's beneficiary is entitled to a one-time lump sum payment of $1,000.

SURVIVOR BENEFITS

Eligibility

If a member dies while working, before the member begins receiving a monthly service retirement benefit, or while receiving a disability benefit, the member's qualified survivors are entitled to certain benefits.

A beneficiary qualifies for benefits in the following order:

1. Person designated in writing by the member on a form provided by SERS

2. If there is no designated beneficiary or the beneficiary died before the member, the statutory order of beneficiaries applies

The statutory order of succession is as follows, the member's:

1. Surviving spouse
2. Surviving children
3. Dependent parent who is age 65 or older
4. Surviving parents
5. Estate

The first qualifying beneficiary is entitled to a one-time, lump-sum payment of only the member's remaining contributions to SERS, or monthly benefits if otherwise eligible. However, if the member is survived by children under age 19, or by children who are mentally or physically incompetent, only a monthly benefit is available to the qualifying survivors.

Monthly benefit payments are available if the member:

1. Had at least one and one-half (1½) years of contributing service credit
2. Had at least one-quarter (¼) year of Ohio service credit earned within two and one-half (2½) years prior to death
3. Was not receiving a service retirement benefit

The following survivors are eligible for monthly benefits:

1. Surviving spouse at age 62
2. Surviving spouse at any age if the member had 10 or more years of service credit; or if there are qualified children; or has been declared mentally or physically incompetent by a court
3. Children who have never married and are under 19, or have been declared mentally or physically incompetent by a court
4. Dependent parent age 65 or older

Benefit Payments

The amount of the monthly benefit is determined under one of the following schedules, whichever pays the greater benefit:

	SCHEDULE I	SCHEDULE II
Number of Qualified Beneficiaries	Monthly Benefit Shall Not be Less than	As a Percentage of the Member's Final Average Salary
1	$96*	25%
2	186	40
3	236	50
4	236	55
5 or more	236	60

*Not less than $106 to spouse if the member had 10 or more years of service credit.

SCHEDULE III	
Years of Service	As a Percentage of the Member's Final Average Salary
20	29%
21	33
22	37
23	41
24	45
25	48
26	51
27	54
28	57
29 or more	60

COST-OF-LIVING ADJUSTMENT

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023.

HEALTH CARE

Currently, SERS offers medical and prescription drug coverage to qualifying benefit recipients. To the extent that resources permit, SERS intends to continue offering access to health care coverage. However, the Retirement System reserves the right to change or discontinue any plan or program at any time.

Currently a **service retiree** qualifies for health care coverage if the retiree has 10 qualified years of service credit at retirement. Qualifying service credit does not include:

- Military, other than free or interrupted military service credit;
- Other government and school service credit;
- Exempted service credit; or
- Service credit purchased by an employer under an Early Retirement Incentive plan.

A beneficiary of a deceased service retiree who receives a monthly benefit qualifies for health care coverage if the retiree had qualified for such coverage.

Disability benefit recipients qualify for the SERS health care coverage upon receipt of a disability benefit.

Survivor benefit recipients qualify for health care coverage upon receipt of a survivor benefit.

Opportunistic and Tactical Investments Portfolio Review

As of October 31, 2023

Presented by Investment Staff

Meeting Date: December 2023

Farouki Majeed and Phil Sisson

Portfolio Summary

$567 Million Market Value

- 11 Managers / 19 Fund Investments
  - 3 Ranked as A
  - 2 Ranked as B
  - 1 Ranked as C
  - 5 are new to the portfolio and not yet ranked
- Unfunded commitments: $343 million

Recent Performance

- 6.1% one-year net return; 9.8% three-year annualized net return
- Portfolio is exceeding the policy benchmark across all time periods

Portfolio Activity

- Five funds totaling $246 million added to the portfolio in last 12 months
- Focus on diversification and return enhancement
- Ongoing market volatility creates investment opportunities
- Research new opportunities

Implementation Guidelines

Role

- SERS invests in opportunistic strategies that do not fit with the existing asset classes.
- Investments are defined as tactical or non-traditional investment opportunities. Such investments may involve capitalizing on short-term market dislocations or other unique situations or innovative strategies including tactical asset allocation.

Performance Objective

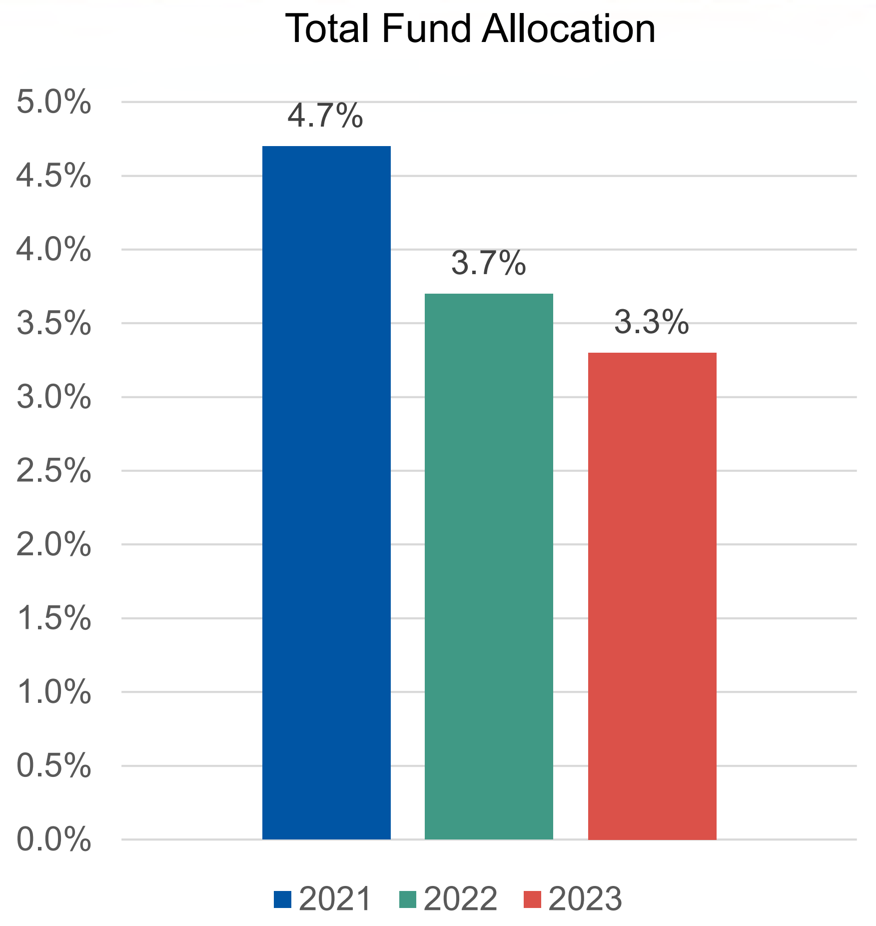
- Earn a net-of-fee return in excess of the Bloomberg US Aggregate Bond Index + 2%

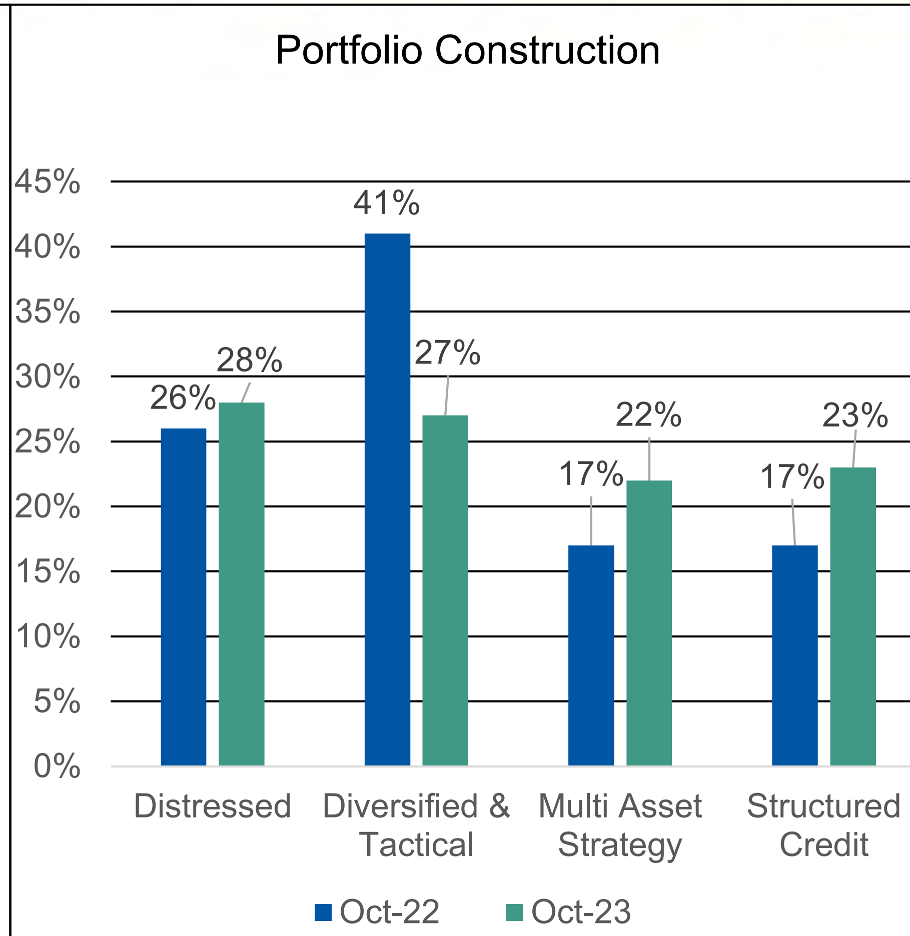
Allocation

- The allocation range is 0-5%

OPPORTUNISTIC & TACTICAL INVESTMENTS

Portfolio Updates

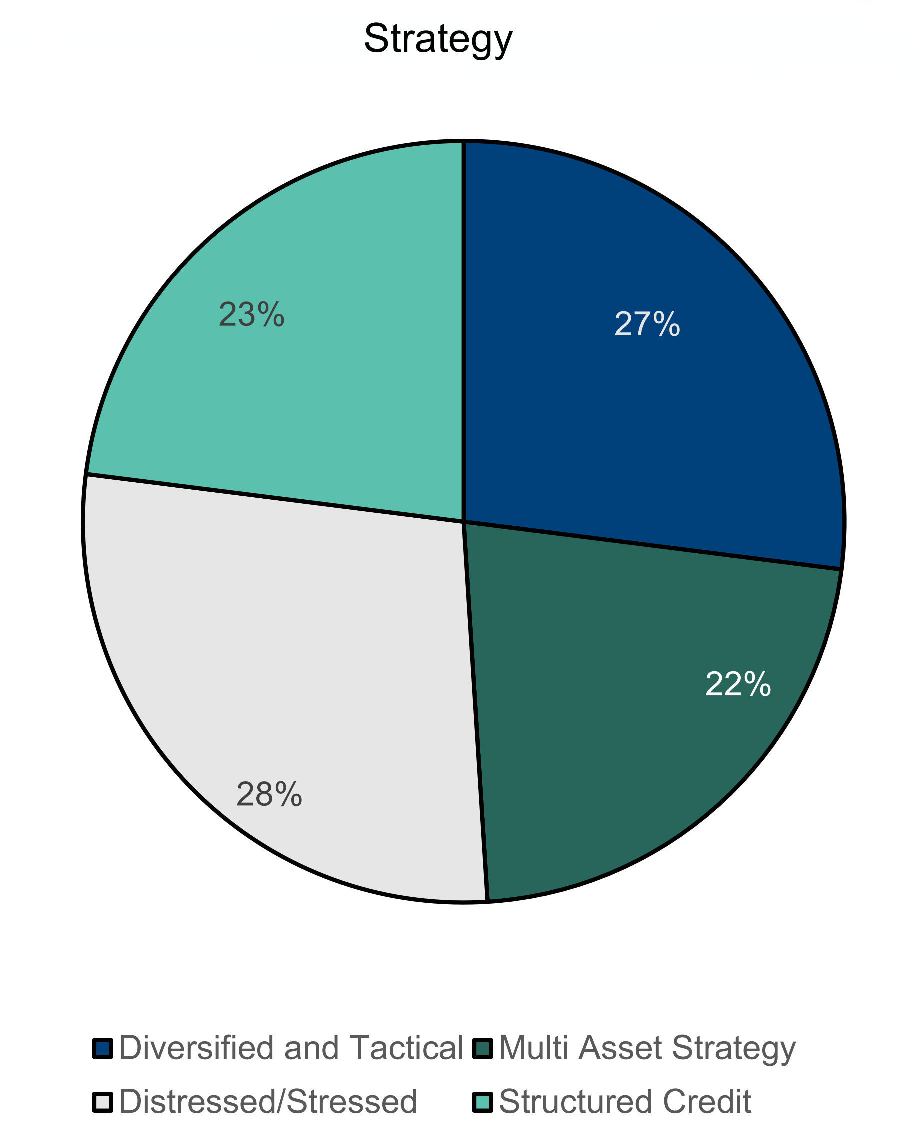




- Portfolio value changed from $633 million to $567 million since October 2022
- Allocation decreased from 3.7% to 3.3% due to net redemptions of approximately $100 million
- New funds added across all strategies

OPPORTUNISTIC & TACTICAL INVESTMENTS

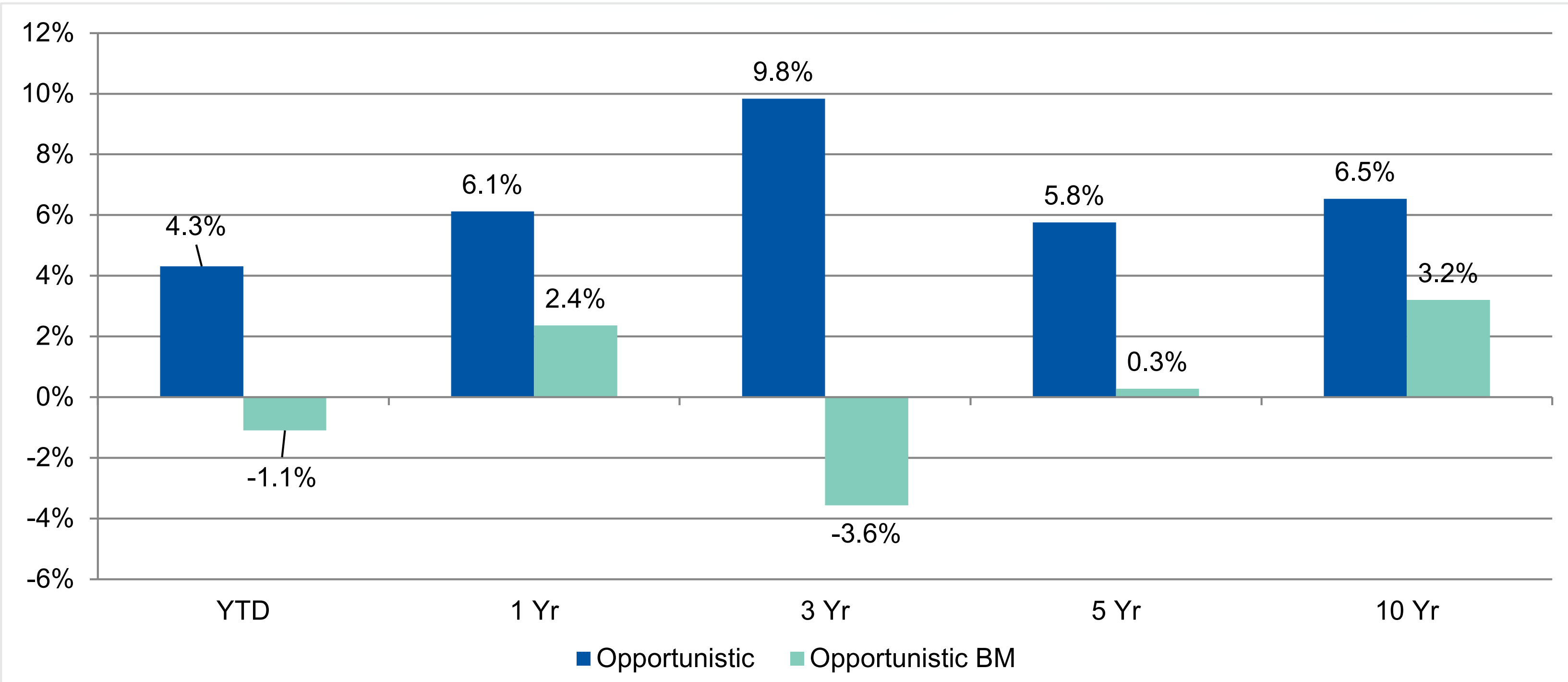
Portfolio Construction



- **Diversified and Tactical (27%)**
  - Tactical investments are strategies that can actively allocate between opportunities and provide inflation protection
- **Multi Asset Strategy (22%)**
  - Diversified portfolios investing in debt and equity investments
- **Distressed/Stressed (28%)**
  - Distressed debt investing is the process of investing in the debt of a financially distressed company. This can include companies undergoing operational challenges or operating in cyclical industries such as energy, retail and media
- **Structured Credit (23%)**
  - Structured credit includes investments in commercial real estate, mortgages, and other asset-backed securities

OPPORTUNISTIC & TACTICAL INVESTMENTS

Portfolio Performance



As of Oct 31, 2023 (net of fees)	Year to Date	1 Year	3 Years	5 Years	10 Years
Opportunistic Portfolio	4.31	6.12	9.84	5.76	6.54
Opportunistic Policy Benchmark	-1.09	2.36	-3.56	0.28	3.20
Total Fund Policy	2.61	4.88	6.13	6.79	6.50

Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: October 31, 2023

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: December 2023

Investment Agenda

- Annual Portfolio Review – Opportunistic & Tactical
- Monthly Investment Report (October 31, 2023)
- Asset Allocation - Real Assets Ségrégation (R)

Economic and Financial Market Outlook

- Q3 US growth rate was revised up by 0.3% to 5.2% in the second estimate. The main drivers of Q3 robust growth were increases in personal consumption expenditures (+3.6%), private domestic investment (+10.5%) and government spending (+5.5%). The consensus expectation is for the economic growth to slow drastically in Q4 2023 (+0.9%) and Q1 2024 (+0.4%) due to the effects of high interest rates and tightening financial conditions. (*Source: Bureau of Economic Analysis and October Blue Chip Economic Indicators)*

- The US labor market weakened in October, adding 150,000 jobs which is 45% of the September number of 336,000. Unemployment rate increased slightly to 3.9%. The labor force participation was 62.7%, remaining below the pre-pandemic level of 63.3%, *(Sources: Bureau of Labor Statistics and Department of Labor)*

- US headline inflation decreased by 0.5% to 3.2% in October. The energy price index fell 2.5% for the month of October and 4.5% for the last 12 months while the food index appreciated 3.3% for the last 12 months. Core inflation was 4.0%, 0.1% lower than the previous month, however, the rent price remained elevated with a 6.7% increase for the last 12 months. *(Source: Bureau of Labor Statistics).*

- The 10-year Treasury nominal yield decreased by 61 bps from the previous month to 4.27% as of November end. The current 10-year real yield, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation, increased to 1.68%, close to the historical average of 1.81% in October. The Fed Funds rate is in the range 5.25-5.50%, the highest level since October 2006.

- The housing market continued its positive trend. The S&P Case-Shiller 20-City home price index generated 0.2% for the month and 3.9% for the 1-year period as of September 2023.

- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan was down to 61.3 in November though higher than the trough in June 2022. The US Economic Surprise index which trended up since January 2023, fell sharply from 63.4 to 28.0 in November. The September Leading Economic Index (LEI) issued by the Conference Board was 103.9, down 0.8% from the previous month. The index has been trending down for the last 19 months, indicating weakness in many factors.

- In November, the US Manufacturing PMI reading remained below 50, indicating contraction, while the US Services PMI was above 50, indicating expansion in service sectors. High interest rates and high inflation continue to be the largest challenges to US and global economies. *(Source: Institute for Supply Management).*

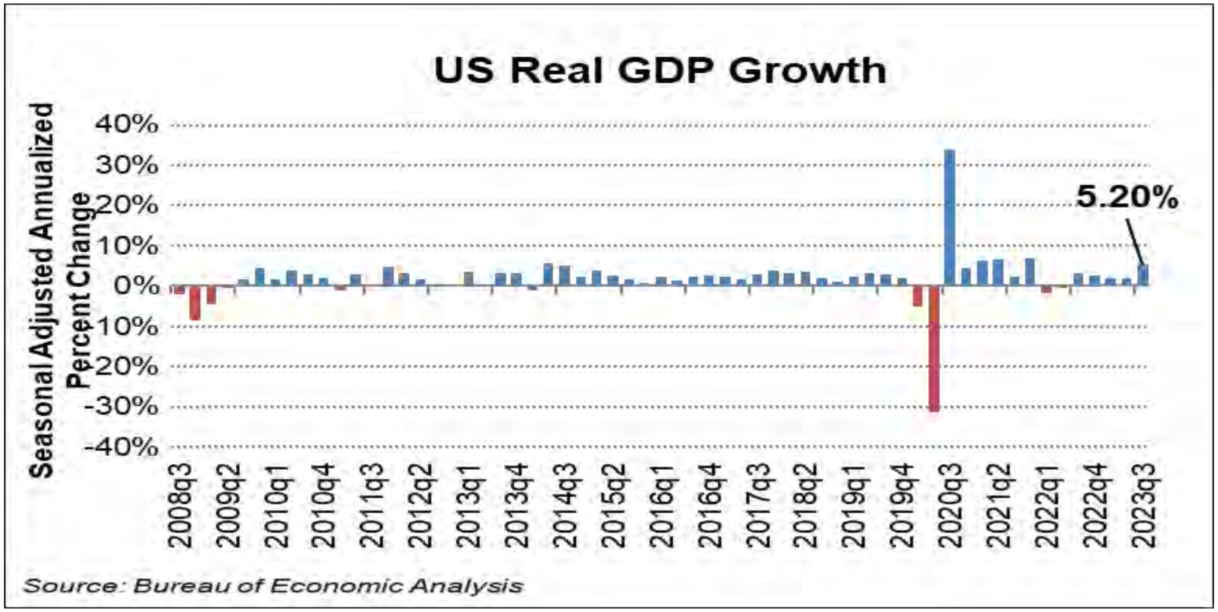
- Equity markets rallied in November, after three negative months. The US market (Russell 3000) was up 9.32%; the Non-US Developed markets (MSCI World ex-USA) and Emerging markets were up 9.00% and 8.0% for the month, respectively.

- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was up 4.53% for November after six consecutive negative months.

Notes: Acronym – PMI – Purchasing-Managers' Index

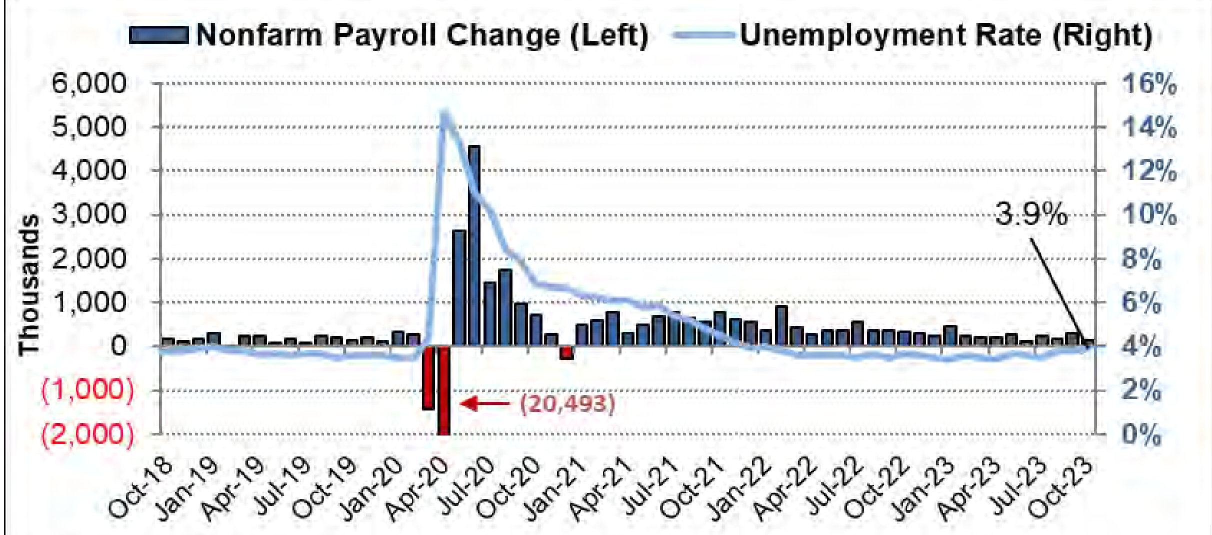
ECONOMY

US Real Gross Domestic Product

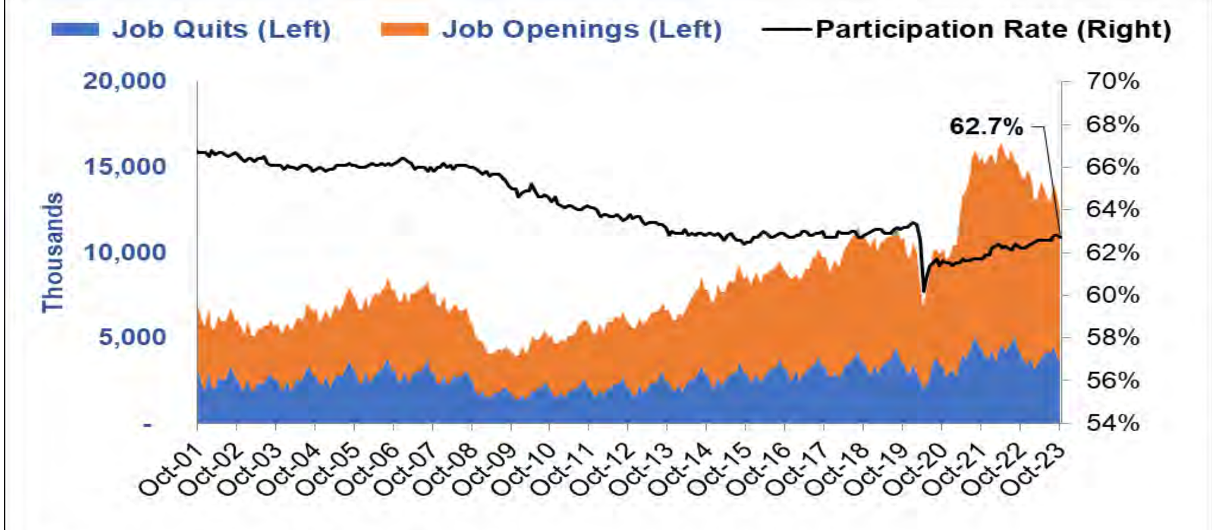


ECONOMY

US Labor Market



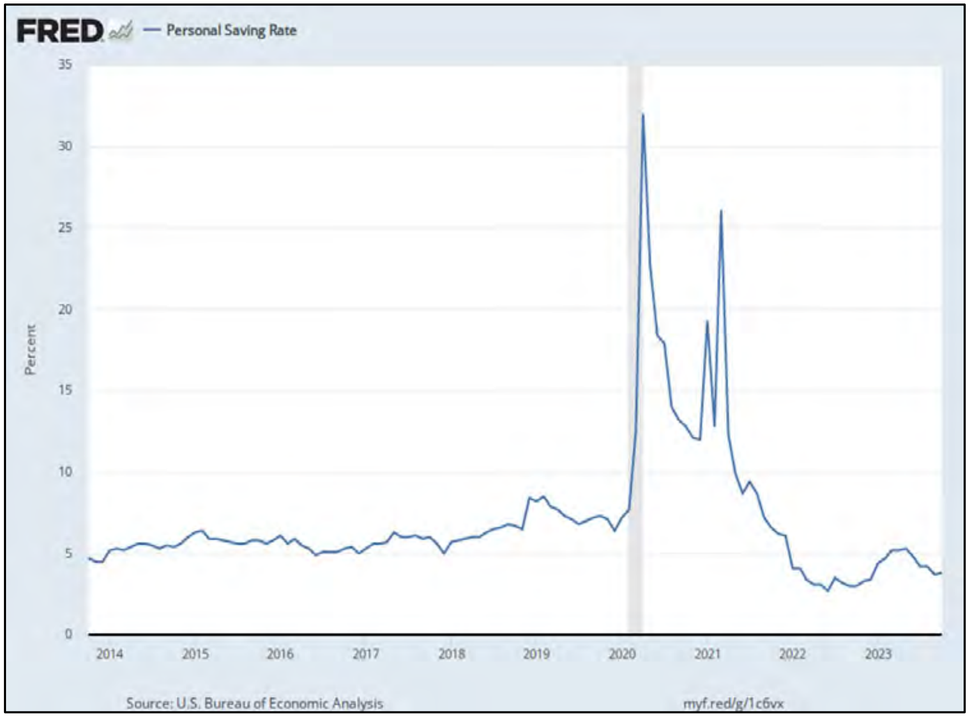
Source: Bureau of Labor Statistics

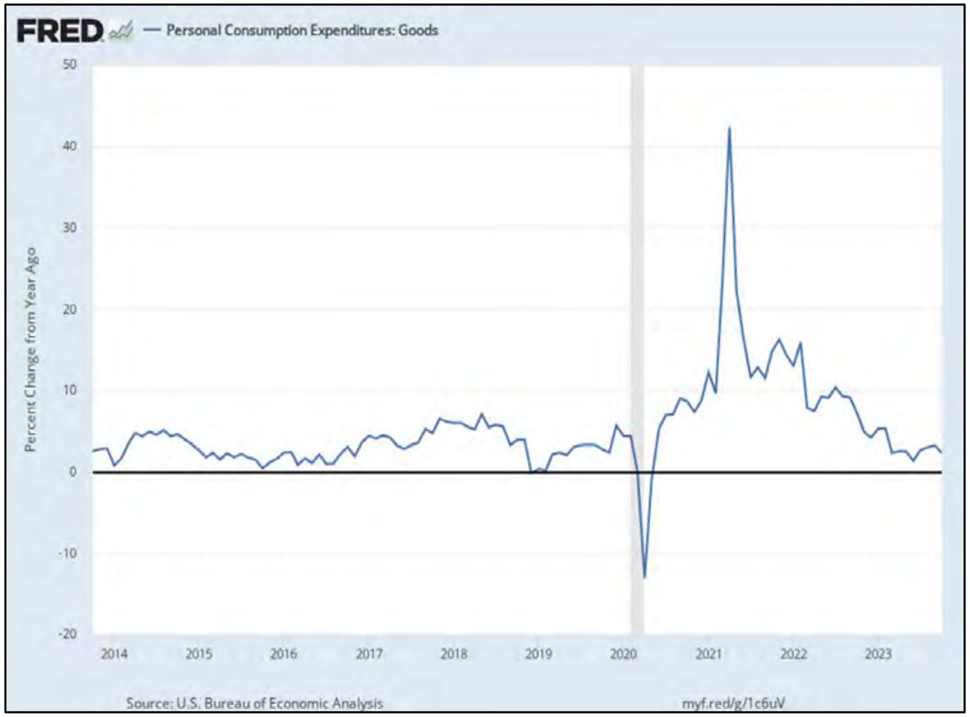


Source: https://fred.stlouisfed.org

ECONOMY

Personal Savings Rate & Personal Expenditures: Goods





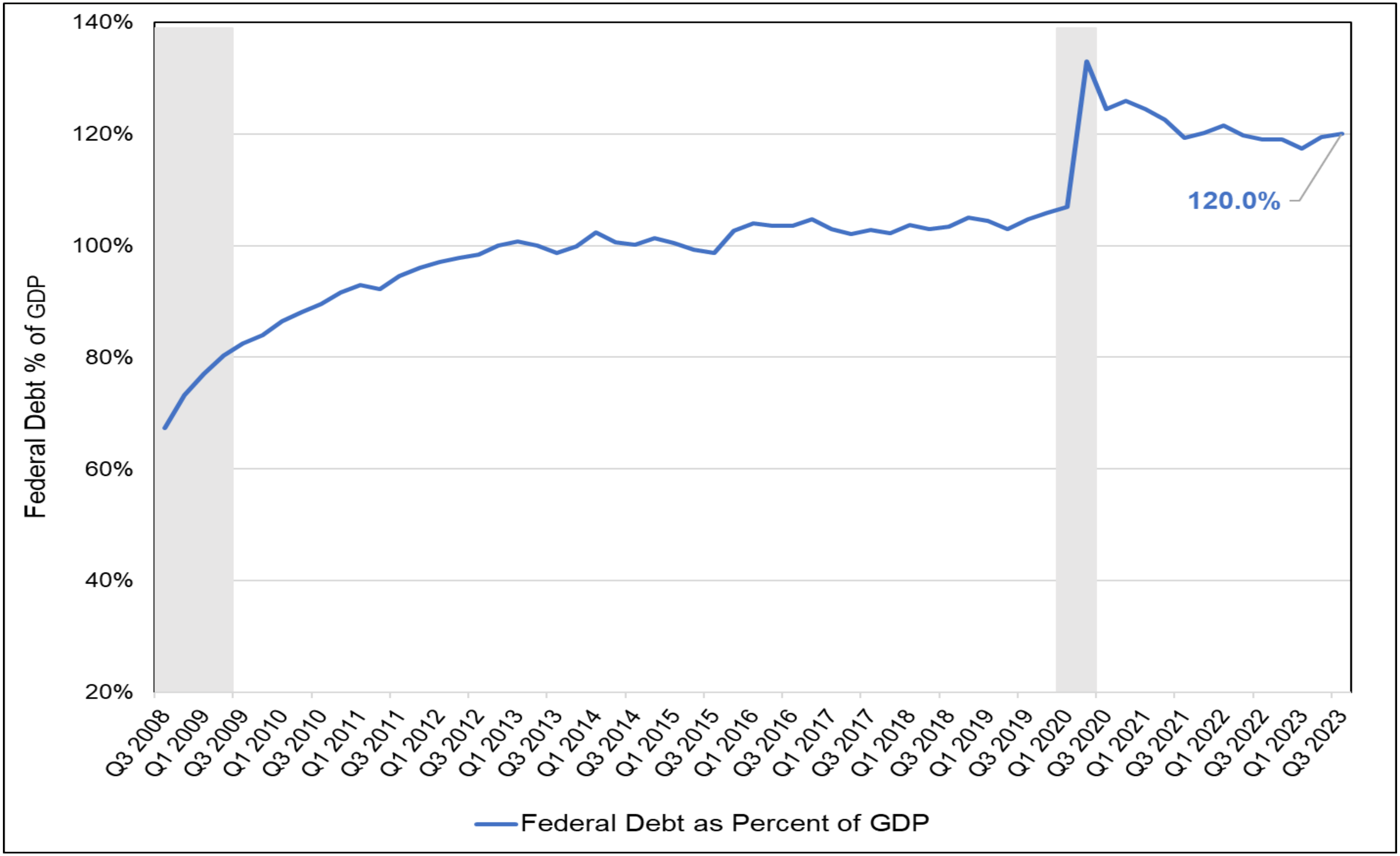
Date	Annual Personal Savings Rate
Jun-20	18.4%
Jun-21	8.7%
Jun-22	2.7%
Jun-23	4.8%
Oct-23	3.8%

Date	Personal Consumption Expenditures: Goods Change from Prior Year
Jun-20	5.3%
Jun-21	16.3%
Jun-22	9.1%
Jun-23	1.4%
Oct-23	2.4%

Source: FRED, U.S. Bureau of Economic Analysis

ECONOMY

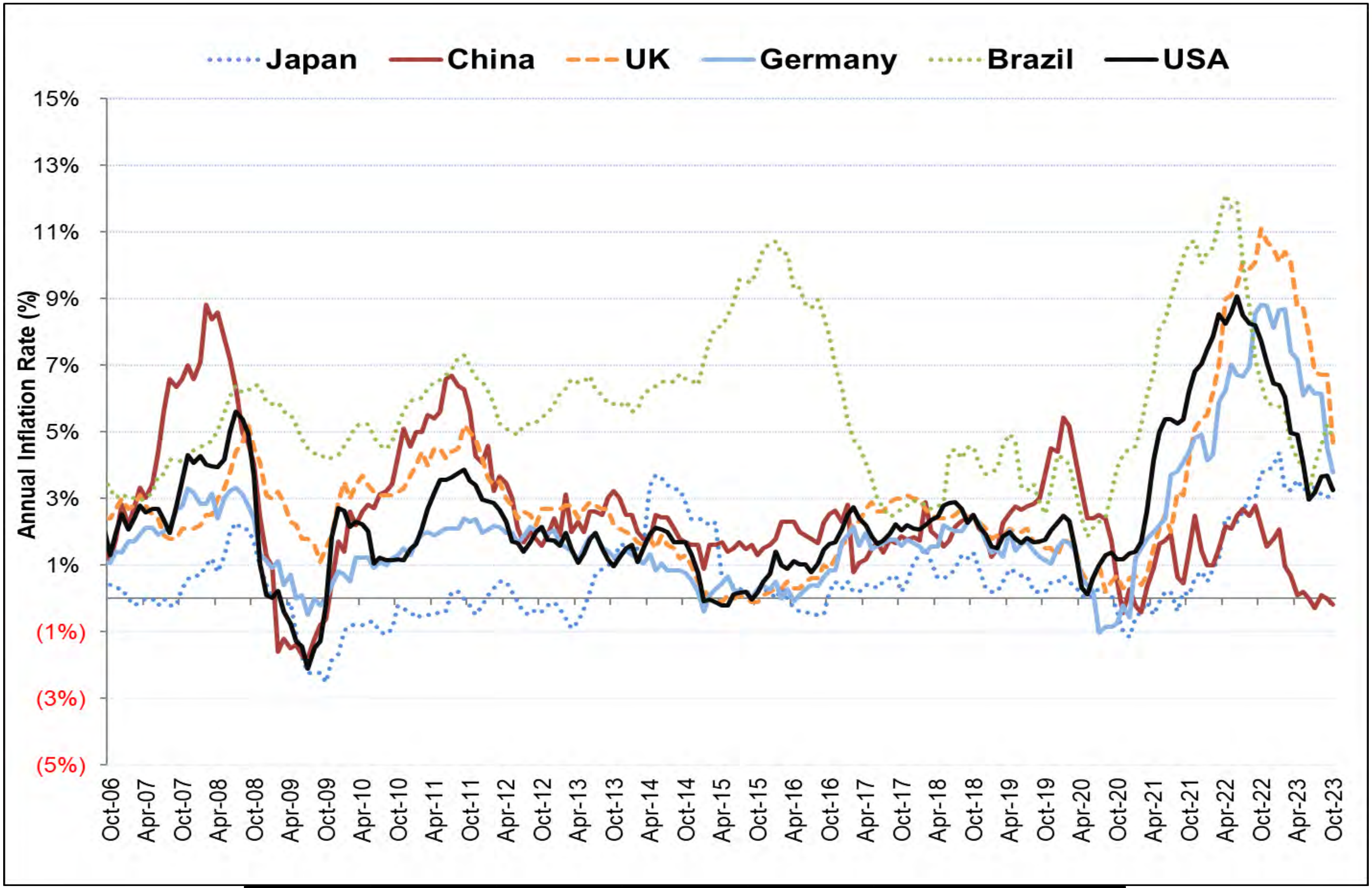
Federal Debt as Percent of GDP



Source: FRED, U.S. Office of Management and Budget

ECONOMY

Headline Inflation

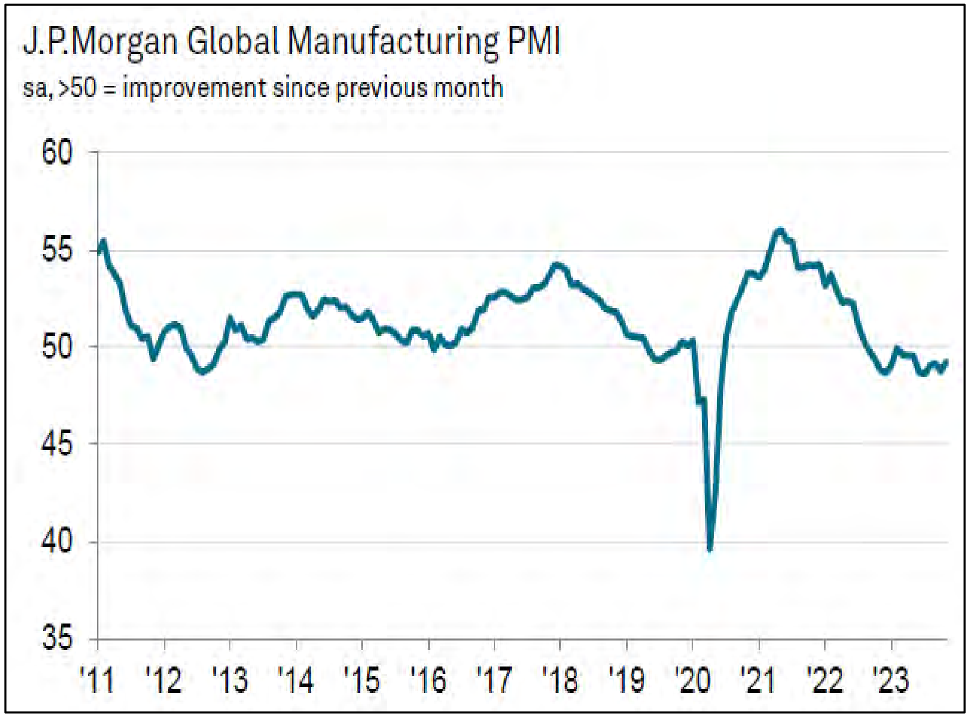


	Japan	China	UK	Germany	Brazil	USA
Oct-23	3.3	-0.2	4.7	3.8	4.8	3.2

Sources: www.ons.gov.uk, www.oecd.org, www.inflation.eu, and www.tradingeconomics.com

ECONOMY

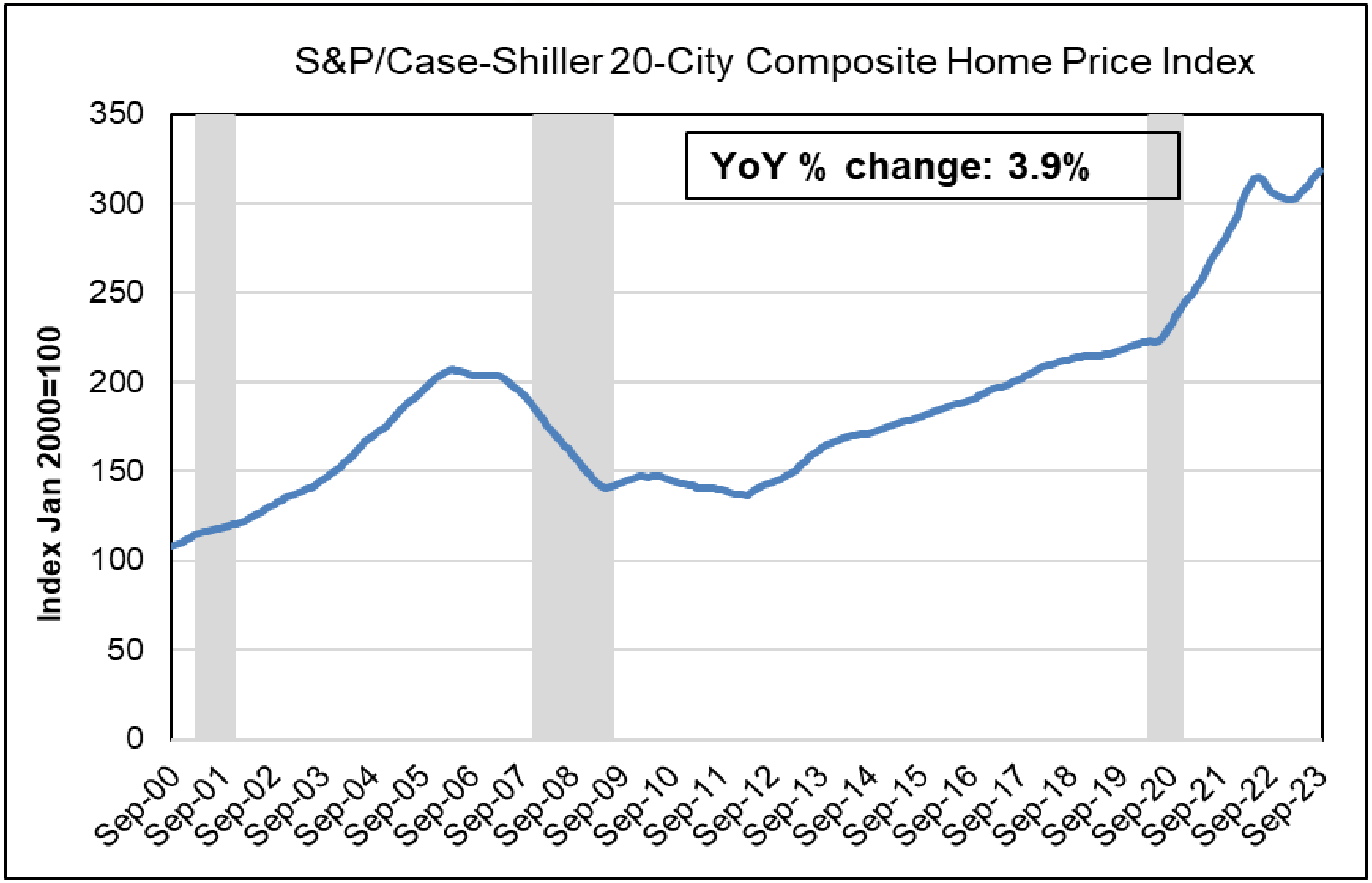
US & Global Manufacturing Activities



Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index

ECONOMY

US Housing Market

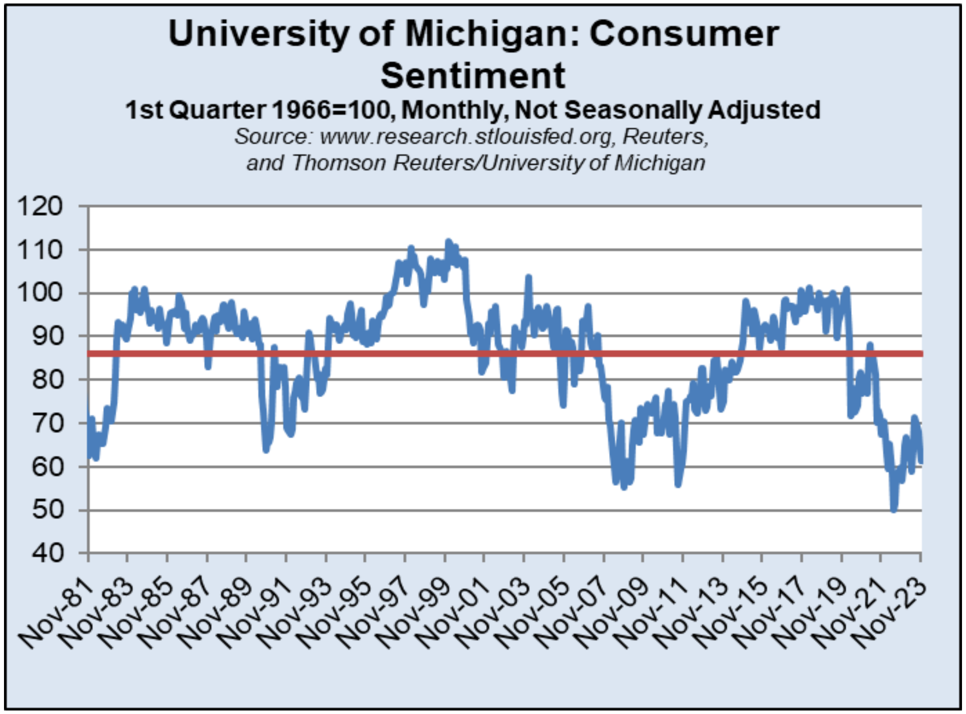


Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-20	225.10
Jul-21	270.04
Jul-22	313.24
Jul-23	313.63
Sep-23	318.33

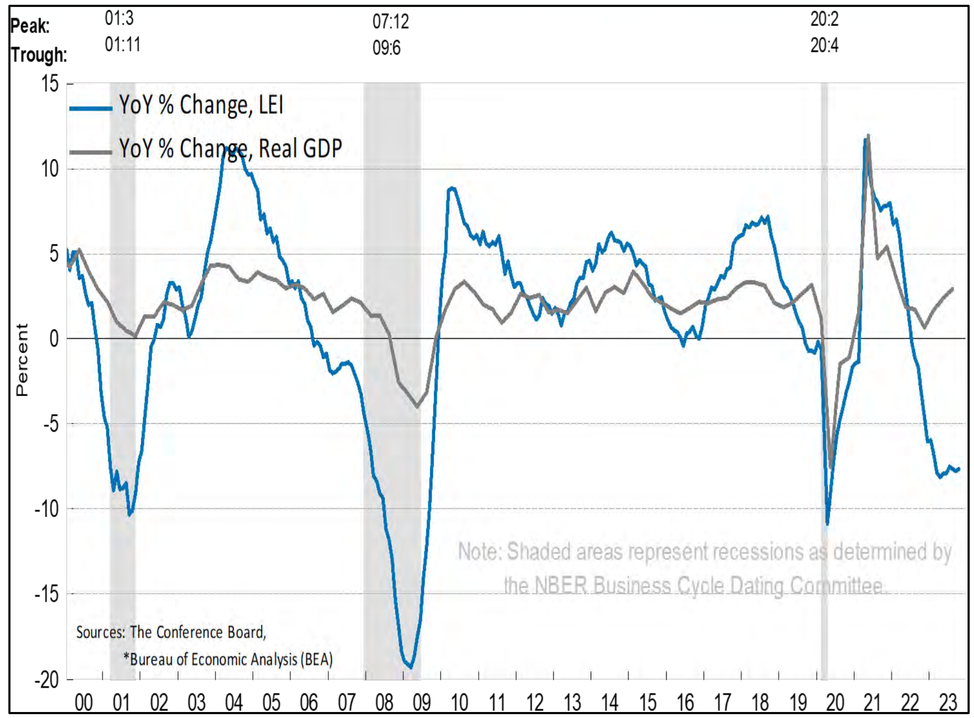
Source: www.research.stlouisfed.org

ECONOMY

Consumer Sentiment



The Leading Economic Index (LEI)



Shaded areas represent US recessions

Index of Consumer Sentiment				
Oct-23	Nov-23	Nov-22	M-M Change	Y-Y Change
63.8	61.3	56.7	-3.9%	8.1%

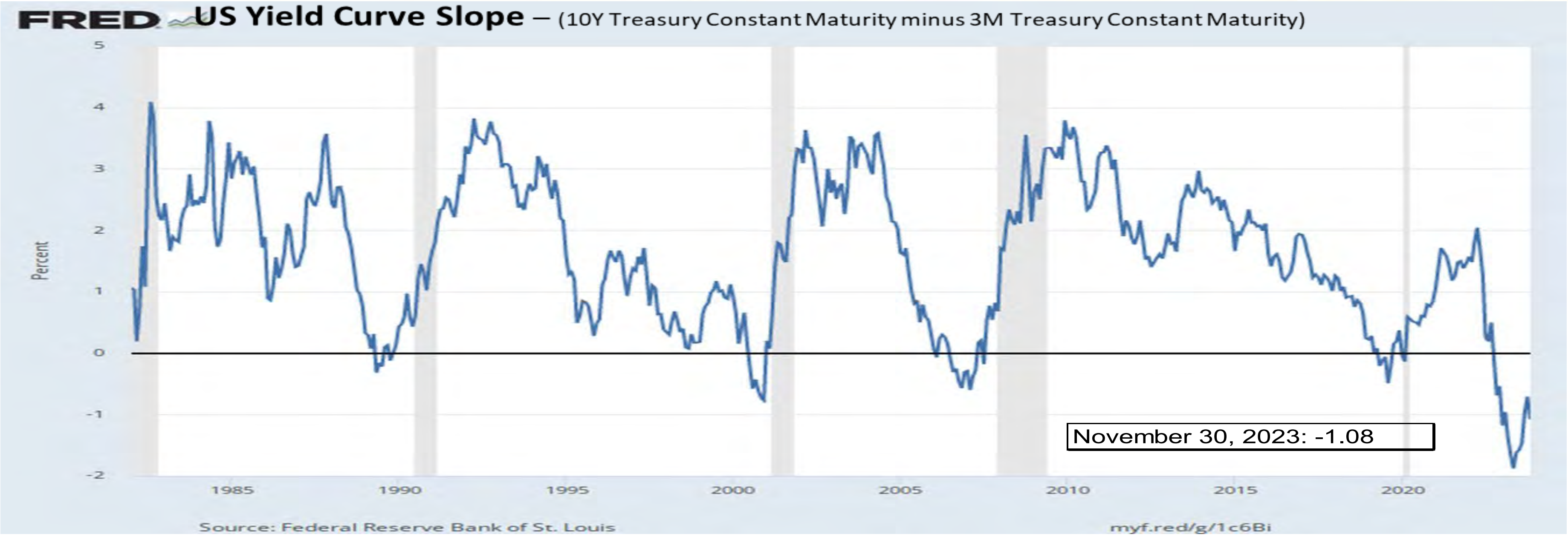
Index	Sep-23	Oct-23	Month -Month Percent Change	6-Month Percent Change (Apr-Oct)
LEI	104.7 r	103.9 p	-0.8	-3.3

p Preliminary; r Revised; Indexes equal 100 in 2016

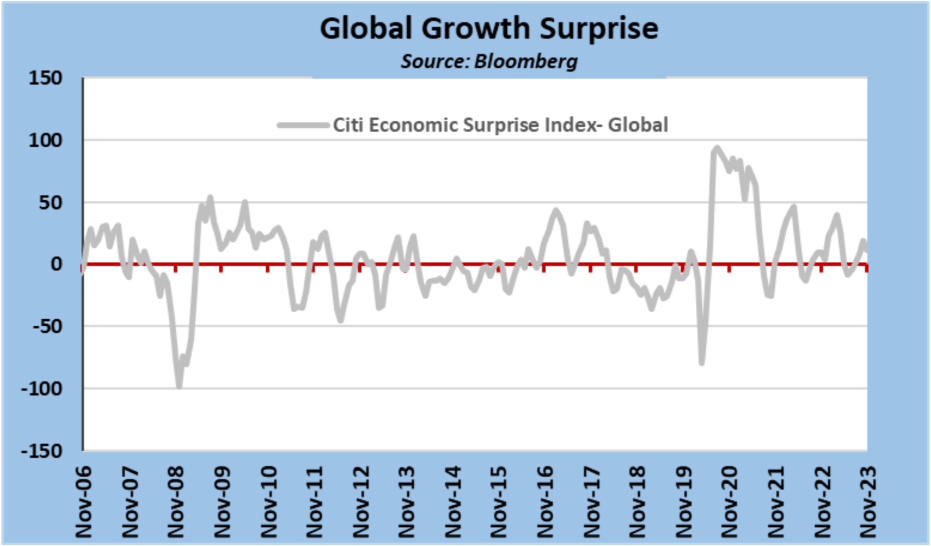
Sources: Thomson Reuters / University of Michigan

Sources: The Conference Board and advisorperspectives.com

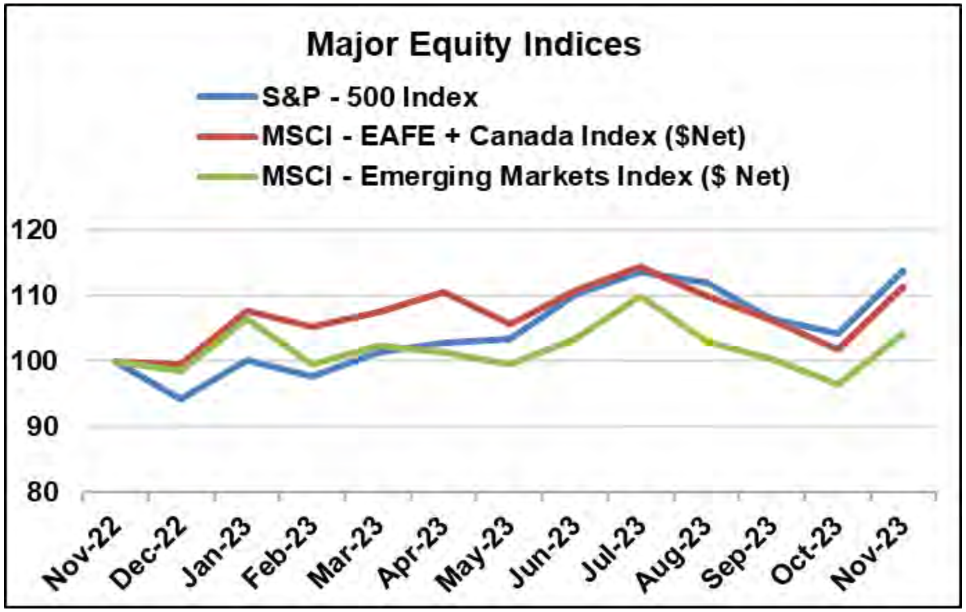
ECONOMY

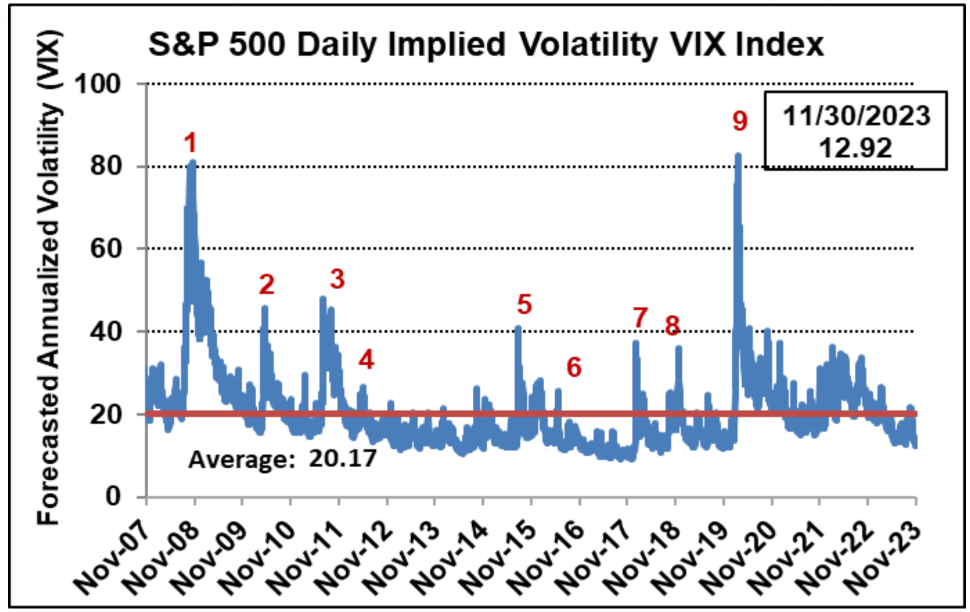

FRED
US Yield Curve Slope – (10Y Treasury Constant Maturity minus 3M Treasury Constant Maturity)
Percent
5
4
3
2
1
0
-1
-2
1985
1990
1995
2000
2005
2010
2015
2020
November 30, 2023: -1.08
Source: Federal Reserve Bank of St. Louis
myf.red/g/1c6Bi


US Growth Surprise
Source: Bloomberg
Citi Economic Surprise Index- US
300
250
200
150
100
50
0
-50
-100
-150
-200
Nov-06
Nov-07
Nov-08
Nov-09
Nov-10
Nov-11
Nov-12
Nov-13
Nov-14
Nov-15
Nov-16
Nov-17
Nov-18
Nov-19
Nov-20
Nov-21
Nov-22
Nov-23


Global Growth Surprise
Source: Bloomberg
Citi Economic Surprise Index- Global
150
100
50
0
-50
-100
-150
Nov-06
Nov-07
Nov-08
Nov-09
Nov-10
Nov-11
Nov-12
Nov-13
Nov-14
Nov-15
Nov-16
Nov-17
Nov-18
Nov-19
Nov-20
Nov-21
Nov-22
Nov-23

MARKETS Equity





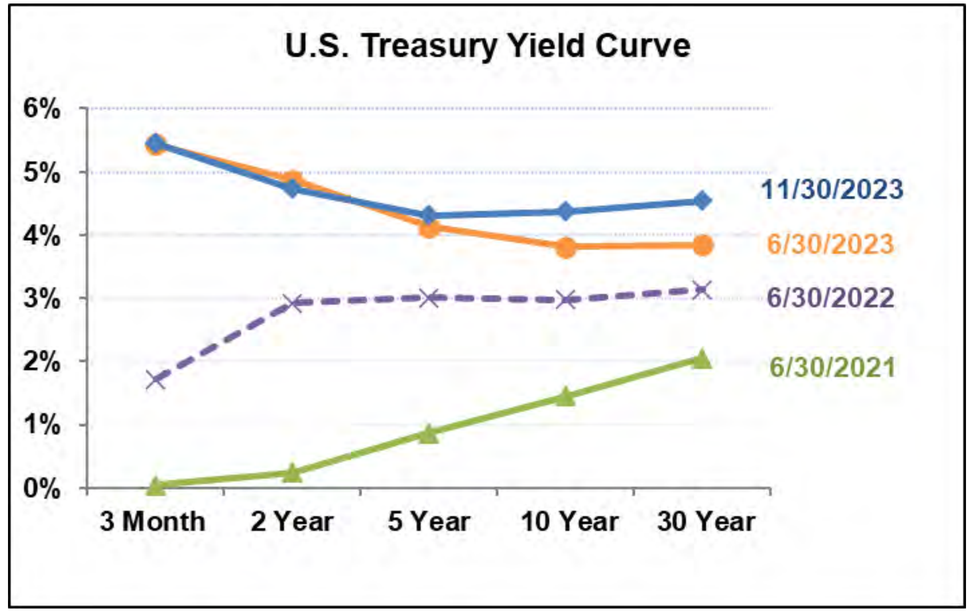
	Return as of 11/30/2023	
	1 Year	FYTD
S&P 500	13.84	0.12
MSCI - EAFE + Canada Index ($Net)	11.29	(2.67)
MSCI - Emerging Markets Index ($Net)	4.21	(5.13)

1	2008 (Nov.)	Financial Crisis S&P 500: - 48.8%
2	2010 (May)	Flash crash; Europe/ Greece debt S&P 500: -16%
3	2011 (Aug.)	US downgrade, Europe periphery S&P 500: -19.4%
4	2012 (June)	Eurozone double dip S&P 500: -9.9%
5	2015 (Aug.)	Global slowdown, China, Fed S&P 500: -12.4%
6	2016 (Feb.)	Oil crash, US recession fear, China S&P 500: -10.5%
7	2018 (Feb.)	Inflation, trade, tech S&P 500 : -10.2%
8	2018 (Dec.)	Interest rate hike, trade tension, global slowdown S&P 500: -10.5%
9	2020 (Mar.)	Coronavirus, S&P 500 : -23.7%

Sources: www.research.stlouisfed.org, and Wilshire Compass

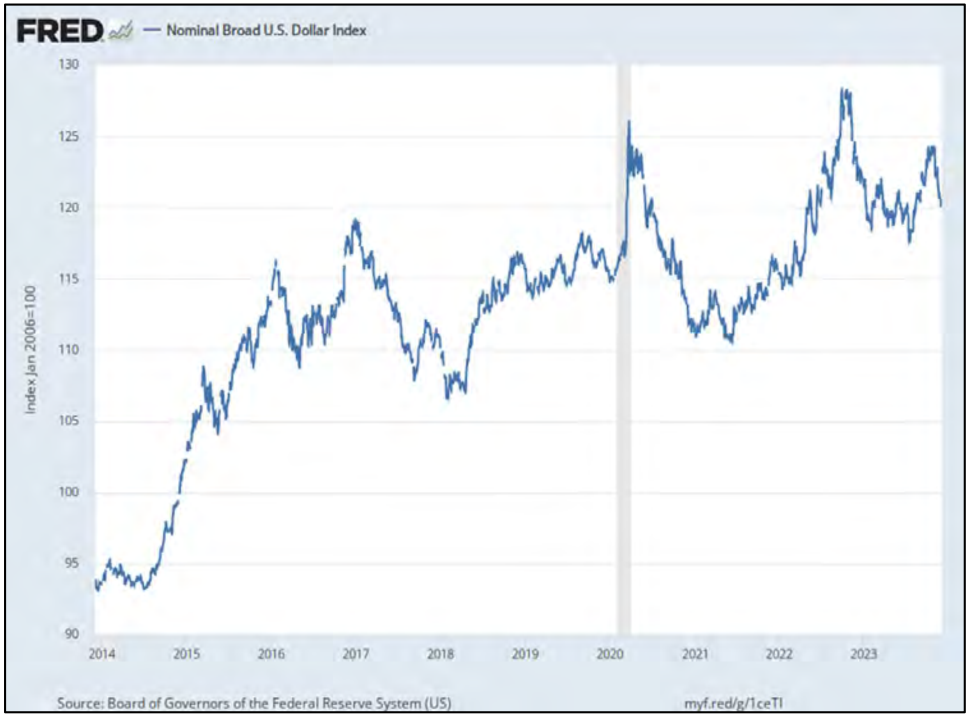
MARKETS

Fixed Income



Sources: Wilshire Compass, ThomsonReuters, and Bloomberg

Foreign Exchange



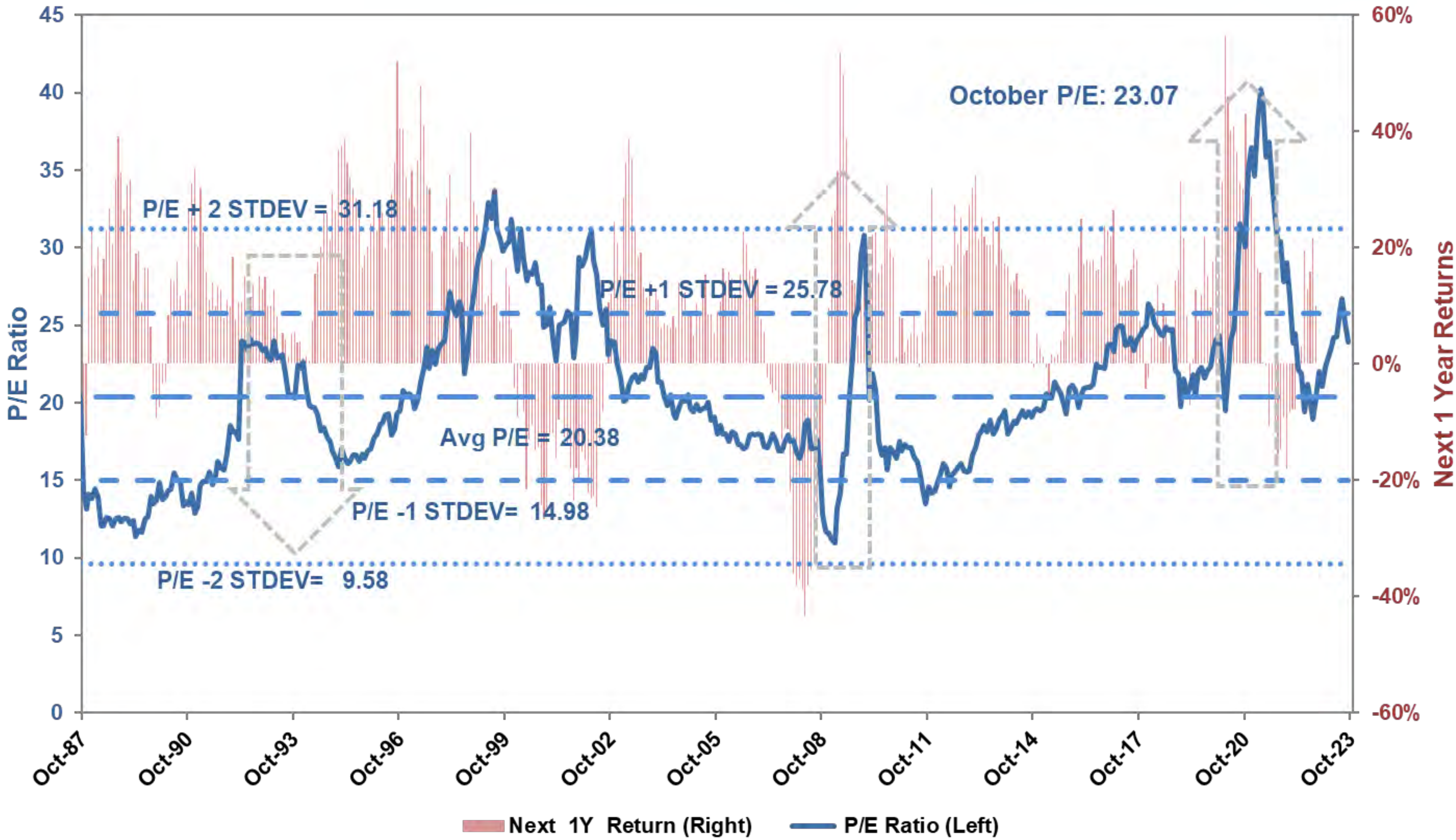
Date	Nominal Broad U.S. Dollar Index January 2006=100
June-20	120.86
June-21	112.85
June-22	121.05
June-23	119.89
November-23	120.37

Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-20	1.12
June-21	1.18
June-22	1.05
June-23	1.09
November-23	1.09

Sources: www.research.stlouisfed.org

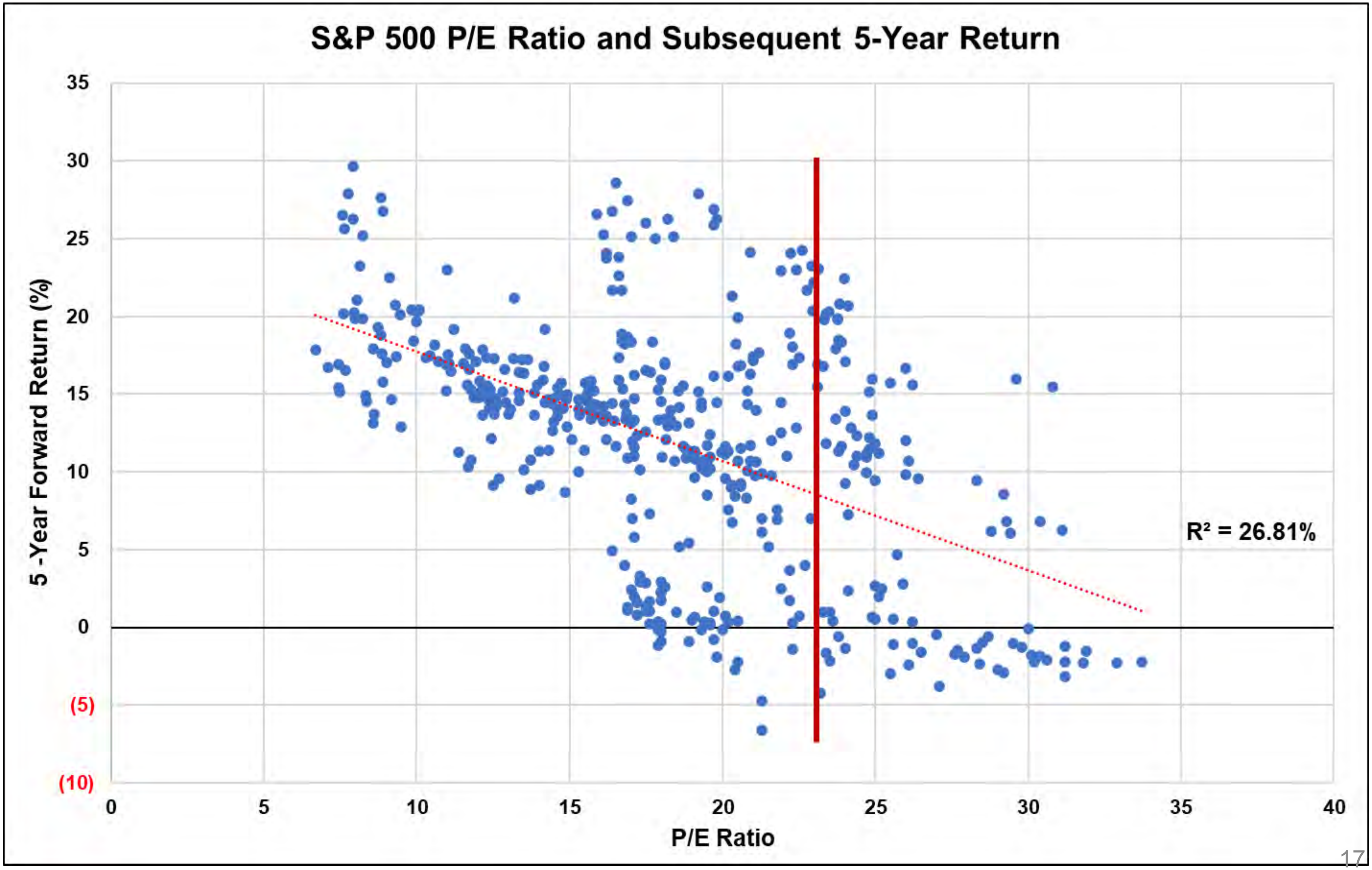
VALUATION US Equity

S&P 500 P/E Ratios and Next 1 Year Returns



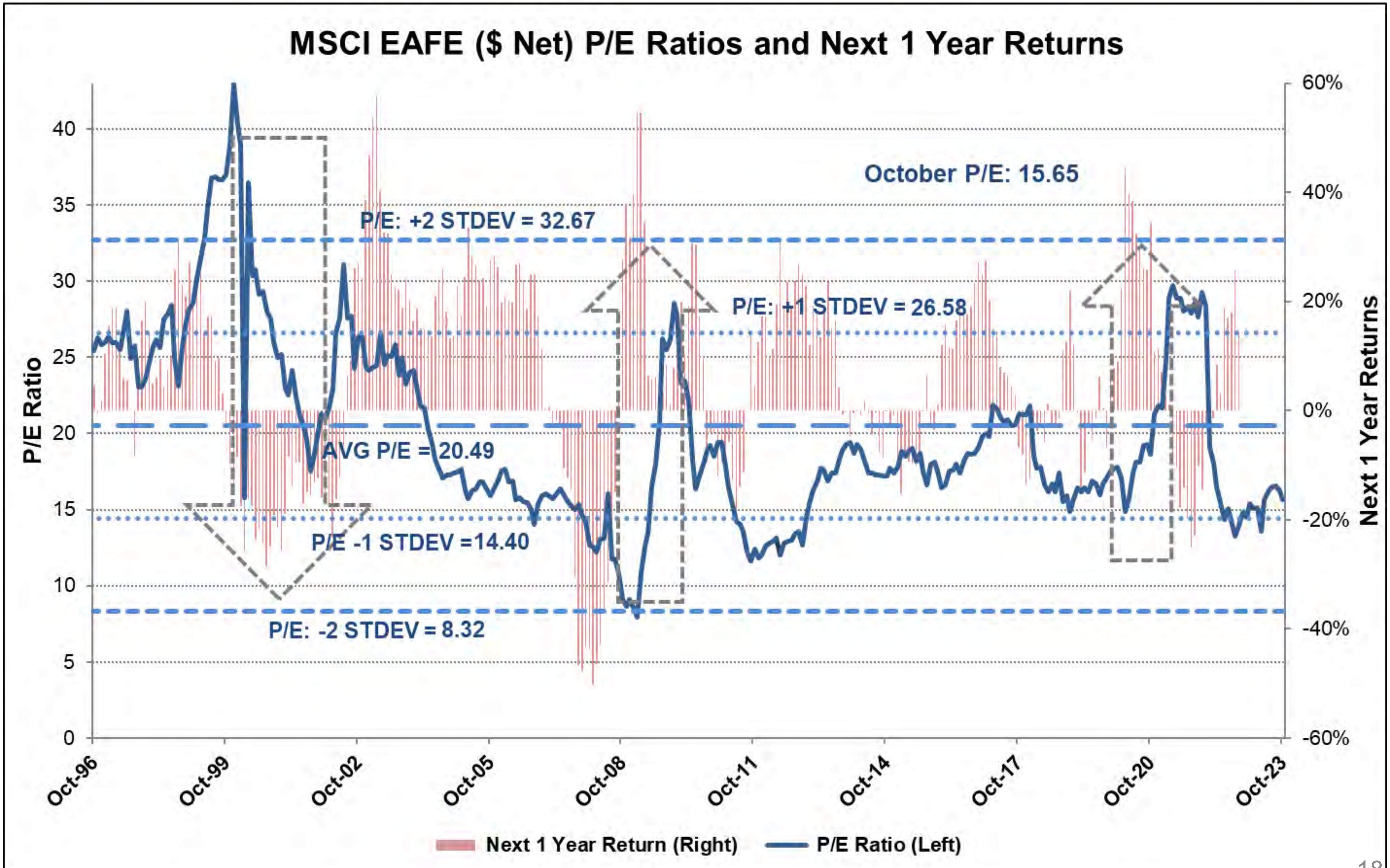
Source: Wilshire Compass

VALUATION US Equity



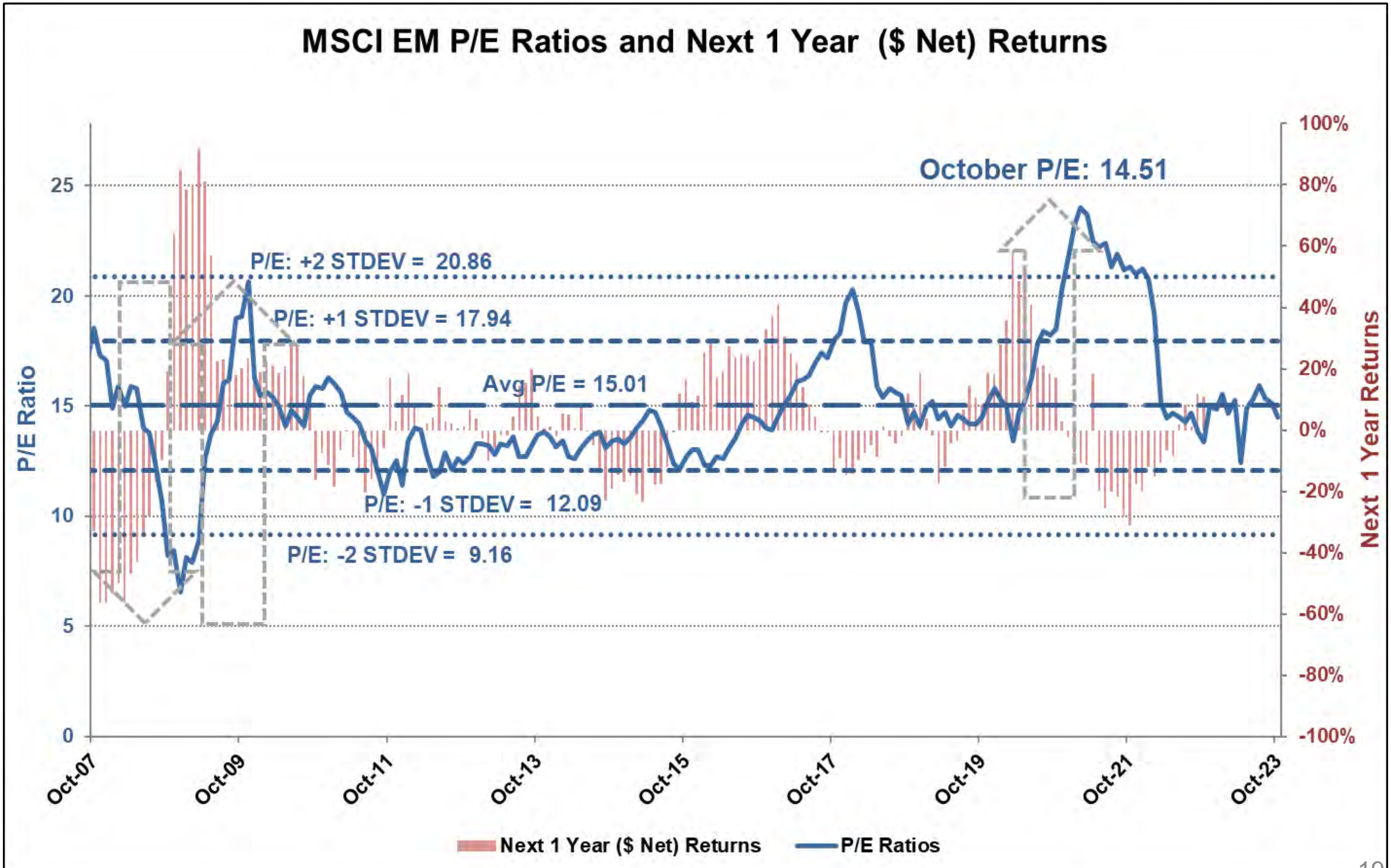
Source: Wilshire Compass

VALUATION Non US Developed Market Equity



Source: Wilshire Compass

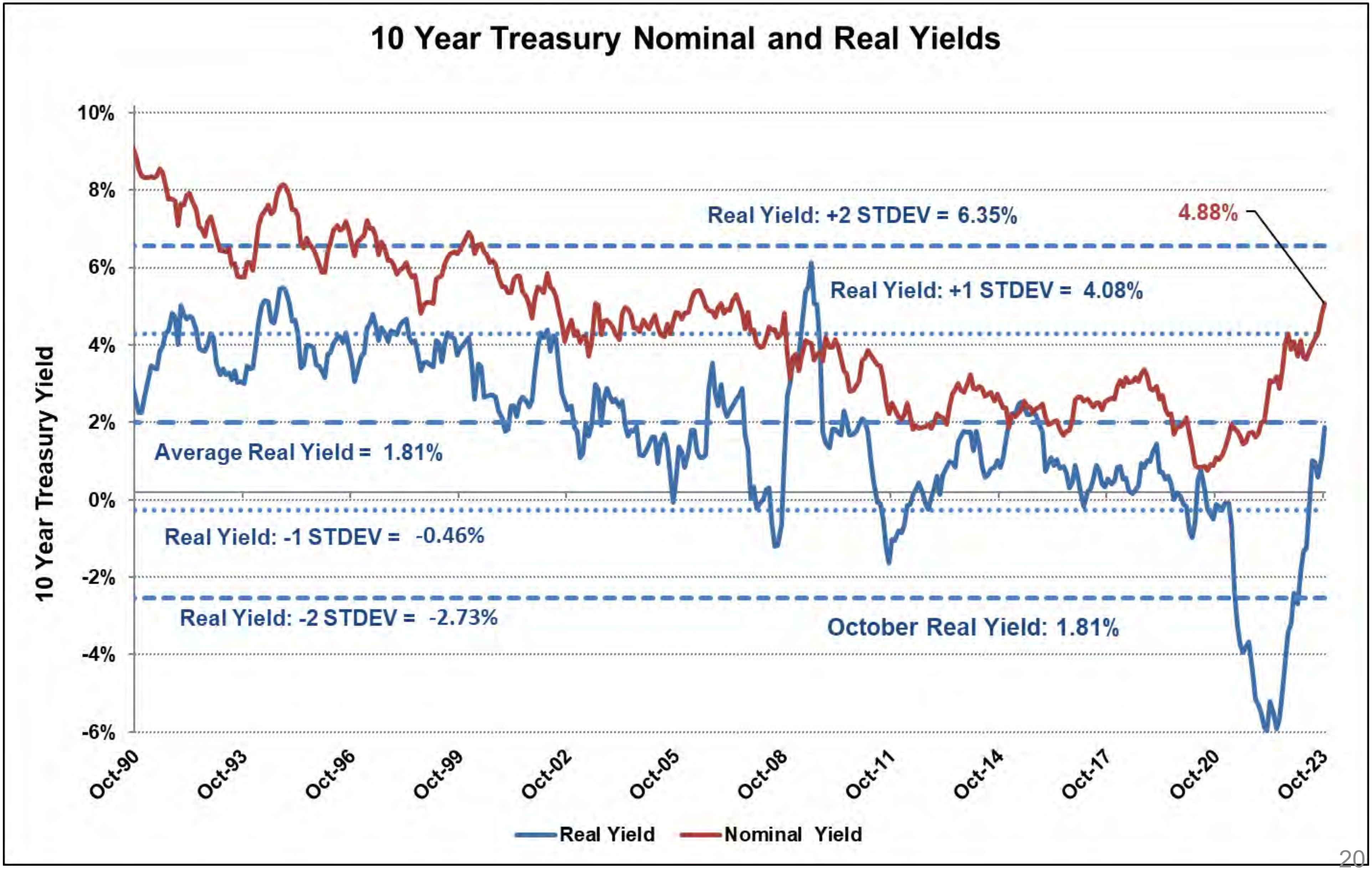
VALUATION Emerging Market Equity



Source: Wilshire Compass

VALUATION

US Treasury Bonds



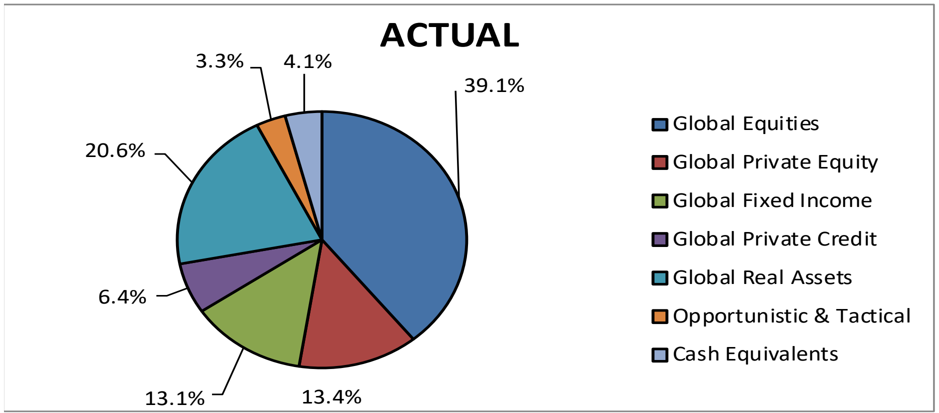
Sources: Wilshire Compass and U.S. Bureau of Labor Statistics

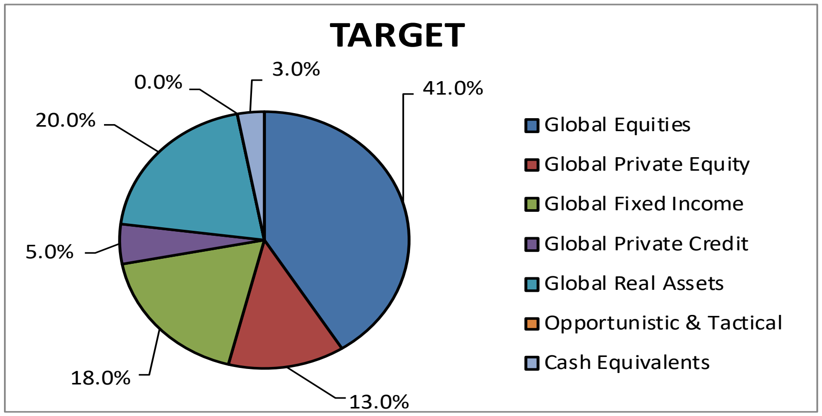
SERS' Investment Portfolios Review

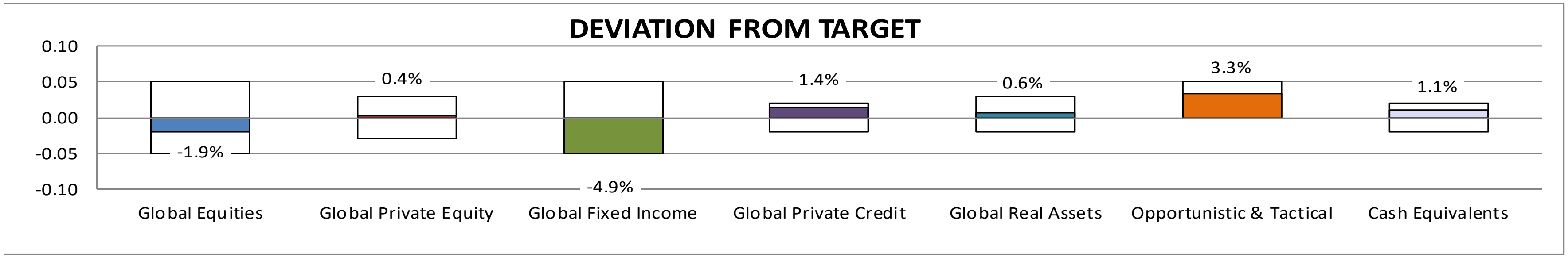
Total Fund Asset Allocation

Asset Class	Market Value $	Actual	Target	Range
Global Equities	**6,710,979,866**	**39.1%**	**41.0%**	35% - 45%
Global Private Equity	**2,301,080,405**	**13.4%**	**13.0%**	*11% - 17%*
Global Fixed Income	**2,239,819,742**	**13.1%**	**18.0%**	*13% - 23%*
Global Private Credit	**1,094,192,842**	**6.4%**	**5.0%**	*3% -7%*
Global Real Assets	**3,536,416,240**	**20.6%**	**20.0%**	*17% - 22%*
Opportunistic & Tactical	**566,511,327**	**3.3%**	**0.0%**	*0% - 5%*
Cash Equivalents	**704,142,747**	**4.1%**	**3.0%**	*1% - 5%*
Short-Term	639,912,460	*3.7%*	2.0%	
Russell EA Overlay	16,876,594	*0.1%*	*0.0%*	
Direct Rebalance Overlay	4,709,678	*0.0%*	*0.0%*	
Transition / Operational Account	1,610,895	*0.0%*	*0.0%*	
Currency Overlay	41,033,121	*0.2%*	*0.0%*	
Total Fund	**17,153,143,170**	**100.0%**	**100.0%**	

Source: BNY Mellon GRS



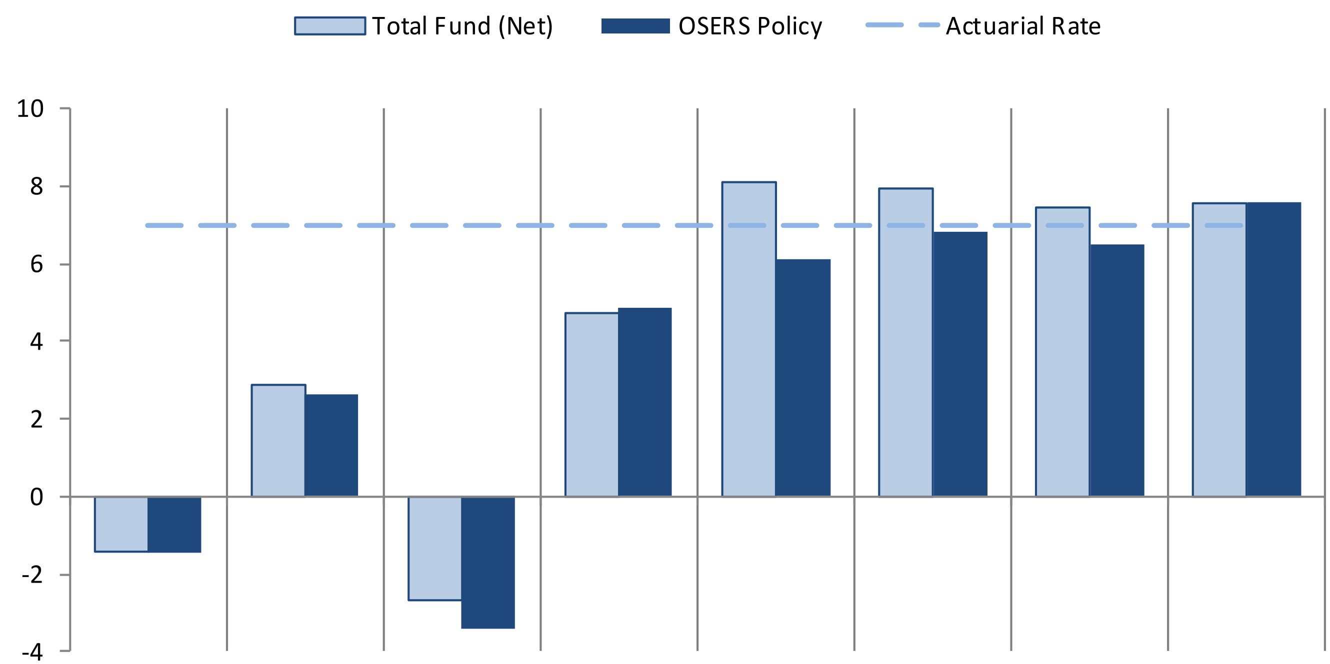




Total Fund Performance

Current Benchmark:

41% MSCI ACWI (Net Dividends)
13.00% Burgiss All Private Equity
benchmark (1q lag) (BAPE)
18.00% Bloomberg Aggregate Bond
20.00% NCREIF Property (1q lag)
5.00% 90 Day T-Bill (1q lag) + 4.5%
3.00% FTSE 30 Day T-Bill



Actuarial Rate

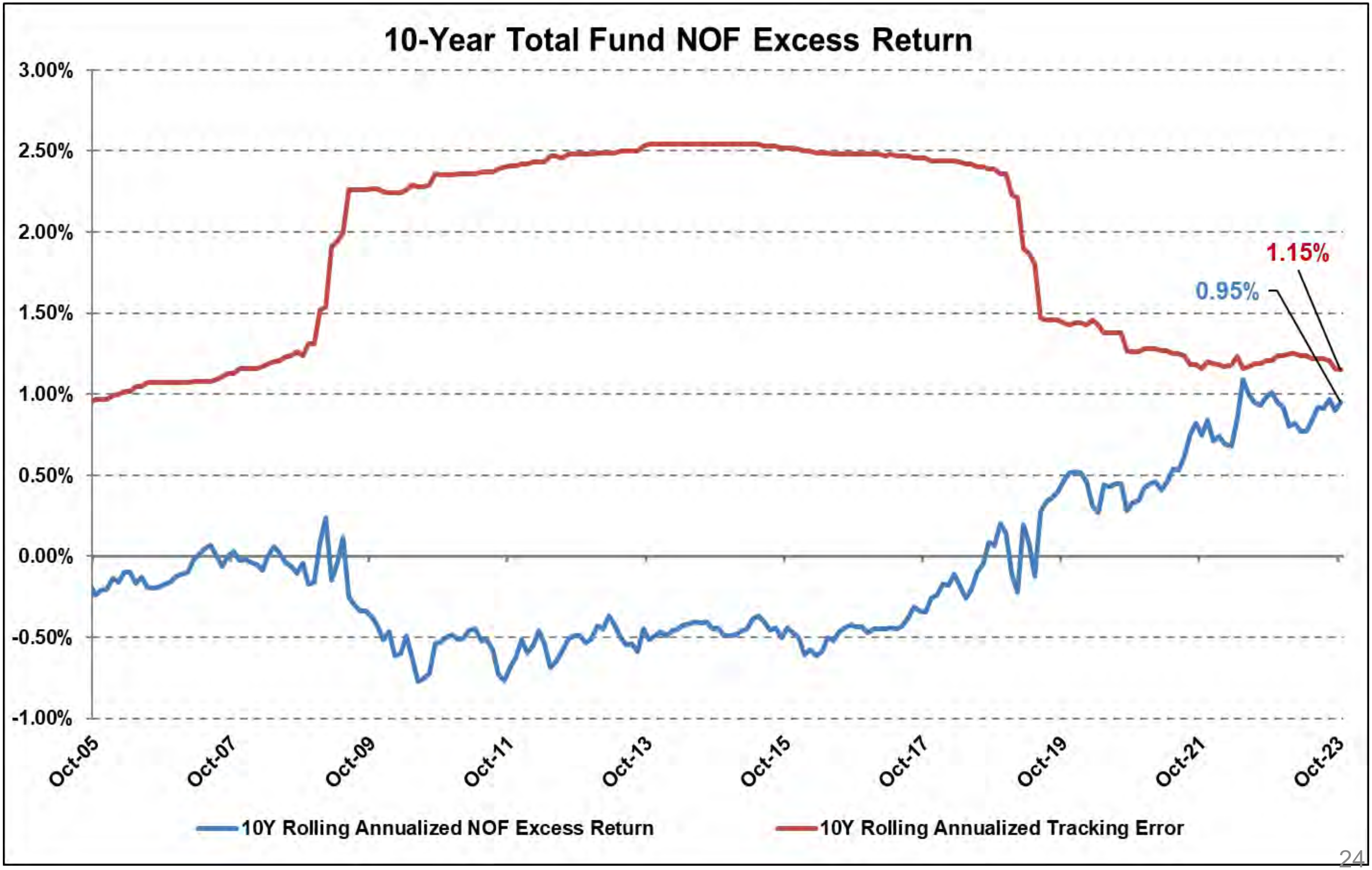
(7.0% effective 7/1/21, adopted 4/15/21)

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	(1.42)	3.40	(2.51)	5.44	8.80	8.62	8.13	8.16
Total Fund (Net)	(1.44)	2.88	(2.70)	4.74	8.10	7.94	7.45	7.62
OSERS Policy	(1.46)	2.61	(3.42)	4.88	6.13	6.79	6.50	7.55
Value Added (Net of Fee)	0.02	0.27	0.72	(0.14)	1.97	1.14	0.95	0.07

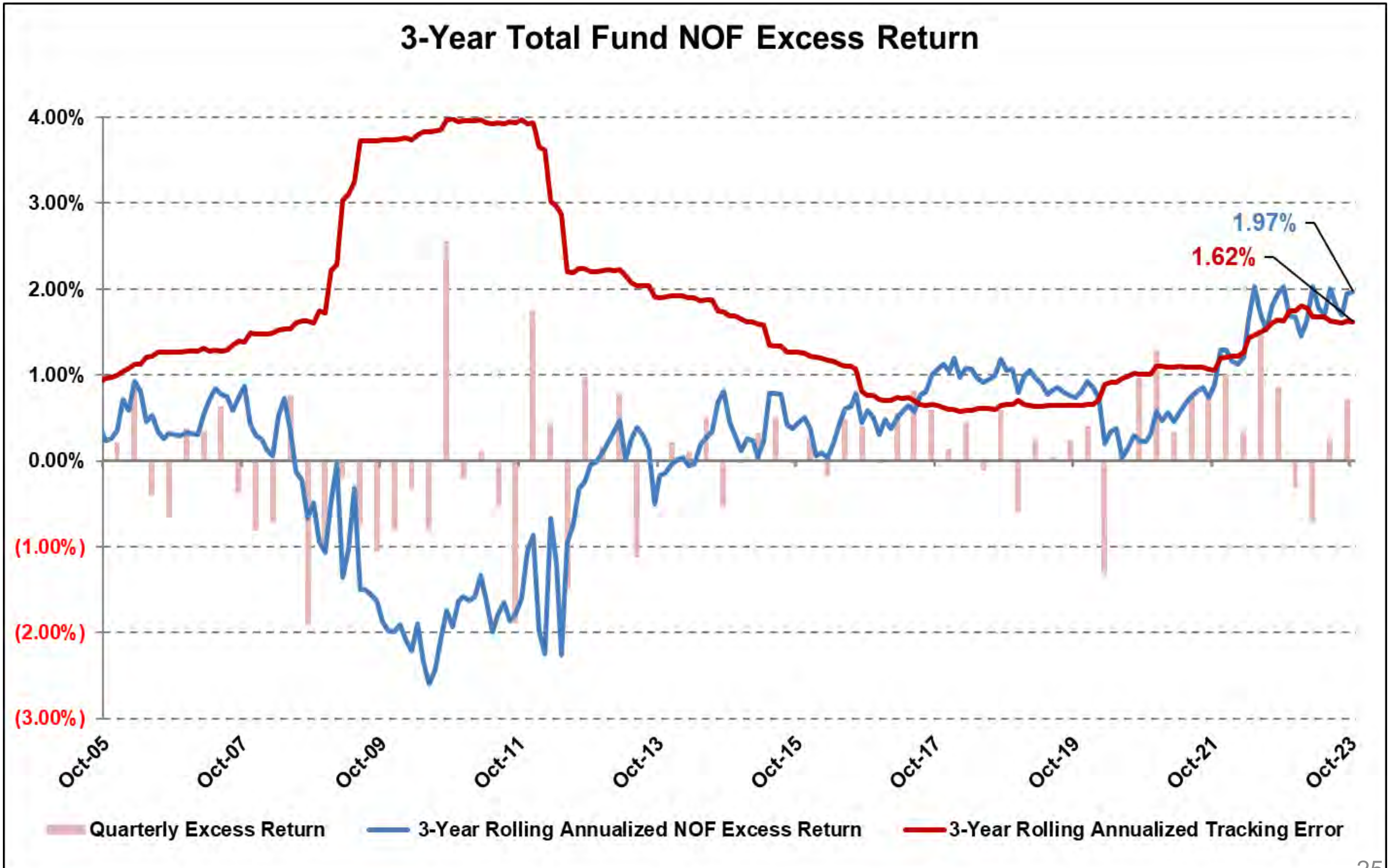
Source: BNY Mellon GRS

**ITD is Inception date 10/1/1994 (29 years and 0 months)*

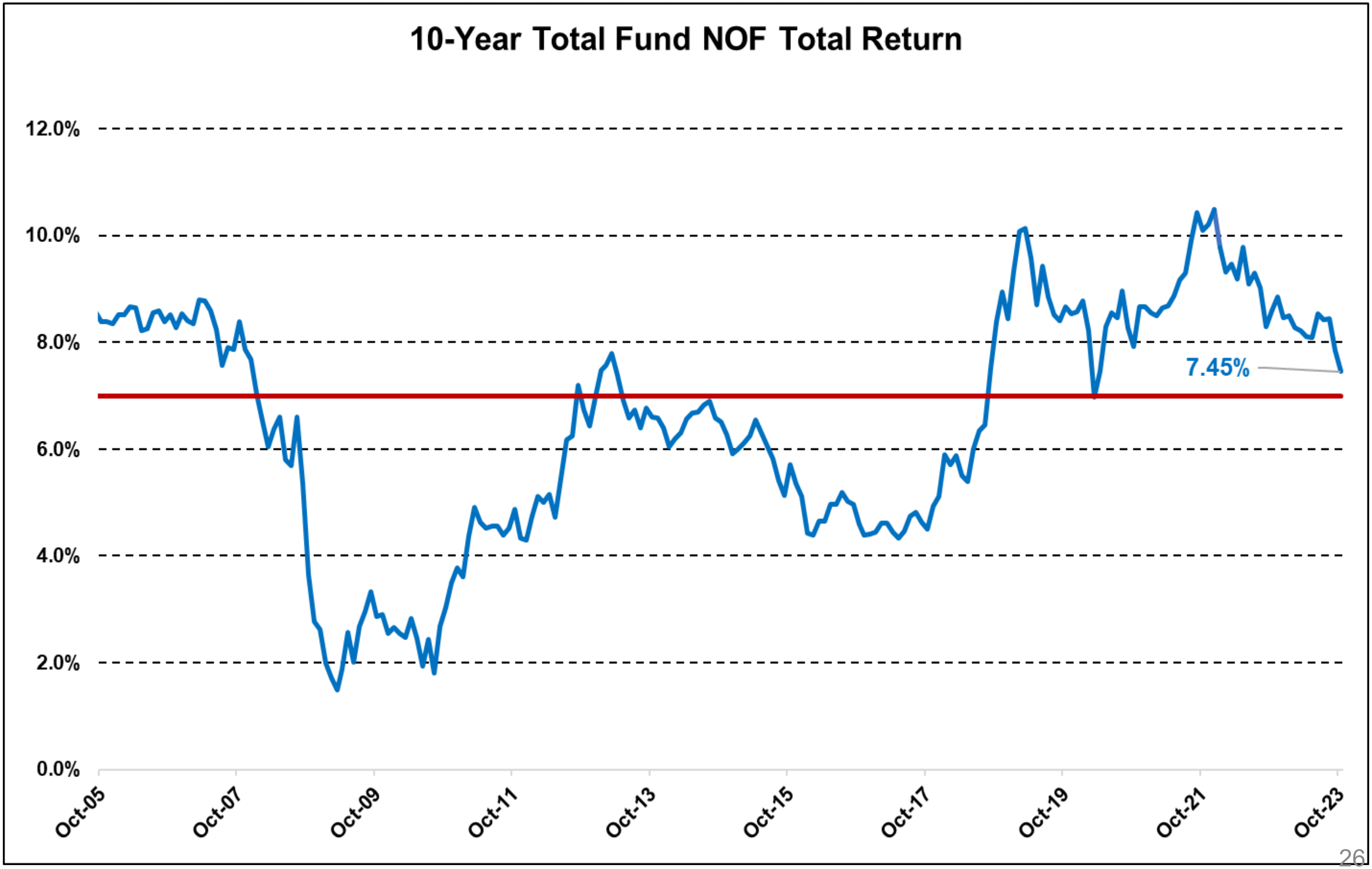
Total Fund Performance



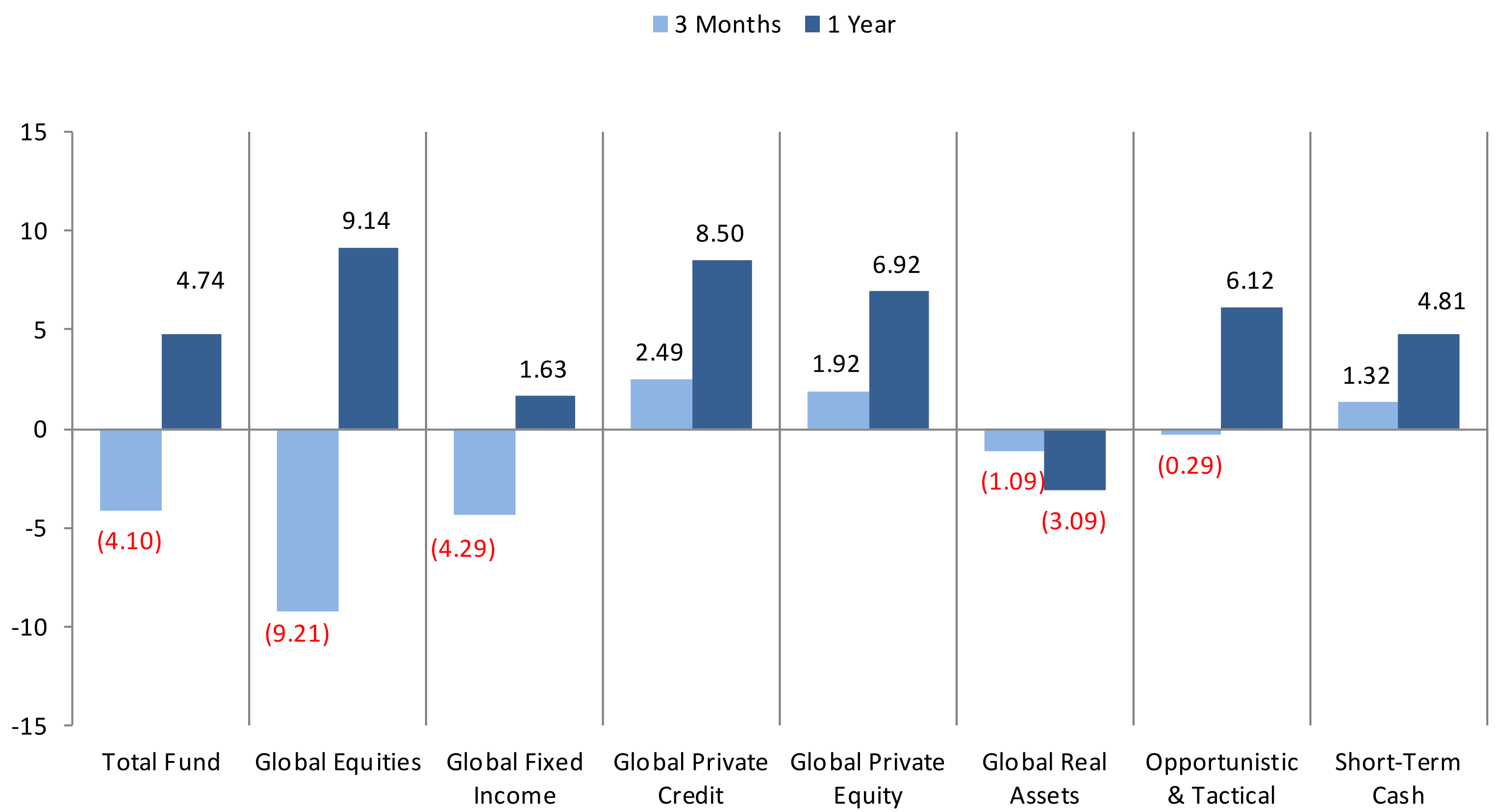
Total Fund Performance



Total Fund Performance



Total Fund and Asset Class Performance (Net)

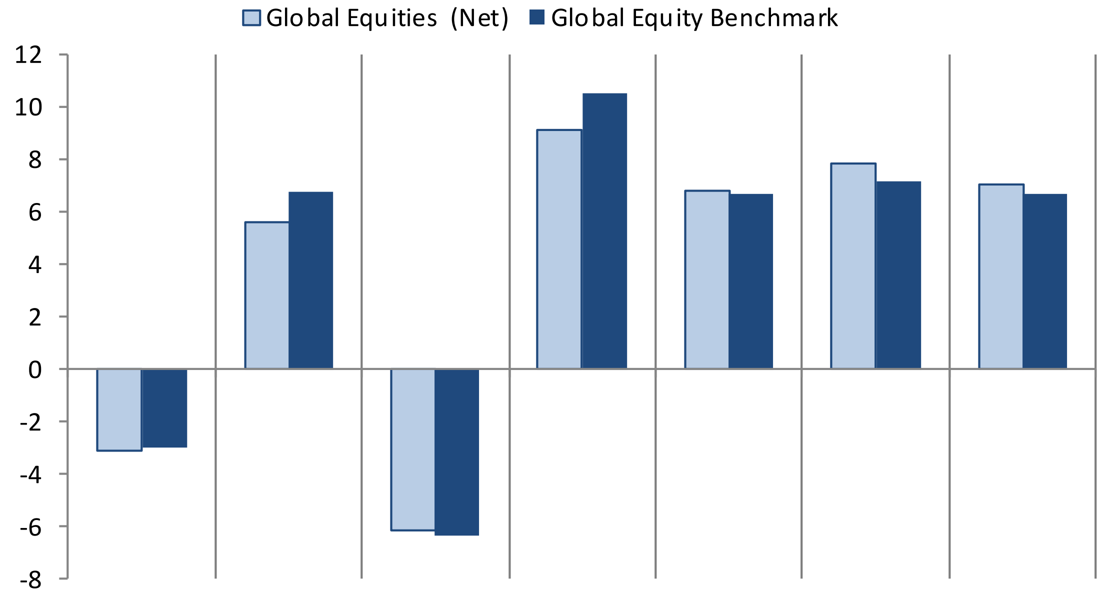


Source: BNY Mellon GRS

Global Equities Performance

Current Benchmark:

MSCI ACWI (Net Dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	(3.07)	5.89	(6.06)	9.47	7.11	8.13	7.39
Global Equities (Net)	(3.09)	5.63	(6.16)	9.14	6.79	7.81	7.06
Global Equity Benchmark	(3.01)	6.75	(6.31)	10.50	6.69	7.20	6.71
Value Added (Net of Fee)	(0.09)	(1.12)	0.15	(1.36)	0.10	0.62	0.35
Regional US Equity	(2.75)	6.97	(6.08)	6.37	8.18	9.75	9.96
Russell 3000 Index	(2.65)	9.41	(5.82)	8.38	9.19	10.23	10.52
Value Added (Net of Fee)	(0.10)	(2.44)	(0.26)	(2.01)	(1.01)	(0.48)	(0.57)
Regional Non-US Equity	(4.11)	0.82	(8.39)	11.93	3.96	4.91	3.70
Custom Non-US Equity BM	(4.13)	0.99	(7.74)	12.07	2.95	3.40	2.54
Value Added (Net of Fee)	0.01	(0.17)	(0.65)	(0.14)	1.01	1.50	1.16

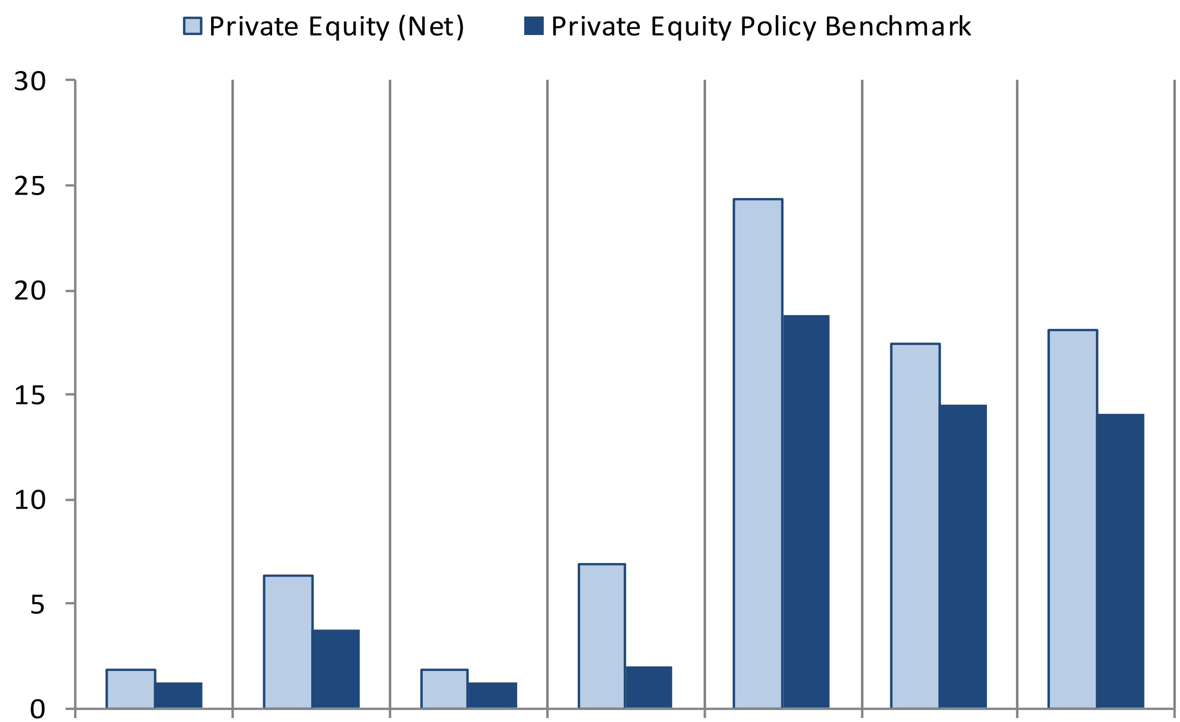
Source: BNY Mellon GRS

Global Private Equity Performance

Results as of: 09/30/2023

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	2.33	7.55	2.33	8.59	26.21	19.25	19.78
Private Equity (Net)	1.92	6.36	1.92	6.92	24.30	17.47	18.10
Private Equity Policy Benchmark	1.21	3.80	1.21	1.99	18.84	14.48	14.11
Value Added (Net of Fee)	0.70	2.56	0.70	4.92	5.46	2.99	3.99

Source: BNY Mellon GRS

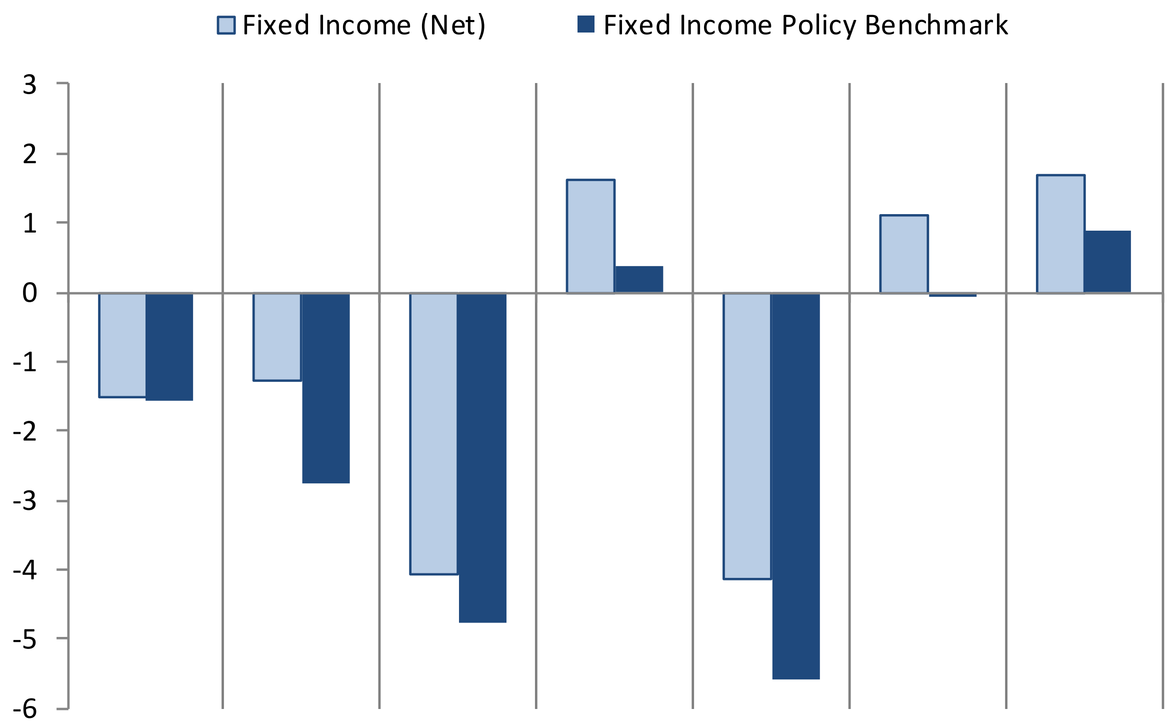
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Private Equity performance is reported one quarter in arrears.

Global Fixed Income Performance

Current Benchmark:

Bloomberg Aggregate Bond Index



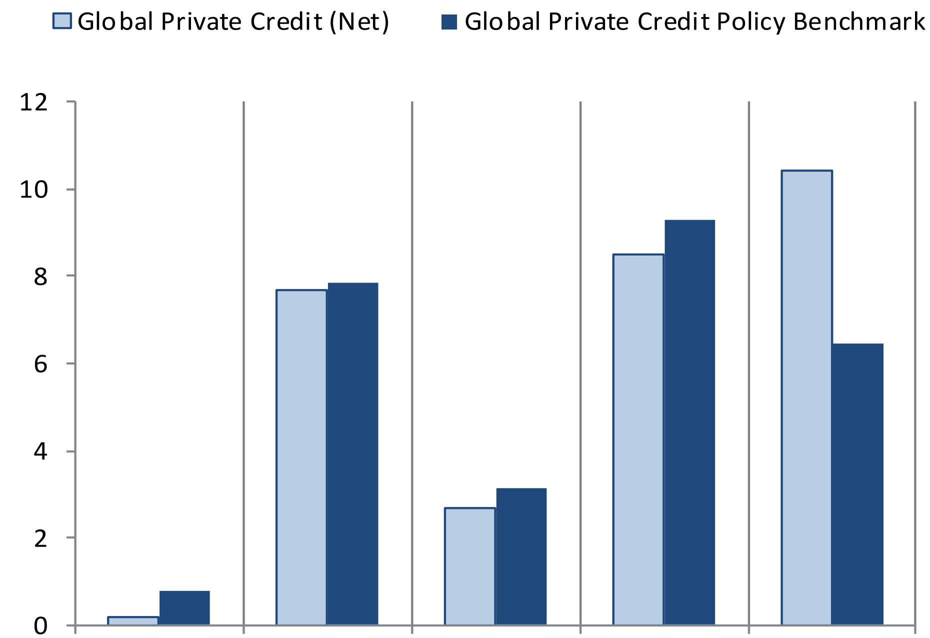
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	(1.50)	(1.08)	(3.99)	1.91	(3.88)	1.36	1.92
Fixed Income (Net)	(1.52)	(1.29)	(4.08)	1.63	(4.14)	1.11	1.68
Fixed Income Policy Benchmark	(1.58)	(2.77)	(4.76)	0.36	(5.57)	(0.06)	0.88
Value Added (Net of Fee)	0.06	1.47	0.68	1.27	1.43	1.17	0.79

Source: BNY Mellon GRS

Global Private Credit Performance

Current Benchmark:

90 Day T-Bill (1q lag) + 4.5%



	1 Month	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	0.20	8.94	3.07	10.16	11.97
Global Private Credit (Net)	0.20	7.68	2.67	8.50	10.41
Global Private Credit Policy Benchmark	0.81	7.85	3.15	9.29	6.44
Value Added (Net of Fee)	(0.60)	(0.17)	(0.48)	(0.79)	3.97

Source: BNY Mellon GRS

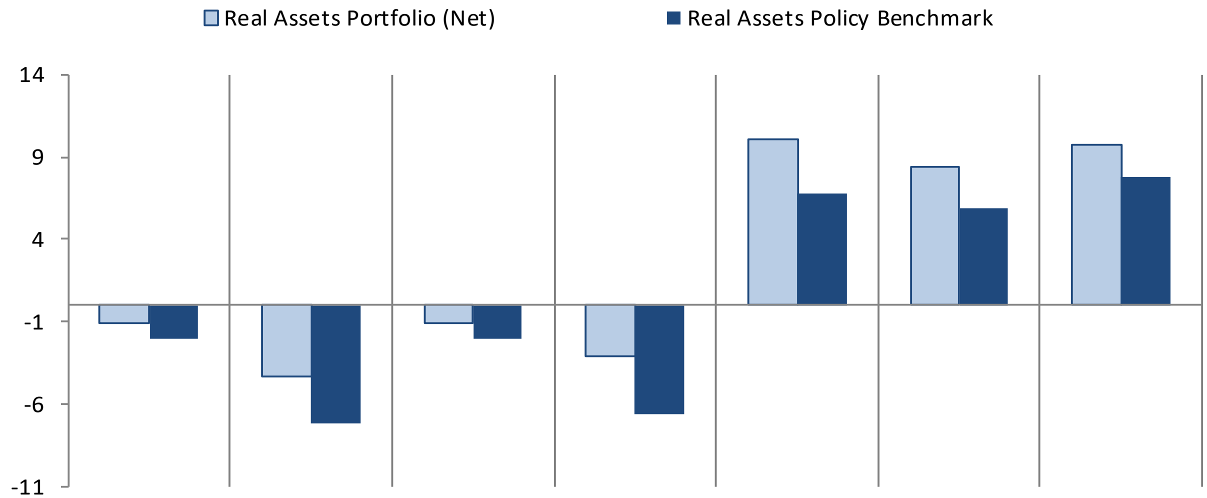
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets Performance

Results as of: 09/30/2023

Current Benchmark:

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	(0.88)	(3.73)	(0.88)	(2.27)	11.01	9.39	10.74
Real Assets Portfolio (Net)	(1.09)	(4.33)	(1.09)	(3.09)	10.09	8.45	9.70
Real Assets Policy Benchmark	(1.98)	(7.12)	(1.98)	(6.60)	6.79	5.90	7.82
Real Assets Value Added (NOF)	0.89	2.79	0.89	3.50	3.29	2.54	1.88
Real Assets Core (Net)	(2.04)	(9.33)	(2.04)	(8.21)	10.86	8.70	9.58
Real Assets Policy Benchmark	(1.98)	(7.12)	(1.98)	(6.60)	6.79	5.90	7.82
Real Assets Core Value Added (NOF)	(0.06)	(2.21)	(0.06)	(1.61)	4.07	2.80	1.76
Real Assets Non-Core (Net)	(2.31)	(4.13)	(2.31)	(6.02)	5.03	5.33	8.68
Real Assets Policy Benchmark	(1.98)	(7.12)	(1.98)	(6.60)	6.79	5.90	7.82
Real Assets Non-Core Value Added (NOF)	(0.33)	2.99	(0.33)	0.58	(1.76)	(0.57)	0.86
Real Assets Infrastructure (Net)	1.18	6.61	1.18	9.05	10.15	9.97	n/a
Real Assets Policy Benchmark	(1.98)	(7.12)	(1.98)	(6.60)	6.79	5.90	n/a
Real Assets Infrastructure Value Added (NOF)	3.16	13.73	3.16	15.65	3.36	4.07	n/a

Source: BNY Mellon GRS

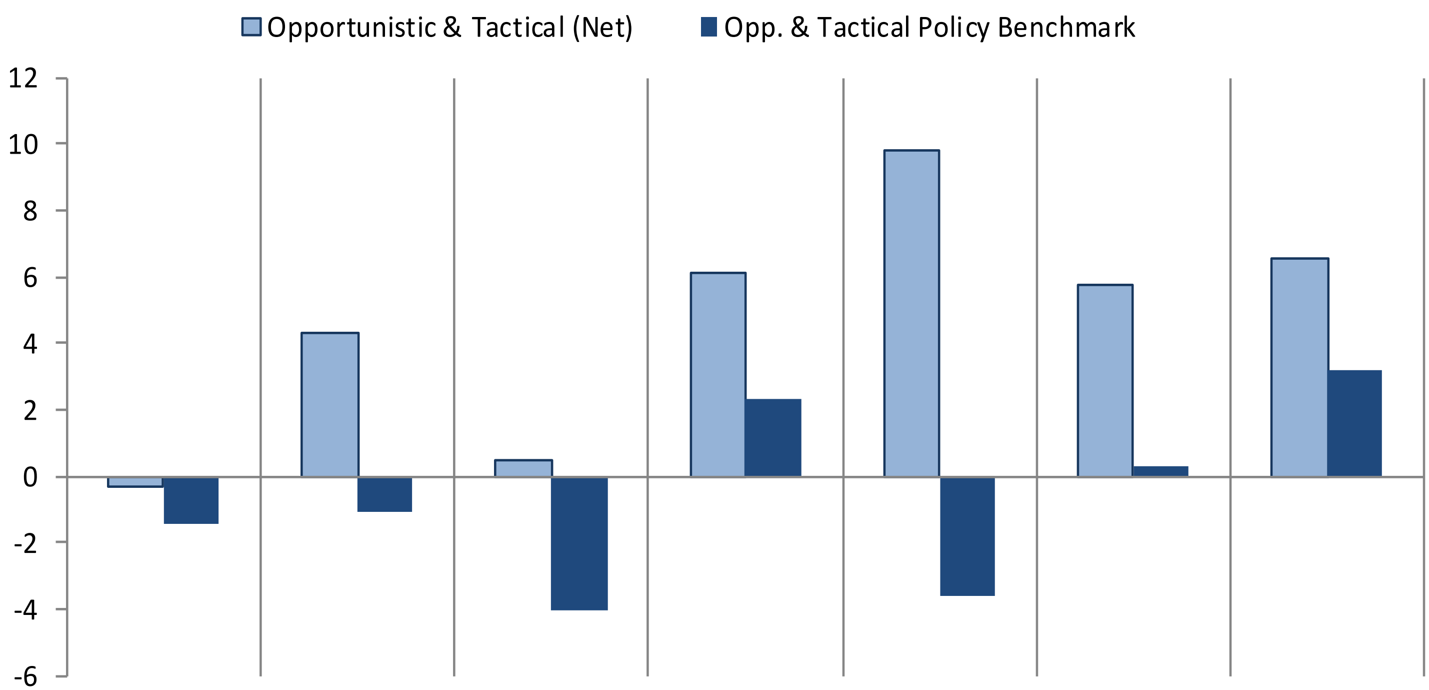
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.

Opportunistic & Tactical Performance

Current Benchmark:

Bloomberg Aggregate Bond Index + 2%



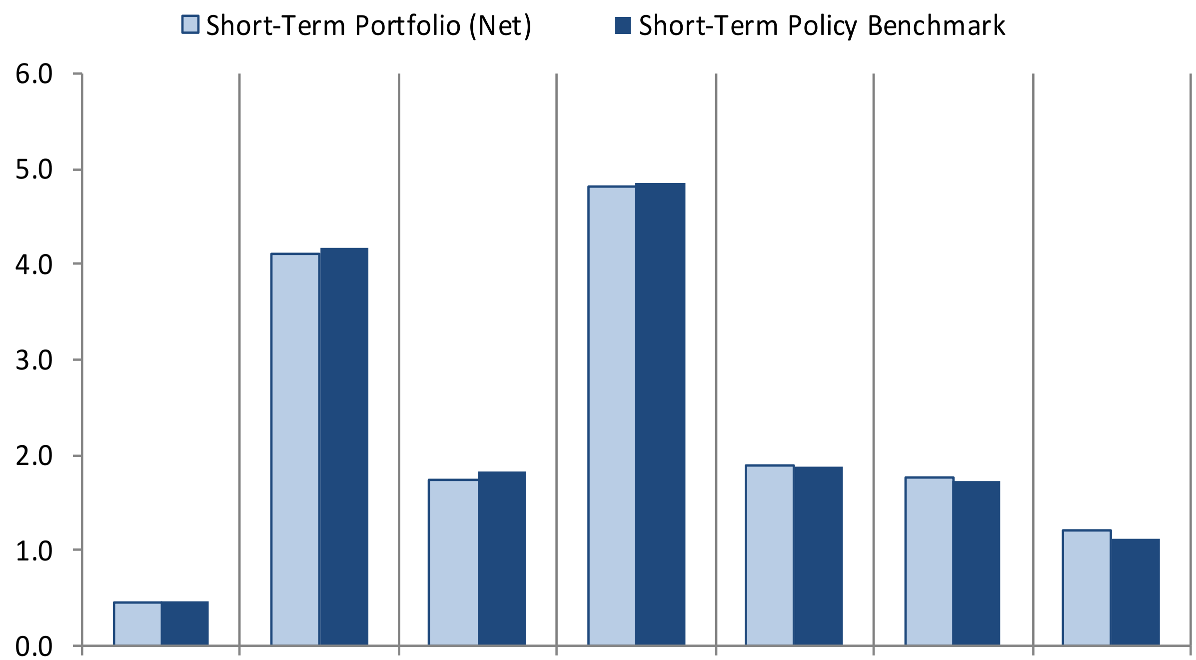
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Opportunistic & Tactical (Gross)	(0.30)	5.12	0.73	7.18	11.03	7.11	8.31
Opportunistic & Tactical (Net)	(0.31)	4.31	0.47	6.12	9.84	5.76	6.54
Opp. & Tactical Policy Benchmark	(1.39)	(1.09)	(4.02)	2.36	(3.56)	0.28	3.20
	1.08	5.40	4.48	3.76	13.40	5.48	3.34

Source: BNY Mellon GRS

Short-Term Performance

Current Benchmark:

FTSE 30 Day Treasury Bill Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.44	4.11	1.75	4.81	1.89	1.77	1.21
Short-Term Portfolio (Net)	0.44	4.11	1.75	4.81	1.89	1.77	1.21
Short-Term Policy Benchmark	0.46	4.18	1.82	4.85	1.89	1.74	1.12
Value Added (Net of Fee)	(0.02)	(0.07)	(0.07)	(0.04)	(0.00)	0.04	0.09

Source: BNY Mellon GRS

Overlay Performance

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Cash Equivalents with Overlays (Net)	1.28	6.69	4.31	(0.43)	4.60	4.80	3.10
Short-Term Policy Benchmark	0.46	4.18	1.82	4.85	1.89	1.74	1.12
Value Added (Net of Fee)	**0.82**	**2.51**	**2.49**	**(5.28)**	**2.71**	**3.06**	**1.98**

Short-term Cash w/o Overlays (Net)	0.44	4.11	1.75	4.81	1.89	1.77	1.21
Short-Term Policy Benchmark	0.46	4.18	1.82	4.85	1.89	1.74	1.12
Value Added (Net of Fee)	**(0.02)**	**(0.07)**	**(0.07)**	**(0.04)**	**(0.00)**	**0.04**	**0.09**

Overlay Cumulative Net Value Added ($MM)	**$6.6**	**$24.6**	**$23.7**	**($21.5)**	**$87.3**	**$103.4**	**$132.4**

Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review – Global Equities
- Wilshire Quarterly Performance Report (December 31, 2023)
- Quarterly Investment Report (December 31, 2023)

School Employees Retirement System

Memo

To: Retirement Board

From: Farouki Majeed

cc: Richard Stensrud, Karen Roggenkamp

Date: December 8, 2023

Re: Global Real Assets – Segregation of Real Estate and Infrastructure

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In June 2013 the Board approved expansion of the Real Estate program to include Infrastructure and an increase in the allocation from 10% to 12%. The combined program was renamed Real Assets. The target allocation was increased to 15%, 17% and 20% in 2016, 2020, and 2023 respectively.

The first commitment to an Infrastructure investment was made in Sept 2013 and capital in the amount of $200 million was called in May 2015. Since then, the infrastructure program has steadily increased to $1.14 billion in asset value as of Sept 2023, representing 32% of the Real Assets program and 6.5% of the total fund.

The NCREIF Property Index (NPI), which was initially used as the benchmark for Real Estate has continued as the benchmark for Real Estate, Infrastructure, and the combined Real Assets program through this transition. The NPI index consists entirely of private US commercial real estate properties and does not include Infrastructure properties.

The return characteristics experienced by SERS for Real Estate and Infrastructure show differences in magnitude and intra-period deviations as shown in table below:

As of Sept. 30, 2023				
	1 YR	**3 YR**	**5 YR**	**10YR**
Real Estate (core)	-8.21%	10.86%	8.70%	9.58%
NPI	-6.60%	6.79%	5.90%	7.82%
Excess Return	*-1.61%*	*4.07%*	*2.80%*	*1.76%*
Infrastructure	9.05%	10.15%	9.97%	
NPI	-6.60%	6.79%	5.90%	
Excess Return	*15.65%*	*3.35%*	*4.07%*	

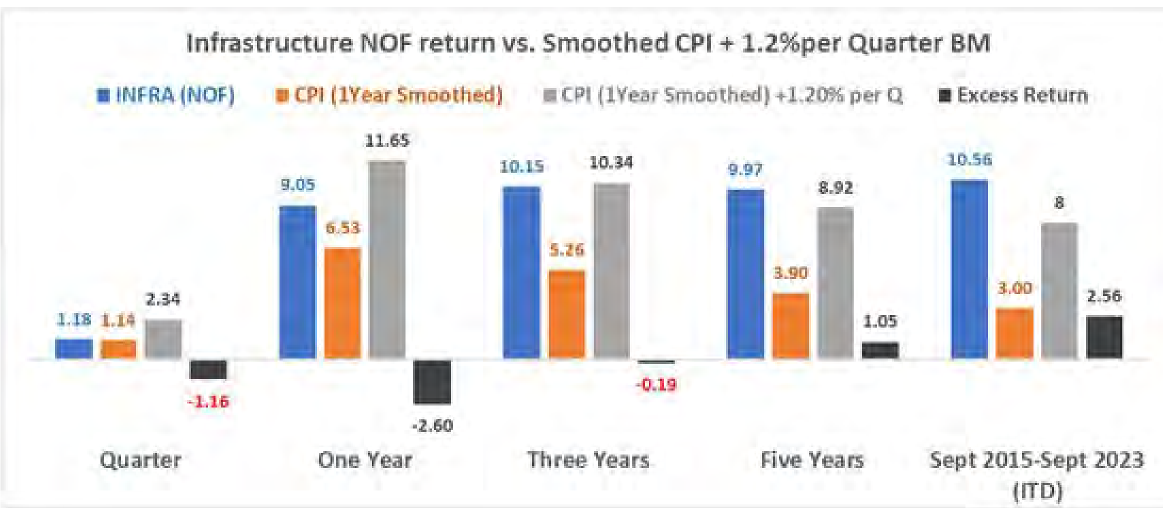
The return history indicates that infrastructure returns have been more stable over the period and not subject to the cyclical pattern of real estate returns particularly in the one-year period where Real Estate had a negative return while Infrastructure had a strong positive return.

Staff believes that due to the current size of the infrastructure program and the short-term performance deviations, it is appropriate to segregate Real Estate and Infrastructure within the current total fund policy allocation and to specify a compatible benchmark for Infrastructure.

In consultation with Wilshire, Staff reviewed three categories of benchmarks for Infrastructure:

a) Listed market indices – high volatility.
b) Peer based private Index such as the Burgiss database – not representative of SERS investments.
c) Inflation based benchmark – more appropriate than a) and b).

Staff focused on the Inflation based benchmark since Infrastructure assets (core) tend to have long term contracts that are inflation indexed. The return of the SERS Infrastructure program relative to quarterly CPI (smoothed over four quarters) plus a premium of 1.20% per quarter (CPI + 5% annual) is shown below:



Staff recommends the following changes to the Board approved Asset Allocation Policy and benchmark for Infrastructure effective January 1, 2024, as stipulated in the Resolution for the amended Statement of Investment Policy:

	TARGET		RANGE
Equity		**54%**	**44% -- 64%**
Global Equities	40%		35% - 45%
Global Private Equity	14%		11% - 17%
Income		**26%**	**41% - 51%**
Global Fixed Income	18%		13% - 23%
Global Private Credit	5%		3% - 7%
Cash Equivalents	3%		1% - 5%
Global Real Assets (Inflation)		**20%**	**17% - 22%**
Global Real Estate	13%		10% -15%
Global Infrastructure	7%		5% - 10%
STRATEGY			
Opportunistic and Tactical Investments		0%	0% - 5%
Total	100%	**100%**	
Leverage		**0%**	**0% - 10%**
Total Notional Exposure (Including Leverage)		**100%**	**100% - 110%**

ASSET CLASS	BENCHMARK MEASURE
Global Equities	MSCI All Country World Net Total Return Index (USD)
Global Private Equity	Burgiss All Private Equity benchmark (BAPE) (one quarter in arrears)
Global Fixed Income	Bloomberg US Aggregate Bond Index
Global Private Credit	90 day Treasury bill rate+4.5% (one quarter in arrears)
Global Real Estate ~~Assets~~	NCREIF Property Index (one quarter in arrears)
Global Infrastructure	Quarterly (4 qtrs.) smoothed CPI +1.20% per quarter
Cash Equivalents	FTSE 30 Day Treasury Bill
STRATEGY	**BENCHMARK MEASURE**
Opportunistic and Tactical Investments	Bloomberg US Aggregate Bond Index + 2%

STATEMENT OF INVESTMENT POLICY AMENDMENT

As discussed during the December 21, 2023 Board meeting, ____________________________ moved and _________________________ seconded the motion to approve an amendment to the Statement of Investment Policy with the following changes to the Asset Allocation Policy and benchmark for Infrastructure. The amended Statement of Investment Policy will become effective January 1, 2024 and replaces the Statement of Investment Policy dated July 1, 2023.

	TARGET		RANGE
Equity		**54%**	**44% -- 64%**
Global Equities	40%		35% - 45%
Global Private Equity	14%		11% - 17%
Income		**26%**	**41% - 51%**
Global Fixed Income	18%		13% - 23%
Global Private Credit	5%		3% - 7%
Cash Equivalents	3%		1% - 5%
Global Real Assets (Inflation)		**20%**	**17% - 22%**
Global Real Estate	13%		10% -15%
Global Infrastructure	7%		5%-10%
STRATEGY			
Opportunistic and Tactical Investments		0%	0% - 5%
Total	100%	**100%**	
Leverage		**0%**	**0% - 10%**
Total Notional Exposure (Including Leverage)		**100%**	**100% - 110%**

ASSET CLASS	BENCHMARK MEASURE
Global Equities	MSCI All Country World Net Total Return Index (USD)
Global Private Equity	Burgiss All Private Equity benchmark (BAPE) (one quarter in arrears)
Global Fixed Income	Bloomberg US Aggregate Bond Index
Global Private Credit	90 day Treasury bill rate+4.5% (one quarter in arrears)
Global Real Estate ~~Assets~~	NCREIF Property Index (one quarter in arrears)
Global Infrastructure	Quarterly (4 qtrs.) smoothed CPI +1.20% per quarter
Cash Equivalents	FTSE 30 Day Treasury Bill
STRATEGY	**BENCHMARK MEASURE**
Opportunistic and Tactical Investments	Bloomberg US Aggregate Bond Index + 2%

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	_______	_______	_______
Jeffrey DeLeone	_______	_______	_______
James Haller	_______	_______	_______
Catherine Moss	_______	_______	_______
Barbra Phillips	_______	_______	_______
James Rossler	_______	_______	_______
Aimee Russell	_______	_______	_______
Daniel Wilson	_______	_______	_______
Frank Weglarz	_______	_______	_______

INV1-001	**Statement of Investment Policy**				
Effective Date:	08/02/1985	**Revision Date:**	07/01/2023 01/01/2024	**Audience:**	Investments
Owner:	Investments	**Certifier:**	Richard Stensrud	**Co-Owner (s):**	Board
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History				

I. Purpose of Statement of Investment Policy

The purpose of this Statement of Investment Policy (SIP) is to set forth the investment philosophy and objectives of the Retirement Board (Board) for the School Employees Retirement System of Ohio (SERS).

This SIP:

A. incorporates and is subject to all restrictions and obligations set forth in Chapter 3309 of the Ohio Revised Code;

B. establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and

C. establishes a framework for making investment decisions, and monitoring investment activity, and promotes effective communication between the Board, Staff, and other involved parties.

This SIP is subject to change at any time by the Board. The Board will review the SIP and revise it periodically to assure it continues to reflect the investment philosophy, objectives and strategies of the Board.

II. Investment Philosophy

The Board recognizes the need to manage SERS assets prudently (the Total Fund) to meet its statutory and fiduciary obligations and to achieve or exceed its objectives. The Board's investment philosophy is grounded in fundamental, prudent investment principles, incorporating modern portfolio theory, risk management and portfolio management practices. These principles are incorporated in the "Investment Beliefs" below. The Board believes it can provide consistent, long-term performance at appropriate levels of risk. By delineating responsibilities and defining policy objectives, this SIP reflects the Board's investment philosophy and governance.

SERS Investment Beliefs:

Financial Markets

A. Capital markets are not perfectly efficient. Inefficiencies create opportunities that skilled investors could exploit to generate excess returns. Investment Staff will prudently attempt to add value by exploiting such inefficiencies across different assets selectively, although it is not easily achieved.

B. Markets generally afford higher prospective returns for riskier assets, such as equity or credit risk premiums over the long term. Anomalies could occur in intermittent periods on account of shifting valuations. When valuations are elevated returns tend to be lower.

Investment Process

C. Strategic asset allocation is the key determinant of risk and return and represents the Board's tolerance for risk in achieving funding goals. It is important to diversify across risk factors and return sources and to be explicit about the role of asset classes.
D. Risk is the likelihood of loss or less than expected outcomes and is not fully captured by a single metric such as volatility. Risk has many dimensions, subjective and objective, which must be comprehensively assessed and managed in the investment process.
E. Long-term horizon is an advantage as it enables SERS to tolerate volatility, capture illiquidity and other risk premia, and take advantage of trends and opportunities.
F. Costs matter. Managing fees and transaction costs adds value to the Fund. Costs must be judged relative to expected value added.

Organizational Skills and Design

G. Investment success is dependent on good governance, decision process, skill and judgment. Having an experienced and talented staff with appropriate decision authority is an advantage. SERS' Board will delegate authority as appropriate to staff to facilitate execution of the investment process, but retain policy and oversight powers.
H. Explicit investment objectives, guidelines and collaborative teamwork among staff as well as external partners is essential for success.

Sustainability and Corporate Governance

I. Good governance of markets and entities comprising the markets improves outcomes for investors. SERS Board and Staff will exercise corporate ownership responsibly and with the best fiduciary interest of members and stakeholders.
J. SERS Board and Staff must be attentive to important environmental, social and governance issues that affect markets and promote its interests in a responsible manner in the best fiduciary interest of members and stakeholders.

III. Investment Objectives

The Investment Objectives of SERS are:

A. to assure that SERS provides statutorily-mandated retirement benefits;

B. to earn a net-of-fees total return that equals or exceeds over the long term the Actuarial Assumed Rate approved by the Board; and

C. to enhance risk-adjusted investment returns of the Total Fund in a prudent and cost-effective manner.

IV. Risk Management

A. The Board evaluates risk in terms of the probability of not earning the actuarial assumed rate over the long-term. Diversification across asset classes, within asset classes and across investment styles, sectors and securities is employed to manage overall portfolio risk and volatility.

B. SERS utilizes a risk budgeting approach in management of volatility risk of investment portfolios. Active risk of the Total Fund, asset class and individual portfolios and their respective risk contribution to total risk are important factors in the management of the capital allocations to individual asset classes and portfolios. The Total Fund shall be managed within a forecast active risk (tracking error) range of 0% to 3.0% relative to the policy benchmark and within the asset allocation range specified elsewhere in this SIP. Active risk is determined by asset allocation deviations and active security selection decisions as well as underlying market volatility. Furthermore, active risk (tracking error) shall be inclusive of any applied leverage. In times of high market volatility, the active risk may exceed 3%. In any event, if the active risk exceeds 3% staff will discuss this with the Board and present appropriate recommendations. The realized tracking error is also expected to be below 3% over rolling three-year periods. Individual asset classes will be managed within the tracking error range specified in the respective asset class implementation guideline. Private asset classes (Private Equity, Private Credit and Real Assets) are excluded at this point from tracking error guidelines.

C. Other risks, including but not limited to those such as interest rate risk, credit risk, and liquidity risk, will be managed and carefully monitored by Investment Managers and Investment Staff.

V. Implementation Approach

A. The Board reserves certain responsibilities for itself, while delegating other responsibilities to the Executive Director, the Chief Investment Officer, the Investment Committee, Investment Staff, Investment Managers, Investment Consultants, the Investment Compliance Department and other Investment Service Providers. These responsibilities are described in this SIP.

B. In fulfilling its fiduciary duties, the Board utilizes a competent and qualified Staff to implement the investment program and to manage daily operations.

C. The Board utilizes Investment Managers or Funds selected by Staff to invest most assets of the Total Fund. The Board recognizes that costs associated with external Investment Managers and Funds are typically higher than costs associated with internal management. However, the Board believes external Investment Managers that act as fiduciaries possess specialized investment expertise and economies of scale, and can generate higher returns on a net-of-fee basis.

D. The Board requires regular reporting on the Total Fund's investment program to ensure compliance with its SIP.

VI. Investment Organization and Responsibilities

A. Responsibilities of the ***Board***

The Board as a fiduciary is responsible for ensuring that Total Fund assets are managed prudently and effectively, in compliance with applicable laws and with this SIP, for the exclusive benefit of participants and beneficiaries.

Responsibilities of the Board include:

1. establishing controls and systems to ensure that Total Fund fiduciaries comply with applicable laws;
2. establishing asset allocation and investment policies for SERS assets;
3. appointing and discharging the Executive Director and Board Investment Consultants;
4. confirming or rejecting the Executive Director's proposed appointment of a Chief Investment Officer for SERS;
5. designating the individual as Chief Investment Officer of SERS for purposes of R.C. 3309.043, and then notifying the Ohio Department of Commerce, Division of Securities in writing of the designation as required by the Ohio Revised Code;
6. monitoring and reviewing investment performance and policy compliance;
7. requesting, receiving and reviewing reports from Investment Staff, Board Consultants and other entities, if applicable;
8. approving an Annual Investment Plan;
9. approving Statement of Investment Policy and changes thereto; and
10. conducting an annual evaluation of the performance of the Board's Investment Consultant.

B. Responsibilities of ***Staff***

Staff will administer Total Fund assets as fiduciaries in accordance with applicable federal and state laws and regulations, and in accordance with this SIP, ethics laws, codes of professional conduct (in particular, the CFA Code of Ethics and Standards of Professional Conduct), and other applicable codes and/or regulations. Staff will establish plans, policies and procedures to carry out these duties.

1. The ***Executive Director*** is responsible for:

a. ensuring that reports of the Total Fund's investment performance are presented on a timely basis;

b. retaining vendors, consultants and advisors as necessary to assist Staff, and assist the Board in the retention of Investment Consultants;

c. appointing, discharging and retaining the Chief Investment Officer and Investment Staff;

d. overseeing the investment function,

e. executing investment documents when necessary,

f. conducting a fiduciary audit of investment operations at least on a seven- to ten-year cycle unless circumstances require an audit to be conducted sooner.

2. The ***Chief Investment Officer*** is responsible for:

a. overseeing the investment program and keeping the Executive Director advised;

b. conducting periodic asset liability studies with the assistance of Investment Consultants and recommending asset allocation targets and ranges;

c. reviewing the SIP on an annual basis and recommending changes as needed for approval by the Board;

d. preparing and presenting the Annual Investment Plan to the Board for approval;

e. implementing the Annual Investment Plan;

f. investigating, researching and recommending new and emerging investment concepts and strategies, and implementing appropriate strategies in accordance with approved policies and procedures;

g. informing Investment Managers, Investment Consultants, and others providing investment services to SERS about the requirements of applicable laws and Board policies, and monitoring their compliance with said laws and policies;

h. adjusting allocations to Asset Classes, Investment Managers and Funds as needed, subject to any approved allocation ranges;

i. approving implementation guidelines for each asset class to establish allocation ranges for sub-strategies, risk parameters and risk limits, and providing such guidelines to the Board;

j. appointing and discharging Investment Managers and approving investments in or redemptions from Funds subject to conditions and guidelines in Section VII.;

k. executing investment documents;

l. approving Investment Manager guidelines, changes and additions;

m. hiring and supervising Investment Staff;

n. monitoring and evaluating the effectiveness of executed securities transactions and reporting annually to the Board regarding the performance of agents who execute securities transactions on behalf of SERS;

o. regularly reporting to the Board on market conditions, the status of the Total Fund, and its multi-period performance relative to benchmarks. Performance will be calculated on a gross-of-fees and net-of-fees basis; and

p. Conducting Investment Committee meetings as the Chair and ensuring appropriate due diligence prior to investment decisions.

3. The ***Investment Committee*** is responsible for:
   a. ensuring that a policy and procedure are in place defining the Committee's structure and establishing rules for reviewing and approving investments;
   b. reviewing Investment Manager and Fund due diligence; and
   c. approving Investment Managers or Funds.
4. The ***Investment Staff*** is responsible for:
   a. regularly reporting the status of the respective asset classes and Total Fund and its multi-period performance to the Chief Investment Officer;
   b. periodically meeting and speaking with existing or potential Investment Managers to review and assess the quality of their investments and management of assets;
   c. performing ongoing due diligence to evaluate and monitor Investment Manager capabilities relative to managing Total Fund assets;
   d. recommending to the Chief Investment Officer implementation guidelines for the respective asset classes to establish allocation ranges for sub-strategies, risk parameters and risk limits, and managing the portfolio to the approved implementation guidelines;
   e. recommending to the Chief Investment Officer any additions or withdrawals from Investment Manager accounts or Funds, or rebalancing of asset class allocations;
   f. recommending to the Chief Investment Officer and the Investment Committee the appointment or discharge of Investment Managers and investments in or redemptions from Funds;
   g. investing assets of the cash equivalents portfolio;
   h. investigating and researching new and emerging investment concepts and strategies, and recommending those strategies to the Chief Investment Officer;
   i. preparing periodic reports for the Chief Investment Officer on the performance of agents who execute securities transactions on behalf of SERS; and
   j. maintaining a list of Ohio-qualified Investment Managers and their investment products.

C. Responsibilities of ***Investment Service Providers***

Investment Service Providers who do business or seek to do business with SERS will act in the best interest of SERS when providing services to SERS or the Total Fund. Investment Service Providers will:

1. comply with all applicable federal and state laws and regulations, with this SIP, and with all applicable professional codes and regulations;
2. have established ethics and conflict of interest policies and procedures, and proper internal compliance controls in place as needed;
3. at the earliest opportunity disclose to Investment Staff any actual or potential conflict of interest;
4. as permitted by law, disclose any investigation of, or litigation involving, its operations to Investment Staff; and
5. provide annual or other periodic disclosures as required.

D. Responsibilities of ***Investment Managers***

Investment Managers and Investment Staff managing assets internally are responsible as fiduciaries for investing prudently the Total Fund assets. In addition to those applicable responsibilities described in VI.B., Investment Managers and internal Investment Staff members will:

1. manage assets within their control in compliance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements, this SIP, contractual obligations, and applicable professional codes of conduct;
2. inform the Chief Investment Officer and Investment Staff of any substantial changes in investment strategy, portfolio structure, asset value, and of any organizational changes, including that of ownership, affiliation, organizational structure, financial condition, or changes in professional personnel staffing in the investment management organization;
3. present in-depth reports to Investment Staff;
4. recommend to Investment Staff changes to investment guidelines the Investment Manager believes would enhance investment performance on a risk adjusted basis; and
5. select such agents for the execution of transactions, at such prices, and at such commission rates as in the good faith judgment of the Investment Manager will be in the best interest of the Total Fund, taking into consideration in the selection of such agents not only the available prices and rates of brokerage commissions, but also other factors relevant to the transaction.

E. Responsibilities of ***Investment Consultants***

Investment Consultants will:

1. provide services as fiduciaries and in accordance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements; in accordance with this SIP and its written Agreement with SERS; and with all applicable professional codes and/or regulations;
2. provide independent and unbiased research, information and advice to the Board and Staff;
3. assist in the development and amendment of this SIP;
4. assist in the development of investment guidelines as may be requested by Staff;
5. assist in the development of strategic asset allocation targets and ranges;
6. assist in the development of performance measurement standards;
7. monitor and evaluate Investment Manager and Fund performance as appropriate on an ongoing basis;
8. recommend to Staff the retention or discharge of Investment Managers and investment in or redemption from Funds;
9. collaborate with Investment Staff on the due diligence of potential Investment Managers and Funds, and existing Investment Managers and Funds, as requested by Staff;
10. assist in the development of criteria for and procedures to be utilized in the selection of Investment Managers and Funds;
11. provide research, information and advice on investment topics and strategies considered relevant by the Investment Consultant, or when requested by the Board or Investment Staff;
12. provide those services delineated in the Advisory or Consultant Agreement;
13. provide any other advice or services that the Board, Executive Director or Chief Investment Officer determines are necessary, useful or appropriate to fulfill the objectives of this SIP; and
14. regularly report the status of the Total Fund and its multi-period performance to the Board. Performance will be calculated on a net-of-fee basis.

F. Responsibilities of the ***Investment Compliance Department***

The Investment Compliance Department is responsible for:

1. monitoring and reporting compliance with this SIP and Board Resolutions;

2. ensuring that investment management agreements and related contracts comply with the SIP;
3. ensuring that Investment Service Providers and Investment Managers comply with Section VI., herein; and
4. identifying and, in concert with Investment Staff, resolving compliance violations by Investment Managers and Investment Staff relative to their respective investment guidelines. Staff will ensure that those accounts with guideline violations are efficiently and effectively brought back into compliance;

G. Responsibilities of the ***Government Relations Officer***

The Government Relations Officer is responsible for:

1. promptly voting proxies and related actions in accordance with Board approved procedures, and maintaining detailed records of proxy votes and related actions for the Proxy Review Committee; and
2. reporting proxy voting activity to the Board on a quarterly basis and highlighting any emerging issues related to this activity.

H. Responsibilities of the ***Investment Accounting Department***

Responsibilities of the Investment Accounting Department related to the Investments Department are defined in Policy FIN4-004 Investment Valuation.

VII. Conditions and Guidelines for Making Investments

A. Conditions

1. In cooperation with legal counsel, Staff will endeavor to ensure that the legal structure of each investment limits potential losses to no more than the amount invested;
2. Investments will be of institutional quality;
3. Investments will require the approval of the Chief Investment Officer and the Investment Committee;
4. Investment documents must be approved by SERS' Legal Department and the Investment Compliance Department;
5. The Investment Committee will develop and implement definitive procedures for approving investments in accordance with this SIP; and
6. The Chief Investment Officer or the Executive Director must sign the necessary investment documents when making investments.

B. Guidelines

1. Selected Investment Managers and Funds will have proven track records in the strategy;
2. Monthly reporting by the Fund or Investment Manager is preferred, but there shall be quarterly reporting at a minimum;
3. The liquidity of an investment will be prudent, both for the strategy and for the Total Fund;
4. The amount invested with an Investment Manager or in a Fund will be prudent for the strategy; and
5. Investment limits established by Board resolution remain in effect until modified or eliminated by the Board.

VIII. Implementation Strategies

A. Asset Allocation

The Board will conduct an asset and liability study every three- to five-years or sooner, if necessary, in order to establish allocation targets and ranges for asset classes within distinct capital markets.

Staff, with the assistance of consultants, will review annually the market outlook and expected returns for asset classes with the Board. If there are significant changes in return assumptions, Staff will conduct an interim review of the Asset Allocation Policy.

In order to identify the investment horizon of SERS and its cash flow requirements, liability considerations will include but not be limited to current and expected future values of the benefits, contributions and total assets.

After giving due consideration to an asset and liability study conducted by the Investment Consultant, which study meets the requirements of this SIP, the Board hereby recognizes and reaffirms the following asset allocation for SERS:

	TARGET		RANGE
Equity		**54%**	**44% -- 64%**
Global Equities	40%		35% - 45%
Global Private Equity	14%		11% - 17%
Income		**26%**	**41% - 51%**
Global Fixed Income	18%		13% - 23%
Global Private Credit	5%		3% - 7%
Cash Equivalents	3%		1% - 5%
Global Real Assets (Inflation)		**20%**	**17% - 22%**
Global Real Estate	13%		10% -15%
Global Infrastructure	7%		5% - 10%
STRATEGY			
Opportunistic and Tactical Investments		0%	0% - 5%
Total	**100%**	**100%**	
Leverage		**0%**	**0% - 10%**
Total Notional Exposure (Including Leverage)		**100%**	**100% - 110%**

B.

C. Derivatives

The Board authorizes the use of derivatives in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement derivatives strategies as needed. The Chief Investment Officer will follow the derivatives policy setting forth general guidelines for the use of derivatives.

D. Leverage

The Board authorizes the use of leverage in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement certain leverage strategies. The Chief Investment Officer will follow the leverage policy setting forth general guidelines for the use of leverage. Leverage at the total fund level may be used to gain higher level of exposure than 100% of the above asset allocation targets subject to a limit of 10% of total fund. Economic leverage is obtained by the use of derivatives (equities, bond or other liquid assets) and may be employed to balance risk contribution and/or potentially enhance total fund return. Any active risk introduced by the total fund leverage shall be governed by the limits specified in Section IV (Risk Management) above.

E. Rebalancing

The Total Fund rebalancing is conducted by the Chief Investment Officer within the active risk limit specified in Section IV. (Risk Management) as well as asset class portfolio ranges specified in Section VIII. Within individual asset classes, rebalancing is conducted based on the specific targets and ranges of the sub-strategies specified in the implementation guidelines subject to the overall tracking error limit of each asset class.

F. Currency Hedging

The Board authorizes currency hedging in the Total Fund and authorizes the Chief Investment Officer to develop and implement currency hedging strategies as needed. Currency hedging programs and managers shall be approved by the Investment Committee.

G. Transition Management

The Board authorizes the Executive Director and the Chief Investment Officer to hire Transition Managers as needed.

H. Proxy Voting

The Board authorizes the Proxy Review Committee, which consists of staff members from Executive and Investments, to vote proxies of common stock owned by SERS and to hire proxy services as required to implement this strategy. The Proxy Review Committee will follow a process for voting proxies as described in the Proxy Voting Procedures document.

I. Securities Lending

The Board authorizes Investment Staff to develop and implement a securities lending program which may involve the appointment or discharge of third party securities lending agents by the Executive Director or the Chief Investment Officer. The Board recognizes that while the practice of securities lending can generate meaningful income for the Total Fund, it is not without investment risk. To mitigate investment risk the securities lending program will focus on intrinsic value lending and use conservative collateral reinvestment guidelines as outlined in the securities lending policy. If Staff determines the risk/reward relationship of the program is no longer advantageous for the Total Fund, the program will be discontinued.

J. Opportunistic and Tactical Investments

The Board authorizes Investment Staff to invest up to 5% of Total Assets in Opportunistic and Tactical Investment Strategies. These investments will comply with the Opportunistic and Tactical Investment Policy approved by the Chief Investment Officer.

K. Overlay Program

The Board authorizes Investment Staff to invest in an overlay program which includes tactical asset allocation and active currency strategies. The overlay program trades derivatives of the Total Fund's underlying assets and foreign currency exposures to enhance Total Fund's risk adjusted return. The net notional exposures of the tactical asset allocation should be zero and the gross notional exposure of the currency program is limited to 50% of the Non-US Equity portfolio value. The active risk (tracking error) of the overlay positions are governed by the overall tracking error limit for the Total Fund as stated in Section IV. (Risk Management).

L. Investment Managers and Funds

The Board authorizes the Chief Investment Officer and the Investment Committee to approve Investment Managers and Funds based upon recommendations of Investment Staff or Investment Consultants, as may be appropriate, and discussions with Managers. The Chief Investment Officer is authorized to discharge Investment Managers or Funds and report such actions to the Investment

Committee or to present the discharge action to the Investment Committee for approval on a discretionary basis. Allocations to approved Investment Managers and Funds will be determined or adjusted by the Chief Investment Officer in accordance Section VI. Allocations and adjustments are subject to any maximum allocation amounts established by the Board.

Investment Managers will adhere to investment guidelines established by Investment Staff, as well as all applicable laws and policies. The Chief Investment Officer is authorized to establish and amend investment guidelines as needed.

It is a goal of the Board to increase the utilization of Ohio-qualified Investment Managers when an Ohio-qualified Investment Manager offers quality, services and safety comparable to other Investment Managers available to the Board, and the use of such Investment Manager is consistent with the Board's fiduciary duties.

The Board will require that a list of Ohio-qualified Investment Managers and their investment products be maintained, and that public notice be given to Ohio-qualified Investment Managers of Investment Manager searches and search criteria.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

M. Co-investments

The Board authorizes the Chief Investment Officer to approve co-investments in a single investment within a Fund investment previously approved by the Investment Committee. A single co-investment is limited to $25 million. Such approvals shall be reported to the Investment Committee with supporting investment memoranda. The Chief Investment Officer may present the co-investment to the Investment Committee for approval (on a discretionary basis) if time permits.

N. Collective Investment Funds

To the extent SERS' assets are invested in a group trust described in IRS Revenue Ruling 81-100, the instruments governing such trusts, as they may be amended from time to time, are hereby incorporated by reference and made part of the SIP as if fully set forth herein.

O. Approved Brokers

Brokers (or broker/dealers) who may provide execution of securities transactions for SERS will be evaluated on the basis of financial soundness, underwriting capabilities, research services, execution costs, and any other capabilities necessary in the execution of such transactions. Investment Managers who use such brokers will use their good faith judgment to ensure that said brokers will perform in the best interest of the Total Fund.

It is a goal of the Board to increase its utilization of Ohio-qualified brokers for the execution of domestic equity and domestic fixed income trades when an Ohio-qualified broker offers quality, services, and safety comparable to other brokers available to the Board or its Investment Managers, and the use of such broker is consistent with the Board's fiduciary duties.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

P. Soft Dollars

SERS allows investment managers to enter into limited soft dollar trading arrangements as governed by the "safe harbor" provision of Section 28(e) of the Securities and Exchange Act of 1934, and guided by the CFA Institute Soft Dollar Standards. SERS does not support any new soft dollar arrangements outside of these noted provisions.

Q. Securities Litigation

SERS will follow the securities litigation policy and procedures as approved by the Board in setting out a course of action that best represents the interests of SERS' participants and beneficiaries.

R. Other

The strategies listed herein are not meant to constrain the Chief Investment Officer from managing the investment program in a prudent manner. The Chief Investment Officer may develop additional investment strategies as needed and will discuss such additional strategies with the Board prior to implementation.

IX. Performance

A. Performance Measurement Standard

Performance evaluation for the Total Fund will focus on total return, on an accrual accounting basis, including realized and unrealized capital gains and losses, and income. Valuations are to be made at least on a quarterly basis, and period returns are to be geometrically linked. Private market asset returns may be reported one quarter in arrears. Cash and cash equivalents will be included in the portfolio's return. Performance will be calculated on a gross-of-fee and net-of-fee basis.

B. Performance Benchmark – Total Fund

Performance of the Total Fund relative to benchmarks will be examined monthly, and will be reported for multiple time periods as needed. The Board's Investment Consultant will report performance net-of-fees on a quarterly basis.

The performance benchmark for the Total Fund will be the target-weighted average of the performance benchmark for each asset class and strategy grouping as stated in Section VIII, excluding leverage. Performance for the Total Fund shall be reported including total fund leverage.

In the event of a significant change in policy targets, the Board may approve interim targets for a period to move progressively toward the final target; interim targets may be used for the purpose of calculating the Total Fund policy benchmark in the interim period.

C. Performance Benchmarks – Asset Classes and Strategies

The long-term performance benchmark for each asset class is shown below. Performance benchmarks are determined as appropriate for SERS in cooperation with SERS' Investment Consultant. For purposes of this section, long-term refers to rolling three- to five-year periods. Performance in each asset class should meet or exceed the Benchmark measure.

ASSET CLASS	BENCHMARK MEASURE
Global Equities	MSCI All Country World Net Total Return Index (USD)
Global Private Equity	Burgiss All Private Equity benchmark (BAPE) (one quarter in arrears)
Global Fixed Income	Bloomberg US Aggregate Bond Index
Global Private Credit	90 day Treasury bill rate+4.5% (one quarter in arrears)
Global Real Estate	NCREIF Property Index (one quarter in arrears)
Global Infrastructure	Quarterly (4 qtrs.) smoothed CPI +1.20% per quarter
Cash Equivalents	FTSE 30 Day Treasury Bill
STRATEGY	**BENCHMARK MEASURE**
Opportunistic and Tactical Investments	Bloomberg US Aggregate Bond Index + 2%

D. Performance Benchmarks – Individual Investment Managers

Investment Staff will establish performance benchmarks for each Investment Manager based on its respective style.

X. Review and Evaluation

The Board will review and evaluate periodic reports on the investment performance of Total Fund assets. Greater emphasis will be placed on three- to five-year results. The intended frequency for review and evaluation, subject to change by the Board, is as follows:

A. Monthly – Investment Report including Total Fund Fair ~~m~~Market value, asset allocation, performance of the Total Fund and each asset class, and the Total Fund's compliance with this SIP.

B. Quarterly – Summary Investment Report presented by the Investment Consultant, including highlights and commentary about market conditions, investment performance, asset composition and characteristics for each asset class, and relevant manager level information.

XI. Related Policies and Procedures

A list of related policies and procedures that govern the investment program is attached as Appendix I.

Appendix I - Related Policies

SIP	Number	Document
	INV1-001	Statement of Investment Policy
VIII	INV1-002	Derivatives Policy
VIII	INV1-003	Leverage Policy
VIII	INV1-004	Opportunistic and Tactical Investment Policy
IV	INV1-006	Investment Risk Management Policy
VIII	INV1-007	Securities Lending Policy
VI	INV1-012	Cash Equivalents Portfolio Investment Guidelines Policy
VIII	INV1-014	Cash Equitization Policy
VI	INV1-024	Investment Committee and Investment Approval Policy
VIII	INV1-025	Private Market Co-Investment Policy
VI	INV3-001	Investment Oversight Policy
VIII	BD3-008	Securities Litigation Policy
VIII	EXE6-002	Proxy Voting Policy

Appendix II – Glossary of Terms

Active Risk – also known as Tracking Error, describes how a portfolio's performance is different from its benchmark and is measured by the standard deviation of the differences in returns of the actual portfolio and the benchmark portfolio.

Active Share – the Active Share of a fund represents the percent of portfolio holdings that differ from the (declared) benchmark index holdings.

Actuarial Assumed Rate – also referred to as the actuarial discount rate. This rate is used to value a pension fund's liabilities and is also used as a long-term investment return objective.

Asset and Liability Study – a study to determine the appropriate level of overall investment risk for a pension plan, based on future liabilities and funding resources. The study helps maximize the probability that the return on plan assets exceeds the growth of plan liabilities.

Benchmark – a gauge in the securities market by which investment performance can be measured, such as the Standard & Poor's 500 Index.

Bloomberg US Aggregate Bond Index – a market capitalization weighted US bond index published by Bloomberg. Most US traded investment grade bonds are represented in the index. SERS' global fixed income policy benchmark.

Broker – an individual or firm authorized to act on behalf of another, such as executing a transaction. The broker does not assume any financial risk in the transaction, as a dealer would.

Brokerage Commission – fee paid to a broker for the purchase and sale of securities.

Broker/dealer – any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of a client. When acting as a dealer, a broker/dealer executes trades for the firm's own account. Securities bought for the firm's own account may be sold to clients or other firms or become a part of the firm's holdings.

Burgiss All Private Equity (BAPE) – The BAPE is comprised of data from more than 5,000 private equity funds contributed by limited partners that are Burgiss clients and use Burgiss' web-based institutional portfolio management platform Private i. The benchmark data is sourced from Burgiss' limited partner clients and includes complete transactional and valuation history between the limited partner and their fund investments. Burgiss publishes a detailed breakdown of the dataset every quarter allowing for increased transparency.

Cash Securitization – Cash securitization is a method used to obtain asset-like returns on short-term cash investments in equity, fixed income or other accounts by overlaying the short-term cash investments with relevant futures. Securitization of equity cash is referred to as cash equitization.

Cash Equivalents – highly liquid, safe investments with maturities of 397 days or less, which can be easily converted into cash. Examples include Treasury Bills, money market funds, and quality commercial paper. The cash equivalents asset class serves as a liquidity pool for SERS.

Chapter 3309, Ohio Revised Code – the Ohio statute governing the School Employees Retirement Board and School Employees Retirement System of Ohio.

Co-investment – a direct investment in a single asset of a private market Fund, made alongside the Fund's investment in the asset; typically involves more attractive terms and shorter time frames than those of the Fund.

Collective Investment Fund – A fund that is operated by a trust or bank and holds commingled (pooled) assets.

Conflict of Interest – a direct or indirect pecuniary interest or a relationship (without regard to whether the relationship is personal, private, commercial, or business) and the interest or relationship could diminish the Investment Service Provider's independence of judgment in the performance of its responsibilities to SERS; or bias the Investment Service Provider's evaluation of, or advice with respect to, a transaction or assignment on behalf of SERS.

Credit Risk – the possibility that a bond issuer will default by failing to repay principal and interest in a timely manner.

Currency Hedging – also known as Currency Management. A technique or strategy used to address foreign exchange fluctuations which affect investment returns on international investments. Currency hedging can be active, passive, or a combination of active and passive. Passive hedging is a strategy to neutralize fluctuations between US and Non-US currencies to a predetermined level. Active hedging is a strategy to manage currency fluctuations in an effort to generate returns.

Default Risk – see Credit Risk.

Derivatives (Derivative Instruments) – financial instruments (securities or contracts) whose values are derived from underlying financial assets, indices or other instruments. Derivative performance is based on the performance of assets, interest rates, currency exchange rates, and various domestic and foreign indices underlying the instruments. The common forms of derivatives are forward, futures, swap and options contracts.

Diversification – spreading a portfolio over many investments to avoid excessive exposure to any one source of risk.

Due Diligence – an investigation or audit of a potential or existing investment.

Equity Investment – claims held by the residual owners of a firm. May also be referred to as common stock. Investments in real estate and certain private markets classifications may also be considered equity.

External Management – the management or investment of fund assets by Investment Managers.

Fiduciary – a person, company or association holding assets in trust for a beneficiary. One who can exercise discretionary authority or can control important aspects of a pension plan's management.

Firm Level – as used in this SIP, Firm Level refers to an Investment Management Firm and includes all investment products, strategies or styles offered by the firm.

Fixed Income Investment – a security issued by a borrower that obligates the issuer to make specified payments to the holder over a specific period. May also be referred to as "debt" or "bonds."

Foreign Currency Risk – incurred by investing in foreign countries. Fluctuations in exchange rates between domestic and foreign currencies impact total returns. Impacts may be positive or negative.

FTSE 30 Day Treasury Bill – an index that measures the rate of return for 30-day US Treasury Bills, which are considered representative of the performance of Short-Term money market instruments. The FTSE 30 Day Treasury Bill is SERS' policy benchmark for Cash Equivalents.

Fund – Fund means a limited partnership, trust or commingled investment vehicle in which SERS invests or may invest (e.g., hedge fund, private equity fund, or real estate fund).

Global Equities – reflects the consolidation of what had been treated by SERS as US equity and Non-US equity asset classes; includes equities of US and non-US origin, equities of various capitalizations (e.g., large cap, small cap, mid cap, etc.), equities from developed, emerging and frontier markets, growth and value equities, and passive and active strategies. Investments in global equities strategies are made in accordance with investment allocation guidelines established and amended as necessary, by mutual agreement between the Chief Investment Officer and the Investment Consultant.

Global Private Credit - broadly defined as strategies that provide loans and financing to middle market companies in lieu of bank financing. Strategies can have objectives of either preserving capital, with return coming primarily from current pay coupon and fees or maximizing appreciation of more subordinated loans.

Guidelines – refers to an Investment Manager's "Investment Guidelines," established between the Investment Manager and Staff as part of an investment management agreement. Guidelines may be general or specific.

Hedge Fund – a private investment partnership or an offshore investment corporation in which the general partner has made a substantial personal investment, and whose offering memorandum allows for the Fund to take both long and short positions, using leverage and derivatives, and invest in many markets. Hedge funds often use strategies involving program trading, selling short, swaps and arbitrage.

Indexing – the weighting of investments that are in line with one of the major market indices, such as the Standard & Poor's 500 Index. Also referred to as passive investing.

Interest Rate Risk – the risk that an investment's value will change due to a change in the absolute level of interest rates.

Internal Management – the management or investment of fund assets by Investment Staff.

Intrinsic Value Lending – lending that produces returns based upon the securities loan itself, with little incremental benefit from collateral reinvestments.

Investment Committee – a committee comprised of the Chief Investment Officer and Investment Officers from SERS' Investment Department who possess the State Retirement System Investment Officer (SRSIO) license, with clearly defined structure, rules and procedures for reviewing and approving investments in a timely and prudent fashion.

Investment Consultant – any consultant hired by the Board or by Staff to advise or assist with the investment program in accordance with this SIP. Board Investment Consultants must be approved by the Board. Staff Investment Consultants shall be approved by the Executive Director.

Investment Manager – a manager or potential manager of SERS assets, both public market and private market. Includes, but is not limited to managers of equity, fixed income, private equity, real estate, hedge funds, commodities and cash.

Investment Program – the implementation of SERS' investment responsibilities and the Board's SIP by fund fiduciaries.

Investment Service Provider – an entity or person, other than a Retirement Board member or SERS employee, who provides investment advice to SERS intended to affect or form a basis for investment or fund management decisions by SERS, including but not limited to (a) Investment Consultants, (b) Investment Managers, (c) agents, (d) broker/dealers, (e) master record keepers, and (f) custodian.

Investment Staff – members of the Investment Department of SERS, including the Chief Investment Officer, State Retirement System Investment Officers, and other department personnel.

Leverage – in investments, this is the control of a large amount of money by a smaller amount of money, such as buying on margin. In finance, this is the relationship of debt to equity on a company's balance sheet in the form of the debt/equity ratio.

Liquidity Risk – the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or to make the required profit.

Long-term – in the context of SERS' liability and investment horizons, long-term is assumed to be at least 10 years.

Mandate – mandate is the macro or high-level strategy employed by a manager. Examples of macro strategies include US versus Non-US; large cap versus small cap; real estate versus private equity; etc.

Master Record Keeper – the master accountant used by SERS.

Modern Portfolio Theory – a theory about how rational investors can construct portfolios in order to optimize market risk for expected returns, emphasizing that risk is an inherent part of higher reward. According to the theory, it is possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk. This theory was pioneered by Harry Markowitz in his paper "Portfolio Selection," published in 1952 by the *Journal of Finance*.

Morgan Stanley Capital International – All Country World Free ex-USA Index ($Net) – an equity index representing 44 developed and emerging countries. "Free" indicates the index reflects actual investable opportunities for global investors by taking into account local market restrictions on share ownership by foreigners. "Net" indicates that dividends are reinvested after the deduction of withholding taxes applicable to non-resident institutional investors. The MSCI-ACWI ex-USA Index, net of dividends reinvested is SERS' policy benchmark for Non-US Equities.

NCREIF Property Index (NPI) – a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. The NCREIF Property Index is a component of SERS' global real estate policy benchmark.

Opportunistic and Tactical Investments – Global opportunistic investments are tactical or non-traditional investment opportunities that may be short-term or may not fit within the generally accepted risk/return parameters of specific asset classes or strategy groupings. Such opportunities may involve capitalizing on short-term market dislocations or other such unique situations. Tactical investments may include strategies with dynamic allocations to single assets or across multiple asset types or other innovative approaches.

Portfolio – a collection of investments owned, managed, or overseen by an individual or Investment Manager, a board or an organization. Portfolio can mean a manager account or subset thereof (e.g., Goldman Sachs Core Plus account), an asset class (e.g., US equity), or the entire fund (e.g., SERS' Total Fund).

Private Market Assets – broadly defined as those assets of alternative mandates utilizing either publicly- or privately-traded securities or other investment instruments. These include, but are not limited to, real assets, private equity, private credit and hedge funds.

Proxy – an agent legally authorized to act on behalf of another party. Shareholders not attending a company's annual meeting may choose to vote their shares by proxy by allowing someone else to cast votes on their behalf. Management often encourages shareholders to vote by proxy so that ownership interests are fully represented even if shareholders are unable to attend the company's annual meetings in person.

Prudent (Prudent Person) – this phrase generally refers to the prudent person rule which is a legal maxim restricting the discretion in a client's account to investments only in those securities that a prudent person seeking reasonable income and preservation of capital might buy for his or her own investment.

Rebalancing – the action of adjusting allocations relative to their targets or ranges to adjust for actual or anticipated market movements.

Risk – the chance that an investment's actual return will be different than expected. This includes the possibility of losing some or all of the original investment. It is usually measured by calculating the standard deviation of the historical returns or average returns of a specific investment.

Risk-Adjusted Return – a measure of how much risk a Fund or portfolio takes on to earn its returns, usually expressed as a ratio. Usually expressed by a Sharpe Ratio or Information Ratio calculation.

Russell 3000 Index – a market-value weighted equity index published by the Frank Russell Company. The index measures the performance of the 3,000 largest US companies in terms of market capitalization. The Russell 3000 Index is SERS' Domestic Equity Policy Benchmark.

Securities Lending – the temporary loan of a security from an institutional investor's portfolio to a broker/dealer or dealer bank to support that firm's trading activities. These trading activities include short selling, selling on margin or the satisfaction of some other type of transaction. Loaned securities are generally collateralized, reducing the lender's credit exposure to the borrower. Except for the right to vote proxies, the lender retains entitlement to all the benefits of owning the original securities, including the receipt of dividends and interest.

Securities Litigation – refer to SERS' Securities Litigation Policy.

Soft Dollars – Soft dollar trading arrangements refer to agreements whereby an investment manager directs transactions to a broker in exchange for brokerage and research services. The research services provided to the investment manager may be either proprietary or originate with a third-party.

Style – Style refers to an investment product, strategy or style offered by an Investment Management Firm and reflects how the assets are invested. For example, value versus growth; core versus value added; quantitative versus fundamental; etc.

Total Fund – Total Fund refers to SERS' total investment assets.

Total Return – the return on an investment, including income from dividends and interest, as well as appreciation or depreciation in the price of the security, over a given time period.

Tracking Error – a divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. Calculated as the standard deviation of the difference in returns between a portfolio and its benchmark.

Transition Management – management of the transition of assets from one portfolio to another by a transition manager.

Related Documents and Information

Statutes:	R.C. 3309, Ohio Revised Code
Rules:	N/A
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History
Forms:	---

Policy History

This policy supersedes the policy adopted August 2, 1985 and all revised policies dated 7/1/23; 7/1/22; 2/17/22; 2/18/21; 7/1/20; 9/17/15; 6/18/15; 12/18/14; 5/01/14; 1/01/14; 7/01/13; 1/19/12; 7/21/11; 7/01/10; 2/01/09; 8/01/08; 2/21/08; 10/01/07; 10/20/05; 9/15/00; 10/23/98; 6/19/98; 12/12/97; 7/25/97; 3/21/97; 12/20/96; 11/22/96; 6/21/96; 4/25/96; 9/15/95; 7/28/95; 6/16/95; 3/17/95; 1/20/95; 10/21/94; 5/20/94; 3/06/92; 4/07/89; 9/04/87; 1/09/87.

SERS

Memo

To: Retirement Board

From: Richard Stensrud

CC: Karen Roggenkamp, Joe Marotta

Date: December 13, 2023

Re: Strategic Plan Update

As you will recall, the current Strategic Plan, which covers the period FY 2020 to FY 2024, is winding down. Development of the next Strategic Plan will kick off this month with a presentation of the proposed process for developing the new Plan.

As was done with the current Strategic Plan, the project will be coordinated and supported by RAMA Consulting. The knowledge RAMA gained in facilitating development of the current Strategic Plan will be very helpful in facilitating development of the new Plan.

At the December Board Meeting Mo Wright of RAMA will introduce the team that will be working on the project and provide an overview of the proposed process for developing the new Strategic Plan. That process will be very similar to what was done in developing the current Strategic Plan, with a Learning Phase, a Planning Phase and a Documentation Phase, but this time the process will include more Board involvement than in the past.

RAMA's full presentation is attached, but below is a summary of the proposed process for developing the Strategic Plan.

<u>Learning Phase (December through early March)</u>

- RAMA will perform an environmental scan that will include:
    - Reviewing the progress and outcomes of previous planning efforts, including the most recent strategic plan.
    - Reviewing organizational information, including demographics, organizational structure, mission, and operational goals.

  - Gaining understanding of organizational changes since the last planning process, including changes in workforce, structure, and organizational goals.
  - Gaining understanding of the key issues in the environment in which SERS operates.

- RAMA will conduct stakeholder engagement and analysis to gain stakeholder perspectives on the current operating environment, strategic issues, organizational priorities, programmatic opportunities, and stakeholder satisfaction. Engagement will include:
  - One on one interviews with Board Members.
  - Meetings with Staff Leadership Team members.
  - Engagement with Advocacy Partner organizations through surveys and in-person dialogue (e.g., at the Advocacy Partner Roundtable).
  - Survey outreach to non-leadership staff.

- Based on the information gained, RAMA will prepare a preliminary report identifying key themes and recommended priority areas for inclusion in the plan.

<u>Planning Phase (March and April)</u>

- RAMA will present the key themes that emerged from the environmental scan and stakeholder engagement and facilitate planning sessions to gain consensus on proposed strategic goals. Sessions will include:
  - A planning session with the Staff Leadership Team to drill into and understand key themes and develop proposed goals and objectives.
  - A Board update and input session to discuss key themes and the proposed goals developed by Staff Leadership, and establish alignment between the Board and Staff Leadership on the ‘big picture’ challenges and opportunities.
  - A tactical planning session with non-leadership staff to provide feedback on the proposed goals and recommendations for tactics to support/achieve the goals.

- Based on the information developed in the planning sessions, RAMA will work with the Staff Leadership Team to develop a proposed strategic plan framework that identifies priorities, goals and high-level strategies, as well as success indicators.

<u>Documentation Phase (April and May)</u>

- The strategic plan framework will be developed into a proposed Strategic Plan document that will be presented to the Board for review and feedback.
- The final Strategic Plan will be presented to the Board for approval.

I hope this information is helpful.

RAMA
ENGAGEMENT THAT INSPIRES

SERS®

Strategic Plan Board Kickoff Presentation

December 21, 2023

Agenda

- Introductions
- Project Goals Discussion
- Project Approach & Workplan Overview
- Milestones and Deliverables
- Next Steps

Project Team

Tiffany Wright
Lead Consultant

Maura Maher Waymire
Project Manager

Kennedy Romeo
Sr. Project Coordinator

Complementary Consulting Services = Better Strategies. Stronger Plans

Employees

LEADING AT WORK (LAW)

- **Maximize Your Workforce**
  - *Diversity and Inclusion*
  - *Employee Mentoring*
  - *Leadership Development and Coaching*

Organizations

PLANNING

- **Develop Sustainable Solutions**
  - *Needs Assessments*
  - *Strategic Planning*
  - *Project Management & Technical Assistance*

Communities

ENGAGEMENT

- **Leverage Your Community**
  - *Outreach and Education*
  - *Market Research and Focus Groups*
  - *Message Development and Strategy*

Opening Discussion

What trends or opportunities are you seeing within the retirement system today that you want to ensure are addressed in this plan?

RAMA'S PLANNING MODEL – LPD

Learning Phase	Environmental Scan/Lit Review	Stakeholder Analysis and Engagement	Preliminary Report		
Planning Phase	Planning Session I	Board Engagement	Tactical Planning Session	Planning Session II	Drafting of Strategic Plan Framework
Documentation Phase	Produce Strategic Plan Documents	Board Presentation			

RAMA
ENGAGEMENT THAT INSPIRES

Workplan Overview

What We’re Asking of You…

Engagement Opportunities

BOARD INTERVIEWS

BOARD ENGAGEMENT SESSION - VALIDATE GOALS AND STRATEGIES

REVIEW OF DRAFT FINAL PLAN

Upcoming Milestones

- Develop & Submit Learning Questions
- Engagement Protocol Development, Approval and Execution
  - Leadership Focus Groups
  - 1:1 Board of Trustee Interviews
  - Staff (non-leadership) Survey
  - Advocacy Partner Organization Survey

Q & A

RAMA
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FACEBOOK: RAMA Consulting

TWITTER: @RAMAEngages

INSTAGRAM: @RAMAEngages

RAMA

ENGAGEMENT THAT INSPIRES

www.ramaengages.com

PHONE: 614-245-0451

EMAIL: r twright@rama-consulting.net

CERTIFICATION OF CANDIDATE – EMPLOYEE MEMBER SEAT

__________ moved and __________ 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 A. King is certified as nominated to run for the employee member seat for the term July 1, 2024 to June 30, 2028. 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 A. King shall take office as if elected for the term July 1, 2024 to June 30, 2028. In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State's Office has reviewed the certification that Matthew A. King is qualified to run for the employee member seat.

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	_______	_______	_______
Jeffrey DeLeone	_______	_______	_______
James Haller	_______	_______	_______
Catherine Moss	_______	_______	_______
Barbra Phillips	_______	_______	_______
James Rossler	_______	_______	_______
Aimee Russell	_______	_______	_______
Daniel Wilson	_______	_______	_______
Frank Weglarz	_______	_______	_______

CERTIFICATION OF CANDIDATE – RETIREE MEMBER SEAT

___________ moved and ___________ 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, Catherine Moss is certified as nominated to run for the retiree member seat for the term July 1, 2024 to June 30, 2028. 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. Catherine Moss shall take office as if elected for the term July 1, 2024 to June 30, 2028. In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State's Office has reviewed the certification that Catherine Moss is qualified to run for the retiree member seat.

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	_______	_______	_______
Jeffrey DeLeone	_______	_______	_______
James Haller	_______	_______	_______
Catherine Moss	_______	_______	_______
Barbra Phillips	_______	_______	_______
James Rossler	_______	_______	_______
Aimee Russell	_______	_______	_______
Daniel Wilson	_______	_______	_______
Frank Weglarz	_______	_______	_______

SERS

Memo

To: Retirement Board

From: SERS Legal Department

CC: Richard Stensrud

Date: December 8, 2023

Re: Administrative Rules

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

I. Approval to file with JCARR the following rules as no change rules under the five-year review of rules:

- **3309-1-02 Definition of compensation**
- **3309-1-05 Policy on investment department incentive plan payouts**
- **3309-1-06 Ohio-qualified agents and investment managers**
- **3309-1-08 Allowances – date payable**
- **3309-1-18 Payment of contributions**
- **3309-1-22 Disability retirement effective date**
- **3309-1-25 Notice of meetings**
- **3309-1-27 Intersystem transfers with non-uniform system.**
- **3309-1-28 Purchase of service credit; military**
- **3309-1-32 Cost-of-living; base allowance change**
- **3309-1-33 Retirement and benefit effective dates**
- **3309-1-34 Combined disability benefits**
- **3309-1-35 Health care**
- **3309-1-42 Options; pop-up election of new option**
- **3309-1-46 Retirement – option selection**

II. Approval to file with JCARR the following proposed amended rules under the five-year review of rules:

- **3309-1- 07 Application for payment upon termination of employment**

This rule addresses refund applications. The proposed amendments are intended to make filing a refund application easier for members and retirants. Under the current rule the signature of a member with an account balance in excess of $200 must be notarized, or witnessed by a SERS counselor, and all applications for a lump sum annuity or refund of contributions by a retirant must be notarized, or witnessed by a SERS counselor.

For both members and retirants, the proposed amendments would increase to $5,000.00 the account balance amount when a signature on application for payment of accumulated contributions must be notarized, or witnessed by a SERS counselor.

- **3309-1- 11 Membership determinations**

This rule addresses the membership determination process. The proposed amendment is intended to harmonize the three alternative definitions of "service common to the normal daily operation of an educational unit."

New language in (D)(2)(a) adds a requirement that a service required to be provided by law must also be a service provided on a regular continuous basis before meeting the definition of a "service common to the normal daily operation of an educational unit."

- **3309-1-19 Member enrollment**

This rule requires employers to enroll new employees through SERS' electronic employer reporting system. The proposed amendment is intended to reflect current submission requirements.

The amendment deletes reference to notifying SERS when an employer hires a SERS retirant or other system retirant. SERS obtains notice that a new employee is a SERS or other system retirees from a separate process.

- **3309-1-26 Determination of statutory beneficiary**

This rule addresses the administration of matters involving a member's beneficiary. The proposed amendment addresses the payment of benefits to joint-beneficiaries of a member who is not survived by qualified children.

The amendment provides that only a lump sum payment of the member's accumulated account will be paid to joint-beneficiaries.

- **3309-1-29 Purchase of service credit: out-of-state and other**

This rule addresses the purchase of service credit for service in a public or private school and for public service in another state. The proposed amendments harmonize language to make clear that "school service" refers to school employment (just as "public service" refers to public employment) and clarify that "Ohio contributing service" refers to contributing service in SERS.

Paragraph (B)(1) is amended to replace "service" with "employment." Paragraph (C) is amended to state that in addition to "Ohio service," "Ohio contributing service" means contributing service in SERS.

- **3309-1-50 Re-employment restrictions**

This rule amplifies R.C. 3309.341 and addresses employment after a person retires from an Ohio retirement system. The proposed amendments to this rule are housekeeping amendments.

"Cincinnati retirement system" has been added to the definition of "Ohio retirement system" to align with the definition of "other system retirant" in R.C. 3309.341, and an extra word has been deleted from (C)((2)(a).

III. Approval to file with JCARR the following proposed amended rule

- **3309-1-09 Federal taxation**

This rule contains provisions relevant to SERS' compliance with federal tax law. Proposed amendments pertaining to required minimum distributions are in response to SECURE 2.0, which changed the applicable age for required minimum distributions and gave a surviving spouse the right to choose to be treated as the deceased employee.

Due to the complexity of SECURE 2.0, SERS Legal worked with outside tax counsel on the SECURE 2.0 amendments. The SECURE 2.0 amendments are located in paragraphs (B) and (C)(4).

In addition to amendments in response to SECURE 2.0, staff has added a new paragraph clarifying that differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code are only included in compensation for purposes of the limit established by section 415 of the Internal Revenue Code.

IV. Approval to final file the following amended rule

- **3309-1-35 Health care**

This rule is also up for five year rule review. Because no additional amendments were identified, it is included in the five year no change rules resolution. The version of 3309-1-35 in the no change resolution incorporates the amendments shown in this amended rule. This reflects the fact that the no change filing for this rule will be submitted to JCARR after these amendments have been finalized.

Please call Susan Russell at 614-222-5809 if you have any questions before the meeting.

FIVE YEAR REVIEW AND FILING OF NO CHANGE ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board filing with JCARR the following rules as no change rules: 3309-1-02 Definition of compensation; 3309-1-05 Policy on investment department incentive plan payouts; 3309-1-06 Ohio-qualified agents and investment managers; 3309-1-08 Payment of benefits and allowances; 3309-1-18 Payment of contributions; 3309-1-22 Disability retirement - effective date; 3309-1-25 Notice of meetings; 3309-1-27 Intersystem transfers with non-uniform systems; 3309-1-28 Purchase of service credit; military; 3309-1-32 Cost-of-living; base allowance change; 3309-1-33 Retirement and benefit effective dates; 3309-1-34 Combined disability benefits; 3309-1-35 Health care; 3309-1-42 Options; pop-up and election of new option; 3309-1-46 Retirement – option selection.

________________________ moved and ______________________ seconded that rules 3309-1-02, 3309-1-05, 3309-1-06, 3309-1-08, 3309-1-18, 3309-1-22, 3309-1-25, 3309-1-27, 3309-1-28, 3309-1-32, 3309-1-33, 3309-1-34, 3309-1-35, 3309-1-42 and 3309-1-46 be filed with JCARR as no change rules as discussed.

3309-1-02 Definition of compensation.

(A) This rule amplifies and is in addition to the provisions of division (V) of section 3309.01 of the Revised Code.

(B) Except as otherwise provided by division (V) of section 3309.01 of the Revised Code, the following payments made by an employer are not "compensation."

(1) Payments made by the employer for accrued but unused compensatory time for overtime worked;

(2) One-time and/or lump-sum payments made by the employer to an employee where such payments are not based upon the employee's standard rate of pay or identified in paragraph (C) of this rule;

(3) Retroactive payments or pay increases made or granted by the employer in whole or in part in consideration of retirement or an agreement to retire; and

(4) Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.

(C) The following payments made by an employer shall be "compensation":

(1) Payments on behalf of the contributor to an eligible retirement plan as defined in section 402(c)(8) of the Internal Revenue Code of 1986, 26 U.S.C. 402(c)(8).

(2) Back wages awarded pursuant to a final order or final settlement award that reinstates the contributor to the contributor's former position, or comparable position, without interruption or loss of time.

(3) Effective January 1, 2009, differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code, 26 U.S.C. 3401(h)(2).

(4) Payments based on an employee's length of service.

(5) A one-time or lump sum payment by the employer that is paid in lieu of a salary or wage increase, to all persons in a class of employees, in the same dollar amount or same percentage of salary or wages, and in accordance with a written contractual agreement.

(6) A one-time or lump sum payment made by the employer for additional services rendered.

(D)

(1) Prior to remitting contributions on salary, wages or other earnings where there is a question on whether such payments or earnings are "compensation," the employer shall request in writing a determination by the retirement board.

(2) The retirement board shall give the employer written notice of its determination.

(3) If the employer fails to request a prior determination and the retirement board determines that the salary, wages or other earnings are not "compensation," then any contributions received on such salary, wages and other earnings shall be deemed unauthorized and shall be refunded.

(4) If the employer fails to request a prior determination and the retirement board determines that the salary, wages, or other earnings are "compensation," then the retirement board may certify for collection pursuant to sections 3309.47 and 3309.51 of the Revised Code the amount of contributions not remitted.

HISTORY: 7/27/15, 4/17/15 (Emer), 3/30/15, 4/1/13, 4/2/10, 5/14/05, 2/6/98, 9/18/89, 6/25/86 (Emer), 12/24/76

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.01, 3309.47, 3309.49
Review Date:	2/1/24

3309-1-05 Policy on investment department incentive plan payouts.

(A) Pursuant to section 3309.14 of the Revised Code, payment of employee bonuses are subject to the guidelines established by the school employees retirement board as reflected in the investment department incentive plan. The plan shall be reviewed and approved on an annual basis by the board, and may be interpreted, amended, rescinded, and/or terminated at any time in the board's discretion, provided, however, that no such action by the board will be given effect if it is inconsistent with the requirements of section 409A of the Internal Revenue Code of 1986, as amended. The plan shall establish target incentive awards weighted against performance components, focusing on the school employees retirement system's actual relative investment performance compared with external benchmarks. Any and all material modifications to the plan, including, but not limited to, those related to the assignment of target incentive awards, identification of performance measures and standards, and determination of plan payouts and actual payouts, requires the board's prior approval.

(B) Participation in the plan is limited to certain school employees retirement system full-time investment professionals. Participation in the plan in any one year does not confer the right to participate in the plan in the current or any other year and does not confer the right to continued employment.

HISTORY: 5/3/19, 4/2/10, 4/10/05

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.041, 3309.14
Review Date:	2/1/24

3309-1-06 Ohio-qualified agents and investment managers.

(A) For purposes of division (A)(4) of section 3309.157 and section 3309.159 of the Revised Code, an investment manager may be designated as an "Ohio-qualified investment manager" if the investment manager and/or any parents, affiliates, or subsidiaries of the investment manager meets the requirements of divisions (A)(1) and (A)(2) of section 3309.159 of the Revised Code.

(B) For purposes of sections 3309.157 and 3309.159 of the Revised Code, "principal place of business" includes an office in which the agent or investment manager regularly provides securities or investment advisory services and solicits, meets with, or otherwise communicates with clients.

HISTORY: 4/1/16, 4/10/05

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.157, 3309.159
Review Date:	2/1/24

3309-1-08 Payment of benefits and allowances.

(A) Effective July 1, 1953 all annuities, retirement allowances, and benefits provided by law and payable in monthly installments shall be due and payable in full on the first day of the month.

(B) All annuities, retirement allowances, and benefits shall be paid on the first day of the month due.

(C) The retirement system may suspend any annuity, retirement allowance or benefit under the following circumstances:

(1) If the system has good cause to believe either of the following:

(a) That a retirant or benefit recipient may be incapacitated, and no other person has authority to act or receive payment on the retirant or benefit recipient's behalf; or

(b) That a retirant or benefit recipient is deceased or missing.

(2) If correspondence sent to the most recent mailing address provided by a retirant or benefit recipient is returned to the system as undeliverable and the system does not receive an updated mailing address within thirty days of receipt of the undeliverable correspondence.

HISTORY: 10/11/18, 3/30/15, 1/7/13, 12/24/76

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.341, 3309.35, 3309.36, 3309.381, 3309.40, 3309.401,
3309.45,	3309.46
Review Date:	2/1/24

3309-1-18 Payment of contributions.

(A) For purposes of this rule:

(1) "Employer" has the same meaning as in section 3309.01 of the Revised Code.

(2) "Contribution report" means payroll data for each pay date that has been cleared of any errors or warnings.

(3) "Surcharge" means the employer minimum compensation contribution amount determined pursuant to section 3309.491 of the Revised Code.

(B) Payments due under section 3309.47 of the Revised Code shall be received by the school employees retirement system by the fifth business day following the pay date.

(C) Contribution reports shall be posted online with the retirement system by the fifth business day following the pay date.

(D) Payments due under section 3309.51 of the Revised Code and paid by an employer directly to the employers' trust fund shall be received by the retirement system by the fifth business day following the pay date.

(E) Payments due to the employers' trust fund pursuant to section 3309.51 of the Revised Code and received from the amounts allocated under Chapter 3317. of the Revised Code, shall be remitted each month and attributed to that month.

(F) Annually, the retirement system shall issue a final school year statement that reconciles the estimated employer payments received with the employer payments owed. Within thirty days of the statement's issuance, the employer shall directly pay to the employers' trust fund any balance owed, or the retirement system shall directly refund to the employer any overpayments made. The retirement system shall not issue a refund to an employer whose reports or payments are delinquent.

(G) Surcharge payments due to the employers' trust fund shall be collected in one of the following ways:

(1) An employer who chooses direct pay or an employer who does not receive amounts allocated under Chapter 3317 of the Revised Code shall pay its surcharge directly to the employers' trust fund within thirty days after receipt of the certified amount due from the retirement system.

(2) For those employers who do not choose the direct pay option under paragraph (G)(1) of this rule, as well as science, technology, engineering and mathematics schools and community schools, the retirement system shall include surcharge payments in the estimated payments certified to the superintendent of public instruction pursuant to section 3309.51 of the Revised Code.

(H) For any payments made pursuant to paragraphs (B), (D), (F) and (G)(1) of this rule, payment remittance information shall be submitted in the manner specified by the retirement system no later than the date the payment is received by the retirement system.

(I) The retirement system may extend a due date for an employer upon a finding that good cause has been shown.

(J) For purposes of section 3309.571 of the Revised Code, “days” refers to “business days.”

(K) An employer shall repay the retirement system for any amounts paid by the retirement system as the result of employer errors in reporting or certifying information to the retirement system.

HISTORY: 10/2/23, 9/30/21, 5/3/19, 5/15/17, 2/27/17 (Emer.), 12/4/14, 1/7/13, 7/1/10

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.47, 3309.49, 3309.491, 3309.51, 3309.55, 3309.571
Review Date: 2/1/24

3309-1-22 Disability retirement - effective date.

For purposes of section 3309.40 of the Revised Code, a member who files an application for disability retirement prior to the member's sixtieth birthday and whose last date of contributing service is prior to the member's sixtieth birthday "has not attained age sixty."

HISTORY: 4/3/09, 5/8/04, 1/2/93, 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rules Amplifies: 3309.39, 3309.40
Review Date: 1/31/24

3309-1-25 Notice of meetings.

(A) Any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings by:

(1) Writing to the following address -

"School Employees Retirement System
300 East Broad Street, Suite 100
Columbus, Ohio 43215"

(2) Calling the following telephone number during normal business hours -

614/222-5853

(3) Accessing the SERS website -

www.ohsers.org

(B) Any representative of the news media may obtain notice of all special meetings by requesting in writing that such notice be provided. Such notice will only be given, however, to one representative of any particular publication or radio or television station. A request for such notification shall be addressed to:

"Executive Director
School Employees Retirement System
300 East Broad Street, Suite 100
Columbus, Ohio 43215"

(1) The request shall provide the name, United States postal service address and/or electronic mail address, and a maximum of two telephone numbers of the individual media representative to be contacted. The school employees retirement system shall maintain a list of all representatives of the news media who have requested notice of special meetings pursuant to this rule.

(2) In the event of a special meeting not of an emergency nature, the school employees retirement system shall notify all media representatives on the list of such meeting by doing at least one of the following:

(a) Sending written notice, by electronic mail or United States postal service, which must be sent no later than four calendar days prior to the day of the special meeting;

(b) Notifying such representatives by telephone no later than twenty-four hours prior to the special meeting; such telephone notice shall be complete if a message has been left for the representative, or, if after reasonable effort, the school employees retirement system has been unable to provide such telephone notice;

(c) Informing such representative personally no later than twenty-four hours prior to the special meeting.

(C) In the event of a special meeting of an emergency nature, the school employees retirement system shall notify all media representatives on the list of such meeting by providing either the notice described in paragraph (B)(2)(b) of this rule, or that described in paragraph (B)(2)(c) of this rule or notifying the clerk of the state house press room. In such event, however, the notice need not be given twenty-four hours prior to the meeting, but shall be given as soon as possible.

(D) In giving notices required by this rule, the school employees retirement board may rely on assistance provided by any member of the staff of the school employees retirement system, and such notice is complete if given by such member in the manner provided in this rule.

(E) The school employees retirement system shall maintain a list of all persons who have requested, in writing, notice of all meetings of the school employees retirement board.

HISTORY: 3/30/15, 4/2/10, 5/9/03, 2/1/92, 12/24/76

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.09
Review Date:	2/1/24

3309-1-27 Intersystem transfers with non-uniform systems.

(A) This rule amplifies section 3309.35 of the Revised Code and applies to members who retire with an effective date of retirement on or after February 1, 2013.

(B) For the purpose of this rule:

(1) "State retirement system" and "retention percentage" have the same meanings as in section 3309.35 of the Revised Code.

(2) "Fiscal year" means, for the public employees retirement system, a calendar year and, for the school employees retirement system and state teachers retirement system, the twelve-month period beginning on July first and ending on June thirtieth.

(C) For purposes of determining the amount transferred under division (B)(5)(a) of section 3309.35 of the Revised Code, all of the following apply:

(1) The amount contributed by the member includes any amounts paid to restore service credit under section 3309.26 of the Revised Code.

(2) The amount of employer contributions shall be determined using the lesser of the employer's contribution rate in effect at the beginning of the fiscal year for each of the state retirement systems involved in the transfer, less the retention percentage.

(3) Any amounts paid by the member to purchase service credit shall include, if applicable, any amounts paid by the employer to purchase service credit.

(4) Except as provided in this paragraph, interest shall be calculated beginning on the first day of the fiscal year following the year in which the contributions were made and ending on the last day of the month in which the transfer occurs. If the amount to be transferred includes any amounts paid to purchase service credit, other than amounts paid to restore service credit under section 3309.26 of the Revised Code, interest on the amounts paid to purchase service credit shall be calculated beginning on the first day of the fiscal year following the year in which the payment to purchase the credit was made and ending on the last day of the month in which the transfer occurs. For each year of service credit to be transferred, the interest rate shall be determined by using the lesser of the actuarial assumption rate in effect at the beginning of the fiscal year for each of the state retirement systems involved in the transfer.

(D) If a member of the public employees retirement system has contributions to more than one employer division of the system, the employer contribution rate for the system shall be determined using the last division to which the member contributed. If the period of service and contributions to be transferred includes service that occurred prior to the date the member's most recent division was established, the school employees retirement system shall use the employer contribution rate for its system for that year.

HISTORY: 8/13/15

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.35
Review Date:	2/1/24

3309-1-28 Purchase of service credit; military.

(A) Compound interest at a rate to be set by the board shall be applied from the date of the member's first service covered by the school employees retirement system, public employees retirement system or state teachers retirement system following the termination of military duty to date of payment.

(B) The number of years to be purchased shall not exceed five years or the total number of years of Ohio contributing service credit accumulated at time of purchase, whichever is the lesser.

(C) The member may purchase any portion of the military service, provided that a member with less than five years of military service who buys all of his service will be credited with the total days of the final month of service.

(D) The rate of contribution will be that which is in effect at the time the member entered into active military service.

(E) The maximum salary limitation stipulated in Chapter 3309. of the Revised Code when the member completed his first year of Ohio service, will be observed in the calculation of the cost to purchase.

HISTORY: 5/14/05, 11/1/96, 7/1/83, 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.021
Review Date: 2/1/24

3309-1-32 Cost-of-living; base allowance change.

(A) For purposes of this rule:

(1) "Base allowance" means the benefit amount due a benefit recipient on the later of July 1, 1979 or the effective date of such benefit, as adjusted pursuant to this rule. A base allowance excludes subsequent allowances for cost-of-living pursuant to section 3309.374 of the Revised Code, reimbursements for medicare part "B" pursuant to section 3309.69 of the Revised Code, or additional annuity payments pursuant to section 3309.47 of the Revised Code.

(2) "Benefit" means a periodic payment under an allowance, pension, or benefit granted under Chapter 3309. of the Revised Code, other than an annuity paid under section 3309.341 of the Revised Code.

(3) "Benefit amount" means the amount due a benefit recipient on the effective date of such benefit.

(4) "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.

(5) “CPI-W” means the consumer price index for urban wage earners and clerical workers, not seasonally adjusted, U.S. city average, “All items 1982-84=100.”

(B) A base allowance upon which a cost-of-living is calculated shall be adjusted when any of the following occur:

(1) The enactment of any statutory ad hoc allowance increase but only if such statutory authority provides that such increase become part of the base allowance.

(2) Recalculation of a retirant's benefit due to a change in a plan of payment as permitted in section 3309.46 of the Revised Code.

(3) Recalculation of a benefit recipient's benefit amount after an audit.

(4) If a benefit recipient waives any portion of a benefit amount pursuant to section 3309.662 of the Revised Code, the base allowance shall be the portion being paid. If a waiver is revoked, the base allowance shall be the amount allowed under this rule.

(C) For purposes of this rule and section 3309.374 of the Revised Code, the percentage increase in the CPI-W shall be determined by calculating the percentage change between the CPI-W for June of the immediately preceding calendar year and the CPI-W for June of the next preceding calendar year.

(D)

(1) The recipient of any allowance, pension, or benefit that was effective before April 1, 2018 shall be eligible to receive an increase under section 3309.374 of the Revised Code upon receiving an allowance, pension, or benefit for twelve months.

(2)

(a) The recipient of any allowance, pension, or benefit that becomes effective on or after April 1, 2018 shall be eligible to receive an increase under section 3309.374 of the Revised Code upon attainment of the fourth anniversary of the allowance, pension, or benefit.

(b) For purposes of paragraph (D)(2)(a) of this rule, a recipient shall be credited with anniversaries for any previous allowance, pension, or benefit attributable to the same member account in the retirement system that occurred on or after January 1, 2018.

HISTORY: 6/5/20, 3/26/18, 4/2/10, 8/2/02, 1/2/93, 11/23/79, 12/24/76

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.374
Review Date:	2/1/24

3309-1-33 Retirement and benefit effective dates.

(A) For purposes of this rule, "retirement allowance" refers to a monthly retirement allowance, including an "estimated retirement allowance" as defined in paragraph (A) of rule 3309-1-21 of the Administrative Code, as well as a lump sum payment made under a plan described in division (B)(4) of section 3309.46 of the Revised Code.

(B)

(1)

(a) The effective date of a service retirement under sections 3309.34, 3309.35, 3309.36, and 3309.46 of the Revised Code shall be as follows:

The first of the month following the last date of compensated service, the first of the month following the date that age and service credit eligibility is met, the first of the month after all purchases of service credit are completed, or at the date requested by the applicant in writing at retirement, whichever is later.

(b) The effective date of a service retirement under section 3309.343 of the Revised Code shall be as follows:

The first of the month following the last date of compensated service for the position from which the member is retiring, the first of the month following the date that age and service credit eligibility is met, the first of the month after all purchases of service credit are completed, or at the date requested by the applicant in writing at retirement, whichever is later.

(c) Notwithstanding any other provision of this rule to the contrary, the effective date of a service retirement under this rule of a member who is an other system retirant as defined in division (A)(2) of section 3309.341 of the Revised Code shall not be sooner than the effective date of retirement in the other system.

(2) The effective date of reemployment, conversion retirement, disability, and survivor benefits shall be the date as provided by section 3309.344, 3309.381, 3309.39, 3309.40, 3309.401, or 3309.45 of the Revised Code.

(C) A member, a beneficiary eligible for benefits pursuant to section 3309.45 of the Revised Code, or a SERS retirant or other system retirant as defined in section 3309.341 of the Revised Code, may withdraw an application for a retirement allowance, survivor benefit or annuity by delivering to the retirement system a signed written request over the applicant’s signature and as follows:

(1) If the payment was made by check, by returning to the retirement system the warrant uncashed no later than thirty days after issuance of the check.

(2) If the payment was transmitted by direct deposit to the member, beneficiary, or retirant’s financial institution(s), by remitting to the retirement system a personal

check or money order repaying all payments transmitted no later than thirty days after the institution's receipt of the payment.

(3) If any portion of a payment was delivered as a direct rollover pursuant to rule 3309-1-53 of the Administrative Code, the retirement plan that received the distribution must return to the retirement system the amount transferred not later than sixty days after the transfer.

(4) If any portion of a payment was paid to satisfy a court order or was otherwise deducted as required by law, the application may not be withdrawn as provided in this rule.

(D) The retirement laws in effect on the benefit effective dates shall determine the amount and eligibility for a retirement allowance, survivor benefit, or annuity.

(E) The annuity and option tables as adopted by the board and in effect shall be used to determine reserve liability and retirement allowance, survivor benefit payments and annuity.

HISTORY: 5/3/19, 3/20/15, 12/14/13, 1/7/13, 4/2/10, 5/11/06, 1/2/04, 1/2/03, 11/1/01, 7/30/01(Emer), 5/2/01, 1/2/93, 2/1/92, 12/24/76

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.34 , 3309.343 , 3309.344 , 3309.35 , 3309.36 , 3309.381 , 3309.39 , 3309.40 , 3309.401 , 3309.45 , 3309.46
Review Date:	2/1/24

3309-1-34 Combined disability benefits.

(A) This rule amplifies section 3309.35 of the Revised Code.

(B) As used in this rule:

"Last date of service" means last day of compensated service, either for a day worked or used paid leave, under the school employees retirement system, public employees retirement system, or state teachers retirement system, whichever is latest.

(C) If this system is the paying system and a member of school employees retirement system files an application for a disability benefit pursuant to section 3309.39 of the Revised Code and also chooses to apply for a combined disability benefit with the public employees retirement system or the state teachers retirement system, the following shall apply:

(1) This system shall request and pay for the examining physician(s) report(s).

(2) Disability shall be determined on the basis of the member's ability to perform the duties for the position held on the member's last date of service. If the member's last date of service is concurrent under two or more systems, disability for

performance of duty shall be determined on the basis of the duties for the position with the greater annual compensation or earnable salary at the time of the application.

(3) If a disability benefit is granted, this system shall notify the other retirement system(s) of the decision and the member's intent to combine.

(D) If this system is the paying system of a combined disability, this system's rules and statutes shall govern the disability benefits, and this system will be responsible for subsequent medical examinations.

HISTORY: 5/3/19, 3/30/15, 1/7/13, 4/2/10

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.34, 3309.343, 3309.344, 3309.35, 3309.36, 3309.381, 3309.39, 3309.40, 3309.401, 3309.45, 3309.46
Review Date:	2/1/24

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 any 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.

(9) “Marketplace counselor” means an individual licensed to determine eligibility for, and enroll individuals in, a marketplace plan.

(10) “Marketplace plan” means an individual health plan available through either a state or federal health insurance marketplace.

(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 SERS 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 SERS 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.

(4) On or after January 1, 2021, eligibility for SERS health care coverage shall terminate when a person listed in paragraph (B)(1) of this rule becomes eligible for medicaid and is ineligible for medicare. For purposes of this rule, a benefit recipient and their dependent(s) shall be presumed to be eligible for medicaid if their gross monthly SERS benefit is less than the percentage of the federal poverty level used by the Ohio department of medicaid to determine medicaid eligibility under agency 5160 and division 5160:1 of the Administrative Code. Upon request, a benefit recipient presumed to be eligible for medicaid must provide SERS with satisfactory proof of ineligibility for medicaid in their state of residence within ninety days from the date of SERS' request.

(5) Eligibility for SERS health care coverage shall terminate when a person eligible for medicare part B fails to:

(a) Enroll in medicare part B during the person's initial enrollment period or special enrollment period under 42 U.S.C. 1395p that includes a date on or after January 1, 2019. If the failure to enroll occurred on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022; or

(b) Enroll in medicare part B during the general enrollment period available under 42 U.S.C. 1395p immediately following a loss of medicare part B coverage that began on or after January 1, 2019. If the loss of medicare part B coverage began on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022.

(6) Eligibility for SERS health care coverage shall terminate when a benefit recipient who is not eligible for medicare, and whose initial SERS health care eligibility date or reinstatement to SERS health care coverage under paragraph (I) of this rule is on or after June 1, 2023, fails to complete counseling with a SERS approved marketplace counselor to review marketplace plan options.

(a) A benefit recipient whose initial SERS health care eligibility date is on or after

June 1, 2023 shall complete counseling before the later of the following:

(i) December 31 of the calendar year of initial health care eligibility; or

(ii) Within three months of initial health care eligibility.

(b) A benefit recipient requesting reinstatement to SERS health care coverage under paragraph (I) of this rule on or after June 1, 2023 shall complete counseling before the later of the following:

(i) December 31 of the calendar year of the qualifying event entitling the benefit recipient to reinstatement; or

(ii) Within three months of the request for reinstatement.

(c) The benefit recipient shall provide the marketplace counselor with all information required to determine the cost of available marketplace plans. The marketplace counselor shall notify SERS when such counseling has been completed.

(d) A benefit recipient who fails to complete counseling in accordance with this rule shall be deemed to have waived SERS health care coverage until the individual becomes eligible for reinstatement as permitted under paragraph (I) of this rule.

(e) Counseling shall not be required if the marketplace counselor is unable to determine available marketplace plans based on the benefit recipient’s address or other demographic information. The marketplace counselor will notify SERS when a marketplace plan cannot be determined based on the circumstances.

(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; or

(ii) 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) 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 eligibility terminates as provided in paragraph (B)(4) of this rule;

(d) The person’s eligibility terminates as provided in paragraph (B)(5) of this rule;

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

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

(g) 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;

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

(i) 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) Except as provided in paragraph (E)(2) of this rule, 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 retirant or dependent of an age and service retirant, 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 retirant, 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 retirant'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 retirant's death.

(2) The effective date of coverage for a person described in paragraph (B)(6) of this rule shall be the later of the following:

(a) The date provided under paragraph (E)(1) of this rule; or

(b) The first of the month following completion of counseling.

A benefit recipient may elect to defer SERS health care coverage until their first available marketplace plan effective date.

(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 retirant who:

(i) Has an effective retirement date before August 1, 1989; or

(ii) Has 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) Has 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, except as provided in paragraph (F)(4)(d) of this rule, who:

(i) Has an effective benefit date before August 1, 2008; or

(ii) Has 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 disability benefit recipient who is not enrolled in medicare part B on or after January 1, 2024, who:

(i) Has an effective benefit date before August 1, 1989; or

(ii) Has an effective benefit date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or

(iii) Has an effective benefit 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 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.

(e) A spouse:

(i) A spouse or surviving spouse of an age and service retirant 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 retirant 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.

(f) 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.

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

(h) 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 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)(i) 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. A person who fails to enroll in or maintain medicare part B coverage shall be ineligible for SERS health care coverage in accordance with paragraph (B)(5) of this rule.

(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:	6/1/23, 9/30/21, 6/5/20, 1/2/20, 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

3309-1-42 Options; pop-up and election of new option.

(A)

(1) Upon the death of a spouse or a designated beneficiary, the lesser retirement allowance calculated as plan A, C, or D under division (B)(1)(a), (B)(3)(b), (B)(3)(c) or (B)(4) of section 3309.46 of the Revised Code or as option 1 or 2 under division (A) or (B) of section 3309.46 of the Revised Code as in effect prior to amendment effective July 24, 1990 shall be increased to the single lifetime retirement allowance.

(2) Upon the death of a designated beneficiary under plan F under division (B)(3)(e) of section 3309.46 of the Revised Code, the retirant shall receive the actuarial equivalent of the retirant's single lifetime retirement allowance based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary.

(B)

(1) Upon divorce, annulment, or marriage dissolution, the lesser retirement allowance calculated as plan A, C, or D under division (B)(1)(a), (B)(3)(b), (B)(3)(c) or (B)(4) of section 3309.46 of the Revised Code or as option 1 or 2 under division (A) or (B) of section 3309.46 of the Revised Code as in effect prior to amendment effective July 24, 1990 shall, at the election of the retirant, be increased to the single lifetime retirement allowance; except that no benefit first payable on or after August 1, 1990 shall be increased without the written consent of the ex-spouse or order of the court with jurisdiction over the termination of the marriage.

(2) Upon the divorce, annulment, or marriage dissolution from a designated beneficiary under plan F, the retirant may elect to receive the actuarial equivalent of the retirant's single lifetime retirement allowance based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary; except the retirant's benefit shall not be increased without the written consent of the ex-spouse or order of the court with jurisdiction over the termination of the marriage.

(C)

(1) Upon marriage or re-marriage, a retirant receiving a single lifetime allowance may elect to have his allowance recalculated as plan A, C, or D, designating the current spouse as beneficiary.

(2) Upon remarriage, a retirant receiving a benefit pursuant to a plan of payment providing for payment to a former spouse pursuant to a court order described in division (B)(1)(b)(ii) of section 3309.46 of the Revised Code may elect a new plan of payment adding the new spouse under division (B)(3)(e) of section 3309.46 of the Revised Code if the new plan of payment does not reduce the payment to the former spouse or to any other beneficiary designated at the time of retirement.

(3) In the case of a retirant who marries or remarries on or after June 6, 2005, an election under paragraph (C) of this rule shall be received by school employees retirement system not later than one year after the marriage or remarriage.

(4) A plan elected under paragraph (C) of this rule shall be calculated according to the actuarial factors in effect when such plan is elected and based on the age of the retirant and spouse at the time of selection.

(D) The effective date for a change in plan and benefit shall be as follows:

(1) Death of spouse - the first of the month following death of spouse or September 1, 1976, whichever is later. The retirant shall furnish proof of date of death, satisfactory to the board.

(2) Death of designated beneficiary other than spouse - the first of the month following the death, or November 1, 1978, whichever is later. The retirant shall furnish proof of date of death, satisfactory to the board.

(3) Divorce, annulment or marriage dissolution - the first of the month following receipt of the application for a change of plan. The application shall be accompanied by proof of divorce, annulment or marriage dissolution, and any written consent of the ex-spouse or court order as required under paragraph (B) of this rule, satisfactory to the board.

(4) Marriage or re-marriage - provided all documents are received prior to the retirant's death, the effective date for the change in the plan shall be the date the system receives the application, the marriage certificate, and any required consent or consent order; the effective date for the change in benefit shall be the first of the following month.

(E) The "single lifetime retirement allowance" determined under this rule shall be the original single lifetime allowance established at retirement plus any subsequent ad hoc pension increases and automatic cost-of-living increases which shall be applied to the original amounts granted. The original single lifetime allowance established at retirement shall be the portion of the allowance payable in monthly payments, if the retirant elected a plan that included a lump sum payment under division (B)(4) of section 3309.46 of the Revised Code.

HISTORY: 5/3/19, 3/30/15, 10/27/06, 1/6/06, 1/2/03, 9/20/90, 11/1/78

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.46
Review Date:	2/1/24

3309-1-46 Retirement - option selection.

(A) If an applicant is married at the time of filing an application for retirement, the applicant shall receive a retirement allowance designated as "Plan A" under division (B)(1) of section 3309.46 of the Revised Code, unless:

(1) The spouse consents on a form provided by the school employees retirement system to the applicant's election to receive an annuity or payment pursuant to an optional plan under division (B)(3) or (B)(4) of section 3309.46 of the Revised Code; or

(2) The school employees retirement board waives the requirement of a spousal consent upon receipt of one of the following:

(a) The written statement of the spouse's physician certifying that the spouse is medically incapable of consenting to the plan of payment elected by the applicant; or

(b) A certified copy of a probate court order appointing a guardian for the spouse due to a finding of incompetence.

(c) The affidavits of the applicant and at least two other persons, one of whom must be unrelated to the applicant, attesting that the whereabouts of the spouse is unknown.

(3) The applicant is required to elect a plan of payment providing a specified amount to a former spouse after the applicant's death pursuant to a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property, and

(a) The applicant elects a plan of payment designated as "Plan F" under division (B)(3)(e) of section 3309.46 of the Revised Code that is in accordance with the court order and also designates the applicant's current spouse as a beneficiary under the plan; or

(b) The total amount required by court order, or orders, is equal to or greater than one hundred per cent of the applicant's lesser allowance.

(B) An applicant's current spouse must also consent to the election of a plan of payment described in division (B)(3)(e) of section 3309.46 of the Revised Code if the applicant is required to elect a plan of payment providing a specified amount to a former spouse after the applicant's death pursuant to a court order issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property and also designates a beneficiary under the plan other than the former spouse and current spouse.

HISTORY: 3/31/11, 5/4/07, 10/27/06, 1/2/03, 11/9/98, 9/20/90

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.46
Review Date:	2/1/24

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________

Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following amended administrative rule: 3309-1-07 Application for payment upon termination of employment.

______________________ moved and ____________________ seconded that proposed amended rule 3309-1-07 be filed with JCARR as discussed.

3309-1-07 Application for payment upon termination of employment.

(A) For purposes of this rule, "retirant" means a "SERS retirant" or "other system retirant" as defined in section 3309.341 of the Revised Code, or a member who retired under section 3309.343 of the Revised Code.

(B) An application for payment of the accumulated contributions in a member's individual account pursuant to section 3309.42 of the Revised Code shall be signed by the member. If the account balance exceeds five thousand ~~two hundred~~ dollars, the member's signature must be notarized or witnessed by a SERS counselor.

(C) An application for a lump sum annuity payment or a return of contributions pursuant to section 3309.344 of the Revised Code shall be signed by the retirant. If the account balance exceeds five thousand dollars, the retirant's signature must be ~~and~~ notarized or witnessed by a SERS counselor.

(D) If the member or retirant was employed in a SERS-covered position during the six month period preceding the application, the application shall not be approved until the employer certifies to the retirement system the member or retirant's last date of service.

(E) For purposes of division (A)(2) of section 3309.42 of the Revised Code, "eligible for age and service retirement" means a member is eligible for retirement under section 3309.34, 3309.36, or 3309.381 of the Revised Code on or before the first of the month following the date the application for a refund is received by the retirement system.

(F) The retirement board waives the requirement of spousal consent in division (A)(2) of section 3309.42 of the Revised Code upon receipt of one of the following:

(1) The written statement of the spouse's physician certifying that the spouse is medically incapable of consent;

(2) A certified copy of a probate court order appointing a guardian for the spouse due to a finding of incompetence; or

(3) The affidavits of the member and at least two other persons, one of whom must be unrelated to the member, attesting that the whereabouts of the spouse is unknown.

(G) A member or retirant may withdraw an application by delivering to the retirement system a signed written request over the applicant's signature to withdraw the application and as follows:

(1) If the payment was made by check, by returning to the retirement system the warrant uncashed no later than thirty days from the date the check was issued.

(2) If the payment was transmitted by direct deposit to the member or retirant's financial institution, by remitting to the retirement system a personal check or money order repaying the amount transmitted no later than thirty days after the institution's receipt of the payment.

(3) If any portion of the payment was distributed as a direct rollover pursuant to rule 3309-1-53 of the Administrative Code, the retirement plan that received the distribution must return to the retirement system the amount transferred no later than sixty days after the transfer.

(4) If any portion of the payment was paid to satisfy a court order or was otherwise deducted as required by law, the application may not be withdrawn as provided in this rule.

HISTORY: 5/3/19, 5/15/17, 8/13/15, 3/30/15, 4/2/10, 5/14/05, 2/11/00, 1/2/93, 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.42, 3309.344
Review Date: 2/1/24

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________
Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-11 Membership determinations.

______________________ moved and ____________________ seconded that proposed amended rule 3309-1-11 be filed with JCARR as discussed.

3309-1-11 Membership determinations.

(A) A request for a determination as to whether an individual or a group of individuals are required to be members of the school employees retirement system may be initiated by an employer, an affected individual, or the retirement system.

(1) An employer or individual who has a question as to membership requirements shall request in writing a determination by the retirement system. Such determination shall be made as provided in rule 3309-1-03 of the Administrative Code.

(2) When a membership determination has been initiated, the employer and any affected individual or individuals shall furnish such documents and information requested by the retirement system.

(B) If contributions have not been remitted and the retirement system determines the individual is covered by this system, the employer shall be liable for employee and employer compulsory contributions pursuant to rule 3309-1-13 of the Administrative Code. If no membership record and/or contributions are received by the system within thirty days of the determination, a charge, based on an estimated salary for such individual's position, against the employer shall be made for collection through the state school foundation program if available or by direct billing.

(C) If contributions have been remitted and the retirement system determines the individual is not covered by this system, any contributions received shall be unauthorized and shall be refunded.

(D)

(1) The definition of "employee" in division (B)(2) of section 3309.01 of the Revised Code does not include a person who holds a position for which the person is required to have a certificate or license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code.

(2) The retirement board has determined that the phrase "service common to the normal daily operation of an educational unit" as used in division (B)(2) of section 3309.01 of the Revised Code means:

(a) Any service required to be provided on a regular continuous basis by an educational unit or the provision of which is governed by law, statute, or rule; or

(b) Any service necessary on a regular continuous basis to the efficient operation of an educational unit; or

(c) Any service which, through custom and usage, has become a service commonly provided or procured by an educational unit on a regular continuous basis.

HISTORY: 12/4/20, 4/3/09, 9/27/04

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.01, 3309.23
Review Date: 1/31/24

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________
Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-19 Member enrollment.

______________________ moved and ____________________ seconded that proposed amended rule 3309-1-19 be filed with JCARR as discussed.

3309-1-19 Member enrollment.

The statement ~~or notification~~ required under section 3309.28 ~~and division (B)(2) of section 3309.341~~ of the Revised Code shall be submitted through the retirement system's electronic employer reporting system.

HISTORY: 12/4/14

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.28
Review Date: 2/1/24

Upon roll call, the vote was as follows:

ROLL CALL:	YEA	NAY	ABSTAIN
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________
Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-26 Determination of beneficiary.

______________________ moved and ____________________ seconded that proposed amended rule 3309-1-26 be filed with JCARR as discussed.

3309-1-26 Beneficiaries~~Determination of beneficiary~~.

(A) This rule amplifies divisions (B), (C) and (D) of section 3309.44, section 3309.45, and section 3309.50 of the Revised Code.

(B) An individual who does not survive a member or retiree by one hundred twenty hours will be deemed to have predeceased the member or retiree.

(C) For purposes of division (B) of section 3309.44 of the Revised Code, when a surviving designated beneficiary dies more than one hundred twenty hours after the member, but before receiving payment, the payment shall be paid to the estate of the designated beneficiary.

(D) For purposes of divisions (C) and (D) of section 3309.44 and section 3309.50 of the Revised Code, a person is considered "not located" and ceases to qualify as beneficiary if:

(1) No valid mailing address can reasonably be determined for the person; or

(2) The person fails to file an application for payment within one hundred eighty days from the date the school employees retirement system first notifies the person of beneficiary status.

(E) Except as provided under division (C)(1) of section 3309.45 of the Revised Code, when a member designates two or more persons as joint beneficiaries, the designated beneficiaries may only be paid the accumulated account in a lump sum.

HISTORY: 12/1/22, 7/27/15

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.44, 3309.45, 3309.50
Review Date: 2/1/24

Upon roll call, the vote was as follows:

ROLL CALL:	YEA	NAY	ABSTAIN
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________

Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-29 Purchase of service credit; out of state and other.

______________________ moved and ____________________ seconded that proposed amended rule 3309-1-29 be filed with JCARR as discussed.

3309-1-29 Purchase of service credit; out-of-state and other.

(A) All service in public or private schools, colleges and universities or public service with another state or the United States government which is to be purchased shall be subject to the following requirements, governing eligibility and cost:

(1) To be eligible to purchase service under this rule, after termination of the service to be purchased, a member must have one year of Ohio service in a year as defined in division (R) of section 3309.01 of the Revised Code.

(2) The service credit must be properly certified by the official employer or custodian of records on a form acceptable to the retirement board. The certification should be taken from a legitimate source of documentation such as payroll or retirement records. When records have been destroyed, affidavits may be used, but only in conjunction with other documented evidence as proof of service.

(3) Accrued interest shall be calculated from the date of membership in the school employees retirement system of Ohio following service to be purchased to the date of payment.

(4) The member will be entitled to purchase any portion of the service credit under this rule not to exceed five years, or the total accumulated number of years of Ohio contributing service credit, whichever is less.

(5) Service credit to be purchased shall be granted in accordance with the law and policy of the school employees retirement board current at the time each portion of service to be purchased was performed.

(6) School service purchased under this rule shall receive .125 per cent of a year service credit per month of service rendered prior to July 1, 1955, and .111 per cent of a year service credit per month of service rendered after June 30, 1955 and before July 1, 1977. School service performed after June 30, 1977 shall be determined by dividing the number of days paid by one hundred eighty, if the employee worked less than one hundred twenty days in the partial year to be purchased. All service other than school service purchased under this rule shall receive .083 per cent of a year service credit per month of service rendered.

(7) The Ohio service used for the purpose of establishing the purchase price of service under this rule shall be the first year of continuous full-time Ohio service following termination of the service to be purchased.

(8) No more than one year of service credit may be granted for any twelve-month period.

(B) The following types of service may be purchased under this rule:

(1) ~~Service~~ Employment in a public or private school, college or university, located in or out of Ohio and service in any school operated by or for the United States government, provided any such school, college or university is recognized by an accrediting association approved by:

(a) The U.S. office of education;

(b) The appropriate state department of education; or

(c) The appropriate state department of higher education, and acceptable to the retirement board.

(2) Employment with a public governmental entity of a state or of the United States government which would have been covered by the school employees retirement system, state teachers retirement system, Ohio police and fire pension fund, state highway patrol retirement system, or the public employees retirement system, if served in a comparable position in Ohio; and

(3) Except as provided in division (C) of section 3309.31 of the Revised Code, service for which contributions were made to a municipal retirement system in Ohio.

(C) For purposes of section 3309.31 of the Revised Code and this rule, "Ohio contributing service" and "Ohio service" means contributing service in this retirement system.

HISTORY: 4/28/13, 4/2/10, 5/14/05, 2/11/02, 11/19/01 (emer), 5/14/87, 6/29/78,12/16/77, 12/14/76

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.31
Review Date:	2/1/24

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________
Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

FIVE YEAR REVIEW AND FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-50 Re-employment restrictions.

______________________ moved and ____________________ seconded that proposed amended rule 3309-1-50 be filed with JCARR as discussed.

3309-1-50 Re-employment restrictions.

This rule implements section 3309.341 of the Revised Code and applies to Ohio public service after retirement in circumstances other than those subject to section 3309.343 of the Revised Code and rule 3309-1-58 of the Administrative Code.

(A) For the purpose of this rule and section 3309.341 of the Revised Code:

(1) "Effective retirement benefit date" means the date upon which a retirement allowance begins.

(2) "Ohio retirement system" means the school employees retirement system, state teachers retirement system, public employees retirement system, Ohio police and fire pension fund, ~~and~~ state highway patrol retirement system, and Cincinnati retirement system.

(3) “Uniformed retirement system” means the Ohio police and fire pension fund and the state highway patrol retirement system.

(B)

(1) Forfeiture of a retirement allowance under section 3309.341 of the Revised Code for employment in a position covered by another Ohio retirement system shall apply only to a SERS retirant whose effective retirement benefit date is on or after September 1, 1991.

(2) A SERS retirant who has received a retirement allowance for less than two months and who is employed in a position covered by an Ohio retirement system shall forfeit such allowance for any month in which he is so employed during the two-month period after the effective benefit date.

The forfeited allowance shall be the retirement allowance payable under a plan described in division (B)(1) or (B)(3) of section 3309.46 of the Revised Code before any lump sum amount elected pursuant to division (B)(4) of section 3309.46 of the Revised Code.

(3) Notwithstanding paragraphs (B)(1) and (B)(2) of this rule, the forfeiture provision shall not apply to a SERS retirant who is employed in a position covered by a uniformed retirement system if the retirant was continuously employed in the position for at least two months prior to the effective retirement benefit date in this system.

(C)

(1)

(a) Where a member of this system who also has established membership in another Ohio retirement system or systems is terminating all employment covered by all systems, and is electing to take a retirement benefit from one or more of the other systems, as of the effective retirement benefit date, the member shall elect to:

(i) Apply for a benefit if eligible pursuant to section 3309.34 or 3309.35 of the Revised Code; or

(ii) Apply for a refund of contributions pursuant to section 3309.42 of the Revised Code.

(b) If as of the effective retirement benefit date from an Ohio retirement system the member has sufficient service credit to qualify for a benefit in this system, the effective retirement benefit date shall be the first of the month following the later of the benefit date in the Ohio retirement system or attainment of eligibility for a benefit in this system.

(2)

(a) A member of this system who also is a member of an Ohio retirement system and who has applied for a retirement benefit in ~~the~~ that system may continue employment in the position covered by this system, provided that contributions made to this system after the member's effective retirement benefit date in the Ohio retirement system shall accrue only a benefit as described in section 3309.344 of the Revised Code.

(b) If the member has been continuously employed in such position for at least two months prior to the effective retirement benefit date in the Ohio retirement system, the member may make an irrevocable election on a form provided by this system to have contributions to this system made prior to the effective retirement benefit date in the other system applied toward the same benefit described in section 3309.344 of the Revised Code. In the event this election is made, accrual of allowable interest shall not begin until after the effective retirement benefit date in the other system.

HISTORY: 5/3/19, 8/13/15, 3/30/07, 5/14/05, 5/2/01, 1/2/93

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.341, 3309.344, 3309.35
Review Date:	2/1/24

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________

James Haller	________	________	________
Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-09 Federal taxation.

____________________ moved and ___________________ seconded that proposed amended rule 3309-1-09 be filed with JCARR as discussed.

3309-1-09 Federal taxation.

(A) For purposes of this rule, “benefit” refers to a payment from the accumulated contributions of the member or the employer, or both, under Chapter 3309. of the Revised Code and includes an account refund, pension, annuity, disability benefit, or survivor benefit.

(B) Notwithstanding any provision in rules of school employees retirement system ("SERS") or Chapter 3309. of the Revised Code to the contrary, distributions to members and beneficiaries shall be made in accordance with a good faith interpretation of the requirements of section 401(a)(9) of the Internal Revenue Code of 1986, 26 U.S.C. 401(a)(9), as applicable to a governmental plan within the meaning of section 414(d) of section 414(d) of the Internal Revenue Code, 26 U.S.C. 414(d), and the following:

(1) The entire interest of a member shall be distributed to the member:

(a) Not later than the required beginning date; or

(b) Beginning not later than the required beginning date over the life of the member and a designated beneficiary (or over a period not extending beyond the life expectancy of such member or the life expectancy of such member and designated beneficiary) within the meaning of section 401(a)(9) of the Internal Revenue Code.

(2)

(a) The required beginning date means April first of the calendar year following the later of:

(i) The calendar year in which the member attains the applicable age ~~seventy-two years of age, for members who attain seventy-two years of age before January 1, 2023~~; or

(ii) The calendar year in which the member retires. ~~attains seventy-three years of age, for members who attain seventy-two years of age after December 31, 2022; or~~

(b) ~~The calendar year in which the member retires.~~For purposes of compliance with section 401(a)(9) of the Internal Revenue Code, “applicable age” means:

(i) Age 70½ (if the member was born before July 1, 1949);

(ii) Age 72 (if the member was born after June 30, 1949, but before January 1, 1951); or

(iii) Age 73, or the otherwise applicable age under section 401(a)(9)(C)(v) of the Internal Revenue Code, (if the member was born on or after January 1, 1951).

(3) If distribution of a member's benefit has begun in accordance with section 401(a)(9) of the Internal Revenue Code, and the member dies, any survivor benefits will be distributed at least as rapidly as under the plan of payment selected and effective as of the date of the member's death.

(4) If a member dies before the distribution of the member's interest has begun in accordance with section 401(a)(9) of the Internal Revenue Code, the entire interest of the member will be distributed within five years after the death of such member. However, if a benefit is payable to or for the benefit of a designated beneficiary within the meaning of section 401(a)(9) of the Internal Revenue Code, the benefit may be distributed ~~, in accordance with applicable regulations,~~ over the life of such beneficiary, or over a period not extending beyond the life expectancy of the beneficiary, provided that such distributions begin not later than one year after the date of the member's death. If the beneficiary is the surviving spouse of the member, distributions shall not be required to begin, pursuant to that section, until the end of the calendar year in which the member would have attained the applicable age ~~seventy-two, in the case of a member who would have attained age seventy-two before January 1, 2023, or age seventy-three, in the case of a member who would have attained age seventy-two after December 31, 2022~~. When the beneficiary is the surviving spouse and the surviving spouse dies before distributions commence, then the surviving spouse shall be treated as the member for purposes of this rule. Effective for calendar years beginning after December 31, 2023, a surviving spouse who is the member’s sole designated beneficiary may elect to be treated as if the surviving spouse were the member as provided under section 401(a)(9)(B)(iv) of the Internal Revenue Code.

(5) Any death benefit amount payable under Chapter 3309. of the Revised Code must comply with the incidental death benefit requirements of section 401(a)(9)(G) of the Internal Revenue Code.

(C) When the retirement system is required to make a distribution in accordance with section 401(a)(9) of the Internal Revenue Code, and a member or retirant does not respond after notification of such event, the following shall apply notwithstanding any provision in SERS rules or Chapter 3309. of the Revised Code to the contrary.

(1) If the member is not eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall refund the member's account as authorized in section 3309.42 of the Revised Code.

(2) If the member is eligible for a retirement allowance pursuant to section 3309.34 or 3309.35 of the Revised Code, the retirement system shall calculate and pay a benefit as authorized in section 3309.36 or 3309.343 of the Revised Code, as a plan B, effective on the required beginning date as provided in paragraph (B)(2) of

this rule.

(a) The member cannot purchase or receive any service credit after the effective date of the retirement allowance.

(b) A member who commences receipt of a retirement allowance under this rule, and who is married, may, not later than one year after the payment commenced, elect a plan of payment under division (B)(1), (B)(3)(b), or (B)(3)(c) of section 3309.46 of the Revised Code provided the spouse is named as the beneficiary. The election shall be made on a form provided by the retirement system and shall be effective on the later of the effective date of the retirement allowance or the marriage. Any overpayment may be recovered as provided in section 3309.70 of the Revised Code.

(c) If the member also was eligible for health care coverage pursuant to SERS rules and Chapter 3309. of the Revised Code, the member may, not later than sixty days after the commencement of payment of the retirement allowance, enroll for such health care coverage on a form provided by the retirement system. The effective date shall be no earlier than the first of the month after the retirement system receives the member's enrollment form.

(3) If the retirant is eligible for a benefit pursuant to section 3309.344 of the Revised Code, the retirement system shall calculate and pay a single lump sum benefit as authorized in section 3309.344 of the Revised Code. If such retirant also is eligible for an annuity, the retirant may return the lump sum payment within sixty days of the receipt of the payment and request an annuity on a form provided by the retirement system.

(4) If the benefit payment of a deceased member's spouse is subject to section 401(a)(9) of the Internal Revenue Code, then the retirement system shall treat the spouse as if the spouse was the member for the purposes of this rule, to the extent provided under section 401(a)(9) of the Internal Revenue Code.

(D)

(1) Effective for the limitation year beginning on January 1, 2012, the final regulations promulgated April 5, 2007 with respect to section 415 of the Internal Revenue Code, 26 U.S.C. 415 are incorporated herein by reference. The 5.5 per cent interest rate assumption established by the Pension Funding Equity Act of 2004, which is applicable to any actuarial adjustments required because the member or retirant elects a form of payment to which section 415(b)(2)(E) of the Internal Revenue Code and section 417(e)(3) of the Internal Revenue Code, 26 U.S.C. 417(e)(3) apply based on the form of benefit and not the status of the plan, shall be effective as of that same date.

(2) "Limitation year" is the year used in determining whether the limits set forth in section 415 of the Internal Revenue Code have been exceeded with respect to a member or retirant in the plan describe in sections 3309.18 to 3309.70 of the Revised Code. The limitation year for the plan is the calendar year.

(E) Effective January 1, 2007, to the extent required by section 401(a)(37) of the Internal Revenue Code, 26 U.S.C. 401(a)(37) and notwithstanding any provision in Chapter 3309. of the Revised Code to the contrary, the survivor of a member on a leave of absence to perform military service with reemployment rights described in section 414(u) of the Internal Revenue Code, 26 U.S.C. 414(u), where the member cannot return to employment on account of his or her death, shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would be provided under Chapter 3309. of the Revised Code had the member resumed employment and then terminated employment on account of death.

(F) If there is a termination of the plan described in Chapter 3309. of the Revised Code or a complete discontinuance of contributions to the plan, the rights of each affected member, retirant, and beneficiary to the pension, annuity, or benefits accrued at the date of termination or discontinuance of contributions, to the extent then funded, are non-forfeitable.

(G) For purposes of the limit established by section 415 of the Internal Revenue Code, 26 U.S.C. 415, effective January 1, 2009, compensation shall include differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code, 26 U.S.C. 3401(h)(2).

HISTORY: 6/1/23, 6/5/20, 5/1/18, 4/10/14, 4/1/13, 9/26/10, 4/3/09, 1/6/09 (Emer.)

Promulgated Under:	111.15
Statutory Authority:	3309.04
Rule Amplifies:	3309.03, 3309.34, 3309.344, 3309.36, 3309.44, 3309.45, 3309.46, 3309.50
Review Date:	2/1/28

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________
Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

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.

______________________ moved and ____________________ seconded that proposed amended rule 3309-1-35 be adopted.

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 any 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.

(9) “Marketplace counselor” means an individual licensed to determine eligibility for, and enroll individuals in, a marketplace plan.

(10) “Marketplace plan” means an individual health plan available through either a state or federal health insurance marketplace.

(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 SERS 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 SERS 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.

(4) On or after January 1, 2021, eligibility for SERS health care coverage shall terminate when a person listed in paragraph (B)(1) of this rule becomes eligible for medicaid and is ineligible for medicare. For purposes of this rule, a benefit recipient and their dependent(s) shall be presumed to be eligible for medicaid if their gross monthly SERS benefit is less than the percentage of the federal poverty level used by the Ohio department of medicaid to determine medicaid eligibility under agency 5160 and division 5160:1 of the Administrative Code. Upon request, a benefit recipient presumed to be eligible for medicaid must provide SERS with satisfactory proof of ineligibility for medicaid in their state of residence within ninety days from the date of SERS' request.

(5) Eligibility for SERS health care coverage shall terminate when a person eligible for medicare part B fails to:

(a) Enroll in medicare part B during the person's initial enrollment period or special enrollment period under 42 U.S.C. 1395p that includes a date on or after January 1, 2019. If the failure to enroll occurred on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022; or

(b) Enroll in medicare part B during the general enrollment period available under 42 U.S.C. 1395p immediately following a loss of medicare part B coverage that began on or after January 1, 2019. If the loss of medicare part B coverage began on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022.

(6) Eligibility for SERS health care coverage shall terminate when a benefit recipient who is not eligible for medicare, and whose initial SERS health care eligibility date or reinstatement to SERS health care coverage under paragraph (I) of this rule is on or after June 1, 2023, fails to complete counseling with a SERS approved marketplace counselor to review marketplace plan options.

(a) A benefit recipient whose initial SERS health care eligibility date is on or after June 1, 2023 shall complete counseling before the later of the following:

(i) December 31 of the calendar year of initial health care eligibility; or

(ii) Within three months of initial health care eligibility.

(b) A benefit recipient requesting reinstatement to SERS health care coverage under paragraph (I) of this rule on or after June 1, 2023 shall complete counseling before the later of the following:

(i) December 31 of the calendar year of the qualifying event entitling the benefit recipient to reinstatement; or

(ii) Within three months of the request for reinstatement.

(c) The benefit recipient shall provide the marketplace counselor with all information required to determine the cost of available marketplace plans. The marketplace counselor shall notify SERS when such counseling has been completed.

(d) A benefit recipient who fails to complete counseling in accordance with this rule shall be deemed to have waived SERS health care coverage until the individual becomes eligible for reinstatement as permitted under paragraph (I) of this rule.

(e) Counseling shall not be required if the marketplace counselor is unable to determine available marketplace plans based on the benefit recipient’s address or other demographic information. The marketplace counselor will notify SERS when a marketplace plan cannot be determined based on the circumstances.

(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; or

(ii) 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) 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 eligibility terminates as provided in paragraph (B)(4) of this rule;

(d) The person’s eligibility terminates as provided in paragraph (B)(5) of this rule;

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

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

(g) 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;

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

(i) 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) Except as provided in paragraph (E)(2) of this rule, 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 retirant or dependent of an age and service retirant, 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 retirant, 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 retirant'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 retirant's death.

(2) The effective date of coverage for a person described in paragraph (B)(6) of this rule

shall be the later of the following:

(a) The date provided under paragraph (E)(1) of this rule; or

(b) The first of the month following completion of counseling.

A benefit recipient may elect to defer SERS health care coverage until their first available marketplace plan effective date.

(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 retirant who:

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

(ii) ~~An age and service retirant with~~Has 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 retirant with~~Has 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, except as provided in paragraph (F)(4)(d) of this rule, who:

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

~~(ii) A disability benefit recipient with~~Has 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 disability benefit recipient who is not enrolled in medicare part B on or after January 1, 2024, who:

(i) Has an effective benefit date before August 1, 1989; or

(ii) Has an effective benefit date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or

(iii) Has an effective benefit 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 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.

(e) A spouse:

(i) A spouse or surviving spouse of an age and service retirant 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 retirant 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~~f) 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~~g) 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~~h) 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 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)(i) 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. A person who fails to enroll in or maintain medicare part B coverage shall be ineligible for SERS health care coverage in accordance with paragraph (B)(5) of this rule.

(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:	6/1/23, 9/30/21, 6/5/20, 1/2/20, 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

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	________	________	________
Jeffrey DeLeone	________	________	________
James Haller	________	________	________
Catherine Moss	________	________	________
Barbara Phillips	________	________	________
James Rossler	________	________	________
Aimee Russell	________	________	________
Daniel Wilson	________	________	________
Frank Weglarz	________	________	________

School Employees
Retirement System

Memo

To: SERS Retirement Board

From: Marni Hall

Date: December 8, 2023

Re: 2024 Qualified Excess Benefit Arrangement (QEBA) Budget

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 ("IRC") §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 governmental plans 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 2024, we are requesting that $175,000 of employer contributions be assigned to the QEBA Fund.

2024 QUALIFIED EXCESS BENEFIT PLAN BUDGET (QEBA)

______________________ moved and __________________seconded the motion to assign $ 175,000 of employer contributions from the last employer of retirees covered by the SERS Qualified Excess Benefit Plan to the QEBA Fund for calendar 2024. The QEBA Fund is authorized to pay benefits of approximately $ 170,000 to qualified retirees; with the balance allocated to QEBA Fund operating expenses.

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	_______	_______	_______
Jeffrey DeLeone	_______	_______	_______
James Haller	_______	_______	______
Catherine Moss	_______	_______	_______
Barbra Phillips	_______	_______	_______
James Rossler	_______	_______	_______
Aimee Russell	_______	_______	_______
Daniel Wilson	_______	_______	_______
Frank Weglarz	_______	_______	_______

School Employees Retirement System

Memo

To: Retirement Board

From: Chris Collins

cc: Richard Stensrud, Karen Roggenkamp

Date: December 8, 2023

Re: **Federal Legislative Report**

OVERVIEW

Federal shutdown avoided, budget discussions pushed to 2024

A two-step continuing resolution (H.R. 6363) extending government funding for some agencies and programs until January 19th and funding for others until February 2nd was signed by President Biden on November 16th, after passing through the House (vote 336-95) and Senate (vote 87-11) earlier in the week. The first step extends funding for four spending bills through January 19th:

- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2023
- Energy and Water Development and Related Agencies Appropriations Act, 2023
- Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2023
- Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2023

The second step extends funding for the remaining eight bills including funding for the Department of Health and Human Services (HHS) until February 2nd. Passage of this resolution included no additional aid for conflicts involving Ukraine or Israel.

Israel-Gaza conflict

In response to the October 7th attacks, Israel's cabinet formally declared war on Hamas. Israel has conducted aerial bombardment and ground operations in Gaza, and also has halted electricity, food, and fuel supplies to Gaza from Israeli territory. Some life-sustaining goods are entering Gaza via Egypt, but U.S. and U.N. officials have sought to boost this aid. Israeli Prime Minister Benjamin Netanyahu has announced that Israel's military objectives are "To destroy the military and governmental capabilities of Hamas and bring the hostages home."

The Biden Administration has stated that Israel has the right and obligation to defend itself and has resisted calls from other international actors for an indefinite cease-fire. However, U.S. leaders have reportedly warned Israeli counterparts that global outcry over civilian suffering could reach "a tipping point," and have cautioned against Israeli military operations in southern Gaza unless and until Israel can demonstrate plans for protecting civilians there.

Hamas and other groups also seized around 240 hostages on October 7th. Via talks involving Qatar, Egypt, and the United States to address the hostage situation, Israel and Hamas agreed to a multi-day pause in fighting that began on November 24th. During the pause, 97 hostages held in Gaza and 210 Palestinian prisoners held by Israel have been released as of November 29th, and increased humanitarian supplies have come into Gaza. Hamas and others reportedly hold 140 or more persons, including six to eight Americans.

There are risks that the conflict could expand. For example, the Iran-backed Shia Islamist group Lebanese Hezbollah has exchanged fire with Israel and could create a second front at the Israel-Lebanon border. U.S. statements and actions, including expedited arms deliveries to Israel and the movement of major U.S. military assets, appear intended to warn Hezbollah or others not to get involved. U.S. officials have warned Iran of a strong response if groups Iran supports continue to target U.S. military positions in the region. Additionally, amid rising violence between Palestinians and Israelis in the West Bank, President Biden has called for attacks by "extremist settlers" against Palestinians to stop.

In October, President Biden asked Congress to appropriate more than $8 billion in U.S. security assistance for Israel, and more than $9 billion in global humanitarian assistance amounts that could partly be allocated for Gaza, the West Bank, and Israel. Members of Congress have expressed differing views on the request and its various elements. Congress also may weigh other legislative and oversight options.

House Speaker Mike Johnson (R-LA) recently said he is "confident and optimistic" that supplemental funding for both Ukraine and Israel will make it through Congress. However, he did not say he would put the two together, as he wants Ukraine funding to go with U.S. border policy changes.

Wenstrup not running for re-election

Rep. Brad Wenstrup, a podiatric surgeon representing what is considered a safe Republican Cincinnati-area seat in Congress, announced in November that he will retire at the end of this term.

Wenstrup, 65, who was first elected in 2012, is a Cincinnati native. The district backed former President Donald Trump by 45 percentage points in 2020. Wenstrup won reelection in 2022 with nearly 75 percent of the vote. State Senator Niraj Antani (R-Miamisburg) was the first to announce he is running to replace Wenstrup. Antani is the first Indian American state senator in Ohio history, and the youngest currently serving member of the Senate.

Johnson leaving Congress for YSU

Ohio Republican Rep. Bill Johnson also announced in late November that he will not seek reelection in 2024 after accepting an offer to become Youngstown State University's new president. Johnson, who was first elected to represent the 6th District in 2010, said in a statement he will continue serving in the House "for several more months" and that the decision to leave was "extremely difficult."

Ohio state officials have discretion about when to schedule a special election to fill the remainder of his term, but Johnson's seat could be vacant for a while. The deadline for candidates to file to run in Ohio's March 19th primary for a full term is December 20th.

So far, another 31 members of Congress, 21 Democrats and 10 Republicans, have announced they are running for another office or do not plan to run for re-election next year.

OMB PROPOSED REGULATIONS ON PENSION CONTRIBUTIONS AND FEDERAL GRANTS

The National Council on Teacher Retirement (NCTR), along with the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and a number of other national organizations representing state and local governments and their elected officials, finance officers, retirement plans and employees, has prepared a comment letter in response to a troublesome proposed rule to revise a number of sections of the Office of Management and Budget (OMB) Guidance for Grants and Agreements.

The proposed rule stipulates how public pension costs are to be reimbursed for a state or local employee whose position is partially or fully federally funded. The new language regarding payments for unfunded pension costs and unfunded post-retirement health costs could be read to cap allowable amounts in various ways that could be problematic.

A section of the proposed revisions contains the following new restriction: “In all cases, the payments for unfunded pension costs may not exceed the contribution rate of the employee’s current pension costs.” This proposed language is imprecise, unclear, and confusingly inconsistent with pension funding terminology. Furthermore, it does not correspond to other parts of OMB’s pension cost principles that specifically allow for pension contributions based on an actuarial cost method recognized by generally accepted accounting principles (GAAP).

In response, the national public pension organizations listed above have drafted a comment letter stressing that the new provision is unclearly written; contradicts other pension funding and accounting standards; and would lead to discretionary interpretations, inconsistent applications, and significant increases in costs and burdens for both recipients of federal funding, as well as federal agencies themselves.

Therefore, NCTR and the other signatories of the comment letter urge OMB to either omit this new and ambiguous restriction from the final rules or to modify the language to be clear and consistent with other parts of OMB’s pension cost principles, such as: “In all cases, any payments toward unfunded pension costs must be part of an actuarially determined contribution calculated in accordance with established actuarial standards recognized by GAAP.”

Resolving this issue is particularly important to NCTR member systems, as the primary source of federal aid to elementary and secondary education is the Elementary and Secondary Education Act (ESEA), and particularly its Title I-A program, which authorizes federal aid for the education of disadvantaged students, including the reimbursement of a portion of qualified educators’ salaries.

And this is not the only ESEA program that provides such funding for salaries. For example, a preliminary look by NEA experts at the most recent data available (2017-18) shows that at that time, approximately $39.7 billion – or about 16 percent – of teachers, support staff and instructional aides’ total salaries had been paid in whole or in part using federal dollars. This does not include all educational support personnel.

Ensuring this reimbursement includes accurate pension costs for a state or local employee whose position is partially or fully federally funded is therefore essential to the adequate and appropriate funding of all public employee retirements.

WINDFALL ELIMINATION PROVISION (WEP) AND GOVERNMENT PENSION OFFSET (GPO)

There are renewed signs of life for congressional efforts to overhaul the Windfall Elimination Provisions (WEP) and Government Pension Offset (GPO), much-maligned Social Security policies that cut some public workers’ retirement benefits. But in a year of tumult in the House, there’s still a long way to go.

The House Ways and Means Committee held its first hearing in years on the two provisions at the end of November in Louisiana during what was supposed to be a sleepy Thanksgiving recess week.

The dynamics around the issue in Washington are ever-evolving but subject to a perpetual roadblock. While many House members want to strike the provisions and grant higher payouts for public workers, Ways and Means members and leadership tend to step in with a dose of reality.

Repealing WEP and GPO would be costly and possibly grant unfairly high benefits to some retirees, they say, contending that a new formula is needed to avoid draining Social Security's retiree trust fund even sooner as it faces insolvency in the coming decade. Ways and Means has yet to find bipartisan agreement on exactly how to do that.

The Social Security Subcommittee field hearing put that divide on display in the years long campaign against the two benefit-docking provisions.

Ways and Means Chairman Jason Smith (R-MO) said he plans to keep working toward a fix, saying both provisions have done a disservice to people who work for their communities. He and other panel members referred to the Louisiana hearing as only a first step in their efforts.

The gathering was at a fire station in Rep. Garret Graves' (R-LA) district. Graves said at the hearing that it's time "to push the gas even harder" to press for GPO and WEP repeal, as his bipartisan bill would do. It has 300 co-sponsors, including 201 Democrats and 99 Republicans.

That's enough to force a vote on the House floor by placing a bill on the "consensus calendar," a step that Graves has so far chosen not to take. Ways and Means has tools to block that process, as it did last year, so Graves has instead been working with Smith and the committee while using the widely-backed bill to boost that momentum.

But leaders of the effort could face more political pressure to make a stand over the next year. Redistricting in Louisiana could result in a tougher reelection race for Graves, and the lead Democratic co-sponsor, Rep. Abigail Spanberger of Virginia, is running for governor.

Rep. Clay Higgins (R-LA) made the strongest promises on WEP and GPO to a panel of current or retired Louisiana public workers representing police, firefighters, teachers and state employees, promising a bill would pass by the end of next year.

But that would be an expensive move at a time when the House GOP's right flank is agitating for more aggressive spending cuts. The Congressional Budget Office estimated last year that striking WEP and GPO without replacements would cost $183 billion over a decade and make Social Security unable to fully fund benefits about six months sooner.

Budget Chairman Jodey C. Arrington (R-TX) is sponsoring the lead GOP bill to reform, rather than repeal, the WEP by replacing it with a new formula based on how much of a career the beneficiary spent working in Social Security-covered jobs. He took over the measure from retired former Ways and Means top Republican Kevin Brady of Texas and expanded it some to allow more potential recipients to take whichever formula offers a higher payout in benefits.

Even with Ways and Means taking up the issue and a speaker who's been an ally in the past, the panel's top Democrat said the cost remains a critical hangup.

"If this was easy, it would've been done," Rep. Richard E. Neal (D-MA) said.

HEALTH CARE

House Subcommittee considers PBM related bills

The House Energy and Commerce Health Subcommittee held a markup on 21 legislative proposals on topics including pharmacy benefit managers (PBMs), innovative medical devices, and improving overall health care for the nation's seniors. The Subcommittee advanced the bills to the full Committee.

There was bipartisan consensus surrounding increasing transparency in the actions of PBMs, referring to the price gouging tactics used by the industry. Representatives highlighted additional fees imposed by PBMs that are disproportionately affecting small, rural pharmacies. These fees also lead to higher out-of-pocket costs for seniors attempting to access their medication, creating another barrier to quality care for an already underserved population.

Many of the provisions to tackle the role of PBMs mirror provisions passed by the Senate Finance Committee in the Better Mental Health Care, Lower-Cost Drugs, and Extenders Act last month.

In tandem with increasing the quality of care for seniors, the subcommittee discussed expanding access to innovative medical technologies by removing the delay in Medicare reimbursement that medical device companies face after receiving approval from the Food and Drug Administration (FDA), which can sometimes take up to six years. There were mixed sentiments regarding the possibility of automatic reimbursement for innovative medical device companies, with some Democrats arguing that it would place billions of dollars directly into corporations' pockets, while some Republicans insisted that it would allow access to technologies to improve the lives of seniors.

MedPAC discusses possible payment policy updates

The Medicare Payment Advisory Commission (MedPAC) held its November public meeting to discuss several issues related to Medicare payment policy. Specifically, the Commission held sessions on: Medicare/Medicaid dual-eligible special needs plans, MedPAC workplan for hospice care, Medicare coverage of and payment for software as a medical service, and evaluating access in Medicare Advantage through network management and prior authorization.

House Subcommittee holds hearing on AI in health care

On November 29th, the House Energy and Commerce Health Subcommittee discussed the role of AI in technology innovation in the health care industry, hearing from a panel of five leaders in AI health care. The hearing discussed the great potentials that artificial intelligence can have on the health industry, detailing the already occurring reduction in administrative burden for health professionals and advancements in medical screenings and imaging. Subcommittee members voiced their concern about privacy risks with medical data being released to train generative AI and the need for regulation supporting safeguards on artificial intelligence in the medical sector. The hearing also discussed the differences between different forms of AI development and what current practices AI is part of in hospitals, clinics, and other medical facilities.

FEDERAL LEGISLATION BOARD REPORT
118th United States Congress
(Prepared by Chris Collins as of December 8, 2023)

H.R.82

SPONSOR: Rep. Graves, Garret (R-LA)
LAST ACTIONS: House - 01/09/2023 Referred to the House Committee on Ways and Means
CAPTION: Social Security Fairness Act of 2023

COMMENT: Repeals the GPO and WEP. 300 co-sponsors; 11 Ohioans

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S.597

SPONSOR: Sen. Brown, Sherrod [D-OH]
LAST ACTIONS: Senate - 03/01/2023 Read twice and referred to the Committee on Finance.
CAPTION: Social Security Fairness Act

COMMENT: Repeals the GPO and WEP. 49 co-sponsors; 1 Ohio Senator

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H.R.4260

SPONSOR: Rep. Neal, Richard (D-MA)
LAST ACTIONS: House - 06/21/2023 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 noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 102 co-sponsors; two Ohioans

H.R.4583

SPONSOR: Rep. John Larson (D-CT)
LAST ACTIONS: House - 07/12/2023 Referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
CAPTION: Social Security 2100 Act. To protect our Social Security system and improve benefits for current and future generations.

COMMENT: 182 co-sponsors; four Ohioans

H.R.5342

SPONSOR: Rep. Jodey Arrington (R-TX)
LAST ACTIONS: House - 09/05/2023 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 noncovered employment, and for other purposes.

COMMENT: 28 co-sponsors; one Ohioan

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of December 8, 2023)

135th General Assembly

SB6 ESG POLICIES-STATE ENTITIES (Schuring, K) - Regarding environmental, social, and corporate governance policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education.

Current Status: 05/23/2023, Referred to House Financial Institutions

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HB4 LEGISLATIVE INTENT-ECONOMIC BOYCOTTS (Young, T., King, A.) To declare the General Assembly's intention to enact legislation regarding financial institutions and other businesses that conduct economic boycotts or discriminate against certain companies or customers based on certain factors.

Current Status: 11/14/2023 Substitute Bill Accepted

HB33 FY24-25 OPERATING BUDGET (Edwards, J.) To make operating appropriations for the biennium beginning July 1, 2023, and ending June 30, 2025, to levy taxes, and to provide authorization and conditions for the operation of state programs. [Includes SERS' CBBC provision]

Current Status: 07/03/2023 SIGNED BY GOVERNOR; effective 7/1/23

HB146 SERS BENEFIT CAP (Bird, A.) To establish a contribution based benefit cap in calculating a School Employees Retirement System member's retirement benefit.

Current Status: 05/16/2023, REPORTED OUT, House Pensions, (Third Hearing)

HCR 6 URGE CONGRESS - REPEAL WINDFALL ELIMINATION PROVISION (King, Plummer) To urge Congress to repeal the Windfall Elimination Provision.

Current Status: 12/06/2023 ADOPTED BY HOUSE; Vote 78-0

HB257 VIRTUAL MEETINGS FOR PUBLIC BODIES (Hoops, Claggett) - To authorize certain public bodies to meet virtually, and to declare an emergency.

Current Status: 11/29/2023 PASSED BY HOUSE; Vote 73-3

Leigh Snell is the Federal Relations Director for the National Council on Teacher Retirement (NCTR).

NCTR represents 63 governmental pension systems with educators as members.

Mr. Snell came to Washington, DC, in 1972. He joined the staff of the Federal Trade Commission (FTC) and served as a special assistant to then-Commissioner Elizabeth Hanford, who subsequently married former US Senator Robert Dole (R–KS) and was herself a US Senator from North Carolina. In 1975, Mr. Snell joined the legislative staff of former US Senator Sam Nunn (D–GA). He served there for five years, eventually becoming the Senator's Legislative Director, before leaving to help found David Vienna & Associates, which became the first Federal representative for the California Public Employees' Retirement System (CalPERS). He has represented NCTR since 2006.

Mr. Snell received a BA in history from Duke University and a JD from the Georgetown University Law Center.

Finance Headline News – Dec 2023

- Budget Administration
  - FY24 SERS administrative expenses are tracking under budget through November
    - Prescription claims are being closely monitored as they trend higher
  - FY25 budget cycle officially kicked off December 11, 2023
- The following detailed reports are attached for further analysis:
  - FY24 Budget Administrative expense reports
    - Administrative expense summary for November 2023
    - Administrative expense detail for November 2023
    - Parameters report for November 2023
  - Financial highlights
    - As of October 2023
  - Financial audit is complete and audit opinion was issued

School Employees Retirement System of Ohio
Summary of administrative operation expenses during the period November **1, 2023-November 30, 2023**.
Actuals
Nov-2023

Account	**Amount**
Salaries & Wages	1,197,181.50
Salaries & Wages- Overtime	925.32
Vacation Leave Expense	119,223.15
Sick Leave Expense	45,353.92
Voluntary Life Insurance Reimbursement	219.42
Employer Contributions- PERS	178,850.77
Group Life	9,607.26
Long Term Disability	3,439.72
Short Term Disability	2,672.60
Group Health Claims	213,163.50
Group Health- Admin Fees	9,196.85
Prescription Claims	128,135.32
Group Health- Stop Loss Admin	18,327.60
Vision Claims	3,232.34
Vision Admin Fees	126.00
Group Health- Employee Cost	(33,594.44)
Group Health- Wellness Incentive	4,005.00
Group Health- Tobacco Premiums	(740.00)
Medicare Premium- Employer	18,146.40
Deferred Compensation Match	4,875.00
Actuarial Services	12,000.00
Custodial Fees	74,939.23
Custodial Banking	15,456.78

Master Recordkeeper Fees	86,666.67
Performance/ Analytics Fee	37,401.66
Other Prof. Inv. Related Consulting	60,212.50
Bloomberg Terminal Rentals	21,290.00
Medical Consultant	3,750.00
Special Counsel	9,665.00
Technical	6,401.70
Other Professional Services	13,334.41
Postage	3,508.04
Telecommunications Services	9,639.37
Member/Employer Education	409.95
Hardware Maintenance	5,910.06
Software Subscriptions	65,982.98
Hardware < $5,000	7,913.83
Equipment Repairs & Maintenance	3,312.79
Office Supplies & Expenses	506.51
Furniture & Equipment < $5,000	2,612.50
Records Storage	125.00
Seminars & Conferences	17,974.18
In House Training	648.00
Travel & Transportation	20,986.50
Mileage	1,432.31
Subscriptions	891.15
Memberships	1,874.18
Interior Landscaping	3,460.37
Vehicle Expense	6,950.76
Staff Support	7,056.47
Recruiting Expense	13,524.70

Board Member- School Board Reimb.	3,410.47
Reimbursement of Leased Svcs.	(25,416.67)
Total Administrative Expenses	2,416,178.63

School Employees Retirement System of Ohio
REVIEW OF ADMINISTRATIVE EXPENSES
23-Nov

Expense Account	Vendor		Amount
53100 - Salaries & Wages	ADP, LLC		1,197,181.50
		Subtotal	1,197,181.50
53110 - Salaries & Wages - Overtime	ADP, LLC		925.32
		Subtotal	925.32
53111 - Vacation Leave Expense	ADP, LLC		119,223.15
		Subtotal	119,223.15
53112 - Sick Leave Expense	ADP, LLC		45,353.92
		Subtotal	45,353.92
53113- Voluntary Life Insurance Reimbursement	ADP, LLC		219.42
		Subtotal	219.42
53200 - Employer Contributions - PERS	ADP, LLC		178,850.77
		Subtotal	178,850.77
53300 - Group Life	American United Life Insurance Company		9,607.26
		Subtotal	9,607.26
53310 - Long Term Disability	American United Life Insurance Company		3,439.72
		Subtotal	3,439.72
53315 - Short Term Disability	American United Life Insurance Company		2,672.60
		Subtotal	2,672.60
53320 - Group Health Claims	Aetna Daily Wires - ESERS		213,163.50
		Subtotal	213,163.50
53321 - Group Health - Admin Fees	Mount Carmel Occupational Health		1,430.00
	Aetna Admin - ESERS		7,766.85
		Subtotal	9,196.85
53322 - Prescription Claims	Express Scripts - ESERS		126,406.44
	SaveonSP, LLC		1,728.88
		Subtotal	128,135.32
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS		18,327.60
		Subtotal	18,327.60
53326 - Vision Claims	VSP - (OH)		3,232.34
		Subtotal	3,232.34
53327 - Vision Admin Fees	VSP - (OH)		126.00
		Subtotal	126.00
53330 - Group Health - Employee Cost	Employee Premiums		(33,594.44)
		Subtotal	(33,594.44)
53331 - Group Health - Wellness Incentive	ADP, LLC		4,005.00
		Subtotal	4,005.00
53332 - Group Health - Tobacco Premiums	ADP, LLC		(740.00)
		Subtotal	(740.00)
53340 - Medicare Premium - Employer	ADP, LLC		18,146.39
	ADP, LLC- adjustment		0.01
		Subtotal	18,146.40
53380 - Deferred Compensation Match	ADP, LLC		4,875.00
		Subtotal	4,875.00
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC		12,000.00
		Subtotal	12,000.00
54310 - Custodial Fees	BNY Mellon Asset Servicing		74,939.23
		Subtotal	74,939.23
54320 - Custodial Banking	Treasurer of State - Warrants		53.48
	Huntington National Bank		15,403.30
		Subtotal	15,456.78
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing		86,666.67
		Subtotal	86,666.67
54430 - Performance/Analytics Fee	BNY Mellon Asset Servicing		34,401.66
	Wilshire Advisors, LLC		3,000.00
		Subtotal	37,401.66

54450 - Other Prof. Inv. Related Consulting	Institutional Shareholder Services		40,500.00
	MSCI ESG Research LLC		19,712.50
		Subtotal	60,212.50
54460 - Bloomberg Terminal Rentals	Bloomberg Finance LP		21,290.00
		Subtotal	21,290.00
54520 - Medical Consultant	Borchers, M.D., Glen G.		3,750.00
		Subtotal	3,750.00
54610 - Special Counsel	Ice Miller LLP		1,105.00
	Seyfarth Shaw LLP		5,565.00
	Porter, Wright, Morris,		2,500.00
	Calfee Halter & Griswold LLP		495.00
		Subtotal	9,665.00
54620 - Technical	LexisNexis Risk Data Management, Inc		1,137.95
	The Soft Edge, Inc		1,875.00
	Sigital, LLC		277.50
	Velosio		428.75
	Improving Ohio, Inc.		2,682.50
		Subtotal	6,401.70
54630 - Other Professional Services	Wickert, Kimberly		450.00
	Vorys Advisors LLC		3,666.66
	Cobalt Community Research, LLC		4,900.00
	JAM Software		132.50
	Steven R. Edwards		2,250.00
	Linea Solutions, Inc.		1,935.25
		Subtotal	13,334.41
55100 - Postage	Pitney Bowes Inc.		1,334.56
	Columbus Courier & Freight LLC		141.90
	Unishippers Association		688.53
	Quadient		1,262.55
	FedEx		80.50
		Subtotal	3,508.04
55200 - Telecommunications Services	Verizon Wireless		560.84
	AT&T		40.10
	LUMEN		3,725.89
	Spectrum		224.85
	Spectrum AWS		1,794.00
	Everstream Solutions LLC		1,376.00
	XO Verizon		1,858.46
	T-Mobile		59.23
		Subtotal	9,639.37
55300 - Member/Employer Education	Vaughan, Cameron		192.67
	Richards, Michelle		217.28
		Subtotal	409.95
56020 - Hardware Maintenance	Vertiv Corporation		5,910.06
		Subtotal	5,910.06
56035 - Software Subscriptions	Shi International Corp.		42,272.50
	ADP, LLC		2,985.16
	Zoho Corporation		6,313.40
	Zoom		556.81
	Expedient		13,380.40
	Amazon Web Services		63.71
	JetBrains America, Inc.		411.00
		Subtotal	65,982.98
56040 - Hardware < $5,000	Amazon.com		291.83
	Dell Marketing LP		7,622.00
		Subtotal	7,913.83
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc		815.58
	Digital Print Solutions		1,294.46
	US Bank Equipment Finance		1,202.75
		Subtotal	3,312.79
56130 - Office Supplies & Expenses	Staples Business Advantage		486.88
	Amazon.com		19.63
		Subtotal	506.51
56150 - Furniture & Equipment < $5,000	Old Town Upholstery LLC		2,612.50
		Subtotal	2,612.50
56160 - Records Storage	Vital Records Holdings, LLC		125.00
		Subtotal	125.00

56210 - Seminars & Conferences	International Institute of Business Analysis		900.00
	Association of Public Pension Fund Auditors		850.00
	Project Management Institute		530.00
	1105 Media Inc.		3,425.00
	Microsoft Corp.		1,525.00
	Event Brite		215.00
	International Foundation of Employee Benefit Plans		4,690.00
	Risk & Insurance Management Society, Inc.		825.00
	Institute for Natural Resources		84.00
	Institutional Real Estate, Inc.		295.00
	Red Gate Software, Ltd.		2,745.18
	Hyland, Christopher		150.00
	Global Association of Risk Professionals		1,140.00
	The Lussier Group		600.00
		Subtotal	17,974.18
56220 - In House Training	ADP, LLC		648.00
		Subtotal	648.00
56310 - Travel & Transportation	Greer, David		1,455.48
	Kamat, Suresh		567.90
	Kroger		26.57
	Rossler, James		207.83
	Haller, James		394.44
	Phillips, Barbra		1,837.70
	Giant Eagle		33.70
	Talbert, Katie		1,247.33
	Bell, Joe		707.51
	Le, Hai Yen		999.88
	Trickett, Kirk		822.22
	Majeed, Farouki		35.00
	Robinson, Maria		1,813.14
	Moss, Catherine		123.15
	Browning, Michael		508.46
	City Barbeque, Inc.		558.79
	Wilson, Daniel L.		122.00
	King, Matt		373.29
	Steiner, Mike		285.80
	Weglarz, Frank		316.56
	Collins, Chris		332.71
	Bradley, Susan		566.54
	Lavash Cafe		489.00
	Cheng, Paul		1,781.64
	Carrabine, Jeff		1,152.31
	Super Shuttle		32.50
	Davis, Jeff		681.31
	Hall, Marni		120.75
	Sodders, LaShaun		920.16
	Hyland, Christopher		600.90
	Russell, Aimee		1,871.93
		Subtotal	20,986.50
56311 - Mileage	Rossler, James		182.10
	Haller, James		105.95
	Phillips, Barbra		110.52
	Bell, Joe		14.15
	Le, Hai Yen		34.08
	Trickett, Kirk		15.86
	Robinson, Maria		24.76
	Moss, Catherine		226.64
	Wilson, Daniel L.		195.20
	King, Matt		157.20
	Weglarz, Frank		213.54
	Collins, Chris		25.34
	Bradley, Susan		5.51
	Cheng, Paul		15.32
	Carrabine, Jeff		13.36
	Davis, Jeff		86.40
	Russell, Aimee		6.38
		Subtotal	1,432.31
56410 - Subscriptions	Wall Street Journal		125.73
	Constant Contact		531.00
	Shutterstock, Inc.		29.00
	Amazon.com		192.43
	Toledo Blade		12.99
		Subtotal	891.15

56420 - Memberships	Project Management Institute		190.18
	Society for Human Resource Management		244.00
	Institute of Internal Auditors		190.00
	National Association of Public Pension Attorneys		350.00
	Shared Assessments LLC		100.00
	Hyland Software, Inc.		800.00
		Subtotal	1,874.18
56630 - Interior Landscaping	Ambius Inc. (05)		3,460.37
		Subtotal	3,460.37
56640 - Vehicle Expense	ACA Auto Club of America		299.90
	Moo Moo Car Wash		28.00
	Firestone Complete Auto Care		1,043.11
	BP Oil Company		51.00
	CNA Insurance		5,478.75
	Exxon Gas -		50.00
		Subtotal	6,950.76
56620 - Staff Support	ADP, LLC		3,467.00
	Mount Carmel Occupational Health		1,490.00
	Premier ProduceOne		294.95
	Amazon.com		424.55
	PayFlex Systems USA, Inc.		336.00
	Culligan Bottled Water of Columbus		81.89
	Wellable LLC		473.20
	Williams, Todd		39.47
	BalloonsFast.com		81.59
	Aetna Behavioral Health, LLC		282.60
	Acorn Distributors Inc.		85.22
		Subtotal	7,056.47
56621 - Recruiting Expense	LinkedIn Corporation		13,030.00
	ADP Screening & Selection Services		79.26
	Indeed		415.44
		Subtotal	13,524.70
56710 - Board Member - School Board Reimb.	Ashland City School District		3,410.47
		Subtotal	3,410.47
56900 - Reimbursement of Leased Svcs	Reimbursement of Leased Services		(25,416.67)
		Subtotal	(25,416.67)
	Total SERS Administrative Expense		2,416,178.63

FY2024 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through November 30, 2023

Major Category/Sub-Major Category	Line Item	Vendor	FY2024 Budget Approved	Year to Date Expense	Additional Information
PROFESSIONAL SERVICES			**$ 6,456,305.00**	**$ 2,386,069.74**	
ACTUARIAL ADVISORS			**$ 292,500.00**	**$ 132,629.00**	
	Actuarial	Cavanaugh Macdonald	292,500.00	132,629.00	Actuarial Consultant
AUDITING			**$ 234,000.00**	**$ 80,850.00**	
	Auditing	Plante Moran	184,000.00	80,000.00	External Auditor
BANKING FEES			**$ 1,262,940.00**	**$ 440,866.81**	
	Custodial Banking		1,068,000.00	396,895.16	
		Fifth Third	336,000.00	124,022.11	Domestic Custodian
		BNYM	732,000.00	272,873.05	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	194,940.00	43,971.65	Banking Services
INVESTMENT RELATED			**$ 2,465,349.00**	**$ 1,108,129.33**	
	Master Recordkeeper		1,056,000.00	451,730.11	
	Investment Consulting & Advisory Services		525,000.00	131,609.58	
		Wilshire	450,000.00	112,499.95	Investment Consulting
	Performance Analytics Services		703,264.92	321,790.84	
		Barra-One Risk Mgmt Sys	238,445.00	119,222.50	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	187,568.34	Investment Performance Analystics
TECHNICAL			**$ 2,156,516.00**	**$ 604,844.60**	
	Special Counsel		240,000.00	46,622.50	
	Technical		1,360,084.00	280,613.28	
		Merative	121,000.00	29,500.00	Data Warehouse
		Sagitec	550,000.00	140,736.76	SMART Development Resources
		Waco	105,600.00	-	Service Desk Contract Services
	Other Professional Services		556,432.00	277,608.82	
OTHER OPERATING EXPENSE			**$ 4,108,942.43**	**$ 1,940,841.65**	
COMPUTER SUPPORT SERVICES			**$ 2,737,127.00**	**$ 1,162,469.49**	
	Software Maintenance		1,047,108.00	534,986.50	
		Hyland	119,061.00	117,916.85	ImageNow
		Dell	290,000.00	246,943.83	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	140,000.00	SMART Silver Support
	Software Subscriptions		1,444,815.00	587,620.40	
		DRaaS	158,000.00	66,902.00	Expedient
		Dynamo	202,000.00	199,940.00	Dynamo Software, INC
		Carahsoft	124,850.00	125,911.80	ServiceNow System
		UCaaS Vendor- TBD	128,500.00	-	Telecommunication Services
PROPERTY MANAGEMENT LIABILITY INSURANCE			**$ 582,403.00**	**$ 504,500.50**	
	Management Liability Insurance		582,403.00	504,500.50	
		Cyber Liability Insurance	190,315.00	163,592.50	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	389,388.00	340,908.00	ARC Excess & Surplus, LLC

PROJECT ITEMS					
Major Category/Sub-Major Category	**Line Item**	**Project**	**FY2024 Budget**	**YTD Expense**	**Additional Information**
PROFESSIONAL SERVICES					
TECHNICAL					
		CBBC Programming	150,000.00	-	CBBC programming

SERS

UNBUDGETED PROJECT ITEMS					
Major Category/Sub-Major Category	**Line Item**	**Project**	**FY2024 Budget**	**YTD Expense**	**Expense Reallocation**

OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS				
Major Category	**Line Item**	**Project**	**FY2024 Budget**	**YTD Expense**

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS

As of October 31, 2023 and 2022

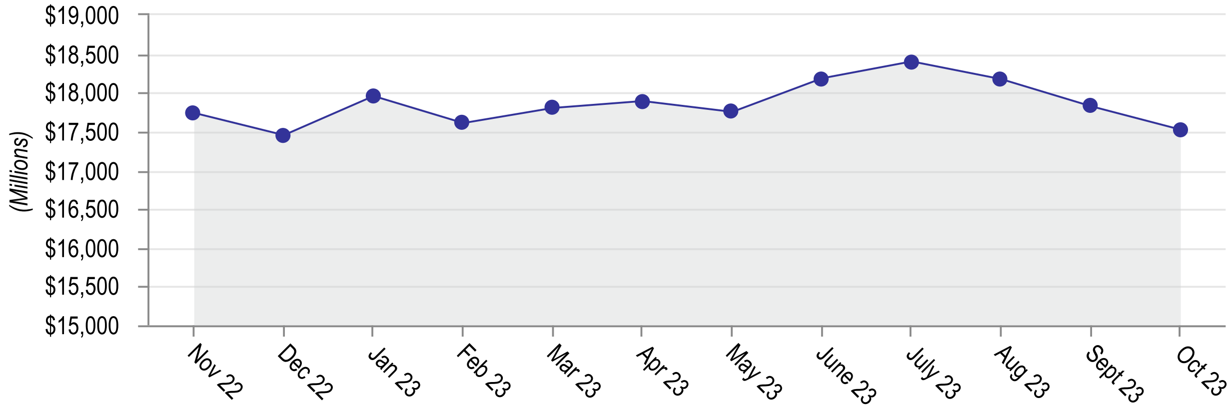
(unaudited)

SERS (All Funds)	10/31/23 YTD	10/31/22 YTD	Comparative Difference	% Difference
ADDITIONS				
Employer Contributions	$201,160,876	$187,220,011	$13,940,865	7%
Member Contributions	130,728,358	121,672,505	9,055,853	7
Health Care Premiums, Subsidies & Other Income	64,226,587	48,014,009	16,212,578	34
Total Investment Loss, Net	(540,300,879)	(153,239,615)	(387,061,264)	253
TOTAL ADDITIONS	**(144,185,058)**	**203,666,910**	**(347,851,968)**	**(171)**
DEDUCTIONS				
Retirement, Disability, Survivor & Death Benefits	473,340,360	455,748,414	17,591,946	4
Health Care Expenses	80,633,135	69,834,727	10,798,408	15
Refunds & Transfers	34,330,441	28,920,290	5,410,151	19
Administrative Expenses (excluding Investments)	10,224,251	10,465,184	(240,933)	(2)
TOTAL DEDUCTIONS	**598,528,187**	**564,968,615**	**33,559,572**	**6**
Changes in Net Position	(742,713,245)	(361,301,705)	(381,411,540)	106
Net Position - Beginning	18,265,722,222	17,574,319,449	691,402,773	4
SERS Net Position - Ending	**$17,523,008,977**	**$17,213,017,742**	**$309,991,235**	**2%**

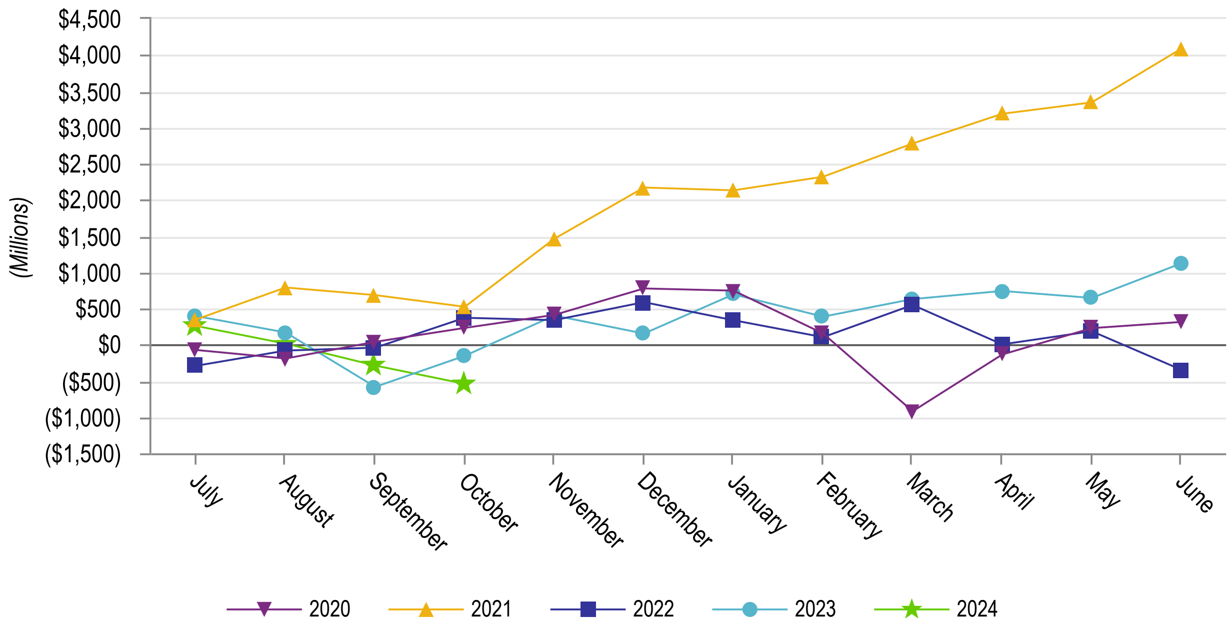
HEALTH CARE FUND				
HEALTH CARE ADDITIONS				
Employer Contributions	$18,800,417	$17,598,296	$1,202,121	7%
Health Care Premiums	19,768,275	20,370,597	(602,322)	(3)
Medicare Subsidies & Other Income	44,458,312	27,643,412	16,814,900	61
Total Investment Loss, Net	(18,022,059)	(4,708,002)	(13,314,057)	283
TOTAL HEALTH CARE ADDITIONS	**65,004,945**	**60,904,303**	**4,100,642**	**7**
TOTAL HEALTH CARE DEDUCTIONS	**81,578,020**	**70,695,787**	**10,882,233**	**15**
Changes in Net Position	(16,573,075)	(9,791,484)	(6,781,591)	(69)
Net Position - Beginning	706,785,561	611,574,409	95,211,152	16
SERS Health Care Fund Net Position - Ending	**$690,212,486**	**$601,782,925**	**$88,429,561**	**15%**

ADMINISTRATIVE EXPENSES	10/31/23 YTD	Fiscal Year Annual Budget	% of Annual Budget
Personnel	$8,489,810	$25,471,425	33%
Professional Services	2,041,376	6,456,305	32
Communications	257,168	1,015,710	25
Other Operating Expenses	1,787,619	4,108,942	44
TOTAL ADMINISTRATIVE EXPENSES	**$12,575,973**	**$37,052,382**	**34%**

Total SERS Fund Balance for Previous 12 Months



Investment Income (includes realized and unrealized gains & losses)



Health Care Fund Balance Trend

Style Definition: Text .25 indent: Justified

BD5-004

Education, Travel and Expense Reimbursement Policy

Effective Date:	10/01/2005	**Revision Date:**	TBD~~07/01/2013~~	**Audience:**	Everyone
Owner:	Board	**Certifier:**	Richard Stensrud	**Co-Owner (s):**	None
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History				

Purpose

This policy is in furtherance of Rule 3309-1-52, and describes general guidelines to be used in selecting and attending "appropriate meetings, sessions, seminars and conferences", and obtaining reimbursement of expenses.

Policy

As provided in Rule 3309-1-52, members of the Retirement Board and system staff members shall be reimbursed by the system for actual, proper and reasonable expenses incurred for attendance at appropriate meetings, sessions, seminars and conferences. Requests for reimbursement shall be submitted on a form provided by the system and in accordance with system reimbursement procedures.

1. GENERAL CONSIDERATIONS
   1. Department directors will provide to the Executive Director amounts to be budgeted for staff "Education and Travel Expense" in the annual SERS Draft Administrative Expense Budget. The Executive Director will determine the amount to be budgeted for "Board Education and Travel Expense" and "Staff Education and Travel Expense" in the annual SERS Draft Administrative Expense Budget presented to the Board for approval. The budgeted amounts should estimate expenditures for the upcoming fiscal year and should consider the following factors:
      a. Issues facing the system for the coming fiscal year.
      b. Number of conferences, meetings, etc. to be attended by each Board and staff member.
      c. Previous year's meeting attendance and expenditures.
      d. Educational needs of new Board and staff members.
      e. Inflation factors that might affect costs of lodging, meals, auto rental, airfare, etc.
   2. Whenever possible, if a particular meeting is held at a variety of locations, the meeting that is closest to the Board member's hometown, or closest to Columbus, Ohio for a staff member, should be chosen. However, if the Board or staff member is unable to

attend the more proximate meeting due to a schedule conflict, an alternate site may be substituted.

3. Since all Board or staff members will not be attending the same educational meetings and sessions, to derive the maximum benefit from these sessions the attendee will report to the Board or staff, as appropriate, using a Conference/Seminar Evaluation Form. The purpose of the report will be to share knowledge gained.

2. SPECIFIC BOARD CONSIDERATIONS

Board members are permitted to attend up to three out-of-state conferences or meetings per fiscal year. The total cost per Board member to attend such out-of-state conferences or meetings may not exceed $6,000 in any one fiscal year. Not ~~I~~included within the $6,000 limit are conference or meeting registration fees. Board members may participate in conferences, seminars or programs for continuing education and represent the system in the organizations to which it belongs. A maximum of three Board members will be reimbursed for travel expenses incurred to attend any one out-of-state conference or meeting.

3. EXPENSES

1. General

   a. Upon return from travel, a Travel Expense Voucher must be completed in order for the Board or staff member to receive payment for expenses.

   b. Any expense greater than $10, and all charges to the corporate credit card, requires a receipt to be attached to the reimbursement voucher. Where expenses are less than $10, receipts are requested when normally available for the expense incurred. The airline ticket stub or copy of the e-ticket should accompany the reimbursement voucher.

   c. Telephone calls for system business are reimbursable. Personal telephone calls, for example, to home or family, not to exceed the equivalent of $7.00 per each travel day are reimbursable. For example, 5 days travel would equal a maximum of $35 in personal telephone call reimbursement.

   d. The day before and the day after the conference are designated travel days and actual, proper and reasonable expenses incurred on those days are reimbursable. Additionally, where a Board or staff member is able to utilize a special airfare which requires an additional night stay at the destination, the additional day of expenses is reimbursable if the system will incur less overall expense than if the additional day's stay had not occurred. The Board or staff member must submit a statement documenting the actual savings obtained in such case.

2. Lodging

   Lodging is reimbursable at the single occupancy rate for a moderately priced room, given the location and circumstances; if available, a government rate should be obtained. When possible, accommodations should be secured at the meeting site if it is a hotel or other lodging.

3. Food and Beverage

   a. The reasonable cost of food and non-alcoholic beverages is reimbursable. Except in unusual circumstances that must be documented as set forth in subsections i and ii below, the per day reimbursement per Board or staff member for actual food and beverage expenses incurred should not exceed the~~a~~ maximum allowable U.S. General Services Administration (GSA) per diem rate found at www.gsa.gov ~~of $60 per day~~:

i. Board members shall provide a statement documenting the circumstances to be approved by the Board in open meeting;

ii. Staff members shall provide a statement documenting the circumstances to be approved by the department director prior to the travel.

b. Consumption of items from a hotel room mini refrigerator or bar are discouraged and the cost of alcoholic beverages is not reimbursable. The cost of non-alcoholic items from a mini refrigerator or bar is reimbursable only in unusual circumstances as documented in a statement from the Board or staff member. Where such items are consumed, it is recommended that an itemized receipt be obtained.

4. Transportation

a. The cost of a rental vehicle is reimbursable where it is a reasonable alternative means of transportation under the circumstances as documented in a statement from the board member, or from a staff member and approved in advance by the staff member's department director.

b. Personal auto expenses for destinations in Ohio will be reimbursed at the mileage rate set forth by the Internal Revenue Service.

c. Parking fees and toll costs if driving a personal auto, SERS fleet vehicle or rental car will be reimbursed when such expense is required. Gasoline will be reimbursed for an authorized rental car or SERS fleet vehicle.

d. In accordance with Ohio Ethics Commission Advisory Opinion No. 91-010, airline frequent flier miles accrued in connection with SERS-paid travel shall not be used for personal travel or benefit.

5. Non-Reimbursable Expenses

a. Expenses of a personal nature are not reimbursable. These include but are not limited to the following:

i. Costs of entertainment expenditures (in-room movies, sports tickets, golf outings, theater tickets, etc)

ii. Taxi fare or other transportation to entertainment

iii. Personal purchases

iv. Valet services (laundry, cleaning, shoe-shines). However, persons on System business for over 5 business days may submit expenses for 1 laundry and 1 dry cleaning per 5 business days.

v. Traffic tickets

vi. Costs to change flight reservations, once made and approved, if the change is not business related or for an emergency that is subsequently documented and approved by the Board for a Board member or the department director for a staff member.

Procedures **None**

Definitions **None**

Related Documents and Information

Statutes:	3309.10, 3309.14, 3309.15
Rules:	3309-1-52
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History
Forms:	---

Policy History

Version 1 – October 1, 2005 – Created – Approved by Board
Version 2 – July 1, 2013 – Edited – Approved by Board

AMENDED EDUCATION, TRAVEL AND EXPENSE REIMBURSEMENT POLICY

__________ moved and __________ seconded to approve amendments to the SERS Education, Travel and Expense Reimbursement Policy as discussed at the December 21, 2023 Board Meeting. The amended Policy will be effective following review by the Ohio Ethics Commission and Ohio Retirement Study Council.

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	______	______	______
Jeffrey DeLeone	______	______	______
James Haller	______	______	______
Catherine Moss	______	______	______
Barbra Phillips	______	______	______
James Rossler	______	______	______
Aimee Russell	______	______	______
Daniel Wilson	______	______	______
Frank Weglarz	______	______	______

SERS

Memo

To: Retirement Board

From: SERS Legal

CC: Richard Stensrud and Karen Roggenkamp

Date: December 11, 2023

Re: Definition of Compensation- Alternate approaches

Per the Board's request at its November Board meeting, SERS Legal, in consultation with Finance, has drafted, as a starting point for discussion, two alternate approaches to an amended definition of compensation.
Both versions are based on the existing definition of compensation set forth in O.A.C. 3309-1-02.

The content of the two versions is the same, except paragraph (D), which identifies the payments - in addition to base salary and base pay - that fall under SERS' definition of compensation.

One version of paragraph (D) has an expansive definition of earnings. (Any payments not excluded in the statutory definition of compensation or in paragraph (C) of the rule.) The second version has a narrower definition of earnings. (Sets forth a list of categories of payments that are included in the statutory definition of compensation.) Included for the Board's consideration in both versions is a provision that caps the amount by which earnings recognized as compensation under paragraph (D) can exceed an employee's base salary or base wages.

Both versions include the following changes from the current definition:

- Include new definitions for "salary", "wages" and "earnings". (See paragraph (B))
    - The purpose of defining these three terms is to provide consistent structure for the consideration of what payments to include in SERS' definition of compensation.
    - "Salary" is defined to mean the base salary of an employee as identified in an individual employment contract, a collective bargaining agreement, or in a standard salary schedule.
    - "Wages" is defined to mean the base wages paid to employees whose rate of pay is based on time worked for the employee's regular full time schedule, but excluding overtime.
    - "Earnings" refers to payments other than salary or wages.
- Expressly exclude four payments from the definition of compensation. (See paragraph (C))
- Contain a more detailed discussion of backpay awards, which are treated as compensation under the present definition as well as the proposed amended definitions. (See paragraph (E))
- Remove existing references to lump sum or one-time payments.
- Remove existing references to payments based on rate of pay.

If you have any questions in advance of the Board meeting, please contact Joe Marotta at 614-340-2699 or Susan Russell at 614-222-5809.

3309-1-02 Definition of compensation – *Expansive Version*

(A) This rule amplifies and is in addition to the provisions of division (V) of section 3309.01 of the Revised Code.

(B) Definitions

(1) "Salary" means base salary paid to an employee as set forth in the employee's contract, a collective bargaining agreement, or employer's written standard salary schedule.

(2) "Wages" means compensation paid to an employee for services based on time worked, but excluding overtime.

(3) "Earnings" means payments paid by reason of employment other than salary and wages.

(C) Except as otherwise provided by division (V) of section 3309.01 of the Revised Code, the following payments made by an employer are not "compensation."

(1) Payments made by the employer for accrued but unused compensatory time for overtime worked;

(2) Payments to settle a grievance that are not backpay;

(3) Retroactive payments or pay increases made or granted by the employer in whole or in part in consideration of retirement or an agreement to retire; and

(4) Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.

(D) The following earnings paid to an employee by reason of employment shall be "compensation":

(1) Payments from an employer to an employee that are not excluded by division (V)(2) of section 3309.01 of the Ohio Revised Code or paragraph (C) of this rule.

(2) The total sum of earnings under (D) shall be capped at X% of the employee's salary or wages for the given year. Amounts in excess of X % shall not be reported to SERS and contributions on such amounts shall not be authorized.

(E) Contributions on back pay awarded to an employee pursuant to a final order or final settlement award that reinstates the employee to the employee's former position or comparable position without interruption or loss of time, or awards an employee additional compensation for a period of contributing service, shall be reported and paid as follows:

(1) For purposes of calculating contributions due under Ch. 3309, of the Revised Code, the full amount of back pay that would have been earned over the period of the reinstatement, or over the period of contributing service, shall be used.

(2) The contributions shall be reported over the period of the reinstatement or the period of contributing service.

(3) Contribution payments on back pay reported for prior years shall include interest on the contributions in accordance with R.C. 3309.47.

3309-1-02 Definition of compensation – *Restricted Version*

(A) This rule amplifies and is in addition to the provisions of division (V) of section 3309.01 of the Revised Code.

(B) Definitions

(1) “Salary” means base salary paid to an employee as set forth in the employee’s contract, a collective bargaining agreement, or employer’s written standard salary schedule.

(2) “Wages” means compensation paid to an employee for services based on time worked, but excluding overtime.

(3) “Earnings” means payments paid by reason of employment other than salary and wages.

(C) Except as otherwise provided by division (V) of section 3309.01 of the Revised Code, the following payments made by an employer are not "compensation."

(1) Payments made by the employer for accrued but unused compensatory time for overtime worked;

(2) Payments to settle a grievance that are not back pay;

(3) Retroactive payments or pay increases made or granted by the employer in whole or in part in consideration of retirement or an agreement to retire; and

(4) Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.

(D) The following earnings paid by an employer shall be "compensation":

(1) Payments on behalf of the contributor to an eligible retirement plan as defined in section 402(c)(8) of the Internal Revenue Code of 1986, 26 U.S.C. 402(c)(8).

(2) Payments based on an employee's years of service in accordance with an employer policy or written contract uniformly applied to all employees.

(3) A one-time or lump sum payment by the employer that is paid to all persons in a class of employees, in the same dollar amount or same percentage of salary or wages, and in accordance with a written collective bargaining agreement.

(4) Payment made by the employer for performance of services outside the scope of an employee’s primary job duties for which an advance written agreement for compensation exists.

(5) Overtime.

(6) The following types of incentive-based pay as set forth in advance in a written contract or policy of the employer

(a) Performance incentives based on a written objective standard of criteria and amounts
(b) Payments for having a degree or certification
(c) New hire incentive
(d) Retention incentive

(e) Attendance incentive (payments for limited use of sick leave)
(f) Payments to employees for achieving measurable health goals

(7) The total sum of payments under paragraph (D) shall be capped at X% of the employee's salary or wages for the given year. Amounts in excess of X % shall not be reported to SERS and contributions on such amounts shall not be authorized

(E) Contributions on back pay awarded to an employee pursuant to a final order or final settlement award that reinstates the employee to the employee's former position or comparable position without interruption or loss of time, or awards an employee additional compensation for a period of contributing service, shall be reported and paid as follows:

(1) For purposes of calculating contributions due under Ch. 3309, of the Revised Code, the full amount of back pay that would have been earned over the period of the reinstatement, or over the period of contributing service, shall be used.

(2) The contributions shall be reported over the period of the reinstatement or the period of contributing service.

(3) Contribution payments on back pay reported for prior years shall include interest on the contributions in accordance with R.C. 3309.47.

Style Definition: Text .25 indent: Justified

Education, Travel and Expense Reimbursement Policy

BD5-004

Effective Date:	10/01/2005	Revision Date:	TBD~~07/01/2013~~	Audience:	Everyone
Owner:	Board	Certifier:	Richard Stensrud	Co-Owner (s):	None
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History				

Purpose

This policy is in furtherance of Rule 3309-1-52, and describes general guidelines to be used in selecting and attending "appropriate meetings, sessions, seminars and conferences", and obtaining reimbursement of expenses.

Policy

As provided in Rule 3309-1-52, members of the Retirement Board and system staff members shall be reimbursed by the system for actual, proper and reasonable expenses incurred for attendance at appropriate meetings, sessions, seminars and conferences. Requests for reimbursement shall be submitted on a form provided by the system and in accordance with system reimbursement procedures.

1. GENERAL CONSIDERATIONS
   1. Department directors will provide to the Executive Director amounts to be budgeted for staff "Education and Travel Expense" in the annual SERS Draft Administrative Expense Budget. The Executive Director will determine the amount to be budgeted for "Board Education and Travel Expense" and "Staff Education and Travel Expense" in the annual SERS Draft Administrative Expense Budget presented to the Board for approval. The budgeted amounts should estimate expenditures for the upcoming fiscal year and should consider the following factors:
      a. Issues facing the system for the coming fiscal year.
      b. Number of conferences, meetings, etc. to be attended by each Board and staff member.
      c. Previous year's meeting attendance and expenditures.
      d. Educational needs of new Board and staff members.
      e. Inflation factors that might affect costs of lodging, meals, auto rental, airfare, etc.
   2. Whenever possible, if a particular meeting is held at a variety of locations, the meeting that is closest to the Board member's hometown, or closest to Columbus, Ohio for a staff member, should be chosen. However, if the Board or staff member is unable to

attend the more proximate meeting due to a schedule conflict, an alternate site may be substituted.

3. Since all Board or staff members will not be attending the same educational meetings and sessions, to derive the maximum benefit from these sessions the attendee will report to the Board or staff, as appropriate, using a Conference/Seminar Evaluation Form. The purpose of the report will be to share knowledge gained.

2. SPECIFIC BOARD CONSIDERATIONS

Board members are permitted to attend up to three out-of-state conferences or meetings per fiscal year. The total cost per Board member to attend such out-of-state conferences or meetings may not exceed $6,000 in any one fiscal year. Not ~~I~~included within the $6,000 limit are conference or meeting registration fees. Board members may participate in conferences, seminars or programs for continuing education and represent the system in the organizations to which it belongs. A maximum of three Board members will be reimbursed for travel expenses incurred to attend any one out-of-state conference or meeting.

3. EXPENSES

1. General

a. Upon return from travel, a Travel Expense Voucher must be completed in order for the Board or staff member to receive payment for expenses.

b. Any expense greater than $10, and all charges to the corporate credit card, requires a receipt to be attached to the reimbursement voucher. Where expenses are less than $10, receipts are requested when normally available for the expense incurred. The airline ticket stub or copy of the e-ticket should accompany the reimbursement voucher.

c. Telephone calls for system business are reimbursable. Personal telephone calls, for example, to home or family, not to exceed the equivalent of $7.00 per each travel day are reimbursable. For example, 5 days travel would equal a maximum of $35 in personal telephone call reimbursement.

d. The day before and the day after the conference are designated travel days and actual, proper and reasonable expenses incurred on those days are reimbursable. Additionally, where a Board or staff member is able to utilize a special airfare which requires an additional night stay at the destination, the additional day of expenses is reimbursable if the system will incur less overall expense than if the additional day's stay had not occurred. The Board or staff member must submit a statement documenting the actual savings obtained in such case.

2. Lodging

Lodging is reimbursable at the single occupancy rate for a moderately priced room, given the location and circumstances; if available, a government rate should be obtained. When possible, accommodations should be secured at the meeting site if it is a hotel or other lodging.

3. Food and Beverage

a. The reasonable cost of food and non-alcoholic beverages is reimbursable. Except in unusual circumstances that must be documented as set forth in subsections i and ii below, the per day reimbursement per Board or staff member for actual food and beverage expenses incurred should not exceed the~~a~~ maximum allowable U.S. General Services Administration (GSA) per diem rate found at www.gsa.gov ~~of $60 per day~~:

i. Board members shall provide a statement documenting the circumstances to be approved by the Board in open meeting;

ii. Staff members shall provide a statement documenting the circumstances to be approved by the department director prior to the travel.

b. Consumption of items from a hotel room mini refrigerator or bar are discouraged and the cost of alcoholic beverages is not reimbursable. The cost of non-alcoholic items from a mini refrigerator or bar is reimbursable only in unusual circumstances as documented in a statement from the Board or staff member. Where such items are consumed, it is recommended that an itemized receipt be obtained.

4. Transportation

a. The cost of a rental vehicle is reimbursable where it is a reasonable alternative means of transportation under the circumstances as documented in a statement from the board member, or from a staff member and approved in advance by the staff member's department director.

b. Personal auto expenses for destinations in Ohio will be reimbursed at the mileage rate set forth by the Internal Revenue Service.

c. Parking fees and toll costs if driving a personal auto, SERS fleet vehicle or rental car will be reimbursed when such expense is required. Gasoline will be reimbursed for an authorized rental car or SERS fleet vehicle.

d. In accordance with Ohio Ethics Commission Advisory Opinion No. 91-010, airline frequent flier miles accrued in connection with SERS-paid travel shall not be used for personal travel or benefit.

5. Non-Reimbursable Expenses

a. Expenses of a personal nature are not reimbursable. These include but are not limited to the following:

i. Costs of entertainment expenditures (in-room movies, sports tickets, golf outings, theater tickets, etc)

ii. Taxi fare or other transportation to entertainment

iii. Personal purchases

iv. Valet services (laundry, cleaning, shoe-shines). However, persons on System business for over 5 business days may submit expenses for 1 laundry and 1 dry cleaning per 5 business days.

v. Traffic tickets

vi. Costs to change flight reservations, once made and approved, if the change is not business related or for an emergency that is subsequently documented and approved by the Board for a Board member or the department director for a staff member.

Procedures **None**

Definitions **None**

Related Documents and Information

Statutes:	3309.10, 3309.14, 3309.15
Rules:	3309-1-52
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History
Forms:	---

Policy History

Version 1 – October 1, 2005 – Created – Approved by Board
Version 2 – July 1, 2013 – Edited – Approved by Board

AMENDED EDUCATION, TRAVEL AND EXPENSE REIMBURSEMENT POLICY

__________ moved and __________ seconded to approve amendments to the SERS Education, Travel and Expense Reimbursement Policy as discussed at the December 21, 2023 Board Meeting. The amended Policy will be effective following review by the Ohio Ethics Commission and Ohio Retirement Study Council.

Upon roll call, the vote was as follows:

ROLL CALL:	**YEA**	**NAY**	**ABSTAIN**
Matthew King	______	______	______
Jeffrey DeLeone	______	______	______
James Haller	______	______	______
Catherine Moss	______	______	______
Barbra Phillips	______	______	______
James Rossler	______	______	______
Aimee Russell	______	______	______
Daniel Wilson	______	______	______
Frank Weglarz	______	______	______

School Employees
Retirement System

Memo

To: SERS Audit Committee

From: Marni Hall, CFO

CC: Jeff Davis, Richard Stensrud, Karen Roggenkamp

Date: December 7, 2023

Re: June 30,2023 Audit Response memo

FY2023 Financial Statement Audit Finding
Our external auditors (Plante Moran) have completed the FY2023 SERS financial statement audit and considered SERS' internal controls over financial reporting when designing their audit procedures. Auditing standards require the communication of internal control related matters using the following terminology.

1. Material Weakness – control is not designed adequately to prevent a material misstatement.
2. Significant Deficiency – control is missing but existing controls would prevent a material misstatement. Deficiency is reported to the Board.
3. Deficient Control – control is missing, but the deficiency does not rise to the level of reporting the matter to the Board.

Auditing standards provide criteria to assess whether controls meet one of these definitions; however, different auditors may have different opinions on the level of deficiency. SERS received a Significant Deficiency finding related to incomplete month-end bank reconciliations. There were no additional findings.

Audit Finding Cause
The month-end cash reconciliation issue is primarily due to timing differences when employers send automated deposits to our Huntington Bank account compared to when our existing internal processes recognizes the member details and creates offsetting general ledger entries. Typically, there is a one-two business day timing difference. While SERS has adequate daily cash controls, incomplete or delayed monthly reconciliations can result in a potential risk of unrecognized Bank account activity or an unidentified balance remaining in a general ledger holding account. Typically, the monthly unreconciled balance is approximately $200 thousand out of $85 million of average monthly receipts. SERS concurs with the Auditor's rating on this issue.

History
Our internal cash reconciliation processes did not take advantage of automated capabilities that could have been included in the SMART conversion to better match deposits and create general ledger details. To date, our General Accounting department utilized other manual controls to bridge the reconciliation requirements which were deemed sufficient by our prior Auditors. However, due to turnover and time needed to train new staff during FY2023, the reconciliations were not completed timely and/or did not consistently classify all outstanding

transactions. By the end of the FY2023 audit, month-end bank reconciliations were completed through June 30, 2023.

Remediation Actions

To address this finding, the Finance staff is refocusing and verifying that existing manual internal controls are being utilized. These include:

1. A daily reconciliation of all incoming bank deposits performed by Employer Services. Employer Services receives daily reports from the bank including a) lockbox deposits with supporting documentation and b) daily bank statements. General Accounting is notified after all deposits for a given day are applied to the intended account.
2. A monthly reconciliation of all incoming monies (Receipts, Pension and Healthcare) between SMART and Huntington bank accounts performed by General Accounting. This ensures daily activity applied by Employer Services produced the appropriate general ledger activity.
3. All cash disbursements are included in a Positive Pay file and submitted in advance. Only items presented for payment that match transactions on the Positive Pay file will settle with the Bank.
4. All disbursements from the bank accounts are initiated by General Accounting and reviewed by Investment Accounting to ensure that all payments have appropriate documentation for the date of payment. Investment Accounting also reviews the next day's bank account to ensure all activity is settled as instructed. Bank disbursements not matching documentation or missing documentation are elevated to the Assistant Director of Financial Reporting.
5. A written plan is in place to complete all month end bank reconciliations timely going forward.

It should also be noted that The Treasurer of State of Ohio (TOS) is the custodian by state statute and assists in setting daily debit limits on each of the accounts.

1. SERS is required to submit supporting documentation for all disbursements to the TOS. The TOS performs a daily reconciliation on a day lag to ensure all payments have been duly authorized by SERS.
2. TOS provides daily a listing of redeemed vouchers. This is reconciled to SMART (daily) and Great Plains General Ledger (Monthly).

Technology Enhancements

Finance is working with Information Technology to make changes in SMART to assist in general ledger activity posting and identification of cash receipts.

- Currently twelve process improvement tickets are being bundled into a project request. Once implemented in late FY2024/or early FY2025, there will be significantly less reliance on manual controls.
- Great Plains our existing general ledger is at the end of life and is being replaced by Oracle NetSuite in FY2024. This will provide additional transactional information.
- Finance completed the acquisition of an account reconciliation tool called Blackline. This tool will assist staff in matching transactions between the Bank and SMART and will be integrated into the above technological changes.

Timeline

Using the remediation and technology enhancements noted above, this audit finding resolution will be resolved by the 1st quarter of FY2025 using the following phased approach:

1. Continue to work toward completing timely month-end end bank reconciliations.
2. Improve the quality of the reconciliations.
3. Utilize the enhanced programming and Blackline account reconciliation tools to timely identify and resolve cash reconciliation items.

In summary, both our prior external auditors and new auditors reviewed our reconciliations and controls and concluded that controls are in place to avoid financial misstatements. However, Plante Moran feels that those that administer our governance standards should be made aware of the reconciliation issue and its significance. The Plante Moran auditors and SERS will continue to work together to address the deficiency and monitor progress in FY2024. This progress will also be monitored by our Chief Audit Officer and reported quarterly to the Audit Committee.

We are happy to answer questions or provide additional detailed information.

SERS COMPENSATION COMMITTEE UPDATE

Only If Needed

EXECUTIVE SESSION

_____________ moved and _________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.

IN EXECUTIVE SESSION AT _________________ A.M. / P.M.

ROLL CALL:	YEA	NAY	ABSTAIN
Matthew King	_________	_________	_________
Jeffrey DeLeone	_________	_________	_________
James Haller	_________	_________	_________
Catherine Moss	_________	_________	_________
Barbra Phillips	_________	_________	_________
James Rossler	_________	_________	_________
Aimee Russell	_________	_________	_________
Daniel Wilson	_________	_________	_________
Frank Weglarz	_________	_________	_________

RETURNED TO OPEN SESSION AT _________________ A.M. / P.M.

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 **

AUDIT COMMITTEE MEETINGS

March 20, 2024 – 2:30 p.m. (Weds.)
June 20, 2024 – 2:30 p.m. **(Thurs.)** ***** New Date *****
September 18, 2024 - 2:30 p.m. (Weds.)
December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 21, 2024 – 7:30 a.m. (Thurs.)
June 21, 2024 – 7:30 a.m. **(Fri.)** ***** New Date *****
July 18, 2024 – 7:30 a.m. (Thurs.) ***** Special Meeting ****
September 19, 2024 – 7:30 a.m. (Thurs.)
December 19, 2024 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 21, 2024 – 12:30 p.m. (Thurs.)
June 20, 2024 – 1:30 p.m. **(Thurs.)** ***** New Date & Time *****
September 19, 2024 – 12:30 p.m. (Thurs.)
December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

February 15 - 16, 2024 - 8:30 a.m (Thurs. and Fri.)
March 21 - 22, 2024 – 8:30 a.m (Thurs. and Fri.)
April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)
May 16 – 17, 2024 – 8:30 a.m (Thurs. and Fri.)
June 21, 2024 - 8:30 a.m **(Fri.)** ***** New Date *****
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.) ***** Board Picture Day *****
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)
November 21 – 22, 2024 – 8:30 a.m (Thurs. and Fri.)
December 19 – 20, 2024 – 8:30 a.m (Thurs. and Fri.)

**** Please note that these dates and times are tentative.**

CONTINUED OR NEW BUSINESS

Board Information Requested

BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS

1. ______________________________
____

2. ______________________________
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3. ______________________________
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4. ______________________________
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5. ______________________________
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6. ______________________________
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7. ______________________________
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8. ______________________________
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9. ______________________________
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10. ______________________________
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ADJOURNMENT(R)

_________________ moved that the SERS Retirement board adjourn to meet on Thursday, February 15, 2024, for their next regularly scheduled meeting.

The meeting adjourned at __________________ a.m./p.m.

____
Frank Weglarz – Chair

____
Richard Stensrud, Secretary