



**SERS Retirement Board  
Special Compensation Committee  
Meeting Agenda  
April 18, 2024  
7:30 A.M**

To Join Zoom Meeting:

<https://ohsers.zoom.us/j/97070686800?pwd=NmlwbzJldDJRcjQ3QkxhUktHbm1XQT09>

**Meeting ID: 970 7068 6800      Password: 12345**

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **970 7068 6800** and password: **12345** when prompted.

1. Roll Call
2. Approval of **March 21, 2024**, Compensation Committee Meeting Minutes (R)
3. Investment Incentive Compensation Policy Discussion
4. Succession Plan, Staffing, and Re-Employment Policy Discussion
5. Executive session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R) *if needed*
6. Adjournment (R)

**SCHOOL EMPLOYEES RETIREMENT SYSTEM**

**COMPENSATION COMMITTEE**

**April 18, 2024**

\_\_\_\_\_ **A.M.**

Roll Call:

Jeffrey DeLeone	_____
James Haller	_____
Barbra Phillips	_____
Aimee Russell	_____
Daniel Wilson	_____

Guests in Attendance:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**APPROVAL OF MINUTES OF THE COMPENSATION COMMITTEE MEETING**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve the minutes of the Compensation Committee meeting held on March 21, 2024.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____

<b>School Employees Retirement System</b>		<b>COMPENSATION COMMITTEE MINUTES</b>	
<b>Preparer</b>	Vatina Gray		<b>Meeting Date:</b> March 21, 2024
<b>Committee Chair</b>	Daniel Wilson	Committee roll call was as follows: Present: Daniel Wilson, Jeffrey DeLeone, James Haller, Barbra Phillips, and Aimee Russell.  <b>Also in Attendance:</b> Lisa Reid, representative from the Ohio Attorney General's Office and SERS Staff: Richard Stensrud, Joe Marotta, and Vatina Gray.	
<b>Agenda</b>	<ol style="list-style-type: none"> <li>1. Roll Call</li> <li>2. Approval of February 15, 2024 Compensation Committee Minutes (R)</li> <li>3. Succession Plan, Staffing, and Re-Employment Discussion</li> <li>4. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R)</li> <li>5. Adjournment</li> </ol>		
<b>Discussion</b>	<p>The SERS Compensation Committee meeting began in open session at 7:30 a.m.</p> <p><b><u>ROLL CALL</u></b></p> <p>The SERS Compensation Committee roll call was as follows: Jeffrey DeLeone, James Haller, Barbra Phillips, Aimee Russell, and Daniel Wilson.</p> <p><b><u>APPROVAL OF MINUTES</u></b></p> <p>James Haller moved and Barbra Phillips seconded the motion to approve the minutes of the Compensation Committee meeting held on February 15, 2024. Upon roll call the vote was as follows: Yea: Jeff DeLeone, James Haller, Barbra Phillips, Aimee Russell, and Daniel Wilson. The motion carried.</p> <p><b><u>SUCCESSION PLAN, STAFFING, AND RE-EMPLOYMENT DISCUSSION</u></b></p> <p>SERS Executive Director Richard Stensrud opened the meeting stating that staff turnover in inevitable and should be anticipated. SERS need both succession planning and replacement planning to address long-term and immediate staffing needs.</p> <p>Mr. Stensrud continued, stating re-employment after retirement is not an entitlement, would be used restrictively on a case-by-case basis, and would be for a limited amount of time. However, in certain situations individuals may possess institutional knowledge or other unique skills and experience that would benefit SERS in terms of project completion, program development, and/or staffing replacement initiatives.</p> <p>Mr. Stensrud continued, reporting if this proposed policy is used, it will be used with an "advise the board" component so the board can determine if the policy is being implemented appropriately. When asked if there were alternatives to this retiree-rehire policy, Mr. Stensrud stated SERS cannot compete with a retirement benefit and alternatives could create inequity among the staff. Mr. Stensrud also stated no other Ohio pension system has such a policy, but they do hire retirees in certain cases.</p> <p>Compensation Committee Chair Daniel Wilson stated his preference is for the committee to land on a consensus before presenting this policy to the full board. Mr. Wilson would like to define the concept then go to the board with a proposed policy that would embrace what the committee believes is a good next step. Mr. Wilson asked that a special meeting be scheduled for next month with this subject as an agenda item.</p>		

**EXECUTIVE SESION**

Barbra Phillips moved and James Haller seconded the motion that the Committee convene in ExecutiveSession pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee. Upon roll call the vote was as follows: Yea: Jeff DeLeone, James Haller, Barbra Phillips, Aimee Russell, and Daniel Wilson. The motion carried.

The Compensation Committee convened in executive session at 8:07 a.m.

The Compensation Committee returned to open session at 8:31 a.m.

**ADJOURNMENT**

Daniel Wilson moved to adjourn the meeting at 8:33 a.m.

	<b>Action Items</b>	<b>Assigned Person</b>	<b>Due Date</b>
<b>Action Items</b>	Schedule special compensation committee meeting in April 2024.	n/a	4/18/24

# Memo

**To:** Compensation Committee  
**From:** Richard Stensrud  
**cc:** Farouki Majeed, Karen Roggenkamp  
**Date:** April 12, 2024  
**Re:** **Proposed Changes to Incentive Plan FY 2025**

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Pursuant to SERS' investment performance compensation policy ('Policy'), the Board annually reviews and approves proposed changes to the Policy at the May Board Meeting. Typically, the proposed changes are very minor edits, and thus are not usually reviewed first by the Compensation Committee. This year, however, the proposed changes are more material and therefore it is advisable to have the Committee review them first, and if comfortable with the proposed changes, be able to endorse them when they go to the full Board in May.

Accordingly, attached for your review is a memorandum from Chief Investment Officer Farouki Majeed outlining the proposed changes to the Policy and the reasons why they are being proposed. As you will see, the changes being proposed center on the level of performance above the asset class benchmark that must be achieved before performance compensation is earned ('hurdle rate'). Currently the hurdle rate for all asset classes is 50 basis points above the benchmark. Farouki is proposing that the hurdle rate for the fixed income asset class be increased to 60 basis points; that the hurdle rate for the real estate, infrastructure, private credit, and opportunistic asset classes be increased to 100 basis points; and that the hurdle rate for the private equity asset class be increased to 150 basis points. Finally, Farouki proposes that the hurdle rate for the global equities asset class be lowered to 40 basis points.

Farouki's memorandum outlines why he believes the proposed changes are appropriate and he will be present at the meeting to discuss the proposed changes and answer any questions you might have.

I hope this information is helpful.

# Memo

**To:** Compensation Committee  
**From:** Farouki Majeed  
**cc:** Richard Stensrud; Karen Roggenkamp  
**Date:** April 1, 2024  
**Re:** **Proposed Changes to Incentive Plan FY 2025**

Staff is proposing changes to the target excess returns for each asset class and the total fund for the purpose of calculating incentive payments effective FY 2025. Currently, the target for each asset class and the total fund is uniformly 0.50%.

A review of the excess returns of the asset classes and total fund over the last 10 fiscal years shown in attached table indicates that excess returns across asset classes differ on account of the potential of the respective asset classes to generate excess returns over their benchmarks. For example, the average of the 1-year excess returns over the last 10 years ranges from a low of 0.41% for Global Equity to a high of 3.77% for Private Equity. Similarly, the 3-year excess return ranges from a low of 0.44% for Global Equity to a high of 3.01% for Private Equity. It has been much easier to meet the current target of 0.50% in Private Equity than in Global Equity due to the efficiency of the public equity markets and the precision of the benchmarks. In view of this about 40% of Global equity is indexed to benchmarks, such that excess returns could be earned only from the remaining 60% that is actively managed. Private Equity can generate a higher excess return since it is 100% actively managed with control over management, the use of higher levels of leverage, and the benchmark is less precise than in public equities.

SERS experience shows that the private asset classes (Private Equity, Real Assets, Private Credit) have consistently generated higher excess returns than the public asset classes (Global Equity, Global Fixed Income). Hence, having a uniform target excess return for all asset classes does not serve the purpose of fair incentive payment for achieving excess returns.

SERS total fund excess returns have increased over the last ten years with a 1-yr average of 0.94% and 3-yr average of 0.79%, well exceeding the current 0.50% target. In view of the above staff is proposing new excess return targets as follows:

	<b>Proposed</b>	<b>Current</b>
<b>Global Equity</b>	0.40% or 40 b.p.	50 b.p.
<b>Private Equity</b>	1.5% or 150 b.p.	50 b.p.
<b>Global Fixed Income</b>	0.60% or 60 b.p.	50 b.p.
<b>Real Estate</b>	1.0% or 100 b.p.	50 b.p.
<b>Infrastructure</b>	1.0% or 100 b.p.	50 b.p.
<b>Private Credit</b>	1.0% or 100 b.p.	50 b.p.
<b>Opportunistic</b>	1.0% or 100 b.p.	

**EXCESS RETURN**

**Rolling 1-Year**

	<b>Global Equities</b>	<b>Global Fixed Income</b>	<b>Global Private Credit</b>	<b>Global Private Equity</b>	<b>Global Real Assets</b>	<b>Opportunistic &amp; Tactical</b>	<b>Total Fund</b>
<b>FY 2014</b>	0.78	1.85		0.32	3.44	-4.28	1.57
<b>FY 2015</b>	0.09	-1.05		9.30	-0.59	2.24	-0.22
<b>FY 2016</b>	0.77	-0.83		5.15	0.49	-9.81	0.33
<b>FY 2017</b>	0.33	2.23		3.74	0.51	8.61	1.50
<b>FY 2018</b>	-0.15	0.33		2.60	2.63	3.31	0.86
<b>FY 2019</b>	-0.45	0.20		3.83	2.47	-1.22	0.06
<b>FY 2020</b>	1.87	-0.15		2.52	-1.05	-11.27	-0.64
<b>FY 2021</b>	1.25	3.96	12.80	-6.85	5.34	24.13	2.66
<b>FY 2022</b>	0.52	-0.39	4.60	11.02	2.58	15.01	3.01
<b>FY 2023</b>	-0.93	1.67	-2.17	6.05	2.93	1.65	0.23
<b>FYTD 2024</b>	-0.20	0.71	0.61	2.71	1.60	-0.49	0.44
<b>average</b>	0.41	0.78	5.08	3.77	1.88	2.84	0.94

**Rolling 3-Year**

	<b>Global Equities</b>	<b>Global Fixed Income</b>	<b>Global Private Credit</b>	<b>Global Private Equity</b>	<b>Global Real Assets</b>	<b>Opportunistic &amp; Tactical</b>	<b>Total Fund</b>
<b>FY 2014</b>	-0.03	1.58		-0.3	-1.18		0.23
<b>FY 2015</b>	0.41	1.3		1.69	0.6		0.69
<b>FY 2016</b>	0.54	-0.02		5.04	1.11	-4.14	0.52
<b>FY 2017</b>	0.41	0.13		6.06	0.15	-0.23	0.51
<b>FY 2018</b>	0.35	0.59		3.87	1.22	0.07	0.87
<b>FY 2019</b>	-0.1	0.94		3.4	1.87	3.42	0.79
<b>FY 2020</b>	0.45	0.13		2.98	1.32	-3.37	0.08
<b>FY 2021</b>	0.87	1.4		0.51	2.25	3.03	0.57
<b>FY 2022</b>	1.19	1.1		2.68	2.28	8.57	1.65
<b>FY 2023</b>	0.26	1.65	4.98	4.16	3.67	13.26	1.98
<b>FYTD 2024</b>							
<b>average</b>	0.44	0.88	4.98	3.01	1.33	2.58	0.79



# Memo

**To:** Compensation Committee  
**From:** Richard Stensrud  
**cc:** Farouki Majeed, Karen Roggenkamp  
**Date:** April 12, 2024  
**Re:** **Retire/Rehire Policy Discussion Memo**

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The purpose of this Item for the Special Compensation Committee Meeting is to continue the discussion at the last two Compensation Committee Meetings regarding the potential use at SERS of the 'retire/rehire' employment option permitted under Ohio law. In particular, I will address various questions/concerns that have come up in previous discussions and suggest some revised parameters and reporting practices for the Committee's consideration.

Previously, I have communicated that:

- Retaining high quality staff is vital to maintaining SERS' success at our mission and to that end, it is essential to have a strategic and systematic process for identifying key positions that are central to that success and being prepared to fill those positions when they become vacant. Having an effective talent management plan that recognizes, develops and retains high quality employees is not only integral to SERS' success, it also fosters an environment where high potential and high performing employees want to come and choose to stay.
- SERS' preference is to fill a vacant position with an existing staff member when appropriate. To meet that objective, SERS has established a robust and comprehensive succession planning structure and process intended to maintain business continuity, operational efficiency and high quality, uninterrupted service.
- While succession planning addresses long range staffing needs and the cultivation of high quality talent to meet those needs, it must also be supplemented by replacement planning, which concentrates on immediate needs, including assessment of the availability of high quality replacements when critical positions become vacant or at risk of becoming vacant.
- The retire/rehire option would be a tool used to address replacement scenarios, and to support the implementation of succession plans.

## Succession Plan vs. Replacement Plan

Some discussion regarding the differences between succession planning and replacement planning may be helpful to illustrate the last point above and clarify when, why and how the retire/rehire option might be utilized to address replacement scenarios that support long term succession planning.

Based on previous discussions there may be some confusion regarding 'critical positions' for succession planning and whether all those critical positions would be candidates for retire/rehire. The short answer is that positions designated as critical for succession planning can be, but will not always be a position that is suitable for a retire/rehire arrangement.

There also seems to be some confusion regarding why there are so many critical positions in SERS' succession planning program. The following factors are considered when designating a position as critical for succession planning purposes:

- Single incumbent – Only one person can or knows how to perform the position's duties.
- Specialized Knowledge and Expertise – The position requires specialized knowledge and/or experience that is only acquired over time or through specialized education or training.
- Difficult to Replace Inside or Outside of SERS – Position is one that SERS has difficulty finding qualified candidates, despite recruiting efforts.
- Difficult to Retain – Position is one that SERS has difficulty retaining employees due to factors such as environment, position stressors, wage issues, or travel.
- Risk of Attrition – Individuals that are at risk of leaving SERS due to a lack of developmental and/or promotional opportunities.
- Retirement Vulnerable – Employees who are or will be eligible to retire within three to five years.

Even positions that have not been deemed as 'critical' can have succession plans. The critical designation places a priority on that position to have a plan in place, but does not limit other positions from also having succession plans.

As noted above, succession planning takes a long-term approach to development and staffing. Having a retire/rehire option is a short-term staffing strategy to bridge a gap in certain limited situations where there is not a current staff member ready to assume the role at the time the position becomes vacant.

The reasons to consider and value to be gained by utilizing retire/rehire to bridge a staffing gap may include:

- To retain and transfer specialized knowledge;
- To manage a function while a replacement search is conducted;
- To complete a significant project or program development;
- To maintain continuity of critical business operations over a necessary time period; and
- To provide time for internal replacement candidates to gain and develop the requisite knowledge, skills and experience to move into a position.

The attached materials include descriptions of three scenarios that further illustrate when and why a retire/rehire option might be utilized, and what would be achieved by doing so.

#### Proposed Implementation Parameters

To assure that a retire/rehire option would only be used in appropriate, limited cases, I am proposing that the parameters below be incorporated in a policy governing when and how the retire/rehire option would be utilized:

- A requirement to advise the Board, prior to establishing a retire/rehire arrangement, of the reasons for, objectives and term of the proposed engagement.
  - This will provide transparency into when and why retire/rehire is utilized.
  - It will allow the Board to assess whether the organizational objectives are being achieved.
  - It would also provide transparency into and a basis for assessing how long the arrangement will last.
- A requirement that the objectives of the engagement be incorporated in the job goals for the rehired retiree.

- This will help assure that person engaged is committed to the organizational goals for establishing the engagement.
- Include data on retire/rehires as part of the personnel reports given to the Board.
- Provide an annual report to Board on status of the objectives identified for the retire/rehire engagement.
- Limit the length of the retire/rehire arrangements to up to 3 years, with no more than 2 one-year extensions.
  - This will help assure that a retire/rehire arrangement is not a long term impediment to staff advancement.
- Limit the compensation of the rehired retiree to no more than 50% of the salary range for the position.

A copy of a proposed policy that includes these elements is included with these materials. The noted elements have been highlighted in the proposed policy.

As I have previously conveyed, I believe the retire/rehire option is an excellent complement to SERS' succession planning efforts and could be tremendously helpful in assuring that SERS' operations and culture remain at the highest level. Accordingly, I hope you will support its use in the prescribed, appropriate situations.



# School Employees Retirement System of Ohio

## Draft Reemployment Policy

### Purpose

The purpose of this policy is to provide guidance for reemployment with SERS after separation or retirement from SERS.

### Policy

SERS strives to ensure that staffing needs are met through employee training, development opportunities, succession planning and qualified external candidate sourcing with emphasis on providing our employees with opportunities for advancement and professional development. There are situations, however, when reemployment of former SERS employees is needed to meet staffing needs. This generally takes one of two forms: Reemployment immediately following retirement from a position at SERS or reemployment after some period of time following leaving SERS' employment due to retirement or to pursue another opportunity.

Reemployment after retirement is not an entitlement. However, in certain situations individuals may possess institutional knowledge or other unique skills and experience that would benefit SERS in terms of project completion, program development, and/or staffing replacement initiatives. As described below, reemployment to the same or similar position held at the time of retirement may be considered based on reasons that are in the best interest of SERS.

#### **Reemployment immediately following retirement from a position at SERS**

Employees who retire from SERS through an Ohio state retirement system may be hired to the exact same position held immediately prior to retirement at the discretion of the organization. SERS has sole discretion to determine whether or not reemployment of a SERS retiree is the best solution to sustain and advance SERS' mission.

#### **Retiree Reemployment Evaluation**

Approval of a request to retire and rehire into the same position will be based on organizational needs rather than individual desire of employee, with particular emphasis on the ways in which the reemployment can benefit SERS. Reemployment should be considered if it saves resources, maintains productivity, or because the position cannot or should not be filled by a current employee or new hire. An employee must be in good standing in both job performance and attendance to be considered.

Reemployment requests are evaluated on a case-by-case basis. Reasons to reemploy an individual in the same or similar position held at the time of retirement may include:

- a. To retain and transfer specialized knowledge
- b. To manage a function while replacement search is conducted
- c. To complete a significant project or program development
- d. To maintain continuity of critical business operations over a necessary time period.

## Reemployment Following Departure or Retirement from SERS

A former employee who had a separation in service due to retirement or pursuit of another opportunity, but is subsequently interested in being rehired, will be interviewed and evaluated with other job candidates for an open position unless otherwise ineligible for rehire in accordance with SERS Recruitment and Selection Policy (HR6-006).

Employees who are rehired will not necessarily be placed in the same position or salary range as previously held.

### Retiree Reemployment Guidelines

1. Retired employees may be rehired into regular full-time or part-time positions and provisional (temporary) full-time or part-time positions and subject to all SERS' policies including quarterly performance evaluation.
2. Annual salary upon commencement of reemployment shall not exceed their annual salary at retirement, unless this makes their salary below the pay range minimum or FLSA threshold for an exempt position. In addition, an annual salary during reemployment shall not exceed the mid-point (50%) of the salary range of the position held. Excluding promotions, a reemployed retiree is only eligible for annual performance-based salary increases during reemployment.
3. Department Director provides a written justification of the need for the reemployment arrangement and an explanation of longer-term succession plan for approval consideration.
4. Initial reemployment arrangement maybe be up to 3 years in duration with the option to approve up to two 1-year extensions based on business needs. A reemployment arrangement shall not exceed 5 years. Arrangement does not alter at-will employment or the expectation to meet or exceed performance standards.
5. Benefit eligibility upon rehire will be determined by SERS Employee Classification Policy (HR6-012). Benefit seniority will include SERS' years of service prior to retirement.
6. It is the responsibility of the retiree to contact OPERS or their other retirement system to discuss how the change in employment status may impact pension and benefit options.
7. Reemployed retirees are requested to provide notice of final separation after original retirement at least 90 days prior to their anticipated separation to allow SERS adequate time to fill the vacancy.

*Note: These guidelines do not apply when a retired employee has been retired from SERS for more than two calendar months and has applied, gone through a competitive selection process, and been selected for a position other than the one held immediately prior to retirement.*

## Procedure

### Reemployment of Retired Employees Immediately Following Retirement

1. Employee who is interested in a reemployment arrangement shall notify their department director at least 90 days prior to their anticipated retirement date of their interest to reemploy immediately following retirement. Employee shall also indicate whether or not they intend to observe the two-month break in employment.
2. Department Director is responsible for notifying HR and Executive of the request when received.
3. Department Director provides written justification of the need for reemployment including plans for future succession planning efforts to HR and Executive within 2 weeks of receiving the employee's request.
4. Executive reviews the request and considers request based on policy guidance and what is considered in the best interest of SERS.
5. Executive Director informs the Board of requests being considered for approval. Board is provided with an explanation of the reasons supporting the arrangement, objectives to be completed, estimated length of arrangement, and long-term staffing strategy for the position prior to approval.
6. Department Director and/or HR will notify employee within 30 days of their request if their request has been approved.
7. Employee will decide whether or not to proceed with retirement. If employee chooses to proceed with retirement, they need to submit formal written notice to SERS on their chosen retirement date and also contact OPERS to submit their retirement application, if they have not already done so.
8. Executive Director informs the Board when the reemployment arrangement term has concluded and current staffing status.

## Definitions

Retirement – The voluntary separation of employment from a covered position by OPERS for the purpose of commencing disability or service retirement and receiving a benefit from OPERS or other Ohio state retirement system.



## School Employees Retirement System of Ohio

# Retire/Rehire Situational Scenarios

### Scenario 1

#### Key Person to Retire Mid-Project within a 12-Month Period

Experienced Information Technology Project Manager discusses retirement planning during a large-scale organization-wide project. The Project Manager is a critical player in the project and there is not another SERS employee with enough demonstrated large-scale project management experience to step directly into the role to complete the project. A succession plan is in place. However, project manager is key to successful project rollout. Internal successors are being developed, but not ready to meet the project's knowledge requirements. Short-term staffing options to be considered are:

1. Hire a contract Project Manager to finish the project.
2. Externally recruit a new Project Manager hired by SERS.
3. Pursue a reemployment arrangement with the current Project Manager.

**Option 1** – This option fills an immediate need for a project manager. Ideally, an experienced project manager would be able to be sourced in a few weeks. Although a short-term strategy to keep the project moving forward, it is very likely the consulting fee would be more expensive than hiring an employee. Most of these arrangements are on an hourly rate along with a sourcing fee paid to an IT recruiting firm. There would also be a reduction in productivity and likely project delays until the new Project Manager was selected and could learn the SERS related project details.

**Option 2** – This option would likely take more time to source our own candidate. We would expect approximately 60 days to fill the position. We would expect the cost to be less expensive than outsourcing/contracting the work, but there would be a longer period of time the position would potentially be vacant causes project implementation delays. In this scenario, our search would focus on hiring an experienced Project Manager who can transition to other projects after this project is completed.

**Option 3** – This option under the proposed Retire/Rehire policy allows the Project Manager to retire and receive their pension benefit (two-month pension benefit penalty) and stay employed with SERS to help complete the project. The reemployment period objectives are to solely focus on implementing the large project. In this example, the Project Manager could also scale back hours to part-time for post conversion wrap up and remain as an employee. SERS benefits from retaining the project knowledge, getting additional time to find a permanent replacement, avoids consulting and placement expenses, and project knowledge transition time. Permanent replacement options to be considered would be to either hire an experienced Project Manager and have transition period when both project managers are on staff until the completion of the project or continue internal successor development with the goal of promoting an internal candidate if they are ready to assume the role on a permanent basis.

## Scenario 2

### Career Employee in a Highly Competitive Knowledge/or Leadership Position Plans to Continue Full-time Work beyond Retirement

A career public employee has 32 years of pensionable service. The employee plans to continue working for a number of years post-retirement within their areas of expertise. From a personal financial perspective, there is no compelling financial incentive to defer retirement benefit payments. During their career they have developed specialized skills, achieved industry credibility/recognition, and continued to be a high-level performer. Other considerations may include they work in a specialized position within the pension industry and SERS or already identified successor left organization leaving no immediately viable internal candidates for consideration. (Example – employee leaving SERS for another position outside the organization.) Under this scenario due to both specialized skills of the employee and current competitive labor market, they have opportunities to move into the private sector, pursue another opportunity in the public sector, or seek to stay in their present position.

Like Scenario 1, SERS has up to three options. In Option 1, the costs to hire a consultant are higher due to required knowledge and expertise, Under Option 2, the time to back fill the position is extended and may require a technical or executive recruiter to complete a comprehensive market search (typically longer than 90 days). Under Option 3, the proposed draft Retire/Rehire Policy would apply extending the employee's employment period with a planned exit strategy/timeline while meeting defined SERS' goals and objectives. Per the draft policy, the employee would have a 3-year limit and would only be extended due to unusual/justifiable circumstances, not to exceed 5-years.

During the reemployment period, longer-term staffing strategies would be evaluated and implemented. In this scenario, an evaluation of the timeline of reemployment period goals and objectives would be completed, and a review conducted of internal successors, if any. It should be noted that some position's succession plan is an external recruitment strategy because there are not qualified or interested people on staff to fill those roles. This is common for smaller organizations like SERS. Examples of this could be the Chief Audit Officer, I, Investment Officer, Specialized IT positions, etc.

Based on the time period estimated to complete the goals a objectives and internal successor availability, a plan would be created. For example, if there are no internal successors and if the estimated timeline was 2 years, there would be frequent check ins over the first year and around the 18-month mark we would draft a recruiting plan. The goal would be to hire someone and have adequate overlap for transition and knowledge transfer. If there are one or more internal successors, development planning will continue with those individuals to prepare them to be viable candidates for the role in the future.



## Scenario 3

### **Career Employee with High SERS “Institutional” Knowledge Retires/ Moves to Part-time**

A career public employee has over 32 years of pensionable service. The employee plans to continue working for a number of years post-retirement within their areas of expertise. Because of skills, labor market conditions, transition planning, or changing needs within the organization, SERS asks the employee to consider returning part-time as a retire/rehire in lieu of retaining an industry specific consultant (example, Legal, Investments, Healthcare, IT) while we implement a longer-term knowledge transfer strategy. In addition to cost savings, we would expect more productivity from an experienced employee compared to an external consultant or recently hired employee.

If the employee met the proposed draft policy guidelines, the employee would become a part-time SERS employee. Like Scenario 2, the part-time employee would have a 3-year limit and would only be extended due to unusual/justifiable circumstances, not to exceed 5-years.

Similar to Scenario 2, longer-term staffing strategies would be evaluated and implemented.

Based on the time period estimated to complete the goals a objectives and internal successor availability, a plan would be created to have adequate overlap for transition and knowledge transfer for either an internal or external successor.



# STAFFING AND REEMPLOYMENT

March 2024

## School Employees Retirement System (SERS) Staffing and Reemployment

Retaining high-quality staff is vital to SERS' mission and to maintaining SERS' success. It is essential to have a strategic and systematic process for identifying key positions and for being prepared to fill those positions when they become vacant. Having an effective talent management plan with various options helps foster an environment where high potential and high performing employees want to come and choose to stay.

Being the state capital, Columbus has a high concentration of state government, university, and retirement system employees. These employers have numerous entry-level positions available to workers who want to begin their career after high school or with some additional post-secondary education. For those that remain as career employees, under Ohio Public Employees Retirement System (OPERS), similar to SERS' members, employees can become fully retirement eligible in their mid-fifties. Many who retire plan to remain in the labor force and have opportunities in today's labor market. During the NASRA February Winter Meeting (2024), labor trends were a key discussion topic with several retirement systems providing commentary, including that they aggressively recruit pension system retirees because of their knowledge of defined benefit and hybrid plans. Such recruits can better relate to active members planning for retirement, have a culture of public service, and can help transition institutional knowledge.

The following data provides an overview of SERS' staffing trends over the past six years. As noted in the metrics, 61 SERS' employees can retire in the next five years (34%). With over 40% of our staff recruited from the public sector, a strong labor market, and people choosing to work longer, there are opportunities for retirement and then reemployment in our work force. SERS is experiencing increasing turnover and longer time periods to fill positions. All of these factors increase recruiting expenses and impact operational efficiency.

Human Resources Metrics						
	FY23	FY22	FY21	FY20	FY19	FY18
<b>Employee Demographics</b>						
Male	40%	39%	38%	37%	35%	34%
Female	60%	61%	62%	63%	65%	66%
Average Age	49	49	48	48	48	47
Average Employee Tenure (Years)	12.0	11.3	10.6	10.8	11.4	11.3
Eligible for Retirement within 1 Year	31	30	31	21	25	29
Eligible for Retirement within 5 Years	30	26	22	26	31	28
<b>Staffing</b>						
Average Headcount (By Person)	180	180	178	177	180	180
<b>Recruiting</b>						
Recruiting Source						
Public Sector	42%	38%	44%	22%	37%	8%
Time to fill positions (Days)	78	64	63	60	60	59
Internal Promotion Rate for Vacant Positions	38%	14%	18%	26%	24%	40%

<b>Turnover</b>						
Total Turnover	8.3%	6.7%	8.4%	10.7%	9.4%	6.1%
Involuntary	0.5%	0.6%	1.7%	0.6%	2.2%	0.6%
Voluntary	7.8%	6.1%	6.7%	10.2%	7.2%	5.5%
Percentage of retirements included in voluntary turnover	2.8%	3.3%	3.4%	3.4%	3.3%	2.2%

As an OPERS-covered employee, when a SERS staff member decides to retire, there are regulatory guidelines. Below are Frequently Asked Questions about retirement and potential reemployment:

## Frequently Asked Questions

**Q: Does OPERS allow an OPERS retiree to return to work after an age and service retirement?**

A: Yes, as an age and service retiree, an individual may become reemployed in an OPERS-covered position.

**Q: What types of employment are permissible?**

A: Employment in the private sector and public employment.

**Q: Do reemployed retirees continue to receive their retirement pension benefit during reemployment?**

A: Yes, in most instances. However, if reemployed in a position covered by an Ohio public retirement system anytime within the first two months after retirement benefit effective date, the retirement pension benefit is forfeited during this two-month period.

**Q: While reemployed, are employers required to provide primary health care coverage?**

A: Yes, if it is available to other employees.

**Q: Is the reemployed retiree required to pay pension contributions?**

A: Yes, the amount is currently 10 percent.

**Q: Is the employer required to pay contributions?**

A: Yes. Employers currently pay 14 percent in contributions. In a retire/rehire status, 8% of the contribution funds an annuity for the employee and 6% goes to OPERS. The employee can then choose an annuity or a lump sum payment when they stop working.

**Q: Can OPERS retirees work as an Independent Contractor?**

A: OPERS retirees can perform work for a public employer as an independent contractor; however, it may significantly impact the contractor's pension benefit. Retirees cannot receive pension benefits while working as an independent contractor for the public employer from which they retired. This prohibition is applicable regardless of the number of hours or days the contractor works.

**Q: On average, what is a reemployed retiree pension benefit?**

A: Each benefit calculation varies by multiple circumstances including age, years of service, earnings timing, etc. A general reference is 2.2 percent for each year of service. Therefore, a 30- to 32-year retiree would expect to receive between 66.0 – 70.4 percent of their final average salary in pension benefits as illustrated by the following calculation example:

Final Average Salary (FAS) = \$75,500  
Retirement Factor = 2.2%  
Service Years = 30  
Percent of Total (FAS) = 66.0%  
Monthly Retirement Benefit = \$4,152

**Q: Can SERS offer additional incentives to employees to delay retirement?**

A: Yes. In limited circumstances, the Board can offer retention incentives to executive and/or Board-reporting positions. However, for the majority of positions, SERS does not believe it can offer additional monetary incentives that would entice an employee to delay retirement if that employee is interested in employment post-retirement.

SERS will not be able to offer an incentive that would compete with a post-retirement employment salary and monthly pension benefits combined. Additionally, adding ad-hoc incentives for a select group of employees may cause inequity among staff. Also, awarding bonuses, similar to the current approved investment compensation plan, will require changes to administrative rule.

**Q: Would a SERS employee as an age and service retiree of OPERS be allowed to return to work at SERS as a full-time employee or independent contractor?**

A: As an employee, the employee would be allowed to return but would be subject to either forfeit the two months of pension payments as noted above or wait to reemploy 60 days after retirement. As an independent contractor, the independent contractor would forfeit their pension benefits the entire time they provide services to SERS.

**Q: How does SERS benefit from a retire and rehire arrangement?**

A: In certain situations, individuals may possess institutional knowledge or other unique skills and experience that would benefit SERS in terms of project completion, program development, and/ or staffing replacement initiatives. A rehire arrangement also may reduce, or delay recruitment and loss of productivity costs associated with replacing the position. Certain executive and technical positions may require professional recruiting services. Recruitment expenses are approximately one-third of the new hire compensation. The time range for filling these positions is typically four to six months, in addition to internal staff time to assist the recruiter and interview prospective candidates.

**Q: In what situations should a retire and rehire arrangement be considered?**

A: Reasons to reemploy an individual in the same or similar position held at the time of retirement may include:

- To retain and transfer specialized knowledge.
- To manage a function while replacement search is conducted.

- To complete a significant project or program development.
- To maintain continuity of critical business operations over a necessary time period.

**Q: How long would SERS allow a retire and rehire arrangement under the proposed policy?**

A: Reemployment arrangement would continue to be an “at will” relationship and could be up to but shall not exceed 5 years. During this time, the reemployed retiree is still subject to meeting performance standards as they were before retirement. Five years should be a sufficient period of time to transfer knowledge, develop internal staff, conduct a search, complete a project, etc.

**Q: Does a reemployed retiree salary and benefits change when they are rehired under the proposed policy?**

A: In most cases, no. If an employee is rehired into the same or similar position immediately following retirement, their compensation and benefits will be the same as when they were working. There are some exceptions, including the proposed policy that limits a person’s salary to 75% of the position’s salary range. If someone’s salary was above 75% of the position’s range, their salary would be reduced to 75% of the range.

For example, if a salary range is \$60,000 - \$90,000, with a mid-point of \$75,000, the reemployed retiree’s salary could not exceed \$82,500 at the time of reemployment.

Another exception is if the employee is reemployed into a different classification (Full-time, part-time, and provisional). Benefit offerings and employee cost sharing vary by classification. If a full-time employee retired and was rehired into a part-time position, their benefits would be adjusted to the part-time benefits package available at the time of reemployment.

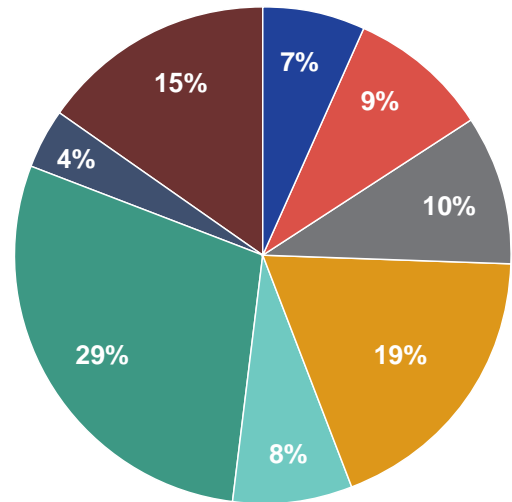
**Q: Do the other Ohio retirement systems have a policy or practice regarding retire rehire arrangements?**

A: The other systems do not have formal policies addressing retire rehire arrangements. Like SERS, the other Ohio retirement systems have not hired employees directly into the same position post-retirement. However, all the systems have, at some point in time, rehired a retiree for a specific project or short period of time for a specific purpose. It should be noted that while these arrangements are not common at the systems, this is a common practice in State government agencies.

## Retire/Rehire Statistics

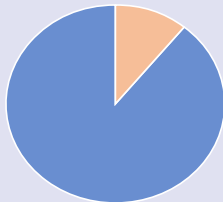
Although SERS does not have access to OPERS' post-retirement demographics, we do have internal data concerning SERS' retirees who retire then are rehired. The chart below reflects that rehiring occurs across the various position levels and is indicative of a competitive labor market. Based on the statistics, currently 11 percent of our retirees and covered beneficiaries are in that status. Further details are noted in the charts below:

SERS Members in Retired/Rehire Status	
	Count
Administrative	613
Clerical/Secretarial	790
Custodial/Maintenance	861
Educational Aide	1,646
Food Service	699
Other (as reported by employers)	2,543
Supplemental	356
Transportation	1,326
<b>Total</b>	<b>8,834</b>



\*Per FY 24 Annual Statements

\*\*As reported by Employers to SERS



Of the 81,833 FY2023 retirees and beneficiaries currently receiving benefits, 11% are in retire/rehire status.

# SUCCESSION AND REPLACEMENT PLANNING

Managing SERS' Greatest Asset



**School Employees Retirement System of Ohio**  
Serving the People Who Serve Our Schools®

# SUCCESSION AND REPLACEMENT PLANNING

Managing SERS' Greatest Asset

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## Overview

The Succession and Replacement Planning Guide establishes a strategic and systematic process of identifying critical or key positions in the organization and preparing to fill those positions when they become vacant. The process is intended to create a pool of talent prepared to lead SERS when existing leaders and technical experts exit the organization or are away from their positions for a significant period of time. The preference is to fill a vacant position with an existing staff member when appropriate. The success of this program lies in the building and nurturing of a talent pool for future opportunities.

## SERS' Talent Management Philosophy and Strategy

An effective talent management program is an integral piece of SERS' strategic plan. Our talent management strategy is in alignment with SERS' mission, vision, values, and core beliefs. It is critical to the success of the organization to provide a process that recognizes, develops, and retains top talent. SERS' talent management model is an inclusive program that engages all employees. It is a way of life for the organization and is a common thread that runs through every aspect of our culture.

The key elements of SERS' talent management strategy include:

- A change-ready inclusive culture
- A culture that rewards and recognizes performance
- A culture that values continuous process improvement
- An effective performance management system that measures what matters
- Career and development opportunities
- An aligned promotion/succession management process
- Programs that support being a learning organization (Internal and external training opportunities, tuition reimbursement, and certification programs)
- Hiring the right people for the right position

Having a talent management strategy in place fosters an environment where high-potential and high-performing individuals choose to stay. They want to work with organizations where there are opportunities for them to advance and develop in their careers.



## Succession Planning

The goal of SERS' succession plan is to ensure that SERS maintains business continuity, operates effectively, and continues to provide uninterrupted service to our members, retirees, and employers when individuals occupying critical or key positions leave our employment due to retirement, promotion, and general attrition. Critical or key positions can be defined as those positions that are crucial for the operations of SERS and, because of skill, knowledge, seniority, and/or experience, may be difficult to replace.

The primary task of succession planning is to identify and prepare internal talent for critical positions in advance of actual need. This prior identification permits opportunities for training, mentoring, coaching, and developmental activities to improve an individual's readiness to succeed to specific positions. It also provides tangible decision-making information needed to minimize the chance of poor choices or the adverse impacts of unplanned vacancies that can disrupt business continuity, organizational effectiveness, as well as service to our members, retirees, employers, and employees. It should be noted that a person chosen for a role as a successor may not necessarily be the same person(s) being developed through succession planning due to timing and candidate readiness.

Succession planning will assist SERS in accomplishing the following:

- Identifying critical positions and highlighting potential vacancies
- Selecting key competencies and skills necessary for business continuity
- Focusing development of individuals to meet future business needs by grooming future leaders rather than recruiting outside the organization
- Safeguarding the departure of critical institutional knowledge
- Increasing employee engagement and loyalty by investing in staff
- Reinforcing our commitment to being a learning organization
- Surviving in a talent shortage environment



## Replacement Planning

When appropriate, SERS will also need to focus on replacement planning, which differs from succession planning. Succession planning addresses long-range needs and the cultivation of qualified talent to satisfy those needs. Whereas replacement planning concentrates on immediate needs and a “snapshot” assessment of the availability of qualified backup for critical positions. It should be noted that a person chosen for a role as a replacement position may not necessarily be the same person(s) being developed through succession planning due to timing and candidate readiness.

The chart below details the differences between replacement and succession planning strategies.

Variable	Replacement	Succession
<b>Time Frame</b>	0-12 Months	12-36 Months
<b>Readiness</b>	Best candidate available	Candidate with the best development potential
<b>Commitment</b>	Designates a preferred replacement candidate	Occurs only when a vacancy happens
<b>Planning Focus</b>	Vertical lines of succession within units or functions	A pool of talented candidates with capabilities for several assignments
<b>Planning Development</b>	Usually informal, a status report on strengths and weaknesses	Specific plans and goals set for the individual
<b>Flexibility</b>	Limited by plan structure; however, in practice has a great deal of flexibility	Flexible plans that are intended to promote development and considering alternatives
<b>Plan Basis</b>	Each manager’s best judgment based on observation and experience, and employee’s interest	The result of input and discussion among multiple leaders
<b>Evaluation</b>	Observation of performance and the job over time; demonstrated competence; progress through the department	Multiple observations or evaluations by different managers on different assignments; testing and broadening in career

## Building Workforce Readiness

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SERS will build workforce readiness by developing a pool of talent across the organization. Developing talent consists of preparing individuals for one of four levels:

- Technical Subject Matter Experts (SMEs)
- Leaders - Supervisors, Managers, and Senior Managers
- Senior Leaders - Assistant Directors, Directors, and Chiefs
- Executive Leaders – Executive Director, Deputy Executive Director

Talent will be developed according to each department's succession plan that is created and maintained by the department director.

## Keys to Success

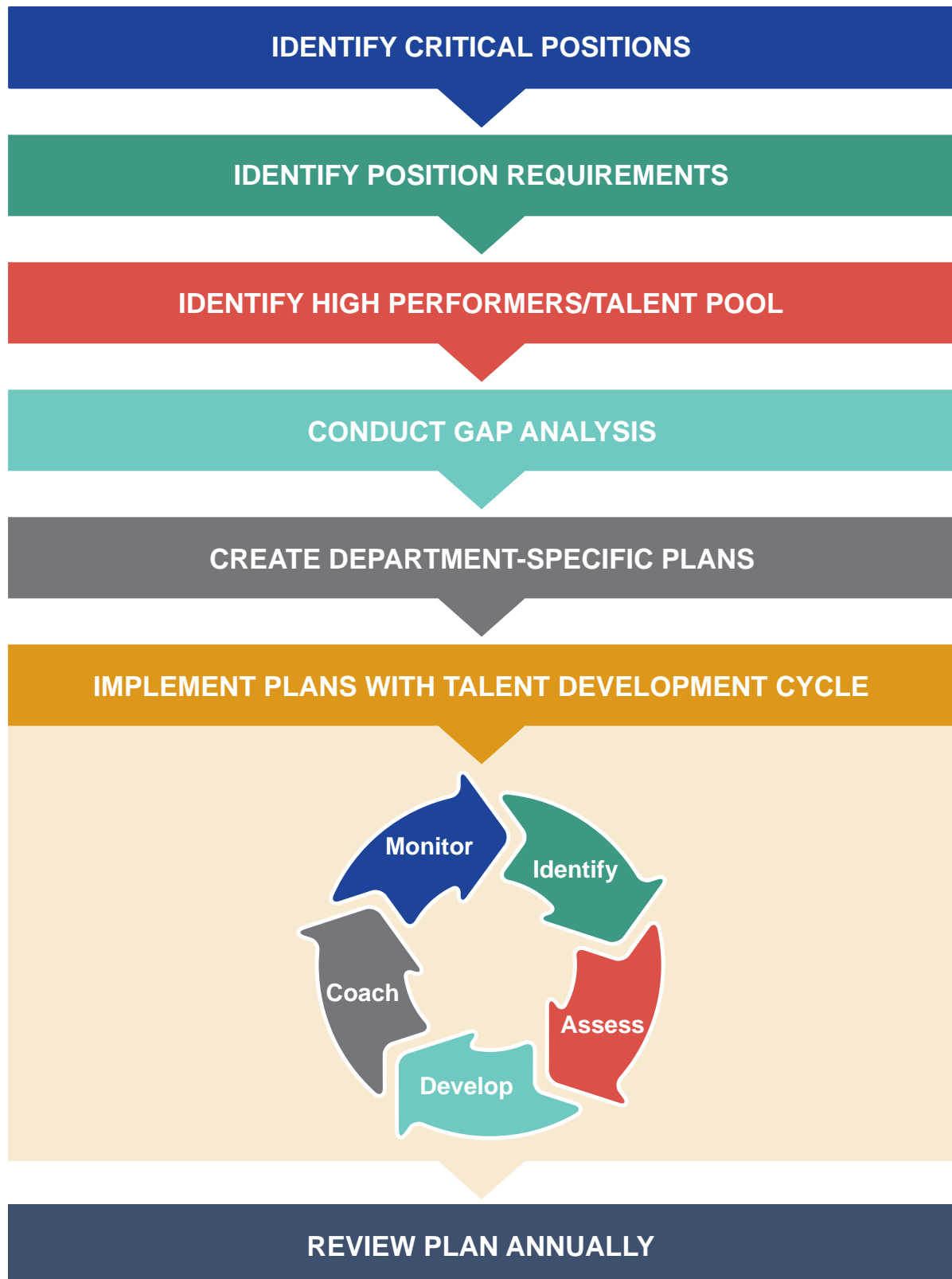
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For this succession plan to work, it will require the following elements:

- Leadership support – at all levels
- Integration with strategic business planning and projected changes in the organization
- Identification of critical leadership and technical SME positions to be included in the process
- A process for identification and selection of potential successors
- Maintenance of job descriptions that identify critical knowledge, skills, abilities, experience, education, and behavioral competencies for effective performance in specific jobs
- A commitment to leadership development and onboarding
- A process for monitoring a candidate's development plan progress that includes feedback, plan modification, and encouragement
- Timelines for succession, both for organizational need and for individual readiness
- Regular review and update of the department plans, this guide, and supporting materials.

## Steps to Succession Planning

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## Critical Positions and Current Incumbent by Department

The first step in the process is to identify critical positions that can potentially impact business operations (e.g., financial operation, process efficiencies, loss of institutional knowledge, etc.) due to retirement, promotion, and general attrition. A critical position is one that, if it were vacant, would have a significant impact on SERS' ability to conduct normal business. These positions may be leadership or technical in nature.

The following should be considered when determining if a position is critical to the organization.

- **Single incumbent** – only one person can or knows how to perform the position's duties.
- **Specialized Knowledge and Expertise** – the position requires specialized knowledge and/or experience that is only acquired over time or through specialized education or training.
- **Difficult to Replace Inside or Outside of SERS** – position is one that SERS has difficulty finding qualified candidates, despite recruiting efforts.
- **Difficult to Retain** – position is one that SERS has difficulty retaining employees due to factors such as environment, position stressors, wage issues, or travel.
- **Risk of Attrition** – individuals that are at risk of leaving SERS due to a lack of developmental and/or promotional opportunities.
- **Retirement Vulnerable** – employees are or will be eligible to retire within three to five years.

Below is a list of critical positions by department identified by SERS' Senior Leadership Team.

### Executive

1. Executive Director – Richard Stensrud
2. Deputy Executive Director – Karen Roggenkamp
3. Sr. Executive & Board Administrator – Tina Gray
4. Government Relations Officer – Chris Collins
5. Chief Audit Officer – Jeff Davis

### Risk Management

1. Chief Risk Officer – Joe Bell
2. Enterprise Risk Management Officer – Susan Bradley
3. Information Security Officer – Phil Grim

### Legal

1. General Counsel – Joe Marotta
2. Associate General Counsel – Susan Russell

### Communications & Print Shop

1. Assistant Director – Engagement and Communication Strategy – Nikki Whitacre
2. Sr. Manager – External Communications – Tim Barbour
3. Sr. Internal Communication Coordinator – Pam Burton
4. Manager – Printing & Mailing – Brad Skeen
5. Graphic Designer – Sara Howard

### *Investments*

1. Chief Investment Officer – Farouki Majeed
2. Assistant Director – Investments – Judi Masri
3. Senior Investment Officer – Global Private Equities – Steve Price
4. Senior Investment Officer – Global Real Assets – Paul Cheng
5. Senior Investment Officer – Global Fixed Income – Jason Naber
6. Senior Investment Officer – Private Credit & Opportunistic – Adam Messerschmitt
7. Investments Operations Manager -- Terri Martin

### *Finance including Investment Accounting*

1. Chief Financial Officer – Marni Hall
2. Assistant Director – Finance Operations – Maria Robinson
3. Assistant Director – Financial Accounting – Stacy Easterday
4. Manager – General Accounting – Trisha Rider
5. Manager – Employer Services – Chris Castle
6. Lead Investment Accountant – Mike Berger
7. Tax Analyst – Tim O'Brien
8. Budget Analyst – Adrienne Zigo
9. Purchasing Coordinator – Donita Thomas

### *Information Technology*

1. Chief Technology Officer – Jay Patel
2. Assistant Director - Application Development – Scott Murta
3. Assistant Director – IT Infrastructure Services – Mike Flanagan
4. Senior Manager – Applications Support – David Greer
5. Manager – IT Applications Development – Thavamani Baskaran
6. Application Architect – George Beamer
7. Cloud Engineer – John Bailey
8. Enterprise Solutions Engineer – Cory Lee
9. IT Service Desk Manager – Todd Williams
10. Database Administration – Suresh Kamat
11. Sr. Information Security Engineer – Tom McLennan
12. Sr. Network Engineer – Jeff Carrabine
13. Senior M365 Solution Engineer – Kirk Trickett
14. IT Technical Project Manager – Melody Meininger
15. System Analyst III – Veera Podila
16. Lead Business Analyst – Karen Ochoa
17. Sr. IT QA Analyst –Carolyn Hoy

### **Member Services**

1. Director of Member Services – John Grumney
2. Assistant Director (Operations) – Chad Hanson
3. Assistant Director (Outreach) – Holly Cox
4. Senior Manager – Member Support Team – Audra Kaiser
5. Senior Manager – Benefits Processing – Mary Beth Clark
6. Supervisor – Disability & SPC – Sharon Amos
7. Supervisor – Benefits Processing – Wendy Dean-Files
8. Supervisor – Member Support Team – Tonya Cross
9. Supervisor – Counseling & Member Outreach – Stephanie Thompson
10. Supervisor – Post, Survivor, Refunds – Matt Fenner
11. Senior Operations Coordinator – Member Services – Erin Knight

### **Healthcare Services**

1. Director of Healthcare Services – Christi Pepe
2. Assistant Director - Health Care – Mike Steiner
3. Program Coordinator – Medical Plans – Jennifer Phillips
4. Manager – HC Operations – Andrea Whisman
5. Supervisor – Health Care Systems & Reporting – Ashley Campbell
6. Health Care Communications Specialist – Alisa Nass

### **Building Services**

1. Assistant Director – Building Services – Mike McManaway
2. Supervisor – Building Services – Jason Chenault

### **Administrative Services**

1. Director of Administrative Services – Michelle Miller
2. Sr. Payroll & A/P Coordinator – Sarah Spain
3. Manager – Information Governance – Todd Hayes
4. Manager – HR – Becky Shera

## **Identify Work Requirements**

It is important for leadership to identify success factors for critical positions to assess the position's impact, vacancy risks, and potential successors. SERS has chosen to use our current job descriptions to support succession planning instead of maintaining two separate documents. Job descriptions shall document all essential duties, education, experiences, core competencies, and other factors necessary for success of each critical position. The job description will be used to evaluate current and potential successors and the types of learning and development opportunities that will be needed for successful transition.

Job descriptions should be periodically reviewed and updated to accurately reflect the position.



This process is necessary for:

- Establishing minimum requirements for success
- Creating a baseline for assessing potential candidates
- Identifying appropriate learning and development opportunities

## Identify High Performers/Talent Pool

All employees have different levels of knowledge, skill, competencies, interest, and desire to compete for critical positions. While employee development of any kind is desirable and should be offered to all staff, a “talent pool” does not include everyone. A talent pool should only include those who show the most potential to assume critical positions. Length of time in any position is not the determining factor in succession.

It should be noted that participation in the “talent pool” process does not equal pre-selection or a guarantee that any participant will eventually be selected for a position. All employment decisions must be based on a person’s knowledge, skill, ability, and readiness to successfully assume a new position.

Department Directors shall evaluate all staff members with the goal of identifying those who have the skills and knowledge or potential along with the desire to be promoted to existing and new positions.

- The evaluation can be formal or informal and can include, but is not limited to, performance reviews and informal conversations with the individuals under consideration.
- Senior Leadership may be aware that an employee in another area who has aspirations and the capacity to move up. This may be an opportunity to recognize this goal and support it.
- Leadership should provide the opportunity for development to less experienced workers. Many new employees enthusiastically enter an organization and then, finding few opportunities for advancement, leave. Junior or new employees can remain engaged if their supervisor helps match their interests to opportunities provided through effective succession planning.

## Conduct Gap Analysis

It is important for leadership to identify any succession gaps early in the process so that they are able to develop effective plans to minimize the exposure to vacancy risk.

Senior Leadership should assess the organization’s current and future needs against the current talent pool. This is done by assessing the known capabilities of employees against the critical components of the job description. This assessment will help focus individual learning and development opportunities to prepare a person for future roles at SERS.

Determining whether there are one or more succession candidates ready to successfully assume the role and responsibilities is the primary function of assessing leadership talent.

Senior Leadership in each department will review the critical positions identified in the previous section and update the position’s official job description. The job description documents all education, experiences, competencies, and other factors necessary for success of each critical position. The position’s job description will be used to evaluate current and potential successors and the types of development that is needed for successful transition.

Senior Leadership will identify and document technical and leadership gaps by asking questions such as:

- Which individuals are slated to or likely to leave (through retirement, project completion, etc.) and when?
- Which new positions will be required to support the strategic plan?
- Which positions have become or will become obsolete?
- What skills and knowledge will need to be developed (for example, to support a new program)?

## Create Department-Specific Plans

The department-specific plans identify the people with the skills, potential, and desire to perform in future roles, to strengthen the overall capability of SERS, and ultimately, to achieve organizational goals. Succession plans also highlight the most pressing future staffing needs.

The Executive Director and Deputy Executive Director are responsible for ensuring a succession plan is in place for each department covering all critical positions in the organization. These department plans are developed by the department director with assistance from Human Resources and the Senior Leadership Team.

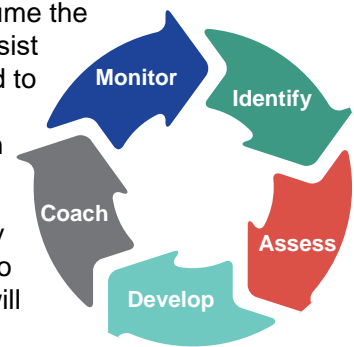
Although each department plan will be different based on need, the plans will generally include a combination of training and developing existing staff, and external recruitment strategies when necessary.

## Implement Plans

Department leadership will identify the person or people to develop to assume the identified critical positions in the future. The position(s) direct leader will assist in the individual development process and establish the timeframe required to prepare them for a future role. Departments will build workforce readiness by developing a pool of talent via the talent development cycle as shown in the [Steps to Succession Planning](#) chart shown earlier in this guide.

- Identify** talent for key positions from SERS' internal talent pool. Identify a broad or narrow range of talent while focusing on high potentials. If no potential successors exist within the organization, an external search will be utilized at the appropriate time.
- Assess** talent's development needs and readiness. The assessment step takes an impartial look at talent and offers specific feedback concerning the potential and capabilities of each person in the talent pool. It includes the identification of gaps in education, skills, competencies, knowledge, and experience. Other considerations may include salary history and personal career goals. DiSC and emotional intelligence assessments may be used to identify strengths and areas for development. Performance review data and any other relevant performance data will also assist in assessing talent.
- Develop** talent. Create individualized development plans with timelines. Timelines will vary according to the anticipated need for succession. Using a development plan will help track, monitor, and facilitate development discussions with the employee.

Provide formal learning opportunities and on-the-job stretch assignments. Encourage different ways of developing employees such as: self-development, books/journals, mentor programs,



and special project work. Create development opportunities for everyone, but concentrate most resources on high potential employees.

- d. **Mentor and coach** talent. Use common mentoring and coaching models to guide and prepare employees. Executive leadership shall hold leaders accountable for coaching, mentoring, and developing talent.
- e. **Monitor** progress of talent development. Review progress of talent development at least in conjunction with the quarterly performance check-ins and the annual review process. More frequent meetings are encouraged. Assess whether the successor is ready, near ready, or not ready to be in place and update development plans accordingly.

## Employee Development Expanded

### Education and Training

Formal education, training, coaching, mentoring, and assessment activities should be used in an employee's development plan. The mix of activities included within the action plan should be linked to timelines and specific outcomes. Choose appropriate career development activities for the employee. Examples of activities include:

- On-the-job training, cross training, and/or participation in projects
- Participation on teams or committees
- Leading a meeting or project
- Giving a presentation
- Computer-based training and in-person course work from external providers
- Attending work-related conferences
- Membership affiliation with industry specific associations, and societies
- Working with a mentor, coach, or consulting with others
- Leadership development programs and training courses

### Career Paths

Department leadership should utilize the individual development planning program to also identify the career paths that the selected individuals should be following. Customize the path to fit the individual's abilities and talents by developing an action plan. Work with the employee to create a career development plan to close the gaps and/or strengthen existing skills and competencies. The following are essential actions to be considered when implementing career development plans:

- Individual takes ownership of career and prepares a formal career developmental plan and is committed to the plan
- Formalize objectives for long-term and short-term goals by identifying developmental needs, activities, target dates, and resources
- Leader provides development opportunities and tailors opportunities to the individual.
- Hold ongoing coaching sessions between manager(s) and employee to assess progress
- Ensure that annual performance review process is integrated with development planning and succession planning goals

A career path does not always mean a complete job change, but can include a change in responsibility and duties. The individual's plan must be dynamic and flexible -- able to be changed

as the individual's and the organization's needs change. It must also consider the specific needs, learning styles, and personalities of the individuals involved in order to be effective.

Although difficult in a small organization like SERS, if possible, leadership should move people into different areas for experience and training before they are needed in critical positions. Have individuals job-shadow for an agreed upon period of time to give the successor a real sense of the responsibilities and to allow the organization the chance to determine whether the individual really is well suited for the new position.

Finally, leadership must be prepared to address issues such as concerns of staff who have not been selected for career advancement. Department leadership shall ensure alternative paths are identified to allow all employees who are interested in career enhancement be given some type of professional development opportunity. Professional development can include a wide range of activities such as formal education and training, workshops, and seminars as well as less formal learning opportunities such as the chance to run a meeting, present at a meeting, or oversee a project.

## Review Plan

The final step in the succession planning process is to monitor and evaluate the strategies implemented to close an identified and prioritized talent gap(s). It is important to regularly evaluate the succession planning process to ensure effectiveness.

Senior Leadership shall review the succession plan strategy on an annual basis to ensure it is still in alignment with SERS' strategic plan and goals. The succession plan must be agile and change ready to be effective.

Department directors are responsible for reviewing and updating their respective department specific plans at least annually as people leave the organization and new people assume their responsibilities. The plan will have to be updated regularly to identify the next person(s) to be developed for promotion and the requirements of their individual development plan.

It is essential to recognize that no matter how well you plan, something can still happen that the succession plan doesn't address. For example, the organization may have dutifully invested in a person only to have that person leave. Even though there may be no one able to fill the gap immediately, the succession plan will ensure that there is a process to follow in filling the position.

## Communication

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A key driver of success is the communication of SERS' succession planning strategy. Employees need to understand that succession planning is key to continuity of SERS' business operations. A lack of clear communication can be one of the biggest threats to a successful succession program. With this in mind, there are six topics to focus on with the communication strategy:

### 1. **Involve Senior Leadership and the Board**

Succession planning isn't the sole responsibility of the HR Department. Senior Leadership and the Board (for positions that report directly to the Board) need to be involved in shaping, regularly reviewing, and communicating throughout the organization about the succession planning strategy. With Senior Leadership and Board involvement, the organization can maintain a successful succession plan that will cascade down through the departments.

### 2. **Identify, engage, and develop talent**

Leaders in all departments should have regular career conversations with potential successors. Leaders within the departments are perfectly positioned to identify prospective future leaders, and can provide vital background information that can mean the difference between inclusion and exclusion from SERS' succession plan. These leaders should develop talent in line with the SERS succession plan. Leaders should encourage staff to think about the future and think broadly about roles they may want to play in the future.

### 3. **Reinforce that all positions are important**

Although not every position is listed in the formal succession plan, it does not mean that every position and person is not important and needed to fulfill SERS' mission. The identification of critical positions for succession planning purposes should not be interpreted to mean that only some positions in the department are considered important or meaningful. Rather, the purpose of this process is to identify imminent workforce risks and challenges, and develop strategies to address those needs first

It is a best practice in succession planning to identify critical positions in order to focus efforts and prioritize the allocation of resources. With more than 100 different positions at SERS, it would not be practical or meaningful to do succession planning for all of them. By identifying and managing the most critical positions first, SERS will ensure that leadership and technical continuity is in place and that strategic and operational capacity is sustained long-term. Then as time and resources permit, planning efforts can be focused beyond the critical positions designated in the formal plan.

Leadership has a responsibility to communicate with all staff that the work they do is important and valued, regardless of the fact their position may or may not require a succession plan.

### 4. **Practice fair and open recruitment policies**

Practicing fair and open recruitment policies can help minimize staff discontent with the process and the candidates selected for knowledge transfer and/or succession. Regardless of circumstances, ensure the organization promote vacancies internally and externally, so employees know SERS is looking for the right person for the role and not simply opting for a quick fix. All things being equal, SERS does favor an internal applicant, but that person needs to be qualified and ready to assume the new position.

As it relates to succession, there may be positions in the organization that have been identified in the succession plan, but do not have clearly identified successors. The issue with this is that if the organization has to fill a vacant position unexpectedly, there is a risk of simply appointing the next person in line to take over. This seemingly arbitrary recruitment approach can have

unforeseen consequences, such as the appointee lacks the right skillset for the role as they were not trained in advance. This can result in underperformance, team resentment, internal conflict, and in the worst case, increased employee turnover.

#### 5. **Balance transparency with confidentiality**

Succession planning deals with sensitive issues so it is crucial to balance transparency with discretion. Furthermore, there will always be a degree of subjectivity and fluidity in the analysis of potential successors. Which types of information can and should be made public, shared internally, or treated as confidential? Leadership should take time to assess who needs to know which details. At the least, the Succession and Replacement Planning Guide and the job descriptions should be shared that contain the key criteria for developing and choosing successors. Both will be available on the Boulevard. Leaders must be aware that if staff members are not informed of the succession planning process, they may not know to express their interest in a specific position or advancing their career in general.

#### 6. **Communicate during a transition**

It is important to acknowledge and manage the dynamic between the outgoing person and the new incumbent. How the outgoing person interacts with their named successor and the way that relationship is portrayed is a key element to success.

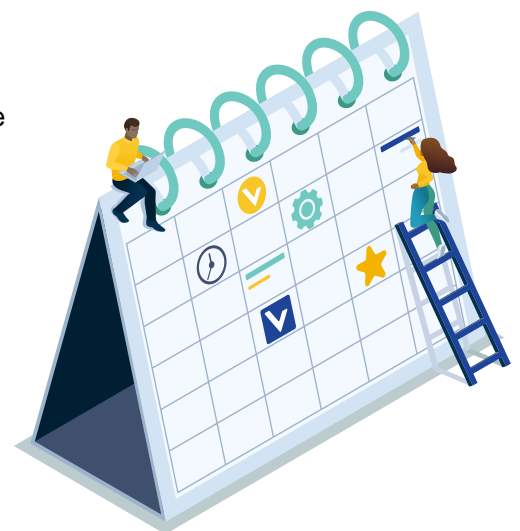
It is important to remember:

- Internal candidates are generally viewed more positively by all stakeholders than external candidates. Although, if the department is not operating well, then bringing in an external candidate could be seen as a positive.
- That succession is taking place as a result of expected, voluntary departure or retirement is the best message to convey in a transition. In other words, the position is being filled as a part of the SERS succession plan. The message should be “It’s a change in leadership or person, not a change in strategy or direction.”
- It’s important to acknowledge the legacy of the outgoing person, unless the exit is taking place under negative circumstances.

Every situation is unique and has its challenges, but the transition between leaders is an opportunity to reaffirm the commitment to SERS’ future.

## Summary

The succession planning process should not be considered an end in itself. Rather, it should be considered an integral part of the strategic planning and talent management strategy. By projecting future changes in the organization as well as anticipating loss of key leadership and technical subject matter experts, succession planning also becomes interchangeably linked with the human resources planning and development processes.



**EXECUTIVE SESSION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee.

**CONVENE IN EXECUTIVE SESSION AT \_\_\_\_\_ A.M./P.M.**

Upon roll call, the vote was as follows:

**ROLL CALL**

	<b>YEA</b>	<b>NAY</b>	<b>ABSTAIN</b>
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____

**RETURN TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

**ADJOURNMENT**

\_\_\_\_\_ moved that the Compensation Committee adjourn to meet on \_\_\_\_\_  
or the next compensation committee meeting.

The meeting adjourned at \_\_\_\_\_ a.m.

\_\_\_\_\_  
Daniel Wilson, Compensation Committee Chair