



SERS Retirement Board Agenda
July 18, 2024, 8:30 a.m.

Click the link to join the Zoom meeting:

<https://ohsers.zoom.us/j/97429170363?pwd=16TBVzpt21we3awwAYiAJwXkW7Exj4.1>

Meeting ID: 974 2917 0363

Password: 12345

To join by phone, dial: (301) 715-8592 & enter the meeting ID: **974 2917 0363** and password: **12345**

PLEDGE OF ALLEGIANCE

1. Oaths of Office
2. Roll Call
3. Approval of Out-of-State Board Travel (R)

CONSENT AGENDA (R)

4. Approval of the **June 21, 2024**, Retirement Board Meeting Minutes
5. Summary of Investment Transactions – **May 1, 2024 to May 31, 2024**
6. Retirement Report
 - Superannuations, Survivor Benefits, and Transfers
 - Special Cases
7. Disability Report
 - Approval of Disability Benefits
 - Termination of Disability Benefits – Any Occupation
 - Disapproval of Appeal for Disability Benefits
 - Approval of Appeal for Disability Benefits on Personal Appearance

INVESTMENT REPORT

8. Monthly Investment Report
9. Investment Committee Policy Discussion

EXECUTIVE DIRECTOR'S REPORT

10. Executive Director's Update
11. Executive session pursuant to R.C. 121.22(G)(1) to discuss the employment of a public employee.
12. FY2020 – FY2024 Strategic Plan Final Update
13. FY2025 – FY2029 Strategic Plan Discussion – RAMA Consulting
14. Review of Administrative Expenses
15. Election of Employee Members (R)
16. Election of Retiree Member (R)
17. Definition of Compensation Discussion
18. Final Filing of Proposed New Administrative Rules (R)
19. Executive session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property.

RETIREMENT REPORT

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

COMPENSATION COMMITTEE REPORT

21. Compensation Committee Update

BOARD COMMUNICATION AND POLICY ISSUES

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

Adjournment (R)

OATH OF OFFICE

OATH OF OFFICE OF MATTHEW KING
MEMBER OF THE RETIREMENT BOARD OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

STATE OF OHIO)
) ss:
COUNTY OF FRANKLIN)

I, MATTHEW KING, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed.

MATTHEW KING

SWORN TO and SUBSCRIBED before me this 18th day of July 2024.

Notary Public

ATTESTED BY:

Richard Stensrud, Executive Director

Catherine Moss, Vice-Chairperson

OATH OF OFFICE

OATH OF OFFICE OF CATHERINE MOSS
MEMBER OF THE RETIREMENT BOARD OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

STATE OF OHIO)
) ss:
COUNTY OF FRANKLIN)

I, CATHERINE MOSS, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed.

CATHERINE MOSS

SWORN TO and SUBSCRIBED before me this 18th day of July 2024.

Notary Public

ATTESTED BY:

Richard Stensrud, Executive Director

Matthew King, Chairperson

FY2025 SERS Board Roll Call

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

APPROVAL OF OUT-OF-STATE BOARD TRAVEL

_____ moved and _____ 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 Annual Benefits Conference	Catherine Moss	November 10-13, 2024	San Diego, CA	\$2507.49

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____
Matthew King	_____	_____	_____

BOARD: Travel
R.C. 3309.04

JULY 2024 CONSENT AGENDA

1. Minutes of the
 - a. **June 21, 2024**, Retirement Board meeting
2. Summary of Investment Transactions – **May 1, 2024 to May 31, 2024**
3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Appeal for Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation
 - d. Approval of Appeal for Disability Benefits on Personal Appearance

APPROVAL OF CONSENT AGENDA

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

- 1. Minutes of the
 - a. **June 21, 2024**, Retirement Board meeting
- 2. Summary of Investment Transactions – **May 1, 2024 to May 31, 2024**
- 3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
- 4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Appeal for Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation
 - d. Approval of Appeal for Disability Benefits on Personal Appearance

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

SERS Special Retirement Board Meeting Minutes

June 21, 2024

The nine hundredth and sixty-eighth *special* 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 Friday, June 21, 2024.

Pledge of Allegiance

The special SERS Retirement Board meeting convened at 8:34 a.m. with the Pledge of Allegiance.

Roll Call

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

Approval of Out-of-State Board Travel

James Haller moved and James Rossler seconded the motion that the travel request by a board member to travel and receive reimbursement for the following out-of-state conferences and meetings be approved. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Consent Agenda

The consent agenda for **June 21, 2024**, included:

- Minutes of the **May 16, 2024**, Retirement Board meeting
- Summary of Investment Transactions for the period of **April 1, 2024**, to **April 30, 2024**
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits, and Approval of Appeal for Disability for Disability Benefits on Personal Appearance

Matthew King moved and Jeffrey DeLeone seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, May 16, 2024. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Investment Report

Annual Investment Plan for FY2025

James Rossler moved and Aimee Russell seconded the motion to approve the Annual Investment Plan for fiscal year ending June 30, 2025 ("the FY25 Plan"), as presented to the Board on June 21, 2024. The FY25 Plan replaces the FY24 Plan originally approved June 15, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Investment Policy Amendment

As discussed during the June 21, 2024, Board meeting, Catherine Moss moved and Aimee Russell seconded the motion to approve amendments to the Statement of Investment Policy. The amended Statement of Investment Policy will become effective July 1, 2024, and replaces the Statement of Investment Policy dated January 1, 2024. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

SERS Special Retirement Board Meeting Minutes

June 21, 2024

Monthly Investment Report

SERS Chief Investment Officer, Farouki Majeed, provided a monthly investment presentation. Mr. Majeed reported that US inflation was 3.4%, which is 0.1% lower than the previous month and the fed continues to hold interest rates steady. Mr. Majeed reported that the investment staff is working hard to review and update investment policies and procedures to ensure the highest returns possible for SERS members. Mr. Majeed also reported there remains a risk of recession before the end of the calendar year. Following several questions and a robust discussion, the board thanked Mr. Majeed and his staff for all their hard work.

Executive Director's Report

Ohio Retirement Study Council

SERS Executive Director, Richard Stensrud, began his report stating the ORSC met on June 13. The next regularly scheduled meeting is Thursday, July 11, subject to the call of the chair. At the June meeting, Funston Advisory Services provided a presentation on board governance and fiduciary duties. The report focused on the duty of prudence. Mr. Stensrud also reported that SERS is planning to build a governance charter to compile board practices into one institutionalized document. This document will record best practices and provide guidance for future board decisions.

Ohio General Assembly

Mr. Stensrud continued his report stating that HB491 received a second hearing on June 11. The bill requires Ohio agencies and state retirement systems to participate in the Ohio State and Local Government Expenditure Database managed by the Treasurer of State, also known as the "Ohio Checkbook". It also requires the inclusion of revenue information and operating budget information.

Mr. Stensrud stated that SERS and the other state retirement systems already provide expenditure and budget information for the "Ohio Checkbook" voluntarily. SERS Staff will continue to work with the bill sponsors to better understand their intent for the bill. SERS remains committed to transparency and currently provides this information. This law would mandate it. SERS HB491 has had a second hearing and is moving forward.

Five Year Strategic

Mr. Stensrud continued his report by introducing the final draft of the FY2025 SERS Strategic Plan. SERS initiated a refresh of the existing strategic plan to guide the organization's work over the next five years. As SERS navigates the ever-changing landscape, this plan serves as a roadmap for achieving sustainability and fulfilling SERS' commitment to deliver excellent service to SERS members, retirees, and employers.

Mr. Stensrud further stated that the strategic plan has been developed through a comprehensive and inclusive process facilitated by RAMA Consulting (RAMA). RAMA is a performance management consulting firm in Columbus, Ohio with expertise in evaluation and assessment, strategic planning, leadership development, and cultural competence. This highly participative process included collecting and analyzing survey data, facilitating key informant individual and group information gathering meetings, and producing a preliminary report and final strategic plan.

Retire/Rehire Policy

Mr. Stensrud revisited the topic of a retire/rehire policy that had been discussed in previous board meetings. The board agreed to accept the language in the draft policy and agreed that the policy can be revisited and revised at any time by the board. Following a robust discussion, the board agreed to move forward with implementation of the retire/rehire policy.

SERS Special Retirement Board Meeting Minutes

June 21, 2024

Plan Upcoming Webinars and Board Trainings

Mr. Stensrud continued his report stating that several workshops and webinars for employers and retirees are being planned for the summer months. SERS remains committed to engaging with employers, members, and retirees and strives to provide the best possible service.

Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided a report of administrative expenses for this fiscal year and stated SERS should end the fiscal year under budget. With no additional questions, Ms. Hall moved on to the FY2025 budget proposal.

FY2025 SERS Administrative Budget

Ms. Hall continued her report, stating that at the meeting in May, SERS staff reviewed the proposed FY2025 Administrative Budgets for SERS and OSERS Holdings, LLC. Consistent with SERS' annual budget cycle, approval was requested for these two budgets through separate resolutions:

1. SERS' Operating and Capital budgets for the next fiscal year, totaling \$39.0 million. There have been no changes to the draft budget since the May presentation.
2. Transfer of funds to OSERS Holdings, LLC to cover the net operating expenses of OSERS Broad Street, LLC, in the amount of \$1.8 million.

Jeffrey DeLeone moved and James Haller seconded that the following budget of \$38,998,582 for the fiscal year beginning July 1, 2024, and ending June 30, 2025, be approved, with such approval effective June 30, 2024.

Expense Classification Budget

Personnel	\$ 26,904,494
Professional Services (including Investment-Related Consultants)	6,493,858
Communications	944,448
Other Operating Expenses	4,655,782

SERS Administrative Expenses \$ 38,998,582

Administrative Budget \$ 38,998,582

Be it further provided that the Board has reviewed the estimated fees and expenses for operation of the investment program and authorizes the payment of actual fees to such service providers and in such amounts as is set by the contract with the individual service providers. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Operating Transfer Resolution – FY2025

James Rossler moved and Catherine Moss seconded that SERS transfer to OSERS Holdings, LLC up to \$1,814,452 for payment of building operations and LLC expenses of OSERS Holdings for the fiscal year beginning July 1, 2024, and ending June 30, 2025, with such approval effective June 30, 2024. OSERS Holdings, LLC shall report quarterly to the SERS Board of Trustees on the expenditure of all funds and receipt of all revenues. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

SERS Special Retirement Board Meeting Minutes

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Filing of Proposed Rescinded and New Administrative Rules

Two categories of resolutions on Administrative Rules are on the June Board Agenda.

I. Approval to file with JCARR the following proposed rescinded rule:

- **3309-1-68 Payment to individual with legal incapacity**

Due to the extent of new provisions being added to the rule, this rule is being rescinded and a new rule proposed.

II. Approval to file with JCARR the following proposed new rule:

- **3309-1-68 Guardianship**

This rule addresses SERS requirements for issuing payments to an individual with a legal incapacity and identifies the authority of the guardian of the estate and guardian of the person to manage the individual's SERS account.

The proposed changes take a more comprehensive approach to outlining SERS requirements when a benefit recipient is under a guardianship.

Paragraph (A) sets forth definitions of key terms used in the rule.

Paragraph (B) sets forth SERS requirements for paying a benefit recipient under a guardianship.

Paragraph (C) sets forth SERS requirements for a refund application to be signed on behalf of a benefit recipient under a guardianship.

Paragraph (D) sets forth restrictions that apply when a guardian seeks to sign certain forms or applications.

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-68, Payment to individual with legal incapacity. Catherine Moss moved and James Haller seconded that proposed rescinded rule 3309-1-68 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Legal Counsel then discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-68, Guardianship. Catherine Moss moved and Aimee Russell seconded that proposed new rule 3309-1-68 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Health Care Report

Approval of 2025 Health Care Premiums and Plan Design Changes

SERS Health Care Services Director Christi Pepe provided a presentation on the 2025 Health Care Premiums and Plan Design Changes. Ms. Pepe advised the board of the following changes for CY2025:

Medicare Premiums and Benefits

1. No changes to the Aetna Medicare Advantage premium are proposed.
2. Out-of-pocket Part D prescription drug expenses will not exceed the federally established \$2,000 limit for 2025.
3. The in-network primary care physician office visit co-pay will decrease to \$0 from \$10.

Non-Medicare Premiums and Benefits

1. The Aetna Choice POS II premium will increase by approximately 7%. The full premium will change from \$1,524 to \$1,630. The most common premium will change from \$333 to \$354.

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2. Spouse and child premiums as a proportion of the individual base premium will increase from 80 to 90% and 25 to 30% respectively.
3. The ambulance co-pay will be reduced from a 20% coinsurance to \$150 co-pay.
4. The AultCare premium will increase by approximately 3%.
5. The Wraparound HRA total annual reimbursement limit will increase to \$2,150.

Dental Plan

The SERS dental benefit is offered by Delta Dental and the benefit is fully supported by member premiums. The benefits and premium are not changing for 2025.

Vision Plan

SERS vision coverage is offered by VSP. The program is also fully supported by member premiums. Vision premiums and benefits will remain unchanged for 2025.

Following a brief discussion, it was moved by Matthew King and seconded by Catherine Moss to approve the 2025 health care premiums in Appendix A and the plan design changes in Appendix B. The premiums and plan design changes are effective January 1, 2025. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

2025 Health Care Premium Discount Program (Safety Net)

Mike Steiner, SERS Health Care Services Assistant Director, provided an update on the premium discount program. The 2025 Health Care Premium Discount Program is offered only to applicants enrolled in a SERS Medicare Advantage plan and to "split families" in which one spouse is enrolled in a SERS Medicare Advantage plan.

Eligibility for the Health Care Premium Discount Program during the 2025 calendar year will be based upon the applicant's qualifying household income for calendar year 2023. Medicare Part B reimbursement is excluded from the definition of qualifying household income. Members who are determined eligible by manual application will be presumed to be eligible in subsequent years.

If the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *less than or equal to* 175% of the 2024 federal (U.S. Department of Health and Human Services) poverty level for the household size, the applicant will be eligible to have 25% of his/her share of the SERS premium subsidized by SERS.

If the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *more than* 175% of the 2024 federal poverty level for the household size, the applicant may request special consideration. Special consideration will be given to applicants providing written evidence satisfactory to SERS' staff that a material change in the applicant's financial circumstance subsequent to calendar year 2023 has caused the applicant's qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, to become *less than or equal to* 175% of the 2024 federal poverty level for the household size.

Effective January 1, 2024, SERS health care participants approved by Medicare for the non-institutionalized Part D low-income subsidy program, which has similar household income eligibility requirements to the Premium Discount Program, will be automatically enrolled into the Premium Discount Program. Previously approved participants will continue to be enrolled for the program without reapplication.

It was moved by James Rossler and seconded by Aimee Russell to approve the 2025 Health Care Premium Discount Program. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

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Technology Committee Update

Technology Committee Report

Technology Committee Chair, Matthew King, provided an update on the work being done in the Technology Committee. Mr. King reported that a cyber-security education session was provided in the meeting, along with an update on the Technology Roadmap. With no questions, the board thanked Mr. King for his update.

The board took a break at 10:09 a.m.

The board reconvened at 10:31 a.m.

Executive Director's Report (cont.)

Personal Appearance(s)

James Haller moved and Jeffrey DeLeone 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, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

The board convened in executive session at 10:32 a.m.

The board reconvened in open session at 11:30 a.m.

Definition of Compensation Discussion

SERS Legal Counsel revisited the pensionable compensation topic with the board. SERS Legal Counsel reported that the definition of compensation is a broad one and all components from previous discussions have been compiled into one draft rule being presented today.

Legal Counsel drafted a new compensation rule that reflects the outcome of those discussions. The rule also addresses how SERS defines compensation for those few individuals who provide services to schools under 3309.01(B)(2) as a self-employed individual, as well as detailing what contributions are owed to SERS when backpay is awarded to a member. Counsel reminded the board that these changes will align SERS definition of compensation with other Ohio pension systems.

Mr. Stensrud added that board approval is not required yet as SERS staff will need to determine the fiscal impact of including additional types of pensionable compensation. SERS wants to be sure the board and SERS members will know what to expect from the rule change. Mr. Stensrud stated that the actuary will create a report showing the impact of additional compensation classes on fund sustainability and benefit levels. That report will be shared with the board at the next meeting.

The board expressed appreciation for the information shared and looks forward to continuing discussions.

Audit Committee Report

Audit Committee Update

Chief Audit Officer, Jeff Davis, provided an update on the work being done by the Audit Committee. At the most recent Audit Committee meeting, SERS external auditor, Plante Moran, provided an update on the most recent external audit. There were no significant findings to report, and work will continue through the end of the fiscal year. Mr. Davis also reported on the progress of the internal audit, stating all audits are on track to be completed on schedule. The board thanked Mr. Davis for his presentation.

SERS Special Retirement Board Meeting Minutes

June 21, 2024

Executive Session

Jeffrey DeLeone moved and James Rossler seconded the motion that the retirement board convene in Executive Session 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: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

The board convened in executive session at 11:58 a.m.

The board reconvened in open session at 12:07 p.m.

It was moved by James Haller and seconded by James Rossler that as recommended by the Audit Committee, SERS Chief Audit Officer Jeff Davis receive a 5% merit increase in salary effective the first pay date in Fiscal Year 2025. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Compensation Committee Report

Compensation Committee Update

Jeffrey DeLeone acted as Compensation Committee chair in Daniel Wilson's absence and provided an update on the work being done in the Compensation Committee. Mr. DeLeone reported that the Compensation Committee reviewed the performance of the executive director in executive session.

Executive Session

Matthew King moved and Aimee Russell seconded the motion that the retirement board convene in Executive Session 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: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

The board convened in executive session at 12:13 p.m.

The board reconvened in open session at 12:17 p.m.

It was moved by James Haller and seconded by Matthew King that as recommended by the Compensation Committee, Executive Director Richard Stensrud receive a 5% merit increase in salary effective the first pay date in Fiscal Year 2025. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Retirement Report

There was no executive session for the retirement report.

Board Self-Assessment Discussion

Executive Director Richard Stensrud introduced the board self-assessment discussion. Mr. Stensrud provided the board with a self-assessment document that would be used to gauge board performance. Board members provided feedback and collectively agreed that the board is doing an excellent job at serving the members and retirees of SERS. After a robust discussion, Board Chair Frank Weglarz thanked the board for the opportunity to serve as chair of such a professional and respectful board.

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Board Communication and Policy Issues

Board Information Request & Follow Up Items

The board requested information from the actuary regarding the addition of compensation classes and how these added classes could affect the retirement fund.

Catherine Moss provided the board with a summary of the NASRA conference she attended in Seattle in May. Ms. Moss reported that this was the best conference she's ever attended and suggests other board members consider getting their fiduciary certification from NASRA. James Rossler, who also earned the same certification previously, agreed that the intense program was a great learning experience. The board thanked Ms. Moss for her update.

FY2025 Board Officer Elections

Frank Weglarz nominated Matthew King, current Vice Chair, as Chair of the retirement board for FY25. No other nominations were made for the chair. Jeffrey DeLeone seconded the motion to nominate Matthew King as chair. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Catherine Moss, James Rossler, Aimee Russell, and Frank Weglarz. Abstain: Matthew King. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

James Haller nominated Catherine Moss to be the next Vice Chair of the retirement board for FY25. No other nominations were made for the vice chair. James Rossler seconded the motion to nominate Catherine Moss as vice chair. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, and Frank Weglarz. Abstain: Catherine Moss. Absent: Barbra Phillips and Daniel Wilson. The motion carried.

Calendar Dates for Future Board Meetings

The board reviewed the meeting dates for 2024. It was noted that Jeffrey DeLeone and James Rossler will not be attending the July board meeting. It was also noted that James Rossler will not be attending the September board meeting, and a request was made to move the board group photo to October.

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

AUDIT COMMITTEE MEETINGS

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

COMPENSATION COMMITTEE MEETINGS

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

September 19, 2024 – 12:30 p.m. (Thurs.)
December 19, 2024 – 12:30 p.m. (Thurs.)

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BOARD MEETINGS

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.) **** Board Photo ****
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, July 18, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:29 p.m.

Frank Weglarz, Board Chair

Richard Stensrud, Secretary

DRAFT

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

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

The following is a summary of the investment transactions made during the period of May 1, 2024, through May 31, 2024. 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	\$142.2
Fixed Income	378.1
Private Equity Capital Calls	26.7
Real Estate Capital Calls	5.3
Infrastructure Capital Calls	0.3
Opportunistic & Tactical	31.5
Global Private Credit	31.4
Cash Equivalents	251.6

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$219.5	30.5
Fixed Income	385.0	15.7
Private Equity Distributions	25.6	n/a
Real Estate Distributions	2.4	n/a
Infrastructure Distributions	4.0	n/a
Opportunistic & Tactical	69.9	2.0
Global Private Credit	n/a	n/a
Cash Equivalents	227.2	n/a

Memo

To: Retirement Board
From: Farouki Majeed
cc: Richard Stensrud, Karen Roggenkamp
Date: July 5, 2024
Re: **Investment Report for the July Board Meeting**

The Investment Report for the Board includes the following agenda items:

- Monthly Investment report for the period ended May 31, 2024.
- Investment Committee Policy Discussion (no vote required).

Included with the advance Board materials are the following reports prepared by Staff:

- Monthly Top 20 Equity and Fixed Income Holdings Reports – May 31, 2024.
- Monthly Compliance Update memo – May 31, 2024.

If anyone has any questions prior to the Board meeting, please email me at fmajeed@ohsers.org.



Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: May 31, 2024

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: July 2024



Investment Agenda

Monthly Investment Report (May 31, 2024)
Investment Committee Policy Discussion (no vote)



Economic and Financial Market Outlook

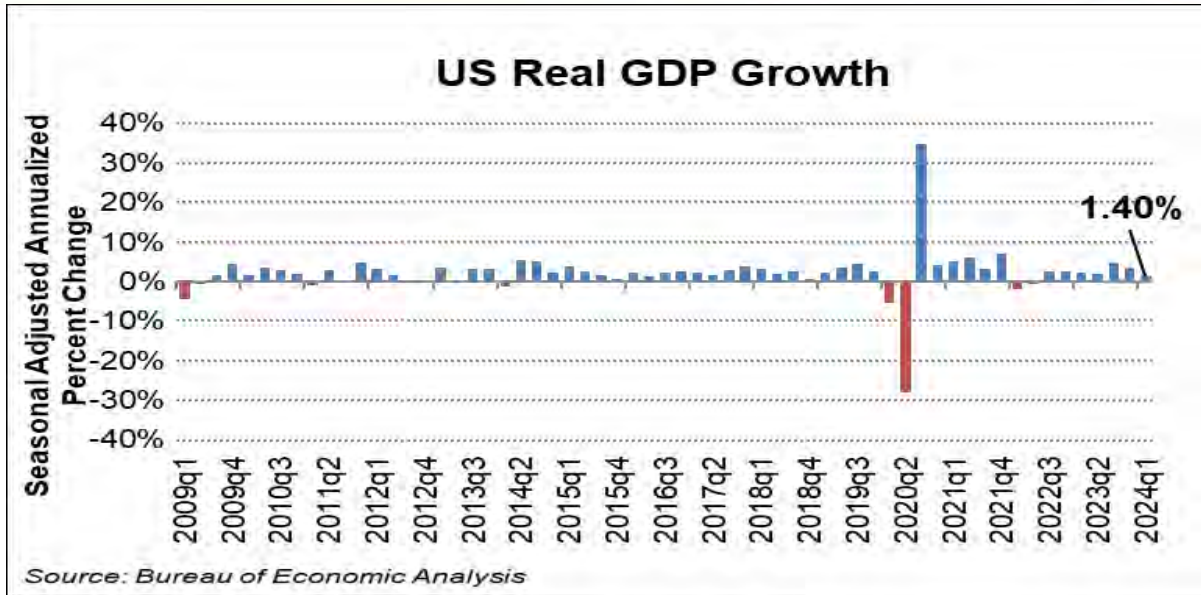
- The US economy increased 1.4% in Q1 2024, down from 3.4% in Q4 2023. The slowdown was mainly due to a softer increase in exports and government expenditures and investment. Federal spending declined 0.2% in Q1. Personal consumption expenditures (PCE) softened to 1.5% from 3.3% in the previous quarter. The BCEL consensus projected 2.3% GDP growth for 2024. (Source: *Bureau of Economic Analysis and Blue Chip Economic Indicators (BCEI)*)
- The US labor market remained resilient, adding 272,000 jobs in May, exceeding both current expectations and that of the previous month. The unemployment rate increased by 0.1% to 4.0%. The labor force participation was down slightly to 62.5%, remaining below the pre-pandemic level of 63.3%. (Sources: *Bureau of Labor Statistics and Department of Labor*).
- US headline inflation was 3.3% in May, down 0.1% from the previous month. The gauge has been sticky in a range of 3.0-3.7% since June 2023 after a decline from the 9.1% peak. The food index appreciated 2.1% while the energy index increased 3.7% for the last 12 months. Core inflation declined 0.2% to 3.4% in May. Rent inflation remained elevated with a 5.4% increase over the last 12 months. (Source: *Bureau of Labor Statistics*).
- The 10-year Treasury nominal yield decreased by 15 bps to 4.36% as of June end. The 10-year real yield at May end, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation was 1.21%, lower than the historical average by 0.58%. The Fed Funds rate remained in the range 5.25-5.50%, the highest level since October 2006.
- The housing market (S&P Case-Shiller 20-City home price index) continued its upward trend, gaining 1.4% for the month and 7.2% for the last 12 months as of April 2024.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan was 64.2 for June, little changed from the previous month. Both the US and Global Economic Surprise indices declined and were negative in June with the US reading at (28.5) and Global at (3.1). The May Leading Economic Index (LEI) issued by the Conference Board was 101.2, declining 0.5% for the month and 2.0% for the 6-month period, indicating softer economic growth ahead.
- In May, US Manufacturing PMI was slightly down to 48.5%, indicating continued contraction while US Service PMI strengthened significantly to 53.8, which resumed its expansion trend after one month of contraction. Global Composite PMI increased to 53.7 with both manufacturing and service readings above 50, showing broad-based expansion. Overall, high interest rates and sticky inflation continue to be the largest challenges to US and global economies. (Source: *Institute for Supply Management and S&P Global*).
- The equity markets were mixed in June. The US market (Russell 3000) and emerging markets were up 3.10% and 3.94%, respectively. Non-US Developed markets (MSCI World ex-USA) declined 1.66%.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was up 0.95% in June.

Notes: Acronym – PMI – Purchasing-Managers' Index



ECONOMY

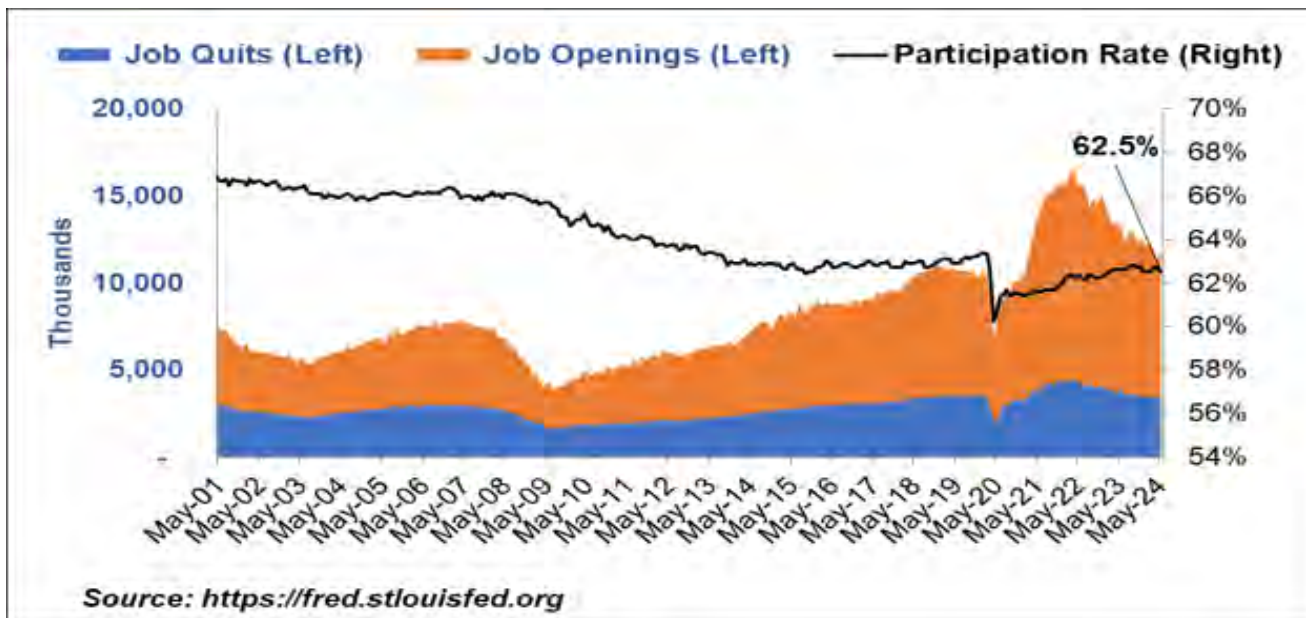
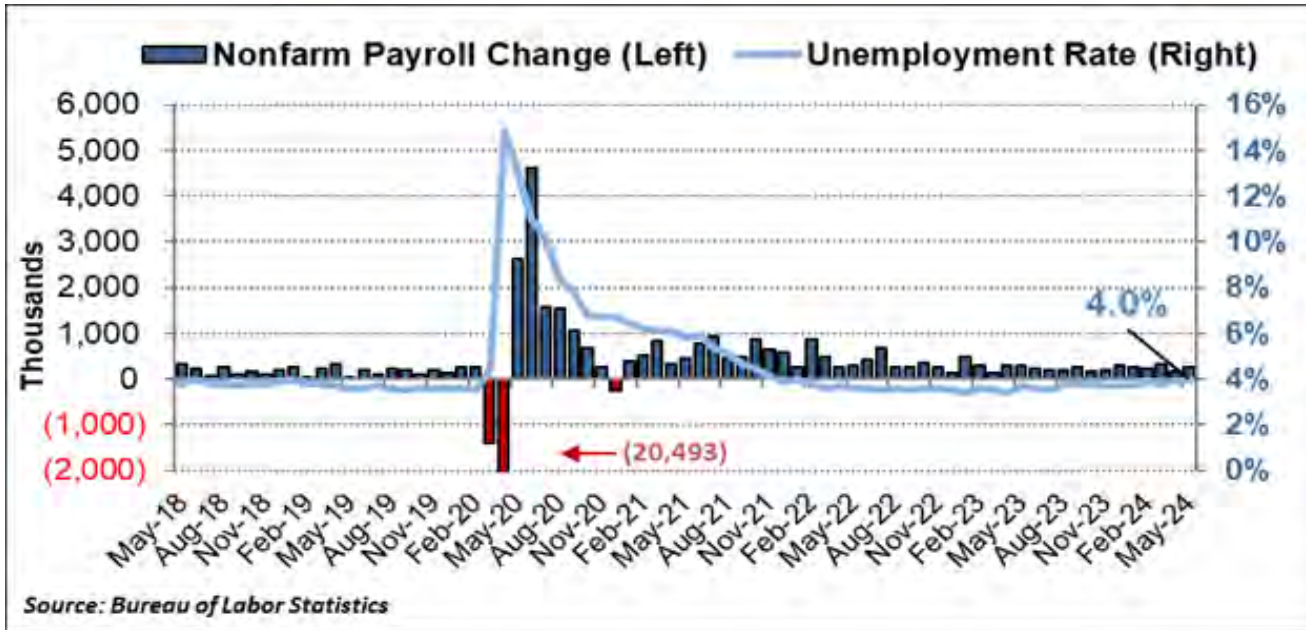
US Real Gross Domestic Product





ECONOMY

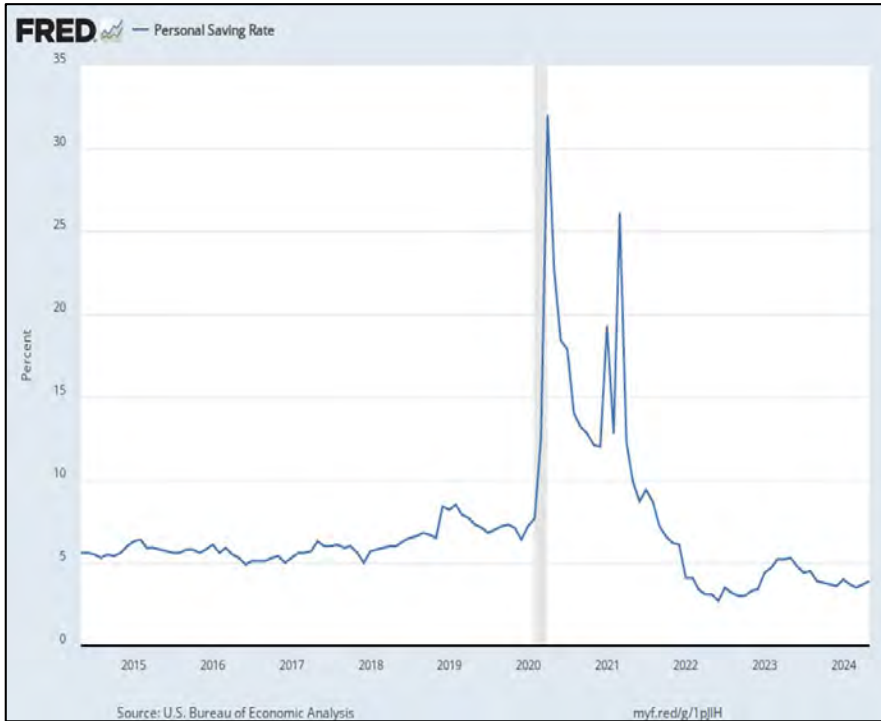
US Labor Market





ECONOMY

Personal Savings Rate & Personal Expenditures: Goods



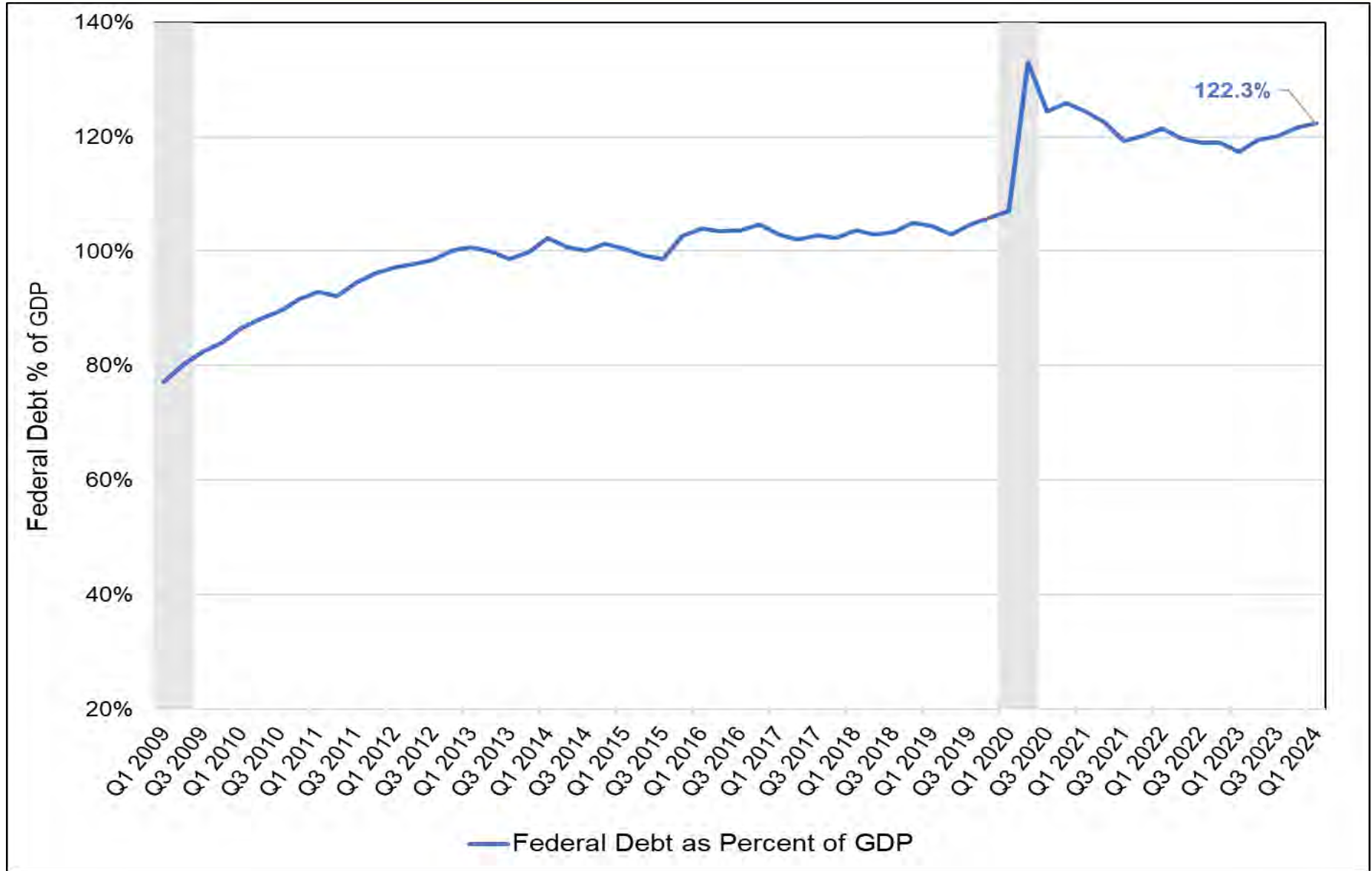
Date	Annual Personal Savings Rate
Jun-20	18.4%
Jun-21	8.7%
Jun-22	2.7%
Jun-23	4.8%
May-24	3.9%

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%
May-24	1.5%



ECONOMY

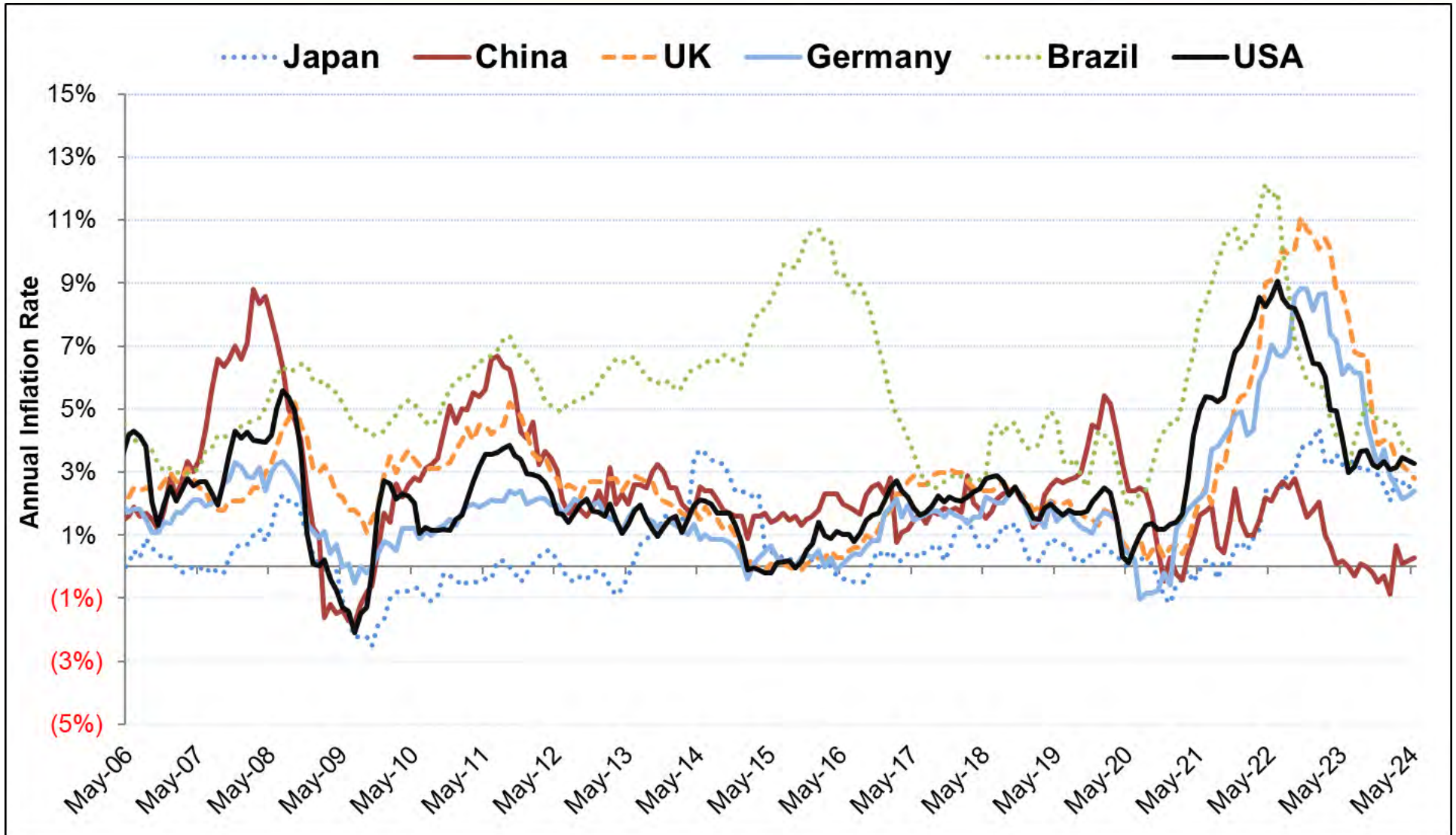
Federal Debt as Percent of GDP





ECONOMY

Global Headline Inflation



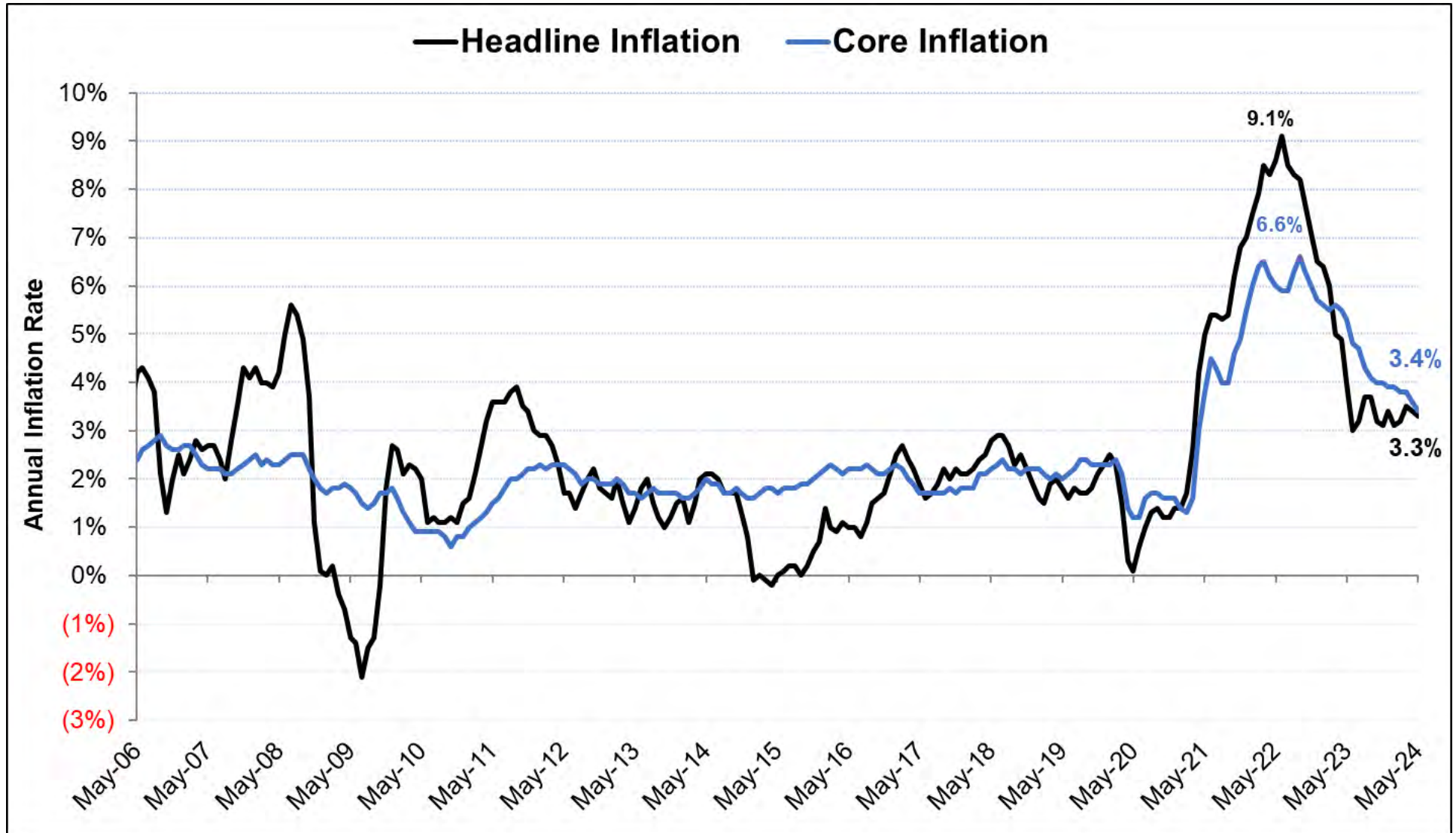
	Japan	China	UK	Germany	Brazil	USA
May-24	2.9	0.3	2.8	2.4	3.9	3.3

Sources: www.ons.gov.uk, www.oecd.org, www.inflation.eu, and www.tradingeconomics.com



ECONOMY

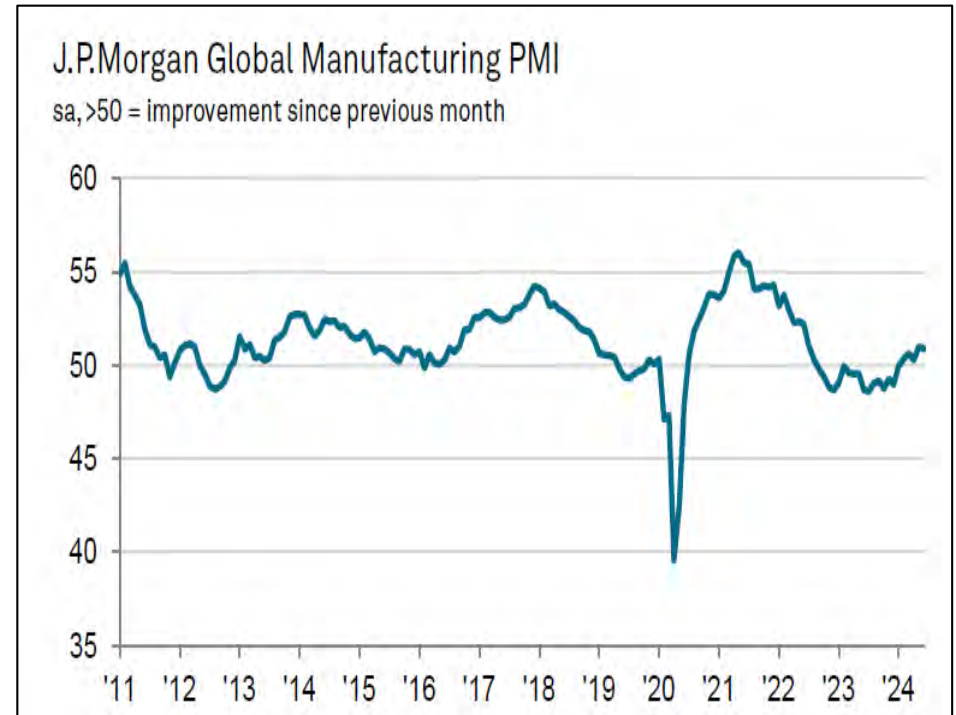
US Inflation





ECONOMY

US & Global Manufacturing Activities

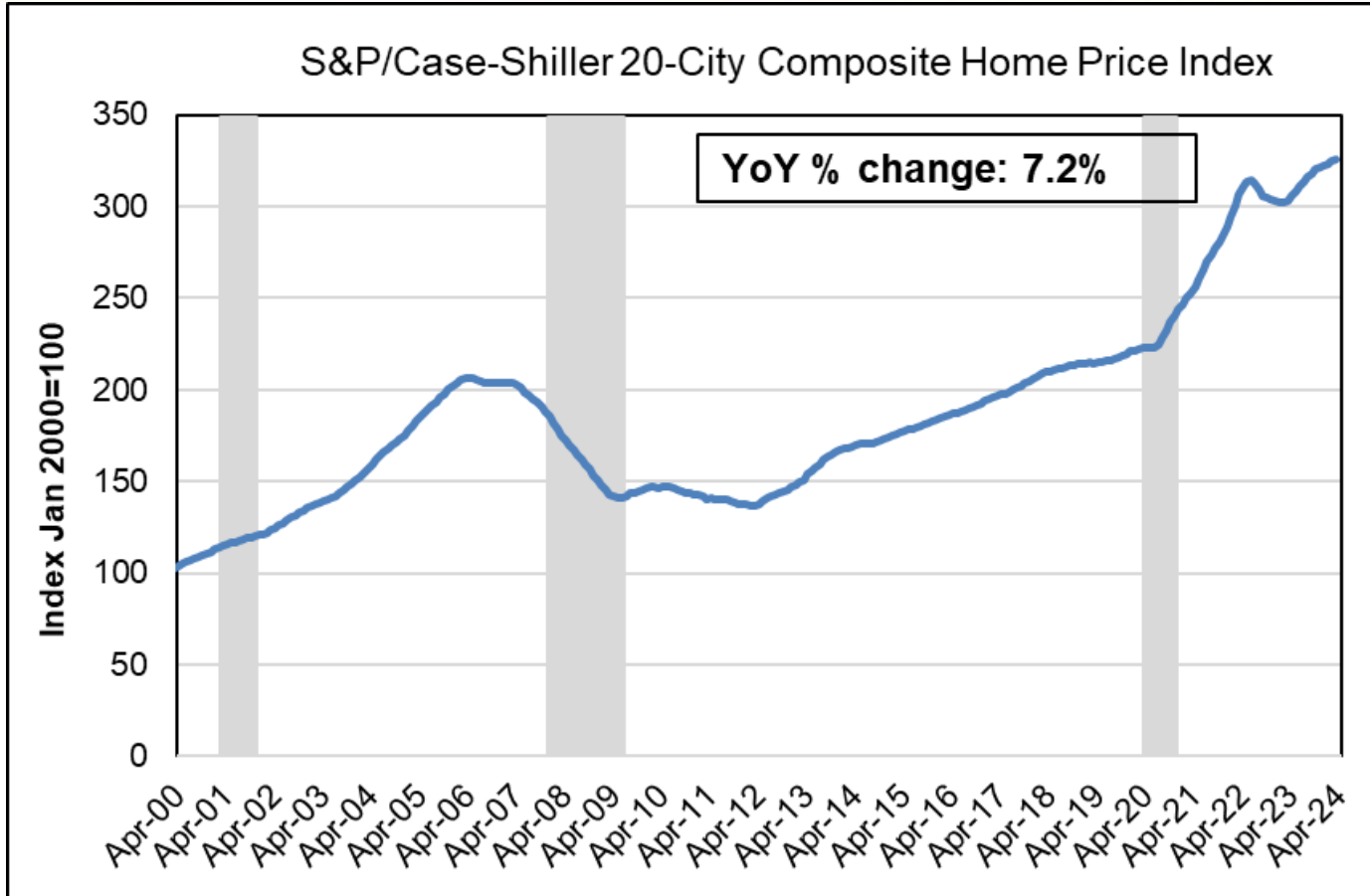


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
 Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



ECONOMY

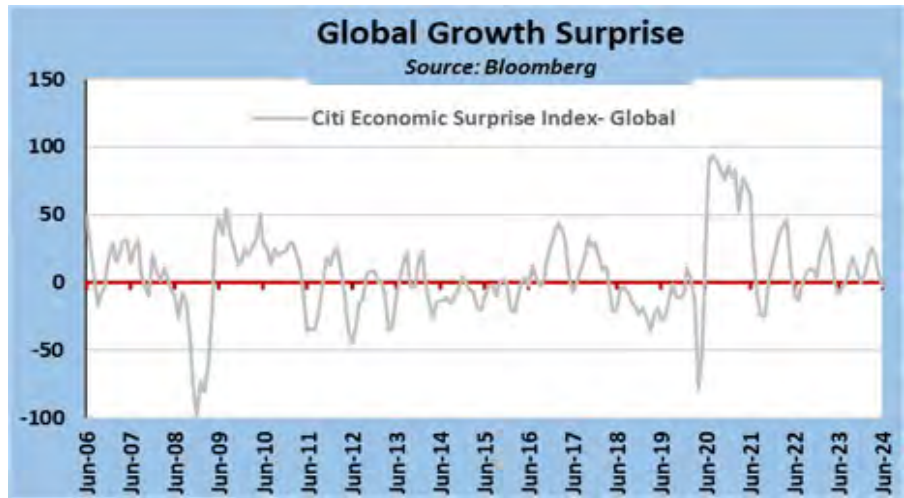
US Housing Market



Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-20	224.91
Jul-21	269.70
Jul-22	312.74
Jul-23	313.09
Apr-24	327.08

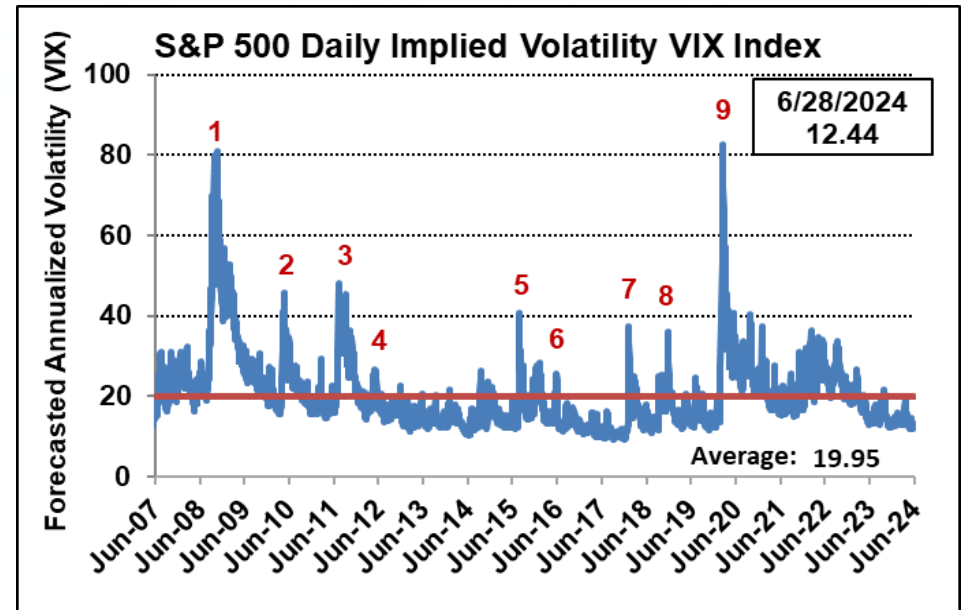
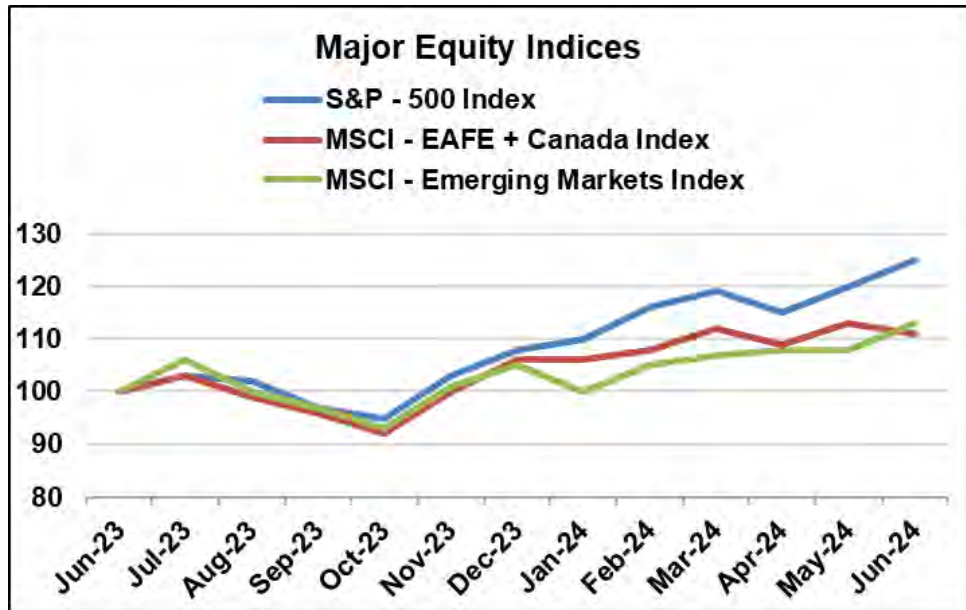


ECONOMY





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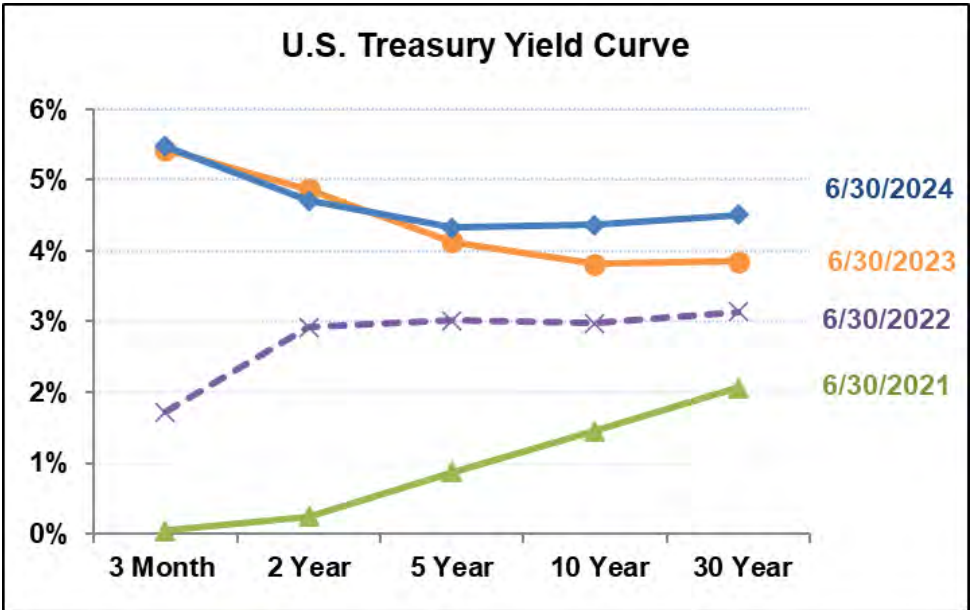
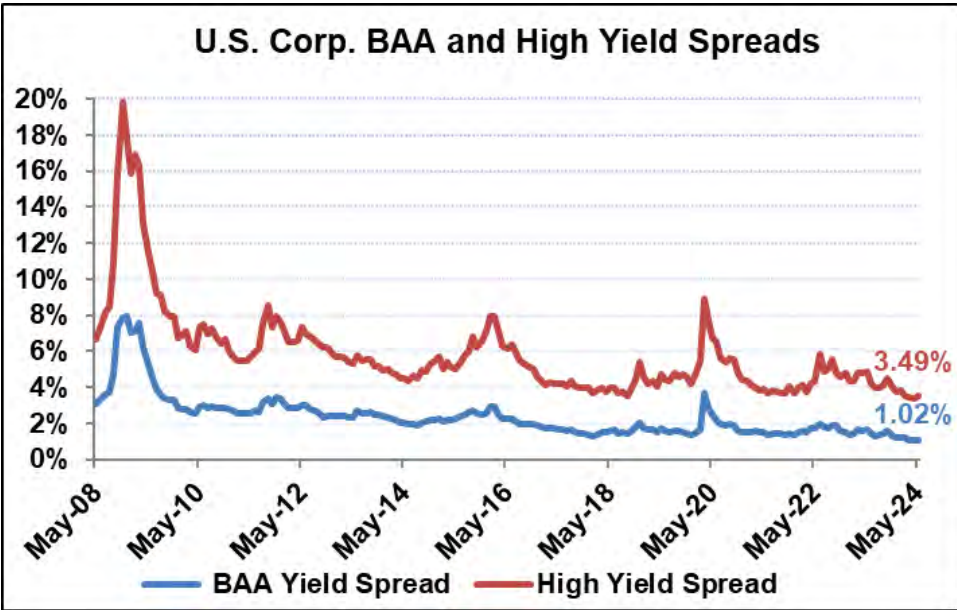
	Return as of 6/30/2024	
	1 Year	FYTD
S&P 500 Index	24.56	24.56
MSCI - EAFE + Canada Index	11.23	11.23
MSCI - Emerging Markets Index	12.55	12.55

- 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%



MARKETS

Fixed Income



Sources: Wilshire Compass, ThomsonReuters, and Bloomberg



MARKETS Foreign Exchange



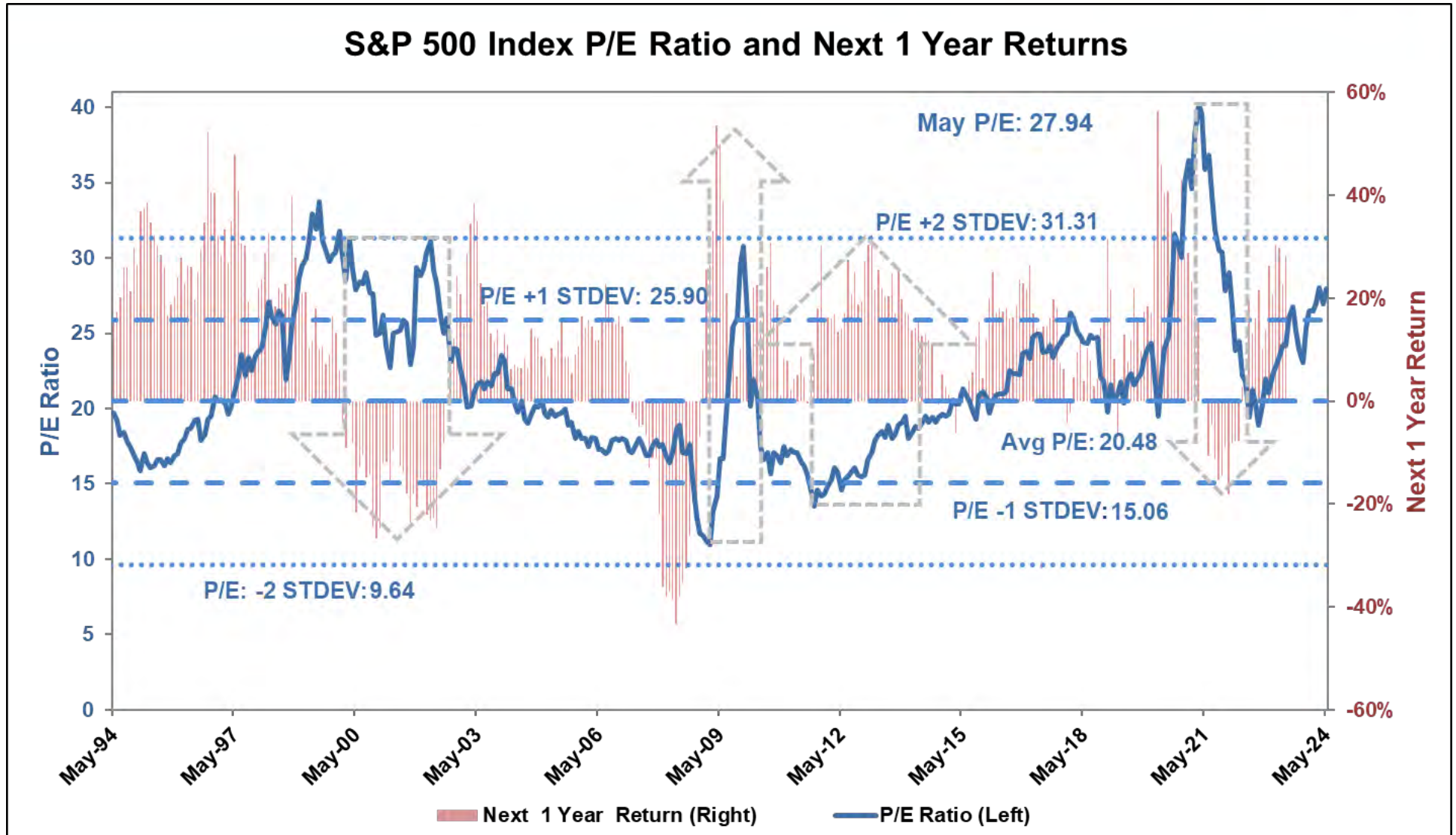
Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-20	1.12
June-21	1.18
June-22	1.05
June-23	1.09
June 28, 2024	1.07



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
June 28, 2024	124.52



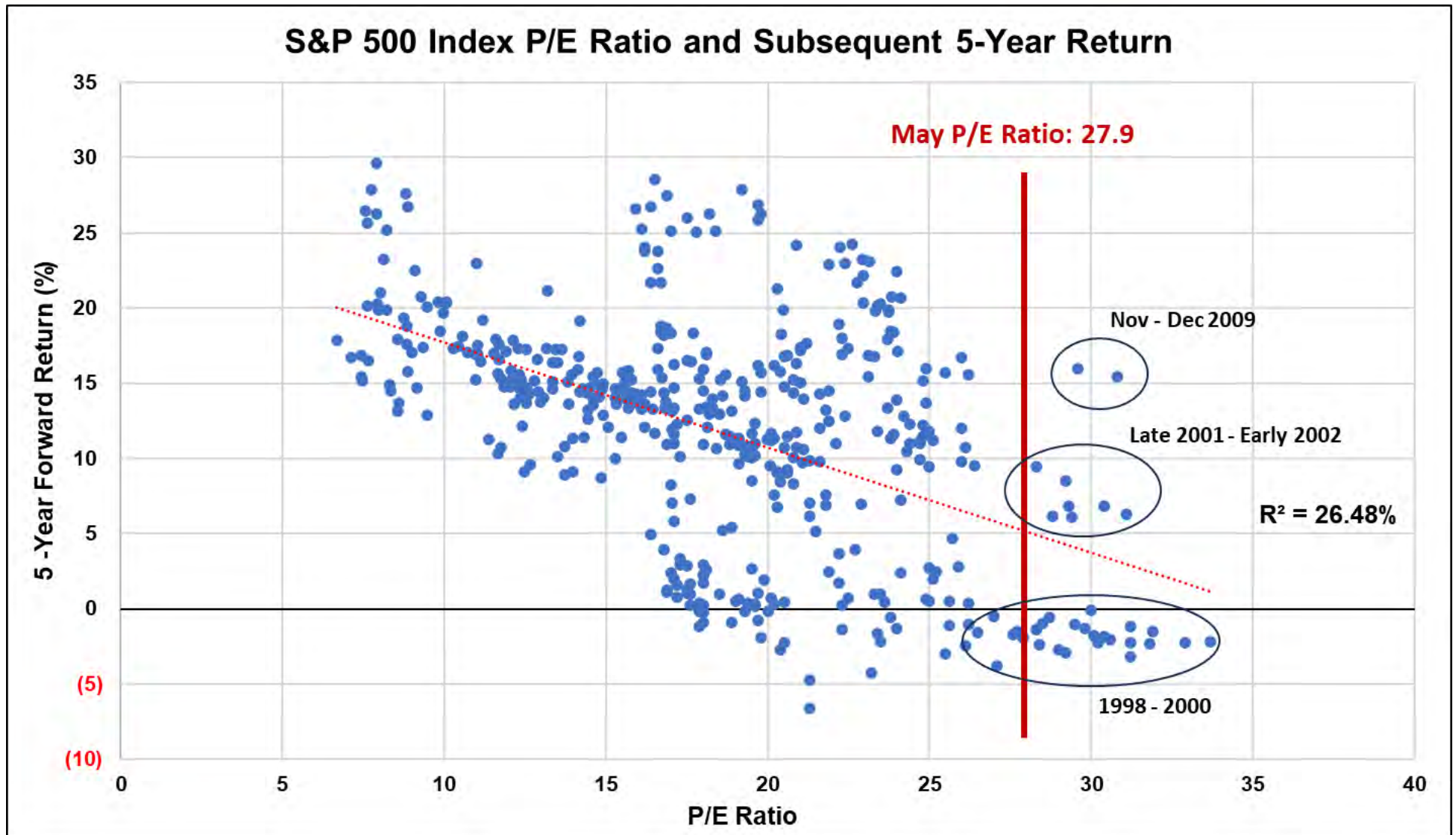
VALUATION US Equity





VALUATION

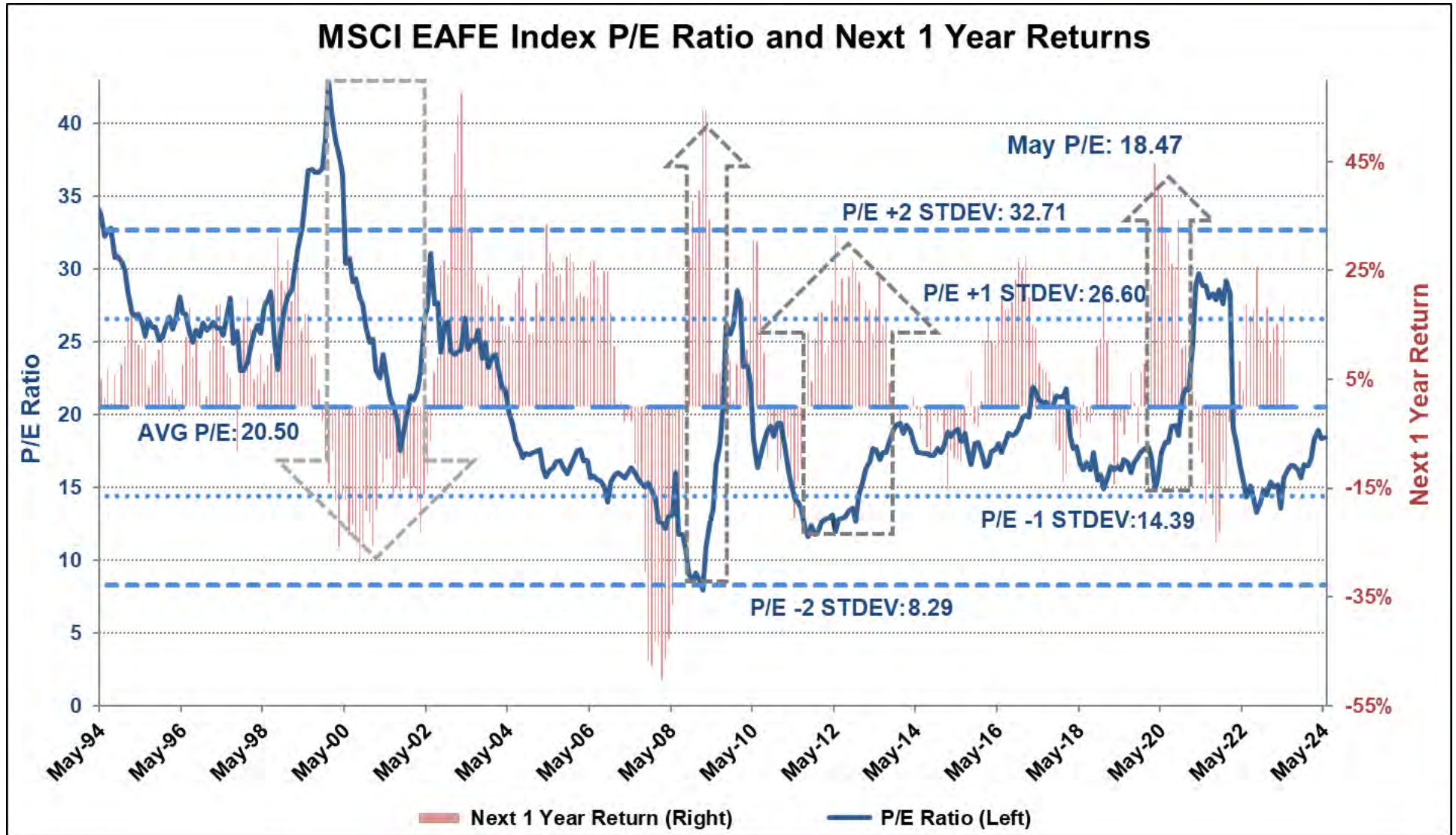
US Equity





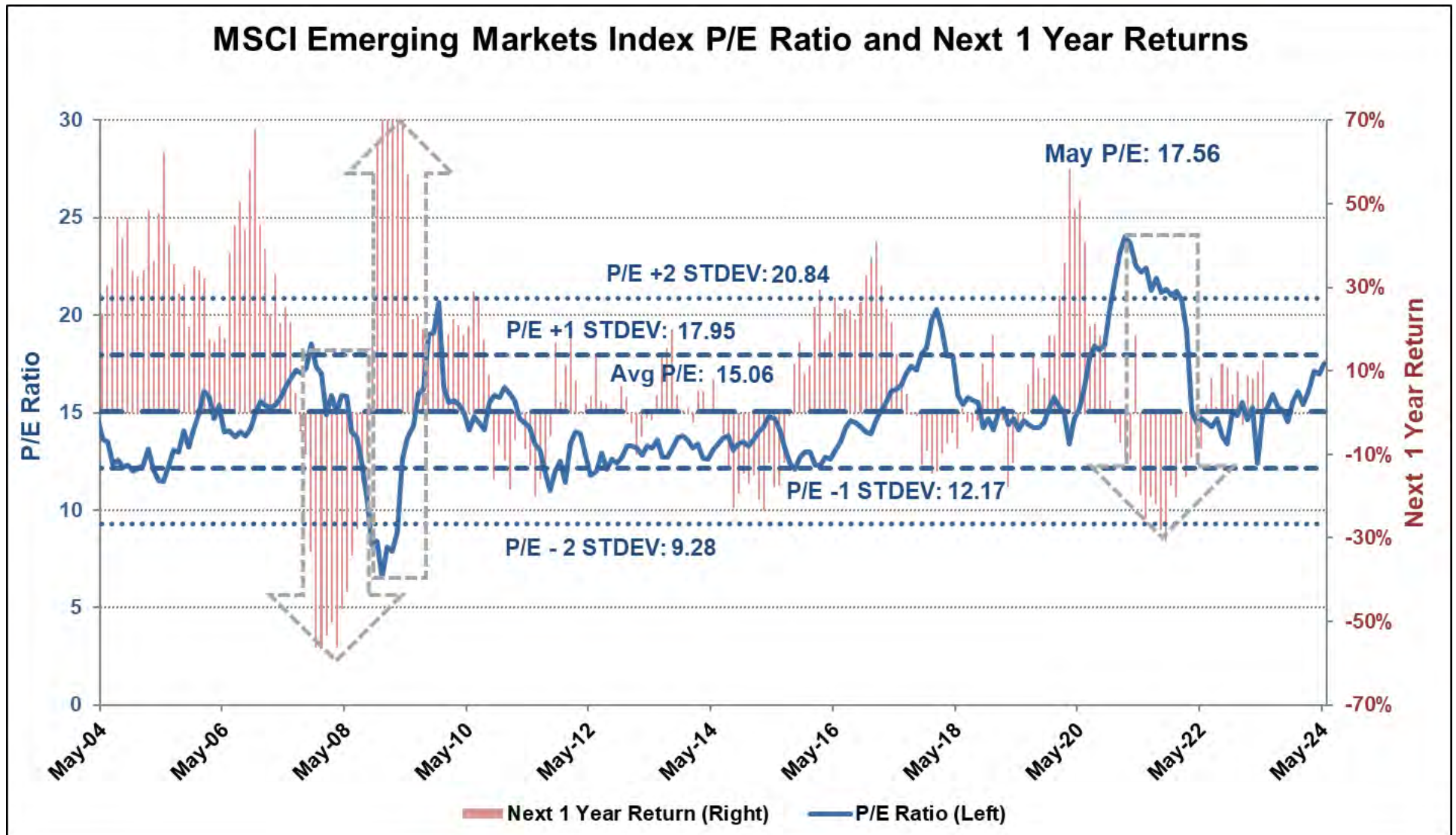
VALUATION

Non US Developed Market Equity



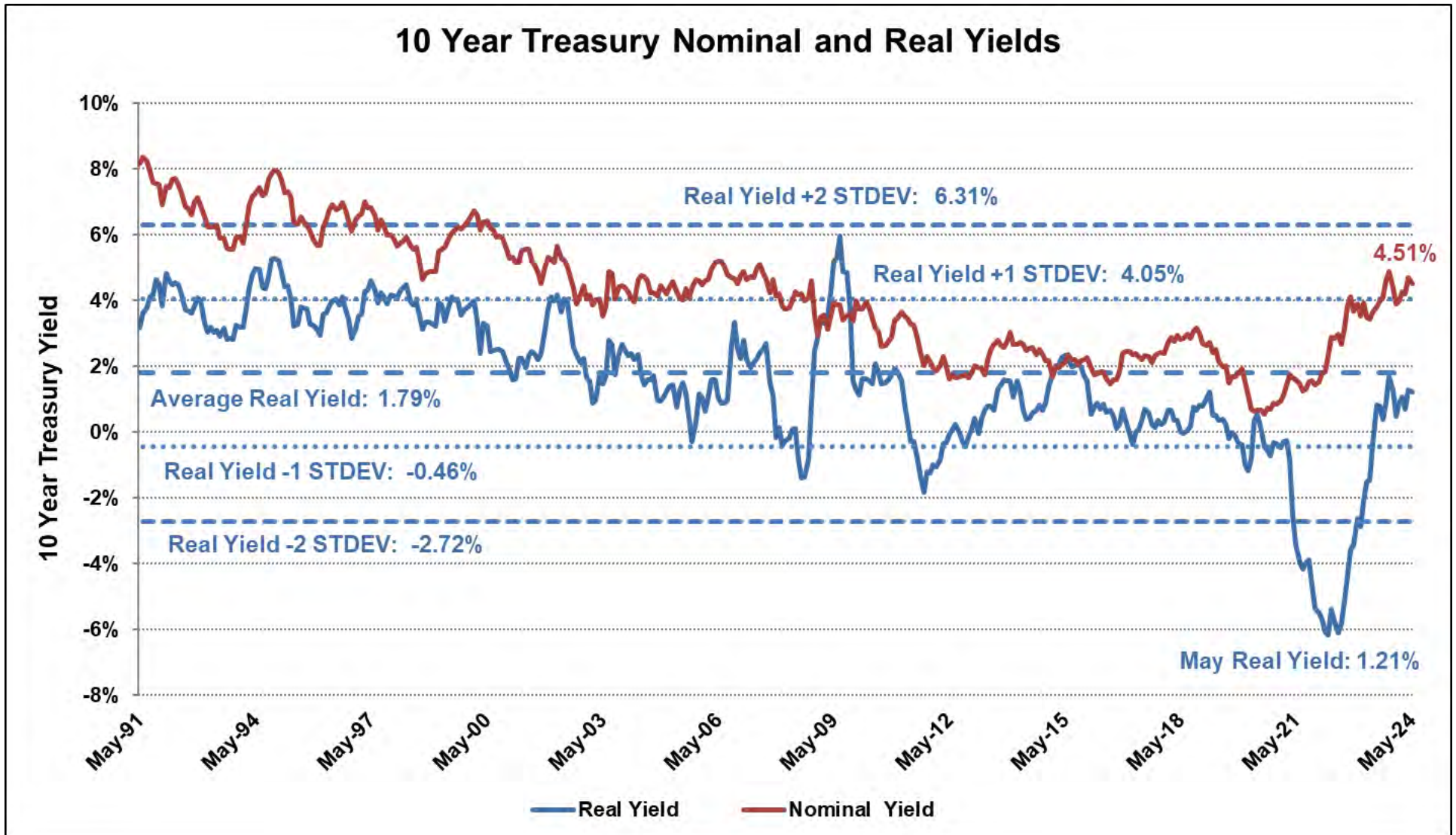


VALUATION Emerging Market Equity





VALUATION US Treasury Bonds





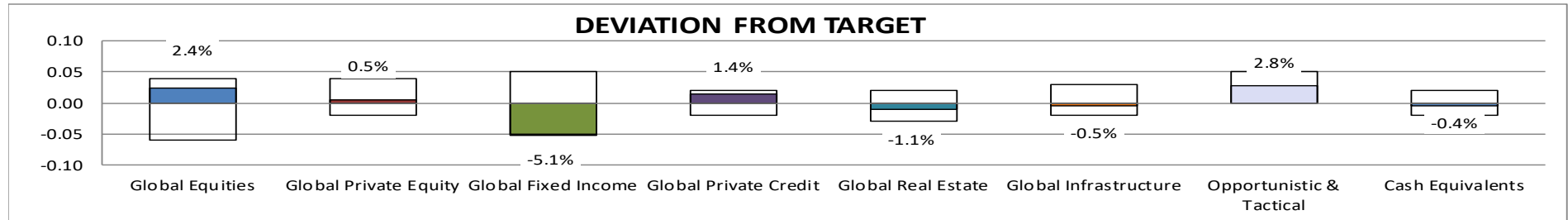
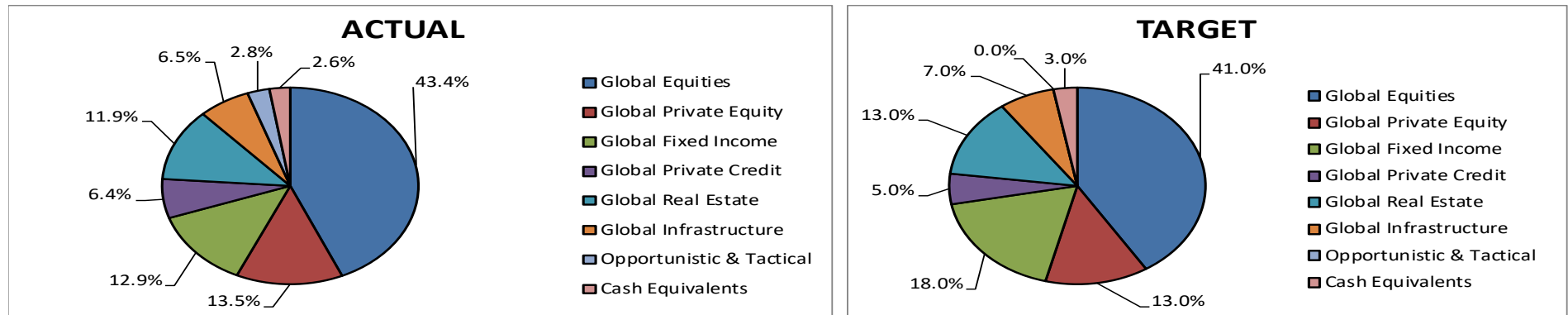
SERS' Investment Portfolios Review



Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	8,176,670,954	43.4%	41.0%	35% - 45%
Global Private Equity	2,538,956,755	13.5%	13.0%	11% - 17%
Global Fixed Income	2,425,296,879	12.9%	18.0%	13% - 23%
Global Private Credit	1,211,900,043	6.4%	5.0%	3% - 7%
Global Real Estate	2,249,441,713	11.9%	13.0%	10% - 15%
Global Infrastructure	1,230,696,439	6.5%	7.0%	5% - 10%
Opportunistic & Tactical	527,252,702	2.8%	0.0%	0% - 5%
Cash Equivalents	492,868,487	2.6%	3.0%	1% - 5%
Short-Term	421,290,119	2.2%	2.0%	
Russell EA Overlay	28,904,399	0.2%	0.0%	
Direct Rebalance Overlay	5,989,627	0.0%	0.0%	
Transition / Operational Account	832,760	0.0%	0.0%	
Currency Overlay	35,851,581	0.2%	0.0%	
SERS Cash	0	0.0%	0.0%	
Total Fund	18,853,083,970	100.0%	100.0%	

Source: BNY Mellon GRS

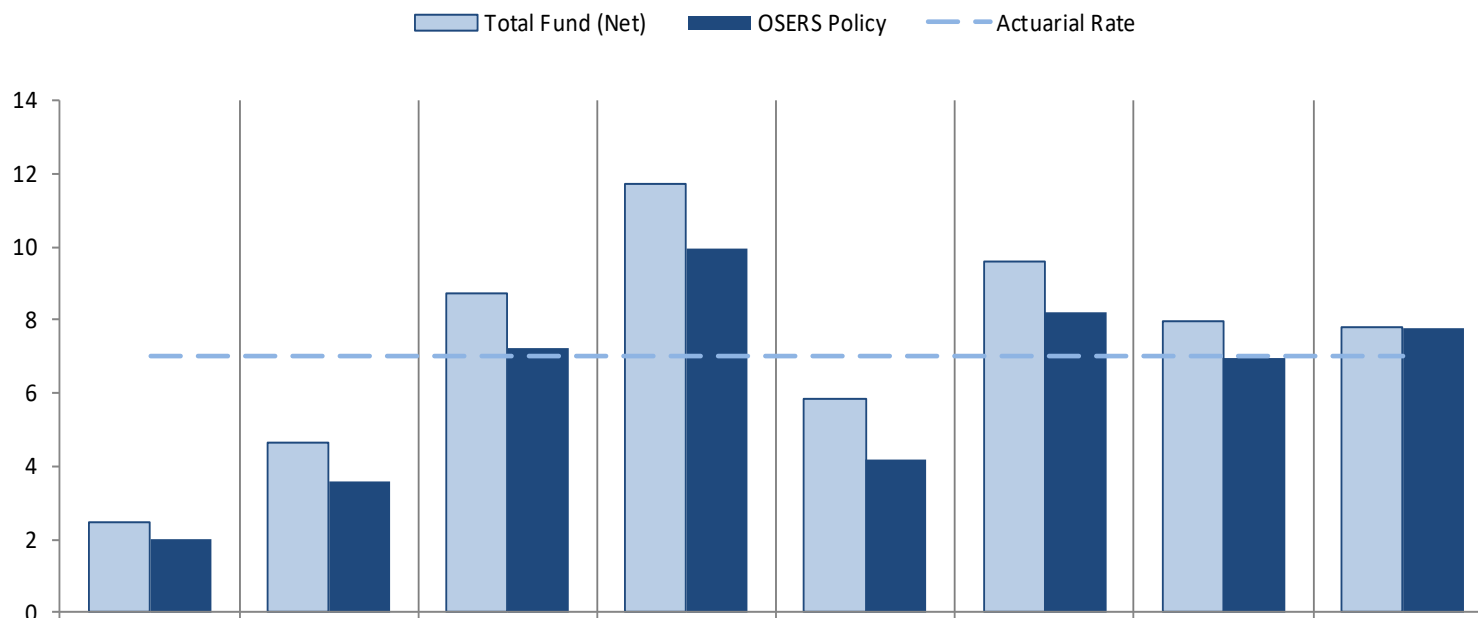




Total Fund Performance

Current Benchmark:

41% MSCI ACWI (Net Dividends)
 13.00% Burgiss All Private Equity
 benchmark (1q lag) (BAPE)
 18.00% Bloomberg Aggregate Bond
 13.00% NCREIF Property
 (1Qtr in Arrears Monthized)
 7.00% Quarterly (4 qtrs.) smoothed CPI
 +1.20% per quarter
 5.00% 90 Day T-Bill (1q lag) + 4.5%
 3.00% FTSE 30 Day T-Bill



Actuarial Rate

(7.0% effective 07/01/2021, adopted 04/15/2021)

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	2.45	4.82	9.37	12.50	6.59	10.29	8.63	8.41
Total Fund (Net)	2.45	4.62	8.74	11.72	5.85	9.59	7.94	7.87
OSERS Policy	1.98	3.59	7.23	9.92	4.20	8.20	6.98	7.78
Value Added (Net of Fee)	0.47	1.03	1.51	1.80	1.65	1.39	0.96	0.09

Estimated Cumulative Net Value Added (\$MM)**	\$85.8	\$185.1	\$265.6	\$310.6	\$917.9	\$1,252.4	\$1,837.9
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Source: BNY Mellon GRS

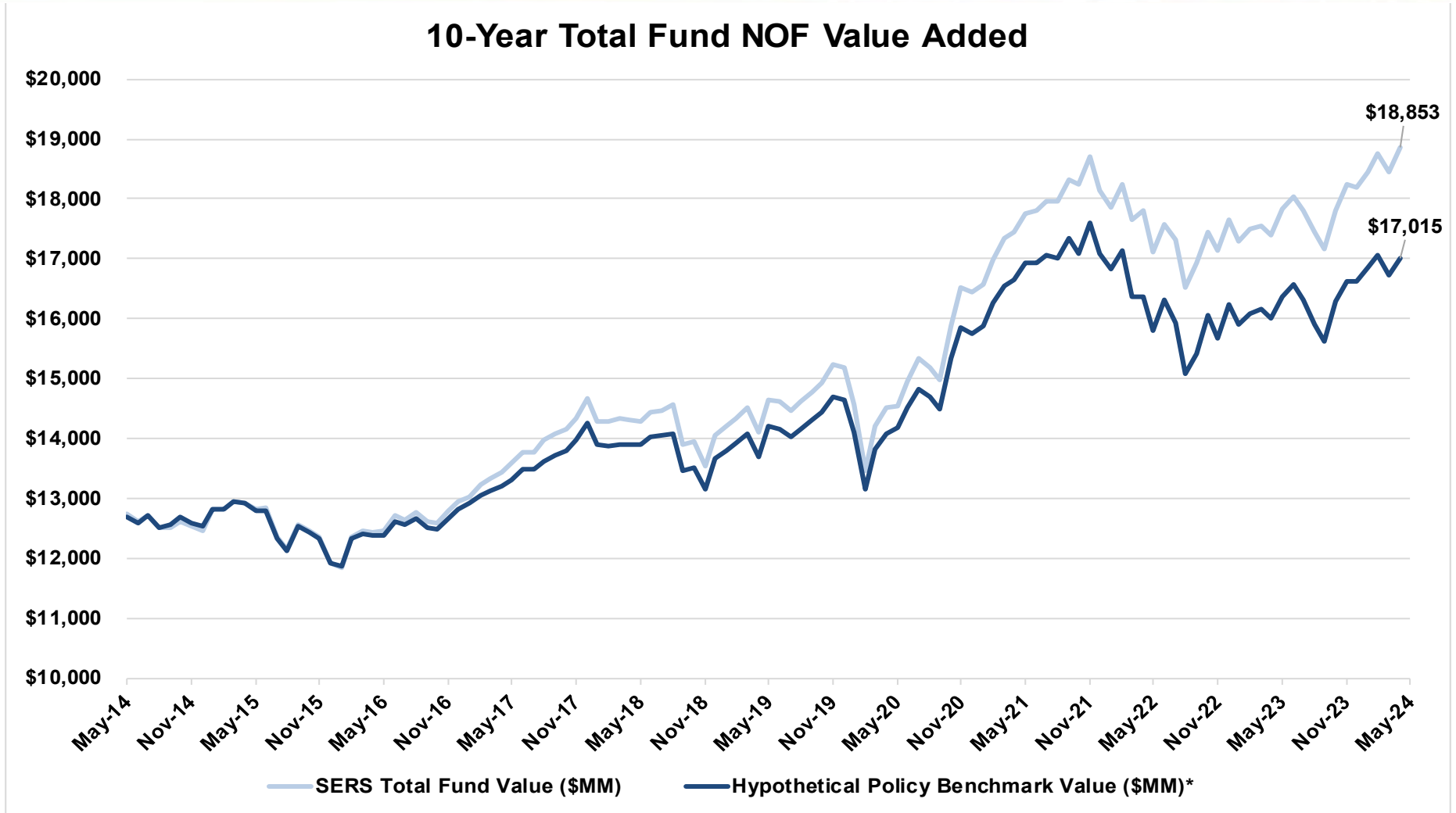
*ITD is Inception date 10/1/1994 (29 years and 8 months)

**For each period, calculated as the difference between the actual change in fund assets and the hypothetical change in fund assets under a benchmark-returns scenario.

**Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.



Total Fund Performance



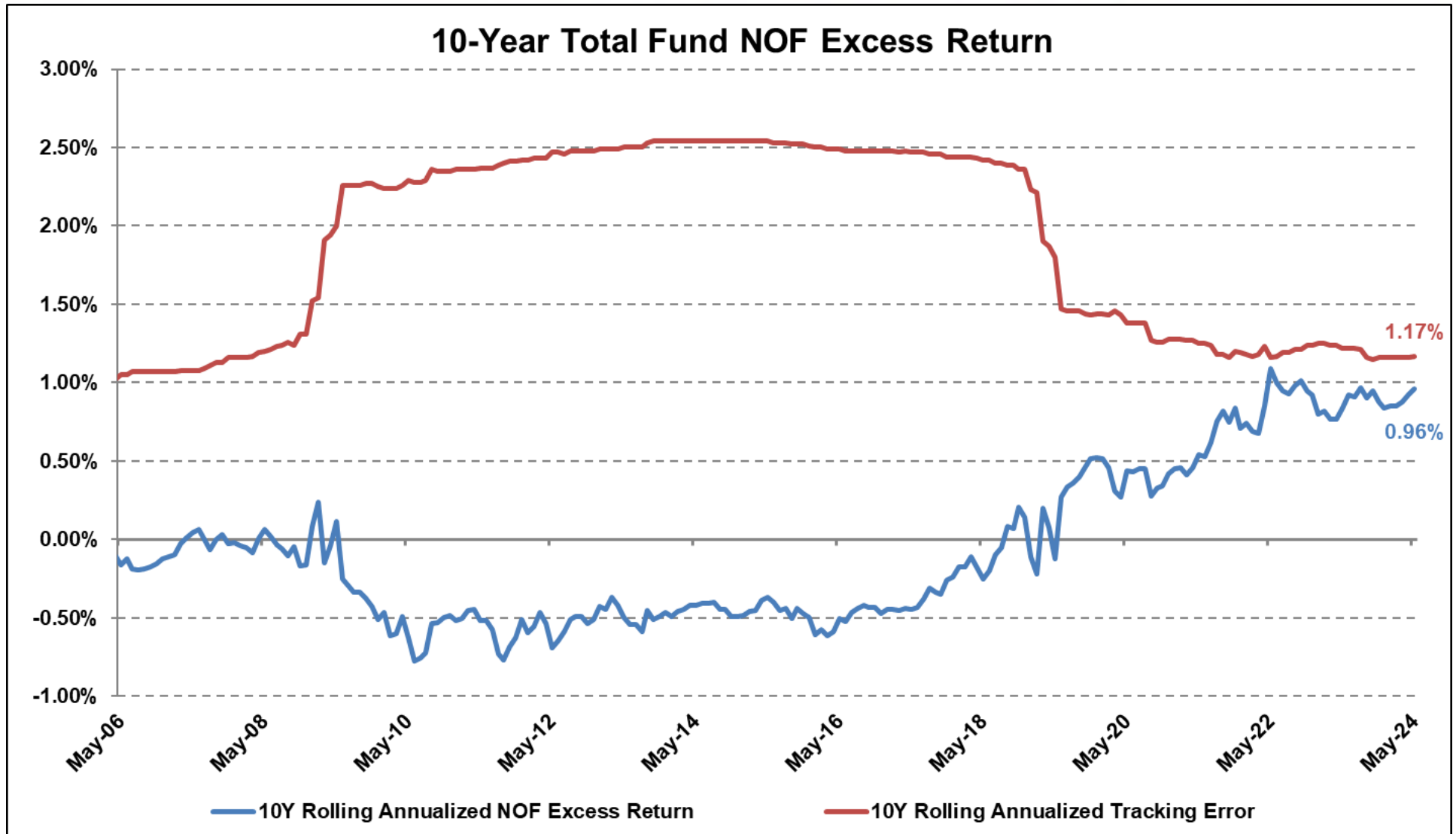
Source: BNY Mellon GRS

*Calculated as the hypothetical change in fund assets under a policy benchmark-returns scenario.

*Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.

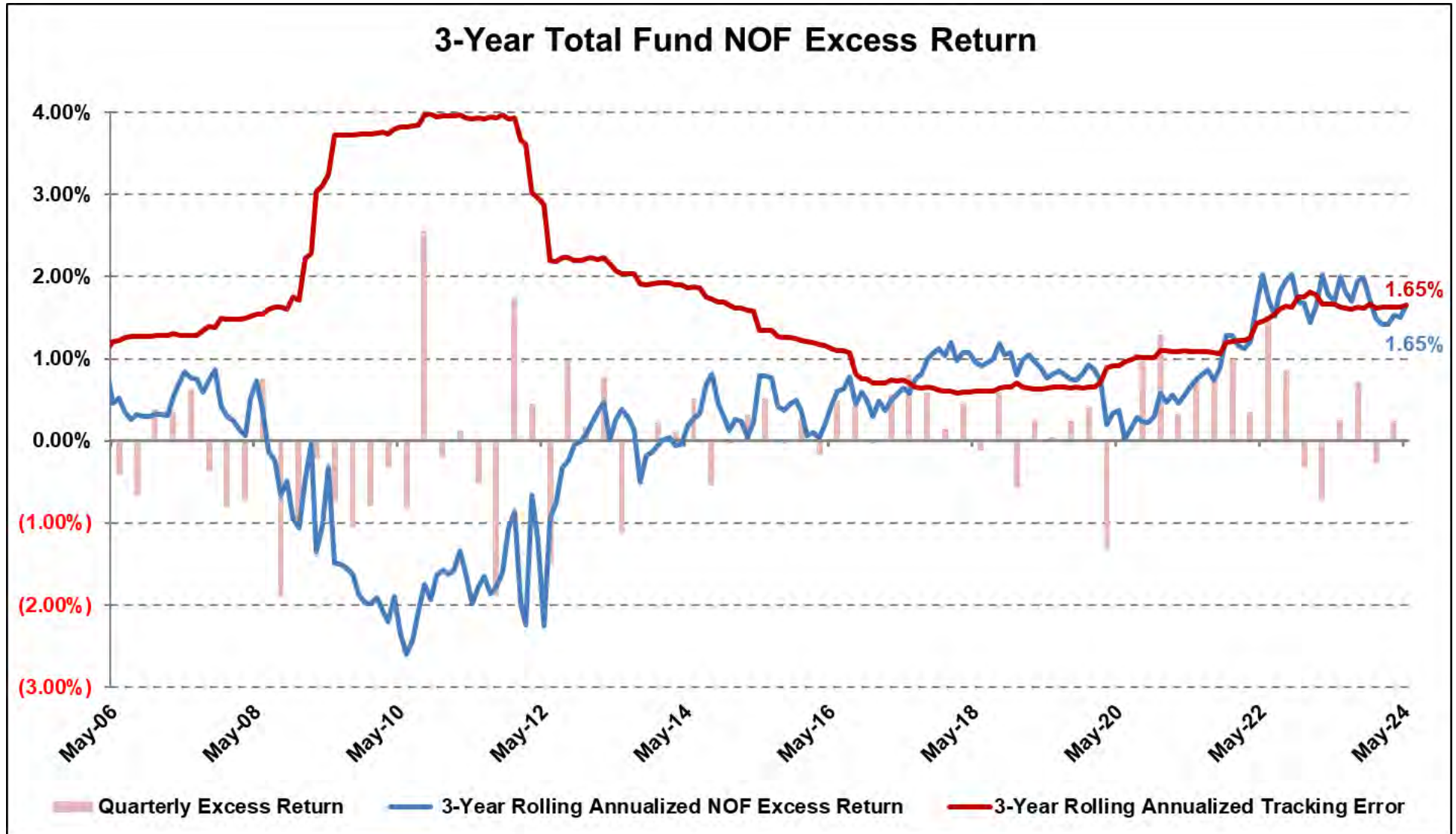


Total Fund Performance



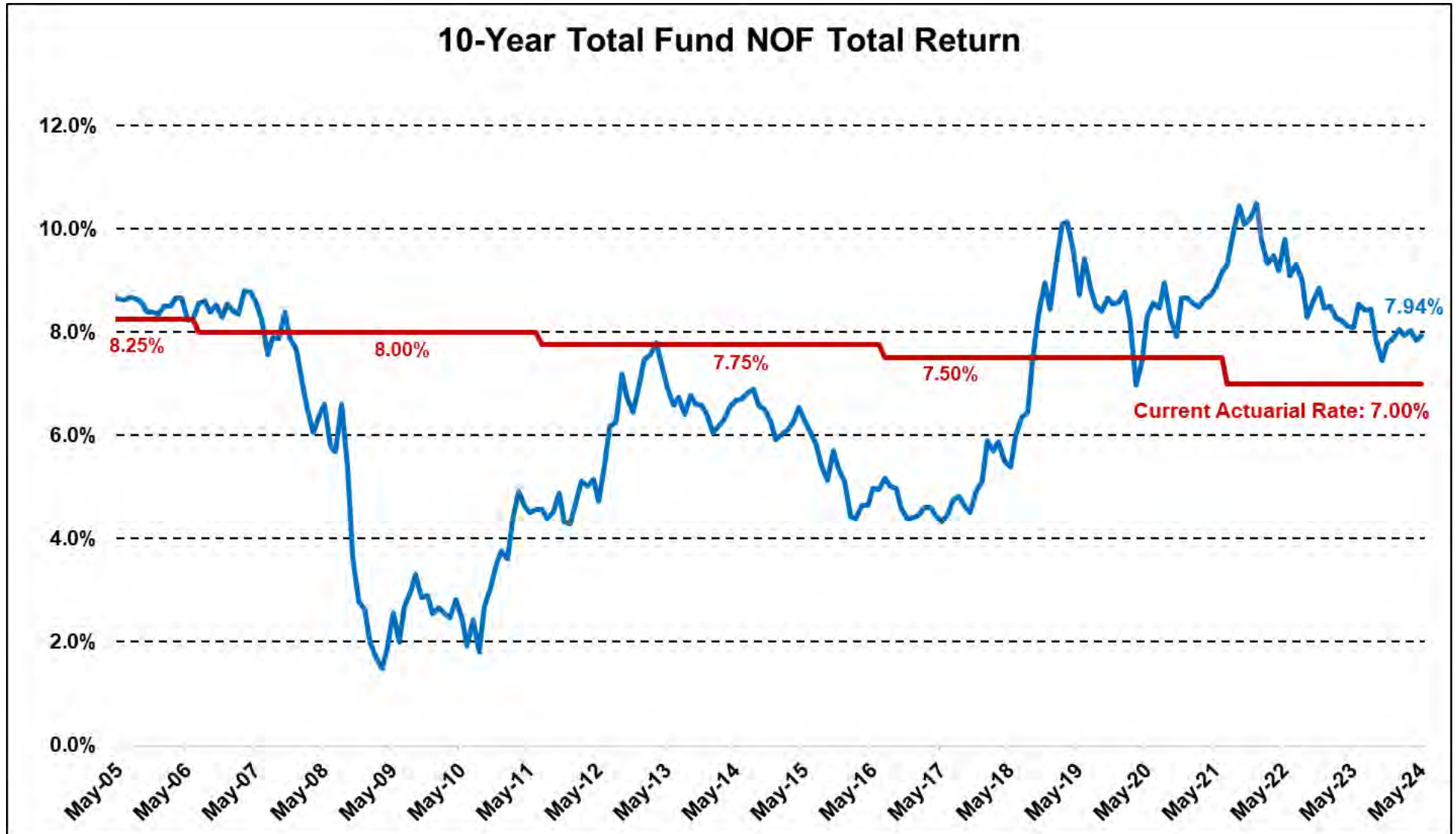


Total Fund Performance



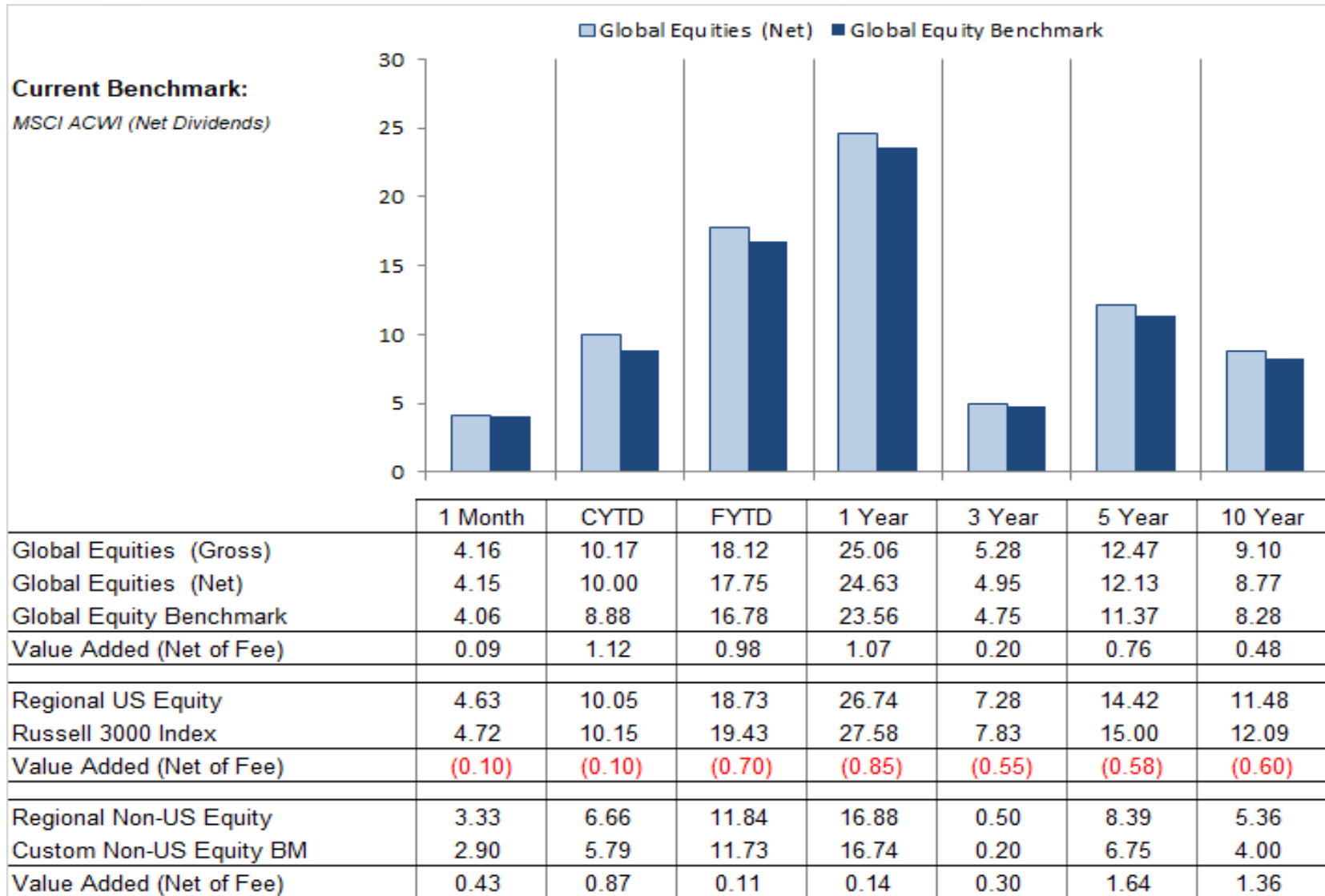


Total Fund Performance





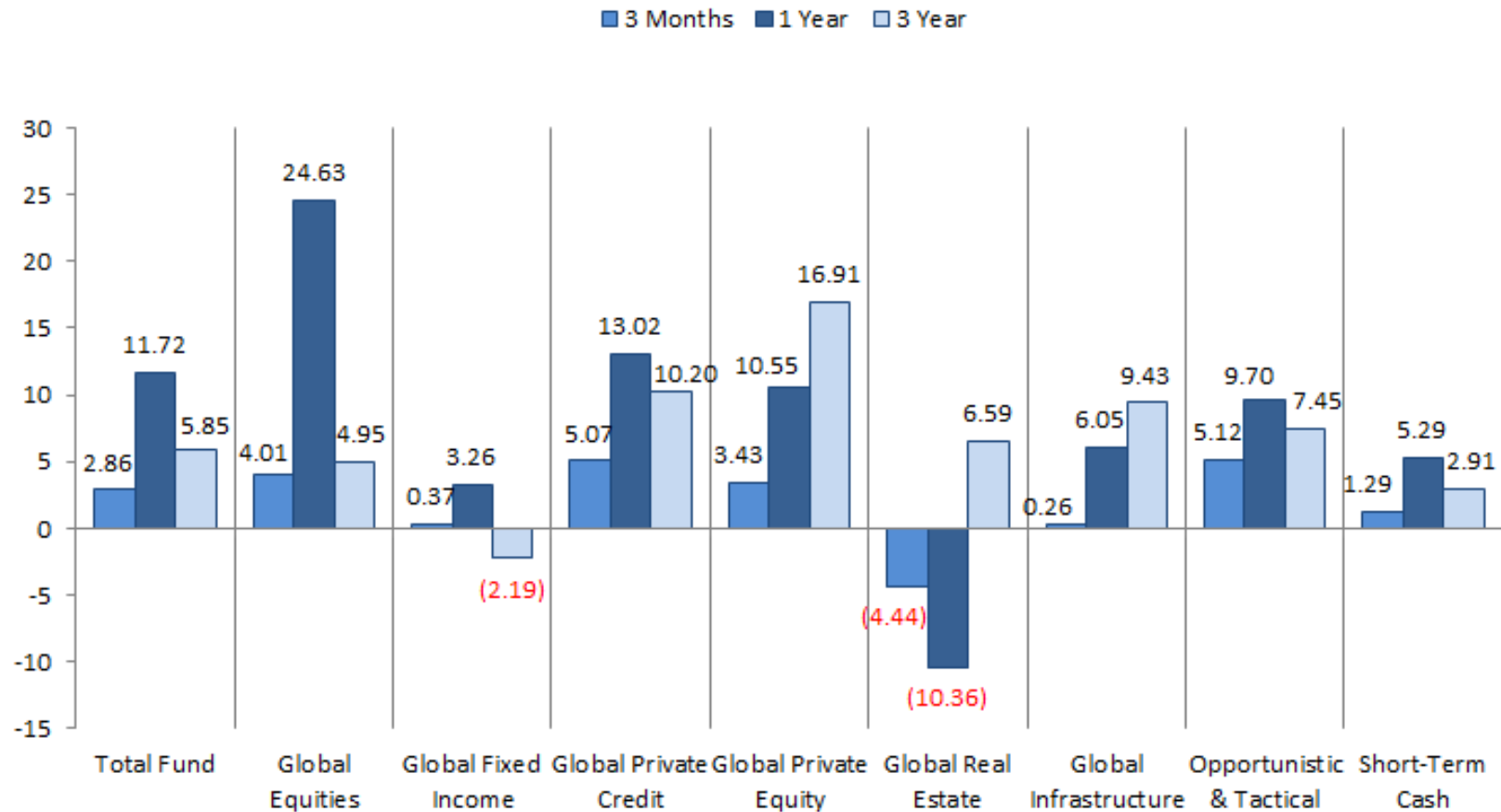
Global Equities Performance



Source: BNY Mellon GRS



Total Fund and Asset Class Performance (Net)



Source: BNY Mellon GRS

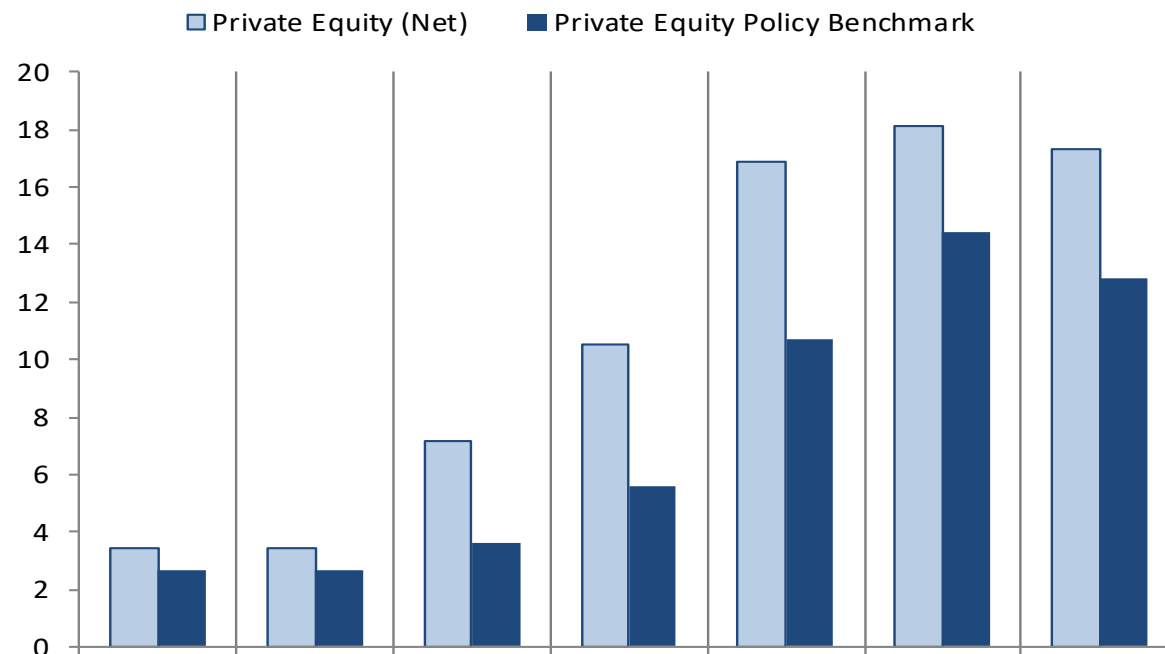


Global Private Equity Performance

Results as of: 03/31/2024

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	3.68	3.68	8.68	12.46	18.90	19.97	18.99
Private Equity (Net)	3.43	3.43	7.16	10.55	16.91	18.12	17.30
Private Equity Policy Benchmark	2.64	2.64	3.65	5.56	10.72	14.44	12.82
Value Added (Net of Fee)	0.78	0.78	3.50	4.99	6.19	3.68	4.48

Source: BNY Mellon GRS

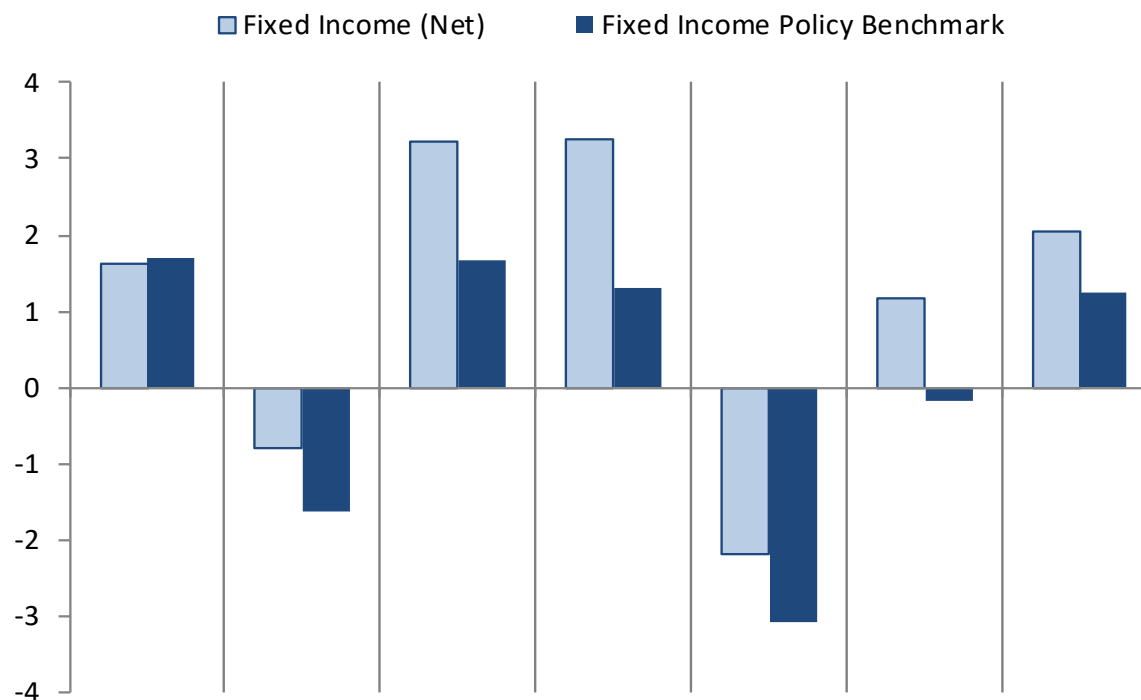
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

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)	1.64	(0.72)	3.47	3.53	(1.92)	1.43	2.28
Fixed Income (Net)	1.63	(0.81)	3.24	3.26	(2.19)	1.17	2.04
Fixed Income Policy Benchmark	1.70	(1.64)	1.67	1.31	(3.10)	(0.17)	1.26
Value Added (Net of Fee)	(0.07)	0.83	1.57	1.95	0.91	1.34	0.78

Source: BNY Mellon GRS

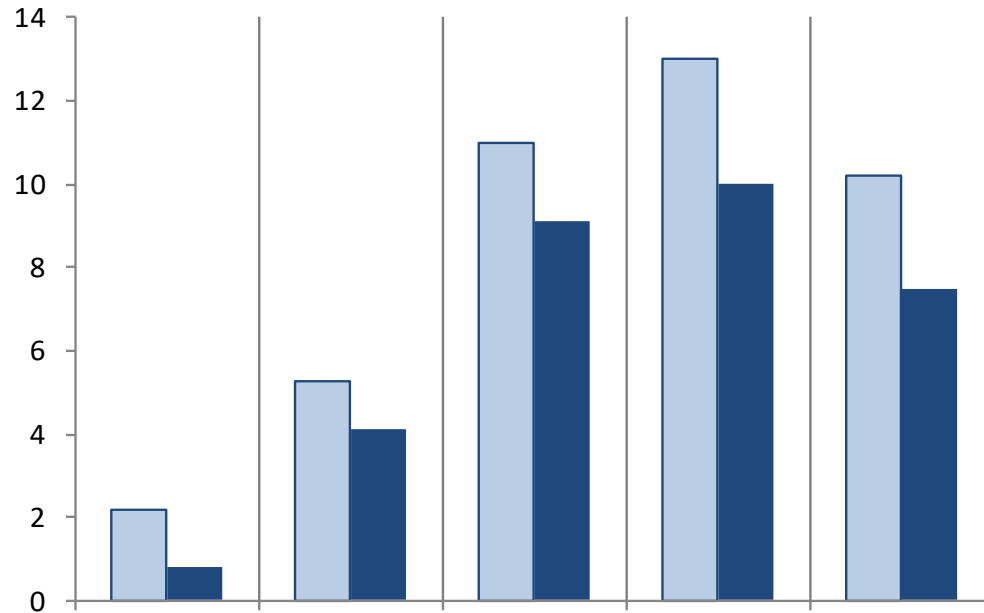


Global Private Credit Performance

■ Global Private Credit (Net)
 ■ Global Private Credit Policy Benchmark

Current Benchmark:

90 Day T-Bill (1q lag) + 4.5%



	1 Month	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	2.24	5.71	12.26	14.69	11.74
Global Private Credit (Net)	2.20	5.27	10.98	13.02	10.20
Global Private Credit Policy Benchmark	0.79	4.11	9.13	9.98	7.49
Value Added (Net of Fee)	1.42	1.15	1.85	3.04	2.72

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 Estate Performance

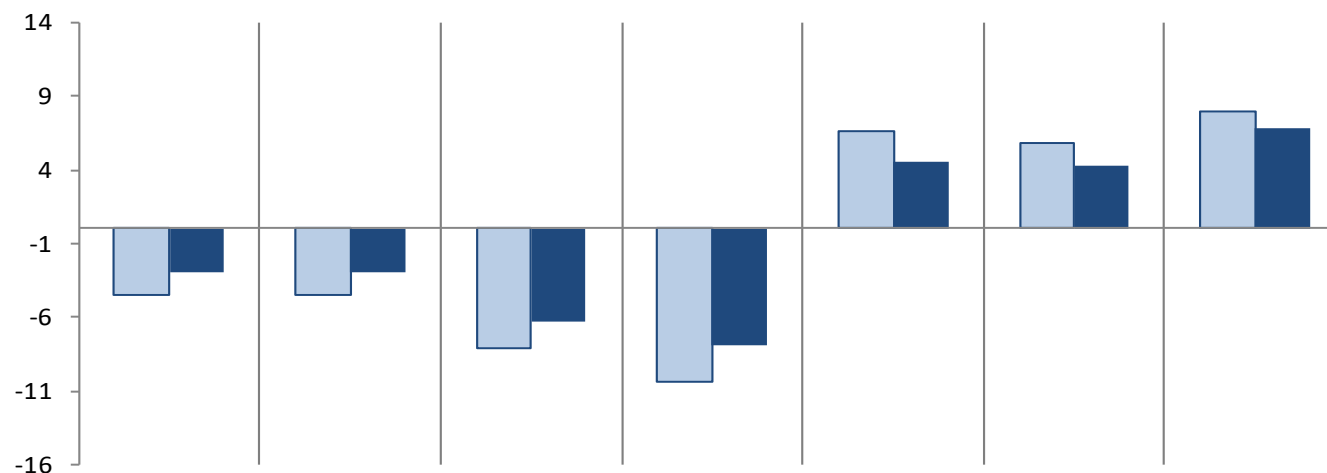
Results as of: 03/31/2024

Real Estate Portfolio (Net)

Real Estate Policy Benchmark

Current Benchmark:

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Estate Portfolio (Gross)	(4.26)	(4.26)	(7.60)	(9.64)	7.59	6.74	8.92
Real Estate Portfolio (Net)	(4.44)	(4.44)	(8.14)	(10.36)	6.59	5.82	7.90
Real Estate Policy Benchmark	(3.02)	(3.02)	(6.24)	(7.94)	4.57	4.33	6.80
Real Estate Value Added (NOF)	(1.42)	(1.42)	(1.90)	(2.42)	2.02	1.49	1.10
Real Estate Core (Net)	(4.68)	(4.68)	(8.51)	(11.01)	7.41	6.38	8.18
Real Estate Policy Benchmark	(3.02)	(3.02)	(6.24)	(7.94)	4.57	4.33	6.80
Real Estate Core Value Added (NOF)	(1.66)	(1.66)	(2.27)	(3.07)	2.84	2.05	1.38
Real Estate Non-Core (Net)	(3.22)	(3.22)	(7.04)	(7.47)	3.37	3.93	7.04
Real Estate Policy Benchmark	(3.02)	(3.02)	(6.24)	(7.94)	4.57	4.33	6.80
Real Estate Non-Core Value Added (NOF)	(0.20)	(0.20)	(0.80)	0.47	(1.20)	(0.40)	0.24

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 Estate performance is reported one quarter in arrears.



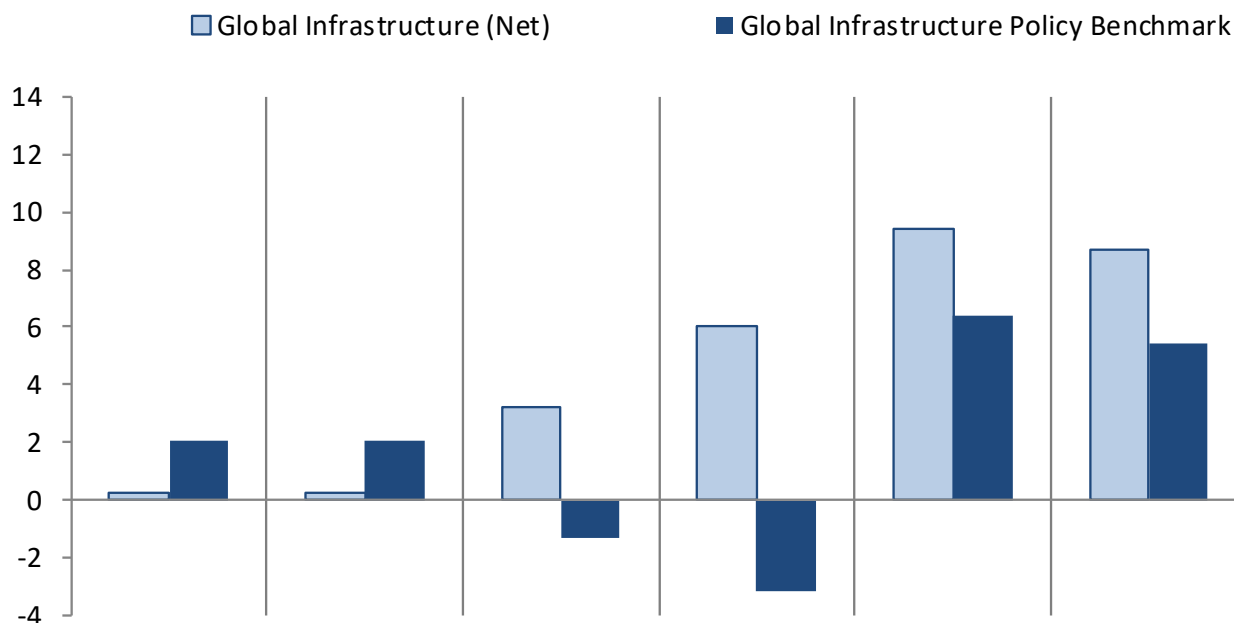
Global Infrastructure Performance

Results as of: 3/31/2024

Current Benchmark:

Quarterly (4 qtrs.) smoothed CPI

+1.20% per quarter



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Global Infrastructure (Gross)	0.44	0.44	3.88	6.98	10.29	9.41
Global Infrastructure (Net)	0.26	0.26	3.22	6.05	9.43	8.66
Global Infrastructure Policy Benchmark	2.04	2.04	(1.34)	(3.13)	6.36	5.40
Global Infrastructure Value Added (NOF)	(1.79)	(1.79)	4.56	9.18	3.07	3.26

Source: BNY Mellon GRS

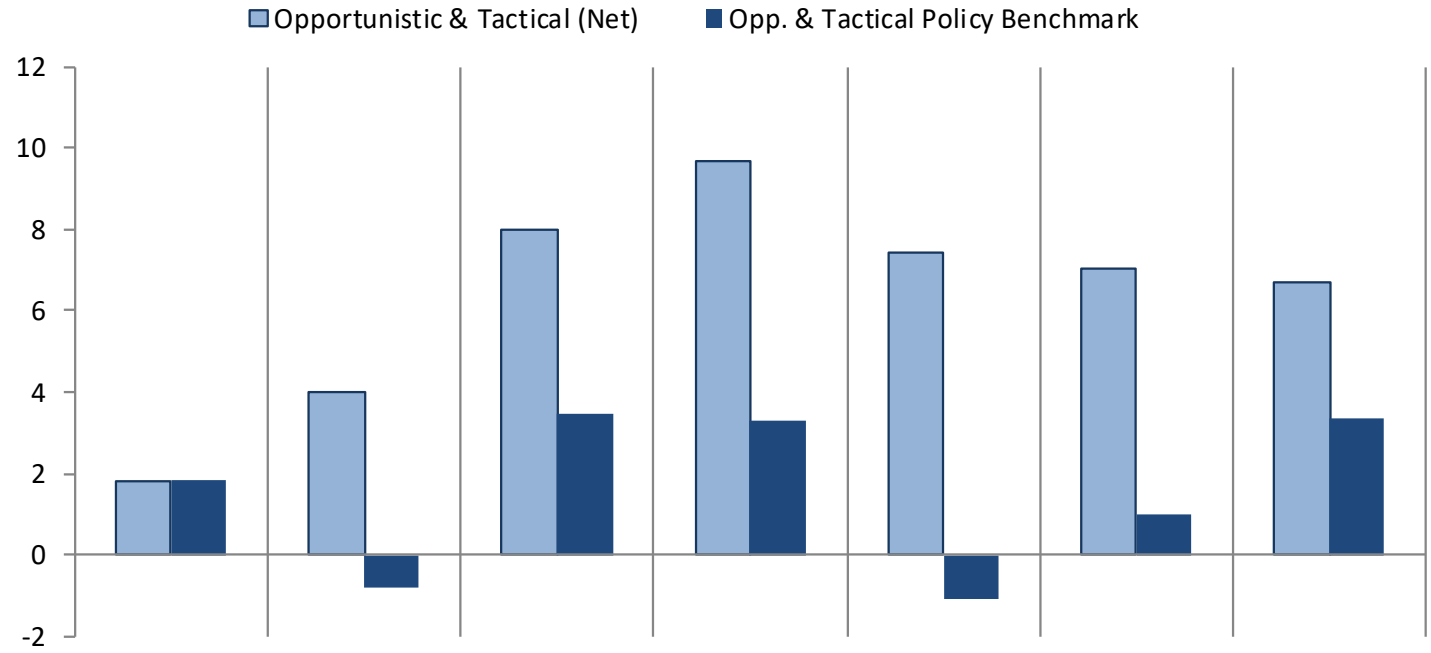
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Infrastructure 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)	1.82	4.25	8.87	10.87	8.66	8.32	8.19
Opportunistic & Tactical (Net)	1.81	3.98	7.99	9.70	7.45	7.04	6.70
Opp. & Tactical Policy Benchmark	1.83	(0.82)	3.49	3.31	(1.10)	1.00	3.35
	(0.02)	4.80	4.50	6.39	8.55	6.04	3.35

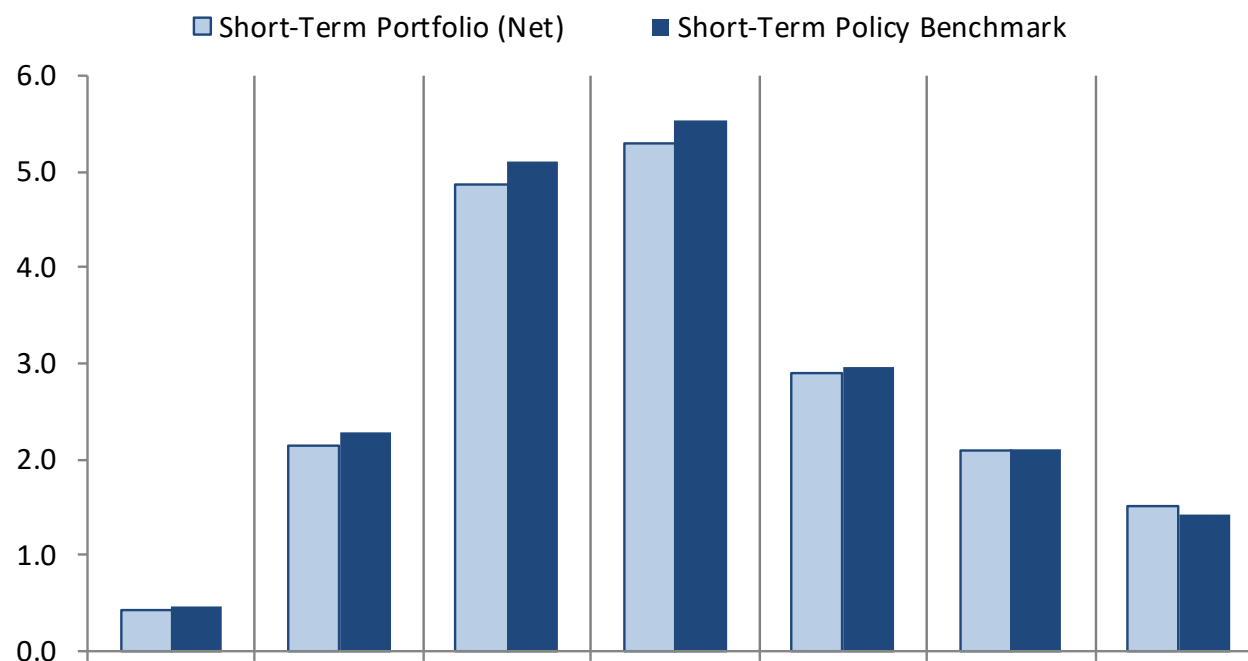
Source: BNY Mellon GRS



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)	0.43	2.14	4.86	5.29	2.91	2.09	1.52
Short-Term Portfolio (Net)	0.43	2.14	4.86	5.29	2.91	2.09	1.52
Short-Term Policy Benchmark	0.46	2.28	5.09	5.54	2.96	2.10	1.43
Value Added (Net of Fee)	(0.03)	(0.14)	(0.23)	(0.25)	(0.05)	(0.01)	0.09

Source: BNY Mellon GRS



Overlay Performance

	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Cash Equivalents with Overlays (Net)	(1.16%)	(7.85%)	(9.95%)	(11.73%)	3.02%	1.82%	1.59%
Short-Term Policy Benchmark	0.90%	2.28%	5.09%	5.54%	2.96%	2.10%	1.43%
Value Added (Net of Fee)	(2.06%)	(10.13%)	(15.04%)	(17.27%)	0.06%	(0.28%)	0.16%
Short-term Cash w/o Overlays (Net)	0.85%	2.14%	4.86%	5.29%	2.91%	2.09%	1.52%
Short-Term Policy Benchmark	0.90%	2.28%	5.09%	5.54%	2.96%	2.10%	1.43%
Value Added (Net of Fee)	(0.05%)	(0.14%)	(0.23%)	(0.25%)	(0.05%)	(0.01%)	0.09%
Overlay Cumulative Net Value Added (\$MM)	(\$10.5)	(\$54.6)	(\$79.3)	(\$73.6)	\$26.8	\$7.2	\$29.5



Proposed Investment Agenda – Next Meeting

BlackRock Presentation on Artificial Intelligence
Annual Overlay Program Review
Wilshire Quarterly Performance Report
Investment Report (June 30, 2024)
Quarterly Risk Report (June 30, 2024)



Investment Committee

INV1-024

Effective Date:	01/20/2012	Revision Date:	09/15/2023	Audience:	Investments
Owner:	Investments	Certifier:	Farouki Majeed, Richard Stensrud	Co-Owner (s):	None
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History				

Purpose

The purpose of this policy is to define structure, rules, and procedures for the Investment Committee and Opportunistic Team in accordance with the Statement of Investment Policy (INV1-001) and the Opportunistic and Tactical Investment Policy (INV1-004).

Policy

INVESTMENT COMMITTEE:

- 1. Structure:** The Investment Committee (“Committee”) is comprised of the Chief Investment Officer (CIO), who serves as Chairperson (“Chair”); Senior Investment Officers (SIO), Investment Officers (IO), all who are licensed [Ohio State Retirement System Investment Officers](#) (“SRSIOs”); with the requisite experience as determined by the CIO, and one Investment Operations staff member to serve as Secretary. All members except the Secretary are voting members. The Executive Director is a non-voting member of the Committee. The Executive Director, Risk Management Department, General Counsel, and Chief Financial Officer, or their respective designees, as well as Associate Investment Officers and Analysts, are required to attend all meetings.
- 2. Rules:** The Chair presides over Committee meetings. A majority of voting members of the Committee, one of whom must be the Chair, constitute a quorum. A quorum is required for voting. Voting members who are unable to attend Committee meetings may call-in to participate in the meeting, but are not permitted to vote and do not count toward a quorum. Meetings are convened by the Chair when a vote or important discussion is to take place. In scheduling meetings, the Chair will make every effort to provide notice to Committee members at least one week in advance. An affirmative vote by the Committee requires a majority vote of the voting members present in-person at the Committee meeting and an affirmative vote by the Chair. In the case of a tie vote, the CIO has the authority to break a tie in favor of the vote. The Secretary records and maintains minutes of Committee meetings and records

all votes.

3. **Sponsors:** Each investment must have at least two Sponsors responsible for leading due diligence efforts and preparing and presenting recommendations. Sponsors shall be SRSIOs; however, the CIO will not act as a Sponsor unless the situation warrants the CIO's involvement, which will be documented in the recommendation to the Committee.

OPPORTUNISTIC INVESTMENTS:

1. **Structure:** The CIO may form an Opportunistic team comprised of a subset of Investment staff to assist the CIO in managing the opportunistic portfolio. When staff identifies a viable investment opportunity, the CIO will determine whether the opportunity is in accordance with the Opportunistic and Tactical Investment Policy (IV1-004). Opportunistic investments must be approved by the CIO and the Committee.
2. Opportunistic investments are subject to the same rules and procedures contained in this document.

CO-INVESTMENTS:

1. In order to allow time flexibility for the approval of [co-investment](#) opportunities, the CIO has authority under the Statement of Investment Policy (INV1-001), as approved by the Board, to either unilaterally approve co-investment or to present a co-investment to the Committee for approval.
2. If the CIO approves a co-investment without Committee consideration, the Sponsors shall present all of the applicable documentation required under paragraph 2 of the Investment Approval Procedure to the Committee at the next scheduled meeting.
3. When the CIO chooses to have a co-investment presented to the Committee, the co-investment is subject to the same rules and procedures contained in this document.

Procedure [Investment Approval](#)

Investment Approval

1. **[Investment Thesis:](#)**
 - a. Once a potential investment is identified for possible approval, the Sponsors of the investment will prepare a written Investment Thesis ("Thesis") and distribute copies to the Executive Director, Risk Management Department, General Counsel, Chief Financial Officer, and Committee members for initial review and comment. The Executive Director may direct comments in writing to the CIO. Initial comments should be sent to the Sponsors within one week of receipt of the Thesis.
 - b. The Sponsors will keep Committee members informed about any changes to the Thesis, progress with due diligence, and expected timeframes for completion of relevant actions.

2. Investment Recommendation and Supporting Documents:

- a. When the Sponsors are ready to seek Committee approval for the investment, they will prepare and distribute to Committee members, the Executive Director, Risk Management Department, General Counsel, and Chief Financial Officer a detailed written investment recommendation justifying the investment.
- b. Supporting documents shall also be distributed to the Committee including:
 - i. An opinion letter from the Investment Consultant as to the proposed investment's compliance to policies.
 - ii. An investment checklist identifying the status of supporting documents.
 - iii. An operational due diligence report on private investments. Investments in publicly traded securities as well as co-investments made to approved funds are exempt from this requirement.
 - iv. The Sponsors will make every effort to provide the investment recommendation and supporting documents one week in advance, but in no event will the investment recommendation and supporting documents be distributed less than 24 hours in advance of the scheduled Committee meeting, unless a shorter time period is agreed to by the Chair.

3. Approvals:

- a. The Chair will schedule a Committee meeting when appropriate.
 - b. When the Chair convenes the Committee, he/she will direct the Sponsors to present the investment to the Committee and allow sufficient time for discussion among Committee members.
 - c. If the Committee is satisfied with the Sponsors' presentation and all questions or issues have been addressed, the Chair will call for a vote. The Secretary will keep the minutes and record the vote of each Committee member
 - d. If the Committee approves the investment under the "Rules" section of the policy, no further Committee action is required. If the investment is not approved by the Committee, the Chair may direct the Sponsors to perform additional due diligence or provide additional information and reconvene the Committee for another vote at a later date.
 - e. The CIO shall have veto authority on any investment approved by the Committee should there be material new information or changes in the investment criteria.
 - f. The CIO shall have authority to approve termination of a manager or refer such recommendations to the Committee depending on the circumstances or urgency.
 - g. Within five business days after the meeting the Secretary will distribute the minutes to the Sponsors for comment. Once the minutes have been
-

finalized by the Secretary, the Secretary will sign the minutes, submit them to the Chair for signature, and distribute to the Committee.

- h. Any significant change to the specific approval of an investment shall be brought back to the Committee for approval. However, if there is any later change to the legal structure of an approved investment any time after an investment has been approved and legal documents have been executed, including situations where a manager is converting a fund to a new limited partnership, new legal documents can be executed without additional committee approval.
- i. Following a Request for Proposal (RFP) search for public market investment managers, more than one manager may be recommended and approved by the Committee. Once the RFP search is completed and final recommendations are submitted to the Committee, the RFP is considered closed.
- j. Investment recommendations for private investments should include an operational due diligence report prepared by the Investment Accounting Department or other designated party. If such report is not presented at the time of the Committee approval, then it must be submitted to the Committee prior to executing legal documents.
- k. If legal documents are to be executed more than 120 days after the Committee approval date, the Sponsors shall submit a summary memo updating any new information to the Committee confirming the good standing of the Committee decision prior to execution of the legal documents. After legal documents are executed, the CIO will decide when to appropriately fund the mandate.

4. Document Execution:

- a. The CIO is authorized to execute necessary documents (such as NDAs), after review by the legal department, during the due diligence process prior to IC approval.
 - b. Once an investment is approved by the Committee, and prior to initial funding, all legal documents will be sent in no particular order to:
 - i. SERS' Risk Management Department, who will affirm that the investment meets the requirements of the Statement of Investment Policy (INV1-001), and
 - ii. SERS' Legal Department, who must approve all legal documents related to the investment.
 - c. Prior to funding an investment approved by the IC, a Request for Review and Signature form must be signed by (1) a Sponsor representing the investment, (2) the CIO or Assistant Director of Investments (representing him/herself and the Committee), (3) a representative of the Risk Management Department, (4) an attorney in SERS' Legal Department, and (5) the Executive Director (ED) or Deputy Executive Director (DED). If either the ED or DED chooses not to sign the signature form due to a perceived violation of SERS policy or applicable law, the ED or DED shall
-

convene a dialogue with the CIO concerning opposition to the investment. During the course of conversation, the CIO may provide reasons for the ED or DED to reconsider the decision. Without the signature of the ED or DED there is no authority to execute the investment contract. In such instances the ED or DED shall provide a memo to the Board and CIO outlining the reasons for the veto.

- d. Once the signature form has been signed by all parties listed in paragraph (b) above, either the CIO or ED may execute any documents necessary to complete the investment.

5. **Additional Commitments**

- a. The CIO has authority to approve an additional commitment to an approved private market investment and will provide an informational memo to the Committee.
- b. In the case of investments in private market open-end funds and publicly traded equity and fixed income strategies, the CIO has authority to add to or detract from existing allocations without Committee approval.

6. **Board Reporting:**

- a. The Sponsors' investment recommendation and the Committee meeting minutes will be distributed to the Board on a monthly basis. Ongoing reporting, monitoring, and performance measurement will be consistent with reporting for all other investments of the Total Fund.
- b. Updates on Committee activities and manager hirings / terminations will be provided to the Board on a monthly basis.
- c. The Investment Committee Policy shall be reviewed with the Board by the CIO on an annual basis for informational purposes.

Definitions

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.

Investment Thesis – An initial investment memo outlining the proposed investment, its merits and risks, and the rationale for including it in a portfolio.

Sponsors – Investment Staff members who jointly recommend an investment. These individuals shall be licensed as State Retirement System Investment Officers.

State Retirement System Investment Officers – Individual SERS investment staff members who are licensed by the Division of Securities in the Ohio Department of Commerce in accordance with Ohio Revised Code Section 1707.01.

Related Documents and Information

Statutes:	N/A
Rules:	N/A

Document Links: [Purpose](#), [Policy](#), [Procedure](#), [Definitions](#), [Related Documents](#), [Policy History](#)

Forms: Request for Review and Signature (Form INV-7004)

Policy History

Version 1 – January 20, 2012 – Created – Approved by Robert Cowman and Lisa Morris
Version 2 – February 11, 2013 – Edited – Approved by Farouki Majeed and Lisa Morris
Version 3 – April 3, 2013 – Edited – Approved by Farouki Majeed and Lisa Morris
Version 4 – August 6, 2013 – Edited – Approved by Farouki Majeed and Lisa Morris
Version 5 – February 22, 2016 – Edited – Approved by Farouki Majeed and Lisa Morris
Version 6 – April 21, 2016 – Edited - Approved by Farouki Majeed and Lisa Morris
Version 7 – September 27, 2016 – Edited - Approved by Farouki Majeed and Lisa Morris
Version 8 – February 28, 2017 – Edited, Approved by Farouki Majeed and Helen Ninos
Version 9 – March 19, 2018 - Edited, Approved by Farouki Majeed and Richard Stensrud
Version 10 – June 9, 2020 - Edited, Approved by Farouki Majeed and Richard Stensrud
Version 11 – May 18, 2021 – Edited, Approved by Farouki Majeed and Richard Stensrud

FEDERAL LEGISLATION BOARD REPORT
118th United States Congress
(Prepared by Chris Collins as of July 5, 2024)

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. 322 co-sponsors; 11 Ohioans

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. 59 co-sponsors; Both Ohio Senators

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: 103 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: 186 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: 35 co-sponsors; two Ohioans

H.R.7780

SPONSOR: Rep. Greg Murphy (R-NC)

LAST ACTIONS: House - 03/21/2024 Referred to the House Committee on Ways and Means

CAPTION: To amend the Internal Revenue Code of 1986 to prohibit certain retirement plans from making investment decisions on the basis of factors other than financial risk and return factors.

COMMENT: 3 co-sponsors; no Ohioans

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of June 7, 2024)

135th General Assembly

SB 6 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: 06/18/2024 House Financial Institutions, (Second Hearing)

HB 4 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

HB 33 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: 01/24/2024 Consideration of Governor's Veto; Senate Overrides Veto, Vote 24-8

HB 146 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: 04/10/2024, ADOPTED BY SENATE; Vote 30-0

HB 257 VIRTUAL MEETINGS FOR PUBLIC BODIES (Hoops, Claggett) - To authorize certain public bodies to meet virtually, and to declare an emergency.

Current Status: 06/26/2024 Senate Government Oversight, (Second Hearing)

HB 491 STATE, LOCAL GOVERNMENT EXPENDITURE DATABASE REQUIREMENTS (Young, Peterson) - To require a political subdivision or state retirement system to provide information on expenditures to the Treasurer of State for inclusion in the Ohio State and Local Government Expenditure Database.

Current Status: 06/11/2024 House State and Local Government, (Second Hearing)

Memo

To: Retirement Board
From: Richard Stensrud
CC: Karen Roggenkamp, Joe Marotta, John Grumney, Marni Hall
Date: July 12, 2024
Re: CBBC Timeline 2024

With the August 1st effective date of the CBBC coming soon, I thought it would be helpful to provide you with a recap of how we have progressed to this point and note the various measures that have been put in place to help assure that its implementation is as seamless as possible. Included in your Board materials is a CBBC implantation timeline starting with the initial pension sustainability discussions in 2021 and key milestones throughout the project completion.

Please let me know if you have any questions.



CBBC IMPLEMENTATION 2021 – 2024

The CBBC concept was initially included as part of the Board’s sustainability materials in 2020.

2021

May 2021: Board discussed Contribution Based Benefit Cap (CBBC) for the first time.

September 2021: Board authorized staff to draft CBBC legislation.

October 2021: Board approved CBBC legislation draft.

2022

January 2022: SERS discussed CBBC at Advocacy Group Roundtable.

Spring 2022: Met with state legislators in Ohio House and Senate to educate and advocate for introduction of a CBBC legislative proposal.

May 2022: SB347, SERS’ CBBC bill, introduced by Senators Kirk Schuring (R-Canton) and Jay Hottinger (R-Newark).

May 2022: Ohio Retirement Study Council (ORSC) recommended passage of CBBC legislation.

Summer 2022: Received a copy of a letter of support for CBBC legislation from School Employee Retirees of Ohio (SERO) to the bill sponsors.

2023

January 2023:

- SERS discussed CBBC at Advocacy Group Roundtable.
- Discussed CBBC at Ohio Association of School Business Officials (OASBO) employer meeting.

February 2023: CBBC information included in *Employer Bulletin*.

Spring 2023: SERS staff met with members of the new House Pensions Committee and ORSC to provide the latest information about SERS and brief them on the CBBC proposal.

March 2023: Added CBBC to *Employer 101 Workbook*, *Employer Handbook*, and slide presentations.

April 2023: CBBC legislation was re-introduced as a stand-alone bill (HB 146) by Rep. Adam Bird (R-New Richmond).

May 2023:

- HB 146 received two hearings with support from SERS, SERO, and POP5.
- HB 146 is approved by the Ohio House Pensions Committee.
- CBBC mentioned on SERS’ Facebook page.

June 2023: SERS’ CBBC language was added as an amendment to the State Operating Budget bill, HB 33.

July 2023:

- HB33 signed into law on July 3.
- CBBC information included in *Retiree Focus*.
- Added website story about CBBC becoming law.

August 2023:

- Launched CBBC Explained web page on www.ohsers.org.
- CBBC information included in member *Future Matters*.

Oct. 2023:

- The effective date of R.C. 3309.363 was October 3, 2023.
- The Board set the CBBC factor at 6.25.
- SERS reaches out to 13 members affected by CBBC who could retire before the Aug. 1, 2024, implementation date.

November 2023:

- Created *What is the CBBC?* Handout for website and mailings.
- CBBC information included in *Employer Bulletin*.
- Added CBBC to *Member Benefit Guide*, *Service Retirement Guide*, and *Conversion Guide*.
- SMART updated to enable CBBC calculations.
- Began flagging retirement estimates for potential CBBC reductions.

2024

January 2024: SERS discussed CBBC at Advocacy Group Roundtable.

April 2024: The Board authorized filing a new CBBC rule, 3309-1-70, with JCARR.

August 1, 2024: CBBC implementation date.

August 2024: Member Annual Statements will include notification if reduced by CBBC. Mailing will also include member *Future Matters* providing CBBC information.

EXECUTIVE SESSION

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

IN EXECUTIVE SESSION AT _____ A.M./P.M.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.



FY2020 – 2024 STRATEGIC PLAN Final Progress Report

School Employees Retirement System of Ohio





Strategic Plan FY2020-2024 Goals

GOAL #1: Fund Sustainability

Our pension fund is designed to be sustainable and adaptive to meet the needs of our members, employers, and retirees.

GOAL #2: Healthcare Sustainability

Our approach to healthcare focuses on program sustainability and access to quality care.

GOAL #3: Service Delivery

Our service delivery is responsive and shaped by the needs of those we serve.

GOAL #4: Operations

Our systems and processes foster organization-wide efficiency, agility, and accountability.

GOAL #5: Culture

Our culture promotes a high-performing team driven by mission and continuous improvement.

GOAL #6: Communications and Engagement

Our communications and stakeholder engagement promotes awareness, transparency, accountability, and trust.



Strategic Plan FY2020-2024 Goals and Strategies

GOAL #1

PENSION FUND SUSTAINABILITY

Our pension fund is designed to be sustainable and adaptive to meet the needs of our members, employers, and retirees.

- Strategy 1.0** – Assist the Board in identifying plan design features that are sustainable, meet the recruiting/retention goals of employers, and provide value to members and retirees.
- Strategy 2.0** – Support the development and execution of sustainability action plans to implement measures identified by the Board.
- Strategy 3.0** – Support the Board's ongoing analysis of risks to sustainability and develop measures to mitigate those risks.
- Strategy 4.0** – Maintain an investment program that meets or exceeds investment objectives over the long-term.

GOAL #2

HEALTHCARE SUSTAINABILITY

Our approach to healthcare focuses on program sustainability and access to quality care.

- Strategy 1.0** – Support Board's development of healthcare options with consideration to funding availability and retiree needs.
- Strategy 2.0** – Maximize available healthcare resources through innovation and adaptability.
- Strategy 3.0** – Advocate for and support public policy healthcare solutions through innovation and enterability.

GOAL #3

SERVICE DELIVERY

Our service delivery is responsive and shaped by the needs of those we serve.

- Strategy 1.0** – Evolve our service delivery model to continually improve internal and external customer focus.
- Strategy 2.0** – Improve the customer service experience through data and analytics.

GOAL #4

OPERATIONS

Our systems and processes foster organization-wide efficiency, agility, and accountability.

- Strategy 1.0** – Establish operational performance metrics across the organization.
- Strategy 2.0** – Develop and implement an agile and forward-looking IT vision and philosophy.
- Strategy 3.0** – Ensure our allocation of staff and resources align with the organization's strategic goals and priorities.
- Strategy 4.0** – Implement and maintain an appropriate organization risk management program.

GOAL #5

CULTURE

Our culture promotes a high-performing team driven by mission and continuous improvement.

- Strategy 1.0** – Establish a demonstrated culture of collaboration, shared accountability, and innovation.
- Strategy 2.0** – Fully realize the benefits of a diverse workforce and an inclusive environment.
- Strategy 3.0** – Foster the professional growth and development of our staff.
- Strategy 4.0** – Attract and retain a high-quality workforce.

GOAL #6

COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

Our communications and stakeholder engagement promotes awareness, transparency, accountability, and trust.

- Strategy 1.0** – Establish a demonstrated culture of collaboration, shared accountability, and innovation.
- Strategy 2.0** – Maintain and enhance SERS' credibility and relationships with our stakeholders to build understanding and support.
- Strategy 3.0** – Utilize communication tools and tactics that promote alignment with organizational goals and objectives.



Strategic Plan FY2020-2024 Prior Updates

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February 17, 2023, Board Retreat



April 20, 2023, Board Meeting



Strategic Plan FY2020-2024 Final Review



July 18, 2024



Strategic Plan FY2020-2024: 5-Year Highlights

- SERS Celebrated 85 Years.
- Our commitment to Mission, Vision, Values, and Core Beliefs remained steadfast.
- We differentiated ourselves from other Ohio systems.
- Investment performance was top tier.
- Service delivery continued to be “high touch” while adding more electronic delivery options.
- Technology changed how we do our daily jobs.
- We strengthened operational flexibility and resiliency.
- Communication and stakeholder outreach increased utilizing personal and virtual opportunities.
- Staffing is more diverse, hiring is challenging, however, our culture is strong.
- We are proud and humble to be SERS!



Strategic Plan FY2020-2024: The Unplanned

- Global pandemic and the duration.
- Shift to remote work and then hybrid models has become mainstream.
- Commercial real estate/office leasing is challenging as employers have reduced office footprints.
- Tight US labor market and Columbus growth. High service job turnover.
- Member compensation elements have evolved impacting pensionable compensation.
- Inflation and supply chain impacts.
- Exponential increase in worldwide cybersecurity incidents.
- Increased scrutiny of defined benefit plans, Board governance challenges, and legislative mandates.



Strategic Plan FY2020-2024: Plan Successes

- All six goals had significant and measurable accomplishments.
- We used our defined strategies effectively to obtain results.
- Priorities and timelines shifted during the five-year period.
- We responded effectively to unexpected events.
- Organizational leadership matured and improved.
- Success indicators changed during the Plan period.
- Goals and strategies carry forward into FY2025-2029 Plan.
- The new Plan incorporates more measurable action items, puts less emphasis on pre-determined timelines, and places additional focus on change management.



GOAL 1: PENSION FUND SUSTAINABILITY

OUR PENSION FUND IS DESIGNED TO BE SUSTAINABLE AND ADAPTIVE TO MEET THE NEEDS OF OUR MEMBERS, EMPLOYERS, AND RETIREES.

Top 5 Accomplishments

- Board completed a comprehensive Pension Sustainability review. Review included: alternate benefit formulas, risks to the fund, retirement age/eligibility, FAS, vesting, disability program review, 120-day school year, benefit inflation, actuarial assumption, and investment trends.
- Board voted to seek legislation to prevent inflation of member benefits through a Contribution Based Benefit Calculation (CBBC). Legislative approval obtained, CBBC factor established by Board, CBBC programming completed, member outreach campaign conducted, CBBC effective August 1, 2024.
- Retiree COLA resumed in 2021 keeping our member commitments.
- Board engaged in Investment performance. Through May 2024, performance exceeded benchmarks across the period achieving a 5-year net return of 9.59%.
- Board annually reviewed actuarial risks and the asset/liability study was completed Q3 FY2024.



GOAL 1: PENSION FUND SUSTAINABILITY

COLA CHANGES: WHAT YOU NEED TO KNOW

How Did the Cost-of-Living Adjustment (COLA) Change?

On June 26, 2017, HB 49 was passed by the Ohio legislature. This bill:

- Changed SERS' 3% fixed COLA to a COLA based on the Bureau of Labor Statistics' January-June measurement of the CPI-W with a cap of 2.5% and a floor of 0% beginning January 1, 2018
- Gave the Board the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. However, any adjustment above or below CPI-W could only be enacted if the system's actuary determines it would not materially impact the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system.

On October 9, 2017, the SERS Board voted 6-2 to:

- Implement a three-year COLA suspension for all SERS retirees and benefit recipients beginning January 1, 2018
- Authorize staff to seek legislation that will delay the start of COLA increases for future retirees and benefit recipients until the fourth anniversary of their allowance of benefit, which means that future increases are treated similarly to current retirees and benefit recipients with respect to COLA.

On November 28, 2017, the Ohio legislature passed SB 8, which gave SERS' Board the authority to determine the COLA owed for future retirees. For benefits effective April 1, 2018 and after, benefit recipients have to wait until the fourth anniversary of their allowance of benefit before they receive a COLA.

Why Were These COLA Changes Necessary?

Why were these changes necessary?

Since SERS was not in financial crisis, the COLA changes were necessary to address immediate financial challenges and long-term funding goals.

Immediate Financial Challenges

- At the time these changes were made, SERS had little control to weather another major financial recession. Following the Great Recession, SERS' funding decreased from 42% in 2008 to 10% in 2013. As of June 30, 2021, SERS was 74% funded over 23 years.
- SERS' funding policy states that employer contributions cannot be used to support health care and pension funding reaches 70%. Above the Health Care Fund, two other sources of revenue, funding from employer contributions is historically one of the largest sources of income for health care.

Long-Term Funding Goals

- Moreover, SERS' funding policy states that the long-term goal is to get to 95% funded.
- To speed up the funding progress, the Board changed the funding policy so that all 14% of employer contributions would be used to fund pensions with nothing going to health care until the pension fund reached 70% funded. An increased amount of employer contributions can be devoted to health care when funding achieves the 60% and 50% levels. (12/4/21)

8907013 Rev. 1/2022 Page 1 of 1
 Retiree Employees Retirement System of Ohio - Serving the People of Ohio - Our Shared Future
 380 E. Broad St., Suite 100, Columbus, Ohio 43215-3141 | (614) 227-3832 | Toll-Free (800-876-6833) | www.sersnet.org

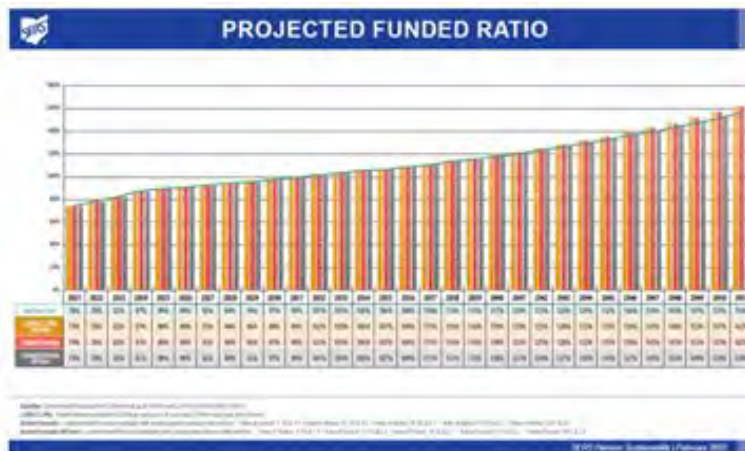
CBBC CALCULATION EXAMPLE

CBBC FACTOR * ANNUITY AMOUNT = CBBC CALCULATION

CBBC FACTOR 5*	5
ANNUITY AMOUNT	x \$6,511
CBBC CALCULATION	\$32,555

CBBC FACTOR 6*	6
ANNUITY AMOUNT	x \$6,511
CBBC CALCULATION	\$39,066

*Example. The Board will determine the CBBC factor at an upcoming meeting.





GOAL 2: HEALTH CARE SUSTAINABILITY

OUR APPROACH TO HEALTH CARE FOCUSES ON PROGRAM SUSTAINABILITY AND ACCESS TO QUALITY CARE.

Top 5 Accomplishments

- Board approved a rule change to terminate Medicare Advantage Plan coverage for members who did not secure Medicare Part B coverage as required by Medicare.
- Board reviewed Medicare and non-Medicare programs and the impact of Inflation Reduction federal legislation.
- Board approved and Staff implemented expanded non-Medicare Marketplace health insurance incentives and counseling with HealthSCOPE, now UMR. Resulted in improved financial benefits for both members and Fund.
- Medicare Advantage benefits enhanced.
- Health Care Fund ended 2023 with 38 years of funding, an all-time high.



GOAL 2: HEALTH CARE SUSTAINABILITY



MARKETPLACE WRAPAROUND
Health Reimbursement Arrangement (HRA)

EXCLUSIVELY FOR: SERS NON-MEDICARE RETIREES

- Additional coverage for your out-of-pocket health care costs
- Up to \$2,100 in reimbursement per family
- Personal enrollment assistance from a UMR consultant

SERS has partnered with UMR to offer this coverage option for SERS' health care participants. SEE INSIDE FOR DETAILS.



GOAL 3: SERVICE DELIVERY

OUR SERVICE DELIVERY IS RESPONSIVE AND SHAPED BY THE NEEDS OF THOSE WE SERVE.

Top 5 Accomplishments

- Benefit payments moved from direct mail to electronic delivery (e.g. direct deposit, pay notices, refunds).
- End-of-life telecommunication system replaced with added features for Member Services Call Center.
- Member and employer portal security improvements – foundation for “portal reimagination” projects. Project priorities based on member call volume pain points (e.g. refund application status).
- eDocuments functionality added to the member portal (e.g. power of attorney, birth certificates, marriage license).
- Cobalt survey results continued high rankings in 95th percentile compared to peers.



GOAL 3: SERVICE DELIVERY



zoom



GOAL 4: OPERATIONS

OUR SYSTEMS AND PROCESSES FOSTER ORGANIZATION-WIDE EFFICIENCY, AGILITY, AND ACCOUNTABILITY.

Top 5 Accomplishments

- SERS enhanced Risk Management oversight with expanded Information Security efforts to align with pandemic impacts, meet cybersecurity threats, incorporate 3rd party risk monitoring, and improve disaster recovery/business continuity.
- Information Governance Project migrated files to cloud storage and compliance to records retention policies. Digital conversion from microfiche and tape. Over 3,800 reels with many record pages were converted to digital. Resulted in improved record keeping and data retrieval for Member Services.
- SERS Board formed four-member Technology Committee.
- Technology Committee approved 5-year Technology Roadmap funding (FY2022) and multiple projects completed/underway.
- Artificial Intelligence policies, planning, and use assessments in place to prepare for impacts.



GOAL 4: OPERATIONS



**INFORMATION
GOVERNANCE**



**ENTERPRISE RISK
MANAGEMENT**





GOAL 5: CULTURE

OUR CULTURE PROMOTES A HIGH-PERFORMING TEAM DRIVEN BY MISSION AND CONTINUOUS IMPROVEMENT.

Top 5 Accomplishments

- Employee Engagement Survey completed June 2021. Refresh June 2023. Continued high scores.
- SERS Values updated with renewed commitment to diversity and inclusion.
- SERS Seven Leadership Pillars and ONE SERS introduced to enhance connection and cross department collaboration.
- Enhancement and relaunch of Individual Development Planning program Q1 FY2021.
- CBIZ Compensation Study completed with ongoing annual analysis and updates by CBIZ. Annual salary structure updates and recommendations.



GOAL 5: CULTURE



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

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

VALUES

- Provide Service
- Be Accountable
- Respect Colleagues
- Promote Efficiency and Practice Innovation
- Embrace Flexibility and Organizational Change

Individual Development Planning Guide

1999-2000-2001



GOAL 6: COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

OUR COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT PROMOTES AWARENESS, TRANSPARENCY, ACCOUNTABILITY, AND TRUST.

Top 5 Accomplishments

- SERS Celebrated 85 years with updated branding and communications to all stakeholders (2023). Added a website page and stories about Myths and Misconceptions education about defined benefit pension plans.
- Increased frequency of “Retiring with SERS” sessions and added virtual conferences to reach more members within one year of retirement.
- We are SERS! - continued outreach on how we differ from other sister systems.
- Active engagement with ORSC, House Pensions Committee, and legislators navigating through multiple leadership changes.
- Staff continued Roundtable Advocacy meetings in-person and virtual. Virtual outreach improved participation.



GOAL 6: COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT





Strategic Plan FY2020-2024 In Closing

Thank you to our Members, Employers, Board, and Staff!

We look forward to continued successful outcomes during our
next 5 years.





STRATEGIC PLAN UPDATE

FY2020 – FY2024

April 20, 2023

[Strategic Plan Development Milestones..... 1](#)

[Strategic Plan Document.....2](#)

[Strategic Plan Progress To Date 14](#)

[Strategic Plan Remaining “To Do” List..... 19](#)

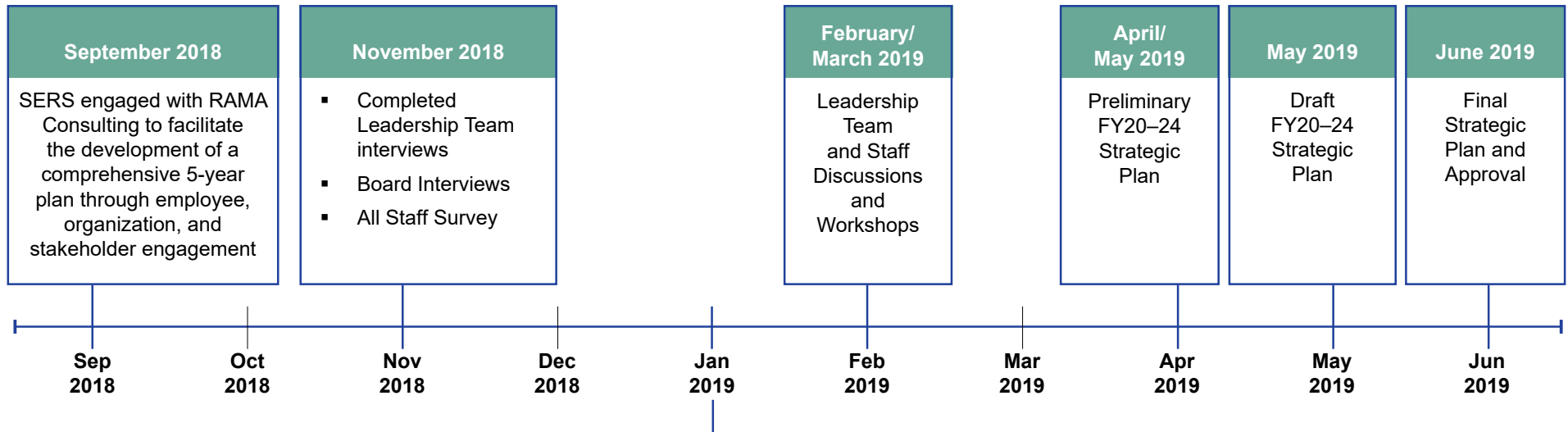
[Strategic Plan Refresh - What’s Next?20](#)





STRATEGIC PLAN DEVELOPMENT MILESTONES

FY2020-2024



December 2018 – January 2019

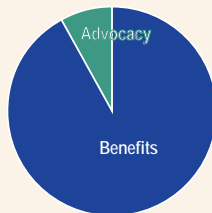
Stakeholder Engagement Survey of members, retirees, and employers

1. Which SERS advocacy partner group does your organization represent?

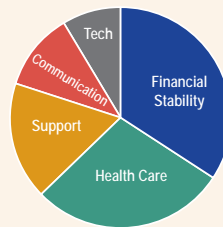
**some respondents represent multiple stakeholder groups*



2. How would you define the business of SERS? In other words, describe briefly in your own words what the organization does.



3. What are the top three challenges facing SERS in next 5 years?



4. What strategies or solutions would you suggest?

Health Care: Negotiate rates, be visionary

Technology: Education and engagement

Financial Stability: Review, Incremental change, streamline, COLA

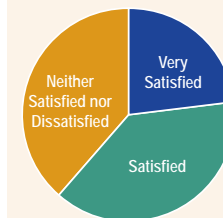
Legislative strategy: Education

5. What are the top 2-3 priorities for SERS?

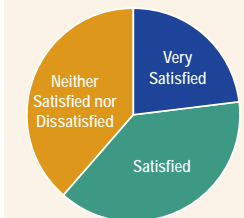
Health Care
Governance
Legislative Strategy

Pension Fund Sustainability (COLA, Health Care, Communication, Maintain current level of benefits, Fund management, Employer contributions, Outreach, Technology)

6. How would your members rate their overall level of satisfaction with communications received from SERS?



7. How would you rate overall satisfaction with the services received from SERS?





STRATEGIC PLAN

FY2020 - 2024

SCHOOL EMPLOYEES
RETIREMENT SYSTEM
OF OHIO



JULY 1 - JUNE 30



INTRODUCTION

The SERS Strategic Planning Project

In 2018, the School Employees Retirement System of Ohio (SERS) initiated the development of a five-year strategic plan to guide the organization's work. Technological and organizational changes inspired the organization's leadership to embark upon a strategic planning process that included a broad number of stakeholders. RAMA Consulting (RAMA), a performance management consulting firm in Columbus, Ohio with expertise in evaluation and assessment, strategic planning, leadership development, and cultural competence, was engaged to facilitate the strategic planning process for SERS' FY2020 – 2024 plan. A highly participative process was designed that included collecting and analyzing survey data, facilitating key informant focus groups, and producing a preliminary report and final strategic plan.

Planning Process Overview

The process was designed to develop a realistic and action-oriented plan for the organization's sustainability and growth over the next five years. The process is summarized below:

LEARNING PHASE



PLANNING PHASE



DOCUMENTATION PHASE



Beyond the primary focus of pension fund sustainability and provision of health care benefits, the organization sought to consider ways in which it could strengthen its infrastructure, service delivery, and culture after the implementation of the new pension administration system (SMART). To aid SERS in crafting its strategic vision, the Board, Leadership Team, Staff, and Advocacy Partners participated in a number of interviews, surveys, workshops, and focus groups to define its goals for the next five years and develop actionable strategies to strengthen infrastructure and service delivery in order to increase efficiency and sustainability. Key milestones of the strategic planning process include:

- **Kick-off Meeting with SERS Leadership:** September 2018
- **Environmental Scan:** September 2018
- **Leadership Team Engagement (interviews and workshops):** Late October 2018 - April 2019
- **Board Engagement (interviews):** November - Early December 2018
- **Staff Engagement (survey and focus groups):** November 2018, February 2019
- **Stakeholder Engagement (survey and focus group):** December 2018 - Early January 2019
- **Preliminary Report:** January 2019
- **Submission and Review of Strategic Plan Framework:** April - May 2019
- **Draft Strategic Plan:** May 2019
- **Final Strategic Plan:** June 2019

***NOTE: The timelines listed in this document reflect the first 18 – 24 months of the strategic plan's duration.**

Throughout the plan's implementation, the organization will revisit and revise actions, timelines, and responsibilities associated with each strategic goal to ensure continued progress. The items contained in this document have been thoughtfully planned and considered to allow the organization to evolve its approach and progress toward the goals identified in the plan.

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

We believe these deeply ingrained principles guide all of our actions and enable SERS to fulfill its mission:

FOCUS • ACCOUNTABILITY • COMMUNICATION • COLLABORATION • INNOVATION

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.

GOAL #1: PENSION FUND SUSTAINABILITY

Our pension fund is designed to be sustainable and adaptive to meet the needs of our members, employers, and retirees.

GOAL #2: HEALTH CARE SUSTAINABILITY

Our approach to health care focuses on program sustainability and access to quality care.

GOAL #3: SERVICE DELIVERY

Our service delivery is responsive and shaped by the needs of those we serve.

GOAL #4: OPERATIONS

Our systems and processes foster organization-wide efficiency, agility, and accountability.

GOAL #5: CULTURE

Our culture promotes a high-performing team driven by mission and continuous improvement.

GOAL #6: COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

Our communications and stakeholder engagement promotes awareness, transparency, accountability, and trust.

GOAL #1

PENSION FUND SUSTAINABILITY

Our pension fund is designed to be sustainable and adaptive to meet the needs of our members, employers, and retirees.

Strategy 1.0 Assist the Board in identifying plan design features that are sustainable, meet the recruiting and retention goals of employers, and provide value to members and retirees.

Action 1.1: Establish metrics for data collection from members and employers that help better inform the plan design and communicate the value of the plan.

Action 1.2: Conduct periodic comparative analyses of pension and benefit plan designs and provide information to the Board inclusive of comparative analysis findings, actuarial studies, and membership demographics.

Action 1.3: Work with the Board to develop a common definition of “sustainability” that will aid in planning efforts.

Action 1.4: Evaluate any proposed plan changes to ensure regulatory compliance.

Success Indicators

- Board prioritization of sustainability recommendations
- Implementation plan for Board-endorsed recommendations
- New data collection metrics
- Comparative analyses of plan designs
- Prepare and provide a report to the Board on comparative analysis findings, actuarial studies, and membership demographics
- Board-endorsed “sustainability” definition
- Evaluation of proposed plan changes

Lead: Executive Director

Target Timeline: Q4 2020

Strategy 2.0 Support the development and execution of sustainability action plans to implement measures identified by the Board.

Action 2.1: Enhance strategies for stakeholder engagement and outreach aligned with Board priorities.

Action 2.2: Expand efforts towards a proactive governmental relations strategy with considerations of legislative and constituent buy-in and support for plan design features.

Action 2.3: Create a framework for implementation of changes considered and/or approved by the Board to develop and communicate timeframes and resources.

Success Indicators

- Updated stakeholder engagement and outreach strategy
- Updated legislative strategy
- Implementation plan for Board-endorsed recommendations
- Board member engagement in plan design

Lead: Executive Director

Target Timeline: Q4 2021

GOAL #1

PENSION FUND SUSTAINABILITY

Our pension fund is designed to be sustainable and adaptive to meet the needs of our members, employers, and retirees.

Strategy 3.0 Support the Board's ongoing analysis of risks to sustainability and develop measures to mitigate those risks

Action 3.1: Determine a framework for evaluating risks to sustainability.

Action 3.2: Determine the most effective method of communicating risks to sustainability to support Board decision-making processes.

Action 3.3: Assist Board in evaluating potential risk mitigation measures.

Success Indicators

- Sustainability evaluation framework
- Communication plan for risk analysis
- Actuarial assumptions assessment

Lead: Executive Director

Target Timeline: Q4 2020

Strategy 4.0 Maintain an investment program that meets or exceeds investment objectives over the long-term.

Action 4.1: Maintain prudent actuarial assumptions.

Action 4.2: Conduct an asset/liability study to assess risks to long-term funding goals and assist the Board in setting an appropriate asset allocation strategy.

Action 4.3: Execute an investment strategy to deliver value-added returns over benchmarks through superior portfolio design and structure, investment selection, risk management, and cost-effectiveness.

Action 4.4: Develop and maintain a high caliber investment team with a strong performance orientation and risk management culture.

Success Indicators

- Actuarial assumptions assessment
- Asset liability study
- Investment strategy results
- Actuarial experience study

Leads: Executive Director
Chief Investment Officer

Target Timeline: Ongoing

GOAL #2

HEALTH CARE SUSTAINABILITY

Our approach to health care focuses on program sustainability and access to quality care.

Strategy 1.0 Support Board's development of health care options with consideration to funding availability and retiree needs.

Action 1.1: Conduct continuous research and cost/benefit analysis on innovations in health care that would make the Plan's benefit more cost-competitive and accessible.

Action 1.2: Support analysis of the proper scope of the sustainable health care program by facilitating the board's decision-making processes on key issues such as eligibility and subsidization.

Action 1.3: Communicate reasonable expectations of stakeholders regarding the health care benefit.

Success Indicators

- Cost/benefit analysis of health care options
- Health care stakeholder communication strategy
- Health care options for sustainability

Lead: Executive Director

Target Timeline: Q4 2020

Strategy 2.0 Maximize available health care resources through innovation and adaptability.

Action 2.1: Continuously analyze the health care landscape and regulatory environment to inform plan design to expand access, manage costs, and ensure the quality of the health care benefit.

Action 2.2: Continually engage stakeholders and other pension systems in developing solutions to maximize health care resources.

Action 2.3: Leverage vendor relationships to improve health care resources and programs.

Success Indicators

- Health care cost containment objectives
- Solvency levels of health care fund

Leads: Executive Director
Director of Health Care Services

Target Timeline: Ongoing

Strategy 3.0 Advocate for and support public policy health care solutions that support our mission.

Action 3.1: Develop and strengthen partnerships with other pension plans, national public sector advocates, and existing stakeholders to advocate for innovative health care solutions.

Action 3.2: Develop an advocacy plan to proactively educate decision makers on the ramifications of proposed health care policies.

Success Indicators

- System advocacy plan

Leads: Executive Director
Government Relations Officer

Target Timeline: Q4 2020

GOAL #3

SERVICE DELIVERY

Our service delivery is responsive and shaped by the needs of those we serve.

Strategy 1.0

Evolve our service delivery model to continually improve internal and external customer focus.

Action 1.1: Identify and employ best practices for engaging internal and external customers.

Action 1.2: Leverage existing and developing technologies to improve the customer experience.

Success Indicators

- Customer service best practices research
- Identification of customer experience technologies
- Implementation of appropriate technology and tools to enhance experience

Leads: Deputy Executive Director
Director of Member Services

Target Timeline: Q4 2021

Strategy 2.0

Improve the customer service experience through data and analytics.

Action 2.1: Improve existing data collection activities and metrics to allow SERS to evaluate the qualitative and quantitative value of the customer service experience.

Action 2.2: Identify process improvement opportunities for customer service functions to streamline services and improve efficiency.

Action 2.3: Customize services grounded in efficiency and value based on customer needs.

Action 2.4: Identify areas where operational efficiencies have been successfully achieved and enhance evaluation metrics monitored to ensure gains are maintained.

Success Indicators

- Customer service metrics dashboard/scorecard
- Customer service gap analysis
- Customer interaction analytics

Leads: Deputy Executive Director
Director of Member Services

Target Timeline: Q4 2020

GOAL #4

OPERATIONS

Our systems and processes foster organization-wide efficiency, agility, and accountability.

Strategy 1.0 Establish operational performance metrics across the organization.

Action 1.1: Identify key performance indicators to evaluate the effectiveness of the organization.

Action 1.2: Develop systems and protocols to promote collaboration across departments.

Action 1.3: Identify organization-wide process gaps with appropriate improvement strategies to streamline services and improve efficiency.

Success Indicators

- Organizational (operational) performance metrics
- Organizational processes gap analysis
- Department level workplans

Lead: Deputy Executive Director

Target Timeline: Q4 2020

Strategy 2.0 Develop and implement an agile and forward-looking IT vision and philosophy.

Action 2.1: Align IT resources with organizational strategic goals and strategies.

Action 2.2: Capitalize on SMART's capabilities to increase organizational efficiency and effectiveness.

Success Indicators

- Appropriate technology investment
- Success measures for SMART capabilities
- Prioritization of IT resources
- Resources vs. needs analysis

Leads: Deputy Executive Director & Chief Technology Officer

Target Timeline: Q4 2020

Strategy 3.0 Ensure our allocation of staff and resources align with the organization's strategic goals and priorities.

Action 3.1: Analyze existing staffing levels and revise organizational structure to meet current and future needs.

Action 3.2: Evaluate evolving business practices based on the post-SMART implementation environment.

Action 3.3: Implement strategies designed to improve organizational cost effectiveness.

Action 3.4: Facilitate budgeting process to support organizational strategic goals and objectives.

Success Indicators

- Budget analysis
- Organizational processes gap analysis
- Staffing allocation plan
- Technology capabilities

Leads: Deputy Executive Director & Chief Financial Officer

Target Timeline: Q4 2020/Ongoing

Strategy 4.0 Implement and maintain an appropriate organization risk management program.

Action 4.1: Define Risk Management program goals inclusive of the organization's risk tolerance.

Action 4.2: Define Internal Audit goals inclusive of the organization's risk tolerance.

Action 4.3: Conduct ongoing assessments to evaluate the effectiveness of established risk management program.

Success Indicators

- Establish governance through a risk oversight committee
- Risk management program audit
- Determine organizational risk management goals
- Internal audit reports

Leads: ERM Officer & Chief Audit Officer

Target Timeline: Q4 2020

GOAL #5

CULTURE

Our culture promotes a high-performing team driven by mission and continuous improvement.

Strategy 1.0 Establish a demonstrated culture of collaboration, shared accountability, and innovation.

Action 1.1: Regularly measure and evaluate key elements of the organizational culture and engagement.

Action 1.2: Identify processes and interdependencies across departmental lines to improve team agility, cohesion, and opportunities.

Action 1.3: Establish collaboration as a key organizational priority and cultural driver.

Action 1.4: Support work/life balance for employees at all levels.

Success Indicators

- Culture and engagement survey results
- Employee morale
- Identified process efficiencies and improved cohesion

Leads: Deputy Executive Director & Director of HR

Target Timeline: Q2 2021

Strategy 2.0 Fully realize the benefits of a diverse workforce and an inclusive environment.

Action 2.1: Establish and communicate organizational values related to diversity and inclusion.

Action 2.2: Attract a more diverse workforce by increasing community outreach.

Action 2.3: Create opportunities for employees to provide feedback and innovative ideas into organizational decision-making.

Success Indicators

- Organizational values established and communicated
- Community outreach plan
- Staff engagement in idea generation and decision-making

Lead: Director of HR

Target Timeline: Ongoing

Strategy 3.0 Foster the professional growth and development of our staff.

Action 3.1: Enhance staff development opportunities to better prepare staff for career advancement.

Action 3.2: Establish and implement a succession planning strategy to ensure business continuity.

Success Indicators

- Number of staff development activities
- Quality of staff development activities
- Menu of development opportunities
- Succession plan

Lead: Director of HR

Target Timeline: Q4 2020

Strategy 4.0 Attract and retain a high-quality workforce.

Action 4.1: Implement active recruiting strategies to attract additional qualified applicants.

Action 4.2: Maintain a competitive compensation and benefits package through routine monitoring and benchmarking.

Success Indicators

- Human resources recruitment plan
- Annual benefit package evaluation
- Compensation study

Lead: Director of HR

Target Timeline: Q4 2021

GOAL #6

COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

Our communications and stakeholder engagement promotes awareness, transparency, accountability, and trust.

Strategy 1.0 Maintain and enhance the understanding of SERS' value to our members, employers, and retirees.

Action 1.1: Evaluate the effectiveness of SERS communication plans and modify, as needed, based on existing and future stakeholder needs.

Action 1.2: Develop customized, proactive education and outreach strategies that are inclusive, transparent, and responsive to encourage engagement with SERS.

Success Indicators

- Communications and engagement plan
- Engagement metrics/statistics

Leads: General Counsel
Manager of Administrative & Communications

Target Timeline: Q4 2020

Strategy 2.0 Maintain and enhance SERS' credibility and relationships with our stakeholders to build understanding and support.

Action 2.1: Actively engage key legislative and stakeholder groups to build understanding and support for SERS' goals.

Success Indicators

- Number of engagement activities
- Communications and engagement plan

Leads: Executive Director
Government Relations Officer

Target Timeline: Q4 2020/Ongoing

Strategy 3.0 Utilize communication tools and tactics that promote alignment with organizational goals and objectives.

Action 3.1: Establish communications strategies to proactively address regulatory changes that impact SERS goals and objectives.

Action 3.2: Identify methods to enhance brand value perception among stakeholders.

Success Indicators

- Stakeholder assessment surveys
- Communications and engagement plan
- Advocacy plan

Leads: General Counsel
Government Relations Officer

Target Timeline: Q4 2020

ACKNOWLEDGEMENTS

SERS wishes to thank the following individuals for their support in the School Employees Retirement System FY2020 – 2024 Strategic Planning Project. Your participation has assisted us in better understanding the challenges before us and more effectively addressing these issues through this comprehensive strategic plan. SERS is also grateful for the cadre of stakeholders who helped shape this important document.

SERS BOARD OF TRUSTEES

Jeffrey T. DeLeone
Hugh W. Garside Jr.
James Haller
Catherine P. Moss
Barbra M. Phillips
James Rossler Jr.
Daniel L. Wilson
Vacant – Employee Member
Vacant – Retiree Member

As of 7/1/2019

SERS LEADERSHIP TEAM

Richard Stensrud
Executive Director

Farouki Majeed
Chief Investment Officer

Tracy Valentino
Chief Financial Officer

John Grumney
Director of Member Services

Christi Pepe
Director of Health Care Services

Joe Marotta
General Counsel

Jay Patel
Chief Technology Officer

Matt Sanders
Director of Administrative Services

Joe Bell
Chief Audit Officer

Michelle Miller
Director of HR

Nikki Whitacre
Manager of Administrative & Communications

Karen Roggenkamp
Deputy Executive Director

Nancy Turner
Asst. Director of Investments

Maria Robinson
Asst. Director of Finance

Denise Kirk
Asst. Director of Member Services

Penny Baker
Asst. Director of Health Care Services

Susan Russell
Associate General Counsel

Scott Murta
Asst. Director of IT

Mike McManaway
Asst. Director of Administrative Services

Julie Deisler
Enterprise Risk Management Officer

Chris Collins
Government Relations Officer

Sheila Thornton
Executive Administrative Officer

CONSULTING PARTNER





STRATEGIC PLAN PROGRESS TO DATE

FY2020-2024

Strategic Plan Goals	Significant Milestone Dates	Key Events/Decisions	Related Activities
All Goals	Q4 FY19	SERS Approves Strategic Plan.	
All Goals	Q1 FY20	Strategic Planning Council (SPC) established for Strategic Plan Implementation and Monitoring – SERS Staff.	<ul style="list-style-type: none"> ▪ SERS staff begins internal review of business team strengths, weaknesses, opportunities, and threats (SWOT) to organization and members. ▪ SERS staff starts a series of retirement peer operational and service retirement comparisons. Presentations from various firms on innovations underway for Retirement Systems.
Goal #1	Q1 FY20	SERS Board and Staff hold first session on Goal #1 Pension Sustainability.	<ul style="list-style-type: none"> ▪ Over the last 2+ years the Board has held Pension Sustainability sessions and addressed topics such as alternate benefit formulas, risks to the fund, retirement age/eligibility, FAS, vesting, disability program review, 120-day school year, benefit inflation, and the Medicare Part B reimbursement. The Board has committed to discussing pension sustainability on an annual basis, or as needed. ▪ Board continues to emphasize the importance of Investment performance. Reviewed and refined the Asset Allocation policy in FY20. Maintained adequate liquidity to fund pension payments. Continued review and updating of portfolio diversification. Reviewed cash-flow in light of SERS' active membership (gaps between contributions and payments). Investments and Wilshire plan to present an asset liability study to the Board in the near future. ▪ Working with Cavanaugh Macdonald, the Board completed an assessment and adoption of prudent actuarial assumptions. Reduced assumed investment rate of return. Lowered payroll growth, COLA and inflation assumptions effective in FY22.
Goal #2	Q1 FY20	SERS Board and Staff hold first session on Goal #2, HealthCare Sustainability, after morning discussion on Pension Sustainability.	<ul style="list-style-type: none"> ▪ Board reviewed both the Medicare and Non-Medicare Plans and asked staff to provide further recommendations.
Goal #2	Q2 FY20	SERS Board approved change requiring those in Non-Medicare plan to obtain Medicaid if eligible with estimate HealthCare plan savings of over \$500 million.	<ul style="list-style-type: none"> ▪ The Board approved a rule change to terminate Medicare Advantage Plan coverage for members who did not secure Medicare Part B coverage as required by Medicare for savings over \$1.0 million, June 2021. ▪ March 2022, Board approved Aetna contract for Medicare Advantage Plan effective January 2023. ▪ February 2022, Board approved Pharmacy Benefit Manager (PBM) contract for Non-Medicare and Medicare enrollees effective January 2023.

Goal #1: Pension Sustainability | Goal #2: HealthCare Sustainability | Goal #3: Service Delivery | Goal #4: Operation Efficiency | Goal #5: Culture | Goal #6: Communication and Shareholder Engagement

Strategic Plan Goals	Significant Milestone Dates	Key Events/Decisions	Related Activities
<p>Goal #3</p> <p>Goal #4</p> <p>Goal #6</p>	Q2 FY20	<p>COVID 19 Pandemic begins in US. SERS office was closed March 19, 2020 by Executive Order. Service delivery and operational plans were re-prioritized.</p>	<ul style="list-style-type: none"> ▪ SERS Business Continuity Plan immediately activated. Pandemic team was formed and continued to meet through 2020, 2021, and early 2022. ▪ Operational changes were implemented in pandemic response. SERS staff stayed connected via a Remote Desktop Application. Laptops and Voice Over Internet Protocol (VoIP) licenses were procured for Member Services Team to activate call center. Employer Services and Healthcare were added as equipment became available. ▪ Virtual counseling options were rolled out to members via Zoom, Teams, and teleconferencing. Member engagement and satisfaction as well operational metrics were collected, analyzed and shared with the Board. ▪ Modified work model began January 1, 2021 starting with Senior Leadership team on-site then expanded across the organization. Masks were required along with COVID exposure tracking. Hybrid model effective September 2021. Depending on job functions up to two days remote, no position is 100% remote ▪ Board Room and O'Keefe Technology upgrades made in 2020 and 2021 to hold hybrid meetings. Additional upgrades in Anderson and other conference rooms during 2022 and 2023. ▪ OSERS, LLC Building tenant occupancy experiences rental income impacts as tenant business models changed, including 100% remote.
<p>Goal #4</p>	Q2 FY20	<p>SERS created an enhanced Enterprise Risk Management Department (ERM) and named Chief Risk Officer.</p>	<ul style="list-style-type: none"> ▪ ERM expanded Information Security efforts to align to pandemic impacts. ▪ ERM focus expanded from policy and compliance to SERS operational integration and risk monitoring. ▪ ERM increased collaboration with Information Technology and better partnered with IT Infrastructure for Disaster Recovery Strategic Planning.
<p>Goal #4</p>	Q3 FY20	<p>SERS is 85 years young. The System has many paper records and now an accumulation of electronic records. Information Governance Project begins to enhance records management and practices.</p>	<ul style="list-style-type: none"> ▪ Assessment to transition and manage electronic storage completed. ▪ Records retention schedule updated and paper storage contract revised. ▪ Clean-up of shared electronic files started (e.g. emails, shared electronic files, temporary files). ▪ Alignment of information security needs and member information protection.

Strategic Plan Goals	Significant Milestone Dates	Key Events/Decisions	Related Activities
Goal #6	Q4 FY20	SERS Government Relations staff facilitated one-on-one meetings during the pandemic between Executive Director and leaders from SERO, OAPSE, OEA, AFSCME Council 8, OFT, and OSABO in an ongoing effort to answer questions and provide updates about the Sustainability Initiative and SERS' financial health.	
Goal #3 Goal #6	Q1 FY21	Increased frequency of "Retiring with SERS" webinar to once per month and sent targeted communication to members within five years of retirement.	
Goal #1	Q1 FY21	SERS Board votes to seek legislative approval to mitigate benefit inflation through using a Contribution Based Benefit Calculation (CBBC).	<ul style="list-style-type: none"> ▪ Senate Bill 347 for CBBC was introduced by Senators Hottinger and Schuring. ▪ SMART Agile team formed in July, 2022 for the CBBC project. ▪ During December 2022 year-end Legislative session, pension amendments introduced including CBBC. ▪ Legislative efforts on-going.
Goal #6	Q2 FY21	Roundtable Advocacy Meeting continues during pandemic.	<ul style="list-style-type: none"> ▪ Moved to virtual for 2021 and 2022. ▪ Change to hybrid January 2023.
Goal #6	Q2 FY21	Ohio Congresswoman Marcy Kaptur (D-Toledo) introduced stand-alone legislation (HR 4763) in October 2020 to extend Wraparound program authorization for five years.	<ul style="list-style-type: none"> ▪ SERS staff succeeded in getting bi-partisan co-sponsorship for the legislation among Ohio congressional delegation in advance of bill introduction.
Goal #3 Goal #4	Q2 FY21	SERS Board forms four person Technology Committee; Matt King Chair.	<ul style="list-style-type: none"> ▪ Committee approved Charter during initial meeting. ▪ Committee approved request to move to cloud based solutions for disaster recovery, September 2021. ▪ Disaster Recovery migration to Cloud (DRaaS) completed in June/July 2022. ▪ Technology Committee approves 5-year Technology Roadmap for \$8.3 million June, 2022. ▪ Key FY23 projects underway, Network and Wireless replacement, Telecommunication platform to Cloud, and SMART MVVM upgrade.
Goal #4 Goal #6	Q3 FY21	Digital Workplace rolled out to SERS business teams.	<ul style="list-style-type: none"> ▪ Microsoft 365, Teams, collaboration tools. ▪ Sharepoint upgrade and expanded Boulevard internal staff website.

Strategic Plan Goals	Significant Milestone Dates	Key Events/Decisions	Related Activities
Goal #5	Q4 FY21	Employee Engagement Survey Completed.	<ul style="list-style-type: none"> ▪ Culture Team enhanced. Supervisor Roundtable launched Q4 FY22. ▪ SERS Values updated. Renewed commitment to diversity and inclusion. Policies updated with gender neutral language. Participation in YWCA's Annual Stand Against Racism Challenge. ▪ Investment in Leadership Development Program started 2021. LinkedIn Recruiter purchased and usage grows in labor tight Columbus job market. ▪ SERS Seven Leadership Pillars and ONE SERS introduced August 2022 to enhance connection and cross department collaboration. ▪ Enhanced and relaunch of Individual Development Planning program Q1 FY21. ▪ Realignment to maintain culture in hybrid work model. Revised employee events, activities, employee recognition, and celebration of achievements. ▪ DiSC program re-introduced and all staff training completed Q2 FY23.
Goal #3 Goal #6	Q1 FY22	Moved to Virtual Retirement Conferences and sent targeted communication to members within one year of retirement.	<ul style="list-style-type: none"> ▪ Member Services saw increased member participation. ▪ Travel expenses decreased (two vehicles sold). ▪ Reduced logistical issues.
Goal #5	Q1 FY22	CBIZ Compensation Study completed.	<ul style="list-style-type: none"> ▪ FY23 Merit Recommendation implementation. ▪ Modest changes in salary and grades for some positions. ▪ On-going annual analysis and updates by CBIZ.
Goal #3 Goal #4 Goal #6	Q4 FY22	Rule change to require all benefits paid thru Bank electronic transfer.	<ul style="list-style-type: none"> ▪ Informational pay stubs mailings reduced from four mailings to semiannual. ▪ Refunds moved to electronic transfer. ▪ 99.9% of monthly pension benefits paid via ACH.
Goal #6	Q4 FY22	Began regular posting of Myths and Misconceptions about pension plans on the website, June 2022.	<ul style="list-style-type: none"> ▪ Allows targeted response to Ohio and national events.
Goal #6	Q1 FY23	Successfully worked with the Public Sector Health Care Roundtable to protect our prescription drug plan.	<ul style="list-style-type: none"> ▪ Amending the Inflation Reduction Act to include language for EGWP plans like SERS administrators.
Goal #3 Goal #4 Goal #6	Q1 FY23	Portal Registration Reimagine Project initiated to integrate additional security while improving user experience.	<ul style="list-style-type: none"> ▪ Additional electronic document upload capabilities being added to MSS portal. ▪ MVVM project to be completed in 1Q FY2024 to add multi device access for portals.
Goal #6	Q1 FY23	SERS Celebrates 85 Years.	<ul style="list-style-type: none"> ▪ Branding and Communications to all Stakeholders. ▪ Re-emphasis and refresh of SERS Culture messaging across organization.

Strategic Plan Goals	Significant Milestone Dates	Key Events/Decisions	Related Activities
Goal #3 Goal #6	Q2 FY23	Created half hour lunch sessions targeted to non-vested members emphasizing importance of SERS membership.	
Goal #2	Q2 FY23	Health Care Fund ended FY2022 with 38 years of funding, an all-time high.	<ul style="list-style-type: none"> Board held HC sustainability reviews of the Non-Medicare program and the impact of recently passed Inflation Reduction federal legislation that expanded Marketplace health insurance incentives.



STRATEGIC PLAN REMAINING “TO DO” LIST

FY2020-2024

Goal #1 Pension Sustainability and

Goal #2 Health Care Sustainability

- Risk Analysis Assessment review
- Implement any additional Health Care changes for Non-Medicare plans
- Consider changes to Member’s Open Enrollment Dental and Vision on a two year cycle
- CBBC legislative approval and implementation
- Annual Board Pension and Health Care Sustainability review

Goals #3 Service Delivery and

Goal #4 Operational Efficiency

- Member and Employer Reporting enhancements (e.g., Portal improvements, call back assist, additional call center options, edocuments, electronic messaging, key metrics and dashboarding)
- Finish Agile and project management SERS “right fit/sizing” - underway in FY23 and continues in FY24
- Five-year Technology Roadmap implementation - FY23 projects and beyond
- Continuous monitoring and adaptation of Risk Management to meet external and internal threats, increased vendor management and oversight

Goal #5 Culture

- Employee Engagement Survey update
- Continued labor monitoring and benchmarking - CBIZ and Columbus area
- Maintain and enhance culture - SERS Mission, Vision, Values, Core Beliefs as labor market evolves and new employees join SERS
- Continued leadership development around SERS Seven Leadership Pillars and ONE SERS

Goal #6 Communication and Stakeholder Engagement

- Rapid response to external events
- Tools and tactics adjustments as needed to maintain/enhance trust, transparency, awareness, and accountability



STRATEGIC PLAN REFRESH - WHAT'S NEXT?

FY2025 – FY2030

- Planning discussion in FY2024
- Framework development in FY2024-FY2025



STRATEGIC PLAN





Not Our Approach



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STRATEGIC PLAN

A strategic plan establishes a business direction through goals, strategies, and targets.

It promotes efficient decision making and a greater focus on overall momentum and direction.

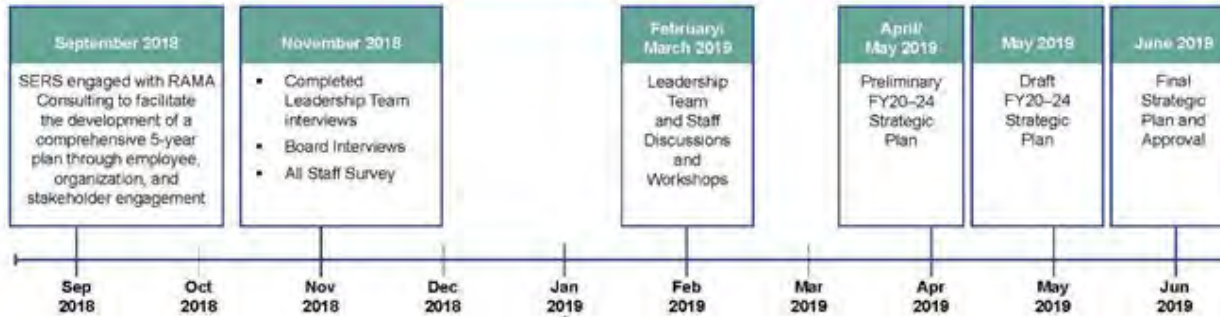
It is a living document that should be renewed and adjusted every five years.





STRATEGIC PLAN DEVELOPMENT MILESTONES

FY2020-2024



December 2018 – January 2019

Stakeholder Engagement Survey of members, retirees, and employers

- Which SERS advocacy partner group does your organization represent?
*some respondents represent multiple stakeholder groups
- How would you define the business of SERS? In other words, describe briefly in your own words what the organization does.
- What are the top three challenges facing SERS in next 5 years?
- What strategies or solutions would you suggest?
- What are the top 2-3 priorities for SERS?
- How would your members rate their overall level of satisfaction with communications received from SERS?
- How would you rate overall satisfaction with the services received from SERS?



Working Toward the Strategic Plan

- We worked with RAMA Consulting to determine key challenges for the next five years.
- The top five items evolved into six goals with strategies and action items.

GOAL #1: Fund Sustainability Our pension fund is designed to be sustainable and adaptive to meet the needs of our members, employers, and retirees.	GOAL #2: Healthcare Sustainability Our approach to healthcare focuses on program sustainability and access to quality care.
GOAL #3: Service Delivery Our service delivery is responsive and shaped by the needs of those we serve.	GOAL #4: Operations Our systems and processes foster organization-wide efficiency, agility, and accountability.
GOAL #5: Culture Our culture promotes a high-performing team driven by mission and continuous improvement.	GOAL #6: Communications and Engagement Our communications and stakeholder engagement promotes awareness, transparency, accountability, and trust.



STRATEGIC PLAN

2023 Progress Report

- *Considerable progress to date*
- *Solutions, actions, and results crossed multiple goals and multiple years*





PENSION/HEALTH CARE SUSTAINABILITY

Goals 1 & 2

- The Board's Pension Sustainability sessions addressed topics such as alternate benefit formulas, risks to the fund, retirement age/eligibility, FAS, vesting, disability program review, 120-day school year, benefit inflation, actuarial assumption, and investment trends.
- SERS Board voted to seek legislation to prevent inflation of member benefits through a Contribution Based Benefit Calculation (CBBC). Legislative approval should occur by fiscal year end.
- The Board approved a rule change to terminate Medicare Advantage Plan coverage for members who did not secure Medicare Part B coverage as required by Medicare.
- Health Care Fund ended FY2022 with 38 years of funding, an all-time high.
- Board held health care sustainability reviews of the Non-Medicare program and the impact of recently passed Inflation Reduction federal legislation that expanded Marketplace health insurance incentives.



SERVICE, OPERATIONS, COMMUNICATIONS

Goals 3,4,6

The Pandemic

- SERS office closed on March 19, 2020 by Executive Order.
- Change happened at a faster rate and impact continues.
- Service delivery and operational plans were re-prioritized.
- Focus, flexibility, and responsive actions were required.
- Post SMART transition.

Response

- SERS Business Continuity Plan immediately activated. Pandemic team formed, meeting regularly through 2020, 2021, and early 2022.
- SERS staff stayed connected via Remote Desktop Application (RDS).
- Call center moved to voice mail, email, and cell phones. “Re-opened” in mid-May 2020 with a rotating schedule of in-person in addition to voice mail and email. Secured Voice Over Internet Protocol (VoIP) licenses for Member Services Team, Employer Services, and Health Care by September 2020 to ensure on-going business continuity.
- Virtual counseling for members started with teleconferencing, but quickly moved to Zoom and Teams.
- Senior Leadership Team returned onsite January 2021 then expanded across the organization with COVID adaptations.
- Board Room and O’Keefe Technology upgrades made in 2020 and 2021 to hold hybrid meetings. Additional upgrades in Anderson and other conference rooms during 2022 and 2023.
- Continued adaptation to COVID CDC and local guidelines.
- Building tenant occupancy experiences rental income impacts as tenant business models changed.



CULTURE

Goal 5

- Employee Engagement Survey completed, June 2021. Refresh June 2023.
- Supervisor Roundtable relaunched.
- SERS Values updated with renewed commitment to diversity and inclusion.
- Leadership Development Program and LinkedIn Recruiter.
- SERS Seven Leadership Pillars and ONE SERS introduced to enhance connection and cross department collaboration.
- Enhanced and relaunch of Individual Development Planning program Q1 FY2021.
- Realignment to maintain culture in hybrid work model. Revised employee events, activities, employee recognition, and celebration of achievements.
- DiSC program re-introduced.
- CBIZ Compensation Study completed with on-going annual analysis and updates by CBIZ.



CULTURE

Goal 5



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

VISION
Through the continuous pursuit of 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 Responsible and Embrace Change

Individual Development Planning Guide

HRD 100 Rev. 02/21



OPERATIONS

Goal 4

- SERS enhanced Enterprise Risk Management Department (ERM) with expanded Information Security efforts to align to pandemic impacts.
- Disaster Recovery options pulled into Strategic Planning.
- Information Governance Project begins to clean up and migrate files to cloud storage and apply records retention schedule. Digital conversion from microfiche and tape in process (records from SERS inception).



**ENTERPRISE RISK
MANAGEMENT**



**INFORMATION
GOVERNANCE**



SERVICE, OPERATIONS

Goals 3 & 4

- SERS Board forms four-member Technology Committee.
- Disaster Recovery migration to Cloud (DRaaS) completed in June/July 2022.
- Technology Committee approves 5-year Technology Roadmap budget.
- Key FY2023 projects underway, including network and Wi-Fi replacement, SMART Model-View-View Model (MVVM) upgrade, telecom replacement.
- MVVM starts a series of planned and future user experience changes.





COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

Goal 6

- Staff met with our stakeholders regularly during the pandemic and continued the Roundtable Advocacy meetings. Virtual outreach improved participation.
- Began regular website posts of Myths and Misconceptions about pension plans.
- SERS Celebrates 85 Years with updated branding and communications to all stakeholders.





OPERATIONS, COMMUNICATION

Goals 4 & 6

- Digital Workplace rolled out to SERS business teams.
- Microsoft 365, Teams, collaboration tools. Significant shift for internal communications and business options.
- Extensive staff training and information sessions resulted in rapid adoption.
- SharePoint upgrade and expanded Boulevard internal staff website.





SERVICE, COMMUNICATIONS

Goals 4 & 6

- Increased frequency of “Retiring with SERS” webinar to once per month and sent targeted communication to members within five years of retirement.
- Moved to Virtual Retirement Conferences and targeted communications to members within one year of retirement.
- Created half-hour lunch sessions targeted to non-vested members emphasizing importance of SERS membership.
- Web site refresh planning.





SERVICE, OPERATIONS, COMMUNICATIONS

Goals 3,4,6

- Rule change to require all benefits paid through direct deposit.
- Informational pay stubs mailings reduced from four mailings to semiannual.
- Refunds moved to electronic transfer.
- Portal Registration Reimagine Project to integrate additional security while improving user experience.
- eDocuments functionality added to the Member portal (e.g. power of attorney, birth certificates, marriage license)
- Communication method changes in planning (correspondence preferences, email, text, annual statements, targeted member adaptation)



TO-DO LIST AND FUTURE PLANS

- There's more to do in this 5-year plan.
- This living and breathing document will be reviewed and renewed for the next five years. FY2025 - FY2030.

STRATEGIC PLAN REMAINING "TO DO" LIST
FY2020-2024

Goal #	Category	Action Items
Goal #1	Pension Sustainability and	
Goal #2	Health Care Sustainability	<ul style="list-style-type: none">• Risk Analysis Assessment review• Complete Non-Medicare plan changes with support of HealthScope• Implement the two-year enrollment cycle for Dental and Vision• CBBC legislative approval and implementation• Annual Board Pension and Health Care Sustainability review
Goals #3	Service Delivery and	
Goal #4	Operational Efficiency	<ul style="list-style-type: none">• Member and Employer Reporting enhancements (e.g., Portal improvements, call back assist, additional call center options, edocuments, electronic messaging, key metrics and dashboarding)• Finish Agile and project management SERS "right fit/sizing" - underway in FY23 and continues in FY24• Five-year Technology Roadmap implementation - FY23 projects and beyond• Continuous monitoring and adaptation of Risk Management to meet external and internal threats, increased vendor management and oversight.
Goal #5	Culture	<ul style="list-style-type: none">• Employee Engagement Survey update• Continued labor monitoring and benchmarking - CBZ and Columbus area• Maintain and enhance culture - SERS Mission, Vision, Values, Core Beliefs as labor market evolves and new employees join SERS• Continued leadership development around SERS Seven Leadership Pillars and ONE SERS
Goal #6	Communication and Stakeholder Engagement	<ul style="list-style-type: none">• Rapid response to external events• Tools and tactics adjustments as needed to maintain/enhance trust, transparency, awareness, and accountability

SERS Strategic Plan Development | FY2020 - 2024



STRATEGIC PLAN

FY2025 - 2029





AGENDA



Process Overview



Stakeholder Breakdown



Strategic Plan Review



Questions/Comments



PROCESS OVERVIEW





STAKEHOLDER BREAKDOWN

SERS Stakeholder Groups	Individual Interviews	Focus Groups	Digital Survey	Total Participants
SERS Board	9	-	-	9
SERS Senior Leadership Team (SLT)	-	10	-	23
SERS Staff	-	-	1	76
Partner Agencies	-	-	1	11
Total Participants:				119

**FY 2022 – 2024
STRATEGIC PLAN**

Fund Sustainability

Healthcare Sustainability

Service Delivery

Operations

Culture

Communication and Engagement

**FY 2025 – 2029
STRATEGIC PLAN**

Sustainability

Service Delivery and Operations

Technology

Education and Engagement

Talent and Culture

Risk

GOAL 1: SUSTAINABILITY

Maintain pension and health care funds that are sustainable, adapt to changing circumstances, and continue to provide value to our current and future members, retirees, and employers.

GOAL 2: SERVICE DELIVERY AND OPERATIONS

Optimize SERS' operations to continually improve and enhance service delivery.

GOAL 3: TECHNOLOGY

Utilize technology to improve efficiency, reliability, and security, while maintaining a personalized customer service experience.

GOAL 4: EDUCATION AND ENGAGEMENT

Promote transparency, accountability, and awareness of SERS' benefits through educational outreach and engagement with SERS' members, retirees, and employers.

GOAL 5: TALENT AND CULTURE

Value and invest in mission-driven employees committed to providing excellent service.

GOAL 6: RISK

Expand, raise awareness, and utilize our risk management programs to identify and manage risks.

GOAL 1: SUSTAINABILITY

Maintain pension and health care funds that are sustainable, adapt to changing circumstances, and continue to provide value to our current and future members, retirees, and employers.



SUSTAINABILITY

Strategy 1.1

Continuously monitor and assess pension fund risks and identify measures to mitigate them.

Strategy 1.2

Continuously monitor and assess health care fund risks and identify measures to mitigate them.

Strategy 1.3

Maintain an investment program that meets or exceeds investment objectives over the long term.

Strategy 1.4

Maintain a governance model that reflects industry best practices.

Strategy 1.5

Continuously engage with and educate members, retirees, employers, and policymakers regarding SERS' financial status and risks to sustainability.

GOAL 2: SERVICE DELIVERY AND OPERATIONS

Optimize SERS' operations to continually improve and enhance service delivery.



SERVICE DELIVERY AND OPERATIONS

Strategy 2.1

Maintain our dedication to service excellence and personal engagement while making operational enhancements and efficiencies through technology.

Strategy 2.2

Ensure allocation of resources is aligned with strategic goals and priorities.

Strategy 2.3

Maximize the value of the 300 East Broad Street property.

GOAL 3: TECHNOLOGY

Utilize technology to improve efficiency, reliability, and security, while maintaining a personalized customer service experience.



TECHNOLOGY

Strategy 3.1

Continue to identify, plan for, fund, and implement Technology Roadmap initiatives that benefit our members, retirees, and employers.

Strategy 3.2

Continue to enhance the capability and value of our pension and health care administration system (SMART).

Strategy 3.3

Continue to assess and strengthen technology risk management measures and practices.

GOAL 4: EDUCATION AND ENGAGEMENT

Promote transparency, accountability, and awareness of SERS' benefits through educational outreach and engagement with SERS' members, retirees, and employers.



EDUCATION AND ENGAGEMENT

Strategy 4.1

Proactively communicate the successes and features that positively differentiate SERS from other retirement systems.

Strategy 4.2

Maintain a robust level of engagement with members, retirees, employers, and policy makers that illustrates SERS' commitment to transparency and accountability and promotes trust and credibility.

Strategy 4.3

Proactively engage with and educate members on the importance of retirement preparation and the value of SERS' benefits.

Strategy 4.4

Implement a comprehensive information gathering strategy to better understand the needs and perspectives of members, retirees, and employers.

GOAL 5: TALENT AND CULTURE

Value and invest in mission-driven employees committed to providing excellent service.



TALENT AND CULTURE

Strategy 5.1

Foster a culture of engagement and accountability among employees to fulfill SERS' mission and sustain results.

Strategy 5.2

Attract and retain highly skilled and engaged individuals who are mission-driven.

Strategy 5.3

Maintain a culture of continuous learning by supporting professional and leadership development and advancement opportunities for staff.

Strategy 5.4

Maintain a robust succession planning program that ensures organizational resiliency and operational continuity.

GOAL 6: RISK

Expand, raise awareness, and utilize our risk management programs to identify and manage risks.



RISK

Strategy 6.1

Strengthen and maintain a risk-aware culture.

Strategy 6.2

Enhance SERS' Information Security program to safeguard systems and entrusted data without compromising operational efficiency.

Strategy 6.3

Enhance practices and controls of the Business Continuity Management and Disaster Recovery Program.



COMMENTS, QUESTIONS & REACTIONS





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



STRATEGIC PLAN

FY2025 - 2029

JULY 1 - JUNE 30



INTRODUCTION

The SERS Strategic Planning Project

In 2023, the School Employees Retirement System of Ohio (SERS) initiated a refresh of the existing strategic plan to guide the organization's work over the next five years. As SERS navigates the ever-changing landscape, this plan serves as a roadmap for achieving sustainability and fulfilling SERS' commitment to deliver excellent service to our members, retirees, and employers.

The strategic plan has been developed through a comprehensive and inclusive process facilitated by RAMA Consulting (RAMA). RAMA is a performance management consulting firm in Columbus, Ohio with expertise in evaluation and assessment, strategic planning, leadership development, and cultural competence. This highly participative process included collecting and analyzing survey data, facilitating key informant individual and group information gathering meetings, and producing a preliminary report and final strategic plan.

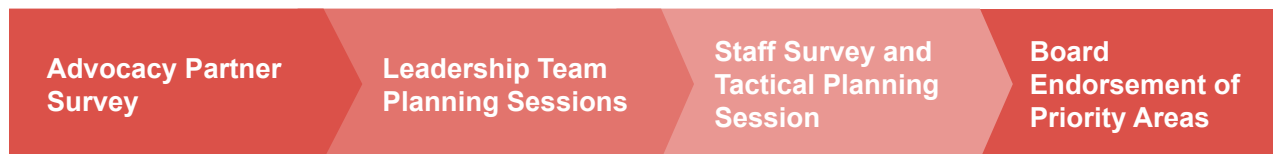
Planning Process Overview

The process was designed to develop a realistic and action-oriented plan for the organization's sustainability and growth over the next five years. The process is summarized below:

LEARNING PHASE



PLANNING PHASE



DOCUMENTATION PHASE



Beyond the primary focus of pension fund and health care benefits sustainability, the organization sought to consider ways in which it could enhance service delivery and engagement, further leverage technology, manage risk, and maintain a positive organizational culture. To aid SERS in crafting its strategic vision, the Board, Leadership Team, Staff, and Advocacy Partners participated in a number of interviews, surveys, workshops, and focus groups to define its goals for the next five years and develop actionable strategies to support those goals.

Note - Throughout the Plan's implementation, the organization will revisit and revise actions, timelines, and responsibilities associated with each strategic goal to ensure continued progress. The items contained in this document have been thoughtfully planned and considered to allow the organization to evolve its approach and progress toward the goals identified in the Plan.



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.



GOAL 1:
SUSTAINABILITY

Maintain pension and health care funds that are sustainable, adapt to changing circumstances, and continue to provide value to our current and future members, retirees, and employers.



GOAL 2:
SERVICE DELIVERY AND OPERATIONS

Optimize SERS' operations to continually improve and enhance service delivery.



GOAL 3:
TECHNOLOGY

Utilize technology to improve efficiency, reliability, and security, while maintaining a personalized customer service experience.



GOAL 4:
EDUCATION AND ENGAGEMENT

Promote transparency, accountability, and awareness of SERS' benefits through educational outreach and engagement with SERS' members, retirees, and employers.



GOAL 5:
TALENT AND CULTURE

Value and invest in mission-driven employees committed to providing excellent service.



GOAL 6:
RISK

Expand, raise awareness, and utilize our risk management programs to identify and manage risks.

GOAL 1: SUSTAINABILITY

Maintain pension and health care funds that are sustainable, adapt to changing circumstances, and continue to provide value to our current and future members, retirees, and employers.

Strategy 1.1:	Continuously monitor and assess pension fund risks and identify measures to mitigate them.
KEY ACTIONS	
Action 1.1.1:	Regularly review actuarial assumptions to make sure they are reasonable and realistic.
Action 1.1.2:	Review the annual actuarial valuation and risk to sustainability report and assess whether changes in plan design are necessary.
SUCCESS INDICATORS:	
<ul style="list-style-type: none"> ✓ A decline in the amortization period. ✓ An increase in the funded ratio. 	

Strategy 1.2:	Continuously monitor and assess health care fund risks and identify measures to mitigate them.
KEY ACTIONS:	
Action 1.2.1:	Maximize available health care resources to support a strong health care program.
Action 1.2.2:	Continue to explore opportunities to improve affordability.
Action 1.2.3:	Advocate for and support health care policies that provide a sustainable, affordable, high-quality health care benefit. <ul style="list-style-type: none"> ▪ Remain proactive in identifying situations and partners to help drive positive change.
SUCCESS INDICATORS:	
<ul style="list-style-type: none"> ✓ Maintaining an extended solvency period. 	

Strategy 1.3:	Maintain an investment program that meets or exceeds investment objectives over the long term.
KEY ACTIONS:	
Action 1.3.1:	Periodically review asset allocation and investment strategy to enhance risk-adjusted returns.
Action 1.3.2:	Invest in ongoing training and development of the investment staff.
Action 1.3.3:	Regularly review fees and expenses to ensure the investment program remains cost-effective.
SUCCESS INDICATORS:	
<ul style="list-style-type: none"> ✓ 10-year rolling return over the actuarial return assumption. ✓ An improved funded ratio. 	

Strategy 1.4: Maintain a governance model that reflects industry best practices.

KEY ACTIONS:

Action 1.4.1: Establish and maintain a Board governance charter.

Action 1.4.2: Continue to conduct annual Board self-assessments.

Action 1.4.3: Report strategic plan progress to the Board annually.

SUCCESS INDICATORS:

✓ Favorable report on governance practices in the ORSC's fiduciary audit report.

Strategy 1.5: Continuously engage with and educate members, retirees, employers, and policymakers regarding SERS' financial status and risks to sustainability.

KEY ACTIONS:

Action 1.5.1: Continue to provide sustainability updates to policy makers.

Action 1.5.2: Continue to provide members, retirees, and employers with sustainability information through presentations to their representative organizations and via the SERS website.

Action 1.5.3: Continue to convey that SERS' ongoing commitment to sustainability is a key priority.

SUCCESS INDICATORS:

✓ Increased awareness of the importance of sustainability.

✓ Increased policymaker support for SERS' initiatives.

GOAL 2:

SERVICE DELIVERY & OPERATIONS

Optimize SERS' operations to continually improve and enhance service delivery.

Strategy 2.1: Maintain our dedication to service excellence and personal engagement while making operational enhancements and efficiencies through technology.

KEY ACTIONS

- Action 2.1.1:** Enhance methods by which members, retirees, and employers access information and services.
- Redesign the member portal with enhanced data security.
 - Implement online refund capabilities.
 - Implement portal access to health care enrollment and premium information.
 - Integrate live chat feature for member support.
 - Develop virtual assistant(s) to provide user information.
 - Improve mobile device user capabilities.
- Action 2.1.2:** Use customer feedback to assess their needs and adapt to address those needs.
- Modify member and employer surveys to measure satisfaction with operational and technology changes.
- Action 2.1.3:** Evaluate current processes to identify areas that will improve operational efficiencies and enhance the customer experience.
- Action 2.1.4:** Evaluate and improve current operations reporting to accurately measure and report activities against established service goals.
- Create dashboards to measure and report key organizational and departmental objectives.
- Action 2.1.5:** Improve consistency and accuracy of employer reported information to SERS.
- Educate and train employers on changes to enhance areas of employer reporting, including member enrollment and pensionable compensation.

SUCCESS INDICATORS:

- ✓ Survey feedback and performance metrics indicate service delivery standards are being met or exceeded.
- ✓ Reduced external call volume.
- ✓ Increased productivity metrics.
- ✓ Operations reporting and dashboards meet internal standards.

Strategy 2.2: Ensure allocation of resources is aligned with strategic goals and priorities.

KEY ACTIONS:

- Action 2.2.1:** Analyze the organizational structure, staffing, and resource requirements to meet current and future needs.
- Evaluate staffing needs and align resource allocation to annual operating budget and Technology Roadmap.
- Action 2.2.2:** Facilitate effective budgeting process to support execution of strategic goals and priorities.
- Maintain dedicated Technology Road Map budget.

SUCCESS INDICATORS:

- ✓ Effective staffing allocation.
- ✓ Budget performance.

Strategy 2.3: Maximize the value of the 300 East Broad Street property.

KEY ACTIONS:

- Action 2.3.1** Control annual operating expenses and make capital investments to maintain the building.
- Continue to offer leasing options for the SERS parking garage.
 - Optimize space used by SERS and maximize office space available for tenant leasing.
 - Maintain a 5-year Broad Street building support, repair, and refurbishment plan.

SUCCESS INDICATORS:

- ✓ Increased revenue.
- ✓ Lower tenant turnover.
- ✓ Maintain competitive lease rates for Class A office space in the Discovery District.

GOAL 3: TECHNOLOGY

Utilize technology to improve efficiency, reliability, and security, while maintaining a personalized customer service experience.

Strategy 3.1: Continue to identify, plan for, fund, and implement Technology Roadmap initiatives that benefit our members, retirees, and employers.

KEY ACTIONS:

- Action 3.1.1:** Identify, evaluate, and implement SERS-approved tools and technology.
- Collect feedback from users to identify desired features and high-value upgrades.
 - Apply SERS security standards to the new technologies with an appropriate balance between ease of use and security.
 - Provide training and education to users as needed.
- Action 3.1.2:** Evaluate and appropriately utilize Artificial Intelligence (AI) technology that does not compromise data security or the customer experience.
- Action 3.1.3:** Develop business value and data-driven metrics to assist in prioritizing technology enhancements to ensure the return on investment.

SUCCESS INDICATORS:

- ✓ Customer feedback indicates increased satisfaction with customer service and technology usage.

Strategy 3.2: Continue to enhance the capability and value of our pension and health care administration system (SMART).

KEY ACTIONS:

- Action 3.2.1:** Engage our system users in identifying SMART system enhancements and prioritize implementation.
- Action 3.2.2:** Commission an independent review of SMART and Sagitec support model.
- Provide comparisons of functionality and contract terms to other Sagitec supported retirement systems.
 - Review the current Sagitec and SERS support and work-flow model to identify improvement areas.
 - Evaluate and recommend the best model and enhancements for business area users to utilize SMART.
- Action 3.2.3:** Expand input, communication, and analysis around requested change enhancements and subsequent prioritization.
- Action 3.2.4:** Apply Agile principles in implementing system enhancements to reduce implementation time and improve customer satisfaction.

SUCCESS INDICATORS:

- ✓ Positive feedback from users on SMART system enhancements.
- ✓ Fewer data corrections.
- ✓ Improved operational efficiency as measured by key metrics.

Strategy 3.3: Continue to assess and strengthen technology risk management measures and practices.

KEY ACTIONS:

Action 3.3.1: Expand collaboration and project implementation requirement planning between the Risk Management and Information Technology teams.

- For new projects and other enhancements, complete a security review and include requirements in project management.

Action 3.3.2: Grow the skills of staff to adapt to technology shifts.

- Offer technology training programs to all employees to ensure they remain proficient and agile in leveraging emerging technologies.

SUCCESS INDICATORS:

- ✓ Decrease in the number of “clicks” on dangerous links.
- ✓ 100% staff participation in training.
- ✓ Staff feedback indicates ability to use technology effectively.

GOAL 4: EDUCATION AND ENGAGEMENT

Promote transparency, accountability, and awareness of SERS' benefits through educational outreach and engagement with SERS' members, retirees, and employers.

Strategy 4.1: Proactively communicate the successes and features that positively differentiate SERS from other retirement systems.

KEY ACTIONS:

- Action 4.1.1:** Execute a customized communication strategy that delivers precise, timely, and relevant information through optimal channels to our members, retirees, and employers about the value of SERS' benefits.
- Action 4.1.2:** Develop education and outreach materials on key issues and relevant topics that keep the membership properly and fully informed.
- Action 4.1.3:** Continue to utilize the SERS website and other communication channels to address and correct any erroneous or misleading information.
- Action 4.1.4:** Plan for and promptly respond to issues when they arise.

SUCCESS INDICATORS:

- ✓ Policy makers maintain a positive view of SERS.
- ✓ The absence of detrimental legislation.
- ✓ Customer surveys indicate that members, retirees, and employers understand how SERS is positively differentiated from other retirement systems.

Strategy 4.2: Maintain a robust level of engagement with members, retirees, employers, and policy makers that illustrates SERS' commitment to transparency and accountability, and promotes trust and credibility.

KEY ACTIONS:

- Action 4.2.1:** Provide ongoing education to policymakers on the issues that impact SERS and our ability to be successful at our mission.
- Action 4.2.2:** Continue to conduct 'State of SERS' presentations to member, retiree, and employer organizations.
- Action 4.2.3:** Continue to provide extensive information regarding SERS' operations, and the basis for Board decisions, through Board Meeting materials and via the SERS website.

SUCCESS INDICATORS:

- ✓ Continued broad support from members, retirees, and employers for SERS' legislative and policy initiatives.
- ✓ SERS-sponsored legislation is approved.
- ✓ Customer surveys indicate that trust and credibility is being maintained with members, retirees, and employers.

Strategy 4.3: Proactively engage with and educate members on the importance of retirement preparation and the value of SERS' benefits.

KEY ACTIONS:

- Action 4.3.1:** Build upon current retirement preparation programs, presentations, and materials.
- Action 4.3.2:** Expand education and engagement on key factors that will impact the transition to retirement, including personal savings and health care coverage.
- Action 4.3.3:** Partner with employers and retirement savings providers to better engage members.

SUCCESS INDICATORS:

- ✓ Customer surveys indicate an increased understanding and awareness of SERS and its benefits.
- ✓ Increase in the number of members engaging earlier in their careers.
- ✓ Increase in the number of member and employer outreach activities.

Strategy 4.4: Implement a comprehensive information gathering strategy to better understand the needs and perspectives of members, retirees, and employers.

KEY ACTIONS:

- Action 4.4.1:** Deploy surveys, conduct focus groups, and leverage direct consultation opportunities to effectively engage members, retirees, and employers.
 - Utilize the information gained to evaluate the success of strategic plan goals and strategies and to adjust supporting actions as needed.
- Action 4.4.2:** Continue to conduct annual meetings, briefings, and discussions with member, retiree, and employer organizations.

SUCCESS INDICATORS:

- ✓ Increased engagement activities,
- ✓ Positive feedback from engagement.

GOAL 5: TALENT AND CULTURE

Value and invest in mission-driven employees committed to providing excellent service.

Strategy 5.1: Foster a culture of engagement and accountability among employees to fulfill SERS' mission and sustain results.

KEY ACTIONS:

- Action 5.1.1:** Encourage organizational behaviors that demonstrate SERS' Values and Leadership Pillars.
 - Align departmental culture with organizational culture through education and accountability.
 - Foster an environment of belonging through diversity, equity, and inclusion initiatives that promote cultural awareness and understanding.
 - Strengthen interdepartmental collaboration and information sharing to optimize the customer experience.
- Action 5.1.2:** Continue a systematic review process to ensure SERS' culture continues to align with its Mission, Vision, and Values.
- Action 5.1.3:** Continue to identify and implement new communication strategies to effectively engage staff.
- Action 5.1.4:** Develop an organizational change management process that is scalable and appropriate for SERS' operations.
- Action 5.1.5:** Establish additional methods to gather and integrate feedback within the organization on changes that will impact employees' job responsibilities and work environment to drive continuous improvement.

SUCCESS INDICATORS:

- ✓ Staff engagement survey results indicate a positive SERS culture.
- ✓ Positive customer satisfaction results.

Strategy 5.2: Attract and retain highly skilled and engaged individuals who are mission-driven.

KEY ACTIONS:

- Action 5.2.1:** Implement skills-based hiring practices to ensure candidate background and experience align with the needs of the organization.
- Action 5.2.2:** Maintain a competitive compensation and benefits package through routine monitoring and benchmarking.
- Action 5.2.3:** Maintain a flexible work environment that provides autonomy and work-life balance.
- Action 5.2.4:** Create educational opportunities to expand awareness of each department's operations and its connection to fulfilling the mission of the organization.
- Action 5.2.5:** Create opportunities for all employees to understand their personal connection to SERS' members and mission regardless of position.
- Action 5.2.6:** Incorporate opportunities for team building across the organization to enhance collaboration.

SUCCESS INDICATORS:

- ✓ Optimal turnover rates.
- ✓ Number of qualified individuals in the applicant pool.
- ✓ Staff feedback indicates improved understanding of organizational operations and connection to mission and increased collaboration among team.

Strategy 5.3: Maintain a culture of continuous learning by supporting professional and leadership development and advancement opportunities for staff.

KEY ACTIONS:

- Action 5.3.1:** Enhance staff development opportunities to better prepare individuals for career advancement.
- Continue to encourage and provide training opportunities to develop the necessary skills to prepare staff for future roles.
 - Utilize performance management tools and individual development plans to track progress and development.
 - Implement an internal job shadowing program.
 - Evaluate mentoring program options that best align with SERS' goals, culture, and resources.
- Action 5.3.2:** Develop a leadership program aligned with SERS' values and Leadership Pillars to help identify and prepare individuals who want to move into leadership roles.

SUCCESS INDICATORS:

- ✓ Number of employees participating in an individual development plan.
- ✓ Establishment of a leadership development program.

Strategy 5.4: Maintain a robust succession planning program that ensures organizational resiliency and operational continuity.

KEY ACTIONS:

- Action 5.4.1:** Communicate the importance and benefits of sharing institutional knowledge and cross-training for critical functions to enhance organizational resilience and sustainability of operations.
- Maintain process documentation for critical functions and ensure documentation is easily accessible.
- Action 5.4.2:** Maintain a comprehensive framework to document each department's succession plan, including key positions, potential candidates, development plans, and timelines.
- Regularly review and update the plan to reflect changes in the organization's needs and goals, including the identified key positions within the organization that are critical to its success.
 - Partner with individuals to create and execute individualized development plans that prepare them for future roles.
 - Communicate the plan with staff to cultivate buy-in and support.

SUCCESS INDICATORS:

- ✓ Maintenance and execution of SERS's Succession Plan.
- ✓ Optimal staff vacancy rates.
- ✓ Optimal internal promotion rate.
- ✓ Maintenance of process documentation.

GOAL 6: RISK

Expand, raise awareness, and utilize our risk management programs to identify and manage risks.

Strategy 6.1: Strengthen and maintain a risk-aware culture.

KEY ACTIONS:

Action 6.1.1: Prioritize risk awareness in decision making throughout the organization.

Action 6.1.2: Establish an ongoing risk management training program relevant to each functional area.

- Identify specific risk management needs, including areas of vulnerability and potential threats.
- Define the objectives of the program and develop training materials that align.
- Gather feedback to assess the effectiveness of the program and participants' understanding of key risk management concepts.
- Continuously monitor the effectiveness of the program and update it to address changing organizational needs and emerging risks.
- Socialize risk reporting with the management team.

Action 6.1.3: Leverage risk management frameworks to lessen the impact of adverse events and exploit opportunities.

- Continue to maintain risk management strategies to mitigate or manage identified risks.
- Expand the Board's knowledge of enterprise risk and steps being taken to address risk.

SUCCESS INDICATORS:

- ✓ High level of participation in training.
- ✓ Consistent monthly reporting and trend monitoring.
- ✓ Action taken on elevated risks.

Strategy 6.2: Enhance SERS' Information Security program to safeguard systems and entrusted data without compromising operational efficiency.

KEY ACTIONS:

- Action 6.2.1:** Continue to implement mature data loss prevention (DLP) tools and software that safeguard our systems and data.
- Implement technologies to classify and tag sensitive data.
 - Develop clear policies and educate staff on the best practices for handling sensitive data.
 - Continuously monitor data activity and investigate alerts.
- Action 6.2.2:** Continue to evaluate and utilize Software as a Service (SaaS) products.
- Action 6.2.3:** Continue to diligently evaluate and select appropriate (AI) tools.
- Maintain robust AI governance structure
 - Evaluate AI emerging trends and potential impact on SERS
 - Continue to monitor vendors that use AI and how SERS data is used
 - Foster AI security culture of safety
- Action 6.2.4:** Maintain strong access and user controls.

SUCCESS INDICATORS:

- ✓ Minimal security incidents.
- ✓ Reduction in the severity of adverse events.

Strategy 6.3: Enhance practices and controls of the Business Continuity Management and Disaster Recovery Program.

KEY ACTIONS:

- Action 6.3.1:** Conduct and validate ongoing monitoring and testing of recovery capabilities through live disaster recovery tests.
- Action 6.3.2:** Continue to conduct annual business continuity tabletops.

SUCCESS INDICATORS:

- ✓ The potential of technology failure is minimized.
- ✓ Tracking shows that new applications are tested within 120 days after implementation. Findings and issues from testing and tabletops are resolved within 60 days or less. Exceptions are documented and monitored until mitigated.

ACKNOWLEDGEMENTS

SERS wishes to thank the following individuals for their support in the School Employees Retirement System FY2025 – 2029 Strategic Planning Project. Your participation has assisted us in better understanding the challenges before us and more effectively addressing these issues through this comprehensive strategic plan. SERS is also grateful for the strong partnerships with the member, retiree, and employer advocacy organizations who helped shape this important document.

SERS BOARD OF TRUSTEES

As of 6/1/2024

Frank Weglarz – Chair	James Haller	James Rossler Jr.
Matthew King – Vice Chair	Catherine P. Moss	Aimee Russell
Jeffrey T. DeLeone	Barbra M. Phillips	Daniel L. Wilson

SERS LEADERSHIP TEAM

Richard Stensrud Executive Director	Karen Roggenkamp Deputy Executive Director
Farouki Majeed Chief Investment Officer	Judi Masri Assistant Director of Investments
Joe Marotta General Counsel	Susan Russell Associate General Counsel
Marni Hall Chief Financial Officer	Maria Robinson Assistant Director - Finance Operations
John Grumney Director of Member Services	Stacy Easterday Assistant Director - Financial Accounting
Chad Hanson Assistant Director - Member Services Operations	Holly Cox Assistant Director - Member Services Outreach
Christi Pepe Director of Health Care Services	Michael Steiner Assistant Director of Health Care Services
Jay Patel Chief Technology Officer	Scott Murta Assistant Director - Application Development
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Michelle Miller Director of Administrative Services	Chris Collins Government Relations Officer
Nikki Whitacre Assistant Director - Engagement and Communication Strategy	Tim Barbour Sr. Manager - External Communications
Jeff Davis Chief Audit Officer	Tina Gray Sr. Executive and Board Administrator

CONSULTING PARTNER





**School Employees Retirement
System of Ohio**
300 E. Broad St., Suite 100
Columbus, Ohio 43215-3746



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



STRATEGIC PLAN

FY2025 - 2029

JULY 1 - JUNE 30





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.

GOAL 1: SUSTAINABILITY

Maintain pension and health care funds that are sustainable, adapt to changing circumstances, and continue to provide value to our current and future members, retirees, and employers.

STRATEGIES

- 1.1: Continuously monitor and assess pension fund risks and identify measures to mitigate them.
- 1.2: Continuously monitor and assess health care fund risks and identify measures to mitigate them.
- 1.3: Maintain an investment program that meets or exceeds investment objectives over the long term.
- 1.4: Maintain a governance model that reflects industry best practices.
- 1.5: Continuously engage with and educate members, retirees, employers, and policymakers regarding SERS' financial status and risks to sustainability.

GOAL 2: SERVICE DELIVERY AND OPERATIONS

Optimize SERS' operations to continually improve and enhance service delivery.

STRATEGIES

- 2.1: Maintain our dedication to service excellence and personal engagement while making operational enhancements and efficiencies through technology.
- 2.2: Ensure allocation of resources is aligned with strategic goals and priorities.
- 2.3: Maximize the value of the 300 East Broad Street property.

GOAL 3: TECHNOLOGY

Utilize technology to improve efficiency, reliability, and security, while maintaining a personalized customer service experience.

STRATEGIES

- 3.1: Continue to identify, plan for, fund, and implement Technology Roadmap initiatives that benefit our members, retirees, and employers.
- 3.2: Continue to enhance the capability and value of our pension and health care administration system (SMART).
- 3.3: Continue to assess and strengthen technology risk management measures and practices.

GOAL 4: EDUCATION AND ENGAGEMENT

Promote transparency, accountability, and awareness of SERS' benefits through educational outreach and engagement with SERS' members, retirees, and employers.

STRATEGIES

- 4.1: Proactively communicate the successes and features that positively differentiate SERS from other retirement systems.
- 4.2: Maintain a robust level of engagement with members, retirees, employers, and policy makers that illustrates SERS' commitment to transparency and accountability, and promotes trust and credibility.
- 4.3: Proactively engage with and educate members on the importance of retirement preparation and the value of SERS' benefits.
- 4.4: Implement a comprehensive information gathering strategy to better understand the needs and perspectives of members, retirees, and employers.

GOAL 5: TALENT AND CULTURE

Value and invest in mission-driven employees committed to providing excellent service.

STRATEGIES

- 5.1: Foster a culture of engagement and accountability among employees to fulfill SERS' mission and sustain results.
- 5.2: Attract and retain highly skilled and engaged individuals who are mission-driven.
- 5.3: Maintain a culture of continuous learning by supporting professional and leadership development and advancement opportunities for staff.
- 5.4: Maintain a robust succession planning program that ensures organizational resiliency and operational continuity.

GOAL 6: RISK

Expand, raise awareness, and utilize our risk management programs to identify and manage risks.

STRATEGIES

- 6.1: Strengthen and maintain a risk-aware culture.
- 6.2: Enhance SERS' Information Security program to safeguard systems and entrusted data without compromising operational efficiency.
- 6.3: Enhance practices and controls of the Business Continuity Management and Disaster Recovery Program.

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CONSULTING PARTNER





Finance Headline News – July 2024

- Budget Administration
 - FY24 administrative expenses will be final as of July 26 to handle invoices received after year end.
 - Final budget to actual statement for FY24 will be presented at the September 2024 meeting.
- The following detailed reports are attached for further analysis:
 - FY24 Budget Administrative expense reports
 - Administrative expense summary for June 2024
 - Administrative expense detail for June 2024
 - Parameters report for June 2024
 - Financial highlights
 - As of May 2024
- Finance implemented a new accounting system effective July 1, 2024

School Employees Retirement System of Ohio

Preliminary summary of administrative operation expenses during the period **June 1, 2024-June 30, 2024.**

Actuals
Jun-2024

Account	Amount
Salaries & Wages	1,192,018.56
Salaries & Wages- Overtime	1,179.28
Vacation Leave Expense	185,473.54
Sick Leave Expense	117,683.48
Voluntary Life Insurance Reimbursement	241.36
Employer Contributions- PERS	180,458.45
Group Life	9,901.67
Long Term Disability	3,411.66
Short Term Disability	2,739.73
Group Health Claims	703,912.87
Group Health- Admin Fees	7,432.12
Prescription Claims	(34,385.23)
Group Health- Stop Loss Admin	19,912.44
Group Health- Stop Loss Claims	(475,444.02)
Vision Claims	2,247.88
Vision Admin Fees	123.12
Group Health- Employee Cost	(33,920.01)
Group Health- Wellness Incentive	3,875.00
Group Health- Tobacco Premiums	(680.00)
Medicare Premium- Employer	18,192.62
Deferred Compensation Match	4,800.00
Actuarial Services	18,460.00
Audit	42,750.00

Account	Amount
Custodial Fees	95,649.28
Custodial Banking	11,324.85
Master Recordkeeper Fees	79,150.39
Investment Advisory Fees	131,250.00
Performance/ Analytics Fee	34,667.66
Medical Consultant	3,750.00
Special Counsel	508.50
Technical	174,118.19
Other Professional Services	13,254.66
Postage	5,349.61
Telecommunications Services	4,247.60
Member/Employer Education	386.27
Printing Paper	13,158.60
Communications & Publications	9,673.00
Software Maintenance	35,000.00
Software Subscriptions	125,426.61
Hardware < \$5,000	2,055.10
Equipment Repairs & Maintenance	6,436.89
Office Supplies & Expenses	190.65
Records Storage	125.00
In House Training	658.80
Travel & Transportation	11,386.69
Mileage	1,201.85
Subscriptions	890.72
Memberships	895.00

Account	Amount
Interior Landscaping	1,386.37
Staff Support	7,206.12
Recruiting Expense	133.57
Reimbursement of Leased Svcs.	(25,416.67)
Total Administrative Expenses	2,714,449.83

School Employees Retirement System of Ohio
REVIEW OF ADMINISTRATIVE EXPENSES (PRELIMINARY)
Jun-24

Expense Account	Vendor	Amount
53100 - Salaries & Wages	ADP, LLC	601,117.76
	ADP, LLC	590,900.80
	Subtotal	1,192,018.56
53110 - Salaries & Wages - Overtime	ADP, LLC	454.45
	ADP, LLC	724.83
	Subtotal	1,179.28
53111 - Vacation Leave Expense	ADP, LLC	185,473.54
	Subtotal	185,473.54
53112 - Sick Leave Expense	ADP, LLC	95,238.13
	ADP, LLC	22,445.35
	Subtotal	117,683.48
53113- Voluntary Life Insurance Reimbursement	American United Life Insurance	241.36
	Subtotal	241.36
53200 - Employer Contributions - PERS	ADP, LLC	92,385.34
	ADP, LLC	88,073.11
	Subtotal	180,458.45
53300 - Group Life	American United Life Insurance Company	9,901.67
	Subtotal	9,901.67
53310 - Long Term Disability	American United Life Insurance Company	3,411.66
	Subtotal	3,411.66
53315 - Short Term Disability	American United Life Insurance Company	1,420.07
	American United Life Insurance Company	1,319.66
	Subtotal	2,739.73
53320 - Group Health Claims	Aetna Daily Wires - ESERS	228,468.85
	Aetna Daily Wires - ESERS	475,444.02
	Subtotal	703,912.87
53321 - Group Health - Admin Fees	Aetna Admin - ESERS	7,432.12
	Subtotal	7,432.12
53322 - Prescription Claims	Express Scripts - ESERS - Rebate	(76,602.88)
	Express Scripts - ESERS	42,217.65
	Subtotal	(34,385.23)
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS	19,912.44
	Subtotal	19,912.44
53325 - Group Health - Stop Loss Claims	Aetna Daily Wires - ESERS	(475,444.02)
	Subtotal	(475,444.02)
53326 - Vision Claims	VSP - (OH)	2,247.88
	Subtotal	2,247.88
53327 - Vision Admin Fees	VSP - (OH)	123.12
	Subtotal	123.12
53330 - Group Health - Employee Cost	Employee Premiums	(18,429.62)
	Employee Premiums	(16,488.87)
	Donaldson, Laura - Insurance reimbursement	998.48
	Subtotal	(33,920.01)
53331 - Group Health - Wellness Incentive	ADP, LLC	3,875.00
	Subtotal	3,875.00
53332 - Group Health - Tobacco Premiums	ADP, LLC	(340.00)
	ADP, LLC	(340.00)
	Subtotal	(680.00)

Expense Account	Vendor	Amount
53340 - Medicare Premium - Employer	ADP, LLC	9,210.67
	ADP, LLC	8,981.95
	Subtotal	18,192.62
53380 - Deferred Compensation Match	ADP, LLC	2,400.00
	ADP, LLC	2,400.00
	Subtotal	4,800.00
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC	6,460.00
	Cavanaugh MacDonald Consulting, LLC	12,000.00
	Subtotal	18,460.00
54200 - Audit	Crowe LLP	42,750.00
	Subtotal	42,750.00
54310 - Custodial Fees	BNY Mellon Asset Servicing	95,649.28
	Subtotal	95,649.28
54320 - Custodial Banking	Treasurer of State Warrants	28.70
	Huntington National Bank	11,296.15
	Subtotal	11,324.85
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing	79,150.39
	Subtotal	79,150.39
54420 - Investment Advisory Fees	Wilshire/Aksia	131,250.00
	Subtotal	131,250.00
54430 - Performance/Analytics Fee	BNY Mellon Asset Servicing	34,667.66
	Subtotal	34,667.66
54520 - Medical Consultant	Borchers, M.D., Glen G.	3,750.00
	Subtotal	3,750.00
54610 - Special Counsel	Porter, Wright, Morris, Luper Neidenthal & Logan	8.50
		500.00
	Subtotal	508.50
54620 - Technical	Presidio	2,268.75
	Hyland Software, Inc.	5,625.00
	Merative US L.P.	31,000.00
	Sagitec Solutions, LLC	100,619.00
	LexisNexis Risk Data Management, Inc	2,950.44
	ComResource	7,417.50
	Improving Ohio, Inc.	14,437.50
	Launch Consulting	9,800.00
		Subtotal
54630 - Other Professional Services	Wickert, Kimberly	405.00
	Cristo Rey Columbus High School	5,000.00
	Allinder, Jane	75.00
	Vorys Advisors LLC	3,666.66
	Steven R. Edwards	3,334.00
	Linea Solutions, Inc.	774.00
	Subtotal	13,254.66
55100 - Postage	Pitney Bowes Inc.	3,934.67
	Unishippers Association	368.52
	Quadient	1,012.70
	FedEx	33.72
	Subtotal	5,349.61
55200 - Telecommunications Services	T- Mobile	118.75
	Spectrum	237.34
	Verizon Wireless	229.13
	AT&T	40.10
	LUMEN	289.10
	Spectrum AWS	1,230.00
	Everstream Solutions LLC	1,376.00
	Total Communication Solutions	727.18
	Subtotal	4,247.60
55300 - Member/Employer Education	Employer Payments	(240.00)
	Vaughan, Cameron	179.78
	Staples Business Advantage	446.49
	Subtotal	386.27

Expense Account	Vendor	Amount
55400 - Printing Paper	Millcraft Paper Co.	13,158.60
	Subtotal	13,158.60
55420 - Communications & Publications	Millcraft Paper Co.	9,673.00
	Subtotal	9,673.00
56030 - Software Maintenance	Sagitec Solutions, LLC	35,000.00
	Subtotal	35,000.00
56035 - Software Subscriptions	Amazon Web Services	62.92
	ADP, LLC	3,422.38
	CDW-Government, Inc.	67,473.61
	Wellable LLC	475.80
	Expedient	13,754.92
	Workday Inc.	38,100.00
	Total Communication Solutions	(727.18)
	Citrix ShareFile	2,864.16
	Subtotal	125,426.61
56040 - Hardware < \$5,000	Staples Business Advantage	155.70
	Amazon.com	99.40
	Lenovo	1,800.00
	Subtotal	2,055.10
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc.	1,069.64
	Amazon.com	499.00
	Canon Financial Services, Inc	2,410.40
	US Bank Equipment Finance	2,457.85
	Subtotal	6,436.89
56130 - Office Supplies & Expenses	Staples Business Advantage	154.45
	Amazon.com	36.20
	Subtotal	190.65
56160 - Records Storage	Vital Records Holdings, LLC	125.00
	Subtotal	125.00
56220 - In House Training	ADP, LLC	658.80
	Subtotal	658.80
56310 - Travel & Transportation	Marotta, Joe	1,226.38
	Stensrud, Richard	760.73
	Hayes, Todd	74.75
	Loomis, Sayles & Company, L.P.	38.07
	Grumney, John	984.69
	Price, Steve	1,415.83
	Panera Bread	57.97
	Kroger	5.36
	Rossler, James	306.22
	Haller, James	571.13
	Rider, Trisha	1,814.62
	Phillips, Barbra	148.67
	Weglarz, Frank	294.80
	Hills Market	9.48
	Hall, Jessica	1,781.70
	Baskaran, Thavamani	366.61
	Sam's Club	25.66
	Masri, Judi	375.06
	Moss, Catherine	216.37
	King, Matt	183.15
	Bradley, Susan	37.00
	Genjigo	318.00
	Russell, Aimee	374.44
	Subtotal	11,386.69

Expense Account	Vendor	Amount
56311 - Mileage	Russell, Aimee	110.02
	Weglarz, Frank	218.42
	Moss, Catherine	231.82
	Rossler, James	190.28
	King, Matt	160.80
	Marotta, Joe	10.58
	Price, Steve	20.49
	Haller, James	259.44
	Subtotal	1,201.85
56410 - Subscriptions	Wall Street Journal	125.73
	Constant Contact	145.00
	Financial Times	375.00
	Shutterstock, Inc.	29.00
	Columbus Dispatch	13.00
	Toledo Blade	12.99
	The Business Journals	190.00
	Subtotal	890.72
56420 - Memberships	CAIA Association	700.00
	ARMA International	195.00
	Subtotal	895.00
56630 - Interior Landscaping	Ambius Inc. (05)	1,386.37
	Subtotal	1,386.37
56620 - Staff Support	Cintas Corporation	942.16
	ADP, LLC	2,796.99
	Panera Bread	313.42
	Premier ProduceOne	376.10
	Giant Eagle	64.99
	Amazon.com	755.00
	Culligan Bottled Water of Columbus	116.87
	BP Oil Company	22.76
	Aetna Behavioral Health, LLC	282.60
	Cuyahoga Franklin Group	752.36
	Matt & Tony's	73.87
	Inspira Financial	346.50
	Graeters	362.50
		Subtotal
56621 - Recruiting Expense	Indeed	133.57
	Subtotal	133.57
56900 - Reimbursement of Leased Svcs	Reimbursement of Leased Services	(25,416.67)
	Subtotal	(25,416.67)
	Total SERS Administrative Expenses	2,714,449.83

FY2024 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through June 30, 2024 (Preliminary)

Major Category/Sub-Major Category	Line Item	Vendor	FY2024 Budget Approved	Year to Date Expense	Additional Information
PROFESSIONAL SERVICES			\$ 6,456,305.00	\$ 5,938,370.89	
ACTUARIAL ADVISORS			\$ 292,500.00	\$ 295,946.00	
	Actuarial	Cavanaugh Macdonald	292,500.00	295,946.00	Actuarial Consultant
AUDITING			\$ 234,000.00	\$ 215,837.00	
	Auditing	Plante Moran	184,000.00	170,520.00	External Auditor
BANKING FEES			\$ 1,262,940.00	\$ 1,131,807.37	
	Custodial Banking		1,068,000.00	974,889.54	
		Fifth Third	336,000.00	312,384.04	Domestic Custodian
		BNYM	732,000.00	662,505.50	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	194,940.00	156,917.83	Banking Services
INVESTMENT RELATED			\$ 2,465,349.00	\$ 2,518,709.57	
	Master Recordkeeper		1,056,000.00	1,030,796.76	
	Investment Consulting & Advisory Services		525,000.00	524,999.99	
		Wilshire	450,000.00	449,999.99	Investment Consulting
	Performance Analytics Services		703,264.92	701,576.96	
		Barra-One Risk Mgmt Sys	238,445.00	238,445.00	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	430,131.96	Investment Performance Analytics
TECHNICAL			\$ 2,156,516.00	\$ 1,731,070.95	
	Special Counsel		240,000.00	320,917.61	
	Technical		1,360,084.00	953,568.72	
		Merative	121,000.00	121,000.00	Data Warehouse
		Sagitec	550,000.00	456,281.01	SMART Development Resources
	Other Professional Services		556,432.00	456,584.62	
OTHER OPERATING EXPENSE			\$ 4,108,942.00	\$ 3,210,307.75	
COMPUTER SUPPORT SERVICES			\$ 2,737,127.00	\$ 2,188,252.70	
	Software Maintenance		1,047,108.00	818,986.09	
		Hyland	119,061.00	117,916.85	ImageNow
		Dell	290,000.00	246,943.83	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	385,000.00	SMART Silver Support
	Software Subscriptions		1,444,815.00	1,284,030.02	
		DRaaS	158,000.00	161,543.76	Expedient
		Dynamo	202,000.00	201,816.43	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				

SERS

UNBUDGETED PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2024 Budget	YTD Expense	Expense Reallocation
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OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

Major Category	Line Item	Project	FY2024 Budget	YTD Expense
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SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS

As of May 31, 2024 and 2023

(unaudited)

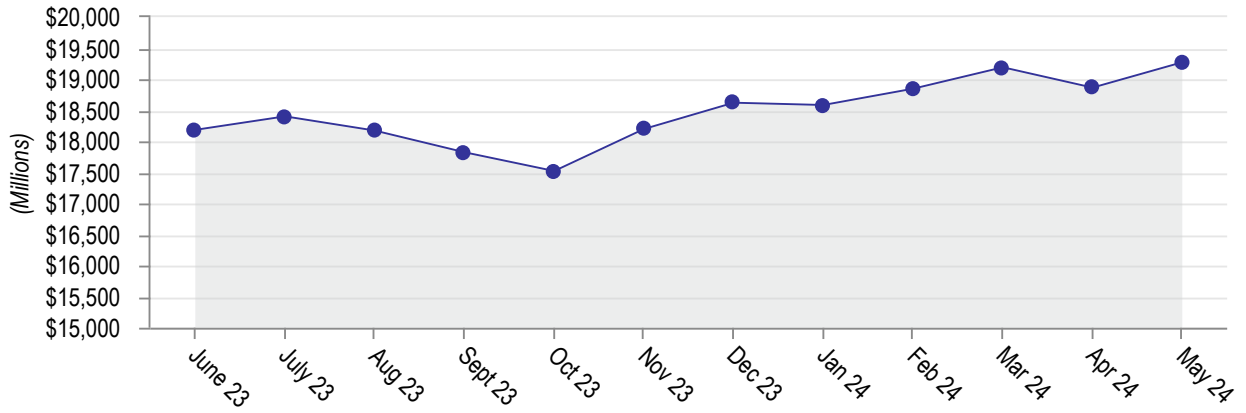
SERS (All Funds)	5/31/24 YTD	5/31/23 YTD	Comparative Difference	% Difference
<u>ADDITIONS</u>				
Employer Contributions	\$591,417,780	\$556,656,329	\$34,761,451	6%
Member Contributions	387,009,598	364,010,224	22,999,374	6
Other Income	122,797,774	116,696,829	6,100,945	5
Total Investment Income, Net	1,460,464,061	646,108,791	814,355,270	126
TOTAL ADDITIONS	2,561,689,213	1,683,472,173	878,217,040	52
<u>DEDUCTIONS</u>				
Retirement, Disability, Survivor & Death Benefits	1,298,994,565	1,254,937,066	44,057,499	4
Health Care Expenses	137,337,717	122,170,743	15,166,974	12
Refunds & Transfers	89,299,812	101,088,245	(11,788,433)	(12)
Administrative Expenses (excluding Investments)	27,894,954	26,857,517	1,037,437	4
TOTAL DEDUCTIONS	1,553,527,048	1,505,053,571	48,473,477	3
Changes in Net Position	1,008,162,165	178,418,602	829,743,563	465
Net Position - Beginning	18,265,722,222	17,574,319,449	691,402,773	4
SERS Net Position - Ending	\$19,273,884,387	\$17,752,738,051	\$1,521,146,336	9%

HEALTH CARE FUND

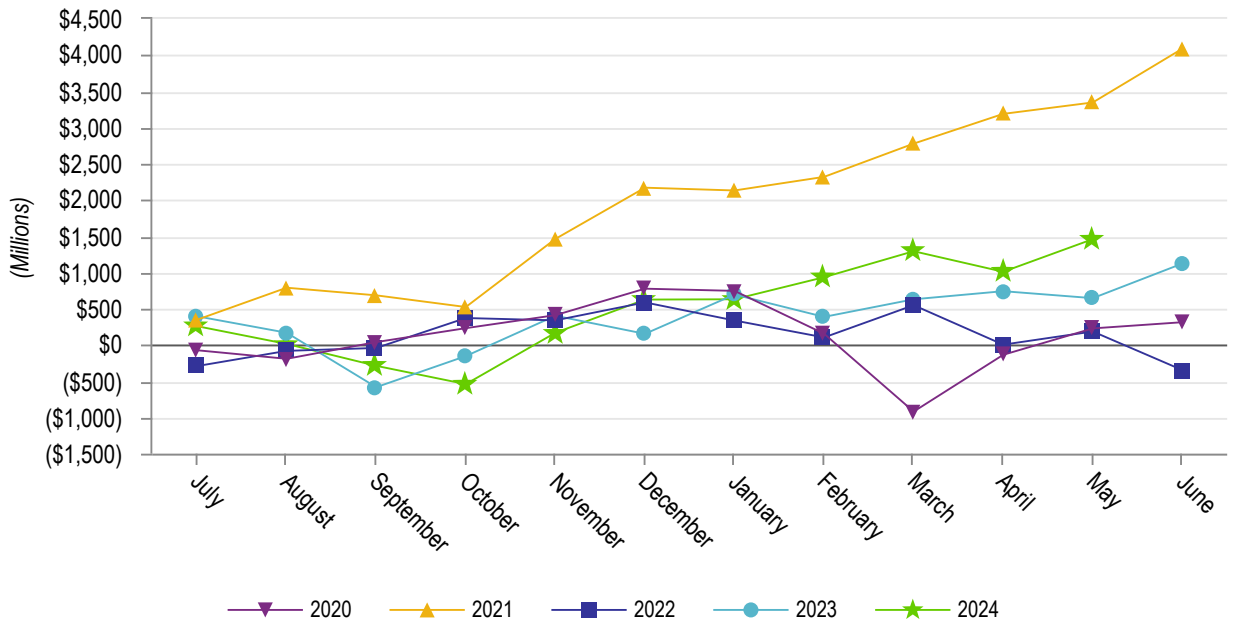
HEALTH CARE ADDITIONS

Employer Contributions	\$51,698,922	\$48,398,296	\$3,300,626	7%
Health Care Premiums	53,335,918	55,625,263	(2,289,345)	(4)
Federal Subsidies & Other Receipts	69,421,033	60,953,328	8,467,705	14
Total Investment Income, Net	49,250,499	18,930,621	30,319,878	160
TOTAL HEALTH CARE ADDITIONS	223,706,372	183,907,508	39,798,864	22
TOTAL HEALTH CARE DEDUCTIONS	140,035,581	124,522,245	15,513,336	12
Changes in Net Position	83,670,791	59,385,263	24,285,528	41
Net Position - Beginning	706,785,561	611,574,409	95,211,152	16
SERS Health Care Fund Net Position - Ending	\$790,456,352	\$670,959,672	\$119,496,680	18%

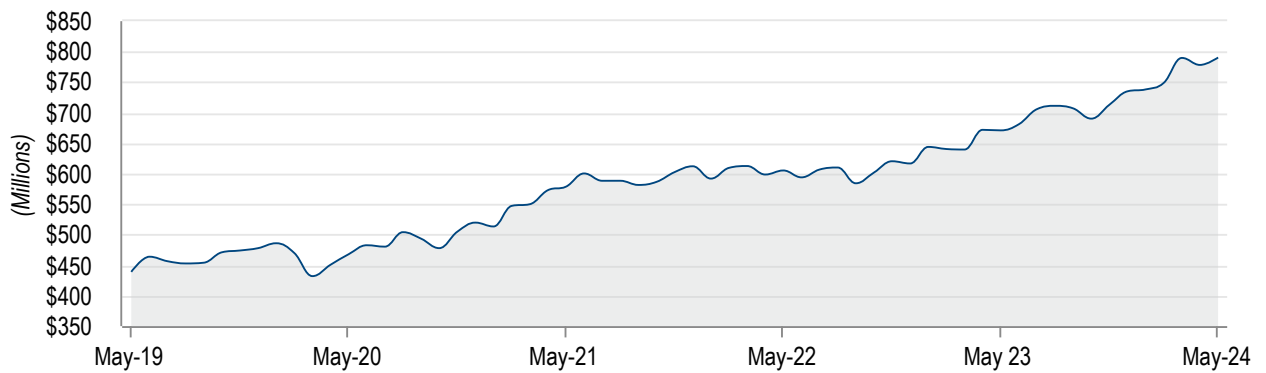
Total SERS Fund Balance for Previous 12 Months



Investment Income (includes realized and unrealized gains & losses)



Health Care Fund Balance Trend



ELECTION OF EMPLOYEE MEMBERS TO THE RETIREMENT BOARD

_____ moved and _____ seconded that the following resolution be adopted:

BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of two employee members of the Retirement Board for the term beginning July 1, 2025, and ending June 30, 2029, shall be as provided herewith:

Any member of the Retirement System, other than a disability recipient, shall be eligible for election and the name of any member who is nominated by petitions, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petitions shall be signed by at least five hundred (500) members of the Retirement System of which there shall be not less than twenty (20) signers each from at least ten (10) counties wherein such members are employed; shall indicate the employer and county of employment of each signing member; shall include the member's SERS ID or last 4 digits of their social security number; shall be signed on or after August 6, 2024; original hard copy petitions, along with the originals of any other completed required forms, must be received in the office of the Retirement System no later than 4:30 p.m., EST, December 6, 2024. Electronic signatures on electronic petitions available on the SERS website must be completed by December 6, 2024, at 4:30 p.m., EST.

All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 3, 2025.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 4, 2025, and announce the results of the election.

The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy, and procedures.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

ELECTION OF RETIREE MEMBER TO THE RETIREMENT BOARD

_____ moved and _____ seconded that the following resolution be adopted:

BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of one retiree member of the Retirement Board for the term beginning July 1, 2025, and ending June 30, 2029, shall be as provided herewith:

Any service or disability retiree of the Retirement System who is a resident of Ohio shall be eligible for election and the name of any retiree who is nominated by a petition, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petition shall be signed by at least one hundred fifty (150) service or disability retirees of the Retirement System, of which there shall be not less than ten (10) signers each from at least five (5) Ohio counties, wherein service or disability retirees under this system reside; shall indicate the home address and county of each signing retiree; shall include the retiree's SERS ID or last 4 digits of their social security number; shall be signed on or after August 6, 2024; original hard copy petitions, along with the originals of any other completed required forms, must be received in the office of the Retirement System no later than 4:30 p.m., EST, December 6, 2024. Electronic signatures on electronic petitions available on the SERS website must be completed by December 6, 2024, at 4:30 p.m., EST.

All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 3, 2025.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 4, 2025, and announce the results of the election.

The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy, and procedures.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

Memo

To: SERS Board
From: Richard Stensrud, Executive Director
CC: Karen Roggenkamp, Deputy Executive Director
Date: July 12, 2024
Re: Pensionable Compensation Actuarial Modeling

Over the past several months, together with SERS staff and stakeholders, the Board has been analyzing whether changes should be considered to Ohio Administrative Code 3309-1-02, Definition of Compensation, which identifies whether earnings in addition to salary and wages qualify as pensionable compensation.

The objective of this initiative is to have a definition of pensionable compensation that is:

- Clear – Both for the member and the employer;
- Fair – It can be consistently applied across all job types;
- Easier to administer – By both the employer and SERS;
- More in alignment with both current pay practices and how such pay practices are treated at STRS; and
- Does not negatively impact the financial condition and sustainability of the pension fund.

After monitoring the trends in how SERS members are being compensated, it was determined the compensation rule should be modernized. In particular, it was noted that employers are now frequently providing compensation in the form of lump sum payments rather than through an increase in salary or wages, and that the existing definition was resulting in inconsistent treatment of such payments. For example, whether or not a lump sum payment is considered pensionable compensation depends not on the character of the payment, but instead on whether the payment amount was calculated based on the employee's rate of pay or as a flat dollar amount. If the lump sum payment is based on the employee's rate of pay it is included in pensionable compensation, while a flat dollar lump sum payment is excluded.

At the June Board Meeting, the Board was provided with a summary of different compensation elements and whether those elements should be "In" or "Out" of pensionable compensation based on previous discussions and decisions by the Board. Accompanying this information was a proposed amended compensation rule designed to reflect the Board's decisions on what qualifies as pensionable compensation. The basic approach of the rule is that compensation paid for performing an employee's job is included unless it is specifically excluded.

The approach taken by the proposed amendments to the compensation rule appear to meet the first four objectives noted above – i.e., clarity; fairness (can be consistently applied); easier to administer by employers and SERS; and better alignment with current pay practices and how those pay practices are treated at STRS.

The next step is to assess the impact of expanding the pensionable compensation definition on SERS' financial condition and sustainability. The challenge in this regard is that there are many variables that are difficult to predict. Those variables include:

- How quickly will such pay elements start to appear in compensation?
- How widespread will they be?
- How much will they increase pensionable compensation?
- What will be the impact on final average salary (FAS) and benefits?
- How quickly will increased pensionable compensation start to be seen in FAS?

The actuary uses a salary growth assumption in calculating projected benefit liabilities. If salary growth exceeds the assumption, it will result in an actuarial loss. If salary growth continues to exceed the assumption, the assumption will need to be increased. Increasing the assumption will increase the normal cost. Increased normal cost will mean that more of the employer contribution must go to covering normal cost and less is available to pay down unfunded liabilities. The possible variables regarding the salary growth assumption include:

- What amount of salary growth over the assumption is necessary to trigger an actuarial loss?
- If there is an initial uptick in pensionable compensation, will salary growth return to previous levels?
- How long would salary growth over the assumption have to last before it becomes necessary to change the assumption?
- How much would a change in the salary growth assumption impact normal cost?

Similar considerations and questions pertain to the payroll growth assumption.

Somewhat offsetting these questions is the fact that with higher pensionable compensation there will be more pension contributions by both the employee and the employer. This will be an important funding source for any increase in liabilities that may occur. The additional contributions will be particularly valuable for benefit funding if they commence farther out from retirement.

To help the Board assess the question of fiscal impact given the wide variables, SERS' actuary Cavanaugh MacDonald (CavMac) was asked to model the projected impact of different combinations of circumstances. The CavMac analysis is attached. Todd Green from CavMac will also be available at the meeting to expand on the results of their analysis and answer any questions you might have.

The primary metric for assessing fiscal impact and the impact on sustainability is the funded ratio of the pension fund. CavMac first used data from the June 30, 2023 actuarial valuation to develop a baseline of the projected funded ratio over the next 30 years assuming no change in pensionable compensation. CavMac then modeled two scenarios to illustrate and compare the impact on the funded ratio for the next 30 years from either:

- Scenario One – An increase in pensionable compensation takes place in year one and future pay increases going forward are based on the higher base compensation; or
- Scenario Two – An increase in pensionable compensation takes place in the last year of employment prior to retirement and thus is more likely to impact FAS.

To take into account the variable of different possible increases in pensionable compensation, both Scenarios consider five different possible levels of increased compensation: (a) 5%; (b) 10%; (c) 15%; (d) 20%; and (e) 25%.

Both Scenarios take into account the variables of which members and how many members might see an increase in pensionable compensation at the levels noted above. The Scenarios do this by ranking SERS' active membership by compensation from highest to lowest, then dividing the membership into five distinct compensation groups: (a) Top 5th percentile; (b) Top 10th percentile; (c) Top 25th percentile; (d) Top 50th percentile; and (e) The entire active membership. Each Scenario then shows what the projected funded ratios over the 30 year period would be if the different compensation groups experienced the different levels of increase in pensionable compensation early in or at the end of their careers, respectively.

The modeling shows several things:

- The baseline of the funded ratio (i.e., with no changes in pensionable compensation) is projected to increase over the next 30 years, reaching 100% in approximately 2041 and topping out at 124% in 2053.
- Under Scenario One (early in career increase in pensionable compensation), as the number of compensation groups analyzed expands, the overall impact of the increase in pensionable compensation is mitigated. CavMac explains that this is due to the uniform nature of the increase in liabilities and the corresponding increase of higher contributions across the membership.
 - In most cases, the decline in the funded ratio as the level of additional pensionable compensation increases is approximately 1%.
 - In most cases, the decline in the funded ratio as more compensation groups are included is approximately 1% to 2%.
 - In the most extreme case (i.e., when the top 50th percentile compensation group receives a 25% increase in pensionable compensation), the funded ratio at the end of the 30 year period decreases from 124% to 116%.
- Under Scenario Two (end of the career increase in pensionable compensation), the projected funded ratio declines as the number of compensation groups analyzed expands. CavMac explains that this is due to the increase in liabilities from the additional pensionable compensation at retirement not having a period of higher contributions to reduce the overall impact.
 - In most cases, the decline in the funded ratio as the level of pensionable compensation increases is approximately 1% to 2%.
 - In most cases, the decline in the funded ratio as more compensation groups are included is approximately 1% to 3%.
 - In the most extreme case (i.e., when the entire membership receives a 25% increase in pensionable compensation), the funded ratio at the end of the 30 year period decreased from 124% to 114%.

Some over-arching observations regarding the results of the modeling analysis:

- (1) An increase in pensionable compensation will decrease the funded ratio but the decrease will be minimal.
- (2) The greater the increase in pensionable compensation, the greater the impact on the funded ratio, but again, the difference is relatively small.
- (3) When the increase in pensionable compensation occurs (i.e., early in the career or at retirement) makes a difference, with increases at retirement impacting the funded ratio more than increases early in the career. As previously noted, this is a function of the length of time that additional contributions are received on the higher compensation.
- (4) A 25% increase in pensionable compensation, whether early in the career or at retirement, should not be viewed as likely or common. Similarly, large increases in pensionable compensation for a substantial portion of SERS members at the same time (whether early in the career or at retirement) is not likely to happen.

Finally, attached for your consideration is an analysis prepared by CavMac last October for the purpose of assessing whether different levels of increased FAS, and when such an increase occurred, would trigger

application of the Contribution Based Benefit Cap (CBBC). In the analysis CavMac modeled five sample retirement scenarios, based on actual retirements, illustrating how an increase of 5%, 10% or 15% in the Final Average Salary (FAS), immediately prior to retirement, five years prior to retirement, or ten years prior to retirement would have impacted the person's FAS and their retirement benefit, and whether it would have resulted in application of the CBBC. As you will see, the CBBC would not have been triggered under any of the scenarios.

While this analysis was prepared to illustrate potential application of the CBBC, it also shows how different levels of increases in pensionable compensation, and the timing of such an increase, would impact FAS and the ultimate retirement benefit. As such, it can be viewed as showing individualized impact of increased levels of pensionable compensation that the Board may want to consider in conjunction with the membership-wide impact shown in the current CavMac analysis.

I hope this information is helpful.

Please let me know if you have any questions.



July 9, 2024

Ms. Marni Hall
Chief Financial Officer
School Employees Retirement System of Ohio
300 East Broad Street
Columbus, Ohio 43215

Subject: Definition of Compensation

Dear Marni:

As requested, we have prepared an actuarial analysis of proposed changes to the Definition of Compensation under section 3309-1-02. The results of that analysis are presented below.

Background

Below is a summary of the Definition of Compensation from section 3309-1-02 of the Revised Code.

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 the rule;
 - 3) Retroactive payments of pay increase 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.

The analysis removes 3309-1-02 (B)(2) from the above definition. Due to lack of complete information regarding unreported compensation, this may have the impact of increasing compensation for members of the System in an indeterminate way. Compensation increases that exceed the assumed rate of salary increases result in higher liabilities. It should be noted, compensation increases will also lead to additional employee and employer contributions.



Analysis

To assess the effect of higher salaries on the long-term sustainability of the System, we performed projections under two different scenarios. For the first scenario, we ranked the active population by compensation from highest to lowest. We then created five distinct compensation groups ranked by compensation consisting of the top 5th percentile, top 10th percentile, top 25th percentile, top 50th percentile, and the entire active workforce. We then prepared 30-year projections of the System by evaluating one time 5%, 10%, 15%, 20% and 25% additional increase in annual compensation to reflect the additional payroll attributed to amending the definition of compensation. Please note, this increase in compensation will be reflected in all future annual salaries.

For the second scenario, utilizing the same compensation groups noted above, we prepared 30-year projections of the System by evaluating 5%, 10%, 15%, 20% and 25% additional increase in compensation in the final year of service at retirement.

The results of these projections are shown in the attached exhibits.

For the first scenario, as the number of compensation groups included in the study expands, the overall impact of the additional compensation increase is mitigated. This is due to the uniform nature of the increase in liabilities and the corresponding increase of higher contributions across the population. In the most extreme case, the ultimate funded ratio decreased from 124% to 116%. This occurs when the top 50th percentile compensation group receives a 25% compensation increase.

For the second scenario, the projected funded ratio declines as the number of compensation groups increases. This is attributed to the increase in liability from the additional compensation increase at retirement that is not offset by the requisite increase in employee and employer contributions to reduce the overall impact. In the most extreme case, the ultimate funded ratio decreased from 124% to 114%. This occurs when the entire population receives a 25% compensation increase at retirement.

This study provides the best (Scenario 1) and worst (Scenario 2) cases for the potential impact to the System of the change to the pensionable compensation. As will be noted, the more distributed and often the additional compensation occurs, the more additional contributions are received to offset the impact of the additional benefits to be paid.

Regular actuarial valuations measure the System's present financial position and contribution adequacy by calculating and financing the liabilities created by the present benefit program. This process involves discounting the present value of future benefit payments on behalf of present active and retired members and their survivors.

Annual valuations do not produce information regarding future changes in the makeup of the covered group or the amounts of benefits to be paid or investment income to be received. Projections of the Retirement System do provide this information.

The projection of System finances over 30 years requires an assumption regarding future new entrants to the System as well as the regular valuation assumptions used to estimate the timing of future events for current members. As members are assumed to terminate service for any reason, they are replaced with new entrants. Valuations are then performed on the projected active and retired membership for each of the thirty years of the study.



In preparing our results, we utilized the data, methods, assumptions, and benefit provisions described in the June 30, 2023 actuarial valuation of SERS. That report should be consulted for a complete description of how our work was performed. Some of the results in this report are based upon modifying one or more of the valuation assumptions as noted in the discussion of the analysis being performed. The Board's funding policy allocates a higher portion of the employer contribution toward the basic benefits until the fund achieves a funded status of 90%. The minimum employer contribution, regardless of funded status in the projections is 10% of annual payroll.

The promised benefits of the System are included in the actuarially calculated contribution rates reflecting the Board's adopted funding policy, which are developed using the individual entry age normal cost method. Four-year smoothing of the market value of assets is used for actuarial valuation purposes. The Unfunded Actuarial Accrued Liability is amortized by regular annual contributions as a level percentage of payroll over a closed 21-year period beginning on June 30, 2023.

The discount rate used to measure the liabilities of the System is 7.00%. The assumed rate of return on the market value of assets is 7.00%. This assumption is static and does not change over the projection period. As of June 30, 2023, the market value of assets is \$126,850,711 less than the actuarial value of assets. This unrecognized investment loss will be fully recognized by June 30, 2026. Once the investment loss is fully recognized the actuarial value of assets will equal the market value of assets.

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.

As with any analysis, there is always a risk the underlying assumptions in which the cost study is based may not be realized, which will change the ultimate cost of the impact statement. In this case, the ultimate cost could be higher or lower depending on the actual utilization rate compared to the assumptions.

If you need any further information regarding this analysis, please do not hesitate to contact us. The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

Todd Green, ASA, EA, FCA, MAAA
President



Scenario One Exhibit

The chart below shows the projected funded ratio for increasing annual compensation by 5%, 10%, 15%, 20% and 25% for the **top 5th percentile** compensation group of the active population. As indicated below the funded ratio varies from 124% for the 5% compensation increase compared to 120% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	83%	90%	96%	103%	112%	124%
10%	77%	82%	89%	95%	102%	111%	123%
15%	77%	82%	89%	95%	102%	111%	122%
20%	77%	82%	89%	95%	101%	110%	121%
25%	77%	82%	88%	94%	101%	109%	120%

The chart below shows the projected funded ratio for increasing annual compensation by 5%, 10%, 15%, 20% and 25% for the **top 10th percentile** compensation group of the active population. As indicated below the funded ratio varies from 123% for the 5% compensation increase compared to 119% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	83%	90%	96%	103%	112%	123%
10%	77%	82%	89%	95%	102%	111%	122%
15%	77%	82%	89%	94%	101%	110%	121%
20%	77%	81%	88%	95%	101%	110%	121%
25%	77%	81%	88%	94%	100%	109%	119%



Scenario One Exhibit

The chart below shows the projected funded ratio for increasing annual compensation by 5%, 10%, 15%, 20% and 25% for the **top 25th percentile** compensation group of the active population. As indicated below the funded ratio varies from 123% for the 5% compensation increase compared to 117% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	82%	89%	95%	102%	112%	123%
10%	77%	82%	89%	94%	101%	110%	121%
15%	77%	81%	88%	94%	101%	109%	120%
20%	77%	80%	87%	93%	100%	108%	118%
25%	77%	80%	87%	93%	99%	107%	117%

The chart below shows the projected funded ratio for increasing annual compensation by 5%, 10%, 15%, 20% and 25% for the **top 50th percentile** compensation group of the active population. As indicated below the funded ratio varies from 123% for the 5% compensation increase compared to 116% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	82%	89%	95%	102%	111%	123%
10%	77%	81%	88%	95%	101%	110%	121%
15%	77%	81%	88%	94%	100%	108%	119%
20%	77%	80%	87%	93%	99%	107%	117%
25%	77%	79%	86%	92%	98%	106%	116%



Scenario One Exhibit

The chart below shows the projected funded ratio for increasing annual compensation by 5%, 10%, 15%, 20% and 25% for the **total active population**. As indicated below the ultimate funded ratio is reduced by 1% for all the scenarios. This is due to the uniform nature of the increase in liabilities and the corresponding increase of higher contributions across the population.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	82%	89%	95%	103%	112%	123%
10%	77%	82%	89%	95%	102%	111%	123%
15%	77%	81%	88%	95%	102%	111%	123%
20%	77%	80%	88%	95%	102%	112%	123%
25%	77%	79%	88%	95%	102%	112%	123%



Scenario Two Exhibit

The chart below shows the projected funded ratio for increasing compensation by 5%, 10%, 15%, 20% and 25% in the final year prior to retirement for the **top 5th percentile** compensation group of the active population. As indicated below the funded ratio varies from 123% for the 5% compensation increase compared to 120% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	83%	90%	96%	103%	112%	123%
10%	77%	82%	89%	95%	102%	112%	123%
15%	77%	82%	89%	95%	102%	111%	122%
20%	77%	82%	89%	95%	101%	110%	121%
25%	77%	82%	89%	94%	101%	110%	120%

The chart below shows the projected funded ratio for increasing compensation by 5%, 10%, 15%, 20% and 25% in the final year prior to retirement for the **top 10th percentile** compensation group of the active population. As indicated below the funded ratio varies from 123% for the 5% compensation increase compared to 119% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	82%	89%	96%	103%	112%	123%
10%	77%	82%	89%	95%	102%	111%	122%
15%	77%	82%	89%	94%	101%	110%	121%
20%	77%	82%	88%	94%	101%	109%	120%
25%	77%	81%	88%	94%	100%	109%	119%



Scenario Two Exhibit

The chart below shows the projected funded ratio for increasing compensation by 5%, 10%, 15%, 20% and 25% in the final year prior to retirement for the **top 25th percentile** compensation group of the active population. As indicated below the funded ratio varies from 122% for the 5% compensation increase compared to 117% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	82%	89%	95%	102%	111%	122%
10%	77%	82%	89%	95%	101%	110%	121%
15%	77%	81%	88%	94%	100%	109%	119%
20%	77%	81%	87%	93%	100%	108%	118%
25%	77%	81%	87%	93%	99%	107%	117%

The chart below shows the projected funded ratio for increasing compensation by 5%, 10%, 15%, 20% and 25% in the final year prior to retirement for the **top 50th percentile** compensation group of the active population. As indicated below the funded ratio varies from 122% for the 5% compensation increase compared to 116% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	82%	89%	95%	102%	111%	122%
10%	77%	82%	89%	95%	101%	110%	121%
15%	77%	81%	87%	93%	99%	107%	117%
20%	77%	80%	86%	92%	98%	106%	116%
25%	77%	80%	86%	92%	98%	106%	116%



Scenario Two Exhibit

The chart below shows the projected funded ratio for increasing compensation by 5%, 10%, 15%, 20% and 25% in the final year prior to retirement for the **total active population**. As indicated below the funded ratio varies from 121% for the 5% compensation increase compared to 114% for the 25% compensation increase.

Compensation Increase	2023	2028	2033	2038	2043	2045	2053
Baseline	77%	83%	90%	96%	103%	112%	124%
5%	77%	82%	89%	95%	101%	110%	121%
10%	77%	82%	88%	94%	101%	109%	120%
15%	77%	81%	87%	93%	99%	106%	115%
20%	77%	80%	86%	92%	98%	106%	115%
25%	77%	80%	85%	91%	98%	106%	114%



CBBC SCENARIOS: RETIREE 1



Retirement Age
47



Service at Retirement
30 Years



Annuity Factor
12.9671

No Change	
A. Accumulated Contributions (No Interest)	\$126,894
B. Retirement Age	47
C. Final Average Earnings	\$62,981
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$41,567
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$9,786
I. CBBC Factor (F. / H.)	4.25

5% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$127,839
B. Retirement Age	47
C. Final Average Earnings	\$66,130
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$43,646
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$9,859
I. CBBC Factor (F. / H.)	4.43

5% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$129,225
B. Retirement Age	47
C. Final Average Earnings	\$66,130
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$43,646
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$9,966
I. CBBC Factor (F. / H.)	4.38

5% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$130,407
B. Retirement Age	47
C. Final Average Earnings	\$66,130
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$43,646
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$10,057
I. CBBC Factor (F. / H.)	4.34

10% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$128,783
B. Retirement Age	47
C. Final Average Earnings	\$69,279
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$45,724
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$9,932
I. CBBC Factor (F. / H.)	4.60

10% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$131,556
B. Retirement Age	47
C. Final Average Earnings	\$69,279
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$45,724
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$10,145
I. CBBC Factor (F. / H.)	4.51

10% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$133,919
B. Retirement Age	47
C. Final Average Earnings	\$69,279
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$45,724
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$10,328
I. CBBC Factor (F. / H.)	4.43

15% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$129,728
B. Retirement Age	47
C. Final Average Earnings	\$72,428
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$47,803
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$10,004
I. CBBC Factor (F. / H.)	4.78

15% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$133,887
B. Retirement Age	47
C. Final Average Earnings	\$72,428
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$47,803
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$10,325
I. CBBC Factor (F. / H.)	4.63

15% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$137,432
B. Retirement Age	47
C. Final Average Earnings	\$72,428
D. Service at Retirement	30
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$47,803
G. Annuity Factor	12.9671
H. Annuitized Contributions (A. / G.)	\$10,599
I. CBBC Factor (F. / H.)	4.51



CBBC SCENARIOS: RETIREE 2



Retirement Age
53



Service at Retirement
31 Years



Annuity Factor
12.3623

No Change	
A. Accumulated Contributions (No Interest)	\$138,288
B. Retirement Age	53
C. Final Average Earnings	\$67,307
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$46,105
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,186
I. CBBC Factor (F. / H.)	4.12

5% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$139,297
B. Retirement Age	53
C. Final Average Earnings	\$70,672
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$48,410
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,268
I. CBBC Factor (F. / H.)	4.30

5% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$140,779
B. Retirement Age	53
C. Final Average Earnings	\$70,672
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$48,410
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,388
I. CBBC Factor (F. / H.)	4.25

5% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$142,041
B. Retirement Age	53
C. Final Average Earnings	\$70,672
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$48,410
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,490
I. CBBC Factor (F. / H.)	4.21

10% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$140,307
B. Retirement Age	53
C. Final Average Earnings	\$74,037
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$50,716
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,350
I. CBBC Factor (F. / H.)	4.47

10% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$143,270
B. Retirement Age	53
C. Final Average Earnings	\$74,037
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$50,716
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,589
I. CBBC Factor (F. / H.)	4.38

10% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$145,795
B. Retirement Age	53
C. Final Average Earnings	\$74,037
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$50,716
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,794
I. CBBC Factor (F. / H.)	4.30

15% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$141,316
B. Retirement Age	53
C. Final Average Earnings	\$77,403
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$53,021
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,431
I. CBBC Factor (F. / H.)	4.64

15% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$145,761
B. Retirement Age	53
C. Final Average Earnings	\$77,403
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$53,021
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$11,791
I. CBBC Factor (F. / H.)	4.50

15% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$149,549
B. Retirement Age	53
C. Final Average Earnings	\$77,403
D. Service at Retirement	31
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$53,021
G. Annuity Factor	12.3623
H. Annuitized Contributions (A. / G.)	\$12,097
I. CBBC Factor (F. / H.)	4.38



CBBC SCENARIOS: RETIREE 3



Retirement Age
62



Service at Retirement
13.2 Years



Annuity Factor
11.1295

No Change	
A. Accumulated Contributions (No Interest)	\$27,547
B. Retirement Age	62
C. Final Average Earnings	\$24,312
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,330
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,475
I. CBBC Factor (F. / H.)	1.75

5% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$27,912
B. Retirement Age	62
C. Final Average Earnings	\$25,528
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,546
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,508
I. CBBC Factor (F. / H.)	1.81

5% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$28,434
B. Retirement Age	62
C. Final Average Earnings	\$25,528
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,546
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,555
I. CBBC Factor (F. / H.)	1.78

5% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$28,857
B. Retirement Age	62
C. Final Average Earnings	\$25,528
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,546
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,593
I. CBBC Factor (F. / H.)	1.75

10% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$28,276
B. Retirement Age	62
C. Final Average Earnings	\$26,743
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,763
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,541
I. CBBC Factor (F. / H.)	1.87

10% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$29,321
B. Retirement Age	62
C. Final Average Earnings	\$26,743
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,763
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,634
I. CBBC Factor (F. / H.)	1.81

10% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$30,168
B. Retirement Age	62
C. Final Average Earnings	\$26,743
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,763
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,711
I. CBBC Factor (F. / H.)	1.76

15% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$28,641
B. Retirement Age	62
C. Final Average Earnings	\$27,959
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,979
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,573
I. CBBC Factor (F. / H.)	1.93

15% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$30,208
B. Retirement Age	62
C. Final Average Earnings	\$27,959
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,979
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,714
I. CBBC Factor (F. / H.)	1.83

15% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$31,478
B. Retirement Age	62
C. Final Average Earnings	\$27,959
D. Service at Retirement	13.72
E. Early Retirement Factor	0.59
F. Accrued Benefit	\$4,979
G. Annuity Factor	11.1295
H. Annuitized Contributions (A. / G.)	\$2,828
I. CBBC Factor (F. / H.)	1.76



CBBC SCENARIOS: RETIREE 4



Retirement Age
67



Service at Retirement
35 Years



Annuity Factor
10.1397

No Change	
A. Accumulated Contributions (No Interest)	\$81,653
B. Retirement Age	67
C. Final Average Earnings	\$37,088
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$29,114
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,053
I. CBBC Factor (F. / H.)	3.62

5% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$82,210
B. Retirement Age	67
C. Final Average Earnings	\$38,942
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$30,569
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,108
I. CBBC Factor (F. / H.)	3.77

5% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$83,026
B. Retirement Age	67
C. Final Average Earnings	\$38,942
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$30,569
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,188
I. CBBC Factor (F. / H.)	3.73

5% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$83,722
B. Retirement Age	67
C. Final Average Earnings	\$38,942
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$30,569
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,257
I. CBBC Factor (F. / H.)	3.70

10% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$82,766
B. Retirement Age	67
C. Final Average Earnings	\$40,796
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$32,025
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,163
I. CBBC Factor (F. / H.)	3.92

10% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$84,399
B. Retirement Age	67
C. Final Average Earnings	\$40,796
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$32,025
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,324
I. CBBC Factor (F. / H.)	3.85

10% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$85,790
B. Retirement Age	67
C. Final Average Earnings	\$40,796
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$32,025
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,461
I. CBBC Factor (F. / H.)	3.79

15% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$83,322
B. Retirement Age	67
C. Final Average Earnings	\$42,651
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$33,481
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,217
I. CBBC Factor (F. / H.)	4.07

15% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$85,772
B. Retirement Age	67
C. Final Average Earnings	\$42,651
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$33,481
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,459
I. CBBC Factor (F. / H.)	3.96

15% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$87,859
B. Retirement Age	67
C. Final Average Earnings	\$42,651
D. Service at Retirement	35
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$33,481
G. Annuity Factor	10.1397
H. Annuitized Contributions (A. / G.)	\$8,665
I. CBBC Factor (F. / H.)	3.86



CBBC SCENARIOS: RETIREE 5



Retirement Age
69



Service at Retirement
20 Years



Annuity Factor
9.6836

No Change	
A. Accumulated Contributions (No Interest)	\$54,264
B. Retirement Age	69
C. Final Average Earnings	\$35,275
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$15,521
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$5,604
I. CBBC Factor (F. / H.)	2.77

5% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$54,793
B. Retirement Age	69
C. Final Average Earnings	\$37,039
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$16,297
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$5,658
I. CBBC Factor (F. / H.)	2.88

5% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$55,561
B. Retirement Age	69
C. Final Average Earnings	\$37,039
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$16,297
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$5,738
I. CBBC Factor (F. / H.)	2.84

5% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$56,200
B. Retirement Age	69
C. Final Average Earnings	\$37,039
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$16,297
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$5,804
I. CBBC Factor (F. / H.)	2.81

10% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$55,322
B. Retirement Age	69
C. Final Average Earnings	\$38,803
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$17,073
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$5,713
I. CBBC Factor (F. / H.)	2.99

10% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$56,859
B. Retirement Age	69
C. Final Average Earnings	\$38,803
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$17,073
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$5,872
I. CBBC Factor (F. / H.)	2.91

10% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$58,136
B. Retirement Age	69
C. Final Average Earnings	\$38,803
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$17,073
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$6,004
I. CBBC Factor (F. / H.)	2.84

15% Increase in FAS at Retirement	
A. Accumulated Contributions (No Interest)	\$55,851
B. Retirement Age	69
C. Final Average Earnings	\$40,566
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$17,849
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$5,768
I. CBBC Factor (F. / H.)	3.09

15% Increase in FAS Five Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$58,157
B. Retirement Age	69
C. Final Average Earnings	\$40,566
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$17,849
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$6,006
I. CBBC Factor (F. / H.)	2.97

15% Increase in FAS Ten Years Prior to Retirement	
A. Accumulated Contributions (No Interest)	\$60,072
B. Retirement Age	69
C. Final Average Earnings	\$40,566
D. Service at Retirement	20
E. Early Retirement Factor	1.00
F. Accrued Benefit	\$17,849
G. Annuity Factor	9.6836
H. Annuitized Contributions (A. / G.)	\$6,203
I. CBBC Factor (F. / H.)	2.88

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) 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.

~~(B)~~(C) ~~Except as otherwise provided by division (V) of section 3309.01 of the Revised Code, the~~ The following earnings paid 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~~ Attendance incentives;
- (3) Wellness Incentives;
- (4) Employee recruitment incentives;
- (5) Severance payments;
- (6) Payments not paid pursuant to to an employment agreement, collective bargaining agreement, or compensation schedule;
- (7) Payments to settle a grievance that are not backpay;
- (8) 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

- (9) Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.

~~(G)~~(D) The following payments made by an employer shall be earnings are "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). Overtime payments;~~

- (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. Except as set forth in division (V) of section 3309.01 of the revised code or paragraph (C) of this rule, payments to an employee in accordance with an employment agreement, collective bargaining agreement, or compensation schedule.~~

- (2) ~~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).~~

- (3) ~~Payments based on an employee's length of service.~~

- (4) ~~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.~~

- (4) ~~A one-time or lump-sum payment made by the employer for additional services rendered.~~

(E) When an employee as defined under Division (B)(2) of section 3309.01 of the revised code is a self-employed individual who provides services common to the normal daily operation of an employer pursuant to a service agreement between the employee, or the employee's business, and the employer, the employee's compensation shall be an amount equal to the employee's gross income from the service agreement less necessary expenses to perform the services.

(F) Contributions on backpay 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 backpay 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 backpay reported for prior years shall include interest on the contributions in accordance with R.C. 3309.47.

(G)

~~(5)~~(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.

~~(6)~~(2) The retirement board shall give the employer written notice of its determination.

~~(7)~~(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.

~~(8)~~(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: 2/1/29

*****DRAFT*****

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) 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) The following earnings paid by an employer are not "compensation."
 - (1) Payments made by the employer for accrued but unused compensatory time for overtime worked;
 - (2) Attendance incentives;
 - (3) Wellness incentives;
 - (4) Employee recruitment incentives;
 - (5) Severance payments;
 - (6) Payments not paid pursuant to an employment agreement, collective bargaining agreement, or compensation schedule;
 - (7) Payments to settle a grievance that are not backpay;
 - (8) 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
 - (9) Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.
- (D) The following earnings are "compensation"

- (1) Overtime payments;
 - (2) Except as set forth in division (V) of section 3309.01 of the revised code or paragraph (C) of this rule, payments to an employee in accordance with an employment agreement, collective bargaining agreement, or compensation schedule.
- (E) When an employee as defined under Division (B)(2) of section 3309.01 of the revised code is a self-employed individual who provides services common to the normal daily operation of an employer pursuant to a service agreement between the employee, or the employee's business, and the employer, the employee's compensation shall be an amount equal to the employee's gross income from the service agreement less necessary expenses to perform the services.
- (F) Contributions on backpay 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 backpay 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 backpay reported for prior years shall include Interest on the contributions in accordance with R.C. 3309.47.
- (G)
- (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.

DRAFT



Board Consideration of Compensation

June 2024

*Chart reflects discussions held at the April and May 2024 Board meetings

Compensation Element	In	Out	Notes
Regular base salary	X		
Regular/base hourly wages	X		
Pick up on Pick up	X		
Overtime paid to non-exempt employees	X		
Paid leave	X		
Compensation time cash out		X	
Leave cash-in		X	
Longevity/length of service (payment based on total years of employment per written contract or policy and applicable to all employees)	X		
Employer payments to an eligible retirement plan (e.g. 403(B), 457 account)	X		
Lump sum amounts that are not incentive payments set forth in a collective bargaining agreement	X		
Lump sum amounts that are not incentive payments set forth in an individual contract	X		

Compensation Element	In	Out	Notes
Commissions (per contract terms)	X		
Lump sum merit/performance as set forth in a written contract or policy	X		
Bonus payment (discretionary payment not governed in a contract)		X	e.g. In recognition of a good year, all employees get \$500.
Retention (payment to current employee to remain for a certain period of time)	X		
Attendance (payments for limited use of sick leave per a policy or contract)		X	
Education (attaining or having a certification or degree only per a written policy or contract)	X		
Signing (payment to new employee for accepting position)	X		
Wellness rewards (payments to employees for achieving measurable health goals as set forth in a written policy)		X	
Recruitment (payment for referring a job applicant who is hired)		X	
Back wages	X		
Severance payment		X	
Extended Days	X		

FINAL FILING OF PROPOSED NEW ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new rules: 3309-1-69 Cybersecurity incident notification responsibilities and 3309-1-70 Contribution Based Benefit Cap that have been reviewed by JCARR and are ready for final adoption by the Board.

_____ moved and _____ seconded that proposed new rules 3309-1-69 and 3309-1-70 be filed with JCARR as discussed.

3309-1-69 Cybersecurity incident notification responsibilities.

- (A) For the purposes of this rule:
- (1) A “cybersecurity incident” means a cybersecurity event that has been determined to have an impact on the employer prompting the need for response and recovery. This may include ransomware that may place a school employees retirement system member’s personal data at risk or an employer business email compromise that may place a school employees retirement system member’s personal data at risk.
 - (2) “Personal data” means full legal name, date of birth, home address, email address, social security number, driver’s license number, state identification card number, school employees retirement system account username, school employees retirement system account password, record of contributions or financial account numbers.
- (B) Within seventy-two hours of discovery of a cybersecurity incident, an employer shall provide notification of the cybersecurity incident to school employees retirement system by telephone or email. Notification shall be sent to employer services personnel at 1-877-213-0861 or employerservices@ohsers.org. The employer shall also provide the following information within seventy-two hours of discovery of a cybersecurity incident:
- (1) The date and time of the discovery of the cybersecurity incident.
 - (2) The name of the employer cybersecurity incident representative and contact information.
- (C) The employer shall provide the following information to employer services regarding a cybersecurity incident within a reasonable period of time:

- (1) Date and time of the cybersecurity incident.
- (2) Nature of the cybersecurity incident, including any potential impact on school employees retirement system member's personal data or email communications from employer.
- (3) Description of personal data involved in the cybersecurity incident.
- (4) Employer action taken to mitigate the cybersecurity incident and secure compromised systems.

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.55

Review Date:

3309-1-70 Contribution Based Benefit Cap

- (A) As used in this rule:
 - (1) "Retirement allowance" has the same meaning as defined in division (A) of section 3309.363 of the Revised Code.
 - (2) "CBBC" has the same meaning as defined in division (A) of section 3309.363 of the Revised Code.
- (B) The calculations required by section 3309.363 of the Revised Code shall be made when calculating retirement allowances with effective dates of August 1, 2024, or later.
- (C) A retirement allowance with an effective date of August 1, 2024 or later shall not be finalized and granted until after the member's CBBC has been calculated.
- (D) When a member's employer has purchased service credit under section 3309.33 of the Revised Code, an amount equal to ten per cent of the member's highest year of compensation multiplied by the years of service credit purchased shall be credited to the member's accumulated contributions.

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.36, 3309.363, 3309.381, 3309.45

Review Date:

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property.

IN EXECUTIVE SESSION AT _____ A.M./P.M.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

RETURN TO OPEN SESSION AT _____ A.M. / P.M.

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.

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
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.

**SERS
COMPENSATION
COMMITTEE
REPORT**

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

AUDIT COMMITTEE MEETINGS

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

COMPENSATION COMMITTEE MEETINGS

September 19, 2024 – 7:30 a.m. (Thurs.)
December 19, 2024 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

September 19, 2024 – 12:30 p.m. (Thurs.)
December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
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.**

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2025 **

AUDIT COMMITTEE MEETINGS

March 19, 2025 – 2:30 p.m. (Weds.)
June 18, 2025 – 2:30 p.m. (Weds.)
September 17, 2025 - 2:30 p.m. (Weds.)
December 17, 2025 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 20, 2025 – 7:30 a.m. (Thurs.)
June 19, 2025 – 7:30 a.m. (Thurs.)
July 17, 2025 – 7:30 a.m. (Thurs.) **** Special Meeting ****
September 18, 2025 – 7:30 a.m. (Thurs.)
December 18, 2025 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 20, 2025 – 12:30 p.m. (Thurs.)
June 19, 2025 – 12:30 p.m. (Thurs.)
September 19, 2025 – 12:30 p.m. (Thurs.)
December 19, 2025 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

February 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.) **** Annual Board Retreat ****
March 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
April 17 – 18, 2025 - 8:30 a.m. (Thurs. and Fri.)
May 15 – 16, 2025 – 8:30 a.m. (Thurs. and Fri.)
June 19 – 20, 2025 – 8:30 a.m. (Thurs. and Fri.)
July 17 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)
September 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
October 16 – 17, 2025 – 8:30 a.m. (Thurs. and Fri.)
November 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
December 18 – 19, 2025 – 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. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

ADJOURNMENT(R)

_____ moved that the SERS Retirement board adjourn to meet on Thursday, September 19, 2024, for their next regularly scheduled meeting.

The meeting adjourned at _____ a.m./p.m.

Matthew King – Chair

Richard Stensrud, Secretary