



**Retirement Board Agenda
THURSDAY, SEPTEMBER 19, 2024**

Click Link to Join Zoom Meeting:

<https://ohsers.zoom.us/j/99021982452?pwd=RggxXRtu3srSqHe4a4yfAh8C3QpdIT.1>

Meeting ID: 990 2198 2452

Password: 12345

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **990 2198 2452** and password: **12345** when prompted.

PLEDGE OF ALLEGIANCE

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

CONSENT AGENDA (R)

4. Approval of the July 18, 2024 and September 11, 2024 Retirement Board Meeting Minutes
5. Summary of Investment Transactions
 - June 1, 2024 to June 30, 2024
 - July 1, 2024 to July 31, 2024
6. Retirement Report
 - Superannuations, Survivor Benefits & Transfers
 - Special Cases
7. Disability Report
 - Approval of Disability Benefits
 - Disapproval of Appeal of Termination
 - Disapproval of Disability Benefits
 - Approval of Appeal of Termination – Any Occupation
 - Termination of Disability Benefits – Any Occupation
 - Disapproval of Appeal of Termination – Any Occupation
 - Disapproval of Appeal for Disability Benefits

INVESTMENT REPORT

8. BlackRock Presentation on Artificial Intelligence – Education Session under R.C. 171.50 and 3309.051
9. Annual Overlay Program Review
10. Quarterly Performance Report - Wilshire Associates (Period Ending June 30, 2024)
11. Quarterly Investment Report and Monthly Investment Report – (Periods Ending: June 30, 2024, and July 31, 2024)

EXECUTIVE DIRECTOR'S REPORT

12. COLA (Cost of Living Adjustment) Discussion (R)
13. Actuarial Valuation Report – Allocation of Employer Contributions – Health Care Fund (R)
14. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R)
15. Restated SERS Health Care Plan & Trust (R)
16. Executive Director's Update
17. Executive Session pursuant to R.C. 121.22(G)(2) to discuss the sale of property (R)
18. FY2024 Year End Budget-to-Actual Report
19. Review of Administrative Expenses
20. Filing of Proposed Rescinded Administrative Rule (R)
21. Filing of Proposed New and Amended Administrative Rules (R-4)
22. Final Filing of Proposed New Administrative Rule (R)
23. Executive Session pursuant to R.C. 121.22 (G)(3) to discuss pending litigation (R)

RETIREMENT REPORT

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

COMPENSATION COMMITTEE REPORT

25. Compensation Committee Update

BOARD COMMUNICATION AND POLICY ISSUES

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

ADJOURNMENT (R)

FY2025 SERS Board Roll Call

Matthew King	<hr/>
Catherine Moss	<hr/>
Jeffrey DeLeone	<hr/>
James Haller	<hr/>
James Rossler	<hr/>
Aimee Russell	<hr/>
Frank Weglarz	<hr/>
Daniel Wilson	<hr/>

The Retirement Board of the School Employees Retirement System of Ohio
adopted the following resolution on September 19, 2024,
to honor Barbra M. Phillips

Recognition

WHEREAS, the School Employees Retirement System of Ohio provides pension, disability, and health care benefits to more than 240,000 active and retired nonteaching public school employees; and

WHEREAS, Ms. Barbra M. Phillips has served with dedication, devotion, and distinction for 19 years as a Trustee of the School Employees Retirement System; and

WHEREAS, Ms. Phillips was the catalyst in stabilizing and strengthening SERS' health care fund from a solvency of four years when she was first elected to a solvency of 39 years in 2023, with assets that have grown from \$260 million to \$707 million; and

WHEREAS, Ms. Phillips was supportive of health care plan design changes that included implementing the Medicare Advantage Plan, switching to mail order prescriptions to save SERS and retirees money, and implementing a Wraparound plan that incentivizes pre-Medicare retirees to find better coverage at lower prices on the health care exchange, all of which contributed to the financial improvement of the Health Care Fund; and

WHEREAS, Ms. Phillips was a champion for regular and continuous Board education on Board responsibilities, fiduciary duty, and investment philosophy, and held numerous certifications from the Wharton School and NCPERS after successfully completing governance courses; and

WHEREAS, Through her personal travels abroad, Ms. Phillips brought unique perspective to investment and benefit discussions; and

WHEREAS, Ms. Phillips was a firm believer in the power of collaboration, who not only worked to build consensus among her Board peers, but was receptive to the opinions of members, retirees, and advocacy group representatives in decisions that affected them; and

WHEREAS, Ms. Phillips has demonstrated her genuine concern for the welfare of the members and retirees of SERS, as evidenced by her unwavering support of the Board's regular sustainability discussions intended to keep SERS financially sound; now, therefore,

BE IT RESOLVED, that the Retirement Board of the School Employees Retirement System of Ohio applauds and recognizes Ms. Barbra M. Phillips for her long and exemplary stewardship, service, and resoluteness to the retirement security of Ohio's nonteaching public school employees.



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
70th Annual Employee Benefits Conference and Trustees Masters Program (TMP) Preconference	James Rossler	November 9-13, 2024	San Diego, CA	\$3013.28

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____
Matthew King	_____	_____	_____

BOARD: Travel
R.C. 3309.04

SEPTEMBER 2024 CONSENT AGENDA

1. Minutes of the
 - a. **July 18, 2024** Retirement Board meeting and the **September 11, 2024** Special Retirement Board meeting
2. Summary of Investment Transactions – **June 1, 2024 to June 30, 2024 and July 1, 2024 to July 31, 2024**
3. Retirement Report
 - a. Superannuations, Survivor Benefits and Transfers
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation
 - d. Disapproval of Appeal for Disability Benefits
 - e. Disapproval of Appeal of Termination
 - f. Approval of Appeal of Termination – Any Occupation
 - g. Disapproval of Appeal of Termination 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. **July 18, 2024**, Retirement Board meeting
2. Summary of Investment Transactions – **June 1, 2024 to June 30, 2024 and July 1, 2024 to July 31, 2024**
3. Retirement Report
 - a. Superannuations, Survivor Benefits and Transfers
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Disapproval of Disability Benefits
 - c. Termination of Disability Benefits – Any Occupation
 - d. Disapproval of Appeal for Disability Benefits
 - e. Disapproval of Appeal of Termination
 - f. Approval of Appeal of Termination – Any Occupation
 - g. Disapproval of Appeal of Termination 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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

SERS Retirement Board Meeting Minutes

July 18, 2024

The nine hundredth and sixty-ninth meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, July 18, 2024.

Pledge of Allegiance

The special SERS Retirement Board meeting convened at 8:31 a.m. with the Pledge of Allegiance.

Oaths of Office

The meeting began with an oath of office taken by Matthew King as follows:

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.

Catherine Moss took her oath of office as follows:

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.

Roll Call

The roll call was as follows: Matthew King, Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, and Daniel Wilson. Absent: Jeffrey DeLeone, James Rossler, and Frank Weglarz. Also attending 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

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

Consent Agenda

The consent agenda for **July 18, 2024**, included:

- Minutes of the **June 21, 2024**, Retirement Board meeting
- Summary of Investment Transactions for the period of **May 1, 2024**, to **May 31, 2024**
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Disapproval of Appeal for Disability Benefits, Termination of Disability Benefits – Any Occupation, Approval of Appeal for Disability Benefits on Personal Appearance

Catherine Moss moved and James Haller seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, July 18, 2024. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

SERS Retirement Board Meeting Minutes

July 18, 2024

Investment Report

Monthly Investment Report

SERS Chief Investment Officer, Farouki Majeed, provided a monthly investment presentation. Mr. Majeed reported that the US economy increased 1.4% in Q1 2024, down from 3.4% in Q4 2023 and the fed continues to hold interest rates steady. Mr. Majeed also reported that 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%. Mr. Majeed then provided a brief update on the investment activities, adding that the retirement fund should end the fiscal year on a positive note. Following several questions and a robust discussion, the board thanked Mr. Majeed and his staff for all their hard work.

Investment Committee Policy Discussion

Mr. Majeed continued his investment report with an update on the Investment Committee policy. The board decided it wanted to evaluate this policy annually and update as necessary. 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 and the Opportunistic and Tactical Investment Policy. Mr. Majeed opened the floor for questions. With no questions being asked, the board thanked Mr. Majeed for his reports.

Executive Director's Report

Ohio Retirement Study Council

SERS Executive Director, Richard Stensrud, began his report stating the ORSC cancelled its regular July meeting. The ORSC STRS Subcommittee met on July 8. The subcommittee discussed intergenerational equity and negative normal cost. Mr. Stensrud explained intergenerational equity occurs when current retirees adequately fund the benefit they are receiving, rather than future retirees or current active members, employers, and taxpayers.

Mr. Stensrud continued, reporting normal cost refers to the amount of contributions during an active member's career that are needed to fund future benefits. SERS' normal cost is slightly over 10% and the current employee contribution rate is 10%, meaning that current contributors are not paying the benefits of current retirees. Mr. Stensrud stated SERS is committed to maintaining its separate identity and will work with stakeholders to ensure the differences between SERS and other pension systems is communicated.

Ohio General Assembly

Mr. Stensrud continued his report stating that the Senate Government Oversight Committee held a hearing on HB 257. This bill would allow our board members to participate in board meetings virtually. Mr. Stensrud provided proponent testimony during the hearing and pledged to keep the board updated on the movement of this bill.

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 upcoming months. SERS staff is working closely with employers to ensure a smooth start to the upcoming school year. SERS remains committed to engaging with employers, members, and retirees and strives to provide the best possible service.

CBBC – Contribution Based Benefit Cap

Mr. Stensrud reported that the CBBC becomes effective for SERS members on August 1, 2024. The Contribution Based Benefit Cap is a tool used to identify and prevent pension spiking or benefit inflation. Mr. Stensrud stated the CBBC policy came from years of board sustainability discussions and actuarial analysis. SERS is committed to continual education so all members and employers understand the new policy.

SERS Retirement Board Meeting Minutes

July 18, 2024

Operation Feed

Mr. Stensrud continued his report, stating SERS staff participated in Operation Feed, an annual program where SERS employees give back to our community. Staff raised over \$2000 in cash donations and collected over 70lbs of food. Mr. Stensrud thanked the staff for their generosity.

Healthcare Overpayments/Underpayments

Mr. Stensrud reported that there were a limited number of members who were not charged the correct healthcare premiums. This error occurred because incorrect Healthcare Service Credit information was entered into the system. Mr. Stensrud continued, stating of the 64 people identified, 59 members overpaid their premiums and 5 members underpaid their healthcare premiums. Details regarding the overpayments were provided to the board for review.

Mr. Stensrud continued, stating the error has been corrected and measures have been put in place to ensure to keep this from occurring in the future. Following a robust discussion, the board agreed to refund those who overpaid.

Mr. Stensrud also reported that a draft administrative rule will be presented at the next board meeting that will address how SERS would address these types of issues in the future.

The board took a break at 10:14 a.m.

The board reconvened at 10:26 a.m.

FY2020 – FY2024 Strategic Plan Final Update

SERS Deputy Executive Director, Karen Roggenkamp, provided a final progress report on the FY2020-FY2024 SERS Strategic Plan. While many of the goals were successfully achieved, Covid presented several challenges and required SERS to pivot and adapt the business model to maintain service levels for SERS members. After reviewing the goals, key events, milestones of the FY2020-FY2024 strategic plan, Ms. Roggenkamp moved on to the current strategic plan.

FY2025 – FY2029 Strategic Plan Discussion – RAMA Consulting

Tiffany Wright and Maura Maher Waymire of RAMA Consulting, the consulting firm selected to assist SERS staff in the development of the System's strategic plan, presented a final version of the FY2025-2029 Strategic Plan to the Board.

The six goals include:

- 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.
- Service Delivery and Operations: Optimize SERS' operations to continually improve and enhance service delivery.
- Technology: Utilize technology to improve efficiency, reliability, and security, while maintaining a personalized customer service experience.
- Education and Engagement: Promote transparency, accountability, and awareness of SERS' benefits through educational outreach and engagement with SERS' members, retirees, and employers.
- Talent and Culture: Value and invest in mission-driven employees committed to providing excellent service.
- Risk: Expand, raise awareness about, and use our risk management programs to identify and manage risks.

Mr. Stensrud and Ms. Roggenkamp thanked RAMA consulting, SERS staff, the Board, and advocacy groups for their hard work and input in the development of the current strategic plan. Mr. Stensrud also pledged to provide annual updates not specifically outlined in the plan.

SERS Retirement Board Meeting Minutes

July 18, 2024

Executive Session

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

The board convened in executive session at 11:07 a.m.

The board reconvened in open session at 11:41 a.m.

Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided an update on SER administrative expenses. Ms. Hall reported that the FY2024 expenses will be final as of July 26, which allows time to handle any invoices that were received after the end of the fiscal year. Ms. Hall closed her report stating that final budget-to-actual numbers will be presented at the September meeting. The board thanked Ms. Hall for her presentation.

Election of Employee Members

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

SERS Retirement Board Meeting Minutes

July 18, 2024

Election of Retiree Members

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

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.

Barbra Phillips moved and Aimee Russell seconded that proposed new rules 3309-1-69 and 3309-1-70 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

Definition of Compensation Discussion

Mr. Stensrud provided the board with a recap of the Contribution Based Benefit Cap discussion and provided an update on the types of income that should be included as pensionable. Mr. Stensrud stated that the purpose of this discussion is to provide clarity for both members and employers.

SERS actuary, Cavanaugh Macdonald, provided an analysis of the different classes of income that would be added and how additional compensation could affect the sustainability of the fund. Per Cavanaugh Macdonald, it's difficult to predict with certainty how they added income classes would affect the fund due to several variables. However, the fund is in good standing and a resolution to approve CBBC implementation will be presented at the next board meeting.

SERS Retirement Board Meeting Minutes

July 18, 2024

Executive Session

Barbra Phillips moved and Aimee Russell seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(2) to discuss the sale of property. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

The board convened in executive session at 12:02 p.m.

The board reconvened in open session at 12:33 p.m.

OSERS Operations Budget Modification

Barbra Phillips moved and Aimee Russell seconded that the FY2025 OSERS Operations Budget be modified as presented today effective July 18, 2024. The modification adds \$375,000.00 to the FY2025 OSERS Operations Budget earmarked for remodeling expensed to consolidate the SERS footprint at 300 E. Broad Street and increase tenant revenue. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Haller, Barbra Phillips, Aimee Russell, Daniel Wilson, and Matthew King. Absent: Jeffrey DeLeone, James Rossler and Frank Weglarz. The motion carried.

Compensation Committee Update

Compensation Committee Chair Daniel Wilson provided an update on the work done in the committee meeting this morning. Mr. Wilson advised that the Compensation Committee met to discuss and approve the Executive Director's FY2025 annual goals. With no questions, the board thanked Mr. Wilson for his update.

Retirement Report

There was no executive session for the retirement report.

Board Communication and Policy Issues

Board Information Request & Follow Up Items

There were no requests for additional information.

Calendar Dates for Future Board Meetings

The board reviewed the meeting dates for 2024.

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.)

SERS Retirement Board Meeting Minutes

July 18, 2024

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 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, Matthew King, moved to adjourn to meet on Thursday, September 19, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:36 p.m.

Matthew King, Board Chair

Richard Stensrud, Secretary

SERS Special Retirement Board Meeting Minutes

September 11, 2024

The nine hundredth and seventieth meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, September 11, 2024.

Pledge of Allegiance

The special SERS Retirement Board meeting convened at 1:00 p.m. with the Pledge of Allegiance.

Roll Call

The roll call was as follows: Matthew King, Jeffrey DeLeone, James Rossler, Aimee Russell, Frank Weglarz, and Daniel Wilson. Absent: Catherine Moss and James Haller. Also attending was Samuel Peppers, 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.

Acceptance of Employee Board Member Resignation; Declaration of Vacancy; Schedule for Filling Employee Board Member Seat

James Rossler moved and Frank Weglarz seconded that Barbra Phillips's resignation be accepted effective July 19, 2024, and that a vacancy in the employee member seat held by Ms. Phillips be declared as of that date. Be it further moved that the following schedule will be used to fill the vacant employee member seat:

SERS members interested in being elected by the Board to fill the vacancy shall submit a statement of interest and qualifications as well as a Certification Form to the Board no later than October 9, 2024.

Nominations for candidates will be held at the Board meeting scheduled for October 17 & 18, 2024. Interviews of the nominated candidates will be held at the Board meeting scheduled for November 21 & 22, 2024.

Election by the Board will be conducted at the Board meeting scheduled for November 21 & 22, 2024.

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

Following approval of the resolution, Board Chair Matthew King thanked Ms. Phillips for her many years of dedicated service to the SERS board and SERS members.

SERS Committee Appointments

As Chairperson for the 2025 Fiscal Year, Matthew King made the following committee appointments:

Compensation Committee Members: Catherine Moss

The Compensation Committee is apprised of a Committee Chair plus **four** Board members; at least one of the five committee members shall be an investment expert *or* an investment designee as defined in Ohio Revised Code Section 3309.05.

Audit Committee Chair: James Rossler

Audit Committee Members: Aimee Russell

The Audit Committee is apprised of a Committee Chair plus **two** Board members: to include an employee member, retirant member and investment expert *or* an investment designee as defined in Ohio Revised Code Section 3309.05.

SERS Special Retirement Board Meeting Minutes September 11, 2024

Executive Session

Frank Weglarz moved and Aimee Russell seconded the motion that the 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: Jeffrey DeLeone, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Absent: James Haller and Catherine Moss. The motion carried.

The board convened in executive session at 1:05 p.m.

The board reconvened in open session at 1:48 p.m.

Adjournment

Board Chair, Matthew King, moved to adjourn to meet on Thursday, September 19, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 1:49 p.m.

Matthew King, Board Chair

Richard Stensrud, Secretary

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

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

The following is a summary of the investment transactions made during the period of June 1, 2024, through June 30, 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	\$317.6
Fixed Income	313.9
Private Equity Capital Calls	56.9
Real Estate Capital Calls	23.4
Infrastructure Capital Calls	n/a
Opportunistic & Tactical	6.9
Global Private Credit	9.8
Cash Equivalents	263.8

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$293.5	55.6
Fixed Income	297.7	(-2.3)
Private Equity Distributions	55.2	n/a
Real Estate Distributions	17.6	n/a
Infrastructure Distributions	n/a	n/a
Opportunistic & Tactical	n/a	n/a
Global Private Credit	n/a	n/a
Cash Equivalents	304.1	n/a

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

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

The following is a summary of the investment transactions made during the period of July 1, 2024, through July 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	\$145.9
Fixed Income	264.6
Private Equity Capital Calls	37.8
Real Estate Capital Calls	7.1
Infrastructure Capital Calls	7.7
Opportunistic & Tactical	17.7
Global Private Credit	28.2
Cash Equivalents	398.1

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$248.2	58.8
Fixed Income	186.3	(1.2)
Private Equity Distributions	43.1	n/a
Real Estate Distributions	10.8	n/a
Infrastructure Distributions	4.8	n/a
Opportunistic & Tactical	n/a	n/a
Global Private Credit	6.5	0.7
Cash Equivalents	339.1	n/a

September 2024

A futuristic robot with a blue and silver metallic body is shown in profile, facing left. It has a glowing blue circular light on its head and a similar light on its shoulder. The robot's right hand is extended, with its index finger pointing towards a large digital display. The display shows various financial charts, including a prominent green candlestick chart and several line graphs. The background is a dimly lit room with rows of server racks and computer monitors, suggesting a data center or trading floor environment. The overall lighting is cool and blue, with some warmer light coming from the screens and the robot's internal lights.

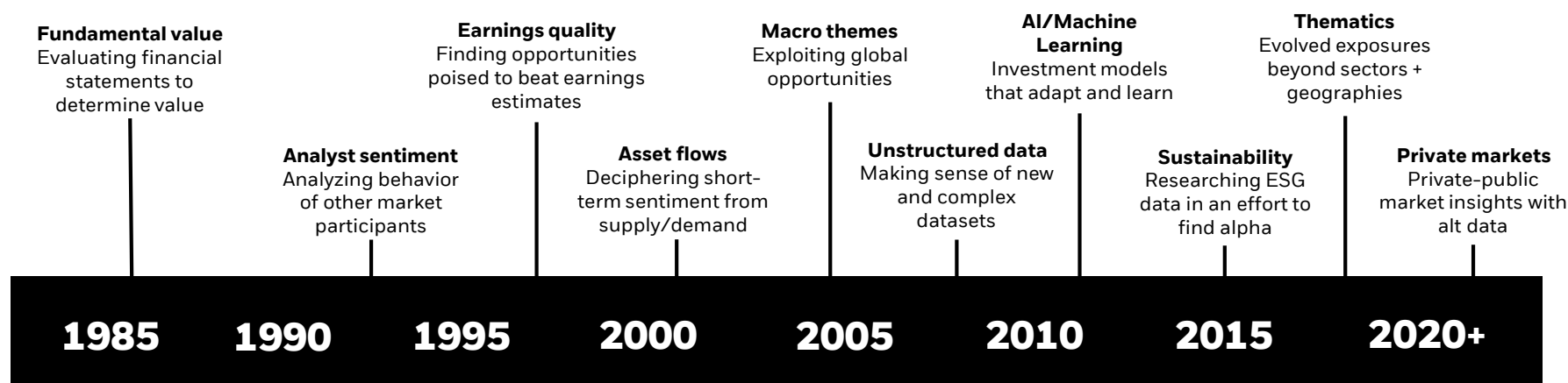
BlackRock Systematic (BSYS)

Exploring Artificial Intelligence

BlackRock Systematic

Our investment capabilities are the result of decades spent pushing the boundaries in the fields of alpha research and product innovation.

Research Innovation



Differentiated Insights

Our investment experts seek to harness data and cutting-edge analytical techniques to enrich our understanding of the investable world.

Vast Scale

Our technology-driven process analyzes securities across equity, fixed income, and derivatives markets globally—enabling us to have a view on thousands of securities everyday.

Deep Expertise

As leaders in the field of systematic investing, we were one of the pioneers in quantitative investing over three decades ago and have been devoted to innovating ever since.

Source: BlackRock, all data as of December 31, 2023. History reflects predecessor firms. Strategy and research innovations referenced on this slide refer to BlackRock Systematic, not industry or firm-wide innovations. There is no guarantee that research capabilities will contribute to a positive investment outcome.

The world has changed

Digital world = big data

- Advances in machine learning & artificial intelligence now allow realistic simulations in high dimensional spaces
- We can measure thousands of relevant attributes in real-time: consumer behaviors, product developments, company trends, regional features, and more
- New opportunities for forecasting & building portfolios

Everything measurable will be measured, but what are the trade-offs?

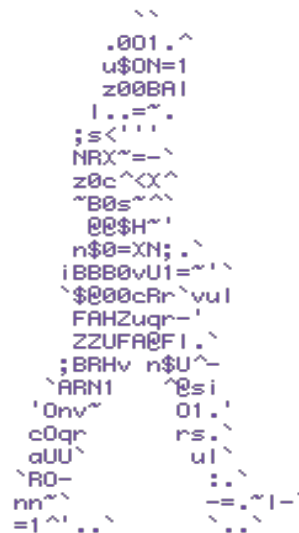
News, broker reports,
fillings, blogs

Experts

Field visits

Government statistics

Intentions, emotions



Natural Language Processing

Big crowd

Satellite images & GPS

Nowcasting

Search trends

For illustrative purposes only

NEW TOOLS AVAILABLE TO HELP ...



Natural Language Processing (NLP) is allowing us to analyse information at scale

Text – earnings calls, news, broker reports, social media, macro, ...

Language – English, Chinese, Japanese, Korean, ...

Synthesis – find ideas in a sea of noise.

Context – counting words to providing context – just like a stock analyst.

Advanced Machine Learning tools are allowing us to construct portfolios at scale

Computing Power – enabling faster, more bespoke and improved modelling.

Signal Combination – how to combine 700+ investment ideas (signals).

Trained on different regimes – what type of securities perform in up/down markets?

PM as a model architect – how is the model performing, what is it missing?



What will be the human edge?

CREATIVITY

JUDGEMENT

PASSION

In the age of AI, Systematic investing is becoming mainstream – this is “Next Gen Active”

Source: BlackRock as of April 2024. For illustrative purposes only.

AI Buzz words



Walled Garden

A **closed platform environment** housing our internal AI models and data, ensuring no data leaves the firm, and **protecting us from data and IP leakage to the public**



Chat

Natural language interface (i.e., chat) using generative AI to **retrieve and summarize information**.

Examples: ChatGPT, Bard



Copilot

An AI-powered tool, typically a chat interface, that **enables users to execute tasks and workflows using words**

Examples: Microsoft 365 Copilot, GitHub Copilot



Central Copilot

Industry leaders expect that AI-powered chats and copilots will ultimately converge in “**Central Copilots**” where you can “**plug in**” various **chats and copilots behind a single chat interface**



Transformer

A neural network architecture that **learns context and interprets relationships** between data



Hallucination

When a GenAI-powered chat or copilot produces a **faulty or incorrect output**, typically presented with conviction



Prompt engineering

A technique and new career path pertaining to the **practice of designing inputs for GenAI tools that will produce optimized outputs**



Large language models (LLMs)

Deep learning algorithms, characterized by large datasets and number of parameters, **with the ability to understand the semantic and syntactic relationships among words**

Source: BlackRock as of 31 December 2023. For illustrative purposes only. References to companies are shown for illustrative purposes only and should not be construed as investment advice or a recommendation to buy or sell.

AI IN INVESTMENT RESEARCH

Potential benefits in two main areas:

1. Increase potential alpha generation
2. Automation / efficiency

Strong capabilities in information processing tasks

Data cleaning and labeling

Information extraction (multi-lingual)

Summarization

LLMs struggle with complex reasoning and abstract tasks

Executing high-level tasks (“Oracle mode”)

Strategy discovery

Using LLMs for complex reasoning tasks (e.g., prediction) requires specialized training

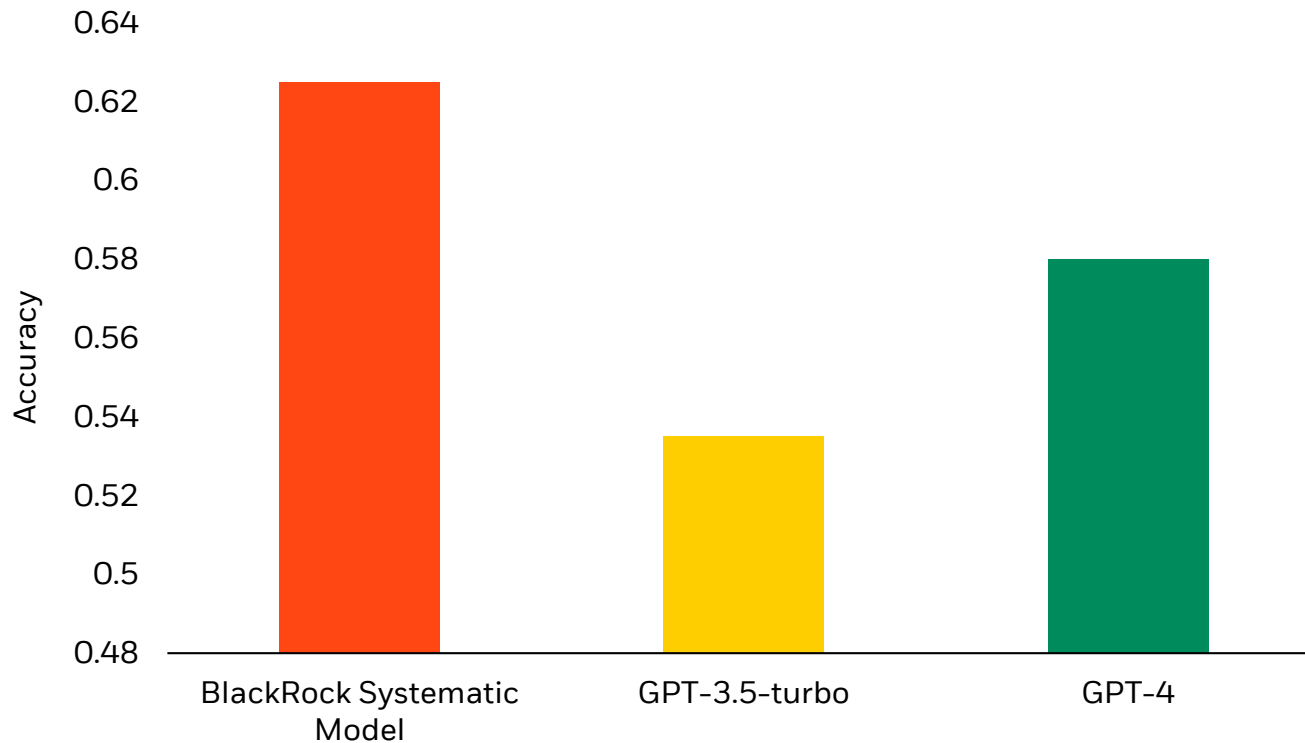
Recall of factual knowledge or data (e.g., numbers, dates) is prone to hallucinations

Source: BlackRock, as of 31 March 2024, for illustrative purposes only

GPT vs. BLACKROCK'S PROPRIETARY MODELS

We compared the predictive performance of OpenAI GPT models with a *supervised* model

- Select a random sample of company earnings calls in 2022
- Feed earnings call transcripts to GPT and ask for forecast of market reaction
- Compare with BlackRock Systematic's proprietary earnings call model, fine-tuned on ~30GB of financial text to forecast post-earnings market reaction



Source: BlackRock, as of 31 March 2024, for illustrative purposes only

WHY LARGE LANGUAGE MODELS (LLMs)?

Demonstrates an ability to focus on relevant tokens without special pre-processing ...

Bag-of-Words

“Same As The Old Boss: Lafley Back As PG Chairman / CEO

ALERT Procter & Gamble announced last night that CEO Bob McDonald would be **leaving the company** effective June 30th, **replaced** by former Chairman / CEO A.G. Lafley. While investor **frustration** with Procter had been building recently, given **weaker** than anticipated FQ3 results, the timing will be viewed as **surprising**, and we expect the stock to **respond positively**.”

Illustrative example only. News article from May 2013

Source: BlackRock, as of 31 March 2024, for illustrative purposes only

WHY LLMs?

Demonstrates an ability to focus on relevant tokens without special pre-processing ...

Desired

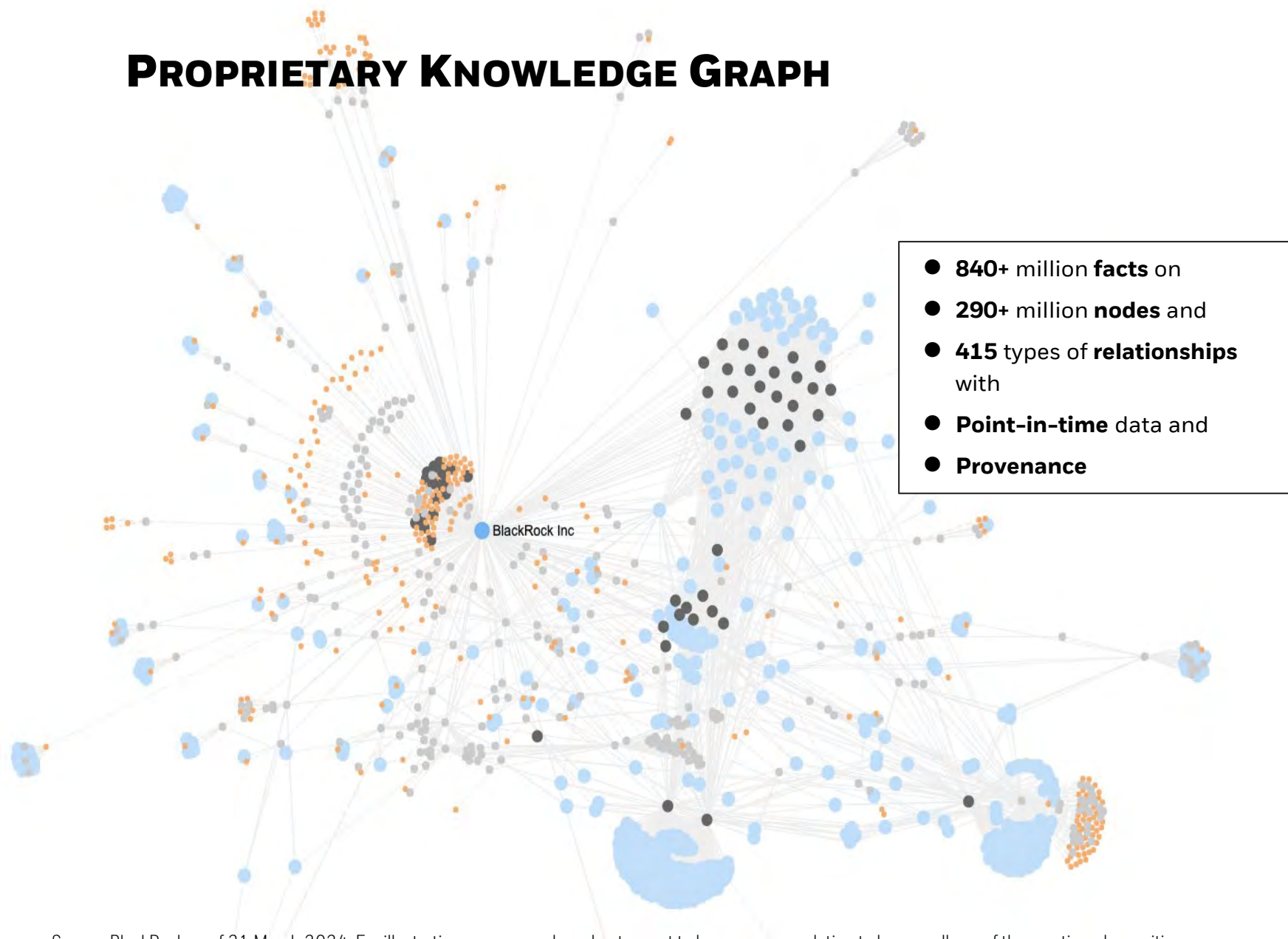
“Same As The Old Boss: Lafley Back As PG Chairman / CEO

*ALERT Procter & Gamble announced last night that CEO Bob McDonald would be leaving the company effective June 30th , replaced by former Chairman / CEO A.G. Lafley. While investor frustration with Procter had been building recently, given weaker than anticipated FQ3 results, the timing will be viewed as surprising, and **we expect the stock to respond positively** .”*

Illustrative example only. News article from May 2013

Source: BlackRock, as of 31 March 2024, for illustrative purposes only

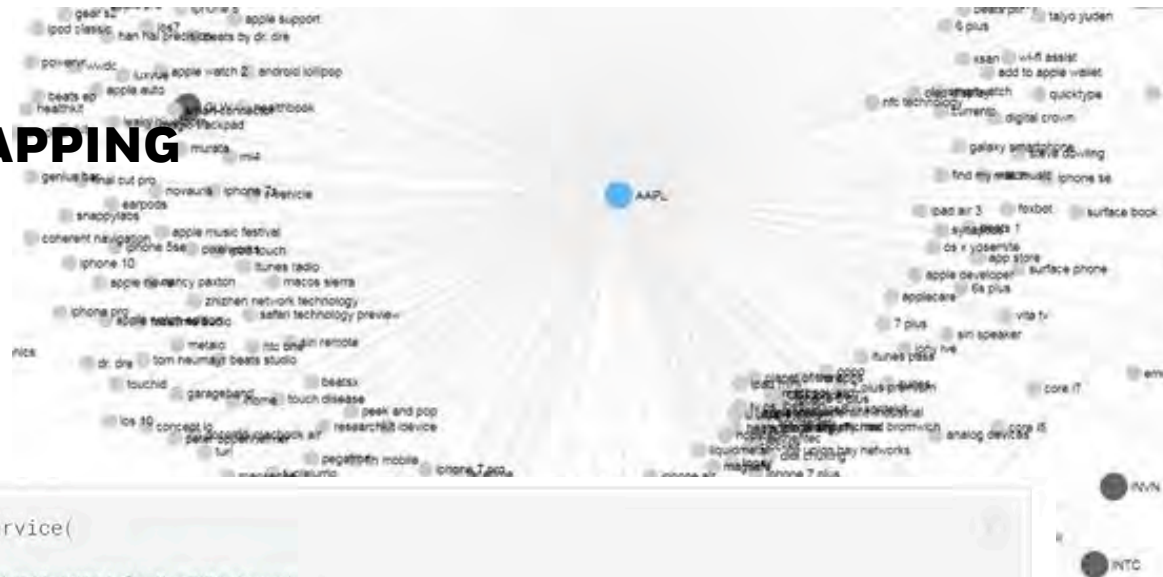
PROPRIETARY KNOWLEDGE GRAPH



Source: BlackRock as of 31 March 2024. For illustrative purposes only and not meant to be a recommendation to buy or sell any of the mentioned securities.

Specific companies are mentioned for educational or illustrative purposes only and should not be deemed as a recommendation to buy or sell any securities. Any companies mentioned do not necessarily represent current or future holdings of any BlackRock products

AI-ASSISTED ENTITY MAPPING



```
[5]: df['company_name_normalized'] = Standardizer.service(
    incoming=df.company_name,
    openai_apikey='sk-H6zEsYKUjPFBPbquAd6eT3B1bkFJ9oYUZdnliZkg7FHa6eeo',
)
df.head()
```

[submitted]

2023-04-11 16:01:08,862 - INFO - manager - FiT - System configured for user [ggenesha] - executed - source [saas] - project [default] - job [230411/experiment-250179303e10-bca8-de11-288d-4ac89120/output.pickle]
 2023-04-11 16:01:09,508 - INFO - manager - FiT - Data are accessible locally at /data/code/fit_remote/data/out/ggenesha/saas/default/230411/experiment-250179303e10-bca8-de11-288d-4ac89120/output.pickle
 2023-04-11 16:01:09,524 - INFO - manager - FiT - Data are accessible in the cloud at s3://services.saeresearch.com/fit/app_v0.5/public/data/ggenesha/saas/default/230411/experiment-250179303e10-bca8-de11-288d-4ac89120/output.pickle
 2023-04-11 16:01:09,549 - INFO - manager - FiT - Dashboard is accessible at https://services.saeresearch.com/fit/app_v0.5/index.html#/job?user=ggenesha
 Downloading output from fit/app_v0.5/public/data/ggenesha/saas/default/230411/experiment-250179303e10-bca8-de11-288d-4ac89120/output.pickle

```
[5]:
```

	company_name	firm	company_name_normalized
0	adobe systems	101689	Adobe Systems Inc.
1	at&t store	101376	AT&T Inc.
2	travelodge forest park atlanta south	54513276	Wyndham Hotels & Resorts
3	travelodge south padre island tx	54513276	Wyndham Hotels & Resorts
4	super 8 natchitoches	54513276	Wyndham Hotels & Resorts

Source: BlackRock, as of 31 March 2024, for illustrative purposes only

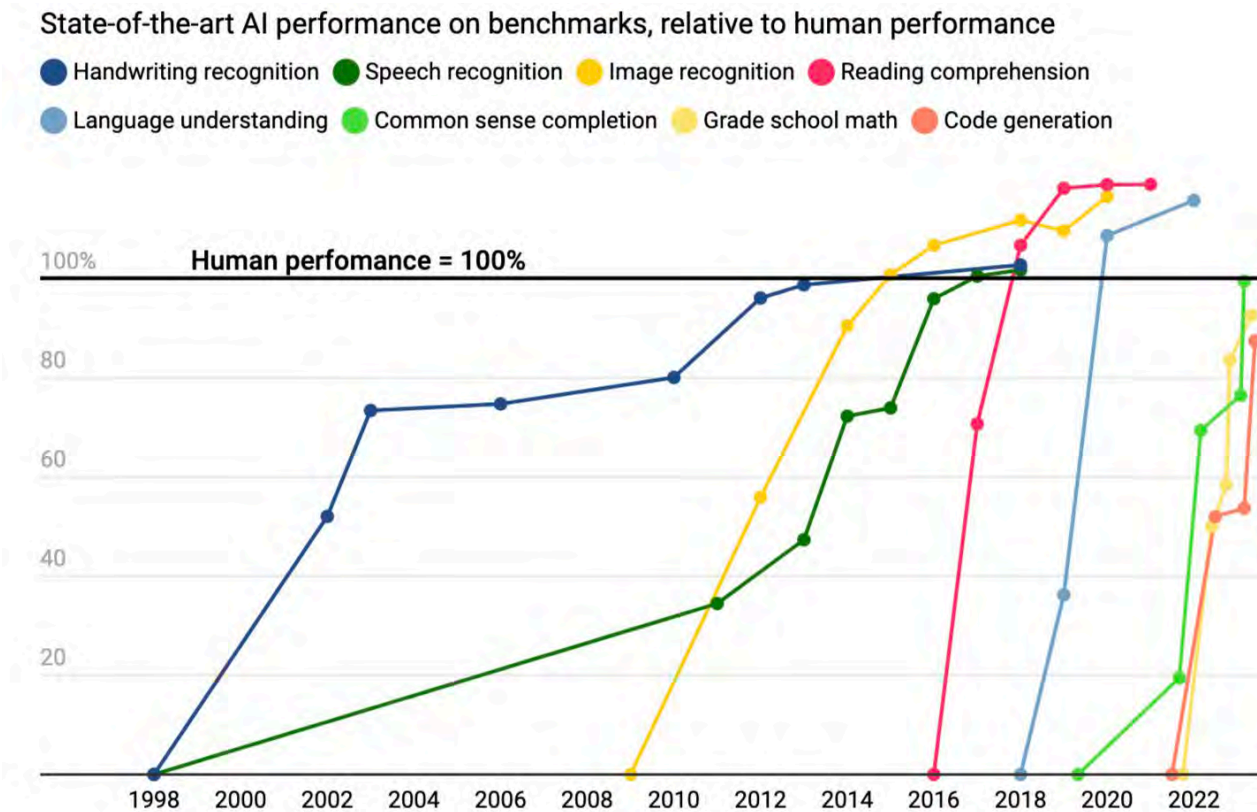
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Any companies mentioned do not necessarily represent current or future holdings of any BlackRock products

WHAT'S NEXT ?

AI has surpassed humans at a number of tasks

and the rate at which humans are being surpassed at new tasks is increasing



Source: Kiela, D., Thrush, T., Ethayarajh, K., & Singh, A. (2023). Plotting Progress in AI. Contextual AI Blog.
Retrieved from <https://contextual.ai/blog/plotting-progress>.

KEYS TO ALPHA GENERATION IN THE NEW REGIME

01.

**A dynamic
approach**

02.

**Leverage data
and technology**

03.

**Human intuition a
"tiller *for the boat*"**

04.

**Scalability and
repeatability**

Source: BlackRock, as of 31 March 2024, for illustrative purposes only

CASE STUDY: WEIGHT LOSS DRUGS

- GLP1 drugs like **Ozempic**, **Wegovy**, [Novo Nordisk] and **Mounjaro** [Eli Lilly] have risen in popularity recently
- **Outperformers** are clear (pharmaceutical companies that make these drugs) but **underperformers** are less clear
- Stock specific ramifications that do not necessarily fit within traditional industry classification

Intuitive Drops as Bariatric Surgery Growth Slows: Street Wrap

By Joel Leon

Ozempic Threat Is Causing a Selloff in Candy and Beer Stocks

- Nestle shares fall the most since May, dragging down Stoxx 600
- Walmart this week said it's seeing impact on shopping demand

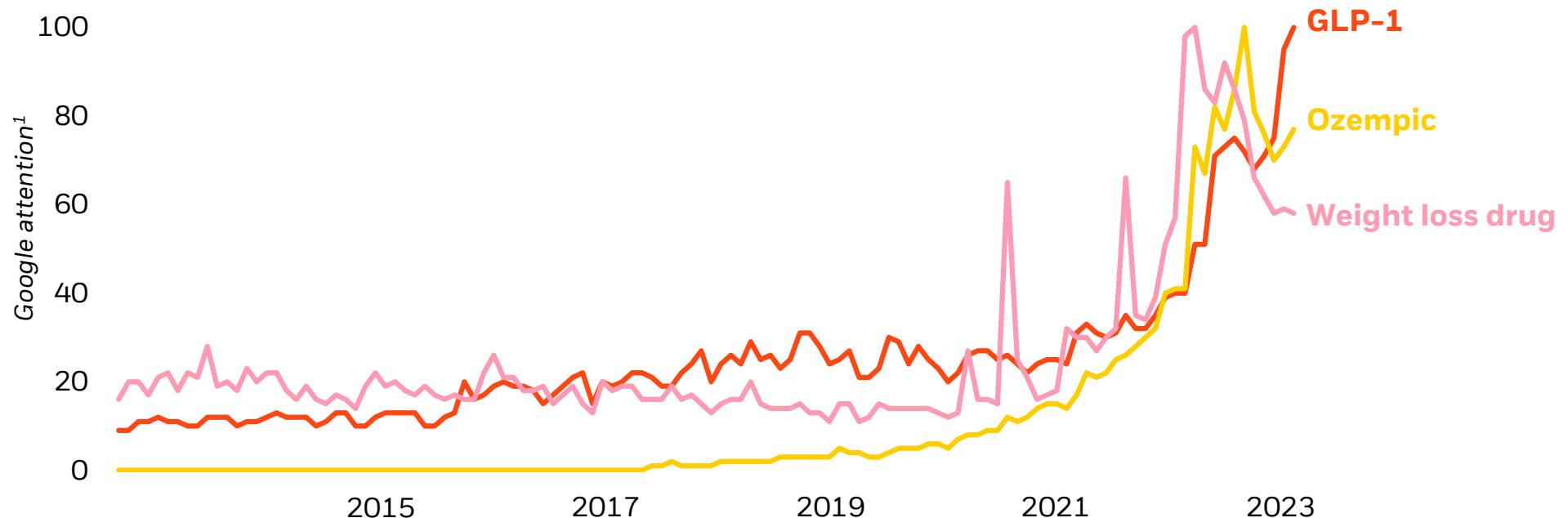
Eli Lilly, Novo to lead \$100B weight loss drug market in 2030: JPMorgan

Dulan Lokuwithana, SA News Editor

Novo Drug Shows Kidney Promise, Hitting Fresenius Medical (2)

- Committee recommends halting study after early effectiveness
- Full study results are expected in first half of 2024

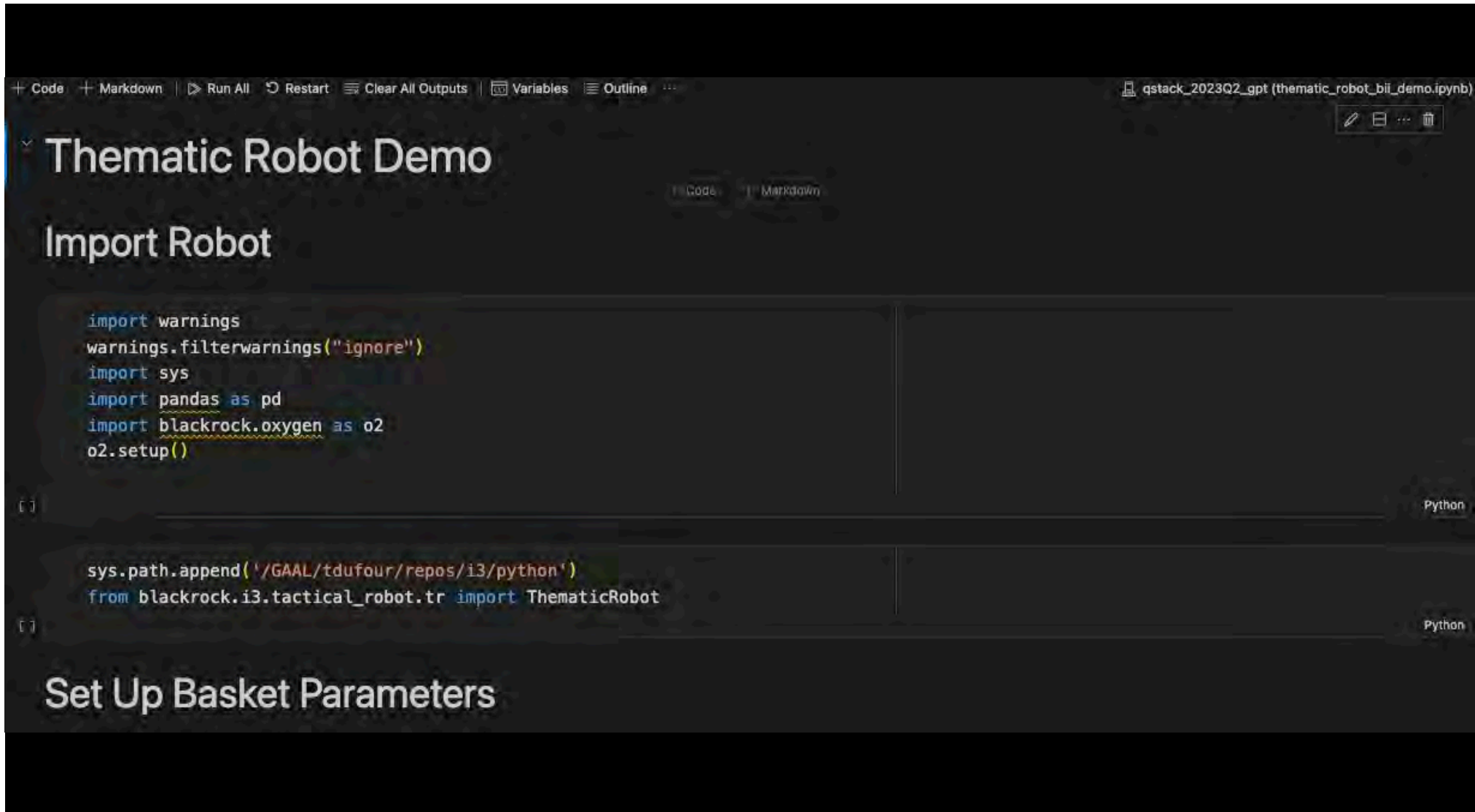
By Naomi Kresge



¹Rescaled to range of 0 to 100 individually

Source: BlackRock as of 31 December 2023. This case study is shown for illustrative purposes only and was selected to demonstrate BlackRock's capabilities with respect to evaluate the GLP1 excitement. There is no guarantee that an actual strategy will be executed or executed as shown above, or that if executed, will be profitable. This investment was selected as it represents a recent market focus. This case study does not predict future results, even if a similar strategy is used.

CASE STUDY: WEIGHT LOSS DRUGS



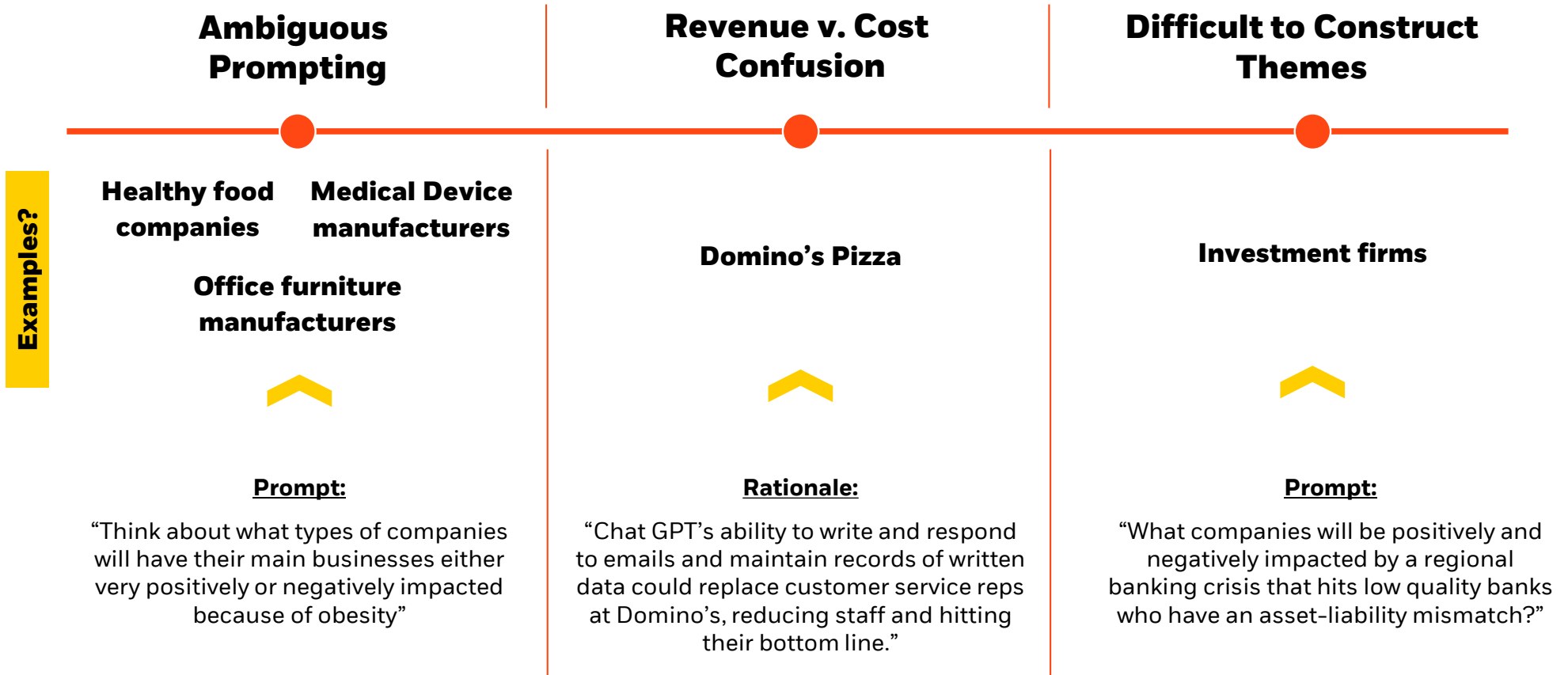
The screenshot shows a Jupyter Notebook interface with a dark theme. The notebook is titled "Thematic Robot Demo" and is currently in "Code" view. The code is written in Python and is organized into two cells. The first cell contains imports for warnings, sys, pandas, and a custom module blackrock.oxygen, followed by a call to o2.setup(). The second cell contains a path modification and an import statement for ThematicRobot. The notebook's toolbar at the top includes options for Code, Markdown, Run All, Restart, Clear All Outputs, Variables, and Outline. The file name is "qstack_2023Q2_gpt (thematic_robot_bii_demo.ipynb)".

```
import warnings
warnings.filterwarnings("ignore")
import sys
import pandas as pd
import blackrock.oxygen as o2
o2.setup()

sys.path.append('/GAAL/tdufour/repos/i3/python')
from blackrock.i3.tactical_robot.tr import ThematicRobot
```

Source: BlackRock as of 31 Dec 2023. The above illustrates early SAE's thematic robot application towards the GLP1 theme. Any discussion of specific securities is intended to help clients understand our investment management style, and should not be regarded as a recommendation of any security for any account. **Past performance is no indication of future performance.** Statements referring to future actions or events, such as the future financial performance or ongoing business strategies of the companies in which we invest on behalf of our clients, are based on the current expectations and projections about future events provided by various sources, including company management. References to securities purchased or held are only as of the date of this presentation. The specific examples identified and described do not represent all of the investment made by the SAE team and you should not assume that the investments in the securities identified were or will be profitable or that decisions we make in the future will be profitable. Holdings are subject to change at any time.

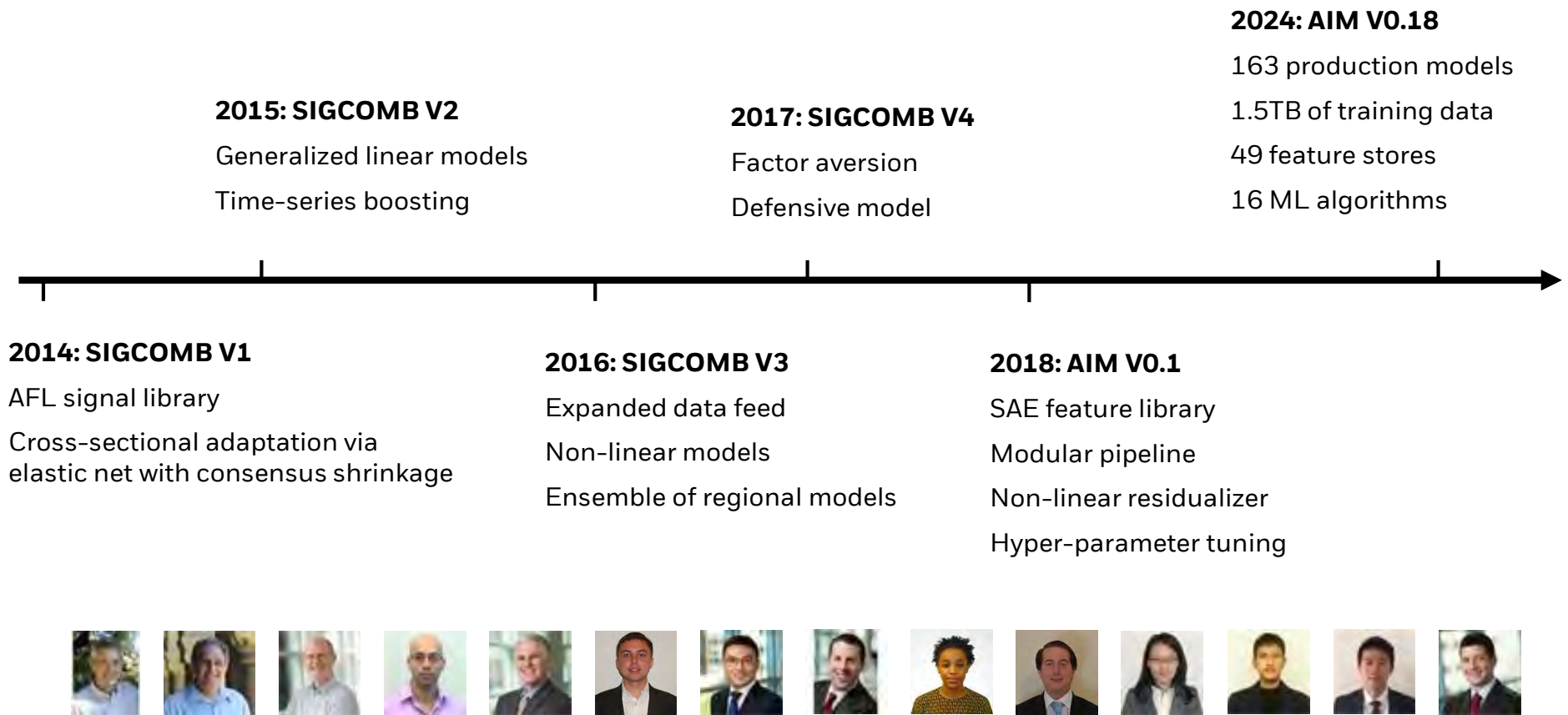
WHY “HUMAN IN THE LOOP” MATTERS



AIM: AUGMENTED INVESTMENT MANAGEMENT

Problem: Combine 1000 signals into alpha models that seek to maximize fund performance

Solution: A machine learning platform that trains custom models, tailored to investor preferences



Source: BlackRock 31 March 2024, for illustrative purposes only

Appendix:

SYSTEMATIC ACTIVE EQUITY PLATFORM

SAE provides distinctive access to global investment opportunities

- Philosophy: Research driven investment culture leads to constant evolution of insights
- Our passion is combining insight and technology in seeking to generate investment returns across the broadest possible opportunity set
- Track Record: 35+ year of innovation across global equity markets*
- Expertise: 100+ dedicated investment professionals

Systematic Active Equity Platform

\$151 billion

Long Only Active *\$137 billion*

Alpha Tilts

- Global Alpha Tilts
- World Alpha Tilts
- International Alpha Tilts
- Emerging Markets

Partial Long/Short *\$8 billion*

Alpha Advantage

- Global Alpha Advantage
- Regional Alpha Advantage
- Emerging Markets

Absolute Return *\$6 billion*

Market Neutral Levered Long/Short

- Global, Regional
- Emerging Markets
- Unlevered, Levered

Flexible capabilities across regions, time horizons, market caps and the risk/return spectrum

Estimated data as of 31 March 2024

*Including time within Barclays Global Investors and Wells Fargo Nikko Investment Advisors

Why BlackRock Systematic Investing?

By combining cutting-edge technology, scientific research, and human insight, we are constantly innovating to help improve investment outcomes for clients.

Differentiated Insights

Our investment experts seek to harness data and cutting-edge analytical techniques to enrich our understanding of the investable world.

700+

Alpha signals helping to drive investment insights across asset classes

300+

Unstructured data sources utilized

50+

New alpha signals added on average each year

Vast Scale

Our technology-driven process analyzes securities across equity, fixed income, and derivatives markets globally—enabling us to have a view on thousands of securities everyday.

15,000+

Global equities analyzed daily

3,000+

Global credit issuers analyzed daily

45+

Global developed & emerging country markets covered

Deep Expertise

As leaders in the field of systematic investing, we were one of the pioneers in quantitative investing over three decades ago and have been devoted to innovating ever since.

\$209B+

In AUM across equity, fixed income, multi-asset, and alternatives

35+

Year history of investing

220+

Person team including portfolio managers, analysts, researchers, and technologists

Investment Capabilities

Active Equities

Active Fixed Income

Factor Investing

Liquid Alternatives

Sustainability

China

Source: BlackRock, all data as of 31 March 2024. A 35-year history reflects predecessor firms.

Presenter Biographies



Kevin Franklin, Managing Director, is a member of BlackRock's Systematic Active Equity Investment Group. He is responsible for BlackRock's Global Equity Strategies.

Mr. Franklin rejoined the firm in 2010, building on five prior years of service with Barclays Global Investors (BGI), which merged with BlackRock in 2009. He joined BlackRock after a year as head of Automated Trading at Marble Bar Asset Management in London, where he was responsible for MBAM's European systematic equity long-short product. At BGI, his previous roles include head of Portfolio Management for The 32 Capital Fund equity long-short strategy, as well as head of Market Neutral, Europe Active Equities. Prior to joining BGI, Mr. Franklin was a portfolio manager and trader at Horizon Asset Limited.

Mr. Franklin earned a BS degree in applied physics and history from the California Institute of Technology in 2000.



Michael Bishopp, Managing Director, is the Global co-Head of Product Strategy within BlackRock's Systematic Active Equity (SAE) team.

Mr. Bishopp's service with the firm dates back to 2008, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. At BGI, he was an investment strategist in the Institutional Active Equities Group with a focus on international strategies. Prior to joining BGI, Mr. Bishopp was President and Director of Risk Management for Freeman Associates Investment Management. Previously he was at BARRA, holding various positions in the Business Development, Strategy and Product Management areas in the US and Europe. His was most recently head of business strategy for the equity division, focusing on equity risk modeling services for buy- and sell-side clients.

Mr. Bishopp earned a BSc with honors in mathematics from the University of Hull in 1987.

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GENERAL DISCLOSURES

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Memo

To:	Retirement Board
From:	Farouki Majeed
cc:	Richard Stensrud, Karen Roggenkamp
Date:	September 5, 2024
Re:	SERS Overlay Program - Annual Update

This memo provides an overview of the SERS Overlay Program. The program is designed to enhance Total Fund performance and is not funded through asset class policy allocations. It is a low net exposure, long/short program requiring only a minimal cash funding for futures/forwards collateral and margin requirements. Exposures are managed within a notional dollar limit and active risk targets. The program's performance objective is to add 10 to 20 basis points annually to Total Fund performance on a three-to-five-year time horizon within a 1% tracking error limit. The Overlay Program consists of two sub-programs, Tactical Asset Allocation (TAA) and Active Currency (AC).

Tactical Asset Allocation

The Tactical Asset Allocation program was launched in January 2015 and is managed by Russell Investments. Russell uses their Enhanced Asset Allocation (EAA) models to make long/short trades between US equities, non-US equities and fixed income. Russell makes assessments of current market mis-valuations and implements over/underweight positions subject to a limit of +/- 3% of total fund in notional value on a combined basis. EAA takes offsetting long/short positions in equity index and US Treasury futures that results in zero net market exposure and no net leverage. The long and short decisions are based on Russell's proprietary valuation and forecasting models. Trades are only implemented when the manager has high conviction in the signals coming from the models, so the account may have active long and short positions infrequently throughout the year lasting from several days to several months.

Currently, Russell has a 2.9% short position in US equities balanced by a 2.9% long position in US treasuries initiated in June 2023 and added to subsequently. This was the first time Russell implemented a short position in equities whereas previously the positions were long equity/short treasuries, based on high conviction in their model of equity overvaluation and the probability of a recession. However, US equity market valuations have continued to increase buoyed by AI related technology stocks and interest rates have been range bound. This position has drawdown of \$77 million as of September 4th. Russell continues to have conviction in the position and that a correction in the equity market valuations would reduce the magnitude of this drawdown. Prior to this position the EAA strategy had cumulative gains of \$68 million. Since inception, the cumulative loss is \$9 million.

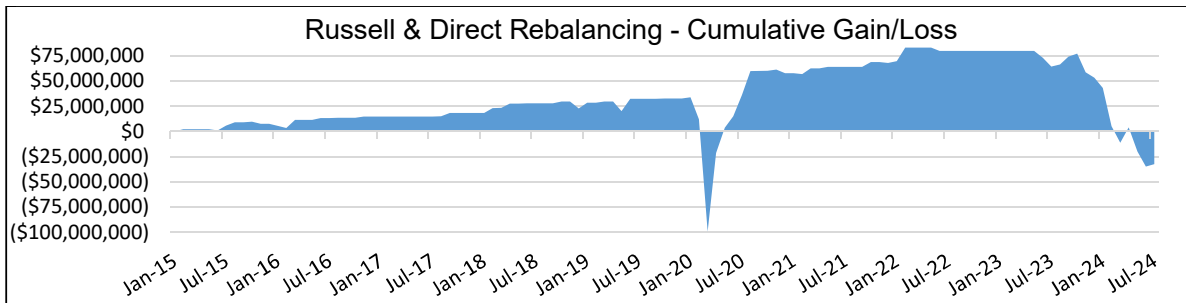
Russell EAA program experienced a large drawdown of \$120 million in 2020 on a long equity/short treasury position implemented in March of that year, but subsequent gains more than offset this drawdown.

Staff implemented a similar trade in the SERS Direct Rebalancing account initiated in August 2023 with a long US Treasury and short US equities position. This account has a notional value of 0.8% of Total

Fund. This position has losses of \$21 million as of September 4th for the same reasons cited above. Prior to this trade, the SERS Rebalancing account had gains of \$12 million and the cumulative loss is currently \$9 million since inception in 2020. The Staff position has the goal of reducing risk by more tightly managing the asset allocation in times of high economic/market uncertainty.

Below is a summary of the gains and losses by fiscal year and the graph shows the cumulative gains of the active TAA strategies.

Gain/Loss Summary	FYTD 2025	FY 2024	FY 2023	FY 2015 – FY 2022	Since Inception
Russell	\$3,079,217	(\$85,721,041)	(\$7,071,294)	\$68,031,618	(\$21,681,499)
SERS Direct Rebal.	(\$285,832)	(\$22,318,540)	-	\$11,974,999	(\$10,629,372)
Total TAA G/L	\$2,793,385	(\$108,039,581)	(\$12,355,731)	\$80,089,616	(\$37,512,310)



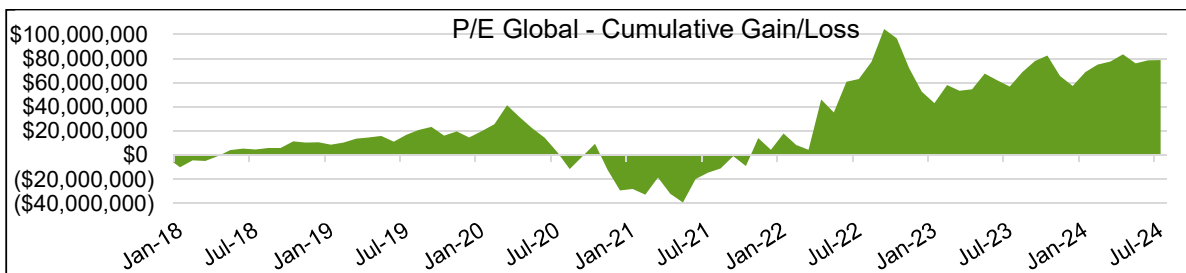
Active Currency

The AC program is managed by P/E Global since 2017 and is implemented using long and short forward currency contracts in designated currencies based on expected returns for various currencies generated by the manager's multifactor quantitative model. The current notional exposure is \$300 million managed to an 8% volatility target. This program has the goal of adding value while reducing risk at the Total Fund. Both goals have been achieved thus far since the returns have a negative correlation to equities.

For the period ending July 31st, the P/E Global strategy had gains of \$16 million. The gains were broad-based with the US dollar strongly appreciating against most major currencies. Of the eleven currencies traded, six had gains with the Japanese yen, Australian dollar and euro producing the majority of the gains. The five currencies with losses were each less than \$1 million, and the precious metals allocation produced gains of \$1 million. Overall, P/E Global has produced gains of \$79 million since inception.

The following table summarizes the Active Currency Program gains and losses by fiscal year and the graph shows P/E Global's cumulative gains.

	FYTD 2025	FY 2024	FY 2023	FY 2017 – 2022	Since Inception
P/E Global	\$206,326	\$16,380,829	\$1,412,342	\$60,665,568	\$78,665,065
Total AC G/L	\$206,326	\$16,380,829	\$1,412,342	\$39,616,199	\$57,615,697



Overlay Summary

The cumulative gains of the Overlay Program are \$20.1 million as of July 2024. While the one-year performance has been -0.48%, the program has also reduced the risk to the total fund by -0.36% over the same period, improving portfolio efficiency and the Total Fund risk-adjusted return. Below is a summary of the Overlay Program performance impact on Total Fund.

Total Fund Performance Impact (Net-of-Fees)	FYTD Return	1 Year Return	3 Year Return	5 Year Return
Tactical Asset Allocation	0.01	-0.60	-0.20	-0.08
Active Currency	0.00	0.12	0.18	0.06
Total Fund	0.01	-0.48	-0.02	-0.03

Wilshire



Executive Summary of Investment Performance

As of June 30, 2024

Market Commentary

U.S. Equity

The U.S. stock market was up 3.3% for the second quarter and is up 13.6% for the year-to-date. A majority of sectors were negative, however, with the best performing being technology (+12.5%) and the worst being materials (-5.5%) and industrials (-3.3%). Small-cap underperformed large-cap by 850 basis points while growth stocks generally outperformed value.

As yields began to rise in early 2022, few were immune to the consequences of higher debt service payments, including the U.S. government. Higher rates and the size of the total U.S. debt – currently 120% of annual gross domestic product (GDP) – has resulted in net interest payments rising to equal 13% of the annual U.S. budget, roughly equal to the dollars spent on national defense and Medicare. A recent report by the non-partisan Congressional Budget Office (CBO) projects interest costs to continue to grow as deficits are expected for the next ten years. The CBO forecasts deficits to remain greater than 5% of annual GDP, which would be “more than the 3.7 percent that deficits have averaged over the past 50 years.”

Non-U.S. Equity

New data in England shows that the country has recovered from a mild recession last year, albeit at a tepid pace. Prospects in Germany are dimming due to global trade conflicts that are weighing on the industrial sector. Economic activity in China remains uneven as manufacturing activity fell in June while services slipped to a five-month low. Many expect the Chinese government to offer policy support in the short term.

Fixed Income

The U.S. Treasury yield curve was up across most of the maturity spectrum during the quarter. The 10-year Treasury yield ended the quarter at 4.40%, up 20 basis points. Credit spreads were up during the quarter with high yield bond spreads up 10 basis points after falling below 3% in March. The FOMC left the overnight rate unchanged while their “dot plot” is messaging that the current expectation is for a modest decrease in rates in 2024. Fed Chair Jerome Powell said about rates, “Fortunately, we have a strong economy and we have the ability to approach this question carefully.”

June 2024 Asset Class Assumptions

	Equity						Fixed Income						Dev ex-U.S. Bond (Hdg)	Real Assets					
	U.S. Stock	Dev ex-U.S. Stock	Emg Stock	Global ex-U.S. Stock	Global Stock	Private Equity	Cash	Core Bond	LT Core Bond	TIPS	High Yield	Private Credit		Real Estate			Cmdty	Real Assets	U.S. CPI
Compound Return (%)	4.50	5.50	5.75	5.85	5.10	7.45	4.00	5.25	5.20	4.60	6.50	8.20	3.20	5.85	6.00	6.25	6.30	7.00	2.30
Arithmetic Return (%)	5.85	7.00	8.75	7.50	6.45	11.20	4.00	5.35	5.65	4.75	6.95	8.95	3.30	7.25	7.25	7.15	7.45	7.75	2.30
Risk (%)	17.00	18.00	26.00	19.00	17.05	29.65	0.75	4.70	9.85	6.00	10.00	12.75	4.00	17.50	16.45	13.90	16.00	12.60	1.75
Yield (%)	1.35	3.00	2.35	2.80	1.90	0.00	4.00	5.65	5.70	4.85	9.90	5.10	4.10	4.15	4.15	2.70	4.00	3.70	0.00
Growth Factor Exposure	8.00	8.00	8.00	8.00	8.00	14.00	0.00	-0.90	-2.40	-3.00	4.00	5.10	-1.00	6.00	6.00	3.50	0.00	2.70	0.00
Inflation Factor Exposure	-3.00	-1.00	3.00	0.10	-1.85	-4.25	0.00	-2.55	-6.85	2.50	-1.00	-1.50	-3.00	1.00	1.80	1.00	12.00	5.25	1.00

Correlations

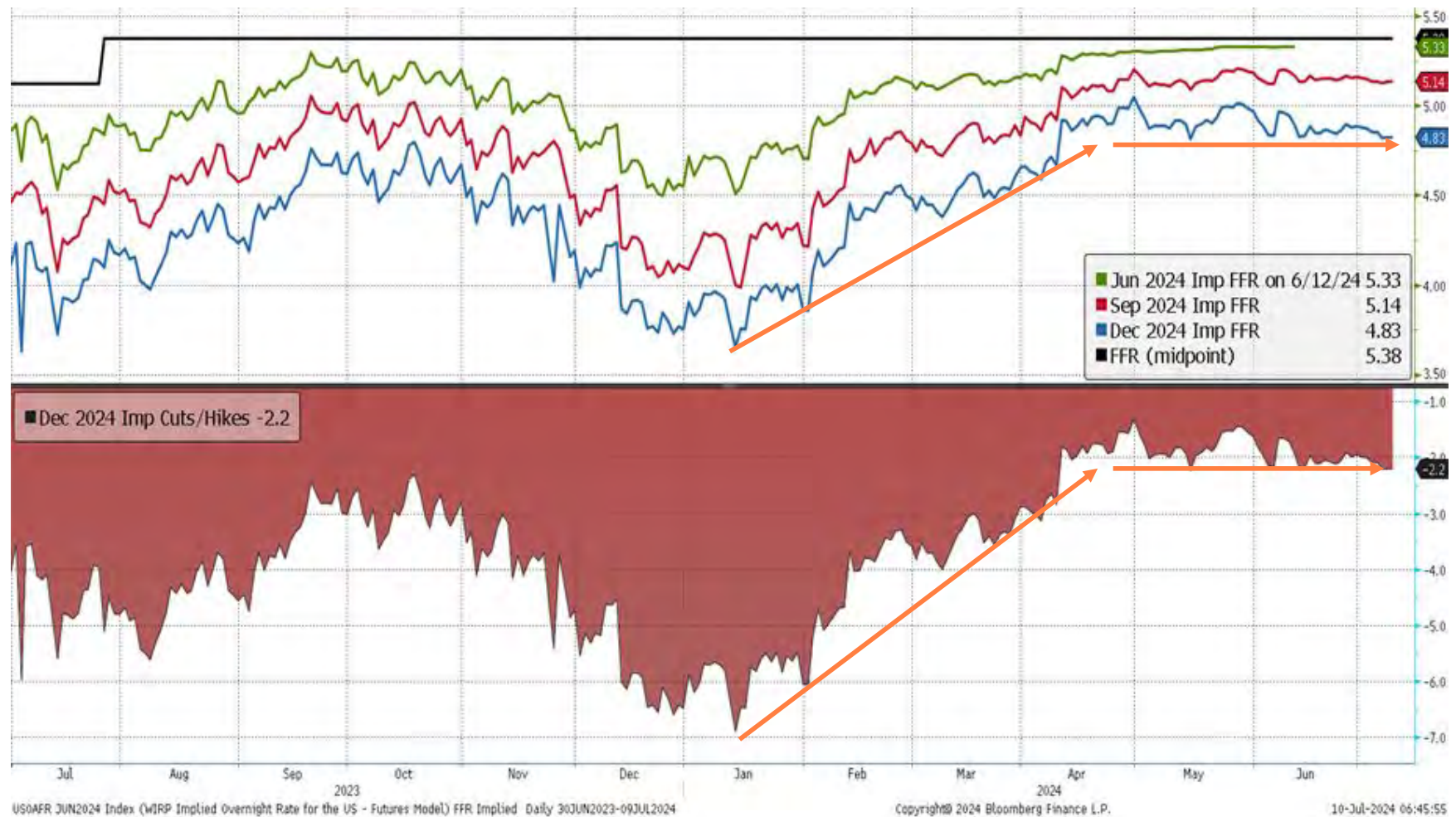
U.S. Stock	1.00																		
Dev ex-U.S. Stock (USD)	0.81	1.00																	
Emerging Mkt Stock	0.74	0.74	1.00																
Global ex-U.S. Stock	0.84	0.95	0.89	1.00															
Global Stock	0.95	0.91	0.84	0.94	1.00														
Private Equity	0.72	0.63	0.61	0.67	0.73	1.00													
Cash Equivalents	-0.05	-0.09	-0.05	-0.08	-0.06	0.00	1.00												
Core Bond	0.28	0.13	0.00	0.08	0.20	0.30	0.18	1.00											
LT Core Bond	0.31	0.15	0.01	0.11	0.24	0.31	0.11	0.94	1.00										
TIPS	-0.05	0.00	0.15	0.06	-0.01	-0.03	0.20	0.60	0.48	1.00									
High Yield Bond	0.54	0.39	0.49	0.46	0.53	0.31	-0.10	0.24	0.32	0.05	1.00								
Private Credit	0.67	0.55	0.57	0.59	0.67	0.44	0.00	0.24	0.30	0.00	0.75	1.00							
Dev ex-U.S. Bond (Hdg)	0.16	0.25	-0.01	0.16	0.17	0.26	0.10	0.67	0.65	0.39	0.26	0.22	1.00						
U.S. RE Securities	0.57	0.47	0.44	0.49	0.56	0.49	-0.05	0.17	0.22	0.10	0.56	0.61	0.05	1.00					
Global RE Securities	0.63	0.56	0.54	0.59	0.64	0.55	-0.05	0.17	0.21	0.11	0.60	0.67	0.04	0.97	1.00				
Private Real Estate	0.55	0.45	0.45	0.49	0.54	0.50	-0.05	0.19	0.25	0.09	0.57	0.62	0.05	0.78	0.77	1.00			
Commodities	0.25	0.34	0.39	0.38	0.32	0.28	0.00	-0.03	-0.03	0.25	0.29	0.29	-0.10	0.25	0.28	0.25	1.00		
Real Assets	0.61	0.62	0.66	0.68	0.66	0.56	-0.03	0.24	0.26	0.32	0.64	0.69	0.05	0.78	0.83	0.76	0.62	1.00	
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.13	-0.10	0.10	-0.12	-0.12	0.15	-0.08	0.00	-0.08	0.05	0.04	0.05	0.44	0.21	1.00

The Rate Environment



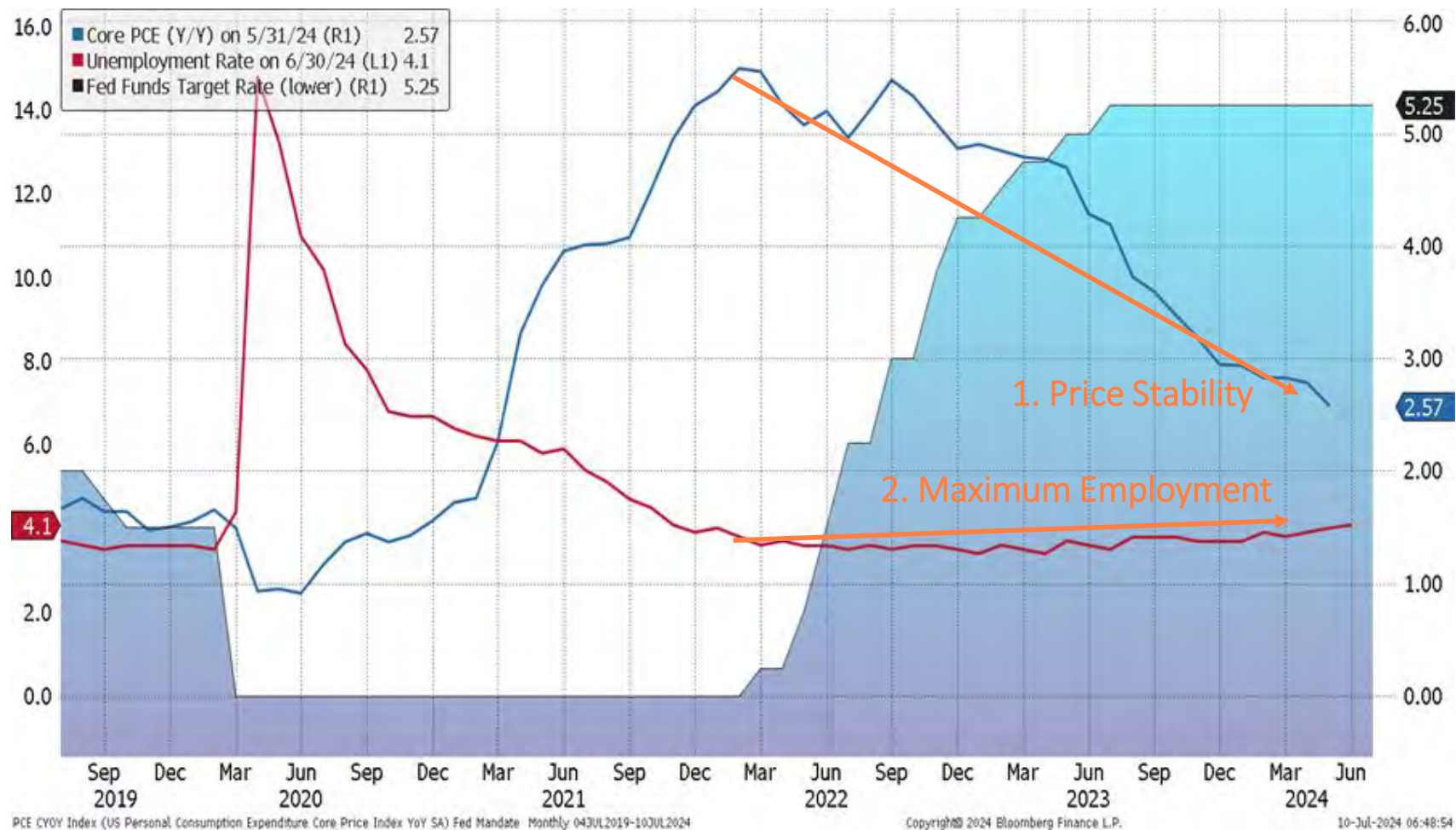
Data Source: Bloomberg

Fed Funds Rate: Market Expectations



Data Source: Bloomberg

Keeping it Simple: Progress on the Fed's Dual Mandate



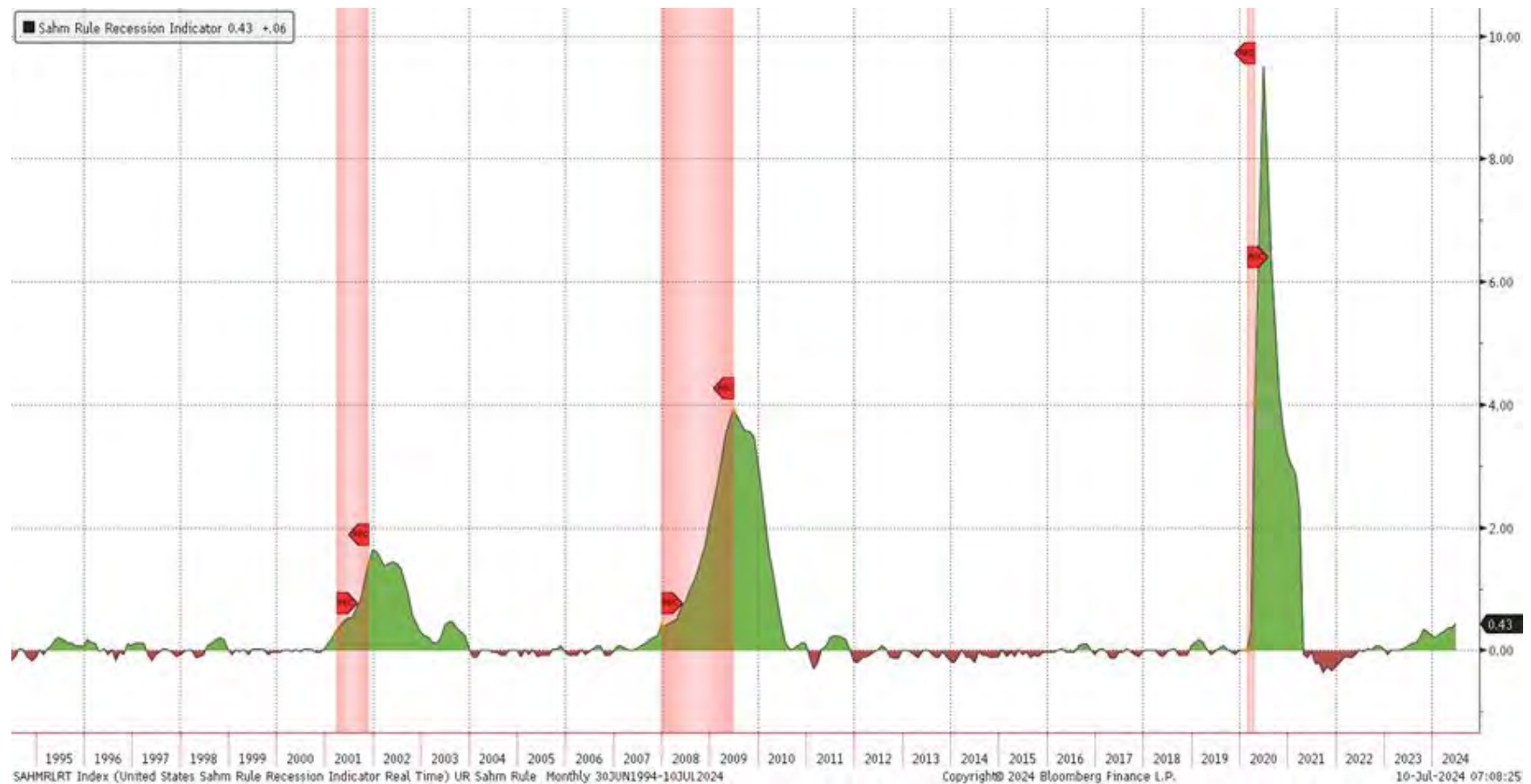
Data Source: Bloomberg

Economic Surprises: Releases Falling Short of Expectations



Data Source: Bloomberg

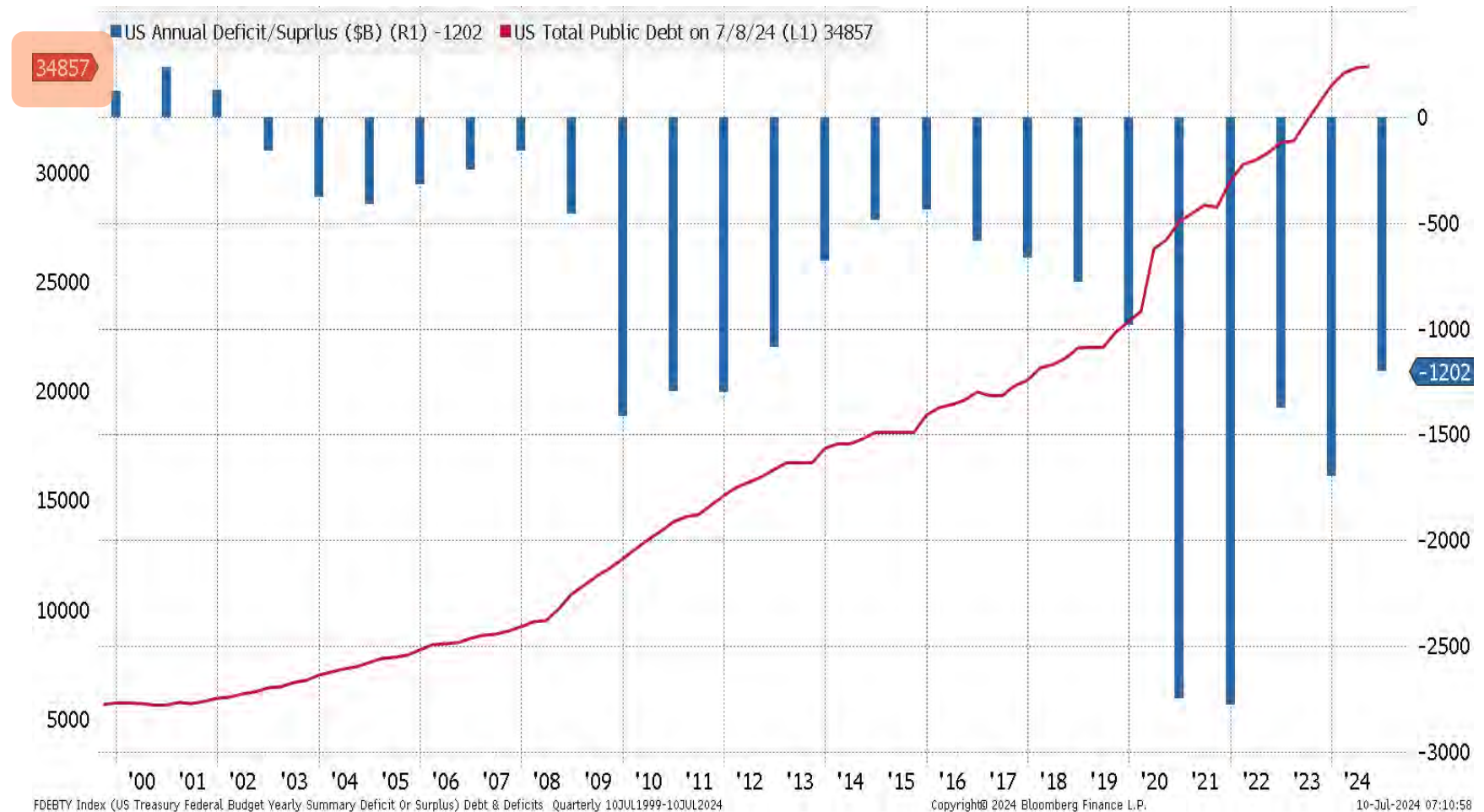
Unemployment: “Not broken, just bent”¹



Data Source: Bloomberg

¹Pink, “Just Give Me a Reason,” The Truth About Love (2012)

Deficits & Debt on an Unsustainable Pace



Data Source: Bloomberg

Fiscal Dominance: Complicating Monetary Policy

Fiscal Dominance: when a government's debt is sufficiently high to undermine the central bank's influence on inflation

Long-term Risks/Implications

- **Higher Inflation Rates:** potential for higher future inflation rates (as unsustainable debt levels leads to money printing)
- **Higher Interest Rates:** should central bankers be required to battle sustained inflation rates
- **Currency Depreciation:** as investors lose faith in a government's ability to control inflation
- **Budgeting Conflicts/Tradeoffs:** as interest payments required to meet rising debt levels crowds out other spending/investing priorities

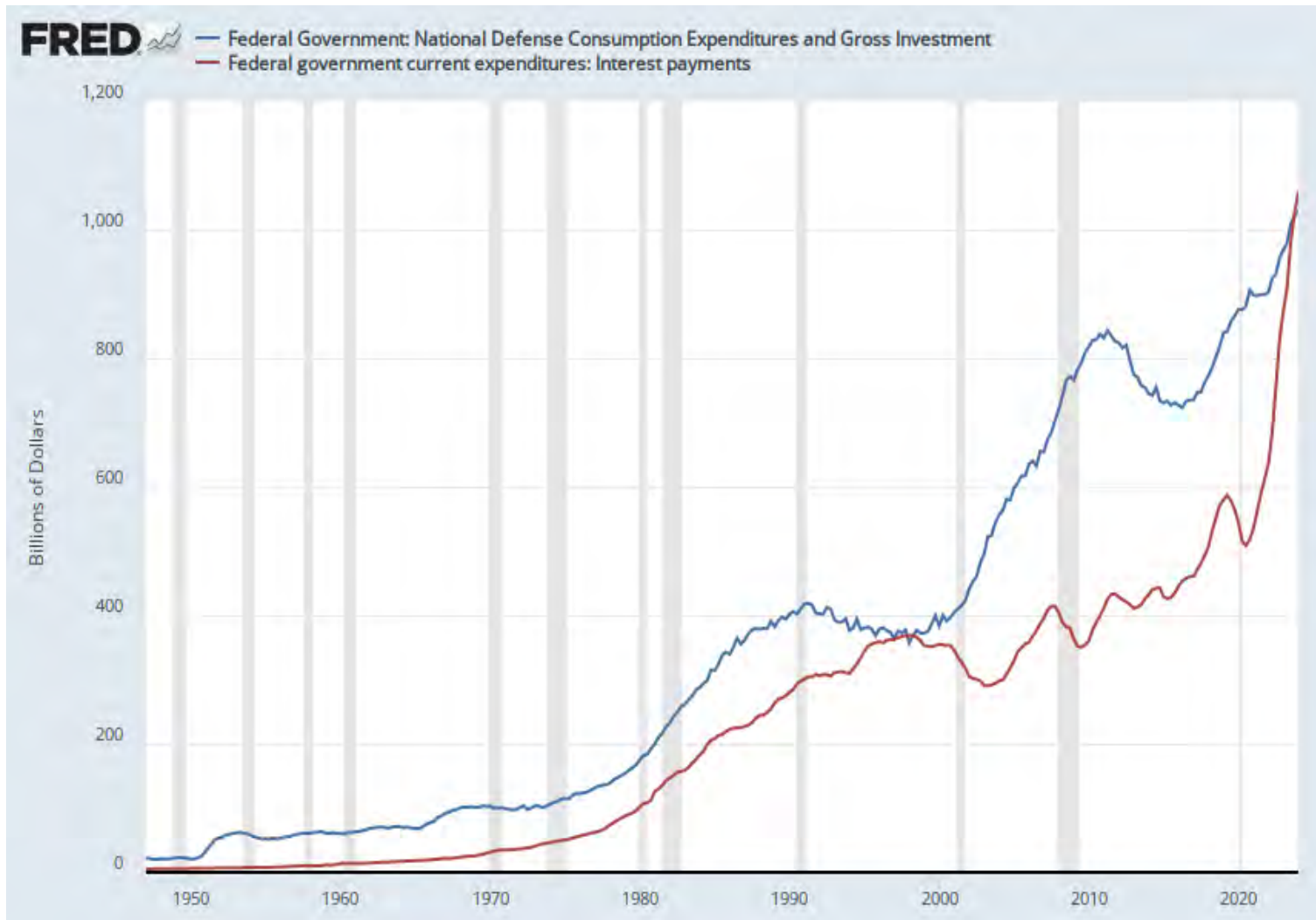


Fiscal

Monetary



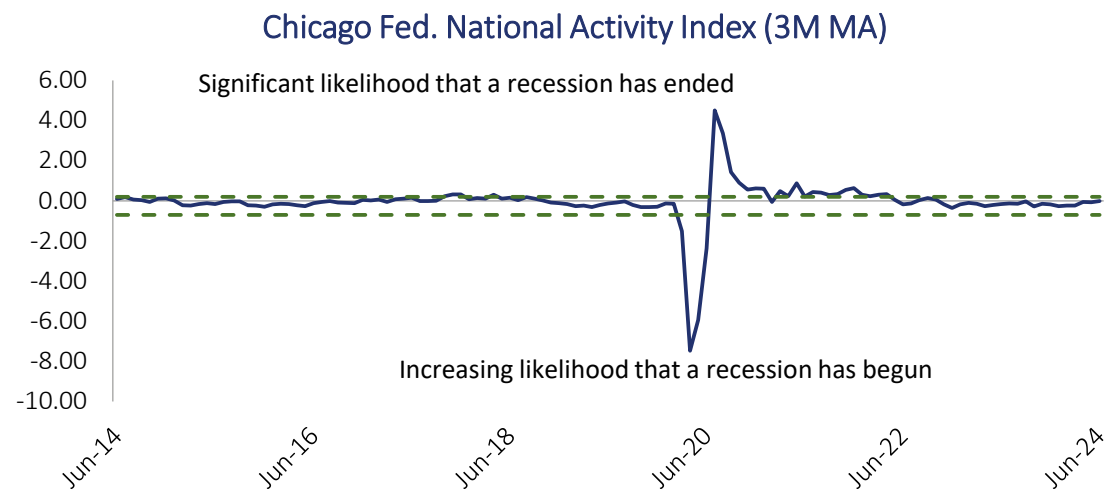
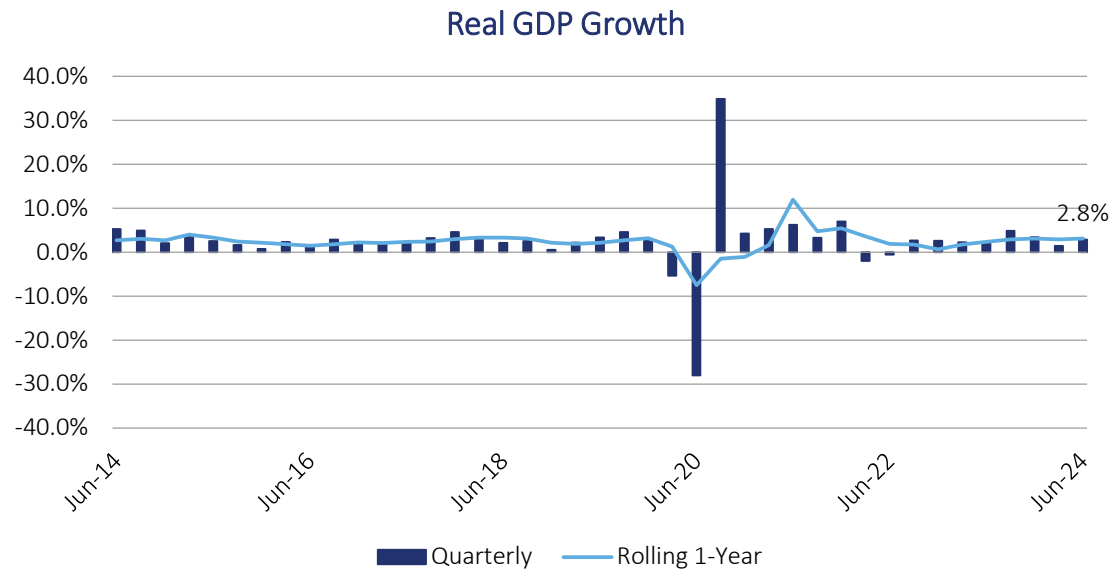
Fiscal Dominance in a Chart



Data Source: U.S. Bureau of Economic Analysis

Economic/Market Activity

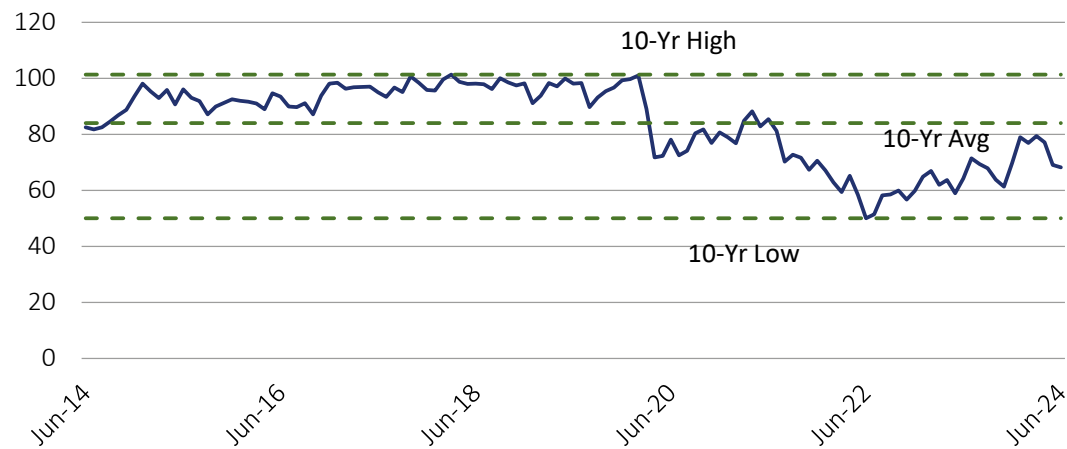
Economic Growth



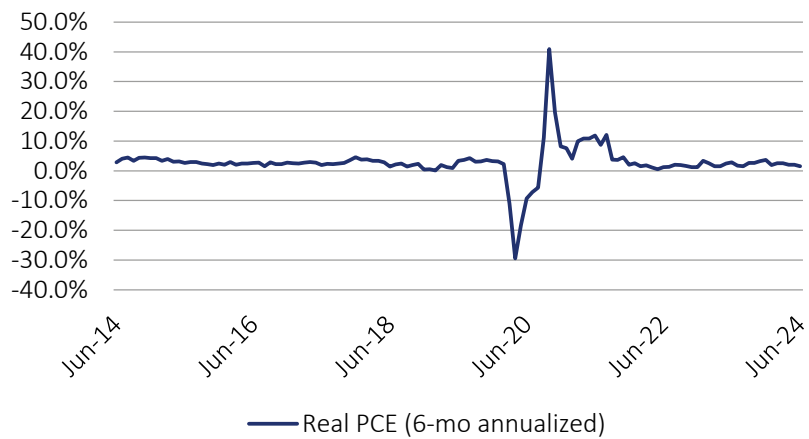
Data Source: Bloomberg

Consumer Activity

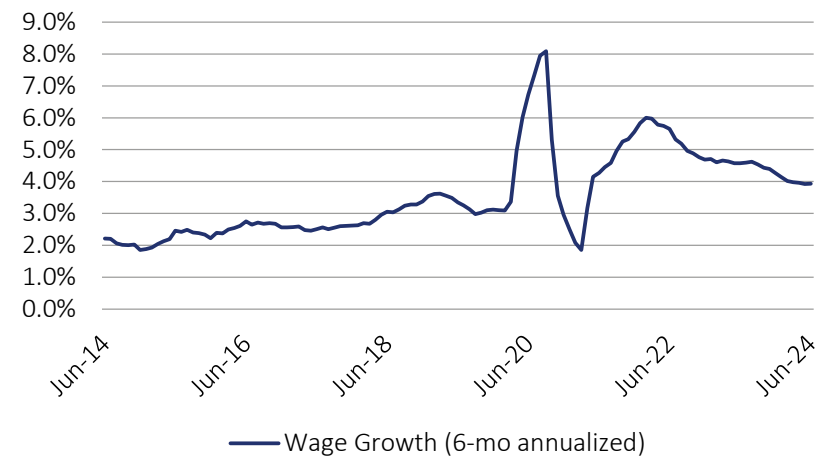
University of Michigan: Consumer Sentiment



Real Personal Consumption Expenditures



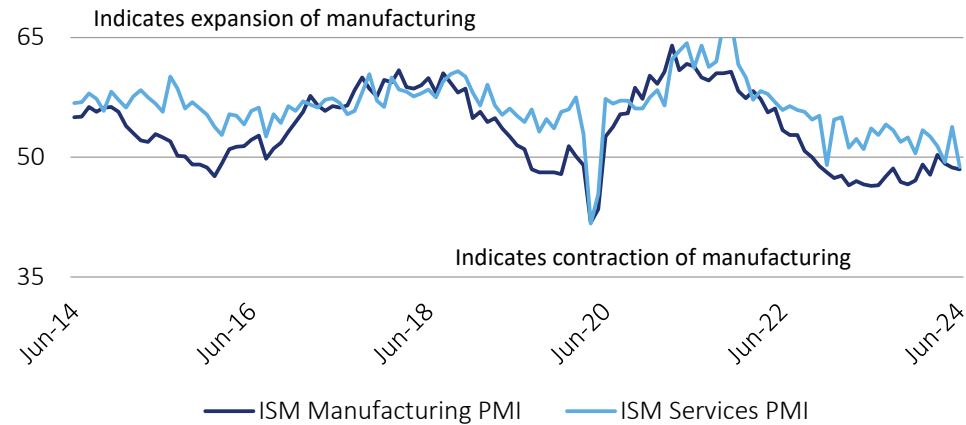
Average Hourly Earnings



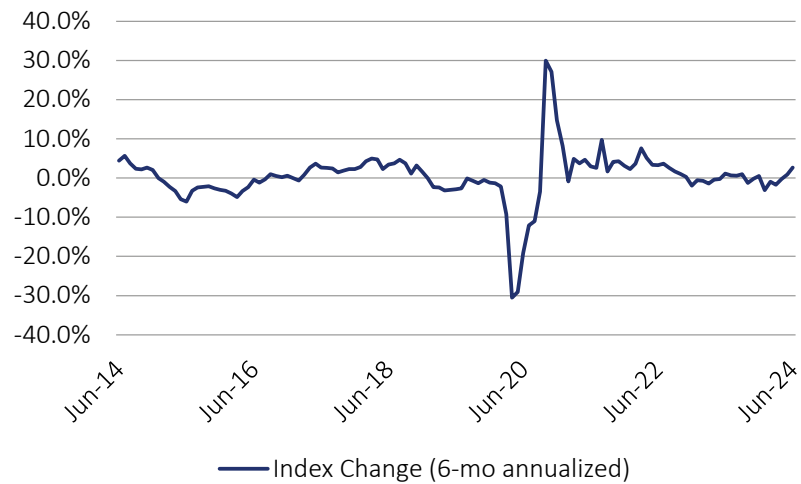
Data Source: Bloomberg

Business Activity

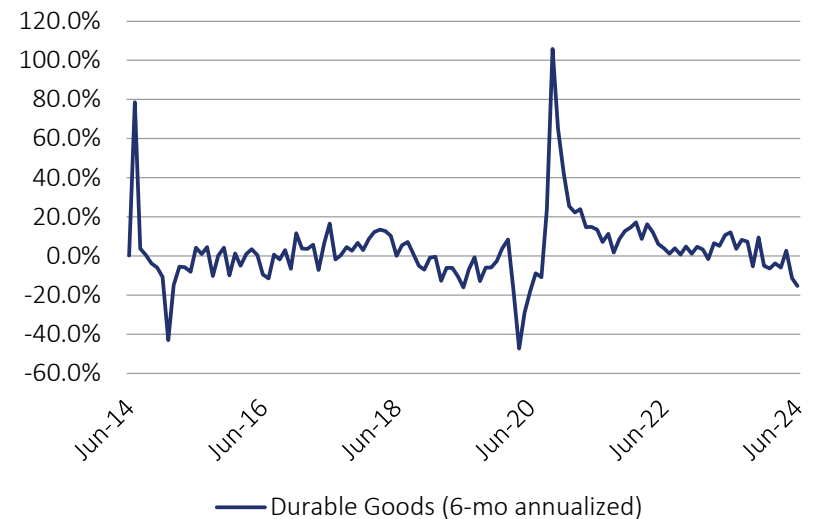
ISM Report on Business



Industrial Production Index



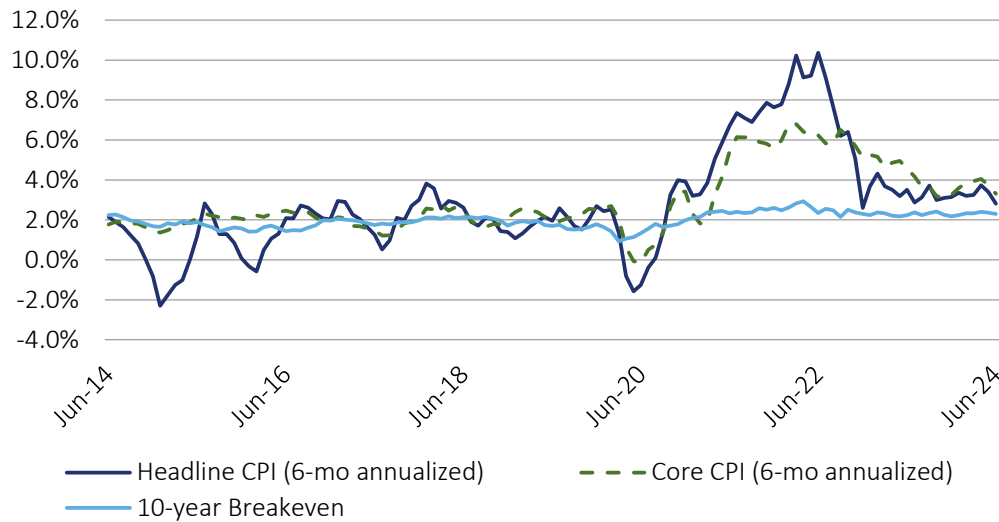
Durable Goods New Orders



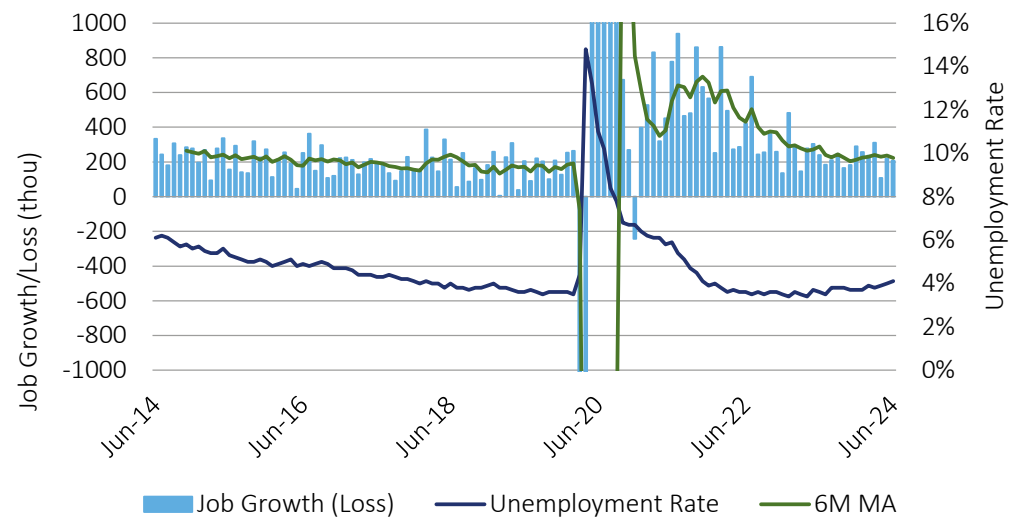
Data Source: Bloomberg

Inflation and Employment

Inflation: Actual & Expected



Employment Gains/Losses

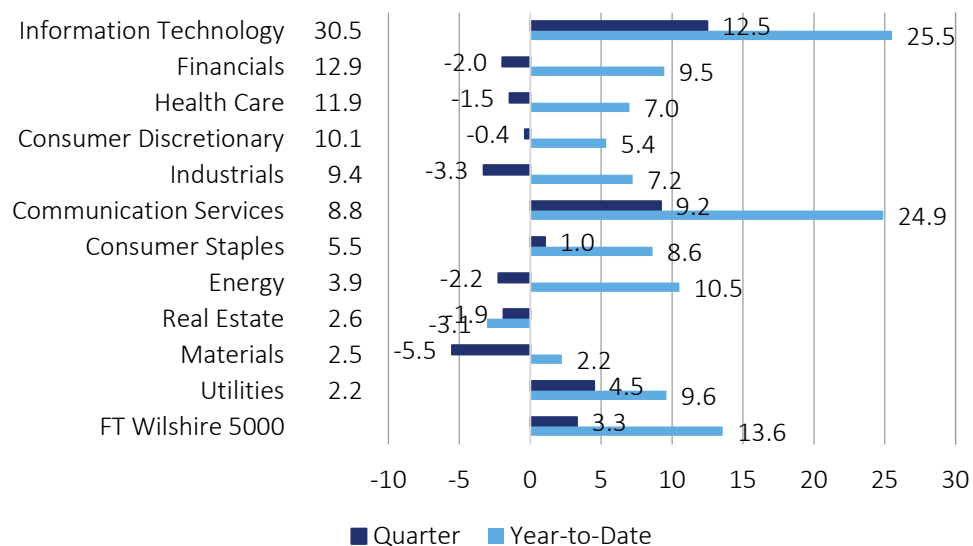


Data Source: Bloomberg

U.S. Equity Market

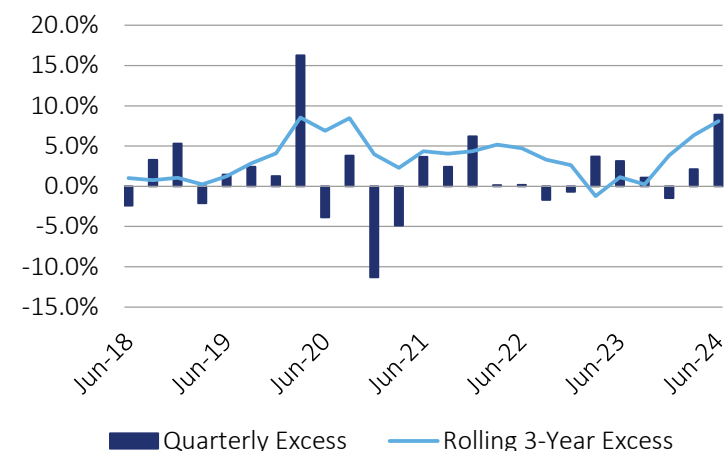
As of 6/30/2024	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
FT Wilshire 5000	3.3	13.6	23.2	8.4	14.4	12.4
FT Wilshire U.S. Large Cap	4.4	15.1	24.8	9.6	15.2	12.9
FT Wilshire U.S. Small Cap	-4.1	3.5	12.6	1.4	8.9	8.4
FT Wilshire U.S. Large Growth	9.7	22.7	35.8	11.4	19.5	n/a
FT Wilshire U.S. Large Value	-0.8	7.7	14.3	7.3	10.6	n/a
FT Wilshire U.S. Small Growth	-3.9	4.0	11.3	-1.4	8.0	n/a
FT Wilshire U.S. Small Value	-4.4	3.1	14.0	4.0	9.4	n/a
Wilshire REIT Index	-0.2	-0.3	8.6	0.3	4.0	5.9
MSCI USA Min. Vol. Index	0.8	8.5	14.6	6.2	8.3	10.7
FTSE RAFI U.S. 1000 Index	-0.8	9.1	18.6	8.2	12.9	10.6

U.S. Sector Weight and Return (%)

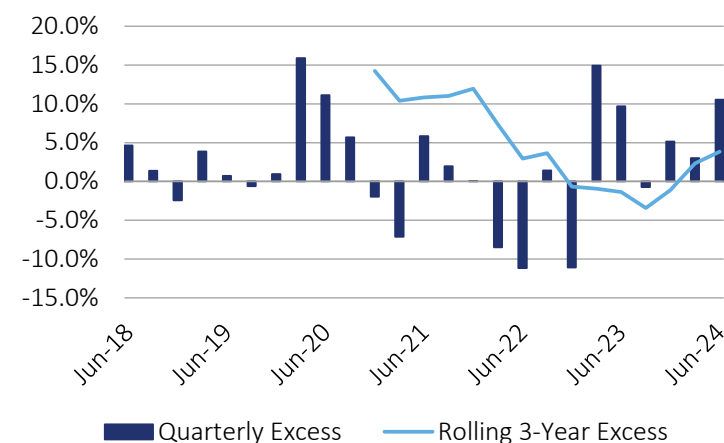


Data Sources: Bloomberg, Wilshire Atlas

Large Cap vs. Small Cap



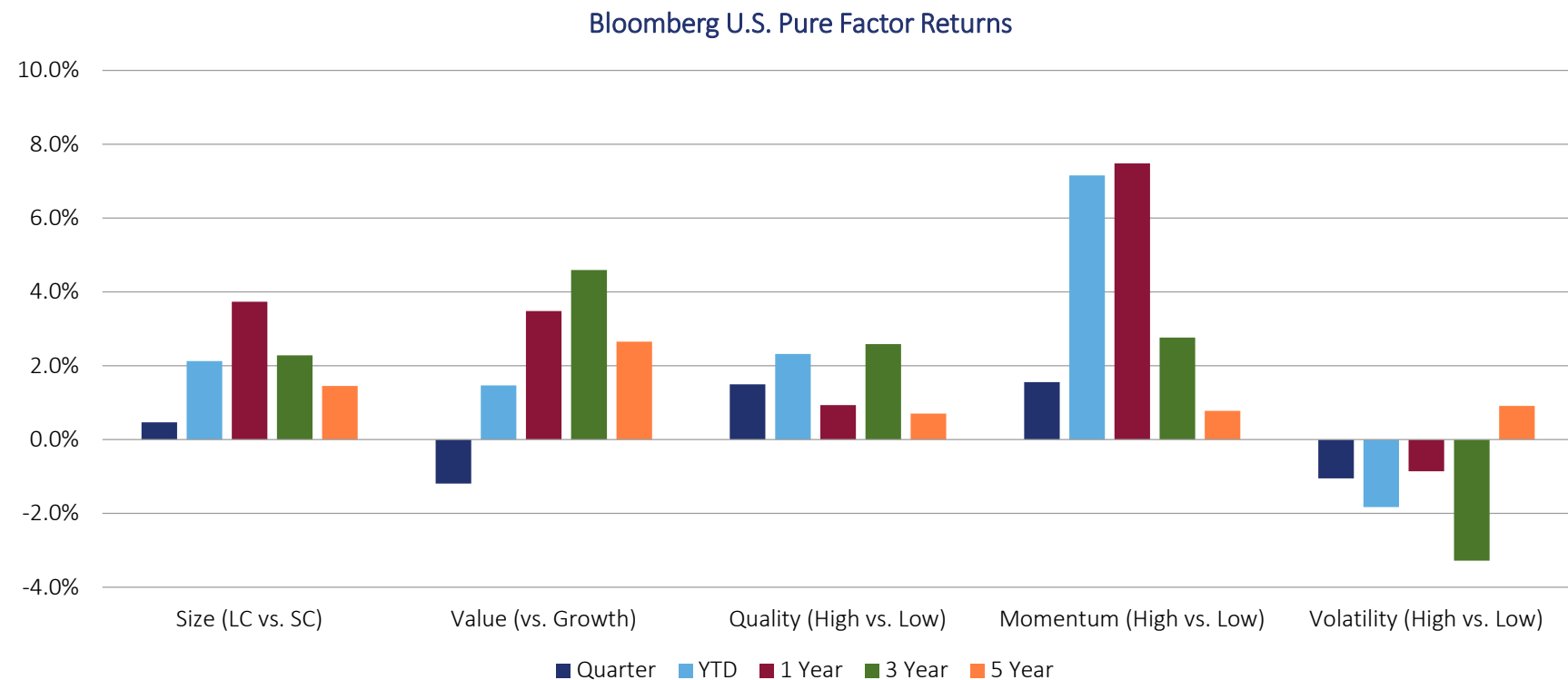
Large Growth vs. Large Value



U.S. Factor Returns

Factor returns represent the contribution from large cap, value, etc. stocks within Bloomberg's Portfolio & Risk Analytics module

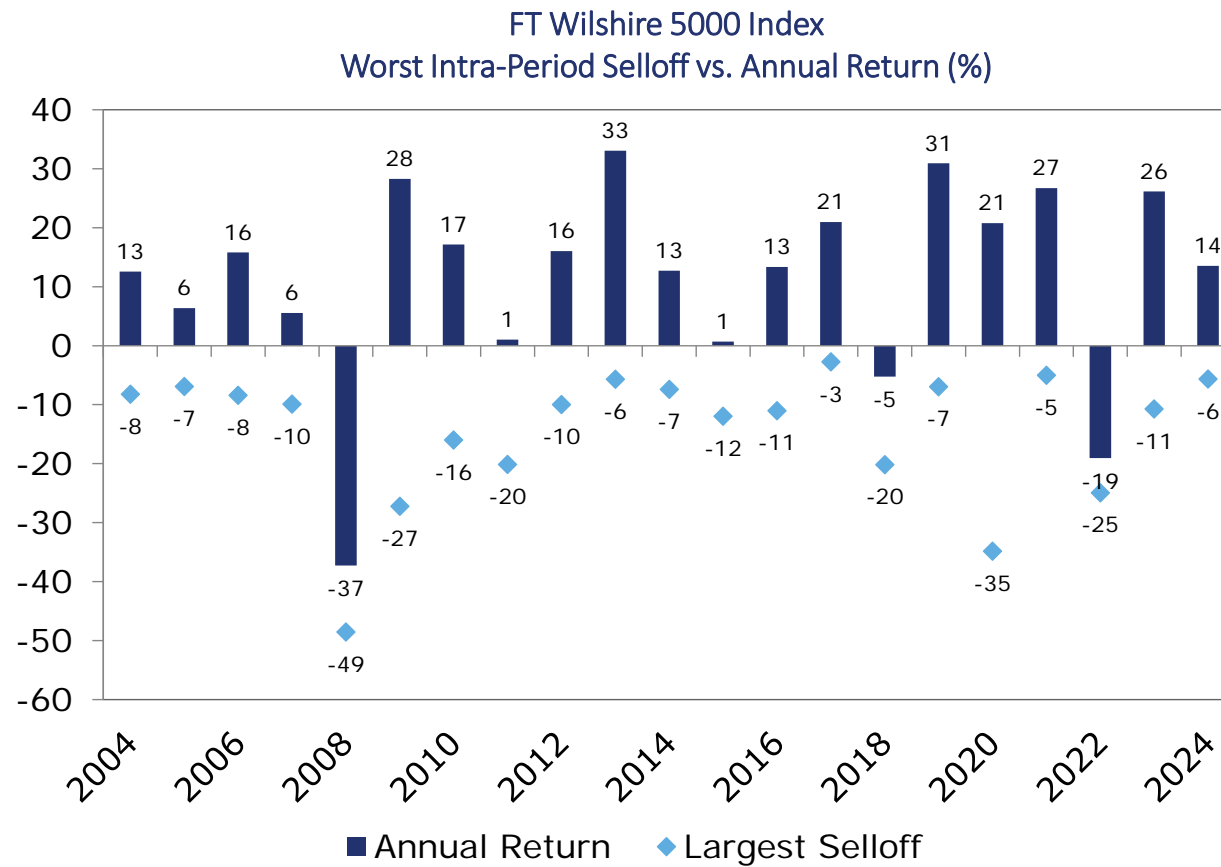
Momentum had a strong quarter while high volatility detracted



Data Source: Bloomberg

Annual Equity Market Selloffs

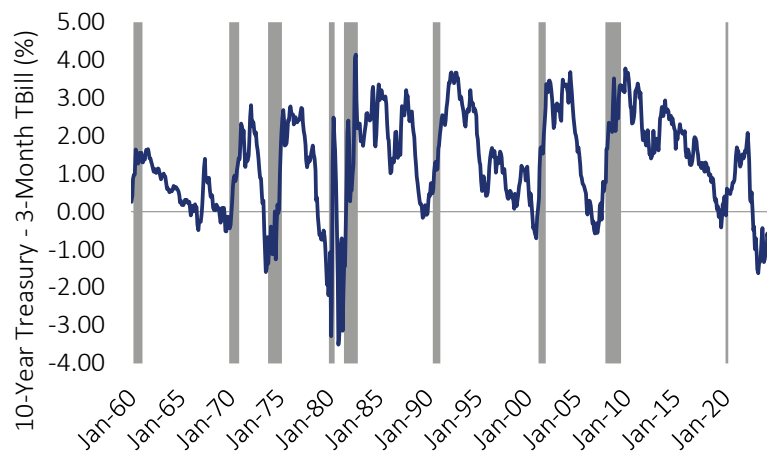
U.S. equity has been fairly tame, so far, during 2024 except for a modest sell-off in April



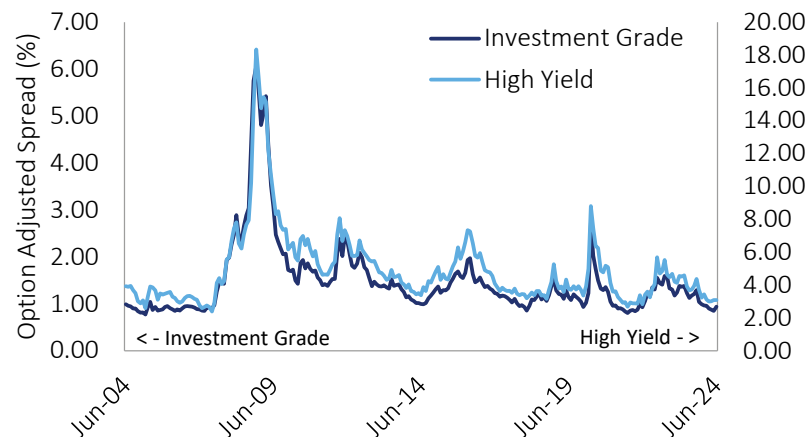
Data Sources: Wilshire Web, Bloomberg

Risk Monitor

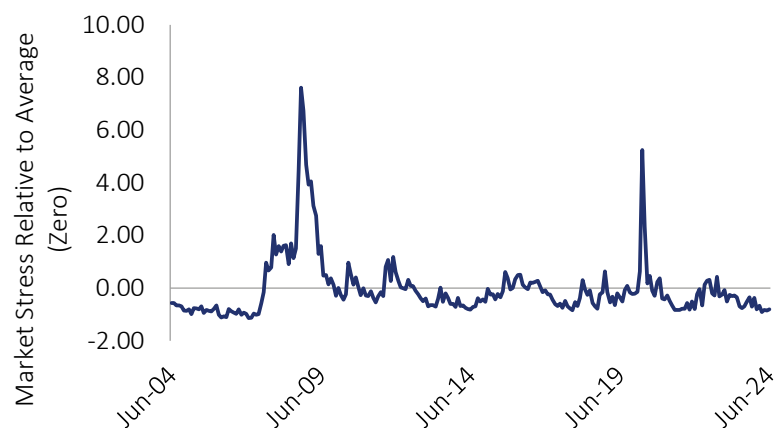
Yield Curve Slope vs Recessions (IN GRAY)



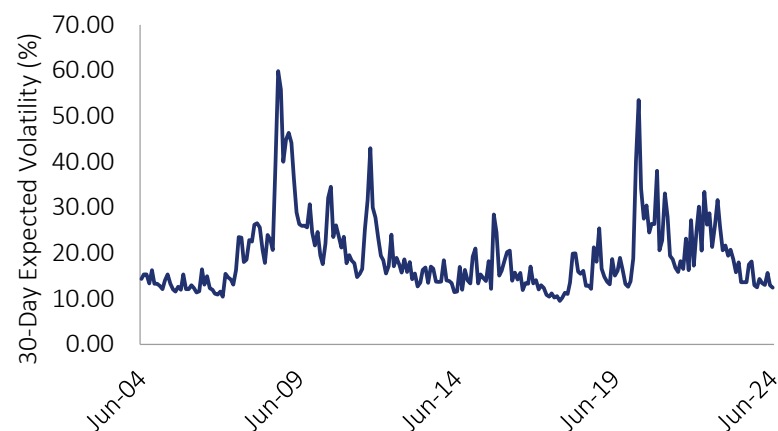
Bloomberg Credit Indexes



St. Louis Fed. Financial Stress Index



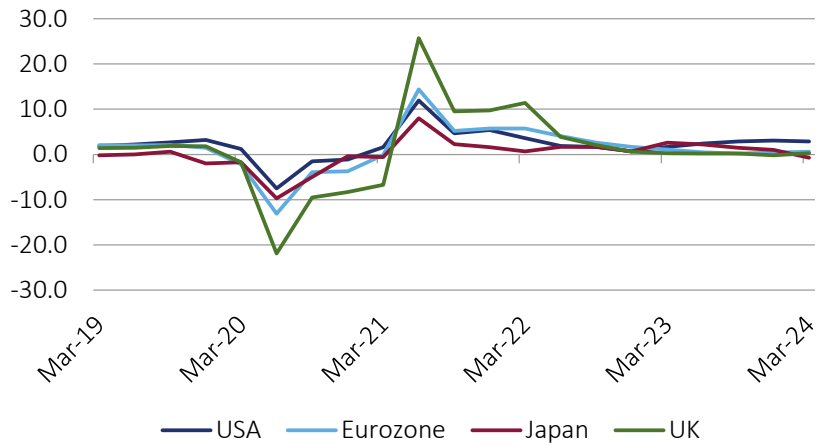
CBOE Volatility Index



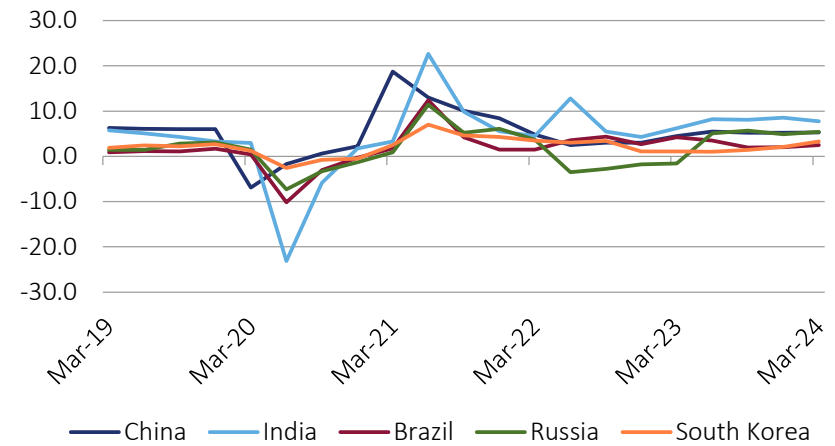
Data Source: Bloomberg

Non-U.S. Growth and Inflation

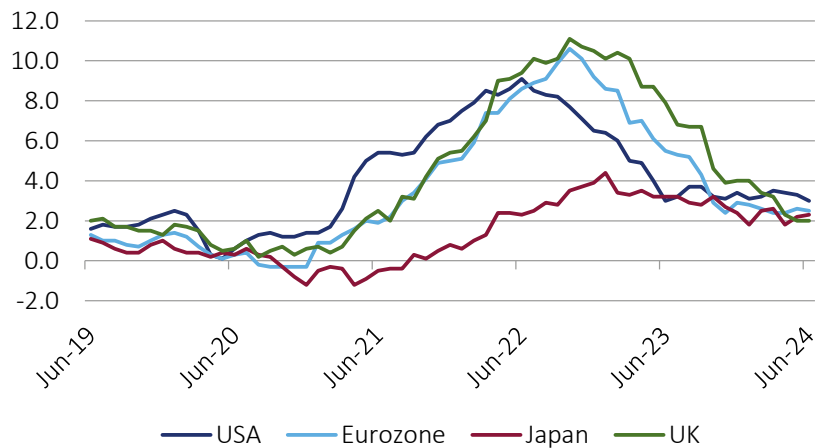
Developed Markets Real GDP Growth YoY (%)



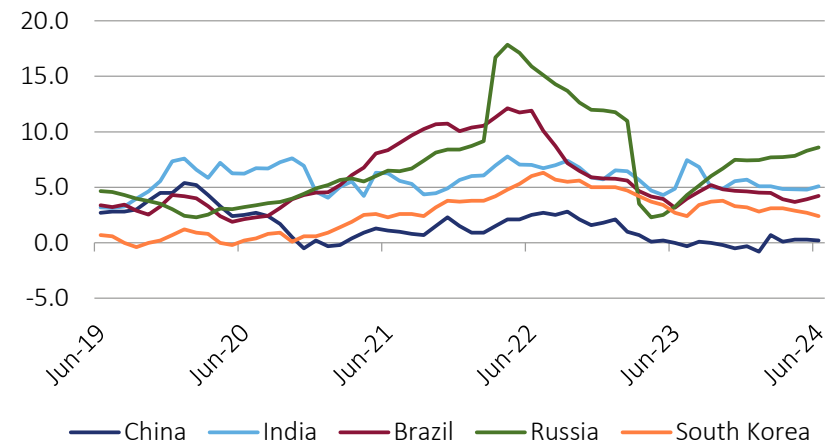
Emerging Markets Real GDP Growth YoY (%)



Developed Markets CPI Growth YoY (%)



Emerging Markets CPI Growth YoY (%)

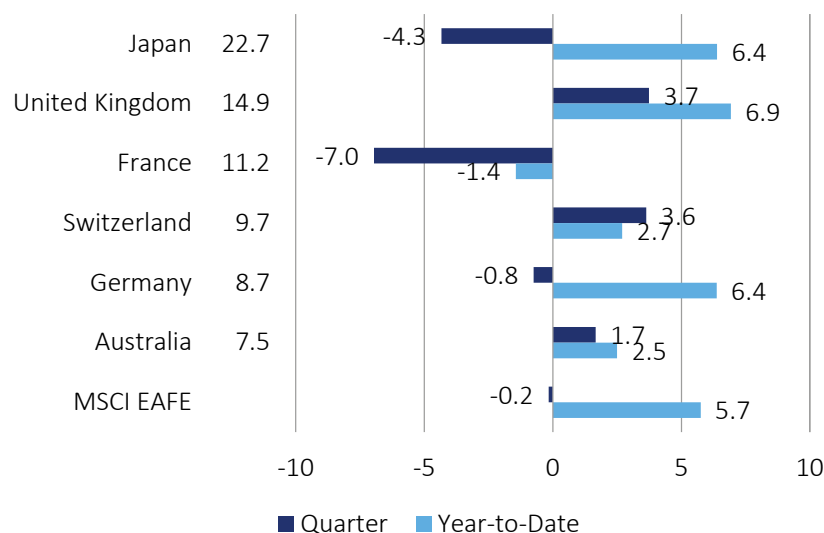


Data Source: Bloomberg

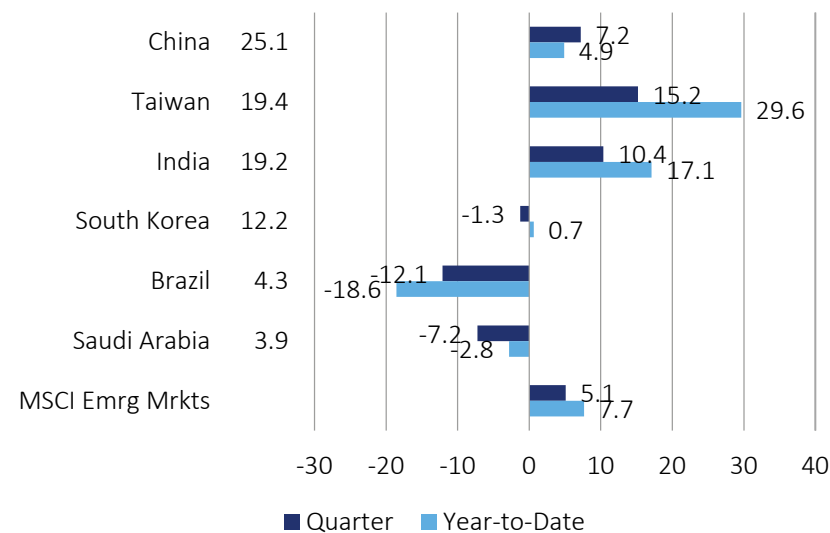
Non-U.S. Equity Market

As of 6/30/2024	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
MSCI ACWI ex-US (\$G)	1.2	6.0	12.2	1.0	6.1	4.3
MSCI EAFE (\$G)	-0.2	5.7	12.1	3.4	7.0	4.8
MSCI Emerging Markets (\$G)	5.1	7.7	13.0	-4.7	3.5	3.2
MSCI Frontier Markets (\$G)	-1.9	3.7	11.3	-0.2	-0.5	-0.5
MSCI ACWI ex-US Growth (\$G)	0.9	6.9	10.2	-2.3	5.8	5.1
MSCI ACWI ex-US Value (\$G)	1.5	5.0	14.3	4.0	6.1	3.6
MSCI ACWI ex-US Small (\$G)	0.8	3.1	11.8	-1.0	6.6	4.9
MSCI ACWI Minimum Volatility	0.5	5.4	9.7	3.2	5.3	7.4
MSCI EAFE Minimum Volatility	-0.2	2.2	6.7	0.3	2.3	4.0
FTSE RAFI Developed ex-US	-0.8	4.8	13.0	4.8	7.6	4.3
MSCI EAFE LC (G)	1.3	11.5	15.7	8.7	9.5	7.9
MSCI Emerging Markets LC (G)	6.3	11.2	16.0	-1.2	6.0	6.2

Developed Markets Weight and Return (%)



Emerging Markets Weight and Return (%)

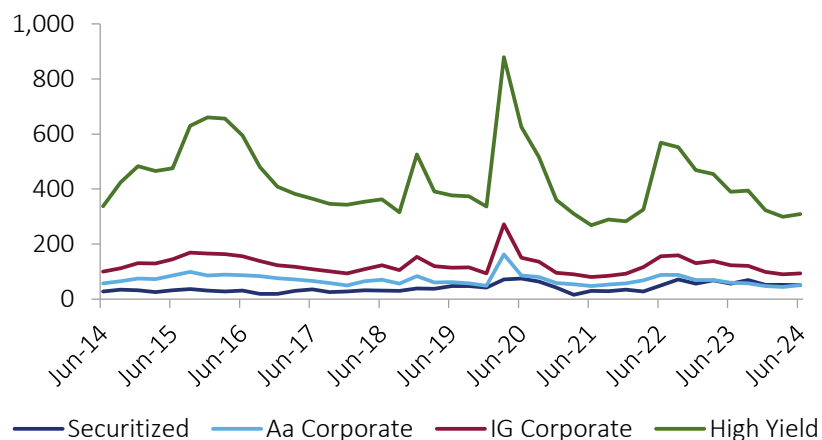


Data Source: Bloomberg

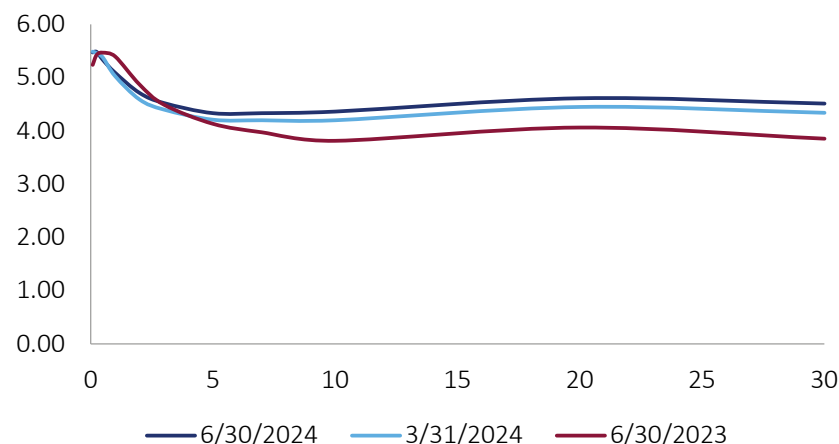
U.S. Fixed Income

As of 6/30/2024	YTW	Dur.	QTR	YTD	1 YR	3 YR	5 YR	10 YR
Bloomberg Aggregate	5.0	6.1	0.1	0.1	2.6	-3.0	-0.2	1.3
Bloomberg Treasury	4.6	5.9	0.1	0.1	1.5	-3.3	-0.7	0.9
Bloomberg Gov't-Rel.	5.1	5.2	0.3	0.3	3.3	-2.1	0.2	1.5
Bloomberg Securitized	5.2	5.9	0.1	0.1	2.4	-2.8	-0.6	1.0
Bloomberg Corporate	5.5	6.9	-0.1	-0.1	4.6	-3.0	0.6	2.3
Bloomberg LT Gov't/Credit	5.2	13.8	-1.7	-1.7	-1.6	-8.5	-2.2	1.6
Bloomberg LT Treasury	4.6	15.1	-1.8	-1.8	-5.6	-10.5	-4.3	0.6
Bloomberg LT Gov't-Rel.	5.7	11.5	-1.1	-1.1	0.7	-6.0	-1.4	2.0
Bloomberg LT Corporate	5.7	12.7	-1.7	-1.7	2.2	-6.9	-0.8	2.5
Bloomberg U.S. TIPS*	4.4	7.2	0.8	0.8	2.7	-1.3	2.1	1.9
Bloomberg High Yield	7.9	3.1	1.1	1.1	10.4	1.6	3.9	4.3
S&P/LSTA Leveraged Loan	9.2	0.3	1.9	1.9	11.1	6.1	5.5	4.6
Treasury Bills	5.3	0.3	1.3	1.3	5.5	3.0	2.2	1.5

Fixed Income Option Adjusted Spread (bps)



Treasury Yield Curve (%)



*Yield and Duration statistics are for a proxy index based on similar maturity, the Bloomberg Barclays U.S. Treasury 7-10 Year Index.

Data Source: Bloomberg

Federal Reserve

The Federal Open Market Committee has left their overnight rate unchanged since July of 2023

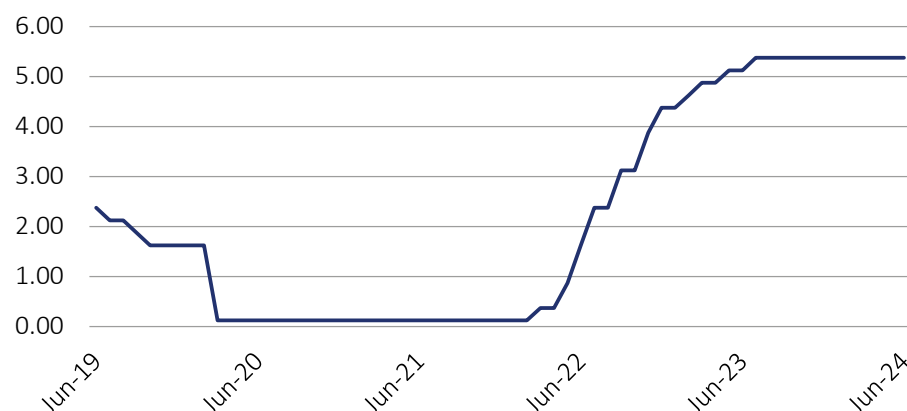
QE4 was larger than the 3 phases of quantitative easing – combined – following the global financial crisis

The Fed's balance sheet has begun to shrink again during the past year

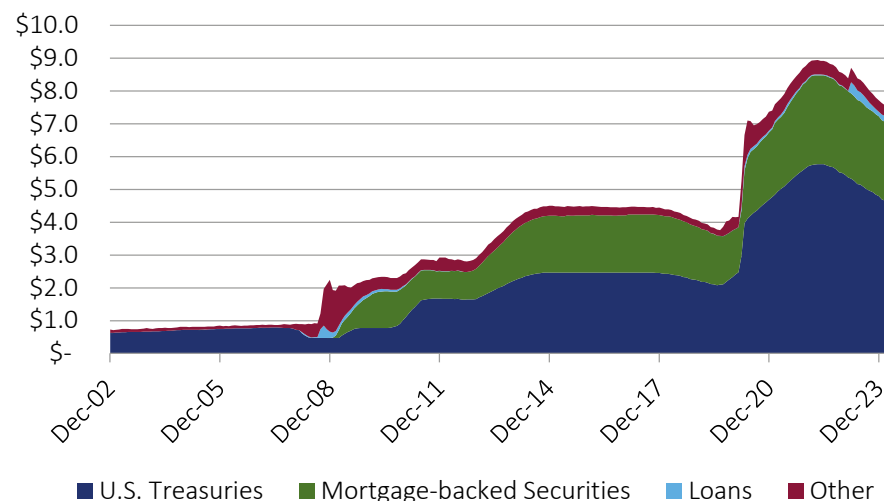
	Announced	Closed	Amount (bil)
QE1	11/25/2008	3/31/2010	\$1,403
QE2	11/3/2010	6/29/2012	\$568
QE3	9/13/2012	10/29/2014	\$1,674
QE4	3/23/2020	3/15/2022	\$4,779

Data Source: Bloomberg

Federal Funds Rate (Mid %)



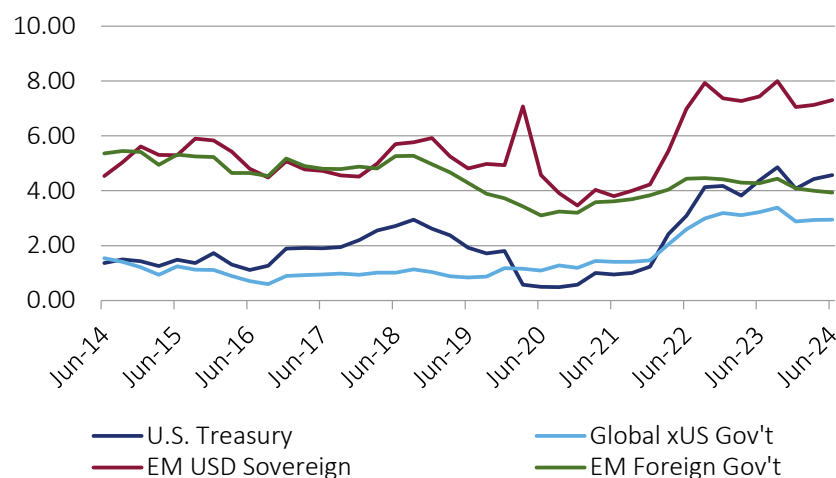
Federal Reserve Balance Sheet (\$T)



Non-U.S. Fixed Income

As of 6/30/2024	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
Developed Markets						
Bloomberg Global Aggregate xUS	-2.1	-5.3	-0.7	-7.5	-3.6	-1.9
Bloomberg Global Aggregate xUS*	0.1	0.7	5.3	-0.5	0.5	2.5
Bloomberg Global Inflation Linked xUS	-2.2	-5.4	-1.6	-9.7	-3.7	-1.5
Bloomberg Global Inflation Linked xUS*	-1.4	-2.3	1.4	-4.9	-1.5	2.5
Emerging Markets (Hard Currency)						
Bloomberg EM USD Aggregate	0.7	2.2	8.0	-2.2	0.5	2.5
Emerging Markets (Foreign Currency)						
Bloomberg EM Local Currency Gov't	-0.2	-1.2	3.8	-1.3	0.7	0.5
Bloomberg EM Local Currency Gov't*	1.8	3.7	8.0	3.0	2.9	3.1
Euro vs. Dollar	-0.7	-3.0	-1.8	-3.3	-1.2	-2.4
Yen vs. Dollar	-5.9	-12.3	-10.3	-11.6	-7.7	-4.5
Pound vs. Dollar	0.2	-0.7	-0.5	-2.9	-0.1	-3.0

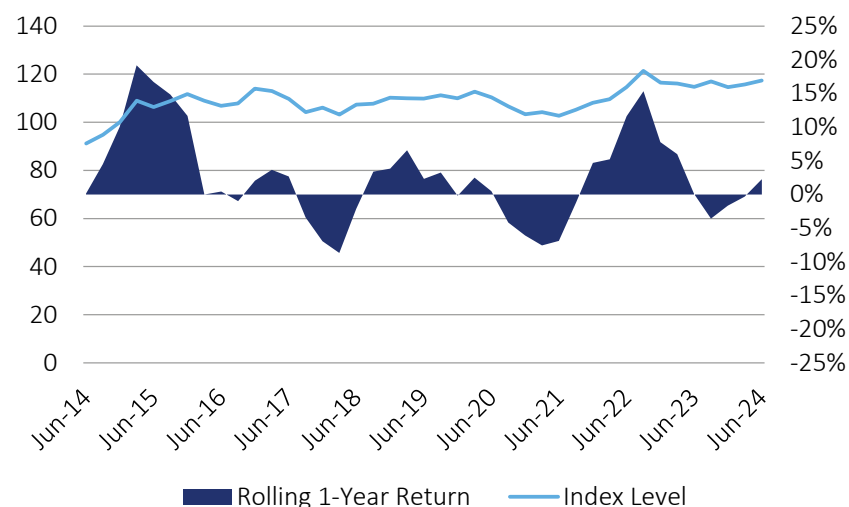
Global Fixed Income Yield to Worst (%)



*Returns are reported in terms of local market investors, which removes currency effects.

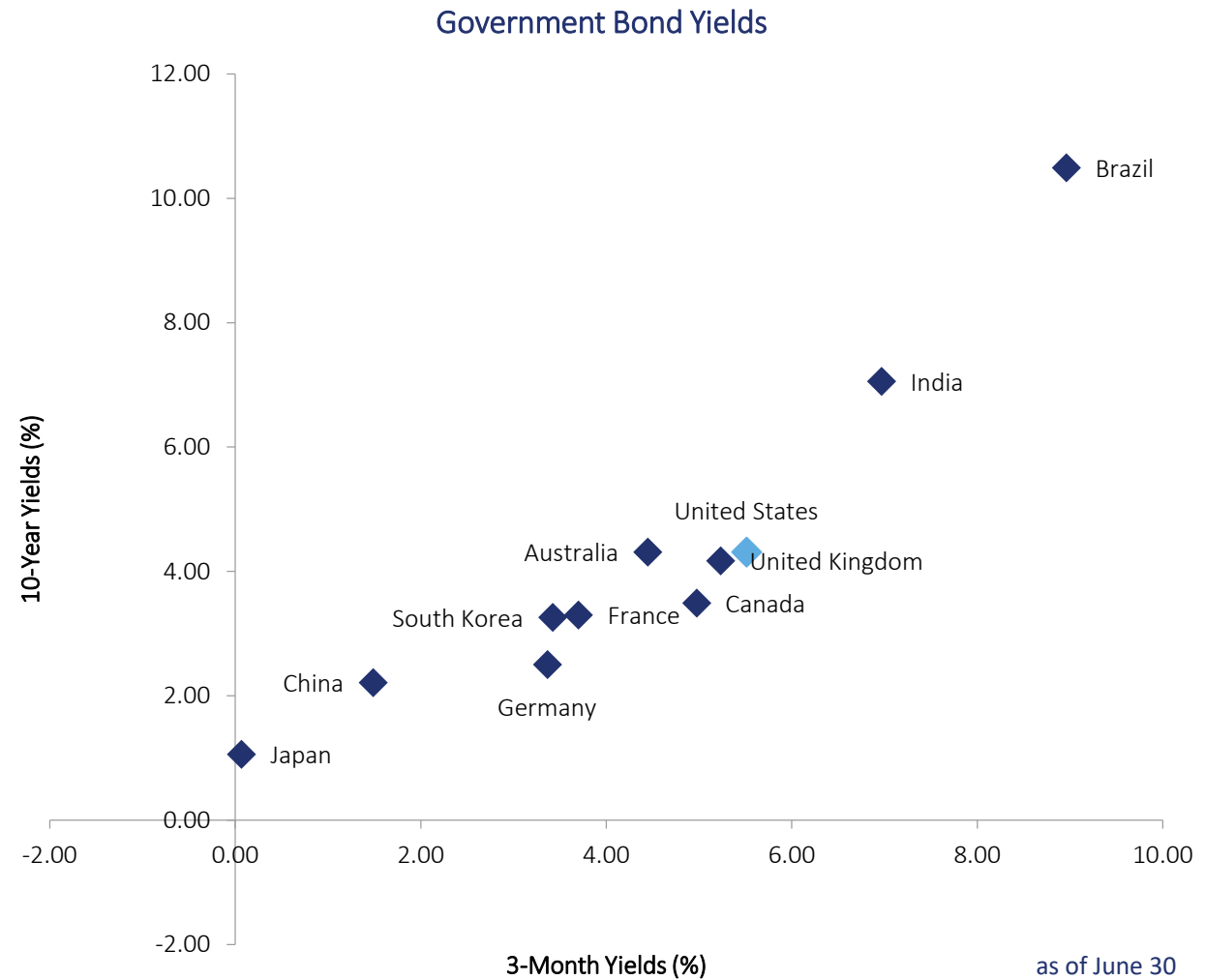
Data Source: Bloomberg

U.S. Dollar Index: Advanced Economies



Global Interest Rates

Short-term rates have turned positive in most larger countries; longer-term rates near 4.0% in the U.K. and Australia

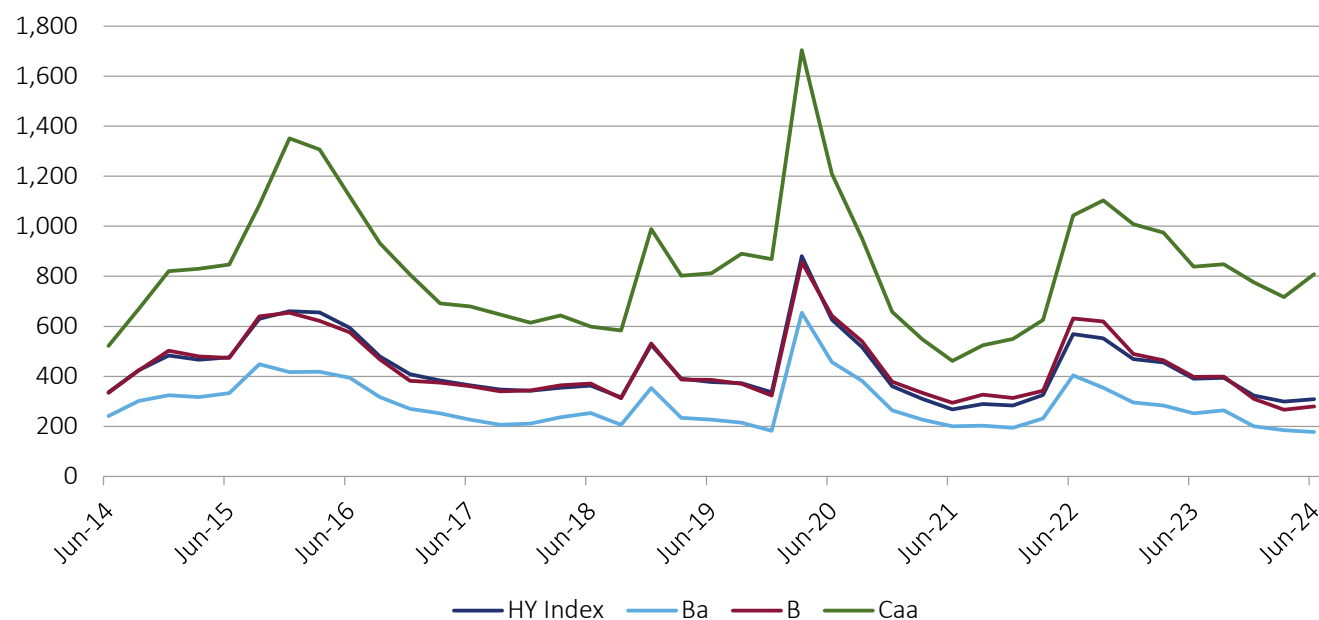


Data Source: Bloomberg

High Yield Bond Market

As of 6/30/2024	Weight	YTW	QTR	YTD	1 YR	3 YR	5 YR	10 YR
Bloomberg High Yield		7.9	1.1	2.6	10.4	1.6	3.9	4.3
S&P LSTA Leveraged Loan		9.2	2.1	4.1	10.8	5.9	5.2	4.2
High Yield Quality Distribution								
Ba U.S. High Yield	50.6%	6.6	1.3	2.5	9.6	1.3	4.2	4.7
B U.S. High Yield	36.6%	7.7	1.0	2.4	10.5	2.0	3.6	4.0
Caa U.S. High Yield	11.3%	12.8	0.0	2.1	11.9	1.2	3.0	3.6
Ca to D U.S. High Yield	1.5%	22.0	4.7	18.5	28.3	2.6	4.3	-2.1

Fixed Income Option Adjusted Spread (bps)

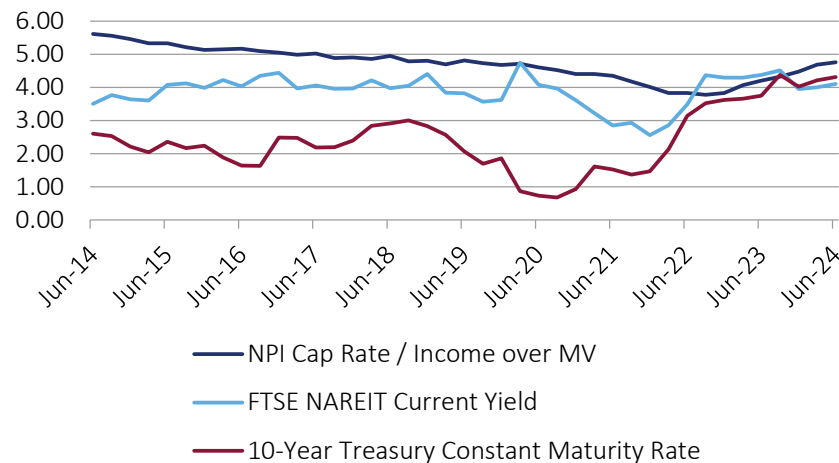


Data Source: Bloomberg

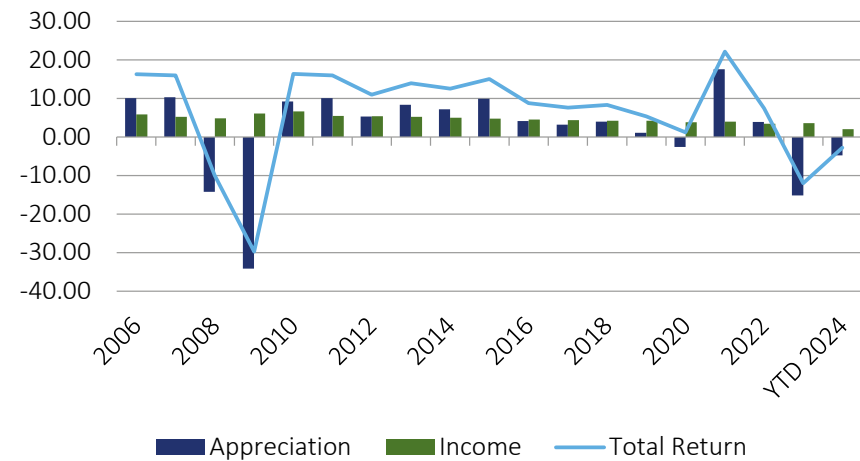
Real Assets

As of 6/30/2024	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg U.S. TIPS	0.8	0.7	2.7	-1.3	2.1	1.9
Bloomberg Commodity Index	2.9	5.1	5.0	5.7	7.2	-1.3
Bloomberg Gold Index	4.9	12.7	20.6	9.1	9.4	5.0
Wilshire Global RESI Index	-1.2	-1.3	8.7	-1.1	2.1	4.3
NCREIF ODCE Fund Index	-0.4	-2.8	-9.3	1.9	3.2	6.4
NCREIF Timberland Index	1.7	3.9	9.9	11.0	7.2	5.9
FTSE Global Core Infrastructure 50/50	1.0	2.8	5.3	3.0	3.9	5.6
Alerian Midstream Energy	5.4	16.1	26.7	16.5	11.3	3.7
Bitcoin	-12.6	45.6	103.7	21.4	40.3	57.8

Real Estate Valuation (%)



NCREIF ODCE Fund Index Return (%)



Data Sources: Bloomberg, National Council of Real Estate Investment Fiduciaries

Asset Class Performance

Asset Class Returns - Best to Worst

2019	2020	2021	2022	2023	2024 YTD
U.S. Equity 31.0%	U.S. Equity 20.8%	REITs 46.2%	Commodities 16.1%	U.S. Equity 26.1%	U.S. Equity 13.6%
REITs 25.8%	Emrg Mrkts 18.7%	Commodities 27.1%	T-Bills 1.3%	Developed 18.9%	Emrg Mrkts 7.7%
Developed 22.7%	U.S. TIPS 11.0%	U.S. Equity 26.7%	High Yield -11.2%	REITs 16.1%	Developed 5.7%
Emrg Mrkts 18.9%	Developed 8.3%	Developed 11.8%	U.S. TIPS -11.8%	High Yield 13.4%	T-Bills 1.3%
High Yield 14.3%	Core Bond 7.5%	U.S. TIPS 6.0%	Core Bond -13.0%	Emrg Mrkts 10.3%	High Yield 1.1%
Core Bond 8.7%	High Yield 7.1%	High Yield 5.3%	Developed -14.0%	Core Bond 5.5%	U.S. TIPS 0.8%
U.S. TIPS 8.4%	T-Bills 0.7%	T-Bills 0.0%	U.S. Equity -19.0%	T-Bills 5.1%	Core Bond 0.1%
Commodities 7.7%	Commodities -3.1%	Core Bond -1.5%	Emrg Mrkts -19.7%	U.S. TIPS 3.9%	REITs -0.3%
T-Bills 2.3%	REITs -7.9%	Emrg Mrkts -2.2%	REITs -26.8%	Commodities -1.3%	Commodities -2.5%

Annualized 5-Year as of 6/24

U.S. Equity 14.4%
Developed 7.0%
Commodities 6.4%
REITs 4.0%
High Yield 3.9%
Emrg Mrkts 3.5%
T-Bills 2.2%
U.S. TIPS 2.1%
Core Bond -0.2%

Data Sources: Bloomberg

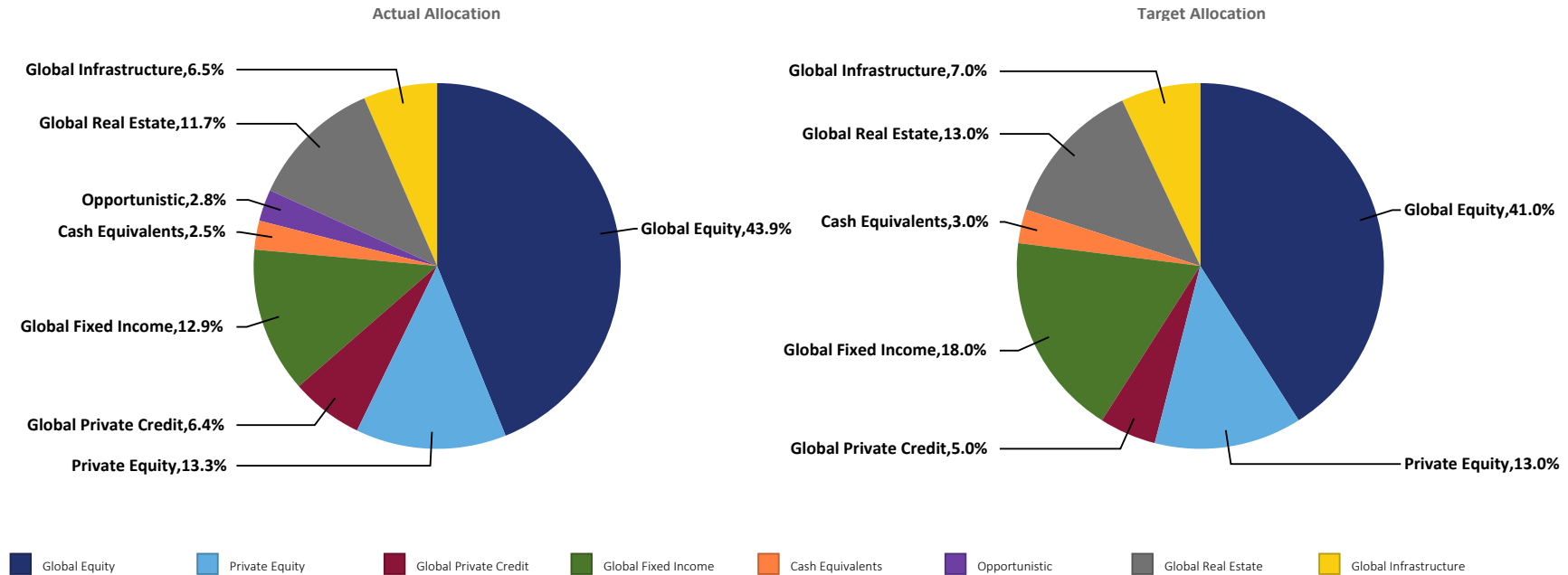
Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

Total Fund

Asset Allocation Compliance

Total Fund

Periods Ended As of June 30, 2024



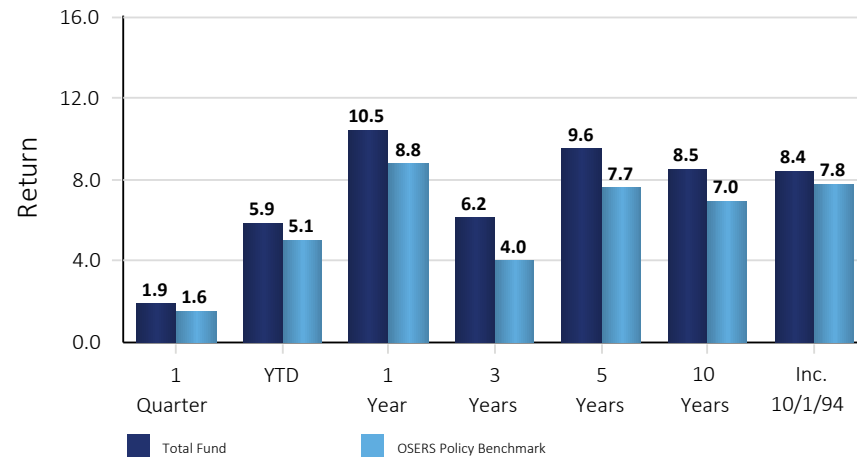
	Asset Allocation \$	Asset Allocation (%)	Target Allocation (%)	Differences (%)
Total Fund	18,977,398,993	100.0	100.0	0.0
Global Equity	8,334,988,161	43.9	41.0	2.9
Private Equity	2,519,201,833	13.3	13.0	0.3
Global Private Credit	1,210,420,461	6.4	5.0	1.4
Global Fixed Income	2,441,070,435	12.9	18.0	-5.1
Cash Equivalents	483,798,818	2.5	3.0	-0.5
Opportunistic	530,122,951	2.8	0.0	2.8
Global Real Estate	2,223,106,210	11.7	13.0	-1.3
Global Infrastructure	1,234,690,123	6.5	7.0	-0.5

Composite Performance Summary

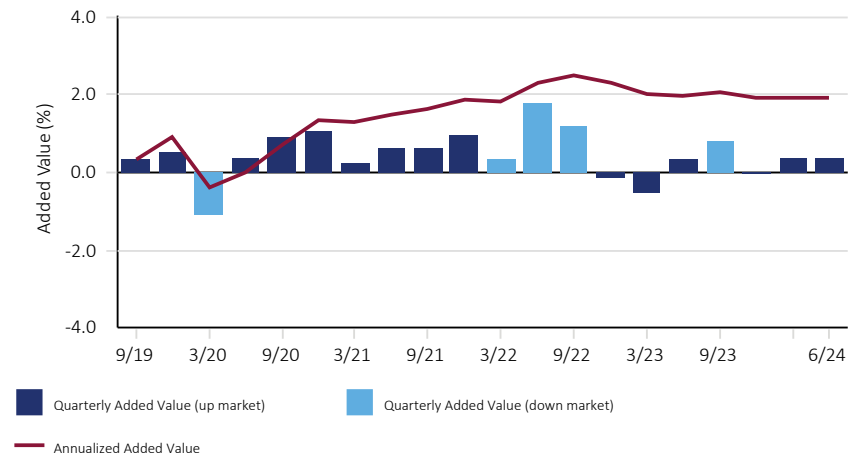
Total Fund

Periods Ended June 30, 2024

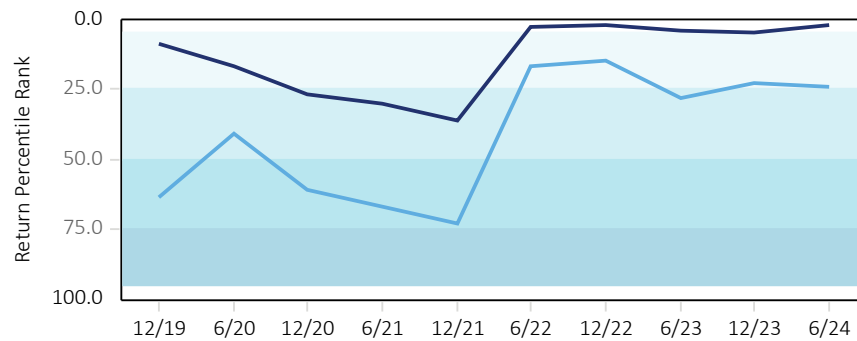
Comparative Performance



Added Value History

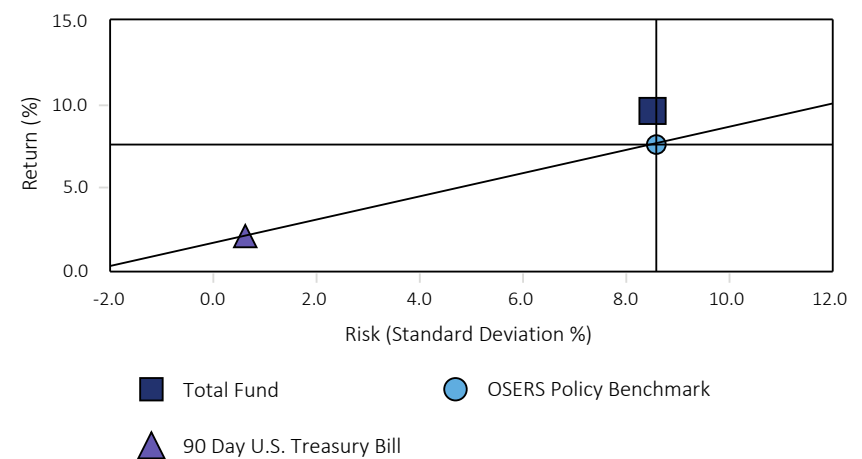


Rolling Percentile Rank: All Public Plans-Total Fund



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Total Fund	10	7 (70%)	3 (30%)	0 (0%)	0 (0%)
Benchmark	10	4 (40%)	2 (20%)	4 (40%)	0 (0%)

Risk and Return 07/1/19 - 06/30/24

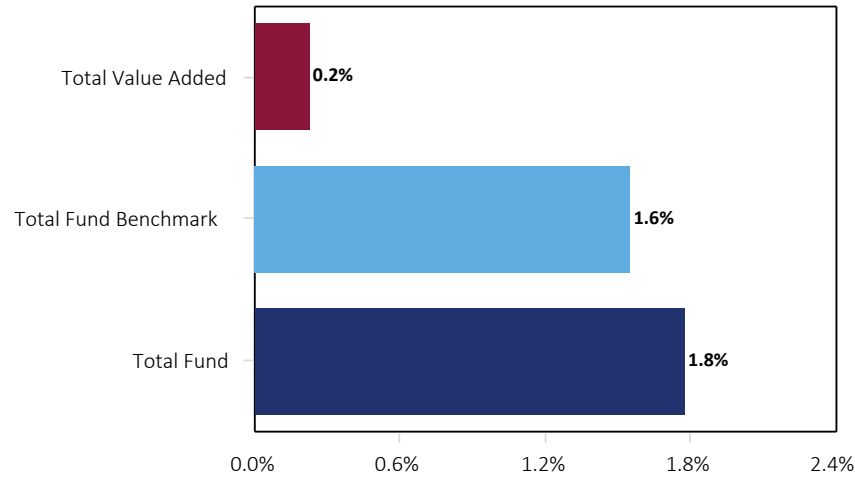


Total Fund Attribution

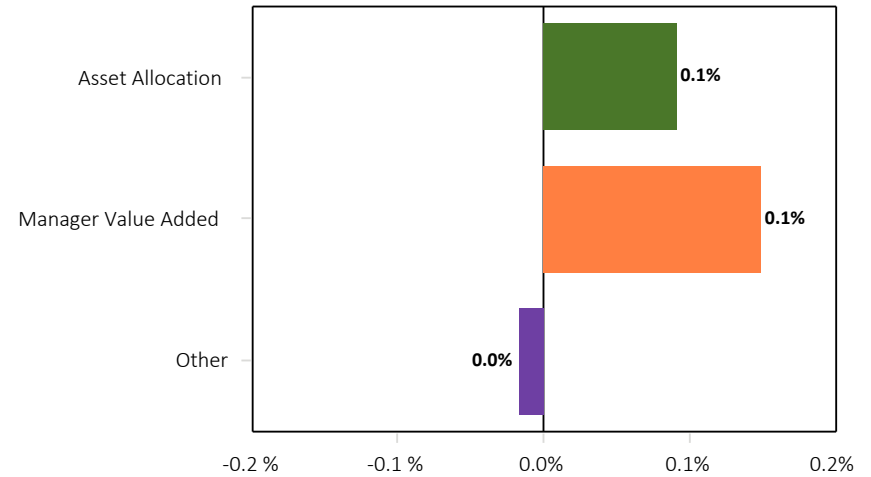
Total Fund

Periods Ended 1 Quarter Ending June 30, 2024

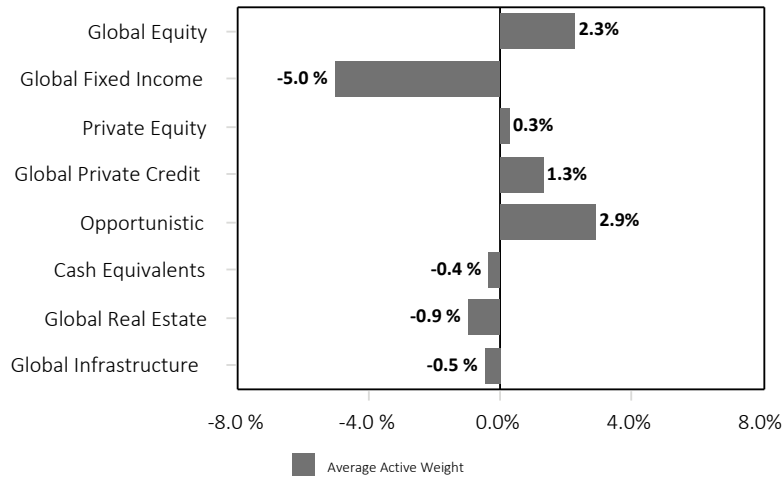
Total Fund Performance



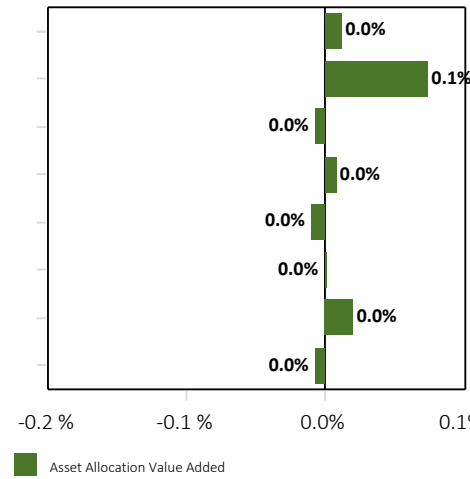
Total Value Added:0.2%



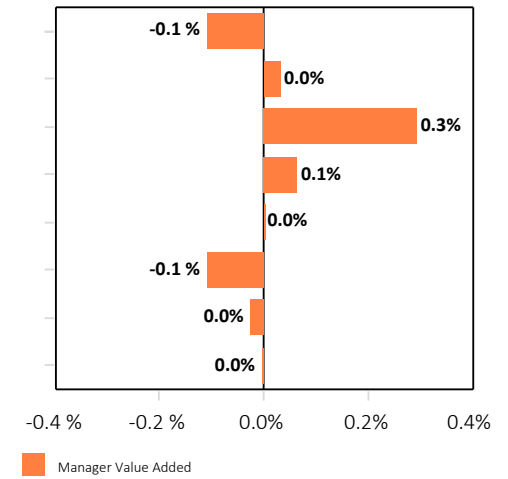
Total Asset Allocation:0.1%



Asset Allocation Value Added:0.1%



Total Manager Value Added:0.1%

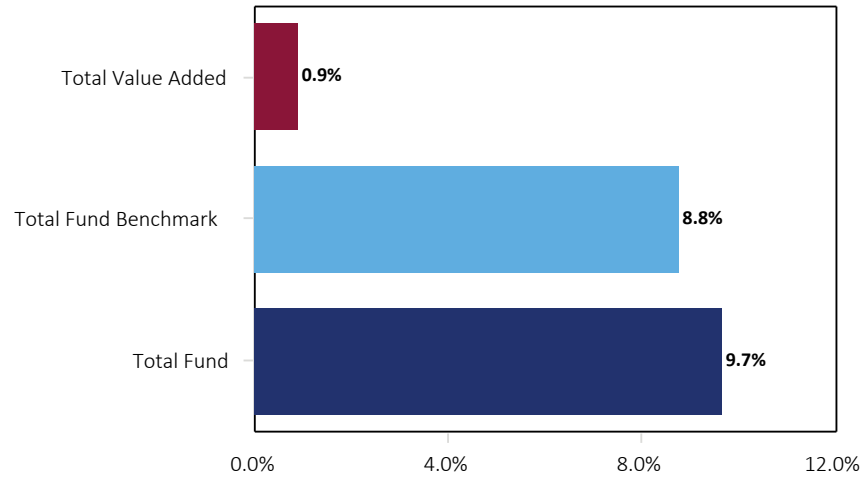


Total Fund Attribution

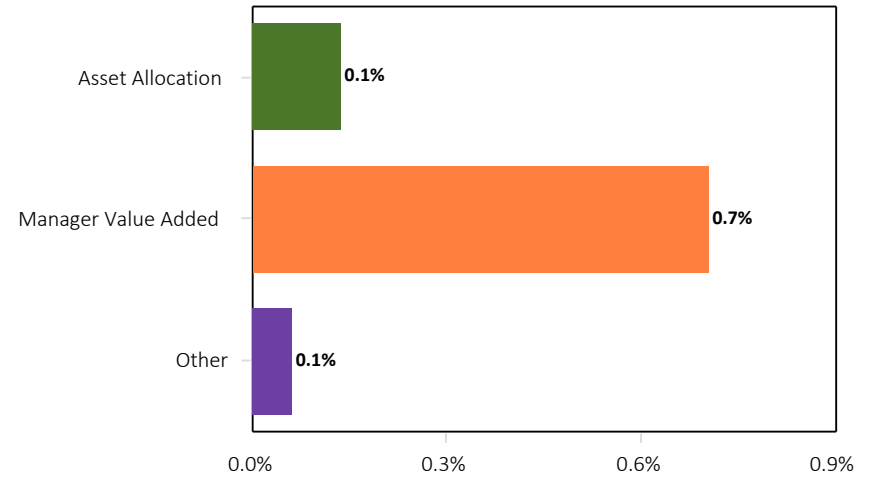
Total Fund

Periods Ended 1 Year Ending June 30, 2024

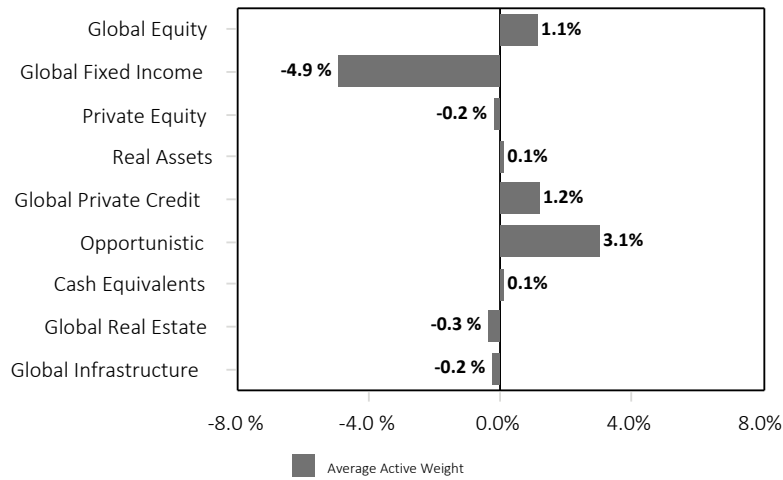
Total Fund Performance



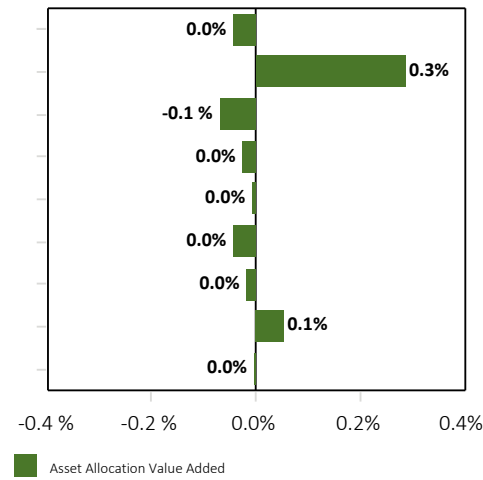
Total Value Added:0.9%



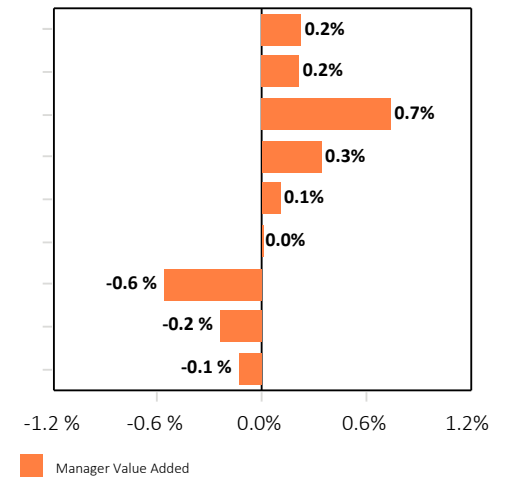
Total Asset Allocation:0.1%



Asset Allocation Value Added:0.1%



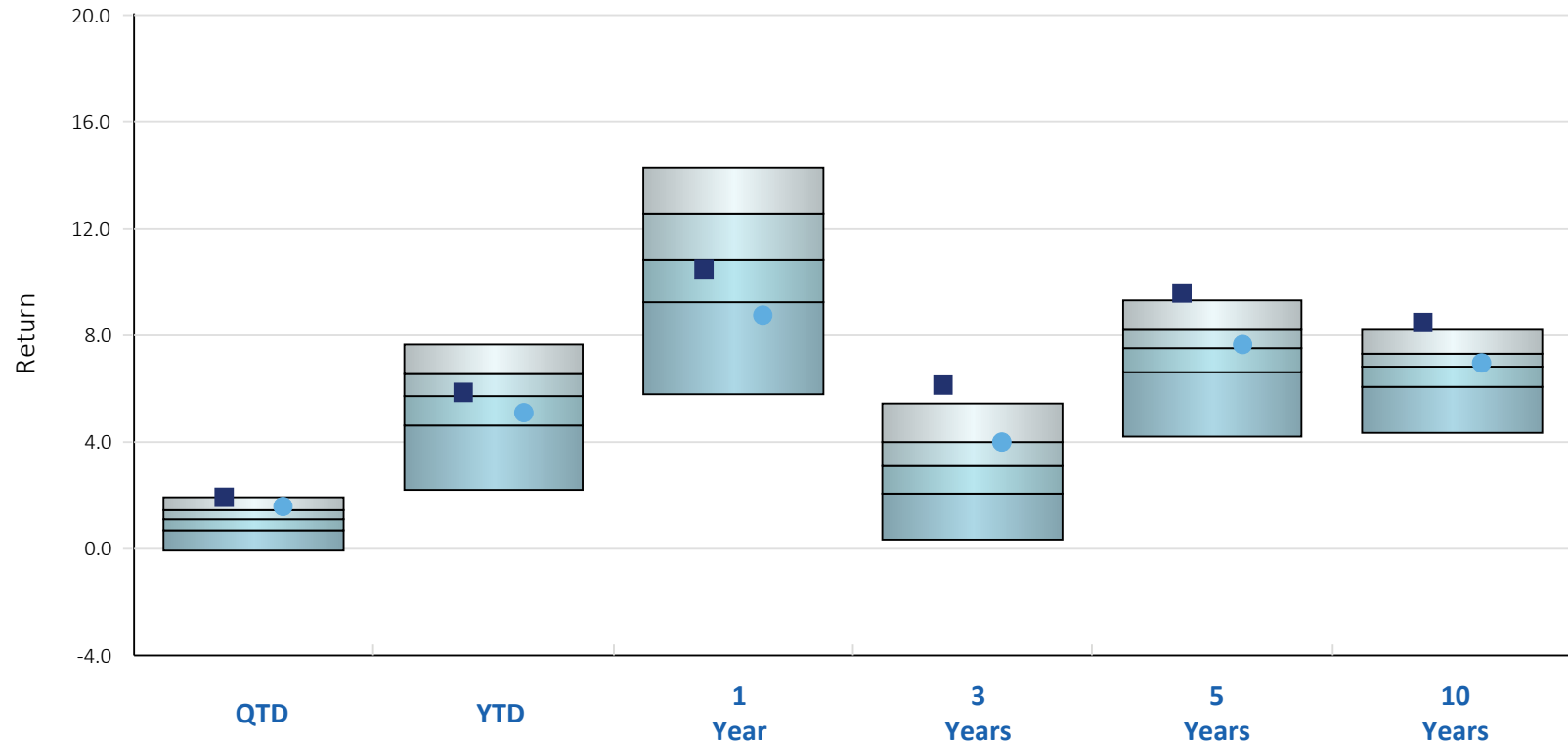
Total Manager Value Added:0.7%



Plan Sponsor Peer Group Analysis

Total Fund vs All Public Plans-Total Fund (GOF)

Periods Ended June 30, 2024



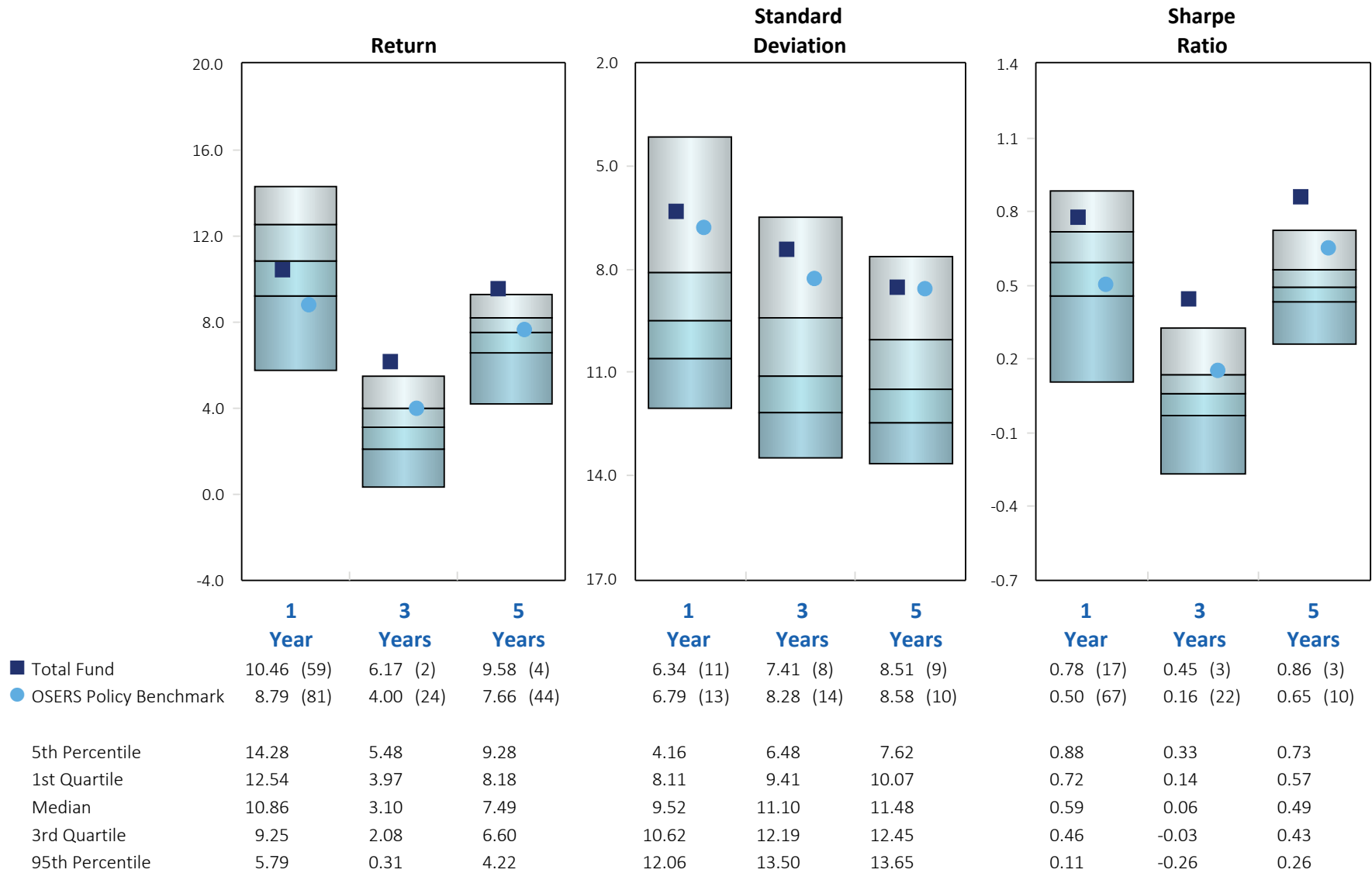
■ Total Fund	1.95 (6)	5.87 (47)	10.46 (59)	6.17 (2)	9.58 (4)	8.51 (2)
● OSERS Policy Benchmark	1.56 (20)	5.09 (65)	8.79 (81)	4.00 (24)	7.66 (44)	6.97 (43)
5th Percentile	1.95	7.66	14.28	5.48	9.28	8.18
1st Quartile	1.48	6.56	12.54	3.97	8.18	7.34
Median	1.11	5.72	10.86	3.10	7.49	6.82
3rd Quartile	0.67	4.65	9.25	2.08	6.60	6.09
95th Percentile	-0.04	2.20	5.79	0.31	4.22	4.34
Population	428	423	420	402	389	341

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.
Ohio SERS performance is Gross of Fees

Plan Sponsor Peer Group Analysis - Multi Statistics

Total Fund vs All Public Plans-Total Fund (GOF)

Periods Ended June 30, 2024

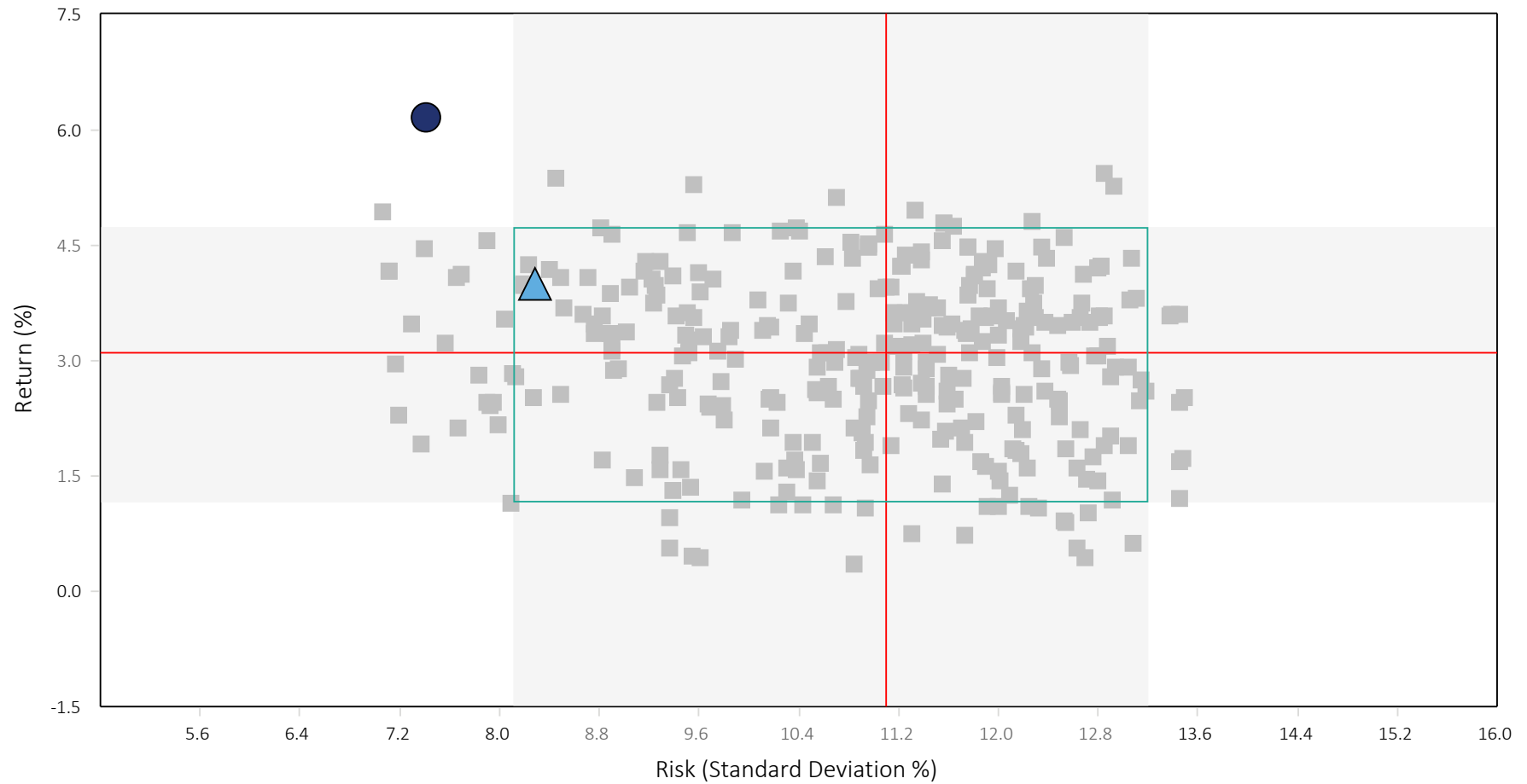


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.
Ohio SERS performance is Gross of Fees

Plan Sponsor Scattergram

Total Fund vs All Public Plans-Total Fund

Periods Ended July 1, 2021 To June 30, 2024



	Return	Standard Deviation
● Total Fund	6.17	7.41
▲ OSERS Policy Benchmark	4.00	8.28
— Median	3.10	11.10

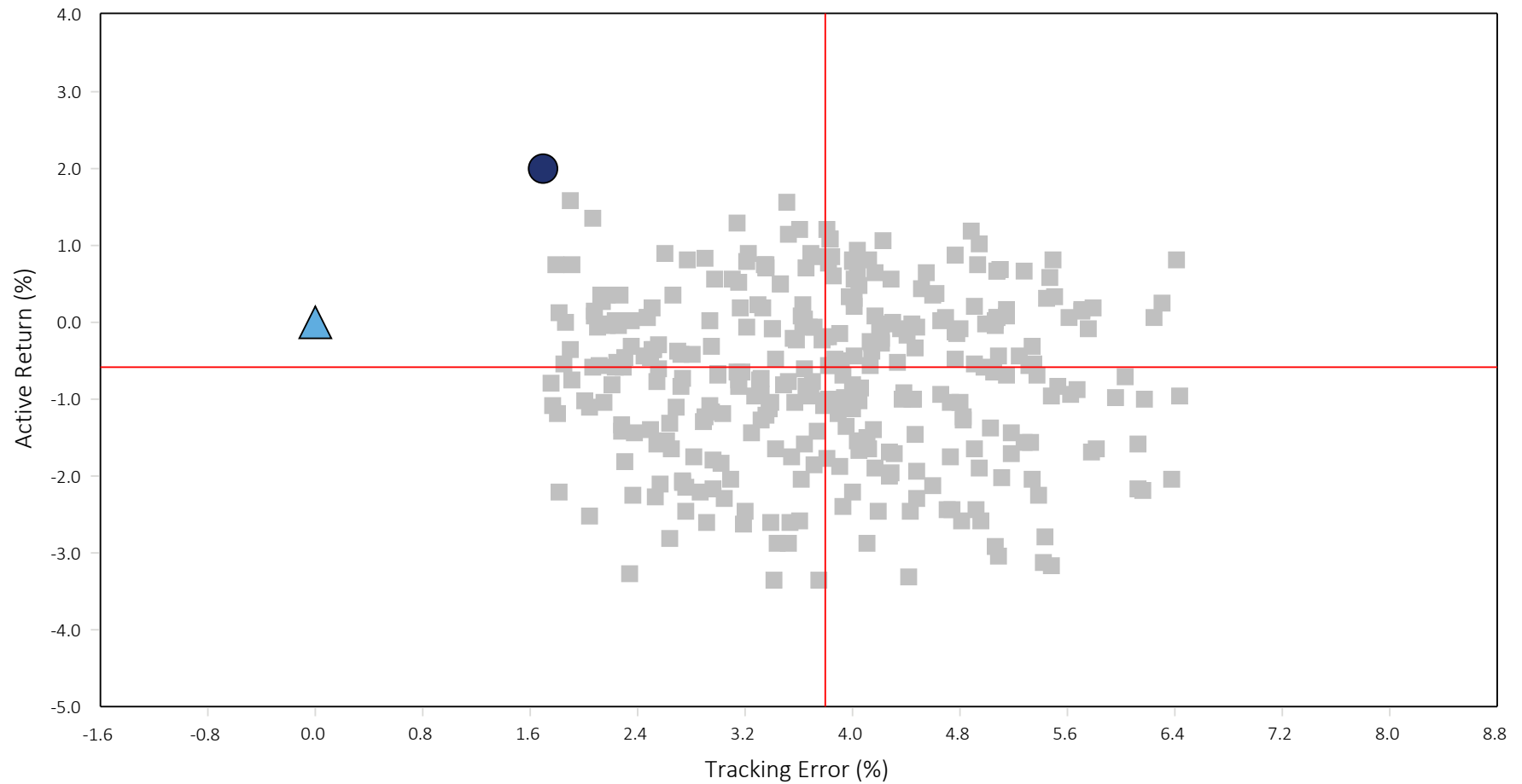
Calculation based on monthly periodicity.

Ohio SERS performance is Gross of Fees

Plan Sponsor Scattergram

Total Fund vs All Public Plans-Total Fund

Periods Ended July 1, 2021 To June 30, 2024



	Active Return	Tracking Error
● Total Fund	2.00	1.70
▲ OSERS Policy Benchmark	0.00	0.00
— Median	-0.59	3.80

Calculation based on monthly periodicity.

Ohio SERS performance is Gross of Fees

Asset Allocation & Performance

Total Fund

Periods Ended June 30, 2024

	Allocation		Performance (%) net of fees									
	Market Value \$000	%	1 Quarter	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception	Inception Date
Total Fund	18,977,399	100.00	1.78	5.53	9.69	9.69	5.44	8.88	7.82	7.26	7.88	10/1/1994
OSERS Policy Benchmark			1.56	5.09	8.79	8.79	4.00	7.66	6.97	7.03	7.81	
Value Added			0.22	0.44	0.90	0.90	1.44	1.22	0.85	0.23	0.07	
Global Equity	8,334,988	43.92	2.62	12.07	19.97	19.97	5.26	11.13	8.69	8.09	8.21	7/1/2002
Global Equity Benchmark			2.87	11.30	19.38	19.38	5.15	10.45	8.30	7.80	7.91	
Value Added			-0.25	0.77	0.59	0.59	0.11	0.68	0.39	0.29	0.30	
Global Private Equity	2,519,202	13.27	3.52	7.07	10.93	10.93	15.18	17.97	17.18	13.65	13.28	10/1/1994
Global PE Benchmark			1.27	4.22	5.28	5.28	7.80	13.86	12.64	11.45	12.66	
Value Added			2.25	2.85	5.65	5.65	7.38	4.11	4.54	2.20	0.62	
Global Private Credit	1,210,420	6.38	3.46	6.00	11.75	11.75	9.03				11.10	7/1/2020
Global Private Credit Benchmark			2.44	4.96	10.02	10.02	7.67				6.92	
Value Added			1.02	1.04	1.73	1.73	1.36				4.18	
Global Fixed Income	2,441,070	12.86	0.32	0.10	4.18	4.18	-2.13	1.07	2.09	4.06	5.21	10/1/1994
Blmbg. U.S. Aggregate Index			0.07	-0.71	2.63	2.63	-3.02	-0.23	1.35	3.12	4.54	
Value Added			0.25	0.81	1.55	1.55	0.89	1.30	0.74	0.94	0.67	
Cash Equivalents	483,799	2.55	-3.04	-9.60	-11.66	-11.66	1.37	0.97	1.39	1.71	1.66	7/1/2002
FTSE 1 Month T-Bill			1.35	2.73	5.56	5.56	3.11	2.15	1.48	1.47	1.44	
Value Added			-4.39	-12.33	-17.22	-17.22	-1.74	-1.18	-0.09	0.24	0.22	

Asset Allocation & Performance

Total Fund

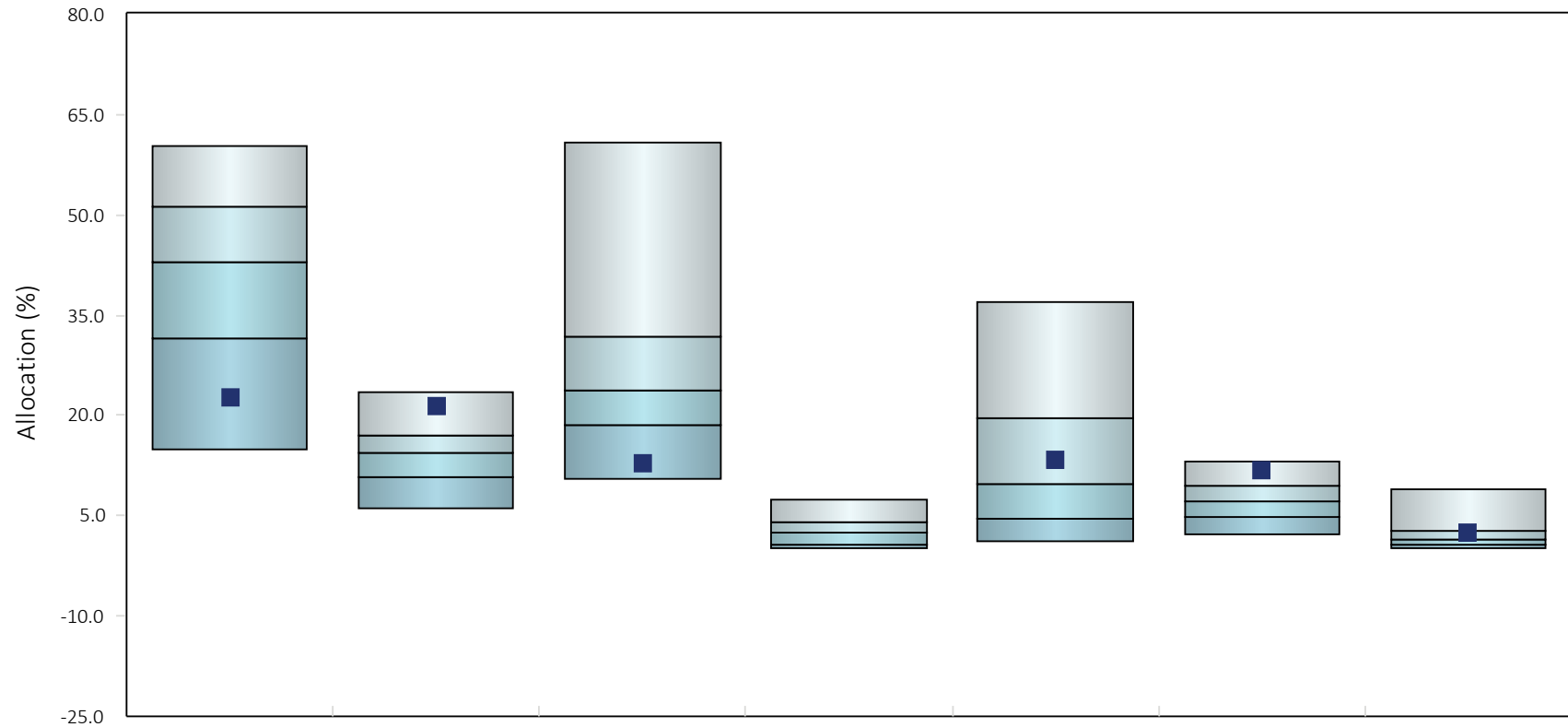
Periods Ended June 30, 2024

	Allocation		Performance (%) net of fees									
	Market Value \$000	%	1 Quarter	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception	Inception Date
Global Real Estate	2,223,106	11.71	-1.17	-5.56	-9.21	-9.21	5.20	5.14	7.49	6.15	7.04	9/1/1994
NCREIF Property Index - Monthly			-0.92	-3.92	-7.11	-7.11	3.66	3.77	6.41	7.53	8.46	
Value Added			-0.25	-1.64	-2.10	-2.10	1.54	1.37	1.08	-1.38	-1.42	
Global Infrastructure	1,234,690	6.51	2.01	2.27	5.29	5.29	7.93	8.57			10.11	10/1/2015
Global Infrastructure Benchmark			2.04	4.13	0.67	0.67	6.47	5.45			6.50	
Value Added			-0.03	-1.86	4.62	4.62	1.46	3.12			3.61	
Opportunistic & Tactical	530,123	2.79	1.13	3.48	7.47	7.47	5.61	6.47	6.50		6.89	6/1/2013
Opportunistic Benchmark			0.58	0.27	4.63	4.63	-1.02	0.42	3.31		4.23	
Value Added			0.55	3.21	2.84	2.84	6.63	6.05	3.19		2.66	

Plan Sponsor TF Asset Allocation

Total Fund vs All Public Plans-Total Fund

Periods Ended June 30, 2024



	US Equity	Global ex-US Equity	US Fixed	Global ex-US Fixed	Alternatives	Total Real Estate	Cash & Equivalents
■ Total Fund	22.58	21.34	12.86		13.27	11.71	2.55
5th Percentile	60.36	23.60	60.92	7.50	36.88	13.17	9.05
1st Quartile	51.31	16.94	31.76	3.97	19.68	9.39	2.76
Median	42.92	14.29	23.66	2.41	9.71	7.18	1.36
3rd Quartile	31.44	10.65	18.61	0.66	4.61	4.75	0.69
95th Percentile	14.83	6.18	10.40	0.10	1.13	2.24	0.12

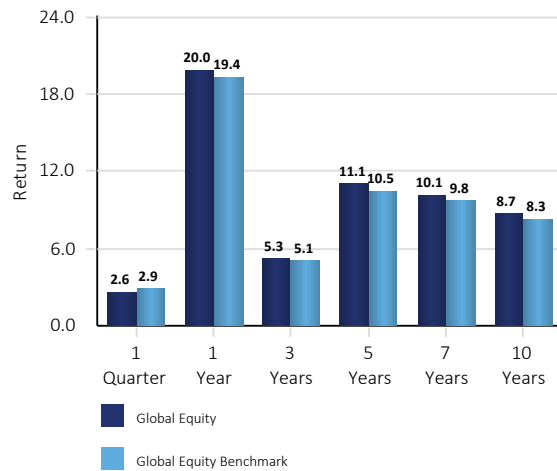
Global Equity

Performance Summary

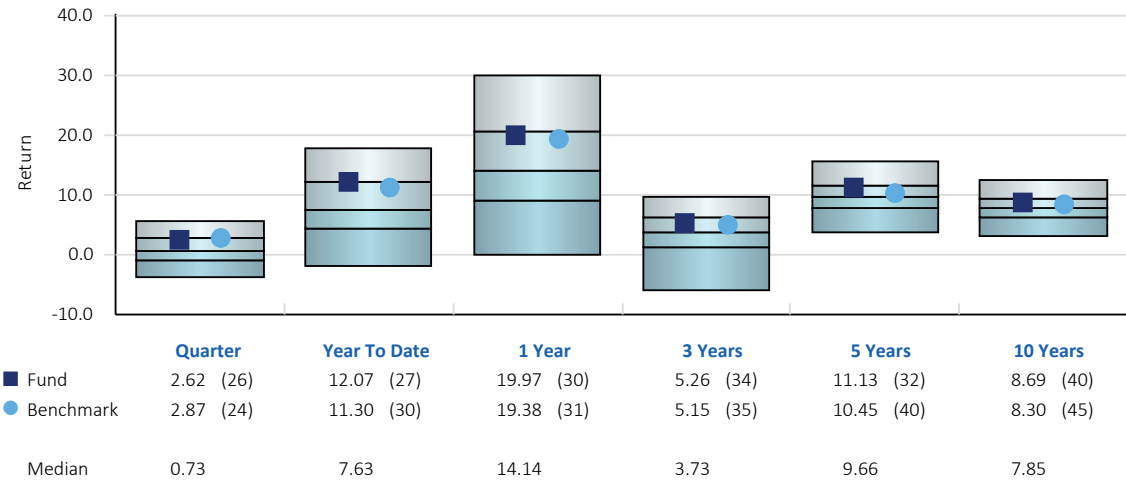
Global Equity

Periods Ended June 30, 2024

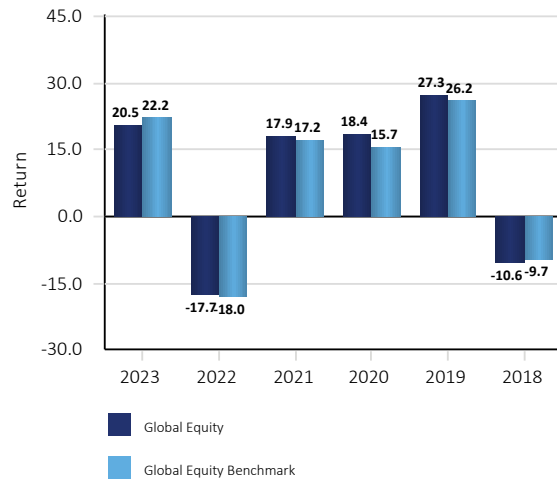
Comparative Performance



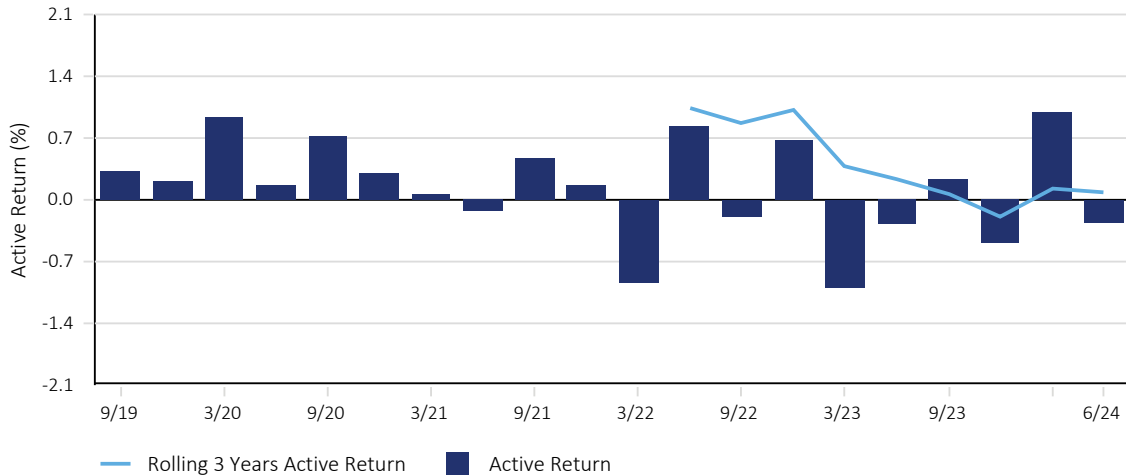
Peer Group Analysis: IM Global Equity (SA+CF)(NOF)



Comparative Performance



Quarterly Active Return



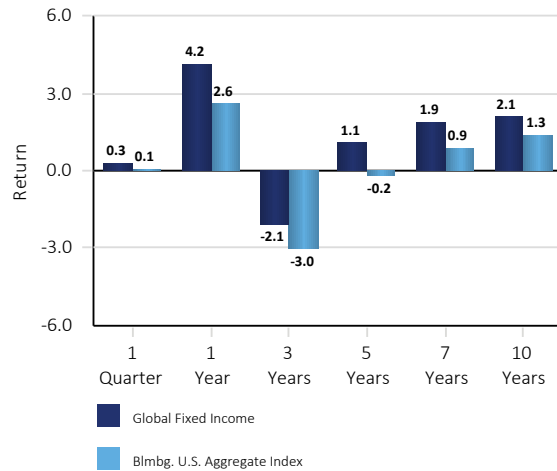
Global Fixed Income

Performance Summary

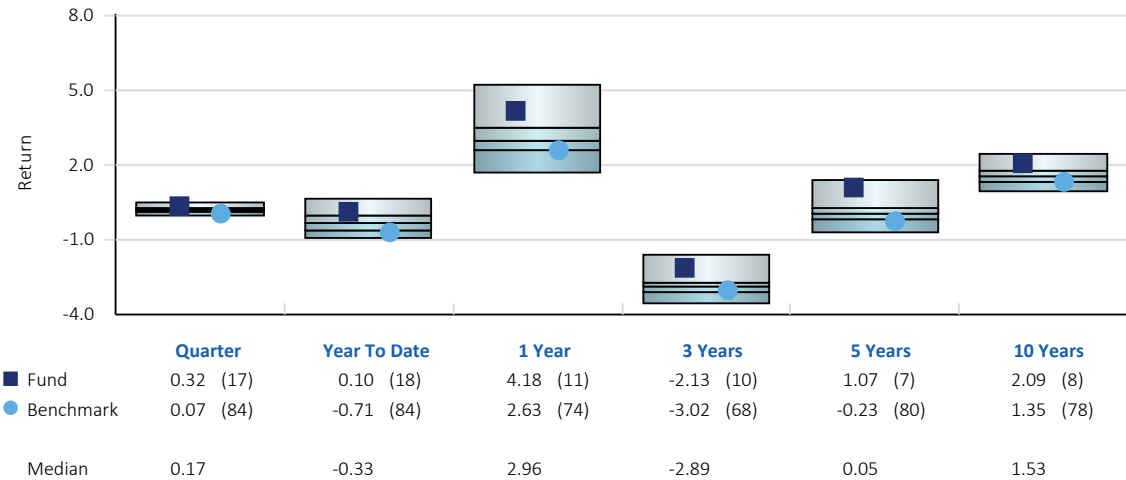
Global Fixed Income

Periods Ended June 30, 2024

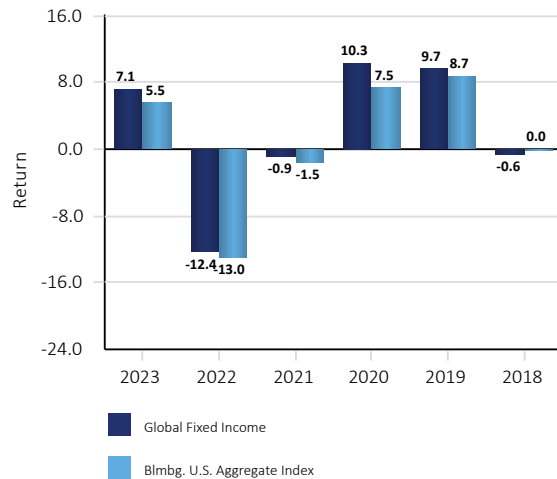
Comparative Performance



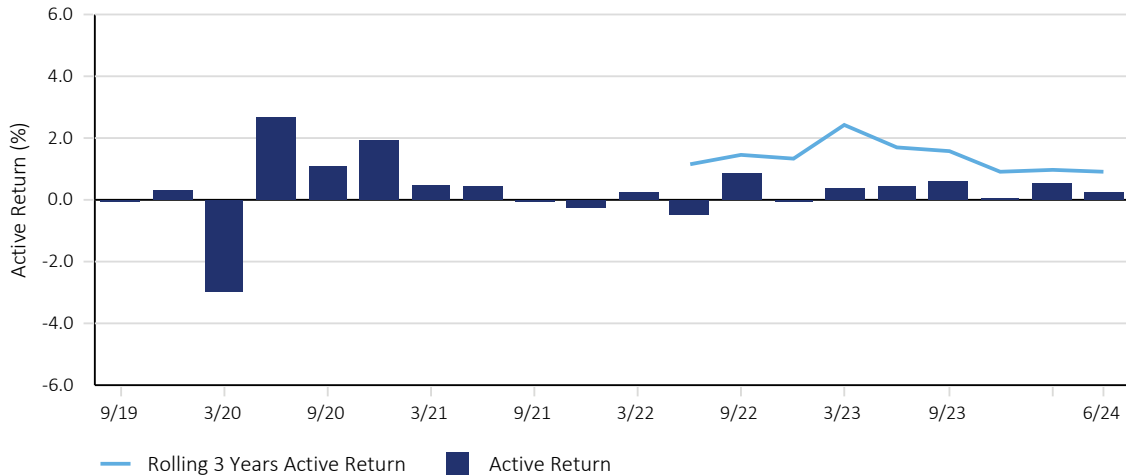
Peer Group Analysis: IM U.S. Broad Market Core Fixed Income (SA+CF) (NOF)



Comparative Performance



Quarterly Active Return



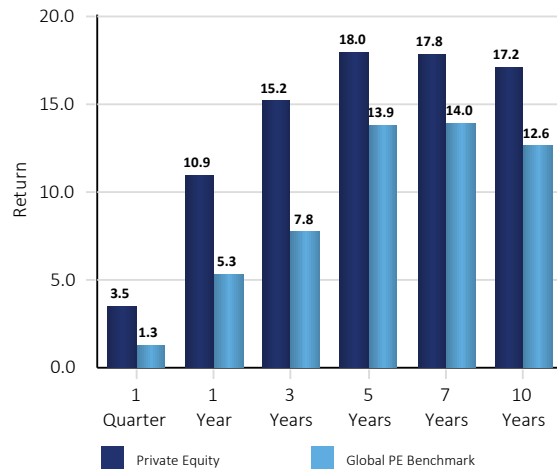
Global Private Equity

Performance Summary

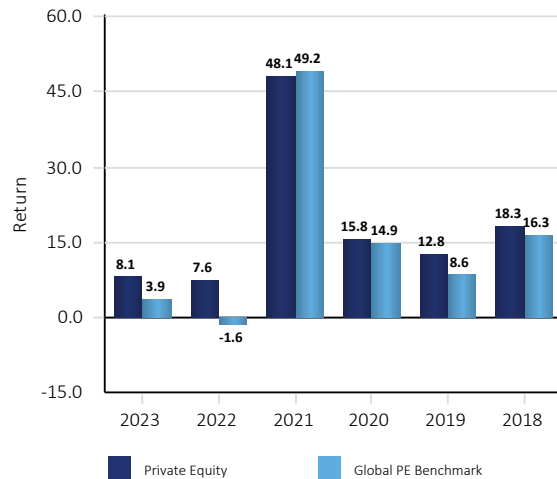
Global Private Equity

Periods Ended June 30, 2024

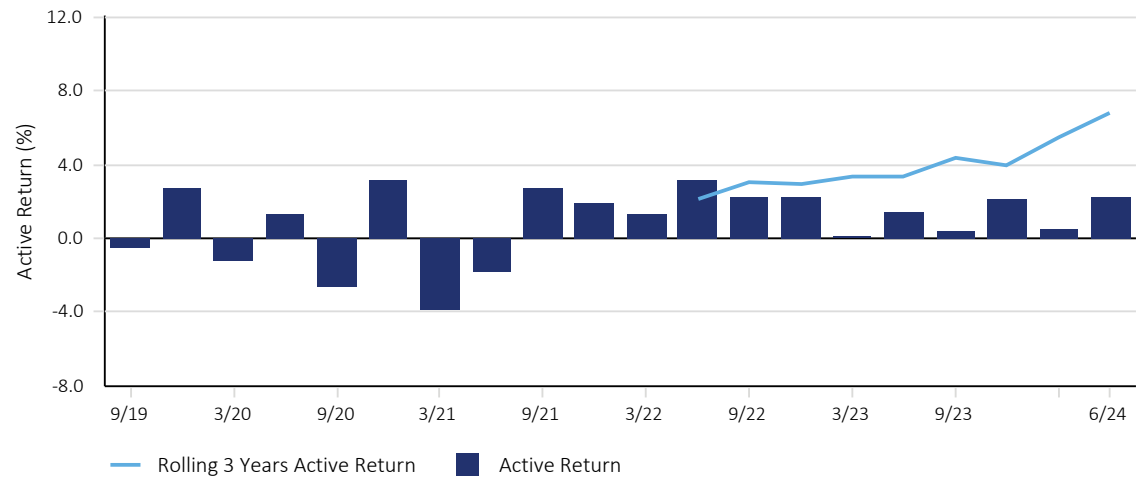
Comparative Performance



Comparative Performance



Quarterly Active Return



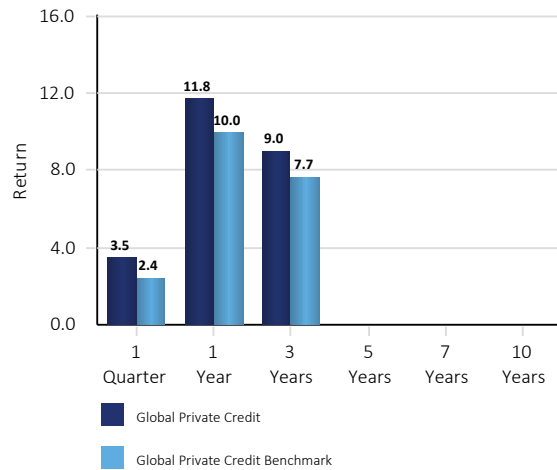
Global Private Credit

Performance Summary

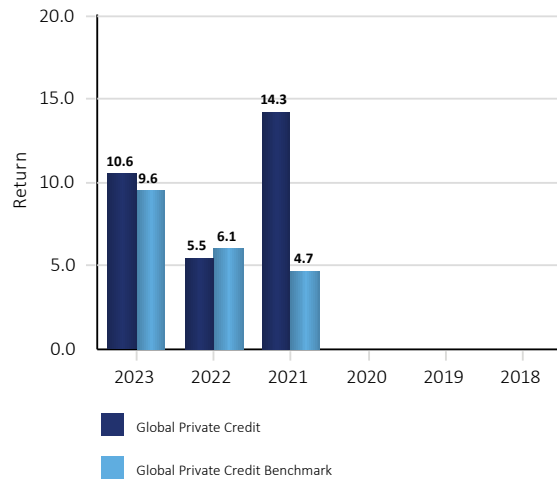
Global Private Credit

Periods Ended June 30, 2024

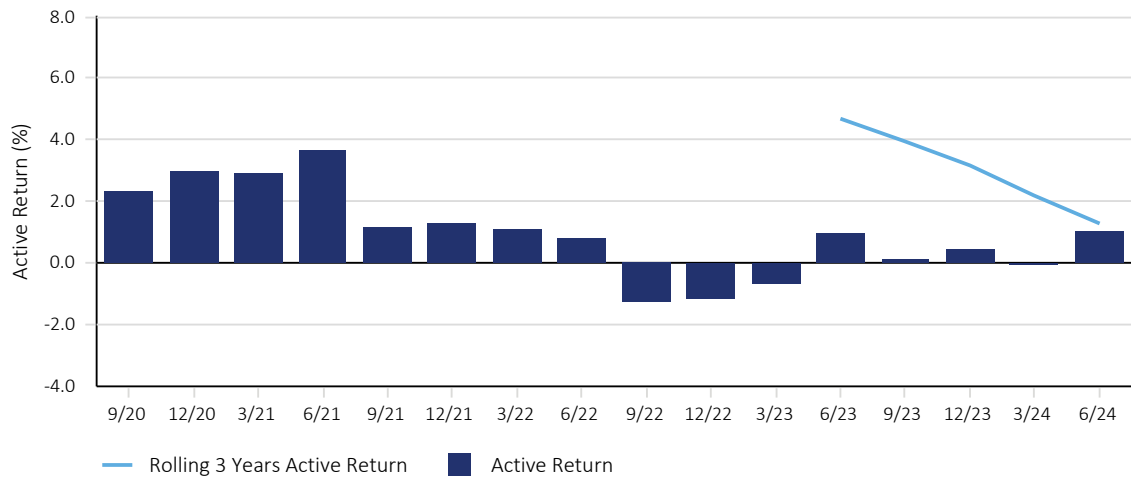
Comparative Performance



Comparative Performance



Quarterly Active Return



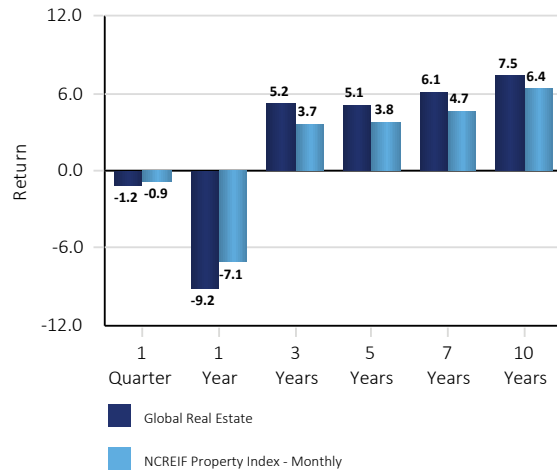
Real Estate & Infrastructure

Performance Summary

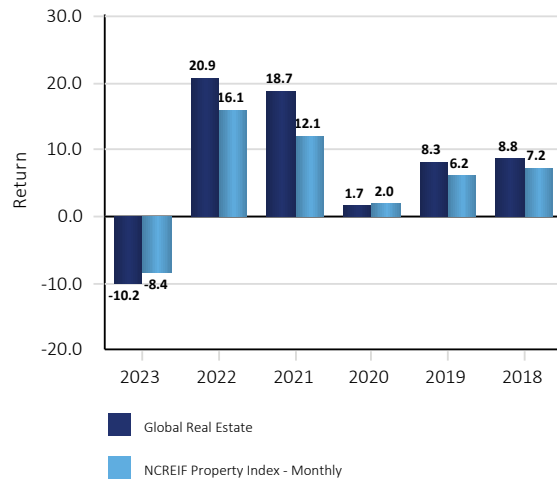
Real Estate

Periods Ended June 30, 2024

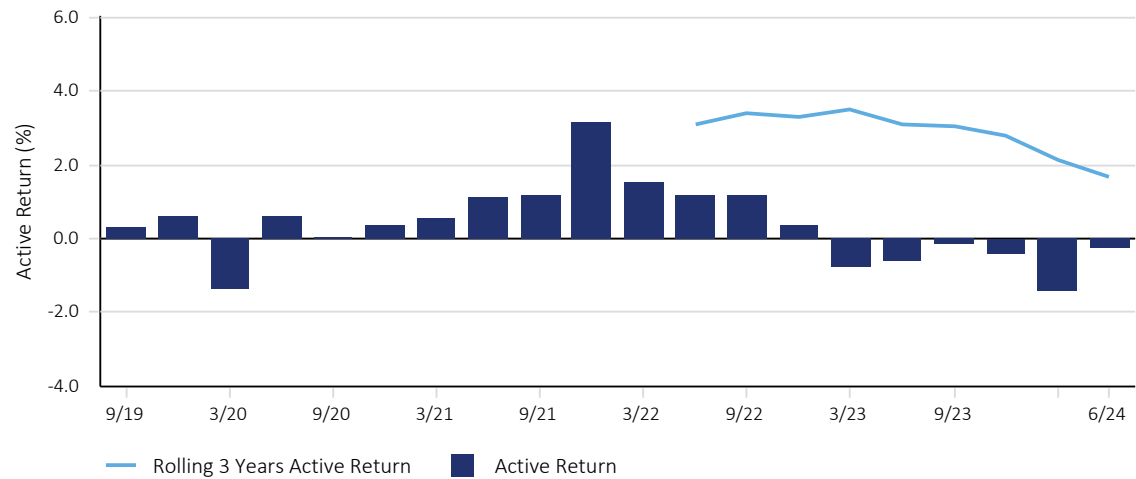
Comparative Performance



Comparative Performance



Quarterly Active Return

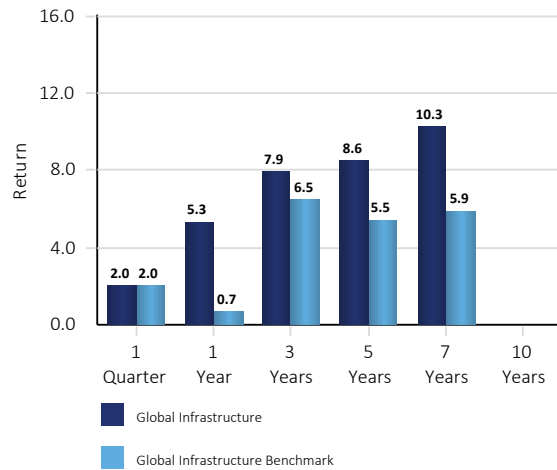


Performance Summary

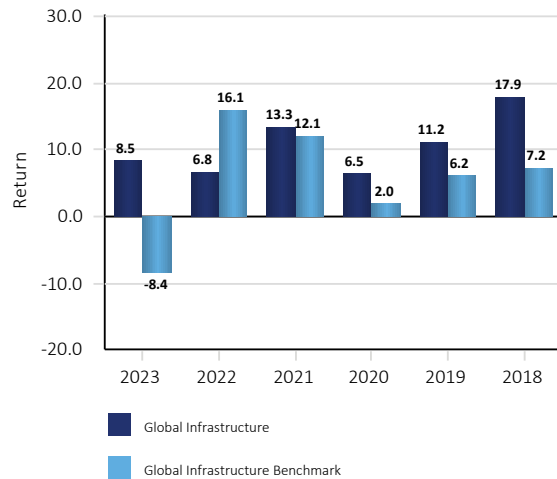
Infrastructure

Periods Ended June 30, 2024

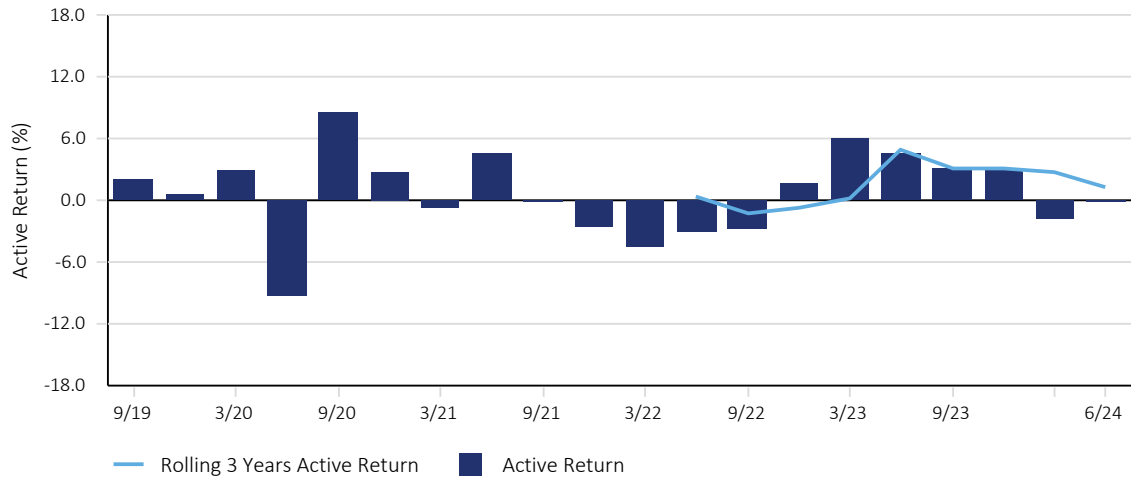
Comparative Performance



Comparative Performance



Quarterly Active Return

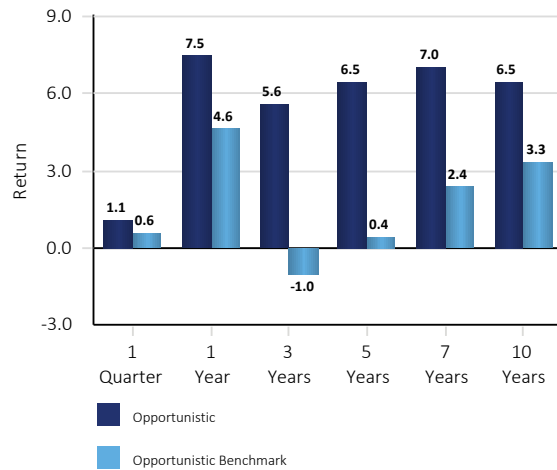


Opportunistic & Tactical

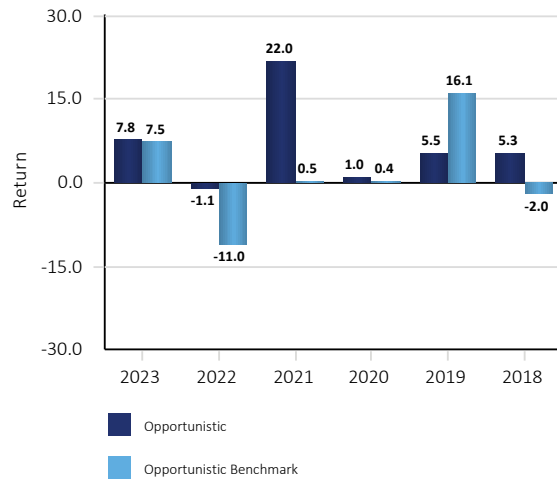
Performance Summary

Opportunistic & Tactical
Periods Ended June 30, 2024

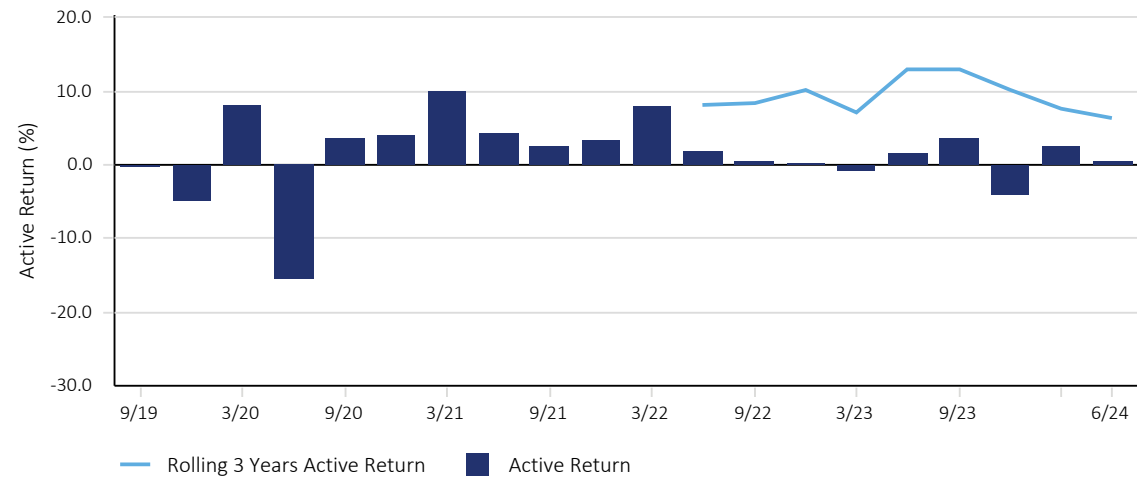
Comparative Performance



Comparative Performance



Quarterly Active Return





Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: July 31 , 2024

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: September 2024



Investment Agenda

- Board Education Session – Artificial Intelligence presented by BlackRock
- Quarterly performance report for the period ended June 30, 2024, presented by Wilshire Associates.
- Annual Overlay Program Review
- Investment report and economic update for the periods ended June 30 and July 31, 2024.



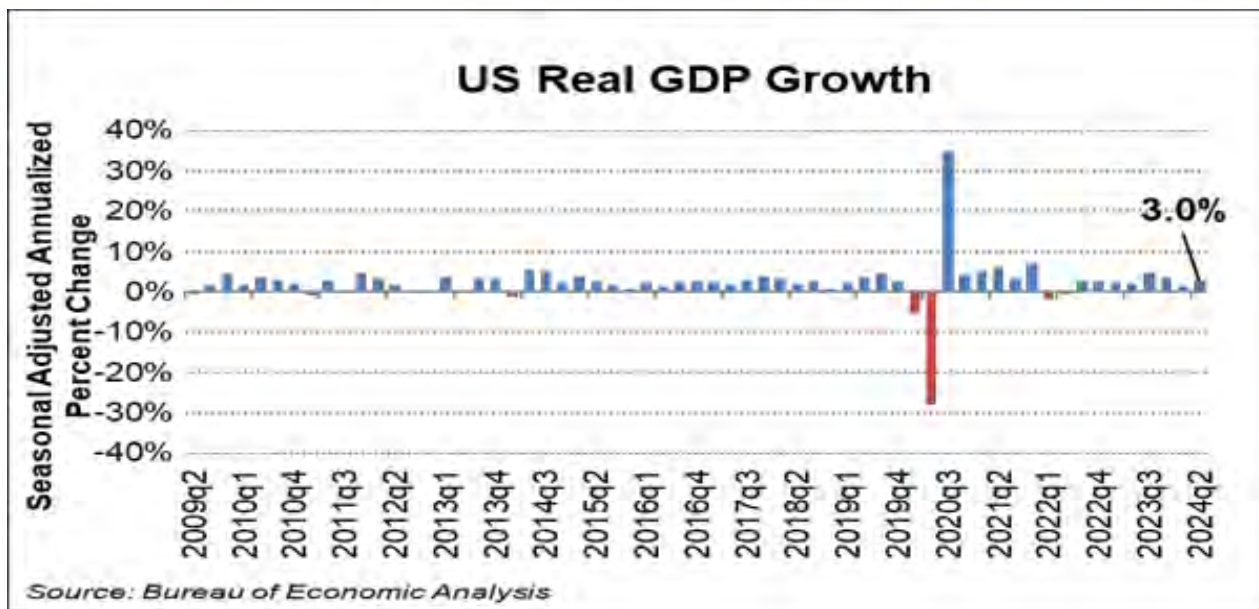
Economic and Financial Market Outlook

- The US economy growth was 3% in Q2, accelerating from 1.4% in Q1, according to the second estimate. The acceleration was broadly contributed from private investments, government expenditures and personal consumption expenditures (PCE). The BCEI's August consensus projected 2.4% GDP growth for 2024. (Source: Bureau of Economic Analysis and Blue Chip Economic Indicators (BCEI)).
- The US labor market softened with 114,000 jobs added in July, which was lower than both market expectation and the June number. The job numbers of May and June were revised down by 29,000 in total. The unemployment rate increased by 0.3% to 4.3%. The labor force participation was up slightly to 62.7% yet remaining below the pre-pandemic level of 63.3%. (Sources: Bureau of Labor Statistics and Department of Labor).
- US headline inflation was 2.9% in July, down 0.4% from May, continuing the downtrend. The food index appreciated 2.2% while the energy index increased 1.1% for the last 12 months. Core inflation was 3.2% in July, declined 0.2% from May. Transportation services and rent inflation remained elevated at 8.8% and 5.1%, respectively, for the last 12 months. (Source: Bureau of Labor Statistics).
- The 10-year Treasury nominal yield decreased by 18 bps to 3.91% as of August end. The July current 10-year real yield, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation was 1.19%, lower than the historical average by 0.60%. The Fed kept the Fed Funds unchanged in the range 5.25-5.50% but signaling a possible cut in September.
- The housing market (S&P Case-Shiller 20-City home price index) continued its upward trend, gaining 0.4% for the month and 6.5% for the last 12 months as of June 2024.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan was up to 67.8 in August from 64.2 in June. Both the US and Global Economic Surprise indices were negative in August with the US at (24.2) and Global at (19.2). The July Leading Economic Index (LEI) issued by the Conference Board was 100.4, declining 0.6% for the month and 3.1% for the 6-month period, indicating softer economic growth ahead.
- In August, US Manufacturing PMI was slightly down to 47.2%, continued indicating contraction while US Service PMI climbed to 51.4, resuming the expansion trend after one month of contraction. Global manufacturing PMI decreased to 49.5 in August, remaining in the contraction territory for the second consecutive month. Overall, high interest rates and sticky inflation have been the largest challenges to US and global economies. (Source: Institute for Supply Management and S&P Global).
- The equity markets were highly volatile in the first week of August due to the FX market turmoil and US recession fear but finished the month with gains amid US growth acceleration and resilient consumer spending. The Non-US Developed markets (MSCI World ex-USA) were up 3.34%, outperformed 2.18% of the US market (Russell 3000) as the US dollar depreciated against the major currencies by about 2.5%. The emerging markets lagged with a 1.61% return.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was up 1.44% in August.



ECONOMY

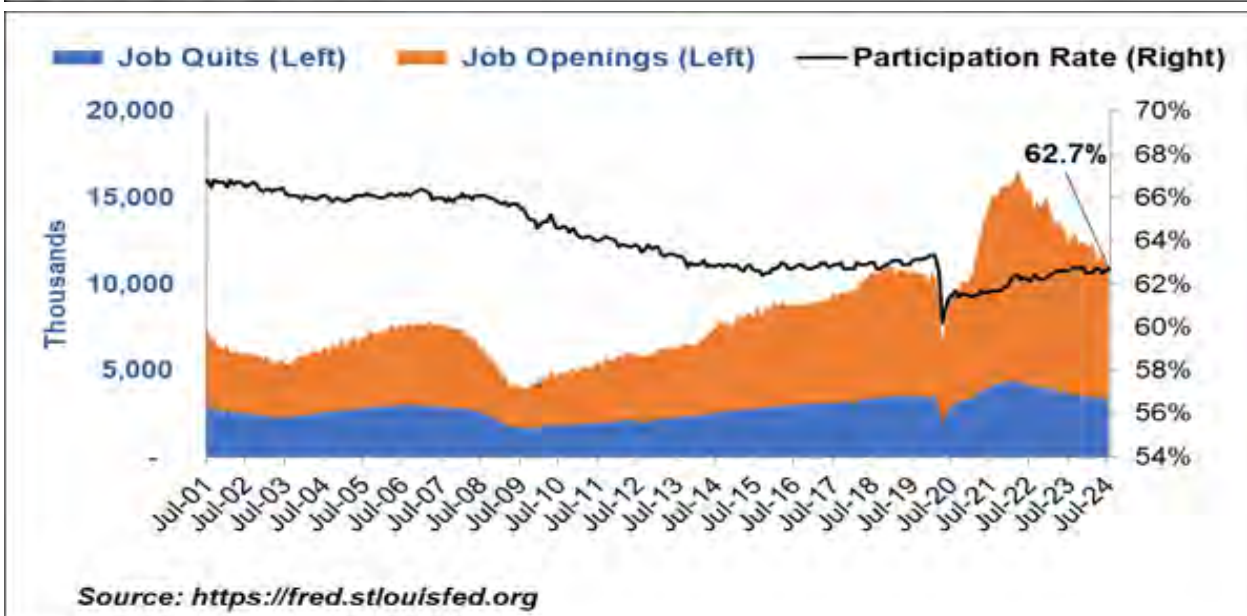
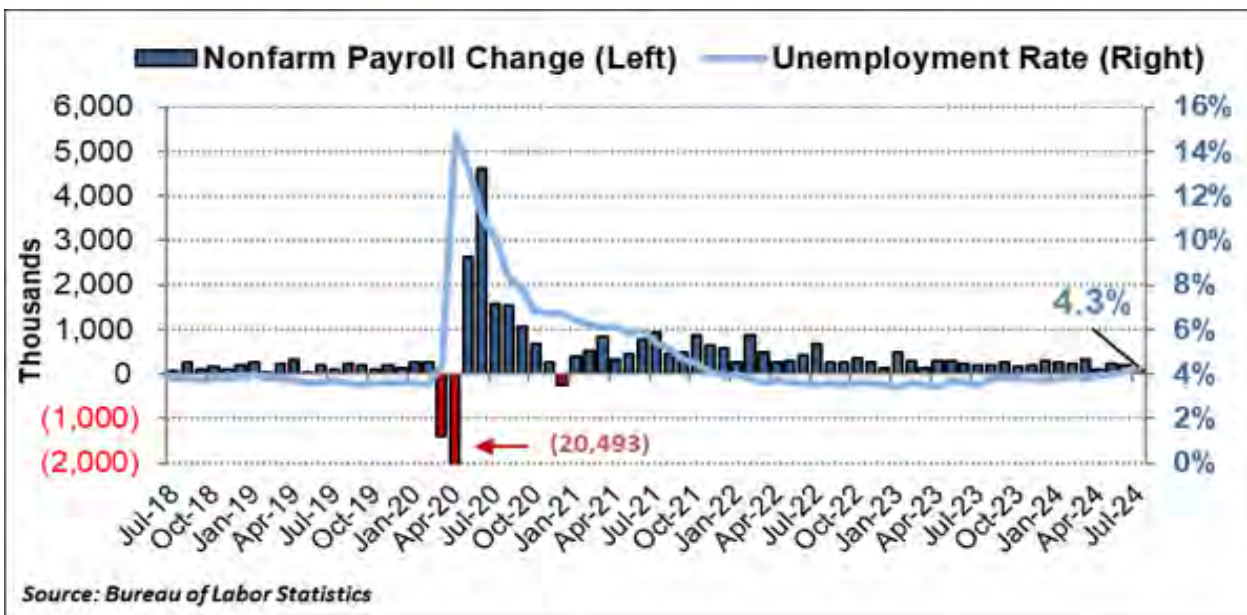
US Real Gross Domestic Product





ECONOMY

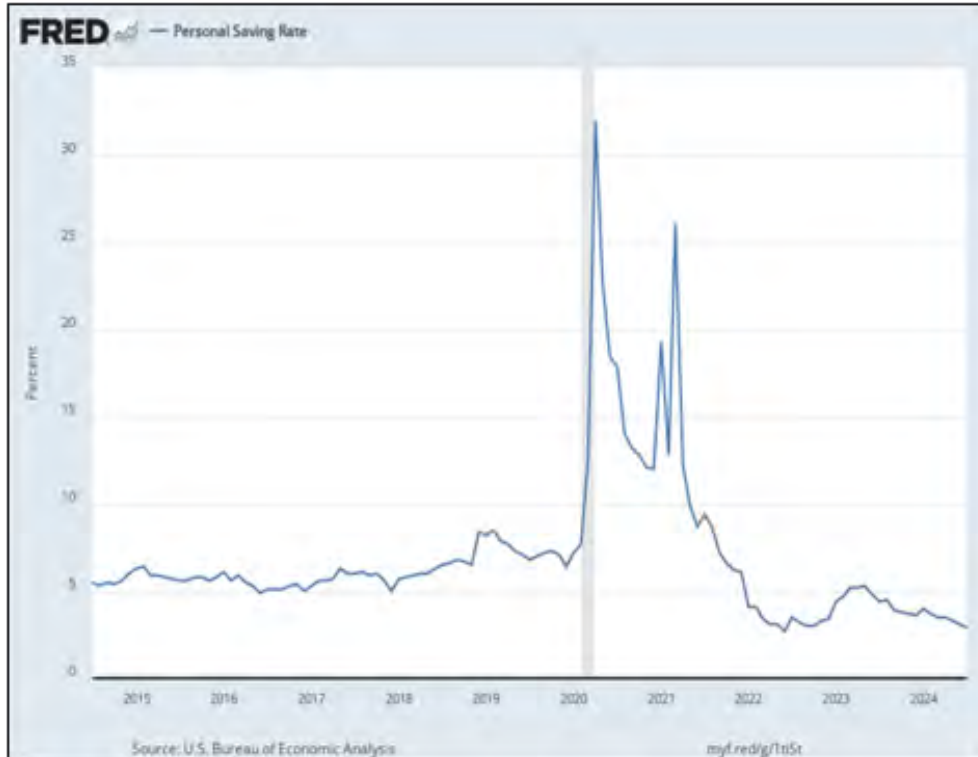
US Labor Market





ECONOMY

Personal Savings Rate & Personal Expenditures: Goods



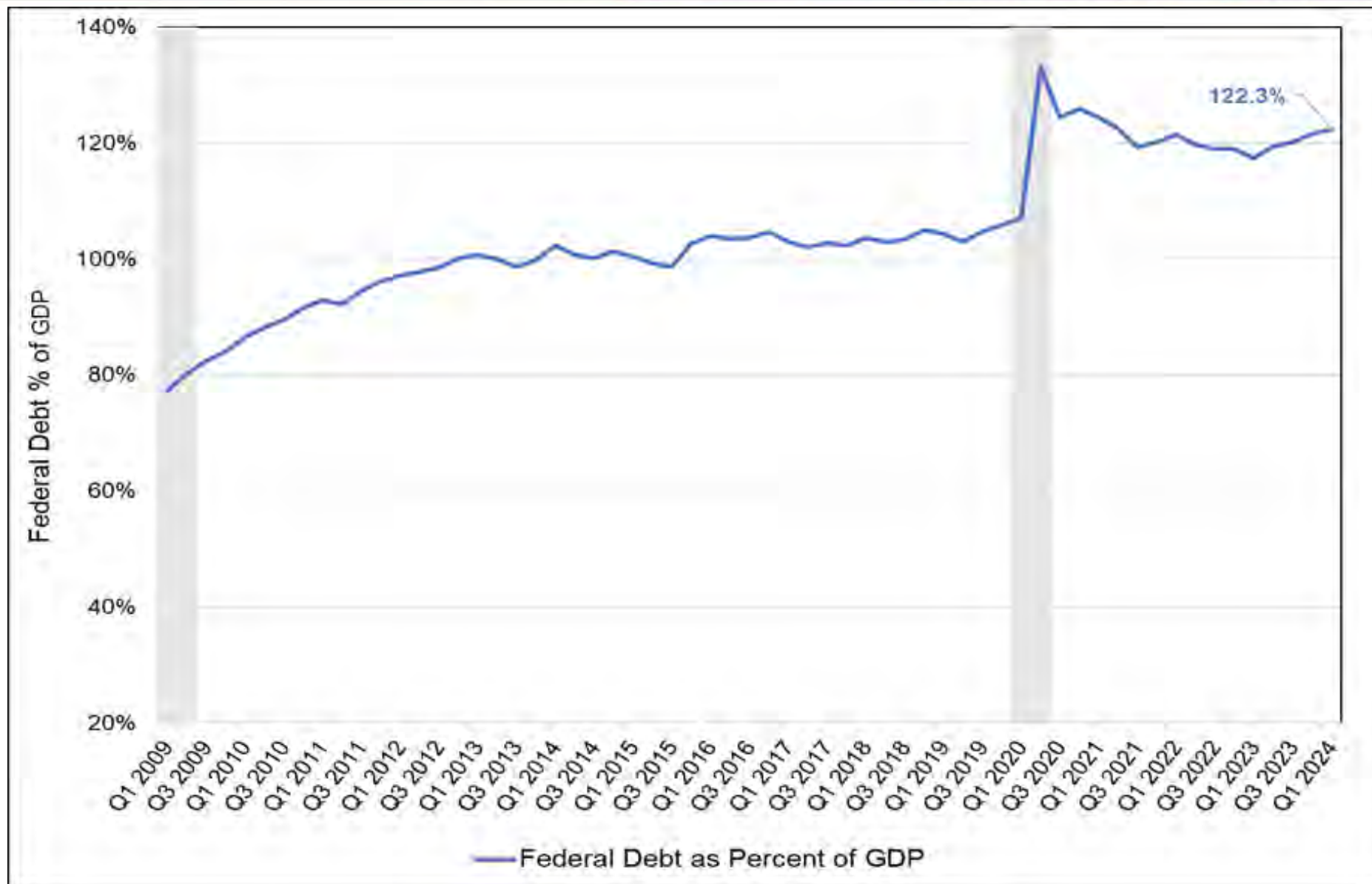
Date	Annual Personal Savings Rate
Jun-21	8.7%
Jun-22	2.7%
Jun-23	4.8%
Jun-24	3.1%
Jul-24	2.9%

Date	Personal Consumption Expenditures: Goods Change from Prior Year
Jun-21	16.3%
Jun-22	9.1%
Jun-23	1.4%
Jun-24	2.2%
Jul-24	2.3%



ECONOMY

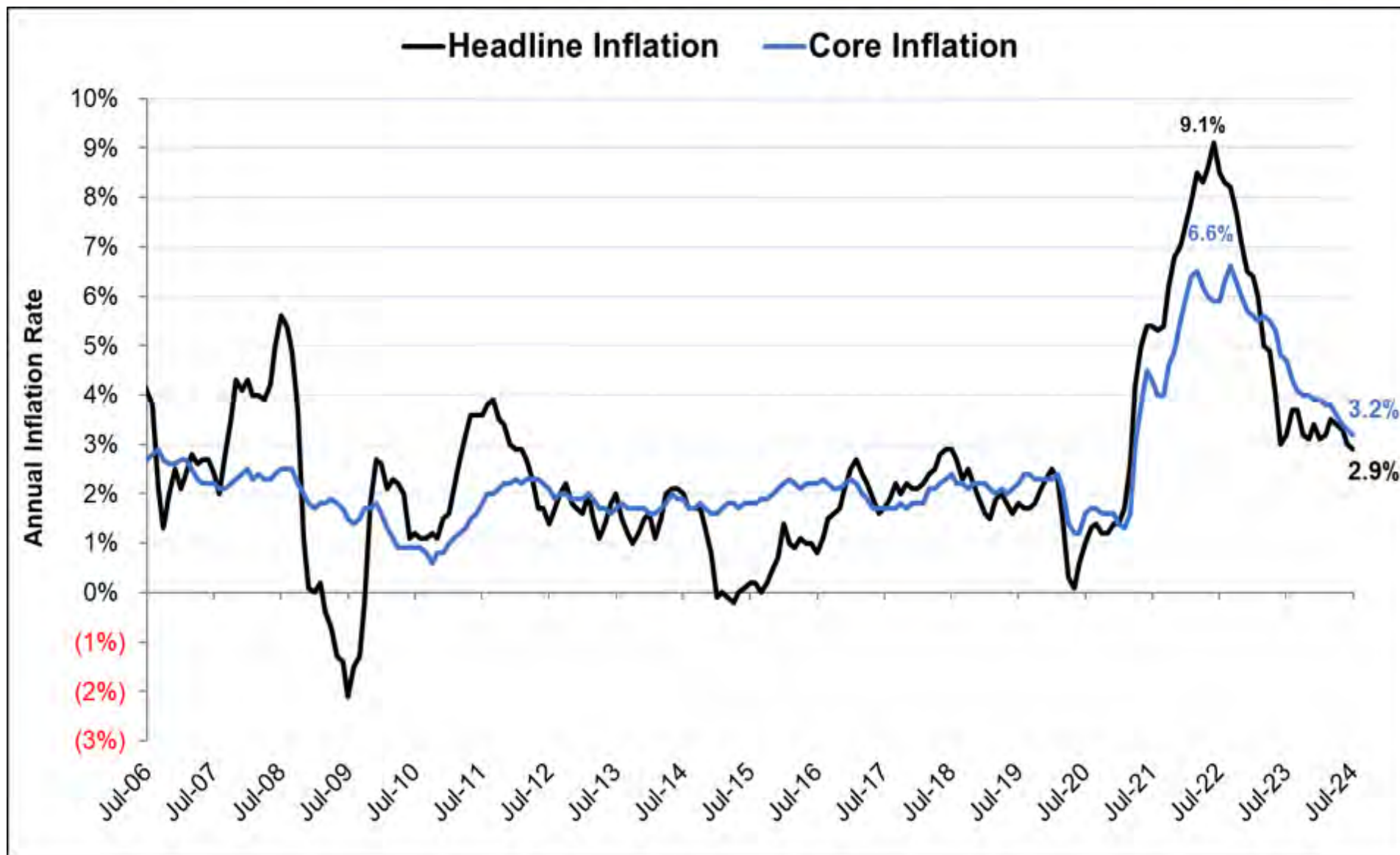
Federal Debt as Percent of GDP





ECONOMY

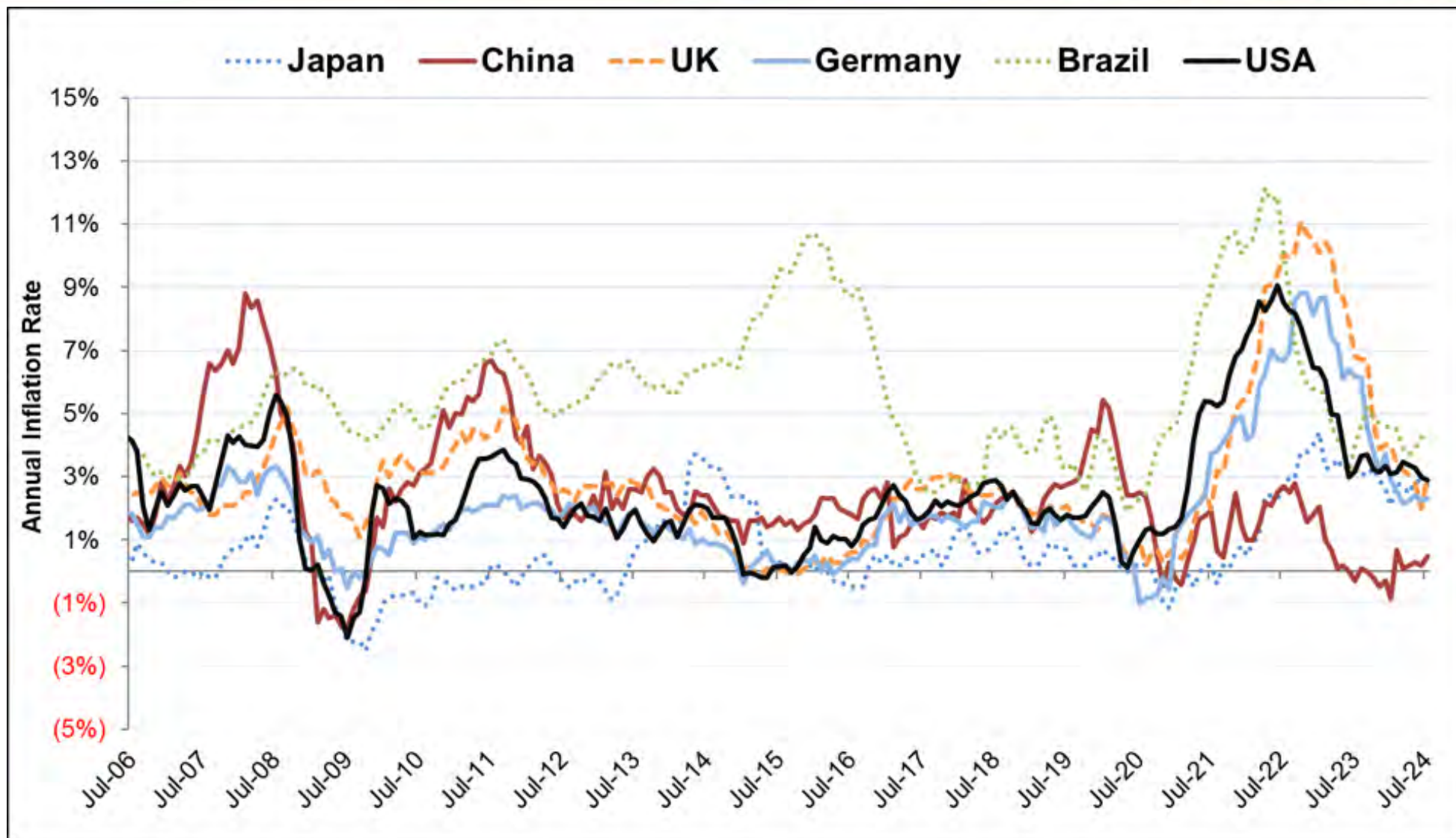
US Inflation





ECONOMY

Global Headline Inflation



	Japan	China	UK	Germany	Brazil	USA
Jul-24	2.7	0.5	3.0	2.3	4.5	2.9



ECONOMY

US & Global Manufacturing Activities

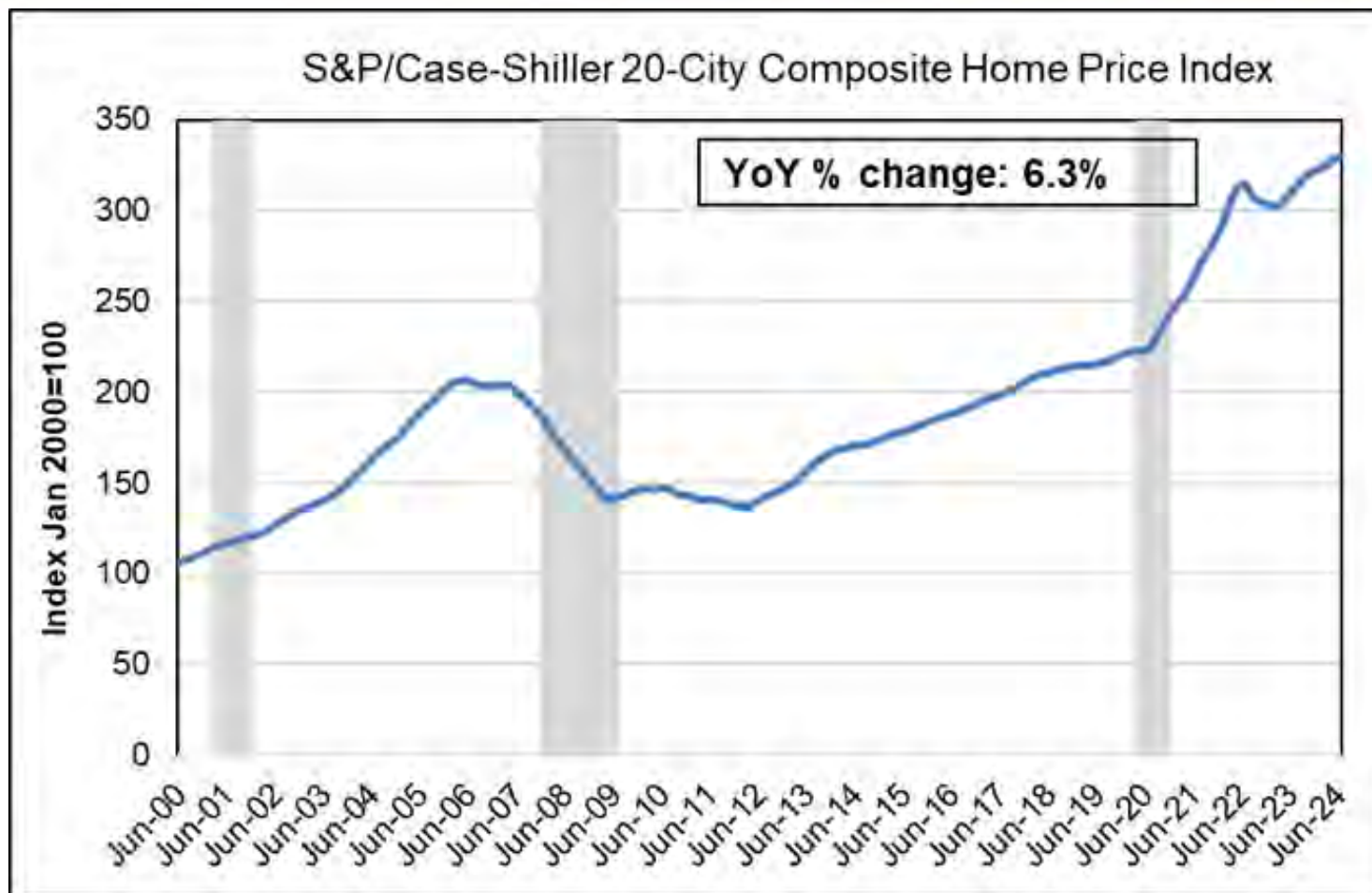


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™

Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index

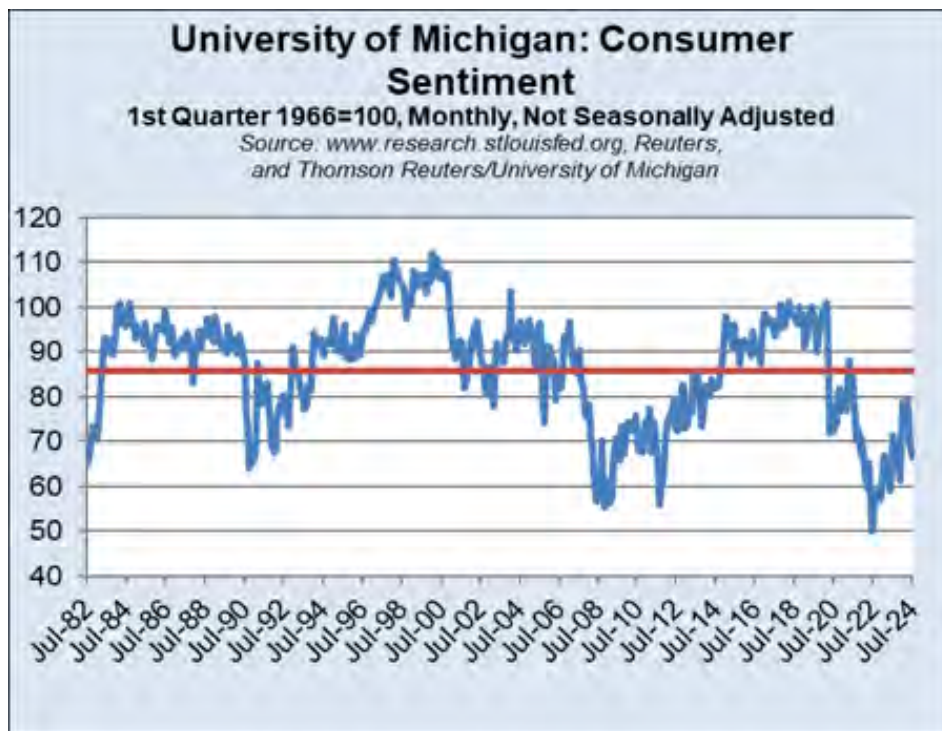


ECONOMY US Housing Market



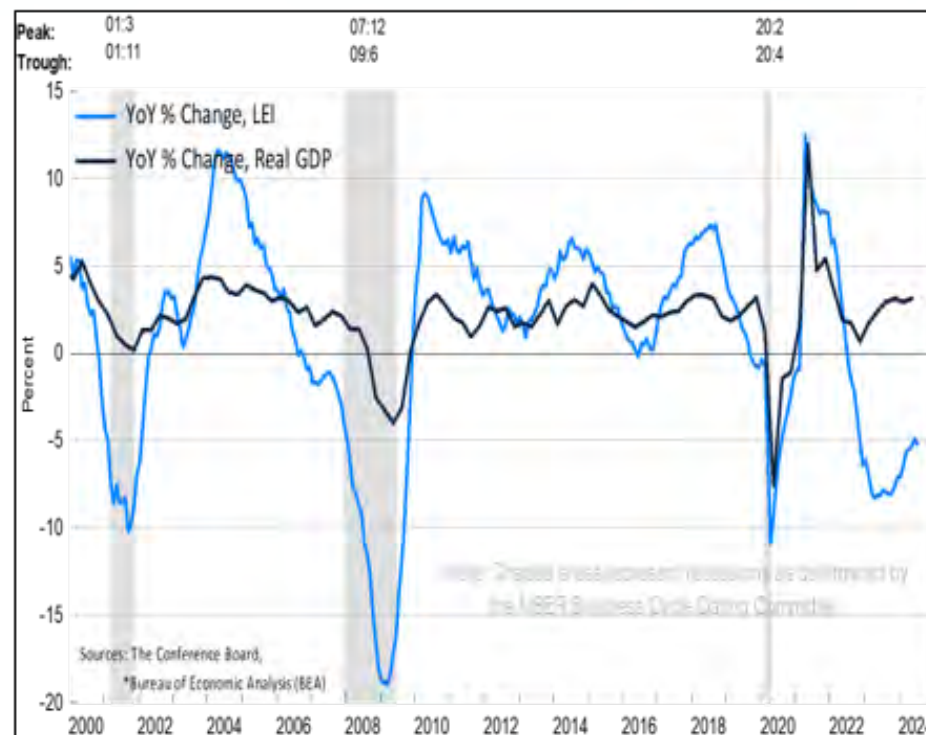
ECONOMY

Consumer Sentiment



Index of Consumer Sentiment				
Jun-24	Jul-24	Jul-23	M-M Change	Y-Y Change
68.2	66.4	71.5	-2.6%	-7.1%

The Leading Economic Index (LEI)



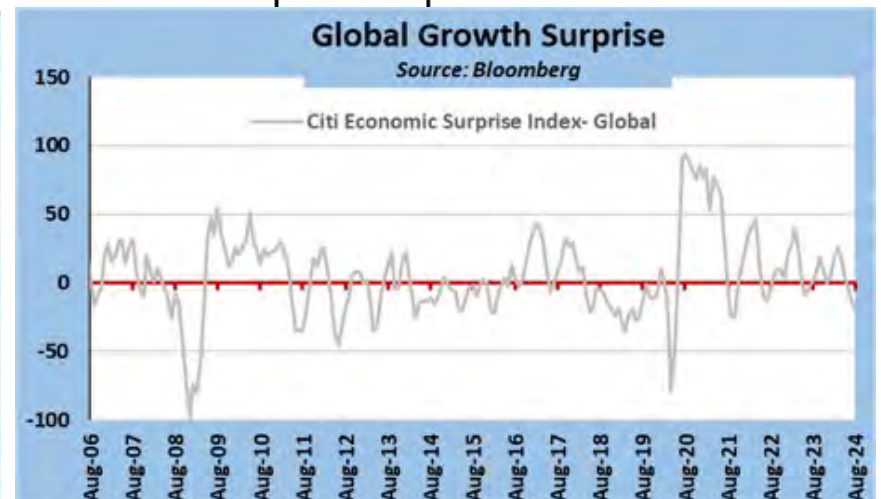
Shaded areas represent US recessions

Index	Jun-24	Jul-24	Month -Month Percent Change	6-Month Percent Change (Jan-Jul)
LEI	101.0 r	100.4 p	-0.6	-2.1

p Preliminary; r Revised; Indexes equal 100 in 2016



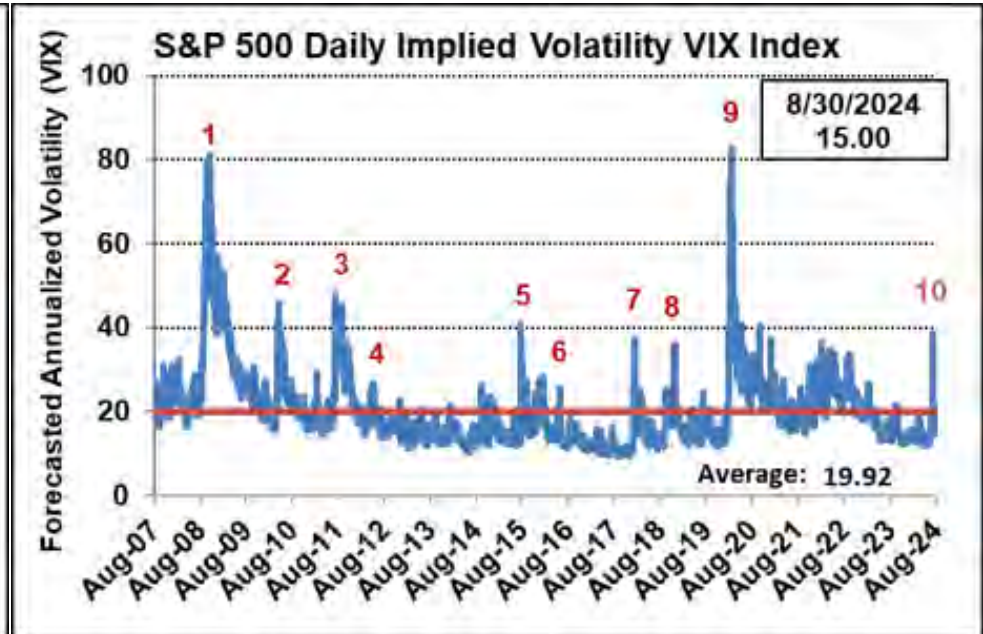
ECONOMY





MARKETS

Equity

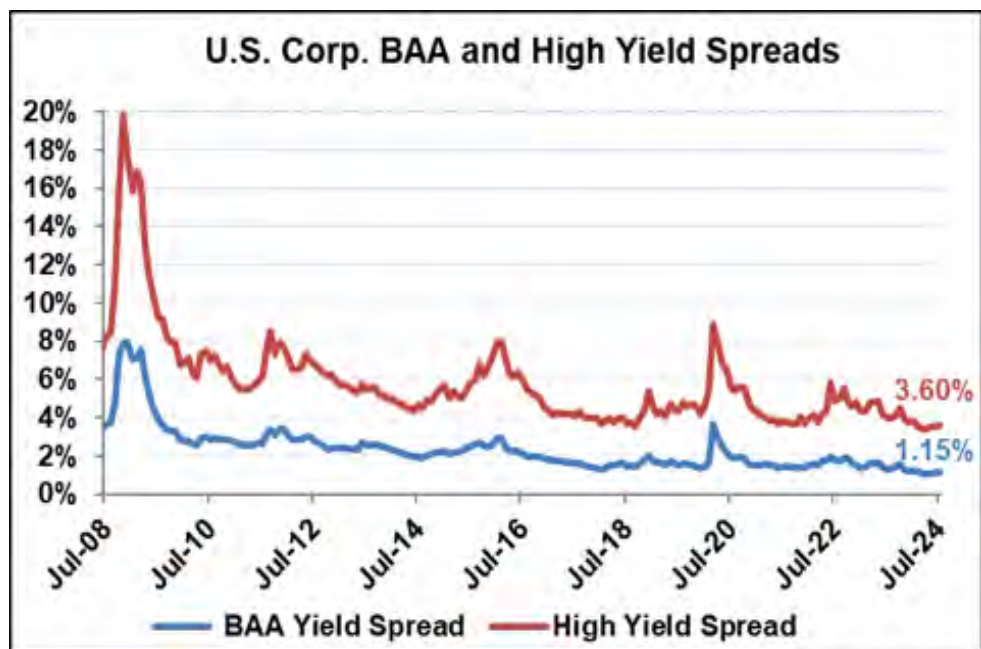


	Return as of 8/31/2024	
	1 Year	FYTD
S&P 500 Index	27.14	3.67
MSCI - EAFE + Canada Index	19.45	6.58
MSCI - Emerging Markets Index	15.07	1.92

- 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%
- 10 2024(Aug.) Crowded FX (Japanese Yen) trade, recession fear, S&P 500: -3.0%



MARKETS Fixed Income





MARKETS Foreign Exchange



Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-21	1.18
June-22	1.05
June-23	1.09
June-24	1.07
August 30, 2024	1.11

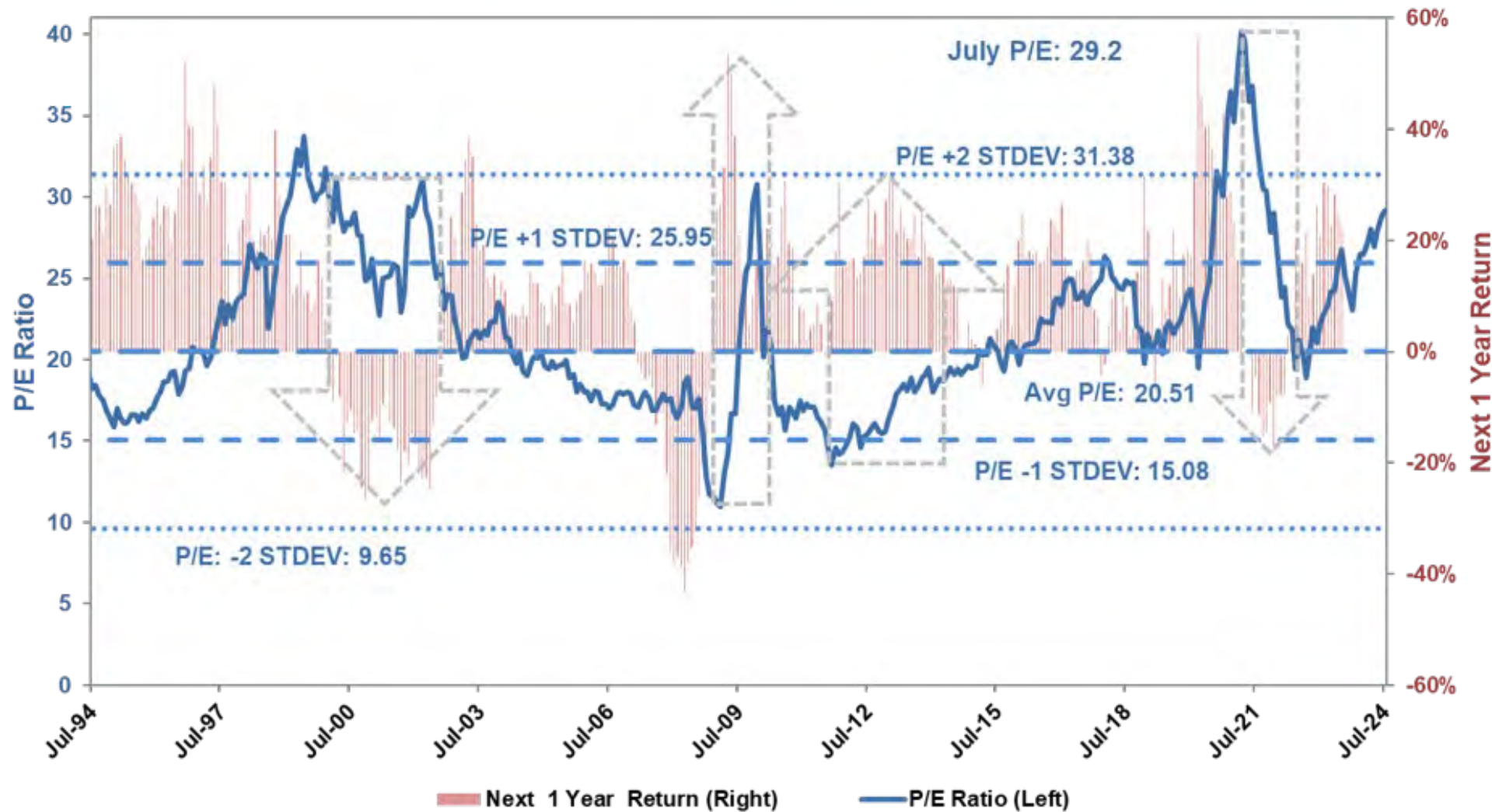


Date	Nominal Broad U.S. Dollar Index January 2006=100
June-21	112.85
June-22	121.05
June-23	119.89
June-24	124.52
August 30, 2024	122.56



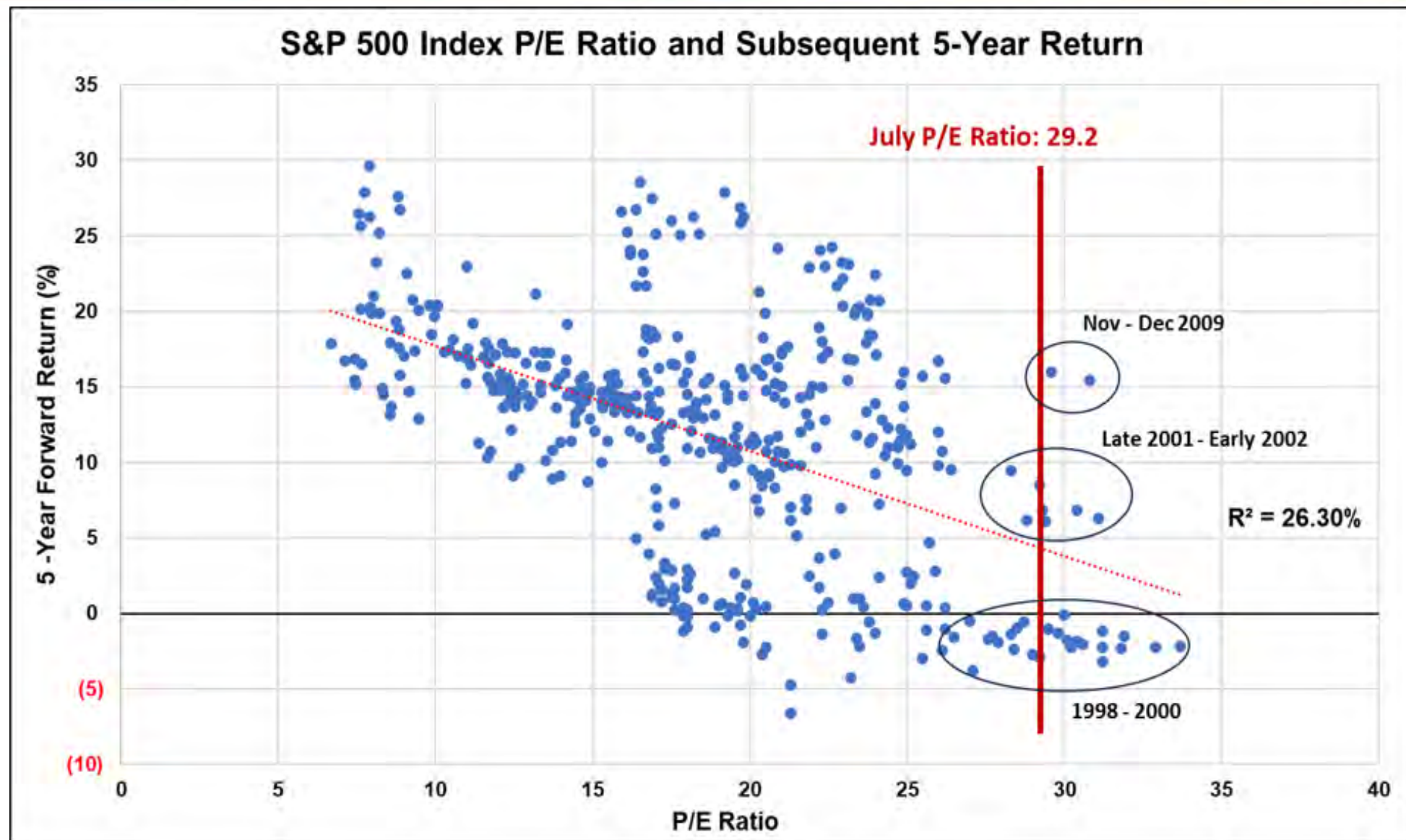
VALUATION US Equity

S&P 500 Index P/E Ratio and Next 1 Year Returns





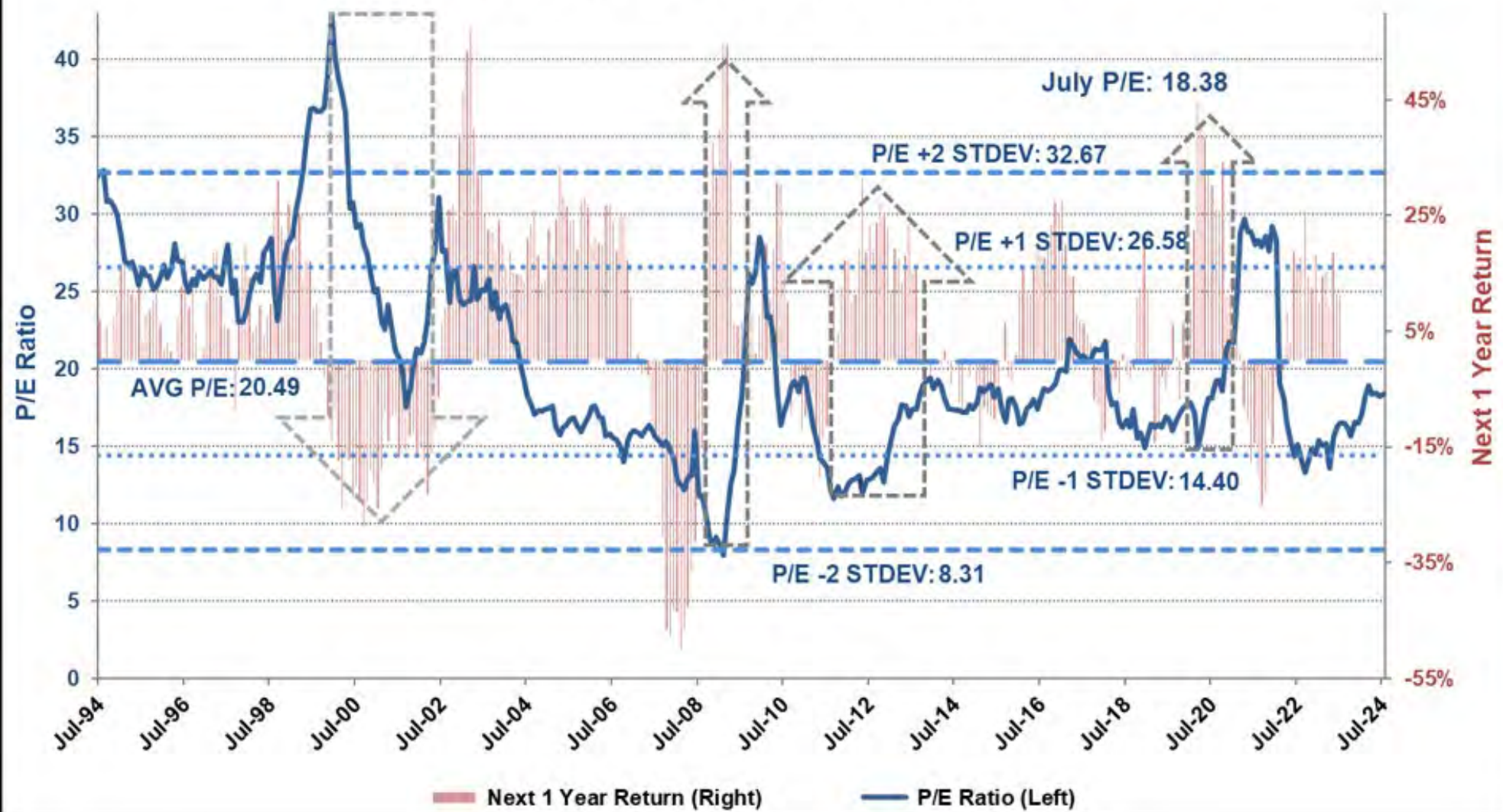
VALUATION US Equity





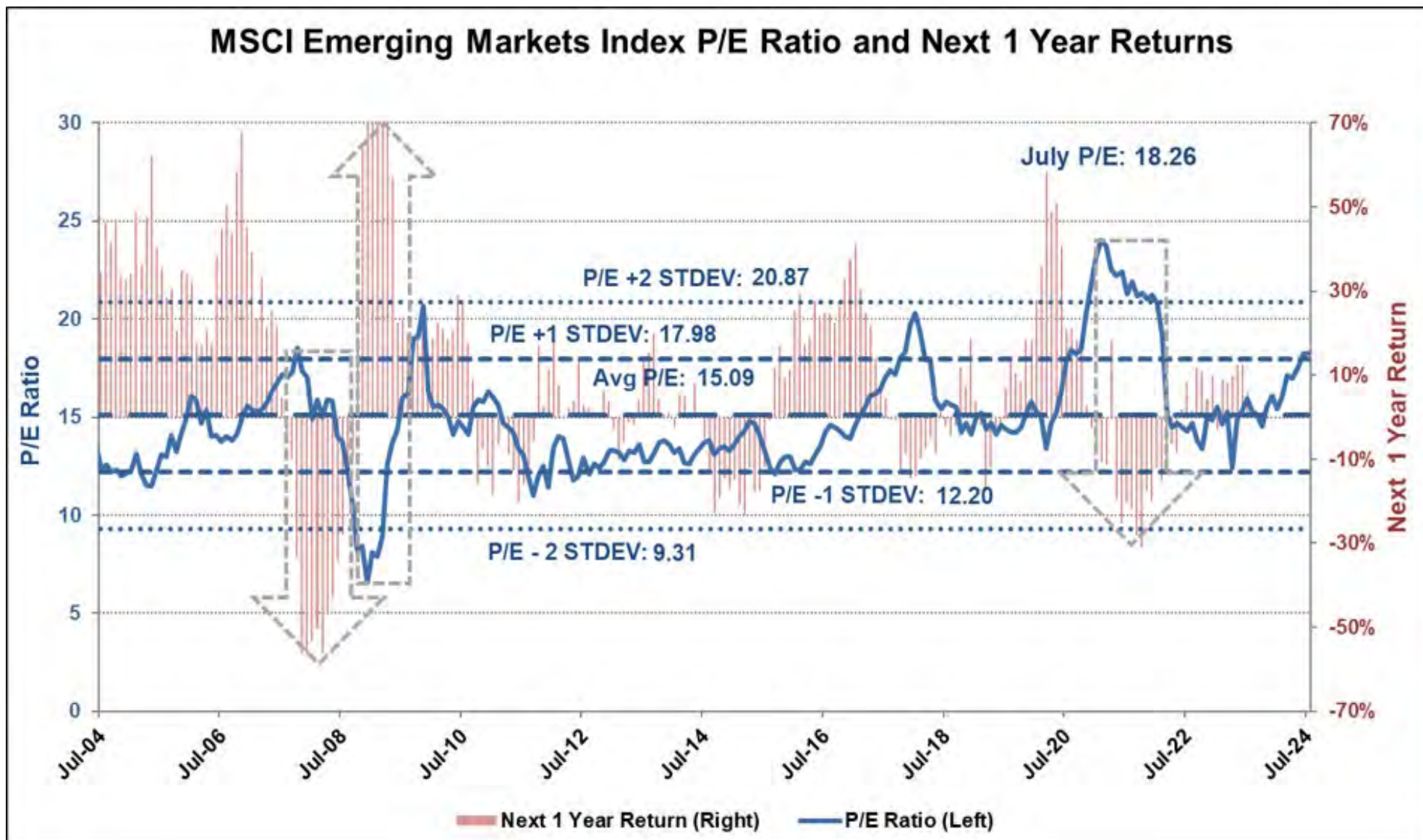
VALUATION Non US Developed Market Equity

MSCI EAFE Index P/E Ratio and Next 1 Year Returns



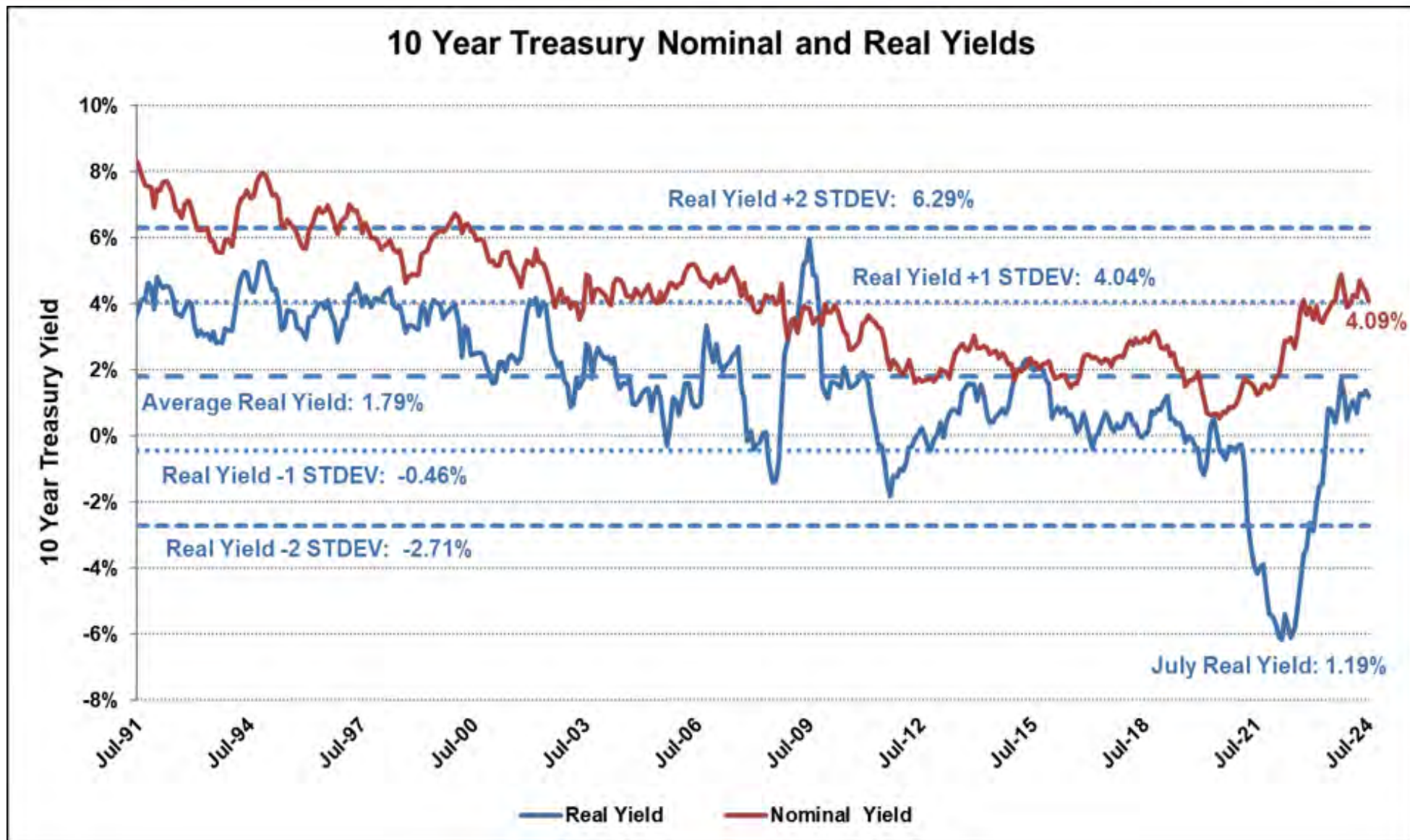


VALUATION Emerging Market Equity





VALUATION US Treasury Bonds





SERS' Investment Portfolios Review

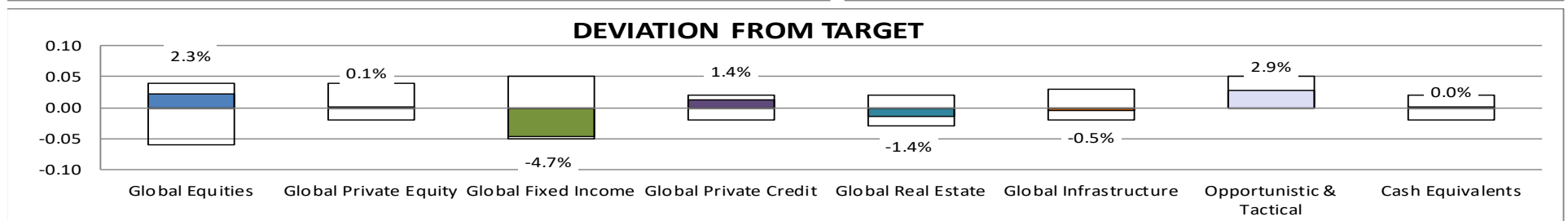
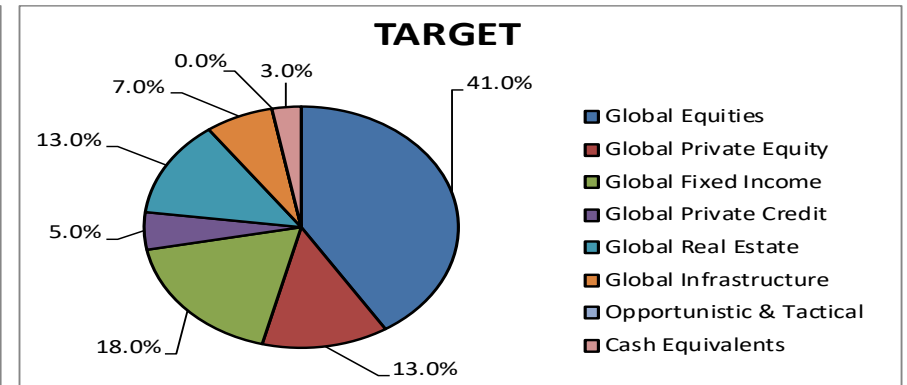
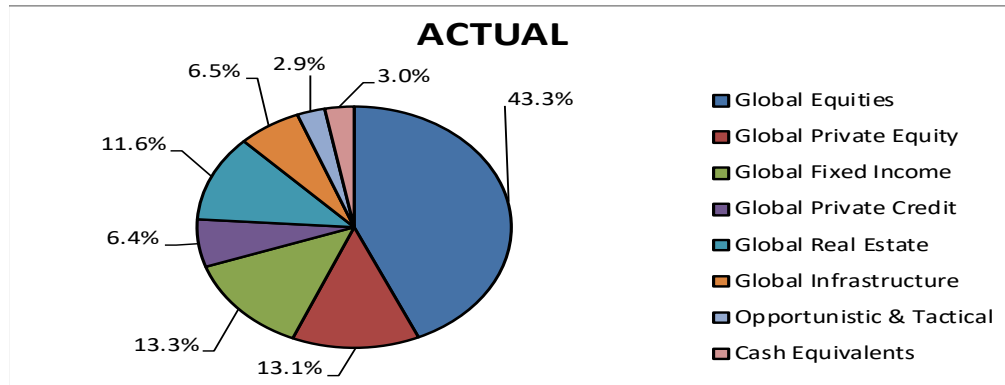
Investment Report | Month Ending: 07/31/2024



Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	8,285,076,871	43.3%	41.0%	35% - 45%
Global Private Equity	2,508,279,999	13.1%	13.0%	11% - 17%
Global Fixed Income	2,542,726,247	13.3%	18.0%	13% - 23%
Global Private Credit	1,218,044,976	6.4%	5.0%	3% - 7%
Global Real Estate	2,215,875,900	11.6%	13.0%	10% - 15%
Global Infrastructure	1,242,415,394	6.5%	7.0%	5% - 10%
Opportunistic & Tactical	550,596,455	2.9%	0.0%	0% - 5%
Cash Equivalents	576,330,582	3.0%	3.0%	1% - 5%
Short-Term	503,396,641	2.6%	2.0%	
Russell EA Overlay	26,693,881	0.1%	0.0%	
Direct Rebalance Overlay	5,355,701	0.0%	0.0%	
Transition / Operational Account	839,241	0.0%	0.0%	
Currency Overlay	39,950,657	0.2%	0.0%	
SERS Cash	94,460	0.0%	0.0%	
Total Fund	19,139,346,425	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 US Universal Bond

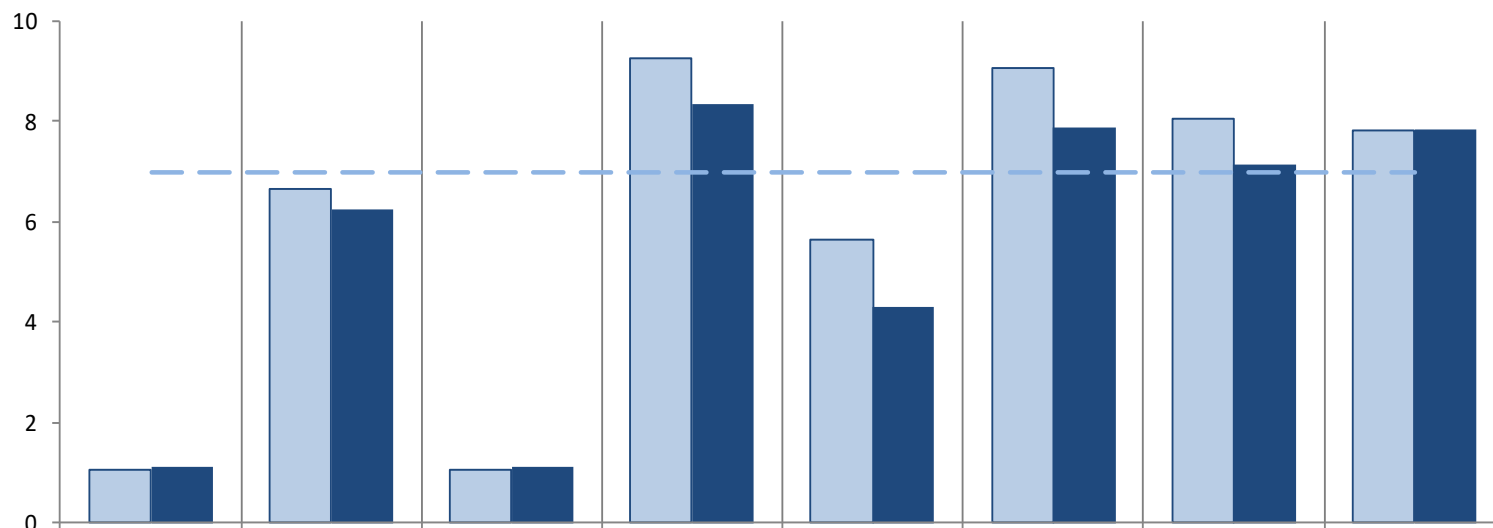
13.00% NCREIF Property
(1Qtr in Arrears Monthized)

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

Total Fund (Net) OSERS Policy Actuarial Rate



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)	1.09	7.03	1.09	10.04	6.38	9.76	8.73	8.44
Total Fund (Net)	1.06	6.65	1.06	9.26	5.63	9.06	8.04	7.89
OSERS Policy	1.11	6.25	1.11	8.36	4.29	7.87	7.15	7.83
Value Added (Net of Fee)	(0.05)	0.40	(0.05)	0.90	1.34	1.19	0.89	0.06
Estimated Cumulative Net Value Added (\$MM)**	(\$9.1)	\$71.2	(\$9.1)	\$158.9	\$766.8	\$1,100.9	\$1,735.1	

Source: BNY Mellon GRS

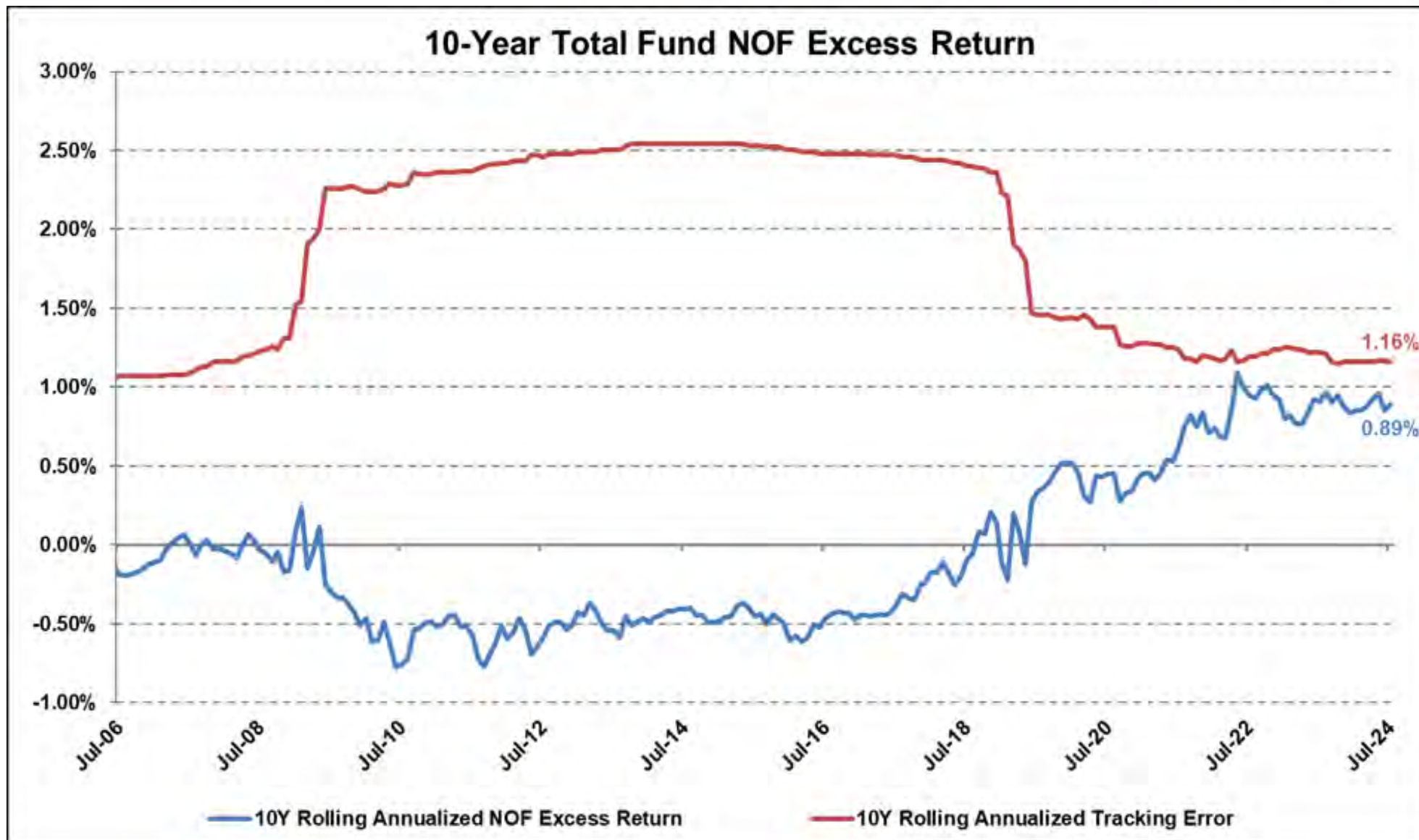
*ITD is Inception date 10/1/1994 (30 years and 1 months)

**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.

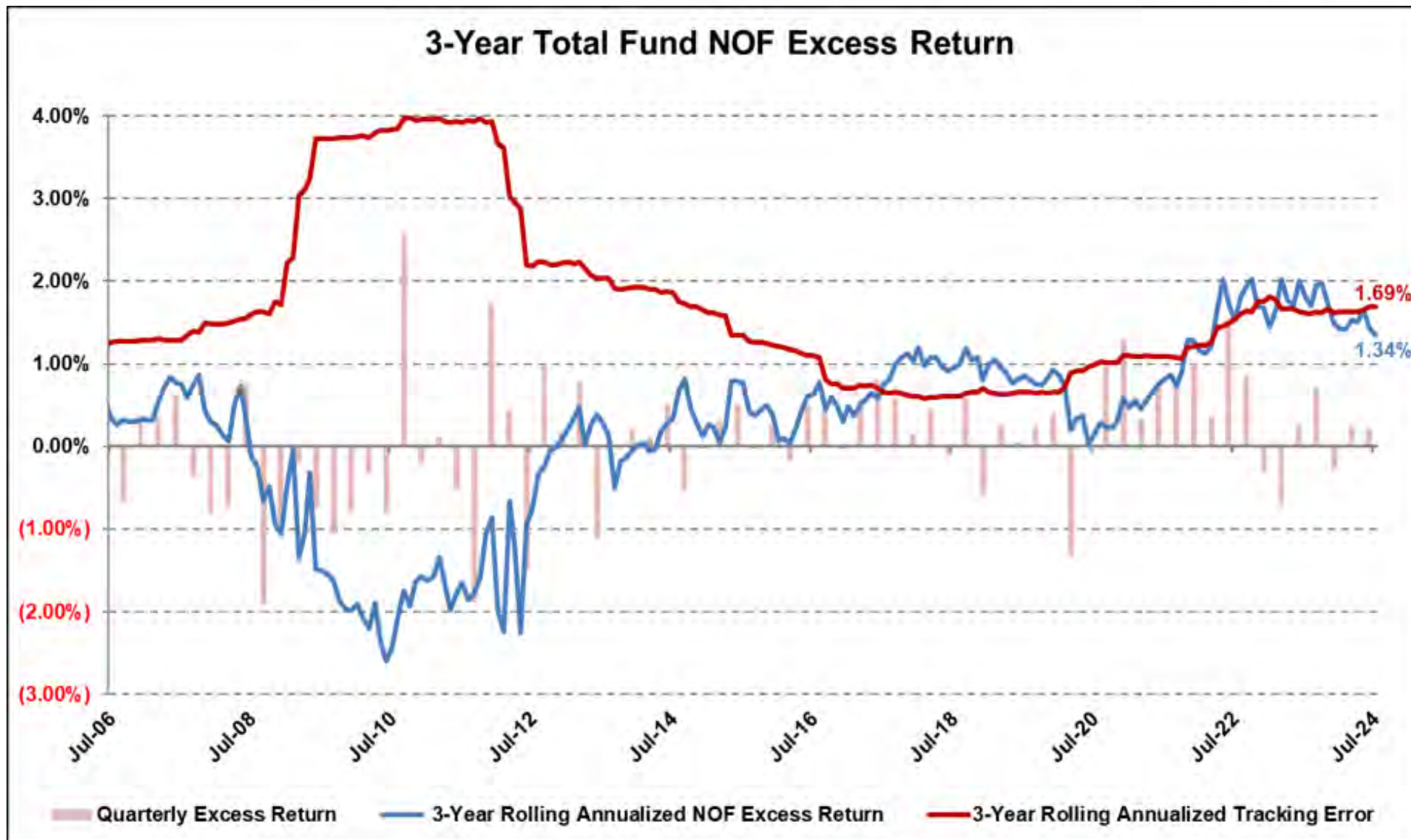


Total Fund Performance



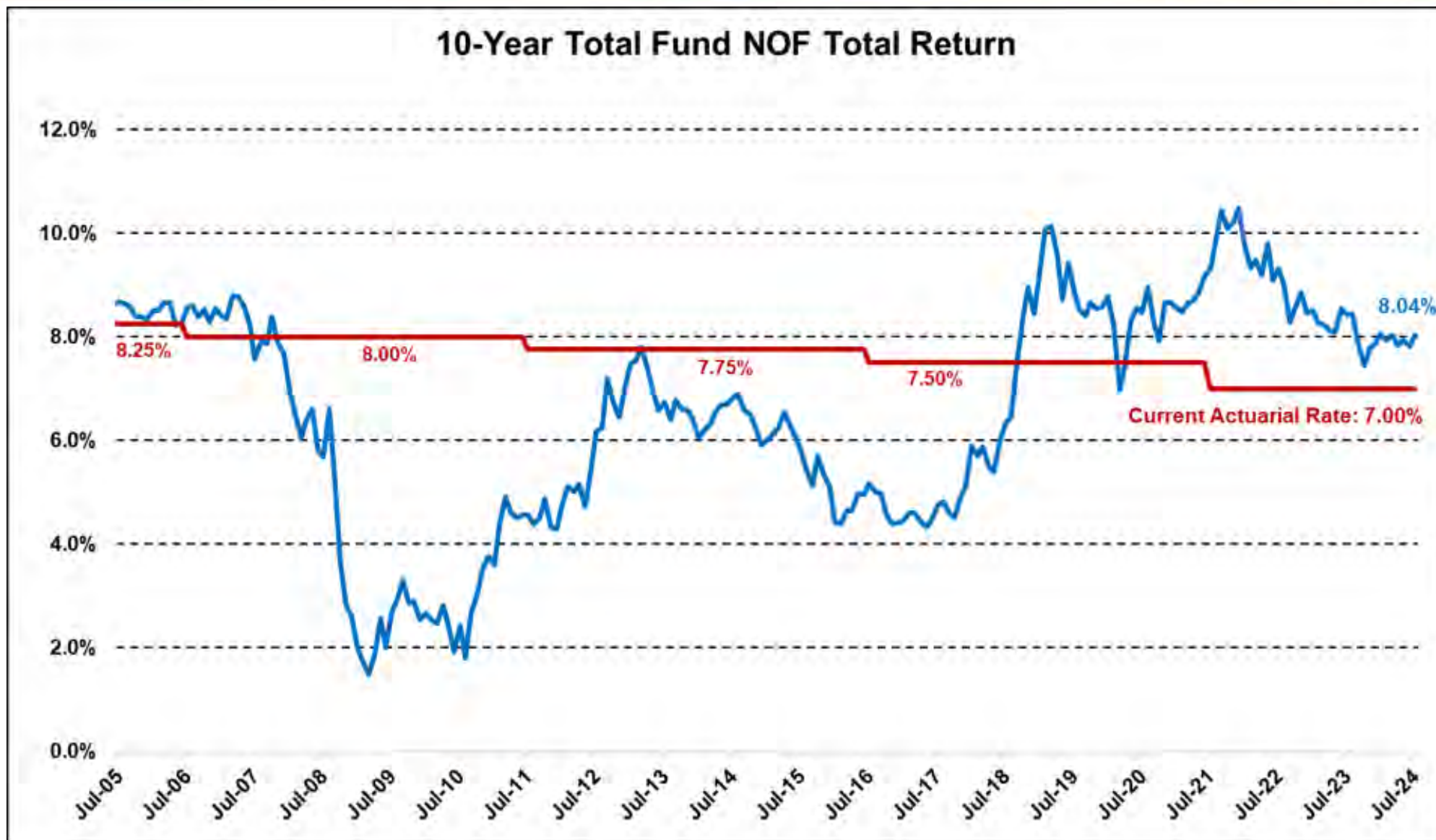


Total Fund Performance



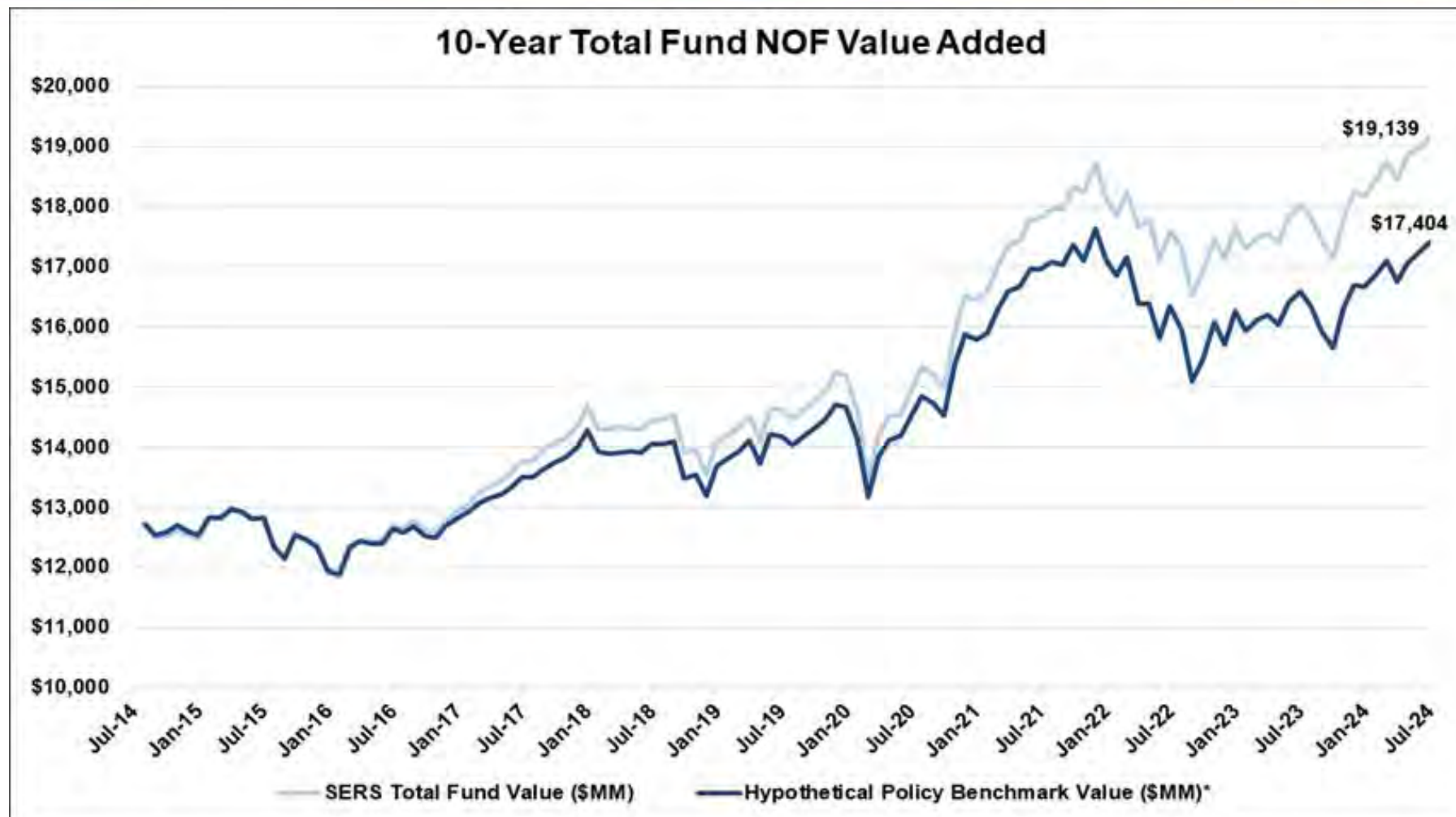


Total Fund Performance





Total Fund Performance



Fiscal Year Net Excess Return (%)									
FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
(0.22)	0.33	1.50	0.86	0.06	(0.64)	2.66	3.01	0.23	0.90

Source: BNY Mellon GRS

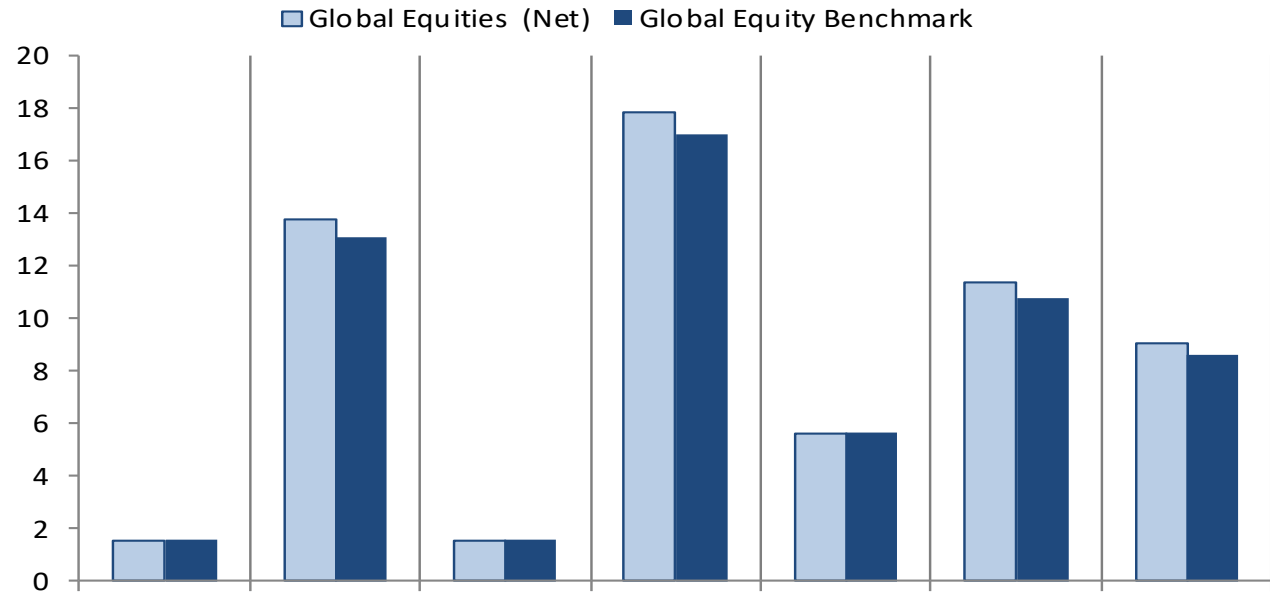
*Calculated as the hypothetical change in fund assets under a policy benchmark-returns scenario.

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



Global Equities Performance

Current Benchmark:
MSCI ACWI (Net Dividends)

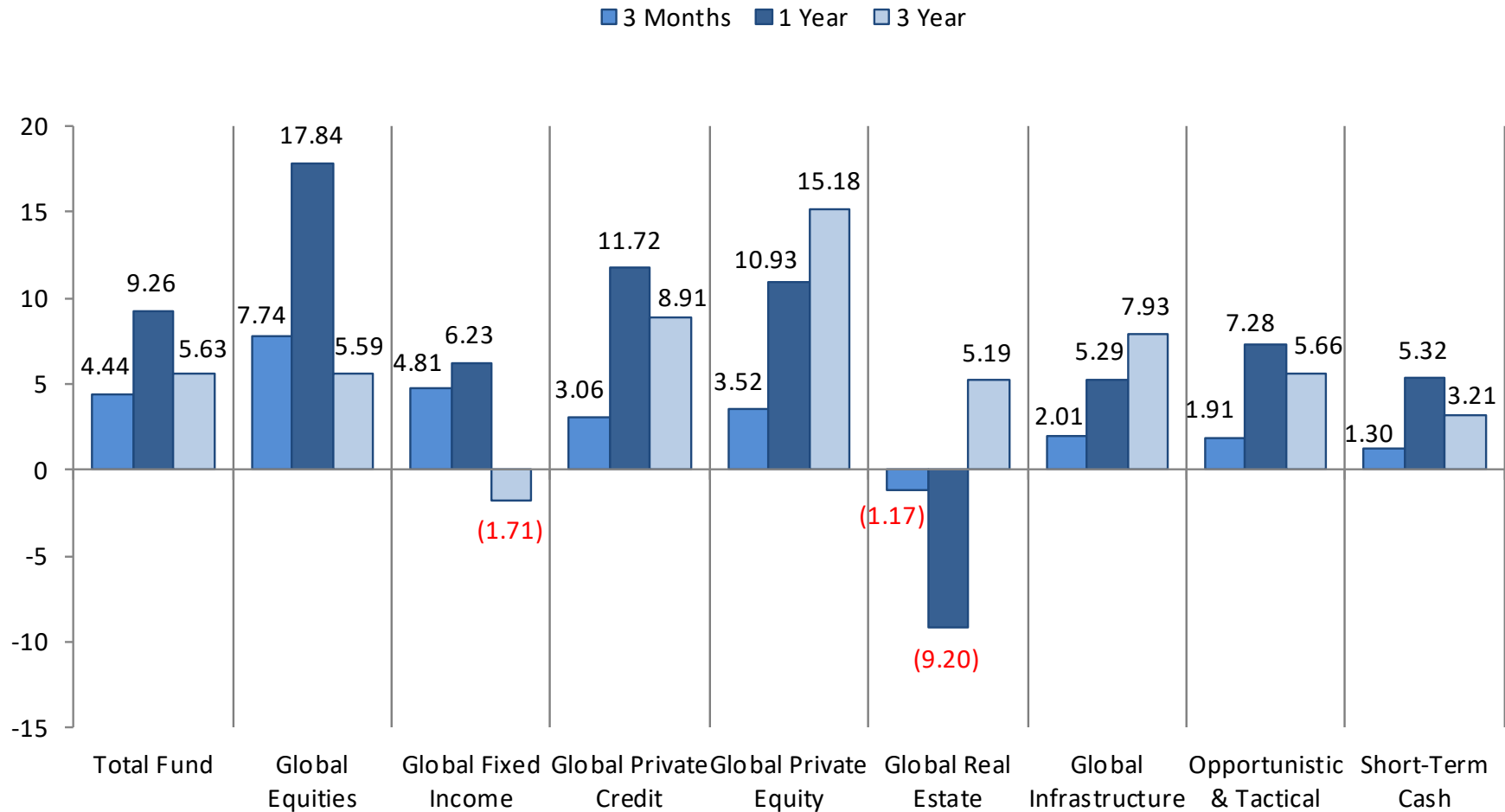


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	1.53	14.00	1.53	18.22	5.91	11.73	9.39
Global Equities (Net)	1.53	13.78	1.53	17.84	5.59	11.39	9.05
Global Equity Benchmark	1.61	13.10	1.61	17.02	5.67	10.78	8.63
Value Added (Net of Fee)	(0.08)	0.69	(0.08)	0.82	(0.08)	0.62	0.42
Regional US Equity	1.83	15.50	1.83	20.48	7.48	13.66	11.94
Russell 3000 Index	1.86	15.67	1.86	21.07	8.11	14.23	12.58
Value Added (Net of Fee)	(0.03)	(0.17)	(0.03)	(0.60)	(0.64)	(0.56)	(0.64)
Regional Non-US Equity	2.02	8.49	2.02	9.80	1.58	7.69	5.45
Custom Non-US Equity BM	2.32	8.14	2.32	9.75	1.76	6.23	4.16
Value Added (Net of Fee)	(0.29)	0.35	(0.29)	0.05	(0.19)	1.45	1.29

Source: BNY Mellon GRS



Total Fund and Asset Class Performance (Net)



Source: BNY Mellon GRS

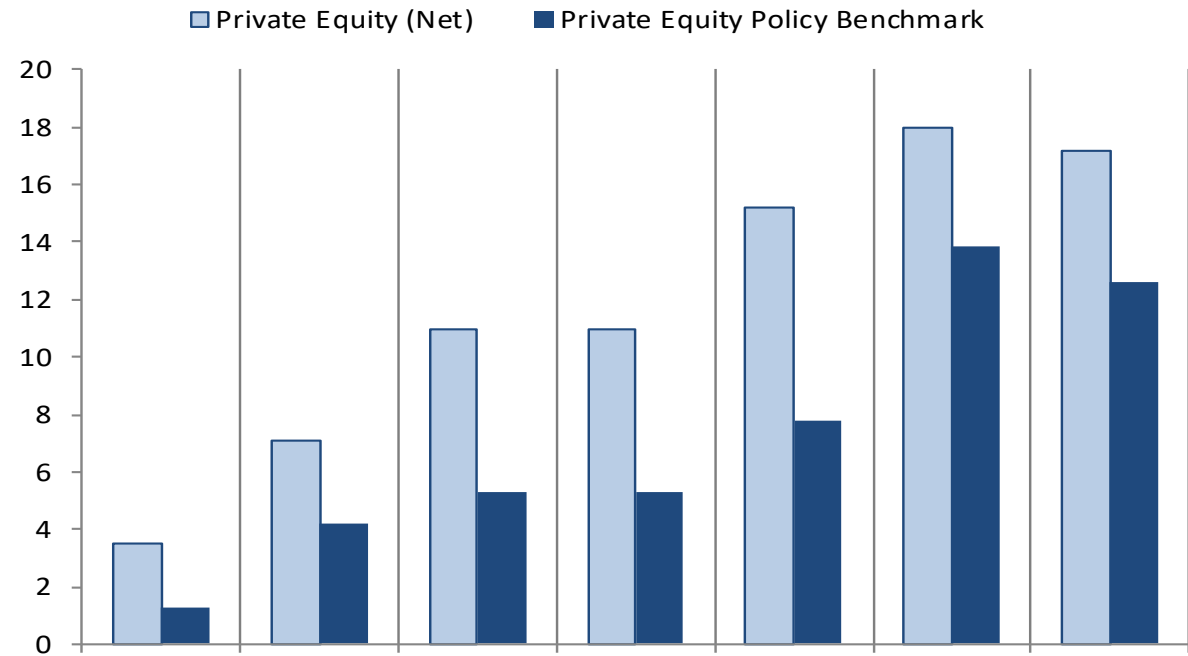


Global Private Equity Performance

Results as of: 06/30/2024

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	3.88	7.70	12.90	12.90	17.04	19.83	18.87
Private Equity (Net)	3.52	7.07	10.93	10.93	15.18	17.97	17.18
Private Equity Policy Benchmark	1.27	4.22	5.28	5.28	7.80	13.86	12.64
Value Added (Net of Fee)	2.26	2.85	5.65	5.65	7.38	4.12	4.54

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.

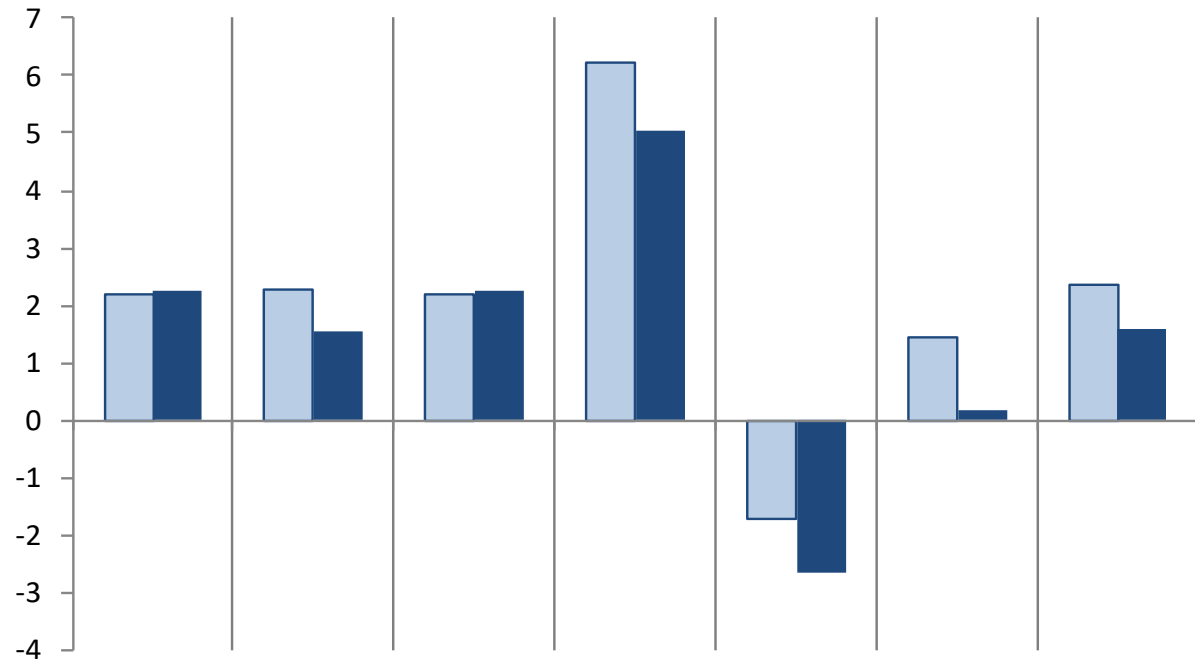


Global Fixed Income Performance

Current Benchmark:

Bloomberg US Universal Bond Index

Fixed Income (Net) Fixed Income Policy Benchmark



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	2.21	2.43	2.21	6.51	(1.45)	1.70	2.58
Fixed Income (Net)	2.19	2.29	2.19	6.23	(1.71)	1.44	2.34
Fixed Income Policy Benchmark	2.27	1.54	2.27	5.03	(2.66)	0.17	1.60
Value Added (Net of Fee)	(0.08)	0.75	(0.08)	1.20	0.95	1.27	0.74

Source: BNY Mellon GRS

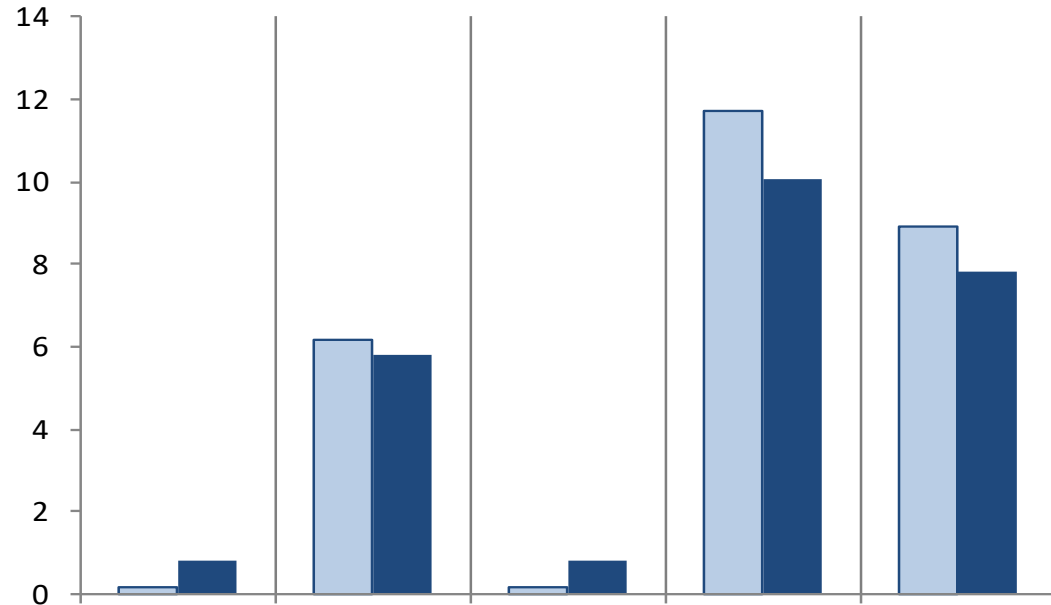


Global Private Credit Performance

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)	0.14	6.93	0.14	13.36	10.40
Global Private Credit (Net)	0.14	6.15	0.14	11.72	8.91
Global Private Credit Policy Benchmark	0.80	5.80	0.80	10.07	7.79
Value Added (Net of Fee)	(0.66)	0.35	(0.65)	1.66	1.12

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

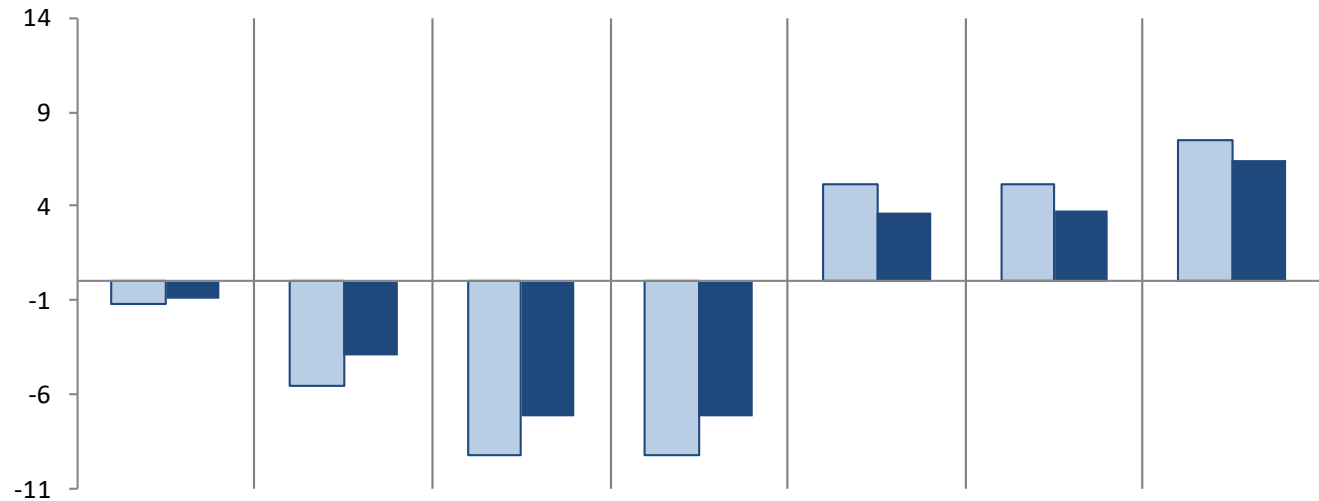
Results as of: 06/30/2024

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)	(0.95)	(5.17)	(8.47)	(8.47)	6.16	6.05	8.49
Real Estate Portfolio (Net)	(1.17)	(5.55)	(9.20)	(9.20)	5.19	5.14	7.48
Real Estate Policy Benchmark	(0.92)	(3.92)	(7.11)	(7.11)	3.66	3.77	6.41
Real Estate Value Added (NOF)	(0.24)	(1.64)	(2.10)	(2.10)	1.54	1.37	1.07
Real Estate Core (Net)	(1.06)	(5.69)	(9.47)	(9.47)	6.12	5.72	7.80
Real Estate Policy Benchmark	(0.92)	(3.92)	(7.11)	(7.11)	3.66	3.77	6.41
Real Estate Core Value Added (NOF)	(0.14)	(1.78)	(2.37)	(2.37)	2.46	1.95	1.39
Real Estate Non-Core (Net)	(2.11)	(5.26)	(9.00)	(9.00)	2.14	2.96	6.65
Real Estate Policy Benchmark	(0.92)	(3.92)	(7.11)	(7.11)	3.66	3.77	6.41
Real Estate Non-Core Value Added (NOF)	(1.18)	(1.34)	(1.90)	(1.90)	(1.51)	(0.81)	0.23

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

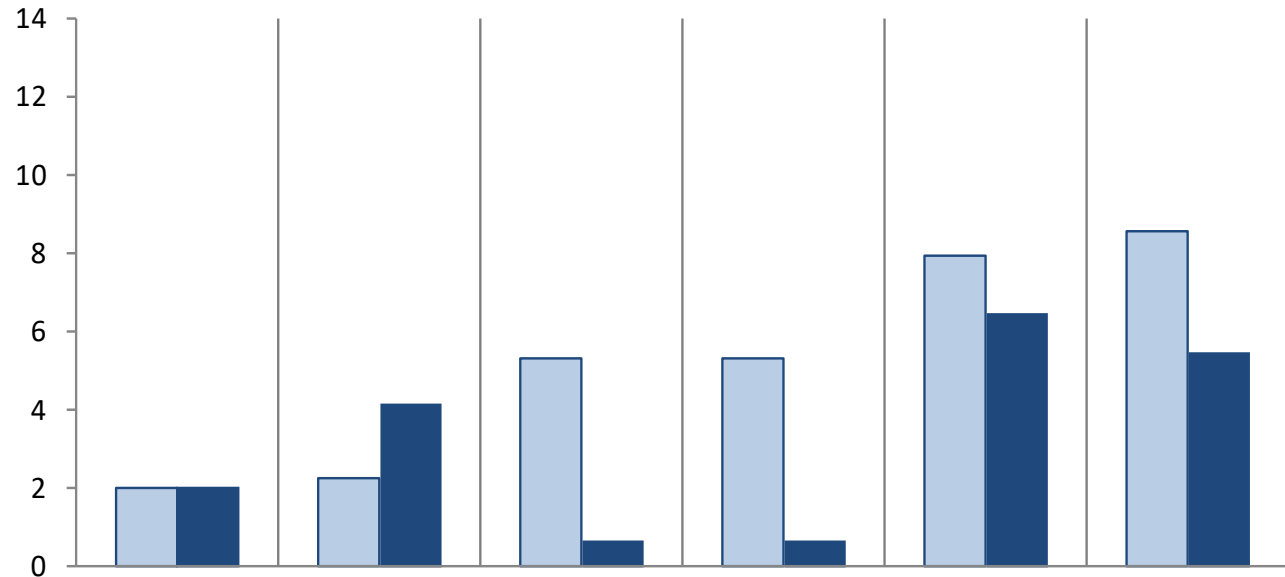
Results as of: 06/30/2024

Global Infrastructure (Net)

Global Infrastructure Policy Benchmark

Current Benchmark:

Quarterly (4 qtrs.) smoothed CPI
+1.20% per quarter



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Global Infrastructure (Gross)	2.31	2.76	6.28	6.28	8.82	9.34
Global Infrastructure (Net)	2.01	2.27	5.29	5.29	7.93	8.57
Global Infrastructure Policy Benchmark	2.04	4.13	0.67	0.67	6.47	5.45
Global Infrastructure Value Added (NOF)	(0.04)	(1.86)	4.62	4.62	1.46	3.12

Source: BNY Mellon GRS

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

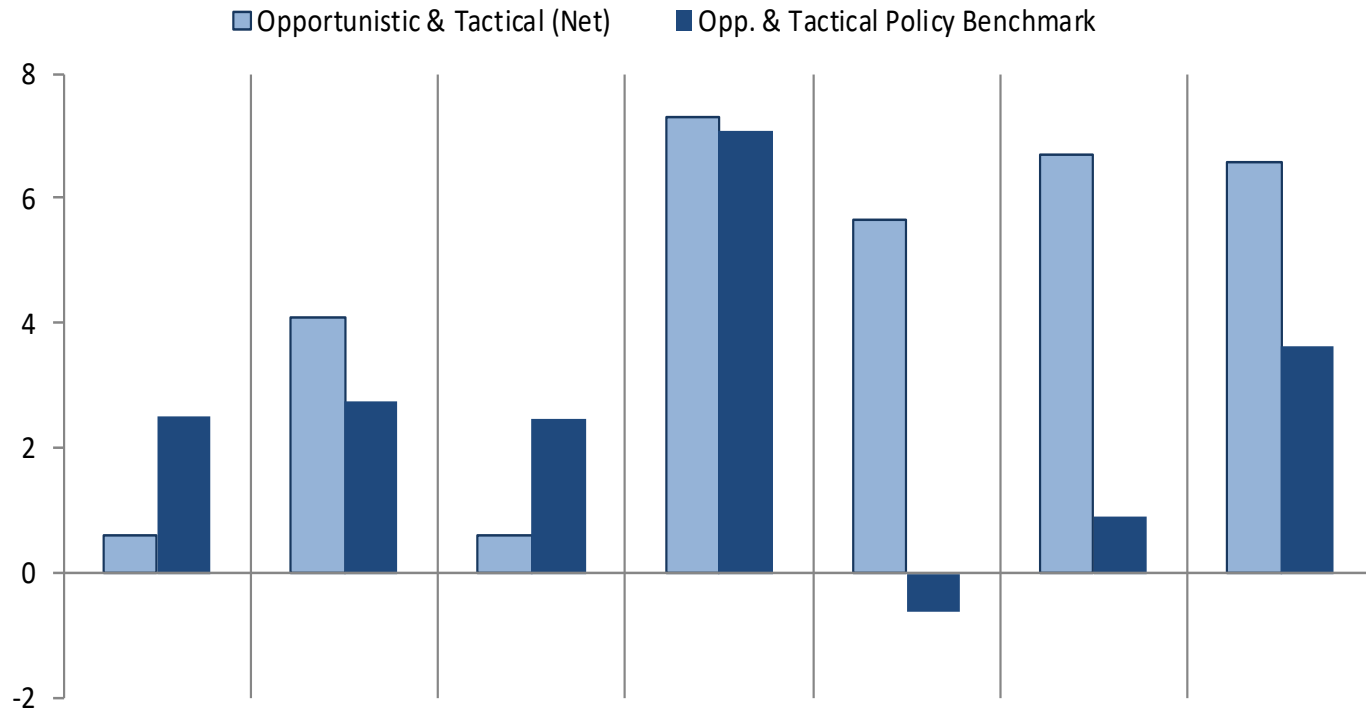
Global Infrastructure performance is reported one quarter in arrears.



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)	0.59	4.66	0.59	8.47	6.82	7.98	8.02
Opportunistic & Tactical (Net)	0.58	4.08	0.58	7.28	5.66	6.69	6.56
Opp. & Tactical Policy Benchmark	2.49	2.76	2.49	7.10	(0.63)	0.89	3.63
	(1.91)	1.32	(1.90)	0.18	6.29	5.80	2.93

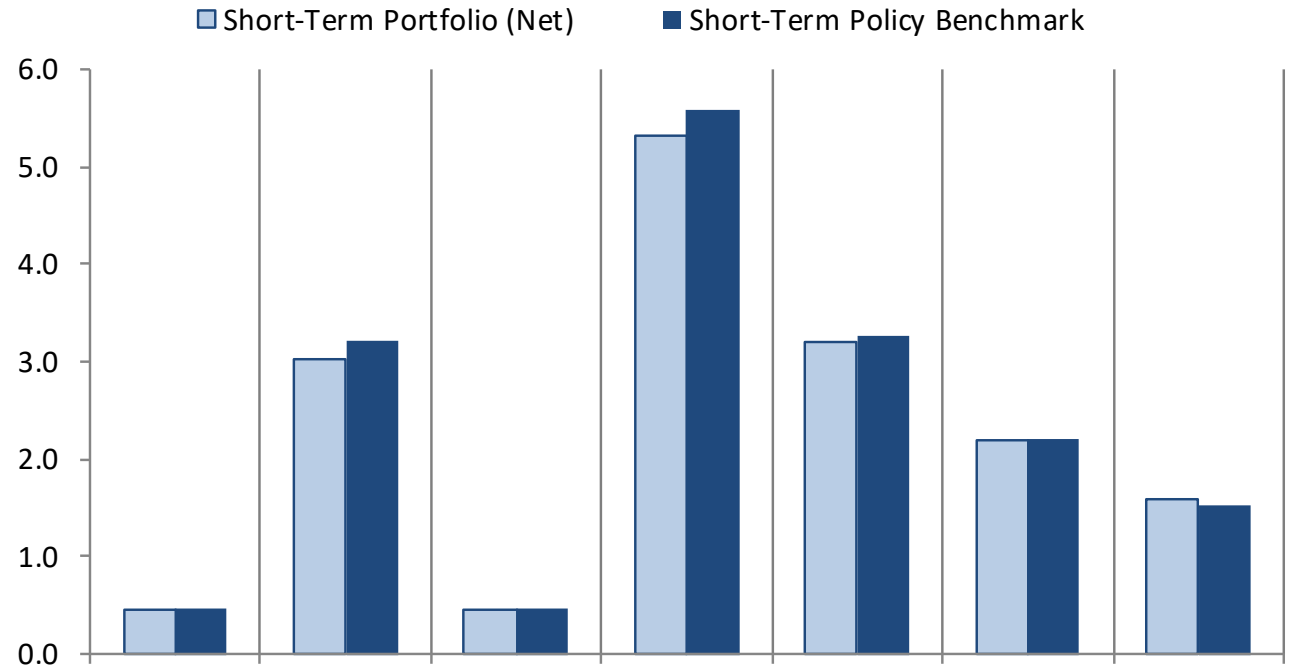
Source: BNY Mellon GRS



Short-Term Performance

Current Benchmark:

FTSE 30 Day Treasury Bill Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.44	3.02	0.44	5.32	3.21	2.20	1.60
Short-Term Portfolio (Net)	0.44	3.02	0.44	5.32	3.21	2.20	1.60
Short-Term Policy Benchmark	0.46	3.20	0.46	5.57	3.27	2.20	1.52
Value Added (Net of Fee)	(0.01)	(0.18)	(0.01)	(0.25)	(0.06)	(0.01)	0.08

Source: BNY Mellon GRS



Overlay Performance

	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Cash Equivalents with Overlays (Net)	0.96	(8.73)	0.96	(8.69)	1.38	1.01	1.49
Short-Term Policy Benchmark	0.46	3.20	0.46	5.57	3.27	2.20	1.52
Value Added (Net of Fee)	0.50	(11.93)	0.50	(14.26)	(1.89)	(1.18)	(0.02)
Short-term Cash w/o Overlays (Net)	0.44	3.02	0.44	5.32	3.21	2.20	1.60
Short-Term Policy Benchmark	0.46	3.20	0.46	5.57	3.27	2.20	1.52
Value Added (Net of Fee)	(0.03)	(0.18)	(0.01)	(0.24)	(0.06)	0.00	0.08
Overlay Cumulative Net Value Added (\$MM)	\$3.2	(\$64.0)	\$3.2	(\$52.1)	(\$8.5)	(\$14.5)	\$20.1



SERS' Investment Portfolios Review

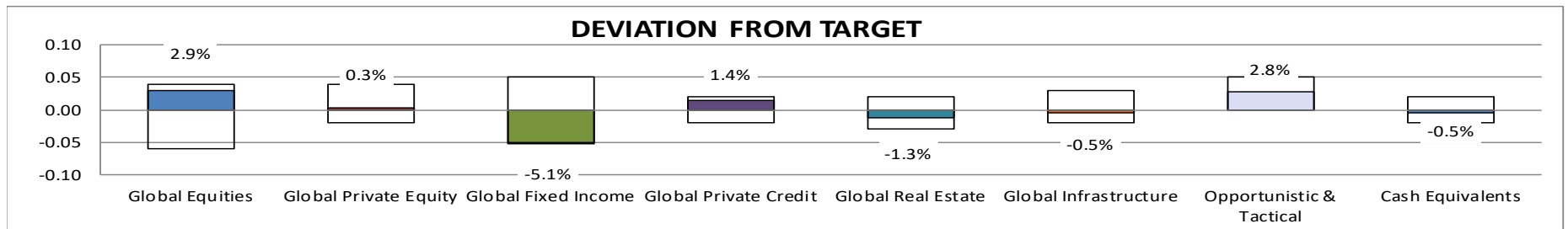
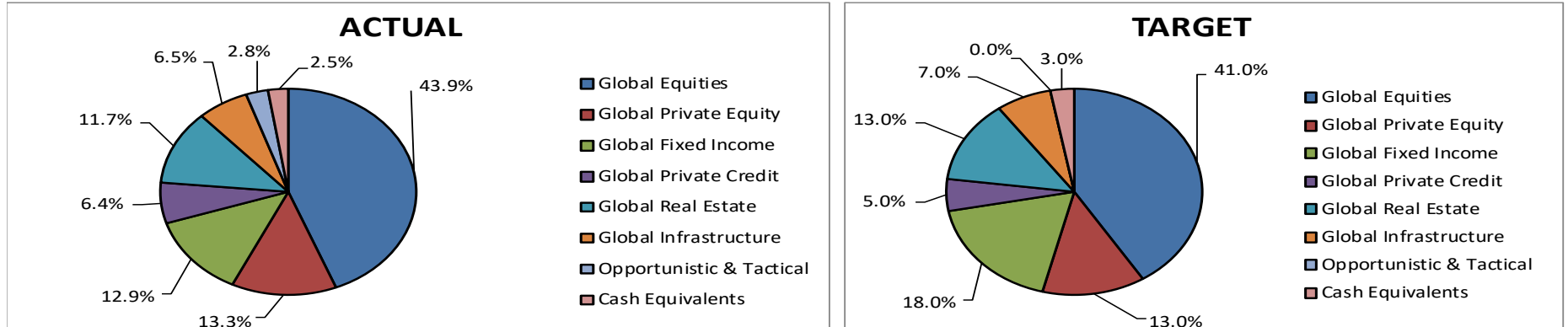
Investment Report | Month Ending: 06/30/2024



Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	8,334,988,161	43.9%	41.0%	35% - 45%
Global Private Equity	2,519,201,833	13.3%	13.0%	11% - 17%
Global Fixed Income	2,441,070,436	12.9%	18.0%	13% - 23%
Global Private Credit	1,210,420,461	6.4%	5.0%	3% - 7%
Global Real Estate	2,223,106,210	11.7%	13.0%	10% - 15%
Global Infrastructure	1,234,690,123	6.5%	7.0%	5% - 10%
Opportunistic & Tactical	530,122,951	2.8%	0.0%	0% - 5%
Cash Equivalents	483,798,818	2.5%	3.0%	1% - 5%
Short-Term	403,137,073	2.1%	2.0%	
Russell EA Overlay	32,371,159	0.2%	0.0%	
Direct Rebalance Overlay	7,640,651	0.0%	0.0%	
Transition / Operational Account	832,811	0.0%	0.0%	
Currency Overlay	39,625,514	0.2%	0.0%	
SERS Cash	191,610	0.0%	0.0%	
Total Fund	18,977,398,993	100.0%	100.0%	

Source: BNY Mellon GRS





Total Fund Change in Net Assets

CHANGE IN NET ASSETS

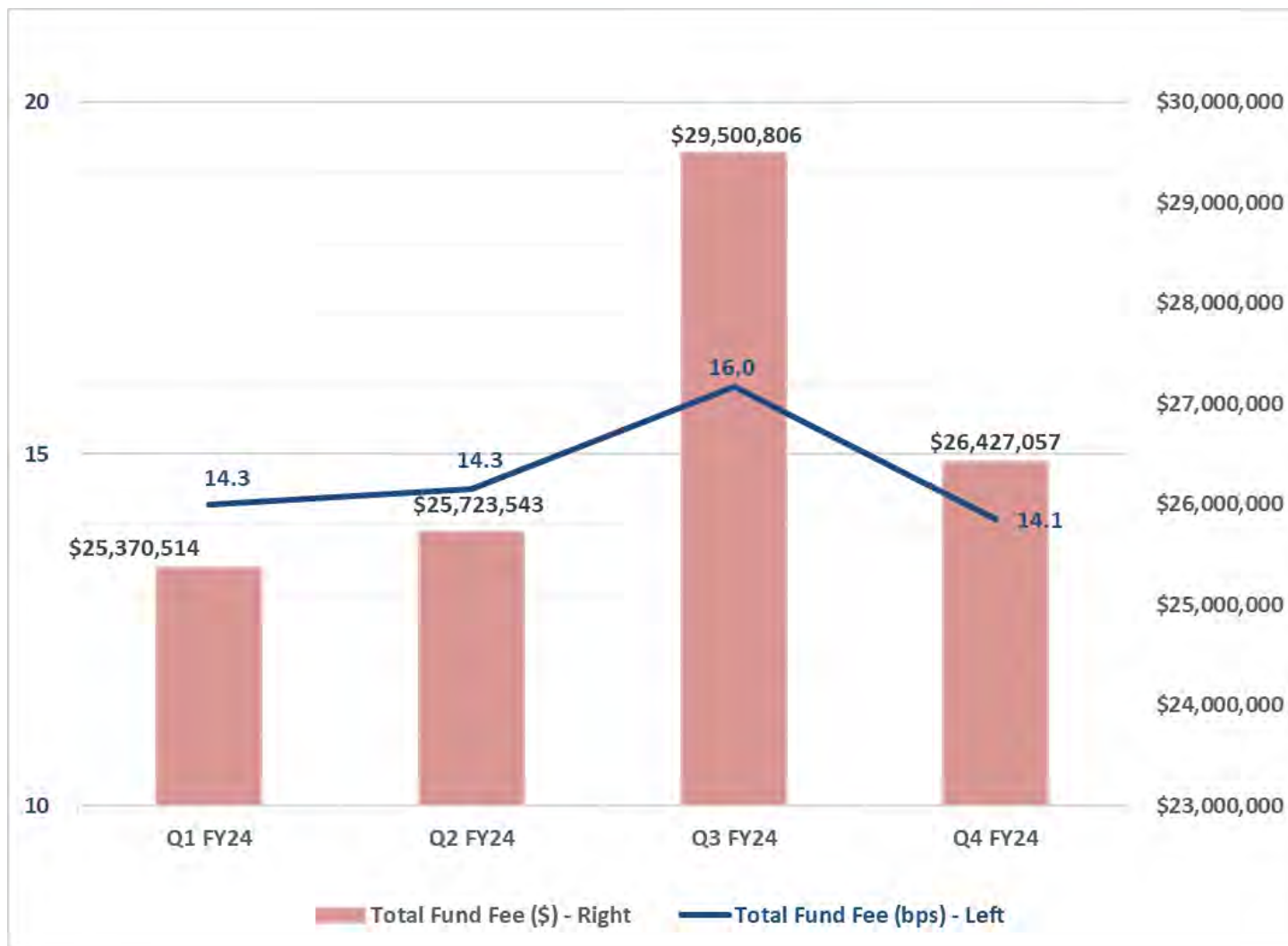
	<i>vs. One Year Ago, since 07/01/2023</i>	<i>vs. Three Years Ago, since 07/01/2021</i>
Beginning Market Value	17,834,826,917	17,766,522,455
Gain/Loss	1,809,101,014	3,169,381,321
Expenses	(116,528,938)	(303,504,784)
Net Transfer	(550,000,000)	(1,655,000,000)
End of Period Market Value	18,977,398,993	18,977,398,993

**Sources of Net Transfer*

<i>Dividends/Interest</i>	227,263,206
<i>Net Distributions</i>	322,736,794
<i>Cash on Hand</i>	Not Required



Total Fund Fees by Quarter

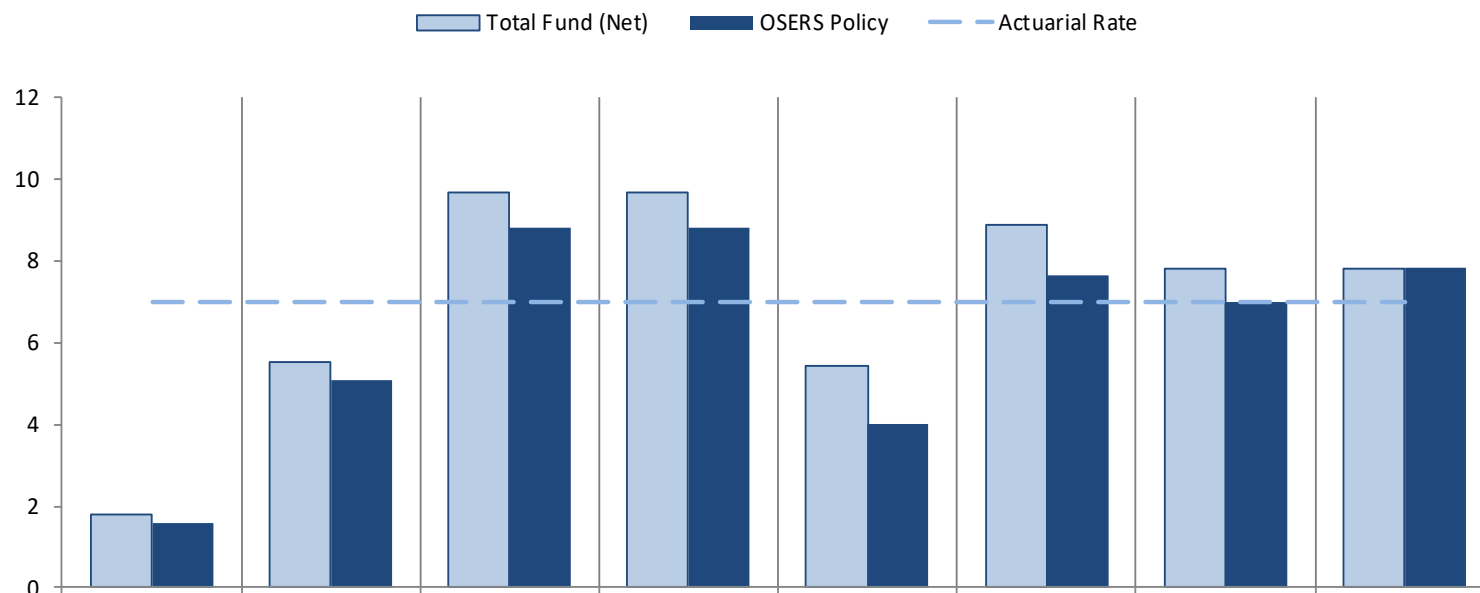




Total Fund Performance

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)

	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	1.95	5.87	10.46	10.46	6.17	9.58	8.51	8.42
Total Fund (Net)	1.78	5.53	9.69	9.69	5.44	8.88	7.82	7.88
OSERS Policy	1.56	5.09	8.79	8.79	4.00	7.66	6.97	7.81
Value Added (Net of Fee)	0.22	0.44	0.90	0.90	1.44	1.21	0.85	0.07
Estimated Cumulative Net Value Added (\$MM)**	\$41.4	\$79.4	\$157.9	\$157.9	\$813.1	\$1,115.5	\$1,628.5	

Source: BNY Mellon GRS

*ITD is Inception date 10/1/1994 (29 years and 9 months)

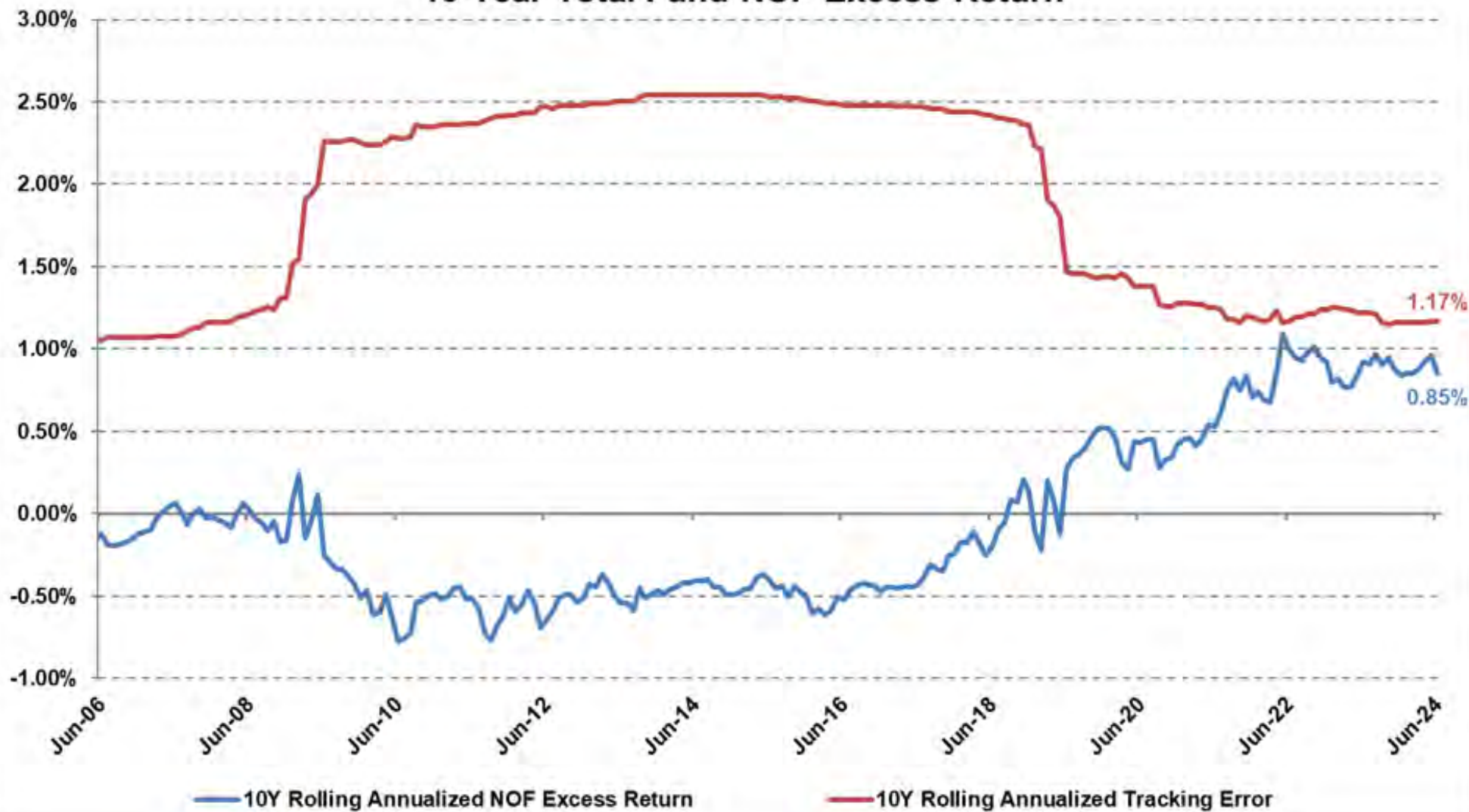
**For each period, calculated as the difference between the actual change in fund assets and the hypothetical change in fund assets under a benchmark-returns scenario.

**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

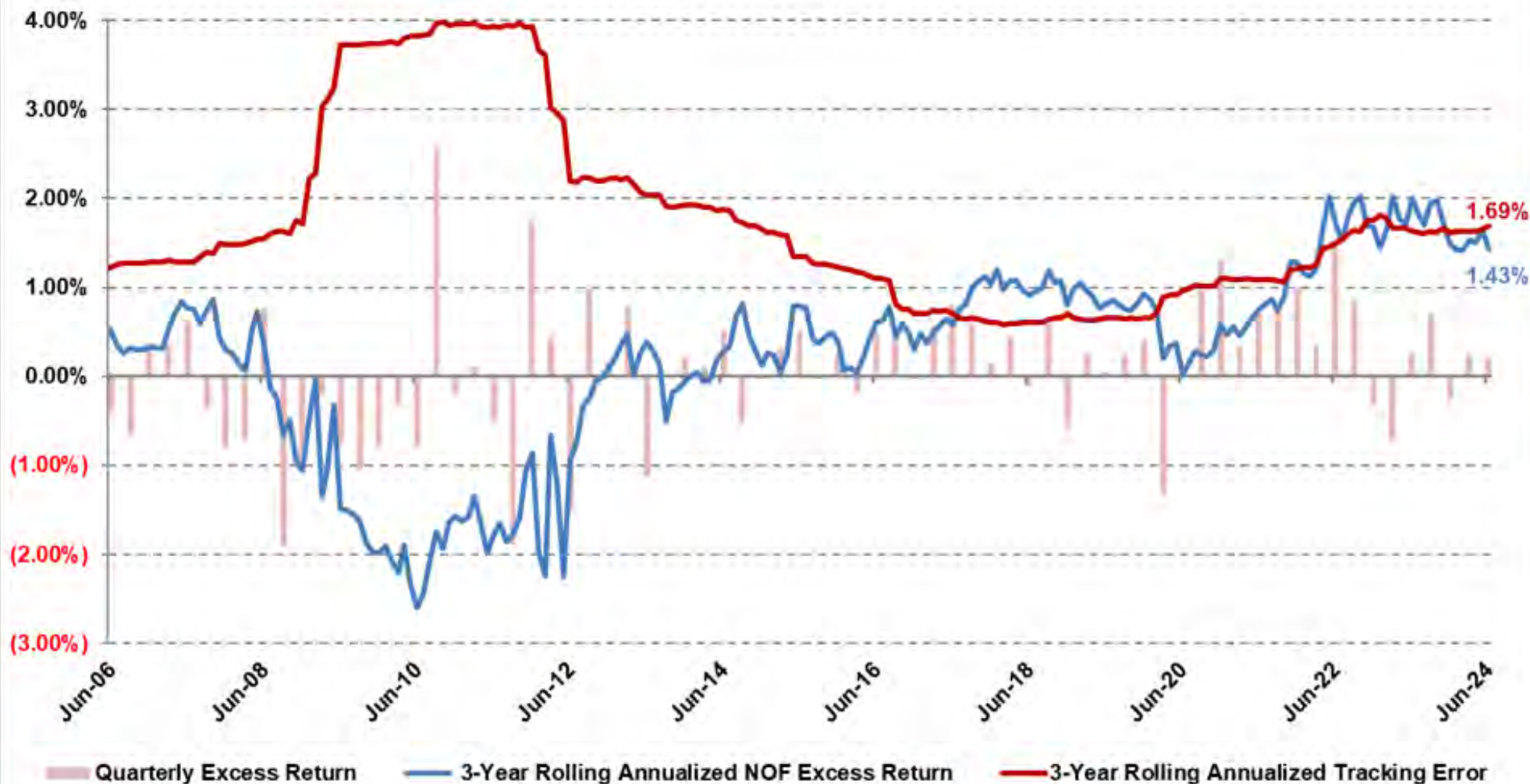
10-Year Total Fund NOF Excess Return





Total Fund Performance

3-Year Total Fund NOF Excess Return





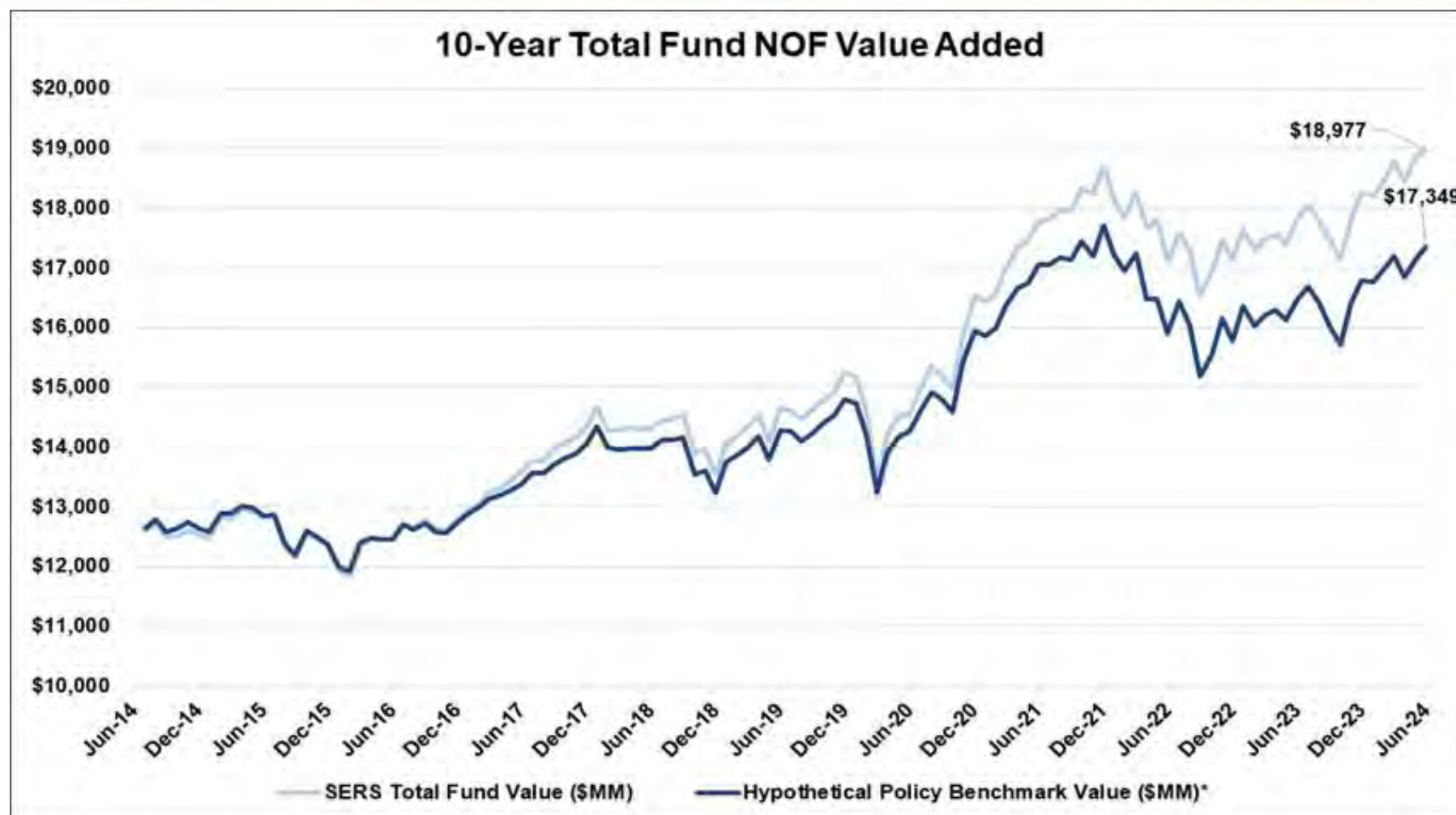
Total Fund Performance

10-Year Total Fund NOF Total Return





Total Fund Performance



Fiscal Year Net Excess Return (%)									
FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
(0.22)	0.33	1.50	0.86	0.06	(0.64)	2.66	3.01	0.23	0.90

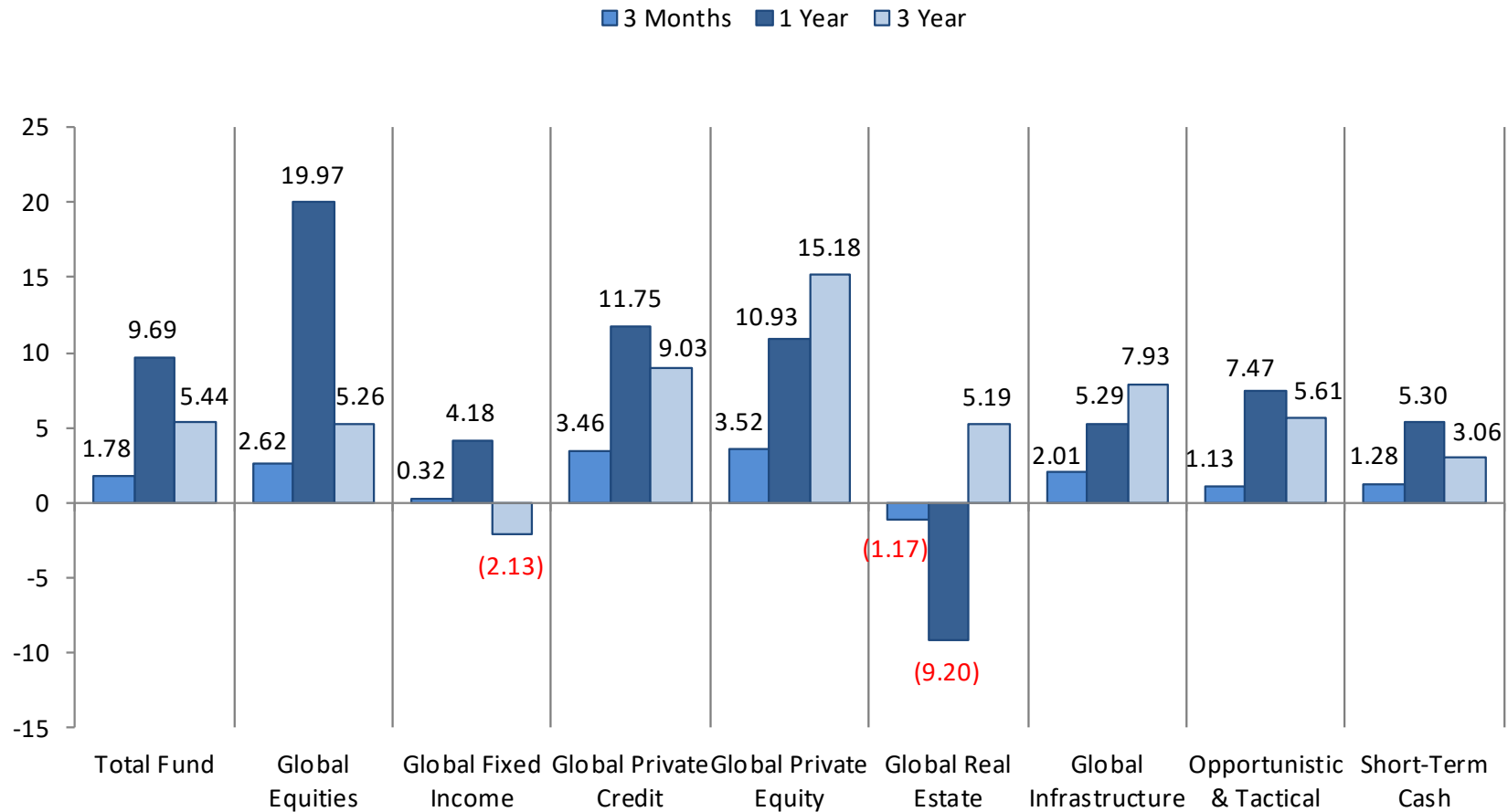
Source: BNY Mellon GRS

*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 and Asset Class Performance (Net)



Source: BNY Mellon GRS

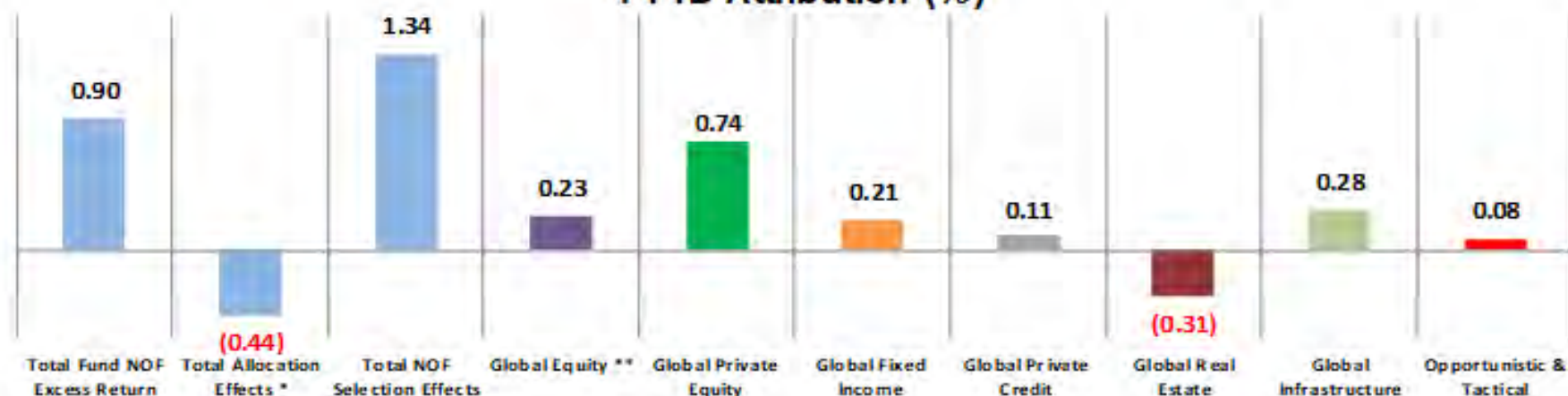


Total Fund Attribution

3 Month Attribution (%)



FYTD Attribution (%)

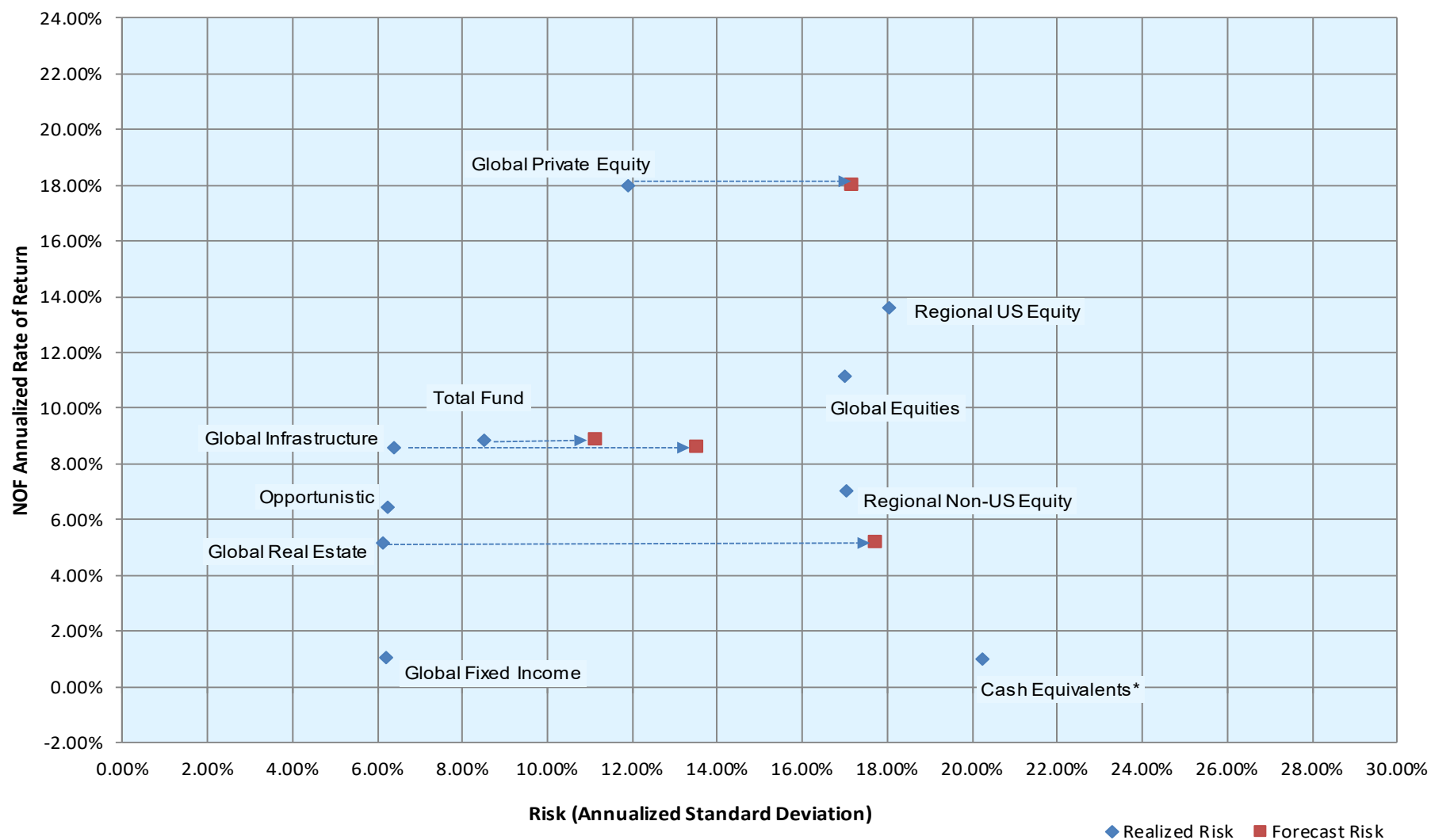


* Total Allocation Effects include net contributions from the Enhanced Asset Allocation, Direct Rebalance and Currency Overlay Programs

** Global Equity includes Global, US Equity, Non-US Equity Developed Market and Non-US Equity Emerging Market Portfolios



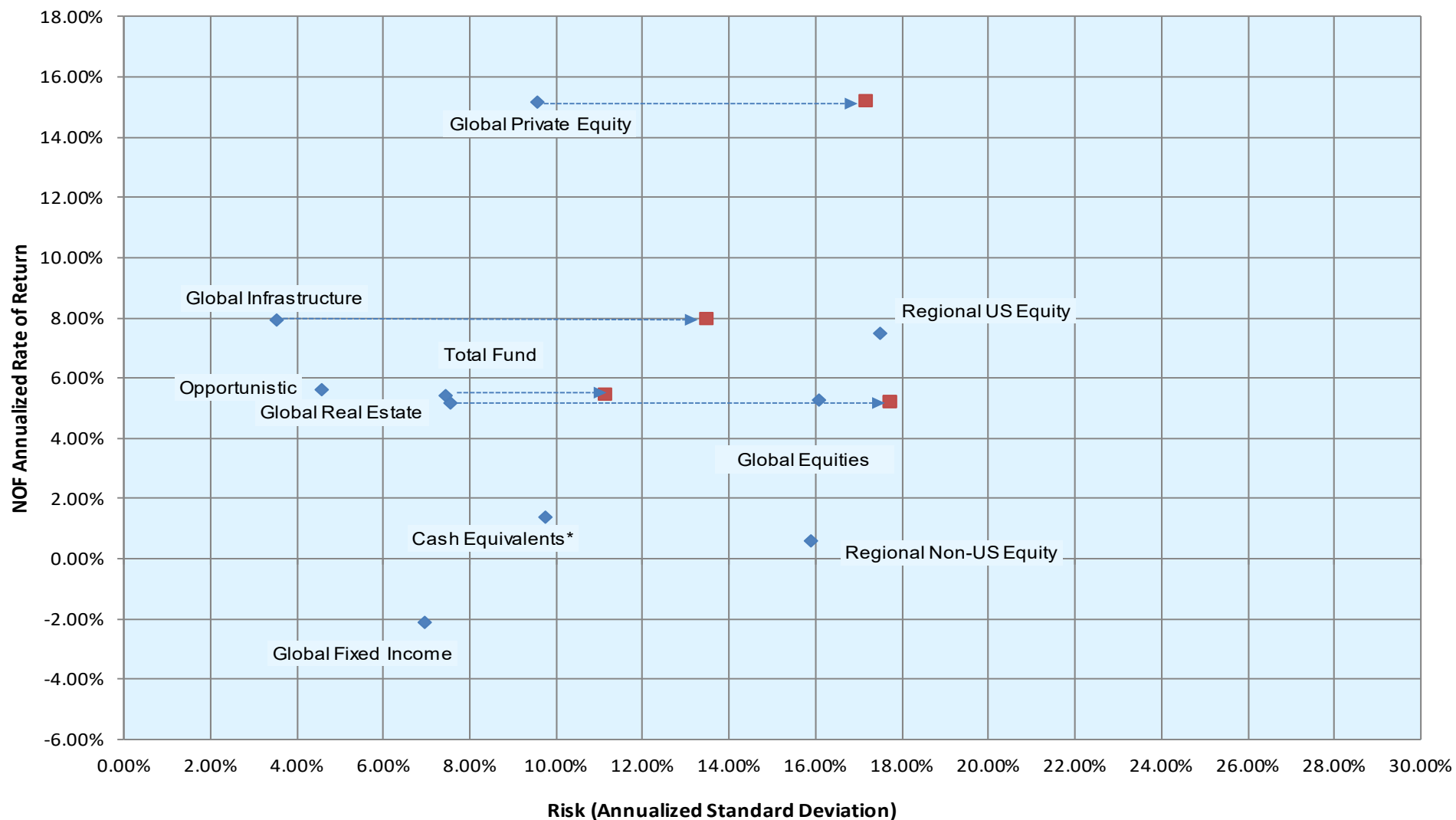
5 Year Risk and Return



*Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay



3 Year Risk and Return



*Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay

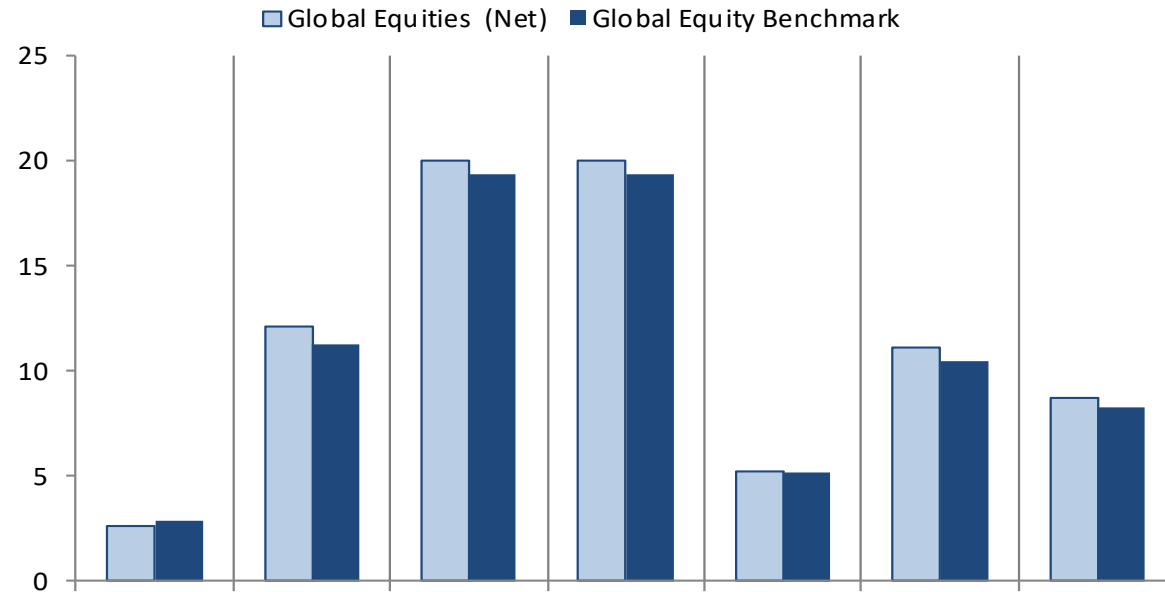
◆ Realized Risk ■ Forecast Risk



Global Equities Performance

Current Benchmark:

MSCI ACWI (Net Dividends)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	2.69	12.29	20.39	20.39	5.59	11.46	9.03
Global Equities (Net)	2.62	12.07	19.97	19.97	5.26	11.13	8.69
Global Equity Benchmark	2.87	11.30	19.38	19.38	5.15	10.45	8.30
Value Added (Net of Fee)	(0.25)	0.77	0.60	0.60	0.11	0.67	0.40
Regional US Equity	3.12	13.42	22.37	22.37	7.50	13.60	11.48
Russell 3000 Index	3.22	13.56	23.13	23.13	8.05	14.14	12.15
Value Added (Net of Fee)	(0.10)	(0.13)	(0.76)	(0.76)	(0.55)	(0.54)	(0.67)
Regional Non-US Equity	1.44	6.34	11.50	11.50	0.60	7.03	5.11
Custom Non-US Equity BM	0.96	5.69	11.62	11.62	0.38	5.49	3.82
Value Added (Net of Fee)	0.48	0.65	(0.12)	(0.12)	0.22	1.53	1.30

Source: BNY Mellon GRS

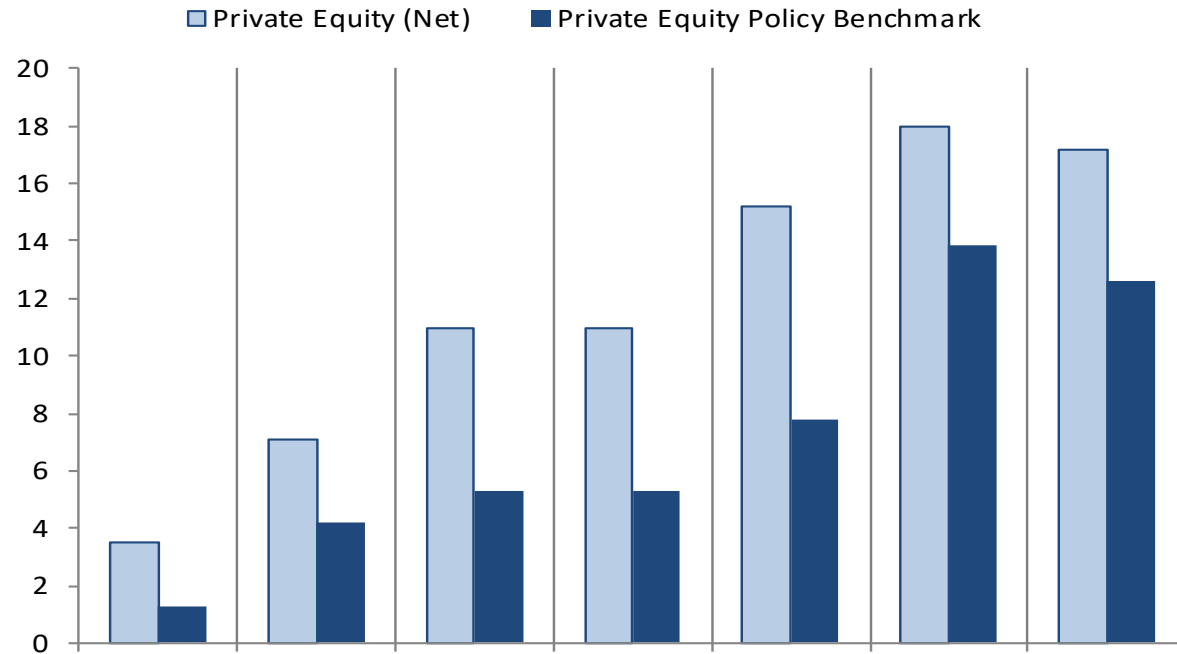


Global Private Equity Performance

Results as of: 06/30/2024

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	3.88	7.70	12.90	12.90	17.04	19.83	18.87
Private Equity (Net)	3.52	7.07	10.93	10.93	15.18	17.97	17.18
Private Equity Policy Benchmark	1.27	4.22	5.28	5.28	7.80	13.86	12.64
Value Added (Net of Fee)	2.26	2.85	5.65	5.65	7.38	4.12	4.54

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.



Public vs Private Equity Performance (Net)

Public vs Private Equity - Performance (Net)

	3 Year	5 Year	10 Year
Regional US Equity	7.50	13.60	11.48
Global Equity	5.26	11.13	8.69
Private Equity	15.18	17.97	17.18

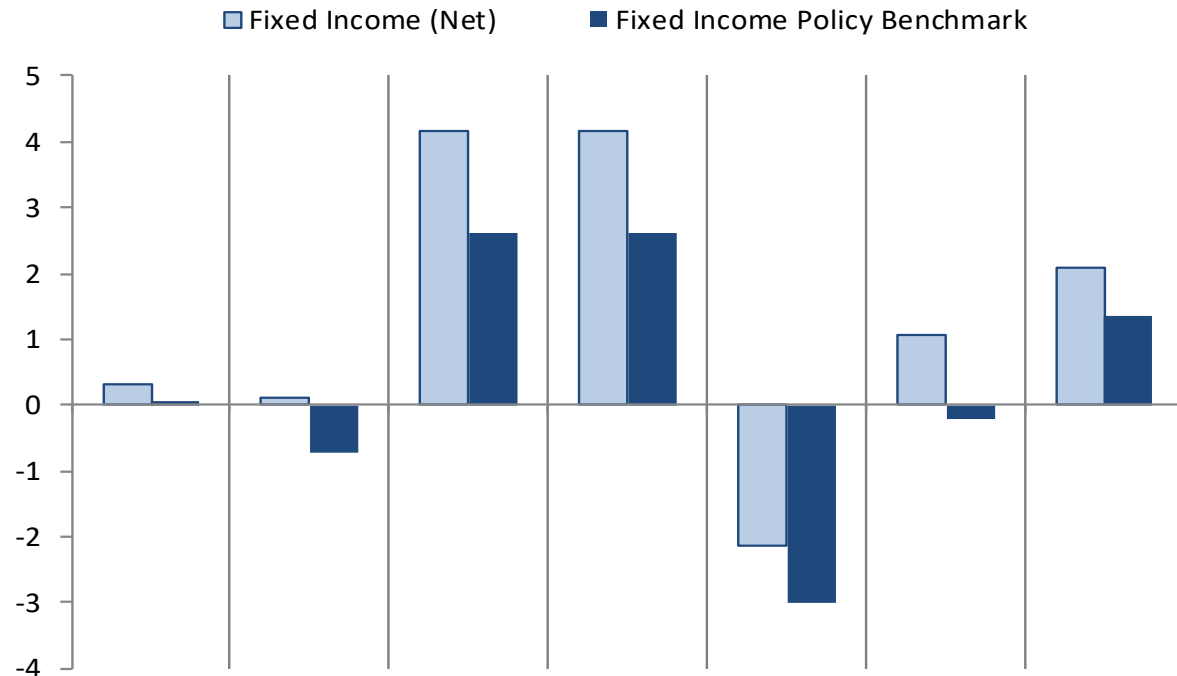
* Private Equity returns are lagged one quarter



Global Fixed Income Performance

Current Benchmark:

Bloomberg Aggregate Bond Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	0.38	0.22	4.45	4.45	(1.87)	1.33	2.34
Fixed Income (Net)	0.32	0.10	4.18	4.18	(2.13)	1.07	2.10
Fixed Income Policy Benchmark	0.07	(0.71)	2.63	2.63	(3.02)	(0.23)	1.35
Value Added (Net of Fee)	0.25	0.81	1.55	1.55	0.89	1.30	0.75

Source: BNY Mellon GRS

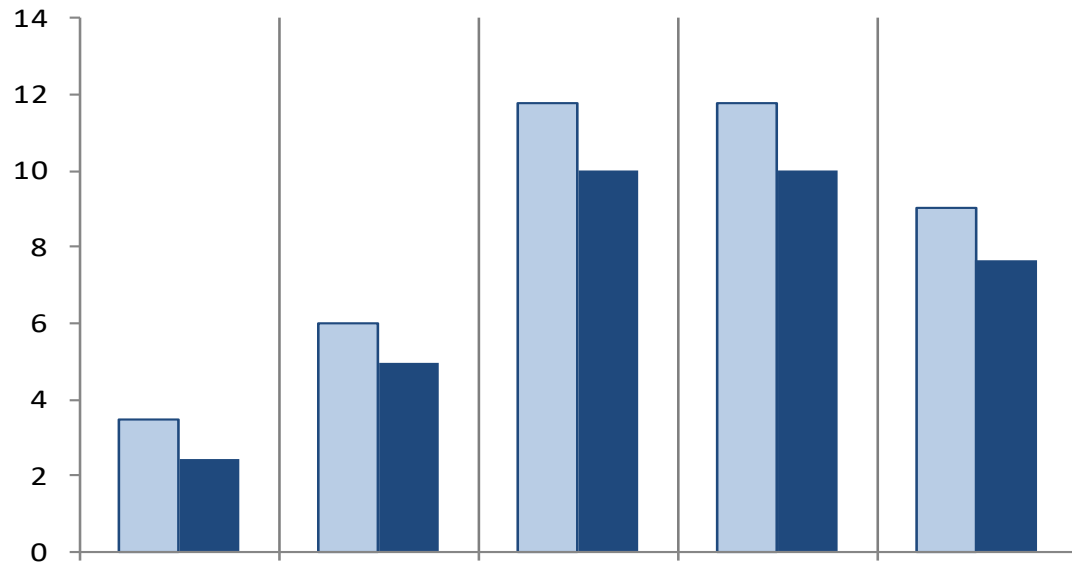


Global Private Credit Performance

Global Private Credit (Net) Global Private Credit Policy Benchmark

Current Benchmark:

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



	Qtr	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	3.89	6.78	13.40	13.40	10.52
Global Private Credit (Net)	3.46	6.00	11.75	11.75	9.03
Global Private Credit Policy Benchmark	2.44	4.96	10.02	10.02	7.64
Value Added (Net of Fee)	1.02	1.04	1.74	1.74	1.39

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

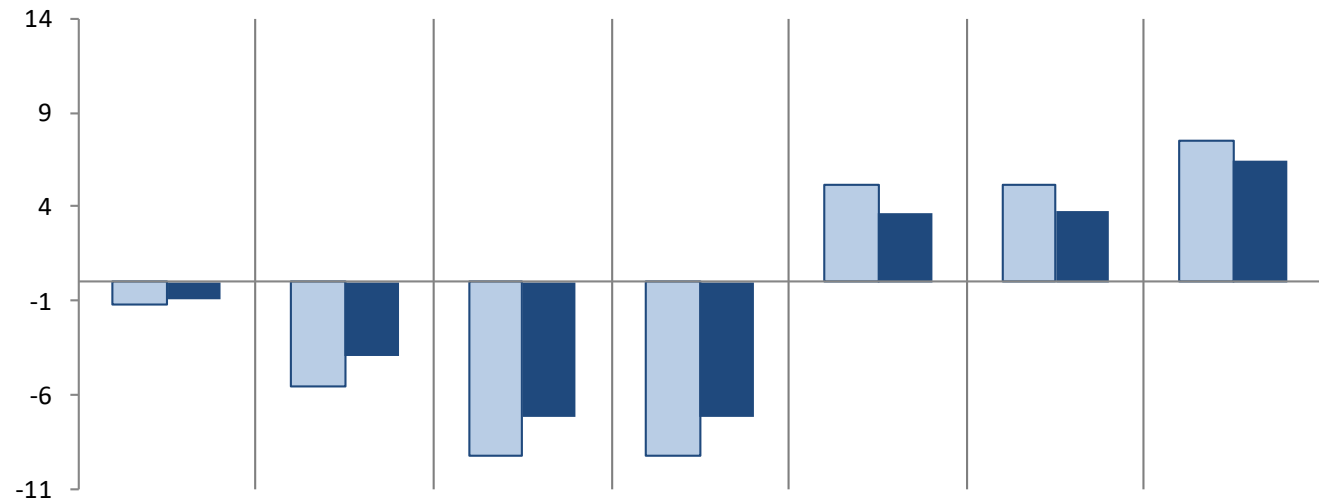
Results as of: 06/30/2024

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)	(0.95)	(5.17)	(8.47)	(8.47)	6.16	6.05	8.49
Real Estate Portfolio (Net)	(1.17)	(5.55)	(9.20)	(9.20)	5.19	5.14	7.48
Real Estate Policy Benchmark	(0.92)	(3.92)	(7.11)	(7.11)	3.66	3.77	6.41
Real Estate Value Added (NOF)	(0.24)	(1.64)	(2.10)	(2.10)	1.54	1.37	1.07
Real Estate Core (Net)	(1.06)	(5.69)	(9.47)	(9.47)	6.12	5.72	7.80
Real Estate Policy Benchmark	(0.92)	(3.92)	(7.11)	(7.11)	3.66	3.77	6.41
Real Estate Core Value Added (NOF)	(0.14)	(1.78)	(2.37)	(2.37)	2.46	1.95	1.39
Real Estate Non-Core (Net)	(2.11)	(5.26)	(9.00)	(9.00)	2.14	2.96	6.65
Real Estate Policy Benchmark	(0.92)	(3.92)	(7.11)	(7.11)	3.66	3.77	6.41
Real Estate Non-Core Value Added (NOF)	(1.18)	(1.34)	(1.90)	(1.90)	(1.51)	(0.81)	0.23

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.

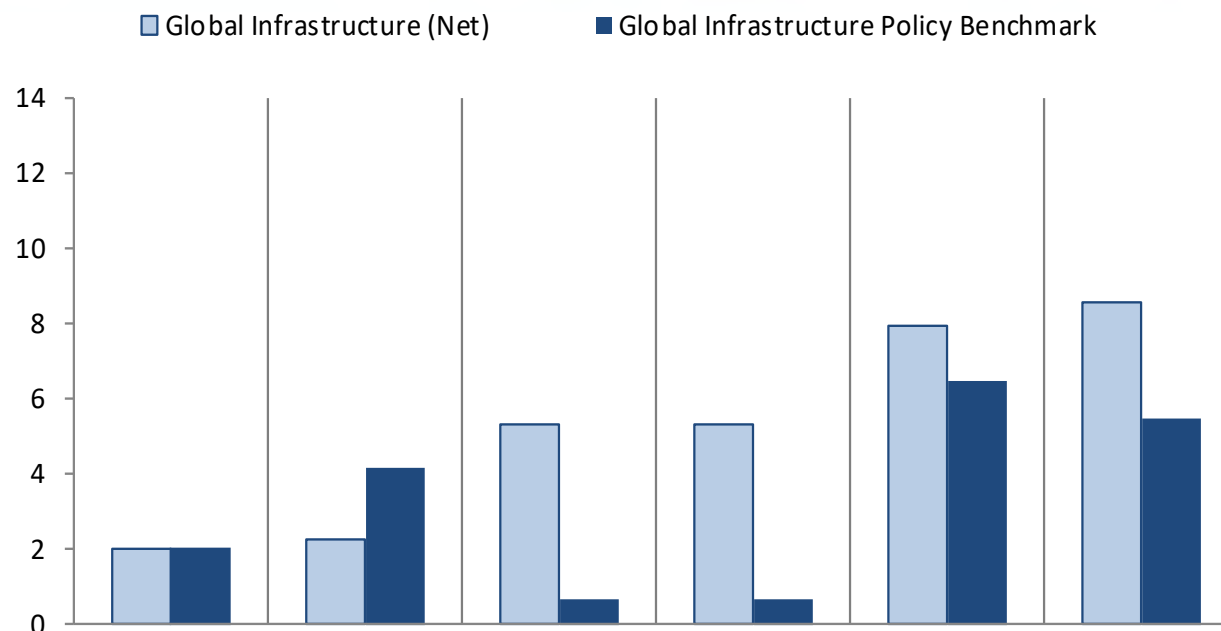


Global Infrastructure Performance

Results as of: 06/30/2024

Current Benchmark:

Quarterly (4 qtrs.) smoothed CPI
+1.20% per quarter



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Global Infrastructure (Gross)	2.31	2.76	6.28	6.28	8.82	9.34
Global Infrastructure (Net)	2.01	2.27	5.29	5.29	7.93	8.57
Global Infrastructure Policy Benchmark	2.04	4.13	0.67	0.67	6.47	5.45
Global Infrastructure Value Added (NOF)	(0.04)	(1.86)	4.62	4.62	1.46	3.12

Source: BNY Mellon GRS

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

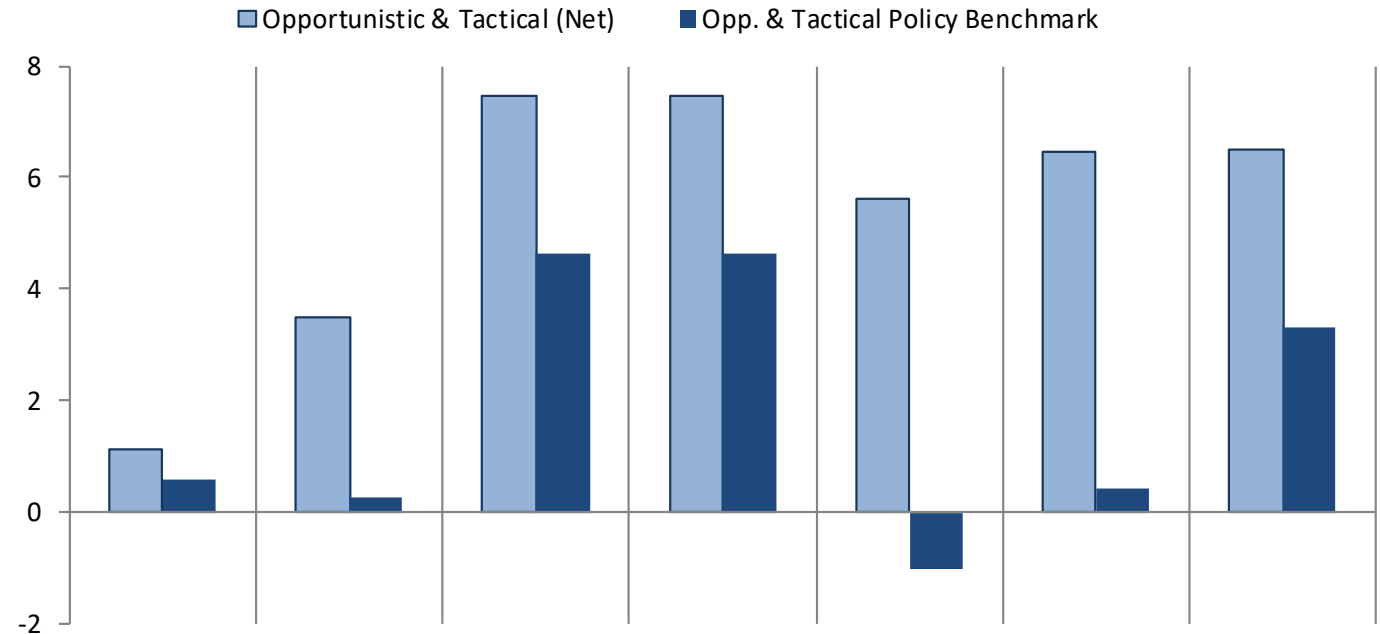
Global Infrastructure performance is reported one quarter in arrears.



Opportunistic & Tactical Performance

Current Benchmark:

*Bloomberg Aggregate
Bond Index + 2%*



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Opportunistic & Tactical (Gross)	1.43	4.05	8.66	8.66	6.77	7.79	7.98
Opportunistic & Tactical (Net)	1.13	3.48	7.47	7.47	5.61	6.47	6.50
Opp. & Tactical Policy Benchmark	0.58	0.27	4.63	4.63	(1.02)	0.42	3.31
	0.55	3.21	2.84	2.84	6.63	6.05	3.19

Source: BNY Mellon GRS



Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review - Private Equity
- Investment report and economic update for the period ended August 31, 2024

Memo

To: SERS Retirement Board
From: Richard Stensrud
CC: Karen Roggenkamp, Joe Marotta
Date: September 14, 2024
Re: COLA Parameters

Every fall the SERS Board determines what the Cost of Living Adjustment (COLA) will be for the next calendar year for the pension benefits SERS provides to retirees. Given the importance of the COLA both to SERS' retirees and the long term sustainability of the pension fund, as prudent fiduciaries the Board takes into account a number of variables in determining the COLA for the upcoming year. This memorandum will outline those variables for the purpose of assisting the Board in making future COLA determinations and providing transparency for stakeholders into the basis for the Board's decision.

Discussion:

As described below, under the governing law the SERS Board has wide discretion with respect to setting the COLA. The discussion in this memorandum is not intended to curtail or limit that discretion, but rather, to support that discretion by noting the factors that the Board will consider in exercising the discretion.

Under the COLA statute, the Consumer Price Index (CPI) for the previous year is a starting point consideration in the COLA determination, but it does not control what the COLA will be. Instead, the statute provides that the Board can authorize a COLA that is below the CPI if SERS' actuary attests that doing so is advisable to protect the fiscal integrity of the pension fund. Impairment to the fiscal integrity of the pension fund can mean negative impact on any or all of the pension fund's funded status, amortization period, and cash flow.

Under the statute the Board can also authorize a COLA that is above the CPI if the actuary attests that doing so will not materially impair the fiscal integrity of the pension fund. As noted above, impairment to the fiscal integrity of the fund can include negative impact on the pension fund's funded status, amortization period or cash flow.

The COLA statute also establishes a 2.5% ceiling on the COLA that can be provided. This is subject to the same discretion and impact considerations noted above.

In sum, therefore, consideration of any potential COLA will include assessment of its impact on:

- The funded ratio of the plan;
- The amortization period for retiring any unfunded liability; and
- The cash flow of the plan (i.e., the income derived from contributions and investment returns compared to the outgoing payment of benefits).

Investment experience is a critical consideration in assessing the health and resiliency of a pension fund as it has a substantial impact on the funded ratio, the amortization period, and the cash flow.

- Investment experience is considered in absolute terms – i.e., what the return was – and also relative to the investment return assumption used for actuarial purposes – currently 7%.
- Investment experience is also considered retrospectively – i.e., what it has been previously – and prospectively – i.e., what it might be in the future.
- And investment experience is considered in both shorter time periods – e.g., one year – and longer time periods – e.g., the four-year smoothing period used for actuarial purposes.

Investment experience above the investment return assumption results in an actuarial gain which will have a positive impact on funded status and the amortization period. Investment experience below the investment return assumption will result in an actuarial loss which has a negative impact on the funded status and the amortization period.

Taken together, assessment of the impact of investment experience on the COLA determination will include the following considerations:

- Is the investment return for the year just ended above the investment return assumption?
- Is the investment return for the four-year smoothing period above the investment return assumption?
- Will the investment experience that will be smoothed in over the following three years push upward or downward on the funded ratio?
- Is the investment experience for the ten-year period above the investment return assumption?
- Is the investment experience for the year just ended above 0%?
- Is the forward-looking investment experience projected to be above or below the investment return assumption?

Another consideration is the actuarial assumption used in determining future expected COLAs. Currently the actuary assumes that future COLAs will be 2%. Accordingly, a COLA greater than 2% will result in an actuarial loss, and a COLA less than 2% will result

in an actuarial gain. As previously noted, an actuarial gain will have a positive impact on funded status and the amortization period and an actuarial loss will have a negative impact on funded status and the amortization period.

Finally, the Board may consider:

- Whether the pension fund must be and remain at or above a given funded ratio in order to provide a COLA.
- Whether the amortization period for the pension fund must be and remain at or below a given time period in order to provide a COLA.
- Whether the level of negative cash flow of the pension fund must be and remain at or below a given level.

Conclusion:

In making the COLA determination, the Board assesses the factors and considerations noted above collectively. The weight or importance of any single factor or consideration will be determined by the Board based on the Board's assessment of the prevailing circumstances, long term sustainability of the pension fund and fairness to SERS' retirees.

Memo

To: Retirement Board

From: Richard Stensrud

CC: Karen Roggenkamp

Date: September 6, 2024

Re: 2025 COLA Discussion

This memorandum and the enclosed spreadsheets provide information for your consideration with respect to a possible decision at the September Board Meeting regarding the retiree cost-of-living adjustment (COLA) for 2025.

As you know, under the COLA statute the SERS Board has wide discretion with respect to setting the COLA. The Consumer Price Index (CPI) for the previous year is a consideration, but it does not control or determine what the COLA will be. Instead, the Board has the ability to provide a COLA that is below the CPI if the actuary attests that doing so is advisable to protect the fiscal integrity of the pension fund, and the Board has the ability to provide a COLA that is above the CPI if the actuary attests that doing so will not materially impair the fiscal integrity of the pension fund. While the statute places a 2.5% cap on the potential COLA, the actuarial assumption for the COLA is 2%, which means that any COLA above 2% will result in an actuarial loss which will apply downward pressure on funded status.

The June-to-June 2024 change in CPI-W was 2.9%.

Given the importance of fiscal impact on your COLA decision, SERS' actuary, CavMac, has provided information on the projected impact on the pension fund of different possible COLAs combined with different possible investment returns. That information, which is similar to what was prepared for previous COLA decisions, is contained in the attached Excel spreadsheets.

The first spreadsheet (tab 1) shows how the projected funded ratio, total benefit payment level, and cash flow on June 30, 2025 would be impacted by a COLA in 2025 ranging from 0% to 2.50% combined with investment returns for the year ranging from 0% to 7% (the investment return assumption). In other words, this data shows the projected short-term impact of different possible COLAs.

The second spreadsheet (tab 2) shows the projected longer-term impact of several possible COLAs on the funded ratio. It assumes that the 7% investment return assumption will be met over the period.

Both spreadsheets incorporate the 9.61% investment return for the 23-24 fiscal year, as well as the 2.5% COLA that was provided in 2024. Please note that the estimated funded ratio as of June 30, 2024 is 79.8%, which represents an increase from the 76.61% funded ratio as of June 30, 2023.

The first spreadsheet shows the following with respect to funded ratio:

- The highest projected funded ratio – 80.55% -- would be reached with a 0% COLA and a 7% investment return.
- The lowest projected funded ratio – 78.54% --would occur with a 2.5% COLA and a 0% investment return.
- For each increase in the COLA of 0.25%, the funded ratio declines by approximately 0.06% to 0.07%.
- The projected funded ratio will go up by 0.19% to 0.20% for each 1% of investment return above 0%.
- The projected funded ratio will decrease by 0.19% to 0.20% for each 1% of investment return below 0%.

A similar pattern and level of change is seen with respect to total benefit payments and cash flow impact:

- The base benefit payroll (i.e., before any COLA) is approximately \$1.557 billion.
- For each 0.25% increase in the COLA, the benefit payments increase by approximately \$407,305.
- A 2.0% COLA will increase benefit payments by \$3,258,440. A 2.5% COLA will increase benefit payments by \$4,073,050, meaning that the benefit payments will increase by \$814,610 with a 2.5% COLA compared to a 2.0% COLA.
- The negative cash flow increases as benefit payments increase but the negative cash flow percentage (the percentage of cash flow relative to the market value of assets) only increases by 0% to 0.01% for each 0.25% increase in the COLA.
- The lowest negative cash flow percentage (-2.59%) would be under the 0% COLA/7% return combination.
- The highest negative cash flow percentage (-2.8%) would be under the 2.5% COLA/0% return combination.
- Please note the negative cash flow percentage has improved compared to last year. Last year the lowest negative cash flow percentage was -2.93% and the highest negative cash flow percentage was -3.16%.
- The actuary generally considers a negative cash flow percentage greater than -4% as warranting attention.

The second spreadsheet shows that over the longer time period:

- For 2025, the funded ratio decreases by approximately 0.06% to 0.07% for each 0.25% increase in the COLA above 2.0%. As previously noted, 2.0% is the COLA assumption used for valuation purposes.
- The amortization period is projected to be 16 years as of June 30, 2025 (100% funded in 2040) if a COLA between 2.0% and 2.5% is provided in 2025.

As previously noted, the estimated 2024 funding ratio of the pension fund is 79.8% compared to 76.61% in 2023. The reason the funded ratio has increased more than might be expected is largely due to a change in the assumption used by the actuary in allocating the employer pension contribution as the funding ratio improves.

Under SERS' Funding Policy, once the funded ratio of the Basic Benefits exceeds 90%, the Board has the discretion to allocate to the Health Care Fund any amount of the employer pension contribution that is not necessary to fund Basic Benefits. In the 2023 analysis, CavMac assumed that upon reaching a 90% funded ratio the Board would allocate the entire amount not needed to fund Basic Benefits to Health Care. In this year's analysis, once the funded ratio is at or above 90%, CavMac is assuming the Board would only allocate up to a maximum of 4% to the Health Care Fund, with the remaining 10% of the employer contribution continuing to fund Basic Benefits. This will result in the projected funded ratio of Basic Benefits eventually exceeding 100%, thereby: (a) Shortening the amortization period to reach a 100% funded ratio; (b) Increasing the funded ratio ceiling; and (c) Providing funding insulation to protect against future poor investment performance.

Finally, there is another factor that could impact the Board's determination of the COLA for 2025: At the September Board Meeting the Board will also be called up to determine if you wish to allocate up to 0.50% of the employer pension contribution to the Health Care Fund. Factors the Board may want to consider in that regard include:

- Unlike the Pension Fund, the Health Care Fund does not smooth investment returns over a four-year period. Rather, the return for each year is immediately recognized. Accordingly, the 9.61% return for the past year will be fully integrated into the Health Care Fund valuation as of June 30, 2024.
- The funded ratio of the Health Care Fund is projected to increase with an estimated 2024 funding ratio of 47.3% compared to 45.3% in 2023.
- The solvency period for the Health Care Fund is projected to increase to 40 years (2063).
- The Health Care Fund remains strong relative to historic levels.
- Any funding that moves from the Pension Fund to the Health Care Fund will impact the long-term sustainability of the Pension Fund, including the ability to provide COLAs in the future.

Finally, please note that STRS provided a one-time COLA of 1% in 2024 and has not announced a COLA for 2025. Most OPERS retirees will receive a 2.9% COLA in 2025 as their COLA has a 3.0% ceiling.

I hope this information is helpful. Please let me know if you have any questions.

Memorandum



CavMac

To: Board of Trustees, School Employee Retirement System of Ohio (SERS)
From: Todd Green, John Garrett
Date: 8/29/2024
Re: Board Consideration of 2025 Annual Cost of Living Adjustments (COLA) Rate

Under Ohio Revised Code 3309.374, the retirement board may annually increase each allowance, pension, or benefit payable under this chapter by the percentage increase, if any, in the consumer price index, not to exceed 2.5%, as determined by the United States bureau of labor statistics (U.S. city average for urban wage earners and clerical workers (CPI-W)) for the twelve-month period ending on the 30th day of June of the immediately preceding calendar year. For the twelve-month period ended June 30, 2024 CPI-W increased 2.9%. Please note, the assumed COLA for valuation purposes is 2.0% and granting a COLA above the assumed rate will increase the actuarial liability of the System greater than the expected amount. However, we have considered various rates of increase in eligible retirement benefit amounts up to 2.5% and find that, in our opinion, a COLA in the 2025 calendar year of 2.5% for eligible retirees and beneficiaries would not result in a material impairment of the actuarial soundness, nor the fiscal integrity, of the System.

We look forward to addressing any questions the Board may have.

Ohio School Employees' Retirement System

COLA Scenario Impact on June 30, 2025 Valuation

- Reflects 9.61% Rate of Return on Market Value of Assets for Year Ended June 30, 2024, 2.5% COLA for 2024 Calendar Year and 14% Employer Contribution for Plan Year Ended 2025
- Estimated Funded Ratio as of June 30, 2024 is 79.8%

2024/2025	Projected Results	2025 COLA										
Market Value Return	June 30, 2025	0%	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
0%	Funded Ratio	79.20%	79.14%	79.07%	79.00%	78.94%	78.87%	78.80%	78.74%	78.67%	78.60%	78.54%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.78%	-2.78%	-2.78%	-2.78%	-2.78%	-2.79%	-2.79%	-2.79%	-2.79%	-2.80%	-2.80%
1%	Funded Ratio	79.39%	79.33%	79.26%	79.19%	79.13%	79.06%	78.99%	78.93%	78.86%	78.80%	78.73%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.75%	-2.75%	-2.75%	-2.75%	-2.76%	-2.76%	-2.76%	-2.76%	-2.77%	-2.77%	-2.77%
2%	Funded Ratio	79.59%	79.52%	79.45%	79.39%	79.32%	79.25%	79.19%	79.12%	79.05%	78.99%	78.92%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.72%	-2.72%	-2.72%	-2.73%	-2.73%	-2.73%	-2.73%	-2.74%	-2.74%	-2.74%	-2.74%
3%	Funded Ratio	79.78%	79.71%	79.65%	79.58%	79.51%	79.44%	79.38%	79.31%	79.25%	79.18%	79.11%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.69%	-2.70%	-2.70%	-2.70%	-2.70%	-2.70%	-2.71%	-2.71%	-2.71%	-2.71%	-2.72%
4%	Funded Ratio	79.97%	79.91%	79.84%	79.77%	79.70%	79.64%	79.57%	79.50%	79.44%	79.37%	79.30%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.67%	-2.67%	-2.67%	-2.67%	-2.68%	-2.68%	-2.68%	-2.68%	-2.68%	-2.69%	-2.69%
5%	Funded Ratio	80.17%	80.10%	80.03%	79.96%	79.90%	79.83%	79.76%	79.69%	79.63%	79.56%	79.49%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.64%	-2.64%	-2.65%	-2.65%	-2.65%	-2.65%	-2.65%	-2.66%	-2.66%	-2.66%	-2.66%
6%	Funded Ratio	80.36%	80.29%	80.22%	80.16%	80.09%	80.02%	79.95%	79.89%	79.82%	79.75%	79.69%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.62%	-2.62%	-2.62%	-2.62%	-2.62%	-2.63%	-2.63%	-2.63%	-2.63%	-2.64%	-2.64%
7%	Funded Ratio	80.55%	80.48%	80.42%	80.35%	80.28%	80.21%	80.15%	80.08%	80.01%	79.94%	79.88%
	Benefit Payments	\$1,557,447,151	\$1,557,854,456	\$1,558,261,761	\$1,558,669,066	\$1,559,076,371	\$1,559,483,676	\$1,559,890,980	\$1,560,298,285	\$1,560,705,590	\$1,561,112,895	\$1,561,520,200
	Contributions	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736	\$1,050,776,736
	Cash Flow	(\$506,670,415)	(\$507,077,720)	(\$507,485,025)	(\$507,892,330)	(\$508,299,635)	(\$508,706,940)	(\$509,114,244)	(\$509,521,549)	(\$509,928,854)	(\$510,336,159)	(\$510,743,464)
	Negative CF %	-2.59%	-2.59%	-2.60%	-2.60%	-2.60%	-2.60%	-2.60%	-2.61%	-2.61%	-2.61%	-2.61%

Ohio School Employees' Retirement System COLA Scenario Impact on Projected Funded Ratio

- Reflects 9.61% Rate of Return on Market Value of Assets for Year Ended June 30, 2024, 2.5% COLA for 2024 Calendar Year and 14% Employer Contribution for Plan Year Ended 2025
- Estimated Funded Ratio as of June 30, 2024 is 79.8%

June 30,	2.00%	2.25%	2.50%
2023	76.61%	76.61%	76.61%
2024	79.83%	79.77%	79.70%
2025	80.01%	79.94%	79.88%
2026	81.80%	81.75%	81.70%
2027	83.66%	83.60%	83.55%
2028	85.08%	85.02%	84.96%
2029	86.53%	86.47%	86.40%
2030	88.03%	87.96%	87.89%
2031	89.57%	89.49%	89.42%
2032	91.16%	91.08%	91.00%
2033	92.25%	92.16%	92.08%
2034	93.37%	93.28%	93.19%
2035	94.54%	94.44%	94.35%
2036	95.76%	95.66%	95.56%
2037	97.04%	96.93%	96.82%
2038	98.38%	98.27%	98.15%
2039	99.79%	99.67%	99.55%
2040	101.28%	101.15%	101.03%
2041	102.85%	102.72%	102.59%
2042	104.51%	104.37%	104.23%
2043	106.26%	106.11%	105.96%
2044	108.09%	107.94%	107.78%
2045	110.03%	109.86%	109.70%
2046	112.05%	111.88%	111.71%
2047	114.18%	114.00%	113.82%
2048	116.41%	116.22%	116.03%
2049	118.74%	118.54%	118.34%
2050	121.17%	120.97%	120.76%
2051	123.72%	123.50%	123.28%
2052	126.37%	126.14%	125.92%
2053	129.13%	128.89%	128.66%

SERS COLA - 2025

It was moved by _____ and seconded by _____ that following review by SERS' actuary, CavMac, eligible SERS allowances, pensions and benefits shall receive a 2.5% cost-of-living adjustment in calendar year 2025, which is the percentage increase as set forth in R.C. 3309.374(B).

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

Memo

To: Retirement Board
From: Richard Stensrud, Executive Director
Date: September 6, 2024
Re: Possible Allocation from Employer Pension Contribution to Health Care Fund

SERS' actuary, CavMac, has provided preliminary calculations of the funding levels of the Pension Fund and Health Care Fund to assist the Board in determining what portion of the employer pension contribution, if any, should be allocated to the Health Care Fund in Fiscal Year 2025. Per SERS' Funding Policy, if the funded ratio of the Pension Fund is above 70% but less than 80%, at least 13.50% of the 14.0% employer contribution shall be allocated to SERS' Basic Benefits, but in the Board's discretion, the remaining 0.5% can be allocated to the Health Care Fund.

Based on the 9.61% investment return for the fiscal year just ended, the actuary projects that as of June 30, 2024, the Pension Fund funded ratio will be approximately 79.8%, up from 76.61% in 2023, and the Health Care Fund funded ratio will be approximately 47.3%, up from 45.3% in 2023. In addition, the actuary projects Health Care Fund solvency through 2063, an increase of one year from the prior year (now 40 years).

The preliminary Health Care fund balance on June 30, 2024, is \$795.5 million, which is pending final investment valuation adjustments for alternative investments. This is above the \$681.0 million balance of the Health Care Fund last year at this time. Two other factors that will positively impact the Health Care Fund balance are: (1) The annual employer health care surcharge (approximately \$60.95 million) which was billed the end of July; and (2) A \$47.6 million refund from Aetna under the 'risk sharing' arrangement with Aetna.

Please note that final numbers may change in the June 30, 2024 Health Care valuation based on new healthcare premiums and census data.

I hope this information is helpful. Please let me know if you have any questions.

ACTUARIAL VALUATION REPORT – ALLOCATION OF EMPLOYER CONTRIBUTIONS –
HEALTH CARE FUND

_____ moved and _____ seconded that after discussion with SERS' actuary, CavMac, regarding the preliminary results of the annual basic benefits valuation (to be prepared as of June 30, 2024) at the September 2024 Board meeting, the Board elects to allocate ____% (____ percent) of the 14% employer contribution to the Health Care Fund for fiscal year 2025 in accordance with the funding policy approved by the Board on June 18, 2015.

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation 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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

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

Memo

To: SERS Retirement Board
From: SERS Legal
CC: Richard Stensrud, Karen Roggenkamp, Christi Pepe
Date: September 10, 2024
Re: Restated Health Care Plan and Trust

The proposed restated SERS' Health Care Plan and Trust ("HC Plan"), which would be effective October 1, 2024, is based on the current Health Care Plan and Trust that was restated July 1, 2023.

The purpose of the proposed restated HC Plan is to add language to clarify the status of the Health Care Fund as an Internal Revenue Code 115 trust. (SERS has historically maintained the Health Care Fund consistent with the requirements of Internal Revenue Code sections 105(e) and 115.)

SERS Legal consulted with outside tax counsel at Ice Miller to develop a new section in the HC Plan (Section 4.3 Health Care Fund). Section 4.3 sets forth provisions normally included in a 115 trust that were not already in the current HC Plan.

School Employees Retirement System of Ohio

Health Care Plan and Trust

Restated October 1, 2024

School Employees Retirement System of Ohio

Health Care Plan and Trust

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HEALTH CARE PLAN AND TRUST

PREAMBLE

The School Employees Retirement System of Ohio Health Care Plan (the “Plan”) is hereby amended and restated effective as of October 1, 2024.

On behalf of the school employers, SERS has adopted this Plan. This document supersedes any prior version of this Plan. In the event that the provisions of any Applicable Benefit Description or Applicable Contract (both as defined below) conflict with or contradict the provisions of this document, the Plan Administrator shall use its discretion to interpret the terms and purpose of the Plan, including the written terms and provisions of any Applicable Benefit Description or Applicable Contract, so as to resolve any conflict or contradiction.

The employees of SERS are authorized to act for the Board in accordance with the Plan, the policies and rules adopted by the Board, and as directed or approved by the Board.

ARTICLE I DEFINITIONS

The following capitalized words and phrases when used in the text of the Plan shall have the meanings set forth below. Words in the masculine gender shall connote the feminine gender as well. Whenever any words are used in the singular form, they shall be construed as though they were used in the plural form in all cases where they would so apply.

Section 1.1 **Applicable Benefit Description** means the benefit booklets, certificates of coverage, evidence of coverage, and any other similar document prepared for Participants which describe the Plan benefits, indemnity programs, preferred provider organizations, managed care programs, dental and vision programs, health reimbursement arrangement, and prescription drug programs under which Participants may elect to receive benefits under this Plan for the coverage period of the program.

Section 1.2 **Applicable Contract** means an agreement entered into between SERS and an organization in which the organization agrees to provide benefits, or administer the provision of benefits, under this Plan to Covered Persons.

Section 1.3 **Board** refers to the Board of Trustees of SERS.

Section 1.4 **Code** means the Internal Revenue Code as amended from time to time.

Section 1.5 **Covered Person** means an Eligible Person and each of such Eligible Person’s Eligible Dependents who are covered under this Plan. No other individual shall be a Covered Person under this Plan, except as may be specifically provided by the Plan Sponsor.

Section 1.6 **Effective Date** of this amended and restated Plan means October 1, 2024.

Section 1.7 **Eligible Dependent** means a person who is described in Section 2.2.

Section 1.8 **Eligible Person** means a person who is described in Section 2.1.

Section 1.9 **Employer** means an employer specified in 3309.01(A) of the Ohio Revised Code.

Section 1.10 **Fund** means the Health Care Fund established pursuant to Chapter 3309 of Ohio Revised Code.

Section 1.11 **Medicare** means the program of health care for the aged and disabled established by Title XVIII of the Social Security Act of 1965, as amended.

Section 1.12 **Participant** means an Eligible Person who is participating in the Plan in accordance with the provisions of Article II and III of this Plan.

Section 1.13 **Plan** means the School Employees Retirement System of Ohio Health Care Plan, as provided herein, which is offered by SERS to Eligible Persons and Eligible Dependents.

Section 1.14 **Plan Administrator** means a vendor selected by the Plan Sponsor to administer benefits under the Plan.

Section 1.15 **Plan Sponsor** refers to SERS or its delegatee.

Section 1.16 **Plan Year** means the twelve (12) month period ending on December 31 of each year.

Section 1.17 **SERS** means the School Employees Retirement System of Ohio.

Section 1.18 **State** means the State of Ohio.

Section 1.19 **Trustee** means the Board acting in its fiduciary role as trustee of the Fund.

ARTICLE II ELIGIBILITY

Section 2.1 **Eligible Persons**. Eligible Persons include those age and service retirants, disability benefit recipients, or beneficiaries receiving a monthly benefit who meet the eligibility requirements set forth in section 3309.69 of the Ohio Revised Code and rules adopted by SERS.

Section 2.2 Eligible Dependents. Eligible Dependents include those individuals who meet the eligibility requirements for dependents set forth in section 3309.69 of the Ohio Revised Code and rules adopted by SERS.

Section 2.3 Determinations of Eligibility. The Plan Sponsor reserves the right to request verification of a dependent child's age or status as a disabled dependent child upon initial enrollment and from time to time thereafter as the Plan Sponsor or Plan Administrator may require. The Plan Sponsor shall have the right in its sole discretion, to make all determinations involving eligibility, except for the determination of permanently and totally disabled for purposes of determining a dependent's eligibility, which shall be made by the Plan Administrator.

ARTICLE III PARTICIPATION

Section 3.1 Participation. Each Eligible Person (and as applicable each Eligible Dependent) shall begin participation in the Plan as provided in applicable provisions of the Ohio Revised Code and rules adopted by SERS. Upon becoming eligible in accordance with the provisions of Article II, each Eligible Person as described under Section 2.1 may apply for health care coverage for himself or herself (and on behalf to an Eligible Dependent, as applicable) on forms designated by the Plan Sponsor and/or Plan Administrator. In addition, an Eligible Person who does not enroll in the Plan upon first becoming eligible may be permitted to make a later election under Section 3.2 as provided in rules adopted by SERS.

Section 3.2 Enrollment After Waiver. Enrollment After Waiver means the period of time specified by the Plan Sponsor when each Eligible Person (and as applicable each Eligible Dependent) who has not previously enrolled and who has waived coverage in the Plan, or whose coverage was cancelled, shall be given the opportunity to enroll in the Plan. This opportunity shall be given only as authorized in Chapter 3309 of the Revised Code or in rules adopted by SERS.

Section 3.3 Open Enrollment Period. An election of benefits shall remain in effect for the remainder of the Plan Year. During the Annual Open Enrollment Period established by the Plan Sponsor, each Eligible Person who is enrolled in a Benefit Program shall be given the opportunity to select among the available coverage options.

Section 3.4 Cessation of Participation. Subject to any continuation of coverage rights that may otherwise be available under federal and state law, the participation in the Plan by any Participant (and as applicable any Eligible Dependent) shall terminate as provided in applicable provisions of the Ohio Revised Code and rules adopted by SERS.

Section 3.5 Individuals With Available Coverage from Another Ohio Public Retirement System. An individual may not participate in the Plan if they are eligible for

coverage from another Ohio public retirement system under the circumstances described in the rules adopted by SERS.

ARTICLE IV CONTRIBUTIONS AND FUNDING

Section 4.1 Contribution by Covered Person. Contributions shall be required for Covered Persons in an amount as determined from time to time by the Board.

Section 4.2 Employer Contributions. The Employer contribution rate shall be established by the Board from time to time pursuant to Chapter 3309 of the Ohio Revised Code and the Board Funding Policy.

Section 4.3 Health Care Fund.

(a) The Fund established pursuant to Chapter 3309, Ohio Revised Code is a separate trust fund, established in compliance with Internal Revenue Code Sections 105(e) and 115. It is intended that the income accruing to the Fund shall be excluded from income for tax purposes, as such trust income is derived from the exercise of an essential governmental function as provided for under Section 115(1) of the Code, Revenue Rulings 77-261 and 90-74, and other relevant guidance.

(b) The Fund is funded by employer contributions to provide medical care as defined in Internal Revenue Code Section 213(d) to Covered Persons as defined herein. Additional funding consists of federal subsidies, investment income, and Covered Person premiums, copays, and deductibles.

(c) The Fund is a separate and distinct trust fund administered by the School Employees Retirement System of Ohio ("SERS") and exists for the sole purpose of providing health benefits directly or through insurance to retired employees and their spouses and dependents of Ohio public school employers. Fund assets shall not be used to satisfy the claims of any creditor of SERS, any Employer, the State, or any other person or entity. At no time shall any part of the Fund be used for, or diverted to, purposes other than for the exclusive benefit of Covered Persons, as provided herein and to provide benefits under the Plan and defray the reasonable expenses of administering the Fund and the Plan. No part of the Fund's net earnings may inure to the benefit of a private person. No portion of the principal or income of this Fund shall revert to SERS, any Employer, the State, or any other person or entity except in a manner consistent with the irrevocability of contributions under the Code and GASB 74 or 75. In no event will Fund assets be distributed to or revert to any entity that is not a state, a political subdivision of a state, or an entity whose income is excluded from gross income under Code Section 115. Private parties do not participate in or benefit from the operation of the Fund.

(d) The contributions made by Employers and Covered Persons and all investments, receipts, disbursements, and other transactions thereunder may be maintained in a common account, which contributions shall be used solely for the payment of benefits, expenses and other charges properly allocable to the Fund.

(e) The Trustee shall disburse amounts from the Fund for the sole purpose of assisting in the payment of Plan benefits for Covered Persons and for reasonable expenses, fees and allocated administrative fees and expenses.

(f) Any amounts remaining in the Fund after all benefits under the Plan, fees and expenses have been paid shall be retained for payment of future benefits until all Employer liabilities for such benefits have been satisfied.

(g) The Trustee may incur reasonable administrative expenses, which shall be payable from the assets of the Fund.

(h) The Trustee of the Fund shall be the School Employees Retirement Board ("Board"). The administration and management of the Plan and Fund are vested in the Trustee.

(1) The Trustee, in administering the Fund, shall have such power and authority (including discretion with respect to the exercise of that power and authority) as may be necessary, advisable, desirable, or convenient to the Trustee, in its discretion as trustee and investment fiduciary subject to the provisions of this Plan and Trust, and consistent with the Revised Code of Ohio, including, without limitation, the following powers and authority: to accept contributions, invest the assets of the Fund, to pay benefits under the Plan, to sue and be sued, plead and be impleaded, contract and be contracted with and to do all things necessary to carry out the Plan and administer the Fund. Without limiting the foregoing, the Trustee may invest and reinvest funds held by the Fund in any investments which are legal investments under Ohio law and shall have the discretion to decide the allocation of funds among such investments. The Trustee may purchase, acquire, hold, lease, sell, and convey real and personal property, and place funds held herein with banks or trust companies which have corporate trust powers, with insurance companies authorized to do business within the State, and do all such other acts as are permitted by law.

(2) In addition to the powers stated in subsection (1), the Trustee may from time-to-time delegate to an individual, committee, or organization certain of its fiduciary responsibilities under the Fund. Any such individual, committee, or organization shall remain a fiduciary until such delegation is revoked by the Trustee, which revocation may be without cause and without advance notice. Such individual, committee, or organization shall have

such power and authority with respect to such delegated fiduciary responsibilities as the Trustee has under the Fund.

(3) The Trustee shall have no duties other than those expressly set forth in this Plan and Trust and those imposed on the Trustee by applicable laws. The Trustee shall not be responsible for any particular federal, state or local income, payroll or other tax consequence to an Employer or any Covered Person and shall not be responsible for any tax reporting obligation relating to payments or disbursements to such persons. The Trustee shall be responsible only for money and property actually received by the Fund. No Trustee member shall have any liability for the acts or omissions of any predecessor or successor in office. The Trustee shall have no liability for (i) the acts or omissions of any investment manager or managers; (ii) the acts or omissions of any insurance company; (iii) the acts or omissions of any investment fund; (iv) the acts or omissions of any custodian; or (v) the acts or omissions of any contractor. Neither the Trustee, nor any of its individual members or their representatives, shall be liable for any error of judgment, mistake, or omission made in good faith, but only for negligence or willful misconduct in the performance of their duties hereunder and only to the extent allowed by applicable state and federal law.

(i) This Fund may be amended by the Trustee at any time and in any manner permitted by applicable Ohio law and not inconsistent with GASB 74 and 75 or Code Section 115. Notice of such Amendment shall be promptly provided to the custodian.

(j) This trust agreement and the Fund created hereby is irrevocable.

(k) The Fund shall have perpetual existence, except if dissolved by the Trustee. Following any such dissolution, the Trustee shall proceed to wind up the affairs of the Trust in an orderly manner and within a reasonable period of time considering relevant circumstances. After paying or making reasonable provision for the payment of all liabilities of the Fund, and upon receipt of such releases, indemnities or like documentation as the Trustee may reasonably deem necessary for the protection of the Trustee, the Trustee shall distribute the remaining property of the Fund, in cash or in kind or partly each, for the sole purpose of assisting in the payment of benefits for Eligible Persons and Eligible Dependents, and for related reasonable expenses, fees and allocated administrative fees and expenses. Upon the satisfaction of all liabilities under the Fund, any remaining assets shall revert to SERS. In no event will Fund assets be distributed to or revert to any entity that is not a state, a political subdivision of a state, or an entity whose income is excluded from gross income under Code Section 115.

ARTICLE V BENEFITS

The benefits available to a Participant shall be only those specified in the Applicable Benefit Description under which the Participant has elected to receive Plan benefits. The provisions of the Applicable Benefit Description are hereby incorporated by reference hereunder and made a part hereof for purposes of determining the benefits provided to or on behalf of a Participant or his/her Eligible Dependents. The rights and conditions with respect to the benefits shall be determined exclusively from such Applicable Benefit Description, except as otherwise indicated in this Plan document. Any co-pay, deductibles, and out-of-pocket expenses, shall be determined exclusively from such Applicable Booklets.

In no event shall any expenses incurred due to on-the-job injuries or illnesses be covered by this Plan.

ARTICLE VI FEDERAL AND STATE LAW COMPLIANCE

Notwithstanding anything in this Plan or the Applicable Benefit Description or Applicable Contract to the contrary, the Plan Administrator shall administer the Plan in accordance with all applicable federal and state laws.

ARTICLE VII COORDINATION WITH MEDICARE

Section 7.1 Program Coverage is Secondary to Medicare. To the extent allowable under applicable law, coverage under the Plan for an Eligible Person or Eligible Dependent who is eligible to be covered under Medicare shall be secondary to coverage of such Eligible Person or Eligible Dependent under Medicare. In such a case, the benefit payable under this Plan will be reduced by the greater of (i) the amount actually allowed and paid by Medicare, or (ii) the Medicare allowable amount if the Eligible Person or Eligible Dependent were enrolled in Medicare Part A and Part B.

Section 7.2 Eligibility for Medicare. An Eligible Person or Eligible Dependent is considered eligible for Medicare for the purposes of the Plan during any such period such Eligible Person or Eligible Dependent has coverage under Medicare or, while otherwise qualifying for coverage under Medicare, does not have such coverage solely because they have refused, discontinued, or failed to make any necessary application or payment for Medicare coverage.

Section 7.3 Coordination. To the extent an Eligible Person who is a SERS retiree is eligible for Medicare and the coverage for the Eligible Person is not secondary to Medicare, coverage under this Plan shall be primary.

ARTICLE VIII COORDINATION WITH OTHER PLANS AND BENEFITS

Section 8.1 Applicability. This Plan shall be coordinated with all other plans under which an individual is covered for benefits, so that the total benefits available under both plans shall not exceed one hundred percent (100%) of the amount the individual was legally obligated to pay. The coordination rules shall be established by the Applicable Benefit Description or the Applicable Contract.

Section 8.2 Right to Receive and Release Needed Information. Certain facts are needed to apply these coordination of benefit rules. The Plan Administrator has the right to decide which facts it needs. It may get needed facts from or give them to any other organization or person. The Plan Administrator need not tell or get the consent of any person to do this. Each person claiming benefits under This Plan must give the Plan Administrator any facts the Plan Administrator or its designee needs to pay the claim.

Section 8.3 Facility of Payment. A payment made under another plan may include an amount which should have been paid under This Plan. If it does, the Plan Administrator may pay that amount to the organization which made that payment. That amount shall then be treated as though it were a benefit paid under this Plan. The Plan Administrator shall not have to pay that amount again. The term “payment made” includes providing benefits in the form of services, in which case “payment made” means reasonable cash value of the benefits provided in the form of services.

Section 8.4 Right of Recovery. If the amount of the payments made by the Plan Administrator is more than it should have paid under these coordination of benefit rules, it may recover the excess from one or more of:

- (a) the persons it has paid or for whom it has paid;
- (b) insurance companies; or
- (c) other organizations.

The “amount of the payments made” includes the reasonable cash value of any benefits provided in the form of services.

ARTICLE IX CLAIMS PROCEDURE

Section 9.1 Claims Review Procedure. The claim filing and review procedures of each Applicable Benefit Description and Applicable Contract shall apply with respect to the particular coverages therein described.

In addition, appeals of any claims denials for benefits under this Plan shall be subject to any administrative procedures which may be adopted by the Plan Administrator

regarding such claims appeals. No claims determination by the Plan Administrator in favor of any Participant shall create a basis for retroactive adjustment for any other Participant. All rules, regulations, determinations, constructions and interpretations made by the Plan Administrator in accordance with the provisions of this Article shall be conclusive and binding on all persons to the maximum extent permitted by law.

Section 9.2 Exhaustion of Remedies. If a claimant fails to file a request for claims review in accordance with the procedures described in Section 10.1, such claimant shall have no rights to a review of the denial of his/her claim and shall have no right to bring action in any court, and the denial of the claim shall become final and binding on all persons for all purposes.

ARTICLE X ADMINISTRATION

Section 10.1 Duties of the Plan Sponsor. Subject to the authority contractually reserved to a health maintenance organization or insurance company that insures a Benefit Program, the Plan Sponsor shall have the exclusive authority and responsibility:

- (a) To construe and interpret the Plan, and to resolve ambiguities, inconsistencies and omissions in accordance with the intent of the Plan;
- (b) To find facts and to grant or deny claims relating to enrollment and eligibility in accordance with the Plan;
- (c) In conjunction with the Plan Administrator, to prescribe procedures and forms to be followed by Participants in filing applications for benefits and for furnishing evidence necessary to establish their rights to benefits under the Plan;
- (d) In conjunction with the Plan Administrator, to prepare and distribute, in such manner as it determines to be appropriate, information explaining the Plan and the medical benefits covered under the Plan;
- (e) In conjunction with the Plan Administrator, to obtain from Participants and others such information as it shall deem to be necessary for the proper administration of the Plan;
- (f) In conjunction with the Plan Administrator, to take all steps to properly administer the Plan in accordance with its terms and the requirements of applicable law;
- (g) To execute any certificate, contract, instrument or other written direction on behalf of the Plan with respect to the administration of this Plan;
- (h) To appoint such accountants, counsel, specialists, third party administrators and other persons as it deems necessary or appropriate in

connection with the administration of this Plan. In this regard, the Plan Sponsor may enter into contracts with such parties if the Plan Sponsor determines such contracts are desirable in connection with the administration of the Plan; and

- (i) To establish rules for the administration and operation of the Plan.

Section 10.2 Duties of the Plan Administrator. Subject to the authority contractually reserved to a health maintenance organization or insurance company that insures a Benefit Program, the Plan Administrator shall have exclusive authority and responsibility:

- (a) To determine the amount, manner and time of payment of any benefits under the Plan and to make benefit payments directly to Participants and/or their assignees entitled to benefits hereunder;

- (b) To find facts and to grant or deny claims relating to the payment or nonpayment of benefits in accordance with the Plan;

- (c) To enter into contracts with health care providers and provider networks to offer discount arrangements with respect to medical benefits offered under this Plan;

- (d) In conjunction with the Plan Sponsor, to prescribe procedures and forms to be followed by Participants in filing applications for benefits and for furnishing evidence necessary to establish their rights to benefits under the Plan;

- (e) In conjunction with the Plan Sponsor, to prepare and distribute, in such manner as it determines to be appropriate, information explaining the Plan and the medical benefits covered under this Plan;

- (f) In conjunction with Plan Sponsor, to obtain from Participants and others such information as it shall deem to be necessary for the proper administration of the Plan;

- (g) In conjunction with the Plan Sponsor, to take all steps to properly administer the Plan in accordance with its terms and the requirements of applicable law.

Section 10.3 Authority of the Plan Administrator. All procedures with respect to any of the duties and responsibilities described in Section 10.2 shall be promulgated by the Plan Administrator, and all such procedures and rules shall be conclusive and binding on all persons to the maximum extent permitted by law.

All decisions of the Plan Administrator with respect to the Plan's administration, including, but not limited to, interpretations of the Plan, benefit determinations, claims decisions relating to eligibility or enrollment, and questions concerning the administration and application of the Plan, shall be made by the Plan Administrator in its sole discretion,

and all such determinations and decisions shall be conclusive and binding on all persons to the maximum extent permitted by law.

Section 10.4 Recordkeeping. The Plan Sponsor shall keep full and complete records of the administration of the Plan, and shall prepare such reports and such information concerning the Plan and the administration thereof as may be required under the Code and the regulations promulgated thereunder.

Section 10.5 Expenses. All expenses incurred by the Plan Sponsor for the administration of the Plan shall be paid by the Plan. Such expenses shall include any expenses incident to the functioning of the Plan, including, but not limited to, attorney fees, accounting and clerical charges, actuarial fees and other costs of administering the Plan.

Section 10.6 Delegation of Responsibilities. The Plan Sponsor shall have the authority to delegate from time to time, by a written instrument, all or any part of its responsibilities under this Plan to such person or persons as it may deem advisable, and in the same manner to revoke any such delegation of responsibility. Any action of a person in the exercise of such delegated responsibility shall have the same force and effect for all purposes hereunder as if such action had been taken by the Plan Sponsor. The Plan Sponsor shall not be liable for any acts or omissions of any such person, who shall periodically report to the Plan Administrator concerning the discharge of the delegated responsibilities.

Section 10.7 Right to Receive and Release Necessary Information. The Plan Sponsor and the Plan Administrator may release or obtain any information necessary for the application, implementation and determination of this Plan or other plans without the consent of, or notice to, any person, to the extent permitted by law including but not limited to HIPAA and any applicable state law. Such information may be released to or obtained from any insurance company, organization, or person. Any individual claiming any benefit or right under this Plan shall release to the Plan Sponsor or Plan Administrator such information as the Plan Sponsor or Plan Administrator, in its sole and absolute discretion, determines to be necessary to implement this provision.

ARTICLE XI SUBROGATION

The Covered Person must agree to reimburse the Plan for any benefits it has paid and for which such Covered Person is not eligible under the terms of the Plan. This payment is due and payable immediately upon notification by the Plan Administrator. The Plan Administrator has the sole right to determine whether any overpayments, wrong payments, or any excess payments made under this Plan are an indebtedness which may be recovered by the Plan by deducting it from any future benefits under the Plan, or any other coverage provided by the Plan. The Plan's acceptance of dues or payment of benefits under this Plan does not waive its rights to enforce these provisions in the future.

To the extent the Plan provides or pays benefits, and to the extent the selected coverage provides for subrogation, the Covered Person must agree that the Plan shall have a first lien on any settlement proceeds, and such Covered Person shall reimburse and pay the Plan, on a first-priority basis, from any money recovered by suit, settlement, judgment or otherwise from any third party or his or her insurer or from any carrier providing uninsured/under insured motorist coverage. The Covered Person must reimburse the Plan on a first-priority basis regardless of whether a lawsuit is actually filed or not and, if settled, regardless of how the settlement is structured or which items of damages are included in the settlement, and regardless of whether or not such Covered Person is made whole or is fully compensated for any injuries.

The Covered Person is required to hold in trust for the Plan any money (up to the amount of Benefits paid by the Plan) recovered as described above. Such Covered Person is required to cooperate and furnish information and assistance which the Plan may require to obtain this reimbursement, including signing legal documents.

The failure of any Covered Person to comply with this Section may result in termination of coverage under the Plan and/or legal action to enforce collection.

Nothing in this Section shall be construed as limiting in any way the right of an injured Covered Person to claim and receive Benefits under this Plan and also proceed against the third party causing or liable for the injury for which such benefits are paid.

ARTICLE XII ASSIGNMENT OF BENEFITS

Except as otherwise provided in an Applicable Benefit Description, and to the extent permitted by law, no benefit payable at any time under the Plan shall be assignable or transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, and no benefit payable under the Plan shall be liable for, or subject to, any obligation or liability of any Covered Person. If any Covered Person entitled to a benefit under the Plan shall attempt to or shall alienate, sell, transfer, assign, pledge or otherwise encumber such benefit or any part thereof, or if by reason of his/her bankruptcy or other event happening at any time, such benefit would devolve upon anyone else or would not be enjoyed by him/her, then the Plan Administrator, in its discretion, may terminate the Covered Person's interest in any such benefit and hold or apply it to or for the Covered benefit or the benefit of his/her beneficiary in such manner as the Plan Administrator may deem proper.

ARTICLE XIII QUALIFIED MEDICAL CHILD SUPPORT ORDERS

The Plan shall provide benefits in accordance with the applicable requirements of a qualified medical child support order, as required by the federal or state law, received

by the Plan. The Plan Sponsor shall establish written procedures in accordance with federal or state law to determine whether a medical child support order received by the Plan is a qualified child support order under the federal or state law.

ARTICLE XIV RIGHT TO TERMINATE AND AMEND

SERS reserves the right at any time and from time to time, without notice, to terminate, modify, alter, or amend, in whole or in part, any or all of the provisions of the Plan, including the level of contributions required from Participants. SERS may also make any modifications or amendments to the Plan retroactively that are necessary or appropriate to qualify or maintain the Plan as a plan meeting the requirements of an applicable section of the Code.

ARTICLE XV GENERAL PROVISIONS

Section 15.1 Participant's Responsibility. Each Participant shall provide the Plan Administrator and Plan Sponsor with such information and documentation as may be requested upon his/her initial eligibility to participate herein and from time to time thereafter for purposes of operating and administering the Plan in accordance with its provisions. Failure to timely provide such information and documentation shall constitute sufficient basis upon which the Plan Administrator or Plan Sponsor may, in its sole and absolute discretion, delay or deny participation in, or benefits under, the Plan and take, or cause to be taken, such other action as the Plan Administrator or Plan Sponsor, in its sole and absolute discretion, determines necessary or appropriate for purposes of operating and administering the Plan. Each Participant shall be responsible for providing the Plan Administrator and Plan Sponsor with his/her current address. Any notices required or permitted to be given hereunder shall be deemed given if directed to such address and mailed by regular United States mail. The Plan Administrator and Plan Sponsor shall not have any obligation or duty to locate a Participant.

Section 15.2 Payment to Representative. Except as otherwise provided in the Applicable Booklet, in the event that a guardian, conservator, committee or other legal representative has been duly appointed for a Covered Person to any payment under the Plan, any such payment may be made to the legal representative making claim therefore, and such payment so made shall be in complete discharge of the liabilities of the Plan therefore and the obligations of the Plan Administrator and Plan Sponsor under the Plan.

Section 15.3 Forms of Communication. If a written election or consent is not specifically required by the Code or other applicable law, the Plan Administrator or Plan Sponsor may prescribe or permit a verbal, electronic, or telephonic instruction in lieu of or in addition to a written form. The Plan Administrator or Plan Sponsor shall not incur any liability acting upon any notice, request, signed letter, telegram, or other paper or document, or verbal, telephonic, or electronic transmission believed by the Plan

Administrator or Plan Sponsor to be genuine or to be executed or sent by an authorized person.

Section 15.4 Interpretation. In resolving any conflict between provisions of this Plan and in resolving any other uncertainty as to the meaning or intention of any provision of the Plan, the interpretation that i) causes the Plan to comply with all applicable requirements of the Code, including Code Section 105(e), and ii) causes the Plan to comply with other applicable federal law and with Ohio laws shall prevail over other interpretation.

Section 15.5 Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Ohio or the United States, to the extent such laws are applicable to the Plan.

Section 15.6 Misrepresentation. Any material misrepresentation on the part of the Covered Person in making application for coverage, or reclassification of coverage, or in applying for and/or for obtaining benefits under the Program, shall render the coverage null and void ab initio.

Section 15.7 Fraudulent Claims. If any person files a fraudulent claim for benefits under the Plan, the Plan Sponsor, in its sole discretion, may cause such person and all members of his/her immediate family to forfeit all rights to participate in the Plan.

Section 15.8 Receipt and Release. Any payments to any Covered Person shall, to the extent thereof, be in full satisfaction of the claim of such Covered Person being paid thereby and the Plan may condition payment thereof on the delivery by the Covered Person of the duly executed receipt and release in such form as may be determined by the Plan.

Section 15.9 Right of Recovery. If the Plan Administrator makes any payment that according to the terms of the Plan should not have been made, it may recover that incorrect payment, whether or not it was made due to the Plan's, Plan Sponsor's or Plan Administrator's own error, from the person to whom it was made or from any other appropriate party. If any such incorrect payment is made directly to a Covered Person, the Plan or the Plan Administrator may deduct it when making future payments directly to that Covered Person.

Section 15.10 Limitation of Rights and Obligations. Neither the establishment nor maintenance of the Plan nor any amendment thereof, nor any act or omission under the Plan or resulting from the operation of the Plan shall be construed:

- (a) as conferring upon any Covered Person, beneficiary or any other person a right or claim against the Plan, Plan Sponsor, or the Plan Administrator, except to the extent that such right or claim shall be specifically expressed and provided in the Plan or provided under the Act;

(b) as creating any responsibility or liability of the Plan, Plan Sponsor, or Plan Administrator for the validity or effect of the Plan; or

(c) as a contract or agreement between the Plan, Plan Sponsor, or Plan Administrator and any Covered Person or other person.

Section 15.11 Notice. Any notice given under the Plan shall be sufficient if given to the Plan Administrator, when addressed to it at its office; or if given to the Plan Sponsor, when addressed to its office; or if given to a Covered Person, when addressed to the Eligible Person at his or her address as it appears on the records of the Plan Administrator or Plan Sponsor,

Section 15.12 Legal Counsel. The Plan and/or its designee, may from time to time consult with counsel, who may be counsel for the Plan, and shall be fully protected in acting upon the advice of such counsel.

Section 15.13 Evidence of Action. Any action by the Plan Sponsor pursuant to any of the provisions of the Plan shall be evidenced by resolution of its governing body, and the Plan Administrator shall be fully protected in acting in accordance with such resolution so certified to it.

Section 15.14 Legal Actions. If the Plan is made a party to any legal action regarding the Plan, except for a breach of fiduciary responsibility of such person or persons, any and all costs and expenses, including reasonable attorneys' fees, incurred by the Plan in connection with such proceeding shall be paid from the assets of the Plan.

Section 15.15 Reliance. The Plan Administrator or Plan Sponsor shall not incur any liability in acting upon any notice, request, signed letter, telegram, or other paper or document believed by it to be genuine or to be executed or sent by an authorized person.

Section 15.16 Disclaimer of Liability. Nothing contained herein shall confer upon a Covered Person any claim, right, or cause of action, either at law or at equity, against the Plan, Plan Administrator, or Plan Sponsor, for the acts or omissions of any health care provider from whom a Covered Person receives care, services, or supplies under the Plan.

Section 15.17 Entire Program. This document, the Applicable Benefit Descriptions, the Applicable Contracts, and the governing statutes and administrative rules shall constitute the only legally governing documents for the Plan. All statements made by the Plan, Plan Sponsor, or Plan Administrator shall be deemed representations and not warranties and do not alter the terms and conditions of the Plan.

Section 15.18 Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Plan shall be construed and enforced as if such provision had not been included.

ADOPTION OF RESTATED HEALTH CARE PLAN AND TRUST

Legal Counsel discussed with the Retirement Board the “SERS Health Care Plan and Trust” restated October 1, 2024.

_____ moved and _____ seconded the motion to adopt the “SERS Health Care Plan and Trust” restated October 1, 2024.

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

Memo

To: Retirement Board
From: Chris Collins
cc: Richard Stensrud, Karen Roggenkamp
Date: September 6, 2024
Re: **Federal Legislative Report**

OVERVIEW

Presidential race shake-up

For the past year, the presidential campaign seemed to be heading to a rematch of two candidates, President Joe Biden and former President Donald Trump, who voters didn't really want.

But that all changed on a quiet Sunday afternoon just 107 days before the election.

Biden's decision to drop out of the race and endorse Vice President Kamala Harris as his successor resets the campaign with a swiftness that is unparalleled in modern American politics. The crumbling of Biden's Democratic reelection effort, which began with his shaky debate performance against the Republican former president, left both parties scrambling.

As Democrats pushed Biden to withdraw from the top of the ticket, Trump survived an assassination attempt on July 13th during a campaign rally in Butler, Pennsylvania.

Just a week later, Biden bowed to pressure within his party to step aside. He swiftly endorsed Harris, who is the first woman, Black person and person of South Asian descent to serve as vice president.

The breakneck developments left the political world gasping for breath as everyone tried to reorient themselves to a new reality.

Trump, who is 78, will now be the oldest candidate on the ballot after spending months battering Biden over his age. In addition, Harris is a former prosecutor, providing a fresh opportunity to assail Trump's status as a convicted felon after being found guilty in a hush money trial earlier this year.

The second debate for the 2024 United States Presidential Election, the first between Trump and Harris, is being hosted on ABC on September 10th at 9 p.m. in Philadelphia. Needless to say, all eyes will be focused on the presidential election and the consequences of the outcome this November.

FEDERAL APPROPRIATIONS

Speaker Mike Johnson (R-LA) is prepping a stopgap funding extension ahead of this month's September 30th appropriations deadline that combines some provisions favored by conservatives with policies that lawmakers in both parties will likely find attractive.

The plan would pair a six-month continuing resolution (CR) with House-passed legislation aimed at ensuring noncitizens can't vote in federal elections. The length of the stopgap measure, if enacted, would ensure that lawmakers won't be faced with a lame-duck omnibus package right before Christmas, while postponing final spending decisions into the new year and a new Congress.

The House is expected take up the measure when it returns its summer break. At least in theory, that would give the Senate time to make tweaks and send back a new version before the deadline to avert a partial government shutdown.

The six-month CR, which would push final decisions on fiscal 2025 spending to March, would largely be at current funding levels, without the steep nondefense cuts that some conservatives have angled for. But House Republicans have struggled to pass their own versions of fiscal 2025 spending bills; just five out of 12 have passed so far, largely defense-related measures.

Some funding increases above current levels, as well as legislative riders, including those submitted as part of White House wish lists, could be added as sweeteners. Still, the package would face a slim path to House passage given the likelihood that few if any Democrats would support the measure.

A House leadership aide said the stopgap bill's length and the decision to attach the voting restriction provisions is an effort to lock in support across the conference and convince conservatives who traditionally vote against CRs to back this one.

While federal law already prohibits noncitizens from voting in U.S. elections, supporters point to states being unable to actually verify the citizenship status of prospective voters in some circumstances. The proposal would require documentary proof of U.S. citizenship alongside voter registration and clarify that states can remove noncitizens from voter rolls.

Even if the stopgap package with the proof-of-citizenship language passes the House, it faces a steep climb in the Senate, where the majority Democrats have said they won't take it up. Senate Appropriations Chair Patty Murray (D-WA) called the bill a "partisan scare tactic" last month after Freedom Caucus members unveiled their stopgap bill demands. And she has repeatedly said she believes that the appropriations process should wrap up this calendar year, before a new administration and Congress takes over in January.

Senate Democrats prefer a CR with an end date in mid-to-late November or early-to-mid December, according to sources. That would give them the option to come back after the elections and negotiate a lame-duck funding package, or if those talks collapse, lawmakers could still pass another CR into the new calendar year.

Even if senators round up 60 votes for an amended package that moves the expiration date forward and drops the House-passed voting eligibility provisions, as currently expected, it could give Republicans a talking point to use in the campaign's final stretch.

WINDFALL ELIMINATION PROVISION AND GOVERNMENT PENSION OFFSET UPDATE

When Congress returns from their August recess, legislative sponsors plan to renew efforts to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO).

Representatives Abigail Spanberger (D-VA) and Garrett Graves (R-LA) say they'll file a discharge petition to get their legislation, the Social Security Fairness Act (H.R. 82), a vote on the House floor.

The legislation, which would repeal both WEP and GPO, has 326 co-sponsors in the House but has languished in the Ways and Means Committee. A discharge petition needs a majority of lawmakers (at least 218) to be successful.

Two years ago, the sponsors were also on the verge of forcing their repeal bill to the House floor using the discharge petition process. But House Ways and Means Committee leaders at the time stopped the procedural maneuver by instead holding a markup hearing on the bill in committee. The markup, in which the bill was reported out of committee by voice vote "without recommendation," prevented the possibility of a House floor vote by way of a discharge petition.

It remains to be seen if the current House leadership would take the same steps to avoid having a vote of the full House. Even if the discharge petition succeeds in forcing a floor vote the sponsors concede that the Senate is not expected to take action on the bill this session.

Meanwhile, another group of lawmakers put forth a different bill intended to reform, rather than repeal, the WEP.

The Equal Treatment of Public Servants Act (H.R. 5342) would replace WEP with a new formula for calculating the Social Security benefits of those who split their career between the private and public sectors. The bill does not address the GPO.

The measure is sponsored by Representatives Vincent Gonzalez (D-TX) and Jody Arrington (R-TX), Chair of the House Budget Committee. All other co-sponsors are Republicans. The bill is similar to legislation proposed in past legislative sessions by former Representative Kevin Brady (R-TX) without success. The likeliest scenario remains that WEP and GPO will not be properly addressed until Social Security solvency as a whole is taken up in a future Congress.

MEDICARE DRUG COSTS

The first set of negotiations on brand-name prescription drug prices for the Medicare Part D program has been completed, setting the 2026 Maximum Fair Prices (MFP) for 10 selected drugs. These negotiations were enabled by the Inflation Reduction Act (IRA), which amended a previous law that prohibited Medicare from negotiating drug prices. The selected drugs, chosen from the 50 with the highest Part D spending, had to be on the market for at least 9 years for small molecules or 13 years for biological products by 2026. The negotiated prices are capped based on a percentage of the non-federal average manufacturer prices, with the caps varying depending on how long the drug has been on the market.

A recent analysis published by the Brookings Institution found that the estimated savings from these negotiations are significant, with the Centers for Medicare and Medicaid Services (CMS) projecting a \$6 billion reduction in spending, 22 percent less than the estimated total. The savings largely stem from the difference between pre-IRA negotiated prices by Part D plans and the new prices established under the IRA. The analysis shows that the greatest savings were achieved for drugs with the least competition before the IRA, such as Stelara, Enbrel, and Imbruvica. Overall, the ability of the CMS to negotiate these prices is expected to lead to growing savings as the program expands in the future.

The Peterson-Kaiser Health System Tracker released an analysis on the number of enrollees in the employer-sponsored insurance market who use one or more of the ten drugs selected for Medicare Part D price negotiations. Data found that 3.4 million people with employer-sponsored insurance in 2022 used at least one of the ten drugs selected for Medicare price negotiations. This group is smaller compared to the 7.7 million Medicare Part D enrollees using these drugs. The impact of

these negotiations on the private insurance market remains uncertain, with potential outcomes ranging from decreased prices to increased cost-shifting to private payers. As the Medicare program selects more drugs for future negotiations, millions more with private coverage could be affected.

Public Sector HealthCare Roundtable Submits Letter to CMS

In August, the Public Sector HealthCare Roundtable, that includes SERS, submitted a letter as a follow-up to a June meeting with Centers for Medicare and Medicaid Services leadership regarding the Medicare Prescription Payment Plan (M3P) regulations and its potential impacts on Employer Group Waiver Plans (EGWPs) like at SERS.

The letter seeks a waiver of the M3P requirements for EGWPs participating in Part D. While the option of allowing capped monthly Part D payments for medications is an important benefit for many Part D enrollees, the Roundtable strongly believe that most, if not all, EGWP beneficiaries are already shielded from the high out-of-pocket costs that the M3P intends to address.

We requested that CMS exclude EGWP plans from the M3P on the grounds that it would directly hinder the design, offering, and enrollment of EGWP Part D plans. CMS should acknowledge the exceptional circumstances of public sector employees and retirees before this program goes into effect in January 2025. EGWP plan designs are already actuarially superior for our members to individual Medicare Part D plans and the M3P program does not offer the relief to EGWP beneficiaries as intended by the IRA. Out of pocket costs for EGWP enrollees are reduced to the degree that the M3P is unnecessary and may potentially confuse enrollees.

Although we have not yet received a response, we anticipate continuing to work with CMS through our membership in the Roundtable to ensure we can provide the highest quality health benefits for SERS retirees and their dependents.

FEDERAL LEGISLATION BOARD REPORT
118th United States Congress
(Prepared by Chris Collins as of September 6, 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. 326 co-sponsors; 12 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. 62 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: 106 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: 188 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 September 6, 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)

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Retirement Board 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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

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

Finance Headline News – Sept 2024



- Budget Administration
 - FY25 SERS administrative expenses are tracking under budget for the first quarter
- The following detailed reports are attached for further analysis:
 - FY24 Budget Administrative expense reports
 - Final Budget Analysis for SERS and OSERS Broad Street through June 2024
 - FY25 Budget Administrative expense reports
 - Administrative expense summary for July and August 2024
 - Administrative expense detail for July and August 2024
 - Parameters report for July and August 2024
 - Financial highlights
 - As of June and July 2024 (preliminary)

School Employees Retirement System of Ohio
System Year-to-Date Budget Analysis
Fiscal Year Ended June 30, 2024

FYTD24

	FYTD23 Actual	Actual	Budget	Actual to Budget %	Budget to Actual Under/(Over)	Notes
PERSONNEL SERVICES	\$ 23,904,677	\$ 25,763,056	\$ 25,471,425	101.1%	\$ (291,631)	Note 1
Salaries & Wages	18,711,412	18,975,416	18,853,159	100.6%	(122,257)	
PERS Retirement Contributions	2,452,580	2,503,299	2,527,867	99.0%	24,568	
Benefits	2,740,685	4,284,341	4,090,399	104.7%	(193,942)	
PROFESSIONAL SERVICES	5,736,271	6,213,254	6,456,305	96.2%	243,051	
Actuarial Advisors	373,710	306,604	292,500	104.8%	(14,104)	
Audit Services	186,971	225,837	234,000	96.5%	8,163	
Banking Fees	1,206,174	1,142,340	1,262,940	90.5%	120,600	Note 2
Investment Related	2,435,829	2,555,878	2,465,349	103.7%	(90,529)	Note 3
Medical	45,000	45,000	45,000	100.0%	-	
Technical	1,488,587	1,937,595	2,156,516	89.8%	218,921	Note 4
COMMUNICATIONS EXPENSE	1,007,460	714,065	1,015,710	70.3%	301,645	
Postage	608,330	444,848	661,302	67.3%	216,454	Note 5
Telecommunications Services	254,255	158,151	196,208	80.6%	38,057	
Member/Employer Education	12,597	7,980	11,750	67.9%	3,770	
Printing & Publication	132,278	103,086	146,450	70.4%	43,364	
OTHER OPERATING EXPENSE	3,503,200	3,593,941	4,413,942	81.4%	820,001	
Computer Support Services	2,128,534	2,233,808	2,737,127	81.6%	503,319	Note 6
Office Equipment & Supplies	161,573	166,056	167,803	99.0%	1,747	
Training	115,617	134,283	274,586	48.9%	140,303	Note 7
Transportation & Travel	164,313	183,177	228,602	80.1%	45,425	
Memberships Subscriptions	177,093	157,415	203,794	77.2%	46,379	
Property & Mgmt. Liability Insurance	519,591	504,501	582,403	86.6%	77,902	
Maintenance	52,339	30,634	36,225	84.6%	5,591	
Staff Support	127,011	111,193	122,462	90.8%	11,269	
School District Reimbursement	8,743	9,382	12,540	74.8%	3,158	
Mandatory Costs- ORSC	48,386	63,492	48,400	131.2%	(15,092)	Note 8
TOTAL DEPARTMENT EXPENSES	34,151,608	36,284,316	37,357,382	97.1%	1,073,066	
ADMINISTRATIVE CAPITAL	54,181	-	-	0.0%	-	
Computer Hardware > \$5,000	54,181	-	-	0.0%	-	
Computer Software > \$25,000	-	-	-	0.0%	-	
TOTAL SERS ADMIN EXPENSES	34,205,789	36,284,316	37,357,382	97.1%	1,073,066	
NET BUILDING EXPENSE	1,331,589	1,037,605	1,392,957	74.5%	355,352	Note 9
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 35,537,378</u>	<u>\$ 37,321,921</u>	<u>\$ 38,750,339</u>	<u>96.3%</u>	<u>\$ 1,428,418</u>	

See notes on following page

FYTD = Fiscal Year To Date

Notes to System Year-to-Date Budget Analysis

Fiscal Year Ended June 30, 2024

- Note 1: **Personnel** ended the fiscal year slightly over budget. This was mainly due to benefits which experienced higher than budgeted prescription and group health claims. Higher than budgeted incentive pay and vacation pay out impacted salaries and wages.
- Note 2: **Banking fees** consist of investment and DDA custodial fees. Investment custodial fees are based on a combination of investment values and transaction volume. These fees were lower than originally estimated for the duration of the fiscal year.
- Note 3: **Investment related** professional services are over budget mainly due to class action fees. SERS contracts with Financial Recovery Technologies who monitors SERS' portfolio for potential class actions to join. SERS was awarded a \$1 million settlement in the Valeant Pharmaceuticals International suit producing a \$87,500 claim expense.
- Note 4: **Technical resources** ended under budget for multiple reasons. CBBC programming was budgeted, but it was completed prior to the beginning of the fiscal year and wasn't needed. Contracted helpdesk support was budgeted, but it was filled by repurposing an internal position. Additional consulting for various services was underutilized during the fiscal year, including ImageNow, unplanned consulting, digital workplace, and ServiceNow.
- Note 5: **Postage** realized savings when 2024 board elections were not required. The candidates ran unopposed.
- Note 6: **Computer support services** There were several maintenance and software renewals that were not needed or came in under budget after procuring lower cost solutions. The Microsoft true up was less than budgeted (50k). The subscription for a new phone system and true up wasn't needed after the first implementation was terminated (152k). Hardware maintenance was included with an upgrade that took place in FY23 and wasn't needed this fiscal year (29k). Palo Alto/Panorama maintenance was under budget for the year (79k). Dell server support maintenance was less than budget (23k).
- Note 7: **Training, Transportation & Travel** Training and Travel were underutilized during the fiscal year as staff identified lower cost opportunities. Training budgeted for staff agile training in the 2nd quarter was delayed.
- Note 8: **Mandatory ORSC** expense is based on the total fund value and committee activity. The committee has been more active resulting in higher expenses than anticipated.
- Note 9: **Net Building Expense** is under budget for several reasons. There was more suite and parking revenue than budgeted due to tenants renewing and marketing parking spaces. There was savings from performing groundskeeping in-house, and insurance savings. The second window cleaning of the fiscal year was not completed before the end of the fiscal year. Utilities were under for the year due to more mild conditions and security was under due to staffing shortage of special duty officers. In addition, anticipated building remodeling was not needed.

OSERS Broad Street, LLC
Year-to-Date Budget Analysis
Fiscal Year Ended June 30, 2024

FYTD 2024

	FY2023			Budget to	
	Actuals	Budget	Actuals	Actual	Notes
				Under/(Over)	
OPERATING INCOME					
Suite Income	\$ 436,731	\$ 506,057	\$ 537,291	(31,234)	Note 1
Parking Income	212,775	206,100	236,265	(30,165)	Note 2
Miscellaneous Income	53,571	-	2,314	(2,314)	
	703,077	712,157	775,870	(63,713)	
OPERATING EXPENSES					
Property Management & Labor	305,000	305,000	305,000	-	
Administrative Services	6,365	6,825	7,062	(237)	
Building Maintenance	1,062,340	1,129,299	1,018,992	110,307	Note 3
Utilities	323,827	408,940	354,728	54,212	Note 4
Building & Equipment Insurance	71,396	87,000	75,496	11,504	
Real Estate Taxes	285,677	288,050	280,811	7,239	
	2,054,605	2,225,114	2,042,089	183,025	
NON-OPERATING EXPENSES					
Lease Commission Fees	10,611	-	2,657	(2,657)	
Special Counsel Fees	1,556	5,000	213	4,787	
Building Remodeling	6,805	122,000	14,718	107,282	Note 5
	18,972	127,000	17,588	109,412	
CAPITAL					
Leasehold Improvements	266,088	58,000	58,798	(798)	
	266,088	58,000	58,798	(798)	
TOTAL	\$ 1,636,588	\$ 1,697,957	\$ 1,342,605	355,352	

FY - Fiscal Year

FYTD - Fiscal Year To Date

Notes to OSERS Broad Street, LLC Year-to-Date Budget Analysis Through June 30, 2024

Note 1: **Suite Income** is higher than budgeted year-to-date because potential lease renewals are not budgeted. We were able to renew a lease with tenant Ribway.

Note 2: **Parking Income** is higher for FY2024 due to an increase in parking space rent charged and additional parking tenants.

Note 3: **Building Operations & Maintenance** is less than budgeted for several reasons. The second window cleaning of the year was not completed prior to the end of the fiscal year. Security is under budget due to staffing shortages of the special duty officers. Additionally, some of the grounds keeping that was budgeted to be purchased was completed by staff.

Note 4: **Utilities** are below budget due to warmer temperatures for the first half of the fiscal year that have kept the heating costs down.

Note 5: **Building Remodeling** is budgeted for tenant requested improvements and new tenant renovations. There were minimal requests for improvements during the fiscal year.

Finance Headline News – Sept 2024



- Budget Administration
 - FY25 SERS administrative expenses are tracking under budget for the first quarter
- The following detailed reports are attached for further analysis:
 - FY24 Budget Administrative expense reports
 - Final Budget Analysis for SERS and OSERS Broad Street through June 2024
 - FY25 Budget Administrative expense reports
 - Administrative expense summary for July and August 2024
 - Administrative expense detail for July and August 2024
 - Parameters report for July and August 2024
 - Financial highlights
 - As of June and July 2024 (preliminary)

School Employees Retirement System of Ohio
Summary of Administrative Expenses
Actuals
July 2024

Account	Amount
Summary Admin Expenses	
Expense	
53100.0 - Staff Salaries Expense	
53100 - Salaries & Wages	\$1,198,257.70
53110 - Salaries & Wages - Overtime	\$922.57
53111 - Vacation Leave Expense	\$113,593.62
53112 - Sick Leave Expense	\$140,401.61
53113 - Voluntary Life Insurance Reimbursement	\$241.36
Total - 53100.0 - Staff Salaries Expense	\$1,453,416.86
53200.0 - Staff Retirement Contribution Expense	
53200 - Employer Contributions - PERS	\$200,586.28
Total - 53200.0 - Staff Retirement Contribution Expense	\$200,586.28
53300.0 - Staff Benefit Expenses	
53300 - Staff Group Life	\$10,015.09
53310 - Staff Long Term Disability	\$3,502.04
53315 - Staff Short Term Disability	\$3,097.38
53320 - Staff Group Health Claims	\$222,636.26
53321 - Staff Group Health - Admin Fees	\$7,345.70
53322 - Staff Prescription Claims	\$80,306.34
53324 - Staff Group Health - Stop Loss Admin	\$19,680.90
53326 - Staff Vision Claims	\$2,278.93
53327 - Staff Vision Admin Fees	\$120.24
53330 - Staff Group Health - Employee Cost	(\$34,115.14)
53331 - Staff Group Health - Wellness Incentive	\$3,910.00
53332 - Staff Group Health - Tobacco Premiums	(\$680.00)
53335 - Federal HC Admin. Fees (Staff Related)	\$1,378.16
53340 - Staff Medicare Premium - Employer	\$22,338.58
53350 - Staff Workers Compensation	\$3,614.00
53380 - Staff Deferred Compensation Match	\$4,830.00
Total - 53300.0 - Staff Benefit Expenses	\$350,258.48
54100 - Actuarial Services	\$12,000.00
54400.0 - Investment Related Expenses	
54430 - Performance/Analytics Fee	\$59,611.25
54445 - Class Action Fees	\$755.36
54450 - Other Prof. Inv. Related Consulting	\$36.67
Total - 54400.0 - Investment Related Expenses	\$60,403.28
54520 - Medical Consultant	\$3,750.00
54600.0 - Technical Expenses	
54620 - Technical	\$47,041.25
54630 - Other Professional Services	\$112,482.93
Total - 54600.0 - Technical Expenses	\$159,524.18
55100 - Postage	\$116,430.71
55200 - Telecommunications Services	\$4,962.09
55300 - Member/Employer Education	\$6,278.25
55400.0 - Printing & Publication Expenses	
55410 - Printing Supplies	\$253.35
55420 - Communications & Publications	\$6,318.00
Total - 55400.0 - Printing & Publication Expenses	\$6,571.35
56000.0 - Computer Support Service Expenses	
56020 - Hardware Maintenance	\$25,750.00
56035 - Software Subscriptions	\$510,848.90
56050 - Software < \$25,000	\$5,096.00
Total - 56000.0 - Computer Support Service Expenses	\$541,694.90

Financial Row	Amount
56100.0 - Office Equipment & Supply Expenses	
56110 - Equipment Repairs & Maintenance	\$9,674.44
56120 - Equipment Rental	\$924.00
56160 - Records Storage	\$125.00
Total - 56100.0 - Office Equipment & Supply Expenses	\$10,723.44
56200.0 - Staff Training Expenses	
53370 - Staff Tuition	\$2,144.00
56210 - Seminars & Conferences	\$4,810.00
Total - 56200.0 - Staff Training Expenses	\$6,954.00
56300.0 - Transportation & Travel Expenses	
56310 - Travel & Transportation	\$6,051.91
56311 - Mileage	\$823.02
Total - 56300.0 - Transportation & Travel Expenses	\$6,874.93
56400.0 - Membership & Subscription Expenses	
56410 - Subscriptions	\$26,315.15
56420 - Memberships	\$9,000.00
Total - 56400.0 - Membership & Subscription Expenses	\$35,315.15
56500.0 - Property & Fiduciary Insurance Expense	
56510 - Management Liability Insurance	\$123,740.50
Total - 56500.0 - Property & Fiduciary Insurance Expense	\$123,740.50
56600.0 - Maintenance Expenses	
56630 - Interior Landscaping	\$1,386.37
56640 - Vehicle Expense	\$1,838.25
Total - 56600.0 - Maintenance Expenses	\$3,224.62
56650.0 - Staff Support Expenses	
56620 - Staff Support	\$5,680.18
56621 - Recruiting Expenses	\$1,472.36
Total - 56650.0 - Staff Support Expenses	\$7,152.54
56800.0 - Mandatory Costs	
56820 - Ohio Retirement Study Council	\$15,278.08
Total - 56800.0 - Mandatory Costs	\$15,278.08
56900 - Reimbursement of Leased Svcs from OSERS Broad St	(\$25,416.67)
Total - Expense	\$3,099,722.97
Total Admin Expenses	\$3,099,722.97

School Employees Retirement System of Ohio
Detailed Administrative Expenses
July-24

Account	Vendor	Amount
53100 - Salaries & Wages	ADP, LLC	1,198,257.70
	Subtotal	1,198,257.70
53110 - Salaries & Wages - Overtime	ADP, LLC	922.57
	Subtotal	922.57
53111 - Vacation Leave Expense	ADP, LLC	113,593.62
	Subtotal	113,593.62
53112 - Sick Leave Expense	ADP, LLC	140,401.61
	Subtotal	140,401.61
53113 - Voluntary Life Insurance Reimbursement	ADP, LLC	241.36
	Subtotal	241.36
53200 - Employer Contributions - PERS	ADP, LLC	200,586.28
	Subtotal	200,586.28
53301 - Staff Group Life	American United Life Insurance Company	10,015.09
	Subtotal	10,015.09
53310 - Staff Long Term Disability	American United Life Insurance Company	3,502.04
	Subtotal	3,502.04
53315 - Staff Short Term Disability	American United Life Insurance Company	3,097.38
	Subtotal	3,097.38
53320 - Staff Group Health Claims	Aetna Daily Wires - ESERS	222,636.26
	Subtotal	222,636.26
53321 - Staff Group Health - Admin Fees	Aetna Admin - ESERS	7,345.70
	Subtotal	7,345.70
53322 - Staff Prescription Claims	Express Scripts - ESERS	80,306.34
	Subtotal	80,306.34
53324 - Staff Group Health - Stop Loss Admin	Aetna Admin - ESERS	19,680.90
	Subtotal	19,680.90
53326 - Staff Vision Claims	VSP - (OH)	2,278.93
	Subtotal	2,278.93
53327 - Staff Vision Admin Fees	VSP - (OH)	120.24
	Subtotal	120.24
53330 - Staff Group Health - Employee Cost	Employee Premiums	(34,115.14)
	Subtotal	(34,115.14)
53331 - Staff Group Health - Wellness Incentive	ADP, LLC	3,910.00
	Subtotal	3,910.00
53332 - Staff Group Health - Tobacco Premiums	ADP, LLC	(680.00)
	Subtotal	(680.00)
53333 - Staff Weight Loss Program	ADP, LLC	-
	Subtotal	-
53335 - Federal HC Admin. Fees (Staff Related)	ADP, LLC	1,378.16
	Subtotal	1,378.16
53340 - Staff Medicare Premium - Employer	ADP, LLC	22,338.58
	Subtotal	22,338.58
53350 - Staff Workers Compensation	Ohio Bureau Of Workers Compensation	3,614.00
	Subtotal	3,614.00
53380 - Staff Deferred Compensation Match	ADP, LLC	4,830.00
	Subtotal	4,830.00
54101 - Actuarial Services	ADP, LLC	12,000.00
	Subtotal	12,000.00
54430 - Performance/Analytics Fee	Barra LLC	59,611.25
	Subtotal	59,611.25
54445 - Class Action Fees	BNY Mellon Asset Servicing	755.36
	Subtotal	755.36
54451 - Other Prof. Inv. Related Consulting	Bloomberg Finance LP	36.67
	Subtotal	36.67
54521 - Medical Consultant	Glen G Borchers, M.D.	3,750.00
	Subtotal	3,750.00
54620 - Technical	ComResource	920.00
	Hyland Software, Inc.	5,312.50
	Improving Ohio, Inc.	17,850.00
	Launch Consulting	19,040.00
	Presidio	3,918.75
	Subtotal	47,041.25
54630 - Other Professional Services	Attorney General	6,332.27
	Gartner, Inc	101,359.00
	Grange Insurance Audubon Center	1,125.00
	Vorys Advisors LLC	3,666.66
	Subtotal	112,482.93
55100 - Postage	FedEx	50.41
	Notifii LLC	534.00
	Pitney Bowes Inc.	15,469.01

	Unishippers Association	377.29
	United States Postal Service	100,000.00
	Subtotal	116,430.71
55200 - Telecommunications Services	AT&T - 7258	40.10
	Everstream Solutions LLC	1,376.00
	Spectrum	1,476.29
	T-Mobile	59.37
	Verizon Wireless	199.13
	XO Verizon	1,811.20
	Subtotal	4,962.09
55300 - Member/Employer Education	Carlisa Holman	351.85
	Employer Training Fees	(180.00)
	Hilton Garden Inn	150.00
	Katie Talbert	242.71
	Michelle Richards	1,718.40
	OCLC Inc	1,910.31
	Sheraton Suites Akron/Cuyahoga Falls	2,084.98
	Subtotal	6,278.25
55410 - Printing Supplies	Millcraft Paper Co.	253.35
	Subtotal	253.35
55420 - Communications & Publications	Bindery and Specialties, Inc.	6,290.00
	Lanz Printing, Inc	28.00
	Subtotal	6,318.00
56020 - Hardware Maintenance	Radiant Technology	25,750.00
	Subtotal	25,750.00
56035 - Software Subscriptions	CarahSoft Technology Corp	130,389.24
	Dynamo Software, Inc.	337,612.12
	Expedient	13,754.92
	GuidePoint Security, LLC	8,340.01
	Hyland Software, Inc.	8,320.00
	Oracle America, Inc.	11,969.81
	Wellable LLC	462.80
	Subtotal	510,848.90
56050 - Software < \$25,000	Canto, Inc.	5,096.00
	Subtotal	5,096.00
56110 - Equipment Repairs & Maintenance	Canon Financial Services, Inc	1,647.27
	LD Products Inc.	683.94
	Quadient	4,031.25
	US Bank Equipment Finance	3,311.98
	Subtotal	9,674.44
56120 - Equipment Rental	Quadient	924.00
	Subtotal	924.00
56160 - Records Storage	Vital Records Holdings, LLC	125.00
	Subtotal	125.00
53370 - Staff Tuition	Darin Hartsell	2,144.00
	Subtotal	2,144.00
56210 - Seminars & Conferences	International Foundation of Employee Benefit Plans	2,590.00
	Ohio State University	225.00
	Workday Inc.	1,995.00
	Subtotal	4,810.00
56310 - Travel & Transportation	0506 Barbra Phillips	74.02
	Aimee Russell	758.58
	Catherine Moss	365.13
	Chicken Salad Chick	307.00
	Chipotle	481.60
	Daniel L Wilson	122.00
	Farouki Majeed	1,779.94
	Hills Market	46.99
	James Haller	384.53
	James Rossler	32.60
	Kroger	44.56
	Matt King	322.20
	Michael Browning	710.10
	Paul Cheng	594.70
	Sam's Club	27.96
	Subtotal	6,051.91
56311 - Mileage	Aimee Russell	79.58
	Catherine Moss	231.82
	Daniel L Wilson	199.66
	James Haller	129.72
	Matt King	160.80
	Michael Browning	5.76
	Paul Cheng	15.68
	Subtotal	823.02
56410 - Subscriptions	BCA Research Inc.	16,031.50
	Bloomberg.com	415.00
	Columbus Dispatch	26.00
	Constant Contact	145.00
	Currency Research Associates LLC	1,250.00

	Dow Jones & Company, Inc.	6,432.02
	Economist	240.04
	Financial Times	719.00
	Harvard Business Review	(10.13)
	Pension & Investments	350.00
	Ragan Communications, Inc.	549.00
	Shutterstock, Inc.	29.00
	Toledo Blade	12.99
	Wall Street Journal	125.73
	Subtotal	26,315.15
56420 - Memberships	Adam Messerschmitt	459.00
	AICPA	350.00
	American Marketing Association	169.00
	CAIA Association	350.00
	CAN Insurance	459.00
	CFA Institute	2,754.00
	George Beamer	135.00
	Hai Y Le	459.00
	International Association of Business Communicators	95.00
	International Facility Management Association	662.00
	Michael Browning	100.00
	Mike Berger	299.00
	MRA	1,800.00
	Phil Sisson	459.00
	Treasurer, State of Ohio	450.00
	Subtotal	9,000.00
56510 - Management Liability Insurance	ARC Excess & Surplus, LLC	123,740.50
	Subtotal	123,740.50
56620 - Staff Support	Acorn Distributors Inc.	654.74
	ADP, LLC	2,274.99
	Aetna Behavioral Health, LLC	282.60
	Amazon.com	224.61
	Culligan Bottled Water of Columbus	33.96
	Cuyahoga Franklin Group	877.76
	Freedom A La Cart	482.62
	Inspira Financial	346.50
	Premier ProduceOne	502.40
	Subtotal	5,680.18
56621 - Recruiting Expenses	ADP Screening & Selection Services	438.39
	Indeed	1,033.97
	Subtotal	1,472.36
56630 - Interior Landscaping	Ambius Inc. (05)	1,386.37
	Subtotal	1,386.37
56640 - Vehicle Expense	CAN Insurance	1,826.25
	Moo Moo Car Wash	12.00
	Subtotal	1,838.25
56820 - Ohio Retirement Study Council	Ohio Retirement Study Council	15,278.08
	Subtotal	15,278.08
56900 - Reimbursement of Leased Svcs from OSERS Broad St	Reimbursement of Leased Services	(25,416.67)
	Subtotal	(25,416.67)
	Total SERS Administrative Expense	3,099,722.97

FY2025 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through July 31, 2024

Major Category/Sub-Major Category	Line Item	Vendor	FY2025 Budget Approved	Year to Date Expense	Additional Information
PROFESSIONAL SERVICES			\$ 6,493,858.00	\$ 235,677.46	
ACTUARIAL ADVISORS			\$ 425,500.00	\$ 12,000.00	
	Actuarial	Cavanaugh Macdonald	\$ 325,500.00	\$ 12,000.00	Actuarial Consultant
	Actuarial	Audit - TBD	100,000.00		Actuarial Audit
AUDITING			\$ 220,000.00	\$ -	
	Auditing	Plante Moran	180,000.00	-	External Auditor
BANKING FEES			\$ 1,213,380.00	\$ -	
	Custodial Banking		1,020,000.00	-	
		Fifth Third	360,000.00		Domestic Custodian
		BNYM	660,000.00		International Custodian
	Administrative Banking	Huntington National Bank/ TOS	193,380.00	-	Banking Services
INVESTMENT RELATED			\$ 2,530,364.00	\$ 60,403.28	
	Master Recordkeeper		1,056,000.00	-	
	Investment Consulting & Advisory Services		525,000.00	-	
		Wilshire	450,000.00		Investment Consulting
	Performance Analytics Services		704,765.00	59,611.25	
		Barra-One Risk Mgmt Sys	238,445.00	59,611.25	Investment Risk Analytics
		BNY Mellon GRS	412,820.00		Investment Performance Analytics
TECHNICAL			\$ 2,059,614.00	\$ 159,524.18	
	Special Counsel		301,000.00	-	
	Technical		1,285,720.00	47,041.25	
		Merative	124,000.00		Data Warehouse
		Sagitec	573,440.00		SMART Development Resources
		Board Initiative	100,000.00	-	Board Initiatives
	Other Professional Services		472,894.00	112,482.93	
		Gartner	109,230.00	101,359.00	Management Consulting
OTHER OPERATING EXPENSE			\$ 4,350,782.00	\$ 725,541.49	
COMPUTER SUPPORT SERVICES			\$ 3,003,345.00	\$ 541,694.90	
	Software Maintenance		1,013,621.00		
		Dell	300,000.00		Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00		SMART Silver Support
	Software Subscriptions		1,732,520.00	510,848.90	
		Hyland	119,061.00	121,454.36	ImageNow
		DRaaS	163,332.00	13,754.92	Expedient
		Dynamo	207,686.00	224,477.76	Dynamo Software, INC
		Carahsoft	163,830.00	130,389.24	ServiceNow System
		Zoom	100,000.00		Telecommunication Services
PROPERTY MANAGEMENT LIABILITY INSURANCE			\$ 566,375.00	\$ 123,740.50	
	Management Liability Insurance		566,375.00	123,740.50	
		Cyber Liability Insurance	166,805.00	39,621.25	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	372,182.00	84,119.25	ARC Excess & Surplus, LLC

PROJECT ITEMS					
Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Additional Information
PROFESSIONAL SERVICES					
	TECHNICAL				

SERS					
UNBUDGETED PROJECT ITEMS					
Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Expense Reallocation

OSERS BROAD STREET, LLC					
UNBUDGETED PROJECT ITEMS					
Major Category	Line Item	Project	FY2025 Budget	YTD Expense	

School Employees Retirement System of Ohio

Summary of Administrative Expenses

Actuals

August 2024

Financial Row	Amount
Summary Admin Expenses	
Expense	
53100.0 - Staff Salaries Expense	
53100 - Salaries & Wages	\$1,166,827.15
53110 - Salaries & Wages - Overtime	\$1,296.34
53111 - Vacation Leave Expense	\$121,317.18
53112 - Sick Leave Expense	\$54,937.14
Total - 53100.0 - Staff Salaries Expense	\$1,344,377.81
53200.0 - Staff Retirement Contribution Expense	
53200 - Employer Contributions - PERS	\$186,377.13
Total - 53200.0 - Staff Retirement Contribution Expense	\$186,377.13
53300.0 - Staff Benefit Expenses	
53140 - Unemployment Compensation	\$1,286.02
53300 - Staff Group Life	\$10,040.82
53310 - Staff Long Term Disability	\$3,541.20
53315 - Staff Short Term Disability	\$3,117.24
53320 - Staff Group Health Claims	\$320,539.43
53321 - Staff Group Health - Admin Fees	\$7,388.91
53322 - Staff Prescription Claims	\$123,999.26
53324 - Staff Group Health - Stop Loss Admin	\$19,796.67
53325 - Staff Group Health - Stop Loss Claims	(\$5,246.49)
53326 - Staff Vision Claims	\$2,019.80
53327 - Staff Vision Admin Fees	\$122.40
53330 - Staff Group Health - Employee Cost	(\$35,192.75)
53331 - Staff Group Health - Wellness Incentive	\$3,920.00
53332 - Staff Group Health - Tobacco Premiums	(\$680.00)
53340 - Staff Medicare Premium - Employer	\$18,565.44
53380 - Staff Deferred Compensation Match	\$4,905.00
Total - 53300.0 - Staff Benefit Expenses	\$478,122.95
54100 - Actuarial Services	\$31,996.00
54300.0 - Banking Fee Expenses	
54310 - Custodial Fees	\$281,266.64
54320 - Custodial Banking	\$11,726.90
Total - 54300.0 - Banking Fee Expenses	\$292,993.54
54400.0 - Investment Related Expenses	
54410 - Master Recordkeeper Fees	\$180,849.62
54420 - Investment Advisory Admin Fees	\$97,258.00
54430 - Performance/Analytics Fee	\$107,002.98
54450 - Other Prof. Inv. Related Consulting	\$1,500.00
54460 - Bloomberg Terminal Rentals	\$14,775.00
Total - 54400.0 - Investment Related Expenses	\$401,385.60
54520 - Medical Consultant	\$3,750.00
54600.0 - Technical Expenses	
54610 - Special Counsel	\$38,087.12
54620 - Technical	\$205,703.75
54630 - Other Professional Services	\$9,106.66
Total - 54600.0 - Technical Expenses	\$252,897.53
55100 - Postage	\$10,297.68
55200 - Telecommunications Services	\$6,724.94
55400.0 - Printing & Publication Expenses	
55400 - Printing Paper	\$704.46
55420 - Communications & Publications	\$22,785.00
Total - 55400.0 - Printing & Publication Expenses	\$23,489.46

Financial Row	Amount
56000.0 - Computer Support Service Expenses	
56030 - Software Maintenance	\$70,247.50
56035 - Software Subscriptions	\$153,475.13
Total - 56000.0 - Computer Support Service Expenses	\$223,722.63
56100.0 - Office Equipment & Supply Expenses	
56110 - Equipment Repairs & Maintenance	\$54,486.58
56160 - Records Storage	\$125.00
Total - 56100.0 - Office Equipment & Supply Expenses	\$54,611.58
56200.0 - Staff Training Expenses	
56210 - Seminars & Conferences	\$15.89
56220 - In House Training	\$637.20
Total - 56200.0 - Staff Training Expenses	\$653.09
56300.0 - Transportation & Travel Expenses	
56310 - Travel & Transportation	\$5,114.99
56311 - Mileage	\$702.87
Total - 56300.0 - Transportation & Travel Expenses	\$5,817.86
56400.0 - Membership & Subscription Expenses	
56420 - Memberships	\$350.00
Total - 56400.0 - Membership & Subscription Expenses	\$350.00
56600.0 - Maintenance Expenses	
56630 - Interior Landscaping	\$1,386.37
Total - 56600.0 - Maintenance Expenses	\$1,386.37
56650.0 - Staff Support Expenses	
56620 - Staff Support	\$3,943.80
56621 - Recruiting Expenses	\$96.21
Total - 56650.0 - Staff Support Expenses	\$4,040.01
56900 - Reimbursement of Leased Svcs from OSERS Broad St	(\$25,416.67)
Total - Expense	\$3,297,577.51
Total Admin Expenses	\$3,297,577.51

School Employees Retirement System of Ohio
Detailed Administrative Expenses
August-24

Account	Vendor	Amount
53100 - Salaries & Wages	ADP, LLC	1,166,827.15
	Subtotal	1,166,827.15
53104 - Salaries & Wages - Cash in Vacation	ADP, LLC	-
	Subtotal	-
53110 - Salaries & Wages - Overtime	ADP, LLC	1,296.34
	Subtotal	1,296.34
53111 - Vacation Leave Expense	ADP, LLC	121,317.18
	Subtotal	121,317.18
53112 - Sick Leave Expense	ADP, LLC	54,937.14
	Subtotal	54,937.14
53140 - Unemployment Compensation	Ohio Dept. of Job & Family Services	1,286.02
	Subtotal	1,286.02
53200 - Employer Contributions - PERS	ADP, LLC	186,377.13
	Subtotal	186,377.13
53300 - Staff Group Life	American United Life Insurance Company	10,040.82
	Subtotal	10,040.82
53310 - Staff Long Term Disability	American United Life Insurance Company	3,541.20
	Subtotal	3,541.20
53315 - Staff Short Term Disability	ADP, LLC	3,117.24
	Subtotal	3,117.24
53320 - Staff Group Health Claims	Aetna Daily Wires - ESERS	320,539.43
	Subtotal	320,539.43
53321 - Staff Group Health - Admin Fees	Aetna Admin - ESERS	7,388.91
	Subtotal	7,388.91
53322 - Staff Prescription Claims	Express Scripts - ESERS SaveonSP, LLC	123,875.05 124.21
	Subtotal	123,999.26
53324 - Staff Group Health - Stop Loss Admin	Aetna Admin - ESERS	19,796.67
	Subtotal	19,796.67
53325 - Staff Group Health - Stop Loss Claims	Aetna Admin - ESERS	(5,246.49)
	Subtotal	(5,246.49)
53326 - Staff Vision Claims	VSP - (OH)	2,019.80
	Subtotal	2,019.80
53327 - Staff Vision Admin Fees	VSP - (OH)	122.40
	Subtotal	122.40
53330 - Staff Group Health - Employee Cost	Employee Premiums	(35,192.75)
	Subtotal	(35,192.75)
53331 - Staff Group Health - Wellness Incentive	ADP, LLC	3,920.00
	Subtotal	3,920.00
53332 - Staff Group Health - Tobacco Premiums	ADP, LLC	(680.00)
	Subtotal	(680.00)
53340 - Staff Medicare Premium - Employer	ADP, LLC	18,565.44
	Subtotal	18,565.44
53380 - Staff Deferred Compensation Match	ADP, LLC	4,905.00
	Subtotal	4,905.00
54100 - Actuarial Services	CavMac	31,996.00
	Subtotal	31,996.00
54310 - Custodial Fees	BNY Asset Servicing	281,266.64
	Subtotal	281,266.64
54320 - Custodial Banking	Huntington National Bank Treasurer of State - Warrants	11,618.96 107.94
	Subtotal	11,726.90
54410 - Master Recordkeeper Fees	BNY Asset Servicing	180,849.62
	Subtotal	180,849.62
54420 - Investment Advisory Admin Fees	Wilshire Advisors, LLC	97,258.00
	Subtotal	97,258.00
54430 - Performance/Analytics Fee	Wilshire Advisors, LLC	107,002.98
	Subtotal	107,002.98
54450 - Other Prof. Inv. Related Consulting	Pension Fund Data Exchange, Ltd	1,500.00
	Subtotal	1,500.00
54460 - Bloomberg Terminal Rentals	Bloomberg Finance LP	14,775.00
	Subtotal	14,775.00
54520 - Medical Consultant	Glen G Borchers, M.D.	3,750.00
	Subtotal	3,750.00
54610 - Special Counsel	Ice Miller LLP	10,084.62

	Porter, Wright, Morris, Seyfarth Shaw LLP	25.00 27,977.50
	Subtotal	38,087.12
54620 - Technical	Financial Services Info Sharing & Analysis Center	13,900.00
	Hyland Software, Inc.	5,500.00
	NCC Group	34,100.00
	Sagitec Solutions, LLC	88,105.00
	Shi International Corp.	62,156.25
	Sigital, LLC	1,942.50
	Subtotal	205,703.75
54630 - Other Professional Services	Cobalt Community Research, LLC	4,900.00
	Kimberly Wickert	540.00
	Vorys Advisors LLC	3,666.66
	Subtotal	9,106.66
55100 - Postage	Pitney Bowes Inc.	9,870.17
	Unishippers Association	427.51
	Subtotal	10,297.68
55200 - Telecommunications Services	AT&T - 7258	50.09
	Everstream Solutions LLC	1,376.00
	Spectrum	246.29
	Spectrum AWS	1,230.00
	Total Communication Solutions	1,769.72
	Verizon Wireless	241.64
	XO Verizon	1,811.20
	Subtotal	6,724.94
55400 - Printing Paper	Millcraft Paper Co.	704.46
	Subtotal	704.46
55420 - Communications & Publications	Bindery and Specialties, Inc.	9,341.00
	Millcraft Paper Co.	11,487.50
	Tension Envelope Corporation	1,956.50
	Subtotal	22,785.00
56030 - Software Maintenance	Dell Marketing LP	247.50
	Sagitec Solutions, LLC	70,000.00
	Subtotal	70,247.50
56035 - Software Subscriptions	ADP, LLC	3,029.32
	Amazon Web Services	125.93
	CarahSoft Technology Corp	4,877.08
	CDW-Government, Inc.	113,926.26
	Expedient	13,754.92
	Software Information Resource Corp	17,291.02
	Wellable LLC	470.60
	Subtotal	153,475.13
56110 - Equipment Repairs & Maintenance	LD Products Inc.	105.56
	Quadient	48,973.05
	Ricoh USA, Inc	1,547.80
	US Bank Equipment Finance	3,860.17
	Subtotal	54,486.58
56160 - Records Storage	Vital Records Holdings, LLC	125.00
	Subtotal	125.00
56210 - Seminars & Conferences	Information Systems Audit and Control Assoc	1,395.00
	Refund	(1,379.11)
	Subtotal	15.89
56220 - In House Training	ADP, LLC	637.20
	Subtotal	637.20
56310 - Travel & Transportation	Andrew Gartner	1,358.48
	Barbra Phillips	244.00
	Jason Naber	17.27
	Jay Patel	12.00
	Karen Roggenkamp	1,500.82
	Mike Berger	434.56
	Richard Stensrud	210.65
	Thomas McLennan	1,337.21
	Subtotal	5,114.99
56311 - Mileage	Andrew Gartner	48.24
	Barbra Phillips	115.68
	Jason Naber	168.84
	Karen Roggenkamp	20.36
	Richard Stensrud	268.67
	Thomas McLennan	81.08
	Subtotal	702.87
56420 - Memberships	AICPA	350.00
	Subtotal	350.00
56620 - Staff Support	ADP, LLC	2,274.99
	Aetna Behavioral Health, LLC	282.60

	Culligan Bottled Water of Columbus	60.93
	Cuyahoga Franklin Group	383.88
	Inspira Financial	346.50
	Premier ProduceOne	423.50
	Richard Stensrud	171.40
	Subtotal	3,943.80
56621 - Recruiting Expenses	ADP Screening & Selection Services	96.21
	Subtotal	96.21
56630 - Interior Landscaping	Ambius Inc. (05)	1,386.37
	Subtotal	1,386.37
56900 - Reimbursement of Leased Svcs from OSERS Broad St	Reimbursement of Leased Services	(25,416.67)
	Subtotal	(25,416.67)
		3,297,577.51

FY2025 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through August 31, 2024

Major Category/Sub-Major Category	Line Item	Vendor	FY2025 Budget Approved	Year to Date Expense	Additional Information
PROFESSIONAL SERVICES			\$ 6,493,858.00	\$ 1,218,700.13	
ACTUARIAL ADVISORS			\$ 425,500.00	\$ 43,996.00	
	Actuarial	Cavanaugh Macdonald	\$ 325,500.00	\$ 43,996.00	Actuarial Consultant
	Actuarial	Audit - TBD	100,000.00		Actuarial Audit
AUDITING			\$ 220,000.00	\$ -	
	Auditing	Plante Moran	180,000.00	-	External Auditor
BANKING FEES			\$ 1,213,380.00	\$ 292,993.54	
	Custodial Banking		1,020,000.00	281,266.64	
		Fifth Third	360,000.00		Domestic Custodian
		BNYM	660,000.00	281,266.64	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	193,380.00	11,726.90	Banking Services
INVESTMENT RELATED			\$ 2,530,364.00	\$ 461,788.88	
	Master Recordkeeper		1,056,000.00	180,849.62	
	Investment Consulting & Advisory Services		525,000.00	97,258.00	
		Wilshire	450,000.00	97,258.00	Investment Consulting
	Performance Analytics Services		704,765.00	166,614.23	
		Barra-One Risk Mgmt Sys	238,445.00	59,611.25	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	104,002.98	Investment Performance Analytics
TECHNICAL			\$ 2,059,614.00	\$ 412,421.71	
	Special Counsel		301,000.00	38,087.12	
	Technical		1,285,720.00	252,745.00	
		Merative	124,000.00		Data Warehouse
		Sagitec	573,440.00	88,105.00	SMART Development Resources
		Board Initiative	100,000.00	-	Board Initiatives
	Other Professional Services		472,894.00	121,589.59	
		Gartner	109,230.00	101,359.00	Management Consulting
OTHER OPERATING EXPENSE			\$ 4,350,782.00	\$ 990,706.36	
COMPUTER SUPPORT SERVICES			\$ 3,003,345.00	\$ 765,417.53	
	Software Maintenance		1,013,621.00	70,247.50	
		Dell	300,000.00	247.50	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	70,000.00	SMART Silver Support
	Software Subscriptions		1,732,520.00	664,324.03	
		Hyland	119,061.00	121,454.36	ImageNow
		DRaaS	163,332.00	27,509.84	Expedient
		Dynamo	207,686.00	224,477.76	Dynamo Software, INC
		Carahsoft	163,830.00	130,389.24	ServiceNow System
		Zoom	100,000.00		Telecommunication Services
PROPERTY MANAGEMENT LIABILITY INSURANCE			\$ 566,375.00	\$ 123,740.50	
	Management Liability Insurance		566,375.00	123,740.50	
		Cyber Liability Insurance	166,805.00	39,621.25	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	372,182.00	84,119.25	ARC Excess & Surplus, LLC

PROJECT ITEMS					
Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Additional Information
PROFESSIONAL SERVICES					
	TECHNICAL				

UNBUDGETED PROJECT ITEMS					
Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Expense Reallocation

UNBUDGETED PROJECT ITEMS					
Major Category	Line Item	Project	FY2025 Budget	YTD Expense	

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS*

As of June 30, 2024 and 2023

(unaudited)

SERS (All Funds)	6/30/24 YTD	6/30/23 YTD	Comparative Difference	% Difference
<u>ADDITIONS</u>				
Employer Contributions	\$648,777,185	\$614,499,611	\$34,277,574	6%
Member Contributions	421,433,681	398,907,335	22,526,346	6
Other Income	129,072,001	134,359,629	(5,287,628)	(4)
Total Investment Income, Net	1,624,103,214	1,182,955,780	441,147,434	37
TOTAL ADDITIONS	2,823,386,081	2,330,722,355	492,663,726	21
<u>DEDUCTIONS</u>				
Retirement, Disability, Survivor & Death Benefits	1,417,494,838	1,369,163,827	48,331,011	4
Health Care Expenses	153,142,506	129,424,430	23,718,076	18
Refunds & Transfers	96,527,796	107,534,808	(11,007,012)	(10)
Administrative Expenses (excluding Investments)	30,397,107	33,196,517	(2,799,410)	(8)
TOTAL DEDUCTIONS	1,697,562,247	1,639,319,582	58,242,665	4
Changes in Net Position	1,125,823,834	691,402,773	434,421,061	63
Net Position - Beginning	18,265,722,222	17,574,319,449	691,402,773	4
SERS Net Position - Ending	\$19,391,546,056	\$18,265,722,222	\$1,125,823,834	6%

HEALTH CARE FUND

HEALTH CARE ADDITIONS

Employer Contributions	\$60,953,779	\$48,398,296	\$12,555,483	26%
Health Care Premiums	58,049,041	55,625,263	2,423,778	4
Federal Subsidies & Other Receipts	70,980,233	60,953,328	10,026,905	16
Total Investment Income, Net	54,821,789	18,930,621	35,891,168	190
TOTAL HEALTH CARE ADDITIONS	244,804,842	183,907,508	60,897,334	33
TOTAL HEALTH CARE DEDUCTIONS	156,119,153	124,522,245	31,596,908	25
Changes in Net Position	88,685,689	59,385,263	29,300,426	49
Net Position - Beginning	706,785,561	611,574,409	95,211,152	16
SERS Health Care Fund Net Position - Ending	\$795,471,250	\$670,959,672	\$124,511,578	19%

* The financial highlights as of June 30, 2024 are pending year-end alternative investment valuation adjustments, and OPERS pension and OPEB activity postings.

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS*

As of July 31, 2024 and 2023

(unaudited)

SERS (All Funds)	7/31/24 YTD	7/31/23 YTD	Comparative Difference	% Difference
<u>ADDITIONS</u>				
Employer Contributions	\$50,076,492	\$45,168,059	\$4,908,433	11%
Member Contributions	32,273,883	28,924,664	3,349,219	12
Other Income	5,881,141	5,051,191	829,950	16
Total Investment Income, Net	201,374,076	199,028,138	2,345,938	1
TOTAL ADDITIONS	289,605,592	278,172,052	11,433,540	4
<u>DEDUCTIONS</u>				
Retirement, Disability, Survivor & Death Benefits	121,382,574	115,967,334	5,415,240	5
Health Care Expenses	16,152,344	16,671,246	(518,902)	(3)
Refunds & Transfers	4,270,042	7,248,736	(2,978,694)	(41)
Administrative Expenses (excluding Investments)	2,907,888	2,630,454	277,434	11
TOTAL DEDUCTIONS	144,712,848	142,517,770	2,195,078	2
Changes in Net Position	144,892,744	135,654,282	9,238,462	7
Net Position - Beginning	19,408,621,348	18,265,722,222	1,142,899,126	6
SERS Net Position - Ending	\$19,553,514,092	\$18,401,376,504	\$1,152,137,588	6%

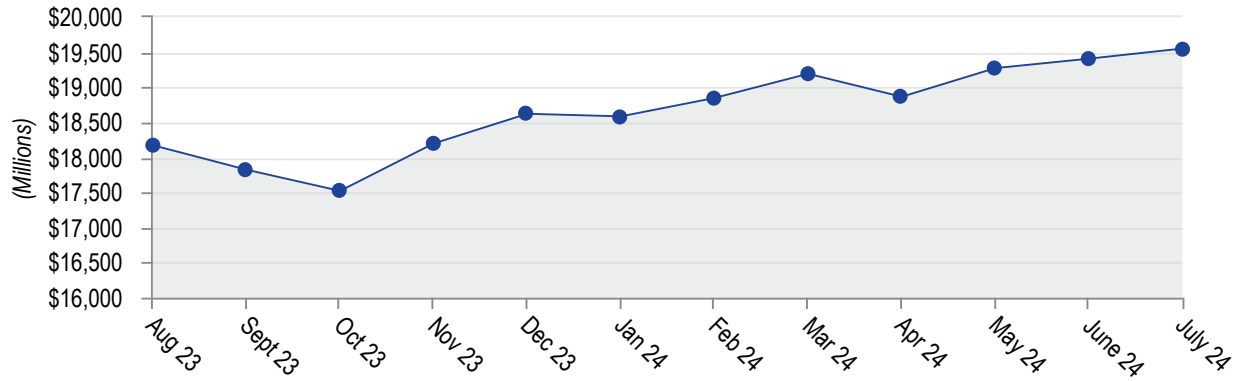
HEALTH CARE FUND

HEALTH CARE ADDITIONS

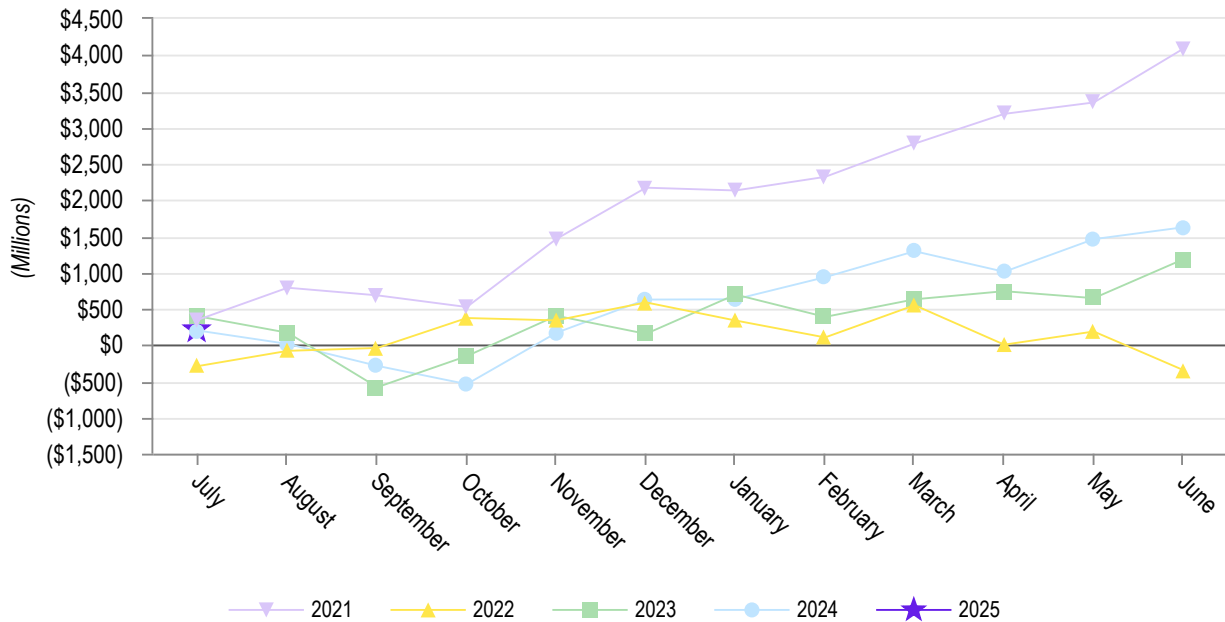
Employer Contributions	\$5,000,000	\$4,700,000	\$300,000	6%
Health Care Premiums	4,650,786	4,958,351	(307,565)	(6)
Federal Subsidies & Other Receipts	1,230,355	89,660	1,140,695	1,272
Total Investment Income, Net	6,861,481	6,132,553	728,928	12
TOTAL HEALTH CARE ADDITIONS	17,742,622	15,880,564	1,862,058	12
TOTAL HEALTH CARE DEDUCTIONS	16,394,996	16,907,252	(512,256)	(3)
Changes in Net Position	1,347,626	(1,026,688)	2,374,314	(231)
Net Position - Beginning	812,546,542	706,785,561	105,760,981	15
SERS Health Care Fund Net Position - Ending	\$813,894,168	\$705,758,873	\$108,135,295	15%

* The financial highlights as of July 31, 2024 are pending June 30, 2024 year-end alternative investment valuation adjustments, and OPERS pension and OPEB activity postings.

Total SERS Fund Balance for Previous 12 Months



Investment Income (includes realized and unrealized gains & losses)



Health Care Fund Balance Trend



Memo

To: Retirement Board

From: SERS Legal

cc: Richard Stensrud

Date: September 7, 2024

Re: Administrative Rules

Four categories of resolutions on Administrative Rules are on the September Board Agenda.

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

- **3309-1-02 Definition of compensation**

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 rules:

- **3309-1-02 Definition of compensation**

This rule defines compensation for purposes of SERS. The definition of compensation has been modernized to align with current compensation practices in Ohio's public schools.

Paragraph (B) defines salary, wages, and earnings.

Paragraph (C) lists the types of earnings that are not included in compensation.

Paragraph (D) identifies earnings that are included in compensation.

Paragraph (E) addresses how compensation will be determined when a member is self-employed and does not receive wages or salary.

Paragraph (F) addresses the processing of back pay awards.

Paragraph (G) sets forth the process for seeking a determination as to whether a payment is compensation for purposes of SERS.

- **3309-1-51 Recovery of overpayments**

This rule addresses situations where new or revised information requires a correction in the calculation of a benefit payment. The rule specifies that in the event a recalculation results in an increased payment, SERS will provide the recipient a lump sum payment to make up for any underpayment(s) before the recalculation. In the event a recalculation results in downward adjustment of the benefit payment, the rule specifies that SERS will

look to recoup the amount of the cumulative underpaid amount but includes protections to prevent undue hardship when the recipient was not the source of the incorrect information.

III. Approval to file with JCARR the following proposed amended rules:

- **3309-1- 35 Health care**

This rule sets forth eligibility requirements and coverage for health care.

Proposed primary amendments add a definition of “qualified service credit” and add provisions regarding recovery of underpaid premium amounts and refunding overpaid premium amounts. Currently, service credit counted toward health care eligibility is set forth in the definition of “Age and service retiree.” “Qualified service credit” will now have its own definition. Further, the definition will exclude service credit earned under R.C. 145.201 of the Revised Code as qualified service credit. This law refers to additional service credit (up to 35%) that an elected or appointed official can purchase. Currently, OPERS does not count this service credit for health care eligibility at their system. New provisions in (F) set forth procedures and standards the system will follow after recalculating a health care premium.

Several minor amendments have been proposed. Language has been added to the marketplace counseling paragraph to clarify that enrollment does not happen until counseling is obtained. Paragraph (I)(2) has been amended to correct an incorrect citation and to make the receipt of the required documentation a prerequisite to reinstatement in addition to the benefit payments being unsuspended. Various housekeeping amendments include deleting historic one-time reinstatement opportunities and cleaning up the use of the terms “terminate” (to refer to health care eligibility) and “cancel” (to refer to health care coverage.)

- **3309-1-41 Appeals for denial and termination of disability benefits**

This rule sets forth procedures for member appeals of a denial of disability benefit application or a termination of a disability benefit.

The following amendments are proposed: Extend the time period for filing a notice of appeal to thirty days, permit a virtual personal appearance before the board, and clarify that when a member returned to work pending the appeal of a termination of benefits and the appeal is granted, benefits resume the first of after month after employment pending the appeal ends.

IV Approval to final file the following new rule:

- **3309-1-68 Guardianship**

The Board approved filing the proposed new rule in May. The rule has been reviewed by JCARR and is ready for final adoption.

FILING OF RESCINDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed rescinded rule: 3309-1-02, Definition of compensation, which rescission shall have an effective date of July 1, 2025.

_____ moved and _____ seconded that proposed rescinded rule 3309-1-02 be filed with JCARR as discussed.

3309-1-02 Definition of compensation.

(A) This rule amplifies and is in addition to the provisions of division (V) of section 3309.01 of the Revised Code.

(B) Except as otherwise provided by division (V) of section 3309.01 of the Revised Code, the following payments made by an employer are not "compensation."

- (1) Payments made by the employer for accrued but unused compensatory time for overtime worked;
- (2) One-time and/or lump-sum payments made by the employer to an employee where such payments are not based upon the employee's standard rate of pay or identified in paragraph (C) of this rule;
- (3) Retroactive payments or pay increases made or granted by the employer in whole or in part in consideration of retirement or an agreement to retire; and
- (4) Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.

(C) The following payments made by an employer shall be "compensation":

- (1) Payments on behalf of the contributor to an eligible retirement plan as defined in section 402(c)(8) of the Internal Revenue Code of 1986, 26 U.S.C. 402(c)(8).
- (2) Back wages awarded pursuant to a final order or final settlement award that reinstates the contributor to the contributor's former position, or comparable position, without interruption or loss of time.

- (3) Effective January 1, 2009, differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code, 26 U.S.C. 3401(h)(2).
- (4) Payments based on an employee's length of service.
- (5) A one-time or lump sum payment by the employer that is paid in lieu of a salary or wage increase, to all persons in a class of employees, in the same dollar amount or same percentage of salary or wages, and in accordance with a written contractual agreement.
- (6) A one-time or lump sum payment made by the employer for additional services rendered.

(D)

- (1) Prior to remitting contributions on salary, wages or other earnings where there is a question on whether such payments or earnings are "compensation," the employer shall request in writing a determination by the retirement board.
- (2) The retirement board shall give the employer written notice of its determination.
- (3) If the employer fails to request a prior determination and the retirement board determines that the salary, wages or other earnings are not "compensation," then any contributions received on such salary, wages and other earnings shall be deemed unauthorized and shall be refunded.
- (4) If the employer fails to request a prior determination and the retirement board determines that the salary, wages, or other earnings are "compensation," then the retirement board may certify for collection pursuant to sections 3309.47 and 3309.51 of the Revised Code the amount of contributions not remitted.

HISTORY: 7/27/15, 4/17/15 (Emer), 3/30/15, 4/1/13, 4/2/10, 5/14/05, 2/6/98, 9/18/89, 6/25/86 (Emer), 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.01, 3309.47, 3309.49
Review Date: 2/1/29

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED NEW ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-02, Definition of compensation, which new rule shall have an effective date of July 1, 2025.

_____ moved and _____ seconded that proposed new rule 3309-1-02 be filed with JCARR as discussed.

3309-1-02 Definition of compensation.

- (A) This rule amplifies and is in addition to the provisions of division (V) of section 3309.01 of the Revised Code.
- (B) 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 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 salary 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 salary 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 section 3309.47 of the revised code.

(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 or other earnings shall be deemed unauthorized and shall be refunded.
- (4) If the employer fails to request a prior determination and the retirement board determines that the salary, wages, or other earnings are "compensation," then the retirement board may certify for collection pursuant to sections 3309.47 and 3309.51 of the Revised Code the amount of contributions not remitted.

HISTORY: 7/27/15, 4/17/15 (Emer), 3/30/15, 4/1/13, 4/2/10, 5/14/05, 2/6/98, 9/18/89, 6/25/86 (Emer), 12/24/76

Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.01, 3309.47, 3309.49
 Review Date: 2/1/29

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED NEW ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed new administrative rule: 3309-1-51, Recovery of overpayments.

_____ moved and _____ seconded that proposed new rule 3309-1-51 be filed with JCARR as discussed.

3309-1-51 Recovery of overpayments.

- (A) For purposes of this rule “payment” means an annuity, allowance, or benefit paid by the retirement system. “Payment” includes a “final retirement allowance,” but not an “estimated retirement allowance,” as defined in rule 3309-1-21 of the Administrative Code.
- (B) If the retirement system determines that any payment has been calculated incorrectly, the system will recalculate the payment to the correct amount. The recalculated payment will begin on the next payment date.
 - (1) If the recalculation results in an increased payment to a recipient, the retirement system shall pay the recipient the cumulative difference between the original calculation and the recalculation in a one-time lump-sum.
 - (2) If the recalculation results in a decreased payment to a recipient, the recipient shall pay to the retirement system the cumulative difference between the original calculation and the recalculation. If the recipient fails to pay the system, the system may deduct this amount from any benefit due the person or collect the amount in any other manner provided by law.
 - (3) The following standards shall apply if the recipient was not the source of the information or records that caused the incorrect calculation and did not commit fraud, misrepresentation, or other misconduct resulting in the incorrect calculation.
 - (a) For any amounts owed to the system under paragraph (B)(2) of this rule, the retirement system will waive collection of:
 - (i) The first two hundred dollars, and
 - (ii) Any portion of the amount due that accrued more than two years before the date of the determination made in paragraph (B) of this rule.
 - (b) In seeking payment under paragraph (B)(2) of this rule, the system shall not deduct more than ten percent from the gross amount of any periodic benefit due the person.
 - (4) If the incorrect calculation is the result of employer errors in reporting or certifying information to the retirement system, the employer shall repay the system in accordance with paragraph (K) of rule 3309-1-18 of the Administrative Code.

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.55, 3309.70
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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-35 Health care.

_____ moved and _____ seconded that proposed amended rule 3309-1-35 be filed with JCARR as discussed.

3309-1-35 Health care.

(A) Definitions

As used in this rule:

- (1) "Benefit recipient" means an age and service retiree, disability benefit recipient, or a beneficiary as defined in section [3309.01](#) of the Revised Code, who is receiving monthly benefits due to the death of a member, age and service retiree or disability benefit recipient.
- (2) "Member" has the same meaning as in section [3309.01](#) of the Revised Code.
- (3) "Age and service retiree" means a former member who is receiving a retirement allowance pursuant to section [3309.34](#), [3309.35](#), [3309.36](#), or [3309.381](#) of the Revised Code. A former member with an effective retirement date after June 13, 1986 must have accrued ten years of [qualified](#) service credit; ~~exclusive of credit obtained after January 29, 1984 pursuant to sections [3309.021](#), [3309.301](#), [3309.31](#), and [3309.33](#) of the Revised Code.~~
- (4) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section [3309.35](#), [3309.39](#), [3309.40](#), or [3309.401](#) of the Revised Code.
- (5) "Dependent" means an individual who is either of the following:
 - (a) A spouse of an age and service retiree, disability benefit recipient, or member,
 - (b) A biological, adopted or step-child of an age and service retiree, disability benefit recipient, member, deceased age and service retiree, deceased disability benefit recipient, or deceased member or other child in a parent-child relationship in which the age and service retiree, disability benefit recipient, member, deceased age and service retiree, deceased disability benefit recipient, or deceased member has or had custody of the child, so long as the child:
 - (i) Is under age twenty-six, or
 - (ii) Regardless of age is permanently and totally disabled, provided that the disability existed prior to the age and service retiree's, disability benefit recipients, or member's death and prior to the child reaching age twenty-six. For purposes of this paragraph "permanently and totally disabled" means the individual is unable

to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve months.

(6) "Health care coverage" means any of the following group plans offered by the system:

- (a) A medical and prescription drug plan;
- (b) Limited wraparound coverage, which provides limited benefits that wrap around an individual health insurance plan; or
- (c) An excepted benefit health reimbursement arrangement, which provides reimbursement of medical expenses incurred under an individual health insurance plan.

(7) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for health care coverage for the recipient or the recipient's eligible dependents.

(8) "Employer" and "public employer" have the same meaning as in section [3309.01](#) of the Revised Code.

(9) "Marketplace counselor" means an individual licensed to determine eligibility for, and enroll individuals in, a marketplace plan.

(10) "Marketplace plan" means an individual health plan available through either a state or federal health insurance marketplace.

(11) "Qualified service credit means a member's total service credit excluding credit obtained after January 29, 1981 pursuant to sections [3309.021](#), [3309.301](#), [3309.31](#), and [3309.33](#) of the Revised Code. Credit obtained pursuant to section [145.201](#) of the Revised Code is excluded for those members who establish eligibility for SERS health care coverage on and after July 1, 2025.

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(B) Eligibility

(1) A person is eligible for health care coverage under the school employees retirement system's health care plan so long as the person qualifies as one of the following:

- (a) An age and service retirant or the retirant's dependent,
- (b) A disability benefit recipient or the recipient's dependent,
- (c) The dependent of a deceased member, deceased age and service retirant, or deceased disability benefit recipient, if the dependent is receiving a benefit pursuant to section [3309.45](#) or [3309.46](#) of the Revised Code,

(d) The dependent child of a deceased member, deceased disability benefit recipient, or deceased age and service retiree if the spouse is receiving a benefit pursuant to section [3309.45](#) or [3309.46](#) of the Revised Code and the spouse elects to be covered.

(2) Eligibility for SERS health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of this rule, except that a dependent described in paragraph (A)(5)(b)(i) of this rule shall cease to qualify on the first day of the calendar year following the dependent's twenty-sixth birthday.

(3) Except for a dependent described in paragraph (A)(5)(b) of this rule, eligibility for SERS health care coverage shall terminate when the person is not enrolled in medicare part B and on or after January 1, 2016 commences employment that provides access to a medical plan with prescription coverage through the employer, or if employees of that employer in comparable positions have access to a medical plan available through the employer, provided the medical plan with prescription drug coverage available through the employer is equivalent to the medical plan with prescription coverage at the cost available to fulltime employees as defined by the employer. For purposes of this paragraph, employer means a public or private employer.

(4) On or after January 1, 2021, eligibility for SERS health care coverage shall terminate when a person listed in paragraph (B)(1) of this rule becomes eligible for medicaid and is ineligible for medicare. For purposes of this rule, a benefit recipient and their dependent(s) shall be presumed to be eligible for medicaid if their gross monthly SERS benefit is less than the percentage of the federal poverty level used by the Ohio department of medicaid to determine medicaid eligibility under agency 5160 and division 5160:1 of the Administrative Code. Upon request, a benefit recipient presumed to be eligible for medicaid must provide SERS with satisfactory proof of ineligibility for medicaid in their state of residence within ninety days from the date of SERS request.

(5) Eligibility for SERS health care coverage shall terminate when a person eligible for medicare part B fails to:

(a) Enroll in medicare part B during the persons initial enrollment period or special enrollment period under 42 U.S.C. 1395p that includes a date on or after January 1, 2019. If the failure to enroll occurred on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022; or

(b) Enroll in medicare part B during the general enrollment period available under 42 U.S.C. 1395p immediately following a loss of medicare part B coverage that began on or after January 1, 2019. If the loss of medicare part B coverage began on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022.

(6) Eligibility for SERS health care coverage shall terminate when a benefit recipient who is not eligible for medicare, and whose initial SERS health care eligibility date or reinstatement to SERS health care coverage under paragraph (l) of this rule is on or after June 1, 2023, fails to complete counseling with a SERS approved marketplace counselor to review marketplace plan options.

(a) A benefit recipient whose initial SERS health care eligibility date is on or after June 1, 2023 shall complete counseling before the later of the following:

- (i) December thirty-first of the calendar year of initial health care eligibility; or
- (ii) Within three months of initial health care eligibility.

(b) A benefit recipient requesting reinstatement to SERS health care coverage under paragraph (l) of this rule on or after June 1, 2023 shall complete counseling before the later of the following:

- (i) December thirty-first of the calendar year of the qualifying event entitling the benefit recipient to reinstatement; or
- (ii) Within three months of the request for reinstatement.

(c) The benefit recipient shall provide the marketplace counselor with all information required to determine the cost of available marketplace plans. The marketplace counselor shall notify SERS when such counseling has been completed.

(d) A benefit recipient who fails to complete counseling in accordance with this rule shall be deemed to have waived SERS health care coverage until the individual becomes eligible for reinstatement as permitted under paragraph (l) of this rule.

(e) Counseling shall not be required if the marketplace counselor is unable to determine available marketplace plans based on the benefit recipients address or other demographic information. The marketplace counselor will notify SERS when a marketplace plan cannot be determined based on the circumstances.

(f) Counseling required under this paragraph must be completed before the benefit recipient can enroll in health care coverage.

(C) Enrollment

(1) Except as otherwise provided in this rule, an eligible benefit recipient may enroll in school employees retirement system's health care coverage only at the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefits pursuant to section [3309.45](#) of the Revised Code.

(2) An eligible spouse of an age and service retiree or disability benefit recipient may only be enrolled in the system's health care coverage at the following times:

- (a) At the time the retiree or disability benefit recipient enrolls in school employees retirement system's health care coverage.
- (b) Within thirty-one days of the eligible spouse's:
 - (i) Marriage to the retiree or disability benefit recipient; or

(ii) Involuntary ~~termination~~cancellation of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.

(c) Within ninety days of becoming eligible for medicare.

(3) An eligible dependent child of an age and service retirant, disability benefit recipient, or deceased member may be enrolled in the system's health care coverage at the following times:

(a) At the time the retirant, disability benefit recipient, or surviving spouse enrolls in school employees retirement system's health care coverage.

(b) Within thirty-one days of the eligible dependent child's:

(i) Birth, adoption, or custody order; or

(ii) Involuntary ~~termination~~cancellation of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.

(c) Within ninety days of becoming eligible for medicare.

(D) Cancellation of health care coverage

(1) Health care coverage of a person shall be cancelled when:

(a) The person's eligibility terminates as provided in paragraph (B)(2) of this rule;

(b) The persons eligibility terminates as provided in paragraph (B)(3) of this rule;

(c) The persons eligibility terminates as provided in paragraph (B)(4) of this rule;

(d) The persons eligibility terminates as provided in paragraph (B)(5) of this rule;

(e) The person's health care coverage is cancelled for default as provided in paragraph (F) of this rule;

(f) The person's health care coverage is waived as provided in paragraph (G) of this rule;

(g) The person's health care coverage is cancelled due to the person's enrollment in a medicare advantage plan or medicare part D plan as provided in paragraph (H) of this rule;

(h) The health care coverage of a dependent is cancelled when the health care coverage of a benefit recipient is cancelled; or

(i) The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section [3309.45](#) of the Revised Code, division (F) of section [3309.39](#) of the Revised Code, division (D) of section [3309.41](#) of the Revised Code, or division (D) of section [3309.392](#) of the Revised Code.

(E) Effective date of coverage

(1) Except as provided in paragraph (E)(2) of this rule, the effective date of health care coverage for persons eligible for health care coverage as set forth in paragraph (B) of this rule shall be as follows:

(a) For a disability benefit recipient or dependent of a disability benefit recipient, health care coverage shall be effective on the first of the month following the determination and recommendation of disability to the retirement board or on the benefit effective date, whichever is later.

(b) For an age and service retiree or dependent of an age and service retiree, health care coverage shall be effective on the first of the month following the date that the retirement application is filed with the retirement system or on the benefit effective date, whichever is later.

(c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retiree, health care coverage shall be effective on the effective date of the benefit if the appropriate application is received within three months of the date of the member's or retiree's death, or the first of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retiree's death.

(2) The effective date of coverage for a person described in paragraph (B)(6) of this rule shall be the later of the following:

(a) The date provided under paragraph (E)(1) of this rule; or

(b) The first of the month following completion of counseling.

A benefit recipient may elect to defer SERS health care coverage until their first available marketplace plan effective date.

(F) Premiums

(1) Payment of premiums for health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.

(2) If the retirement system determines that any premium has been calculated incorrectly, the system will recalculate the premium to the correct amount. The recalculated premium will begin on the next payment date.

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(a) If the recalculation results in a decreased premium, the retirement system shall pay the recipient the cumulative difference between the original calculation and the recalculation in a one-time lump-sum.

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(b) If the recalculation results in an increased premium, the recipient shall pay to the retirement system the cumulative difference between the original calculation and the recalculation.

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(c) The following standards shall apply if the recipient was not the source of the information or records that caused the incorrect calculation and did not commit fraud, misrepresentation, or other misconduct resulting in the incorrect calculation.

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(i) For any amounts owed to the system under paragraph (F)(2)(b) of this rule, the retirement system will waive collection of:

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(a) The first two hundred dollars, and

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(b) Any portion of the amount due that accrued more than two years before the date of the determination made in paragraph (F)(2) of this rule.

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(ii) In seeking payment under paragraph (F)(2)(b) of this rule, the system shall not deduct more than ten percent from the gross amount of any periodic benefit due the person.

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(3)

(a) Premium payments billed to a benefit recipient under paragraph (F)(1) of this rule shall be deemed in default after the unpaid premiums for coverage under this rule and supplemental health care coverage under rule 3309-1-64 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums.

(b) Premium payments billed under paragraph (F)(2)(b) shall be deemed in default if the benefit recipient does not agree to a payment plan or if the benefit recipient misses scheduled payments under a payment plan in a total cumulative amount of at least three months of billed premiums.

(c) The retirement system shall send written notice to the benefit recipient that payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage.

(34) After ~~cancellation for default~~ payment for the total amount in default is received, health care coverage ~~cancelled for default~~ can be reinstated as provided in paragraph (I) of this rule, or upon submission of an application for reinstatement supported by medical evidence acceptable to SERS that demonstrates that the default was caused by the benefit recipient's physical or mental incapacity. "Medical evidence" means documentation provided by a licensed physician of the existence of the mental or physical incapacity

causing the default. Health care coverage reinstated after ~~termination-cancellation~~ for default shall be effective on the first of the month following the date that the application for reinstatement is approved ~~and payment for the total amount in default is received.~~

(45) A person enrolled in SERS' health care plan cannot receive a premium subsidy unless that person is:

(a) A dependent child.

(b) An age and service retirant who:

(i) Has an effective retirement date before August 1, 1989; or

(ii) Has an effective retirement date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or

(iii) Has an effective retirement date on or after August 1, 2008 who had earned twenty years of qualified service credit; ~~exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;~~ and who;

(a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.

(c) A disability benefit recipient, except as provided in paragraph (F)(4)(5)(d) of this rule who:

(i) Has an effective benefit date before August 1, 2008; or

(ii) Has an effective benefit date on or after August 1, 2008 who:

(a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.

(d) A disability benefit recipient who is not enrolled in medicare part B on or after January 1, 2024, who:

(i) Has an effective benefit date before August 1, 1989; or

(ii) Has an effective benefit date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or

(iii) Has an effective benefit date on or after August 1, 2008 who had earned twenty years of qualified service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31 and 3309.33 of the Revised Code, and who;

(a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or

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(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.

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(e) A spouse:

(i) A spouse or surviving spouse of an age and service retirant or disability benefit recipient with an effective retirement date or benefit date before August 1, 2008 who had earned twenty-five years of qualified service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;

(ii) A spouse or surviving spouse of an age and service retirant or disability benefit recipient with an effective retirement date or benefit date on or after August 1, 2008 who had earned twenty-five years of qualified service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:

(a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.

(iii) A surviving spouse of a deceased member who had earned twenty-five years of qualified service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date before August 1, 2008; or

(iv) A surviving spouse of a deceased member who had earned twenty-five years of qualified service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date on or after August 1, 2008, and the member;

(a) Was eligible to participate in the health care plan of his or her employer at the time of death or separation from SERS service; or

(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding the member's death or separation from SERS service.

(f) For purposes of determining eligibility for a subsidy under paragraph (F)(45) of this rule, when the last contributing service of an age and service retiree, disability benefit recipient, or member was as an employee as defined by division (B)(2) of section [3309.01](#) of the Revised Code, the health care plan participation requirement shall be if the individual would have been eligible for the public employer's health care plan if the individual were an employee as defined by division (B)(1) of section [3309.01](#) of the Revised Code.

(g) Any other individual covered under a SERS health care plan shall be eligible for a premium subsidy under the standard set forth for spouses.

(h) In all cases of doubt, the retirement board shall determine whether a person enrolled in a SERS health care plan is eligible for a premium subsidy, and its decision shall be final.

(G) Waiver

(1) A benefit recipient may waive health care coverage by completing and submitting a SERS waiver form to SERS.

(2) The health care coverage of a benefit recipients dependent may be waived as follows:

(a) For non-medicare eligible dependents, the benefit recipient may waive their coverage by completing and submitting a signed written request to SERS on their behalf.

(b) For medicare eligible dependents, the dependent may waive their coverage by completing and submitting a signed written request to SERS.

(H) Medicare advantage or medicare part D

SERS shall cancel the health care coverage of a benefit recipient or dependent who enrolls in a medicare advantage or medicare part D plan that is not offered by the system.

(I) Reinstatement to SERS health care coverage

(1) An eligible benefit recipient, or dependent of a benefit recipient with health care coverage, whose coverage has been previously waived or cancelled may be reinstated to SERS health care coverage by filing a health care enrollment application as follows:

(a) The application is received no later than ninety days after becoming eligible for medicare. Health care coverage shall be effective the later of the first day of the month after becoming medicare eligible or receipt of the enrollment application by the system;

(b) The application is received no later than thirty-one days after involuntary ~~termination~~ cancellation of coverage under medicaid. Health care coverage shall be effective the later of the first day of the month after ~~termination~~ cancellation of coverage or receipt of proof of ~~termination~~ cancellation and the enrollment application by the system; or

(c) The application is received no later than thirty-one days after involuntary ~~termination~~ cancellation of coverage under another plan, medicare advantage plan, or medicare part D plan with proof of such ~~termination~~ cancellation. Health care coverage shall be effective the later of the first day of the month after ~~termination~~ cancellation of the other plan or receipt of proof of ~~termination~~ cancellation and the enrollment application by the system.

(2) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(~~ih~~) of this rule shall be reinstated to SERS health care plan when the required documents have been received and benefit payments are unsuspended~~reinstated~~.

(3) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(b) of this rule may be reinstated to SERS health care plan when they no longer have access to the medical plan of an employer by filing a health care enrollment application within thirty-one days of the employment ending.

~~(4) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled and who is enrolled in medicare parts A and B or medicare part B only on December 31, 2007 may be reinstated to SERS health care coverage by filing a healthcare enrollment application during the period of time beginning October 1, 2007 and ending November 30, 2007. Health care coverage shall be effective January 1, 2008.~~

~~(5) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled pursuant to paragraph (H) of this rule and who is enrolled in medicare parts A and B or medicare part B only on June 30, 2009 may be reinstated to SERS health care coverage by filing a health care enrollment application during the period of time beginning May 21, 2009 and ending July 15, 2009.~~

~~(6) An eligible benefit recipient who had an effective retirement or benefit date on or after August 1, 2008, who qualifies for a premium subsidy under paragraph (F)(4)(5) of this rule, and whose coverage has previously been waived as provided in paragraph (G) of this rule, may be reinstated to school employees retirement system health care coverage by submitting a complete health care enrollment application on or before December 14, 2012. Health care coverage shall be effective January 1, 2013.~~

~~(7) An eligible benefit recipient for whom SERS is transferring funds to another Ohio retirement system in accordance with paragraph (G) of rule 3309-1-55 of the Administrative Code may be reinstated to SERS health care coverage by submitting a health care enrollment application during open enrollment periods for health care coverage starting January 1, 2015 or January 1, 2016.~~

(J) Medicare part B

(1) A person who is enrolled in SERS' health care shall enroll in medicare part B at the person's first eligibility date for medicare part B. A person who fails to enroll in or maintain medicare part B coverage shall be ineligible for SERS health care coverage in accordance with paragraph (B)(5) of this rule.

(2)

(a) The board shall determine the monthly amount paid to reimburse an eligible benefit recipient for medicare part B coverage. The amount paid shall be no less than forty-five dollars and fifty cents, except that the board shall make no payment that exceeds the amount paid by the recipient for the coverage.

(b) As used in paragraph (J) of this rule, an "eligible benefit recipient" means:

- (i) An eligible person who was a benefit recipient and was eligible for medicare part B coverage before January 7, 2013, or
- (ii) An eligible person who is a benefit recipient, is eligible for medicare part B coverage, and is enrolled in SERS' health care.

(3) The effective date of the medicare part B reimbursement to be paid by the board shall be as follows:

(a) For eligible benefit recipients who were a benefit recipient and were eligible for medicare B coverage before January 7, 2013 the later of:

- (i) January 1, 1977; or
- (ii) The first of the month following the date that the school employees retirement system received satisfactory proof of coverage.

(b) For eligible benefit recipients not covered under paragraph (J)(3)(a) of this rule, the later of:

- (i) The first month following the date that the school employees retirement system received satisfactory proof of coverage, or
- (ii) The effective date of SERS health care.

(4) The board shall not:

(a) Pay more than one monthly medicare part B reimbursement when a benefit recipient is receiving more than one monthly benefit from this system; nor

(b) Pay a medicare part B reimbursement to a benefit recipient who is eligible for reimbursement from any other source.

HISTORY: 1/1/24, 6/1/23, 9/30/21, 6/5/20, 1/2/20, 5/3/19, 10/13/16, 8/13/15, 12/4/14, 7/12/14, 1/1/14, 3/8/13, 1/7/13 (Emer.), 9/30/12, 8/14/11, 9/26/10, 7/1/10 (Emer.), 6/11/10, 8/10/09, 5/22/09 (Emer.), 1/8/09, 8/8/08, 12/24/07, 9/28/07 (Emer.), 3/1/07, 1/2/04, 6/13/03, 11/9/98, 8/10/98, 1/2/93, 7/20/89, 3/20/80, 1/1/77

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.69
Review Date: 2/1/29

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

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FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-41 Appeals for denial and termination of disability benefits.

_____ moved and _____ seconded that proposed amended rule 3309-1-41 be filed with JCARR as discussed.

3309-1-41 Appeals for denial and termination of disability benefits.

(A) The following procedures will govern in cases of a member's appeal of a denial of disability benefits including an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code or a disability benefit recipient's appeal of a termination of disability benefits, excluding when the recommendation to terminate was certified pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code.

(1) After formal board action is taken or an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code, a notice of denial or termination of disability benefits shall be issued to the applicant or former disability benefit recipient by regular or certified U.S. mail. This notice shall inform the member of:

(a) The medical evidence reviewed;

(b) The board's denial or termination of disability benefits; and

(c) The procedures for appeal of a denial or termination of disability benefits as set forth in this paragraph.

(2)

(a) The member may appeal a decision to deny or terminate disability benefits, excluding a termination pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code, within ~~thirty~~ **fifteen** days of the date on the notice of denial or termination by filing a notice of intent to appeal such decision and by providing additional evidence. Such additional evidence must be received by the board within ninety days from the date on the notice of denial or termination and must be submitted in writing by the member or by counsel and/or personal physician on behalf of the member.

(b) If a member does not submit a notice of intent to appeal or additional

evidence as required by this rule, all appeal rights shall cease and the prior decision of the board shall become final. The member shall be notified of all future rights and/or limitations to apply for disability benefits.

- (c) The member may request, as part of the appeal, a personal appearance before the board with counsel and/or a personal physician. The request for a personal appearance must be in writing and submitted to the board within fifteen days of the date on the notice of denial or termination. A personal appearance will not be granted unless additional evidence as required by this paragraph is received by the board within ninety days from the date on the notice of denial or termination. If a personal appearance is granted, the member will be notified in writing of the date and time.
 - (d)
 - (i) For appeals whose standard is whether the member is physically and mentally capable of performing the member's last assigned primary duty as an employee, "additional evidence" means evidence that is current and pertinent to the illness or injury for which the disability was claimed and that has not been submitted before.
 - (ii) For appeals whose standard is whether the member is physically and mentally capable of performing the duties of a position that meets the criteria of division (C)(1) to (C)(3) of section 3309.41 of the Revised Code, "additional evidence" means evidence that is current and pertinent to the illness or injury that the member claims supports the member's inability to perform the duties of a position that meets the criteria of divisions (C)(1) to (C)(3) of section 3309.41 of the Revised Code.
 - (e) Upon a finding that a member was hospitalized or in a nursing home or other care facility at the time notice of denial or termination was sent, the board may allow a late appeal, but in no event more than thirty days after the member's discharge from the hospital or care facility.
- (3) All costs incidental to the appeal and/or personal appearance shall be at the expense of the member.
 - (4) If a personal appearance is granted, the member shall appear before the board on the date and at the time specified by the board, or as otherwise requested by the member and agreed to by the board. If the member fails to appear on the specified date and time, all rights to a personal appearance shall terminate and the appeal shall be decided on the basis of the written

evidence previously submitted.

(5) A personal appearance, if granted, shall be conducted as follows:

- (a) The member shall appear, in person or virtually, and may be represented by counsel, the member's agent, and/or a personal physician, if desired. The member shall provide the name, title, and position of each person appearing on the member's behalf at least seven days prior to the hearing.
- (b) The board shall be responsible for conducting the hearing.
- (c) A recording of the hearing will be made to provide the board and the medical advisory committee with a record for further review.
- (d) Only one such appearance per application or termination will be allowed.

(6) During the appeal process, the board's physician or the medical advisory committee may request that the member undergo an additional medical examination by an examining physician.

(7) Following receipt of additional evidence and a personal appearance, if applicable, all evidence and information submitted shall be reviewed by the board's medical advisory committee and/or the board's physician who shall make a recommendation to the board.

- (a) If the board concurs with a recommendation to grant the appeal, the applicant or benefit recipient will be notified of the board's decision. When an application for disability benefits is granted on appeal, disability benefits will be paid from the benefit effective date, ~~or if~~ When a recommendation for termination of disability benefits is reversed on ~~was appealed and the appeal is granted by the board,~~ disability benefits the payments will be resumed resume from the date of termination or, if the member was employed by an employer covered by this chapter pending the appeal, the first day of the month next following the last day for which compensation was paid. and the applicant or benefit recipient will be so notified.

- (b) If the board concurs with a recommendation for denial of the appeal, the applicant or benefit recipient will be notified by letter of the board's decision, such decision shall be final and all appeal rights shall cease.

(B) The school employees retirement system administrative staff shall have the authority to act for the board in matters related to the appeal proceedings, but shall not have authority to decide appeals.

(C) Any future applications for disability benefits filed after a denial of appeal must be

submitted with medical evidence supporting progression of the former illness or injury or evidence of a new illness or injury. If such evidence is evaluated by the medical advisory committee and found to be inadequate to establish the progression of the former illness or injury or the existence of a new illness or injury, the application shall be voided.

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.39, 3309.41
Review Date: 2/1/27

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

FINAL FILING OF PROPOSED NEW ADMINISTRATIVE RULE

Legal Counsel discussed with the Retirement Board the following proposed new administrative rule: 3309-1-68, Guardianship that has been reviewed by JCARR and is ready for final adoption by the Board.

_____ moved and _____ seconded that proposed new rule 3309-1-68 be filed with JCARR as discussed.

3309-1-68 Guardianship.

(A) As used in this rule:

- (1) "Benefit" means a payment from the accumulated contributions of the member or employer, or both, under Chapter 3309. of the Revised Code and includes an account refund, pension, annuity, disability benefit, survivor benefit, or death benefit.
- (2) "Benefit recipient" means any person who is eligible to receive a payment or benefit under Chapter 3309. of the Revised Code and who has had a guardian appointed based either on being under the age of eighteen years or on being found incompetent.
- (3) "Incompetent" has the same meaning as in division (D)(1) of section 2111.01 of the Revised Code.

(B) Payments to a benefit recipient shall be made as follows:

- (1) To the guardian of the estate;
- (2) To the agent, when there is a valid durable power of attorney and no guardian of the estate;
- (3) To a specific person or financial institution account as directed by the probate court;
- (4) Lump sum payments of one thousand dollars or less and payments required to be paid to the benefit recipient by paragraph (C)(1) of rule 3309-1-09 of the Administrative Code may be paid as follows:
 - a. When there is a guardian of the estate, to the guardian of the estate;
 - b. When there is a durable power of attorney and no guardian of the estate, to the agent;
 - c. When there is no guardian of the estate or durable power of attorney, to the guardian of the person.
- (5) If the benefit recipient is a minor, payment may be issued to the benefit recipient's legal parent so long as the minor is in the care and custody of the parent, or to the benefit recipient's legal custodian or legal guardian.

(C) Except as provided in this paragraph, court authority is required for an application to be signed on behalf of a benefit recipient for an account refund under section 3309.42 of the

Revised Code. When the benefit recipient has less than ten years of total service credit, the guardian of the estate, or agent under a durable power of attorney when there is no guardian of the estate, may apply for an account refund.

- (D) A guardian of the estate of a benefit recipient has restricted authority to complete and sign the following forms and applications on behalf of the benefit recipient:
- (1) Designation of Beneficiary form: The guardian may designate a beneficiary. If the beneficiary is anyone other than “estate” or “statutory,” the beneficiary designation must be approved by court order.
 - (2) Application for Age and Service or Conversion Retirement: The guardian may elect plan A or plan B in accordance with divisions (B)(1) and (B) (3) of section 3309.46 of the Revised Code. If plan B is elected the guardian may only designate the beneficiary to be “statutory” or “estate.” Any other election must be approved by court order.
 - (3) Application for benefits payable to a SERS retirant or other system retirant under section 3309.344 of the Revised Code: The guardian may sign the benefit application. If a monthly annuity is an option, the guardian cannot elect a lump sum payment unless approved by court order.
 - (4) Spousal Consent Form: The guardian may not sign unless approved by court order.
 - (5) Application for survivor benefits: If a monthly benefit is an option, the guardian cannot elect a lump sum payment of accumulated contributions unless approved by court order.
 - (6) A written notice of waiver pursuant to section 3309.662 of the Revised Code.

HISTORY: 5/1/22, 3/26/18

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.01, 3309.22, 3309.34, 3309.343, 3309.344, 3309.35, 3309.381, 3309.39, 3309.40, 3309.401, 3309.42, 3309.44, 3309.45, 3309.46, 3309.50

Review Date: 2/1/27

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	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(3) to discuss pending litigation.

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

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	_____	_____	_____
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

December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

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

TECHNOLOGY COMMITTEE MEETINGS

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

BOARD MEETINGS

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, October 17, 2024, for their next regularly scheduled meeting.

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

Matthew King – Chair

Richard Stensrud, Secretary