



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

BOARD MEETING HIGHLIGHTS

SEPTEMBER 2025

Board Approves COLA for 2026

At its September meeting, the Board unanimously voted to approve a 2.5% cost-of-living adjustment (COLA) increase for eligible benefit recipients in 2026.

By statute, SERS' COLA is based on the year-to-year change in the Consumer Price Index (June 2024 to June 2025) for Urban Wage Earners (CPI-W), with a floor of 0% and a cap of 2.5%.

This year's CPI-W was 2.6%. With input from SERS' actuary, CavMac, the Board approved the statutory maximum of 2.5%.

According to CavMac, the 2.5% COLA amount will not materially impair SERS' funded status.

The 2026 COLA takes effect on the benefit anniversary of the recipient's effective date of retirement.

Benefit recipients whose benefit effective date is on or after April 1, 2018, must wait until the fourth anniversary of their allowance or benefit before receiving a COLA.

Monthly Investment Report and Overview of U.S. Economic Conditions

Joanna Bewick and Chris Tessman of Wilshire Associates provided the Board with an update of current U.S. economic conditions and a review of SERS' April-June 2025 quarterly results.

Bewick said the theme of the year so far is "uncertainty in the markets." There are several opposing economic variables at play this year that are making it difficult to predict what investment markets will do. This uncertainty has produced a strong bull market for gold, which reached an all-time high in September.

On the positive side, consumer spending and employment remained strong during the quarter but the impact of tariffs may have begun to chip away at both. In addition, the U.S. dollar had its worst first half since 1973 compared to other world currencies. This made U.S. stocks very expensive to buy and international stocks less expensive with more potential for good returns. This was evident from the quarterly performance for U.S. and non-U.S. equities. U.S. equities rose 11.1% for the quarter, which was good, but non-U.S. equity performance was even higher at 12.3%. The country's rising debt level also continued to be an economic concern, especially since high interest rates make financing that debt more expensive.

The stock market was anticipating two Federal Reserve interest rate cuts during the year. The first quarter point cut happened in September, with the potential for three cuts before the year ends.

The Federal Reserve seems to be intent on keeping employment strong as it decides on future cuts.

RETIREMENT BOARD

JAMES A. ROSSLER, JR.
Chair, Appointed Member

DANIEL L. WILSON
Vice-Chair, Appointed Member

JEANINE ALEXANDER
Employee-Member

JEFFREY T. DELEONE
Appointed Member

MATTHEW KING
Employee-Member

CATHERINE P. MOSS
Retiree-Member

REBEKAH R. ROE
Employee-Member

AIMEE RUSSELL
Employee-Member

FRANK A. WEGLARZ
Retiree-Member

For the quarter, Tessman said that SERS' portfolio continued to perform well. All the portfolios were within the established targets with strategic overweights to global equity, opportunistic, and private credit that helped increase quarterly returns for the Total Fund. These were offset by underweights in fixed income, global real estate, and private equity.

SERS' Total Fund returned 5.9% net of fees during the quarter and 11.17% for fiscal year 2025. For all periods, 1-, 3-, 5-, and 10-year, SERS' net-of-fees returns surpassed the established benchmarks. SERS continued to manage an efficient portfolio as it realized above-median returns with less risk than 90% of other U.S. pension funds over the last 5 years.

The best net-of-fees returning portfolios in FY2025 were global equity at 17.04%, opportunistic and tactical at 11.69%, global infrastructure at 10.21%, and private equity at 9.99%.

Investment Committee Approves Four Investments

The SERS Staff Investment Committee approved a commitment to JP Morgan International Infrastructure Fund of up to \$100 million, and a commitment to Manulife Infrastructure Fund III of up to \$35 million, plus a sidecar co-investment of up to \$35 million. Both are private infrastructure core strategies within the real assets portfolio.

The committee also approved a commitment to Great Hill Equity Partners IX of up to \$50 million, plus a \$25 million sidecar co-investment, as well as a commitment to Riverside Value Fund II of up to \$50 million. Both are U.S. middle market buyout strategies within the private equity portfolio.

These investments will be funded from cash reserves.

Total Fund Update

TOTAL FUND BALANCE		
June 30	July 31	Difference
\$20.63 billion	\$20.76 billion	▲ \$130 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 0.67%	▲ 7.82%	▲ 8.60%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 0.11%	▲ 1.23%	▲ 1.01%

Board Approves Filing of Amended Administrative Rules

The Board approved the filing of amended administrative rules with the Joint Committee on Agency Rule Review (JCARR).

The first amended administrative rule addresses the procedures for application, initial eligibility criteria, ongoing requirements, and termination process for disability benefits.

To remain eligible for a disability benefit, recipients must undergo an annual medical examination, unless an examination is waived by the Board. If the disability benefit termination standard is whether the recipient can perform "any occupation", this requirement may be waived if the earnings statement indicates the recipient earned 75% or more of their final average salary (FAS) and the Board physician finds no significant decline in their physical or mental health.

Similarly, a disability benefit may be terminated if the recipient provides earnings statements indicating annual earnings of 75% or more of their FAS and the Board physician finds no significant decline in their physical or mental health.

The amendments to this rule would remove the provisions which require the Board's physician to review the recipient's current medical records and conclude that the recipient's physical or mental health has not significantly declined in situations where an earnings statement indicates the benefit recipient earned 75% or more of their FAS. As a result, the required annual medical examination may be waived and the recipient's benefit may be terminated exclusively based on the recipient earning at least 75% of their FAS the previous year.

The second amended administrative rule addresses the guidelines for releasing personal and medical information maintained by SERS.

In March 2025, the Ohio General Assembly amended a statute that identifies which records can be publicly disclosed and which records require written authorization. The amendment permits an individual's medical reports and recommendations to be released, upon written authorization, to a member's personal certified nurse-midwife, clinical nurse specialist, and certified nurse practitioner. SERS' administrative rule amendments align with these changes.

The third amended administrative rule addresses SERS travel, and amendments made to the rule mirror changes made to the Travel Policy discussed below under the *Executive Director's Update*.

Executive Director's Update

Travel Policy Update

At the September meeting, the Board approved amendments to SERS' *Education, Travel and Expense Reimbursement Policy*.

Revisions were made as a result of a recent Ohio Ethics Commission Advisory Opinion on frequent flyer miles, and removal of outdated language on telephone reimbursement and conference evaluation forms.

ORSC Update

Every 10 years, Ohio law requires SERS to participate in an actuarial audit to confirm that SERS' actuarial calculations are accurate and reliable. The Ohio Retirement Study Council (ORSC), the legislature's pension oversight group, engaged PTA/KMS/Bolton to perform SERS' audit.

At the August ORSC meeting, PTA/KMS/Bolton reported that, during the most critical part of the audit, they were able to closely duplicate the actuarial valuations and experience studies conducted by SERS' actuary, CavMac. They also reported that CavMac's work was reasonable, consistent, and accurate.

Board Allocates 0% to Health Care Fund

With the Health Care Fund in solid standing, the Board elected not to allocate any of the 14.00% employer pension contributions to that fund. Under the terms of SERS' funding policy, the Board could have contributed up to 0.75% of employer contributions to the Health Care Fund.

Advocacy Group Outreach

SERS continues to stay in contact with stakeholders regarding key issues.

Staff has informed the advocacy groups that represent our members and retirees of Senate Bill 69, the placeholder bill that would address reducing the 30-year amortization period that Ohio's retirement systems are required to meet.

In addition, staff met with the School Employee Retirees of Ohio (SERO) to provide options that could be employed to encourage SERS members to participate in Ohio Deferred Compensation, a supplemental retirement savings plan available to Ohio's public employees.

State Legislation

While the state legislature is on break this fall, SERS continues to monitor House Bill 413, which would expand the Ohio Checkbook, Ohio's online database of state and local government expenditures.

The bill also would include revenues received by public entities. Since SERS' revenues are largely driven by contributions, staff will continue to meet with legislators to ensure that is taken into consideration.

Federal Legislation

As a possible government shutdown looms, SERS is keeping an eye on the enhanced Affordable Care Act subsidies that are set to expire at the end of December, as well as what subsidies would replace them. This change could have an impact on SERS' Wraparound plan as some benefit recipients may need to revisit their plan choice if subsidies are changed.

Another issue that SERS is monitoring is a push for mandatory Social Security coverage for state and local government employees. Staff continues to work with the Coalition to Preserve Retirement Security (CPRS), an organization that is specifically focused on that issue.

CPRS recently issued a whitepaper titled, "The Cost of Mandating Social Security Coverage on the Public Sector," that explains why mandatory coverage would have a detrimental impact on public employees, employers, and retirement systems.

SERS will continue to convey this message to legislators.

A Closer Look at SERS' Hardworking Members

Director Richard Stensrud provided the Board with some interesting data regarding SERS' oldest members and members with the most years of service credit at retirement.

The five oldest members to retire from SERS were:

- Age 92 with more than 19 years of service
- Age 91 with more than 45 years of service
- Age 90 with 56 years of service
- Age 90 with nearly 35 years of service
- Age 90 with 35 years of service

The five members with the most years of service were:

- Age 83 with more than 57 years of service
- Age 79 with more than 56 years of service
- Age 73 with more than 56 years of service
- Age 90 with 56 years of service
- Age 86 with more than 55 years of service

These numbers depict the unwavering commitment of SERS' valuable members. We are grateful for their dedication and service to our schools.

Strategic Plan Update

Deputy Executive Director Karen Roggenkamp presented an annual update of SERS' FY2025-2029 *Strategic Plan* to the Board.

Roggenkamp noted a number of accomplishments associated with the six goals in the *Strategic Plan*:

- **Sustainability:** SERS remains committed to sustainability and the recent actuarial valuation supports that. Last year's achievements included: Board-approved changes to the definition of pensionable compensation; implementation of the Contribution Based Benefit Cap (CBBC); top tier investment performance that exceeded the benchmark; reduction of the Medicare premium surcharge; and approval of a 2.5% COLA.
- **Service Delivery and Operations:** SERS provides exemplary service with technology augmentations. Key accomplishments included: addition of an FAQ bot to SERS' website; improvement in leasing activity; office consolidation; and the implementation of a new identity verification tool.
- **Technology:** SERS has completed Year 3 of the *Technology Roadmap*. Last year's accomplishments included: replacement of eight servers to optimize and modernize SERS' infrastructure platform; successful implementation of Microsoft's Copilot; and development of online refunds.
- **Education and Engagement:** SERS remains committed to engagement, education, and transparency. Key achievements included: mobilization of support for the Windfall Elimination Provision and Government Pension Offset repeal; expansion of education and training opportunities; and positive scores from customer satisfaction surveys.
- **Talent and Culture:** SERS hires and maintains exceptional talent to support SERS' mission and values. Accomplishments included: creation of new employee development programs and completion of the 2025 employee engagement survey, with engagement levels exceeding 90%.
- **Risk:** SERS continues to expand its risk management programs. Last year's achievements included: integration of risk assessments at the beginning of new projects; fraud prevention improvements to safeguard member and retiree data; and the hiring of a new chief risk officer and security analyst.

Staff Gives Back to Charity

SERS once again partnered with Volunteers of America to participate in the Operation Backpack program, which aids students who our members serve. Backpacks filled with school supplies were distributed to homeless and at-risk children throughout the Greater Columbus area. This

year, staff donated 102 backpacks, along with another 14 virtual backpacks through online donations, for a total of 116 backpacks.

Monthly Retirement and Survivor Benefit Transactions

For September, the SERS Board approved 717 active members for service retirements, and 25 survivor benefits for spouses and/or dependents.

October Meeting Dates

The next Board meeting will take place on Thursday, October 16, at 8:30 a.m.