

SERS Retirement Board Annual Workshop Meeting Minutes February 20, 2026

The nine hundred and eighty-ninth meeting of the Retirement Board of the School Employees Retirement System was held in the O'Keefe Conference Center at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Wednesday, February 20, 2026. The purpose of this special meeting is to provide a continuing education program under R.C. 171.60 and 3309.051.

Roll Call

The Annual Board Workshop convened at 8:30 a.m. with the roll call. Present: James Rossler, Daniel Wilson, Jeffrey DeLeone, Matthew King, James Haller, Aimee Russell, and Frank Weglarz. Absent: Jeanine Alexander, Catherine Moss (excused).

Introduction

SERS' Executive Director, Richard Stensrud outlined the day's sessions.

Mr. Stensrud noted that the first workshop presenter would be Dr. Anirban Basu who would present on current U. S. economic conditions. Dr. Basu has presented to SERS in the past and is Chairman and CEO of Sage Policy Group, Inc., an economic and policy consulting firm headquartered in Baltimore, Maryland.

Mr. Stensrud noted that the second presenter would be Jared Gross from JP Morgan. Mr. Gross would provide a presentation on global growth and economic trends and the implications for asset allocation.

Mr. Stensrud stated that following lunch, the third presentation would be provided by Wilshire Associates and SERS CIO, Farouki Majeed. Mr. Majeed and Joanna Bewick and Chris Tessman of Wilshire Associates would provide information on asset allocation and asset class liability.

Mr. Stensrud stated that CavMac, SERS' actuary, would then provide the annual report analyzing and modeling the potential risks to SERS' pension fund sustainability.

Mr. Stensrud reported that the educational sessions would wrap up with a presentation by Tom Lussier, Director of the Coalition to Preserve Retirement Security regarding the ramifications of mandatory participation of Ohio public employees in Social Security.

First Brood: Educational Session on Current U.S. Economic Conditions – Dr. Anirban Basu, Sage Policy Group, Inc.

Dr. Anirban Basu, Chairman and CEO of Sage Policy Group, Inc., provided a presentation that focused on the current economic conditions in Ohio, the region, and the United States. Dr. Basu noted that consumer sentiment remains subdued despite ongoing economic growth, with persistent frustration over high prices and inflationary pressures across categories such as shelter, food, and transportation.

SERS Retirement Board Annual Workshop Meeting Minutes February 20, 2026

Dr. Basu reported that the Federal Reserve's interest rate hikes have contributed to tighter financial conditions, while "Big Tech" companies have significantly increased capital expenditures, particularly in AI. The S&P 500 has seen robust gains, largely driven by a handful of large technology firms, while the top 20% of earners continue to account for nearly 40% of consumer spending.

Dr. Basu continued, reporting that the U.S. GDP growth has remained positive, and job growth continues, though job cuts and openings reflect a dynamic labor market. Ohio added more than 53,000 jobs between December 2023 and December 2025, with Columbus leading regional employment gains.

Dr. Basu reported that the housing market shows declining mobility and a slowdown in new construction, while office vacancy rates remain elevated in many major cities. Fiscal stress is mounting in large U.S. cities, with budget gaps and credit downgrades reported. Dr. Basu stated that while looking ahead, most major forecasters expect moderate GDP growth in 2026, but recession risks remain, with inflation and higher interest rates posing ongoing challenges for consumers and asset prices.

Following a robust discussion, the Board thanked Dr. Basu for his entertaining and informative report.

The Board took a break at 9:39 a.m.

The Board reconvened at 9:55 a.m.

Institutional Asset Allocation Educational Session: Jared Gross – JP Morgan

Jared Gross, Managing Director at JP Morgan Asset Management, provided an institutional asset allocation update focused on long-term capital market assumptions and strategic considerations for Ohio and SERS. Mr. Gross reported on key themes shaping the outlook including economic nationalism, fiscal stimulus, and significant capital investment needs for AI and energy infrastructure, which are expected to drive slower growth and persistent inflation. U.S. equities remain expensive and highly concentrated, while non-U.S. markets appear more attractively valued and likely to outperform.

Mr. Gross continued his presentation, stating that fixed income offers improved return prospects due to higher yields and steeper curves, though spread normalization is anticipated. Alternatives such as private equity, private credit, real assets, and infrastructure were highlighted as essential for diversification and enhanced returns amid public market concentration and volatility.

Mr. Gross reported that the 2026 long-term assumptions project modest equity returns (6.7% for U.S. large cap, 7.5% for EAFE) and stronger performance from private markets (10.2% for private equity, 7.7% for direct lending).

Mr. Gross closed his presentation by emphasizing liquidity management, risk budgeting, and tactical flexibility as critical components of the strategic allocation process in an environment of evolving macroeconomic and geopolitical risks. He also stated that looking forward, he is confident that U.S. returns look positive but there could be negative consequences later down the line.

After a robust discussion, the Board thanked Mr. Gross for his presentation.

SERS Retirement Board Annual Workshop Meeting Minutes February 20, 2026

The Board took a lunch break at 11:02 a.m.

Jeffrey DeLeone and Matthew King left the Board workshop at 11:00 a.m.

The Board reconvened at 11:45 a.m.

Asset Allocation Discussion: Educational Session - SERS Chief Investment Officer, Farouki Majeed and Wilshire Associates

SERS' Chief Investment Officer, Farouki Majeed, reviewed historical allocation issues and current risk dynamics. Mr. Majeed noted that traditional assumptions—such as persistent equity return premiums and stable correlations—do not always hold, as seen in periods like 2000–2010 and recent equity-bond correlation spikes.

Mr. Majeed stated that the current portfolio, while diversified by asset class, remains concentrated in equity risk, contributing nearly 60% of total risk. Changes since 2012 include shifting to global equity weighting, increasing private equity to 14%, expanding real assets (real estate and infrastructure) to 20%, and introducing private credit at 5%, funded by eliminating the hedge fund portfolio. These adjustments have improved returns relative to prior allocations.

Mr. Majeed stated that capital market assumptions from multiple firms project moderate equity returns and higher expected returns for private markets over the next decade. Mr. Majeed noted that stress on valuation metrics, such as elevated P/E ratios and low dividend yields, was highlighted as a factor influencing future outcomes.

In closing, Mr. Majeed emphasized the need for continued monitoring of economic regimes, risk concentration, and diversification strategies to manage volatility and funding stability.

Joanna Bewick, Managing Director of Wilshire Associates, introduced the framework for evaluating SERS' investment strategy in relation to its long-term liabilities. Ms. Bewick outlined the phased approach of the 2025–2026 ALM (Asset-Liability Management) study, including asset-only optimization and integration of liability data to assess funded status, contribution requirements, and risk-return trade-offs.

Ms. Bewick reminded the SERS Board Members that the Asset Liability Study is upcoming and will occur over several phases. Key concepts will include efficient frontier analysis, diversification challenges, factor-based bucketing, liquidity considerations, and economic regime modeling.

Chris Tessman, Senior Vice President of Wilshire Associates, emphasized that correlations are unstable over time, requiring thoughtful diversification beyond "DINO" (Diversification in Name Only). Mr. Tessman stated that the current policy portfolio has a forward-looking 10-year expected return of 6.35% with a 13.35% standard deviation, implying significant volatility and a wide range of potential outcomes. The study will also highlight practical constraints such as liquidity and investability, and the need for nimble governance to adapt to modest equity return expectations, rising interest rates, and evolving market risks. Future phases will incorporate liability impacts to finalize recommendations for optimal asset allocation aligned with SERS' funding objectives.

**SERS Retirement Board
Annual Workshop Meeting Minutes
February 20, 2026**

Following several questions, the Board thanked Mr. Majeed, Ms. Bewick, and Mr. Tessman for their presentations.

The Board took a lunch break at 12:42 p.m.
The Board reconvened at 12:51 p.m.

Pension Sustainability Update: Educational Session – Todd Green of CavMac

Todd Green, president and consulting actuary of CavMac, provided an update on risks to SERS' pension sustainability and reviewed SERS' pension fund's financial condition as of June 30, 2025. Mr. Green noted that his report would include fiscal analysis and modeling regarding investment return variability, demographic changes such as longevity and retirement patterns, payroll growth assumptions, and contribution rate constraints. Mr. Green reported that the overall results on SERS' sustainability were positive.

Mr. Green highlighted an improved risk profile since 2024 due to strong investment performance, accelerated funding policies, and higher-than-assumed payroll growth. Mr. Green noted that stress testing and sensitivity analyses demonstrated the system's resilience to single shock returns and sustained low-return periods, though ongoing monitoring is essential.

Mr. Green reported that SERS' funding policy, amortization strategies, and authority over cost-of-living adjustments were critical tools for risk mitigation. Stochastic modeling indicated a median 30-year compounded return of 7.00% and projected funded ratios ranging widely under different scenarios, underscoring the importance of proactive governance to maintain sustainability.

Mr. Green discussed the process of layered amortization, explaining that it establishes a series of amortization bases for the Unfunded Actuarial Liability (UAL). The first layer is based on the initial UAL as of June 30, 2025, and each subsequent valuation adds a new layer for any incremental change in the UAL, amortized over a closed period. The total UAL equals the sum of all layers, and the total amortization payment is the combined payments for each layer. Mr. Green reported that he did not believe that this approach was necessary for SERS but will be considered during the next experience study.

Following several questions and a robust discussion, the Board thanked Mr. Green for his presentation.

The Board took a break at 1:36 p.m.

Frank Weglarz left the Board workshop at 1:40 p.m.

The Board reconvened at 1:45 p.m.

Ramifications of Mandatory Participation in Social Security: Educational Session, Tom Lussier of LGV&A

Tom Lussier from Coalition to Preserve Retirement Security (CPRS) provided a presentation that focused on the ramifications of mandating Social Security participation and contributions by state and local government employees in Ohio.

**SERS Retirement Board
Annual Workshop Meeting Minutes
February 20, 2026**

Mr. Lussier highlighted growing concerns about the solvency of the Social Security Trust Fund, particularly following the repeal of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) under the Social Security Fairness Act, which is projected to accelerate insolvency by approximately six months.

Mr. Lussier outlined emerging proposals to require Social Security participation for public sector employees starting in 2032, noting potential consequences such as increased costs estimated at \$45–\$60 billion over five years, disruption to existing retirement plans, and loss of local control in favor of a federal mandate—all without effectively addressing Social Security’s funding challenges.

Mr. Lussier continued, stating that CPRS has an action plan to address potential mandatory participation, which includes mobilizing coalition partners, updating cost studies, and engaging in Congressional outreach to oppose these measures.

Mr. Lussier concluded with a challenge to pension systems to develop state and local impact statements. He said that CPRS is developing a supplemental white paper to demonstrate the widespread, non-partisan implications of this unfunded federal mandate.

After several questions, the Board thanked Mr. Lussier for his presentation.

Mr. Stensrud thanked the presenters and everyone who attended the SERS Annual Board Workshop. The Board commented on how much they enjoyed the presentations this year and several Board members expressed that this was the best Board workshop they have ever attended.

The meeting adjourned at 2:32 p.m.

James Rossler, Board Chair

Richard Stensrud, Executive Director