



**SERS Retirement Board Agenda
April 16, 2026**

Click Link to Join Zoom Meeting:

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Meeting ID: 965 8402 0102

Password: 12345

To join by phone, dial: +1 309-205-3325 and enter the meeting ID: **965 8402 0102** and password: **12345** when prompted.

PLEDGE OF ALLEGIANCE

1. Roll Call

CONSENT AGENDA (R)

2. Minutes of the **March 19, 2026**, Retirement Board meeting
3. Summary of Investment Transactions
 - **February 1, 2026, to February 28, 2026**
4. Retirement Report
 - Superannuations, Survivor Benefits, and Transfers
 - Special Cases
5. Disability Report
 - Approval of Disability Benefits
 - Disapproval of Disability Benefits
 - Disapproval of Appeal for Disability Benefits
 - Termination of Disability Benefits – Any Occupation

INVESTMENT REPORT

6. Annual Portfolio Review – Opportunistic & Tactical
7. Investment Report & Economic Update – For the Period Ending February 28, 2026
8. Asset Liability Study and Recommendation – Wilshire Associates (R)

RECESS FOR MEMBER APPEAL – 10:00 AM

EXECUTIVE DIRECTOR'S REPORT

9. Member Appeal Resolution (R)
10. Five-Year Actuarial Experience Study 2020-2025 – CavMac (R)
11. Executive Director's Update
12. Review of Administrative Expenses
13. Review FY2027 Draft Administrative Budget – ORSC Submission
14. Final Filing of Proposed Amended Administrative Rules (R)
15. Compensation Consultant RFP (R)

HEALTHCARE UPDATE

16. 2025 Pharmacy Expenses and 2027 Preview

TECHNOLOGY COMMITTEE REPORT

17. Technology Committee Update

RETIREMENT REPORT

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

BOARD COMMUNICATION AND POLICY ISSUES

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

ADJOURNMENT (R)

FY2026 SERS Board Roll Call

- James Rossler _____
- Daniel Wilson _____
- Jeanine Alexander _____
- Jeffrey DeLeone _____
- Matthew King _____
- Catherine Moss _____
- Rebekah Roe _____
- Aimee Russell _____
- Frank Weglarz _____

APRIL 2026 CONSENT AGENDA

1. Minutes of the
 - a. **March 19, 2026**, Retirement Board Meeting
2. Summary of Investment Transactions:
 - a. **February 1, 2026, to February 28, 2026.**
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. Disapproval of Appeal for Disability Benefits
 - d. Termination of Disability Benefits – Any Occupation

APPROVAL OF CONSENT AGENDA

_____ moved and _____ seconded the motion to approve the Consent Agenda for **April 16, 2026**, which includes the following items:

1. Minutes of the
 - a. **March 19, 2026**, Retirement Board Meeting

2. Summary of Investment Transactions:
 - a. **February 1, 2026, to February 28, 2026.**

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. Disapproval of Appeal for Disability Benefits
 - d. Termination of Disability Benefits – Any Occupation

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____

SERS Retirement Board Meeting Minutes

March 19, 2026

The nine hundred and ninetieth 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, March 19, 2026.

Pledge of Allegiance

The SERS Retirement Board Meeting convened at 8:30 a.m. with the Pledge of Allegiance.

Roll Call

The roll call was as follows: James Rossler, Daniel Wilson, Jeanine Alexander, Jeffrey DeLeone, Matthew King, Catherine Moss, Rebekah Roe, Aimee Russell, Frank Weglarz. Also attending was Maggie O'Shea, 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

Catherine Moss moved and Rebekah Roe seconded the motion that the travel requests by two Board Member to travel and receive reimbursement for the following out-of-state conference and meeting expenses be approved. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeanine Alexander, Jeffrey DeLeone, Matthew King, Catherine Moss, Rebekah Roe, Aimee Russell, Frank Weglarz, and James Rossler. The motion carried.

Consent Agenda

The Consent Agenda for March 19, 2026, included:

- **Minutes** of the February 19, 2026, Retirement Board Meeting and of the February 20, 2026, Annual Retirement Board Workshop.
- **Summary of Investment Transactions** for the period of January 1, 2026, to January 31, 2026.
- **Retirement Report** - Superannuations, Survivor Benefits, and Transfers and Special Cases.
- **Disability Report** - Approval of Disability Benefits, Disapproval of Disability Benefits, Approval of Appeal of Termination – Any Occupation.

Frank Weglarz moved and Aimee Russell seconded the motion to approve the Consent Agenda of the Retirement Board Meeting held on Thursday, March 19, 2026. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeanine Alexander, Jeffrey DeLeone, Matthew King, Catherine Moss, Rebekah Roe, Aimee Russell, Frank Weglarz, and James Rossler. The motion carried.

Investment Report

Educational Session under R.C. 171.50 and 3309.051 – Artificial Intelligence – Francisco Partners

Abby Johnson, Ezra Perlman, and Evan Daar of Francisco Partners, provided the Board with an educational session on Artificial Intelligence in the investment landscape.

Ms. Johnson outlined how AI has accelerated software development, eroded traditional technical moats, and reshaped competitive dynamics, while also highlighting that incumbency advantages, such as systems of record, embedded workflows, regulatory trust, and contractual lock in remain highly defensible.

Mr. Perlman noted that hyperscalers, or mass cloud service providers, are spending aggressively on AI infrastructure, creating a circular ecosystem with interdependencies that may inflate valuations if real adoption lags. Mr. Perlman also stated that despite market volatility and compressed software valuations, Francisco Partners views the current environment as attractive for public to private opportunities.

Mr. Daar continued the presentation, detailing Francisco Partners' multi-year preparation for AI integration. Francisco Partners is emphasizing internal product launches, efficiency initiatives, and the need for portfolio

SERS Retirement Board Meeting Minutes

March 19, 2026

companies to innovate from within. Mr. Daar also reported that AI has changed software development forever. Mr. Daar stated that the technology has real implications and almost 50% of the code active in software now is being developed by AI coders. Over time, faster apps and faster software will be appealing but the ability to accomplish this quickly threatens the same companies creating the advancements. Accuracy of the data output also continues to be a factor as most organizations require 100% accuracy and AI can not guarantee 100% accuracy.

Francisco Partners' concluding message stressed that AI represents both a major threat and an unprecedented opportunity, and that business leadership teams must act decisively to capture value in this transition. Following several questions and a robust discussion, the Board thanked Francisco Partners for their informative presentation.

Annual Portfolio Review – Real Assets

SERS Chief Investment Officer, Farouki Majeed, introduced Paul Cheng and Michael Browning, SERS Investment staff members, who provided the Board with an overview of SERS' Real Asset Investment Portfolio.

Mr. Cheng reported that the two Real Asset sub-classes are real estate and infrastructure. Real Estate currently comprises 9.7% of the total fund with a market value of \$2.17 billion. SERS' net return for real estate in the one-year period ending January 31, 2026, underperformed the policy benchmark by 132 basis points. Mr. Cheng continued, stating that some portfolio changes in 2025 included receiving \$125 million in redemptions. There have also been recent commitments to a residential fund, a co-investment, a secondary investment in an existing fund, additional to a debt fund, and an addition to the REITs portfolio. Mr. Cheng reported that Real Estate goals for 2026-2027 are to evaluate new strategies that can benefit from the current environment and explore additional co-investment opportunities.

Mr. Browning reported that infrastructure is 7.1% of the total fund and has a market value of \$1.59 billion as of January 31, 2026. Mr. Browning stated that most of SERS' investments are in North America (44%) and Western Europe (34%) with smaller exposure to Eastern Europe, Latin America, Middle East, Asia, and the Pacific rim.

The net return for infrastructure for the period ending January 2026 was 9.83%, which outperformed the benchmark by 214 basis points. Over the 3 and 5-year periods, the portfolio has returns of 8.57% and 9.30%, beating benchmarks by 596 and 258 basis points. Mr. Browning closed, stating goals for the Infrastructure Real Assets portfolio is to enhance sector diversification and explore additional co-investment opportunities. After several questions, the Board thanked the investments staff for the update.

The board took a break at 9:51 a.m.

The board reconvened at 10:01 a.m.

Wilshire Associates 2026 Asset-Only Optimization

Joanna Bewick and Chris Tessman of Wilshire Associates provided the Board with a 2026 Asset-Only Optimization review, emphasizing that asset allocation remains the primary driver of long-term portfolio outcomes and should be revisited periodically as market conditions evolve.

The review outlined SERS' multi-phase asset allocation process, current capital market expectations, and modeling scenarios incorporating constraints such as equity floors, fixed income caps, liquidity requirements, and limited exposure to commodities and gold. Results showed that several alternative portfolios offer similar long-term return expectations but with meaningfully lower volatility, particularly in recessionary and stressed economic regimes. The analysis highlighted industry trends, including modest forward looking public equity returns, improved fixed income attractiveness in the new rate environment, and continued diversification into private markets and real assets.

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Ms. Bewick closed stating that overall, Wilshire believes that reducing risk—rather than reaching for return—is the most effective lever in the current environment, with efficient portfolios capable of achieving long-term return targets at lower risk than the current policy.

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

Investment Report and Economic Update for the Period Ending January 31, 2026

Chief Investment Officer Farouki Majeed provided an update on the investment fund status as of January 31, 2026.

Mr. Majeed provided the Board with an investment performance review across SERS' strategic asset allocation. Mr. Majeed highlighted moderate GDP growth, softening labor markets, easing inflation, stable interest rates, and mixed equity performance across global markets.

Mr. Majeed reported that the Total Fund ended the period at \$22.4 billion, with allocations generally close to policy targets, though real estate and fixed income remained below target ranges. For the one-year period, the Total Fund returned 15.97% net, outperforming the policy benchmark by 290 basis points. Global equities, private equity, and infrastructure were strong contributors, each generating meaningful value added relative to benchmarks, while real estate and private credit lagged. Public Fixed Income outperformed its benchmark, and Opportunistic & Tactical strategies delivered substantial excess returns.

Mr. Majeed's report also noted continued positive trends in global manufacturing, stable consumer sentiment, and improving housing prices. Upcoming investment agenda items include the annual review of Opportunistic & Tactical strategies and the next phase of the 2026 Asset Liability Study.

Following a robust discussion and several questions, the Board thanked Mr. Majeed and his Investment Staff for their hard work.

Executive Session pursuant to R.C. 121.22 (G)(2) to discuss the purchase and sale of property

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

The Board convened in executive session at 11:08 a.m.

The Board reconvened in open session at 11:43 a.m.

Transactional Authority

It was moved by Catherine Moss and seconded by Aimee Russell to grant SERS' Executive Director and Chief Investment Officer authority to implement transactional measures with respect to SERS' Iran/Sudan Investment Policy in accordance with Board direction provided in the Executive Session held on March 19, 2026. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeanine Alexander, Jeffrey DeLeone, Matthew King, Catherine Moss, Rebekah Roe, Aimee Russell, Frank Weglarz, and James Rossler. The motion carried.

Executive Director's Report

Ohio Retirement Study Council

SERS Executive Director Richard Stensrud reported that the ORSC cancelled the March meeting. Mr. Stensrud noted that he had previously provided the Board with correspondence from the ORSC leadership.

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Advocacy Groups

Mr. Stensrud reported that he met with OFT Retirement Committee and provided them with a 'state of the system' presentation similar to the one provided at the Advocacy Roundtable. The presentation was well received.

Mr. Stensrud also reported that the OASBO Annual Meeting will be held on May 1. The meeting will be a hybrid one, allowing attendees to join in person or virtually.

Mr. Stensrud also reported that he will be making a 'state of the system' presentation at the SERO Board Meeting on May 5.

State Legislative Activity

Mr. Stensrud reported that while there is not a lot of current legislative activity, SERS staff continues to monitor pension-related legislation.

Federal Advocacy

Mr. Stensrud continued, reporting that while in DC earlier this month SERS staff met with legislative aides from several Ohio congressional offices. Staff provided updated SERS system information and educated them on our Wraparound program. Mr. Stensrud also attended the NCTR/NASRA Winter Joint Meeting and provided the Board with a recap of what was discussed. Mr. Stensrud noted that many of the items discussed at the joint meeting are items SERS is already working on.

Member Services Outreach

Mr. Stensrud reported on the multiple and varied ways that SERS continues to engage with SERS active members, retirees, and employers. Mr. Stensrud noted the webinars and training sessions that have been held with employers, and the virtual conferences, benefit fairs, and webinars that have been held with active members. Communication pieces continue to be sent out to educate and bring awareness to issues affecting SERS members.

Review of Administrative Expenses

SERS Chief Financial Officer Marni Hall provided a brief update on SERS administrative expenses as of the end of February 2026. Ms. Hall reviewed several line items in the Administrative Expense Reports. Ms. Hall also reported that FY2027 budget season is almost complete with preparations being made for the upcoming fiscal year.

Following several questions, the Board thanked Ms. Hall for her report.

Discussion of Salary Budget Information for Preliminary FY2027 Budget

Mr. Stensrud noted that at the February Board meeting SERS' compensation consultant CBiZ provided the Board with guidance on two compensation-related matters. Both matters are addressed annually as part of the development of the next year's budget, and are important for maintaining the compensation structure and objectives established in the comprehensive compensation study.

One item concerned the recommended adjustment to the salary structure (the salary ranges for all employees) based on the changes to the labor market salary data for the markets against which SERS' positions are benchmarked (public sector or private sector depending on the position). In most cases, it is simply the salary range that is changed, not the salary.

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Mr. Stensrud noted that the second compensation matter was the recommended adjustment to the total salary budget for FY 26-27. Mr. Stensrud noted that this is important because it assures that wages remain competitive in the relevant markets and that larger salary increases are not required when the next compensation study is performed.

Mr. Stensrud reported that CBIZ made the following recommendations regarding these items: A 2.6% increase to the salary structure; a 4.0% increase in the salary budget; and that the merit increase component of the salary budget be 1.4% more than the structure adjustment.

Mr. Stensrud reported that consistent with past practice, four scenarios were modeled to illustrate the fiscal impact of various combinations of structure, merit and total salary budget growth levels. Mr. Stensrud discussed how the different factors combined in each scenario and what they yielded with respect to merit, salary budget growth and budget impact.

Mr. Stensrud noted as further points of reference, that the merit adjustment for calendar year 2026 at OPERS is 5.0% and 4.0% at OP&F. The proposed merit adjustment at STRS for FY 26-27 is 4.0%.

- Scenario 2 uses the CBIZ 2.6% structure adjustment recommendation as the starting point. Per the discussion above, that would mean a 4.0% merit assumption, and with promotions/adjustments of 0.4%, would result in a 4.4% increase in the salary budget – an increase of \$820,115 over the FY 25-26 year-end total.

Mr. Stensrud explained that the Board was being asked to approve a specific salary structure and salary budget adjustment, and merit level, so that this information can be built into the budget for FY 26-27.

After a robust discussion, the Board approved the 2.6% structure adjustment, 4.0% merit, and 4.4% total salary growth scenario as it was closest to the recommendations from CBIZ, and authorized that those numbers be used to provide preliminary salary numbers for the FY2027 budget.

Audit Committee Report

Audit Committee Update

SERS Chief Audit Officer, Steve Ritzer, provided an update on the work being done in the Audit Committee. Mr. Ritzer reported that the Audit Committee met on Wednesday. The External Audit results and the Internal Audit status was discussed, and all audit projects are on track for the fiscal year. The Board thanked Mr. Ritzer for the update.

Compensation Committee Report

Compensation Committee Update

Compensation Committee Chair, Daniel Wilson, provided the Board with an update on the work being done in the Compensation Committee. Mr. Wilson stated that the Committee received an update on the status of the Executive Director recruitment process. Mr. Wilson reported that there will be a special Board Meeting April 27 and 28 to include the first round of interviews for the Executive Director candidates. Mr. Wilson also reported that Mr. Stensrud's third quarter performance review was conducted and it went well. With no questions, the Board thanked Mr. Wilson for his update.

Retirement Report

There was no executive session for the retirement report.

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Board Communication and Policy Issues

Calendar Dates for Future Board Meetings

The Board members reviewed the 2026 meeting calendar.

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2026 **

AUDIT COMMITTEE MEETINGS

June 17, 2026 – 2:30 p.m. (Weds.)
September 16, 2026 - 2:30 p.m. (Weds.)
December 16, 2026 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

June 18, 2026 – 7:30 a.m. (Thurs.)
July 16, 2026 – 7:30 a.m. (Thurs.) **** Special Meeting ****
September 17, 2026 – 7:30 a.m. (Thurs.)
December 17, 2026 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 19, 2026 – 12:30 p.m. (Thurs.)
June 18, 2026 – 12:30 p.m. (Thurs.)
September 17, 2026 – 12:30 p.m. (Thurs.)
December 17, 2026 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

March 19 – 20, 2026 - 8:30 a.m. (Thurs. and Fri.)
April 16 – 17, 2026 – 8:30 a.m. (Thurs. and Fri.)
May 21 – 22, 2026 – 8:30 a.m. (Thurs. and Fri.)
June 18, 2026 – 8:30 a.m. (Thurs.)
July 16 – 17, 2026 – 8:30 a.m. (Thurs. and Fri.)
September 17 – 18, 2026 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
October 15 – 16, 2026 – 8:30 a.m. (Thurs. and Fri.)
November 19 – 20, 2026 – 8:30 a.m. (Thurs. and Fri.)
December 17 – 18, 2026 – 8:30 a.m. (Thurs. and Fri.)

*** Please note that these dates and times are tentative.**

Continued or New Business - Board Information Request & Follow Up Items

Matthew King 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 of a public employee. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeanine Alexander, Jeffrey DeLeone, Matthew King, Rebekah Roe, Aimee Russell, Frank Weglarz, and James Rossler. Absent: Catherine Moss. The motion carried.

The Board convened in executive session at 12:09 p.m.

The Board reconvened in open session at 1:21 p.m.

The board took a lunch break at 1:23 p.m.

The Board reconvened in open session at 1:56 p.m.

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The Board reconvened in executive session at 1:57 p.m.

The Board reconvened in open session at 2:11 p.m.

SERS Personnel Matter

It was moved by Aimee Russell and seconded by Frank Weglarz to direct SERS staff to act in accordance with Board direction provided in the Executive Session held on March 19, 2026. Upon roll call the vote was as follows: Yea: Daniel Wilson, Jeanine Alexander, Jeffrey DeLeone, Matthew King, Rebekah Roe, Aimee Russell, Frank Weglarz, and James Rossler. Absent: Catherine Moss. The motion carried.

Adjournment

Board Chair, James Rossler, moved to adjourn to meet on Thursday, April 16, 2026, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS Board Meeting adjourned at 2:13 p.m.

James Rossler, Board Chair

Richard Stensrud, Executive Director

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

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

The following is a summary of the investment transactions made during the period of February 1, 2026, through February 28, 2026. A detailed list of these transactions can be found in the Board Agenda provided prior to the Retirement Board Meeting.

A. PURCHASES/ CAPITAL CALLS

Asset Class	Approximate Cost (in millions)
Global Equities	\$268.6
Fixed Income	403.0
Private Equity Capital Calls	14.0
Real Estate Capital Calls	37.5
Infrastructure Capital Calls	22.5
Opportunistic & Tactical	0.2
Global Private Credit	33.9
Cash Equivalents	257.4

B. SALES/ DISTRIBUTIONS

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	523.5	168.1
Fixed Income	343.4	1.1
Private Equity	11.4	n/a
Real Estate	2.8	n/a
Infrastructure	3.4	n/a
Opportunistic & Tactical	5.6	n/a
Global Private Credit	70.3	n/a
Cash Equivalents	210.7	(0.1)

Memo

To: Retirement Board
From: Farouki Majeed
cc: Richard Stensrud, Karen Roggenkamp
Date: April 3, 2026
Re: **Investment Report for the April Board Meeting**

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

- Annual Portfolio Review – Opportunistic & Tactical.
- Investment report and economic update for the period ended February 28, 2026.
- The Asset Liability Study will be presented by Wilshire Associates for the Board's review. If acceptable to the Board, a motion has been prepared for a vote to approve during the April Board meeting.

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

- Manager Reviews – Opportunistic & Tactical.
- Monthly Top 20 Equity and Fixed Income Holdings Reports – February 28, 2026.
- Monthly Compliance Update memo – February 28, 2026.

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



Opportunistic and Tactical Investments Portfolio Review

As of February 28, 2026

Presented by Investment Staff

Meeting Date: April 2026

Adam Messerschmitt and Brad Carr



\$924 Million Market Value

- 12 Managers / 22 Fund Investments
 - 10 Ranked as A
 - 5 Ranked as B
 - 7 are new to the portfolio and not yet ranked
- Unfunded commitments: \$417 million
- Portfolio Allocation of 4.1%

Recent Performance

- 19.4% one-year net return; 12.2% three-year annualized net return.
- Portfolio is outperforming the policy benchmark across all time periods.

Portfolio Activity

- Four funds totaling \$255 million added to the portfolio in the last 12 months.
- Additional contributions totaling \$50 million to two existing funds in the last 12 months.
- Researching new opportunities to take advantage of market volatility or new themes.



Role

- SERS invests in opportunistic strategies that do not fit within the existing asset classes.
- The investments are defined as tactical or non-traditional investment opportunities. Such investments may involve capitalizing on short-term market dislocations or other unique situations or innovative strategies.

Performance Objective

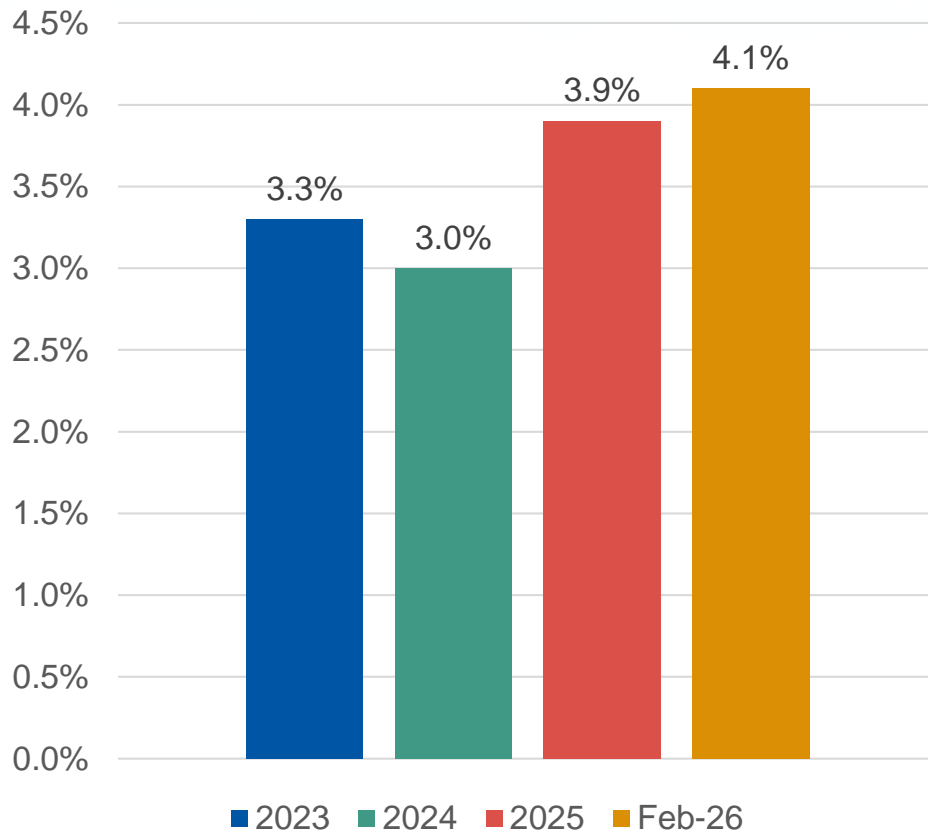
- Earn a net-of-fee return of 100 basis points above the Bloomberg US Aggregate Bond Index + 2%

Allocation

- The portfolio does not have a target allocation, but the permissible range is 0 - 5%

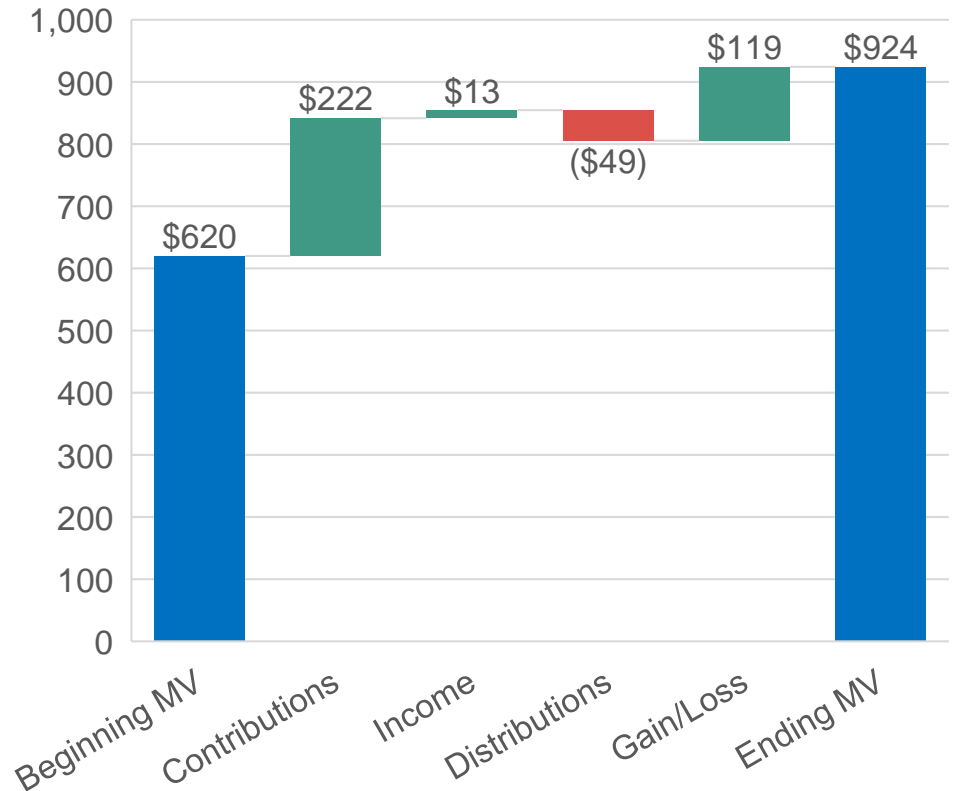


Total Fund Allocation

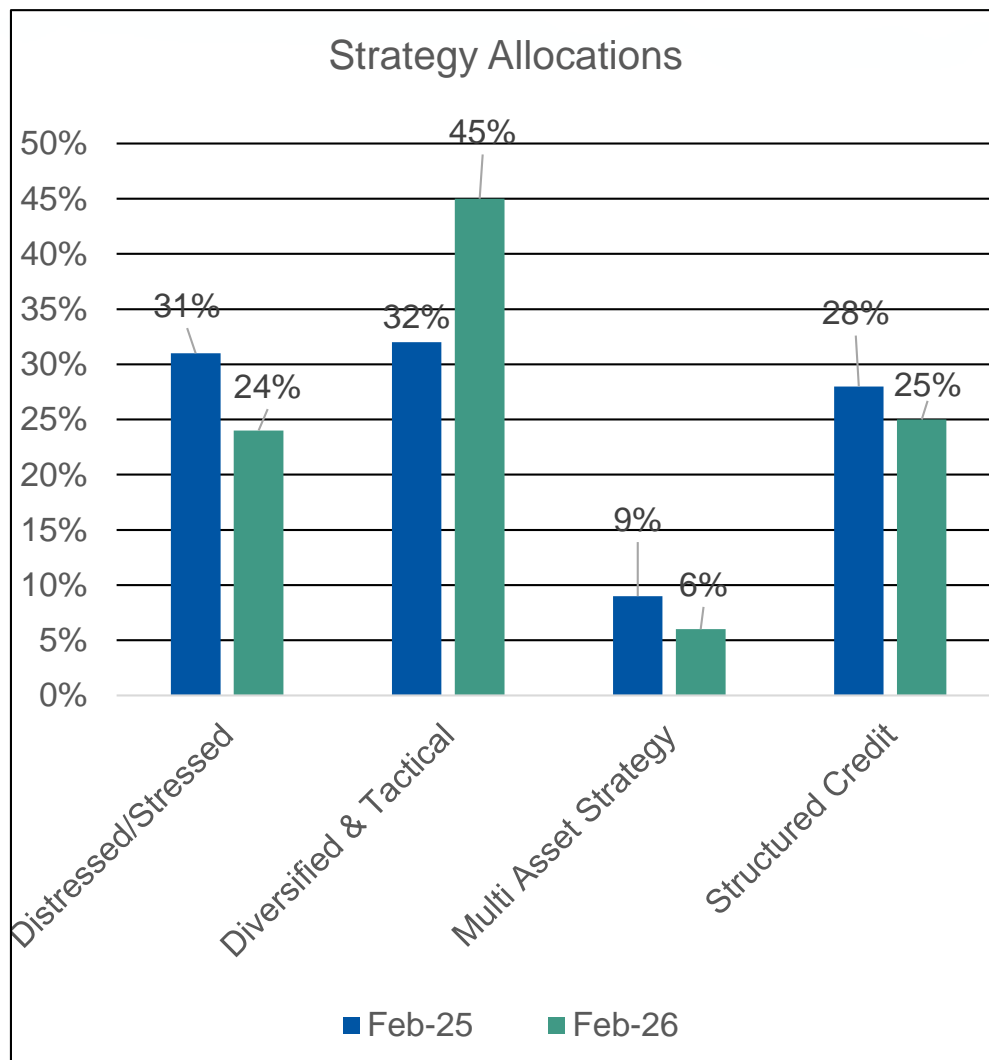


Opportunistic Valuation Bridge

March 1, 2025 – February 28, 2026



- From 2024 to 2025, the allocation increased from 3.0% to 3.9%.
- Since February 2025, the portfolio value has increased from \$620 million to \$924 million.
- Increase in portfolio value comprised of investment gains of \$119 million and net contributions of \$186 million.



- **Distressed/Stressed (24%)**
 - Distressed debt invests in the debt instruments of a financially distressed company. This can include companies undergoing operational challenges or operating in cyclical industries such as energy, retail and media.
- **Diversified and Tactical (45%)**
 - Tactical investments are strategies that can actively allocate between opportunities and provide inflation protection.
- **Multi Asset Strategy (6%)**
 - Diversified portfolios investing in debt and equity investments.
- **Structured Credit (25%)**
 - Structured credit includes investments in commercial real estate, mortgages, and other asset-backed securities.

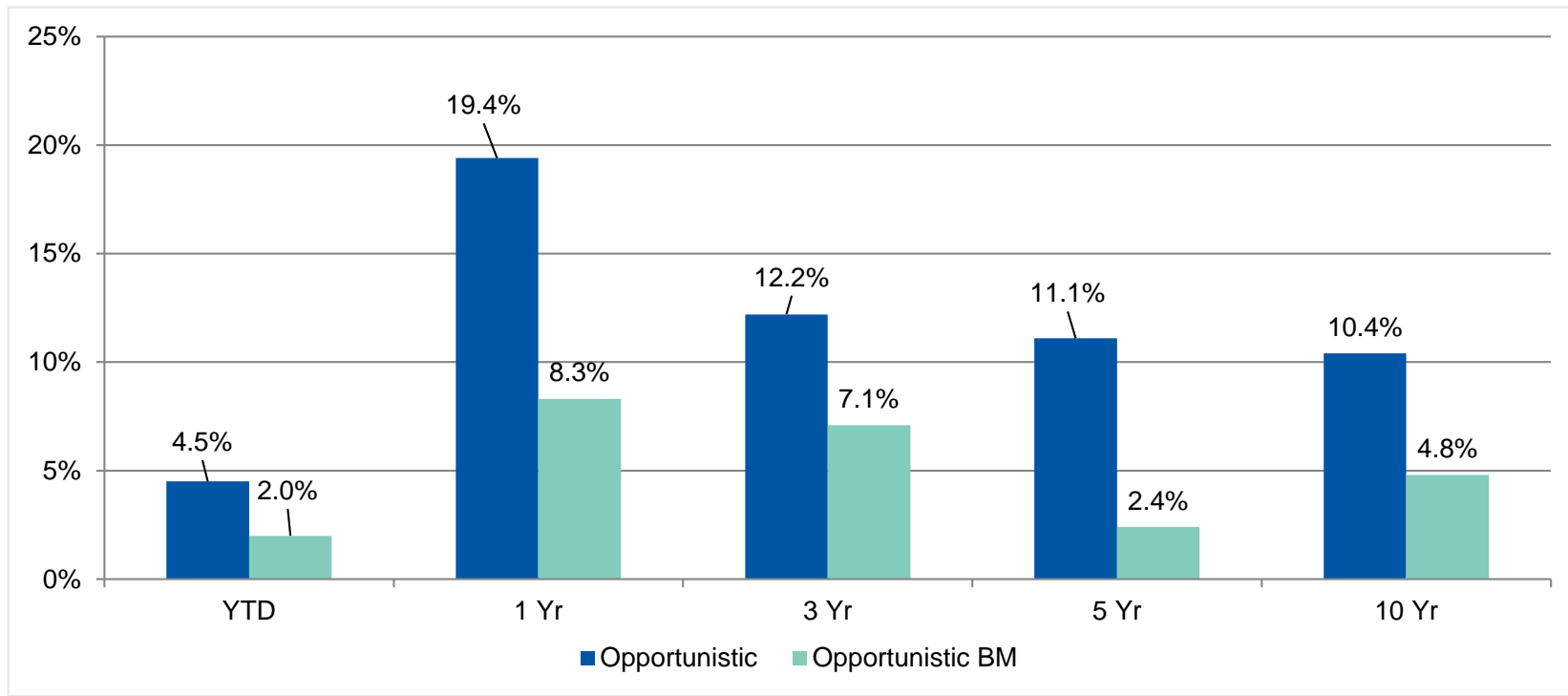


Why?

- Provide more flexibility to invest in market dislocations or opportunities outside of a specific asset class's generally accepted risk/return parameter.
- Pay only underlying ETF fees.

Since Inception Results (Inception: 4/1/2024)

- Market value of \$150.9 million
- 52.5% since inception return, outperforming the policy benchmark by 44.6%
- Account ETF fees are 0.09%



As of Feb 28, 2026 (net of fees)	Year to Date	1 Year	3 Years	5 Years	10 Years
Opportunistic Portfolio	4.5%	19.4%	12.2%	11.1%	10.4%
Opportunistic Policy Benchmark	2.0%	8.3%	7.1%	2.4%	4.8%
<i>Excess Returns vs. Policy Benchmark</i>	2.5%	11.1%	5.1%	8.7%	5.6%
Total Fund	3.9%	17.3%	12.4%	9.6%	10.3%



Ohio SERS Investment Report

Monthly Report to the Board

For the period ending: February 28, 2026

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: April 2026



Investment Agenda

- Annual Portfolio Review – Opportunistic & Tactical.
- Investment report and economic update for the period ended February 28, 2026.
- The Asset Liability Study will be presented by Wilshire Associates. If acceptable to the Board, a motion has been prepared for a vote to approve during the April Board meeting.



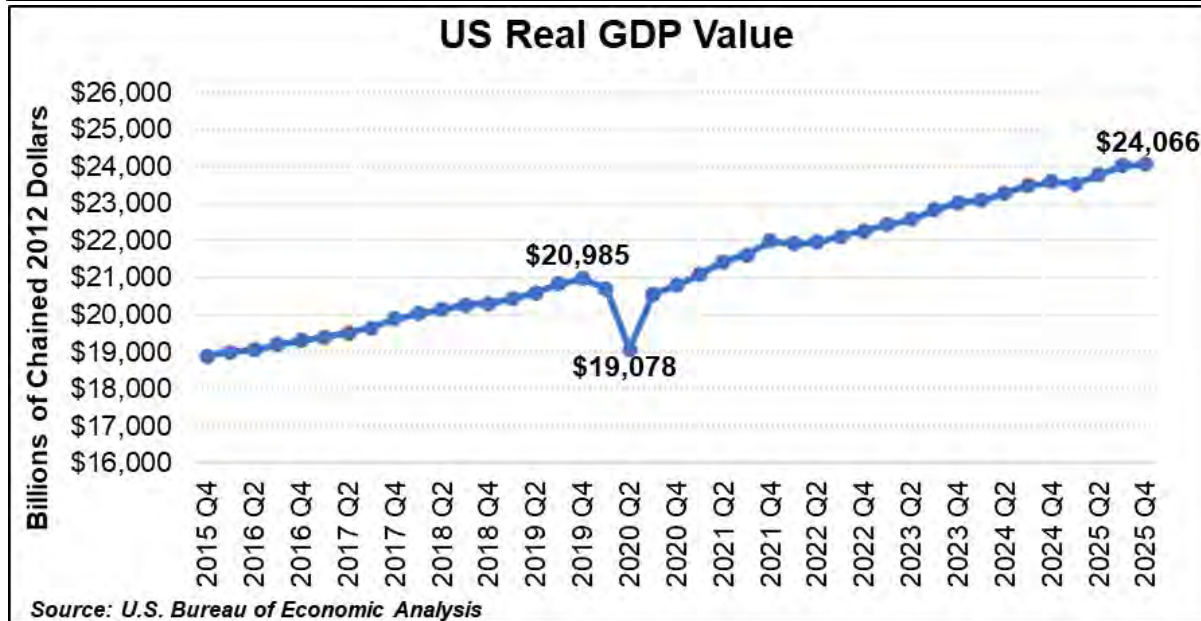
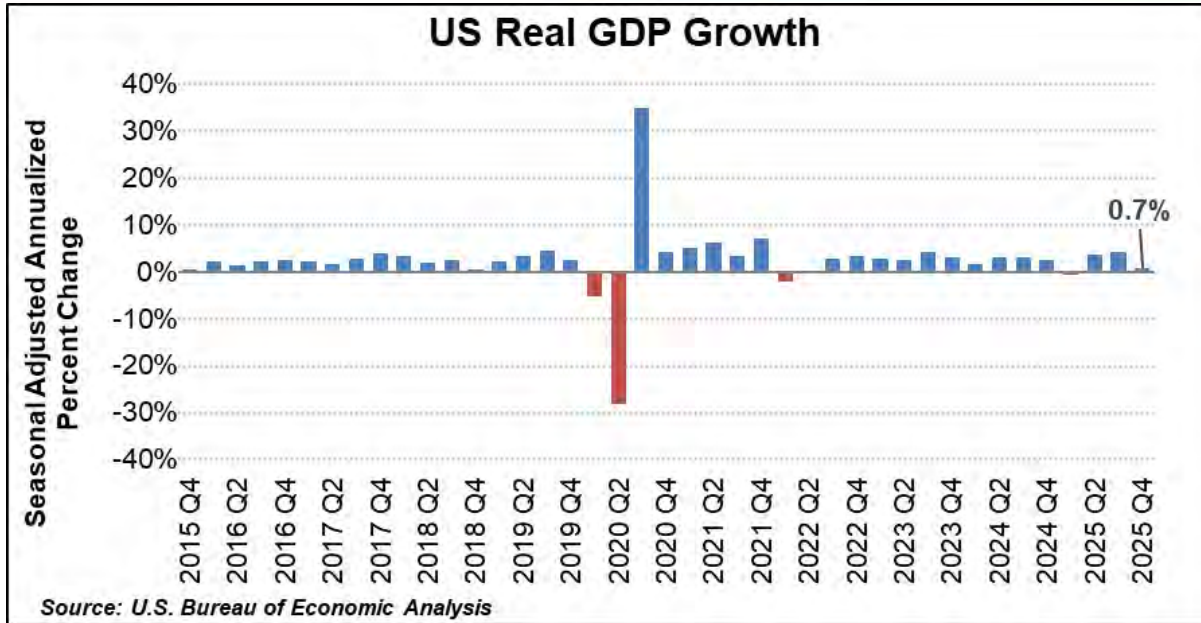
Economic and Financial Market Outlook

- GDP rose 0.7% annualized in Q4 2025 and 2.1% over the year, driven by personal consumption and private investment. The March Blue Chip Economic Indicators forecast 2.5% GDP growth for 2026, fueled by ongoing capital spending on AI. However, conflict with Iran could raise oil prices for an extended period and disrupt supply chains, increasing inflation and recession risk. (Source: Bureau of Economic Analysis and Blue Chip Economic Indicators).
- The US labor market improved, adding 178,000 new jobs in March after losing 133,000 in February. The unemployment rate was down by 0.1% to 4.3%. The job gains came from the health care, construction, transportation, and warehousing sectors. The labor force participation rate ticked down to 61.9%. (Sources: Bureau of Labor Statistics, ADP).
- US headline inflation remained at 2.4% in February. The food index increased 3.1%, and the energy index was up 0.5% in the last 12 months. Core inflation, which excludes food and energy, stayed at 2.5%. (Source: Bureau of Labor Statistics).
- The 10-year Treasury nominal yield increased 33 basis points to 4.30% in March. As of February, the current 10-year real yield, estimated by the difference between the 10-year Treasury nominal yield and current headline inflation, stood at 1.56%, which is 0.18% below the historical average. The Federal Reserve maintains the federal funds rate at 3.5%–3.75%.
- The housing market slowed as the S&P Case-Shiller 20-City home price index declined by 0.11% for the month, resulting in the one-year return of 1.18% as of January.
- In March, the Consumer Sentiment Index from Thomson Reuters and the University of Michigan was 53.3, which is a decrease of 5.8% compared to the previous month and 6.5% lower than a year ago. Both the US and Global Economic Surprise indices were positive in February, indicating that the actual economic data were better than expected. The US reading moderated to 20.5 from 31.9 last month; the Global reading slightly declined to 23.2 from 27.8. The latest Leading Economic Index (LEI), issued by the Conference Board, was 97.5 for January. The index declined by 0.1% over the month and by 2.6% for the 6-month period, suggesting a potential deceleration in economic growth ahead.
- US Manufacturing PMI increased slightly to 52.7 in March, the third expansion reading after ten consecutive contraction months. An over-50 level indicates an increase in business activities. However, Global Manufacturing PMI declined to 51.3 in March with output price inflation at a 44-month high and business confidence at a five-month low. (Source: Institute for Supply Management and S&P Global).
- Equity markets declined in March: the US market (Russell 3000) fell 4.97%, Non-US Developed markets (MSCI World ex-USA) dropped 9.74% and Emerging markets (MSCI EM) lost 13.06%.
- The US fixed income market, Bloomberg US Universal Bond Index, was down 1.79% in March.



ECONOMY

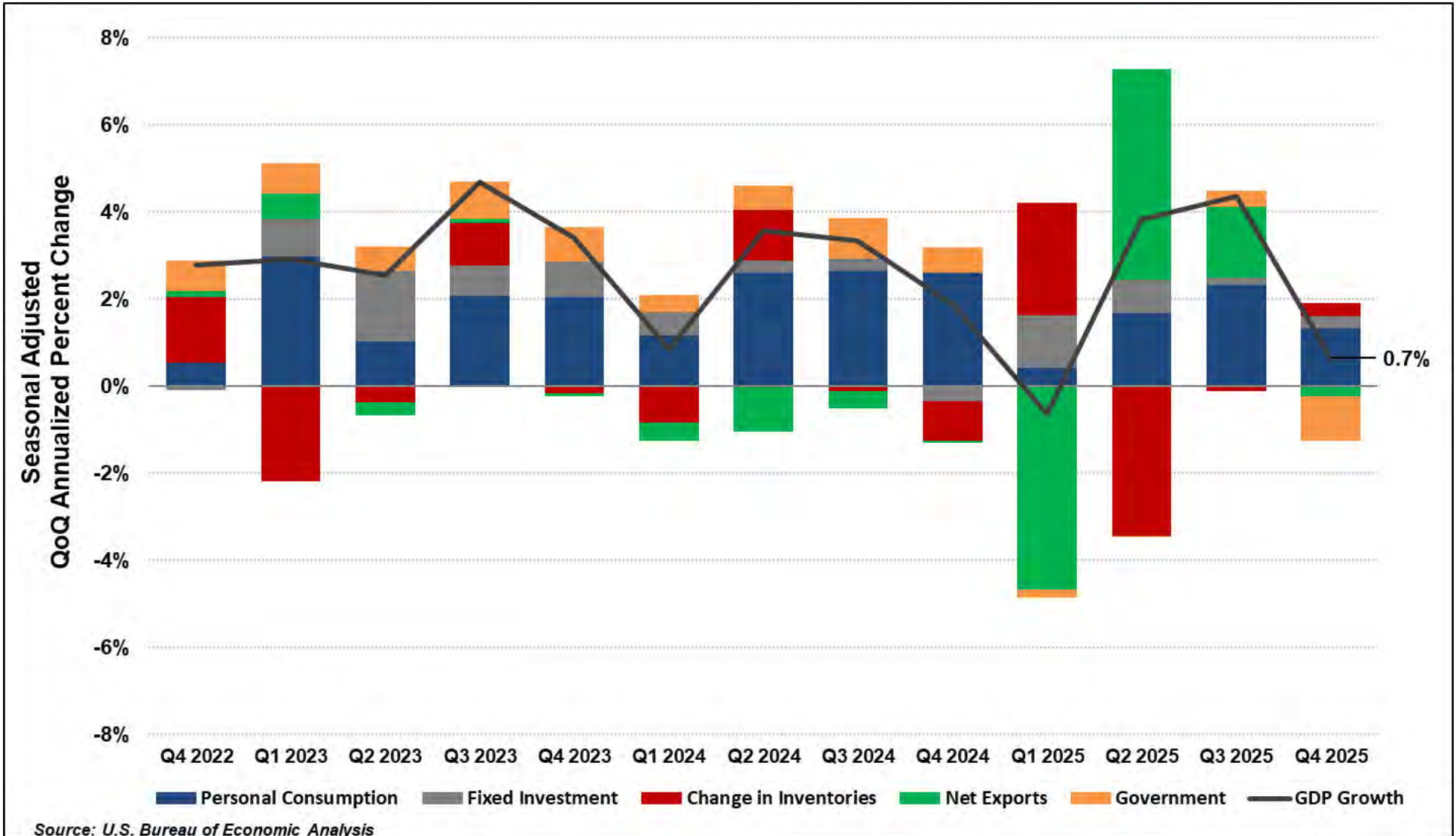
US Real Gross Domestic Product





ECONOMY

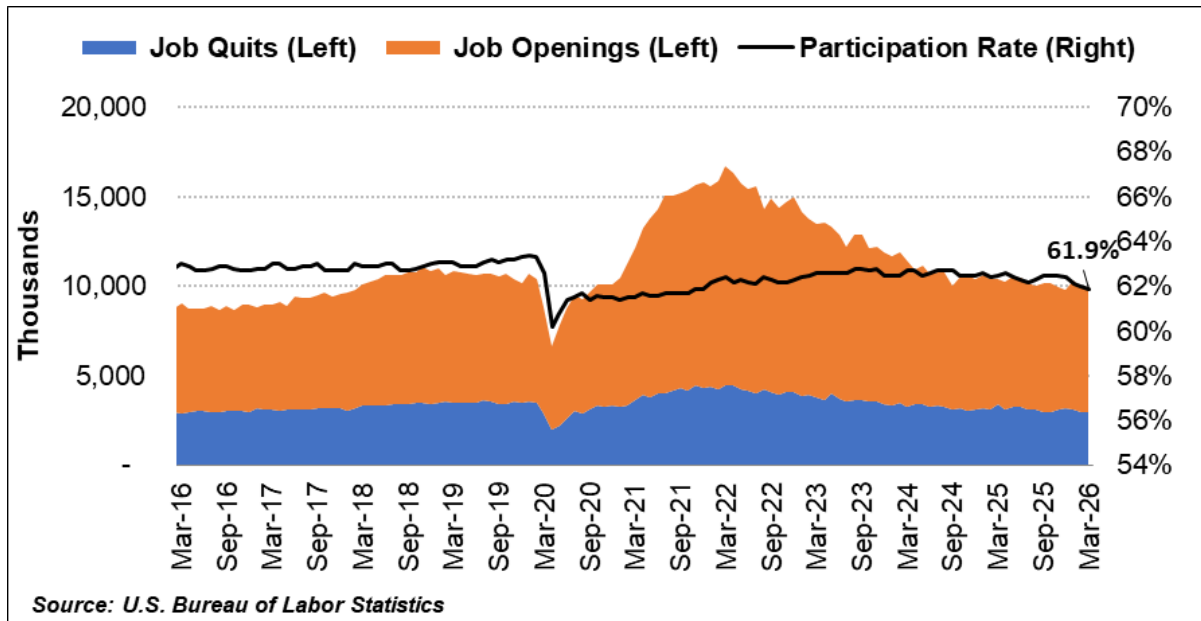
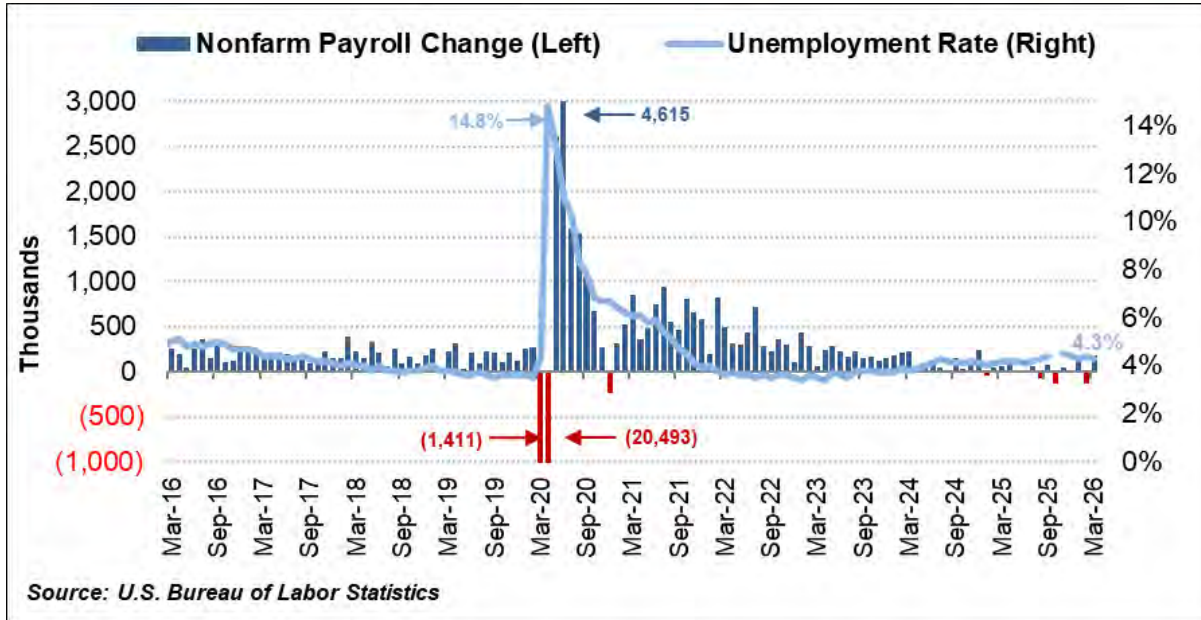
GDP Growth and its Component Contributions





ECONOMY

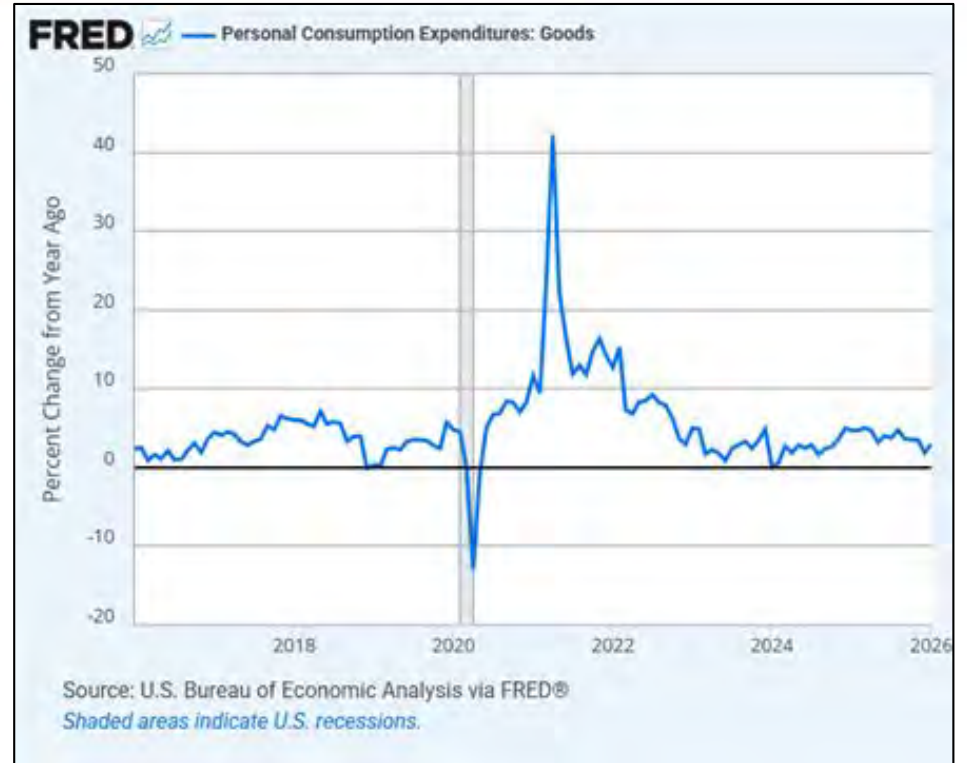
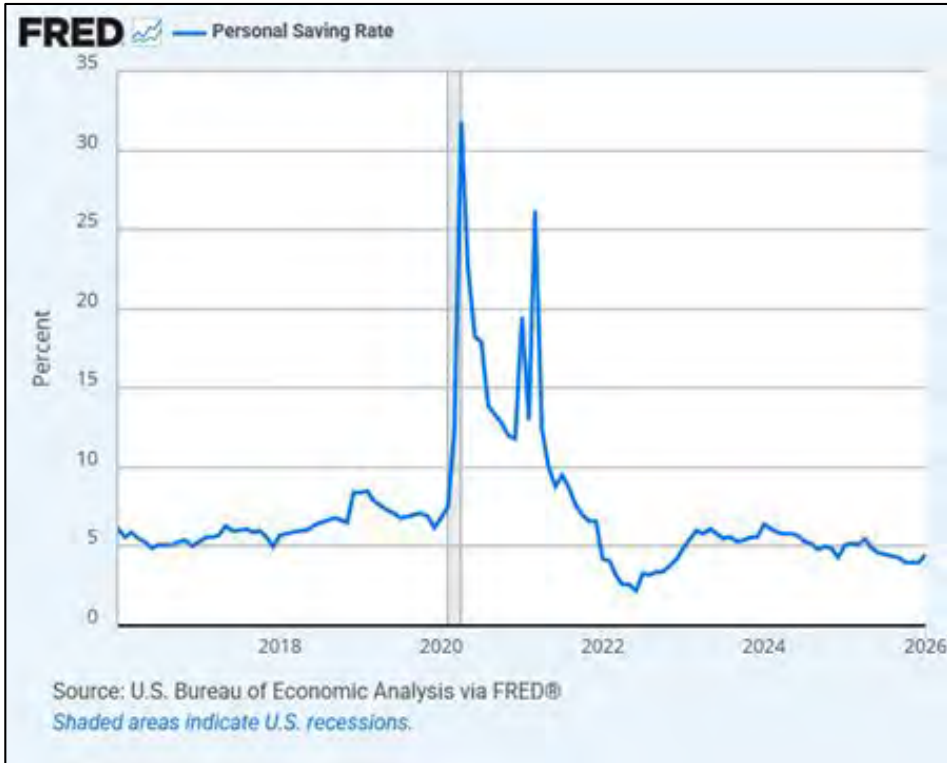
US Labor Market





ECONOMY

Personal Savings Rate & Personal Expenditures: Goods



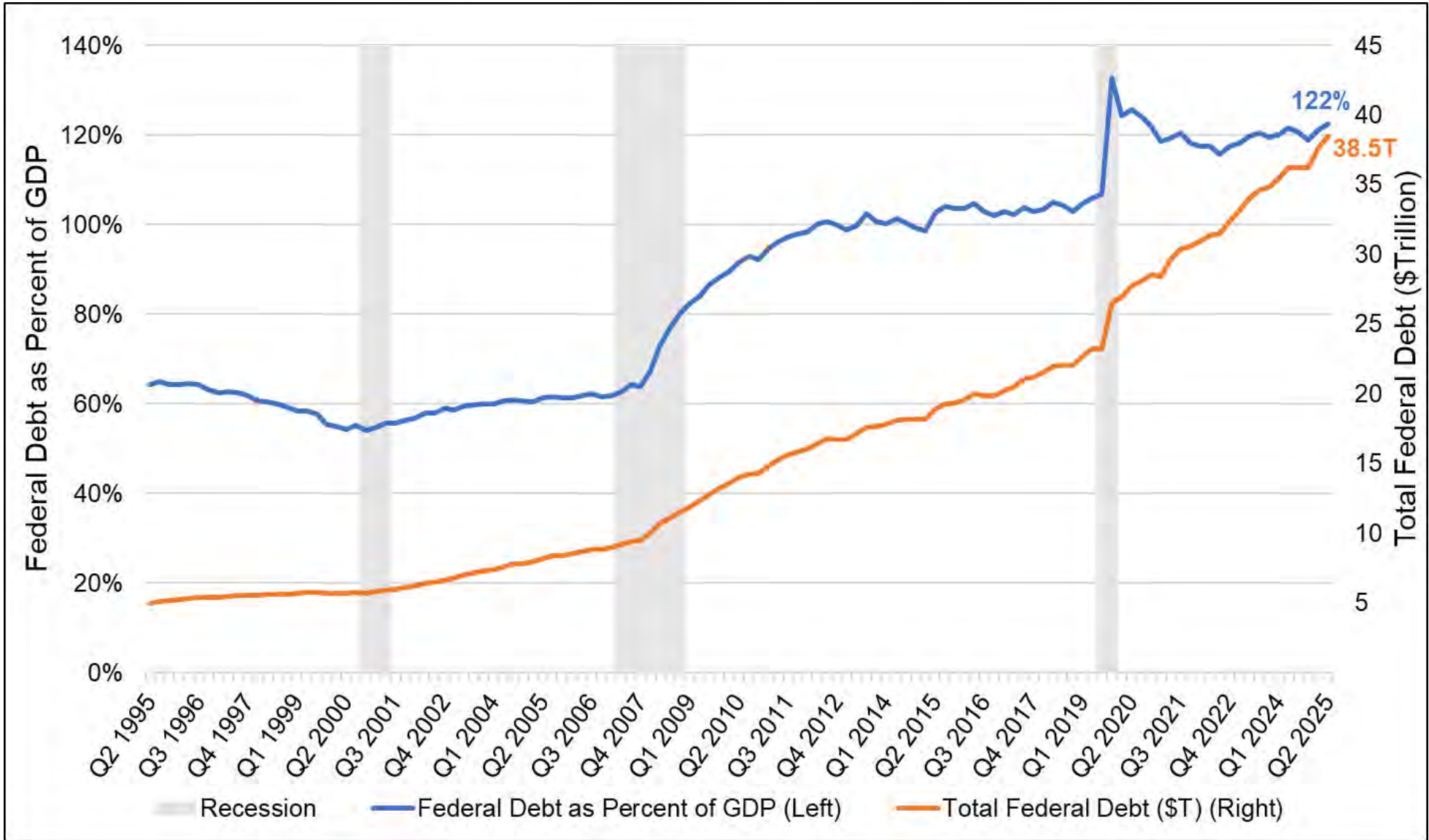
Date	Annual Personal Savings Rate
Jun-22	2.2%
Jun-23	5.8%
Jun-24	5.7%
Jun-25	4.6%
Jan-26	4.5%

Date	Personal Consumption Expenditures: Goods Change from Prior Year
Jun-22	8.5%
Jun-23	0.9%
Jun-24	2.5%
Jun-25	4.0%
Jan-26	3.0%



ECONOMY

Federal Debt in USD and Percentage of GDP

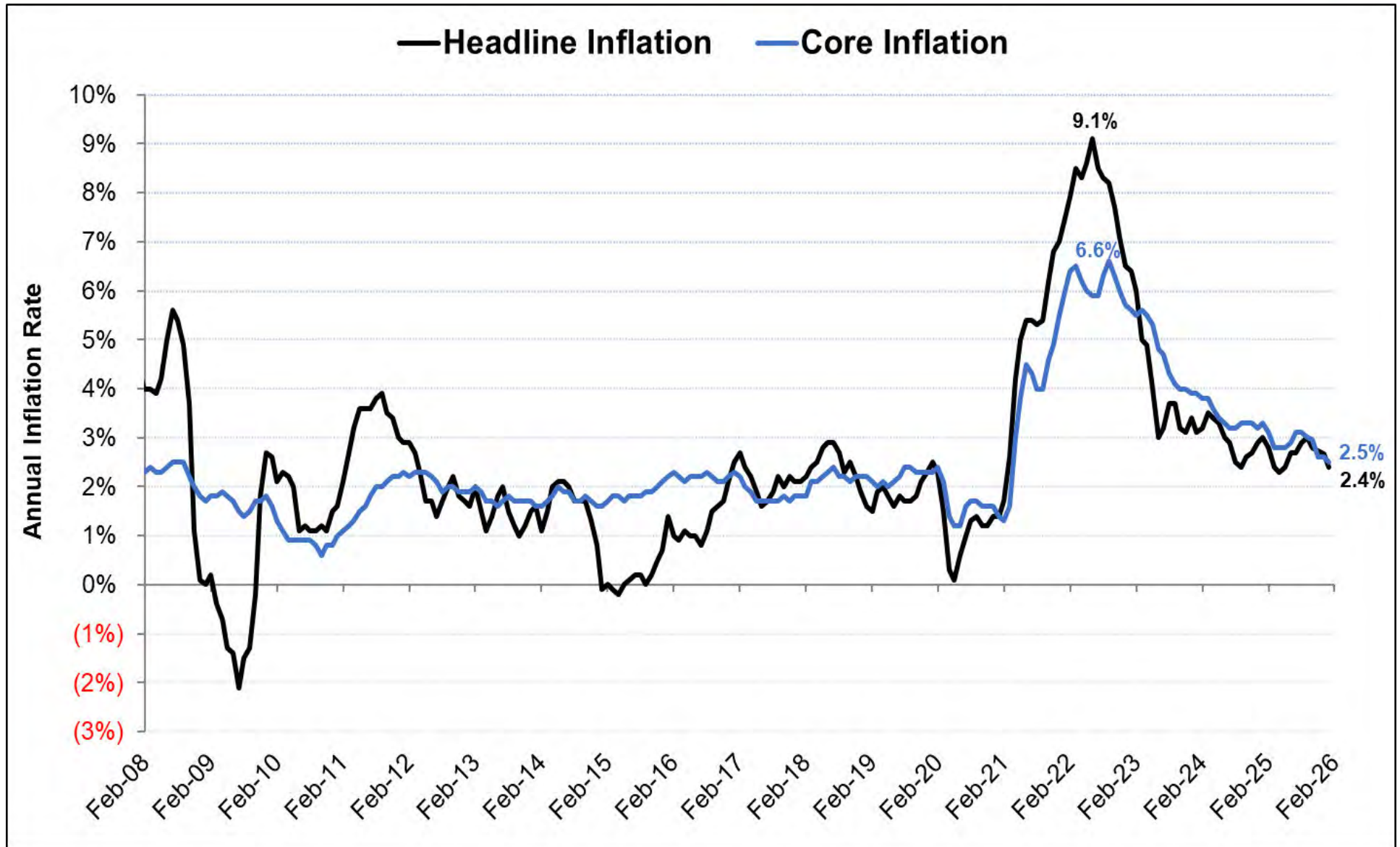


Source: Federal Reserve Bank of St. Louis, U.S. Office of Management and Budget



ECONOMY

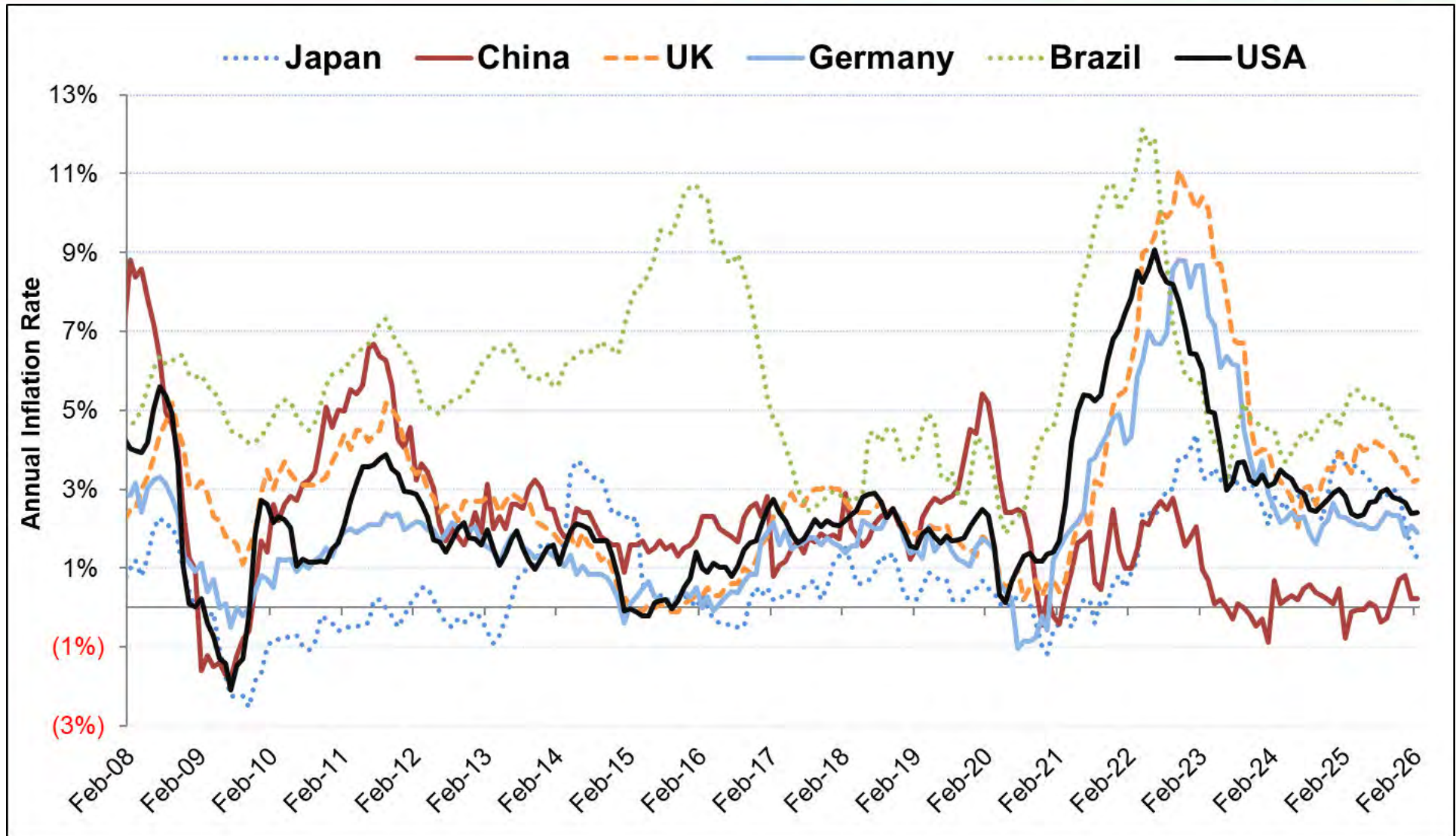
US Inflation





ECONOMY

Global Headline Inflation

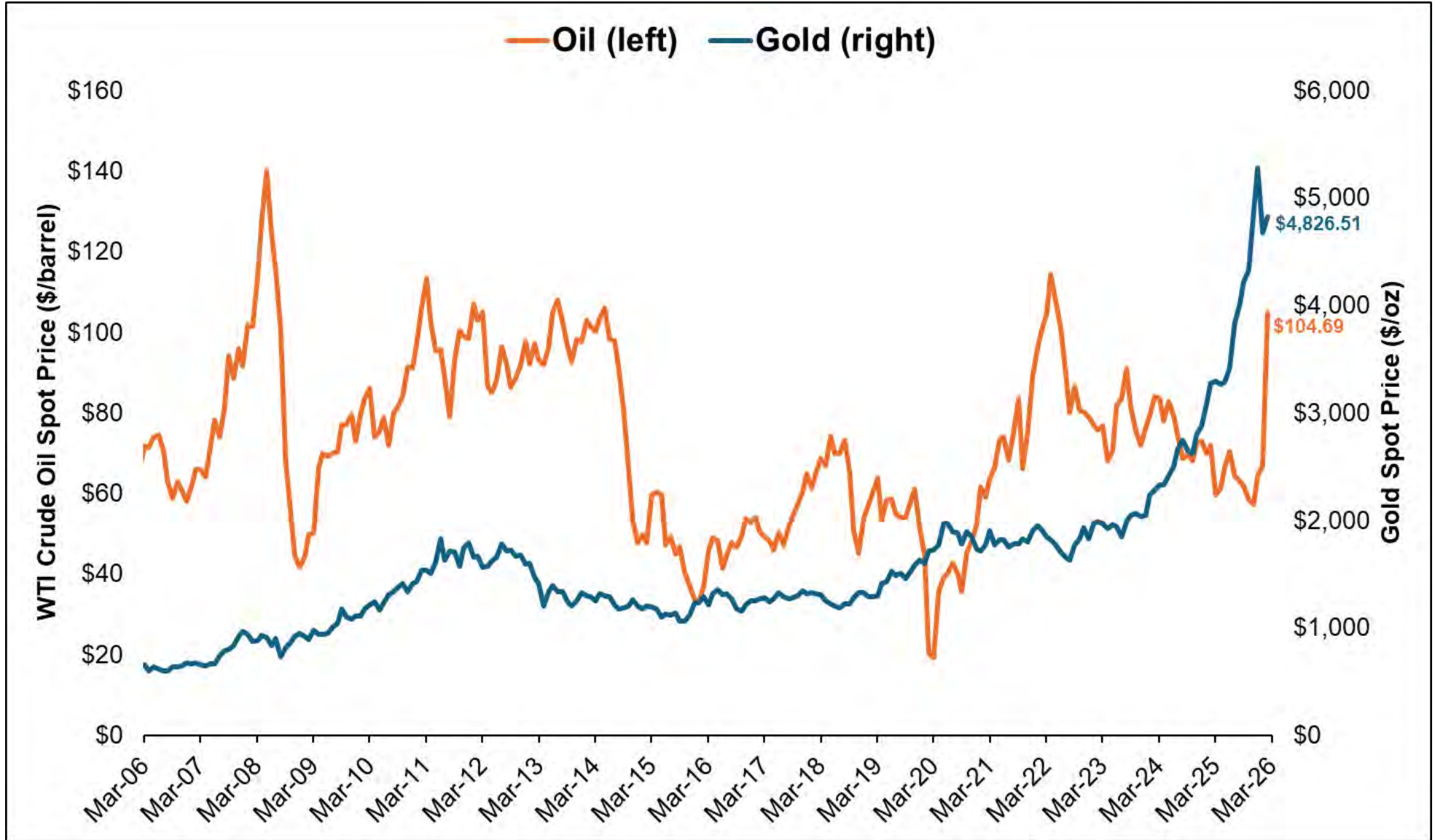


	Japan	China	UK	Germany	Brazil	USA
Feb-26	1.26	0.23	3.24	1.90	3.81	2.41



ECONOMY

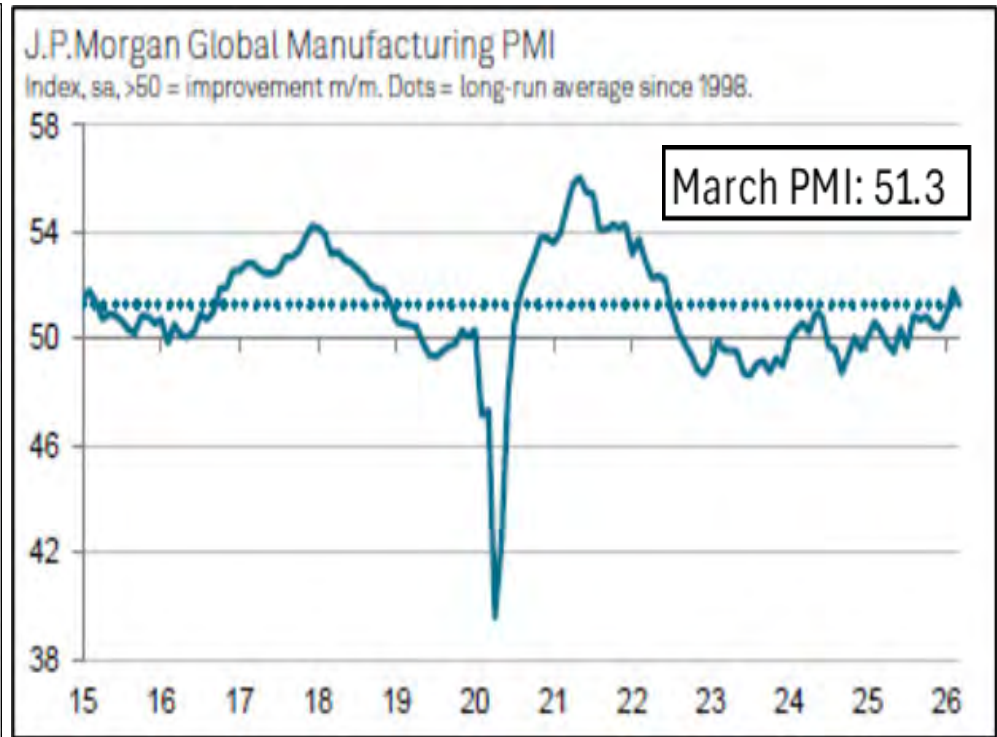
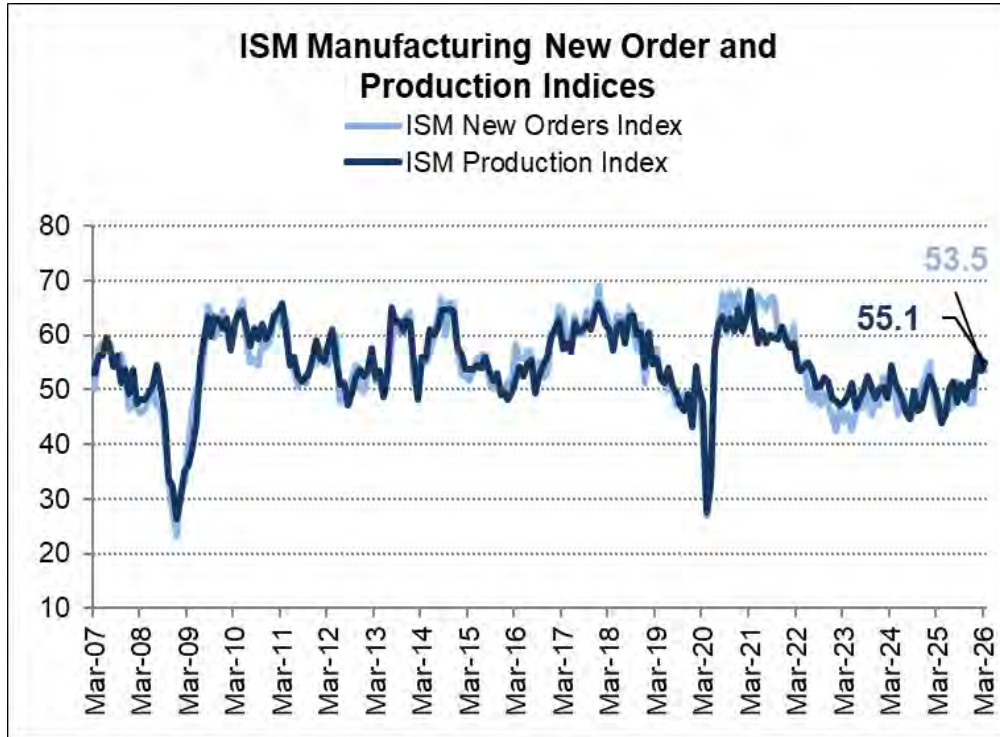
Oil vs. Gold Price





ECONOMY

US & Global Manufacturing Activities

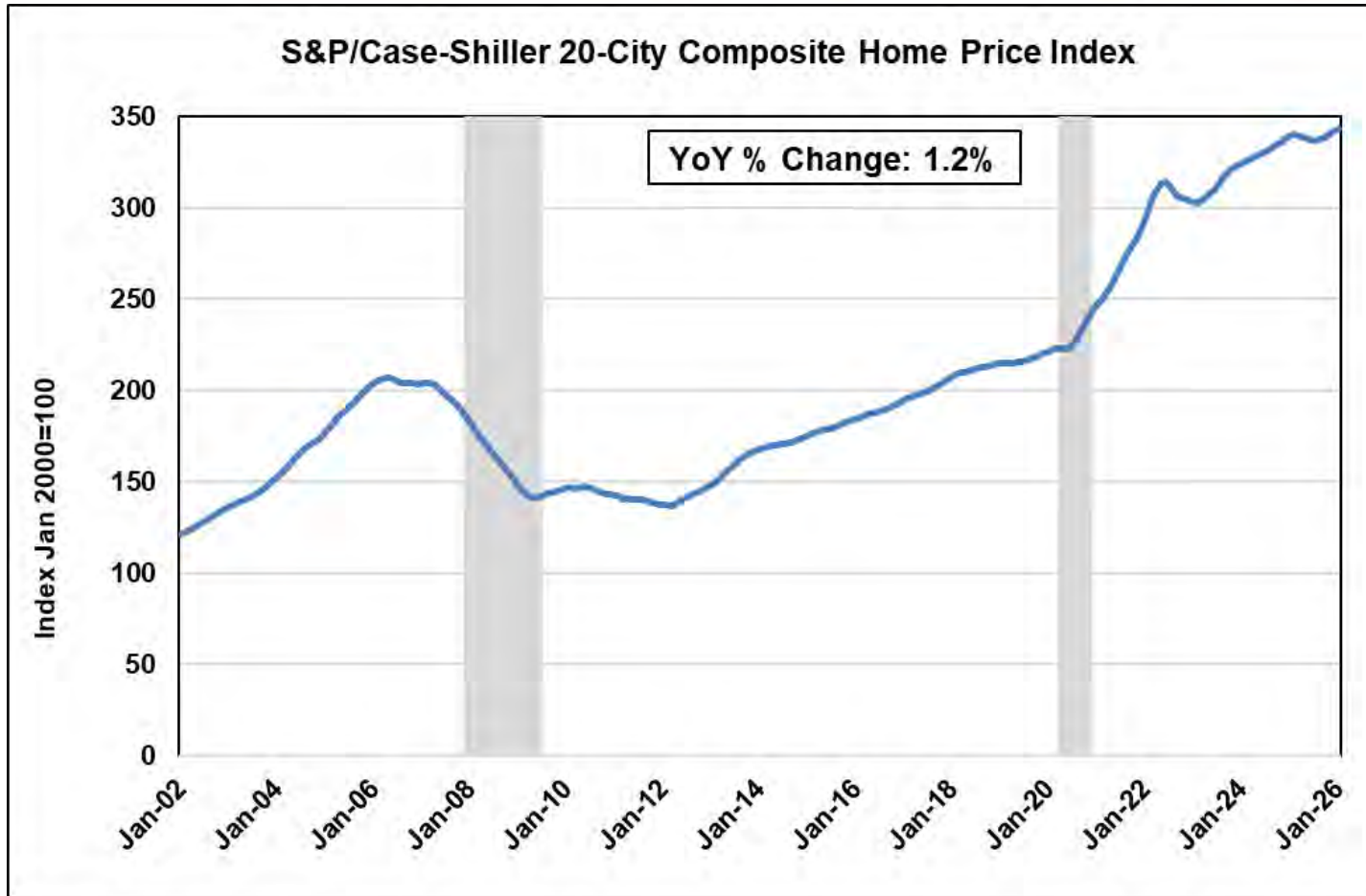


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
 Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



ECONOMY

US Housing Market



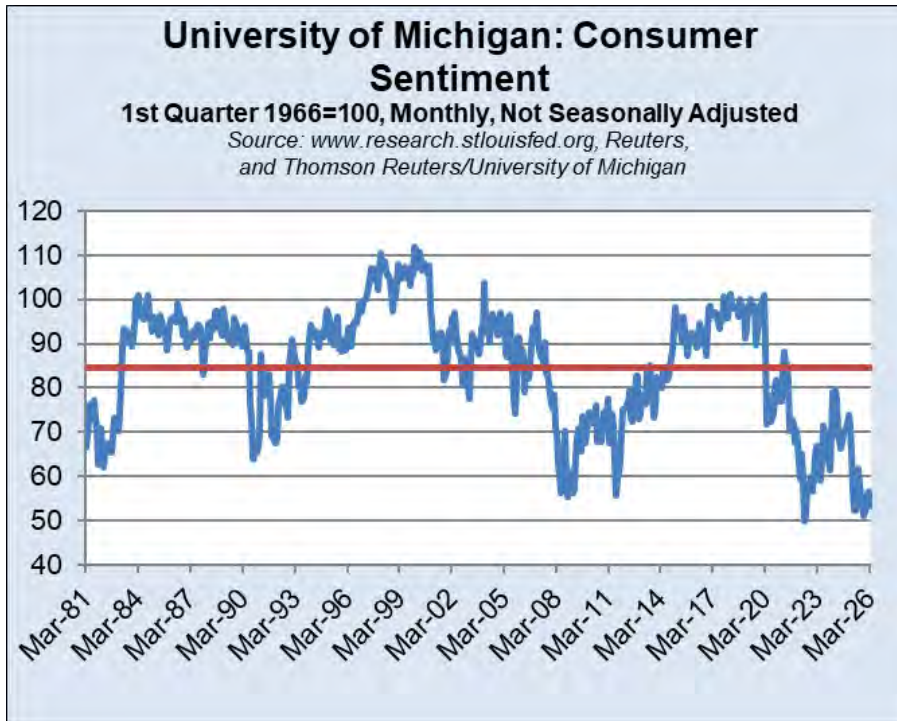
Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-21	269.29
Jul-22	312.08
Jul-23	312.39
Jul-24	330.71
Jul-25	336.77
Jan-26	343.18

Source: S&P Dow Jones Indices LLC via FRED



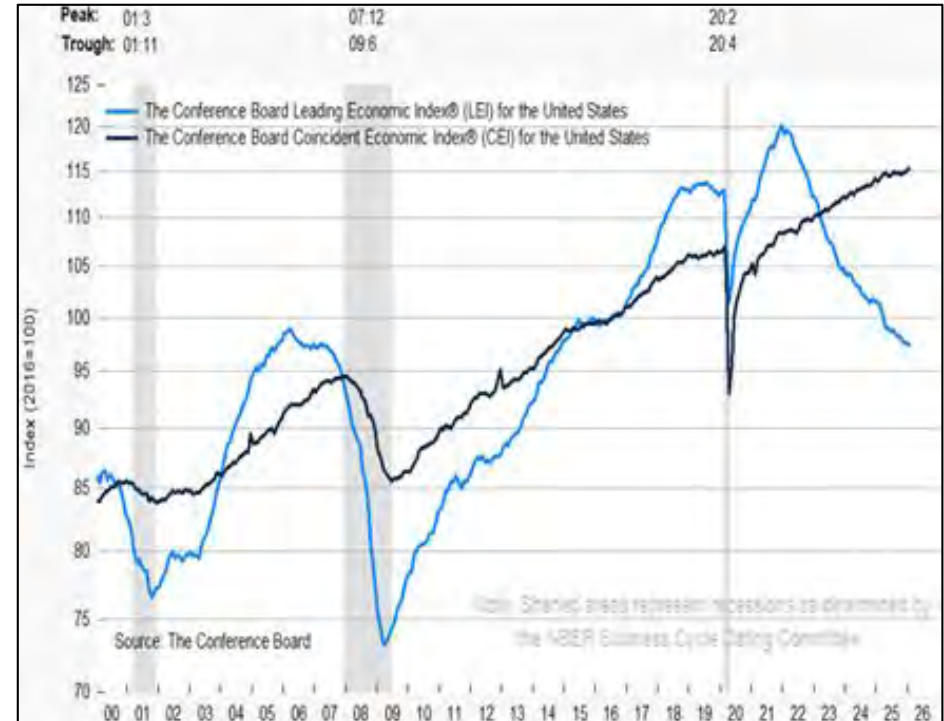
ECONOMY

Consumer Sentiment



Index of Consumer Sentiment				
Mar-26	Feb-26	Mar-25	M-M Change	Y-Y Change
53.3	56.6	57.0	-5.8%	-6.5%

The Leading Economic Index (LEI)

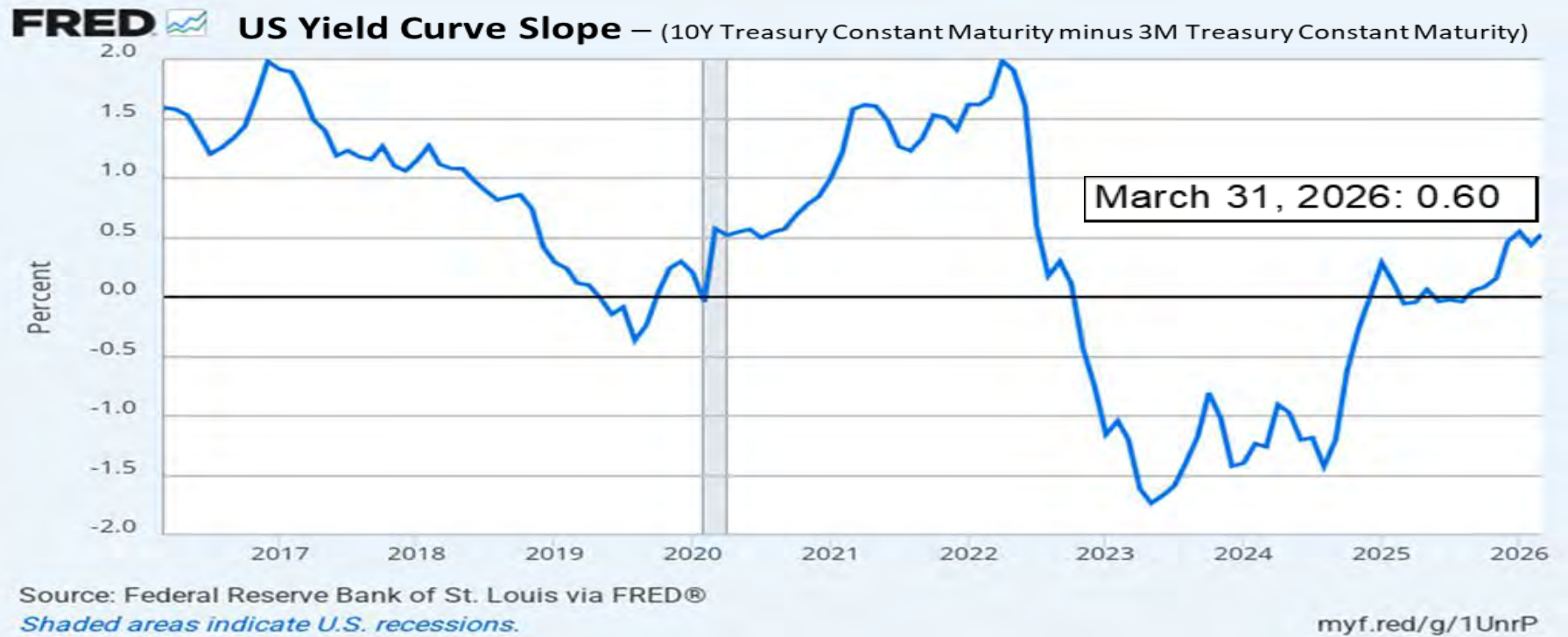


Index	Dec-25	Jan-26	1-Month Change	6-Month Change
LEI	97.6	97.5 p	-0.1	-1.3

p Preliminary; r Revised; Indexes equal 100 in 2016



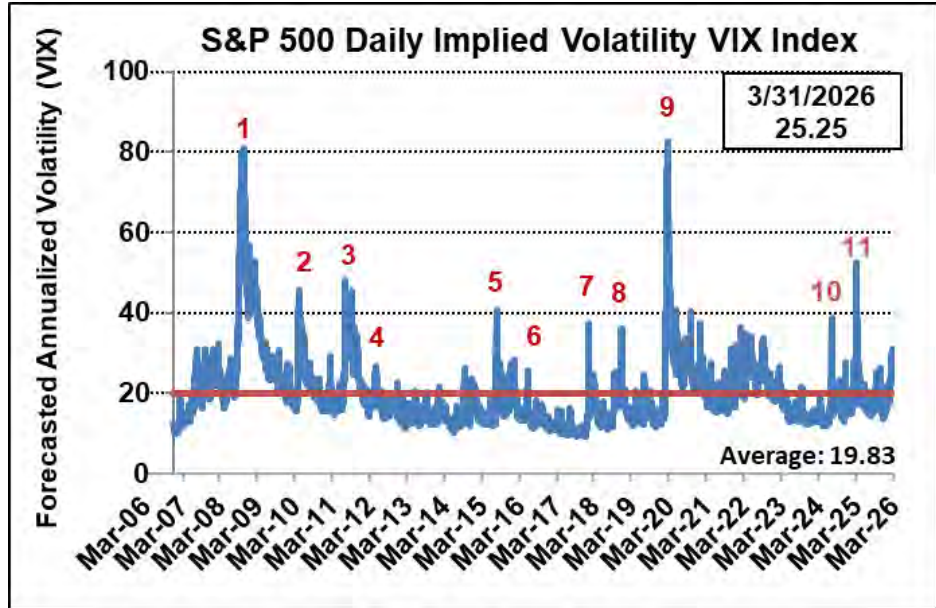
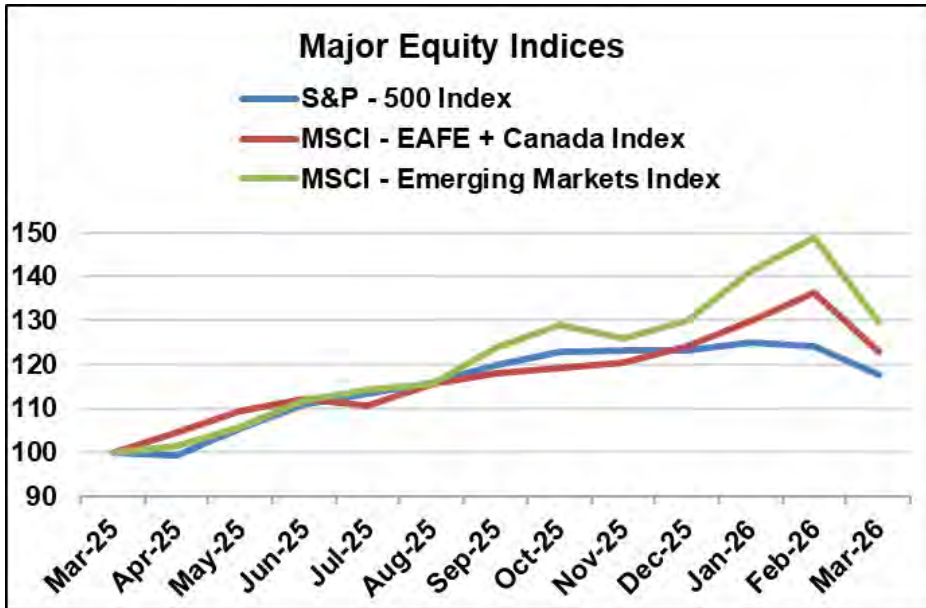
ECONOMY





MARKETS

Equity

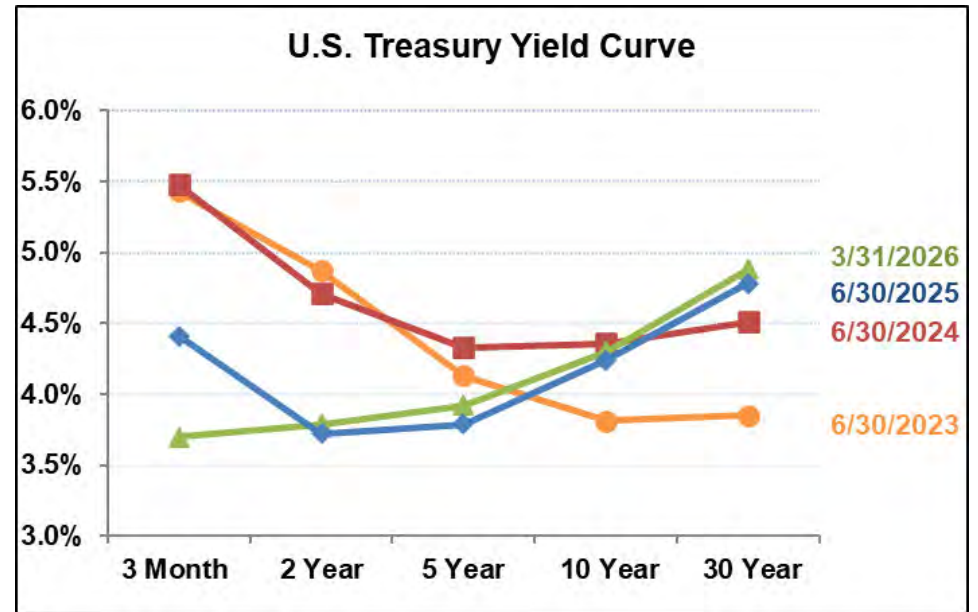
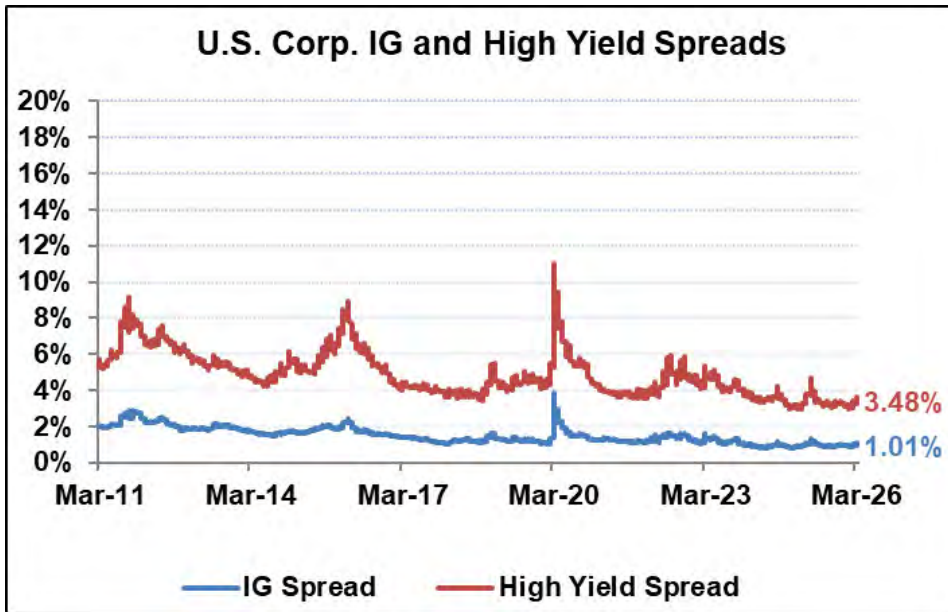


	Return as of 3/31/2026	
	1 Year	FYTD
S&P 500 Index	17.8	6.2
MSCI - EAFE + Canada Index	23.0	9.8
MSCI - Emerging Markets Index	29.6	15.7

- 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 down grade, Europe periphery S&P 500: -19.4%
- 4** 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5** 2015 (Aug.) Global slow down, 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 slow down S&P 500: -10.5%
- 9** 2020 (Mar.) Coronavirus, S&P 500 : -23.7%
- 10** 2024 (Aug.) Crow ded FX (Japanese Yen) trade, recession fear S&P 500: -6.0%
- 11** 2025 (Apr.) Tariff tantrum, S&P 500: -11.5%



MARKETS Fixed Income

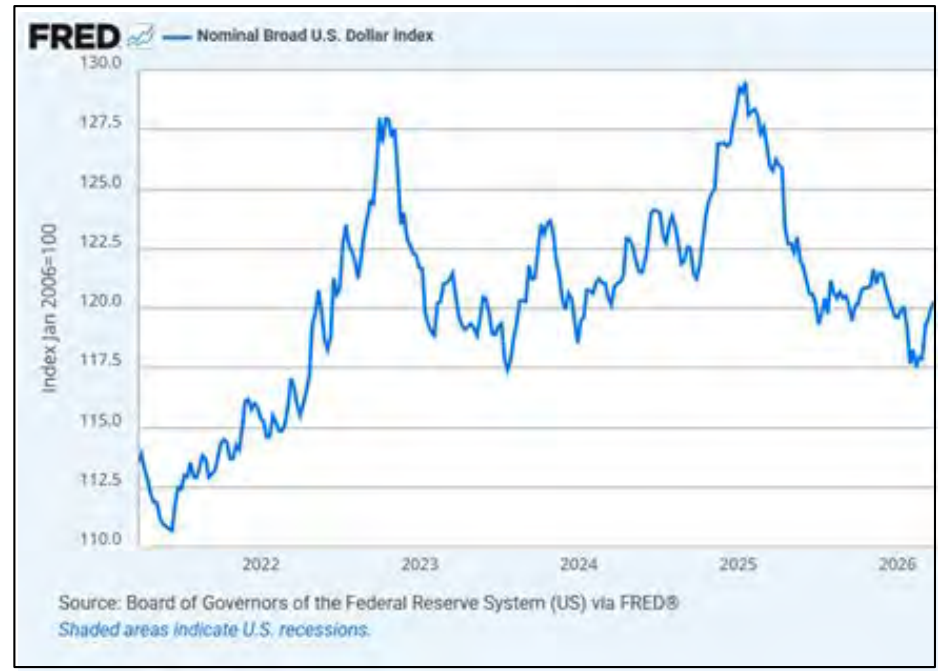




MARKETS Foreign Exchange



Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-22	1.05
June-23	1.09
June-24	1.07
June-25	1.18
March 27, 2026	1.15



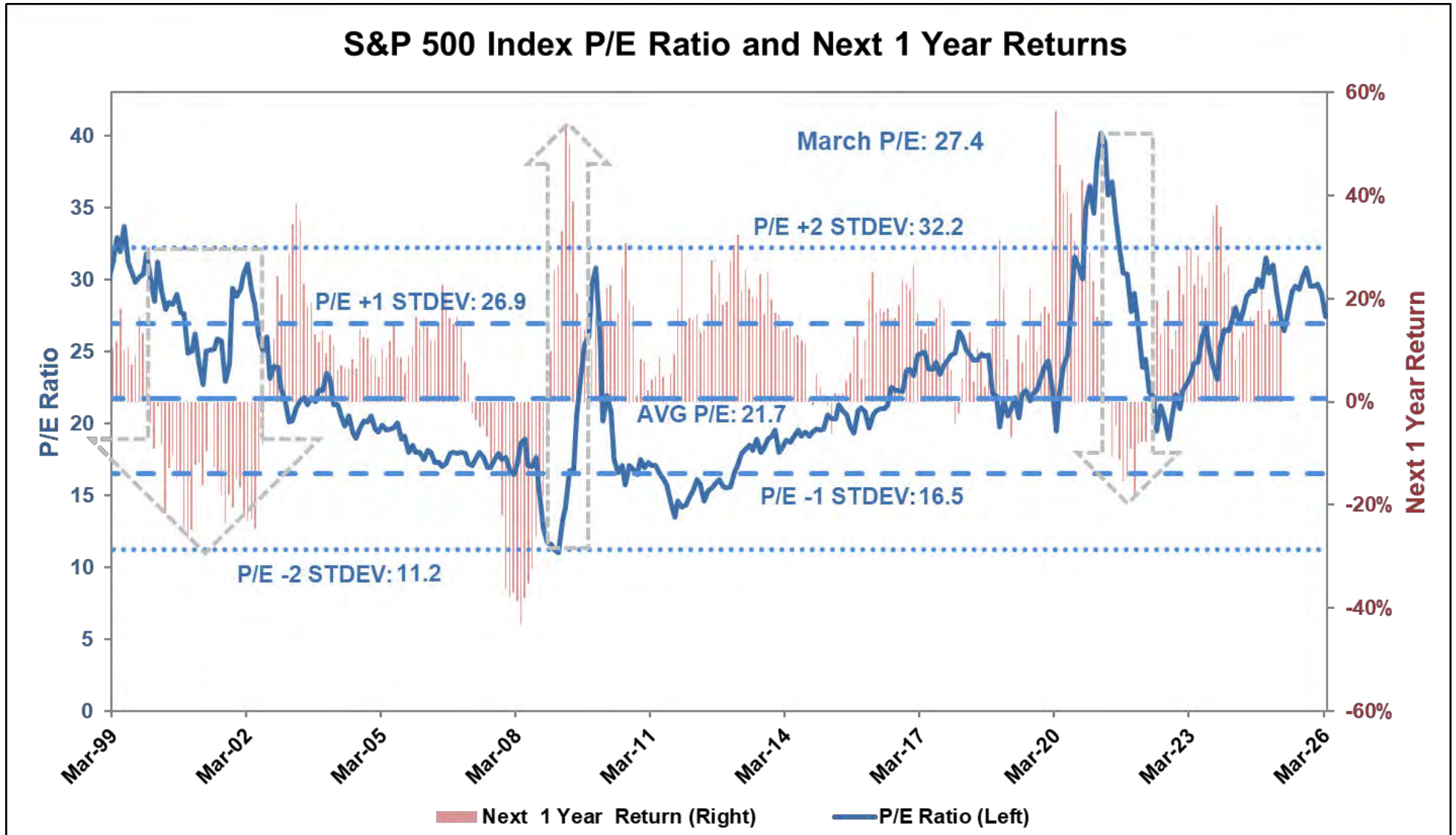
Date	Nominal Broad U.S. Dollar Index January 2006=100
June-22	121.1
June-23	119.9
June-24	124.5
June-25	119.8
March 27, 2026	120.9



VALUATION

US Equity

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

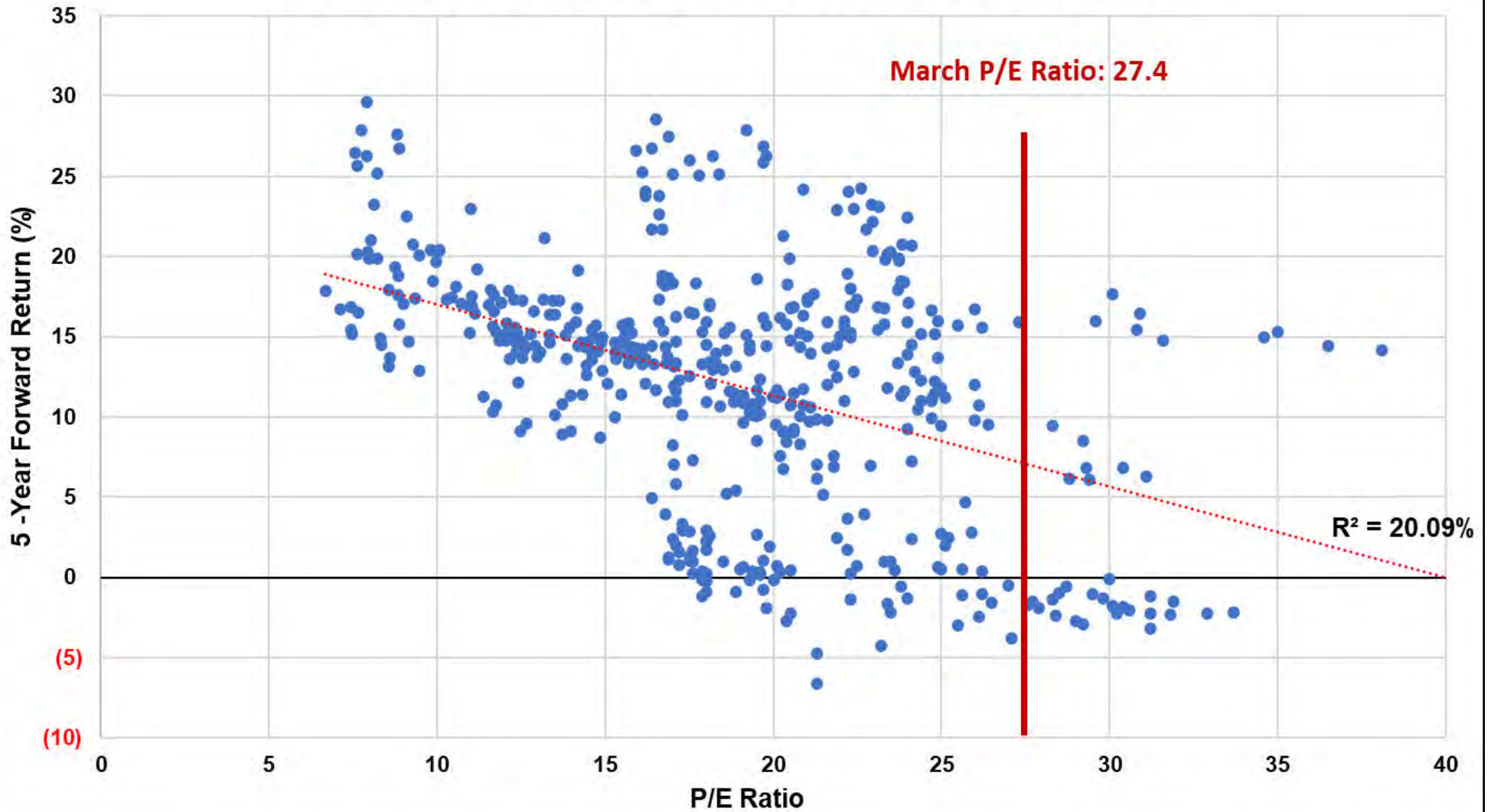




VALUATION

US Equity

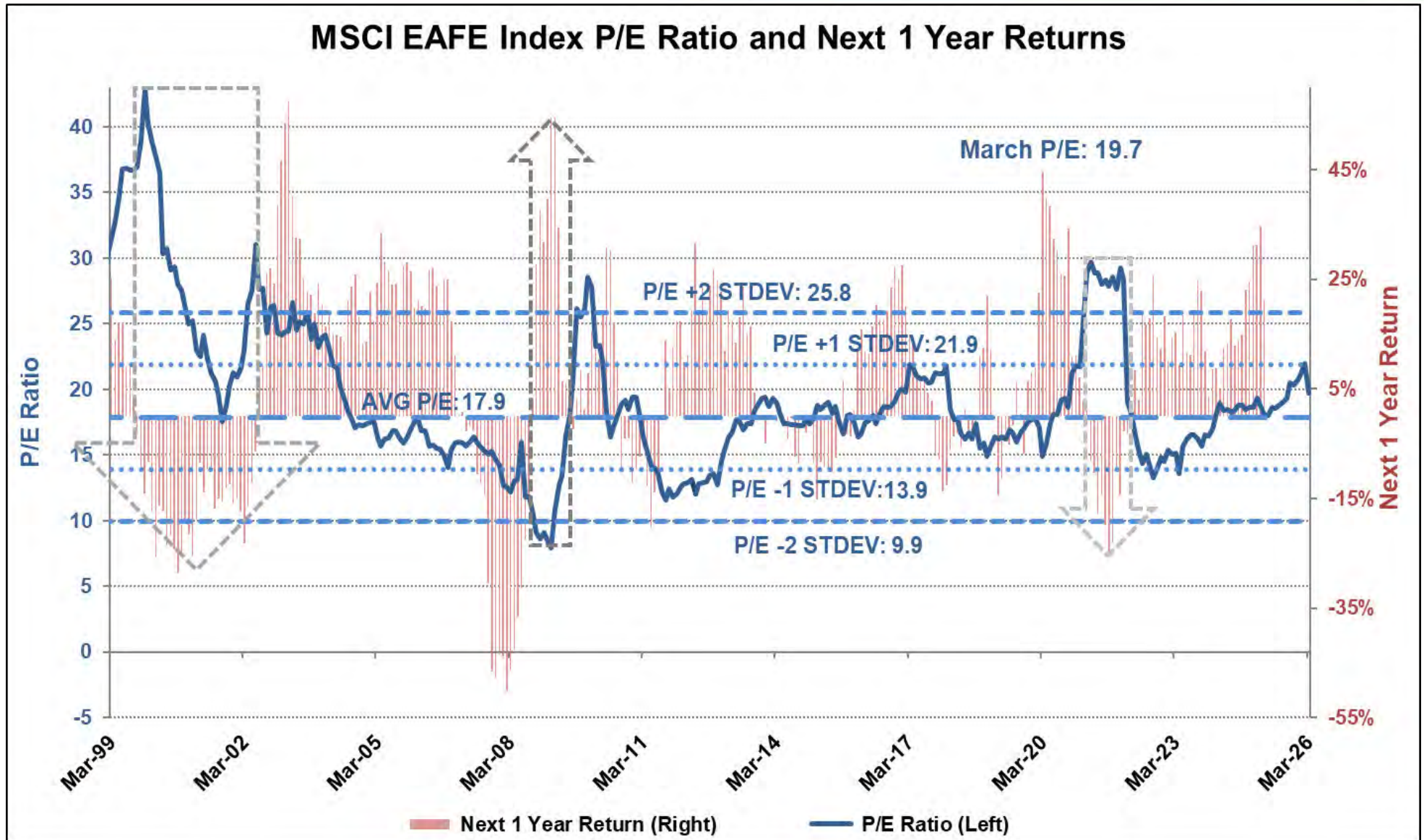
S&P 500 Index P/E Ratio and Subsequent 5-Year Return





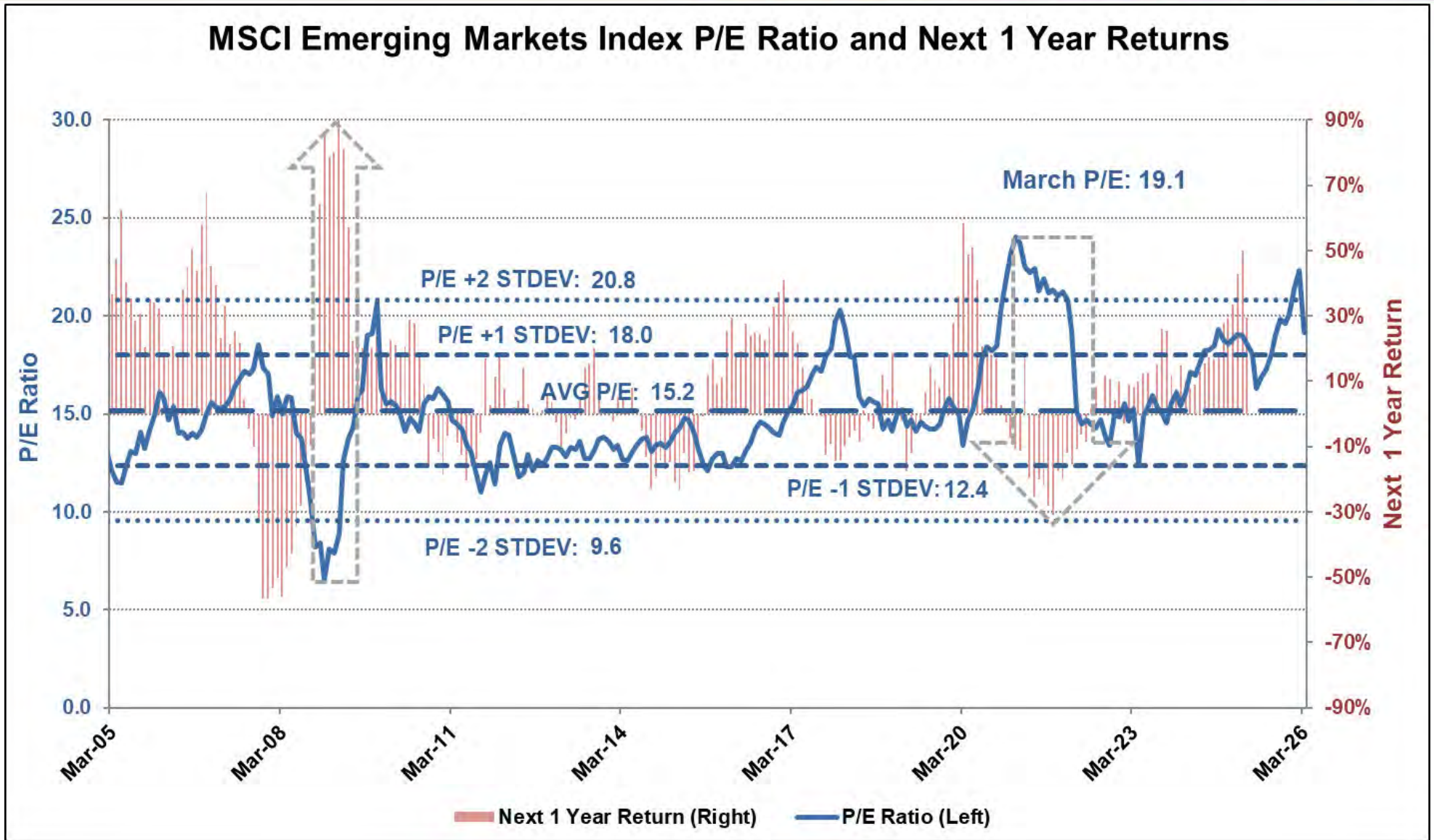
VALUATION

Non US Developed Market Equity



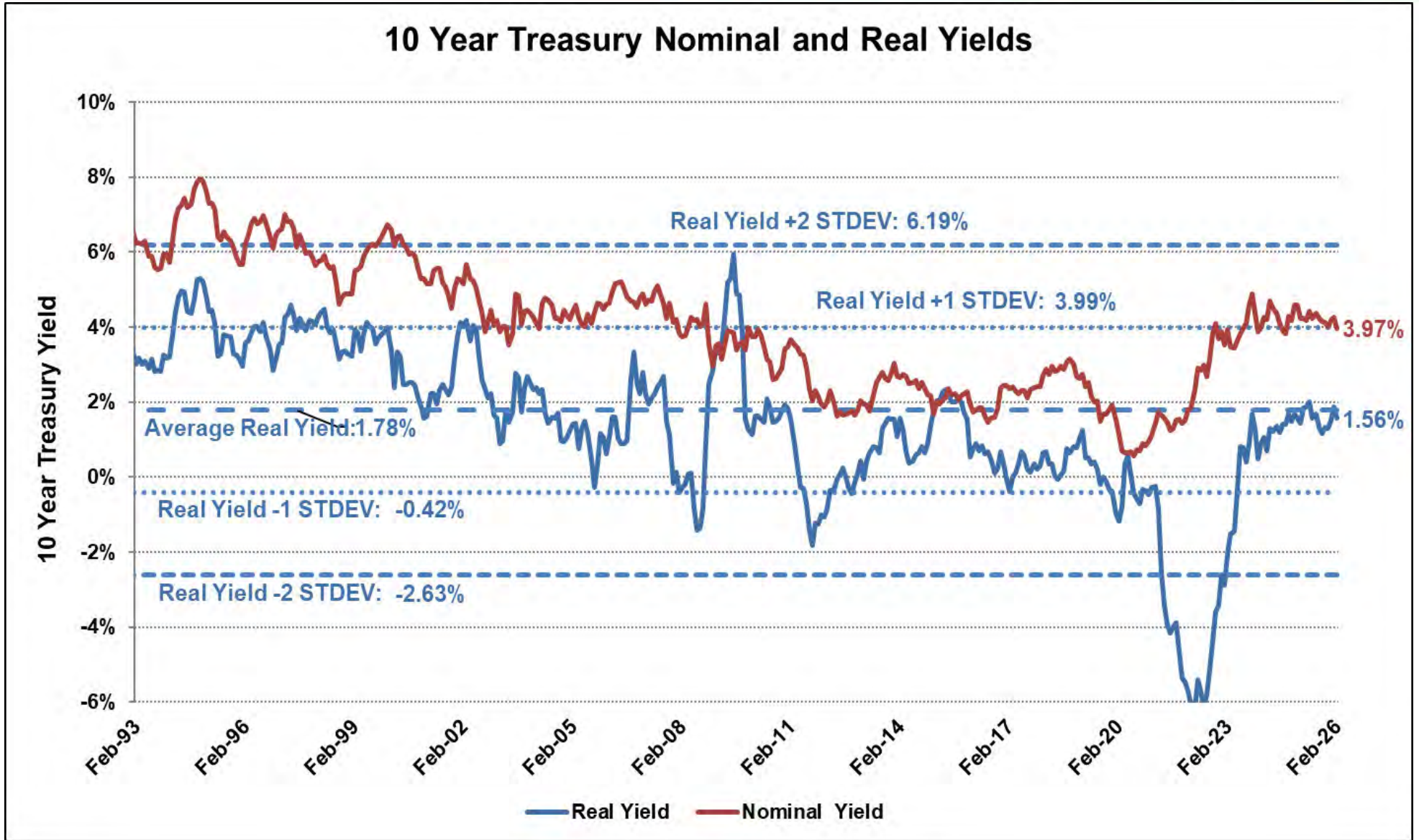


VALUATION Emerging Market Equity





VALUATION US Treasury Bonds



Sources: Department of the Treasury, Bureau of Labor Statistics



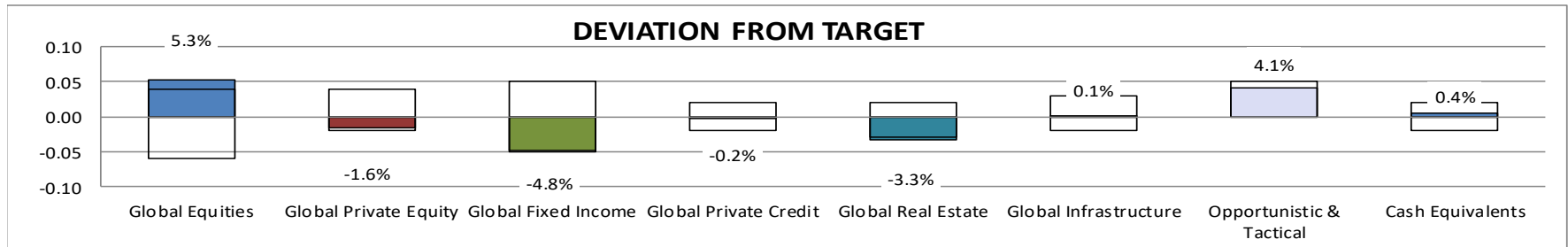
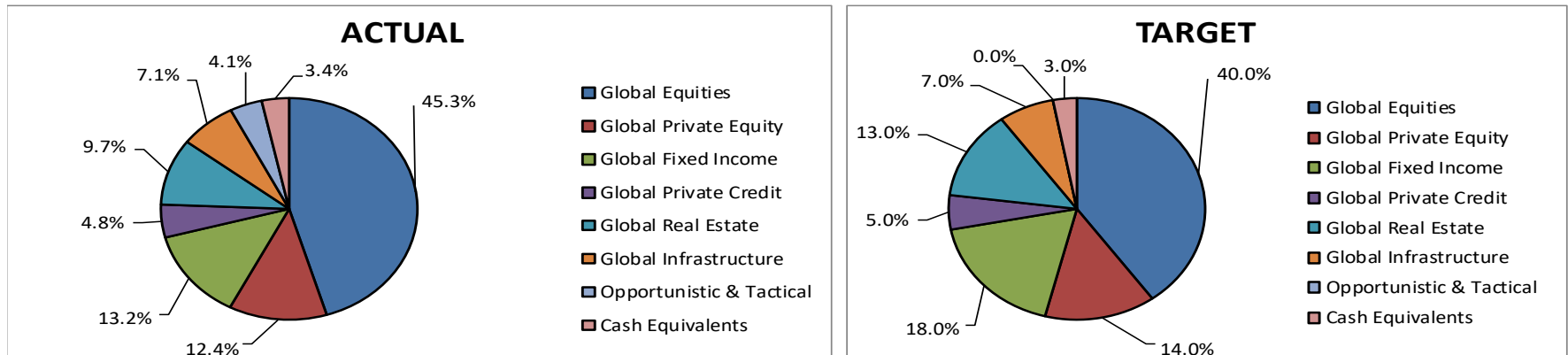
SERS' Investment Portfolios Review



Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
Global Equities	10,286,194,382	45.3%	40.0%	35% - 45%
Global Private Equity	2,806,183,002	12.4%	14.0%	11% - 17%
Global Fixed Income	3,003,456,079	13.2%	18.0%	13% - 23%
Global Private Credit	1,088,792,548	4.8%	5.0%	3% - 7%
Global Real Estate	2,207,862,303	9.7%	13.0%	10% - 15%
Global Infrastructure	1,622,749,998	7.1%	7.0%	5% - 10%
Opportunistic & Tactical	924,256,681	4.1%	0.0%	0% - 5%
Cash Equivalents	782,491,393	3.4%	3.0%	1% - 5%
Short-Term	1,552,176	0.0%	2.0%	
Russell EA Overlay	0	0.0%	0.0%	
Direct Rebalance Overlay	6,470,092	0.0%	0.0%	
Transition / Operational Account	695,841	0.0%	0.0%	
Currency Overlay	12,835,119	0.1%	0.0%	
SERS Cash	760,938,165	3.3%	0.0%	
Total Fund	22,721,986,386	100.0%	100.0%	

Source: Clearwater Analytics



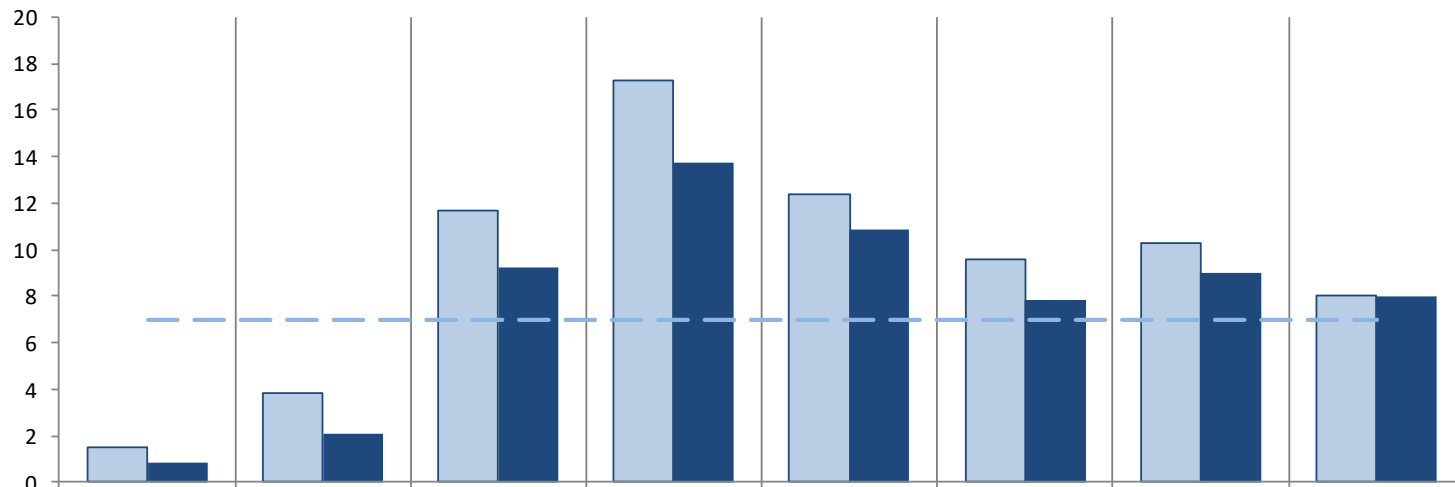


Total Fund Performance

Current Benchmark:

- 40% MSCI ACWI (Net Dividends)
- 14.00% Burgiss All Private Equity benchmark (1q lag) (BAPE)
- 18.00% Bloomberg US Universal Bond
- 13.00% Expanded NCREIF Property Index (one quarter in arrears)
- 7.00% Quarterly (4 qtrs.) smoothed CPI +1.20% per quarter
- 5.00% 90 day SOFR rate + 4.5% (one quarter in arrears)
- 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)	1.52	3.92	11.84	17.76	13.09	10.25	10.99	8.73
Total Fund (Net)	1.48	3.86	11.70	17.27	12.41	9.55	10.30	8.18
OSERS Policy	0.84	2.11	9.20	13.77	10.84	7.86	9.00	8.01
Value Added (Net of Fee)	0.63	1.76	2.50	3.50	1.56	1.69	1.29	0.18

Estimated Cumulative Net Value Added (\$MM)**	\$142.4	\$377.2	\$504.4	\$683.2	\$950.5	\$1,806.0	\$2,879.6
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Source: Clearwater Analytics

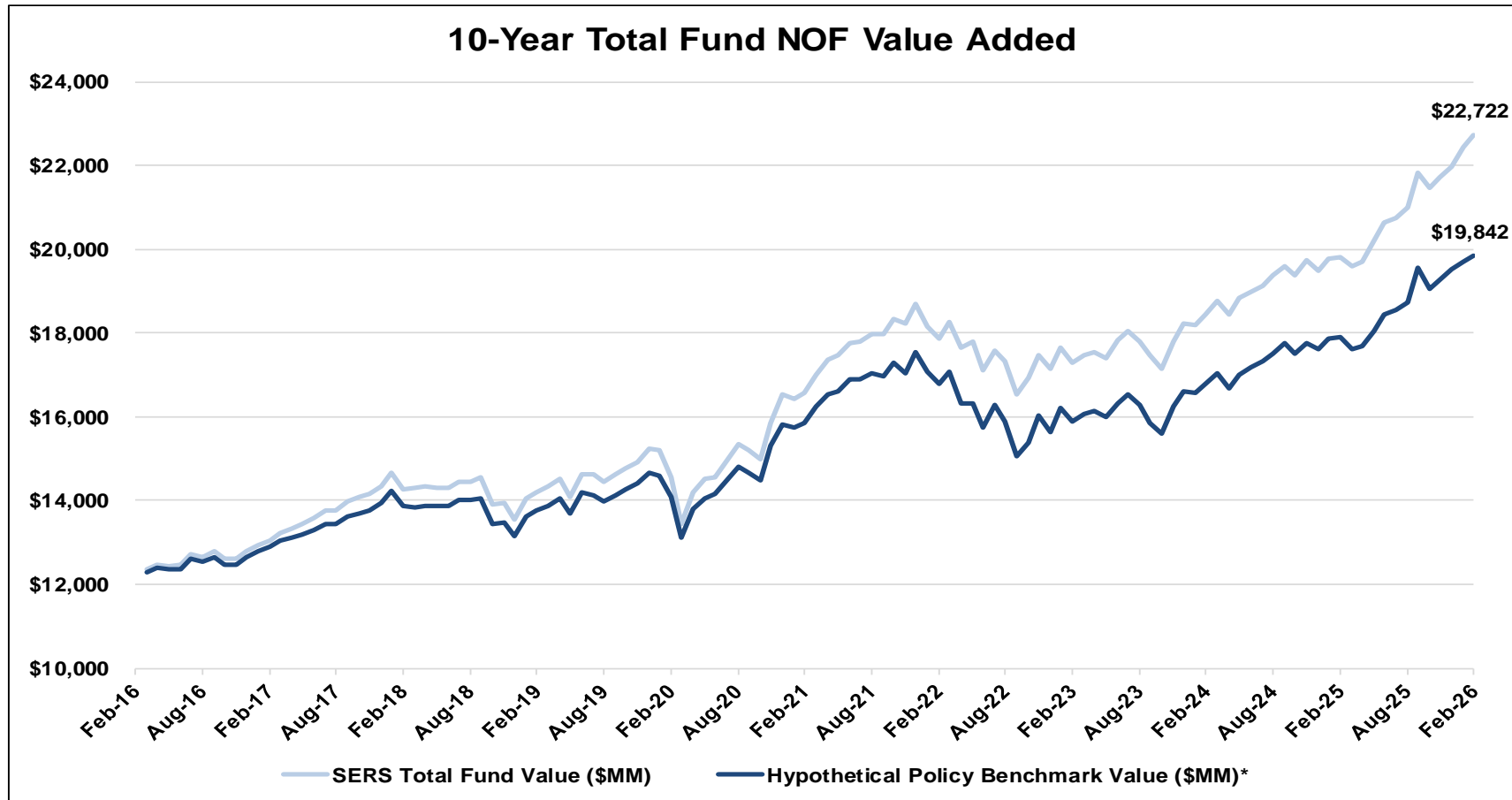
*ITD is Inception date 10/1/1994 (31 years and 5 months)

**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



Fiscal Year Net Excess Return (%)									
FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
0.33	1.50	0.86	0.06	(0.64)	2.66	3.01	0.23	0.90	1.05

Source: Clearwater Analytics

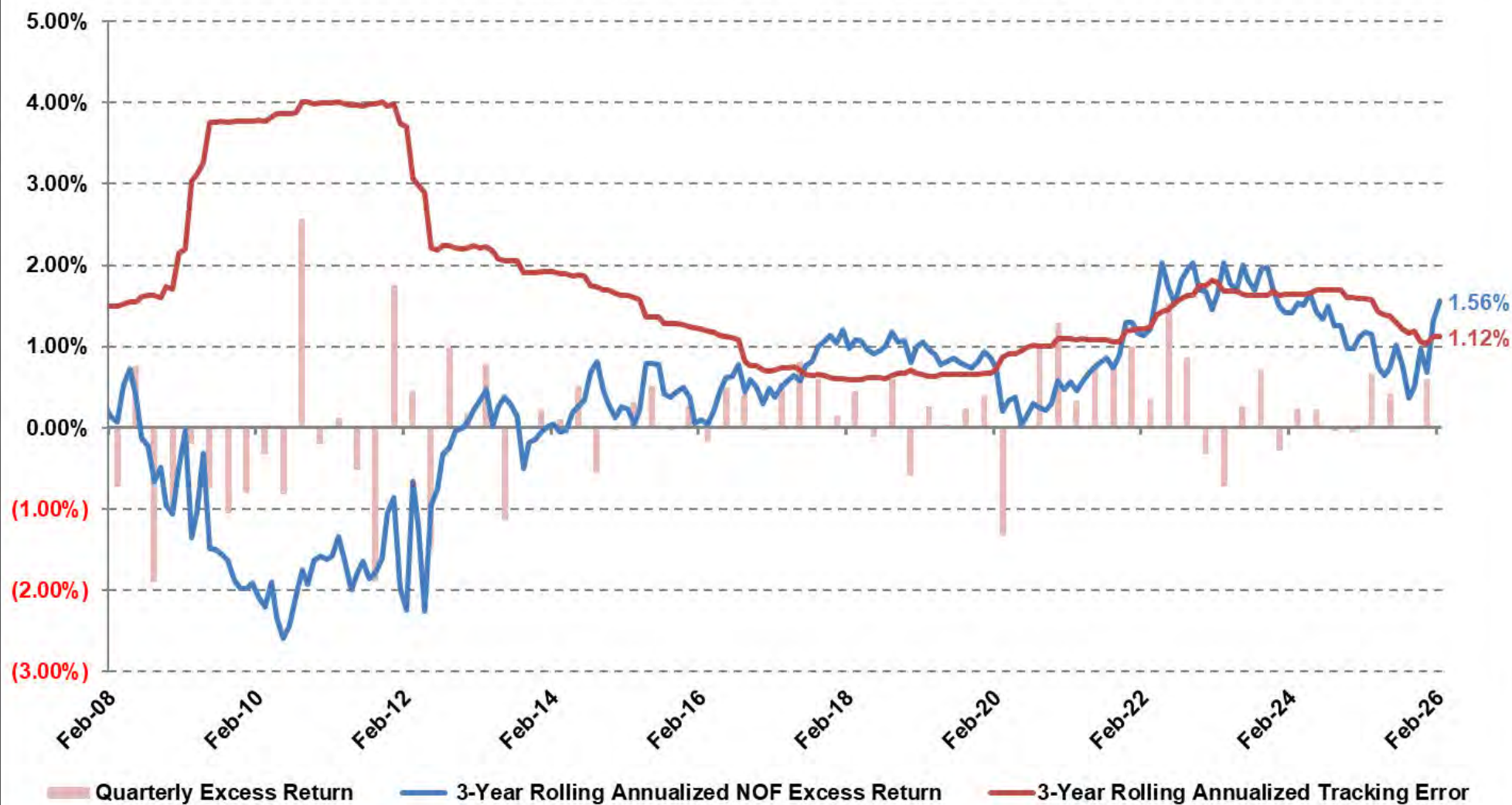
*Calculated as the hypothetical change in fund assets under a policy benchmark-returns scenario.

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



Total Fund Performance

3-Year Total Fund NOF Excess Return





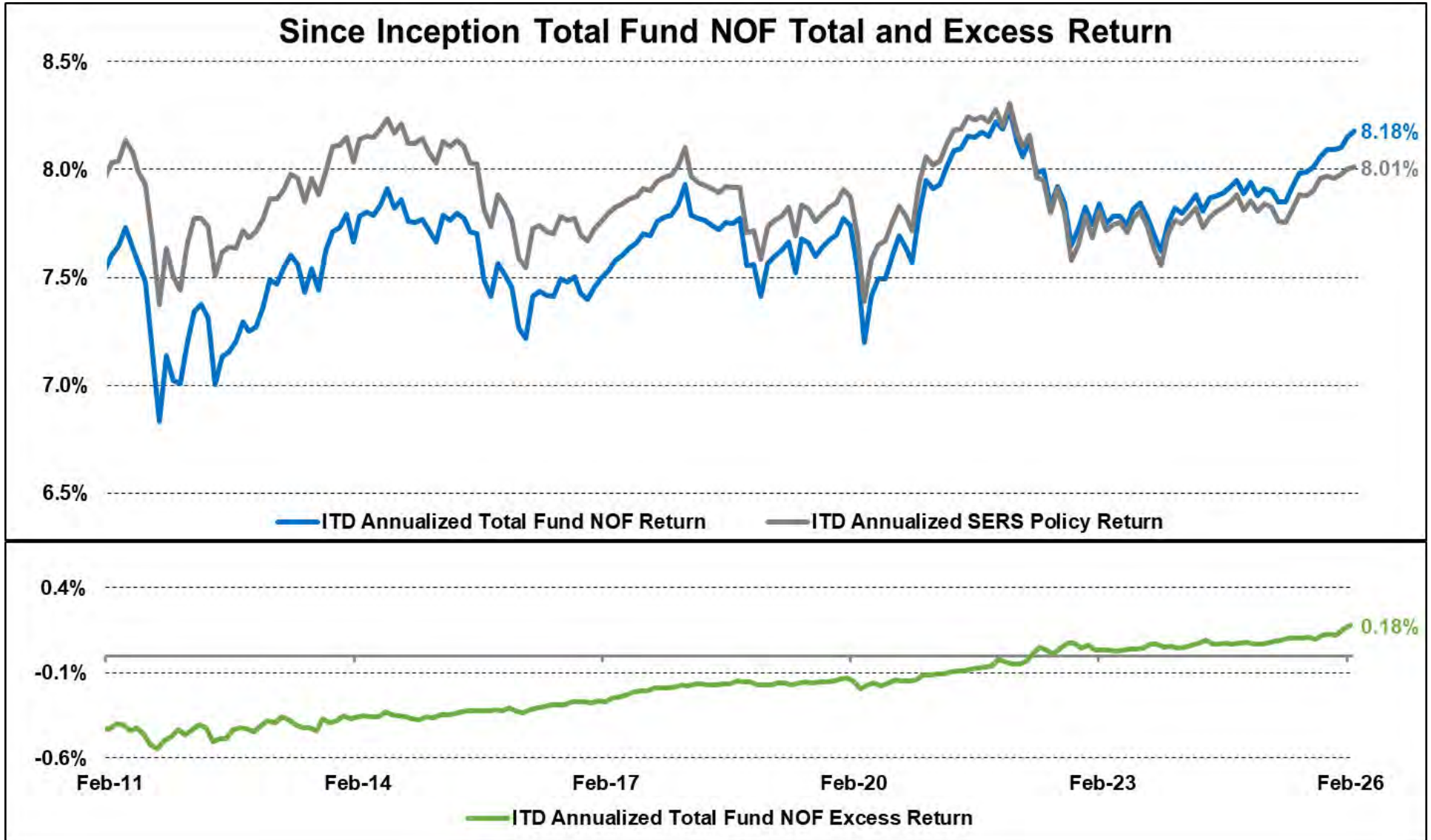
Total Fund Performance

10-Year Total Fund NOF Excess Return





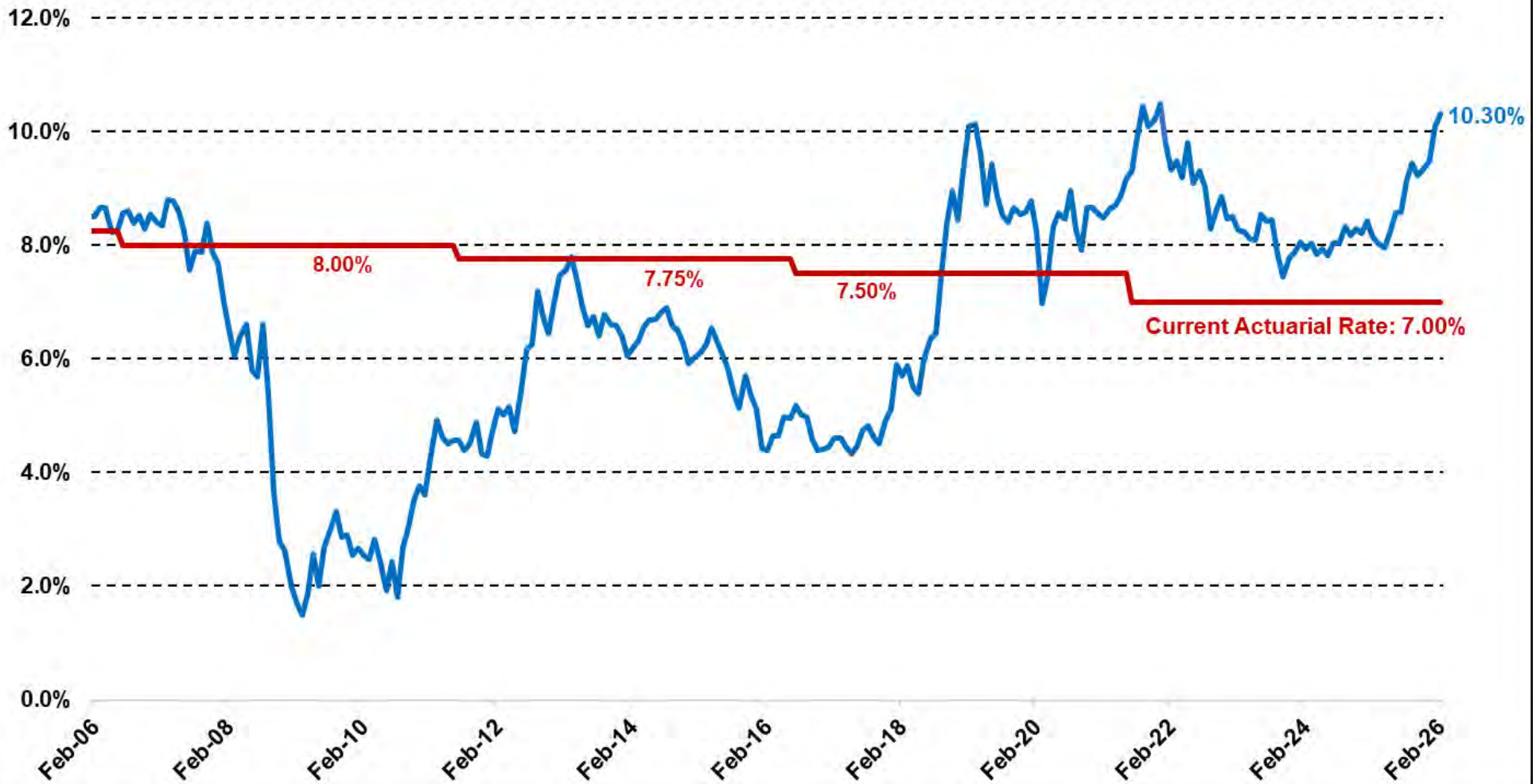
Total Fund Performance





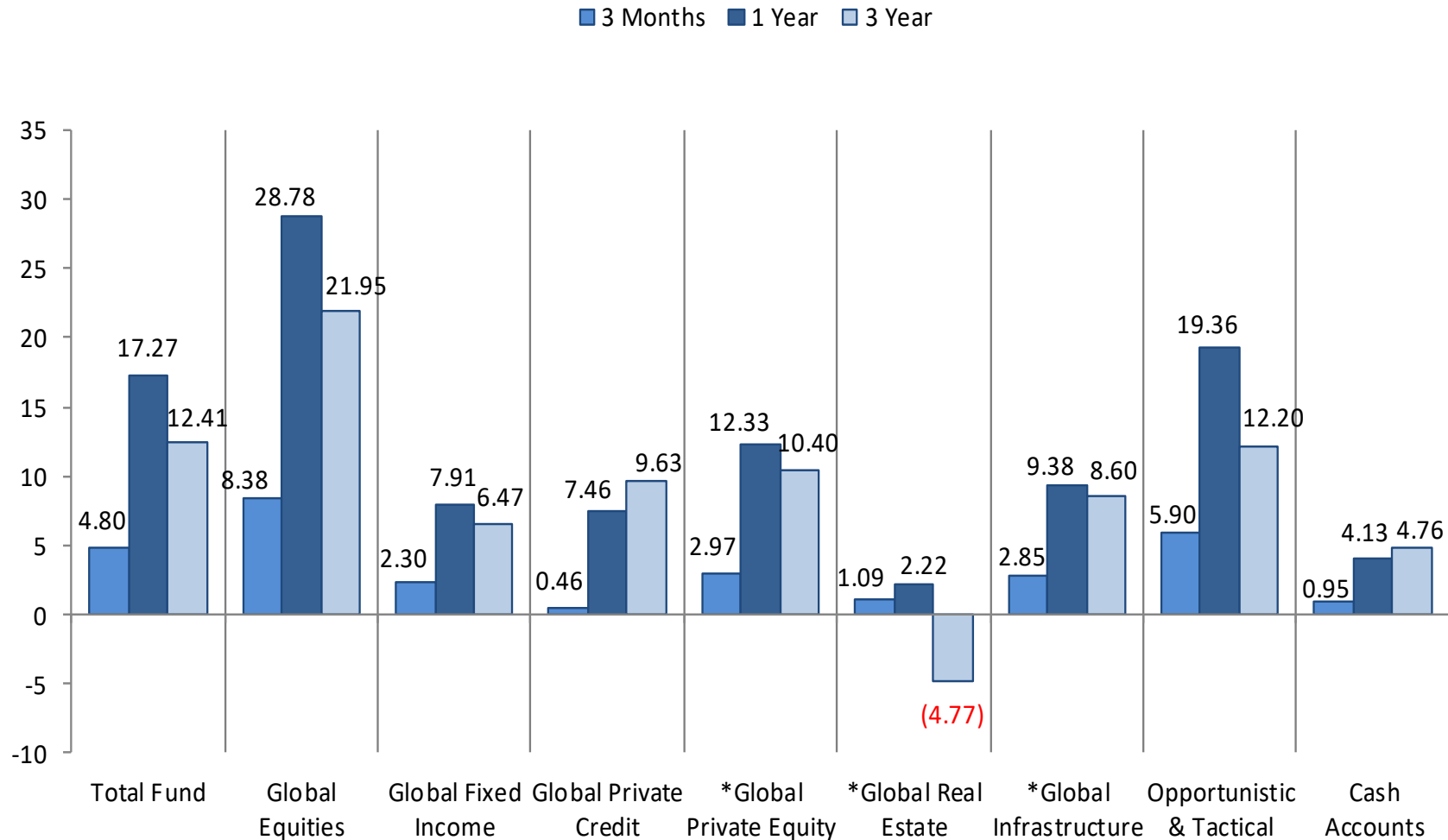
Total Fund Performance

10-Year Total Fund NOF Total Return





Total Fund and Asset Class Performance (Net)



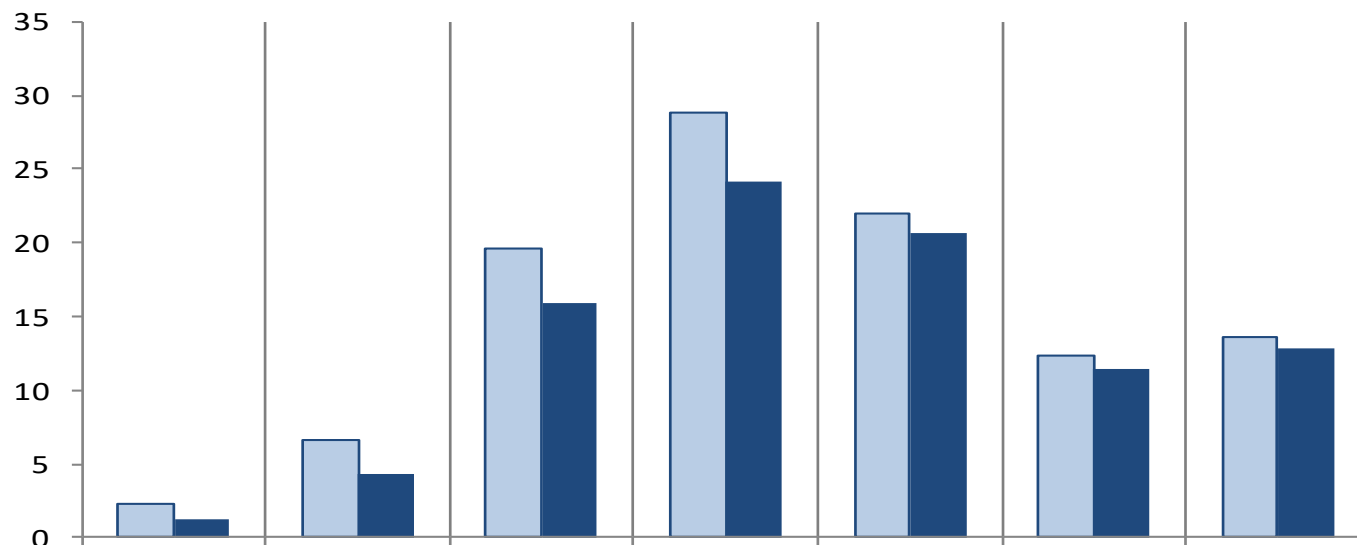
* Global Private Equity, Global Real Estate, and Global Infrastructure results are as of 12/31/2025

Source: Clearwater Analytics



Global Equities Performance

Global Equities (Net) Global Equity Benchmark



Current Benchmark:

MSCI ACWI (Net Dividends)

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	2.38	6.73	19.85	29.15	22.31	12.68	13.99
Global Equities (Net)	2.29	6.62	19.61	28.78	21.95	12.35	13.65
Global Equity Benchmark	1.29	4.29	15.93	24.19	20.71	11.42	12.87
Value Added (Net of Fee)	1.00	2.33	3.68	4.59	1.24	0.93	0.78
Regional US Equity	(0.26)	1.38	12.45	17.73	20.14	12.37	14.61
Russell 3000 Index	(0.48)	1.07	11.96	17.02	20.91	12.79	15.07
Value Added (Net of Fee)	0.22	0.31	0.49	0.71	(0.77)	(0.42)	(0.46)
Regional Non-US Equity	5.35	12.28	25.94	41.91	20.25	10.30	11.61
Custom Non-US Equity BM	5.02	11.30	24.98	39.71	19.88	9.69	10.45
Value Added (Net of Fee)	0.33	0.98	0.96	2.20	0.37	0.61	1.16

Source: Clearwater Analytics

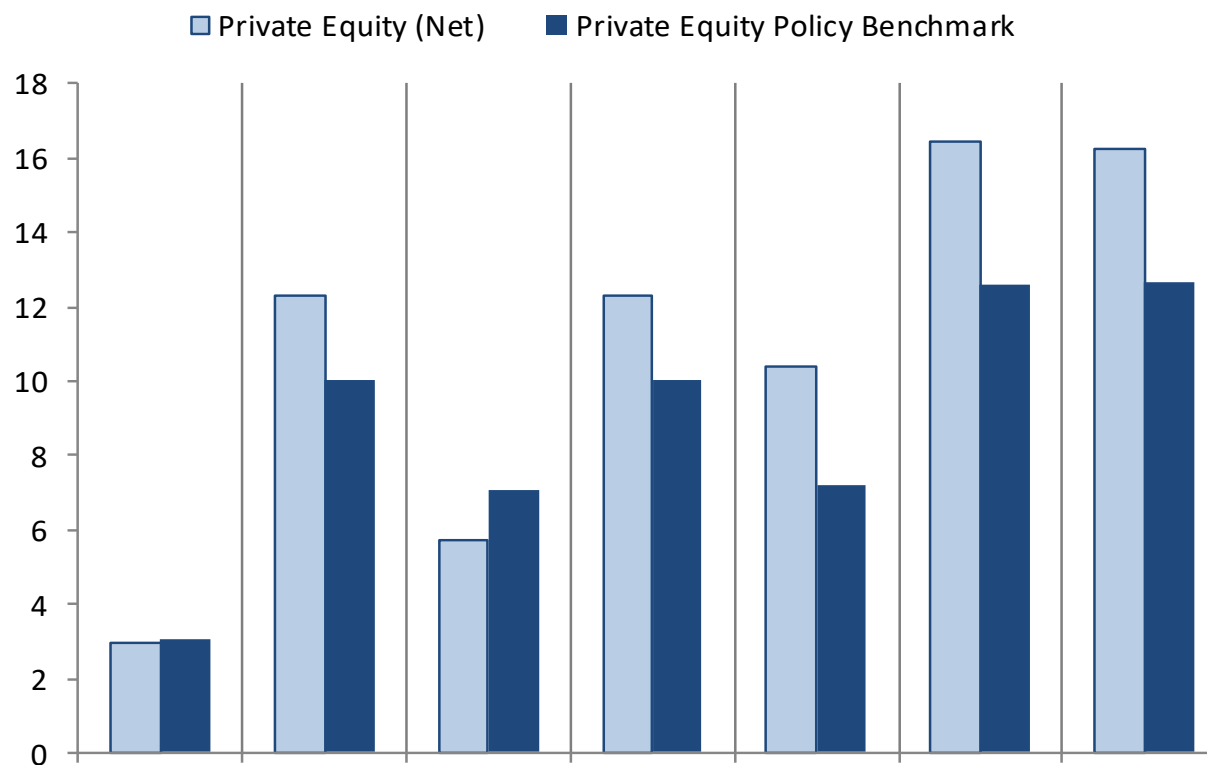


Global Private Equity Performance

Results as of: 12/31/2025

Current Benchmark:

Burgiss All Private Equity Index



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	2.97	13.48	5.85	13.48	12.13	18.33	17.98
Private Equity (Net)	2.97	12.33	5.69	12.33	10.40	16.46	16.27
Private Equity Policy Benchmark	3.03	10.00	7.10	10.00	7.22	12.59	12.63
Value Added (Net of Fee)	(0.06)	2.33	(1.40)	2.33	3.18	3.87	3.64

Source: Clearwater Analytics

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.

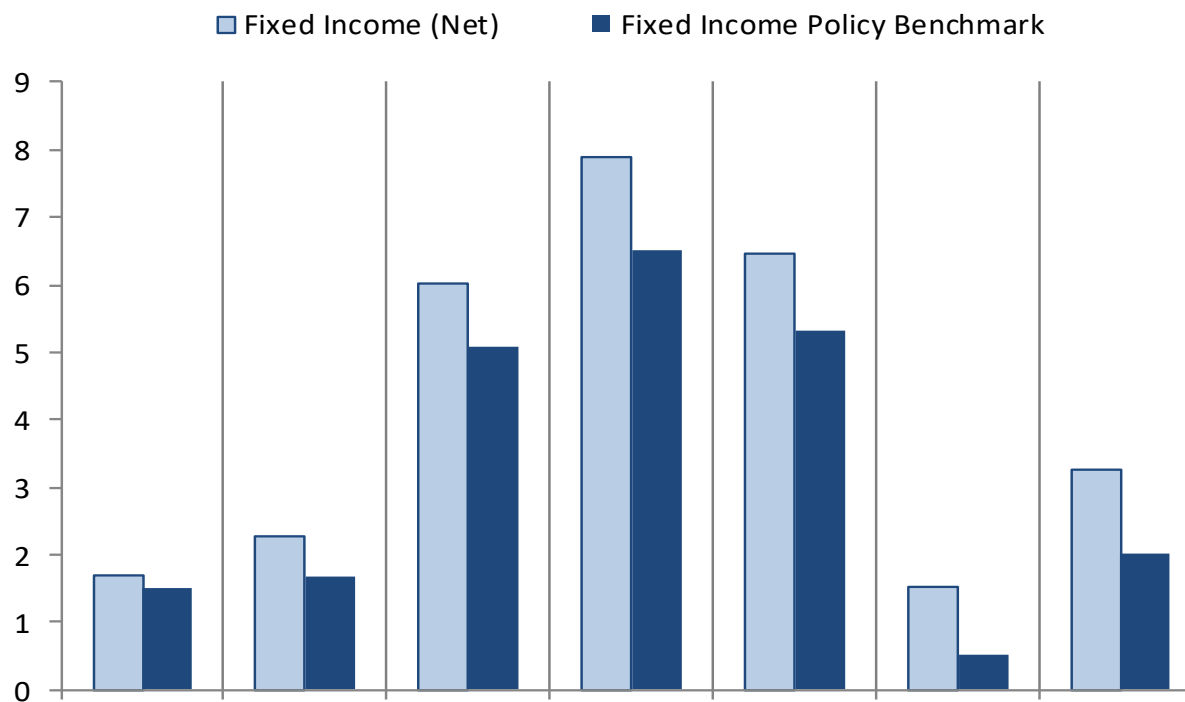


Global Fixed Income Performance

Global Fixed Income Performance

Current Benchmark:

Bloomberg US Universal Bond Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	1.72	2.31	6.12	8.15	6.74	1.80	3.52
Fixed Income (Net)	1.70	2.28	6.01	7.91	6.47	1.53	3.27
Fixed Income Policy Benchmark	1.52	1.67	5.08	6.53	5.31	0.52	2.03
Value Added (Net of Fee)	0.18	0.61	0.93	1.38	1.16	1.01	1.25

Source: Clearwater Analytics



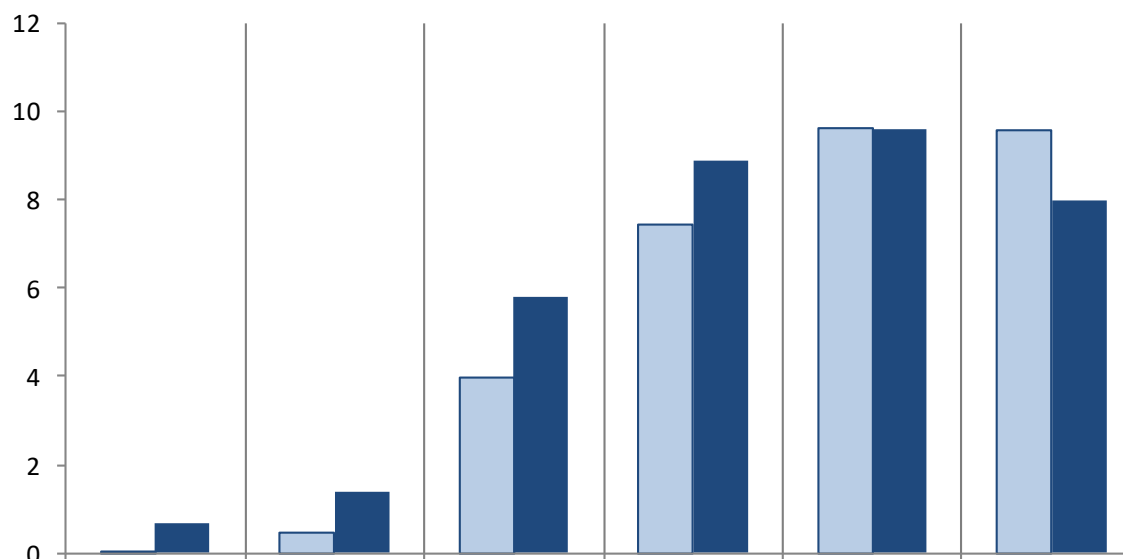
Global Private Credit Performance

Current Benchmark:

90 day SOFR rate + 4.5%

(one quarter in arrears)

Global Private Credit (Net) Global Private Credit Policy Benchmark



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Global Private Credit (Gross)	0.04	0.45	4.02	8.18	10.89	11.01
Global Private Credit (Net)	0.04	0.45	3.99	7.46	9.63	9.57
Global Private Credit Policy Benchmark	0.70	1.40	5.80	8.90	9.57	8.00
Value Added (Net of Fee)	(0.66)	(0.95)	(1.81)	(1.45)	0.06	1.58

Source: Clearwater Analytics

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



Global Real Estate Performance

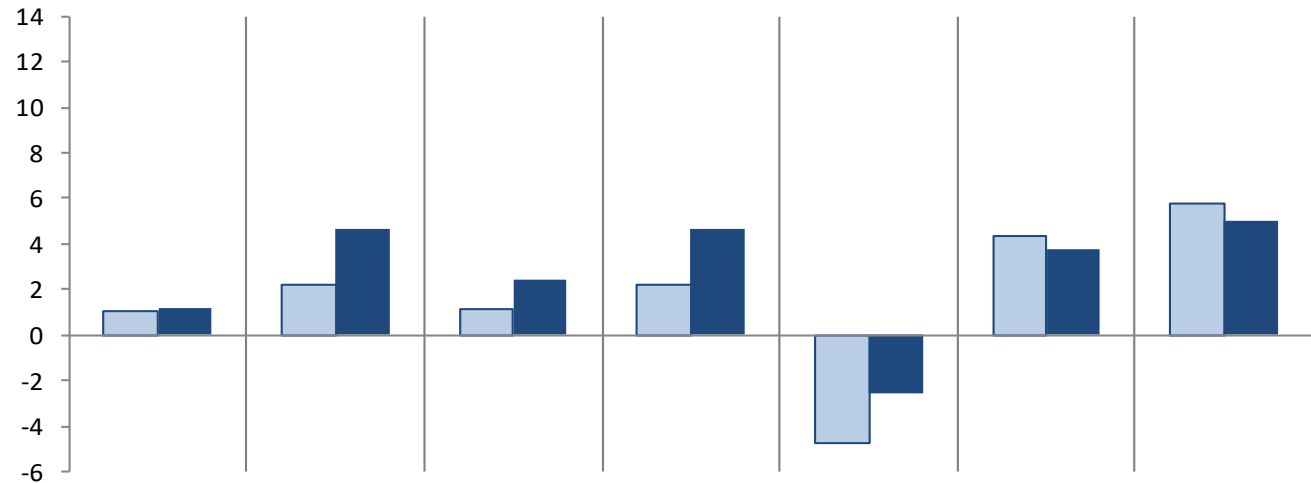
Real Estate Portfolio (Net)

Real Estate Policy Benchmark

Results as of: 12/31/2025

Current Benchmark:

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Estate Portfolio (Gross)	1.09	2.74	1.15	2.74	(4.08)	5.26	6.75
Real Estate Portfolio (Net)	1.09	2.22	1.15	2.22	(4.77)	4.38	5.81
Real Estate Policy Benchmark	1.22	4.70	2.45	4.70	(2.54)	3.80	5.03
Real Estate Value Added (NOF)	(0.13)	(2.48)	(1.31)	(2.48)	(2.24)	0.58	0.78
Real Estate Core (Net)	1.41	3.00	1.58	3.00	(4.86)	5.09	6.23
Real Estate Policy Benchmark	1.22	4.70	2.45	4.70	(2.54)	3.80	5.03
Real Estate Core Value Added (NOF)	0.19	(1.70)	(0.87)	(1.70)	(2.32)	1.29	1.20
Real Estate Non-Core (Net)	(0.43)	(2.62)	(1.61)	(2.62)	(5.25)	0.54	4.00
Real Estate Policy Benchmark	1.22	4.70	2.45	4.70	(2.54)	3.80	5.03
Real Estate Non-Core Value Added (NOF)	(1.65)	(7.32)	(4.07)	(7.33)	(2.72)	(3.26)	(1.03)

Source: Clearwater Analytics

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.

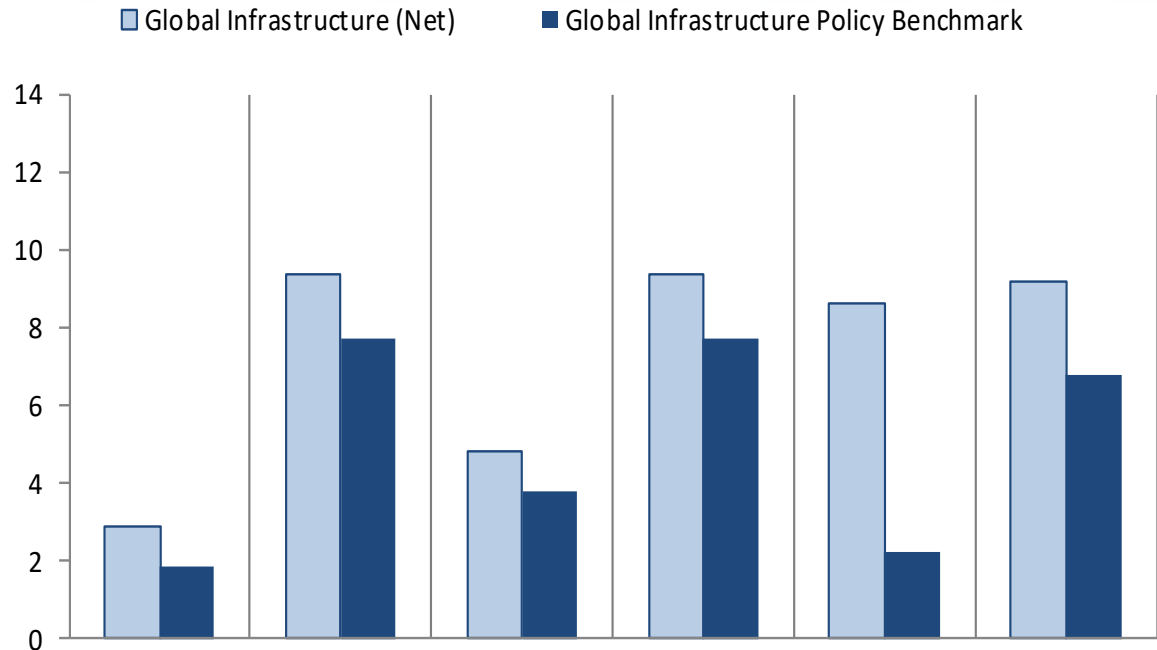


Global Infrastructure Performance

Results as of: 12/31/2025

Current Benchmark:

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



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Global Infrastructure (Gross)	2.85	9.88	4.82	9.88	9.49	10.02
Global Infrastructure (Net)	2.85	9.38	4.79	9.38	8.60	9.17
Global Infrastructure Policy Benchmark	1.87	7.69	3.79	7.69	2.20	6.80
Global Infrastructure Value Added (NOF)	0.98	1.69	1.00	1.69	6.40	2.37

Source: Clearwater Analytics

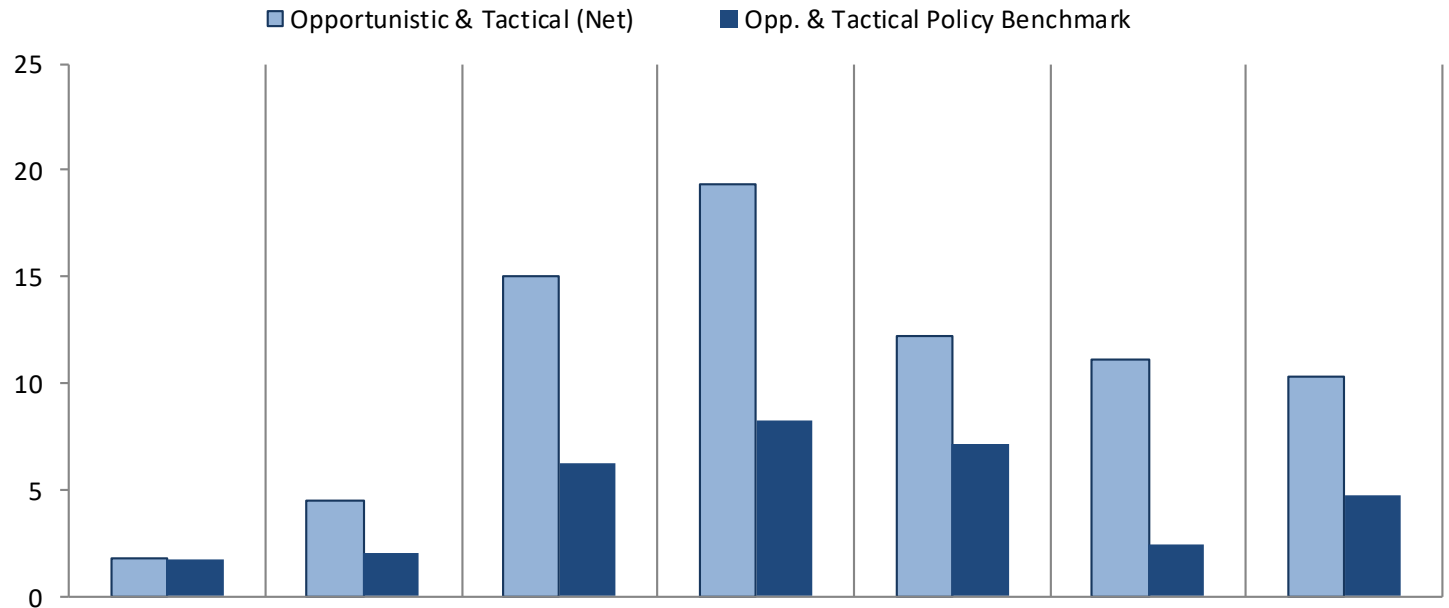
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Infrastructure performance is reported one quarter in arrears.



Opportunistic & Tactical Performance

Current Benchmark:
 Bloomberg Aggregate
 Bond Index + 2%



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Opportunistic & Tactical (Gross)	1.81	4.54	15.01	19.98	13.19	12.26	11.63
Opportunistic & Tactical (Net)	1.81	4.54	15.00	19.36	12.20	11.13	10.35
Opp. & Tactical Policy Benchmark	1.77	2.02	6.24	8.26	7.12	2.42	4.80
Opp. & Tactical Policy Value Added (NOF)	0.04	2.52	8.76	11.10	5.09	8.71	5.56

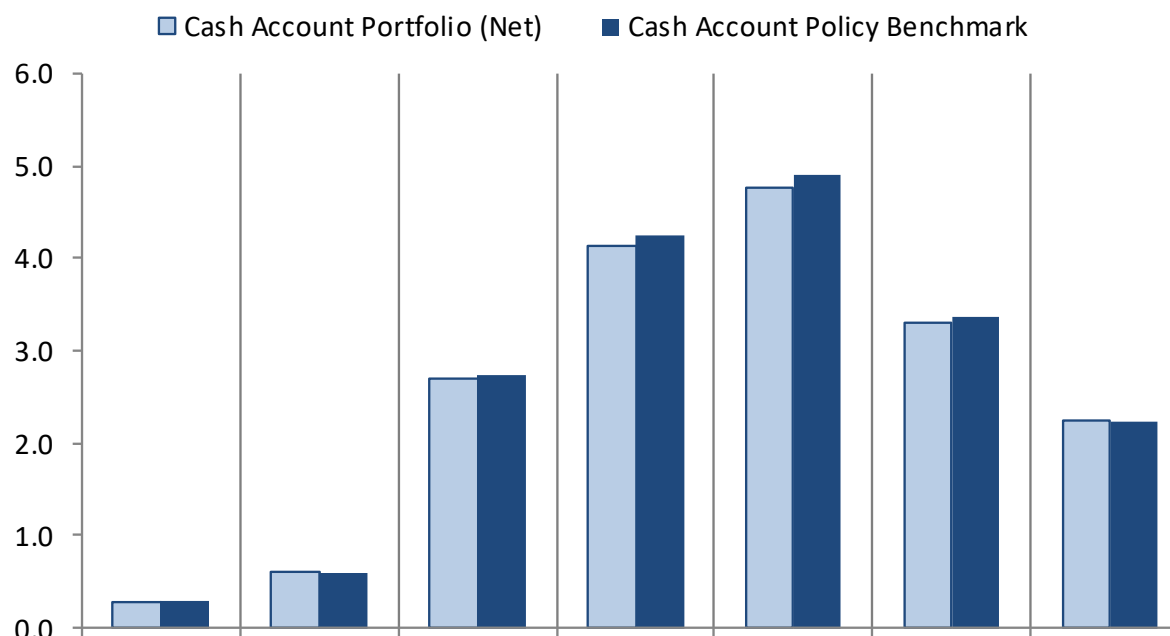
Source: Clearwater Analytics



Cash Account Performance

Current Benchmark:

FTSE 30 Day Treasury Bill Index



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Cash Account Portfolio (Gross)	0.28	0.62	2.70	4.13	4.76	3.30	2.24
Cash Account Portfolio (Net)	0.28	0.61	2.69	4.13	4.76	3.30	2.24
Cash Account Policy Benchmark	0.29	0.60	2.74	4.24	4.91	3.37	2.22
Value Added (Net of Fee)	(0.01)	0.01	(0.04)	(0.11)	(0.15)	(0.08)	0.02

Source: Clearwater Analytics



Overlay Performance

	3 mo	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Overlay Cumulative Net Value Added (\$MM)	(\$12.8)	(\$6.0)	(\$0.8)	\$2.5	(\$121.2)	(\$11.5)	(\$11.6)
Overlay Cumulative Net Value Added (%)	(0.06)	(0.03)	(0.01)	0.01	(0.25)	(0.04)	(0.02)

Source: Clearwater Analytics



Proposed Investment Agenda – Next Meeting

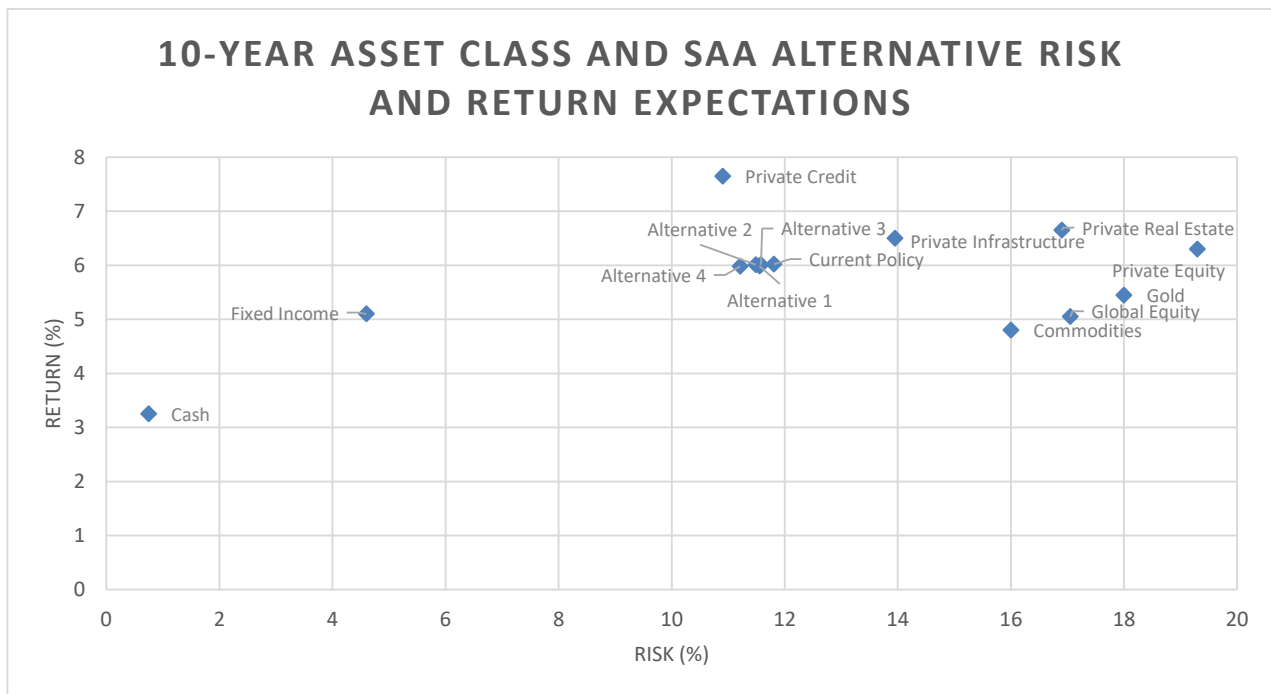
- Investment Consultant Presentations (possible vote).
- Annual Overlay Program Review.
- Wilshire Quarterly Performance Report (March 31, 2026).
- Quarterly Investment Report (March 31, 2026).
- FY27 Annual Investment Plan Draft Discussion.
- FY27 Investment Department Incentive Program (possible vote).

Memo

To: Retirement Board
From: Farouki Majeed
cc: Richard Stensrud, Karen Roggenkamp
Date: April 8, 2026
Re: Asset Allocation Recommendation 2026

RECOMMENDATION

Staff and Wilshire have conducted a multi-step process with the Board to review the asset allocation methodology, process, and input assumptions. Among the three input assumptions (expected return, standard deviation, correlation), the expected returns for the various asset classes relative to their risk (risk premia) tend to have a significant effect on the output of the optimization process. The chart below shows Wilshire's 10-year risk-return assumptions for the various asset classes together with strategic asset allocation portfolios generated by the optimization.



The above assumptions (page 14 of Wilshire presentation) show generally a lower return premium for risky assets compared to the assumptions in prior asset allocation cycles. This is due primarily to the current high valuations of risky assets and hence lower forward expectations while the risk of the assets remains relatively unchanged i.e. the Capital Market Line is flatter than normal. Fixed income has a higher risk premium (1.85%) relative to cash than Global Equity (1.80%) though the risk of Global Equity is three times higher. Hence Wilshire's unconstrained efficient frontier portfolios prefer 1) higher fixed income allocation and lower equity allocation than the current policy 2) lower private equity allocation than current policy and 3) higher private credit allocation than current policy because of its higher risk premium (4.4%).

Historically there has been greater level of uncertainty in the expected return assumptions than the risk and correlation figures, thus the level of precision in the efficient frontier analysis will not be as expected. Staff and Wilshire agreed to apply constraints in the optimization to address some of these concerns. The constraints are shown in the attached Wilshire presentation (page 16). Primarily Global Equity has a floor of 40% while Fixed income has a cap of 20%, Private Credit has a cap of 7% and Gold has cap of 5%. All the efficient frontier portfolios allocated 7% to Private Credit and 5% to Gold. However, considering the current stage of the credit cycle and potential for increase in credit defaults, Staff preferred to limit Private Credit to the current target of 5% and to limit Gold to a maximum of 3% to be more prudent in the deployment of capital in a new asset that has risen sharply in recent months. Thus, the four alternative portfolios presented in the Wilshire presentation are marginally below the efficient frontier shown on page 15. The current SERS asset allocation is also marginally below the efficient frontier but the differences in risk and return across all four alternatives and SERS current policy are minimal.

The reasons for adding Gold to the strategic allocation mix are manifold. Gold has emerged more recently as a hedge after interest rates bottomed in 2021 and began to increase. The correlation between equities and bonds (3-yr rolling) has increased from -0.20 in 2020 to a high of 0.72 in 2024 and has retreated to 0.56 currently compared to the long-term average of 0.20. The high positive correlation between equities and bonds indicates that bonds are less reliable as a diversifier for equity risk in the current environment. The high level of debt and deficits in the U.S make US treasuries less attractive as a safe haven asset. High levels of global debt and debasement of fiat currencies also add to Gold's attractiveness as a hedge. Gold looks to be a better hedge in periods of high inflation and central banks around the world have increased Gold in their reserves while reducing US Treasuries. Staff began investing in Gold in the Opportunistic and Tactical bucket in April 2024 for the above reasons. The allocation is approaching 1% and the since inception return is 52.45% through February 2026.

Staff recommends that the Board select Alternative 2 among the four alternative portfolios presented on page 16 of the Wilshire presentation. Compared to the current SERS policy asset allocation this would represent a reduction of the Real Estate target from 13% to 7%; increase in Infrastructure from 7% to 10%; and a new allocation to Gold – with the S&P GSCI Gold Index Total Return as a benchmark – at 3% as a diversifying real asset. The proposed new allocation is expected to reduce the Fund's volatility by 32 bps and to marginally improve the Sharpe Ratio.

	Current Policy	Alternative 2	Range
Asset Class			
Global Equity	40%	40%	35% - 45%
Global Private Equity	14%	14%	11% - 17%
Private Credit	5%	5%	3% - 7%
Global Fixed Income	18%	18%	13% - 23%
Real Estate	13%	7%	4% - 10%
Infrastructure	7%	10%	6% - 14%
Gold	0%	3%	0% - 4%
Cash	3%	3%	1% - 5%
Opportunistic	0%	0%	0% - 5%
Total	100%	100%	
Expected Return (10 yr)	6.02%	6.01%	
Risk (Std. deviation)	11.81%	11.49%	
Sharpe Ratio	0.23	0.24	

Wilshire

Prepared for



School Employees Retirement System of Ohio

Asset Liability Study

Ned McGuire, FSA, CFA, FRM, Managing Director

Joanna Bewick, CFA, Managing Director

Christopher Tessman, Senior Vice President

April 2026

Contents

- Background & Overview
- Asset Allocation Approach
- Asset Allocation Inputs
- Asset Liability Projections
- Observations & Recommendations
- Appendix

Background & Overview

Background & Overview

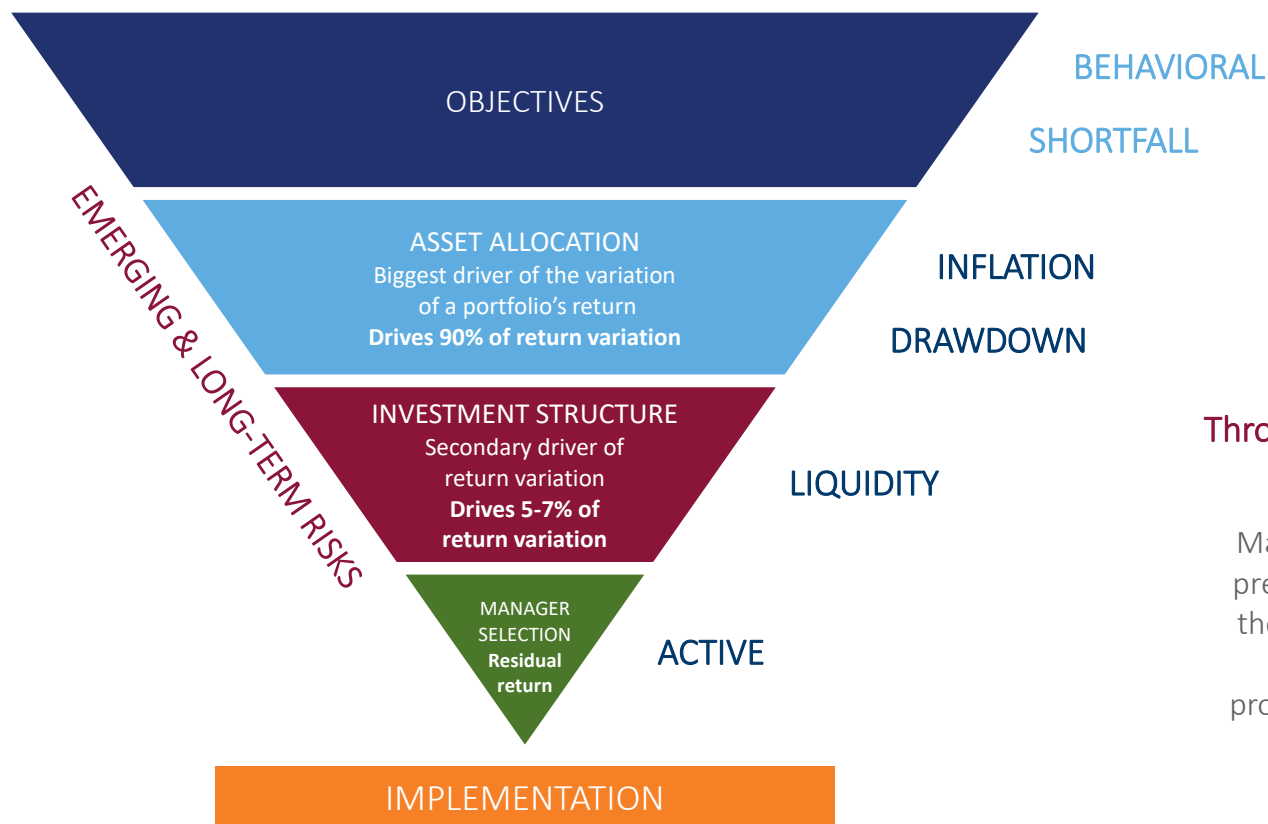
- The asset allocation decision is the most important decision an investor can make
 - The asset allocation decision drives 90% of return variability among portfolios
- Wilshire recommends revisiting the asset allocation decision every three to five years, or sooner, as market conditions warrant
 - Ohio School Employees Retirement System (“SERS”) last reviewed asset allocation in February 2023
- The 2026 review of asset allocation will occur over several phases
 - December 2025 and January 2026
 - OH SERS team and Wilshire map the project and complete foundational work
 - February 2026
 - Review asset class expected return and risk assumptions with the Board
 - March 2026
 - Review asset-only optimization
 - Asset-only optimization serves as a useful tool in comparing risk/return trade-off among various alternative policy portfolios
 - April 2026
 - Introduce SERS’ liability information to the modeling process and finalize a recommendation to Board

Considerations

- Board has allowed the asset allocation decision to be very long-term focused
 - Diversification and illiquidity premium are expected to benefit the portfolio over the long-term
 - Over the past 10 years, changes to asset allocation have been incremental but impactful over the long-term
 - Modest shift from public equity to private equity
 - Phased out the multi asset strategies allocation
 - Introduced private credit
 - Increased the real asset allocation, created distinct real estate and infrastructure targets
- Focus of the 2026 asset allocation review
 - Continue to remain long-term focused
 - Preserve liquidity and maintain and income focus
 - A new interest rate regime improves the risk/reward profile of fixed income
 - Maintain liquidity and income orientation
 - With compressed returns across asset classes, the more significant portfolio lever is risk rather than reward

Asset Allocation Approach

Focus on Decisions That Matter



Address Key Risks Throughout the Investment Process

Many of the six key risks are present at multiple points in the investment process, but each distinct step in the process is focused on one or two primary risks.

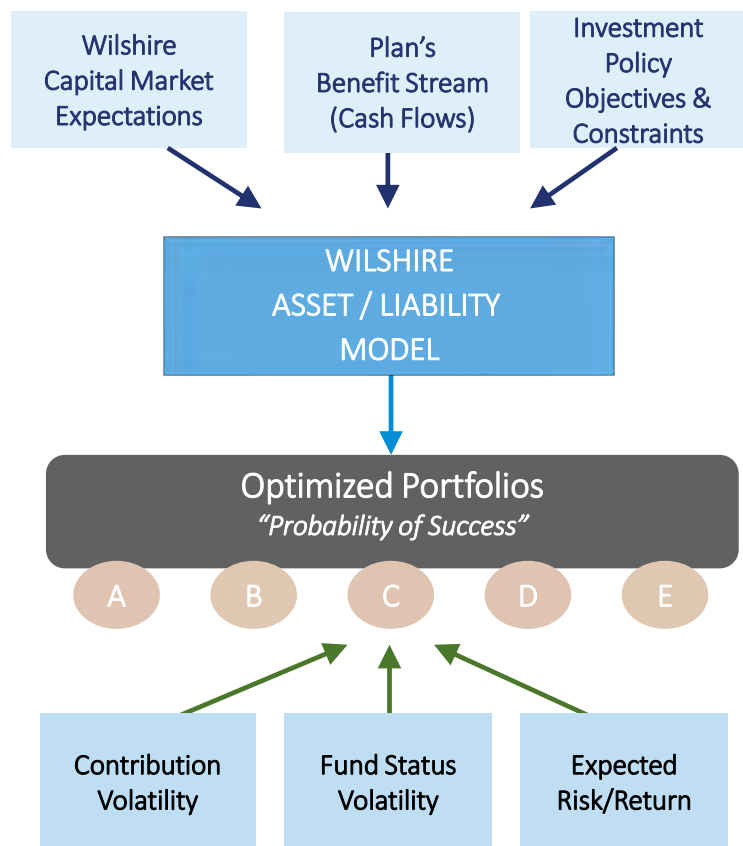
Risk Assessment Framework

Wilshire’s multi-dimensional view of risk integrates organizational and investment considerations into a comprehensive framework for evaluating strategic decisions.

- **Shortfall:** Support distributions and long-term growth
- **Behavioral:** Instill strong governance
- **Drawdown:** Limit portfolio losses
- **Inflation:** Preserve long-term purchasing power
- **Liquidity:** Balance near-term needs, long-term opportunities
- **Active:** Ensure unique exposures
- **Emerging & Long-Term:** Environmental, Social & Governance risks, such as externalities, intangibles and reputation may be linked to various risk lenses



Asset Allocation Process



- Wilshire believes the mission of a defined benefit plan is to fund benefits for participants
- The role of asset allocation is to manage risk in order to fulfill that core mission
 - **Maximize safety** of benefits
 - **Minimize cost** of funding these benefits
- Wilshire’s Asset Liability Model provides methodology for selecting a target portfolio that considers both goals
- Rigorously developed capital market assumptions for risk and return (see appendix)
- Given that short-term volatility is also important, we identify the impact of the asset allocation decision on funded ratios, annual contribution requirements, and other metrics
- Strategic asset allocation is not a guide to outperforming in every market ... but it should provide a roadmap for success over a market cycle

Asset Allocation Inputs

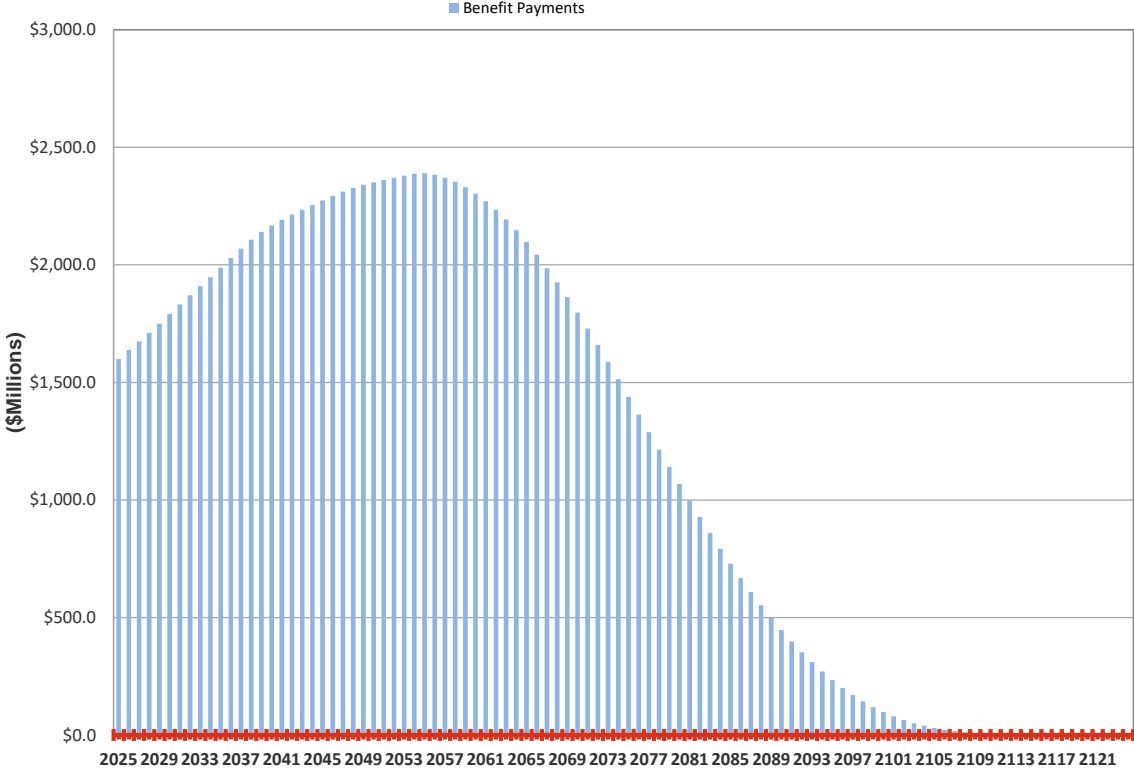
Plan Status

(\$ - Millions)	June 30, 2024	June 30, 2025
Asset and Liability Data		
1. Actuarial Accrued Liability (AAL)	23,820.1	24,584.2
2. Market Value of Assets (MVA)	18,704.5	20,141.8
3. AAL MVA Funded Status (Unfunded Liability) (1. - 2.)	5,115.6	4,442.4
4. AAL MVA Funded Ratio (2. / 1.)	78.5%	81.9%
5. Actuarial Value of Assets (AVA)	18,815.3	19,422.4
6. AAL AVA Funded Status (Unfunded Liability) (1. - 5.)	5,004.8	5,161.8
7. AAL AVA Funded Ratio (5. / 1.)	79.0%	79.0%
Economic Assumptions		
Discount Rate	7.00%	7.00%

- June 30, 2024, and June 30, 2025, data was provided in the actuarial valuation reports by the plan actuary.

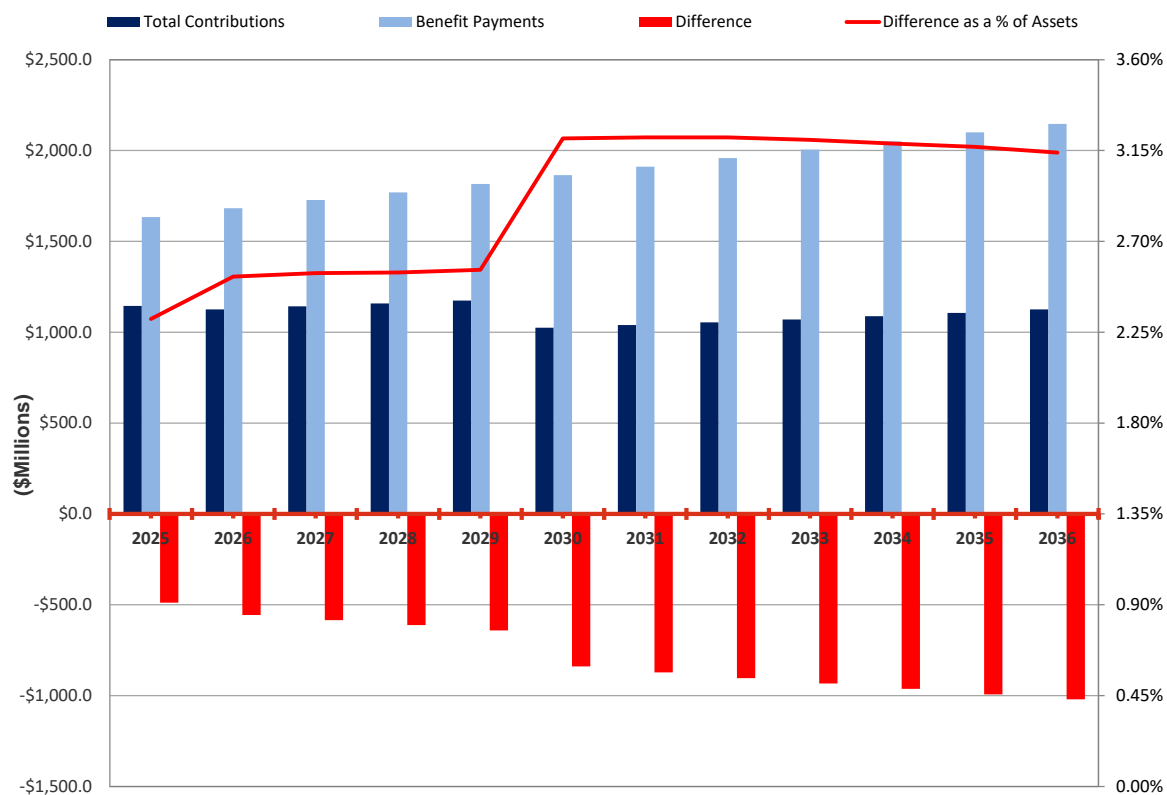
AAL is a measure of total liability for all plan participants (active works, terminated vested and those in pay status) as of the measurement. It is calculated using the discount rate.

Projected Benefit Payments



- *Benefit payments provided by plan actuary.*
- *Closed group population, i.e., no new entrants assumed*

Projected Benefit Payments, Contributions and Difference as % of Assets



- Total Contributions and Benefit Payments were provided by plan actuary.

* Assets are based on a deterministic projection assuming an annual asset return equivalent to the discount rate (7.00%).

Capital Market Assumptions

- Wilshire’s Capital Market Assumptions as of **December 31, 2025**
- Wilshire’s return forecasts are driven by proprietary models while historical risk and correlations drive the forward-looking assumptions with slight modification to incorporate market trends
- Public market return expectations represent a passive investment in the asset class (beta). They do not reflect value added from active management (alpha).

Asset Classes	Expected Return 10 Years	Expected Return 30 Years	Risk	Cash Yield	Factor Exposure Growth	Factor Exposure Inflation	Liquidity Market Level	Liquidity Stressed Metric
Global Stocks	5.05	6.60	17.05	1.65	8.00	-1.85	95	0
Global Private Equity	6.30	8.00	19.30	0.00	14.00	-4.25	0	0
Global Private Credit	7.65	7.75	10.90	7.55	4.20	-0.60	15	0
Global Fixed Income	5.10	5.10	4.60	6.30	-0.35	-2.20	95	70
Cash	3.25	3.25	0.75	3.25	0.00	0.00	100	100
Global Real Estate	6.65	7.20	16.90	3.10	3.75	1.00	0	0
Global Infrastructure	6.50	8.10	13.95	3.00	7.50	5.50	0	0
Commodities	4.80	4.80	16.00	3.25	0.00	12.00	90	50
Gold	5.45	5.50	18.00	0.00	-5.00	7.00	90	45

- Growth – Assets with significant growth factor exposure, high expected returns and high risk
- Defensive Growth – Assets with positive growth factor exposure with moderate risk
- Defensive/Rate Sensitive – Assets whose value/return is sensitive to changes in interest rates
- Real Assets/Inflation Sensitive – Assets whose value/return is sensitive to inflation

Global Stocks is a mix of 64% U.S. Equity, 25% Developed ex-U.S. Equity and 11% Emerging Markets Equity.

Global Private Equity is a mix of 55% U.S. Buyouts, 25% Non-U.S. Buyouts and 20% Venture Capital.

Global Private Credit is a mix of 80% Direct Lending and 20% Distressed Debts.

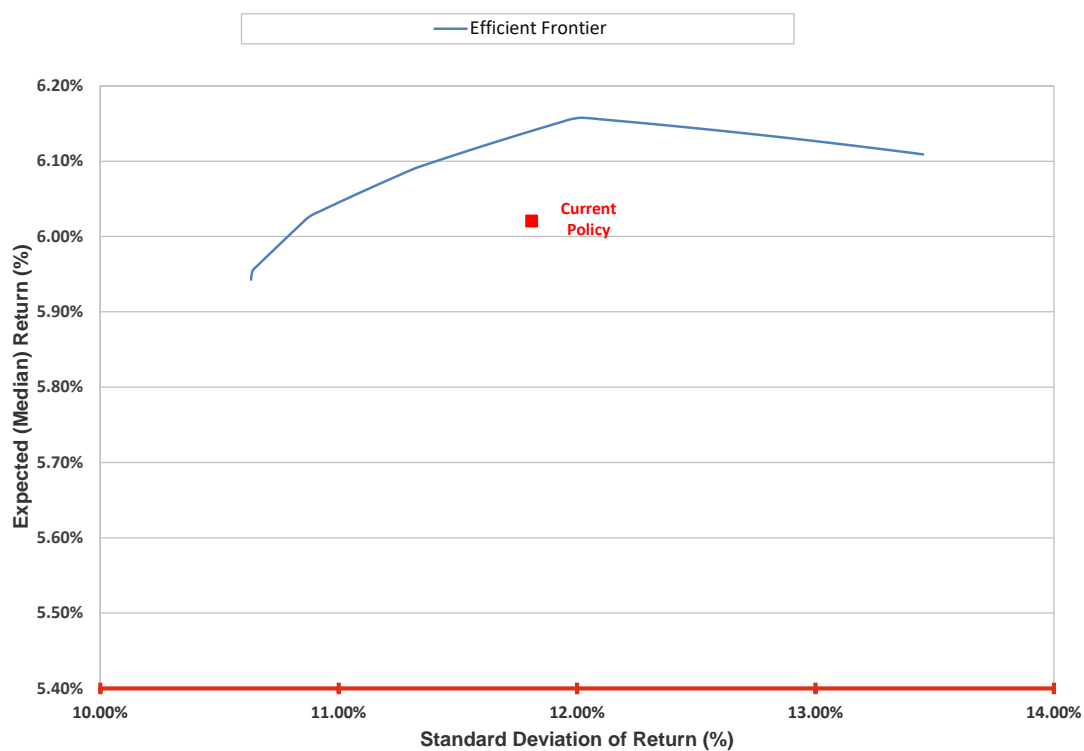
Global Fixed Income is a mix of 85% Core Bonds, 10% High Yield Fixed Income and 5% Emerging Markets Debts.

Global Real Estate is a mix of 75% Core, 12.5% Value Added and 12.5% Opportunistic Private Real Estate.

* Risk metrics for Global Private Equity, Global Real Estate and Global Infrastructure were adjusted to match SERS BARRA forecast of 19.30%, 16.90% and 13.95%, respectively.

Asset Only Efficient Frontier

- Given the asset classes and constraints, opportunities to enhance portfolio efficiency do exist



Portfolios Modeled

Asset Class	Current Policy	Optimization Constraints	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Global Stocks	40.00%	40% - 100%	40.00%	40.00%	40.00%	40.00%
Global Private Equity	14.00%	10% - 15%	14.00%	14.00%	14.00%	12.00%
Total Growth Assets	54.00%		54.00%	54.00%	54.00%	52.00%
Global Private Credit	5.00%	0% - 7%	5.00%	5.00%	5.00%	5.00%
Total Defensive Growth Assets	5.00%		5.00%	5.00%	5.00%	5.00%
Global Fixed Income	18.00%	10% - 20%	18.00%	18.00%	18.00%	20.00%
Cash	3.00%	3% - 5%	3.00%	3.00%	3.00%	3.00%
Total Defensive / Rate Sensitive Assets	21.00%		21.00%	21.00%	21.00%	23.00%
Global Real Estate	13.00%	5% - 10%	7.00%	7.00%	8.00%	7.00%
Global Infrastructure	7.00%	5% - 10%	10.00%	10.00%	10.00%	10.00%
Diversifying Real Assets	0.00%	0% - 5% ¹	3.00%	3.00%	2.00%	3.00%
Commodities	0.00%	0% - 5% ¹	1.50%	0.00%	0.00%	0.00%
Gold	0.00%	0% - 5% ¹	1.50%	3.00%	2.00%	3.00%
Total RA / Inflation Sensitive Assets	20.00%		20.00%	20.00%	20.00%	20.00%
Total Assets	100.0%		100.0%	100.0%	100.0%	100.0%
Expected Return - 10 Years (%)	6.02		5.99	6.01	6.01	5.98
Expected Return - 30 Years (%)	7.06		7.04	7.06	7.07	7.00
Standard Deviation of Return (%)	11.81		11.55	11.49	11.58	11.21
+ / (-) in Expected Return - 10 Years (bps)			(3)	(1)	(1)	(4)
+ / (-) in Expected Return - 30 Years (bps)			(2)	0	1	(6)
+ / (-) in SD of Return (bps)			(26)	(32)	(23)	(60)
Sharpe Ratio	0.23		0.24	0.24	0.24	0.24

¹ Diversifying Real Assets is a mix of Commodities and Gold. Each constrained to not exceed 5% and the combination of Gold and Commodities is constrained to not exceed 5%.

Wilshire's Asset Allocation Committee (WAAC) maintains standard asset allocation parameters which reflect generally observed market practices for institutional asset owners (a table of these ranges is provided in the Appendix). While we expect most client portfolios will fall within these asset allocation ranges, Wilshire recognizes and occasionally recommends portfolio allocations that may diverge from these general ranges based on a client's particular circumstances, goals or needs.

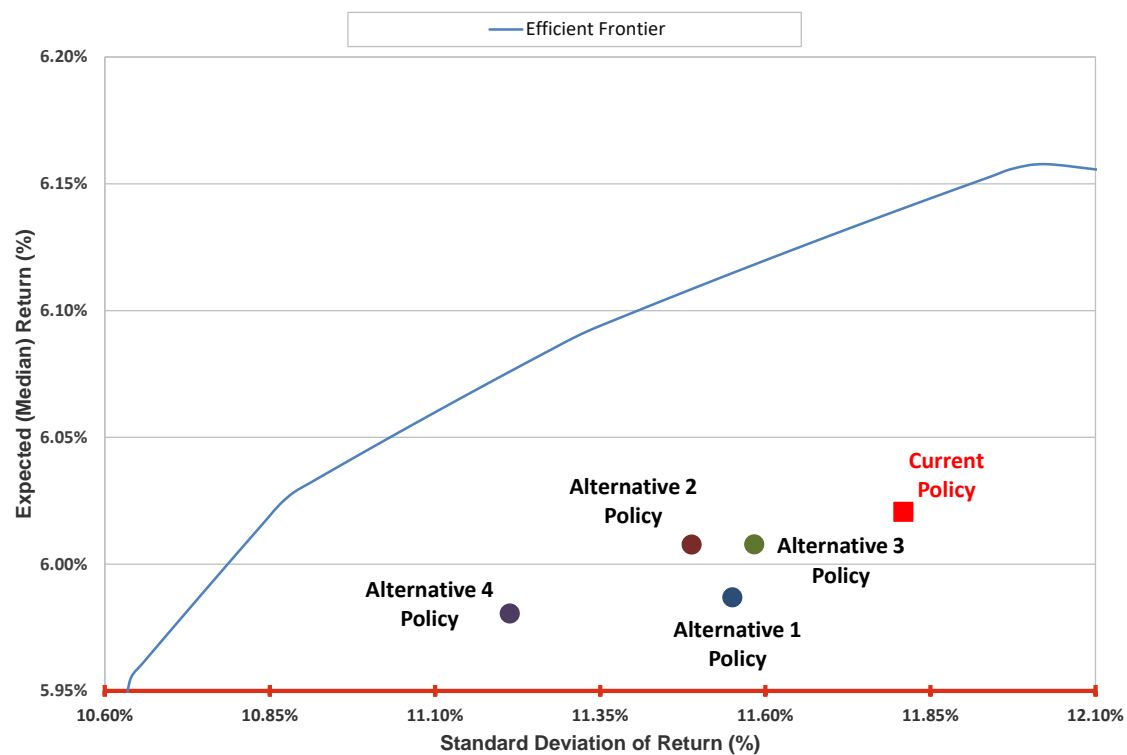
Wilshire notes that one or more of the asset class ranges utilized in this asset allocation study fall outside of these established parameters (Total Private Assets).

Portfolios Modeled

Asset Class	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Total Growth Assets	54.00%	54.00%	54.00%	54.00%	52.00%
Total Defensive Growth Assets	5.00%	5.00%	5.00%	5.00%	5.00%
Total Defensive / Rate Sensitive Assets	21.00%	21.00%	21.00%	21.00%	23.00%
Total RA / Inflation Sensitive Assets	20.00%	20.00%	20.00%	20.00%	20.00%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Expected Return - 10 Years (%)	6.02	5.99	6.01	6.01	5.98
Expected Return - 30 Years (%)	7.06	7.04	7.06	7.07	7.00
Standard Deviation of Return (%)	11.81	11.55	11.49	11.58	11.21
Contribution to Asset Volatility (%):					
Growth	74.3	76.4	76.8	76.1	75.7
Defensive Growth	2.8	2.8	2.8	2.8	2.9
Defensive/Rate Sensitive	3.2	3.3	3.3	3.3	3.8
RA/Inflation Sensitive	19.7	17.5	17.1	17.8	17.6
Cash Yield	2.9	2.8	2.8	2.8	2.9
Growth Factor	6.3	6.2	6.2	6.3	5.9
Inflation Factor	-1.2	-0.9	-0.9	-1.0	-0.9
Liquidity					
Market	58.9	61.6	61.6	60.7	63.5
Stressed	15.6	17.0	17.0	16.5	18.4

Asset Only Efficient Frontier

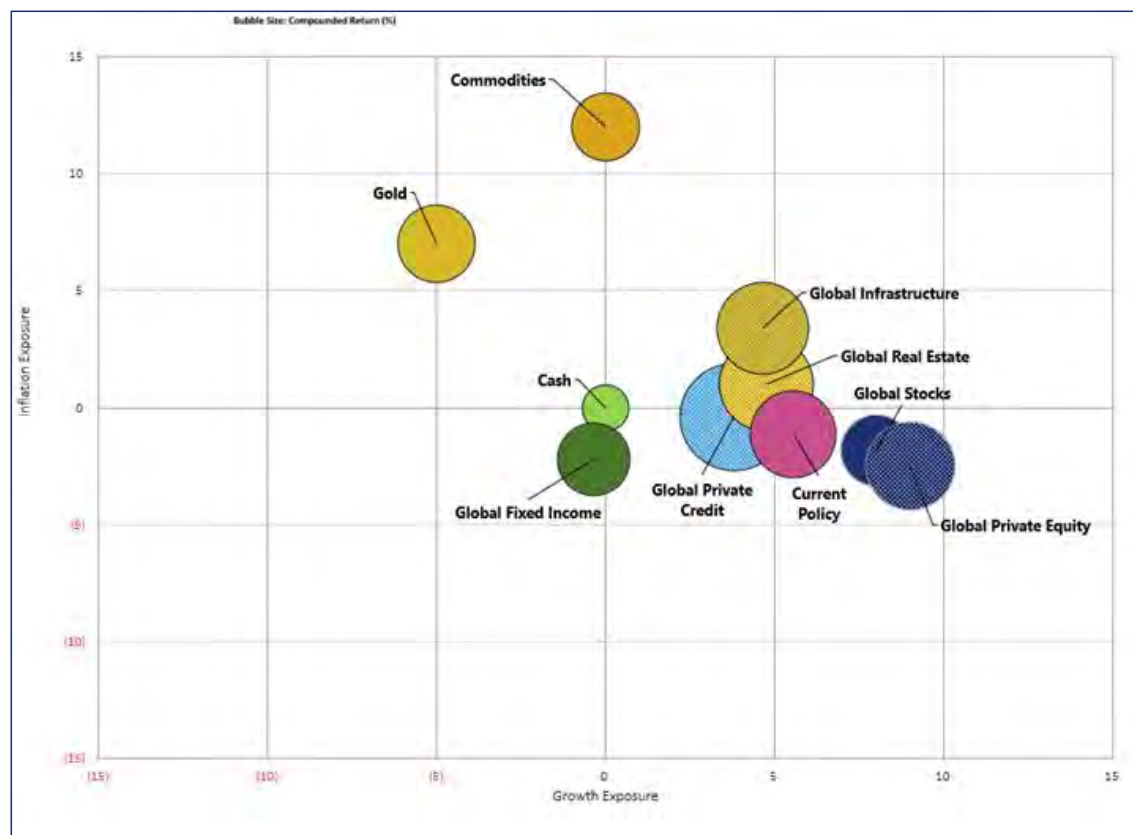
- Given the asset classes and constraints, opportunities to enhance portfolio efficiency do exist



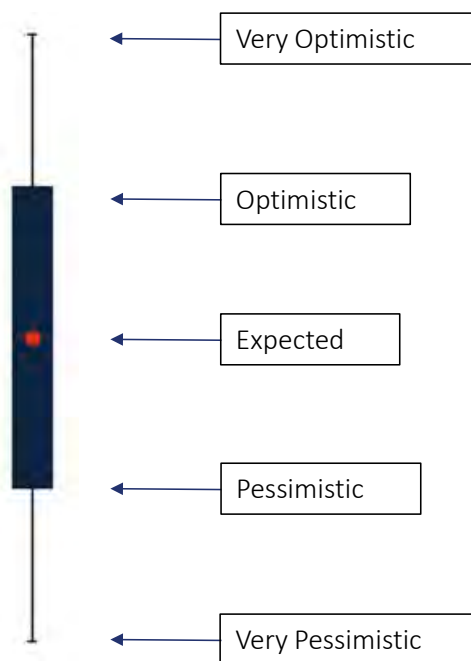
Economic Factor Exposure

Concentrated factor tilts can represent portfolio vulnerability (e.g., reliance on growth markets)

To the extent possible, a portfolio with factor neutrality is desirable for weathering unexpected future market environments



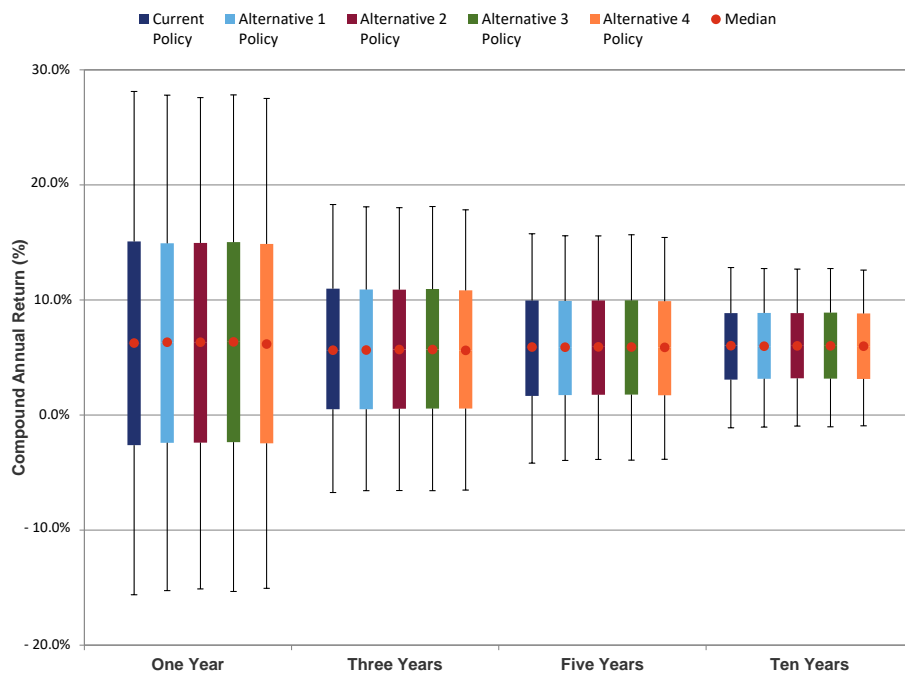
Box and Whisker Graphs



In each year of the simulation, there are 5,000 independent economic trial results.

- **Expected:** 50% of the potential scenarios result in higher than this value and 50% results in lower
- **Very optimistic:** Only 5% of the scenarios result in higher than this value and 95% result in lower
- **Optimistic:** Only 25% of the scenarios result in higher than this value and 75% result in lower
- **Pessimistic:** 75% of the scenarios results in higher than this value and 25% result in lower
- **Very pessimistic:** 95% of the scenarios result in higher than this value and 5% result in lower

Distribution of Returns*

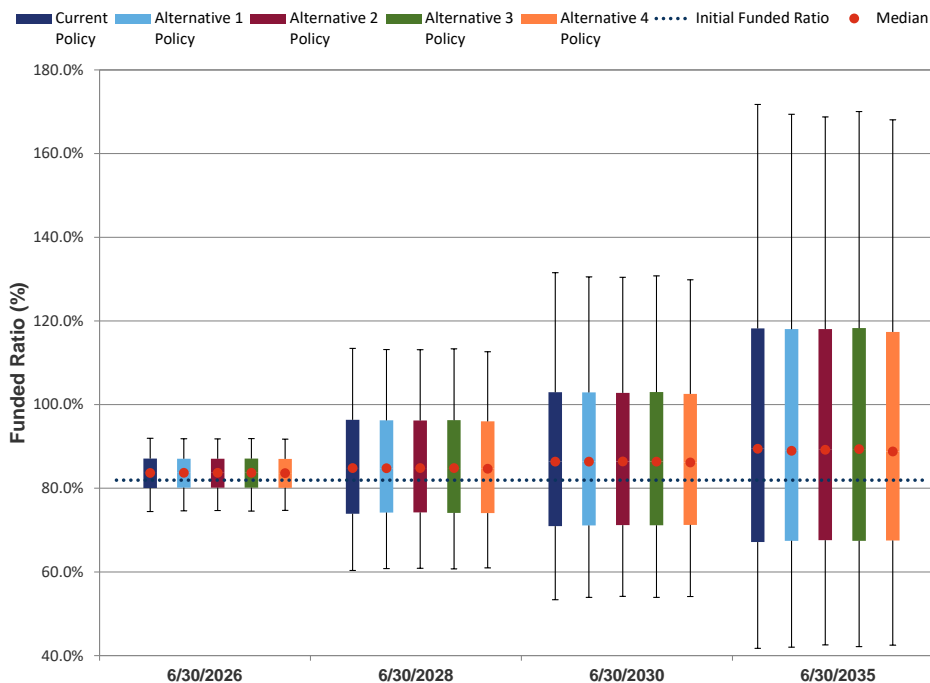


(%)	One Year					Three Years					Five Years					Ten Years				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Optimistic	28.12	27.80	27.60	27.82	27.52	18.30	18.09	18.02	18.12	17.83	15.75	15.58	15.57	15.66	15.43	12.82	12.73	12.69	12.73	12.60
Optimistic	15.09	14.93	14.95	15.03	14.87	10.99	10.90	10.89	10.95	10.85	9.95	9.91	9.96	9.98	9.89	8.86	8.87	8.86	8.90	8.82
Median (Expected)	6.26	6.33	6.33	6.35	6.18	5.64	5.65	5.70	5.69	5.62	5.91	5.90	5.93	5.92	5.88	6.02	5.99	6.01	6.01	5.98
Pessimistic	-2.61	-2.42	-2.39	-2.35	-2.46	0.50	0.51	0.55	0.56	0.56	1.65	1.74	1.76	1.77	1.72	3.08	3.15	3.19	3.16	3.13
Very Pessimistic	-15.63	-15.27	-15.12	-15.33	-15.06	-6.73	-6.58	-6.56	-6.58	-6.52	-4.18	-3.94	-3.86	-3.92	-3.84	-1.11	-1.04	-0.96	-1.03	-0.94

*For periods longer than one year, returns are compound annual.

Asset Liability Projections

AAL MVA Funded Ratio



Shortfall Risk:
The potential for the current policy to have a lower median funded ratio than the alternative policies.

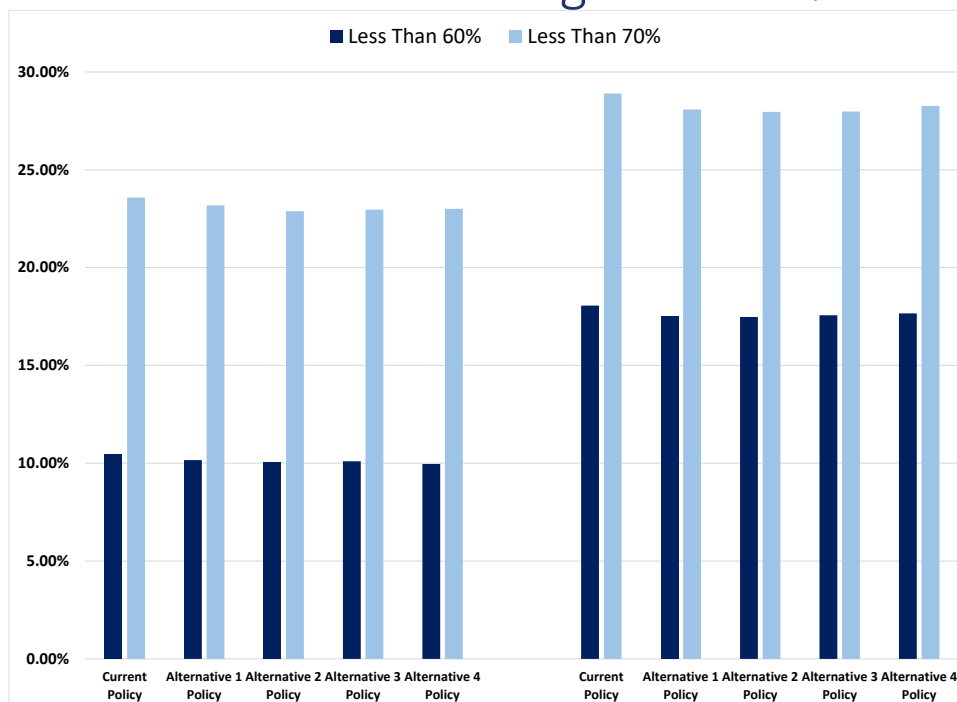
Drawdown Risk:
The potential for the current policy to have a lower “very pessimistic” funded ratio than the alternative policies.

Initial Funded Ratio = 81.9%

One Year Simulation (6/30/2025) reflects 12/31/2025 Fiscal Year to Date Return of 7.55%.

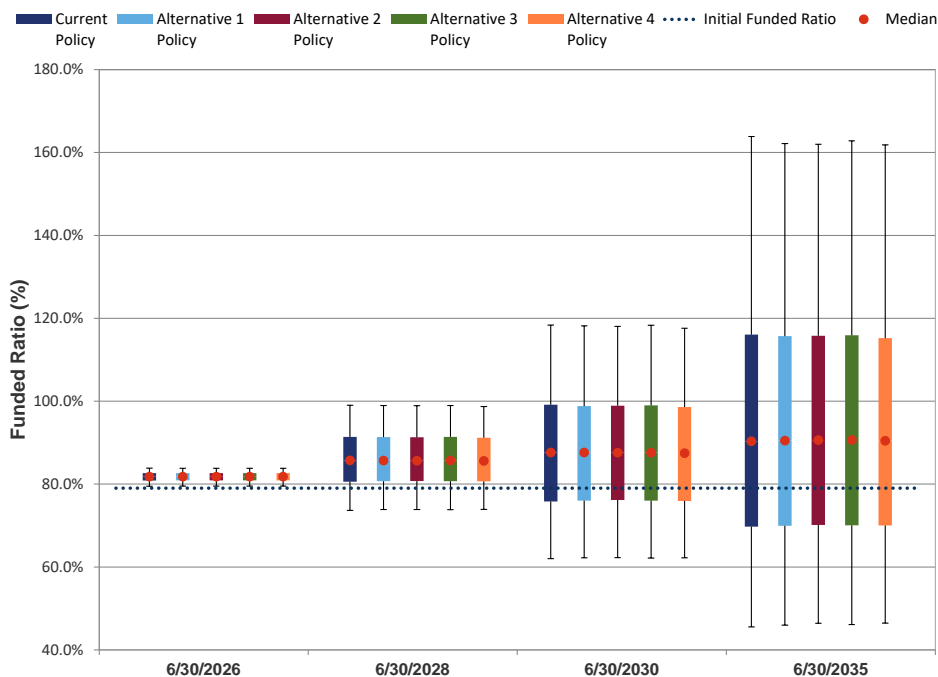
(%)	6/30/2026					6/30/2028					6/30/2030					6/30/2035				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Optimistic	91.96	91.84	91.77	91.85	91.74	113.43	113.14	113.11	113.30	112.61	131.52	130.52	130.43	130.77	129.81	171.75	169.42	168.74	170.06	168.06
Optimistic	87.10	87.04	87.05	87.08	87.02	96.38	96.24	96.20	96.27	96.02	102.97	102.93	102.79	102.98	102.55	118.21	118.05	118.06	118.28	117.37
Median (Expected)	83.66	83.68	83.68	83.69	83.62	84.84	84.80	84.82	84.84	84.65	86.38	86.35	86.40	86.37	86.18	89.43	88.94	89.20	89.35	88.78
Pessimistic	80.05	80.13	80.14	80.15	80.11	73.89	74.18	74.22	74.09	74.07	70.96	71.10	71.18	71.15	71.23	67.13	67.45	67.60	67.41	67.51
Very Pessimistic	74.44	74.60	74.67	74.57	74.69	60.36	60.78	60.87	60.72	60.97	53.35	53.90	54.14	53.91	54.13	41.75	42.03	42.53	42.12	42.51

Probability of AAL MVA Funded Ratio Falling Below 60% or 70%



(%)	Year 5					Year 10				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Less Than 60%	10.46	10.16	10.02	10.10	9.96	18.06	17.52	17.48	17.56	17.66
Less Than 70%	23.58	23.18	22.88	22.96	23.00	28.90	28.08	27.96	27.98	28.26

AAL AVA Funded Ratio



Shortfall Risk:
The potential for the current policy to have a lower median funded ratio than the alternative policies.

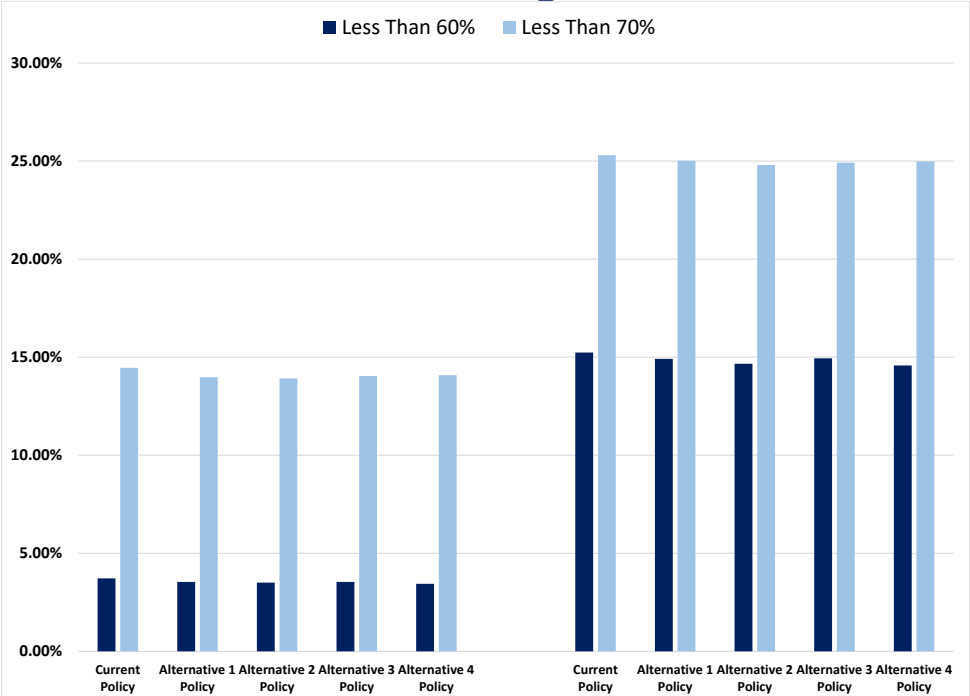
Drawdown Risk:
The potential for the current policy to have a lower “very pessimistic” funded ratio than the alternative policies.

Initial Funded Ratio = 79.0%

One Year Simulation (6/30/2025) reflects 12/31/2025 Fiscal Year to Date Return of 7.55%.

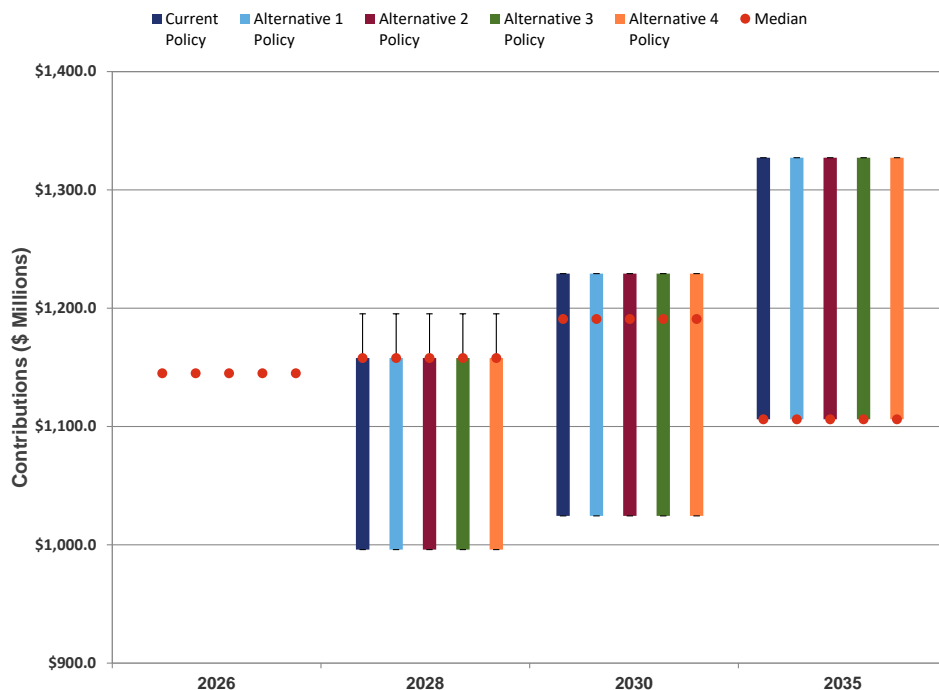
(%)	6/30/2026					6/30/2028					6/30/2030					6/30/2035				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Optimistic	83.86	83.83	83.81	83.83	83.81	99.04	98.95	98.92	98.97	98.73	118.38	118.18	118.05	118.35	117.60	163.85	162.16	162.01	162.81	161.84
Optimistic	82.65	82.63	82.63	82.64	82.62	91.38	91.36	91.32	91.40	91.18	99.14	98.83	98.90	98.97	98.60	116.05	115.72	115.80	115.91	115.23
Median (Expected)	81.78	81.79	81.79	81.79	81.78	85.70	85.68	85.66	85.69	85.60	87.61	87.63	87.57	87.60	87.44	90.34	90.47	90.64	90.67	90.46
Pessimistic	80.88	80.90	80.90	80.91	80.90	80.57	80.70	80.75	80.71	80.67	75.79	76.02	76.16	76.02	75.92	69.73	69.95	70.14	70.07	70.01
Very Pessimistic	79.48	79.52	79.54	79.51	79.54	73.64	73.87	73.88	73.83	73.90	62.01	62.23	62.26	62.15	62.22	45.55	46.00	46.43	46.11	46.47

Probability of AAL AVA Funded Ratio Falling Below 60% or 70%



(%)	Year 5					Year 10				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Less Than 60%	3.72	3.54	3.50	3.54	3.44	15.24	14.92	14.66	14.94	14.58
Less Than 70%	14.46	13.98	13.92	14.04	14.08	25.30	25.02	24.80	24.92	24.98

Total Plan Year Contributions



Shortfall Risk:

The potential for the current policy to have higher median contributions than the alternative policies.

Drawdown Risk:

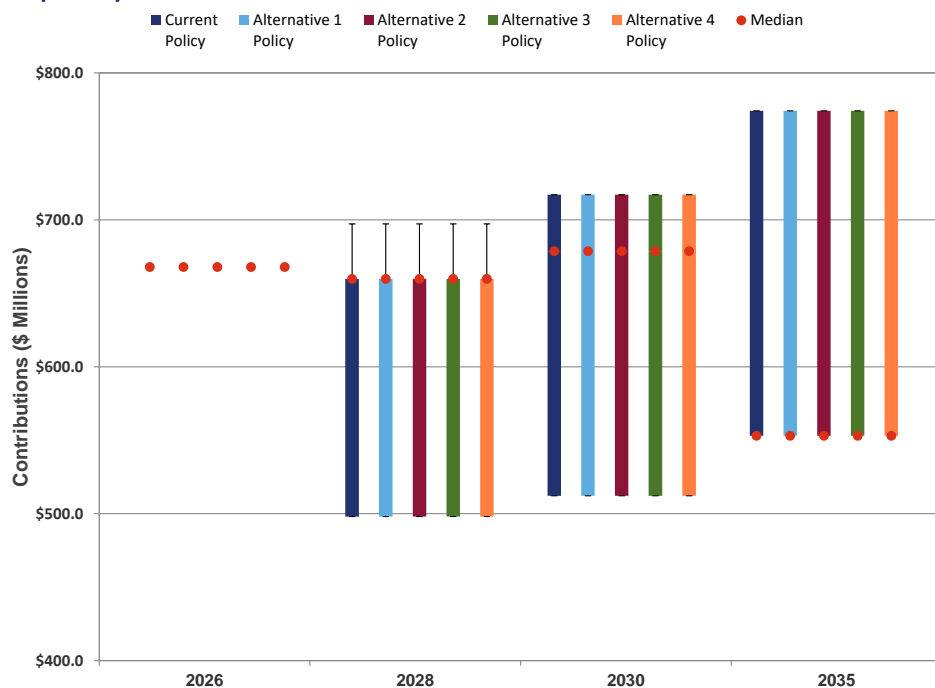
The potential for the current policy to have higher “very pessimistic” contributions than the alternative policies.

Employer contributions are 14% of pay if the funded ratio is below 80%, 13.25% if between 80% and 90%, and 10% if above 90%.

Member contributions are set at 10% of pay and were provided by the plan’s actuary.

(\$ Millions)	2026					2028					2030					2035				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Pessimistic	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	1,195.2	1,195.2	1,195.2	1,195.2	1,195.2	1,229.3	1,229.3	1,229.3	1,229.3	1,229.3	1,327.3	1,327.3	1,327.3	1,327.3	1,327.3
Pessimistic	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	1,157.8	1,157.8	1,157.8	1,157.8	1,157.8	1,229.3	1,229.3	1,229.3	1,229.3	1,229.3	1,327.3	1,327.3	1,327.3	1,327.3	1,327.3
Median (Expected)	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	1,157.8	1,157.8	1,157.8	1,157.8	1,157.8	1,190.9	1,190.9	1,190.9	1,190.9	1,190.9	1,106.1	1,106.1	1,106.1	1,106.1	1,106.1
Optimistic	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	996.0	996.0	996.0	996.0	996.0	1,024.4	1,024.4	1,024.4	1,024.4	1,024.4	1,106.1	1,106.1	1,106.1	1,106.1	1,106.1
Very Optimistic	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	996.0	996.0	996.0	996.0	996.0	1,024.4	1,024.4	1,024.4	1,024.4	1,024.4	1,106.1	1,106.1	1,106.1	1,106.1	1,106.1

Employer Plan Year Contributions



Shortfall Risk:
The potential for the current policy to have higher median contributions than the alternative policies.

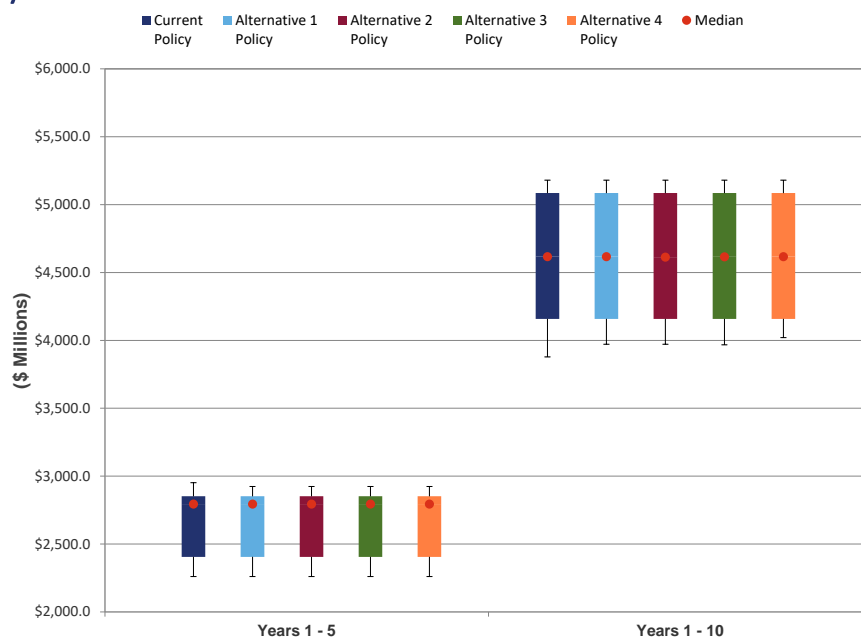
Drawdown Risk:
The potential for the current policy to have higher “very pessimistic” contributions than the alternative policies.

Employer contributions are 14% of pay if the funded ratio is below 80%, 13.25% if between 80% and 90%, and 10% if above 90%.

Member contributions are set at 10% of pay and were provided by the plan’s actuary.

(\$ Millions)	2026					2028					2030					2035				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Pessimistic	667.9	667.9	667.9	667.9	667.9	697.2	697.2	697.2	697.2	697.2	717.1	717.1	717.1	717.1	717.1	774.2	774.2	774.2	774.2	774.2
Pessimistic	667.9	667.9	667.9	667.9	667.9	659.8	659.8	659.8	659.8	659.8	717.1	717.1	717.1	717.1	717.1	774.2	774.2	774.2	774.2	774.2
Median (Expected)	667.9	667.9	667.9	667.9	667.9	659.8	659.8	659.8	659.8	659.8	678.7	678.7	678.7	678.7	678.7	553.0	553.0	553.0	553.0	553.0
Optimistic	667.9	667.9	667.9	667.9	667.9	498.0	498.0	498.0	498.0	498.0	512.2	512.2	512.2	512.2	512.2	553.0	553.0	553.0	553.0	553.0
Very Optimistic	667.9	667.9	667.9	667.9	667.9	498.0	498.0	498.0	498.0	498.0	512.2	512.2	512.2	512.2	512.2	553.0	553.0	553.0	553.0	553.0

Employer Present Value of Contributions



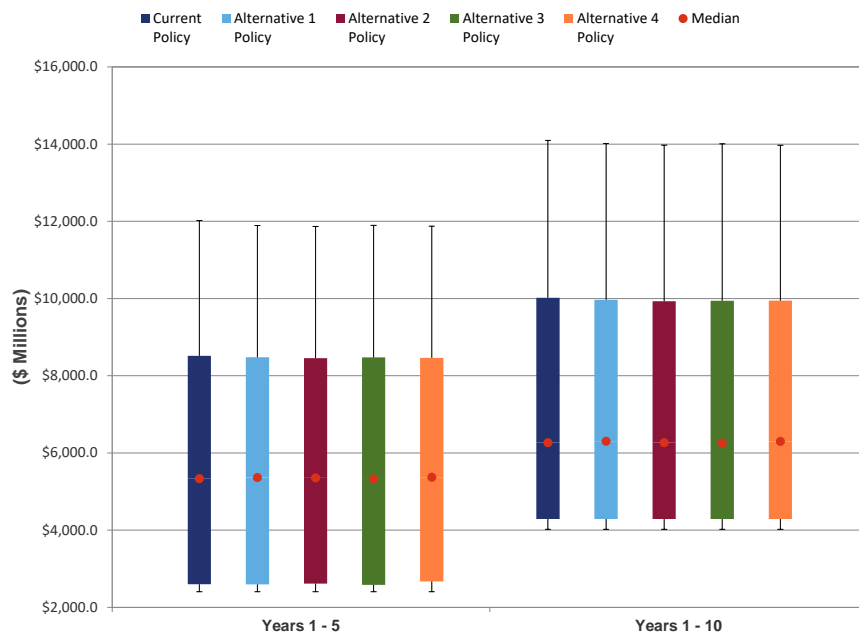
Shortfall Risk:
The potential for the current allocation to have higher median present value of contributions than the alternative policies.

Drawdown Risk:
The potential for the current allocation to have higher “very pessimistic” present value of contributions than the alternative policies.

EROA = 7.00%

(\$ Millions)	Years 1 - 5					Years 1 - 10				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Pessimistic	2,952.1	2,923.7	2,923.7	2,923.7	2,923.7	5,180.5	5,180.5	5,180.5	5,180.5	5,180.5
Pessimistic	2,852.1	2,852.1	2,852.1	2,852.1	2,852.1	5,085.8	5,085.8	5,085.8	5,085.8	5,085.8
Median (Expected)	2,793.9	2,793.9	2,793.9	2,793.9	2,793.9	4,616.1	4,616.1	4,612.7	4,615.9	4,616.9
Optimistic	2,405.0	2,405.0	2,405.0	2,405.0	2,405.0	4,158.4	4,158.4	4,158.4	4,158.4	4,158.4
Very Optimistic	2,260.8	2,260.8	2,260.8	2,260.8	2,260.8	3,877.6	3,972.1	3,972.1	3,967.3	4,020.4

MVA Economic Cost



Shortfall Risk:
The potential for the current allocation to have a higher median economic cost than the alternative policies.

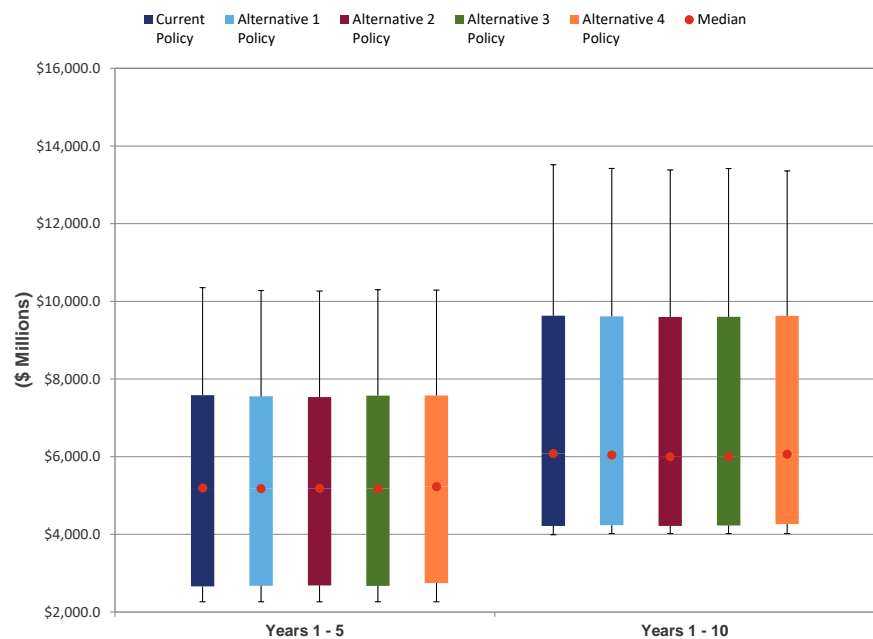
Drawdown Risk:
The potential for the current allocation to have a higher “very pessimistic” economic cost than the alternative policies.

EROA = 7.00%

Economic Cost is defined as the present value of contributions plus contributions necessary to fully fund the plan at the end of the projection period.

(\$ Millions)	Years 1 - 5					Years 1 - 10				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Pessimistic	12,021.1	11,893.3	11,868.8	11,894.6	11,875.7	14,095.2	14,014.8	13,975.1	14,007.1	13,972.5
Pessimistic	8,514.8	8,479.1	8,456.8	8,474.2	8,464.1	10,021.2	9,968.3	9,929.1	9,944.1	9,945.1
Median (Expected)	5,334.1	5,363.9	5,355.6	5,325.6	5,371.8	6,267.5	6,301.3	6,267.2	6,257.2	6,299.2
Optimistic	2,598.2	2,593.5	2,616.2	2,581.7	2,671.1	4,287.9	4,287.9	4,287.9	4,287.9	4,287.9
Very Optimistic	2,405.0	2,405.0	2,405.0	2,405.0	2,405.0	4,021.8	4,021.8	4,021.8	4,021.8	4,021.8

AVA Economic Cost



Shortfall Risk:
The potential for the current allocation to have a higher median economic cost than the alternative policies.

Drawdown Risk:
The potential for the current allocation to have a higher “very pessimistic” economic cost than the alternative policies.

EROA = 7.00%

Economic Cost is defined as the present value of contributions plus contributions necessary to fully fund the plan at the end of the projection period.

(\$ Millions)	Years 1 - 5					Years 1 - 10				
	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy	Current Policy	Alternative 1 Policy	Alternative 2 Policy	Alternative 3 Policy	Alternative 4 Policy
Very Pessimistic	10,350.6	10,278.5	10,267.7	10,297.7	10,293.1	13,517.3	13,423.9	13,383.5	13,422.0	13,358.9
Pessimistic	7,583.9	7,557.0	7,533.6	7,570.0	7,575.4	9,630.1	9,613.6	9,600.1	9,600.6	9,624.9
Median (Expected)	5,190.7	5,176.4	5,184.2	5,175.5	5,228.6	6,079.9	6,043.4	5,997.7	6,003.6	6,064.6
Optimistic	2,659.5	2,676.0	2,683.8	2,671.5	2,742.9	4,215.5	4,236.9	4,216.5	4,226.6	4,263.7
Very Optimistic	2,260.8	2,260.8	2,260.8	2,260.8	2,260.8	3,987.7	4,021.8	4,021.8	4,021.8	4,021.8

Observations & Recommendation

Observations & Recommendations

The current portfolio is very near the efficient frontier

- Modest equity return expectations argue for a lower allocation within the optimization exercise. However, 30-year return expectations are supportive of maintaining a significant allocation. While a 40% floor has been utilized for Global Equities, we **recommend a nimble approach** within the allocation range of 35%-45%.
- Liquidity needs require a minimum of 18% to Global Fixed Income and 3% to cash. While fixed income returns are attractive based on current yield, qualitative concerns for a **fixed income** volatility event **limit the preferred allocation** to no more than 20% of the portfolio.
- Qualitative concerns for risk also motivate a **constraint on private credit** versus the optimizer's quantitative recommendation.
- Across various optimization scenarios, real assets maintain a similar 20% allocation versus the current portfolio. However, the optimizer favors **a more diversified real asset mix** that incorporates gold/commodities in addition to real estate and infrastructure.
- Given muted return expectations with lower dispersion of returns between asset classes, risk expectations are the greatest marginal change between portfolios in the optimization exercise. **Recommend managing risk versus reaching for return.**
- Given high valuations, emerging macroeconomic uncertainties, and geopolitical risks, **now may be a good time to prioritize a broad portfolio that is expected to dampen volatility while maintaining current return expectations.**
- 10 year expected returns fall short of the SERS 7% discount rate; 30-year expected returns show efficient portfolios capable of achieving a 7% discount rate with lower risk than the current strategic asset allocation. Investment Manager excess returns versus their benchmarks may also have the effect of increasing (or decreasing) total portfolio returns.

Appendix – Correlation Matrix

Capital Market Assumptions

- Wilshire’s Capital Market Assumptions as of **December 31, 2025**
- Wilshire’s asset class return, risk and correlation assumptions are developed on multi-year forward looking expected rates of return and historical risk and correlation, adjusted to incorporate recent trends
- Public market return expectations represent a passive investment in the asset class (beta). They do not reflect value added from active management (alpha).

	Global Stocks	Global Private Equity	Global Private Credit	Global Fixed Income	Cash	Global Real Estate	Global Infrastructure	Commodities	Gold
Return - 10-Year (%)	5.05	6.30	7.65	5.10	3.25	6.65	6.50	4.80	5.45
Return - 30-Year (%)	6.60	8.00	7.75	5.10	3.25	7.20	8.10	4.80	5.50
Risk (%)	17.05	19.30	10.90	4.60	0.75	16.90	13.95	16.00	18.00
Correlations									
Global Stocks	1.00								
Global Private Equity	0.73	1.00							
Global Private Credit	0.56	0.25	1.00						
Global Fixed Income	0.35	0.37	0.30	1.00					
Cash	-0.06	0.00	-0.05	0.13	1.00				
Global Real Estate	0.55	0.50	0.61	0.34	-0.05	1.00			
Global Infrastructure	0.73	0.59	0.61	0.29	-0.05	0.50	1.00		
Commodities	0.31	0.28	0.31	0.07	0.00	0.26	0.45	1.00	
Gold	0.04	-0.02	-0.02	0.21	-0.05	0.11	0.15	0.30	1.00

Appendix – Asset Allocation Ranges

Allowable Asset Allocation Ranges

Wilshire’s Asset Allocation Committee (WAAC) maintains standard asset allocation parameters which reflect generally observed market practices for institutional asset owners. While Wilshire expects most client portfolios will fall within these asset allocation ranges. Wilshire recognizes and occasionally recommends portfolio allocations that may diverge from these general ranges based on a client’s particular circumstances, goals or needs.

Asset Segment	Corporate DB	Public DB	E&F
Total Equity (Public+Private)		0% - 80%	
Private Equity (Aggregate)	0% - 15%	0% - 20%	0% - 30%
Fixed Income (Core/High-quality - Liquid IG)	10% - 100%	10% - 50%	
Other Fixed Income/Credit (Aggregate)		0% - 25%	
Private/Illiquid Credit (Aggregate)		0% - 15%	
High Yield		0% - 10%	
Other: EMD, Loans, Convertibles		0% - 7.5%	
Total Real Assets (Public + Private)		0% - 25%	
Total Real Estate (Public + Private)		0% - 25%	
RA Other: Commodities, Gold, Infra, GLI, MLPs, O&G, Timber		0% - 5%	
Marketable Alternatives (Aggregate)	0% - 12.5%		0% - 20%
Cash		0% - 5%	
Leverage		0% - 20%	
Total Private/Illiquid	0% - 25%	0% - 35%	0% - 50%

These thresholds were informed by allocation information from Greenwich Associates, and Wilshire Advisors, LLC, universe data and will be reviewed for reasonableness from time to time.

**Last Updated 04/2024*

Appendix – Efficient Frontier

Efficient Frontier Portfolios

Asset Class	Current Policy	Optimization Constraints	Minimum Risk	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Maximum Risk
Global Stocks	40.00%	40% - 100%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Global Private Equity	14.00%	10% - 15%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.75%	12.25%	13.50%	15.00%
Total Growth Assets	54.00%		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.75%	52.25%	53.50%	55.00%
Global Private Credit	5.00%	0% - 7%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Total Defensive Growth Assets	5.00%		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Global Fixed Income	18.00%	10% - 20%	20.00%	20.00%	20.00%	19.50%	17.75%	16.00%	14.25%	12.75%	11.50%	10.00%
Cash	3.00%	3% - 5%	5.00%	4.50%	3.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Total Defensive / Rate Sensitive Assets	21.00%		25.00%	24.50%	23.75%	22.50%	20.75%	19.00%	17.25%	15.75%	14.50%	13.00%
Global Real Estate	13.00%	5% - 10%	5.25%	8.50%	9.25%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Global Infrastructure	7.00%	5% - 10%	7.75%	5.00%	5.00%	5.50%	7.25%	9.00%	10.00%	10.00%	10.00%	10.00%
Diversifying Real Assets	0.00%	0% - 5% ¹	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Commodities	0.00%	0% - 5% ¹	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gold	0.00%	0% - 5% ¹	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total RA / Inflation Sensitive Assets	20.00%		18.00%	18.50%	19.25%	20.50%	22.25%	24.00%	25.00%	25.00%	25.00%	25.00%
Total Assets	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expected Return - 10 Years (%)	6.02		5.94	5.97	6.00	6.03	6.06	6.08	6.10	6.12	6.14	6.16
Standard Deviation of Return (%)	11.81		10.63	10.70	10.80	10.92	11.08	11.24	11.42	11.61	11.80	12.00
+ / (-) in Expected Return - 10 Years (bps)			(8)	(5)	(2)	1	4	6	8	10	12	14
+ / (-) in SD of Return (bps)			(118)	(111)	(101)	(89)	(73)	(57)	(39)	(20)	(1)	19
Sharpe Ratio	0.23		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.24	0.24

¹ Diversifying Real Assets is a mix of Commodities and Gold. Each constrained to not exceed 5% and the combination of Gold and Commodities is constrained to not exceed 5%.

Appendix – Asset Allocation Evolution

Asset Allocation Evolution



Foundations
1930s–1980



Age of 60/40
1980s–2000



Barbell Portfolio
2001–2020



Replacement
Now

Source: Apollo Chief Economist

Appendix – Regimes

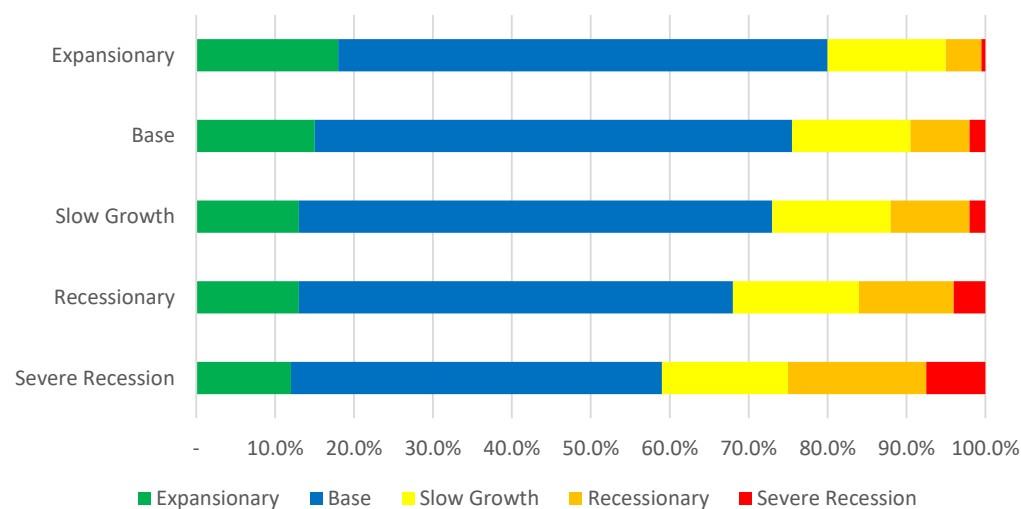


Efficient Frontier Portfolios

Managing drawdown risk – the “uncertainty around the uncertainty”

- Most simulation models assume returns are log-normally distributed
- Though reasonable in most years, left-tail events occur more frequently than predicted
- A regime switching model can help us pre-experience uncomfortable return paths that fall outside a normal distribution’s field of view

expansionary	18.0%	62.0%	15.0%	4.5%	0.5%
base	15.0%	60.5%	15.0%	7.5%	2.0%
slow growth	13.0%	60.0%	15.0%	10.0%	2.0%
recessionary	13.0%	55.0%	16.0%	12.0%	4.0%
severe recession	12.0%	47.0%	16.0%	17.5%	7.5%



Stress Testing: Regime Assumptions

- In below trend and worse environments, the portfolio’s return expectations is materially lower and the volatility is materially higher
- Volatility in the below trend and worse environments are left-skewed, i.e. negative-skewed

	US Stocks	Dev ex-US Stocks	Emg Mkt Stock	Private Equity	Cash	Core Bonds	LT Core Bonds	TIPS	High Yield Bonds	US RE Securities	Private RE	Commodities	Current Policy
Expansionary/Above Trend Growth													
Return (%)	9.95	10.95	11.20	15.80	3.60	4.30	3.45	2.35	8.95	9.70	9.00	4.85	10.03
Risk (%)	12.00	13.00	21.00	22.15	0.75	5.25	10.90	6.50	8.00	13.50	10.75	16.00	9.51
Baseline/Trend Growth													
Return (%)	4.60	5.60	5.85	6.45	3.60	4.95	5.15	4.35	6.30	5.70	6.55	4.85	6.02
Risk (%)	17.00	18.00	26.00	29.65	0.75	4.75	9.90	6.00	10.00	17.50	13.95	16.00	11.81
Slow Growth/Below Trend													
Return (%)	1.95	2.95	3.20	1.80	3.60	5.25	6.00	5.35	4.95	3.70	5.30	4.85	4.06
Risk (%)	22.00	23.00	31.00	37.15	0.75	5.75	11.90	7.50	12.00	21.50	17.15	18.00	15.60
Recessionary/Negative Growth													
Return (%)	(5.40)	(4.40)	(4.15)	(11.05)	3.60	6.15	8.35	8.10	1.30	(1.80)	1.95	4.85	(1.87)
Risk (%)	27.00	28.00	36.00	44.65	0.75	6.75	13.90	9.00	15.00	27.50	21.95	21.00	20.46
Severe Recession/Crisis													
Return (%)	(43.40)	(42.40)	(42.15)	(50.00)	3.60	10.65	20.45	22.35	(17.70)	(30.30)	(15.65)	4.85	(26.97)
Risk (%)	42.00	43.00	51.00	54.65	0.75	14.75	29.90	21.00	20.00	42.50	33.95	26.00	28.27
Inflation Shock													
Return (%)	(10.90)	(4.90)	5.35	(18.20)	3.60	(0.60)	(9.65)	13.60	(0.20)	2.20	5.35	34.85	(4.51)
Risk (%)	22.00	23.00	31.00	36.15	0.75	9.05	18.50	10.75	14.25	22.75	18.15	21.00	21.87

Explanatory Note: The risk assumptions used in the table at left reflect Wilshire’s estimate of capital market assumptions. In preceding pages, the analysis revises some risk numbers to better reflect OH SERS’s actual portfolio experience as modeled by Barra One.

Risk estimates for Private Equity, Real Estate and Infrastructure have been revised from 29.65%, 13.55%, and 22.50% (Wilshire estimates) to 19.30%, 16.90%, and 13.95% (OH SERS’ estimates), respectively. Furthermore, the Private Real Estate risk number in the above table assumes Wilshire’s standard basket of 70% Core, 15% Value Add, and 15% Opportunistic (Risk = 13.95%) while the basket has been revised for OH SERS to 75% Core, 12.5% Value Add, and 12.5% Opportunistic (Risk = 13.55%).

Stress Testing: Regime Descriptions

Regime Descriptions

- **Expansionary/Above Trend Growth** – Regime when the economy is coming out of a recession or the economy is running above long-run capacity. Wilshire does not project the economy to remain in this regime over longer periods.
- **Baseline/Trend Growth** – The long term expected state of the economy. Wilshire's capital market assumptions are based on this regime.
- **Slow Growth/Below Trend** – Regime when the economy is running at less than full capacity.
- **Recessionary/Negative Growth** – Regime when the economy has below zero growth. Wilshire expects the economy would be in a recession.
- **Severe Recession/Deflation** – Regime when the economy defined by significantly negative growth. Wilshire does not project the economy to remain in this regime over longer periods.

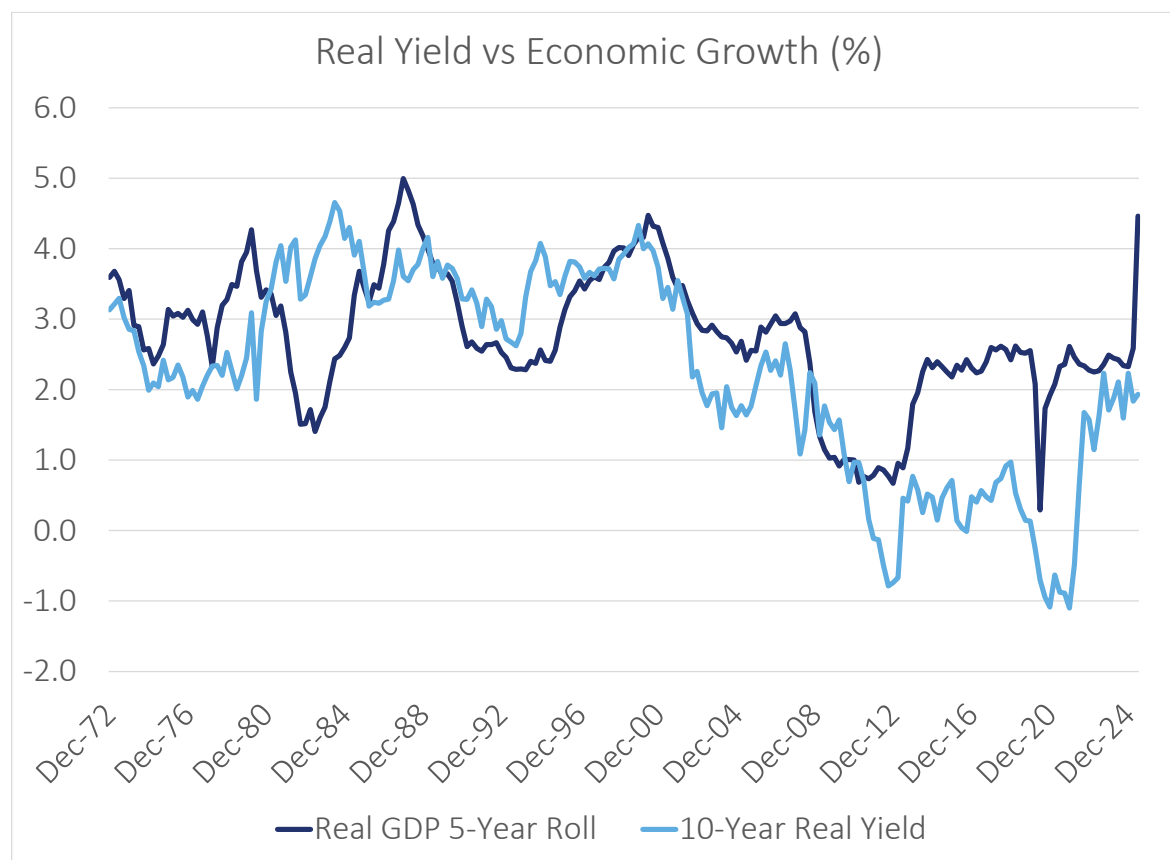
Appendix – Economic Factor Exposures

Why Introduce Factors?

- **Risk Assessment:** Including factors within the asset allocation process provides an opportunity to measure asset class (and portfolio) exposures to key economic factors
- **Economic Efficiency:** If the underlying economic activity that drives asset performance can be identified, perhaps it can be used to assist in building economically-efficient portfolios
- **Portfolio Stability:** Macroeconomic risk factors – when separated from the valuation component inherent in investment pricing – may exhibit more stable correlations and, therefore, can better inform the allocation process

Growth Proxy

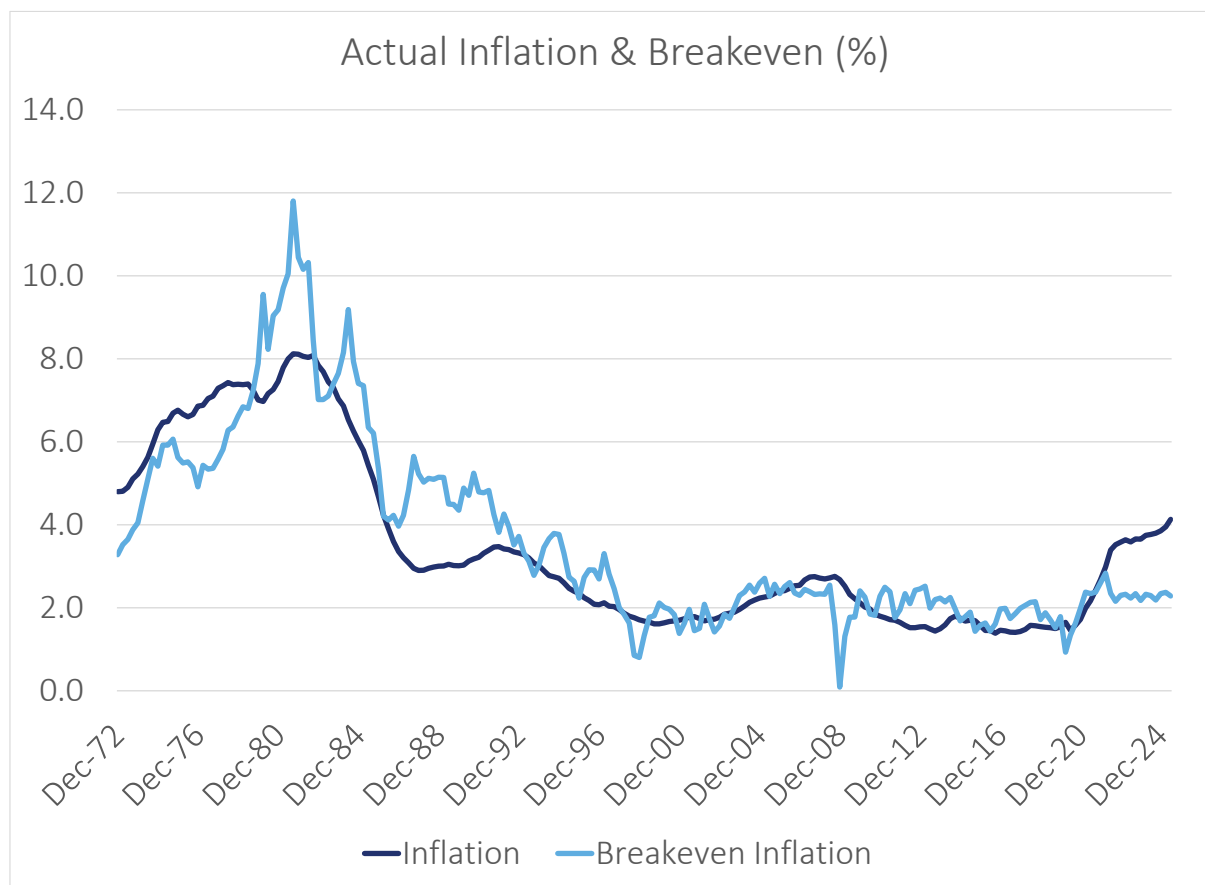
- Interest rates contain information and can reflect economic factors
- Nominal yields aggregate two important and distinct sources of economic information – real yields and expected inflation
- Disaggregating these factors should prove beneficial in developing a set of factors with improved explanatory power



Data Source: Bloomberg

Inflation Proxy

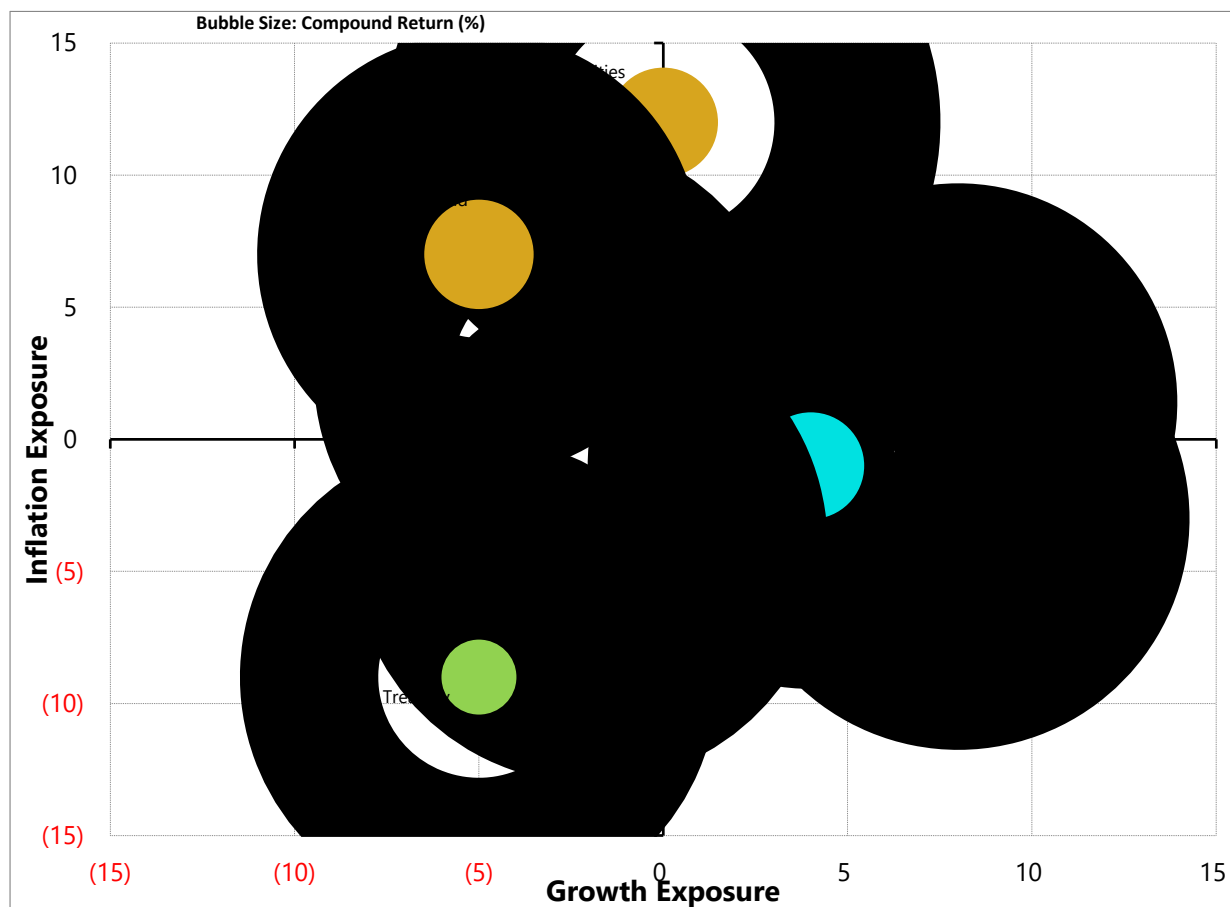
- Breakeven inflation is the market's expectation for inflation
- Tends to follow closely with actual, recent inflation and can act as a timely signal of trends in consumer prices



Data Source: Bloomberg

Wilshire's Approach

- Employ a 2-factor regression model (growth and inflation) to formulate factor assumptions
- Growth proxy is enhanced by high yield bond spreads to better capture shifts in growth forecasts



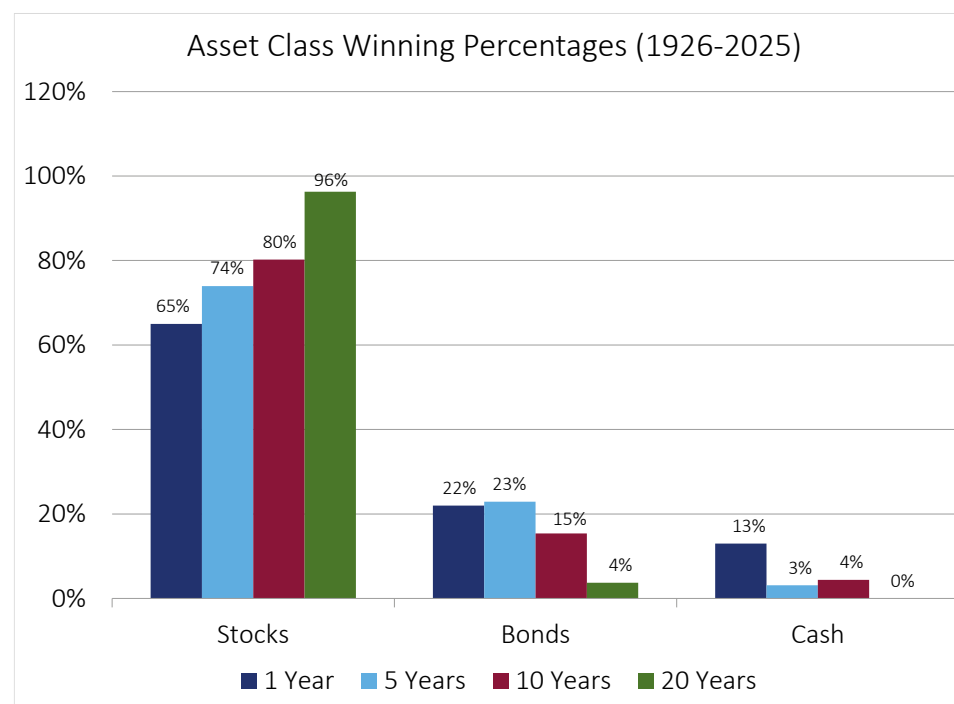
Appendix – Liquidity

Liquidity Risk: What Are The Consequences?

Default/Insolvency is the most severe outcome from having insufficient liquidity, but...

There are many other, more likely, disruptive impacts that a lack of liquidity can impose on an investment portfolio

- Liquidity breaches can rob an investor of their biggest advantage: a long-term investment horizon
- The timing and price of such sales dictated by liquidity needs rather than by explicit investment rationale
- Can destroy portfolio value and effectively strip a portfolio from its ability to recover from market sell-offs



Wilshire Liquidity Metric

Wilshire's Liquidity Metric framework has two levels:

- **Market Level of Liquidity**
- **Stressed Level of Liquidity**

Market Level of Liquidity

- Quantified on scale from 0% (low liquidity) to 100% (high liquidity)
- Designed to capture general notion of marketable versus private/off-market transactions
 - Marketable asset classes typically reflect a 90% or 100%
 - Private asset classes reflect 0%
- Goal is to reflect the tradability of assets, which is helpful in connecting these values back to our definitional framework (i.e., to quantify the differences between Convertible Liquidity and Delayed Liquidity)

Wilshire Liquidity Metric

Wilshire's Liquidity Metric framework has two levels:

- **Market Level of Liquidity**
- **Stressed Level of Liquidity**

Stressed Liquidity Metric

Includes a penalty process to reflect the loss in practical liquidity due to asset class volatility and sensitivity to particular economic environments

Penalty components:

1. **Growth Penalty:**
 - Impacts asset classes with vulnerability to slowing growth
 - Recognizes the hit to liquidity that can occur during growth related bear markets
2. **Inflation Penalty:**
 - Impacts asset classes with vulnerability to rising inflation
 - Recognizes the hit to liquidity that can occur during inflation driven bear markets
3. **Volatility Penalty:**
 - Impacts higher volatility asset classes
 - Recognizes the hit to liquidity that can occur from any form of volatility

Wilshire Stressed Liquidity Metric

Stressed Level of Liquidity Metric

Asset Class	Market Liquidity	Liquidity Penalty Components			Applied Penalty	Stressed Liquidity
		Growth	Inflation	Volatility		
US Equity	100	50		24	50	0
Dev ex-US Equity	100	50		26	50	0
EM Equity	90	50		40	50	0
Private Equity	0	50		40	0	0
Cash Equivalents	100				0	100
Core Bonds	100		8		8	86
High Yield Bonds	80	40		10	40	0
US Real Estate Securities	90	50		24	50	0
Private Real Estate	0	50		18	0	0
Commodities	90			20	20	55

Applied Penalty = $\text{Min}(\text{Max}(\text{Growth} + \text{Inflation}, \text{Volatility}), \text{Market Liquidity})$

Stressed Liquidity * = $\text{Market Liquidity} - (1.75 \times \text{Applied Penalty})$

* If less than 20, Stressed Liquidity is assumed to be 0

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ASSET ALLOCATION RECOMMENDATION

As discussed during the April 16, 2026, Board meeting, _____ moved and _____ seconded the motion to approve the revised Asset Allocation targets and ranges as indicated below, effective July 1, 2026.

Significant changes from the current policy are:

1. Decrease in Real Estate target from 13% to 7%.
2. Increase in Infrastructure from 7% to 10%.
3. New allocation to Gold at 3% as a diversifying real asset.

	Current Policy	Alternative 2	Range
Asset Class			
Global Equity	40%	40%	35% - 45%
Global Private Equity	14%	14%	11% -17%
Private Credit	5%	5%	3% - 7%
Global Fixed Income	18%	18%	13% - 23%
Real Estate	13%	7%	4% - 10%
Infrastructure	7%	10%	6% - 14%
Gold	0%	3%	0% - 4%
Cash	3%	3%	1% - 5%
Opportunistic	0%	0%	0% - 5%
Total	100%	100%	
Expected Return (10 yr)	6.02%	6.01%	
Risk (Std. deviation)	11.81%	11.49%	
Sharpe Ratio	0.23	0.24	

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____

VINCENT SPITALI APPEAL – REVERSE FINAL STAFF DETERMINATION

_____ moved and _____ seconded to reverse the Final Staff Determination and instead permit Vincent Spitali to retire under the old retirement eligibility standard of 30 years of service credit at any age, once he purchases at least 0.50 years of OPERS refunded service credit, as he will satisfy the requirements of R.C. 3309.34(A)(1)(b).

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____

VINCENT SPITALI APPEAL – AFFIRM FINAL STAFF DETERMINATION

_____ moved and _____ seconded to affirm the Final Staff Determination to not permit Vincent Spitali to retire under the old retirement eligibility standard of 30 years of service credit at any age, even if he purchases 0.833 years of OPERS refunded service credit, because he did not have 25 years of total service credit on or before August 1, 2017 as required by R.C. 3309.34(A)(1)(b) .

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____

Memo

To: SERS Board

From: Richard Stensrud, Executive Director

cc: Karen Roggenkamp, Deputy Executive Director
Marni Hall, Chief Financial Officer

Date: April 6, 2026

Re: Presentation of the Experience Study for the Five-Year Period Ending June 30, 2025

Purpose of the Actuarial Experience Study

The five-year actuarial experience study (Study) provides a comprehensive analysis of the plan's actual experience compared to the actuarial assumptions used over the previous five-year period. Its primary purpose is to ensure the ongoing accuracy and reasonableness of the assumptions used to value plan liabilities, expected asset growth, and project future costs. By analyzing demographic and economic trends and experience — including retirement rates, salary growth, mortality, and participation patterns — the Study helps refine these assumptions to better reflect observed experience for both the Basic Benefits and Health Care Plan.

Assumptions – Current to Proposed

Item	Current	Proposed
Price Inflation	2.40%	2.50%
Investment Return	7.00%	7.00%
Real Wage Growth	0.85%	1.00%
Cost-of-Living Adjustments	2.00%	2.50%
Wage Inflation	3.25%	3.50%
Mortality Tables	PUB – 2010	PUB - 2016
Withdrawals and Retirements		Updated based on experience
Amortization – Basic Benefits	Fixed	Layered

Impact of Changed Assumptions on Actuarial Accrued Liabilities

The recommended changes in actuarial assumptions will increase the Basic Benefit's actuarial accrued liabilities (AAL). The increase in liabilities is primarily attributable to revised assumptions for cost-of-living adjustments (COLA), anticipated salary increases, and updated retirement rates. These factors collectively lead to a higher projected benefit obligation. However, these increases were partially offset by the adoption of updated mortality tables, which slightly reduced the liabilities. The estimated impact on actuarial accrued liabilities is summarized as:

↑	\$587 M	Increase COLA assumption from 2% to 2.5%
↑	\$318 M	Salary growth due to inflation and real growth
↑	\$266 M	Retirement table adjustment due to trend in earlier retirements
↓	\$193 M	Change to Pub 2016 mortality tables, which include slower mortality improvements
	\$978 M	Total increase to Actuarial Accrued Liabilities

In contrast, health care liabilities decreased from \$783.8 million to \$651.3 million as a result of new assumptions regarding Medicare participation and updated mortality tables,

Basis for Proposed Assumption Changes

Price Inflation

The price inflation assumption is a component of the investment return assumption and the rate of wage inflation. The data considered in developing this assumption is discussed in pages 5-7 of the Study. Over the longer historical period, price inflation, as measured by the CPI (W), has been significantly impacted by periods of high inflation (e.g., 1973-1982 and 2021-2024). However, economic forecasts and the bond market's expectation for future rates of inflation project lower inflation than the historical averages. Overall, CavMac believes increasing the price inflation assumption from 2.40% to 2.50% would be prudent.

Wage Inflation

The assumed future increases in salaries consist of an inflation component and a component for promotion and longevity, which is generally age and/or service related. The data considered in developing this assumption is discussed in pages 14-15 of the Study.

Wage inflation normally is above price inflation, which reflects the overall return on labor in the economy. This spread is referred to as real wage growth. For example, the current wage inflation assumption is 3.25%, which reflects a 0.85% real wage growth assumption over the price inflation assumption.

The historic real wage growth is below the current real wage growth assumption, however, more current real wage growth expectations are higher than the current assumption. Accordingly, CavMac believes increasing the real wage growth assumption to 1.00% would be prudent. This results in the overall wage inflation assumption increasing from 3.25% to 3.50%.

The combination of the changes to the price inflation and wage growth assumptions are projected to add approximately \$318 million to the AAL.

Cost-of-Living Adjustments

The rate of the annual COLA is based on, but not restricted to, the increase in the CPI (W), but capped by statute at 2.5%. The current assumption is 2.0% based on a 2.4% inflation assumption. However, the Board approved a 2.5% COLA in 2022-2025 and CavMac is recommending the inflation assumption be increased to 2.5%. Accordingly, CavMac recommends that the COLA assumption be increased to 2.5%. The data considered in developing this assumption is discussed on page 16 of the Study.

The change in the COLA assumption is projected to increase AAL by \$587 million.

Rates of Retirement

The retirement rate assumptions used in the actuarial valuation project the percentage of employees expected to retire during the upcoming year for the different retirement categories (e.g., retirement with an unreduced benefit or retirement with a reduced benefit by grandfathered and non-grandfathered members, respectively). In most categories, over the past five years more members retired than were expected. Accordingly, CavMac believes it would be prudent to adjust the assumptions to more closely match the actual experience. The data considered in developing the assumption changes is discussed on pages 26-38 of the Study.

The changes in the retirement rate assumptions are projected to increase the AAL by \$266 million.

Mortality

For valuation purposes, CavMac utilizes mortality tables for retirees, beneficiaries of retirees, disabled retirees, and active members. The mortality rates project the percentage of people in each category who are expected to die in a given future year. These are very material assumptions and have the most significant impact of all demographic assumptions on liability projections.

The mortality tables are periodically refined to be more specific to the population being analyzed. In addition, based upon the long-term trend of mortality improvement, actuaries seek to account for future improvements in longevity, either by generationally projecting future improvements or by maintaining a sufficient margin in expected rates of mortality to allow for future improvement.

The analysis of the actual mortality experience over the past five years shows there was higher mortality than expected. As a result, more liability was 'released' than expected. Accordingly, CavMac recommends changes in the mortality tables and adjustments to better align actual and expected experience. The data considered in developing the assumption changes is discussed on pages 39-47 of the Study.

The changes in the mortality assumptions are projected to decrease the AAL by \$193 million.

Investment Return Assumption -- Unchanged

The assumed investment return is one of the most significant assumptions in the annual actuarial valuation process as it is used to discount the expected benefit payments for all active, inactive, and retired members of the System, and to project the growth in assets that will cover those liabilities.

The investment return assumption is grounded in the asset allocation approved by the Board and features an assumed real rate of investment return and adds an assumed rate of inflation and subtracts administrative expenses to arrive at the nominal investment rate of return recommendation. The current assumption is 7.00%, consisting of a price inflation assumption of 2.40% and a real rate of return assumption of 4.82%, less administrative expenses of 0.22%.

Utilizing the capital market return projections and target allocations developed by Wilshire, supplemented by the return projections from a broad survey of market consultants, CavMac recommends maintaining the 7.00% investment return assumption based on an inflation assumption of 2.50% and a 4.72% real return assumption, less administrative expenses of 0.22%.

As a further point of reference, in the NASRA Public Pension Plan Investment Return Assumption Survey, which has assumptions from 131 public pension systems, the median investment return assumption was 7.00% and the mean was 6.91%.

The discussion of this assumption can be found on pages 8-13 of the Study.

Impact on Funded Ratio

The increase in liabilities will decrease the funded ratio (as of June 30, 205) for the Basic Benefits from 79.00% to 75.98%. In contrast, the decrease in liabilities will increase the funded ratio for the Health Care Fund from 54.53% to 59.07% and increase the solvency period by one year (to 2065).

Actuarial Determined Employer Contribution Rate

Under the revised assumptions, the Actuarial Determined Employer Contribution (ADEC) rate increased from 9.74% to 11.67%, which is still comfortably under the 14% statutory rate. Therefore, SERS will continue to make extra contributions to pay down its liabilities ahead of schedule. Thus, if the valuation used SERS' statutory 14% employer rate versus the ADEC to calculate its liabilities and remaining amortization, the Basic Benefits would have 9-11 years of remaining amortization versus the 19 years currently reported.

Amortization Method

The Unfunded Actuarial Accrued Liability (UAAL) can be amortized either as one single amount, or as annual components or 'layers,' each with a separate amortization base, payment and period.

If the UAAL is amortized as one amount, the UAAL is recalculated each year in the valuation and experience gains/losses or other changes in the UAAL are folded into the single UAAL amortization base. The amortization payment is then the total UAAL divided by an amortization factor for the applicable amortization period.

If separate amortization bases are used, in each valuation the change in the UAAL is established as a new amortization base which is retired over the appropriate amortization period beginning on that valuation date. The total UAAL is the sum of the outstanding amortization bases on the valuation date and the UAAL payment is the sum of all of the amortization payments on the

existing amortization bases. This approach provides transparency into the source of and payment period for each layer of UAAL.

Historically, SERS has used the single amount amortization method. However, in the past two actuarial audits it was recommended that SERS consider switching to the layered amortization model. With this Study, CavMac is recommending using layered amortization bases starting with the June 30, 2026 valuation. Under this approach the opening liability balance will continue the 19-year amortization schedule it's currently on. Each year any new gains and losses will create a separate new layer, which will be amortized over a declining 20 year period.

The amount of UAAL to be amortized does not change in shifting from a single amount to layers.

Summary

While the assumption changes recommended increase the AAL by \$978 million, the Basic Benefits remain well funded. The 14% statutory employer contribution rate continues to exceed the ADEC, which allows SERS to continue to pay down its liabilities ahead of the amortization schedule.

Next Steps

A comprehensive Five-Year Actuarial Experience Study Policy has been developed that establishes the process, procedures and controls for the Experience Study review and implementation. Once the Board adopts the recommended actuarial assumptions, CavMac will provide an inventory of tables and rates that have changed. SERS staff will test those tables to determine the impact on future retirement calculations. Following testing, Resolutions will be presented to the Board to provide approval for implementation, with effective dates typically the following January. A cross-department team will then oversee the implementation of the post-Experience Study deliverables. Following the completion of testing and implementation, a Verification Report will be issued, signed and audited.

A summary of the Experience Study governance process and timeline is attached.

Please note there is one resolution for your vote to adopt the recommended actuarial assumptions.

I will be happy to answer any questions.



Five-Year Experience Study Implementation Governance and Timeline

Purpose & Statutory Requirement

Under ORC 3309.21, SERS must conduct an annual actuarial valuation and, every five years, an actuarial investigation of member and retiree experience to update assumptions used in valuations.

Governance Structure & Oversight

- **Board of Trustees** – Reviews draft assumptions, receives actuarial reports, and approves assumption changes and factor tables.
- **Actuarial Firm** – Provides detailed experience analysis, recommended assumption changes, and updated factor tables.
- **Finance Department (Process Owner)** – Coordinates data submission, manages internal collaboration, leads timeline oversight, issues verification report.
- **Cross-Functional Participants** (Legal, Member Services, Healthcare, IT, Internal Audit, Risk) – Collaborates on testing and implementation.
- **Internal Audit** – Reviews testing completeness, validates implementation, and audits final verification report.
- **Executive Leadership** – Signs off on final verification report and confirms governance compliance.

Core Governance Controls

- Document and update full process every cycle.
- Obtain written confirmation between SERS and actuary to ensure the completeness of all tables and assumptions.
- Create separate ServiceNow ticket for each factor table, linked to each Board resolution.
- Verification report prepared by Finance detailing assumptions, timelines, tables, testing and Board actions is formally sign-off from leadership team.

Process

1. Finance submits data to actuary.
2. Actuary prepares annual valuations.
3. Every five years:
 - a. Actuary conducts deeper study and recommends assumptions.
 - b. Board approves assumptions.
 - c. Actuary provides list of tables and deliverables impacted by assumption changes.
4. Draft tables are loaded into SMART and cross-department team tests across benefit types, interest-based calculations, service credit and age reductions.
5. Board approves final tables with effective dates.
6. Verification report is prepared, signed off and audited.



**Summarized from the Five-Year Actuarial Experience Study Process Document.*

Ohio SERS Experience Study

Experience Study Results July 1, 2020 to June 30, 2025



Todd Green, ASA, EA, FCA, MAAA
Alisa Bennett, FSA, EA, FCA, MAAA

Table of Contents

Demographic Assumptions

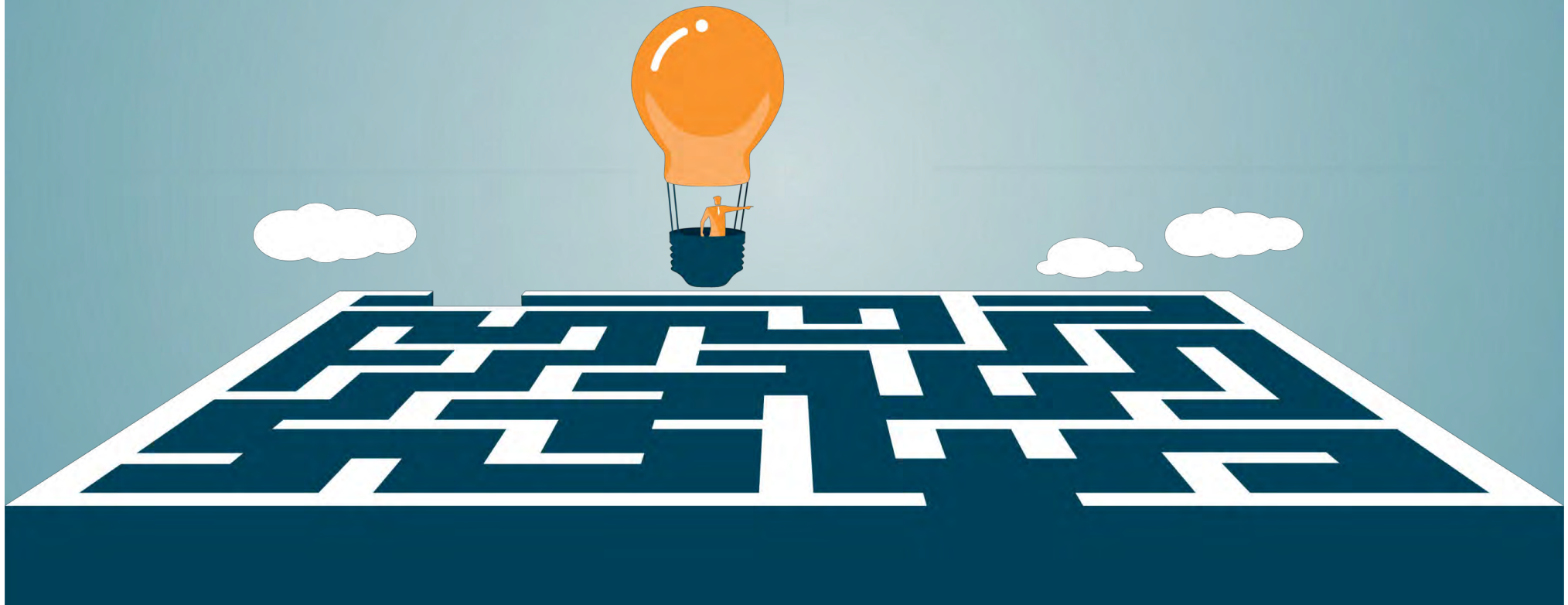
Economic Assumptions

Retiree Health Care Fund

Financial Impact



Demographic Assumptions



Demographic Assumptions

- Assumptions Reviewed
 - Rates of Withdrawal
 - Rates of Pre-Retirement Mortality
 - Rates of Disability Retirement
 - Rates of Retirement
 - Rates of Post-Retirement Mortality
 - Rates of Salary Increase

- Actuarial Standard of Practice (ASOP) No. 35, “Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations”

Demographic Assumptions

- Study compares what actually happened during the study period (7/1/2020 through 6/30/2025) with what was expected to happen.
- Assumption changes recommended if actual experience differs significantly from expected.
- Judgment required to extrapolate future experience from past experience.

Studies of demographic experience involve three steps:

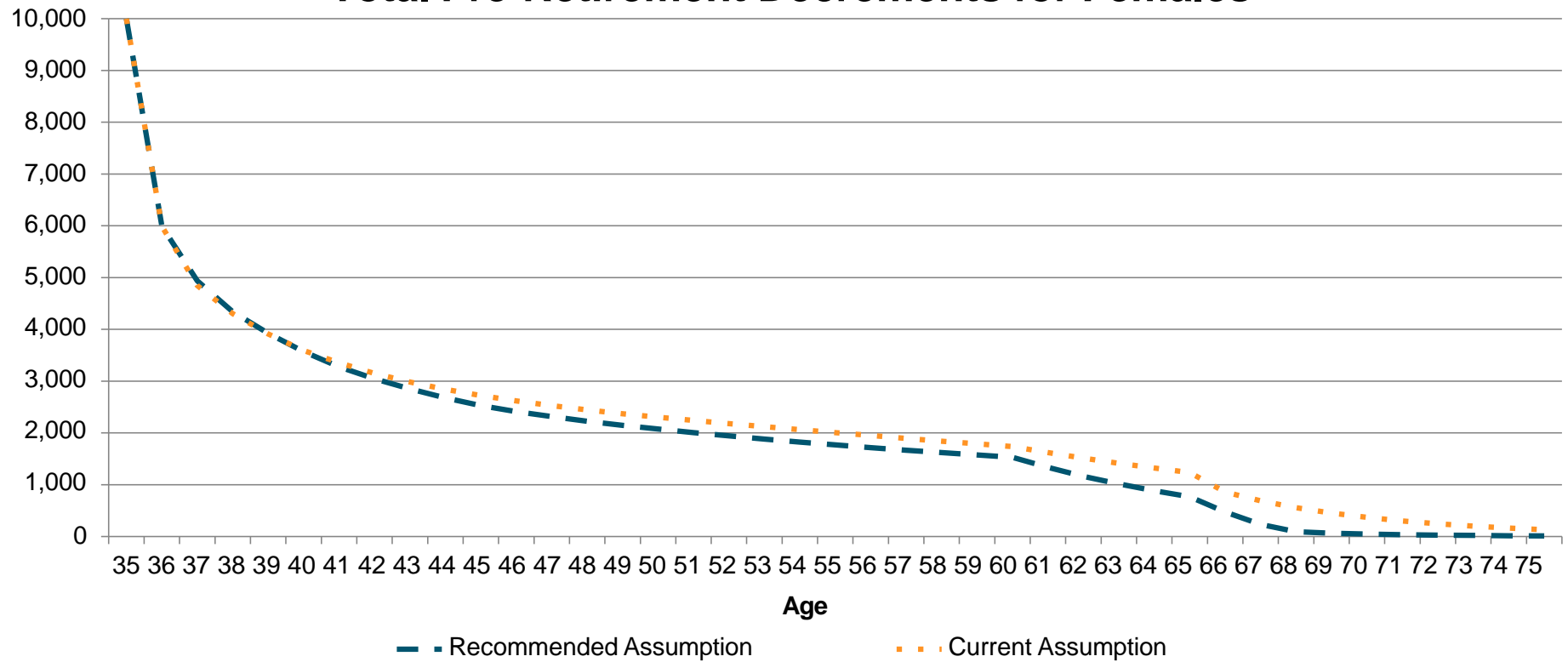
- The number of members changing membership status, called decrements, during the study is tabulated by age, duration, sex, group, and membership class (active, retired, etc.).
- The number of members expected to change status is calculated by multiplying certain membership statistics, called exposure, by the expected rates of decrement.
- For observed incidents of disability, the number of actual disability retirements is compared with the number of expected disability retirements. The System's experience was liability weighted for observed incidents of withdrawal, retirement and pre- and post-mortality. When performing a liability weighted analysis, the actuarial liability attributed to the number of actual decrements is compared to the actuarial liability attributed to the number of expected decrements. These comparisons, called the actual to expected ratios (A/E Ratio), are expressed as a percentages.

Key Findings

- Pre-retirement withdrawals were higher than anticipated combined with members retiring earlier than expected.
- Incidents of disability in general were less than anticipated.

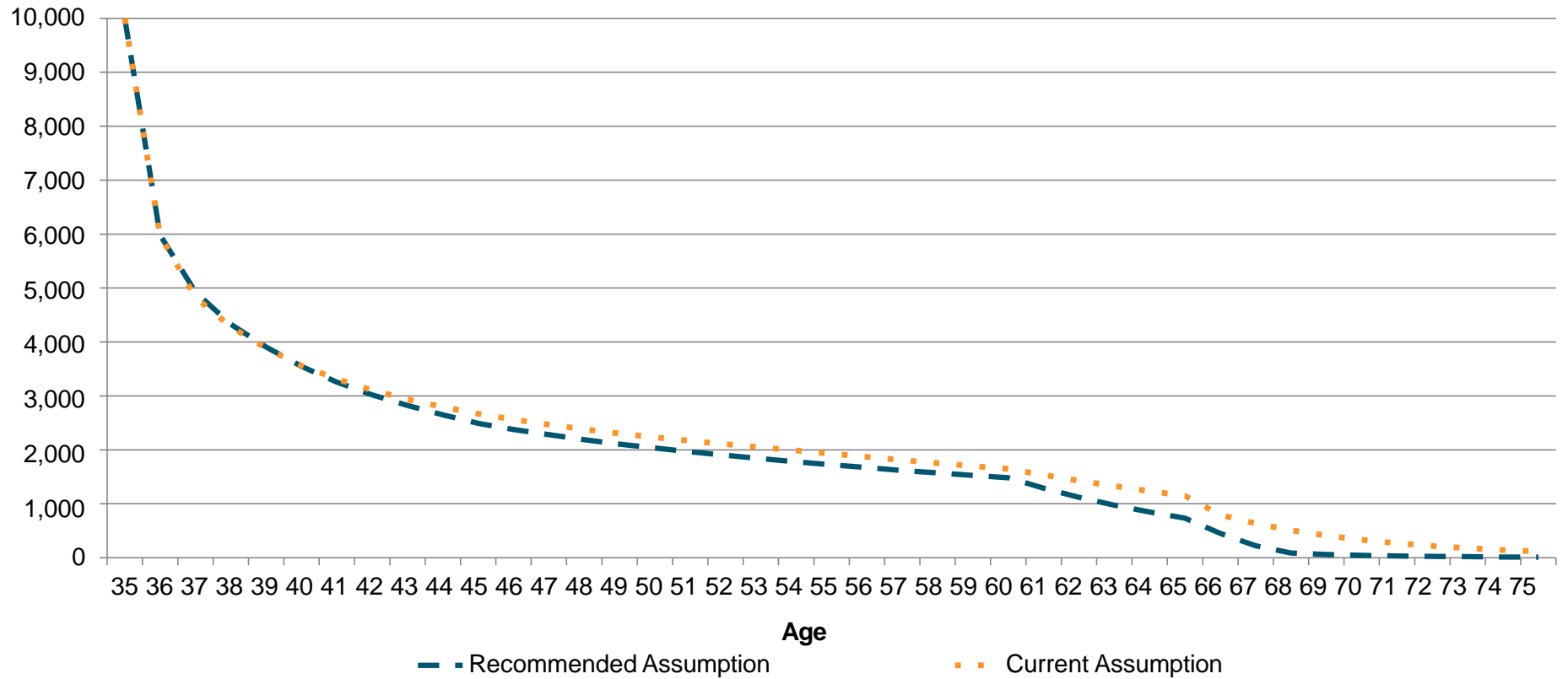
Key Findings

Total Pre-Retirement Decrements for Females



Key Findings

Total Pre-Retirement Decrements for Males



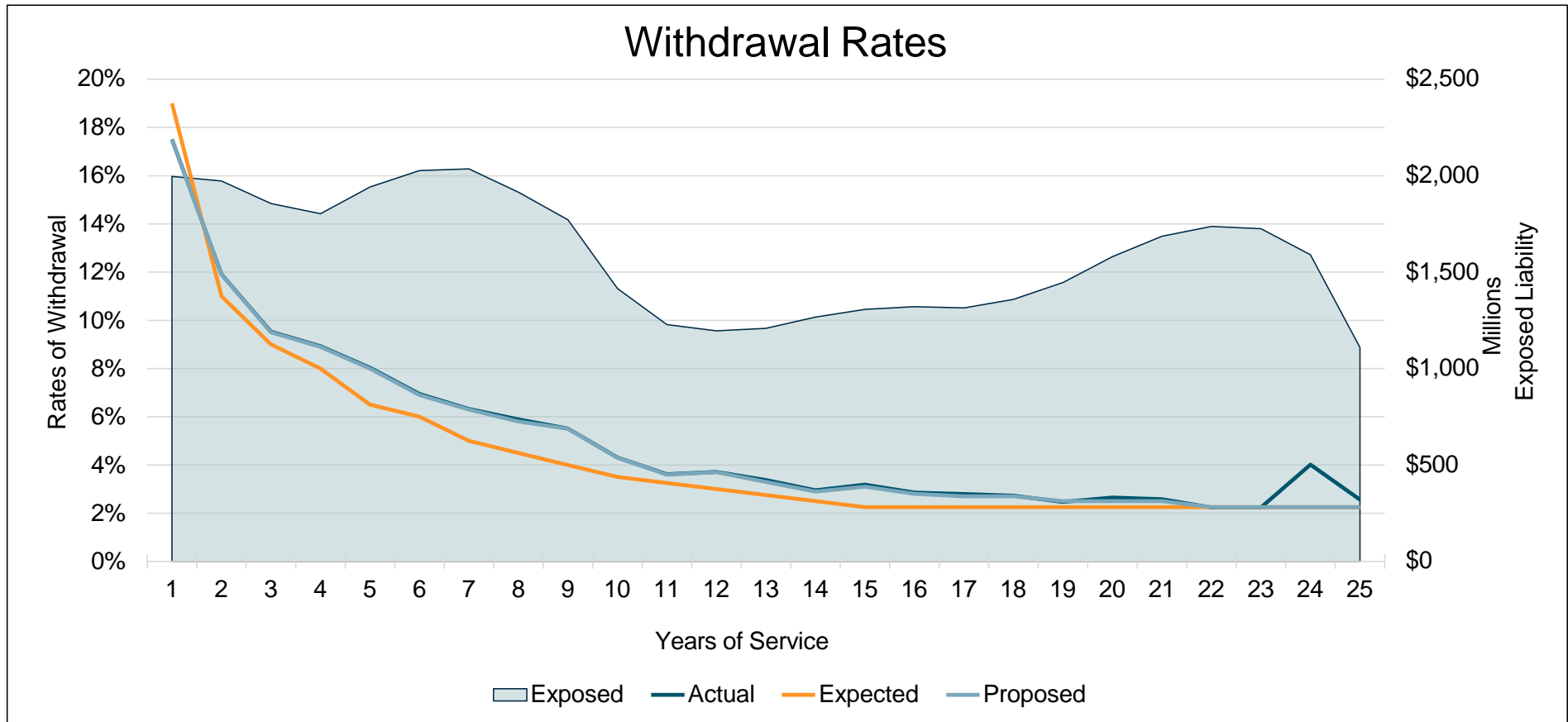
Rates of Withdrawal

- Used to determine the expected number of separations from active service that will occur prior to becoming eligible for retirement as a result of resignation or dismissal
- Studied without regard to gender and based on years of service
- Liability weighted analysis performed
 - Members who have a higher liability have a larger impact on the gains and losses that occur in the annual valuation
 - Studied on a liability basis using present value of future benefits as a proxy for the member's liability

Rates of Withdrawal

- During the experience period, the current assumption underestimated the expected number of withdrawals for members at all service levels except between 1-2 years of service.
- Recommend updating the withdrawal assumption to reflect recent experience
- A/E ratio under current assumptions – 120%
- A/E ratio under proposed assumptions – 110%

Demographic Assumptions

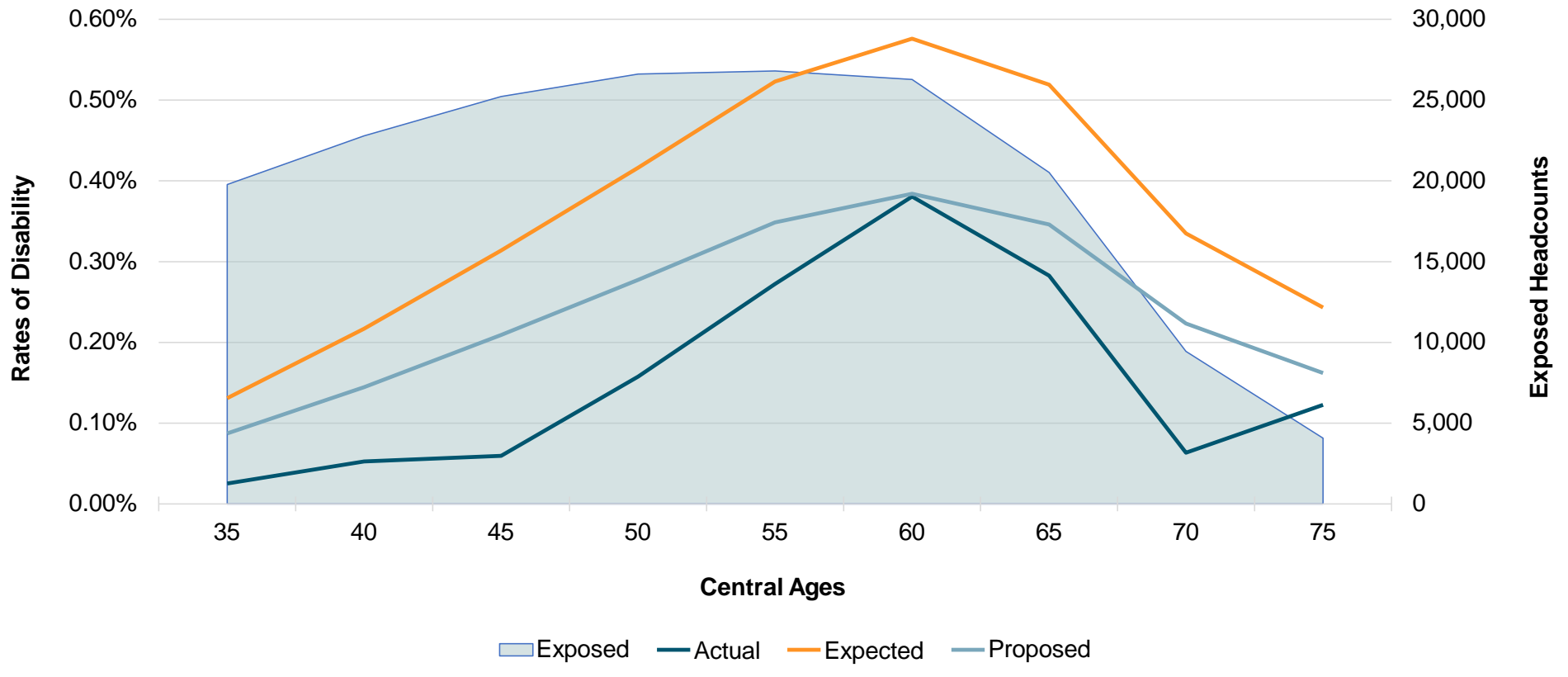


Rates of Disability

- Used to determine the expected number of members who will become disabled during the year
- Studied based on gender and age
- Headcount weighted analysis performed
- A/E ratio under current assumptions
 - Males – 43%
 - Females – 61%
- Current assumption overestimated the number of disability retirements. Since the liability associated with a single disability occurrence can be large, we recommend maintaining the significant margin with a small adjustment
- A/E ratio under proposed assumptions
 - Males – 65%
 - Females – 72%

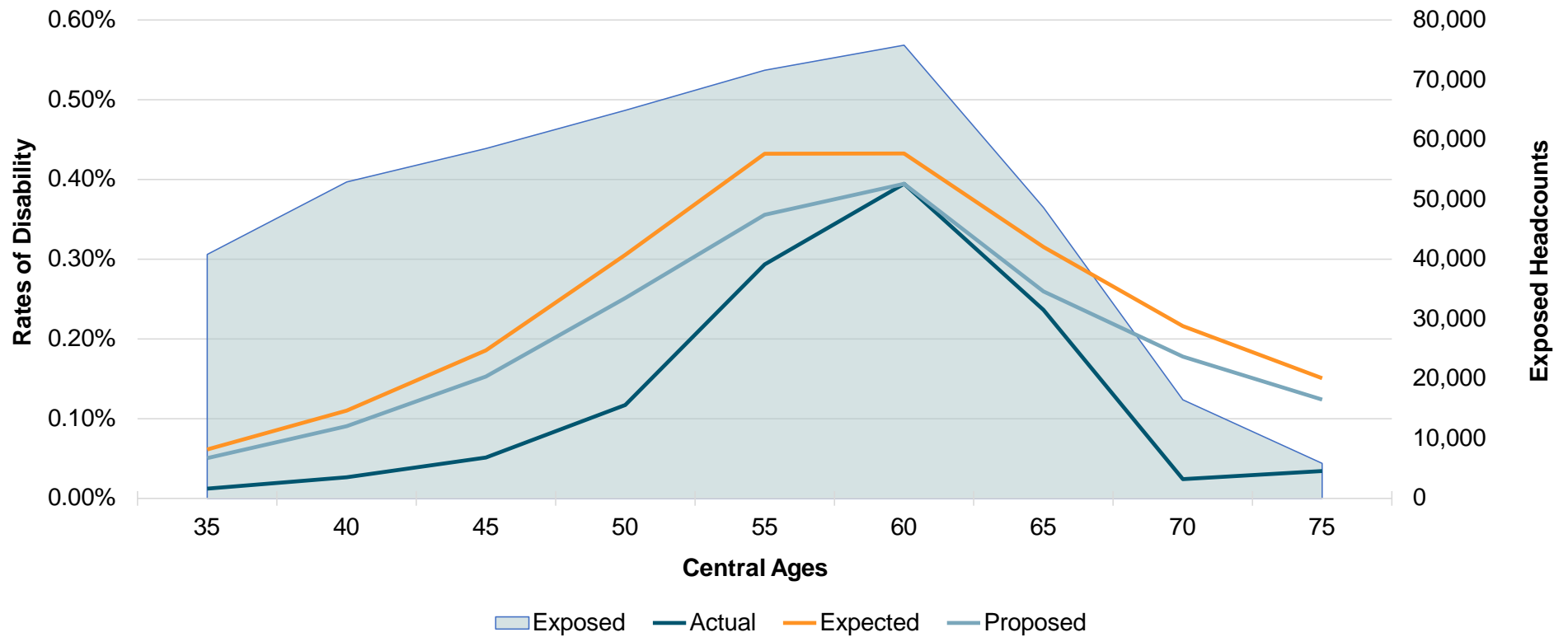
Demographic Assumptions

Male Disability Rates



Demographic Assumptions

Female Disability Rates



Rates of Retirement

- Used to determine the expected number of retirements from active service that will occur after becoming eligible for retirement
- Studies without regard to gender and based on age and years of service
- Liability weighted analysis performed
 - Members who have a higher liability have a larger impact on the gains and losses that occur in the annual valuation
 - Studied on a liability basis using present value of future benefits as a proxy for the member's liability

Rates of Retirement

- Grandfathered
 - Unreduced retirement
 - Age 65 with 5 years of service
 - 30 years of service
 - Reduced retirement
 - Age 60 with 5 years of service
 - Age 55 with 25 years of service

- Non-grandfathered
 - Unreduced retirement
 - Age 67 with 10 years of service
 - Age 57 with 30 years of service
 - Reduced retirement
 - Age 62 with 10 years of service
 - Age 60 with 25 years of service

Rates of Retirement

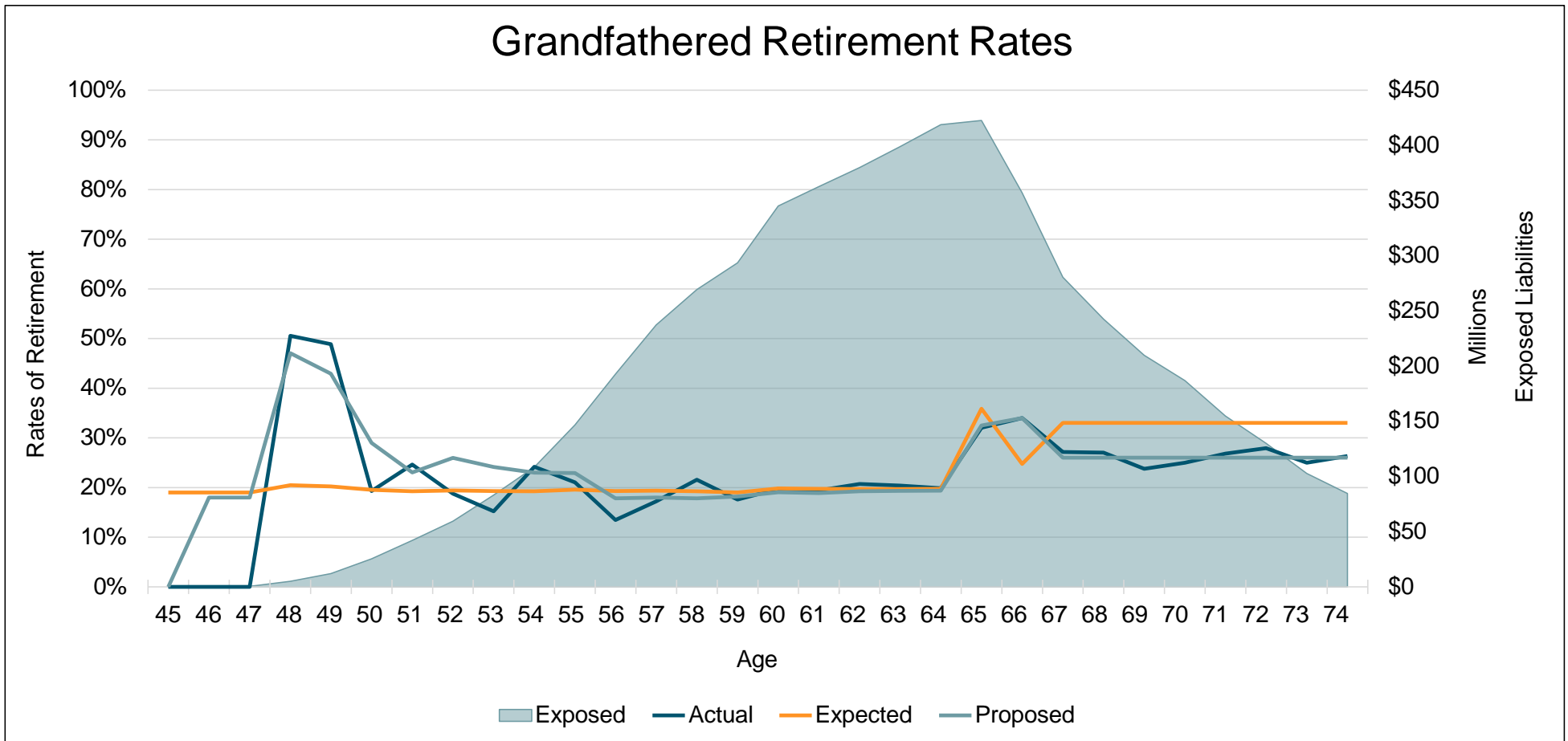
- Studied in the following groups
 - Unreduced retirement (first eligibility)
 - Unreduced retirement (beyond first eligibility)
 - Reduced retirement with less than 25 years of service
 - Reduced retirement with 25 or more years of service
- For grandfathered members, the current assumption underestimated the retirement liability that occurred during the experience period
- A/E ratio under current assumptions – 94%
- A/E ratio under proposed assumptions – 100%

Rates of Retirement

- For non-grandfathered members, the current assumption underestimated the retirement liability that occurred during the experience period
- A/E ratio under current assumptions – 154%
- A/E ratio under proposed assumptions – 99%

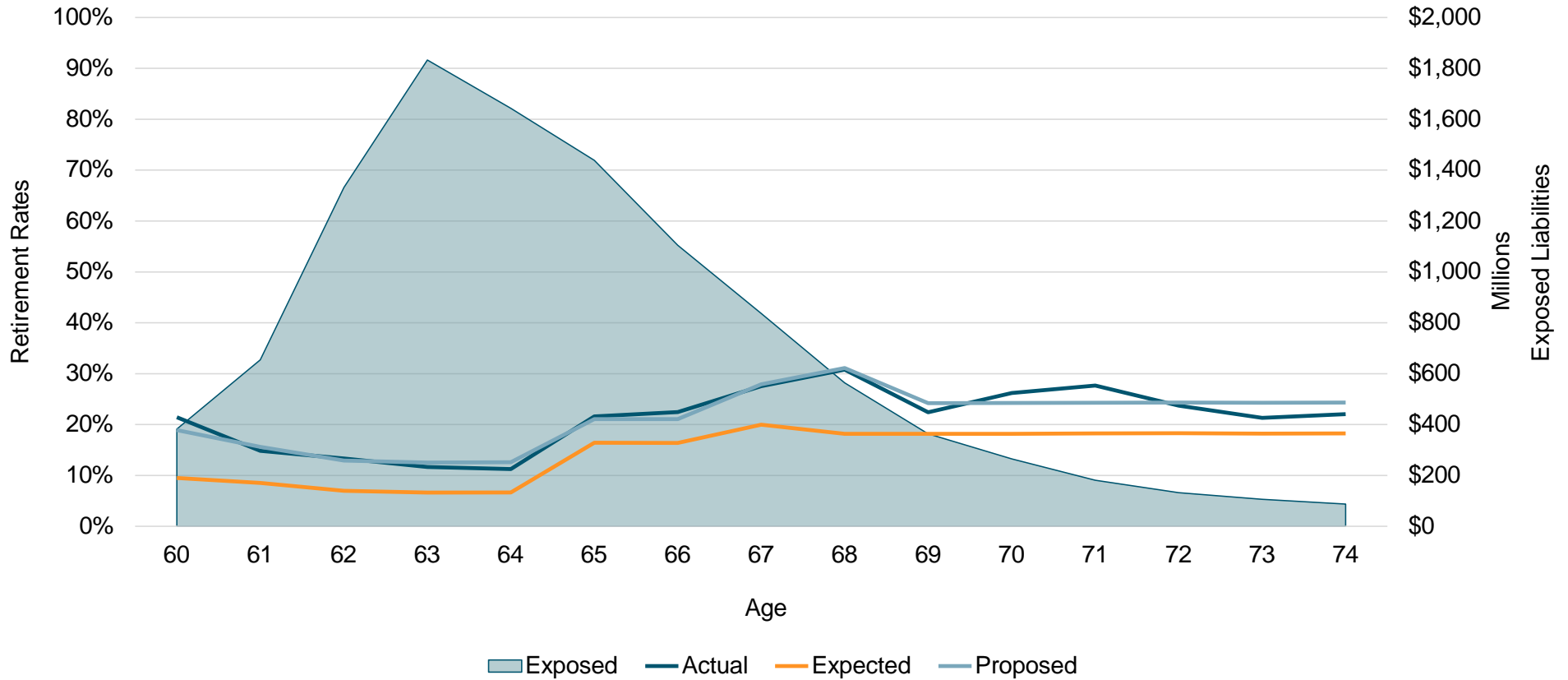
Demographic Assumptions

Grandfathered Retirement Rates



Demographic Assumptions

Non-Grandfathered Retirement



Rates of Pre- and Post-Retirement Mortality

- Benefits are paid over a retiree's life; therefore, it is important to accurately reflect the typical life expectancy
- The mortality assumption is used to determine the number of deaths that will occur during the year
- Studied based on gender and age
- Liability weighted analysis performed using the retirees and beneficiary's present value of future benefits as a proxy for liability
- The Society of Actuaries recently released as set of mortality tables based solely on public plan data. The family of tables is called the Pub-2016 tables

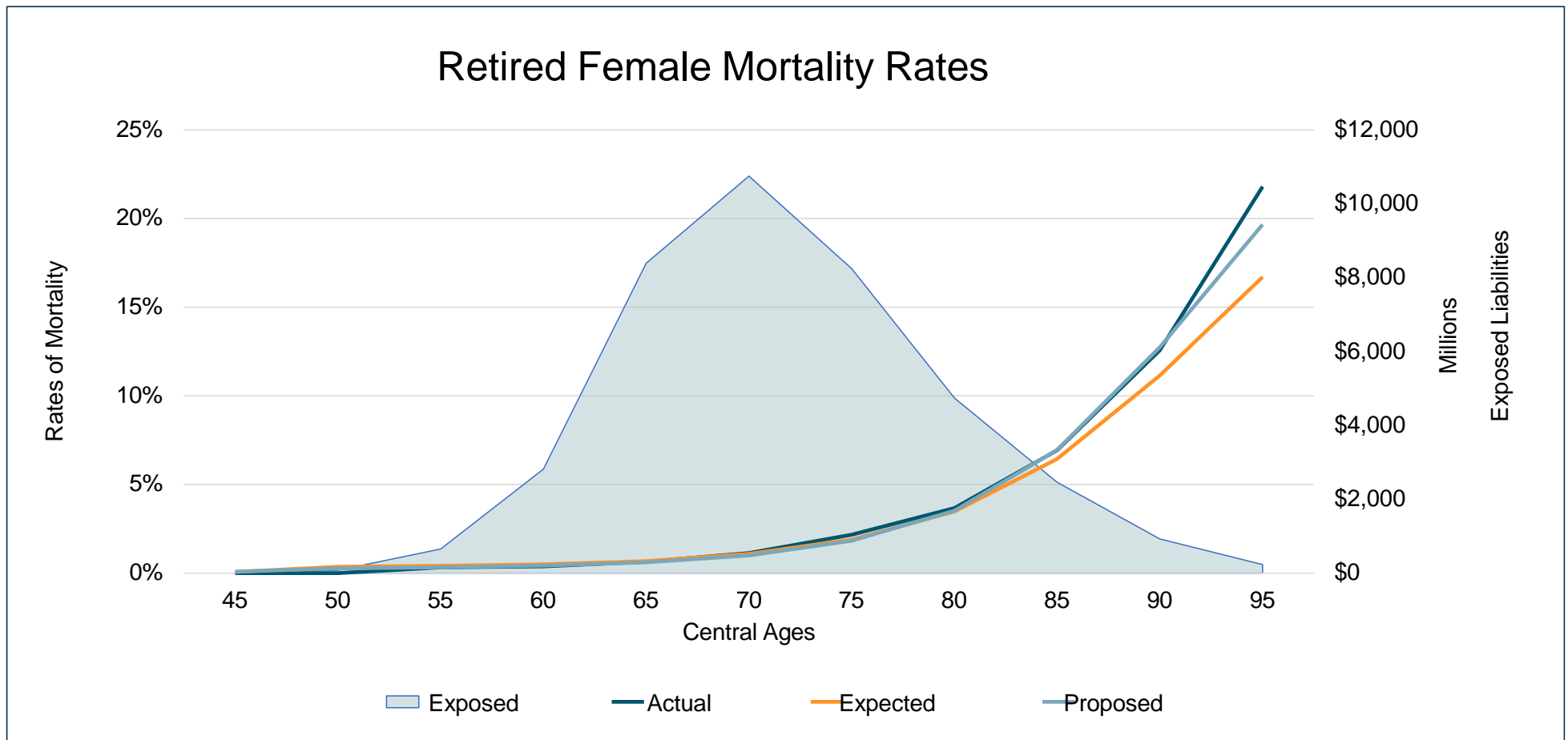
Rates of Pre- and Post-Retirement Mortality

- The current assumption
 - Slightly underestimated the liability released due to the deaths of both male (105% A/E Ratio) and female (108% A/E Ratio) healthy retirees
 - Underestimated the liability released due to the deaths for both male (113% A/E Ratio) and female (114% A/E Ratio) contingent survivors
 - Underestimated the liability released due to the deaths of both male (123% A/E Ratio) and female (119% A/E Ratio) disabled retirees

Rates of Pre- and Post-Retirement Mortality

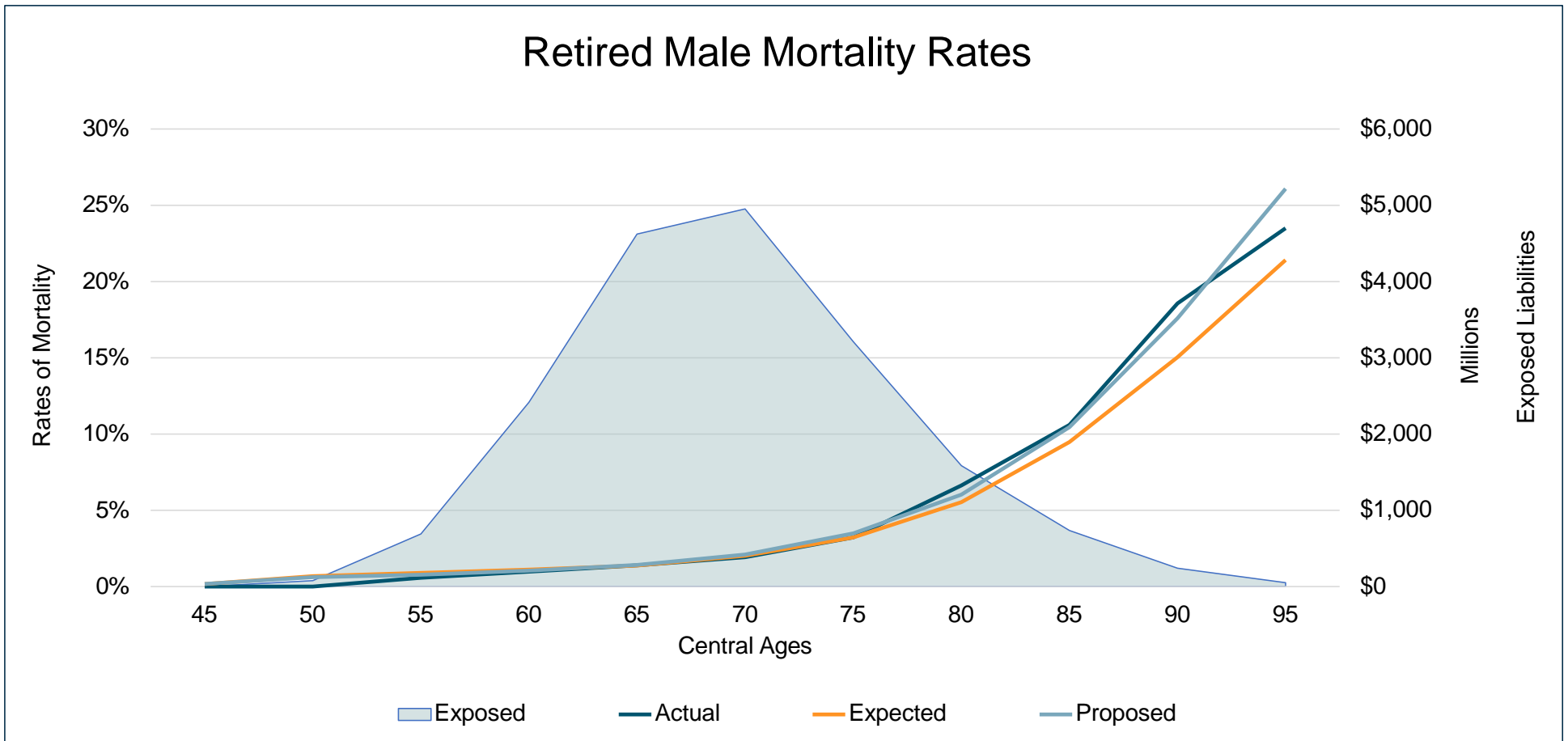
- We recommend that the mortality assumptions be updated to the following:
 - Pub-2016 General Employees Amount Weighted Below-Median Healthy Retiree Mortality table projected to 2023 with ages set forward 1 year for males
 - Pub-2016 General Amount Weighted Below-Median Contingent Survivor Mortality Table projected to 2023 with ages set forward 2 years for males and set forward 1 year for females
 - Pub-2016 General Headcount Weighted Disabled Retiree Mortality Table projected to 2023 with ages set forward 4 years for males and females
 - Pub-2016 General Amount Weighted Below-Median Employee Mortality
- All table are projected generationally using scale MP-2021

Demographic Assumptions



Demographic Assumptions

Retired Male Mortality Rates



Demographic Assumptions

Rates of Pre- and Post-Retirement Mortality

- A/E ratios under current and proposed assumption

	Current Assumption		Proposed Assumption	
	Male	Female	Male	Female
Healthy Retirees	105%	108%	99%	108%
Contingent Survivors	113%	114%	104%	127%
Disabled Retirees	123%	119%	147%	135%

- Not enough experience (345 total deaths) to perform an analysis for active employee deaths, therefore we have recommended the standard table without adjustment.

Demographic Assumptions

Rates of Pre- and Post-Retirement Mortality

- Life Expectancy for Healthy Retiree by age and projection year

50/50 Male Female Blend					
	2025	2030	2035	2040	2045
50	33.98	34.44	34.91	35.38	35.84
51	33.13	33.59	34.06	34.52	34.97
52	32.28	32.74	33.20	33.66	34.10
53	31.43	31.89	32.35	32.79	33.23
54	30.59	31.04	31.49	31.93	32.36
55	29.74	30.19	30.63	31.06	31.48
56	28.90	29.34	29.77	30.20	30.61
57	28.05	28.49	28.91	29.33	29.74
58	27.21	27.64	28.06	28.47	28.87
59	26.37	26.79	27.20	27.60	28.00
60	25.53	25.94	26.35	26.74	27.13

Economic Assumptions

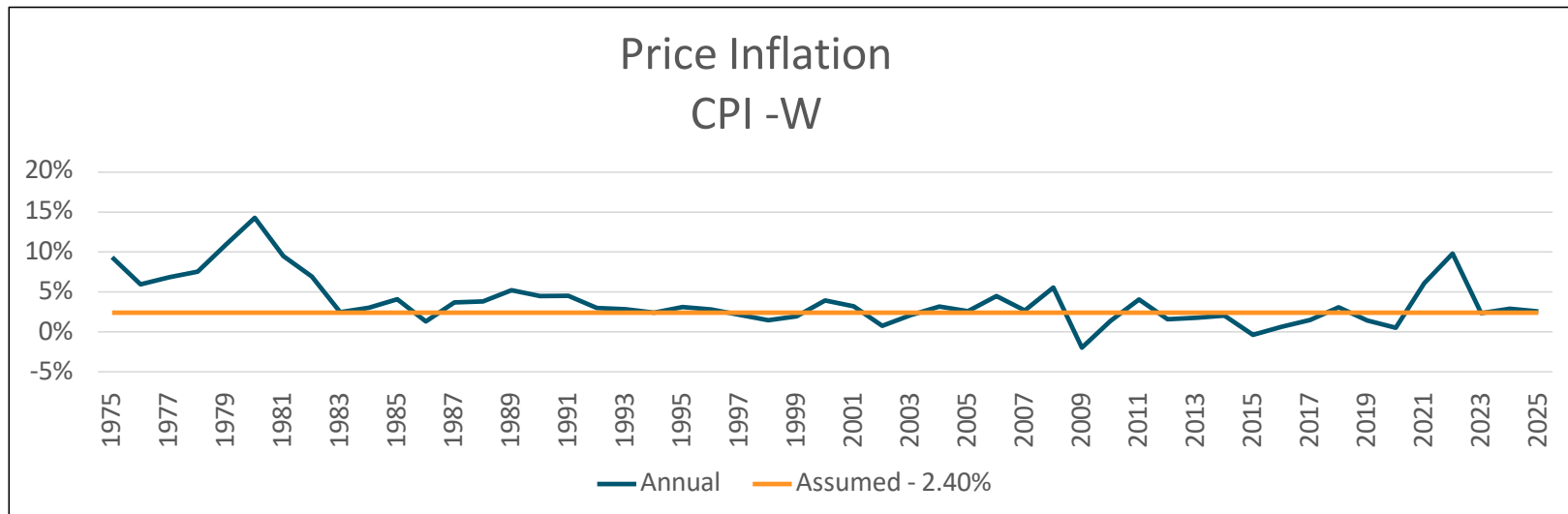


Economic Assumptions

- Actuarial Standard of Practice (ASOP) No. 27, “Selection of Economic Assumptions for Measuring Pension Obligations”
- Assumptions Reviewed
 - Price inflation
 - Investment return
 - Wage inflation
 - Cost-of-Living Adjustments

Economic Assumptions – Price Inflation

- Current assumption: 2.40%



- Recommendation

- In the 2025 OASDI Trustees Report, the Chief Actuary of the Social Security bases the 75-year cost projections on an intermediate inflation of 2.40%. While near-term inflation forecasts have moderated below 2.50%, we recommend a long-term assumed inflation rate of 2.50% for valuation purposes.

Economic Assumptions – Investment Return



- Current Assumption

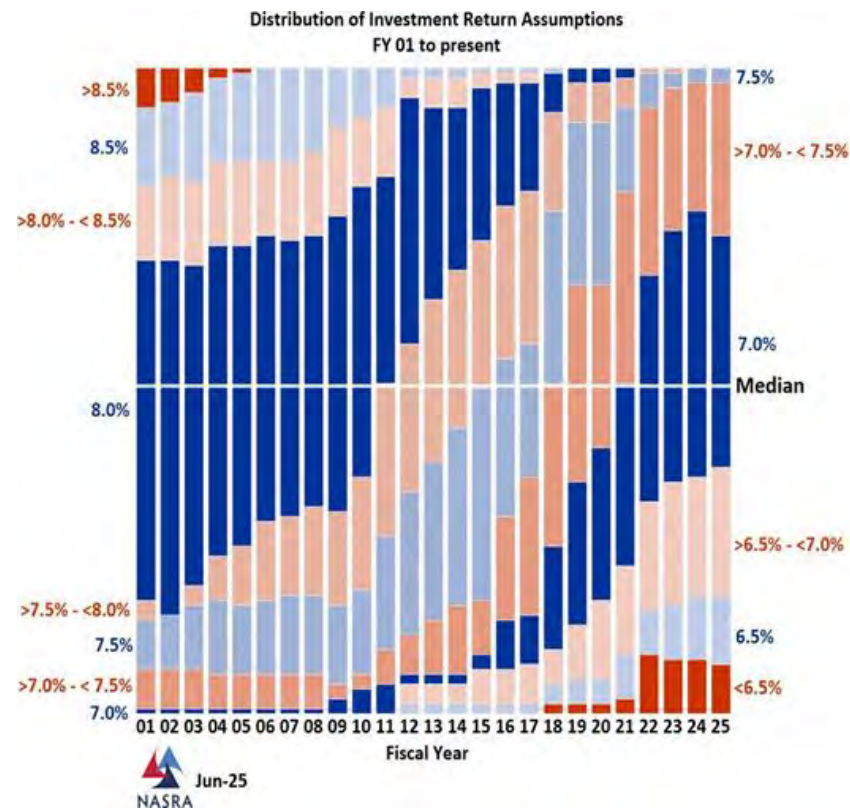
- Real rate of return 4.82%
- Price inflation 2.40
- Administrative Expenses (0.22)
- Total return (net of investment and administrative expenses) 7.00%

Nominal Total Rate of Return		
Year Ending 6/30	Market Value	Actuarial Value
2021	27.83%	10.80%
2022	-2.04%	8.31%
2023	6.63%	7.83%
2024	9.46%	9.30%
2025	10.55%	6.21%
Average	10.49%	8.49%

- Peer Group Analysis (Assumed Rate of Return)
 - NASRA Issue Brief: Public Pension Plan Investment Return Assumptions update as of December 2024 indicates the median assumed return is 7.00% while the mean is 6.91%
 - Out of 131 respondents, 97 have an assumed rate of return of 7.00% or less
 - Trends shows that Systems have been lowering their assumed rate of return

Economic Assumptions – Investment Return

- Public Fund Survey



Economic Assumptions – Investment Return



- Expected range of return performed by SERS investment consultant

SERS Policy Allocation			
Return Period	Real Return	Assumed Inflation	Total Return
10-Year Expected Return	3.52%	2.50%	6.02%
20-Year Expected Return	4.04%	2.50%	6.54%
30-Year Expected Return	4.57%	2.50%	7.07%

Economic Assumptions – Investment Return



- Stochastic projection expected range of real rates of return

Time Span In Years	Mean Real Return	Standard Deviation	Real Returns by Percentile				
			5 th	25 th	50 th	75 th	95 th
1	5.91%	12.20%	-12.89%	-2.62%	5.22%	13.69%	27.09%
5	5.36%	5.41%	-3.30%	1.64%	5.22%	8.92%	14.49%
10	5.29%	3.82%	-0.88%	2.67%	5.22%	7.83%	11.69%
20	5.25%	2.70%	0.87%	3.41%	5.22%	7.05%	9.76%
30	5.24%	2.21%	1.65%	3.74%	5.22%	6.72%	8.91%
50	5.23%	1.71%	2.44%	4.07%	5.22%	6.38%	8.07%

- Based on Survey of Capital Market Assumptions: 2025 Edition published by Horizon Actuarial Services, LLC

Economic Assumptions – Investment Return



- Administrative Expenses
 - \$ Thousands

FY Ending June 30	Administrative Expenses	Market Value of Assets	Expense Ratio
2021	\$22,849	\$18,440,377	0.12%
2022	32,492	17,574,265	0.18
2023	41,017	18,265,587	0.22
2024	41,856	19,520,989	0.21
2025	45,537	21,081,566	0.22

- Recommended maintaining long-term expense ratio of 0.22% which is the average of the most recent three years

Economic Assumptions – Investment Return

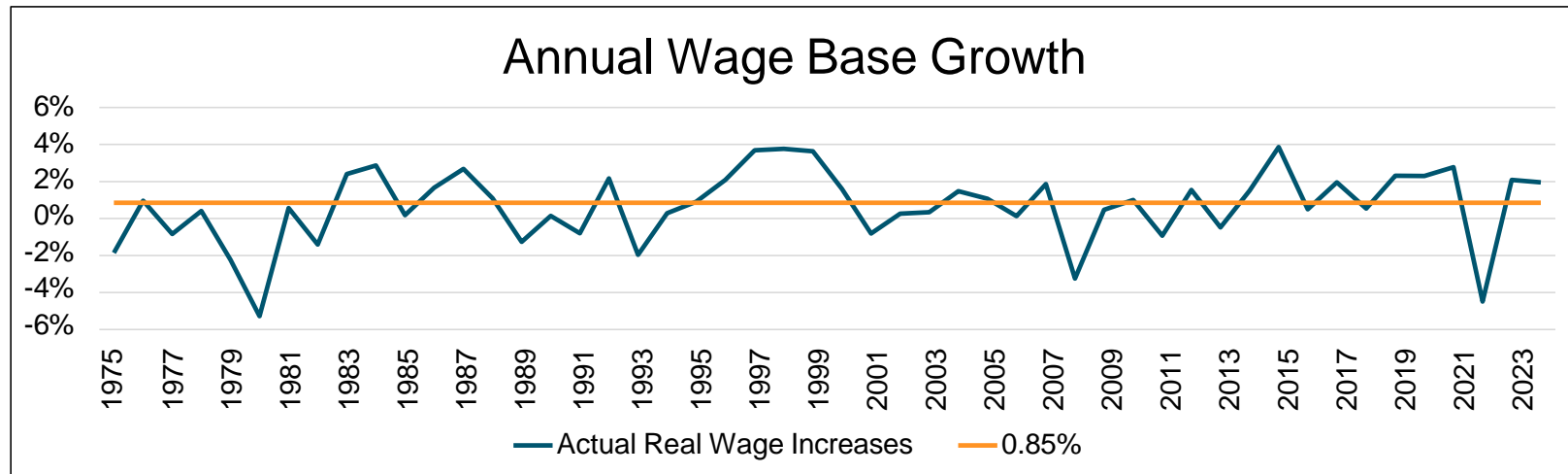


- Recommendation

Item	Current	Recommended
Real Rate of Return	4.82%	4.72%
Price Inflation	2.40	2.50
Adm. Expenses	<u>(0.22)</u>	<u>(0.22)</u>
Investment Return	7.00%	7.00%

Economic Assumptions – Wage Inflation

- Current assumption: 3.25%, which is 0.85% above price inflation
- Social Security Administration data



Economic Assumptions – Wage Inflation



- Social Security 75-year projection of national wage growth assumption is 1.13% greater than price inflation.
- Recommendation

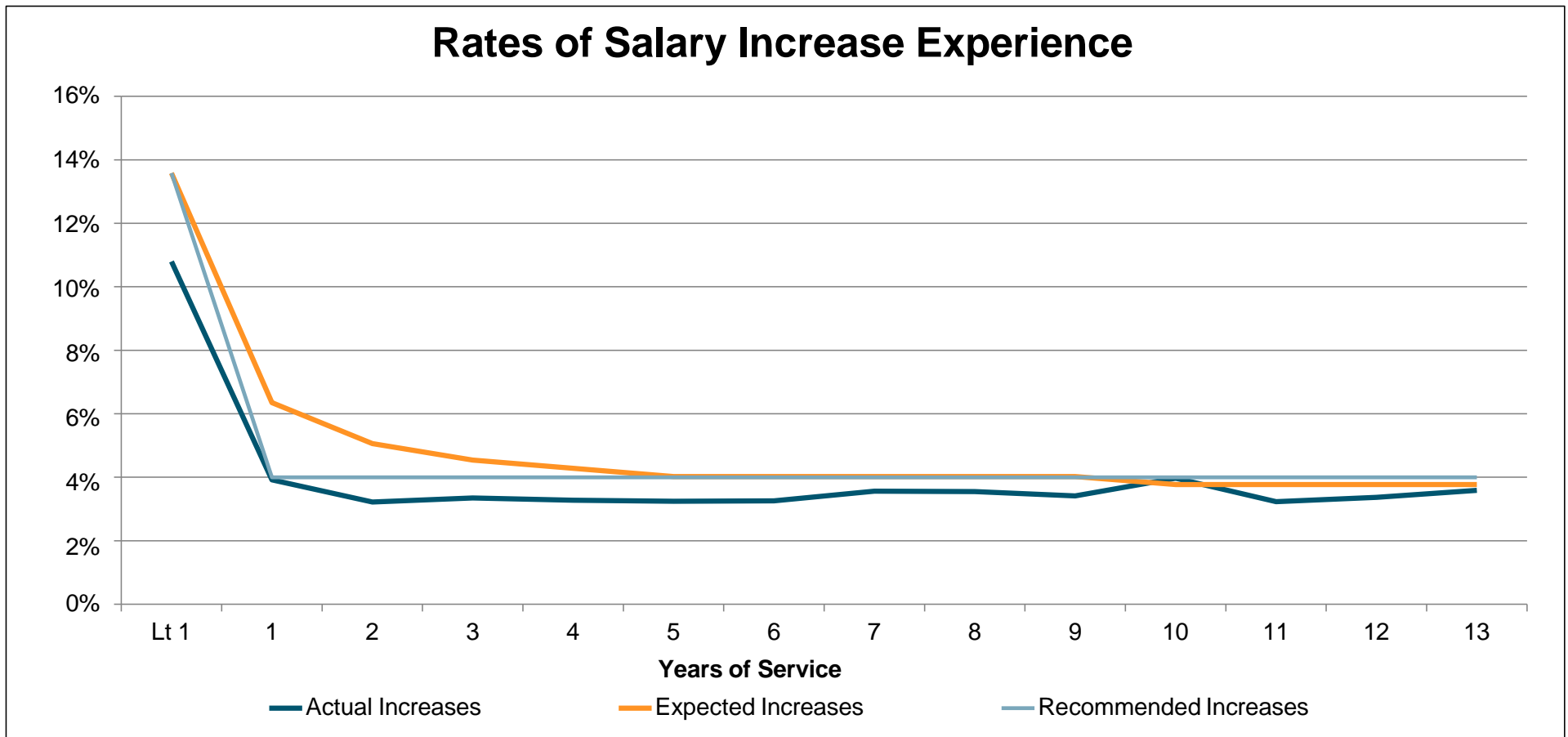
Inflation Assumption		
	Current	Recommended
Real Wage Growth	0.85%	1.00%
Inflation	<u>2.40</u>	<u>2.50</u>
Total	3.25%	3.50%

Rates of Salary Increase

- Used to determine the expected salaries for individuals as they progress toward retirement in order to calculate a member's Final Average Salary at retirement
- During the experience period, the current assumption underestimated the expected salary increases which is mainly attributed to larger than expected wage inflation of 4.32% compared to the current assumption of 3.25%
- Salary increases were uniform across all ages, therefore we recommend a flat 0.50% merit component across all ages of the assumed salary scale combined with the new proposed wage inflation assumption of 3.50%
- A/E ratio under current assumptions – 99%
- A/E ratio under proposed assumptions – 99%

Economic Assumptions – Salaries

Rates of Salary Increase Experience



Cost-of-Living Adjustments

- COLAs are provided beginning with the 4th anniversary of a member's retirement at the rate established by the Board for the applicable calendar year. The rate of the annual COLA is determined as the annual rate of increase in the Consumer Price Index, but not less than 0% and capped at 2.50%. The annual COLA rate is applied to the base pension amount to determine the amount of increase in the pension benefit. The current assumption is an annual rate of 2.00% based primarily on the current inflation assumption of 2.40%.
- We recommend a 2.50% assumed annual rate of COLAs which is consistent with the plan's long-term inflation assumption.

Payroll Growth Assumptions



- Since 2017, total payroll has grown by only 4.60% per year. Based on our most recent open-group projections of the System, the expected longer-term future rate of growth tends toward 2.00% annually.
- We recommend maintaining the current assumption of 1.75%.

- Recommended Economic Assumption Changes

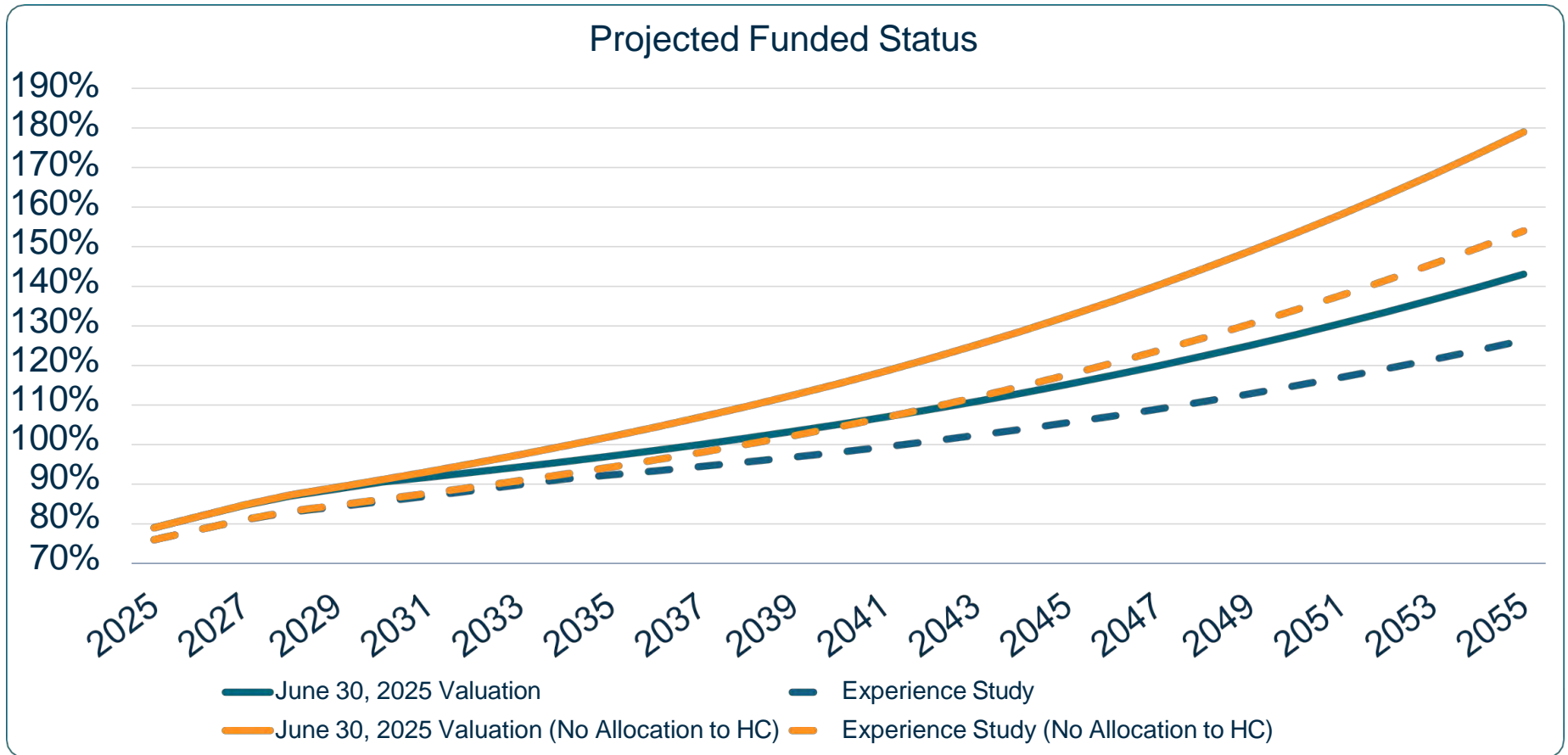
Item	Current	Proposed
Price Inflation	2.40%	2.50%
Investment Return	7.00%	7.00%
Wage Inflation	3.25%	3.50%
COLA's	2.00%	2.50%
Total Payroll Growth	1.75%	1.75%

- In compliance with Actuarial Standard of Practice (ASOP) No. 27, “Selection of Economic Assumptions for Measuring Pension Obligations”

Recommendation

- Layered Amortization
 - UAAL is composed of multiple amortization bases, each with its own payment schedule and remaining amortization period.
 - In each valuation, the unexpected change in the UAAL is established as a new amortization base over the appropriate amortization period beginning on that valuation date.
 - The UAAL is then the sum of all of the outstanding amortization bases on the valuation date and the UAAL payment is the sum of all of the amortization payments on the existing amortization bases.
- Has no impact on the liabilities. Provides transparency in that the current UAAL is paid off over a fixed period and the remaining components of the UAAL are clearly identified.
- Existing UAAL as of June 30, 2025 will be amortized over a closed 19-year period. Subsequent changes in the UAAL will be amortized over 20-year periods.

Projected Funded Status



Retiree Health Care Fund



Retiree Health Care Fund

- Current assumptions, shown below, are based on years of service and retirement type (service or disabled) as these determine the level of premium subsidy

MEMBER PARTICIPATION



Years of Service	Pre-65		Post-65	
	Service	Disabled	Service	Disabled
5 – 9	N/A	25%	N/A	70%
10 – 14	25%	25%	25%	70%
15 – 19	25%	45%	45%	70%
20 – 24	45%	50%	70%	75%
25 – 29	50%	75%	75%	75%
30 – 34	75%	75%	85%	85%
35 and Over	90%	90%	90%	90%

DEPENDENT COVERAGE

	Current Assumption	CavMac Recommendation
Non-Medicare Participants		
Male Spouse	25%	No Change
Female Spouse	25%	No Change
Non-Spousal Dependent	0%	No Change
Medicare Participants		
Male Spouse	25%	No Change
Female Spouse	25%	No Change
Non-Spousal Dependent	0%	No Change

PLAN ELECTION

	Current Assumption	CavMac Recommendation
Non-Medicare Participants		
SERS Marketplace Wraparound HRA	20%	No Change
PPO Plan	80%	No Change
Details on PPO Plan Election		
Aetna Choice POS II	96%	No Change
AultCare PPO	4%	No Change
Medicare Participants		
No Medicare Coverage at Age 65	1%	0%
Full Medicare	98%	100%
Medicare Part B Only	1%	0%

ADDITIONAL OPEB SPECIFIC

	Current Assumption	CavMac Recommendation
Misc. Assumptions		
Deferred Vested Participation	50%	No Change
Waiving Who Elect Coverage at 65	15%	No Change
Premium Discount Program Eligibility	0%	3%
Amortization Method	30-Year Open	30-Year Closed
Age-Related Morbidity Factors		
Pre-Medicare	Yamamoto	No Change
Medicare-Eligible	Yamamoto Total	Yamamoto Net
Health Care Cost Trend Rates		
Initial	Set on Yearly Basis	No Change
Ultimate	Price Inflation + 2.00% = 4.40%	Price Inflation + 2.00% = 4.50%

Financial Impact





PENSION IMPACT

	Basic Benefits Valuation 6/30/2025 (7.00%)	Impact of Assumption Changes* (7.00%)
Employer Contribution Rate:		
Normal Rate	0.75%	1.01%
UAAL	<u>8.99%</u>	<u>10.66%</u>
Total Required Employer Rate	9.74%	11.67%
Actuarial Accrued Liability	\$ 24,584,159,753	\$ 25,561,034,970
Actuarial Value of Assets	<u>\$ 19,422,393,762</u>	<u>\$ 19,422,393,762</u>
UAAL	\$ 5,161,765,991	\$ 6,138,641,208

* Based on the 6/30/2025 actuarial valuation. Actual impact on the 6/30/2026 valuation will differ.



PENSION IMPACT

	Basic Benefits Valuation 6/30/2025 (7.00%)	Impact of Assumption Changes* (7.00%)
UAAL	\$ 5,161,765,991	\$ 6,138,641,208
Amortization Period	19 Years	20 – 19 Years
Funded Status:		
All Basic Benefits	79.00%	75.98%
Pension Benefits	78.90%	75.87%
Medicare Part B	85.16%	82.87%
Post-Retirement Death Benefits	82.59%	80.79%

* Based on the 6/30/2025 actuarial valuation. Actual impact on the 6/30/2026 valuation will differ.

OPEB IMPACT



	Health Care Valuation 6/30/2025 (7.00%)	Impact of Assumption Changes* (7.00%)
Employer Contribution Rate:		
Normal Rate	1.52%	1.40%
UAAL	<u>1.08%</u>	<u>0.90%</u>
Total Required Employer Rate	2.60%	2.30%
Actuarial Accrued Liability	\$ 1,723,587,498	\$ 1,591,102,314
Actuarial Value of Assets	<u>\$ 939,812,471</u>	<u>\$ 939,812,471</u>
UAAL	\$ 783,775,027	\$ 651,289,843

* Based on the 6/30/2025 actuarial valuation. Actual impact on the 6/30/2026 valuation will differ.

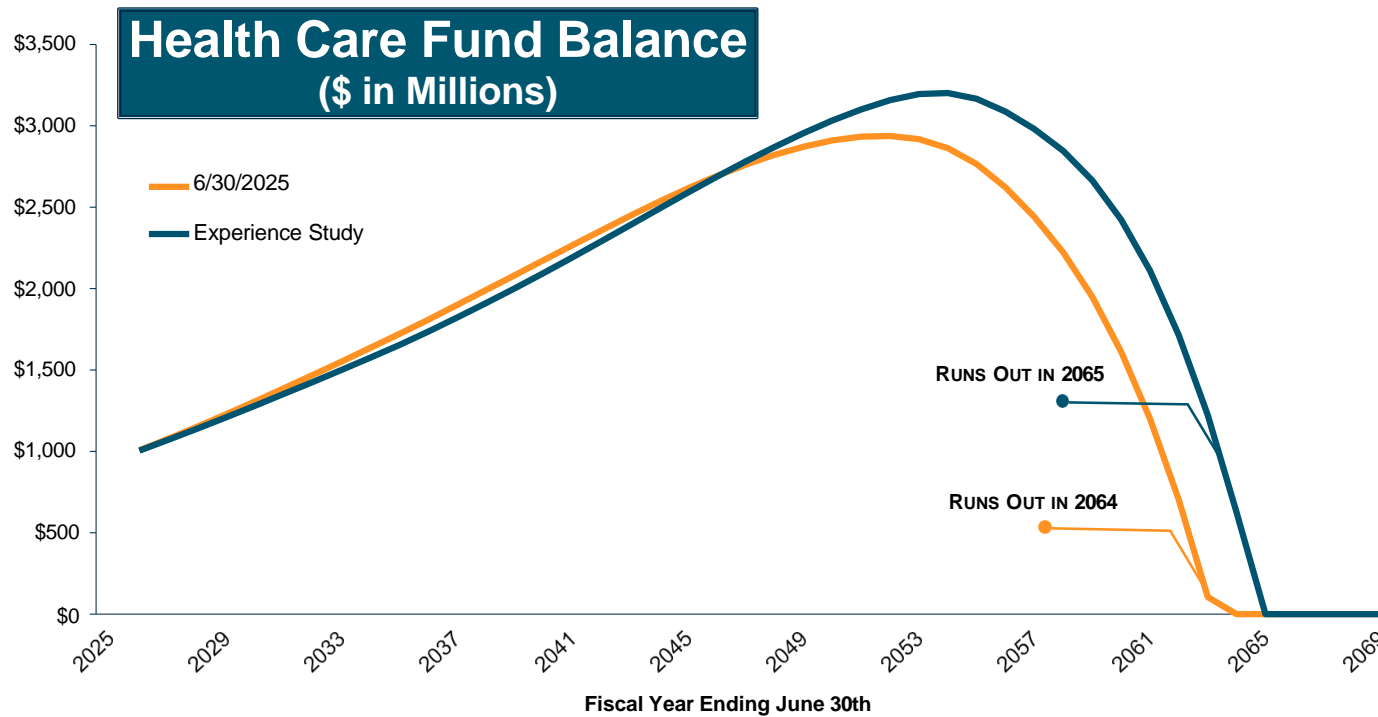
OPEB IMPACT



	Health Care Valuation 6/30/2025 (7.00%)	Impact of Assumption Changes* (7.00%)
UAAL	\$ 783,775,027	\$ 651,289,843
Funded Status	54.53%	59.07%
Solvency Period	2064	2065
Amortization Period	30 Years	30 Years
Amortization Type	Open	Closed

* Based on the 6/30/2025 actuarial valuation. Actual impact on the 6/30/2026 valuation will differ.

OPEB IMPACT



Based on the 6/30/2025 actuarial valuation. Actual impact on the 6/30/2026 valuation will differ.

Your CavMac team



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ASA, EA, MAAA, FCA

*President,
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The actuaries who prepared these results, Todd B. Green, ASA, EA, MAAA, FCA, and Alisa Bennett, FSA, EA, MAAA, FCA, are members of the American Academy of Actuaries and are qualified to render the actuarial opinions presented herein. We are happy to provide additional information and answer any questions, if necessary.



LOOKING FOR MORE?

Additional information can be found in the Experience Study for the Five-Year Period Ending June 30, 2025.



**THANK
YOU**

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO



**Experience Study for
the Five-Year Period
Ending June 30, 2025**

Prepared as of June 30, 2025



April 3, 2026

Board of Trustees
School Employees Retirement System of Ohio
300 East Broad Street, Suite 100
Columbus, OH 43215-3746

Dear Members of the Board:

We are pleased to submit the results of a study of the economic and demographic experience for the School Employees Retirement System of Ohio (SERS). The purpose of this investigation is to assess the reasonability of the actuarial assumptions for the System. This investigation covers the five-year period from July 1, 2020 to June 30, 2025. As a result of the investigation, it is recommended that revised assumptions be adopted by the Board for future use.

The experience study includes all active members, retired members, and beneficiaries of deceased members. Mortality and disability rates were studied separately for males and females. Incidences of withdrawal, retirement and compensation increases were investigated without regard to gender. The System's experience was liability weighted for observed incidents of withdrawal, retirement and pre- and post-mortality. For these assumptions specifically, this approach provides a materially different analysis from a headcount only approach. Where experience data is liability weighted, the analysis of trends provide a better measure of the actual and expected impact assumptions have on the System's liability.

This report shows comparisons between the actual and expected cases of separation from active service, actual and expected number of deaths, and actual and expected salary increases. Tables and graphs are used to show the actual rates of separation from service, the expected rates of separation from service, the actual mortality rates, the expected mortality rates, the expected salary increase rates, and the actual salary increase rates. Where changes to assumptions are recommended, the proposed rates of separation from service, rates of mortality, and salary increase rates are provided.

The recommended rates of separation from service, rates of mortality, and salary increase rates are shown in Appendix D of this report. In the actuary's judgment, the recommended rates are suitable for use until further experience indicates that modifications are needed.

Actuarial assumptions and methods are used to measure and allocate future costs. Changing assumptions or methods will not change the actual cost of future benefits, but rather, the actuarial valuation measures associated with the future payments. This report also provides the adequacy of the contribution rates set in the Ohio Revised Code under the recommendations.



In order to prepare the results in this report we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The experience study was performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

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Senior Actuary

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SECTION I – SUMMARY OF RESULTS

The following summarizes the findings and recommendations with regard to the assumptions utilized by the School Employees Retirement System of Ohio (SERS). Explanations for the recommendations are found in the sections that follow.

Recommended Economic Assumption Changes

The table below lists the three economic assumptions used in the actuarial valuation and their current and proposed rates. We recommend a slight increase in the assumed rate of price inflation and an increase in the assumed rate of real wage growth. For the assumed rate of return on assets we recommend maintaining 7.00%. Since the assets for the Health Care Plan are invested in the same manner as the Basic Benefits Plan, we recommend using 7.00% for funding purposes for both the Basic Benefits Plan and the Health Care Plan. Since the health care trend assumption steps down to an ultimate rate of price inflation plus 2%, the increase in the price inflation assumption increases the ultimate health care trend from 4.40% to 4.50%.

Item	Current	Proposed
Price Inflation	2.40%	2.50%
Investment Return	7.00%	7.00%
Real Wage Growth	0.85%	1.00%
Cost-of-Living-Adjustments	2.00%	2.50%

Recommended Demographic Assumption Changes

The table below lists the demographic assumptions that we recommend be changed based on the experience of the last five years.

Assumption Changes
Adjust rates of withdrawal
Adjust rates of disability retirements
Adjust rates of pre-retirement, post-retirement and disabled mortality
Adjust rates of service retirement
Adjust assumed rates of compensation increase
Adjust rates of future over age 65 retiree Medicare coverage
Adjust rates of Health Care Discount Program Qualification
Adjust aging factors

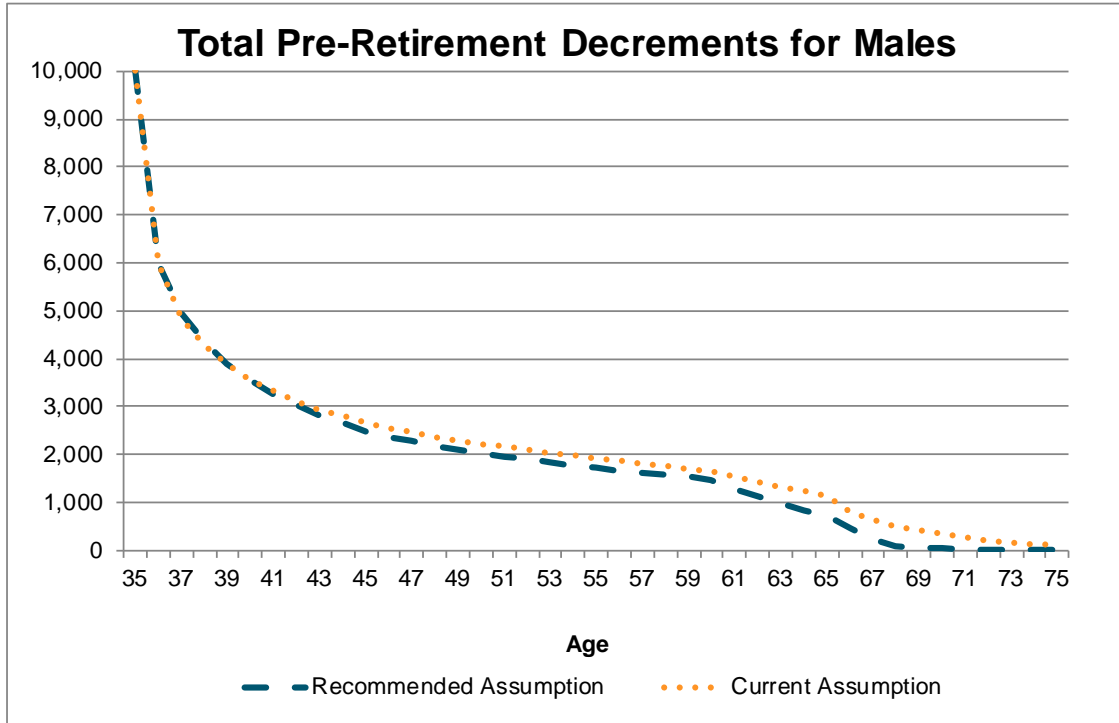
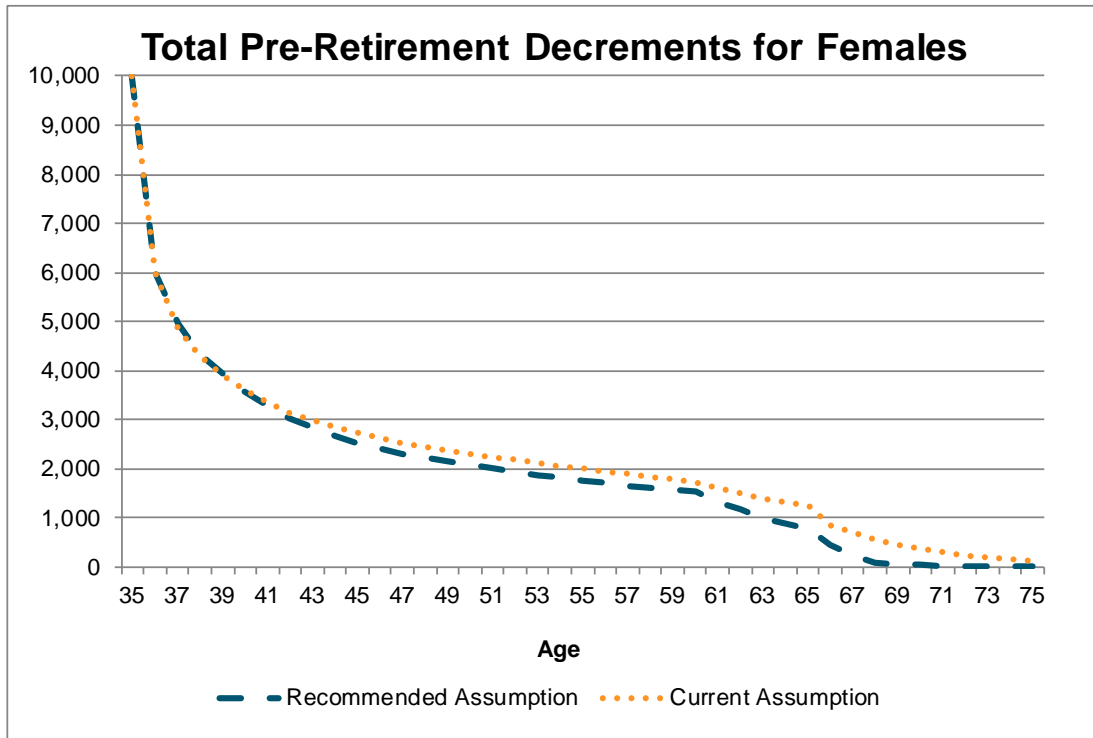
Demographic Impact

The charts on the following page detail the demographic impact of changing decrements for male and female active participants who are 35 years old. As one can see, the results of the experience study modify anticipated behavior of the workforce. Overall, the recommendation increase the withdrawals prior to retirement and increases retirements once members are eligible for retirement.





SECTION I – SUMMARY OF RESULTS





SECTION I – SUMMARY OF RESULTS

Financial Impact

The tables below highlight the impact on the Basic Benefits Plan and the Retiree Health Care Plan based on the recommended changes noted on the previous page. The tables show the change in the unfunded accrued liability (UAL) and funded status for both Plans of the System as of June 30, 2025. Further cost impact information is provided in Section VI.

BASIC BENEFITS VALUATION

Valuation As of June 30, 2025	Before Change	After Change
	Current Demographic Assumptions	Proposed Demographic Assumptions
	Investment Rate of Return = 7.00%	Investment Rate of Return = 7.00%
UAL	\$5,161,765,991	\$6,138,641,208
Funded Status		
All Basic Benefits	79.00%	75.98%
Pension Benefits	78.90%	75.87%
Medicare Part B	85.16%	82.87%
Post Retirement Death Benefits	82.59%	80.79%
Amortization Period	19 Years	19 to 20 Years Layered Bases

HEALTH CARE VALUATION

Valuation As of June 30, 2025	Before Change	After Change
	Current Demographic Assumptions	Proposed Demographic Assumptions
	Investment Rate of Return = 7.00%	Investment Rate of Return = 7.00%
UAL	\$783,775,027	\$651,289,843
Funded Status	54.53%	59.07%
Solvency Period	2064	2065





SECTION II – ECONOMIC ASSUMPTIONS

There are three economic assumptions used in performing the actuarial valuation for the School Employees Retirement System of Ohio (SERS). The assumptions are:

- Price Inflation
- Investment Return
- Wage Inflation

The Actuarial Standards Board has issued Actuarial Standard of Practice (ASOP) No. 27, “*Selection of Economic Assumptions for Measuring Pension Obligations*,” which provides guidance to actuaries in selecting economic assumptions – primarily, investment return, discount rate, post-retirement benefit increases, inflation, and compensation increases for the purpose of measuring benefit obligations under defined benefit plans. Professional judgment is used to estimate possible future economic outcomes based on a mixture of past experience and future expectations. In setting the assumption, the actuary should consider several factors, including the purpose and nature of the measurement, and appropriate recent and long-term historical economic data, and an estimate of the actuary’s expectation about future experience. Finally, the actuary’s recommendation should have no significant bias. However, the standard explicitly advises the actuary not to give undue weight to recent experience.

Each economic assumption should individually satisfy this standard. Furthermore, with respect to any valuation, each economic assumption should be consistent with every other economic assumption over the measurement period.

In our opinion, the economic assumptions recommended in this report have been developed in accordance with ASOP No. 27. The following table shows our recommendations followed by explanations of each assumption.

Item	Current	Proposed
Real Rate of Return	4.82%	4.72%
Price Inflation	2.40	2.50
Administrative Expenses	<u>(0.22)</u>	<u>(0.22)</u>
Investment Return	7.00%	7.00%
Price Inflation	2.40%	2.50%
Real Wage Growth	<u>0.85</u>	<u>1.00</u>
Wage Inflation	3.25%	3.50%





SECTION II – ECONOMIC ASSUMPTIONS

Price Inflation

Background: Price inflation is used as a component for the investment rate of return assumption and the rate of wage inflation assumption. It is important that the price inflation assumption be consistently applied throughout the economic assumptions utilized in an actuarial valuation. This is called for in ASOP No. 27 and is also required to meet the parameters for determining pension liabilities and expense under Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

The current price inflation assumption is 2.40% per year.

Past Experience: The Consumer Price Index, US City Average, All Urban Wage Earners and Clerical Workers, CPI (W), has been used as the basis for reviewing historical levels of price inflation. The level of that index in June of each of the last 50 years is provided in Appendix A.

In analyzing this data, average rates of inflation have been determined by measuring the compound growth rate of the CPI (W) over various time periods. The results are as follows:

Period	Average Annual Rate of Inflation
2020 – 2025	4.71%
2015 – 2025	3.06%
2005 – 2025	2.64%
1995 – 2025	2.57%
1985 – 2025	2.74%
1975 – 2025	3.60%
1926 – 2025	2.94%

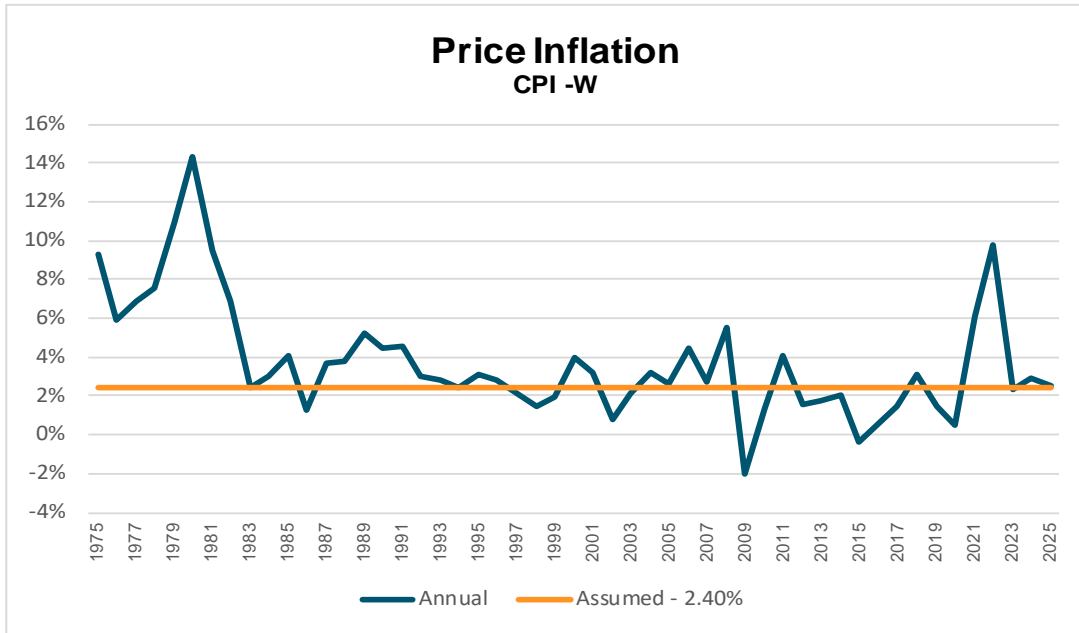
Over the historic periods analyzed, the average annual rate of increase in the CPI-W has exceeded 2.40%. It is important to note that the years of elevated inflation occurring from 1973 to 1982 have a significant upward impact on averages calculated over periods that include those rates, and should be considered in context when interpreting long-term trends. Similarly, the recent spike in inflation experienced in the post-pandemic period of 2021 through 2023 — while notable — was widely characterized by industry experts and economists as largely transitory in nature, driven by supply chain disruptions, fiscal stimulus, and pent-up consumer demand rather than entrenched structural forces, and has since shown meaningful reversion toward longer-term norms. Since 1926, the average annual rate of inflation was 2.94%, providing a broader historical anchor that encompasses multiple inflationary regimes and economic cycles.





SECTION II – ECONOMIC ASSUMPTIONS

The graph below shows the annual increases in the CPI (W) over a 50-year period.



Additional information to consider is measuring the spread on inflation-protected treasury bills (TIPS) and from the prevailing economic forecasts. The spread between the nominal yield on treasury securities and the inflation indexed nominal yield on TIPS of the same maturity is referred to as the “breakeven rate of inflation” and represents the bond market’s expectation of inflation over the period to maturity. The table below provides the calculation of the breakeven rate of inflation as of June 30, 2025 over various periods.

Years to Maturity	Bond Nominal Yield	TIPS Nominal Yield	Breakeven Rate of Inflation
10	4.24%	1.95%	2.29%
20	4.79%	2.32%	2.47%
30	4.78%	2.51%	2.27%

The bond market’s expectation for the rate of inflation is significantly lower than historical average annual rates. Additionally, based upon information provided from the “Survey of Professional Forecasters” published by the Philadelphia Federal Reserve Bank, the median expected annual rate of inflation for the 10 years beginning January 1, 2026 is 2.30%.





SECTION II – ECONOMIC ASSUMPTIONS

Recommendation: It is difficult to accurately predict inflation. Current economic forecasts and the bond market suggest lower inflation over the next thirty years (which is a shorter time period than appropriate for our purposes) when compared to the historical averages. In the 2025 OASDI Trustees Report, the Chief Actuary for Social Security bases the 75-year cost projections on an intermediate inflation assumption of 2.40%. While near-term inflation forecasts have moderated below 2.50%, we recommend a long-term assumed inflation rate of 2.50% for valuation purposes.

Price Inflation Assumption	
Current	2.40%
Recommended	2.50%





SECTION II – ECONOMIC ASSUMPTIONS

Investment Return

Background: The assumed investment return is one of the most significant assumptions in the annual actuarial valuation process as it is used to discount the expected benefit payments for all active, inactive, and retired members of the System. Minor changes in this assumption can have a major impact on valuation results. The investment return assumption should reflect the most recent asset allocation target for the funds set by the Board.

The current assumption is 7.00%, consisting of a price inflation assumption of 2.40% and a real rate of return assumption of 4.60%. The return is net of all investment and administrative expenses.

Past Experience: The actuarial value of assets of the System are developed using a widely accepted asset-smoothing methodology that fully recognizes investment gains and losses over a four-year period. The recent experience for the retirement funds over the last five years is shown in the table below.

Nominal Total Rate of Return		
Year Ending 6/30	Market Value	Actuarial Value
2021	27.83%	10.80%
2022	-2.04%	8.31%
2023	6.63%	7.83%
2024	9.46%	9.30%
2025	10.55%	6.21%
Average	10.49%	8.49%

Actuaries are guided not to materially rely on short-term historical returns when developing an assumption for expected future returns. We primarily base the development of the investment return assumption on the forward-looking capital market assumptions. We use a “building block” approach which develops an assumed real rate of investment return and adds an assumed rate of inflation and administrative expenses separately to arrive at the nominal investment rate of return recommendation based largely on the Board’s target asset allocation.

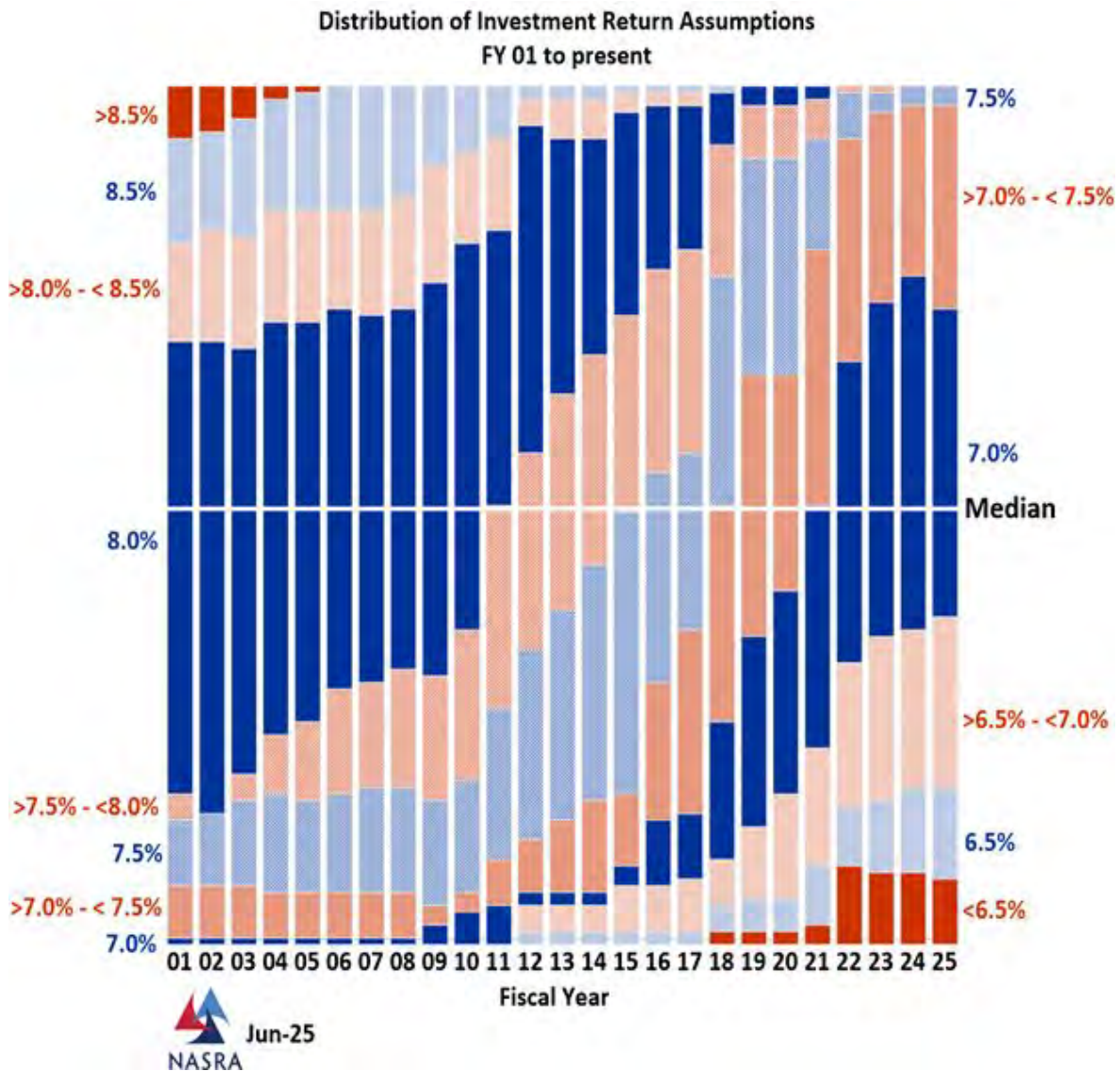




SECTION II – ECONOMIC ASSUMPTIONS

Peer System Comparison

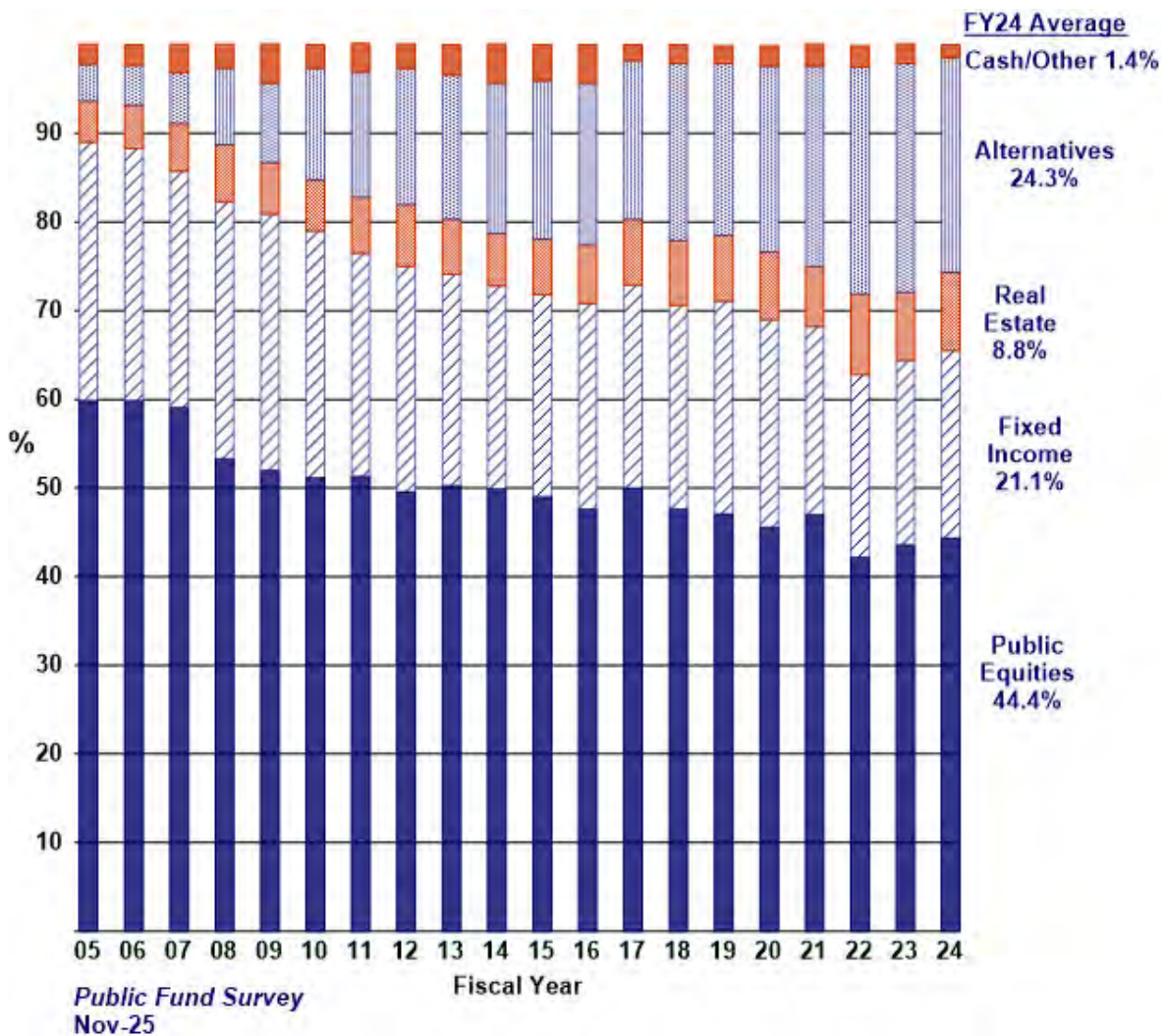
While we do not recommend that the selection of an investment return assumption be based on the assumptions used by other systems, it does provide relevant additional information to consider. The following graph shows the change in the distribution of the investment return assumption from fiscal year 2001 through June of 2025 for 120+ large public retirement systems included in the National Association of State Retirement Administrators (NASRA) Public System Survey. It is worth noting that the median investment return assumption is 7.00%.





SECTION II – ECONOMIC ASSUMPTIONS

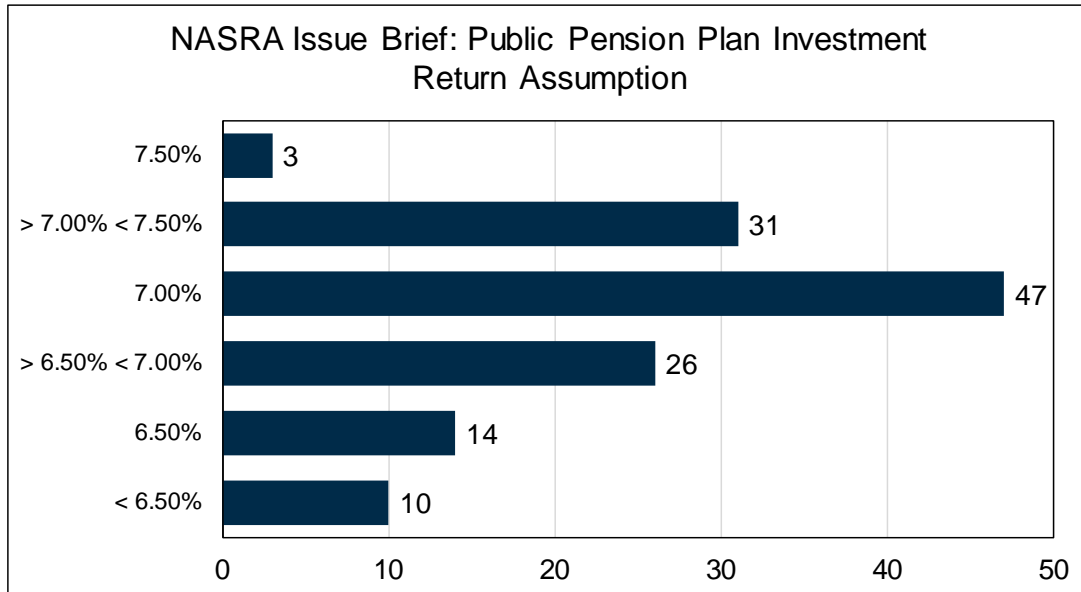
The assumed rate of return is heavily influenced by each Systems' asset allocation. The average asset allocation for the systems in the Public Fund Survey is 1.4% cash, 44.4% equities, 21.1% fixed income, 8.8% real estate, and 24.3% alternative investments which has an impact on the expected return of the systems. Note the increased allocation to alternative investment classes since 2006. The target asset allocation for the SERS is 40% equities, 19% alternatives, 20% global real assets, 18% fixed income and 3% cash; however, realized allocations may deviate from these benchmarks from time to time because of differential asset class performance and the implementation of tactical positioning strategies. The chart below shows the asset allocation for 120+ large public retirement systems included in the NASRA Public Fund Survey since 2005.





SECTION II – ECONOMIC ASSUMPTIONS

Review of the *NASRA Issue Brief: Public Pension Plan Investment Return Assumptions* update as of June 2025 indicates the median assumed return is 7.00% while the mean is 6.91% and demonstrates a continued trend in declining assumed rates of investment return.



Capital Market Analysis: The current capital market assumptions and target asset allocations are shown in Appendix B. An analysis performed by the SERS investment consultant, Wilshire, produced short-term and long-term results. The results of the Wilshire analysis are shown below.

SERS Policy Allocation			
Return Period	Real Return	Assumed Inflation	Total Return
10-Year Expected Return	3.52%	2.50%	6.02%
20-Year Expected Return	4.04%	2.50%	6.54%
30-Year Expected Return	4.57%	2.50%	7.07%

It is important to note that capital market analysis can be quite volatile from year to year and from investment consultant to investment consultant. In the section that follows, a similar analysis using the capital market assumptions in the *Survey of Capital Market Assumptions: 2025 Edition* published by Horizon Actuarial Services, LLC.





SECTION II – ECONOMIC ASSUMPTIONS

Using the capital market assumptions, we performed a statistical analysis which yielded the following percentile ranking of real rates of return over various time horizons. The following table provides a summary of the statistical analysis performed.

Time Span In Years	Mean Real Return	Standard Deviation	Real Returns by Percentile				
			5 th	25 th	50 th	75 th	95 th
1	5.91%	12.20%	-12.89%	-2.62%	5.22%	13.69%	27.09%
5	5.36%	5.41%	-3.30%	1.64%	5.22%	8.92%	14.49%
10	5.29%	3.82%	-0.88%	2.67%	5.22%	7.83%	11.69%
20	5.25%	2.70%	0.87%	3.41%	5.22%	7.05%	9.76%
30	5.24%	2.21%	1.65%	3.74%	5.22%	6.72%	8.91%
50	5.23%	1.71%	2.44%	4.07%	5.22%	6.38%	8.07%

The chart above is based on the capital market assumptions noted in the Survey. We utilize those assumptions to produce the percentile ranks of expected returns over longer future time periods. Focusing on the longer time spans, the analysis indicates that over the next 50 years there is a 25% likelihood that real return will average below 4.07% and a 25% likelihood they will be above 6.38%. In other words, there is a 50% likelihood the real returns will be between 4.07% and 6.38%.





SECTION II – ECONOMIC ASSUMPTIONS

Administrative Expenses (\$ thousands): The investment return is assumed to be net of administrative and investment expenses. The investment return information we have been provided is net of investment-related expenses. The table below compares, for the last five years, the administrative expense levels during the fiscal year to the market value of assets for the system at the end of the fiscal years. All dollar amounts are in thousands.

FY Ending June 30	Administrative Expenses	Market Value of Assets	Expense Ratio
2021	\$22,849	\$18,440,377	0.12%
2022	32,492	17,574,265	0.18
2023	41,017	18,265,587	0.22
2024	41,856	19,520,989	0.21
2025	45,537	21,081,566	0.22

Over the five-year period, the administrative expense ratio averaged approximately 0.19%; however, fiscal years 2021 and 2022 are not reflective of normalized operations, as those years benefited from credits to OPEB expense resulting from GASB-required entries associated with changes made by OPERS to their healthcare plan. Fiscal years 2023, 2024, and 2025 represent a more appropriate basis for projection, as they reflect the System's proportionate share of GASB OPEB expenses in a typical operating environment. Accordingly, we recommend adopting a long-term administrative expense ratio of 0.22%, representing the three-year average of the most recent fiscal years, for inclusion in the net investment return assumption.

Recommendation: The analysis provided by the investment consultant yielded a median real rate of return of 4.57%. The average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2025 Edition by Horizon Actuarial Services, LLC, yielded a median real return of 5.22%. We recommend the long-term real rate of return assumption of 4.72% which reflects granting more credibility to the investment consultant and results in no change to the current assumed rate of return of 7.00%. The table below summarizes our recommended assumed rate of return based on the building block approach which consists of components for the assumed long-term real rate of return combined with the recommended inflation and administrative expenses.

Item	Current	Recommended
Real Rate of Return	4.82%	4.72%
Inflation	2.40%	2.50
Administrative Expenses	<u>(0.22)</u>	<u>(0.22)</u>
Net Investment Return	7.00%	7.00%

The impact of this recommendation is shown in more detail in Section VI.





SECTION II – ECONOMIC ASSUMPTIONS

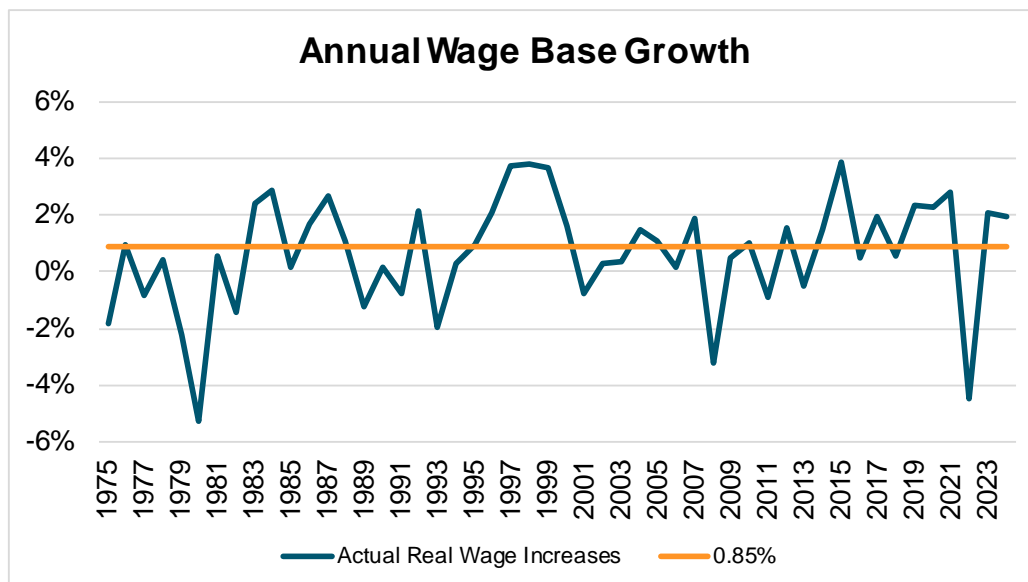
Wage Inflation

Background: The assumed future increases in salaries consist of an inflation component and a component for promotion and longevity, often called merit increases. Merit increases are generally age and/or service-related and will be studied in the demographic assumption section of the report. Wage inflation normally is above price inflation, which reflects the overall return on labor in the economy. The current wage inflation assumption is 3.25%, or 0.85% above price inflation.

Past Experience: The Social Security Administration publishes data on wage growth in the United States. Appendix C shows the last 50 calendar years' data. As we did in our analysis of inflation, in the table below, we show the wage inflation and a comparison with the price inflation over various time periods. Since updated wage data is only available through 2024, we use that year as the end point.

Period	Wage Inflation	Price Inflation	Real Wage Growth
2014-2024	4.16%	2.83%	1.33%
2004-2024	3.42	2.59	0.83
1994-2024	3.66	2.52	1.14
1984-2024	3.73	2.77	0.96
1974-2024	4.42	3.72	0.70

Thus, over the last 50 years, annual real wage growth has averaged 0.70%. The graph below shows the annual increases in real wage growth over the entire 50-year period.





SECTION II – ECONOMIC ASSUMPTIONS

Recommendation: As with price inflation, we again look at the 2025 OASDI Trustees Report. The Chief Actuary for Social Security bases the 75-year cost projections on an intermediate national wage growth assumption 1.13% greater than the price inflation assumption of 2.5%. We concur in general with a range of 0.53% - 1.73% and favor the middle of the range based on the evidence of real wage growth in the salary data we analyzed. It is worth noting that the National Average Wage Index (NAWI) reflects earnings across the entire U.S. workforce, encompassing private-sector industries such as technology, finance, and professional services, which tend to carry higher compensation levels than general government employment. As a result, direct comparisons between NAWI growth and government worker wage trends should be interpreted with caution, as the broader index is inherently skewed upward by high-earning private-sector cohorts that are not representative of the government workforce composition. When benchmarking assumptions for government employee compensation, a more conservative wage growth rate — modestly below the NAWI — may better reflect the actual experience of the relevant employee population. As a result, we recommend use of a 1.00% per year rate at the current time.

Wage Inflation Assumption		
	Current	Recommended
Real Wage Growth	0.85%	1.00%
Inflation	<u>2.40</u>	<u>2.50</u>
Total	3.25%	3.50%





SECTION II – ECONOMIC ASSUMPTIONS

Cost-of-Living Adjustments

Background: Cost-of-Living Adjustments (COLAs) to the monthly benefits provided to eligible retirees and beneficiaries are established by the Board annually in consideration of the actuarial condition of the System. COLAs are provided beginning with the 4th anniversary of their retirement at the rate established by the Board for the applicable calendar year. The rate of the annual COLA is determined as the annual rate of increase in the Consumer Price Index (CPI-W), but not less than 0% and capped at 2.5%. The annual COLA rate is applied to the base pension amount to determine the amount of increase in the pension benefit. In addition, the Board has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W; however, any adjustment above or below CPI-W could only be enacted if the system's actuary determines it would not materially impair the fiscal integrity of the system, or is necessary to preserve the fiscal integrity of the system. The current assumption is an annual rate of 2.00% based primarily on the current inflation assumption of 2.40%.

Past Experience: The Board approved a COLA rate of 2.5% for eligible recipients 2022 – 2025 and 0.5% for eligible recipients in 2021 based on the rate of increase in the CPI.

Recommendation: We recommend increasing the assumed cost-of-living adjustment (COLA) rate from 2.00% per annum to 2.50% per annum which is consistent with the plan's long-term inflation assumption. Pursuant to Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations, the COLA assumption should be internally consistent with the inflation assumption, as cost-of-living adjustments are by nature linked to changes in the general price level.

Cost of Living Rate Assumption	
Current COLA Rate Assumption	2.00%
Recommended COLA Rate Assumption	2.50%





SECTION III – DEMOGRAPHIC ASSUMPTIONS

There are several demographic assumptions used in the actuarial valuations performed for the School Employees Retirement System of Ohio. They are:

- Rates of Withdrawal
- Rates of Disability Retirement
- Rates of Service Retirement
- Rates of Post-retirement Mortality
- Rates of Post-retirement Disabled Mortality
- Rates of Pre-Retirement Mortality
- Rates of Salary Increase for Merit and Promotions

The Actuarial Standards Board has issued Actuarial Standard of Practice (ASOP) No. 35, “*Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*”, which provides guidance to actuaries in selecting demographic assumptions for measuring obligations under defined benefit plans. In our opinion, the demographic assumptions recommended in this report have been developed in accordance with ASOP No. 35.

The purpose of a study of demographic experience is to compare what actually happened to the membership during the study period (June 30, 2020 through June 30, 2025) with what was expected to happen based on the assumptions used in the most recent actuarial valuations.

Studies of demographic experience generally involve three steps:

- First, the number of members changing membership status, called decrements, during the study is tabulated by age, duration, sex, group, and membership class (active, retired, etc.).
- Next, the number of members expected to change status is calculated by multiplying certain membership statistics, called exposure, by the expected rates of decrement.
- Finally, for observed incidents of disability the number of actual disability retirements is compared with the number of expected disability retirements. The System's experience was liability weighted for observed incidents of withdrawal, retirement and pre- and post-mortality. When performing a liability weighted analysis, the actuarial liability attributed to the number of actual decrements is compared to the actuarial liability attributed to the number of expected decrements. These comparisons, called the actual to expected ratios (A/E Ratio) and are expressed as a percentages.

In general, if the actual experience differs significantly from the overall expected results, or if the pattern of actual decrements, or rates of decrement, by age, sex, or duration deviates significantly from the expected pattern, new assumptions are considered. Recommended revisions are normally not an exact representation of the experience during the observation period. Professional judgment is required to set assumptions for future experience from past trends, including a determination of the amount of weight to assign to the most recent experience.

The remainder of this section presents the results of the demographic study. We have prepared tables that show a comparison of the actual and expected decrements and the overall ratio of actual-to-expected results under the current assumptions. If a change is being proposed, the revised actual-to-expected ratios are shown as well.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Withdrawal

The rates of withdrawal adopted by the Board are used to determine the expected number of separations from active service that will occur prior to attaining the eligibility requirement for a retirement benefit as a result of resignation or dismissal.

The current assumption utilizes a service-based approach that sets the withdrawal rates based on years of service. Withdrawal experience was investigated without regard to gender.

The analysis of the actual withdrawal experience for all members over the five-year period indicates an overall actual/expected ratio of 120%. This ratio indicates that more members withdrew during the study period than expected. The table on the next page shows in detail the actual/expected ratio by years of service and in total.

Termination rates for members with higher liability will have a greater influence on the liabilities of the System. As a result, we liability weighted the experience to better reflect the impact of the current assumption on liability measures. The liability is approximated by using the member's Present Value of Future Benefits to estimate the member's benefit level. The exposure and actual occurrences are then multiplied by the individual present value of future benefits to provide the liability-weighted experience. We find the liability-weighted experience to better correlate to the impact of actual and expected rates of withdrawal on the valuation results.

The liability-weighted analysis of the actual withdrawal experience over the five-year period indicated that more members withdrew prior to becoming eligible for retirement than anticipated and yielded an actual/expected ratio of 120%.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Years of Service	Liability Weighted Amounts of Withdrawal Experience (in \$)		
	Actual	Expected	Ratio
			Actual/Expected
Less than 1	494,237,920	364,824,180	1.35
1	349,487,687	379,317,136	0.92
2	234,767,955	216,914,833	1.08
3	176,814,150	166,980,824	1.06
4	160,804,894	144,199,326	1.12
5	155,917,097	126,184,036	1.24
6	140,662,716	121,560,419	1.16
7	128,689,233	101,766,702	1.26
8	112,710,967	86,136,775	1.31
9	97,659,473	70,854,337	1.38
10	61,003,851	49,531,341	1.23
11	44,394,505	39,899,956	1.11
12	44,376,123	35,862,967	1.24
13	40,742,051	33,226,100	1.23
14	37,414,766	31,675,731	1.18
15	41,653,151	29,406,985	1.42
16	37,765,199	29,720,639	1.27
17	36,694,308	29,575,208	1.24
18	37,072,591	30,562,796	1.21
19	35,679,020	32,533,732	1.10
20	41,771,795	35,549,561	1.18
21	43,544,826	37,938,423	1.15
22	38,819,163	39,090,681	0.99
23	38,661,037	38,812,243	1.00
24 +	240,357,755	129,953,715	1.85
TOTAL	2,871,702,232	2,402,078,646	1.20





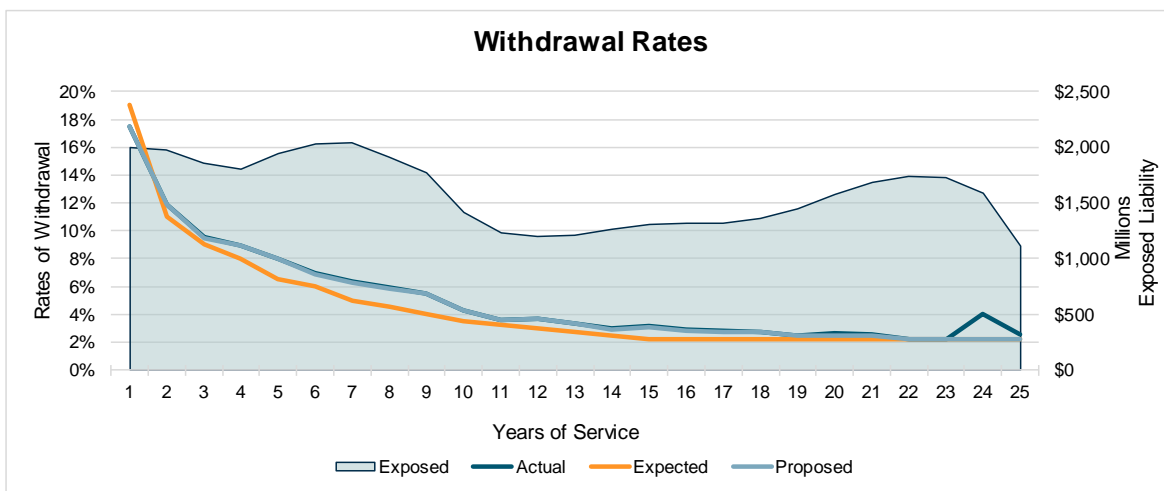
SECTION III – DEMOGRAPHIC ASSUMPTIONS

Findings and Recommendations

The data reflects a general increase in the rates of withdrawal. As a result, we recommend adjusting withdrawal rates to more closely reflect the actual experience. The complete tables of recommended withdrawal rates are shown in Appendix D.

The liability-weighted exposure amounts are the total of individual's Present Value of Future Benefits who were subject to termination based upon years of service during the experience period. More attention should be given to areas of higher exposures versus areas of lower exposures when recommending changes to the assumed withdrawal rates.

The actual average withdrawal rates by years of service during the past five years, the current assumed withdrawal rates, and the recommended withdrawal rates are shown on the left axis. The right axis provides the liability-weighted exposure.



The actual/expected ratios based on the recommended assumptions are shown in the table on the following page. The overall ratio has been decreased from 120% to 110%.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Years of Service	Liability Weighted Amounts of Withdrawal Experience (in \$)		
	Actual	Proposed	Ratio
			Actual/Proposed
Less than 1	494,237,920	364,824,180	1.35
1	349,487,687	349,371,047	1.00
2	234,767,955	234,662,410	1.00
3	176,814,150	176,257,536	1.00
4	160,804,894	160,421,750	1.00
5	155,917,097	155,303,429	1.00
6	140,662,716	139,794,482	1.01
7	128,689,233	128,226,045	1.00
8	112,710,967	111,020,732	1.02
9	97,659,473	97,424,713	1.00
10	61,003,851	60,852,791	1.00
11	44,394,505	44,196,874	1.00
12	44,376,123	44,230,992	1.00
13	40,742,051	39,871,320	1.02
14	37,414,766	36,743,848	1.02
15	41,653,151	40,516,291	1.03
16	37,765,199	36,985,684	1.02
17	36,694,308	35,490,249	1.03
18	37,072,591	36,675,355	1.01
19	35,679,020	36,148,592	0.99
20	41,771,795	39,499,512	1.06
21	43,544,826	42,153,803	1.03
22	38,819,163	39,090,681	0.99
23	38,661,037	38,812,243	1.00
24 +	240,357,755	129,953,715	1.85
TOTAL	2,871,702,232	2,618,528,274	1.10





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Disability Retirement

The rates of disability used in the actuarial valuation project the percentage of employees expected to become disabled each year.

Disability experience was investigated separately for males and females on a headcount basis.

The analysis of the actual disability experience for male and female members over the five-year experience period yields an actual/expected ratio of 43% and 61% respectively. The table below details the actual/expected ratio by age group and in total, for males and females separately.

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Age Group	Disability Experience					
	Males			Females		
	Actual	Expected	Ratio	Actual	Expected	Ratio
	Actual	Expected	Actual/Expected	Actual	Expected	Actual/Expected
Under 23	0	2.96	0.00	0	1.75	0.00
23 - 27	0	8.80	0.00	0	3.61	0.00
28 - 32	0	15.12	0.00	3	9.50	0.32
33 - 37	5	25.89	0.19	5	25.03	0.20
38 - 42	12	49.45	0.24	14	58.23	0.24
43 - 47	15	79.10	0.19	30	108.55	0.28
48 - 52	42	110.81	0.38	76	198.22	0.38
53 - 57	73	140.16	0.52	210	309.46	0.68
58 - 62	100	151.37	0.66	299	327.84	0.91
63 - 67	58	106.54	0.54	115	153.38	0.75
68 & Over	13	41.99	0.31	7	44.71	0.16
TOTAL	318	732.19	0.43	759	1,240.28	0.61

Findings and Recommendations

During the period under investigation, the actual rates of disability retirement were less than expected over most age groups. We prefer maintaining a significant margin in these rates the incidence rates are small, but the liability associated with an occurrence can be large. The complete table of recommended disability rates is shown in Appendix D.

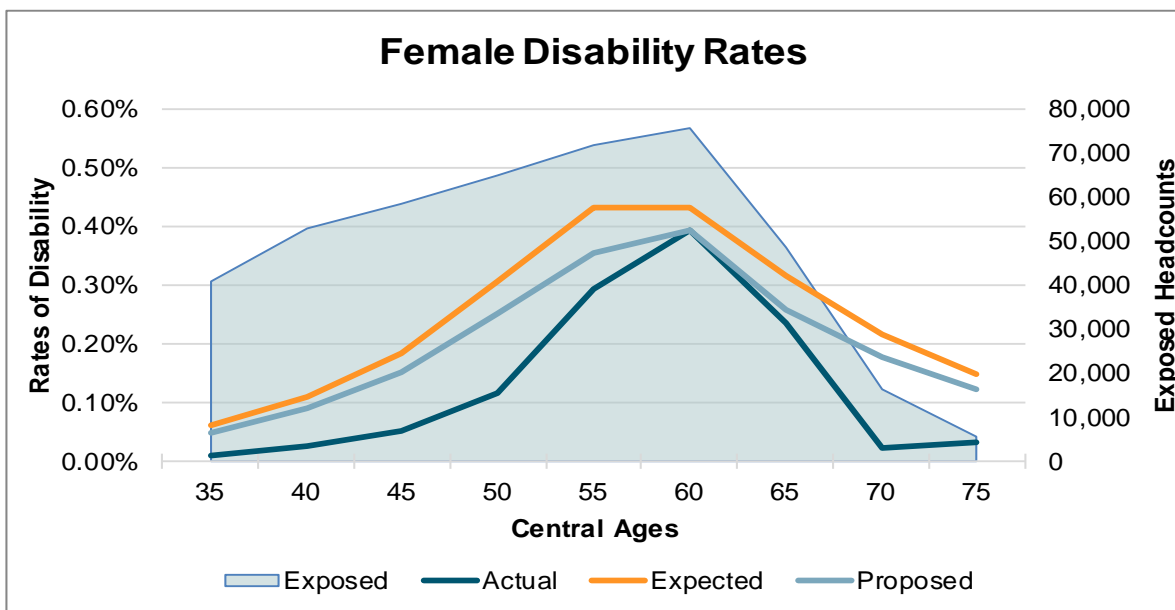
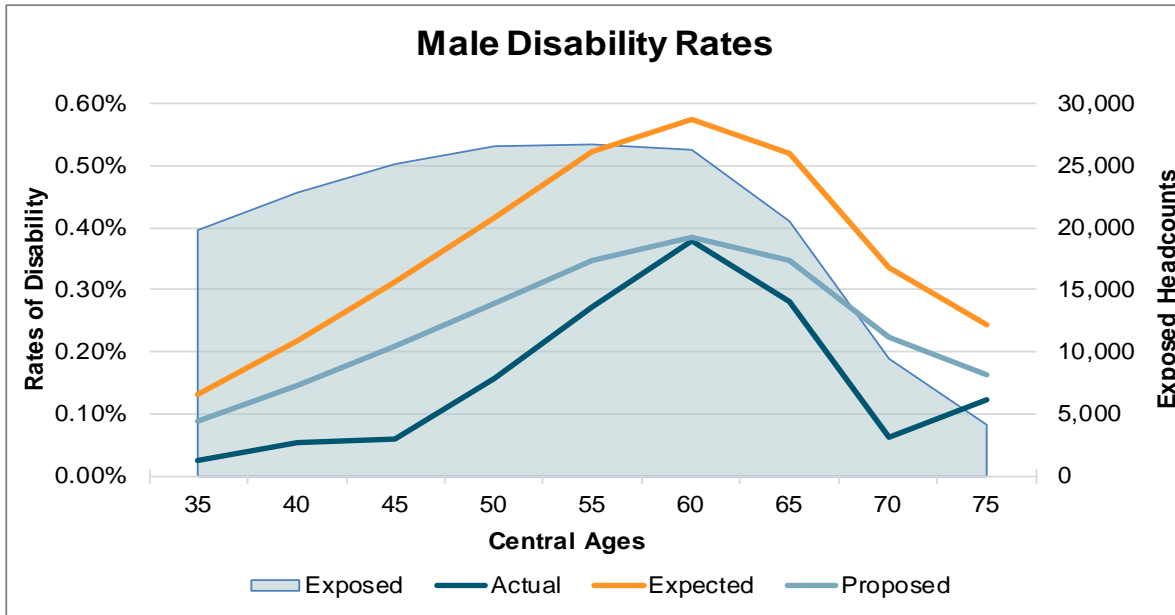




SECTION III – DEMOGRAPHIC ASSUMPTIONS

The right axis of the charts below represents the number of exposed lives. The exposed lives are the total number of individuals who were subject to disability retirement based upon the member's age during the experience period.

The actual average disability rates by years of service during the past five years, the current assumed disability rates, and the recommended disability rates are shown on the left axis. Headcount exposures are provided on the right axis.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

The actual/expected ratios based on the recommended assumptions are shown in the table below. The ratios increased from 43% to 65% for males and increased from 61% to 72% for females.

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Age Group	Disability Experience					
	Males			Females		
	Actual	Proposed	Ratio	Actual	Proposed	Ratio
			Actual/Proposed			Actual/Proposed
Under 23	0	1.97	0.00	0	1.44	0.00
23 - 27	0	5.87	0.00	0	2.97	0.00
28 - 32	0	10.08	0.00	3	7.82	0.38
33 - 37	5	17.26	0.29	5	20.60	0.24
38 - 42	12	32.97	0.36	14	47.92	0.29
43 - 47	15	52.73	0.28	30	89.34	0.34
48 - 52	42	73.87	0.57	76	163.14	0.47
53 - 57	73	93.44	0.78	210	254.69	0.82
58 - 62	100	100.91	0.99	299	299.00	1.00
63 - 67	58	71.03	0.82	115	126.23	0.91
68 & Over	13	27.99	0.46	7	36.80	0.19
TOTAL	318	488.13	0.65	759	1,049.94	0.72





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Retirement

The retirement rates used in the actuarial valuation project the percentage of employees expected to retire during the upcoming year. The Plan provides for two types of retirements based on different eligibility requirements. The first one is for a normal retirement benefit. The second one is for an early retirement benefit which is reduced. Separate decrements have been developed for each type of retirement benefit.

Effective August 1, 2017, the age and service requirements for normal and early retirement were increased. Members with 25 years of service at that time are grandfathered and members with less than 25 years of service at that time are non-grandfathered.

Below are the retirement eligibilities for both grandfathered and non-grandfathered members.

Grandfathered	Non-Grandfathered
Normal Retirement	
Age 65 with 5 Years of Service	Age 67 with 10 Years of Service
30 Years of Service	Age 57 with 30 Years of Service
Early Retirement	
Age 60 with 5 Years of Service	Age 62 with 10 Years of Service
Age 55 with 25 Years of Service	Age 60 with 25 Years of Service

In our analysis, we utilized a liability-weighted approach as was used to analyze withdrawal liability. The exposure and actual occurrences are then multiplied by the member's present value of future benefits to provide the weighted experience. This approach is particularly insightful as those members who have higher compensation levels are more likely to retire earlier than members who have lower compensation levels. While we reviewed experience on both a count and liability-weighted basis, we have found the liability-weighted experience a better fit for setting the retirement assumption.

Retirement experience was observed for the following categories:

- Normal Retirements – at First Eligibility
- Retirements After First Eligibility
- Reduced Early Retirements with less than 25 Years of Service
- Reduced Early Retirements with 25 or more Years of Service





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Normal Retirement – at First Eligibility

In this section we analyzed retirement experience on a liability-weighted basis for members who first become eligible to retire upon obtaining age 65 and 5 years of service or 30 years of service regardless of age for those who are grandfathered and age 67 and 10 years of service or age 57 and 30 years of service for those who are non-grandfathered.

The analysis of the actual retirement experience over the five-year period yields an actual/expected ratio of 121% for those with grandfathered eligibility and 136% for those with non-grandfathered eligibility.

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Liability Weighted Amounts of Age Based Retirements (in \$)						
First Eligible for an Unreduced Benefit						
Age	Grandfathered Retirement			Non-Grandfathered Retirement		
	Current Rates			Current Rates		
	Actual	Expected	Ratio Actual/Expected	Actual	Expected	Ratio Actual/Expected
45 & Under	0	0	0.00	0	0	0.00
46	0	0	0.00	0	0	0.00
47	0	0	0.00	0	0	0.00
48	2,585,869	780,270	3.31	0	0	0.00
49	4,706,552	1,561,786	3.01	0	0	0.00
50	4,351,413	1,466,232	2.97	0	0	0.00
51	3,286,835	1,113,349	2.95	0	0	0.00
52	5,426,634	2,487,229	2.18	0	0	0.00
53	4,026,082	2,675,166	1.50	0	0	0.00
54	9,737,379	2,840,380	3.43	0	0	0.00
55	14,406,504	5,853,508	2.46	0	0	0.00
56	6,075,999	6,452,310	0.94	0	0	0.00
57	7,398,668	7,447,778	0.99	10,224,956	6,227,917	1.64
58	8,414,774	8,129,932	1.04	20,502,712	9,357,038	2.19
59	6,943,407	7,707,641	0.90	19,038,494	8,079,178	2.36
60	12,547,238	10,558,979	1.19	19,701,585	11,458,076	1.72
61	11,985,981	10,615,615	1.13	16,796,208	15,106,557	1.11
62	14,397,313	11,118,900	1.29	23,328,106	18,204,997	1.28
63	14,638,437	11,717,386	1.25	23,985,379	22,051,031	1.09
64	15,863,769	12,544,124	1.26	21,850,340	19,434,170	1.12
65	24,038,814	35,628,815	0.67	26,648,849	16,715,736	1.59
66	0	40,554	0.00	18,786,372	13,076,669	1.44
67	0	0	0.00	216,719,049	162,636,343	1.33
68	0	0	0.00	3,487,521	2,632,526	1.32
69	0	0	0.00	1,523,101	1,524,928	1.00
70	0	0	0.00	1,683,539	1,267,633	1.33
71	0	0	0.00	1,625,947	1,159,176	1.40
72	0	0	0.00	1,210,057	967,871	1.25
73	0	0	0.00	878,615	626,073	1.40
74	0	0	0.00	697,429	577,290	1.21
75 & Over	0	0	0.00	1,372,851	4,813,830	0.29
TOTAL	170,831,667	140,739,954	1.21	430,061,111	315,917,037	1.36





SECTION III – DEMOGRAPHIC ASSUMPTIONS

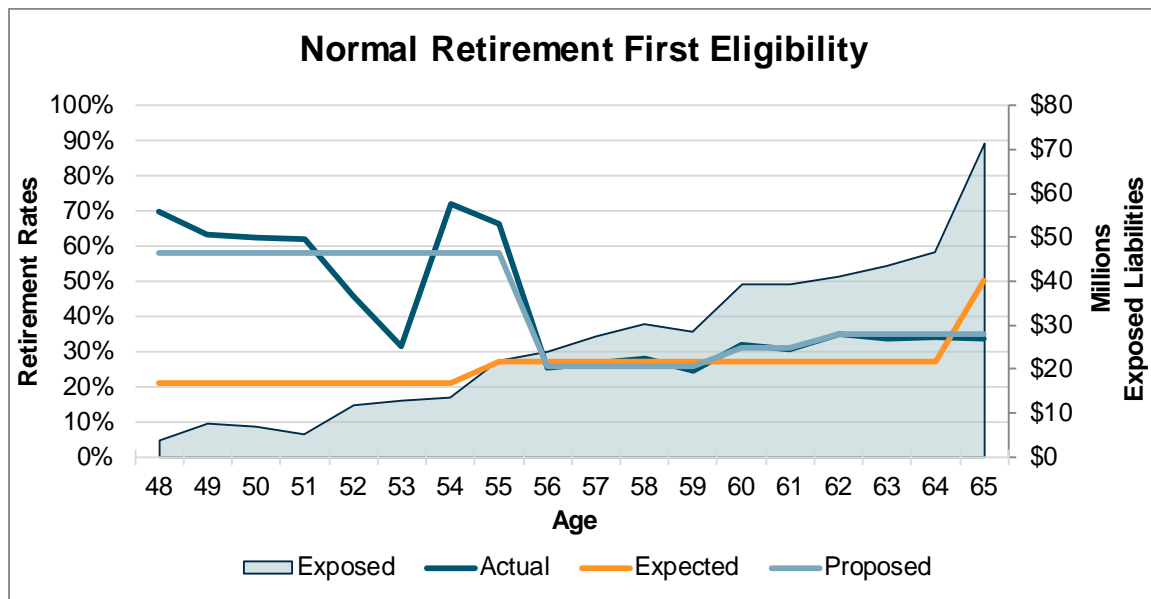
Findings and Recommendations

We recommend revising the normal retirement rates at first eligibility for both grandfathered and non-grandfathered participants to more closely reflect actual experience. The complete tables of recommended retirement rates are shown in Appendix D.

The actual/expected ratios based on the recommended assumptions are 99% compared to 121% for those with grandfathered eligibility under the current assumption and 98% compared to 136% for non-grandfathered eligibility under the current assumptions.

The assumption should provide a better fit to experience, especially at the high exposure ages. The actual average retirement rates by age and years of service during the past five years, the current assumed retirement rates, and the recommended retirement rates are shown on the left axis. The right axis of the charts below and on the following page represents the liability-weighted exposure amounts.

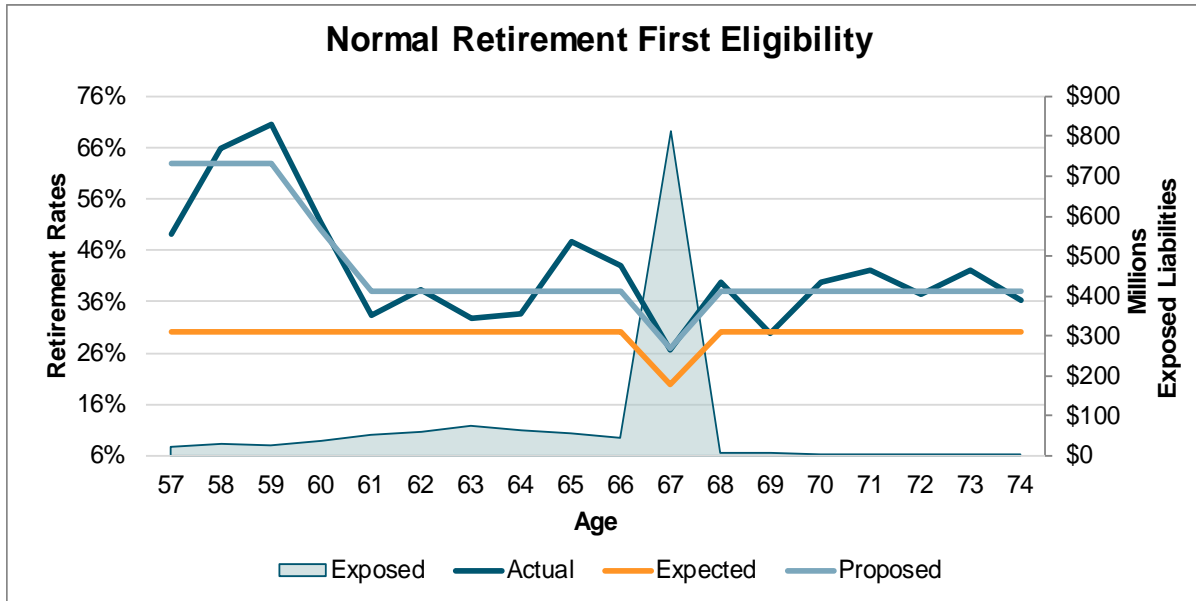
GRANDFATHERED PARTICIPANTS





SECTION III – DEMOGRAPHIC ASSUMPTIONS

NON-GRANDFATHERED PARTICIPANTS





SECTION III – DEMOGRAPHIC ASSUMPTIONS

The following table shows in detail the actual/expected ratios by individual age and total based on the recommended rates of retirement.

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Annual Benefit Amounts of Age Based Retirements First Eligible for an Unreduced Benefit						
Age	Grandfathered Retirement			Non-Grandfathered Retirement		
	Proposed Rates			Proposed Rates		
	Actual	Proposed	Ratio Actual/Proposed	Actual	Proposed	Ratio Actual/Proposed
45 & Under	0	0	0.00	0	0	0.00
46	0	0	0.00	0	0	0.00
47	0	0	0.00	0	0	0.00
48	2,585,869	2,155,031	1.20	0	0	0.00
49	4,706,552	4,313,505	1.09	0	0	0.00
50	4,351,413	4,049,592	1.07	0	0	0.00
51	3,286,835	3,074,963	1.07	0	0	0.00
52	5,426,634	6,869,489	0.79	0	0	0.00
53	4,026,082	7,388,553	0.54	0	0	0.00
54	9,737,379	7,844,860	1.24	0	0	0.00
55	14,406,504	12,574,203	1.15	0	0	0.00
56	6,075,999	6,213,336	0.98	0	0	0.00
57	7,398,668	7,171,935	1.03	10,224,956	13,078,625	0.78
58	8,414,774	7,828,823	1.07	20,502,712	19,649,781	1.04
59	6,943,407	7,422,173	0.94	19,038,494	16,966,274	1.12
60	12,547,238	12,123,272	1.03	19,701,585	19,096,793	1.03
61	11,985,981	12,188,299	0.98	16,796,208	19,134,972	0.88
62	14,397,313	14,413,389	1.00	23,328,106	23,059,662	1.01
63	14,638,437	15,189,204	0.96	23,985,379	27,931,305	0.86
64	15,863,769	16,260,902	0.98	21,850,340	24,616,616	0.89
65	24,038,814	24,940,170	0.96	26,648,849	21,173,265	1.26
66	0	0	0.00	18,786,372	16,563,781	1.13
67	0	0	0.00	216,719,049	219,559,064	0.99
68	0	0	0.00	3,487,521	3,334,533	1.05
69	0	0	0.00	1,523,101	1,931,575	0.79
70	0	0	0.00	1,683,539	1,605,669	1.05
71	0	0	0.00	1,625,947	1,468,289	1.11
72	0	0	0.00	1,210,057	1,225,970	0.99
73	0	0	0.00	878,615	793,025	1.11
74	0	0	0.00	697,429	731,234	0.95
75 & Over	0	0	0.00	1,372,851	4,813,830	0.29
TOTAL	170,831,667	172,021,699	0.99	430,061,111	436,734,263	0.98





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Retirement Subsequent to First Eligibility

In this section we analyzed retirement experience for members beginning the years after becoming eligible to retire upon obtaining age 65 and 5 years of service or 30 years of service regardless of age for those with grandfathered eligibility and obtaining age 67 and 10 years of service or age 57 and 30 years of service for those with non-grandfathered eligibility.

The analysis of the actual retirement experience over the five-year period yields an actual/expected ratio of 92% for those with grandfathered eligibility and 110% for those with non-grandfathered eligibility.

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Liability Weighted Amounts of Age Based Retirements (in \$) Eligible for an Unreduced Benefit						
Age	Grandfathered Retirement			Non-Grandfathered Retirement		
	Current Rates		Ratio Actual/Expected	Current Rates		Ratio Actual/Expected
	Actual	Expected		Actual	Expected	
45 & Under	0	70,531	0.00	0	0	0.00
46	0	76,995	0.00	0	0	0.00
47	0	87,109	0.00	0	0	0.00
48	0	266,064	0.00	0	0	0.00
49	1,127,287	855,747	1.32	0	0	0.00
50	546,237	3,499,293	0.16	0	0	0.00
51	7,057,778	6,977,958	1.01	0	0	0.00
52	5,722,475	9,044,748	0.63	0	0	0.00
53	8,630,042	13,384,030	0.64	0	0	0.00
54	16,470,101	18,022,347	0.91	0	0	0.00
55	16,453,775	21,922,417	0.75	0	0	0.00
56	19,860,369	29,224,266	0.68	0	0	0.00
57	32,981,325	37,025,412	0.89	7,529,814	4,318,550	1.74
58	48,343,676	41,760,343	1.16	14,543,380	5,609,493	2.59
59	42,043,135	45,554,078	0.92	16,166,931	6,630,037	2.44
60	51,044,975	51,908,287	0.98	15,261,323	6,073,039	2.51
61	54,724,612	55,542,002	0.99	12,901,004	6,579,387	1.96
62	61,707,159	58,236,728	1.06	9,575,597	7,179,932	1.33
63	62,905,666	61,839,746	1.02	14,788,038	7,339,627	2.01
64	63,790,128	64,821,107	0.98	10,747,689	7,592,301	1.42
65	111,338,746	115,928,721	0.96	19,722,999	8,589,698	2.30
66	121,390,275	88,268,112	1.38	14,345,089	5,412,195	2.65
67	76,205,024	92,590,574	0.82	13,642,541	4,458,823	3.06
68	65,599,566	80,055,001	0.82	170,208,949	99,972,335	1.70
69	49,860,075	69,261,694	0.72	79,880,481	64,509,468	1.24
70	46,746,583	61,698,974	0.76	67,803,508	46,989,433	1.44
71	41,515,108	51,077,816	0.81	48,520,108	31,954,945	1.52
72	36,339,582	42,937,257	0.85	30,092,247	23,195,259	1.30
73	25,689,675	33,936,874	0.76	21,787,624	18,784,319	1.16
74	22,300,811	27,931,254	0.80	18,576,245	15,392,579	1.21
75 & Over	0	0	0.00	49,167,040	207,424,497	0.24
TOTAL	1,090,394,184	1,183,805,485	0.92	635,260,606	578,005,917	1.10





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Findings and Recommendations

We recommend revising the normal retirement rates to more closely reflect actual experience. The complete tables of recommended retirement rates are shown in Appendix D.

The actual/expected ratios based on the recommended assumptions are 100% compared to 92% for grandfathered eligibility under the current assumption and 80% compared to 110% for non-grandfathered eligibility under the current assumptions.

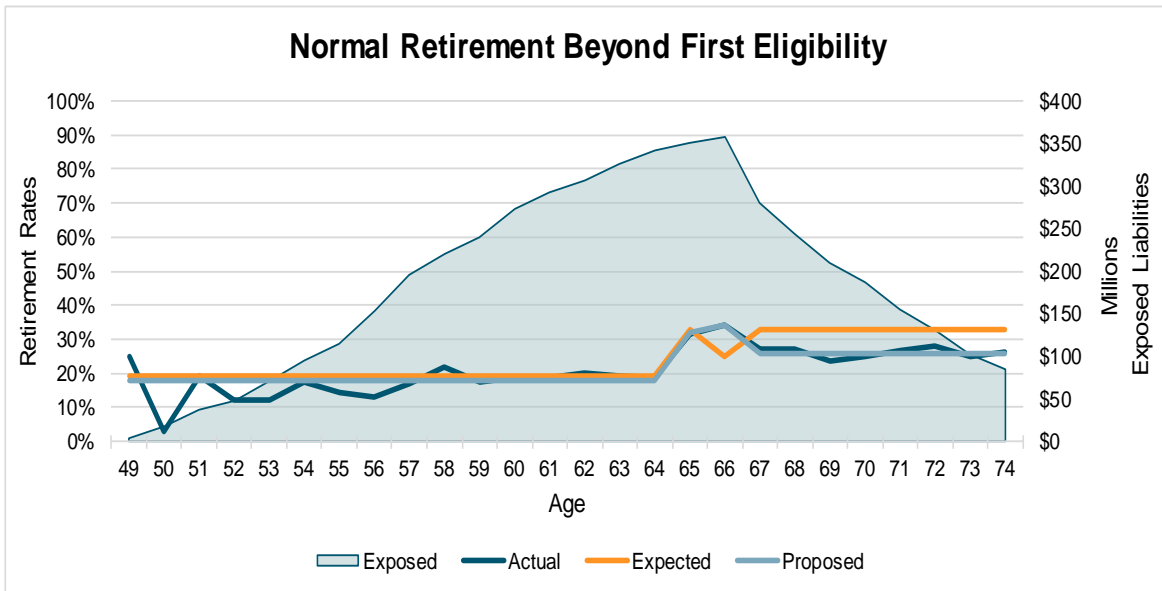
The chart shows actual average retirement rates by age and years of service during the past five years, the current assumed retirement rates, and the recommended retirement rates are shown on the left axis. The right axis of the charts below represents the amounts of weighted exposure.



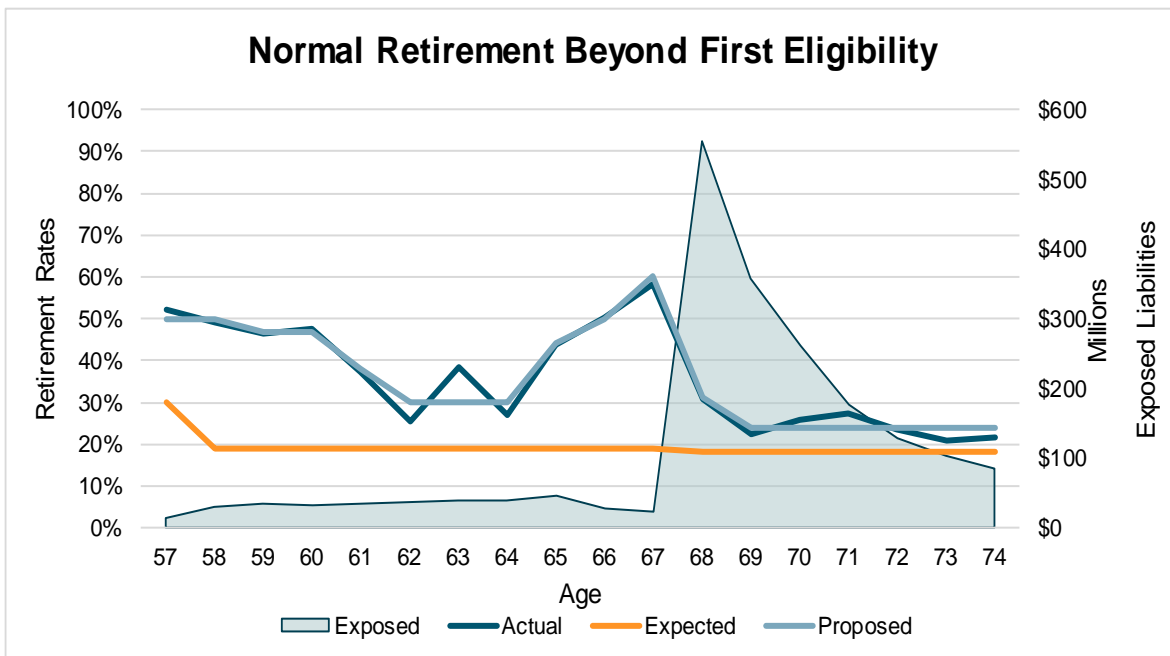


SECTION III – DEMOGRAPHIC ASSUMPTIONS

GRANDFATHERED PARTICIPANTS



NON-GRANDFATHERED PARTICIPANTS





SECTION III – DEMOGRAPHIC ASSUMPTIONS

The table below shows in detail the actual/expected ratios by individual age and total based on the recommended rates of retirement.

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Annual Benefit Amounts of Age Based Retirements Eligible for an Unreduced Benefit						
Age	Grandfathered Retirement			Non-Grandfathered Retirement		
	Proposed Rates			Proposed Rates		
	Actual	Proposed	Ratio Actual/Proposed	Actual	Proposed	Ratio Actual/Proposed
45 & Under	0	66,819	0.00	0	0	0.00
46	0	72,942	0.00	0	0	0.00
47	0	82,524	0.00	0	0	0.00
48	0	252,060	0.00	0	0	0.00
49	1,127,287	810,707	1.39	0	0	0.00
50	546,237	3,315,119	0.16	0	0	0.00
51	7,057,778	6,610,697	1.07	0	0	0.00
52	5,722,475	8,568,709	0.67	0	0	0.00
53	8,630,042	12,679,607	0.68	0	0	0.00
54	16,470,101	17,073,803	0.96	0	0	0.00
55	16,453,775	20,768,606	0.79	0	0	0.00
56	19,860,369	27,686,147	0.72	0	0	0.00
57	32,981,325	35,076,707	0.94	7,529,814	7,197,584	1.05
58	48,343,676	39,562,430	1.22	14,543,380	14,761,825	0.99
59	42,043,135	43,156,495	0.97	16,166,931	16,400,617	0.99
60	51,044,975	49,176,272	1.04	15,261,323	15,022,781	1.02
61	54,724,612	52,618,739	1.04	12,901,004	13,158,774	0.98
62	61,707,159	55,171,637	1.12	9,575,597	11,336,735	0.84
63	62,905,666	58,585,022	1.07	14,788,038	11,588,885	1.28
64	63,790,128	61,409,470	1.04	10,747,689	11,987,843	0.90
65	111,338,746	112,415,729	0.99	19,722,999	19,891,933	0.99
66	121,390,275	121,359,583	1.00	14,345,089	14,242,618	1.01
67	76,205,024	72,950,149	1.04	13,642,541	14,080,492	0.97
68	65,599,566	63,073,637	1.04	170,208,949	172,174,577	0.99
69	49,860,075	54,569,819	0.91	79,880,481	86,012,625	0.93
70	46,746,583	48,611,313	0.96	67,803,508	62,652,577	1.08
71	41,515,108	40,243,128	1.03	48,520,108	42,606,594	1.14
72	36,339,582	33,829,354	1.07	30,092,247	30,927,011	0.97
73	25,689,675	26,738,143	0.96	21,787,624	25,045,759	0.87
74	22,300,811	22,006,443	1.01	18,576,245	20,523,439	0.91
75 & Over	0	0	0.00	49,167,040	207,424,497	0.24
TOTAL	1,090,394,184	1,088,541,811	1.00	635,260,606	797,037,165	0.80





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Early Retirement

In this section we analyzed retirement experience for members who were eligible for a reduced retirement upon obtaining age 60 and 5 years of service or obtaining age 55 and 25 years of service for those with grandfathered eligibility and obtaining age 62 and 10 years of service or obtaining age 60 and 25 years of service for those with non-grandfathered but prior to becoming eligible for an unreduced retirement. The analysis was conducted in two categories, the first was members with less than 25 years of service and the second was members with 25 or more years of service. Again, the experience was liability weighted.

The analysis of the actual retirement experience over the five-year period yields an actual/expected ratio of 64% for grandfathered members and 159% for non-grandfathered members.

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Liability Weighted Amounts of Age Based Retirements (in \$) Eligible for an Reduced Benefit						
Age	Grandfathered Retirement			Non-Grandfathered Retirement		
	Current Rates		Ratio Actual/Expected	Current Rates		Ratio Actual/Expected
	Actual	Expected		Actual	Expected	
45 & Under	0	0	0.00	0	0	0.00
46	0	0	0.00	0	0	0.00
47	0	0	0.00	0	0	0.00
48	0	0	0.00	0	0	0.00
49	0	0	0.00	0	0	0.00
50	0	0	0.00	0	0	0.00
51	0	0	0.00	0	0	0.00
52	0	0	0.00	0	0	0.00
53	0	0	0.00	0	0	0.00
54	0	0	0.00	0	0	0.00
55	31,493	968,852	0.03	0	0	0.00
56	0	1,504,367	0.00	0	0	0.00
57	457,538	1,478,247	0.31	0	0	0.00
58	1,305,212	1,939,274	0.67	0	0	0.00
59	2,666,409	2,526,990	1.06	0	0	0.00
60	4,567,632	5,906,656	0.77	47,037,999	18,740,499	2.51
61	3,767,555	5,478,549	0.69	67,244,672	34,136,580	1.97
62	2,516,231	5,403,948	0.47	144,502,385	67,430,507	2.14
63	3,866,575	5,004,241	0.77	175,173,516	92,131,627	1.90
64	3,586,875	5,236,637	0.68	152,167,883	82,502,612	1.84
65	0	0	0.00	264,345,852	210,763,267	1.25
66	0	0	0.00	214,716,542	162,563,361	1.32
67	0	0	0.00	0	0	0.00
68	0	0	0.00	0	0	0.00
69	0	0	0.00	0	0	0.00
70	0	0	0.00	0	0	0.00
71	0	0	0.00	0	0	0.00
72	0	0	0.00	0	0	0.00
73	0	0	0.00	0	0	0.00
74	0	0	0.00	0	0	0.00
75 & Over	0	0	0.00	0	0	0.00
TOTAL	22,765,520	35,447,763	0.64	1,065,188,848	668,268,453	1.59





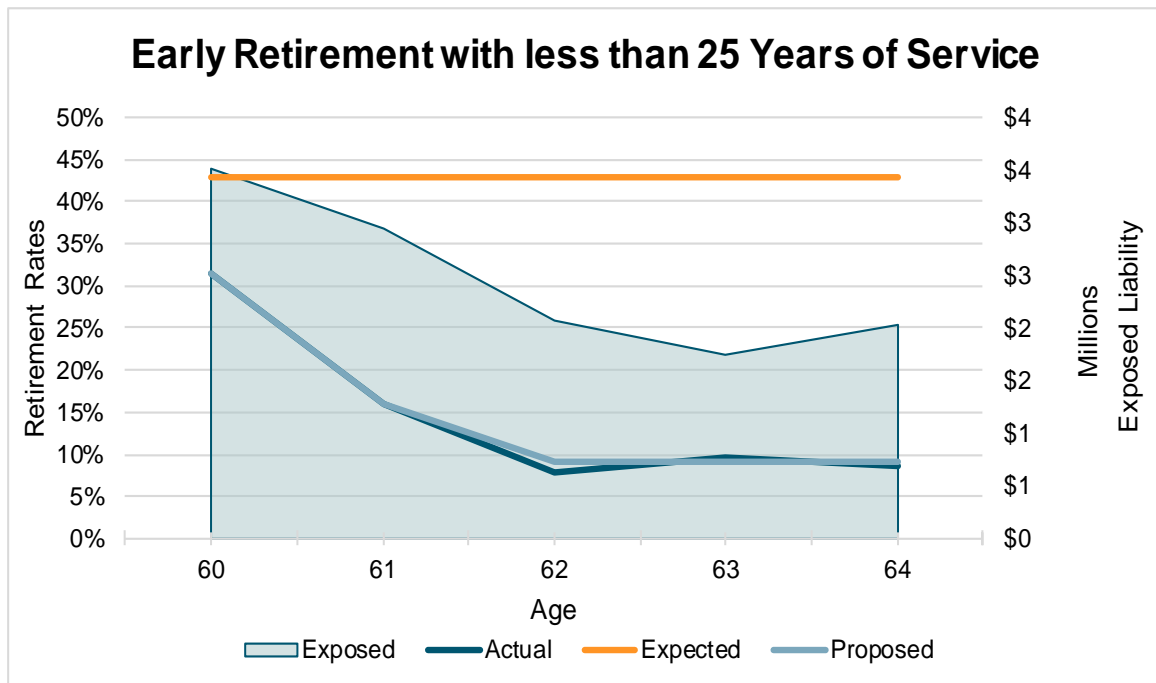
SECTION III – DEMOGRAPHIC ASSUMPTIONS

Findings and Recommendations

We recommend revising the early retirement rates to more closely reflect actual experience. The complete tables of recommended retirement rates are shown in Appendix D.

The actual average retirement rates by age and years of service during the past five years, the current assumed retirement rates, and the recommended retirement rates are shown on the left axis. The right axis of the charts below represents the amount of weighted exposure.

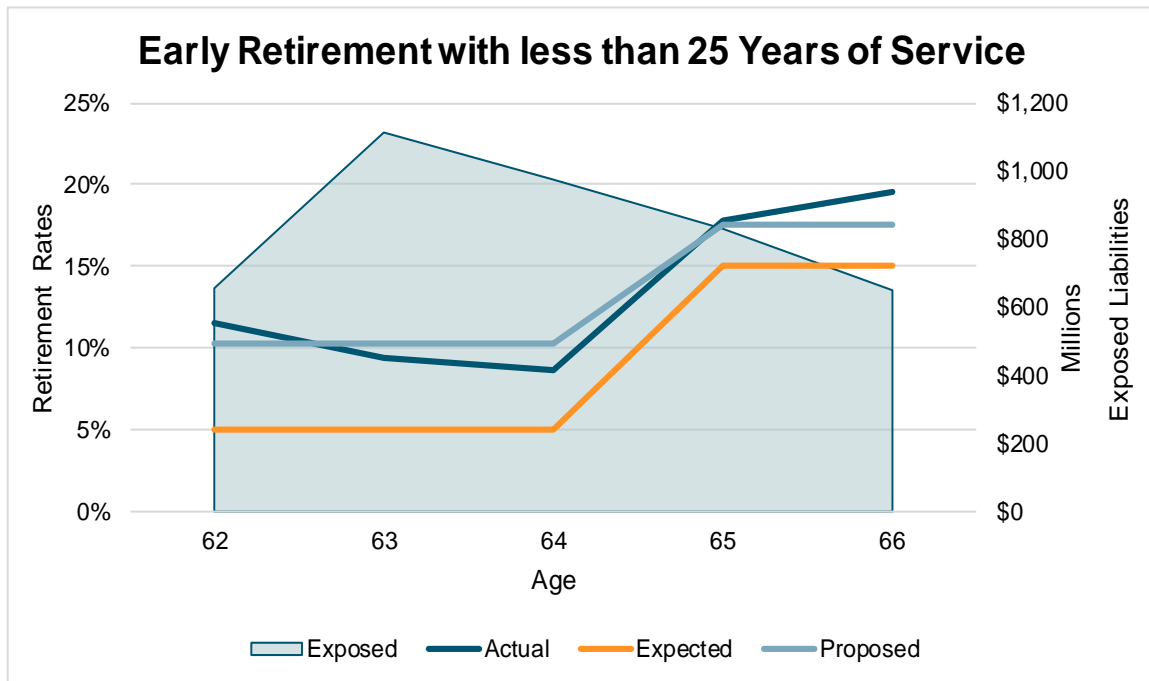
GRANDFATHERED PARTICIPANTS



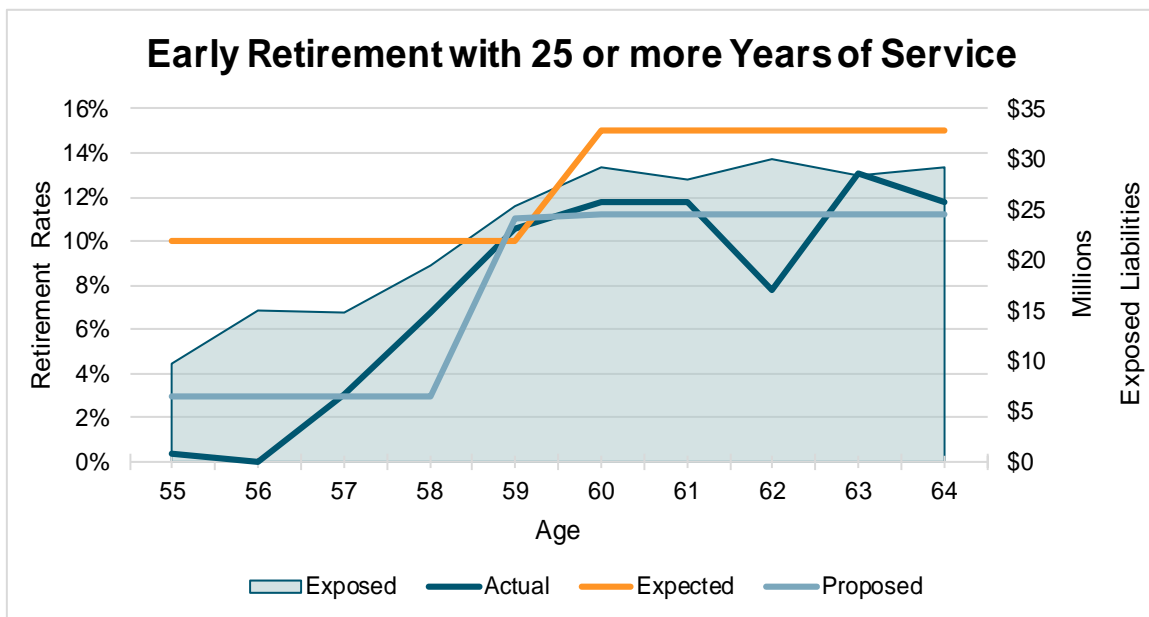


SECTION III – DEMOGRAPHIC ASSUMPTIONS

NON-GRANDFATHERED PARTICIPANTS



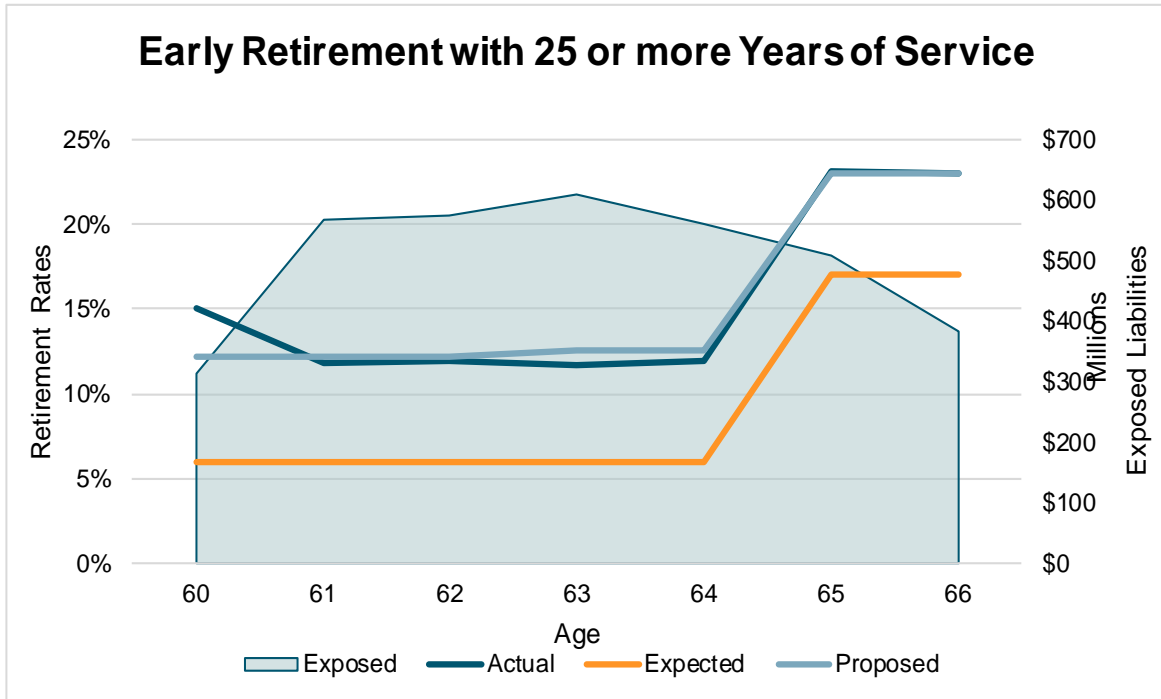
GRANDFATHERED PARTICIPANTS





SECTION III – DEMOGRAPHIC ASSUMPTIONS

NON-GRANDFATHERED PARTICIPANTS



The actual/expected ratios based on the recommended assumptions are 99% for grandfathered eligibility compared to 64% under the current assumptions, and 100% for non-grandfathered compared to 159% under the current assumptions.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

The table on the following page details the actual/expected ratios by individual age and total based on the recommended rates of retirement.

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Annual Benefit Amounts of Age Based Retirements Eligible for a Reduced Benefit						
Age	Grandfathered Retirement			Non-Grandfathered Retirement		
	Proposed Rates		Ratio Actual/Proposed	Proposed Rates		Ratio Actual/Proposed
	Actual	Proposed		Actual	Proposed	
45 & Under	0	0	0.00	0	0	0.00
46	0	0	0.00	0	0	0.00
47	0	0	0.00	0	0	0.00
48	0	0	0.00	0	0	0.00
49	0	0	0.00	0	0	0.00
50	0	0	0.00	0	0	0.00
51	0	0	0.00	0	0	0.00
52	0	0	0.00	0	0	0.00
53	0	0	0.00	0	0	0.00
54	0	0	0.00	0	0	0.00
55	31,493	290,656	0.11	0	0	0.00
56	0	451,310	0.00	0	0	0.00
57	457,538	443,474	1.03	0	0	0.00
58	1,305,212	581,782	2.24	0	0	0.00
59	2,666,409	2,779,689	0.96	0	0	0.00
60	4,567,632	4,403,596	1.04	47,037,999	38,261,852	1.23
61	3,767,555	3,629,763	1.04	67,244,672	69,695,517	0.96
62	2,516,231	3,572,088	0.70	144,502,385	137,944,604	1.05
63	3,866,575	3,347,949	1.15	175,173,516	190,088,171	0.92
64	3,586,875	3,455,852	1.04	152,167,883	170,251,321	0.89
65	0	0	0.00	264,345,852	261,955,338	1.01
66	0	0	0.00	214,716,542	201,778,634	1.06
67	0	0	0.00	0	0	0.00
68	0	0	0.00	0	0	0.00
69	0	0	0.00	0	0	0.00
70	0	0	0.00	0	0	0.00
71	0	0	0.00	0	0	0.00
72	0	0	0.00	0	0	0.00
73	0	0	0.00	0	0	0.00
74	0	0	0.00	0	0	0.00
75 & Over	0	0	0.00	0	0	0.00
TOTAL	22,765,520	22,956,161	0.99	1,065,188,848	1,069,975,437	1.00





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Non-Disabled Post-Retirement Mortality

Mortality tables are a fundamental assumption in actuarial valuations. Because benefits are typically paid over a retiree's lifetime, it is important to appropriately reflect what a typical lifetime looks like. In addition, deaths before retirement may also result in the payout of benefits to a spouse or survivor. For valuation purposes, we must consider mortality tables for retirees, beneficiaries of retirees, disabled retirees, and active members.

The Society of Actuaries periodically publishes mortality tables derived from large, national studies. In recent years, they have tended to publish families of tables, allowing actuaries to select a table that is based on a subset of data most similar to that of the data the actuary is trying to value. In early 2025, the Society released a set of tables based solely on public plan data. This family of tables, called the PUB-2016 tables, includes tables based not only on the gender and status factors already noted, but also on the type of membership (teachers, public safety, and general government), as well as further breakdowns based on those members who were above or below the median benefit amounts. Because most other recent families of tables had excluded public sector data, the PUB-2016 tables are expected to be quite useful for valuing the benefits for public retirement systems like SERS.

The post-retirement mortality rates used in the actuarial valuation project the percentage of retirees who are expected to die in a given future year. This assumption is a very material assumption and has the most significant impact of all demographic assumptions on liability projections. An important note in the examination of mortality is an observed correlation that life expectancy is greater for retirees with higher benefits than retirees with lower benefits. Because the goal of an actuarial valuation is to model the expected benefit payments to be provided by a system and the liability associated with these payments, actuaries increasingly analyze mortality experience on a benefit-weighted basis rather than simply considering headcounts (number of members dying).

Based upon the long-term trend of mortality improvement, actuaries seek to account for future improvements in longevity, either by generationally projecting future improvements or by maintaining a sufficient margin in expected rates of mortality to allow for future improvement. Since the prior experience study, the mortality basis for the System has used a generationally projected mortality improvement approach.

The analysis of the actual post-retirement mortality experience over the five-year experience study period yields actual/expected ratios of 105% and 108% respectively for males and females. The table below details the actual/expected ratios by individual age group and total.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Age Group	Annual Benefit Amounts of Post-Retirement Mortality					
	Males			Females		
	Actual	Expected	Ratio Actual/Expected	Actual	Expected	Ratio Actual/Expected
50 - 54	0	532,737	0.00	0	282,151	0.00
55 - 59	3,994,927	6,190,392	0.65	2,094,967	2,748,314	0.76
60 - 64	23,689,177	26,668,587	0.89	10,686,376	13,969,150	0.76
65 - 69	64,228,862	63,462,252	1.01	54,081,539	56,905,117	0.95
70 - 74	95,139,265	99,858,131	0.95	121,651,550	116,759,292	1.04
75 - 79	103,305,244	103,392,345	1.00	178,158,124	155,912,008	1.14
80 - 84	105,199,756	87,694,172	1.20	174,063,732	164,763,834	1.06
85 - 89	77,960,279	69,732,677	1.12	170,420,485	158,324,466	1.08
90 - 94	44,663,297	36,153,051	1.24	116,043,787	102,946,265	1.13
95 - 99	11,891,979	10,836,202	1.10	49,982,023	38,296,423	1.31
100 & Over	2,314,111	1,856,796	1.25	10,179,748	7,898,939	1.29
TOTAL	532,386,896	506,377,343	1.05	887,362,330	818,805,958	1.08



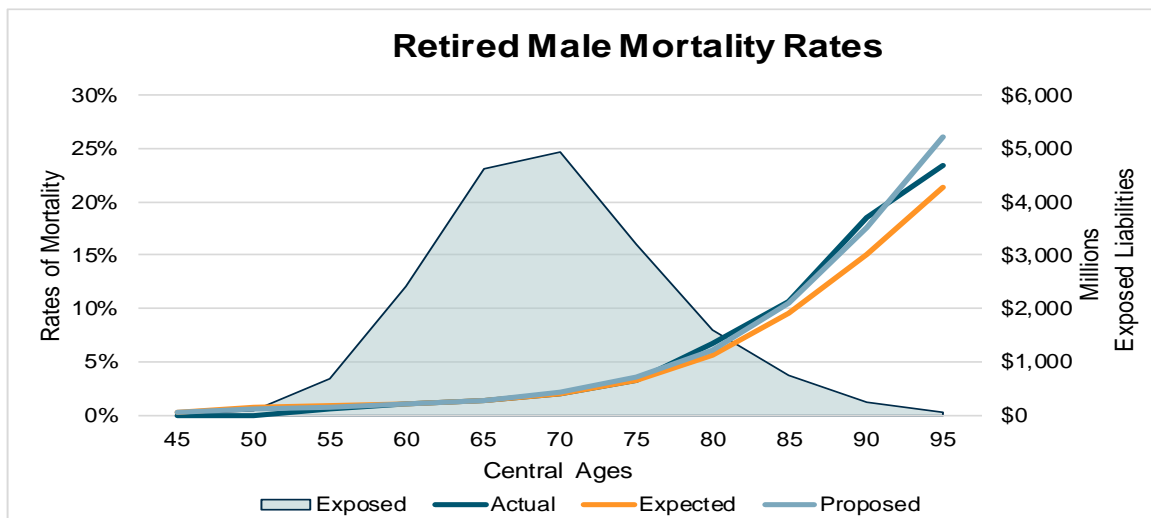


SECTION III – DEMOGRAPHIC ASSUMPTIONS

Findings and Recommendations

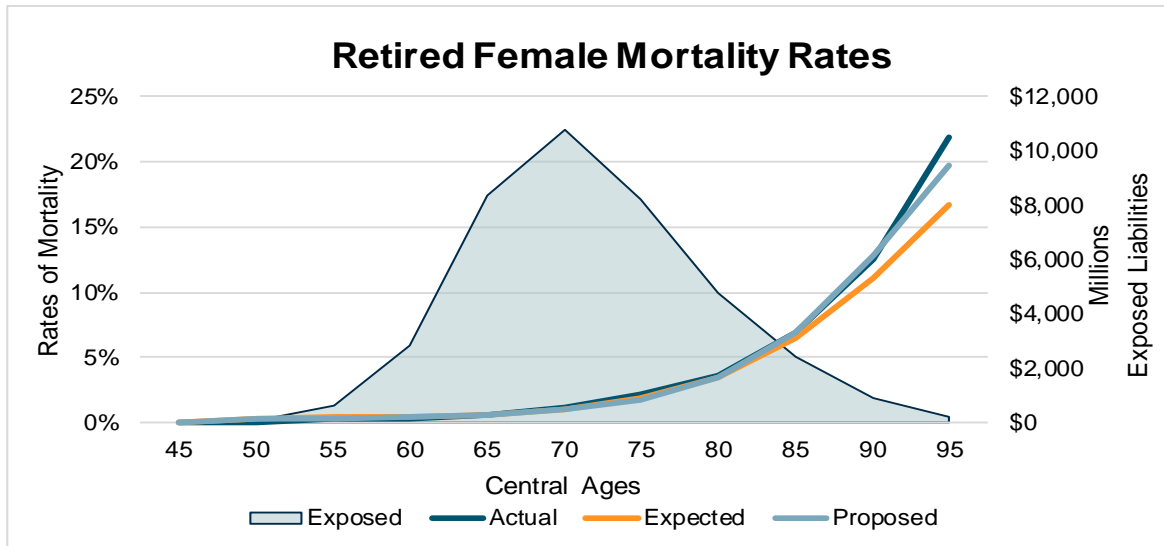
Experience indicates that overall, more liability has been released than expected during the study period. The table currently in use is the PUB-2010 General Employee Amount Weighted Below-Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. We recommend the use of the PUB-2016 General Employee Amount Weighted Below-Median Healthy Retiree mortality table projected to 2023 with ages set forward 1 year for males. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

The actual average mortality rates by age during the past five years, the current assumed mortality rates, and the recommended weighted mortality rates are shown on the left axis. The right axis of the charts below represents the weighted exposure. The weighted exposure amounts are the total number of individuals who were subject to mortality rates at specific age weighted by the amount of benefits paid during at that age.





SECTION III – DEMOGRAPHIC ASSUMPTIONS



The actual/expected ratios based on the recommended assumptions are 98% for males compared to 99% under the current assumptions and 108% for females compared to 108% under the current assumptions.

The following table details the actual/expected ratios by individual age and total based on the recommended rates of mortality.

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Age Group	Males			Females		
	Actual	Proposed	Ratio	Actual	Proposed	Ratio
			Actual/Proposed			Actual/Proposed
50 - 54	0	488,990	0.00	0	207,969	0.00
55 - 59	3,994,927	5,603,030	0.71	2,094,967	2,160,031	0.97
60 - 64	23,689,177	25,658,837	0.92	10,686,376	12,529,969	0.85
65 - 69	64,228,862	66,667,597	0.96	54,081,539	52,940,031	1.02
70 - 74	95,139,265	104,455,277	0.91	121,651,550	107,889,249	1.13
75 - 79	103,305,244	110,159,201	0.94	178,158,124	149,306,555	1.19
80 - 84	105,199,756	93,884,441	1.12	174,063,732	165,706,636	1.05
85 - 89	77,960,279	74,923,757	1.04	170,420,485	166,181,087	1.03
90 - 94	44,663,297	40,363,510	1.11	116,043,787	112,179,974	1.03
95 - 99	11,891,979	12,555,647	0.95	49,982,023	43,046,319	1.16
100 & Over	2,314,111	1,687,952	1.37	10,179,748	6,616,709	1.54
TOTAL	532,386,896	536,448,238	0.99	887,362,330	818,764,529	1.08





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Contingent Survivor Post-Retirement Mortality

The contingent survivor mortality rates used in the actuarial valuations project the percentage of survivors who are expected to die in the upcoming year for all members. Mortality for survivors of retirees is expected to differ from that of other retirees. Experience is again weighted by benefit amount.

The analysis of contingent survivor mortality over the five-year experience study period yields actual/expected ratio of 113% and 114% respectively for survivors of male and female retirees. The table below shows the actual/expected ratios by age groups and in total.

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Age Group	Annual Benefit Amounts of Contingent Survivor Mortality					
	Males			Females		
	Actual	Expected	Ratio	Actual	Expected	Ratio
			Actual/Expected			Actual/Expected
50 - 54	738,735	210,972	3.50	1,984,944	457,426	4.34
55 - 59	1,805,757	551,826	3.27	1,303,615	1,157,431	1.13
60 - 64	2,494,841	1,253,814	1.99	5,095,508	2,907,394	1.75
65 - 69	2,813,027	3,451,524	0.82	6,866,028	6,473,903	1.06
70 - 74	5,061,095	6,348,804	0.80	14,214,542	10,063,887	1.41
75 - 79	12,448,209	9,484,356	1.31	19,697,299	15,558,830	1.27
80 - 84	9,809,311	10,198,482	0.96	21,448,603	19,594,715	1.09
85 - 89	11,846,480	10,328,676	1.15	22,807,301	23,685,409	0.96
90 - 94	8,484,795	6,842,956	1.24	20,070,064	20,284,480	0.99
95 - 99	2,815,177	2,681,044	1.05	11,233,075	9,336,192	1.20
100 & Over	422,017	457,677	0.92	1,669,817	1,763,150	0.95
TOTAL	58,739,446	51,810,132	1.13	126,390,796	111,282,817	1.14

Findings and Recommendations

We recommend PUB-2016 General Amount Weighted Below-Median Contingent Survivor mortality table projected to 2023 with ages set forward 2 years for males and set forward 1 year for females. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

The actual/expected ratios based on the recommended assumptions are 104% for males compared to 113% under the current assumptions and 127% for females compared to 114% under the current assumptions.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

The following table details the actual/expected ratios by individual age and total based on the recommended rates of mortality.

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Age Group	Males			Females		
	Actual	Proposed	Ratio Actual/Proposed	Actual	Proposed	Ratio Actual/Proposed
50 - 54	738,735	177,056	4.17	1,984,944	265,307	7.48
55 - 59	1,805,757	490,470	3.68	1,303,615	706,924	1.84
60 - 64	2,494,841	1,211,257	2.06	5,095,508	2,008,125	2.54
65 - 69	2,813,027	3,512,401	0.80	6,866,028	5,163,627	1.33
70 - 74	5,061,095	6,507,915	0.78	14,214,542	8,726,255	1.63
75 - 79	12,448,209	9,942,475	1.25	19,697,299	13,999,280	1.41
80 - 84	9,809,311	11,175,886	0.88	21,448,603	18,086,596	1.19
85 - 89	11,846,480	11,806,072	1.00	22,807,301	22,050,527	1.03
90 - 94	8,484,795	8,103,305	1.05	20,070,064	18,938,851	1.06
95 - 99	2,815,177	3,039,786	0.93	11,233,075	8,716,840	1.29
100 & Over	422,017	475,162	0.89	1,669,817	1,235,151	1.35
TOTAL	58,739,446	56,441,785	1.04	126,390,796	99,897,484	1.27





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Disabled Post-Retirement Mortality

The disability mortality rates used in the actuarial valuations project the percentage of disabled retirees who are expected to die in the upcoming year for all members. Mortality for disabled retirees is expected to be higher than mortality for non-disabled retirees.

The analysis of the actual disabled mortality over the five-year experience study period yields actual/expected ratio of 123% and 119% respectively for disabled male and female retirees. The table below shows the actual/expected ratios by age groups and in total.

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Age Group	Annual Benefit Amounts of Post-Disablement Mortality					
	Males			Females		
	Actual	Expected	Ratio Actual/Expected	Actual	Expected	Ratio Actual/Expected
Under 35	0	0	0.00	0	8,604	0.00
35 - 39	500,690	13,974	35.83	245,530	30,710	8.00
40 - 44	457,102	75,496	6.05	0	94,360	0.00
45 - 49	939,315	343,582	2.73	1,407,975	469,102	3.00
50 - 54	2,314,685	1,322,829	1.75	3,841,938	1,897,437	2.02
55 - 59	6,358,860	4,653,608	1.37	7,988,956	5,156,954	1.55
60 - 64	15,675,517	11,148,600	1.41	18,633,308	12,954,791	1.44
65 - 69	16,627,949	16,134,156	1.03	21,226,438	17,800,853	1.19
70 - 74	16,199,215	13,349,603	1.21	15,678,802	14,643,506	1.07
75 - 79	12,159,353	9,146,213	1.33	13,949,790	12,544,953	1.11
80 - 84	5,271,463	5,249,406	1.00	9,339,360	10,055,906	0.93
85 - 89	2,354,175	2,565,303	0.92	6,782,204	6,817,368	0.99
90 - 94	868,204	756,172	1.15	2,886,562	2,921,084	0.99
95 & Over	131,347	145,425	0.90	797,816	749,201	1.06
TOTAL	79,857,876	64,904,367	1.23	102,778,680	86,144,828	1.19

Findings and Recommendations

We recommend adopting the PUB-2016 General Headcount Weighted Disabled Retiree mortality table projected to 2023 with ages set forward 4 years for males and females. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

The actual/expected ratios based on the recommended assumptions are 147% for males compared to 123% under the current assumptions and 135% for females compared to 119% under the current assumptions.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

The following table details the actual/expected ratios by individual age and total based on the recommended rates of mortality.

EXPERIENCE UNDER PROPOSED ASSUMPTIONS

Age Group	Annual Benefit Amounts of Post-Disablement Mortality					
	Males			Females		
	Actual	Proposed	Ratio	Actual	Proposed	Ratio
			Actual/Proposed			Actual/Proposed
Under 35	0	0	0.00	0	4,134	0.00
35 - 39	500,690	9,562	52.36	245,530	14,217	17.27
40 - 44	457,102	50,255	9.10	0	44,202	0.00
45 - 49	939,315	220,973	4.25	1,407,975	227,584	6.19
50 - 54	2,314,685	899,744	2.57	3,841,938	1,093,486	3.51
55 - 59	6,358,860	3,696,139	1.72	7,988,956	3,918,666	2.04
60 - 64	15,675,517	9,146,155	1.71	18,633,308	10,493,411	1.78
65 - 69	16,627,949	12,596,427	1.32	21,226,438	14,241,509	1.49
70 - 74	16,199,215	10,999,803	1.47	15,678,802	12,758,620	1.23
75 - 79	12,159,353	8,397,303	1.45	13,949,790	12,445,517	1.12
80 - 84	5,271,463	5,035,400	1.05	9,339,360	10,023,786	0.93
85 - 89	2,354,175	2,489,556	0.95	6,782,204	6,890,377	0.98
90 - 94	868,204	752,461	1.15	2,886,562	3,077,329	0.94
95 & Over	131,347	146,917	0.89	797,816	781,202	1.02
TOTAL	79,857,876	54,440,695	1.47	102,778,680	76,014,040	1.35





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Pre-Retirement Mortality

The rates of pre-retirement mortality are used in the actuarial valuation to project the percentage of employees who are expected to terminate due to death.

Findings and Recommendations

As is typical with most large public pension plans, a small number of deaths occur amongst the active member population during the experience period. The data is not sufficient to recommend a change in the actuarial assumption for pre-retirement mortality that would be expected to accurately predict mortality rates in the future for the active membership. As a result, we recommend the assumed rates of pre-retirement mortality reflect an assumption similar to the assumed rates of post-retirement mortality. We recommend adopting the PUB-2016 General Employee Amount Weighted Below-Median mortality table. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Rates of Salary Increase Due to Merit and Promotion

Under the “building block” approach recommended in ASOP No. 27, this assumption is composed of three components: inflation, productivity (real wage increases), and merit/promotion. The inflation and productivity components are combined to produce the assumed rates of wage inflation. The rate represents the “across the board” average annual increase in salaries shown in the experience data. The merit component includes the additional increases in salary due to performance, seniority, promotions, etc.

The table below shows the actual/expected ratios for total salary increases over the five-year period.

EXPERIENCE UNDER CURRENT ASSUMPTIONS

Years of Service	Salaries End of Year		
	Actual	Expected	Ratio
			Actual/Expected
Under 1	1,939,813	1,988,471	0.976
1	1,195,976	1,223,970	0.977
2	1,028,428	1,046,737	0.983
3	910,483	921,010	0.989
4	899,609	908,392	0.990
5	879,097	885,752	0.992
6	825,521	831,662	0.993
7	733,136	736,437	0.996
8	640,911	643,850	0.995
9	551,026	554,298	0.994
10	466,928	466,009	1.002
11	429,488	431,712	0.995
12	419,858	421,489	0.996
13	424,282	425,008	0.998
14	420,426	420,692	0.999
15	415,718	416,192	0.999
16	400,372	400,090	1.001
17	398,037	398,855	0.998
18 & Up	4,364,080	4,345,066	1.004
TOTAL	17,343,189	17,465,692	0.993





SECTION III – DEMOGRAPHIC ASSUMPTIONS

Utilizing the “building block” approach, the first step in developing the merit-based rates of increase is to remove the wage inflation component experienced during the investigation period from the actual salary rates of increase. The average annual rate of inflation over the five-year period ending June 30, 2025 was 4.71% and the current assumed real rate of wage inflation (wage inflation above price inflation or CPI) was 0.85%. These combined equal an annual rate of wage inflation of 5.56% over the five-year period. This was 2.31% greater than the assumed wage inflation of 3.25%.

Upon reviewing salary increase experience across the workforce, increases appear relatively uniform across all age groups, with no statistically discernible variation that would suggest a distinct merit-driven component separate from general wage growth. In a compensation structure where merit increases operate independently of across-the-board adjustments, one would expect to observe a measurable pattern of higher increases concentrated among younger or mid-career employees — reflecting performance-based progression and step advancement — tapering as employees approach salary maturity. The absence of such a pattern in the observed data suggests that merit and general increases are either applied uniformly or are indistinguishable in their aggregate effect, making it impossible to isolate and separately quantify a merit component for actuarial assumption-setting purposes. Accordingly, a single composite salary scale assumption is more appropriate than attempting to decompose increases into general and merit components.

The table below shows the actual salary increases for the experience period. It should be noted that the pattern of increases is consistent with the experience study for the five year period ended June 30, 2020.

Years of Service	Actual Rate
Under 1	10.80%
1	3.92%
2	3.22%
3	3.35%
4	3.27%
5	3.24%
6	3.26%
7	3.56%
8	3.55%
9	3.41%
10	3.97%
11	3.23%
12	3.36%
13	3.59%
14	3.70%
15	3.65%
16	3.58%
17	3.30%
18 & Up	3.70%



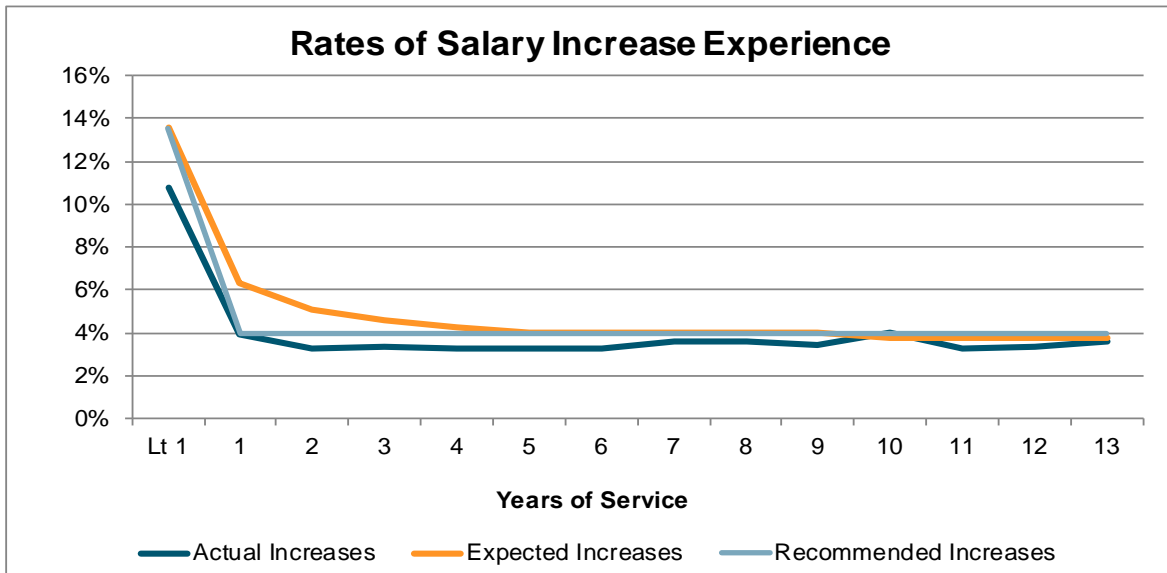


SECTION III – DEMOGRAPHIC ASSUMPTIONS

Findings and Recommendations

Based on the analysis above we are recommending a single composite salary scale at all years of service with no change for a member with less than one year of service. The complete tables of recommended total compensation increase rates are shown in Appendix D.

The following graph shows a comparison of actual, current (expected), and proposed rates of total salary increases by years of service.





SECTION III – DEMOGRAPHIC ASSUMPTIONS

The actual/expected ratio based on the recommended assumption is shown in the table below. The total actual/expected ratio is 99% compared to 99% under the current assumption.

Years of Service	Salaries End of Year (in thousands)		
	Actual	Proposed	Ratio
			Actual/Proposed
Under 1	1,939,813	1,988,471	0.976
1	1,195,976	1,196,953	0.999
2	1,028,428	1,036,206	0.992
3	910,483	916,247	0.994
4	899,609	905,932	0.993
5	879,097	885,544	0.993
6	825,521	831,466	0.993
7	733,136	736,265	0.996
8	640,911	643,700	0.996
9	551,026	554,168	0.994
10	466,928	467,059	1.000
11	429,488	432,685	0.993
12	419,858	422,438	0.994
13	424,282	425,965	0.996
14	420,426	421,640	0.997
15	415,718	417,129	0.997
16	400,372	401,991	0.996
17	398,037	400,750	0.993
18 & Up	4,364,080	4,376,629	0.997
TOTAL	17,343,189	17,461,239	0.993





SECTION IV – OTHER ACTUARIAL ASSUMPTIONS AND METHODS

Percent Married: Currently 80% of members are assumed to be married with the husband three years older than the wife. This is a common and reasonable assumption, and we recommend maintaining this assumption.

Re-hired Retirees: The number of re-hired retirees has increased over the investigation period from 12,987 to 13,094. This result combined with the fact that a portion of employer contributions on re-hired retiree payroll is used to finance the unfunded accrued liability (UAL) suggests there is no material impact on the payroll growth assumption utilized in the actuarial valuation to determine the UAL contribution rate. Therefore, no specific re-hired retiree assumption is deemed necessary.

Actuarial Cost Method: The cost method is used to allocate the present value of benefits between past service (actuarial accrued liability) and future service (normal cost). Currently the valuation uses the entry age normal cost method. This is the most widely used cost method of large public sector plans and has demonstrated the highest degree of stability as compared to alternative methods. We recommend no change in the use of this method.

Actuarial Value of Assets: The purpose of the asset smoothing is to dampen the impact that market volatility has on valuation results by spreading the unexpected market gains and losses over several years. Currently, the System uses a four-year smoothing method that recognizes in each year 25% of the difference between the actual market value of assets and the expected market value of assets based on the assumed rate of return. The actuarial value of assets cannot be less than 80% or more than 120% of market value. We recommend no change in the use of this method.

Payroll Growth Assumption: The unfunded actuarial accrued liability is amortized using a level percentage of payroll method over the amortization period and requires a payroll growth assumption to determine the required stable rate of payroll required to fully amortize the UAAL over the amortization period. The current payroll growth rate is based on the wage inflation assumptions of 1.75%. Since 2017, total payroll has grown by 4.60% per year. Based on our most recent open-group projections of the System, the expected longer-term future rate of growth tends toward 2.0% annually. We recommend maintaining the current assumption of 1.75%

Amortization Method: The Unfunded Actuarial Accrued Liability (UAAL) can be amortized either as one single amount, or as components or “layers”, each with a separate amortization base, payment and period. If the UAAL is amortized as one amount, the UAAL is recalculated each year in the valuation and experience gains/losses or other changes in the UAAL are folded into the single UAAL amortization base. The amortization payment is then the total UAAL divided by an amortization factor for the applicable amortization period.

If separate amortization bases are maintained, the UAAL is composed of multiple amortization bases, each with its own payment schedule and remaining amortization period. In each valuation, the unexpected change in the UAAL is established as a new amortization base over the appropriate amortization period beginning on that valuation date. The UAAL is then the sum of all of the outstanding amortization bases on the valuation date and the UAAL payment is the sum of all of the amortization payments on the existing amortization bases. This approach provides transparency in that the current UAAL is paid off over a fixed period of time and the remaining components of the UAAL are clearly identified. Adjustments to the UAAL in future years are also separately identified in each future year.





SECTION IV – OTHER ACTUARIAL ASSUMPTIONS AND METHODS

Recommendation: We recommend 20-Year layered amortization beginning with the June 30, 2026 valuation composed of:

- Initial June 30, 2025 UAAL amortized over a closed 19-year period
- Subsequent changes in the UAAL amortized over closed 20-year periods from the valuation date it is measured.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

I. Economic Assumptions

For the Health Care Plan, we assume the same long-term rate of return as for the Basic Benefits Plan, which we are recommending remain at 7.00%. The long-term rate of return is used to project Health Care Fund solvency for both the actuarial valuation and for GASB purposes. GASB 74/75 prescribes a specific methodology for the solvency test that depends on the bond rate as of the measurement date, which changes every year. However, with the implementation of GASB 74/75, accounting standards have been separated from funding and we calculate an Actuarially Determined Employer Contribution (ADEC) for funding purposes. ASOP 27 states that the investment return assumption should reflect the anticipated returns on the plan's current and future assets. Since the Health Care Fund assets are invested in the same manner as the assets for the Basic Benefits Plan, we recommend that the Health Care Fund use 7.00% as the assumed rate of return for calculating the ADEC for funding purposes. We will continue to apply the applicable bond rate and the GASB crossover test at each measurement date for the GASB Total OPEB liability (TOL), but we recommend the ADEC be calculated at 7.00% as a measure of the contribution that would be necessary if the Fund were to fund actuarially from year to year.

Health Care Cost Trend Rates

In addition to the three economic assumptions used in all the actuarial valuations performed for Ohio SERS, the Health Care Cost Trend Rates reflect the change in per capita health claims rates over time due to the following factors:

- medical inflation
- utilization
- plan design
- technology improvements

The Actuarial Standards Board has issued Actuarial Standard of Practice (ASOP) No. 6, "*Measuring Retiree Group Benefit Obligations*," which provides guidance to actuaries in selecting economic assumptions for measuring obligations of post-retirement plans other than pensions. The actuary should not consider aging of the covered population when selecting the trend assumption for projecting future costs, but should consider the following key components in setting the health care cost trend rate as noted in ASOP No. 6:

- inflation
- medical inflation
- definition of covered charges
- frequency of services
- leveraging caused by plan design features not explicitly modeled
- plan participation

When setting assumptions for projecting medical and prescription drug costs, CavMac assumes the health benefit plan cost trend rates will decrease from an initial rate to an ultimate level. Our methodology for setting the initial trend rate includes the use of published annual health care inflation surveys in conjunction with actual plan experience, where credible. The initial trend rate assumption is subject to continued update and review with each valuation performed given the volatile nature of medical and prescription drug costs.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

There are various approaches used to determine the timing and level of decreases to the ultimate trend rate. The assumed decrease in medical and prescription drug trend rates reflects the belief that health care inflation cannot indefinitely outstrip the growth rate of employer budgets and the overall economy. As a standard of practice, CavMac typically assumes a grading period of five to ten years, depending on the level of change (i.e., larger differences between the initial trend rate and the ultimate trend rate are assumed to require a longer reduction period). For the ultimate trend assumption, CavMac typically assumes an ultimate trend rate of price inflation +2.0%. As with any standard of practice, the specifics of each plan are reviewed to ensure there is nothing unusual that would necessitate a long-term trend rate that is either higher or lower than what is typical. It appears to be reasonable to continue to use an ultimate rate of price inflation +2.0%, which with the recommended price inflation will be 4.50%, as there appears to be nothing unusual about Ohio SERS' medical plans that would necessitate a long-term trend that is either higher or lower than what is typically used for this type of calculation.

Background: In our opinion, the economic assumptions recommended in this report have been developed in accordance with ASOP No. 6. Currently, the short-term health care trend rates are set on an annual basis based on the information and data as previously described, with an ultimate trend rate of price inflation plus excess cost growth that is reached after an appropriate grading period.

Recommendation: Continue to update the short-term health care trends annually and base the health care trends on Ohio SERS' experience and demographics while considering the projected trend from external sources. Use an ultimate trend rate of price inflation + 2.0%, or 4.50%.

Age Related Morbidity Factors

The Actuarial Standards Board has issued Actuarial Standard of Practice (ASOP) No. 6, "*Measuring Retiree Group Benefit Obligations*," states that in general, for health coverage, benefit costs vary by age and, with some limited exceptions, the actuary should use age specific costs in the development of the initial per capita costs and in the projection of future benefit plan costs.

Our most recent assumption for age-related claims cost increases uses the relative value factors that were developed from the Society of Actuaries' June 2013 research report *Health Care Costs—From Birth to Death* by Dale Yamamoto. The Yamamoto study includes age-based cost curves split by gender and applicable to pre-65 and over 65 (Medicare eligible) ages. For the Medicare eligible population, the analysis reviews cost relativities of both the Medicare total allowed charge and the Medicare net allowed amount. The report states: "The Medicare net allowed amount is determined as the difference of the Medicare total allowed amount and the Medicare benefit payment. This is, in essence, the amount of costs that may be considered allowable charges for any private supplemental plan (e.g., employer-sponsored integrated plan, individual Medicare supplement or Medigap plan)." Currently we are using the Yamamoto factors for the Medicare total allowed amount since the SERS plan is richer than the standard Medicare plan upon which the Medicare benefit payment is based. However, since Medicare reimbursements are risk rated and intended to remove the impact of aging and chronic disease conditions and the majority of Medicare costs are with prescription drugs, which have been recently overhauled with the Inflation Reduction Act (IRA), we recommend using the Yamamoto study Medicare net allowed factors, which are flatter at the higher ages. This is particularly important for SERS going forward as projected retirement ages are skewing higher, even past first Medicare eligibility age of 65.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

Background: In our opinion, the age-based morbidity assumptions recommended in this report have been developed in accordance with ASOP No. 6. Currently, we use the relative value factors that were developed from the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto. The Yamamoto study includes age-based cost curves split by gender and applicable to pre-65 and over 65 (Medicare eligible) ages.

Recommendation: Continue to use the Yamamoto age-based morbidity relative value factors but update the factors for Medicare-eligible retiree from the total allowed factors to the net allowed factors.

COVID and Federal Legislation

We are recommending no specific assumption changes attributable to the COVID-19 pandemic at this time due to the level of uncertainty regarding the impact on plan costs going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required and changes, if necessary, will be made annually at the time that experience develops.

We are recommending no specific assumption changes attributable to the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) at this time. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs, and the changes to Medicare due to the IRA, which are included in our baseline Medicare costs and trend assumption. Continued monitoring of the impact on the Plan's liability due to this and other legislation, if applicable, will be required.

Recommendation: No changes but continued monitoring.

Amortization Method

The unfunded actuarial accrued liability is amortized using a level percentage of payroll method over the amortization period using the payroll growth assumption to determine the required stable rate of payroll required to fully amortize the UAAL over the amortization period. Currently the amortization period for the Retiree Health Care valuation is an open 30 year period, meaning the UAAL is re-amortized every year over a new 30 year period and will never be paid off. The Actuarially Determined Employer Contribution is calculated in each annual valuation and compared to the actual employer contributions which are equal to the 1.50% of payroll surcharge **plus** any amount from the 14.00% fixed contribution rate that is not allocated to the Basic Benefits Plan, which is frequently 0.00%.

Since the plan is not funded actuarially, the Health Care Plan is primarily interested in plan solvency which is exhibited in the valuation report along with sensitivity measures showing the impact on solvency due to such factors as unexpected health care cost increases, particularly for Medicare eligible retirees, and lower than expected investment return due to market downturns or underfunding.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

However, since GASB 74 explicitly requires the calculation and disclosure of an Actuarially Determined Employer Contribution (ADEC), and since a 30 year open amortization period will never pay off the UAAL, we recommend changing to a 30 year closed amortization period. This will have no impact on the current valuation, but will impact future valuation as the amortization period steps down by one year in every subsequent valuation.

Recommendation: Change amortization method for the Retiree Health Care Plan from 30 year open to 30 year closed.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

II. Coverage Assumptions

The Actuarial Standards Board has issued Actuarial Standard of Practice (ASOP) No. 6, “Measuring Retiree Group Benefit Obligations”, which provides guidance to actuaries in selecting coverage assumptions for measuring obligations of post-retirement plans other than pensions. The “Coverage Assumptions” section includes the key components the actuary should consider in setting the coverage assumptions per ASOP No. 6:

- Plan Participation
- Spouse Coverage Eligibility

Retirement Health Care Participation Rates

SERS requires individuals to contribute toward the cost of health care to maintain coverage based on service at retirement, disability status, Medicare eligibility, plan choice, and the coverage tier elected. Some eligible individuals may not elect to be covered, especially if they have coverage available through a spouse or previous employer. The rates of participation are based on experiential data, where available and credible. These rates are considered when selecting the participation assumption for future retirees, as well as the plan eligibility rules, plan choices, and the change in retiree contribution rates over time.

Since plan participation may vary in the future due to anticipated retiree contribution levels and plan choices, the appropriateness of participation rates for both current and future retirees needs to be considered. The availability to opt in and out of the plan at the time of open enrollment also needs to be considered.

Participation rates vary based on type of retirement: service or disability. Thus, the participation rates vary based on this status.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

The following tables shows the percentage of eligible service and disabled retirees who retired before age 65 over the last 5 years who elected plan coverage, split by service at retirement.

Years of Service	% of Pre-65 Service Retirees Electing Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
1.5 - 4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 - 9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10 - 14	3%	2%	3%	6%	6%	4%	25%	25%
15 - 19	5%	4%	6%	6%	9%	5%	25%	25%
20 - 24	18%	17%	17%	19%	22%	18%	45%	45%
25 - 29	41%	41%	40%	40%	39%	40%	50%	50%
30 - 34	56%	54%	53%	52%	52%	54%	75%	75%
35 and Over	72%	67%	67%	65%	64%	68%	90%	90%

Years of Service	% of Pre-65 Disabled Retirees Electing Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
1.5 - 4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 - 9	4%	5%	5%	4%	3%	4%	25%	25%
10 - 14	13%	12%	8%	7%	6%	9%	25%	25%
15 - 19	13%	14%	12%	11%	11%	12%	45%	45%
20 - 24	19%	21%	22%	19%	17%	20%	50%	50%
25 - 29	34%	31%	39%	37%	38%	35%	75%	75%
30 - 34	57%	54%	51%	48%	48%	53%	75%	75%
35 and Over	79%	75%	73%	73%	72%	75%	90%	90%

While certain service groups for the pre-65 population exhibited participation below the assumed levels, overall participation patterns remain stable and generally consistent with expectations when viewed across service bands. Participation for higher service groups aligns with the expectation that retirees with greater service are more likely to elect benefits, and the observed pattern continues to support an increasing likelihood of participation with higher service.

The pre-65 participation assumption is used to project the proportion of eligible retirees expected to elect coverage under the pre-65 medical plan. Based on participation experience summarized above, no material deviation from the current assumption is observed for the pre-65 population. Although some variation exists by service group, overall participation levels and the relationship between service and participation remain consistent with the current assumption.

Recommendation: We recommend no change to the pre-65 retiree participation assumption at this time.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

The following tables shows the percentage of eligible service and disabled retirees who retired after age 65 over the last 5 years who elected plan coverage, split by service at retirement.

Years of Service	% of Service Retirees Retiring After Age 65 Electing Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
1.5 - 4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 - 9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10 - 14	13%	13%	14%	13%	13%	13%	25%	25%
15 - 19	21%	20%	20%	20%	19%	20%	45%	45%
20 - 24	52%	52%	51%	50%	48%	50%	70%	70%
25 - 29	70%	69%	68%	67%	65%	67%	75%	75%
30 - 34	80%	79%	78%	77%	76%	78%	85%	85%
35 and Over	84%	83%	83%	82%	81%	83%	90%	90%

Years of Service	% of Disabled Retirees Retiring After Age 65 Electing Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
1.5 - 4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 - 9	33%	50%	0%	0%	0%	12%	70%	70%
10 - 14	33%	50%	33%	60%	60%	50%	70%	70%
15 - 19	20%	14%	17%	0%	0%	10%	70%	70%
20 - 24	18%	23%	25%	33%	25%	24%	75%	75%
25 - 29	5%	0%	13%	33%	57%	15%	75%	75%
30 - 34	0%	50%	50%	None	100%	50%	85%	85%
35 and Over	None	None	None	None	None	None	90%	90%

While certain service groups for the post-65 population exhibited participation below the assumed levels, overall participation patterns remain stable and generally consistent with expectations when viewed across service bands. Participation for higher service groups aligns with the expectation that retirees with greater service are more likely to elect benefits, and the observed pattern continues to support an increasing likelihood of participation with higher service.

The post-65 participation assumption is used to project the proportion of eligible retirees expected to elect coverage under the post-65 medical plan. Based on participation experience summarized above, no material deviation from the current assumption is observed for the post-65 population. Although some variation exists by service group, overall participation levels and the relationship between service and participation remain consistent with the current assumption.

Recommendation: We recommend no change to the post-65 retiree participation assumption at this time.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

The following tables shows the percentage of eligible deferred retirement members who began their retirement benefit over the last 5 years who elected plan coverage, split by service at retirement.

Years of Service	% of Deferred Vested Who Begin Collecting Pre-65 Electing Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
1.5 - 4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 - 9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10 - 14	0%	4%	0%	0%	3%	1%	50%	50%
15 - 19	2%	2%	4%	4%	2%	3%	50%	50%
20 - 24	13%	12%	19%	20%	24%	18%	50%	50%
25 - 29	0%	36%	50%	100%	50%	50%	50%	50%
30 - 34	75%	75%	67%	67%	100%	77%	50%	50%
35 and Over	100%	None	None	100%	50%	80%	50%	50%

Years of Service	% of Deferred Vested Who Begin Collecting Post-65 Electing Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
1.5 - 4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 - 9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10 - 14	4%	3%	9%	2%	3%	4%	50%	50%
15 - 19	16%	24%	11%	9%	8%	11%	50%	50%
20 - 24	38%	36%	32%	37%	31%	34%	50%	50%
25 - 29	29%	25%	38%	44%	42%	38%	50%	50%
30 - 34	67%	None	100%	40%	80%	72%	50%	50%
35 and Over	None	None	100%	100%	80%	91%	50%	50%

Recommendation: Based on the actual participation experience over the last five years, split out by years of service at retirement, we recommend not adjusting the current participation assumptions for deferred vested retirees.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

The following tables shows the percentage of eligible members who retired before age 65, were initially waiving medical coverage, and later elected medical coverage once they attained age 65, or earlier.

Retirees Initially Under Age 65 and Waiving Insurance Who Turn Age 65 During the Experience Period	
Experience Period: 7/1/2020 - 6/30/2025	
Elects Coverage At Age 65 or Earlier	1,193
Does Not Elect Coverage	7,315
Total	8,508
% Elect	14.0%
Current	15.0%
Proposed	15.0%

Recommendation: Based on the actual participation experience over the last five years, we recommend not adjusting the current waive election participation assumption.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

The following tables shows the percentage of eligible disabled retirees who retired before age 65, elected coverage, and were eligible for Medicare benefits before age 65.

Disabled Retirees Under Age 65	
Experience Period: 7/1/2020 - 6/30/2025	
Eligible for Medicare Coverage	2,102
Not Eligible for Medicare Coverage	11,381
Total	13,483
% Under 65 Eligible for Medicare	15.6%
Current	15.0%
Proposed	15.0%

Recommendation: Based on the actual participation experience over the last five years, we recommend not adjusting the current pre-65 Medicare eligibility assumption for disabled retirees.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

Spouse Coverage Rates

SERS requires individuals to contribute toward the cost of spousal health care to maintain coverage based on service at retirement, Medicare eligibility, plan choice, and the coverage tier elected. Participant costs to cover a spouse are significantly higher than for single coverage. Therefore, some eligible individuals may not elect to cover a spouse, even if they choose coverage for themselves.

The schedule below lists the percentage of the spouse premium paid by spouses of retirees:

Service Retiree, Disability Recipient, or Member's Qualified Service	Spouse Premium Contribution Percentage
1.5 – 24	100.0%
25 – 29	90.0
30 and over	80.0

The rates of participation are based on actual data. These rates are considered when selecting the spouse coverage assumption for future retirees, as well as the plan eligibility rules, plan choices, and the change in retiree contribution rates over time.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

Spouse Coverage Assumption

Current rates: 25% Male retirees who participate cover a spouse; 25% Female retirees who participate cover a spouse

Proposed rates: 25% Male retirees who participate cover a spouse; 25% Female retirees who participate cover a spouse

Retiree Gender	% of Pre-65 Members Electing Spousal Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
Male	10.1%	9.6%	9.8%	11.6%	12.9%	10.5%	25%	25%
Female	10.8%	10.6%	10.0%	11.0%	11.6%	10.8%	25%	25%
Total	10.5%	10.2%	10.0%	11.2%	12.0%	10.7%	25%	25%

Retiree Gender	% of Post-65 Members Electing Spousal Coverage							
	2021	2022	2023	2024	2025	Total	Current	Proposed
Male	21.5%	21.3%	21.1%	20.8%	20.4%	21.1%	25%	25%
Female	14.4%	14.3%	14.4%	14.6%	14.7%	14.5%	25%	25%
Total	15.8%	15.8%	15.8%	15.9%	15.9%	15.8%	25%	25%

Recommendation: Based on the actual participation experience over the last five years, split out by gender, we recommend not changing from the current spouse participation assumption that 25% of participating male retirees cover spouses and 25% of participating female retirees cover spouses.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

Non-Spousal Dependent Coverage

Retiree Coverage of Non-Spouse Dependents		
Experience Period: 7/1/2020 - 6/30/2025		
	Subscriber Under Age 65	Subscriber Age 65 or Older
Retirees or Beneficiary Subscribers	19,787	189,753
Covered Non-Spouse Dependents	672	594
Avg No. Per Subscriber	0.034	0.003
Current	0.0%	0.0%
Proposed	0.0%	0.0%

Recommendation: Based on the actual participation experience over the last five years, we recommend not adjusting the current assumptions for future non-spousal dependent coverage.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

Plan Election

The following table shows the distribution of plans elected by retirees only over the last 5 years.

Non-Medicare Participants		
Experience Period: 7/1/2020 - 6/30/2025		
	Full Period	Past 2 Years
SERS Marketplace Wraparound HRA	1,934	931
PPO Plan	18,214	4,562
Total	20,148	5,493
% Elect Wraparound HRA	9.6%	16.9%
	Current	20.0%
	Proposed	20.0%
Details on PPO Plan Election		
	Full Period	Past 2 Years
Aetna Choice POS II	17,484	4,383
AultCare PPO	730	179
Total	18,214	4,562
% Elect Aetna Choice POS II	96.0%	96.1%
	Current	96.0%
	Proposed	96.0%

This assumption is used to project the distribution of retirees among the available Pre-Medicare health care plan options. The recent retiree plan election experience compared to the current assumption is generally consistent with expectations.

Recommendation: We recommend keeping the current future retiree plan election assumption at this time for pre-Medicare participants.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

Medicare Coverage

Medicare Participants				
Experience Period: 7/1/2020 - 6/30/2025				
	Subscribers	% Covered	Current	Proposed
No Medicare Coverage at Age 65	360	0.1%	1.0%	0.0%
Full Medicare	356,577	98.2%	98.0%	100.0%
Medicare Part B Only	6,020	1.7%	1.0%	0.0%
Total	362,957			

This assumption is used to project the distribution of retirees over 65 who have no Medicare coverage, full Medicare coverage, or Medicare Part B only. Although there are current retirees age 65 or over who have no Medicare coverage or Medicare Part B only, we note that beginning April 1, 1986, mandatory Medicare coverage was implemented for state and local government employees hired or rehired after that date. Therefore, future retirees should be fully covered by Medicare.

Recommendation: We recommend using the actual data regarding Medicare coverage for current over-65 retirees, but adjusting the assumption for future retirees or for retirees who are currently under age 65 to assume that 100% will be eligible for full Medicare at age 65.





SECTION V – OTHER POST-EMPLOYMENT BENEFIT ASSUMPTIONS

Health Care Premium Discount Program

If at least one family member is enrolled in a SERS Medicare plan, a participant may qualify, based on household size and income, for the Ohio SERS Health Care Premium Discount Program. Those who qualify will receive a 25% reduction in the monthly SERS health care premium for medical and prescription drugs.

Household Size	Qualifying Income as of 2026
1	27,388
2	37,013
3	46,638
4	56,263
5	65,888

Retirees with at Least One Family Member Enrolled in a SERS Medicare Plan	
Experience Period: 7/1/2020 - 6/30/2025	
Qualify for Health Care Premium Discount Program	6,473
Does Not Qualify	182,678
Total	189,151
% Who Will Qualify	
Current	0.0%
Proposed	3.0%

Recommendation: Based on the actual participation experience over the last five years, we recommend including a 3% assumption for future retirees qualify at Medicare eligibility.





SECTION VI – SUMMARY AND COST OF CHANGES

As a result of the experience investigation, we are recommending revised rates of withdrawal, disability, pre-retirement mortality, service retirement, and assumed compensation increases for active members.

We have also provided recommendations for the economic assumptions to use for the Basic Benefit Plan. Since the assets for the Health Care Plan are invested in the same manner as the Basic Benefits Plan, we recommend using 7.00% for funding purposes for both the Basic Benefits Plan and the Health Care Plan.

When these proposed assumption changes are applied to the June 30, 2025 valuation, the results will change. The change in results represents the financial impact of adopting the proposed assumptions. The impact on the Basic Benefit Plan is shown in the table below. The impact on the Retiree Health Care Plan is shown in the table on the following page.

BASIC BENEFIT PLAN

	Valuation 6/30/2025	Assumption Changes
Employer Contribution Rate:		
Normal Rate	0.75%	1.01%
UAAL	<u>8.99%</u>	<u>10.66%</u>
Total Employer Rate	9.74%	11.67%
Actuarial accrued liability	\$24,584,159,753	\$25,561,034,970
Actuarial value of assets	\$19,422,393,762	\$19,422,393,762
UAAL	\$5,161,765,991	\$6,138,641,208
Amortization Period	19 Years	20-19 Years





SECTION VI – SUMMARY AND COST OF CHANGES

RETIREE HEALTH CARE PLAN

	Valuation 6/30/2025	Assumption Changes
Employer Contribution Rate:		
Normal Rate	1.52%	1.40%
UAAL	<u>1.08%</u>	<u>0.90%</u>
Total Required Employer Rate	2.60%	2.30%
Actuarial accrued liability	\$1,723,587,498	\$1,591,102,314
Actuarial value of assets	\$939,812,471	\$939,812,471
UAAL	\$783,775,027	\$651,289,843
Solvency Period	2064	2065
Amortization Period	30	30





APPENDIX A – HISTORICAL JUNE CPI (W) INDEX

Year	CPI (W)	Year	CPI (W)
1974	49.30	2000	169.20
1975	53.90	2001	174.60
1976	57.10	2002	175.90
1977	61.00	2003	179.60
1978	65.60	2004	185.30
1979	72.80	2005	190.10
1980	83.20	2006	198.60
1981	91.10	2007	203.91
1982	97.40	2008	215.22
1983	99.80	2009	210.97
1984	102.80	2010	213.84
1985	107.00	2011	222.52
1986	108.40	2012	226.04
1987	112.40	2013	230.00
1988	116.70	2014	234.70
1989	122.80	2015	233.80
1990	128.30	2016	235.29
1991	134.10	2017	238.81
1992	138.10	2018	246.20
1993	142.00	2019	249.75
1994	145.40	2020	251.05
1995	149.90	2021	266.41
1996	154.10	2022	292.54
1997	157.40	2023	299.39
1998	159.70	2024	308.05
1999	162.80	2025	315.95





APPENDIX B – CAPITAL MARKET ASSUMPTIONS AND ASSET ALLOCATION

Rates of Return and Standard Deviation by Asset Class*

Asset Class	Real Return	Standard Deviation
US Equity - Large Cap	5.88%	16.54%
Non US Equity Developed Market	6.55%	18.20%
Non US Equity Emerging Market	8.22%	23.43%
Private Equity	9.73%	22.18%
US Corporate Bonds - Core	2.87%	6.22%
Real Estate	5.18%	16.24%
Infrastructure	6.24%	14.86%
Private Debt/Private Credit	6.30%	11.75%
Cash Equivalents	1.20%	1.47%

Asset Class Correlation Coefficients

	US Equity Large Cap	Non-US Equity Developed	Non-US Equity Emerging	Private Equity	US Corporate Bonds - Core	Real Estate	Infrastructure	Private Debt	Cash Equivalents
US Equity - Large Cap	1.00	0.82	0.71	0.76	0.32	0.55	0.65	0.58	-0.01
Non US Equity Developed Market	0.82	1.00	0.80	0.68	0.32	0.48	0.67	0.57	0.00
Non US Equity Emerging Market	0.71	0.80	1.00	0.64	0.29	0.42	0.61	0.54	0.00
Private Equity	0.76	0.68	0.64	1.00	0.21	0.48	0.57	0.63	-0.04
US Corporate Bonds - Core	0.32	0.32	0.29	0.21	1.00	0.27	0.34	0.22	0.19
Real Estate	0.55	0.48	0.42	0.48	0.27	1.00	0.48	0.41	0.03
Infrastructure	0.65	0.67	0.61	0.57	0.34	0.48	1.00	0.51	0.04
Private Debt/Credit	0.58	0.57	0.54	0.63	0.22	0.41	0.51	1.00	-0.04
Cash Equivalents	-0.01	0.00	0.00	-0.04	0.19	0.03	0.04	-0.04	1.00

Asset Allocation Targets

Asset Class	Allocation Percentage
Global Equities	
US Equities - Large Cap	22.00%
Non US Equity Developed Market	12.00%
Non US Equity Emerging Market	6.00%
Global Private Equity	14.00%
Global Fixed Income	18.00%
Global Real Estate	13.00%
Global Infrastructure	7.00%
Global Private Debt/Credit	5.00%
Cash Equivalents	3.00%

* Survey of Capital Market Assumptions: 2025 Edition





APPENDIX C – SOCIAL SECURITY ADMINISTRATION WAGE INDEX

Year	Wage Index	Annual Increase	Year	Wage Index	Annual Increase
1974	\$8,030.76		2000	\$32,154.82	5.53%
1975	8,630.92	7.47%	2001	32,921.92	2.39
1976	9,226.48	6.90	2002	33,252.09	1.00
1977	9,779.44	5.99	2003	34,064.95	2.44
1978	10,556.03	7.94	2004	35,648.55	4.65
1979	11,479.46	8.75	2005	36,952.94	3.66
1980	12,513.46	9.01	2006	38,651.41	4.60
1981	13,773.10	10.07	2007	40,405.48	4.54
1982	14,531.34	5.51	2008	41,334.97	2.30
1983	15,239.24	4.87	2009	40,711.61	-1.51
1984	16,135.07	5.88	2010	41,673.83	2.36
1985	16,822.51	4.26	2011	42,979.61	3.13
1986	17,321.82	2.97	2012	44,321.67	3.12
1987	18,426.51	6.38	2013	44,888.16	1.28
1988	19,334.04	4.93	2014	46,481.52	3.55
1989	20,099.55	3.96	2015	48,098.63	3.48
1990	21,027.98	4.62	2016	48,642.15	1.13
1991	21,811.60	3.73	2017	50,321.89	3.45
1992	22,935.42	5.15	2018	52,145.80	3.62
1993	23,132.67	0.86	2019	54,099.99	3.75
1994	23,753.53	2.68	2020	55,628.60	2.83
1995	24,705.66	4.01	2021	60,575.07	8.89
1996	25,913.90	4.89	2022	63,795.13	5.32
1997	27,426.00	5.84	2023	66,621.80	4.43
1998	28,861.44	5.23	2024	69,846.57	4.84
1999	30,469.84	5.57			





APPENDIX D – RECOMMENDED RATES OF WITHDRAWAL AND SALARY INCREASES

Years of Service	Rates of Withdrawal	Rates of Salary Increases
Less than 1	40.00%	13.58%
1	17.50%	4.00%
2	11.90%	4.00%
3	9.50%	4.00%
4	8.90%	4.00%
5	8.00%	4.00%
6	6.90%	4.00%
7	6.30%	4.00%
8	5.80%	4.00%
9	5.50%	4.00%
10	4.30%	4.00%
11	3.60%	4.00%
12	3.70%	4.00%
13	3.30%	4.00%
14	3.20%	4.00%
15	3.10%	4.00%
16	2.80%	4.00%
17	2.70%	4.00%
18	2.70%	4.00%
19	2.50%	4.00%
20	2.50%	4.00%
21	2.50%	4.00%
22	2.25%	4.00%
23	2.25%	4.00%
24 +	2.25%	4.00%





APPENDIX D – RECOMMENDED RATES OF RETIREMENTS

Age	Grandfathered				Non-Grandfathered			
	Reduced	Reduced (55/25)	First Eligible Unreduced	Subsequent Unreduced	Reduced	Reduced (60/25)	First Eligible Unreduced	Subsequent Unreduced
45			32.00%	18.00%				
46			32.00%	18.00%				
47			32.00%	18.00%				
48			58.00%	18.00%				
49			58.00%	18.00%				
50			58.00%	18.00%				
51			58.00%	18.00%				
52			58.00%	18.00%				
53			58.00%	18.00%				
54			58.00%	18.00%				
55		3.00%	58.00%	18.00%				
56		3.00%	26.00%	18.00%				
57		3.00%	26.00%	18.00%			63.00%	50.00%
58		3.00%	26.00%	18.00%			63.00%	50.00%
59		11.00%	26.00%	18.00%			63.00%	47.00%
60	31.50%	11.25%	31.00%	18.00%		12.25%	50.00%	47.00%
61	16.00%	11.25%	31.00%	18.00%		12.25%	38.00%	38.00%
62	9.00%	11.25%	35.00%	18.00%	10.25%	12.25%	38.00%	30.00%
63	9.00%	11.25%	35.00%	18.00%	10.25%	12.50%	38.00%	30.00%
64	9.00%	11.25%	35.00%	18.00%	10.25%	12.50%	38.00%	30.00%
65			35.00%	32.00%	17.50%	23.00%	38.00%	44.00%
66			35.00%	34.00%	17.50%	23.00%	38.00%	50.00%
67			35.00%	26.00%			27.00%	60.00%
68			35.00%	26.00%			38.00%	31.00%
69			35.00%	26.00%			38.00%	24.00%
70			35.00%	26.00%			38.00%	24.00%
71			35.00%	26.00%			38.00%	24.00%
72			35.00%	26.00%			38.00%	24.00%
73			35.00%	26.00%			38.00%	24.00%
74			35.00%	26.00%			38.00%	24.00%
75			100.00%	100.00%			100.00%	100.00%





APPENDIX D – RECOMMENDED RATES OF DISABILITY

Age	Rates of Disability		Age	Rates of Disability	
	Male	Females		Male	Females
20	0.013%	0.008%	48	0.250%	0.212%
21	0.016%	0.009%	49	0.264%	0.232%
22	0.019%	0.009%	50	0.278%	0.251%
23	0.022%	0.009%	51	0.292%	0.272%
24	0.024%	0.010%	52	0.306%	0.293%
25	0.027%	0.010%	53	0.320%	0.314%
26	0.032%	0.013%	54	0.334%	0.335%
27	0.036%	0.016%	55	0.349%	0.356%
28	0.040%	0.019%	56	0.356%	0.364%
29	0.045%	0.022%	57	0.363%	0.371%
30	0.049%	0.025%	58	0.370%	0.379%
31	0.057%	0.030%	59	0.377%	0.387%
32	0.064%	0.035%	60	0.384%	0.395%
33	0.072%	0.040%	61	0.376%	0.368%
34	0.080%	0.045%	62	0.369%	0.341%
35	0.087%	0.051%	63	0.361%	0.314%
36	0.099%	0.059%	64	0.354%	0.287%
37	0.110%	0.067%	65	0.346%	0.260%
38	0.122%	0.075%	66	0.322%	0.243%
39	0.133%	0.083%	67	0.297%	0.227%
40	0.145%	0.091%	68	0.272%	0.211%
41	0.158%	0.103%	69	0.248%	0.194%
42	0.170%	0.115%	70	0.223%	0.178%
43	0.183%	0.128%	71	0.211%	0.167%
44	0.196%	0.140%	72	0.199%	0.156%
45	0.209%	0.153%	73	0.187%	0.146%
46	0.223%	0.172%	74	0.174%	0.135%
47	0.237%	0.192%	75	0.162%	0.124%





APPENDIX D – SUMMARY OF CHANGES

Summary of Changes	
Actuarial Methods	
Actuarial Cost Method	No change
Actuarial Value of Assets	No change
Payroll Growth Assumption	No change
Amortization Method	
Pension	Change to layered amortization
Retiree Health Care Plan	Change to closed amortization period
Economic Assumptions	
Investment Return	No change
Price Inflation	Increased from 2.40% to 2.50%
Wage Inflation	Increased from 3.25% to 3.50%
Real Wage Growth	Increased from 0.85% to 1.00%
Cost-of-Living Adjustments	Increased from 2.00% to 2.50%
Administrative Expenses	No change
Health Care Cost Trend Rates	
Initial	No change in methodology to set on yearly basis
Ultimate	Use ultimate trend rate of price inflation + 2.00%, or 4.50%



APPENDIX D – SUMMARY OF CHANGES



Summary of Changes	
Demographic Assumptions	
Rates of Withdrawal	Updated rates of withdrawal
Rates of Disability Retirement	Updated rates of disability
Rates of Service Retirement	Updated rates of retirement
Mortality	Updated to Pub-2016 family of mortality tables projected generationally with MP 2021 projection scale
Salary Increase	Updated assumed salary increases
Percent Married	No change
Spousal Age Difference	No change
Re-Hired Retirees	No change





Summary of Changes	
OPEB Specific	
Age Related Morbidity Factors	Update Medicare-eligible retiree factors to net allowed
Plan Participation	
Service Retirement	No change
Disabled Retirement	No change
Retirement from Deferred Status	No change
Spousal Coverage	No change
Non-Spousal Dependent Coverage	No change
Waived Participation at Age 65	No change
Plan Election	
Non-Medicare	No change
Medicare	Assume 100% of Future Retirees or Retiree Under the Age of 65 will be Eligible for Full Medicare at age 65
Premium Discount Program Eligibility	Change to 3%



ACTUARIAL FIVE-YEAR EXPERIENCE STUDY

ACTUARIAL ASSUMPTIONS

SERS' actuary, CavMac, LLC, discussed with the Board the Five-Year Experience Study prepared by the actuary for the period July 1, 2020 through June 30, 2025. As required under Section 3309.21 of the Ohio Revised Code, in preparing the report, the actuary conducted a study of the mortality and service experience of active members, retirees and beneficiaries of the System, and the actuary reported on the investment return results obtained for the same five-year period.

Based on the results of the study, the actuary recommended that SERS adopt the long-term assumptions for the basic benefits, as stated in the report, for the following:

- Rate of Price Inflation – 2.50%
- Rate of Investment Return – 7.00%
- Rate of Real Wage Growth – 1.00%
- Cost-of-Living-Adjustments – 2.50%
- Rates of Withdrawal – Liability-Weighted Experience
- Rates of Disability Retirement – As presented in the report dated March 16, 2026
- Rates of Service Retirement – As presented in the report dated March 16, 2026
- Rates of Pre-Retirement Mortality – Using the PUB-2016 General Employee Amount-Weighted Below-Median mortality table
- Rates of Post-Retirement Mortality – Using the PUB-2016 General Employee Amount-Weighted Below-Median Healthy Retiree mortality table projected to 2023 with ages set forward 1 year for males
- Rates of Contingent Survivor Post-Retirement Mortality – Using the PUB-2016 General Amount-Weighted Below-Median Contingent Survivor mortality table projected to 2023 with ages set forward 2 years for males and set forward 1 year for females
- Rates of Disabled Mortality – Using the PUB-2016 General Headcount-Weighted Disabled Retiree mortality table projected to 2023 with ages set forward 4 years for males and females
- Rate of Wage Inflation (includes 2.50% price inflation) – 3.50%
- Other Assumptions and Methods (Percent Married, Re-hired Retirees, Actuarial Cost Method, Amortization Method, Actuarial

Value of Assets, and additional assumptions) – As presented in the report dated March 16, 2026

Based on the results of the study, the actuary recommended that SERS adopt the long-term assumptions for other post-employment benefits, as stated in the report, for the following:

- Rate of Investment Return – 7.00%
- Short-term Health Care Trend Rates – Update annually based on SERS’ experience and demographics while considering the projected trend from extended sources. Use an ultimate trend rate of price inflation +2.00%, or 4.50%
- Age Related Morbidity – Using the Yamamoto age-based morbidity relative value factors updated for Medicare-eligible retiree from the total allowed to the net allowed factors
- Other Post-Employment Benefit Assumptions and Methods – Participation rates for service retirement, disability retirement and spousal coverage, pre-65 Medicare eligibility for disabled retirees, amortization method, and additional assumptions, as presented in the report dated March 16, 2026

_____ moved and _____ seconded the motion to adopt the actuary’s recommended long-term assumptions.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____

Memo

To: Retirement Board
From: Chris Collins
cc: Richard Stensrud, Karen Roggenkamp
Date: April 3, 2026
Re: **Federal Legislative Report**

War update

President Trump delivered a prime time address the evening of March 31st about the war on Iran, more than a month after hostilities commenced.

The conflict has been unpopular since its inception. Soaring gas prices and turbulence on the financial markets have sharpened the cost for Americans.

His speech was largely a repetition of things he has already said or posted on social media. He indicated that the U.S.'s "core strategic objectives are nearing completion."

The statement is intended to reassure the American public that there is no danger of seeing another quagmire of the kind witnessed in Iraq and Afghanistan or, a generation before, in Vietnam. However, there was nothing in terms of specificity from the president. The objectives he referred to are subjective by their nature.

The central political difficulty for Trump has been the inability to articulate a clear case for why the war was necessary right now.

Iran had been widely predicted to assail Persian Gulf nations' oil assets and to try to close the Strait of Hormuz if it was attacked. The inability to get the Strait reopened has been a setback for the United States so far. Later in his speech, Trump contended that "when this conflict is over, the Strait will open up naturally" and "gas prices will rapidly come back down."

The price of oil spiked after his remarks. Stock market futures across all three major U.S. indexes also fell sharply, declining by about 1 percent.

The negative market sentiment seemed to be driven by two factors: the lack of a clear timetable for an off-ramp from the conflict and the more bellicose elements of Trump's address. "Over the next two to three weeks we're going to bring them back to the stone ages, where they belong," Trump added. "In the meantime, discussions are ongoing."

Republicans considering second Reconciliation Bill

Senate Republicans are talking about moving forward with plans to draft a second budget reconciliation package despite growing uncertainty about its ability to pass given the slim Republican majorities in either chamber of Congress. Senate Budget Committee Chairman Lindsey Graham (R-SC) announced that his panel will begin work on the legislation following consultations with President Trump and Senate Majority Leader John Thune (R-SD). According to House Budget Committee Chairman Jodey Arrington (R-TX), the package would center around defense spending and efforts to address federal fraud, though the Senate and House are still aligning on strategy.

Though this attempt at reconciliation would be narrower in scope than the One Big Beautiful Bill Act (HR 1) and is unlikely to affect major changes to tax policy. However, House Ways and Means Chairman Jason Smith (R-MO) adjusted his public position and suggested that if there were another reconciliation bill, it would need to have some tax measures as those were needed to hold the bill together.

Moreover, significant political and procedural hurdles to another reconciliation bill remain. Competing priorities, including a reported \$200 billion Pentagon supplemental request tied to the Iran conflict, unresolved homeland security funding, and limited Senate support for voter ID provisions, raise questions about whether a second reconciliation bill can ultimately be enacted, all while Republicans look to avoid a devastating midterm election outcome. The SAVE Act (HR 22), a legislative priority for the President, faces steep procedural hurdles in reconciliation, as all measures included in a reconciliation bill must be related to core budgetary functions. Several Republicans have already publicly acknowledged that the Act would be unlikely to clear this procedural hurdle.

Stand-off over DHS funding nearing resolution

The Senate took the first step Thursday, April 2nd in a Republican-backed plan to reopen the Department of Homeland Security, sending the House for a second time its bill to fund the department except for immigration enforcement. In an early-morning pro forma session, the Senate agreed, by voice vote, to table a House measure that would have extended funding for the entire department for eight weeks. The move effectively restored the bill back to its original Senate-passed version, giving the House another chance to act on it.

The move came after President Trump threw his support behind the Senate proposal, which includes a plan to fund Immigration and Customs Enforcement and Customs and Border Protection separately through the anticipated reconciliation bill in coming weeks. Speaker Mike Johnson (R-LA) who had called the Senate bill a “joke” last week because it lacked immigration enforcement funding, rallied behind it Wednesday after Trump’s intervention.

Trump has set a June 1st deadline for Congress to pass the new reconciliation bill funding the immigration agencies, a tight timeline for a cumbersome process that dragged on for roughly five months last year, when Republicans passed the One Big Beautiful Bill Act (HR 1).

Senate Majority Leader John Thune (R-SD) said the new commitment from Trump and Johnson to back the Senate plan came after leaders had time “to figure out what’s in the realm of the possible,” given staunch Democratic opposition to funding the immigration agencies without new guardrails on federal agents.

But the House stopped short of trying to pass the measure by unanimous consent at its own pro forma session that morning. Johnson was likely going to need to call the House back from its Easter recess at some point to clear the bill for Trump’s signature through a roll call vote.

The partial shutdown of the Department of Homeland Security, now 48 days old, has become the longest in history, with tens of thousands of workers going unpaid until the shutdown ends. Trump issued a directive to pay Transportation Security Administration workers on an emergency basis.

Senators question why some Social Security recipients do not receive full GPO repeal benefits

A bi-partisan group of Senators have sent a letter to the Social Security Administration (SSA) questioning why as many as several million people have not received full back payments related to the repeal of the government pension offset and windfall elimination provision due to how the SSA interpreted the retroactive payment eligibility under the Social Security Fairness Act (GPO-WEP repeal law).

The repeal law was made retroactive to the end of 2023, meaning that not only were Social Security benefits recalculated moving forward for those who had been affected, they also were entitled to retroactive increases back then. The SSA said it had virtually finished that process by mid-2025, months ahead of original projections.

The ongoing issue relates to those who had not applied for Social Security benefits while the GPO was in effect because it would have eliminated them. Many organizations encouraged such persons to file for benefits once the GPO was repealed. However, citing a general provision limiting retroactive payments for new Social Security applicants, the SSA said they would be eligible for only six months of retroactive payments at most.

The Senators' letter to the SSA says the law "makes no distinction between current beneficiaries and new applicants for spousal benefit. If Congress desired to exclude new applicants from the Act's effective date, it would have said so. But Congress made no such indication. We therefore urge the Commissioner to apply the Act's effective date to all affected spouses equally given the absence of any congressional intent to the contrary."

Under SSA's interpretation of the law, new applicants would have needed to apply at least six months before passage to receive one-year of retroactivity. The Senators urged the SSA to follow the plain text of the SSFA and provide one-year of retroactivity (beginning in January 2024) to all applicants regardless of application date.

Health Care provisions considered for Reconciliation bill

Congressional Republicans are also considering a range of health care policy changes as potential offsets in a forthcoming reconciliation package aimed at funding defense and homeland security priorities. According to recent discussions led by House Budget Committee Chairman Arrington (R-TX), lawmakers are exploring measures to address fraud and abuse across federal health programs, alongside proposals such as directly funding Affordable Care Act cost-sharing reductions (CSRs). Policymakers and stakeholders suggest health care remains one of the few areas in the federal budget capable of generating the scale of savings needed to offset an estimated \$300 billion in new spending.

Potential policy options under consideration include targeting fraudulent marketplace enrollment, improper payments tied to durable medical equipment and home- and community-based services, and expanding the use of fraud prevention technologies and state accountability mechanisms. Some proposals could also include structural changes, such as funding CSRs, which the Congressional Budget Office has previously estimated could reduce premiums by roughly 11% while generating federal savings. At the same time, lawmakers have expressed interest in broader affordability-focused policies, though certain proposals, such as expanding health savings accounts, may increase costs rather than serve as offsets.

The scope and direction of the reconciliation package remain fluid, with key decisions likely to hinge on broader political dynamics and priorities from the White House. Proposals such as codifying a "most favored nation" drug pricing policy could further complicate negotiations, given their potential

impact across Medicare, Medicaid, and employer markets. While proponents frame the effort as an opportunity to address health care affordability and program integrity, critics argue that proposed changes could reduce access to coverage and care, setting up a broader debate as Congress advances reconciliation discussions in the coming months.

Coalition launches Medicare by Choice proposal

A coalition of policy experts, including the Center for Health and Democracy (CDH) and a former administrator of the Centers for Medicare and Medicaid Services (CMS), have introduced a Democratic health care proposal called “Medicare by Choice”. The proposal calls for a single-payer national system that would replace private insurance by allowing all Americans, regardless of age, to enroll in traditional Medicare. Employers would also have the option to offer Medicare by Choice as a workplace benefit. CDH Executive Director Rachel Madley, a former staffer for Rep. Pramila Jayapal, said the proposal is intended to give Democrats a unifying health care option following the expiration of enhanced Affordable Care Act premium subsidies. In addition to expanding eligibility, Medicare by Choice would strengthen the existing Medicare program by adding coverage for dental, vision, and hearing services. The proposal would also streamline enrollment by consolidating Medicare Parts A, B, and D into a single program.

The “Medicare by Choice” proposal enters an ongoing debate within the Democratic Party. Democratic strategists have emphasized that electoral success must come first, arguing that policy ambitions depend on winning the 2026 midterms and maintaining control needed to enact changes. Strategists also stress the importance of protecting and strengthening existing programs like Medicare and Medicaid before pursuing broader structural reforms. While the similar proposed universal health care coverage system, “Medicare for All” is often considered too radical and vulnerable to GOP attack, Madley believes that Medicare by Choice is a realistic way forward for Democrats in 2028.

Congressional Democrats Release New Report Highlighting Consequences of HR 1

Senate Finance Committee Ranking Member Ron Wyden (D-OR) and House Energy & Commerce Committee Ranking Member Frank Pallone (D-NJ) released a new report that highlights the negative impacts of HR 1 since it became law in July of 2025. The report shows significant access and affordability losses, noting that over 50% of Affordable Care Act (ACA) Marketplace enrollees report cutting spending on basic needs like food to afford care. The report places particular emphasis on system-wide provider and workforce losses, documenting 115 hospital and clinic closures or service reductions across 32 states within six months of enactment, including 49 maternity care, 79 primary care, 21 hospital, and 7 behavioral health service reductions. These impacts are coupled with substantial employment losses, with 6,440 healthcare workers laid off across 22 states. Components of HR 1 have yet to be fully implemented since the bill became law, which many expect will lead to continued closures and layoffs of healthcare workers in the coming months and years.

FEDERAL LEGISLATION BOARD REPORT
119th United States Congress
(Prepared by Chris Collins as of April 3, 2026)

H.R.1

SPONSOR: Rep. Arrington, Jodey C. [R-TX-19]

LAST ACTIONS: 07/04/2025 Became Public Law No: 119-21.CAPTION: One Big Beautiful Bill Act

COMMENT: This bill reduces taxes, reduces or increases spending for various federal programs, increases the statutory debt limit, and otherwise addresses agencies and programs throughout the federal government. It is known as a reconciliation bill and includes legislation submitted by 11 House committees pursuant to provisions in the FY2025 congressional budget resolution (H Con. Res. 14) that directed the committees to submit legislation to the House Budget Committee that will increase or decrease the deficit and increase the statutory debt limit by specified amounts. (Reconciliation bills are considered by Congress using expedited legislative procedures that prevent a filibuster and restrict amendments in the Senate.)

H.Con.Res.14

SPONSOR: Rep. Arrington, Jodey C. [R-TX-19]

LAST ACTIONS: House - 05/20/2025 Star Print ordered on the reported concurrent resolution. (All Actions)

CAPTION: Establishing the congressional budget for the United States Government.

COMMENT: This concurrent resolution establishes the congressional budget for the federal government for FY2025, sets forth budgetary levels for FY2026-FY2034, and provides reconciliation instructions for legislation that increases or decreases the deficit and increases the statutory debt limit by specified amounts.

S.526

SPONSOR: Sen. Grassley, Chuck [R-IA]

LAST ACTIONS: Senate - 02/11/2025 Read twice and referred to the Committee on Commerce, Science, and Transportation.

CAPTION: Pharmacy Benefit Manager (PBM) Transparency Act:

COMMENT: A bill to prevent unfair and deceptive acts or practices and the dissemination of false information related to pharmacy benefit management services for prescription drugs, and for other purposes.

H.R.950

SPONSOR: Rep. Landsman, Greg [D-OH-1]

LAST ACTIONS: House - 02/04/2025 Referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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: Saving Seniors Money on Prescriptions Act

COMMENT: To amend title XVIII of the Social Security Act to establish pharmacy benefit manager reporting requirements with respect to prescription drug plans and MA-PD plans under Medicare part D.

H.R.6703

SPONSOR: Rep. Miller-Meeks, Mariannette [R-IA-1] Introduced

LAST ACTIONS: House - 12/18/2025 Received in Senate. 12/17/2025 Passed by the House on a vote of 216 – 211.

CAPTION: Lower Health Care Premiums for All Americans Act

COMMENT: This bill would establish new rules for association health plans, modify requirements for individual and group health coverage, require contracts between plan sponsors and PBMs to meet certain standards, and appropriate funding for reductions in cost sharing.

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of April 3, 2026)

136th General Assembly

HB18 DIGITAL ASSET INVESTMENT, CRYPTOCURRENCY RESERVE (Demetriou, S) - To address investments in exchange-traded products by the state retirement systems, to create a Ohio Strategic Reserve Fund, to permit the Treasurer of State to invest interest earnings from certain state funds in digital assets, and to name this act the Ohio Strategic Reserve Act.

Current Status: 10/14/2025 House Technology and Innovation, (Fifth Hearing)

HB96 OPERATING BUDGET (Stewart, B) - To make operating appropriations for the biennium beginning July 1, 2025, and ending June 30, 2027, to levy taxes, and to provide authorization and conditions for the operation of state programs.

Current Status: 10/01/2025 Consideration of Governor's Veto; Senate Overrides Veto on Item 66, Vote 21-11

HB116 DIGITAL ASSET MINING, TAXATION, REGULATION (Demetriou, S) - To address mining, taxation, and regulation of digital assets and digital asset investments by the state retirement systems.

Current Status: 06/25/2025 Referred to Financial Institutions, Insurance and Technology Committee

HB413 CREATE LOCAL GOVERNMENT EXPENDITURE DATABASE (Young, Peterson) - To create the Ohio Local Government Expenditure Database and require political subdivision participation, to require the state retirement systems to participate in the Ohio State Government Expenditure Database, and to make an appropriation.

Current Status: 03/18/2026 Re-Referred to Committee

HB473 PROHIBIT PUBLIC EMPLOYER CONTRIBUTION PAYMENTS (Thomas, D) - To prohibit a public employer from paying employee contributions to a state retirement system.

Current Status: 02/25/2026 House Public Insurance and Pensions, (Third Hearing)

HB609 PUBLIC TESTIMONY REQUIREMENT (Thomas, Craig) - To require a public body to allow for public commentary and testimony before taking formal action on any item.

Current Status: 03/17/2026 House General Government, (Second Hearing)

HB674 SCHOOL TRANSPORTATION AUTHORIZATION-NETWORK COMPANY (Miller, K) -
To authorize a public or private school to transport students using a transportation network company.

Current Status: 03/24/2026 House Education, (Fourth Hearing)

SB69 INTENTION TO REFORM-STATE PUBLIC RETIREMENT SYSTEMS (Romanchuk, M) -
To declare the General Assembly's intent to enact legislation to reform the law governing the state's public retirement systems.

Current Status: 02/12/2025 Referred to Financial Institutions, Insurance and Technology Committee



Finance Headline News – April 2026

- Budget Administration
 - FY26 SERS administrative expenses are tracking under budget through March 2026
 - Medical and Prescription claims exceed budget but are within policy tolerance
 - FY27 detailed draft budget will be presented in May.
- The following detailed reports are attached for further analysis:
 - FY27 Draft Budget Report to ORSC
 - FY26 Budget Administrative expense reports
 - Administrative expense summary for March 2026
 - Administrative expense detail for March 2026
 - Parameters report for March 2026
 - Financial highlights
 - As of February 2026

School Employees Retirement System of Ohio
SERS Summary Admin Expenses
Mar 2026

Financial Row	Amount
Summary Admin Expenses	
Expense	
53100.0 - Staff Salaries Expense	
53100 - Salaries & Wages	\$1,329,638.90
53103 - Salaries & Wages - Cash in Sick at Retirement	(\$48,690.00)
53104 - Salaries & Wages - Cash in Vacation	(\$25,540.42)
53105 - Salaries & Wages - Cash in Vacation at Term/Retire	(\$3,519.75)
53110 - Salaries & Wages - Overtime	\$4,490.75
53111 - Staff Vacation Leave Expense	\$155,326.90
53112 - Staff Sick Leave Expense	\$156,032.34
53113 - Staff Voluntary Life Insurance Reimbursement	\$311.76
Total - 53100.0 - Staff Salaries Expense	\$1,568,050.48
53200.0 - Staff Retirement Contribution Expense	
53200 - Staff Employer Contributions - PERS	\$199,356.23
53205 - Staff Employer Paid Member Contributions	\$2,653.84
Total - 53200.0 - Staff Retirement Contribution Expense	\$202,010.07
53300.0 - Staff Benefit Expenses	
53300 - Staff Group Life	\$7,747.32
53310 - Staff Long Term Disability	\$3,748.39
53315 - Staff Short Term Disability	\$3,277.45
53320 - Staff Group Health Claims	\$577,402.32
53321 - Staff Group Health - Admin Fees	\$7,908.41
53322 - Staff Prescription Claims	(\$4,382.41)
53324 - Staff Group Health - Stop Loss Admin	\$36,615.04
53325 - Staff Group Health - Stop Loss Claims	(\$94,115.17)
53326 - Staff Vision Claims	\$4,049.45
53327 - Staff Vision Admin Fees	\$125.28
53330 - Staff Group Health - Employee Cost	(\$45,414.98)
53331 - Staff Group Health - Wellness Incentive	\$3,980.00
53332 - Staff Group Health - Tobacco Premiums	(\$560.00)
53340 - Staff Medicare Premium - Employer	\$19,722.10
53380 - Staff Deferred Compensation Match	\$4,890.00
Total - 53300.0 - Staff Benefit Expenses	\$524,993.20
54100 - Actuarial Services	\$41,707.83
54200 - Audit Services	\$36,327.50
54300.0 - Banking Fee Expenses	
54310 - Custodial Fees	\$87,305.48
54320 - Custodial Banking	\$12,637.91
Total - 54300.0 - Banking Fee Expenses	\$99,943.39
54400.0 - Investment Related Expenses	
54410 - Master Recordkeeper Fees	\$65,123.50
54420 - Investment Advisory Admin Fees	\$112,500.00
54430 - Performance/Analytics Fee	\$688.88
Total - 54400.0 - Investment Related Expenses	\$178,312.38
54520 - Medical Consultant	\$4,000.00
54600.0 - Technical Expenses	
54610 - Special Counsel	\$22,843.00
54620 - Technical	\$92,072.44
54630 - Other Professional Services	\$20,113.95
Total - 54600.0 - Technical Expenses	\$135,029.39
55100 - Postage	\$27,271.50
55200 - Telecommunications Services	\$8,989.99
55300 - Member/Employer Education	(\$183.94)

56000.0 - Computer Support Service Expenses	
56030 - Software Maintenance	\$41,199.80
56035 - Software Subscriptions	\$358,887.61
56040 - Hardware < \$5,000	\$580.00
Total - 56000.0 - Computer Support Service Expenses	\$400,667.41
56100.0 - Office Equipment & Supply Expenses	
56110 - Equipment Repairs & Maintenance	\$12,843.74
56130 - Office Supplies & Expenses	\$522.20
56150 - Furniture & Equipment < \$5,000	\$4,061.85
56160 - Records Storage	\$125.00
Total - 56100.0 - Office Equipment & Supply Expenses	\$17,552.79
56200.0 - Staff Training Expenses	
56210 - Seminars & Conferences	\$3,300.00
56220 - In House Training	\$599.84
Total - 56200.0 - Staff Training Expenses	\$3,899.84
56300.0 - Transportation & Travel Expenses	
56310 - Travel & Transportation	\$10,654.19
56311 - Mileage	\$1,657.97
Total - 56300.0 - Transportation & Travel Expenses	\$12,312.16
56400.0 - Membership & Subscription Expenses	
56410 - Subscriptions	\$5,626.53
56420 - Memberships	\$1,228.00
Total - 56400.0 - Membership & Subscription Expenses	\$6,854.53
56600.0 - Maintenance Expenses	
56630 - Interior Landscaping	\$1,396.37
56640 - Vehicle Expense	(\$267.36)
Total - 56600.0 - Maintenance Expenses	\$1,129.01
56650.0 - Staff Support Expenses	
56620 - Staff Support	\$6,350.65
56621 - Recruiting Expenses	\$1,018.33
Total - 56650.0 - Staff Support Expenses	\$7,368.98
56700.0 - School District Board Member Reimbursement Expense	
56710 - Board Member - School Reimb.	\$1,600.16
Total - 56700.0 - School District Board Member Reimbursement Expense	\$1,600.16
56900 - Reimbursement of Leased Svcs from OSERS Broad St	(\$25,416.67)
Total - Expense	\$3,252,420.00
Total Admin Expenses	\$3,252,420.00

School Employees Retirement System of Ohio
SERS Detail Admin Expenses
Mar 2026

Financial Row	Vendor Bill Name	Amount
Summary Admin Expenses		
Expense		
53100.0 - Staff Salaries Expense		
53100 - Salaries & Wages		
	0133 ADP, LLC	\$1,329,638.90
Total - 53100 - Salaries & Wages		\$1,329,638.90
53103 - Salaries & Wages - Cash in Sick at Retirement		
	0133 ADP, LLC	(\$48,690.00)
Total - 53103 - Salaries & Wages - Cash in Sick at Retirement		(\$48,690.00)
53104 - Salaries & Wages - Cash in Vacation		
	0133 ADP, LLC	(\$25,540.42)
Total - 53104 - Salaries & Wages - Cash in Vacation		(\$25,540.42)
53105 - Salaries & Wages - Cash in Vacation at Term/Retire		
	0133 ADP, LLC	(\$3,519.75)
Total - 53105 - Salaries & Wages - Cash in Vacation at Term/Retire		(\$3,519.75)
53110 - Salaries & Wages - Overtime		
	0133 ADP, LLC	\$4,490.75
Total - 53110 - Salaries & Wages - Overtime		\$4,490.75
53111 - Staff Vacation Leave Expense		
	0133 ADP, LLC	\$155,326.90
Total - 53111 - Staff Vacation Leave Expense		\$155,326.90
53112 - Staff Sick Leave Expense		
	0133 ADP, LLC	\$156,032.34
Total - 53112 - Staff Sick Leave Expense		\$156,032.34
53113 - Staff Voluntary Life Insurance Reimbursement		
	0133 ADP, LLC	\$311.76
Total - 53113 - Staff Voluntary Life Insurance Reimbursement		\$311.76
Total - 53100.0 - Staff Salaries Expense		\$1,568,050.48
53200.0 - Staff Retirement Contribution Expense		
53200 - Staff Employer Contributions - PERS		
	0133 ADP, LLC	\$199,356.23
Total - 53200 - Staff Employer Contributions - PERS		\$199,356.23
53205 - Staff Employer Paid Member Contributions		
	0133 ADP, LLC	\$2,653.84
Total - 53205 - Staff Employer Paid Member Contributions		\$2,653.84
Total - 53200.0 - Staff Retirement Contribution Expense		\$202,010.07
53300.0 - Staff Benefit Expenses		
53300 - Staff Group Life		
	0267 American United Life Insurance Company	\$7,747.32
Total - 53300 - Staff Group Life		\$7,747.32
53310 - Staff Long Term Disability		
	0267 American United Life Insurance Company	\$3,748.39
Total - 53310 - Staff Long Term Disability		\$3,748.39
53315 - Staff Short Term Disability		
	0267 American United Life Insurance Company	\$3,277.45
Total - 53315 - Staff Short Term Disability		\$3,277.45
53320 - Staff Group Health Claims		
	3555 Aetna Daily Wires - ESERS	\$577,402.32
Total - 53320 - Staff Group Health Claims		\$577,402.32
53321 - Staff Group Health - Admin Fees		
	3552 Aetna Admin - ESERS	\$7,908.41
Total - 53321 - Staff Group Health - Admin Fees		\$7,908.41
53322 - Staff Prescription Claims		
	2811 Express Scripts - ESERS	(\$10,212.28)
	5271 SaveonSP, LLC	\$5,829.87
Total - 53322 - Staff Prescription Claims		(\$4,382.41)
53324 - Staff Group Health - Stop Loss Admin		
	3552 Aetna Admin - ESERS	\$36,615.04
Total - 53324 - Staff Group Health - Stop Loss Admin		\$36,615.04
53325 - Staff Group Health - Stop Loss Claims		
	3555 Aetna Daily Wires - ESERS	(\$94,115.17)
Total - 53325 - Staff Group Health - Stop Loss Claims		(\$94,115.17)
53326 - Staff Vision Claims		
	0266 VSP - (OH)	\$4,049.45
Total - 53326 - Staff Vision Claims		\$4,049.45
53327 - Staff Vision Admin Fees		

	0266 VSP - (OH)	\$125.28
Total - 53327 - Staff Vision Admin Fees		\$125.28
53330 - Staff Group Health - Employee Cost		
	Employee Premiums	(\$45,414.98)
Total - 53330 - Staff Group Health - Employee Cost		(\$45,414.98)
53331 - Staff Group Health - Wellness Incentive		
	0133 ADP, LLC	\$3,980.00
Total - 53331 - Staff Group Health - Wellness Incentive		\$3,980.00
53332 - Staff Group Health - Tobacco Premiums		
	0133 ADP, LLC	(\$560.00)
Total - 53332 - Staff Group Health - Tobacco Premiums		(\$560.00)
53340 - Staff Medicare Premium - Employer		
	0133 ADP, LLC	\$19,722.10
Total - 53340 - Staff Medicare Premium - Employer		\$19,722.10
53380 - Staff Deferred Compensation Match		
	0133 ADP, LLC	\$4,890.00
Total - 53380 - Staff Deferred Compensation Match		\$4,890.00
Total - 53300.0 - Staff Benefit Expenses		\$524,993.20
54100 - Actuarial Services		
	3241 CavMac	\$41,707.83
Total - 54100 - Actuarial Services		\$41,707.83
54200 - Audit Services		
	5222 Plante & Moran, PLLC	\$35,520.00
	1266 Treasurer of State of Ohio	\$807.50
Total - 54200 - Audit Services		\$36,327.50
54300.0 - Banking Fee Expenses		
54310 - Custodial Fees		
	5482 Fifth Third - Investments	\$31,983.39
	0273 BNY Mellon Asset Servicing	\$55,322.09
Total - 54310 - Custodial Fees		\$87,305.48
54320 - Custodial Banking		
	0386 Huntington National Bank	\$12,637.91
Total - 54320 - Custodial Banking		\$12,637.91
Total - 54300.0 - Banking Fee Expenses		\$99,943.39
54400.0 - Investment Related Expenses		
54410 - Master Recordkeeper Fees		
	5897 Clearwater Analytics, LLC	\$65,123.50
Total - 54410 - Master Recordkeeper Fees		\$65,123.50
54420 - Investment Advisory Admin Fees		
	0484 Wilshire Advisors, LLC	\$112,500.00
Total - 54420 - Investment Advisory Admin Fees		\$112,500.00
54430 - Performance/Analytics Fee		
	4974 Bloomberg Index Services	\$408.25
	0743 Frank Russell Company	\$280.63
Total - 54430 - Performance/Analytics Fee		\$688.88
Total - 54400.0 - Investment Related Expenses		\$178,312.38
54520 - Medical Consultant		
	1021 Glen G Borchers, M.D.	\$4,000.00
Total - 54520 - Medical Consultant		\$4,000.00
54600.0 - Technical Expenses		
54610 - Special Counsel		
	0276 Ice Miller LLP	\$6,042.50
	1921 Porter, Wright, Morris,	\$80.50
	3361 Seyfarth Shaw LLP	\$16,720.00
Total - 54610 - Special Counsel		\$22,843.00
54620 - Technical		
	4518 Sagitec Solutions, LLC	\$42,875.00
	5215 ComResource	\$3,125.00
	3296 LexisNexis Risk Data Management, Inc	\$2,072.44
	5825 Kroll Associates, Inc.	\$13,000.00
	0354 Merative US L.P.	\$31,000.00
Total - 54620 - Technical		\$92,072.44
54630 - Other Professional Services		
	1098 Hudepohl & Associates Inc.	\$1,263.89
	5957 Dawson	\$6,072.84
	5031 Vorys Advisors LLC	\$4,000.00
	5907 EFileMyForms.Com	\$372.00
	5874 Tax Me, LLC	\$75.00
	0056 OPERS	\$4,144.72
	5423 Contoural, Inc.	\$885.50
	5877 Nossaman LLP	\$3,300.00
Total - 54630 - Other Professional Services		\$20,113.95
Total - 54600.0 - Technical Expenses		\$135,029.39

55100 - Postage		
	0060 Pitney Bowes Inc.	\$1,468.22
	0254 Unishippers Association	\$400.09
	2489 FedEx	\$33.19
	0251 United States Postal Service	\$25,000.00
	0031 Postmaster	\$370.00
Total - 55100 - Postage		\$27,271.50
55200 - Telecommunications Services		
	0277 XO Verizon	\$3,673.96
	5543 Spectrum AWS	\$1,230.00
	5999 Bluebird MidWest, LLC	\$1,329.05
	1605 AT&T - 7258	\$40.10
	0087 Spectrum	\$267.44
	0253 T-Mobile	\$60.70
	4732 Verizon Wireless	\$169.40
	5665 Total Communication Solutions	\$2,219.34
Total - 55200 - Telecommunications Services		\$8,989.99
55300 - Member/Employer Education		
	0411 Amazon.com	\$216.91
	4116 Cameron Vaughan	\$203.18
	4834 Event Brite	(\$604.03)
Total - 55300 - Member/Employer Education		(\$183.94)
56000.0 - Computer Support Service Expenses		
56030 - Software Maintenance		
	2263 Dell Marketing LP	\$6,199.80
	4518 Sagitec Solutions, LLC	\$35,000.00
Total - 56030 - Software Maintenance		\$41,199.80
56035 - Software Subscriptions		
	5938 Telesign	\$609.56
	5465 Mailgun Technologies, Inc	\$0.29
	5501 Expedient	\$12,254.50
	5473 Wellable LLC	\$481.00
	5561 Board Smart LLC	\$13,650.00
	5895 Swish Data Corporation	\$90,826.00
	4139 Shi International Corp.	\$117,275.22
	5609 Blackline Systems, Inc.	\$119,482.64
	0133 ADP, LLC	\$3,722.80
	2263 Dell Marketing LP - reclass	(\$6,199.80)
	0316 Insight	\$6,727.50
	5409 Amazon Web Services	\$57.90
Total - 56035 - Software Subscriptions		\$358,887.61
56040 - Hardware < \$5,000		
	2263 Dell Marketing LP	\$580.00
Total - 56040 - Hardware < \$5,000		\$580.00
56000.0 - Computer Support Service Expenses		\$400,667.41
56100.0 - Office Equipment & Supply Expenses		
56110 - Equipment Repairs & Maintenance		
	5340 Digital Print Solutions	\$2,050.21
	4849 US Bank Equipment Finance	\$3,680.28
	4447 LD Products Inc.	\$769.44
	5332 Canon Financial Services, Inc	\$544.00
	4906 Quadient	\$5,799.81
Total - 56110 - Equipment Repairs & Maintenance		\$12,843.74
56130 - Office Supplies & Expenses		
	0172 Staples Business Advantage	\$412.42
	0564 Kroger	\$3.99
	6002 HR Direct	\$105.79
Total - 56130 - Office Supplies & Expenses		\$522.20
56150 - Furniture & Equipment < \$5,000		
	4286 Loth, Inc.	\$4,061.85
Total - 56150 - Furniture & Equipment < \$5,000		\$4,061.85
56160 - Records Storage		
	0007 Vital Records Holdings, LLC	\$125.00
Total - 56160 - Records Storage		\$125.00
Total - 56100.0 - Office Equipment & Supply Expenses		\$17,552.79
56200.0 - Staff Training Expenses		
56210 - Seminars & Conferences		
	6001 Coveros	\$1,495.00
	0843 NCPERS	\$1,655.00
	0995 Pension Real Estate Association	\$150.00
Total - 56210 - Seminars & Conferences		\$3,300.00
56220 - In House Training		
	0133 ADP, LLC	\$599.84
Total - 56220 - In House Training		\$599.84
Total - 56200.0 - Staff Training Expenses		\$3,899.84

56300.0 - Transportation & Travel Expenses
 56310 - Travel & Transportation

5318 Michael Browning -over payment	\$52.00
5639 Aimee Russell	\$1,000.31
5538 Corporate Caterers	\$592.10
5094 Jessica Hall	\$892.80
0564 Kroger	\$38.75
5889 Jeanine Alexander	\$964.45
0024 James Rossler	\$172.66
5418 Matt King	\$169.40
5199 Richard Stensrud	\$412.79
3675 City Barbeque, Inc.	\$731.21
1217 Steve Price	\$973.94
0757 Giant Eagle	\$77.65
0009 Catherine Moss	\$498.96
5989 Wade Rooker	\$285.77
5829 Brad Carr	\$982.29
0017 Daniel L Wilson	\$131.00
4824 Frank Weglarz	\$167.56
5512 Paul Cheng	\$1,155.37
0109 John Grumney	\$248.62
5380 Chris Collins	\$121.64
5437 Adam Messerschmitt	\$1,088.92

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Total - 56310 - Travel & Transportation **\$10,654.19**
 56311 - Mileage

5829 Brad Carr	\$33.06
5418 Matt King	\$174.00
4824 Frank Weglarz	\$236.36
0017 Daniel L Wilson	\$216.06
5639 Aimee Russell	\$119.04
5889 Jeanine Alexander	\$285.66
5946 Rebekah Roe	\$36.69
0024 James Rossler	\$205.90
0009 Catherine Moss	\$250.86
4116 Cameron Vaughan	\$91.35
5437 Adam Messerschmitt	\$8.99

.....
Total - 56311 - Mileage **\$1,657.97**
Total - 56300.0 - Transportation & Travel Expenses **\$12,312.16**

56400.0 - Membership & Subscription Expenses
 56410 - Subscriptions

0304 Wall Street Journal	\$139.29
5865 Cleveland.Com	\$12.50
5511 Toledo Blade	\$12.99
4547 Constant Contact	\$674.00
0305 Columbus Dispatch	\$45.00
5644 Bloomberg.com	\$149.00
5873 Ned Davis Research	\$3,343.75
5571 Currency Research Associates LLC	\$1,250.00

.....
Total - 56410 - Subscriptions **\$5,626.53**
 56420 - Memberships

0473 Public Pension Financial Forum	\$800.00
4253 International Institute of Business Analysis	\$155.00
0381 Public Relations Society of America	\$273.00

.....
Total - 56420 - Memberships **\$1,228.00**
Total - 56400.0 - Membership & Subscription Expenses **\$6,854.53**

56600.0 - Maintenance Expenses
 56630 - Interior Landscaping

3039 Ambius Inc. (05)	\$1,396.37
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Total - 56630 - Interior Landscaping **\$1,396.37**
 56640 - Vehicle Expense

5573 Sheetz	\$32.50
0687 Ohio Treasurer of State - BMV	(\$299.86)

.....
Total - 56640 - Vehicle Expense **(\$267.36)**
Total - 56600.0 - Maintenance Expenses **\$1,129.01**

56650.0 - Staff Support Expenses
 56620 - Staff Support

5574 Aetna Behavioral Health, LLC	\$282.60
0133 ADP, LLC	\$2,196.00
0411 Amazon.com	\$464.47
4283 Potbelly Sandwich Works	\$460.47
0421 Donatos Pizzeria	\$17.53
5240 Mount Carmel Occupational Health	\$2,254.00
4750 Inspira Financial	\$332.50
1683 Premier ProduceOne	\$273.15
5303 Culligan Bottled Water of Columbus	\$69.93

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Total - 56620 - Staff Support **\$6,350.65**

56621 - Recruiting Expenses		
	5460 Indeed	\$600.00
	6002 HR Direct	\$304.00
	5430 ADP Screening & Selection Services	\$114.33
Total - 56621 - Recruiting Expenses		\$1,018.33
Total - 56650.0 - Staff Support Expenses		\$7,368.98
56700.0 - School District Board Member Reimbursement Expense		
56710 - Board Member - School Reimb.		
	5968 Columbus City Schools	\$1,600.16
Total - 56710 - Board Member - School Reimb.		\$1,600.16
Total - 56700.0 - School District Board Member Reimbursement Expense		\$1,600.16
56900 - Reimbursement of Leased Svcs from OSERS Broad St		
	Reimbursement of leased services	(\$25,416.67)
Total - 56900 - Reimbursement of Leased Svcs from OSERS Broad St		(\$25,416.67)
Total - Expense		\$3,252,420.00
Total Admin Expenses		\$3,252,420.00

**School Employees Retirement System of Ohio
Broad Street Detail Admin Expenses
Mar 2026**

Financial Row	Vendor Bill Name	Amount
Ordinary Income/Expense		
Income		
41010 - Suite Income - OSERS Broad St		\$39,696.63
Total - 41010 - Suite Income - OSERS Broad St		\$39,696.63
41205.0 - Parking Income		
41206 - Parking Income - OSERS Broad St		\$3,075.00
Total - 41206 - Parking Income - OSERS Broad St		\$3,075.00
41210 - Parking Income - Other - OSERS Broad St		\$19,875.00
Total - 41210 - Parking Income - Other - OSERS Broad St		\$19,875.00
Total - 41205.0 - Parking Income		\$22,950.00
41600 - Miscellaneous Income - OSERS Broad St		\$150.00
Total - 41600 - Miscellaneous Income - OSERS Broad St		\$150.00
Total - Income		\$62,796.63
Gross Profit		\$62,796.63
Expense		
50110.0 - Property Management & Labor		
50110 - Admin. Service Contracts - OSERS Broad St		
	0041 SERS	\$25,416.67
Total - 50110 - Admin. Service Contracts - OSERS Broad St		\$25,416.67
Total - 50110.0 - Property Management & Labor		\$25,416.67
50200.0 - Administrative Expenses		
50241 - Bank Fees - OSERS Broad St		
	5801 Park National Bank	\$77.99
Total - 50241 - Bank Fees - OSERS Broad St		\$77.99
Total - 50200.0 - Administrative Expenses		\$77.99
50300.0 - Building Operations		
50305 - HVAC Repairs & Maintenance - OSERS Broad St		
	5698 Metro Group, Inc.	\$559.80
	4642 Zoro Tools	\$254.99
	5722 Epoxy Systems, Inc.	\$574.21
Total - 50305 - HVAC Repairs & Maintenance - OSERS Broad St		\$1,389.00
50307 - Plumbing Repairs & Maintenance - OSERS Broad St		
	1137 Home Depot	\$41.74
	5720 Rescue Rooter	\$581.00
Total - 50307 - Plumbing Repairs & Maintenance - OSERS Broad St		\$622.74
50310 - Maintenance Uniforms - OSERS Broad St		
	0411 Amazon.com	\$496.75
	6000 The Lakes End	\$402.00
Total - 50310 - Maintenance Uniforms - OSERS Broad St		\$898.75
50311 - Window Cleaning - OSERS Broad St		
	5995 Newpoint Services, LLC	\$7,345.00
Total - 50311 - Window Cleaning - OSERS Broad St		\$7,345.00
50312 - Equip & Tools < \$5,000 - OSERS Broad St		
	0374 Lowes	\$122.50
Total - 50312 - Equip & Tools < \$5,000 - OSERS Broad St		\$122.50
50317 - Janitorial Services - OSERS Broad St		
	0411 Amazon.com	\$422.01
	5811 Harvard Maintenance, Inc	\$17,950.06
	3990 Acorn Distributors Inc.	\$1,274.64
Total - 50317 - Janitorial Services - OSERS Broad St		\$19,646.71
50318 - Lighting - Bulbs, Fixtures - OSERS Broad St		
	5737 Consolidated Electrical Distributors, Inc.	\$323.80
	0391 Grainger	\$531.00
Total - 50318 - Lighting - Bulbs, Fixtures - OSERS Broad St		\$854.80
50321 - Generator Repairs & Maintenance - OSERS Broad St		
	5699 Ohio CAT	\$1,343.91
Total - 50321 - Generator Repairs & Maintenance - OSERS Broad St		\$1,343.91

50325 - Security - OSERS Broad St		
	5749 Remus Borcila	\$568.00
	5883 Trenton Kincade	\$1,437.75
	5857 Cassandra Eschweiler	\$674.50
	5856 Shayne McAndrew	\$1,437.75
	5955 Ryan Beardsley	\$1,934.75
	5879 Joel George	\$1,597.50
	5751 Kyle Kincade	\$2,201.00
	5677 Allied Universal Security Services	\$35,739.91
	5997 Nathan Campbell	\$426.00
Total - 50325 - Security - OSERS Broad St		\$46,017.16
50327 - Elevator Repairs & Maintenance - OSERS Broad St		
	5690 Fujitec America, Inc.	\$6,919.37
Total - 50327 - Elevator Repairs & Maintenance - OSERS Broad St		\$6,919.37
50328 - Pest Control - OSERS Broad St		
	0411 Amazon.com	\$142.46
	5689 Terminix International Company, LP	\$317.10
Total - 50328 - Pest Control - OSERS Broad St		\$459.56
50329 - Life Safety - OSERS Broad St		
	5693 T. P. Mechanical Contractors	\$3,040.00
Total - 50329 - Life Safety - OSERS Broad St		\$3,040.00
50330 - Trash & Refuse - OSERS Broad St		
	5770 Rumpke of Ohio Inc	\$629.16
	5241 Royal Document Destruction	\$269.45
Total - 50330 - Trash & Refuse - OSERS Broad St		\$898.61
50360 - Vehicle Gas & Oil - OSERS Broad St		
	0070 BP Oil Company	\$60.00
Total - 50360 - Vehicle Gas & Oil - OSERS Broad St		\$60.00
50361 - Vehicle/Equipment Repairs & Maintenance - OSERS Broad St		
	5725 Crown Lift Trucks	\$108.00
Total - 50361 - Vehicle/Equipment Repairs & Maintenance - OSERS Broad St		\$108.00
Total - 50300.0 - Building Operations		
50400.0 - Utilities		\$89,726.11
50405 - Heat & Gas - OSERS Broad St		
	5686 Columbia Gas	\$6,439.06
Total - 50405 - Heat & Gas - OSERS Broad St		\$6,439.06
50410 - Electricity - OSERS Broad St		
	5794 American Electric Power - 87617	\$176.25
	5795 American Electric Power - 16108	\$504.20
	5678 American Electric Power - 23018	\$25,733.40
Total - 50410 - Electricity - OSERS Broad St		\$26,413.85
50415 - Water & Sewer - OSERS Broad St		
	5681 Columbus City Treasurer	\$1,688.86
Total - 50415 - Water & Sewer - OSERS Broad St		\$1,688.86
Total - 50400.0 - Utilities		\$34,541.77
51010.0 - Other Fees		
51013 - Building Remodeling - OSERS Broad St		
	5881 ACCI Design Build	\$13,468.88
	5704 Genesis Planning & Design	\$2,263.35
Total - 51013 - Building Remodeling - OSERS Broad St		\$15,732.23
Total - 51010.0 - Other Fees		\$15,732.23
Total - Expense		\$165,494.77
Net Budgeted Expense		\$102,698.14
Net Building Occupancy		\$77,281.47

FY2026 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through March 31, 2026

Major Category/Sub-Major Category	Line Item	Vendor	FY2026 Budget Approved	Year to Date Expense	Additional Information
PROFESSIONAL SERVICES			\$ 7,044,466	\$ 4,704,772	
ACTUARIAL ADVISORS			\$ 357,700	\$ 320,093	
	Actuarial	Cavanaugh Macdonald	\$ 357,700	\$ 320,093	Actuarial Consultant
AUDITING			\$ 220,000	\$ 172,439	
	Auditing	Plante Moran	\$ 180,000	\$ 170,520	External Auditor
BANKING FEES			\$ 1,343,000	\$ 856,691	
	Custodial Banking		\$ 1,188,000	\$ 750,834	
		Fifth Third	\$ 396,000	\$ 243,123	Domestic Custodian
		BNYM	\$ 792,000	\$ 507,711	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	\$ 155,000	\$ 105,857	Banking Services
INVESTMENT RELATED			\$ 2,694,215	\$ 2,106,938	
	Master Recordkeeper		\$ 1,532,000	\$ 1,194,843	
		BNYM	\$ 400,000	\$ 286,312	
		Clearwater Analytics	\$ 980,000	\$ 673,207	
		MSCI (Burgiss)	\$ 132,000	\$ 215,325	
	Investment Consulting & Advisory Services		\$ 450,000	\$ 337,500	
		Wilshire	\$ 450,000	\$ 337,500	Investment Consulting
	Performance Analytics Services		\$ 492,416	\$ 397,689	
		Barra-One Risk Mgmt Sys	\$ 238,445	\$ 178,834	Investment Risk Analytics
		BNY Mellon GRS	\$ 137,607	\$ 103,205	Investment Performance Analytics
TECHNICAL			\$ 2,383,426	\$ 1,214,110	
	Special Counsel		\$ 396,000	\$ 195,611	
	Technical		\$ 1,400,912	\$ 550,788	
		Merative	\$ 124,000	\$ 93,000	Data Warehouse
		Sagitec	\$ 590,912	\$ 334,495	SMART Development Resources
		Board Initiative	\$ 100,000	\$ -	Board Initiatives
	Other Professional Services		\$ 586,514	\$ 467,711	
		Gartner	\$ 105,414	\$ 105,414	Management Consulting
		Managed Security Service Provider (MSSP)	\$ 100,000	\$ 49,854	
OTHER OPERATING EXPENSE			\$ 4,548,745	\$ 3,039,600	
COMPUTER SUPPORT SERVICES			\$ 3,195,613	\$ 2,143,851	
	Software Maintenance		\$ 1,023,833	\$ 801,669	
		Dell	\$ 280,000	\$ 276,418	Microsoft Enterprise Agreement/ True Up
		Sagitec	\$ 420,000	\$ 315,000	SMART Silver Support
		Hyland	\$ 122,640	\$ 121,810	ImageNow
	Software Subscriptions		\$ 1,905,891	\$ 1,269,641	
		DRaaS	\$ 150,000	\$ 110,177	Expedient
		Dynamo	\$ 146,320	\$ 114,589	Dynamo Software, INC
		Carahsoft	\$ 168,152	\$ 168,123	ServiceNow System
		Zoom	\$ 127,000	\$ 101,920	Telecommunication Services
PROPERTY MANAGEMENT LIABILITY INSURANCE			\$ 518,428	\$ 483,838	
	Management Liability Insurance		\$ 518,428	\$ 483,838	
		Cyber Liability Insurance	\$ 155,976	\$ 124,861	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	\$ 362,452	\$ 358,977	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	FY2026 Budget	YTD Expense	Additional Information
			\$ -		
Professional Services	2nd Installment CAO Search		\$ -	\$ 51,250	Hudepohl & Associates
Professional Services	Executive Director Search		\$ -	\$ 62,864	Hudepohl & Associates

OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

Major Category	Line Item	Project	FY2026 Budget	YTD Expense
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SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS

As of February 28, 2026 and 2025

(unaudited)

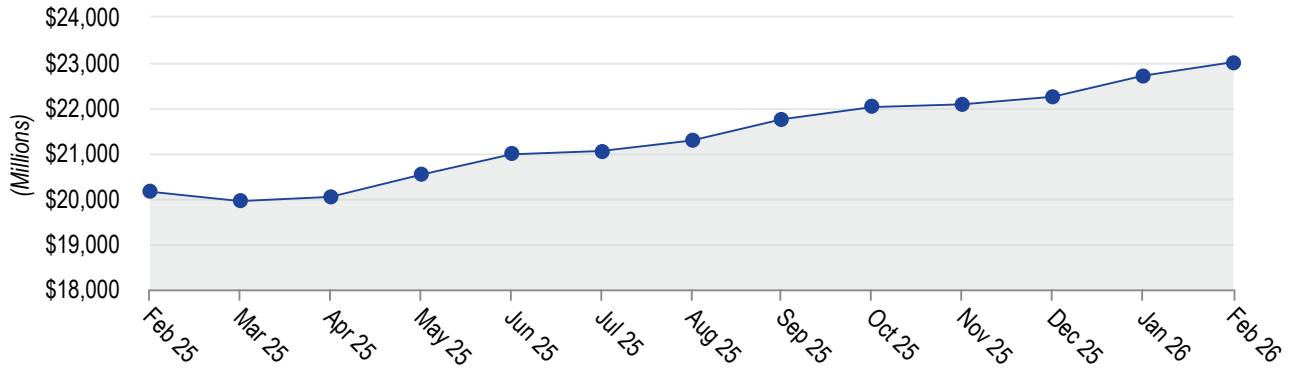
SERS (ALL FUNDS)	2/28/26 YTD	2/28/25 YTD	Comparative Difference	% Difference
<u>ADDITIONS</u>				
Employer Contributions	\$460,952,862	\$445,858,683	\$15,094,179	3%
Member Contributions	300,980,456	290,484,257	10,496,199	4
Other Income	53,748,061	61,392,002	(7,643,941)	(12)
Total Investment Income, Net	2,321,964,550	990,734,791	1,331,229,759	134
TOTAL ADDITIONS	3,137,645,929	1,788,469,733	1,349,176,196	75
<u>DEDUCTIONS</u>				
Retirement, Disability, Survivor & Death Benefits	1,032,826,298	985,123,042	47,703,256	5
Health Care Expenses	73,924,958	86,445,285	(12,520,327)	(14)
Refunds & Transfers	72,560,184	60,146,408	12,413,776	21
Administrative Expenses (excluding Investments)	22,624,782	22,110,854	513,928	2
TOTAL DEDUCTIONS	1,201,936,222	1,153,825,589	48,110,633	4
Changes in Net Position	1,935,709,707	634,644,144	1,301,065,563	205
Net Position - Beginning	21,081,732,005	19,520,714,290	1,561,017,715	8
SERS Net Position - Ending	\$23,017,441,712	\$20,155,358,434	\$2,862,083,278	14%

HEALTH CARE FUND

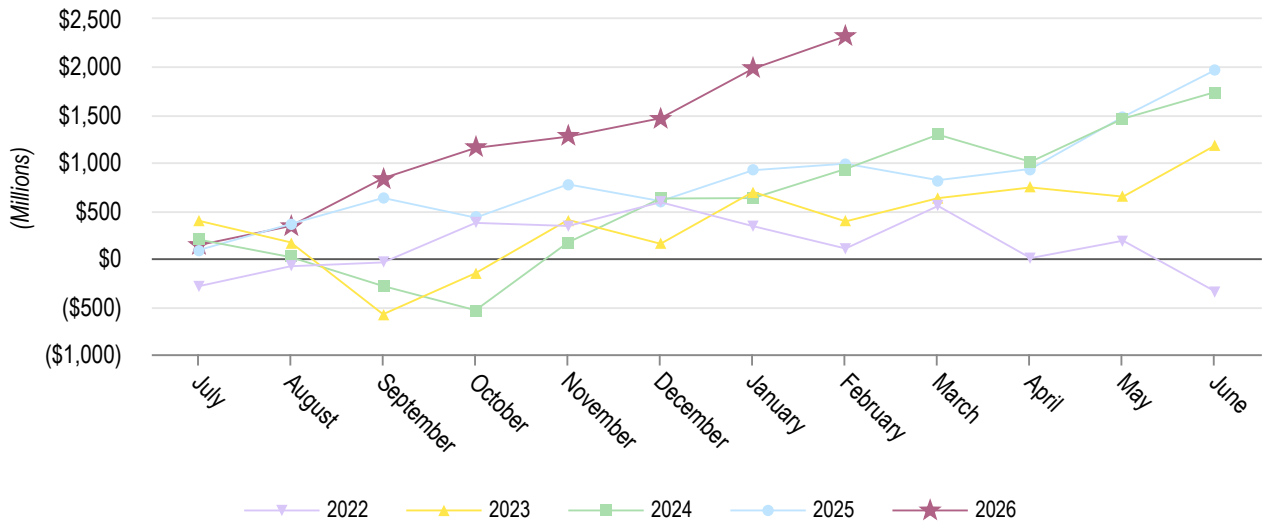
HEALTH CARE ADDITIONS

Employer Contributions	\$40,794,606	\$39,999,990	\$794,616	2%
Health Care Premiums	36,574,281	37,940,292	(1,366,011)	(4)
Federal Subsidies & Other Receipts	17,107,217	23,425,558	(6,318,341)	(27)
Total Investment Income, Net	96,019,891	35,376,229	60,643,662	171
TOTAL HEALTH CARE ADDITIONS	190,495,995	136,742,069	53,753,926	39
TOTAL HEALTH CARE DEDUCTIONS	76,334,995	88,569,538	(12,234,543)	(14)
Changes in Net Position	114,161,000	48,172,531	65,988,469	137
Net Position - Beginning	939,812,471	816,468,867	123,343,604	15
SERS Health Care Fund Net Position - Ending	\$1,053,973,471	\$864,641,398	\$189,332,073	22%

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: Richard Stensrud
cc: Marni Hall
Date: April 10, 2026
Re: FY2027 Draft Budget Presentation- ORSC Format

At the April Board meeting, Chief Financial Officer Marni Hall will present the FY2027 Draft Budget information in the standard format required by the Ohio Retirement Study Council (ORSC). We are currently in the process of finalizing the budget for FY2027, and the expanded budget document will be presented and discussed in greater detail at the May Board Meeting.

The ORSC required documents include FY2026 and FY2027 operating, capital, staff training and travel budget comparisons, investment expenses obtained from the ACFR, and a ten-year categorization of Board expenses and membership statistics. Below is a summary of the information included in the ORSC documents.

1. Budget Overview:

- The total operating budget for FY2027 is \$44,694,490, which represents a 2.4% increase from the previous year's budget
- Drivers of this increase include a 4.0% salary merit pool, salary adjustments based on market conditions, a 10-year fiduciary audit, and additional security software. These higher expenses were partially offset by lower FY2027 tenant improvements and increased tenant lease revenue.

2. Personnel Expenses:

- Personnel expenses are projected to increase overall by 3.5%, primarily due to salary adjustments and a performance-based merit pool.
- Employee health care expenses are expected to rise, offset by an increase in employee share of health care premiums.

3. Professional Services:

- The Professional Services category is expected to increase by 4.5% due to a planned fiduciary audit.
- This increase is offset by reductions in costs associated with the change in the Master Recordkeeper and a decrease in ongoing service charges.

4. Communications and Other Operating Expenses:

- Communications expenses are projected to increase by 14.4% due to an active member Board election and rising postage costs.
- Other operating expenses are expected to increase by 11.0% due to costs for software licenses, cloud storage, and cyber security tools.

5. Capital Expenses:

- Capital expenses include the replacement of a postage machine and enhancements in the pension administration system and portals.
- Network and server infrastructure improvements are also planned.

6. Net Building Occupancy:

- Net building occupancy expenses are expected to decrease by 38.5% due to the completion of several remodeling projects.

7. Statistical Information:

- The document includes detailed statistical information on membership, investment assets, and expenses.

As noted above, we are not seeking approval for the ORSC draft presentation.

We will be happy to answer any questions you may have.



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

RICHARD STENSURD
Executive Director

KAREN D. ROGGENKAMP
Deputy Executive Director

April 20, 2026

Bethany Rhodes, Director/General Counsel
Ohio Retirement Study Council
30 East Broad Street, 2nd Floor
Columbus, OH 43215

Dear Ms. Rhodes:

In accordance with Section 3309.041 of the Ohio Revised Code, enclosed please find SERS' proposed FY2027 operating budget presented in the ORSC's required format. SERS' budgeting practices are aligned with our Mission, Vision, and Values, while continuously evaluating the long-range needs of our membership. For FY2027 SERS' total operating budget increased by 2.4% (\$43,653,264 to \$44,694,490). The significant drivers of this change are a budgeted 4.0% salary merit pool, and salary adjustments based on compensation consultant recommendations to align with current market conditions, system fiduciary performance audit, cyclical professional services, and additional security software offset by completed tenant remodeling.

Personnel category increase of 3.5% is attributed to salary adjustments and a performance-based merit pool of 4.0% as recommended by our compensation consultant. An increase is also expected in employee health care expenses based on actuarial rates derived from actual plan claims and health care cost trends provided by our actuary which is offset with an increase in employee share of health care premiums. The salary increase is offset by a reduction in sick leave expenses. In compliance with recent updates to GASB accounting requirements, FY26 included a large increase to sick leave expense due to several employees required addition to the accrued sick leave liability.

Professional Services category increase of 4.5% is a result of a fiduciary performance audit planned for FY2027. The previous fiduciary audit was conducted in FY2017. This is offset by the reduction of costs associated with the change in the Master Recordkeeper in FY2026 and a decrease in the ongoing service charges. Due to an update to the fee schedule, a reduction in banking fees is anticipated in FY2027. Additional consulting services planned to support cyber security and business continuity programs are offset by reduction in costs of existing services through contract renewal negotiations.

Communications Expense category increased by 14.4%, due to the inclusion of an active member board election this fiscal year, an increase in inactive member mailings and the rising cost of postage.

Other Operating Expense category increase of 11.0% is a result of increased costs for renewals and purchases of software licenses and support, cloud storage and the continued expansion of cyber security tools to protect hardware, systems, and data on SERS networks. The expansion of tools will improve SERS posture against fraud, require additional authentication, improve threat monitoring, and manage vulnerabilities.

RETIREMENT BOARD

JAMES A. ROSSLER, JR. <i>Chair, Appointed Member</i>	DANIEL L. WILSON <i>Vice-Chair, Appointed Member</i>	JEANINE ALEXANDER <i>Employee-Member</i>	JEFFREY DELEONE <i>Appointed Member</i>
MATTHEW A. KING <i>Appointed Member</i>	CATHERINE P. MOSS <i>Retiree-Member</i>	REBEKAH ROE <i>Employee-Member</i>	AIMEE RUSSELL <i>Employee-Member</i>
			FRANK A. WEGLARZ <i>Retiree-Member</i>

Capital Expenses category include the replacement of a stand-alone postage machine and inline meter.

SERS will be in the fifth year of the Technology Enhancement Project Budget. The five-year plan will improve digital, mobile, and electronic service delivery for employers and members, add pension administration enhancements, and expand business tools. Projects planned for FY2027 include enhancements in the pension administration system and portals focused on modernization, security and fraud prevention along with improvements in automation and upgrades in the system framework. Additionally, network and server infrastructure improvements are planned focusing on backup and recovery and security as well as a technology refresh.

Net Building Occupancy category expense decreased by 38.5% primarily due to the completion of several building remodeling projects designed to expand tenant income. The budget includes a service elevator upgrade due to equipment age and parts availability.

I look forward to reviewing the draft budget with you and answering any questions that you may have. Please feel free to contact me at 614-222-5801.

Sincerely,

Richard Stensrud
Executive Director

School Employees Retirement System
2027 Budget Presentation Before ORSC

FY2026 to FY2027 Operating Budget and Increase (Decrease)

Budget Category	2027 Budget	2026 Budget	2026 Estimated Actual	Increase/ (Decrease) as %	Average Annual % Change (FY23-FY27)
Personnel	\$ 29,515,714	\$ 28,514,219	\$ 29,316,709	3.5%	4.9%
Salaries and Wages	\$ 21,776,591	\$ 21,172,870	\$ 21,049,506	2.9%	5.3%
PERS Contributions	\$ 2,929,460	\$ 2,791,267	\$ 2,776,110	5.0%	5.3%
Health Insurance	\$ 4,809,663	\$ 4,550,082	\$ 5,491,093	5.7%	3.0%
Miscellaneous Expenses	\$ -	\$ -	\$ -	0.0%	0.0%
Professional Services	\$ 7,297,726	\$ 6,985,066	\$ 6,242,316	4.5%	1.6%
Actuarial	\$ 367,000	\$ 357,700	\$ 403,926	2.6%	4.7%
Audit	\$ 980,000	\$ 220,000	\$ 178,439	345.5%	68.8%
Custodial Banking Fees	\$ 1,080,000	\$ 1,188,000	\$ 1,014,834	-9.1%	-0.1%
Investment Consulting	\$ 2,422,445	\$ 2,694,215	\$ 2,569,666	-10.1%	-0.8%
Other Consulting	\$ 2,306,881	\$ 2,374,551	\$ 1,932,180	-2.8%	0.5%
Banking Expenses	\$ 141,400	\$ 150,600	\$ 143,271	-6.1%	-5.6%
Communications Expense	\$ 939,498	\$ 821,240	\$ 743,956	14.4%	0.2%
Printing and Postage	\$ 840,640	\$ 718,610	\$ 675,135	17.0%	3.3%
Telecommunications	\$ 86,708	\$ 90,040	\$ 59,415	-3.7%	-10.5%
Member/Employer Education	\$ 12,150	\$ 12,590	\$ 9,406	-3.5%	-7.8%
Other Operating Expenses	\$ 5,452,418	\$ 4,913,145	\$ 4,352,587	11.0%	9.2%
Conferences and Education	\$ 257,373	\$ 266,409	\$ 157,771	-3.4%	0.9%
Travel	\$ 246,920	\$ 231,120	\$ 183,338	6.8%	8.4%
Computer Technology	\$ 3,714,458	\$ 3,195,613	\$ 2,876,825	16.2%	12.9%
Other Operating	\$ 1,065,080	\$ 1,091,603	\$ 977,852	-2.4%	2.0%
Ohio Retirement Study Council	\$ 72,000	\$ 69,000	\$ 64,809	4.3%	7.9%
TOS Warrant Clearing Charges	\$ 3,600	\$ 4,400	\$ 1,336	-18.2%	-11.7%
Attorney General Charges	\$ 92,987	\$ 55,000	\$ 90,656	69.1%	20.0%
Net Building Expense	\$ 1,489,134	\$ 2,419,594	\$ 2,083,767	-38.5%	8.0%
Total Operating Budget	\$ 44,694,490	\$ 43,653,264	\$ 42,739,335	2.4%	4.5%
Full-Time Equivalent (FTE) Associates	185	185			

*Please note that SERS reports TOS Warrant Clearing and Attorney General Fees under Professional Services for budget reporting. These have been reported under Other Operating Expenses in compliance with the ORSC approved budget form.

School Employees Retirement System
2027 Budget Presentation Before ORSC

FY2026 to FY2027 Capital Budget

	2027 Budget (does not include carryover from previous years)	2026 Budget	2026 Estimate
Total Capital Budget			
Computer Hardware > \$5,000	\$ -	\$ 13,000	\$ 7,457
Computer Software > \$25,000	\$ -	\$ -	\$ -
Furniture and Equipment > \$5,000	\$ 30,150	\$ -	\$ -

Technology Infrastructure Project

	FY23 to FY27	FY26 Budget	FY26 Estimate	FY27 Budget
Total Project Budget	\$ 8,283,054	\$ 1,986,250	\$ 1,095,628	\$ 2,475,255

School Employees Retirement System
2027 Budget Presentation Before ORSC

	Investment Expenses		Net Fiduciary Position Change	
	FY 2025 Actual	FY 2024 Actual	Percent Change in Net Fiduciary Position (FY24-FY25) ¹	5-Year Percent Change in Net Fiduciary Position (FY21-FY25) ¹
Total Investment Assets	\$ 20,733,514,225	\$ 19,092,880,107		
Total Internally Managed Assets	\$ 266,189,106	\$ 521,668,094		
Total Externally Managed Assets	\$ 20,467,325,119	\$ 18,571,212,013	8.00%	14.32%

¹Net fiduciary position includes more than investment earnings or losses. This figure includes contributions made by employers and employees, investment earning or losses, and benefit payments, among other expenses or earnings. The figure provides a view of the overall change in fund assets across time.

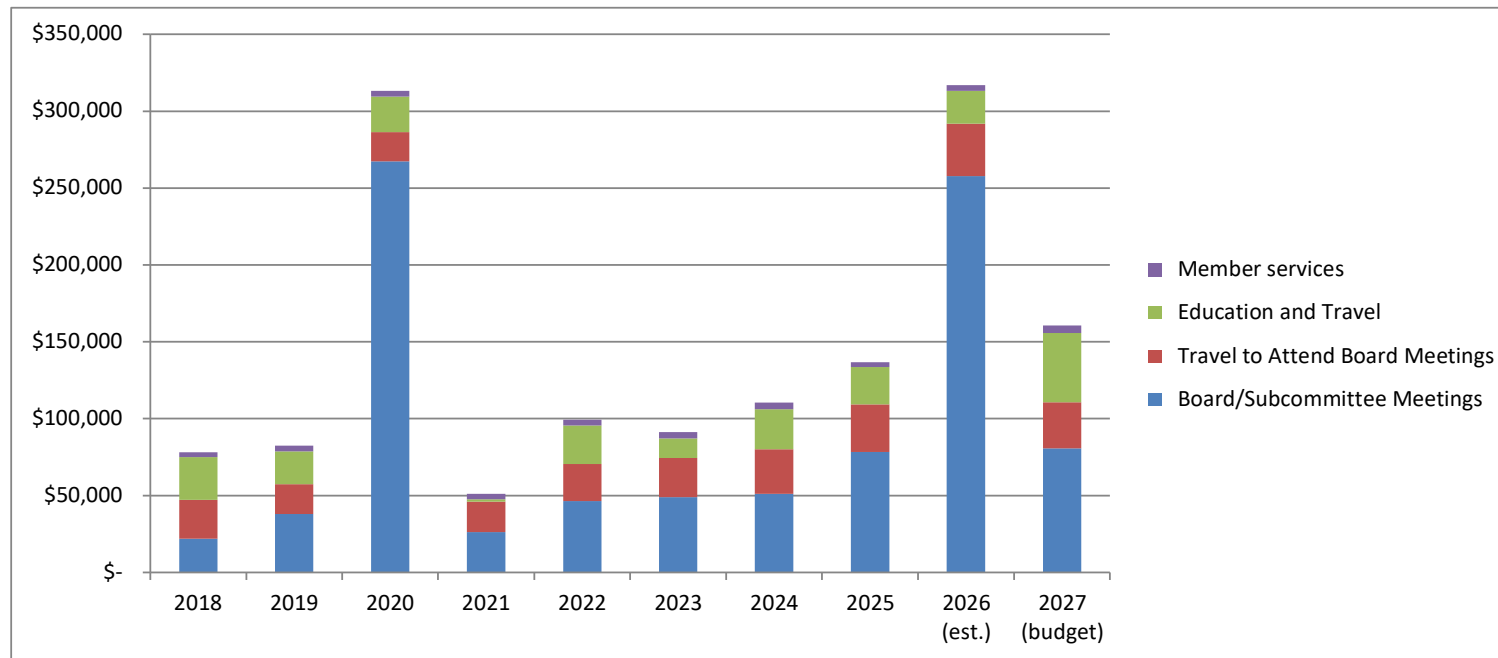
			Percent Change (2024 to 2025)
Investment Expenses	\$ 117,676,696	\$ 115,519,494	1.87%
Internal Investment Expenses	\$ 9,380,429	\$ 8,497,575	10.39%
External Investment Expenses	\$ 108,296,267	\$ 107,021,919	1.19%
Total Investment Expenses as a % of Total Investment Assets	0.57%	0.61%	
Internal Investment Expenses as % of Internally Managed Assets	3.52%	1.63%	
External Investment Expenses as % of Externally Managed Assets	0.53%	0.58%	
ORSC Requested Supplemental Information			
Investment Consulting ²	\$ 2,599,467	\$ 2,376,240	9.39%
Custodian Fees ²	\$ 1,058,605	\$ 974,890	8.59%
Brokerage/Commissions-Internal	\$ 118,023	\$ 8,565	1277.97%
Brokerage/Commissions-External	\$ 1,307,882	\$ 1,191,799	9.74%

²Included in "Internal Investment Expenses."

School Employees Retirement System
2027 Budget Presentation Before ORSC

Fiscal Year Board Member Expenses

	2018	2019	2020	2021	2022	2023	2024	2025	2026 (est.)	2027 (budget)
Total Board Expenses	\$ 78,112	\$ 82,534	\$ 313,113	\$ 50,974	\$ 99,198	\$ 91,311	\$ 110,368	\$ 136,646	\$ 316,959	\$ 160,549
Board/Subcommittee Meetings	\$ 21,861	\$ 38,065	\$ 267,297	\$ 26,168	\$ 46,437	\$ 48,742	\$ 51,026	\$ 78,199	\$ 257,880	\$ 80,622
Travel to Attend Board Meetings	\$ 25,183	\$ 19,244	\$ 19,021	\$ 19,784	\$ 23,893	\$ 25,617	\$ 29,023	\$ 31,148	\$ 33,977	\$ 30,000
Education and Travel	\$ 28,083	\$ 21,533	\$ 23,093	\$ 1,500	\$ 25,149	\$ 12,774	\$ 26,014	\$ 24,109	\$ 21,337	\$ 45,000
Member services	\$ 2,985	\$ 3,692	\$ 3,702	\$ 3,522	\$ 3,719	\$ 4,178	\$ 4,305	\$ 3,190	\$ 3,765	\$ 4,927



Board expenses include the cost of the Internal Auditor search in FY2020 and FY2025-FY2026, as well as the Executive Director search in FY2026. FY2020 includes costs for a consultant to facilitate pension and health care plan design work.

Beginning in FY2023, Board expenses included software to support Board meetings.

The increase in FY2025 includes training for two new board members, as well as, renewal of Board Smart, a training tool for all board members.

The increase in FY2026 includes the completion of the Internal Auditor search as well as the Executive Director search.

School Employees Retirement System
2027 Budget Presentation Before ORSC

Staff Training and Travel (Budget to Budget)

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars & Travel	\$ 51,803	\$ 50,070	\$ 1,733	3.5
In-House Training	\$ 21,040	\$ 24,040	\$ (3,000)	-12.5
#FTE	35	35		
Expense per FTE	\$ 2,081	\$ 2,117		

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Finance and Benefits				
Conferences, Seminars & Travel	\$ 37,600	\$ 38,200	\$ (600)	-1.6
In-House Training	\$ -	\$ -	\$ -	0
#FTE	25.5	25.5		
Expense per FTE	\$ 1,475	\$ 1,498		

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars & Travel	\$ 85,000	\$ 85,000	\$ -	0
In-House Training	\$ -	\$ -	\$ -	0
#FTE	13	13		
Expense per FTE	\$ 6,538	\$ 6,538		

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Information Technology/Information Services				
Conferences, Seminars & Travel	\$ 164,200	\$ 153,425	\$ 10,775	7.0
In-House Training	\$ -	\$ -	\$ -	0
#FTE	45	45		
Expense per FTE	\$ 3,649	\$ 3,409		

	2027	2026	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars & Travel	\$ 22,150	\$ 20,200	\$ 1,950	9.7
In-House Training	\$ -	\$ -	\$ -	0
#FTE	66.5	66.5		
Expense per FTE	\$ 333	\$ 304		

School Employees Retirement System
2027 Budget Presentation Before ORSC

Supplementary Statistical Information and ESG Statement

Statistical Information					
	2022	2023	2024	2025	2026
Active Members	155,063	159,873	163,350	165,280	NA
Inactive Members	282,998	280,693	283,701	284,467	NA
Benefit Recipient (Age, Dis., Survivor)	68,481	68,923	69,319	70,233	NA
Re-employed Retirees	12,670	12,910	13,171	13,094	NA
Total Membership	519,212	522,399	529,541	533,074	NA
Members Per FTE	2,869	2,870	2,894	2,897	NA

Sub. S.B. 6 of the 135th General Assembly (ESG) Statement		
Ohio Revised Code Section (145.11 , 742.11 , 3307.15 , 3309.15 , and 5505.06) includes both of the following:		
"The board, in accordance with its fiduciary duties described under this section, shall make investment decisions with the sole purpose of maximizing the return on its investments. The board shall not make an investment decision with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation."		
"The board shall not adopt a policy, or take any action to promote a policy, under which the board makes investment decisions with the primary purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation."		
	Yes	No
The board is in compliance with this section:	X	
If no, indicate the reason below:		

FINAL FILING OF PROPOSED AMENDED ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rules: 3309-1-56 Alternative retirement programs; and 3309-1-70 Contribution based benefit cap that have been reviewed by JCARR and are ready for final adoption by the Board.

_____ moved and _____ seconded that proposed amended rules 3309-1-56 and 3309-1-70 be adopted.

3309-1-56 Alternative retirement programs.

(A) For the purpose of this rule:

- (1) "Administrative employee" means an administrative employee as defined in division (A) of section 3305.05 of the Revised Code for whom the school employees retirement system would be the applicable state retirement system.
- (2) "Eligible employee" means an employee as defined in division (C) of section 3305.01 of the Revised Code for whom this retirement system would be the applicable state retirement system.
- (3) "Election period" means:
 - (a) For administrative employees who made elections under division (B) of section 3305.051 of the Revised Code, the one hundred twenty days after the employee's first day on the institution's payroll.
 - (b) For administrative employees who made elections under division (C) of section 3305.051 of the Revised Code, the one hundred twenty days after the effective date of the alternative retirement program adopted by the institution.
 - (c) For eligible employees who make elections under division (B)(1) of section 3305.05 of the Revised Code, the one hundred twenty days after August 1, 2005.
 - (d) For eligible employees who make elections under division (B)(2) or (B)(3) of section 3305.05 of the Revised Code, the one hundred twenty days after the employee's first day on the institution's payroll.
- (4) "Employee" means either an administrative employee or an eligible employee.
- (5) "Institution" means a public institution of higher education as defined in division (A) of section 3305.01 of the Revised Code.

(B) Within thirty days of its adoption of an alternative retirement plan under Chapter 3305. of the Revised Code, an institution shall file notice with the retirement system of its adoption of the plan. The notice shall:

- (1) Be given in the manner and form prescribed by the retirement system.
- (2) Include a copy of the plan adopted.
- (3) Include a report in the manner and form prescribed by the retirement system of all current employees.

(C)

- (1) Each institution of higher education that employs an employee eligible to elect an alternative retirement program shall:
 - (a) Notify the retirement system at the time it employs the employee, but in no event later than ten days after the employee's first day on the institution's payroll.
 - (b) Notify the retirement system at the time an employee of the institution changes to a classification which qualifies the employee to elect an alternative retirement plan but in no event later than ten days after the effective date of the employee's reclassification.
- (2) The notice required under paragraph (C)(1) of this rule shall be given in the manner and form prescribed by the retirement system, and shall include the employee's name, address, social security number, date of birth, sex, annual compensation, first date on the institution's payroll, and any other information required by the school employees retirement system.

(D)

- (1) Elections by an employee of an alternative retirement plan shall be made on forms provided by the retirement system and completed by the employee and the institution.
- (2) Not later than ten days after an election is filed with the institution, the institution shall file a certified copy with the retirement system.

(E)

- (1) Elections made by employees under divisions (B)(2) and (B)(3) of section 3305.05 or division (B) of section 3305.051 of the Revised Code will be implemented no later than thirty days after a certified copy of the employee's election is filed with the retirement system.
- (2) The election, when implemented, shall be effective as of the first day upon which the employee appears on the institution's payroll or was reclassified to a position as an administrative or eligible employee.
- (3) Once an election is filed with the system, it is not affected by the death of the employee and it shall be implemented and effective as set forth in this rule.

(F)

- (1) Elections made by employees under division (B)(1) of section 3305.05 of the Revised Code will be implemented no later than thirty days after a certified copy of the employee's election is filed with the retirement system.
- (2) The election, when implemented, shall be effective as of the day the employee's election is irrevocable:
- (3) Once an election is filed with the system, it is not affected by the death of the employee and it shall be implemented and effective as set forth in this rule.

(G)

- (1) Elections made by administrative employees under division (C) of section 3305.051 of the Revised Code will be implemented no later than thirty days after the certified copy of the employee's election is filed with the retirement system.
- (2) The elections, when implemented, shall be effective as of the following dates:
 - (a) On March 31, 1998 where the public institution's alternative retirement program is established on or after December 8, 1998 but no later than March 31, 1999; or
 - (b) On the first day of the month in which the public institution's alternative retirement program is established where the program is established after March 31, 1999.
- (3) Once an election is filed with the system, it is not affected by the death of the employee and it shall be implemented and effective as set forth in this rule.

(H)

- (1) Employee and employer contributions for an employee shall be collected and remitted to the retirement system until an election is implemented pursuant to paragraph (E)(1), (F)(1) or (G)(1) of this rule.
- (2) Those employee and employer contributions received after the effective date of an election as determined by this rule for an employee who elects an alternative retirement plan shall be refunded as unauthorized contributions to the provider identified as provided in paragraph (D) of this rule. The amount of employer contributions refunded shall be less the amount due pursuant to division (D) of the section 3305.06 of the Revised Code.

(I)

- (1) An application under division (B) of section 3309.42 of the Revised Code for payment of a member's accumulated contributions to the provider of an alternative retirement plan shall be made in a manner and form prescribed by the retirement system.
- (2) The institution shall certify:
 - (a) The name and address of the institution's plan administrator; and
 - (b) The plan is eligible to receive a trustee-to-trustee transfer from the retirement system which is a plan qualified under Internal Revenue Code section 401(a).
- (3) The death of the employee prior to payment of the accumulated contributions to an alternative retirement plan cancels the application for payment.

(J) Not later than the fifteenth day of each month following a month in which an institution employed an employee who elected an alternative retirement plan the institution shall:

- (1) Remit to the retirement system the contributions required under division (D) of section 3305.06 of the Revised Code.

- (2) Submit a report on all employees who have elected an alternative retirement plan in a form and manner prescribed by the retirement system.

HISTORY: 8/11/05, 5/2/01, 4/11/99, 8/10/98

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3305.05, 3305.051, 3305.052, 3305.06, 3309.011, 3309.42

Review Date: 2/1/26

3309-1-70 Contribution based benefit cap.

(A) As used in this rule:

- (1) "Retirement allowance" has the same meaning as defined in division (A) of section 3309.363 of the Revised Code.
- (2) "CBBC" has the same meaning as defined in division (A) of section 3309.363 of the Revised Code.

(B) The calculations required by section 3309.363 of the Revised Code shall be made when calculating retirement allowances with effective dates of August 1, 2024, or later.

(C) A retirement allowance with an effective date of August 1, 2024, or later shall not be finalized and granted until after the member's CBBC has been calculated.

(D) When a member's employer has purchased service credit under section 3309.33 of the Revised Code, an amount equal to ten per cent of the member's highest year of compensation multiplied by the years of service credit purchased shall be credited to the member's accumulated contributions.

(E) When a member retires under section 3309.35 of the Revised Code and school employees retirement system is the paying system, contributions used to fund a disability benefit under section 145.36 or 3307.63 of the Revised Code shall be included in the value of the member's accumulated contributions for purposes of division (C) of section 3309.363 of the Revised Code.

(F) When a member receives service credit under section 3309.02 of the Revised Code for a period of military service, an amount for each year of credited military service shall be imputed into the value of the member's accumulated contributions for purposes of calculating the CBBC under division (C) of section 3309.363 of the Revised Code. The amount for each year of credited military service shall be determined by the member rate of contribution in effect at the time the military service began multiplied by the compensation earned by the member during the first year of service covered by the school employees retirement system, public employees retirement system, or state teachers retirement system following return from military service.

HISTORY: 4/7/25, 8/4/24

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.36, 3309.363, 3309.381, 3309.45
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>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____

Memo

To: Retirement Board and Compensation Committee
From: Richard Stensrud, Executive Director
CC: Karen Roggenkamp, Michelle Miller, Joe Marotta
Date: April 9, 2026
Re: Compensation and Classification Study Request for Proposal (RFP)

Per the discussion at the March Compensation Committee Meeting, the Compensation Committee is being asked to review and approve the issuance of a Request for Proposals (RFP) for the purpose of selecting and engaging a compensation consultant to conduct a full compensation study for SERS' staff. The Board is being asked to authorize the Compensation Committee to issue the RFP, review the responses, interview candidates, select the consultant and implement the engagement. The final report will be presented to the full Board, which will decide upon implementation of the recommendations.

The last full compensation study was conducted by CBIZ in 2021, and since then CBIZ has provided annual recommendations for adjustments to SERS' salary structure and salary budget. This is considered a best practice and is important for maintaining the compensation structure and objectives established in the compensation study. Specifically, it helps assure that SERS' salary ranges and levels remain aligned with the salaries for comparable positions, and in so doing, helps assure that SERS' compensation allow SERS to attract and retain the quality of employees that will enable SERS to continue to be successful at our mission. The annual adjustment also reduces the potential for having to make large adjustments when market-competitive pay is assessed in the next full compensation study.

The proposed RFP is attached for your review and consideration. Also attached are two documents which will help provide context for both the RFP and the elements of the study.

The first document is SERS' Employee Compensation Policy. It outlines SERS' current compensation philosophy and objectives, including how the market of comparable employers and positions is determined (benchmarking and peer groups), and target placement within the salary range (currently the 50th percentile of the relevant market). This includes considerations such as size/operating structure, geography, and industry. Because the weight given to these labor market influencers varies by the position being assessed, the relevant labor market can vary for different positions.

The second document is SERS' Employee Compensation Administration Policy. It outlines the objectives and administration of the compensation system, including establishing pay for new hires; determining pay grades for new positions or reassigning pay grades for existing positions; determining pay for job changes; merit increases; pay above grade maximum; and market-based pay grade range adjustments.

In the last full compensation study a process and series of engagement points with the

Compensation Committee and the Board was established to help assure transparency and understanding of the results of the study. It is proposed that this process and approach be continued in the upcoming study.

Below are some of the key elements of the process and approach:

- The Board authorizes the Compensation Committee to issue the RFP, review the responses, interview candidates, select the consultant and implement the engagement. The Compensation Committee keeps the Board informed of key developments throughout the process. The final report is presented to the full Board, which decides upon implementation of the recommendations.
- The Compensation Committee reviews and approves the issuance of the RFP and determines the process for reviewing the RFP responses. The proposed process would be similar to the investment consultant search where staff reviews all the proposals and recommends the top 2-3 candidates to the Committee for consideration but also provides all the information about all the candidates for the Committee's consideration. The Compensation Committee decides which candidates will make a presentation. Sample questions will be prepared for the Committee to use when interviewing candidates.
- Upon selection of the consultant, the Compensation Committee will set expectations for project timing and meeting dates for discussion/decisions regarding key study parameters, including:
 - Review of the compensation Policies and compensation philosophy. For example, is the objective for SERS to lead/match/lag the market? The current position is to match.
 - Review relevant labor market considerations. For example, geography, industry, organization size/structure.
 - Determine staff groupings. In the last study employees were broken into Staff, Executive, and Investment with a custom peer group for each.
 - Determine peer group(s).
 - Determine relevant factors for identifying comparable employers, for example, location, AUM, number of members, number of employees, governance structure, state class, etc.
 - Consideration of what other published salary data sources will be used.
 - Determine the appropriate factor used to age survey data to account for the market movement between the time of the data collection and when the data is used.
- The decisions above will be made in consultation with staff and the selected consultant, but because they will be made at different points in the process, to keep the project on track the Committee Chair will represent the Committee in any meetings between scheduled Compensation Committee meetings. To assist the Chair in this representation, Committee members will be surveyed on the relevant issues so that the Chair can provide the perspective of the full Committee in those discussions.

Below is the proposed timeline for the review/selection segment of the process:

April Board Meeting

- Board authorizes Compensation Committee to issue the RFP, review the responses,

interview candidates, select the consultant and implement the engagement.

April Compensation Committee Meeting

- Committee reviews the draft RFP, notes any desired changes, and directs its issuance.
- Committee confirms the process for proposal review.
- Committee confirms the point-person to represent the Committee in project meetings with the consultant and staff.

April

- Compensation Committee issues the RFP.

May

- Proposals due by the end of the month.
- Respond to any questions from candidates.

June

- Committee and staff reviews the proposals. Staff makes recommendations to the Committee.
- Committee identifies top 2-3 submissions.
- Committee decides on candidate presentations.

July

- Possible presentations.
- Consultant selection.
- Contract execution.

August

- Project commencement.
- Staff fulfills data requests from consultant (e.g., Policies, job descriptions, salary grades, etc.)

After the consultant selection is made, as noted above, the Committee will provide input on study parameters. The Committee will provide updates to the Board while the work is being done and before preliminary results are in.

The goal is to have the final report for a full Board presentation at the December Board Meeting. This timeline would be optimal to allow any recommended adjustments to be incorporated in the FY 27-28 budgeting process.

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

Request for Proposal

Employee Compensation and Classification Study

April 2026



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

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School Employees Retirement System of Ohio

I. INTRODUCTION

The School Employees Retirement System of Ohio (SERS) is requesting proposals from qualified firms to conduct a compensation and classification study for SERS' investment and non-investment positions. The selected vendor(s) is expected to also assist the Board of Trustees and Senior Leadership in determining appropriate benchmarks, review existing compensation policies and structure, as well as make recommendations for enhancements to the existing compensation and classification system.

II. BACKGROUND

SERS is a statewide defined benefit retirement system for non-certificated persons employed by the public schools within the state's cities, villages and counties, as well as local districts, vocational and technical schools, community colleges, and The University of Akron. SERS provides service retirement, disability and survivor benefits, and access to health care coverage for benefit recipients and their dependents. General administration and management of the plan is vested in the Retirement Board established under [Chapter 3309](#) of the Ohio Revised Code.

Links are available for the most recent [SERS Annual Comprehensive Financial Report](#).

SERS employs approximately 186 people in nine departments with approximately 130 unique roles. Of the 186 employees, the Investment Department has 12 employees with approximately 7 unique roles. Approximately 99% of staff are in full-time positions. All staff are located in Central Ohio.

SERS last organization-wide compensation and classification study was conducted in 2021 with recommendations implemented in 2022.

III. SCOPE OF SERVICES

SERS is seeking a qualified vendor to:

- Review SERS' compensation policies and recommend any changes to ensure SERS is following best compensation practices in similar industries.
- Assist SERS' Board of Trustees and Senior Leadership in updating appropriate benchmark comparisons for various levels of the organization, as needed.
- Conduct a market pay analysis for investment and non-investment positions using the agreed upon benchmarks. This includes a review of the Investment Incentive Compensation Plan.

School Employees Retirement System of Ohio

- Review SERS' current salary grade structure and recommend changes to the current structure or adoption of a new structure to assure internal equity, external competitiveness, and alignment with SERS organizational structure.
- Design a cost-conscious implementation strategy for the updated compensation program, while maintaining internal equity and external competitiveness for each position.
- Present a summary of the work performed and recommendations to SERS Board of Trustees and Senior Leadership.
- If a new structure or policy is recommended, before implementation, the vendor will be required to provide training to the Human Resources Department, as well as designated leadership personnel, on the utilization of the updated compensation program.
- Provide implementation guidance and recommendations related to the communication of any changes to staff.
- Provide post-implementation support for annual review of salary structure and any recommended structure adjustments between this study and the next study for up to 5 years.

SERS will provide copies of all job descriptions currently utilized, organizational charts, and current compensation schedules to assist the selected vendor in their study.

SERS will consider only proposals for the services as described above.

SERS will consider only proposals for the [goods and/or services as described above. **Responses submitted for other services will not be considered.**

IV. PROPOSAL SUBMISSIONS

A. Intent to Respond

If the vendor intends to respond to this RFP, a Notice of Intent to do so should be sent to SERS by May 20, 2026. The Notice should be sent by email to the SERS contact listed in Paragraph C. below, and contain the vendor's name, its intent to respond, the name of a contact person and the contact person's telephone number, and email. Submitting this Notice will not obligate a vendor to submit a Response nor be a prerequisite for submitting a Response but will allow SERS to send out any necessary information to interested vendors.

B. Response Deadline

The completed Response must be received by **May 26, 2026 at 4:00**

School Employees Retirement System of Ohio

p.m., Eastern Time. Responses received after the Response deadline will not be considered.

C. Delivery

Contact person for all responses, and communications:

Richard Stensrud
Executive Director
School Employees Retirement System
300 East Broad Street, Suite 100
Columbus, OH 43215
SERSExecutive@ohsers.org

Response should be sent via email to the contact person listed above. Faxed transmissions are not acceptable and will not be considered.

D. Response Documents

All of the following documents must be submitted together and in the order listed.

1. A Cover Letter submitting the vendor's Response on the vendor's letterhead signed by at least one individual who is authorized to bind the vendor contractually.
2. The Questionnaire in Appendix A with the question and/or request duplicated in the Response before the answer or response.
3. Review of SERS' general terms and conditions (Appendix B).

E. Submitted Responses

Any Response submitted will become the property of SERS. SERS reserves the right to retain all Responses submitted, and use any information contained in a Response except as otherwise prohibited by law. **All Responses and the contents thereof will be deemed to be a public record which is open to public inspection after a vendor has been selected and contract has been executed, if any.** A vendor may include one additional copy of its Response with any proprietary trade secret information redacted and marked as such with a brief written basis as to why it believes the information is protected from disclosure. If SERS receives a public records request to which, in SERS' sole discretion, any of a vendor's materials are responsive, SERS may release the vendor's redacted materials, or in the event no redacted materials are submitted, the vendor's unredacted materials without notice to the vendor. In the event any of the vendor's redactions are challenged, the vendor shall have sole responsibility to defend such redactions at its cost and expense.

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SERS will not institute any legal action to defend any of vendor's redactions but will notify the vendor of such challenges.

F. Communications with SERS

Vendors which intend to submit a Response should not contact any member of SERS Staff or members of the Retirement Board. An exception to this rule applies to vendors who currently do business with SERS, but any contact made by such vendor(s) with persons should be limited to that business and should not relate to this RFP.

G. Questions Relating to this RFP

All questions concerning this RFP must be received in writing by email by the Contact person by **May 6, 2026, 4:00 p.m., Eastern Time**. Answers to only emailed questions received by this deadline will be available to all vendors by a posting at www.ohsers.org. Questions submitted after 4 p.m. May 6, 2026, or other than by email will not be considered.

V. SELECTION PROCESS

SERS staff will evaluate all timely and complete Responses. SERS reserves the right to request that any Response be clarified or supplemented.

After evaluation of the submitted Responses, at its sole discretion SERS Board and staff will select a group of final candidates. SERS will notify vendors not selected as final candidates that they are no longer under consideration.

SERS anticipates that final candidates will be asked to participate in a presentation of their proposal. SERS will determine, based on the submitted responses, whether presentations are necessary and reserves the right to cancel presentations at any time.

SERS Board and staff will evaluate the selected finalists based on their Response and any given presentation, and will select the vendor for the requested services. Vendors not selected will be notified by SERS that they are no longer under consideration after SERS has contracted with selected vendor.

VI. TENTATIVE TIMETABLE

The following is the tentative time schedule for SERS' search for vendors to provide the requested services. All dates are subject to modification by SERS without prior notice.

Issuance of RFP:	April 22, 2026
Question Deadline:	May 6, 2026
Response to Written Questions:	May 13, 2026
Intent to Respond Deadline:	May 20, 2026

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RFP Response Deadline: May 29, 2026

Presentations & Demonstrations: Anticipated July 2026

Projected Commencement Date: Anticipated August 2026

The vendor(s) selected must enter into a contract.

VII. CRITERIA

SERS will evaluate submitted proposals based on the following considerations:

- Relevant experience providing compensation services to organizations of similar size and scope with similar public sector and industry considerations
- Evaluation of approach and proposed work plans
- Qualifications of staff members that would be assigned to the project
- Recommendations by references
- Proposed fee structure

VIII. QUESTIONNAIRE

Vendors must complete the Questionnaire appearing in Appendix A. Responses to the questions should repeat the question and be answered in order.

IX. TERMS AND CONDITIONS

SERS makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all the information that may be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of SERS and the data contained or referenced herein. SERS does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of SERS.

SERS reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any Response, in whole or in part, to negotiate modifications or revisions to a Response and to negotiate with any one or more respondents to the RFP.

SERS is not and will not be under any obligation to accept, review or consider any Response to the RFP, and is not and will not be under any obligation to accept the lowest offer submitted or any offer at all. SERS is not and will not be under any obligation to any recipient of, or any respondent to, the RFP except as expressly

School Employees Retirement System of Ohio stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise. Any decision to enter into a binding agreement with a respondent to this RFP is in SERS' sole discretion.

This RFP is not an offer but a request to receive a Response. SERS will consider a Response as an offer to develop an agreement based upon the contents of the Response. Respondents agree that the contents of their Responses are valid for one year from the date of submission. SERS will not be liable for any cost incurred in the preparation of a Response and will not reimburse any respondents for their submission. Expenses related to the production of a Response are the sole responsibility of the respondent.

DRAFT

School Employees Retirement System of Ohio

Appendix A QUESTIONNAIRE

Responses to the following questions should repeat the question and be answered in order.

A. Vendor

1. Provide a brief description of your firm, including but not limited to the following:
 - a. Name of the principal(s) of the firm.
 - b. Name, telephone number, and email address of a representative of the firm authorized to discuss the proposal.
 - c. Addresses of all offices of the firm. Identify the office that will fulfill this agreement.
 - d. Number of employees of the firm.
 - e. Number of years in business under current name and any past corporate names or affiliations.
 - f. Describe your firm and its qualifications, experience, and capabilities to conduct the study.
 - g. Provide a list of successfully competed compensation studies for public organizations, including other retirement systems over the past three years.
 - h. Provide a minimum of two (2) client references for similar services performed, preferably services performed for public sector clients.
2. What are your business continuity and disaster recovery plans?
3. Do you use artificial intelligence? If yes, how is it used in your business?

B. Personnel

School Employees Retirement System of Ohio

1. Indicate who from your firm would be involved in providing services to SERS. Provide appropriate background information for each person and identify their responsibilities.

C. Proposed Service

1. Provide a detailed work plan to include:
 - A detailed project approach, including a description of steps the vendor will take to complete this project including a timeline for the steps.
 - A list of sources the vendor intends to use for salary survey data.
 - A description of how the vendor will consult with and make presentations to SERS' Board of Trustees and staff during the project.
 - A description of assistance that will be required from SERS' Staff during the project.
 - A list of items SERS will need to provide for the vendor to complete the project scope.
2. Provide any additional information on topics not covered in this RFP that you would like to bring to SERS' attention.

D. Standards of Conduct

1. Does the vendor have a firm written code of conduct or set of standards for professional behavior? If so, attach a copy and state how they are monitored and enforced.
2. Does the vendor have a written anti-discrimination policy? If so, attach a copy and state how the policy is monitored and enforced.
3. How does the vendor identify and manage conflicts of interest?
4. Are there any potential conflicts of interest that the vendor would have in providing the requested services to SERS? If yes, explain.
5. List and describe any relationships and/or contacts the vendor or its officers or employees have had with any SERS Retirement Board member and/or staff member within the last 12 months.

School Employees Retirement System of Ohio

6. Has the vendor or any officer or employee given any remuneration or anything of value directly or indirectly to SERS or any of its Retirement Board members, officers, or employees? If yes, identify the recipient and remuneration or thing of value. Additional information on the Ohio ethics law in this area may be found at: http://ethics.ohio.gov/education/factsheets/doing_business_with_retirement_systems_in_ohio.pdf.
7. Has the vendor or any officer, principal or employee given any remuneration or anything of value such as a finder's fee, cash solicitation fee, or fee for consulting, lobbying or otherwise, in connection with this RFP? If yes, identify the recipient and remuneration or thing of value.
8. Within the last five (5) years:
 - a. Has the vendor or any officer or employee of the vendor been a defending party in a legal proceeding before a court related to the provision of services?
 - b. Has the vendor or any officer or employee been the subject of a governmental regulatory agency inquiry, investigation, or charge?
 - c. Has the vendor submitted a claim to the vendor's liability insurance carrier involving the type of services sought under this RFP?
 - d. Has the vendor experienced a data breach? If yes, please provide a summary of the root cause, number of individuals impacted, and monetary cost of the breach.

If yes to any of the above, describe the event and the current status or resolution; include any case citation.

D. FEES

1. Describe the way your firm proposes to be compensated for your services. The cost of services is one of the factors that will be considered in awarding this contract. Please provide a thorough breakdown of your proposed fees for this engagement.
2. Provide hourly rates for additional services and other expenses not included in the proposed scope of work.
3. Include a sample contract.

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F. SERS' TERMS AND CONDITIONS

1. Does the vendor agree to all terms and conditions provided in Appendix B?
2. If not, please provide any details as to the specific provisions and vendor's preferred language.

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Appendix B

SERS' TERMS AND CONDITIONS

TERMS AND CONDITIONS

1. Acceptance and Payment.

Upon receipt by SERS of a proper invoice from Vendor, SERS shall pay any amounts not in dispute for Services identified in the invoice and accepted by SERS. The Vendor shall invoice SERS not more often than monthly. After completion of services described in the SOW, SERS shall pay a proper, undisputed invoice not later than twenty (20) business days from the date of receipt. Other than compensation for Services set forth in this Master Agreement or SOW, there shall be no additional amounts paid by SERS.

If billed at an hourly rate, each invoice shall provide details for all Personnel who performed Services under this Master Agreement or applicable SOW, and shall contain, at a minimum, (i) an itemized identification of the Services performed for SERS, (ii) the dates and amount of time (in tenths of an hour increments) for each of the Services performed and (iii) the name(s) of the individual(s) performing the Services. Unless otherwise provided for in the SOW, the Vendor shall submit invoices to SERS monthly during the term of this Master Agreement.

2. Independent Contractor

Vendor is an independent contractor, and nothing herein shall be construed to the contrary. Vendor shall not assume or create any obligations or responsibilities express or implied, on behalf of or in the name of SERS, or bind SERS in any manner or thing whatsoever without SERS's written consent. SERS shall neither have nor exercise disciplinary control or authority over Vendor. None of the employer-paid benefits provided by SERS to its own employees, including but not limited to retirement benefits, workers' compensation insurance and unemployment insurance, are available from SERS to Vendor. Individuals who are employed by Vendor are not public employees for purposes of OPERS membership. Vendor is not a public employer for purposes of Chapter 145 of the Ohio Revised Code. Vendor agrees to pay all applicable social security taxes, unemployment compensation taxes, income taxes and contributions

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required by any federal, state or local law with respect to Vendor for the
services under this Agreement.

3. **Indemnification**

- a. Vendor shall indemnify and save SERS harmless from any and all suits, proceedings at law or in equity, claims, liabilities, costs, payments and expense including reasonable attorney fees asserted against or incurred by SERS, arising out of or in connection with any claim for damages to property or injuries to persons, to the extent that such damages or injuries shall have been caused by, or shall have resulted from the willful or negligent acts or omissions of Vendor's employees, Personnel, or agents, in any way related to this Master Agreement or the performance of Vendor's obligations hereunder.
- b. Vendor shall indemnify and save SERS harmless from any and all liability, damages, losses, claims, demands, assessments, actions, causes of action, costs including reasonable attorney fees, arising out of or resulting from a reclassification or attempt to reclassify Vendor's employees or subcontractors as employees of SERS, including without limitation any tax liability including interest and penalty resulting from SERS' failure to pay, deduct or withhold income taxes, Federal Insurance Contribution Act taxes, or Federal Unemployment Tax Act taxes with respect to Vendor and or its employees.
- c. Vendor agrees to defend at Vendor's own cost and expense any claim or action against SERS, its subsidiaries and/or affiliated entities, board members, officers, employees, and agents, for actual or alleged infringement of any patent, copyright or other property right (including, but not limited to, misappropriation of trade secrets) regarding any computer program, documentation, service, work and/or other materials furnished to SERS by Vendor or Personnel providing Services. Vendor further agrees to indemnify and hold SERS, its subsidiaries and/or affiliated entities, board members, officers, employees, and agents, harmless from and against any and all liabilities, losses, and expenses (including, but not limited to attorney's fees and court costs) associated with any such claim or action.
- d. Vendor shall have the sole right to conduct the defense of any such claim or action and all negotiations for its settlement or compromise,

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unless otherwise mutually agreed to in writing between the parties hereto. SERS shall have the right to participate in the defense of any such claim or action, at its own expense and through counsel of SERS' choosing. If an injunction is sought or obtained against use of any computer program, documentation or other material furnished to SERS, Vendor shall, at its expense, either (i) procure for SERS the right to continue to use without additional cost or charge to SERS the infringing computer program, documentation or other material as set forth in this Master Agreement, or (ii) replace or modify the infringing computer program, documentation or other material to make its use non-infringing while being capable of performing the same function(s) while preserving the original functionality. Notwithstanding the foregoing, Vendor has no obligation for any claim based on SERS' modification of any such computer program, documentation or other material or its combination, operation, or use with any product, data or apparatus not specified or provided by Vendor, provided that such claim solely and necessarily is based on such combination, operation or use.

4. Non-Solicitation of Employees/Liquidated Damages.

- a. Unless otherwise agreed in writing signed by both parties, neither party shall solicit the other party's personnel during the term of this Master Agreement, or for a period of one year thereafter.
- b. In the event of a breach of this provision, the breaching party shall be liable for liquidated and agreed damages since the amount of actual damages is not foreseeable, in an amount equal to the most recent annual salary paid by the non-breaching party to the subject employee. If the subject employee has been there less than one year, then the most recent salary paid will be annualized to calculate the annual salary amount. Provided however, the posting of job openings on a party's web site or through general media outlets shall not be deemed solicitation under this provision.

5. Ownership.

- a. All programs, documentation, specifications and any other technical information or work (collectively "Work") developed or prepared by Vendor or Personnel for SERS hereunder shall be considered a work-made-for-hire under the U.S. copyright laws, and the property of SERS. To the extent that title to any such Work may not, by operation of law, vest in SERS for such Work, or may not be considered a work-made-for-hire, then in consideration for any payment received under this Master Agreement, Vendor hereby irrevocably assigns to SERS all rights, title and interest therein. All

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such Work shall belong exclusively to SERS, with SERS having the right to obtain and hold in its own name copyrights, trademarks, patents, registrations, or such protection as may be appropriate to the subject matter and any extensions and renewals thereof. Vendor reserves no right or interest in the Work. Vendor agrees to give SERS, its successors and assigns, and any person designated by SERS, reasonable assistance, without charge to SERS, required to perfect or secure SERS' rights described in this paragraph. Vendor and/or Personnel shall execute, at the request of SERS, specific assignments to SERS of any patent, copyright or other intellectual property interests in the Work applicable to the United States and to any and all foreign countries, as well as execute all papers and perform all lawful acts which SERS deems necessary in connection therewith, including the giving of testimony that the Vendor retains no right or interest in the Work. This Section shall survive the termination of this Master Agreement regardless of the cause of termination.

- b. Vendor warrants that Personnel shall not cause or permit any work to include or incorporate any material in which any third party shall have registered or unregistered copyrights, patent rights, trade secrets, or other proprietary rights or interests unless SERS is given notice prior to use of such material, SERS gives approval, and the Vendor secures all necessary licenses which are hereby assigned to SERS for such material.

6. **Confidentiality.**

SERS may disclose certain confidential, trade secret, and/or proprietary information to Vendor, its employees, subcontractors, and agents in connection with this Agreement. Vendor shall execute a Confidentiality and Non-Disclosure Agreement in the form of the attached **Exhibit A.** Vendor shall have its employees, subcontractors and agents who may have access to such information sign The Independent Contractor Intellectual Property and Confidentiality Agreement in the form of the attached **Exhibit B.** The signed agreements shall be provided to SERS prior to the commencement of any work.

7. **Representations and Warranties.** As of the Effective Date and at the time of execution of each SOW hereunder, the Vendor represents and warrants that it:

- a) Has the authority to enter into this Master Agreement and perform the Services provided herein.

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- b) Will perform the Services in a workmanlike and professional manner consistent with all applicable statutes, regulations, or ordinances and within applicable industry best practices.
 - c) Will comply with all applicable federal and state laws, including but not limited to, the laws contained in Chapter 102 of the Ohio Revised Code (Ohio ethics laws) governing ethical behavior, understands that such provisions apply to persons doing or seeking to do business with SERS, and agrees to act in accordance with the requirements of such provisions.
 - d) Maintains a non-discrimination policy and is an equal employment opportunity employer.
 - e) Has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to SERS or any of its board members, officers, employees, or agents, or any third party in connection with obtaining or performing any of the engagements of this Master Agreement or otherwise, including, but not limited to, a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.
 - f) Vendor represents that its goods and services do not infringe on any third-party copyright or ownership rights.
8. **Public Record Requests.** Vendor acknowledges that SERS is subject to Ohio Public Records Act, Ohio Revised Code Section 149.43, including the requirement to comply with requests for disclosure of public records. Vendor may designate certain of its records in the possession of SERS or information included in this Agreement as exempt from disclosure under the Public Records Act. Vendor must support each claimed exemption and provide SERS with a redacted copy of the Agreement or material at issue that is acceptable to SERS and in compliance with the Public Records Act within thirty days of the Agreement being signed or the I provision of the material to SERS. In the event of a public record request that seeks Vendor's exempt information or data, SERS will refrain from disclosing the information or will make reasonable efforts to contact Vendor in sufficient time to allow Vendor to take appropriate legal steps to protect the exempt information from disclosure. If Vendor does not initiate legal action to protect its information within ten (10) business days of SERS' notice of its intent to disclose Vendor's information, Vendor shall be deemed to have waived its rights to seek an injunction or protective order and SERS shall be entitled to make such disclosure without further notice or liability to Vendor. If as a result of the position taken by Vendor regarding the exempt status of the information SERS is assessed any damages or fees, Vendor shall indemnify SERS for such damages or fees.

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9. **Security and Cybersecurity Incident Notice and Reporting.** Vendor shall have policies and procedures in place for the effective management of any security or cybersecurity incidents, as defined below, which shall be made available to SERS upon request. A “security incident” means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. A “cybersecurity incident” means a cybersecurity event that has been determined to have an impact on the vendor prompting the need for response and recovery. This may include ransomware that may place SERS’ data or SERS members’ personal data at risk. “Personal data” means full legal name, date of birth, home address, email address, social security number, driver’s license number, state identification card number, SERS account username, SERS account password, record of contributions or financial account numbers.

In addition to the requirements set forth in any applicable Business Associate Agreement as may be attached to the Master Agreement, in the event of any actual security or cybersecurity incident or reasonable belief of an actual security or cybersecurity incident the Vendor either suffers or learns of that either compromises or could compromise SERS’ data, the Vendor shall notify SERS of the following within 48 hours of its discovery:

- a) The date and time of the discovery of the security or cybersecurity incident.
- b) The name of the Vendor security or cybersecurity incident representative and contact information.

The Vendor shall provide the following information to SERS regarding a security or cybersecurity incident within a reasonable period of time:

- a) Date and time of the security or cybersecurity incident.
- b) Nature of the security or cybersecurity incident, including any potential impact on SERS’ data or SERS members’ personal data.
- c) Description of SERS’ data or SERS members’ personal data involved in the security or cybersecurity incident.
- d) Vendor action taken to mitigate the security or cybersecurity incident and secure compromised systems.

The Vendor shall cooperate with SERS and provide such other information, including a written report, as reasonably requested by SERS. Vendor shall analyze and document the incident and provide all notices required by all applicable laws, regulations, rules, and industry standards.

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SERS may, in its sole discretion, choose to provide notice to any or all parties affected by a security or cybersecurity incident, but Vendor shall reimburse SERS for the cost of providing such notification. Vendor further agrees to provide or reimburse SERS for its costs in providing any credit monitoring or similar services that are necessary as a result of Vendor's security or cybersecurity incident.

In addition to any other indemnification obligations in the Master Agreement, the Vendor shall fully indemnify and save harmless SERS from any costs, loss or damage to SERS resulting from a security or cybersecurity incident or the unauthorized disclosure of SERS' data or SERS members' personal data by the Vendor, its officers, agents, employees, and subcontractors.

10. General.

- a. The Master Agreement shall be construed and enforced in accordance with the laws of the State of Ohio and any applicable federal laws.
- b. The Master Agreement is not assignable without the prior written consent of SERS. Any attempt by Vendor to assign any of the rights, duties, or obligations of this Master Agreement without such consent is void.
- c. The Master Agreement can only be modified by written agreement duly signed by persons authorized to sign agreements on behalf of SERS and of Vendor.
- d. Vendor agrees that it will not, without prior written consent of SERS, use in advertising, publicity or otherwise the name of SERS, SERS' logo, service marks, domain names, symbols or any affiliate of SERS, or refer to the existence of this Master Agreement in press releases, advertising or materials distributed to prospective customers.

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Exhibit A

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

This Agreement is entered into as of the _____ day of _____, 202__ (the Effective Date"), by and between SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO, 300 East Broad Street, Columbus, Ohio 43215 (hereinafter referred to as "SERS"), and _____ with its principal place of business at _____ (hereinafter referred to as "vendor." In consideration for the exchange of the mutual covenants and promises set forth below, the parties agree as follows:

1. The parties agree that it is necessary and desirable that SERS disclose to vendor confidential information, including but not limited to contracts and related documents and data, and other documentation or information whether or not expressly designated as confidential (collectively referred to herein as "Information").
2. The parties agree that the Information disclosed shall be used solely for the purpose of reviewing and using the Information in connection with the potential and/or actual providing of services by vendor to SERS. No copies of the Information shall be made except to be used solely in connection with the potential and/or actual providing of services by vendor to SERS.
3. The parties hereby acknowledge that the Information is valuable, confidential and proprietary trade secret assets and vendor agrees that it shall: (a) not communicate Information to any third party; (b) by using means no less than it uses to protect its own most valuable trade secrets, prevent inadvertent or wrongful disclosure of Information to any third party; and (c) limit internal access to employees only on a "need to know" basis for the purposes set forth in Paragraph 2 hereof.
4. Except for the purposes of Paragraph 2 above, or for any purpose the parties may hereafter agree upon in writing, vendor shall not use the Information for productive use or circulate it within its own organization, but to the extent necessary for negotiations, discussions, and consultations with its employees or authorized representatives of SERS.
5. The obligations of confidentiality shall terminate with respect to any particular portion of the Information if:
 - a. it was in the public domain at the time of communication thereof to vendor;

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- b. it entered the public domain through no fault of vendor subsequent to the time of communication thereof;
 - c. it was in vendor's possession free of any obligation of confidence at the time of communication thereof;
 - d. it was rightfully communicated to vendor free of any obligation of confidence subsequent to the time of communication thereof; or
 - e. it was developed prior to the date of this Agreement by employees or agents of vendor independently of, and without reference to, any Information.
6. All Information, and any and all copies thereof, shall, upon written request from and at the sole discretion of SERS, either (a) be returned to SERS, or (b) vendor shall provide a written certification to SERS that any and all copies of the Information provided have been destroyed.
7. Each party recognizes that the wrongful disclosure of the Information, shall give rise to irreparable injury to SERS, inadequately compensable in damages, and that SERS shall have, in addition to any other remedies available to it, the right to injunctive relief enjoining such wrongful disclosure by vendor.
8. This Agreement shall govern all communications between the parties during the period from the Effective Date of this Agreement to the later of (a) the date on which vendor receives written notice from SERS that subsequent communications shall not be so governed, or (b) the termination of all agreements between the parties. However, the terms and conditions of this Agreement shall survive the termination, with or without cause, of this Agreement or any other agreement between the parties. This Agreement shall be construed in accordance with the law of the State of Ohio and any applicable federal laws.

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Exhibit B

INDEPENDENT CONTRACTOR INTELLECTUAL PROPERTY AND CONFIDENTIALITY AGREEMENT

The undersigned, in consideration of an agreement to provide to **School Employees Retirement System ("SERS")** services as an independent contractor, hereby agrees:

I will be devoted to the advancement of SERS's interest by performing such duties as may have been or may be assigned to me.

1. "Intellectual Property" means inventions, discoveries, improvements, ideas, works of authorship, including computer software and related documentation, trade secrets, and other learned or acquired information, whether or not the subject of a patent, copyright, or trademark registration. I will disclose promptly and in writing to SERS, and I hereby assign and agree to assign to SERS all of my right, title, and interest in and to, all Intellectual Property which I make, conceive, or create (in whole, in part, alone or with others): (a) in the course of performing my duties as an independent contractor for SERS (whether in or outside regular working hours); or (b) during my term of service, which relates to SERS's business or interests; or (c) with the use of SERS's time, materials, or confidential information.
2. I agree that during or after my term of service with SERS, I will on request of SERS execute specific assignments to SERS or its nominee of any such Intellectual Property, applicable to the United States and to any and all foreign countries, as well as execute all papers and perform all other lawful acts which SERS deems necessary in connection therewith, including the giving of testimony. I understand that all expenses in connection with formal protection of such Intellectual Property shall be borne by SERS or its nominee. SERS at its sole discretion will decide whether to seek formal patent, copyright, or trademark protection for such Intellectual Property.
3. I agree that during my term of service and thereafter I will hold in confidence all matters and things related to the business of SERS or its affiliated entities, of a confidential or secret nature including, but not limited to, cost data, vendor lists, private business matters, formulas, designs, methods and processes, systems, present and prospective business ventures, and newly discovered uses for known technology, as to which I may acquire information or possession by reason of my affiliation with SERS during my term of service; and that I will not, without the written consent of SERS,

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except as may be required in the fulfillment of my duties as an independent contractor in service to SERS, use any such matter or thing or disclose to others any matter or thing relating to the business of SERS or its affiliated entities.

4. I agree that SERS has all right to possession of, and all title in and to, all computer disks, audio and video recordings, pictures, film, papers and documents (including drawings), and copies, abstracts and summaries thereof, which I may originate or which may come into my possession in any way during my term of service and which relate to the business of SERS or its affiliated companies, and I further agree to deliver such things promptly to SERS on expiration or termination of my contract with SERS.
5. I further represent that I have not entered into any prior agreements which will prevent my full compliance with the terms of this Agreement, unless such agreements are listed below, and copies of such agreements are attached hereto:

_____ (none, if nothing listed)
6. The failure of SERS to insist in any instance on the strict performance of any provision of this Agreement or to exercise any right hereunder shall not constitute a waiver of such provision or such right in any other instance.
7. I agree that the amount paid to me according to my independent contractor agreement constitutes full and complete compensation and consideration to me for all my obligations and services and for all general and specific assignments under this Agreement.

It is understood that my undertaking in foregoing paragraphs 2, 3, 4, 5, and 6 shall be binding upon me both during and subsequent to my term of service with SERS and upon my heirs, successors, personal representatives and assigns, and that this entire Agreement shall inure to the benefit of SERS and its successors and assigns.

ISSUANCE OF RFP FOR COMPENSATION CONSULTANT AND DELEGATION OF APPROVAL

It was moved by _____ and seconded by _____ to authorize the Compensation Committee to issue a Request for Proposal (RFP) to retain a compensation consultant that will determine the competitiveness and effectiveness of the SERS employee compensation program, and further to delegate to the Compensation Committee authority to select the vendor. The Compensation Committee Chair is authorized to sign a contract to retain the selected vendor.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____



Employee Compensation

HR4-016

Effective Date:	12/11/2012	Revision Date:	11/03/2021	Audience:	Everyone
Owner:	Human Resources	Certifier:	Richard Stensrud	Co-Owner (s):	None
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History				

Purpose

The purpose of this policy is to describe the compensation philosophy and objectives of the School Employees Retirement System of Ohio. This document sets forth policy and describes the organization and division of responsibilities to prudently implement SERS' compensation philosophy and objectives. It also establishes the framework to monitor the effectiveness of the compensation program and to promote effective communication between the Board and staff.

Policy

SERS Compensation Philosophy

SERS recognizes that to fulfill SERS' mission and provide the best service to the members and retirees, SERS must attract, retain, and motivate employees. It is SERS' objective to have a compensation program that supports a high performance culture, the organization's values and strategic goals, and pays competitively and equitably. To accomplish this goal SERS needs to:

- Provide compensation, including salary and benefits, at levels that are externally competitive not only to the other Ohio retirement systems, but also local private sector and government employers with similar characteristics to SERS.
- Provide internal equity by considering differences in each position's level of responsibility, knowledge, skills, education, experience, and working conditions required when determining appropriate compensation.
- Link compensation to performance by utilizing a performance management system that directly connects the employee to organizational goals, and rewards employees for meeting or exceeding expected performance.

To fulfill our philosophy of external competitiveness, internal equity, and pay for performance, the following will apply:

- SERS will target compensation levels that approximate the 50th percentile in the labor market when employees are fully proficient in their position and meeting

expectations. Individual placement relative to that target will be based on experience and performance.

For positions not covered under the Annual Investment Incentive Policy, this means salary range midpoints will represent the "middle of the market" base pay. For positions covered under the Annual Investment Incentive Policy, salary range mid-points plus incentive opportunities will represent the "middle of the market" total cash compensation. SERS will rely heavily on appropriate market comparisons when determining compensation levels.

- With the exception of the Executive Director and Chief Investment Officer (CIO) positions, SERS will benchmark to other Ohio Retirement Systems, as well as, local private sector and government employers with similar characteristics to SERS in the Columbus, Ohio metro area. SERS will benchmark public pension funds nationwide with similar asset size, staff size, investment management characteristics, and that are constituted as a separate entity outside of state government for the Executive Director and CIO positions. Cost of living will also be factored into the benchmarks.
- In the absence of market data, jobs will be slotted into the job hierarchy based upon their relative complexity within the organization.
- SERS will consider differences in skill, effort, responsibility, and working conditions when ranking jobs in a hierarchy.
- Merit increases are tied to an effective performance management system, a review of current salary range placement, and overall SERS philosophy of valuing employees and their contributions.
- No across-the-board, cost-of-living, or seniority-based salary increases are considered.
- Additional compensation may be earned in the form of incentives for excellent achievements. [e.g. Employee Recognition Programs]

Responsibilities

To maintain SERS' compensation policy the following responsibilities have been assigned:

Retirement Board

- Based upon annual review of information presented by the Executive Director and reviewed by the Compensation Committee of the Board, approve amount to be allotted for staff merit increases and Annual Investment Incentive Plan.
- Every five years, or as recommended by the Executive Director, approve utilization of an independent source to determine the competitiveness and effectiveness of compensation program.

Executive Director and Deputy Executive Director

- Administer the compensation program in accordance with this Policy.
- In coordination with Directors and Human Resources, periodically review grade levels to assure appropriate classification of positions. Review recommendations for promotions, reclassifications, transfers, salary adjustments for internal equity or external competitiveness, and merit increases submitted by Directors.
- Assure performance evaluations are given on a regular basis, to ensure expectations are clear and employees reach their full potential.
- Evaluate performance of Directors. Work with each Director in planning objectives to be accomplished each year to attain long-range goals.
- Annually review salary structure and adjust to current schedule if appropriate.
- Annually review merit and incentive award practices and make recommendations for Board to approve during budget process.
- Oversee awarding of staff merit increases and incentive awards to assure effective utilization of allotted monies to reward employees appropriately for level of performance.

Procedures None

Definitions

None

Related Documents and Information

Statutes: N/A

Rules: N/A

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

Forms: ---

Policy History

Version 1 – December 11, 2012 – Created – Approved by Lisa Morris

Version 2 – October 27, 2014 – Edited – Approved by Lisa Morris

Version 3 – April 20, 2020 – Edited – Approved by Richard Stensrud



Employee Compensation System Administration

HR4-022

Original Effective Date:	05/15/2013	Revision Date:	09/06/2019	Audience:	Everyone
Owner:	Human Resources	Certifier:	Richard Stensrud	Co-Owner (s):	None
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History				

Purpose

The purpose of this policy is to outline the objectives of SERS' compensation system and the responsibility of administrating and maintaining the system.

Policy

The overall purpose of SERS' compensation system is to provide a means to assist in recruiting, retaining, and rewarding employees. The compensation system seeks to establish salary grades that are competitive with the labor markets from which SERS recruits talented employees and reflect the value of positions to SERS, as determined by a job review that takes into account the duties and level of responsibility of each job.

Objectives of the compensation system are as follows:

1. To ensure a compensation philosophy that is reflective of the values and goals of SERS
2. To ensure SERS' financial resources are used in the most effective and efficient manner
3. To provide a rational basis for making pay decisions, eliminating arbitrary salary assignments, and thereby establishing internal fairness
4. To maintain salary ranges that are competitive with labor markets from which employees are recruited
5. To establish job titles and descriptions that are utilized consistently throughout SERS
6. To clarify relationships among positions to avoid overlaps and gaps in responsibilities
7. To clarify the knowledge, skills, and abilities (KSAs) required to competently perform the position and aid in the development of career paths
8. To assist supervisors in evaluating and rewarding employee job performance

Human Resources (HR), in consultation with the Deputy Executive Director and/or Executive Director, is responsible for the administration and maintenance of the compensation system. These responsibilities include assignment of proposed new jobs to salary grades, reassignment of existing jobs to salary grades, preparation and maintenance of job descriptions, review and approval of pay adjustments, and maintenance and updating of pay structures.

Establishing Pay for New Hires

It is the goal of SERS to offer wages that attract the best possible employees. It is also the goal of SERS to ensure pay fairness among employees within similar job titles. Therefore, a new employee's initial pay should be set in consideration of the candidate's qualifications as defined by knowledge, skills and abilities, the pay of other similarly employed individuals, the pay and pay scales of employees who report to the new employee, and in conformance with external market factors.

Typically, the initial wage should be set between the minimum and the midpoint of the salary grade. Exceptions to this policy may be made in cases with unusual circumstances, where market conditions prohibit hiring within the authorized hiring grade, and/or the current pay or pay scales of employees does not stimulate significant interest in upward career movement. All exceptions must be approved by HR, in consultation with the Deputy Executive Director and/or Executive Director.

Assignment of a New Job to a Salary Grade

HR, in consultation with the Deputy Executive Director and/or Executive Director, is responsible for the assessment of proposed new positions and subsequent assignment to a salary grade. All jobs will be assessed according to SERS' compensation plan based on published salary data and internal comparable equity. This plan establishes a consistent basis for measuring and ranking the relative market salary of each job.

Determining Pay for Job Changes

It is the goal of SERS to ensure pay fairness among employees within similar job titles. Therefore, an employee's pay should be adjusted in consideration of the candidate's qualifications as defined by knowledge, skills, and abilities, the pay of other similarly employed individuals, the pay and pay scales of employees who report to the new position, and in conformance with external market factors.

Merit Increases

Merit increases are intended to recognize and reward employees for performing their job responsibilities well and attaining yearly goals. Merit increases may be awarded during the following times:

- Upon a new employee's successful completion of the orientation period
- When an employee takes on additional job responsibilities
- In conjunction with the annual performance review process
- When an employee exhibits exceptional performance in his or her current position

Department directors are responsible for planning merit increases and including them in their yearly budgets. When merit increases are recommended, Department directors shall provide thorough documentation justifying the rationale for awarding merit increases.

Market-based Pay Adjustments

SERS strives to pay at levels that are competitive with the market. Salary adjustments may be made to employee salaries to address significant discrepancies between SERS' level of pay and market pay levels for jobs. Actual adjustment amounts will be based on SERS' capability to pay as well as individual performance and consultation with the Deputy Executive Director

and/or Executive Director.

Requesting a Review of a Salary Grade

A job reassignment occurs when a job is moved to a different grade because the essential job functions have changed significantly. Department directors and/or employees may request a review of the evaluation of their position. Department directors will be consulted before specific requests to HR will be fulfilled.

Pay Above Grade Maximum

The compensation system is a tool used by SERS to provide a rational basis for pay decisions. It helps to ensure that positions are not underpaid or overpaid based on job responsibilities and the competitive labor markets from which employees are recruited. The salary grade assigned to each position indicates the duties and responsibilities of the position within SERS. For any employee whose pay is at or above the maximum for his or her salary grade, future increases will be limited to any adjustments that may be made to adjust (increase) the salary structure.

Salary Structure Adjustments

SERS' salary structure (pay grades) will be reviewed on an annual basis. The salary structure may be adjusted on a periodic basis to ensure that it remains competitive with markets from which it attracts talented employees. Any adjustment to the salary structure must be approved by the Executive Director.

[Establishing Pay for New Hires](#)

[Assignment of a New Job to a Salary Grade](#)

[Determining Pay for Job Changes](#)

Procedures [Merit Allocation and Distribution](#)

[Market-based Pay Adjustments](#)

[Requesting a Review of a Salary Grade](#)

[Salary Structure Adjustments](#)

Establishing Pay for New Hires

Establishing initial pay for new hires will follow the process below:

1. The department director will carefully review the applicant's qualifications in relation to job knowledge, skills, and abilities, external market factors, and the current wages of individuals employed in similar titles. HR will provide guidance to the department director regarding market pay for the position and budget constraints. It is anticipated that most salary offers will be between the minimum and the midpoint of the salary grade.
 2. The department director and HR will work together to determine a beginning salary that is attractive to the prospective employee, addresses market pay influences, and is fair to existing employees. Beginning salaries for new employees should not be set at a rate greater than the salaries of existing employees with equivalent qualifications within the same job title in order to reduce the possibility of compression issues.
-

3. Salary offers will be prepared by HR. HR will then communicate the offer to the prospective employee.

Assignment of a New Job to a Salary Grade

Assignment of new positions to a salary grade will follow the process below:

1. Following approval to create a new position, the department director, or a designee, drafts a job description describing the duties to be assigned to the position.
2. The department director submits the job description to HR for assessment.
3. All new and existing jobs are to be assigned to a salary grade based on the job duties and level of responsibility. Salary is either determined by SERS-approved published salary survey data or SERS' determination of relative internal equity. The first step is to determine if market pay information exists for the job in SERS-approved published salary surveys. HR will compare job duties and responsibilities noted in the job description to the definitions found in the published salary surveys. The job will be assigned to the appropriate salary grade by comparing the salary survey data to the midpoints of the salary grade.
4. If the job does not sufficiently match a salary survey definition it is compared to other jobs within the department. This is accomplished by evaluating and ranking the position based upon its relative equity. HR conducts this assessment of the duties and responsibilities of the position and in consultation with the department director, Deputy Executive Director and/or Executive Director, confirms the position title and assigns a salary grade.
5. The department director is notified in writing of the position title and salary grade assignment after which recruitment for the vacancy may begin. The assigned pay grade provides a spread of a minimum to a maximum rate. New employee compensation within any salary grade is based on such factors as knowledge, skills, abilities, and external market factors in accordance with the policy.

Determining Pay for Job Changes

Promotions

1. HR will provide salary grades, individual pay information, and [promotion](#) adjustment recommendations to each department director upon the notice of the promotion of an employee.
2. The department director in conjunction with HR will determine the promotional increase percentage according to the pay adjustment procedures. The employee's pay shall be adjusted at least to the minimum of the new salary grade.
3. Promotion-based salary adjustments are in addition to annual merit increases if the promotion is made between July 1 and March 31. If promotion is effective between April 1 and June 30, the employee is not eligible for an annual merit increase for that fiscal year.

Demotions

1. In the case of a [demotion](#) resulting from poor performance or employee choice, the employee's current salary is reduced and then compared to the new salary grade

maximum. If the employee's adjusted salary is greater than the new salary grade maximum, the employee's pay will be reduced to the new salary grade maximum.

2. In the case of a demotion resulting from an organizational change or development assignment, all attempts will be made to keep the individual at the current salary.

Transfers and Other Job Changes

1. In the case of [transfers](#) and other job changes that do not result in a salary grade change, the employee may not be eligible for a pay increase at time of the transfer.
2. The department director in conjunction with HR will determine if a salary adjustment is needed by considering the employee's qualifications as defined by knowledge, skills, and abilities, the pay of other similarly employed individuals, the pay and pay scales of supervised employees, and external market factors.

Acting Pay or Temporary Working Level Adjustment

1. In the case of a position vacancy that requires an employee to temporarily fill a position or the employee's working level is significantly increased, acting pay or a temporary working level adjustment may be granted.
2. The department director in conjunction with HR will determine if a salary adjustment is needed by considering the employee's qualifications as defined by knowledge, skills, and abilities, the pay of other similarly employed individuals, the pay and pay scales of supervised employees, and external market factors.
3. At the completion of the assignment, the employee's pay will be adjusted back to the previous amount. If an annual merit increase was given during the acting pay or working level adjustment, the merit percentage will be applied to the previous salary amount when the salary is change back to its previous amount.

Merit Allocation and Distribution

Merit Allocation

The Executive Director makes a recommendation to the Board, during the annual budget process, for an amount to be allotted for merit increases.

The percent the Executive Director recommends will be multiplied by the salaries in the budget to calculate with the dollar amount which will be included in the budget as a line item for merit increases.

Each department director is responsible for including in their department budget merit increases that are planned for outside of the annual performance appraisal process.

Merit Distribution

In Conjunction with Annual Performance Review Process

The Executive Director distributes the total pool of available money for merits, as approved by the Board, to each department director based on the salaries of his or her staff. Example: If the total allotment of money was based on 4% of current salaries, each department director would get an allotment of 4% of his or her staff's salaries to equitably distribute among the department.

The department director may grant the employee a merit increase based on the annual

performance appraisal and the recommendation of the employee's supervisor. Merit recommendations are forwarded to HR for review, then sent to the Executive Deputy Director/Executive Director for approval.

After the Executive Deputy Director/Executive Director's approval, HR will process all approved merit recommendations and prepare the appropriate paperwork.

HR creates the Personnel Action form (HRS-7001) and delivers a supervisor and employee copy to the supervisor. The supervisor then meets with the employee to discuss the merit increase.

Outside the Annual Performance Review Process

The department director may recommend a merit increase outside the annual review process based on the recommendation of the employee's supervisor. Merit recommendations are forwarded to HR, then reviewed and approved by the Executive Deputy Director/Executive Director.

If approved, HR will process the approved merit recommendation and prepare the appropriate paperwork.

HR creates the Personnel Action form (HRS-7001) and delivers a supervisor and employee copy to the supervisor. The supervisor then meets with the employee to discuss the merit increase.

Market-based Pay Adjustments

1. HR will periodically compare current employee pay levels to the market pay for similar jobs.
2. If a particular job or department at SERS becomes exceedingly difficult to recruit and retain because of compensation requirements, HR, in consultation with the Deputy Executive Director and/or Executive Director, will recommend salary adjustments to address the demand for greater pay because of extreme market competitiveness.
3. Individual employee pay will be reviewed in consideration of market survey data and recruiting requirements. Based upon this review, individual employee pay may be adjusted to better reflect market rates, decrease compensation-related turnover, or match a job offer. The actual percentage an employee's pay is adjusted will be based on the employee's knowledge, skills, and abilities in comparison to those of the job, and the extent of external market pay factors. Market adjustments will only be considered for employees with at least a satisfactory performance rating.
4. HR will work with department director, in consultation with the Deputy Executive Director and/or Executive Director, to ensure the adjustments are appropriate.

Requesting a Review of a Salary Grade

Reassignment of an existing position to a salary grade will follow the process below.

1. Department directors and/or employees may request a review of a position's classification. A review of a position's classification is warranted when there has been a material, significant, and permanent change in job duties. The direct supervisor or department director is responsible for recognizing such job changes. Additionally, an employee who believes their job is not properly evaluated may request a reassessment.
 2. When the department director concludes that a material, significant, and permanent
-

change in job duties has occurred, the job description should be updated with input from the employee and the employee's direct supervisor, reviewed by the director, and sent to HR.

3. Upon receipt of a newly completed job description, an assessment of the duties and responsibilities of the position will be made using a review of relative internal equity and a review of published salary surveys. This process may include an interview with the employee and/or supervisor. Following this evaluation, HR will determine if the job should remain as presently assigned or if a new assignment is appropriate. The department director is notified in writing of the results.
4. If upon the evaluation of a job, it is determined that a job is still within the same salary grade, no salary grade or salary adjustment will be made. In the instance where an employee's job is reassigned to a lower salary grade, the employee's salary will not be changed; however, the reclassified grade maximum will define the limit of future pay increases. In the instance where an employee's job is reassigned to a higher salary grade, the employee's pay shall be adjusted at least to the minimum of the new salary grade. Not all grade reassignments will result in salary changes.

Salary Structure Adjustments

Salary structure adjustments will follow the process below:

1. On an annual basis, HR will review the pay structures in consideration of changing economic and competitive factors as determined by SERS-approved published salary surveys and other data sources.
2. If an adjustment is needed, HR will recommend an appropriate salary structure adjustment to the Executive Director.
3. Salary structures will be adjusted as approved by the Executive Director.
4. Any employee whose salary is below the assigned updated salary range will receive a pay adjustment at least equal to the difference between actual salary and the salary range minimum. Such pay increases will be provided only if sufficient financial resources are available.

Definitions

Demotion: A demotion occurs when an employee's position is reassessed to a lower salary grade or when an employee is transferred to a position in a lower salary grade typically due to reorganization or performance issues. A demotion also occurs when an employee voluntarily accepts a position in a lower salary grade than the position occupied.

Market-based pay adjustment: Salary adjustment made to an employee's salary to address significant discrepancies between SERS' level of pay and market pay levels for jobs.

Promotion: A job change that causes an employee to move to a job in a higher salary grade or range.

Transfer: A job change that causes an employee to transfer to another position in the same salary grade as the position previously occupied.

Related Documents and Information

Statutes: N/A

Rules: N/A

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

Forms: ---

Policy History

Version 1 – May 15, 2013 – Created – Approved by Lisa Morris

Version 2 – November 5, 2014 – Reviewed – Approved by Lisa Morris

Memo

To: Retirement Board

From: Michael Steiner, Health Care Director

CC: Richard Stensrud, Executive Director
Karen Roggenkamp, Deputy Executive Director
Joe Marotta, General Counsel

Date: April 3, 2026

Re: Health Care Update

April's Health Care update will summarize SERS' 2025 prescription drug cost experience for the Medicare Part D plan and the commercial pharmacy benefit included with the Aetna Choice POS II plan, as well as the major factors influencing 2027 rates.

For the Part D plan, total prescription drug costs increased 20 percent from 2024 to 2025, driven primarily by rising drug prices and higher utilization of specialty medications. Cancer therapies, inflammatory condition drugs, and GLP-1s for diabetes were the largest contributors. Historically, federal subsidies have largely kept pace with claims costs, but with higher upfront expenses than in previous years, SERS now faces greater financial risk if federal subsidies fall short.

The presentation also outlines the Centers for Medicare and Medicaid Services' (CMS) proposed 2027 BALANCE Model, which would expand GLP-1 coverage to include weight loss and reduce member cost sharing for most GLP-1 drugs. Participation agreements with CMS are at the parent organization level (i.e., the Pharmacy Benefits Manager or PBM) and applications to participate must be submitted by April 20, 2026.

The model improves affordability for members and provides SERS access to lower prices for most GLP-1 drugs, including drugs for diabetes that the plan currently covers. However, it does not include direct financial incentives for EGWPs like SERS, and the net impact for SERS in 2027 remains uncertain.

At this stage, if Express Scripts applied to participate, then the SERS Part D plan would be included in that application. Express Scripts has requested that CMS provide a mechanism for plan sponsors like SERS to opt-in or out of the model directly, but this request has yet to

be granted. In 2025, SERS sent a letter to CMS asking that plans like SERS be allowed to opt-in or out of demonstration models, but no response was received.

For the non-Medicare plan, medical per member per month (PMPM) costs rose 9 percent in 2025, largely due to higher prices for outpatient services and greater chemotherapy utilization. Pharmacy PMPM costs increased 43 percent, driven by a small number of very high-cost specialty drugs and patients with diabetes switching from less expensive drugs to Mounjaro. Three drugs used by only four patients accounted for 19 percent of total drug spend net of rebates.

As we begin the 2027 rate setting process, I expect to recommend premium increases or benefit changes for both the Medicare and non-Medicare plans. More uncertainty than usual exists for Medicare rate setting this year due to the increasing upfront costs of the Part D plan and the potential addition of weight loss drug coverage. However, expanded negotiated pricing in 2027 may help offset some costs and it is generally expected that federal subsidies will increase in response to rising costs nationwide. I will also request the Board's recommendation regarding participation in the CMS BALANCE model should SERS have an option to decline or participate.



2025 Drug Expenses 2027 Plan Year Preview

April 16, 2026

Mike Steiner, PhD
Director, Health Care Services

Overview



1. 2025 Part D plan costs and federal subsidies
2. BALANCE Model for Part D
3. Non-Medicare group plan 2025 costs
4. Expectations for 2027 premiums and benefit design





Part D Plan: 2025 Costs

	All Prescription Drugs		
	2025	2024	Change
Total Plan Cost	\$157 million	\$130 million	20.1%
Adj. Rxs	2.23 million	2.19 million	2.0%
PMPM	\$358	\$299	19.8%
Per Adj. Rx	\$70	\$60	17.7%

	Specialty Drugs Only			Non-Specialty Drugs Only		
	2025	2024	Change	2025	2024	Change
Total Plan Cost	\$90 million	\$77 million	16.8%	\$67 million	\$54 million	24.8%
% Total Cost	57.3%	58.9%	-1.6%	42.7%	41.1%	1.6%
Adj. Rxs	12,995	10,552	23.2%	2.22 million	2.18 million	1.9%
% of Claims	0.6%	0.5%	0.1%	99.4%	99.5%	-0.1%
PMPM	\$205	\$176	16.5%	\$153	\$123	24.6%
Per Adj. Rx	\$6,910	\$7,289	-5.2%	\$30	\$25	22.5%

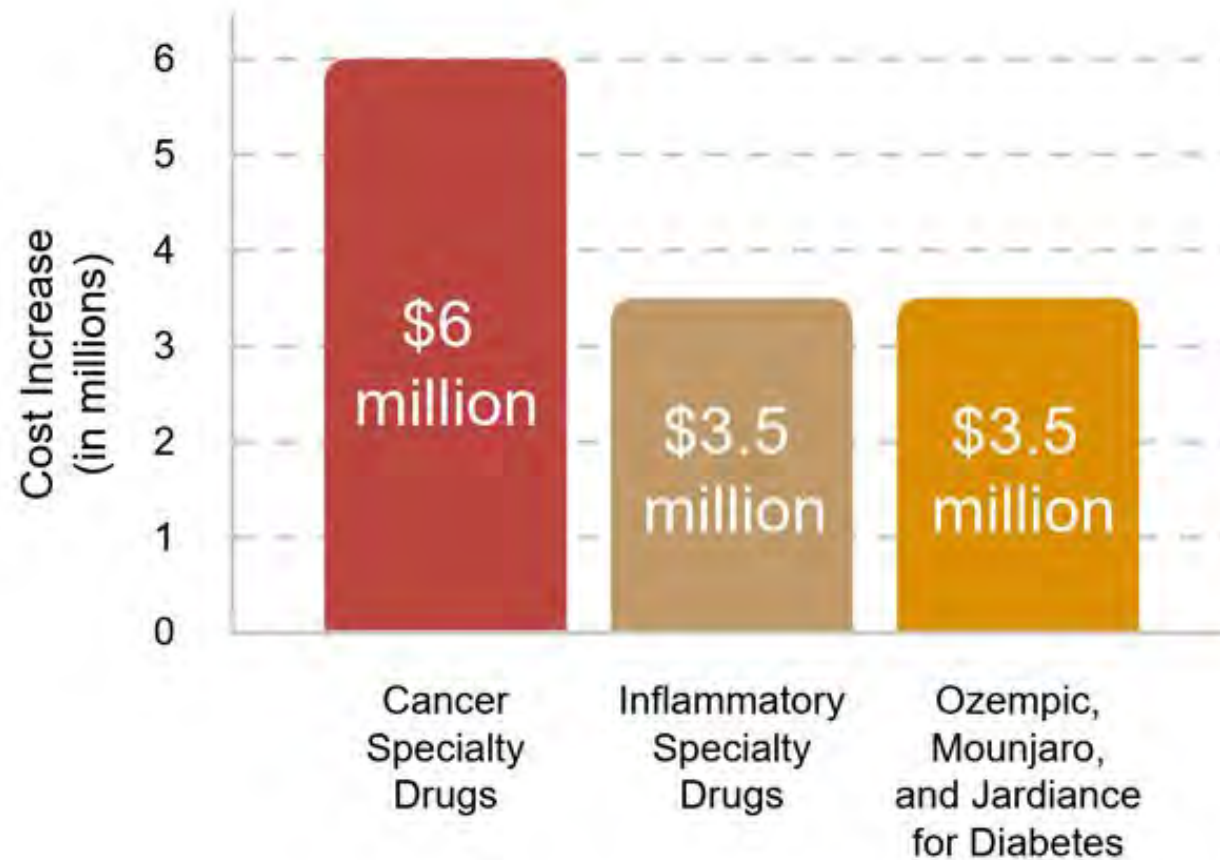
Source: All data from 2025 Annual SPARC Report.

Part D Plan: 2025 Costs



Largest Sources of Increase

Primarily driven by specialty drug utilization and brand drug pricing

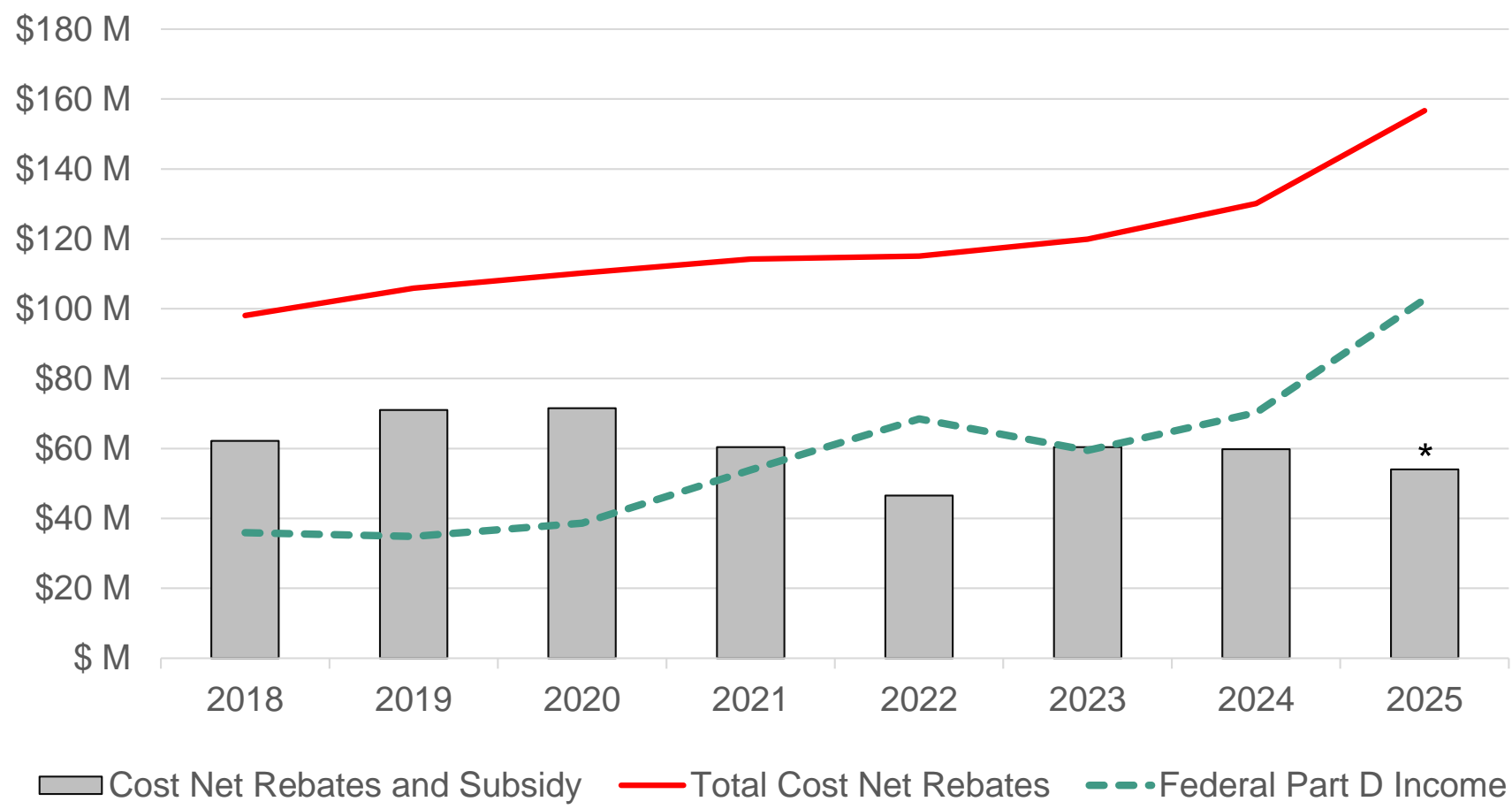


Source: All data from 2025 Annual SPARC Report.



Part D Plan: 2025 Costs

Part D Plan Claims Cost and Federal Subsidies



Source: Total Cost Net Rebates from Annual SPARC Reports, Federal Part D Income from Retiree Health Care Income Statements transformed to calendar year, Cost Net Rebates and Subsidy calculated for the visualization.

BALANCE Model for Part D



CMS is launching a demonstration model to add weight loss drug coverage and decrease member costs for most GLP-1s.

Challenges for SERS:

1. Decision to participate is at the level of the contract between the parent organizations administering the plan (PBMs) and CMS.
 - Currently no clear pathway for SERS to opt out
 - Hypothetically, a decision would be due by April 20

BALANCE Model for Part D



Challenges for SERS:

2. No accurate estimate of the cost to provide the new benefit in time for rate setting.

- Direct financial incentives for plans to participate do not increase the subsidies paid to SERS.
- Participating plans have access to a special negotiated price for most GLP-1s. This price is lower than others available to SERS.





BALANCE Model: Timeline



April 20	April 30	May 11	June 1
Deadline for Part D parent organizations to apply	CMS announces if the BALANCE Model moves forward	Deadline for withdrawal or modification requests from Part D parent organizations	Part D parent organizations submit attestations of application

July 1 to December 31	September 30	January 1, 2027
All Part D beneficiaries gain access to weight loss drug coverage through the temporary GLP-1 Bridge program, with CMS paying for drugs directly	CMS finalizes the list of BALANCE Model participating plans	BALANCE Model begins and participating Part D plans begin covering GLP-1s for weight loss

BALANCE Model: Coverage Details



Plans must follow the model's clinical criteria for weight loss drug coverage. The model includes:

- Most diabetes GLP-1 drugs
- All weight loss GLP-1 drugs
- One GLP-1 drug awaiting FDA approval

Member cost share may not exceed \$50 for a one-month supply.

- Member cost may be up to \$245 in the deductible phase
- SERS does not currently have a deductible on its Part D plan



BALANCE Model: Special Prices

Included in BALANCE Model

Not included in BALANCE Model

SERS Part D Plan Diabetes Drug Costs Net of Rebates for 2025								
Brand Name	Mechanism	Adj. Rxs	Patients	Total Cost		2027 MFP	BALANCE Price	
MOUNJARO	GIP & GLP-1 receptor agonist	9,468	1,089	\$3.6 million		N/A	\$245	<input checked="" type="checkbox"/>
OZEMPIC	GLP-1 receptor agonist	9,120	1,113	\$3.4 million		\$274	\$245	<input checked="" type="checkbox"/>
JARDIANCE	SGLT2 inhibitor	13,259	1,622	\$2.8 million		N/A	N/A	<input type="checkbox"/>
TRULICITY	GLP-1 receptor agonist	5,143	550	\$1.7 million		N/A	N/A	<input type="checkbox"/>

Note: Trulicity MFP is being negotiated for 2028.

Sources: SERS data from 2025 Annual SPARC Report. Total cost recalculated using adjusted Rxs and cost per adjusted Rx. 2027 MFP from "Medicare Drug Price Negotiation Program: Negotiated Prices for Initial Price Applicability Year 2027". BALANCE Model prices from "Better Approaches to Lifestyle and Nutrition for Comprehensive hEalth (BALANCE) Model Request for Applications Part D Plan Sponsors".

BALANCE Model: Review



Staff requests the Board's guidance if to opt-out of the model, if the opportunity arises.

Considerations include:

- Applications to participate are due from Part D parent organizations in April.
- Participation must cross a certain threshold nationwide to move forward.



BALANCE Model: Review



Considerations include:

- If SERS opts-out, and the model moves forward nationwide, our Part D plan will compare negatively to the market
- Lowers cost sharing for members and adds access to coverage for weight loss
- Direct financial incentives are not included for EGWPs, but drugs that we currently offer would be available to SERS and members at a lower cost

Other Changes for Part D



Upcoming Changes:

- There is an expected \$5 PMPM cut on premium stabilization funding related to the IRA.
- Member cost share increases for the Part D basic benefit, which means SERS and members will spend more money before the federal catastrophic reinsurance subsidy kicks in.

Other Changes for Part D



Upcoming Changes:

- CMS is reviewing the member cost share for specialty drugs in the Part D basic benefit.
- A higher member cost share in the basic benefit means fewer subsidies for SERS.



Other Changes for Part D



Good News:

The negotiated MFP for the 15 drugs being added in 2027 will likely result in more savings than previous year's drugs.



Non-Medicare Plan: 2025 Costs

Per Member Per Month Claims Cost			
Benefit	2025	2024	% Change
Medical	\$994	\$914	9%
Rx net of rebates	\$301	\$211	43%

Medical: Sources of Increase

1. Higher prices for outpatient services
2. Higher use and unit cost of chemotherapy
3. Higher average cost of ER visits

Rx: Sources of Increase

1. Higher prices for specialty drugs
 - Three drugs prescribed to four patients accounted for 19% of total plan Rx cost
 - Three new drugs costing more than \$150K per year's supply
2. Patients shifted to Mounjaro, the most expensive diabetes drug on the market

2027 Preview



Medicare

It is likely that a premium increase or benefit change will be recommended for 2027.

- Uncertainty during rate setting
- Part D subsidies have kept pace with rising costs, but growing up-front costs put SERS at greater risk

Non-Medicare

A recommendation for a premium increase is expected for 2027.

**SERS
TECHNOLOGY
COMMITTEE
REPORT**

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.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Daniel Wilson	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
Matthew King	_____	_____	_____
Catherine Moss	_____	_____	_____
Rebekah Roe	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
James Rossler	_____	_____	_____

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

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2026 **

AUDIT COMMITTEE MEETINGS

March 18, 2026 – 2:30 p.m. (Weds.)
June 17, 2026 – 2:30 p.m. (Weds.)
September 16, 2026 - 2:30 p.m. (Weds.)
December 16, 2026 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 19, 2026 – 7:30 a.m. (Thurs.)
June 18, 2026 – 7:30 a.m. (Thurs.)
July 16, 2026 – 7:30 a.m. (Thurs.) **** Special Meeting ****
September 17, 2026 – 7:30 a.m. (Thurs.)
December 17, 2026 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 19, 2026 – 12:30 p.m. (Thurs.)
June 18, 2026 – 12:30 p.m. (Thurs.)
September 17, 2026 – 12:30 p.m. (Thurs.)
December 17, 2026 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

February 19 – 20, 2026 – 8:30 a.m. (Thurs. and Fri.)
March 19 – 20, 2026 - 8:30 a.m. (Thurs. and Fri.)
April 16 – 17, 2026 – 8:30 a.m. (Thurs. and Fri.)
April 27 – 28, 2026 – 10:00 a.m. (Mon. and Tues.)
May 21 – 22, 2026 – 8:30 a.m. (Thurs. and Fri.)
June 18, 2026 – 8:30 a.m. (Thurs.)
July 16 – 17, 2026 – 8:30 a.m. (Thurs. and Fri.)
September 17 – 18, 2026 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
October 15 – 16, 2026 – 8:30 a.m. (Thurs. and Fri.)
November 19 – 20, 2026 – 8:30 a.m. (Thurs. and Fri.)
December 17 – 18, 2026 – 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 April 27, 2026, for their next retirement board meeting.

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

James Rossler – Board Chair

Richard Stensrud – Secretary