



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
BOARD MEETING HIGHLIGHTS
MAY 2026

Board Member Takes Oath

Daniel L. Wilson took his oath of office at this month’s special Board meeting. He was reappointed by Gov. Mike DeWine as an investment expert.

This is Wilson’s sixth term on the SERS Board. His term runs until September 27, 2028.

Board Selects Wilshire Associates as Investment Consultant

In a unanimous vote, SERS’ Board selected Wilshire Associates to continue as the System’s investment consultant, with a new five-year term beginning August 1, 2026.



General Counsel Joseph Marotta, left, and Daniel Wilson, right

Wilshire has served as SERS’ investment consultant since July 1, 2016.

They will continue to work closely with SERS’ investment staff and report directly to the Board.

Health Care Update

Alisa Bennett of CavMac, SERS’ actuarial consultant, presented the 2027 recommended rates for SERS’ self-insured medical plans and prescription drug coverage. Her analysis used the most recent data available from SERS’ self-funded retiree plans.

Bennett said that for the 2027 Non-Medicare Plan, total costs were projected to rise approximately 7.0% for retirees, driven by a 4.1% increase in medical costs and a 22% increase in prescription drug costs. Enrollment patterns continued to shift, including movement toward Marketplace coverage paired with the SERS Wraparound HRA.

No benefit design changes were modeled for 2027.

For Medicare Eligible Plans, the medical portion of the Aetna Medicare Advantage plan offered by SERS is fully insured. Bennett projected funding rates for the self-funded Part D plan, including the continued implementation of the Inflation Reduction Act (IRA), which reshaped the Medicare Part D plan liability. She said that while prescription drug costs were expected to increase, higher CMS reimbursements were projected to offset much of this growth.

With the highest impact changes introduced by the IRA occurring in 2025, the result is that the projected 2027 rate based on 2025 claims is lower than the projected 2026 rate based on 2024 claims.

RETIREMENT BOARD

JAMES A. ROSSLER, JR.
Chair, Appointed Member

DANIEL L. WILSON
Vice-Chair, Appointed Member

JEANINE ALEXANDER
Employee-Member

JEFFREY T. DELEONE
Appointed Member

MATTHEW KING
Employee-Member

CATHERINE P. MOSS
Retiree-Member

REBEKAH R. ROE
Employee-Member

AIMEE RUSSELL
Employee-Member

FRANK A. WEGLARZ
Retiree-Member

Rates for the Medicare Traditional Choice Plan, a self-funded plan only available to retirees while they experience a disruption in Medicare Part B enrollment, reflected the volatility in 2025 claims, resulting in an overall recommended increase of 7.5%.

Michael Steiner, SERS' health care services director, then presented the proposed 2027 retiree health care plan premiums and benefit changes.

The recommendations, which are based on the actuarial cost projections prepared by Bennett, are designed to maintain the long-term sustainability of the Health Care Fund. They include:

- **Dental and Vision Plan:** No premium or benefit changes for 2027
- **Medical and Prescription Drug Premiums:**
 - **Aetna Medicare Advantage:** No premium change recommended for 2027
 - **Aetna Choice POS II:** A 7% increase to the base premium is recommended, with the most common premium rising from \$362 to \$385
 - **AultCare PPO:** A 29% base premium increase is recommended, with the most common premium increasing from \$274 to \$343
- **Benefit Provisions:**
 - **Aetna Medicare Advantage:** An update to the Part D out-of-pocket maximum from \$2,100 to \$2,400
 - **Aetna Choice POS II:** No benefit changes recommended
 - **AultCare PPO:** No benefit changes recommended
 - **Marketplace Wraparound HRA:** Increase the maximum annual reimbursement to \$2,250

Steiner will present the final premiums and benefit changes at the June Board Meeting.

In addition, the Board approved a one-year extension of the SERS' contract with UMR, which administers the Marketplace Wraparound HRA benefit, provides plan counseling for non-Medicare eligible health plan participants, and offers ACA marketplace plan enrollment services and Medicaid eligibility screening.

Investments Quarterly Report

Joanna Bewick of Wilshire Associates provided the Board with an update of current U.S. economic conditions and a review of SERS' January-March 2026 quarterly results.

During the first quarter, U.S. equity sector performance was mixed, with six of 11 sectors producing a gain. The best-performing sector was energy, which was up by 38.6%.

In terms of total fund performance, SERS' portfolio has consistently outperformed the policy benchmark over the one-, three-, five-, and 10-year periods, continuing to add value in both up and down markets.

During the quarter, SERS' Total Fund returned 0.1% net of fees, adding value through active management even though the policy benchmark was negative.

May Investment Report

Chief Investment Officer Farouki Majeed discussed economic factors that have impacted SERS' asset allocation over the last few years and the new asset allocation that begins in July.

In the first quarter, the gross domestic product (GDP) grew at an annualized rate of 2.0%. While capital spending on Artificial Intelligence (AI) infrastructure (chips and data centers) continued to be strong, personal consumption expenditures declined 0.3% over the previous quarter.

This is concerning as it is the largest component of GDP. Part of the issue is labor growth.

While the economy added 115,000 jobs in April, overall job creation fell from 1.46 million jobs in 2024 to just 181,000 in 2025.

High inflation coupled with slow job growth could cause the Federal Reserve to raise interest rates rather than reduce them, which has serious effects on stocks and bonds. Bond prices have been increasing, which might be a signal that the U.S. debt and deficits are entering dangerous territory.

Since 2022, SERS has been intentionally underweight to fixed income because it is not providing enough of a hedge to stocks. This is the primary reason staff has added gold as a new investment class during the asset allocation process. Gold is providing more of a balance to stocks than fixed income.

With stock valuations being high at the current time, SERS' investment staff is redeeming from equity managers on a regular basis as values rise, adding those redemption dollars to infrastructure and commodities. This also helps staff transition to the 10% infrastructure target, which is 3% higher than it was previously. The reduction of the real estate allocation from its current 10.2% to the 7% target is expected to take at least two years.

Investment Committee Approves Two Private Equity Investments

The SERS Staff Investment Committee approved a commitment of up to \$120 million to Francisco Partners VIII and a commitment of up to \$75 million to Francisco Partners Agility IV, both buyout strategies within the private equity portfolio.

These investments will be funded from cash reserves.

Total Fund Update

TOTAL FUND BALANCE		
February 28	March 31	Difference
\$22.72 billion	\$21.86 billion	▼ \$860 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 7.65%	▲ 0.09%	▲ 10.51%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 1.12%	▲ 0.48%	▲ 1.10%

Executive Director's Update

ORSC Update

At the May Ohio Retirement Study Council (ORSC) meeting, Director Richard Stensrud presented a draft of SERS' FY2026 administrative budget. ORSC members expressed no questions or concerns.

In addition, RVK, the ORSC's independent investment consultant, reported on investment returns from Ohio's five statewide pension systems for the period ending December 31, 2025.

SERS received a favorable report, ranking second in total fund performance.

Advocacy Group Outreach

The System continues to hold and attend annual meetings with its stakeholders.

On May 1, SERS virtually hosted the annual Ohio Association of School Business Officials (OASBO)/SERS update with OASBO's Legislative and Education Finance Committees. Several staff members gave presentations on staff initiatives, finance, membership, investments, and health care to 62 attendees.

On May 6, SERS participated in the School Employee Retirees of Ohio (SERO) Annual Meeting. SERS staff provided attendees with a system update and health care program review. Approximately 15 SERO board members and guests were in attendance.

State Legislation

Director Stensrud and SERS staff continue to meet with legislators to communicate that, while a new executive director will be hired in the coming months, SERS remains committed to sustainability, engagement, accountability, and transparency. These values are part of SERS' culture, and the Board will identify an executive director who can carry that mandate forward.

Actuarial Services Contract Extension

Staff presented a recommendation to the Board to approve a two-year extension of the existing contract with CavMac, SERS' actuarial consultant.

The extension maintains the firm's current scope of work and fee structure with no increase in fees for the duration of the extension. The current contract is set to expire on June 30, 2026.

The Board approved an extension through June 30, 2028.

Board Reappoints Vocational Expert

Following staff recommendation, the Board approved renewing an agreement with Kimberly Wickert as a vocational expert who will provide services to SERS on matters of vocational rehabilitation.

Her responsibilities include recruiting qualified vocational evaluators throughout the state of Ohio and advising the Board and Medical Advisory Committee if vocational rehabilitation is recommended for disability recipients.

Staff Gives Back to Charity

SERS staff participated in the Operation Feed Campaign organized by the Mid-Ohio Food Collective. Through various fundraising activities, Staff donated \$1,400 and nearly 1,900 pounds of food.

Monthly Retirement and Survivor Benefit Transactions

For May, the SERS Board approved 240 active members for service retirements, and 12 survivor benefits for spouses and/or dependents.

June Meeting Dates

A special Board meeting take place on Monday, June 1, at 2:30 p.m. The next regular Board meeting will take place on Thursday, June 18, at 8:30 a.m.