SERS BOARD MEETING SUMMARY

Sept. 17 – 18, 2015

Absent – Debra Basham

NOTICE

Are you planning to retire in another 10 to 15 years? Have you considered your retirement needs and how to achieve them? **It is never too early to begin planning.**

Considering joining us for a PREP seminar on October 17 in Westlake. We'll cover a full range of topics including: retirement eligibility, service credit, Social Security's Offset and Windfall Elimination Provision penalties, and financial planning. Ohio Deferred Compensation will also be there to show you how to invest for a more secure financial future.

The half-day program is free of charge. Space is limited and advanced registration is required, so be sure to register early. Visit http://bit.ly/WestlakePREP to reserve your space.

Quarterly Report from Summit Strategies Group

For the fiscal year (July 1, 2014 – June 30, 2015), the SERS fund returned a 3.8% net fees and outperformed the benchmark by 0.01%. This ranked SERS in the 23rd percentile of similar-sized U.S. pension funds.

MONTHLY INVESTMENT REPORT

CHANGE IN NET ASSESTS

	vs. One Month Ago since 5/31/2015	vs. One Year Ago since 6/30/2014
Beginning Market Value	12,926,951,709	12,747,453,124
Gain/Loss	(67,331,046)	528,777,968
Expenses	(5,823,669)	(56,484,097)
Net Transfer	(30,000,000)	(395,950,000)
Market Value	12,823,796,994	

HOUSE BILL 305

Ohio House Introduces Legislation to Move University of Akron Employees from SERS to OPERS In September, the Ohio House introduced H.B. 305, which will require all new University of Akron employees to become members of the Ohio Public Employees Retirement System (OPERS) instead of SERS.

This bill has been referred to the House Health and Aging Committee. More than 2,000 Akron employees are currently SERS members.

HEALTH CARE FUNDING DISCUSSION

Health Care Funding Discussion Anne Jewel, SERS' director of Health Care Services, presented information on the current status of funding for the Health Care Program. In addition, she discussed factors that could impact future health care funding, including lower investment earnings, the Board Funding Policy revisions, the rising cost of prescription medications, a decrease in Medicare reimbursements, and the upcoming excise tax from the Affordable Care Act. She also reviewed the Board's "Guiding Principles" and the factors used in determining how premiums are subsidized.

After Jewel offered an overview of future funding obstacles, the Board restructured the "Guiding Principles" for its Health Care Program. A revised draft of the "Guiding Principles" that encompassed the Board's suggestions was set to be revisited at next month's Board meeting.

While the health care fund is not in a crisis situation, staff and Board agreed that this was the time to explore ways of extending its funded status.

Although access to health care is a discretionary benefit not mandated by law, the Board understands the importance of the health care benefit and the value it provides to SERS' retirees. Retirement security does not just come from a pension but is dependent upon access to affordable health care, good retirement planning, and additional retirement savings.

FEDERAL UPDATE
From the notes of Jim Miller

Health Care
The Fight for Forty Coalition is already making their rounds on the Hill, and the Public Sector Healthcare Roundtable, of which SERS is a member, is putting together a coalition of public plans to advocate for repeal or significant modification of the (Cadillac) tax.

According to a report from the Kaiser Family Foundation, more than a quarter of employers will have to pay the excise tax in the first year if no changes are made in the law.

Social Security
A report released by the Brookings Institute released on Aug. 11, recommends mandatory coverage for all newly hired public employees. The authors acknowledge that the report was funded by the Arnold Foundation.

Retirement Security
Even though Congress was on recess in August, the national drumbeat of attacks on public plans continued with press coverage about problems in the public plan community.

There has been some good news to offset the naysayers: a new NIRS report showed that it actually costs taxpayers money to shift public employees from a DB plan to a DC plan. NIRS studied the results of DB plan closings in Michigan, West Virginia, and Alaska. Unfunded liabilities in the legacy plans rose sharply; employees in the new plans failed to build a sufficient nest egg; and the cost of pensions in those states actually went up.

Respectfully,
Adele Matias
OEA-R Advisory Council
ESP Representative