

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

NOTICE

1. The [OPERS Board](#) will meet on **Wednesday, September 17, 2025, at 9:00 a.m.** in the offices of the Board.
2. The [Personnel and Salary Committee](#) will meet on **Wednesday, September 17, 2025, immediately following the Board meeting** in the offices of the Board.

OPERS Board

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Board Meeting

September 17, 2025
9:00 A.M.
OPERS Office

A G E N D A

- I. Roll Call 9:00 a.m.

- II. Consent agenda: 9:00 – 9:05 a.m.
 - A. [Minutes](#) – August 19, 2025
 - B. [Disability report](#)

- III. Action Item:
 - A. [2025 Five Year Rule Review](#) – Debbie McCarthy 9:05 – 9:35 a.m.

- IV. Discussion Items:
 - A. [Health Care Valuation and 50-year Projection](#) – GRS 9:35 – 10:35 a.m.
 - B. [Investment Performance Report](#) – Second Quarter 2025
Comparative Results – Meketa 10:35 – 11:05 a.m.
 - C. [Asset Class Update](#) – Internal Global Equity – Erick Weis
and Avijit Barua 11:05 – 12:05 p.m.
- Lunch 12:05 – 12:25 p.m.
- D. [Investment Fees Update](#) – DeAnne Mannion and
Steve Merriett 12:25 – 1:10 p.m.
- E. [ODC Employer Recognition Resolutions](#) – Lauren Gresh 1:10 – 1:25 p.m.
- F. [Board Education – How a Bill Becomes Law](#) – Gordon Gatien 1:25 – 2:10 p.m.
- G. [Executive Director Report](#) – Karen Carraher 2:10 – 2:20 p.m.

- V. For Your Information:
 - A. [Benchmarks Policy](#)
 - B. [Board Election Update](#)
 - C. [Update on Combined Plan Closure](#)
 - D. [Open Enrollment Readiness](#)
 - E. [Report on Internal Audit Activities](#)
 - F. [Investment Performance](#)

Board Meeting II.A

Minutes of the

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The monthly meeting of the Ohio Public Employees Retirement Board was held in the offices of the Board, Ohio Public Employees Retirement System building, 277 East Town Street, Columbus, Ohio at 9:05 a.m., Tuesday, August 19, 2025

Members present: Mr. Jay Hottinger; Mr. James Kunk; Ms. Kathleen Madden; Mr. Scott Richter; Mr. Russell Smith; Mr. Stewart Smith; Mr. Tim Steitz; Mr. Steve Toth; and Mr. Chris Mabe.

Members absent: Ms. Julie Albers and Mr. Ken Thomas.

Also present: Ms. Tonya Brown, Deputy Executive Director; Ms. Karen Carraher, Executive Director; Mr. Allen Foster, Deputy Executive Director; Mr. Gordon Gatien, Director Government Relations; Mr. Paul Greff, Director, Investments; Ms. Lauren Gresh, Deputy Executive Director; Mr. Eric Harrell, General Counsel; Mr. Stephen Kell, Director Information Technology; Ms. Jenny Starr, Chief Financial Officer; Ms. Caroline Stinziano, Director Internal Audit; and Ms. Ciji Wilhelm, Director, Human Resources.

Mr. Stewart Smith moved, Mr. Richter seconded, to excuse the absence of Ms. Albers and Mr. Thomas.

The motion passed without dissent.

Mr. Hottinger moved, Mr. Kunk seconded, to approve the minutes of the meeting held July 15, 2025, and the disability report (see Appendix to the Minutes for report).

Roll call vote was taken as follows: Mr. Hottinger, aye; Mr. Kunk, aye; Ms. Madden, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Stewart Smith, aye; Mr. Steitz, aye; Mr. Toth, aye; Mr. Mabe, aye.

The motion passed with all ayes.

Ms. Starr and Mr. Harrell presented the candidates to be certified for the 2025 Board election. The candidates are:

County

Julie Albers
T. J. Assion
Alan Harold

Miscellaneous

Stewart Smith (unopposed)

Retiree

Timothy Steitz (unopposed)

As Mr. Smith and Mr. Steitz are unopposed for the Miscellaneous and Retiree seats, according to Ohio Revised Code Section 145.052, they will be deemed to take office for that seat as if they were elected. Mr. Smith and Mr. Steitz will begin a new Board term in January 2026.

Mr. Hottinger moved, Mr. Kunk seconded, to certify the candidates listed above for the 2025 Board election and biographical statements for use in the 2025 Board election for County, Miscellaneous and Retiree Board seats, and to instruct staff to place such information on the ballot material.

Roll call vote was taken as follows: Mr. Hottinger, aye; Mr. Kunk, aye; Ms. Madden, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Stewart Smith, aye; Mr. Steitz, aye; Mr. Toth, aye; Mr. Mabe, aye.

The motion passed with all ayes.

Mr. Toth moved, Mr. Richter seconded, the meeting be adjourned until the next regular meeting to be held Wednesday, September 17, 2025, at 9:00 a.m.

The motion passed without dissent.

The meeting adjourned at 9:10 a.m.

Board Meeting III.A



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
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MEMORANDUM

DATE: September 8, 2025
TO: OPERS Retirement Board Members
FROM: Eric Harrell, General Counsel
Deborah McCarthy, Government Relations Officer/Legal Counsel
RE: **III. Action Item:**
A. 2025 Five Year Rule Review

Action requested: _____ moved, _____ seconded, to approve for submission to the Joint Committee on Agency Rule Review (JCARR) and the Legislative Service Commission (LSC), the rules set forth in this memorandum.

Executive summary – Section 106.03 of the Ohio Revised Code requires OPERS to review each of our administrative rules every five years and determine whether they require amendment, rescission, or to continue without change. This year’s quinquennial review involves the rules in Chapter 145-1 of the Ohio Administrative Code regarding the general administration of the OPERS retirement plans. These rules have been reviewed to confirm that they encompass the appropriate purpose, scope, and intent of the governing statutes.

I. Summary of Five-Year Review Rules – No Changes

1. **Rule 145-1-05 – Investment department incentive plan payouts policy**
2. **Rule 145-1-06 – Ohio-qualified agents and investment managers**
3. **Rule 145-1-07 – Investment entities**
4. **Rule 145-1-09 – Staff authority**
5. **Rule 145-1-10 – Staff determination of membership**
6. **Rule 145-1-11 – Appeal of staff determination**
7. **Rule 145-1-13 – Notice of meetings**
8. **Rule 145-1-15 – Rule on rules**
9. **Rule 145-1-21 – Federal tax compliance provisions**
10. **Rule 145-1-23 – Determination of employer contribution rate**
11. **Rule 145-1-24 – Contribution rates**
12. **Rule 145-1-27 – Remittance of employer contributions**
13. **Rule 145-1-28 – Remittance of employee contributions**
14. **Rule 145-1-31 – Payments for period of non-contributing service**
15. **Rule 145-1-35 – Service purchase**

16. **Rule 145-1-36 – Service credit purchases under Substitute S.B. 343**
17. **Rule 145-1-37 – Purchases made with an eligible rollover distribution**
18. **Rule 145-1-38 – Purchase of service credit by payroll deduction**
19. **Rule 145-1-39 – Replacement of payments**
20. **Rule 145-1-41 – Membership determination**
21. **Rule 145-1-42 – Services under a contract**
22. **Rule 145-1-43 – Alternative retirement programs**
23. **Rule 145-1-45 – Retirement deductions during faculty improvement leave**
24. **Rule 145-1-47 – Humane society employment**
25. **Rule 145-1-48 – Board and commission members**
26. **Rule 145-1-49 – Mental health and developmental disability boards**
27. **Rule 145-1-50 – Firefighters**
28. **Rule 145-1-51 – County agricultural societies**
29. **Rule 145-1-53 – Payment by fee, commission, stipend or honorarium**
30. **Rule 145-1-55 – Exemption termination**
31. **Rule 145-1-61 – Release of names, addresses and individual case information and maintenance of records**
32. **Rule 145-1-62 – Proof of date of birth and legal name change**
33. **Rule 145-1-63 – Guardianship and power of attorney**
34. **Rule 145-1-64 – Death of designated beneficiary**
35. **Rule 145-1-65 – Interim benefit payment**
36. **Rule 145-1-66 – Forms provided by OPERS**
37. **Rule 145-1-67 – Monthly benefit payment date**
38. **Rule 145-1-68 – Forfeiture orders under section 145.574 of the Revised Code**
39. **Rule 145-1-69 – Waiver of benefits by guardian of estate**
40. **Rule 145-1-70 – Waiver of spousal consent**
41. **Rule 145-1-71 – Withdrawal of benefit application**
42. **Rule 145-1-72 – Division of property orders**
43. **Rule 145-1-73 – Withdrawal of application for refund or money purchase or additional annuity lump sum payments**
44. **Rule 145-1-74 – Re-employment restrictions applicable to a member**
46. **Rule 145-1-75 – Reemployment of a retirant**
47. **Rule 145-1-76 – Benefits payable to a reemployed retirant**
48. **Rule 145-1-77 – Re-employment of a member-directed or combined plan participant**
49. **Rule 145-1-78 – Retirement of a member pursuant to section 145.383 of the Revised Code**
50. **Rule 145-1-79 – Reemployment covered by section 145.381 of the Revised Code**
51. **Rule 145-1-80 – Effect of applicant’s death on payment plan**
52. **Rule 145-1-81 – Retirement plans**
53. **Rule 145-1-82 – Exceptions to duty to notify**
54. **Rule 145-1-83 – Application of USERRA to one hundred eighty day election period**
55. **Rule 145-1-88 – Changes to election to participate**
56. **Rule 145-1-89 – Transfer of contributions under rule 145-1-88 of the Administrative Code**
57. **Rule 145-1-90 – Consolidation of combined plan into traditional pension plan**

II. Summary of Five-Year Rule Review - Amendments

Rule 145-1-26 – Definition of earnable salary. Under the current rule, earnable salary excludes payments made *pursuant to an agreement* representing either a one-time lump sum payment or periodic payments that are not based on an individual's rate of pay. The amendment removes the language "pursuant to an agreement," which currently functions as a limitation on these types of payments as excluded from earnable salary.

III. Summary of Five-Year Rule Review - Recissions

1. **Rule 145-1-33 – Omitted contributions.** This rule is being rescinded as it applies to omitted contributions that occurred prior to January 25, 1972, and is obsolete.

2. **Rule 145-1-44 – Election workers.** Due to changes in Amended Sub. H.B. 96 of the 136th General Assembly (the biennial state operating budget), election workers are excluded from membership and there is no longer a dollar threshold that would trigger membership (e.g. \$600/calendar year). The rule is obsolete because of this change.

IV. Other Amendments

Rule 145-2-47 – Beneficiary's percentage under joint-life and multiple-life plans. Under current law, a member receiving a joint-life or multiple-life plan of payment who was court-ordered to designate a former spouse as a beneficiary may, after marriage or remarriage, add only a new spouse under certain conditions specified in law. The rule is being amended to explicitly state that this change in plan of payment is only available if the member was court-ordered to designate the former spouse.

145-1-05 **Investment department incentive plan payouts policy**

- (A) Pursuant to section 145.09 of the Revised Code, payment of employee bonuses are subject to the guidelines established by the public employees retirement board as reflected in the investment department annual incentive plan. The plan shall be reviewed and approved on an annual basis by the board, and may be interpreted, amended, rescinded, and/or terminated at any time in the board's discretion. The plan shall establish incentive awards weighted against quantitative performance components, focusing on the public employees retirement system's actual relative investment performance compared with external benchmarks. The plan may also incorporate a qualitative component based on annual goals. Any and all material modifications to the plan, including, but not limited to those related to the assignment of incentive awards, identification of performance measures and standards, and determination of plan payouts and actual payouts, require the board's prior approval.

- (B) Participation in the plan is limited to certain public employees retirement system full-time investment professionals. Participation in the plan in any one year does not confer the right to participate in the plan in the current or any other year and does not confer the right to continued employment.

Promulgated Under: 111.15
Authorized By: 145.09
Rule Amplifies: 145.09, 145.092
Rule Review Date: 9/29/09, 9/24/14, 9/24/19, 9/29/20, 9/25/25
Effective Date History: 4/10/05, 1/1/15

145-1-06 **Ohio-qualified agents and investment managers**

- (A) For purposes of division (A)(4) of section 145.114 and section 145.116 of the Revised Code, an investment manager may be designated as an "Ohio-qualified investment manager" if the investment manager and/or any parents, affiliates, or subsidiaries of the investment manager meets the requirements of divisions (A)(1) and (A)(2) of section 145.116 of the Revised Code.

- (B) For purposes of sections 145.114 and 145.116 of the Revised Code, "principal place of business" includes an office in which the agent or investment manager regularly provides securities or investment advisory services and solicits, meets with, or otherwise communicates with clients.

Promulgated Under: 111.15
Authorized By: 145.09
Rule Amplifies: 145.114, 145.116
Rule Review Date: 9/29/09, 9/24/14, 9/24/19, 9/29/20, 9/25/25
Effective Date History: 4/10/05, 1/1/16

145-1-07 **Investment entities**

The retirement board, pursuant to sections 145.09 and 145.11 of the Revised Code, may create limited liability companies, partnerships, trusts, corporations or other qualified entities to facilitate the investment of its funds.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.11; 145.98
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 7/17/74, 9/27/97, 12/7/00, 1/1/03, 1/1/06

145-1-09 **Staff authority**

- (A) The public employees retirement board authorizes its staff to make determinations required under Chapter 145. of the Revised Code, including, but not limited to, membership, exemptions or exclusions from membership, earnable salary, benefits, and employer reporting. Membership determinations may be appealed to the retirement board pursuant to rule 145-1-11 of the Administrative Code. A staff or senior staff membership determination as described in rules 145-1-10 and 145-1-11 of the Administrative Code that is not timely appealed shall be the final determination of the public employees retirement board. Determinations mandated by statute may not be appealed to the board.
- (B) The public employees retirement board authorizes its staff to establish payment plans with public employers within staff's discretion to satisfy employer billings issued pursuant to Chapter 145. of the Revised Code.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.01, 145.012, 145.03, 145.036, 145.037, 145.038, 145.32, 145.33, 145.331, 145.332, 145.35, 145.36, 145.361, 145.362, 145.38, 145.382, 145.383, 145.40, 145.43, 145.431, 145.45, 145.46, 145.47, 145.48, 145.483, 145.51

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 3/17/76, 11/2/91, 9/27/97, 11/2/00, 1/1/03, 6/20/03, 4/24/07 (Emer.), 8/9/07, 1/1/11, 1/7/13 (Emer.), 3/24/13, 5/8/14, 1/1/16

145-1-10 **Staff determination of membership**

- (A) Any affected person may request a determination of membership by providing the public employees retirement system with a written request and supporting documentation of the nature of work performed for which a determination is requested.
- (B) Upon receipt of a membership determination request, the system shall review the submitted information and, if necessary, request additional information from any party. The system shall obtain certification from the public employer prior to issuing a determination. Based upon a review of all information submitted, the system shall issue the staff determination by certified mail to the impacted parties. Any affected person may appeal the staff determination. An appeal, together with additional supporting information, shall be submitted in writing and received by the system not later than thirty days after the issuance of the staff determination.
- (C) After submission of a timely notice of appeal, the system shall review all information and issue a senior staff determination. The senior staff membership determination may be appealed as provided in rule 145-1-11 of the Administrative Code.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.036, 145.037, 145.038, 145.09
Rule Review Date: 9/29/15, 9/29/20, 9/25/25
Effective Date History: 7/7/13 (Emer.), 9/16/13, 1/1/17

145-1-11 **Appeal of staff determination**

- (A) Any affected person may appeal a senior staff membership determination made pursuant to the staff's authority provided in rule 145-1-09 of the Administrative Code to the public employees retirement board as provided in this rule.
- (B) The senior staff determination shall be in writing and sent by certified mail, return receipt requested. An appeal shall be submitted in writing and received by the executive director not later than sixty days after the date of the senior staff membership determination. It shall state the senior staff membership determination to be reviewed and the basis for the review.
- (C) (1) The retirement board may delegate its authority to hear an appeal to an independent hearing examiner prior to the retirement board making its final decision on the appeal. The hearing may be conducted in person or, based on the agreement of the parties, through written submission.
 - (a) The independent hearing examiner must be licensed to practice law in the state of Ohio. The independent hearing examiner shall conduct a hearing or review of the parties' written submissions and issue a report and recommendation to the retirement board.
 - (b) If a hearing is conducted, there shall be a transcript of the hearing. At the hearing, parties to the appeal and staff are permitted to submit evidence in the form of witness testimony and any form of documentation. At the hearing, parties to the appeal may be represented by counsel or other representative, and staff may be represented by the office of the attorney general.
 - (c) The original report and recommendation shall be sent to the retirement board. Copies of the report and recommendation shall be provided to the parties to the appeal and to staff. Within fifteen days of the date of issuance of the report and recommendation by the hearing examiner, the parties to the appeal and staff may submit written objections to the report and recommendation. The written objections shall be submitted to the retirement board and shall not exceed fifteen pages in length. Copies of the written objections shall be sent to the parties to the appeal and to staff.
- (2) If a written objection is filed under paragraph (C)(1)(c), the retirement board may permit the parties to the appeal and staff to make a personal appearance before the retirement board prior to the retirement board's final review of the appeal.
 - (a) If a personal appearance is permitted, the parties to the appeal shall be notified in writing by certified mail, return receipt requested, of the time and place of such appearance.
 - (b) A party to the appeal may be represented by counsel or other representative at the retirement board meeting at which the personal appearance is scheduled and staff may be represented by the office of the attorney general.
 - (c) Each party and staff will be given the opportunity to make final arguments, not to exceed five minutes, to the retirement board, and answer any questions of the retirement board.
 - (d) No additional testimony or documentation from the parties will be accepted by the retirement board during the personal appearance. The staff shall prepare and submit a summary memorandum.

145-1-11 (continued)

- (3) The record of any appeal shall consist of the information submitted by the parties and staff to the hearing examiner, the report and recommendation, the transcript of the hearing, any objections to the report and recommendation and the minutes of any personal appearance.
 - (4) The retirement board shall review the report and recommendation and any objections to the report and recommendation in determining whether to accept, reject, or modify the report and recommendation and may remand to the hearing examiner for further findings before making its final decision.
 - (5) The parties to the appeal and their representatives shall be notified in writing by certified mail, return receipt requested, of the retirement board's final decision.
- (D) The retirement board's decision on any determination conducted pursuant to this rule shall be final and determinative and may be summarily applied to all similarly situated employees of the same employer.
- (E) The executive director or the director's designee shall notify the parties to the appeal in writing of any notice required by this rule.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.036, 145.037, 145.038, 145.09
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 11/17/76, 11/2/91, 2/3/00, 1/5/01, 3/25/02
(Emer.), 6/15/02, 1/1/03, 4/24/07 (Emer.), 8/9/07, 11/30/07, 12/10/12;
1/7/13 (Emer.), 3/24/13, 1/1/17

145-1-13 **Notice of meetings**

- (A) Any person may determine the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings by any of the following methods:
- (1) Consulting the website of the public employees retirement system at www.opers.org;
 - (2) Calling the retirement system during normal business hours at (800) 222-7377;
 - (3) Requesting electronic notice of all meetings of the public employees retirement board. The retirement system shall maintain a list of all persons and news media who have requested such notification. A request for such notification shall comply with all of the following:
 - (a) Contain the name of the person making the request and an email address to which electronic notice should be sent;
 - (b) Be sent to the retirement system by electronic mail to boardnotice@opers.org; and
 - (c) Be received by the retirement system not less than forty-eight hours prior to any regularly scheduled meeting or special meeting.
- (B) The retirement system shall provide notice of meetings in accordance with the following:
- (1) For regular meetings, notice shall be given at least four days prior to the meeting and shall specify the time and place of the meeting.
 - (2) For special meetings, notice shall be given immediately upon scheduling the meeting, but not less than twenty-four hours before the meeting and shall specify the time, place, and purpose of the meeting.
 - (3) For special meetings in the event of an emergency requiring immediate board action, notice shall be given as soon as possible and shall specify the time, place, and purpose of the meeting.

Promulgated Under: 111.15
Statutory Authority: 145.09, 121.22
Rule Amplifies: 145.07, 121.22
Rule Review Date: 9/29/10; 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/21/76, 4/30/94, 1/1/03, 1/1/06, 12/10/12

145-1-15 **Rule on rules**

- (A) Except as otherwise provided in Chapter 145. of the Revised Code, the public employees retirement board shall adopt rules pursuant to section 111.15 of the Revised Code.
- (B) Any person or organization may obtain notice of any proposed amendment, rescission, or adoption of a rule by making a written request that their name be placed on the mailing list to receive the retirement board's meeting agenda. Notice shall be provided to only one representative of an organization.
- (C) Notice of adopted rules after such rules are effective shall be mailed to public employers, and, when applicable, reported in publications sent to members, contributors, or retirants and benefit recipients.
- (D) Any form or document referenced in Chapters 145-1 to 145-4 of the Administrative Code shall not be incorporated into such chapters unless specifically provided for within the rule.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.09

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 9/22/76, 9/27/97, 1/1/03, 1/1/06, 1/1/16

145-1-21 **Federal tax compliance provisions**

- (A) This rule is applicable to Chapter 145. of the Revised Code excluding sections 145.80 to 145.98 of the Revised Code.
- (B) The board shall distribute the funds established in Chapter 145. of the Revised Code to participants and their beneficiaries in accordance with the provisions of such chapter. No part of the corpus or income of these funds may be used for or diverted to any purpose other than the exclusive benefit of the participants and their beneficiaries.
- (C) A member who satisfies the eligibility requirements of section 145.32 or 145.332 of the Revised Code shall have a non-forfeitable right to receive the benefit payable as allowed by Chapter 145. of the Revised Code. If there is a termination of the plan described in sections 145.201 to 145.79 of the Revised Code, the rights of each affected member to the benefits accrued at the date of termination, to the extent then funded, are non-forfeitable.
- (D) Employer contribution forfeitures arising from severance of employment, death, or for any other reason of the member may not be applied to increase the benefits any participant would otherwise receive under Chapter 145. of the Revised Code in accordance with section 401(a)(8) of the Internal Revenue Code and applicable regulations thereunder.
- (E) Notwithstanding any provision in Chapter 145. of the Revised Code or Chapters 145-1 to 145-4 of the Administrative Code to the contrary, distributions to members and beneficiaries shall be made in accordance with section 401(a)(9) of the Internal Revenue Code and applicable regulations thereunder and with the following rules.
 - (1) The entire interest of a member shall be distributed to such member:
 - (a) Not later than the required beginning date; or
 - (b) Beginning not later than the required beginning date, in accordance with applicable regulations, over the life of such member and a designated beneficiary within the meaning of section 401(a)(9) of the Internal Revenue Code.
 - (2) The required beginning date means April first of the calendar year following the later of:
 - (a) The calendar year in which the member attains the required minimum distribution age; or
 - (b) The calendar year in which the member retires.
 - (3) If distribution of a member's benefit has begun in accordance with section 401(a)(9) of the Internal Revenue Code and the accompanying regulations, and the member dies, any survivor benefits will be distributed at least as rapidly as under the plan of payment selected and effective as of the date of the member's death.
 - (4) If a member dies before the distribution of the member's interest has begun in accordance with section 401(a)(9) of the Internal Revenue Code and the accompanying regulations, the entire interest of the member will be distributed within five years after the death of such member. However, if a benefit is payable to or for the benefit of a beneficiary within the meaning of section 401(a)(9) of the Internal Revenue Code, the benefit may be distributed (in accordance with applicable regulations) over the life of such beneficiary (or over a period not extending beyond the life expectancy of such beneficiary), provided that such distributions begin not later than one year after the date of the member's death. If the beneficiary is the surviving spouse

of the member, distributions shall not be required, pursuant to this section, to begin until the end of the calendar year in which the member would have attained the required minimum distribution age.

- (5) Any death benefit amounts payable under Chapter 145. of the Revised Code must comply with the incidental death benefit requirements of section 401(a)(9)(G) of the Internal Revenue Code and regulations thereunder.
- (6) A reasonable and good faith interpretation of section 401(a)(9) of the Internal Revenue Code and the final regulations issued December 29, 2004 shall apply to all plan years commencing on and after January 1, 2006.
- (7) A retiree or beneficiary who would have been required to receive required minimum distributions for 2009 from an additional annuity or money purchase account but for the enactment of section 401(a)(9)(H) of the Internal Revenue Code (“2009 RMDs”), and who would have satisfied that requirement by receiving distributions that are (a) equal to the 2009 RMDs or (b) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the retiree, the joint lives of the retiree and retiree’s designated beneficiary, or for a period of at least ten years (“Extended 2009 RMDs”), will not receive those distributions for 2009 unless the retiree or beneficiary chooses to receive such distributions. Retirees and beneficiaries described in this paragraph shall be given the opportunity to elect to receive the distributions described in this paragraph.
- (F) Whenever the amount of any benefit is to be determined on the basis of actuarial assumptions, the assumptions shall be specified by resolution of the board in a way that precludes employer discretion.
- (G) The term “spouse” shall mean:
 - (1) A member’s legal spouse at the applicable time.
 - (2) For purposes of meeting any requirements under the code, an individual who is legally married to a member, including a marriage of same-sex individuals that is validly entered into in a state whose laws authorize the marriage of two individuals of the same sex, even if the individuals are domiciled in a state that does not recognize the validity of same-sex marriages.
 - (3) As and when required by law, for all purposes under the plan, an individual who is legally married to a member, including a marriage of same-sex individuals that is validly entered into in any state.

Further, the terms “married” and “marriage” shall have a meaning consistent with the definition of spouse at the applicable time. Individuals (whether part of an opposite-sex or same-sex couple) who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of that state are not legally married. For this purpose, the term “state” means any domestic or foreign jurisdiction having the legal authority to sanction marriages.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.09
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 12/27/01 (Emer.), 3/22/02, 1/1/03, 4/1/08
(Emer.), 6/23/08, 1/1/11, 1/7/13 (Emer.), 3/24/13, 1/1/16, 1/1/21

145-1-23 **Determination of employer contribution rate**

- (A) The employer contribution rate for a newly created public employer shall be established by examining the enabling statute, ordinance or resolution. If such enabling authority creates a local government employer, or which is primarily funded by such employers, the local government employer contribution rate shall apply. If the enabling authority creates a state government employer, or which is primarily funded by such employers, the state government employer contribution rate shall apply.

- (B) If there is a change in an enabling statute, ordinance or resolution that causes an employer contribution rate to no longer be accurate, the employer's rate shall change to the appropriate rate described in paragraph (A) of this rule.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.48
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 7/19/72, 9/27/97, 1/1/03, 1/1/06

145-1-24 **Contribution rates**

Pursuant to sections 145.22, 145.47, 145.48, and 145.49 of the Revised Code the public employees retirement board shall establish employee, state government employer, local government employer, public safety, and law enforcement contribution rates after the recommendation by the retirement board's actuary.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.22, 145.47, 145.48, 145.49

Rule Review Date: 9/29/10; 9/29/15, 9/29/20, 9/25/25

Effective Date History: 6/16/76, 7/31/89, 1/1/91, 9/30/91, 9/27/97,
11/2/00, 4/5/01, 3/22/02, 1/1/03, 1/1/10

145-1-26 **Definition of earnable salary**

- (A) This rule amplifies and is in addition to the provisions of division (R) of section 145.01 of the Revised Code.
- (B) As used in division (R)(1) of section 145.01 and this rule:
 - (1) “During the year” means the calendar year or not later than one month following the calendar year in which a payment is made;
 - (2) “Sponsored by the employer” means the employer funded a program in whole or in part.
- (C) For purposes of section 145.016 of the Revised Code, the earnable salary for each month upon which a member’s service credit is allowed shall be the salary reported by the employer for all pay period end dates in each calendar month or more frequent interval.
- (D) Provided the amount is not otherwise excluded from earnable salary under section 145.01 of the Revised Code or this rule, for the purposes of the calculations required pursuant to sections 145.47, 145.48, and 145.49 of the Revised Code, a public employee’s salary, wages, or earnings shall include amounts:
 - (1) Treated as deferred income for federal income taxation under Internal Revenue Code section 401(k), 403(b) or 457;
 - (2) Designated by the employer as picked-up contributions under Internal Revenue Code section 414(h)(2) by either a salary reduction method or the gross salary under a fringe benefit method; or
 - (3) Not treated as income for federal income taxation under Internal Revenue Code section 125 except as provided in paragraph (F)(5) of this rule.
- (E) For purposes of section 145.01 of the Revised Code and this rule:
 - (1) “Conversion program” means the employer’s annual program for conversion of sick leave, personal leave, and vacation time, as described in division (R)(1)(b) of section 145.01 of the Revised Code, and that meets all of the following:
 - (a) The retirement system has received a copy of the employer’s resolution, meeting minutes, or other formal documentation detailing the terms and adoption of the conversion program;
 - (b) The documentation described in paragraph (E)(1)(a) of this rule is submitted annually to the public employees retirement system not later than December thirty-first of the year for which the program applies to determine compliance with section 145.01 of the Revised Code and this rule;
 - (c) Payments under the conversion program are not issued before the retirement system reviews and approves the program;
 - (d) Participation in the program is not based on the member’s service credit in the retirement system or an agreement to retire.
 - (2) Earnable salary shall be reported on a report of retirement contributions for the year in which such payment was accrued.

- (3) “Leave accrued, but not used” means any leave accrued during the calendar year, less any leave used in the calendar year.

(F) The following payments made by the public employer are “earnable salary”:

- (1) Payments for overtime worked and payments for accrued but unused compensatory time for overtime worked if such payments are made during the year in which the compensatory time is accrued;
- (2) Payments made annually or more frequently as a supplement for longevity of service;
- (3) Stipends paid to a student that are subject to federal income taxation;
- (4) Payments made for assuming call or stand-by responsibility;
- (5) Payments made in lieu of salary, wages, or other earnings for sick leave used under a donated sick leave program;
- (6) Any other payment subject to a determination under rule 145-1-09 of the Administrative Code.

(G) The following payments made by the public employer are not “earnable salary”:

- (1) Payments made by the employer for accrued overtime worked or for compensatory time for overtime worked that are made at any time other than in the year in which the overtime or compensatory time is accrued;
- (2) Payments made by the employer as a residency bonus to employees;
- (3) Payments made ~~pursuant to an agreement~~ and representing either one-time lump-sum payments or payments made periodically but not related to or not made upon the basis of the individual employee’s basic rate of pay;
- (4) Retroactive payments made by the employer within thirty-six or sixty months of the employee’s effective date of retirement, as determined by the number of years used in the calculation of the employee’s final average salary under section 145.017 of the Revised Code, and with an understanding that the employee would retire;
- (5) Monetary amounts that are in excess of the employee’s gross salary paid in lieu of a fringe benefit or a cash value placed on that fringe benefit;
- (6) The amount in excess of gross salary paid under a fringe benefit method as picked-up contributions under Internal Revenue Code section 414(h)(2);
- (7) Stipends paid to a student that are not subject to federal income taxation;
- (8) Payments made as honoraria that means a nominal payment made for services for which there is no binding legal obligation to pay;
- (9) Payments made as fees or commissions that are fixed charges or calculated as a percentage of an amount, including but not limited to, percentages of sales, tips, amounts paid to individuals who serve on a fee basis or compensation on a per page, per meeting, per inspection, or per emergency response event;

- (10) Payments paid by the employer to an individual who is not a public employee;
 - (11) Payments for accrued, but unused sick leave, personal leave, or vacation that are made at the time of termination of employment; and
 - (12) Reimbursement for expenses;
 - (13) Any other payment subject to a determination under rule 145-1-09 of the Administrative Code.
- (H) (1) If a member or retiree is reinstated without interruption or loss of time to the member or retiree's former or comparable position of employment and awarded back wages pursuant to a final court order, arbitration or personnel board of review order, grievance award, or other settlement or order, the earnable salary upon which employee and employer contributions are due is the earnable salary that would have been due the employee for the entire period of reinstatement. "Comparable position" includes positions with similar titles, grades, classifications, occupational categories or salaries.
- (a) Employee and employer contributions shall be reported and paid in the same amount as would have been contributed if the member or retiree had been reported to the retirement system during the period of reinstatement. If the member or retiree is reinstated to a comparable position, contributions for the period of reinstatement are based on the salary of the comparable position. If the amount of earnable salary cannot be reasonably determined, then the amount shall be the average earnable salary during the twelve-month period immediately preceding the date of termination.
 - (b) If a member had previously taken a refund of the member's accumulated contributions pursuant to section 145.40 of the Revised Code or Article VIII of the combined plan document at the time of termination, the member may purchase the refunded service pursuant to section 145.31 of the Revised Code or rule 145-3-22 of the Administrative Code.
 - (c) If a member on or after the date of termination, applied for and received a benefit pursuant to section 145.32, 145.33, 145.332, 145.335, 145.35, 145.36, 145.361, 145.37, or 145.46 of the Revised Code or article IX of the member-directed plan document, and any period of reinstatement is concurrent with a period for which the member received a benefit, section 145.362, 145.38, 145.382, or 145.383 of the Revised Code, whichever is applicable, shall apply.
- (2) If a member or retiree is awarded additional earnable salary pursuant to a final court order, arbitration or personnel board of review order, grievance award, or other settlement or order for any period of employment for which contributions were made, the earnable salary upon which employee and employer contributions are due is the additional earnable salary that would have been due for the period of the award. Employee and employer contributions shall be reported and paid in the same amount as would have been contributed if the member or retiree had been reported to the retirement system during the period of employment.
- (I) (1) Prior to remitting deductions on compensation on which there is a question of whether such compensation is earnable salary, the employer shall request a determination by the retirement board.

- (2) If the employer fails to request a prior determination and the board determines the salary, wage or earning to be earnable salary, then the employer shall be liable for employee and employer contributions pursuant to section 145.483 of the Revised Code if no deductions have been remitted.
- (3) If the employer fails to request a prior determination and the board determines the salary, wage or earning is not earnable salary, then the retirement system may do either of the following:
 - (a) Except as provided in paragraph (I)(3)(b) of this rule, refund up to a maximum of the current calendar year of contributions plus three full calendar years of contribution prior to the current year;
 - (b) For a member who is within one year of attaining age and service retirement eligibility, refund not more than twelve months of contributions.

Promulgated Under: 111.15

Statutory Authority: 145.01, 145.09

Rule Amplifies: 145.01, 145.016, 145.47, 145.48, 145.49

Rule Replaces: 145-1-48

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 6/18/86 (Emer.), 8/28/86, 5/27/88, 10/31/88, 3/17/89, 8/31/91, 8/31/92, 6/1/96, 9/27/97, 11/2/00, 1/1/03, 1/1/06, 1/1/07, 1/1/12, 1/7/13 (Emer.), 3/24/13, 1/1/14, 7/1/14, 1/1/16, 1/1/21, 1/1/25

145-1-27 **Remittance of employer liabilities**

- (A) For the purposes of this rule:
- (1) “Employer account summary” means the statement issued each calendar month by the public employees retirement system to a public employer that represents the obligations for the preceding calendar month.
 - (2) “Employer liabilities” means any amount due to the retirement system under Chapter 145. of the Revised Code or section 3305.06 of the Revised Code but does not mean nor include employee contributions or deductions due pursuant to section 145.47 or 145.294 of the Revised Code.
 - (3) “Received” means actual receipt by the retirement system, the postmark date, or the date scheduled to pay via electronic payment.
 - (4) “Supplemental report” has the same meaning as in rule 145-1-28 of the Administrative Code.
 - (5) The ninetieth day and thirtieth day shall be computed in the method described in section 1.14 of the Revised Code.
- (B)
- (1) Employer liabilities shall be received by the retirement system not later than the ninetieth day after the calendar end of the quarter in which it became a liability.
 - (2) Beginning on January 1, 2008, employer liabilities shall be received by the retirement system not later than the thirtieth day after the last day of the calendar month for which related member contributions are withheld.
- (C) Employer liabilities received after the due date described in paragraph (B) of this rule shall be assessed penalties and interest pursuant to division (C) of section 145.51 of the Revised Code.
- (D)
- (1) Notwithstanding division (B)(1) of this rule, amounts due from an employer based on a supplemental report shall be received by the retirement system not later than the end of the quarter following the date the supplemental report was received.
 - (2) Notwithstanding division (B)(2) of this rule, amounts due from an employer based on a supplemental report shall be received by the retirement system not later than the thirtieth day after the last day of the calendar month following the date the supplemental report was received.
 - (3) If the amount due under the supplemental report as described in this paragraph is past due, interest and penalty on the amount shall be assessed in the same manner as described in division (C) of section 145.51 of the Revised Code.
- (E) Pursuant to division (A)(2) of section 145.01 of the Revised Code, the governmental unit with which the contract has been made as described in that section shall remain the employer for purposes of section 145.51 of the Revised Code and this rule.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.51
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 5/31/97, 9/27/97, 1/1/03, 1/1/06, 4/6/07
(Emer.), 7/1/07, 1/1/14, 1/1/21

145-1-28 **Remittance of employee contributions**

- (A) For the purposes of this rule and sections 145.294 and 145.47 of the Revised Code:
- (1) “Employee contribution” means the full amount of employee contributions due for a particular reporting period pursuant to section 145.47 of the Revised Code or employee deductions pursuant to section 145.294 of the Revised Code.
 - (2) “Filed” means actual receipt by the public employees retirement system, the postmark date, or the date scheduled to pay via electronic payment.
 - (3) “Report” means a record of the employee contributions that is free from errors or omissions and is in the form required by the public employees retirement board.
 - (4) “Reporting period” means the monthly or more frequent interval for which an employer reports employee deductions that contains all pay period ending dates occurring in the calendar month.
 - (5) “Supplemental report” means a report of employee contributions that is submitted by the employer in addition to the regular report due to the employer’s need to report additional contributions for the employer’s payment of a disability payment, retroactive salary payment, payment pursuant to a settlement agreement, longevity payment, payment to a terminated or deceased employee, or payment to an election worker that requires membership in the system.
 - (6) The thirtieth day shall be computed in the method as described in section 1.14 of the Revised Code.
- (B) The employer shall transmit for each reporting period subsequent to the date of coverage, an amount equal to the applicable percent of each contributor’s earnable salary. Both employee deductions to the retirement system and a corresponding report shall be filed with the system no later than the thirtieth day after the last day of the reporting period for which they are due.
- (C) For employee contributions due on or after the effective date of this rule, if either an employee contribution or the corresponding report is not filed on or before the thirtieth day after the last day of the reporting period for which they were due, a penalty as described in section 145.47 of the Revised Code shall be added.
- (D)
- (1) Upon submission of a supplemental report, the employer shall also submit additional documentation, as required by the retirement system, to substantiate the nature and reason for the supplemental report.
 - (2) Notwithstanding paragraph (B) of this rule, the supplemental report, the corresponding contributions, and the documentation required in paragraph (D)(1) of this rule shall be received by the system not later than the thirtieth day after the last day of the month during which the member was paid the supplemental amount.
 - (3) Failure to provide any of the items in paragraph (D)(2) of this rule by the date specified in that paragraph shall cause the deductions to be subject to the penalty described in paragraph (C) of this rule.
- (E) If a member elects to have additional contributions remitted to the retirement system pursuant to section 145.2916 of the Revised Code, the contributions shall be remitted concurrently with the period of denied salary.

145-1-28 (continued)

- (F) Pursuant to division (A)(2) of section 145.01 of the Revised Code, the governmental unit with which the contract has been made as described in that section shall remain the employer for purposes of section 145.47 of the Revised Code and this rule.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.294, 145.2916, 145.47

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 1/1/06, 1/1/11, 1/7/13 (Emer.), 3/24/13,
1/1/14, 5/8/14, 1/1/16

145-1-31 **Payment for periods of noncontributing service**

- (A) This rule amplifies section 145.483 of the Revised Code.
- (B) For purposes of this rule:
 - (1) “Exempt” means exempt from membership in the public employees retirement system pursuant to Chapter 145. of the Revised Code as effective during the period of noncontributing service and for which there is a properly executed written exemption.
 - (2) “Excluded” means excluded from membership in the retirement system because Chapter 145. of the Revised Code specifically excludes a person, or the person is not a public employee.
 - (3) “Noncontributing service” means a period of employment or service for which employee contributions pursuant to section 145.47 of the Revised Code were due, but not deducted by an employer, because the service was neither exempt nor excluded.
 - (4) “Properly executed written exemption” means an exemption form provided by the retirement system, that was signed by both the employee and employer, received by the retirement system within one month from the date employment began, and approved by the retirement system.
- (C) An employer that failed to deduct employee contributions from a public employee during a period of employment, after January 1, 1935, for state employees or after July 1, 1938, for all other employees, for which employee contributions were required shall certify the earnable salary for such noncontributing service period on a form provided by the retirement system. This certification must be based on records available to the employer.
- (D)
 - (1) After receipt of the employer’s certification, the retirement system shall prepare an employer billing statement for employee and employer contributions and interest for the period of noncontributing service.
 - (2) Interest shall be calculated through the end of the year preceding the date of the employer billing statement.
 - (3) The amount of employee contributions shall be calculated using the employee contribution rate, earnable salary and maximum contribution limits in effect during the period of noncontributing service.
 - (4) The amount of employer contributions shall be calculated using the employer contribution rate in effect during the period of noncontributing service.
 - (5) The employer is liable for the total amount due in the employer billing statement.
 - (6) If the amount contained in the employer billing statement is not paid, it shall be added to the employer’s monthly billing summary.

145-1-31 (continued)

- (7) Service credit for the period of non-contributing service shall be granted to the member on the earlier of the date the system receives payment in full from the employer or the due date of the employer billing statement described in paragraph (D)(5) of this rule.
- (E)
- (1) An employer shall not be billed for a period of noncontributing service that occurred before a period of contributing service for which a member received a refund of the member's accumulated contributions, pursuant to section 145.40 of the Revised Code or article VIII of the combined plan document, until the member has made a redeposit of the refund, pursuant to section 145.31 of the Revised Code or rule 145-3-22 of the Administrative Code.
 - (2) The following applies when an employee who is or was exempt from membership pursuant to section 145.03 of the Revised Code with a public employer also has noncontributing service and is an employee with the same public employer.
 - (a) Absent a written exemption, the period of noncontributing service shall be billed to the employer pursuant to section 145.483 of the Revised Code and this rule.
 - (b) An employer shall not be billed for periods of exempt service that are subsequent to a period of noncontributing service unless the subsequent period of exempt service begins within three months from the last date of compensation for the noncontributing service.
 - (c) Once the service credit is granted to the member as described in paragraph (D)(7) of this rule, a properly executed written exemption will no longer be accepted by the retirement system.
 - (3) A member who has service that was exempt and not billed to an employer may purchase such exempt service pursuant to section 145.28 of the Revised Code and PERS rules.
- (F) Except as provided in paragraph (F)(4) of this rule:
- (1) Employee contributions paid by the employer pursuant to section 145.483 of the Revised Code and this rule shall be held in the employers' accumulation fund as defined in division (B) of section 145.23 of the Revised Code.
 - (2) Employee contributions paid by the employer, pursuant to section 145.483 of the Revised Code and this rule, shall be refunded to such employer in the event the member receives a refund of the member's accumulated contributions pursuant to section 145.40 of the Revised Code, a distribution under article VIII of the combined plan document, or a payment under division (H) of section 145.384 of the Revised Code. Amounts paid for employer contributions, interest or other fees, pursuant to section 145.483 of the Revised Code, shall remain with the retirement system.
 - (3) The employer which received employee contributions, pursuant to paragraph (F)(2) of this rule, shall be liable for a return of such employee contributions if the employee again becomes a member of the retirement system and either makes a redeposit pursuant to section 145.31 of the Revised Code or rule 145-3-22 of the Administrative Code. The retirement system shall bill the employer for the employee contributions plus interest calculated from the date of the refund through the end of the year preceding the date of the statement.

- (4) (a) For members participating in the member-directed plan, employee contributions and interest paid by the employer pursuant to section 145.483 and this rule shall be held in the member's employer contribution account, as defined in section 1.19 of the member-directed plan document. The amount credited to the member's employer contribution account pursuant to section 145.483 of the Revised Code shall vest in accordance with section 7.02 of the member-directed plan document. If the member receives a distribution under article VIII of the member-directed plan document, the non-vested portion of the employee contributions shall be refunded to the employer.
 - (b) For members participating in the member-directed plan, employer contributions and interest paid by the employer pursuant to section 145.483 of the Revised Code and this rule shall be credited to the member's employer contribution account, as defined in section 1.19 of the member-directed plan document, and the retiree medical account, as defined in rule 145-4-01 of the Administrative Code, in the percentages determined by the OPERS board. The amount credited shall vest in accordance with the relevant provisions of the member-directed and retiree medical account plan documents. If the member receives a distribution under article VIII of the member-directed plan document, the non-vested portion of the amounts paid for employer contributions, corresponding interest or other fees pursuant to section 145.483 of the Revised Code shall be transferred as described in section 7.04 of the member-directed plan document or section 4.02 of the retiree medical account plan document, as applicable.
- (G) If a member has contributions in more than one retirement plan, the contributions paid by the employer pursuant to section 145.483 of the Revised Code shall be credited to the plan in which the noncontributing service would have been earned, if it were remitted at the time the service occurred. If the member no longer has contributions in the retirement plan in which the noncontributing service would have been earned, the contributions paid by the employer pursuant to section 145.483 of the Revised Code shall be credited to the plan in which the member is now contributing.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.47, 145.48, 145.483, 145.49
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 12/20/72, 11/2/91, 10/4/93, 5/3/97, 11/2/00,
1/1/03, 1/1/06, 1/1/09, 7/11/09, 1/1/16, 7/1/16 (Emer.), 9/1/16, 1/1/19,
1/1/20, 1/1/25

TO BE RESCINDED

145-1-33 Omitted contributions

All payments made by employees and their employers for omitted contributions, completed before January 25, 1972, having been made in accordance with the board policy interpreting the statute in effect at the time of payment, are proper and are not subject to recomputation.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.47, 145.48
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 6/18/75, 1/1/03

145-1-35 **Service purchase**

- (A) For purposes of Chapter 145. of the Revised Code and Chapters 145-1 to 145-4 of the Administrative Code:
- (1) “Service purchase” means both of the following:
 - (a) For members participating in the traditional pension plan, payment for the purchase of service credit pursuant to section 145.20, 145.201, 145.28, 145.291, 145.292, 145.293, 145.299, 145.2915, 145.301, 145.302, 145.31, or 145.47 of the Revised Code, former section 145.295, 145.2911, or 145.2913 of the Revised Code as they existed prior to January 7, 2013, or rule 145-2-18 of the Administrative Code.
 - (b) For members participating in the combined plan, payment for the purchase of service credit pursuant to section 145.20, 145.201, 145.28, 145.291, 145.292, 145.293, 145.299, 145.2915, 145.301, 145.302, or 145.47 of the Revised Code, former section 145.295, 145.2911, or 145.2913 of the Revised Code as they existed prior to January 7, 2013, or rule 145-3-21, 145-3-22, or 145-3-40 of the Administrative Code.
 - (2) “One-time or lump-sum payment” means a service purchase that is the full cost of the service credit a member elects to purchase and is paid directly to the public employees retirement system.
 - (3) “Partial payment” means a service purchase that is less than the full cost of the service credit a member elects to purchase and is paid directly to the retirement system.
 - (4) “Payroll deduction” means a service purchase made pursuant to section 145.294 of the Revised Code and rule 145-1-38 of the Administrative Code.
 - (5) A “statement of cost” means a bill prepared by the retirement system stating the cost of the service credit to be purchased. If a statement of cost described in this paragraph is not paid in full prior to its expiration, the member may complete the purchase of the remaining service credit by a lump sum or one-time partial payment of the cost, as recalculated by the system at the time of the final payment.
 - (6) “Sixty-month amortization amount” means the monthly dollar amount necessary to complete a service purchase prior to the expiration of a statement of cost.
- (B) A member participating in the traditional pension plan or combined plan may make a service purchase, pursuant to Chapter 145. of the Revised Code and Chapters 145-1 to 145-4 of the Administrative Code and federal Internal Revenue Code section 415, either directly to the retirement system or by payroll deduction. A statement of cost issued on or after July 7, 2013, shall expire not later than five years after the date of the first payment or first deduction.
- (C) (1) Except as otherwise provided in Chapter 145. of the Revised Code, the interest rate to be used in calculating the cost of a service purchase shall be six per cent compounded annually. Beginning on January 1, 2014, the interest rate shall be a per cent equal to the assumed actuarial rate of interest compounded annually. Interest shall be calculated under the applicable Revised Code section from the first date through the end of the month of payment.

- (2) Interest shall be applied to unpaid balances of service purchases by partial payment or payroll deduction at a rate equal to the assumed actuarial rate of interest compounded annually after the first payment or deduction. Interest shall be calculated from the date of the first payment through the last day of the month in which the cost statement expires.
 - (3) The public employees retirement board may adjust the interest rates in paragraphs (C)(1) and (C)(2) of this rule. If adjusted, the new interest rate shall apply to any statement of cost issued or initial payroll deduction begun after the adjustment.
- (D) If the retirement system is required to apply the member's contribution rate at the time the service occurred against the member's earnable salary in calculating the cost of a service purchase, such rate shall not exceed the maximum employee contribution limits that were applicable at the time the service occurred.
- (E)
- (1) Service credit shall be granted following receipt of all lump-sum payments, partial payments, or payroll deductions received in a month.
 - (2) Except as otherwise provided in Chapter 145. of the Revised Code, when a member makes a service purchase by partial payment or by payroll deduction, interest at a per cent equal to the assumed actuarial rate of interest compounded annually shall be applied to the unpaid balance.
- The minimum payment accepted by the system shall be the greater of one hundred dollars or the sixty-month amortization amount. The system may recalculate the sixty-month amortization amount when the member's payment or payments cause a material increase or reduction in the sixty-month amortization amount, as determined by the system. Service credit shall be granted by multiplying the service credit not yet purchased by a fraction having as the numerator the payment amount less current interest paid and as the denominator the unpaid balance on which the current interest was calculated.
- (F) In addition to the requirements specified in paragraph (B) of this rule, all service purchases shall be completed prior to issuance of the initial benefit payment. Subject to the requirements specified in paragraph (B) of this rule, a disability benefit recipient may purchase service credit after the issuance of the initial benefit payment while on a leave of absence described in section 145.362 of the Revised Code. Any service purchased by a disability benefit recipient during the leave of absence described in this paragraph shall take effect on the first day of the month following the date of purchase.

Promulgated Under: 111.15

Statutory Authority: 145.09, 145.294, 145.80, 145.82

Rule Amplifies: 145.01, 145.20, 145.201, 145.28, 145.29, 145.291, 145.292, 145.293, 145.294, 145.299, 145.301, 145.302, 145.31, 145.47, 145.81

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 8/20/76, 1/1/78, 12/14/89, 5/29/95, 11/2/96, 9/27/97, 9/27/98, 3/27/99, 2/3/00, 3/22/02, 1/1/03, 12/24/04, 1/1/06, 7/1/07 (Emer.), 8/9/07, 1/12/08, 4/1/08 (Emer.), 6/23/08, 1/1/12, 1/7/13 (Emer.), 3/24/13, 7/7/13 (Emer.), 9/16/13, 5/8/14, 1/1/15, 3/23/15 (Emer.), 6/6/15, 1/1/25

145-1-36 Service credit purchases under Substitute S.B. 343

- (A) This rule amplifies section 4 of Substitute S.B. 343 of the 129th General Assembly.
- (B) For purposes of this rule, “service credit” means all of the following:
 - (1) Service credit that may be purchased or obtained under former division (H) of section 145.01 and former sections 145.20, 145.201, 145.28, 145.29, 145.291, 145.293, 145.299, 145.30, and 145.47 of the Revised Code, as those sections existed immediately prior to January 7, 2013.
 - (2) Additional contributions paid by a member under former division (Y) of section 145.01 of the Revised Code, as that section existed immediately prior to January 7, 2013.
 - (3) Service credit that may be purchased under section 145.301 of the Revised Code.
 - (4) Service credit that may be purchased or obtained under section 145.814 of the Revised Code or rule 145-2-18 or 145-3-40 of the Administrative Code for an election that is effective on or before July 1, 2013, under section 2.03 of the combined or member-directed plan document, as amended on January 7, 2013.
- (C) Except as provided in paragraph (E) of this rule, each member who is purchasing or is eligible to purchase service credit must initiate or continue the purchase by making one or more direct payments to the public employees retirement system during the period beginning on January 7, 2013, and ending on July 7, 2013, or by commencing a payroll deduction during the same period as described in this rule and in rule 145-1-38 of the Administrative Code. A payroll deduction shall be initiated if the system receives a payroll deduction form with a postmark date that is on or after January 7, 2013, but not later than July 7, 2013, and the amount to be deducted from the member’s payroll is received by the system not later than one hundred twenty days after the postmark date.
- (D) Except as provided in paragraph (E) of this rule, each member who is eligible to obtain service credit under former section 145.30 of the Revised Code shall initiate a request to obtain the credit during the six-month period described in paragraph (C) of this rule. A request shall be initiated if the system receives during the same period described in this paragraph the member’s report(s) of separation (form DD214) or other satisfactory documentation as evidence of the member’s military service accompanied by a request by the member to obtain the credit.
- (E) A member who, by reason of service in the uniformed services as defined in section 145.302, is prevented from taking action under paragraph (C) of this rule may, not later than ninety days after the reemployment with member’s public employer, apply to the system to have reestablished all or a portion of the six-month period described in that paragraph. The member shall submit to the system report(s) of separation (form DD214) or other satisfactory documentation as evidence of the member’s military service.
- (F) A member who, as of January 7, 2013, has made a partial payment or is subject to a post-tax payroll deduction agreement for the purchase of service credit under section 145.201 of the Revised Code may, during the six-month period described in paragraph (C) of this rule, request that the member’s cost statement or payroll deduction agreement be recalculated to include any additional credit the member is eligible to purchase under section 145.201 of the Revised Code. If the system does not receive a request from the member prior to the end of the six-month period, any additional credit the member is eligible to purchase under section 145.201 of the Revised Code shall be eligible for purchase under rules 145-2-02 and 145-3-23 of the Administrative Code.

145-1-36 (continued)

- (G) A member described in division (C) of section 4 of Substitute S.B. 343 of the 129th General Assembly is ineligible to purchase additional service credit as described in that division if any of the service upon which the purchase is based has a monthly earnable salary of less than one thousand dollars.
- (H) A purchase of service credit under this rule shall be completed by the member not later than July 7, 2018.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: Section 4 of Sub. S.B. 343, 129th G.A.
Rule Review Date: 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/7/13 (Emer.), 3/24/13

Eligible rollover distributions

- (A) For purposes of this chapter, “eligible rollover distribution” or “rollover distribution” means any amount that qualifies as an eligible rollover distribution under section 402(c)(4) of the Internal Revenue Code of 1986, 26 U.S.C.A. 415, and paid to a member or the surviving spouse of the member from:
- (1) Another employer plan qualified under section 401(a) of the Internal Revenue Code;
 - (2) An individual retirement account, or annuity other than an endowment contract, under section 408 of the Internal Revenue Code;
 - (3) A governmental deferred compensation plan under section 457 of the Internal Revenue Code;
 - (4) An annuity plan under section 403(a) of the Internal Revenue Code;
 - (5) A tax-sheltered annuity qualified under section 403(b) of the Internal Revenue Code; or
 - (6) A governmental plan under section 414(d) of the Internal Revenue Code.
 - (7) A keogh plan under section 410 of the Internal Revenue Code of 1986, 26 U.S.C.A. 410.
- (B) (1) The public employees retirement system may accept eligible rollover distributions for the purchase of service credit pursuant to section 145.20, 145.201, 145.28, 145.291, 145.292, 145.293, 145.295, 145.299, 145.2911, 145.2913, 145.301, 145.302, 145.31, or 145.47 of the Revised Code, or the deposit to an additional annuity account pursuant to section 145.62 of the Revised Code.
- (2) (a) A member or surviving spouse must be otherwise eligible to purchase the service credit or deposit to an additional annuity account pursuant to Chapter 145. of the Revised Code and Chapters 145-1 to 145-4 of the Administrative Code.
 - (b) A retirant reemployed under section 145.38, 145.382, or 145.383 of the Revised Code may use a rollover distribution to deposit only an additional annuity account.
- (3) The retirement system shall accept rollover distributions for a purchase of service that is made only by post-tax payroll deduction, partial, or one-time lump-sum payment as defined in rule 145-1-35 of the Administrative Code.
- (4) (a) If the amount of the rollover distribution received by the retirement system exceeds the cost of the service to be purchased, the amount in excess shall be returned to the financial institution that transmitted the rollover.
 - (b) If the financial institution will not accept the excess rollover amount, the retirement system shall pay the amount in excess to the member. Any amount that the retirement system cannot return to the financial institution or member shall be deposited in an additional annuity account or the member’s rollover account, as appropriate based on the member’s retirement plan.

- (C) An eligible rollover distribution of a member participating in the member-directed plan shall be credited to the member's rollover account, as defined in section 1.31 of the member-directed plan document.
- (D) An eligible rollover distribution of a member participating in the combined plan may be:
 - (1) Credited to the member in the member's rollover account, as defined in section 1.35 of the combined plan document; or,
 - (2) If used to purchase any service credit available under the combined plan, as described in rule 145-3-21 of the Administrative Code, credited to the member in the employee's savings fund or any other appropriate fund under section 145.23 of the Revised Code.
- (E) Any non-taxable portion of an eligible rollover distribution to a member of the combined plan or member-directed plan shall be treated in accordance with section 5.01 of the member-directed or combined plan document.
- (F) A member who is entitled to a distribution from this retirement system that qualifies as an eligible rollover distribution pursuant to sections 401(a)(31) and 402(f)(2)(A) of the Internal Revenue Code may request that the distribution be paid in a direct rollover to another eligible retirement plan to the extent permitted by section 401(a)(31) of the Internal Revenue Code.

Promulgated Under: 111.15
Statutory Authority: 145.09, 145.80, 145.82
Rule Amplifies: 145.01, 145.20, 145.201, 145.23, 145.28, 145.29, 145.291, 145.292, 145.293, 145.295, 145.299, 145.2911, 145.2913, 145.301, 145.302, 145.31, 145.452, 145.47, 145.62, 145.81
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 12/6/93, 11/2/96, 3/27/99, 1/1/02 (Emer.), 3/22/02, 1/1/03, 1/1/06, 4/6/07 (Emer.), 7/1/07, 1/1/12, 1/7/13 (Emer.), 3/24/13, 7/7/13 (Emer.), 9/16/13, 1/1/16, 1/1/21, 1/1/25

145-1-38**Purchase of service credit by payroll deduction**

- (A) (1) A member of the public employees retirement system who is participating in the traditional pension plan may purchase service credit by post-tax payroll deduction, pursuant to this rule, rule 145-2-18 of the Administrative Code, section 145.20, 145.201, 145.28, 145.291, 145.292, 145.293, 145.301, 145.302, or 145.31 of the Revised Code, or former section 145.295 or 145.2911 of the Revised Code as they existed prior to January 7, 2013.
- (2) A member who is participating in the combined plan may purchase service credit by post-tax payroll deduction pursuant to this rule, rule 145-3-40 of the Administrative Code, section 145.20, 145.201, 145.28, 145.291, 145.292, 145.293, 145.301, or 145.302 of the Revised Code, or former section 145.295 or 145.2911 of the Revised Code as it existed prior to January 7, 2013.
- (3) Under a plan that is in compliance with Internal Revenue Code section 414(h)(2), a member may complete a purchase of service credit by pre-tax payroll deduction with amounts designated by the member's employer as picked-up contributions which is also known as an irrevocable pre-tax payroll deduction agreement as permitted by paragraph (E)(2) of this rule.
- (4) A member may purchase service credit in any combination of lump sum payment, partial payment, or post-tax payroll deductions.
- (B) (1) Upon a member's request for purchase of service credit by post-tax payroll deduction, the retirement system shall prepare a service purchase payment option form that is in compliance with rule 145-1-35 of the Administrative Code and states all of the following:
- (a) The service to be purchased;
- (b) The total cost of the service credit to be purchased; and
- (c) Alternate plans of monthly payments.
- (2) The member shall complete such service purchase payment option form by marking a plan of payment, stating the amount of service to be purchased, signing the form, and returning the form to the retirement system. The form shall be post-marked prior to the last date listed on the form.
- (3) A separate service purchase payment option form shall be completed for each separate type of service credit.
- (C) (1) After receipt of the member's service purchase option form, the retirement system shall notify the member's employer that payroll deductions shall begin within sixty days.
- (2) The employer shall report at least monthly all members who have authorized payroll deductions on one report provided by the retirement system. Payment shall be remitted with such report. If the employer fails to timely file a report or remit payment to the retirement system, the employer shall be subject to the same penalty and interest described in section 145.47 of the Revised Code.
- (D) (1) A member may increase or decrease the member's post-tax payroll deduction by written notice to the member's employer.
- (2) Except as provided in paragraph (E)(2) of this rule, a payroll deduction shall be terminated:
- (a) Within thirty days after a member's written notice to the member's employer;
- (b) Upon termination of employment;

- (c) Upon termination of participation in the plan under which the payroll deduction commenced.
 - (3) Except as provided in paragraph (E)(2) of this rule, a payroll deduction shall be suspended for any period that the payroll deduction exceeds the member's net pay.
 - (4) A member may request to purchase the remainder of a service purchase that is being made by post-tax payroll deduction. Upon receipt of such request, the retirement system shall provide the member with a statement of the balance due for the remaining service credit available. A member shall notify the member's employer to terminate deductions upon payment of the balance due.
- (E) The retirement system shall accept new elections to purchase service credit by pre-tax payroll deduction, as described in paragraph (A)(3) of this rule, only if such election is received by the retirement system or post-marked on or before December 31, 2011.
- (1) A member who, on December 31, 2011, is purchasing service credit through a pre-tax deduction agreement may make an irrevocable election, on a form provided by the retirement system and received by the retirement system not later than March 31, 2012, to have the deduction agreement terminated. The member may purchase the balance of the service credit by any other method permitted by the retirement system.
 - (2) A member who does not elect to terminate the pre-tax deduction agreement shall continue under the agreement for the duration of the purchase period. A member who is purchasing service credit under a pre-tax deduction agreement may not purchase the period of service subject to the agreement through any other method while the agreement is in effect. The member and employer shall not:
 - (a) Decrease or increase such payroll deduction;
 - (b) Terminate such payroll deduction unless the member has terminated employment, terminated participation in the plan under which the payroll deduction commenced, is reported by the employer as laid off for at least six consecutive months, or all of such service credit has been purchased by such payroll deduction; or
 - (c) Make a partial payment as defined in rule 145-1-35 of the Administrative Code.

Promulgated Under: 111.15
Statutory Authority: 145.09, 145.80, 145.82
Rule Amplifies: 145.01, 145.20, 145.201, 145.28, 145.29, 145.291, 145.292, 145.293, 145.294, 145.301, 145.302, 145.31, 145.81
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 12/4/89, 12/3/90, 11/2/96, 2/1/97, 3/27/99, 1/1/03, 1/1/06, 7/1/07 (Emer.), 8/9/07, 1/1/09, 1/1/11, 1/1/12, 1/7/13 (Emer.), 3/24/13, 7/7/13 (Emer.), 9/16/13, 1/1/16, 1/1/21, 1/1/25

145-1-39 **Replacement of payments**

The public employees retirement system may issue a replacement payment for a previously issued payment which has been lost, stolen or destroyed if the payee of such payment makes application for a replacement payment on a form provided by the retirement system. The replacement payment shall not be issued any earlier than five business days after a stop payment order is made on the previous payment. Any replacement payments issued by a third-party administrator shall be issued in accordance with the operating policies of the third-party administrator.

Promulgated Under: 111.15

Statutory Authority: 145.09, 145.80

Rule Amplifies: 145.33, 145.331, 145.332, 145.36, 145.361, 145.37, 145.384, 145.40, 145.43, 145.45, 145.46, 145.63, 145.64, 145.65, 145.81

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 10/21/70, 4/5/93, 1/1/03, 1/1/06, 4/6/07 (Emer.), 7/1/07, 1/1/11, 1/7/13 (Emer.), 3/24/13, 1/1/21

145-1-41 **Membership determination**

- (A) In making any determination as to whether an individual is a contract employee or independent contractor under section 145.036 of the Revised Code, the public employees retirement board shall review, including but not limited to, the elements described in paragraphs (A)(1) and (A)(2) of rule 145-1-42 of the Administrative Code to determine the degree of control or independence in the relationship between the employer and the employee or contractor based on the facts and circumstances of the relationship.
- (B) If the employer fails to request a determination and the retirement board determines the individual should be a member, then the employer shall be liable for employee and employer contributions pursuant to section 145.483 of the Revised Code if no deductions have been made.
- (C) If the employer fails to request a determination and the retirement board determines the individual shall not be a member, then any employee contributions received prior to the determination are unauthorized and shall be returned to the employer. Any employer contributions shall be credited against future employer liabilities.
- (D) A public employer who engages or contracts with a business entity as defined in section 145.037 of the Revised Code is not required to perform the acknowledgment provisions described in section 145.038 of the Revised Code with regard to the business entity.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.01, 145.012, 145.036, 145.037, 145.038

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 8/31/92, 9/27/98, 1/1/03, 1/1/06, 1/7/13 (Emer.), 3/24/13, 1/1/17, 1/1/19

145-1-42 Services under a contract

(A) For purposes of rule 145-1-41 of the Administrative Code, the board shall consider the following factors in its determination:

(1) “Contract employee” means an individual who:

- (a) May be a party to a bilateral agreement which may be a written document, ordinance, or resolution that defines the compensation, rights, obligations, benefits and responsibilities of the individual as an employee;
- (b) Is paid earnable salary at a specific periodic rate for services personally performed for the public employer and who appears on the employer’s payroll;
- (c) Is eligible for workers’ compensation or unemployment compensation;
- (d) May be eligible for employee fringe benefits such as vacation or sick leave;
- (e) Is controlled or supervised by personnel of the public employer as to the manner of work;
- (f) Should receive an Internal Revenue Service form W-2 for income tax reporting purposes.

(2) “Independent contractor” means an individual who:

- (a) May be a party to a bilateral agreement which may be a written document, ordinance, or resolution that defines the compensation, rights, obligations, benefits and responsibilities of both parties;
- (b) Is paid a fee, retainer or other payment by contractual arrangement for particular services;
- (c) Is not eligible for workers’ compensation or unemployment compensation;
- (d) May not be eligible for employee fringe benefits such as vacation or sick leave;
- (e) Does not appear on a public employer’s payroll;
- (f) Is required to provide his own supplies and equipment, and provide and pay his assistants or replacements if necessary;
- (g) Is not controlled or supervised by personnel of the public employer as to the manner of work;
- (h) Should receive an Internal Revenue Service form 1099 for income tax reporting purposes.

(3) “Personal service contract” means the same as a contract for an independent contractor.

- (B) (1) (a) A contract employee is a public employee and shall become a contributor to the public employees retirement system.
- (b) Contributions are due on the employee’s earnable salary, as defined in division (R) of section 145.01 of the Revised Code and rule 145-1-26 of the Administrative Code,

which is paid by the public employer to the employee for services actually performed by the employee.

- (2) An independent contractor is not a public employee and shall not become a contributor to the retirement system.
- (C) Notwithstanding rule 145-1-26 or 145-1-53 of the Administrative Code, if a contract employee performs services for which the employee also receives a payment, fee or commission over and above services for which the employee receives earnable salary, and for which the individual is an independent contractor, the payments for those services over and above their salary services are not earnable salary. The employee is not a member for such additional services, no contributions are due, and no service credit shall be granted.
- (D) An individual who entered into a personal service contract with a public employer prior to August 20, 1976, shall be a member of the retirement system and contributions shall be remitted for the remaining period of the contract if the duties and working relationship are substantially similar to a classification position paid on the payroll of the public employer.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.01, 145.012, 145.036, 145.037, 145.038, 145.38
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 8/31/92, 9/27/98, 1/1/03, 1/1/06, 1/7/13
(Emer.), 3/24/13, 1/1/19

145-1-43 **Alternative retirement programs**

- (A) For the purpose of this rule:
 - (1) “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.
 - (2) “Election period” means for an eligible employee who is eligible to make an election 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 or, in the case of a part-time employee who is transferred to a full-time position, one hundred twenty days from the first date of full-time employment.
 - (3) “Employee” means an eligible employee.
 - (4) “Institution” means a public institution of higher education as defined in division (A) of section 3305.01 of the Revised Code.
- (B) (1) Each institution 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 such change.
- (2) The notice required under paragraph (B)(1) of this rule shall be given on a form provided by the retirement system, and shall include the employee’s name, address, social security number, date of birth, and any other information required by the retirement system.
- (C) (1) Elections by an employee of an alternative retirement plan shall be made on a form 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 copy with the retirement system of the election made by an employee.
- (D) (1) Elections made by employees under division (B)(2) or (B)(3) of section 3305.05 of the Revised Code will be implemented no later than thirty days after a 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 eligible employee.
- (3) Once an election is filed with the retirement system, the death of the employee shall not affect such election and the election shall be implemented and effective as set forth in this rule.
- (E) (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 (D)(1) of this rule.

145-1-43 (continued)

- (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 returned as unauthorized contributions to the provider identified on the form required by paragraph (C) of this rule. The amount of employer contributions refunded shall be less the amount due pursuant to division (D) of section 3305.06 of the Revised Code.
- (F) Not later than the thirtieth day of each month following a month in which an employee who elected an alternative retirement plan was on the institution's payroll, 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 in a form and manner prescribed by the retirement system of all employees who elected an alternative retirement plan and appeared on the institution's payroll for the preceding month.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.012, 145.40, 3305.05, 3305.051, 3305.052,
3305.06
Rule Review Date: 9/29/10; 9/29/15, 9/29/20, 9/25/25
Effective Date History: 8/1/98, 10/31/98, 3/27/99, 4/5/01, 1/1/03,
1/1/06, 1/1/16, 1/1/22

TO BE RESCINDED

145-1-44 Election workers

As used in section 145.012 of the Revised Code, “election worker” means an individual who performs services as a precinct election official or voting location manager for the board of elections for a day the election polls are open and training or preparation for such service.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.012

Rule Review Date: 9/29/15, 9/29/20, 9/25/25

Effective Date History: 7/7/13 (Emer.), 9/16/13, 1/21/16 (Emer.),
4/18/16

145-1-45 Retirement deductions during faculty improvement leave

- (A) Section 3345.28 of the Revised Code provides, in part, that no university faculty member shall suffer a reduction in his regular employee retirement benefits during a professional leave of absence.
- (B) During a professional leave the member shall contribute the prevailing member deduction rate applied to the salary he would have received had he been working at the university, on the regular reports of contribution submitted by the university.
- (C) The full salary also shall be the base on which the corresponding employer contribution shall be remitted.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 3345.28
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 12/31/77, 1/1/03

145-1-47 Humane society employment

Employees of humane societies are not eligible for membership in the public employees retirement system unless they are employed by and paid directly by a public employer.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.01

Rule Review Dates: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 5/16/40, 9/30/91, 1/1/03

145-1-48 Board and commission members

Membership is required for all appointed or elected members of boards and commissions who receive salary for their services. Members of boards and commissions who serve without compensation or remuneration or who only receive reimbursement of expenses are not eligible for membership in the public employees retirement system.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.01
Rule Review Date: 9/29/20, 9/25/25
Effective Date History: 1/1/16, 1/1/21

145-1-49 **Mental health and developmental disability boards**

- (A) “648 board” means a county or community mental health and developmental disability board established pursuant to Am. H.B. 648 of the 107th General Assembly.
- (1) A 648 board is a public employer as defined in division (D) of section 145.01 of the Revised Code.
- (2) An employee of a 648 board is a public employee as defined in division (A) of section 145.01 of the Revised Code.
- (B) (1) “Contract agency” means an agency with whom a 648 board contracts for services pursuant to section 340.03 of the Revised Code. A “public contract agency” means any public agency as specifically named in division (D) of section 145.01 of the Revised Code. A “private contract agency” means one other than a public contract agency.
- (2) The following are public employees.
- (a) An employee of a public contract agency.
- (b) An employee of a private contract agency who was a member of public employees retirement system at the time of his employment with the private contract agency and who continues to perform the same or similar duties under the direction of the private contract agency.
- (3) Except as provided in paragraph (B)(2)(b) of this rule, an employee of a private contract agency is not a public employee and is not subject to retirement system coverage during their employment with the private contract agency.
- (C) (1) On or before September 30, 1975, each 648 board shall certify a list showing, as of September 30, 1975, each of the following:
- (a) All of its own employees;
- (b) All employees of contract agencies who qualify as public employees under paragraph (B) of this rule; and,
- (c) All employees of contract agencies who although members are not public employees as defined in paragraph (B) of this rule.
- (2) (a) Employees who are certified as public employees shall continue membership.
- (b) Employees who are not certified by a 648 board as public employees shall receive refunds of unauthorized contributions for their employment.
- (c) Employees who are not certified as public employees, but who have accounts from other public employment may apply for a refund or may leave their funds on deposit. A refund application shall be certified by the executive director of the 648 board.
- (D) All individuals employed by either a 648 board or a contract agency after September 30, 1975, who are public employees as defined in paragraph (A) or (B) of this rule shall be certified as such by a 648 board by letter accompanying the report of deductions on which the first deduction is reported.

- (E) A 648 board shall report all deductions for its own employees and for employees of a private contract agency who are defined in paragraph (B)(2)(b) of this rule. Membership and employee and employer contributions begun must continue as long as the employment continues. All members appearing on the report of retirement contributions of a 648 board shall be deemed to be employees of that board.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.01, 145.03

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 8/20/75, 9/27/98, 1/1/03, 1/1/06, 1/1/10

145-1-50 **Firefighters**

- (A) For the purposes of Chapter 145. of the Revised Code, this rule, and rule 145-2-17 of the Administrative Code:
- (1) “Firefighter” means a person who:
- (a) Is employed as a firefighter by a public employer; and
 - (b) Is hired or appointed, controlled and paid earnable salary and otherwise treated as an employee by the public employer.
- (2) “Volunteer firefighter” means a person who:
- (a) Is an employee of a private fire company or association;
 - (b) Performs service as a firefighter for no compensation or for an honorarium;
 - (c) Is an employee of a nonprofit fire company or association; or
 - (d) Is not a firefighter pursuant to paragraph (A)(1) of this rule.
- (B) (1) Except as otherwise provided by law, effective May 1, 1991, a firefighter shall be a member of the retirement system subject to all the rights and obligations of Chapter 145. of the Revised Code.
- (2) Notwithstanding paragraph (B)(1) of this rule, a firefighter employed before May 1, 1991, shall be a member of the retirement system unless an exemption from membership on a form approved by the public employees retirement board is filed on or before May 31, 1991.
- (3) Once filed an approved exemption is valid pursuant to the limitations in section 145.03 of the Revised Code or through June 29, 1991, whichever is later.
- (C) Effective May 1, 1991, a volunteer firefighter is not a public employee and shall not be a member of the retirement system.
- (D) A firefighter employed before May 1, 1991, who is or becomes a member on May 1, 1991, may purchase the firefighter service as described in rule 145-2-17 of the Administrative Code.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.01, 145.012, 145.03
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/21/76, 10/30/78, 5/1/91, 8/1/92, 1/1/03,
1/1/06

145-1-51 **County agricultural societies**

Employees and officials of a county agricultural society are not public employees as defined in section 145.01 of the Revised Code, and are not eligible for membership in the public employees retirement system.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.01

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 1/14/59, 9/30/91, 1/1/03

145-1-53 Payment by fee, commission, stipend or honorarium

- (A) For purposes of this rule:
- (1) “Fee or commission” means compensation which is a fixed charge or calculated as a percentage of an amount not directly related to work or services performed.
 - (2) “Stipend” means compensation paid to a student that is not subject to federal income taxation.
 - (3) “Honorarium” means a nominal payment made for services for which there is no binding legal obligation to pay.
- (B) An individual whose sole compensation is a fee or commission, stipend or honorarium is not a public employee pursuant to Chapter 145. of the Revised Code.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.01
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 11/30/60, 3/17/89, 8/31/92, 1/1/03

145-1-55 **Exemption termination**

An exemption from membership in the public employees retirement system pursuant to section 145.03 of the Revised Code shall be valid only during the current period of employment for the public employer by whom a public employee is employed at the time the exemption is approved. When the employment is terminated the exemption also terminates. Upon a return to public employment either for the former employer or another employer membership in the system is mandatory unless the employee may be exempt or excluded from membership.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.03
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 11/13/46, 9/30/91, 1/1/03

145-1-61 **Release of names, addresses and individual case information and maintenance of records**

- (A) The name, account number, address, including electronic mail address, or other individual case information of a member or benefit recipient shall not be released to anyone other than the member or benefit recipient except as provided in this rule.
- (B) Except as otherwise provided in section 145.27 of the Revised Code, the following individual case information may be released to a third party only upon the written authorization of the member or benefit recipient.
 - (1) Any part of an individual's personal history record, including but not limited to, any record identifying beneficiary information or an account balance, benefit or allowance paid or payable to that member or benefit recipient or any record identifying the service history or service credit of that member or benefit recipient.
 - (2) Medical reports and recommendations shall not be released, except that such reports and recommendations shall be made available to a member or benefit recipient's physician, attorney or authorized agent upon the member or benefit recipient's written authorization, and further, may be released to a physician assigned by the public employees retirement system when necessary for the proper administration of the retirement system.
- (C) Except as otherwise provided by law, all other individual case information not described in paragraph (B) of this rule shall be made available for inspection by the public as follows:
 - (1) Requests to inspect or receive copies of information contained in records kept by the retirement system shall be made in writing on forms provided by the retirement system.
 - (2) For all services required in preparing, copying and mailing retirement system records available to the public, a reasonable cost shall be assessed for materials, copying and electronic processing, to be paid before release of the requested information.
- (D) Except as otherwise provided by law, all other retirement system information shall be made available to the public after a request for inspection and for copies provided the requesting person pays any applicable costs for copying and mailing such information.
- (E) The executive director may designate any staff member to authenticate retirement system records to be sent to a court or officer of this state.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.27
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 8/20/76, 10/29/09, 9/30/91, 3/18/00, 8/22/02,
1/1/03, 1/1/10, 1/1/11, 7/7/13 (Emer.), 9/16/13

145-1-62 Proof of date of birth and legal name change

- (A) For the purpose of proving a date of birth, an individual may submit the following documents or certified copies wherein the certifying official indicates that the original bears no alteration or erasure:
- (1) A birth certificate;
 - (2) A parent's affidavit;
 - (3) A child's birth certificate which states the parent's age or date of birth for proof of the parent's age;
 - (4) An official hospital record of birth;
 - (5) A United States' census bureau record;
 - (6) An original United States' certificate of citizenship or naturalization;
 - (7) An original United States' passport; or
 - (8) An unexpired state-issued driver's license or identification card.
- (B) If none of the above documents exists, an individual may submit for review:
- (1) An affidavit stating that none of the above-listed documents exist; and
 - (2) Any other document(s) which state(s) a date of birth.
- (C) For the purpose of proving a name change, an individual may submit a copy of one of the following documents:
- (1) A marriage certificate, certified abstract of marriage, or marriage license that evidences the marriage has been legally solemnized;
 - (2) A decree of divorce or dissolution that restores the individual to a prior name;
 - (3) An entry of change of name pursuant to section 2717.01 of the Revised Code, or a comparable entry of legal name change issued by a probate court in another jurisdiction;
 - (4) A copy of a social security card;
 - (5) An original United States passport; or
 - (6) An unexpired state-issued driver's license or identification card.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.32, 145.35, 145.37,
145.43, 145.45, 145.46
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/16/38, 4/1/88, 1/1/03, 1/1/06, 1/1/09,
12/10/12, 1/1/16, 1/1/21

145-1-63 Guardianship and power of attorney

- (A) For the purpose of this rule, “recipient” means a member, contributor, retirant, or beneficiary as provided in Chapter 145. of the Revised Code.
- (B) Unless expressly authorized by Ohio law or as described in this rule, the member or benefit recipient who is not subject to guardianship of the person or estate shall execute all forms and applications under his or her own power and signature, including electronic forms and signatures, and shall personally direct and manage all aspects of his or her account with the public employees retirement system.
- (C) Guardianship of estate shall be required to perform any of the following actions on behalf of a person who suffers from a legal disability as defined in division (B) or (D) of section 2131.02 of the Revised Code:
 - (1) Apply for retirement on behalf of a recipient and only upon providing a court order approving the selection of the retirement plan of payment and beneficiary designation, unless expressly authorized as provided in paragraph (F)(2)(a) of this rule;
 - (2) Apply for and receive a refund that is in excess of twenty-five thousand dollars (gross) under section 145.40 of the Revised Code or article VIII of the member-directed or combined plan document on behalf of a recipient;
 - (3) Receive benefits that are in excess of twenty-five thousand dollars (gross) annually on behalf of a recipient;
 - (4) In the case of a qualified child who is eligible for a survivor benefit, only a guardian acting with the court’s approval may elect to waive a monthly survivor benefit on behalf of the qualified child; and
 - (5) Designate a beneficiary, unless expressly authorized as provided in paragraph (F)(2)(c) of this rule.
- (D) Unless guardianship has been established, a recipient who is incarcerated may continue to direct and manage his or her account or permit an attorney in fact to direct the account.
- (E) A guardian of the person is eligible to receive the account information of his or her ward, but shall not make any changes or elections regarding the account.
- (F) The following apply to the power a member or benefit recipient grants to an attorney in fact in writing and on file with the retirement system:
 - (1) If authorized by general language regarding retirement plan transactions, an attorney in fact may perform the following actions:
 - (a) Authorize the release of account information;
 - (b) Provide and update bank account information for direct deposit of a recipient’s benefits;
 - (c) Update the address of a recipient;
 - (d) Receive correspondence and account information on behalf of a recipient;
 - (e) Make additional deposits and purchase service credit;
 - (f) Make an initial plan selection under section 145.19 of the Revised Code or change the plan selection under section 145.814 of the Revised Code;

- (g) Direct the OPERS investment options for participants in the combined and member-directed plans;
 - (h) Receive benefits on behalf of a recipient that do not exceed \$twenty-five thousand dollars (gross) annually.
- (2) If authorized by express language regarding retirement plan transactions or health care decisions, as applicable, in a power of attorney, an attorney in fact may perform the following actions:
- (a) Apply for retirement or other annuity on behalf of a recipient that is a joint and survivor annuity leaving one-half to the spouse if the recipient is married, a single life annuity if the recipient is single, and excluding any plan that includes a partial lump sum option payment, or election to change a plan of payment;
 - (b) Apply for and receive a refund that is not in excess of twenty-five thousand dollars (gross) under section 145.40 of the Revised Code or article VIII of the member-directed or combined plan document on behalf of a recipient;
 - (c) Designate a beneficiary under section 145.384, 145.43, 145.431, 145.451, or 145.64 of the Revised Code;
 - (d) Make health care decisions and changes.
- (G) In lieu of guardianship, a court of competent jurisdiction may issue a limited order pursuant to section 2111.02, 2111.021, 2111.05 or 2111.131 of the Revised Code or a comparable non-Ohio statute that directs the retirement system to issue a recipient's payment to a specific person, entity, or financial institution and specifies the address to which such payment and other correspondence shall be issued.
- (H) The retirement system shall accept the direction of the guardian of the estate or attorney in fact until such time as the retirement system receives a copy of the court order terminating the guardianship or the written instrument signed by the principal that revokes the authority granted to the attorney in fact.
- (I) Payments due to minor recipients that are less than twenty-five thousand dollars (gross) annually may be issued to the natural parent caring for the recipient or the legal custodian of the recipient. After the age of eighteen, payments shall be issued directly to the recipient unless the recipient is subject to an ongoing guardianship.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.32, 145.35, 145.36, 145.361, 145.384, 145.40, 145.43, 145.431, 145.45, 145.451, 145.46, 145.64
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 10/17/73, 9/27/85, 12/9/88, 1/1/90, 8/31/92, 5/29/95, 1/1/03, 12/24/04, 1/1/06, 1/1/07, 4/6/07 (Emer.), 12/30/07, 12/10/12, 1/7/13 (Emer.), 3/24/13, 1/1/16, 1/1/21, 1/1/25

145-1-64 **Death of designated beneficiary**

- (A) This rule applies to a beneficiary designation in which two or more persons are designated as beneficiaries under section 145.384, 145.43, or 145.65 of the Revised Code, section 13.01 of the combined plan document, or section 11.02 of the member-directed plan document.
- (B) The death of a designated beneficiary prior to the death of a contributor shall cancel only the designation of the deceased beneficiary. The percentage of the lump sum payment that would have been paid to the deceased beneficiary shall be apportioned equally to the contributor's remaining designated beneficiaries.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.384, 145.43, 145.65

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 4/6/07 (Emer.), 7/1/07, 1/1/25

145-1-65 **Interim benefit payment**

(A) For purposes of this rule and rules 145-1-71 and 145-1-73 of the Administrative Code:

(1) “Finalized retirement benefit” means:

- (a) Any monthly benefit amount paid to a benefit recipient pursuant to section 145.32, 145.33, 145.331, 145.332, 145.335, 145.35, 145.36, 145.361, 145.37 or 145.46 of the Revised Code calculated after the receipt of the final report of retirement contributions upon which the member appears;
- (b) Any monthly benefit amount paid to a beneficiary pursuant to section 145.45 of the Revised Code calculated after the receipt of the final report of retirement contributions upon which the member appears;
- (c) Any monthly annuity paid pursuant to section 9.02 of the combined or member-directed plan documents after the receipt of the final report of retirement contributions upon which the member appears.

(2) “Interim benefit payment” means:

- (a) Any monthly benefit amount paid to a benefit recipient pursuant to section 145.32, 145.33, 145.331, 145.332, 145.335, 145.35, 145.36, 145.361, 145.37 or 145.46 of the Revised Code prior to the payment of a finalized retirement benefit;
- (b) Any monthly benefit amount paid to a beneficiary pursuant to section 145.45 of the Revised Code prior to the payment of a finalized retirement benefit;
- (c) Any monthly annuity paid pursuant to section 9.02 of the combined or member-directed plan documents prior to the payment of a finalized retirement benefit.

(3) “Beneficiary” means a person qualified to receive a monthly benefit pursuant to section 145.45 of the Revised Code after the death of a member or disability recipient.

(4) “Partial lump sum option payment” means the lump sum payment described in division (A)(2) of section 145.45 or division (E)(1) of section 145.46 of the Revised Code.

(5) “Initial benefit payment” means the first benefit, check, or payment to a member or beneficiary. In the case that more than one initial payment is disbursed from one or more of the retirement plans defined in rule 145-1-81 of the Administrative Code, the first payment issued by the retirement system shall constitute the initial benefit payment for purposes of determining whether a benefit recipient is eligible to withdraw an application.

(B) Interim benefit payments may be paid in accordance with this rule.

- (C) A beneficiary applying for a benefit under division (A)(2) of section 145.45 of the Revised Code, or a member or contributor applying for a monthly benefit under section 145.32, 145.33, 145.331, 145.332, 145.335, 145.37, 145.46, or 145.64 of the Revised Code that includes a partial lump sum option payment, shall receive the partial lump sum option payment no earlier than ninety days after issuance of the initial benefit payment.
- (D) A member or contributor of the public employees retirement system may receive an interim benefit payment if either of the following is fully satisfied:
 - (1)
 - (a) The member is eligible for retirement pursuant to section 145.32, 145.33, 145.331, 145.332, 145.335, 145.37, or 145.46 of the Revised Code or article IX of the member-directed plan document at the time the retirement application is filed;
 - (b) The member has filed all applications, forms and documents necessary to process the retirement benefit at least thirty days prior to the effective retirement benefit date;
 - (c) The member's employer has certified the last day for which the member will receive earnable salary;
 - (d) The member or contributor who makes payment for an additional annuity, pursuant to section 145.62 of the Revised Code, has at least one hundred dollars in an additional annuity account.
 - (2)
 - (a) The member or contributor is eligible for disability benefits pursuant to section 145.35, 145.36, 145.361, or 145.37 of the Revised Code;
 - (b) The public employees retirement board has approved the application for disability benefits by the member or contributor; and
 - (c) In the case of a member, the member's employer has certified the last day for which the member will receive earnable salary.
- (E) A beneficiary may receive an interim benefit payment if all of the following are satisfied:
 - (1) The beneficiary is eligible for a benefit pursuant to section 145.45 of the Revised Code at the time the application is filed;
 - (2) The beneficiary has filed all applications, forms and documents necessary to process the benefit.
- (F)
 - (1) For benefits payable under the traditional pension plan, an interim benefit payment shall be calculated using the earnable salary and service credit available in the account of a member or contributor at the time of the calculation. For a monthly annuity payment option under section 9.02 of the combined or member-directed plan document, an interim benefit payment shall be calculated using the portion of the member's individual defined contribution account specified by the member on the member's retirement application.
 - (2)
 - (a) Except as provided in paragraph (F)(3) of this rule, the retirement system shall revise the monthly benefit to which the member is entitled following the receipt of the final report of retirement contributions upon which the member appears.

- (b) The retirement system shall revise the monthly benefit to which a beneficiary is entitled upon receipt of a report of contributions on which the deceased member appears if the contributions were not used in the calculation of the interim benefit payment. If no additional contributions are received by the retirement system, the interim benefit payment shall be the finalized retirement benefit.
- (c)
 - (i) If the finalized retirement benefit is greater than the interim benefit payment, the retirement system shall increase the current benefit and issue a retroactive payment for the difference between the prior interim benefit payment and the finalized retirement benefit.
 - (ii) If the finalized retirement benefit is less than the interim benefit payment, the retirement system shall decrease the current benefit. The benefit recipient or the beneficiary shall repay to the retirement system the amount of the overpayment of benefits. If the benefit recipient or the beneficiary fails to repay such amount, the retirement system shall withhold the amount from any benefit due the benefit recipient or the beneficiary.
- (3) Monthly additional annuity payments shall commence as described in rule 145-2-43 of the Administrative Code.
- (G) A member or a beneficiary may withdraw their application for benefits prior to receipt of the initial benefit payment by providing the retirement system with either a written request to withdraw the application over the signature of the member or beneficiary or a verbal request to withdraw the application.
- (H)
 - (1) A beneficiary applying for a benefit under division (A)(2) of section 145.45 of the Revised Code, or a member or contributor applying for a monthly benefit under section 145.32, 145.33, 145.331, 145.332, 145.335, 145.37, 145.46, or 145.64 of the Revised Code that does not include a partial lump sum option payment may make a one-time election to receive a partial lump sum option payment, or the member or contributor may make a one-time change to their plan of payment, at any time prior to issuance of the finalized retirement benefit payment.
 - (2) A beneficiary applying for a benefit under division (A)(2) of section 145.45 of the Revised Code, or a member or contributor applying for a monthly benefit under section 145.23, 145.32, 145.33, 145.331, 145.332, 145.335, 145.37, or 145.46 of the Revised Code that includes a partial lump sum option payment may make a one-time change to their partial lump sum option payment amount, or the member or contributor may make a one-time change to their plan of payment, at any time prior to issuance of the partial lump sum option payment or transfer of the partial lump sum option payment by the retirement system to their financial institution.
 - (3) A member or contributor is ineligible to name a different beneficiary under a plan of payment selected by the member unless the member or contributor reselects or elects a different plan of payment under this rule. The spouse of a member or contributor who reselects or elects a different plan of payment shall consent on a form provided by the retirement system to the new plan of payment selected by the retiree.

Promulgated Under: 111.15
Statutory Authority: 145.09, 145.80
Rule Amplifies: 145.32, 145.33, 145.331, 145.332, 145.35, 145.36,
145.361, 145.37, 145.43, 145.431, 145.45, 145.46, 145.64, 145.82
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 3/30/92, 10/31/94, 5/29/95, 1/1/03, 6/20/03,
1/1/04 (Emer.), 2/16/04, 12/24/04, 1/1/06, 10/27/06, 4/6/07 (Emer.),
7/1/07, 1/12/08: 4/1/10, 1/1/11, 1/7/13 (Emer.), 3/24/13, 9/1/13
(Emer.), 9/16/13, 1/1/21, 1/1/25

145-1-66 Forms provided by OPERS

The public employees retirement system may provide an electronic medium to perform an action or notice and such medium shall constitute a form provided or required by the system.

The system is not required to create an electronic medium to take the place of any form or notice, nor accept an electronic medium or document that is not designated by the system as the form necessary to perform an action or notice.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.037, 145.038, 145.19, 145.191, 145.293, 145.30, 145.301, 145.302, 145.311, 145.35, 145.384, 145.43, 145.431, 145.45, 145.451, 145.46, 145.64, 145.65, 145.814

Rule Review Date: 9/29/20, 9/25/25

Effective Date History: 1/1/17

145-1-67 **Monthly benefit payment date**

Monthly benefit payments shall be issued by the public employees retirement system at the beginning of each month for which due. If a benefit recipient dies on or after the first day of a month, the entire benefit payment for such month shall still be payable.

Promulgated Under: 111.15
Statutory Authority: 145.09, 145.80
Rule Amplifies: 145.23, 145.33, 145.331, 145.332, 145.36, 145.361,
145.37, 145.384, 145.45, 145.46, 145.81
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 2/21/73, 2/1/93, 10/7/01, 1/1/03, 1/1/06,
1/1/09, 1/7/13 (Emer.), 3/24/13

145-1-68 Forfeiture orders under section 145.574 of the Revised Code

For purposes of section 145.574 of the Revised Code, the public employees retirement system shall accept the determination of the court under section 2929.194 of the Revised Code in determining whether a member's disability was caused by the commission of a felony.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.574
Rule Review Date: 9/29/15, 9/29/20, 9/25/25
Effective Date History: 7/7/13 (Emer.), 9/16/13

145-1-69 **Waiver of benefits by guardian of estate**

A waiver pursuant to section 145.562 of the Revised Code shall be made by the beneficiary's guardian of estate and pursuant to a court order approving the waiver of benefits under either of the following circumstances:

- (A) The beneficiary is under eighteen years of age;
- (B) The beneficiary is eighteen years of age or older and has a legal disability as defined in division (B), (C), or (D) of section 2131.02 of the Revised Code.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.562
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 3/17/65, 11/2/91, 1/1/03, 1/1/06

145-1-70 **Waiver of spousal consent**

- (A) The public employees retirement board may waive the requirement of spousal consent upon receipt of one of the following:
- (1) A written statement of the spouse's physician certifying that the spouse is medically incapable of consent;
 - (2) On a form approved by the board, the affidavits of the contributor and at least two other persons attesting that currently and during the year prior to the contributor's application for benefits the whereabouts of the spouse are unknown;
 - (3) A court order or orders issued under section 3105.171 or 3105.65 of the Revised Code or the laws of another state regarding the division of marital property requiring the contributor to designate the maximum amount payable to a joint and survivor beneficiary or beneficiaries.
- (B) The requirement of spousal consent shall be waived if the member or contributor, who is married at the time of application, does both of the following:
- (1) The member applies for age and service retirement under section 145.32, 145.33, 145.331, 145.332, 145.335, or 145.46 of the Revised Code or the contributor applies for a benefit under section 145.384 of the Revised Code;
 - (2) The member or contributor selects a joint-life plan designating the spouse of the member or contributor as the beneficiary and the percentage payable to the spouse after the death of the member or contributor is fifty per cent or greater of the member's or contributor's lesser retirement allowance or benefit.

Promulgated Under: 111.15
Statutory Authority: 145.09, 145.46
Rule Amplifies: 145.32, 145.33, 145.331, 145.332, 145.37, 145.384,
145.40, 145.46, 145.63, 145.64
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 8/6/90, 2/1/93, 9/27/98, 11/2/00, 4/5/01,
1/1/03, 1/1/06, 10/27/06 (Emer.), 4/6/07 (Emer.), 7/1/07, 1/1/11,
1/7/13 (Emer.), 3/24/13, 1/1/21, 1/1/25

145-1-71 Withdrawal of benefit application

- (A) Except as provided in paragraph (F) of this rule, a member or contributor of the public employees retirement system may withdraw an application for retirement, disability, or annuity payments pursuant to section 145.384 or 145.64 of the Revised Code by either of the following methods:
- (1) Returning to the retirement system not later than thirty days after issuance of the initial benefit payment, all uncashed payments, along with a written request over the member's or retirant's signature to withdraw the application;
 - (2) Remitting to the retirement system a personal check or money order repaying the benefit payment(s) transmitted by or on behalf of the retirement system to the member's or retirant's financial institution not later than thirty days after the institution's receipt of the initial benefit payment, along with a written request over the member's or retirant's signature to withdraw the application.
- (B) Except as provided in division (C)(1) of section 145.45 of the Revised Code or paragraph (F) of this rule, a beneficiary eligible for monthly benefits pursuant to division (A) or (B) of section 145.45 of the Revised Code may withdraw an application for those benefits by either of the following methods:
- (1) Returning to the retirement system not later than thirty days after issuance of the initial benefit payment, all uncashed payments, along with a written request over the beneficiary's signature to withdraw the application and a completed application for a lump sum payment of the member's accumulated account;
 - (2) Remitting to the retirement system a personal check or money order repaying the benefit payment(s) transmitted by the retirement system to the beneficiary's financial institution, not later than thirty days after the institution's receipt of the initial benefit payment, along with a written request over the beneficiary's signature to withdraw the application and a completed application for a lump sum payment of the member's accumulated account.
- (C) If a member participating in the member-directed or combined plan, or the member's beneficiary, withdraws an application as provided in this rule and all or any portion of the member's individual defined contribution account is used to pay the benefit, the member or the beneficiary is not entitled to any investment gains or losses on the amount that was used to pay the benefit for the period beginning on the date the retirement system converts the units in the account for payment and ending on the date the account is reestablished by the retirement system as provided in this rule. The amount used to pay the benefit as provided in this rule shall be credited to the member's individual defined contribution account and invested in the same OPERS investment options and in the same proportion as the account existed immediately prior to the payment.
- (D) Any non-vested amounts that were forfeited by a member participating in the member-directed plan or the member's beneficiary who withdraws a retirement application under this rule shall be restored to the member's individual defined contribution account or retiree medical account as defined in rule 145-4-01 of the Administrative Code. Investment gains or losses shall not be applied to the amounts for the period that the amounts were not in the member's individual defined contribution account.
- (E) (1) If a member or contributor participating in the traditional pension plan withdraws an application as provided in this rule, the application of the member or contributor for an

additional annuity payment under section 145.64 of the Revised Code, if any, shall also be withdrawn.

- (2) All payments issued pursuant to section 145.64 of the Revised Code shall be returned to the retirement system in accordance with paragraph (A) of this rule.
 - (3) A member is not entitled to any investment gains or losses on the additional annuity account for the period beginning on the date the retirement system converts the units in the account for payment and ending on the date the account is reestablished by the retirement system. The member's additional annuity account shall be credited based on the daily value of the OPERS stable value fund on the date the account is reestablished by the retirement system.
- (F) A member, contributor, or beneficiary may not withdraw an application as described in this rule if any of the following have occurred:
- (1) The retirement system has made a distribution from the health reimbursement arrangement, as defined in rule 145-4-27 of the Administrative Code, or retiree medical account, as defined in rule 145-4-01 of the Administrative Code, for an eligible benefit recipient or eligible dependent.
 - (2) The retirement system has paid a portion of the benefit to satisfy a court order.
 - (3) The retirement system has made a distribution in accordance with paragraph (E) of rule 145-1-21 of the Administrative Code.
 - (4) In the case of an application for an additional annuity payment under section 145.64 of the Revised Code, the member, contributor, or beneficiary fails to also withdraw the individual's application for retirement, disability, or annuity payments under section 145.384 of the Revised Code.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.32, 145.33, 145.331, 145.332, 145.35, 145.36, 145.361, 145.37, 145.384, 145.45, 145.46

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 6/19/74, 8/6/90, 3/30/92, 10/9/00, 1/1/03, 1/1/04 (Emer.), 2/16/04, 12/24/04, 1/1/06, 4/6/07 (Emer.), 7/1/07, 1/12/08, 1/7/13 (Emer.), 3/24/13, 7/1/16 (Emer.), 9/1/16, 1/1/20, 1/1/22, 1/1/24

145-1-72 **Division of property orders**

- (A) For purposes of this rule:
- (1) “Order” means an order described in section 3105.81 of the Revised Code.
 - (2) “Alternate payee,” “benefit,” “lump sum payment,” and “participant” have the meanings set forth in divisions (A) to (D) of section 3105.80 of the Revised Code.
- (B)
- (1) The public employees retirement system may retain an order that provides the last four digits of the participant or alternate payee’s Social Security numbers.
 - (2) After the retirement system retains an order, the alternate payee shall provide information required on a form provided by the retirement system. The retirement system shall not issue payment to the alternate payee until the retirement system receives the information required for payment. The alternate payee shall notify this retirement system in writing of any change in the information.
- (C) Pursuant to section 3105.90 of the Revised Code, an order shall be on the form prescribed by the appendix to this rule. The retirement system shall accept both the version of the form prescribed by the appendix to former rule 145-1-72 of the Administrative Code that was effective January 1, 2014, and the version of the form prescribed by the current appendix.
- (D) Any benefit or lump sum payment that is owed and unpaid to an alternate payee at the time of the alternate payee’s death shall be paid to the estate of the alternate payee.
- (E) For purposes of division (B) of section 145.571 of the Revised Code, if permitted or required by the court that issued the order, the retirement system may return the order to the court by an electronic medium.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.561, 3105.80, 3105.81, 3105.82, 3105.821,
3105.83, 3105.84, 3105.85, 3105.86, 3105.87, 3105.88, 3105.89,
3105.90
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/1/02 (Emer.); 3/22/02; 1/1/03; 8/22/03;
1/1/10, 1/1/14, 1/1/16, 1/1/17

IN THE COURT OF COMMON PLEAS OF _____ COUNTY, OHIO
DIVISION OF DOMESTIC RELATIONS

_____	:	
Plaintiff/Petitioner,	:	Case No.
v.	:	Judge
_____	:	
Defendant/Petitioner.	:	

DIVISION OF PROPERTY ORDER

The Court finds the following facts and issues the following Order pursuant to Sections 3105.80 to 3105.90, Revised Code:¹

I. Terms:

A. The "Plan Participant" or "Participant" means _____, Social Security number _____, whose date of birth is _____, whose current address is _____, and whose current mailing address is _____.

B. The "Alternate Payee" means _____, Social Security number _____, whose date of birth is _____, whose current address is _____, and whose current mailing address is _____.

C. The "Public Retirement Program(s)" means (please check the name and address of the public retirement program(s) and/or University/College Alternative Retirement Plan Administrator):

Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215-4642

State Teachers Retirement System of Ohio
275 East Broad Street
Columbus, Ohio 43215-3771

¹ This form was created under Ohio Revised Code Section 3105.90. Since Ohio Revised Code Section 3105.82 requires that this form be used, variance from this form will result in non-acceptance of the order by the Public Retirement Program.

- School Employees Retirement System of Ohio
300 East Broad Street
Suite 100
Columbus, Ohio 43215-3746
- Ohio Police and Fire Pension Fund
140 East Town Street
Columbus, Ohio 43215
- Ohio State Highway Patrol Retirement System
1900 Polaris Parkway
Suite 201
Columbus, Ohio 43240
- University/College Alternative Retirement Plan
Name and address of University/College Plan Administrator:

D. Obligation of Plan Participant and Alternate Payee: The Plan Participant and the Alternate Payee are ordered to notify in writing the Public Retirement Program of a change in the individual’s mailing address.

II. Amount Payable to the Alternate Payee: Upon the Plan Participant receiving a payment from the Public Retirement Program, the court orders that the Alternate Payee shall receive payment in accordance with and subject to the limitations set forth in Sections 3105.82 to 3105.90, Revised Code. The Public Retirement Program is required to distribute amounts to the Alternate Payee in the same manner selected by the Participant. For example, if only a lump sum dollar amount is provided in Paragraphs II(B)(1)(a) and (b), then the Alternate Payee also receives a lump sum payment. Please designate the type and the method of payment:

A. Type of Payment: If the Participant is eligible to receive more than one benefit payment or more than one lump sum payment, please check the benefit(s) or lump sum payment(s) from which payment to the Alternate Payee shall be made. If no benefit or lump sum payment is designated, the Alternate Payee shall receive payment from the first benefit payment or lump sum payment for which the Participant is eligible to apply and to receive. Please check ALL APPLICABLE BENEFIT(S) OR LUMP SUM PAYMENT(S):

- Age and service retirement benefit, INCLUDING Partial Lump Sum Payments (“PLOP”) received under Sections 145.46(E)(1), 3307.60(B), 3309.46(B)(4), or 5505.162(A)(3), Revised Code, and Deferred Retirement Option Plan (“DROP”) under Section 742.43 or 5505.50, Revised Code.
- Age and service retirement benefit, BUT EXCLUDING Partial Lump Sum Payments (“PLOP”) received under Sections 145.46(E)(1), 3307.60(B), 3309.46(B)(4) or 5505.162(A)(3), Revised Code, and Deferred Retirement Option Plan (“DROP”) under Section 742.43 or 5505.50, Revised Code.

- Disability monthly benefit
- Account refund
- Additional money purchase annuity/additional annuity lump sum refund
- Reemployed retiree money purchase annuity (when monthly payment exceeds \$25.00) or lump sum refund
- Defined contribution plan benefit

B. Method of Payment: If the Plan Participant is a reemployed retiree contributing to a money purchase annuity or is eligible to receive or is receiving monthly benefits or a lump sum payment from a reemployed retiree money purchase annuity, the Alternate Payee shall receive payment from the reemployed retiree money purchase annuity and any other type of payment designated in Paragraph II(A) above in a monthly or one-time dollar amount as specified in Paragraph II(B)(1)(a) below. If the Plan Participant is participating in the defined contribution program, or any of its constituent plans, the Alternate Payee shall receive payment from the defined contribution program, or any of its constituent plans, and any other type of payment designated in Paragraph II(A) above in a percentage of a fraction as specified in Paragraph II(B)(2) below. If the Plan Participant is participating in any other plan in a Public Retirement Program, the Alternate Payee shall receive payment in either a dollar amount **OR** a percentage of a fraction as specified below (i.e. Please complete Dollar Amount **OR** Percentage).

1. Dollar Amount: Paragraphs II(B)(1)(a) and (b) must be fully completed, even if the indication is to pay the Alternate Payee "\$0.00" from the Participant's periodic benefit or/and lump sum payment.

a. If the Participant elects a plan of payment that consists of a lump sum payment **OR** a plan of payment that consists of periodic benefits:

\$ _____ per benefit from the Participant's periodic benefit upon the Participant's receipt of the aggregate periodic benefit; **or**

\$ _____ from the Participant's lump sum payment upon the Participant's receipt of the payment.

- b. If the Participant elects a plan of payment consisting of both a lump sum benefit **AND** a periodic benefit:

\$ _____ per benefit from the Participant's periodic benefit upon the Participant's receipt of the periodic benefit; **and**

\$ _____ from the Participant's lump sum benefit upon the Participant's receipt of the payment.

OR

2. Percentage: Please provide percentages in both Paragraph II(B)(2)(a) and (b) even if the percentage is "0%".

- a. If the Participant elects a plan of payment that consists of either periodic benefits **OR** a lump sum payment, the Public Retirement Program shall pay directly to the Alternate Payee per benefit or in a one-time lump sum payment _____ percent (_____%) of a fraction as set forth in Paragraph II(B)(2)(c) below of the Plan Participant's periodic benefit or one-time lump sum payment.

- b. If the Plan Participant elects a plan of payment consisting of both a lump sum benefit **AND** a periodic benefit, the Public Retirement Program shall pay directly to the Alternate Payee _____ percent (_____%) of a fraction as set forth in Paragraph II(B)(2)(c) below of the Plan Participant's periodic benefit and _____ percent (_____%) of a fraction as set forth below of the Plan Participant's lump sum benefit.

- c. Fraction:

- i. The numerator of the fraction shall be _____, which is the number of years during which the Plan Participant was both a contributing member of the Public Retirement Program and married to the Alternate Payee. The date of marriage is _____.

- ii. The denominator, which shall be determined by the Public Retirement Program at the time that the Plan Participant elects to take a benefit or a payment, shall be the Participant's total years of service credit with the Public Retirement Program or, in the case of a Participant in a retirement plan established under Chapter 3305, Revised Code, the years of participation in the plan.

- C. Applicable Benefit: The monthly benefit amount used to determine the amount paid to the Alternate Payee from the Participant's monthly benefit shall be whichever applies:
1. If the Participant is receiving a monthly benefit, the monthly benefit shall be the gross monthly benefit the Participant is receiving at the time the decree of divorce or dissolution becomes final. The effective date of the decree of divorce, dissolution, or legal separation is _____;
 2. If the Participant has applied for but is not yet receiving a monthly benefit, the monthly benefit shall be the benefit for which the Participant is eligible;
 3. If the Participant has not applied for a benefit, the monthly benefit shall be the benefit calculated at the time the Participant elects to take the benefit.
- D. Minimum Benefit Notice: The total amount paid to the Alternate Payee pursuant to this order plus any administrative fee charged to the Participant and Alternate Payee as authorized by Section 3105.84, Revised Code, shall not exceed fifty percent of the amount of a benefit or lump sum payment that the Plan Participant is to receive or, if withholding is to be made from more than one benefit or lump sum payment, fifty percent of the total of the benefits or lump sum payments that the Plan Participant is to receive. If the Plan Participant's benefit or lump sum payment is or will be subject to more than one order issued pursuant to Section 3105.81, Revised Code, the Public Retirement Program shall not withhold an aggregate amount for all the orders plus the administrative fee(s) charged to the Participant and Alternate Payee as authorized by Section 3105.84, Revised Code, that exceeds fifty percent of the benefit or lump sum payment.
- E. Cost of living allowances: Any cost-of-living allowance ("COLA") granted to a Participant while this Order is in effect shall be apportioned between the Participant and Alternate Payee in the same proportion that the amount being paid the Alternate Payee bears to the amount paid the Participant, as provided under Sections 145.323(B), 742.3711(G), 742.3716(F), 742.3717(B)(3), 3307.67(C), 3309.374(B), and 5505.174(C), Revised Code.
- III. Notification to Alternate Payee: The Alternate Payee is hereby notified of the following:
- A. The Alternate Payee's right to payment under this Order is conditional on the Plan Participant's right to a benefit payment or lump sum payment from the Public Retirement Program;
 - B. When the Plan Participant's benefit or lump sum payment is subject to more than one order under Section 3105.81, Revised Code, or to an order described in Section 3105.81, Revised Code and a withholding order under Section 3121.03, Revised Code, the amount paid to the Alternate Payee under this order may be reduced based on the priority of the other orders;

- C. The Alternate Payee's right under this order to receive an amount from the benefit payment or lump sum payment to the Plan Participant shall terminate upon:
1. The death of the Plan Participant;
 2. The death of the Alternate Payee;
 3. The termination of a benefit pursuant to the governing laws of the Public Retirement Program.
- IV. Administrative Fee: Pursuant to Section 3105.84, Revised Code, this order authorizes the Public Retirement Program that is or will be paying the benefit or lump sum payment to withhold from any benefit or payment that is subject to this order an amount determined by the Public Retirement Program to be necessary to defray the cost of administering the order. This amount shall be divided equally between the Plan Participant and the Alternate Payee.
- V. Application of Order: This order applies to payments made by the Public Retirement Program after retention of the Order under Section 145.571, 742.462, 3305.21, 3307.371, 3309.671, or 5505.261, Revised Code.
- VI. Additional Limitations on Order:
- A. Payments under this order shall commence as provided under Section 145.571, 742.462, 3305.21, 3307.371, 3309.671, or 5505.261, Revised Code.
 - B. The Alternate Payee has no right or privilege under the law governing the Public Retirement Program that is not otherwise provided in the governing law.
 - C. This order shall not require the Public Retirement Program to take any action or provide any benefit, allowance, or payment not authorized under the law governing the Public Retirement Program.
- VII. Notice of Order:
- A. The clerk of courts shall transmit a certified copy of this order to the Public Retirement Program(s) named in the order.
 - B. On receipt of this order, the Public Retirement Program shall determine whether the order meets the requirements as set forth in Sections 3105.80 to 3105.90, Revised Code.
 - C. The Public Retirement Program shall retain the order in the Plan Participant's record if the order meets the requirements in Sections 3105.80 to 3105.90, Revised Code.
 - D. The Public Retirement Program shall return, by regular mail, to the clerk of courts of the court that issued the order any order the Public Retirement Program determines does not meet the requirements in Sections 3105.80 to 3105.90, Revised Code, no later than sixty days after the Public Retirement Program's receipt of the order.
- VIII. Jurisdiction of the Court: The Court shall retain jurisdiction to modify, supervise, or enforce the implementation of this order notwithstanding Section 3105.171(I), Revised Code.

APPROVED:

Signature of Attorney for Plaintiff/Petitioner

Attorney for Plaintiff/Petitioner (please type or print name)

Supreme Court No.

Address

Address

Signature of Attorney for Defendant/Petitioner

Attorney for Defendant/Petitioner (please type or print name)

Supreme Court No.

Address

Address

SO ORDERED.

Judge

Division of Property Order approved per Section 145.571, 742.462, 3305.21, 3307.371, 3309.671, or 5505.261, Revised Code, for filing and submission.

Retirement System

Retirement System

Withdrawal of application for refund or money purchase or additional annuity lump sum payments

- (A) (1) Except as provided in paragraph (A)(2), (B), or (E) of this rule, a member or contributor of the public employees retirement system may withdraw a refund application by one or more of the following methods:
- (a) Returning all uncashed refund payments to the retirement system not later than thirty days after issuance of the initial payment, along with a written request over the member's or contributor's signature to withdraw the application;
 - (b) Remitting to the retirement system a personal check or money order repaying the refund payment(s) transmitted by or on behalf of the retirement system to the member's or contributor's financial institution not later than thirty days after the institution's receipt of the refund payment(s), along with a written request over the member's or contributor's signature to withdraw the application.
- (2) A member or contributor who requested a rollover of a refund or lump sum payment to a financial institution may withdraw the application if both of the following occur:
- (a) The member or contributor submits to the retirement system, not later than thirty days after issuance of the initial rollover payment, a written request over the member's or contributor's signature to withdraw the application;
 - (b) The financial institution transmits to the retirement system, not later than sixty days after issuance of the initial rollover payment, the amounts transmitted to the financial institution.
- (B) (1) Except as provided in paragraph (B)(2) or (E) of this rule, a beneficiary who elects to receive a lump sum payment of the member's contributions in lieu of a benefit pursuant to division (A) or (B) of section 145.45 of the Revised Code may withdraw an application for that payment by one or more of the following methods:
- (a) Returning all uncashed refund payments to the retirement system not later than thirty days after issuance of the initial payment, along with a written request over the beneficiary's signature to withdraw the application and a completed application for a benefit under division (A) or (B) of section 145.45 of the Revised Code;
 - (b) Remitting to the retirement system a personal check or money order repaying the lump sum payment(s) transmitted by or on behalf of the retirement system to the beneficiary's financial institution not later than thirty days after the institution's receipt of the lump sum payment(s), along with a written request over the beneficiary's signature to withdraw the application.
- (2) A qualified spouse who elects to rollover the member's contributions to a financial institution may withdraw a refund application if all of the following occur:
- (a) The qualified spouse submits to the retirement system, not later than thirty days after issuance of the initial rollover payment, a written request over the spouse's signature to withdraw the application;

- (b) The qualified spouse submits to the retirement system, not later than thirty days after issuance of the initial rollover payment, a completed application for benefits pursuant to division (A) or (B) of section 145.45 of the Revised Code;
 - (c) The financial institution transmits to the retirement system, not later than sixty days after issuance of the initial rollover payment, the amounts transmitted to the financial institution.
- (C) If a member participating in the member-directed or combined plan, or the member's beneficiary, withdraws an application as provided in this rule, the member or the beneficiary is not entitled to any investment gains or losses on the amount that was paid from the member's individual defined contribution account for the period beginning on the date the retirement system converts the units in the account for payment and ending on the date the payment(s) is reestablished in the account by the retirement system as provided in this rule. The amount paid from the member's individual defined contribution account that is returned to the retirement system as provided in this rule shall be credited to the member's individual defined contribution account and invested in the same OPERS investment options and in the same proportion as the account existed immediately prior to the refund.
- (D) Any non-vested amounts forfeited by a member participating in the member-directed plan or the member's beneficiary who withdraws a refund application under this rule shall be restored to the member's individual defined contribution account or retiree medical account, as defined in rule 145-4-01 of the Administrative Code. Investment gains and losses shall not be applied to the amounts for the period that the amounts were not in the member's individual defined contribution account.
- (E) A member, contributor, or beneficiary may not withdraw a refund application as provided in this rule if any of the following have occurred:
- (1) The retirement system has made a distribution from the retiree medical account as defined in rule 145-4-01 of the Administrative Code;
 - (2) The retirement system has paid a portion of the refund or lump sum payment to satisfy a court order.
 - (3) The retirement system has made a distribution in accordance with paragraph (E) of rule 145-1-21 of the Administrative Code.
 - (4) In the case of an application for payment under section 145.63 of the Revised Code, the member, contributor, or beneficiary fails to also withdraw the individual's application for a refund or for retirement, disability, or annuity payments under section 145.384 of the Revised Code.
- (F) A member, contributor, or beneficiary who withdraws an application for an additional annuity payment under section 145.63 of the Revised Code is not entitled to any investment gains or losses on the additional annuity account for the period beginning on the date the retirement system converts the units in the account for payment and ending on the date the account is reestablished by the retirement system. The member's additional annuity account shall be credited based on the daily value of the OPERS stable value fund on the date the account is reestablished by the retirement system.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.384, 145.40, 145.401
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/1/04 (Emer.), 2/16/04, 1/1/06, 4/6/07 (Emer.), 7/1/07, 1/12/08, 7/1/16 (Emer.), 9/1/16, 1/1/19, 1/1/22, 1/1/25

145-1-74 Re-employment restrictions applicable to a member

- (A) For the purpose of this rule and section 145.38 or 145.382 of the Revised Code:
- (1) “Effective retirement benefit date” means the date upon which a retirement allowance begins.
 - (2) “Ohio retirement system” means public employees retirement system, state teachers retirement system, school employees retirement system, Ohio police and fire pension fund, highway patrol retirement system, and Cincinnati retirement system.
- (B)
- (1) Forfeiture of a retirement allowance under section 145.38 of the Revised Code for employment in a position covered by another Ohio retirement system shall apply only to a PERS retiree whose effective retirement benefit date is on or after September 1, 1991.
 - (2) A PERS retiree who has received a retirement allowance for less than two months and who becomes employed in a position covered by an Ohio retirement system shall forfeit such allowance for any month in which the PERS retiree is so employed during the two month period immediately following such retiree’s effective retirement benefit date.
 - (3) Notwithstanding paragraphs (B)(1) and (B)(2) of this rule, forfeiture of a retirement allowance shall not apply to a PERS retiree who is employed in a position covered by an Ohio retirement system if the retiree was continuously employed in the position for at least two months prior to the effective retirement benefit date in this system.
- (C)
- (1) (a) Where a member of this system who also has established membership in another Ohio retirement system or systems is terminating all employment covered by all the systems, and is electing to take a retirement benefit from one or more of the other systems as of the effective retirement benefit date, the member shall elect to:
 - (i) Apply for a benefit if eligible pursuant to section 145.32, 145.33, 145.332, 145.335, 145.37 or 145.46 of the Revised Code or article IX of the member-directed plan document; or
 - (ii) Apply for a refund of contributions pursuant to section 145.40 of the Revised Code or article VIII of the combined or member-directed plan document.
 - (b) If, as of the effective retirement benefit date from an Ohio retirement system, the member has sufficient service credit to qualify for a benefit in this system, the member’s effective retirement benefit date shall be the first of the month following the later of the member’s benefit date in the Ohio retirement system or attainment of eligibility for a benefit in this system, but not more than ninety days prior to receipt by the public employees retirement system of the member’s completed retirement application.
- (2) (a) A member of this system who also is a member of an Ohio retirement system and who has applied for a retirement benefit in that system may continue employment in the position covered by this system, provided that contributions made to this system after the member’s effective retirement benefit date in the Ohio retirement system shall accrue only a benefit as described in section 145.384 of the Revised Code.
 - (b) If the member does not terminate all employment as described in paragraph (C)(1)(a) of this rule, the member may, upon termination of all service, elect to apply for a refund of contributions to this system made prior to the effective retirement benefit date in the Ohio retirement system.

- (c) A member described in paragraph (C)(2)(b) of this rule may elect, at any time prior to commencement of a benefit under section 145.384 of the Revised Code, to have deposited to an additional annuity account described in section 145.62 of the Revised Code the member's refund amount under paragraph (C)(2)(b) of this rule. The accrual of allowable interest shall not begin until the additional annuity account is established.

Promulgated Under: 111.15

Statutory Authority: 145.09, 145.38

Rule Amplifies: 145.38, 145.382

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 8/1/92, 3/17/94, 2/3/00, 4/5/01, 1/1/03, 1/1/06, 1/7/13 (Emer.), 3/24/13, 3/23/15 (Emer.), 6/6/15, 1/1/16, 1/1/21, 1/1/25

145-1-75 Re-employment of a retirant

(A) Definitions

For the purpose of this rule and section 145.362, 145.37, 145.38, 145.382, 145.384, or 145.385 of the Revised Code:

- (1) "PERS retirant" means any former member of the public employees retirement system who retires as provided in section 145.32, 145.331, 145.332, or 145.37 of the Revised Code and is receiving a retirement allowance as provided in section 145.33, 145.331, 145.332, 145.335, or 145.46 of the Revised Code.
- (2) "Combined retirement" means retirement based upon section 145.37 of the Revised Code.
- (3) "A contract to provide services, or for services, as an independent contractor" means an agreement that establishes a relationship in which the individual is an independent contractor and not a public employee.
- (4) "Disability benefit recipient" means an individual defined in division (N) of section 145.01 of the Revised Code.
- (5) "Employed" means the relationship between a public employer and an individual who is a public employee rather than an independent contractor.
- (6) "Other system retirant" means an individual defined in division (A)(2) of section 145.38 of the Revised Code.

(B) Elective positions

- (1) The provisions of section 145.38 of the Revised Code, and this rule shall apply to an age and service or other system retirant who is elected to an office, or is appointed to an elective office, of the state or its political subdivisions covered by this retirement system.
- (2) The provisions of section 145.362 of the Revised Code, and these rules shall apply to a disability retirant who is elected to an office of the state or its political subdivisions covered by this retirement system.

(C) Employed positions

A PERS retirant who has received a retirement allowance for less than two months and who becomes employed by a public employer shall forfeit the retirement allowance for any month in which such retirant is employed during the two month period immediately following such retirant's effective retirement benefit date.

(D) Employment by legislative authority

- (1) A PERS retirant may be employed irrespective of the length of time such retirant has received a retirement benefit:
 - (a) In a position authorized by section 101.31, 121.03 or 121.04 of the Revised Code; or
 - (b) In a position to which appointment is made by the governor with the advice and consent of the senate;
or

- (c) As the head of a division of a state department.
- (2) A retirant described in paragraph (D)(1) of this rule, upon employment, shall elect in writing to the retirement system to have such employment covered either by:
 - (a) Section 145.38 of the Revised Code; or
 - (b) Section 145.382 of the Revised Code and paragraph (D)(3) of this rule.
- (3)
 - (a) A retirant described in paragraph (D)(1) of this rule who elects to have such employment covered by section 145.382 of the Revised Code, upon employment, shall become a member of the retirement system based upon such employment with all obligations and rights except those pursuant to section 145.45 of the Revised Code, and shall forfeit such retirant's retirement allowance.
 - (b) Upon termination of employment, the retirant shall have a retirement allowance recalculated based on an allowance described in section 145.33 or 145.46 of the Revised Code utilizing the retirant's original service and service after retirement covered by section 145.382 of the Revised Code.
- (E) Restoration to service by a disability benefit recipient shall be governed by section 145.362 of the Revised Code and rule 145-2-22 of the Administrative Code.
- (F) Determinations

A retirant or benefit recipient may request a determination from the retirement system as to the effect on the benefit of the retirant or recipient of a return to employment or restoration to service covered by Chapter 145. of the Revised Code, rule 145-2-22 of the Administrative Code, or other employment.

Promulgated Under: 111.15
Statutory Authority: 145.09, 145.38
Rule Amplifies: 145.362, 145.37, 145.38, 145.382
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 2/19/60, 9/6/88, 8/1/92, 2/1/93, 3/17/94, 1/31/98,
8/1/98, 4/5/01, 2/14/02, 1/1/03, 1/1/06, 1/1/07, 1/1/09, 7/11/09, 1/7/13 (Emer.),
3/24/13, 5/8/14, 11/6/14, 1/1/16, 1/1/22, 1/1/25

145-1-76 **Benefits payable to a reemployed retirant**

- (A) (1) Benefits payable to a PERS or other system retirant pursuant to section 145.384 of the Revised Code shall be effective as provided in that section.
- (2) Benefits payable to the beneficiary of a PERS or other system retirant shall be effective the first of the month following the retirant's date of death.
- (B) A PERS or other system retirant may withdraw an application for benefits in the same method as described in rule 145-1-71 of the Administrative Code.
- (C) Unless voided by an event as described in division (G) of section 145.384 of the Revised Code, the designation of a beneficiary by a PERS or other system retirant shall apply for all re-employment periods except for a period for which a benefit has already been paid or for which a retirant is accruing a supplemental benefit. A designation shall be made on a form provided by the public employees retirement board, signed by the retirant and filed with the board.
- (D) If a retirant makes an application for a benefit pursuant to division (B)(2) of section 145.384 of the Revised Code, the retirant shall select a plan of payment as described in division (B) of section 145.46 of the Revised Code and designate a beneficiary.
- (E) For those contributors whose benefit under section 145.384 of the Revised Code is commenced under the single-life plan in accordance with section 401(a)(9) of the Internal Revenue Code and the regulations thereunder, not later than one year after the effective date of the benefit described in this paragraph, a contributor who was married on the effective date of the benefit may elect the joint-life plan based on the actuarial equivalent of the contributor's single life annuity as determined by the board. The election shall be made on a form approved by the retirement system and shall be effective on the effective date of the benefit paid under the single-life plan. Any benefit overpayment may be recovered as provided in section 145.563 of the Revised Code.
- (F) Except as provided in section 145.384 of the Revised Code or this rule, beneficiary and plan of payment changes shall be made in accordance with rules 145-2-44, 145-2-46, and 145-2-47 of the Administrative Code.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.38, 145.383, 145.384
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 8/1/92, 4/5/01, 1/1/03, 6/20/03, 10/27/06, 4/1/08 (Emer.), 6/23/08, 1/1/10, 1/7/13 (Emer.), 3/24/13, 9/1/13 (Emer.), 9/16/13, 1/1/21

145-1-77 Re-employment of member-directed or combined plan participant

- (A) This rule amplifies sections 145.38 and 145.384 of the Revised Code and rules 145-1-74 to 145-1-76 of the Administrative Code.
- (B) As used in rule 145-1-74 of the Administrative Code, “PERS retirant” includes a member or former member of the public employees retirement system who is or has received a payment under section 145.335 of the Revised Code or article IX of the member-directed plan document, and has not withdrawn the application for retirement pursuant to rule 145-1-71 of the Administrative Code.

Promulgated Under: 111.15
Statutory Authority: 145.80
Rule Amplifies: 145.38, 145.384
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/1/03, 1/1/06, 1/7/13 (Emer.), 3/24/13, 3/23/15 (Emer.), 6/6/15, 1/1/25

- (A) For purposes of section 145.383 of the Revised Code and this rule:
- (1) “Active position” means a position for which contributions were being received by a state retirement system in the month prior to and, for the active position described in paragraph (B)(1)(b) and (C)(1)(b) of this rule, the month of the member’s effective date of retirement.
 - (2) “PERS annual earnable salary” means a member’s earnable salary for each active position reported by a public employer to the public employees retirement system for a calendar year. If a member has held an active position for less than a calendar year, this system shall convert the earnable salary to an annual amount.
 - (3) “Other retirement system annual compensation” means a member’s annual compensation for an active position as certified to this system by the state teachers retirement system or the school employees retirement system.
 - (4) “Highest annual compensation” means the highest of the PERS annual earnable salary or the other retirement system annual compensation for an active position.
 - (5) “Position” means employment for which a member is covered and contributing to a state retirement system.
 - (6) “State retirement system” means the public employees retirement system, school employees retirement system or state teachers retirement system.
 - (7) “Other retirement system” means the school employees retirement system or state teachers retirement system.
- (B) (1) When a member holds more than one active position in this system, no active positions in an other retirement system, and is electing to take a retirement benefit pursuant to section 145.383 of the Revised Code, the member shall:
- (a) Apply for a benefit pursuant to section 145.32, 145.33, 145.332, or 145.46 of the Revised Code, for the active position which has the highest PERS annual salary, and,
 - (b) Select which other active position or positions upon which the member shall continue to contribute to this system.
- (2) In computing the benefit described in paragraph (B)(1) of this rule all service credit in this system shall be used.
- (C) (1) When a member holds one or more active positions in this system and one or more active positions in an other retirement system, and the active position which has the highest annual compensation is in this system, the member shall:
- (a) Apply for a benefit pursuant to section 145.32, 145.33, 145.332, or 145.46 of the Revised Code, for the active position which has the highest annual compensation, and
 - (b) Select which other active position or positions upon which the member shall continue to contribute to this system or an other retirement system.

145-1-78 (continued)

- (2) In computing the benefit described in paragraph (C)(1) of this rule all service credit in this system shall be used.
- (D) Employment in any position covered by this system that begins subsequent to the effective retirement benefit date under section 145.383 of the Revised Code shall be subject to section 145.38 or 145.382 of the Revised Code, and rule 145-1-75 of the Administrative Code.

Promulgated Under: 111.15

Statutory Authority: 145.09, 145.383

Rule Amplifies: 145.383

Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25

Effective Date History: 4/5/01, 1/1/03, 1/7/13 (Emer.), 3/24/13, 1/1/21

145-1-79 Reemployment covered by section 145.381 of the Revised Code

A board, commission, or legislative authority that proposes to continue the employment as a reemployed retirant or rehire as a reemployed retirant in the same position, a person who is or most recently has been employed by a public employer in a position that is customarily filled by a vote of members of a board or commission or by the legislative authority of a county, municipal corporation, or township, shall certify on a form provided by the public employees retirement system that the employer has done both of the following:

- (A) Not less than sixty days before the employment as a reemployed retirant was to begin, gave public notice that the person is or will be retired and is seeking employment with the public employer;
- (B) Between fifteen and thirty days before the employment as a reemployed retirant was to begin and after complying with paragraph (A) of this rule, held a public meeting on the issue of the person being employed by the public employer.

Promulgated Under: 111.15
Statutory Authority: 145.09; 145.381
Rule Amplifies: 145.381
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 10/23/03 (Emer.), 1/12/04, 1/1/06

145-1-80 **Effect of applicant's death on payment plan**

- (A) If a member has filed an application for retirement pursuant to section 145.32, 145.33, 145.331, 145.332, 145.335, 145.37 or 145.46 of the Revised Code or article IX of the member-directed plan document and the member's death occurs subsequent to the effective retirement benefit date, the beneficiary and benefit payable shall be determined by the plan of payment and beneficiary designated by the member on the application for retirement benefits.
- (B) If a PERS retirant or other system retirant as defined in section 145.38 of the Revised Code, or a retirant described in section 145.382, or 145.383 of the Revised Code has filed an application for a benefit pursuant to section 145.382, 145.383 or 145.384 of the Revised Code, and the retirant dies subsequent to the effective date of the benefit, the benefit payable to the beneficiary shall be determined by the plan specified by the retirant on the application.

Promulgated Under: 111.15
Statutory Authority: 145.09, 145.38
Rule Amplifies: 145.32, 145.33, 145.331, 145.332, 145.37, 145.38, 145.382, 145.383, 145.384, 145.46
Rule Review Date: 5/26/10, 9/29/12, 9/14/17, 9/29/20, 9/25/25
Effective Date History: 2/15/67, 8/6/90, 2/3/92, 2/1/93, 11/2/00, 3/22/02, 1/1/03, 6/6/05 (Emer.), 8/11/05, 1/1/09, 1/7/13 (Emer.), 3/24/13, 1/1/25

145-1-81 **Retirement plans**

- (A) As used in Chapters 145-1 to 145-4 of the Administrative Code:
- (1) “Traditional pension plan” means the PERS defined benefit plan established under sections 145.201 to 145.70 of the Revised Code.
 - (2) “Combined plan” means the PERS combined defined benefit/defined contribution plan defined in section 145.196 of the Revised Code. Unless specifically identified otherwise within the text of the Administrative Code, references to the combined plan document refer to the version that includes amendments adopted through January 1, 2024.
 - (3) “Member-directed plan” means the PERS defined contribution plan established under section 145.81 of the Revised Code. Unless specifically identified otherwise within the text of the Administrative Code, references to the member-directed plan document refer to the version that includes amendments adopted through January 1, 2024.
- (B) The text of the combined and member-directed plan documents shall not be incorporated into this or any other rule of the Administrative Code. Current versions of the plan documents are available on the web site of the public employees retirement system at www.opers.org.

Promulgated Under: 111.15
Statutory Authority: 145.80
Rule Amplifies: 145.81
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/1/03, 1/1/06, 5/8/14, 3/23/15 (Emer.), 6/6/15, 4/18/16, 1/1/17, 1/1/21, 1/1/22, 1/1/25

145-1-82 **Exceptions to duty to notify**

- (A) This rule amplifies sections 145.16, 145.17, and 145.171 of the Revised Code.
- (B) The public employees retirement system is not required to inform a public employee of the requirements of section 145.19 of the Revised Code if either of the following apply:
 - (1) The public employee fails to file the statement required under section 145.16 of the Revised Code.
 - (2) The head of each department, as defined in section 145.01 of the Revised Code, fails to provide the notice required by section 145.17 of the Revised Code.

Promulgated Under: 111.15
Statutory Authority: 145.80
Rule Amplifies: 145.171, 145.81
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/1/03

145-1-83 Application of USERRA to one hundred eighty day election period

- (A) This rule amplifies sections 145.19 and 145.191 of the Revised Code.
- (B) As used in this rule, “service in the uniformed services” and “uniformed services” have the same meanings as in section 145.302 of the Revised Code.
- (C) This rule applies to a member whose service in the uniformed services occurs during the member’s one hundred eighty day election period as described in section 145.19 or 145.191 of the Revised Code.
- (D) Upon a member described in paragraph (C) of this rule being reemployed with the same public employer that employed the member prior to the member’s service in the uniformed services, the member may, not later than ninety days after the reemployment, apply to the public employees retirement system on a form provided by the system to reestablish all or a portion of the member’s one hundred eighty day election period.
 - (1) On receipt of the application, the system shall request from the public employer that employed the member prior to the military service a certification that the member was employed by the public employer prior to, and returned to employment with the employer within three months of honorable discharge or release from, service in the uniformed services. If the public employer can so certify, the employer shall do so.
 - (2) The member shall submit to the system report(s) of separation (form DD214) or other satisfactory documentation as evidence of the member’s military service.
- (E) On receipt of the certification and documentation under paragraph (D) of this rule and approval of the certification, the system shall reestablish the member’s election period as follows:
 - (1) If all of the member’s one hundred eighty day election period was interrupted by the member’s service in the uniformed services, the member shall have one hundred eighty days after the date certification is approved by the system to make an election under section 145.19 or 145.191 of the Revised Code.
 - (2) If a portion of the member’s one hundred eighty day election period was interrupted by the member’s service in the uniformed services, the member shall have the same portion of the member’s one hundred eighty day election period after the date certification is approved by the system to make an election under section 145.19 or 145.191 of the Revised Code.
- (F) The election of a member under this rule takes effect as follows:
 - (1) For members who are eligible to make an election under section 145.191 of the Revised Code, the election shall take effect on January 1, 2003.
 - (2) For members who are eligible to make an election under section 145.19 of the Revised Code, the election shall take effect on the date employment began.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.19, 145.191
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 11/15/03

145-1-88 **Changes to election to participate**

- (A) This rule amplifies section 145.814 of the Revised Code and section 2.03 of the combined and member-directed plan documents.
- (B) As used in this rule and rules 145-1-89, 145-2-18, and 145-3-40 of the Administrative Code:
 - (1) “Eligible member” has the same meaning as in section 145.814 of the Revised Code and includes a member who was not eligible to make an election under section 145.19 or 145.191 of the Revised Code due to the member’s status as a law enforcement or public safety officer and who is not currently contributing as a law enforcement or public safety officer;
 - (2) “Amount on deposit” means the sum of the amounts available to a member to purchase service credit in the member’s new plan as described in section 6.01 of the combined plan or section 6.01 or 6.02 of the member-directed plan.
- (C)
 - (1) As used in this rule, “total service credit” means the sum of a member’s service credit in the traditional pension plan, service credit in the combined plan, and contributing months in the member-directed plan.
 - (2) Subject to the requirements of this rule and rule 145-1-89 of the Administrative Code, in addition to the enrollment period described in sections 145.19 and 145.191 of the Revised Code, an eligible member who is actively contributing to the retirement system may elect to participate in a different plan as follows:
 - (a) For elections effective on or before July 1, 2015, during the following periods of service as a public employee:
 - (i) Once prior to attaining five years of total service credit;
 - (ii) Once after attaining five and prior to attaining ten years of total service credit;
 - (iii) Once after attaining ten years of total service credit.

An election that is not used within the specified time period may not be made in a subsequent time period.
 - (b) For elections effective on and after August 1, 2015, once at any time prior to retirement under any of the plans defined in rule 145-1-81 of the Administrative Code or a refund from the member’s current plan.
 - (c) For elections effective on and after January 1, 2022, an eligible member will no longer be permitted to elect to participate in the combined plan.
- (D) Except as provided in rule 145-1-89 of the Administrative Code, an election under this rule applies only to employer and employee contributions made after the effective date of the election.
- (E) An election to transfer under section 10.03(a) of the combined plan document for the payment of a disability benefit is irrevocable. Any member that returns to service as a public employee following receipt of a disability benefit is not eligible to make an election under paragraph (C) of this rule.

Promulgated Under: 111.15
Statutory Authority: 145.80
Rule Amplifies: 145.81, 145.814
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/1/03, 11/15/03, 1/1/06; 1/1/09, 1/1/11, 7/7/13
(Emer.), 9/16/13, 3/23/15 (Emer.), 6/6/15, 1/1/16, 1/1/21, 1/1/22, 1/1/25

145-1-89 **Transfer of contributions under rule 145-1-88 of the Administrative Code**

- (A) This rule amplifies section 145.814 of the Revised Code and sections 2.03 and 2.04 and article VI of the combined and member-directed plan documents.
- (B) Except as provided in paragraph (C) of this rule, an eligible member who elects a different plan under rule 145-1-88 of the Administrative Code may have the amounts on deposit for the prior plan transferred in accordance with the member's new plan if one of the following applies:
 - (1) The member, by an election under rule 145-1-88 of the Administrative Code, will cease participation in the member-directed plan and begin participating in the traditional pension plan;
 - (2) The member, by an election under rule 145-1-88 of the Administrative Code, will cease participating in the combined plan and begin participating in the traditional pension plan.
- (C) For an election under rule 145-1-88 of the Administrative Code that is effective on or before July 1, 2015, the eligible member may transfer the amounts described in paragraph (B) of this rule to the member's new plan not later than one hundred eighty days after the effective date of the election. For an election that is effective on and after August 1, 2015, an eligible member may transfer such amounts at any time prior to retirement or distribution under any of the plans defined in rule 145-1-81 of the Administrative Code or a refund from the member's current plan.
- (D) For a member described in paragraph (B)(1) or (B)(2) of this rule, the amount on deposit shall be transferred in accordance with rule 145-2-18 of the Administrative Code.

Promulgated Under: 111.15
Statutory Authority: 145.80
Rule Amplifies: 145.81, 145.814
Rule Review Date: 9/29/10, 9/29/15, 9/29/20, 9/25/25
Effective Date History: 1/1/03, 3/23/15 (Emer.), 6/6/15, 1/1/21, 1/1/22, 1/1/25

145-1-90 Consolidation of the combined plan into the traditional pension plan

- (A) This rule amplifies section 145.196 of the Revised Code.
- (B) Pursuant to the authority specified in section 145.196 of the Revised Code, the combined plan shall be consolidated into the traditional pension plan effective January 1, 2024, for administrative and accounting purposes.
- (C) For the purpose of administering the individual account, as defined in section 145.196 of the Revised Code, in a manner consistent with PERS defined contribution plan, the plan document for the combined plan described in rules 145-3-01 and 145-3-02 of the Administrative Code shall remain in effect on and after the date of consolidation.
- (D) As used in Chapter 145. of the Administrative Code, all references to the “combined plan” mean the combined plan consolidated into the traditional pension plan as described in section 145.196 of the Revised Code and division (B) of this rule.

Promulgated Under: 111.15
Statutory Authority: 145.09 and 145.196
Rule Amplifies: 145.196
Rule Review Date: 9/29/25
Effective Date History: 1/1/25

145-2-47 Beneficiary and payment plan changes after retirement

- (A) Section 145.46 of the Revised Code as effective January 7, 2013, renames the plans of payment available under sections 145.32, 145.33, 145.332, 145.335, and 145.46 and former section 145.34 of the Revised Code. For purposes of Chapter 145. of the Revised Code and Chapters 145-1 to 145-4 of the Administrative Code, such payment plans shall be treated the same as follows:
- (1) A straight or single life annuity payment plan and plan B shall be known as “the single-life plan”.
 - (2) An option 1 payment plan and plan D shall be known as “the joint-life plan”.
 - (3) An option 2 payment plan and plan A when the retirant’s spouse is the retirant’s beneficiary and the amount payable after the retirant’s death is fifty per cent shall be known as “the joint-life plan”.
 - (4) An option 2 payment plan and plan C when the beneficiary is someone other than the retirant’s spouse or the amount payable to a beneficiary after the retirant’s death is other than fifty per cent shall be known as “the joint-life plan”.
 - (5) An option 3 payment plan and plan E.
 - (6) Plan F shall be known as “the multiple-life plan”.
- (B) Except as provided in paragraph (I) of this rule, a designation of beneficiary may be changed after retirement when the retirant is receiving benefits under:
- (1) A payment plan B or the single-life plan.
 - (2) A payment plan E under the version of section 145.46 in effect immediately prior to January 7, 2013, but the payment plan cannot be changed.
- (C) When a retirant is receiving benefits under the joint-life plan, the plan shall be changed to the single-life plan and a new beneficiary may be designated:
- (1) The first day of the month following the date on which the public employees retirement system receives the death certificate of the spouse or other individual designated as beneficiary under the plan, but any change in the benefit amount shall be effective the first day of the month following the date of death of the spouse or beneficiary.
 - (2) On the first day of the month after receipt of the election of the retirant to revert to the single-life plan following divorce, annulment or dissolution of marriage with a spouse designated as beneficiary under the plan, except that no benefit shall be increased without the written consent of the former spouse who was the designated beneficiary or an order from the court with jurisdiction over the termination of the marriage.
- (D) The right to have the joint-life plan recomputed as the single-life plan upon the date of death of the beneficiary, or upon divorce, annulment or dissolution of marriage with a spouse who was designated as beneficiary, applies to all retirants who are receiving benefits under the joint-life plan regardless of the original effective date of benefits.
- (E) ~~Upon~~ Subject to the requirements of division (H)(1)(b) of section 145.46 of the Revised Code, upon the marriage or remarriage of a retirant receiving benefits under the multiple-life plan, the retirant may designate the

new spouse as a beneficiary under the multiple-life plan only if the retirant does not already have four beneficiaries designated under that plan at the time the retirant applies to add the new spouse.

- (F) (1) The death or disqualification of any designated beneficiary under the multiple-life plan shall not change the plan of payment. The multiple-life plan benefit shall continue to the remaining designated beneficiaries in their same percentages. If the death or disqualification occurs prior to the retirant's death, the deceased beneficiary's portion shall revert to the retirant for the remainder of his or her lifetime.
- (2) A retirant may not cancel the multiple-life plan and return to a single lifetime benefit equivalent until the date of death of all designated beneficiaries under that plan. The effective date of this change shall be the first day of the month following the date of death of the last living beneficiary.
- (G) (1) A retirant who is receiving benefits under the single-life plan may, upon the retirant's later marriage or remarriage, elect to have the retirant's benefit recomputed as the joint-life plan and designate only the new spouse as beneficiary, as provided in division (H) of section 145.46 of the Revised Code, section 9.02(f) of the combined plan document, and section 9.02(f) of the member-directed plan document. ~~The actuarial factors shall be based on the actuarial ages of the retirant and beneficiary at the time the benefit is recomputed.~~
- (2) A retirant who is receiving benefits under a plan of payment providing for payment to a former spouse pursuant to a court order described in division (C)(2) of section 145.46 of the Revised Code may, upon the retirant's later marriage or remarriage, elect to have the retirant's benefit recomputed as the multiple-life plan and designate only the new spouse as beneficiary, as provided in division (H) of section 145.46 of the Revised Code, section 9.02(f) of the combined plan document, and section 9.02(f) of the member-directed plan document.
- (3) The actuarial factors under this paragraph shall be based on the actuarial ages of the retirant and beneficiary at the time the benefit is recomputed.
- (H) A retirant who elected to receive a partial lump sum option payment, as defined in rule 145-1-65 of the Administrative Code, shall have the partial lump sum option payment accounted for upon the recomputation of the retirant's benefit.
- (I) Any request for a change of plan of payment or of beneficiary shall be made on a form approved by the public employees retirement board. If a retirant dies prior to the retirement system's receipt of the form, the retirant's request for a change of plan of payment or beneficiary is void.
- (J) For those retirants whose benefit is commenced under the single-life plan in accordance with section 401(a)(9) of the Internal Revenue Code of 1986, 26 U.S.C.A. 401, and the regulations thereunder, not later than one year after the effective date of the benefit described in this paragraph, a retirant who was married on the effective date of the benefit may elect the joint-life plan based on the actuarial equivalent of the retirant's single life annuity as determined by the board and designate the retirant's current spouse as beneficiary. The election shall be made on a form approved by the retirement system and shall be effective on the effective date of the benefit paid under the single-life plan. Any benefit overpayment may be recovered as provided in section 145.563 of the Revised Code.

Promulgated Under: 111.15
Statutory Authority: 145.09
Rule Amplifies: 145.32, 145.33, 145.332, 145.43, 145.46
Rule Review Date: 7/10/06, 9/29/11, 9/29/16, 9/29/21, 9/29/26
Effective Date History: 8/20/76, 10/30/78, 8/6/90, 9/27/98, 1/1/03,
1/1/04 (Emer.), 2/16/04, 6/6/05 (Emer.), 8/11/05, 10/27/06, 5/8/07
(Emer.), 8/9/07, 4/1/08 (Emer.), 6/23/08, 1/1/10, 1/7/13 (Emer.),
3/24/13, 9/1/13 (Emer.), 9/16/13, 1/1/17, 1/1/25

Board Meeting IV.A



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
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www.opers.org

MEMORANDUM

DATE: September 8, 2025

TO: OPERS Retirement Board Members

FROM: Craig Hallermann, FSA, Senior Actuary

RE: **IV. Discussion Items:**
A. Health Care Valuation and 50-Year Projection

Purpose – Gabriel, Roeder, Smith & Company (GRS) will present the December 31, 2024 Retiree Health Actuarial Valuation and Projection results to the Board.

Background – GRS annually performs an actuarial valuation of retiree health benefits and actuarial projections of retiree health benefits.

The **annual valuation** measures the financial position of the health care program and provides financial reporting information required by GASB.

The **annual projection** determines the lowest employer contribution rate that is expected to ensure that enough funds are available to pay expected benefits indefinitely (the **Self Funding Rate** (SFR)). Contributing at the SFR level, equivalently, ensures an indefinite **Solvency Period**.

In general, the health care valuation and projection are based on the same census data, financial information and actuarial assumptions used in the annual pension actuarial valuation as of December 31, 2024. Additionally, several health care specific assumptions are used, including the long-term investment return.

Both the valuation and projection reflect the changes approved in January 2020 by the Board under Health Care Preservation Plan 3.1 (HCPP 3.1) and briefly summarized in the Issues section of this memo. They also reflect the most recent changes to the health reimbursement allowance (HRA) approved by the Board.

The December 31, 2024 health care funding valuation uses a discount rate of 6.00% based solely on the long-term expected investment return assumption of 6.00%. For purposes of the Solvency Period and the SFR calculations, an investment return assumption of 4.00% is used in accordance with the Health Care Preservation Plan 3.1 (HCPP 3.1) funding framework. These assumed rates are unchanged from last year.

Issues – In January 2020, the Board adopted health care program changes collectively presented under HCPP 3.1. These changes became effective on January 1, 2022 and included changes to eligibility, allowances, and delivery of health care. The eligibility changes mainly impact members who retire pre-Medicare. The new eligibility rules require pre-Medicare retirees to meet the unreduced pension eligibility per their retirement group. Also, prior grandfathering of allowance percentages was rolled back for currently grandfathered retirees with the minimum threshold reduced. Delivery of pre-Medicare benefits now take a form similar to Medicare benefits where a monthly allowance is credited to member accounts to be used for payment of health care premiums and other health care related costs.

Each of these changes contributed to an overall decrease in projected program expenses, including an immediate reduction in actuarial accrued liability. Initial monthly HRA base allowances for 2025 through 2030 are explicitly defined as \$1,200 and \$400 for pre-Medicare and Medicare, respectively. The Board is responsible for determining future allowance increases. For valuation purposes, increases in both the pre-Medicare and Medicare monthly allowances are assumed in 2031 (\$1,250 and \$425, respectively) for the period through 2035 and, again, increasing in 2036 (\$1,275 and \$450, respectively). Annual allowance increases of 2.0% per year for 2037 and beyond are then assumed.

The December 31, 2024 actuarial valuation and projection results indicate a slight decrease in funded ratio from 120.1% last year to 120.0%. This slight increase is driven by offsetting experience. A gain from HRA account deposits in 2024 that were lower than expected offset most of the investment loss from the delayed recognition of the large 2022 investment loss. The asset smoothing delays recognition of 75% of the annual market investment gains and losses over the subsequent three years. Since the 2022 investment loss exceeded the 12% funding asset value corridor, the 2020 through 2022 unrecognized net loss was rolled into one loss base in 2022 to be recognized over 2023 through 2025. Together, along with recognition of 25% of the 2023 investment gain (14.2% market investment return) and 25% of the 2024 investment gain (10.1% market investment return), results in a 2024 recognized funding investment return of 5.0%. Since this is less than the 6.0% assumed investment return, it is an actuarial loss. The Actuarially Determined Employer Contribution (ADEC), which also uses smoothed assets, decreased slightly from 0.90% last year to 0.88% this year driven by a slight reduction in the normal cost. With an existing \$318 million unrecognized investment loss as of 12/31/2024, the funded ratio is

expected to decrease over the next two years absent investment gains. The Solvency Period, based on the market value of assets, increased from 25 years last year to 27 years and the Self Funding Rate (SFR) decreased from 1.41% last year to 1.34% this year. The Solvency Period increase and SFR decrease were driven primarily by the favorable 2024 investment return (10.1%) which is fully and immediately recognized for these two measures (unlike the funded ratio and ADEC measures that use asset smoothing).

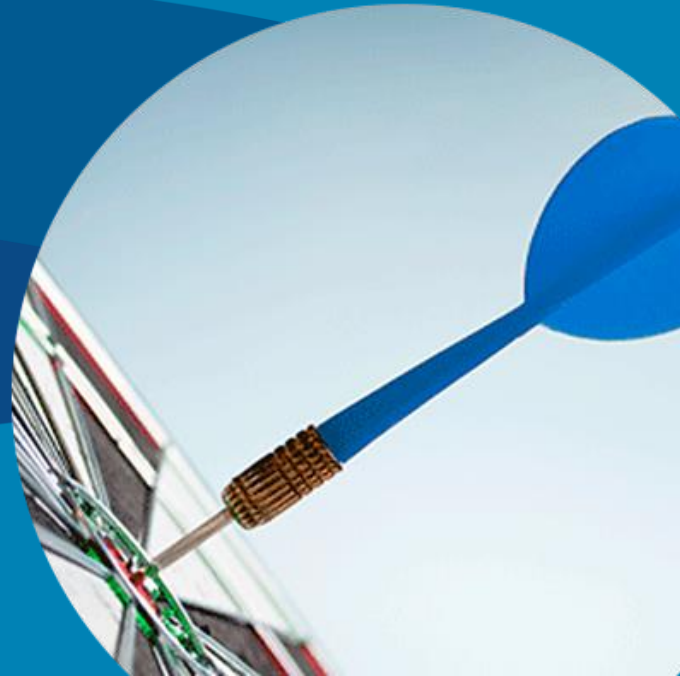
Next Steps – Following the September Board presentation, the December 31, 2024 Retiree Health and Medicare Benefits Actuarial Valuation and Actuarial Projections results will be finalized.



Ohio Public Employees Retirement System

Retiree Health Care Coverage
December 31, 2024 Annual Valuation and
50-Year Projection Beginning January 1, 2025

Summary Report
September 2025 Board Meeting



Agenda

Section I: Introduction

- Purpose of valuation and projections
- Basis for valuation and projections

Section II: Retiree Health Care Valuation Reporting

Section III: Retiree Health Care Projections

- Baseline projection
- Alternative market return scenarios
- Alternative Health Reimbursement Arrangement (HRA) base allowance scenarios

SECTION I: INTRODUCTION

- Purpose of Valuation and Projections
- Basis for Valuation and Projections

Introduction

Purpose of Valuation and Projections

- Annual Actuarial Valuation
 - Provides actuarial reporting and disclosure information for the System's financial report
 - Results are based upon an investment return assumption of 6.0%
 - Provides a foundation for the cash flow projections
- Cash Flow Projections
 - Assists the Board in determining the employer contribution rates necessary to fund the retiree health care coverage
 - Results are based upon a 4.0% investment return assumption in accordance with the Board adopted retiree health care program funding policy

Introduction

Basis for Valuation and Projections

Retiree health care valuation and projection results are based upon:

- Future assumed HRA base allowances (see slide 6)
- Medicare Part A premium reimbursement provisions (see slide 7)
- Retiree health care asset values (see slide 8)
- HRA and Retiree Medical Account (RMA) balances (see slide 8)
- The benefit provisions of Health Care Preservation Plan (HCPP) 3.1 (see appendix)

Introduction

Past Actual and Future Assumed Monthly HRA Base Allowances

Calendar Year	Pre-Medicare Retirees	Medicare Eligible Retirees
2016	N/A	\$ 450
2017	N/A	\$ 450
2018	N/A	\$ 450
2019	N/A	\$ 450
2020	N/A	\$ 450
2021	N/A*	\$ 450
2022	\$ 1200	\$ 350
2023	\$ 1200	\$ 350
2024	\$ 1200	\$ 350
2025	\$ 1200	\$ 400
2026-2030	\$ 1200	\$ 400
2031-2035	\$ 1250	\$ 425
2036	\$ 1275	\$ 450
2037+	+2.00%	+2.00%

- HCPP 3.0 implemented the HRA for Medicare eligible retirees in 2016
- HCPP 3.1 expanded the HRA to Pre-Medicare retirees as of December 2021
- Future assumed monthly HRA base allowances (2026+) are based upon Board and/or Staff recommendation
- Member's actual HRA allowance ranges from 51% to 90% of the HRA base allowance
- **The Board sets the actual HRA base allowance amounts on an annual basis in collaboration with the Board adopted funding policy framework**

* Pre-Medicare Connector subsidy to begin in December 2021.



Introduction

Medicare Part A Premium Reimbursement

- A small cohort of retirees and spouses not eligible for premium-free Medicare Part A receive a monthly reimbursement for Medicare Part A premium costs
- 100 percent reimbursement is provided to members and 50 percent reimbursement is provided to eligible spouses
- Currently, there are about six thousand retirees and spouses receiving these payments
- The health trend rates shown in the table on the right are the assumed future increases in Medicare Part A premiums

Health Trend	
Calendar Year	Medicare Part A Increase
2025	
2026	5.50%
2027	5.50%
2028	5.50%
2029	5.50%
2030	5.50%
2031	5.50%
2032	5.25%
2033	5.00%
2034	4.75%
2035	4.50%
2036	4.25%
2037	4.25%
2038	4.00%
2039	3.75%
2040 & Later	3.50%

Introduction

Retiree Health Care Assets (Market Value)

Available Retiree Health Care Assets at Market Value (\$ in Millions)		
	12/31/2024	12/31/2023
Total Retiree Health Care Trust Fund	\$ 13,240.3	\$ 12,530.5
Member Directed Retiree Medical Accounts (RMA)	(384.3)	(352.1)
Retiree Health Reimbursement Arrangements (HRA)	(430.0)	(410.0)
Net Available Retiree Health Care Assets	\$ 12,426.0	\$ 11,768.4

- The Retiree Health Care Trust Fund includes retirees' Health Reimbursement Arrangements (HRA) account balances of \$430.0 million as of December 31, 2024.
- Member-Directed Plan Retiree Medical Account (RMA) assets are also included in the retiree health assets and total \$384.3 million as of December 31, 2024.
- For valuation and projection purposes, it is assumed that the HRA and RMA account balances will be paid out immediately. In other words, assets in the HRA and RMA accounts are assumed to be allocated to the members and cannot be used in the future to fund other retiree health care payments. After adjusting for this, available assets are \$12,426.0 million (\$12.4 billion), as shown above.

SECTION II: RETIREE HEALTH CARE VALUATION REPORTING

(6.0% Assumed Rate of Investment Return)



Retiree Health Care Valuation Reporting

Key Measure Definitions

- Actuarially Determined Employer Contribution (ADEC)
 - Calculation answers the question: How much do we need to fund for the normal cost and pay off any unfunded actuarial accrued liabilities?
 - Synonymous with the calculation previously required by GASB called the Annual Required Contribution or ARC
- Funded Ratio
 - Calculation similar to pension, represents the ratio of the funding value of assets to the actuarial accrued liabilities

Retiree Health Care Valuation Reporting

Funding Value of Assets (FVA)

- Funding value of assets recognizes assumed investment return (6.00%) fully each year
- Differences between market return and assumed return are phased-in over a closed 4-year period
- Funding value of assets is not permitted to deviate from the market value of assets by more than 12%
 - As of 12/31/2022, the funding value of assets was 12% above the market value of assets, which resulted in additional market losses being phased-in early

Retiree Health Care Valuation Reporting

Funding Value of Assets (FVA)

Reconciliation of Assets	2024
A. Funding Value Beginning of Year	\$ 12,823,317,698
B. Market Value End of Year	13,240,305,677
C. Market Value Beginning of Year	12,530,502,734
D. Non-Investment/Administrative Net Cash Flow	
D1. Employer Revenues & Interplan Activity	36,608,828
D2. Employer Paid Post Retirement Health Care Payments	(546,121,726)
D3. Administrative Expenses	(14,407,361)
D4. Total Net Cash Flow: D1+D2+D3	(523,920,259)
E. Investment Return	
E1. Market Total: B-C-D4	1,233,723,202
E2. Assumed Rate of Return	6.00%
E3. Assumed Amount of Return	753,681,454
E4. Amount Subject to Phase-In: E1-E3	480,041,748
F. Phased-In Recognition of Investment Return	
F1. Current Year: 0.25 x E4	120,010,437
F2. First Prior Year	208,137,392
F3. Second Prior Year	(458,613,570)
F4. Third Prior Year	-
F5. Total Phase-Ins	(130,465,741)
G. Funding Value End of Year	
G1. Preliminary Funding Value End of Year: A+D4+E3+F5	\$ 12,922,613,152
G2. Upper Corridor Limit: 112% x B	14,829,142,358
G3. Lower Corridor Limit: 88% x B	11,651,468,996
G4. Funding Value End of Year	\$ 12,922,613,152
H. Difference Between Market and Funding Value	317,692,525
I. Recognized Rate of Return	4.96 %
J. Market Rate of Return	10.06 %
K. Ratio of Funding Value to Market Value	98 %

- FVA as of 1/1/2024 was **\$12.8B (row A)**
- Non-Investment net cash flow during the year (i.e., dollars in less dollars out) was **-\$0.5B (D4)**
- Market value investment return was **+\$1.2B (E1)** versus an assumed investment return of **+\$0.8B (E3)**
- This investment gain of **\$0.5B (E4)** is then phased-in to the FVA over the next 4 years
- 25% of the current year's investment income above expectations and 25% of the prior 3 years' unrecognized investment income are recognized in the FVA totaling **-\$0.1B (F5)**
- **A+D4+E3+F5** equals the Preliminary Funding Value of Assets of **\$12.9B (G1)**
- The 12% corridor is then applied, if necessary, resulting in the final 12/31/2024 Funding Value of Assets equal to **\$12.9B (G4)**



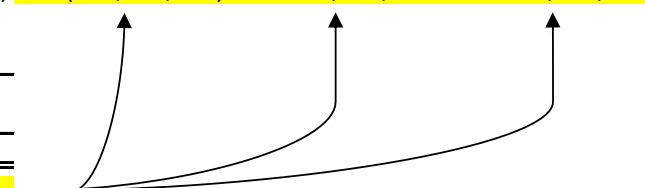
Retiree Health Care Valuation Reporting

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G4. Funding Value End of Year		\$ 12,922,613,152
H. Difference Between Market and Funding Value		317,692,525
I. Recognized Rate of Return		4.96 %
J. Market Rate of Return		10.06 %
K. Ratio of Funding Value to Market Value		98 %

- As of 12/31/2024 the Market Value is greater than the Funding Value by **\$0.3B (row H)**
 - \$0.1B loss to be phased-in CY 2025 (F5)
 - \$0.3B gain to be phased-in CY 2026 (F5)
 - \$0.1B gain to be phased-in CY 2027 (F5)
- The Funding Value of Assets is **98% (row K)** of the Market Value of Assets

	2025	2026	2027
F1. Current Year: 0.25 x E4	120,010,437		
F2. First Prior Year	208,137,392	120,010,437	
F3. Second Prior Year	(458,613,570)	208,137,391	120,010,437
F4. Third Prior Year	-		
F5. Total Phase-Ins	(130,465,741)	328,147,828	120,010,437



Retiree Health Care Valuation Reporting Results

Valuation Date	12/31/2024	12/31/2023
	Computed Contributions Expressed as Percents of Payroll	
Normal Cost Contribution	0.88%	0.90%
Unfunded Accrued Liability Contribution	<u>0.00%</u>	<u>0.00%</u>
Total Actuarially Determined Employer Contribution (ADEC)	0.88%	0.90%
	(\$ in Millions)	
Actuarial Accrued Liability*	\$10,088	\$10,046
Funding Value of Retiree Health Care Assets*	<u>12,108</u>	<u>12,061</u>
Unfunded Accrued Liability	(2,021)	(2,015)
Funded Ratio	120.0%	120.1%

**Excluding RMA and HRA account balances of \$814.2 million as of 12/31/2024 and \$762.1 million as of 12/31/2023.*

Calculations based upon a 6.0% investment return assumption, and, if applicable, a 15-year amortization period and level-percent-of-pay amortization. If the Funding Value of Retiree Health Care Assets is greater than the Actuarial Accrued Liability, only assets in excess of a 120% of the Actuarial Accrued Liability are used in determining the Unfunded Accrued Liability Contribution (i.e., a reduction to the Normal Cost Contribution) of the ADEC.



Retiree Health Care Valuation Reporting

Observations

- The ADEC as a % of payroll remained about level
 - Current ADEC equals Normal Cost Contribution (0.88%)
 - ADEC (as % of payroll) decreased slightly as a result of total System payroll increasing more than assumed during 2024 (5.55% vs. 2.75% assumed)
- The funded ratio also remained level (120%) due to offsetting experience:
 - Actual HRA account deposits were lower than expected during the 2024 calendar year resulting in a gain
 - Investment return on a Funding Value of Assets basis was below expectations (4.96% versus 6.00% assumed), resulting in a loss

Retiree Health Care Valuation Reporting

Computed Contribution History

Historical ADECs / ARCs and Funded Ratios are presented below:

As of December 31,	Computed Contribution	Funded Ratio ¹	Notes
2005	ARC 17.19%	34.5%	
2011	ARC 12.96%	39.1%	
2012	ARC 5.54%	63.6%	<i>After adoption of HCPP 3.0</i>
2013	ARC 5.77%	60.8%	
2014	ARC 5.56%	62.2%	
2015	ARC 5.59%	62.1%	<i>After 12/31/2015 Experience Study</i>
2016	ARC 5.75%	59.9%	
2017	ADEC ² 5.93%	68.1%	
2018	ADEC ³ 6.68%	64.0%	
2019	ADEC ³ 1.30%	104.5%	<i>After adoption of HCPP 3.1</i>
2020	ADEC ³ 1.35%	111.1%	<i>After 12/31/2020 Experience Study</i>
2021	ADEC ³ 1.34%	116.2%	
2022	ADEC ³ 1.30%	116.5%	
2023	ADEC ³ 0.90%	120.1%	<i>Changes in assumed HRA base allowances and admin. expenses</i>
2024	ADEC ³ 0.88%	120.0%	

¹ Excluding RMA and HRA account balances in Funded Ratios beginning with the December 31, 2016 Valuation.

² Based upon a 6.50% assumed rate of investment return & 15-year level-percent-of-pay amortization period.

³ Based upon a 6.00% assumed rate of investment return & 15-year level-percent-of-pay amortization period.

SECTION III: RETIREE HEALTH CARE PROJECTIONS

(4.0% Assumed Rate of Investment Return)

- **Baseline Projection**
- **Alternative Market Return Scenarios**
- **Alternative Health Reimbursement Arrangement (HRA)
Base Allowance Scenarios**

Retiree Health Care Projections

Key Measure Definitions

- Solvency Period
 - Calculation answers the question: Based on the assets we have accumulated to date, and assuming retiree health care payments continue at the rate we expect, how long will the trust fund last?
 - With the introduction of Health Reimbursement Arrangement (HRA) accounts, for the trust fund to be solvent, we are assuming that the assets must at least be equal to the HRA balances

Retiree Health Care Projections

Key Measure Definitions

- Self Funding Rate (SFR)
 - Answers the question: How much of the employer contribution rate would we have to use to fund retiree health care in order for the retiree health care trust fund to grow at 2.75% (assumed rate of payroll growth) after 50 years?
 - OPERS' current goal is 2% of payroll effective January 1, 2022.
 - Ideally, the employer contribution rate allocated for retiree health care coverage would match or exceed the SFR.

Retiree Health Care Projections - Baseline

- The baseline cash flow projections assist the Board in determining employer contribution rates necessary to fund retiree health care coverage
- Contributions to fund retiree health care coverage are set by the Board on an annual basis
- Current and scheduled employer contribution rates to fund retiree health care coverage are 0% for the Traditional Plan and 2% for the Combined Plan

Retiree Health Care Projections – Baseline

Projected Market Value of Assets & Cash Flows

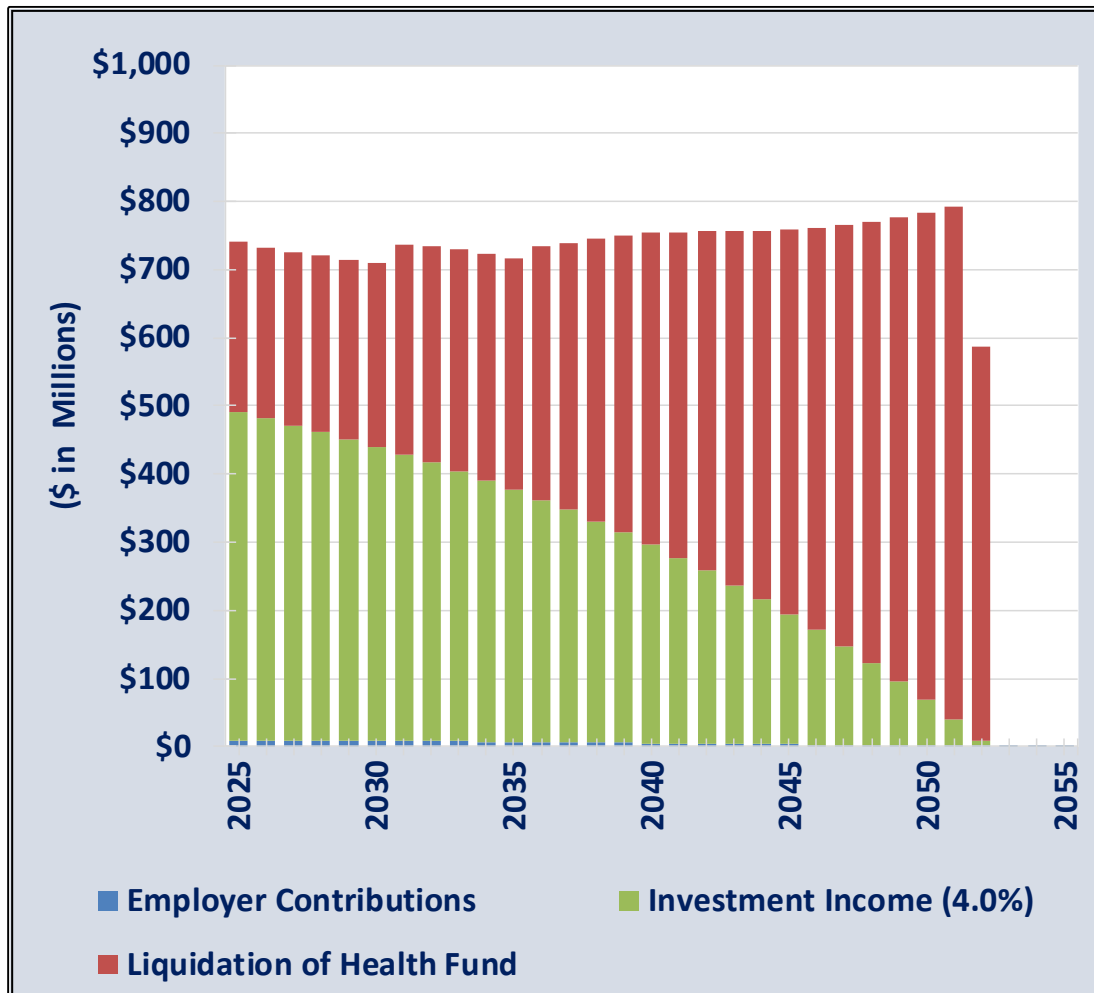
Calendar Year	(\$ in Millions)					
	Beginning of Year Market Value of Assets	Employer Contributions	Employer Financed Payments	Administrative Expenses	Investment Income (4.0%)	End of Year Market Value of Assets
2025	\$12,426	\$9	\$723	\$18	\$483	\$12,177
2026	12,177	9	714	19	473	11,926
2027	11,926	9	707	19	463	11,672
2028	11,672	9	701	20	453	11,412
2029	11,412	9	694	21	442	11,148
2030	11,148	8	689	22	432	10,878
2031	10,878	8	715	22	421	10,570
2032	10,570	8	712	23	408	10,251
2033	10,251	8	706	24	396	9,925
2034	9,925	7	698	24	383	9,593
2035	9,593	7	691	25	370	9,254
2036	9,254	7	708	26	356	8,882
2037	8,882	6	713	27	341	8,490
2038	8,490	6	717	28	325	8,076
2039	8,076	6	721	28	308	7,640
2040	7,640	5	724	29	291	7,182
2041	7,182	5	725	30	272	6,704
2042	6,704	4	725	31	253	6,206
2043	6,206	4	724	32	233	5,687
2044	5,687	4	724	33	213	5,147
2045	5,147	3	724	34	191	4,583
2046	4,583	3	725	35	168	3,993
2047	3,993	3	728	36	145	3,376
2048	3,376	2	733	37	120	2,728
2049	2,728	2	738	38	94	2,048
2050	2,048	2	744	39	66	1,332
2051	1,332	1	752	40	38	579
2052	579	1	561	31	12	0

The January 1, 2025 Market Value of Assets and the calendar year 2025 employer financed payments exclude the December 31, 2024 RMA and HRA account balances of \$814.2 million.



Retiree Health Care Projections – Baseline

Projected Funding Source of Retiree Health Care Payments and Expenses



- When retiree health care payments and expenses exceed contribution income in the retiree health care trust fund, the difference is made up by investment return, and, if need be, the liquidation of retiree health care trust fund assets
- Under the baseline HRA base allowance increase assumptions, unless investment gains above projections and/or contribution increases arise, the retiree health care trust fund is expected to run out of money during calendar year 2052 (a solvency period of 27 years)
- If the retiree health care trust fund actually runs out of money, the retiree health care program would become “pay as you go”

Retiree Health Care Projections – Baseline

Solvency Period & Self Funding Rate

Valuation Year	Solvency Period		Self Funding Rate	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Baseline Projection	27 Years	25 Years	1.34%	1.41%

- The Solvency Period increased by 2 years from last year (an improvement of 3 years since the expected solvency period as of 12/31/2024 was 24 years)
- The Self Funding Rate decreased by 0.07% of payroll from last year
- The increase in the Solvency Period and decrease in the Self Funding Rate are primarily due to better than expected investment income on a market value basis during the 2024 calendar year (10.06% vs. 4.00% assumed)

Alternative Market Return Scenarios

Introduction

The below table from the May 2025 OPERS Board Meeting presented alternative market scenarios for the pension program:

December 31,	-12.00% in 2025 6.90% Thereafter				-1.50% in 2025 6.90% Thereafter				6.90% Market Return in All Future Years				10.00% in 2025 6.90% Thereafter			
	UAAL	Funded Ratio	Amortization Period		UAAL	Funded Ratio	Amortization Period		UAAL	Funded Ratio	Amortization Period		UAAL	Funded Ratio	Amortization Period	
			FVA Basis	MVA Basis			FVA Basis	MVA Basis			FVA Basis	MVA Basis			FVA Basis	MVA Basis
2024	\$22	83%	15 yrs	18 yrs	\$22	83%	15 yrs	18 yrs	\$22	83%	15 yrs	18 yrs	\$22	83%	15 yrs	18 yrs
2025	33	75%	30	68	28	79%	22	30	26	81%	19	18	25	81%	18	14
2026	37	73%	36	66	29	79%	22	29	24	82%	17	17	23	83%	15	13
2027	42	70%	45	65	31	78%	24	28	24	83%	16	15	21	85%	13	12
2028	46	68%	58	62	33	77%	26	26	23	84%	14	14	20	86%	11	11
2029	48	67%	58	59	34	77%	25	25	23	84%	13	13	19	87%	10	10
2030	49	67%	57	57	34	77%	24	24	22	85%	12	12	18	88%	9	9
2031	50	67%	56	56	34	78%	23	23	21	86%	11	11	17	89%	8	8
2032	51	67%	54	54	34	78%	22	22	21	87%	10	10	15	90%	7	7
2033	53	67%	53	53	34	79%	21	21	20	88%	9	9	14	91%	6	6
2034	54	67%	51	51	34	79%	19	19	18	89%	8	8	13	92%	5	5

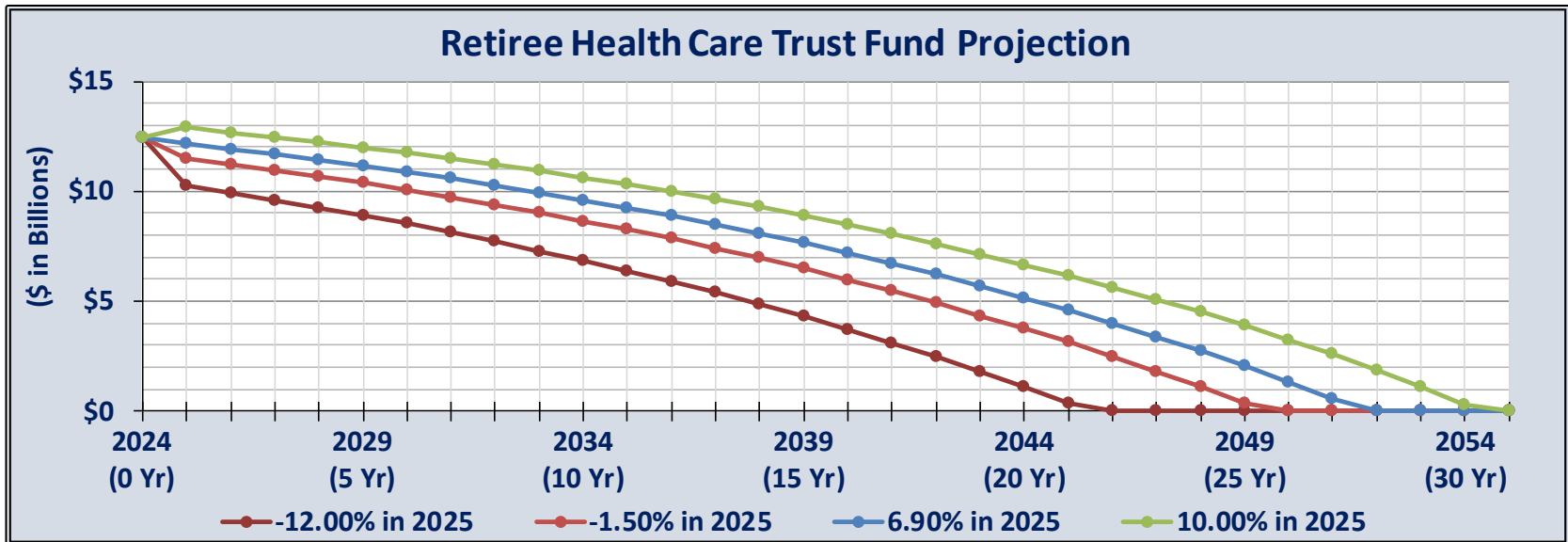
NOTE: UAAL and Funded Ratio are based upon the Funding Value of Assets. Results are based on a 0% retiree health contribution for Traditional Plan members in 2025 and thereafter.

For the retiree health care program alternative market return scenarios, we used the above market rates of return in 2025, with the exception of 4.00% instead of 6.90%. For calendar years 2026 and thereafter, 4.00% was used.

Alternative Market Return Scenarios

Solvency Period and Self Funding Rate

Scenario:	Market Return Scenarios on Retiree Health Care Trust Fund			
	-12.00% in 2025 4.00% Thereafter	-1.50% in 2025 4.00% Thereafter	4.00% Return in All Future Years	10.00% in 2025 4.00% Thereafter
Solvency Period	21 Years	25 Years	27 Years	30 Years
Self Funding Rate	1.46%	1.38%	1.34%	1.30%



Based on valuation assumed (i.e., baseline) HRA base allowance scenario and 0% Retiree Health Care contributions from the Traditional Plan. Projected Retiree Health Care Trust Fund assets exclude members' HRA and RMA balances.

Alternative Market Return Scenarios

Funding Policy Framework & Retiree Health Care Funding

- Based upon the Board’s Funding Policy Framework, OPERS “may fund” retiree health care once the pension amortization period is at or below 10 years
- This makes the largest risk to the retiree health care program the funding of the pension program

Alternative Investment Returns				Years Until Pension Amortization < 10 years	Health Solvency Period	Net
CY 2025		CY 2026+				
Pension	Health	Pension	Health			
-12.0%	-12.0%	6.9%	4.0%	51 years	21 years	-30 years
-1.5%	-1.5%	6.9%	4.0%	20 years	25 years	+5 years
6.9%	4.0%	6.9%	4.0%	9 years	27 years	+16 years <i>(Baseline)</i>
10.0%	10.0%	6.9%	4.0%	6 years	30 years	+24 years

Alternative HRA Base Allowance Scenarios

Solvency Period & Self Funding Rate

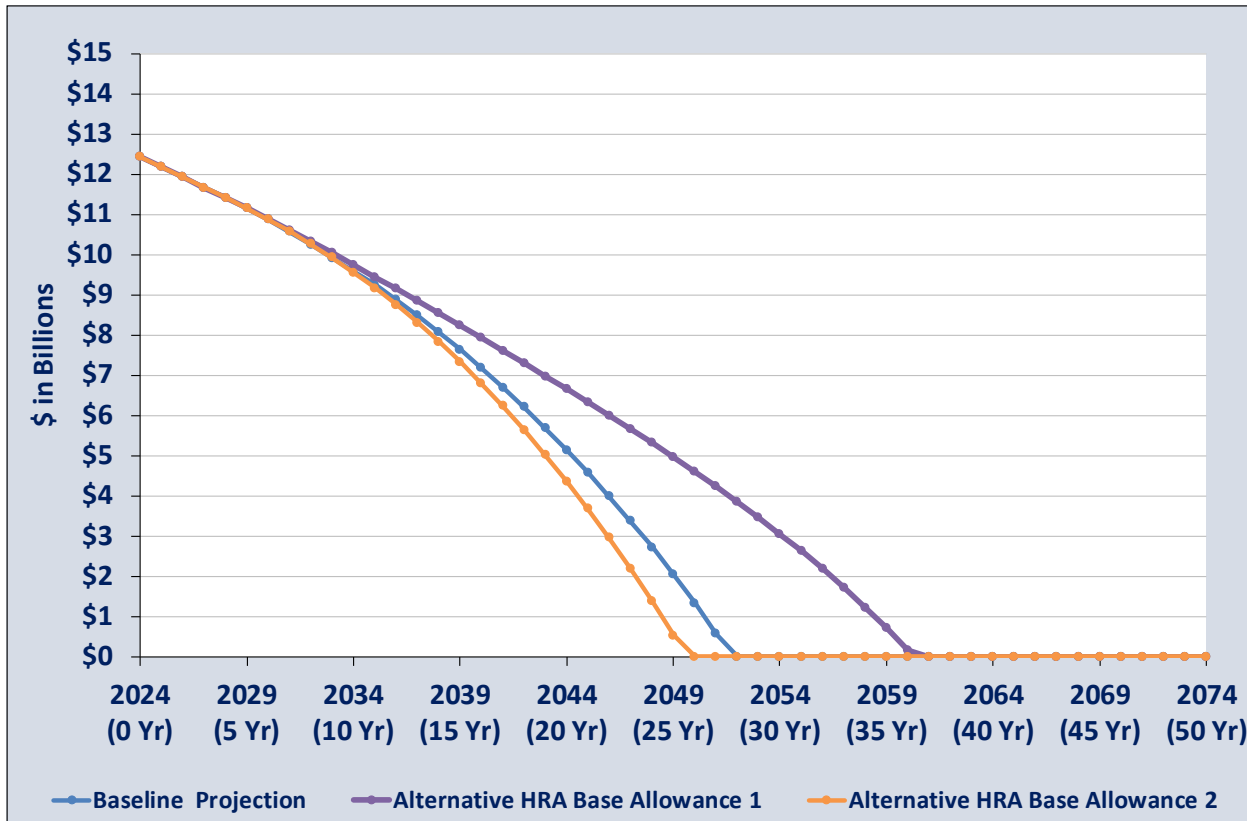
Calendar Year	Assumed HRA Base Allowances & Future Increases					
	Baseline Projection		Alternate HRA Base Allowance 1		Alternate HRA Base Allowance 2	
	Valuation Assumed HRA Base Allowance Increases		No Increases in 2026+		No Increases 2026-2030 & Wage Inflation (2.75%) Increases in 2031+	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare	Pre-Medicare	Medicare
2025	\$1,200	\$400	\$1,200	\$400	\$1,200	\$400
2026-2030	\$1,200	\$400	\$1,200	\$400	\$1,200	\$400
2031	\$1,250	\$425	\$1,200	\$400	\$1,233	\$411
2032	\$1,250	\$425	\$1,200	\$400	\$1,267	\$422
2033	\$1,250	\$425	\$1,200	\$400	\$1,302	\$434
2034	\$1,250	\$425	\$1,200	\$400	\$1,338	\$446
2035	\$1,250	\$425	\$1,200	\$400	\$1,374	\$458
2036	\$1,275	\$450	\$1,200	\$400	\$1,412	\$471
2037+	+2.00%	+2.00%	+0.00%	+0.00%	+2.75%	+2.75%

Solvency Period	27 Years	36 Years	25 Years
Self Funding Rate	1.34%	0.57%	1.85%



Alternative HRA Base Allowance Scenarios

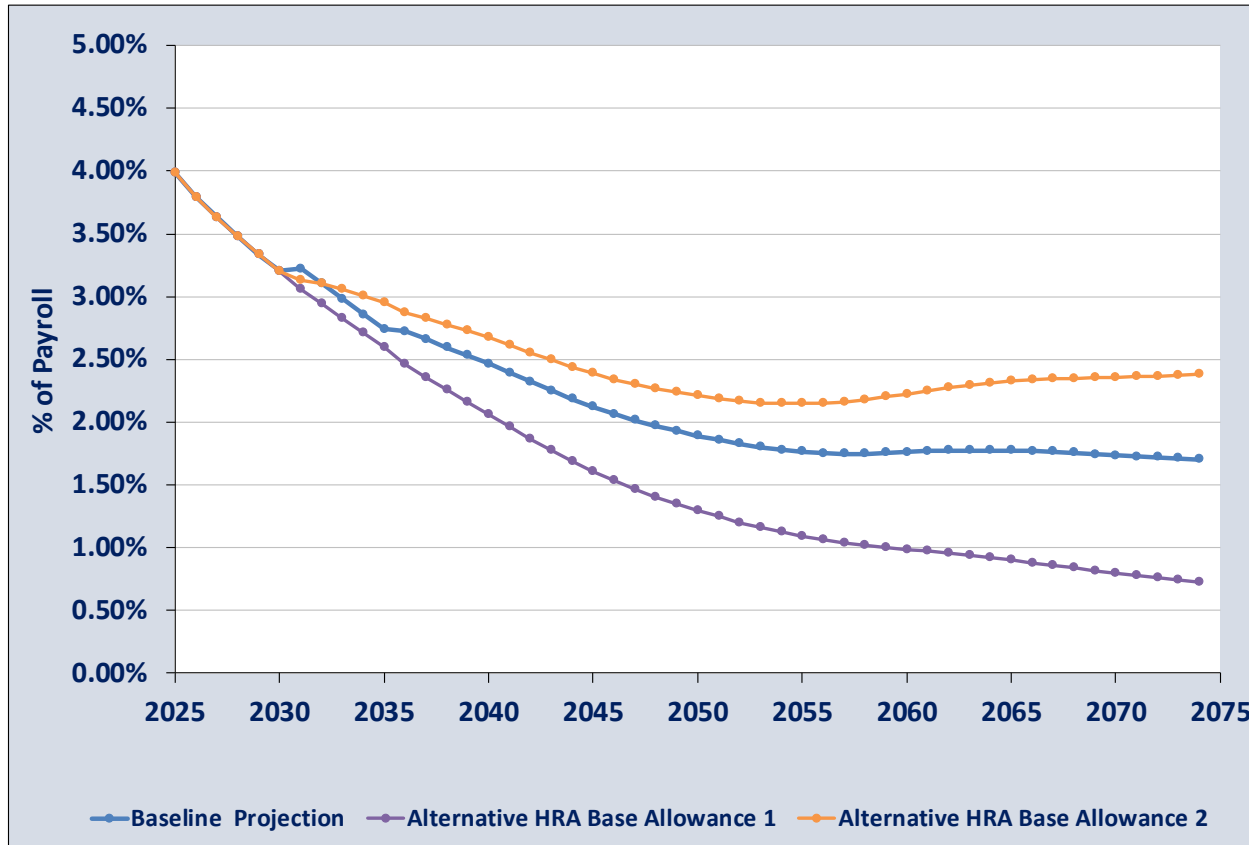
Projected Retiree Health Care Trust Fund Assets



- Projected Retiree Health Care Trust Fund assets exclude HRA and RMA balances as of 12/31/2024
- For projection purposes, it is assumed that members will spend their annual additions to their HRA accounts immediately

Alternative HRA Base Allowance Scenarios

Projected Retiree Health Care Payments as %'s of Projected Payroll



- Projected Retiree Health Care Trust Fund assets exclude HRA and RMA balances as of 12/31/2024
- For projection purposes, it is assumed that members will spend their annual additions to their HRA accounts immediately
- Projected retiree health care payments are based upon the assumption that the Retiree Health Care Trust Fund is solvent in the future

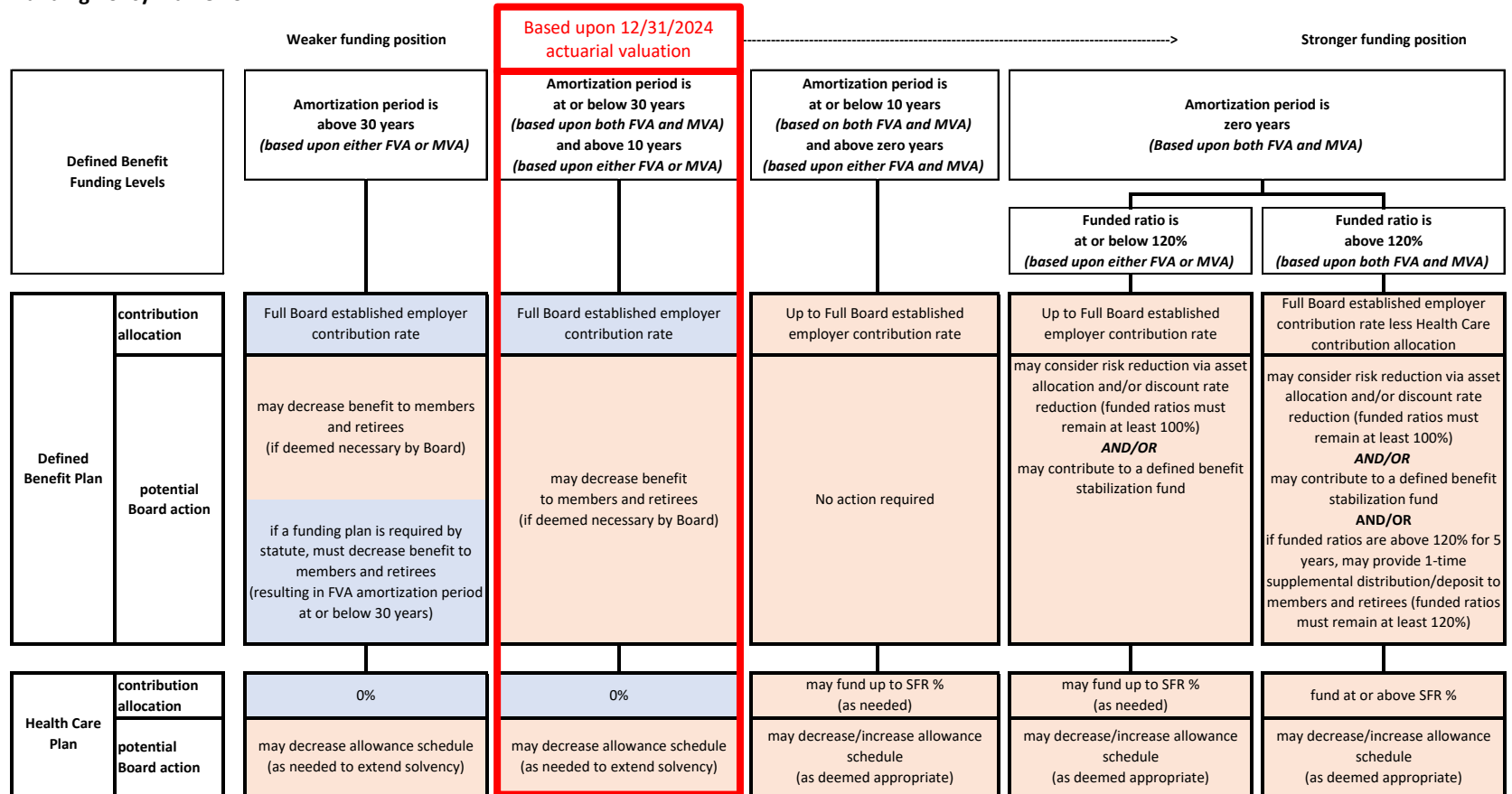
Summary

- As a result of the need to fund the pension program, almost all available employer contributions are allocated to the pension fund for the foreseeable future
- Retiree health care payments are projected to cease in 2052 (based upon a 4.0% assumed rate of market value investment return)
- Investment experience could lengthen or shorten the solvency period considerably
- Based on present expectations, it would take 1.34% of payroll to fund the present retiree health care program indefinitely (based upon a 4.0% assumed rate of return)

APPENDIX

Funding Policy Framework

Funding Policy Framework



Funding priority order:

1. DB Funded Ratio on both an FVA and MVA basis are at least 100% (i.e., Amortization Years are zero)
2. DB fund asset allocation at target risk/return level (with appropriate discount rate (DR))
3. Health Care plan funded at the Self-Funding Rate (SFR)
4. Health Care allowance increase (base allowance increase or 1-time extra payment)
5. One time supplemental distribution/deposit

Notes:

1. Any base allowance change (including a 1-time payment) is considered an allowance schedule change
2. Board actions cannot result in a weaker Defined Benefit Funding Level (unless otherwise stated (i.e., DB discount rate reduction))

Color legend:

- Board must do
- Board has discretion



HCPP 3.1 Retiree Health Care Coverage Provision Changes Effective January 1, 2022: Pre-Medicare Retirees

- **Eligibility for Pre-Medicare Coverage**

- Eligibility requirements will only change for those retiring on or after Jan. 1, 2022. If you are currently retired and eligible (or retire and are eligible prior to Jan. 1, 2022) to participate in the OPERS health care program, you will continue to be eligible after Jan. 1, 2022. This includes those who retired prior to Jan. 1, 2022 with 20 years of qualified service and currently are not in our health care program, you will still be able to enter at age 60. However, effective Jan. 1, 2022, all retirees will receive a monthly Health Reimbursement Arrangement (HRA). Medicare-eligible retirees already receive an HRA, but this will be new for pre-Medicare retirees.
- If you are receiving a disability pension benefit with an effective date of Dec. 1, 2021 or prior you are still under the eligibility rules that were in place as of your disability pension benefit effective date.
- Health care eligibility requirements will change for new retirees on or after Jan. 1, 2022.

HCPP 3.1 Retiree Health Care Coverage Provision Changes Effective January 1, 2022: Pre-Medicare Retirees

- **Health Reimbursement Arrangement Allowance**

- Currently, as a pre-Medicare retiree, you receive an allowance from OPERS to offset your monthly premium for coverage in the OPERS Retiree Health Plan administered by Medical Mutual.
- Effective Dec. 31, 2021, OPERS will no longer offer a pre-Medicare group plan. Instead, effective Jan. 1, 2022, eligible pre-Medicare retirees will begin receiving a monthly Health Reimbursement Arrangement (HRA) allowance.
- In addition to receiving a monthly allowance, you will no longer pay a medical premium through OPERS, and your monthly pension benefit amount will increase by the amount currently deducted for that premium.

HCPP 3.1 Retiree Health Care Coverage Provision Changes Effective January 1, 2022: Medicare-Eligible Retirees

- **Eligibility for OPERS Medicare Coverage**

- Eligibility requirements will only change for those retiring on or after Jan. 1, 2022. If you are currently retired and eligible (or retire and are eligible prior to Jan. 1, 2022) to participate in the OPERS health care program, you will continue to be eligible after Jan. 1, 2022. However, you will be impacted by changes to your Health Reimbursement Arrangement (HRA) allowance.
- If you are receiving a disability pension benefit with an effective date of Dec. 1, 2021 or prior, you are still under the eligibility rules that were in place based as of your disability pension benefit effective date.
- Health care eligibility requirements will change for new retirees with a pension benefit effective date on or after Jan. 1, 2022.

- **Health Reimbursement Arrangement Allowance Effective 1/1/2022**

- The base allowance percentages and monthly HRA deposit amount for Medicare-eligible retirees will be reduced from \$450 to \$350 per month.
- Allowance amounts will range from 51 percent (\$178.50 per month) to 90 percent (\$315 per month) of the base amount.

HCPP 3.1 Retiree Health Care Coverage Provision Changes Effective January 1, 2022: Active Members

- **Eligibility for Health Care**

- Health care eligibility requirements for retirees in the Traditional Plan or Combined Plan effective Jan. 1, 2022:
 1. Age 65 with a minimum of 20 years of qualifying service credit
 2. Retirees under age 65 can qualify by meeting unreduced pension eligibility per their retirement group:
 - Group A - 30 years of qualifying service credit at any age
 - Group B - 32 years of qualifying service credit at any age or 31 years (minimum age 52)
 - Group C - 32 years of qualifying service credit and minimum age 55

Disclosures

- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Kurt Dosson is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the Medicare Part A trend rates contained in this presentation.
- The actuaries submitting this presentation (Mita Drazilov, James Sparks and Jeff Tebeau) are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the remaining actuarial opinions contained herein.
- The purposes of the actuarial valuation are to measure the financial position of OPERS, assist the Board in establishing employer contribution rates necessary to fund retiree health care coverage provided by OPERS, and provide actuarial reporting and disclosure information for the System's financial report.

Disclosures

- The actuarial valuation and projections of retiree health care coverage were based upon information furnished by the Executive Director and staff, concerning Retirement System financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided.
- This is one of multiple documents comprising the actuarial report. Additional information regarding actuarial assumptions and methods, and important additional disclosures will be provided in the reports titled “Annual Actuarial Valuation and Projections of Retiree Health Care Coverage December 31, 2024” and “GASB Statement Nos. 74 and 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans December 31, 2024.”
- If you need additional information to make an informed decision about the contents of this presentation, or if anything appears to be missing or incomplete, please contact us before using this presentation.

Disclosures

- Future actuarial measurements may differ significantly from the current measurements presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for those measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Board Meeting IV.B

MEMORANDUM

TO: OPERS Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: September 8, 2025
RE: **IV. Discussion Items:**
B. Investment Performance Report – Second Quarter 2025 Comparative Results

Market Commentary:

During the quarter, US trade policy drove market dynamics. Significant volatility in early April after the initial tariff announcement was followed by a recovery in risk assets on their later temporary suspension. In fixed income markets, fiscal policy uncertainty and growing debt levels shaped market sentiment

Looking ahead, continued uncertainty related to the US administration's tariff policies and their impact on the economy, inflation, and Fed policy will be key. The track of the US deficit, China's economy and relations with the US, as well as concerns over elevated valuations and weakening earnings in the US equity market, will also be important focuses for the rest of this year.

Equities:

U.S. stocks rose during the second quarter as tariff concerns stabilized after the early April volatility. Strong corporate earnings, particularly in the technology sector, and a relatively resilient US economy also drove results.

Growth stocks outpaced value stocks across the market cap spectrum during the quarter, particularly in large cap due to strong gains in the large-cap companies focused on AI.

Small cap stocks (Russell 2000) had strong results in Q2 but trailed large cap stocks (Russell 1000), which gained. Gains in the large cap technology sector, elevated interest rates, and overall uncertainty related to the path of the U.S. economy drove the underperformance.

Developed markets outpaced U.S. peers as continued weakness in the U.S. dollar (USD) acted as a significant tailwind adding to local returns. Eurozone equities had strong results, led by real estate and industrials (particularly defense) and benefiting from two rate cuts over the quarter as inflation fell below the ECB target of 2%. Japan also saw strong returns led by growth stocks after initial tariff-related declines.

Emerging markets ended the quarter slightly ahead of developed peers, also benefiting from the weakening USD. After the pronounced "Liberation Day" selloff, the 90-day tariff pause, and US-China dialogue eased many fears. Korea and Taiwan tech stocks benefited from continued AI optimism. China posted a small gain for the quarter as domestic consumption data continued to weigh on sentiment, and trade uncertainty lingered. India underperformed, as growth expectations were tempered, and valuations remained high.

Fixed Income:

In the bond market, easing of trade tensions post early-April and rising concerns over expansionary US fiscal policies drove results. Outside the long end of the yield curve, declining or stable Treasury yields supported the broad US bond market, with the Bloomberg Aggregate rising +1.2% for the quarter.

Long-term Treasuries (-1.5%) underperformed as fiscal concerns in the US drove rates higher, particularly for 30-year Treasuries (+20 basis points). Short (+1.0%) and longer dated (+0.5%) Treasury Inflation-Protected Securities (“TIPS”) also provided positive performance as inflation risks remained.

Given the improving risk sentiment, emerging market debt (+7.6%) and high yield (+3.5%) led the way for the quarter.

OPERS Funds Review:

Defined Benefit Plan (DB)

The OPERS total DB portfolio had an aggregate value of \$109 billion as of June 30, 2025. This includes positive performance over the most recent quarter of 5.6%. In addition, the DB plan returned 10.7% and 9.4% over the most recent 1-year and 3-year periods. The portfolio has outperformed its policy benchmark over all time periods. Over the past 5 years the DB plan returned 8.9% net of fees and outperformed the policy benchmark by 40 basis points over this period.

For the most part, asset class performance has been positive with particularly strong returns from the public equity markets. Private market performance for the DB portfolio continues to be mixed with Private Equity returning 8.2% for the latest 1-year period.

Health Care Trust (HC 115):

The health care trust returned 6.2% net of fees for the quarter ending June 30, 2025, outperforming the policy benchmark by 10 basis points with plan assets at roughly \$14.2 billion. For the latest 1-year period the HC portfolio was up 12.2% net of fees and outperformed its policy benchmark by 40 basis points. Over longer periods the HC trust has outperformed its policy benchmark and provided positive annualized returns.

Allocations to public equities and high yield fixed income benefited the portfolio over all trailing time periods.

Defined Contribution Plan:

As of June 30, 2025, the defined contribution portfolio had assets of roughly \$3.3 billion. This total market value was above the value as of March 31, 2025. Performance for the DC funds was positive during the quarter.

Ohio Public Employees Retirement System

Q2 2025

DB, HC and DC Plan Performance

1. **Economic and Market Update as of June 30, 2025**
2. **Defined Benefit Plan Performance**
3. **Health Care Trust 115 Performance**
4. **Defined Contribution Performance**
5. **Disclaimer**

Economic and Market Update

Data as of June 30, 2025

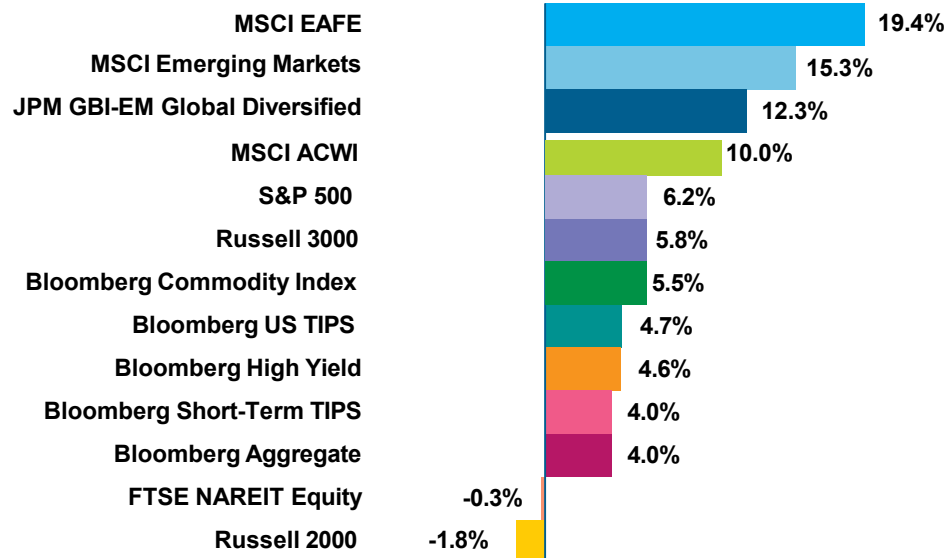
Commentary

During the quarter, US trade policy drove market dynamics. Significant volatility in early April after the initial tariff announcement was followed by a recovery in risk assets on their later temporary suspension. In fixed income markets, fiscal policy uncertainty and growing debt levels shaped market sentiment.

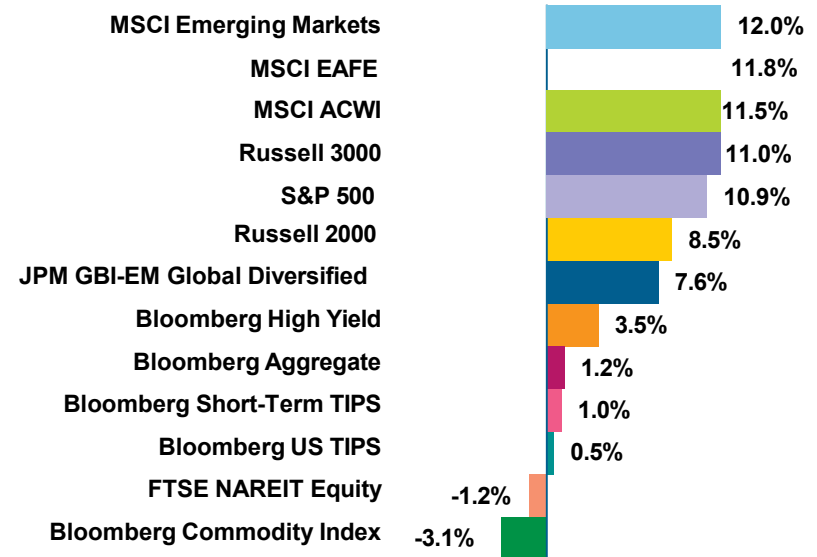
- Domestic equities rose during the quarter (Russell 3000: +11.0%) and growth stocks, particularly technology, led the way.
- Non-US developed-market stocks (MSCI EAFE: +11.8%) beat US markets, extending their outperformance over most asset classes year-to-date by returning +19.4%.
- Emerging market equities were the best performers, returning +12.0% for the quarter, despite a modest +2.0% return in China.
- In mid-June, the Federal Reserve held rates steady (but messaging was perceived as more accommodative by market participants compared to earlier in the year), with inflation, while improving, remaining above target and the unemployment rate still low.
- Outside of longer dated government bonds, most fixed income markets rose for the quarter as yields generally remained stable or declined. The broad Bloomberg Aggregate Index returned +1.2%, while long-term Treasuries fell -1.5%. Riskier bonds did better as risk sentiment improved with emerging market debt increasing +7.6% and high yield bonds gaining +3.5%.
- Looking ahead, continued uncertainty related to the US administration's tariff policies and their impact on the economy, inflation, and Fed policy will be key. The track of the US deficit, China's economy and relations with the US, as well as concerns over elevated valuations and weakening earnings in the US equity market, will also be important focuses for the rest of this year.

Index Returns¹

YTD



Q2



- After tariff-related market volatility in April, global equity markets rallied in May and June on the general pausing of tariffs. Bond markets performed well with short-term yields declining in the US and intermediate-term yields remaining stable. Growing debt levels remained a key concern for major global economies.
- US equity markets continued to provide strong gains year-to-date, returning to record levels after a weak start to 2025. International equities still lead the way in 2025, particularly developed markets, supported by a weakening US dollar.

¹ Source: Bloomberg. Data is as of June 30, 2025.

Domestic Equity Returns¹

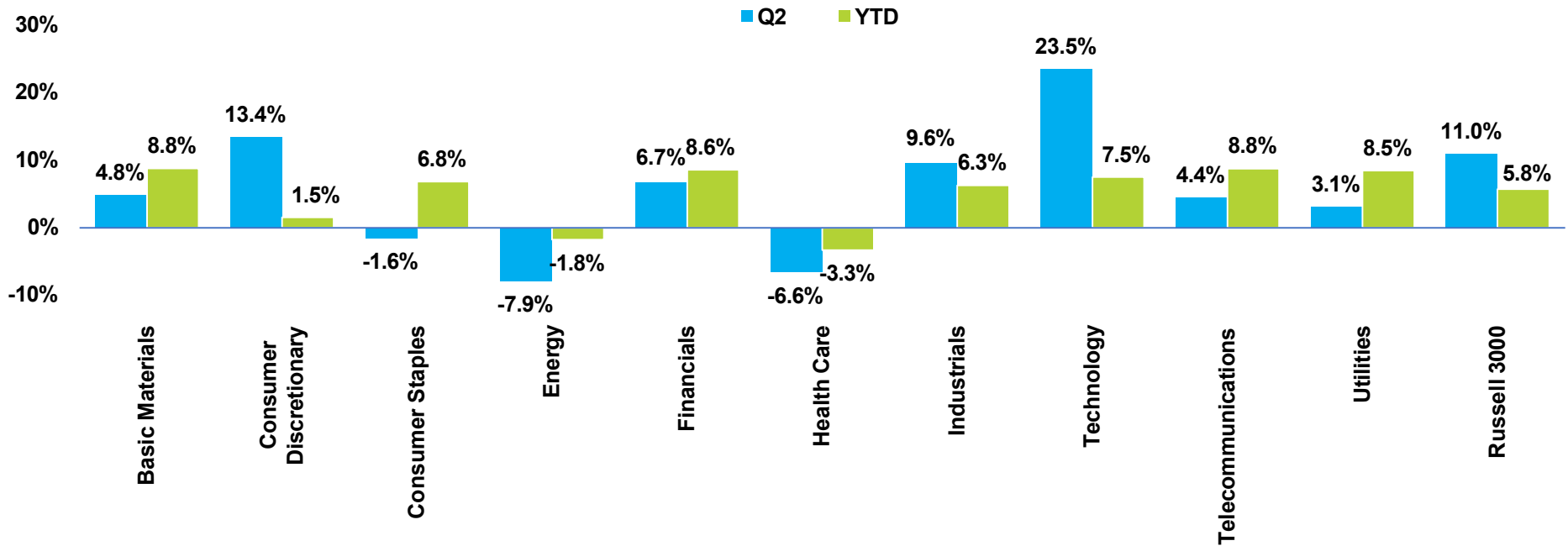
Domestic Equity	June (%)	Q2 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	5.1	10.9	6.2	15.2	19.7	16.6	13.6
Russell 3000	5.1	11.0	5.8	15.3	19.1	15.9	12.9
Russell 1000	5.1	11.1	6.1	15.7	19.6	16.3	13.3
Russell 1000 Growth	6.4	17.8	6.1	17.2	25.7	18.1	17.0
Russell 1000 Value	3.4	3.8	6.0	13.7	12.8	13.9	9.2
Russell MidCap	3.7	8.5	4.8	15.2	14.3	13.1	9.9
Russell MidCap Growth	4.4	18.2	9.8	26.5	21.4	12.6	12.1
Russell MidCap Value	3.5	5.3	3.1	11.5	11.3	13.7	8.4
Russell 2000	5.4	8.5	-1.8	7.7	10.0	10.0	7.1
Russell 2000 Growth	5.9	12.0	-0.5	9.7	12.4	7.4	7.1
Russell 2000 Value	4.9	5.0	-3.2	5.5	7.4	12.5	6.7

US Equities: The Russell 3000 index returned +5.1% in June and +11.0% in the second quarter.

- US stocks rose during the second quarter as tariff concerns stabilized after the early April volatility. Strong corporate earnings, particularly in the technology sector, and a relatively resilient US economy also drove results.
- Growth stocks outpaced value stocks across the market cap spectrum during the quarter, particularly in large cap (+17.8% versus +3.8%) due to strong gains in the large-cap companies focused on AI.
- Small cap stocks (Russell 2000) had strong results (+8.5%) in Q2 but trailed large cap stocks (Russell 1000), which gained +11.1%. Gains in the large cap technology sector, elevated interest rates, and overall uncertainty related to the path of the US economy drove the underperformance.

¹ Source: Bloomberg. Data is as of June 30, 2025.

Russell 3000 Sector Returns¹



- Technology stocks led the way in the second quarter. This sector contributed more than half of the quarter’s gains in the Russell 3000 index. AI favorites, including NVIDIA and Broadcom, rebounded amid strong earnings reports.
- Consumer discretionary stocks performed well for the quarter (+13.4%) given the slight easing of tariff concerns.
- Energy (-7.9%) and Health Care (-6.6%) were the largest detractors among sectors for the second quarter. Increased supply and weakening demand and plans by the new administration to lower drug prices, respectively, weighed on the two sectors.

¹ Source: Bloomberg. Data is as of June 30, 2025.

Foreign Equity Returns¹

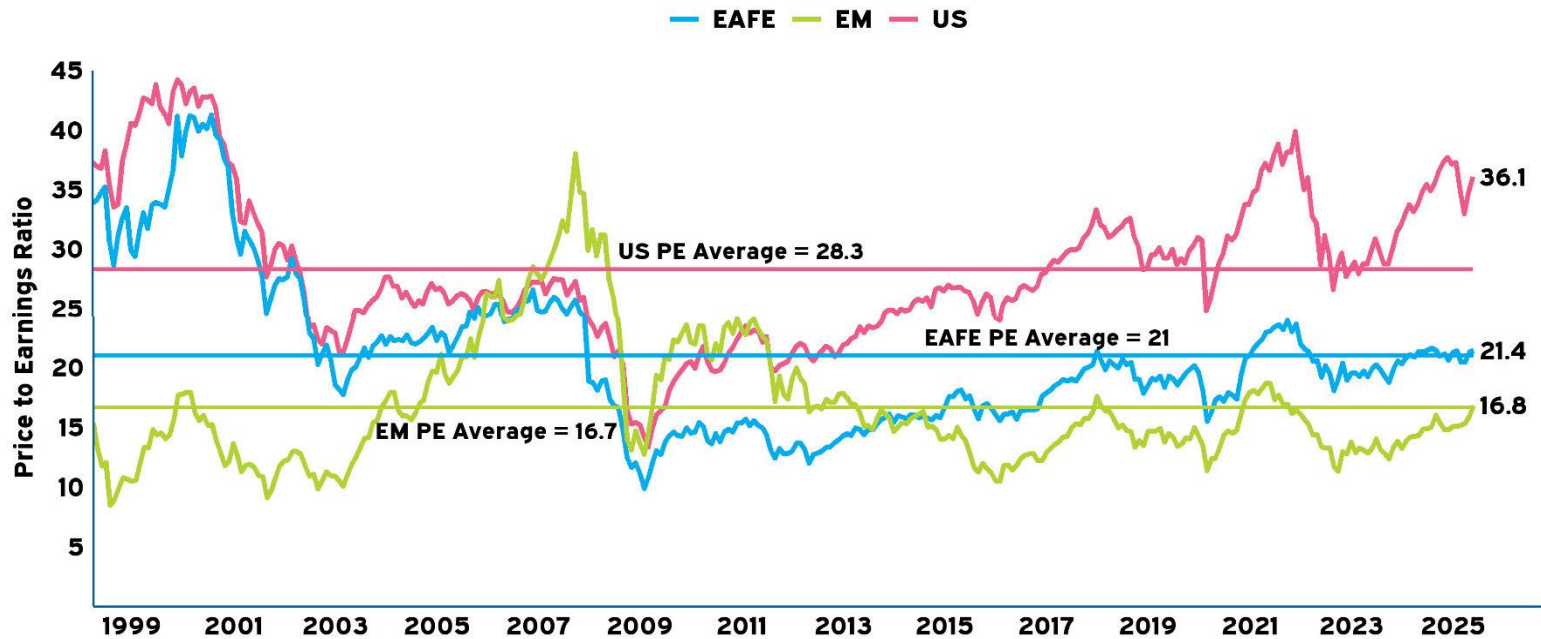
Foreign Equity	June (%)	Q2 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	3.4	12.0	17.9	17.7	14.0	10.1	6.1
MSCI EAFE	2.2	11.8	19.4	17.7	16.0	11.1	6.5
MSCI EAFE (Local Currency)	0.2	4.8	7.8	8.0	13.5	11.6	7.0
MSCI EAFE Small Cap	4.3	16.6	20.9	22.5	13.3	9.3	6.5
MSCI Emerging Markets	6.0	12.0	15.3	15.3	9.7	6.8	4.8
MSCI Emerging Markets (Local Currency)	4.9	7.9	10.8	12.9	10.4	7.9	6.5
MSCI EM ex China	7.0	16.5	14.5	9.4	13.2	11.3	6.2
MSCI China	3.7	2.0	17.3	33.8	3.1	-1.0	2.1

Foreign Equity: Developed international equities (MSCI EAFE) returned +2.2% in June and +11.8% in the second quarter and emerging market equities (MSCI Emerging Markets) rose +6.0% in June and +12.0% in the second quarter.

- Developed markets outpaced US peers as continued weakness in the US dollar (USD) acted as a significant tailwind adding +7.0% to local returns. Eurozone equities had strong results, led by real estate and industrials (particularly defense) and benefiting from two rate cuts over the quarter as inflation fell below the ECB target of 2%. Japan also saw strong returns led by growth stocks after initial tariff-related declines.
- Emerging markets ended the quarter slightly ahead of developed peers, also benefiting from the weakening USD. After the pronounced “Liberation Day” selloff, the 90-day tariff pause, and US-China dialogue eased many fears. Korea and Taiwan tech stocks benefited from continued AI optimism. China posted a small gain for the quarter as domestic consumption data continued to weigh on sentiment, and trade uncertainty lingered. India underperformed, as growth expectations were tempered, and valuations remained high.

¹ Source: Bloomberg. Data is as of June 30, 2025.

Equity Cyclically Adjusted P/E Ratios¹



- After a considerable pullback in April, US stock valuations rallied and finished the quarter above where they started. They continue to trade well above their long-run cyclically adjusted P/E average of 28.3.
- While non-US developed stocks have performed very well this year, at the end of June their valuations remain close to their long-run P/E ratio of 21.
- Emerging market stocks continued to rally this year and are now trading at valuations near their long-run average.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of June 2025. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

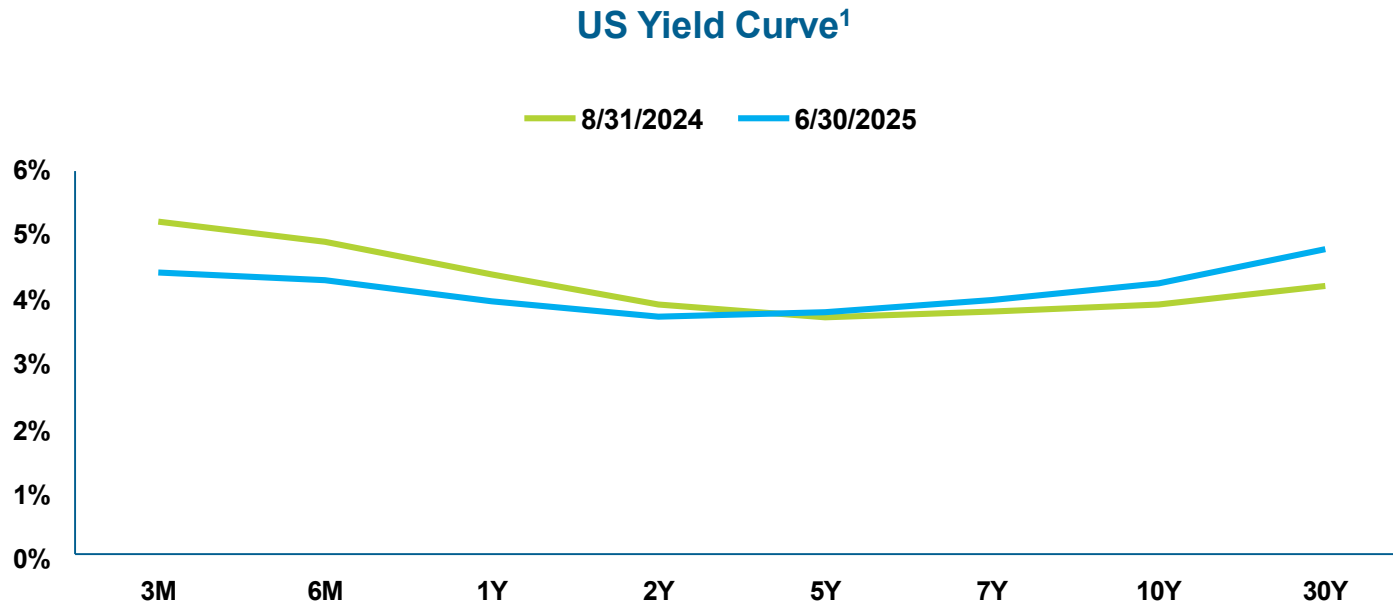
Fixed Income Returns¹

Fixed Income	June (%)	Q2 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	1.6	1.4	4.1	6.5	3.3	-0.1	2.1	4.7	5.9
Bloomberg Aggregate	1.5	1.2	4.0	6.1	2.5	-0.7	1.8	4.5	6.1
Bloomberg US TIPS	1.0	0.5	4.7	5.8	2.3	1.6	2.7	4.1	6.5
Bloomberg Short-term TIPS	0.5	1.0	4.0	6.5	3.9	3.8	2.9	3.9	2.4
Bloomberg US Long Treasury	2.5	-1.5	3.1	1.6	-3.7	-8.2	0.1	4.8	14.7
Bloomberg High Yield	1.8	3.5	4.6	10.3	9.9	6.0	5.4	7.1	3.2
JPM GBI-EM Global Diversified (USD)	2.8	7.6	12.3	13.8	8.5	1.9	2.1	--	--

Fixed Income: The Bloomberg Universal index rose +1.6% in June and +1.4% in the second quarter.

- In the bond market, easing of trade tensions post early-April and rising concerns over expansionary US fiscal policies drove results.
- Outside the long-end of the yield curve, declining or stable Treasury yields supported the broad US bond market, with the Bloomberg Aggregate rising +1.2% for the quarter. Long-term Treasuries (-1.5%) underperformed as fiscal concerns in the US drove rates higher, particularly for 30-year Treasuries (+20 basis points).
- Short (+1.0%) and longer dated (+0.5%) Treasury Inflation-Protected Securities (“TIPS”) also provided positive performance as inflation risks remained.
- Given the improving risk sentiment, emerging market debt (+7.6%) and high yield (+3.5%) led the way for the quarter.

¹ Source: Bloomberg. Data is as of June 30, 2025. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

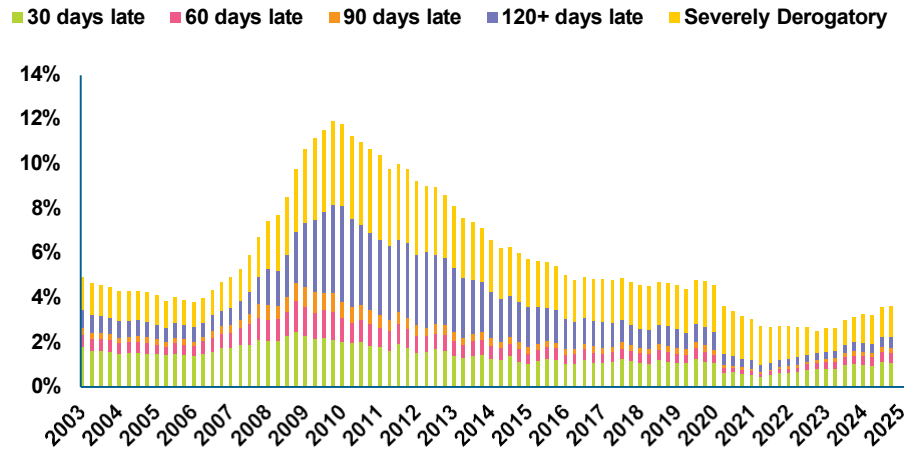


- Fiscal concerns related to a growing US government debt load and interest expense dominated headlines and market participant concerns, as did ongoing inflation-related uncertainty.
- The policy sensitive 2-year nominal Treasury yield was volatile but ultimately declined by 16 basis points to close near 3.7% as market participants factored in a greater likelihood of lower policy rates going forward.
- The 10-year nominal Treasury was also volatile but ended the period largely unchanged (4.2%), while the 30-year nominal Treasury increased by 0.2% over the quarter to 4.8% on growing debt concerns.
- These dynamics led to a continued steepening of the yield curve over the quarter.

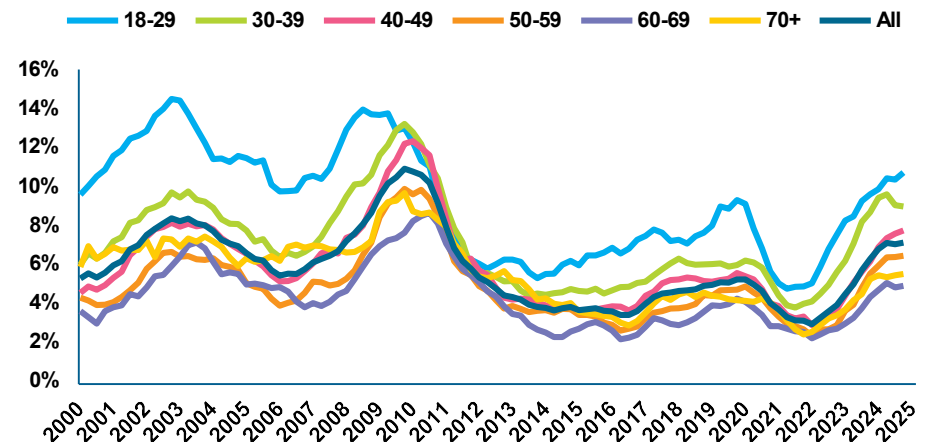
¹ Source: Bloomberg. Data is as of June 30, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

Stress is Building on US Consumers

Total Balance by Delinquency Status¹



Transition into Serious Delinquency for Credit Cards by Age²

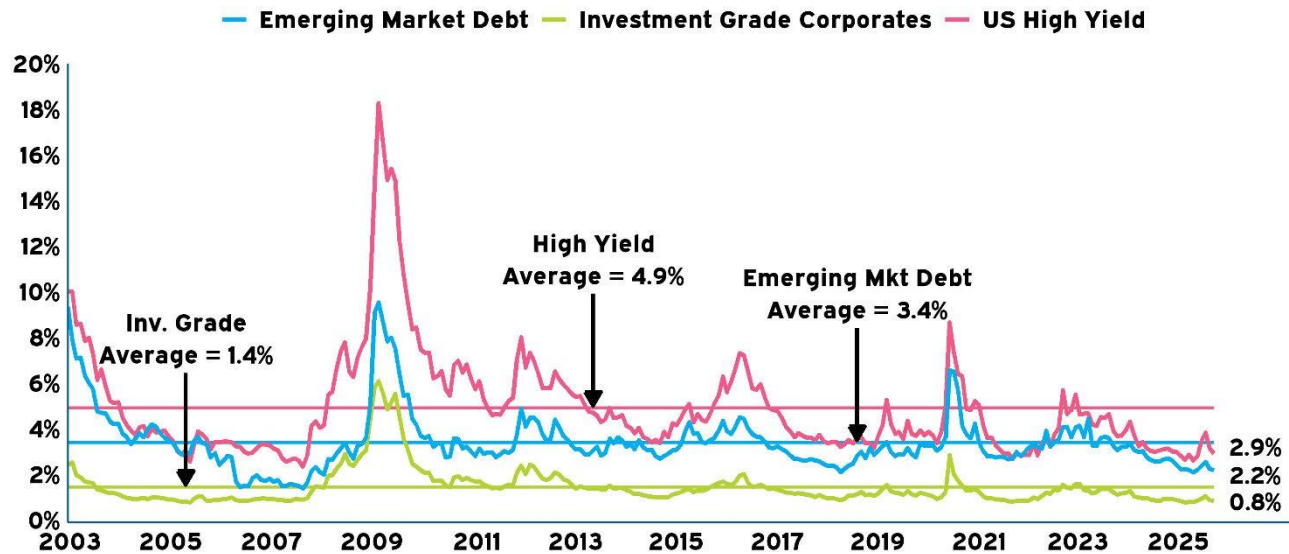


- Signs of stress on the US consumer have started to emerge given persistently higher prices and interest rates.
- After falling to historic lows during the pandemic, loan delinquencies recently started to increase.
- Parts of the credit card market, particularly for younger cohorts, have begun to show stress as borrowers are subject to variable and higher borrowing costs. Total delinquencies are well below pre-pandemic levels though.
- The restarting of student loan payments and reporting for those in default could add pressures to consumers going forward.

¹ Source: New York Federal Reserve, Quarterly Household Debt and Credit Report, February 2025. See also FRED. Data is as of April 30, 2025.

² Source: FRED. Data is as of April 30, 2025.

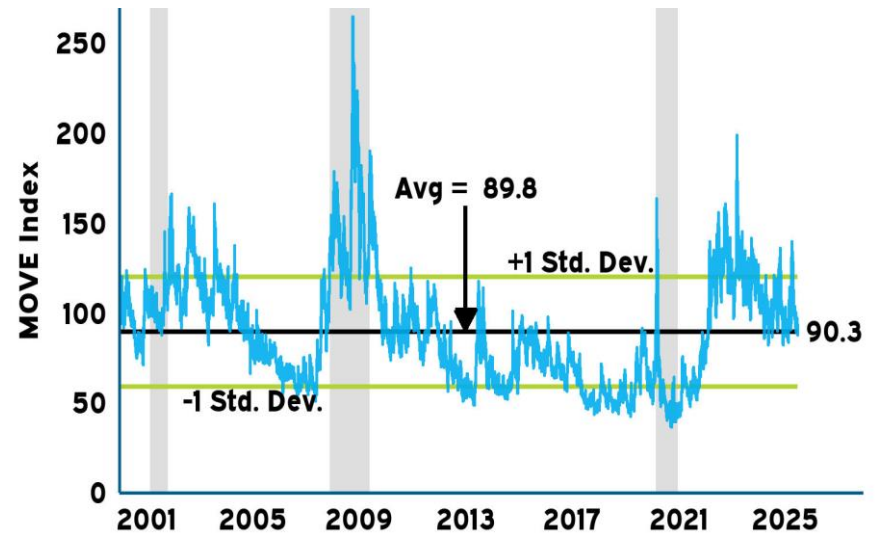
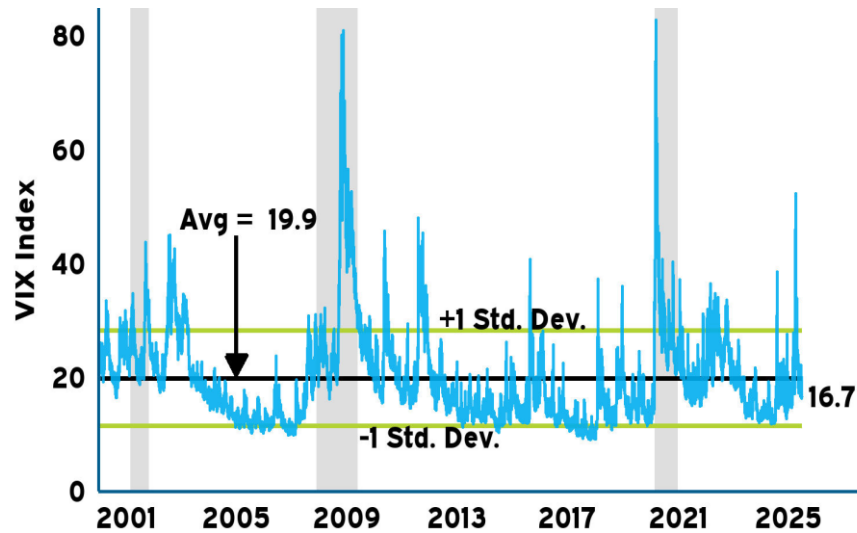
Credit Spreads vs. US Treasury Bonds¹



- Despite considerable uncertainty about the looming impact of tariffs and fiscal policy, credit spreads tightened in the second quarter.
- Investment grade spreads (the difference in yield from a comparable Treasury) spiked in the risk-off environment in April but have since declined to levels below the start of the quarter.
- High yield spreads moved the most (3.5% to 2.9%) over the quarter. At the peak of uncertainty in April, they crossed above 4.5%. Emerging market spreads held steady (2.2%).
- All yield spreads remained below their respective long-run averages, especially high yield (2.9% versus 4.9%).

¹ Source: Bloomberg. Data is as of June 30, 2025. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

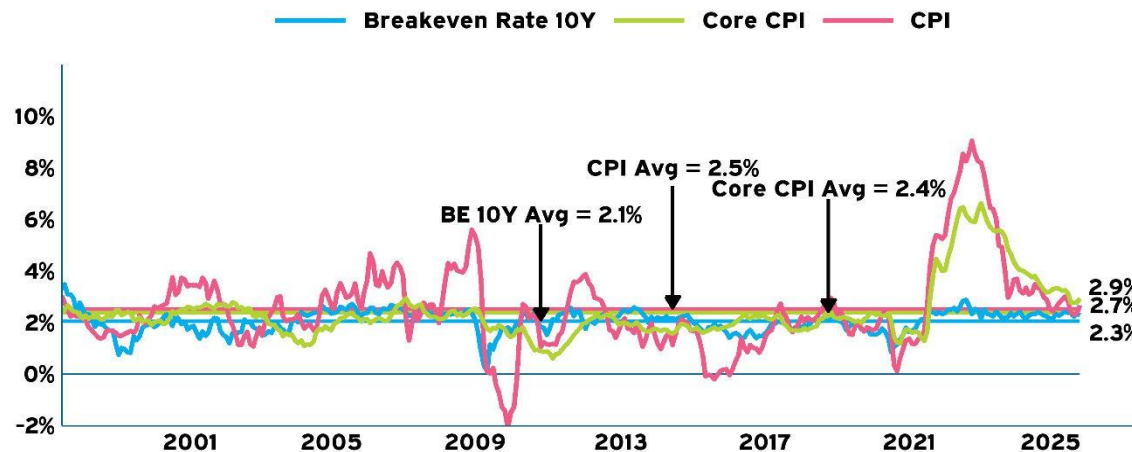
Equity and Fixed Income Volatility¹



- Bond and equity volatility spiked in April after the “Liberation Day” tariff announcement. Volatility levels finished the quarter well off highs, though, and below starting levels, as the tariff uncertainty seemed to ease.
- Volatility levels (VIX) in the US stock market finished the quarter below its long-run average while bond market (MOVE) volatility ended the quarter slightly above its long-run average.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of June 30, 2025. The average line indicated is the average of the VIX and MOVE values between January 2000 and June 2025.

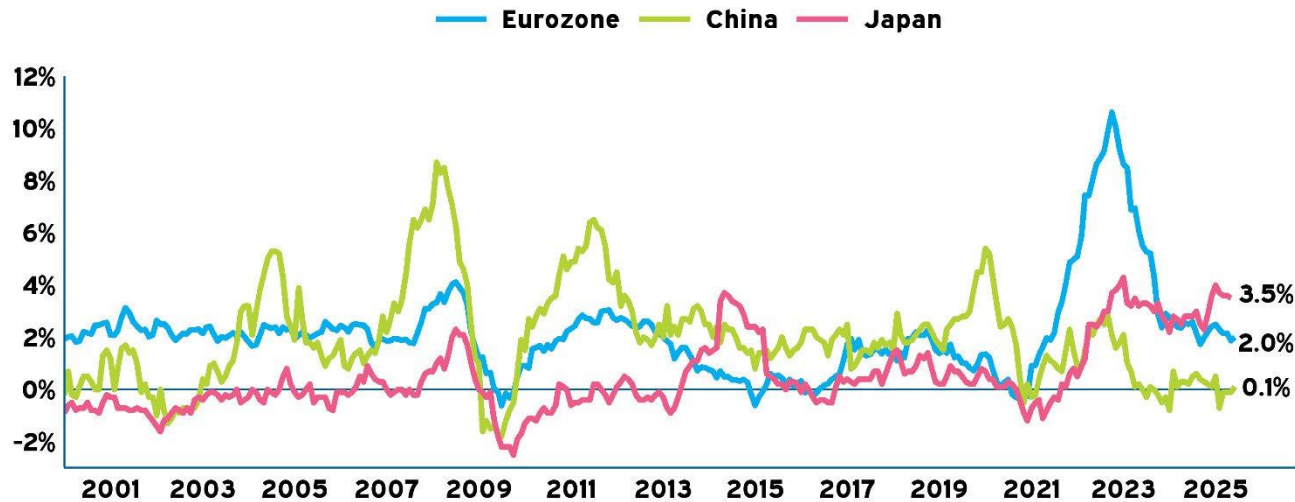
US Ten-Year Breakeven Inflation and CPI¹



- Inflation has been slow to return to the Fed’s 2% average target, with headline twelve-month inflation rising from 2.4% to 2.7% over the quarter. In the June report, goods facing tariffs saw increases in prices, while a measurable decline in auto inflation, easing of cyclical services prices, and continued housing sector disinflation served as counters.
- Core inflation year-over-year also rose over the quarter, reaching 2.9%. For the month it increased 0.2%, and most core sectors outside of new and used cars saw prices increase.
- Market participants continued to highlight the dynamic of what appears to be disinflationary pressures in non-tariff exposed prices driven by weakening growth expectations, versus prices rising for those assets and sectors likely to see tariff policies solidified in the coming weeks.
- Longer-dated inflation expectations (breakevens) declined slightly over the quarter (2.4% to 2.3%) amidst on-going tariff and fiscal policy uncertainty. However, shorter-dated inflation swap pricing and survey-based measures suggest continued upside risk to prices.

¹ Source: FRED. Data is as of June 2025. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

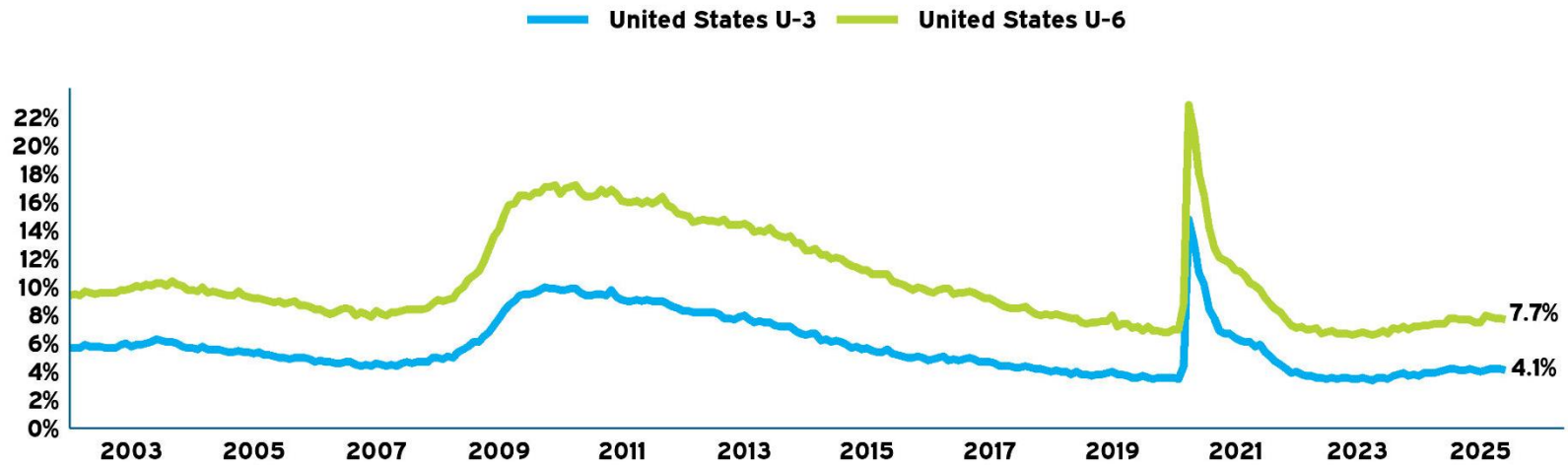
Global Inflation (CPI Trailing Twelve Months)¹



- After its recent decline, inflation in the eurozone rose to 2% in June. Still, given reduced inflation pressures, many expect the ECB to cut interest rates once more by early next year.
- The potential impact of future tariffs has complicated the inflation outlook for the Bank of Japan. Inflation rose 3.5% in May driven by food prices with the cost of rice up over 100% year-over-year given weak harvests.
- In China, and amidst record policy stimulus, consumer prices rose for the first time since January. Still, some sectors are continuing to see deflationary pressures given the widespread weakness of the economy and ongoing trade uncertainty related to the US.

¹ Source: Bloomberg. Data is as of June 2025, except Japan which is as of May 2025.

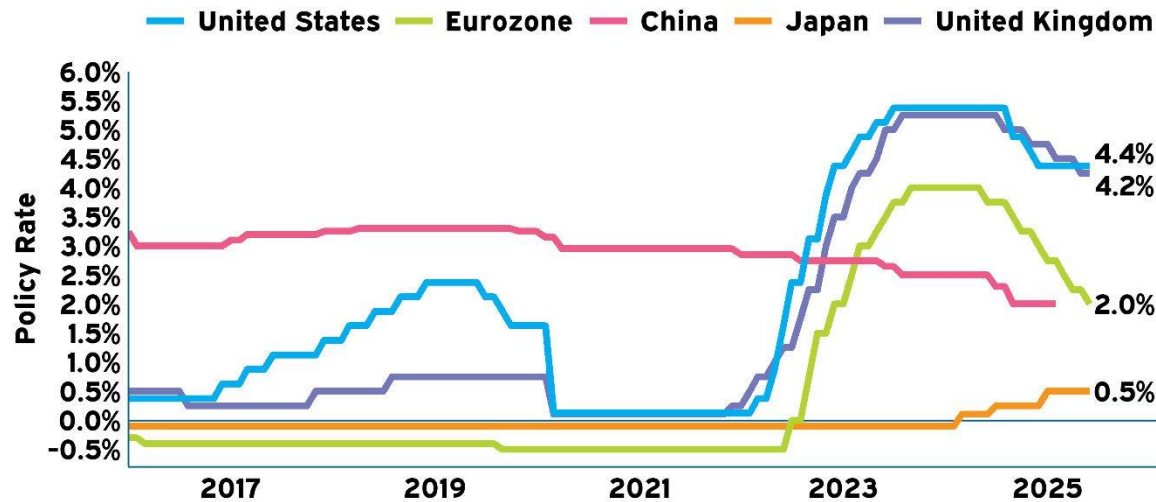
US Unemployment¹



- In June, the US added 147,000 jobs in line with the average monthly gain of 146,000 a month over the past year. The unemployment rate of 4.1% remained in the tight range of 4.0% to 4.2% since May 2024.
- Government employment saw the largest job gains (+73,000 jobs) largely driven by education jobs in state government. The federal government lost 7,000 jobs in June bringing the total decline to 69,000 jobs this year.
- Hires (5.6M) outnumbered separations (5.2M) with quits (3.3M) exceeding layoffs (1.6M).
- Initial claims for unemployment remain relatively low and annual wage growth, although trending down, came in at 3.7% year-over-year for June.

¹ Source: FRED and BLS. Data is as of June 30, 2025.

Global Policy Rates¹



- While the Fed remains on hold, other central banks have continued to ease policy rates. Expectations are now for the Fed to cut rates slightly less than two times (1.9 cuts based on futures prices), down from four expected cuts during the heart of growth concerns.
- The ECB cut its policy rate for the 8th time in June, with inflation matching the 2% target supported by a stronger euro. The Bank of England held rates steady in June at +4.25% as inflation reaccelerated to 3.4% in May as regulated energy prices rose. After cutting rates in September of last year, China’s PBOC has held rates steady although disinflationary pressures continue to be a concern.
- Japan kept rates at current levels in the face of an uncertain inflationary and trade pressures but voted to slow its purchase of JGBs in a continuing retreat from quantitative easing.

¹ Source: Bloomberg. Data is as of June 30, 2025, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies¹



- Over the quarter, the US dollar declined an additional -7% bringing its year-to-date drop to close to -11%.
- Typically, higher interest rates support the US dollar but recent concerns over changing US administration policies, potentially slower growth, non-US investor currency hedging, and fiscal concerns, all led to investors shedding US assets.

¹ Source: Bloomberg. Data as of June 30, 2025.

Summary

Key Trends:

- According to the International Monetary Fund's (IMF) April annual report, global growth in 2025 was downgraded from +3.3% to +2.8%, 0.5% lower than 2024. Concerns related to tariffs and their impact on growth drove the reduction. The US growth forecast saw one of the larger declines for 2025 (+2.7% to +1.8%). China's growth forecast was also substantially lowered for this year (+4.6% to +4.0%), while growth in the EU is projected to be slightly higher (+1.3%) in 2025.
- Despite the recent pause and negotiations related to tariffs, many questions remain. Overall, higher tariff levels and continued uncertainty could weigh on growth while increasing prices. Inflation levels and recent developments with tariffs will likely lead to a slower pace of interest rate cuts by the Fed. Uncertainty in the US and the potential for slower growth could continue the rotation out of US assets and put continued downward pressure on the dollar.
- Some signs of stress have started to emerge on the US consumer with sentiment weakening since the start of the year. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall, risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to a weaker job market. The recent resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- US equities recovered from losses experienced during the first week of April and ended the quarter at all-time highs. A focus going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will continue to be important.
- Trade tensions between the US and China will remain a key focus. Recently, the two countries agreed on a 90-day truce with the US lowering its maximum tariff rate on Chinese goods from 145% to 30%, with a 10% baseline level. China agreed to lower its 125% tariff on American goods to 10%. Questions remain about what will happen after the 90-day period. Notably, tariff levels on China remain higher than where they previously were.

Defined Benefit Plan Performance

Allocation vs. Targets				
	Balance (\$)	Current Allocation (%)	Policy (%)	Policy Range (%)
Aggressive Growth	28,201,565,981	26	27	
Private Equity	16,088,537,321	15	15	10 - 20
Private Real Estate	12,113,028,660	11	12	7 - 17
Traditional Growth	46,376,042,242	42	41	
US Equity	23,476,503,701	21	20	15 - 25
Equity ex-US	21,837,481,144	20	20	15 - 25
REITS	1,062,057,397	1	1	0 - 5
Stabilized Growth	12,757,535,895	12	11	
Private Credit	314,274,977	0	4	0 - 8
Public Credit (SD/EMD/HY/IGC)	10,298,702,103	9	6	1 - 11
Risk Parity	2,144,558,815	2	1	0 - 5
Principal Protection	11,256,856,558	10	7	
Core Fixed Income	9,367,496,154	9	5	3 - 8
Treasuries	1,889,360,404	2	2	0 - 10
Inflation	6,696,371,807	6	4	
Inflation Assets (TIPS/Commodities)	6,696,371,807	6	4	1 - 11
Risk Mitigating Strategies	2,928,893,862	3	10	
Legacy Hedge Funds	1,512,130	0	0	0 - 1
Long Treasuries	2,162,142,905	2	3	0 - 5
Alternative Risk Premia	765,238,827	1	3	0 - 5
Trend Following		0	3	0 - 5
Cash	1,234,560,719	1	0	
Cash	1,234,560,719	1	0	0 - 5
Total	109,451,827,064	100	100	

Cash is not included in Total Policy allocation.
Numbers may not sum due to rounding.

Performance Summary | As of June 30, 2025

Trailing Period Performance									
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund (DB)	109,451,827,064	100.0	5.6	10.7	9.4	8.9	7.5	7.1	Jan-96
<i>Policy Index DB</i>			5.6	10.6	8.6	8.6	7.3	--	
Over/Under			0.1	0.1	0.8	0.4	0.3	--	
Aggressive Growth	28,201,565,981	25.8	1.1	4.2	2.3	10.4	9.7	11.3	Jun-12
Private Equity	16,088,537,321	14.7	2.2	8.2	5.9	16.1	12.6	14.0	Jan-96
<i>Custom Private Equity Benchmark</i>			-0.5	1.2	1.6	14.7	11.5	--	
Over/Under			2.7	7.0	4.3	1.4	1.1	--	
Private Real Estate	12,113,028,660	11.1	-0.3	-0.8	-1.9	4.1	6.3	8.6	Jun-12
<i>Custom Real Estate Benchmark</i>			1.1	2.0	-4.2	2.9	5.6	7.3	
Over/Under			-1.3	-2.9	2.3	1.2	0.7	1.3	
Traditional Growth	46,376,042,242	42.4	12.0	17.1	17.5	13.7	10.2	11.3	Jun-12
US Equity	23,476,503,701	21.4	11.2	15.5	19.2	16.1	12.9	9.7	Jan-96
<i>Domestic Equity Blend BM</i>			11.0	15.3	19.1	16.0	13.0	10.3	
Over/Under			0.3	0.2	0.1	0.1	-0.1	-0.6	
Equity ex-US	21,837,481,144	20.0	12.7	18.3	15.3	11.0	7.3	6.1	Jan-96
<i>Custom Int'l Eq Benchmark</i>			12.7	17.8	13.6	10.1	6.2	--	
Over/Under			-0.1	0.5	1.7	0.9	1.2	--	
Stabilized Growth	12,757,535,895	11.7	3.0	8.5	6.9	3.1	3.7	4.3	Jun-12
Risk Parity	2,144,558,815	2.0	4.5	8.6	4.3	2.8	3.9	3.8	Mar-13
<i>Custom Risk Parity</i>			4.5	8.4	3.7	2.3	3.4	4.2	
Over/Under			0.0	0.3	0.6	0.5	0.5	-0.4	

Performance Summary | As of June 30, 2025

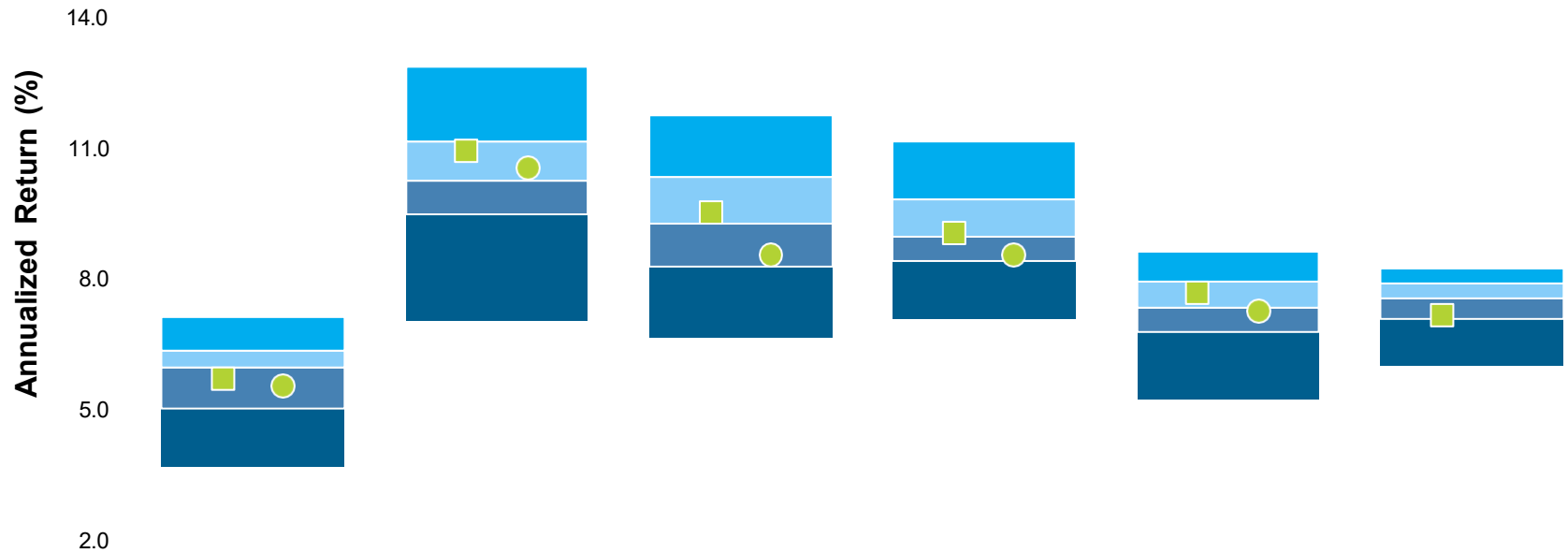
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Credit	314,274,977	0.3	0.6	1.0	--	--	--	1.0	Jul-24
S&P UBS Leveraged Loans			2.3	7.5	--	--	--	7.5	
Over/Under			-1.8	-6.5	--	--	--	-6.5	
Public Credit	10,298,702,103	9.4	3.1	9.4	8.4	3.5	3.6	4.2	Jun-12
50% BBg US Agg 50% BBg US High Yield			2.4	8.2	6.2	2.6	3.6	3.8	
Over/Under			0.8	1.2	2.2	0.9	0.0	0.4	
Global High Yield	3,521	0.0	0.0	0.0	-18.9	-8.0	9.1	8.3	Apr-12
Blmbg. Global High Yield Index			4.9	13.0	11.8	5.7	5.0	5.3	
Over/Under			-4.9	-13.0	-30.7	-13.6	4.1	2.9	
REITS	1,062,057,397	1.0	-1.8	7.9	4.8	--	--	0.1	Mar-22
Dow Jones U.S. Select RESI			-1.7	8.0	4.7	--	--	0.1	
Over/Under			-0.1	-0.1	0.1	--	--	0.0	
Principal Protection	11,256,856,558	10.3	1.2	6.3	2.5	-0.5	2.0	2.1	Jun-12
Treasuries	1,889,360,404	1.7	1.1	5.3	1.4	-1.6	1.2	1.1	Mar-15
Blmbg. U.S. Treasury Index			0.8	5.3	1.5	-1.6	1.2	1.1	
Over/Under			0.2	0.0	-0.1	0.0	0.0	0.0	
Core Fixed Income	9,367,496,154	8.6	1.2	6.3	2.5	-0.5	2.0	4.3	Jan-96
Blmbg. U.S. Aggregate Index			1.2	6.1	2.5	-0.7	1.8	4.2	
Over/Under			0.0	0.3	-0.1	0.2	0.3	0.1	
Inflation Assets	6,696,371,807	6.1	-0.9	12.9	12.4	8.1	5.9	4.3	Jan-13
Inflation	6,696,371,807	6.1	-0.9	12.9	12.4	8.1	5.9	4.3	Jan-13
Blmbg. U.S. TIPS Index			0.5	5.8	2.3	1.6	2.7	1.7	
Over/Under			-1.4	7.0	10.1	6.5	3.2	2.5	

Performance Summary | As of June 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Risk Mitgating Strategies	2,943,317,745	2.7	1.0	5.2	1.5	-0.2	0.9	--	Jun-12
Risk Mitigation Strat	2,927,381,731	2.7	--	--	--	--	--	-1.4	May-25
<i>Custom Risk Mitigation Strategies BM</i>			--	--	--	--	--	-2.0	
Over/Under			--	--	--	--	--	0.6	
Legacy Hedge Fund	1,512,130	0.0	0.0	0.0	1.6	5.9	3.3	3.6	Jan-11
<i>Custom Hedge Fund Benchmark</i>			3.8	10.2	8.4	7.9	5.0	5.2	
Over/Under			-3.8	-10.2	-6.7	-2.0	-1.7	-1.6	
Additional Annuity	14,423,882	0.0	0.7	2.9	2.7	2.2	2.2	2.6	Jan-05
<i>90 Day U.S. Treasury Bill</i>			1.0	4.7	4.6	2.8	2.0	1.7	
Over/Under			-0.3	-1.8	-1.9	-0.6	0.2	0.9	
Other Pension Assets	462	0.0							
Cash Equivalents	1,220,136,837	1.1	1.1	5.1	5.0	3.1	2.3	1.6	Jan-05
<i>90 Day U.S. Treasury Bill</i>			1.0	4.7	4.6	2.8	2.0	1.7	
Over/Under			0.1	0.4	0.4	0.4	0.3	-0.1	

Risk Mitigation Strat performance will show after the first full period.

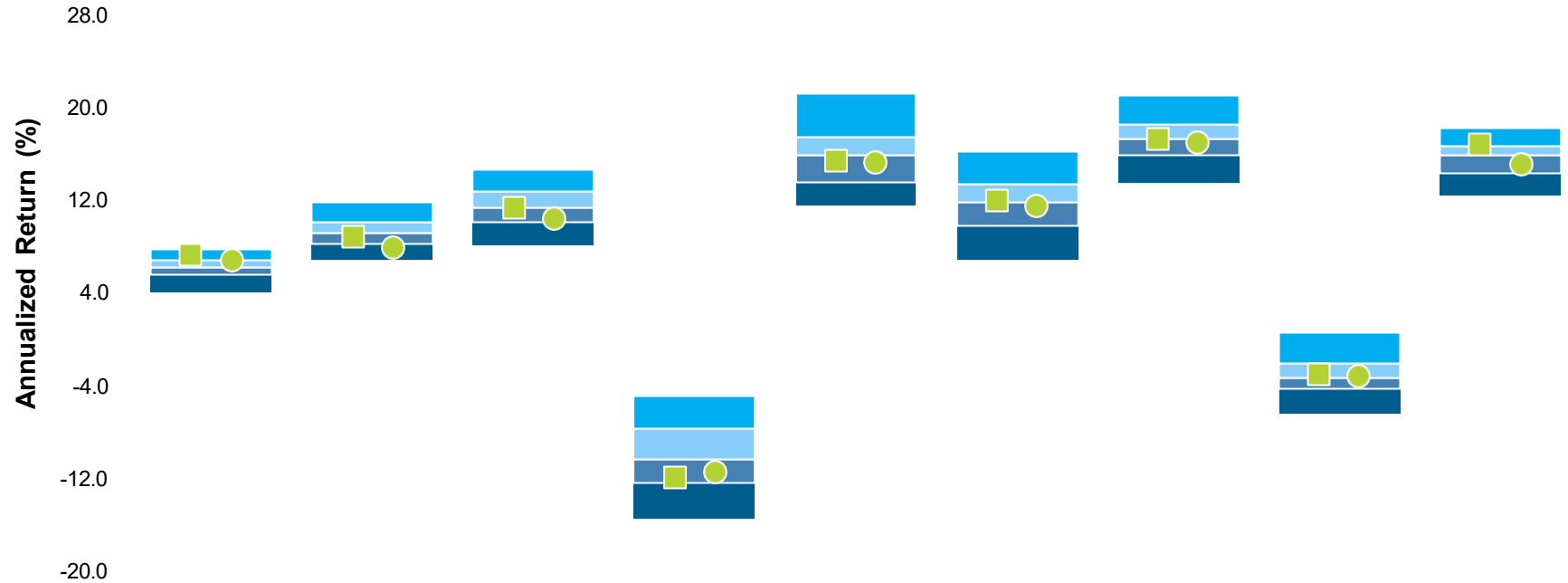
InvMetrics Public DB > \$1B (gross)



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception (%)
■ Total Fund (DB)	5.7 (56)	11.0 (31)	9.5 (45)	9.1 (49)	7.7 (38)	7.2 (69)
● Policy Index DB	5.6 (63)	10.6 (44)	8.6 (71)	8.6 (72)	7.3 (54)	-
5th Percentile	7.1	12.9	11.8	11.2	8.7	8.3
1st Quartile	6.4	11.2	10.3	9.8	8.0	7.9
Median	6.0	10.3	9.3	9.0	7.4	7.6
3rd Quartile	5.1	9.5	8.3	8.4	6.8	7.1
95th Percentile	3.7	7.1	6.7	7.1	5.3	6.0
Population	119	119	115	112	108	39

Parentheses contain percentile rankings.
 Calculation based on monthly periodicity.
 Since inception return is as of 1/1/1996.

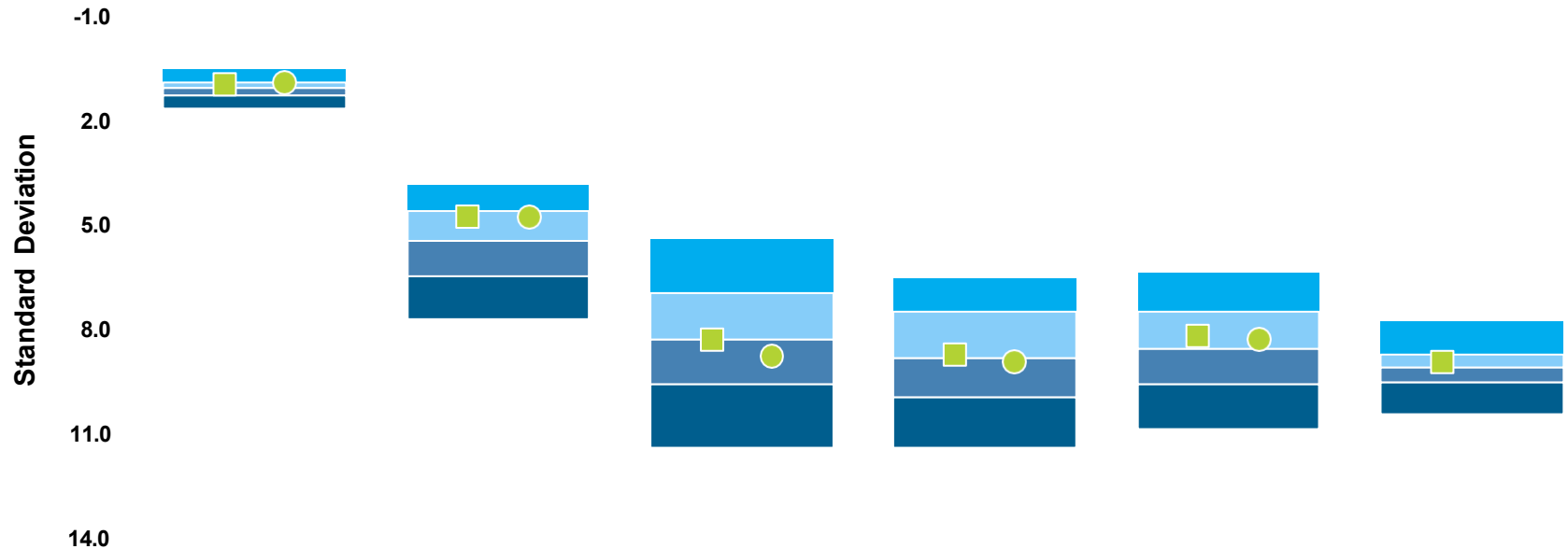
InvMetrics Public DB > \$1B (gross)



	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)
■ Total Fund (DB)	7.3 (14)	9.0 (59)	11.4 (51)	-11.9 (73)	15.4 (55)	12.1 (47)	17.3 (50)	-2.9 (41)	16.9 (21)
● Policy Index DB	6.8 (26)	8.0 (81)	10.5 (73)	-11.4 (65)	15.3 (57)	11.6 (52)	17.1 (55)	-3.1 (45)	15.2 (60)
5th Percentile	7.9	11.9	14.7	-4.9	21.3	16.3	21.1	0.7	18.3
1st Quartile	6.8	10.2	12.8	-7.7	17.6	13.5	18.6	-2.0	16.8
Median	6.3	9.3	11.4	-10.3	16.0	11.9	17.3	-3.2	15.9
3rd Quartile	5.7	8.3	10.2	-12.4	13.7	9.9	16.0	-4.1	14.4
95th Percentile	4.0	6.8	8.1	-15.4	11.6	6.8	13.7	-6.4	12.6
Population	119	182	193	191	224	233	194	171	182

Parenteses contain percentile rankings.
Calculation based on monthly periodicity.

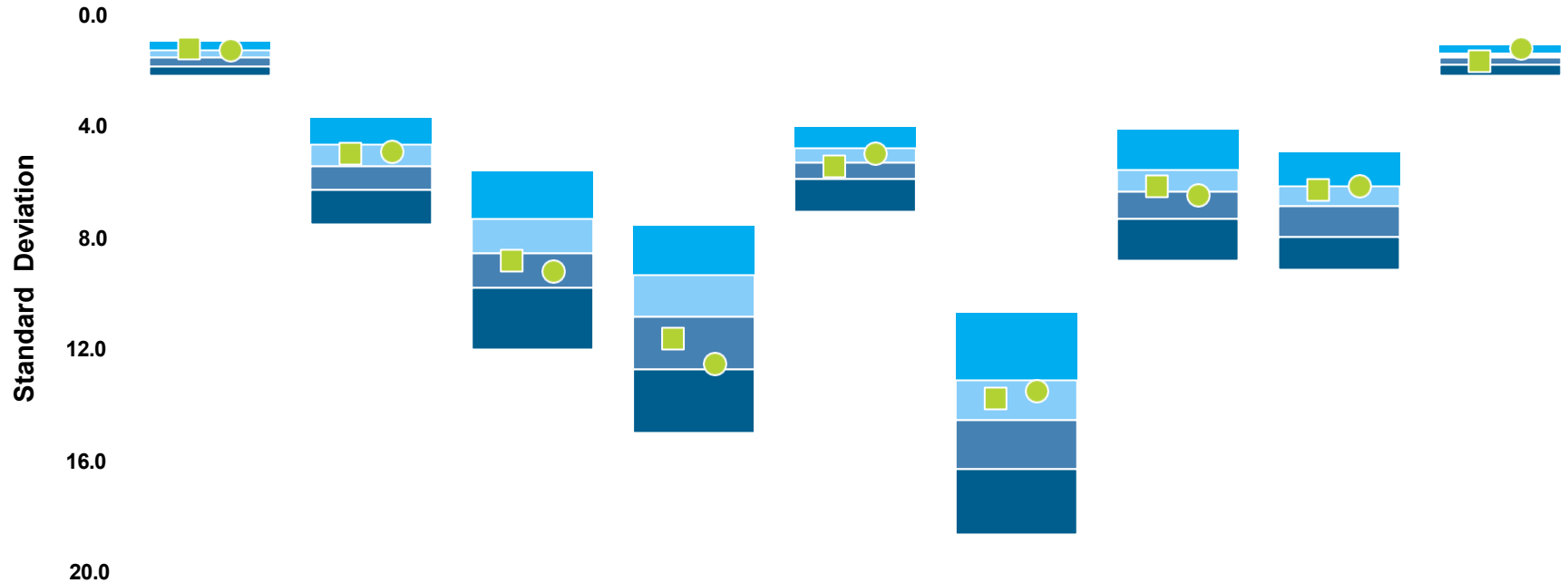
InvMetrics Public DB > \$1B (gross)



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception (%)
Total Fund (DB)	0.9 (30)	4.7 (29)	8.3 (49)	8.7 (46)	8.2 (39)	8.9 (43)
Policy Index DB	0.9 (27)	4.7 (29)	8.7 (57)	8.9 (54)	8.3 (42)	-
5th Percentile	0.5	3.8	5.4	6.5	6.4	7.7
1st Quartile	0.9	4.5	6.9	7.5	7.5	8.7
Median	1.0	5.4	8.3	8.8	8.5	9.1
3rd Quartile	1.2	6.5	9.6	9.9	9.5	9.5
95th Percentile	1.6	7.7	11.4	11.4	10.8	10.4
Population	119	119	115	112	108	39

Parenteses contain percentile rankings.
 Calculation based on monthly periodicity.
 Since inception return is as of 1/1/1996.

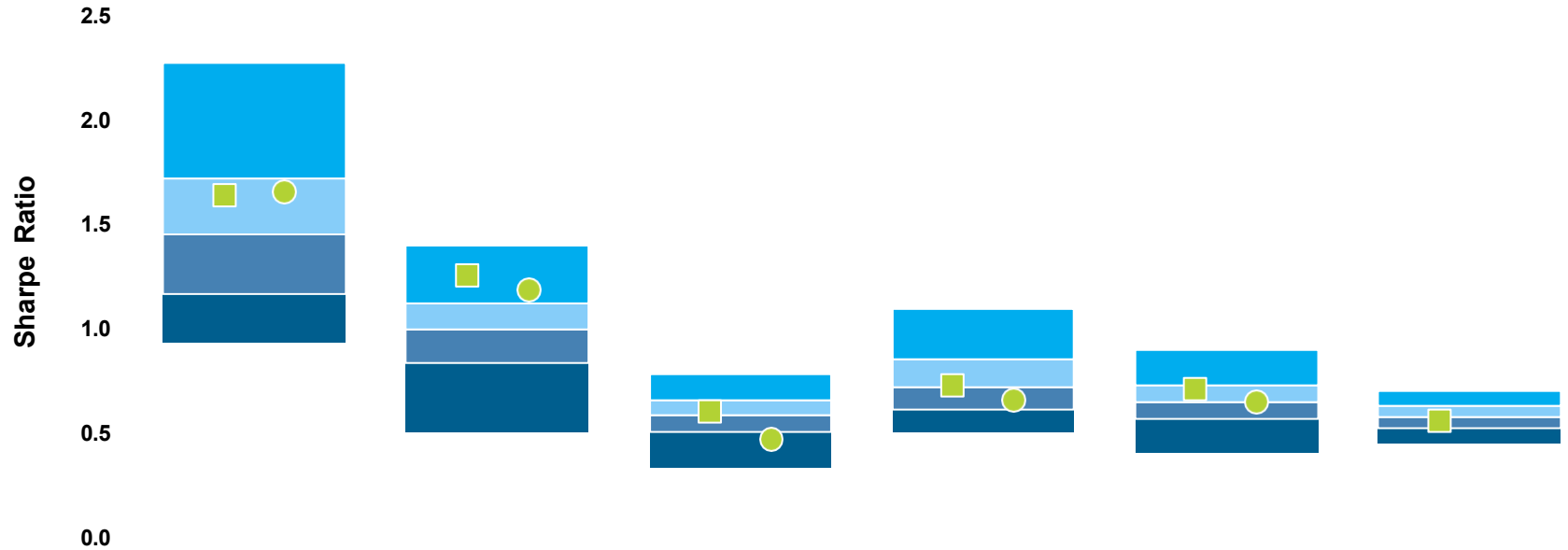
InvMetrics Public DB > \$1B (gross)



	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)
■ Total Fund (DB)	1.2 (23)	5.0 (32)	8.8 (55)	11.6 (62)	5.4 (56)	13.7 (36)	6.1 (41)	6.3 (27)	1.6 (64)
● Policy Index DB	1.2 (30)	4.9 (30)	9.2 (63)	12.5 (72)	5.0 (32)	13.5 (31)	6.5 (52)	6.1 (24)	1.2 (12)
5th Percentile	0.9	3.6	5.6	7.5	4.0	10.7	4.1	4.9	1.1
1st Quartile	1.2	4.6	7.3	9.3	4.7	13.1	5.5	6.2	1.4
Median	1.5	5.4	8.5	10.8	5.3	14.5	6.3	6.8	1.5
3rd Quartile	1.8	6.3	9.7	12.7	5.9	16.3	7.3	8.0	1.7
95th Percentile	2.1	7.5	12.0	15.0	7.0	18.7	8.8	9.1	2.1
Population	119	182	193	191	224	233	194	171	182

Parenteses contain percentile rankings.
Calculation based on monthly periodicity.

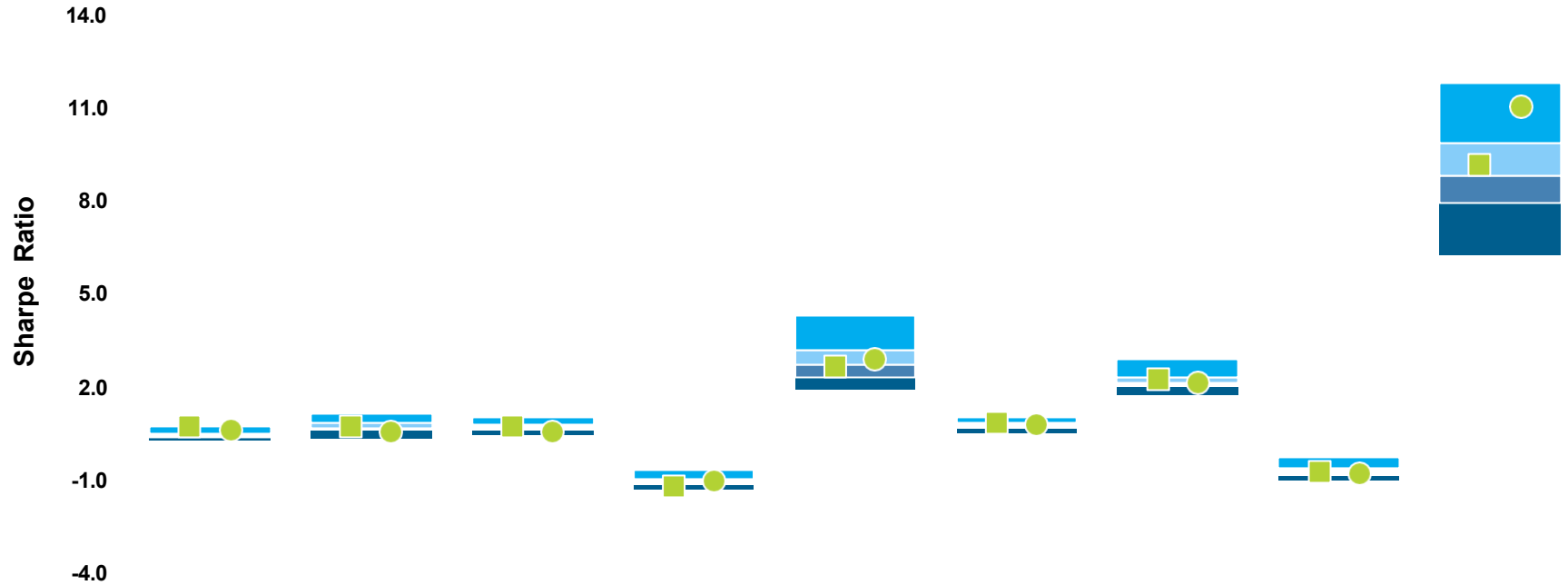
InvMetrics Public DB > \$1B (gross)



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception (%)
■ Total Fund (DB)	1.6 (32)	1.3 (14)	0.6 (42)	0.7 (49)	0.7 (29)	0.6 (64)
● Policy Index DB	1.7 (31)	1.2 (18)	0.5 (83)	0.7 (66)	0.7 (51)	-
5th Percentile	2.3	1.4	0.8	1.1	0.9	0.7
1st Quartile	1.7	1.1	0.7	0.9	0.7	0.6
Median	1.5	1.0	0.6	0.7	0.7	0.6
3rd Quartile	1.2	0.8	0.5	0.6	0.6	0.5
95th Percentile	0.9	0.5	0.3	0.5	0.4	0.5
Population	119	119	115	112	108	39

Parenteses contain percentile rankings.
 Calculation based on monthly periodicity.
 Since inception return is as of 1/1/1996.

InvMetrics Public DB > \$1B (gross)

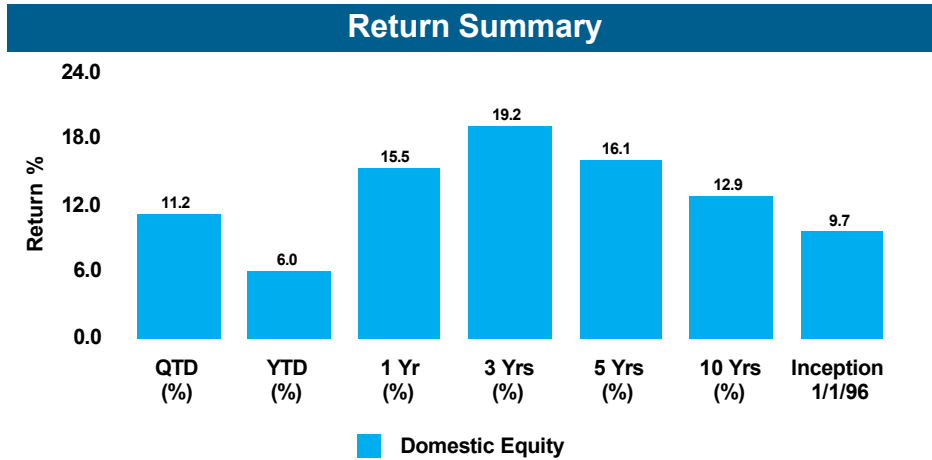


	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)
■ Total Fund (DB)	0.7 (6)	0.7 (45)	0.7 (56)	-1.2 (84)	2.7 (54)	0.8 (38)	2.3 (35)	-0.7 (58)	9.2 (43)
● Policy Index DB	0.6 (12)	0.6 (80)	0.6 (84)	-1.0 (44)	2.9 (42)	0.8 (42)	2.1 (57)	-0.8 (68)	11.1 (9)
5th Percentile	0.7	1.2	1.0	-0.7	4.3	1.0	2.9	-0.2	11.8
1st Quartile	0.5	0.9	0.8	-0.9	3.2	0.9	2.4	-0.6	9.9
Median	0.5	0.7	0.7	-1.0	2.8	0.8	2.2	-0.7	8.8
3rd Quartile	0.4	0.6	0.7	-1.1	2.3	0.7	2.0	-0.8	7.9
95th Percentile	0.3	0.3	0.4	-1.3	1.9	0.5	1.8	-1.0	6.3
Population	119	182	193	191	224	233	194	171	182

Parenteses contain percentile rankings.
Calculation based on monthly periodicity.

Domestic Equity (DB)

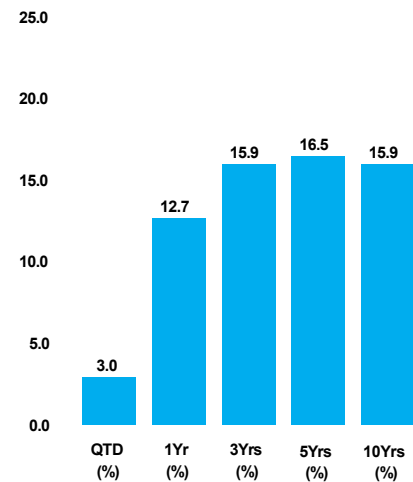
Domestic Equity Composite Characteristics | As of June 30, 2025



	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Domestic Equity	11.2	6.0	15.5	19.2	16.1	12.9	9.7	01/01/1996
<i>Domestic Equity Blend BM</i>	<i>11.0</i>	<i>5.8</i>	<i>15.3</i>	<i>19.1</i>	<i>16.0</i>	<i>13.0</i>	<i>10.3</i>	
Excess Return	0.3	0.3	0.2	0.1	0.1	-0.1	-0.6	
eV All US Equity Median	8.4	4.1	11.8	13.8	13.8	9.9	10.1	

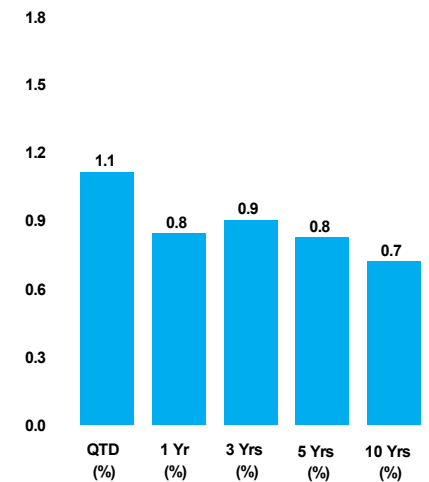
Annualized Standard Deviation

■ Domestic Equity



Sharpe Ratio

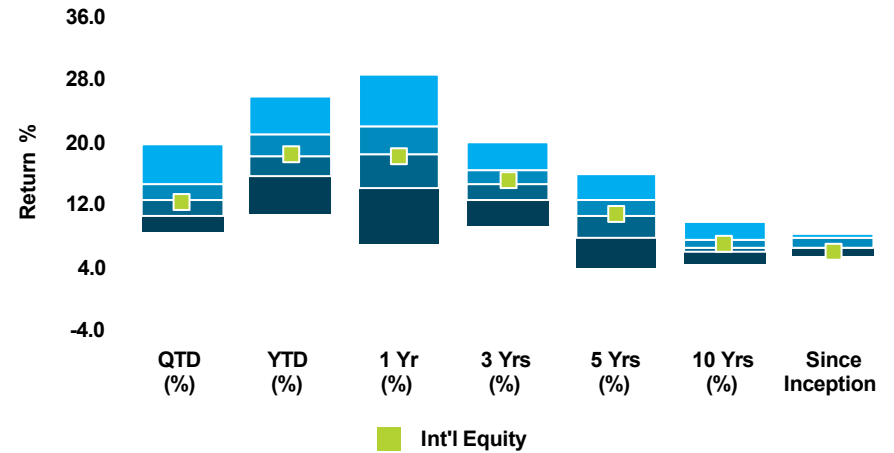
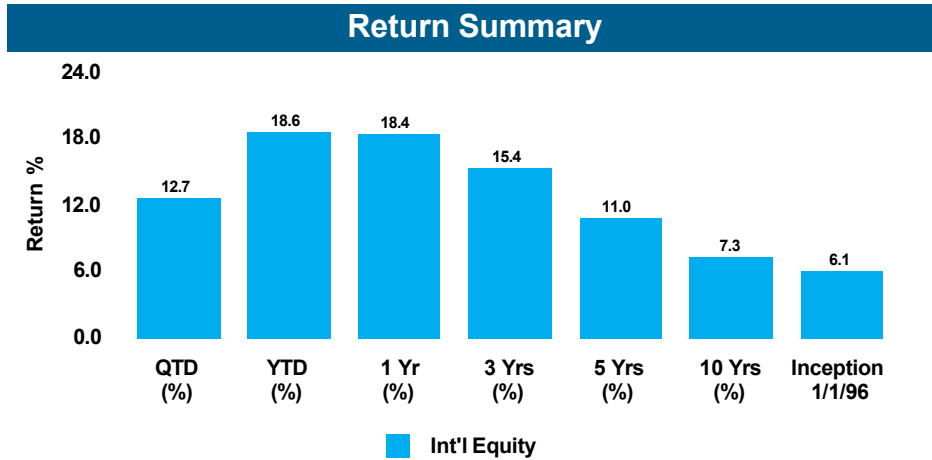
■ Domestic Equity



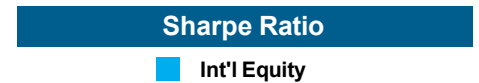
Performance is net of management fees.
Peer Universe: eV All U.S. Equity (net)

International Equity (DB)

International Equity Composite Characteristics | As of June 30, 2025



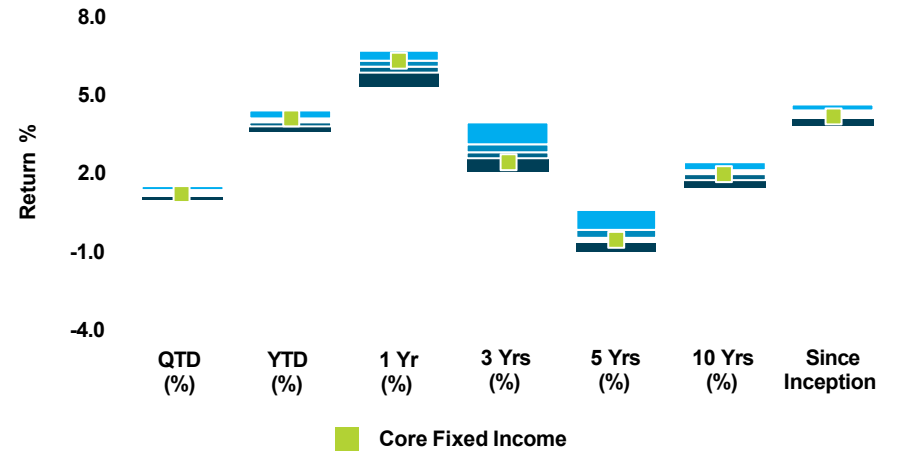
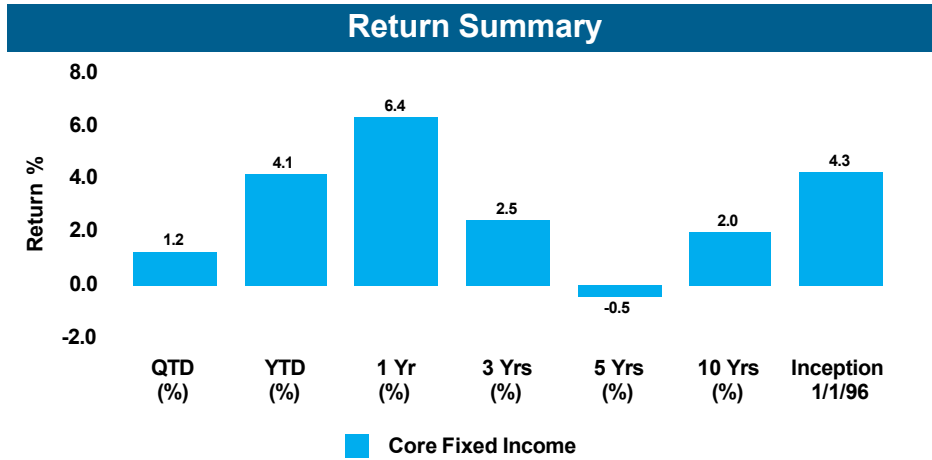
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Int'l Equity	12.7	18.6	18.4	15.4	11.0	7.3	6.1	01/01/1996
Custom Int'l Eq Benchmark	12.7	17.7	17.8	13.6	10.1	6.2	-	
Excess Return	-0.1	0.9	0.6	1.7	0.9	1.2	-	
eV All ACWI ex-US Equity Median	12.8	18.5	18.6	14.8	10.7	6.8	6.8	



Performance is net of management fees.
Peer Universe: eV All ACWI ex-US Equity.

Core Fixed Income (DB)

Core Fixed Income Composite Characteristics | As of June 30, 2025



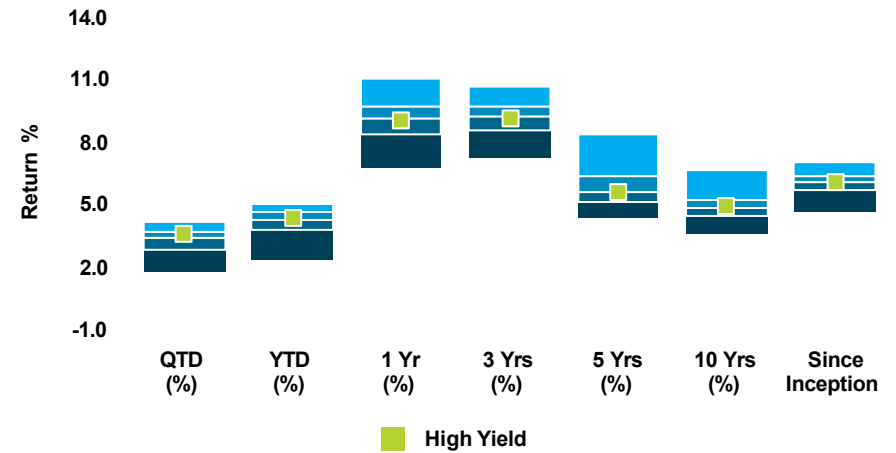
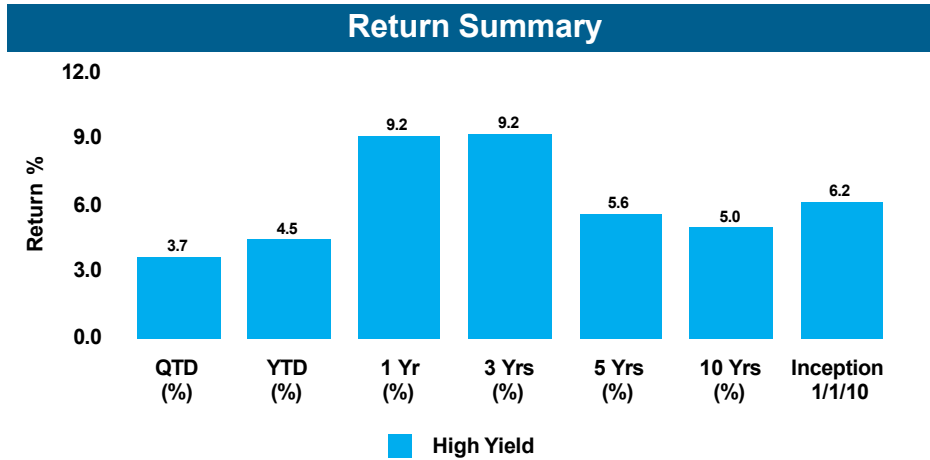
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Core Fixed Income	1.2	4.1	6.4	2.5	-0.5	2.0	4.3	01/01/1996
<i>Bimbg. U.S. Aggregate Index</i>	1.2	4.0	6.1	2.5	-0.7	1.8	4.2	
Excess Return	0.0	0.1	0.3	-0.1	0.3	0.3	0.1	
eV US Core Fixed Inc Median	1.3	4.0	6.2	2.9	-0.4	2.0	4.3	



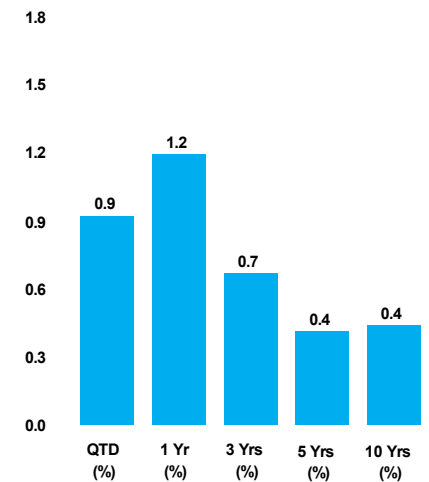
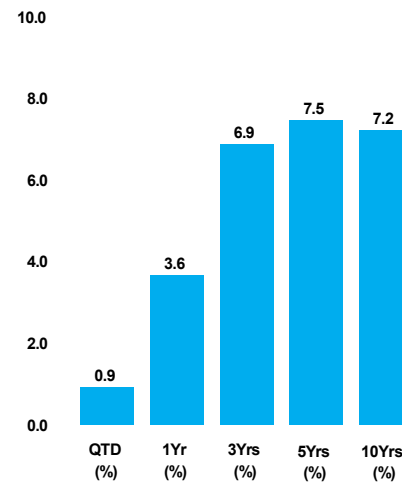
Performance is net of management fees.
Peer Universe: eV US Core Fixed Inc (Net).

High Yield (DB)

High Yield Composite Characteristics | As of June 30, 2025



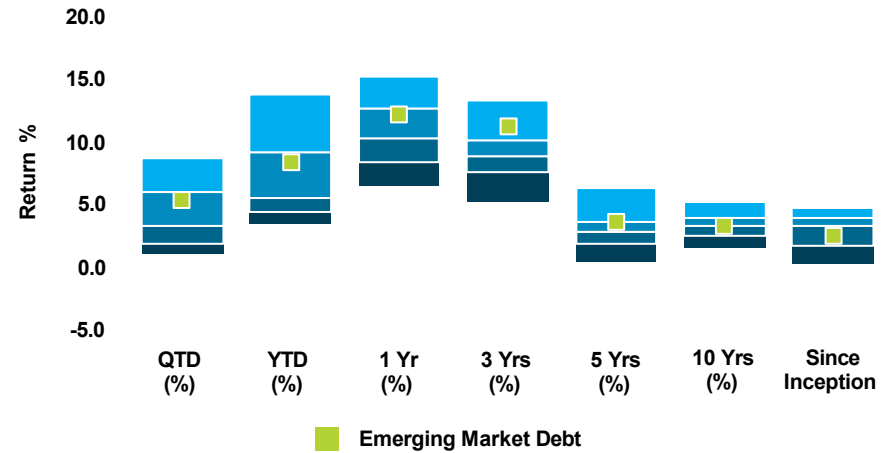
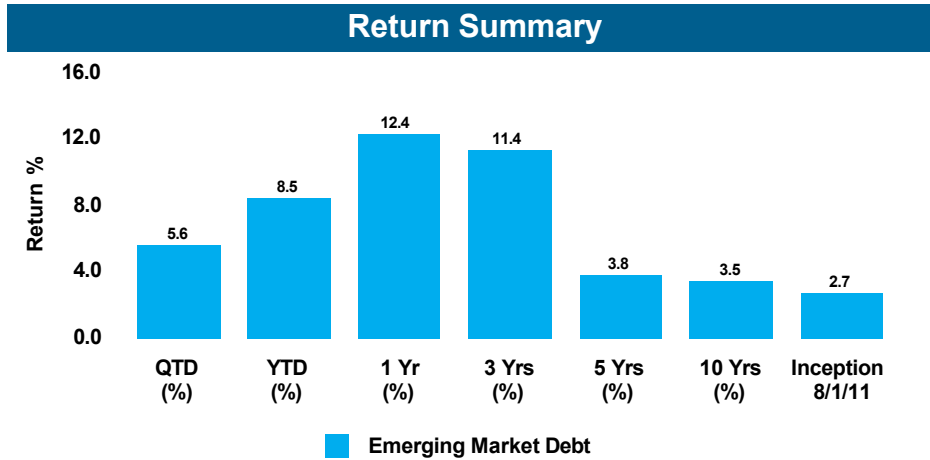
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
High Yield	3.7	4.5	9.2	9.2	5.6	5.0	6.2	01/01/2010
<i>Bimbg. U.S. Corp: High Yield Index</i>	3.5	4.6	10.3	9.9	6.0	5.4	6.5	
Excess Return	0.1	-0.1	-1.1	-0.7	-0.3	-0.4	-0.3	
eV US High Yield Fixed Inc Median	3.4	4.4	9.2	9.3	5.7	4.9	6.1	



Performance is net of management fees.
Peer Universe: eV US High Yield Fixed Inc (Net).

Emerging Market Debt (DB)

Emerging Market Debt Composite Characteristics | As of June 30, 2025



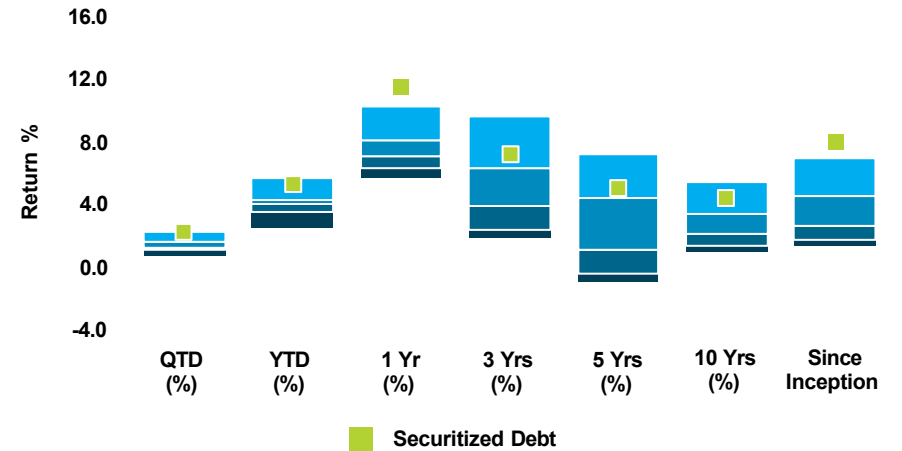
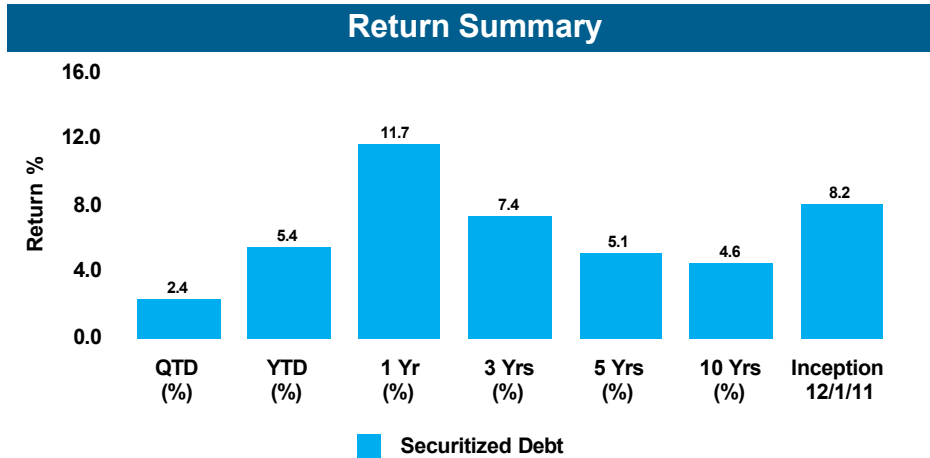
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Emerging Market Debt	5.6	8.5	12.4	11.4	3.8	3.5	2.7	08/01/2011
<i>Custom 50/50 JPM EMB and Govt</i>	5.3	8.8	11.7	8.4	1.9	2.8	2.2	
Excess Return	0.2	-0.3	0.7	3.0	1.9	0.7	0.5	
eV All Emg Mkts Fixed Inc Median	3.5	5.7	10.4	9.0	2.9	3.4	3.5	



Performance is net of management fees.
Peer Universe: eV All Emg Mkts Fixed Inc (Net).

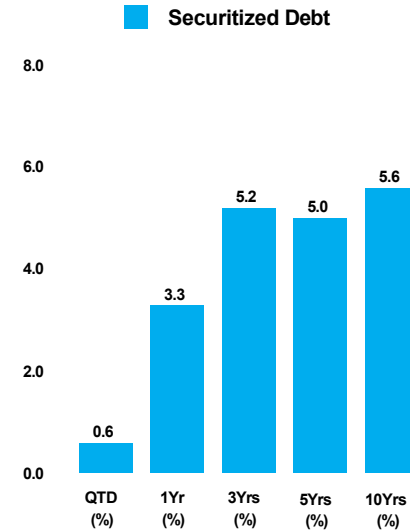
Securitized Debt (DB)

Securitized Debt Composite Characteristics | As of June 30, 2025

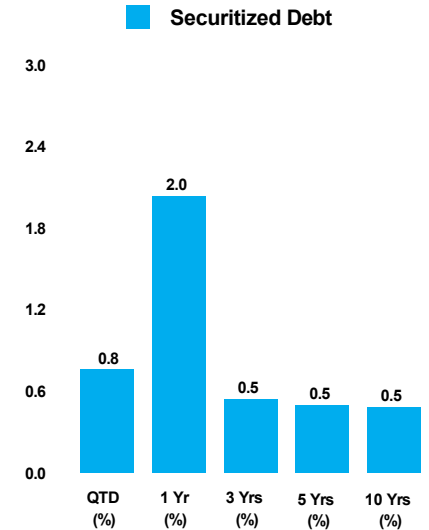


	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Securitized Debt	2.4	5.4	11.7	7.4	5.1	4.6	8.2	12/01/2011
<i>Custom Securitized Debt Benchmark</i>	1.5	4.5	9.4	4.5	4.3	3.5	4.2	
Excess Return	0.9	0.9	2.3	2.8	0.9	1.0	3.9	
eV US Securitized Fixed Inc Median	1.4	4.1	7.2	4.1	1.3	2.3	2.7	

Annualized Standard Deviation



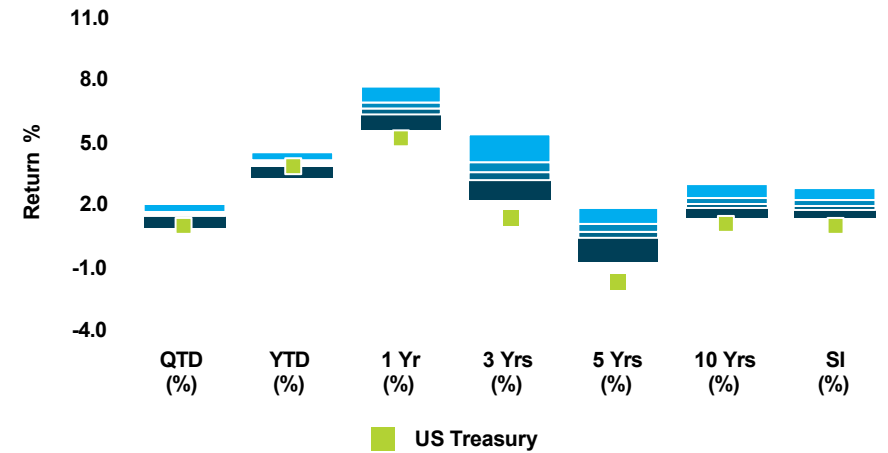
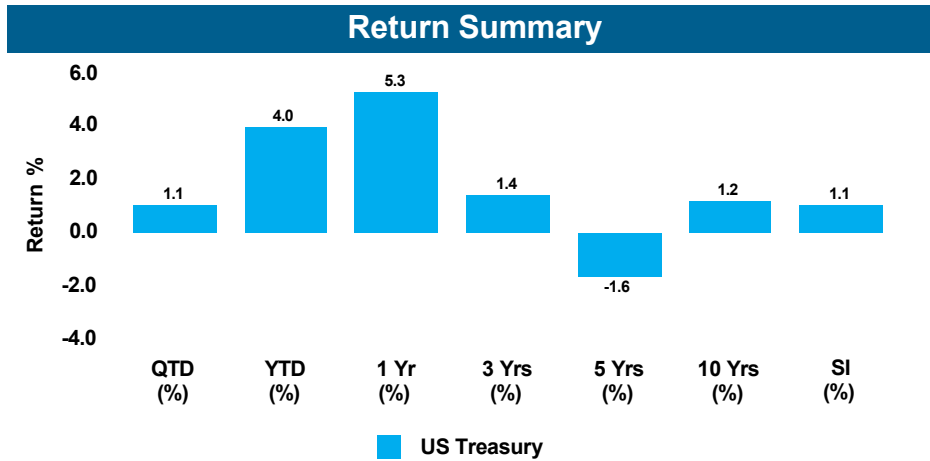
Sharpe Ratio



Performance is net of management fees.
Peer Universe: eV US Securitized Fixed Inc.

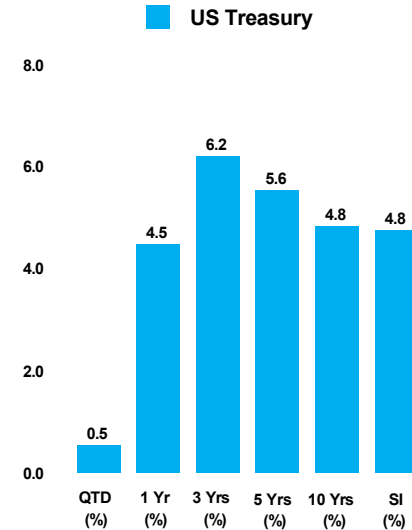
US Treasury (DB)

U.S. Treasury Composite Characteristics | As of June 30, 2025

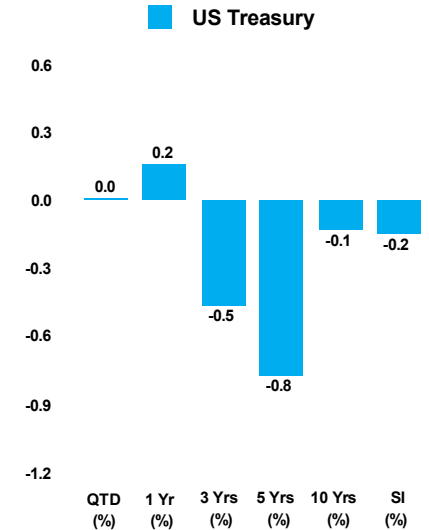


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	SI (%)	Inception Date
US Treasury	1.1	5.3	1.4	-1.6	1.2	1.1	03/01/2015
<i>Bimbg. U.S. Treasury Index</i>	0.8	5.3	1.5	-1.6	1.2	1.1	
Excess Return	0.2	0.0	-0.1	0.0	0.0	0.0	
eV US Interm Duration Fixed Inc Median	1.6	6.7	3.7	0.8	2.1	2.0	

Annualized Standard Deviation



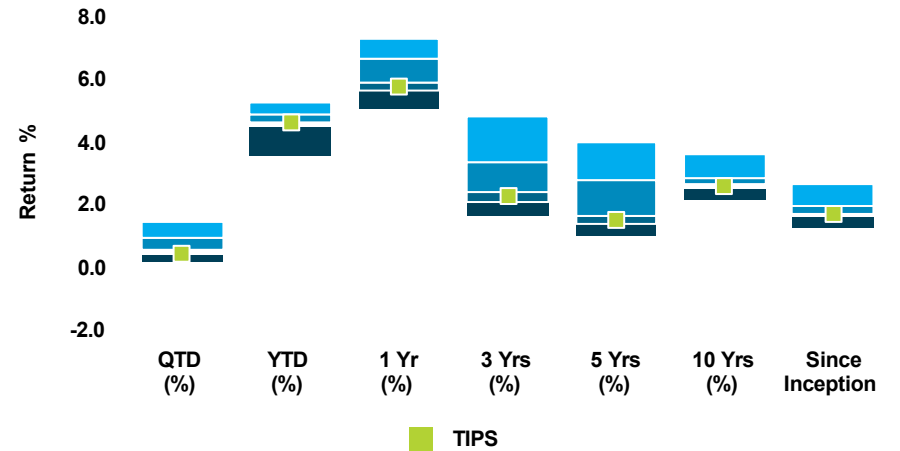
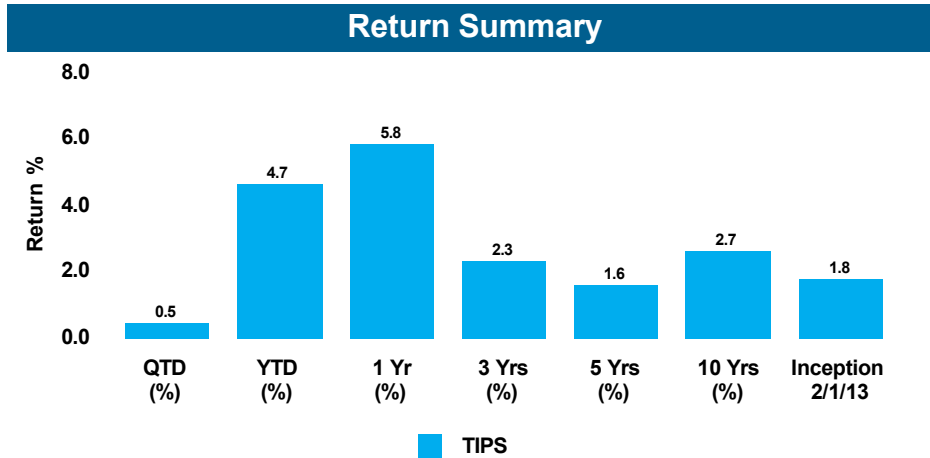
Sharpe Ratio



Performance is net of management fees.
Peer Universe: eV US Interm Duration Fixed Inc (Net).

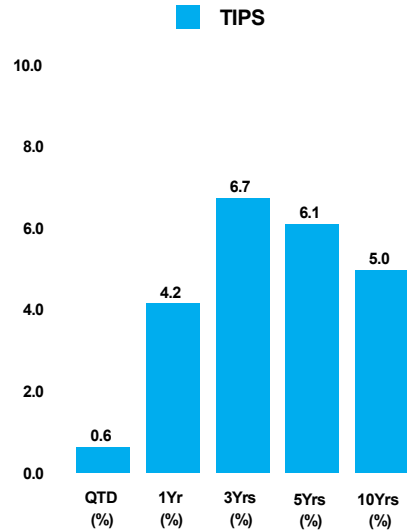
Tips (DB)

TIPS Composite Characteristics | As of June 30, 2025

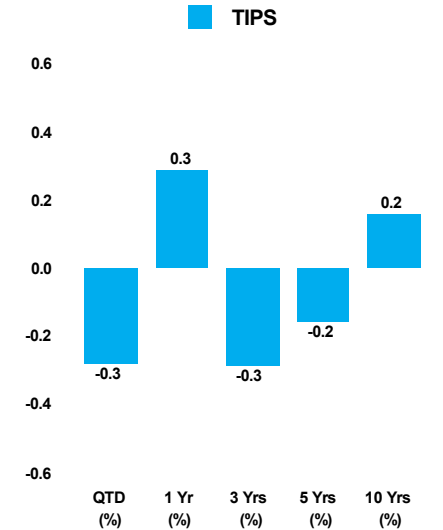


	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
TIPS	0.5	4.7	5.8	2.3	1.6	2.7	1.8	02/01/2013
<i>Blmbg. U.S. TIPS Index</i>	0.5	4.7	5.8	2.3	1.6	2.7	1.8	
Excess Return	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
eV US TIPS / Inflation Fixed Inc Median	0.6	4.7	6.0	2.5	1.7	2.7	1.8	

Annualized Standard Deviation



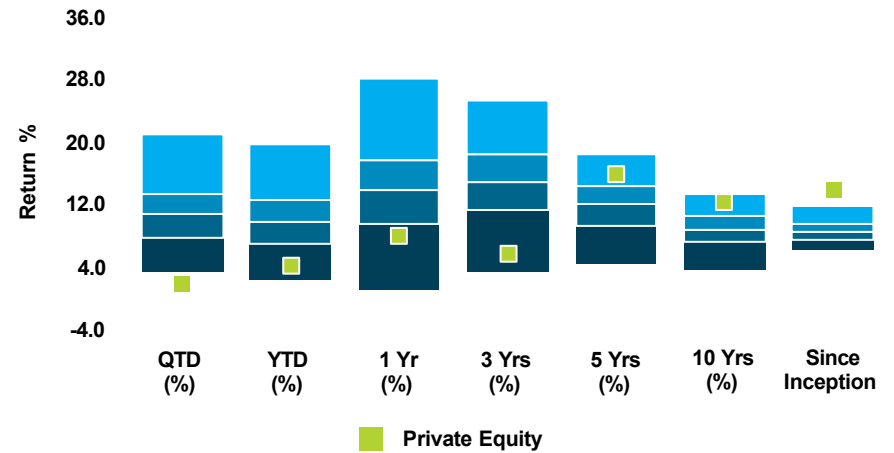
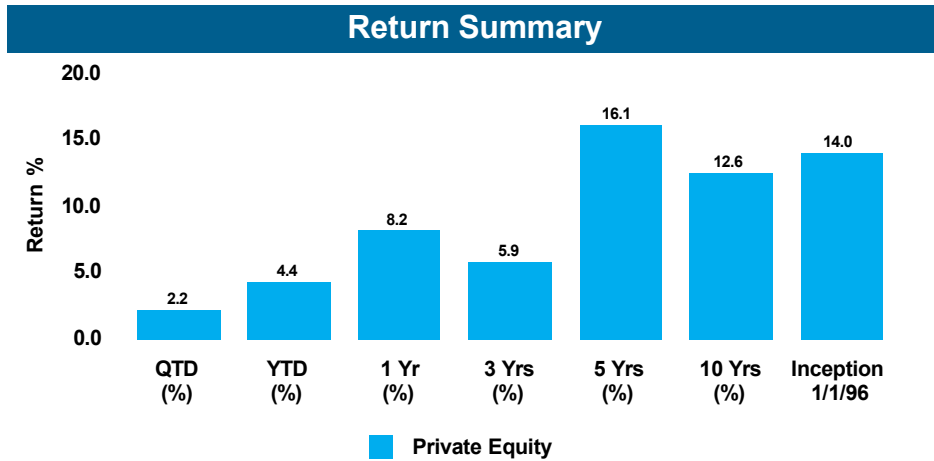
Sharpe Ratio



Performance is net of management fees.
Peer Universe: eV US TIPS / Inflation Fixed Inc (Net).

Private Equity (DB)

Private Equity Composite Characteristics | As of June 30, 2025



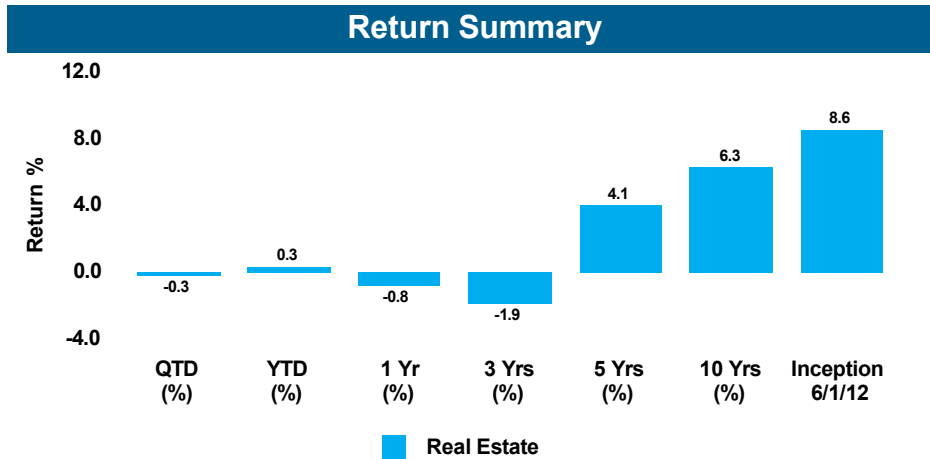
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Private Equity	2.2	4.4	8.2	5.9	16.1	12.6	14.0	01/01/1996
Custom Private Equity Benchmark	-0.5	1.7	1.2	1.6	14.7	11.5	-	
Excess Return	2.7	2.6	7.0	4.3	1.4	1.1	-	



Performance is net of management fees.
Peer Universe: eV All Global Equity (Net).

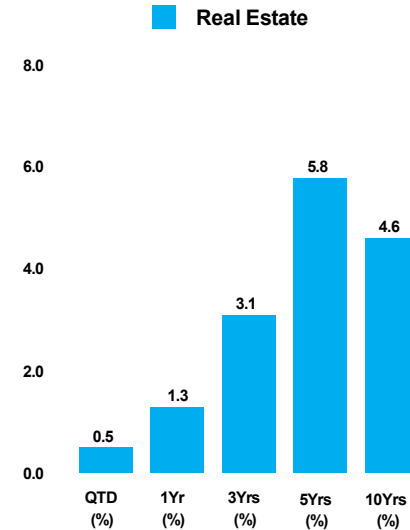
Real Estate (DB)

Real Estate Composite Characteristics | As of June 30, 2025

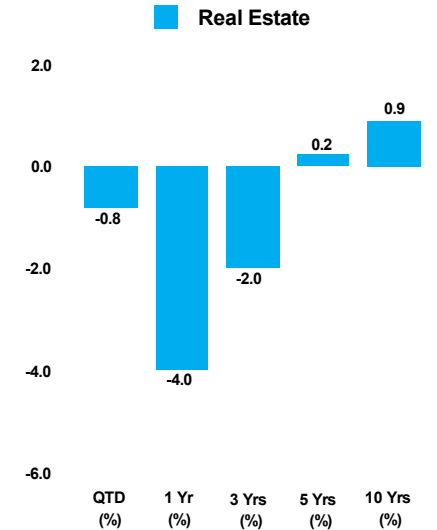


	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Real Estate	-0.3	0.3	-0.8	-1.9	4.1	6.3	8.6	06/01/2012
Custom Real Estate Benchmark	1.1	2.3	2.0	-4.2	2.9	5.6	7.3	
Excess Return	-1.3	-1.9	-2.9	2.3	1.2	0.7	1.3	

Annualized Standard Deviation



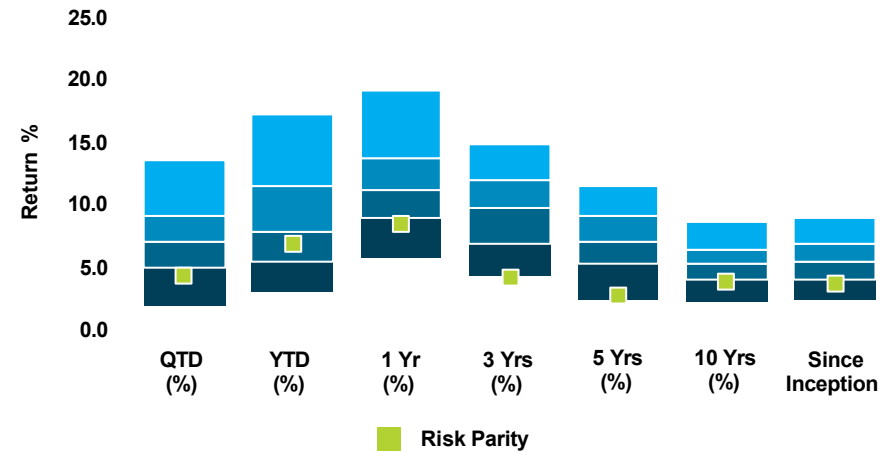
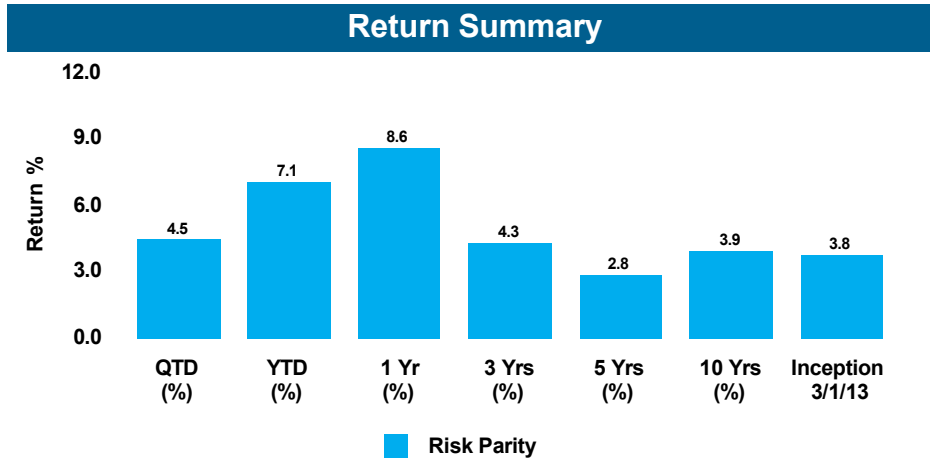
Sharpe Ratio



Performance is net of management fees.
Peer Universe: eV US REIT (Net).

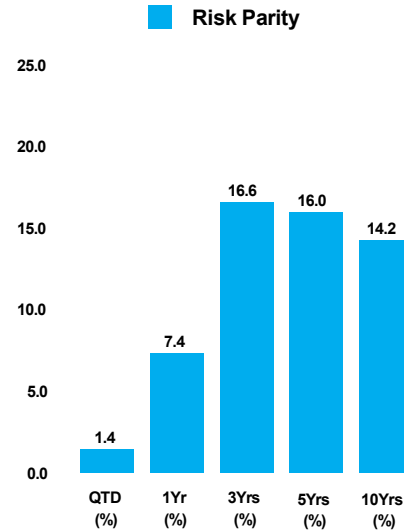
Risk Parity (DB)

Risk Parity Composite Characteristics | As of June 30, 2025

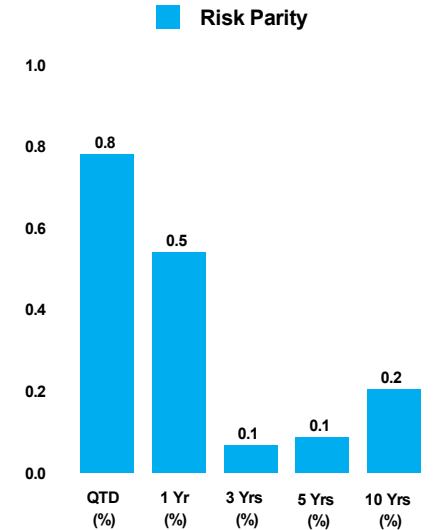


	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Risk Parity	4.5	7.1	8.6	4.3	2.8	3.9	3.8	03/01/2013
Custom Risk Parity	4.5	7.0	8.4	3.7	2.3	3.4	4.2	
Excess Return	0.0	0.0	0.3	0.6	0.5	0.5	-0.4	

Annualized Standard Deviation



Sharpe Ratio



Performance is net of management fees.
Peer Universe: eV Global TAA (Net).

Health Care Trust 115 Performance

Allocation vs. Targets				
	Balance (\$)	Current Allocation (%)	Policy (%)	Policy Range (%)
Traditional Growth	7,144,358,989	50	47	
U.S. Equity	3,384,455,308	25	22	17 - 27
Non-U.S. Equity	3,350,466,513	25	23	18 - 28
REIT's	409,437,168	3	2	0 - 5
Stabilized Growth	2,611,657,353	18	19	
Public Credit (SD/EMD/HY/IGC)	2,201,087,848	16	16	0 - 21
Risk Parity	410,569,505	3	3	0 - 5
Principal Protection	2,355,775,564	17	17	
Core Fixed	2,095,175,535	15	15	10 - 19
U.S. Treasury	260,600,029	2	2	0 - 5
Inflation	595,894,856	4	7	
TIPS/Commodities/Gold	595,894,856	4	7	0 - 10
RMS	754,727,506	5	10	
Hedge Fund	915,964	0	0	0 - 1
Long Duration U.S. Treasury	410,467,742	3	3	0 - 5
Alternative Risk Premia	343,343,800	3	3	0 - 5
Trend Following			3	0 - 5
Cash	102,741,989	1	0	
Cash	102,741,989	1	0	0 - 5
Total	13,565,156,255	96	100	

Cash is not included in Total Policy allocation.
High Yield contains both High Yield and Global High Yield.

Trailing Period Performance									
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Health Care 115 Trust Fund	14,156,610,632	100.0	6.2	12.2	10.7	8.7	6.9	6.5	Jan-05
<i>Policy Index Health Care 115 Trust Fund</i>			6.1	11.8	10.3	8.3	6.6	6.3	
Over/Under			0.1	0.4	0.4	0.4	0.3	0.2	
Traditional Growth	7,144,358,989	50.5	10.9	16.6	16.2	13.2	9.7	9.2	Mar-15
U.S. Equity	3,384,455,308	23.9	11.2	15.5	19.2	16.1	12.9	10.1	Jan-05
<i>Domestic Equity Blend BM</i>			11.0	15.3	19.1	16.0	13.0	10.3	
Over/Under			0.3	0.2	0.1	0.1	-0.1	-0.1	
Non-U.S. Equity	3,350,466,513	23.7	12.7	18.4	15.4	11.0	7.3	6.5	Jan-05
<i>Custom Int'l Eq Benchmark</i>			12.7	17.8	13.6	10.1	6.2	5.6	
Over/Under			-0.1	0.6	1.7	0.9	1.2	0.9	
REIT's	409,437,168	2.9	-1.8	7.9	4.8	8.6	5.4	6.4	Jan-05
<i>Custom REIT Benchmark</i>			-1.7	8.0	4.7	8.5	5.4	6.2	
Over/Under			-0.1	-0.1	0.1	0.0	0.0	0.2	
Stabilized Growth	2,611,657,353	18.4	2.6	8.6	7.2	4.3	4.3	3.9	Mar-15
Risk Parity	410,569,505	2.9	4.5	8.6	4.3	2.8	3.9	3.8	Mar-13
<i>Custom Risk Parity</i>			4.5	8.4	3.7	2.3	3.4	4.2	
Over/Under			0.0	0.2	0.5	0.5	0.5	-0.4	

Returns are net of fees.

Performance Summary | As of June 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Public Credit	2,201,087,848	15.5	3.1	9.6	8.2	4.6	4.1	3.9	Mar-15
High Yield	950,833,995	6.7	3.7	9.2	9.3	5.6	5.0	6.2	Jan-10
<i>Blmbg. U.S. Corp: High Yield Index</i>			3.5	10.3	9.9	6.0	5.4	6.5	
Over/Under			0.2	-1.1	-0.7	-0.3	-0.4	-0.3	
Investment Grade Credit	477,022,721	3.4	1.9	7.2	--	--	--	11.8	Apr-23
<i>Blmbg. U.S. Corporate Investment Grade Index</i>			1.8	6.9	4.3	0.1	2.9	5.0	
Over/Under			0.1	0.3	--	--	--	6.8	
Emerging Market Debt	208,978,087	1.5	5.6	12.4	11.4	3.8	3.5	4.1	Oct-07
<i>Custom 50/50 JPM EMB and Govt</i>			5.3	11.7	8.4	1.9	2.8	3.9	
Over/Under			0.2	0.7	3.1	1.9	0.7	0.2	
Securitized Debt	564,235,380	4.0	2.4	11.7	7.4	5.2	4.6	8.2	Dec-11
<i>Custom Securitized Debt Benchmark</i>			1.5	9.4	4.5	4.3	3.5	4.2	
Over/Under			0.9	2.3	2.9	0.9	1.0	3.9	
Global High Yield	17,665	0.0	0.0	0.0	-18.9	-8.0	9.1	8.3	Apr-12
<i>Blmbg. Global High Yield Index</i>			4.9	13.0	11.8	5.7	5.0	5.3	
Over/Under			-4.9	-13.0	-30.7	-13.6	4.1	2.9	
Principal Protection	2,355,775,564	16.6	1.2	6.3	2.5	-0.5	2.0	1.8	Mar-15
US Treasury	260,600,029	1.8	1.1	5.3	1.4	-1.6	1.2	1.0	Feb-15
<i>Blmbg. U.S. Treasury Index</i>			0.8	5.3	1.5	-1.6	1.2	0.9	
Over/Under			0.2	0.0	-0.1	0.0	0.0	0.1	
Core Fixed	2,095,175,535	14.8	1.2	6.4	2.5	-0.5	2.0	3.2	Jan-05
<i>Blmbg. U.S. Aggregate Index</i>			1.2	6.1	2.5	-0.7	1.8	3.1	
Over/Under			0.0	0.3	0.0	0.3	0.3	0.1	

Performance Summary | As of June 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Inflation	1,187,349,233	8.4	-0.8	7.0	2.9	6.6	3.3	3.1	Mar-15
TIPS	595,894,856	4.2	0.5	5.8	2.3	1.6	2.7	3.6	Mar-05
<i>Blmbg. U.S. TIPS Index</i>			0.5	5.8	2.3	1.6	2.7	3.5	
Over/Under			0.0	0.0	0.0	0.0	0.0	0.1	
Commodities	591,454,377	4.2	--	--	--	--	--	1.3	May-25
<i>Custom Commodities Benchmark</i>			-3.1	5.8	0.1	14.0	-0.1	1.8	
Over/Under			--	--	--	--	--	-0.6	
RMS	754,727,506	5.3	-0.1	4.1	1.1	-0.5	0.8	0.8	Mar-15
<i>Custom Risk Mitigation Strategies BM</i>			--	--	--	--	--	--	
Over/Under			--	--	--	--	--	--	
Risk Mitigation Strat	753,811,541	5.3	--	--	--	--	--	-3.3	May-25
<i>Custom Risk Mitigation Strategies BM</i>			--	--	--	--	--	-2.0	
Over/Under			--	--	--	--	--	-1.3	
Long Duration U.S. Treasury	410,467,742	2.9	--	--	--	--	--	-0.2	May-25
Alternative Risk Premia	343,343,800	2.4	--	--	--	--	--	-4.7	May-25
Hedge Fund	915,964	0.0	0.0	0.0	1.6	5.9	3.3	3.6	Jan-11
<i>Custom Hedge Fund Benchmark</i>			3.8	10.2	8.4	7.9	5.0	5.2	
Over/Under			-3.8	-10.2	-6.7	-2.0	-1.7	-1.6	
Cash	102,741,989	0.7	1.1	5.1	5.0	3.1	2.3	2.1	Jan-05
Cash	102,741,989	0.7	1.1	5.1	5.0	3.1	2.3	2.1	Jan-05
<i>90 Day U.S. Treasury Bill</i>			1.0	4.7	4.6	2.8	2.0	1.7	
Over/Under			0.1	0.4	0.4	0.4	0.3	0.4	

Commodities, Risk Mitigation Strat, Long Duration U.S. Treasury, and Alternative Risk Premia will show after the full first period.

Performance Summary | As of June 30, 2025

	Calendar Year Performance									
	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	
Health Care 115 Trust Fund	8.0	10.0	14.0	-15.5	14.3	11.0	19.6	-5.8	15.2	
<i>Policy Index Health Care 115 Trust Fund</i>	7.6	9.5	13.6	-15.5	13.8	10.1	19.2	-6.0	14.3	
Over/Under	0.4	0.5	0.3	0.0	0.6	0.8	0.4	0.2	0.9	
Traditional Growth	11.3	14.5	20.8	-19.1	21.2	12.0	26.6	-8.8	22.8	
U.S. Equity	6.0	23.7	25.9	-19.0	26.3	19.6	30.7	-5.1	21.2	
<i>Domestic Equity Blend BM</i>	5.8	23.8	26.0	-19.2	25.7	20.9	31.0	-5.2	21.1	
Over/Under	0.3	-0.1	0.0	0.2	0.6	-1.3	-0.3	0.2	0.1	
Non-U.S. Equity	18.6	7.0	17.3	-17.7	8.7	14.5	22.9	-14.4	31.3	
<i>Custom Int'l Eq Benchmark</i>	17.7	5.5	15.1	-16.9	7.9	11.9	21.1	-14.7	29.2	
Over/Under	0.9	1.5	2.1	-0.9	0.8	2.6	1.8	0.3	2.0	
REIT's	-0.7	8.0	14.0	-25.9	46.0	-11.4	23.2	-4.1	3.8	
<i>Custom REIT Benchmark</i>	-0.6	8.0	14.0	-26.0	45.9	-11.2	23.1	-4.2	3.8	
Over/Under	-0.1	0.0	0.0	0.2	0.1	-0.2	0.1	0.1	0.0	
Stabilized Growth	4.7	7.0	10.1	-15.6	4.0	5.9	19.3	-6.0	13.3	
Risk Parity	7.1	5.7	8.5	-29.8	11.9	6.0	30.3	-9.9	18.5	
<i>Custom Risk Parity</i>	7.0	5.1	7.6	-30.3	11.6	5.2	29.9	-10.1	11.5	
Over/Under	0.0	0.7	0.9	0.5	0.4	0.7	0.4	0.1	7.0	
Public Credit	5.1	7.3	10.7	-12.1	2.1	6.2	13.3	-4.0	10.9	
High Yield	4.5	7.1	12.5	-10.6	5.0	7.2	14.6	-2.3	7.0	
<i>Blmbg. U.S. Corp: High Yield Index</i>	4.6	8.2	13.4	-11.2	5.3	7.1	14.3	-2.1	7.5	
Over/Under	-0.1	-1.1	-0.9	0.6	-0.3	0.1	0.3	-0.2	-0.5	

Returns are net of fees.

Performance Summary | As of June 30, 2025

	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)
Investment Grade Credit	4.5	2.0	--	--	--	--	--	--	--
<i>Blmbg. U.S. Corporate Investment Grade Index</i>	4.2	2.1	8.5	-15.8	-1.0	9.9	14.5	-2.5	6.4
Over/Under	0.3	-0.1	--	--	--	--	--	--	--
Emerging Market Debt	8.5	4.2	16.6	-13.8	-5.0	5.1	13.2	-6.0	13.2
<i>Custom 50/50 JPM EMB and Govt</i>	8.8	1.6	11.6	-14.1	-5.2	4.3	14.0	-5.3	12.3
Over/Under	-0.3	2.6	5.0	0.3	0.2	0.7	-0.8	-0.7	0.9
Securitized Debt	5.4	13.8	7.4	-13.2	5.2	7.4	11.7	3.2	7.5
<i>Custom Securitized Debt Benchmark</i>	4.5	14.7	-0.4	-13.2	4.5	1.2	10.7	2.8	5.8
Over/Under	0.9	-0.9	7.8	-0.1	0.7	6.2	1.0	0.4	1.8
Global High Yield	0.0	0.0	-43.3	-5.9	14.4	2.1	203.2	-18.0	44.3
<i>Blmbg. Global High Yield Index</i>	6.8	9.2	14.0	-12.7	1.0	7.0	12.6	-4.1	10.4
Over/Under	-6.8	-9.2	-57.4	6.8	13.5	-4.9	190.6	-14.0	33.8
Principal Protection	4.1	1.4	5.3	-12.9	-1.0	9.1	8.7	-0.1	3.8
Core Fixed	4.1	1.5	5.3	-12.9	-1.0	9.1	8.7	-0.1	3.8
<i>Blmbg. U.S. Aggregate Index</i>	4.0	1.3	5.5	-13.0	-1.5	7.5	8.7	0.0	3.5
Over/Under	0.1	0.2	-0.3	0.1	0.6	1.6	0.0	-0.1	0.2
US Treasury	4.0	0.4	3.8	-12.4	-2.3	8.1	6.8	0.8	2.3
<i>Blmbg. U.S. Treasury Index</i>	3.8	0.6	4.1	-12.5	-2.3	8.0	6.9	0.9	2.3
Over/Under	0.2	-0.2	-0.2	0.0	0.1	0.1	0.0	0.0	0.0
Inflation	4.4	6.0	1.2	-2.3	17.9	2.4	10.4	-4.0	3.7
TIPS	4.7	1.8	3.9	-11.8	6.0	10.9	8.4	-1.3	2.9
<i>Blmbg. U.S. TIPS Index</i>	4.7	1.8	3.9	-11.8	6.0	11.0	8.4	-1.3	3.0
Over/Under	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1

Performance Summary | As of June 30, 2025

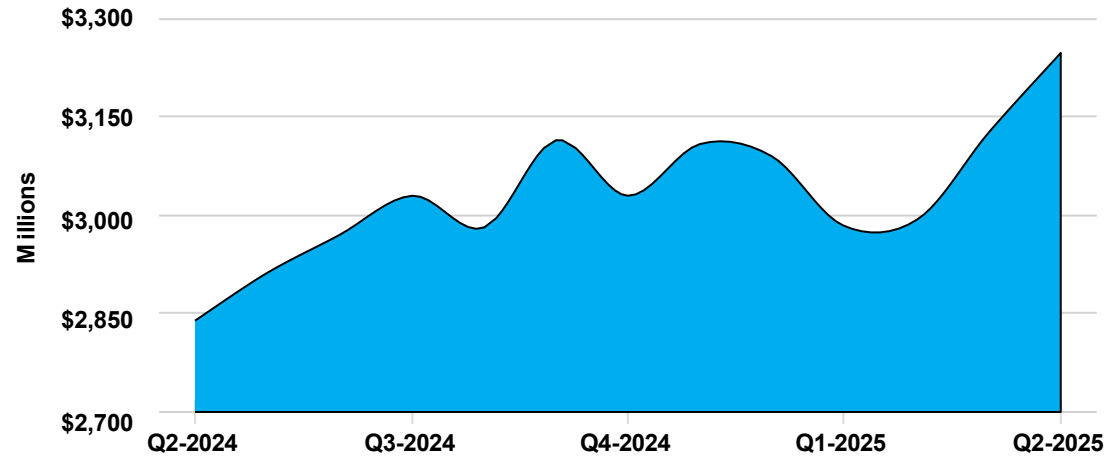
	2025	2024	2023	2022	2021	2020	2019	2018	2017
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Commodities	--	--	--	--	--	--	--	--	--
<i>Custom Commodities Benchmarks</i>	--	--	--	--	--	--	--	--	--
Over/Under	--	--	--	--	--	--	--	--	--
RMS	2.8	0.4	3.8	-12.3	-0.5	2.1	7.1	-1.2	6.6
<i>Custom Risk Mitigation Strategies BM</i>	--	--	--	--	--	--	--	--	--
Over/Under	--	--	--	--	--	--	--	--	--
Risk Mitigating Strat	--	--	--	--	--	--	--	--	--
<i>Custom Risk Mitigation Strategies BM</i>	--	--	--	--	--	--	--	--	--
Over/Under	--	--	--	--	--	--	--	--	--
<i>Long Duration U.S. Treasury</i>	--	--	--	--	--	--	--	--	--
Over/Under	--	--	--	--	--	--	--	--	--
<i>Alternative Risk Premia</i>	--	--	--	--	--	--	--	--	--
Over/Under	--	--	--	--	--	--	--	--	--
Hedge Fund	0.0	0.6	3.2	3.6	9.8	3.6	7.7	-1.5	7.3
<i>Custom Hedge Fund Benchmark</i>	4.0	9.3	9.4	-3.4	10.7	6.1	8.5	-3.2	7.4
Over/Under	-4.0	-8.7	-6.2	7.0	-0.9	-2.4	-0.8	1.7	-0.1
Cash	2.3	5.6	5.4	1.9	0.3	0.8	2.5	2.2	1.2

Returns are net of fees.

Defined Contribution Plan Performance

Allocation vs. Targets				
	Balance (\$)	Current Allocation (%)	Policy Range (%)	Within IPS Range?
Target Date Funds	1,667,629,581	51	0 - 100	Yes
Domestic Equity Funds	1,119,127,625	34	0 - 100	Yes
International Equity Funds	147,358,195	5	0 - 100	Yes
Fixed Income Funds	245,347,070	8	0 - 100	Yes
Stable Value Funds	154,353,902	5	0 - 100	Yes
Investment Grade Bond Funds	90,993,169	3	0 - 100	Yes
Schwab Self-Directed Brokerage	70,166,413	2	0 - 100	Yes
Total	3,249,628,885	100		

Market Value History 1 Year Ending June 30, 2025



Summary of Market Values

	QTD	Q12025	Q42024	Q32024
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Total Plan				
	QTD	Q12025	Q42024	Q32024
Beginning Market Value	\$2,983,785,677	\$3,029,288,061	\$3,030,258,627	\$2,838,862,748
Net Change	\$265,843,208	-\$45,502,385	-\$970,565	\$191,395,879
Ending Market Value	\$3,249,628,885	\$2,983,785,677	\$3,029,288,061	\$3,030,258,627

Trailing Period Performance							
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Plan	3,249,628,885	100.0					
Target Date Funds	1,667,629,581	51.3					
BlackRock LifePath Index Retirement Fund N	163,913,320	5.0	4.6	9.8	7.7	5.0	5.1
<i>Blackrock LifePath Retirement N-L Custom Index</i>			4.6	9.8	7.8	5.0	5.1
<i>Target-Date Retirement Median</i>			4.0	8.5	7.3	4.4	4.3
<i>Target-Date Retirement Rank</i>			26	9	32	21	10
BlackRock LifePath Index 2030 Fund N	243,090,135	7.5	5.9	11.2	10.0	7.7	6.9
<i>Blackrock LifePath 2030 Non-Lendable Custom Bmk</i>			5.9	11.1	10.0	7.7	6.8
<i>Target-Date 2030 Median</i>			6.5	10.9	10.7	8.1	7.1
<i>Target-Date 2030 Rank</i>			69	41	73	71	63
BlackRock LifePath Index 2035 Fund N	303,036,729	9.3	7.2	12.4	11.7	9.4	7.8
<i>Blackrock LifePath 2035 Non-Lendable Custom Bmk</i>			7.2	12.3	11.7	9.3	7.7
<i>Target-Date 2035 Median</i>			7.6	12.0	12.3	9.6	7.8
<i>Target-Date 2035 Rank</i>			67	33	71	66	55
BlackRock LifePath Index 2040 Fund N	360,630,685	11.1	8.3	13.5	13.4	10.9	8.6
<i>Blackrock LifePath 2040 Non-Lendable Custom Bmk</i>			8.3	13.4	13.4	10.8	8.5
<i>Target-Date 2040 Median</i>			8.5	13.0	13.7	10.8	8.5
<i>Target-Date 2040 Rank</i>			66	31	60	47	44
BlackRock LifePath Index 2045 Fund N	282,122,087	8.7	9.4	14.6	15.0	12.2	9.3
<i>Blackrock LifePath 2045 Non-Lendable Custom Bmk</i>			9.5	14.4	14.9	12.1	9.2
<i>Target-Date 2045 Median</i>			9.4	13.8	14.7	11.7	8.9
<i>Target-Date 2045 Rank</i>			51	23	38	21	29

At the close of 3/11/2022, the OPERS target date funds were replaced by the BlackRock Lifepath Index N funds. Time periods longer than 3/11/2022 are shown for illustrative purposes and represents the class O shares. BlackRock LifePath Index 2025 Fund N ended 10/31.

Performance Summary | As of June 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
BlackRock LifePath Index 2050 Fund N	167,094,364	5.1	10.5	15.6	16.1	13.1	9.7
<i>Blackrock LifePath 2050 Non-Lendable Custom Bmk</i>			10.6	15.5	16.1	13.0	9.6
<i>Target-Date 2050 Median</i>			10.0	14.0	15.1	11.9	9.1
<i>Target-Date 2050 Rank</i>			25	9	15	6	14
BlackRock LifePath Index 2055 Fund N	77,477,880	2.4	11.1	16.2	16.6	13.4	9.8
<i>Blackrock LifePath 2055 Non-Lendable Custom Bmk</i>			11.1	16.0	16.5	13.3	9.7
<i>Target-Date 2055 Median</i>			10.2	14.2	15.3	12.0	9.1
<i>Target-Date 2055 Rank</i>			13	4	10	6	12
BlackRock LifePath Index 2060 Fund N	39,052,533	1.2	11.1	16.3	16.6	13.4	9.8
<i>Blackrock LifePath 2060 Non-Lendable Custom Bmk</i>			11.2	16.1	16.6	13.3	9.7
<i>Target-Date 2060 Median</i>			10.3	14.2	15.3	12.1	9.4
<i>Target-Date 2060 Rank</i>			14	4	10	7	19
BlackRock LifePath Index 2065 Fund N	29,974,338	0.9	11.1	16.3	16.6	13.4	--
<i>Blackrock LifePath 2065 Non-Lendable Custom Benchm</i>			11.2	16.1	16.6	13.3	--
<i>Target-Date 2065+ Median</i>			10.5	14.6	15.6	12.2	--
<i>Target-Date 2065+ Rank</i>			23	7	12	3	--
BlackRock LifePath Index 2070 Fund N	1,237,509	0.0	11.1	--	--	--	--
<i>BlackRock LifePath 2070 Non-Lendable Custom Benchm</i>			11.2	--	--	--	--
Core Options	1,511,832,891	46.5					
Invesco Stable Value Trust - Class B1	154,353,902	4.7	0.8	3.0	2.7	2.2	2.2
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.0	4.7	4.6	2.8	2.0
<i>eV US Stable Value Fixed Inc Median</i>			0.8	3.2	2.9	1.9	2.1
<i>eV US Stable Value Fixed Inc Rank</i>			50	63	62	26	30

At the close of 3/11/2022, the OPERS target date funds were replaced by the BlackRock Lifepath Index N funds. Time periods longer than 3/11/2022 are shown for illustrative purposes and represents the class O shares.

Performance Summary | As of June 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
BlackRock U.S. Debt Index Fund J	84,332,168	2.6	1.2	6.1	2.6	-0.7	1.8
<i>Blmbg. U.S. Aggregate Index</i>			1.2	6.1	2.5	-0.7	1.8
<i>Intermediate Core Bond Median</i>			1.2	6.0	2.6	-0.6	1.7
<i>Intermediate Core Bond Rank</i>			53	36	50	56	39
BlackRock Russell 3000 Index Fund J	455,281,871	14.0	11.0	15.3	19.1	16.0	13.0
<i>Russell 3000 Index</i>			11.0	15.3	19.1	16.0	13.0
<i>Large Blend Median</i>			10.8	13.6	18.5	15.6	12.4
<i>Large Blend Rank</i>			38	22	37	42	30
BlackRock Russell 1000 Index Fund J	467,666,273	14.4	11.1	15.7	19.6	16.3	13.4
<i>Russell 1000 Index</i>			11.1	15.7	19.6	16.3	13.4
<i>Large Blend Median</i>			10.8	13.6	18.5	15.6	12.4
<i>Large Blend Rank</i>			34	18	24	31	14
BlackRock Russell 2000 Index Fund J	177,548,888	5.5	8.5	7.7	10.1	10.1	7.3
<i>Russell 2000 Index</i>			8.5	7.7	10.0	10.0	7.1
<i>Small Blend Median</i>			6.6	6.4	9.7	11.4	7.2
<i>Small Blend Rank</i>			22	35	43	68	50
BlackRock MSCI ACWI ex-US Index Fund J	139,521,320	4.3	11.8	18.3	14.1	10.4	6.4
<i>MSCI AC World ex USA (Net)</i>			12.0	17.7	14.0	10.1	6.1
<i>Foreign Large Blend Median</i>			11.5	18.1	14.8	10.7	6.2
<i>Foreign Large Blend Rank</i>			42	45	65	57	41
Fisher US Total Return	12,559,366	0.4	11.3	--	--	--	--
<i>Russell 1000 Index</i>			11.1	15.7	19.6	16.3	13.4
<i>eV US Large Cap Core Equity Median</i>			10.1	13.3	18.1	15.2	12.2
<i>eV US Large Cap Core Equity Rank</i>			37	--	--	--	--

At the close of 3/11/2022, the BlackRock Russell 3000 index, BlackRock Russell 2000 index, BlackRock Russell 1000 index, and BlackRock MSCI ACWI ex-US index moved to lending shares. The J shares were launched by OPERS, as other investors join, the administrative expenses will lower the total fee. At the close of 3/11/2022 the BlackRock U.S Debt Index moved to the M share class and the Invesco Stable Value Trust moved to the B1 Share class. Time periods longer than 3/11/2022 are shown for illustrative purposes and represents the combined return from the share class conversions.

Performance Summary | As of June 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
JPMorgan Core Bond R6	6,661,000	0.2	1.3	--	--	--	--
<i>Blmbg. U.S. Aggregate Index</i>			1.2	6.1	2.5	-0.7	1.8
<i>Intermediate Core Bond Median</i>			1.2	6.0	2.6	-0.6	1.7
<i>Intermediate Core Bond Rank</i>			37	--	--	--	--
Lazard ACW ex-US Equity CIT	7,836,875	0.2	13.0	--	--	--	--
<i>MSCI AC World ex USA index</i>			12.3	18.4	14.6	10.7	6.6
<i>eV ACWI ex-US All Cap Core Eq Median</i>			12.5	18.9	14.7	11.0	6.5
<i>eV ACWI ex-US All Cap Core Eq Rank</i>			44	--	--	--	--
T.Rowe Price Intergrated US Small-Mid Cap Core Eq	6,071,228	0.2	8.2	--	--	--	--
<i>Russell 2500 Index</i>			8.6	9.9	11.3	11.4	8.4
<i>eV US Small-Mid Cap Core Equity Median</i>			7.4	7.2	10.7	12.0	8.7
<i>eV US Small-Mid Cap Core Equity Rank</i>			42	--	--	--	--
Schwab Self-Directed Brokerage	70,166,413	2.2					

Calendar Year Performance								
	2025	2024	2023	2022	2021	2020	2019	2018
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Total Plan								
Target Date Funds								
BlackRock LifePath Index Retirement Fund N	6.2	7.1	11.2	-14.6	7.0	12.0	15.6	-3.5
<i>Blackrock LifePath Retirement N-L Custom Index</i>	6.1	7.1	11.1	-14.5	7.0	11.8	15.6	-3.5
BlackRock LifePath Index 2030 Fund N	7.0	9.1	14.3	-16.0	11.4	12.9	20.8	-5.7
<i>Blackrock LifePath 2030 Non-Lendable Custom Bmk</i>	6.9	9.1	14.2	-15.9	11.5	12.7	20.7	-5.8
BlackRock LifePath Index 2035 Fund N	7.7	10.9	16.3	-16.7	13.8	13.6	22.9	-6.5
<i>Blackrock LifePath 2035 Non-Lendable Custom Bmk</i>	7.5	10.9	16.3	-16.7	13.9	13.4	22.8	-6.6
BlackRock LifePath Index 2040 Fund N	8.3	12.6	18.3	-17.3	16.0	14.1	24.7	-7.2
<i>Blackrock LifePath 2040 Non-Lendable Custom Bmk</i>	8.1	12.6	18.3	-17.4	16.0	14.0	24.6	-7.3
BlackRock LifePath Index 2045 Fund N	8.8	14.3	20.2	-17.9	17.7	14.8	26.0	-7.8
<i>Blackrock LifePath 2045 Non-Lendable Custom Bmk</i>	8.6	14.3	20.1	-18.0	17.7	14.6	26.0	-8.0
BlackRock LifePath Index 2050 Fund N	9.4	15.6	21.3	-18.2	18.7	15.2	26.6	-8.1
<i>Blackrock LifePath 2050 Non-Lendable Custom Bmk</i>	9.2	15.7	21.2	-18.3	18.6	15.1	26.5	-8.3
BlackRock LifePath Index 2055 Fund N	9.8	16.2	21.6	-18.3	18.8	15.3	26.7	-8.1
<i>Blackrock LifePath 2055 Non-Lendable Custom Bmk</i>	9.5	16.3	21.6	-18.4	18.8	15.2	26.6	-8.3

At the close of 3/11/2022, the OPERS target date funds were replaced by the BlackRock Lifepath Index N funds. Time periods longer than 3/11/2022 are shown for illustrative purposes and represents the class O shares.

Performance Summary | As of June 30, 2025

	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)
BlackRock LifePath Index 2060 Fund N	9.8	16.3	21.6	-18.3	18.8	15.3	26.7	-8.1
<i>Blackrock LifePath 2060 Non-Lendable Custom Bmk</i>	9.6	16.4	21.6	-18.4	18.8	15.2	26.6	-8.3
BlackRock LifePath Index 2065 Fund N	9.8	16.4	21.6	-18.3	18.8	15.1	--	--
<i>Blackrock LifePath 2065 Non-Lendable Custom Benchm</i>	9.6	16.4	21.6	-18.4	18.8	15.2	--	--
BlackRock LifePath Index 2070 Fund N	--	--	--	--	--	--	--	--
<i>BlackRock LifePath 2070 Non-Lendable Custom Benchm</i>	9.6	--	--	--	--	--	--	--
Core Options								
Invesco Stable Value Trust - Class B1	1.5	2.9	2.7	1.6	1.4	2.1	2.5	2.4
<i>ICE BofA 3 Month U.S. T-Bill</i>	2.1	5.3	5.0	1.5	0.0	0.7	2.3	1.9
BlackRock U.S. Debt Index Fund J	4.0	1.4	5.7	-13.0	-1.6	7.6	8.8	0.1
<i>Blmbg. U.S. Aggregate Index</i>	4.0	1.3	5.5	-13.0	-1.5	7.5	8.7	0.0
BlackRock Russell 3000 Index Fund J	5.7	23.8	26.1	-19.2	25.7	21.0	31.1	-5.2
<i>Russell 3000 Index</i>	5.8	23.8	26.0	-19.2	25.7	20.9	31.0	-5.2
BlackRock Russell 1000 Index Fund J	6.1	24.5	26.6	-19.1	26.4	20.9	31.5	-4.7
<i>Russell 1000 Index</i>	6.1	24.5	26.5	-19.1	26.5	21.0	31.4	-4.8
BlackRock Russell 2000 Index Fund J	-1.7	11.5	17.1	-20.4	14.9	20.0	25.7	-10.9
<i>Russell 2000 Index</i>	-1.8	11.5	16.9	-20.4	14.8	20.0	25.5	-11.0
BlackRock MSCI ACWI ex-US Index Fund J	18.8	5.4	15.6	-15.7	7.9	11.0	21.8	-14.0
<i>MSCI AC World ex USA (Net)</i>	17.9	5.5	15.6	-16.0	7.8	10.7	21.5	-14.2

At the close of 3/11/2022, the BlackRock Russell 3000 index, BlackRock Rusell 2000 index, BlackRock Russell 1000 index, and Blackrock MSCI ACWI ex-US index moved to lending shares. The J shares were launched by OPERS, as other invest the administrative expenses will lower the total fee. At the close of 3/11/2022 the Blackrock U.S Debt Index moved to the M share class and the Invesco Stable Value Trust moved to the B1 Share class. Time periods longer than 3/11/2022 are shown for illustrative purposes and represents the combined return from the share class conversions.

Annual Investment Expense Analysis		
	Expense Ratio (%)	Morningstar Category Avg. Expense Ratio (%)
Index Funds	0.02	-
BlackRock Russell 1000 Index Fund J	0.02	0.75
BlackRock Russell 2000 Index Fund J	0.02	0.97
BlackRock Russell 3000 Index Fund J	0.02	0.75
BlackRock U.S. Debt Index Fund J	0.03	0.55
BlackRock MSCI ACWI ex-US Index Fund J	0.06	0.88
Invesco Stable Value Trust - Class B1	0.31	0.40

BlackRock LifePath Index 2025 Fund N ended 10/31.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

2025

Annual Investment Plan

Quarterly Update For the Period Ending
June 30, 2025

 Defined Benefit
Fund

 Health Care 115
Trust Fund



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Purpose

This Annual Investment Plan (“AIP”) Update is a quarterly report prepared by the Investment Staff to:

- (1) Provide an update of Staff’s progress towards meeting its AIP projections. In this report, projections made in late 2024 for 2025 are compared with second quarter 2025 results;
- (2) Provide current forecast risk metrics;
- (3) Present notable Investments Division activities; and
- (4) Provide reports containing information that is not otherwise available in Staff memorandums, investment advisor reports, or other sources.
 - a. Reports and analysis are produced by Investment Staff using the best data available, compiled from various sources such as the SimCorp system, eFront and BNY Mellon. In some cases, unaudited data is used and therefore some differences may exist with final audited reporting. Staff strives to maintain accuracy while also producing a complete analysis in a timely manner.
 - b. Fund-level and total fund risk reports are produced using the Aladdin Risk system - a multi-asset class, factor-based forecasting model. In cases where assets are not natively supported by the Aladdin system or in cases when holdings data are not available, OPERS Staff and BlackRock assign returns-based or holdings-based proxies as appropriate.
 - c. Policy dashboards and analysis are produced by Investment Staff using a single asset-class based forecasting models from BlackRock’s Aladdin for equity securities and for fixed income securities. In cases where assets are not natively supported by analytic systems, OPERS Investment Staff may assign proxies to replicate exposures.

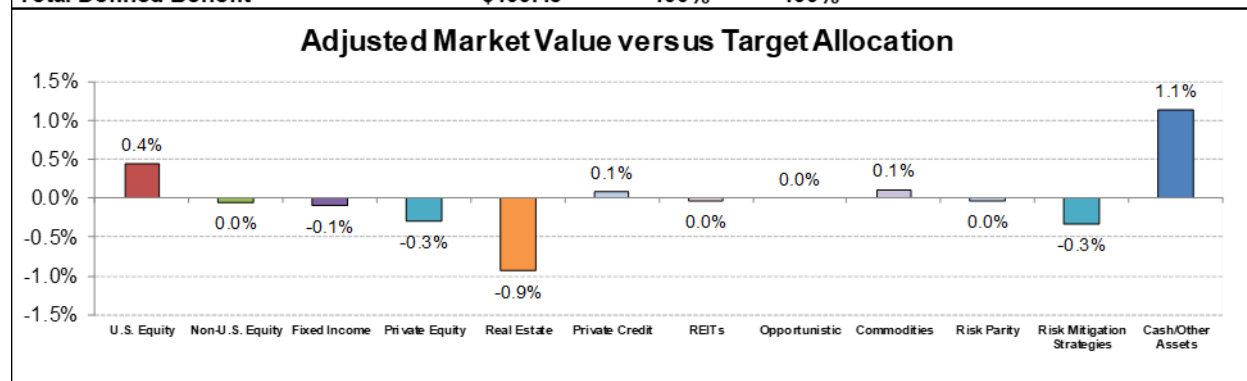
Section 1 – Fund at a Glance

Adjusted Market Value versus Target Allocation

The following tables show the market value of Defined Benefit (“DB”) and Health Care 115 Trust (“HC”) Fund assets, adjusted by the notional amount of derivatives used to rebalance Asset Class and Sub-Asset Class exposures, relative to current target allocations and Policy ranges.

Adjusted Market Value versus Target Allocation

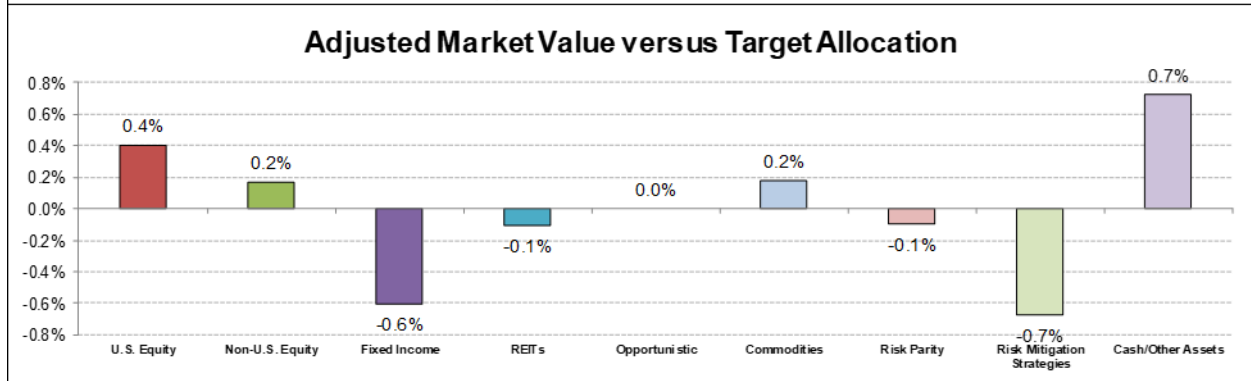
Defined Benefit Fund							
June 30, 2025							
Asset Class / Sub-Asset Class	Adjusted Market Value (\$B)	% of Total Adjusted Market Value	Current Target	Variance	Policy Minimum	-	Policy Maximum
U.S. Equity	\$23.48	21.4%	21.0%	0.4%	16%	-	26%
Non-U.S. Equity	\$21.84	20.0%	20.0%	0.0%	15%	-	25%
Fixed Income	\$24.85	22.7%	22.8%	-0.1%	15%	-	30%
Private Equity	\$16.09	14.7%	15.0%	-0.3%	10%	-	20%
Real Estate	\$12.11	11.1%	12.0%	-0.9%	7%	-	17%
Private Credit	\$0.31	0.3%	0.2%	0.1%	0%	-	8%
REITs	\$1.06	1.0%	1.0%	0.0%	0%	-	5%
Opportunistic	\$0.00	0.0%	0.0%	0.0%	0%	-	2%
Commodities	\$3.40	3.1%	3.0%	0.1%	0%	-	0%
Risk Parity	\$2.14	2.0%	2.0%	0.0%	0%	-	5%
Risk Mitigation Strategies	\$2.93	2.7%	3.0%	-0.3%	0%	-	15%
Cash/Other Assets	\$1.23	1.1%	0.0%	1.1%	0%	-	5%
Total Defined Benefit	\$109.45	100%	100%				



Section 1 – Fund at a Glance

Adjusted Market Value versus Target Allocation

Health Care 115 Fund								
June 30, 2025								
Asset Class / Sub-Asset Class	Adjusted Market Value (\$B)	% of Total Adjusted Market Value	Current Target	Variance	Policy Minimum	-	Policy Maximum	
U.S. Equity	\$3.38	23.9%	23.5%	0.4%	19%	-	29%	
Non-U.S. Equity	\$3.35	23.7%	23.5%	0.2%	19%	-	29%	
Fixed Income	\$5.15	36.4%	37.0%	-0.6%	26%	-	48%	
REITs	\$0.41	2.9%	3.0%	-0.1%	0%	-	5%	
Opportunistic	\$0.00	0.0%	0.0%	0.0%	0%	-	2%	
Commodities	\$0.59	4.2%	4.0%	0.2%	0%	-	5%	
Risk Parity	\$0.41	2.9%	3.0%	-0.1%	0%	-	5%	
Risk Mitigation Strategies	\$0.75	5.3%	6.0%	-0.7%	0%	-	15%	
Cash/Other Assets	\$0.10	0.7%	0.0%	0.7%	0%	-	5%	
Total Health Care 115	\$14.16	100%	100%					



Section 1 – Fund at a Glance

Total Fund – Forecast Total and Active Risk

The following table shows the forecast annual total risk and forecast annual active risk (tracking error) by Asset Class and Sub-Asset Class as of June 30, 2025. Total risk is shown in percentage terms and active risk is shown in basis points. Forecast total and active risk is produced using Aladdin Risk.

Forecast Total and Active Risk Summary

June 30, 2025							
Asset Class / Sub-Asset Class	Adjusted Market Value (\$B) ¹	Forecast Total Risk (%) ²	Forecast Active Risk (b.p.) ³	Active Risk Target (b.p.)	Active Risk		
					Range Minimum	Range Maximum	Range Maximum
U.S. Equity	\$26.86	18.8%	42	36	0	-	100
Non-U.S. Equity	\$25.19	15.8%	106	150	0	-	300
Fixed Income	\$30.00	5.3%	14	50	0	-	200
Private Equity	\$16.09	23.9%	488	-	0	-	1500
Real Estate	\$12.11	11.7%	523	-	0	-	1500
Private Credit	\$0.31	5.1%	397	-	0	-	1500
REITs	\$1.47	18.1%	6	10	0	-	250
Opportunistic	\$0.00	0.0%	0	-	-	-	-
Commodities	\$3.99	9.2%	237	-	0	-	300
Risk Parity	\$2.56	13.3%	13	-	0	-	200
Risk Mitigation Strategies	\$3.68	8.2%	131	-	0	-	200
Cash/Other Assets	\$1.34	0.1%	11	-	-	-	-
Total Fund	\$123.61	12.5%	79	-	-	-	-
Defined Benefit Fund	\$109.45	12.8%	89	98	0	-	300
Health Care 115 Fund	\$14.16	10.2%	32	61	0	-	300

¹ The market value reported by Bank of New York Mellon adjusted for the notional exposure of derivatives positions held in rebalancing portfolios.

² The forecast annual return volatility.

³ The forecast annual return volatility relative to the benchmark return, due to active management.

Section 2 – Fund Updates

Defined Benefit Fund – Expected Asset Growth

The change in the DB assets relative to the 2025 AIP is shown in the following table. The projected values for the DB Fund are based on the values listed on page six of the 2025 AIP, which was reviewed and approved by the OPERS Retirement Board in March 2025 and assumes a smooth, straight-line investment return throughout the 2025 calendar year.

Expected Asset Growth - Defined Benefit Fund		
Year-to-Date through June 30, 2025		
	Projected	Reported
Beginning Market Value (\$ billions) 12/31/24	\$104.10	\$104.10
Year-to-Date Total Return (%)	4.36%	7.20%
Year-to-Date Total Return (\$ billions)	\$4.54	\$7.49
Estimated Year-to-Date Net Cash Flow (\$ billions)	-\$1.98	-\$2.14
Ending Market Value (\$ billions) 6/30/2025	\$106.66	\$109.45

Defined Benefit Fund – Return and Risk

The policy asset mix (benchmark), tactical and active and total fund returns, and variability risk (standard deviation and tracking error) for the DB Fund are shown in the adjacent table. The projected return and risk figures are from page nine of the 2025 AIP and assume a smooth, straight-line investment return throughout the calendar year. The reported returns are from the BNY Mellon monthly performance report, which is generated in accordance with the OPERS Performance Guidelines. Current forecast variability risk is produced using Aladdin.

Return and Risk - Defined Benefit Fund		
Year-to-Date through June 30, 2025		
	Return	
Asset Class Returns	Projected	Reported
Public Equity		
U.S. Equity	3.39%	6.02%
Non-U.S. Equity	3.78%	18.58%
Fixed Income		
Core Fixed	2.27%	4.15%
Emerging Markets Debt	3.44%	8.51%
Securitized Debt	2.32%	5.44%
High Yield	3.20%	4.48%
TIPS	2.13%	4.66%
U.S. Treasury	1.98%	3.98%
Investment Grade Credit	2.57%	4.47%
Alternatives		
Private Equity	4.83%	4.45%
Real Estate	3.15%	0.53%
Commodities	3.59%	4.83%
Comodities - All	2.42%	5.71%
Gold	1.19%	24.59%
REITs	2.76%	-0.71%
Risk Parity	3.10%	7.06%
Risk Mitigation Strategies*		
Long Duration U.S. Treasury	2.13%	2.88%
Trend Following	1.88%	-
Alternative Risk Premia	2.37%	-4.66%
Policy Asset Mix (Benchmark Return)	4.18%	6.84%
Tactical & Active Return	0.19%	0.35%
Total DB Fund Return	4.37%	7.20%
Variability Risk		
Sources of Variability Risk	Projected	Current Forecast
Policy Risk	12.73%	12.47%
Tactical & Active Risk	0.98%	0.89%
Total DB Fund Variability Risk	13.42%	12.79%

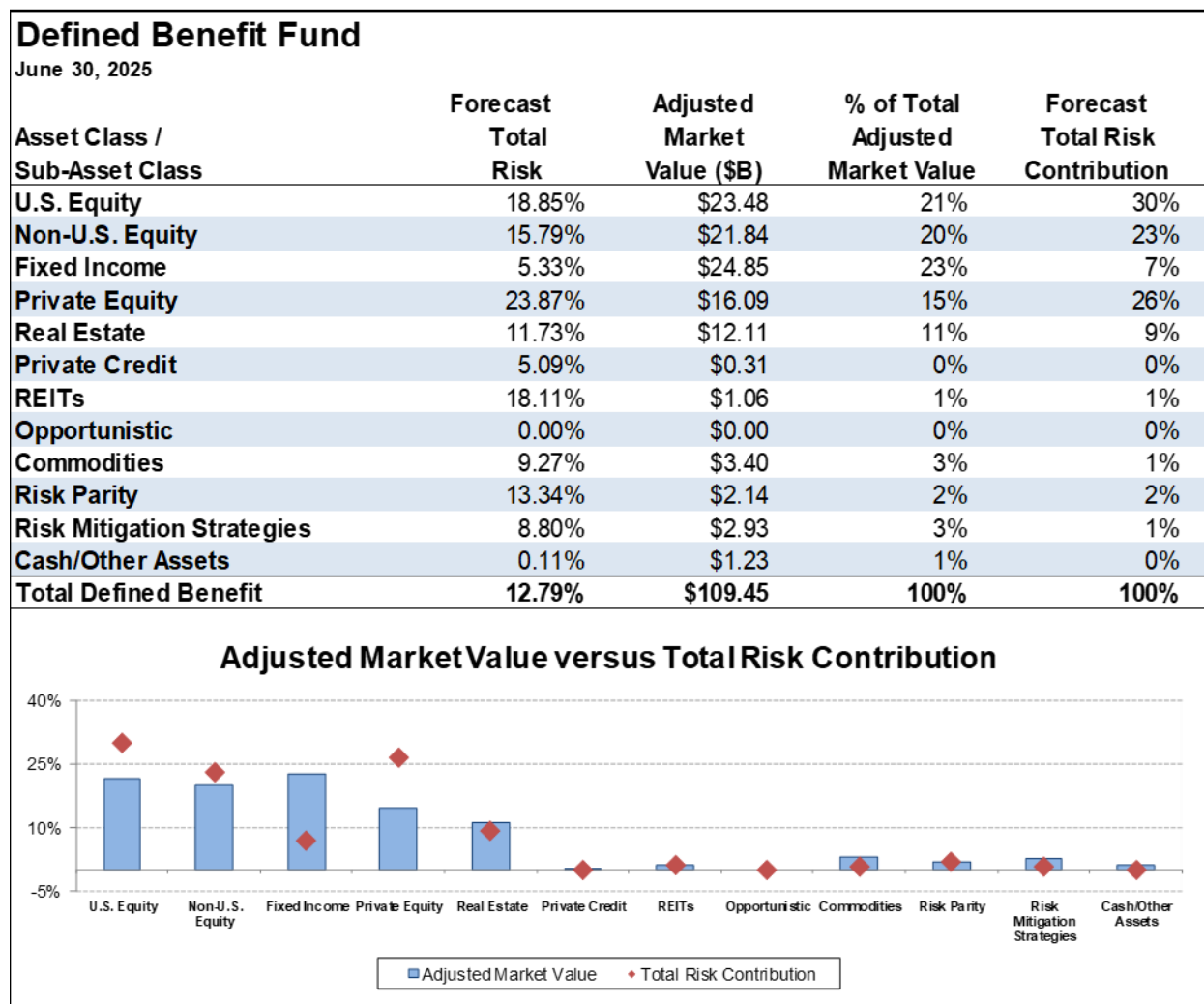
*Implementation of the Risk Mitigation Strategies Asset Class began in 2Q2025

Section 2 – Fund Updates

Defined Benefit Fund – Forecast Total Risk Contribution

The following table and chart show the forecast total risk contribution in relation to the adjusted market value for the DB Fund. Forecast total risk is produced using Aladdin.

Forecast Total Risk Contribution



Section 2 – Fund Updates

Defined Benefit Fund – Active and Tactical Return

The projected and reported active and tactical returns are shown in the following table. The projected figures are from page 8 of the 2025 AIP and assume a smooth, straight-line investment return throughout the calendar year. The reported figures are from the BNY Mellon monthly performance report.

Active and Tactical Return - Defined Benefit Fund						
Year-to-Date through June 30, 2025						
Asset Class	Projected (basis points)		Relative to Index	Reported (basis points)		
	Relative to Index	Total Contribution		Active Contribution	Tactical Contribution	Total Contribution
U.S. Equity	7	1	27	13	-3	10
Non-U.S. Equity	30	6	84	14	0	14
Fixed Income	9	2	8	2	0	2
Alternatives/Other	34	11	3	1	8	9
DB Fund	N/A	20		30	5	35

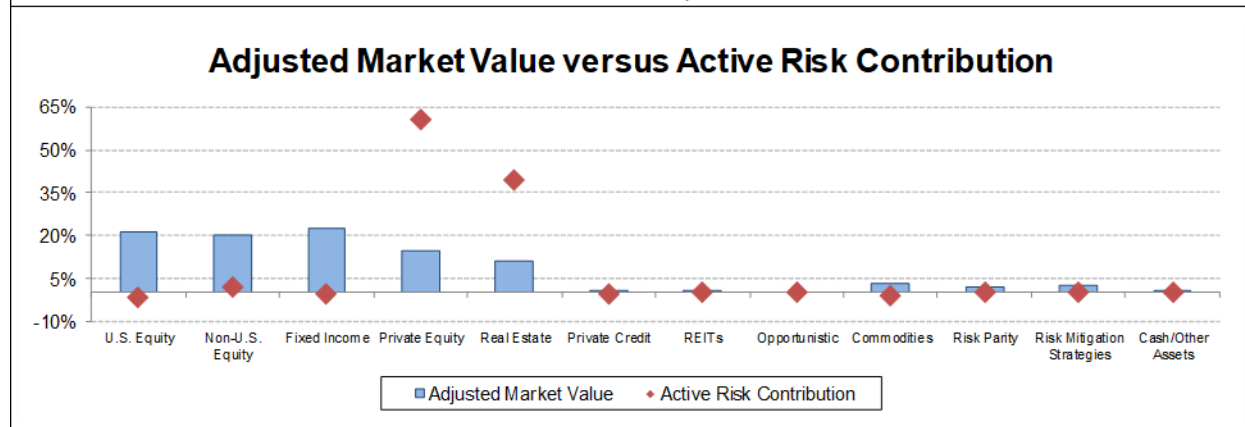
Section 2 – Fund Updates

Defined Benefit Fund – Forecast Active Risk Contribution

The following table and chart show the forecast active risk contribution in relation to the adjusted market value for the DB Fund. Forecast active risk is produced using Aladdin.

Forecast Active Risk Contribution

Defined Benefit Fund				
June 30, 2025				
Asset Class / Sub-Asset Class	Forecast Active Risk (b.p.)	Adjusted Market Value (\$B)	% of Total Adjusted Market Value	Forecast Active Risk Contribution
U.S. Equity	42	\$23.48	21%	-2%
Non-U.S. Equity	106	\$21.84	20%	2%
Fixed Income	15	\$24.85	23%	0%
Private Equity	488	\$16.09	15%	61%
Real Estate	523	\$12.11	11%	40%
Private Credit	397	\$0.31	0%	0%
REITs	6	\$1.06	1%	0%
Opportunistic	0	\$0.00	0%	0%
Commodities	231	\$3.40	3%	-1%
Risk Parity	13	\$2.14	2%	0%
Risk Mitigation Strategies	154	\$2.93	3%	0%
Cash/Other Assets	11	\$1.23	1%	0%
Total Defined Benefit	89	\$109.45	100%	100%



Section 2 – Fund Updates

Health Care 115 Trust Fund – Expected Asset Growth

The change in the HC115 assets relative to the 2025 AIP is shown in the following table. The projected values for the HC115 Fund are based on the values listed on page ten of the 2025 AIP and assume a smooth, straight-line investment return throughout the calendar year.

Expected Asset Growth - Health Care 115 Fund		
Year-to-Date through June 30, 2025		
	Projected	Reported
Beginning Market Value (\$ billions) 12/31/24	\$13.37	\$13.37
Year-to-Date Total Return (%)	3.70%	8.00%
Year-to-Date Total Return (\$ billions)	\$0.49	\$1.07
Estimated Year-to-Date Net Cash Flow (\$ billions)	-\$0.30	-\$0.28
Ending Market Value (\$ billions) 6/30/2025	\$13.56	\$14.16

Health Care 115 Trust Fund - Return and Risk

The policy asset mix (benchmark), tactical and active and total fund returns, and variability risk for the HC115 Fund are shown in the following table. The projected return and risk figures are from page thirteen of the 2025 AIP and assume a smooth, straight-line investment return throughout the calendar year. The reported returns are from the BNY Mellon monthly performance report, which is generated in accordance with the OPERS Performance Guidelines. Current forecast variability risk is produced using Aladdin.

Return and Risk - Health Care 115 Fund		
Year-to-Date through June 30, 2025		
	Return	
Asset Class Returns	Projected	Reported
Public Equity		
U.S. Equity	3.39%	6.02%
Non-U.S. Equity	3.78%	18.58%
Fixed Income		
Core Fixed	2.27%	4.15%
Emerging Markets Debt	3.44%	8.51%
Securitized Debt	2.32%	5.44%
High Yield	3.20%	4.48%
TIPS	2.13%	4.66%
U.S. Treasury	1.98%	3.98%
Investment Grade Credit	2.57%	4.47%
Alternatives		
REITs	2.76%	-0.71%
Commodities	3.59%	4.83%
Comodities - All	2.42%	5.71%
Gold	1.19%	24.59%
Risk Parity	3.10%	7.06%
Risk Mitigation Strategies*		
Long Duration U.S. Treasury	2.13%	2.88%
Trend Following	1.88%	-
Alternative Risk Premia	2.37%	-4.66%
Policy Asset Mix (Benchmark Return)	3.59%	7.62%
Tactical & Active Return	0.12%	0.37%
Total HC Fund Return	3.71%	8.00%
Variability Risk		
Sources of Variability Risk	Projected	Current Forecast
Policy Risk	10.52%	10.35%
Tactical & Active Risk	0.61%	0.32%
Total HC Fund Variability Risk	10.58%	10.24%

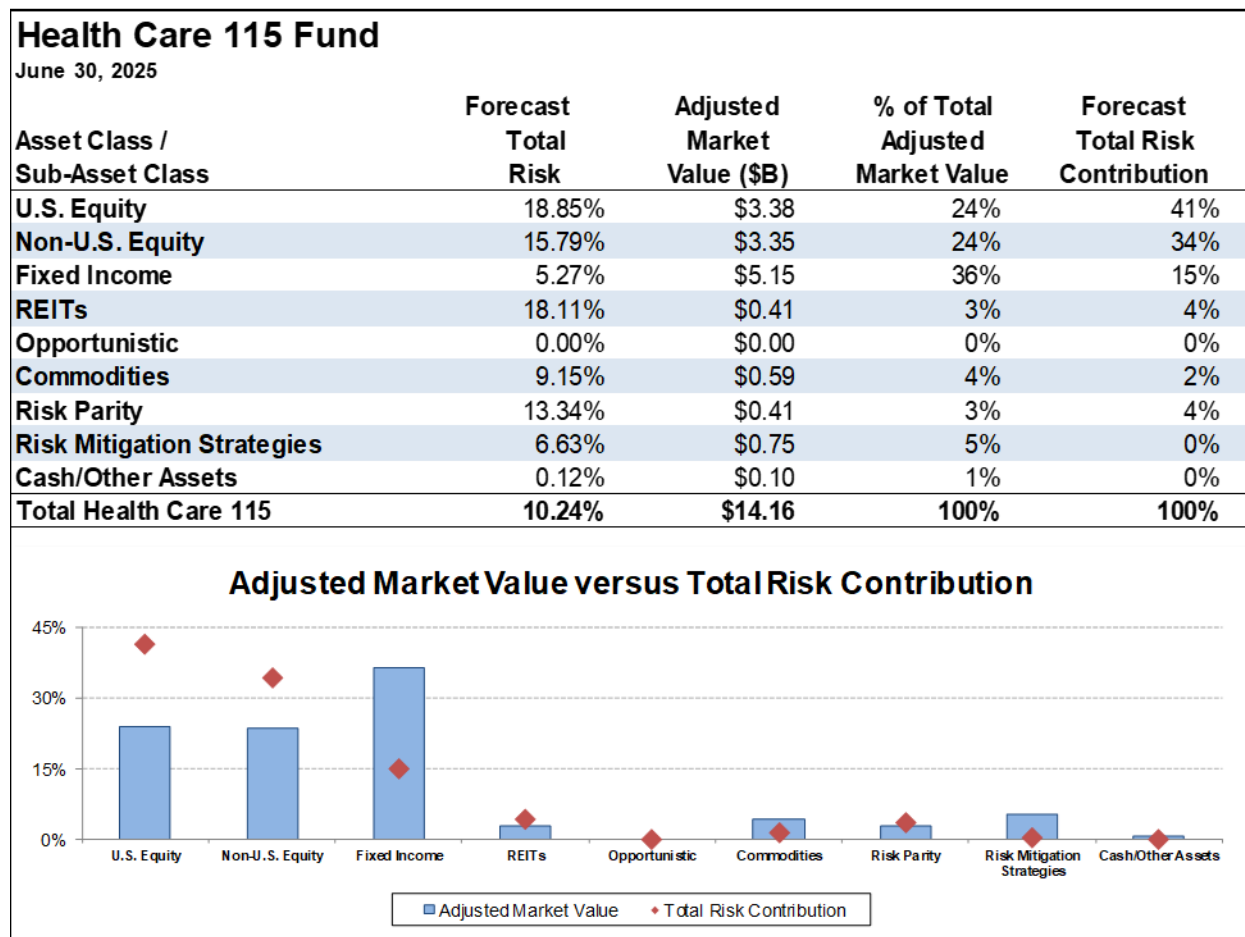
*Implementation of the Risk Mitigation Strategies Asset Class began in 2Q2025

Section 2 – Fund Updates

Health Care 115 Trust Fund – Forecast Total Risk Contribution

The following table and chart show the forecast total risk contribution in relation to the adjusted market value for the HC 115 Fund. Forecast total risk is produced using Aladdin.

Forecast Total Risk Contribution



Section 2 – Fund Updates

Health Care 115 Trust Fund – Active and Tactical Return

The projected and reported active and tactical returns are shown in the following table. The projected figures are from page 12 of the 2025 AIP and assume a smooth, straight-line investment return throughout the calendar year. The reported figures are from the BNY Mellon monthly performance report.

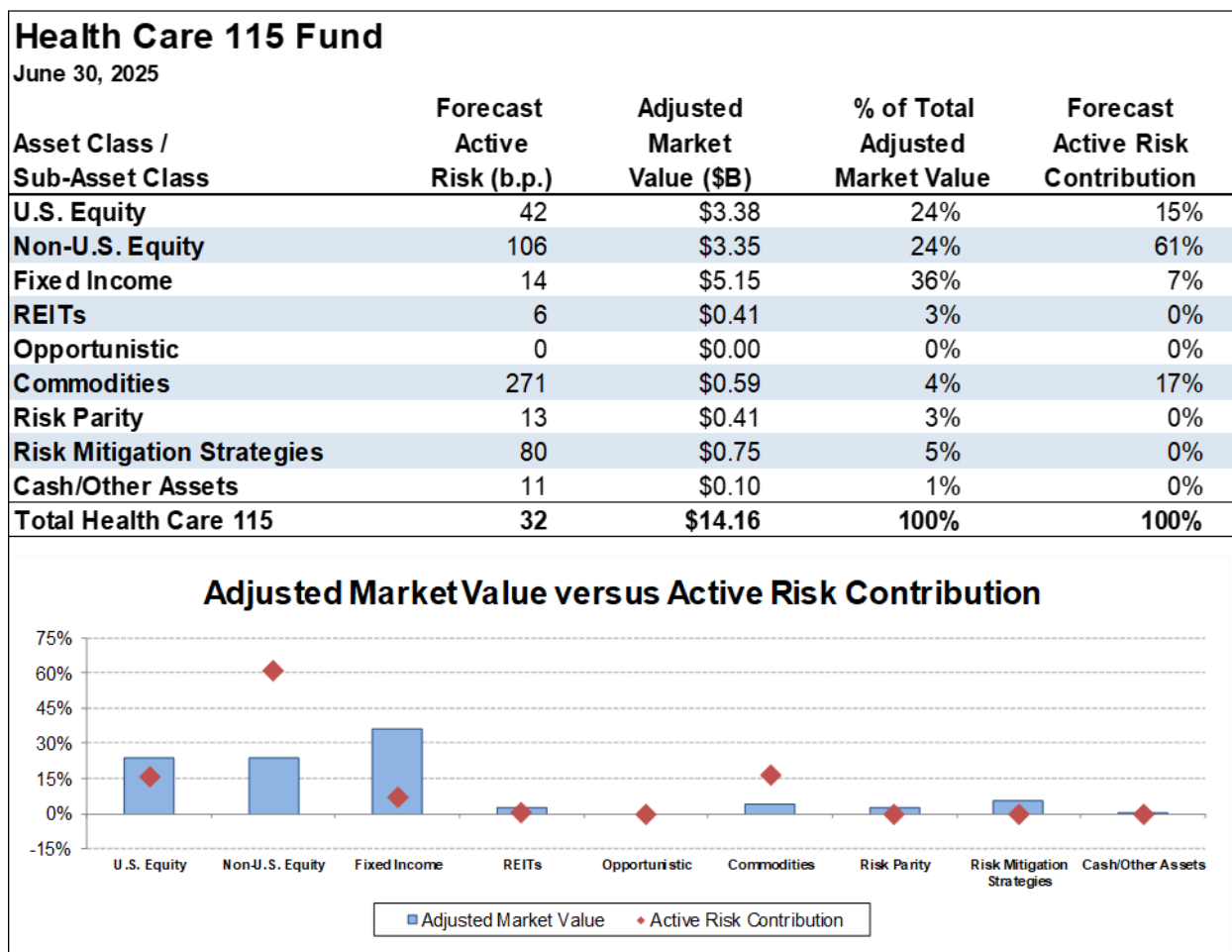
Active and Tactical Return - Health Care 115 Fund Year-to-Date through June 30, 2025						
Asset Class	Projected (basis points)		Reported (basis points)			
	Relative to Index	Total Contribution	Relative to Index	Active Contribution	Tactical Contribution	Total Contribution
U.S. Equity	7	2	27	32	5	37
Non-U.S. Equity	30	7	84	15	1	16
Fixed Income	9	3	24	9	-1	8
Alternatives/Other	7	0	-182	-24	0	-24
HC115 Fund	N/A	12		32	5	37

Section 2 – Fund Updates

Health Care 115 Trust Fund – Forecast Active Risk Contribution

The following table and chart show the forecast active risk contribution in relation to the adjusted market value for the HC115 Fund. Forecast active risk is produced using Aladdin.

Forecast Active Risk Contribution



Section 4 – Reporting

Staffing Resources

Staff turnover, such as departures and additions, internal transfers, and the number of open positions is summarized in the following tables. Staff turnover details are provided for investment professionals – those responsible and accountable for investment decisions. Providing such detail is a common practice in the investment industry. In addition to staffing changes related to Investment Plan expectations, management occasionally directs staffing changes to meet evolving needs, which may include involuntary terminations.

Year-to-Date Staffing Activity			
Additions			
Department	Position	Name	Date
Private Alternatives	Assistant Portfolio Manager	Nash Dykes	Apr-25
Transfers			
Department From/To	Position From/To	Name	Date
Departures			
Department	Position	Name	Date
Cash/Sec. Lending	Investment Analyst	Michael Lotko	Apr-25

Current Open Positions	
Department	Number of Open Positions
Office of the CIO	-
Investment Risk Management	-
Fixed Income	-
External Management	2
Private Alternatives	-
Equity Trading	-
Cash/Sec. Lending	1
Fund Management	-
Internal Global Equity	-
Quantitative Research	-
Total	3

Section 4 – Reporting

Operating Expenses

The year-to-date reported operating expenses are provided in the following table.

Operating Expenses: Budgeted and Reported			
Year-to-Date through June 30, 2025			
	Projected	Reported	Difference
Personnel Expenses	\$13,009,045	\$13,457,780	\$448,735
Professional Services	\$5,156,726	\$4,736,819	-\$419,907
Information Technology	\$569,295	\$516,103	-\$53,192
Office Supplies & Equipment	\$4,088	\$960	-\$3,128
Training and Travel Expenses	\$173,911	\$105,018	-\$68,893
Total	\$18,913,065	\$18,816,681	-\$96,384

*Professional Services – Timing of Invoices for the risk system and hence under budget.

Section 4 – Reporting

External Investment Management Fees

The fees paid to external investment managers are listed in the following table. The projected fees are based on the values listed on page twenty-five of the 2025 AIP. All public market manager fees are shown on an accrual basis.

External Investment Management Fees (\$ Millions)			
Year-to-Date through June 30, 2025			
Asset Classes / Sub-Asset Classes	Projected	Reported¹	Difference
Public Equity	\$37.50	\$39.09	\$1.59
U.S. Equity	\$3.80	\$2.53	-\$1.27
Non-U.S. Equity	\$33.70	\$36.56	\$2.86
Fixed Income	\$4.85	\$7.33	\$2.48
Core Fixed	\$0.80	\$0.80	\$0.00
Emerging Markets Debt	\$2.05	\$2.32	\$0.27
High Yield	\$2.00	\$4.20	\$2.20
Alternatives	\$119.05	\$85.03	-\$34.02
Private Equity	\$72.75	\$43.72	-\$29.03
Real Estate	\$41.60	\$38.21	-\$3.39
Private Credit	\$4.60	\$1.71	-\$2.89
Commodities ³	\$0.10	\$1.40	\$1.30
Risk Parity²	\$0.00	\$0.02	\$0.02
Risk Mitigation Strategies	\$6.40	\$0.64	-\$5.76
Total	\$161.40	\$131.47	-\$29.93

¹ Reported fees are calculated by Investment Accounting from the invoices received to-date.

² Reported fees are estimated based on each manager's fee schedule and month-end account balances provided by the Final BNY Mellon performance reports.

³ Reported fees are estimated based on the derivative financing rate and the beginning of month notional value of derivatives.

Section 4 – Reporting

Initiatives

The following is a list of the planned 2025 Investment Division initiatives and updates.

- **Long-term Asset Allocations (DB and HC Funds)**

In April 2024, a new functional framework allocation and asset class—Risk Mitigation Strategies—was introduced to the OPERS Board during the onboarding of its new Investment Advisor, Meketa. The Board adopted this framework allocation, which is designed to enhance portfolio transparency. Under Meketa’s advisement, a comprehensive asset-liability study was conducted for both the Defined Benefit (DB) and Health Care (HC) Funds.

Following the completion of these studies, the OPERS Board approved new long-term targets for the DB Fund at its November 2024 meeting and for the HC Fund at its January 2025 meeting. In March 2025, the Board adopted and approved the 2025 Annual Investment Plan, which outlines the long-term targets for both funds. Additionally, the Board authorized monthly resets for the DB and HC Funds, enabling staff to regularly review and adjust target benchmark asset allocations in alignment with the newly established long-term goals for 2025.

- **Risk Mitigation Strategies (DB & HC Funds)**

In collaboration with its Investment Advisor, Meketa, and following a comprehensive review, the OPERS Board approved the establishment of a new asset class: Risk Mitigation Strategies. This strategic initiative is intended to enhance portfolio resilience by incorporating defensive characteristics and maintaining low correlations to equity markets.

The Risk Mitigation Strategies asset class will comprise three sub-asset classes: Long Duration U.S. Treasury, Trend Following, and Alternative Risk Premia. Both the Defined Benefit (DB) and Health Care (HC) Funds will adopt a long-term (LT) target allocation of 10% for this new asset class. Implementation of these LT targets will be phased. The DB Fund’s target will be achieved over a two-year period (2025–2026), while the HC Fund’s target will be completed within one year.

During the second quarter of 2025, the implementation of the Risk Mitigation Strategies asset class begun with the establishment of the Long Duration U.S. Treasury and Alternative Risk Premia sub-asset classes for DB and HC Fund. As of June 30, 2025 DB Fund achieved a target benchmark allocation of 3%, while HC Fund reached 6% for Risk Mitigation Strategies.

Section 4 – Reporting

Investment Policy Amendments and Sponsors

OPERS' investment policies, the date they were last amended, and their sponsor are listed in the following table.












Fund Policies	Revised	Policy Sponsor
Defined Benefit	March 2025	Fund Manager - Fund Management
Health Care 115	March 2025	Fund Manager - Fund Management
Defined Contribution	March 2025	Fund Manager - Fund Management
Asset Class Policies	Revised	Policy Sponsor
Cash	March 2025	Fund Manager - Fund Management
Commodities	March 2025	Fund Manager - Fund Management
Fixed Income	March 2025	Fund Manager - Fund Management
Risk Parity	March 2025	Fund Manager - Fund Management
Public Equity	March 2025	Fund Manager - Fund Management
Opportunistic	March 2025	Fund Manager - Fund Management
Private Credit	March 2025	Fund Manager - Fund Management
Private Equity	March 2025	Fund Manager - Fund Management
Real Estate	March 2025	Fund Manager - Fund Management
REITs	March 2025	Fund Manager - Fund Management
Risk Mitigation Strategies	March 2025	Fund Manager - Fund Management
Investment-Wide Policies	Revised	Policy Sponsor
Benchmarks Policy	March 2025	Fund Manager - Fund Management
Broker Dealer	March 2025	Fund Manager - Fund Management
Derivatives	March 2025	Fund Manager - Fund Management
External Investment Manager's Insurance	March 2025	Investment Compliance
Iran and Sudan Divestment	March 2025	Investment Compliance
Russia Divestment	March 2025	Investment Compliance
Leverage Policy	March 2025	Fund Manager - Fund Management
Liquidity Policy	March 2025	Fund Manager - Fund Management
Material Nonpublic Information	March 2025	CIO
Office of Foreign Assets Control (OFAC)	March 2025	Investment Compliance
Ohio Qualified & Minority-Owned Manager	March 2025	Fund Manager - Fund Management
Personal Trading	March 2025	CIO
Responsible Contractor	March 2025	Portfolio Manager - Real Estate
Securities Lending	March 2025	Fund Manager - Fund Management
Soft Dollar	March 2025	Fund Manager - Fund Management
Corporate Governance and Proxy Voting	Revised	Policy Sponsor
Corporate Governance Policy & Proxy Voting	March 2025	Corporate Governance

Section 4 – Reporting

Policy Dashboards










The following is a selection of Policy dashboard reports produced and used by Investment Staff to monitor and manage the Funds.

Public Equity Policy Dashboard

Public Equity Policy Dashboard As of 6/30/2025		
	US Equity 6/30/2025	Non-US Equity 6/30/2025
Assets (\$billion)	\$26.9	\$25.2
	51.6%	48.4%
Tracking Error/Value at Risk		
Tracking Error - Annualized	 43	 106
Tracking Error Range	0 - 100	0 - 300
DB Public Equity Allocation¹ (6/30/2025)	 21%	 20%
DB Public Equity Custom Allocation Policy Target	21.0%	20.0%
DB Public Equity Custom Allocation Policy Range	16 - 26%	15 - 25%
HC115 Public Equity Allocation¹ (6/30/2025)	 24%	 24%
HC Public Equity Custom Allocation Policy Target	25.0%	25.0%
HC Public Equity Custom Allocation Policy Range	20 - 30%	20 - 30%
Largest External Active Manager Weight	 0.7%	 12.7%
policy maximum	15%	15%
<p>1 In DB, target allocations for U.S. & Non-U.S. are static at 21% and 20%, respectively. In HC, target allocations for U.S. & Non-U.S. are static at 25% and 25%, respectively.</p> <p> Within Policy Constraint  Within 90% of Policy Constraint Boundaries  Outside of Policy Constraint Boundaries</p>		











Section 4 – Reporting

Fixed Income Policy Dashboard

June 30, 2025		
Tracking Error		
Tracking Error - Annualized (b.p.)		14
Tracking Error Range - Annualized (b.p.)		0 - 200
Interest Rate Risk		
Portfolio - Option Adjusted Duration		5.2
Benchmark - Option Adjusted Duration		5.2
Option-Adjusted Duration Minimum		4.1
Option-Adjusted Duration Maximum		6.2
Country Exposure		
Portfolio - Non-U.S. Parent Company		11.2%
Benchmark Non-U.S. Parent Company		11.7%
Non-U.S. Issuer Maximum		26.7%
Currency Exposure		
Portfolio - Non-U.S. Dollar Based		1.9%
Benchmark Non-U.S. Dollar Based		2.2%
Non-U.S. Dollar Maximum		17.2%
Credit Risk		
Portfolio Non-Investment Grade Percentage		21.0%
Benchmark Non-Investment Grade Percentage		19.0%
Portfolio Non-Investment Grade Minimum		34.0%
Manager Risk		
Largest Fixed Income Active Manager		4.3%
Largest Active Manager Maximum		15.0%
<p>Sources: Reporting is produced using unaudited data from sources such as Blackrock's Aladdin and BNY Mellon.</p> <p>  Within Policy Constraint  ≤ 10% of Policy Budget Remaining  Outside of Policy Constraint Boundaries </p> <p>Note: Blue font represents specific Policy constraints</p>		





Section 4 – Reporting

Cash and Securities Lending Policy Dashboard

June 30, 2025	Aggregate Cash Portfolio	
Interest Rate Risk		
Weighted Average to Final Maturity (Years)		0.35
Weighted Average to Final Maturity Range (Years)		0 - 1.3
Weighted Average Maturity to Reset (Days)		75.9
Weighted Average Maturity to Reset Range (Days)		0 - 120
Liquidity Risk		
Instruments Maturing Overnight		17.9%
Instruments Maturing Overnight Range		10% - 100%
Rule 2a-7 Eligible		94.3%
Rule 2a-7 Eligible Range		50% - 100%
Instruments > Maximum Maturity		0
Policy - 3 Year Maximum Maturity		0
Securities Lending		
Largest Counterparty		5.8%
Largest Counterparty Maximum		15.0%
Total Eligible Assets on Loan		18.9%
Eligible Assets on Loan Maximum		50.0%
Sources: Reporting is produced using unaudited data from sources such as Bloomberg and e-Sec Lending.		
 Within Policy Constraint  ≤ 10% of Policy Budget Remaining  Outside of Policy Constraint Boundaries		
Note: Blue font represents specific Policy constraints		

Section 4 – Reporting

Derivatives Policy Dashboard

June 30, 2025				
Derivatives - Liquidity Risk				
Billions	Gross Notional Exposure	Public Market Assets	Gross Notional as a Percentage of Public Market Assets	Policy Maximum
Category III Derivatives	\$7.0 /	\$90.7 =	7.7%	
Category III Foreign Exchange Derivatives	\$0.1			
Category III Derivatives less Category III Foreign Exchange Derivatives	\$6.9 /	\$90.7 =	7.6%	
Category II Derivatives	\$20.6	\$90.7		
Category II Foreign Exchange Derivatives	\$0.0			
Category II Derivatives less Category II Foreign Exchange Derivatives	\$20.6			
Category II & Category III Derivatives ¹	\$27.6 /	\$90.7 =	30.5%	 50.0%
Category II & III Foreign Exchange Derivatives	\$0.1			
Category II & III Derivatives less Category II and III Foreign Exchange Derivatives	\$27.5 /	\$90.7 =	30.4%	
<p>¹ The combined gross notional exposure of Category II and Category III derivatives will not exceed 50% of the total market value of public market assets held in separate accounts, excluding foreign exchange derivatives used for hedging purposes.</p> <p><u>Note:</u> For the purposes of this dashboard, both derivatives liquidity risk limits are conservatively calculated assuming that no foreign currency derivatives are used for hedging purposes. For comparative purposes, the same limits are also calculated and shown assuming that all foreign currency derivatives are used for hedging purposes. In the event that actual derivatives usage approaches the limit(s), Staff will determine the nature of foreign currency derivatives in order to determine the precise exposure.</p>				
	Within Policy Constraint			
	Within 10% of Policy Constraint			
	Outside of Policy Constraint			

Section 4 – Reporting

Leverage Policy Dashboard

	Leverage Policy Limits ¹		Actual	As of	Availability	Data Source	Analytics System
Public Equity							
US Equity ¹	1.20	1.02	●	6/30/2025	Daily	BNY Mellon	Excel
Non-US Equity ¹	1.05	0.98	●	6/30/2025	Daily	BNY Mellon	Excel
Fixed Income							
Core Fixed	1.30	1.11	●	6/30/2025	Daily	BNY Mellon	Aladdin
Investment Grade Credit	1.20	1.11	●	6/30/2025	Daily	BNY Mellon	Aladdin
Emerging Markets Debt	1.10	0.92	●	6/30/2025	Daily	BNY Mellon	Aladdin
Securitized Debt	1.45	1.35	●	6/30/2025	Daily	BNY Mellon	Aladdin
High Yield	1.20	0.99	●	6/30/2025	Daily	BNY Mellon	Aladdin
U.S. Treasury	1.10	1.00	●	6/30/2025	Daily	BNY Mellon	Aladdin
Alternatives							
Private Equity ²	N/A	N/A		N/A	N/A		
Real Estate (Loan to Value)	60%	37.1%	●	12/31/2024	Quarterly	E-Front	n/a
REITs ¹	1.05	1.00	●	6/30/2025	Daily	BNY Mellon	Excel
Commodities ¹	1.20	0.85	●	6/30/2025	Monthly	Counterparties	Excel
Opportunistic							
Internally Managed	3.00	N/A			Daily	BNY Mellon, Bloomberg	n/a
Externally Managed	9.00	N/A			Monthly	Manager	Aladdin
Private Credit	3.00	N/A			Quarterly	E-Front	n/a
Risk Parity	6.00	2.21	●	6/30/2025	Monthly	BNY Mellon	Excel
Risk Mitigation Strategies	10.00	1.64	●	6/30/2025	Monthly	BNY Mellon	Excel
Activities							
Rebalancing⁴							
DB Rebalancing	1.05	1.00	●	6/30/2025	Daily	BNY Mellon	n/a
HC 115 Rebalancing	1.05	1.00	●	6/30/2025	Daily	BNY Mellon	n/a
DB Tactical Asset Allocation ⁴	1.05	1.00	●	6/30/2025	Daily	BNY Mellon	n/a
HC Tactical Asset Allocation ⁴	1.05	1.00	●	6/30/2025	Daily	BNY Mellon	n/a
Securities Lending	1.30	1.09	●	6/30/2025	Daily	E-Sec Lending	n/a

● Within Policy Constraint

● When U.S. & Non-U.S. Index portfolios, REITs, Commodities and Transition portfolios are >1. When Enhanced Quantitative, Fixed Income, Private Equity, Risk Parity, and Securities Lending are within 95% of Policy Constraint Boundaries. When Rebalancing/TAA Portfolios are within 99.5% of Policy Constraint Boundaries.

● Outside of Policy Constraint Boundaries

Leverage is measured as the total of the sum of (i) the net asset value of all long physical positions, excluding cash and cash equivalents, (ii) the notional value of all long derivative positions, (iii) the absolute net asset value of all short physical positions, and (iv) the absolute notional value of all short derivative positions divided by the portfolio net asset value. Netting rules (for offsetting long and short positions in which the underlying market exposures are alike) may be applied.

¹To allow for complete (100%) market exposure coverage of supporting cash and cash equivalents, and pending activity backing derivatives, a 5% leverage

²All Private Equity managers qualify under the above exclusions (as defined in Section VI.A. Volatility Risk), therefore, a leverage limit is not applicable.

³Transition accounts are included in the calculation of their respective asset or sub-asset class.

⁴Leverage associated with tactical asset allocation and rebalancing activities is measured at the Fund level and is not permitted, other than a small (5%) amount of leverage as described above. Basis risk (i.e. a mismatch between the market exposures of derivatives or derivatives and securities or benchmarks) may exist and is permitted, given the limitations in fully replicating benchmark or portfolio exposures using derivative instruments. Additional portfolio guideline restrictions apply.

Section 4 – Reporting

Approved Brokers

The following are broker dealer counterparties approved by Investment Staff for trading in internally managed and internally traded portfolios as of June 4, 2025.

Name	2024/2025 Ohio Qualified Agent	2024/2025 Ohio Qualified - Minority Business Enterprise	Equity	Fixed Income	OTC Derivatives
Academy Securities, Inc.	No	No	•	✓	•
AmeriVet Securities, Inc.	No	No	•	✓	•
Arcola Securities, Inc.3	No	No	•	•	•
Bank of America NA	No	No	•	•	✓
Bank of Montreal, Chicago Branch	No	No	•	✓	•
Bank of New York Mellon**	No	No	•	•	•
Bank of Oklahoma Financial	No	No	•	✓	•
Barclays Bank PLC	No	No	•	•	✓
Barclays Capital Inc.	Yes	No	✓	✓	•
Barclay's PLC	No	No	•	•	•
Bay Crest Partners, LLC	No	No	•	✓	•
BBVA Securities Inc.	No	No	•	✓	•
BMO Capital Markets Corp.2	No	No	•	✓	•
BNP Paribas	No	No	•	•	✓
BNP Paribas Securities Corp.1,2	No	No	✓	✓	•
BNY Mellon Capital Markets, LLC	No	No	•	✓	•
BofA Securities, Inc.2	No	No	✓	✓	•
Brean Capital , LLC	No	No	•	✓	•
Brownstone Investment Group, LLC	No	No	•	✓	•
BTIG, LLC	No	No	•	✓	•
Buckler Securities3	No	No	•	•	•
Canadian Imperial Bank of Commerce***	No	No	•	•	✓
Cantor Fitzgerald & Co.1	No	No	✓	✓	•
CastleOak Securities LP	Yes	No	•	✓	•
CIBC World Markets Corp.	No	No	•	✓	•
Citadel Securities Institutional LLC	No	No	•	✓	•
Citibank, N.A.	No	No	•	•	✓
Citigroup Global Markets Inc.2	No	No	✓	✓	✓
Clear Street LLC2	No	No	•	✓	•
Credit Agricole Securities Inc2	No	No	•	✓	•
Curvature Securities LLC3	Yes	No	•	•	•
D.A. Davidson & Co.	No	No	•	✓	•
Daiwa Capital Markets America Inc	No	No	•	✓	•
Deutsche Bank AG	No	No	•	•	✓
Deutsche Bank Securities Inc.2	No	No	•	✓	•
FHN Financial Securities Corp.	No	No	•	✓	•
Fifth Third Securities Inc	No	No	•	✓	•
Goldman Sachs International	No	No	•	•	✓
Goldman, Sachs & Co. LLC2	No	No	✓	✓	•
Guggenheim Securities, LLC2	No	No	•	✓	•
Healthcare of Ontario Pension Plan****	No	No	•	•	•
Hilltop Securities Inc.	Yes	No	•	✓	•
HSBC Securities (USA) Inc.	No	No	✓	✓	•

Continued

Section 4 – Reporting

Name	2024/2025 Ohio Qualified Agent	2024/2025 Ohio Qualified - Minority Business Enterprise	Equity	Fixed Income	OTC Derivatives
Huntington Securities, Inc.	Yes	No	•	✓	•
ING Financial Markets LLC	No	No	•	✓	•
Inspere LLC	No	No	•	✓	•
J.P. Morgan Securities LLC2	Yes	No	✓	✓	•
Jane Street Execution Services, LLC	No	No	✓	✓	•
Janney Montgomery Scott LLC	Yes	No	•	✓	•
Jefferies LLC	Yes	No	✓	✓	•
Keybanc Capital Markets Inc.	Yes	No	✓	✓	•
Landesbank Baden-Wuerttemberg	No	No	•	✓	•
Liquidnet, Inc.	No	No	✓	•	•
Lloyd's Securities Inc.	No	No	•	✓	•
Loop Capital Markets LLC	No	No	•	✓	•
Macquarie Futures USA LLC	No	No	•	•	•
Marex Capital Markets Inc2	No	No	•	✓	•
MarketAxess Corporation	No	No	•	✓	•
Merrill Lynch International	No	No	•	•	✓
Mesirow Financial, Inc.	No	No	•	✓	•
Millennium Advisors LLC	No	No	•	✓	•
Mizuho Securities USA LLC1,2	No	No	•	✓	•
Morgan Stanley & Co. International PLC	No	No	•	•	✓
Morgan Stanley & Co. LLC	Yes	No	✓	✓	•
MUFG Securities Americas Inc.	No	No	•	✓	•
National Bank Of Canada Financial Inc.	No	No	•	✓	•
Natixis NY Branch2	No	No	•	✓	•
Natixis Securities Americas LLC2	No	No	•	✓	•
NatWest Markets Securities, Inc.	No	No	•	✓	•
Nomura Securities International, Inc.2	No	No	•	✓	•
Odeon Capital Group LLC	No	No	•	✓	•
Old Mission Markets, LLC	No	No	•	✓	•
Oppenheimer & Co. Inc.	Yes	No	•	✓	•
Oscar Gruss & Son, Inc	No	No	✓	•	•
Performance Trust Capital Partners LLC	No	No	•	✓	•
Piper Sandler Cos	No	No	✓	✓	•
PNC Capital Markets LLC	Yes	No	•	✓	•
Prudential Financial Inc. *	No	No	•	✓	•
R. Seelaus & Co., LLC	No	No	•	✓	•
Raymond James & Associates, Inc.	Yes	No	✓	✓	•
RBC Capital Markets, LLC2	No	No	✓	✓	•
Robert W. Baird & Co. Incorporated1	Yes	No	✓	✓	•
Santander US Capital Markets, LLC	No	No	•	✓	•
Scotia Capital (USA) Inc.	No	No	•	✓	•
Seaport Global Securities LLC	No	No	•	✓	•
SG Americas Securities, LLC2	No	No	•	✓	•
SMBC Nikko Securities America Inc.	No	No	•	✓	•
Societe Generale SA	No	No	•	•	✓
State of Wisconsin Investment Board****	No	No	•	•	•

Continued

Section 4 – Reporting

Name	2024/2025 Ohio Qualified Agent	2024/2025 Ohio Qualified - Minority Business Enterprise	Equity	Fixed Income	OTC Derivatives
State Street Global Markets LLC	No	No	.	✓	.
Stephens Inc.	No	No	.	✓	.
Stifel, Nicolaus & Company, Incorporated	Yes	No	.	✓	.
StoneX Financial Inc.1	No	No	.	✓	.
Susquehanna Financial Group, LLLP	No	No	.	✓	.
TD Securities (USA) LLC	Yes	No	✓	✓	.
Teacher Retirement System of Texas****	No	No	.	.	.
Toyota Motor Credit Corporation*	No	No	.	✓	.
Tradeweb Direct LLC	No	No	.	✓	.
Truist Securities2	No	No	.	✓	.
U.S. Bancorp Investments, Inc.	Yes	No	.	✓	.
UBS AG	No	No	.	.	✓
UBS AG Stamford***	No	No	.	.	.
UBS Securities LLC	No	No	✓	✓	.
WallachBeth Capital, LLC	No	No	✓	.	.
Wells Fargo Bank, NA	No	No	.	.	.
Wells Fargo Securities, LLC	Yes	No	✓	✓	.

* Commercial paper issuers (non-broker dealers) are assigned up to \$300MM (CP) money market limits for direct purchases of commercial paper only.

** As part of its custodian functions this counterparty provides foreign exchange transactions only.

*** Used for executing spot foreign exchange transactions.

**** This counterparty is to be used for indemnified repo transactions only

1These counterparties have an MSFTA in place

2These counterparties are repo counterparties

3These counterparties are repo-only counterparties whose limits are prescribed in the cash portfolio guidelines.

Board Meeting IV.C

Asset Class Update

Internal Global Equity

Erick Weis

Senior Portfolio Manager-Internal Global Equity

Avi Barua

Portfolio Manager-Internal Global Equity

September 17, 2025

275/434



AGENDA

- 1 Team Overview**
- 2 Strategy Implementation Process**
- 3 Timeline**
- 4 Overview of Different Strategies**
- 5 Instruments**
- 6 Risk Management**
- 7 Costs & Fees**
- 8 Summary**

OUR TEAM

Manage Assets in Multiple Asset Classes



**Public
Equity**



Commodities



**Risk
Parity**



REITs



**Trend
Following**

21
*# of
Portfolios*

\$36.9
*Billion
in AUM*

8
*# of Team
Members*

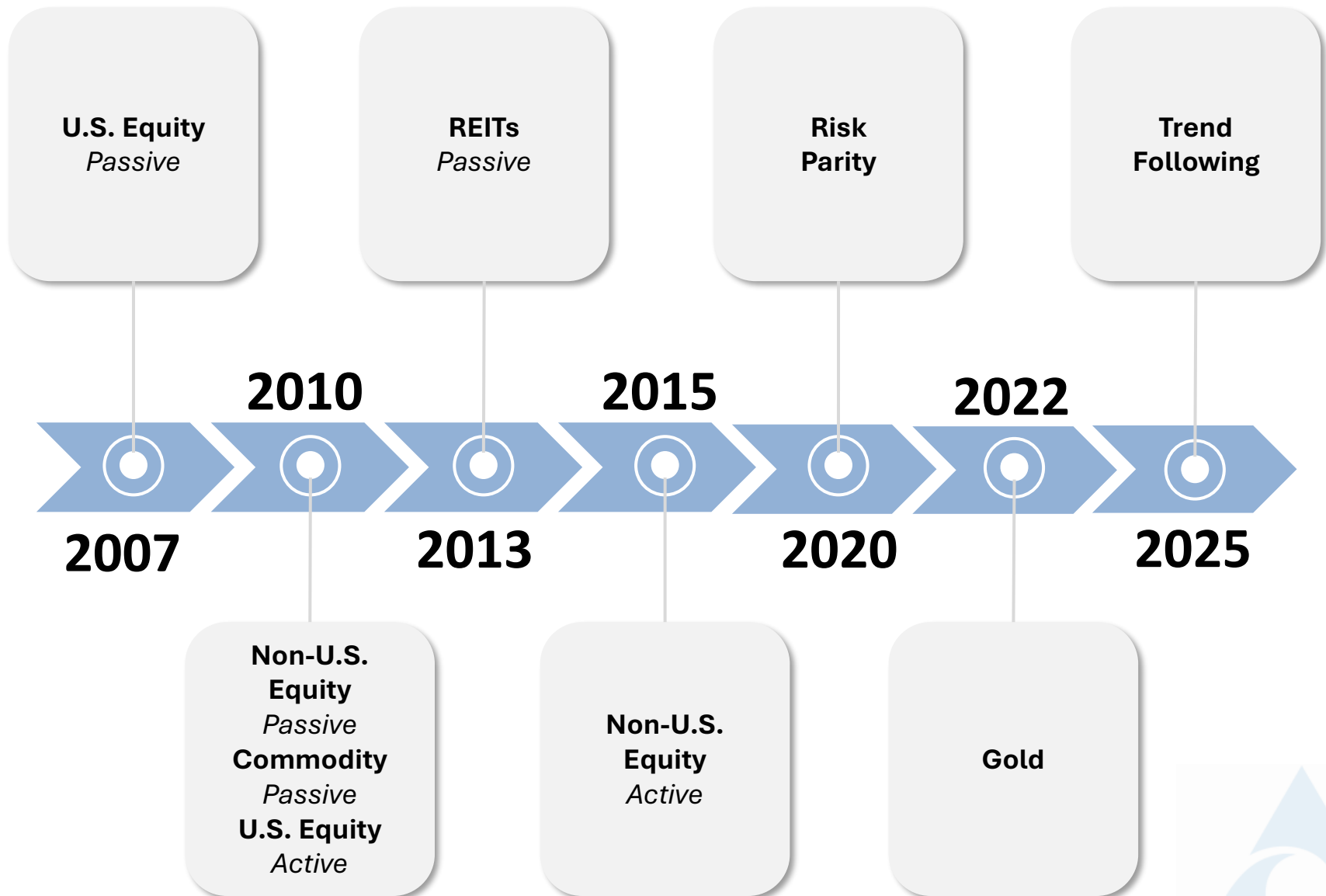
OUR LEADERSHIP & TEAM MEMBERS

NAME	TITLE	EDUCATION	INVESTMENT EXPERIENCE	OPERS TENURE
ERICK WEIS	<i>Senior Portfolio Manager</i>	MBA, The Ohio State University BBA, University of Toledo CFA Charterholder	31 years	31 years
JOHN BLUE	<i>Lead Portfolio Manager</i>	MBA, The Ohio State University BS, The Ohio State University CFA Charterholder	33 years	32 years
AVI BARUA	<i>Portfolio Manager</i>	MBA, Capital University BS, The Ohio State University CFA Charterholder Certificate in Quantitative Finance	14 years	7 years
JEFF GOLDEN	<i>Assistant Portfolio Manager</i>	BS, Princeton University CFA Charterholder	25 years	10 years
AMIT SANYAL	<i>Assistant Portfolio Manager</i>	MBA, Oakland University MSME, Clemson University BSME, Jadavpur University CFA Charterholder	18 years	6 years
CHAD HAMBERG	<i>Senior Investment Analyst</i>	MBA, Wright State University BS, Wright State University Passed Level II of the CFA Program	22 years	13 years
CHIAO WANG	<i>Senior Investment Analyst</i>	MBA, Cornell University BA, National Taiwan University CFA Charterholder	23 years	6 years
ANTHONY BADER	<i>Investment Analyst</i>	BS, The Ohio State University CFA Charterholder	12 years	8 years

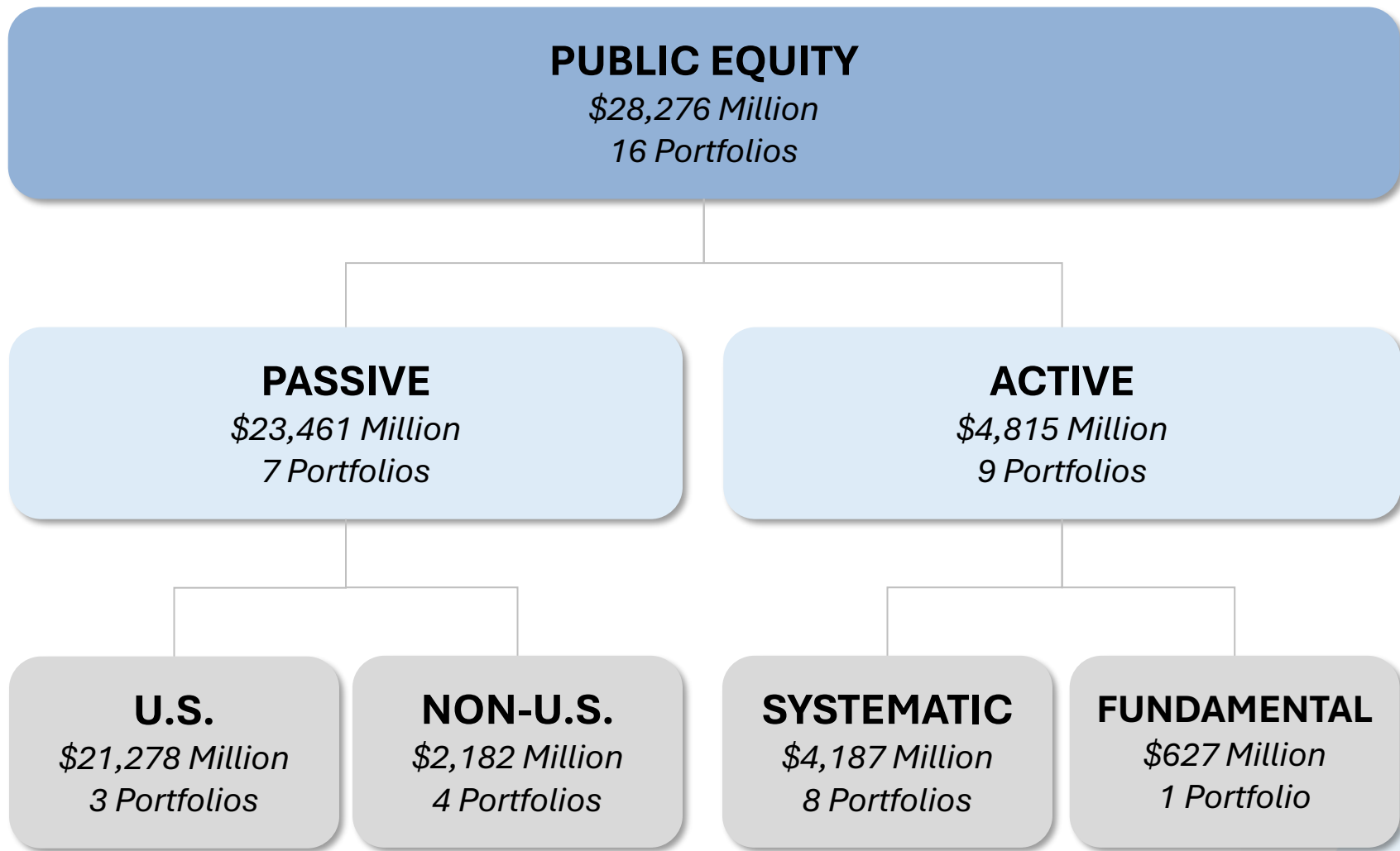
STRATEGY IMPLEMENTATION PROCESS



TIMELINE



PUBLIC EQUITY ASSET CLASS DECOMPOSITION



PUBLIC EQUITY: ACTIVE STRATEGIES

Systematic Strategies Defined

What are Systematic Strategies?

- Data-driven, rules-based objective strategies
- Utilize quantitative models
- Transparent in nature
- Predefined rebalancing frequency

What are the benefits of Systematic Strategies?

- Mitigates behavioral biases
- Easy to scale
- Cost-effective
- Risk-controlled

What are some challenges associated with Systematic Strategies?

- One size does not fit all
- Data quality



PUBLIC EQUITY: ACTIVE STRATEGIES

Fundamental Strategy Overview



Conviction-based
stock selection strategy



Quantitative Screening,
Fundamental Analysis, and
Macro Economic Analysis



Number of
stocks < 100



Seeks to outperform the
Russell Mid Cap Index



Aladdin is utilized during selection and monitoring process

US EQUITY STRATEGIES

U.S. EQUITY	STRATEGY	AUM (USD, in millions)	YTD RETURN (%)	1Y RETURN (%)	3Y RETURN (%)	5Y RETURN (%)	INCEPTION DATE
PASSIVE	Russell 2000 Index	\$38.7	-1.95	10.89	1.13	7.38	9/30/2010
	Russell 2000 Index		-1.79	11.54	1.24	7.40	
	<i>Excess Return</i>		-0.17	-0.65	-0.11	-0.02	
	Russell 800 Index	\$3,442.3	4.83	15.36	3.82	9.97	12/31/2010
	Russell Midcap Index		4.84	15.34	3.79	9.92	
	<i>Excess Return</i>		-0.01	0.01	0.03	0.05	
	Russell 200 Index	\$17,797.8	6.47	27.44	9.91	15.76	12/31/2010
	Russell Top 200 Index		6.47	27.44	9.91	15.75	
	<i>Excess Return</i>		0.00	0.00	0.00	0.01	
ACTIVE - SYSTEMATIC	Russell 2000 Quant	\$298.2	-1.34	12.00	2.23	7.97	12/31/2010
	Russell 2000 Index		-1.79	11.54	1.24	7.40	
	<i>Excess Return</i>		0.44	0.46	0.99	0.56	
	Russell 800 Quant	\$1,039.8	4.80	16.14	4.71	10.46	4/30/2011
	Russell Midcap Index		4.84	15.34	3.79	9.92	
	<i>Excess Return</i>		-0.04	0.79	0.92	0.54	
	Internal US Small Tilt	\$41.8	-2.63	9.30	3.93	9.87	8/31/2013
	Russell 2000 Index		-1.79	11.54	1.24	5.26	
	<i>Excess Return</i>		-0.85	-2.23	2.69	4.61	
	Russell US Multifactor	\$739.5	7.89	23.63	8.90	13.59	12/31/2018
	Russell US Multifactor BM		6.12	24.51	8.41	12.94	
	<i>Excess Return</i>		1.77	-0.89	0.49	0.65	
	MSCI US Multifactor	\$537.2	6.58	22.71	6.92	12.27	12/31/2018
	MSCI US Multifactor BM		6.12	24.51	8.41	13.00	
	<i>Excess Return</i>		0.46	-1.80	-1.48	-0.73	
ACTIVE - FUNDAMENTAL	Int Act Midcap Core	\$627.8	3.47	16.20	4.03		9/30/2021
	Russell Midcap Index		4.84	15.34	3.79		
	<i>Excess Return</i>		-1.37	0.86	0.24		

NON-US EQUITY STRATEGIES

NON-U.S. EQUITY	STRATEGY	AUM (USD, in millions)	YTD RETURN (%)	1Y RETURN (%)	3Y RETURN (%)	5Y RETURN (%)	INCEPTION DATE
PASSIVE	MSCI EM Small Cap	\$233.9	10.90	4.46	1.70	8.19	3/31/2012
	MSCI Emerging Markets Small Cap Net Index		10.74	4.79	2.11	8.56	
	<i>Excess Return</i>		0.17	-0.33	-0.41	-0.38	
	MSCI Emerging Markets	\$462.8	15.69	7.73	-1.77	1.90	1/31/2013
	MSCI Emerging Markets Net Dividend Index		15.27	7.50	-1.92	1.70	
	<i>Excess Return</i>		0.42	0.22	0.15	0.20	
	MSCI EAFE & Can Sm	\$752.9	21.20	3.79	-2.15	3.33	5/31/2012
	MSCI EAFE + Canada Small Cap Net Index		20.79	2.76	-2.77	2.87	
	<i>Excess Return</i>		0.41	1.03	0.62	0.46	
	MSCI EAFE & Canada	\$732.9	19.33	5.85	2.48	5.58	12/31/2011
	MSCI EAFE + Canada Net		18.99	4.70	1.91	5.10	
	<i>Excess Return</i>		0.33	1.15	0.57	0.48	
ACTIVE - SYSTEMATIC	MSCI Emerging Markets SC Tilt	\$239.7	13.58	0.48	0.22	6.73	9/30/2014
	MSCI EM Small Co Tilt BM		10.74	4.79	2.11	7.92	
	<i>Excess Return</i>		2.85	-4.30	-1.89	-1.19	
	MSCI EAFE & Canada SC Tilt	\$489.3	24.24	5.75	2.71	5.44	1/31/2013
	MSCI EAFE & Canada SC Tilt BM		22.92	2.76	-2.77	1.49	
	<i>Excess Return</i>		1.31	2.98	5.48	3.95	
	MSCI EAFE & Can Fct	\$802.0	20.16	6.40	3.09	6.11	1/31/2015
	MSCI EAFE & Canada Fct BM		18.99	4.70	1.91	5.07	
<i>Excess Return</i>		1.17	1.70	1.18	1.04		

LIQUID ALTERNATIVES ASSET CLASS DECOMPOSITION

LIQUID ALTERNATIVES

\$8,022 Million

4 Portfolios

REITs

\$1,475 Million

1 Portfolios

COMMODITIES

\$3,992 Million

2 Portfolios

RISK PARITY

\$2,555 Million

1 Portfolio

PASSIVE

\$1,430 Million

1 Portfolio

ACTIVE

\$2,561 Million

1 Portfolio

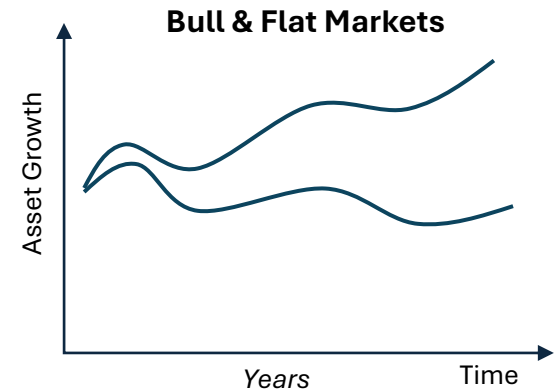
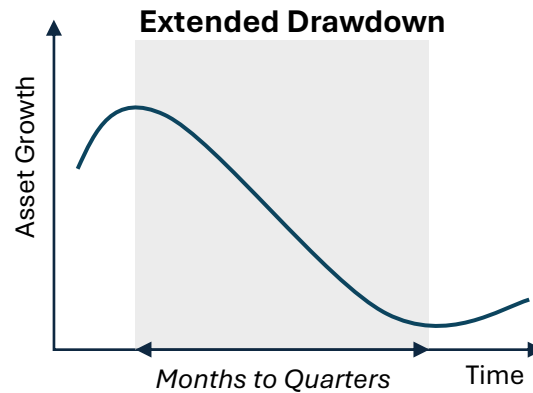
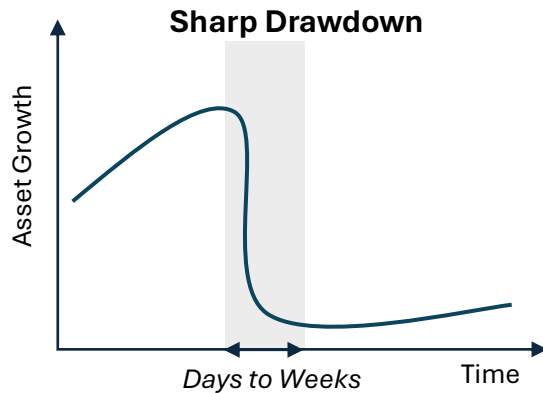


LIQUID ALTERNATIVES

ALTERNATIVES	STRATEGY	AUM (USD, in millions)	YTD RETURN (%)	1Y RETURN (%)	3Y RETURN (%)	5Y RETURN (%)	INCEPTION DATE
COMMODITIES	Commodities-All	\$2,561.8	5.71	5.62	4.21	3.88	2/29/2008
	Commodities-All BM		5.53	5.38	4.05	3.08	
	<i>Excess Return</i>		0.18	0.24	0.15	0.80	
	Internal Gold	\$1,430.2	24.59	26.99			4/30/2022
	Bloomberg Gold Subindex Total Return		24.38	26.62			
	<i>Excess Return</i>		0.20	0.37	0.00	0.00	
REITS	REIT Index	\$1,471.5	-0.56	8.01	-3.05	3.35	1/1/2013
	Dow Jones U.S. Select Real Estate Securities TR Index		-0.60	8.02	-3.06	3.37	
	<i>Excess Return</i>		0.04	-0.01	0.01	-0.03	
RISK PARITY	Global Internal Risk Parity	\$2,555.1	7.06	5.56			8/31/2022
	BM Global Internal Risk Parity		7.02	5.36			
	<i>Excess Return</i>		0.04	0.20			

RISK MITIGATION STRATEGIES

Review and Update



FIRST RESPONDERS

Primary Role:

First line of protection in an equity drawdown

Strategy Examples:

Long Volatility, Long Duration US Treasuries, Tail Risk Strategies

SECOND RESPONDERS

Primary Role:

Second line of protection in an equity drawdown

Strategy Examples:

Trend Following, CTAs, Managed Futures

DIVERSIFIERS

Primary Role:

Provide uncorrelated returns to stabilize 1st and 2nd responders

Strategy Examples:

Global Macro, Multi-Strategy, Equity Market Neutral, Relative Value, Event-Driven, Insurance Linked, Alternative Risk Premia, etc.

	Long Duration US Treasuries	Trend Following	Alternative Risk Premia
LT DB Target	3.4%	3.3%	3.3%
DB Current	1.9%	0.5%	0.7%
LT HC Target	3.4%	3.3%	3.3%
HC Current	2.8%	1.0%	2.5%

TREND FOLLOWING: DEFINITION & PURPOSE

What are trend following strategies?

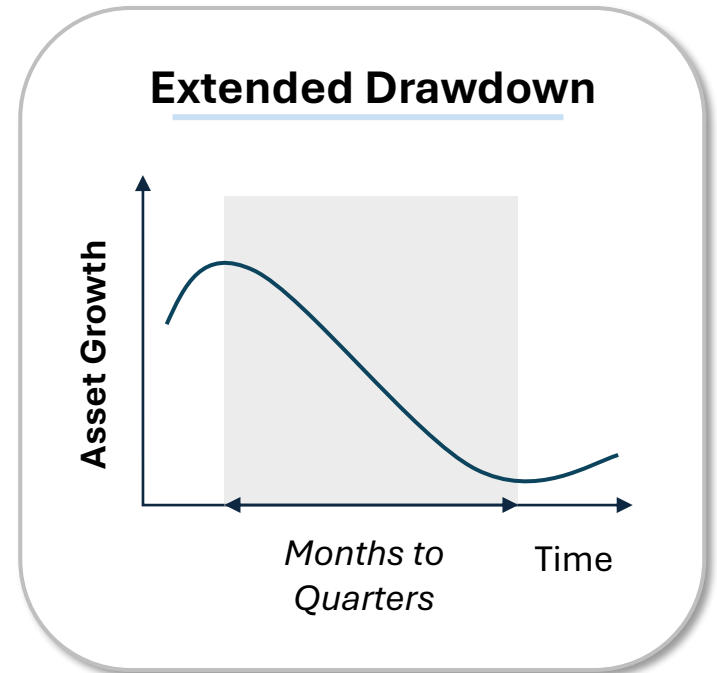
- Follows price momentum in different markets
- Takes long positions in up markets and short positions in down markets

Why are we investing in trend following strategies?

- Serves as a second responder in our risk mitigation framework
- Expected to outperform during extended drawdown in equity markets

What are some of the risks associated with trend following strategies?

- May underperform during short-dated market selloffs



INTERNAL TREND FOLLOWING IMPLEMENTATION

- Four systematic strategies
- Allocation to each strategy:
 - *Approximately equal-weighted*
- Simultaneously taking long positions in up markets and short positions in down markets
- Markets:
 - *Global Equity, Fixed Income, Commodity, and Foreign Exchange*
- Volatility Profile:
 - *Similar to Societe Generale Trend Index*
 - *Three strategies with 12% target volatility*
 - *One strategy that attempts to provide similar risk and return characteristics as the SG Trend Index*
- Daily liquidity
- Transparency



INSTRUMENTS

An array of instruments are utilized to manage our portfolios

STOCKS

U.S. Equity
Non-U.S. Equity
REITs

FUTURES CONTRACTS

U.S. Equity
Non-U.S. Equity
REITs
Commodity
Bonds

TYPES OF SWAPS

Equity Index
Commodity Index
Funding Swaps
Trend Following

RISK MANAGEMENT

Reporting and Controls

Portfolio Level

- Tracking Error Target and Ranges
- Security and Sector Level Active Weight Constraints
- Strategy Level Constraints

Monitoring

- Aladdin
- Internally Developed Processes
- Investment Risk and Compliance

Risk Committees

- Counterparty Risk, Broker Risk, Operational Risk

Policies

- Fund, Asset Class Level Policies

Legal/Documentation

COSTS & FEES

Delivering value through competitive savings

STRATEGY	INTERNAL COST	EXTERNAL COST	SAVINGS
Stock – U.S. Large Cap <i>(Passive)</i>	0.8 bp	1.6 bp	-0.8 bp
Stock – U.S. Large Cap <i>(Active)</i>	8.8 bp	26.8 bp	-18.0 bp
Stock – EAFE <i>(Passive)</i>	1.9 bp	3.2 bp	-1.3 bp
Stock – Emerging <i>(Passive)</i>	2.7 bp	12.5 bp	-9.8 bp
Stock – U.S. Mid Cap <i>(Active)</i>	14.4 bp	47.1 bp	-32.7 bp
Stock – ACWI <i>(Active)</i>	13.7 bp	36.2 bp	-22.5 bp
Commodities <i>(Active)</i>	1.8 bp	27.5 bp	-25.7 bp
REITs <i>(Passive)</i>	1.9 bp	42.0 bp	-40.1 bp
Risk Parity <i>(Passive)</i>	16.6 bp	46.1 bp	-29.5 bp

Source:

Cost figures from CEM Investment Benchmarking Analysis based on 5-year period ending December 31, 2023.
From Section 4, page 15: Cost: Total, benchmark, trend.

SUMMARY

Team of eight experienced investment professionals

Manage roughly one-third of plan assets

Cover five different asset classes

Manage both passive and active strategies

Delivering value in a cost-effective manner

Board Meeting IV.D



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

DATE: September 8, 2025

TO: OPERS Retirement Board Members

FROM: Steve Merriett, Assistant Director-Investment Accounting
Operations & Compliance
DeAnne Mannion, Deputy Chief Investment Officer

RE: **IV. Discussion Items:**
D. Investment Fees Update

Purpose

The purpose of this memo is to provide the OPERS Board of Trustees (Board) a comprehensive understanding of the external manager costs associated with administering the OPERS Defined Benefit (DB), Health Care (HC) and Defined Contribution (DC) Funds. This includes a detailed breakout of the management and performance fees over the last five years¹ for externally managed strategies, along with a comparison of these costs to those of our peers for the DB and HC Funds. The annual review of OPERS DC fees in comparison to peers will be presented at the November Board meeting.

Background

Investment fees, particularly those associated with higher-cost alternative allocations such as private equity and real estate, can significantly impact the performance of OPERS plans and necessitate meticulous oversight². This report aims to provide transparency regarding the expenses incurred by managing the distinct policy mixes and strategies in the DB, HC and DC Funds. All costs detailed in this report were compiled by OPERS Finance and are documented in the OPERS Annual Comprehensive Financial Report (Annual Report). The values reflect the five years ending December 31, 2024.

¹ The five-year period ending December 31, 2024. For the purposes of this report, all fund operating expenses are excluded.

² Private equity and private real estate are part of the DB Plan asset allocation only. There is no allocation to these categories in the Health Care Portfolio or in the Defined Contribution Plan.

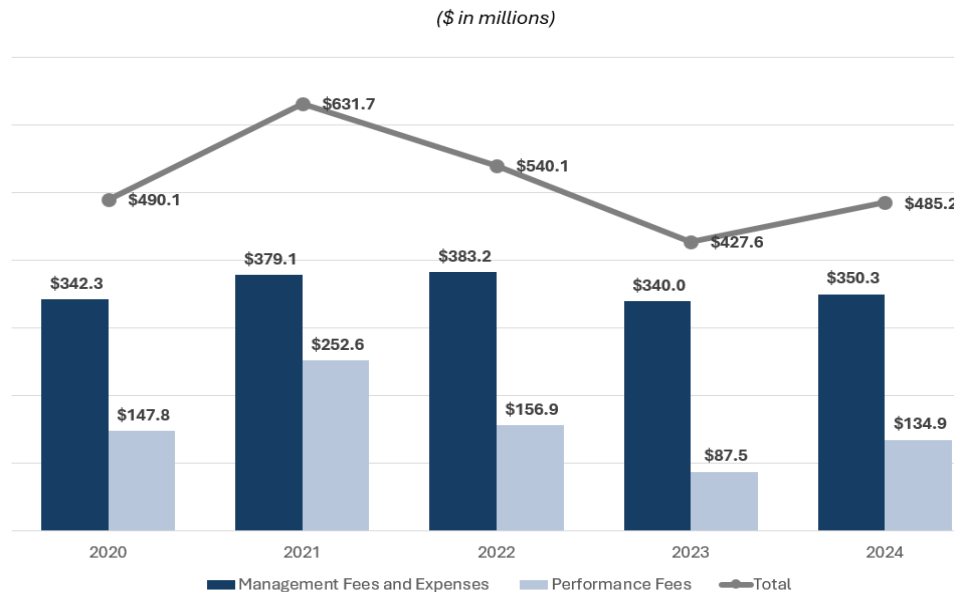
Additionally, this report includes a peer comparison of OPERS DB and HC Funds' external investment costs relative to those of other U.S. public funds. This analysis was prepared by CEM Benchmarking, an external cost measurement provider, and compares our fiscal year 2023 fees to those of our peers, establishing cost-effectiveness based on their analytical methodology. The 2024 CEM report has not yet been finalized by the vendor but is scheduled to be presented at the November Board meeting.

Overall, this memo captures a snapshot of our financial timeline. It is important to understand that costs can fluctuate significantly from year to year due to a variety of factors, including asset appreciation or depreciation, shifts in asset allocation, the degree of active management, and the mix between internally and externally managed strategies.

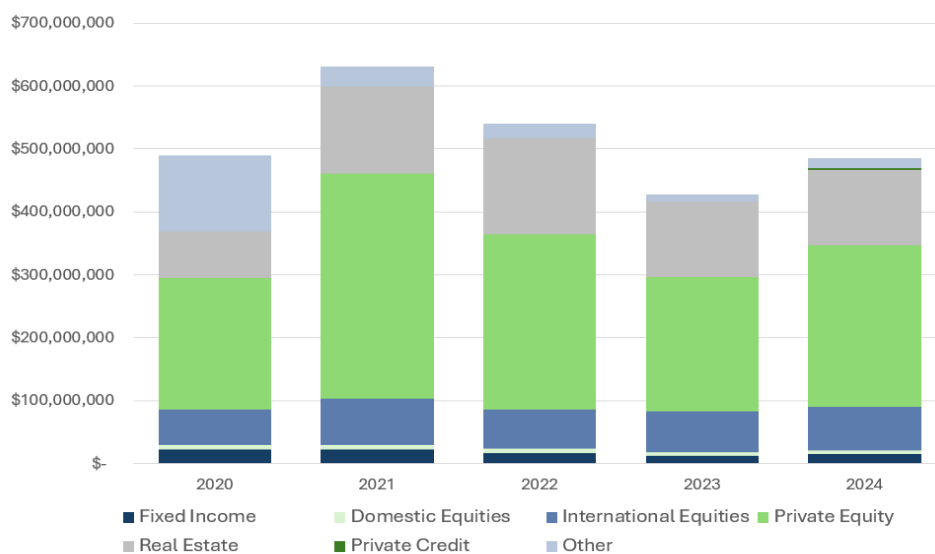
As long-term investors, OPERS understands that both cost and return metrics are most meaningful when evaluated over extended periods rather than at a single point in time. This perspective allows us to better assess performance and make informed decisions that align with our strategic goals. We remain committed to continuously refining our investment program, with the overarching objective of delivering stable and secure retirement benefits to our members.

Total External Manager Fees Summary and Trends

The choice of a plan's asset allocation determines its expected return and risk, as well as its cost structure. Below is a five-year trend line, ending December 31, 2024, of OPERS total external manager fees paid for the DB, HC and DC Funds, as reported in the Annual Report.



The fees reflect both the assets under management³ (AUM) fees and performance fees for OPERS Funds. Performance fees are applied to the private equity and real estate allocations, which are exclusively part of the DB Fund. Despite high market volatility during the review period, our fees have remained relatively stable. The highest fees were paid in the fiscal year 2021, when the DB Fund returned 15.34%, and private equity and real estate experienced significant realizations on investments within their portfolios. As a reminder, performance fees are only paid on realized investments. Given the use of performance fees in our private market allocations, a breakdown of fees by asset class could be helpful. This information is shown below.



Total Fees	2020	2021	2022	2023	2024
Fixed Income	\$ 21,940,405	\$ 22,827,812	\$ 16,914,198	\$ 12,815,267	\$ 15,104,738
Domestic Equities	\$ 7,510,764	\$ 7,432,096	\$ 6,377,848	\$ 5,671,402	\$ 5,789,355
International Equities	\$ 55,992,089	\$ 72,685,093	\$ 62,959,427	\$ 64,115,025	\$ 68,786,667
Private Equity	\$ 210,230,294	\$ 357,713,954	\$ 277,499,978	\$ 213,450,673	\$ 257,242,146
Real Estate	\$ 72,773,352	\$ 139,157,368	\$ 152,808,674	\$ 119,695,446	\$ 119,501,913
Private Credit	\$ -	\$ -	\$ -	\$ -	\$ 2,893,342
Other	\$ 121,691,163	\$ 31,902,555	\$ 23,549,208	\$ 11,816,855	\$ 15,898,671
Total	\$ 490,138,067	\$ 631,718,878	\$ 540,109,333	\$ 427,564,668	\$ 485,216,833

The highest fees are associated with our alternative exposures: private equity and real estate⁴. The public markets classes—domestic equities, international equities and fixed income—comprise most of the externally managed assets, but account for a small percentage of the total fees paid. This is primarily due to the lower costs associated with public market strategies compared to alternatives, as well as OPERS’ decision to avoid performance fees in these categories.

³ Management fees are also referred to as assets under management (AUM) fees. They are non-performance-based fees; and based on the amount of capital being managed by an external manager.

⁴ The new private credit allocation only began to incur fees in 2024.

In the chart and table above, the “Other” category represents the costs associated with hedge fund, risk parity and the DC Fund’s target date funds. The notable reduction in fees in this category during the review period is a result of the termination of the hedge fund program and the reduction in the amount of externally managed risk parity in favor of more internal management of this strategy.

This memo will provide more details on each of the key asset class costs for the fiscal year 2024, with a particular focus on the structure of private equity and real estate fees.

Public Asset Class Fees Summaries and Trends

For fiscal year 2024, the largest public markets asset classes--domestic equities, international equities and fixed income--accounted for less than 20% of the total external manager fees paid yet comprised approximately 78% of the total externally managed assets. Below is a summary of each of these exposures by asset class, along with the specific fees paid by category type.

Domestic Equities

The chart below summarizes the fees paid in 2024 for domestic equity strategies. All the domestic equity fees are asset based and lack performance fees.

2024 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
Large Cap	\$0	\$0	\$20,346,775,315	0.0%	-
Mid Cap	\$0	\$0	\$5,056,838,009	0.0%	-
Small Cap	\$5,681,023	\$951,533,747	\$1,365,486,706	69.7%	0.60%
DC Plan	\$108,332	\$1,075,119,539	\$1,075,119,539	100.0%	0.01%
Total	\$5,789,355	\$2,026,653,286	\$27,844,216,569	7.3%	0.29%

Only a small percentage (7.3%) of the domestic equity allocation is externally managed. Over 92.7% of the asset class is managed internally, allowing for significantly lower implementation costs. Most of the internally managed strategies are passive or quantitative. Conversely, most funds invested with external managers are in more expensive active, small-cap strategies where the managers possess more experience and resources than Investment staff. The fees shown for the DC Fund represent standalone domestic equity options that are both passively and actively managed.

International Equities

The chart below summarizes the fees paid in 2024 for international equity strategies. Like the domestic equity exposure, all fees are asset based and lack performance fees.

2024 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
ACWI x U.S.	\$33,613,774	\$11,515,048,769	\$11,730,591,202	98.2%	0.29%
EAFE	\$14,065,482	\$3,490,915,317	\$6,214,048,149	56.2%	0.40%
Emerging	\$21,060,636	\$3,930,126,738	\$4,800,650,229	81.9%	0.54%
DC Plan	\$46,775	\$115,856,010	\$115,856,010	100.0%	0.04%
Total	\$68,786,667	\$19,051,946,834	\$22,861,145,590	83.3%	0.36%

Unlike the domestic equity allocation, the majority (83%) of the international equity allocation is managed externally through active investment strategies. Historically, active international equity managers have been more successful than domestic equity managers in generating excess returns. The OPERS internally managed allocation focuses on passive and quantitative strategies, which generally provide lower implementation costs and greater liquidity for rebalancing. The fees shown for the DC Fund represent standalone international equity option that is both passively and actively managed.

Fixed Income

The chart below summarizes the fees paid in 2024 for external fixed income strategies. All fees are asset-based and lack performance fees.

2024 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Ext. Managed
Core Fixed	\$1,548,423	\$481,878,942	\$11,730,989,670	4.1%	0.32%
U.S. Treasuries	\$0	\$0	\$3,144,296,621	0.0%	-
Emerging Markets	\$6,116,842	\$1,232,699,481	\$1,232,699,481	99.8%	0.50%
High Yield	\$7,419,559	\$2,873,887,591	\$4,957,482,299	58.0%	0.26%
TIPS	\$0	\$0	\$4,315,448,924	0.0%	-
Securitized Debt	\$0	\$0	\$2,214,234,673	0.0%	-
Investment Grade	\$0	\$0	\$3,402,776,976	0.0%	-
Cash	\$0	\$0	\$1,222,355,631	0.0%	-
DC Plan	\$19,915	\$80,860,972	\$80,860,972	100.0%	0.02%
Total	\$15,104,738	\$4,669,326,986	\$32,301,145,248	14.5%	0.32%

In 2024, only 14.4% of the fixed income exposure was externally managed. This external exposure is concentrated in three areas: emerging market debt, high yield and one core manager. Emerging market debt (EM debt) consists of bonds issued by governments, agencies or corporations domiciled in a developing country. EM debt may be denominated in local currency, U.S. dollars, or another developed country currency. These investments typically offer higher yields to reflect an elevated risk of default, which can arise from factors such as political instability or currency fluctuations. EM debt is a specialized, diversifying active asset class where OPERS currently lacks internal expertise. Therefore, the entire exposure is outsourced.

Unlike EM debt, OPERS' active U.S. high yield exposure is managed through a blend of internal and external strategies. U.S. high yield bonds are the debt of U.S. corporations with lower credit ratings, as assessed by U.S. credit rating

agencies. Due to their higher risk compared to investment-grade bonds, they generally offer higher yields. Historically, these bonds have added both diversification and returns to our fixed income portfolio. The externally managed strategies further enhance diversification and provide excess returns, complementing the internally managed allocation.

Currently, almost all our core or U.S. fixed income allocation is managed in-house except for one external strategy. This active external strategy has provided diversification and alpha to the substantial internal core program. The fees shown for the DC Fund represent standalone fixed income options that are both passively and actively managed.

Private Alternatives Fees and Capture Ratios

The domain of alternative investment fee reporting⁵ lacks a universally accepted industry standard; and the inherent uniqueness of every investment strategy and portfolio holding makes direct comparisons challenging. Nevertheless, alternative investment fees, which are only in the DB Plan, are a function of three key factors: asset allocation, asset growth and carried interest.

- Firstly, private markets inherently possess higher costs than public markets. Therefore, a higher privates allocation correlates to greater absolute portfolio costs and typically greater diversification benefits.
- Secondly, a larger assets-under-management (AUM) size naturally elevates the absolute return costs.
- Thirdly, higher annual returns in assets with profit-sharing agreements also increase total costs. Carried interest or performance fee agreements, which are linked to profit realizations spanning multiple years as opposed to just one, play a significant role in determining fees paid. This amount of carried interest accrued is influenced by several factors, including the type of investment, the terms of the negotiated agreement, the market environment over the life of a fund or portfolio investment, skill of the external manager, and the timing of capital calls made by the manager to OPERS.

Given that these key factors exhibit yearly variations, they introduce a degree of annual volatility. Therefore, it is prudent to analyze longer timeframes to discern patterns.

Private Equity

Generally, private equity has traditionally utilized the “2 and 20” fee model. This entails a 2% management fee based on committed or invested capital, and a

⁵ For this memo, alternatives fees will be private equity, private credit and real estate. The new private credit program only began to incur fees in 2024.

20% performance fee, referred to as carried interest, charged on profits that surpass a specified hurdle rate⁶.

By leveraging our substantial scale, OPERS has successfully minimized management fees and carried interest expenses through strategic negotiations and by participating in co-investments with select managers when available. Co-investments allow OPERS with the opportunity to invest directly alongside a private equity manager, typically on a deal-by-deal basis, rather than solely through pooled funds. By investing alongside a manager rather than solely in a fund with other investors, we often benefit from reduced or even waived management fees and carried interest. It is important to note that while co-investments may offer higher returns and lower fees, they also introduce slightly higher risks due to their reduced diversification compared to traditional private equity funds.

The data below presents the cost history of the OPERS private equity program for the five years culminating on December 31, 2024. The pronounced rise in carried interest in 2021 is largely due to that year's global bull market, resulting in substantial single year realized program distributions and gains.⁷

Private Equity Fees	2020	2021	2022	2023	2024
PE Management Fees	\$ 124,988,411	\$ 151,429,250	\$ 157,589,677	\$ 160,576,459	\$ 149,473,001
PE Paid Carried Interest	\$ 85,241,883	\$ 206,284,704	\$ 119,910,301	\$ 52,874,214	\$ 107,769,145
Total	\$ 210,230,294	\$ 357,713,954	\$ 277,499,978	\$ 213,450,673	\$ 257,242,146

Real Estate

In the real estate sector, fee structures typically display greater variability than private equity. Management fees can oscillate between 0.5% to 2%, calculated either based on the property's value or the committed capital. Performance fees, usually linked to property appreciation or rental income benchmarks, vary between 15% and 20%. Like private equity, the specific terms are influenced by the nature of the investment and the manager's track record. Hurdle rates are also commonly used.⁸ The real estate program has sought to reduce its carried interest by selectively using co-investments, negotiating with managers, and having a robust separate account platform. Below is the cost breakdown for the OPERS real estate program over the five years concluding on December 31, 2024.

Real Estate Fees	2020	2021	2022	2023	2024
Management Fees	\$ 59,728,601	\$ 97,169,517	\$ 115,817,178	\$ 85,041,731	\$ 103,086,804
Paid Carried Interest	\$ 13,044,751	\$ 41,987,851	\$ 36,991,496	\$ 34,653,715	\$ 16,415,109
Total	\$ 72,773,352	\$ 139,157,368	\$ 152,808,674	\$ 119,695,446	\$ 119,501,913

⁶ Typically, 8% net of fees and expenses must be earned before any incentive fee is paid. If the hurdle rate is not achieved, no incentive will be paid.

⁷ The 1-year performance as of December 31, 2021, was 44.84%, per the Annual Comprehensive Financial Report (ACFR).

⁸ The typical hurdle rate is 8%-9%.

Private Credit

Private credit is a newly established strategic allocation exclusively for the Defined Benefit Fund. At the November 2024 board meeting, the target allocation was increased from 1% to 4% of total DB Fund assets. Although the portfolio is still in its build-out phase, it is expected to incur both management fees and performance fees as it scales. In 2024, only management fees were paid, totaling \$2.9 million. During the same period, the average assets under management for private credit totaled \$203 million.

Capture Ratio Analysis

The capture ratio indicates the proportion of gross profits that have been realized as net returns over the five-year period ending on December 31, 2024. To provide a more holistic view, this ratio and its constituents are presented cumulatively. This approach mitigates the volatility seen in single-year values, which can be influenced by carried interest accrued over multiple years but paid out within a single year. As illustrated in the table below, the DB Fund generated \$14.8 billion in the past five years, with expenses amounting to \$2.3 billion in fees and carried interest.⁹ Capture ratios for private asset classes are typically lower than public market asset classes, given the elevated fees linked to these investments. However, these higher costs are supported by the potential for enhanced long-term returns and the critical role these allocations play in diversifying risk within the DB Fund.

DEFINED BENEFIT ONLY 5-YEAR PERIOD ENDING DECEMBER 31, 2024						
	Mgmt Fees & Carried Interest	Net Dollar Returns	Gross Dollar Returns	Capture Ratio	5-Year Net Returns	12/31/24 DB Allocation
Total Portfolio	\$2,497,851,844	\$30,988,603,272	\$33,486,455,115	92.54	6.60	-
Private Equity	\$1,316,137,045	\$7,603,713,173	\$8,919,850,218	85.24	13.39	15%
Real Estate	\$603,936,753	\$2,007,716,941	\$2,611,653,694	76.88	4.42	12%

CEM Peer Comparisons

Third-party provider CEM Benchmarking (CEM) annually conducts a comparative assessment of OPERS fee structures vis-à-vis our peers. The analysis provides valuable insights into how our expenditure measures up against industry benchmarks, both in terms of absolute costs and the value derived from these costs. CEMs methodology for benchmarking differs from OPERS reported costs primarily due to the exclusion of broker commissions, fund expenses and carried interest within the peer comparison. At the November 2024 Board meeting, the

⁹ Waiting on finalized capture ratio calculations. Will be updated in the final Board presentation.

following CEM results for OPERS externally managed categories were presented to the Board. In this report, our peer group was comprised of 15 U.S. public funds with assets ranging from \$60.4 billion to \$446.4 billion versus our \$107.8 billion. The median size of this composite was \$107.8 billion. While the U.S. public average composite was composed of 145 funds with a median size of \$9.4 billion.

Based on 2023 CEM Benchmarking Report

	OPERS BASE FEES IN BPS	PEER AVERAGE	U.S. PUBLIC AVERAGE
STOCK – U.S. SMALL CAP			
Small Cap	62.0	55.3	57.4
STOCK - INTERNATIONAL			
ACWI x U.S.	29.4	34.3	36.5
EAFE	37.9	37.9	46.8
Emerging	54.0	62.1	56.8
FIXED INCOME			
Emerging Markets	37.0	36.8	39.2
High Yield	31.3	45.7	36.9
Core Fixed	29.3	29.3	37.2
REAL ESTATE – EX REITS			
Fund (Evergreen)	103.6	114.2	119.6
PRIVATE EQUITY - DIVERSIFIED			
Direct LP	131.8	150.8	151.5

The CEM chart above illustrates that OPERS external manager fee structures are cost-effective when compared to peers. This is particularly evident in the higher costs associated with real estate and private equity allocations¹⁰. The values presented cover the period from the fourth quarter of 2022 through the third quarter of 2023. Additional details on the custom CEM methodology used for alternative asset exposures can be found in the footnotes below¹¹.

¹⁰ The new private credit allocation was not included in the 2023 CEM report but will be incorporated into future CEM analyses.

¹¹ As summarized from the November 2023 CEM report, the weighted peer median cost for alternative asset management is the style-weighted average of the peer median costs for all investments styles. But it excludes performance fees on private assets. The average holdings are used as the base when calculating the relative cost impact of the programs. Finally, benchmarks for the individual private equity and real estate lines are based on peer medians. The sum of these lines may be different from the total.

Conclusion

As responsible stewards of OPERS' assets, it is essential that we maintain a deep understanding of our investment decisions and their associated costs. Understanding external manager fee structures, especially in complex asset classes such as private equity, private credit and real estate, is essential for maintaining cost-effective, transparent portfolios that support our long-term investment goals.

External manager fee information is shared with Board Members throughout the year to promote transparency and informed oversight. Annually, the expected management fees for the DB and HC Funds are outlined in the Annual Investment Plan (AIP), which is typically presented at the January Board meeting. Throughout the year, staff monitor actual fees against AIP projections on a quarterly basis and provide updates to the Board. The annual audited schedule of external manager fees is also disclosed in the Investment Section of the Annual Report.

To enhance cost analysis and benchmarking, Investments and Investment Accounting staff work closely with the Board's independent cost measurement service provider, CEM. CEM's annual report—presented at the November board meeting—compares OPERS DB and HC investment fees to those of our peer institutions. At that time, the costs associated with the DC Fund are also reviewed in a separate report.

Investment Fees Update

Steve Merriett, Assistant Director – Investment Accounting, Operations & Compliance
DeAnne Mannion, Deputy Chief Investment Officer
September 17, 2025

PURPOSE & SCOPE OF DISCUSSION

- Provide the OPERS Board of Trustees (Board) a comprehensive understanding of the external manager costs associated with administering the OPERS Defined Benefit (DB), Health Care (HC) and Defined Contribution (DC) Funds.
 - Discuss the primary drivers of fees and changes OPERS has implemented over the five-year period ending 12/31/2024 to manage fees.
 - Provide a comparison of external manager costs to those of our peers for the DB and HC Funds.
- Summarize ongoing efforts to provide transparency to the Board on external manager fees.

AGENDA

Total External Manager Fees Summary and Trends

Public Asset Class Fees Summaries and Trends

Private Alternatives Fees and Capture Ratios

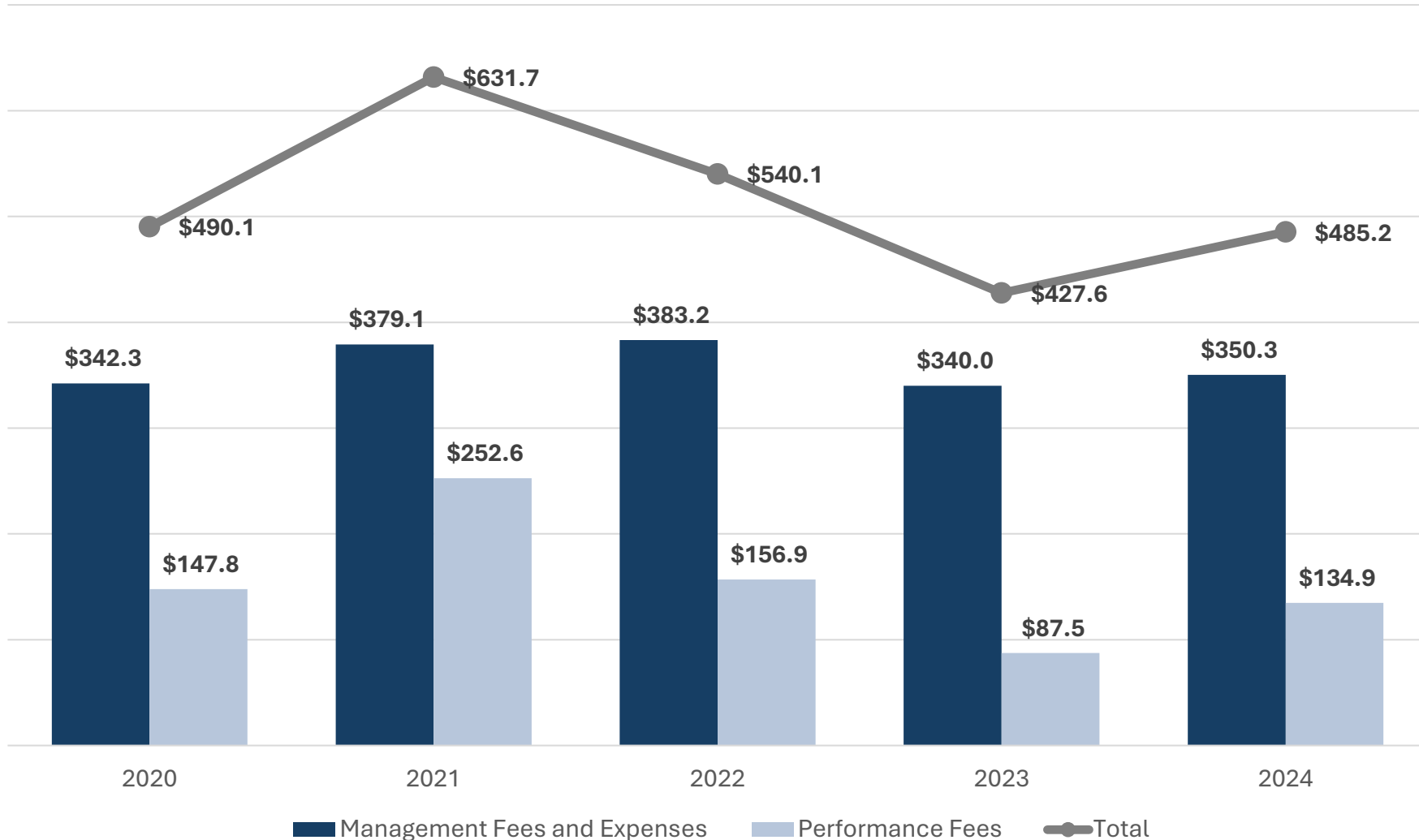
CEM Peer Comparisons

Conclusion

Total External Manager Fees Summary and Trends

TOTAL FEES TO EXTERNAL ASSET MANAGERS

(\$ in millions)

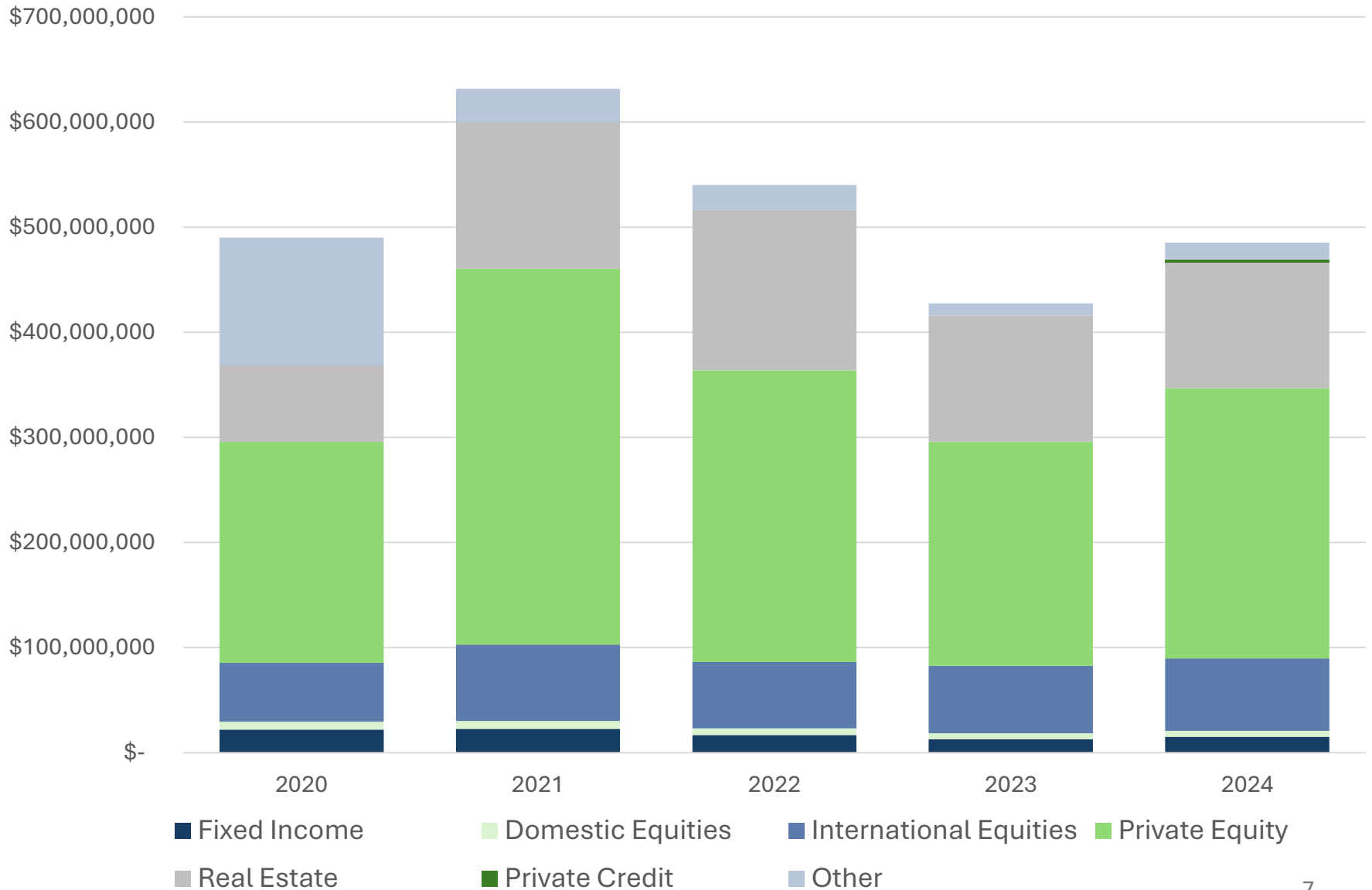


TOTAL EXTERNAL MANAGER FEE DRIVERS

- **Asset Allocation**: The choice of a fund's asset allocation determines its expected return and risk, as well as its cost structure. Higher allocations to private alternative asset types like private equity and real estate produce higher external fees.
- **Performance Results**: Investment gains increase the value of assets under management, directly increasing fees for all externally managed funds. For the private alternative asset types, strong exits (sales of private assets) increase returns and fees in the private equity and real estate portfolios due to higher performance fees being paid.
- **Ongoing Monitoring and Negotiation**: Leveraging our substantial scale, OPERS has minimized management fees and performance fees whenever possible. OPERS has also engaged in co-investment and separate account programs in the alternatives portfolios to minimize cost.

The culmination of these factors has contributed to holding fees to external managers steady over the past five years.

CONTRIBUTION BY ASSET CLASS



TAKEAWAYS ON CONTRIBUTION BY ASSET CLASS

- The private alternative asset classes incur a majority of the fees and endure the most volatility in terms of fee levels.
 - Within the private alternative classes, the management fees are relatively stable because they are based on committed or invested assets. The performance fees are highly variable and depend on the ability of managers to successfully sell assets at strong valuations.
- The “Other” category of fees declined significantly over the past five years with the termination of our hedge fund program.
 - Fees remaining in the “Other” category include those associated with the risk parity and the target date DC funds.

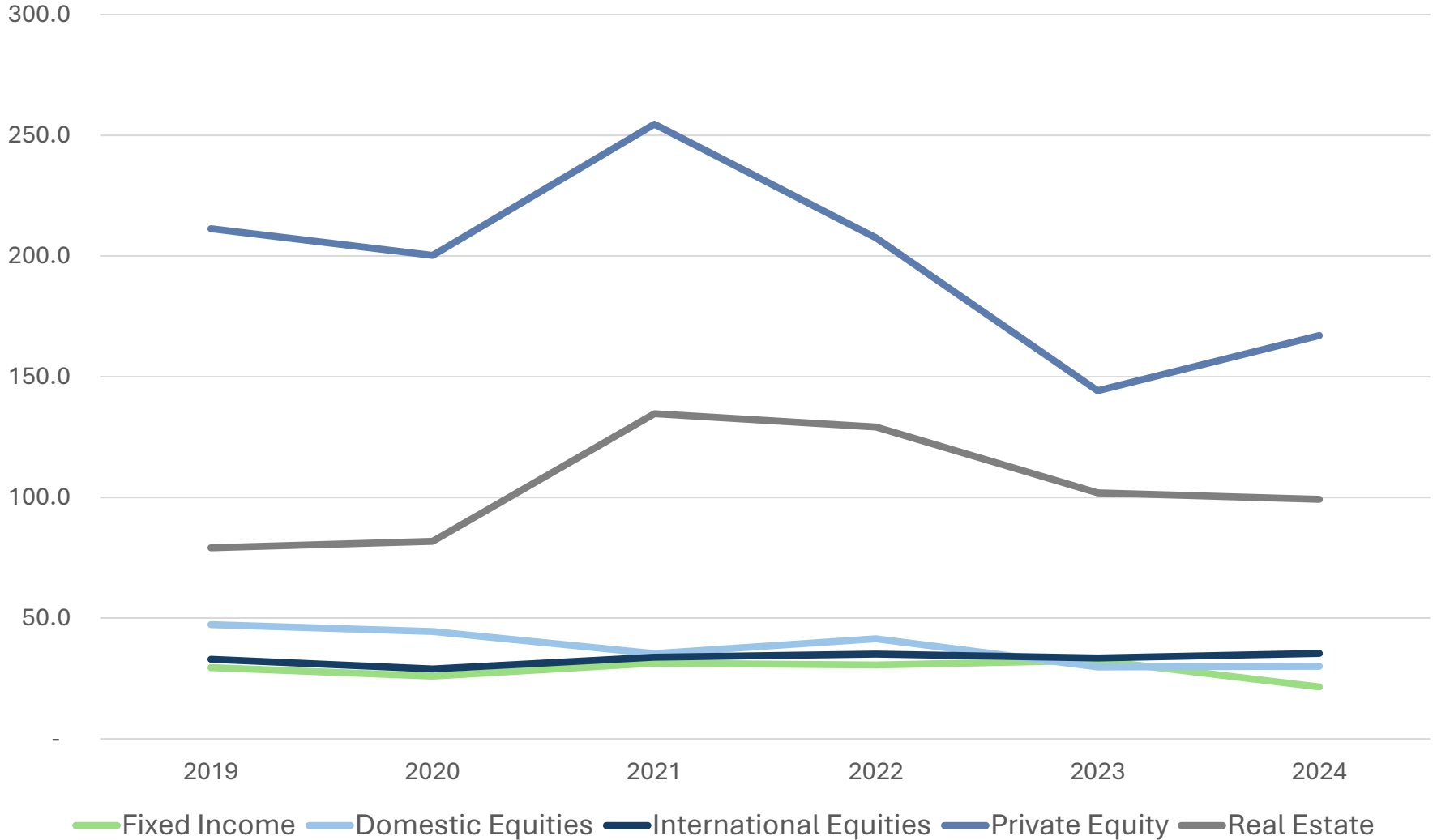
CONTRIBUTION BY ASSET CLASS - 2024

- The key public markets asset classes – fixed income, domestic equities, and international equities – make up less than 20% of total fees paid and cost between .20% and .35% (20 and 35 basis points). They do not have performance fees.
- The private markets classes – private equity, real estate and private credit – make up 78% of total fees in dollars and cost 1.67%, 0.99% and 1.42% (167, 99 and 142 basis points), respectively. Those portfolios are 100% externally managed and have both asset based and performance-based fees.

	Total Fees	Average AUM Subject to Fees	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
Fixed Income	\$15,104,738	\$7,022,350,116	\$32,301,145,248	21.7%	0.22%
Domestic Equities	\$5,789,355	\$1,927,962,789	\$27,801,315,379	6.9%	0.30%
International Equities	\$68,786,667	\$19,438,092,089	\$22,861,145,589	85.0%	0.35%
Private Equity	\$257,242,146	\$15,397,324,753	\$15,397,324,753	100.0%	1.67%
Real Estate	\$119,501,913	\$12,051,326,591	\$12,051,326,591	100.0%	0.99%
Private Credit	\$2,893,342	\$203,416,949	\$203,416,949	100.0%	1.42%
Risk Parity	\$2,979,880	\$409,215,852	\$1,022,154,877	40.0%	0.73%
Collective Trust Funds	\$725,873	\$1,524,947,900	\$1,524,947,900	100.0%	0.05%
Other	\$12,192,918	\$2,204,541,388	\$80,498,740	100.0%	0.55%
Total	\$485,216,833	\$60,179,178,427	\$113,243,276,026	-	0.81%

TOTAL FEES TO EXTERNAL ASSET MANAGERS TREND

(in Basis Points)



Public Asset Class Fees Summaries and Trends

DOMESTIC EQUITIES

- **What is managed externally:** Less than 10% of our domestic equities are managed externally. We outsource the small cap active exposures because the cost of maintaining a research function internally would be prohibitive.
- **How the fees are determined:** Fees in the small cap mandates are based on a specified number of basis points applied against assets under management. Some accounts provide a declining fee structure for greater amounts of assets under management.
- **Relevant changes in asset allocation:** In 2020, OPERS terminated a significant portion of the external managers in the domestic equities asset class.

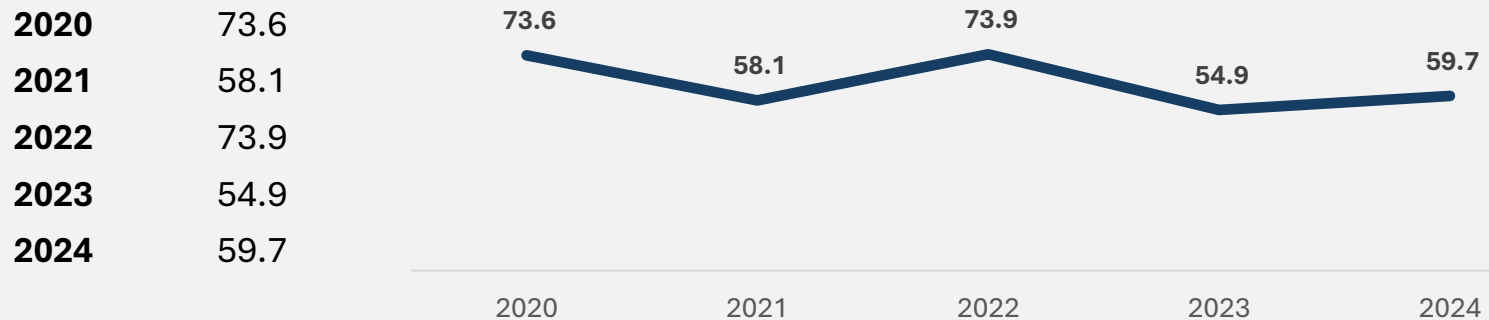
Domestic equities external manager fees declined over the five-year period ending 12/31/2024. Fees changed significantly during 2020 because OPERS terminated a portion of the external managers in a strategic shift.

DOMESTIC EQUITIES

2024 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
Large Cap	\$0	\$0	\$20,346,775,315	0.0%	-
Mid Cap	\$0	\$0	\$5,056,838,009	0.0%	-
Small Cap	\$5,681,023	\$951,533,747	\$1,365,486,706	69.7%	0.60%
DC Plan	\$108,332	\$1,075,119,539	\$1,075,119,539	100.0%	0.01%
Total	\$5,789,355	\$2,026,653,286	\$27,844,216,569	7.3%	0.29%

Small Cap

Small Cap (in bps)



INTERNATIONAL EQUITIES

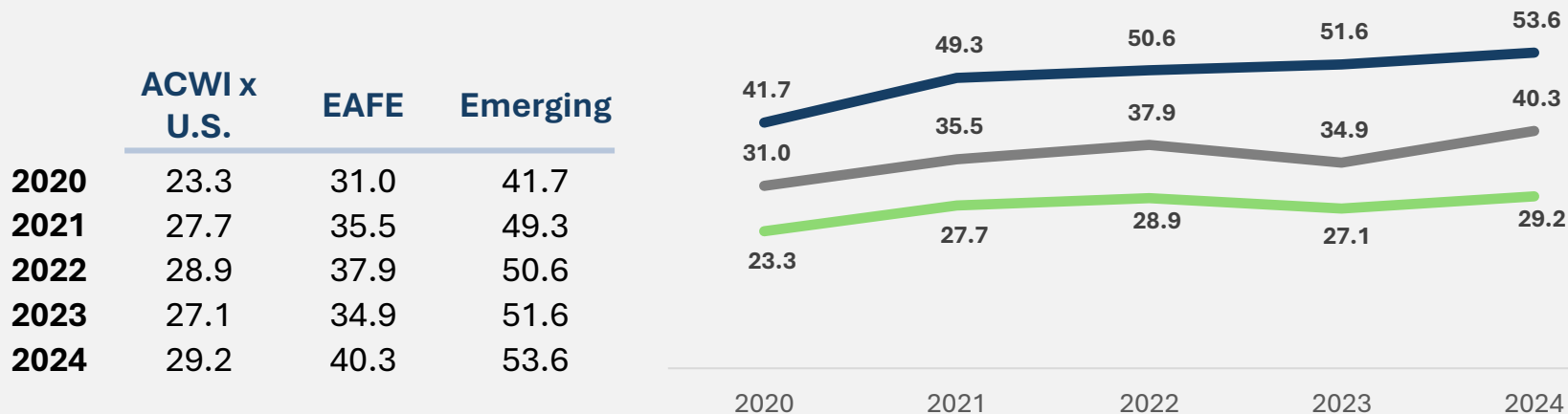
- **What is managed externally:** More than 80% of our international equities are managed externally. Historically, active international equity managers have been more successful than domestic equity managers in generating excess returns.
- **How the fees are determined:** Fees in the international equity mandates are based on a specified number of basis points applied against assets under management. Some accounts provide a declining fee structure for greater amounts of assets under management.
- **Relevant changes in asset allocation:** There were no significant changes in asset allocation or manager strategy during the five-year period ending 12/31/2024.

International equities external manager fees remained essentially level over the five-year period ending 12/31/2024 as there were no significant changes in strategy.

INTERNATIONAL EQUITY

2024 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
ACWI x U.S.	\$33,613,774	\$11,515,048,769	\$11,730,591,202	98.2%	0.29%
EAFE	\$14,065,482	\$3,490,915,317	\$6,214,048,149	56.2%	0.40%
Emerging	\$21,060,636	\$3,930,126,738	\$4,800,650,229	81.9%	0.54%
DC Plan	\$46,775	\$115,856,010	\$115,856,010	100.0%	0.04%
Total	\$68,786,667	\$19,051,946,834	\$22,861,145,590	83.3%	0.36%

(in bps)



FIXED INCOME

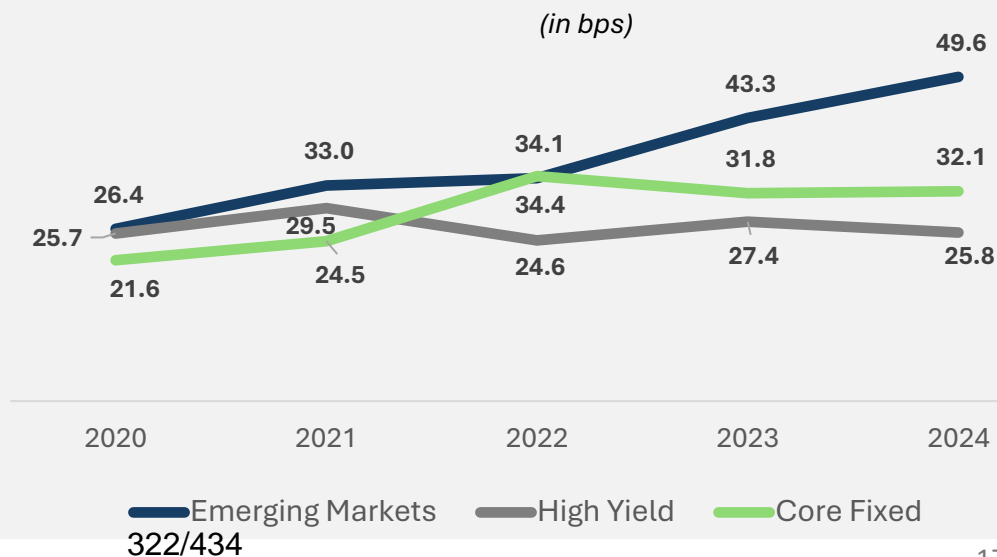
- **What is managed externally:** Less than 15% of our fixed income is managed externally. We outsource some of the core and high yield and all of the emerging markets exposure because the ability to build an internal team would be challenging.
- **How the fees are determined:** Fees in the fixed income mandates are based on a specified number of basis points applied against assets under management. Some accounts provide a declining fee structure for greater amounts of assets under management.
- **Relevant changes in asset allocation:** OPERS increased its percentage of internally managed assets within the fixed income portfolio, reducing the assets under management subject to external fees.

Fixed Income external manager fees held steady over the five-year period ending 12/31/2024. Fees in BPS for the emerging markets portfolio increased as the dollar value of assets managed externally declined over the period.

FIXED INCOME

2024 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Ext. Managed
Core Fixed	\$1,548,423	\$481,878,942	\$11,730,989,670	4.1%	0.32%
U.S. Treasuries	\$0	\$0	\$3,144,296,621	0.0%	-
Emerging Markets	\$6,116,842	\$1,230,674,784	\$1,232,699,481	99.8%	0.50%
High Yield	\$7,419,559	\$2,873,887,591	\$4,957,482,299	58.0%	0.26%
TIPS	\$0	\$0	\$4,315,448,924	0.0%	-
Securitized Debt	\$0	\$0	\$2,214,234,673	0.0%	-
Investment Grade	\$0	\$0	\$3,402,776,976	0.0%	-
Cash	\$0	\$0	\$1,222,355,631	0.0%	-
DC Plan	\$19,915	\$80,860,972	\$80,860,972	100.0%	0.02%
Total	\$15,104,739	\$4,667,302,289	\$32,301,145,248	14.4%	0.32%

	Emerging Markets	High Yield	Core Fixed
2020	26.4	25.7	21.6
2021	33.0	29.5	24.5
2022	34.1	24.6	34.4
2023	43.3	27.4	31.8
2024	49.6	25.8	32.1



Private Alternatives Fees and Capture Ratios

RATIONALE FOR PRIVATE ALTERNATIVE ALLOCATIONS

- **Distinct Exposures**: Approximately, 70% of the Defined Benefit (DB) Fund allocation is to public market asset classes. Investments in private equity, private credit and real estate permit exposures to areas of the global financial markets that are not accessible on exchanges.
- **Plan Return Enhancement**: Private equity, private credit and real estate offer the potential to enhance returns in our diversified DB Fund through exposure to liquidity risk premiums and active alpha generation.
- **Plan Diversification**: Private equity, private credit and real estate assist in diversifying the overall risk and return of the pension plan.

Private Equity, Private Credit and Real Estate allocations are only in the Defined Benefit Fund. Their target allocations are 15%, 4% and 12%, respectively.

TYPES OF PRIVATE ALTERNATIVES FEES

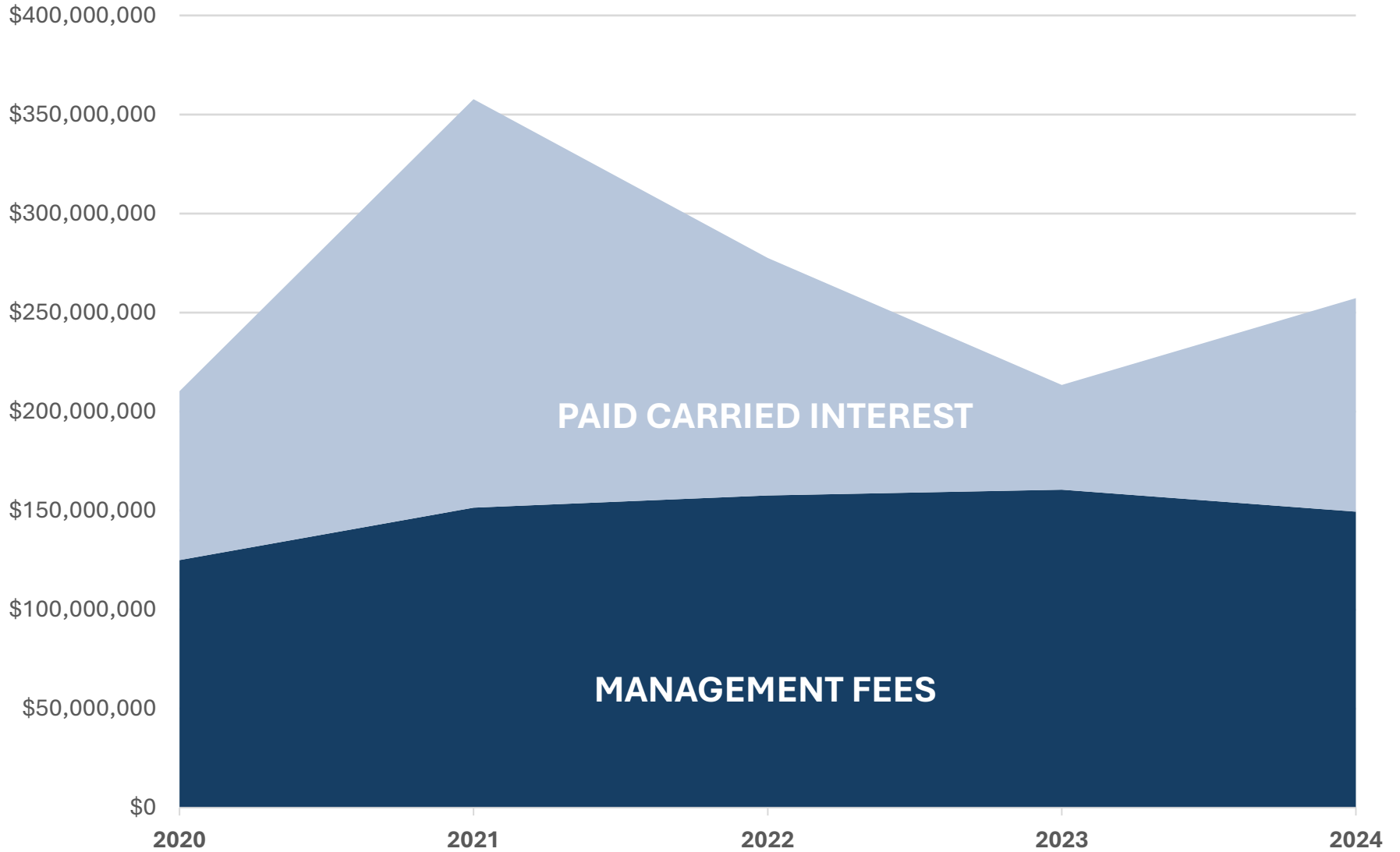
- **Management Fee**: A 1%-2% charge on committed or invested capital.
- **Carried Interest**: Another term for a performance fee. Carried interest, or “carry” for short, is the percentage of a private funds investment profits that a manager (GP) receives as compensation once a target return is achieved. Typically, carried interest is 10-20% of the realized investment gain.

Carry structures are usually two types:

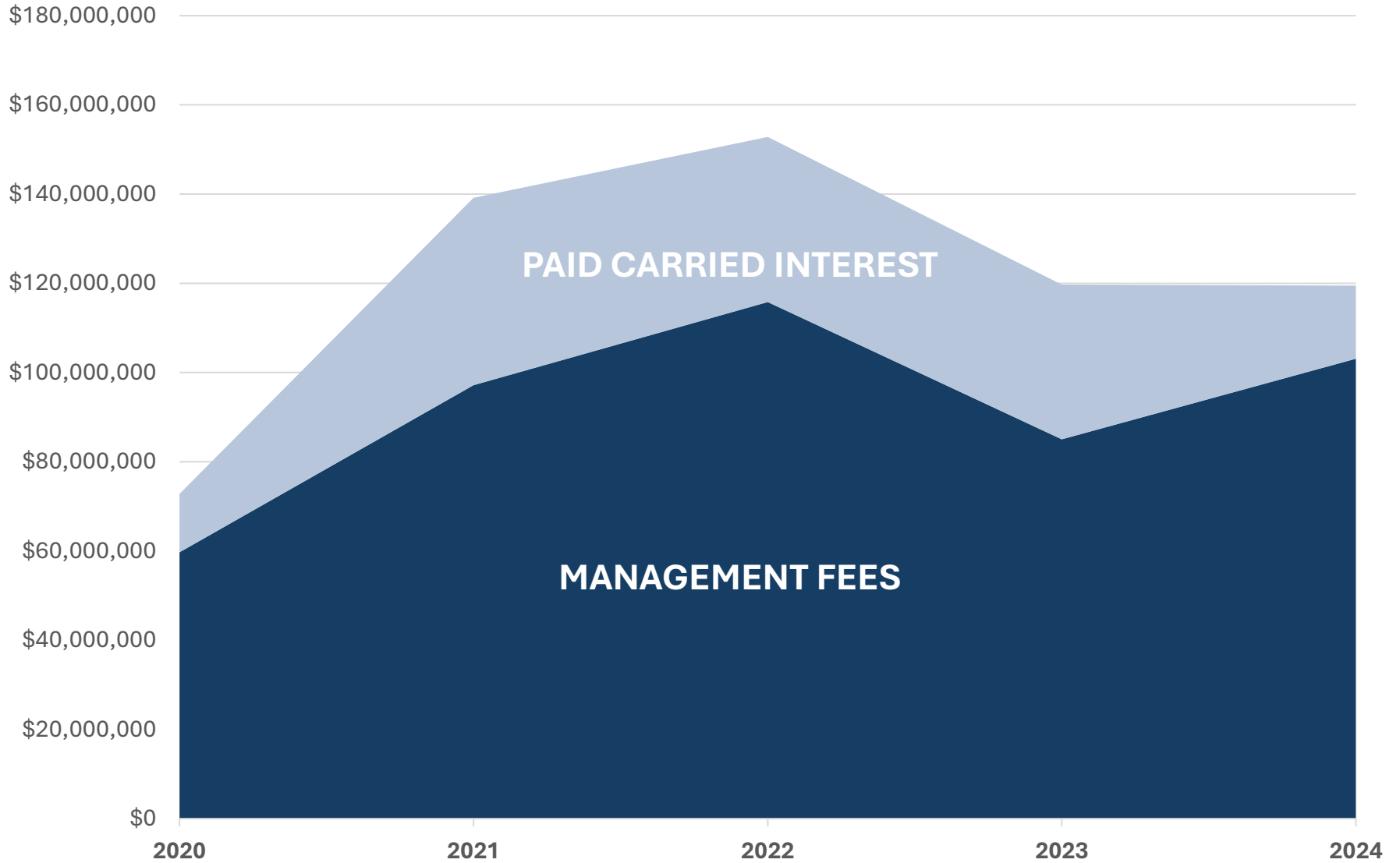
- **European Waterfall**: 100% of all investment cash flow is paid out to investors on a pro rata basis until the preferred return and 100% of LPs invested capital is paid back. Once these distributions have been satisfied, the manager portion of the profits will increase accordingly. Manager carry may not be realized for 6-8 years after the initial investment.
- **American Waterfall**: Incentive is linked to each individual portfolio company in a fund and not to the total fund. Therefore, GPs get paid prior to LPs receiving their overall preferred return and 100% of their invested capital. Common caveat to protect LPs is a “clawback” requirement in the event a GP takes incentive then fails to achieve the preferred return.
- **Fund Expenses**: Additional fund operational fees charged that include such costs as third-party valuation providers, external auditors as well as legal and research expenses.

Reported returns for alternatives are net of all fees and expenses.

PRIVATE EQUITY



REAL ESTATE



CAPTURE RATIO

- The capture ratio indicates the proportion of gross profits that have been realized as net returns over the five-year period ending on 12/31/2024.
- Typically, capture ratios for private asset classes are lower than public market asset classes, given the elevated fees linked to these investments.
- However, the premiums for these allocations are justified by their potential for higher long-term returns and their role in diversifying DB Fund risk.

DEFINED BENEFIT ONLY 5-YEAR PERIOD ENDING DECEMBER 31, 2024

	Mgmt Fees & Carried Interest	Net Dollar Returns	Gross Dollar Returns	Capture Ratio	5-Year Net Returns	12/31/24 DB Allocation
Total Portfolio	\$2,497,851,844	\$30,988,603,272	\$33,486,455,115	92.54	6.60	-
Private Equity	\$1,316,137,045	\$7,603,713,173	\$8,919,850,218	85.24	13.39	15%
Real Estate	\$603,936,753	\$2,007,716,941	\$2,611,653,694	76.88	4.42	12%

CEM Peer Comparisons

CEM PEER COMPARISONS

- Third-party provider CEM Benchmarking (CEM) annually conducts a comparative assessment of OPERS fee structures vis-à-vis our peers.
- CEM's methodology for benchmarking differs from OPERS reported costs primarily due to the exclusion of broker commissions, fund expenses and carried interest within the peer comparison.
- OPERS peer group was comprised of 15 U.S. public funds with assets ranging from \$60.4 billion to \$446.4 billion and the U.S. public average composite was composed of 145 funds with a median size of \$9.4 billion.

Overall, the following CEM chart illustrates that OPERS external manager fee structures are cost-effective when compared to peers. This is particularly evident in the higher cost private equity and real estate programs.

CEM BENCHMARKING - OPERS PEER COMPARISON

Based on 2023 CEM Benchmarking Report

	OPERS BASE FEES IN BPS	PEER AVERAGE	U.S. PUBLIC AVERAGE
STOCK – U.S. SMALL CAP			
Small Cap	62.0	55.3	57.4
STOCK - INTERNATIONAL			
ACWI x U.S.	29.4	34.3	36.5
EAFE	37.9	37.9	46.8
Emerging	54.0	62.1	56.8
FIXED INCOME			
Emerging Markets	37.0	36.8	39.2
High Yield	31.3	45.7	36.9
Core Fixed	29.3	29.3	37.2
REAL ESTATE – EX REITS			
Fund (Evergreen)	103.6	114.2	119.6
PRIVATE EQUITY - DIVERSIFIED			
Direct LP	131.8	150.8	151.5

Conclusion

CONCLUSION

- Understanding our external manager fee structure, especially in complex categories like private equity and real estate, is crucial to ensure our portfolios are cost-effective, transparent, and aligned with our long-term objectives.
- External manager fee information is shared with the Board throughout the year:
 - Annually in the Annual Investment Plan (AIP) presented at January Board.
 - Quarterly updates to the AIP to track actual fees versus projections.
 - CEM report at the November Board meeting.
 - Audited annual schedule of manager fees in the OPERS Annual Report.

Board Meeting IV.E



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

DATE: September 8, 2025

TO: OPERS Retirement Board Members

FROM: Lauren Gresh, Deputy Executive Director

RE: **IV. Discussion Items:**
E. ODC Employer Recognition Resolutions

Purpose – The purpose of this memorandum is to update the Board on changes to Ohio DC’s annual employer recognition process.

Background – For the last 14 years, the Ohio DC Board recognized employers for their dedication to employee retirement readiness by formal resolutions. Employers were recognized both by formal documents and on the Ohio DC website and newsletter.

Ohio DC recognizes employers for various achievements, such as:

- Collaboration with Ohio DC education initiatives
- Noteworthy cooperation with Ohio DC Field Account Representatives
- Measurable increases in Ohio DC participation or SMarT automatic increases.

Employer Recognition Resolutions

Ohio DC employer recognition resolutions are transitioning to a new format. In the future, Ohio DC will continue to recognize the same employer achievements, but recognition will not be couched in terms of a formal resolution. Rather, staff will create a commendation or similar recognition and present it on behalf of the Ohio DC Program.

The purpose of this change is to gain efficiency in the process and allows field staff to be more responsive when an employer or partner deserves special recognition at an off-cycle time.

Next Steps – Going forward, staff will continue to evaluate employer engagement and issue employer commendations on behalf of the Ohio DC

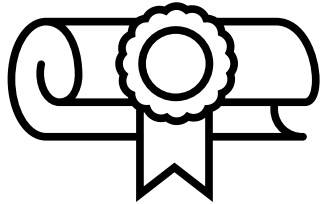
Program at the end of this year. Staff will issue employer commendations as appropriate in the future and celebrate employers who value retirement security with Ohio DC.

Ohio DC Employer Recognition Resolutions

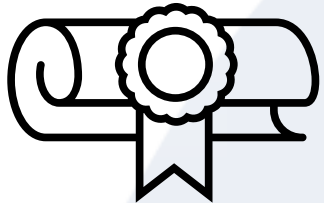


Lauren Gresh, Deputy Executive Director
September 17, 2025

Ohio DC Employer Recognition



Annual Employer Recognition



Next Steps

Ohio DC Employer Recognition

Background

- For the last 14 years, Ohio DC Board recognized employers for their dedication to employee retirement readiness over a 12-month period by formal resolutions.
- Recognition mirrored on website and newsletter
- Purpose of effort is to encourage employers with tangible recognition, foster strong relationships and ultimately grow participation.

Ohio DC Employer Recognition

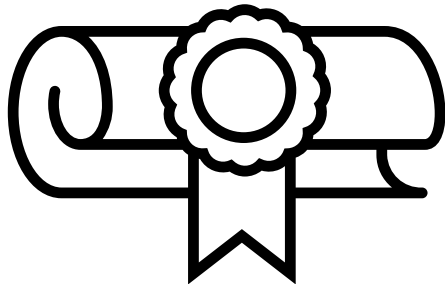
Criteria

- Recognized for:
 - Collaboration with Ohio DC education initiatives
 - Cooperation with Ohio DC Field Account Representatives
 - Measurable increases in participation or SMarT automatic deferral increases

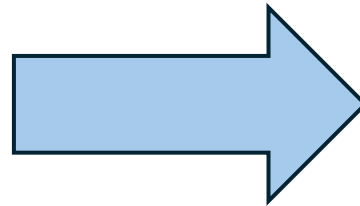
Ohio DC Employer Recognition

Going forward, recognition of employers will continue for similar criteria; however, formal resolutions will not be necessary.

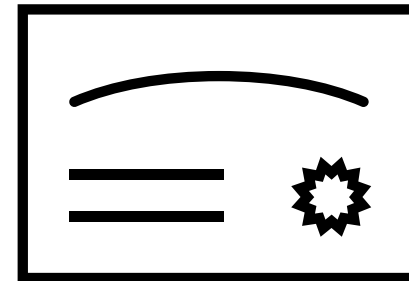
Resolution



“The Ohio DC Board resolves...”



Commendation



“Ohio DC recognizes your contributions to employee retirement security...”

Summary

- The new employer recognition process will streamline Board agendas and staff's ability to issue commendations.
- The new recognition process will continue to support Ohio DC's meaningful connections with employers to improve participants' retirement security.

Board Meeting IV.F



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www.opers.org

MEMORANDUM

DATE: September 8, 2025

TO: OPERS Retirement Board Members

FROM: Gordon Gatien
Director, External Relations

RE: **IV. Discussion Items:**
F. Board Education – How a Bill Becomes Law

Purpose

The purpose of this memorandum is to provide the Board with a basic understanding of Ohio's legislative process (i.e., how an idea becomes law).

Background

Based on the Board's survey results, there was a stated desire to gain a better understanding of Ohio's legislative process. Following is a high-level summary of how a bill becomes law in Ohio.

It starts with an idea

A bill originates from an idea, whether from a member of the General Assembly, the Governor, a court decision, or anyone who expresses a desire for change.

Drafting the Bill

Once a member of the Ohio House of Representatives or the Ohio Senate agrees to sponsor a bill, they instruct the Legislative Service Commission (LSC) to draft a bill which would amend or repeal existing law or add a new section of law.

Introduction

Once drafted, the bill is:

- Filed with the Clerk of the House or Senate.
- Assigned a number.

- Read by title only (First Consideration).
- Referred to the Rules and Reference Committee for assignment to a standing committee.

Second and Third Considerations

- **Second Consideration:** The bill is formally referred to committee.

Committee

The assigned committee may:

- Hold hearings.
- Amend the bill.
- The full chamber debates and votes. If passed, the bill moves to the other chamber (House or Senate), where the process repeats. If a majority of the committee votes no, the bill dies in committee.
- Vote on whether to report (i.e., pass) the bill back to the full chamber.

Concurrence and Conference Committee

If the second chamber amends the bill, the originating chamber must concur. If there's disagreement, a conference committee may be formed to reconcile differences.

Governor's Action

Once both chambers agree on the final language and pass the bill:

- The bill is sent to the Governor.
- The Governor may sign it into law, veto it, or allow it to become law without signature after 10 days.

If vetoed, Legislative Override

If vetoed, the General Assembly can override the veto with a three-fifths majority in both chambers.

If allowed to pass, Filing and Effective Date

- The enacted bill is filed with the Secretary of State.
- Most laws take effect 90 days after filing unless otherwise specified.

Ohio Legislative Process

How a bill become law



Board approves legislative proposal

- Government Relations staff develop strategy



Potential sponsor(s) identified

- Background work to lay groundwork
- Gauge stakeholder support



Educate legislators; key staff; stakeholders

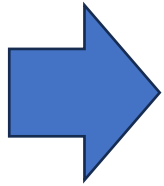
- Talking points
- Data



Bill drafted

- Sponsor requests the Legislative Services Commission to draft proposed bill language





Bill sponsor files with Clerk (House or Senate)

- Assigned number (First Consideration)
- Referred to Rules and Reference (House or Senate) Reference Committee
- Rules and Reference reviews / recommends committee assignment
- Bill referred to standing committee (Second Consideration)



Committee hearings held

- Background work to lay groundwork
- Proponents / Opponents provide testimony
- Amendments or substitute bill considered
- If deemed necessary, may be referred to a subcommittee
- Committee defeats or favorably reports bill



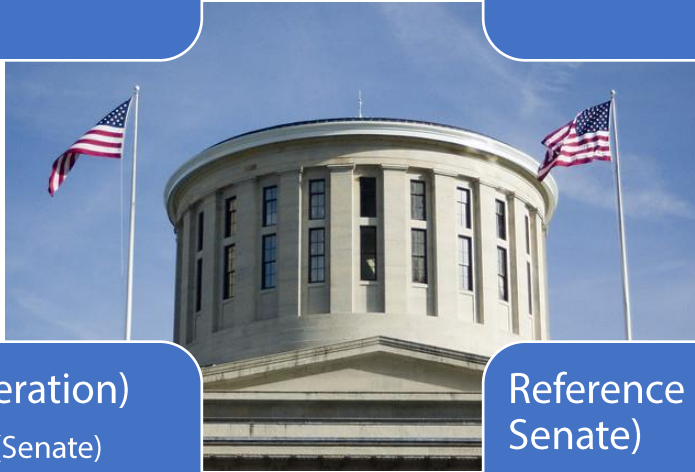
Reference Committee (House or Senate)

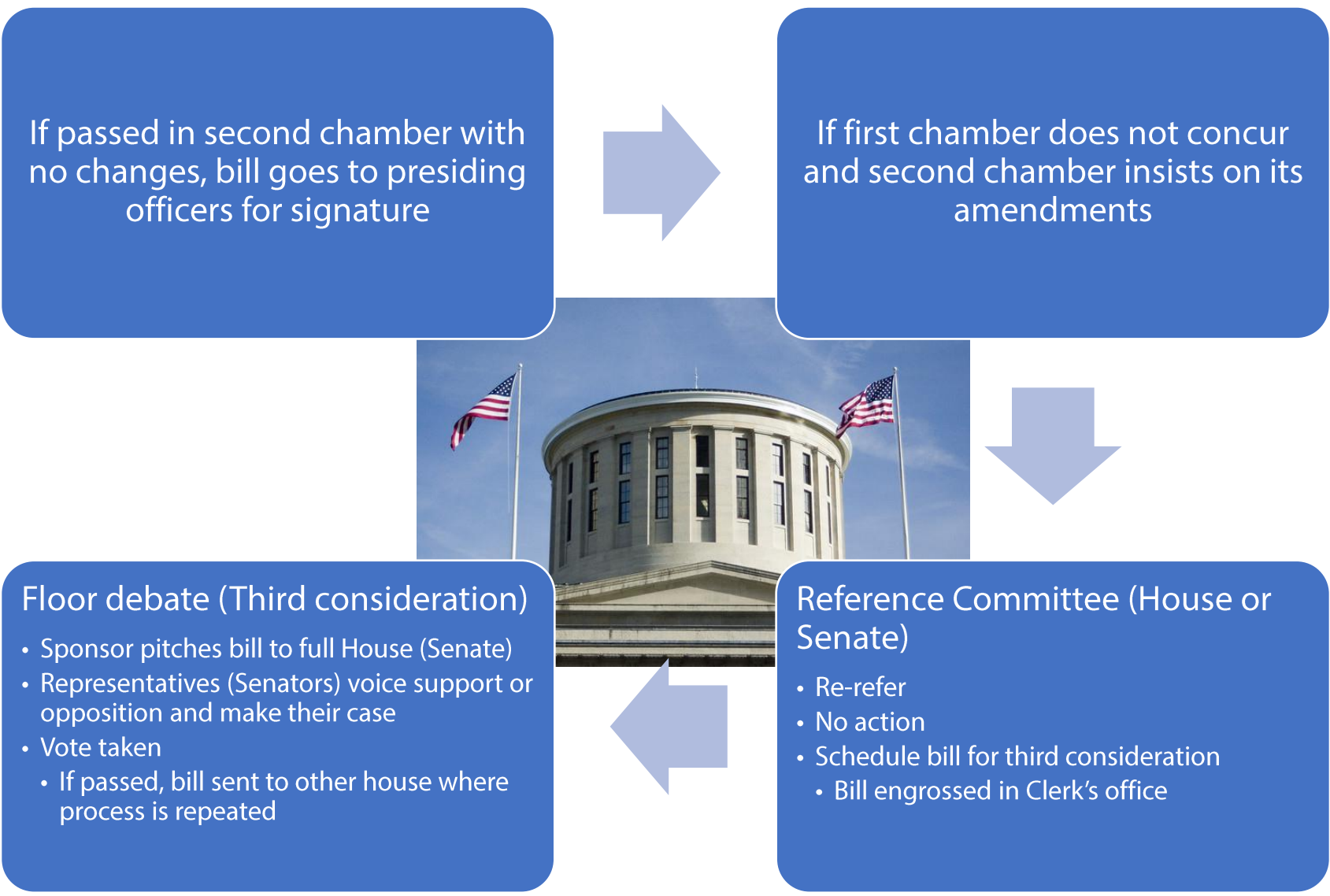
- Re-refer
- No action
- Schedule bill for third consideration
- Bill engrossed in Clerk's office

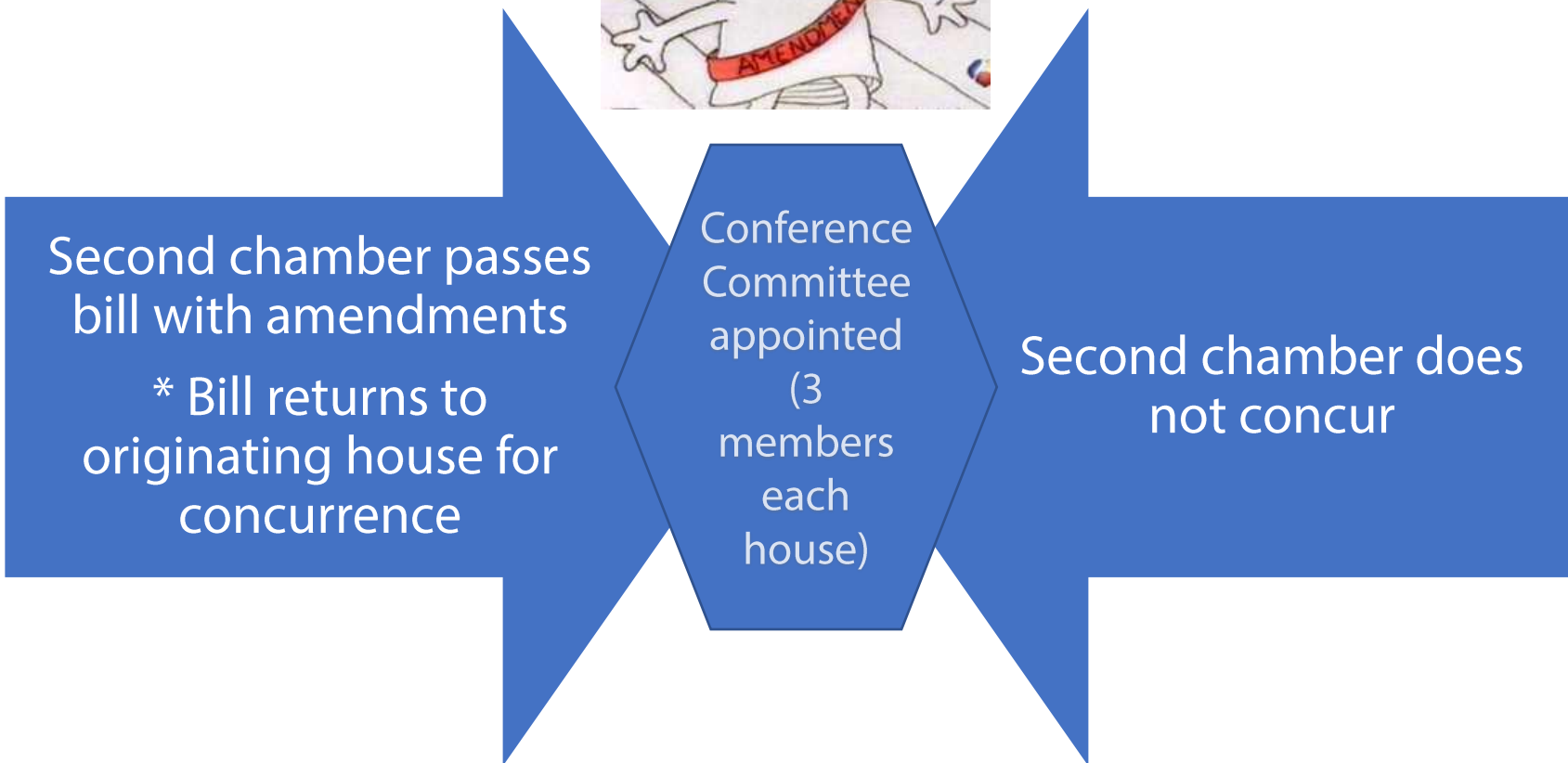
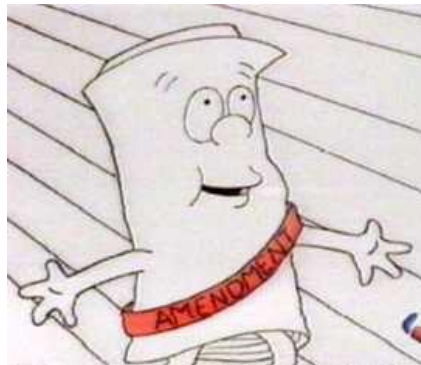


Floor debate (Third consideration)

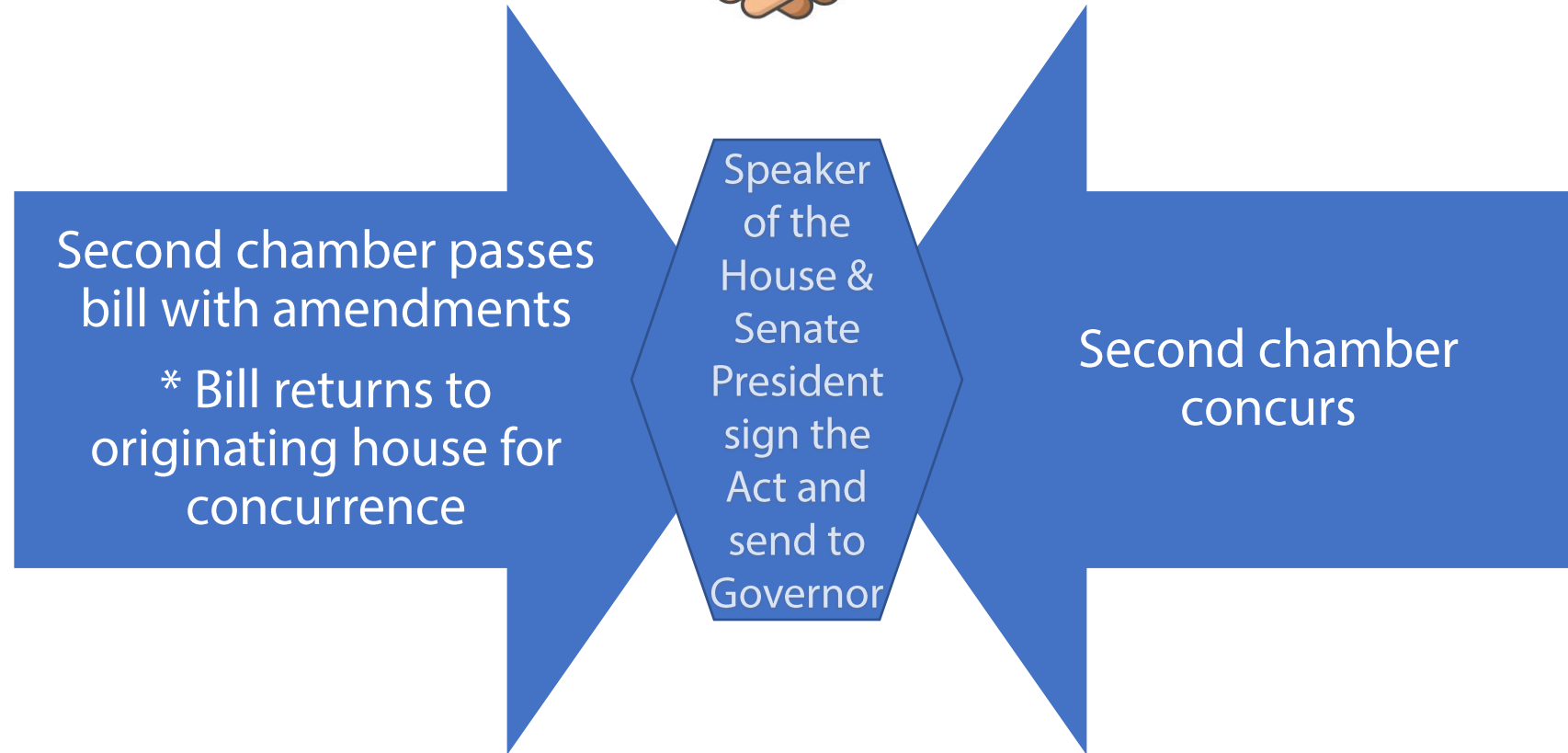
- Sponsor pitches bill to full House (Senate)
- Representatives (Senators) voice support or opposition and make their case
- Vote taken
- If passed, bill sent to other house where process is repeated







Conference committee either resolves differences or bill dies



Governor signs or does nothing within ten days



- Returned to both houses with veto message
- Takes 3/5 of members from each house to Override veto

Governor vetoes

**Filed with Secretary of State for
final enrollment; effective 91
days after filing.**

**Emergency, current
appropriation, and tax levy
legislation effective immediately**



Board Meeting IV.G

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www.opers.org

MEMORANDUM

DATE: September 8, 2025
TO: OPERS Retirement Board Members
FROM: Karen Carraher, Executive Director
RE: **IV. Discussion Items:**
G. Executive Director Report

Below is my Executive Director report.

Finance

- Finance, Legal and Ohio DC staff engaged with our shared insurance broker, ARC Excess & Surplus, LLC, to work through the **annual insurance renewals** that become effective mid-September. This year, staff worked through the extension period needed for Ohio DC through the merger date, run-off policies needed for Ohio DC post-merger, and adding Ohio DC to OPERS insurance policies. As the team works through finalizing all policy details with the broker, we are on track to execute all the needed policies and changes by the deadline.
- The Investment Accounting team implemented new workflows and methodologies to increase the efficiency of our **collateral posting process for derivatives**. Instead of posting cash for daily swap margining requirements, the Investment Accounting team is posting U.S. Treasury Bills. This creates efficiencies for the Investment Division's cash management processes. Swap counterparties are adapting to our posting of noncash collateral following a series of feedback calls initiated by the Investment Accounting team.
- The Investment Compliance team is working with others in the Finance Division and Human Resources to modernize our methods for collecting and monitoring required annual **conflict of interest statements** from our staff who work with vendors. The Investment Compliance team is planning to use an existing system to automate the collection of conflict-of-interest forms from impacted employees and retain the forms in a more readily accessible location. This automation will bring efficiency and improve records retention compared to the manual process we use today.
- The **2026 budget process** continued. Discussions with leaders, including Ohio DC, continue to ensure the budget for both organizations is reasonable and appropriate as we prepare for a joint presentation. The proposed 2026 budget is scheduled to be

presented to the Board in October's regular meeting.

Investments

- **Non-U.S. Equity Asset Class Update.** OPERS manages approximately \$26.1 billion within the Non-U.S. Equity sub-asset class; 16% of the assets are managed internally. The Non-U.S. Equity sub-asset class is benchmarked to an OPERS custom benchmark. MSCI indices perform four quarterly rebalances each year in the months of February, May, August and November. The Internal Global Equity team rebalanced seven Non-U.S. Equity Portfolios with a market value of approximately \$3.8 billion in late August in conjunction with the scheduled quarterly MSCI index rebalance. The rebalance resulted in over 4,800 trades with an approximate total traded value of \$163 million across 50 countries. OPERS uses a competitive bidding process to engage broker dealers to execute trades.
- **Fund Management Update,** Staff coordinated the funding of September benefit payments by selling \$100 million of futures in Non-U.S. Equity Liquidity Reserves portfolio and \$200 million of futures in U.S. Equity Liquidity Reserves portfolio in second half of August. Proceeds are held at the fund level until they are disbursed.

Ohio Deferred Compensation

- **New Bond Fund Manager.** Ohio DC staff successfully executed a \$171.4 million fund transition to establish a new bond fund manager account and implement a fund-level white label structure. This strategic move enables the unitization of two bond managers within a single investment vehicle. The updated allocation designates **70%** of assets to JP Morgan and **30%** to TCW, aligning with the revised investment strategy approved at the May 20, 2025 Ohio DC board meeting. The revised allocation will result in a blended fee of approximately **15 basis points**, compared to the previous 25 basis points when the holding was solely managed by TCW.
- **FutureFit Financial Fair** - Annually, the Ohio DC and Nationwide communications team create a virtual site to provide a fun, interactive way for participants to access Ohio DC information, resources, and tools. In this year's [Future Fit Financial Fair](#) participants can:
 - Understand how Ohio DC can help grow their retirement savings.
 - Explore The Fit Lab, where interactive planning tools help them visualize your financial future.
 - Join the Retirement Training challenge to climb the scoreboard and celebrate their wins.
 - Take action by updating their account to stay on track.
 - Connect with your Account Executive for personalized guidance and answers to their questions.
 - Attend live webinars or stream them on demand.

Information Technology

- The Application Development AI Taskforce has undertaken an initiative **to research and document targeted use cases for artificial intelligence** in application development. This effort is focused on identifying practical, high-impact opportunities to integrate AI across the software lifecycle—from requirements gathering and code generation to testing, deployment, and maintenance. Early findings suggest significant productivity gains, including up to 40% faster development cycles, 30% reduction in manual testing effort, and enhanced code quality through intelligent refactoring and bug detection. By aligning these use cases with enterprise priorities, the taskforce is laying the groundwork for scalable AI adoption that will streamline workflows, reduce technical debt, and accelerate innovation across the organization.
- The organization completed a **strategic migration from a legacy intranet** to a modern Microsoft 365-based platform, anchored in SharePoint Online. This initiative enhanced operational efficiency by centralizing organizational content, streamlining governance, and integrating collaboration tools such as Microsoft Teams. The rollout prioritized stakeholder engagement, application modernization, content rationalization, and security compliance, resulting in improved user engagement and reduced administrative overhead. The new intranet now serves as a scalable hub for communication and organizational culture.

Government Relations

- Two bills that OPERS has traditionally opposed were reintroduced recently.

The first, **House Bill 413 (H.B. 413)**, is cosponsored by Rep. Tom Young (R-Washington Township) and Rep. Bob Peterson (R-Sabina).

The bill is a re-introduction of HB 491 from the last General Assembly. HB 491 received two hearings after which it died in committee.

The bill makes three changes. First, it **requires** political subdivisions and *state retirement systems* to participate in the Database. Second, the bill requires the Database to include revenue information. Finally, it requires the Database to include operating budgets.

OPERS already provides its expenditures annually to the Treasurer for posting. Additionally, OPERS submits its operating budget to the ORSC. However, this bill takes it a step further by 1) *requiring* retirement systems to provide not only expenditures to the Treasurer, but it also 2) includes “revenues” to be posted. “Revenue” is defined to mean “a payment, fee, tax, federal funds, or state funds received by a state entity.”

The bill requires providing the following information about each expenditure: amount, date paid, and recipient.

The Finance Team has expressed concerns about cyber security. Because each OPERS associate is listed on the Database, along with vendor information being so readily available, there have been phishing attempts to seek fraudulent payments. Understanding the information is subject to open records laws, artificial intelligence could create an even greater risk of fraud for the System.

Staff are scheduled to begin discussions with the sponsors of HB 413 in mid-September.

The second bill of concern, **H.B. 424**, is a reintroduction of HB 94 from the 135th General Assembly. Cosponsored by Representatives Bernard Willis (R-Springfield) and Meridith Craig (R-Wooster), along with eight additional majority member sponsors, the bill would remove the requirement that members with service credit in both Ohio Police and Fire (OP&F) and OPERS to retire from the system with which the member has the most service credit. The General Assembly is seeking a solution to an issue that has members understandably frustrated because of decisions made, unknowingly, that disallow them to retire from either system.

Staff suggested that the best solution would be to remove the “active-duty” requirement from the OP&F statute, a provision that prohibits a member from transferring credit from OPERS to OP&F unless the member is actively employed by an employer that pays into OP&F. OP&F representatives voiced their opposition to such a solution, favoring the current language of the bill.

To clarify, here’s an actual example of the issue: a municipal police officer (OP&F member) with 15 years of service credit accepted a position as deputy sheriff for a county (OPERS member) and worked 10 years. At age 52, he meets the eligibility requirements for unreduced retirement; however, because he holds more service credit in the OP&F system, he cannot transfer the service credit to OPERS. Because he is not actively employed in an OP&F-covered position, he cannot transfer the OPERS service credit to OP&F. This member would be required to work an additional five years and one day to be able to retire from OPERS; however, if he was able to transfer the service credit to OP&F, he could retire from that system within a much shorter timeframe. Keep in mind that the employer contribution rates differ between OP&F and OPERS, so the amount of time a member could transfer, if allowed, would be pro-rated, which is another issue altogether.

Corporate Governance

- Patti Gazda successfully worked with OPERS’ proxy services vendor, ISS, to further **customize the research reports** OPERS will receive in the future. The current report includes proxy voting recommendation from ISS based on its off-the-shelf policies. Since OPERS votes its proxies based on its custom policy and directs ISS to vote proxies on OPERS’ behalf based on that custom policy, ISS’ recommendations are of no use to OPERS.

ISS and Glass Lewis hold 97 percent of the proxy advisor market and have received scrutiny over the past several years for what some have accused them of directing

votes, particularly on environmental, social, and governance issues. Some institutional investors have been alleged to use proxy vendors for what is deemed to be “robo-voting,” which simply translates to relegating their duty to vote proxies to ISS and Glass Lewis. However, since OPERS votes its proxies based on its own custom policy, staff requested that ISS change its format to delete its recommendations from the report.

The new reporting format will commence in October.

If you have any questions, please let me know.

Board Meeting V.A

MEMORANDUM

TO: OPERS Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: September 8, 2025
RE: **V. For Your Information:**
A. Benchmarks Policy

Summary:

This memo informs the OPERS Retirement Board (“Board”) of benchmark changes approved by the Investment Advisor, Meketa. This report provides a listing of the approved benchmarks utilized by OPERS Investments staff at the Policy, Portfolio, and external manager mandates as of June 30, 2025.

Discussion:

Benchmarks within the OPERS Investment program are used in three primary ways, as summarized in the following table.

Benchmark Usage	Role		
	Board	Investment Advisor	Staff
Policy (Fund, Asset Class, Sub-Asset Class)	Approve	Advise	Advise
Portfolio	Inform	Approve	Approve
External Managers	Inform	Approve	Approve

Status Update

There were four new benchmarks implemented in the DB and HC funds during the second quarter of 2025. These new benchmarks are the result of the asset liability studies completed in 2024/2025. Three of these benchmarks are in the new RMS class for Long Treasury, Trend Following and Alternative Risk Premia. In addition, the benchmark for the treasury portfolio was changed to represent shorter duration securities. All four of these benchmarks are listed below.

- Long Treasury: Bloomberg U.S. Treasury 20+ year index
- Trend Following: Market Weight of underlying strategies/managers
- Alternative Risk Premia: Market Weight of underlying strategies/managers
- Treasuries: Bloomberg 1-5 year U.S. Treasury index

Board Meeting V.B



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MEMORANDUM

DATE: September 8, 2025

TO: OPERS Retirement Board Members

FROM: Jenny Starr, Director-Finance
Eric Harrell, General Counsel

RE: **V. For Your Information:**
B. Board Election Update

Purpose – This memo provides a quick update to the Board on the 2025 Board election process most recently discussed with the Board in the August meeting when the Board certified the slate of candidates and biographical statements.

Background – The Board has consistently conducted elections through use of paper ballots and additionally providing for both website and telephone voting. Voting materials include a list of candidates, a biographical statement for each candidate, voting instructions, and a disclaimer that neither the Board nor the system endorses any particular candidate or statement.

Ohio Revised Code Section 145.05(C) states the candidate who receives the highest number of votes for a particular employee member position on the board shall be elected to that office on certification of the election results in accordance with rules adopted under section 145.058 of the Revised Code.

If a candidate is elected by a margin of less than one percent of the votes cast, a recount will automatically be conducted. In the event there is a tie vote, the vote shall be decided by a coin toss.

Update – Voting materials were mailed to 86,297 qualified County seat voters to their home address of record on August 26, 2025. OPERS is using YesElections to conduct the election. The election materials included ballots, with the items mentioned above, and a return envelope. Eligible members can vote either

through a return paper ballot via the mail, by internet, or by using a telephone option with the toll-free number listed on the paper ballot.

Next Steps – Staff, including Internal Audit, will be performing a site visit at YesElections in September to observe the process and location, test controls and update due diligence inquiries with the vendor that had been previously completed during the contracting process.

The last day to receive votes is October 3, 2025 by 11:59 p.m. EDT. The election results will be verified on October 6, 2025 under the supervision of a representative from the Secretary of State's Office and the Board will certify the election results at the October regular meeting.

Board Meeting V.C



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MEMORANDUM

DATE: September 8, 2025

TO: OPERS Retirement Board Members

FROM: Allen Foster – Deputy Executive Director
Jenny Starr – Director - Finance

RE: **V. For Your Information:**
C. Update on Combined Plan Closure

Purpose –The purpose of this memorandum is to update the Board regarding the closure and consolidation of the Combined Plan into the Traditional Pension Plan effective January 2024. Additionally in this memo is plan participation statistics, retirement and refund numbers. Staff will also provide an update on the financial impact of consolidating the Combined Plan into the Traditional Pension Plan. Lastly this memo provides an update on the newly created rule that allows for members with time in both plans (Traditional Pension Plan and Combined Plan) to aggregate their service credit for retirement eligibility purposes only, as well as staff's outreach to the affected members.

Background – In January 2003, OPERS began offering three retirement plans: the Traditional Pension (TP) Plan (a defined benefit plan), the Combined (CO) Plan (a hybrid defined benefit/defined contribution plan), and the Member-Directed (MD) Plan (a defined contribution plan). When the new retirement plans were created, each plan was created as a separate legal entity with its own benefit structure.

At the September 2019 Board meeting, staff recommended, and the Board approved the closure of the CO Plan to new members effective January 1, 2022. The closure to new members was implemented for several reasons: a consistently low participation rate compared to the other two plans; only one defined contribution plan is required by statute; and fewer plan selection options will reduce member confusion. At the time, the Board also approved the staff's recommendation to consolidate the CO Plan into the TP Plan for both administrative and financial reporting purposes, subject to obtaining statutory authority to do so. Authority to consolidate the CO Plan into the TP Plan was

adopted in H.B. 33 of the 135th General Assembly, which took effect on October 3, 2023.

As of current day, the CO Plan population remains generally unaffected as there are no new plan selections to the CO Plan. Over the past five years (2019–2024), participation in the CO Plan declined from 9,808 to 8,391 participants. The plan selection options and process at the start of employment continue to be a simpler choice for members choosing between a pure defined benefit plan (the TP Plan) and a pure defined contribution plan (the MD Plan).

Plan Participation by Status and Years of Service (as of 7/31/25)

	0-5 Years	5-20 Years	20+ Years	Total (through 7/31/25)
Active	411	3,801	1,379	5,591
Inactive	1,355	1,093	65	2,513
Total	1,766	4,894	1,444	8,104

As of July 31, 2025, 906 CO Plan members are currently eligible for retirement (764 active and 142 inactive).

Combined Plan Retirements

As of December 31, 2024, 781 members are receiving a monthly retirement benefit from the CO Plan. There are 858 as of July 31, 2025. There were 71 new retirements in 2023, 101 in 2024, and 81 in 2025 (through July).

Combined Plan Refunds

For CO Plan refunds, there were 315 in 2023, 283 in 2024, and 152 in 2025 (through July).

2025 Rule Change for Aggregation

In 2024, staff identified changes to allow for aggregation of TP and CO Plan service for retirement eligibility purposes only, as well as modifying the existing provisions for aggregation of service credit for health care purposes. These changes were presented to the Board in October 2024, and the new rule is effective for members with retirement effective dates of July 1, 2025 or later. Under this rule, members with service in both plans can combine their service for retirement eligibility, provided they meet additional guidelines designed to minimize financial impact while recognizing a career of public service.

In June 2025, we notified 604 members with service in both plans about the new aggregation option and its requirements. While not all members in both plans currently meet the eligibility guidelines, the entire population with service in both plans was informed of the change. Counseling was strongly encouraged to help

members understand their options. Within the first month, approximately 10% of these members responded. Many scheduled counseling sessions and requested estimates to understand their future options.

Financial Reporting updates - As discussed in the May Board meeting, financial reporting changed the 2024 annual report to reflect the consolidation of the CO Plan into the TP Plan effective January 1, 2024. As a reminder, our accounting general ledger and supporting systems continue to record CO Plan activity separately in the same manner this activity has always been recorded. For those sections of the annual report impacted, generally, the main changes involved CO Plan information, presented separately in the past, being combined with TP Plan numbers (where applicable and when the consolidated information was readily available).

In June, staff issued an audited GASB report for employers providing them with the information they need to comply with GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, in their own financial statements. Our actuaries, GRS, provide us with the bulk of information needed for this reporting in the GASB funding valuation. Due to the consolidation, separate plan level information exists for TP and MD plans only starting with the 2024 GASB valuation. The CO Plan is now included in the TP Plan valuation numbers and the CO Plan activity (including the net pension liability/asset, deferred inflows and outflows of resources, and pension expense/income) is no longer provided separately. Employers will no longer determine a proportionate share of the CO Plan; their proportionate share of the TP Plan will reflect the impact of the CO Plan.

Since GASB guidance does not specifically address plan closure/consolidation in the context of GASB 68, employers will need to work with their external auditors on the best approach to recording this activity. In May, we communicated these changes to our employers, including one simple option for employers that OPERS staff discussed with GASB staff and our external auditors that results in similar accounting and journal entries that employers have used to calculate and record today. This would involve adjusting the CO Plan proportionate share to zero, effectively reducing the previously recorded CO Plan Net Pension Asset to zero through current year pension expense activity. This also involves eliminating the existing CO Plan deferred inflows/outflows of resources balances, and creating a new layer of deferred balances due to the change in the proportionate share to zero. This activity will be recorded through similar calculations and journal entries the employers are generally recording already. Through an Employer Notice dated May 28, 2025, available online at [opers.org](https://www.opers.org), OPERS provided information to our employers regarding this option for the employers to discuss with their external auditors.

Next steps – Finally, in the matter of next steps, staff will continue to monitor the population in the CO Plan as well as the financial aspects of the plan.

Additionally, staff will provide counseling to members who have the option of aggregating service credit for eligibility purposes. Lastly staff will provide yearly updates or as requested by the Board on this plan closure to new members.

Board Meeting V.D



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MEMORANDUM

DATE: September 8, 2025
TO: OPERS Retirement Board Members
FROM: Tonya Brown, Deputy Executive Director
RE: **V. For Your Information:**
D. Open Enrollment Readiness

Purpose

To provide the Board with an update on how Willis Towers Watson Via Benefits and OPERS staff have been partnering to get ready for this year's Open Enrollment (Oct. 15 – Dec. 15).

Updates in the following areas are provided:

- - Telephony Enhancements / Interactive Voice Response (IVR)
- Staffing – Structure Changes / Hiring / Compensation / Training
- Legislative / Industry Updates – Pre-Medicare & Medicare Populations
- Communications

Background

OPERS staff has met with WTW Via Benefits every month since January to review service level expectations and discuss Via Benefits' commitment to providing support to OPERS retirees during the upcoming Open Enrollment season.

• **IVR / Telephony Enhancements**

Custom messaging on the IVR system will be used throughout the Open Enrollment season to help streamline the retiree's experience. When applicable, the messages will be targeted to the individual retiree who may be calling (e.g., retiree has an appointment, has a completed profile, receives notice that their plan will be terminating, etc.).

- **Staffing – Structure Changes**

Via Benefits has made changes to their customer service structure to increase efficiency and eliminate hold times.

- The Pre-Enrollment Specialist (PES) position has been eliminated allowing retirees to speak to a Via Benefits Benefit Advisor faster; duties of the PES have been absorbed by other associates.
- Full-time Benefit Advisors will now be able to handle all Pre-Medicare and Medicare enrollment calls.
- The approach to staff forecasting has been adjusted, and the hiring goal for full-time staff has been increased by 10%.

- **Staffing – Hiring**

- The hiring process for seasonal Benefit Advisors has been adjusted to increase the effectiveness of the overall process. Video interviews and targeted questions have been used to ensure that candidates have a distraction-free work environment and the right level of technological comfortability to succeed in the role.
- The completion of the hiring and licensing process has been completed 30 – 45 days earlier than in previous years.

- **Staffing – Compensation**

- The hourly wage for all customer service associates has been increased with seasonal Benefit Advisors eligible for a wage increase up to 12% by the end of Open Enrollment.
- Holiday pay has been added to the compensation package, and top performers will have the opportunity to join Via Benefits as a full-time associate at the end of Open Enrollment.

- **Staffing – Training**

The Via Benefits training program has been redesigned to achieve the following goals:

- Move from a passive to active learning model to increase retention.
- Prioritize practice over information so that associates can apply techniques in small group settings.
- Use real-life scenarios and role-relevant activities to improve call quality and boost representatives' confidence.

- Align training with performance metrics and core competencies of the role.
- Increase focus on soft skills (e.g., empathy, tone, clarity) so that associates recognize the value of interpersonal communication.
- **Legislative / Industry Updates – Pre-Medicare Population.** Pre-Medicare retirees will have access to 3+ carriers in each Ohio county (excluding those residing in Knox county who only have access to 2 carriers). Retirees will be impacted by the following for the 2026 plan year.
 - Premium Increases – In light of inflation and legislative/industry impacts, Pre-Medicare retirees residing in Ohio will see a ~19% increase in their premiums. For additional context on why premiums will see such a large increase, please refer to the included article. [How much and why ACA Marketplace premiums are going up in 2026 - Peterson-KFF Health System Tracker](#) (Article 1 following)
 - Premium Tax Credits – Subsidies that reduce monthly premiums for those enrolled in benchmark Silver plans have not been extended under House Bill 1 (i.e., One Big Beautiful Act). While the majority of the Pre-Medicare HRA eligible population (84%) have opted into receiving the monthly HRA allowance, 6% (~1,500) of the population may be impacted by this legislative change as they are opted out of the HRA. Because of this change, retirees will see their monthly premiums increase. Dedicated outreach will be conducted to those that may be impacted. Additionally, OPERS and Via Benefits staff will include communication about this in the upcoming fall newsletters – see “Communications” section.
- **Legislative / Industry Updates – Medicare Population.** Retirees will be impacted by the following for the 2026 plan year.
 - Premium Increases – In light of inflation and legislative/industry impacts, Medicare retirees residing in Ohio will see an estimated 6% increase in
 - Medicare Advantage premiums and an estimated 9% increase in Medigap premiums.
 - Prior Authorization Pilot – Beginning January 1, 2026, the Centers for Medicare & Medicaid Services (CMS) will start to "test ways to provide an improved and expedited prior authorization process relative to Original Medicare's existing processes, helping patients and providers avoid unnecessary or inappropriate care and safeguarding federal taxpayer dollars," per the included CMS press release. Six states (New Jersey, Ohio, Oklahoma, Texas, Arizona, and Washington) will perform prior authorization

evaluation on 17 services that CMS says, “are vulnerable to fraud, waste, and abuse.” [CMS Launches New Model to Target Wasteful, Inappropriate Services in Original Medicare | CMS](#) (Article 2 following)

- Prescription Drug Plan (PDP) Changes
 - Drug Price Negotiation Program – CMS has directly negotiated the prices of certain high expensive, single source drugs without generic or biosimilar equivalents. The newly negotiated prices will go into effect on January 1, 2026. The drugs represent 20% of the total Part D drugs costs. Additional information (including a list of the impacted medications) can be found in the included article.
<https://www.cms.gov/files/document/fact-sheet-medicare-selected-drug-negotiation-list-ipay-2026.pdf> (Article 3 following)
 - Out-of-Pocket Cap – The limit for what retirees will pay in 2026 will be \$2,100. Because of this, some of the cost for providing this Part D benefit may be shifted to Part D premiums that retirees will pay.
 - Disruption – Multiple national PDP carriers have confirmed that they will be consolidating plans in light of changes at the legislative level and within the overall industry. Approximately 6,000 OPERS retirees will be “crosswalked” into other PDP plans with ~50% of them being transitioned into a \$0 premium plan. Both the carriers and Via Benefits will send communications to the impacted population to ensure they are aware of the change so that they can consider whether they’d like to make a change during Open Enrollment.
 - Structural Changes – Benefit designs will most likely look different with carriers transitioning from a copay model to one in which enrollees will pay a coinsurance for their brand name drugs.
- **Communications**

In addition to communicating with retirees about the legislative and industry changes that may impact them, Via Benefits and OPERS staff have partnered to determine common pain points that retirees experience during Open Enrollment so that targeted messaging could be developed. The following topics are included in Via Benefits and OPERS communications from late spring through the end of the Open Enrollment season.

 - Importance of authenticating when calling Via Benefits to ensure call is prioritized
 - Understanding Medicare plan pricing and plan types and when changes need to be made
 - Differences between Pre-Medicare plan options

- Differences between the availability of plans through Via Benefits vs. Medicare.gov.
- Importance of notifying OPERS upon becoming eligible for early Medicare

Next Steps: OPERS staff will continue to work closely with Via Benefits leadership to monitor open enrollment with a focus on service levels. An additional Board memo with further updates will be issued in November. The articles that are included as links in the memo are following on the next page.

Open Enrollment Readiness Articles

Article #1: How much and why ACA Marketplace premiums are going up in 2026 – Peterson-KFF Health System Tracker

[Health Spending](#)

How much and why ACA Marketplace premiums are going up in 2026

By [Jared Ortaliza](#), [Matt McGough](#), [Kaitlyn Vu](#), [Imani Telesford](#), [Shameek Rakshit](#), [Emma Wager](#) [Twitter](#), [Lynne Cotter](#), and [Cynthia Cox](#) *KFF*

August 6, 2025

Stay Connected

Get the best of the Health System Tracker delivered to your inbox.

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Health insurers submit rate filings annually to state regulators detailing expectations and rate changes for Affordable Care Act (ACA)-regulated health plans for the coming year. A relatively small, but [growing](#), share of the population is enrolled in these plans (compared to the number in employer plans), fueled by the availability of enhanced premium tax credits. This analysis focuses on individual market filings, which are generally more detailed and publicly available. These filings provide insight into what factors insurers expect will drive health costs for the coming year.

For 2026, across 312 insurers participating in the ACA Marketplaces from the 50 states and the District of Columbia, this analysis shows a median proposed premium increase of 18%, which is about 11 percentage points higher than [last year](#). This is the largest rate change insurers have requested since 2018, the last time that policy uncertainty contributed to sharp premium increases. On average, ACA Marketplace insurers are raising premiums by about 20% in 2026. Based on a more detailed analysis of available documents from insurers in 19 states and the District of Columbia, like in prior years, growth in health care prices stood out as a key factor driving costs in 2026. Insurers cite increasing cost and utilization of high-priced drugs as well as general market factors, such as increasing labor costs and inflation, as contributing to premium increases.

In addition to rising healthcare costs, the majority of insurers are also taking into account the potential expiration of enhanced premium tax credits in their premium rate increases for the next year. The expiration of enhanced tax credits will lead to out-of-pocket premiums for ACA marketplace enrollees increasing by an average of [more than 75%](#), with insurers expecting healthier enrollees to drop coverage. That, in turn, increases underlying premiums. Other federal policy changes, like the implementation of tariffs and the ACA Marketplace Integrity and Affordability rule were also discussed, though to a lesser extent.

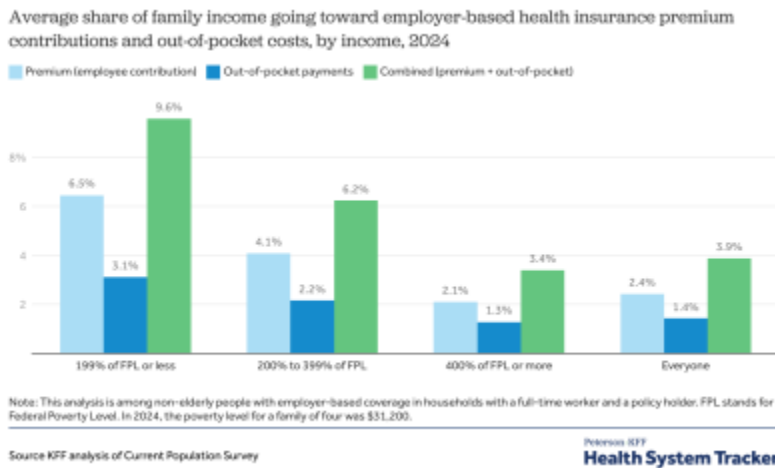
ACA Marketplace insurers are proposing a median premium increase of about 18% in 2026

Among the 312 ACA Marketplace participating insurers nationally, premium changes range from -10% to 59%, but most proposed premium changes for 2026 fall between about 12% and 27%

(the 25th and 75th percentile, respectively). Of the 312 insurer filings, 4 insurers proposed decreasing premiums. At the other end of the spectrum, 125 insurers requested premium increases of at least 20%. These filings are preliminary and may change during the rate review process. 2026 rates will be finalized in late summer. A table in the appendix shows proposed premium increases by state and insurer.

There are a number of ways to assess premium changes in this market. In this analysis, a premium increase for a given insurer is its enrollment-weighted average of rate changes across all of its products within a state (i.e., bronze, silver, gold and platinum plans). These weighted average premium changes differ from the percent change in the benchmark silver plan, which is the basis for federal subsidies. In 2025, the median proposed rate increase was [7%](#), while the average increase in benchmark silver premiums was [4%](#) in 2025. The vast [majority](#) of ACA Marketplace enrollees (92% in 2025) receive a subsidy and may not expect to face these premium increases depending on the plan they select. However, the potential expiration of the enhanced premium tax credits would decrease financial assistance across the board for all subsidized enrollees, leading to a [more than 75%](#) increase in average out-of-pocket premium payments. All else equal, premium increases generally result in higher federal spending on subsidies.

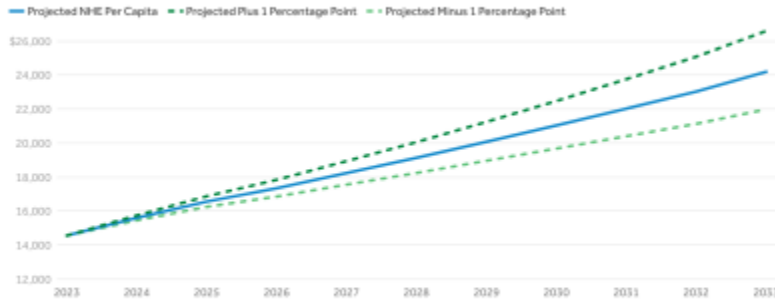
Related Content:



[Access & Affordability](#)

[How affordability of employer coverage varies by family income](#)

Projected annual change in U.S. per capita health spending and alternative scenarios, 2023 - 2033



Note: NHE stands for national health expenditures.

Source: KFF analysis of National Health Expenditure (NHE) data

KFF
Health System Tracker

Health Spending

How much is health spending expected to grow?

What is driving 2026 premium changes?

Figure 1 above shows premium changes for 312 insurers across all 50 states and DC. For the subsequent sections, this analysis focuses on a subset of rate filings (105 insurers across 19 states and the District of Columbia), reviewed in more detail to better understand the factors driving premium changes in 2026. Across the 19 states and DC reviewed in this section, insurers have somewhat lower proposed rate increases, with a median of [15%](#).

Rising healthcare costs

Trend

As in in most years, rising healthcare costs – both the price of [care](#) and increased [use](#) – are driving increasing rates. The costs of health care services like hospitalizations and physician care, as well as prescription drug [costs](#) tend to go up every year, and insurers often raise premiums to cover their increased costs. For 2026, insurers commonly say the underlying cost of health care (medical trend) is similar to last year’s reported [8%](#).

“The increasing cost of medical care is a significant driver of the rate change. This filing reflects the projected claims expenses increasing approximately 10% annually. About 7% of this increase is due to cost and utilization changes.” – Regence BlueCross Blue Shield of Oregon (Washington)

“The underlying claim costs are expected to increase from 2024 to 2026, which is reflective of anticipated changes in the prices of medical services, the frequency with which consumers utilize services, as well as any changes in network contracts or provider payment mechanisms.” – Cigna HealthCare of Georgia, Inc. (Georgia)

Inflation

A small number of insurers have also cited general economic inflation as a driver of higher administrative and internal operating expenses. This inflationary environment places healthcare systems and providers under increasing financial strain, which contributes to increases in premiums.

“Blue Cross VT base administrative charges are increasing as compared to the 2025 approved rates, mostly due to inflationary pressures (see section 3.8.7), increasing premiums by 0.2 percent for individuals and 0.4 percent for small groups.” – Blue Cross Blue Shield of Vermont (Vermont)

Labor costs, contracting, and provider consolidation

A number of insurers also cite healthcare labor costs – driven by persistent clinical workforce shortages and broader inflation – as a meaningful contributor to rising healthcare costs and 2026 premium increases. Providers are seeking higher reimbursement rates in negotiations, citing elevated staffing costs and continued post-pandemic financial difficulties, which insurers incorporate into their trend assumptions.

“Like other payers, Moda is experiencing pressures on multiple fronts related to health care worker labor shortages. With providers experiencing post-pandemic inflationary pressures, they are seeking increases that generally exceed previous years’ requests.” – Moda Health Plan (Oregon)

“Physicians and hospitals are facing economic pressures caused by supply chain shortages, overall inflation and continued workforce challenges. As a result, providers are seeking higher reimbursement for their services.” – Health New England, Inc. (Massachusetts)

In a handful of filings, insurers also point to provider consolidation, through hospital mergers and acquisitions, as contributing to higher contracted prices for services and reduced innovation due to increased provider market power.

“Many systems are asking for large increases for services (some requesting and receiving double-digit annual increases) and have shown a willingness to allow our contracts to expire. Because of the limited competition and regional monopolies, some health care providers have achieved, there is reduced market pressure for these systems to innovate new, more efficient practices.” – LifeWise Health Plan of Washington (Washington)

GLP-1s and specialty medications

Growing demand for GLP-1 drugs such as Ozempic and Wegovy is contributing to increased prescription drug spending. Insurers in the ACA Marketplace frequently apply [utilization management policies](#) like prior authorization and quantity limits to manage the high costs of GLP-1 drugs, which are used for diabetes treatment and weight loss. Several insurers point to continued high utilization of GLP-1s (which gained popularity in recent years) as a driver of increased trend and premiums.

“We expect utilization and script mix to increase by 18 percent in 2025 and seven percent in 2026. These trends are mostly driven by oncology and anti-diabetics, including significant growth in GLP-1 medications such as Ozempic.” – Kaiser Foundation Health Plan of Washington (Washington)

“MVP has seen rapidly increasing utilization of Glucagon-like peptide-1 (GLP-1) drugs throughout 2024. This is caused by rapidly increasing demand and has been exacerbated by supply shortages (themselves caused by that increased demand). Across all of MVP’s Vermont commercial population, total allowed costs for GLP-1 drugs (inclusive of both anti-diabetic and anti-obesity categories) have risen approximately 25-30% per quarter for each quarter of 2024,

and the 4th quarter of 2024 is now nearly double the total cost of the drugs in 2023.” – MVP of Vermont (Vermont)

In response to the high costs of these medications, some insurers are beginning to remove coverage for GLP-1s for weight loss purposes, contributing to a decrease in premiums. This would impact some of the [45.8 million](#) adults under 65 with private insurance, in both individual and employer plans, who are clinically eligible for these drugs and are obese.

“In 2024, five GLP-1 drugs accounted for over \$300 million in spend. Drug makers’ prices for these medications have led to an unsustainable increase in the cost of coverage for our members. In response, BCBSMA is affirming its commitment to affordability and discontinuing coverage of GLP-1 medications for weight-loss indications in 2026. This change has an effect of reducing premium rates in 2026 by approximately 3% for our Merged Market members.” – Blue Cross Blue Shield of Massachusetts (Massachusetts)

Beyond GLP-1s, other high-cost specialty drugs like biologics and gene therapies are also increasingly prevalent and are contributing to rising premiums in 2026. Some insurers explicitly cited specialty drugs as a key driver of rising healthcare costs or pharmacy trends. These drugs and treatments [are often characterized](#) by high prices, a small number of users, and a lack of more affordable alternatives, all of which are placing mounting costs on both insurers and consumers.

“High Rx cost trends are driven by the increased prevalence of specialty drugs in the market, new specialty drugs expected to be introduced, the high cost per specialty prescription, and the lack of low-cost substitutes for these drugs.” – BridgeSpan (Oregon)

“Even with the exclusion of anti-obesity GLP-1 coverage, the pharmacy trend remains above double digits. This is largely due to a shift in utilization toward brand-name and specialty drugs, including some newly approved high-cost cell and gene therapies.” – WellSense Health Plan (Massachusetts)

“However, the savings trend associated with generics is being eclipsed by another trend around the rising cost and utilization of specialty medications including biologics...Specialty medications are used by approximately 2 percent of our members, but they account for more than 50 percent of total drug spend.” – Excellus Health Plan, Inc. (New York)

Tariffs

Tariffs could potentially put upward pressure on the costs of pharmaceuticals and medical supplies, driving premiums upward in 2026. However, there is considerable uncertainty about how these trade policies will impact medical pricing, and insurers vary in how (or if) they factor tariffs into their rate development.

A handful of insurers acknowledge the possibility of cost increases due to tariffs, but say they are not adjusting their 2026 rates at this time. One insurer cites a lack of clear evidence and timing around implementation.

“The 2026 individual rate filing does not include an adjustment for the impact of potential tariffs. This is a dynamic situation with proposed tariffs changing on an almost monthly basis. Therefore, we are not accounting for new tariffs until the situation becomes more stable.” – Kaiser Foundation Health Plan of the Northwest (Oregon)

Other insurers are taking a more cautious approach by applying modest upward adjustments to their trend assumptions to hedge against potential cost increases, particularly in pharmaceutical manufacturing and distribution. On average, insurers that cite tariffs as a factor are raising premiums an additional [3 percentage points](#) higher than they would be without these new tariffs.

“New tariffs on goods imported into the United States could have large impacts on medical cost and utilization trends; however, the anticipated impacts for 2026 are uncertain at this time. This filing assumes the CPI-U released in September will be 0.5% higher than the CPI-U released in April for purposes of developing facility cost trend factors. We also estimate a 3% increase to Pharmacy cost trends. There are no other tariff considerations factored into this filing.” – Blue Cross Blue Shield of Rhode Island (Rhode Island)

Federal policy changes

Expiration of enhanced premium tax credits

Uncertainty over federal policy changes has forced insurers to make some assumptions when developing their rates for 2026. Commonly mentioned by insurers is the impact of the expiration of enhanced premium tax credits, which are scheduled to sunset at the end of 2025, unless extended by Congress. The majority of insurers have assumed that enhanced tax credits will expire at the end of this year, driving rates an average of [4 percentage points](#) higher than they otherwise would be. These increased rates are due to insurers anticipating that some healthier members will leave the ACA Marketplaces when their subsidies decrease, creating an enrollee base that is less healthy and more expensive on average.

“An adjustment of 1.044 was applied to account for the expiration of enhanced premium subsidies passed under ARPA and extended by the Inflation Reduction Act (IRA). Due to the expiration of the enhanced premium subsidies effective 1/1/2026, UHC anticipates a decline in enrollment due to higher post-subsidy premiums. Healthier members are expected to leave at a disproportionately higher rate than those with significant healthcare needs, increasing market morbidity in 2026.” – Optimum Choice – United HealthCare (HMO) (Maryland)

Uncertainty over whether enhanced tax credits will be available in 2026 has led some insurers to calculate rate increases for each scenario. In other states like [Illinois](#), [Maryland](#), Rhode Island and [Washington](#), insurers submitted a second set of rate filings that assumed the enhanced tax premium credits would be extended (which are not reflected in our analysis of average premium increases). For example, Neighborhood Health Plan of Rhode Island proposed a 16% increase in an alternate filing that assumes enhanced tax credits will continue, compared to a 21% rate increase in their primary filing. Regulators in other states, like [Indiana](#) and [Michigan](#), did not mandate a complete set of alternate rates but still requested that insurers provide the rate impact if enhanced tax credits continue within the primary rate filings. In [Connecticut](#), insurers were instructed by state regulators to file rates assuming that enhanced tax credits would continue. Even so, insurers in Connecticut still provided rate impact information for the opposite scenario.

“Anthem has included a 3.7% morbidity impact that will need to be applied to the rates in the event of enhanced subsidy expiration.” – Anthem Health Plans (Connecticut)

2025 Marketplace Integrity and Affordability Rule

Some insurers also mention the ACA Marketplace Integrity and Affordability rule, which was initially proposed in March and finalized in June. Most insurers that estimate the ACA

Marketplace Integrity and Affordability Rule's impact on rate filings say it will have a small effect, if any.

"On March 10, 2025, the Centers for Medicare & Medicaid Services (CMS) issued the "Marketplace Integrity and Affordability Proposed Rule" which revises standards in enrollment, including eligibility of enrollees and the timing of open enrollment periods. MVP has analyzed the rule and believes that these standards will encourage lower-cost, healthier members to be more likely to forego coverage. This will increase costs on the individual market as a whole. As a result, MVP has adjusted their market wide index rate by a factor of 1.0025..." – MVP Health Plan, Inc. (New York)

A small number of insurers expect that provisions in the rule will push healthier enrollees out of the ACA Marketplaces, leading to a less healthy and higher-cost enrollee base. Other insurers noted the rule's changes to the *de minimis* actuarial value (AV) thresholds, which could [increase cost sharing](#) for consumers, when developing their rates. In Washington, insurers were specifically instructed not to account for the provisions of the then-proposed rule in their rates.

"An adjustment has been included to reflect the anticipated impact of the proposed CMS Program Integrity Rules, which largely tighten the eligibility requirements for maintaining premium tax credits. These changes are expected to further magnify the enrollment deterioration beyond the impacts of premium tax credit expiration. Average morbidity of the individual risk pool will thereby worsen due to the coverage lapses of relatively healthy individuals." – Fidelis (New York Quality Healthcare Corporation) (New York)

"Additionally, these rates assume that CMS' Marketplace Integrity and Affordability rule, published in the Federal Register on March 19, 2025, is finalized as proposed – including key rule changes regarding open enrollment, special enrollment periods, and annual eligibility redeterminations. Rates also reflect benefit designs and cost-sharing structures aligned with the revised de minimis actuarial value (AV) ranges specified in the proposed rule for the 2026 plan year." – Celtic Insurance Company (Illinois)

The Republican budget reconciliation package

The Republican budget reconciliation legislation, formerly known as the "One Big Beautiful Bill," was signed by President Trump in early July. Though the law itself was rarely mentioned by name in the insurer rate filings, some insurers made specific references to provisions in the legislation — namely, the potential funding for cost-sharing reductions. While funding for cost-sharing reductions was ultimately not included in the law, uncertainty led some insurers to calculate rate increases for both scenarios.

"The estimated average change in rates that would be required if funding is provided for CSR payments is a decrease of 11.4% from the 2026 submitted rates. This adjustment would have no significant variation across plans and areas. The assumption change that leads to the decrease in rates is the use of standard silver variant AVs for CSR membership to project the post-CSR payment plan paid liability, opposed to using the full CSR variant AVs for this membership in the absence of CSR payments. Additionally, the statewide average premium was assumed to decrease by 9% percent which leads to a deterioration in our risk transfer estimate." – Coordinated Care Corporation (Indiana)

In [Michigan](#), in particular, insurers were instructed to submit additional rate filing documentation accounting for the impact of funding for cost-sharing reductions.

“As CMS has noted, there remains significant uncertainty regarding potential Congressional action or inaction, and multiple legislative outcomes could materially impact premium rates for Plan Year 2026. To address this uncertainty, UHC, as directed by DIFS, is submitting a set of rates and associated assumptions that reflect a scenario in which CSR payments are federally funded and enhanced premium tax credits under ARP and IRA expire.” – United Healthcare Community Plan (Michigan)

A handful of filings also mentioned other policy changes (changes to the Federal Medical Assistance Percentage (FMAP) and end of Medicaid expansion) that could be related to reconciliation. While the majority of insurers did not mention the Republican budget package in their rate filings this year, as provisions from the law begin to be implemented in the coming years, there is a potential for it to drive premiums upward.

Other potential drivers of premium changes

There are other factors not previously mentioned in this analysis that may play a role in premium changes. However, the following factors had little to no impact on premiums for 2026.

COVID-19

More than two years after the end of the federal public health emergency, most insurers no longer factor COVID-19 into their rate filings. When COVID-19 is mentioned, insurers generally say there is no impact on their 2026 premiums.

No Surprises Act

Implemented in 2022, the [No Surprises Act](#) protects patients from unexpected bills for select out-of-network services by allowing them to pay in-network cost-sharing rates. Of the reviewed insurer rate filings, none mentioned the No Surprises Act.

Price transparency

Both the Biden and Trump Administrations have taken steps to enhance healthcare price transparency, which could affect [provider](#) and [insurer](#) negotiations. However, insurers did not meaningfully mention any impact of these transparency measures on their 2026 premiums.

Methods

Proposed rates were collected from [ratereview.healthcare.gov](https://www.ratereview.healthcare.gov), [California Department of Managed Health Care](#), and insurer rate filings for 312 insurers across 50 states and Washington, DC. Additionally, 105 insurer actuarial memoranda were collected from state rate review websites (or in the case of Georgia, provided directly by the state regulator) and were reviewed to understand the factors contributing to rate changes. These 105 insurers were from the following Marketplaces: Connecticut, the District of Columbia, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, New York, North Carolina, Oregon, Rhode Island, Texas, Vermont, and Washington. Insurer actuarial memoranda were systematically evaluated for key words related to, but not limited to, medical trend, COVID-19, Medicaid redeterminations, Inflation Reduction Act enhanced tax credits, tariffs, the ACA Marketplace Integrity and Affordability Rule, federal CSR funding, surprise billing, specialty medicine, telehealth, price transparency, market consolidation, and diabetes or weight loss drugs. Recorded medical trend values are annualized and do not include leveraging.

Appendix

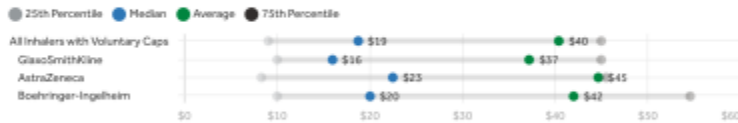
More from Health System Tracker

[Health Spending](#)

[How recent manufacturer savings programs may impact individual out-of-pocket spending on asthma and COPD inhalers](#)

What These Three Drug Makers' Voluntary Caps on Out-Of-Pocket Costs for Asthma and COPD Inhalers Could Mean for Patients

Estimated savings per 30-day supply of Asthma and chronic obstructive pulmonary disease (COPD) inhalers in the employer market



Note: Claims data from 2023 was used to estimate potential savings from voluntary out-of-pocket spending caps within the employer-sponsored insurance market. Estimates shown are only among filers for inhalers that are subject to a voluntary spending cap and are estimated to experience some (>\$0) savings.

Source: KFF analysis of Merative MarketScan claims data

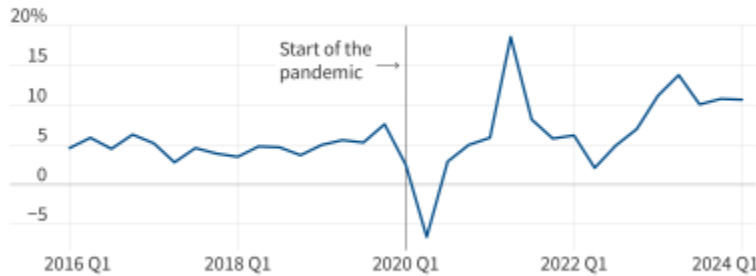
Peterson-KFF
Health System Tracker

[Health Spending](#)

[What are trends in health utilization and spending in early 2024?](#)

Annual Growth in Health Services Spending Is Now Higher Than Before the Pandemic

Year-over-year growth in health services spending, 2016 Q1 – 2024 Q1



Note: Data are not seasonally adjusted.



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Article #2: CMS Launches New Model to Target Wasteful, Inappropriate Services in Original Medicare

Press Releases Jun 27, 2025

CMS Launches New Model to Target Wasteful, Inappropriate Services in Original Medicare

Model will leverage enhanced technologies to protect Medicare beneficiaries, federal taxpayers from unnecessary services, fraud, waste, and abuse

The Centers for Medicare & Medicaid Services (CMS) is announcing a new Innovation Center model aimed at helping ensure people with Original Medicare receive safe, effective, and necessary care. Through the Wasteful and Inappropriate Service Reduction (WISeR) Model, CMS will partner with companies specializing in enhanced technologies to test ways to provide an improved and expedited prior authorization process relative to Original Medicare's existing processes, helping patients and providers avoid unnecessary or inappropriate care and safeguarding federal taxpayer dollars. This model builds on other changes being made to prior authorization as announced by the U.S. Department of Health and Human Services and CMS on Monday.

"CMS is committed to crushing fraud, waste, and abuse, and the WISeR Model will help root out waste in Original Medicare," said CMS Administrator Dr. Mehmet Oz. "Combining the speed of technology and the experienced clinicians, this new model helps bring Medicare into the 21st century by testing a streamlined prior authorization process, while protecting Medicare beneficiaries from being given unnecessary and often costly procedures."

Wasteful care, including services that provide little to no clinical benefit, not only increase costs, but also put patients at risk. [Waste in healthcare represents](#) up to 25% of healthcare spending in the United States. The Medicare Payment Advisory Commission [estimates](#) that up to \$5.8 billion in Medicare spending in 2022 alone was spent on services with minimal benefit.

"Low-value services, such as those of focus in WISeR, offer patients minimal benefit and, in some cases, can result in physical harm and psychological stress," said Abe Sutton, Director of the CMS Innovation Center. "They also increase patient costs, while inflating health care spending."

The WISeR Model will test a new process on whether enhanced technologies, including artificial intelligence (AI), can expedite the prior authorization processes for select items and services that have been identified as particularly vulnerable to fraud, waste, and abuse, or inappropriate use. These items and services include, but are not limited to, skin and tissue substitutes, electrical nerve stimulator implants, and knee arthroscopy for knee osteoarthritis. The model excludes inpatient-only services, emergency services, and services that would pose a substantial risk to patients if significantly delayed.

Companies selected to participate in the model [will operate in assigned geographic](#) regions and must have clinicians with appropriate expertise to conduct medical reviews and validate coverage determinations. Importantly, while technology will support the review process, final decisions that a request for one of the selected services does not meet Medicare coverage requirements will be made by licensed clinicians, not machines.

Model participants will receive payments based on their ability to reduce unnecessary or non-covered services (inappropriate utilization) and lower spending in Original Medicare. Participants' payments will be adjusted based on their performance against established quality and process measures that measure the model participants' ability to support faster decision-making for

providers and suppliers and improve provider, supplier and beneficiary experience with the prior authorization process.

The WISeR Model will not change Medicare coverage or payment criteria. Health care coverage for Original Medicare beneficiaries remains the same, and beneficiaries retain the freedom to seek care from their provider or supplier of choice. Under the model, providers and suppliers in the assigned regions will have the choice of submitting prior authorization requests for selected items and services or their claim will be subject to pre-payment medical review. Those providers and suppliers that choose to submit a prior authorization may either submit their request directly to model participants or to their Medicare Administrative Contractor that will forward the request to the model participant. CMS may include a pathway in the future that would allow providers and suppliers with strong compliance records to qualify for exemptions from WISeR review, which would further reduce administrative burden and allow greater focus on high-risk areas. The WISeR Model does not impact people enrolled in Medicare Advantage.

CMS has issued a Request for Applications for companies interested in participating in the WISeR Model.



A federal government website managed and paid for by the U.S. Centers for Medicare & Medicaid Services.

Medicare Drug Price Negotiation Program: Selected Drugs for Initial Price Applicability Year 2026



In August 2022, President Biden signed the Inflation Reduction Act of 2022 (P.L. 117-169) into law. The new law makes improvements to Medicare by expanding benefits, lowering drug costs, and improving the sustainability of the Medicare program for generations to come. The law provides meaningful financial relief for millions of people with Medicare by improving access to affordable treatments and strengthening Medicare, both now and in the long run.

For the first time, the law provides Medicare the ability to directly negotiate the prices of certain high expenditure, single source drugs without generic or biosimilar competition. Below is the list of 10 drugs covered under Medicare Part D selected for negotiation for initial price applicability year 2026, based on total gross covered prescription drug costs under Medicare Part D and other criteria as required by the law.

Drug Name	Commonly Treated Conditions	Total Part D Gross Covered Prescription Drug Costs from June 2022-May 2023	Number of Medicare Part D Enrollees Who Used the Drug from June 2022-May 2023
Eliquis	Prevention and treatment of blood clots	\$16,482,621,000	3,706,000
Jardiance	Diabetes; Heart failure	\$7,057,707,000	1,573,000
Xarelto	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	\$6,031,393,000	1,337,000
Januvia	Diabetes	\$4,087,081,000	869,000
Farxiga	Diabetes; Heart failure; Chronic kidney disease	\$3,268,329,000	799,000
Entresto	Heart failure	\$2,884,877,000	587,000
Enbrel	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	\$2,791,105,000	48,000
Imbruvica	Blood cancers	\$2,663,560,000	20,000
Stelara	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	\$2,638,929,000	22,000
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Diabetes	\$2,576,586,000	777,000

Note: Numbers are rounded to the nearest thousands.

For the time period between June 1, 2022 and May 31, 2023, which is the time period used to determine which drugs were eligible for negotiation, about 8,247,000 people with Medicare Part D coverage used these drugs to treat a variety of conditions, such as cardiovascular disease, diabetes, autoimmune diseases, and cancer. These selected drugs accounted for \$50.5 billion in total Part D gross covered prescription drug costs, or about 20% of total Part D gross covered prescription drug costs during that time period.

Key Milestones to Date:

- **On March 15, 2023**, the Centers for Medicare & Medicaid Services (CMS) issued initial guidance for the Medicare Drug Price Negotiation Program, including requests for public comment on key elements.
- **On June 30, 2023**, CMS issued revised guidance detailing the requirements and parameters of the Medicare Drug Price Negotiation Program for the first round of negotiations, which will occur during 2023 and 2024 and will result in prices that will be effective beginning in 2026.
- **On August 29, 2023**, CMS announced the drugs covered under Medicare Part D selected for the first cycle of negotiations.

Q: How did CMS select the 10 drugs for the first round of negotiations?

The Inflation Reduction Act specified that CMS select drugs for the first round of negotiations by:

1. Identifying potential qualifying single source drugs — that is, drugs for which at least seven years, or biologics for which at least 11 years, have elapsed between the FDA approval or licensure and the selected drug publication date, and for which there is no generic or biosimilar competition.
2. Excluding certain orphan drugs, low-spend Medicare drugs, and plasma-derived products.
3. Determining the negotiation-eligible drugs — that is, the 50 qualifying single source drugs with the highest total Part D gross covered prescription drug costs under Part D, except for small biotech drugs.
4. Ranking the negotiation-eligible drugs according to highest total Part D gross covered prescription drug costs.

5. Selecting the 10 drugs with the highest total Part D gross covered prescription drug costs after excluding from the ranked list of 50 negotiation-eligible drugs any biologics that qualify for delayed selection as a result of there being a high likelihood that a biosimilar will enter the market within a specified time.

Q: What was the time period used for determining which drugs were eligible for negotiation?

The time period for the data on total gross covered prescription drug costs under Medicare Part D that was used to determine negotiation-eligible drugs, for initial price applicability year 2026 (the first year of negotiation), was June 1, 2022 through May 31, 2023.

Q: How many drugs qualified for the Small Biotech Exception?

For initial price applicability year 2026, drug companies submitted requests and information to CMS for four drugs that were determined to be qualified for the small biotech exception.

Q: How many drugs would have been selected for initial price applicability year 2026, absent the Biosimilar Delay (described in section 1192(f) of the Social Security Act)?

For initial price applicability year 2026, zero drugs would have been selected for initial price applicability year 2026, absent the Biosimilar Delay.

Q: How is CMS structuring the negotiation process with the drug companies of selected drugs?

CMS is approaching implementation of the new drug law, including the Medicare Drug Price Negotiation Program, with the goal of promoting transparency and engagement. As discussed in detail in the **revised guidance**, CMS set out a process for the first round of negotiations that engages drug companies and the public throughout. The process includes several steps, such as:

- Drug companies with a selected drug for the Negotiation Program and the public will have an opportunity to submit data and information on the selected drugs to CMS no later than October 2, 2023.
- During the Fall 2023, CMS will invite each participating drug company with a selected drug to engage in a meeting on its data submission. CMS will also hold a public patient-focused listening session for each selected drug with patients and other interested parties. The patient-focused listening sessions will be held between October 30, 2023 and November 15, 2023. The listening sessions are subject to change, including postponement and/or cancellation.
- CMS will send an initial offer for each selected drug for which the drug company is participating in the Negotiation Program with CMS' proposal for the maximum fair price and a concise justification no later than February 1, 2024, and companies will have 30 days to respond to the initial offer by accepting the offer or providing a counteroffer, if desired. In developing an initial offer, CMS will consider evidence related to therapeutic alternatives as well as other factors, such as costs of research and development and production and distribution of the selected drug.
- If agreement on a maximum fair price is not reached through the initial offer or counteroffer, CMS will invite each participating drug company for up to three negotiation meetings during Spring and Summer 2024 before the negotiation period ends on August 1, 2024.

Q: What are the details of the patient-focused listening sessions?

CMS is providing opportunities for public engagement during the negotiation process. These include meetings with participating drug companies with a selected drug in Fall 2023 as well as a CMS-hosted patient-focused listening session for each selected drug. The listening sessions will be open to the public and will provide an opportunity for patients, beneficiaries, caregivers, consumer and patient organizations, and other interested parties, to share patient-focused input on therapeutic alternative(s) to the selected drugs, how the selected drugs address unmet medical need, and the impact of selected drugs on specific populations.

The listening sessions are currently planned between October 30, 2023 and November 15, 2023. Registration to apply to be a speaker will open on September 1, 2023 and will close on October 2, 2023. The listening sessions are subject to change, including postponement and/or cancellation. Separately, the public is also invited to submit data on selected drugs, therapeutic alternatives to the selected drugs, data related to unmet medical need, and data on impacts on specific populations by October 2, 2023. More information about the Listening Sessions and how to submit data for CMS to consider in the negotiation process is available [here](#).

Learn more about the Medicare Drug Price Negotiation Program, including a timeline for Initial Price Applicability Year 2026 [here](#).

View a fact sheet from the HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE) [here](#).

Board Meeting V.E



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MEMORANDUM

DATE: September 8, 2025
TO: Audit Committee Members of the OPERS Retirement Board
FROM: Caroline Stinziano, Director – Internal Audit
RE: **V. For Your Information:**
E. Report on Internal Audit Activities

Purpose

This memo provides an update on Internal Audit related activities and initiatives occurring since the Audit Committee meeting on May 20, 2025.

Background

Based on the Board communications plan, Internal Audit provides a written update on department activities and initiatives two times per year in addition to the in-person updates as part of the May and November Audit Committee meetings.

Status of the 2025 Annual Internal Audit Plan

The following table shows the status of current internal audit projects. The table includes all 2025 projects that were approved in 6 month increments by the Audit Committee in May 2025 and November 2024, respectively, as well as some carryover projects from prior audit plans.

Status of Internal Audit Projects - September 2025						
Description	Investments	IT	Benefits & Health Care	Finance	Executive/Other	Total
Planning/Testing:	2	2	1	0	3	8
Reporting:	0	2	0	0	2	4
Completed:	2	0	2	1	3	8
Not Started:	1	2	1	0	1	5
Parking Lot:	0	0	1	0	1	2
						27

The following audits were **finalized** since our previous communications:

- Member Overpayments Audit
- Collateral Management Audit
- Proxy Voting Reconciliations – Follow up Audit
- Contracts and Procurement Review
- Dental/Vision/Cobra Vendor Audit
- Ohio Deferred Compensation – Recordkeeping

- Member Assessment – overall still in testing phase with 2 of 6 micro audits finalized
 - Data Maintenance
 - ARP Audit

All new internal audit recommendations have been added to the Internal Audit Recommendation Status Tracker and will be reported to the Committee as part of our November update.

The following projects are **in the final stages** of testing/reporting:

- Compass Internal Audit Access Testing
- External IT Pen Testing (2024)
- Business Continuity/Disaster Recovery Audit
- Fiduciary Audit Review - Investments

In addition to specific audit projects covered through the audit plan, we continue to perform continuous audit procedures in the areas of Finance, Benefits, Health Care, Ethics & Investments throughout the year.

Status of Prior Audit Recommendations

The following chart highlights changes to the status of prior audit recommendations from the previous update provided during the May Audit Committee meeting.

Audit Recommendations Rollforward - September 2025				
Description	OPEN pending			Total
	OPEN	IA validation	CLOSED	
New Recommendations (reported since May AC update)	25	0	2*	27
Previously Reported Recommendations:				
Reported in 2025 (prior to May)	2	0	1	3
Reported in prior years	5	0	0	5
Total Recommendations	32	0	1	35

Satisfactory progress is being made toward implementing outstanding audit recommendations. Some additional notes:

- The asterisk in the chart above (*) denotes risk acceptance by management for the 2 closed audit recommendations presented:
 1. A low rated audit recommendation related to the Proxy Voting follow-up audit that has been closed with partial risk acceptance and additional recommendation for further consideration as it relates to defining certain proxy voting terminology.
 2. A medium rated audit recommendation related to the ODC Recordkeeping Audit that has been accepted by management related to the controls in place for the processes around verification of beneficiary account set up and participant online account withdrawals.
- There is one “high” rated audit recommendation from the ODC Recordkeeping Audit related to improvements around employee access and permissions within the participant recordkeeping system.
- The above chart does not include individual recommendations from the outsourced IT Pen Testing Assessments executed in 2023 & 2024. These items are tracked separately. As of August, the recommendations associated with the 2023 IT Pen Testing Assessment have been remediated & closed and is reflected as the 1 closed item in the second row of the chart (Reported in 2025 – prior to May).

Other Department Updates

Annual Risk Assessment

The Internal Audit group has begun working on the annual risk assessment for the 2026 audit plan. As part of this process, the department will consider strategic initiatives,

feedback from key personnel, enterprise risk, the results of external assessments, results of prior audits, changes to the business and other relevant inputs.

Next Steps

The next in-person Internal Audit update will be provided as part of the November 2025 Audit Committee meeting. This meeting will include the following:

- Planning communications related to the 2025 annual financial audit from Plante Moran,
- An update on recent Internal Audit activities, the status of prior audit recommendations and approval of the annual ORSC Audit Committee Report, and
- Approval of the 2026 Six-Month Internal Audit Plan for January – June.

Board Meeting V.F

INVESTMENTS MARKET UPDATE

Net Asset Value & Performance

	NAV (\$ B) 7/31/2025	PERFORMANCE					NAV (\$ B) 09/11/2025
		MTD August	YTD August	YTD August Benchmark	September 1 to 11 Estimated	Benchmark Sept 1 to 11 Estimated	
DB Fund	\$109.53	1.72%	9.44%	9.14%	1.39%	1.38%	\$111.96
HC115 Fund	\$14.19	2.77%	10.98%	10.63%	1.75%	1.77%	\$14.68

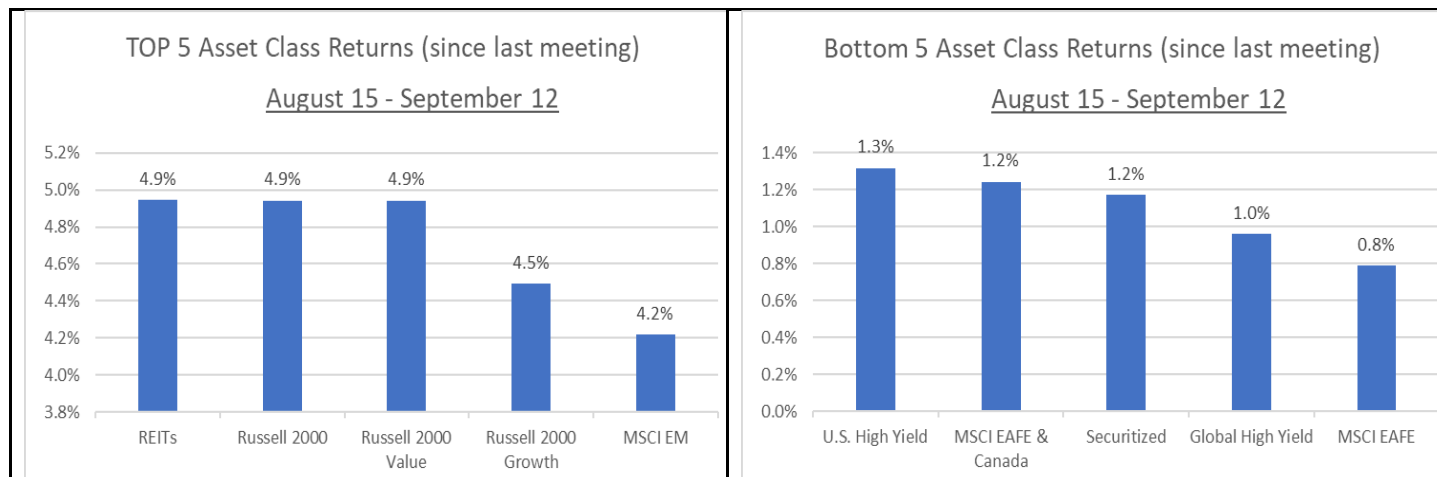
Market Events Summary

- The U.S. unemployment rate was in line with consensus estimates of 4.3% in August, a slight increase from 4.2% in July. Total nonfarm payrolls rose by 22,000 in August, coming below the forecast of 75,000. June and July reported figures were revised lower by 21,000. June was revised down from 14,000 to -13,000 and July was revised up from 73,000 to 79,000.
- The ISM Manufacturing PMI rose to 52 in August, up from 50.1 in July, marking the third consecutive month in expansion territory. While the increase signals continued growth in the manufacturing sector, the 50 threshold remains a key pivot point for momentum.
- The Bureau of Labor Statistics (BLS) released its preliminary benchmark revision to payroll data, indicating that U.S. job growth through the 12-month period ending March 2025 was overestimated by approximately 911,000 jobs. This marks the largest downward revision since COVID era and underscores a much weaker labor market than previously reported.
- Both the headline Producer Price Index (PPI) and core PPI came below expectations in August, rising just 0.1% month-over-month versus the consensus forecast of 0.3%. This followed a downward revision to July's PPI, which was adjusted from 0.9% to 0.7%.
- August CPI data came in broadly in line with expectations. Headline CPI rose 0.4% MoM, slightly above the 0.3% forecast, while the YoY figure matched the consensus at 2.9%. Core CPI, which excludes food and energy, increased 0.3% MoM and 3.1% YoY, both in line with estimates.
- The European Central Bank (ECB) held its deposit rate steady at 2% for a second consecutive meeting, as expected. Although this decision was anticipated, policymakers reduced the likelihood of further borrowing cuts citing that the European economy remains resilient and anticipated risk factors such as inflation appear more balanced.

Portfolio Changes

- No material updates to report for this period.

Top/Bottom Performing Public Market Asset Classes (August 15 – September 12)



Personnel and Salary Committee

PERSONNEL AND SALARY COMMITTEE MEETING AGENDA
September 17, 2025
Immediately Following the Board Meeting

I. Action Item:

- A. [2026 Investment Division Incentive Compensation Plan](#) – 45 minutes
Ciji Wilhelm, Director – Human Resources