

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 16, 2026, at 9:00 a.m.** in the offices of the Board.

Members of the public may view the live video of the Board meetings.
Registration/sign in to access the meetings is available at the following link
https://opersorg.zoom.us/webinar/register/WN_z_y67vNEQvaW8kOuchI_kg
Once completed you will receive additional information regarding how to observe the meetings.

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Board Meeting

September 16, 2026

9:00 A.M.

A G E N D A

OPERS Office

- I. Roll Call 9:00-9:00 a.m.
- II. Consent agenda: 9:00-9:05 a.m.
 - A. [Minutes](#) – August 19, 2026
 - B. [Disability report](#)
- III. Committee Report – Personnel Committee – Julie Albers 9:05-9:10 a.m.
- IV. Action Items:
 - A. [Certify State Contribution Rates](#) – Lai Woo 9:10-9:15 a.m.
 - B. [Approve Rate Allocation](#) (pension/healthcare) – Lai Woo 9:15-9:25 a.m.
 - C. [Five-Year Rule Review](#) – Debbie McCarthy 9:25-9:55 a.m.
 - D. [Review Proxy Plan](#) and Activity and Approve Proxy Plan 9:55-10:15 a.m.
 - Patti Gazda
 - E. [Member Directed Plan Fees](#) Update and Mitigating 10:15-10:45 a.m.
 - Rate Review – Lincoln Carnam and Lauren Gresh
- V. Discussion Items:
 - A. [Alternative Retirement Plan](#) (ARP) Mitigating Rate – 10:45-11:00 a.m.
 - Craig Hallermann
 - B. [Ohio Deferred Compensation Fee](#) – Lincoln Carnam and 11:00-11:30 a.m.
 - Jenny Starr
 - C. [OPERS Investment Fees Update](#) – Steve Merriett and 11:30-12:00 p.m.
 - DeAnne Mannion
- Lunch 12:00-12:20 p.m.
- D. [Member Directed Plan Annual Review](#) – Lincoln 12:20-1:10 p.m.
 - Carnam and Meketa
 - E. [Asset Class Update](#) – Active vs. Passive – Meketa 1:10-1:55 p.m.
 - F. [Asset Class Update](#) – Real Estate – Meketa 1:55-2:40 p.m.
 - G. Chief Investment Officer (CIO) Update – Paul Greff 2:40-2:55 p.m.
 - H. [Executive Director Update](#) – Karen Carraher 2:55-3:10 p.m.
- VI. For Your Information:
 - A. [Benchmark Update](#)
 - B. [Open Enrollment Update](#)
 - C. [Financial Planning Update](#)
 - D. [Investment Performance](#)

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 9:00 a.m., Wednesday, August 19, 2026.

Members present: Mr. Hottinger; Mr. Kunk; Mr. Richter; Mr. Russell Smith; Mr. Steitz; Mr. Thomas; and Mr. Toth. (Ms. Julie Albers and Mr. Garber entered the meeting later).

Members absent: Mr. Stewart Smith and Mr. Mabe.

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; Mr. Eric Harrell, General Counsel; Mr. Stephen Kell, Director Information Technology; Ms. Jenny Starr, Chief Financial Officer; and Ms. Caroline Stinziano, Director Internal Audit; and Ms. Ciji Wilhelm, Director Human Resources.

Mr. Toth moved, Mr. Richter second, to excuse Mr. Mabe and Mr. Stewart Smith from the August 19, 2026 meeting.

The motion passed without dissent.

Mr. Toth moved, Mr. Hottinger second, to have Mr. Thomas act as chair during the August Board Meeting in absence of Mr. Mabe, Chair; and Mr. Stewart Smith, Vice-Chair.

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

The motion passed with all ayes.

Mr. Hottinger moved, Mr. Toth seconded, to approve the minutes of the meeting held July 14-15, 2026 and the disability report (see Appendix to the Minutes for report).

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

The motion passed with all ayes.

Mr. Thomas presented out-of-state travel approval for Mr. Jay Hottinger and Mr. Ken Thomas to attend the 2026 National Association of Government Defined Contribution Administrators Annual (NAGDCA) Conference in Orlando, FL on September 25 through October 1, 2026.

Mr. Toth moved, Mr. Richter seconded, to approve out-of-state travel for Mr. Jay Hottinger and Mr. Ken Thomas to attend the NAGDCA Conference in Orlando, FL on September 25 through October 1, 2026.

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

The motion passed with all ayes.

Mr. Harrell presented the list of candidates for the 2026 Board election for College/University, Municipal, State, and Retiree Board seats. The candidates are:

College/University

Russel Smith (unopposed)

Municipal

Daniel Sferra (unopposed)

State

None

Retiree

Steve Toth (unopposed)

As Mr. Russell Smith (College/University), Mr. Sferra (Municipal), and Mr. Toth (Retiree) are unopposed for their 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. Russell Smith, Mr. Sferra, and Mr. Toth will begin a new Board term in January 2027. As there are no candidates for the State employee seat, that seat will become vacant in January 2027. That vacancy will be filled in accordance with Ohio Revised Code Section 145.06. Information regarding the process for filling the vacancy will be presented to the Board at a future meeting.

(Ms. Albers entered the meeting during the presentation.)

Mr. Hottinger moved, Mr. Kunk seconded, to certify the candidates listed above for the 2026 Board election for College/University, Municipal, State, and Retiree Board seats.

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

The motion passed with all ayes.

Ms. Brown, Ms. Carraher, and Mr. Foster presented the Health Reimbursement Arrangement (HRA) approval for 2027 through 2030. The approval would increase the Pre-Medicare HRA allowance from \$1,200 to \$1,300 effective January 1, 2027 through 2030; and maintain the Medicare HRA allowance at \$400 through 2030.

Mr. Toth moved, Mr. Russell Smith seconded, to approve the proposed HRA approval for 2027 through 2030.

Roll call vote was taken as follows: Ms. Albers, aye; Mr. Hottinger, aye; Mr. Kunk, aye; Mr. Richter, aye; Mr.

Russell Smith, aye; Mr. Steitz, aye; Mr. Toth, aye; Mr. Thomas; aye.

The motion passed with all ayes.

Mr. Lincoln Carnam, Assistant Portfolio Manager, and Ms. DeAnne Mannion, Deputy Chief Investment Officer, presented the new Ohio Deferred Compensation (ODC) Investment policy for approval of the proposed changes to the ODC Investment Objectives and Asset Allocation Policy, which authorize OPERS Investment staff to implement and manage the ODC program in accordance with the Board's direction.

(Mr. Garber entered the meeting during the presentation.)

Ms. Albers moved, Mr. Kunk seconded, to approve the new ODC Investment policy as recommended by staff.

Roll call vote was taken as follows: Ms. Albers, aye; Mr. Garber, aye; Mr. Hottinger, aye; Mr. Kunk, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Steitz, aye; Mr. Toth, aye; Mr. Thomas, aye.

The motion passed with all ayes.

Mr. David Sancewich and Ms. Allison Adams presented the results of the Private Equity Benchmark review, recommending a change to the policy and asset class benchmarks for the OPERS Defined Benefit portfolio beginning January 1, 2027.

Mr. Richter moved, Mr. Kunk seconded, to approve the recommended benchmark changes.

Roll call vote was taken as follows: Ms. Albers, aye; Mr. Garber, aye; Mr. Hottinger, aye; Mr. Kunk, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Steitz, aye; Mr. Toth, aye; Mr. Thomas, aye.

The motion passes with all ayes.

Mr. Mita Drazilov, Mr. James Sparks, and Mr. Jeff Tebeau from Gabriel, Roeder, Smith & Company discussed the Health Care Valuation and 50-year projection.

Ms. Carraher discussed Strategic Planning follow up items from the off-site Board meeting held in July.

The Executive Director report was included in the meeting materials.

The Board recessed for lunch.

After lunch, Mr. Thomas proceeded with the agenda.

Mr. Mita Drazilov, Mr. James Sparks, and Mr. Jeff Tebeau from Gabriel, Roeder, Smith & Company reviewed the Demographic and Economic Assumptions recommended for actuarial valuation purposes based on the five-year experience study for the period of 2021 through 2025.

They reviewed the following assumptions:

- Demographic assumptions: Rates of withdrawal or turnover; Rates of disability; Rates of retirement; rates of mortality or death; rates of merit and seniority wage increases
- Economic assumptions: Investment return rate; Wage inflation rate; Price inflation rate; Cost-of-Living Adjustment (COLA) rate

Mr. Mita Drazilov, Mr. James Sparks, and Mr. Jeff Tebeau reviewed in detail the recommended changes to both the demographic and economic assumptions.

(Mr. Kunk left during the presentation.)

After discussion Mr. Hottinger moved, Mr. Richter seconded, to approve option 3 as discussed and outlined below:

- Increase the price inflation assumption from 2.35% to 2.40%
- Decrease the discount rate to 6.85%
- Increase the wage inflation assumption to 3.00%
- Accept all demographic changes

Roll call vote was taken as follows: Ms. Albers, aye; Mr. Garber, aye; Mr. Hottinger, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Steitz, nay; Mr. Toth, nay; Mr. Thomas, aye.

The motion passed with six ayes and two nays.

The Board recessed for a short break.

(Mr. Kunk re-entered the meeting.)

Mr. David Sancewich and Ms. Allison Adams discussed the second quarter 2026 preliminary results and provided a presentation on severe equity market drawdowns and its impacts to the OPERS portfolio.

Ms. Albers moved, Mr. Hottinger seconded, to enter into executive session to discuss pending or imminent litigation matters.

Roll call vote was taken as follows: Ms. Albers, aye; Mr. Garber, aye; Mr. Hottinger, aye; Mr. Kunk, aye; Mr. Richter, aye; Mr. Russell Smith, aye, Mr. Steitz, aye; Mr. Toth, aye; Mr. Thomas, aye.

The motion passed with all ayes.

By acclimation, the Board came out of executive session.

Ms. Albers moved, Mr. Russell Smith seconded, the meeting to be adjourned until the next regular meeting to be held Wednesday, September 16, 2026 at 9:00 a.m.

The motion passed without dissent.

The meeting adjourned at 4:00 p.m.

II.B

IV.A Memo



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
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MEMORANDUM

DATE: September 1, 2026

TO: OPERS Retirement Board Members

FROM: Lai Yee Woo, Senior Financial Analyst

RE: Certification of State Contribution Rates
IV. Action Items:
A. Certify state contribution rates

Action requested: _____ moved, _____ seconded to certify employer and member contribution rates to employers reporting under the state division for the biennium period July 1, 2027 through June 30, 2029 in accordance with Table 1 outlined below.

Background – The Ohio Revised Code provides that the Board shall certify employer and member contribution rates to all state division employers by November 1, of each even numbered year. The actuary recommended the following contribution rates:

	<u>July 1, 2027 – June 30, 2029</u>		
	<u>Employer Rates</u>	<u>Member Rates</u>	<u>Total Rates</u>
State (Non Law/Non P.S.)	14.00%	10.00%	24.00%
Law Enforcement	18.10%	13.00%	31.10%
Public Safety	18.10%	12.00%	30.10%

Rationale for Action – In May of this year, the Board reviewed the results from the annual actuarial valuation, which included a recommendation for the contribution rates for the upcoming year. The contribution rates above reflect the recommended rates in the actuarial report for the year ended December 31, 2025.

The rate certification action requested is a recurring Board action in accordance with Section 145.69 of the Ohio Revised Code.

IV.B Memo



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MEMORANDUM

DATE: September 4, 2026

TO: OPERS Retirement Board Members

FROM: Karen Carraher, Executive Director
Lai Woo, Senior Financial Analyst

RE: 2027 Employer Contribution Rate Allocation for Traditional Plan,
excluding the Combined Plan
IV. Action Items:
B. Approve Rate Allocation (pension/healthcare)

Action requested: _____ moved, _____ seconded to: approve the allocation of the employer contribution rate to pension of 14%, and the allocation of the employer contribution rate to health care of 0%, effective January 1, 2027.

Background – The OPERS Board has the authority, based on the recommendation of the actuary, to designate the allocation of the employer contribution rate. The current overall 2026 employer contribution rate was approved by the Board at the statutory maximum of 14% of earnable salaries of all active members. The contributions must be used primarily to fund pension normal cost and its unfunded actuarial accrued liability (UAAL), while a portion of the employer contribution rate may be designated to fund health care. The current allocation of the employer contribution rate, approved last November for allocation of 2026 contributions, designates 14% to fund pension benefits (including the UAAL) and 0% to fund health care. The employer contribution rate allocation decision is considered annually by the Board and is effective on January 1st of the following year.

One of the goals of the health care changes approved in 2020 was to provide a health care program that could be funded with approximately a 2% allocation of the employer contribution rate. Since 2018, allocations to health care have remained at 0%. All 14% of earnable salary has been allocated to pension which

directs the maximum amount of contributions towards paying down the pension UAAL. The actuary recommends that the timing of the restoration of health care funding should be dependent on future investment returns and pension funding levels. The expectation is to resume funding health care only when pension funding improves to such a level that can withstand reasonably unfavorable market returns.

According to the Funding Policy approved in 2024, the Board can consider resuming health care funding if the pension amortization period is at or below 10 years. As of 12/31/2025, the amortization period was 22 years based on the assumptions adopted following the Experience Study. Although a \$7.2 billion unrecognized gain is in the pipeline, the amortization period is estimated to be 18 years in 2026 even if we earn the assumed 6.9% investment return in 2026 and thereafter. Allocating 2% of the Traditional Plan contribution rate to fund health care beginning in 2027 is estimated to increase the amortization period to approximately 25 years in 2026, which can exceed the statutorily required amortization period with just one year of unfavorable market return.

Based on the 9.72% health care market return in 2026 (as of 8/31/2026), we estimated the health care solvency period to increase from approximately 31 years as of 1/1/2027 to approximately 34 years as of 1/1/2027 (through 2061). This assumes the Board maintains a 0% Traditional Plan health care funding allocation in 2027 and beyond. On the pension side, based on the 8.13% pension market return in 2026 (as of 8/31/2026), we estimated an UAAL amortization period of approximately 18 years as of 12/31/2026 and approximately 14 years as of 12/31/2027.

Staff continue to evaluate the Combined Plan and will retain the current 2% allocation to health care for the Combined Plan unless it otherwise notifies the Board.

Rationale for Action – As indicated by the actuaries in prior discussions with the Board, the most significant risk to the health care plan is the pension plan funding. Given that the Board's priority is to ensure pension funding, staff recommend keeping the 2027 allocation of the employer contribution rate of 14% to pension and 0% to health care in accordance with the Funding Policy and actuary's recommendation. This allocation would be effective January 1, 2027 for the 2027 calendar year. Future health care allocation decisions will continue to be considered by the Board on an annual basis.

Final 12/31/2026 actual funding and solvency results will be available upon completion of the pension and health care actuarial valuations in May and August of 2027, respectively.

IV.C



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MEMORANDUM

DATE: September 3, 2026

TO: OPERS Retirement Board Members

FROM: Eric Harrell, General Counsel
Deborah McCarthy, Government Relations Officer/Legal Counsel

RE: **IV. Action Items:**
C. Approve rules

Action requested: _____ moved, _____ seconded, to do all of the following:

- (1) 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;
 - (2) Authorize the Executive Director to execute Amendment Twenty to the Member-Directed plan document, and to restate the Member-Directed Plan with all amendments adopted, as set forth in this memorandum;
 - (3) Authorize the Executive Director to execute Amendment One to the Combined plan document, as set forth in this memorandum;
 - (4) Authorize the Executive Director to execute Amendment One to the Ohio Deferred Compensation Program plan document, as 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 145-2 of the Ohio Administrative Code regarding the Traditional Pension Plan. 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 145-2-02 – Additional liability for service purchases in the Traditional Pension Plan.**
2. **Rule 145-2-03 – Purchase of workers' compensation service.**
3. **Rule 145-2-04 – Purchase of service pursuant to section 145.293 of the Revised Code.**
4. **Rule 145-2-05 – Free credit for military service.**

5. Rule 145-2-06 – Purchase of military service credit.
6. Rule 145-2-07 – Additional service credit under section 145.201 of Revised Code.
7. Rule 145-2-08 – Purchase of school board member service.
8. Rule 145-2-09 – Purchase of exempted service credit.
9. Rule 145-2-10 – Intersystem transfers with non-uniform systems.
10. Rule 145-2-11 – Police and fire or highway patrol service.
11. Rule 145-2-12 – Purchase of optional service.
12. Rule 145-2-13 – Purchase of leave of absence.
13. Rule 145-2-14 – Use of “Ohio service credit” in benefit calculations.
14. Rule 145-2-15 – Cincinnati retirement system.
15. Rule 145-2-16 – Conversion or pro-ration of service credit to law enforcement service credit.
16. Rule 145-2-17 – Purchase of firefighter service.
17. Rule 145-2-18 – Service credit in the Traditional Pension Plan for participation in combined plan or member-directed plan.
18. Rule 145-2-19 – Aggregating combined and traditional plan service credit for retirement eligibility.
19. Rule 145-2-21 – Application for a disability benefit.
20. Rule 145-2-22 – Receipt of disability benefits.
21. Rule 145-2-23 – Disability appeals.
22. Rule 145-2-25 – Combined disability benefits.
23. Rule 145-2-27 – Disability benefit recipient’s annual statement.
24. Rule 145-2-30 – Designation of beneficiary prior to retirement.
25. Rule 145-2-31 – Proof of dependency.
26. Rule 145-2-32 – Crediting of interest to beneficiaries lump sum payments.
27. Rule 145-2-35 – Validity of marriage.
28. Rule 145-2-37 – Deferral of survivor benefits.
29. Rule 145-2-38 – Survivors of law enforcement officers killed in the line of duty.
30. Rule 145-2-39 – Survivors of law enforcement officers with non-law enforcement service.
31. Rule 145-2-40 – Benefits payable under section 145.333 of the Revised Code.
32. Rule 145-2-42 – Retirement incentive plans.
33. Rule 145-2-43 – Additional annuity accounts.
34. Rule 145-2-44 – Selection of payment plan—spousal consent.
35. Rule 145-2-45 – Benefit payable pursuant to section 145.331 of the Revised Code.
36. Rule 145-2-46 – Beneficiary’s percentage under joint-life and multiple-life plans.
37. Rule 145-2-48 – Beneficiary and payment plan changes after commencement of additional annuity.
38. Rule 145-2-49 – Retirement benefits for law enforcement officers.
39. Rule 145-2-50 – Actuarial reduction factors.
40. Rule 145-2-51 – Effective date of benefits.
41. Rule 145-2-52 – Application by a contributor for refund of accumulated contributions.
42. Rule 145-2-53 – Cost of living adjustment.
43. Rule 145-2-54 – Enhanced refund.
44. Rule 145-2-55 – Death benefit payment.
45. Rule 145-2-57 – Annual interest credited to contributor accounts.

- 46. **Rule 145-2-60 – Designation of beneficiaries under multiple-life plan.**
- 47. **Rule 145-2-62 – Calculation of amount due retirant with multiple beneficiaries under the multiple-life plan.**
- 48. **Rule 145-2-64 – Priority of multiple court orders under the multiple-life plan.**
- 49. **Rule 145-2-65 – Internal Revenue Code limitation on benefits.**
- 50. **Rule 145-2-67 – Eligible rollover distributions from this plan.**
- 51. **Rule 145-2-70 – Mandatory direct deposit.**

II. **Summary of Five-Year Rule Review Amendments – Changes**

- 1. **Rule 145-2-01 – Service credit definitions.** The amendment removes a definition of “contributing service in the system” that is no longer needed to amplify Revised Code section 145.01(H) (the provision that defines “total service credit”).
- 2. **Rule 145-2-47 – Beneficiary and payment plan changes after retirement**
Rule 145-3-13 – Beneficiary and payment plan changes after retirement
Sections 9.02 of the Combined (CO) and Member-Directed (MD) plan documents

These rule and plan document changes together accomplish two things—to effectuate the final guidance from the Internal Revenue Service (IRS) regarding the provisions of the federal Secure Act 2.0 as they apply to defined contribution plan monthly annuities and to eliminate plan of payment changes after certain “life events” for these annuities. Note: These changes have **no** impact on the beneficiary selection or plans of payment for retirement allowances under the Traditional Pension (TP) Plan or the defined benefit portion of the CO Plan.

The Secure Act 2.0 (and corresponding regulations) imposed limitations on the duration that non-spouse beneficiaries may receive a monthly survivor annuity. For example, the required minimum distribution (RMD) regulations require that a deceased member’s total account be paid out within 10 years of the member’s death. No such limits were imposed on spouse beneficiaries (or a former spouse(s) who is a designated beneficiary pursuant to a court order). To comply with these requirements, CO and MD participants who select a monthly annuity payment will only be permitted to name the participant’s current spouse and, if subject to a court order, a former spouse.

In addition, for purposes of the MD and CO (DC portion) monthly annuities, these rule and plan document changes remove the plan of payment changes authorized under current law for the retirement allowances under the TP and CO (DB portion) Plans (referred to as “pop up” and “pop down”). By removing plan of payment changes after retirement, a retired MD or CO participant will not be allowed to modify the terms of the annuity if, for example, a beneficiary predeceases the participant or the participant marries. Staff request this change to reduce the risk of subsidization resulting from modifying an annuity after its effective date and to align with most commercially available annuity products. There is no impact on a participant’s guaranteed account—the account will be used to fund the member’s monthly annuity and any amount unpaid to the retiree will be paid to the designated beneficiary(ies) as a lump sum upon the retiree’s death.

These changes are prospective and apply only to MD and CO (DC portion) monthly annuities with effective dates on or after January 1, 2027.

III. Other Rule Amendments

1. Rule 145-1-43 – Alternative retirement programs.

This amendment removes from the rule the 10-day notices to the retirement system by public institutions of higher education offering an alternative retirement plan (ARP). These notices to the retirement system occur (1) to identify the new employment or eligibility of an employee; and (2) at the time an ARP election has been made. The 10-day notice requirement remains in the applicable statute (R.C. 3305.05) and, as stated above, continues to impose the duty to notify on the public institution of higher education.

2. Rule 145-1-81 – Retirement plans.

This rule is amended annually, if needed, to reflect amendments to the plan documents for the Combined and Member-Directed Plans made in the current calendar year.

IV. Other Amendments – Ohio Deferred Compensation Program Plan Document

Amendment One to the Ohio Deferred Compensation Program Plan Document

This amendment returns the definition of “normal retirement age” to age 70½ for purposes of determining the period during which a Participant may make catch-up contributions to the plan. The age was inadvertently changed when prior amendments to the plan were made last year.

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 division (C) of section 3305.05 of the Revised Code 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, 9/25/30

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

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~~2027.
 - (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~~2027.
- (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, 9/25/30
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

145-2-01 Service credit definitions

- (A)——For service purchased or restored in the traditional pension plan under section 145.28, 145.295, 145.2911, 145.2913, 145.31, and 145.311 of the Revised Code, “eighteen months of contributing service credit in the system,” means eighteen months of contributing service credit under the traditional pension plan, inclusive of service credit transferred from a prior plan to the traditional pension plan pursuant to rule 145-2-18 of the Administrative Code.
- (B)——~~For purposes of division (H)(1) of section 145.01 of the Revised Code, “contributing service in this system” means contributing service credit under the traditional pension plan.~~

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.01, 145.28, 145.295, 145.2911, 145.2913, 145.31, 145.311

Rule Review Date: 9/29/06, 9/29/11, 9/29/16, 9/29/21, 9/29/26

Effective Date History: 6/19/47, 12/4/89, 10/3/92, 1/1/03, 1/1/09, 1/1/11, 1/7/13 (Emer.), 3/24/13, 1/1/16

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) 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.~~
- (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 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, 1/1/26

145-3-13**Beneficiary and payment plan changes after retirement**

- (A) This rule amplifies, in the case of a monthly annuity payment option only, sections 9.02 of the combined and member-directed plan documents.
- (B) Beneficiary and plan of payment changes for a monthly annuity under section 9.02 of the combined plan document or a monthly annuity under section 9.02 of the member-directed plan document shall be made in accordance with rules 145-2-44, and 145-2-46, ~~and 145-2-47~~ of the Administrative Code.

Promulgated Under: 111.15

Statutory Authority: 145.09

Rule Amplifies: 145.80

Rule Review Date: 9/24/09, 9/24/14, 9/30/19, 9/29/24, 9/29/29

Effective Date History: 10/27/06, 1/1/25

**Amendment One to the
Public Employees Retirement System of Ohio
Combined Defined Benefit/Defined Contribution Plan**

WHEREAS, the Public Employees Retirement System of Ohio Combined Defined Benefit/Defined Contribution Plan ("Plan") was originally effective January 1, 2003;

WHEREAS, the Public Employees Retirement Board, as Trustees of the Plan ("Trustees"), reserved the right to amend the Plan pursuant to Article XXV of the Plan;

WHEREAS, the Trustees now desire to amend the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows, effective on January 1, 2027:

1. **Section 9.02 of the Plan**, describing the payment options for the Participant Accounts is hereby amended to be and read as follows:

9.02 Payment Options for Accounts.

(a) As used in this Section, "single-life annuity," "joint-life annuity," and "multiple-life annuity" have the same meanings as in section 145.46 of the Revised Code, except that the value of the Participant's Accounts, or a portion of the Accounts, is the value upon which a monthly annuity plan of payment shall be derived.

Subject to Article XIV, section 145.92 of the Ohio Revised Code, and this Section, a Participant may select from one of the following payment options: (i) a lump sum; (ii) monthly annuity payments; or (iii) monthly annuity payments and a portion of the Participant's Accounts paid as a lump sum. An unmarried Participant who fails to select a payment option under this Section shall be paid in accordance with Section 8.01. ~~The amendment to this Section dated April 1, 2012, applies to all payment options effective on or after April 1, 2012. Unless the Participant is eligible to or required to elect another payment option as described in this Section, a married Participant shall receive a monthly joint and survivor annuity, which shall consist of the actuarial equivalent of the Participant's single life annuity based on the Participant's Accounts in a lesser amount payable for life and one-half of such allowance continuing after death to the Participant's spouse for the life of the spouse.~~ The effective date of a payment option provided under this Section shall be the first of the month following the latest of: (1) the attainment of minimum age eligibility under Section 9.01; (2) the attainment of minimum service credit eligibility under Section 9.01; (3) the last day for which Earnable Salary was paid; (4) the date the System receives an application for a payment option under this Section.

Notwithstanding any provision of this Section to the contrary, a Participant may not select a monthly annuity payment option if the selection would result in a monthly annuity payment of less than fifty dollars. If a Participant's distribution required by Code Section 401(a)(9) and the regulations thereunder would result in a monthly annuity of less than fifty dollars, the Administrator shall calculate and issue the Participant's distribution as a lump sum payment per this Article.

(b) Unless the Participant is eligible to or required to elect another payment option as described in this Section, an unmarried Participant that selects a monthly annuity payment option shall receive a single-life annuity and a married Participant shall receive a joint-life annuity, as described in this paragraph. The monthly joint-life annuity shall consist of the actuarial equivalent of the Participant's single-life annuity based on the Participant's Accounts in a lesser amount payable for life and one-half of such annuity continuing after death to the Participant's spouse for the life of the spouse.

A married Participant may elect to receive the Participant's Accounts under a plan of payment ~~option~~ other than a monthly ~~joint and survivor joint-life annuity~~ with one-half of such annuity continuing after death to the Participant's spouse for the life of the spouse if either of the following is the case: the Participant's spouse consents in writing to the Participant's election of a payment option or plan of payment other than a monthly ~~joint and survivor joint-life annuity~~ as described in this paragraph or the Board waives the requirement that the spouse consent; or a plan of payment providing for payment in a specified portion of a monthly annuity continuing after the Participant's death to a former spouse is required by a court order issued under section 3105.171 or 3105.65 of the Ohio Revised Code or the laws of another state regarding division of marital property prior to the Effective Date of the Participant's Retirement.

If a Participant is required to select a monthly annuity plan of payment providing for payment in a specified portion to a former spouse and the Board has received a copy of the order described in this Section, the Board shall accept the Participant's election of a plan of payment under this Section only if the Participant complies with both of the following: the Participant elects a monthly annuity plan of payment that is in accordance with the order described in this Section; and, if the Participant is married, the Participant elects a monthly annuity plan of payment and designates the Participant's current spouse as a Beneficiary under that plan of payment unless that spouse consents in writing to not being designated a Beneficiary under any payment option or the Board waives the requirement that the current spouse consent.

An application for a benefit under this Section shall include an explanation of all of the following:

- (1) That, if the Participant is married, unless the spouse consents to another payment option or there is a court order dividing marital property issued under section 3105.171 or 3105.65 of the Ohio Revised Code or the laws of another state regarding the division of marital property that provides for payment in a specified amount, the Participant's benefit under this Section will be paid as a monthly ~~joint and survivor joint-life annuity~~ joint-life annuity, which consists of the actuarial equivalent of the Participant's single-life annuity based on the Participant's Accounts in a lesser amount payable for life and one-half of the ~~benefit annuity~~ annuity continuing after death to the surviving spouse for the life of the spouse;
- (2) A description of the alternative payment options available with the consent of the spouse;

- (3) That the spouse may consent to another payment option and the procedure for giving consent;
- (4) That consent is irrevocable once notice of consent is filed with the Board.

Consent shall be valid only if it is signed, in writing, and witnessed by a notary public. The Board may waive the requirement of consent if the spouse is incapacitated or cannot be located or for any other reason specified by the Board. Consent or waiver is effective only with regard to the spouse who is the subject of the consent or waiver.

(c) If the benefits under this Section, regardless of payment option, due and paid are in a total amount less than the amounts of the Participant's Accounts, then the difference between the total amount of the benefits paid and those amounts shall be paid to the Beneficiary.

~~(d) The death of a spouse or any designated Beneficiary following commencement of benefits under this Section shall cancel the portion of the monthly annuity plan of payment providing continuing lifetime benefits to the deceased spouse or deceased designated Beneficiary. The retired Participant shall receive the actuarial equivalent of the retired Participant's single life annuity, as determined by the Board, based on the number of remaining Beneficiaries, with no change in the amount payable to any remaining Beneficiary. The change shall be effective the month following the date of death.~~

~~(e) — On divorce, annulment, or marriage dissolution, a retired Participant receiving benefits under this Section under a monthly annuity plan of payment that provides for continuation of all or part of the benefits after death for the lifetime of the retired Participant's surviving spouse may, with the written consent of the spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage, elect to cancel the portion of the monthly annuity plan of payment providing continuing lifetime benefits to that spouse. The retired Participant shall receive the actuarial equivalent of the retired Participant's single life annuity, as determined by the Board based on the number of remaining Beneficiaries, with no change in amount payable to any remaining Beneficiary. The election shall be made on an Applicable Form and shall be effective the month following its receipt by the Board.~~

~~(f) — Following a marriage or remarriage both of the following apply:~~

~~(1) — A retired Participant who is receiving benefits in the form of a monthly single life annuity may elect a new monthly annuity plan of payment under this Section based on the actuarial equivalent of the retired Participant's single life annuity, as determined by the Board.~~

~~(2) — A retired Participant who is receiving a benefit under a monthly annuity plan of payment providing for payment to a former spouse pursuant to a court order described in Section 9.02(b) may elect a new plan of payment providing for payment to a former spouse based on the actuarial equivalent of the retired Participant's single life annuity as determined by the Board if the new plan of payment elected does not reduce the payment to the former spouse.~~

~~If the marriage or remarriage occurs on or after June 6, 2005, the election must be made not later than one year after the date of the marriage or remarriage.~~

~~The new plan of payment shall become effective on the date of receipt by the Board of an Applicable Form, but any change in the amount of the benefit shall commence on the first day of the month following the effective date of the plan of payment.~~

~~(g) A retired Participant's receipt of the first distribution under this Section constitutes the Participant's final acceptance of the payment option and the plan of payment, which may not be changed only as provided in this Plan. The death or disqualification of any designated Beneficiary under the joint-life plan or the multiple-life plan does not change the plan of payment. The multiple-life plan annuity shall continue to the remaining Beneficiaries in their same percentages.~~

For effective dates of retirement under Section 9.01 that are prior to January 1, 2027, the former versions of paragraphs (d) through (g) of this Section shall apply to a monthly annuity payment option.

(e) Paragraph (J) of rule 145-2-47 of the Administrative Code applies to a retirant whose benefit commenced under the single-life plan in accordance with section 401(c)(9) of the Internal Revenue Code of 1986, 26 U.S.C. 401, and regulations thereunder, and who was married on the effective date of the benefit.

2. **In all other respects,** the Plan shall be and remain unchanged.

IN WITNESS WHEREOF, the undersigned has executed this Amendment on the date indicated:

Date

Karen Carraher, Executive Director

**Amendment Twenty to the
Public Employees Retirement System of Ohio
Defined Contribution Plan**

WHEREAS, the Public Employees Retirement System of Ohio Defined Contribution Plan ("Plan") was originally effective January 1, 2003;

WHEREAS, the Public Employees Retirement Board, as Trustees of the Plan ("Trustees"), reserved the right to amend the Plan pursuant to Article XXII of the Plan;

WHEREAS, the Trustees now desire to amend the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows, effective on January 1, 2027:

1. **Section 9.02 of the Plan**, describing the payment options for the Participant Accounts, is hereby amended to be and read as follows:

9.02 Payment Options for Accounts.

(a) As used in this Section, "single-life annuity," "joint-life annuity," and "multiple-life annuity" have the same meanings as in section 145.46 of the Revised Code, except that the value of the Participant's Accounts, or a portion of the Accounts, is the value upon which a monthly annuity plan of payment shall be derived.

Subject to Article X, section 145.92 of the Ohio Revised Code, and this Section a Participant may select one of the following payment options: (i) monthly annuity payments; or (ii) monthly annuity payments and a portion of the Vested Account paid as a lump sum. An unmarried Participant who fails to select a payment option under this Section shall be paid in accordance with Section 8.01. ~~The amendment to this Section dated April 1, 2012, applies to all payment options effective on or after April 1, 2012. Unless the Participant is eligible to or required to elect another payment option as described in this Section, a married Participant shall receive a monthly joint and survivor annuity, which shall consist of the actuarial equivalent of the Participant's single life annuity based on the Participant's Vested Accounts in a lesser amount payable for life and one-half of such annuity continuing after death to the Participant's surviving spouse for the life of the spouse.~~

Notwithstanding any provision of this Section to the contrary, a Participant may not select a monthly annuity payment option if the selection would result in a monthly annuity payment of less than fifty dollars. If a Participant's distribution required by Code Section 401(a)(9) and the regulations thereunder would result in a monthly annuity of less than fifty dollars, the Administrator shall calculate and issue the Participant's distribution as a lump sum payment.

(b) Unless the Participant is eligible to or required to elect another payment option as described in this Section, an unmarried Participant that selects a monthly annuity payment option shall receive a single-life annuity and a married Participant shall receive a joint-life annuity, as described in this paragraph. The monthly joint-life annuity shall consist of the actuarial equivalent

of the Participant's single-life annuity based on the Participant's Accounts in a lesser amount payable for life and one-half of such annuity continuing after death to the Participant's spouse for the life of the spouse.

A married Participant may elect to receive the Participant's Vested Accounts under a plan of payment ~~option~~ other than a monthly ~~joint and survivor joint-life~~ annuity with one-half of such annuity continuing after death to the Participant's spouse for the life of the spouse if either of the following are the case: the Participant's spouse consents in writing to the Participant's election of a payment option or plan of payment other than a monthly ~~joint and survivor joint-life~~ annuity as described in this paragraph or the Board waives the requirement that the spouse consent; or a plan of payment providing for payment in a specified portion of a monthly annuity continuing after the Participant's death to a former spouse is required by a court order issued under section 3105.171 or 3105.65 of the Ohio Revised Code or the laws of another state regarding division of marital property prior to the Effective Date of the Participant's Retirement.

If a Participant is required to select a monthly annuity plan of payment providing for payment in a specified portion to a former spouse and the Board has received a copy of the order described in this Section, the Board shall accept the Participant's election of a plan of payment under this Section only if the Participant complies with both of the following: the Participant elects a monthly annuity plan of payment that is in accordance with the order described in this Section; and, if the Participant is married, the Participant elects a monthly annuity plan of payment and designates the Participant's current spouse as a Beneficiary under that plan of payment unless that spouse consents in writing to not being designated a Beneficiary under any payment option or the Board waives the requirement that the current spouse consent.

An application for a benefit under this Article shall include an explanation of all of the following:

- (1) That, if the Participant is married, unless the spouse consents to another payment option or there is a court order dividing marital property issued under section 3105.171 or 3105.65 of the Ohio Revised Code or the laws of another state regarding the division of marital property that provides for payment in a specified amount, the Participant's benefit under this Article will be paid as a monthly joint and survivor annuity, which consists of the actuarial equivalent of the Participant's single-life annuity based on the Participant's Vested Accounts in a lesser amount payable for life and one-half of the benefit continuing after death to the surviving spouse for the life of the spouse;
- (2) A description of the alternative payment options available with the consent of the spouse;
- (3) That the spouse may consent to another payment option and the procedure for giving consent;
- (4) That consent is irrevocable once notice of consent is filed with the Board.

Consent shall be valid only if it is signed, in writing, and witnessed by a notary public. The Board may waive the requirement of consent if the spouse is incapacitated or cannot be located or for any other reason specified by the Board. Consent or waiver is effective only with regard to the spouse who is the subject of the consent or waiver.

(c) If the benefits under this Article, regardless of payment option, due and paid are in a total amount less than the amounts of the Participant's Vested Accounts, then the difference between the total amount of the benefits paid and those amounts shall be paid to the Beneficiary.

~~(d) The death of a spouse or any designated Beneficiary following commencement of benefits under this Section shall cancel the portion of the monthly annuity plan payment providing continuing lifetime benefits to the deceased spouse or deceased designated Beneficiary. The retired Participant shall receive the actuarial equivalent of the retired Participant's single life annuity, as determined by the Board, based on the number of remaining Beneficiaries, with no change in the amount payable to any remaining Beneficiary. The change shall be effective the month following the date of death.~~

~~(e) On divorce, annulment, or marriage dissolution, a retired Participant receiving benefits under this Article under a monthly annuity plan of payment that provides for continuation of all or part of the benefits after death for the lifetime of the retired Participant's surviving spouse may, with the written consent of the spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage, elect to cancel the portion of the monthly annuity plan of payment providing continuing lifetime benefits to that spouse. The retired Participant shall receive the actuarial equivalent of the retired Participant's single life annuity, as determined by the Board, based on the number of remaining Beneficiaries, with no change in amount payable to any remaining Beneficiary. The election shall be made on an Applicable Form and shall be effective the month following its receipt by the Board.~~

~~(f) Following a marriage or remarriage, both of the following apply:~~

~~(1) A retired Participant who is receiving benefits in the form of a monthly single life annuity may elect a new monthly annuity plan of payment under this Article based on the actuarial equivalent of the retired Participant's single life annuity, as determined by the Board.~~

~~(2) A retired Participant who is receiving a benefit under a monthly annuity plan of payment providing for payment to a former spouse pursuant to a court order described in Section 9.02(b) may elect a new plan of payment providing for payment to a former spouse based on the actuarial equivalent of the retired Participant's single life annuity as determined by the Board if the new plan of payment elected does not reduce the payment to the former spouse.~~

~~If the marriage or remarriage occurs on or after June 6, 2005, the election must be made not later than one year after the date of the marriage or remarriage.~~

~~The new plan of payment shall become effective on the date of receipt by the Board of an Applicable Form, but any change in the amount of the benefit shall commence on the first day of the month following the effective date of the plan of payment.~~

~~(g)~~ A retired Participant's receipt of the first distribution under this Article constitutes the Participant's final acceptance of the payment option and the plan of payment, which may not be changed only as provided in this Plan. The death or disqualification of any designated Beneficiary under the joint-life plan or the multiple-life plan does not change the plan of payment. The multiple-life plan annuity shall continue to the remaining Beneficiaries in their same percentages.

(e) For effective dates of retirement under Section 9.01 that are prior to January 1, 2027, the former versions of paragraphs (d) through (g) of this Section shall apply to a monthly annuity payment option.

2. **In all other respects,** the Plan shall be and remain unchanged.

IN WITNESS WHEREOF, the undersigned has executed this Amendment on the date indicated:

Date

Karen Carraher, Executive Director

**Amendment One to the
Ohio Public Employees Deferred Compensation Program
Deferred Compensation Plan Document**

WHEREAS, the Plan Document for the Ohio Public Employees Deferred Compensation Program ("Plan") was originally effective January 1, 1976;

WHEREAS, the Public Employees Retirement Board, as Trustees of the Plan ("Trustees"), reserved the right to amend the Plan pursuant to Article VII of the Plan;

WHEREAS, the Trustees now desire to amend the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows, effective on January 1, 2027:

1. **Section 1.18 of the Plan**, describing **Normal Retirement Age** is hereby amended to be and read as follows:

1.18 Normal Retirement Age means (a) any age elected by the Participant for purposes of making a catch-up contribution and beginning no earlier than the earliest age at which a Participant has the right to retire under the Employer's applicable pension plan, if any, without the Employer's consent and to receive immediate retirement benefits with actuarial or similar reduction because of retirement before some later age specified in such pension plan or (b) if no such election is made, age ~~73~~70½. In the case of a Participant who does not participate in a pension plan, Normal Retirement Age shall be any age elected by the Participant which shall be no earlier than 65 and no later than age ~~73~~70½.

2. **In all other respects**, the Plan shall be and remain unchanged.

IN WITNESS WHEREOF, the undersigned has executed this Amendment on the date indicated:

Date

Karen Carraher, Executive Director

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 16, 2026

TO: OPERS Retirement Board Members

FROM: Patti Gazda, Corporate Governance Officer

RE: **IV. Action Items:**
D. Review Proxy Plan and Activity and Approve Proxy Plan

Action requested: _____ moved and _____ seconded
to: approve the Corporate Governance plan for the 2027 proxy season.

Background – Each year staff provides a review of the current year's proxy season and outlines the plan for the upcoming year.

2027 Corporate Governance Plan – Staff will continue to vote proxies utilizing the Corporate Governance Policy and Proxy Voting Guidelines (Policy and Guidelines) document in alignment with OPERS' value creation investment strategy.

Other areas of focus will be:

- Evaluate avenues to increase efficiency in the proxy process
- Review the Policy & Guidelines document for updates/revisions to be presented to the board in 2027
- Close monitoring of the regulatory environment as it relates to proxy services

Next steps – Staff will continue to provide quarterly reporting to the board.

Corporate Governance 2026

Patti Gazda – Corporate Governance Officer



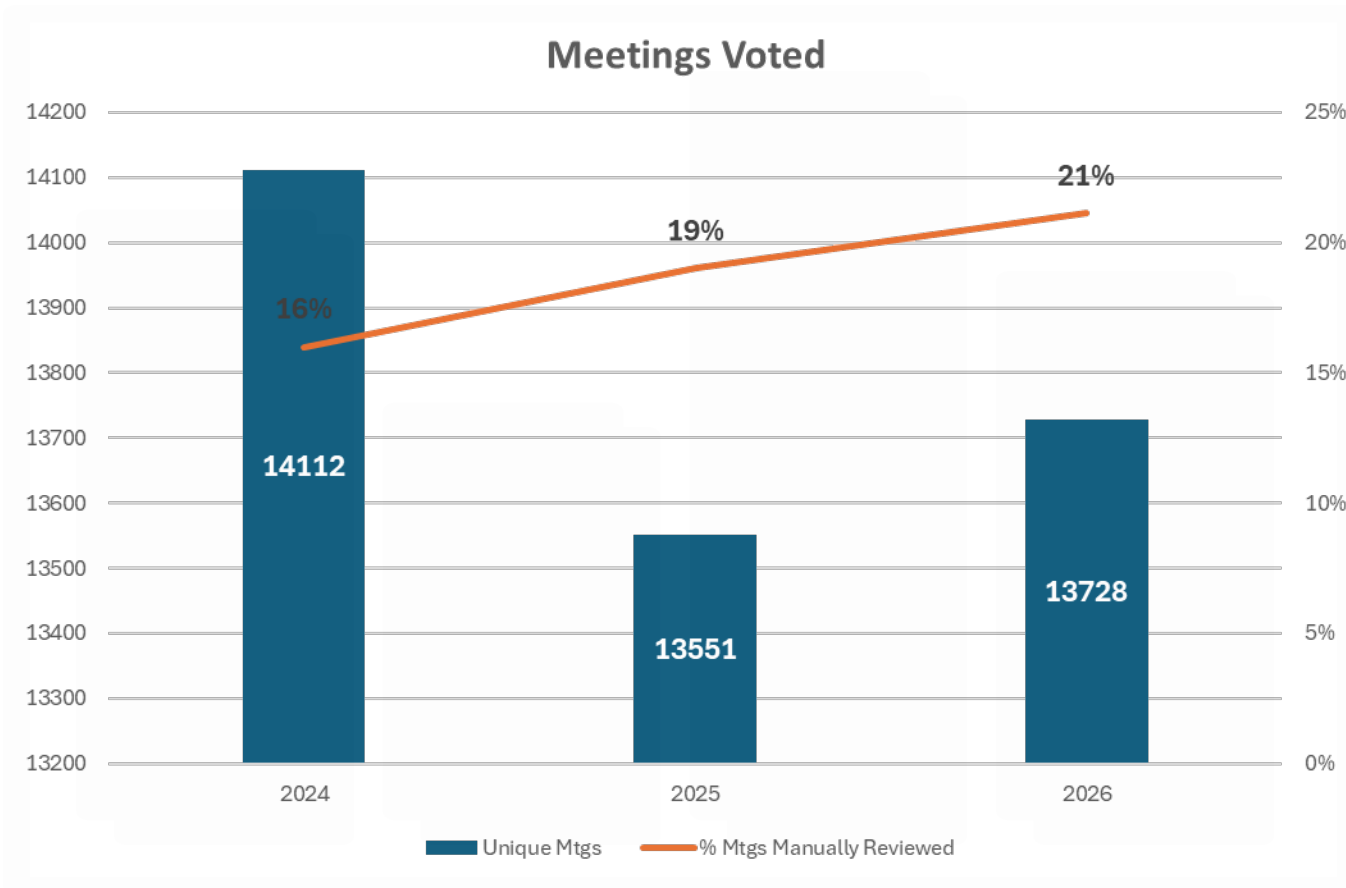
Agenda

- **Program Objectives**
- **Proxy Season Overview**
- **2027 Corporate Governance and Proxy Voting Plan**

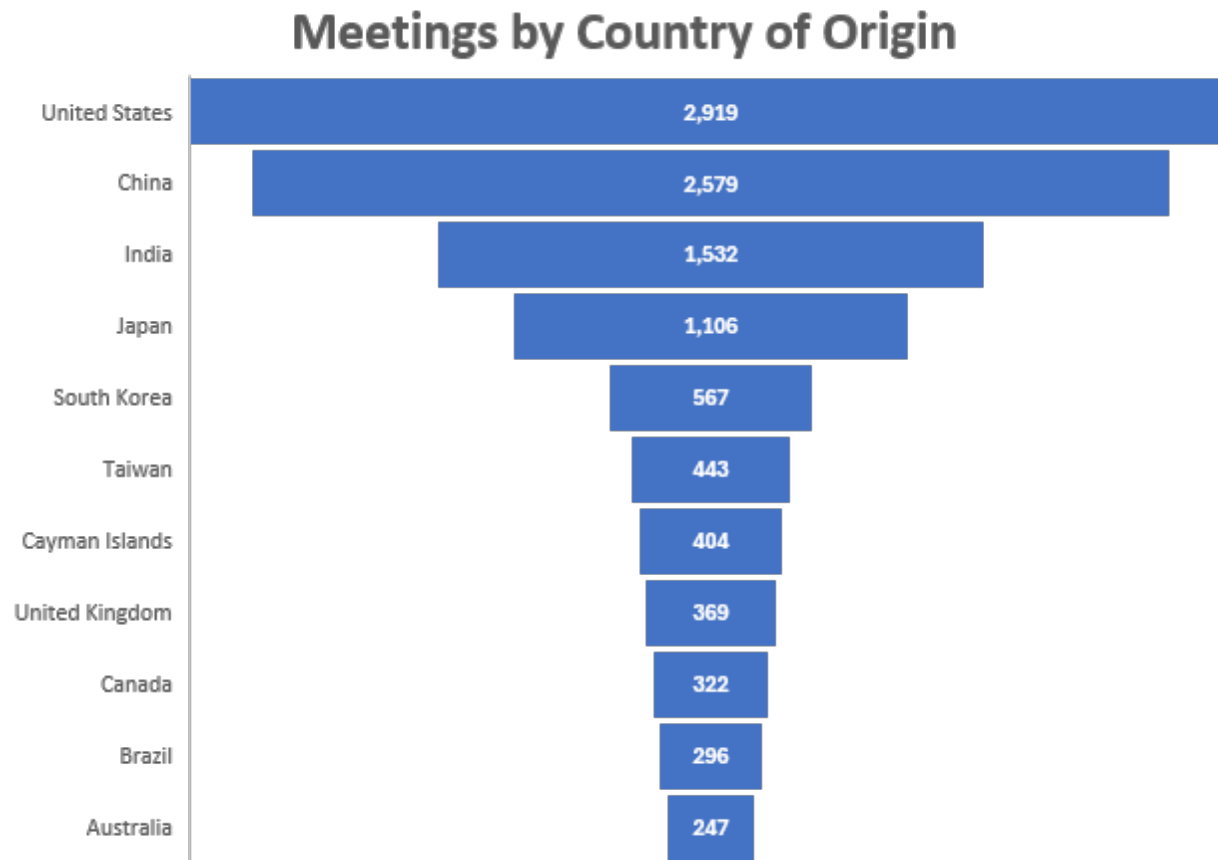
Corporate Governance Program Objectives

- To enhance the long-term value of OPERS' investments by promoting activities that ensure management and boards of directors act in the best interest of shareowners and in ways that protect, preserve and enhance OPERS' assets and investments
- To encourage corporate accountability, financial transparency and responsibility, while supporting governmental policies and regulations that are in the best interest of OPERS

Proxy Season Overview

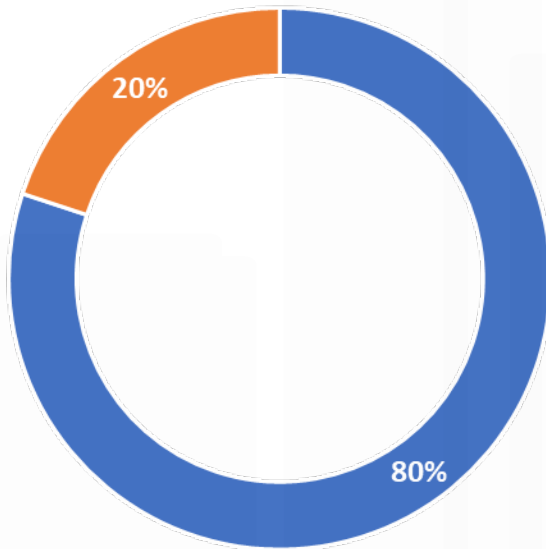


Proxy Season Overview



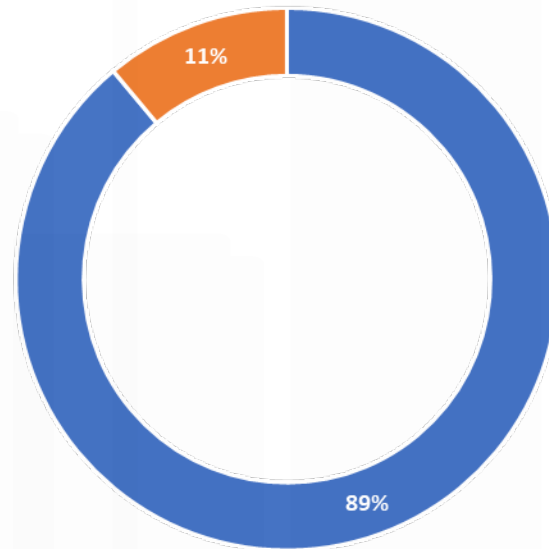
Proxy Season Overview

Vote Alignment with Management



■ Votes With Mgmt ■ Votes Against Mgmt

OPERS' Custom Policy Alignment with Proxy Vendor



■ Aligned ■ Against

Proxy Season Overview

Proxy Season Shareholder Proposal Facts

2% of all proposals were shareholder proposals

7% of all meetings included at least one shareholder proposal

- **40% Director related** **OPERS supported 66%**
- **10% Governance related** **OPERS supported 47%**
- **9% Social related** **OPERS supported 21%**
- **8% Environmental related** **OPERS supported 23%**

40% of shareholder proposals were supported by OPERS

Corporate Governance Plan

- ✓ Complete the RFP process for proxy services
- ✓ Continue to pursue avenues for accurate, timely, independent research to maximize efficiency within the proxy voting process
- ✓ Review the custom Policy & Guidelines document for updates/revisions to be presented to the board in 2027
- ✓ Monitor the regulatory environment as it relates to proxy services

Thank you!



Questions?

IV.E



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

MEMORANDUM

DATE: September 16, 2026

TO: OPERS Retirement Board Members

FROM: Lauren Gresh, Deputy Executive Director
Lincoln Carnam, Assistant Portfolio Manager

RE: **IV. Action Items:**
E. Member Directed Plan Fees Update and Mitigating Rate Review

Action requested: _____ moved, _____ seconded, to approve the recommended fee structure for the defined contribution plans as set forth in this memorandum and accompanying presentation.

Purpose – This memorandum and its accompanying presentation are intended to educate the Board on the Member-Directed Plan's fees, expenses, and mitigating rate and to recommend potential changes that would fully fund the administrative fee and fund the mitigating rate. Plan expenses and fees are not static over time; therefore, understanding and reviewing them periodically is an expected fiduciary activity for plan sponsors.

Background – The Member-Directed and Combined Plans were established in 2003. The Combined Plan was closed to new participants and consolidated into the Traditional Pension Plan effective January 1, 2024. For this reason, this memorandum generally references the Member-Directed Plan only, but any prospective changes to fees will apply to the defined contribution portion of the Combined Plan accounts.

The Member-Directed Plan currently has more than 18,000 members and the Combined Plan has more than 9,000 members. Total Plan assets topped \$3.5 billion at the end of 2025. Members and employers contribute a statutory maximum of 24% of earnable salary to OPERS. Of that amount, members' Member-Directed Plan accounts receive their 10% employee contributions and

7.5% of the employer's contributions. The remaining employer contributions generally fund the Retiree Medical Account and expenses of the Plan.

Member balances are concentrated at the lower end: 9,081 members hold under \$50,000 (average \$15,724), while only 162 exceed \$1 million. Nearly half of Retiree Medical Accounts hold less than \$500. As expected, account balances steadily increase based on age and years of participation in the Plan and members tend to select the Plan when they know their participation may be transient.

Fees and expenses in the Member-Directed Plan – The Member-Directed Plan experiences cost and assesses fees through several avenues:

Investment management fees – Charged directly against a member's investment account, the investment management fees pay for the cost of investment managers and services related to investments. Most of these fees are expressed as the "expense ratio" on the Plan's investment menu. The Member-Directed Plan's expense ratios currently range from 0.012% to 0.46%, which is considered very low among peers. The Plan satisfies the remaining investment fees that exist outside of the members' accounts. Fees vary based on the type of investment product, active or passive management, and the volume of assets in the investment option.

Administrative fees – The cost of maintaining the entire Member-Directed Plan is paid by the assets of the Plan and its participants. Administrative expenses can be direct costs to operate the Plan, as well as the operational infrastructure expenses, e.g., banking, personnel, and member services. Plans assess a proportion of the expenses to the Plan participants per capita, by account value, or a combination of them (hybrid). Currently the Member-Directed Plan uses a hybrid fee structure by assessing a monthly \$6 fee on member accounts and using 0.26% of employer contributions. OPERS also satisfies expenses through the Plan's forfeitures from unvested portions of employer contributions. These amounts are all accumulated to fund the Plan's direct and indirect expenses. These fees are currently insufficient to support the administrative expenses.

Recordkeeping fees – Recordkeeping expenses are one of the administrative expenses of the Plan. The Plan sponsor negotiates and purchases the services of an external vendor to administer the system that tracks members' daily balances, contributions, investments and transactions. The recordkeeping platform is the operating backbone of the Plan.

Mitigating rate – The mitigating rate is not simply a fee or policy choice. It is an amount paid to the Traditional Pension Plan to offset the negative effect on the Plan's unfunded actuarial accrued liability (UAAL) when a member elects a defined contribution plan. The rate is grounded in statute, determined

actuarially, and affected by plan design, funding status, member behavior, and investment performance. The mitigating rate is best understood as the Plan members' share of the Traditional Pension Plan's UAAL cost in which they share for the opportunity to participate in a defined contribution plan. When a member's defined contribution plan election diverts that member's UAAL from the Traditional Pension Plan, the mitigating rate helps offset that impact with 3.5% of employer contributions. No member contributions from any plan are used to fund the UAAL. The Alternative Retirement Plan's (ARP) mitigating rate is fixed by a statutory formula and is currently 2.24%, but OPERS will be reducing that fee next year based on the latest experience study. The Member-Directed Plan's mitigating rate is 3.50%, as adopted by the Board based on its actuary's recommendation. For comparison, the Traditional Pension Plan contributes 9.27% of employer contributions towards the UAAL.

Member-Directed Plan Financial Experience - Plan expenses have generally exceeded the direct fees collected, with the shortfall covered by forfeitures and investment income. In 2025, however, that pattern shifted when total inflows were no longer sufficient to cover total Plan outflows. Expenses increased from \$3.1 million in 2020 to a projected \$4.0 million in 2026, while fees collected are projected at \$3.7 million. The administrative expense account has been negative since 2020 and is expected to continue declining absent structural changes. At the same time, reserves and forfeitures—which also support the mitigating rate and Retiree Medical Account (RMA) funding—are projected to decline steadily through 2030, when inflows are no longer expected to keep pace with expenses.

Recommendation – Staff recommends the following revenue-neutral rebalanced fee structure to cover Plan expenses every year, fully fund the mitigating rate, and simplify the internal and external fee structure:

1. Increase the administrative fee from 0.26% to up to 0.50% of employer contributions as the current allocation does not cover Plan expenses.
2. Retain the \$6 monthly recordkeeping fee for active and inactive members to support the administrative and recordkeeping costs.
3. Continue using Member-Directed Plan forfeitures/reserves to fund the mitigating rate and administrative expenses while the Retiree Medical Account (RMA) uses its employer contributions and fund assets to credit the accounts and interest.

Under this structure the employer's mitigating rate contribution drops from 2.24% to approximately 2.0%, offsetting the increase of 0.24% for administrative expenses. Pension (7.5%) and RMA (4.0%) allocations are unchanged, so members do not experience any reduction in contributions to their accounts — the average member continues paying \$72 per year in recordkeeping fees.

This rebalanced fee structure will support the administrative account trend and neutralize the Plan's experience within several years. With the Board's approval, staff will implement and communicate this change to impacted members. Plan expenses and fees are not static; staff continually monitor them for adequacy, reasonableness, and peer benchmarking, with periodic Board education and discussion on the same.

Member Directed Plan Fees and Mitigating Rate

September 16, 2026

Lincoln Carnam, Assistant Portfolio Manager
Lauren Gresh, Deputy Executive Director



Agenda

- Brief Background
- Defining Fees and Mitigating Rate
- Review of Financial Experience
- Review of Recommended Changes

Member-Directed Plan

Background

Member-Directed Plan

- Established: Jan. 1, 2003
- Current members: 27,139 (MD 18K, CO 9K)
- Total plan assets: \$3.5M
- Employer contributions: 14%
 - Split between RMA (4%), MD account (7.5%) and Mitigating Rate (2.24%) and administrative expenses (0.26%)
- Employee contributions: 10%
- Admin Fees: Hybrid model – \$6 pm/pm from accounts and % of ER contributions

Current Member-Directed Mitigating Rate and Plan Fees

- Mitigating Rate – 3.50% in total however the employer contribution currently only funds 2.24% (the remaining is funded by reserves)
- Administrative Fee - .26% coming from the 14% employer contribution rate
- Recordkeeping Fee – Currently \$6.00 per month to cover the cost of VOYA (TPA) and any shortfall that the .26% does not cover
- Investment management fees/basis points – average for the plan .05bps

Current MD Plan Contributions

10%
member
contributions →

14%
employer
contributions {

7.5% —

**Retirement
Account**

*Member
manages
investments
with fees*

4% —

**Retiree Medical
Account**

OPERS manages
investments

.26% —

Admin Costs

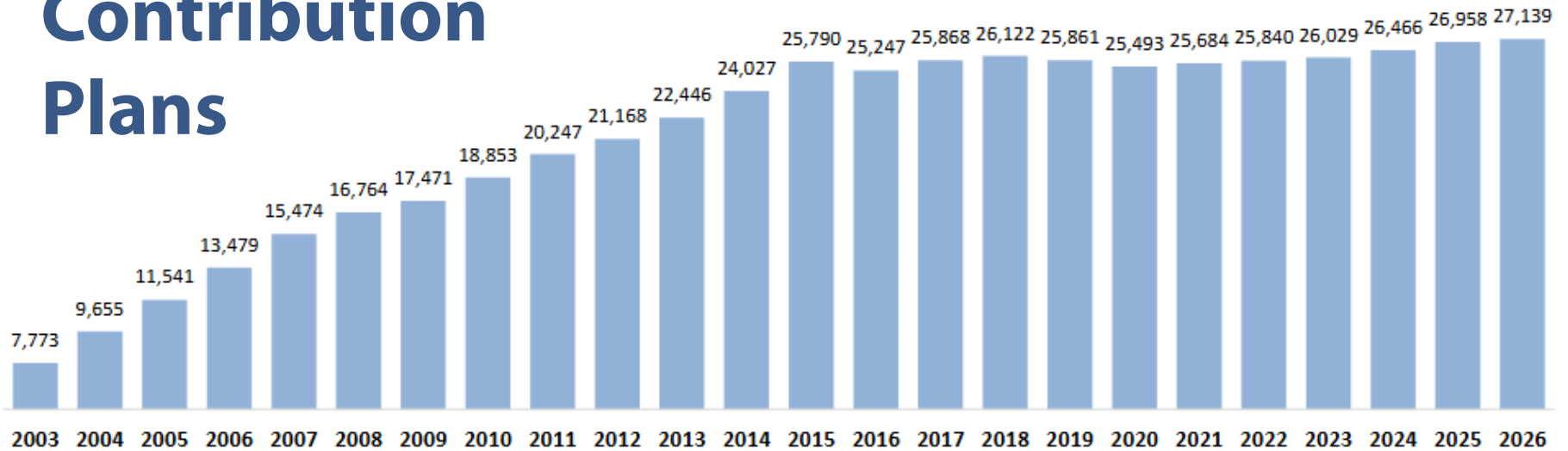
2.24% —

**Mitigating
Rate**

*To the Traditional Pension
Plan*

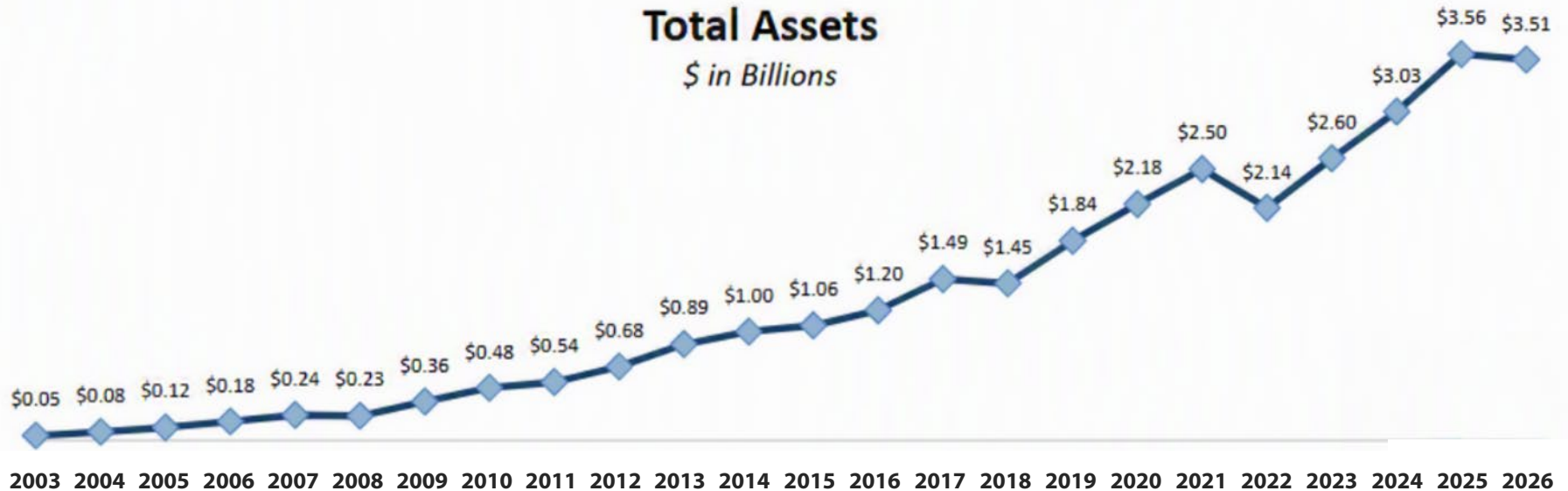
Defined Contribution Plans

Members



Total Assets

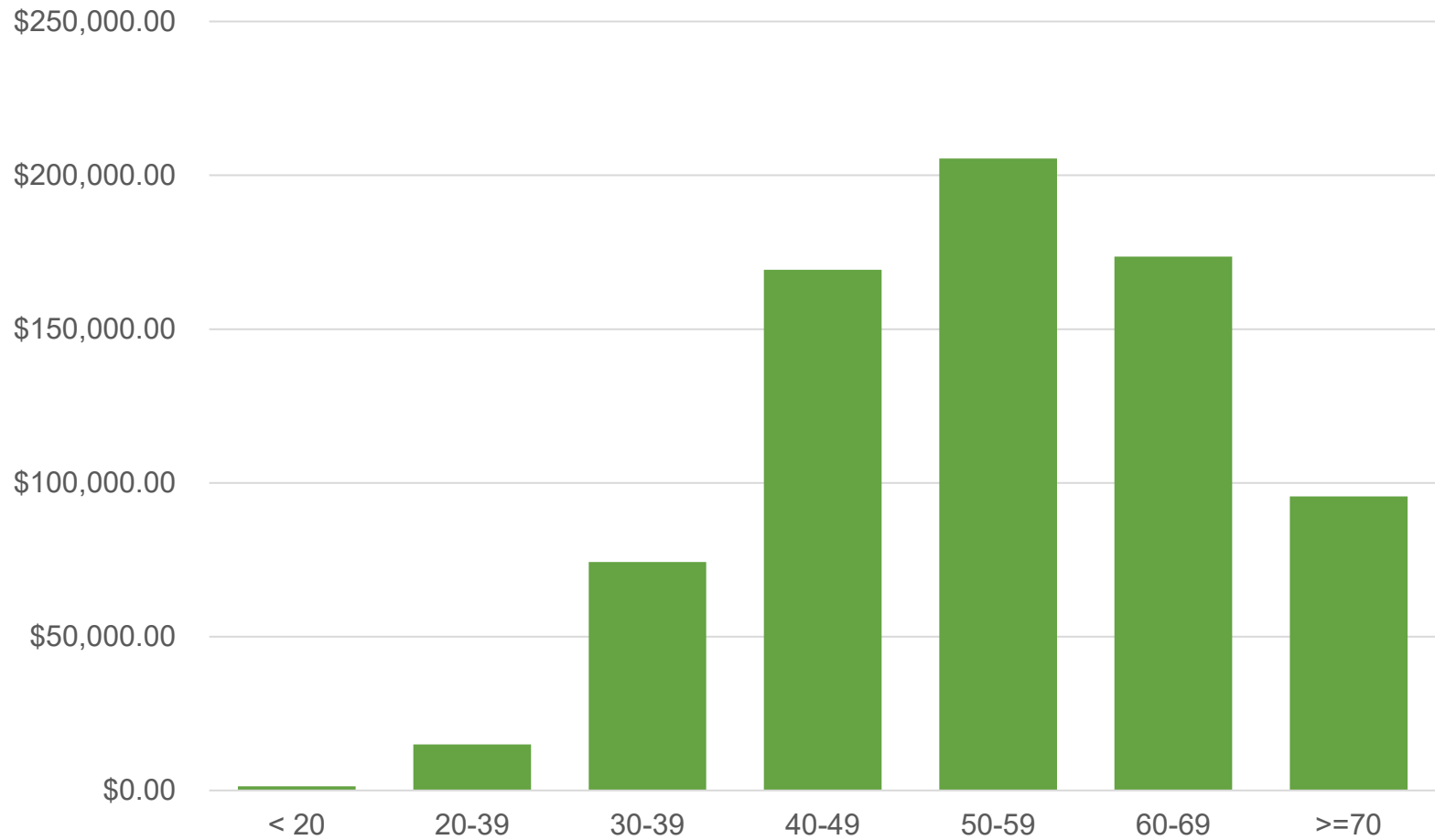
\$ in Billions



Member-Directed Plan Accounts

Account Value Range	Member Count MD Plan	Avg Account Balance
<\$50,000	9,081	\$15,724
\$50K - \$100K	2,417	\$72,389
\$100K - \$250K	3,473	\$163,810
\$250K - \$1M	2,873	\$447,927
> \$1M	162	\$1,437,595

Average Balance by Age



Retiree Medical Accounts

Vested Balance	Member Count	% of Total	Average Vested Balance
Less than \$500	12,426	49%	\$31
\$500 - \$9,999	5,607	22%	\$3,845
\$10,000 - \$19,999	1,952	8%	\$14,608
\$20,000 - \$29,999	1,438	6%	\$24,868
\$30,000 - \$39,999	1,135	4%	\$34,746
\$40,000 - \$49,999	865	3%	\$44,889
\$50,000 - \$99,999	1,678	7%	\$68,404
\$100,000+	327	1%	\$145,252
Total	25,428	100%	\$12,850

Funding Allocations by Plan

Traditional	
Normal Cost	14.73%
UAAL	9.27%

Member-Directed	
Investment Account	17.50%
RMA	4.00%
Mitigating Rate*	2.24%

Combined	
Investment Account	10.00%
Normal Cost	7.53%
UAAL	2.97%
Mitigating Rate	3.50%

*Total mitigating rate is 3.50% funded partially by reserves and forfeitures

Member-Directed Plan

Defining Fees and Mitigating Rate

Member-Directed Plan Fees and Rate



1. What are the Investment Management Fees?

Member Accounts

- Fees within investment option selected by member
- The “expense ratio” on member accounts

Investment Managers

- Hired by OPERS to manage investment options

Investment Management Fees

Member Accounts

- Fees within investment option selected by member
- The “expense ratio” charged against account

**Range
0.012%
to
0.46%**

Investment Managers

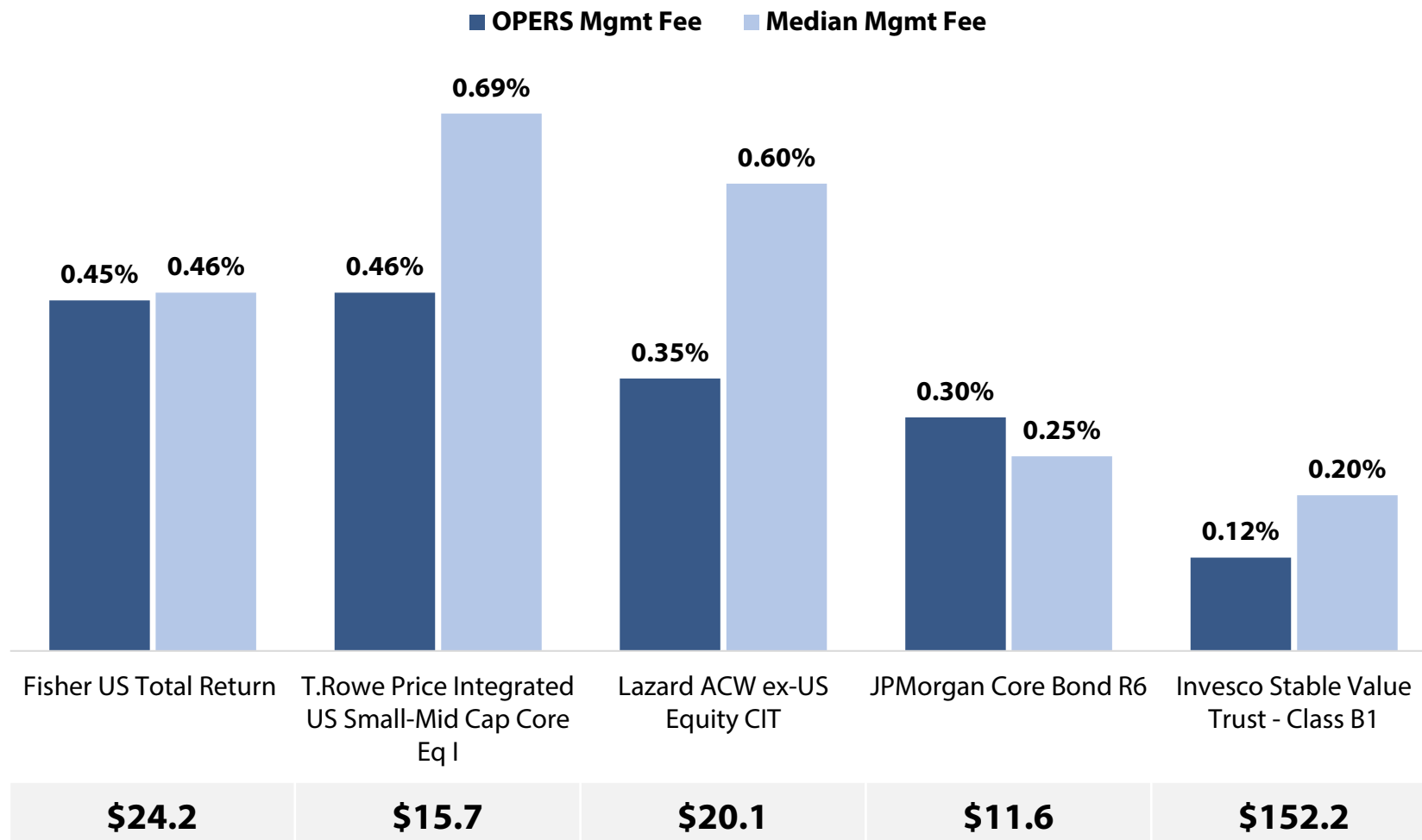
- Wrap contracts for stable value option

0.14%

Investment Options

- **Actively Managed Funds**
 - Investment vehicles where a professional portfolio manager makes decisions about which securities to buy and sell, aiming to outperform a benchmark
 - Typically a more expensive option
- **Passively Managed Funds**
 - Funds designed to track a specific market index rather than trying to beat it
 - Less expensive option
- **Target Date Funds**
 - A "set it and forget it" series of fund that automatically shifts its mix of investments from more aggressive to more conservative as a specific target date approaches

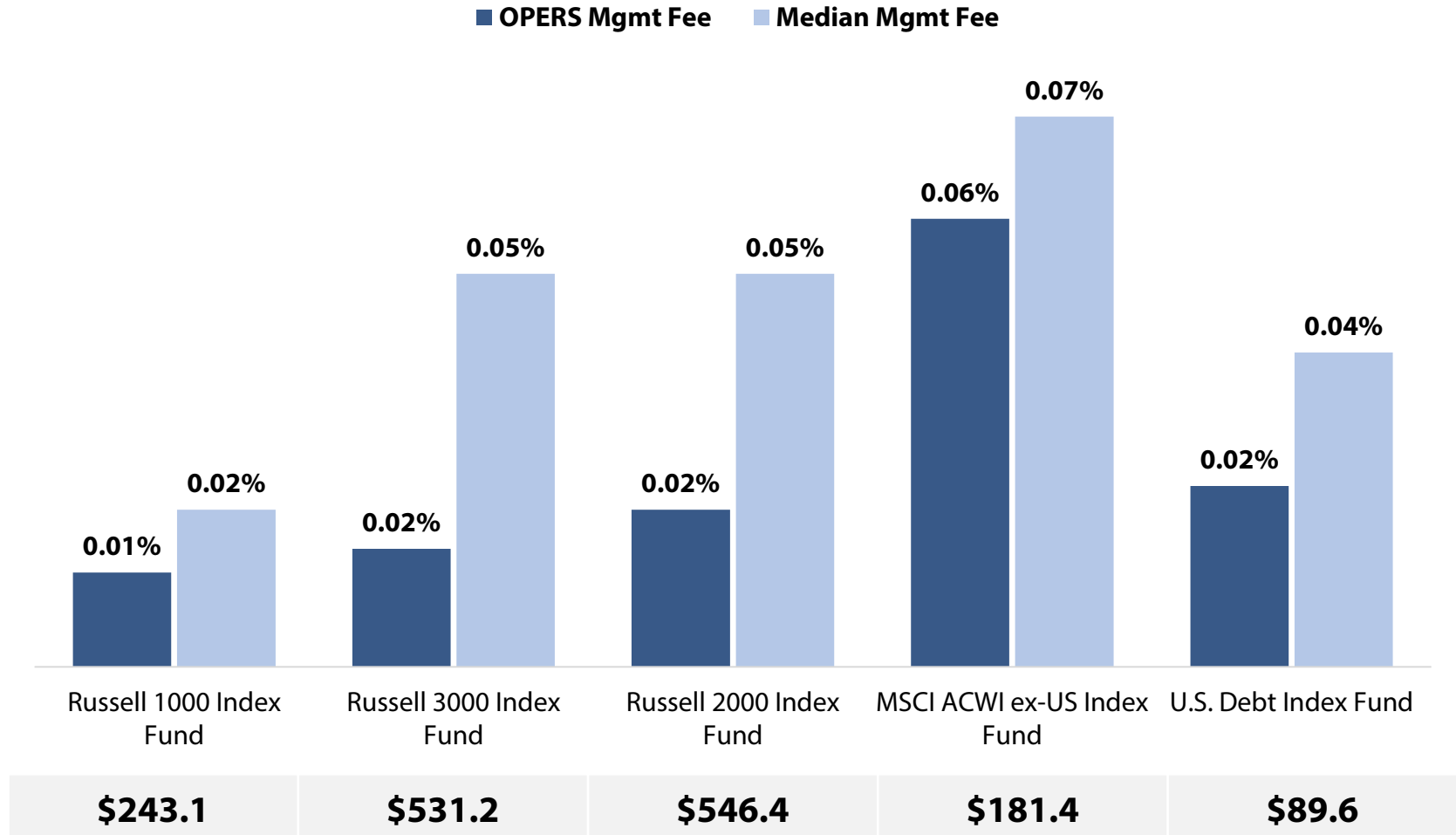
Actively Managed Options



Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups.
All data as of 6/30/26.

ASSETS
(\$ in millions)
97/350

Passively Managed Options

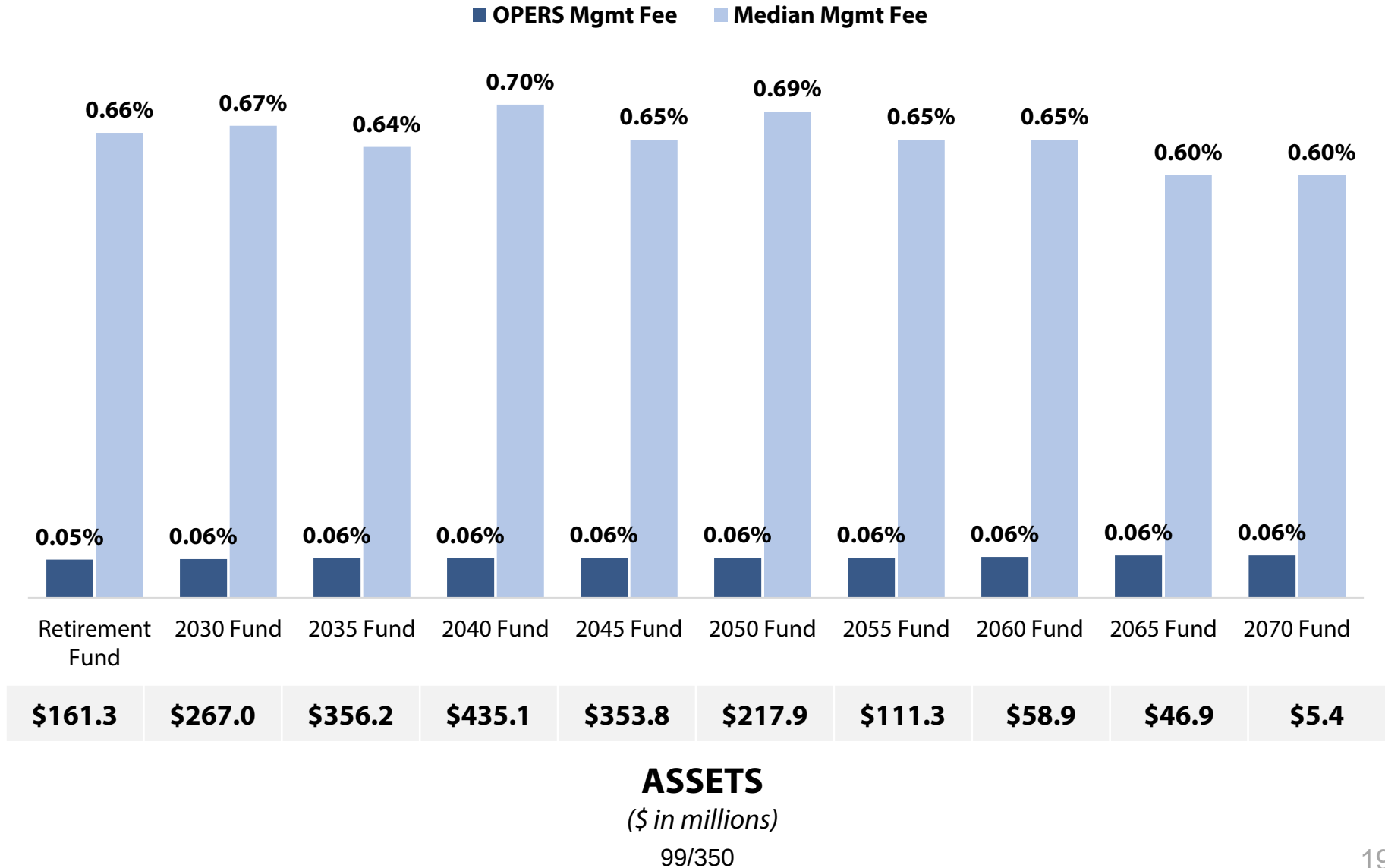


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All data as of 6/30/26.

ASSETS
(\$ in millions)

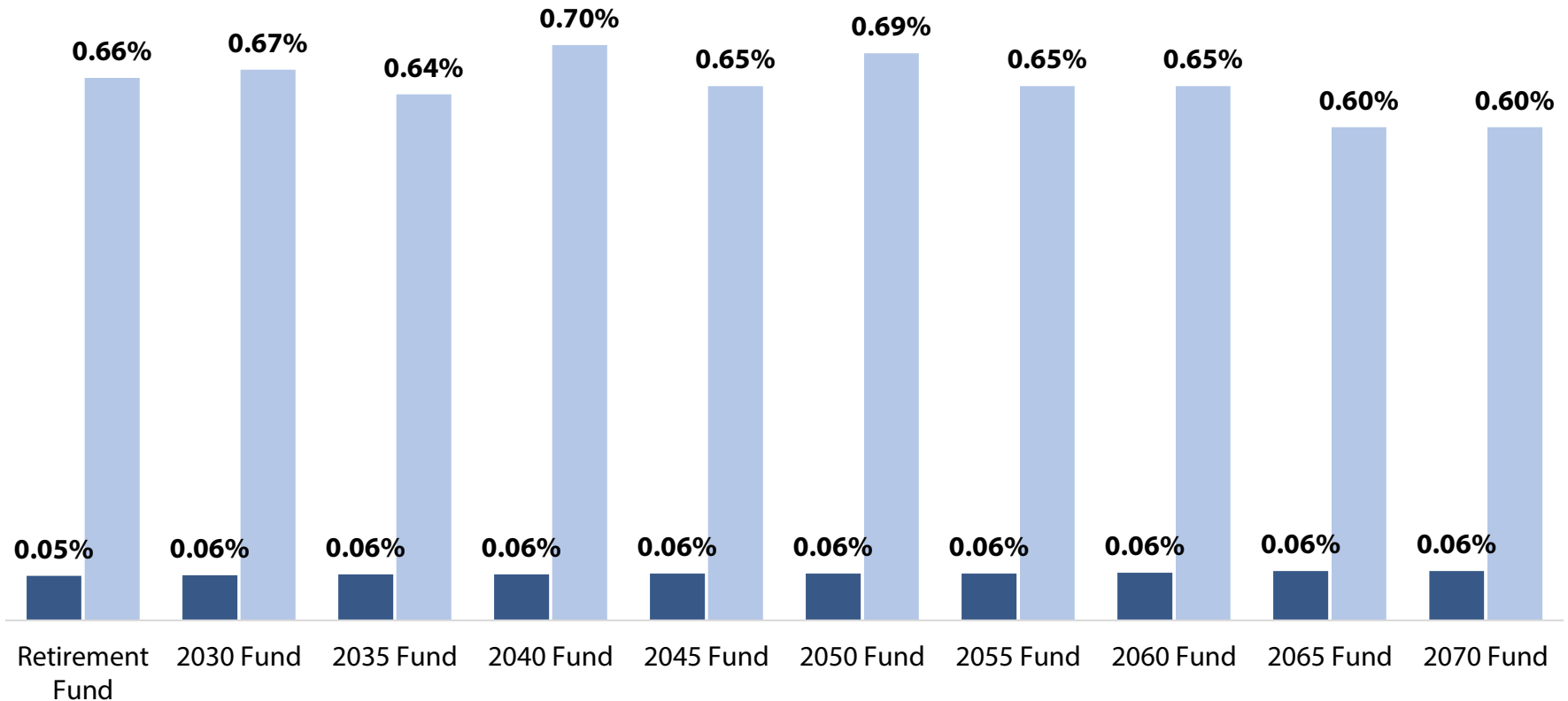
98/350

Target Date Funds



Target Date Funds

■ OPERS Mgmt Fee ■ Median Mgmt Fee



\$161.3	\$267.0	\$356.2	\$435.1	\$353.8	\$217.9	\$111.3	\$58.9	\$46.9	\$5.4
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Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups.
All data as of 6/30/26.

ASSETS
(\$ in millions)

100/350

2. What are Administrative Expenses?

The cost to OPERS to maintain the entire Plan.

Tech

Personnel

Education

Investment Expenses

Call Center

Recordkeeping

3. What is the Recordkeeping Fee?

- An administrative expense of the Plan.
- Negotiated amount paid to an external vendor to perform the investment recordkeeping for each participant in the Plan.
- “Recordkeeping” includes the system and services that track members’ daily balances, contributions, investments and transactions. The recordkeeping technology platform that is the operating backbone of the Plan.
- Expense can be satisfied by the Plan, directly through members’ accounts, or both.

Recordkeeping Fee

- Currently \$2.83 pm/pm, but we choose to have vendor collect \$6 pm/pm to help defray OPERS' expenses.
 - TPA's fee is competitively priced within its peers and benchmarked regularly with OPERS investment consultant.
- Collected by vendor and transferred to OPERS; used to pay the Plan's quarterly recordkeeping fees and OPERS administrative expenses.
- Can fluctuate slightly based on membership numbers
- On average, the \$6 pm/pm annually generates \$1.25M inflow to help cover plan expenses.

Historical Recordkeeping and Admin Fees

	Admin % of Employer Contributions Per year	Recordkeeping Fees Per year
2018	0.50%	\$60
2019	0.06%	\$60
2020	0.06%	\$60
2021	0.06%	\$60
2022	0.26%	\$72 (July)
2023	0.26%	\$72
2024	0.26%	\$72
2025	0.26%	\$72
2026	0.26%	\$72

4. What is the Mitigating Rate?

An amount paid to the Traditional Pension Plan to reduce the negative financial experience of the plan's unfunded accrued actuarial liability ("UAAL") due to the member's selection of the Member-Directed or Combined Plan (or Alternate Retirement Plan "ARP").

It is not a fee or policy choice alone.

It is anchored in statute and actuarial determination influenced by plan design, funding status, member behavior and investment performance.

Mitigating Rate

Two mitigating rates:

- 1) ARP Mitigating Rate - currently established by a formula set forth in statute and not subject to approval by the OPERS Board. Applies to members of Alternative Retirement Plans
- 2) **OPERS Defined Contribution Plans Mitigating Rate** - Defined Contribution Plans in this context is defined to include both the Member-Directed Plan (MD) and the Combined Plan (CO)

Governed by two different statutes; their rates can be different.

Two Mitigating Rates

ARP
2.24%



Currently established by a formula set forth in statute and not subject to approval by the OPERS Board. Periodic actuarial calculations. Capped at 4.5%. Will be changing in 2027 based on the statutory formula recalculation following the latest experience study.

MD Plan
2.24% (3.50%)



Ohio law allows Board to use portion of employer contribution for defined contribution plan members to “mitigate any negative financial impact” of the member’s participation in a defined contribution plan on the defined benefit plan. Rate determined by Board’s actuary and adopted by Board.

Member-Directed Plan

Financial Experience

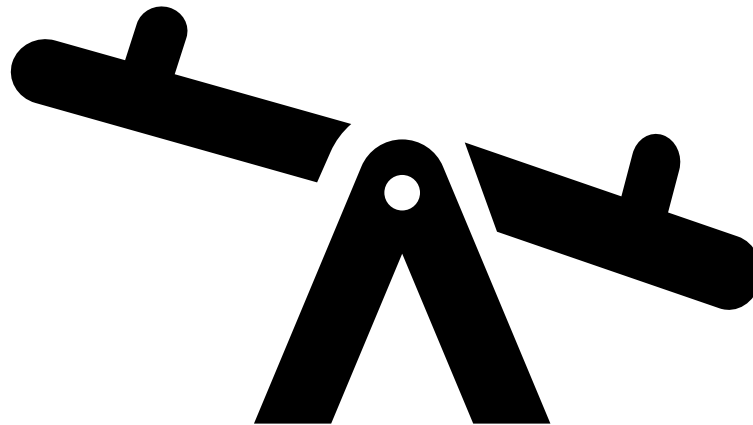
MD Plan Administrative Activity

Administrative Outflows:

1. OPERS administrative expense
2. Mitigating rate

Administrative Inflows:

1. 0.26% Employer Contributions
2. \$6 pm/pm from TPA
3. Reserves



2025 outflows exceeded inflows

Member-Directed Plan Expenses and Fees

	Plan Expenses (in Thousands)	Fees Collected (in Thousands)
2020	\$3,101	\$1,345
2021	\$2,987	\$1,300
2022	\$2,939	\$2,141
2023	\$3,772	\$3,115
2024	\$3,756	\$3,370
2025	\$3,904	\$3,626
2026	\$4,022	\$3,697

Forfeitures/Reserves

- The unvested amounts of employer contributions that members leave in the Plan when refunding with less than 5 years of service credit
- OPERS currently uses the MD Plan reserves/forfeiture account to offset the mitigating rate (0.53%) to fully fund the rate at 3.5%
- OPERS uses the RMA Plan reserves/forfeitures to fully (notionally) fund the RMA accounts at 4.0%

MD Plan Vesting Schedule

Employer contributions vest over time; unvested employer contributions are forfeited and used to support plan funding.

Attained Years of participation	Percentage vested (in Employer Contributions)
1	20%
2	40%
3	60%
4	80%
5	100%

Retiree Medical Account Vesting Schedule

Years of Participation in the Member-Directed Plan	Percentage vested
0-5	0%
6	10%
7	20%
8	30%
9	40%
10	50%
11	60%
12	70%
13	80%
14	90%
15	100%

Member-Directed Plan

Fee Recommendation

Fee Recommendation

Objectives:

- Cover Plan expenses every year
- Fully fund the mitigating rate
- Simplifies internal and external fee experience while remaining low and in-line with peers

Recommendation

- Increase the current administrative fee of 0.26% to up to 0.50% because the current allocation does not cover the expenses of the Plan.
- Retain the \$6 monthly recordkeeping fee for active/inactive members to support the administrative cost as well as the recordkeeping expense.
- Continue to use MD Plan forfeitures/reserves to offset the mitigating rate and administrative expenses.

What does the member experience?

	Current State	Recommendation	Impact to Member
Member Pension	7.50%	7.50%	--
Member RMA	4.0%	4.0%	--
OPERS Administrative Expenses	0.26%	0.50%	+0.24
Mitigating Rate	2.24%	2.0%	-0.24
TPA Recordkeeping Fee	\$6.00 per month	\$6.00 per month	\$0
Inactive TPA Recordkeeping Fee	\$6.00 per month	\$6.00 per month	\$0

14.00%

Next Steps

With the Board's approval, staff will implement and communicate the changes.

Plan expenses and fees are not static; staff continually monitors to keep them reasonable and low.

Questions?



V.A



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

MEMORANDUM

DATE: September 4, 2026

TO: OPERS Retirement Board Members

FROM: Craig Hallermann, FSA, Senior Actuary
Deborah McCarthy, Government Relations Officer/Legal Counsel

RE: **V. Discussion Items:**
A. Alternative Retirement Plans (ARP) Mitigating Rate Study

Purpose – As required by Ohio law, OPERS’ actuary, Gabriel, Roeder, Smith & Company (GRS), performed a study in conjunction with the five-year experience study to calculate the mitigating rate for the Alternative Retirement Plans (ARP) offered by Ohio public institutions of higher education. The new rate will replace the current rate and will remain in effect until completion of the next five-year experience study in 2031.

The purpose of this memo is to summarize the history of the ARP mitigating rate, to outline the general methodology required in statute for determining the rate, and to explain the new ARP rate and the remaining steps to be completed in 2026 and 2027.

History of the ARP mitigating rate – Beginning in March 1997, public institutions of higher education were permitted to establish and offer alternative retirement plans (ARP) to their academic and administrative employees. The enabling statute required that employers of ARP participants contribute an amount initially equal to 6% of pay to the Ohio retirement systems (OPERS, STRS and SERS) until the unfunded liability of each system was fully amortized. The purpose of this “mitigating rate” contribution was to mitigate the negative financial impact on the system associated with OPERS-eligible members electing to join an ARP and avoid participating in the OPERS Traditional Pension Plan (TP). Changes to the ARP mitigating rate were permitted based on a periodic study of the rates by the Ohio Retirement Study Council (ORSC)—the last of which was completed in 2005.

Prior to January 1, 2000, the ARP mitigating rate for OPERS-eligible members who elected ARP was 6.0%. During that period (1998 and 1999), OPERS had an unfunded liability. In 1999, OPERS became fully funded and ceased collecting the ARP mitigating rate in 2000. Over the next two years, OPERS' funding declined below 100%.

Beginning in August 2005, the Ohio legislature expanded the ARP-eligible population to include all full-time employees at public institutions of higher education. OPERS began receiving the ARP mitigating rate contribution in 2007 at a rate of 0.54%. The ARP rate was "capped" due to a provision of the law that stated the ARP mitigating rate could not exceed the mitigating rate collected from OPERS' Member-Directed (MD) and Combined (CO) Plan participants (then 0.70% for local division and 0.54% for state division).

In 2008, the MD and CO Plan mitigating rate was increased to 0.77% due to the final year of a three-year phased-in employer contribution rate increase. Based on the provision of law described above, the ARP mitigating rate also increased to 0.77%. The ARP mitigating rate remained unchanged until July 2017.

In December 2016, the Ohio legislature passed H.B. 520 which became effective April 6, 2017. The Act established a formula in statute for calculating the ARP mitigating rate that must be paid to OPERS, STRS, and SERS by a public institution of higher education. Prior to H.B. 520, "negative financial impact" was not defined in the law and was the subject of much debate and interpretations of its meaning varied among the impacted Ohio retirement systems. H.B. 520 was enacted in response to an Ohio Retirement Study Council report, commissioned in 2014, that recommended the Ohio legislature take action to clarify the meaning of "negative financial impact."

Calculation of the ARP mitigating rate—The statutory formula for calculating the ARP mitigating rate, as defined in H.B. 520, may be stated generally as 25% of the rate of amortization of each retirement system's unfunded liability. Absent this mitigating rate contribution, OPERS (and the other impacted retirement systems) would "lose" all unfunded liability contributions from any participant electing to join the ARP. Based on the calculation described below, the current ARP mitigating rate is 2.24%, which became effective in July 2022.

The statutory formula consists of two components:

1. The rate determined by calculating the "historical liability", defined as the accumulated dollar difference resulting from ARP members contributing to the unfunded liability at a lower rate than OPERS Traditional Plan (TP) members through December 31, 2015, and amortizing it over an indefinite period. This component rate is determined as of December 31, 2015, and remains fixed prospectively.

2. The rate determined by subtracting the historical liability from the current unfunded liability and amortizing the difference over a 30-year period.

Both of the above components are adjusted to reflect the ARP participants' proportionate share of the historical and current unfunded liabilities. These two component rates are summed, and the total is multiplied by 25% to arrive at the final ARP mitigating rate percentage of pay. If the final ARP rate exceeds 4.5% of pay, the rate is capped at 4.5%.

Actions Taken – GRS recently completed the five-year experience study for the TP Plan and the Board, subsequently, adopted the recommended changes to the actuarial valuation assumptions. The ARP mitigating rate is to be recalculated based on the current unfunded liability, which is determined based on the updated assumptions. GRS has completed this recalculation of the ARP mitigating rate to be paid to OPERS—2.07% of pay ($0.25 \times 8.29\%$), a decrease of 0.17% from the current rate of 2.24%. Due to the operation of law, there is no action required by the OPERS Board to give effect to the new rate.

Next Steps – Staff will submit the ARP mitigating rate report to the Department of Higher Education by December 31, 2026, as required by statute. The updated mitigating rate will take effect on July 1, 2027.



Date: September 4, 2026

To: Ms. Karen Carraher, Executive Director, Ohio Public Employees Retirement System

From: Mita D. Drazilov, ASA, FCA, MAAA, James R. Sparks, ASA, FCA, MAAA and
Jeffrey T. Tebeau, FSA, EA, FCA, MAAA
Gabriel, Roeder, Smith & Company

Re: **Alternative Retirement Plan (ARP) Mitigating Rate
for the 5-Year Period Beginning July 1, 2027**

Our original study on this matter was dated December 23, 2016. We have prepared this document to satisfy the ongoing requirements of Ohio Revised Code (ORC) §145.222. That section requires the Board to engage an actuary to complete an actuarial study to determine the percentage of an electing employee's compensation to be contributed by a public institution of higher education under ORC §3305.06(D) related to ARP participation. We have based our calculations upon the specific provisions of ORC §145.222 as described in statutes that are current as of the date of this writing. The most recently completed annual actuarial valuation under ORC §145.22 available at this time is the December 31, 2025 valuation with adjustment for the assumption changes adopted by the Board in connection with the 2021-2025 experience study, which we used for purposes of this study. In particular, the assumed rate of return is 6.85% and the assumed payroll growth rate is 3.00% per year. Please review the methods and figures in this document carefully prior to use, and let us know if you have any questions or if you see any issues with the methods, calculations, or statutory interpretations.

Background: House Bill No. 586 of the 121st General Assembly established the ARPs. Its provisions became effective March 31, 1997. Initially, ARPs were only available to "Academic or Administrative Employees" of public institutions of higher education. Statutes were subsequently revised to provide that after August 1, 2005 any eligible employee of a public institution who had less than five years of service credit in a State retirement system could also join an ARP.

ORC §3305.06(D) provides that public institutions of higher education shall contribute a percentage of each ARP employee's pay to OPERS (or STRS or SERS) sufficient to mitigate any negative financial impact of the ARP on the affected retirement system. The mitigating contribution is to continue until the Unfunded Actuarial Accrued Liabilities (UAAL or UAL) for all benefits except health care benefits and liabilities for any benefit increases provided after March 31, 1997 are fully amortized.

We understand the intent of ORC §3305.06 to be to permit OPERS to charge ARP employers for some share of the unfunded liability that existed on or about the time that the ARPs were established. An early interpretation was that once unfunded liabilities were paid off, the ARPs could no longer be charged a mitigating rate. In practice, that did not work well, because unfunded liabilities were paid off at one point and then re-emerged subsequently due to investment losses.

ARP Mitigating Rate for the 5-Year Period Beginning July 1, 2027

Methodology: OPERS prepared Chart 1 on page 2 that develops certain statistics related to ARP contributions through December 31, 2015. We have reviewed Chart 1 for general reasonableness, but did not perform an audit of the figures.

Chart 1									
Year	ARP Members	ARP Payroll	ARP Payroll Increase %	DB ROA	Mitigating Rate	UAL Funding Rate	Rate Difference	Accum ARP Contribution	Accum UAL Contribution
1998	677	\$ 7,142,046		14.35%	4.50%	3.10%	-1.40%	\$ 343,937	\$ 236,934
1999	3,972	90,218,211	1163.20%	11.94%	6.00%	3.10%	-2.90%	6,115,184	3,225,817
2000	4,623	130,660,437	44.83%	-0.74%	0.00%	1.10%	1.10%	6,069,932	4,633,886
2001	4,844	147,930,195	13.22%	-4.60%	0.00%	1.50%	1.50%	5,790,715	6,588,244
2002	4,554	159,463,202	7.80%	-10.74%	0.00%	1.50%	1.50%	5,168,792	8,141,735
2003	4,619	174,086,517	9.17%	25.39%	0.00%	2.30%	2.30%	6,481,148	14,702,066
2004	4,874	200,802,095	15.35%	12.50%	0.00%	3.50%	3.50%	7,291,292	23,998,531
2005	5,360	219,267,086	9.20%	9.25%	0.00%	3.80%	3.80%	7,965,737	34,930,225
2006	6,497	268,978,233	22.67%	15.05%	0.00%	3.50%	3.50%	9,164,580	50,293,336
2007	7,058	329,086,705	22.35%	8.89%	0.29%	3.70%	3.41%	10,975,481	67,474,172
2008	7,030	345,565,224	5.01%	-27.15%	0.77%	2.40%	1.63%	10,276,241	56,263,308
2009	6,995	361,606,711	4.64%	19.09%	0.77%	3.90%	3.13%	15,280,381	82,413,558
2010	7,049	373,449,661	3.28%	13.98%	0.77%	3.80%	3.03%	20,488,760	109,096,390
2011	7,214	386,836,435	3.58%	0.36%	0.77%	4.80%	4.03%	23,546,518	128,090,689
2012	7,368	400,357,506	3.50%	14.54%	0.77%	4.80%	4.03%	30,271,981	167,297,723
2013	7,638	426,973,836	6.65%	14.38%	0.77%	10.80%	10.03%	38,143,884	240,709,626
2014	7,922	452,212,466	5.91%	6.96%	0.77%	8.90%	8.13%	44,400,550	299,094,813
2015	8,281	479,345,271	6.00%	0.31%	0.77%	8.90%	8.13%	48,234,868	342,749,828

The chart indicates that if the ARP participants had been in OPERS, the accumulated value of UAAL contributions received on behalf of ARP participants would have been \$342.7 million as of December 31, 2015. This figure can be compared with the accumulated value of contributions actually received through that date, which was \$48.2 million. The estimated shortfall as of December 31, 2015 is, therefore, the difference between those two figures or \$294.5 million. This is the "Historical Liability" described in ORC §145.222(A)(4). In the original report on this topic, dated December 23, 2016, perpetual amortization of the historical liability was estimated to require 2.42% of ARP payroll. The historical liability and the percentage required to amortize it are carried over unchanged into future calculations in accordance with ORC §145.222(D).

Chart 2 on the next page is intended to calculate the ARP mitigating rate reflecting the provisions of ORC §145.222(D). Those provisions say that, within certain bounds, the ARP mitigating rate is the sum of the perpetual amortization of the original historical liability and the 30 year rolling amortization of the ARP share of other remaining liabilities.

The statute refers to fiscal years in a few places and since we only have calendar year information, we had to use calendar year information. We based the Traditional Plan (TP) UAAL in Row 1 of Chart 2 on the market value of assets (MVA) as opposed to the actuarial value of assets. We did so because it is anticipated that the resulting ARP mitigating rate will be fixed for at least five years, which is longer than the smoothing period used to determine the funding value of assets. Additionally, the Traditional Plan figures used below are the Traditional Plan (excluding the Combined Plan). Please verify that calendar year data, market value of assets and exclusion of the Combined Plan are acceptable interpretations of the statutory requirements.

Chart 2 ARP Mitigating Rate Determination as of December 31, 2025		
1 Traditional Plan UAAL	Based on MVA	\$20,362,636,777
2 Historical Liability: ORC §145.222(A)(4)	From December 23, 2016 Study	294,514,960
3 Non-historical Portion of (1)	1-2	20,068,121,817
4 2025 ARP Payroll	Supplied By OPERS	702,783,079
5 2025 TP Payroll	December 31, 2025 Valuation	17,823,036,755
	Payroll	
6 Total 2025 ARP +TP Payrolls	4+5	18,525,819,834
7 Compensation Ratio: ORC §145.222(A)(2)	4/6	3.7935%
8 ARP % of Row 3	3 x 7	761,290,813
9 Projected 2026 ARP Payroll	1.03 x 4	723,866,571
10 30-year Amortization Factor		17.9231
11 30 year amortization of 8: ORC §145.222 (D)(1)	8/9/10	5.87%
12 Perpetual Amortization of Row 2: ORC §145.222 (C)(1)	From December 23, 2016 Study	2.42%
13 Preliminary Mitigating Rate: ORC §145.222(D)(2)	(11+12) x 25%	2.07%
14 Maximum Mitigating Rate: ORC §145.222(D)(2)		4.50%
15 Minimum Mitigating Rate: ORC §145.222(D)(2)	12. x 25%	0.61%
16 Final Mitigating Rate: ORC §145.222(D)(2)	Max(Min(13,14),15)	2.07%

The ARP mitigating rate for the period ending June 30, 2022 was 2.44%, as computed in the GRS Memorandum dated December 23, 2016. The ARP mitigating rate for the 5-year period July 1, 2022 through June 30, 2027 is 2.24%, as computed in the GRS Memorandum dated September 28, 2021.

Our conclusion is that the ARP mitigating rate for the 5-year period beginning July 1, 2027 through June 30, 2032 will be 2.07% of ARP Payroll unless the Board selects a different interpretation of the statute.

Mita D. Drazilov, James R. Sparks and Jeffrey T. Tebeau are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This communication shall not be construed to provide tax advice, legal advice or investment advice.



V.B



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
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MEMORANDUM

DATE: September 16, 2026

TO: OPERS Retirement Board Members

FROM: Jenny Starr, Director-Finance
Lincoln Carnam, Assistant Portfolio Manager

RE: **V. Discussion Items:**
B. ODC Fees Update

Purpose – To provide the Board with an overview of the Ohio Deferred Compensation (ODC) Program's current administrative fee structure, recent fee collections and expenses, projected future financial activity, and benchmarking information. Staff will also highlight the different ODC investment options and related investment fees, including benchmarking information. Finally, staff will present its recommendation to maintain the current administrative fee structure for the next five years.

Background – The ODC Program currently assesses an administrative fee of 0.14% of participant assets, subject to a fee waiver for participants with aggregate account balances below \$5,000 and an annual cap of \$220 per participant. This hybrid structure is designed to encourage participation by new savers while limiting fees paid by participants with larger account balances. Administrative fees are disclosed directly on participant account statements.

As of December 31, 2025, ODC served 2,102 participating employers and approximately 285,000 participant accounts, with nearly 139,000 participants actively contributing to the program. During 2025, the program collected approximately \$17.0 million in administrative fees, while total operating and capital expenditures were approximately \$16.0 million. Cash and cash equivalents increased from \$21.7 million at year-end 2024 to \$24.2 million at year-end 2025, reflecting positive operating results and investment earnings on program reserves.

For 2026, staff projects approximately \$17.6 million in administrative fee collections (not including interest income on reserves), compared to an estimated cash outlay of approximately \$19.4 million. Existing reserve balances remain sufficient to support near-term operating and capital needs, including ongoing evaluation and implementation efforts associated with future recordkeeping and systems initiatives. Long-term projections indicate that current reserves, together with expected fee revenue, are adequate to support anticipated operating and capital expenditures throughout the transition period and beyond.

Staff also reviewed administrative fee practices among peer governmental deferred compensation plans. Benchmarking indicates that ODC's asset-based fee structure with participant-level caps and fee waivers is consistent with approaches used by many large public-sector defined contribution plans. ODC's investment management fees also remain highly competitive relative to peer plans and industry median fee levels across the program's investment offerings.

Based on projected revenues, expenses, reserve levels, and benchmarking results, staff believes the current administrative fee structure remains appropriate and continues to balance participant affordability, transparency, and program sustainability.

Next Steps – Staff recommends maintaining the current ODC administrative fee structure over the next five years while staff complete the anticipated recordkeeping transition and related operational initiatives. During this period, staff will continue to monitor program expenses, revenues, reserve balances, and industry practices and will return to the Board with recommendations if adjustments become warranted. Investment staff will also continue evaluating investment options and associated fees to ensure participants receive cost-effective retirement savings solutions.

Deferred Compensation Program Fee Update

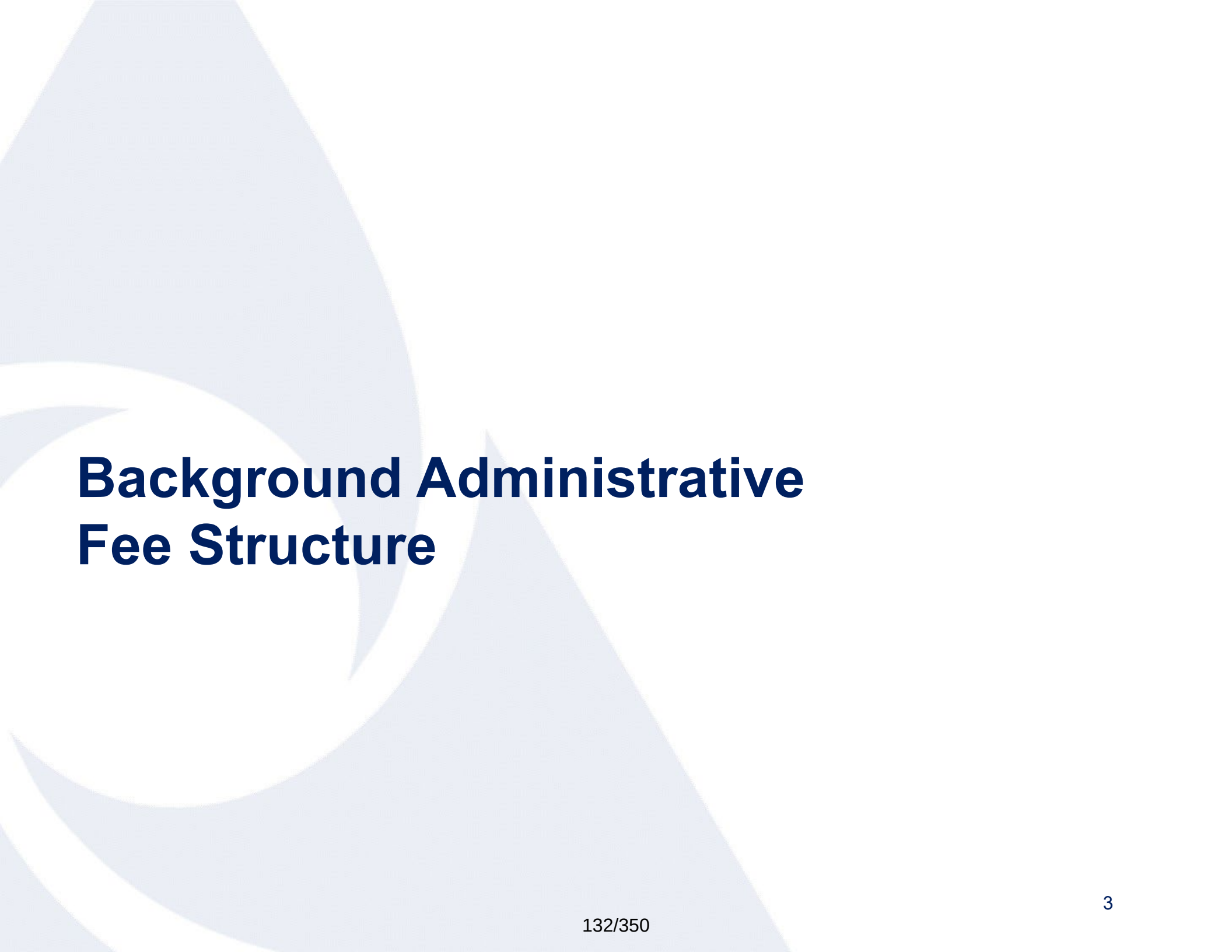
September 16, 2026

*Jenny Starr, Director—Finance
Lincoln Carnam, Assistant Portfolio Manager*



Agenda

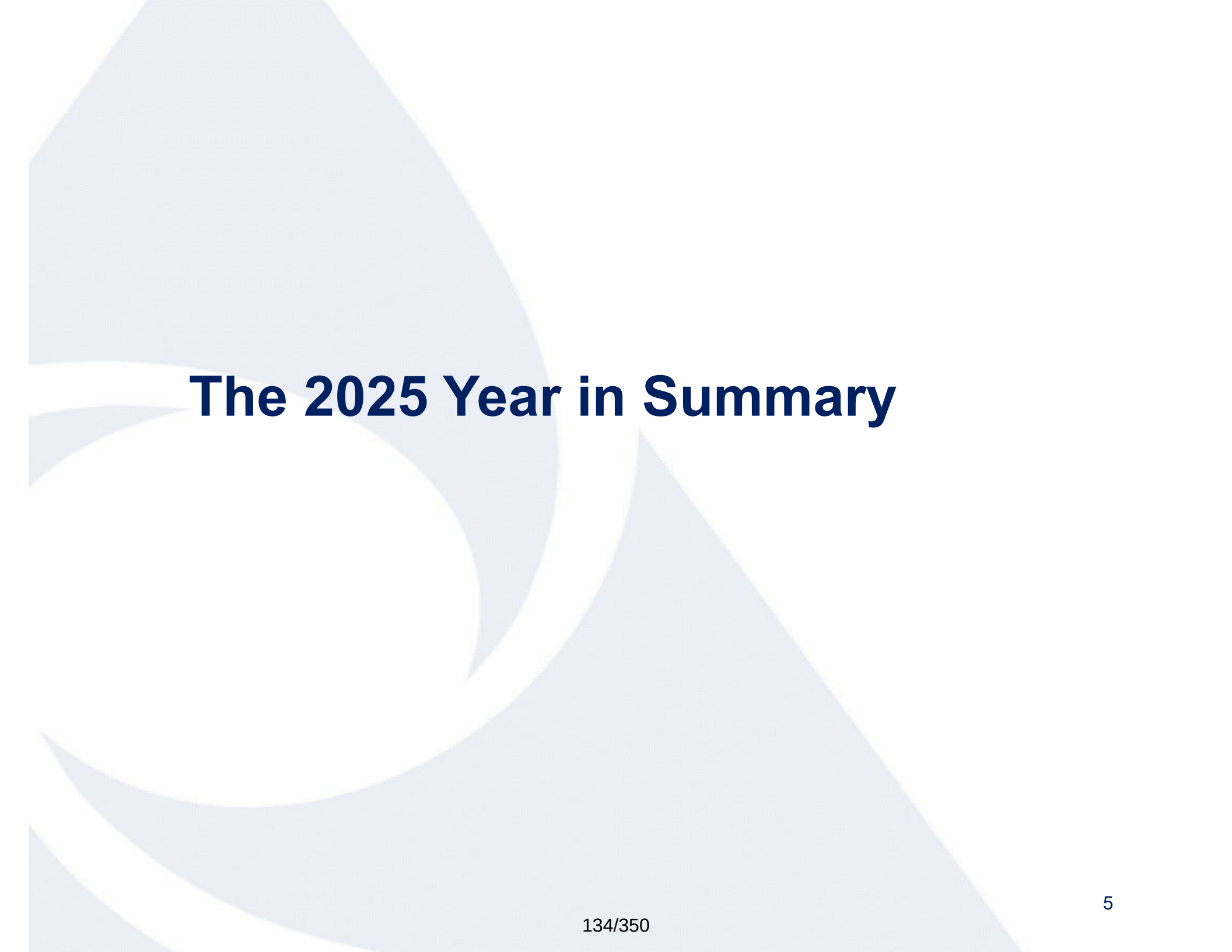
- **ODC administrative fee**
- **Year 2025 in summary**
- **Year 2026 and projections**
- **ODC investment options and fees**
- **Conclusion**
- **Appendix - Administrative fee benchmarking**



Background Administrative Fee Structure

Current Administrative Fee Structure

- Participants are charged an explicit fee based on total asset balances subject to a cap – 0.14% of assets
- The administrative fee waives fees for participants with small account balances (less than \$5,000 in total).
- The administrative fees are capped at a maximum annual amount, currently \$220 per participant (or \$55 per quarter).
- If a participant has multiple accounts, the fee waivers and caps are determined at the **participant level**, not the account level.
- The administrative fee is disclosed in quarterly account statements.



The 2025 Year in Summary

2025 Participation

Participation in ODC is voluntary for all eligible employees in the State of Ohio. ODC continues to create partnerships with new employers each year and educate participants on the importance of contributing toward their retirement goals.

Participation as of December 31, 2025	
Contributing Employers	2,102
Eligible Employees in State of Ohio	688,917
Total Participant Accounts (several participants have more than one account)	285,494
Participants Currently Contributing	138,735
Current Participation Rate	20.1%

2025 Fees Collected

Fees can be segregated into three buckets under the current administrative fee structure.

- Total fees collected in 2025 = \$16,967,334.10
 - Q1 = \$4,198,428.10
 - Q2 = \$4,132,368.56
 - Q3 = \$4,302,213.59
 - Q4 = \$4,334,323.85
- Average number of participants paying fees during 2025 = 224,000
(not the same as number of accounts reported on the previous slide)
- Estimated breakout of 2025 fees above by account value –

Account Values	Participant Count	2025 Fees Collected
< \$5,000 (waived)	49,500	\$0
\$5,000 - \$157,142	135,500	\$8,400,000
> \$157,143 (max)	39,000	\$8,570,000
Total 2025	224,000	\$16,970,000

2025 Administrative and Capital Expenses

Total spend information obtained from ODC 2025 audited financials

- Total operating spend = \$13,421,678
 - Includes \$128,000 in custody fees
 - Approx. \$303,000 in custody fees embedded in investment activity within participant accounts (not paid from admin budget)
- Total capital spend = \$2,613,434
 - Primarily spent on current systems (ORIS and PWP)
 - Total undepreciated asset value for these systems as of 12/31/2025 is approximately \$17.2 million
- Total Cash Outlay = \$16,035,112
- Total Fees Collected = \$16,970,000

2025 Cash and Cash Equivalents

Reserves increased from 2024 to 2025

- Balance in cash and cash equivalents –
 - \$24.2 million as of December 31, 2025
 - \$21.7 million as of December 31, 2024
- Fees collected over expenses was approx. \$0.9 million
- Interest/investment income activity on cash and cash equivalents makes up the rest of the increase, approx. \$1.6 million

2026 Activity To-Date and Projections

2026 Overall Highlights

Summary of Board-approved 2026 budgets

- 2026 Operating Budget is \$15,408,400
- 2026 Capital Budget is \$3,242,909
- Total Estimated 2026 Cash Outlay \$18,651,309
- Total Estimated 2026 Fee Collection \$17,600,000
- 2025 year-end cash and cash equivalents more than sufficient for covering 2026 budgets

2026 Overall Highlights (con't.)

Continue to collect fees from participant accounts each quarter

Account Values	Participant Count	Current Fees
< \$5,000 (waived)	50,289	\$0
\$5,000 - \$157,142	135,125	\$2,100,000
> \$157,143 (max)	40,886	\$2,300,000
Total Q1 2026	226,300	\$4,400,000

- Above information for Q1 2026 fees collected from participant accounts (Q2 2026 almost flat to this)
- Waiving fees for total participant account values < \$5,000
- 0.14% of total participant account values
- Capped at \$55/quarter, or \$220/year

2026 Overall Highlights (con't.)

Annualizing Q1 2026 fees collected to project annual 2026 amounts

Q1 2026 Fees	\$4,400,000
Annualized 2026 Fees	\$17,600,000
2025 Fees	\$16,970,000
Estimated 2026 Increase	\$630,000
% Increase	3.7%

- Historically, account balances increase over the year, as do fees.
 - *See next slide for impact on fees if all accounts values were to decline by 10%.*

Impact on Fees if Asset Values Decline

If assets declined 10% in value, fees decline approx. 4.5%

Account Values	Participant Count - Current Values	Estimated Participant Count - 10% decline in assets	Current Fees	Estimated Fees 10% decline in assets
< \$5,000 (waived)	50,289	53,230	\$0	\$0
\$5,000 - \$157,142	135,125	135,532	\$2,100,000	\$2,100,000
> \$157,143 (max)	40,886	37,538	\$2,300,000	\$2,100,000
Total Q1 2026	226,300	226,300	\$4,400,000	\$4,200,000

Approx. \$200K decline in fees per quarter, or \$800K for the year

Expense Projections

Remainder of 2026 activity planning for shift from current to future state

- Actuals through July 2026 –
 - Operating spend = \$8,330,056
 - Capital spend = \$1,110,057
- Assumptions for remainder of 2026 –
 - Establish plan for recordkeeping and select vendor through competitive bid process
 - 2026 projections
 - \$15.4 million operating, not including depreciation (agrees to budget)
 - \$4.0 million capital (potential to spend \$0.8 million more than the \$3.2 million budget)
 - Begin external recordkeeper implementation

Expense Projections (con't.)

Assumptions for 2027 through 2030 include different scenarios based on potential recordkeeping and other operational changes

- 2027 –
 - Begin external recordkeeper implementation
 - Conversion efforts (current system to recordkeeper)
 - Historical data transfer/storage
 - Transition new participant payroll system implementation
 - Employer contribution system replacement of Ohio Business Gateway (started in 2026)
 - Minimal Peraton costs will remain while current systems remain – operating costs to maintain systems (historically mainly capital)
 - Shift all custody fees to operating budget

Expense Projections (con't.)

- 2028 –
 - External recordkeeper implementation complete
 - Retire systems
 - Document management solution implementation for legacy documents
- 2029 through 2031 – New normal
 - Greater automation and standardization with high touch participant experience, less excessive customization and manual processing
 - External recordkeeper focus on recordkeeping and plan administration
 - OPERS retains critical governance, control, reconciliation and oversight responsibilities

Expense Projections (con't.)

- Other assumptions in projections –
 - 3% revenue growth each year (on both participant fees and cash/cash equivalent income)
 - ODC specific staffing reduced beginning 2028.
 - OPERS staffing cost allocation continues to increase across all years.
 - 3-4% expense increases every year (primarily inflation)
 - Increase in fees for external recordkeeping
 - Continued IT efficiencies
 - Continued expansion of financial planning services

Expense Projections (con't.)

(\$ in millions)

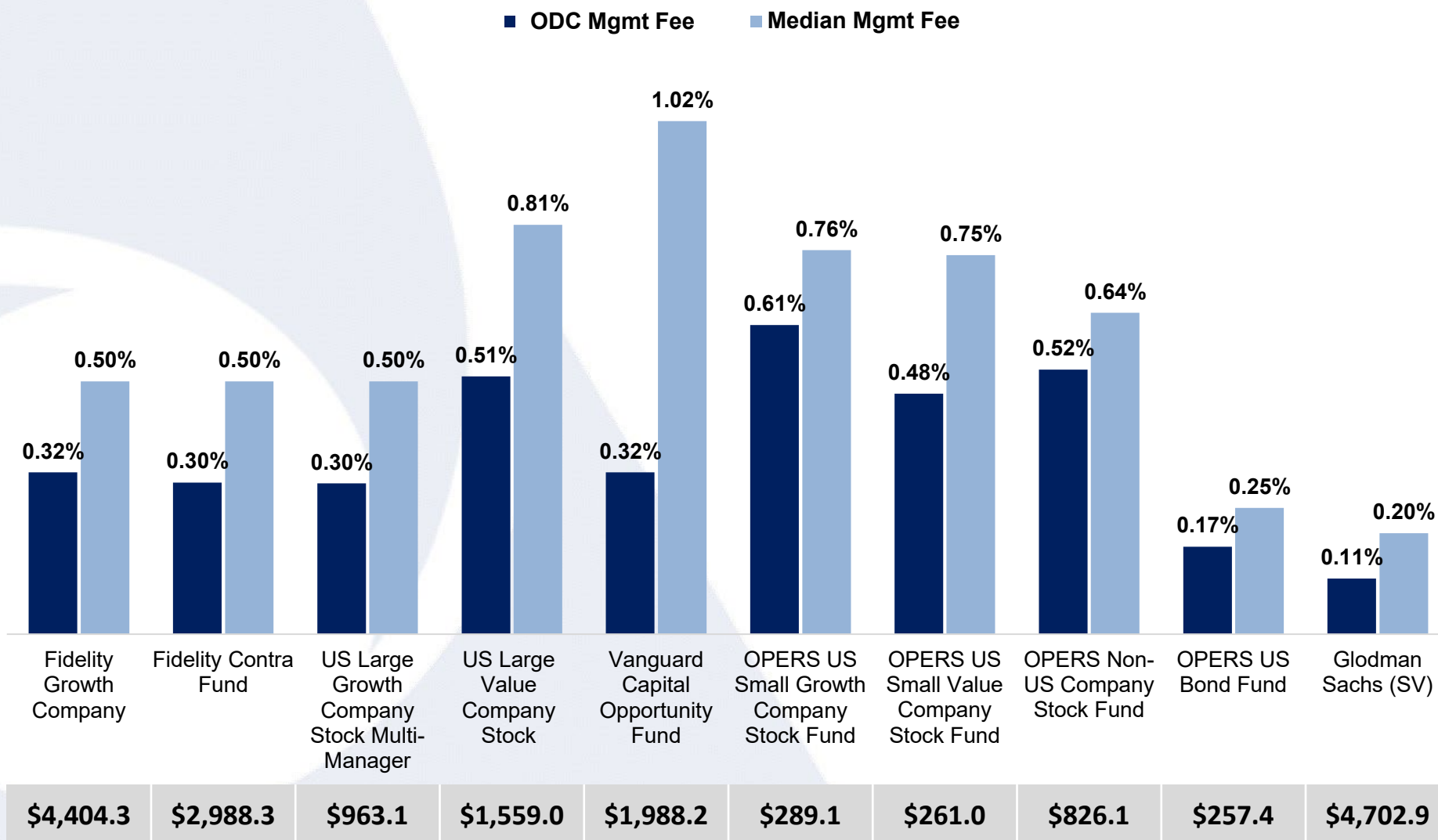
	2026	2027	2028	2029	2030	2031
Beginning Cash/Cash Equivalents	\$ 24.2	\$ 23.9	\$ 19.7	16.1	19.6	\$23.6
Total Revenue - <i>current fee structure</i>	19.1	19.7	20.3	20.9	21.5	22.1
Total Expenses (not including depreciation)	(15.4)	(19.9)	(20.4)	(15.9)	(16.5)	(17.2)
Net Income (Revenues over Expenses)	3.7	(0.2)	(0.1)	5.0	5.0	4.9
Total Capital Expenses	(4.0)	(4.0)	(3.5)	(1.5)	(1.0)	(1.0)
Ending Cash/Cash Equivalents	<u>\$ 23.9</u>	<u>\$ 19.7</u>	<u>\$ 16.1</u>	<u>\$ 19.6</u>	<u>\$ 23.6</u>	<u>\$27.5</u>
Retirement of Assets (write-off)		(\$ 14.3)				

Investment Options and Fees

Investment Options

- **Actively Managed Funds**
 - Investment vehicles where a professional portfolio manager makes decisions about which securities to buy and sell, aiming to outperform a benchmark
 - Typically a more expensive option
- **Passively Managed Funds**
 - Funds designed to track a specific market index rather than trying to beat it
 - Less expensive option
- **Target Date Funds**
 - A "set it and forget it" series of fund that automatically shifts its mix of investments from more aggressive to more conservative as a specific target date approaches

Actively Managed Funds

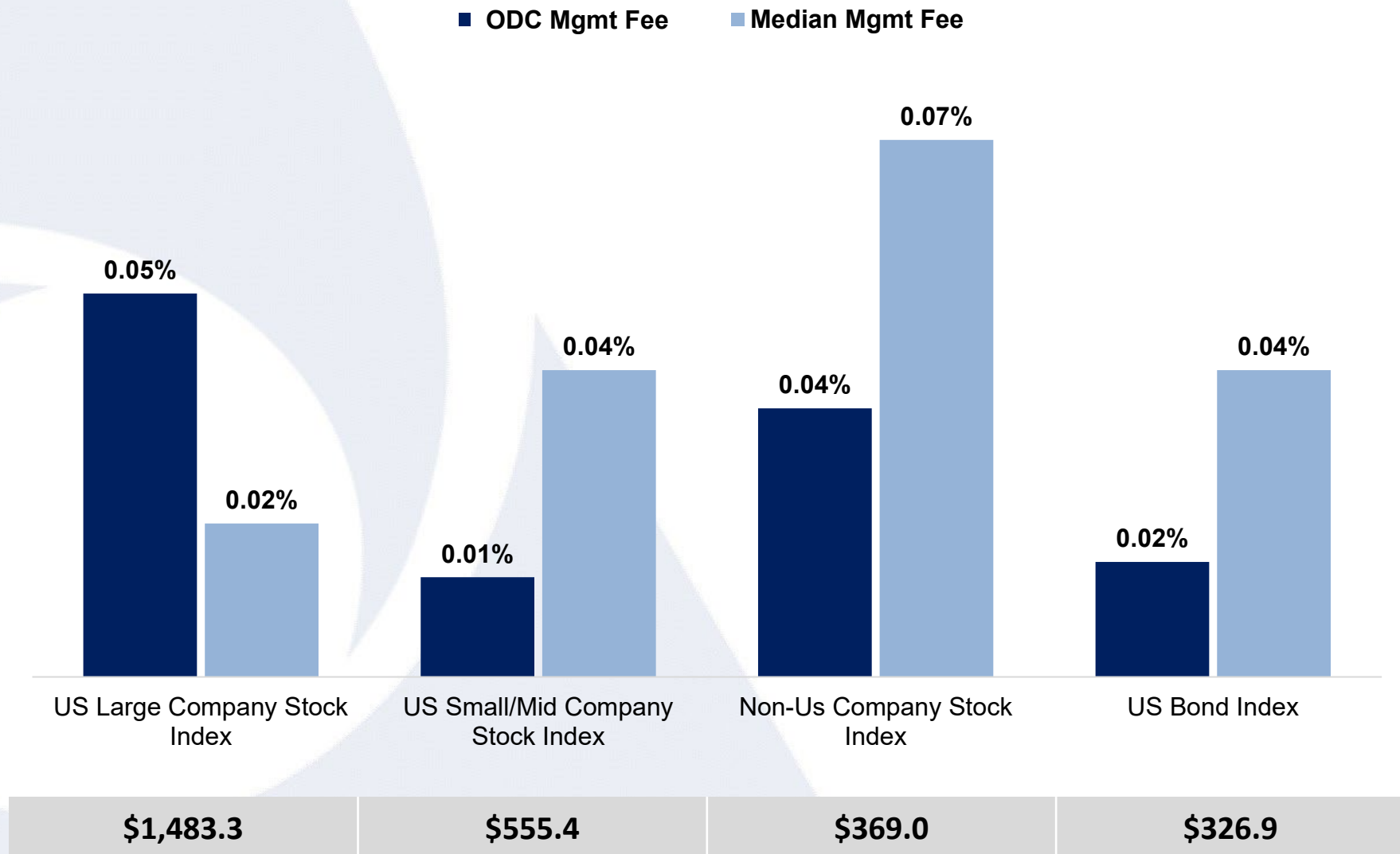


Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups. All data as of 6/30/26.

ASSETS
(\$ in millions)

151/350

Passively Managed Funds

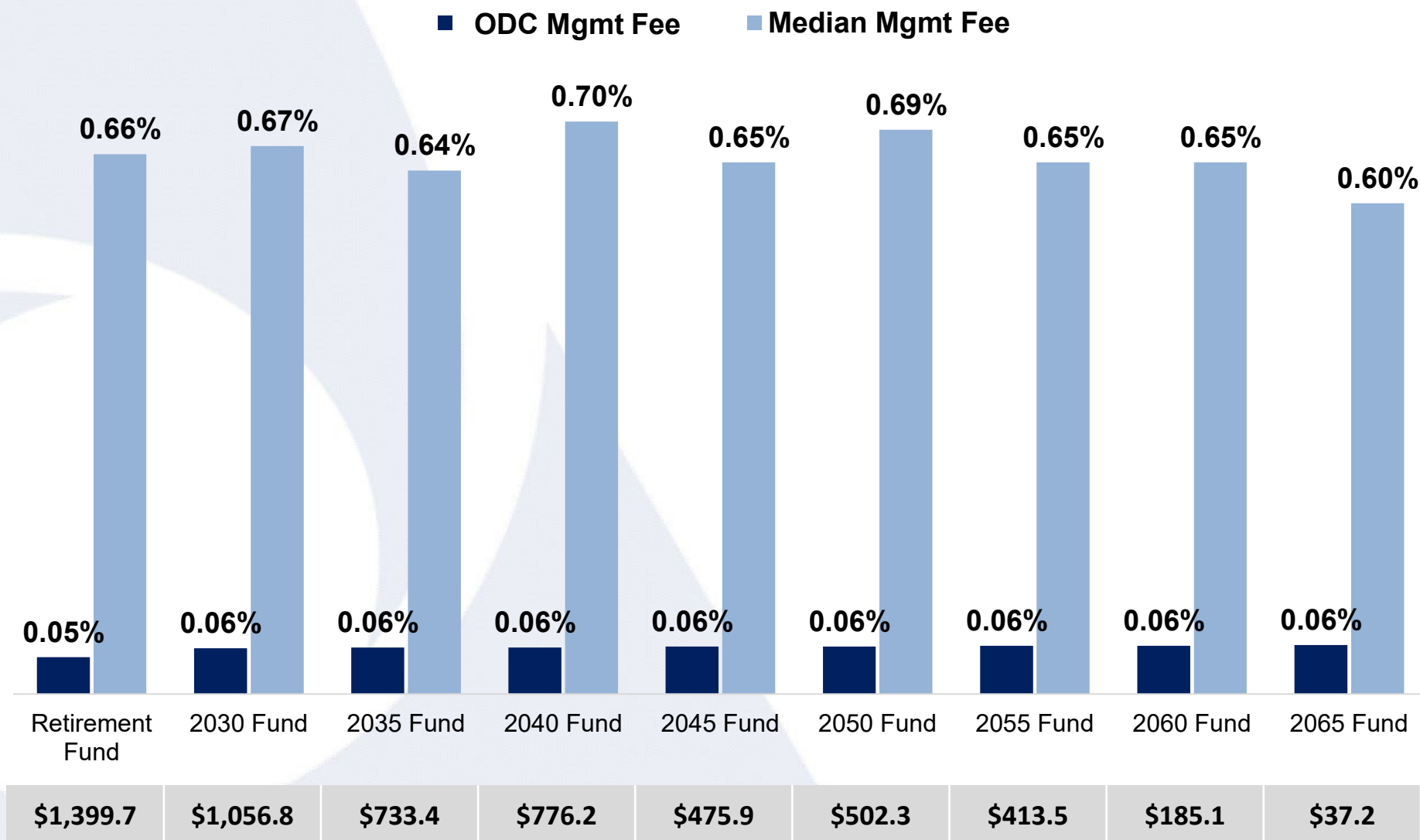


Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups. All data as of 6/30/26.

ASSETS
(\$ in millions)

152/350

Target Date Funds



Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups. All data as of 6/30/26.

ASSETS
(\$ in millions)

153/350

Conclusion

Fee Structure

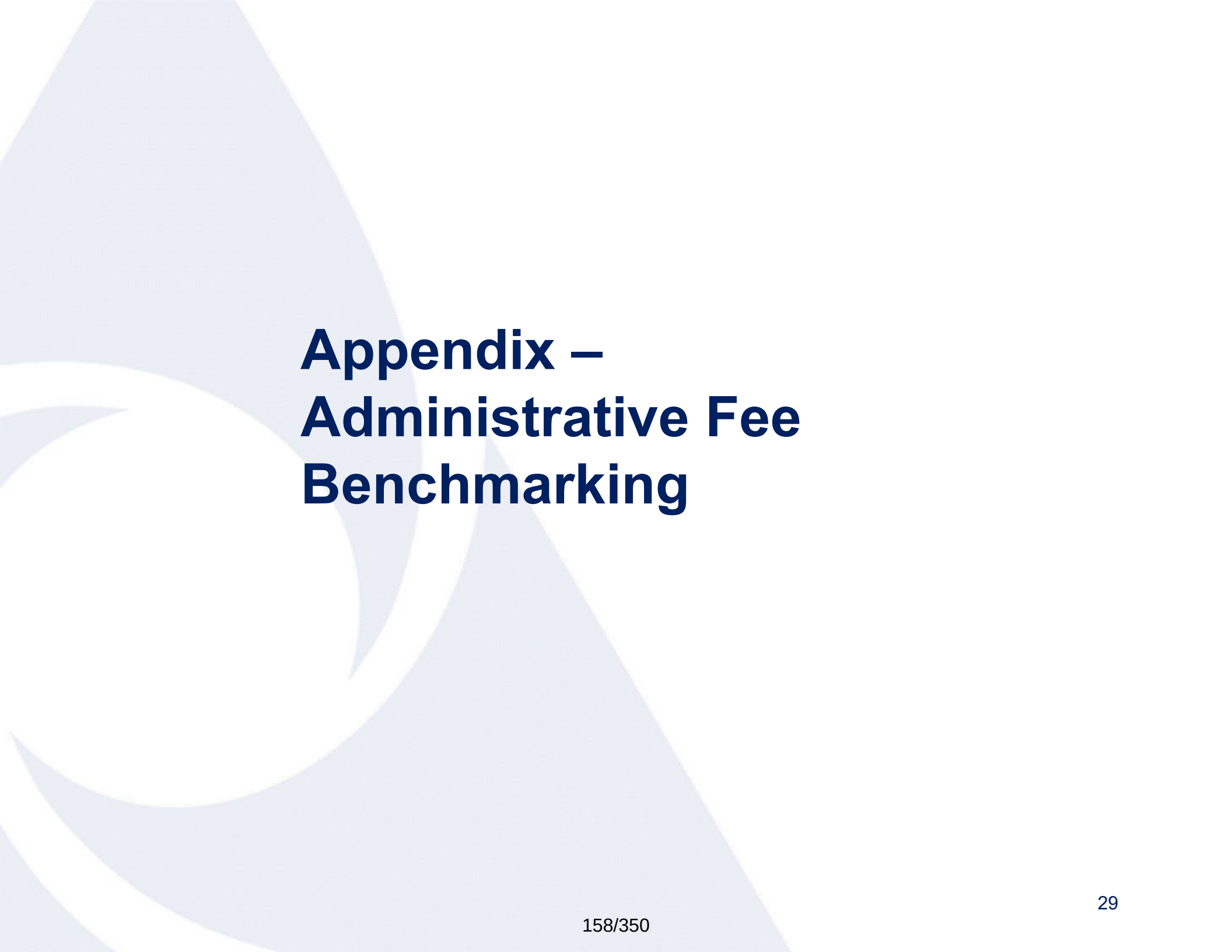
- Our current administrative fee structure (hybrid model of percentage with caps and waivers) is used by peers in benchmarking (see Appendix).
- Based on estimated expense projections we propose maintaining the current administrative fee structure for the next five years and re-evaluate following the completion of the recordkeeping conversion and subsequent expense normalization period.
- Current administrative fee structure encourages new savers.
- Current administrative fee structure cap ensures reasonable fee structure.
- Investment fees are low compared to our peers.

Next Steps

- Over the next 5 years, staff will review the administrative fees and funding provided and will recommend adjustment if appropriate.
- Investment staff will continue to evaluate options.



Questions?



Appendix – Administrative Fee Benchmarking

Benchmarking Fees

Plans execute administrative and recordkeeping fee collection through different approaches – which is why it challenging to compare

- % of assets in participant account
- Flat monthly, quarterly or annual fees on participant accounts
- Revenue sharing with investment managers
- Fee waivers
- Fee caps
- A combination/hybrid of the above to cover admin costs only
- A combination/hybrid of the above to cover admin and recordkeeping costs
- A combination/hybrid of the above to cover admin, recordkeeping, and investment fees

Benchmarking Fees (con't.)

ODC using the most common structure

- RVK provided information on 30 of the largest governmental 457(b) plans in the country
 - 40% of plans, including ODC, have an asset-based fee structure
 - 23% of plans charge a per participant flat fee
 - 37% of plans are a hybrid structure (both of the above and/or some other arrangement, e.g., impacts investment NAV and reflected in performance)

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

<u>Plan</u>	<u>Asset-based fee</u>	<u>Flat fee</u>	<u>Total assets</u>	<u>Participants</u>
ODC – Current approach	0.14% with caps at \$220 per year and no fee under \$5,000	None	\$24.4 billion	224,000
New York State Deferred Compensation	0.0275% with caps at \$55 per year and no fee under \$20,000, plus flat fee on all accounts	\$20 annually	\$23.8 billion	300,000
Kentucky Deferred Compensation	0.32% with caps at \$225 per year, plus flat fee 0.32% tiers down based on account value Asset-based fee waived for first year enrollees	\$12 annually Monthly \$6 inactive account fee for <\$5,000 balance	\$4.2 billion	85,000
California Savings Plus	0.04% with caps at \$240 per year, plus flat fee	\$24 annually	\$13.9 billion	198,000
Indiana Hoosier Start 457(b)	Derived from revenue sharing from investment managers and wrap contracts, plus flat fee	\$48 annually	\$2.1 billion	132,000

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

<u>Plan</u>	<u>Asset-based fee</u>	<u>Flat fee</u>	<u>Total assets</u>	<u>Participants</u>
New Mexico PERA Smart Save Deferred Compensation	0.135% with caps of \$104 per year and no fee for first two quarters or account balance \$1,000, whichever comes first, plus flat fee	\$40 annually	\$1.0 billion	25,000
Kansas Public Employees 457(b)	0.145% for annual service, recordkeeping and fiduciary oversight No waiver or cap	None	\$1.7 billion	28,000
Oregon Public Employees OSGP 457(b)	0.134% for admin, recordkeeping, custody, trust, communications No waiver or cap	None	\$4.5 billion	45,000
Tennessee 457 Deferred Compensation (RetireReadyTN)	0.149% with a minimum fee of \$12 per year No waiver or cap	None	\$0.9 billion	18,000
Wyoming Retirement System 457(b)	0.14% of account balance annually capped at \$100,000 of aggregate account assets (or \$140) No waiver	None	\$1.3 billion	31,000

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

<u>Plan</u>	<u>Asset-based fee</u>	<u>Flat fee</u>	<u>Total assets</u>	<u>Participants</u>
Washington State Deferred Compensation	0.1027% total fees no waiver or cap	None	\$8.0 billion	161,000
City of Los Angeles Deferred Compensation	0.09% total fees capped at \$115/annually no waiver	None	\$10.7 billion	54,000
State of Illinois Deferred Compensation	0.25%/quarter (or 1%/year) if balance ≤\$6,700	\$67 annually if balance >\$6,700	\$5.5 billion	57,000
Utah Retirement Systems 457(b)	0.05% - while explicitly disclosed, is embedded within fund expenses rather than deducted separately No waiver or cap	None	\$1.0 billion	22,000
Louisiana Public Employees Deferred Compensation	0.20% on balance from \$5,000.01 to \$50,000 (or cap of \$70 for just the asset-based fee), plus flat fee	\$10 annually on first \$5,000 of balance	\$2.2 billion	36,000

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

<u>Plan</u>	<u>Asset-based fee</u>	<u>Flat fee</u>	<u>Total assets</u>	<u>Participants</u>
Maryland Supplemental Retirement 457(b)	0.076% fee, plus flat fee no waiver or cap	\$6 annually on accounts with at least \$500	\$2.6 billion	37,000
Minnesota Deferred Compensation	0.10% with cap of \$125 no waiver	None	\$11.1 billion	105,000
Pennsylvania SERS Deferred Compensation	0.02% of account value for over \$5,000, capped at \$50 for year, plus flat fee	\$36 annually, plus an additional \$12 for account balances >\$5,000	\$4.9 billion	57,000
South Carolina Deferred Compensation	0.049% fee, plus flat fee no waiver or cap	\$1 annually	\$1.3 billion	26,000
State of Connecticut 457	0.0285% total fees no waiver or cap	None	\$4.6 billion	43,000

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

<u>Plan</u>	<u>Asset-based fee</u>	<u>Flat fee</u>	<u>Total assets</u>	<u>Participants</u>
Colorado PERA PERAPlus	0.02%, plus flat fee no waiver or cap	\$12 annually	\$1.4 billion	20,000
Employees Retirement System of Georgia Peach State Reserves	Admin asset-based fees are reflected through NAV of each investment option, plus flat fee no waiver or cap	\$8 annually (if both a 457b and 401k account, fee hits 401k)	\$3.6 billion	96,000
Massachusetts SMART Plan	0.025% of total assets, capped at \$125, plus flat fee + additional 0.0075% of assets, no cap	\$5 annually (on balances >\$1,000)	\$10.8 billion	112,000
New York City Deferred Compensation	0.04% fee, plus flat fee no waiver or cap	\$80 annually	\$26.9 billion	164,000
North Carolina 457	0.01 to 0.04% operating expenses vary by investment option – embedded, plus flat fee no waiver or cap	\$25 annually	\$17.6 billion	57,000

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

<u>Plan</u>	<u>Asset-based fee</u>	<u>Flat fee</u>	<u>Total assets</u>	<u>Participants</u>
Alaska Deferred Compensation	Approx. 0.1275%, plus flat fee no waiver or cap	\$35 annually (active) \$25 annually (inactive)	\$1.3 billion	12,000
State of Arizona Deferred Compensation	0.06% total fee no waiver or cap	None	Not available	Not available
Colorado FPPA Deferred Compensation	0.06% fee, plus flat fee no waiver or cap	\$10 annually	<\$0.5 billion	5,000
State of Delaware Deferred Compensation	0.065% fee for admin costs (not capped) plus 0.05% to pay third party service providers, capped at \$200 annually	None	\$1.0 billion	17,000
Florida Deferred Compensation	0.0825% total fee no waiver or cap	None	\$6 billion	92,000
Hawaii Island Saver Deferred Compensation	0.075% total fee no waiver or cap	None	\$3.2 billion	27,000

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

<u>Plan</u>	<u>Asset-based fee</u>	<u>Flat fee</u>	<u>Total assets</u>	<u>Participants</u>
Iowa Retirement Investors Club 457	0.14 – 0.20% total fees based on provider selected (multiple options)	None	Not available	Not available
Montana Deferred Compensation	0.20%, capped at \$220 and waived for account balances less than \$10,000, plus flat fee	\$5 annually	\$0.7 billion	10,000
Nebraska Deferred Compensation	0.010%, plus flat fee no waiver or cap	\$8 annually	\$0.2 billion	Not available
New Hampshire Public Employees 457	0.188% total fee no waiver or cap	None	\$0.6 billion	9,000
Mississippi Deferred Compensation	None	\$46.25 annually, waived for first year	\$2.5 billion	37,000
Oklahoma SoonerSave 457	None	\$44.28 annually paid by participating employers for each participant	\$1.0 billion	29,000

Benchmarking Fees (con't.)

Consultants have provided some information on other plans

Plan	Asset-based fee	Flat fee	Total assets	Participants
Commonwealth of Virginia 457	None	\$35.50 annually	\$5.1 billion	94,000
County of Los Angeles 457(b) Horizons	None	\$54.60 annually	\$18-\$20 billion	121,000
Nevada Public Employees Deferred Compensation	None	\$41 annually for balances >\$1,000	\$1.3 billion	12,000
State of Michigan 457	None	\$34 annually	\$2.1 billion	22,000
TexaSaver 457 (Employees Retirement System of Texas)	None	\$18 annually	\$7.0 billion	300,000
Wisconsin Deferred Compensation	None	\$46.80 annually for balances >\$5,000	\$7.6 billion	70,000

Benchmarking Fees (con't.)

Other plan fees compiled, including other Ohio plans

Plan	Asset-based fee	Flat fee	Total assets	Participants
CalPERS Deferred Compensation	0.16-0.17% annually	None	\$2.9 billion	38,000
MOSERS Deferred Compensation	0.08% annually (reflected in fund performance, not explicit in participant statement as fee)	\$21 annually	\$2.3 billion	77,000
Ohio County Employees Retirement Plan (OCERP) (administered by Empower)	0.09% annually (conflicting materials online)	None	\$1 billion	21,000
Ohio Association of Professional Fire Fighters (OAPFF) Deferred Compensation Plan (administered by Empower)	Information not publicly available Union sponsored, privately administered by Empower and RPA (advisors)	Not available	Not available	Not available
Buckeye Deferred Compensation (administered by Lincoln Investment)	Information not publicly available 2,700+ investment options Advisor-driven (often higher costs)	Not available	Not available	Not available

Benchmarking Fees (con't.)

All eligible participants in Ohio have many alternative voluntary retirement savings options (school districts, public colleges/universities, etc.)

Plan providers	Administrative expenses and recordkeeping fees (as % of assets)
Fidelity (Individual, not employer)	None
<i>Employer retirement range</i>	<i>0.05 – 0.50%</i>
Fidelity (through employer)	0.10 – 0.40%
Empower	0.10 – 0.45%
MissionSquare	0.05 – 0.25% (or flat fee or advisor-driven)
TIAA	0.05 – 0.10% (often offset)
Voya	0.05 – 0.30% (or embedded)
Corebridge	0.25 – 0.35% (or flat fees)
Equitable / AXA	0.10 – 0.50%
Lincoln Investment	0.25 – 1.00% (advisor-driven)

No caps or waivers noted.

Benchmarking Fees (con't.)

Deeper dive on publicly available disclosures for University of Toledo

Providers at University of Toledo	Administrative expenses and recordkeeping fees (as % of assets)
Fidelity	0.37% annual recordkeeping fee 0.03% administrative fee 0.40% in total
Corebridge	0.30% annual recordkeeping fee 0.03% administrative fee 0.33% in total
Voya	0.12% annual recordkeeping fee 0.03% administrative fee 0.15% in total
TIAA	0.065% annual recordkeeping fee 0.03% administrative fee 0.095% in total

No caps or waivers noted.

V.C



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

MEMORANDUM

DATE: September 16, 2026

TO: OPERS Retirement Board Members

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

RE: **V. Discussion Items:**
C. Investment Fees Update

Purpose

This memo provides the OPERS Board of Trustees (Board) with a comprehensive understanding of the external manager costs associated with administering the OPERS Defined Benefit (DB), Health Care (HC) and Defined Contribution (DC) Funds. It includes a detailed breakdown of management and performance fees paid to externally managed strategies over the last five years¹, along with a peer comparison of these costs for the DB and HC Funds. The annual peer comparison of OPERS DC fees will be presented separately at the September Board meeting.

Background

Investment fees, particularly those associated with higher-cost alternative allocations such as private equity and real estate, can significantly affect the performance of OPERS plans and warrant close oversight². This report provides transparency into the expenses of managing the distinct policy mixes and strategies across 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). Values reflect the five-year period ending December 31, 2025.

¹ The five-year period ending December 31, 2025. 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.

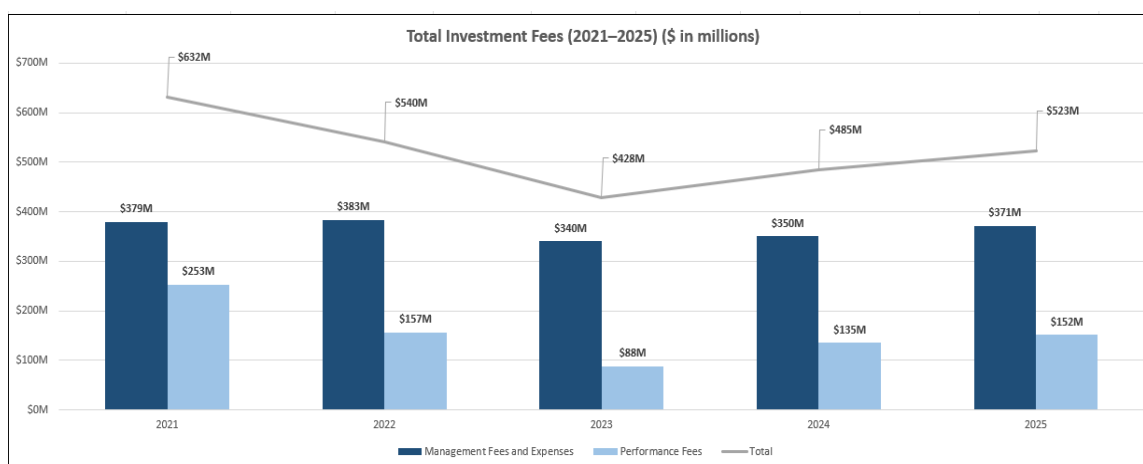
This report also includes a peer comparison of OPERS DB and HC Funds' external investment costs relative to those of other U.S. public funds. CEM Benchmarking, an external cost measurement provider prepared this analysis, comparing OPERS fiscal year 2024 fees to peer funds and establishing cost-effectiveness using its own analytical methodology. The 2025 CEM report has not yet been finalized but is scheduled to be presented at the October Board meeting.

Overall, this report reflects a snapshot in time. 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

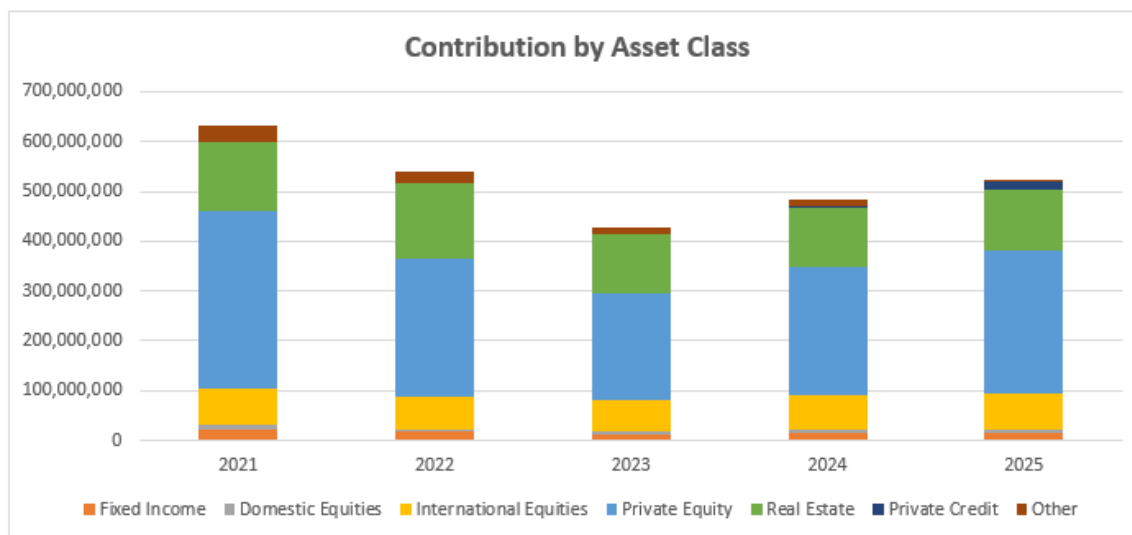
A plan's asset allocation drives its expected return, risk, and its cost structure. The chart below shows the five-year trend ending December 31, 2025, in total external manager fees paid by the DB, HC and DC Funds, as reported in the Annual Report.



Fees reflect both the assets under management³ (AUM) fees and performance fees paid by OPERS Funds. Performance fees apply only to the private equity, real estate and private credit allocations, which are exclusive to 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

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.

Fund returned 15.34%, and private equity and real estate had significant realizations within their portfolios. As a reminder, performance fees are paid only on realized investments. Given the use of performance fees in our private market allocations, a breakdown of fees by asset class is helpful and shown below.



	Total Fees		Average AUM Subject to Fees		Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
Fixed Income	\$	15,387,653	\$	7,145,973,542	\$ 34,098,373,486	21.0%	0.22%
Domestic Equities	\$	4,915,095	\$	1,876,313,777	\$ 30,237,103,589	6.2%	0.26%
International Equities	\$	75,321,290	\$	21,365,521,329	\$ 27,041,127,199	79.0%	0.35%
Private Equity	\$	287,353,802	\$	15,974,275,891	\$ 15,974,275,891	100.0%	1.80%
Real Estate	\$	122,031,956	\$	12,584,767,841	\$ 12,584,767,841	100.0%	0.97%
Private Credit	\$	15,190,519	\$	561,207,529	\$ 561,207,529	100.0%	2.71%
Collective Trust Funds	\$	829,142	\$	1,828,868,236	\$ 1,828,868,236	100.0%	0.05%
Other	\$	1,607,948	\$	2,132,830,562	\$ 1,176,599,723	100.0%	0.08%
Total	\$	522,637,405	\$	63,469,758,706	\$ 123,502,323,494		0.82%

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 reflects both the lower costs of public market strategies relative to alternatives and OPERS’ decision to avoid performance fees in these categories.

In the chart and table above, the “Other” category represents the costs associated with hedge funds, risk parity and the DC Fund’s target date funds. The notable reduction in this category’s fees during the review period reflects the

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

termination of a dedicated hedge fund program and the shift from externally managed risk parity to internal management.

This memo provides additional details on the costs of each key asset class for fiscal year 2025, with particular focus on the structure of private equity, real estate and private credit fees.

Public Asset Class Fees Summaries and Trends

For fiscal year 2025, the largest public markets asset classes--domestic equities, international equities and fixed income--accounted for less than 20% of total external manager fees paid, yet comprised approximately 54% of total externally managed assets. The summary below breaks out each of these exposures by asset class, along with the specific fees paid within each category.

Domestic Equities

The chart below summarizes fees paid in fiscal year 2025 for domestic equity strategies. All domestic equity fees are asset based, with no performance fees.

2025 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
Large Cap	\$ -	\$ -	\$ 22,612,578,803	0.0%	-
Mid Cap	\$ -	\$ -	\$ 5,254,503,609	0.0%	-
Small Cap	\$ 4,795,264	\$ 743,016,986	\$ 1,224,257,840	60.7%	0.65%
DC Plan	\$ 119,831	\$ 1,197,418,017	\$ 1,197,418,017	100.0%	0.01%
Total	\$ 4,915,095	\$ 1,940,435,003	\$ 30,288,758,269	6.4%	0.25%

Only 6.4% of the domestic equity allocation is externally managed; the remaining 93.4% is managed internally, resulting in significantly lower implementation costs. Most internally managed strategies are passive or quantitative. Conversely, most externally managed assets are invested in more expensive active, small-cap strategies, where these managers possess greater experience and resources than Investment staff. The fees shown for the DC Fund represent standalone domestic equity options, which include both passive and active strategies.

International Equities

The chart below summarizes fees paid in 2025 for international equity strategies. Like the domestic equity exposure, all fees are asset based, with no performance fees.

2025 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.	\$ 37,926,527	\$ 14,521,287,532	\$ 14,540,037,377	99.9%	0.26%
EAFE	\$ 14,638,659	\$ 3,961,710,183	\$ 7,014,414,313	56.5%	0.37%
Emerging	\$ 22,701,519	\$ 4,297,996,928	\$ 5,331,006,704	80.6%	0.53%
DC Plan	\$ 54,586	\$ 155,668,805	\$ 155,668,805	100.0%	0.04%
Total	\$ 75,321,290	\$ 22,936,663,448	\$ 27,041,127,200	84.8%	0.33%

Unlike the domestic equity allocation, 84.8% 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 options, which include both passive and active strategies.

Fixed Income

The chart below summarizes the fees paid in 2025 for external fixed income strategies. All fees are asset-based and lack performance fees.

2025 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Ext. Managed
Core Fixed	\$ 1,631,866	\$ 518,129,901	\$ 12,456,381,024	4.2%	0.31%
U.S. Treasuries	\$ -	\$ -	\$ 2,703,297,788	0.0%	
Emerging Markets	\$ 4,876,863	\$ 1,523,341,368	\$ 1,523,341,368	100.0%	0.32%
High Yield	\$ 8,866,247	\$ 3,368,549,415	\$ 5,771,381,915	58.4%	0.26%
TIPS	\$ -	\$ -	\$ 4,183,972,058	0.0%	
Securitized Debt	\$ -	\$ -	\$ 2,500,550,108	0.0%	
Investment Grade	\$ -	\$ -	\$ 3,840,599,674	0.0%	
Cash	\$ -	\$ -	\$ 1,015,051,182	0.0%	
Additional Annuity	\$ -	\$ -	\$ 14,858,708	0.0%	
DC Plan	\$ 12,677	\$ 88,939,661	\$ 88,939,661	100.0%	0.01%
Total	\$ 15,387,653	\$ 5,498,960,345	\$ 34,098,373,486	16.1%	0.28%

In fiscal year 2025, only 16.1% of the fixed income exposure was externally managed. This external exposure is concentrated in three areas: emerging market debt, U.S. 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 market 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 issued by U.S.

corporations with lower credit ratings, as assessed by 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 of 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, which include both passive and active strategies.

Private Alternatives Fees and Capture Ratios

Private 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 apply to the DB Plan, are a function of three key factors: asset allocation, asset growth and carried interest.

- First, private markets inherently possess higher costs than public markets. Therefore, a higher allocation to private markets correlates with greater absolute portfolio costs and, typically, greater diversification benefits.
- Second, a larger assets-under-management (AUM) base naturally increases absolute costs.
- Third, higher annual returns on investments with profit-sharing agreements also increase total costs. Carried interest or performance fee agreements, which are linked to profit realizations spanning multiple years rather than a single year, play a significant role in determining fees paid. The 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, the skill of the external manager, and the timing of capital calls made by the manager to OPERS.

Because these key factors vary from year to year, they introduce a degree of annual volatility. As a result, longer timeframes are more useful for discerning patterns.

Private Equity

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.

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 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 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. 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 ending on December 31, 2025. 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	2021	2022	2023	2024	2025
PE Management Fees	\$ 151,429,250	\$ 157,589,677	\$ 160,576,459	\$ 149,473,001	\$ 175,125,063
PE Paid Carried Interest	\$ 206,284,704	\$ 119,910,301	\$ 52,874,214	\$ 107,769,145	\$ 112,228,738
Total	\$ 357,713,954	\$ 277,499,978	\$ 213,450,673	\$ 257,242,146	\$ 287,353,802

Real Estate

In the real estate sector, fee structures typically display greater variability than those in private equity. Management fees typically range from 0.5% to 2%, calculated based on either 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 maintaining a robust separate account platform. The chart below presents the cost breakdown for the OPERS real estate program over the five years ending December 31, 2025.

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%.

Real Estate Fees	2021	2022	2023	2024	2025
RE Management Fees	\$ 97,169,517	\$ 115,817,178	\$ 85,041,731	\$ 103,086,804	\$ 83,559,132
RE Paid Carried Interest	\$ 41,987,851	\$ 36,991,496	\$ 34,653,715	\$ 16,415,109	\$ 38,472,824
Total	\$ 139,157,368	\$ 152,808,674	\$ 119,695,446	\$ 119,501,913	\$ 122,031,956

Private Credit

Private credit is a relatively new strategic allocation held exclusively by the Defined Benefit Fund, with a target allocation of 4% of total DB Fund assets. The portfolio remains in its build-out phase, and fees have risen as the allocation scales. In 2025, management fees totaled \$14.2 million and performance fees totaled \$1.0 million, on average assets under management of \$561 million.

Capture Ratio Analysis

The capture ratio indicates the proportion of gross profits were realized as net returns over the five-year period ending on December 31, 2025. To provide a more holistic view, the ratio and its constituents are presented on a cumulative basis. This approach mitigates the volatility of single-year values, which can be distorted when carried interest is accrued over multiple years but paid out in a single year. As shown in the table below, the DB Fund generated \$38 billion in gross profits over this period, against \$2.5 billion in fees and carried interest. Capture ratios for private asset classes are typically lower than those for public market asset classes, given the higher fees associated with these investments. However, these higher costs are justified 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, 2025						
	Mgmt Fees & Carried Interest	Net Dollar Returns	Gross Dollar Returns	Capture Ratio	5-Year Net Returns	12/31/25 DB Allocation
Total Portfolio	\$2,540,236,640	\$35,492,798,018	\$38,033,034,658	93.32	7.11	
Private Equity	\$1,393,260,553	\$7,340,748,715	\$8,734,009,268	84.05	11.80	14%
Real Estate	\$653,195,357	\$2,056,677,434	\$2,709,872,790	75.90	4.37	11%

CEM Peer Comparisons

Third-party provider CEM Benchmarking (CEM) annually conducts a comparative assessment of OPERS fees relative to those of our peers. The analysis provides valuable insights into how OPERS costs compare to industry benchmarks, both in terms of absolute costs and the value derived from them. CEMs benchmarking methodology differs from OPERS' reported costs primarily due to the exclusion of broker commissions, fund expenses and carried interest from the peer

comparison. At the November 2025 Board meeting, the following 2024 CEM results for OPERS' externally managed categories were presented to the Board. The peer group comprised 15 U.S. public funds with assets ranging from \$66.3 billion to \$531.9 billion, compared with OPERS' \$116.1 billion. Median peer fund size was \$114.7 billion. The U.S. public composite consisted of 135 funds with an average \$30.6 billion in assets and a median of \$9.4 billion.

Based on 2024 CEM Benchmarking Report

	OPERS BASE FEES IN BPS	PEER AVERAGE	U.S. PUBLIC AVERAGE
STOCK – U.S. SMALL CAP			
Small Cap	62.5	58.4	53.2
STOCK - INTERNATIONAL			
ACWI x U.S.	29.4	38.3	42.9
EAFE	38.7	40.5	51.0
Emerging	54.3	53.5	56.2
FIXED INCOME			
Emerging Markets	34.1	33.7	33.3
High Yield	29.4	35.9	34.2
Core Fixed	33.6		26.3
REAL ESTATE – EX REITS			
Direct LP	106.9	118.2	120.8
PRIVATE EQUITY - DIVERSIFIED			
Direct LP	134.5	154.7	154.8

The CEM chart above illustrates that OPERS' external manager fee structures are cost-effective relative to those of peers. This is particularly evident in the higher costs real estate and private equity allocations⁹, where OPERS' cost advantage over peers is largest. Additional details on the custom CEM methodology used for alternative asset exposures can be found in the footnotes below¹⁰.

⁹ The new private credit allocation was included in the 2024 CEM report, but the program remained too small to be compared meaningfully to those of other public plans. Private credit will be included in future CEM analyses.

¹⁰ As summarized from the November 2024 CEM report, the weighted peer median cost for alternative asset management is the style-weighted average of the peer median costs across all investments styles, excluding performance fees on private assets. Average holdings are used as the base in calculating the relative cost impact of the programs. Benchmarks for the individual private equity and real estate lines are based on peer medians, as a result, the sum of these lines may not equal the total.

Conclusion

As responsible stewards of OPERS' assets, we maintain a deep understanding of our investment decisions and their associated costs. This is especially critical for external manager fee structures in complex asset classes such as private equity, private credit and real estate, where fee transparency directly supports cost-effective portfolios and our long-term investment goals.

External manager fee information is shared with the Board 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), typically presented at the January Board meeting.
- Quarterly, staff monitor actual fees against AIP projections and report updates to the Board.
- Annually, the audited schedule of external manager fees is disclosed in the Investment Section of the Annual Report.

To enhance cost analysis and benchmarking, Investments and Investment Accounting staff work closely with CEM, the Board's independent cost measurement service provider. CEM's annual report, presented at the November board meeting, compares OPERS DB and HC investment fees to those of peer institutions. DC Fund are reviewed separately.

Investment Fees Update

Steve Merriett, Assistant Director – Investment Accounting, Operations & Compliance
DeAnne Mannion, Deputy Chief Investment Officer
September 16, 2026

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 12/31/2025 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 & TRENDS

PUBLIC ASSET CLASS FEES SUMMARIES & TRENDS

PRIVATE ALTERNATIVES FEES & CAPTURE RATIOS

CEM PEER COMPARISONS

CONCLUSION

TOTAL EXTERNAL MANAGER FEES SUMMARY & TRENDS

PUBLIC ASSET CLASS FEES SUMMARIES & TRENDS

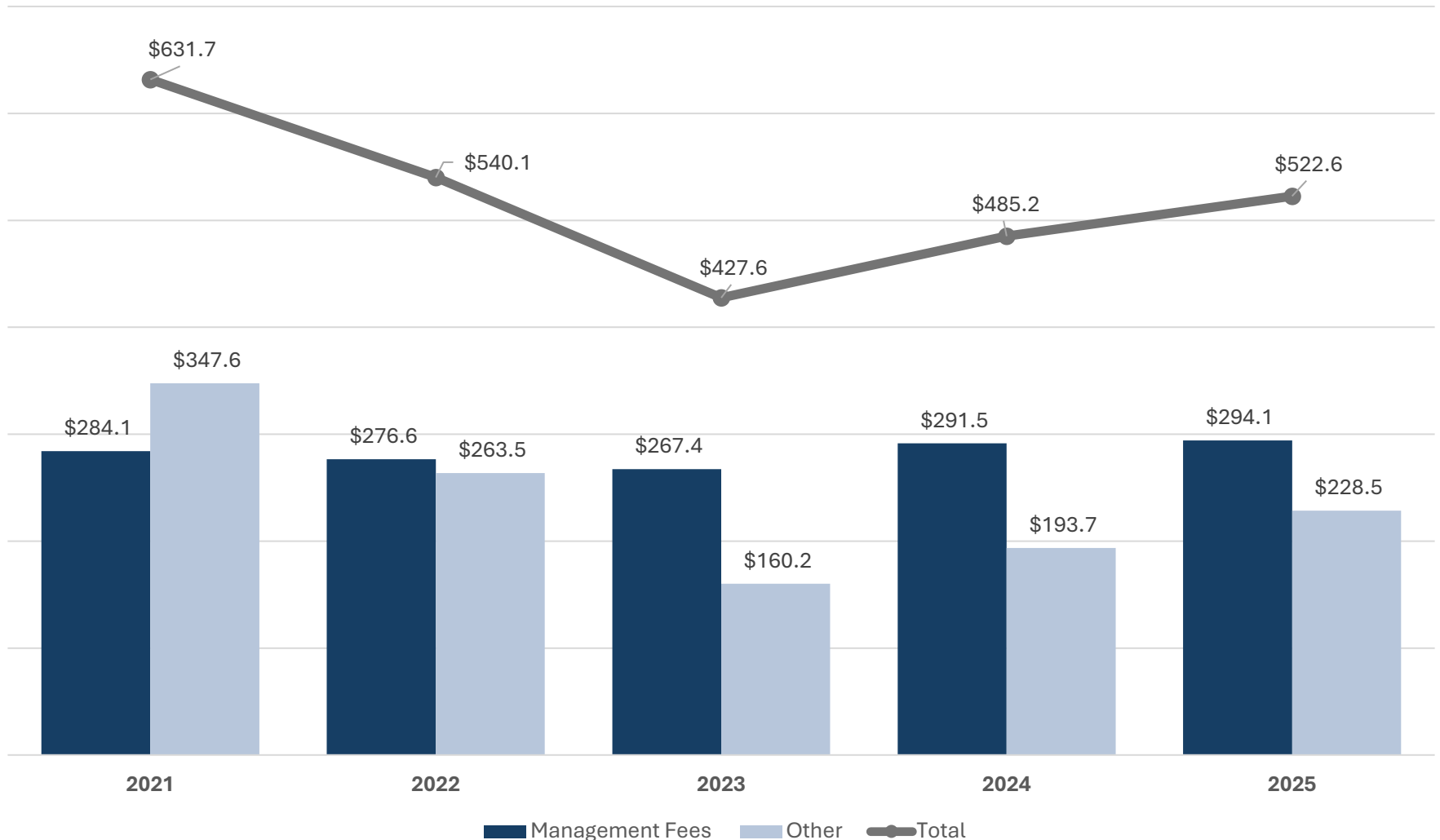
PRIVATE ALTERNATIVES FEES & CAPTURE RATIOS

CEM PEER COMPARISONS

CONCLUSION

TOTAL FEES TO EXTERNAL ASSET MANAGERS

(\$ in millions)

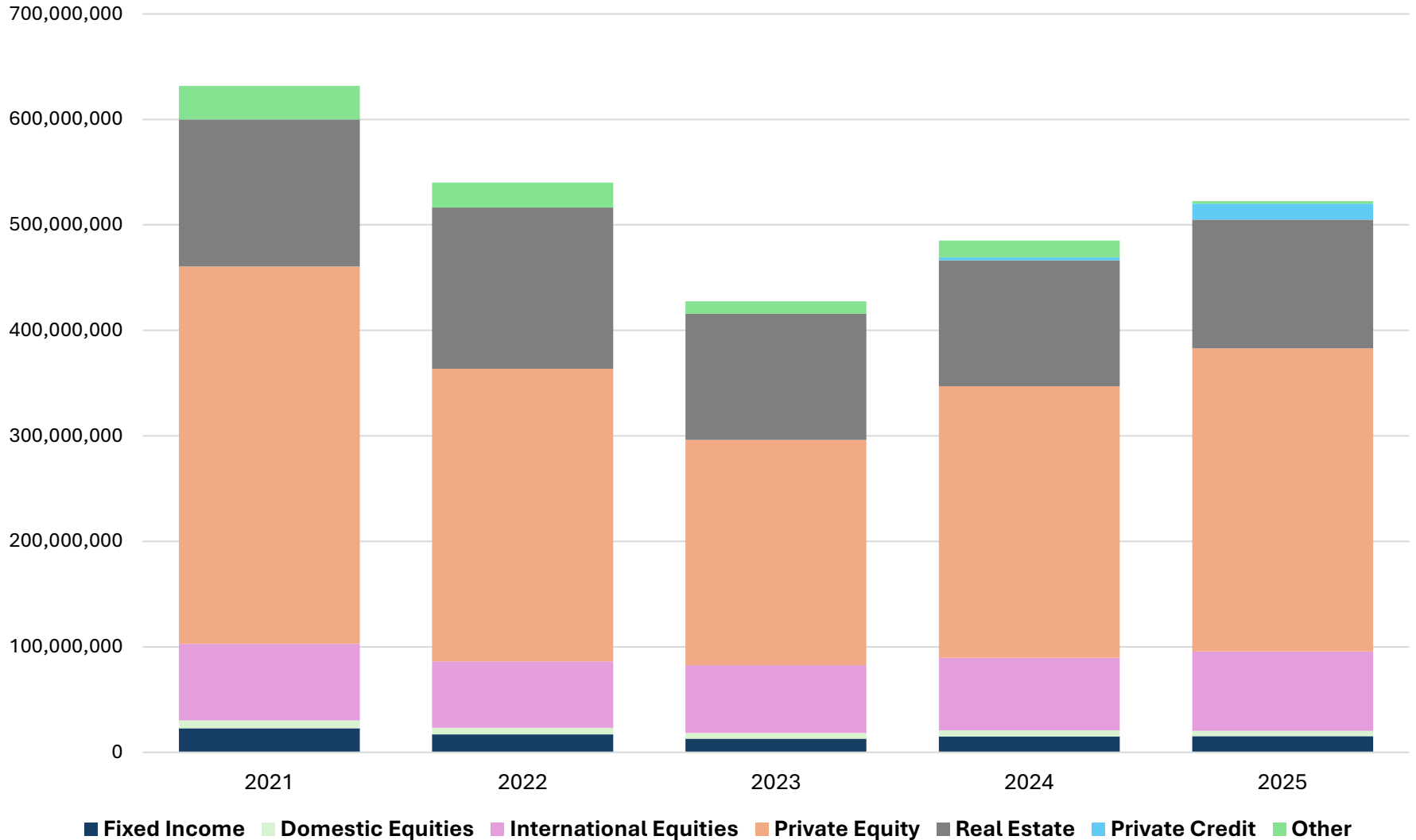


TOTAL EXTERNAL MANAGER FEE DRIVERS

- **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.
- Private Credit is beginning to experience performance fees in addition to management fees, which are based on invested capital.
 - As a percent of assets or returns, Private Credit fees appear inflated through the end of 2025 due to a denominator effect – total invested assets are still growing to the target allocation.

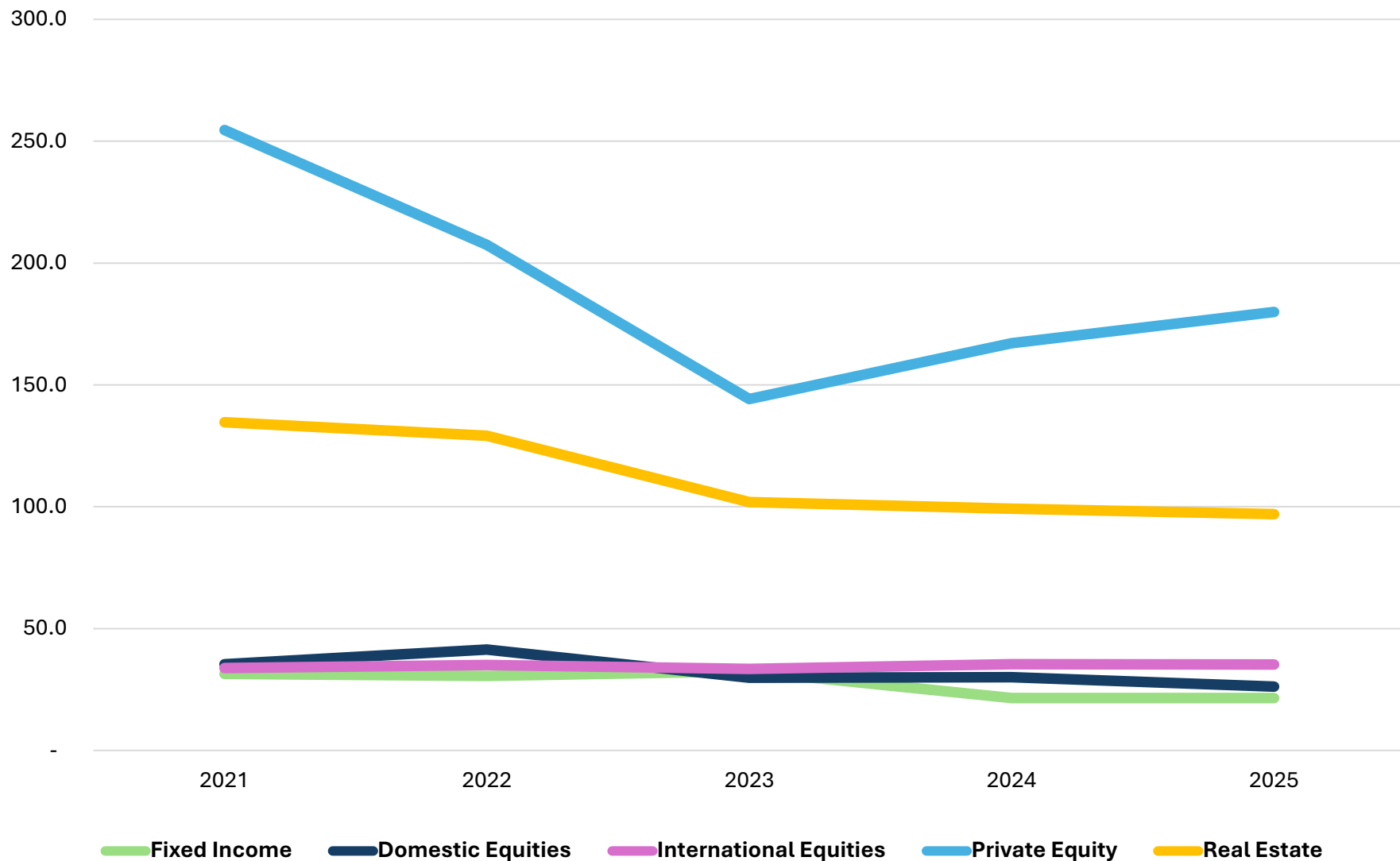
CONTRIBUTION BY ASSET CLASS - 2025

- 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 81% of total fees in dollars and cost 1.80%, 0.97% and 2.71% (180, 97 and 271 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	\$ 15,387,653	\$ 7,145,973,542	\$ 34,098,373,486	21.0%	0.22%
Domestic Equities	\$ 4,915,095	\$ 1,876,313,777	\$ 30,237,103,589	6.2%	0.26%
International Equities	\$ 75,321,290	\$ 21,365,521,329	\$ 27,041,127,199	79.0%	0.35%
Private Equity	\$ 287,353,802	\$ 15,974,275,891	\$ 15,974,275,891	100.0%	1.80%
Real Estate	\$ 122,031,956	\$ 12,584,767,841	\$ 12,584,767,841	100.0%	0.97%
Private Credit	\$ 15,190,519	\$ 561,207,529	\$ 561,207,529	100.0%	2.71%
Collective Trust Funds	\$ 829,142	\$ 1,828,868,236	\$ 1,828,868,236	100.0%	0.05%
Other	\$ 1,607,948	\$ 2,132,830,562	\$ 1,176,599,723	100.0%	0.08%
Total	\$ 522,637,405	\$ 63,469,758,706	\$ 123,502,323,494		0.82%

TOTAL FEES TO EXTERNAL ASSET MANAGERS TREND

(in Basis Points)



TOTAL EXTERNAL MANAGER FEES SUMMARY & TRENDS

PUBLIC ASSET CLASS FEES SUMMARIES & TRENDS

PRIVATE ALTERNATIVES FEES & CAPTURE RATIOS

CEM PEER COMPARISONS

CONCLUSION

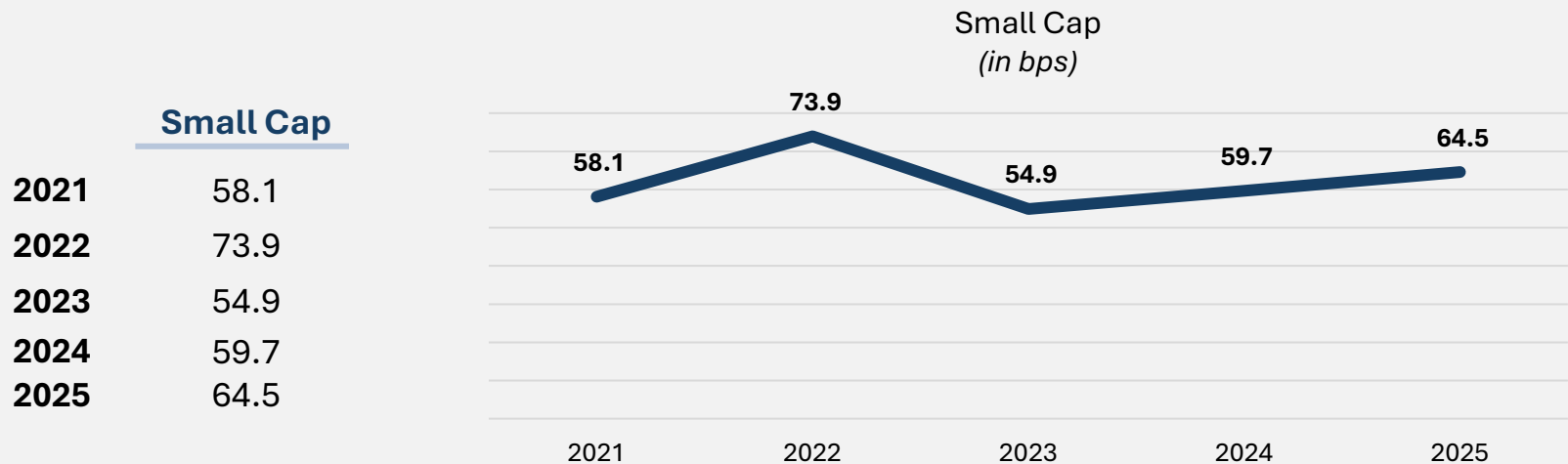
DOMESTIC EQUITIES

- **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:** There were no significant changes in asset allocation or manager strategy during the five-year period ending 12/31/2025.

Domestic equities external manager fees remained steady over the five-year period ending 12/31/2025.

DOMESTIC EQUITIES

2025 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Externally Managed
Large Cap	\$ -	\$ -	\$ 22,612,578,803	0.0%	-
Mid Cap	\$ -	\$ -	\$ 5,254,503,609	0.0%	-
Small Cap	\$ 4,795,264	\$ 743,016,986	\$ 1,224,257,840	60.7%	0.65%
DC Plan	\$ 119,831	\$ 1,197,418,017	\$ 1,197,418,017	100.0%	0.01%
Total	\$ 4,915,095	\$ 1,940,435,003	\$ 30,288,758,269	6.4%	0.25%



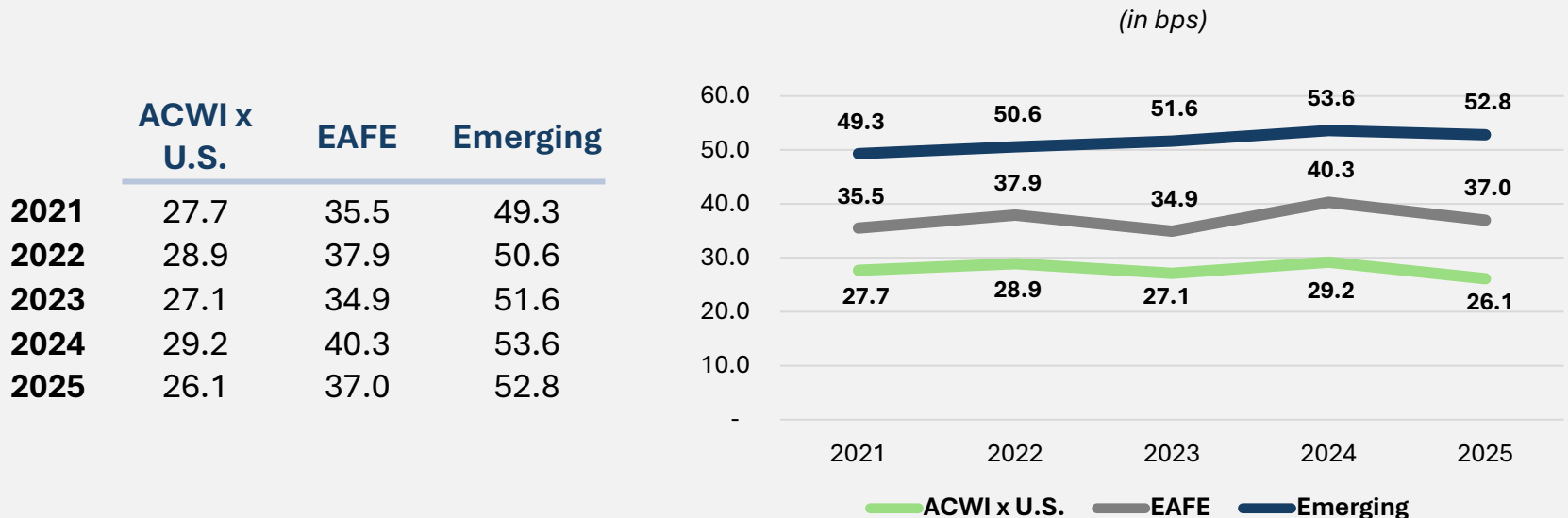
INTERNATIONAL EQUITIES

- **What is managed externally:** Almost 85% 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 12/31/2025.

International equities external manager fees remained essentially level over the five-year period ending 12/31/2025 as there were no significant changes in strategy.

INTERNATIONAL EQUITY

2025 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.	\$	37,926,527	\$	14,521,287,532	\$ 14,540,037,377	99.9%	0.26%
EAFE	\$	14,638,659	\$	3,961,710,183	\$ 7,014,414,313	56.5%	0.37%
Emerging	\$	22,701,519	\$	4,297,996,928	\$ 5,331,006,704	80.6%	0.53%
DC Plan	\$	54,586	\$	155,668,805	\$ 155,668,805	100.0%	0.04%
Total	\$	75,321,290	\$	22,936,663,448	\$ 27,041,127,200	84.8%	0.33%



FIXED INCOME

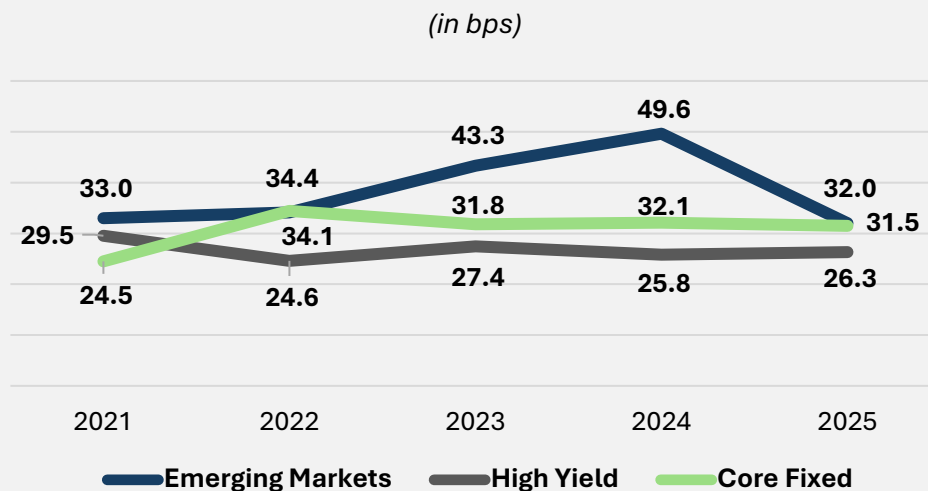
- **What is managed externally:** About 16% of our fixed income is managed externally. We outsource some of the core and high yield and all of the emerging markets exposure because the ability to build an internal team would be challenging.
- **How the fees are determined:** Fees in the fixed income 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 12/31/2025.

FIXED INCOME

2025 Management Fees	Net Fees	AUM Externally Managed	Total AUM in Asset Class	% AUM Externally Managed	Fees as % of AUM Ext. Managed
Core Fixed	\$ 1,631,866	\$ 518,129,901	\$ 12,456,381,024	4.2%	0.31%
U.S. Treasuries	\$ -	\$ -	\$ 2,703,297,788	0.0%	
Emerging Markets	\$ 4,876,863	\$ 1,523,341,368	\$ 1,523,341,368	100.0%	0.32%
High Yield	\$ 8,866,247	\$ 3,368,549,415	\$ 5,771,381,915	58.4%	0.26%
TIPS	\$ -	\$ -	\$ 4,183,972,058	0.0%	
Securitized Debt	\$ -	\$ -	\$ 2,500,550,108	0.0%	
Investment Grade	\$ -	\$ -	\$ 3,840,599,674	0.0%	
Cash	\$ -	\$ -	\$ 1,015,051,182	0.0%	
Additional Annuity	\$ -	\$ -	\$ 14,858,708	0.0%	
DC Plan	\$ 12,677	\$ 88,939,661	\$ 88,939,661	100.0%	0.01%
Total	\$ 15,387,653	\$ 5,498,960,345	\$ 34,098,373,486	16.1%	0.28%

	Emerging Markets	High Yield	Core Fixed
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
2025	32.0	26.3	31.5



TOTAL EXTERNAL MANAGER FEES SUMMARY & TRENDS

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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.
- **Long-Term 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 long-term target allocations are 14%, 4% and 11%, respectively.

TYPES OF PRIVATE ALTERNATIVES FEES

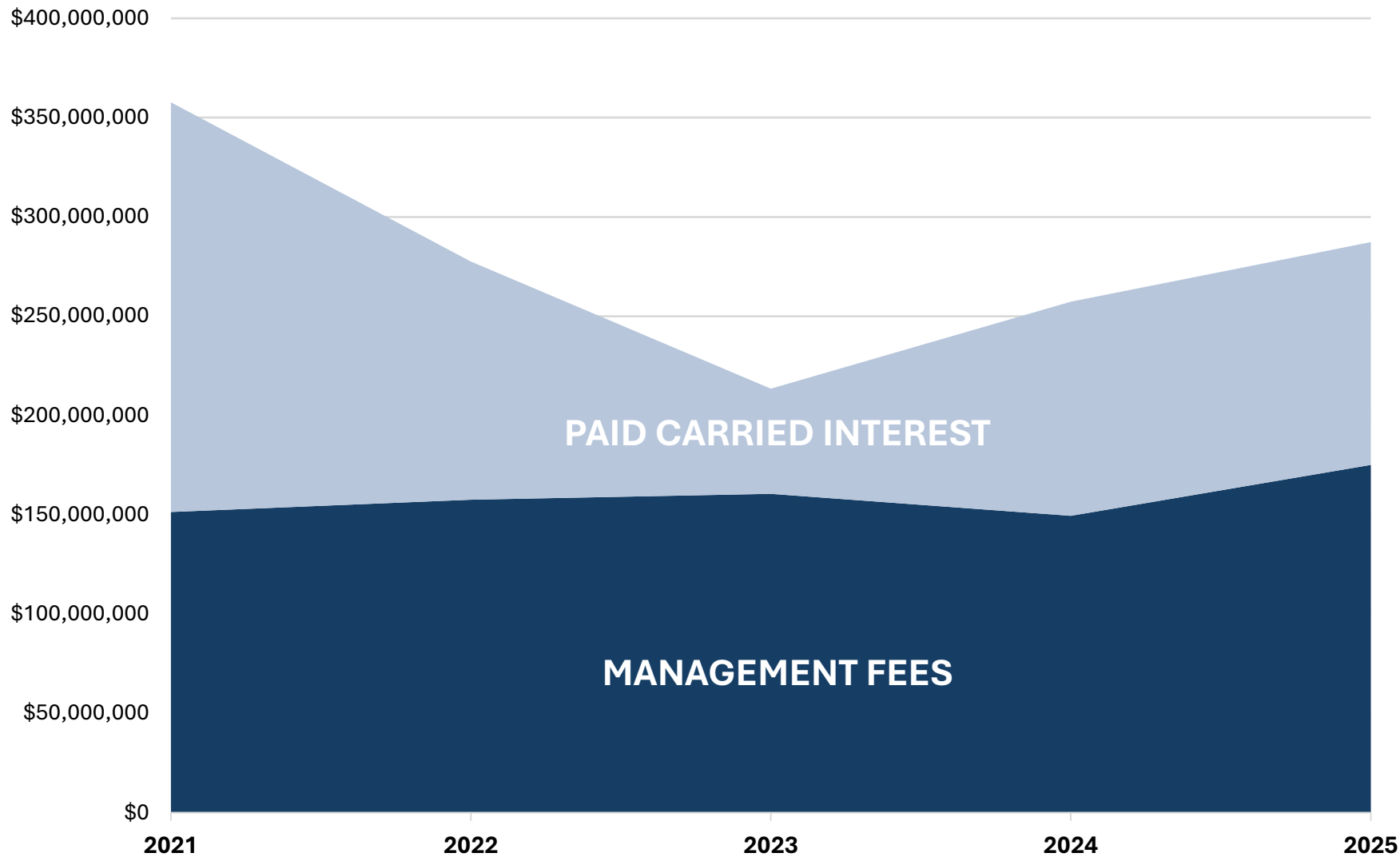
- **Management Fee**: A 1%-2% charge on committed or invested capital.
- **Carried Interest**: Another term for a performance fee. Carried interest, or “carry” for short, is the percentage of a private funds investment profits that a manager (GP) receives as compensation once a target return is achieved.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

Carry structures are usually two types:

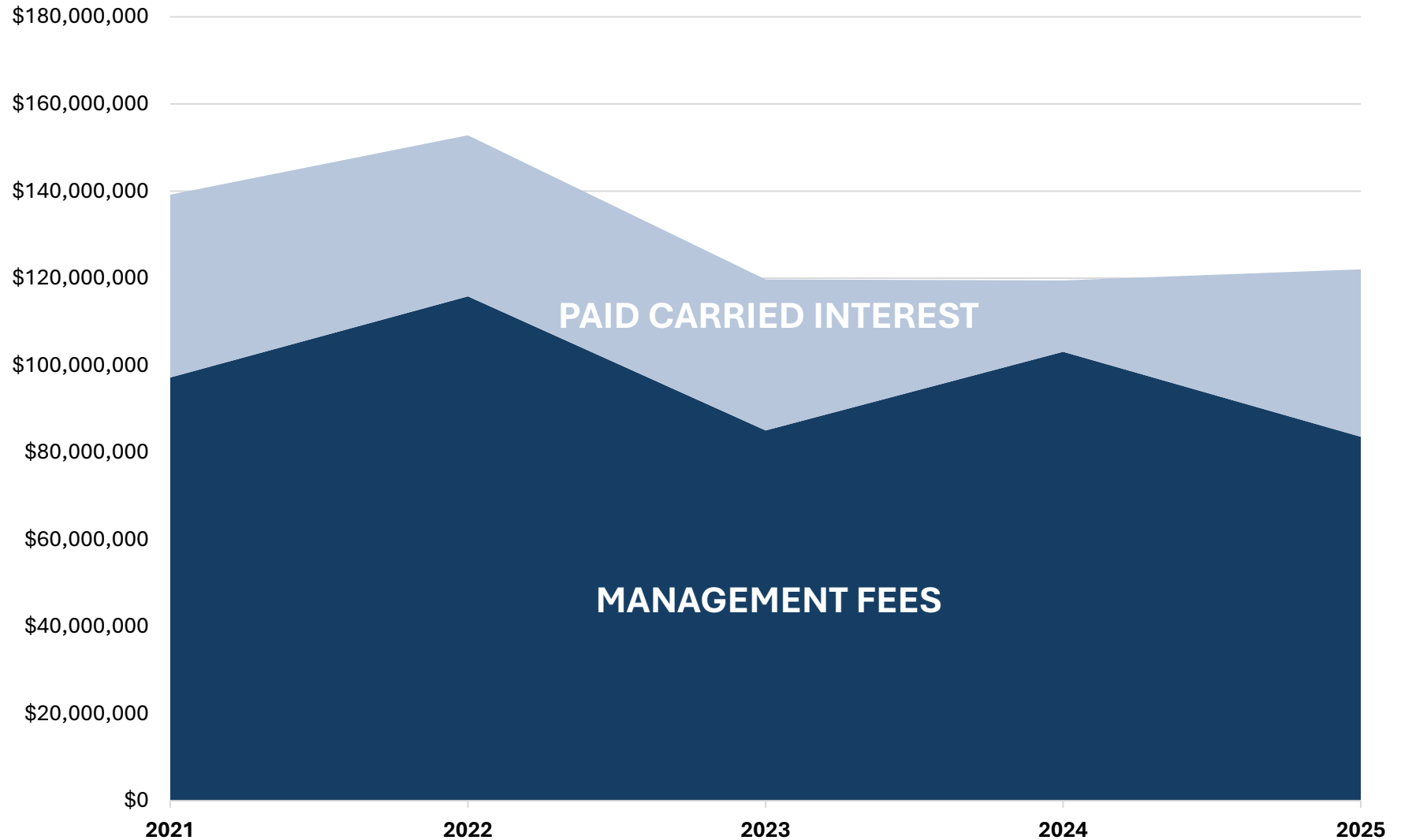
- **European Waterfall**: 100% of all investment cash flow is paid out to investors on a pro rata basis until the preferred return and 100% of LPs invested capital is paid back. Once these distributions have been satisfied, the manager portion of the profits will increase accordingly. Manager carry may 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 12/31/2025.
- 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, 2025

	Mgmt Fees & Carried Interest	Net Dollar Returns	Gross Dollar Returns	Capture Ratio	5-Year Net Returns	12/31/25 DB Allocation
Total Portfolio	\$2,540,236,640	\$35,492,798,018	\$38,033,034,658	93.32	7.11	
Private Equity	\$1,393,260,553	\$7,340,748,715	\$8,734,009,268	84.05	11.80	14%
Real Estate	\$653,195,357	\$2,056,677,434	\$2,709,872,790	75.90	4.37	11%

TOTAL EXTERNAL MANAGER FEES SUMMARY & TRENDS

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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 \$66.3 billion to \$531.9 billion and the U.S. public average composite was composed of 135 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 2024 CEM Benchmarking Report

	OPERS BASE FEES IN BPS	PEER AVERAGE	U.S. PUBLIC AVERAGE
STOCK – U.S. SMALL CAP			
Small Cap	62.5	58.4	53.2
STOCK - INTERNATIONAL			
ACWI x U.S.	29.4	38.3	42.9
EAFE	38.7	40.5	51.0
Emerging	54.3	53.5	56.2
FIXED INCOME			
Emerging Markets	34.1	33.7	33.3
High Yield	29.4	35.9	34.2
Core Fixed	33.6		26.3
REAL ESTATE – EX REITS			
Direct LP	106.9	118.2	120.8
PRIVATE EQUITY - DIVERSIFIED			
Direct LP	134.5	154.7	154.8

TOTAL EXTERNAL MANAGER FEES SUMMARY & TRENDS

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CONCLUSION

- Understanding our external manager fee structure, especially in complex categories like private equity, private credit 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.

V.D



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

277 EAST TOWN STREET, COLUMBUS, OH 43215-

4642

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www.opers.org

MEMORANDUM

DATE: September 16, 2026

TO: OPERS Retirement Board Members
CC: Paul Greff, Chief Investment Officer

FROM: Lincoln Carnam, Assistant Portfolio Manager
Ryan Casebolt, Portfolio Manager

RE: **V. Discussion Items:**
D. Defined Contribution Funds Annual Review

Purpose

This memo is Investment Staff's (Staff) 2026 update on the OPERS Defined Contribution Fund (DC Fund) for the OPERS Retirement Board (Board). It summarizes the OPERS DC Fund investment options, performance, and expenses. It also describes key initiatives of the past year and what is planned for the upcoming year. Please refer to Meketa's document titled "DC Plan Review" in the packet for additional information on the OPERS Member Directed Plan.

Review of OPERS Defined Contribution Program

The performance of the DC Fund is reviewed monthly by Staff and quarterly by Meketa and the internal staff committee referred to as the Defined Contribution Funds Staff Investment Committee (Committee). After quarter-end, Staff conducts portfolio reviews with the external managers used in the DC Fund and reviews member activity in the OPERS Self-Directed Brokerage Account with Charles Schwab that now permits investments in mutual funds and long-only, unlevered Exchange Traded Funds. The Defined Contribution Funds Staff Investment Committee holds a quarterly call with Meketa to discuss pertinent defined contribution issues, performance, and evolving industry trends.

Additional program oversight is conducted by the Defined Contribution Funds Staff Investment Committee, which reports to the Chief Investment Officer. The members of the Defined Contribution Funds Staff Investment Committee include representatives from each division that monitors or services the DC Fund or its members. Current committee

members include: Performance Analyst-Investment Accounting Operations and Compliance; Assistant Portfolio Manager, External Public Markets; Senior Fund Manager; Associate Counsel, Lead Transactional-Legal; Deputy CIO; Government Relations Officer, Legal Counsel-Government Relations; and Manager, Education and Counseling-Education. The creation of the Defined Contribution Funds Staff Investment Committee has produced greater coordination among different groups both within and outside of Investments.

Performance and Fees

Performance has been very good this year across all investment options in the OPERS DC Fund, with all options posting positive performance. As of June 30, 2026, the DC Funds had almost \$4.0 billion in assets under management, of which over \$2.0 billion was held in Target Date Funds, \$1.7 billion in the legacy core funds, and \$71.6 million in the four actively managed core funds. These standalone options represented 46.2% of DC Plan assets while the ten Target Date Funds held 51.3%, the same as last year. The OPERS Self-Directed Brokerage Account option (2.5% of DC Plan assets) has continued to see significant growth now that members may purchase Exchange Traded Funds and allocate up to 90% of their account balance into the Self-Directed Brokerage Account. As of June 2026, the number of accounts was 563 with \$98.4 million in assets compared to 493 with \$70.2 million in assets at the same time in 2025.

All Target Date Funds are up this year and outperforming relative to their respective indexes. Year-to-date returns as of June 30th are shown in the chart below:

Target Date Funds	Benchmark	YTD Return	Index YTD Return	YTD Variance
LifePath Index Retirement Fund N	LifePath IX CTF Custom Benchmark - Retirement	5.45%	5.29%	0.16%
LifePath Index 2030 Fund N	LifePath IX CTF Custom Benchmark - 2030	6.55%	6.37%	0.18%
LifePath Index 2035 Fund N	LifePath IX CTF Custom Benchmark - 2035	7.87%	7.60%	0.27%
LifePath Index 2040 Fund N	LifePath IX CTF Custom Benchmark - 2040	9.26%	8.98%	0.28%
LifePath Index 2045 Fund N	LifePath IX CTF Custom Benchmark - 2045	10.60%	10.27%	0.33%
LifePath Index 2050 Fund N	LifePath IX CTF Custom Benchmark - 2050	11.64%	11.27%	0.37%
LifePath Index 2055 Fund N	LifePath IX CTF Custom Benchmark - 2055	12.12%	11.77%	0.35%
LifePath Index 2060 Fund N	LifePath IX CTF Custom Benchmark - 2060	12.19%	11.87%	0.32%
LifePath Index 2065 Fund N	LifePath IX CTF Custom Benchmark - 2065	12.19%	11.87%	0.32%
LifePath Index 2070 Fund N	LifePath IX CTF Custom Benchmark - 2070	12.19%	11.87%	0.32%

The passively managed core investment options managed by BlackRock largely performed in line with their respective benchmarks. Recent returns for all the passively managed core funds are shown in the chart below:

Index Funds	Benchmark	YTD Return	Index YTD Return	YTD Variance
U.S. Debt Index Fund J	BBG U.S. Aggregate Index	0.72%	0.62%	0.10%
Russell 3000 Index Fund J	Russell 3000 Index	10.86%	10.88%	-0.02%
Russell 1000 Index Fund J	Russell 1000 Index	10.32%	10.33%	-0.01%
Russell 2000 Index Fund J	Russell 2000 Index	22.60%	22.57%	0.03%
MSCI ACWI ex-US Index Fund J	MSCI All Country World ex US	14.79%	13.68%	1.11%

The actively managed core funds, available to members since September 3, 2024, have performed well this year with most performing close to or beating their benchmark. The only exception being the T. Rowe Price Integrated US Small-Mid Cap Core fund, which, while underperforming its benchmark for the YTD period, has produced the best absolute

return of all the investment options available to members over a full investment cycle. Staff remains confident in all the options available to members.

Actively Managed Funds		YTD Return	Index YTD Return	YTD Variance
Invesco Stable Value Trust - Class B1	ICE BofA US 3M Trsy Bill Index	1.54%	1.76%	-0.22%
JPMorgan Core Bond R6	Bloomberg US Aggregate Index	0.68%	0.62%	0.06%
Fisher US Total Return	Russell 1000 Index	13.38%	10.33%	3.05%
T.Rowe Price Integrated US Small-Mid Cap Core Eq I	Russell 2500 Index	20.66%	22.71%	-2.05%
Lazard ACW ex-US Equity CIT	MSCI ACW ex-US Index	13.18%	13.68%	-0.50%

Overall, the OPERS DC Fund Total Plan Investment Management Fees, as a percentage of assets, remains very low at just over 0.05%, which is among the lowest in the industry. It is expected the cost will increase over time as more members allocate additional capital to the more expensive actively managed funds.

Investment Initiatives

Over the summer, OPERS worked with T. Rowe Price, the manager of the actively managed small-mid capitalization investment option, and Voya (the third-party administrator for the DC Plan) to replace the mutual fund initially added to the investment line-up with a lower fee capitalization investment option recently launched by the manager. This change, seamless to our members, will enable members invested in this option to save over 20 basis points in fees annually.

Next Steps

The Charles Schwab self-directed brokerage account, an option for members for over 10 years, represents a segment of the market where Staff has not conducted a search to evaluate the market environment and options available. Given the dynamics of the retail brokerage marketplace, Staff will be reviewing the option we provide to members for potential upgrade, if available.

Additionally, with the leverage provided by Staff now overseeing the Ohio Deferred Compensation Fund investments, Staff has had some initial conversations with BlackRock to potentially qualify for a lower fee share class on the Target Date Funds offered in the Defined Contribution and Combined plans. Discussions are preliminary at this stage.

Staff will work with Meketa and update the Board if any additional change is recommended.

Defined Contribution (DC) Plan Investment Update

Lincoln D. Carnam

Assistant Portfolio Manager, External Public Markets

September 16, 2026

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updated



AGENDA

Plan Update

Current State of the Defined Contribution Plan

Member Usage of the Defined Contribution Plan

Performance & Investment Fees

PLAN UPDATE

INITIATIVES



Actively working to lower fees in one of the actively managed funds

[COMPLETED]



Have had initial discussions about a new lower fee share class for TDFs which would impact half of members in DC Plan

[IN PROGRESS]



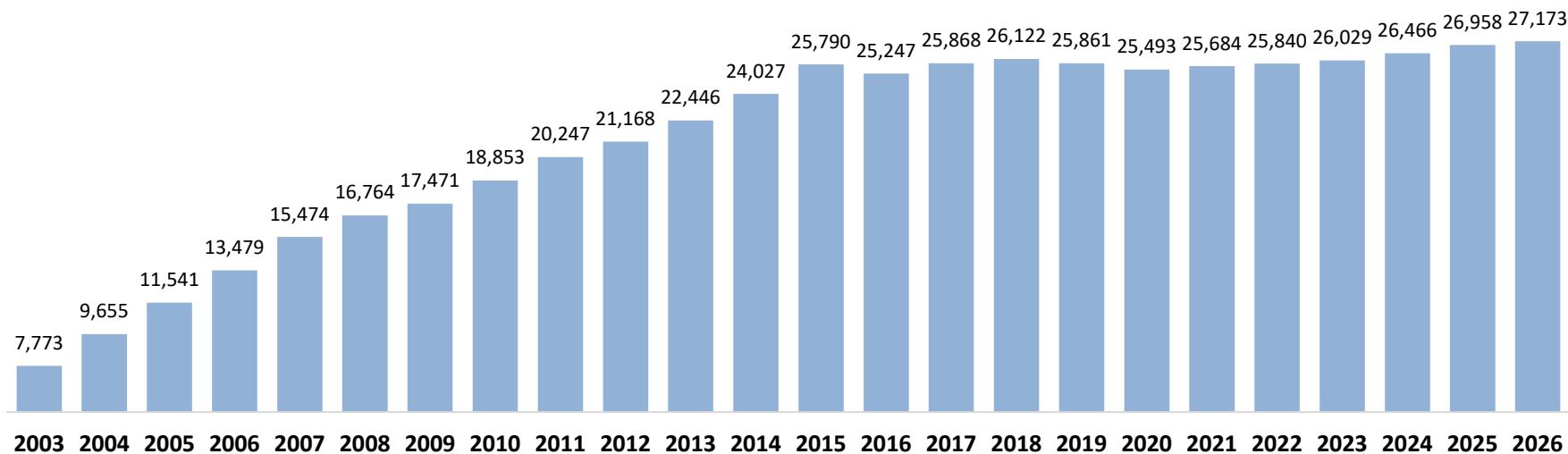
Review of brokerage window marketplace

[NOT YET STARTED]

CURRENT STATE OF THE DEFINED CONTRIBUTION PLAN

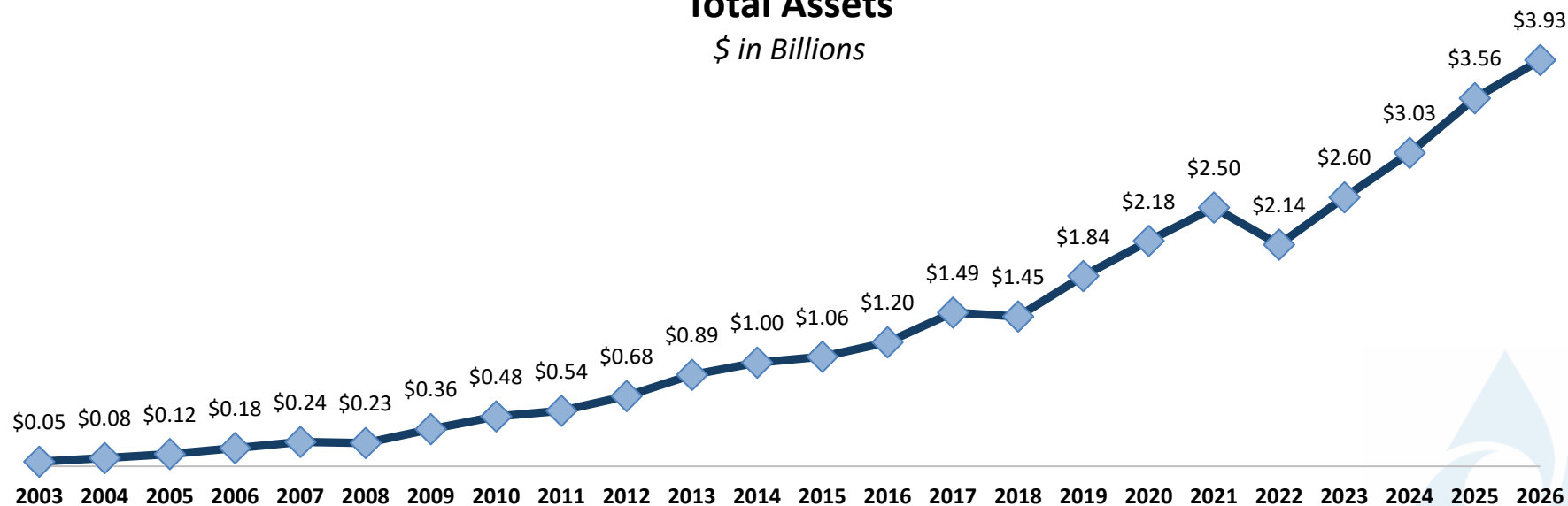
DC PLAN MEMBERSHIP

Members



Total Assets

\$ in Billions



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CURRENT INVESTMENT OPTIONS

Target Date Funds

- LifePath Retirement
- LifePath 2030
- LifePath 2035
- LifePath 2040
- LifePath 2045
- LifePath 2050
- LifePath 2055
- LifePath 2060
- LifePath 2065
- LifePath 2070

51% of assets

Passive Investment Options

- Russell 1000 Index Fund
- Russell 2000 Index Fund
- Russell 3000 Index Fund
- MSCI ACWI ex-US
- Core Bond Index Fund

40% of assets

Active Investment Options

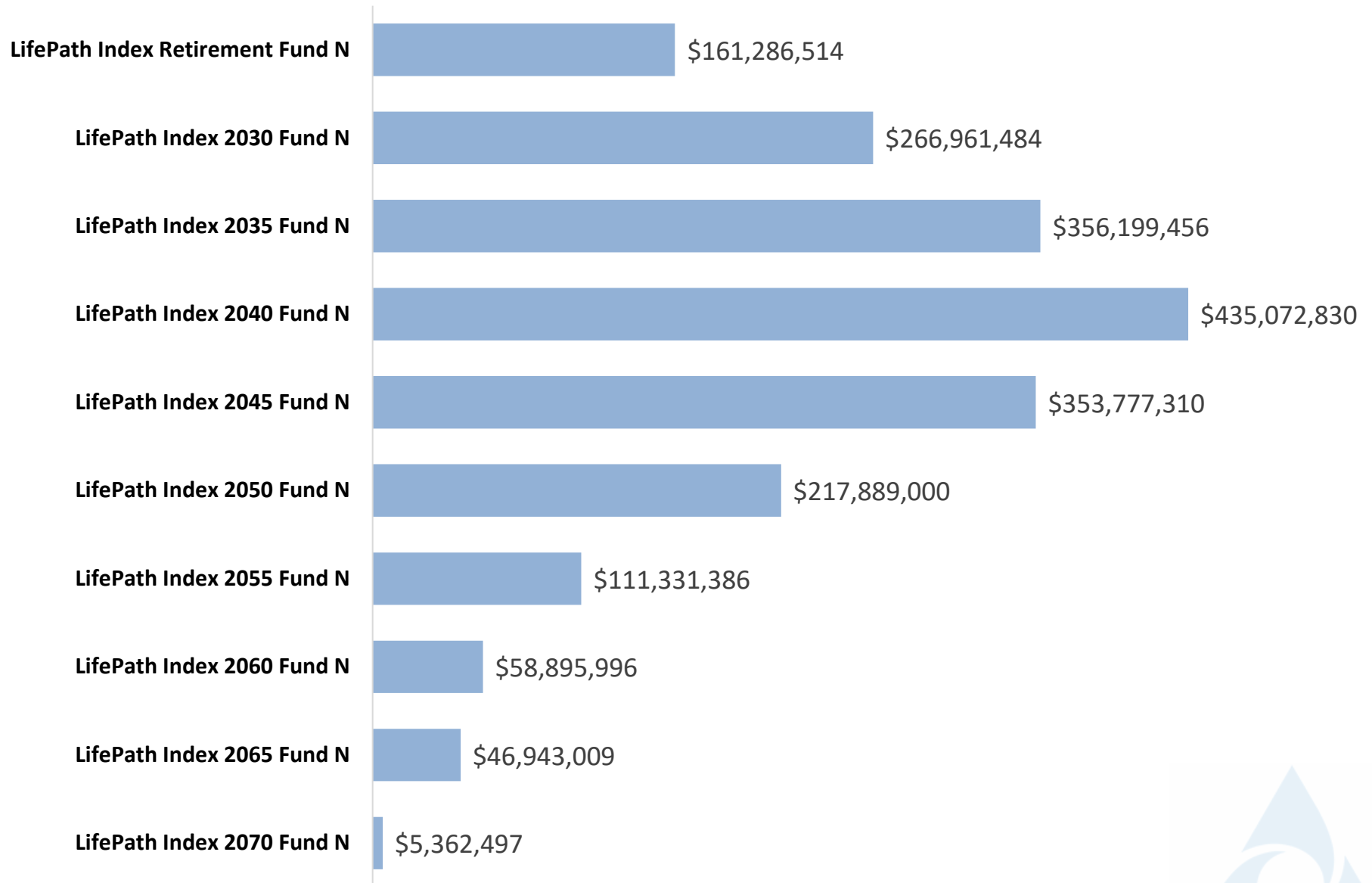
- Fisher US Total Return
- T. Rowe Small-Mid Cap
- Lazard ACW ex-U.S.
- JP Morgan Core Bond
- Invesco Stable Value

6% of assets

- Schwab Brokerage*

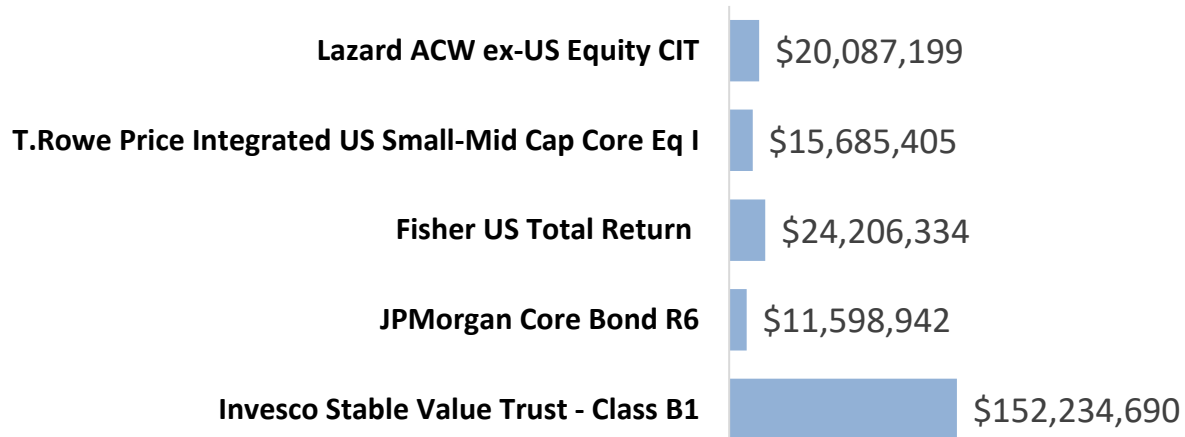
2% of assets

TARGET DATE FUNDS

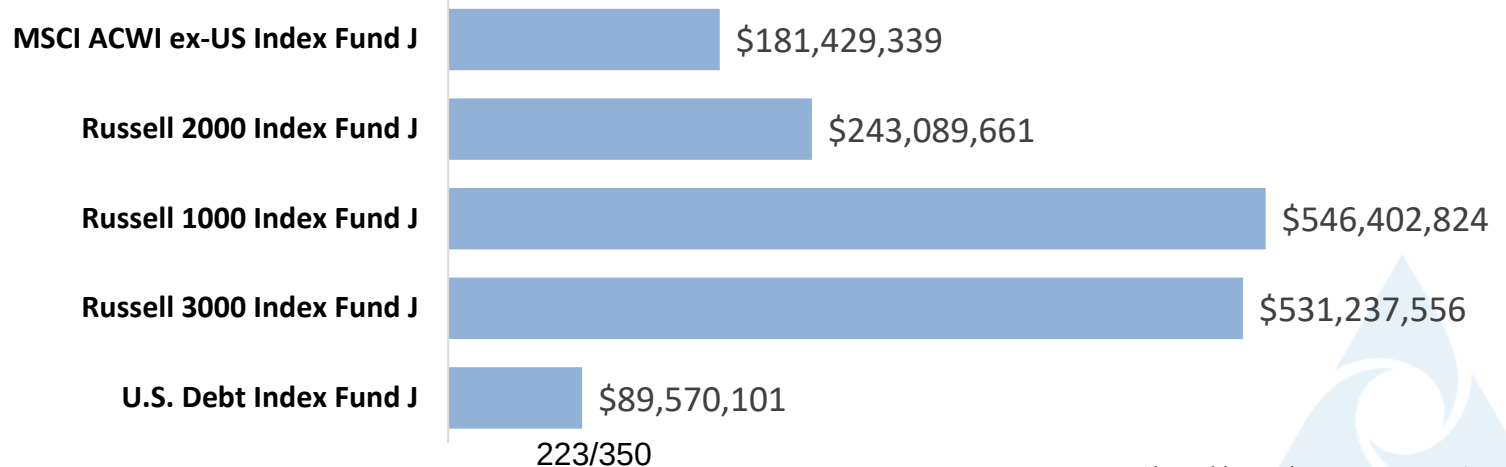


ACTIVE & PASSIVE INVESTMENT OPTIONS

ACTIVELY MANAGED OPTIONS

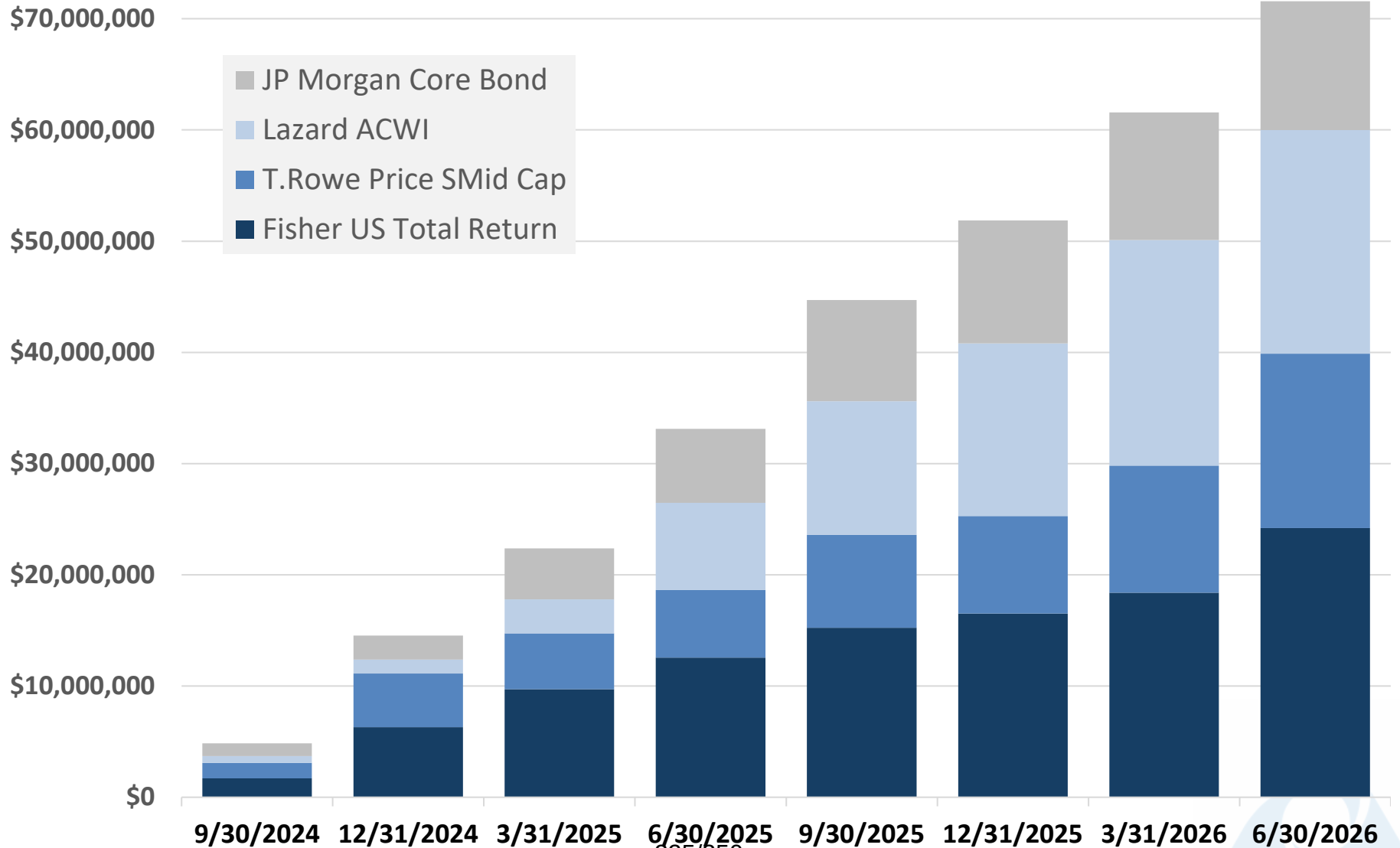


PASSIVELY MANAGED OPTIONS



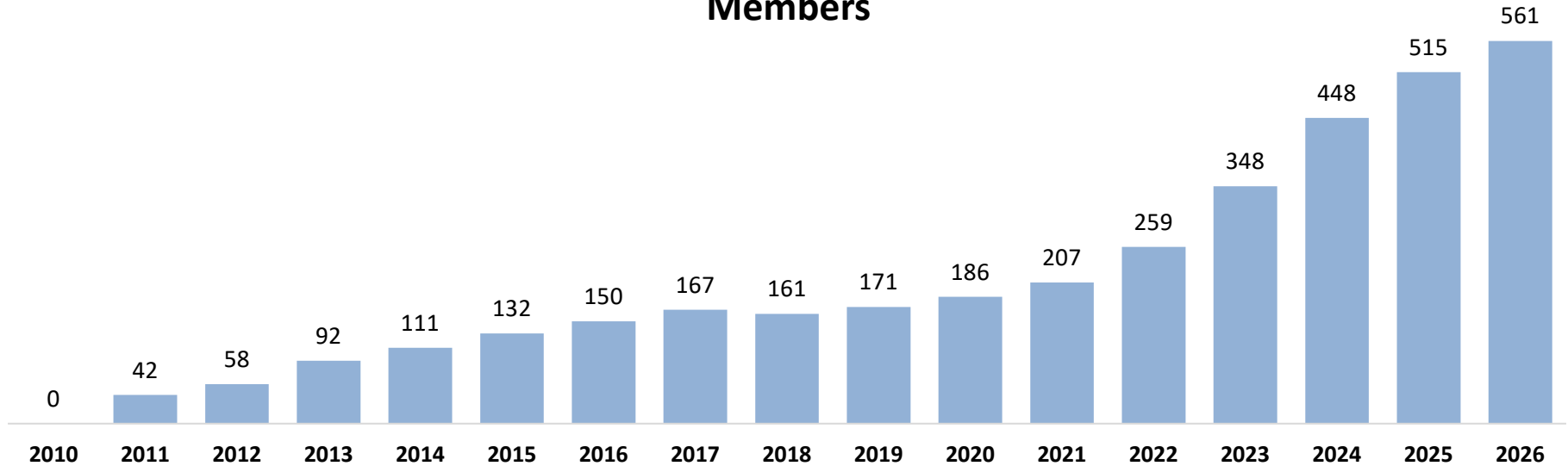
MEMBER USAGE OF THE DEFINED CONTRIBUTION PLAN

ACTIVELY MANAGED ASSETS



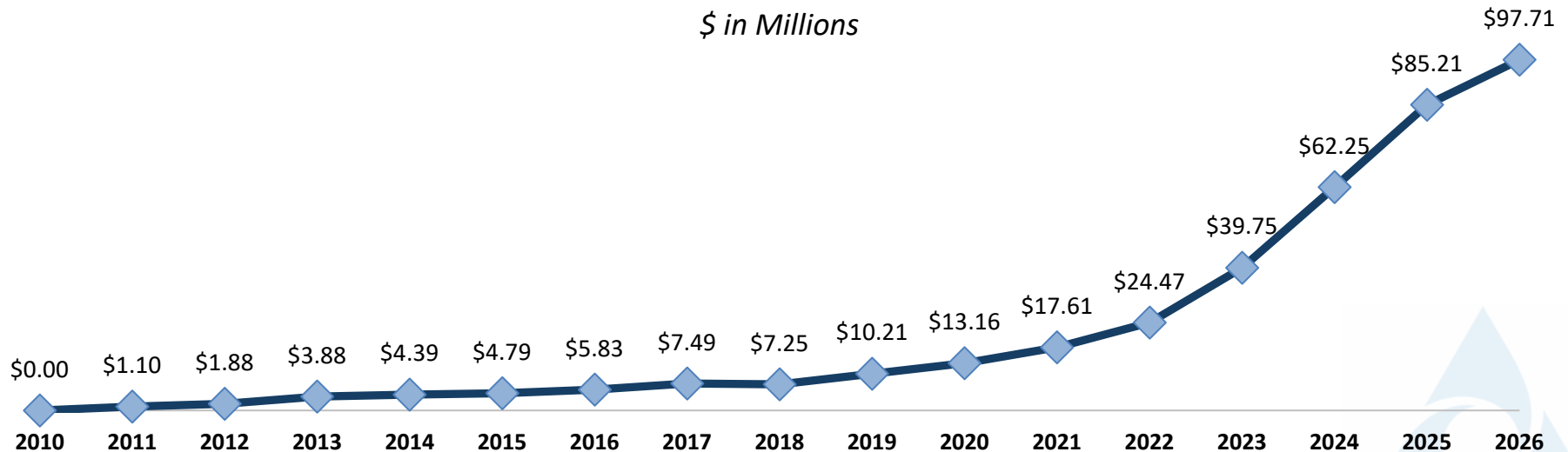
SELF-DIRECTED BROKERAGE USAGE

Members



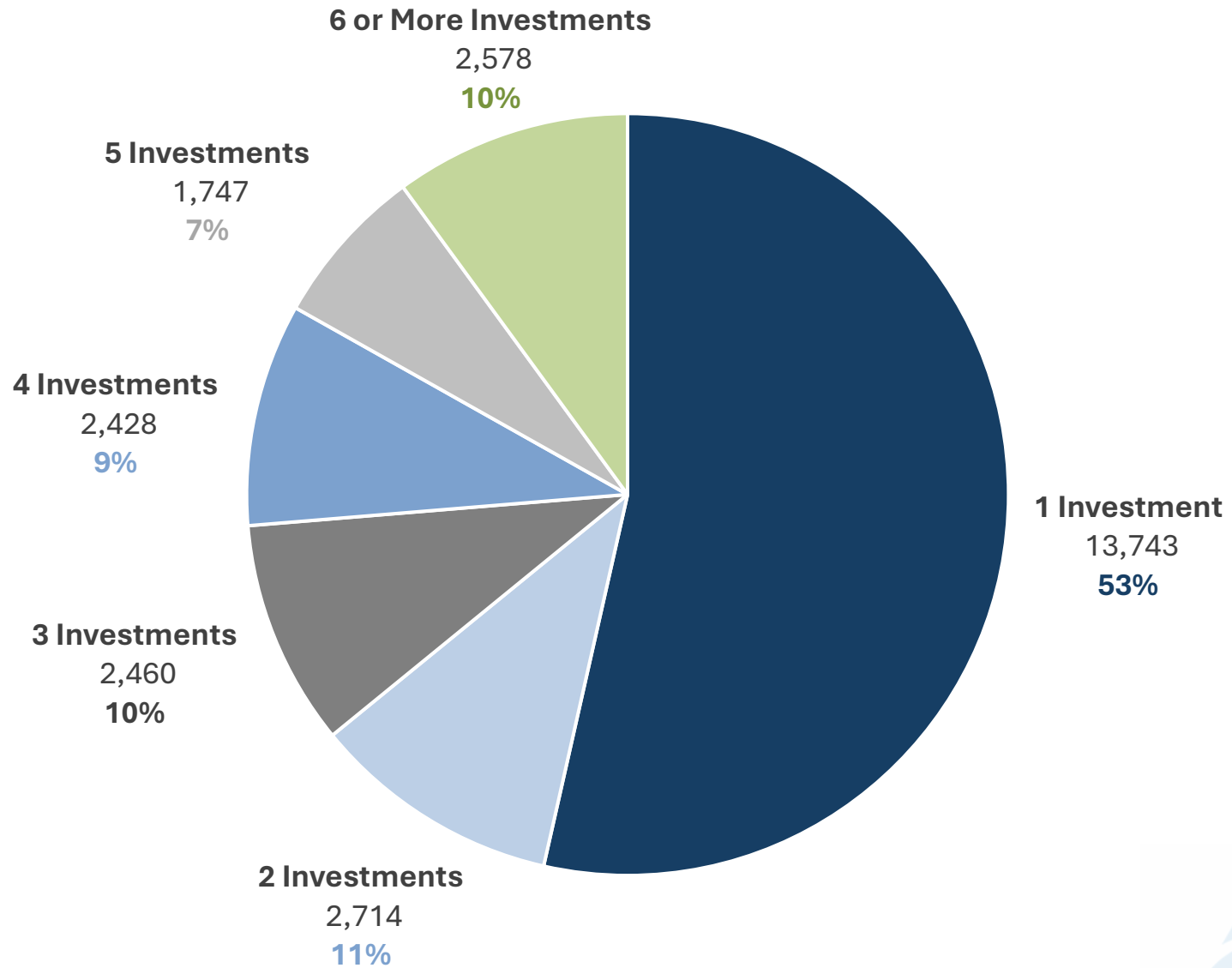
Total Assets

\$ in Millions



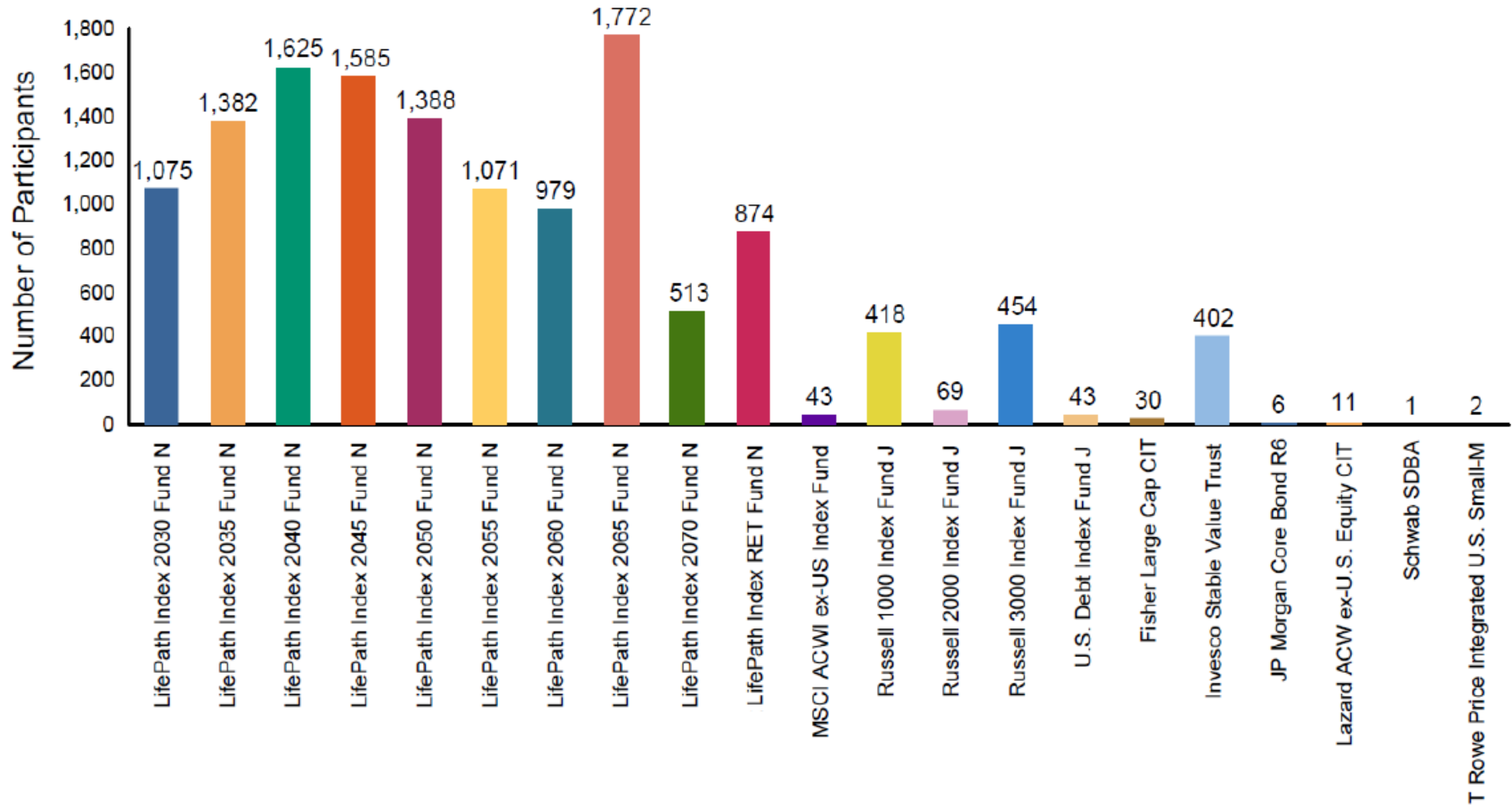
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PARTICIPANT INVESTMENT USAGE

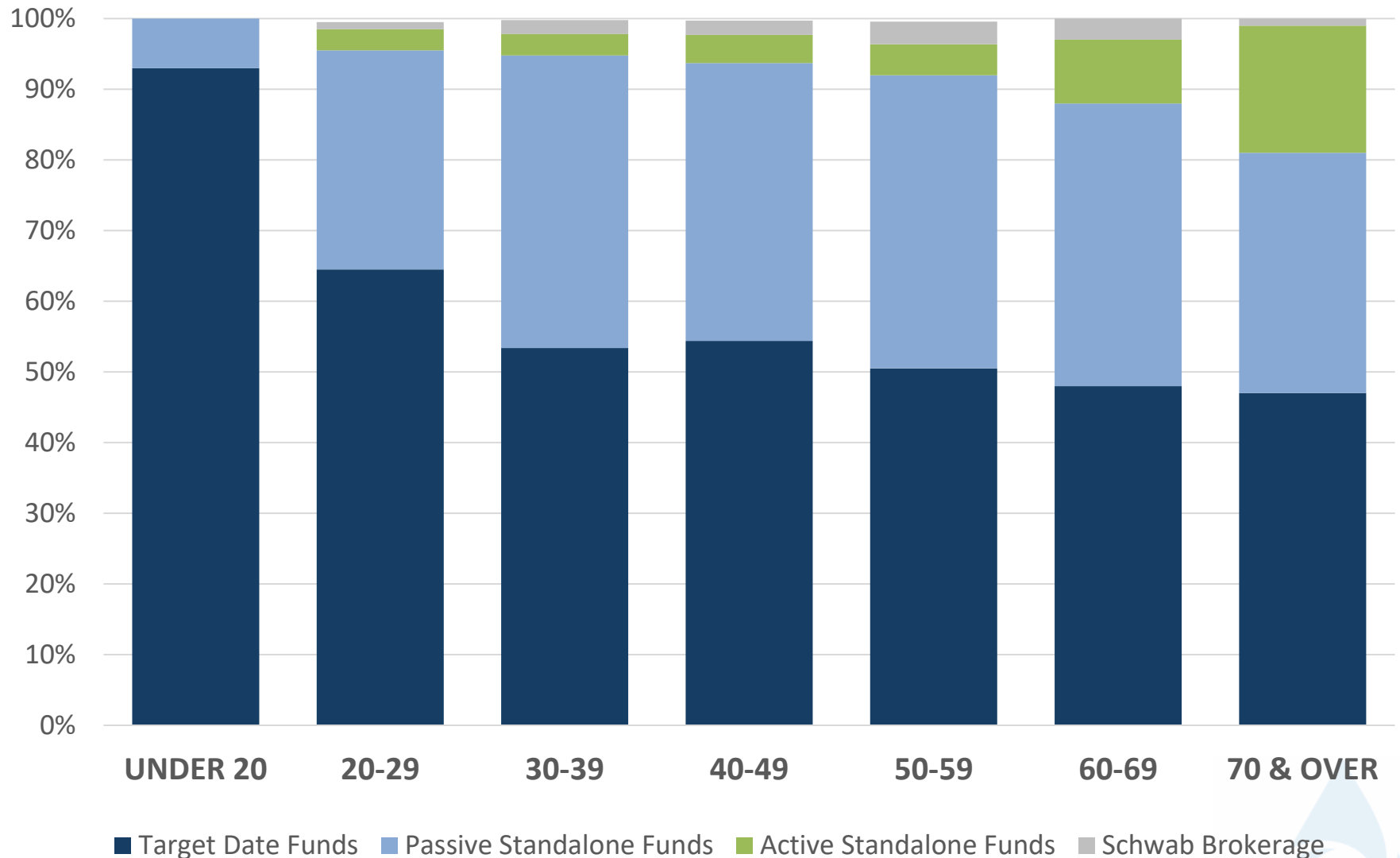


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MEMBERS WITH A SINGLE INVESTMENT



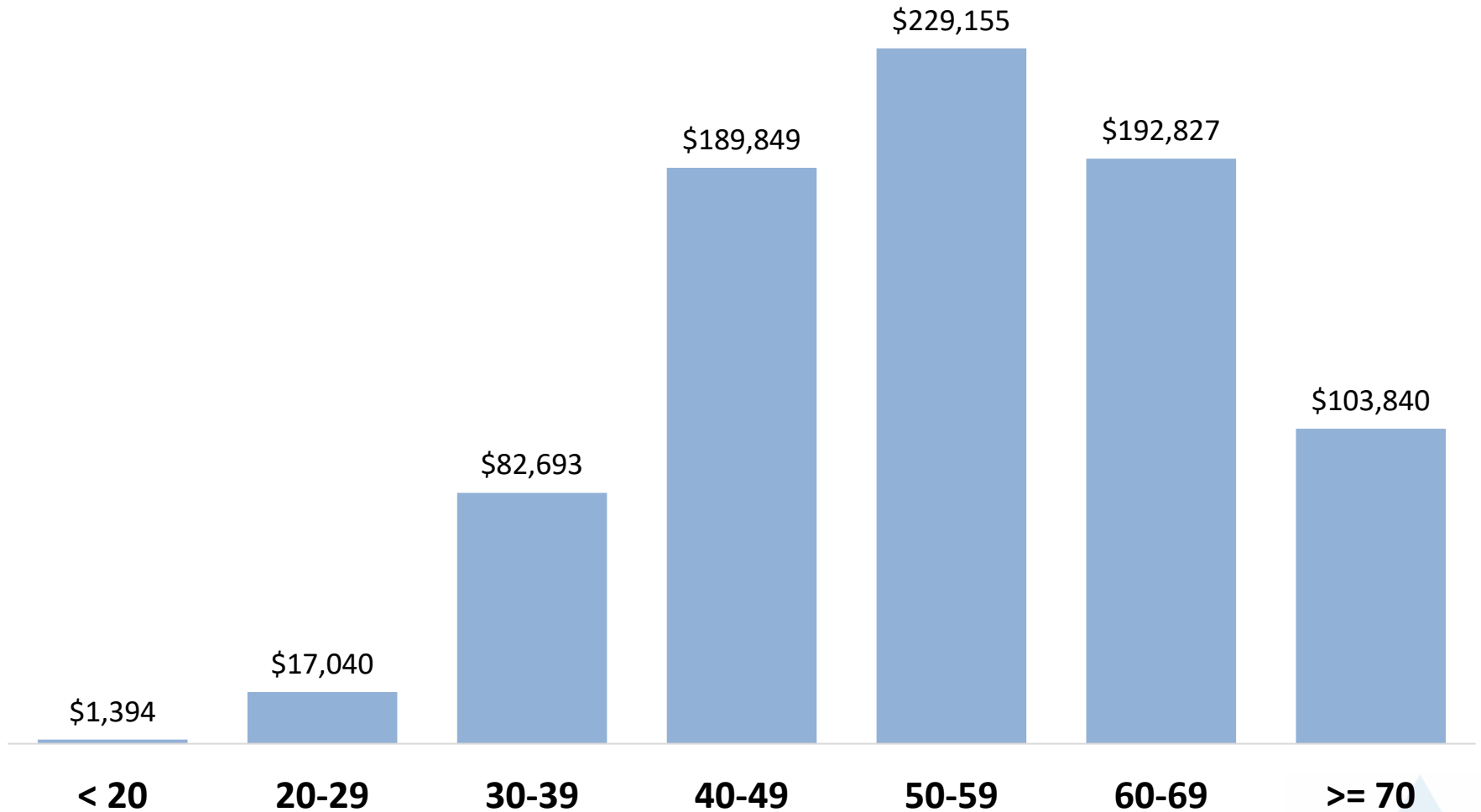
INVESTMENT SELECTION BY MEMBER AGE



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Data provided by DC Plan third party administrator, Voya, as of 6/30/2026

AVERAGE BALANCE BY AGE



PERFORMANCE AND INVESTMENT FEES

DC PLAN INVESTMENT PERFORMANCE

Passive Standalone Funds

		YTD	1 Year	3 Year
Russell 1000 *	Fund	10.32	22.01	20.48
	Russell 1000 Index	10.33	22.02	20.47
	Difference	-0.01	-0.01	0.01
Russell 2000 *	Fund	22.60	40.80	18.66
	Russell 2000 Index	22.57	40.78	18.60
	Difference	0.03	0.02	0.06
Russell 3000 *	Fund	10.86	22.81	20.38
	Russell 3000 Index	10.88	22.82	20.36
	Difference	-0.02	-0.01	0.02
MSCI ACWI ex USA *	Fund	14.79	28.50	19.16
	MSCI ACWI ex USA Index	13.68	27.65	18.82
	Difference	1.11	0.85	0.34
US Debt	Fund	0.72	3.82	4.19
	BBG US Aggregate Bond Index	0.62	3.79	4.16
	Difference	0.10	0.03	0.03

Target Date Funds

		YTD	1 Year	3 Year
Retirement	Fund	5.45	11.65	9.95
	Custom Benchmark	5.29	11.57	9.94
	Difference	0.16	0.08	0.01
2030	Fund	6.55	13.77	11.88
	Custom Benchmark	6.37	13.67	11.86
	Difference	0.18	0.10	0.02
2035	Fund	7.87	16.23	13.73
	Custom Benchmark	7.6	16.05	13.67
	Difference	0.27	0.18	0.06
2040	Fund	9.26	18.71	15.53
	Custom Benchmark	8.98	18.48	15.46
	Difference	0.28	0.23	0.07
2045	Fund	10.6	21.17	17.29
	Custom Benchmark	10.27	20.92	17.20
	Difference	0.33	0.25	0.09
2050	Fund	11.64	23.32	18.76
	Custom Benchmark	11.27	23.03	18.66
	Difference	0.37	0.29	0.10
2055	Fund	12.12	24.36	19.45
	Custom Benchmark	11.77	24.11	19.37
	Difference	0.35	0.25	0.08
2060	Fund	12.19	24.52	19.52
	Custom Benchmark	11.87	24.32	19.47
	Difference	0.32	0.20	0.05
2065	Fund	12.19	24.52	19.53
	Custom Benchmark	11.87	24.32	19.48
	Difference	0.32	0.20	0.05
2070	Fund	12.19	24.52	N/A
	Custom Benchmark	11.87	24.32	N/A
	Difference	0.32	0.20	N/A

Performance is as of 6/30/2026 and presented net of fees
 2070 TDF launched fewer than 3 years ago so there is no data for that time period

DC PLAN INVESTMENT PERFORMANCE

Active Standalone Funds

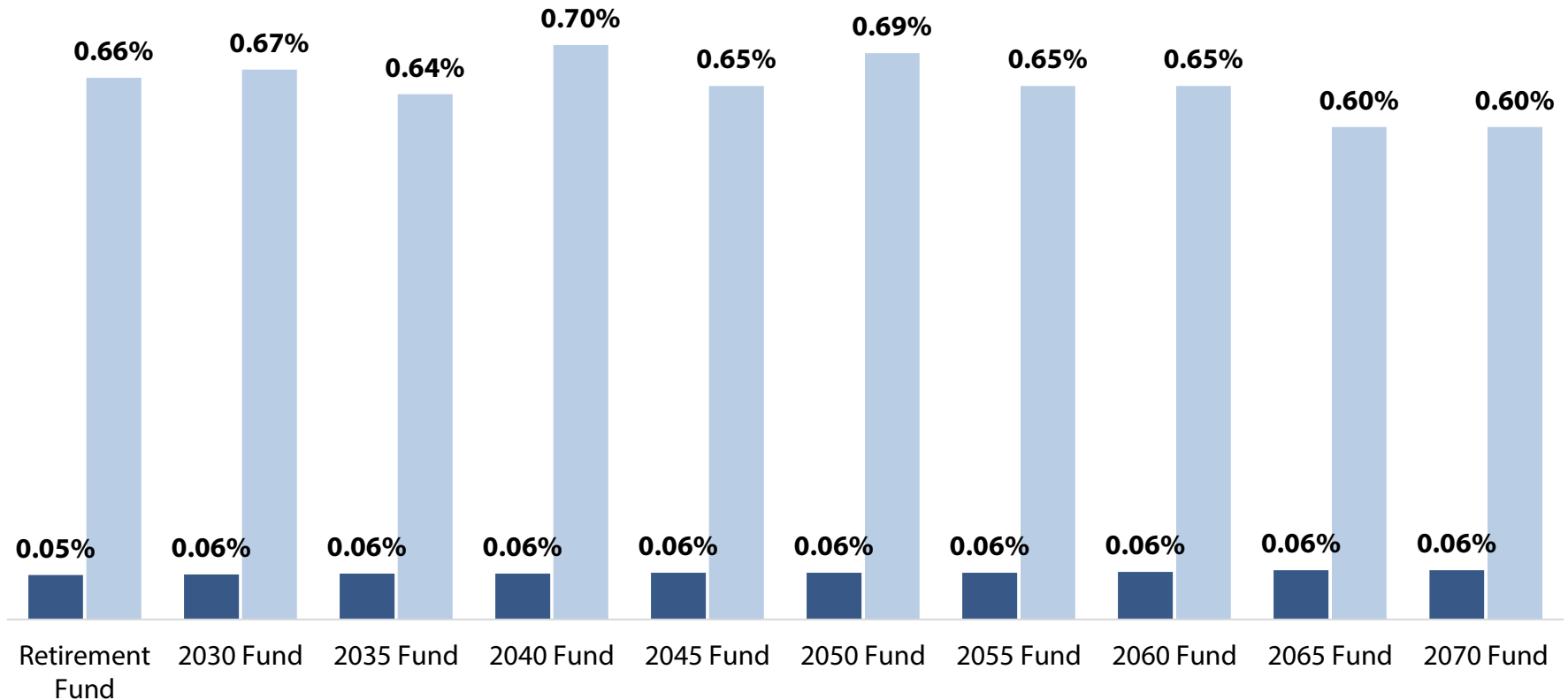
		YTD	1 Year	3 Year
JPM	JPMorgan Core Bond R6	0.68	3.79	4.50
	Bloomberg US Aggregate Index	0.62	3.79	4.16
	Difference	0.06	0.00	0.34
Fisher	Fisher US Total Return	13.38	28.09	N/A
	Russell 1000 Index	10.33	22.02	N/A
	Difference	3.05	6.07	N/A
T.Rowe Price	T.Rowe Price Integrated US Small-Mid Cap Core Eq I	20.66	33.15	20.48
	Russell 2500 Index	22.71	36.72	18.40
	Difference	-2.05	-3.57	2.08
Lazard	Lazard ACW EX-US Equity CIT	13.18	31.22	N/A
	MSCI ACW ex-US Index	13.68	27.65	N/A
	Difference	-0.50	3.57	N/A
Stable Value	Invesco Stable Value Trust - Class B1	1.54	3.08	2.97
	ICE BofA US 3M Trsy Bill Index	1.76	3.87	4.67
	Difference	-0.22	-0.79	-1.70

Performance is as of 6/30/2026, is presented net of fees, and for informational purposes only as it may include time periods before the investment options were added to OPERS platform

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TARGET DATE FUND FEES

■ OPERS Mgmt Fee ■ Median Mgmt Fee

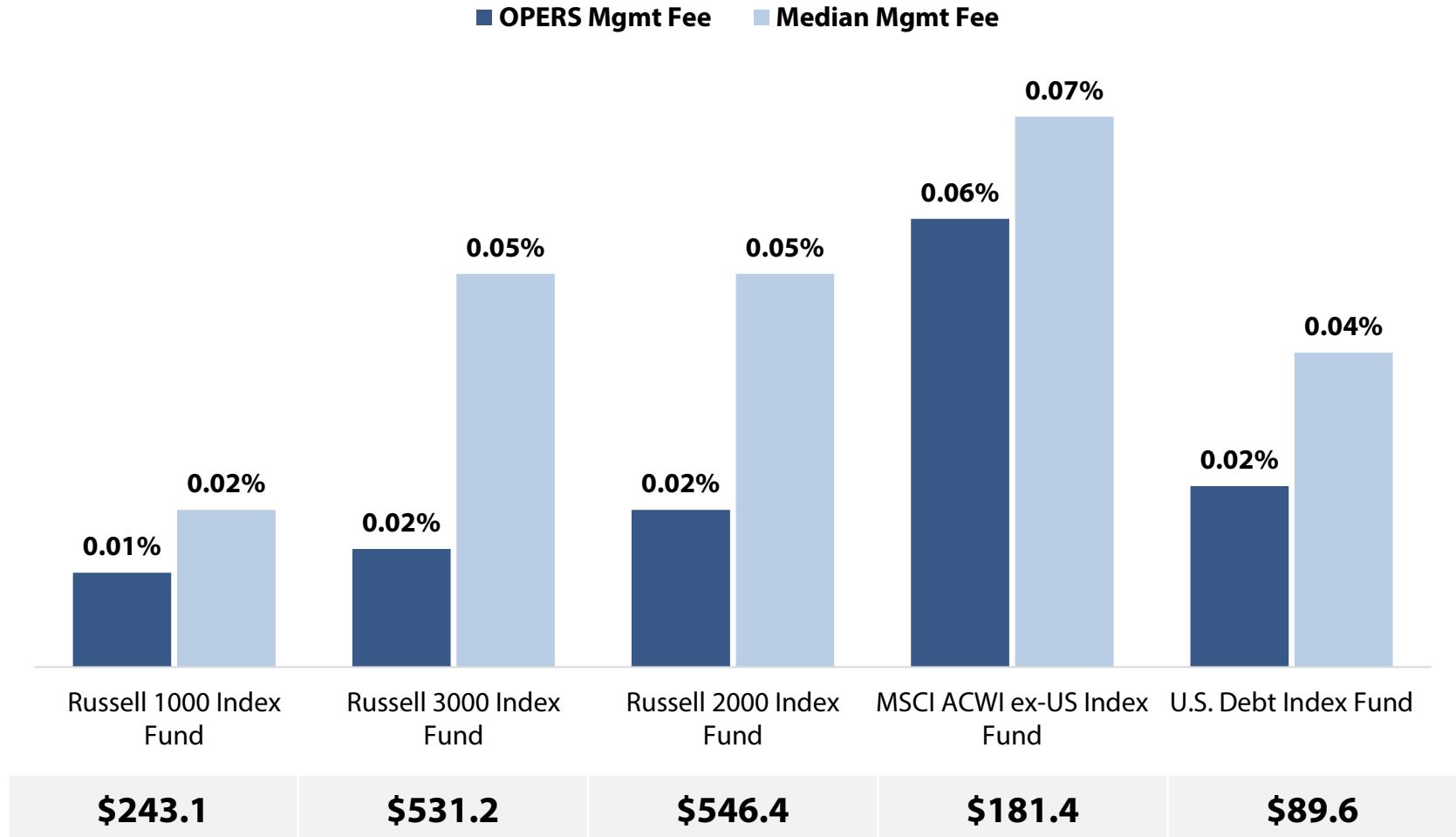


\$161.3	\$267.0	\$356.2	\$435.1	\$353.8	\$217.9	\$111.3	\$58.9	\$46.9	\$5.4
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Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups.
All data as of 6/30/26.

ASSETS
(\$ in millions)
234/350

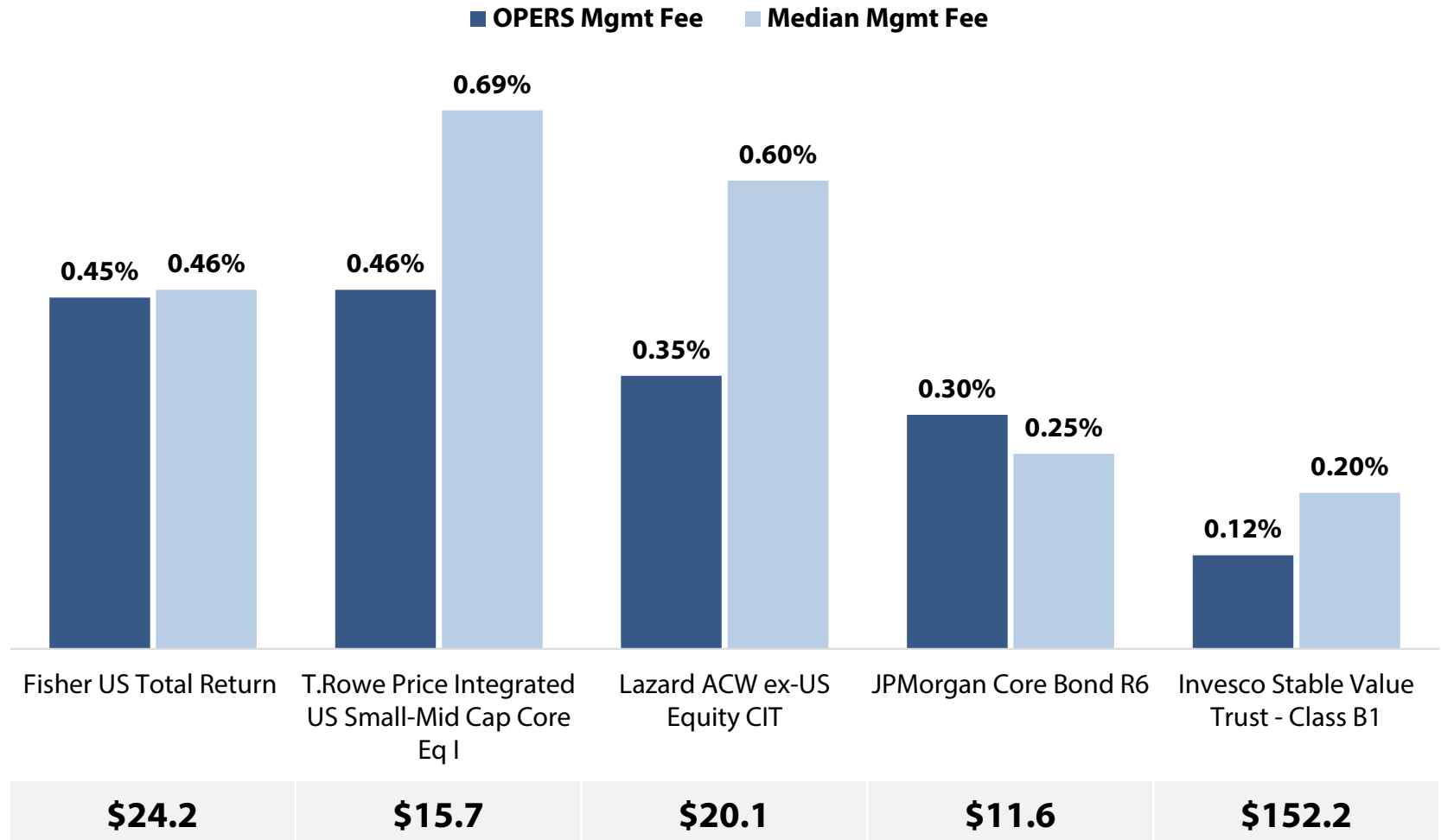
PASSIVE INVESTMENT OPTIONS FEES



Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups.
All data as of 6/30/26.

ASSETS
(\$ in millions)
235/350

ACTIVE INVESTMENT OPTIONS FEES

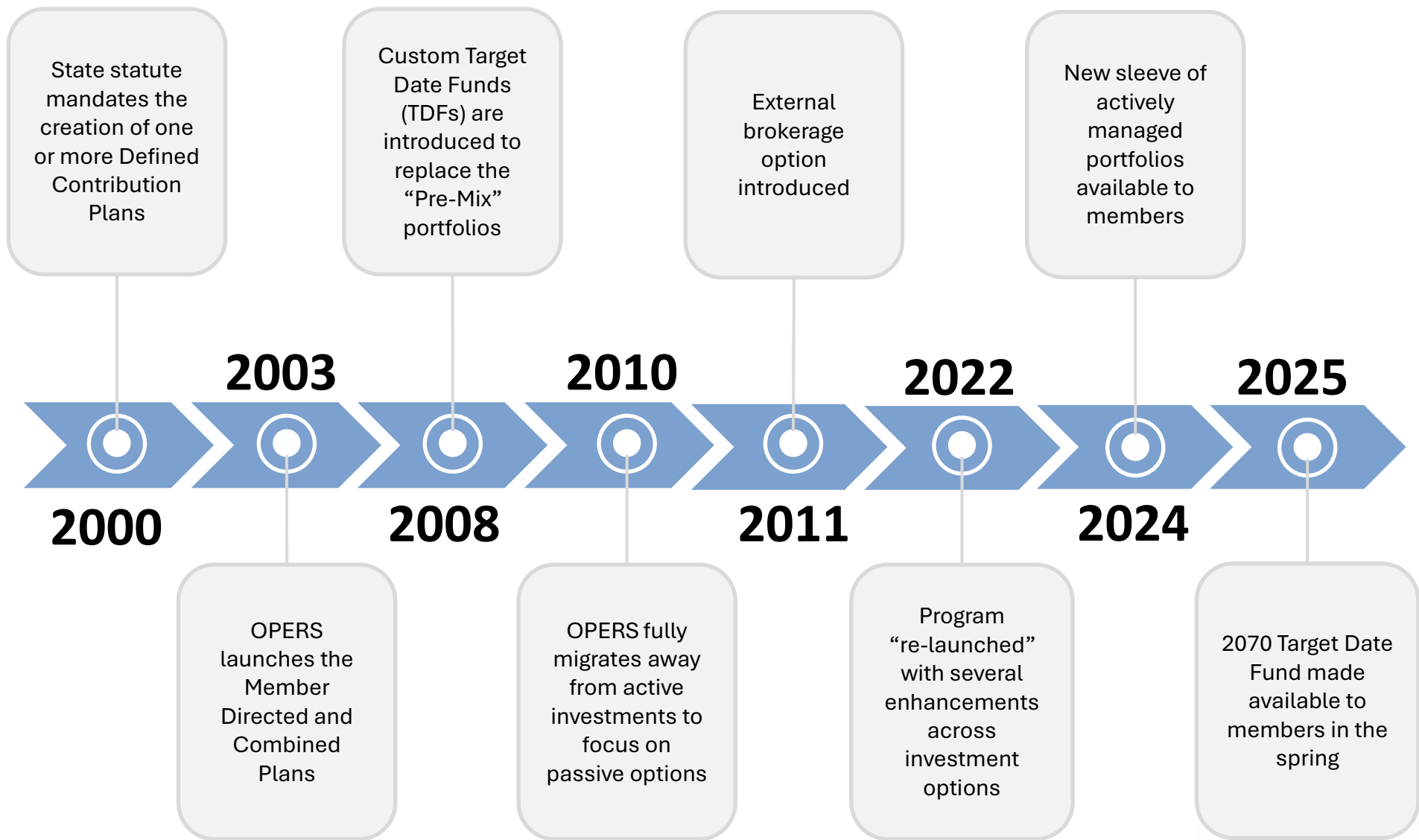


Fee peer groups are provided by RVK and represent data from Investment Metrics database of over 840 investment management firms and 29,000 investments products, across more than 160 standard peer groups.
All data as of 6/30/26.

ASSETS
(\$ in millions)
236/350

APPENDIX

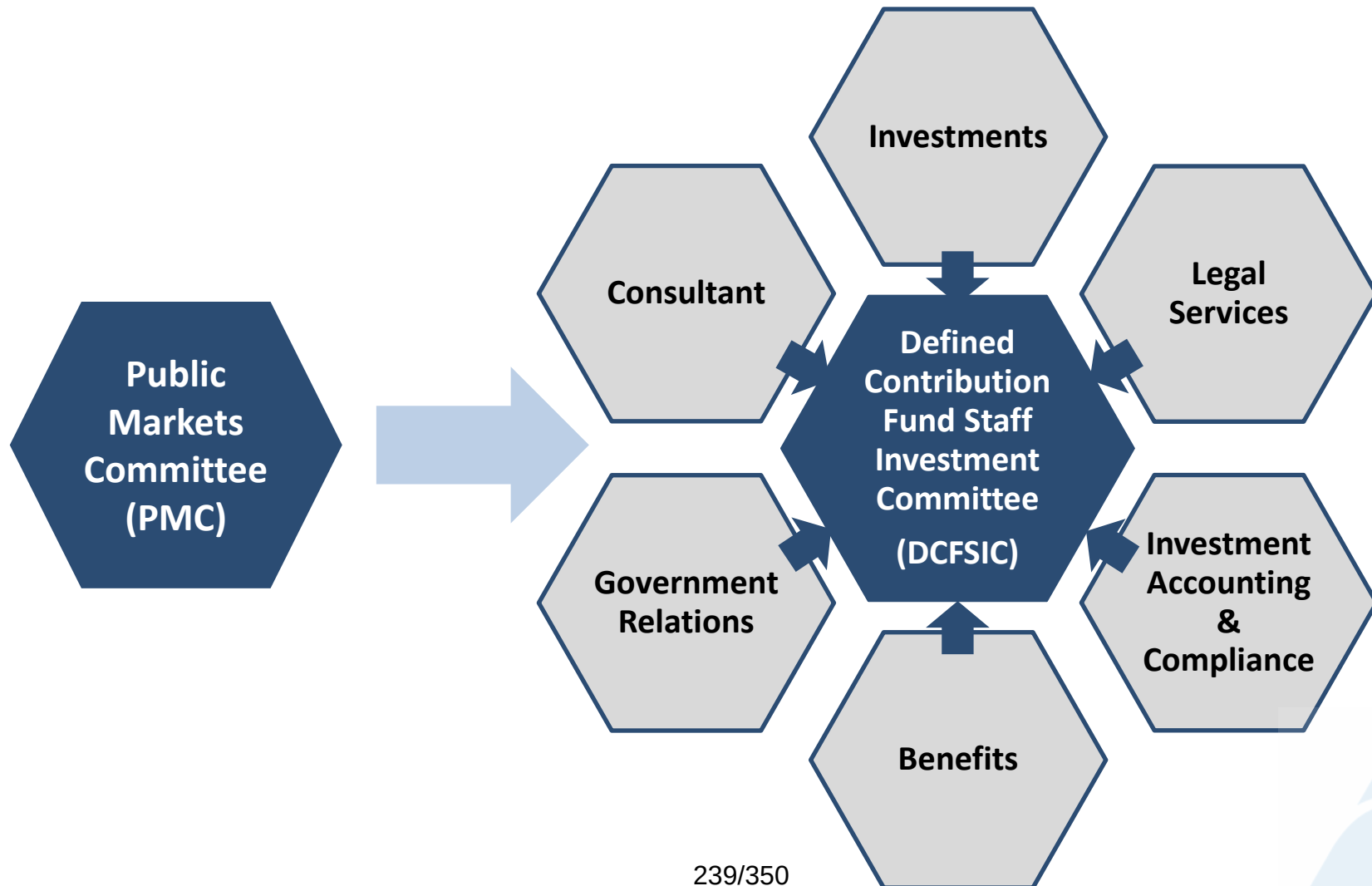
HISTORY OF THE DEFINED CONTRIBUTION PLAN



DC PLAN OVERSIGHT - INVESTMENTS

Board of Trustees

Chief Investment Officer



MEMORANDUM

TO: OPERS Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: September 16, 2026
RE: Defined Contribution Plan Annual Review

Background

Meketa is providing a summary on the Defined Contribution (DC) Program for 2026. The memo includes an overview of how the DC Program's investment options performed over the trailing one-year period ending June 30, 2026 and provides a review of the DC Fund's investment costs. The DC Program continues to benefit from coordinated oversight by Investment Staff, Meketa, and the Board.

Annual Performance Review

The OPERS DC Plan had approximately \$3.93 billion in assets as of June 30, 2026. The Plan had approximately 51.6% of participant assets invested in the target date fund suite, managed by BlackRock. The core options represented 46.2%, and the Charles Schwab Self-Directed Brokerage Account represented 2.5% of plan assets. The plan now offers the complete BlackRock LifePath Index target-date lineup through the 2070 vintage.

Performance of the BlackRock LifePath Index N funds ranged from 11.6% to 24.3% for the one-year period ending June 30, 2026. Results were generally in line with the funds' custom benchmarks, with the funds outperforming their respective benchmarks by approximately 0 to 30 basis points. The strong one-year results reflect the broad recovery across equity markets during the period, including strong performance from U.S. equities and international markets. Heavier allocations to public equities, relative to peers, in later dated vintage years allowed many of the funds to rank in the top half of their peer groups.

The DC Program also offers a passive fixed income, four passive equity, and five actively managed investment options, including stable value. Over the same one-year period, performance ranged from 3.1% for the Invesco Stable Value Trust to 40.8% for the BlackRock Russell 2000 Index Fund. The passive options performed in-line with their respective benchmarks, with the BlackRock U.S. Debt Index Fund returning 3.8%, while the BlackRock Russell 3000, Russell 1000, and MSCI ACWI ex-U.S. Index Funds returned 22.8%, 22.0%, and 28.5%, respectively. The strong performance of equity markets was consistent with the broader market backdrop during the period, with small-cap and emerging market equities among the strongest-performing asset classes.

The actively managed options produced mixed relative results, although all posted positive trailing one-year returns. Fisher US Total Return returned 28.1%, outperforming the Russell 1000 Index by 560 basis points, while Lazard ACW ex-US Equity CIT returned 31.2%, outperforming its stated benchmark by approximately 290 basis points. The JPMorgan Core Bond portfolio returned 3.8%, in line with the Bloomberg U.S. Aggregate Index. The T. Rowe Price Integrated U.S. Small-Mid Cap Core Equity Fund returned 33.2%, 350 basis points below the Russell 2500 Index. The actively managed options, which have been available to members since late 2024, provide additional diversification and manager-specific exposure alongside the predominantly passive core lineup.

DC Fund Investment Expenses

The June 30, 2026 fee schedule indicates an expense ratio of 0.06% for the target-date funds and 0.02% for the index-fund category. Individual index options range from 0.02% to 0.06%. The actively managed options have a weighted category expense ratio of 0.23%, with individual investment expenses ranging from 0.12% for the Invesco Stable Value Trust to 0.68% for the T. Rowe Price Integrated U.S. Small-Mid Cap Core Equity Fund.

Using the June 30, 2026 market values and the investment expense ratios shown in the fee schedule, the weighted-average expense ratio across the invested options is approximately 0.06%. The Plan therefore continues to maintain a very low-cost investment structure. Consistent with Staff's assessment, Meketa notes that the DC Fund's investment management costs remain among the lowest in the industry, while recognizing that the overall cost will vary as member allocations shift among passive, target-date, actively managed, and other available options. In addition to the low aggregate cost, the majority of plan assets remain invested in the target-date funds or low-cost index options. This provides members with a broad range of diversified investment choices while keeping the cost of the core passive lineup low.

As a follow-up to the presentation Meketa provided in November 2025, we continue to think re-evaluation of the recordkeeping expenses is worthwhile for the Plan. The recordkeeping expenses appear relatively expensive within the context of the scope of services provided by Voya.

Overview and Next Steps

Meketa believes the Plan is operating efficiently. The investment line-up is designed prudently, leveraging the BlackRock Lifepath target date fund suite, complimented with low-cost diversified passive investment options and strong active investment options.

Meketa will continue to work closely with Staff and the Board to oversee the Plan. In addition, we look forward to reviewing the administrative and recordkeeping fees with Staff over the next year, to seek opportunities to reduce participant costs.



Note: The OPERS target-date funds were replaced by the BlackRock LifePath Index N funds on March 11, 2022. Time periods longer than March 11, 2022 are shown for illustrative purposes using the applicable prior share-class performance, as described in the Meketa performance materials. The BlackRock core index funds shown in the performance report use J shares; the U.S. Debt Index uses the M share class, and the Invesco Stable Value Trust uses the B1 share class.

Ohio Public Employees Retirement System

Q2 2026

Defined Contribution Update

1. Defined Contribution Marketplace Update
2. Defined Contribution Philosophy & Best Practices
3. Disclaimer

Defined Contribution Marketplace Update

2026 Year-to-Date: Defined Contribution Marketplace

Key developments through Q2 2026, with material updates through September 3, 2026

Four themes are shaping the DC marketplace in 2026

1 | INVESTMENT MENUS

Private markets move closer

DOL's proposed fiduciary safe harbor could make alternative assets easier to evaluate and offer in DC plans.

2 | INDEXING

Concentration is rising

The June Russell reconstitution reinforced how benchmark methodology can materially affect style and sector exposures.

3 | PLAN DESIGN

Defaults are working

Participation, automatic enrollment, professional management and employer matching continue to improve participant outcomes.

4 | FIDUCIARY RISK

Litigation remains active

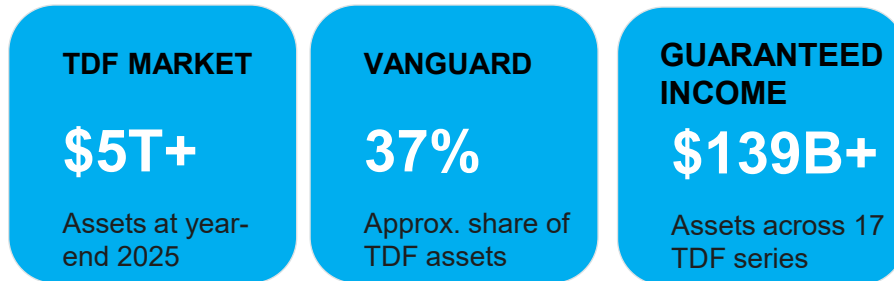
Excessive-fee, forfeiture and stable-value claims keep fiduciary process and documentation front and center.

Bottom line

The market is moving toward more sophisticated investment solutions — but the bar for fiduciary diligence, liquidity analysis, benchmarking and participant fit remains high.

Investment Landscape: More Sophisticated — and More Concentrated

Target-date funds remain the core DC solution



Passive and blended TDF series continue to capture most new inflows.

Custom TDF adoption is growing modestly among large and mega plans.

A new wave of TDFs with private-market exposure is developing.

US equity benchmarks: concentration + methodology matter

Top 10 US names



>\$1T companies



Russell 2000 avg. mkt cap



June 26 Russell reconstitution: 43 companies graduated into the Russell 1000, reducing the Russell 2000 weighted-average market cap from about \$6.9B to \$3.7B.

Amazon became the largest Russell 1000 Value holding; Apple and Microsoft entered the Value index — potentially creating large active weights for value managers.

SpaceX entered Russell after five trading days; S&P 500 eligibility remains more restrictive.

Sources: Meketa Q2 2026 Marketplace Update; Vanguard How America Saves 2026; Cerulli (Jan. 2026); Morningstar (July 2026).

Regulation & Fiduciary Landscape: A More Flexible Framework, but No Free Pass

2026 Regulatory Timeline



What the proposed alternative-investment safe harbor emphasizes

- Performance**

Risk-adjusted returns net of fees
- Valuation**

Timely, accurate, conflict-free
- Fees**

Appropriate relative to value
- Benchmarking**

Meaningful comparable
- Liquidity**

Plan + participant needs
- Complexity**

Sufficient expertise

Implication for sponsors

Greater flexibility may expand the menu, but a documented, participant-specific process remains the center of fiduciary defense.

Sources: DOL Federal Register (Mar. 31, 2026); DOL (Mar. 18, 2026); Federal Register (Sept. 1, 2026); Meketa Q1/Q2 2026 Updates.

Plan Design & Participant Trends: Defaults Continue to Do the Heavy Lifting



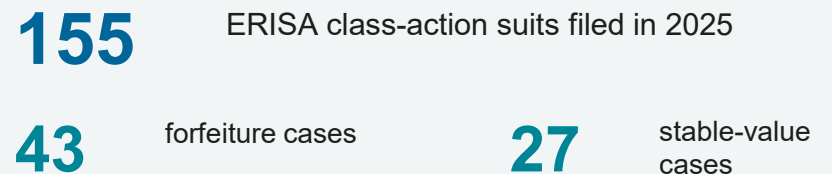
What is changing next

Engagement is becoming a larger differentiator: Empower reports engaged participants are 1.5x more likely to save up to the employer match and 1.8x more likely to save beyond it.

Financial pressure remains visible: Vanguard reports loan use is up 33% from 2023 and hardship withdrawals reached 6% of participants in 2025.

Retirement income is moving higher on the agenda as participants increasingly remain in TDFs through retirement.

FIDUCIARY LITIGATION REMAINS A WATCHPOINT



Excessive-fee claims remain the most prevalent category.

2026 sponsor priority: improve participant outcomes while strengthening the investment-selection and monitoring record.

Defined Contribution Philosophy and Best Practices

Our Philosophy

Consulting Philosophy

- Provide active leadership to the Plans we serve; always fiduciaries.
- Proactive in bringing our best ideas to clients.
- Provide guidance on investment compliance and industry best practices to assist clients in meeting their obligations to participants.
- Our role as investment consultant is two-fold:
 - Assisting clients in setting their objectives.
 - Assisting clients in achieving those objectives.
- Provide continuing education on investment topics.
- Provide reports, analysis, and advice that are of the highest quality.

Investment Philosophy

- Focus on participant retirement outcomes.
- Focus on investment menus that guide DC plan participants to the most appropriate long-term asset allocation.
- Design investment custom investment options that reflect the latest principles of behavioral finance surrounding investment decisions.
- Avoid unnecessary risks.
- Be skeptical regarding new investment strategies and fads.
- Use high conviction managers.
- Avoid redundancy in investment offerings (e.g., duplicate investment options).
- Minimize fees and other expenses.

Best Practices for Defined Contribution Plans

✓ Have a strong governance structure in place

- Meet regularly
- Review IPS annually
- Document meetings and decisions

✓ Promote employee education and savings

- Focus on participant retirement outcomes
- Implement auto-features

✓ Implement a prudent fee structure

- Minimize fees and expenses where possible
- Have a fee structure that is transparent and equitable across all participants

✓ Provide an effective investment lineup

- Use an open-architecture structure
- Implement a simplified, multi-tiered menu that provides adequate diversification and choice
- Avoid redundancy in investment options
- Consider both passive and active options
- Use target date funds (or customized accounts) as the default option/QDIA
- Evaluate and monitor investment options
- Monitor participant activity and utilization of investment options
- Monitor and review industry trends within defined contribution market

Plan and Investment Menu Philosophy

One size does not fit all

- We customize investment menus based on specific plan objectives and demographics.

Multi-tier investment menu approach

- Single manager options representing major asset classes (capital preservation, equity, and fixed income).
- Target date or managed accounts as the QDIA/Default Investment Option.
- Brokerage account or mutual fund window, if appropriate.

Favor broadly diversified index managers

- Use active management only when excess returns are needed, when participants understand active risk, and when advisor and plan sponsor conviction is high.
- Favor lower-cost active managers (e.g., those that follow a systematic process).

Monitor and continuously improve fund lineup and participant-driven outcomes

- Retirement readiness can be enhanced by reviewing participant choices regularly.
- Fund lineup should be reevaluated regularly to ensure lowest expense share classes are utilized.
- Longer term, consider automating enrollments and escalation of deferrals, and “reenrollment” when available.

Focus on improving participant outcomes by:

- Understanding participants’ behavioral factors.
- Recognizing that less is sometimes more.
- Offering low fee, passively managed options.
- Offering and promoting diversified age-based solutions.

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V.E PowerPoint

Ohio Public Employees Retirement System

September 16, 2026

Active and Passive Investing -
Manager Alpha

Summary

- In the majority of market segments, active management has not added consistent value
- It is difficult to identify persistent long-term outperforming managers before the fact
- Active management can add value in certain market segments
 - Research shows outperformance in certain segments is persistent (e.g. Non-US Equity and Core/Core Plus Fixed Income)
- Successful manager selection requires multi-tiered analysis
 - e.g., factoring macroeconomic trends
 - examining trends in fundamental characteristics
 - portfolio holding analysis
 - not based solely on (or over-emphasize) past performance

Management Styles Defined

Management Style	Definition
Active	Attempting to add value over the returns of an index by selecting securities within that index based on qualitative models and/or fundamental research.
Passive	Attempting to replicate the returns of an index or benchmark by owning the same securities, in the same proportions, as the index.
Hybrid-Passive	Very low-cost strategies that attempt to mirror rule-based (not buy-and-hold) indices. Also, strategies that implement alternative weighting schemes in order to provide returns that are meaningfully different, yet track very close to, an index.

Pros and Cons

	Advantages	Disadvantages
Active	→ Potential to beat the index → Potential for down market protection	→ Higher costs and fees → Risk and unpredictability → People/organization risk
Passive	→ Reduced active management risk – no underperformance surprise risk → Close correlation to the policy benchmark → Low fees and low monitoring costs	→ No possibility for positive alpha → Possibility of underperforming the index due to implementation/fees → No downside protection
Hybrid-Passive	→ Low cost relative to active management → Potential for alpha → Increased transparency	→ Potential to underperform → Modest organizational risk

Attributes of a Good Benchmark

Representative

Benchmark is appropriate and relevant to the portfolio's investment strategy

Investable

Should be able to invest in all of the securities included in the benchmark

Transparent

Names and weights of securities comprising the benchmark are available and understandable

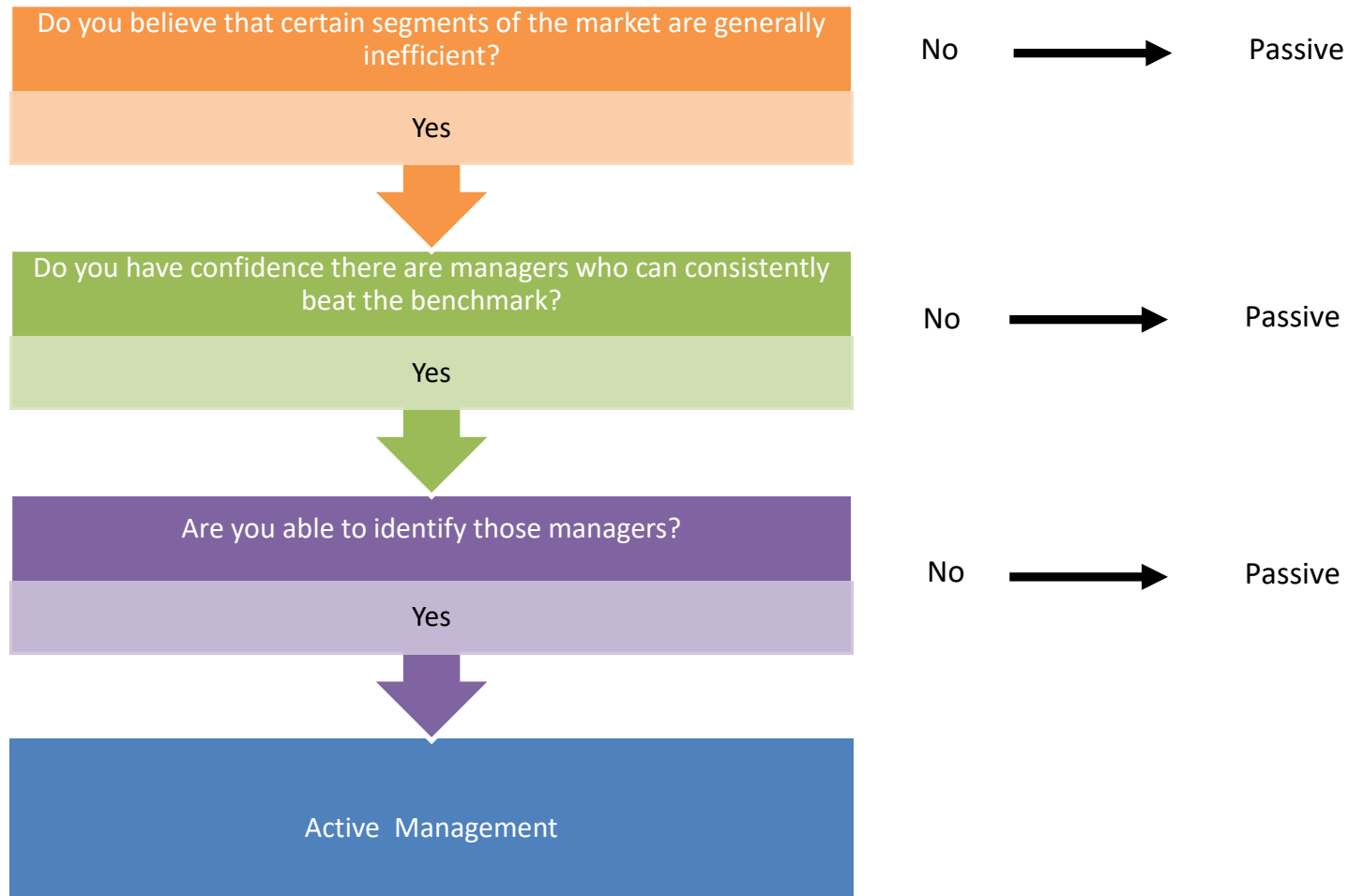
Measurable

Benchmark is readily calculable on a frequent basis

Independent

Calculated by an independent third party to ensure a fair comparison

Decision Making



→ Selecting active managers that will consistently outperform is extremely difficult

Other Considerations

Data

- Universe data has survivorship bias
- Universe returns are typically overstated
- Lack of transparency among managers
- Monitoring managers is costly

Benchmarking

- Some market segment benchmarks do not exhibit good benchmark attributes
- Benchmark replication is not realistic

Risk Tolerance

- Underperformance surprise risk
- People/organizational risks
- Potential for strategy drift

Conviction

- Confidence that active managers can provide consistent outperformance net of fees

Active Manager Trends

Key Considerations

- Added value by active management can vary depending on market segment
- In the public investment markets, outperformance occurring more than 60% of the time is rare
- Empirical public-market evidence shows past winners have difficulty repeating success
 - Ability for active managers to outperform benchmarks is often cyclical
 - On average, it has been extremely difficult to capture persistent outperformance

Where Do Managers Add Value?

Manager “Alpha”: Equities, *Gross of Fees*

Asset Class	Since Inception: Median Excess Annualized Return (bps)	Since Inception: Average Number of Funds	Inception Year	Trailing 10-Year: Median Excess Annualized Return (bps)	Trailing 10-Year: Average Number of Funds
US Large Cap Equity	49	259	1981	-53	349
US Small Cap Equity	181	123	1988	89	157
Global Equity	120	154	1992	41	271
ACWI* ex-US Equity	126	55	1997	100	70
EAFE* Equity	167	81	1990	62	99
EM* Equity	132	46	2001	65	67
China A Shares	512	55	2011	608	60

- **In public equity, the median manager’s “alpha” is positive since inception, before fees.**
 - However, the median “alpha” is lower over the trailing ten years, including being negative for US large cap.
- **The asset class with the highest median outperformance over the past ten years was China A Shares.**
 - The highest outperforming asset classes are those considered to be less efficient, though they often tend to be associated with higher fees

* ACWI – All Country World Index
EAFE – Europe Australasia, and Far East
EM – Emerging Markets

Source: eVestment as of December 31, 2025. The table represents manager returns over one year minus the benchmark return for the period where data is available. Inception date starts when there are at least 10 funds to evaluate.

Where Do Managers Add Value? (continued)

Manager “Alpha”: Fixed Income, Gross of Fees

Asset Class	Since Inception: Median Excess Annualized Return (bps)	Since Inception: Average Number of Funds	Inception Year	Trailing 10-Year: Median Excess Annualized Return (bps)	Trailing 10-Year: Average Number of Funds
Investment Grade Bonds	38	169	1984	45	174
High Yield Bonds	27	110	1990	6	155
Bank Loans	38	66	2002	7	86
Emerging Market Debt (Hard)	108	68	1997	68	100
Emerging Market Debt (Local)	15	58	2007	71	68
Emerging Market Corporate Debt	99	69	2009	60	91

- **The average alpha in fixed income tends to be much lower than in public equity.**
 - Still, the median manager’s “alpha” is positive in each category, before fees.
- **Unlike equities, where median outperformance was lower over the past ten years in all but one case, the story is more mixed in fixed income.**
 - The asset classes with the highest median outperformance over the past ten years were emerging market corporate, local, and hard currency debt

Source: eVestment as of December 31, 2025. The table represents manager returns over one year minus the benchmark return for the period where data is available. Inception date starts when there are at least 10 funds to evaluate.

Accounting for Fees Makes Active Outperformance More Challenging

Median Fund Fee and Net Alpha, Trailing Ten Years: Equities

Asset Class	eVestment's Median Fee on \$100M (bps)	Fee Discount Range Based on Meketa's Observations (bps)	Median Net Excess Return with Discounted Fee Range (bps)
US Large Cap Equity	51	10 – 15	-94 to -89
US Small Cap Equity	78	10 – 15	21 to 26
Global Equity	60	10 – 15	-9 to -4
ACWI ex-US Equity	64	10 – 15	46 to 51
EAFE Equity	61	10 – 15	11 to 16
EM Equity	75	10 – 15	0 to 5
China A Shares	88	10 – 15	530 to 535

→ Fees are a necessary part of evaluating the value of investing in an active manager.

- Fees act as a drag on net performance.

→ The eVestment median fee represents a “rack rate” fee, however institutional investors may be able to negotiate lower fees.

- The fee discount range shown represents an estimate of how much a fee may potentially be lowered by, though the actual discount (if there is one) is specific to each investor.

Discounted fee range based on Meketa's observations in the market for a mid-sized institutional investor. Fee discounts can vary depending on a number of factors including, but not limited to, maturity of the manager and/or the strategy, the vehicle, and the investors' relationship with the manager, among others. The Fee Discount Range and resulting Net Excess Return figures are hypothetical estimates based on Meketa's market observations, not actual net performance experienced by any client. Actual fees vary by investor and cannot be predicted; results may differ materially from those shown.

Accounting for Fees Makes Active Outperformance More Challenging (continued)

Median Fund Fee and Net Alpha, Trailing Ten Years: Fixed Income

Asset Class	eVestment's Median Fee on \$100M (bps)	Fee Discount Range Based on Meketa's Observations (bps)	Median Net Excess Return with Discounted Fee Range (bps)
Investment Grade Bonds	28	10 – 15	27 to 32
High Yield Bonds	50	5 – 10	-39 to -34
Bank Loans	50	5 – 10	-38 to -33
Emerging Market Debt (Hard)	55	5 – 10	18 to 23
Emerging Market Debt (Local)	60	5 – 10	16 to 21
Emerging Market Corporate Debt	60	5 – 10	5 to 10

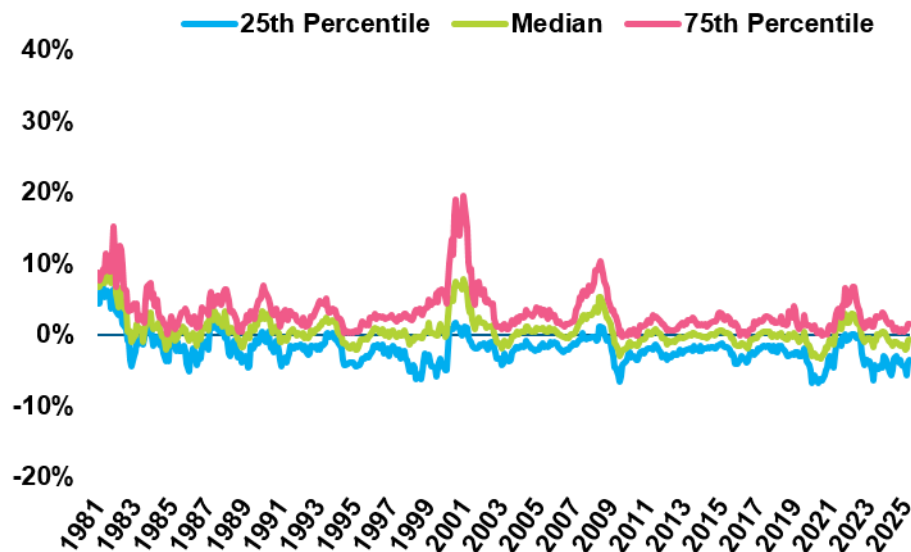
→ In some cases, the median fee for an asset class wholly mitigates the gross outperformance, driving the median excess return below zero.

Discounted fee range based on Meketa's observations in the market for a mid-sized institutional investor. Fee discounts can vary depending on a number of factors including, but not limited to, maturity of the manager and/or the strategy, the vehicle, and the investors' relationship with the manager, among others. The Fee Discount Range and resulting Net Excess Return figures are hypothetical estimates based on Meketa's market observations, not actual net performance experienced by any client. Actual fees vary by investor and cannot be predicted; results may differ materially from those shown.

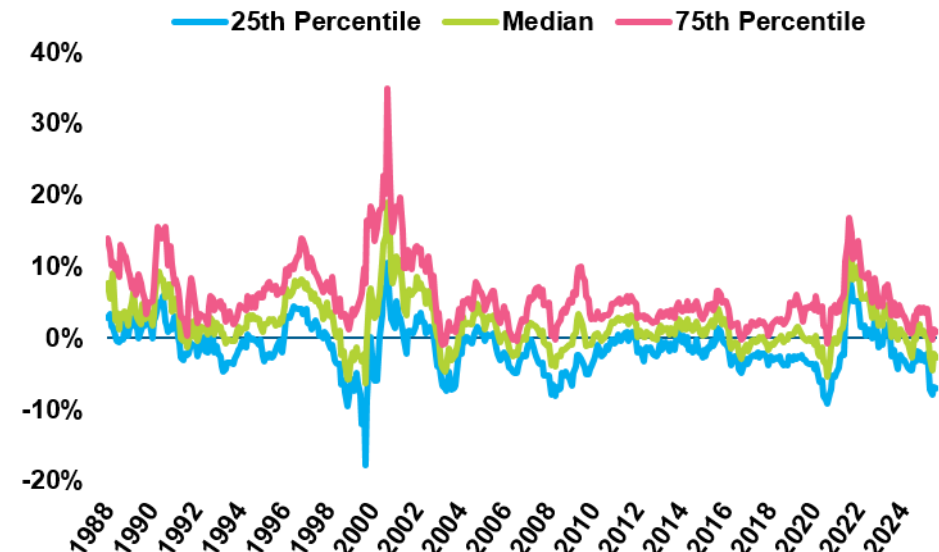
Source: eVestment Alliance, median sliding fee on a \$100 million mandate for all product types as of November 2025. Backdated fee information is unavailable.

Cyclicality of Manager Outperformance

US Large Cap Equity



US Small Cap Equity

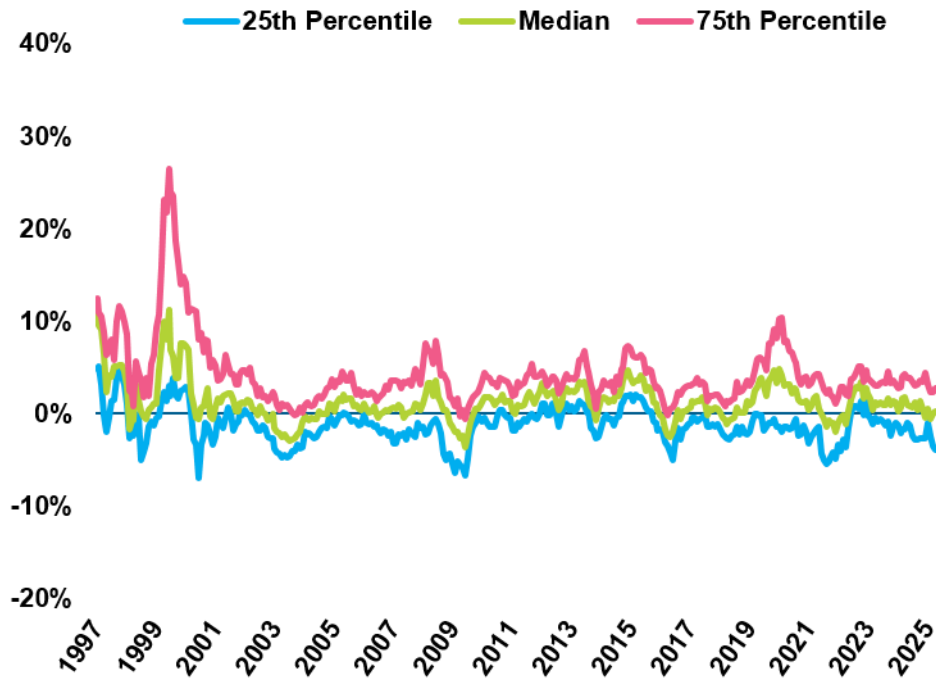


- Public market asset classes show significant cyclicality in manager outperformance.
- Spikes in cyclicality tend to coincide with major market events (e.g., the Dot-com Bubble, GFC, COVID-19).
 - Positive or negative median outperformance can last for years at a time.

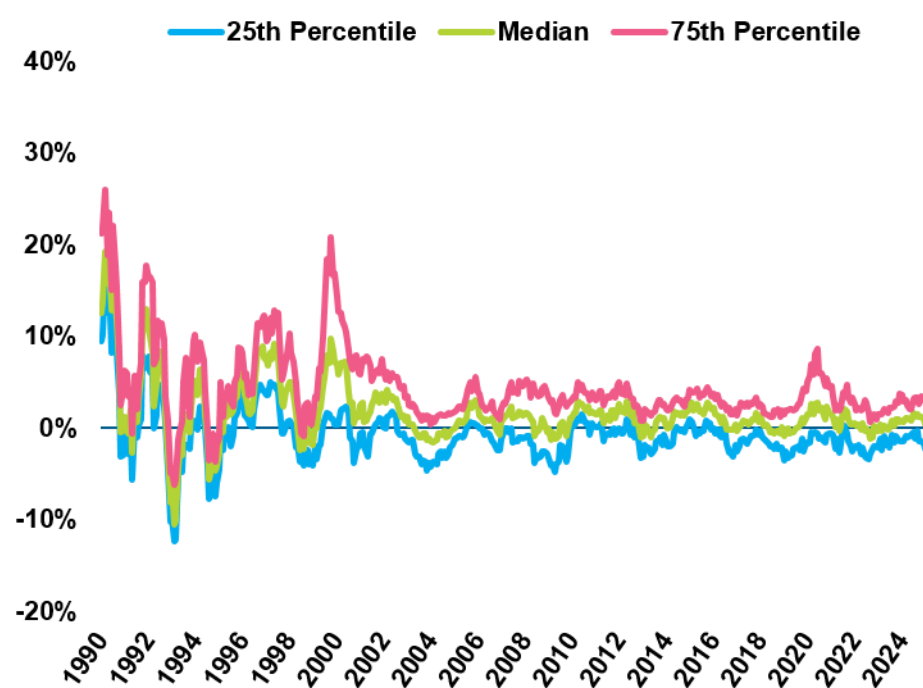
Data Source: eVestment as of December 31, 2025. Reflects rolling median one-year performance minus the respective benchmark performance over that same period, gross of fees.

Cyclicality of Manager Outperformance (continued)

ACWI Ex-US Equity



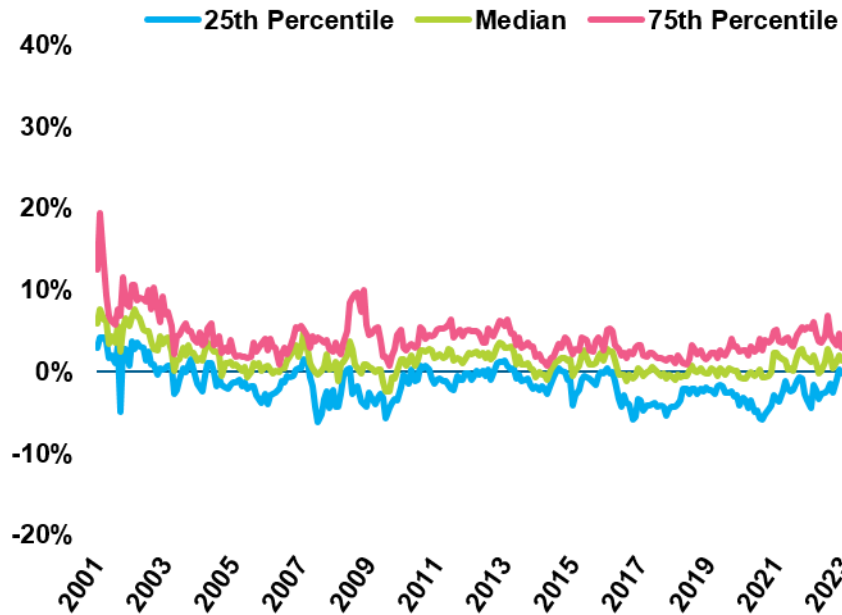
EAFE Equity



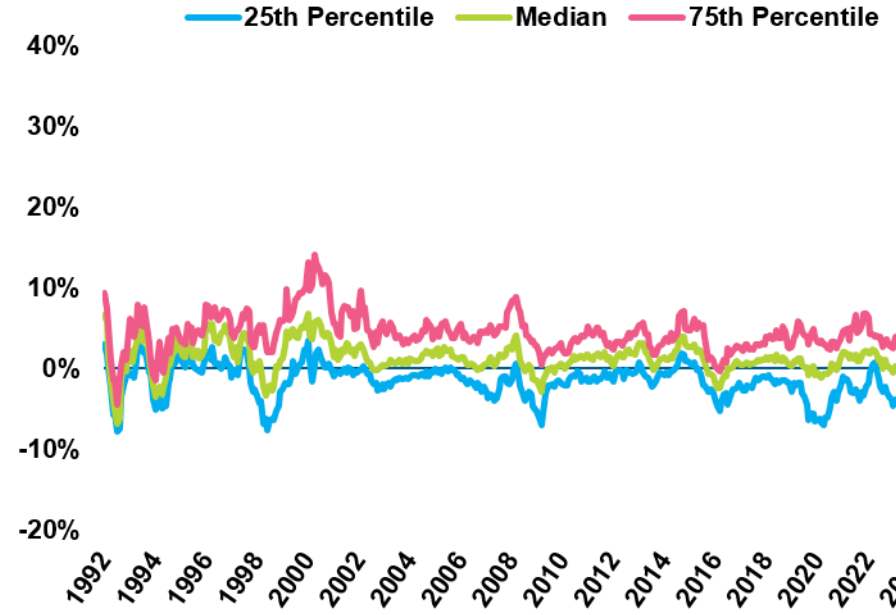
Data Source: eVestment as of December 31, 2025. Reflects rolling median one-year performance minus the respective benchmark performance over that same period, gross of fees.

Cyclicality of Manager Outperformance (continued)

EM Equity



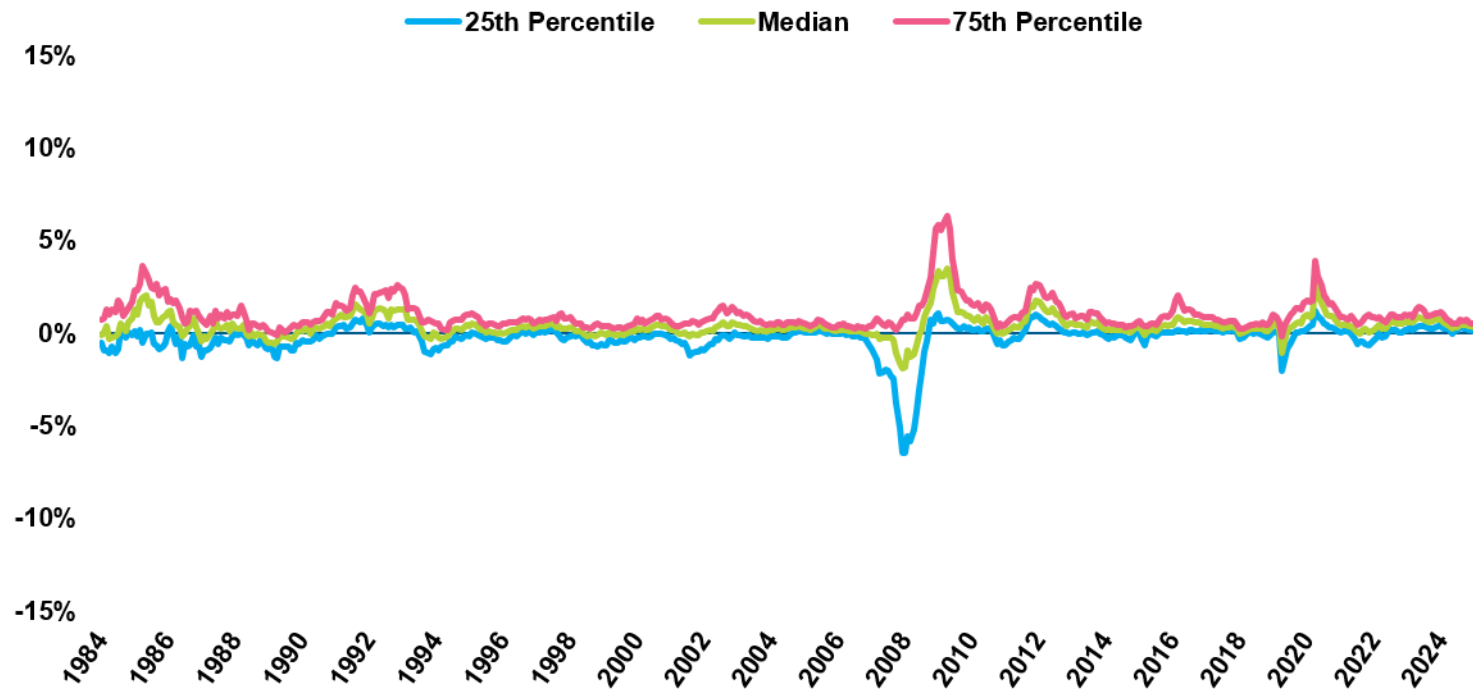
Global Equity



Data Source: eVestment as of December 31, 2025. Reflects rolling median one-year performance minus the respective benchmark performance over that same period, gross of fees.

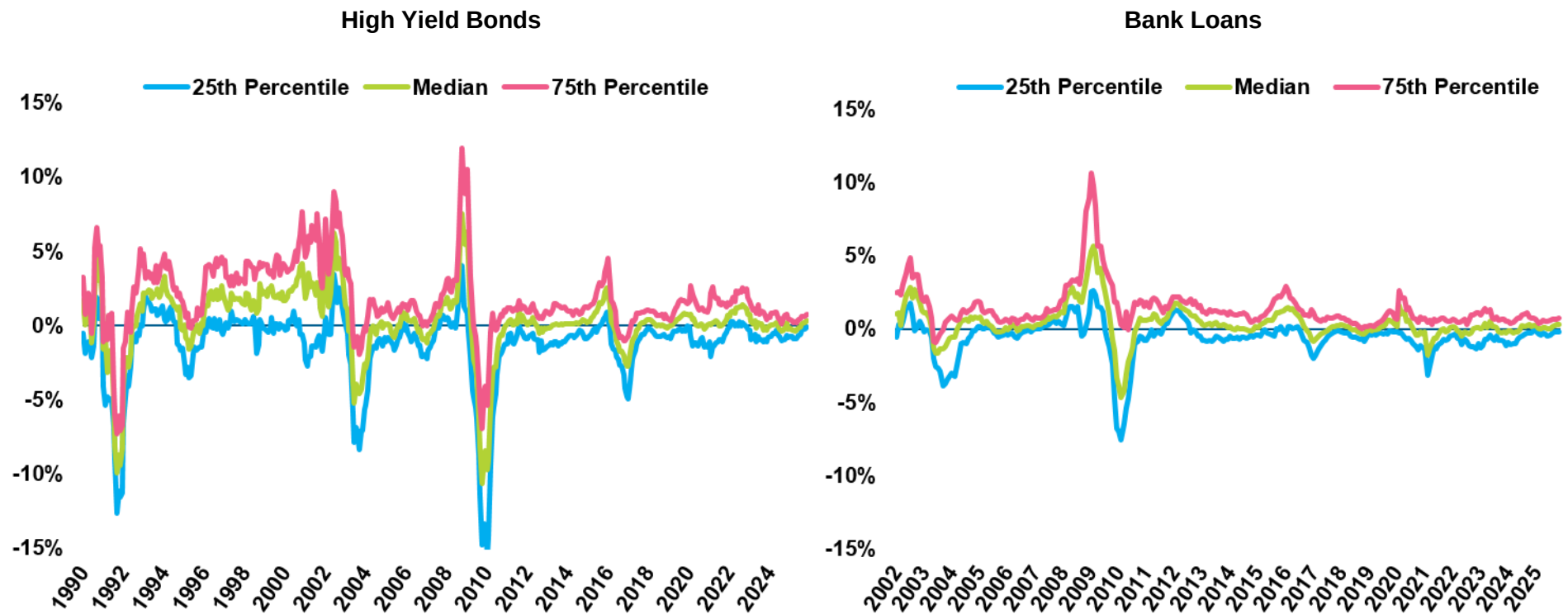
Cyclicality of Manager Outperformance (continued)

Investment Grade Bonds



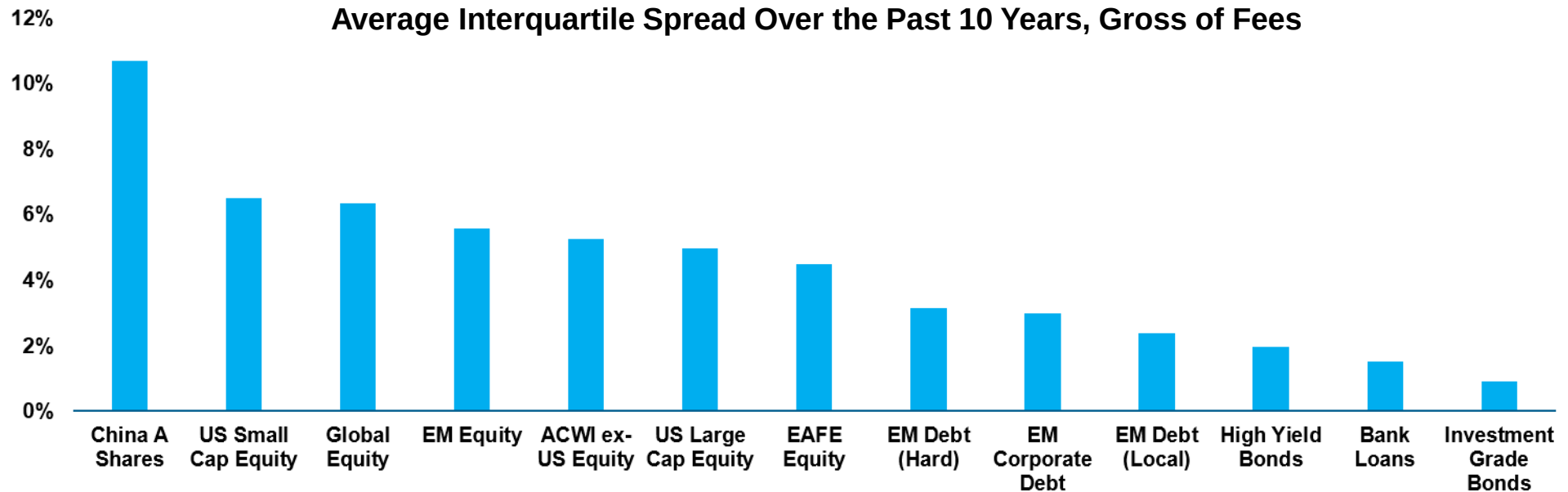
Data Source: eVestment as of December 31, 2025. Reflects rolling median one-year performance minus the respective benchmark performance over that same period, gross of fees.

Cyclicality of Manager Outperformance (continued)



Data Source: eVestment as of December 31, 2025. Reflects rolling median one-year performance minus the respective benchmark performance over that same period, gross of fees.

Interquartile Spreads



- Return dispersion is an important aspect in evaluating the potential for outperformance in an asset class.
 - Dispersion can be measured via the interquartile spread, which is the gap between the 25th and 75th percentile managers' performance.
 - It illustrates both the potential for adding value through good manager selection and the potential for value to be detracted by sub-par managers.
- Equity managers tend to have higher dispersion, partly due to the higher volatility of the asset class and the idiosyncratic aspects of individual stocks.

Source: eVestment data as of December 31, 2025.

OPERS Defined Benefit (DB) and Health Care (HC) Funds

DB and HC Allocations as of August 2026

	DB Fund		HC Fund	
	Target (%)	% Active (%)	Target (%)	% Active (%)
Public Equity				
US Equity	21.0	17.4	22.0	17.4
Non-US Equity	21.0	89.9	23.5	89.9
Fixed Income				
Core-Fixed	6.2	100.0	15.0	100.0
Investment Grade Credit	3.0	100.0	3.5	100.0
Securitized Debt	1.0	100.0	4.0	100.0
TIPS	3.0	0.0	4.0	0.0
US Treasury	2.0	0.0	2.0	0.0
High Yield	3.0	100.0	7.0	100.0
Emerging Markets Debt	1.0	100.0	1.5	100.0
Alternatives				
Private Equity	14.0	100.0	0.0	100.0
Real Estate	11.0	100.0	0.0	100.0
Private Credit	0.8	100.0	0.0	100.0
Commodities	2.5	24.0	3.0	27.0
REITs	1.0	0.0	2.0	0.0
Opportunistic	0.0	0.0	0.0	0.0
Hedge Funds	0.0	100.0	0.0	100.0
Risk Parity	2.0	0.0	3.0	0.0
Risk Mitigation Strategies	7.5	59.3	9.5	59.3
Cash & Others	0.0	100.0	0.0	100.0
Total Fund	100.0	67.6	100.0	62.4

Source: BNY.

Active Management Spectrum

- Active vs. Passive management is not binary; it should be viewed on a continuum
 - As such, portfolio construction should not be entirely active or entirely passive
- Sometimes active management is the only reasonable/prudent solution
- Many view basic tilts (rules based investment strategy used to deviate from a given index in order to provide excess returns) away from traditional benchmarks as active management; that should not be the default position
- DO NOT overdiversify with and overpay for active management

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V.F PowerPoint

Ohio Public Employees Retirement System

September 2026

Real Estate Education and
Market Update

1. Real Estate Education
2. Market Update: Macro & Thematic Drivers
3. Property Sector Fundamentals
4. The OPERS Real Estate Portfolio
5. Portfolio Positioning
6. Key Takeaways & Conclusions

Real Estate Education

Institutional Real Estate Overview

Real estate can offer the income of bonds, the appreciation of stocks, and the inflation protection of hard assets — attractive long-term returns with portfolio diversification.

Historical returns have typically exceeded bonds but trailed stocks, with lower volatility than equities.

- Investments can be equity (direct ownership) or debt (loans secured by property).
- Real estate is a powerful diversifier, with historically low correlations to other asset classes and inflation-hedge benefits, particularly against unanticipated inflation.
- Institutional allocations have risen steadily since the 1980s, and further increases are expected as the opportunity set broadens into digital infrastructure and other specialty sectors.

Asset-Class Correlation Matrix — Trailing 10 Years

	CPI	NCREIF (NPI)	NAREIT Equity REIT	T-Bills (3-Mo)
CPI*	1.00	0.50	0.02	-0.21
NCREIF* (NPI)*	0.50	1.00	-0.01	-0.65
NAREIT* Equity REIT	0.02	-0.01	1.00	-0.02
T-Bills (3-Mo)	-0.21	-0.65	-0.02	1.00

*CPI – Consumer Price Index; NCREIF – National Council of Real Estate Investment Fiduciaries; NPI – NCREIF Property Index; NAREIT – National Association of Real Estate Investments Trusts

Source: NCREIF, NAREIT, BLS (CPI-U, SA), U.S. Treasury; Meketa calculations. Pearson correlations of quarterly total returns, Q1 2016–Q4 2025 (40 quarters). Real estate shows a moderate positive correlation with inflation (~0.50) and low correlation to listed real estate, illustrating diversification benefits.

Risk-Return Expectations

Core strategies focus on high-quality, income-producing assets with proven cash flows — lower risk driven by location, age, low leverage, and tenant quality.

→ Lower initial risk typically means higher entry pricing and fewer opportunities for outsized rent growth.

Non-core strategies (value-added and opportunistic) carry greater risk and higher return expectations.

→ Lower initial occupancy and greater reliance on physical upgrades, development, and future projections.

→ Higher expected returns compensate for added execution, leasing, and capital-markets risk.

Risk Management & Real Estate Exposure

Diversification manages risk across four primary levers:

- Strategy: core, core-plus, value-add, opportunistic, debt
- Location: regional, national, domestic, international
- Manager: institutional, allocator, operator, emerging, established
- Product type: property type, equity structure, debt position

Real Estate Investment Styles

Characteristic	Core	Core Plus	Value-Added	Opportunistic
Property Types	4 Majors	4 Majors	4 + Limited Specialty	4 + Moderate Specialty
Target Markets	Primary	Primary	Primary–Tertiary	Primary–Tertiary
Leverage (LTV)*	0–40%	30–50%	Up to 65%	Above 65%
Physical Needs	Minor	Light Upgrades	Renovation	Renovation / Dev.
Leasing Risk	Low	Low–Moderate	Moderate–High	Moderate–High
Holding Period	7–10 yrs	7–10 yrs	3–7 yrs	1–5 yrs
Income (% of return)	> 50%	40–60%	25–40%	< 40%
Return Exp. (gross)	6–8%	8–12%	12–15%	15%+

* LTV – Loan to Value

Core Real Estate

Core real estate is foundational to most institutional portfolios: high-quality, income-producing properties with stable cash flows.

- Consistently high occupancy and a high income component — 50% or more of total return from operating income.
- Low to modest capital-expenditure needs.
- Generally low leverage (35% or less).

Illustrative core office asset

Real Estate Debt

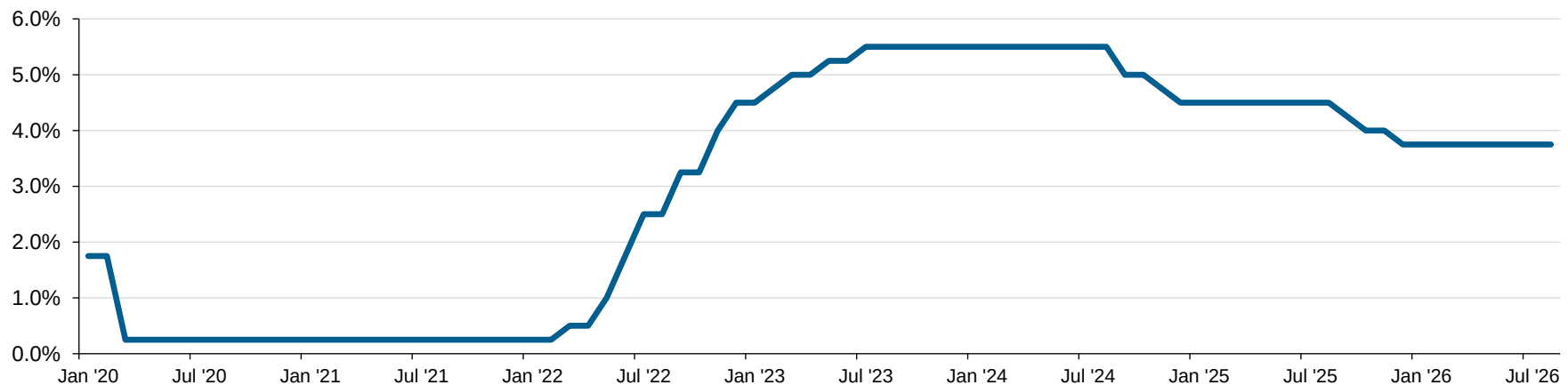
Real estate debt can provide strong current income from interest payments, with downside protection as equity capital sits in the first-loss position.

→ Investments may be structured with profit participation; lenders often hold major-decision approval rights while the borrower controls day-to-day operations.

The debt opportunity set has widened materially in the current environment.

→ Roughly \$875 billion of commercial mortgages are scheduled to mature in 2026, amid more conservative bank lending — a growing role for gap financing and credit strategies.

Federal Funds Target Rate, 2020–Present



Source: Federal Reserve (FOMC). Upper bound of the target range. After peaking at 5.50% in mid-2023, the Fed cut to a 3.50–3.75% range by December 2025 and held through 2026 — a higher-for-longer backdrop for real estate debt.

Value-Added Real Estate

Moderate risk/return profile built on “buy, fix, sell” strategies and the application of professional management and operational expertise.

- Repositioning: re-leasing and refurbishment
- Operational improvement and renovation
- Redevelopment and conversion to a different use

Moderate income at acquisition, with a focus on future rent growth and appreciation; leverage typically limited to ~65% LTV.

- Office-to-residential and obsolete-asset conversions are an increasingly active value-add lane.

Illustrative — value-add renovation

Opportunistic Real Estate

Highest expected return and risk in real estate; returns depend heavily on appreciation from significant enhancement and/or ground-up development.

- Stabilized cash flows usually arrive late in the hold period.
- Multi-faceted risks: entitlement/permitting, construction timelines and budgets, capital markets, lease-up, and counterparty execution.

Moderate-to-high leverage (60–80% LTV).

- Ground-up data-center development has become a defining opportunistic strategy — high return potential, concentrated execution and power-delivery risk.

Illustrative — ground-up development

Components of Return

Real estate returns consist of income and appreciation. Core returns are less volatile than non-core because a larger share is income, which is stable across cycles.

- Quarterly ODCE* income returns have held remarkably steady in the ~0.75%–1.00% range over the past decade.
- Appreciation is far more volatile — it spiked on cheap debt in 2021–early 2022, then reversed sharply from late 2022 through 3Q 2024 as rates rose and office demand weakened.

The cycle has inflected. The ODCE (Equal Weight, net) posted a positive total return in Q1 2026 — income of 0.82% and appreciation of 0.14%, the strongest quarterly appreciation in 14 quarters.

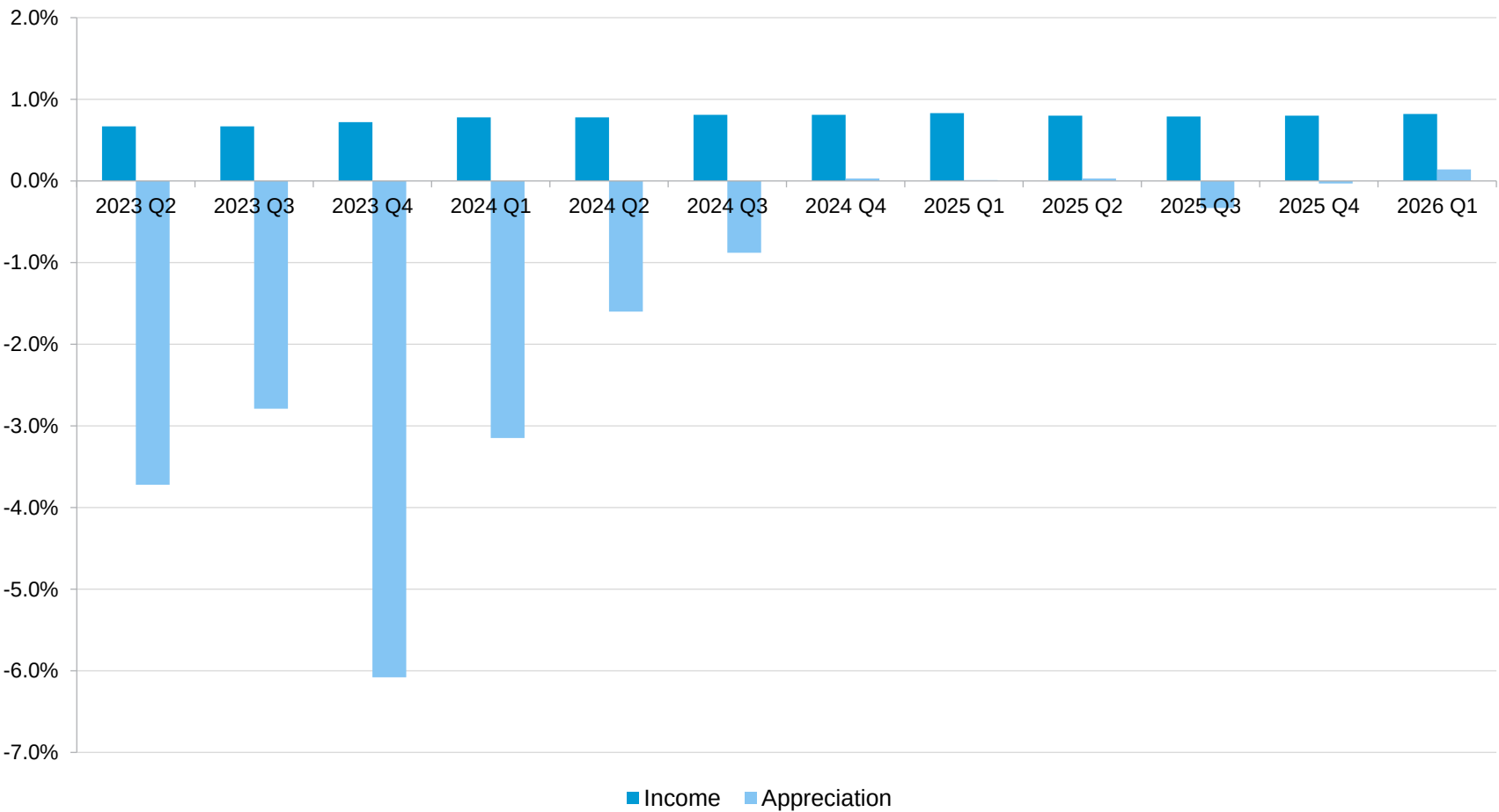
Real Estate Performance & Benchmarking

Index (net of fees)	Quarter	1 Yr	3 Yr	5 Yr	10 Yr
NFI-ODCE (Equal Weight)	0.97%	3.06%	-3.07%	2.45%	4.03%
NFI-ODCE (Value Weight)	1.04%	3.11%	-2.81%	2.34%	3.79%
NCREIF Property Index (NPI)	1.23%	4.94%	0.16%	3.81%	4.84%
NAREIT Equity REIT Index	3.76%	3.28%	6.81%	3.95%	5.52%

* ODCE – Open-End Diversified Core Equity

Source: NCREIF (NFI-ODCE, Equal Weight, net); Meketa Investment Group. As of March 31, 2026.

ODCE Return Components by Quarter (Equal Weight, Net)



Source: NCREIF (NFI-ODCE, Equal Weight, net); Meketa. Appreciation turned negative from late 2022 and returned to positive territory by Q1 2026 — income remained steady near 0.8% throughout.

Market Update: Macro & Thematic Drivers

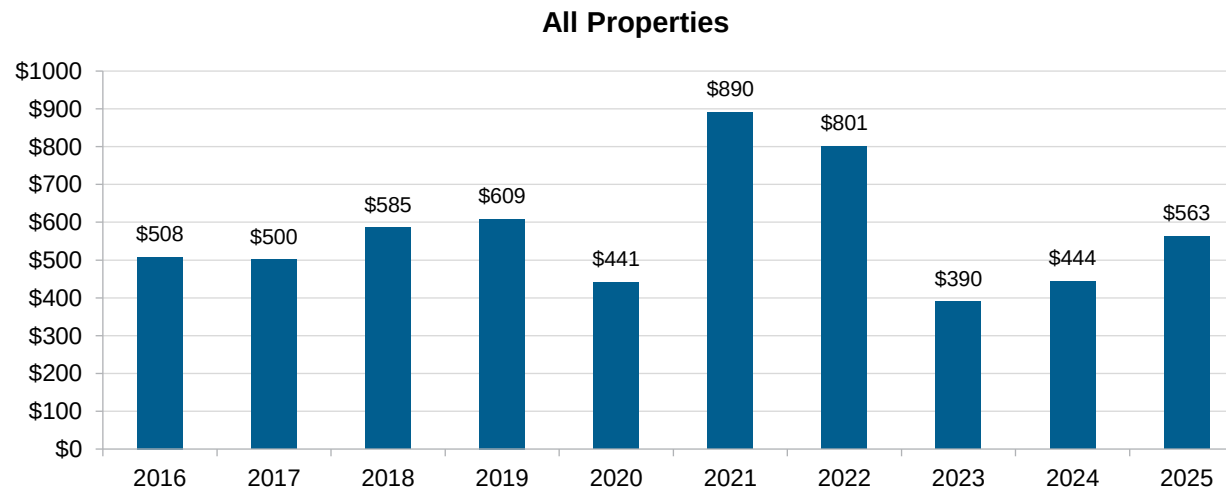
Market Environment — Where We Are in the Cycle

After the fastest tightening cycle in 40 years drove a multi-year repricing, private real estate has bottomed and entered a stabilization-and-recovery phase — but recovery is selective, not broad-based.

- Capital markets are reawakening: transaction volume is rising, with brokers forecasting a ~15–20% increase in sales activity in 2026 as institutional and cross-border capital returns.
- Bid-ask spreads are compressing, cap rates are stabilizing, and the public-private valuation gap is narrowing.
- Dry powder is trending higher in 2026 as fundraising recovers from the higher-rate slowdown.

Dispersion is the theme — sectors are no longer moving together, and asset selection matters more than it has in years.

Transaction Volume — All Properties (\$B)



Source: Colliers; NCREIF; Meketa Investment Group (Q1 2026 Real Estate Market & Industry Analysis), Source: MSCI via PREA Compendium of Statistics (June 2026).

Theme 1 — Inflation & Interest Rates

Rates have come down but remain structurally higher than the 2010s. The federal funds target stands at 3.50%–3.75% following three cuts in 2025, and the Fed held at both the January and July 2026 meetings.

- Inflation has moderated but remains modestly above the 2% target; the path down has been sticky, keeping the Fed cautious.
- Leadership transition: Chair Powell's term expired in May 2026, with Kevin Warsh now leading the Committee — a source of some policy and communication uncertainty.

Implications for real estate:

- Underwriting no longer relies on cap-rate compression; income and operational value creation drive returns.
- The ~\$875 billion 2026 maturity wall is both a refinancing risk and a source of distressed/gap-financing opportunity.
- Contractual, often inflation-linked income reasserts its value in a higher-for-longer world.

Theme 2 — AI & Data Centers: The Demand Supercycle

AI is driving the largest demand shock in real estate. Roughly 100 GW of new global data-center capacity is expected over 2026–2030 — about \$1.2 trillion of real estate asset-value creation, plus \$1–2 trillion more in tenant fit-out.

- Hyperscaler capital expenditure is the demand signal: Big Tech has guided to more than \$1 trillion combined over 2025–2026.
- Fundamentals are the tightest in real estate — primary-market vacancy fell below 2% in 2025, the lowest in over a decade.
- A new underwriting paradigm: investors underwrite megawatts, not square feet, with income normalized to dollars per kilowatt per month.
- Institutional capital is moving quickly; cap rates in power-rich secondary markets are compressing toward 5.0–6.0%.

Ohio relevance: Columbus is among the fastest-rising U.S. data-center markets, on the strength of available power and land.

Theme 3 — Real Estate an Operating Asset Class

Real estate managers are vertically integrating as capital markets drivers in the form of lower trending interest rates subsides and NOI* growth becomes critical.

- Investors have the ability to invest alongside with and in operators
- Vertical integration provides focus and expertise, but is subject to macro risks
- Potential efficiency in working with a single partner versus an allocator and an operator
- New opportunities to assess: GP stakes, co-GP, co-investment,

* NOI – Net Operating Income

Source: JLL 2026 Global Data Center Outlook; CBRE; Morgan Stanley; Preqin. Figures are industry estimates.

Theme 4 — Geopolitics, Trade & Deglobalization

Trade policy is again a real-asset cost input. Tariffs in 2026 include 50% on steel/aluminum/copper, 25% on derivatives, 15% on industrial/electrical equipment, and a 10% baseline — an estimated ~8% aggregate lift to construction costs.

→ Data-center-heavy markets face the steepest cost jumps and scheduling challenges.

Supply chains are reordering toward a “China + many” model.

→ Reshoring of high-value manufacturing (semiconductors, electronics, defense, data-center components) is concentrating in the Southeast and Central U.S.

→ Manufacturing now accounts for ~20% of new industrial leasing, up from ~13% pre-pandemic.

Investment implication: structurally higher costs constrain new supply — supportive for existing, well-located assets — while geopolitical uncertainty elevates real estate's appeal as an inflation hedge with durable income.

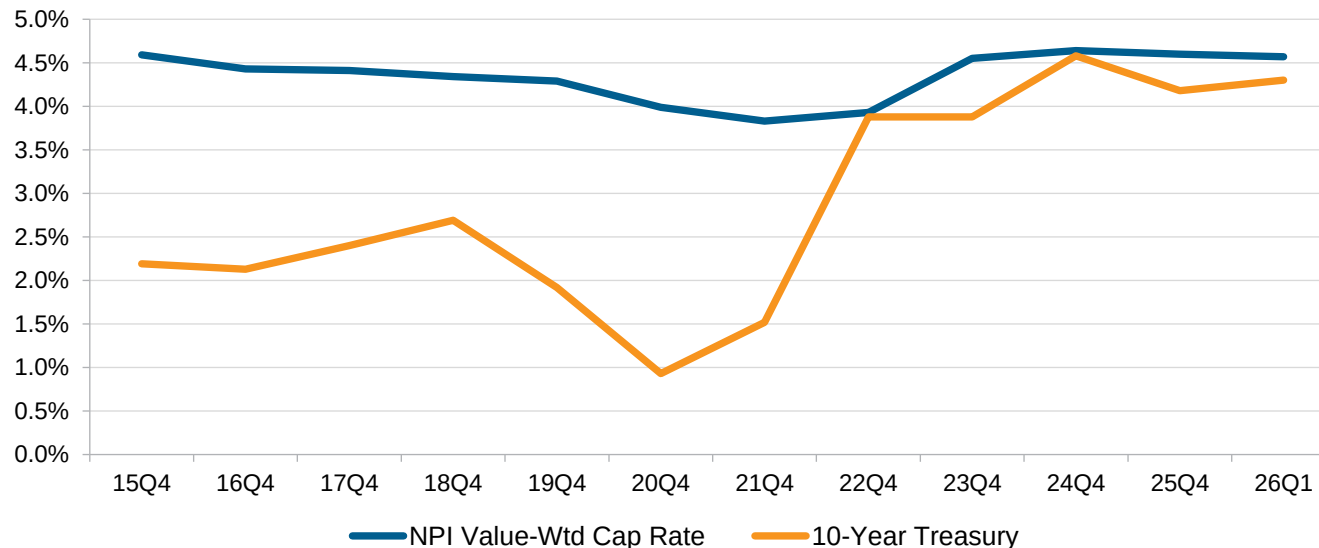
Real Estate Capital Markets

Cap rate spreads are historically thin. The NPI value-weighted cap rate held near 4.6% in Q1 2026 (down 3 bps), while the 10-year Treasury rose 12 bps to ~4.3%.

→ The cap-rate-to-Treasury spread compressed to roughly 30 bps — far below the 15-year average of ~203 bps.

Transaction volume is recovering but remains below the 2015–2024 average; multifamily and industrial continue to drive most activity.

NOI growth has decelerated — trailing 12-month NOI growth slowed to 0.5% in Q1 2026 (down 155 bps), with office the only sector negative at -4.9%.



Source: NCREIF; MSCI; Meketa Investment Group (Q1 2026 Real Estate Market & Industry Analysis).

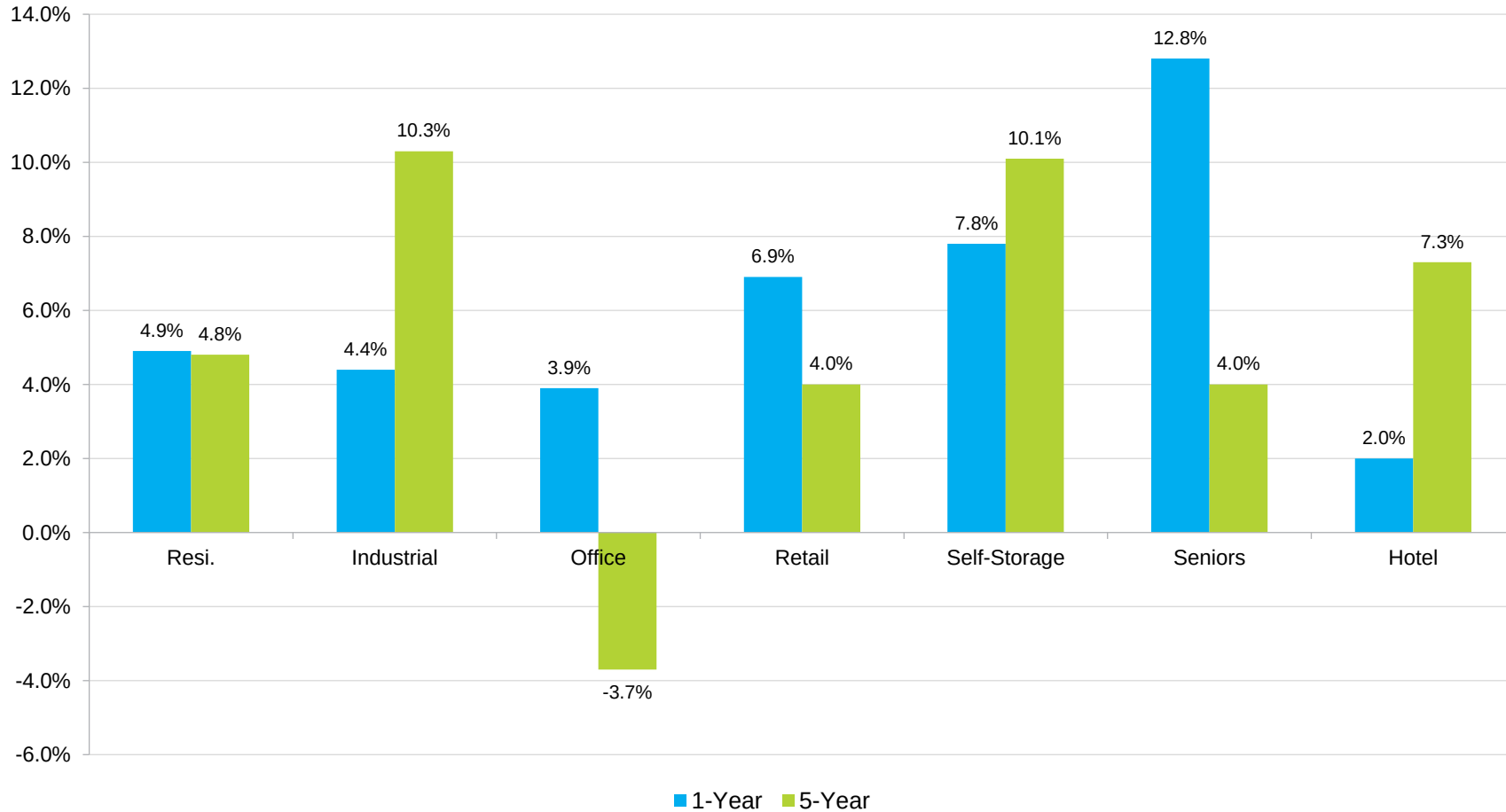
Capitalization Rates by Property Type

Property Type	2023	2024	2025	May 2026
Office	6.93%	7.25%	7.42%	7.24%
Industrial	6.03%	6.22%	6.40%	6.79%
Retail	6.70%	6.98%	6.96%	7.11%
Apartment	5.32%	5.54%	5.57%	5.77%
Hotel	8.41%	8.01%	8.22%	8.21%
Seniors Housing & Care	6.31%	6.83%	7.45%	6.05%

Source: MSCI Real Assets via PREA Compendium of Statistics (June 2026). U.S. properties over \$2.5M; annual = 12-month average, monthly = 3-month average.

Property Sector Fundamentals

NPI* Total Returns by Property Type



Source: NCREIF Property Index (NPI)*; Meketa. Trailing unlevered total returns as of March 31, 2026. Seniors housing led over one year; industrial and self-storage led over five years; office is the sole negative five-year performer.

Residential / Multifamily

Demand is resilient, supported by a chronic housing undersupply and the high cost of ownership; residential shows the most stable long-run vacancy trends of the four majors.

- Vacancy has been affected by oversupply but held relatively stable year-over-year; construction is now slowing sharply, supportive for occupancy and rents.
- Dispersion by market: Sun Belt is still working through oversupply as in-migration decelerates, while Midwest markets (Columbus, Indianapolis, Milwaukee) draw renewed underwriting attention.
- Multifamily and industrial continue to drive the bulk of transaction activity.

Illustrative apartment building

Source: Meketa Investment Group (Q1 2026 analysis); CBRE.

Industrial & Logistics

Fundamentals are normalizing after an exceptional run. Industrial led long-run performance (10.3% five-year NPI return), but vacancy has ticked up (~90 bps in Q1 2026) as record-low vacancies from 2022 give way to new supply and steadier demand.

- Leasing is rebounding, with a flight to quality toward modern assets.
- Reshoring is a structural tailwind — manufacturing and 3PLs* are a growing share of leasing, concentrated where labor and power are available (Midwest, Mid-Atlantic, Southeast).
- Power availability is becoming an industrial site-selection driver, a spillover from the data-center dynamic.

* 3PL – Third-Party Logistics

Illustrative industrial / logistics asset

Source: NCREIF; Meketa Investment Group (Q1 2026 analysis); CBRE.

Office

Office remains the most challenged sector — the only one with negative 3- and 5-year property-level returns — but the decline is stabilizing.

- Vacancy sits at its highest level since the early 2010s, though it has recently plateaued; office is the only sector with negative trailing NOI growth (-4.9%).
- A pronounced flight to quality: Class A / trophy assets are pulling ahead while obsolete stock is removed through conversion and demolition.
- Niche office — medical office and life science — continues to attract capital with stickier tenancy.

Illustrative office tower

Source: NCREIF; Meketa Investment Group (Q1 2026 analysis).

Retail

Retail is structurally tight after a decade of limited new supply, and has staged a recent recovery on strong fundamentals — particularly neighborhood and community centers.

- Demand is led by grocery, discount, and services retailers; weaker tenants were culled in prior years, leaving resilient operators.
- Retail delivered a solid 6.9% one-year NPI return, ahead of the broader index.
- Dispersion persists between regional malls and grocery-anchored/open-air centers.

Transaction Volume by Property Type (\$B)

Property Type	2022	2023	2024	2025
Office	117.1	51.9	64.3	83.5
Industrial	154.3	90.1	99.5	116.0
Retail	93.0	58.6	57.0	73.8
Apartment	306.5	121.0	151.7	169.9
Hotel	49.9	27.0	24.8	29.1
Data Center	30.8	6.9	8.3	30.5
All Properties	800.7	389.9	443.8	562.6

Source: MSCI via PREA Compendium of Statistics (June 2026). Properties over \$2.5M. Data-center volume rebounded to \$30.5B in 2025, near its 2022 peak — the clearest sign of the AI capital wave.

Vacancy by Property Type

Aggregate vacancy across all property types rose ~105 bps to 7.7% in Q1 2026, largely driven by a ~90 bps increase in industrial vacancy.

- Office vacancy has climbed since COVID to its highest since the early 2010s, though it has recently plateaued.
- Industrial vacancy has risen off 2022 record lows as demand normalizes and new supply delivers.
- Residential vacancy remains relatively stable year-over-year — the most consistent of the four majors, rooted in the necessity of housing and population growth.

OPERS Real Estate Portfolio

Portfolio at a Glance

Metric	As of December 31, 2025
Real Estate Portfolio Market Value	\$12.58 billion
Allocation to Defined Benefit Fund	11.0% (12% target)
Separate Accounts / OECFs* / Closed-End Funds	18 / 11 / 42
Inception-to-Date TVPI*	1.4x
Inception-to-Date IRR*	8.6%
Core / Non-Core	59.1% / 40.9%
Portfolio Leverage (LTV)	37.8% (60% max)

* TVPI – Total Value to Paid-In; IRR – Internal Rate of Return; OECF – Open End Core Equity Funds

Source: OPERS Private Market Real Estate Update, period ending December 31, 2025 (BNY Mellon; eFront). Program began in the 1980s (first investment 1985); now a volatility-dampening tool with a core-plus return profile.

Performance vs. Benchmark

Total Return (net of fees)	Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio	0.3%	2.2%	-2.7%	4.4%	5.6%
Custom Benchmark	0.7%	4.0%	-5.3%	3.5%	5.0%
Difference	-0.4%	-1.9%	+2.6%	+0.9%	+0.7%

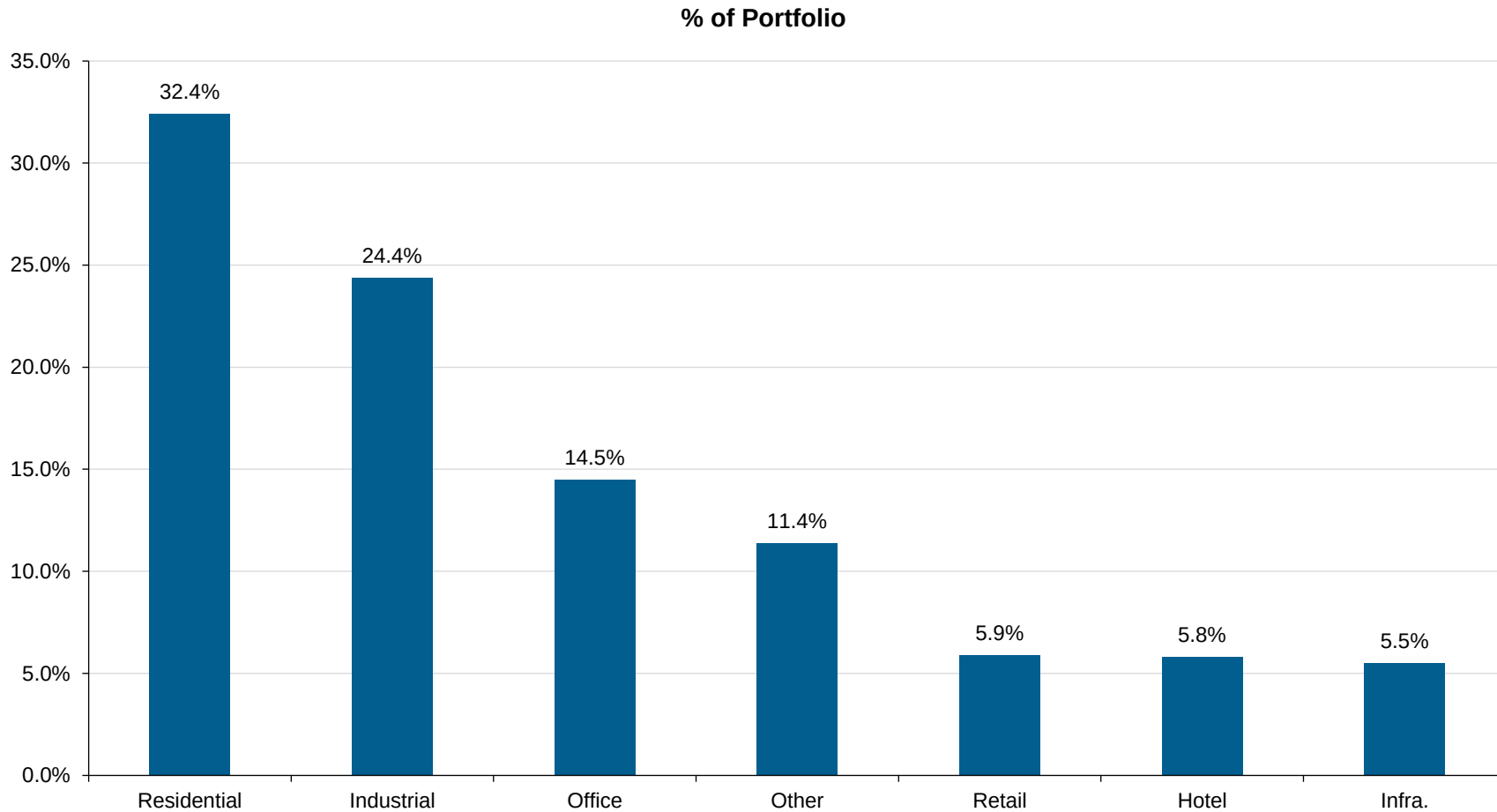
Custom Benchmark = Net NCREIF ODCE + 85 bps, one-quarter lagged. As of December 31, 2025. The Portfolio outperformed over the 3-, 5-, and 10-year periods and trailed over the past year as higher borrowing costs pressured income. Source: BNY Mellon; OPERS.

Portfolio Composition — Channel & Life Cycle

Channel	Core	Non-Core	Total
Separate Accounts	23.1%	30.8%	53.9%
Open-End Funds (OECFs)	22.4%	0.0%	22.4%
Closed-End Funds	13.5%	10.2%	23.7%
Total	59.1%	40.9%	100.0%

By NAV: Separate Accounts \$6.97B (55.1%), Open-End \$2.77B (21.9%), Closed-End \$2.92B (23.1%). Separate accounts create core, cash-flowing assets; OECFs track the ODCE; closed-end funds pursue opportunistic and credit strategies. Source: OPERS Private Market Real Estate Update, period ending December 31, 2025 (BNY Mellon; eFront).

Diversification by Property Type



Geography: 94.3% United States, 5.7% ex-U.S. "Other" spans residential/commercial debt, self-storage, seniors housing, and healthcare; "Infra." (infrastructure) includes digital-infrastructure/data-center vehicles. Source: OPERS Private Market Real Estate Update, period ending December 31, 2025 (BNY Mellon; eFront).

Policy Compliance & Risk Exposure

Risk Parameter	Policy Limit	Current	Status
Target Allocation (Private RE)	7–17%	11.0%	In compliance
Core	50–70%	59.1%	In compliance
Non-Core	30–50%	40.9%	In compliance
Leverage (portfolio LTV)	60% max	37.8%	In compliance
Manager Exposure	20% max	9.7%	In compliance
Investments Outside U.S.	25% max	5.7%	In compliance
Residential	10–50%	32.4%	In compliance
Industrial	5–50%	24.4%	In compliance
Office	5–40%	14.5%	In compliance

All Real Estate Policy parameters were within limits as of December 31, 2025. Source: OPERS Real Estate Policy; eFront.

Positioning in Today's Market

Positioned for a Higher-for-Longer Environment

OPERS entered the repricing conservatively positioned and has outperformed its benchmark through the downturn — beating Net ODCE + 85 bps by +2.6%, +0.9%, and +0.7% over the 3-, 5-, and 10-year periods.

- Conservative leverage: a 37.8% portfolio LTV, well below the 60% policy cap, limited mark-to-market damage as rates rose (Theme 1).
- Core-plus posture: 59.1% core, tilting further toward higher-quality, well-leased assets as staff favors durable income.
- Near-term income pressure: higher borrowing costs have weighed on income profiles, and the Portfolio is expected to trail the benchmark for a few quarters.
- Proactive liquidity: the program returned more than \$800 million of cash to the DB Fund in 2025 via separate-account sales and core-fund redemptions.

Capturing the Real Estate Credit Opportunity

The ~\$875 billion 2026 maturity wall and tighter bank lending (Theme 1) are widening the debt opportunity set — and OPERS is leaning in.

- Deliberate pivot to credit: commitments approved in the second half of 2025 include Ohana, Affinius and Axonic
- Emerging-themes: staff is explicitly targeting credit (debt) investments and alternative property sectors for new activity.
- Debt is classified as core in OPERS policy, adding yield while supporting NAV* stability.

* NAV – Net Asset Value

Ties to Real Estate Debt (education) and Theme 1. Source: OPERS 4Q 2025 Update.

Aligned with Secular Demand — Digital Infrastructure & Industrial

The Portfolio already leans into the two strongest secular-demand stories in this deck — the AI / data-center supercycle (Theme 2) and reshoring (Theme 3).

- Digital infrastructure: a 5.5% infrastructure sleeve includes ~\$0.5 billion across four GI Data Infrastructure vehicles, direct exposure to the data-center demand wave.
- Industrial & logistics: 24.4% in industrial (e.g., Exeter Industrial Core-Plus Fund IV, ~\$387M) positions the Portfolio for reshoring and supply-chain-driven demand.
- Domestic focus: 94.3% U.S. exposure insulates the Portfolio from cross-border trade disruption, rate divergence and currency risk
- Alternative sectors: “Other” (11.4%) spans self-storage, seniors housing, and healthcare, demographically supported niches

Key Takeaways

The cycle has inflected. Private real estate has bottomed, ODCE appreciation has turned positive, and transaction volume and lending are recovering — but selectively.

Three forces are reshaping the opportunity set:

- The AI / data-center supercycle
- A higher-for-longer rate and cost environment that shifts return generation to income and operational value-add.
- Geopolitics and deglobalization that constrain new supply and reinforce real estate's inflation-hedge role.

Debt and value-add opportunities are widened by the 2026 maturity wall and by conversion/repositioning demand.

Fundamentals remain sector- and asset-specific — dispersion, not direction, is the story.

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V.H

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MEMORANDUM

DATE: September 1, 2026
TO: OPERS Retirement Board Members
FROM: Karen Carraher, Executive Director
RE: Operations Report – August 2026

Below is my report for August 2026.

Finance

- The Investment Accounting team completed reviewing request for proposal responses and scored vendor demonstrations for an **AI tool to improve our data retrieval, capture and processing in the private alternative investment portfolios**. Currently, staff in Investments and Investment Accounting manually retrieve data from General Partner emails and portals, selectively extract only the data needed to process transactions and process transactions through spreadsheets uploaded into our investment accounting systems. With an AI tool resulting from this procurement process, we will be able to retrieve and extract all relevant information from our General Partner statements, automatically initiate any relevant transactions indicated and perform much more sophisticated analysis on our private equity, real estate and private credit investment portfolios. The team will continue through the procurement process during September.
- The **2027 budget process** continued. Meetings with division leaders occurred to review, discuss and finalize the budget submissions. Proposed budgets will be presented to the Board in October's regular meeting.
- We obtained the appropriate permits for **roof replacement**. Staff have been working with the roofing company on lining up the crane and plans for the location of the crane, as well as an estimated start date. The start date is highly contingent on the receipt of customized materials to accommodate the drainage system of our original roof. If the materials are timely received, staff hope to start the replacement in October.

Investments

- **Non-U.S. Equity Asset Class Update:** OPERS manages approximately \$30.3 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 MSCI ACWI ex U.S. IMI Index ND. 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 \$4.4 billion in late August in conjunction with the scheduled quarterly MSCI index rebalance. The rebalance resulted in over 5,400 trades with an approximate total traded value of \$198 million across 49 countries. OPERS uses a competitive bidding process to engage broker dealers to execute trades.
- **U.S. Equity Small Cap Update:** In late August, three external U.S. Equity Small Cap managers were terminated, representing a combined market value of approximately \$519 million. Two new external managers were subsequently funded for a combined market value of \$500 million. The remaining \$19 million was equitized with futures and transferred to Internal U.S. Equity Small Cap Index portfolio.

Benefits

- **Retirement Readiness:** The new Retirement Readiness Seminar, launched on July 21, 2026, was developed to simplify the retirement education experience for OPERS members by consolidating key retirement topics into a single, comprehensive seminar. Previously, members often attended multiple presentations, including Ready to Retire – Pension, Ready to Retire – Health Care Under 65, and Ready to Retire – Health Care 65+, which were designed for members already eligible to retire, as well as Planning for Retirement, which was designed for members within five years of retirement eligibility. The new seminar combines the most critical information from these presentations into one member-focused experience. The content is organized around the most important retirement decisions members face, including retirement eligibility, pension payment options, health care planning, and post-retirement considerations.

To enhance member engagement and preparedness, the seminar includes a comprehensive handout package featuring presentation slides, a Retirement Readiness Checklist, and an Additional Considerations guide. These resources provide members with practical planning tools, key action items, and important information to support informed retirement decisions.

The overall goal of the new format is to provide a clearer, more member-focused retirement planning experience that helps participants better understand their options, identify next steps, and move toward retirement with greater confidence.

- **TimeTap:** OPERS implemented TimeTap on July 15, 2026, to enhance the scheduling experience for counseling appointments and educational seminars. The platform provides automated confirmations and reminders, streamlined scheduling and rescheduling capabilities, and improved workflows that help members arrive better prepared for their appointments.

These enhancements have reduced manual administrative tasks, increased operational efficiency, and allowed counselors to spend more time focused on direct member service. In addition, automated text and email reminders have contributed to improved member engagement, with seminar attendance rates increasing from approximately 50-60% to 75% since implementation.

External Relations

- **Corporate Governance:** OPERS received five responses to the Request for Proposal for Proxy Services and Voting Platform.

Scoring for each response is complete. Staff will proceed with the vetting process, finalizing the contract(s), and will complete implementation by the end of the year.

OPERS' current proxy services contract expires on December 31, 2026.

- **Potential SEC Action:** The U.S. Securities and Exchange Commission (SEC) has indicated that it may revisit Rule 14a-8, the federal rule governing shareholder proposals included in public company proxy statements.

In a recent regulatory notice, the SEC stated that it is considering potential changes to the rule, which currently establishes the requirements shareholders must meet to submit proposals for consideration at annual meetings.

According to statements from SEC Chairman Paul Atkins' office, the Commission is evaluating whether Rule 14a-8 appropriately aligns with the SEC's statutory authority and the role of state corporate law. As part of that review, the SEC may consider rescinding the rule and returning primary responsibility for regulating shareholder proposals to individual states.

Any such change could alter the regulatory framework governing shareholder proposals and result in greater reliance on state corporate law to determine how investors may bring matters before shareholders. The potential implications for public companies, institutional investors, and proxy voting practices will depend on the scope of any future proposal and how states choose to address shareholder rights within their respective corporate governance frameworks.

The SEC has not yet released a formal rulemaking proposal, but the issue is likely to be closely monitored by investors, companies, and governance stakeholders given its potential impact on the shareholder engagement process.

Government Relations

- Congress passed a **continuing resolution** well in advance of the federal fiscal year end of September 30th deadline. The resolution maintains federal funding at its current levels through December 11.

Reports have suggested that the House and Senate have differing priorities concerning the federal budget; however, the midterm elections provided the impetus to clear the books, at least for a couple of months. Without the resolution, shutdowns would have ensued for things like the Transportation Security Administration (TSA). Economic conditions have already played a key role in election messaging to this point.

VI.A Memo

MEMORANDUM

TO: OPERS Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: September 16, 2026
RE: 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, 2026.

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 no changes to the policy or external manager benchmarks during the second quarter of 2026.

VI.B Memo



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MEMORANDUM

DATE: September 16, 2026

TO: OPERS Retirement Board Members

FROM: Allen Foster, Deputy Executive Director

RE: **VI. For Your Information:**
B. 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:

- Customer Service
- Legislative / Industry Updates – Pre-Medicare & Medicare Populations
- Communications

Background

Throughout 2026, OPERS staff has met with WTW Via Benefits on a regular basis to review service level expectations and discuss Via Benefits' commitment to providing support to OPERS retirees during the upcoming Open Enrollment season.

Via Benefits is focused on delivering a high-touch Open Enrollment experience through proactive outreach, enhanced advisor support, and ongoing enrollment auditing to provide benefit recipients with confidence and peace of mind during a period of significant market change.

- **Customer Service**
 - **Call Metrics** – Via Benefits has enhanced its call wait time estimates to better reflect the priority routing provided to OPERS retirees. By incorporating OPERS-specific call prioritization into the calculation, retirees will receive a more accurate estimate of their expected hold time, reducing quoted wait times by approximately 20 minutes.
 - **Artificial Intelligence (AI) Initiatives** – Responsible AI capabilities are being deployed by Via Benefits to improve Benefit Advisor effectiveness and

streamline service delivery. An Assist AI Agent is being deployed to help the customer support team access personalized benefit recipient information, ask questions, gather answers from available resources, and use relevant tools. The agent is designed to enhance, not replace, human interactions by improving accuracy, efficiency, and consistency. This investment strengthens the overall service experience and provides a scalable foundation for future innovation within appropriate regulatory and compliance safeguards.

- **Open Enrollment Readiness** – Via Benefits' hiring and training efforts remain on track to support anticipated Open Enrollment demand. Staffing enhancements include the addition of 202 licensed seasonal Benefit Advisors and 66 newly licensed internal agents, supported by strengthened hiring, onboarding, and certification processes. These investments help ensure adequate capacity, maintain service quality, and provide retirees with confidence that knowledgeable assistance will be available when evaluating coverage options.
- **Advisor Training and Readiness** – Advisor preparedness continues to be strengthened through a modernized, practice-based training program designed to improve service quality and the retiree experience. More than 120 Via Benefits' training materials have been enhanced with interactive scenarios, multimedia content, and gamification, while onboarding now includes mock calls, role-playing, shadowing, and real-world simulations. Repeated opportunities for hands-on practice and feedback help build advisor confidence, consistency, and readiness before interacting with benefit recipients.
- **Claims Processing Readiness** – Via Benefits has refined its claims processing strategy for the upcoming enrollment period to improve processing consistency and maintain service levels. They are leveraging experienced customer service staff, expanding training and certification programs, and strengthening quality oversight. All staff will complete refresher or certification training, supported by expanded hands-on practice environments, while dedicated management and quality resources will actively monitor inventory, performance, and processing accuracy. These efforts are intended to maintain efficient claims operations and ensure timely, accurate support for benefit recipients.
- **One-Time Passcodes** – Additional security enhancements are being implemented by Via Benefits for inbound calls to create a more seamless service experience. By allowing callers to complete identity verification once per interaction, the new process reduces repetitive authentication steps while maintaining strong security controls and protecting retiree information.
- **Call Traffic Calendar** – To help retirees avoid peak call volumes and reduce wait times, Via Benefits has developed an Open Enrollment call traffic calendar

that provides estimated hold times throughout the enrollment season. The tool helps retirees identify periods when advisor availability is typically higher, encourages earlier engagement before demand peaks, and promotes use of features such as virtual callbacks. By setting expectations and guiding retirees to lower-volume periods, the calendar is intended to improve the overall customer experience and provide more timely access to advisor support. **Appendix: Enrollment Call Traffic Calendar**

- **Legislative / Industry Updates – Pre-Medicare Population**

Pre-Medicare retirees will have access to 3+ carriers in the majority of Ohio counties. Retirees will be impacted by the following for the 2027 plan year.

- **Premium Increases** – In light of inflation and legislative/industry impacts, Pre-Medicare retirees residing in Ohio will see a 10-14% increase in their premiums. This will be the second consecutive year of double-digit premium increases, due to rising health care costs, prescription drug spending, inflation, and labor costs. **Appendix: Article #1 Health insurance premium increases for 2027: Proposed rates by state and what consumers should know**
- **ACA Marketplace Enrollment Trends** – ACA Marketplace enrollment has declined following the expiration of enhanced federal premium tax credits. Industry experts note that as premiums increase, some healthier individuals may forgo coverage, potentially resulting in a smaller and less healthy risk pool. This can create additional premium pressure and may contribute to carrier exits or reduced plan participation in certain markets. Specific to Ohio retirees, CareSource and Molina are exiting the marketplace. **Appendix: Article #2 Tracking Insurer Participation Changes in the ACA Marketplaces in 2027 | KFF**

- **Legislative / Industry Updates – Medicare Population**

Retirees will be impacted by the following for the 2027 plan year.

- **2027 Medicare Part D Changes** - Retirees may see changes to their prescription drug coverage options during the 2027 Annual Enrollment Period. With the expiration of a temporary federal premium stabilization program, some Part D plans may experience premium increases; however, the Centers for Medicare and Medicaid Services (CMS) has capped Part D increases to 6%. Key protections established under the Inflation Reduction Act will remain in place, including the annual out-of-pocket prescription drug spending cap. The annual out-of-pocket cap remains in place and increases to \$2,400 in 2027. Once an individual reaches the annual out-of-pocket cap,

they will pay \$0 for covered Part D medications for the rest of the calendar year.

As insurers prepare their 2027 plans, they will review prescription drug utilization, specialty drug spending, and the number of enrollees who reached the annual out-of-pocket limit. Based on that analysis, some plans may adjust premiums to reflect the full cost of providing prescription drug coverage under Medicare's redesigned Part D program. Retirees will need to pay close attention to the Annual Notice of Change (ANOC) that they receive from insurance carriers.

Appendix: Timeline of the Medicare Part D changes.

- **Medicare GLP-1 Bridge Demonstration Program** – Effective July 1, 2026, CMS launched the Medicare GLP-1 Bridge demonstration program, which provides eligible Medicare beneficiaries with access to certain GLP-1 medications used for weight management. The temporary program is intended to expand access to these medications while CMS evaluates longer-term coverage options. ***Appendix: Article #3 - What Medicare's Temporary Program Covering GLP-1s for Obesity Means for Beneficiaries | KFF Quick Takes***
- **Medicare Drug Price Negotiation Program** - As communicated in the 2026 *Open Enrollment Readiness FYI Board Memo*, CMS negotiated prices for an initial group of 10 high-cost, single-source Medicare Part D drugs, with those prices taking effect on January 1, 2026. The program is expanding in 2027, with negotiated prices for an additional 15 Medicare Part D medications becoming effective January 1, 2027. The newly selected drugs treat common conditions including diabetes, cancer, asthma, chronic obstructive pulmonary disease (COPD), and cardiovascular disease and accounted for approximately \$42.5 billion in Medicare Part D spending. CMS estimates the negotiated prices will reduce both Medicare spending and beneficiary out-of-pocket costs. ***Appendix: Article #4 - Fact Sheet: Medicare Drug Price Negotiation Program June 2023***

Communications

In addition to communicating legislative and industry changes that may affect retirees, such as Medicare Part D updates and carrier participation in the ACA Marketplace, OPERS and Via Benefits will continue providing targeted education on topics that commonly generate questions during Open Enrollment.

Communications distributed between September and December will focus on:

- Authenticating when contacting Via Benefits to help ensure calls are properly identified and prioritized
- Medicare plan pricing, plan types, and when coverage changes may be appropriate

- Pre-Medicare coverage options and key considerations when comparing plans
- Understanding plan availability through Via Benefits compared to Medicare.gov
- The importance of notifying OPERS upon becoming eligible for Medicare prior to age 65

Next Steps

OPERS staff will continue to actively monitor Open Enrollment activities in partnership with Via Benefits leadership, with a focus on service levels, retiree experience, and prompt resolution of emerging issues.

The articles that are included as links throughout the memo are included starting on the next page.

Open Enrollment Readiness Articles

PRE-MEDICARE POPULATION

Article 1

Health insurance premium increases for 2027: Proposed rates by state and what consumers should know

[Health insurance premium increases for 2027: Proposed rates by state and what consumers should know](#)

Healthinsurance.org is reviewing proposed individual market premium increases for 2027 (see chart below). The median proposed increase for 2027 is about 15%, before any subsidies are applied.¹

After last year's increases, another round of double-digit rate increases may sound alarming. But proposed rate increases do not necessarily reflect what Marketplace enrollees will ultimately pay, and several key factors make the outlook for 2027 very different than what we saw for 2026.

[Federal subsidy enhancements](#) expired last year, driving up the average net (after-subsidy) Marketplace premiums by 58% in 2026, even though many people [downgraded to lower-priced Bronze plans](#).

Had the subsidy enhancements had been extended, premium subsidies would have been larger, offsetting much of the underlying premium growth – which was significantly larger than we had seen for the last several years.

(Premium subsidies are actually larger in 2026 than they were in 2025. In 2026, the average premium subsidy is \$650/month, up from \$550/month in 2025. But the average full-price premium grew by even more: It was \$619/month in 2025, and increased to \$741/month in 2026, despite all the people who downgraded their coverage.)

Here's why 2027 will be different, despite the double-digit rate increase proposals that we're seeing so far:

- Most Marketplace enrollees still get premium subsidies, even after the subsidy enhancements expired. During the open enrollment period for 2026 coverage, 87% of enrollees qualified for premium subsidies.
- The subsidies are designed to keep pace with the cost of the benchmark ([second-lowest-cost](#)) Silver plan in each area. So as premiums rise, so should subsidies. The reason people are paying much higher premiums this year, even if they're still getting a subsidy, is because the expiration of the subsidy enhancements resulted in a significant increase in the percentage of income that people have to pay for their coverage.
- For 2027, the percentage of income that people have to pay themselves will be indexed [just the way it was each year from 2015 to 2021](#), but it won't be the sort of drastic change that we saw for 2026.
 - In 2026, the percentages range from 2.1% to 9.96%, depending on income.

- For 2027, those percentages will grow slightly: Enrollees will pay between 2.15% and 10.22% of their household income for the benchmark plan, as long as they remain eligible for subsidies.

The short story: For most Marketplace enrollees, larger subsidies will likely offset some or all of the premium increases for 2027. But the full brunt of the premium increases will mostly impact Marketplace enrollees who aren't eligible for a subsidy, plus anyone who buys [individual market coverage outside the Marketplace](#), where subsidies aren't available.

Why Marketplace premiums are increasing

The factors driving full-price premiums higher for 2027 include some usual culprits and some that stem from recent federal changes. As is typically the case, the largest driver of higher premiums is the ever-increasing cost of healthcare. This includes a variety of factors, including higher hospital and drug costs (including the cost of GLP-1 medications), higher labor costs, and increased utilization of medical services.

Insurers also point to general economic inflation as a factor that has pushed prices higher across the board in recent years, including the price of healthcare.

Insurers also note that the expiration of the federal subsidy enhancements is expected to result in continued deterioration of the health of the overall risk pool in 2027, as healthier enrollees drop their coverage, leaving a sicker risk pool that costs more to insure on a per-person basis. Insurers also point to some other recent federal rule changes that are projected to result in lower enrollment (and thus a sicker risk pool), including the [2025 Marketplace Integrity rule](#), the “[One Big Beautiful Bill](#),” and the 2027 Notice of Benefit and Payment Parameters.

Will I qualify for a subsidy in 2027 if I don't qualify in 2026?

Because the subsidy enhancements were allowed to expire, [the “subsidy cliff” returned in 2026](#). This means subsidy eligibility ends abruptly if household income goes above 400% of the federal poverty level (FPL), regardless of how much the household has to spend on health insurance.

During the open enrollment period for 2025 coverage, 92% of Marketplace enrollees qualified for a subsidy, but that dropped to 87% in 2026, largely because of the return of the subsidy cliff.

The subsidy cliff will still exist in 2027, so subsidies will not be available if household income is more than 400% FPL. But because of annual increases in the FPL, the income level at which subsidy eligibility ends will be a little higher in 2027:

- A single person in the continental U.S. will qualify for a subsidy with an income as high as \$63,840, up from \$62,600 in 2026.
- A household of four in the continental U.S. will qualify for a subsidy with a household income as high as \$132,000, up from \$128,600 in 2026.

Make sure you understand [how household income is calculated under the ACA](#), as it's a [unique version of MAGI](#). And keep in mind that contributions to a health savings account or pre-tax retirement account [will reduce your ACA-specific MAGI](#).

If I get a premium subsidy, will my subsidy increase in 2027?

If the cost of the benchmark plan in your area increases, your subsidy amount will generally increase too, assuming your income remains fairly steady.

But the benchmark plan is just one plan, and there are dozens of plans available in most areas. So, it's important to understand that the size of your subsidy is tied to the price of the benchmark plan, not the price of your specific plan.

Depending on the discrepancy between how much your plan's premium changes and how much the benchmark plan's premium changes, you may find that your subsidy doesn't keep pace with your premium. But it's also possible for the subsidy amount to increase by more than the premium increase for your plan, making your plan more affordable in the coming year.

Either way, it's always a good idea to carefully comparison shop during open enrollment, which starts on November 1 [in most states](#).

Should I switch to a different Marketplace plan for 2027?

Renewing your current plan for 2027 – if it's still available – might be the best option, or you might be better served by switching to a different plan. You won't know until you compare the plans available in your area during open enrollment.

Pay close attention to any notifications you get from your health plan and the Marketplace as we get closer to the start of open enrollment. If your net health insurance premium is increasing for 2027, you might prefer a different plan. But [choosing a health insurance policy involves a lot more than just premiums](#), so be sure you consider all aspects of the various plans before picking the one you want for 2027.

Note: Several hundred thousand people will need to select new plans for 2027 because of [carriers exiting the Marketplace at the end of 2026](#). If your carrier is leaving the Marketplace and you pick a new plan by December 31, it will take effect on January 1, ensuring that you have seamless coverage.

Final rates could differ from proposed rates

The proposed rate increases listed above are initial proposals, so they could change before they're finalized. In nearly all states, the rate review process is done by the state, and there's significant variation in terms of how much approved rates tend to differ from the rates that the insurers initially file.

Last year, for example, New York regulators approved an overall average rate increase of 7.1% for 2026 individual market plans, which was significantly smaller than the 13.5% average rate increase the insurers had proposed.

But in Idaho, the approved health insurance rates were nearly identical to the insurers' proposals, except for two carriers, one of which ended up with a larger-than-proposed rate increase, and one of which ended up with a smaller-than-proposed rate increase.

Article 2

Tracking Insurer Participation Changes in the ACA Marketplaces in 2027

As of July 30, 2026, seven carriers have announced that they will exit the ACA Marketplaces in plan year 2027, either in some or all states that they are currently offering plans; five carriers have announced they will enter new state Marketplaces. These changes in insurer participation follow the expiration of the enhanced premium tax credits at the end of 2025, which drove sign-ups to fall by [over a million](#) from the 2025 to 2026 Open Enrollment Periods—with further membership [declines](#) in the ACA Marketplaces expected as the year progresses. ACA Marketplace enrollment declines affect the size of the potential market for insurers, and, potentially, the risk pool—to the extent that healthier than average enrollees are more likely to drop coverage.

As people leave the Marketplace, insurers may reassess the profitability of their Marketplace participation and decide to pull out in the future. [Cigna](#) has decided to leave the individual market in 2027 to focus on other segments given the lack of potential to grow their ACA Marketplace business. Cigna, which reported first-quarter on-exchange enrollment of [over 350,000](#) individuals, will exit the 11 states in which it currently participates both on- and off-exchange. In some cases, multiple insurers are announcing exits in the same state. In some states, with fewer insurers participating in the ACA Marketplaces, remaining insurers will have less competition and consumers will be left with fewer choices.

MEDICARE POPULATION

Medicare Part D Timeline

Congress passed the *Inflation Reduction Act (IRA)* in August 2022, resulting in a series of Medicare Part D prescription drug changes that were implemented over several years. These changes were designed to make prescription drug costs more predictable for Medicare beneficiaries, especially those who take high-cost medications.

- **January 1, 2023**
 - Covered insulin costs were capped at \$35 per month for Medicare beneficiaries.
 - Recommended adult vaccines became available at no cost under Medicare Part D.
- **January 1, 2025**
 - The Medicare Part D "donut hole" (coverage gap) was eliminated.
 - The Medicare Part D out-of-pocket maximum was capped at \$2,000.
- **January 1, 2025 - December 31, 2026**
 - Centers for Medicare & Medicaid Services (CMS) implemented a temporary Part D Premium Stabilization Demonstration Program. The program provided federal funding to help keep Medicare Part D premiums from increasing sharply while the new prescription drug benefit structure was being implemented.
- **January 1, 2026**
 - The Medicare Part D out-of-pocket maximum increased from \$2,000 to \$2,100.
- **January 1, 2027**
 - The temporary federal Premium Stabilization Demonstration Program ends.
 - The Medicare Part D out-of-pocket maximum is expected to increase to \$2,400.
 - Some Medicare Part D plans may increase monthly premiums to reflect the full cost of providing prescription drug coverage under the redesigned program.

Why is the Out-of-Pocket Limit Increasing?

- The annual limit is indexed each year. That means the amount can increase over time based on Medicare's calculation of prescription drug cost trends.

Why Could Premiums Increase?

- To avoid large premium increases while these new federal prescription drug protections were being implemented, CMS created a temporary Part D Premium Stabilization Demonstration Program. That program provided additional federal support to Part D plans in 2025 and 2026.
- The temporary premium stabilization program will end after 2026; however, the prescription drug protections themselves are not going away. The concern for 2027 is that some individuals may see higher monthly premiums, while also having a higher annual out-of-pocket limit than in 2026.

- If significantly more members reached the cap than originally expected, insurance carriers will increase plan costs will increase, resulting in insurance carriers increasing enrollees' premiums.
- If claims were higher than expected, insurance carriers generally need to increase future premiums to cover anticipated losses.
- Insurance plans with a high concentration of enrollees who use expensive medications may face greater pressure to increase premiums.

Article 3

What Medicare's Temporary Program Covering GLP-1s for Obesity Means for Beneficiaries

What Medicare's Temporary Program Covering GLP-1s for Obesity Means for Beneficiaries | KFF Quick Takes

The Centers for Medicare & Medicaid Services (CMS) has [released a memo](#) fleshing out the design of a short-term program providing Medicare coverage of GLP-1s for obesity in 2026 ahead of a [multi-year demonstration program](#) beginning in 2027. Medicare is [statutorily prohibited](#) from covering drugs used for weight loss, and these demonstration programs are designed to fill that gap.

Under the short-term program, called the “[Medicare GLP-1 Bridge](#),” Medicare will cover GLP-1s approved for weight reduction – Wegovy and Zepbound – for eligible beneficiaries enrolled in Medicare Part D for a \$50 copayment. Eligibility is based on BMI of 35 or more alone, or 27 or more plus other clinical criteria. Although beneficiaries must be enrolled in Part D to participate, the short-term program will operate outside the Part D benefit for its duration from July 1 to December 31, 2026. Instead, providers will submit GLP-1 prescriptions and prior authorization requests to a central processor managed by CMS.

CMS's efforts to provide Medicare coverage of GLP-1s for obesity could offer substantial benefits to millions of Medicare beneficiaries, given the high demand for these medications. The number of beneficiaries eligible for the Medicare GLP-1 Bridge is unknown, but a [previous KFF analysis](#) estimated that close to 14 million Medicare beneficiaries had a diagnosis of overweight or obesity in 2020 (BMI of 25-29.9 and 30 or more, respectively), though applying the specific criteria that determine eligibility for the Medicare GLP-1 Bridge would reduce that number.

There are potential drawbacks to the short-term program, however. Because it will operate outside the Part D benefit, the \$50 copayment won't count towards the Part D deductible or the \$2,100 out-of-pocket spending cap. Part D enrollees using a GLP-1 for type 2 diabetes, sleep apnea, or other Medicare-covered uses will continue accessing the drug through their Part D plan and paying their plan's cost-sharing requirement, even if it's more than the \$50 copayment for GLP-1s for obesity under the Medicare GLP-1 Bridge. And low-income Medicare beneficiaries who qualify for reduced cost sharing

through the Part D Low-Income Subsidy can't use those subsidies for GLP-1 prescriptions filled under the short-term program. For low- and modest-income individuals, the \$50 copayment could be a barrier to participation.

Another potential issue is that beneficiaries who participate in the short-term program will need to be enrolled in a Part D plan that participates in the longer-term demonstration, called the BALANCE Model, to continue accessing Medicare coverage of GLP-1s for obesity starting in 2027. CMS is aiming for [robust Part D plan participation](#) in the BALANCE model, which is voluntary for plans, but this is still uncertain. Transitioning Medicare coverage of GLP-1s for obesity from the mandatory Medicare GLP-1 Bridge to the voluntary BALANCE model sets up the possibility that beneficiaries with coverage under the short-term program may need to switch Part D plans during the 2027 open enrollment period, with potential cost and coverage implications for other medications they use.

Article 4

Medicare Drug Price Negotiation Program: Selected Drugs for Initial Price Applicability Year 2027

[Fact Sheet: Medicare Drug Price Negotiation Program June 2023](#)

In August 2022, President Biden signed the Inflation Reduction Act of 2022 (IRA) (P.L. 117-169) into law. The 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. The Centers for Medicare & Medicaid Services (CMS) selected ten drugs covered under Medicare Part D for the first cycle of negotiations that now have negotiated prices, which the statute refers to as maximum fair prices (MFPs), that will go into effect beginning January 1, 2026, based on negotiations and agreements reached between CMS and participating drug companies in 2024. The savings realized through the negotiation process are expected to lower out-of-pocket costs for Medicare enrollees by an estimated \$1.5 billion in 2026 under the projected defined standard benefit design.

On January 17, 2025, CMS announced the selection of the below list of 15 drugs covered under Medicare Part D for the second cycle of negotiations (initial price applicability year 2027), 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 November 2023-October 2024	Number of Medicare Part D Enrollees Who Used the Drug from November 2023 - October 2024
Ozempic; Rybelsus; Wegovy	Type 2 diabetes; Type 2 diabetes and cardiovascular disease; Obesity/overweight and cardiovascular disease	\$14,426,566,000	2,287,000
Trelegy Ellipta	Asthma; Chronic obstructive pulmonary disease	\$5,138,107,000	1,252,000
Xtandi	Prostate cancer	\$3,159,055,000	35,000
Pomalyst	Kaposi sarcoma; Multiple myeloma	\$2,069,147,000	14,000
Ibrance	Breast cancer	\$1,984,624,000	16,000
Ofev	Idiopathic pulmonary fibrosis	\$1,961,060,000	24,000
Linzess	Chronic idiopathic constipation; Irritable bowel syndrome with constipation	\$1,937,912,000	627,000
Calquence	Chronic lymphocytic leukemia/small lymphocytic lymphoma; Mantle cell lymphoma	\$1,614,250,000	15,000
Austedo; Austedo XR	Chorea in Huntington's disease; Tardive dyskinesia	\$1,531,855,000	26,000
Breo Ellipta	Asthma; Chronic obstructive pulmonary disease	\$1,420,971,000	634,000
Tradjenta	Type 2 diabetes	\$1,148,977,000	278,000
Xifaxan	Hepatic encephalopathy; Irritable bowel syndrome with diarrhea	\$1,128,314,000	104,000
Vraylar	Bipolar I disorder; Major depressive disorder; Schizophrenia	\$1,085,788,000	116,000
Janumet; Janumet XR	Type 2 diabetes	\$1,082,464,000	243,000
Otezla	Oral ulcers in Behçet's Disease; Plaque psoriasis; Psoriatic arthritis	\$994,001,000	31,000

Note: Numbers are rounded to the nearest thousands.

* The commonly treated conditions are limited to conditions for which prescription drug coverage is currently available under the Medicare Part D program.

For the time period between November 1, 2023 and October 31, 2024, which is the time period used to determine which drugs were eligible for negotiation for this second cycle, about 5,258,000 people with Medicare Part D coverage used these drugs to treat a variety of conditions, such as type 2 diabetes, prostate cancer, and chronic obstructive pulmonary disease. These selected drugs accounted for \$40.7 billion in total gross covered prescription drug costs under Medicare Part D, or about 14% of total gross covered prescription drug costs under Medicare Part D during that time period.

When combined with the total gross covered prescription drug costs under Medicare Part D of the 10 drugs selected for the first cycle of negotiations (which were about \$60 billion during the same time period of November 1, 2023 through October 31, 2024), this represents 36% of total gross covered prescription drug costs under Medicare Part D during that time period.

Q: How did CMS select the 15 drugs for the second cycle of negotiations?

The IRA specified that CMS select drugs by:

1. Identifying potential qualifying single-source drugs — that is, drugs for which at least 7 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 gross covered prescription drug costs under Medicare Part D, except for drugs granted a Small Biotech Exception and drugs already selected during the first cycle of negotiations.
4. Ranking the negotiation-eligible drugs according to highest total gross covered prescription drug costs under Medicare Part D.
5. Selecting the 15 drugs with the highest total gross covered prescription drug costs under Medicare Part D 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 to determine 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 the second cycle of negotiations was November 1, 2023, through October 31, 2024.

Q: How many drugs qualified for the Small Biotech Exception?

For the second cycle of negotiations, drug companies submitted requests and information to CMS for four drugs that were determined to qualify for the Small Biotech Exception.

Q: How many drugs would have been selected drugs for initial price applicability in the year 2027, absent the Biosimilar Delay?

All 15 drugs would have been selected drugs for initial price applicability year 2027 absent the Biosimilar Delay.

Q: How can the public engage with CMS during the negotiation process?

In the final guidance for the second cycle of negotiations CMS outlined opportunities for the public to engage with CMS during the negotiation process. These include patient-focused and clinical-focused public engagement events for the selected drugs, as well as an information collection request to submit written feedback.

CMS will host up to 15 patient-focused roundtable events that will aggregate selected drugs by condition when appropriate and will be open to patients, patient advocacy organizations, and caregivers. These events are intended to collect patient-focused input on topics such as patient experience, therapeutic alternative(s) to the selected drugs, the extent to which the selected drugs address unmet medical needs, and the impact of selected drugs on specific populations.

CMS will also host one town hall meeting focused on clinical considerations related to the selected drugs. CMS encourages practicing clinicians, researchers, and other interested parties to register to participate in the town hall meeting.

Separately, the public is also invited to submit data to CMS by March 1, 2025, on topics such as patient experiences with the conditions or diseases treated by the selected drugs, as well as experiences taking the selected drugs and therapeutic alternatives to the selected drugs, prescribing information for the selected drugs and therapeutic alternatives, comparative effectiveness data for the selected drugs and therapeutic alternatives, and/or information on the extent to which the selected drugs address unmet medical need. The final information collection request with these questions is available [here](#). Interested parties are encouraged to review this information collection request to prepare for data submission. The data submission portal will open in the days following the publication of the selected drug list.

Q: What are the details of the patient roundtable events and the town hall meeting?

CMS expects that these events will occur between March and April 2025. CMS anticipates releasing additional information on meeting dates, participant and speaker registration, and other logistical details on the CMS IRA website in February 2025.

Key Milestones for the Second Cycle of the Negotiation Program

- May 3, 2024, CMS issued draft guidance for the second cycle of the Medicare Drug Price Negotiation Program, including requests for public comment on key elements.
- October 2, 2024, CMS issued final guidance detailing the requirements and parameters of the Medicare Drug Price Negotiation Program for the second cycle of negotiations, which will occur during 2025 and, for drugs where an agreement on a negotiated price is reached, will result in prices that will be effective beginning in 2027.
- January 17, 2025 —CMS published the list of 15 drugs covered under Part D selected for the second cycle of negotiations.
- February 28, 2025 — Deadline for participating drug companies for the second cycle of negotiations to sign agreements to participate in the Negotiation Program.
- March 1, 2025 — Deadline for participating drug companies to submit manufacturer-specific data to CMS for consideration in the negotiation of an MFP. In addition, this is the deadline for the public to submit data on selected drugs and their therapeutic alternatives, if any, data related to unmet medical needs, and data on impacts to specific populations, among other considerations.
- March and April 2025 — CMS will host patient- focused and clinical-focused public engagement sessions. CMS will host up to 15 patient-focused roundtable events that will aggregate selected drugs by condition when appropriate and will be open to patients, patient advocacy organizations, and caregivers to share patient- focused input. CMS will also host one town hall meeting focused on clinical considerations related to the selected drugs. Additional information about these public engagement

sessions will be shared in the future. CMS also will provide an optional opportunity for participating drug companies to meet with CMS to discuss their data submission.

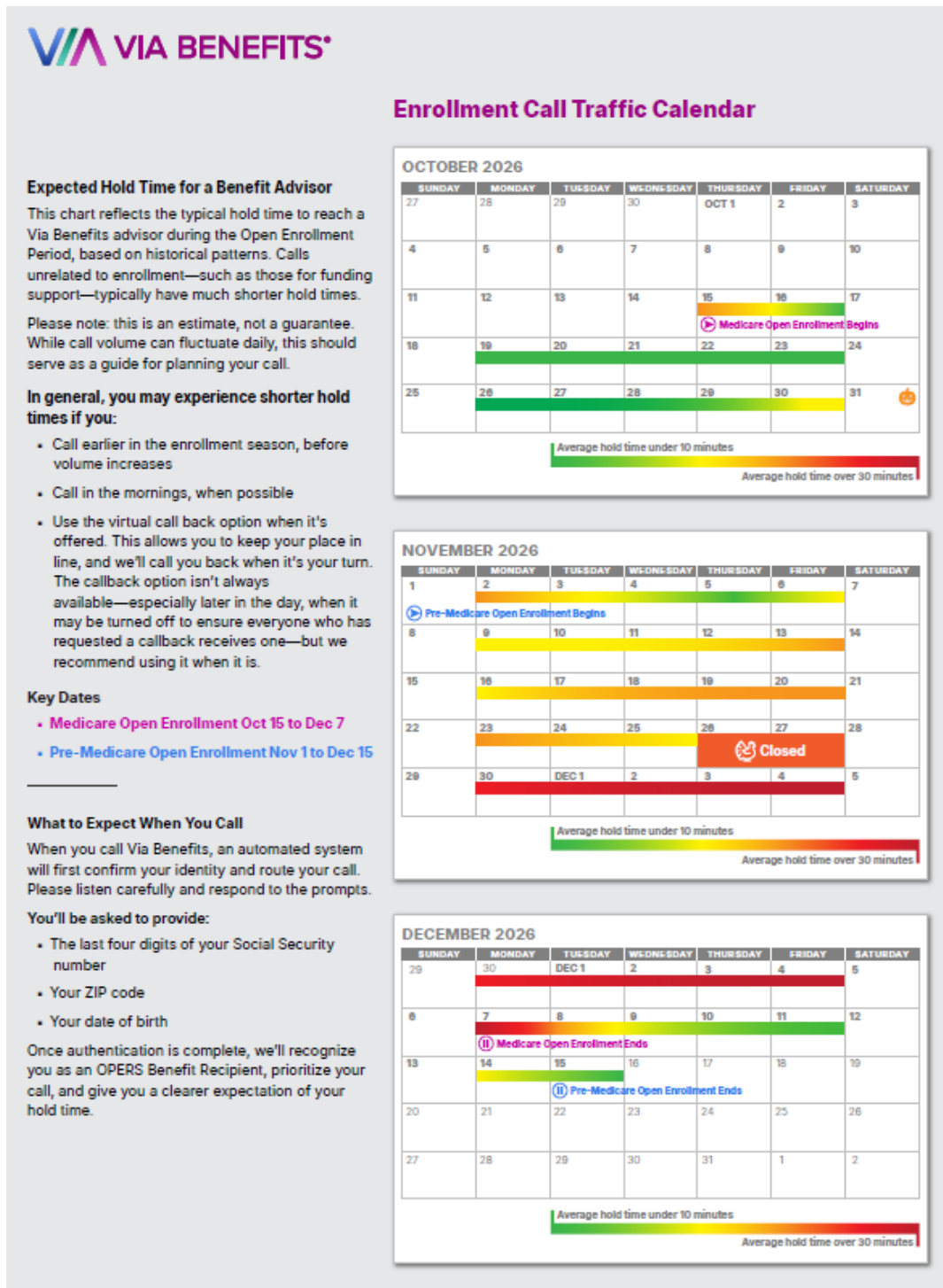
- June 1, 2025 — Deadline for CMS to send an initial offer of an MFP for a selected drug with a concise justification to each drug company participating in the Negotiation Program.
- June 2025 — CMS will offer each participating drug company up to one optional negotiation meeting, which would occur after the initial offer is issued and before the deadline to accept the initial offer or to propose a statutory written counteroffer.
- July 1, 2025 — Deadline for participating drug companies to accept CMS' initial offer or propose a statutory written counter offer if desired. Participating drug companies have 30 days from receiving CMS' initial offer to respond.
- Summer 2025 — CMS will respond to any statutory written counteroffers from participating drug companies within 30 days after receipt of a counteroffer or within 60 days of sharing the initial offer, whichever is later. CMS and participating drug companies may engage in up to two additional optional negotiation meetings, as well as additional written price exchanges.
- September 30, 2025 — Last day for negotiation meetings to take place.
- October 8, 2025 — Last date by which CMS and participating drug companies may exchange additional written offers or counter offers.
- October 15, 2025 — Deadline for CMS to send a final MFP offer to participating drug companies if the agreement was not reached during the negotiation meetings or the additional price exchange process.
- October 31, 2025 — Deadline for participating drug companies to accept or reject a final MFP offer from CMS.
- November 1, 2025 — The negotiation period ends.
- November 30, 2025 — Deadline for CMS to publish any agreed-upon MFPs resulting from the second cycle of negotiations.
- March 1, 2026 — Deadline for CMS to publish an explanation of any agreed-upon MFPs resulting from the initial price applicability year 2027 negotiation process. In the interest of balancing transparency and confidentiality, as part of the public explanation of an agreed-upon MFP, CMS will publish a narrative explanation of the negotiation process and certain additional information. Any information submitted by participating drug companies during the negotiation process that constitutes confidential commercial or financial information will be considered proprietary and will be redacted.
- January 1, 2027 — Any agreed-upon MFPs negotiated for selected drugs from the second cycle of negotiations become effective.

Key Policymaking Milestones for Future Cycles of Negotiations:

- Spring 2025 — CMS intends to release draft guidance for the third cycle of negotiations (initial price applicability year 2028), including new policies on renegotiation and Part B drugs.
- Fall/Winter 2025 — CMS intends to release final guidance for the third cycle of negotiations, including new policies on renegotiation and Part B drugs.

- Spring 2026 – CMS intends to undertake rulemaking to establish policies for future years of the Negotiation Program.

ENROLLMENT CALL TRAFFIC CALENDAR



VI.C Memo



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

MEMORANDUM

DATE: September 3, 2026

TO: OPERS Retirement Board Members

FROM: Allen Foster, Deputy Executive Director

RE: **VI. For Your Information:**
C. Financial Planning Update

Purpose

To provide the Board with an update on the Financial Planning initiative, including program background, pilot results, participant survey results, and recommended next steps.

Background

In August 2025, staff presented how financial planning can benefit members and support OPERS' efforts to engage members at various stages of their careers, including stages when OPERS has not traditionally had opportunities for engagement. At that time, the Board expressed full support for the initiative. Staff identified four key objectives: increasing participation in Ohio Deferred Compensation (Ohio DC), minimizing the outflow of assets, enhancing retirement preparedness, and creating a meaningful engagement opportunity for mid-career public employees.

The initiative began with a soft launch in February 2026 for a select group of OPERS associates and Board members. This initial phase provided an opportunity to test the program and gather feedback before a broader rollout. Following the soft launch, staff conducted a pilot program that was marketed first to OPERS employees and then to employees of the other retirement systems, including STRS, SERS, OP&F, and HPRS. The pilot provided another opportunity to test the program objectives, confirm that the program met expectations, and gauge demand before a large-scale rollout.

Financial planning sessions offered participants complimentary financial counseling with a licensed financial professional. Each session included an income analysis statement and, when appropriate, a comprehensive financial plan. Sessions were conducted remotely in 45-minute appointments, allowing participants to attend from a location of their choice.

Pilot Program Results

The financial planning pilot has been completed, with more than **1,300 email invitations** distributed to employees of **OPERS, STRS, SERS, OP&F, and HPRS**. The average email open rate was **33%**.

Invitations were targeted by career stage and generation using the segments **Early Savers, Mid-Career, and Late Career**, representing **Baby Boomers, Generation X, Millennials, and Generation Z**.

To date, approximately **86 members** have scheduled and completed a financial planning counseling session, resulting in an overall **participation rate of 7%**. **OPERS employees accounted for the strongest participation among the participating retirement systems, while each of the other retirement systems recorded participation rates of less than 1%**. Although the overall participation rate exceeded Nationwide's typical participation rate of approximately **4%**, it was lower than staff had anticipated.

Participation by generation was as follows:

- **Baby Boomers: 18%**
- **Generation X: 61%**
- **Millennials: 20%**
- **Generation Z: 1%**

The **median age** of participants was **54**. The youngest individual to schedule an appointment was **29**, while the oldest was **72**.

Overall, the pilot demonstrated meaningful engagement and confirmed interest in financial planning among participating employees. Participation was strongest among **Generation X members**, who represented 61% of all completed counseling sessions, suggesting heightened interest among employees who may be approaching retirement eligibility.

Participant Survey Results

The OPERS staff financial planning feedback survey indicated that most participants had not previously worked with a financial advisor and found the complimentary sessions valuable, particularly for understanding their retirement readiness and future financial outlook. The Income Analysis session generally met expectations, with respondents appreciating the personalized projections, comprehensive analysis, and actionable recommendations. However, some participants noted opportunities for improvement, including spending more time on strategy rather than data entry and allowing for deeper discussion on topics such as Social Security optimization and investment strategies. About half of the respondents received a Comprehensive Financial Plan session, which was praised for its long-term planning insights, although some participants felt it did not provide new information or actionable steps. After experiencing the service, a significant majority of respondents (71%) did not feel the need to seek paid financial planning

elsewhere, citing satisfaction with the advice received. Still, 57% expressed interest in additional or different services, including risk assessment, scenario analysis, and regular financial checkups. Suggestions for improvement focused on streamlining the scheduling process, improving communication about available services, and ensuring facilitators have relevant certifications. Overall, the survey indicates high satisfaction with the sessions while highlighting opportunities to expand service offerings and enhance the client experience through clearer communication and more tailored advice.

Next Steps

As the next phase of the financial planning initiative, OPERS staff will expand the pilot by selecting a representative group of employers from different regions of the state and across various employer types. This approach will allow staff to determine whether participation levels, member interest, and engagement patterns vary by geography, employer size, or workforce composition. Staff will use the results to refine outreach strategies, improve communications, and assess whether additional adjustments are needed before considering a broader rollout. OPERS staff will also continue to monitor participation, participant satisfaction, and overall member engagement to evaluate the program's effectiveness and inform future recommendations to the Board.

VI.D

INVESTMENTS MARKET UPDATE

Net Asset Value & Performance

	NAV (\$ B) 7/31/2026	PERFORMANCE					NAV (\$ B) 9/11/2026
		MTD August	YTD August	YTD August Benchmark	Sept 1 to 11 Estimated	Benchmark Sept 1 to 11 Estimated	
DB Fund	\$119.41	1.73%	8.37%	8.53%	-0.43%	-0.45%	\$120.61
HC115 Fund	\$15.82	1.93%	9.77%	9.15%	-0.63%	-0.66%	\$15.95

Market Events Summary

- In August, headline CPI increased 0.4% MoM, in line with consensus expectations, bringing the annual inflation rate to 3.4% YoY. Core CPI rose 0.3% MoM, slightly above consensus forecasts, while core inflation increased 2.4% YoY, matching expectations. The University of Michigan's one-year inflation expectation rose to 4.6% from 4.0% in the prior month, reflecting rising consumer concerns about future prices.
- The U.S. unemployment rate remained unchanged at 4.1% in August, in line with consensus expectations. Nonfarm payrolls increased by 162,000 during the month, significantly above July's revised gain of 21,000 and well ahead of the consensus forecast of 55,000.
- U.S. Producer Price Index (PPI) rose 0.4% MoM in August, in line with expectations. On an annual basis, producer prices increased 5.4%. Core PPI (excluding food and energy) rose 0.2% MoM and 4.6% YoY.
- The ISM Manufacturing PMI eased to 54.6 in August from 55.6 in July, falling below the market expectation of 55.2. While the index remained firmly in expansionary territory (above 50), the decline suggests a moderation in manufacturing activity and slower growth across the sector.
- U.S. consumer sentiment (measured by University of Michigan) continued to decline falling to 47.8 in September from 51.7 in August, as rising trade tensions and persistently elevated gasoline prices weighed on affordability and dampened consumer confidence.
- The U.S. House advanced consideration of the Ratepayer Protection Act (H.R. 9340), a bill designed to shield residential ratepayers from electricity costs associated with data center expansion. The proposal underscores growing regulatory attention to the surge in AI-related power demand and its implications for utilities, energy infrastructure investment, and long-term electricity pricing.

Portfolio Changes

- Approximately \$100 million of Non-U.S. Equity futures were liquidated from the Non-U.S. Equity Liquidity Reserve portfolio to provide liquidity for the Fund and support upcoming private alternative commitments. In addition, approximately \$53 million in cash was sourced from internal Non-U.S. Equity portfolios after the quarterly MSCI rebalance was completed on August 31.

Top/Bottom Performing Public Market Asset Classes (August 14 – September 11)

