

OEA Retirement Systems Update
Report to the OEA Board of Directors: December 2024

Please distribute to other OEA members

STRS Reduces Retirement Eligibility to 33 Years of Service

On Thursday, November 14, 2024, the STRS Board voted to reduce retirement eligibility requirements for a three-year period. Beginning June 1, 2025, STRS members will be eligible to retire with 33 years of service at any age (down from 34 years of service currently). Additionally, members will be eligible for early retirement, with reduced benefits, with 28 years of service. These rules will be in place through July 2027.

The Board took this action in November to give notice to members making retirement decisions and employers making staffing decisions. The timelines or additional changes may be refined in the spring when the Board fully evaluates the available budget for sustainable benefit enhancements.

The eligibility change is coupled with the Board action in October to provide a supplemental benefit payment to retirees. State law allows STRS to provide such a payment, but it had not been utilized since 2000. Supplemental payments will be paid to those who have been retired for a year or more and will come as a separate payment in December. Some may remember this type of payment as a “13th check.”

The supplemental benefit payment differs from a cost-of-living allowance (COLA) in a number of ways. It is a one-time payment, whereas a COLA is an increase that is factored into future benefit payments. The eligibility and calculations are also different. A COLA is a percentage of a member’s base benefit and STRS members who have been retired for five or more years are eligible for COLAs under state statute. The supplemental benefit payment is calculated based on multiplying a dollar amount determined by the board by a member’s number of units (the number of years of service plus the number of years the member has been retired).

The Board voted to approve supplemental benefit payments with a multiplier of \$40 per unit. Based on this, the average gross payment will be \$1,720. Taxes will be withheld on this one-time payment. The total cost of the supplemental benefit payments is estimated to be \$306 million. The estimated cost of the temporary retirement eligibility change is \$311 million.

This Board action was made possible by the steadfast stewardship of the system over the past decade, including strong investment returns that have improved the financial position of the pension plan. OEA believes that active and retired members should continue to benefit from improvements that do not jeopardize the long-term solvency of the fund. All Ohio’s public educators deserve a stable, secure pension that they cannot outlive.

Efforts to Repeal GPO-WEP at a Critical Point- Contact your U.S. Senators

We are so close to winning the decades-long fight to repeal unfair Social Security offsets and restoring the Social Security benefits earned by thousands of Ohio’s teachers, police officers,

firefighters, and other public servants. Contact your Senators today!

On Tuesday, November 12, 2024, the U.S. House of Representatives voted 327-75 in favor of H.R. 82 – the Social Security Fairness Act. Notably, every member of the Ohio delegation supported the bill. The legislation would fully repeal the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP). These provisions of federal law unfairly punish public employees who have a public pension from states that did not pay into Social Security by reducing the earned Social Security and spousal/survivor benefits.

The victory in the U.S. House is historical, but not the end of the fight. Now, the U.S. Senate must pass the measure before the end of the year. Companion legislation in the Senate has broad bipartisan support with 62 cosponsors. Both Ohio's senators support the bill. U.S. Senator Sherrod Brown is a lead sponsor of the bill, and Vice President-elect, U.S. Senator J.D. Vance is listed as a co-sponsor.

Please contact your senators today and thank them for their support of the Social Security Fairness Act. Please urge them to call for H.R. 82 to be brought to the floor and passed before the end of the year.

U.S. Senator Sherrod Brown (D-OH): (202) 224-2315

U.S. Senator J.D. Vance (R-OH): (202) 224-3353

Please also send them a letter via NEA's [action alert](#) on GPO and WEP Repeal.

SERS Actuaries Report Funding Status Improvements for Pension and Health Care

During the SERS Board's November meeting, system actuary CavMac Actuarial Consulting Services presented the annual valuations of the pension and health care plans. For fiscal year 2024, the funded status of the pension plan improved from 76.61% to 78.99%. The amortization period (the amount of time it takes to pay off all pension liabilities) decreased from 21 years to 20 years. The fiscal year showed an investment return of 9.69% net of fees which exceeds the 7.0% assumed rate of return.

The report shows that the SERS health care fund is 61.59% funded with a projected solvency of 45 years. This is a substantial improvement in the projected solvency of the health care plan compared to the 2019 valuation when it was projected to last under 20 years.

In other news from the SERS Board meeting, Jeanine Alexander was chosen to fill a vacancy on the Board for an employee member. Alexander serves as the treasury services assistant at Rossford Exempted Village Schools where she has worked since 2015. Her term on the Board runs through June 30, 2025.