

OEA Retirement Systems Update
Report to the OEA Board of Directors: March 2025

Please distribute to other OEA members

OEA Recommends Harkness for STRS Board

STRS will be conducting an election for two active member seats on the STRS Board this spring. In February, the OEA Board of Directors voted to recommend Michael Harkness for election to the STRS Board. The Board of Directors based its action on the recommendation of a screening committee comprised of OEA members who conducted screening interviews with four candidates.

Harkness was appointed to the STRS Board last year to fulfill a vacancy. He has worked in the Akron Public Schools for 14 years as an intervention specialist and currently serves as the First Vice President of the Akron Education Association.

Ballots for the board election will be sent to STRS contributing members in early April. A total of three candidates qualified for the ballot, and there are two seats available. OEA has recommended a single candidate. The ballot packet will include information on all candidates and voting instructions. Members can vote by mail, phone, or online, and all ballots must be received **by May 5, 2025**.

Additionally, the current Board Chair Rudy Fichtenbaum was the only candidate to qualify for the election of a retired member on the STRS Board. Due to this, there will be no election, and he will begin a new four-year term in September.

SERS Discovers Underpayment of Thousands of Retirees

On Thursday, March 20, 2025, the SERS Board voted to take corrective action to make payments to over 6,000 SERS retirees who had been receiving a smaller benefit than they were owed. The error involves those who retired in 2017 and received reduced benefits due to early retirement. Under the law, members who retire early receive a benefit reduction based on an actuarial table called the early retirement reduction factor that considers demographic information such as age and service. SERS had been using the wrong Age Reduction Table for that time period. The result was underpayment to 6,350 retirees.

The majority (5,878 members) of those affected have had their monthly total recalculated automatically. A smaller group will have to have a manual recalculation due to events such as divorce, disability, or survivor benefits. All those affected will receive a catchup payment, including the monthly increase, times the number of months retired, and any applicable cost-of-living adjustments. Individuals will also receive a separate interest payment calculated at 3%. Catchup payments will be issued during April and May.

Approximately 80% of the benefits recalculated were \$25 or less per month than they should have been using the correct table. The estimated total for all repayments is \$4 million.

STRS Board Adopts New Asset Mix for Investments

After completing a detailed asset-liability study with its investment consultant, the STRS Board voted to adopt a new asset mix for investments. The investment consultant, Meketa, projects that the asset mix will earn an approximate return of 7% over the next ten years with less volatility than the current policy. Among the changes in the asset, targets are less put into U.S. stocks and more in fixed income.

During the March meeting, the STRS Board also voted to maintain its current economic actuarial assumptions for inflation, payroll growth, and assumed rate of return.