

OEA Retirement Systems Update
Report to the OEA Board of Directors: December 2023

Please distribute to other OEA members

SERS Board Finalizes Anti-Spiking Provision

The SERS Board has approved the final piece of an anti-spiking provision known as the Contribution Based Benefit Cap (CBBC). The state budget bill, House Bill 33, included the provision that impacts future SERS retirees. The CBBC will go into effect on August 1, 2024. It will only affect a small fraction of retirees who have abnormally large increases in salary that are not supported by retirement contributions over their career. When a member's final average salary in their pension calculation is well above what would be expected from normal salary increases, their benefits are effectively subsidized by other members of the system.

The final piece of the CBBC puzzle was the SERS Board adopting a "factor" used in its calculation. The CBBC calculation annuitizes member/employer contributions and then multiplies it by a factor that will be identified by the SERS Board. A member's pension is capped at the lower of the formula benefit or the CBBC benefit. The SERS Board adopted a factor of 6.25. Analysis of past retirement data indicates that only a small number of future retirees will be impacted by this change. Of the nearly 3,000 retirements from 2022 and 2023, only eight would have seen a reduction had the CBBC been in place.

STRS Executive Director on Leave Amid Investigation

On Friday, November 17, 2023, the STRS Board voted to put Executive Director Bill Neville on leave pending an investigation by an outside council appointed by Ohio Attorney General Dave Yost. The investigation will look into accusations from an anonymous letter from STRS staff alleging a pattern of harassment and threats of violence.

Lynn Hoover, who serves as Chief Financial Officer for STRS, will serve as acting executive director during the investigation.