

OPERS Report – May 2024

The OPERS Board met on May 14 and 15, 2024 to approve the following:

- The 2024 Six Month Internal Audit Plan, for July through December 2024, as presented by Caroline Stinziano, Director of Internal Audit for OPERS.
- Employer and member contribution rates for calendar year 2025 for local employers, which will remain the same as last year:

	Employer Rates	Member Rates	Total Rates
Local (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%

The Board received presentations from internal staff and external consultants on the following:

- Erica Worley, Assistant Director – OPERS Financial Reporting, reviewed the *2023 Annual Comprehensive Financial Report* which can be viewed in its entirety on the OPERS website: <https://www.opers.org/pubs-archive/financial/2023-OPERS-Annual-Report.pdf>. OPERS staff are working on the *2023 Popular Annual Financial Report*, and it will be completed soon. “Key results of financial activities for fiscal year 2023 include the following:
 - Total net position increased by \$8 billion from \$106.8 billion in 2022 to \$114.8 billion in 2023.
 - The defined benefit portfolio returned 11.26%, the health care portfolio returned 13.97%, and the defined contribution portfolio returned 18.08%.
 - The member and employer contributions for the year increased by \$243.8 million, or 6.1%, compared to 2022.
 - Health care expenses decreased \$46 million, or 7.8%, in 2023 compared to 2022.
 - The number of new retirees in 2023 decreased by 18.6% to 6,919, compared to the 8,498 members who retired in 2022 (Traditional Pension Plan).”
- Representatives from Gabriel, Roeder, and Smith & Co. (GRS) presented the December 31, 2023 Pension Actuarial Valuation results that measure OPERS’ financial position and assist the Board in establishing employer and member contribution rates. “As of the December 31, 2023 valuation, based upon the funding value of assets, the funded ratio of the defined benefit portion of OPERS is 84% and the number of years needed to amortize the unfunded actuarial accrued liability is 15 years for all plans (Traditional, Combined and Member Directed) in total.”
- GRS presented a 50-Year Population and Cash Flow Actuarial Projections of Base Retirement Benefits Beginning January 1, 2024.

- Representatives from Meketa Investment Group provided a capital market review and market outlook. This was the first presentation from Meketa, OPERS’ newly selected investment consultant. Meketa reported that OPERS will soon begin a comprehensive asset-liability study that may result in a new long-term policy portfolio. “Based on Meketa’s 2024 Capital Market Assumptions, the OPERS DB investment portfolio is well structured to perform above its 6.90% actuarial objective over the long term.”
- Todd Soots, OPERS Investment Grade Corporate Portfolio Manager, presented information about the Investment Grade Team, governance of the portfolio, investment outlook, performance, and fees.
- Lincoln Carnam, OPERS Senior Investment Analyst, External Public Markets, provided an update on the Defined Contribution (DC) Plan. The DC Plan currently offers investment options that include ten target date funds and seven standalone funds. This summer, OPERS will be adding four new actively managed account options. Members can choose passively or actively managed funds. New active investment options include: U.S. Large Cap, U.S. SMid Cap, MSCI ACWI ex-U.S., Core Bond, and Stable Value, as well as Schwab Brokerage accounts.
- OPERS Deputy Executive Directors Allen Foster and Lauren Gresh, presented an overview and update on the Member Directed Plan. At the end of 2023, 17,133 members (1.6% of OPERS members) have selected a member-directed plan, with a total of \$2,461,965,215 invested in Target Date and Standalone funds.
- Karen Carraher, OPERS Executive Director, reported that OPERS and Ohio Deferred Compensation (ODC) have continued discussions regarding OPERS providing services for ODC for human resources, printing services, mail processing and information technology services.
- Tonya Brown, OPERS Deputy Executive Director provided Health Care Rates for Dental and Vision insurance, as well as the Health Reimbursement Arrangement base allowance for members, effective January 1, 2025. “Premium rates for insurance are as follows:

High Option Dental	2025 Premium	Percent Change
Adult	\$40.11	2.5% increase
Child	\$23.82	2.5% increase
Low Option Dental	2025 Premium	Percent Change
Adult	\$23.80	2.5% increase
Child	\$14.46	2.5% increase
High Option Vision	2025 Premium	Percent Change
Adult	\$4.64	0%
Child	\$3.59	0%
Low Option Vision	2025 Premium	Percent Change
Adult	\$1.95	0%
Child	\$1.36	0%

2025 Approved HRA Base Allowances

Pre-Medicare HRA	2025 Monthly Base Allowance	% Change
Benefit Recipient	\$1,200.00	16.7%*
Medicare HRA	2025 Monthly Base Allowance	%Change
Benefit Recipient	\$400.00	14.3%

*The Pre-Medicare HRA base allowance was scheduled to reduce to \$1,000.00 per month effective January 1, 2025. Maintaining a monthly allowance of \$1,200,00 in 2025, is therefore expressed as an increase in the expected base allowance next year.”

Submitted by Darian Torrance