

State Teachers Retirement System of Ohio Retiree Health Care Benefits Plan

Actuarial Valuation and GASB 74 and 75 Report as of June 30, 2024

Produced by Cheiron

December 2024

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**STATE TEACHERS RETIREMENT SYSTEM OF OHIO
ACTUARIAL VALUATION AND GASB 74/75 REPORTING
FOR JUNE 30, 2024 MEASUREMENT DATE**

SECTION I – VALUATION SUMMARY

Purpose of Valuation Report

The State Teachers Retirement System of Ohio has engaged Cheiron to provide an analysis of its post-employment benefit liabilities as of June 30, 2024. The primary purposes of performing this actuarial valuation are to:

- Determine the Actuarially Determined Contribution (ADC) and the Net OPEB Liability (NOL) of the retiree health benefits using GASB 74 and 75 methodology under the current funding strategy for the current year,
- Provide disclosures for financial statements, and
- Provide projections for the ADC and Unfunded Actuarial Liability.

We have determined costs, liabilities, and trends for the substantive plan using actuarial assumptions and methods that we consider reasonable for the purpose of this report. This report has been prepared in accordance with Ohio Revised Code Section 3307.51(E), which requires the Board to have prepared annually a report giving a full accounting of the revenues and costs related to the provision of benefits under Section 3307.39 of the Revised Code.

GASB’s OPEB Requirements

GASB’s Statement 74 refers to the financial reporting for post-employment benefit plans other than pension plans, and Statement 75 refers to the employer accounting for these plans. Statement 74 is generally applicable where an entity has a separate trust or fund for OPEB benefits. We understand that the State Teachers Retirement System of Ohio (STRS Ohio) has a trust used to fund future OPEB obligations. The GASB No. 74 Statements are effective for the plan year ending June 30, 2017.

Statement 75, which was adopted in the Fiscal Year Ending (FYE) June 30, 2018, requires the employers to book the actuarial cost (net of employee, retiree, and their dependents’ contributions) of the Plan as an expense on its financial statements.

Additional disclosures required by GASB 74 and 75 include a description of the substantive plan, summary of significant accounting policies (which we have not included in this report), contributions, and a statement of funding progress, along with the methods and assumptions used for these disclosures. The GASB 74 and 75 valuation sections are provided in this report.

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SECTION I – VALUATION SUMMARY

Key Valuation Results

Table I-1 below summarizes the June 30, 2024 and June 30, 2023 actuarial valuation results.

Table I-1 Summary of Key Valuation Results		
Valuation Date	June 30, 2024	June 30, 2023
Discount Rate	7.00%	7.00%
Actuarial Liability		
Pre-Medicare in pay members	300,532,387	261,675,609
Medicare in pay members	855,072,998	924,440,060
Current retirees, beneficiaries, and dependents	\$ 1,155,605,385	\$ 1,186,115,669
Pre-Medicare active members	1,591,301,673	1,209,428,387
Medicare active members	512,739,498	434,389,662
Current active members	\$ 2,104,041,171	\$ 1,643,818,049
Pre-Medicare terminated members	8,518,348	7,058,259
Medicare terminated members	1,713,141	1,550,526
Terminated members entitled but not yet eligible	\$ 10,231,489	\$ 8,608,785
Pre-Medicare members	1,900,352,408	1,478,162,255
Medicare members	1,369,525,637	1,360,380,248
Total Actuarial Liability	\$ 3,269,878,045	\$ 2,838,542,503
Health care fund assets	5,166,687,016	4,783,404,347
Unfunded Actuarial Liability (UAL)	\$ (1,896,808,971)	\$ (1,944,861,844)
Funded Ratio	158.01%	168.52%

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Reconciliation of Actuarial Liability

Table I-2 shows a reconciliation of the Actuarial Liability from the prior valuation to this valuation.

Table I-2 Reconciliation of Actuarial Liability (\$ thousands)	
Actuarial Liability at June 30, 2023	\$ 2,838,543
Normal Cost	61,724
Net Benefits paid throughout the year	(90,928)
Interest	199,836
Expected Actuarial Liability at June 30, 2023	<u>\$ 3,009,175</u>
Actuarial Liability at June 30, 2024	3,269,878
(Gain) or Loss	\$ 260,703
(Gain) or Loss due to:	
Census Changes	\$ (64,033)
Premium Changes	155,301
Pension Eligibility Changes	157,669
Subsidy Reimbursement Level Changes	94,935
Assumption Changes	<u>(83,168)</u>
Total changes	<u>\$ 260,703</u>

The *expected value* is what the Actuarial Liability would have been had experience matched all the assumptions between the prior valuation and this valuation.

Census Changes: represents the impact of population changes between the prior valuation and this valuation.

Premium Changes: represents the impact of the difference between actual premiums compared to projected costs using the assumptions from the prior valuation.

Pension Eligibility Changes: refers to the Board’s decision to make permanent the changes to eligibility for an unreduced pension at 34 years of service, and for a reduced pension at 29 years of service.

Subsidy Reimbursement Level Changes: refers to changes to the health care subsidy reimbursement levels, as adopted by the Board at the March and May 2024 meetings.

Assumption Changes: refers to the change in the annual claims and health care trend assumptions. The assumption changes are described in Appendix B – Actuarial Assumptions and Methods.

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Plan Funding

The ADC, calculated in Table I-3 below, is the recommended contribution to the Retiree Health Care Benefits Plan for the reporting period, determined in conformity with Actuarial Standards of Practice. The State Teachers Retirement System of Ohio has elected to define the ADC in a manner consistent with the annual required contribution under the previous GASB 43 accounting rules. The ADC calculation consists of adding the Normal Cost of the Plan to the amortization of the Unfunded Liability. The Normal Cost and Actuarial Liability are determined using a 7.00% discount rate for June 30, 2024 and June 30, 2023, and the Unfunded Actuarial Liability is amortized using an open 30-year amortization period calculated as a level percent of payroll. The ADC for June 30, 2024 and June 30, 2023 was calculated to be zero due to the amortization on the overfunded liability being larger than the normal cost.

Table I-3		
Calculation of Actuarially Determined Contribution (ADC)		
(\$ thousands)		
For Fiscal Year Ending	June 30, 2025	June 30, 2024
Normal cost	\$ 75,534	\$ 61,724
Amortization of UAL	(104,103)	(106,741)
Interest adjustment	(2,000)	(3,151)
Total ADC (not less than \$0)	<u>\$ 0</u>	<u>\$ 0</u>
Projected payroll	\$ 13,657,640	\$ 13,274,839
ADC as a percentage of pay	0.00%	0.00%
Expected/Actual Net Benefit Payments	\$ 166,772	\$ 90,928

We note that the State Teachers Retirement System of Ohio Retiree Health Care Benefits Plan currently does not receive employer or employee contributions. Without contributions to the Plan, the Plan relies on investment returns to fund the payment of benefits into the future.

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SECTION I – VALUATION SUMMARY

Summary of Plan Assets

Table I-4 below summarizes the assets for the OPEB Trust as of June 30, 2024 and June 30, 2023. The actual return on assets for the period ending June 30, 2024 was 10.0%, which was more than the assumed rate of 7.00%.

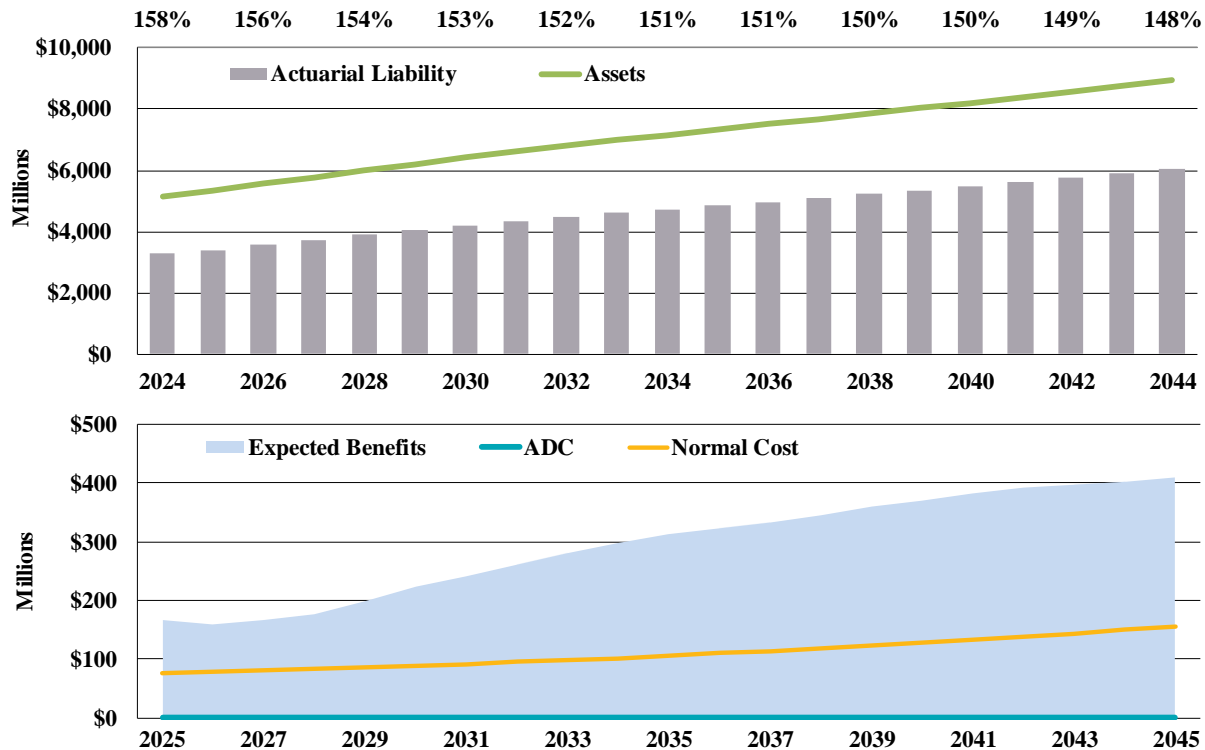
Table I-4 Reconciliation of OPEB Assets		
Fiscal Year Ending	June 30, 2024	June 30, 2023
Additions		
Contributions received		
Employer	\$ 0	\$ 0
Government reimbursements	91,899,603	100,515,326
Total contributions	\$ 91,899,603	\$ 100,515,326
Net investment income	476,300,000	380,700,000
Total Additions	\$ 568,199,603	\$ 481,215,326
Deductions		
Benefit Payments	\$ 333,468,650	\$ 376,360,773
Administrative expense	2,089,579	2,248,067
Benefit recipient healthcare premiums	(150,641,295)	(110,757,927)
Other	0	0
Total Deductions	\$ 184,916,934	\$ 267,850,913
Net increase in net position	\$ 383,282,669	\$ 213,364,413
Net position restricted to OPEB		
Beginning of Year	\$ 4,783,404,347	\$ 4,570,039,934
End of Year	\$ 5,166,687,016	\$ 4,783,404,347
Asset return for the year	10.01%	8.43%
Development of Net Benefit Payments (from table above)		
Benefit Payments	\$ 333,468,650	\$ 376,360,773
Government reimbursements	(91,899,603)	(100,515,326)
Benefit recipient healthcare premiums	(150,641,295)	(110,757,927)
Net Benefit Payments	\$ 90,927,752	\$ 165,087,520

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SECTION I – VALUATION SUMMARY

Funding Projections – Asset Return 7.00% (Baseline Scenario)

Looking beyond 2024, the charts below project the assets and liabilities and the funding costs for the next 20 years. The projection below assumes that no employer or employee contributions are made to the Plan. Without contributions to the Plan, the Plan relies on investment returns to fund the payment of benefits into the future. The projection also assumes the Plan earns 7.00% return each year over the entire period.



The top chart shows the projected Actuarial Liability (grey bars) increasing from \$3.3 billion to \$6.0 billion over the next 20 years. The green line projects the assets in the Plan increasing from \$5.2 billion to approximately \$8.9 billion. The funding percentage is expected to decrease from 158% to 148% over the next 20 years.

The bottom chart shows the annual costs. Benefit payments, net of retiree contributions, are shown by the light blue area and are projected to increase from \$167 million to \$409 million over the next 20 years. The benefit payments are based on an open group of active employees and include new entrants to the Plan. The yellow line represents the normal cost, or the cost of benefits accrued by active members during the year. The normal cost is projected to increase from \$76 million to \$156 million over the next 20 years. The ADC is not shown on this chart because it is projected to remain at zero over the next 20 years due to the amortization on the overfunded actuarial liability being larger than the normal cost.

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SECTION I – VALUATION SUMMARY

Table I-5 below provides the dollar amounts of the measures depicted in the charts on the previous page.

Table I-5 Expected Net Benefits, Assets, AL and ADC Current Funding Policy (\$ thousands)						
Valuation Date as of June 30,	Expected Market Value of Assets	Expected Actuarial Liability	Fiscal Year Ending June 30,	Expected Net Benefit Payments & Administrative Expenses	Expected ADC Amount	
2024	\$ 5,166,687	\$ 3,269,878	2025	\$ 168,925	\$ 0	
2025	5,353,618	3,407,080	2026	162,246	0	
2026	5,560,543	3,563,547	2027	169,350	0	
2027	5,774,604	3,726,293	2028	179,770	0	
2028	5,992,871	3,892,472	2029	200,445	0	
2029	6,205,029	4,051,868	2030	225,037	0	
2030	6,406,601	4,200,117	2031	243,974	0	
2031	6,602,695	4,342,463	2032	264,268	0	
2032	6,791,522	4,477,271	2033	282,850	0	
2033	6,974,347	4,605,981	2034	300,025	0	
2034	7,152,203	4,729,830	2035	315,301	0	
2035	7,326,707	4,850,660	2036	326,302	0	
2036	7,502,047	4,972,913	2037	336,715	0	
2037	7,678,890	5,097,534	2038	349,117	0	
2038	7,855,283	5,222,879	2039	362,539	0	

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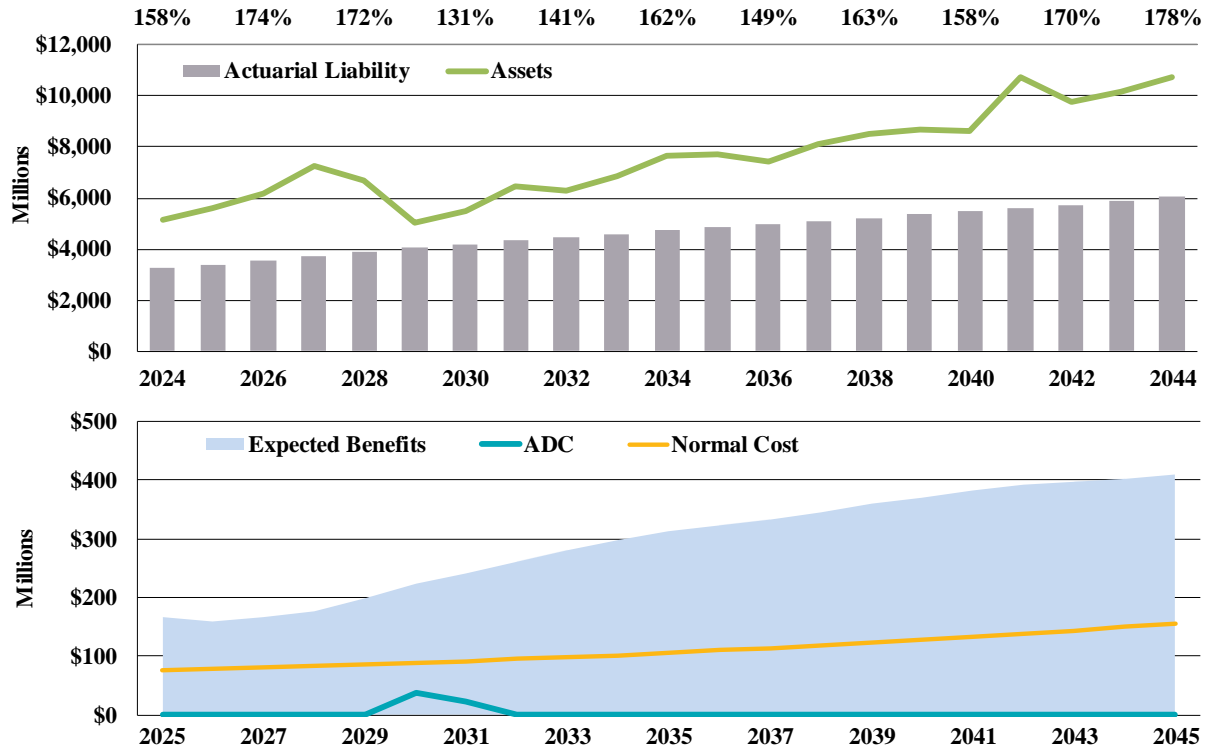
SECTION I – VALUATION SUMMARY

Projected Trends – Variable Asset Returns

As a demonstration of a single scenario of investment volatility, the following projection is included. This scenario is based on the STRS’ pension plans actual returns from July 1, 2004 to June 30, 2024. The annual returns used for this scenario are:

FYE	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Return	11.90%	13.50%	20.60%	-5.60%	-22.00%	13.50%	22.50%	1.70%	13.50%	16.50%
FYE	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Return	5.20%	0.40%	14.10%	9.51%	6.59%	3.62%	29.04%	-5.40%	8.43%	10.01%

The average return over this 20-year period was 7.78%. Projecting these varied returns for the next 20 years shows there can be significant swings in funded status. Further, even though the average return over the period is higher than the current assumption of 7.0% and the funded ratio in 20 years is projected to be higher than in the baseline scenario, the ADC is projected to become positive. As with the baseline scenario, these projections assume that no employer or employee contributions are made to the plan.



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SECTION II – GASB 74 AND 75 SUMMARY

The purpose of the remainder of this report is to provide accounting and financial disclosure information under the Governmental Accounting Standards Board (GASB) Statement No. 74 and 75 for the Other Postemployment Benefits Plan provided by the State Teachers Retirement System of Ohio. This information includes:

- Determination of the discount rate as of June 30, 2024,
- Sensitivity of the Net OPEB Liability to changes in discount rates and health care cost trend rates,
- Note disclosures and required supplementary information under GASB 74 for the Plan, and
- Note disclosures and required supplementary information under GASB 75 for the collective employers.

Highlights

The OPEB Plan is currently funded in an OPEB trust. As a result, this report also contains disclosures required by GASB 74. The measurement date is June 30, 2024, which is used for the Plan’s GASB 74 reporting. The employers’ GASB 75 reporting as of June 30, 2025, is based on the June 30, 2024 measurement date. Measurements are based on the Total OPEB Liability and the fair value of assets as of June 30, 2024.

Table II-1 provides a summary of the key GASB 74/75 results during this measurement period.

Table II-1				
Summary of Key Results				
Reporting Date under GASB 75			6/30/2025	6/30/2024
Reporting Date under GASB 74			6/30/2024	6/30/2023
Measurement Date under GASB 74 and 75			6/30/2024	6/30/2023
Net OPEB Liability	\$	(1,896,809)	\$	(1,944,861)
Deferred Outflows		315,929		293,011
Deferred Inflows		1,141,304		1,579,830
Net Impact on Statement of Net Position	\$	(1,071,434)	\$	(658,042)
OPEB Expense (\$ Amount)	\$	(413,392)	\$	(100,756)
OPEB Expense (% of Payroll)		(3.15%)		(0.79%)

Amounts in Thousands

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SECTION II – GASB 74 AND 75 SUMMARY

At the June 30, 2025 reporting date, the collective employers of the State Teachers Retirement System will report a Net OPEB Liability (NOL) of (\$1,896.8) million, Deferred Outflows of \$315.9 million, and Deferred Inflows of \$1,141.3 million. Consequently, the net impact on the State Teachers Retirement System’s collective employers’ statement of net position due to the Plan would be (\$1,071.4) million at the end of the reporting year. In addition, any contributions between the measurement date and the reporting date would be reported as Deferred Outflows of Resources to offset the cash outflows reported (although no additional contributions are expected).

For the reporting year ending June 30, 2024, the collective annual OPEB expense is (\$413.4) million or (3.15%) of covered-employee payroll. This amount reflects the employer’s contributions to the Plan during the measurement period, \$0, plus the change in the net impact on the collective employers’ statement of net position $[(\$413.4) = \$0 + (\$1,071.4) - (\$658.0)]$. Volatility in OPEB expense from year to year is to be expected. A breakdown of the components of the net OPEB expense is shown in Section VI – GASB 75 Reporting Information of this report.

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SECTION III – CERTIFICATION

This report presents the most recent annual actuarial valuation as of June 30, 2024 and disclosure information under the Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75 for the Other Postemployment Benefits (OPEB) Plan provided by the State Teachers Retirement System of Ohio (STRS Ohio). This report has been prepared in accordance with Ohio Revised Code Section 3307.51(E), which requires the board to have prepared annually a report giving a full accounting of the revenues and costs related to the provision of benefits under section 3307.39 of the Revised Code.

Included in the report are the following supporting schedules prepared by Cheiron to be included in the Financial and Actuarial Sections of the *Annual Comprehensive Financial Report*:

- Financial/Required Supplementary Information
 - Schedule of Changes in Employers’ Net OPEB Liability
 - Schedule of Employers’ Net OPEB Liability
 - Schedule of Employers’ Contributions – OPEB
 - Notes to Required Supplementary Information – OPEB
 - Sensitivity of the Net OPEB Liability to the Discount Rate and Trend Rate Assumptions
- Actuarial
 - Retiree Health Care Member Benefit Coverage Information
 - Key methods and assumptions used in Retiree Health Care Benefits Actuarial Valuation
 - Summary of Membership Data

In preparing our report, we relied on information (some oral and some written) supplied by STRS Ohio. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law. While this report reflects the estimated impact on 2025 benefit recoveries and administrative costs due to the Inflation Reduction Act (IRA), it does not reflect any IRA related future changes beyond that year.

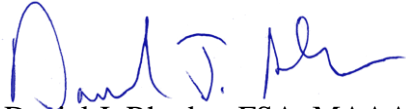
We certify that this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards Nos. 6, 27, 35 and 44. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained

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SECTION III – CERTIFICATION

in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report is for the use of STRS Ohio and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.



Daniel J. Rhodes, FSA, MAAA
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SECTION IV – DETERMINATION OF DISCOUNT RATE

The discount rate as of June 30, 2024 is 7.00%, which is the assumed long-term expected rate of return on plan investments. Projections of the Plan’s Fiduciary Net Position have indicated that it is expected to be sufficient to make projected benefit payments for current plan members following the procedures described in paragraphs 48-53 of GASB Statement 74. As such, the single rate of return, as required by the Statement, is equal to the long-term expected rate of return on the Plan’s assets, which is 7.00%. The prior year’s discount rate was 7.00% based on the assumed long-term expected rate of return on plan investments of 7.00%.

In developing the projection of cash flows used to determine the discount rate, we assumed that no employer or employee contributions would go into the Health Care Fund. Projections indicate that all future net claims will be covered by current plan assets and trust fund earnings on investments. The expected return on the fiduciary net position is assumed to remain at 7.00%. The projected administrative expenses are assumed to grow at 3.00%.

Table IV-1 below summarizes the expected fiduciary net position and total expected net benefit payments for the next 30 years.

Table IV-1 Expected Fiduciary Net Position and Net Benefit Payments (\$ thousands)								
Fiscal Year	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Ending	Fiduciary Net	Contributions	Net Benefits	Net Benefits	Total	Administrative	Investment	Ending
June 30	Position	(b)	Retirees	Future	Net Benefits	Expenses	Earnings	Fiduciary Net
	(a)		(c)	Retirees	(e) = (c) + (d)	(f)	(g)	(h) = (a) + (b) - (e) - (f) + (g)
2024	\$ 4,783,404				\$ 90,928	\$ 2,090	\$ 476,300	\$ 5,166,687
2025	5,166,687	\$ 0	\$ 152,878	\$ 13,894	\$ 166,772	\$ 2,152	\$ 355,856	\$ 5,353,619
2026	5,353,619	0	131,831	28,197	160,028	2,217	369,171	5,560,545
2027	5,560,545	0	121,582	45,483	167,065	2,284	383,411	5,774,607
2028	5,774,607	0	111,792	65,624	177,417	2,353	398,037	5,992,874
2029	5,992,874	0	109,841	88,179	198,020	2,424	412,604	6,205,034
2030	6,205,034	0	109,377	113,093	222,470	2,497	426,612	6,406,679
2031	6,406,679	0	101,722	139,512	241,234	2,572	440,079	6,602,952
2032	6,602,952	0	95,350	165,977	261,328	2,649	453,124	6,792,099
2033	6,792,099	0	90,442	189,240	279,681	2,728	465,730	6,975,420
2034	6,975,420	0	86,989	209,611	296,600	2,810	477,977	7,153,987
2035	7,153,987	0	84,500	227,093	311,593	2,894	489,958	7,329,458
2036	7,329,458	0	81,734	240,546	322,280	2,981	501,870	7,506,067
2037	7,506,067	0	78,515	253,831	332,346	3,070	513,884	7,684,535
2038	7,684,535	0	75,172	269,197	344,369	3,162	525,960	7,862,964
2039	7,862,964	0	71,573	285,802	357,374	3,257	537,999	8,040,332
2040	8,040,332	0	67,720	300,336	368,056	3,355	550,044	8,218,965
2041	8,218,965	0	62,822	315,862	378,684	3,456	562,179	8,399,004
2042	8,399,004	0	57,951	329,862	387,813	3,560	574,464	8,582,095
2043	8,582,095	0	53,193	339,603	392,796	3,667	587,105	8,772,737
2044	8,772,737	0	48,575	349,861	398,436	3,777	600,252	8,970,776
2045	8,970,776	0	44,104	359,277	403,381	3,890	613,941	9,177,446
2046	9,177,446	0	39,803	368,449	408,252	4,007	628,236	9,393,423
2047	9,393,423	0	35,712	377,045	412,757	4,127	643,195	9,619,734
2048	9,619,734	0	31,840	383,624	415,464	4,251	658,940	9,858,959
2049	9,858,959	0	28,244	392,478	420,722	4,379	675,500	10,109,358
2050	10,109,358	0	24,874	400,461	425,336	4,510	692,865	10,372,377
2051	10,372,377	0	21,786	407,701	429,487	4,645	711,129	10,649,374
2052	10,649,374	0	18,954	418,252	437,206	4,784	730,248	10,937,632
2053	10,937,632	0	16,370	430,200	446,570	4,928	750,099	11,236,233
2054	11,236,233	0	14,049	438,105	452,154	5,076	770,804	11,549,807

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SECTION V – GASB 74 REPORTING INFORMATION

Note Disclosures

The tables below show the changes in the Total OPEB Liability (TOL), the Plan Fiduciary Net Position (i.e., fair value of plan assets) (FNP), and the Net OPEB Liability (NOL) during the measurement period ending on June 30, 2024.

Table V - 1 Change in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at 6/30/2023	\$ 2,838,543	\$ 4,783,404	\$ (1,944,861)
Changes for the year:			
Beginning of year service cost	61,724		61,724
Interest	199,836		199,836
Changes of benefits	252,604		252,604
Differences between expected and actual experience	91,268		91,268
Changes of assumptions	(83,168)		(83,168)
Contributions - employer		0	0
Government reimbursements		91,900	(91,900)
Contributions - retired members*		0	0
Net investment income		476,300	(476,300)
Benefit payments	(90,928)	(182,827)	91,900
Administrative expense		(2,090)	2,090
Net changes	<u>431,336</u>	<u>383,283</u>	<u>48,053</u>
Balances at 6/30/2024	<u>\$ 3,269,878</u>	<u>\$ 5,166,687</u>	<u>\$ (1,896,809)</u>

*Beginning in fiscal 2021, health care premiums are reported against health care benefit payments.

Amounts in Thousands

During the measurement year, the NOL increased by approximately \$0.05 billion. The service cost and interest cost increased the NOL by approximately \$0.26 billion, while investment gains offset by administrative expenses decreased the NOL by approximately \$0.47 billion.

There were changes in benefits during the year, which increased the TOL by approximately \$0.25 billion. There were changes in assumptions during the measurement year, which decreased the TOL by approximately \$0.08 billion. There was a liability loss during the year due to experience, which increased the TOL by \$0.09 billion.

Changes in NOL due to Plan changes are recognized immediately. Changes in NOL due to actuarial gains and losses as well as assumption changes are recognized over the average remaining service life, determined at the beginning of each measurement period, which is eight years as of both the current and prior measurement period for the Plan. The change in NOL due to investment gains and losses is recognized in OPEB expense over five years, beginning in the year of occurrence. Unrecognized amounts are reported as deferred outflows and inflows of resources.

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SECTION V – GASB 74 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

Table V - 2			
Sensitivity of Net OPEB Liability to Changes in Discount Rate			
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 3,624,456	\$ 3,269,878	\$ 2,961,318
Plan Fiduciary Net Position	5,166,687	5,166,687	5,166,687
Net OPEB Liability	<u>\$ (1,542,231)</u>	<u>\$ (1,896,809)</u>	<u>\$ (2,205,369)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	142.6%	158.0%	174.5%

Amounts in Thousands

A one percent decrease in the discount rate increases the TOL by approximately 11% and increases the NOL by approximately 19%. A one percent increase in the discount rate decreases the TOL by approximately 9% and decreases the NOL by approximately 16%.

Changes in health care trends also affect the measurement of the TOL. Lower health care trends produce lower TOL, and higher health care trends produce a higher TOL. The table below shows the sensitivity of the NOL to health care trends.

Table V - 3			
Sensitivity of Net OPEB Liability to Changes in Health Care Cost Trend Rates			
	1% Decrease	Health Care Trend	1% Increase
Total OPEB Liability	\$ 2,940,475	\$ 3,269,878	\$ 3,666,028
Plan Fiduciary Net Position	5,166,687	5,166,687	5,166,687
Net OPEB Liability	<u>\$ (2,226,212)</u>	<u>\$ (1,896,809)</u>	<u>\$ (1,500,659)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	175.7%	158.0%	140.9%

Amounts in Thousands

A one percent decrease in health care trends decreases the TOL by approximately 10% and decreases the NOL by approximately 17%. A one percent increase in health care trends increases the TOL by approximately 12% and increases the NOL by approximately 21%.

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SECTION V – GASB 74 REPORTING INFORMATION

Required Supplementary Information

The schedules of required supplementary information generally start with information as of the implementation of GASB 74 and eventually will build up to 10 years of information. The schedules below show the changes in NOL and related ratios required by GASB.

Table V - 4A Schedule of Changes in Net OPEB Liability and Related Ratios				
	FYE 2024	FYE 2023	FYE 2022	FYE 2021
<u>Total OPEB Liability</u>				
Beginning of year service cost (including retired member contributions for FYE2021 and prior)	\$ 61,724	\$ 26,796	\$ 38,323	\$ 30,123
Interest (includes interest on service cost)	199,836	134,747	196,820	167,884
Changes of benefit terms	252,604	628,670	246,059	556,994
Differences between expected and actual experience	91,268	3,465	(94,797)	(116,611)
Changes of assumptions	(83,168)	229,246	(1,131,159)	130,045
Benefit payments net of premiums and reimbursements	(90,928)	(165,088)	(95,860)	(86,912)
Net change in total OPEB liability	\$ 431,336	\$ 857,836	\$ (840,614)	\$ 681,523
Total OPEB liability - beginning	2,838,543	1,980,707	2,821,321	2,139,798
Total OPEB liability - ending	\$ 3,269,878	\$ 2,838,543	\$ 1,980,707	\$ 2,821,321
<u>Plan fiduciary net position</u>				
Contributions - employer	\$ 0	\$ 0	\$ 0	\$ 0
Government reimbursements	91,900	100,515	97,712	96,478
Contributions - retired members*	-	-	-	-
Net investment income	476,300	380,700	(261,500)	1,121,700
Benefit payments	(182,827)	(265,603)	(193,572)	(183,390)
Administrative expense	(2,090)	(2,248)	(2,340)	(2,344)
Net change in plan fiduciary net position	\$ 383,283	\$ 213,364	\$ (359,700)	\$ 1,032,444
Plan fiduciary net position - beginning	4,783,404	4,570,040	4,929,740	3,897,296
Plan fiduciary net position - ending	\$ 5,166,687	\$ 4,783,404	\$ 4,570,040	\$ 4,929,740
Net OPEB liability - ending	\$ (1,896,809)	\$ (1,944,861)	\$ (2,589,333)	\$ (2,108,419)
Plan fiduciary net position as a percentage of the total OPEB liability	158.01%	168.52%	230.73%	174.73%
Covered payroll	\$ 13,118,569	\$ 12,733,104	\$ 12,224,438	\$ 11,610,016
Net OPEB liability as a percentage of covered employee payroll	-14.46%	-15.27%	-21.18%	-18.16%

*Beginning in fiscal 2021, health care premiums are reported against health care benefit payments.

Amounts in Thousands



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Table V - 4B				
Schedule of Changes in Net OPEB Liability and Related Ratios				
	FYE 2020	FYE 2019	FYE 2018	FYE 2017
<u>Total OPEB Liability</u>				
Beginning of year service cost (including retired member contributions for FYE2021 and prior)	\$ 324,526	\$ 338,776	\$ 633,316	\$ 225,094
Interest (includes interest on service cost)	174,040	164,544	320,157	277,562
Changes of benefit terms	428,480	53,985	(3,340,847)	(1,065,892)
Differences between expected and actual experience	(329,525)	(7,285)	(109,227)	262,764
Changes of assumptions	(264,958)	40,616	(2,248,888)	(366,671)
Benefit payments net of premiums and reimbursements	(408,683)	(489,169)	(517,470)	(489,101)
Net change in total OPEB liability	\$ (76,120)	\$ 101,467	\$ (5,262,959)	\$ (1,156,244)
Total OPEB liability - beginning	2,215,918	2,114,451	7,377,410	8,533,654
Total OPEB liability - ending	\$ 2,139,798	\$ 2,215,918	\$ 2,114,451	\$ 7,377,410
<u>Plan fiduciary net position</u>				
Contributions - employer	\$ 0	\$ 0	\$ 0	\$ 0
Government reimbursements	81,876	84,789	107,197	79,357
Contributions - retired members*	295,779	312,842	329,305	339,056
Net investment income	140,299	244,699	328,965	440,196
Benefit payments	(490,559)	(489,169)	(517,470)	(565,962)
Administrative expense	(2,257)	(2,352)	(2,427)	(2,496)
Net change in plan fiduciary net position	\$ 25,138	\$ 150,809	\$ 245,570	\$ 290,151
Plan fiduciary net position - beginning	3,872,158	3,721,349	3,475,779	3,185,628
Plan fiduciary net position - ending	\$ 3,897,296	\$ 3,872,158	\$ 3,721,349	\$ 3,475,779
Net OPEB liability - ending	\$ (1,757,498)	\$ (1,656,240)	\$ (1,606,898)	\$ 3,901,631
Plan fiduciary net position as a percentage of the total OPEB liability	182.13%	174.74%	176.00%	47.11%
Covered payroll	\$ 11,392,013	\$ 11,088,785	\$ 10,775,526	\$ 10,767,964
Net OPEB liability as a percentage of covered employee payroll	-15.43%	-14.94%	-14.91%	36.23%

*Beginning in fiscal 2021, health care premiums are reported against health care benefit payments.

Amounts in Thousands

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SECTION V – GASB 74 REPORTING INFORMATION

We have provided the FYE 2017 through FYE 2024 columns in the schedule of employer contributions below. An additional year will be added each year until a full ten-year history is shown in this schedule.

Table V - 5 Schedule of Employer Contributions									
	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	
Actuarially Determined Contribution (ADC)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 239,430	
Actual Contribution related to ADC	0	0	0	0	0	0	0	0	
Contribution Deficiency/(Excess) relative to ADC	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 239,430	
Covered-Payroll (Pay)	\$ 13,118,569	\$ 12,733,104	\$ 12,224,438	\$ 11,610,016	\$ 11,392,013	\$ 11,088,785	\$ 10,775,526	\$ 10,767,964	
Actual Contributions as % of Pay	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

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SECTION VI – GASB 75 REPORTING INFORMATION

The schedules in this section provide the collective information the participating employers in the State Teachers Retirement System will use to report under GASB 75 for reporting as of June 30, 2025. The impact of experience gains or losses and assumption changes on the TOL are recognized in the collective expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, this recognition period was eight years.

The table below summarizes the current balances of Deferred Outflows of Resources and Deferred Inflows of Resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter if any.

Table VI - 1		
Schedule of Deferred Inflows and Outflows of Resources as of June 30, 2024 Measurement Date		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,458	\$ 204,411
Changes in assumptions	233,471	855,449
Net difference between projected and actual earnings on OPEB plan investments	0	81,444
Total	\$ 315,929	\$ 1,141,304
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:		
Year ended June 30:		
2025	(289,966)	
2026	(127,796)	
2027	(163,496)	
2028	(152,088)	
2029	(123,139)	
Thereafter	\$	31,110

Amounts in Thousands

**STATE TEACHERS RETIREMENT SYSTEM OF OHIO
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SECTION VI – GASB 75 REPORTING INFORMATION

Table VI – 2 below provides details on the current balances of deferred inflows and outflows of resources, the recognition of each base for future years.

Table VI - 2 Schedule of Deferred Inflows and Outflows of Resources as of June 30, 2024 Measurement Date												
Recognition of Experience (Gains) and Losses												
Experience	Recognition	Total	BOY Remaining	EOY Remaining	Recognition Year							
Year	Period	Amount	Amount	Amount	2024	2025	2026	2027	2028	2029	2030	2031
2024	8.00	\$ 91,268	\$ 91,268	\$ 79,859	\$ 11,409	\$ 11,409	\$ 11,409	\$ 11,409	\$ 11,409	\$ 11,409	\$ 11,409	\$ 11,405
2023	8.00	\$ 3,465	\$ 3,032	\$ 2,599	\$ 433	\$ 433	\$ 433	\$ 433	\$ 433	\$ 433	\$ 434	\$ -
2022	8.00	\$ (94,797)	\$ (71,097)	\$ (59,247)	\$ (11,850)	\$ (11,850)	\$ (11,850)	\$ (11,850)	\$ (11,850)	\$ (11,847)	\$ -	\$ -
2021	7.00	\$ (116,611)	\$ (66,634)	\$ (49,975)	\$ (16,659)	\$ (16,659)	\$ (16,659)	\$ (16,657)	\$ -	\$ -	\$ -	\$ -
2020	7.00	\$ (329,525)	\$ (141,225)	\$ (94,150)	\$ (47,075)	\$ (47,075)	\$ (47,075)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	7.00	\$ (7,285)	\$ (2,080)	\$ (1,039)	\$ (1,041)	\$ (1,039)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	7.00	\$ (109,227)	\$ (15,603)	\$ -	\$ (15,603)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recognition of liability gains and losses			\$ (202,339)	\$ (121,953)	\$ (80,386)	\$ (64,781)	\$ (63,742)	\$ (16,665)	\$ (8)	\$ (5)	\$ 11,843	\$ 11,405
Recognition of Assumption Changes												
Experience	Recognition	Total	BOY Remaining	EOY Remaining	Recognition Year							
Year	Period	Amount	Amount	Amount	2024	2025	2026	2027	2028	2029	2030	2031
2024	8.00	\$ (83,168)	\$ (83,168)	\$ (72,772)	\$ (10,396)	\$ (10,396)	\$ (10,396)	\$ (10,396)	\$ (10,396)	\$ (10,396)	\$ (10,396)	\$ (10,396)
2023	8.00	\$ 229,246	\$ 200,590	\$ 171,934	\$ 28,656	\$ 28,656	\$ 28,656	\$ 28,656	\$ 28,656	\$ 28,656	\$ 28,656	\$ -
2022	8.00	\$ (1,131,159)	\$ (848,369)	\$ (706,974)	\$ (141,395)	\$ (141,395)	\$ (141,395)	\$ (141,395)	\$ (141,395)	\$ (141,394)	\$ -	\$ -
2021	7.00	\$ 130,045	\$ 74,311	\$ 55,733	\$ 18,578	\$ 18,578	\$ 18,578	\$ 18,577	\$ -	\$ -	\$ -	\$ -
2020	7.00	\$ (264,958)	\$ (113,554)	\$ (75,703)	\$ (37,851)	\$ (37,851)	\$ (37,852)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	7.00	\$ 40,616	\$ 11,606	\$ 5,804	\$ 5,802	\$ 5,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	7.00	\$ (2,248,888)	\$ (321,268)	\$ -	\$ (321,268)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recognition of assumption changes			\$ (1,079,852)	\$ (621,978)	\$ (457,874)	\$ (136,604)	\$ (142,409)	\$ (104,558)	\$ (123,135)	\$ (123,134)	\$ 18,258	\$ (10,396)
Recognition of Investment (Gains) and Losses												
Experience	Recognition	Total	BOY Remaining	EOY Remaining	Recognition Year							
Year	Period	Amount	Amount	Amount	2024	2025	2026	2027	2028	2029	2030	2031
2024	5.00	\$ (144,717)	\$ (144,717)	\$ (115,774)	\$ (28,943)	\$ (28,943)	\$ (28,943)	\$ (28,943)	\$ (28,945)			
2023	5.00	\$ (66,654)	\$ (53,323)	\$ (39,992)	\$ (13,331)	\$ (13,331)	\$ (13,331)	\$ (13,330)	\$ -			
2022	5.00	\$ 603,145	\$ 361,887	\$ 241,258	\$ 120,629	\$ 120,629	\$ 120,629	\$ -	\$ -			
2021	5.00	\$ (834,676)	\$ (333,871)	\$ (166,936)	\$ (166,935)	\$ (166,936)	\$ -	\$ -	\$ -			
2020	5.00	\$ 143,887	\$ 28,779	\$ -	\$ 28,779	\$ -	\$ -	\$ -	\$ -			
Recognition of investment gains and losses			\$ (141,245)	\$ (81,444)	\$ (59,801)	\$ (88,581)	\$ 78,355	\$ (42,273)	\$ (28,945)			
Total (Gains) and Losses		Total	Remaining Amounts		Recognition Year							
		Amount	BOY	EOY	2024	2025	2026	2027	2028	2029	2030	2031
Total (Gains) and Losses		\$ (4,189,993)	\$ (1,423,436)	\$ (825,375)	\$ (598,061)	\$ (289,966)	\$ (127,796)	\$ (163,496)	\$ (152,088)	\$ (123,139)	\$ 30,101	\$ 1,009

Amounts in Thousands



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SECTION VI – GASB 75 REPORTING INFORMATION

Annual OPEB Expense

The annual OPEB expense can be calculated in two different ways. First, it is the change in the amounts reported on the employers' collective Statement of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in the Net OPEB Liability minus the change in Deferred Outflows plus the change in Deferred Inflows plus employer contributions.

Alternatively, annual OPEB expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table on the next page, we believe it helps to understand the level and volatility of the OPEB expense.

In the calculation of OPEB expense by individual components, there are three separate sections.

- First, there are components referred to as operating expenses. These are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the measurement year, and administrative expenses are the cost of operating the Plan for the year.
- Second, there are the financing expenses: the interest on the Total OPEB Liability less the expected return on assets.
- The final category is changes. This category will drive most of the volatility in OPEB expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

The table on the following page shows the development of the OPEB expense through both of these methodologies. In addition, to the information shown below, any contributions between the measurement date and the reporting date would be reported as Deferred Outflows of Resources to offset the cash outflows reported.

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SECTION VI – GASB 75 REPORTING INFORMATION

**Table VI - 3
Calculation of OPEB Expense**

Fiscal Year	Measurement Year Ending	
	2024	2023
Change in Net OPEB Liability	\$ 48,052	\$ 644,472
Change in Deferred Outflows	(22,918)	(96,632)
Change in Deferred Inflows	(438,526)	(648,596)
Employer Contributions	<u>0</u>	<u>0</u>
OPEB Expense	\$ (413,392)	\$ (100,756)
OPEB Expense as % of Payroll	(3.15%)	(0.79%)
Operating Expenses		
Service cost	\$ 61,724	\$ 26,796
On behalf contributions	(91,900)	(100,515)
Retired members contributions	-	-
Benefits Paid by on Behalf	91,900	100,515
Administrative expenses	<u>2,090</u>	<u>2,248</u>
Total	\$ 63,814	\$ 29,044
Financing Expenses		
Interest cost	\$ 199,836	\$ 134,747
Expected return on assets	<u>(331,585)</u>	<u>(314,046)</u>
Total	\$ (131,749)	\$ (179,299)
Changes		
Benefit changes	\$ 252,604	\$ 628,670
Recognition of assumption changes	(457,874)	(499,859)
Recognition of liability gains and losses	(80,386)	(54,260)
Recognition of investment gains and losses	<u>(59,801)</u>	<u>(25,052)</u>
Total	\$ (345,457)	\$ 49,499
OPEB Expense	\$ (413,392)	\$ (100,756)

Amounts in Thousands

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APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Total OPEB Liability (TOL) as of June 30, 2024 was provided by the State Teachers Retirement System.

Table A-1 Data Exhibit			
	June 30, 2024	June 30, 2023	% Change
Active Participants			
Number	174,832	175,028	-0.1%
Average age	44.56	44.4	0.4%
Average years of service	13.46	13.34	0.9%
Projected payroll (in thousands)	\$ 13,657,640	\$ 13,274,839	2.9%
Average expected retirement age	62.3	62.6	-0.6%
Retirees Enrolled in Health Care			
Number of retirees	92,766	93,578	-0.9%
Average age of retirees	75.7	75.3	0.5%
Numbers of spouses and dependents (excluding children)	11,416	11,496	-0.7%
Average age of spouses	75.8	75.6	0.3%
Surviving Spouses Enrolled in Health Care			
Number	3,915	4,045	-3.2%
Average age	83.52	83.3	0.3%
Terminated Members			
Number of terminated members	21,417	20,908	2.4%
Average age	50.5	50.5	0.0%
Number of terminated members eligible	2,234	2,432	-8.1%
Average age	55.5	57.2	-3.0%

Active Member Data as of June 30, 2024

Table A-2 Counts by Age & Service											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	3,229	3,917	0	0	0	0	0	0	0	0	7,146
25 to 29	1,750	9,499	3,744	0	0	0	0	0	0	0	14,993
30 to 34	1,484	4,733	8,086	3,748	0	0	0	0	0	0	18,051
35 to 39	1,523	4,037	4,330	8,544	3,388	0	0	0	0	0	21,822
40 to 44	1,356	3,787	3,786	4,610	9,232	4,038	1	0	0	0	26,810
45 to 49	1,049	2,832	2,646	3,029	3,739	9,391	4,083	0	0	0	26,769
50 to 54	779	2,225	2,118	2,362	2,581	3,748	8,930	2,919	0	0	25,662
55 to 59	554	1,452	1,358	1,514	1,933	2,464	3,441	4,821	455	0	17,992
60 to 64	427	895	824	972	1,154	1,660	1,801	1,615	498	87	9,933
65 to 69	355	565	416	343	354	436	424	346	215	76	3,530
70 & up	374	488	289	177	128	129	117	137	152	133	2,124
Total	12,880	34,430	27,597	25,299	22,509	21,866	18,797	9,838	1,320	296	174,832

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APPENDIX A – MEMBERSHIP INFORMATION

Table A-3 Reconciliation of Members							
	Active	Retired	Surviving Spouse	Disabled	Spouse of Retiree	Term Vested	Total
June 30, 2023	175,028	90,669	4,045	2,909	11,496	20,908	305,055
Changes due to:							
Active							
To Retired	(1,840)	1,840	-	-	-	-	-
To Disabled	(18)	-	-	18	-	-	-
To Term Vested	(3,151)	-	-	-	-	3,151	-
Disabled							
To Active	6	-	-	(6)	-	-	-
To Retired	-	16	-	(16)	-	-	-
Spouse of Retiree							
To Surviving Spouse	-	-	262	-	(262)	-	-
Term Vested							
To Active	1,099	-	-	-	-	(1,099)	-
To Retired	-	70	-	-	-	(70)	-
Additions-New Hires	13,958	-	-	-	-	-	13,958
Additions-Other	4,131	1,142	37	55	829	42	6,236
Departures	(14,381)	(3,712)	(429)	(219)	(647)	(1,515)	(20,903)
June 30, 2024	174,832	90,025	3,915	2,741	11,416	21,417	304,346

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions for this valuation were selected based on recent experience and expectations for the future. Demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed (report dated and accepted March 11, 2022) covering the period from July 1, 2015 to June 30, 2021, with changes going into effect June 30, 2022.

Economic Assumptions

- 1. Expected Return on Assets** 7.00% per year net of administrative and investment expenses, based on the long-term rate of return on invested plan assets

- 2. Municipal Bond Yield** 3.93% as of June 30, 2024
Bond Buyer 20-Bond GO Index as of June 27, 2024

- 3. Discount Rate** 7.00%, based on a blend of 3.93% municipal bond yield rate and the expected return on invested plan assets. The assets are sufficient to cover all expected benefits, thus the long-term rate of return is used.

- 4. Payroll Increase Rate** 3.00% per year for purposes of attributing individual costs under the Entry Age actuarial cost method

- 5. Salary Increase Rate** Varies by service from 2.5% to 8.5%

- 6. Per Person Health Care Cost Trends**

Medical trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2024_1b was used for this valuation. The following assumptions were used as input variables into this model:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.50%
Rate of Growth in Real Income/GDP per capita 2033+	1.40%
Extra Trend due to Taste/Technology 2033+	0.90%
Expected Health Share of GDP 2033	19.8%
Health Share of GDP Resistance Point	17.7%
Year for Limiting Cost Growth to GDP Growth	2044

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

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Short-term trends, i.e., the first 4 years of trends that were inputted in the SOA Long-Run Medical Cost Trend Model were set based on STRS historical trends for medical and prescription drug (Rx), and anticipated health care market changes. The table below summarizes the short-term trends by Calendar Year (CY) (e.g., 2025 trend is the increase from CY2025 to CY 2026) and coverage type. Note that trends are applicable to underlying gross cost, meaning prior to recognizing any recoveries or subsidies for the Part D Employee Group Waiver Program (EGWP) plans, and prior to recognizing the CMS revenue for the Medicare Advantage plans.

Year	Medical Non-Medicare	Rx Non-Medicare	Medical Medicare	Rx Medicare	CMS Revenue
2025	7.5%	8.0%	7.0%	9.0%	8.9%
2026	7.0%	7.5%	6.5%	8.0%	6.5%
2027	6.2%	7.0%	6.2%	7.0%	6.2%
2028	5.6%	6.0%	5.6%	6.0%	5.6%

The CMS revenue trend is assumed match the medical Medicare trend thereafter.

The table below shows the annual rates applied to the claims curves when projecting liabilities. These are by Fiscal Year, and labeled based on valuation year (e.g., Year 2024 is the first year of trend, increasing the FYB 2024 claims costs and expenses to FYB 2025).

Year	Medical + Prescription		Premium + Subsidy	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
2024	7.58%	-9.85%	7.58%	-0.11%
2025	7.08%	11.51%	7.08%	9.26%
2026	6.32%	10.83%	6.32%	8.44%
2027	5.66%	22.04%	5.66%	14.75%
2028	5.48%	19.45%	5.48%	13.71%
2029	5.36%	8.73%	5.36%	7.25%
2030	5.24%	8.25%	5.24%	6.95%
2031	5.11%	7.82%	5.11%	6.67%
2032	4.99%	7.43%	4.99%	6.41%
2033	4.87%	6.87%	4.87%	6.00%
2034	4.55%	6.27%	4.55%	5.55%
2035	4.34%	5.90%	4.34%	5.28%
2036	4.23%	5.69%	4.23%	5.12%
2037	4.17%	5.54%	4.17%	5.01%
2038	4.13%	5.43%	4.13%	4.93%
2039	4.10%	4.10%	4.10%	4.10%
2040	4.08%	4.08%	4.08%	4.08%
2041	4.06%	4.06%	4.06%	4.06%
2042	4.05%	4.05%	4.05%	4.05%
2043	3.99%	3.99%	3.99%	3.99%
2044+	3.94%	3.93%	3.94%	3.94%

The ultimate trend rate reflects an assumed nominal per capita GDP growth.

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7. Changes Since the Last Valuation

Health care trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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Demographic Assumptions

1. Retirement Rates

The age and service credit requirements for pension eligibility are as follows:

Retirement Effective Date	Reduced Retirement	Unreduced Retirement
7/1/2015	Age 55 and 26 years	30 years
8/1/2015 - 7/1/2017	Age 55 and 26 years	31 years
8/1/2017 - 7/1/2019	Age 55 and 27 years	32 years
8/1/2019 - 7/1/2021	Age 55 and 28 years	33 years
8/1/2021 - 7/1/2023	Age 55 and 29 years	34 years
8/1/2023 - 5/1/2024	Age 55 and 30 years	34 years
6/1/2024	Age 55 and 29 years	34 years

After meeting pension eligibility requirements, the following rates apply based on the Plan and type of retirement (reduced or unreduced).

Combined Plan		
Age	Male	Female
60	10.00%	10.00%
61-63	10.00%	15.00%
64	18.00%	20.00%
65	25.00%	30.00%
66	10.00%	25.00%
67	10.00%	15.00%
68	10.00%	15.00%
69-74	15.00%	15.00%
75	100.00%	100.00%

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Age	Reduced Retirement		Unreduced Retirement	
	Male	Female	Male	Female
<= 49	2.00%	2.00%	20.00%	20.00%
50-51	2.00%	2.00%	20.00%	20.00%
52	3.00%	3.00%	20.00%	20.00%
53	5.00%	5.00%	20.00%	20.00%
54	9.00%	9.00%	20.00%	20.00%
55	12.00%	13.00%	23.00%	18.00%
56	10.00%	11.00%	20.00%	20.00%
57	10.00%	11.00%	18.00%	20.00%
58	8.00%	10.00%	22.00%	22.00%
59	11.00%	10.00%	23.00%	26.00%
60	6.50%	9.00%	21.00%	28.00%
61	8.00%	10.00%	20.00%	28.00%
62	8.00%	11.00%	20.00%	28.00%
63	10.00%	12.00%	20.00%	30.00%
64	15.00%	25.00%	24.00%	30.00%
65	N/A	N/A	28.00%	36.00%
66	N/A	N/A	23.00%	28.00%
67	N/A	N/A	22.00%	26.00%
68	N/A	N/A	20.00%	25.00%
69	N/A	N/A	21.00%	25.00%
70-71	N/A	N/A	22.00%	25.00%
72	N/A	N/A	24.00%	25.00%
73	N/A	N/A	20.00%	25.00%
74	N/A	N/A	23.00%	28.00%
75+	N/A	N/A	100.00%	100.00%

For terminated members: we assumed 100% at age 62 or the first age at which unreduced benefits are available.

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2. Rates of Termination/Withdrawal

Vested Termination Rate Withdrawal* **			
Age	Male	Female	Disability
20	6.00%	6.00%	0.007%
30	2.70%	3.55%	0.007%
40	1.75%	1.40%	0.035%
50	1.95%	1.60%	0.126%
60	4.00%	3.60%	0.175%

**Termination rates stop at first retirement eligibility.*

*** During the first five years of service, the following rates apply:*

Non-Vested Termination Rate		
Service	Male	Female
< 1 Year	40.00%	35.00%
1-2 Years	16.00%	15.00%
2-3 Years	12.00%	8.00%
3-5 Years	9.00%	8.00%

3. Rates of Mortality

Pre-Retirement: Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020.

Healthy Mortality: Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020.

Disabled Mortality: Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

4. Percent of Retirees Electing Coverage

- 65% of future eligible service retirees and 65% of future eligible disabled retirees are assumed to elect coverage.
- 100% of combined plan and 20% of defined benefit plan future inactive vested participants are assumed to cash out.
- 30% of inactive vested participants who do not cash out are assumed to elect coverage.
- Current and future participants for whom the value of the benefits received is less than their contribution are assumed to drop coverage.

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5. Benefit Elections

Below is a summary of the medical plan election rates for future retirees by Medicare status.

Pre-Medicare Medical Plans	Benefit Election Rate
Aetna Basic PPO	100.0%

Medicare Medical Plans	Benefit Election Rate
Aetna Medicare Advantage	99.5%
Aetna Basic PPO	0.5%

These weights were used to blend premium rates developed by Wakely, less applicable subsidies, discounts, and rebates (the “Recoveries”), to estimate individual retiree and spouse costs by age and gender.

6. Spousal Coverage

Of those future retirees who elect to continue health coverage, 20% were assumed to have an eligible spouse who also opts for health coverage at that time.

7. Dependent Age

For current retirees, the actual spouse date of birth was used when available. For future retirees, male retirees are assumed to be three-years older than their partners, and female retirees are assumed to be one-year younger than their partners.

8. Administrative Expenses

Health plan administrative expenses are included in the per capita claims costs.

9. Changes Since the Last Valuation

Retirement rates were extended to younger ages intended to ensure that the changes in retirement eligibility impacted participants at such ages.

10. Rationale for Assumptions

The assumptions were adopted by the Board of Trustees at their February 17, 2022 meeting. The demographic assumptions adopted are based on an experience study covering the period from July 1, 2015 through June 30, 2021 (report dated and accepted March 11, 2022). Other assumptions related specifically to participation in the health plan, were reviewed and updated based on recent experience and benefit elections projected by STRS.

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Claim and Expense Assumptions

The claims costs are developed based on CY 2024 and CY 2025 projected premiums provided by STRS Ohio and developed by its vendor (Wakely, Aetna, CVS). For the Part D EGWP plans, claims costs are defined as the Plan cost net of all recoveries (i.e., net of Rx rebates, Gap Discount rebates, Part D direct subsidy, Low-income cost share, and Federal Reinsurance), using the gross paid claims Per Member Per Month (PMPM), the Rx rebates and pharma Gap Discounts PMPM, and the CMS Part D Direct subsidy and Federal Reinsurance payment PMPM as projected by Wakely and documented in Wakely’s 2025 Final Self Funded Rates memo dated August 7, 2024. For each plan (e.g., Basic vs. Aetna’s Medicare Advantage), each benefit (i.e., medical vs. Rx), and each population (i.e., Non-Medicare vs Medicare A&B vs. Medicare B only) we calculate the projected FYE 2025 rate PMPM as the average of the CY 2024 and CY 2025 rate. Using the June 30, 2024 retiree membership distribution by plan and population, we calculate four rates: a Non-Medicare Eligible (NME) medical rate, a NME Rx rate, a Medicare Eligible (ME) medical rate, and a ME Rx rate. The resulting PMPM rates are then adjusted using Cheiron’s proprietary age curves.

1. Average Annual Claims and Expense Assumptions

The following 7/1/2024-6/30/2025 claims costs were developed based on:

- The average of the 2024 and 2025 premium rates the State Teachers Retirement System pays its vendors,
- The average Wakely’s projected 2024 and 2025 Employer Group Waiver Program (EGWP) Recoveries that the State Teachers Retirement System is expected to receive for CY 2024 and CY 2025 prescription filled dates, and

All rates were converted from a Per Adult or Per Child rate to a composite Per Person rate. A child load of 3.05% for medical and 1.85% for Rx was added onto the NME pre-65 claims and expenses to account for the fact that only adults are inputted in the valuation system, ProVal.

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Average Claim and Expense Assumptions:

For Fiscal Year 7/1/2024-6/30/2025:

Fiscal Year Ending 6/30/2025 Average Claim and Expense Assumptions				
Age	Non-Medicare		Medicare	
	Male	Female	Male	Female
40	\$4,968	\$8,499	\$1,256	\$1,207
45	\$6,540	\$8,977	\$1,809	\$1,738
50	\$8,524	\$10,373	\$2,296	\$2,205
55	\$10,920	\$12,615	\$2,516	\$2,417
60	\$13,729	\$14,821	\$2,372	\$2,279
64	\$16,273	\$15,275	\$1,996	\$1,917
65	\$16,170	\$15,184	\$1,209	\$1,182
70	\$17,973	\$16,914	\$1,357	\$1,233
75	\$19,950	\$18,823	\$1,310	\$1,201
80	\$22,112	\$20,924	\$1,168	\$1,121
85	\$24,472	\$23,237	\$1,007	\$1,022

2. Retiree Contributions

A weighted average total cost across the Plans shown above is used as the STRS Ohio subsidy. These amounts are assumed to increase with health trends.

Weighted Average Premiums	
Pre-65 retirees	\$ 15,336.00
Retirees age 65+	\$ 1,915.51

3. Medicare Part D Subsidy

The Medicare Part D direct subsidy is assumed to be \$117 in 2025 and to increase by 3% for the next 15 years; subsequently, the Part D Direct subsidy is implicitly trended when the trends showed above in this report are applied to the net Medicare Rx claims and expenses. Per GASB guidance, RDS Part D Subsidies are not reflected in valuations.

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4. Medicare Eligibility

All retirees who turn age 65 are assumed to be eligible for Medicare.

5. Geography

Implicitly assumed to remain the same as current retirees.

6. Changes Since the Last Valuation

Per capita health care costs were updated based on recent experience, as described above.

Disclosure of Models Used

ProVal

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, Normal Costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

Getzen Trend Model

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2024_1b. We have relied on the Society of Actuaries as the developer of the Model. We have reviewed the Model and have a basic understanding of the Model and have used the Model in accordance with its original intended purpose. We have not identified any material inconsistencies in the assumptions or output of the Model that would affect this report.

Projection Model

Projections in this report were developed using H-Scan, our proprietary tool for developing deterministic projections to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan.

The H-Scan projection uses standard roll-forward techniques that implicitly assume a stable active population. Changes in the demographic characteristics of the active population will lead to different results.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of Key Substantive Plan Provisions

Eligibility

The eligibility requirements for access to retiree health care benefits coverage and premium subsidies are as follows:

Service Retiree Who Retires Before August 2023

If with 15 or more years of service, then retirees receive access to health care coverage and a premium subsidy if they enroll.

If with less than 15 years of service and a benefit effective date prior to January 1, 2004, then the retiree receives access to health care coverage but no premium subsidy.

If with less than 15 years of service and a benefit effective date on or after January 1, 2004, then the retiree is not eligible for health care coverage.

Service Retiree Who Retires After August 2023

If with 20 or more years of service, then retirees receive access to health care coverage and a premium subsidy if they enroll.

If with less than 20 years of service and a benefit effective date on or after January 1, 2004, then the retiree is not eligible for health care coverage.

Disabled Retiree

Receives access to health care coverage and a premium subsidy if they enroll.

Effective Date of Coverage

Service Retirement Benefit of Survivor Benefit Recipients

The first of the month following the date the STRS Ohio Retirement Board approves the application, or the effective date of retirement, whichever is later.

Service Retirement Benefit of Disability Benefit Recipients

The first of the month following the date the STRS Ohio Retirement Board approves the disability benefits, or the first of the month following the date the application is received by STRS Ohio, whichever is later.

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Duration of Coverage

Lifetime

Dependent Benefits

Same as retirees, except for no partial reimbursement towards Medicare Part B premium.

Dependent Coverage

Dependents of retirees and survivors are eligible to enroll in health care coverage but do not receive a premium subsidy. Individuals who become surviving spouses prior to January 1, 2015 receive a premium subsidy at the same level as the deceased member for five years with first-year beginning the later of January 1, 2004, or the effective date of benefit commencement. After five years, surviving spouses receive access to coverage with no premium subsidy. Individuals who become surviving spouses on or after January 1, 2015, do not receive a premium subsidy.

Medicare Part B Premium Credit

Service retirees, disabled retirees and surviving spouses who are enrolled in a Medicare STRS Ohio medical plan must be enrolled in Medicare Part B. They receive \$30 monthly credit towards the Part B premiums. The credit is bundled with the retiree premium, effectively reducing the monthly Medicare Eligible Retiree contribution by \$30.

Retiree Subsidies

In 2024, Non-Medicare and Medicare AMA retirees receive a subsidy of 2.5% and 2.2% per year of service, respectively, capped at 75% and 66%, respectively. There is no change to the subsidy multiplier in 2025.

The current subsidy schedule adopted by the Board is shown on the following page:

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Retirement Date Years of Service	Non-Medicare Subsidies (Multiplier = 2.5%)			Medicare Subsidies (Multiplier = 2.2%)		
	Before Aug 2023	Aug 2023 - July 2032*	Aug 2032 and Later	Before Aug 2023	Aug 2023 - July 2032*	Aug 2032 and Later
	Subsidy (%)	Subsidy (%)	Subsidy (%)	Subsidy (%)	Subsidy (%)	Subsidy (%)
15	37.5%	N/A	N/A	33.0%	N/A	N/A
16	40.0%	N/A	N/A	35.2%	N/A	N/A
17	42.5%	N/A	N/A	37.4%	N/A	N/A
18	45.0%	N/A	N/A	39.6%	N/A	N/A
19	47.5%	N/A	N/A	41.8%	N/A	N/A
20	50.0%	37.5%	40.0%	44.0%	33.0%	35.2%
21	52.5%	40.0%	42.5%	46.2%	35.2%	37.4%
22	55.0%	42.5%	45.0%	48.4%	37.4%	39.6%
23	57.5%	45.0%	47.5%	50.6%	39.6%	41.8%
24	60.0%	47.5%	50.0%	52.8%	41.8%	44.0%
25	62.5%	50.0%	52.5%	55.0%	44.0%	46.2%
26	65.0%	52.5%	55.0%	57.2%	46.2%	48.4%
27	67.5%	55.0%	57.5%	59.4%	48.4%	50.6%
28	70.0%	57.5%	60.0%	61.6%	50.6%	52.8%
29	72.5%	72.5%	62.5%	63.8%	63.8%	55.0%
30	75.0%	75.0%	65.0%	66.0%	66.0%	57.2%
31	75.0%	75.0%	67.5%	66.0%	66.0%	59.4%
32	75.0%	75.0%	70.0%	66.0%	66.0%	61.6%
33	75.0%	75.0%	72.5%	66.0%	66.0%	63.8%
34	75.0%	75.0%	75.0%	66.0%	66.0%	66.0%
35	75.0%	75.0%	75.0%	66.0%	66.0%	66.0%

* Changes to subsidy adopted in March and May 2024 effective January 2025, retroactive to those who retired between August 2023 and December 2024.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Sample monthly premium subsidies paid by STRS Ohio for Eligible Retirees for the year beginning January 1, 2025 are shown below.

2025 Rates		Pre-Medicare Plans		Medicare Plans	
		Aetna Basic PPO		Aetna Medicare Advantage	Aetna Basic PPO
Years of Service					
Total Cost¹		\$1,278		\$159	\$275
Retire before 8/1/2023	Retire on or after 8/1/2023				
15	20	\$479		\$52	\$52
16	21	\$511		\$56	\$56
17	22	\$543		\$59	\$59
18	23	\$575		\$63	\$63
19	24	\$607		\$66	\$66
20	25	\$639		\$70	\$70
21	26	\$671		\$73	\$73
22	27	\$703		\$77	\$77
23	28	\$735		\$80	\$80
24	29	\$767		\$84	\$84
25	30	\$799		\$87	\$87
26	31	\$831		\$91	\$91
27	32	\$863		\$94	\$94
28	33	\$895		\$98	\$98
29	34	\$927		\$101	\$101
30 +	35 +	\$959		\$105	\$105
Cost Per Child		\$302		\$159	\$275

¹ Also applies to spousal coverage, retirees not eligible for premium subsidy, and disabled adult child (sponsored dependent)

The \$30 per month Medicare Part B premium credit is not shown in the table above. STRS Medicare subsidies are \$30 more than the rates shown in the table above for retirees and eligibles surviving spouses.

Changes Since the Last Valuation

This valuation reflects the impact of the permanent changes to the eligibility for reduced and unreduced pension, as previously described. This valuation also reflects the changes to the health care subsidy reimbursement levels, as adopted by the Board at the March and May 2024 meetings.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of 2024 Benefit Plans

State Teachers Retirement System of Ohio Medicare Retirees		
Plan	Aetna Medicare Plan (Medicare Advantage)	
	PPO	Aetna Basic PPO
<u>In-Network (INN) Benefits</u>		
Deductible per Enrollee	\$0	\$2,500
Plan Coinsurance	96%	80%
Out-of-Pocket Max per Enrollee	\$1,500	\$6,500
Coverages		
Preventive Care	Fully Covered	Fully Covered
Well Woman	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care	\$0 Copay	\$20 Copay
OV - Specialist Care Provider (SCP)	\$25 Copay	DC*
Hospital Emergency Room (ER)	\$75 Copay	\$150 Copay + DC*
Urgent Care (UC)	\$40 Copay	\$40 Copay + DC*
Outpatient Surgery	DC*	DC*
Hospital Inpatient	DC*	DC*
Lifetime Max	No Limit	No Limit
<u>Out-of-Network (OON) Benefits</u>		
Deductible per Enrollee	\$500	\$5,000
Plan Coinsurance	92%	50%
Out-of-Pocket Max per Enrollee	\$2,500	\$13,000
Office Visit (OV)-Primary Care (PCP)	\$40 after deductible	DC*
OV - Specialist Care Provider (SCP)	\$55 after deductible	20%
<u>Mental Health and Substance Abuse</u>		
Mental Health and Substance Abuse Inpatient	DC*	DC*
Mental Health and Substance Abuse Outpatient	\$25 Copay	DC*
<u>Prescription Drug Benefits</u>		
Deductible (Brand and Specialty Only)	\$275	\$275
Out-of-Pocket Max per Person	\$4,000	\$4,000
Preferred Pharmacy Coverage:		
Retail: Generic / Preferred Brand / non-Preferred Brand / Specialty	\$10 / \$30 / \$75 / 8% up to max \$450 **	\$10 / \$30 / \$75 / 8% up to max \$450 **
Mail Order: Low-Cost Generic / Generic / Preferred Brand / non-Preferred Brand / Specialty	\$9 / \$25 / \$75 / \$187.50 / 8% up to max \$1,350 **	\$9 / \$25 / \$75 / \$187.50 / 8% up to max \$1,350 **
Non Preferred Pharmacy Coverage:		
Retail	Preferred Pharmacy copays + \$0	Preferred Pharmacy copays + \$0

*DC = Deductible and Coinsurance

** Specific max is \$450 for 1-30, \$900 for 31-60 and \$1,350 for 61-90 day script

¹ No network, benefits same as in-network benefits

State Teachers Retirement System of Ohio Non Medicare Retirees	
Plan	Aetna Non-Medicare Basic Plan
<u>In-Network (INN) Benefits</u>	
Deductible per Enrollee	\$2,500
Plan Coinsurance	80%
Out-of-Pocket Max per Enrollee	\$6,500
Coverages	
Preventive Care	Fully Covered
Well Woman	Fully Covered
Office Visit (OV)-Primary Care	\$20 Copay
OV - Specialist Care Provider (SCP)	DC*
Hospital Emergency Room (ER)	\$150 Copay + DC*
Urgent Care (UC)	\$40 Copay + DC*
Outpatient Surgery	DC*
Hospital Inpatient	DC*
Lifetime Max	No Limit
<u>Out-of-Network (OON) Benefits</u>	
Deductible per Enrollee	\$5,000
Plan Coinsurance	50%
Out-of-Pocket Max per Enrollee	\$13,000
Office Visit (OV)-Primary Care (PCP)	DC*
OV - Specialist Care Provider (SCP)	DC*
<u>Mental Health and Substance Abuse</u>	
Mental Health and Substance Abuse Inpatient	DC*
Mental Health and Substance Abuse Outpatient	\$20 Copay
<u>Prescription Drug Benefits</u>	
Deductible (Brand and Specialty Only)	\$275
Out-of-Pocket Max per Person	\$4,000
Preferred Pharmacy Coverage:	
Retail: Generic / Preferred Brand / non-Preferred Brand / Specialty	\$10 / \$30 / \$75 / 8% up to max \$450 **
Mail Order: Low-Cost Generic / Generic / Preferred Brand / non-Preferred Brand / Specialty	\$9 / \$25 / \$75 / \$187.50 / 8% up to max \$1,350 **
Non-Preferred Pharmacy Coverage:	
Retail	Preferred Pharmacy copays + \$0

*DC = Deductible and Coinsurance

** Specific max is \$450 for 1-30, \$900 for 31-60 and \$1,350 for 61-90 day script

¹ No network, benefits same as in-network benefits

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of 2025 Benefit Plans

State Teachers Retirement System of Ohio Medicare Retirees		
Plan	Aetna Medicare Plan (Medicare Advantage)	
	PPO	Aetna Basic PPO
<u>In-Network (INN) Benefits</u>		
Deductible per Enrollee	\$0	\$2,500
Plan Coinsurance	96%	80%
Out-of-Pocket Max per Enrollee	\$1,500	\$6,500
Coverages		
Preventive Care	Fully Covered	Fully Covered
Well Woman	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care	\$0 Copay	\$20 Copay
OV - Specialist Care Provider (SCP)	\$25 Copay	DC*
Hospital Emergency Room (ER)	\$75 Copay	\$150 Copay + DC*
Urgent Care (UC)	\$40 Copay	\$40 Copay + DC*
Outpatient Surgery	DC*	DC*
Hospital Inpatient	DC*	DC*
Lifetime Max	No Limit	No Limit
<u>Out-of-Network (OON) Benefits</u>		
Deductible per Enrollee	\$500	\$5,000
Plan Coinsurance	92%	50%
Out-of-Pocket Max per Enrollee	\$2,500	\$13,000
Office Visit (OV)-Primary Care (PCP)	\$40 after deductible	DC*
OV - Specialist Care Provider (SCP)	\$55 after deductible	20%
<u>Mental Health and Substance Abuse</u>		
Mental Health and Substance Abuse Inpatient	DC*	DC*
Mental Health and Substance Abuse Outpatient	\$25 Copay	DC*
<u>Prescription Drug Benefits</u>		
Deductible (Brand and Specialty Only)	\$275	\$275
Out-of-Pocket Max per Person	\$2,000	\$2,000
Preferred Pharmacy Coverage:		
Retail: Generic / Preferred Brand / non-Preferred Brand / Specialty	\$10 / \$30 / \$75 / 8% up to max \$450 **	\$10 / \$30 / \$75 / 8% up to max \$450 **
Mail Order: Low-Cost Generic / Generic / Preferred Brand / non-Preferred Brand / Specialty	\$9 / \$25 / \$75 / \$187.50 / 8% up to max \$1,350 **	\$9 / \$25 / \$75 / \$187.50 / 8% up to max \$1,350 **
Non Preferred Pharmacy Coverage:		
Retail	Preferred Pharmacy copays + \$0	Preferred Pharmacy copays + \$0

*DC = Deductible and Coinsurance

** Specific max is \$450 for 1-30, \$900 for 31-60 and \$1,350 for 61-90 day script

¹ No network, benefits same as in-network benefits

State Teachers Retirement System of Ohio Non Medicare Retirees	
Plan	Aetna Non-Medicare Basic Plan
<u>In-Network (INN) Benefits</u>	
Deductible per Enrollee	\$2,500
Plan Coinsurance	80%
Out-of-Pocket Max per Enrollee	\$6,500
Coverages	
Preventive Care	Fully Covered
Well Woman	Fully Covered
Office Visit (OV)-Primary Care	\$20 Copay
OV - Specialist Care Provider (SCP)	DC*
Hospital Emergency Room (ER)	\$150 Copay + DC*
Urgent Care (UC)	\$40 Copay + DC*
Outpatient Surgery	DC*
Hospital Inpatient	DC*
Lifetime Max	No Limit
<u>Out-of-Network (OON) Benefits</u>	
Deductible per Enrollee	\$5,000
Plan Coinsurance	50%
Out-of-Pocket Max per Enrollee	\$13,000
Office Visit (OV)-Primary Care (PCP)	DC*
OV - Specialist Care Provider (SCP)	DC*
<u>Mental Health and Substance Abuse</u>	
Mental Health and Substance Abuse Inpatient	DC*
Mental Health and Substance Abuse Outpatient	\$20 Copay
<u>Prescription Drug Benefits</u>	
Deductible (Brand and Specialty Only)	\$275
Out-of-Pocket Max per Person	\$4,000
Preferred Pharmacy Coverage:	
Retail: Generic / Preferred Brand / non-Preferred Brand / Specialty	\$10 / \$30 / \$75 / 8% up to max \$450 **
Mail Order: Low-Cost Generic / Generic / Preferred Brand / non-Preferred Brand / Specialty	\$9 / \$25 / \$75 / \$187.50 / 8% up to max \$1,350 **
Non-Preferred Pharmacy Coverage:	
Retail	Preferred Pharmacy copays + \$0

*DC = Deductible and Coinsurance

** Specific max is \$450 for 1-30, \$900 for 31-60 and \$1,350 for 61-90 day script

¹ No network, benefits same as in-network benefits

Highlighted cells denote the main benefits changes from 2024 to 2025.

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APPENDIX D – GLOSSARY OF TERMS

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

2. Actuarial Cost Method

A procedure for determining the Actuarial Present Value of OPEB plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a Normal Cost and an Actuarial Liability.

3. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

4. Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

5. Actuarial Liability

The portion of the Actuarial Present Value of projected benefits which will not be paid by future Normal Costs. It represents the value of the past Normal Costs with interest to the valuation date.

6. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments, the Actuarial Present Value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made. As a simple example: assume you owe \$100 to a friend one year from now. Also, assume there is a 1% probability of your friend dying over the next year, in which case you will not be obligated to pay him. If the assumed investment return is 10%, the Actuarial Present Value is:

$$\frac{\text{Amount}}{\$100} \times \text{Probability of Payment} (1 - .01) \times \frac{1}{(1+\text{Discount Rate})} = \frac{\text{Present Value}}{\$90}$$

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APPENDIX D – GLOSSARY OF TERMS

7. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer’s reporting date.

8. Actuarial Value of Assets

The value of cash, investments, and other property belonging to an OPEB plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values. This way long-term costs are not distorted by short-term fluctuations in the market.

9. Amortization Payment

The portion of the OPEB plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Deferred Inflow of Resources (DIR)

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the Total OPEB Liability, assumption changes reducing the Total OPEB Liability, or investment gains that are recognized in future reporting periods.

11. Deferred Outflow of Resources (DOR)

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the Total OPEB Liability, assumption changes increasing the Total OPEB Liability, or investment losses that are recognized in future reporting periods.

12. Discount Rate

The assumed interest rate used for converting projected dollar related values to a present value as of the valuation date.

13. Entry Age Normal Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the Actuarial Present Value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between Entry Age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the service cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future service costs is called the Total OPEB Liability.

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APPENDIX D – GLOSSARY OF TERMS

14. Funded Percentage

The ratio of the Actuarial Value of Assets to Actuarial Liabilities.

15. Measurement Date

The date as of which the Total OPEB Liability and Plan Fiduciary Net Position are measured, the Total OPEB Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the Plan.

16. Medical Trend

The assumed increase in dollar related values in the future due to the increase in the cost of health care.

17. Mortality Table

A set of percentages which estimate the probability of death at a particular point in time. Typically, the rates are annual and based on age and sex.

18. Net OPEB Liability (NOL)

The liability of employers and non-employer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the Total OPEB Liability less the Plan Fiduciary Net Position.

19. Plan Fiduciary Net Position

The fair or Market Value of Assets.

20. Reporting Date

The last day of the Plan or employer's fiscal year.

21. Service Cost

The portion of the Actuarial Present Value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75.

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22. Total OPEB Liability

The portion of the Actuarial Present Value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The Total OPEB Liability is the Actuarial Liability calculated under the Entry Age actuarial cost method.

23. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.

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APPENDIX E – SUPPORTING SCHEDULES

Health Care Schedule of Funded Liabilities by Type, 2015 - 2024 (dollars in thousands)							
Actuarial Valuation Date	Accrued Liability For:			Fair Market Value of Assets	Portion of Accrued Liability Covered by Fair Value of Assets:		
	(1) Active Members	(2) Terminated Vested Members	(3) Retirees, Survivors & Dependents		(1)	(2)	(3)
Jan 1, 2015	\$1,742,597	\$15,459	\$2,918,167	\$3,454,000	100%	100%	58%
Jan 1, 2016	\$1,830,799	\$19,435	\$3,303,997	\$3,258,197	100%	100%	43%
Jan 1, 2017	\$2,596,979	\$18,783	\$3,271,404	\$3,222,093	100%	100%	19%
Jan 1, 2018	\$777,500	\$2,424	\$1,636,026	\$3,691,399	100%	100%	178%
June 30, 2018	\$784,921	\$1,965	\$1,327,565	\$3,721,349	100%	100%	221%
June 30, 2019	\$872,892	\$2,251	\$1,340,775	\$3,872,158	100%	100%	224%
June 30, 2020	\$930,668	\$2,279	\$1,206,851	\$3,897,296	100%	100%	246%
June 30, 2021	\$1,137,505	\$2,989	\$1,680,827	\$4,929,740	100%	100%	225%
June 30, 2022	\$816,952	\$3,987	\$1,159,768	\$4,570,040	100%	100%	323%
June 30, 2023	\$1,643,818	\$8,609	\$1,186,116	\$4,783,404	100%	100%	264%
June 30, 2024	\$2,104,041	\$10,231	\$1,155,605	\$5,166,687	100%	100%	264%

Key Methods and Assumptions Used in Health Care Actuarial Valuation	
Valuation Date	6/30/2024
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	30 year open level percent of pay
Asset valuation method	Fair Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Discount rate	7.00%
Amortization growth rate	3.00%
Salary increases	Varies by age from 2.5% to 8.5%

Health Care Cost Trend Rates									
Year	Medical		Prescription Drugs		Year	Medical		Prescription Drugs	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare		Pre-Medicare	Medicare	Pre-Medicare	Medicare
2024	7.50%	-112.22%	8.00%	-15.14%	2034	4.55%	8.22%	4.55%	5.69%
2025	7.00%	6.35%	7.50%	11.55%	2035	4.34%	7.66%	4.34%	5.37%
2026	6.20%	5.89%	7.00%	10.86%	2036	4.23%	7.28%	4.23%	5.20%
2027	5.60%	1961.18%	6.00%	8.92%	2037	4.17%	6.98%	4.17%	5.09%
2028	5.48%	108.20%	5.48%	8.08%	2038	4.13%	6.74%	4.13%	5.01%
2029	5.36%	12.85%	5.36%	7.71%	2039	4.10%	4.10%	4.10%	4.10%
2030	5.24%	11.72%	5.24%	7.36%	2040	4.08%	4.08%	4.08%	4.08%
2031	5.11%	10.77%	5.11%	7.03%	2041	4.06%	4.06%	4.06%	4.06%
2032	4.99%	9.97%	4.99%	6.72%	2042	4.05%	4.05%	4.05%	4.05%
2033	4.87%	9.08%	4.87%	6.23%	2043	3.99%	3.99%	3.99%	3.99%
					2044+	3.94%	3.94%	3.94%	3.94%

Summary of Membership Data								
Valuation Date:	Jan 1, 2018	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Active Members	168,132	170,327	170,004	167,838	166,424	174,031	175,028	174,832
Terminated Vested Members	17,694	18,384	18,762	19,415	20,430	20,190	20,908	21,417

STRS Ohio Health Care Program Enrollees								
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	Added	Terminated	June 30, 2024	
Retirees	94,456	93,045	91,294	90,669	3,068	3,712	90,025	
Disabled Retirees	3,469	3,277	3,055	2,909	73	241	2,741	
Survivors	4,377	4,237	4,143	4,045	299	429	3,915	
Spouses and Dependents (excluding Children)	13,321	12,605	11,868	11,496	829	909	11,416	
Total	115,623	113,164	110,360	109,119	4,269	5,291	108,097	
Annual Allowance (\$thousands)	\$320,907	\$348,642	\$290,710	\$206,054	\$7,363	\$30,990	\$182,427	

Valuation Date:	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Average per health care participant annual benefit	\$772	\$976	\$768	\$869	\$1,513	\$841



Classic Values, Innovative Advice