

OEA Retirement Systems Update
Report to the OEA Board of Directors: June 2022

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ORSC Reviews Retirement Systems' Investment Performance

The Ohio Retirement Study Council (ORSC) is a legislative body that provides oversight for Ohio's public retirement plans. On May 12, 2022, the ORSC received a review of the pension systems' investment performance by Jim Voytko, president of RVK, the council's investment consultant.

The results showed very strong returns, net of fees, for OPERS, SERS, and STRS over the 2021 calendar year. During this period, STRS posted the highest return with 19.24%, followed by SERS with 17.13% and OPERS with 15.34%. Below is a chart that shows the net return for each of the three systems over a one, three, five, seven, and 10-year period.

System	1 year	3 years	5 years	7 years	10 years
OPERS	15.34	14.84	11.41	9.32	10.08
SERS	17.13	15.48	11.99	9.89	10.48
STRS	19.24	16.51	12.42	10.30	11.04

Compared to pension plans across the United States, the Ohio systems performed better than most public plans with at least \$1 billion in assets. These comparisons were made on gross returns because net return data is not available for all funds.

ORSC Chair Representative Phil Plummer (R- Dayton) asked Voytko to respond to concerns that STRS investment performance is particularly bad. He responded that there is no data to support those claims. "If you look at their performance versus their benchmarks...they have done well. And if you look at their returns against a large number of other public pension plans, they rank anywhere from the top quartile to top decile," Voytko said. "There's no number here in any form that would lead me to that conclusion" that STRS had performed badly.

2021 Investment Returns Improve OPERS Funding Status

At the May OPERS Board meeting, OPERS staff gave a review of the system's 2021 investment returns and funding status. The OPERS Defined Benefit portfolio posted an investment return of over 15% for 2021. The overall funding of the pension plan improved from 82% to 84%.

The funding period of the pension plan represents the amount of time it would take to pay off the unfunded liabilities (reach 100% funded) if all current assumptions were met. Based on the financial status of the plan at the end of calendar year 2021, the funding period of the OPERS plan was 16 years. This represents an improvement from a funding period of 21 years at the end of 2020.