

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

Please distribute to other OEA members

SERS Anti-Spiking Provision Included in State Budget

The recently passed state budget, House Bill 33, included an anti-spiking provision that impacts the School Employees Retirement System (SERS). Referred to as a contribution-based benefit cap (CBBC), the change in law had been sought by the SERS Board. The CBBC was previously passed by the Ohio House in separate legislation before ultimately being included in the budget.

The CBBC will impact future retirees and go into effect on August 1, 2024. It is expected to only affect a 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 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. Again, this is designed to only impact a small fraction of SERS members and not typical OEA members. More details about the implementation of the CBBC will be available in the coming months as the SERS Board determines the multiplier to be used in the calculation.