

OEA Retirement Systems Update
Report to the OEA Board of Directors: February 2025

Please distribute to other OEA members

New Definition of Compensation for SERS Takes Effect July 1, 2025

The SERS Board has voted to amend what types of payments are considered as compensation. The changes were made to provide clarity to employers and employees about what payments are subject to contributions to the retirement system. Employees pay 10% of their salary to SERS and employers pay 14% of their total payroll for SERS covered positions. However, under the previous rule it was unclear how bonus payments, retention payments and other lump-sum payments were to be treated.

Under the new rule, which takes effect on July 1, 2025, payments that are provided for ahead of time in a collective bargaining agreement, individual contract, or school district policy will be considered compensation. This applies to lump sum payments, signing bonuses, and retention payments. It is important that compensation is appropriately defined, as it will impact final average salary and the calculation that determines a member's base retirement benefit.

Other aspects of what SERS considers to be compensation are not changed by this rule. More information is available on the [SERS website](#).

OPERS Investments Post Positive Returns in 2024

OPERS had strong investment returns in 2024 for both its defined benefit pension fund and its health care fund. Preliminary investment returns were 8.93% for the pension fund and 10.01% for the health care fund. Both of those returns exceeded the actuarially assumed rate of return.

The overall funding level of the pension plan is expected to decline slightly even with these positive results. This is because the actuarial valuations of pension plans are smoothed over several years. OPERS had an unrecognized loss of \$5.5 billion from previous years that will be factored in over the next three years. This is done to reduce volatility in system funding status. It is estimated that the next valuation will show the pension plan is 83% funded with an amortization period of 16 years.

On the health care side, the 10.01% investment return extends the solvency of the OPERS health care plan to 27 years (up from 25).