RETIREMENT SYSTEMS

State Teachers Retirement Board

- Modifies the State Teachers Retirement Board (STRS Board) by reducing the number of elected Board members from seven to three and adding the Chancellor of Higher Education or the Chancellor's designee, one Treasurer of State's investment designee, and two investment expert members appointed by the Speaker of the House and the Senate President.

- Abolishes the four elected Board member offices whose terms expire on August 31, 2026, 2027, and 2028, respectively, on those dates.

- Specifies that the modification to the Board's membership does not affect the terms of the Board members serving on September 30, 2025 (the provision's effective date).

- Specifies that each appointed Board member who takes office after September 30, 2025, serves at the pleasure of the member's appointing authority.

- Prohibits any appointed Board member who takes office after September 30, 2025, from having contributions on deposit with the State Teachers Retirement System (STRS), and prohibits any other Board member with contributions on deposit with STRS from serving as the Board's Chairperson or Vice-Chairperson.

- Entitles the appointed and elected Board members to $200 for each regular Board meeting attended, up to $400 per month regardless of the number of meetings held in a month, and to health care benefits comparable to those generally available to STRS employees.

- Exempts Board members from a continuing law penalty that impacts the retirement benefit of a retirant who returns to public employment soon after retiring.

Employer pick-up of STRS and SERS employee contributions (VETOED)

- Would have prohibited a school district board from paying employee contributions to STRS on behalf of a superintendent or principal employed by the board, or to the School Employees Retirement System (SERS) on behalf of a treasurer employed by the board, under an employment contract entered on or after September 30, 2025 (VETOED).

Ohio Public Employees Deferred Compensation Program

- Transfers the administration of the Ohio Public Employees Deferred Compensation Program from the Ohio Public Employees Deferred Compensation Board (DC Board) to the Public Employees Retirement Board, and abolishes the DC Board.

Precinct election officials excluded from PERS

- Excludes from Public Employee Retirement System membership a person who receives any compensation for service as a precinct election official (election worker) during a calendar year, rather than excluding a person who is paid less than a specified amount for that service.

Alternative retirement plan election or provider change

- Beginning September 30, 2026, permits a public college or university to allow an academic or administrative employee who elects to participate in an alternative retirement plan to sign the election or a form to change providers by electronic signature.

State Teachers Retirement Board

(R.C. 3307.05, 3307.10, and 3307.11, with conforming changes in R.C. 3307.044, 3307.06, and 3307.07; Section 733.90)

Board membership

The act changes the State Teachers Retirement Board's (STRS Board) membership by reducing the number of elected members and adding ex officio and appointed members. These changes do not affect the terms of the Board members serving on September 30, 2025 (the provision's effective date). Beginning September 1, 2028, when the act's changes will be fully phased in, the Board will consist of the following members:

STRS Board membership beginning September 1, 2028
▪ The Director of Education and Workforce or the Director's designee (retained by the act)
▪ The Chancellor of Higher Education or the Chancellor's designee (added by the act)
▪ Two Treasurer of State's investment designees (increased from one by the act)
▪ Four investment expert members (increased from two by the act)
▪ Two contributing members (reduced from five by the act)
▪ One retired teacher member (reduced from two by the act)

Elected members

The act reduces the STRS Board's overall elected membership from seven members to three. It reduces the number of contributing members from five to two and the retired teacher members from two to one. It accomplishes this reduction by:

- Abolishing, on August 31, 2026, the offices of the one contributing member and the one retired teacher member whose terms expire on that date; and

- Abolishing the offices of the two contributing members whose terms expire on August 31, 2027, and August 31, 2028, respectively, on those dates.

With respect to the two contributing members whose offices are retained, the act changes their election cycle from annually on the first Monday of May to the first Monday of May of each even-numbered year. However, their terms of office expire August 31, 2029, and every four years after that, as they serve four-year terms. Thus, it is not clear how the new election cycle lines up with the contributing members' terms of office.

The act also makes conforming changes regarding the election procedure and the committee to select an internal auditor prescribed under continuing law based on the act's changes to the Board's elected membership.

Ex officio and appointed members

The act adds the following ex officio and appointed members to the STRS Board:

- The Chancellor of Higher Education or the Chancellor's designee;
- One Treasurer of State's investment designee, who must be appointed by the Treasurer of State as soon as practicable after September 30, 2025; and
- Two investment expert members, each of whom must be appointed by the Speaker of the House and the Senate President, respectively, as soon as practicable after September 30, 2025.

The Chancellor must take office on the Board or designate an individual to serve on the Board as the Chancellor's designee as soon as practicable after September 30, 2025. Similar to appointed Board members and the DEW Director's designee, the Chancellor's designee must be an Ohio resident, must have investment experience, and cannot have, in the previous three years, been employed by, or provided financial or investment services to, any state retirement system.

Each appointed Board member who takes office after September 30, 2025, serves at the pleasure of the member's appointing authority, and, under continuing law, serves a four-year term.[139] The act prohibits any appointed member from having contributions on deposit with the State Teachers Retirement System (STRS) (thus, the Board member cannot be a STRS member or contributor).

Chairperson and vice-chairperson

The act prohibits any STRS Board member with contributions on deposit with STRS from serving as the Board's chairperson or vice-chairperson.

Compensation and health benefits

Under the act, the elected and appointed STRS Board members, for their service on the Board, are entitled to:

[139] By reference to R.C. 3307.061, not in the act.

- $200 for each regular Board meeting attended, up to $400 per month, regardless of the number of regular meetings held in a month; and
- Health care benefits comparable to those generally available to STRS employees.

An elected or appointed Board member is not entitled to payment for attending a special or committee meeting of the Board. Additionally, the health care benefits to which an elected or appointed Board member is entitled must be provided on the same terms and at the same cost as to STRS employees.

In what appears to be the result of a drafting error, the act specifies that Board members other than appointed members serve without compensation (it appears, however, that only ex officio Board members, or their designees, serve without compensation). Under continuing law, all Board members are entitled to reimbursement for all actual necessary expenses incurred while serving on the Board.

Reemployment penalty exemption

The act exempts the STRS Board members from a continuing law penalty that impacts the retirement benefit of a retirant who returns to public employment soon after retiring. Under continuing law, a retirant may be reemployed in a public position covered by the Public Employees Retirement System (PERS), the Ohio Police and Fire Pension Fund, STRS, or the School Employees Retirement System (SERS) (the law governing the State Highway Patrol Retirement System does not include any provisions regarding reemployment). In most cases, a reemployed retirant continues receiving the retirant's retirement benefit while receiving compensation during the period of reemployment. If, however, the retirant received the retirement benefit for less than two months when reemployment begins, the retirant forfeits the benefit for any month of reemployment during that two-month period.[140] The act exempts Board members from this penalty.

Employer pick-up of STRS and SERS employee contributions (VETOED)

(R.C. 3307.27 and 3309.47; Section 801.360)

The Governor vetoed a proposal to prohibit a school district board from paying employee contributions to STRS on behalf of a superintendent or principal employed by the school district board, or to SERS on behalf of a treasurer employed by the school district board. The prohibition would have applied to an employment contract with a superintendent, principal, or treasurer entered into on or after the provision's effective date.

[140] By reference to R.C. 145.38, 742.26, 3307.35, and 3309.341, not in the act.

Ohio Public Employees Deferred Compensation Program

(R.C. 145.091, 148.02, and 148.021, with conforming changes in R.C. 101.82, 101.83, 145.09, 148.01, 148.04, 148.041, 148.042, 148.05, 148.10, 2329.66, 2907.15, 2921.41, 3105.171, and 3105.63; Section 525.40)

The act transfers the administration of the Ohio Public Employees Deferred Compensation Program from the Ohio Public Employees Deferred Compensation Board (DC Board) to the Public Employees Retirement Board (PERS Board). The program is a voluntary retirement savings plan that allows public employees to save and invest their payroll contributions to supplement a retirement plan.[141] Under former law, the DC Board consisted of a member of the House, a member of the Senate, and the PERS Board members. The act authorizes the PERS Board to use its employees, property, and powers granted to it under continuing law to administer the program. All employees of the DC Board are transferred to PERS and retain their positions and all associated benefits.

The act abolishes the DC Board on June 30, 2025.

The transfer does not affect any action or proceeding pending on June 30, 2025. Any action or proceeding must be prosecuted or defended in the name of the PERS Board or the PERS Executive Director. In all actions or proceedings, the PERS Board or the PERS Executive Director, on application to the court, must be substituted as a party.

Under the act, the Ohio Public Employees Deferred Compensation Receiving Account is a legal entity that is separate from the various funds created under continuing law to pay for retirement and other benefits under PERS.

Precinct election officials excluded from PERS

(R.C. 145.012)

The act excludes a person from PERS membership if the person is appointed to serve as a precinct election official (election worker) during a calendar year and received compensation for that service during the calendar year.[142] Under former law, a person who was employed as an election worker and paid less than $600 during a calendar year, or less than $1,000 during a calendar year in which more than one primary election and one general election were held, was not a PERS member.

Alternative retirement plan election or provider change

(R.C. 3305.05 and 3305.053; Section 820.100)

Beginning September 30, 2026, the act permits a public college or university to allow an employee who elects to participate in an alternative retirement plan (ARP) to sign the election or a form to change investment option providers by electronic signature. Under continuing law,

[141] See Frequently Asked Questions, which may be accessed by selecting the "FAQ" link on the Ohio Public Employees Deferred Compensation Program's website: ohio457.org.

[142] By reference to R.C. 3501.28 and R.C. 3501.22, not in the act.

a full-time employee of a public college or university may elect to participate in an ARP, rather than the state retirement system that would otherwise cover the employee, by submitting a written election to the designated officer of the college or university.[143]

[143] R.C. 3305.02 and 3305.04, not in the act.