AARP IN THE STATES

OVERVIEW: Ohio Public Employees' Retirement System

The **Ohio Public Employees' Retirement System (OPERS)** provides a defined benefit (DB) fund for public employees. It offers a modest but stable monthly income over a retiree's life. DB pensions help to recruit and retain experienced employees.

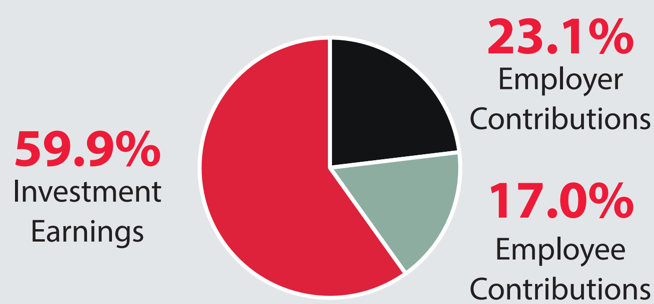
The spending from the pension checks of the 227,048 retired public employees helps support:

$22.8 billion
in economic output in Ohio.

122,722 jobs
paying $6.8 billion in wages supported by retirees' spending from public pensions in Ohio.

$3.5 billion
in federal, state, and local tax revenues based on spending of pension benefits in Ohio.

Pensions are a good deal for taxpayers:
Funding of public employee pensions is shared by employees and employers. New OPERS employees contribute 10% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers (via employer contributions) paid only 23.1% of the cost of pension benefits in Ohio.



Key facts about the plan and its benefits:

281,966
Total active members of Ohio Public Employees' Retirement System.

66%
After a 30-year career, a pension benefit from OPERS will replace 66% of an employees' pre-retirement income.

$2,577
Average pension benefit paid to retired OPERS members each month.

Pension benefits are a good deal for the economy too:
Each dollar "invested" by Ohio taxpayers (employers) in these plans supported $5.90 in total economic activity in the state.

$1.00 → **$5.90**

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.

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AARP IN THE STATES

PRIMER: Ohio Public Employees' Retirement System

The Ohio Public Employees' Retirement System (OPERS) provides benefits to qualified public employees.

The OPERS Pension Works for Ohio Stakeholders

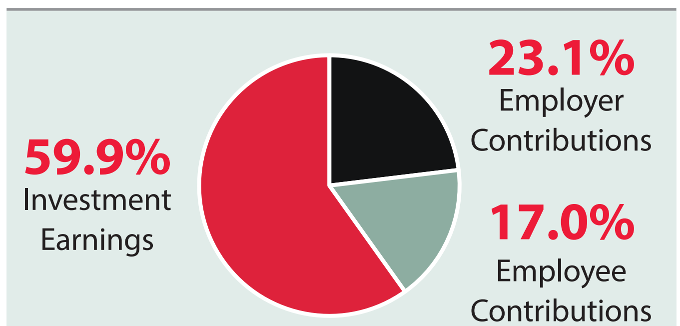
Defined benefit (DB) pensions help recruit and retain effective and experienced public employees, which is essential to delivering high quality service to citizens.

The spending by retired public employees from pension checks supports jobs, greater tax revenues and economic growth in our communities.

Pensions offer employees the best path to retirement security. They are cost-effective and provide modest lifetime income that will not run out.

Taxpayers Only Pay a Small Part of Pension Costs

The funding of public employee pensions is shared by employees and employers. New OPERS employees contribute 10% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers paid only 23.1% of the cost of benefits in Ohio.



Pensions Cost Half as Much as a 401(k) Plan

Pensions can provide the same benefit as a 401(k) retirement account at about half the cost because of the following key factors:

7% cost savings from pooling longevity risk **+** **12%** cost savings from optimal asset allocation **+** **30%** cost savings due to higher returns and lower fees **=** **49%** **total cost savings**

Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

OPERS Key Facts

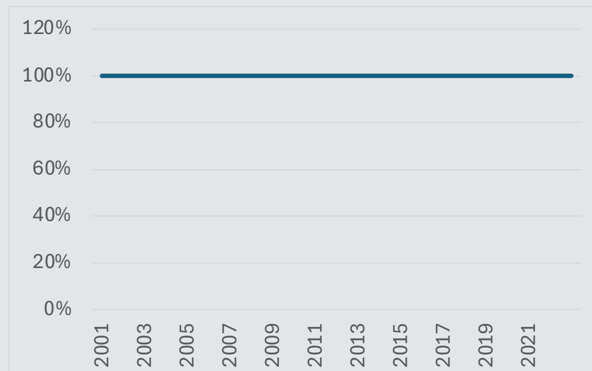
- OPERS serves 281,966 active employees and 227,048 retired members and survivor beneficiaries.
- New employees contribute 10% of pay to OPERS.
- Employers contribute 14% to the fund.
- The average monthly retirement benefit for members is $2,577
- After a 30-year career, a pension benefit from OPERS will replace 66% of an employee's final average salary.

Historical OPERS Funding Experience

Ohio established long-term funding policies to provide for the cost of public pension benefits. The employee contribution is set by law and the actuary calculates the employers' contributions each year. As of the end of its 2023 year, OPERS had $101.8 billion in assets in the fund.

The Actuarially Determined Contribution (ADC) is the amount needed to fund benefits earned in the year and to pay down the plans' unfunded actuarial accrued liability. Paying the full ADC each year is important to ensure that the fund is financially sound over time.

Ohio Paid 100% of Weighted Average Percent of ADC from FY2001-FY2022 for OPERS



Ohio Made Plan Changes to OPERS in Recent Years

Following the global stock market crash in 2008-2009, Ohio policymakers proactively made changes to PERS to ensure long-term sustainability. These included:

- Using a transition approach, OPERS adjusted benefits for current employees who would retire after 1/7/2018. Cost of living adjustments (COLAs) were lowered in 2019.
- Retirement benefits after 1/7/2018 were reduced by increasing the requirements for early and normal retirement and increasing the actuarial reduction for early retirement benefits.

The Economic Impact of Ohio Pensions:

$22.8 billion

in economic output generated by retirees' spending from public pensions in Ohio.

122,722 jobs

paying $6.8 billion in wages supported by retirees spending from public pensions in Ohio.

$3.5 billion

in federal, state, and local tax revenues generated by retiree benefits and spending in Ohio.

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.

AARP IN THE STATES

OVERVIEW: School Employees Retirement System of Ohio

The **School Employees Retirement System of Ohio (SERS)** provides a defined benefit (DB) pension for teachers. It offers a modest but stable monthly income over a retiree's life. DB pensions help to recruit and retain experienced employees.

The spending from the pension checks of the 81,833 retired public employees helps support:

$22.8 billion
in economic output in Ohio.

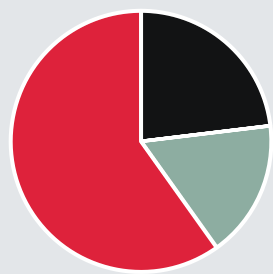
122,722 jobs
paying $6.8 billion in wages supported by retirees' spending from public pensions in Ohio.

$3.5 billion
in federal, state, and local tax revenues based on spending of public pension benefits in Ohio.

Pensions are a good deal for taxpayers:

Funding of teacher pensions is shared by employees and employers. New SERS employees contribute 10% or 6% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers (via employer contributions) paid only 23.1% of the cost of pension benefits in Ohio.

59.9%
Investment Earnings



23.1%
Employer Contributions

17.0%
Employee Contributions

Key facts about the plan and its benefits:

159,873
Total active members of School Employees Retirement System of Ohio.

66%
After a 30-year career, a pension benefit from SERS will replace 66% of an employee's pre-retirement income.

$1,365
Average pension benefit paid to retired SERS members each month.

Pension benefits are a good deal for the economy too:

Each dollar "invested" by Ohio taxpayers (employers) in these plans supported $5.90 in total economic activity in the state.

$1.00

$5.90

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.

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AARP IN THE STATES

PRIMER: School Employees Retirement System of Ohio

The School Employees Retirement System of Ohio (SERS) provides benefits to qualified school employees.

The SERS Pension Works for Ohio Stakeholders

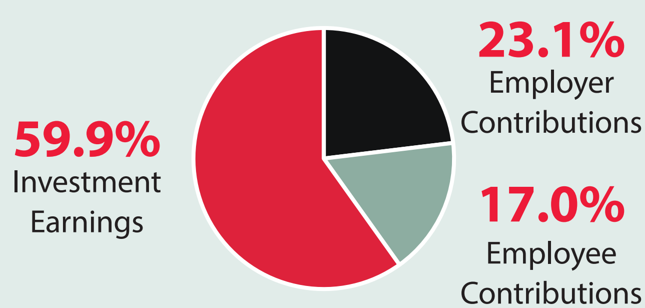
Effective teachers are the cornerstone of education quality, but teachers are underpaid. Pensions help schools keep teachers and compensate for low pay.

Retaining experienced midcareer teachers boosts student performance. Pensions help keep effective midcareer teachers in the classroom, increasing education quality.

Pensions offer teachers the best path to retirement security. They are cost-effective and provide modest lifetime income that will not run out.

Taxpayers Only Pay a Small Part of Pension Costs

The funding of public employee pensions is shared by employees and employers. New SERS employees contribute 10% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers paid only 23.1% of the cost of benefits in Ohio.



Pensions Cost Half as Much as a 401(k) Plan

Pensions can provide the same benefit as a 401(k) retirement account at about half the cost because of the following key factors:

7% cost savings from pooling longevity risk **+** **12%** cost savings from optimal asset allocation **+** **30%** cost savings due to higher returns and lower fees **=** **49% total cost savings**

Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

SERS Key Facts

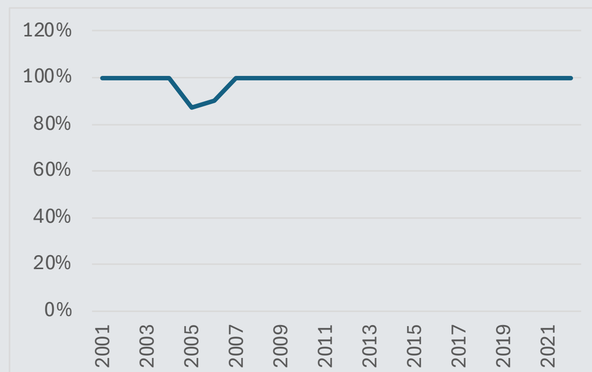
- SERS serves 159,873 active employees and 81,833 retired members and survivor beneficiaries.
- New employees contribute 10% to SERS.
- Employers contribute 14% to the fund for employees.
- The average monthly retirement benefit for members is $1,365.
- After a 30-year career, a pension benefit from SERS will replace 66% of final average salary.

Historical SERS Funding Experience

Ohio established long-term funding policies to provide for the cost of public pension benefits. The employee contribution is set by law and the actuary calculates the employers' contributions each year. As of the end of its 2023 year, SERS had $17.7 billion in assets in the fund.

The Actuarially Determined Contribution (ADC) is the amount needed to fund benefits earned in the year and to pay down the plans' unfunded actuarial accrued liability. Paying the full ADC each year is important to ensure that the fund is financially sound over time.

Ohio Paid 99% of Weighted Average Percent of ADC from FY2001-FY2022 for SERS



Ohio Made Plan Changes to SERS in Recent Years

Following the global stock market crash in 2008-2009, Ohio policymakers proactively made changes to SERS to ensure long-term sustainability. These included:

- Eliminated the automatic, 3% simple COLA. As of 1/1/2018, COLA is no longer statutorily guaranteed, but is discretionary, based on board approval. If the board chooses to provide a COLA, the COLA is tied to the change in CPI-W and is capped at 2.5%, though the board may approve a COLA above 2.5% if the board's actuary is in agreement. The board may also lower COLA below CPI-W upon actuary's recommendation. Using this new authority, the board suspended COLAs for three years (until 1/1/2021), and delayed COLA onset for new benefit recipients an additional three years (until fourth benefit anniversary).

The Economic Impact of Ohio Pensions:

$22.8 billion
in economic output generated by retirees' spending from public pensions in Ohio.

122,722 jobs
paying $6.8 billion in wages supported by retirees' spending from public pensions in Ohio.

$3.5 billion
in federal, state, and local tax revenues based on spending of pension benefits in Ohio.

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AARP IN THE STATES

OVERVIEW: Ohio State Teachers Retirement System

The **Ohio State Teachers Retirement System (STRS)** provides a defined benefit (DB) fund for teachers. It offers a modest but stable monthly income over a retiree's life. DB pensions help to recruit and retain experienced employees.

The spending from the pension checks of the 156,511 retired public employees helps support:

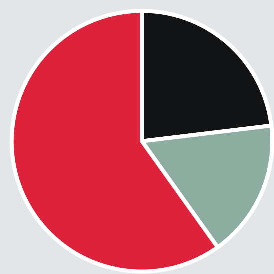
$22.8 billion
in economic output in Ohio.

122,722 jobs
paying $6.8 billion in wages supported by retirees' spending from public pensions in Ohio.

$3.5 billion
in federal, state, and local tax revenues based on spending of pension benefits in Ohio.

Pensions are a good deal for taxpayers:

Funding of public employee pensions is shared by employees and employers. New STRS employees contribute 14% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers (via employer contributions) paid only 23.1% of the cost of pension benefits in Ohio.



Key facts about the plan and its benefits:

175,032
Total active members of Ohio State Teachers Retirement System.

66% or 30%
After a 30-year career, a pension benefit from STRS will replace 66% or 30% of an employees' pre-retirement income.

$3,871
Average pension benefit paid to retired STRS members each month.

Pension benefits are a good deal for the economy too:

Each dollar "invested" by Ohio taxpayers (employers) in these plans supported $5.90 in total economic activity in the state.

$1.00 → **$5.90**

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PRIMER: Ohio State Teachers Retirement System

The Ohio State Teachers Retirement System (STRS) provides benefits to qualified teachers.

The STRS Pension Works for Ohio Stakeholders

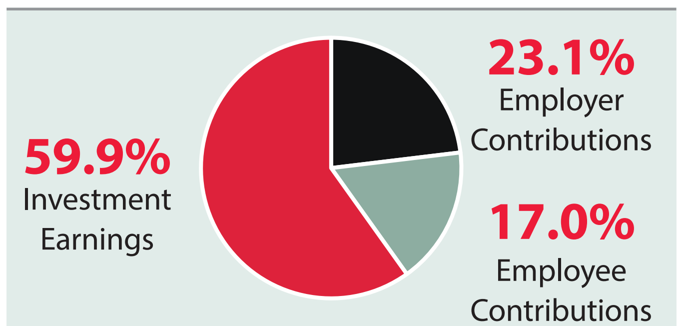
Defined benefit (DB) pensions help recruit and retain effective and experienced public employees, which is essential to delivering high quality service to citizens.

The spending by retired public employees from pension checks supports jobs, greater tax revenues and economic growth in our communities.

Pensions offer employees the best path to retirement security. They are cost-effective and provide modest lifetime income that will not run out.

Taxpayers Only Pay a Small Part of Pension Costs

The funding of public employee pensions is shared by employees and employers. New STRS employees contribute 14% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers paid only 23.1% of the cost of benefits in Ohio.



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Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

STRS Key Facts

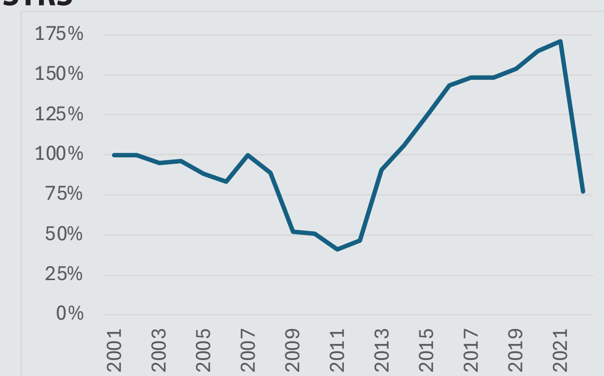
- STRS serves 175,032 active employees and 156,511 retired members and survivor beneficiaries.
- New employees contribute 14% of pay to STRS.
- Employers contribute 14% to the fund.
- The average monthly retirement benefit for members is $3,871.
- After a 30-year career, a pension benefit from STRS will replace 66% or 30% of an employee's final average salary.

Historical STRS Funding Experience

Ohio established long-term funding policies to provide for the cost of public pension benefits. The employee contribution is set by law and the actuary calculates the employers' contributions each year. As of the end of its 2023 year, STRS had $87.6 billion in assets in the fund.

The Actuarially Determined Contribution (ADC) is the amount needed to fund benefits earned in the year and to pay down the plans' unfunded actuarial accrued liability. Paying the full ADC each year is important to ensure that the fund is financially sound over time.

Ohio Paid 104% of Weighted Average Percent of ADC from FY2001-FY2022 for STRS



Ohio Made Plan Changes to STRS in Recent Years

Following the global stock market crash in 2008-2009, Ohio policymakers proactively made changes to STRS to ensure long-term sustainability. These included:

- Reduced COLA to 0% effective 7/1/17. The board will evaluate, no later than the next quinquennial experience study, whether an upward adjustment to the COLA is possible without materially impacting the fiscal integrity of the system.

The Economic Impact of Ohio Pensions:

$22.8 billion

in economic output generated by retirees' spending from public pensions in Ohio.

122,722 jobs

paying $6.8 billion in wages supported by retirees spending from public pensions in Ohio.

$3.5 billion

in federal, state, and local tax revenues generated by retiree benefits and spending in Ohio.

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Why Pensions Work
for Ohio and Teachers

Pensions Help Deliver Quality Education in Ohio

There are important policy reasons to continue offering teachers defined benefit (DB) pensions. DB pensions give schools an effective tool to retain high-quality, experienced teachers. These teachers are the most important school-based element that provides positive educational outcomes for our children.

Pension benefits provide teachers an incentive to continue delivering quality education to K-12 students. This incentive becomes all the more important over a teaching career as the erosion of teachers' wages, when compared to the wages of similar college-educated workers, widens for more experienced teachers.[1]

Because pensions help attract and retain workers, Ohio can keep skilled teachers in the classroom and empower students to achieve their highest potential. The nationwide teacher shortage is impacting Ohio, as enrollment in traditional teacher preparation programs has *declined by 36%* between 2009-2010 and 2021-2022.

Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

Pensions Help to Bridge the Teacher Wage Gap

A national study of K-12 public school teachers' wages identified a 26 percent pay gap relative to comparable private sector workers in 2022. At the same time, teachers' benefits, including pensions, help bridge that gap and allow states to attract and retain highly qualified educators by reducing that overall gap in compensation to 17 percent. In Ohio, teachers experience a 14.4% wage gap when compared to other college graduates in the workforce.[2]

26% teacher wage gap **offset by...** 9% teacher benefit advantage **reduces... the teacher compensation gap to 17%**

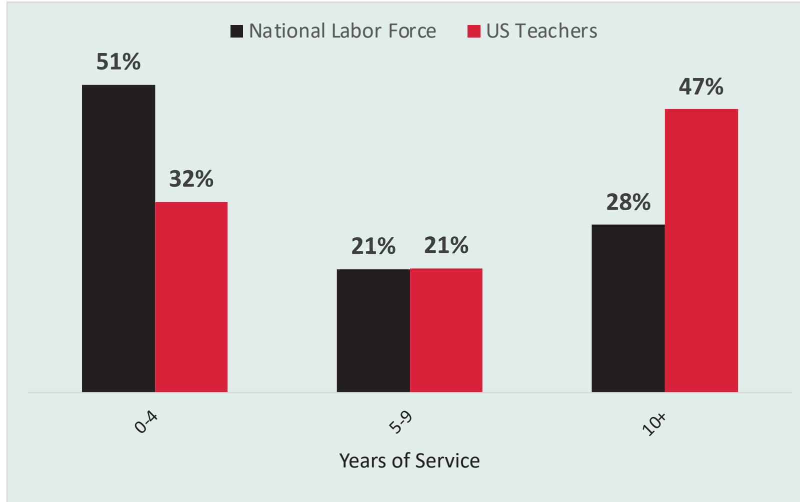
Americans understand that teacher pensions play an important role in retaining quality teachers and in offsetting the impact of their lower salaries.

82% 82 percent of Americans say pensions are a good way to recruit and retain qualified teachers.

78% 78 percent of Americans agree that teachers deserve pensions to compensate for lower pay.[3]

Pensions Reduce Teacher Turnover and Save Money

Experienced teachers are more effective teachers. DB pensions help to retain highly productive teachers longer, as compared with individual DC accounts. Moreover, the cost of teacher turnover is quite high, both in terms of financial cost and loss of productivity to the school district.[4]



STRS Key Facts

- STRS serves 175,032 active employees and 156,511 retired members and survivor beneficiaries.
- New employees contribute 14% to the fund.
- Employers contribute 14% to the fund.
- The average monthly retirement benefit for members is $3,871.
- STRS has $87.6 billion in assets and $20.2 billion in unfunded actuarial accrued liability.[5]

The Economic Impact of Ohio Pensions

$22.8 billion

in economic output generated by retirees' spending from public pensions in Ohio.

122,722 jobs

paying $6.8 billion in wages supported by retirees' spending from public pensions in Ohio.

$3.5 billion

in federal, state, and local tax revenues based on spending of pension benefits in Ohio.[6]

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[1] Weller, C. 2017. "Win-Win: Pensions Effectively Serve American Schools and Teachers." Washington, DC. National Institute of Retirement Security (NIRS).
[2] Allegretto, S. 2023. "Teacher pay penalty still looms large." Washington, DC. Economic Policy Institute.
[3] Doonan, D. and Kenneally, K. 2024. "Retirement Insecurity 2024: Americans' Views of Retirement." Washington, DC. NIRS.
[4] Copeland, C. 2023. "Trends in Employee Tenure, 1983–2022." Washington, DC. Employee Benefit Research Institute.
[5] All data, unless otherwise noted, as of fiscal year ended 2023.
[6] Boivie, I. 2025. "Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures." Washington, DC. NIRS.

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