



# Stakeholder Meeting

Nov. 20, 2025

- **Steve Toole**  
STRS Ohio Executive Director
- **Aaron DiCenzo**  
Interim Deputy Executive Director — Investments and Chief Investment Officer
- **Ed Gin**  
Deputy Executive Director, Director — Finance and Chief Financial Officer
- **Marla Bump**  
Director, Governmental Relations
- **Christina Elliott**  
Deputy Executive Director — Member Benefits and Chief Benefits Officer
- **Questions**



# Welcome

Steve Toole





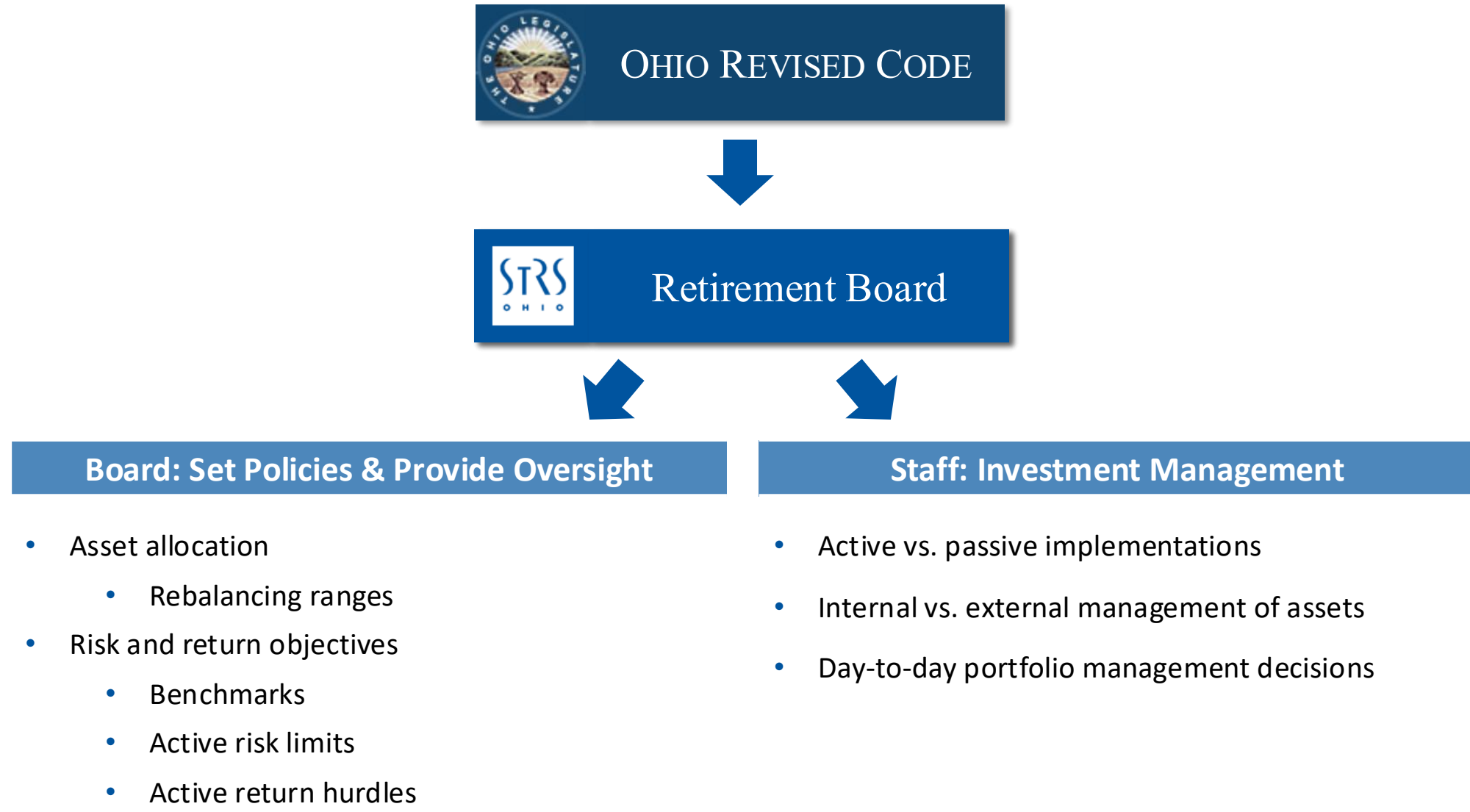
# Investments

Aaron Diconzo



- **Introduction**
- **Diversification**
- **Active vs. Passive Management**
- **Internal vs. External Management**
- **Conclusion**
- **Advertisement**

# How Does STRS Ohio Work?



# STRS Ohio Investment Beliefs



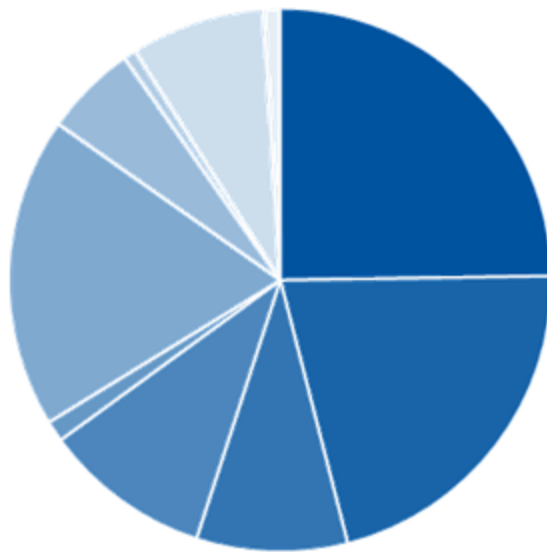
<b>STRS Ohio invests for the long term.</b>	<b>Members of STRS Ohio are rewarded taking certain investment risks.</b>	<b>Investment diversification works.</b>
<b>Internal asset management is a strategic advantage.</b>	<b>Active and passive investing are both appropriate.</b>	<b>Good governance is critical for success.</b>
<b>Costs matter.</b>	<b>Economies of scale benefit members.</b>	<b>Cash flows matter.</b>

*Board-established Investment Beliefs guide both oversight and management*

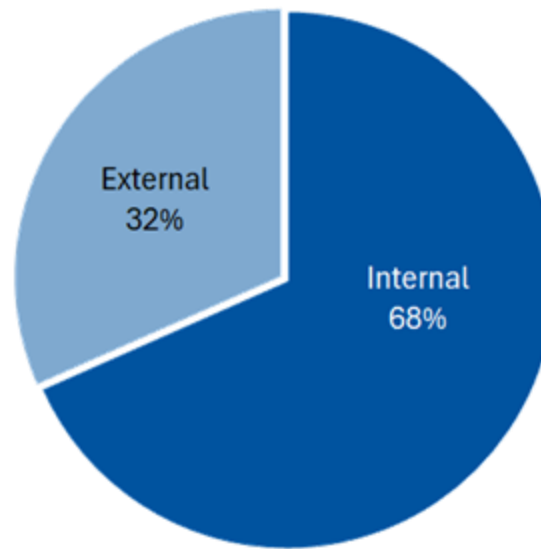
	Ohio Revised Code	Board Role	Staff Role
<b>Diversification</b>	Required: “...to minimize the risk of large losses...”	Sets total fund asset allocation	Implements board-approved asset allocation
<b>Active vs. Passive Management</b>	“...make investment decisions with the sole purpose of maximizing the return on its investments...”	Sets total fund and asset class risk budgets and active management hurdles	Executes investment strategies within the board-determined parameters
<b>Internal vs. External Management</b>		N/A: explicitly delegated to investments staff	

# Snapshot of STRS Ohio Total Fund

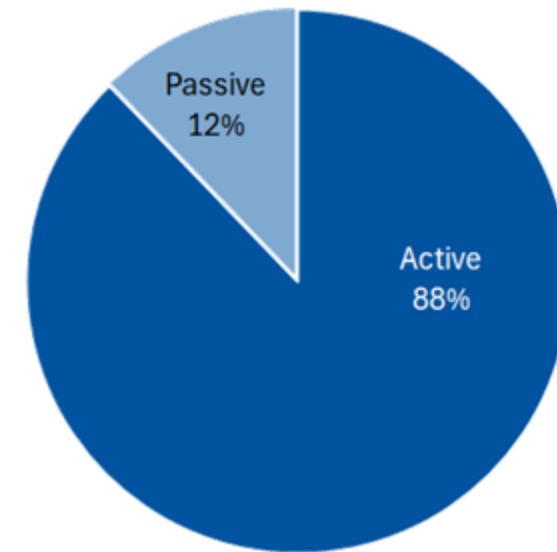
**Total Fund by Asset Class**



**Total Fund by Internal vs. External Management**

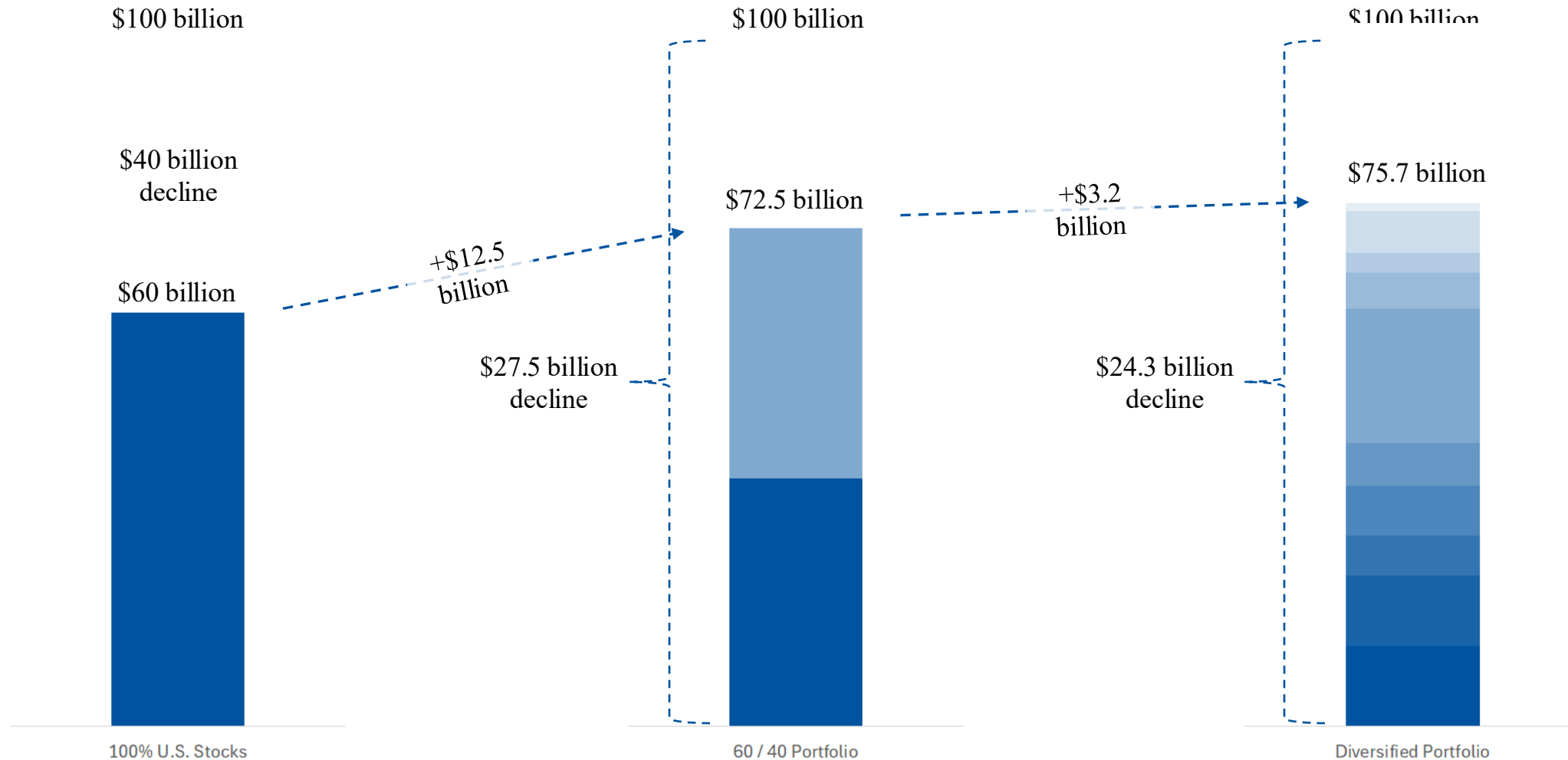


**Total Fund by Active vs. Passive Management**



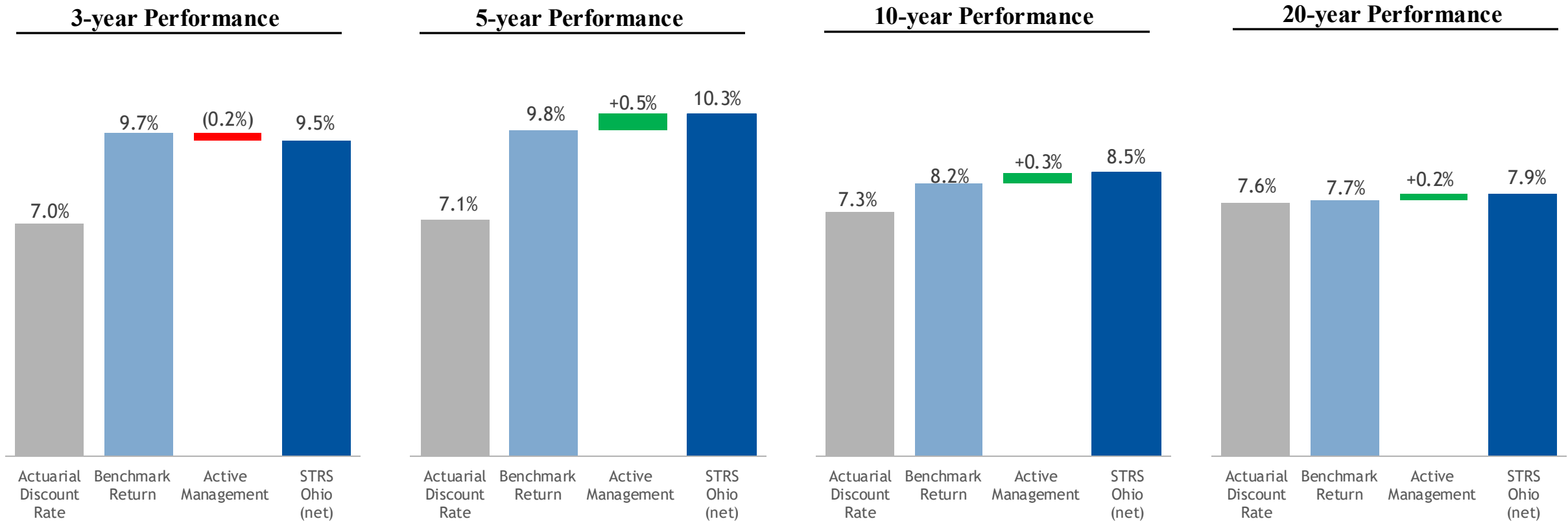
*STRS Ohio Total Fund is diversified and primarily internally and actively managed*

# Diversification Reduces Risk

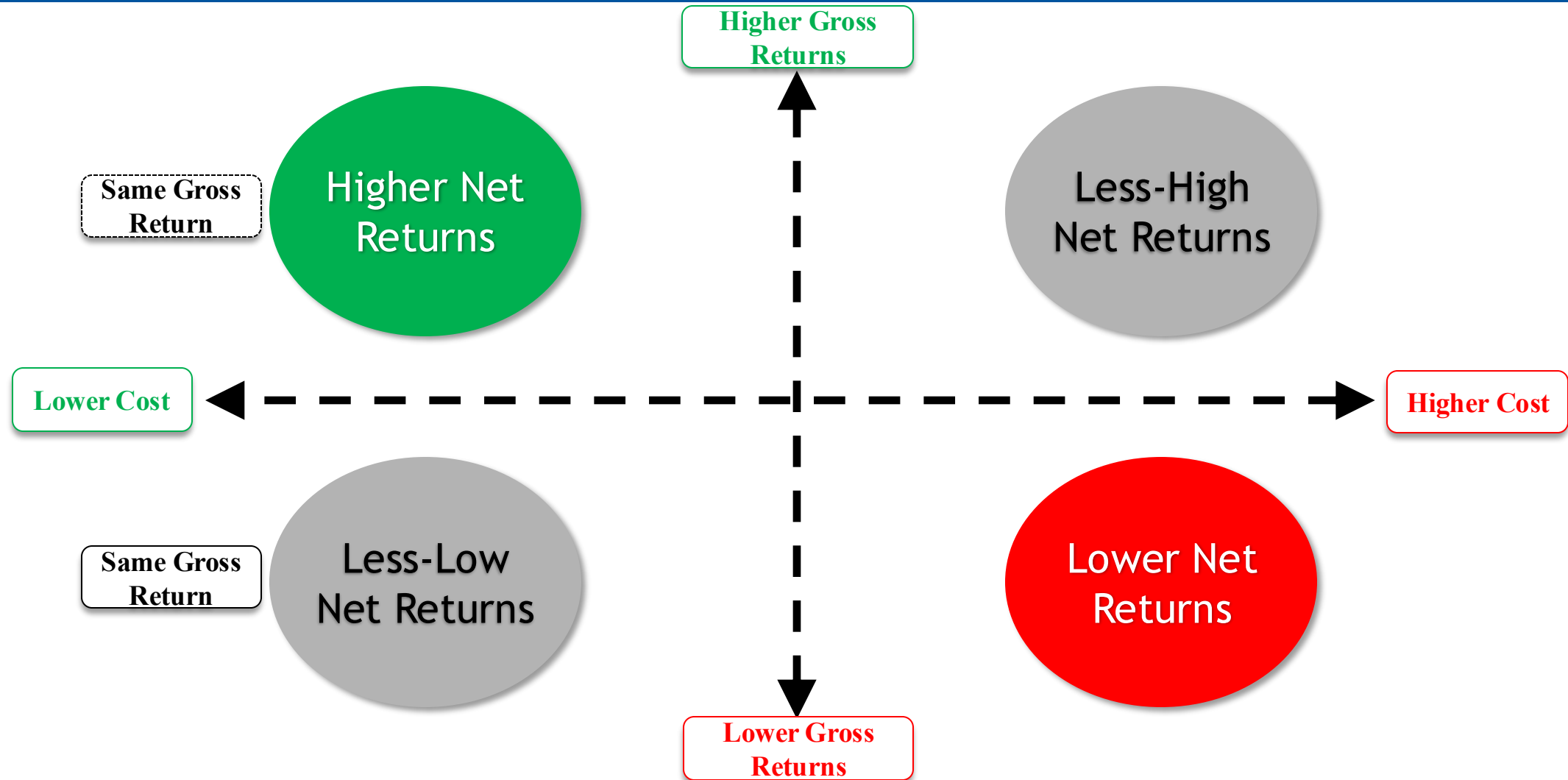


*Because different assets behave differently, diversification protects members*

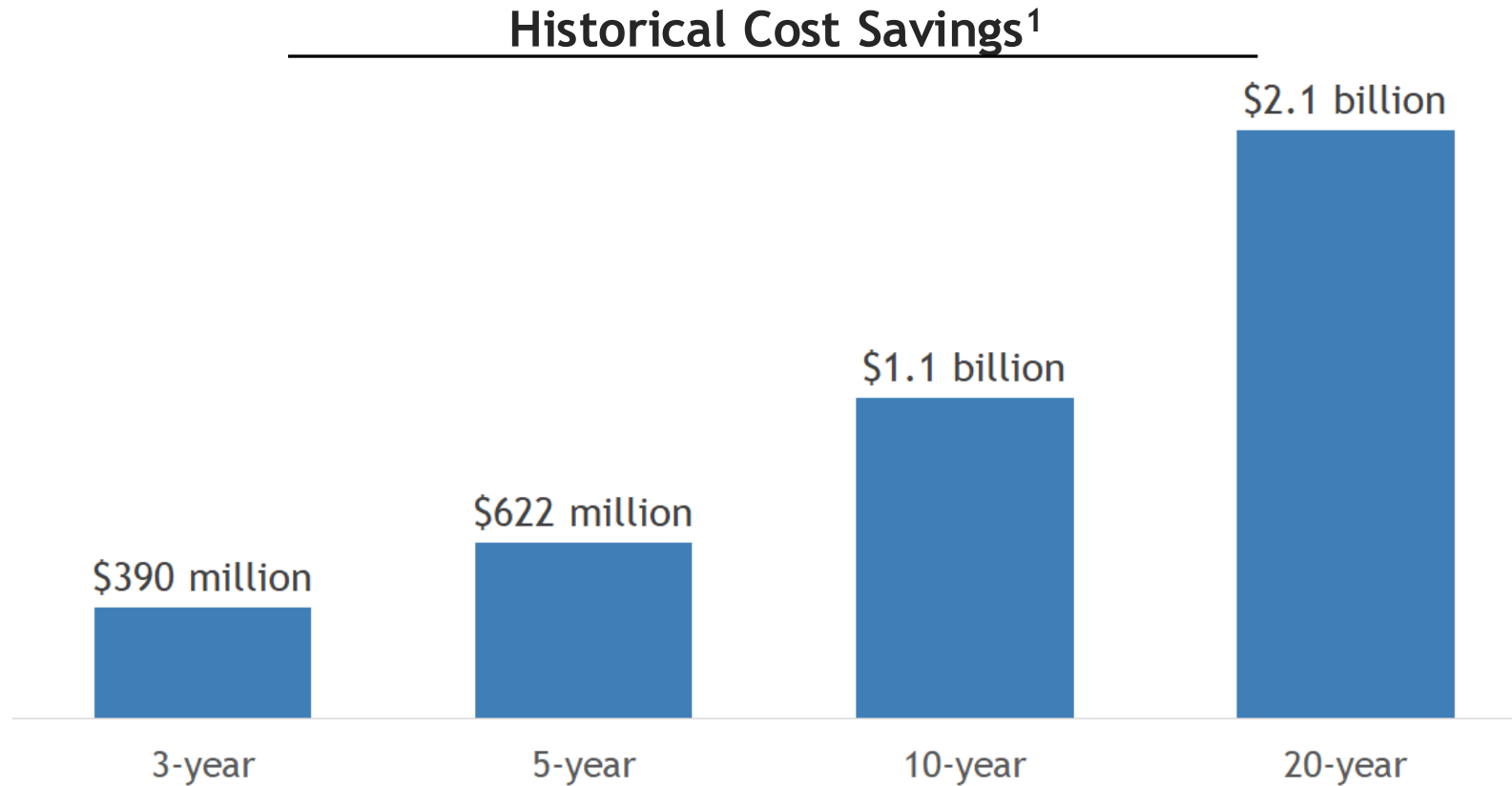
# STRS Ohio Historical Investments Performance



*Long-term STRS Ohio net performance is objectively strong*



*Costs do not drive returns, but costs will reduce a like return*



*Internal asset management has saved more than \$2 billion over the last 20 years*

# What is “PBI”? Why does STRS Ohio use it?



- **Performance-Based Incentive Compensation**
  - Incentivization
  - Alignment
- **Policy-based**
  - Annual board policy review and approval required
  - Policy determines parameters and structure
- **Professionally developed**
  - Data-driven compensation levels
  - Annual updates and regular review

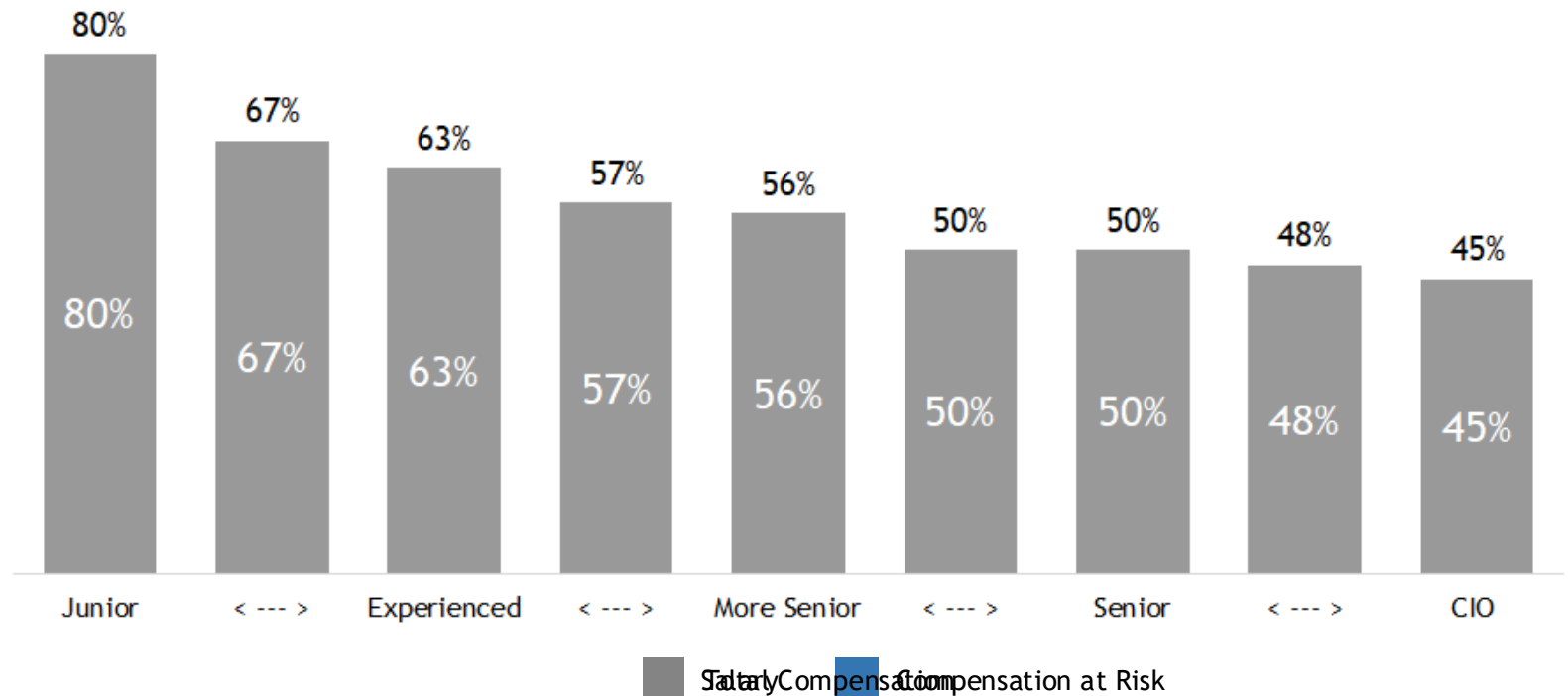
# What is an appropriate compensation philosophy?



# How a mix of salary & incentive works at STRS Ohio

- Start: market-based total compensation data from consultants
- Allocate: at-risk, performance-based portion of total compensation (PBI)
- 10-year experience has been 57% payment
- Prolonged poor performance meaningfully reduces compensation

## Illustrative At-Risk Incentive-Based Comp. vs. Salary



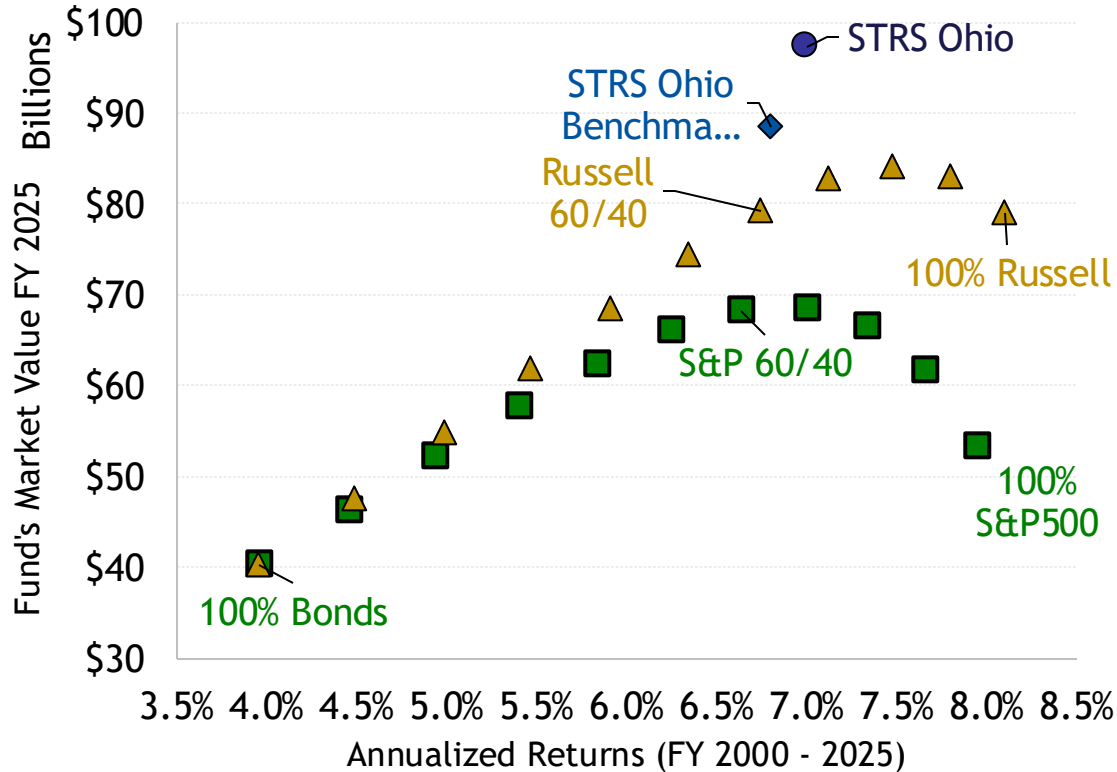
*PBI compensation structure aligns investors with members and appropriately allocates more at-risk compensation to investors with greater responsibility*

# 5-Year Aggregate Investment Value Added & PBI

Time Period	Aggregate Investment Net Value Add	Aggregate PBI Earned	Ratio to PBI
5 Years <i>(ended 6/30/25)</i>	\$2,052,995,329 <i>(\$2.1 billion)</i>	\$38,601,257 <i>(\$38.6 million)</i>	53x

# How it all comes together in real life

## STRS Ohio Actual Performance compared to Theoretical Passive Portfolios



Notes: Estimate STRS Ohio's market value in FY 2025 based on asset allocation and investment decisions at the beginning of FY 2000. Estimates are net of *all* investment costs.

- **Net benefits paid: \$76 billion**
  - Paid \$147 billion in benefits, received \$71 billion
- **Increase diversification: S&P500 to Russell 3000**
  - + Added additional \$11 billion
- **Board chose diversified benchmarks**
  - + Added additional \$9 billion
- **Board's decision to embrace active management**
  - + Added additional \$9 billion

*Result is an additional \$29 billion available to pay benefits to members<sup>1</sup>*

<sup>1</sup> Calculated as the compounded total return inclusive of STRS Ohio cash flows 2000-2025 for each illustrative portfolio.

- **December Investment Committee**

- CEM Benchmarking: detailed investment cost review and benchmarking
- Albourne: private equity, private credit, real estate fee validation

- **February Investment Committee**

- Capital markets update from investment consultant Meketa
- Investment policy review

- **March Investment Seminar**

- Several interesting topics from internal and external presenters

- **June Investment Committee**

- Annual investment plan



# Questions?

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# Finance

Ed Gin and Don Schley



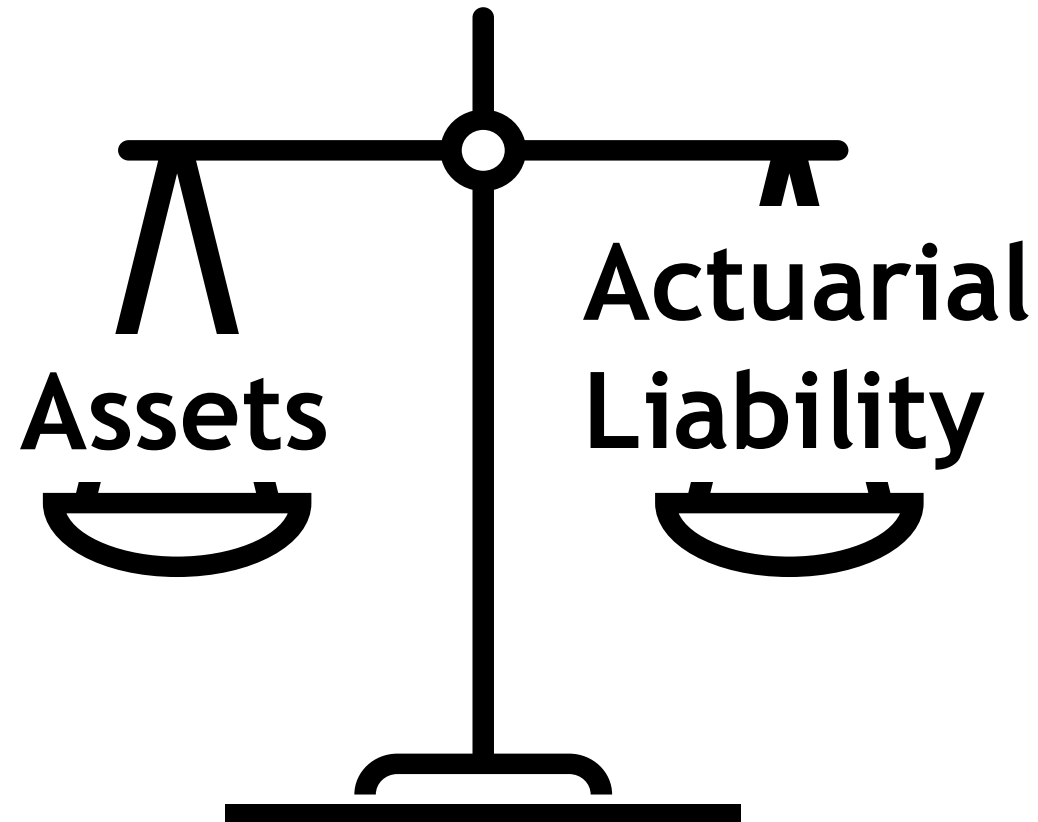
- Pension Math
- Key Performance Indicators/Terms
- Fundamental Pension Equation
- Historical Funded Ratio
- Contribution Rate Sufficiency
- Sustainable Benefit Plan

Statements of Changes in Fiduciary Net Position (in thousands)			
	June 30, 2024	June 30, 2023	Percentage Change
<b>ADDITIONS</b>			
Contributions	\$ 4,074,288 <sup>1</sup>	\$ 3,965,017	2.8%
Investment income	9,440,381 <sup>2</sup>	7,690,251	22.8%
Net income from investing categories	9,128,304	7,389,750	23.5%
Net income from securities lending activities	4,024	5,785	(30.4%)
Net investment income	9,132,328	7,395,535	23.5%
<b>Total additions</b>	<b>13,206,616</b>	<b>11,360,552</b>	<b>16.2%</b>
<b>DEDUCTIONS</b>			
Total benefit payments	7,592,368 <sup>3</sup>	7,527,184	0.9%
Refunds to members who have withdrawn	398,187	329,921	20.7%
Administrative expenses	73,047 <sup>4</sup>	76,314	(4.3%)
<b>Total deductions</b>	<b>8,063,602</b>	<b>7,933,419</b>	<b>1.64%</b>
<b>Net Increase in net position</b>	<b>5,143,014</b>	<b>3,427,133</b>	<b>50.1%</b>
<b>Fiduciary net position restricted for defined benefit, defined contribution and post-employment health care coverage:</b>			
Beginning of year	91,031,372	87,604,239	3.9%
<b>End of year</b>	<b>\$ 96,174,386</b>	<b>\$ 91,031,372</b>	<b>5.6%</b>

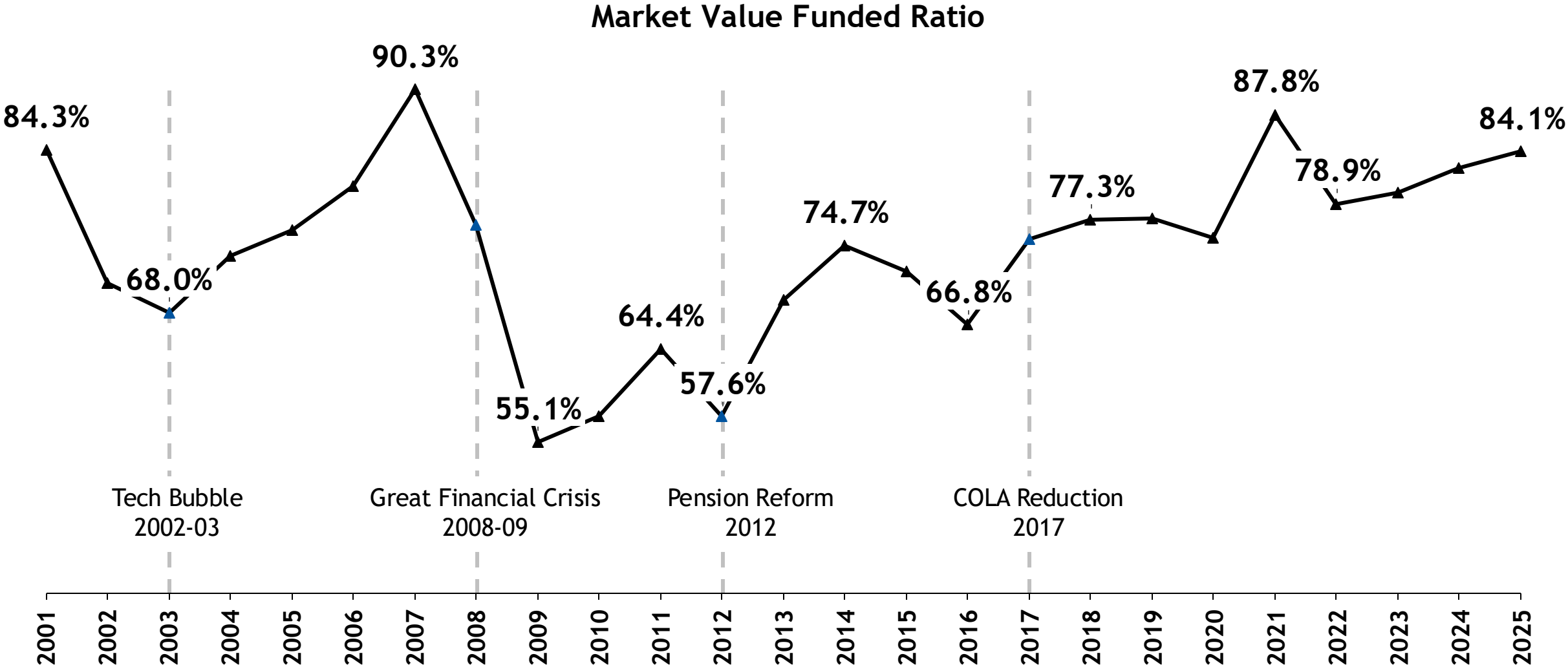
- **Market Value Funded Ratio = the ratio of the Market Value of Assets to the Actuarial Liabilities**
- **Unfunded Actuarial Liability (UAL) = the difference between Actuarial Liability and the Actuarial Value of Assets**
- **Tread water rate = the rate of payroll, which if contributed would result in the Unfunded Actuarial Liability remaining the same in the following year if all experience exactly matched the assumptions**
- **UAL paydown rate = total contribution rate minus tread water rate**

# Fundamental Pension Equation

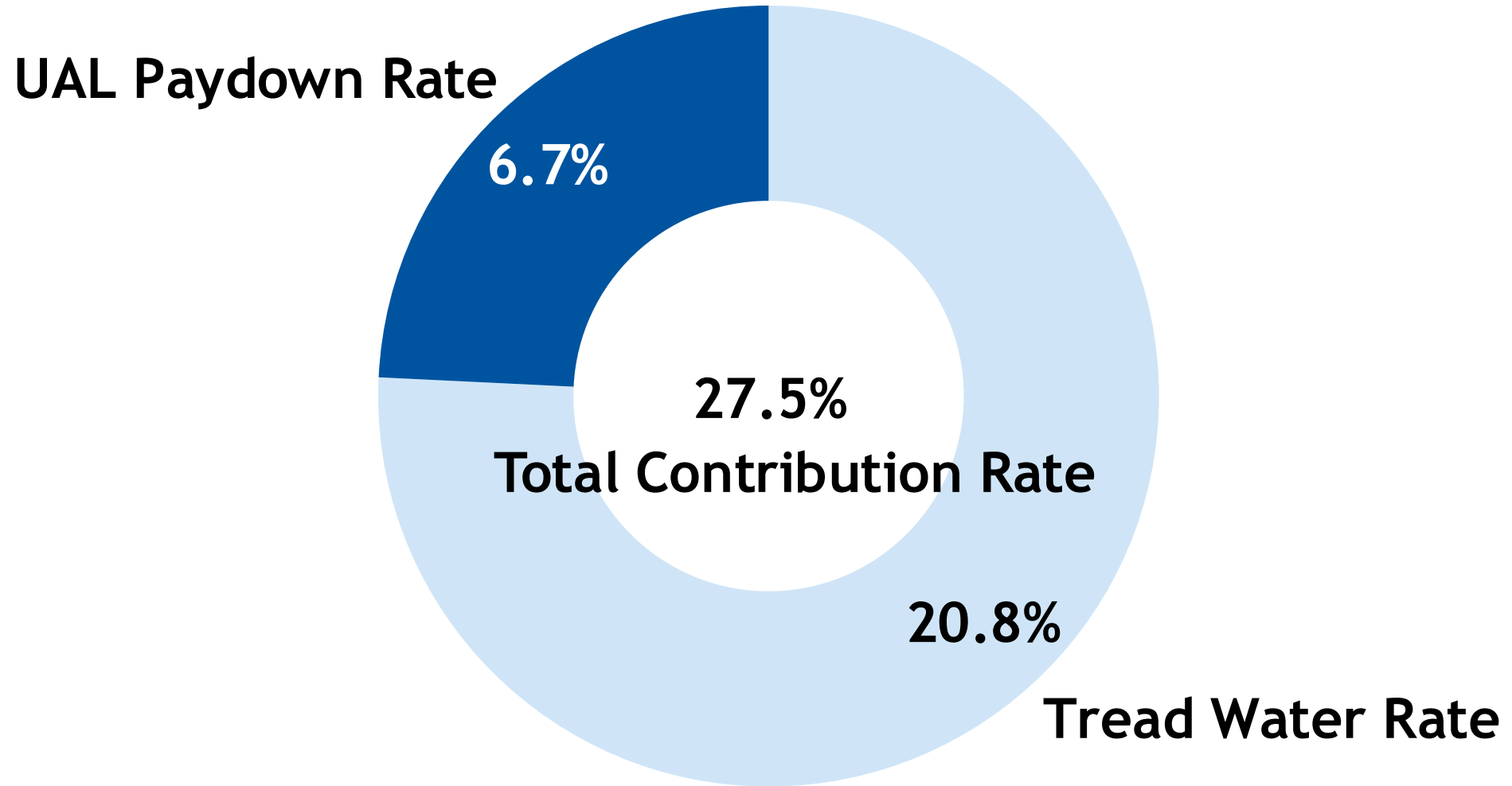
$$\text{Contributions} + \text{Investment Income} = \text{Benefits} + \text{Expenses}$$



# Historical Funded Ratio (2001-2025)



# Contribution Rate Sufficiency

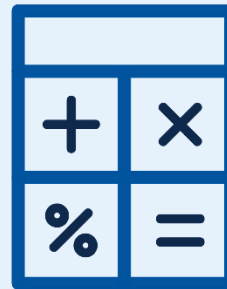
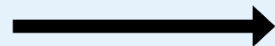


## Annual process to evaluate sustainable benefit changes



### STEP ONE:

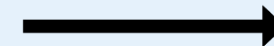
The board determines topics for discussion



### STEP TWO:

A limit\* is determined by the actuaries

\* Could be \$0



### STEP THREE:

The board prioritizes between benefit changes and strengthening the fund

# Benefit Adjustments through SBP

## Fiscal Year 2022

- 3% one-time permanent COLA effective 7/1/2022
- Age 60 requirement eliminated

## Fiscal Year 2023

- 1% one-time permanent COLA effective 7/1/2023
- Unreduced eligibility at 34 years of service (yos) extended

## Fiscal Year 2024

- Unreduced eligible at 34 years of service permanent
- Reduced eligible at 29 years of service

## Fiscal Year 2025

- Retirement eligibility 32 yos unreduced/27 yos reduced until May 2030\*
- Supplemental Benefit Payment
- 1.5% one-time permanent COLA effective 7/1/2025

\* Step back to 33 yos 2030-2032, then 34 yos 2032+



# Questions?

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# Governmental Relations

Marla Bump



## Legislative Landscape

- **State legislation**
  - House Bill 96 (Stewart) – State Teachers Retirement Board composition
  - Senate Bill 69 (Romanchuk) – 20-year amortization; placeholder language
  - House Bill 280 (Abrams) – OP&F employer contribution rate increase
- **Federal legislation**
  - Mandatory Social Security

## Advocacy and Stakeholder Input

- Monitoring legislation for its impact on STRS Ohio
- STRS Ohio Legislative Committee

## Communication with Policymakers

- STRS Ohio Town Hall meetings
- Introductory meetings with Director Toole
- Board News
- Legislator meetings



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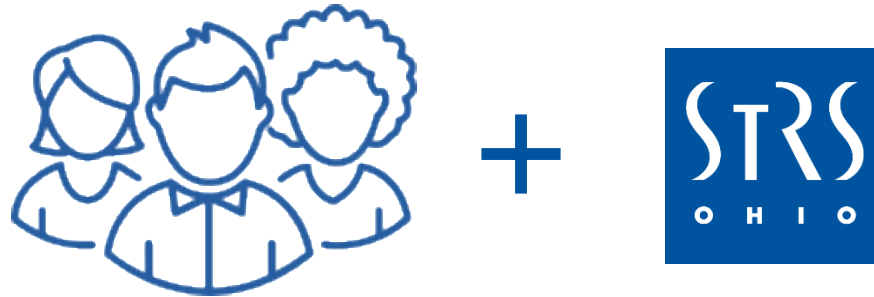


# Member Benefits

Christina Elliott



**Misinformation has fueled distrust of STRS Ohio**



**Luckily, STRS Ohio members still come to us for  
critical information regarding the system**

# Covering Membership First




TOTAL MEMBERS

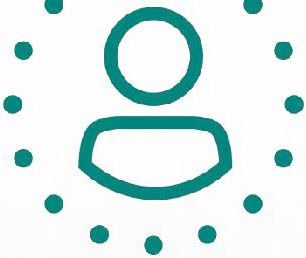
**543,940**

\*Terminated members, reemployed retirees, DC Plan members, inactive DC Plan members

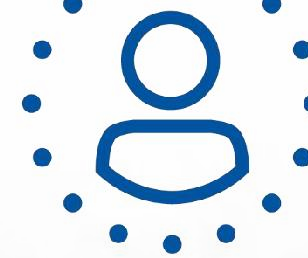
# Long-Term Planning — Your Money Is Safe



Ohio educators  
rely on STRS Ohio's  
comprehensive benefits  
for decades



**22-YEAR-OLD**  
NEW TEACHER



**108-YEAR-OLD**  
BENEFIT RECIPIENT

# Defined Benefit (DB) Plan



**Pension** Benefits



**Survivor** Benefits



**Disability** Benefits



**Health Care** Coverage



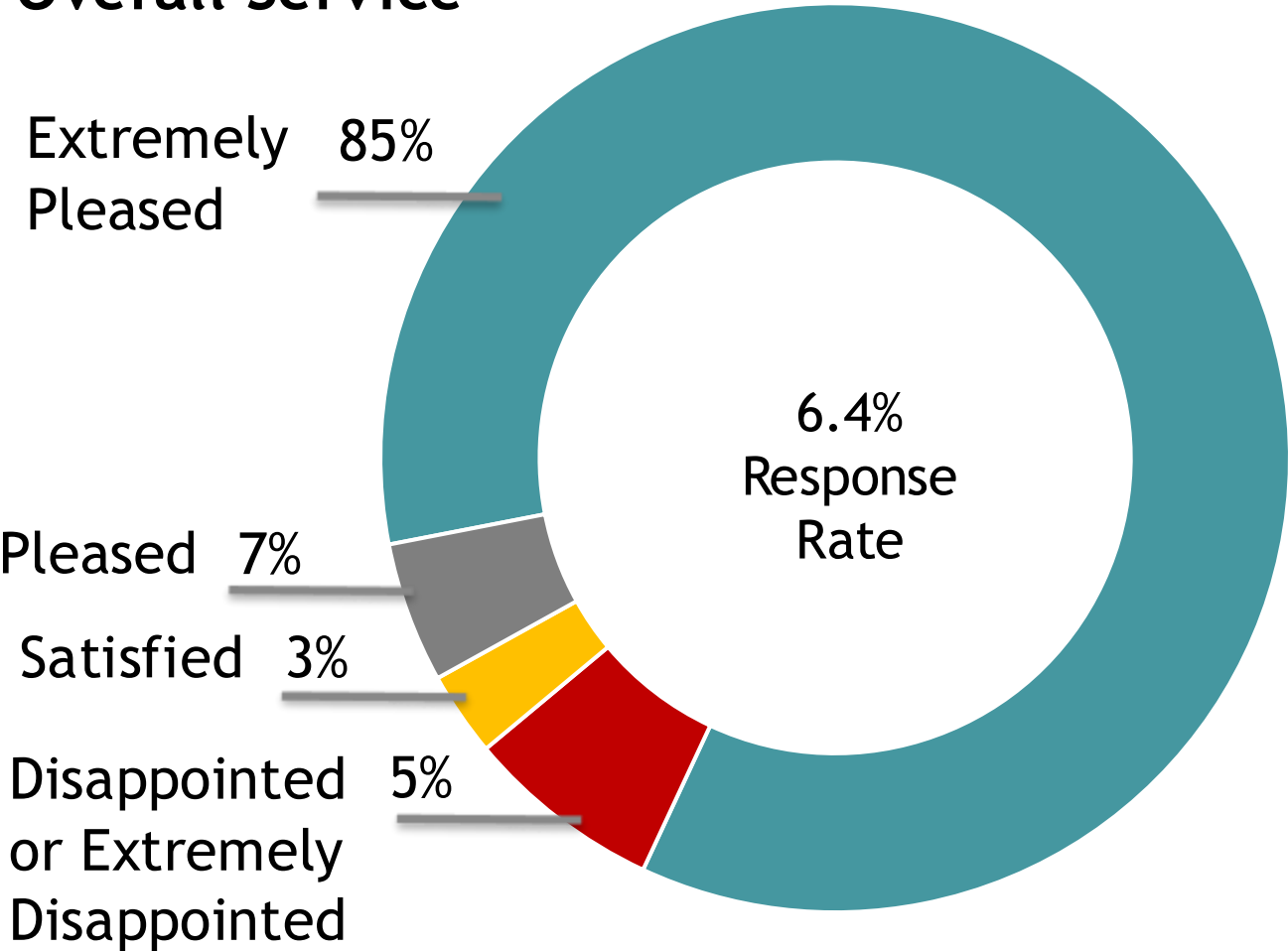
**Surveys** show that members who interact with us are highly satisfied



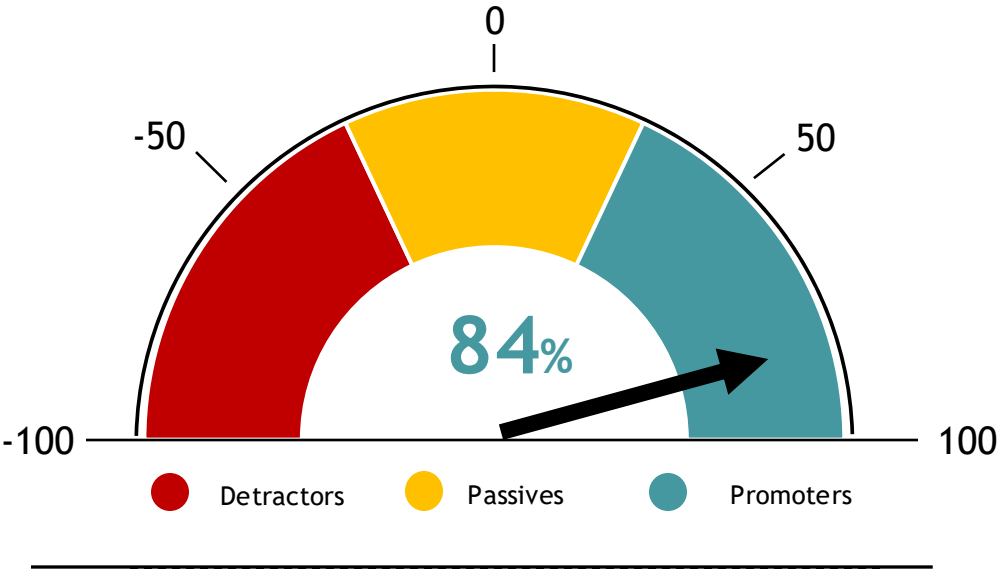
We **survey** every member that interacts with us in dozens of ways

**Next are some of the surveys and the results**

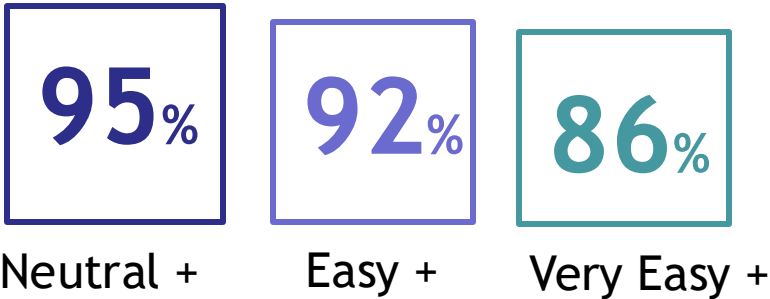
## Overall Service



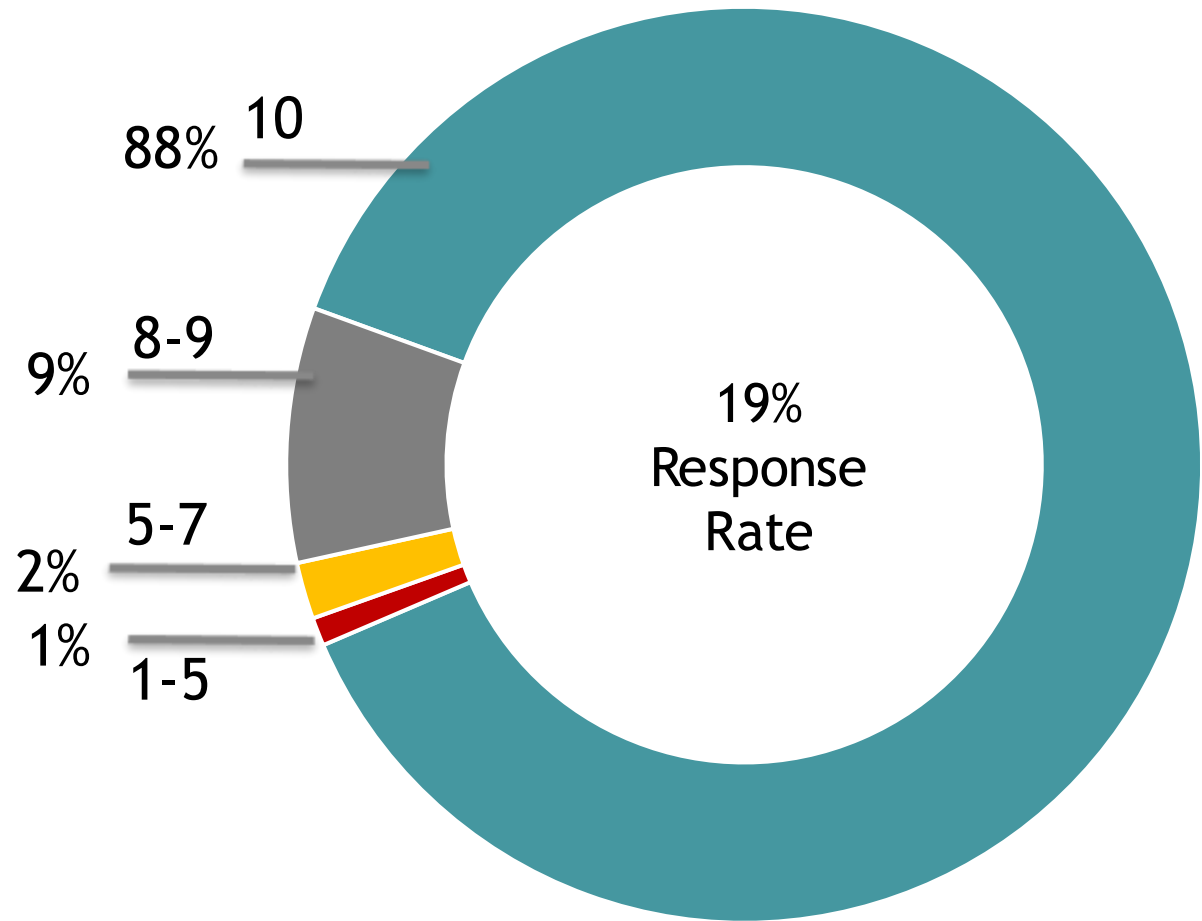
## Net Promoter Score



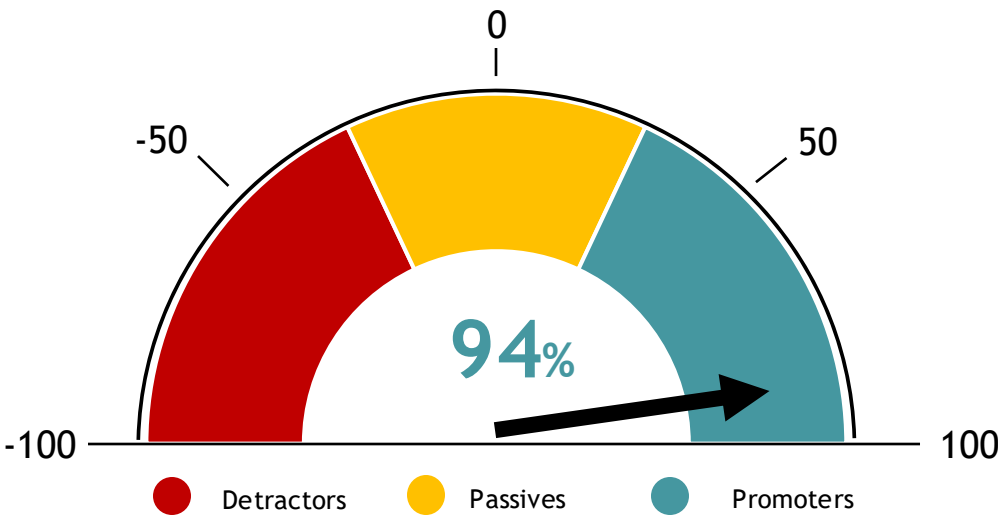
## Ease of Help



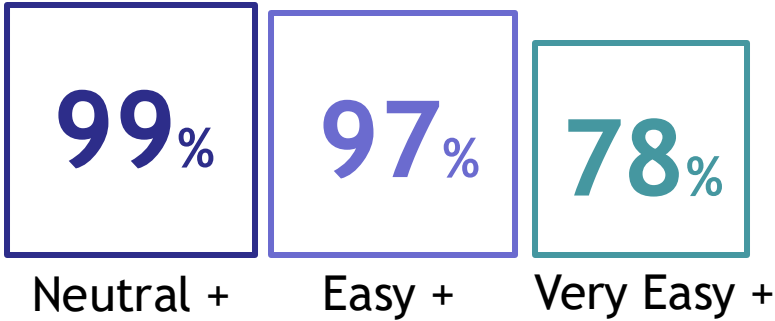
## Overall Satisfaction



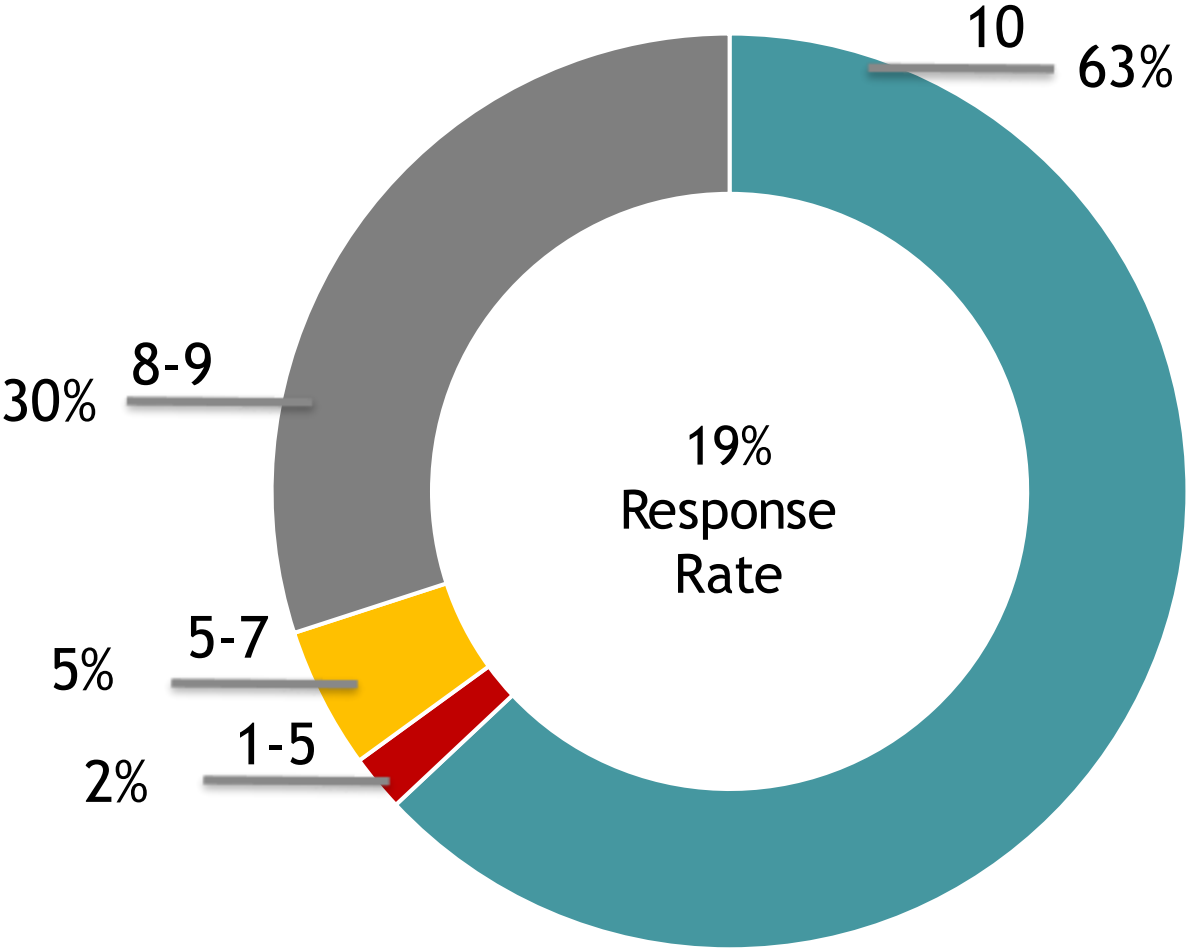
## Net Promoter Score



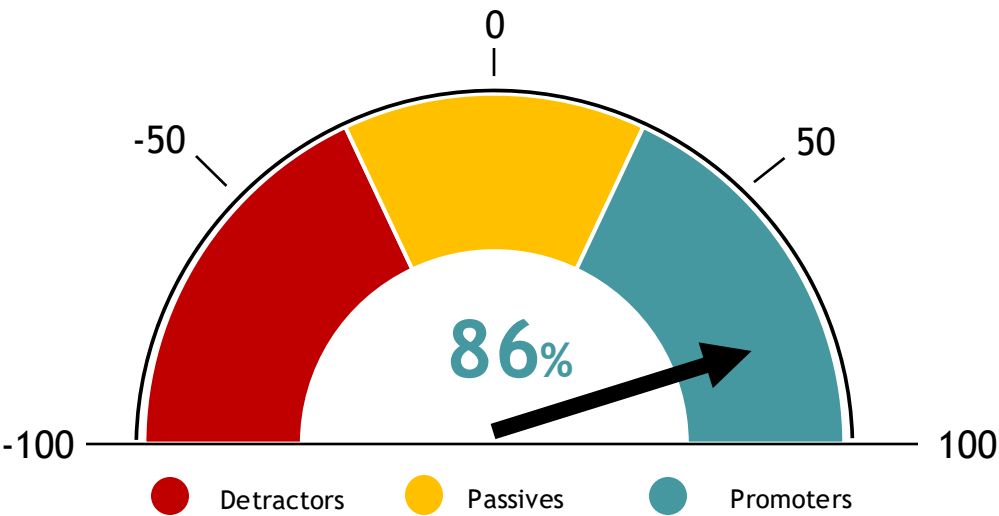
## Ease of Solution



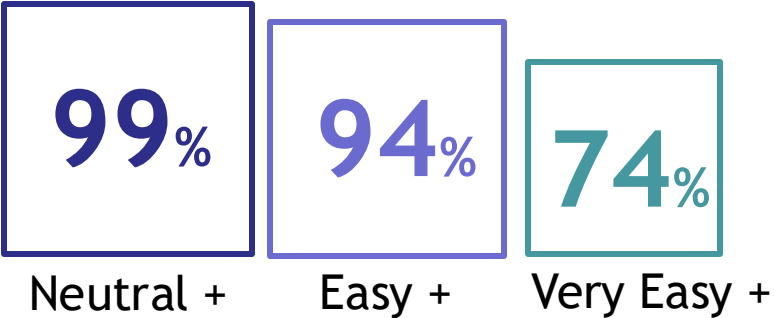
## Overall Satisfaction



## Net Promoter Score



## Ease of Resource





## Overall Satisfaction of Meeting

Retiree  
Meeting:  
4.9

**4.9**  
Avg.

Active  
Inservice:  
4.9



## Responsiveness to Attendee Questions

Retiree  
Meeting:  
4.9

**4.9**  
Avg.

Active  
Inservice:  
4.9

Rating: 1 = Unacceptable  
and 5 = Very Good



## Clarity of Information provided

Retiree  
Meeting:  
4.9

**4.9**  
Avg.

Active  
Inservice:  
4.8



## Rating of Information Presented

Retiree  
Meeting:  
4.9

**4.9**  
Avg.

Active  
Inservice:  
4.9

# Teacher Organization Sponsored Only – Survey Results Fiscal 2025



## Overall Satisfaction of Meeting

Retiree  
Meeting:  
4.9

**4.9**  
Avg.

Active  
Inservice:  
4.9



## Responsiveness to Attendee Questions

Retiree  
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**4.9**  
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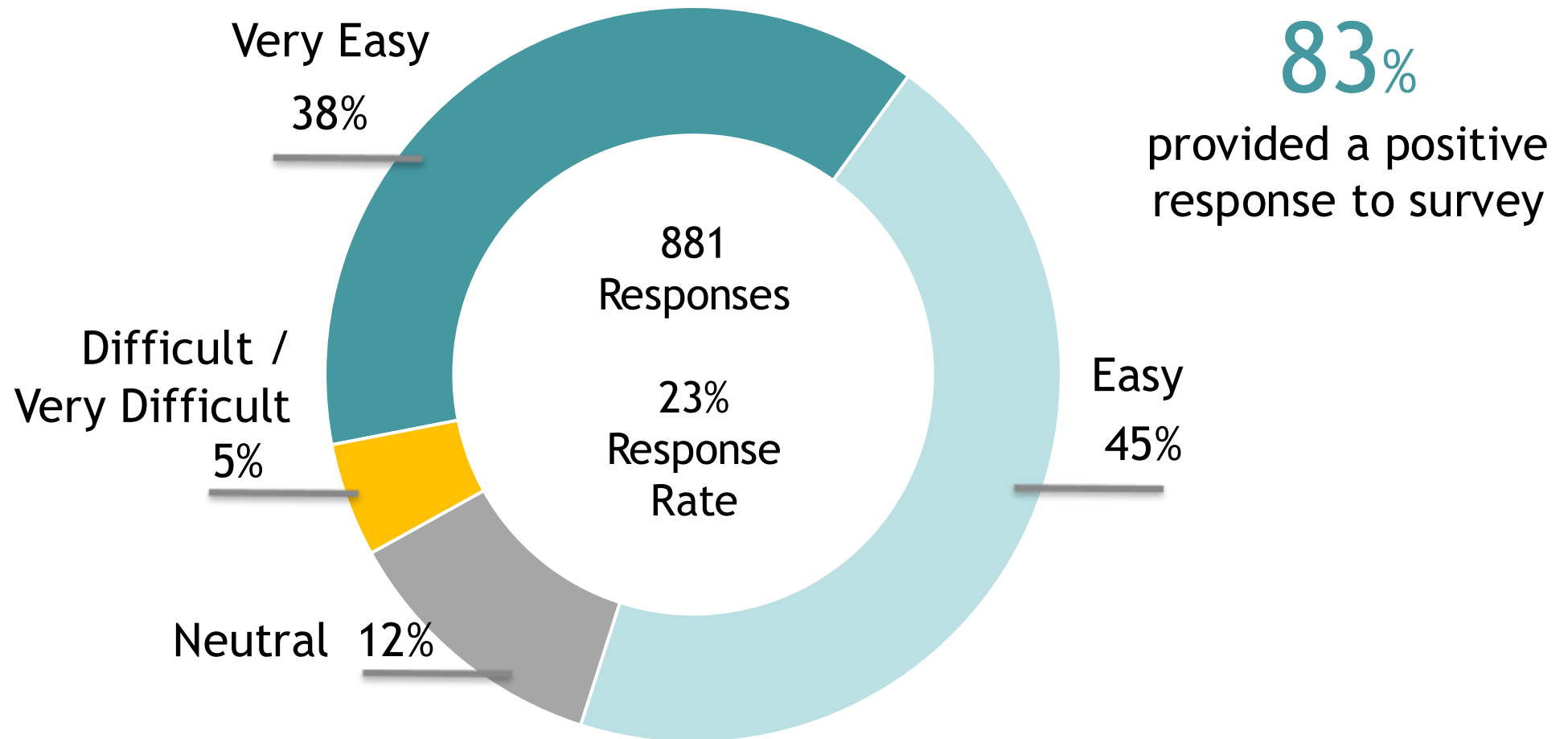
## Rating of Information Presented

Retiree  
Meeting:  
4.9

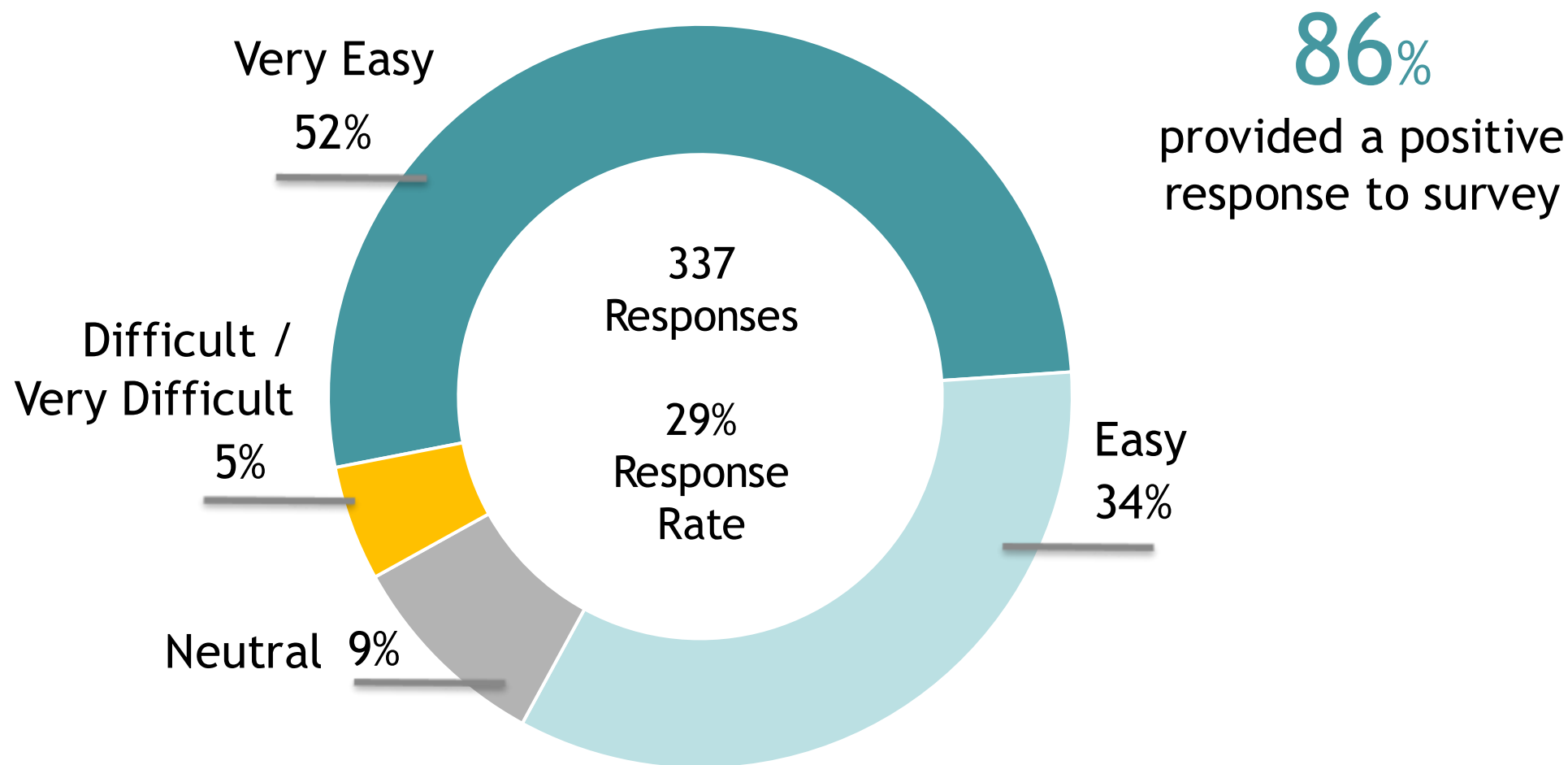
**4.9**  
Avg.

Active  
Inservice:  
4.9

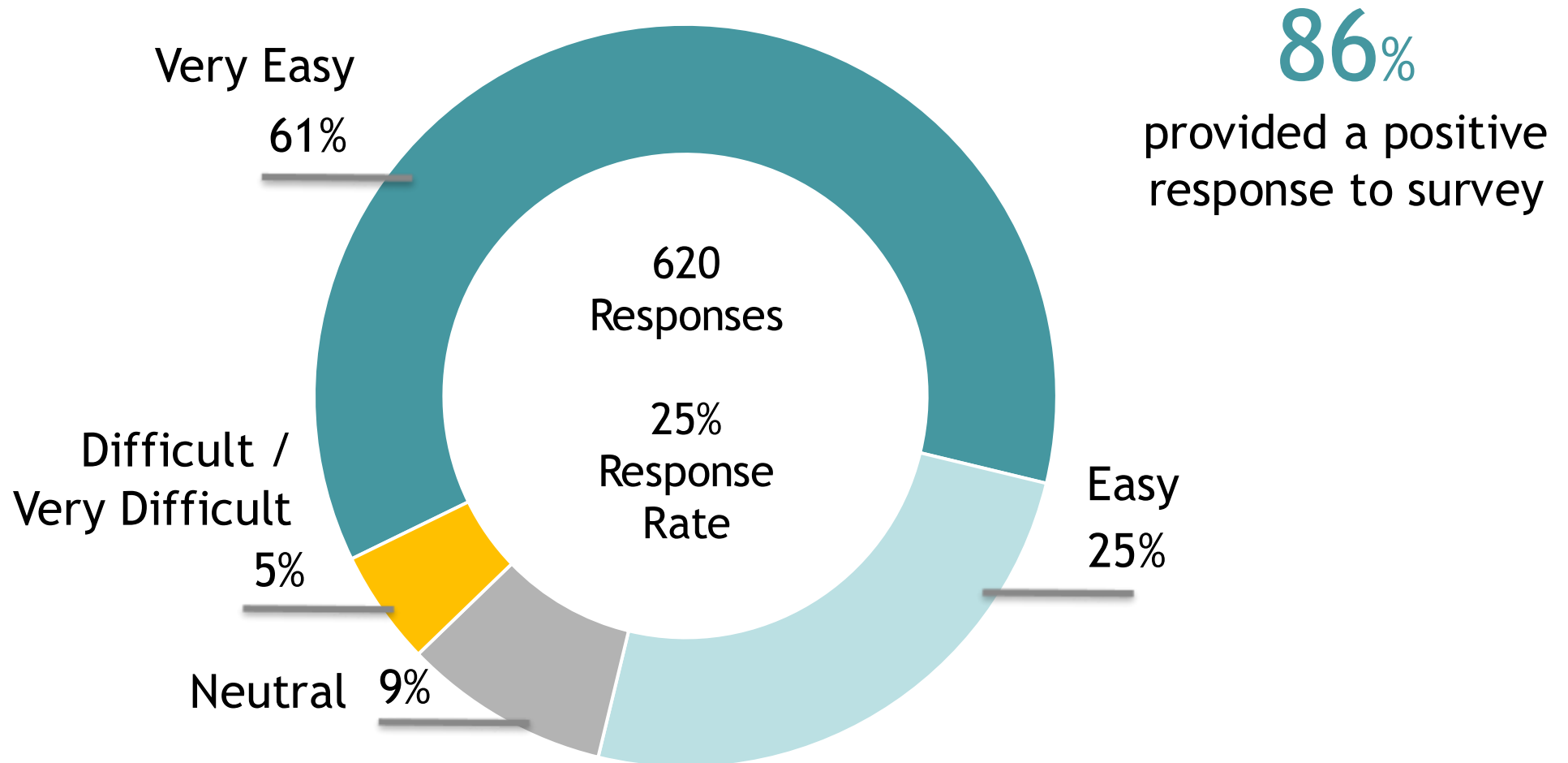
## How easy was it to retire with STRS Ohio?



## How easy was it to complete the process to receive survivor payments?



## How easy was it to complete the application process?



# High service scores compared to our peers\*



## Service

- Your total service score was 91. This was above the peer median of 83.
- You scored well for service in these areas:
  - Website accessibility, contact center accessibility and call quality, personal information, transfers-out
- You scored below your peers in these areas:
  - Salary and service credit
- Your service score has increased from 84 to 91 between 2017 and 2024.

## Cost

- Your total pension administration cost of \$115 per active member and annuitant was \$2 below the peer average of \$117.
- This is mainly because you had lower support costs per member.
- Your total pension administration costs per active member and annuitant increased by 10.7% in the year, and increased by 1.3% per annum over the last 8 years.
- For your peers the average cost increased by 4.5% in the year, and increased by 3.1% per annum over the past 8 years.

## Cost effectiveness

- You were lower cost and higher service than the average participant in the CEM universe.



## Robust Member Site

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- *Online Personal Account*
- *Calculators*



## Member Education

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- *Discover where you are on your retirement journey*
- *Staff has traveled over **22,000 miles** around Ohio in fiscal 2025*



## Questions? Reach out!

---

- *Call the Member Services Center*
- *Schedule a counseling appointment*

# Ways we are reaching our members

- **Town Halls**
- **Email campaigns**
- **Video series**
- **Targeted marketing for services**
- **Website improvements**
  - New Member Education Hub
  - New Employer Support Hub on the Employer Website (coming soon)

- **Conducted 13 Town Hall meetings during 2024-25 fiscal year**
  - Total attendance was 970
- **Members are generally satisfied with the Town Halls**
  - Overall Satisfaction – 3.73
  - Responsiveness to Questions – 4.01
  - Clarity of Information – 3.95
  - Rate the Information – 3.88
- **Members are very grateful for Town Halls and the time senior leadership takes to listen to members across the state**
- **Town Halls are dynamic and will adjust to member needs and expectations**

# COMMUNICATING WITH **OUR MEMBERS**



**13,071**  
COUNSELED



**208,673**  
CALLS



**35,251**  
EMAILS



## Robust Member Site

---

- *Online Personal Account*
- *Calculators*



## Member Education

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## Questions? Reach out!

---

- *Call the Member Services Center*
- *Schedule a counseling appointment*

# Nearly \$6.0 Billion in Benefit Changes Over Three Years



## March 2022

- **3%** one-time permanent COLA  
(effective 7/1/2022)

- Age 60 requirement eliminated

**\$2.2 billion**

## May 2023

- **1%** one-time permanent COLA  
(effective 7/1/2023)

- Eligibility rule of 34 years extended

**\$0.8 billion**

## March 2024

- Eligibility rule of 34 years permanent
- Reduced retirement eligibility lowered to 29 years

**\$0.8 billion**

## Nov. 2024

- Unreduced retirement eligibility lowered to 33 years\*
- Reduced retirement eligibility lowered to 28 years\*

**\$0.3 billion**

## Dec. 2024

- Supplemental benefit payment to provide some inflation relief for benefit recipients

**\$0.3 billion**

## April 2025

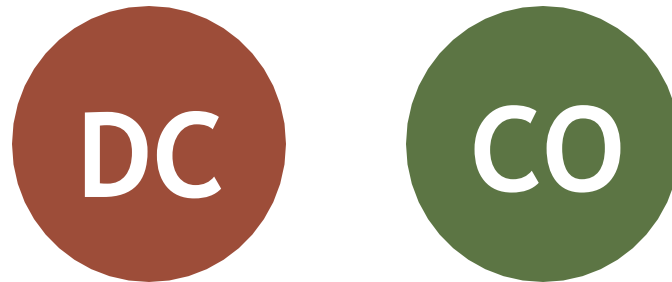
- **1.5%** one-time permanent COLA  
(effective 7/1/2025)
- Unreduced retirement eligibility lowered to 32 years\*\*
- Reduced retirement eligibility lowered to 27 years\*\*

**\$1.5 billion**

\*For retirements between June 1, 2025–July 31, 2027

\*\*Temporary until May 1, 2030. Return to 33 years unreduced/28 reduced from June 1, 2030–May 1, 2032; then 34 unreduced/29 reduced beginning June 1, 2032

**For members that need something different from a pension, STRS Ohio offers a Defined Contribution plan (401a) and a Combined Plan that offers features of the both the Defined Benefit plan and the Defined Contribution plan**



**Next are some interesting facts and trends related to these plans**

# Defined Contribution Program — At a Glance



## Assets

**\$3.6b**

(\$3.1b in 2024) ↑16%

**DC = \$2.2b**

**CO = \$1.1b**



## Participants

**28,572**

(27,988 in 2024) ↑2%

**DC = 17,739**

**CO = 10,833**



## Avg. Account Balance

**\$126k**

(\$118k in 2024) ↑6%

**DC = \$135k**

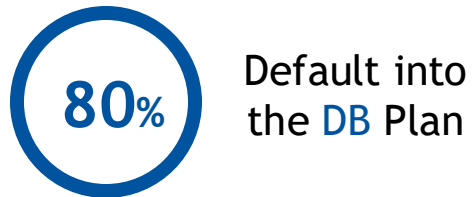
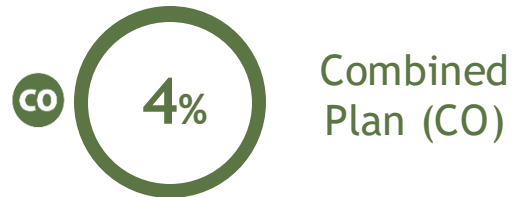
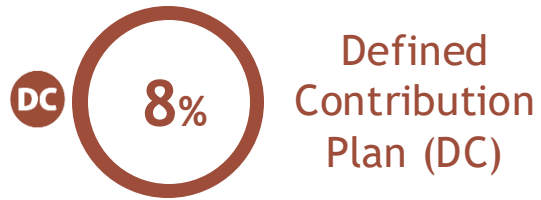
**CO = \$113k**

\* Plan assets do not include the CO Plan assets held in the DB Plan

\* All plan metric data as of June 30, 2025

# STRS Ohio Plan Selection & Reselection

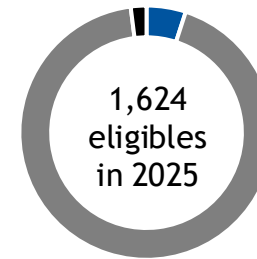
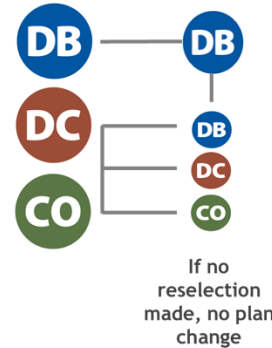
## 180 DAYS Plan Selection



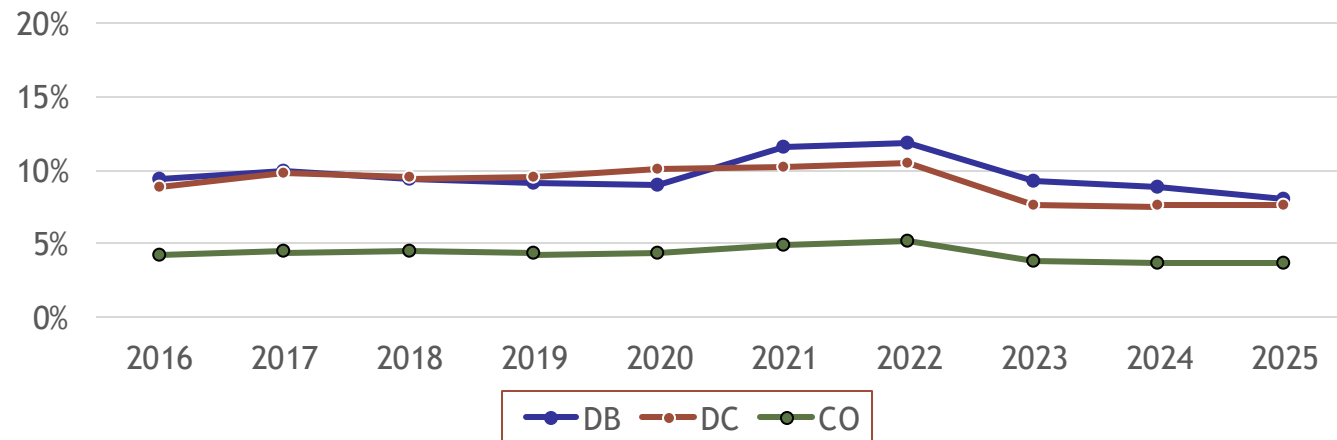
New members have **180 days** to select a plan, otherwise default into the **DB Plan**

## Plan Reselection

5 YEARS



- 93% - No Plan Change
- 5% - Move to DB Plan
- 2% - Transfer between DC & CO



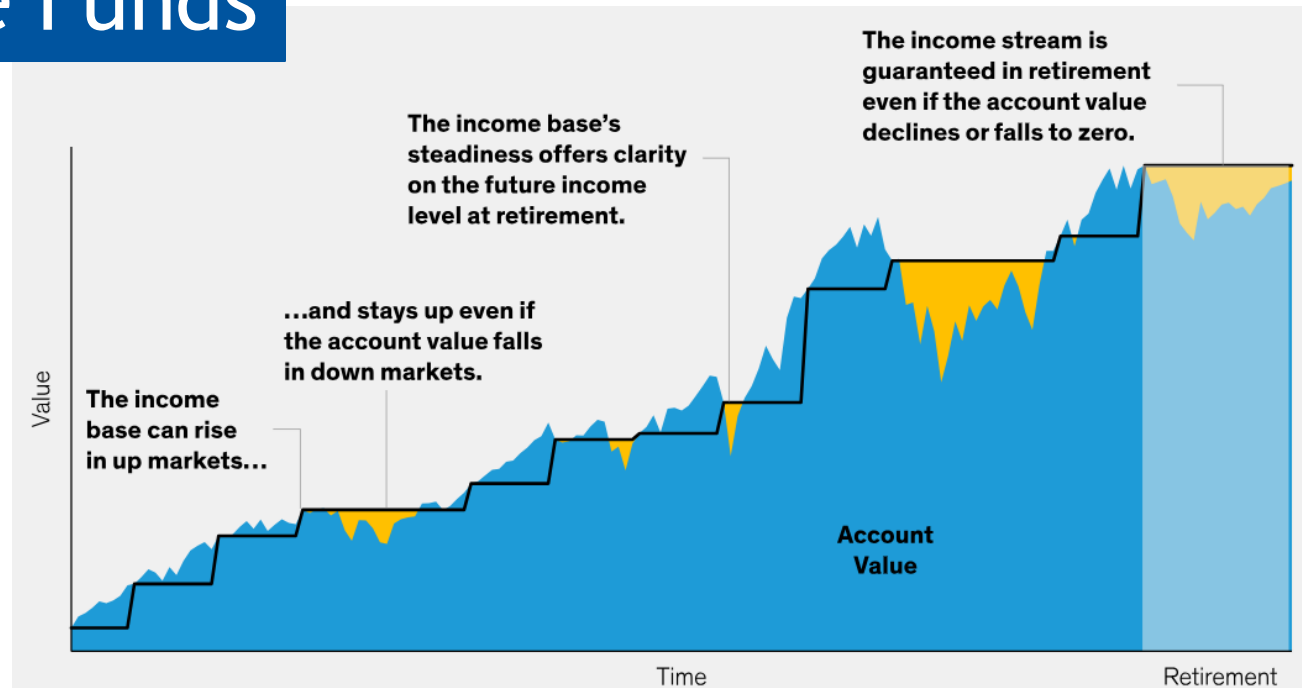
## Lifetime Income Funds

financial products designed to provide a guaranteed stream of income for the rest of your life.

Secure Act 2.0

Private Equity  
offered on  
Fund Menus

AI Service  
Models



STRS Ohio ahead  
of trend, offering  
DC Program  
participants ability  
to annuitize at  
retirement

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Participants retired in  
DC & CO plans (in 2025)  
and annuitized through  
the pension

\*Actuarial Equivalent is determined by applying interest equal to the assumed rate of return minus 3.50%.

# Building Financial Security With Supplemental Savings



**BUILD**

**PROTECT**

**CONTROL**

**STRATEGIZE**



# Questions?

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