

**Report of the Retirement Committee
Submitted by De Tonack**

The NSEA Retirement Committee met via Zoom on January 31, 2023, and was called to order by Chairman De Tonack at 7:30 p.m. Jason Hayes reviewed the 2022 NPERS Actuarial Report. The actual FY2022 investment rate of return was -8.3%, well below the 7.2% assumed rate of return. Fortunately, plan returns are smoothed over a five-year average, so the return on actuarial assets was 7.8% resulting in an actuarial gain. This remains positive primarily because the investment return in 2021 was 30%. Phasing in some economic changes: Investment return, price inflation, Investment Return, General Wage Inflation, Covered Payroll Growth, COLA (Tier 1). These were adopted in the middle of COVID. Usually reviewed every 5 years. Mortality rates also changed at that time. Members in the various Tiers are as follows: Tier 1: 49%; Tier 2: 17%; Tier 3: 5% ;Tier 4: 29%. Additional comments on the school pension plan state projections show the school plan could absorb a reduced annual investment gain of 5.5% each year over the next ten years without requiring an additional state contribution, which is 2%. The plan's funded ratio is now 98.42%, up from 97.41% in 2021. It's projected to be above 100% by 2025. A ratio above 80% is considered healthy. A ratio above 100% suggests that contribution rates may be lowered or benefits expanded. The average funded ratio for all U.S. public employee retirement plans is 77%. There is strong data on how pensions saved main street during the pandemic. Four legislative bills addressing retirement were discussed. One was LB198 introduced by Senator McDonnell providing for a return to work for someone possibly quitting a teacher role but returning in a different role such as substitute while not retiring and authorize contributions under the School Employees Retirement Act and the Class V School Employees Retirement Act. LB641 was also supported as it eliminates state taxation on social security one year earlier, so by 2024. The transition to an OSERS member added to the PERB Board will be in 2024. NSEA/OEA needs to recruit someone and train them. Shane Rhian, OPS Chief Financial Officer, serves on the Investment Council. Current law states that the OSERS representative on the Public Employee Retirement Board (PERB) must be a classroom teacher.