



Sustainable Benefit Plan

An annual process for the State Teachers Retirement Board and its actuaries to evaluate benefit changes in a sustainable manner while preserving financial security for members.

Sustainable Benefit Plan (SBP) Process



STEP ONE:

The board determines the priorities for the upcoming discussion



STEP TWO:

A budget is determined by the actuaries



STEP THREE:

The board can use the budget for benefit changes

More Details

What is STRS Ohio's SBP?

The SBP is a framework to help the State Teachers Retirement Board consider the budget for potential member benefit changes every year. The long-term goal is to safeguard members' benefits by keeping the fund strong.

When does the SBP process take place?

Every spring, the board's actuary calculates a budget for potential benefit changes. The board must preserve the fiscal integrity of the system — per Ohio law, it cannot make changes without a supporting determination from the actuary.

What is an actuary?

An actuary uses math, statistics and other financial tools to assess the financial impact of possible future events.

How does the actuary calculate the budget?

The actuary uses a series of tests to see how a benefit change will impact the system. Factors like member and employer contributions, possible investment outcomes and requirements under Ohio law are accounted for. The actuary must also consider liabilities — how much money the system owes to all members for service already performed.

What kinds of benefit changes are considered?

The board and its actuaries look at changes like inflation protection for retirees (such as a COLA or supplemental benefit) and reductions in service eligibility requirements for active teachers.

Is it possible for there to be no budget for benefit changes in a given year?

There can be years where there is no budget. If that is the case, the board may be able to make small changes or may be unable to make benefit changes at that time, depending on the health of the fund.

Will the board use the full budget for benefit changes if it is available?

The board may choose to use any portion of the budget. The more that is used for benefit changes, the longer it will take STRS Ohio to fully fund its liabilities. Achieving a balance between benefit changes and maintaining or improving financial stability is important.

Recent Changes From the Annual SBP Process

March 2022:

- 3% permanent cost-of-living adjustment (COLA) for eligible benefit recipients (beginning in fiscal year 2023)
- Age 60 retirement eligibility requirement eliminated

May 2023:

- 1% permanent COLA for eligible benefit recipients (beginning in fiscal year 2024)
- Unreduced retirement eligibility at 34 years extended

March 2024:

- Unreduced retirement eligibility at 34 years made permanent
- Reduced retirement eligibility lowered to 29 years