



October 17, 2025

Ms. Bethany Rhodes, Director and General Counsel
Ohio Retirement Study Council
Rhodes State Office Tower
30 East Broad Street, 2nd Floor, Suite 219
Columbus, OH 43215

Dear Ms. Rhodes:

Enclosed is the proposed 2026 operating budget for the Ohio Public Employees Retirement System (OPERS). Please note this budget reflects OPERS operations only and does not include the operations of the Ohio Deferred Compensation Program. The OPERS proposed operating budget of \$132.6 million reflects a 5.9% increase in expenses from the prior year's budget of \$125.2 million. The 5.9% increase consists of increases of \$3.3 million, or 4.1%, in the personnel expense category and \$3.9 million, or 15.9%, in the professional services expense category. The remaining expense category fluctuations are less significant and result in a net increase of less than \$0.2 million.

The personnel expense budget reflects no change in the number of staff positions. OPERS has proactively invested in technology designed to yield long-term staff savings. Accordingly, OPERS carefully manages staff turnover, often electing to defer hiring, especially in areas expected to be impacted by technology. Since 2017, OPERS has been able to reduce our overall workforce by 132 positions. This budget reflects that staff will receive an average 5% merit-based increase, along with other increases to incentive compensation, employee insurance costs, and capitalized labor costs associated with capital projects.

The professional services budget reflects significant increases for investment-related legal, due diligence, software, index, and other data and pricing services as staff continue to implement and update investment strategies and industry providers continue to increase costs. Custodial and banking fees increased during 2025 and are expected to continue to increase in 2026, as a result of higher transaction volumes and investment market values. Also included in this category are expenses for election services, the second year of a two-year Board election cycle, and actuarial services associated with a five-year experience study.

The proposed operating budget reflects funding for on-going operations and OPERS key strategic plan initiatives. The strategic plan includes the continued implementation of significant technology initiatives designed to position the system to handle the continued large growth in retirees without a corresponding increase in staff. These initiatives, which



began years ago, will enable OPERS to continue to provide quality customer service to our over one million members and retirees, thereby continuing OPERS proud tradition of providing value for the State of Ohio through the distribution of pension benefits and health care coverage.

The proposed 2026 capital budget reflects a small increase from \$19.4 million in 2025 to \$20.0 million in 2026. Approximately 90% of the budget, or \$18.0 million, continues to be related to technology initiatives. The capital budget includes \$12.7 million for continued member systems modernization efforts, \$3.3 million for the replacement of our electronic document management system, and \$2.0 for design and initial implementation of an investments enterprise data management solution. Included in these projects is \$6.8 million in estimated internal labor costs associated with these technology capital initiatives.

Attached you will find budget information presented in the format approved by the ORSC for adoption by the five Ohio public retirement systems.

- Attachment 1 is a statement of planned operating expenditures, including comparisons to the 2025 fiscal year budget for OPERS and projected expenses for 2025. All key variances have been discussed above.
- Attachment 2 reflects the detailed capital budget.
- Attachment 3 is a two-year historical summary of investment costs and management fees.
- Attachment 4 is a 10-year schedule and graph of budgeted Retirement Board-related meeting and travel expenses included in the overall organization operating budget.
- Attachment 5 reflects the OPERS budgeted education, training and due diligence travel by divisions on a per-FTE basis.
- Attachment 6 reflects statistical information about OPERS members and members per staff (FTE).

We believe this budget provides the necessary support to continue to fund the operations of the complex multi-billion-dollar organization. As OPERS plans for the upcoming changes, we are committed to continue operating as an efficient organization that provides superior customer service to our members and supports the State of Ohio.



Please feel free to contact me if I can assist with any questions or provide additional information.

Sincerely,

Karen E. Carraher

Karen E. Carraher
Executive Director

Cc: The Honorable Adam Bird, Chairman – ORSC
The Honorable Mark Romanchuk, Vice-Chair - ORSC

Ohio Public Employees Retirement System
2026 Budget Presentation Before ORSC

FY2025 to FY2026 Operating Budget and Increase (Decrease)

Budget Category	2026 Budget	2025 Budget	2025 Estimated Actual	Increase/ (Decrease) as %	Average Annual % Change (FY22-FY26)
Personnel	\$83,308,940	\$80,004,738	\$78,279,001	4.1%	4.8%
Salaries and Wages	62,442,169	59,920,424	58,548,832	4.2%	5.1%
PERS Contributions	9,175,163	8,840,797	8,335,976	3.8%	4.8%
Health Insurance	11,506,833	11,056,142	11,225,251	4.1%	3.5%
Miscellaneous Expenses	184,775	187,375	168,942	-1.4%	0.6%
Professional Services	28,533,283	24,614,878	26,560,099	15.9%	3.8%
Actuarial	918,379	822,610	822,610	11.6%	5.3%
Audit	469,900	463,675	449,300	1.3%	-1.7%
Custodial Banking Fees	8,358,600	7,863,239	8,463,239	6.3%	3.6%
Investment Consulting	15,341,894	12,228,501	13,405,104	25.5%	5.6%
Other Consulting	3,419,510	3,191,853	3,399,846	7.1%	-0.9%
Banking Expenses	25,000	45,000	20,000	-44.4%	-7.9%
Communications Expense	2,933,087	2,961,551	2,800,227	-1.0%	-0.3%
Printing and Postage	2,677,114	2,642,003	2,478,406	1.3%	1.8%
Telecommunications	160,453	228,728	231,001	-29.8%	-12.3%
Member/Employer Education	95,520	90,820	90,820	5.2%	-2.1%
Other Operating Expenses	13,538,990	13,494,608	13,147,547	0.3%	1.6%
Conferences and Education	454,845	489,736	473,092	-7.1%	11.2%
Travel	424,326	311,196	392,488	36.4%	6.1%
Computer Technology	10,672,430	10,777,580	10,334,657	-1.0%	1.5%
Other Operating	1,427,726	1,377,621	1,448,587	3.6%	2.2%
Ohio Retirement Study Council	395,000	381,000	381,000	3.7%	5.3%
TOS Warrant Clearing Charges	0	3,400	3,400	-100.0%	-26.5%
Attorney General Charges	164,663	154,075	114,323	6.9%	12.1%
Net Building Expense	4,262,700	4,117,225	4,097,911	3.5%	1.7%
Total Operating Budget	\$132,577,000	\$125,193,000	\$124,884,785	5.9%	3.9%
Full-Time Equivalent (FTE) Associates	512	512			

Other Items Monitored by OPERS

Depreciation	\$15,141,000	\$14,932,000	\$15,164,384	1.4%	1.2%
Commission Sharing Agreements - Research Costs	\$220,000	\$235,000	\$235,000	-6.4%	-8.5%

Ohio Public Employees Retirement System
 2026 Budget Presentation Before ORSC

FY2025 to FY2026 Capital Budget

	2026 Budget (does not include carryover from previous years)	2025 Budget	2025 Estimate
Total Capital Budget	\$19,966,336	\$19,396,874	\$15,432,250
Building and Building Equipment	762,640	1,347,000	1,075,205
Computer Software, Equipment and Other	1,230,340	1,792,204	1,679,518
IT Capital Projects	17,973,356	16,257,670	12,677,527

Ohio Public Employees Retirement System
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Investment Expenses

Net Fiduciary Position Change

	FY 2024 Actual	FY 2023 Actual	Percent Change in Net Fiduciary Position (FY23- FY24) ¹	5-Year Percent Change in Net Fiduciary Position (FY20-FY24) ¹
Total Investment Assets	\$119,309,965,414	\$114,029,462,752		
Total Internally Managed Assets	64,630,208,265	60,013,706,246		
Total Externally Managed Assets	54,679,757,149	54,015,756,506	5%	6%

¹Net fiduciary position includes more than investment earnings or losses. This figure includes contributions made by employers and employees, investment earning or losses, and benefit payments, among other expenses or earnings. The figure provides a view of the overall change in fund assets across time.

	FY 2024 Actual	FY 2023 Actual	Percent Change (2023 to 2024)
Total Investment Expenses	\$414,124,136	\$399,032,314	3.8%
Internal Investment Expenses	56,040,747	53,055,471	5.6%
External Investment Expenses*	358,083,389	345,976,843	3.5%

Total Investment Expenses as a % of Total Investment Assets	0.35%	0.35%	
Internal Investment Expenses as % of Internally Managed Assets	0.09%	0.09%	
External Investment Expenses as % of Externally Managed Assets	0.65%	0.64%	

ORSC Requested Supplemental Information			
Investment Consulting ²	\$807,447	\$824,000	
Custodian Fees ²	5,735,561	5,945,205	
Brokerage/Commissions-Internal ²	2,307,464	1,851,930	
Brokerage/Commissions-External ³	7,741,867	5,940,104	

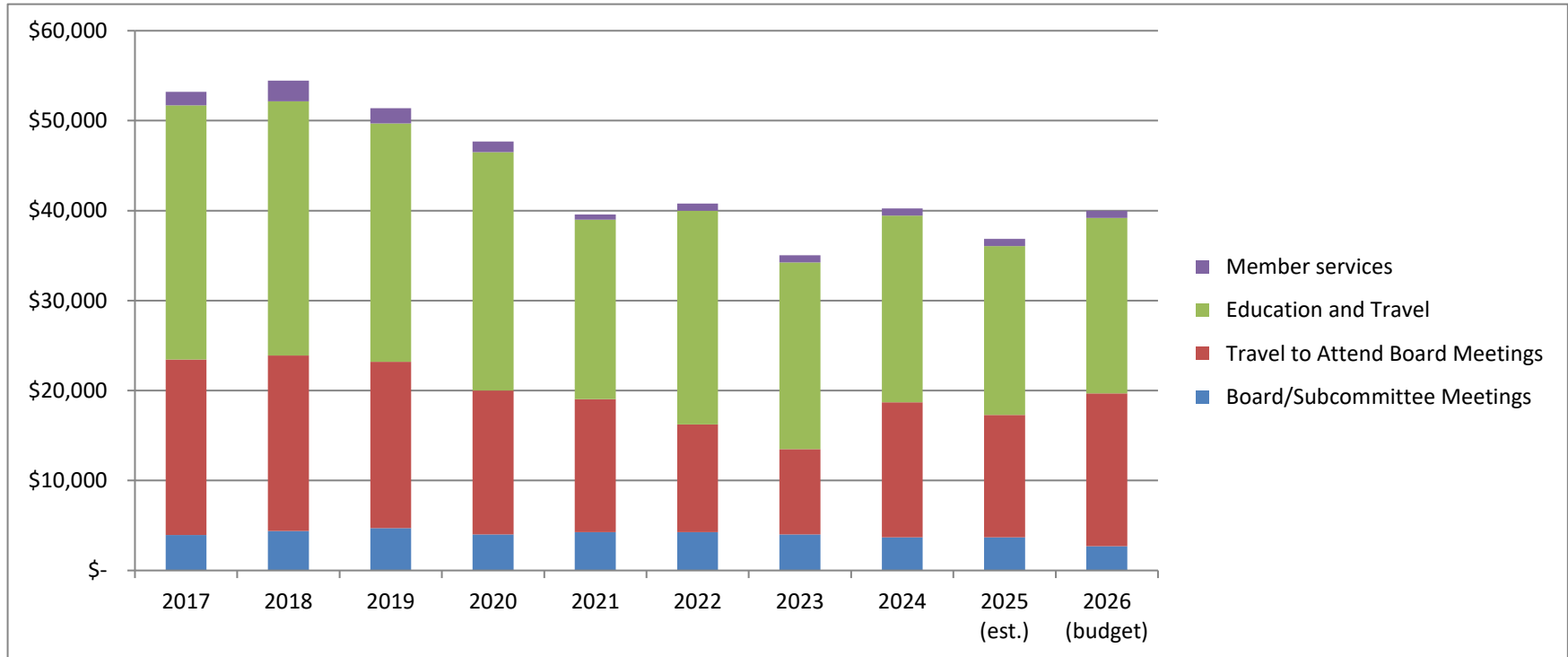
*Includes net management fees and fund expenses.

²Included in "Internal Investment Expenses."

³Included in "External Investment Expenses."

Ohio Public Employees Retirement System
 2026 Budget Presentation Before ORSC
Fiscal Year Board Member Expenses

	2017	2018	2019	2020	2021	2022	2023	2024	2025 (est.)	2026 (budget)
Total Board Expenses	\$ 53,200	\$ 54,450	\$ 51,400	\$ 47,700	\$ 39,587	\$ 40,800	\$ 35,050	\$ 40,250	\$ 36,850	\$ 40,000
Board/Subcommittee Meetings	\$ 3,950	\$ 4,400	\$ 4,700	\$ 4,000	\$ 4,250	\$ 4,250	\$ 4,000	\$ 3,700	\$ 3,700	\$ 2,700
Travel to Attend Board Meetings	\$ 19,500	\$ 19,500	\$ 18,500	\$ 16,000	\$ 14,800	\$ 12,000	\$ 9,500	\$ 15,000	\$ 13,600	\$ 17,000
Education and Travel	\$ 28,250	\$ 28,250	\$ 26,500	\$ 26,500	\$ 19,937	\$ 23,750	\$ 20,750	\$ 20,750	\$ 18,750	\$ 19,500
Member services	\$ 1,500	\$ 2,300	\$ 1,700	\$ 1,200	\$ 600	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800



Ohio Public Employees Retirement System

2026 Budget Presentation Before ORSC

Staff Training and Travel (Budget to Budget)

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Administration				
Conferences, Seminars & Travel	\$156,537	\$124,764	\$31,773	25 %
In-House Training	\$27,393	\$13,229	\$14,164	107
#FTE	66	64	2	3
Expense per FTE	\$2,787	\$2,156	\$631	29

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Finance and Benefits				
Conferences, Seminars & Travel	\$69,727	\$56,481	\$13,246	23 %
In-House Training	\$6,222	\$8,131	(\$1,909)	(23)
#FTE	129	130	(1)	(1)
Expense per FTE	\$589	\$497	\$92	19

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Investments				
Conferences, Seminars & Travel	\$163,505	\$134,120	\$29,385	22 %
In-House Training			\$-	-
#FTE	62	62	-	-
Expense per FTE	\$2,637	\$2,163	\$474	22

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Information Technology/Information Services				
Conferences, Seminars & Travel	\$109,949	\$75,183	\$34,766	46 %
In-House Training	\$103,922	\$117,782	(\$13,860)	(12)
#FTE	147	147	-	-
Expense per FTE	\$1,455	\$1,313	\$142	11

	2026	2025	Increase (Decrease)	% Increase (Decrease)
Member Services				
Conferences, Seminars & Travel	\$25,548	\$17,702	\$7,846	44 %
In-House Training	\$3,128	\$4,390	(\$1,262)	(29)
#FTE	108	109	(1)	(1)
Expense per FTE	\$266	\$203	\$63	31

Ohio Public Employees Retirement System

2026 Budget Presentation Before ORSC

Supplementary Statistical Information

	2021	2022	2023	2024	2025 ^a
Active Members	290,321	297,827	308,456	316,214	316,214
Inactive Members	700,884	730,139	756,757	785,889	785,889
Benefit Recipient (Age, Dis., Survivor)	219,088	220,667	220,876	221,498	221,498
Re-employed Retirees	Included Above	Included Above	Included Above	Included Above	Included Above
Total Membership	1,210,293	1,248,633	1,286,089	1,323,601	1,323,601

Members Per FTE	2,284	2,401	2,483	2,555	2,585
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^aMember counts for year-end 2025 not available; reflects 2024 counts for calculation purposes.