Ohio Retirement Study Council
ISSUE BRIEF

August 2026

Profile of a Retired Member*

Introduction

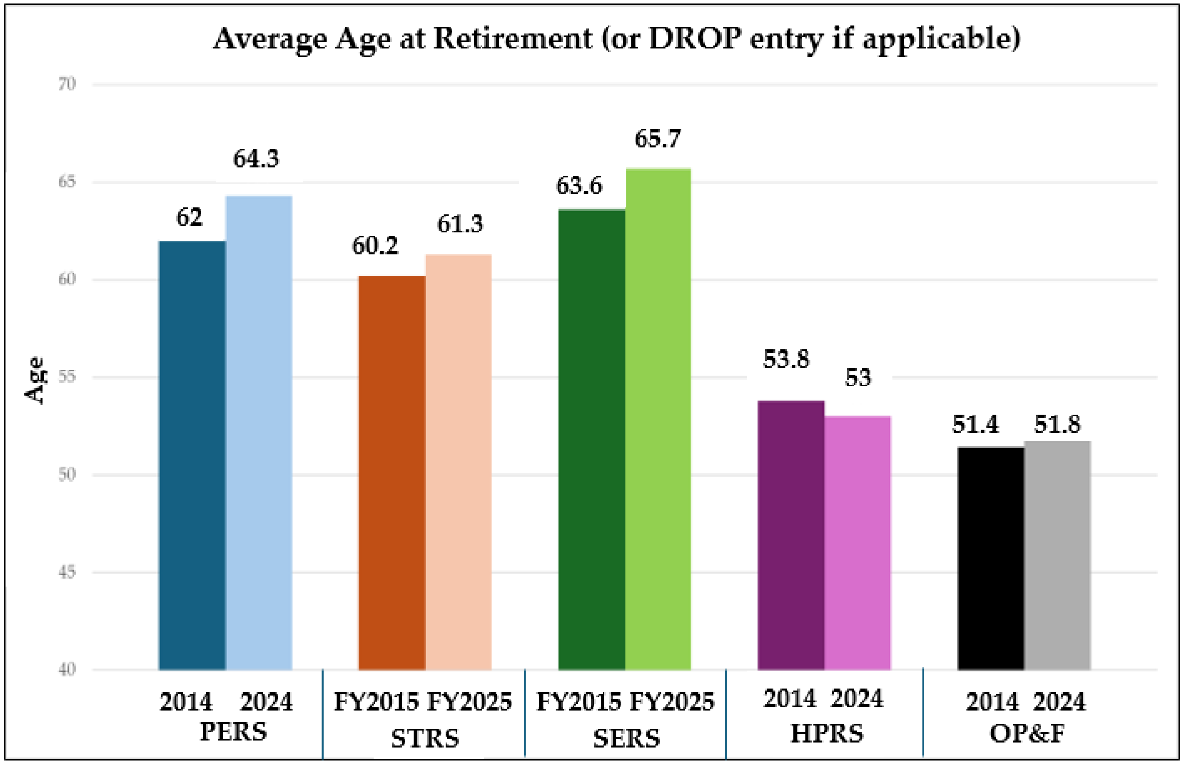
Legislation in 2012 modified many of the benefit provisions of the state's retirement systems (2012 Pension Reform). Pension Reform also resulted in greater differences both between systems and between retirants with different effective retirement dates (cohorts). Retirement system members have noted these differences, often without a standard frame of reference or acknowledging those varying retiree cohorts. This distorts an understanding of the effects of pension reform on actual individuals in a variety of population groups.

The following issue brief attempts to rectify this by creating a standardized portrait of an average age and service retiree from two separate retiree cohorts: those with a retirement effective date in 2014 versus 2024 (STRS and SERS use FY2015 and FY2025 to match their fiscal year of July 1-June 30). This issue brief focuses not on system level financial conditions but on benefit features that apply to retirees in those two time periods. This includes the average age of retirement, average years of service, average lump sum retirement benefit (either a Partial Lump Sum Distribution (PLOP) or Deferred Retirement Option Plan (DROP)), and average life expectancy after retirement. The decline of purchasing power resulting from recent unusually high inflation and cost-of-living (COLA) changes has been of particular interest, but a standard and rigorous investigation has not been conducted. This brief provides a standardized way to evaluate changes in purchasing power that is internally consistent and one that allows fair comparisons between both different cohorts and systems.

*Note that this brief is isolated to age and service members; as survivors' and disability recipients' benefits can highly distort *average* numbers, they have been excluded from this brief. This brief is an attempt to give a consistent overview of a "typical" age and service retiree in two separate time periods to give a sense of actual conditions for age and service retirees and changes across time.

Average Age at Retirement

The average age of retirement, with the exception of HPRS, increased over the ten-year period (HPRS has a mandatory retirement age of 60). The average age remains below the normal age of retirement in Social Security (67). In the chart below, the HPRS and OP&F figures are averages for retirement *or DROP entry*. DROP participation averaged 4.8 years from 2014-2018 in HPRS;[1] for OP&F, DROP extends careers by 3 years on average.[2]

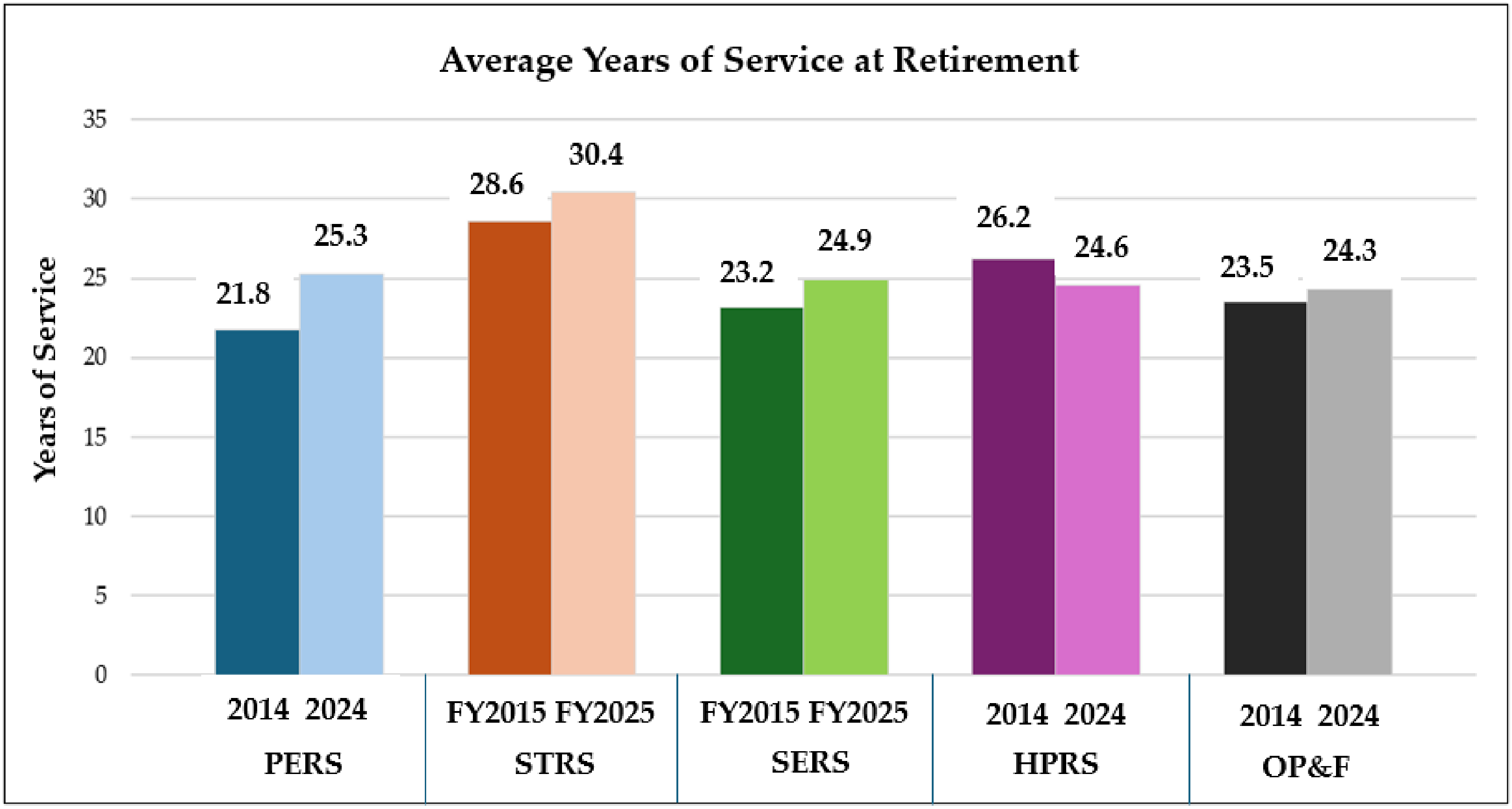


[1] Foster & Foster, Ohio State Highway Patrol Retirement System, "Special Actuarial Analysis Deferred Retirement Option Plan" (February 15, 2021), page 3.

[2] Cavanaugh Macdonald, "Actuarial Investigation of the DROP Required under §742.14(E) of the Ohio Revised Code" (October 26, 2022), page 6.

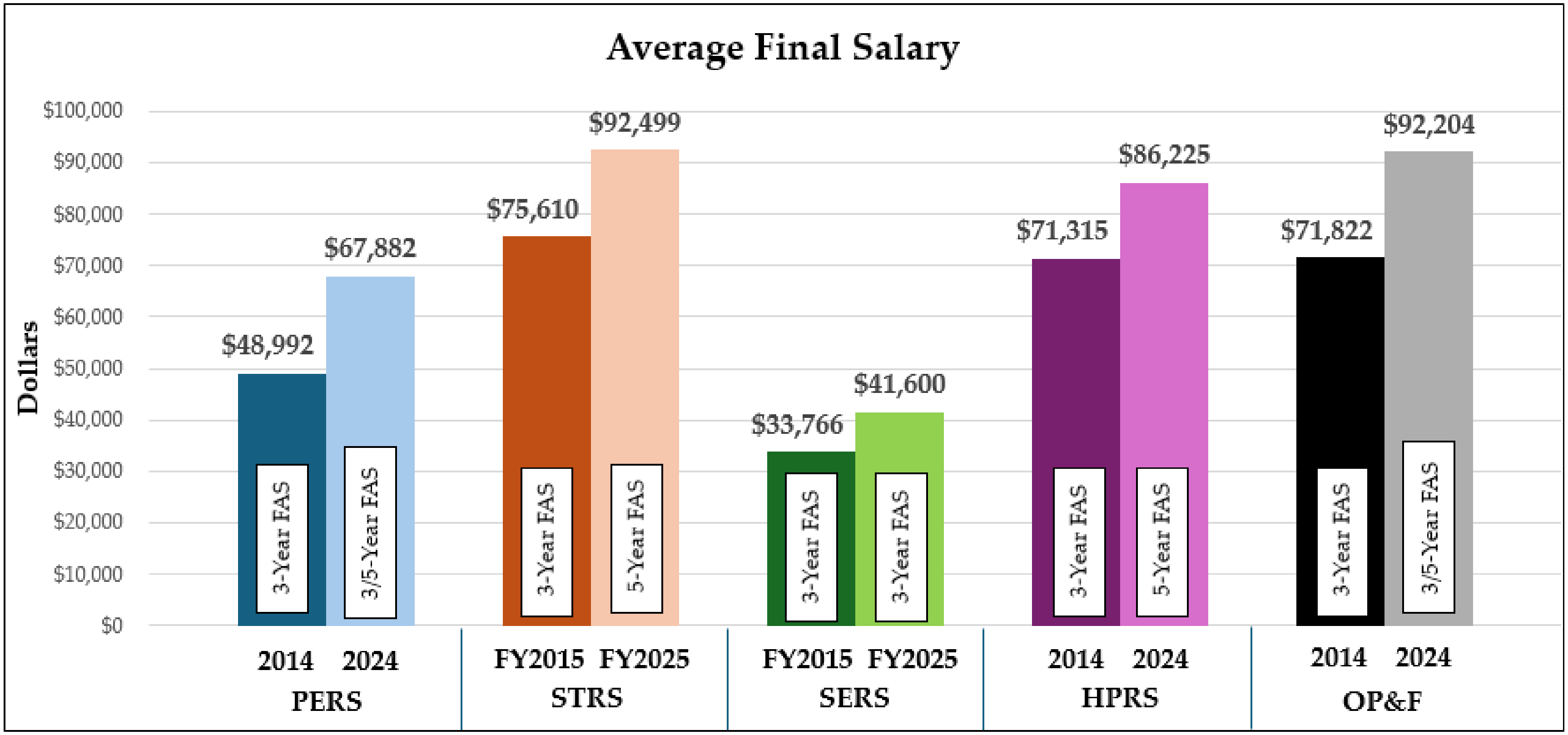
Average Years of Service at Retirement

The average years of service at retirement, with the exception of HPRS, increased over the 10-year period (HPRS has a mandatory retirement age of 60). PERS had the largest individual increase in years of service (3.5 years), but STRS consistently had the highest total years of service. All members, on average, had well over 20 years of service. As in the above chart, years of DROP participation for OP&F and HPRS are excluded.



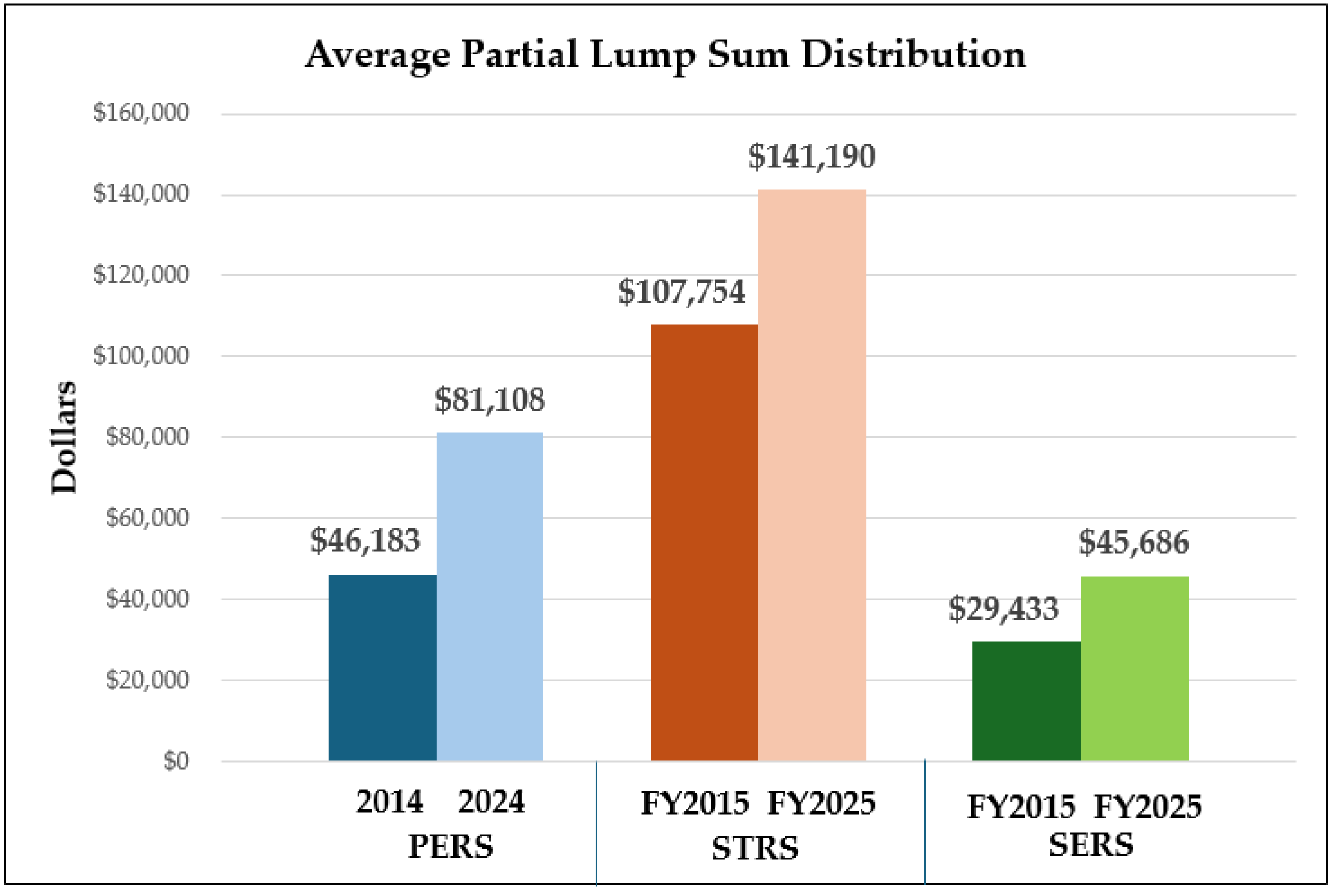
Average Final Salary

Average final salary (FAS) is the average of the highest three or five years of salary. FAS is not the benefit received by the member, but the retirement benefit is a portion of FAS. All systems, with the exception of SERS, have moved toward a 5-year average for FAS calculations (FAS is noted in the white box). PERS and OP&F figures for 2024 are a blended average of three/five-year salary for that cohort, as a declining number of new retirees' FAS calculation is on a 3-year average.



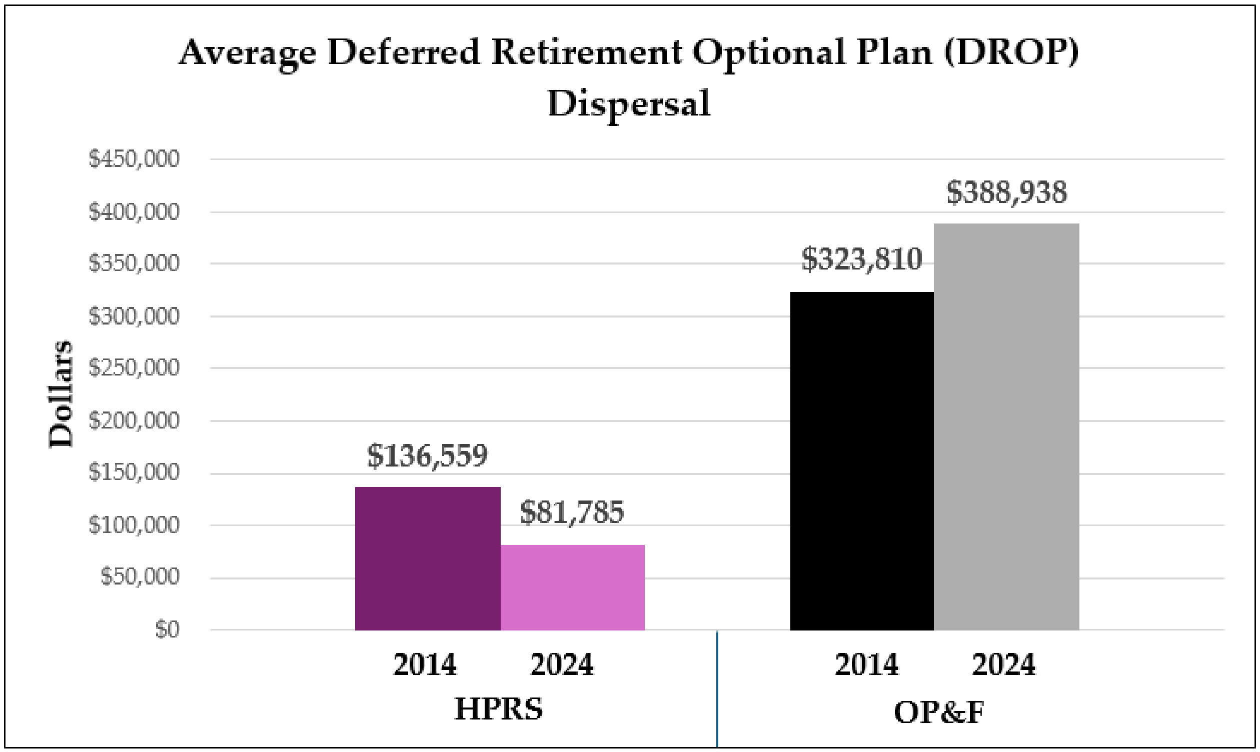
Average Partial Lump Sum Distribution (of those receiving a PLOP)

A retiree of PERS, STRS, and SERS may elect to receive a lump sum distribution of *a portion* of their retirement benefit. Taking this partial lump-sum option payment (PLOP) permanently reduces the retiree's annual retirement benefit.



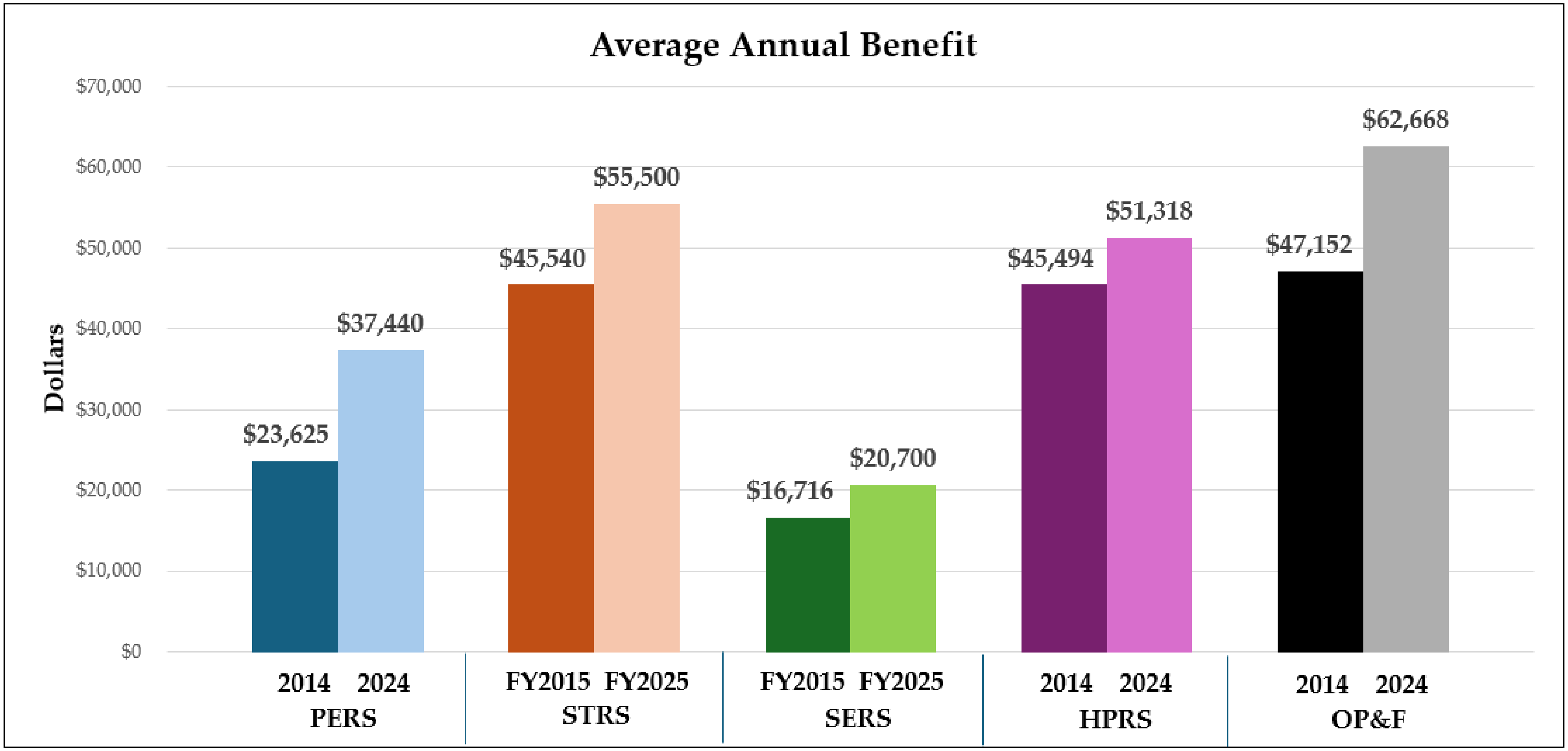
Average Deferred Retirement Option Plan (DROP) Dispersal in that Year

In OP&F and HPRS, after the retiree ends service in DROP, they receive a dispersal of accrued DROP retirement benefits and eligible interest on those accruals. The following is the average dispersal *in that year*, so the dispersal is not tied directly to the 2014 or 2024 retirement cohort, but it does express the average dispersal of those leaving DROP in that year.



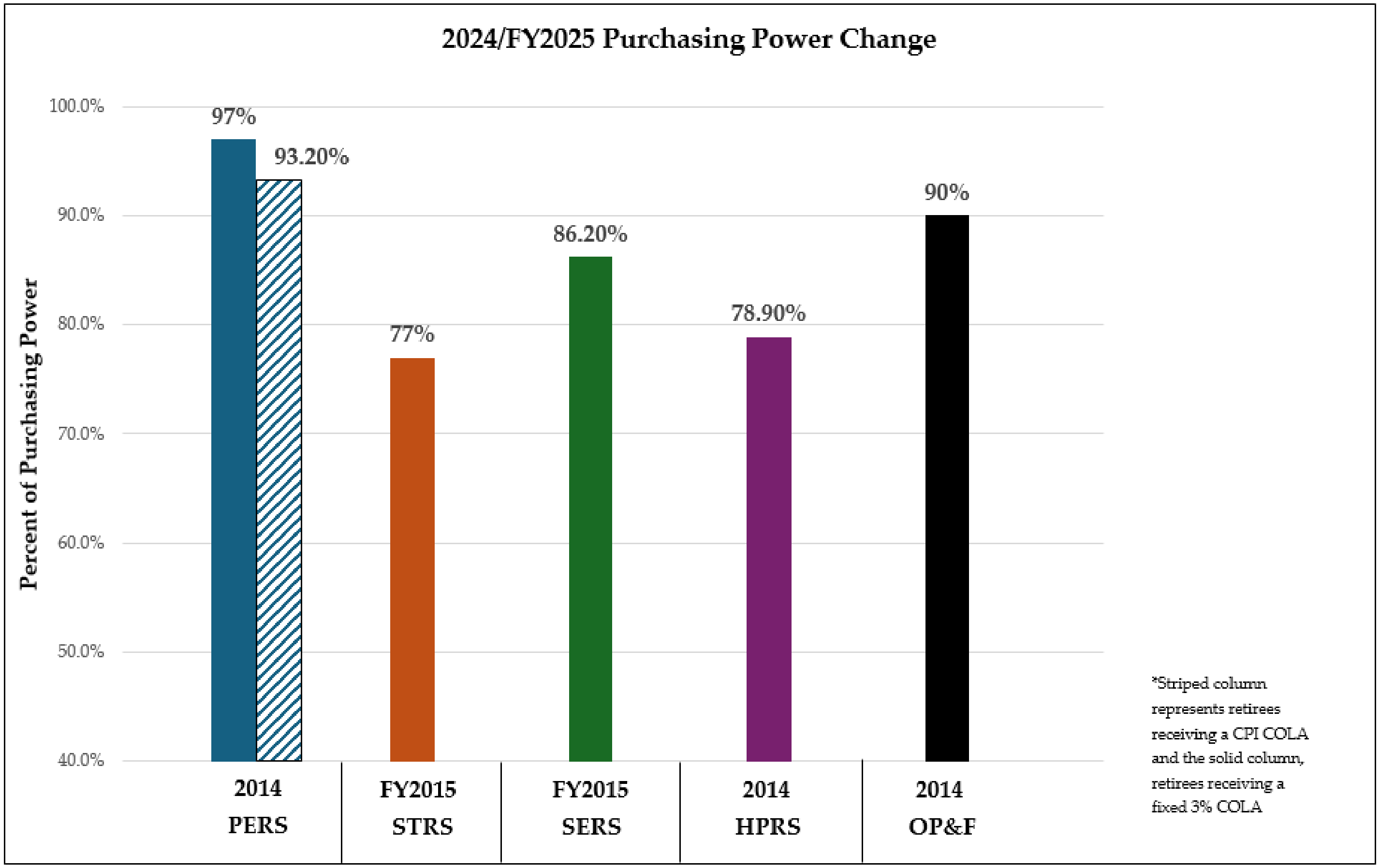
Average Annual Benefit

The average annual benefit is lower than FAS due to annuity plan selection (i.e. continuing payments to a survivor), PLOP distribution, and the fact that most members tend not to work the number of years necessary to reach 100% FAS.



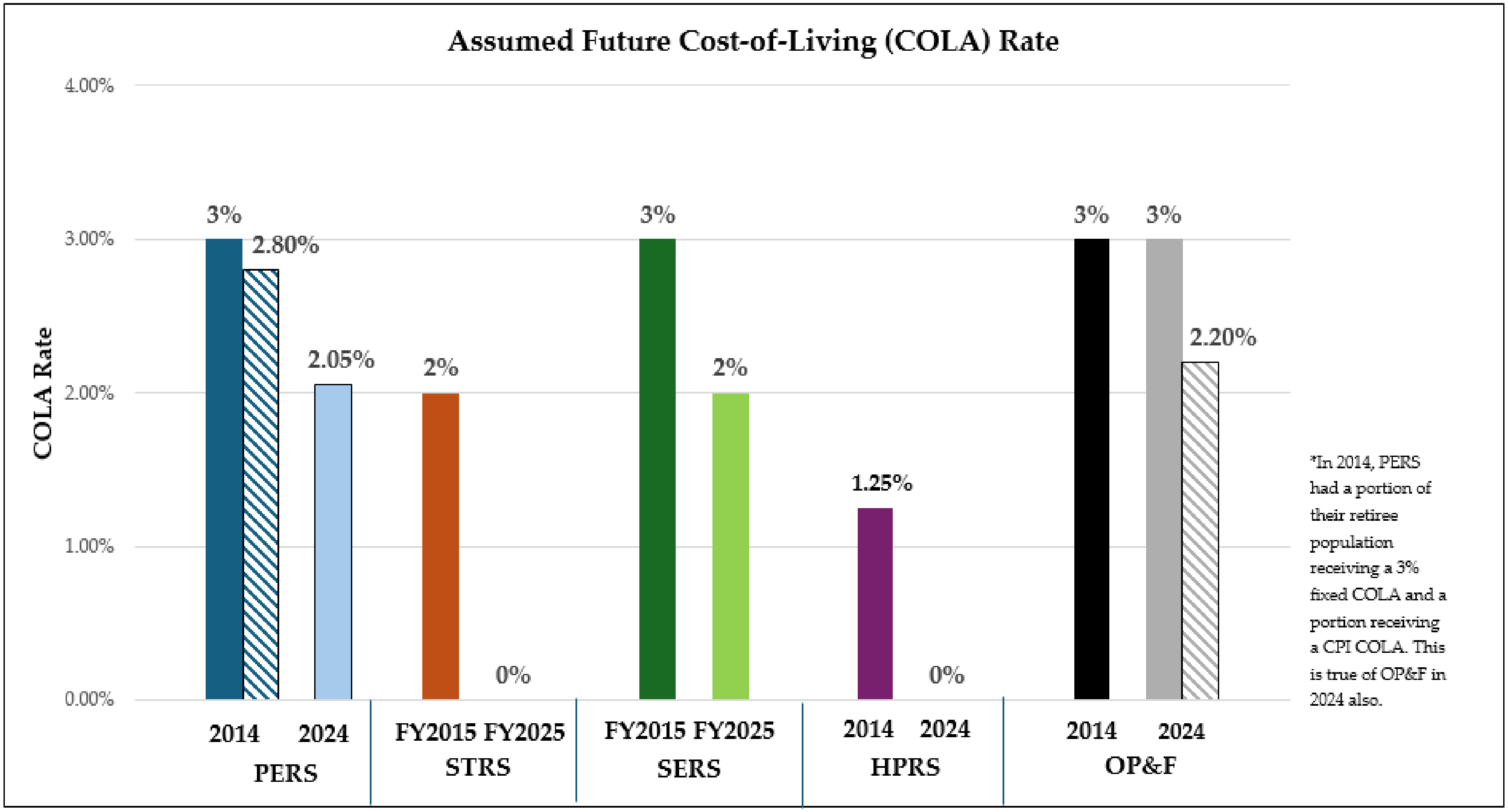
Purchasing Power vs. Purchasing Power at Original Retirement Date

Purchasing power of a defined benefit retirement naturally degrades over time. The following chart details the decline in purchasing power of benefits that began in 2014/FY2015 (benefit grants beginning in 2024/FY2025 are all 100% purchasing power as of that year). The ORSC staff calculation of this figure is presented in the appendix of this brief and includes all COLAs provided to a typical retiree who retired in 2014/FY2015 but excludes a one-time supplemental payment provided to STRS retirees.



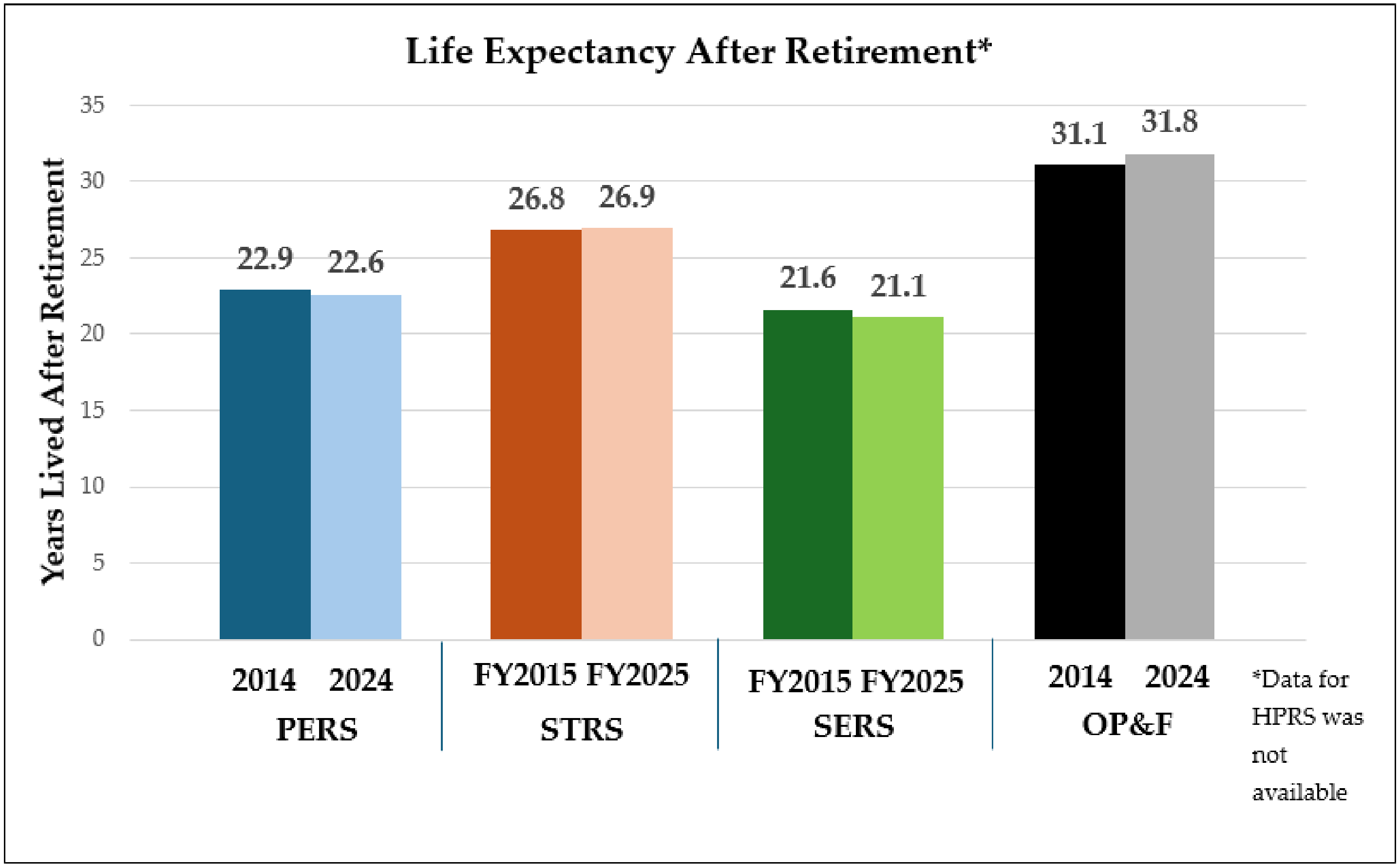
Assumed Future COLA Rate

With pension reform, a 3% fixed COLA is no longer available with the exception of PERS Group A and OP&F members who had 15 years or more of service as of July 1, 2013. Assumed future COLA rates have further declined from assumptions made 10 years ago.



Life Expectancy After Retirement for Retirant Class

Life expectancy after retirement, or the average amount of time a retiree will receive a benefit, has increased for STRS and OP&F and decreased for PERS and SERS. No information was available for HPRS.



Appendix: Calculation of Purchasing Power

ORSC calculated purchasing power change for the 2014/FY2015 cohorts as follows:

1) Determine inflation for December 2014 to December 2024 (PERS, HPRS, and OP&F) and June 2015 to June 2025 (STRS and SERS) using Social Security Administration CPI-W data (https://www.ssa.gov/oact/STATS/cpiw.html).

PERS, OP&F, and HPRS: Inflation between December 2014 to December 2024 for is **34.4%** (309.07 (December 2024)/229.91 (December 2014) = 34.4%

STRS and PERS: Inflation between June 2015 to June 2025 is **35.1%** (315.95 (June 2025)/ 233.8 (June 2015) = 35.1%

2) Determine total COLA grants for the specific retirant cohort. COLA grants are delayed to HPRS (aged 60) and OP&F (aged 55) retirees to account for members being ineligible for a COLA prior to that age (light green shading). No system provides a COLA in the first year of retirement. STRS retirees received a one-time supplement in FY2025.

	PERS		**OP&F**	**HPRS**			**STRS**	**SERS**
	Fixed	**CPI**						
2014	First Year	First Year	First Year	First Year		**FY2015**	First Year	First Year
2015	3%	3%	0%	0%		**FY2016**	0%	3%
2016	3%	3%	0%	0%		**FY2017**	0%	3%
2017	3%	3%	0%	0%		**FY2018**	0%	0%
2018	3%	3%	3%	0%		**FY2019**	0%	0%
2019	3%	3%	3%	0%		**FY2020**	0%	0%
2020	3%	1.40%	3%	0%		**FY2021**	0%	0.50%
2021	3%	0.50%	3%	0%		**FY2022**	0%	2.50%
2022	3%	3%	3%	3%		**FY2023**	3%	2.50%
2023	3%	3%	3%	3%		**FY2024**	1%	2.50%
2024	3%	2.30%	3%	0%		**FY2025**	0%*	2.50%
Total COLA	**30%**	**25.20%**	**21%**	**6%**			**4%**	**16.50%**

3) Determine purchasing power change with following formula: (1+[total COLA])/(1+[CPI-W change]) = purchasing power.

PERS fixed 3%:	(1+25.2%)/(1+ 34.4%) = **93.2%**
PERS CPI:	(1+30%)/(1+ 34.4%) = **97%**
OP&F fixed 3%:	(1+21%)/(1+ 34.4%) = **90%**
HPRS:	(1+6%)/(1+ 34.4%) = **78.9%**
STRS:	(1+4%)/(1+ 35.1%) = **77%**
SERS:	(1+16.5%)/(1+ 35.1%) = **86.2%**

Jeffery A. Bernard
Senior Research Associate
614-228-5644
jbernard@orsc.org

Ryan J. Hennigan
Assistant Research Associate
614-228-3612
Ryan.hennigan@orsc.org