

news release

for immediate release

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PA SERS Board Engages Consultant to Explore Investment Function Consolidation Opportunities, *Acts on Public Pension Review Commission Recommendations*

HARRISBURG – The board of the Pennsylvania State Employees' Retirement System, meeting here today, engaged a consultant to explore investment function consolidation opportunities with Pennsylvania PSERS and directed staff to begin work to meet the objectives outlined in recommendations from the state's Public Pension Management and Asset Investment Review Commission.

Acting on recommendations from the Finance and Member Services and the Board Governance and Personnel committees, the board directed staff to begin work on the funding, stress testing, and consolidation recommendations.

Regarding funding recommendations, the board directed the Executive Director and staff to work with the Pennsylvania General Assembly to pursue legislative strategies to ensure full funding including, but not limited to, the use of a dedicated funding source to fund future obligations.

Regarding stress testing recommendations, the board directed the Executive Director and staff to work with the system's actuary, Korn Ferry, to implement annual stress testing in line with the broad overall objectives of the review commission and to further discuss the stress testing approach with the state's General Assembly.

Regarding consolidation recommendations, the board directed staff to engage with McKinsey & Company, Inc. and other stakeholders to explore best practices and approaches for creating an operating structure that will best serve the best interest of SERS members and to further engage with the Board Governance and Personnel Committee in reviewing the recommendations.

The review commission, established by state Act 2017-5, conducted an in-depth review of the commonwealth's state retirement systems culminating in a report featuring nearly 100 recommendations issued in December 2018. The recommendations relate to a range of topics including: full funding, stress testing, transparency, portfolio implementation, performance and asset allocation, cost-savings options and analysis, consolidation of pension investment operations, procurement, and diversity.

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 241,000 members and assets of nearly \$27 billion. SERS also administers, through a partnership with a third-party administrator, a defined contribution plan that launched in January 1, 2019, and a voluntary deferred compensation plan with nearly 56,000 participants and assets of more than \$3.6 billion. A wealth of information is available at www.SERS.pa.gov.

For more information: Pamela Hile | 717.787.9657 | phile@pa.gov