

news release

for immediate release

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Penn SERS Board Approves Establishing A Formal Fee Policy and Fee and Expense Changes for the Deferred Compensation Plan

HARRISBURG – The Pennsylvania State Employees’ Retirement System Board, meeting here today, approved establishing a formal fee policy for the Deferred Compensation Plan and approved fee and expense changes to be effective July 1, 2021.

The board directed staff and the board’s investment consultant, Callan, to propose a fee policy for establishing, periodically reviewing, and potentially adjusting plan fees, and to submit the proposed policy in conjunction with the agency’s fiscal year 2023-24 budget.

The board also approved the following fee changes:

- Reduce the current third-party administrator fee for participants from \$4.95 to \$4.65 per month.
- Assess a separate fee on accounts with balances of more than \$5,000, for board expenses to administer the plan, that consists of both:
 - A flat fee of \$1 per month
 - An annual asset-based fee of 2 basis points (.02%) of the account value, withheld on a monthly basis, not to exceed \$50 annually

“As we considered potential fee structures, we looked for a structure that would serve the wide range of participants already in the plan and wide range of employees eligible to participate in the plan,” explained SERS Executive Director Terrill (Terri) Sanchez. “The hybrid fee structure that combines a minimal flat fee with a limited asset-based fee helps to keep the plan accessible to new participants with low-balance accounts and reasonable for participants as their assets grow over time.”

“The board’s action related to establishing a fee policy promotes oversight, increased transparency, and review of fees on a regular basis to ensure they remain reasonable over time,” explained SERS Chief Financial Officer Sara McSurdy.

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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 nearly 240,000 members. As of Dec. 31, 2020, SERS’ Defined Benefit Plan had assets of nearly \$34.5 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$35.7 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with more than 57,600 participants and assets of more than \$4.3 billion as of Dec. 31, 2020. A wealth of information is available at www.SERS.pa.gov.

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