

## news release

for immediate release

June 30, 2021

### Penn SERS 2020 Financial Report Available

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced the release of its **2020 Annual Comprehensive Financial Report** (ACFR), previously referred to as the Comprehensive Annual Financial Report, for the calendar year ended Dec. 31, 2020.

The purpose of this report is to provide a clear accounting of SERS' operations and financial position with details about the traditional Defined Benefit Plan and the Defined Contribution Plan.

**Defined Benefit Plan** highlights include:

- **Benefit Payments** - As of Dec. 31, 2020, SERS had approximately \$35.0 billion after paying out approximately \$3.6 billion in retirement benefits to more than 133,000 retirees and beneficiaries; \$3.2 billion – roughly 89% - was paid to people living in Pennsylvania, stimulating local economies. SERS benefit payments have grown steadily over the past two decades, from about \$1 billion in 1997 to approximately \$3.6 billion in 2020.
- **Investment Performance** - The SERS portfolio returned approximately 11.1%, several percentage points above the fund's assumed rate of return. The end of 2020 marks 10-, 15-, 20-, and 25-year periods of returns of 8.0%, 6.5%, 6.4%, and 7.9% (net of fees), respectively.
- **Funded Status** - Based on the actuarial methods used for funding purposes, as of Dec. 31, 2020, the unfunded actuarial accrued liability was \$22.4 billion, with a funded ratio of 59.4%. These values are used to determine the employer contribution rates for the Defined Benefit Plan and are the most commonly communicated values.

Based on the GASB 67 accounting valuation used for financial reporting purposes, as of Dec. 31, 2020, the resulting net pension liability was \$17.2 billion, with a fiduciary net position as a percentage of the total pension liability of 67.0%. These values are used for reporting purposes and have no impact on the funding of the system.

- **Membership** - In 2020, SERS served 102 agencies/employers, as well as approximately 240,000 total members. As is the case with mature pension plans, new retirees tend to have higher benefits than those leaving the annuity payroll. Last year, approximately 5,300 SERS members retired with an average annual benefit of about \$30,100. Approximately 4,700 retirees, who had average annual benefits of about \$16,700, were removed from the rolls.

- **Plan Costs Decreasing** - The annual cost of the plan continues to drop as the number of members in the newer A-3, A-4, A-5, and A-6 classes of service, and the defined contribution-only plan increases.

**Defined Contribution Plan** highlights include:

- **Participants/Accounts** - There were approximately 13,200 defined contribution investment accounts as of Dec. 31, 2020. Most new state employees are automatically enrolled in the Hybrid Plan, in which a portion of their retirement benefit comes from their defined contribution investment account.
- **Plan Assets** - As of Dec. 31, 2020, the Defined Contribution Plan had a net position of approximately \$40.5 million.
- **Contributions** - Employers contributed approximately \$7.7 million to the plan and employees contributed approximately \$14.8 million during 2020.
- **Investment Options and Income** - Plan participants can choose from 10 target date funds, four stock index funds, three bond index funds, a short-term investment fund (money market fund), and a self-directed brokerage fund option. Most plan participants invest in the default option target date fund. Participants earned net investment income of approximately \$5.0 million in 2020.
- **Expenses** - SERS continues to review and analyze its internal processes and systems, with the goal of achieving greater efficiency and cost-effectiveness in plan administration. Plan expenses totaled approximately \$3.7 million in 2020.

In addition, SERS' actuary published its **2020 Actuarial Report** detailing the system's assets and liabilities as of Dec. 31.

Both reports, along with other information, are available in the **Resources** section of the SERS website, [www.SERS.pa.gov](http://www.SERS.pa.gov).

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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 240,000 members. As of Dec. 31, 2020, SERS' Defined Benefit Plan had net assets of \$35 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had \$40.5 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with more than 57,600 participants and net assets of nearly \$4.4 billion as of Dec. 31, 2020. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

**for more information**

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