

**Penn SERS Board Reduces Investment Return Assumption
Approves \$200 Million in New Investments,
Announces First Quarter 2022 Investment Returns**

HARRISBURG – The Board of the Pennsylvania State Employees’ Retirement System, meeting here today, lowered the investment return assumption, approved \$200 million in new investments, and announced first quarter 2022 investment returns.

After presentations by both SERS’ actuary, Korn Ferry, and general investment consultant, Callan, during the board’s Finance and Member and Participant Services Committee meeting last week, and additional discussion during the full board meeting today, the board approved a reduction in the investment return assumption from 7% to 6.875%.

“The board carefully considered a number of options, ultimately settling on an eighth of a percentage point reduction,” explained SERS Executive Director Joe Torta. “The incremental reduction reflects a reasonable long-term target to be achieved over the next 20 to 30 year period, given current market projections, and is right in line with our peer systems.”

The new rate will be effective with the Dec. 31, 2022, actuarial valuation of the system.

New Investments

The board also approved three investments totaling \$200 million:

- Within the Private Equity asset class:
 - Up to \$100 million to The **Veritas Capital** Fund VIII, L.P., and
 - Up to \$25 million to the sidecar vehicle that will co-invest alongside The Veritas Capital Fund VIII.
- Within the Real Estate asset class, up to \$75 million to **Blackstone Real Estate Partners X L.P.**

First Quarter 2022 Investment Returns

The board received a report on the returns generated by the State Employees’ Retirement Fund. Returns by asset class for the first quarter of 2022 were:

Asset Class	1st Quarter 2022
Real Estate	3.56%
Private Credit	3.00
Private Equity	2.78
Cash	0.03
Inflation Protection (TIPS)	(3.02)
Fixed Income	(5.12)
U.S. Equity	(5.46)
International Developed Markets Equity	(5.75)
Emerging Mkts Equity	(9.83)
Total Fund	(3.24)%

- more -

All returns are reported net of fees. Both private equity and real estate returns are reported on a quarter lag and are adjusted for cash flows. Additional information, including benchmark data, is listed in the quarterly investment performance reports at [SERS.pa.gov/Investments.html](https://www.sers.pa.gov/Investments.html).

Other Business

The board delegated authority to the Executive Director to develop and implement a succession plan for key SERS leadership positions and approved the *SERS Strategic Plan FY 2021 – FY 2023*.

###

Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with approximately 238,000 members. As of Dec. 31, 2021, SERS' Defined Benefit Plan had assets of nearly \$39.9 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$75.1 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 57,600 participants and assets of approximately \$4.8 billion as of Dec. 31, 2021. A wealth of information is available at www.sers.pa.gov.

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