

Penn SERS Board Receives Reports Detailing Strong Investment Performance, Positive Audits

HARRISBURG – The Pennsylvania State Employees' Retirement Board, meeting here today, received reports detailing strong investment performance and positive reports on SERS' internal controls and actuarial services.

During the twelve months ended June 30, 2025, the SERS Fund earned 10.96% for pension plan benefits. Investment returns by asset class during the second quarter of the year and year-to-date 6/30/2025 were:

Asset Class	2nd Quarter 2025	Calendar Year to Date 6/30/2025
International Developed Mkts Equity	12.30%	17.58%
Emerging Markets Equity	11.86	14.51
U.S. Equity	11.20	5.90
Legacy Private Credit	1.98	3.34
Real Estate	1.86	1.89
Private Equity	1.45	2.32
Fixed Income	1.07	3.84
Cash	1.07	2.20
Inflation Protection (TIPS)	0.50	4.76
Total Fund	6.75%	6.29%

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://sers.pa.gov/Investments.html).

The board also received reports on the second quarter [Defined Contribution Plan investment options performance](#) and [Deferred Compensation Plan investment options performance](#), which also are available on SERS' website.

Internal Controls Audit

The board accepted audit firm **CliftonLarsonAllen, LLP's** "unqualified opinion" from its SOC 1 Type 2 audit of the internal controls SERS has designed to ensure the reliability and integrity of financial data and reporting. The unqualified opinion is the highest possible rating, indicating a clean audit with auditors concluding that, "... the controls were suitably designed, and ... operated effectively throughout the specified testing period."

During the comprehensive audit, mandated by Act 2020-128, auditors reviewed the controls around many SERS processes from member enrollment and contribution handling, to computer network and physical security.

"Members of SERS depend on the board and its staff for a secure retirement, and the results of this audit can give them peace of mind and confidence that their funds are being handled responsibly and with their best interest," said Pennsylvania Treasurer Stacy Garritty, Chair of SERS' Audit, Risk and Compliance Committee. "This top rating demonstrates the hard work and dedication of SERS' staff to continually improve and maintain the system with exceptional governance its members can count on."

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Actuarial Audit

Through a competitive bid process, the board hired independent actuarial firm GRS to review the assumptions and methods used by SERS' contracted actuary, Korn Ferry, in producing the system's 2023 actuarial valuation and 19th Investigation of Actuarial Experience. The firm also verified the demographic data and replicated the shared-risk contribution calculation.

The board accepted GRS' opinion from its level one actuarial replication audit, concluding that the 2023 actuarial valuations were performed correctly, the methods and assumptions used were reasonable, and the advice given by the retained actuary was sound, as detailed in its [Actuarial Audit Report](#).

"In our opinion, the retained actuary's work provides a reasonable assessment of the actuarial position of SERS based upon the assumptions and methods employed," reported GRS. "We are pleased to report that we have found no substantial errors or omissions in the retained actuary's work."

The Audit, Risk and Compliance Committee oversees an audit of this type every five years, as directed in the board's [Independent Actuary Replication Audit Policy](#).

Other Business

In other business, the board approved the following pension plan investment commitments of up to:

- **\$100 million** to **Blue Owl Real Estate Fund VII LP**, as a follow-on investment within the Real Estate asset class
- **\$100 million** to **HarbourVest Dover Street XII L.P.**
- **\$50 million** to **Secondary Overflow Fund VI-A L.P.**, as a sidecar vehicle that will co-invest alongside HarbourVest Dover Street XII L.P.

Each investment is subject to successful completion of contract negotiations.

The board also approved the orderly liquidation of the Global Public Equity portfolio managed by **Walter Scott & Partners Limited**, and the transition of the proceeds from that action to SERS' cash account.

The board approved the [2025 Stress Testing and Risk Assessment report](#) prepared by SERS' actuary, GRS, and a [mid-plan update to the FY 2023-2027 Strategic Plan](#).

The board also approved SERS' proposed fiscal year 2026-27 budgets for presentation to the Governor's Office of the Budget and authorized staff to begin a competitive request for proposal procurement process for a qualified vendor to conduct a gap assessment of the Internal Audit Office's adherence to the Global Internal Audit Standards.

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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 approximately 245,000 members. As of Dec. 31, 2024, SERS' Defined Benefit Plan had net assets of approximately \$38.7 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$295.4 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 57,000 participants and net assets of approximately \$4.9 billion as of Dec. 31, 2024. A wealth of information is available at www.SERS.pa.gov.

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