

**Minutes of the Finance and Member Services Committee Meeting  
June 8, 2021**

**Via Microsoft Teams and SERS LIVESTREAM ACCESS: <https://www.pacast.com/live/sers>**

**Attendees:**

**Committee Members and Designees:**

Ms. Mary Soderberg (Chair)  
Mr. Charles Erdman (Designee for Senator John DiSanto)  
Mr. David Fillman  
Mr. Dan Ocko (Designee for Representative Dan Frankel)  
Mr. Patrick Shaughnessy (Designee for Representative Dan Frankel)  
Secretary Richard Vague (Assistant Chair)  
Mr. James Bloom (Designee for Secretary Richard Vague)  
Mr. Alan Flannigan (Designee for Secretary Richard Vague)

**Others Board Members and Designees:**

Mr. Glenn Becker  
Mr. Lloyd Ebright (Designee for Treasurer Stacy Garrity)  
Mr. Matt Lindsay (Designee for Senator Vincent Hughes)  
Ms. Toni Marchowsky (Designee for Senator Vincent Hughes)  
Mr. Gregory Thall  
Ms. Jill Vecchio (Designee for Representative Paul Schemel)

**Executive Staff:**

Terri Sanchez, Board Secretary  
Sara McSurdy, Chief Financial Officer  
Joseph Torta, Deputy Executive Director for Member and Participant Services  
Christopher Houston, Deputy Executive Director for Administration  
Seth Kelly, Chief Investment Officer (in person)  
N. Joseph Marcucci, Chief Counsel  
Cathy Nolan, Committee Counsel  
Jeff McCormick, Committee Counsel

**1. Call to Order**

Chair Soderberg called the meeting to order at 1:02 P.M.

**2. Welcome and Roll Call**

Chief Financial Officer Sara McSurdy conducted a roll call of the Committee members and designees who were present via Microsoft Teams.

**3. Approval of Minutes**

By motion that was moved, seconded, and approved unanimously by Committee members, it was RESOLVED that this Committee approves the minutes of the April 28, 2021 Finance and Member Services Committee Meeting.

**4. Old Business**

None

**5. Special Presentations****a. Board Education Session – Overview of Assumed Rate of Return Actuarial Assumption and its Relationship to Capital Market Expectations (Korn Ferry and Callan)**

Representatives from SERS' Actuary, Korn Ferry, and its investment consultant, Callan Associates, presented an education session surrounding the topic of the assumed rate of return actuarial assumption and its relationship to capital market expectations. The education session was presented so that the Committee and Board members are well-informed about the fundamentals associated with the topic for further discussion at the July meeting, where they will be presented with potentially changing the current assumption for the upcoming actuarial valuation.

**6. New Business/Discussion Items****a. Office of Financial Management Update**

Chief Financial Officer Sara McSurdy provided an update on the Office of Financial Management, which included the following highlights:

- PASSHE made an \$825 million lump sum advanced payment related to their unfunded liability per their Funding Agreement with the State Employees' Retirement Board. The funds are being invested in line with the Investment Policy Statement.
- The State Employees' Defined Contribution Plan per-participant assessment was calculated at \$165.64 for FY 2021-22. This charge covers the administrative fees, costs, and expenses associated with operating the plan. The final per-participant charge was lower than the FY 2020-21 initial charge due to a lower budget, cost-saving initiatives, the ability to use unvested employer contributions to pay administrative expenses, and credits from the FY 2020-21 initial charge. Employers will be billed via Comptroller cost allocation or invoice.
- The 2019 Annual Comprehensive Financial Report received the GFOA and PPCC awards and it is expected that the 2020 report will continue to meet each program's respective requirements.

**b. Financial Highlights from December 31, 2020 Audited Financial Statements**

Ms. McSurdy presented key financial highlights from the December 31, 2020 year-end financial statements for the Defined Benefit Plan, Defined Contribution Plan, and the Deferred Compensation Plan. She focused on contributions, investments, benefit payments, transfers, and other deductions from the plans.

c. **2020 Actuarial Valuation Report Distribution and Actuarial Services Contract Update**

Joe Torta, Deputy Executive Director for Member and Participant Services, presented the annual Actuarial Valuation Reports, provided an update on the status of the actuarial RFP contract, and instructed the Committee members accordingly regarding questions for each. Mr. Torta also recognized the career of retiring Deputy Director of the Office of Member and Participant Services (OMPS), David Tarsi, noting the significant impact that Mr. Tarsi had on OMPS. Chair Soderberg wished Mr. Tarsi well in his retirement.

7. **New Business/Informational Items Only**

- a. Membership and Benefits lists (March)

8. **Executive Session**

None

9. **Board Comments/Concerns/Questions**

None

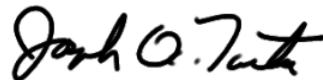
10. **Motion to Adjourn**

By motion that was moved, seconded, and approved unanimously by Committee members, it was RESOLVED that this meeting be adjourned at 2:43 P.M.

Respectfully submitted,



Sara McSurdy  
Chief Financial Officer



Joseph A. Torta, Deputy Executive Director  
Member and Participant Services