

Minutes of the Finance and Member and Participant Services Committee Meeting
September 22, 2022
30 N. Third Street, Harrisburg, PA 17101-1716 & Microsoft Teams
SERS LIVESTREAM ACCESS: <https://www.pacast.com/live/sers>

Attendees*:

Committee Members and Designees:

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

Others Board Members and Designees:

Mr. Glenn Becker
Mr. Christopher Craig (Designee for Treasurer Stacy Garrity)
Mr. Lloyd Ebright (Designee for Treasurer Stacy Garrity)
Mr. Matt Lindsay (Designee for Senator Vincent J. Hughes) (In person)
Mr. Greg Jordan
Representative Paul Schemel
Ms. Susan Boyle (Designee for Representative Paul Schemel)
Ms. Jill Vecchio (Designee for Representative Paul Schemel)

Executive Staff:

Joseph A. Torta, Executive Director
Sara McSurdy, Chief Financial Officer
James Nolan, Chief Investment Officer
N. Joseph Marcucci, Chief Counsel
Catherine Nolan, Committee Counsel
Steven Skoff, Committee Counsel
Brenda Cunard, Deputy Executive Director for the Office of Member and Participant Services
Michael McGeoy, Asst. Chief Financial Officer

**Committee members, other Board members, and their designees attended via Microsoft Teams unless otherwise noted.*

1. Call to Order

Chair Soderberg called the meeting to order at 12:52 P.M.

2. Welcome and Roll Call

Chief Financial Officer Sara McSurdy conducted a roll call of the Committee members and designees. Chair Soderberg introduced new staff liaisons Brenda Cunard, Deputy Executive Director for the Office of Member and Participant Services, and Steven Skoff, Deputy Chief Counsel.

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 June 3, 2022, Finance and Member and Participant Services Committee Meeting.

4. Old Business

None.

5. Special Presentations**a. Stress Testing and Risk Assessment Report (Korn Ferry/McGeoy)**

- Assistant Chief Financial Officer Michael McGeoy introduced Kris Seets with SERS' Actuary Korn Ferry, to present this topic. Mr. Seets provided some background information on the report, noting that this is the fourth annual report that has been prepared for SERS. The purpose of the report is to provide analysis of "What If?" scenarios (referred to as Stress Tests or Scenario Tests), which are used to determine the effect on future employer contributions and the availability of assets to pay benefits.
- He noted that in general, the results are more favorable than the previous analysis, emphasizing that this analysis is based on the December 31, 2021, actuarial valuation and the December 31, 2021, asset values and does not reflect any year-to-date investment performance for the current calendar year. It does, however, reflect the Board's decision to reduce the investment return assumption from 7.000% to 6.875% effective with the December 31, 2022, actuarial valuation.
- He provided highlights of the following three scenarios: (1) A large investment loss; (2) Simulated future investment performance and volatility; and (3) Changes in rates of member salary growth.
- He concluded the presentation by reiterating that the results are still more favorable than last year and noted that the primary unknown factor is what the current calendar year's investment performance will be. He confirmed that SERS is well positioned to pay benefits.
- After some deliberation and discussion among the Committee and other Board members, by motion that was moved, seconded, and approved unanimously by Committee members, it was RESOLVED that this Committee recommend that the State Employees' Retirement Board approve the 2022 Stress Testing and Risk Assessment Report prepared by SERS' Actuary, Korn Ferry.

The roll call tabulation was as follows:

Board Member	Vote
DISANTO	Yes
FILLMAN	Yes
FRANKEL	
Designee: Ocko	Yes
SODERBERG	Yes
VAGUE	
Designee: Flannigan	Yes

6. New Business/Discussion Items

a. FY 2023-24 Budget Presentation (McSurdy/Inners)

- Ms. McSurdy began the presentation by introducing and recognizing Tom Inners, Fiscal Management Specialist with the Office of Financial Management, for his efforts with the budget process, noting that he is a key liaison with the Governor’s Budget Office. Ms. McSurdy provided background requirements for each of the budgets. She highlighted the various fees, costs, and expenses associated with the Administrative Budget, Investment Budget, Defined Contribution Plan Budget, and the voluntary Deferred Compensation Plan Budget.
- The Committee members voted to approve all of the budgets by motion that was moved, seconded, and approved unanimously; and it was **RESOLVED** that this Committee recommend that the State Employees’ Retirement Board approve the following proposed budgets, each substantially in the same form as presented in the Chief Financial Officer’s SERS FY 2023-2024 Budget Report and each as amended and/or ultimately approved by the Office of the Budget:
 - (1) SERS Administrative Budget;
 - (2) SERS Investment Budget;
 - (3) State Employees’ Defined Contribution Plan Budget; and
 - (4) Commonwealth’s State Employees’ Deferred Compensation Plan Budget

The roll call tabulation was as follows:

Board Member	Vote
DISANTO	Yes
FILLMAN	Yes
FRANKEL	
Designee: Ocko	Yes
SODERBERG	Yes
VAGUE	
Designee: Flannigan	Yes

b. OMPS Update (Cunard)

- Ms. Cunard provided an update involving several topics and activities within OMPS. Her update included a breakdown of enrollment in the various membership classes in SERS, noting key similarities and differences among the membership classes. She reported on the impact of the recent accelerated pay increases, noting that OMPS could experience an increase in retirement activity this fall. She provided a breakdown of counseling preferences in OMPS and concluded by reporting on SERS/Empower Quarterly Review, noting that we are exploring creating a “Subteam” to encourage a higher participation rate in the Deferred Compensation Plan.

c. Benefits and Membership Lists (April, May, June, July 2022)**7. Comments/Concerns/Questions**

None

8. Motion to Adjourn

By motion that was moved, seconded, and approved unanimously by Committee members, it was RESOLVED that this meeting be adjourned at 1:45 P.M.

Respectfully submitted,



Sara McSurdy
Chief Financial Officer

Brenda Cunard

Brenda Cunard
Deputy Executive Director
Member and Participant Services