

**Minutes of the Finance and Member and Participant Services Committee Meeting
February 21, 2023
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

Mr. Dan Ocko (Designee for Representative Dan Frankel)

Mr. Alan Flannigan (Designee for Acting Secretary of Banking and Securities Sarah Hammer) (In person)

Mr. Eric Pistilli (Designee for Acting Secretary of Banking and Securities Sarah Hammer) (In person)

Mr. James Bloom (Designee for Acting Secretary of Banking and Securities Sarah Hammer)

Others Board Members and Designees:

Mr. Glenn Becker (In person)

Treasurer Stacy Garrity (In person)

Mr. Lloyd Ebright (Designee for Treasurer Stacy Garrity) (In person)

Mr. Matt Lindsay (Designee for Senator Vincent J. Hughes)

Mr. Greg Jordan (In person)

Senior Staff:

Joseph A. Torta, Executive Director

Sara McSurdy, Chief Financial Officer

James Nolan, Chief Investment Officer

Brenda Cunard, Deputy Executive Director for the Office of Member and Participant Services

Michael McGeoy, Asst. Chief Financial Officer

N. Joseph Marcucci, Chief Counsel

Catherine Nolan, Committee Counsel

Kara O'Donnell, Committee Counsel

**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 1:02 P.M. She welcomed new Committee member Acting Secretary of Banking and Securities, Sarah Hammer.

2. Welcome and Roll Call

Brenda Cunard, Deputy Executive Director for the Office of Member and Participant Services, conducted a roll call of the Committee members and designees.

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 December 5, 2022, Finance and Member and Participant Services Committee Meeting.

4. Old Business

None.

5. Special Presentations**a. Shared Risk/Gain Update (Korn Ferry)**

- Chair Soderberg led the discussion by announcing that SERS' actuaries from Korn Ferry were on-site to provide an update on the Shared Risk/Gain topic that was previously introduced at the December 2022 Committee Meeting. The update was provided at this meeting because the investment return data for 2022 was available.
- Craig Graby and Kris Seets reviewed the concept of Shared Risk/Gain and explained that pursuant to Section 5501.1 of the State Employees' Retirement Code, members of certain membership classes could potentially experience an adjustment to their contribution rate, based on actual market returns that are more than 1 percent different than the actuarial assumptions adopted by the Board over a testing period.
- The test is performed every three years, with December 31, 2022, being the end of the most recent testing period, and they explained when future tests will be performed. When the 12.2% loss for 2022 was factored into the calculation, the results were as follows:
 - A3/A4 – over the ten-year testing period (2013-2022), no shared risk/gain was triggered.
 - A5/A6 – over the three-year testing period (2020-2022), the difference was greater than 1%, which triggered potential shared risk. However, per SERS Code, the increase in the member contribution rate is limited to the amount of the increase in the FY 2023-24 employer contribution rates due to the effect of investment gains and losses during the testing period. This impact was a decrease to the employer contribution rates, which means that there will be no increase in the member contribution rates effective July 1, 2023.

- A similar calculation will be completed to determine if there will be an increase in the member contribution rates effective for July 1, 2024 or July 1, 2025.

6. New Business

a. Appointment of Assistant Chair

- By unanimous consent, Acting Secretary of Banking and Securities Sarah Hammer, was appointed to serve as Assistant Chair of the Finance and Member and Participant Services Committee for 2023.

b. Review of Committee Work Plan

- Sara McSurdy, Chief Financial Officer, reviewed the Committee Work Plan for the current calendar year. She highlighted each individual item within the work plan. For the benefit of new members and designees, she also introduced herself to the Committee, along with other SERS staff who perform duties for the Committee.
- The Committee voted to approve the Committee Work Plan for 2023. By motion that was moved, seconded, and unanimously approved, it was RESOLVED that this Committee recommends that the State Employees' Retirement Board approve the Finance and Member & Participant Services Work Plan for 2023. The roll call tabulation is as follows:

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

c. Benefits and Membership Lists (October, November, and December 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 1:31 P.M.

Respectfully submitted,



Sara McSurdy
Chief Financial Officer



Brenda Cunard
Deputy Executive Director
Member and Participant Services