

Minutes of the Finance and Member and Participant Services Committee Meeting
April 25, 2023
30 N. Third Street, Harrisburg, PA 17101-1716 and Microsoft Teams
SERS LIVESTREAM ACCESS: <https://www.pacast.com/live/sers>

Attendees*:

Committee Members and Designees:

Ms. Mary Soderberg (Committee Chair) (In person)
Mr. Charles Erdman (Designee for Senator John DiSanto)
Mr. David Fillman (In person)
Mr. Dan Ocko (Designee for Representative Dan Frankel)
Mr. Eric Pistilli (Designee for Acting Secretary Sarah Hammer) (In person)
Mr. James Bloom (Designee for Acting Secretary Sarah Hammer)

Others Board Members and Designees:

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

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
Cindy Collins, Director of Governance and Strategic Initiatives

**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 1:05 P.M.

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 February 21, 2023, Finance and Member and Participant Services Committee Meeting.

4. Old Business

None.

5. Special Presentations**a. Korn Ferry presentation of key actuarial valuation results and the fiscal year 2023/2024 certification of defined benefit plan employer contribution rates**

- Chair Soderberg introduced Craig Graby and Kris Seets, SERS' actuaries from Korn Ferry, to present actuarial valuation results and highlights for calendar year 2022.
- The presentation included background information on the purpose of the valuation in addition to the proposed employer contribution rates for FY 2023/2024 by the various groups.
- Mr. Graby and Mr. Seets explained how the employer contribution rates are determined and the effects of asset smoothing, and they provided a comparison of member demographics from the previous calendar year.
- They also provided historical data regarding the contribution rates and the funded status.
- They concluded their presentation by identifying the next steps to be taken, which consist of co-presenting an overview of investment experience and economic expectations including the effects of any potential changes in the assumed investment return rate, with Callan, SERS' Investment Consultant, in June.
- The Committee voted to approve the valuation results for calendar year 2022 and to certify the proposed Employer Contribution Rates for FY 2023/2024. By motion that was moved, seconded, and unanimously approved, it was RESOLVED that this Committee recommends that the State Employees' Retirement Board:

(A) approve the results of the December 31, 2022, actuarial valuation; and for the Commonwealth's fiscal year 2023-2024, certify the following contribution rates:

- 1. Shared-risk contribution rate of 0.0%;*
- 2. Employer normal cost contribution rate of 8.29%;*
- 3. Composite employer contribution rate necessary for the funding of the system of 35.27%; and*

4. *Employer contribution rates by group and class of service of employees as set forth in the actuarial valuation as calculated by SERS' consulting actuary, Korn Ferry, pursuant to Section 5508 of the State Employees' Retirement Code;*

(B) authorize SERS staff and Korn Ferry to use those rates to develop all the employer rates for the period of July 1, 2023, to June 30, 2024, pursuant to Section 5902(k) of the State Employees' Retirement Code;

(C) establish an employer contribution rate of .05% for fiscal year 2023-2024 to fund the Benefits Completion Plan established pursuant to Section 5941 of the State Employees' Retirement Code; and

(D) authorize the Executive Director to certify such rates to all employers with employees who are active members of SERS and to the Secretary of the Budget.

The roll call tabulation is as follows:

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

6. New Business

a. **TPA/RFP Planning Discussion**

- Chair Soderberg announced that Cindy Collins, Director of Governance and Strategic Initiatives, would lead the TPA RFP Planning Discussion. Ms. Collins began by explaining that, for administrative and operational purposes, we are seeking to secure one Third-Party Administrator (TPA) for both the Defined Contribution Plan (401(a)) and the Deferred Compensation Plan (457(b)), with staff working to harmonize the contract dates, both of which are set to expire December 31, 2024.

Ms. Collins continued the discussion by stating that Jared Snyder, who works in SERS' Investment Office as a Portfolio Manager, will also be collaborating with her on this endeavor. Ms. Collins noted that SERS' Investment Consultant, Callan, will be assisting with the process and will additionally serve as the TPA RFP Consultant, and she introduced key Callan team consultants, including Tom Shingler. Mr. Shingler spoke to the Committee and described Callan's role in the process and identified Callan staff who will be involved with the project.

Ms. Collins laid out the planning process in explicit detail to the Committee, and

she also provided a timeline for the entire process. Mr. Ocko commended Ms. Collins for her work, and Chair Soderberg added that the role of the TPA is very significant to our members and concluded by announcing that the FMPS Committee will be seeking volunteers to serve on the RFP Committee.

- The Committee unanimously voted to move forward with the procurement process; and, it was RESOLVED that this Committee recommend that the State Employees' Retirement Board approve initiating the procurement process for SERS' Third-Party Administrator for SERS' Defined Contribution and Deferred Compensation Plans as set forth in BoardDocs.

The roll call tabulation is as follows:

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

b. Review of Committee Charter

- Ms. McSurdy briefly discussed the biennial review and editing of the Committee Charter, noting that there were no action items today, and Chair Soderberg added that the edits were technical in nature.

c. Benefits and Membership Lists (January and February 2023)

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 1:55 P.M.

Respectfully submitted,



Sara McSurdy
Chief Financial Officer



Brenda Cunard
Deputy Executive Director
Member and Participant Services