

**Minutes of the Finance and Member and Participant Services Committee
Meeting**

September 17, 2024

30 N. Third Street, Harrisburg, PA 17101-1716 and Microsoft Teams

SERS LIVESTREAM ACCESS: <https://www.pacast.com/live/sers>

Attendees*:

Mr. Charles Erdman (Designee for Senator John DiSanto)
Mr. Matt McCarry (Designee for Representative Dan Frankel)
Mr. Dan Ocko (Designee for Representative Dan Frankel)
Mr. Seamus Dubbs (Designee for Secretary Wendy Spicher)
Absent: Mr. Donald Enders
Absent: Mr. J. David Henderson

Other Board Members and Designees:

Mr. Gregory Thall
Mr. Lloyd Ebright (Designee for Treasurer Stacy Garrity)
Mr. Matt Lindsay (Designee for Senator Vincent Hughes)
Ms. Jill Vecchio (Designee for Representative Brett Miller)

Executive Staff:

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

**Committee members, other Board members, and their designees attended in person or via Microsoft Teams.*

1. Call to Order

Matt McCarry, Designee for Representative Frankel, called the meeting to order at 3:12 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

The Committee unanimously approved the minutes of the May 22, 2024 and the June 11, 2024 Committee meetings.

4. Old Business

None

5. Special Presentation

a. Stress Testing and Risk Assessment Report

- SERS' actuaries from Korn Ferry presented the Stress Testing and Risk Assessment Report. Michael Spadaro began by describing key background information on the purpose of the report, noting that it provides "What if?" scenarios, referred to as "Stress Tests" or "Scenario Tests", and the availability of assets to pay benefits. He reported that, in general, the results are more favorable than the previous analysis. His colleague, Craig Graby, highlighted three scenarios that were tested, which included: (1) Simulated future investment performance and volatility; (2) Granting a Cost-of-Living Adjustment (COLA); and (3) Providing an Early Retirement Incentive (ERI), and he confirmed that SERS is indeed well positioned to pay benefits.
- The Committee voted to approve the 2024 Stress Testing and Risk Assessment Report prepared by SERS' Actuary Korn Ferry. By motion that was moved, seconded, and unanimously approved, it was RESOLVED: that this Committee recommends that the State Employees' Retirement Board approve the 2024 Stress Testing and Risk Assessment Report prepared by SERS' Actuary, Korn Ferry.

The roll call tabulation was as follows:

Board Member	Vote
DISANTO	
Designee: Erdman	Yes
ENDERS	Absent
FRANKEL	
Designee: McCarry	Yes
HENDERSON	Absent
SPICHER	
Designee: Dubbs	Yes

6. New Business

a. FY 2025-2026 Budget Presentation

- Chief Financial Officer Sara McSurdy presented the proposed budgets for Fiscal Year 2025-2026 for SERS’ Defined Contribution Plan, Deferred Compensation Plan, and Defined Benefit Plan. She provided a high-level overview of each of the proposed budgets for the Defined Contribution Plan and the Deferred Compensation Plan, related to the TPA custody conversion, as well as an increase in the Defined Benefit Plan related to increased personnel costs and operating costs related to strategic initiatives. By motion that was made and approved 2-1, it was RESOLVED: that this Committee recommends that the State Employees’ Retirement Board approve for Fiscal Year 2025-2026 the following proposed budgets:

1) SERS’ Administrative Budget of up to \$43,249,000 inclusive of \$1,345,000 separately approved by the Audit, Risk, and Compliance (ARC) Committee specifically for the Internal Audit Office;

(2) SERS’ Investment Budget of up to \$12,230,000 inclusive of \$97,000 separately approved by the ARC Committee specifically for the Internal Audit Office;

(3) State Employees’ Defined Contribution Plan Budget of \$4,836,000 inclusive of \$52,000 separately approved by the ARC Committee specifically for the Internal Audit Office; and

(4) Commonwealth’s Deferred Compensation Plan Budget of \$1,207,000 inclusive of \$33,000 separately approved by the ARC Committee specifically for the Internal Audit Office,

each substantially in the same form as presented in the Chief Financial Officer’s SERS FY 2025- 2026 Budget Report, and each as amended and/or ultimately approved by the Office of the Budget.

The roll call tabulation was as follows:

Board Member	Vote
DISANTO	
Designee: Erdman	No
ENDERS	Absent
FRANKEL	
Designee: McCarry	Yes
HENDERSON	Absent
SPICHER	
Designee: Dubbs	Yes

b. Benefits and Membership Lists (April, May, June, July 2024)

7. Committee Comments/Concerns/Questions

None

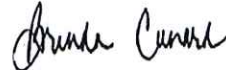
8. Motion to Adjourn

By motion that was moved, seconded, and unanimously approved by Committee members, it was RESOLVED that this meeting be adjourned at 3:45 P.M.

Respectfully submitted,



Sara McSurdy
Chief Financial Officer



Brenda Cunard
Deputy Executive Director
Member and Participant Services