

MINUTES

SERS Board Meeting

Tuesday, July 29, 2025 ~ Scheduled Start: 1:00 p.m. ~ Actual Start: 1:00 p.m.

ATTENDANCE AT BOARD MEETING:

Board Members:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Donald Enders, Jr. | <input checked="" type="checkbox"/> Rep. Brett Miller |
| <input checked="" type="checkbox"/> W. Russell Faber | <input type="checkbox"/> Michael Heckmann, Designee |
| <input checked="" type="checkbox"/> Rep. Dan Frankel | <input type="checkbox"/> Jill Vecchio, Designee |
| <input type="checkbox"/> Anne Baloga, Designee | <input checked="" type="checkbox"/> Sec. Uri Monson |
| <input type="checkbox"/> Jordan Laslett, Designee | <input checked="" type="checkbox"/> Sen. Devlin Robinson |
| <input checked="" type="checkbox"/> Matthew McCarry, Designee | <input type="checkbox"/> Kevin Battle, Designee |
| <input type="checkbox"/> Devin Mercado, Designee | <input type="checkbox"/> Stephanie Buchanan, Designee |
| <input checked="" type="checkbox"/> John Galuska | <input type="checkbox"/> Allison Dutrey, Designee |
| <input checked="" type="checkbox"/> Tr. Stacy Garrity | <input checked="" type="checkbox"/> Sec. Wendy Spicher |
| <input type="checkbox"/> Christopher Craig, Designee | <input checked="" type="checkbox"/> Seamus Dubbs, Designee |
| <input type="checkbox"/> Lloyd Ebright, Designee | <input type="checkbox"/> Eric Pistilli, Designee |
| <input checked="" type="checkbox"/> Tom Waters, Designee | <input checked="" type="checkbox"/> Jeffrey Soderstedt, Designee |
| <input type="checkbox"/> Sen. Vincent Hughes | <input checked="" type="checkbox"/> Gregory Thall (Board Chair) |
| <input checked="" type="checkbox"/> Matthew Lindsay, Designee | |
| <input checked="" type="checkbox"/> Antoinette Marchowsky, Designee | |

SERS Leadership:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Chief Compliance Officer
<i>Jo Ann Collins</i> | <input checked="" type="checkbox"/> Chief Investment Officer
<i>James Nolan</i> |
| <input checked="" type="checkbox"/> Chief Counsel
<i>N. Joseph Marcucci</i> | <input checked="" type="checkbox"/> Comm. Director & Press Secretary
<i>Pamela Hile</i> |
| <input checked="" type="checkbox"/> Chief Financial Officer
<i>Sara McSurdy</i> | <input checked="" type="checkbox"/> Deputy Chief Counsel (Benefits)
<i>Catherine Nolan</i> |
| <input checked="" type="checkbox"/> Chief Information Officer
<i>Daniel Krautheim</i> | <input checked="" type="checkbox"/> Deputy Chief Counsel (Business)
<i>Steven Skoff</i> |

- | | |
|--|---|
| <input type="checkbox"/> Deputy Chief Financial Officer
<i>Michael McGeoy</i> | <input checked="" type="checkbox"/> Executive Director
<i>Joseph Torta</i> |
| <input checked="" type="checkbox"/> Deputy Chief Investment Officer
<i>William Truong</i> | <input type="checkbox"/> HR Director
<i>Michele Shaner</i> |
| <input checked="" type="checkbox"/> Deputy Executive Director for Admin.
<i>Beth Christian</i> | <input checked="" type="checkbox"/> Internal Audit Director
<i>Ryan McCoy</i> |
| <input checked="" type="checkbox"/> Deputy Executive Director for OMPS
<i>Brenda Cunard</i> | <input checked="" type="checkbox"/> Legislative Affairs & Policy Director
<i>Thomas Derr</i> |
| <input checked="" type="checkbox"/> Director of Gov. & Strategic Initiatives
<i>Cynthia Collins</i> | |

SERS Board Committee Support:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Administrative Assistant, OA
<i>Kelly Bernhard</i> | <input checked="" type="checkbox"/> IT Administrator
<i>Mark Walter</i> |
| <input type="checkbox"/> Administrative Officer, IT
<i>Taylor Frey</i> | <input type="checkbox"/> IT Generalist
<i>Jonathan Ryan</i> |
| <input checked="" type="checkbox"/> Executive Assistant, OA
<i>Shannon Zimmerman</i> | <input type="checkbox"/> IT Generalist
<i>Brett Shaffer</i> |
| <input checked="" type="checkbox"/> Executive Assistant, Board Ed.
<i>Sheila Willrich</i> | <input checked="" type="checkbox"/> IT Generalist
<i>Matthew Soule</i> |
| <input checked="" type="checkbox"/> Executive Secretary
<i>Courtney Yurovich</i> | <input type="checkbox"/> Technical Support Director
<i>Randy Gilson</i> |

Other SERS Staff:

Lindsay Bailor

Other Attendees:

George Maille- CMS

Mark Dubravec- CMS

MINUTES OF THE SERS BOARD MEETING TUESDAY, JULY 22, 2025:**1. Call to Order**

The meeting was called to order at 1:00 p.m. by Gregory Thall, Board Chair.

2. Welcome and Roll Call

Executive Director Joseph Torta conducted a roll call of board members and designees. A quorum was met.

3. Public Comments

NONE

4. Adoption of the agenda

MOTION: 2025-30

By motion that was moved, seconded, and approved unanimously by the board members present, it was RESOLVED that the board adopt the agenda for the July 29, 2025, board meeting.

5. Approval of Consent Calendar

MOTION: 2025-31

By motion that was moved, seconded, and approved unanimously by the board members present, it was RESOLVED that the board approves the Consent calendar items for the July 29, 2025, board meeting.

- A. Approving Board Meeting Minutes – June 17, 2025, Regular meeting
- B. Defined Benefit Plan Statements of Changes in Fiduciary Net Position for the Periods Ending: December 2024, January 2025, February 2025, March 2025, April 2025
- C. Deferred Compensation Plan Statements of Changes in Fiduciary Net Position for the Periods Ending: December 2024, January 2025, February 2025, March 2025, April 2025
- D. Defined Contribution Plan Statements of Changes in Fiduciary Net Position for the Periods Ending: December 2024, January 2025, February 2025, March 2025, April 2025

6. Committee Reports/Action Items

A. Investment Committee

Committee Chair Secretary Monson presented a report of the Investment Committee meeting of July 22, 2025, to the board. The following actions were taken:

FIXED INCOME INTERVIEWS

MOTION: 2025-32

By motion that was moved, seconded, and approved unanimously by the board members present, it was

RESOLVED: That the State Employees' Retirement Board accept the recommendation of the Investment Committee to:

- (i) invest \$500 million in the Core Bond Strategy product managed by J.P. Morgan Investment Management.
- (ii) invest \$500 million in the Core Fixed Income product managed by Loomis, Sayles & Company.
- (iii) invest \$500 million in the Core Broad Market Fixed Income product managed by NISA Investment Advisors, as investments within the Fixed Income asset class.

Each investment shall be subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals, within 12 months. A transition manager may be used to fund these strategies, which funding will come from the MCM Bond Index portfolio and Cash.

Donald Enders, Jr.	Yes
W. Russell Faber	Yes
Dan B. Frankel	Yes
John Galuska	Yes
Stacy Garrity	Yes
Vincent J. Hughes Designee Matt Lindsay	Yes
Brett R. Miller	Yes
Uri Monson	Yes
Devlin Robinson	Yes
Wendy Spicher	Yes
Gregory C. Thall	Yes

B. Finance and Member and Participant Services Committee

Committee Chair Dan Frankel presented a report of the Finance and Member and Participant Services Committee meeting of July 22, 2025, to the board. The following actions were taken:

5-YEAR ACTUARIAL EXPERIENCE STUDY HIGHLIGHTS AND ASSUMED RATE OF RETURN DISCUSSION

MOTION: 2025-33

By motion that was moved, seconded, and approved unanimously by the board members present, it was

RESOLVED: That the State Employees’ Retirement Board accept the recommendation of the Finance and Member and Participant Services Committee to adopt the actuarial assumptions and the recommended changes to the current actuarial assumptions set forth in the attached report by Korn Ferry titled, “Summary of Recommended Changes to Actuarial Valuation Assumptions Based Upon 20th Investigation of Actuarial Experience, Covering the Period January 1, 2020 to December 31, 2024, to Be Effective with the December 31, 2025 Actuarial Valuation” (Exhibit A).

Donald Enders, Jr.	Yes
W. Russell Faber	Yes
Dan B. Frankel	Yes
John Galuska	Yes
Stacy Garrity	Yes
Vincent J. Hughes Designee Matt Lindsay	Yes

Brett R. Miller	Yes
Uri Monson	Yes
Devlin Robinson	Yes
Wendy Spicher	Yes
Gregory C. Thall	Yes

C. Audit, Risk, and Compliance Committee

Committee Chair Stacy Garrity presented a report of the Audit, Risk and Compliance Committee meeting of July 22, 2025, to the board. No action was taken.

D. Board Governance and Personnel Committee

Committee Chair Gregory Thall presented a report of the Board Governance and Personnel Committee meeting of July 22, 2025, to the board. No action was taken.

7. Old Business

NONE

8. New Business

NONE

9. Special Presentation

NONE

10. Reports of Executive Director and Agency Staff

A. Executive Director Torta provided the following updates:

i. Executive Verbal Update:

Executive Director Torta shared his mid-year report.

- 1) During the first six months of this year, SERS paid 2,152 new retirement benefits, 2,906 death benefits, and 2,722 refunds for non-vested accounts.
- 2) Executive Director Torta noted that SERS received a clean audit opinion for the Defined Benefit Plan, the Defined Contribution Plan, and the Deferred Compensation Plan for the 2024 annual financial statements and the Annual Comprehensive Financial Report.
- 3) Executive Director Torta stated that Linea Solutions (Linea) has been retained to draft the Request for Proposal (RFP) for SERS' new computer system's design, known as the Pension Administration System (PAS). Linea has commenced meetings with SERS business users to develop the RFP's requirements. Beth Christian, Deputy Executive Director of SERS Office of Administration, is leading the project.

- 4) SERS employees have spent considerable time on SERS' first System and Organization Controls (SOC) audit conducted by CliftonLarsonAllen LLP. Executive Director Torta is pleased with the status of the SOC audit.
- 5) The funded status of the Defined Benefit Plan increased from 69.6% to 70.3% as of December 31, 2024. In addition, as of December 31, 2024, the Defined Benefit Plan's assets exceeded \$38 billion; the Defined Contribution Plan's assets exceeded \$295 million; and the voluntary Deferred Compensation Plan's assets totaled nearly \$5 billion.
- 6) SERS recently instituted public speaking at SERS Board meetings.
- 7) The contract with SERS' third-party administrator, Empower, expired at the end of 2024. The new Empower contract for five years (with a possible five-year extension) has been finalized.
- 8) The sub-custodial conversion, pertaining to the Defined Contribution and the Deferred Compensation Plans, is complete. The conversion results in increased service levels and a significant reduction in fees for our participants.
- 9) With respect to personnel, the agency's vacancy rate is currently under 9%, which is a significant reduction in the vacancy rate in place when Executive Director Torta began serving as Executive Director.
- 10) Approximately one month ago, an 80-year-old annuitant injured himself when he tripped and fell and hit his head while at the Seneca Regional Office. SERS Seneca staff aided the retiree by providing basic first aid (including controlling his bleeding) while waiting for emergency medical services personnel to arrive.

- ii. Legislative Update:

Executive Director Torta noted that there are no legislative updates and currently no State budget.

- iii. Dismissals, Orders and Adjudications:

- a. Account of Dennis Summerville (Deceased)
Docket No. 2024-05
Claim of Renee Summerville
 - b. Account of Phyliss Thomas
Docket No. 2024-04
Claim of Phyliss Thomas

- c. Account of Tammy R. Wylie (Deceased)
Docket No. 2025-01
Claim of Ronald Wylie, Sr.

- B. SERS Deputy Executive Director of Administration – NONE
- C. Chief Investment Officer – NONE
- D. Chief Financial Officer – NONE

11. EXECUTIVE SESSION

- A. Chief Compliance Officer's Report on Board Referrals
- B. Benefits Administration and Appellate Litigation Update

At 1:27 p.m. the board recessed and entered executive session to receive reports and legal advice on executive session agenda items. Public session resumed at 1:35 p.m.

12. Comments, Concerns, Questions, and Reminders

September 30, 2025 - Next regular scheduled committee meetings
October 7, 2025 - Next regular scheduled board meeting

13. MOTION TO ADJOURN

MOTION: 2025-34

By motion of Chair Thall, the board unanimously agreed to adjourn the meeting at 1:36 p.m.

Respectfully Submitted,



Name: Joseph A. Torta
Job Title: Executive Director



**Summary of Recommended Changes to Actuarial Valuation
Assumptions Based Upon 20th Investigation of Actuarial Experience,
Covering the Period January 1, 2020 to December 31, 2024,
To Be Effective with the December 31, 2025 Actuarial Valuation**

I. Economic Assumptions

- a. Annual Inflation Assumption & General Salary Increase Assumption: The Social Security Administration’s intermediate inflation assumption has been flat at 2.40% in the 2020 through 2025 OASDI Trustees’ Reports. Based on recent inflation volatility, Korn Ferry recommends keeping the annual inflation assumption at 2.50%. The annual inflation assumption is also a component of the general salary increase assumption (which estimates annual across-the-board pay increases to active SERS members), Korn Ferry therefore also recommends keeping the same general salary increase assumption of 2.80% per year
- b. Career Salary Increase Assumptions (which estimate average annual salary increases due to merit and promotions): Since actual career salary increases observed over the study period were higher than expected, Korn Ferry recommends increases at every service level, ranging from 0.40 percent to 1.25 percent decreases, and averaging about 0.77 percent higher. The table below shows the specific assumptions being recommended:

Years of Credited Service	Current Assumed Annual Increase in Career Salary	Recommended Assumption - Annual Increase in Career Salary	Years of Credited Service	Current Assumed Annual Increase in Career Salary	Recommended Assumption - Annual Increase in Career Salary
1	4.15%	4.75%	16	1.25%	1.90%
2	3.25%	4.50%	17	1.20%	1.90%
3	2.90%	4.00%	18	1.15%	1.90%
4	2.70%	3.75%	19	1.15%	1.90%
5	2.50%	3.35%	20	1.10%	1.90%
6	2.35%	3.15%	21	1.00%	1.85%
7	2.15%	2.90%	22	0.95%	1.75%
8	2.10%	2.80%	23	0.90%	1.70%
9	2.00%	2.70%	24	0.85%	1.60%
10	1.60%	2.40%	25	0.80%	1.50%
11	1.55%	2.35%	26	0.70%	1.30%
12	1.45%	2.20%	27	0.60%	1.10%
13	1.40%	2.10%	28	0.50%	0.95%
14	1.35%	2.05%	29	0.50%	0.95%
15	1.30%	1.95%	30+	0.50%	0.90%



II. Demographic Assumptions

- a. Annuitant Mortality Assumptions: The actual 2020-2024 mortality experience of SERS annuitants did deviate significantly from our current assumed death rates due to COVID impacts primarily during 2020 to 2022. We recommend a revised set of mortality assumptions based upon the Society of Actuaries' Pub-2016 study of public sector retirement systems and their most recent forecast of future mortality improvements (future increases in life expectancy). Therefore, we recommend the following updated mortality assumptions:

Male Non-Disabled: PubG-2016 Male Mortality Table, with post-2016 mortality improvement based on Scale MP-2021 for Males

Female Non-Disabled: PubG-2016 Female Mortality Table (set forward 1 year), with post-2016 mortality improvement based on Scale MP-2021 for Females

Male Disabled: PubNS-2016 Male Mortality Table (set forward 4 years), with post-2016 mortality improvement based on Scale MP-2021 for Males

Female Disabled: PubNS-2016 Female Mortality Table (set forward 3 years), with post-2016 mortality improvement based on Scale MP-2021 for Females

- b. Superannuation Retirement Assumptions Applicable to General Employees (i.e., Classes AA and A): In general, for both males and females, (i) relatively fewer employees are retiring at, or prior to, the earliest superannuation ages and (ii) relatively more are deferring retirement until Social Security Retirement Ages (65-67) or beyond. Therefore, we recommend:

For Both Males and Females: Lower or unchanged retirement rates at all ages except for increased rates at age 60,

- c. Other Demographic Assumptions:

i. **Applicable to all active employees, we recommend –**

1. Unchanged mortality rates for both males and females
2. Decreases to disability retirement rates for both males and females
3. Increases to employee withdrawal rates for both males and females

ii. **Applicable to general (Classes AA & A) employees, we recommend –**

1. Decreases to early retirement rates for those with 15+ years of service for both males and females
2. Decreases to early retirement rates for those with < 15 years of service for both males and females

iii. **Applicable to employees in various special benefit classes, we recommend –**

1. Changes to superannuation rates as follows: Decreases for state police (> 19 years service) and judges/justices; increases for other hazardous duty employees and legislators



- 2. Changes to early retirement rates as follows: Increases for state police and other hazardous duty employees; decreases for judges/justices and legislators
- 3. Changes to withdrawal rates as follows: Increases for state police, other hazardous duty employees and judges/justices; decreases for legislators

III. Special Assumptions

a. Form of Payment: This experience study included a review of the forms of payment elected by retiring SERS participants over the 2020-2024 period. Based upon this experience, we recommend minor adjustment to the current Form of Payment assumptions, as follows:

<u>Form of Payment</u>	<u>Current Assumptions</u>	<u>2020-2024 Experience</u>	<u>Recommended Assumptions</u>
I. Single Life Annuity	33%	31.6%	32%
II. Option 1 (Guaranteed PV) OR Option 1 combined with joint and survivor Option	41%	35.6%	36%
III. Option 2 (100%) or 3 (50%) or other % to survivor	26%	32.8%	32%
IV. Total	100%	100.0	100%

b. Probability of Electing Full Option 4 Withdrawal: This experience study included a review of the contributions and interest actually withdrawn by retirees out of the total contributions and interest available for withdrawal over the 2020-2024 period. Based upon our findings that 68.3% of funds were withdrawn, we recommend that the percentage of retirees assumed to elect a full Option 4 withdrawal of contributions and interest remain unchanged:

<u>From Current Assumption of:</u>	<u>To Recommended Assumption of:</u>
70%	70%

c. Years of Purchased Service by Eligible Members:

<u>Service</u>	<u>Number of Years Purchased</u>
0	0.04
1	0.03
2	0.02
3	0.01
4+	0.00

This experience study included a review of purchases of service by eligible SERS members over the 2020-2024 period. Our study revealed a significant overall decline in purchases of



service since this was last studied. We also determined that this lower level of activity of purchasing service is expected to continue. Therefore, Korn Ferry recommends the adoption of the purchased service assumptions included in the table above, which represent significantly lower levels of service expected to be purchased by eligible members of SERS in the future.

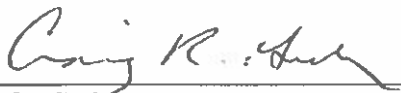
IV. Actuarial Certification

This summary presents actuarial valuation assumption change recommendations being made by Korn Ferry based upon our investigation of the actuarial experience of the State Employees' Retirement System (SERS) of the Commonwealth of Pennsylvania, covering the period from January 1, 2020 to December 31, 2024. Excluded from the assumptions addressed in this summary is the annual investment return assumption, the selection of which will be made by the SERS Board at their meeting of July 29, 2025.

Otherwise, to the best of our knowledge, this summary is complete and accurate, and all recommended assumptions included herein are reasonable actuarial assumptions which represent our best estimate of anticipated experience under the plan, determined in accordance with the applicable actuarial standards of practice.

The actuaries certifying to these results and recommendations are members of professional actuarial organizations and meet the Qualification Standards of the American Academy of Actuaries for purposes of issuing Statements of Actuarial Opinion.

Respectfully submitted,
Korn Ferry
July 22, 2025

By 
Craig R. Graby
Member American Academy of Actuaries
Enrolled Actuary No. 23-7319