

**Penn SERS Board Restructures Administration of  
Deferred Comp & Defined Contribution Plans;  
Partnership with State Treasury Modernizes Payments from Both Plans,  
Enhancing Services for Participants and Saving Millions Per Year**

HARRISBURG – The Pennsylvania State Employees’ Retirement Board, in a special meeting here today, authorized staff to award a new contract for a third-party administrator of the deferred compensation and defined contribution plans it oversees. The new contract restructures plan administration for enhanced services and approximately \$1.4 million in savings each year to benefit participants and employers, while also netting operational savings for SERS, and the State Treasury.

“With the goals of giving our participants quicker access to their money while reducing plan costs, we assembled a team to strategically restructure administrative processes and then draft an RFP that not only secures a vendor after the current contract expires but also changes the scope of services,” explained SERS Executive Director Joseph Torta. “Treasurer Garrity and her staff provided invaluable expertise and direction for the team to achieve those goals by modernizing the flow of money directly through the selected third-party administrator, as is an industry standard for these types of plans. That shift will materially reduce complexity and cost.”

“These big improvements are important for SERS beneficiaries, and they also show how agencies can collaborate to make state government work better,” said Pennsylvania Treasurer Stacy Garrity. “At Treasury, I have updated and streamlined many of our processes to be more efficient and to save money – and SERS is doing the same. Pennsylvania taxpayers and SERS beneficiaries deserve no less.”

The selection wraps up a comprehensive competitive request for proposal (RFP) process led by the board’s Finance and Member and Participant Services Committee. The winning bidder will be named after successful contract negotiations, as required by the Commonwealth’s Procurement Code, 62 Pa.C.S. §106.1(b)(4).

“Last May the board approved a project plan for this procurement that included engaging our Investment Consultant, Callan, as the RFP consultant,” explained SERS Board Chair Gregory Thall. “That provided all involved with a great deal of invaluable insight into the defined contribution industry, generally, and public sector plans of our type, specifically. That insight allowed us to build out enhanced services while also realizing significant savings, two goals that can often be at odds with each other but are the very things Governor Shapiro has challenged us all to do.”

“The committee’s work on this competitive search has helped to modernize the administration of the plans and will save millions per year benefitting plan participants and employers,” said Rep. Frankel, Chair of the board’s Finance and Member and Participant Services Committee.

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Through the new contract, participants in both plans will have access to their funds within an average 48 hours. Currently, payments are issued three days each month.

Similarly, participants will see their contributions in their account from five-to-seven days sooner under the new service agreement.

The streamlined process will reduce the administrative fee for participants in the Deferred Compensation Plan by approximately 35%.

SERS employers/the commonwealth will also see, an approximately 35% reduction in the annual cost for each employee participating in the Defined Contribution Plan.

"The cross-agency team included an additional requirement that 20% of the third-party administrator's fees are at risk based on service-level agreement thresholds," explained Torta. "As a result, the winning vendor has some skin in the game to assure that their services don't slip over time."

The current contract expires Dec. 31, 2024. To provide time for the search process and contract negotiations, SERS issued the RFP in February and bids were due on March 15, 2024. A selection committee comprised of board members and subject-matter-expert staff reviewed the proposals. Staff will begin contract negotiations immediately, with the goal of having the selected third-party administrator in place and working toward the new service level agreement on Jan. 1, 2025.

The current third-party administrator, Empower, was welcome to submit a proposal for the work.

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#### **Pennsylvania State Employees' Retirement System**

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 243,000 members. As of Dec. 31, 2023, SERS' Defined Benefit Plan had assets of approximately \$36.4 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$185 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 56,000 participants and assets of approximately \$4.5 billion as of Dec. 31, 2023. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

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