

## news release

for immediate release

June 24, 2024

### Penn SERS 2023 Financial Reports Available

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced the release of its *2023 Annual Comprehensive Financial Report* for the calendar year ended Dec. 31, 2023.

The purpose of this report is to provide a clear accounting of SERS' operations and financial position with details about the traditional Defined Benefit Plan and the Defined Contribution Plan.

**Defined Benefit Plan** highlights include:

- **Benefit Payments** – SERS paid out approximately \$3.9 billion in retirement benefits to nearly 137,000 retirees and beneficiaries; approximately \$3.5 billion – roughly 90% – was paid to people living in Pennsylvania, stimulating local economies.
- **Plan Assets** – As of Dec. 31, 2023, the plan had a net position of approximately \$36.4 billion.
- **Investment Performance** – The SERS portfolio saw investment gains of approximately 12.2%, which exceeded the fund's annual assumed rate of return of 6.875% that was in place during the year. The end of 2023 marks 10-, 15-, 20-, and 25-year periods of returns of 6.7%, 7.7%, 7.1%, and 6.6% (net of fees), respectively.
- **Funded Status** – Based on the actuarial methods used for funding purposes, as of Dec. 31, 2023, the unfunded actuarial accrued liability was \$17.0 billion, with a funded ratio of 69.6%. These values are used to determine the employer contribution rates for the Defined Benefit Plan and are the most commonly communicated values. Based on the GASB 67 accounting valuation used for financial reporting purposes, as of Dec. 31, 2023, the resulting net pension liability was \$19.4 billion, with a fiduciary net position as a percentage of the total pension liability of 65.3%. These values are used for reporting purposes only and have no impact on the funding of the system.
- **Membership** – In 2023, SERS served approximately 242,000 total members from 98 agencies/employers. In mature pension plans such as SERS, new retirees tend to have higher benefits than those leaving the annuity payroll. Last year, approximately

6,000 SERS members retired with an average annual benefit of about \$32,300. Approximately 4,600 retirees, who had average annual benefits of about \$18,700, were removed from the rolls.

- **Plan Costs Decreasing** – The annual cost of the plan continues to drop as the number of members in the newer A-3, A-4, A-5, and A-6 classes of service (with less expensive benefits), and participation in the defined contribution-only plan increases.
- **Employer Contributions** – The total employer contributions of \$2.2 billion were 6% higher than in 2022. The growth was due to an increase in gross salaries paired with an increase in overall active membership and a slight increase in the composite employer rate from 34.16% to 35.32% on July 1, 2023.

**Defined Contribution Plan** highlights include:

- **Participants/Accounts** – There were approximately 33,900 defined contribution investment accounts as of Dec. 31, 2023. Most new state employees are automatically enrolled in the Hybrid Plan, in which a portion of their retirement benefit comes from their personal defined contribution investment account.
- **Distributions/Withdrawals** – The plan distributed approximately \$4.6 million in benefits and refunds of contributions in 2023.
- **Plan Assets** – As of Dec. 31, 2023, the plan had a net position of approximately \$189.4 million.
- **Contributions** – Employers contributed approximately \$23.5 million to the plan and employees contributed approximately \$42.9 million during 2023.
- **Investment Options and Income** – Plan participants can choose from 10 target date funds, four stock index funds, three bond index funds, a short-term investment fund (money market fund), and a self-directed brokerage fund option. Most plan participants invest in the default option target date fund. Net investment gain was approximately \$25.1 million in 2023.
- **Expenses** – Plan expenses totaled \$5.0 million in 2023. The fees, costs, and expenses of administering the plan are funded by participating employers through an annual per-participant charge and unvested employer contributions.

In addition, SERS' actuary published its [2023 Actuarial Report](#) detailing the system's assets and liabilities as of Dec. 31.

Both reports, along with other information, are available in the *Resources* section of the SERS website, [www.SERS.pa.gov](http://www.SERS.pa.gov).



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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 approximately 242,000 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 \$189.4 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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