

Penn SERS Announces Winning Bidder to Administer Restructured Deferred Comp & Defined Contribution Plans

HARRISBURG – The Pennsylvania State Employees’ Retirement System today announced Empower as the winning bidder in its Board’s request for proposal (RFP) for a third-party administrator of the commonwealth’s restructured deferred compensation and defined contribution plans.

“Last fall the board issued an RFP that included a series of material changes in the scope of services for the plans,” explained SERS Executive Director Joseph A. Torta. “The biggest is modernizing the flow of money directly through the third-party administrator, as is the industry standard for these types of plans. The goal is to give plan participants quicker access to their money while reducing plan costs.

“We have been working closely with state Treasury staff to streamline the money flow. In the coming weeks we will be discussing the plan changes with the commonwealth employers that offer one or both plans to their employees.”

Through the new contract, plan participants will have access to their funds within an average of 48 hours. Currently, payments are issued three days each month. Similarly, participants will see their contributions deposited into their accounts from five-to-seven days sooner. The streamlined process should reduce the administrative fee for participants in the deferred comp plan by approximately 35% and SERS employers/the commonwealth should also see an approximately 35% reduction in the annual cost for each employee participating in the Defined Contribution Plan.

“Empower is honored to extend our partnership with SERS. It has been our privilege to serve the members and participants across the state through advice, technology, and our people for the last 20 years,” said Dan Morrison, head of government and Taft-Hartley markets at Empower. “We applaud Executive Director Torta and his staff for an aggressive agenda to transform the current system, and we look forward to working with them arm-in-arm to modernize the program.”

The SERS Board approved a project plan in May 2023 that included engaging Callan, the board’s investment consultant, as an RFP consultant. Callan provided insight into the defined contribution plan industry that helped restructure the plans.

[As announced this past May](#), the board concluded its year-long comprehensive RFP process, led by its Finance and Member and Participant Services Committee, with the winning bidder to be named after successful contract negotiations as required by the Commonwealth’s Procurement Code, 62 Pa.C.S. §106.1(b)(4). The parties have agreed to a Memorandum of Understanding. A Master Services Agreement will follow. The current contract with Empower for third-party administration services expires Dec. 31, 2024.

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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 April 30, 2024, SERS’ Defined Benefit Plan had assets of approximately \$36.5 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$217.8 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 56,000 participants and assets of approximately \$4.5 billion as of April 30, 2024. A wealth of information is available at www.SERS.pa.gov.

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