



GLOBAL  
GOVERNANCE  
ADVISORS

# 2025 Board Self-Assessment *Final Report*

November 24, 2025

Prepared for:



**pennsylvania**  
STATE EMPLOYEES' RETIREMENT SYSTEM

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The background of the slide is an aerial photograph of a city at night, showing a dense grid of buildings and streets. The image is heavily blurred and has a strong blue color cast, creating a futuristic or digital atmosphere. The text is centered in the upper half of the image.

# **Introduction & Assessment Methodology**

## Introduction

As part of its commitment to organizational sustainability, good governance, and strategic oversight, the Pennsylvania State Employees' Retirement System ("SERS" or "System") Board of Trustees ("Board") contracted Global Governance Advisors LLC ("GGA") to conduct an independent Board Self Assessment to help ensure that the Board is following governance best practices and proactively managing its ability to fulfill its mission, vision and fiduciary responsibilities.

Beginning the process, it was necessary for GGA to conduct an in-depth assessment since SERS had not completed this type of assessment in a few years. To date, GGA's process included:

- Conducting a governance documents review,
- Conducting face-to-face governance background Interviews,
- Developing custom Board effectiveness, skills assessment and communication style questionnaires,
- Delivering a board education session on pension governance best practices,
- Inviting all Board members and designees to complete the questionnaire,
- Identifying key areas from the questionnaire results that required further investigation,
- Conducting virtual follow up interviews with Board members, designees, and senior staff members, and
- Producing this final report for SERS' information and use, which includes key findings from its review and suggested next steps to improve the organization's overall governance.

The remainder of this report outlines GGA's overall observations and recommendations as well as the detailed questionnaire response results and interview findings collected throughout the assessment process.

## Assessment Methodology

At the commencement of the project, GGA completed a background review of all foundational governance documents and prepared to work with the SERS Governance & Personnel Committee (“Governance Committee”) who directed and oversaw the assessment process.

This core committee consisted of the following people:

- Greg Thall
- Vincent Hughes
- Stacy Garrity
- Wendy Spicher
- John Galuska

GGA conducted initial interviews with the Board and Governance Committee Chair, Executive Director, Governance Director, and senior staff members to help prepare for the assessment, shape the questionnaires, and focus on issues that would have a positive impact on the oversight and success of the System. With the documents reviewed and interviews completed, GGA established a draft survey questionnaire and then worked with the Governance Committee to fine tune it and agree on the overall size, scope, and focus of the survey.

GGA invited all 11 Board Members to complete the survey questionnaire, who are:

- Don Enders
- Russ Faber
- Dan Frankel
- John Galuska
- Stacy Garrity
- Vincent Hughes
- Brett Miller
- Uri Monson
- Devlin Robinson
- Wendy Spicher
- Greg Thall

GGA also invited all 17 Board Member Designees to complete the survey questionnaire, who are:

- Anne Baloga
- Kevin Battle
- Stephanie Buchanan
- Christopher Craig
- Seamus Dubbs
- Allison Dutrey
- Lloyd Ebright
- Michael Heckmann
- Jordan Laslett
- Matt Lindsay
- Toni Marchowsky
- Matt McCarry
- Devin Mercado
- Eric Pistilli
- Jeffrey Soderstedt
- Jill Vecchio
- Thomas Waters

At the end of the extended survey period, we received a 50% response rate to the distributed questionnaire for all interviewees. That being said, most of the Board Members or one of their designees participated, meaning that the views of most trustees were reflected in the final questionnaire results.

GGA also invited a total of 11 senior staff members to participate in follow up interviews, who are:

- Cindy Collins
- Jo Ann Collins
- Beth Christian
- Brenda Cunard
- Mark Farina
- Joe Marcucci
- Ryan McCoy
- Sara McSurdy
- Jim Nolan
- Joe Torta
- Sheila Willrich

The results of both the effectiveness questionnaire and the one-on-one interviews have been utilized by GGA in identifying areas for improvement and recommendations to strengthen SERS’ overall governance moving forward.

An aerial view of a city at night, with a blue overlay. The city lights are visible, and the overall tone is a deep blue. The text is centered and reads: 

# **Key Assessment Findings & Recommendations**

## Key Assessment Findings & Recommendations

### General Observations

Good governance is primarily about establishing and following a framework of policies and processes while adhering to the fiduciary duties of loyalty, prudence, and impartiality. In their shared pursuit of adhering to these duties, certain Board members proactively chose to undertake this assessment with a focus on ongoing improvement, organizational success, and System sustainability. It is GGA's interpretation that this proactive decision is a clear commitment to good governance and a strong desire to support the System and its members to the best of the Board's ability.

In the formulation of these recommendations, GGA felt it would be important to acknowledge and adhere to several foundational elements:

1. SERS Board members are committed to the success of the organization which should always be recognized and celebrated.
2. Diversity of the Board composition is important because it helps to expand viewpoints, enhance discussions, and lead to better decisions and in this vein, volunteer member representatives should always be valued and embraced.
3. Like all pensions, SERS possesses a vast and deep community of interested volunteers and stakeholders that should be leveraged as much as possible.
4. SERS plays an important role in its local economy and the financial stability of its members and because of this, its Board Members play an important role in enabling the System to sustainably maintain its support for generations to come.
5. Systems that have had to deal with past transgressions of its own or of other pension systems in its community often find it hard to move forward but it is important for SERS to find ways to strengthen its governance oversight, maintain trust, and enable the System to move forward safely and prudently; and
6. Realistically, governance oversight is not something that all Board members have at the top of their minds, but as fiduciaries of the System, governance oversight, and the improvement of its role, is something that SERS Board Members must commit to and remain responsible for moving forward.

Many of the questions presented to the SERS Board members received favorable responses which shows the Board, and its trustees feel that it is doing most things correctly and that both Board Members and designees are loyal and committed to helping the System fulfil its mission. However, as mentioned earlier, GGA did identify several areas where the organization should focus on improvements, which will help enhance the overall effectiveness of the Board and its governance oversight responsibilities.

Given the number of public pension fund boards GGA works with throughout North America, it is our general observation that there are several SERS practices that are less aligned to normal governance practices. However, it is important to note that with the right commitment and attention, the organization's governance can be improved which will greatly aid in the protection and sustainability of the System and the benefits provided to its members.

## Key Assessment Findings & Recommendations

### Board Composition & Participation

Pension boards should strive to speak with one voice which is not always easy. However, it is the composition of the Board that provide differing opinions, perspectives, and point of view which in turn lead to deeper discourse, and better outcomes for pension systems.

Many Board Members do not view the SERS Board as a body that represents the community and makeup of the members that they serve. As well, most Board Members and designees feel that there is no way for the Board to influence how people get chosen to participate on the Board. They also do not believe there is much time provided for them to explore broader strategic issues or trends, even at Board retreats which are scheduled annually.

It is GGA's observation that formal Board Members have an atypical number of designees appointed to the Board which does not help to encourage consistent team building or meeting participation. It is our observation that pensions are better served by boards that proactively manage their own leadership and skill composition on an ongoing basis. Understanding that most Board positions are appointed by the plan sponsor, SERS Board Members are not clear on how Board skills and leadership could ever be managed and have basically delegated the identification of potential candidates to its formal appointers. From this, it is clear that SERS Board is not actively managing its composition, and more work could be done to identify what skills it needs to increase the probability of it getting those skills. As GGA points out in its education material,

*"Pension Boards will never get what they don't ask for."*

Therefore, GGA believes there is work that SERS Board should be doing together with its ED to help obtain the skills it needs to round out its Board and strengthen its ability to govern its pension in the best interest of its members and community stakeholders.

### Recommendations

1. To properly identify and inventory the skills required and skill makeup of its Board, the SERS Board should proactively apply the results of its Board Skills Matrix assessment. Doing so will help to publicly list the skills the Board believes it needs to successfully complete its annual work requirements, identify what skills it currently has, and identify the skill gaps that may exist for future education or recruitment opportunities.
2. To proactively manage the ideal composition of the Board, SERS should inform its community of any identified skill gaps that exist and request that they be taken into consideration when identifying upcoming nominees or designees.
3. To enhance Board consistency, team building, and meeting participation, as well as reduce any associated administration, SERS Board Members that are allowed designees should limit the number of designees they appoint and identify a principal designee for the SERS Board that can be the key contact should the Board member not be available. GGA has seen this approach work effectively at other pension fund boards in similar situations to SERS.

## Key Assessment Findings & Recommendations

4. To recognize the importance of varying opinions and perspectives, SERS should establish a Board Composition policy statement that outlines how it strives to represent the differing views, perspectives and varying needs of its state-wide membership.
5. To aid in the strengthening of the Board's collegiality, more time should be sought to enable the Board members to meet, brainstorm, and explore more strategic issues or directions.
6. To help facilitate a constant rejuvenation of its perspective, skills, and opinions SERS should establish formal Term Limits for its members, which are aligned with the current governance best practice which typically limits members to three consecutive terms (i.e., three 4-year terms or 12 years).

## Board Education & Capabilities

After proactively managing the selection and appointment of candidates, the SERS Board should commit to maintaining a regular transition and renewal of talent onto the Board while proactively managing the capabilities of its members on an ongoing basis. New and old Board Members should have access to a strong foundational orientation and/or refresher.

Most trustees noted that SERS does have an orientation in place but that it may be a little too focused on technical issues and not as well focused on the functional role that board members play in pension systems. As a result, many trustees noted that the initial orientation should be more focused on their immediate role and responsibilities, and the responsibilities of staff with the provision of additional education and training on technical aspects broken up throughout the remainder of their first year.

### Recommendations

7. To help facilitate a constant rejuvenation of its perspective, skills, and opinions SERS should establish formal Term Limits for its members, which are aligned with the current governance best practice which typically limits members to three consecutive terms (i.e., three 4-year terms or 12 years).
8. To establish a strong foundation for its newest trustees as well as a regular refresh for standing members, SERS should implement a revised/more streamlined orientation program.
9. To maintain focused clarity on the fiduciary role of trustees, Board members should be encouraged to pursue additional education opportunities on good governance and best practices and constantly be reminded of their fiduciary duties of loyalty, prudence, and impartiality and what each of them mean as trustees of the System.
10. To help build the capabilities of the Board membership, SERS should maintain its strong effort to provide ongoing/consistent access to education and training opportunities through the ability to attend relevant conferences, seminars, and webinars. Where warranted on an overall Board level, dedicated board education sessions should also be provided to educate the full Board in one setting in

## Key Assessment Findings & Recommendations

technical priority areas identified in the most recent skills assessment. Possible topics include, but should not be limited to, the following:

- a) Benefits Administration
- b) IT/Cyber Security
- c) Custodial Issues
- d) Human Resources
- e) Pension Accounting
- f) Compliance (Legal)

## Management Succession

Hiring and managing the top executive is one principal responsibility of the SERS Board. Once this person is hired, authority is delegated to lead the management and operations of the organization on an ongoing basis. This leadership role is key and therefore the Board needs to make sure it is mitigating risks associated with the loss of leadership for any given period.

It is GGA's understanding that the SERS Board has made some strides in this area but that the organization is not fully prepared for any potential stoppage in leadership in either the short or long-term. Board members are generally unaware of any formal emergency and general succession plans currently in place for the Executive Director (ED) position. Most Board members acknowledge that this is a risk that has mostly been left to the ED and has not been properly managed by the Board. At this point in time, most Board members assume that there is a plan, but do not seem to have ownership over it. Most trustees also noted that they are not certain that the System is fully prepared to handle ED succession on a longer-term basis today. While not a direct responsibility of the Board, there is also a lack of clarity on succession planning efforts for the ED's direct reports, so this is an area where further clarity of the work the ED is doing to plan for the succession of their direct reports would also be helpful.

Understanding that this is a possible risk that should be mitigated, many trustees questioned how they might be more proactive in this area and showed an interest in strengthening the Board's succession planning responsibilities moving forward.

Therefore, GGA believes there is work that the SERS Board should be doing together with its ED to help mitigate risks associated with leadership gaps or stoppages and strengthen its overall professional development and succession activities.

## Recommendations

11. To mitigate any risk associated with stops or gaps in management leadership, the SERS Board should formally establish an emergency succession policy that outlines who should assume the ED role on an interim basis if the current person in the role is not able to fulfil their duties for any given reason.
12. To inform and prepare the SERS Board Members on how to proactively establish and manage effective succession plans, SERS should seek specific education and training on current succession planning best practices.
13. To further mitigate risk in a proactive way, SERS should establish an ongoing ED succession plan that maps the leadership needs of the role to its long-term

## Key Assessment Findings & Recommendations

strategic plan which will help ensure that it will be prepared to fill the ED role at any given point in its lifecycle.

14. Adding to the Board or relevant committee's annual work plan an annual update from the ED on succession planning efforts for their direct reports should also be established to provide the Board with assurance that succession is being proactively managed below the ED level as well.
15. To help ensure that senior staff are developing, the Board should request that senior staff/subject matter experts present to the Board and interact with them whenever possible.

## Strategic Oversight & Performance Monitoring

Pension boards often operate in a myopic way in which they place most of their time and attention on the investment activities of their systems. This often means that they regularly work with their investment advisors and/or investment team in updating their investment strategy which includes their investment philosophy, risk profile, and portfolio structure. However, pension systems often get financially hurt when problems surface in other areas that they have not adequately monitored or never anticipated.

Annual business plans help to focus the staff on the day-to-day operations of a pension system, but it is a holistic Strategic Plan that focuses board activities and help identify performance milestones that pensions and stakeholders need to monitor and achieve over the long run. SERS does have a strong strategic planning process and reporting practices in place. However, most interviewees felt that there is little discussion around goal setting, expectations, and associated performance. Many feel that the strategic planning activities may be too ridged and open discussion around performance should be enhanced.

There are many elements that contribute to the success and wellbeing of public pensions, and SERS Board needs to make sure it is always focused on the ongoing long-term sustainability of the System and progress toward the achievement of milestones is monitored. Having a goal of moving to a higher funded status and/or achieving a position where the System is able to enhance member benefits one thing, but there always needs to be discussions on WHAT is being done as well as HOW it is being achieved.

Many Board and staff members noted that SERS does not have an annual performance management program in place whereby key objectives related to annual and longer-term plans are set for the organization and ED. Normally such plans enable boards to monitor performance against the objectives throughout each fiscal year and clearly determine what and how progress is achieved. In addition to the utility of these programs, one key governance oversight responsibility of all boards is to set performance expectations for their top executive and monitor their performance on an ongoing basis. Overall, the implementation of an effective performance management program should enable the Board to truly determine if SERS' ED is performing in their role as well as enable them to proactively evolve and follow an ongoing professional development plan.

## Key Assessment Findings & Recommendations

### Recommendations

16. To take full advantage of a Strategic Plan, SERS' Board should adopt a holistic performance management program which includes balanced performance scorecards for its leadership team based on key objectives and milestones defined and outlined in the plan that management can be measured against on an annual and/or multi-year basis. Objectives should be at an organization-wide level but also factor in functional team or individual objectives relating to the role each leadership team member plays at SERS.

### Meeting Materials

The timeliness and quality of meeting materials are important because they help to inform and prepare Board members for the high-level discussion and actions they will be expected to engage on in the upcoming meeting.

GGA understands that SERS does work toward sending out materials early and is also working on improving its meeting materials, but many trustees recognize that they often still do not have sufficient time to review all the materials in advance. Many believe there is room for consolidation of information with the recognition that supporting materials will also help to accommodate deeper dives.

In line with this notion, Board Members feel that some materials are redundant, provided with materials that overlap or restate information offered in separate reports. One example of this are the investment summaries provided by staff, external advisors, and individual managers.

Dashboards highlighting the key takeaways from Board reports would be helpful to focus Board Member attention on the most pertinent issues and not force them to have to dig within the full report to identify the highlights themselves.

### Recommendations

17. To improve the efficiency of meetings, SERS should maintain its effort to send materials well in advance of each meeting, which will provide Board members sufficient time to prepare.
18. To help trustees review materials and prepare for meetings, SERS should continue to work on establishing summary dashboards and consistent reporting materials for the Board and its committees.
19. Board members should be consulted throughout this process and given opportunities to opine on the design and usefulness of the dashboards to help ensure that they get dashboards that suit their needs and help assist them in effectively preparing for Committee and Board meetings.

## Key Assessment Findings & Recommendations

### Policy Framework

A strong policy framework is vital to the effectiveness of a board and its ability to focus its oversight efforts. The current “Cortex” board governance best practice is for the Board to maintain a focus on high level strategic issues, stay out of the operational “weeds”, and closely monitor risk and ongoing performance. This follows the saying, “Noses in and fingers on the pulse.”

To do this, strong policies and procedures provide boards with a framework through which they can operate and maintain their focused attention. If policies and procedures are missing, incorrect, or irrelevant because they are out of date, boards will be unable to maintain their focus and effectiveness. Given their importance to Board oversight, GGA believes that SERS should continue its focus on the development and adoption of a more robust policy handbook but strive to strike a balance between having useful tools and a framework that could be deemed as overly bureaucratic. SERS does have a collection of policies which provides an initial policy framework to operate within. However, our initial review leads us to believe that the current body of policies still has gaps that should be addressed. As well, many Board Members and designees admitted that they are not as familiar as they should be with the body of policies that currently exist.

### Recommendations

20. To help maintain its focus and attention on risk and performance, GGA recommends that the SERS Governance Committee proactively identify policy gaps, formulate policies, and monitor and update any existing policies on an ongoing basis, to ensure relevance and proactively remind Board Members of their contents but not implement measures that could be interpreted as “overly bureaucratic.”
21. The Governance Committee should consider working with committees, staff and subject matter experts to oversee the preparation, approval, and implementation of more detailed and robust policies, which may include:
  - a) Emergency Executive Director Succession Policy
  - b) Enterprise Risk Policy and Risk Appetite Statement - Beyond risk outlined in the current Investment Policy
  - c) Performance Management Policy
  - d) Board Composition Policy
  - e) Whistleblower Policy
22. To help aid in the ongoing effectiveness of its policies, SERS trustees should maintain a constant state of understanding and awareness of what the policies entail and how they should be applied and utilized in carrying out their governance oversight and fulfilling their fiduciary duties.

## Holistic Risk Monitoring & Management

Risk oversight and mitigation is a key governance responsibility of boards. Far too often, pension boards focus solely on investment and financial risks but get materially impacted by non-financial risks that they never adequately foresaw. As a result, pension boards need to maintain a way to sufficiently identify, monitor, and manage all types of risk. A good example of this is cyber-security risk which is an emerging area that boards need to better understand and safeguard against. In its assessment, GGA found that this area has not been closely managed which could put the System in substantial risk.

In our assessment, GGA did learn that SERS is currently considering the implementation of several risk management initiatives but recognizes that these measures should be implemented in a metered way to ensure that the adopted solutions are in-line with the size and complexity of the System.

### Recommendations

23. To strengthen its risk oversight responsibilities, the SERS Board should:
  - a) Expand its ongoing risk monitoring,
  - b) Establish a more holistic risk policy and risk appetite statement,
  - c) Proactively include cyber-security in its annual oversight reporting,
  - d) Review the current committee(s) in charge of risk oversight and identify whether the current structure is adequate or if changes are required to embed certain areas of risk monitoring to the respective committee that each type of risk falls under, and
  - e) Provide the Board with regular updates on risk status and assurances provided by staff on progress toward risk mitigation goals.
24. Ensure that any enhanced risk oversight additions are intentionally implemented in a staggered way to ensure that they are appropriately aligned with the size, scope, and complexity of the SERS pension system.
25. Implement and execute audits in a judicial way to ensure that they are providing risk mitigation benefits that are helpful and appropriately aligned to the associated costs and resource allocations.

## Key Assessment Findings & Recommendations

### Staff Capability & Fees

Throughout the global pension community any public pension that recovered from a partially funded status turned things around by initially finding ways to minimize and manage its operating costs. Fees should always be taken into consideration as a practice of good stewardship. Board members should always think and act in the best interest of the System and its members and therefore should always seek out opportunities to get better value for the services they receive.

In our assessment, the issue of fees did not surface as a concern at SERS, however it is GGA's experience that all pension systems should remain focused on this issue and consistently do the best they can to maximize the performance and future sustainability of the System for its members. Understanding that money management fees and expenses normally take up the lion's share of pension operating costs, GGA knows firsthand that most fully funded pensions strengthened their foundations first by significantly decreasing their operating costs and shrinking their reliance on outside investment managers. Establishing internal teams built through strong hiring practices and mitigating risk through strong oversight, risk management frameworks, and competitive incentive structures enable systems to decrease their reliance on costly advisors and generate significant savings that are reinvested on behalf of the system.

#### Recommendations

26. To help control costs and to identify savings that could be placed in additional investment opportunities, Board members should always seek clarity on the full costs associated with the services they receive and fully understand the fee structure they are agreeing to.
27. To further pursue fiscal responsibility practices, SERS should continue its efforts to seek out opportunities to cut its costs and find savings wherever it is impactful and makes financial sense.
  - a) Continue generating operational savings through the enhancement of internal efficiencies and operational capacity while simultaneously strengthening its risk appetite framework and oversight capabilities.
  - b) SERS should also ensure it conducts regular reviews of compensation design, pay levels, and performance expectations to ensure reasonableness and overall alignment with the market.

## Key Assessment Findings & Recommendations

### Strategic Communications & Community Engagement

High-performing pension systems have a proactive and strategic approach to communications and engagement with key stakeholder groups in the community such as members, legislators, associations, and the media. Comprehensive annual communications strategies and calendars are put in place to proactively plan for a system's engagement efforts as well as to highlight positive contributions and impacts that the system is making in the community and with its members. This allows boards and management teams to be more proactive as opposed to reactive in responding to concerns or major events affecting their system. In our assessment, many Board Members felt that more could be done to increase engagement with key legislators and the overall awareness of the pension system's impact in the state.

#### Recommendations

28. SERS Board should seek from the ED and relevant staff an annual communication calendar/work plan that identifies key engagement touch points throughout the year and the types of topics intended to be addressed in those discussions to see where they might be able to play a role or enhance the overall impact of each communication item.
29. SERS Board should work with the ED and relevant staff to develop a proactive communication and engagement strategy with the state legislature and other key stakeholder groups to improve SERS' relationship and trust with said groups which will be integral to SERS' ability to effectively advocate for potential legislative changes in the future.

### Role of Board Members

For pensions to run well and maintain sustainable systems for their members, board members need to have clarity around their roles and responsibilities in relation to the roles and responsibilities of management. As fiduciaries, their loyalty must lie with the success of the full System for the benefit of its members, and they must refrain from reaching into management responsibilities. This is often hard because operational issues are sometimes easier to grasp and discuss while strategic decisions and discussions may be something trustees are less familiar or comfortable focusing on.

#### Recommendations

30. To enable the Board and management to run effectively, an education session should be offered to both parties to further clarify their role and better define and delineate each other's responsibilities.
31. Trustees should focus their staff requests through the ED to help manage workflows and to ensure that all Board members get access to the same information.
32. To maintain focused clarity on the fiduciary role of trustees, Board members should be encouraged to pursue education opportunities on good governance and best practices and constantly be reminded of their fiduciary duties of loyalty, prudence, and impartiality and what each of them mean as trustees of the System.

## Key Assessment Findings & Recommendations

### Board Effectiveness

GGA feels that all pension trustees hold an important position that impacts the lives of millions of fellow pensioners and community members. Therefore, all trustees need to do their best to show up prepared, ready and show appreciation for the hard work their staff and fellow trustees put into producing and improving the meeting materials and getting them out in a timely manner. As well, GGA always advises pension systems to remain open to change that can lead to transformations and/or innovations that further enhance their sustainability, service levels, and impacts on their communities, Overall, this helps to ensure the provision of benefits for future generations to come.

#### Recommendations

33. To aid in the accountability of its trustees and transparency to its members who depend on them, SERS should take an ongoing attendance record of its Board and committee meetings and publish it either in its annual report or provide an ongoing tally on its website.
34. To help facilitate improvement and the transformation evolution of its System, SERS Board members should be encouraged to ask good questions, evaluate potential changes, and consistently seek improvements to drive improvements in fund sustainability and the provision of exceptional benefit services to its members.
35. To help build team familiarity and strength, the SERS Board should meet in-person potentially at a strategic offsite session to include team-building exercises and social networking time so that trustees and management can get to know each other better outside of the Boardroom to develop more camaraderie and respect between each other. Ideally, this could be done outside of the state capitol so that attendees are not distracted by personal or other work commitments.
36. To continue the momentum that the Board has started, validate if progress and improvements are achieved, and monitor its overall governance performance, SERS should conduct lighter follow-up assessments over the next two years, with similar questions to the ones asked within this review.
  - a) Detailed reviews such as this one should be performed every three years or so as part of an effective governance review framework and multi-year work plan.

An aerial night view of a city with illuminated buildings and streets, overlaid with a semi-transparent blue filter. The text is centered in the upper half of the image.

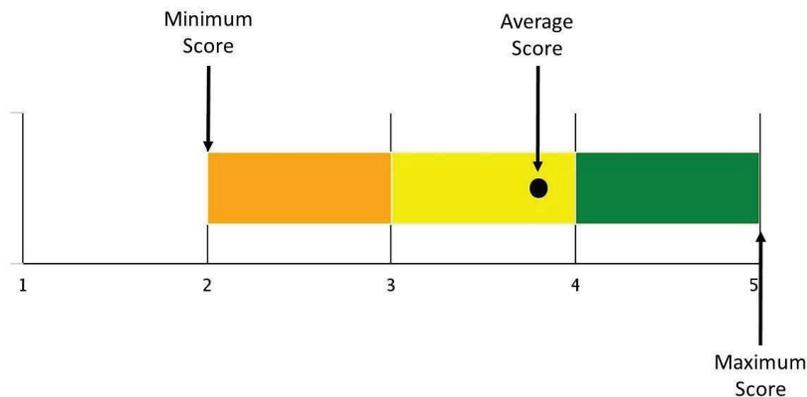
# **Objective Survey Results**

## Survey Methodology

For most questions, respondents were asked to rate each of the areas using the five-point rating scale described below:

- 5 – Exceptional: Board or individual(s) consistently exceed expectations in this area.
- 4 – Highly Effective: Board or individual(s) typically exceed expectations in this area.
- 3 – Effective: Board or individual(s) typically meet expectations in this area.
- 2 – Inconsistent: Board or individual(s) typically do not meet expectations in this area and improvement is needed.
- 1 – Unsatisfactory: Board or individual(s) consistently perform below expectations in this area, and this is a major topic of concern.

GGA has provided the range of scores (Min-Max) and average score as rated by all trustees for each question in each topic area as illustrated below.



To focus on the most critical areas for improvement, GGA identified a base threshold score of **4.11** as requiring at least some attention moving forward by the SERS Board.

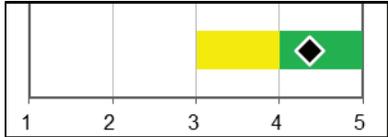
All average scores that were at or below **4.11/5** are highlighted in **RED** in the following survey results.

# Survey Results

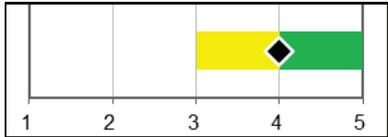
## General Board Composition, Responsibilities & Effectiveness

1. *Board Size*  
Average: 4.357

The current size of the Board is appropriate.


2. *Board Composition*  
Average: 4.000

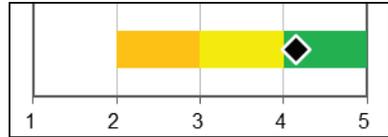
The Board has the appropriate balance and breadth of backgrounds, business experience, skills, and expertise in areas vital to the System's success given its present demands and level of complexity.


3. *Board Perspective*  
Average: 3.786

The Board has an appropriate balance of perspectives between active members, retired members, sponsors, and citizens.


4. *Board Policies*  
Average: 4.143

The policies put in place by the Board are adequate.


5. *Stakeholder Representation*  
Average: 4.000

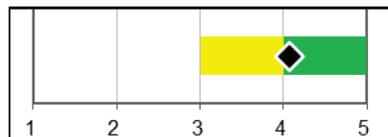
The Board has the appropriate balance of stakeholder representation.


6. *Board Member Skills & Competency*  
Average: 3.929

Our trustees have the skills and competencies (e.g. Legal, Actuarial, HR, Governance, etc.) to guide our System.


7. *Familiarity with the System*  
Average: 4.071

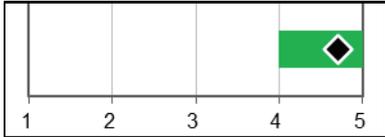
The Board is appropriately familiar with the System, its strategic and business plans, and reflects this understanding on key issues throughout the year.



Objective Survey Results

- 8. *Board Education*  
Average: 4.714

The level of education provided to trustees on an annual basis (through Board education sessions and industry conference/seminar opportunities made available to trustees) is adequate.


- 9. *ED - Board Communications*  
Average: 4.500

The Board members individually communicate informally with the Executive Director on a regular basis in preparation for Board meetings in order to have advanced knowledge of issues that will be discussed at the meeting.


- 10. *Staff Materials & Transparency*  
Average: 4.643

The Board members receive informative and transparent information from staff and subject matter experts.


- 11. *Strategic Issues*  
Average: 4.214

The Board has a good sense of the strategic issues affecting the System and its future direction and its future direction and sustainability.

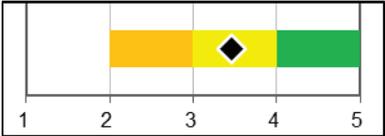

- Comments:

12. *Business Risk*  
Average: 4.357

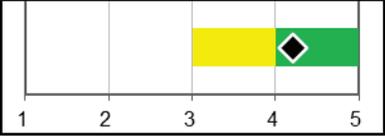
The Board has a reasonable appreciation of the principal business risks in managing the System.


- 13. *Succession Requirements*  
Average: 3.462

The Board appropriately plans for the System's succession requirements (Board & Management).


- 14. *Overall Effectiveness*  
Average: 4.214

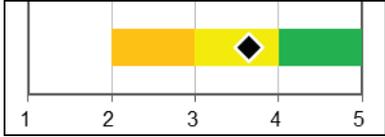
The Board grasps and deliberates on the important issues and brings decision topics to closure in a timely manner.



Objective Survey Results

- 15. *Board Initiative*  
 Average: 3.643

Board trustees are engaged and ask penetrating questions to help uncover serious problems.


- 16. *Board Support of Staff*  
 Average: 4.143

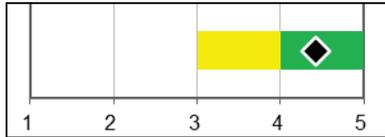
The Board is appropriately balanced in challenging and supporting management staff.


- 17. *Board Candor*  
 Average: 4.429

The Board encourages a culture that promotes candid communication.


- 18. *Board Collegiality*  
 Average: 4.429

The Board and management staff work together to achieve a constructive decision-making atmosphere that encourages a respectful examination of different views.


- 19. *Board Relationships*  
 Average: 4.571

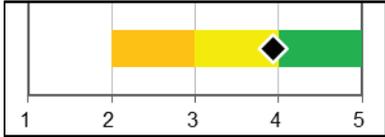
There is a relationship of mutual trust and respect amongst Board trustees.


- 20. *Board Relationship with Key Stakeholders*  
 Average: 4.000

The Board as a whole has an effective working relationship and reputable reputation with key stakeholders.


- 21. *Board Communication*  
 Average: 3.929

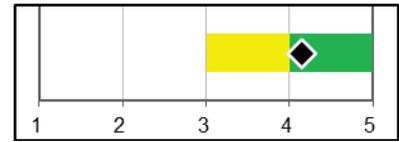
The Board as a whole is effective in communicating with its System members, key stakeholders, and broader community.



Objective Survey Results

22. *Communication Methods*  
Average: 4.154

The Board is comfortable with the current Communication Policy and the multiple methods used to communicate and inform its System members, key stakeholders, and broader community.



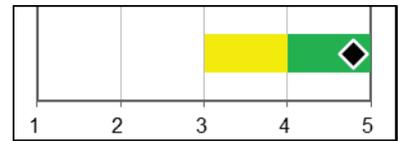
23. *Accuracy of Information*  
Average: 4.643

The information provided to the Board by management staff and outside advisors is accurate and reliable.



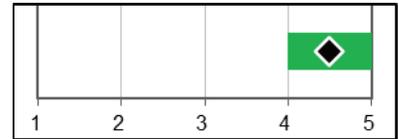
24. *Relevance of Presentations*  
Average: 4.786

Presentations to the Board are appropriately focused on the key issues for Board consideration.



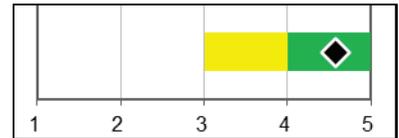
25. *Digestibility of Presentations*  
Average: 4.500

Presentations to the Board contain an appropriate amount of necessary data and/or analysis.



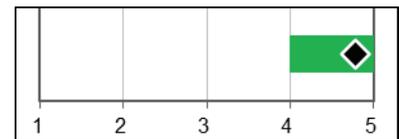
26. *Timeliness of Information*  
Average: 4.571

The information provided between Board meetings is timely and enables trustees to fully prepare.



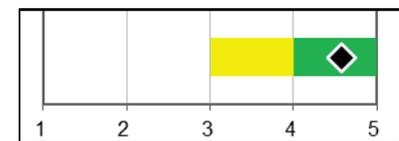
27. *Access to Staff*  
Average: 4.786

The Board has appropriate access to the System's management staff.



28. *Division of Board & Staff Responsibilities*  
Average: 4.571

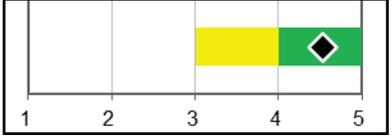
The Board has a clear understanding of its responsibilities and how they differ from management staff's responsibilities.



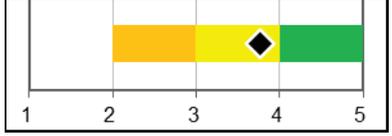
Objective Survey Results

- 29. *Trustee Requests*  
Average: 4.538

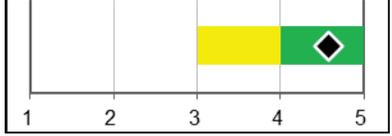
Trustee requests for information from management staff are reasonable in amount, and time frame, and are appropriately addressed.


- 30. *Board Meeting Agendas*  
Average: 3.769

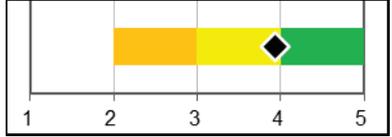
The Board has appropriate input into the preparation of the agendas and prioritization of items.


- 31. *Time Allocated for Board Meetings*  
Average: 4.571

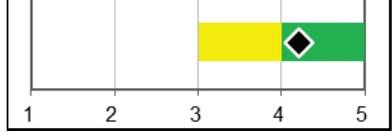
Ample time is allocated for Board meetings to ensure important matters are fully discussed.


- 32. *Number of Meetings*  
Average: 3.929

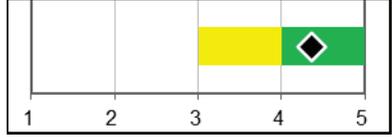
The Board has an appropriate number of meetings per year and schedules its meetings at appropriate times.


- 33. *Executive Sessions (In-Camera Sessions)*  
Average: 4.214

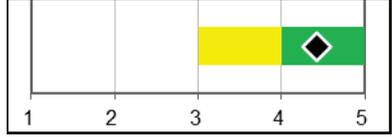
There is sufficient time and opportunity for trustees to meet independently during the time allotted for the formal Board meeting.


- 34. *Staff Utilization*  
Average: 4.357

Management staff's time is effectively used in Board meetings.


- 35. *Board Contribution*  
Average: 4.429

Overall, the contribution of the Board to the System and its members is appropriate.


- 36. *Time Demands*  
Average: 4.357

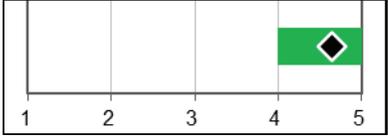
The individual time demand relating to Board work is appropriate.



Objective Survey Results

- 37. *Expectations*  
 Average: 4.643  
 Participation on this Board meets my personal expectations.

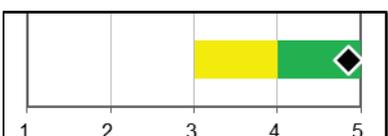

- 38. *Conduct of Board Meetings*  
 Average: 4.643  
 Board meetings are conducted in a manner that ensures effective utilization and prioritization of the time available.


- 39. *Trustees Treatment of Others*  
 Average: 4.857  
 I am treated with respect by my fellow trustees.

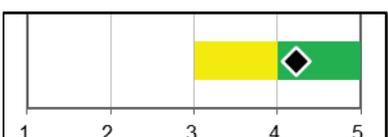

- 40. *Committee Chairs Treatment of Others*  
 Average: 4.846  
 I am treated with respect by Committee Chairs.

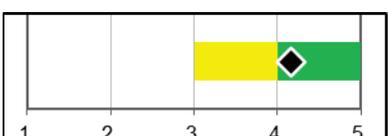

- 41. *Management Staff Treatment of Others*  
 Average: 5.000  
 I am treated with respect by management staff.


- 42. *Investment Staff Treatment of Others*  
 Average: 4.857  
 I am treated with respect by investment staff.


- 43. *Board Chair & Assistant Chair Succession Planning*  
 Average: 3.900  
 The Board has an effective process for preparing Board Chair and Assistant Chair successors.

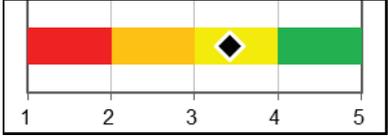

- 44. *Board Chair & Assistant Chair Tenure*  
 Average: 4.231  
 The current tenure of the Board Chair and Assistant Chair provides sufficient time to get settled into the role and effectively fulfill their duties.

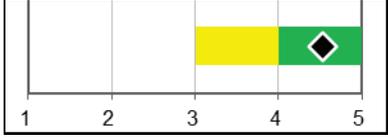

- 45. *Board Member Diversity*  
 Average: 4.167  
 The System proactively manages the diversity of its Board.



Objective Survey Results

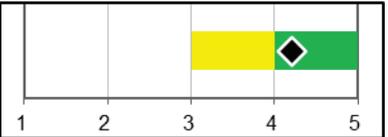
- 46. *New Trustees*  
 Average: 3.429  
 New trustees with different experience should be brought in.

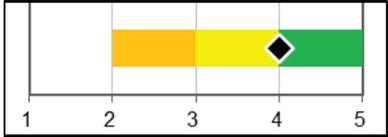

- 47. *Trustee Orientation*  
 Average: 4.538  
 Policies and practices to orient new trustees, and periodically update existing trustees, on their responsibilities and on the System's management and related risks are adequate.

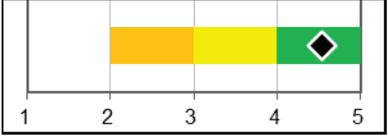

- 48. *Monitoring of Board Performance*  
 Average: 3.857  
 The Board does an effective job of evaluating its performance on a regular basis.


- 49. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Appointing Executive Director*  
 Average: 4.231  
 Appointing the Executive Director, establishing their mandate, monitoring their performance, and approving their compensation.


- 50. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Performance Management*  
 Average: 4.214  
 Annually establishing objectives and evaluating Executive Director performance.


- 51. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Reviewing HR & Compensation Policies*  
 Average: 4.000  
 Reviewing and approving, at least annually, human resources and compensation policies and practices, including those pertaining to succession planning and incentives.


- 52. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Business Objectives & Strategy*  
 Average: 4.538  
 Approving business objectives, strategies, and plans, at least annually, and regularly monitoring their execution.



Objective Survey Results

53. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Financial Statements*

Average: 4.692

Approving financial statements and all related disclosures.



54. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Risk Management Policies*

Average: 4.143

Reviewing and approving, at least annually, significant risk management policies and practices, presenting proactive recommendations, and obtaining assurances that they are being adhered to.



55. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Funding Policies*

Average: 4.615

Reviewing and approving, at least annually, liquidity and funding policies and plans, presenting proactive recommendations, and obtaining assurances that approved policies and plans are being adhered to.



56. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Investment Policies*

Average: 4.714

Reviewing and approving, at least annually, investment policies and plans, presenting proactive recommendations, and obtaining assurances that approved policies and plans are being adhered to.



57. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Communication & Disclosure Policies*

Average: 4.214

Approving the System's communication and disclosure policies.



58. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Reviewing Risk Management & Internal Controls*

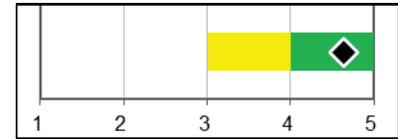
Average: 4.286

Obtaining assurances on a regular basis that the System's risk management, control environment and management information systems are operating effectively.



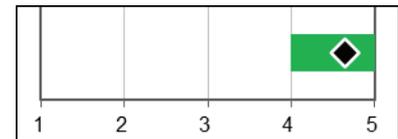
Objective Survey Results

59. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Adherence to Laws, Regulations & Guidelines*  
Average: 4.643



Requiring implementation of a system to ensure compliance with applicable laws, regulations, and guidelines.

60. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Conflict of Interest Policies*  
Average: 4.643



Approving policies and practices for dealing with conflicts of interest.

61. *Board Responsibilities: What is the extent to which the Board's responsibilities include: Approving Ethics & Code of Conduct Policies*  
Average: 4.714



Establishing standards of ethical business conduct for the System and obtaining assurances that they are being adhered to.

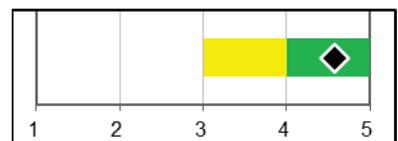
**System Oversight**

62. *Audit & Risk Service Providers*  
Average: 4.500



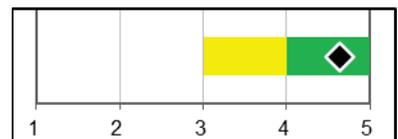
The Board is responsible for the approval of internal and external audit and risk service providers.

63. *Resources*  
Average: 4.571



The Board allocates sufficient resources toward financial and risk management.

64. *Authority*  
Average: 4.643



Personnel have adequate authority and resources to carry out their audit and risk oversight mandates.

65. *Access*  
Average: 4.571

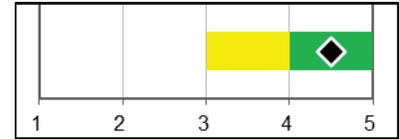


Advisors and relevant professionals have unrestricted access to the Board.

Objective Survey Results

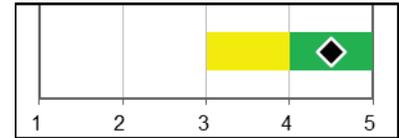
66. *Interactions with Advisors*  
Average: 4.500

Time spent interacting with external advisors and relevant professionals is appropriate and always in the best interest of the System.



67. *Independent Review*  
Average: 4.500

The Board requires periodic independent reviews of the audit and risk oversight functions.



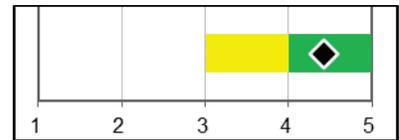
68. *Cyber-Security Risk*  
Average: 4.286

The Board is effective in working with staff to monitor the System's cyber-security risk.



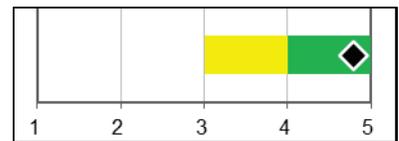
69. *Investment Risk Mitigation*  
Average: 4.429

The System has adopted appropriate diversification/hedging strategies that protect against downturns and strengthen future sustainability.



70. *Selection of External Service Providers*  
Average: 4.786

The System has and follows an appropriate and defensible Request for Proposal process for the vetting and hiring of all external service providers.



71. *Scrutiny of Contracts and Fees*  
Average: 4.385

The System reviews and assesses all contract conditions and fees (proposed fees and actual fees paid) on a regular basis.



72. *Assessment of Fees*  
Average: 4.286

The System assesses the appropriateness of fees paid on an annual basis.



**Objective Survey Results**

73. *Budget Oversight*  
Average: 4.385

The Board provides appropriate oversight and approval of the System's budget proposed by management on an annual basis.



74. *Reporting of Fees*  
Average: 4.143

The System reports on the appropriateness and rationale of fees paid on an annual basis.



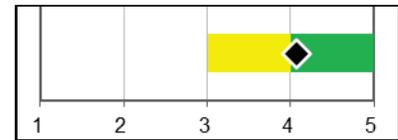
75. *Fee Alternatives*  
Average: 4.143

The System explores alternative models or approaches to reducing external fees and reinvestment of found savings on an annual basis.



76. *Assessment of External Service Providers*  
Average: 4.077

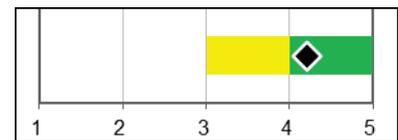
The System assesses and reports on the performance of all external service providers at least annually.



**Assessment of Fellow Trustees**

77. *Preparedness*  
Average: 4.214

Trustees are well prepared for Board meetings and are generally knowledgeable about the System, public pensions, and performance.



78. *Knowledge*  
Average: 4.286

Trustees are generally knowledgeable about the System's strategic direction and its associated risks.



79. *Understanding of Role*  
Average: 4.571

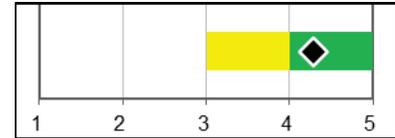
Trustees demonstrate a solid understanding of the role and responsibilities of a trustee and how the role differs from management.



Objective Survey Results

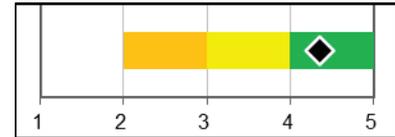
80. *Relevant Questioning*  
Average: 4.286

Trustees ask relevant and probing questions which contribute to the Board’s overall understanding and decision-making ability.



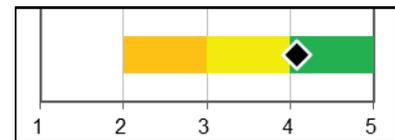
81. *Issues*  
Average: 4.357

Trustees stay abreast of the issues and trends affecting the organization.



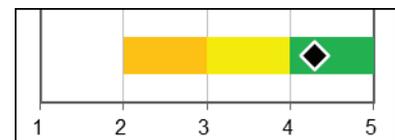
82. *Expertise*  
Average: 4.071

Trustees have special expertise that is important to the organization.



83. *Level of Engagement*  
Average: 4.286

Trustees are engaged, contribute meaningfully to Board discussions, and bring knowledge and insights to the table.



84. *Work with Others*  
Average: 4.357

Trustees work effectively with other trustees.



85. *Constructive Challenges*  
Average: 4.357

Trustees are willing to challenge management staff, when necessary, in a constructive manner.



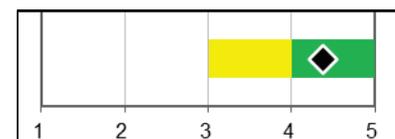
86. *Judgement*  
Average: 4.571

Trustees demonstrate good judgement when issues are “shades of grey,” rather than “black and white.”



87. *Conflict Avoidance*  
Average: 4.385

Trustees prevent their own interests from conflicting with or appearing to conflict with the interests of the System.



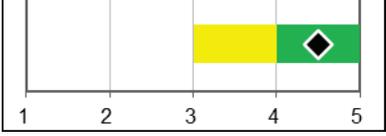
Objective Survey Results

- 88. *Respectful Discourse*  
Average: 4.643

Trustees are willing to take a stand but are team players; considering themselves bound by Board decisions.


- 89. *Accessibility*  
Average: 4.500

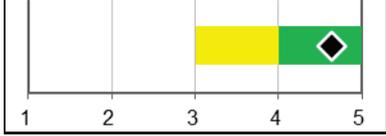
Trustees are accessible and available to other trustees and senior management for advice in between meetings.


- 90. *Overall Contribution*  
Average: 4.571

Overall, trustees make a valuable contribution to the functioning of the Board.


- 91. *Board Understanding of the governing laws, mission, vision and core values.*  
Average: 4.643

The Board as a whole understands the System's governing laws, mission, vision & core values.


- 92. *Board Understanding of the board governance bylaws*  
Average: 4.429

The Board as a whole understands the System's board governance bylaws.


- 93. *Board Understanding of the board committee charters*  
Average: 4.429

The Board as a whole understands the System's board committee charters.


- 94. *Board Understanding of position descriptions & board member indemnification policy*  
Average: 4.429

The Board as a whole understands the System's board position descriptions & board member indemnification policy.


- 95. *Board Understanding of the planning & operational policies*  
Average: 4.286

The Board as a whole understands the System's planning & operational policies.

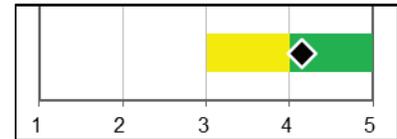


**Objective Survey Results**

96. *Board Understanding of Board standards of behavior*  
 Average: 4.571  
 The Board as a whole understands the System's Board standards of behavior policies.

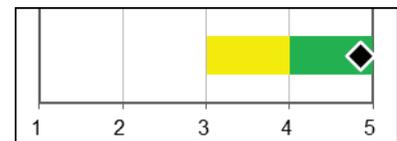


97. *Board Understanding of the Board performance evaluation*  
 Average: 4.143  
 The Board as a whole understands the System's Board performance evaluation policies.



**Personal Trustee Assessments**

98. *Obligations*  
 Average: 4.857  
 I understand and comply with my legal obligations and understand the liabilities of serving as a public System trustee.



99. *Loyalty to System*  
 Average: 4.714  
 I understand the interests of all the System's members and stakeholders and actively work to promote the best interests of the organization.



100. *General Knowledge - System's Vision & Mission*  
 Average: 4.857  
 I understand and comply with the System's vision and mission.



101. *General Knowledge - Board Policies & Procedures*  
 Average: 4.857  
 I understand and comply with System's Board Policies and Procedures.



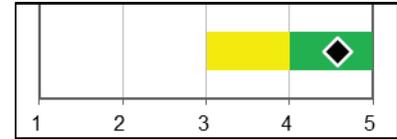
102. *General Knowledge - Regulatory Environment*  
 Average: 4.500  
 My knowledge of the System's operations and regulatory environment is appropriate for me to discharge my obligations as a trustee.



Objective Survey Results

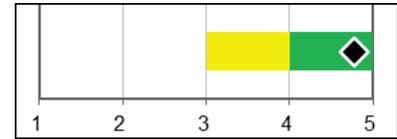
103. *General Knowledge - Charter & Bylaws*  
Average: 4.571

I understand System’s Charters and Bylaws.



104. *General Knowledge – System’s Investment Philosophy & Policy*  
Average: 4.769

I understand and comply with System’s Investment philosophy and policy.



105. *Conflict Management*  
Average: 4.846

I identify potential conflict areas – real or perceived – and ensure they are appropriately disclosed and reviewed.



106. *Policy Contribution and Oversight*  
Average: 4.462

I actively participate in the approval of the System’s policies and strategy and in monitoring their implementation.



107. *Attendance*  
Average: 4.786

I make best efforts to attend each Board meeting.



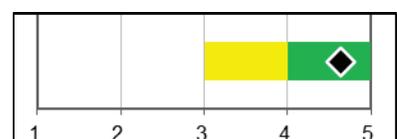
108. *Preparation*  
Average: 4.643

I attend Board meetings fully prepared.



109. *Availability*  
Average: 4.643

I am an available resource to management staff and the Board.



110. *Confidentiality*  
Average: 4.857

I understand and respect the confidentiality of Board and System matters.

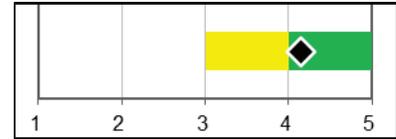


Objective Survey Results

111. *Board Contribution - Active Participation*

Average: 4.154

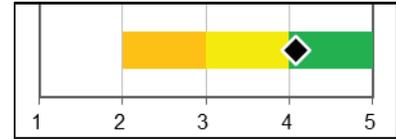
I enhance group discussion by actively participating in meetings, deliberations, and decisions.



112. *Board Contribution - Openness & Candor*

Average: 4.077

I enhance group discussion by encouraging openness and candor.



113. *Board Contribution - Drawing Out Contributions from Others*

Average: 4.231

I enhance group discussion by drawing out contributions from others.



114. *Board Contribution - Focusing on Key Issues*

Average: 4.308

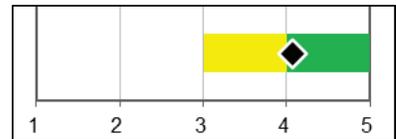
I enhance group discussion by focusing on key issues and priorities and helping colleagues to do likewise.



115. *Board Contribution - Facilitating Discussion*

Average: 4.077

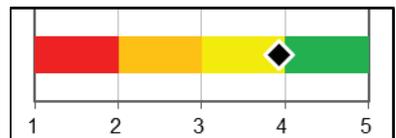
I enhance group discussion by facilitating discussion to encourage decision making.



116. *Board Contribution - Asking Probing Questions*

Average: 3.929

I enhance group discussion by asking probing, informed and timely questions of management about financial and non-financial results.



117. *Board Contribution - Managing Conflict*

Average: 4.231

I enhance group discussion by managing conflict constructively.



118. *Board Contribution - Leadership, as appropriate*

Average: 4.167

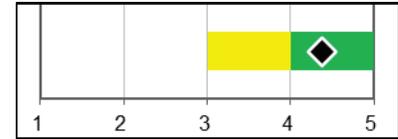
I enhance group discussion by assuming a leadership role as appropriate.



## Objective Survey Results

119. *Board Contribution - Independent Judgment*Average: 4.385

I enhance group discussion by exercising independent judgment.

120. *General Knowledge*

A topic/area that I would like to get more training/education is:

Responses:

- Member services standards and metrics.
- Investment management which is being provided by staff in our meetings.
- Private credit investments.
- Private Equity.
- System member unmet needs.
- How individual investment decisions are made.
- I think I could benefit from more training/education on the role of board members on the audit committee.
- Operations of the organization.
- More background training and information on risk management, annual changes to pension system.
- Actuarial assumptions.
- Participant contribution requirement.

121. *Preference*

The thing I enjoy the most on this Board is:

Responses:

- Satisfaction knowing members interests are first and continued focus on financial strength of the system.
- Learning more about the investment world of large pension systems.
- Knowing we are working together to protect and enhance retirement security for our members through an always changing economic environment.
- Being part of a Board whose goal is to help people by effectively managing their hard earned tax dollars.
- It's commitment to functionality to meet the mission of the system
- Protecting the retirement of state employees.
- Learning new things as I read the materials and attend the meetings.
- Getting the opportunity to network with other members, agencies and stakeholders.
- The investment reports.
- All are searching for the common good.

An aerial view of a city at night, with a blue overlay. The city lights are visible, and the overall tone is a deep blue. The text is centered and reads:

**Recommendation  
Summary & Workplan  
Foundation**

## Recommendation Summary & Workplan Foundation

For the purposes of establishing a proactive work plan for SERS, the following is a reorganization of GGA's recommendations, regrouped to suggest what should be short-, medium-, and long-term priorities:

### Short-Term Priorities

- To properly identify and inventory the skills required and skill makeup of its Board, the SERS Board should proactively apply the results of its Board Skills Matrix assessment. Doing so will help to publicly list the skills the Board believes it needs to successfully complete its annual work requirements, identify what skills it currently has, and identify the skill gaps that may exist for future education or recruitment opportunities.
- To proactively manage the ideal composition of the Board, SERS should inform its community of any identified skill gaps that exist and request that they be taken into consideration when identifying upcoming nominees or designees.
- To enhance Board consistency, team building, and meeting participation, as well as reduce any associated administration, SERS Board Members that are allowed designees should limit the number of designees they appoint and identify a principal designee for the SERS Board that can be the key contact should the Board member not be available. GGA has seen this approach work effectively at other pension fund boards in similar situations to SERS.
- To maintain focused clarity on the fiduciary role of trustees, Board members should be encouraged to pursue additional education opportunities on good governance and best practices and constantly be reminded of their fiduciary duties of loyalty, prudence, and impartiality and what each of them mean as trustees of the System.
- To help build the capabilities of the Board membership, SERS should maintain its strong effort to provide ongoing/consistent access to education and training opportunities through the ability to attend relevant conferences, seminars, and webinars. Where warranted on an overall Board level, dedicated board education sessions should also be provided to educate the full Board in one setting in technical priority areas identified in the most recent skills assessment. Possible topics include, but should not be limited to, the following:
  - a) Benefits Administration
  - b) IT/Cyber Security
  - c) Custodial Issues
  - d) Human Resources
  - e) Pension Accounting
  - f) Compliance (Legal)
- To mitigate any risk associated with stops or gaps in management leadership, the SERS Board should formally establish an emergency succession policy that outlines who should assume the ED role on an interim basis if the current person in the role is not able to fulfil their duties for any given reason.
- To help ensure that senior staff are developing, the Board should request that senior staff/subject matter experts present to the Board and interact with them whenever possible.

## Recommendation Summary & Workplan Foundation

- To improve the efficiency of meetings, SERS should maintain its effort to send materials well in advance of each meeting, which will provide Board members sufficient time to prepare.
- To help trustees review materials and prepare for meetings, SERS should continue to work on establishing summary dashboards and consistent reporting materials for the Board and its committees.
  - a) Board members should be consulted throughout this process and given opportunities to opine on the design and usefulness of the dashboards to help ensure that they get dashboards that suit their needs and help assist them in effectively preparing for Committee and Board meetings.
- To help maintain its focus and attention on risk and performance, GGA recommends that the SERS Governance Committee proactively identify policy gaps, formulate policies, and monitor and update any existing policies on an ongoing basis, to ensure relevance and proactively remind Board Members of their contents but not implement measures that could be interpreted as “overly bureaucratic.”
- The Governance Committee should consider working with committees, staff and subject matter experts to oversee the preparation, approval, and implementation of more detailed and robust policies, which may include:
  - a) Emergency Executive Director Succession Policy
  - b) Enterprise Risk Policy and Risk Appetite Statement - Beyond risk outlined in the current Investment Policy
  - c) Performance Management Policy
  - d) Board Composition Policy
  - e) Whistleblower Policy
- To help aid in the ongoing effectiveness of its policies, SERS trustees should maintain a constant state of understanding and awareness of what the policies entail and how they should be applied and utilized in carrying out their governance oversight and fulfilling their fiduciary duties.
- To strengthen its risk oversight responsibilities, the SERS Board should:
  - a) Expand its ongoing risk monitoring,
  - b) Establish a more holistic risk policy and risk appetite statement,
  - c) Proactively include cyber-security in its annual oversight reporting,
  - d) Review the current committee(s) in charge of risk oversight and identify whether the current structure is adequate or if changes are required to embed certain areas of risk monitoring to the respective committee that each type of risk falls under, and
  - e) Provide the Board with regular updates on risk status and assurances provided by staff on progress toward risk mitigation goals.
- Ensure that any enhanced risk oversight additions are intentionally implemented in a staggered way to ensure that they are appropriately aligned with the size, scope, and complexity of the SERS pension system.
- Implement and execute audits in a judicial way to ensure that they are providing risk mitigation benefits that are helpful and appropriately aligned to the associated costs and resource allocations.

## Recommendation Summary & Workplan Foundation

- To aid in the accountability of its trustees and transparency to its members who depend on them, SERS should take an ongoing attendance record of its Board and committee meetings and publish it either in its annual report or provide an ongoing tally on its website.
- To help facilitate improvement and the transformation evolution of its System, SERS Board members should be encouraged to ask good questions, evaluate potential changes, and consistently seek improvements to drive improvements in fund sustainability and the provision of exceptional benefit services to its members.

## Medium-Term Priorities

- To recognize the importance of varying opinions and perspectives, SERS should establish a Board Composition policy statement that outlines how it strives to represent the differing views, perspectives and varying needs of its state-wide membership.
- To aid in the strengthening of the Board's collegiality, more time should be sought to enable the Board members to meet, brainstorm, and explore more strategic issues or directions.
- To establish a strong foundation for its newest trustees as well as a regular refresh for standing members, SERS should implement a revised/more streamlined orientation program.
- To take full advantage of a Strategic Plan, SERS' Board should adopt a holistic performance management program which includes balanced performance scorecards for its leadership team based on key objectives and milestones defined and outlined in the plan that management can be measured against on an annual and/or multi-year basis. Objectives should be at an organization-wide level but also factor in functional team or individual objectives relating to the role each leadership team member plays at SERS.
- To inform and prepare the SERS Board Members on how to proactively establish and manage effective succession plans, SERS should seek specific education and training on current succession planning best practices.
- To further mitigate risk in a proactive way, SERS should establish an ongoing ED succession plan that maps the leadership needs of the role to its long-term strategic plan which will help ensure that it will be prepared to fill the ED role at any given point in its lifecycle.
- Adding to the Board or relevant committee's annual work plan an annual update from the ED on succession planning efforts for their direct reports should also be established to provide the Board with assurance that succession is being proactively managed below the ED level as well.
- To help control costs and to identify savings that could be placed in additional investment opportunities, Board members should always seek clarity on the full costs associated with the services they receive and fully understand the fee structure they are agreeing to.
- To further pursue fiscal responsibility practices, SERS should continue its efforts to seek out opportunities to cut its costs and find savings wherever it is impactful and makes financial sense.

## Recommendation Summary & Workplan Foundation

- a) Continue generating operational savings through the enhancement of internal efficiencies and operational capacity while simultaneously strengthening its risk appetite framework and oversight capabilities.
- b) SERS should also ensure it conducts regular reviews of compensation design, pay levels, and performance expectations to ensure reasonableness and overall alignment with the market.
- SERS Board should work with the ED and relevant staff to develop a proactive communication and engagement strategy with the state legislature and other key stakeholder groups to improve SERS' relationship and trust with said groups which will be integral to SERS' ability to effectively advocate for potential legislative changes in the future.
- SERS Board should seek from the ED and relevant staff an annual communication calendar/work plan that identifies key engagement touch points throughout the year and the types of topics intended to be addressed in those discussions to see where they might be able to play a role or enhance the overall impact of each communication item.
- To continue the momentum that the Board has started, validate if progress and improvements are achieved, and monitor its overall governance performance, SERS should conduct lighter follow-up assessments over the next two years, with similar questions to the ones asked within this review.
  - a) Detailed reviews such as this one should be performed every three years or so as part of an effective governance review framework and multi-year work plan.

## Long-Term Priorities

- To help facilitate a constant rejuvenation of its perspective, skills, and opinions SERS should establish formal Term Limits for its members, which are aligned with the current governance best practice which typically limits members to three consecutive terms (i.e., three 4-year terms or 12 years).
- To help build team familiarity and strength, the SERS Board should meet in-person potentially at a strategic offsite session to include team-building exercises and social networking time so that trustees and management can get to know each other better outside of the Boardroom to develop more camaraderie and respect between each other. Ideally, this could be done outside of the state capitol so that attendees are not distracted by personal or other work commitments.



# Next Steps

## Board Approval & Commitment to Improve

Once the full Board has reviewed and discussed the key findings and recommendations in this report, GGA recommends that SERS:

- Assign this work to the Governance Committee whereby it will be tasked with:
  - Establishing a governance improvement work plan,
  - Subdividing the work into short, medium, and long-term (if needed) work objectives,
  - Validating that the work is being carried out, identifying milestones, and reporting progress up to the full Board on a quarterly basis.
- To help maintain the momentum that SERS started, GGA will work closely with the Governance Committee and to answer any questions SERS may have and help keep it on track toward improving its overall Board capabilities and governance effectiveness.
- GGA is also able to provide targeted education sessions to the SERS Board in the areas identified within the Recommendation section of this report, when timing permits.
- GGA is also able to work with the SERS Board to develop specific board policies identified in this report that would be beneficial to have in place moving forward.
- GGA also suggests that SERS re-run a shorter and more focused Board Effectiveness Questionnaire again next year to review 2026 results against 2025 results to gauge improvement in the areas identified within this report and identify any emerging issues that may be proactively coming forward.



GLOBAL  
GOVERNANCE  
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