

# 2024 Key Financial Highlights

## SERS Office of Financial Management (OFM)

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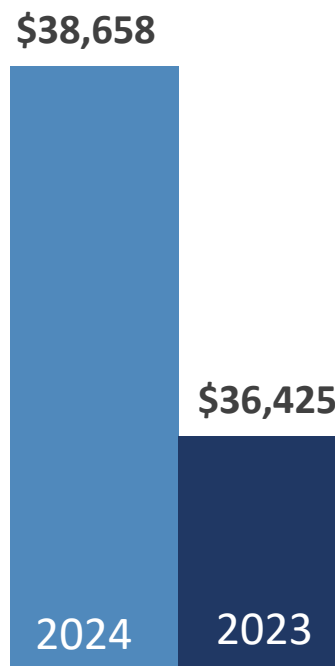
# Plan Highlights

- **SERS ten-year rate of return for 2024 is 7%, exceeding the 6.875% assumed actuarial rate of return**
  - Time-weighted rate of return on investments of **9.8%** for 2024
- **The plan's Net Position increased \$2.2 billion to \$38.7 billion at year end 2024**
  - The increase was attributed to positive investment returns and employer contributions exceeding the benefit payments and expenses
- **The plan's funded status increased to:**
  - 67.7% for accounting purposes
  - 70.3% for funding purposes
- **Shared-risk and shared-gain**
  - Most members hired since 2011 are subject to adjustments to their contributions. Shared risk was triggered for the three-year measurement period ending December 31, 2022, for most new employees hired since 2019 (A5 and A6 membership classes). This will result in a shared risk member contribution rate increase of .09% effective July 1, 2025

# Summary of Fiduciary Net Position

As of December 31, 2024 and 2023  
(\$ millions)

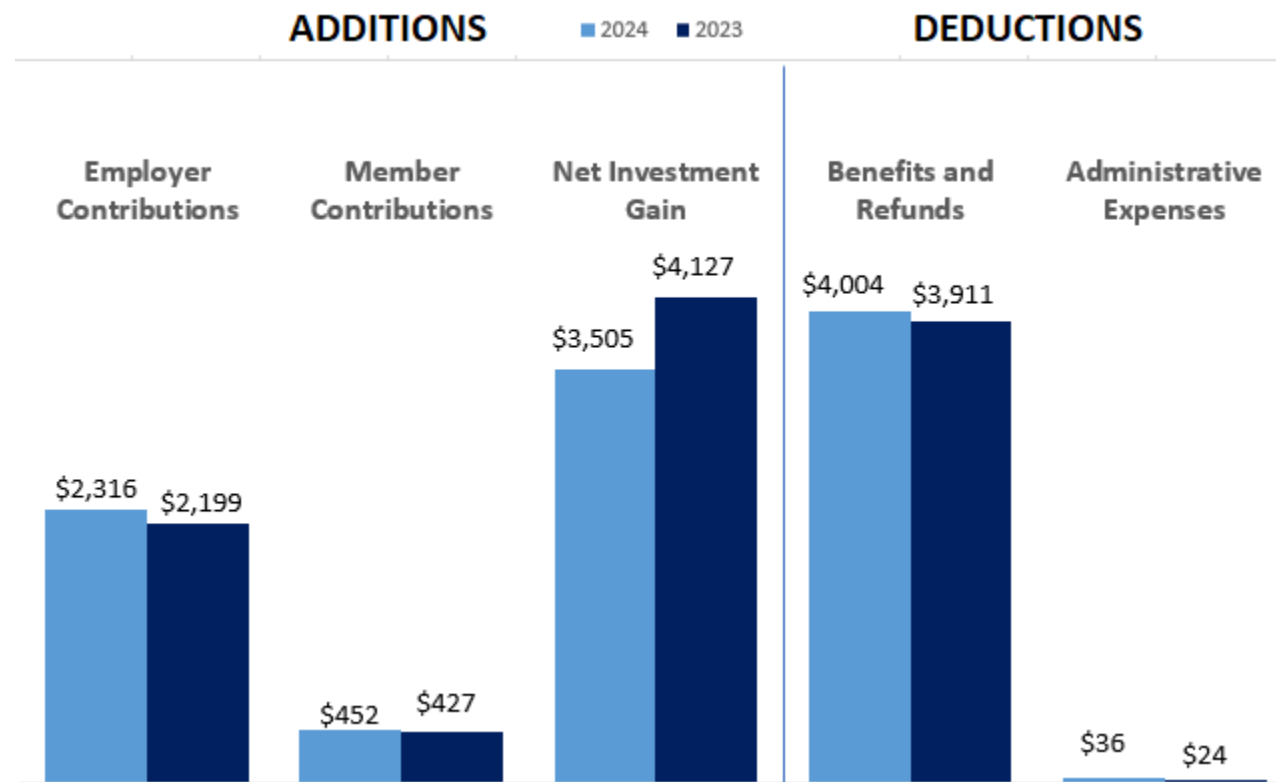
Net Position Restricted for Pensions, Ending



See complete  
audited financial  
statements for more  
detail

# Summary of Changes in Fiduciary Net Position

For Years Ended December 31, 2024 and 2023  
(\$ millions)



See complete audited financial statements for more detail

Finance and Member and Participant Services Committee

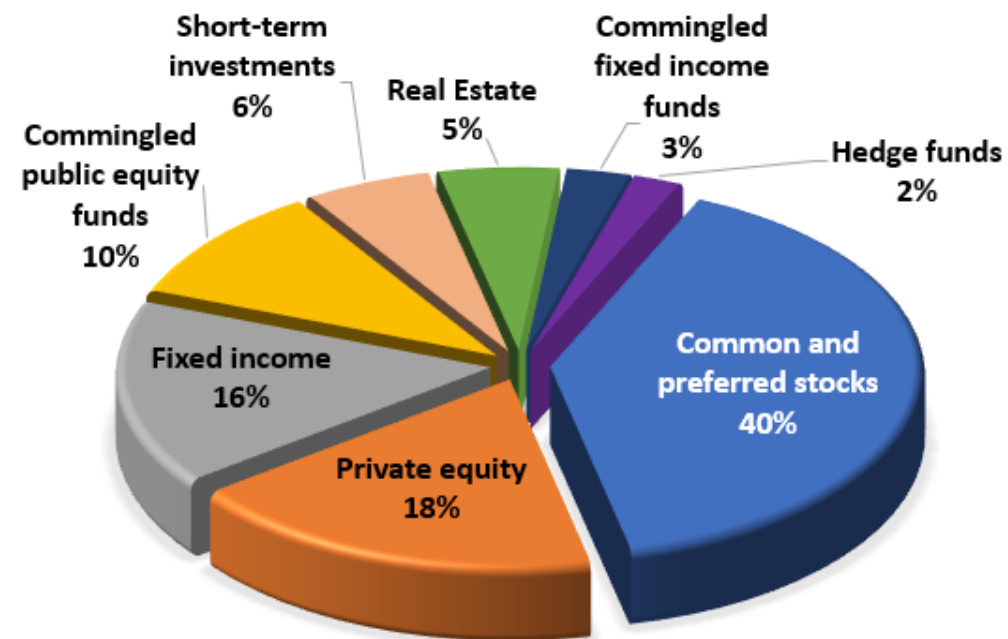
# Investment Balances

## Investment Balances

As of December 31, 2024 and 2023  
(\$ millions)

			% of Total	
	2024	2023	2024	2023
Common and preferred stocks	\$ 15,540	\$ 12,906	40%	35%
Private equity	7,082	7,200	18	20
Fixed income	6,270	5,492	16	15
Commingled public equity funds	3,948	5,745	10	16
Short-term investments	2,164	951	6	3
Real Estate	2,063	2,253	5	6
Commingled fixed income funds	1,092	1,177	3	3
Hedge funds	818	873	2	2
<b>Total</b>	<b><u>\$ 38,977</u></b>	<b><u>\$ 36,597</u></b>		

## Allocation as of December 31, 2024



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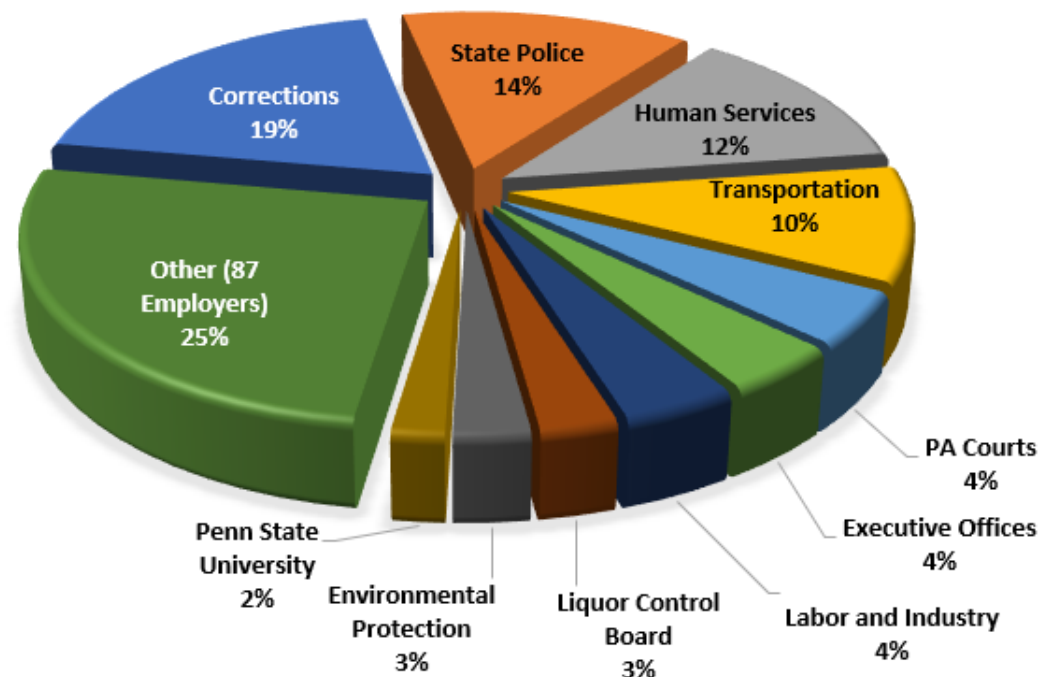
# Contribution Highlights

For the Year Ended December 31, 2024

Employer	Employer Contributions (\$ millions)
Corrections	\$ 439
State Police	314
Human Services	289
Transportation	225
PA Courts	104
Executive Offices	95
Labor and Industry	93
Liquor Control Board	63
Environmental Protection	62
Penn State University	43
Other (87 Employers)	589
<b>Total Employer</b>	<b>\$ 2,316</b>

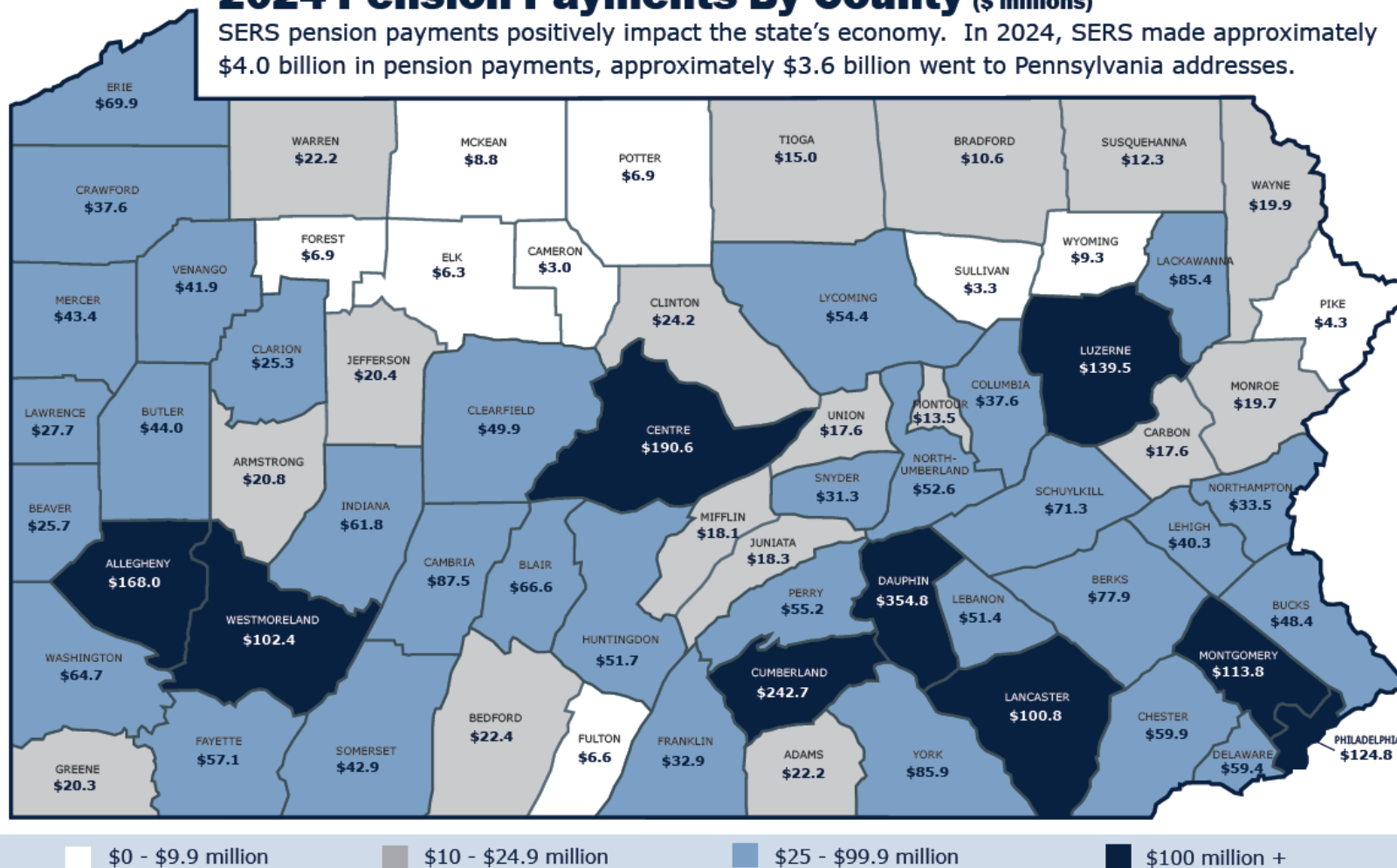
	Member Contributions (\$ millions)
All 97 Employers	\$ 452
<b>Total Contributions</b>	<b>\$ 2,768</b>

## Top 10 Contributing Employers



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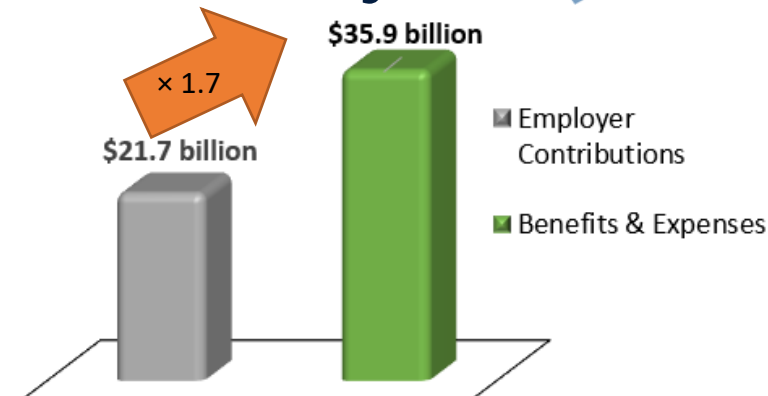
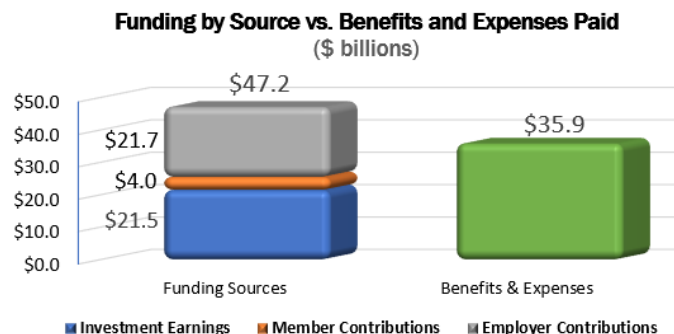
SERS pension payments positively impact the state's economy. In 2024, SERS made approximately \$4.0 billion in pension payments, approximately \$3.6 billion went to Pennsylvania addresses.



**pennsylvania**  
STATE EMPLOYEES' RETIREMENT SYSTEM



# 10 Year Funding and Payment Activity



**Statement of Change Activity By Year** (\$ millions)

Calendar Year	Contributions			Investment Earnings	Benefits and Expenses	Net Position
	Employer	Member	Total			
2024	\$ 2,316	\$ 452	\$ 2,768	\$ 3,505	\$ (4,040)	\$38,658
2023	2,199	427	2,626	4,127	(3,935)	36,425
2022	2,075	418	2,493	(5,213)	(3,904)	33,607
2021	2,871	405	3,276	5,682	(3,755)	40,231
2020	3,186	410	3,596	3,920	(3,584)	35,028
2019	2,115	405	2,520	5,175	(3,536)	31,096
2018	2,049	394	2,443	(1,442)	(3,421)	26,937 <sup>1/</sup>
2017	1,898	383	2,281	4,066	(3,330)	29,405
2016	1,622	375	1,997	1,587	(3,251)	26,388
2015	1,360	372	1,732	88	(3,103)	26,055
<b>10 Yr. Total</b>	<b>\$ 21,691</b>	<b>\$ 4,041</b>	<b>\$ 25,732</b>	<b>\$ 21,495</b>	<b>\$ (35,859)</b>	

<sup>1/</sup>Includes \$48 million adjustment for cumulative effect of change in accounting principle related to GASB 75 - Other Post-Employment Benefit Obligations

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# Actuarial Valuations

- Annually, the SERS Defined Benefit Plan obtains two actuarial valuations, one for financial reporting purposes (GASB 67) and one that is statutorily required for funding purposes.
- The funding valuation is used to set the employer contribution rate for the plan.
- The December 31, 2024, valuations include assumptions from the most recent actuarial experience study. The assumptions from this study were effective with the December 31, 2020, valuation going forward unless changed by the SERS Board.

## Valuation Comparison

As of December 31, 2024  
(\$ millions)

GASB 67 - Accounting Valuation		Funding Valuation	
Total Pension Liability (TPL)	\$ 57,085	Actuarial Accrued Liability (AAL)	\$ 57,081
Fiduciary Net Position	\$ 38,658	Actuarial Value of Assets	\$ 40,107
Net Pension Liability (NPL)	<u>\$ 18,427</u>	Unfunded AAL	<u>\$ 16,974</u>
Fiduciary Net Position/TPL	67.7%	Funded Ratio	70.3%
Fiduciary Net Position/TPL (Prior Year)	65.3%	Funded Ratio (Prior Year)	69.6%

- Under GASB 68, employers are allocated a share of the NPL, pension expense, and deferred inflows/outflows related to pensions, which are to be recorded on their financial statements.



# Plan Highlights

## ■ Continued to see plan growth....

- 42,000 total defined contribution accounts in 2024, an increase of 8,100 accounts compared to 2023
- Employer contributions were approximately \$31.8 million in 2024 compared to \$23.5 million in 2023
- Employee contributions (including rollovers into the plan) were approximately \$55.3 million in 2024 compared to \$42.9 million in 2023
- The Defined Contribution Plan's Year End Net Position rose 56% from year ending 2023 to 2024

# Summary of Fiduciary Net Position

As of December 31, 2024 and 2023  
(\$ millions)

Net Position Held in Trust for Participants, Ending

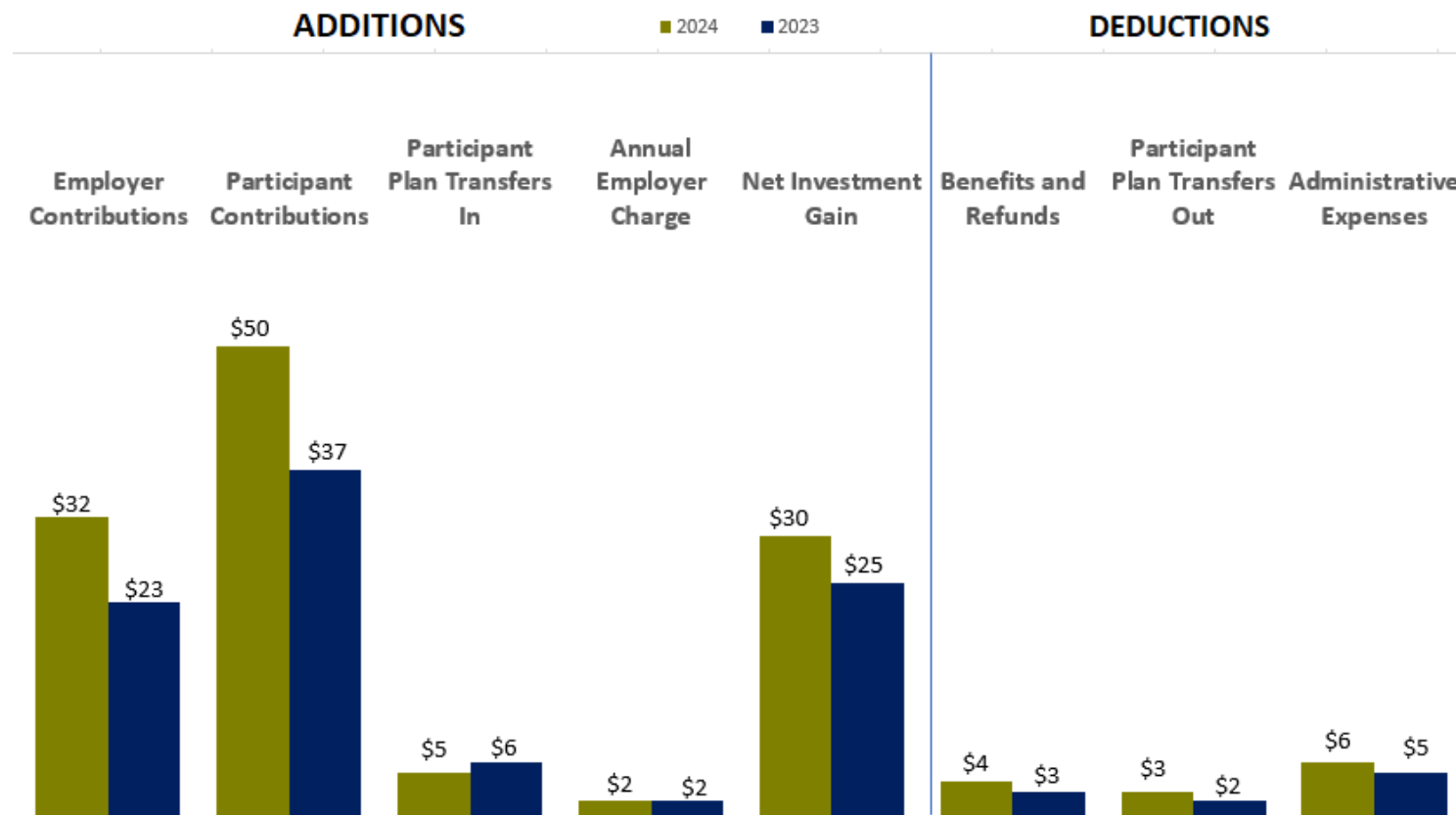


See complete  
audited financial  
statements for more  
detail

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# Summary of Changes in Fiduciary Net Position

For Years Ended December 31, 2024 and 2023  
(\$ millions)



See complete audited financial statements for more detail

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# Fund Balances & Breakouts

## Fund Balances

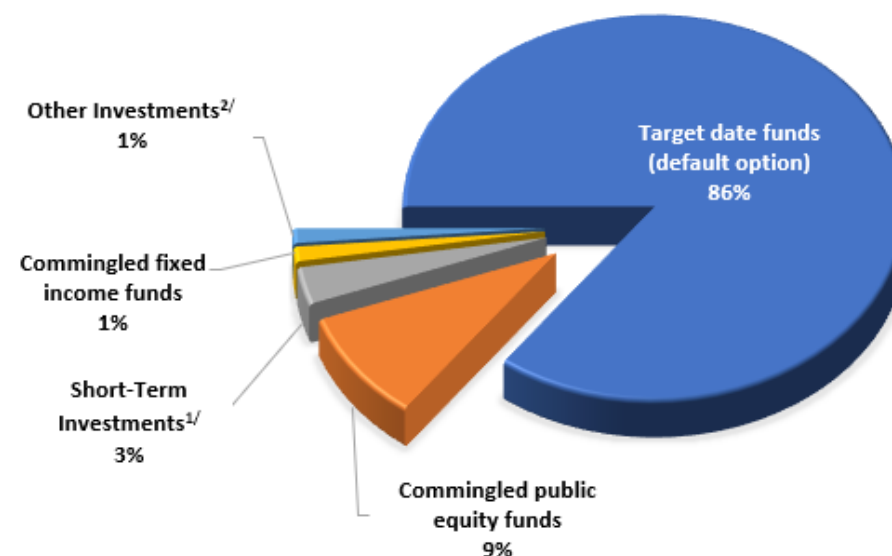
As of December 31, 2024 and 2023  
(\$ thousands)

Fund	2024	2023	% of Total	
			2024	2023
Target date funds (default option)	\$254,941	\$162,519	86%	85%
Commingled public equity funds	27,544	16,012	9	8
Short-term investments <sup>1/</sup>	9,278	9,608	3	5
Commingled fixed income funds	3,695	2,839	1	2
Other investments <sup>2/</sup>	1,428	220	1	0
<b>Total</b>	<b><u>\$296,886</u></b>	<b><u>\$191,198</u></b>		

<sup>1/</sup>Includes both investments in participant directed accounts and plan level cash

<sup>2/</sup>Includes investments in Schwab-Self Directed Brokerage

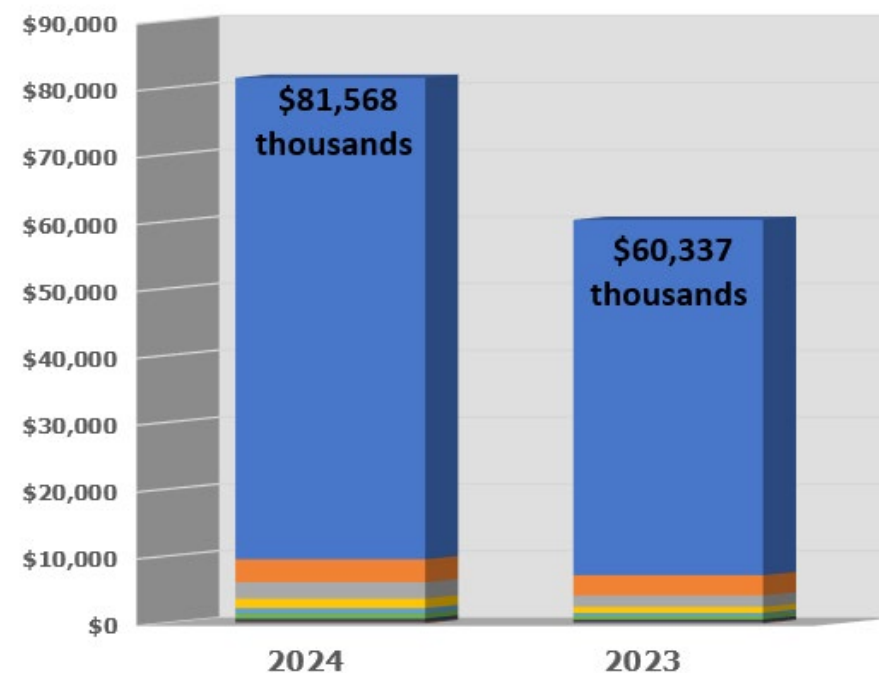
## Allocation as of December 31, 2024



# Contributions by Fund (excl. Rollovers)

For the Years Ended December 31, 2024 and 2023  
(\$ thousands)

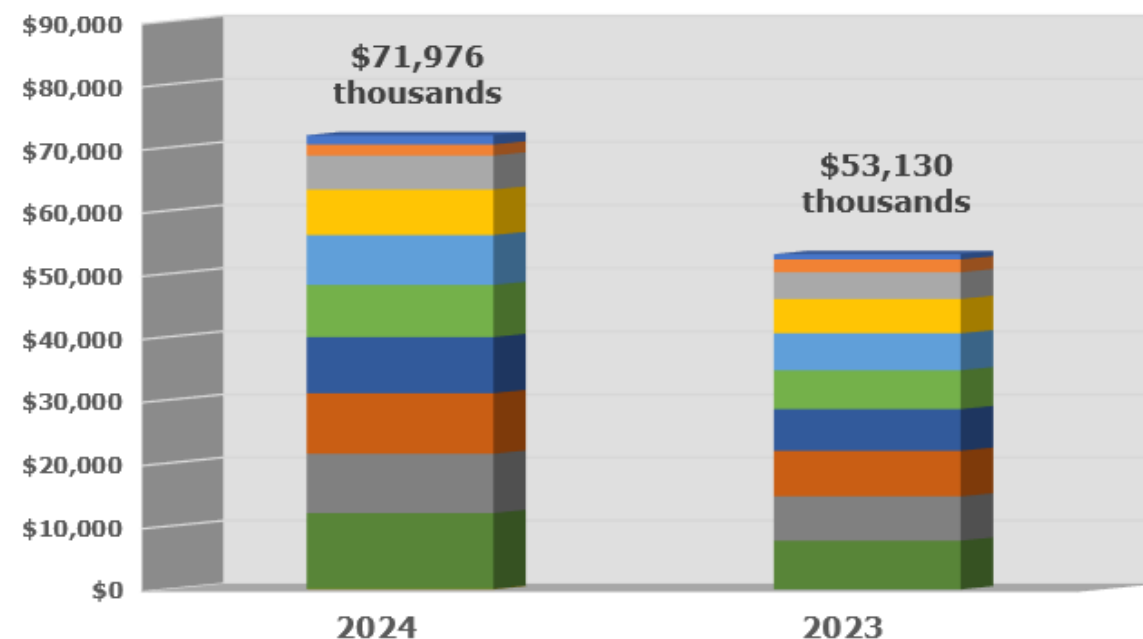
Fund	2024	2023	Increase/ (Decrease)	% Change
Target date fund suite (default option)	\$ 71,976	\$ 53,130	\$ 18,846	35%
Short-term investment fund	3,435	3,017	418	14
U.S. large company stock index fund	2,447	1,742	705	40
Global non-U.S. stock index fund	1,431	865	566	65
U.S. small/mid company stock index fund	780	376	404	107
U.S. all company stock index fund	779	627	152	24
U.S. bond index fund	419	324	95	29
Short-term bond index fund	158	140	18	13
U.S. TIPS fund	143	116	27	23
<b>Total Contributions</b>	<b>\$ 81,568</b>	<b>\$ 60,337</b>	<b>\$ 21,231</b>	<b>35%</b>



# Contributions by Target Date Fund (excl. Rollovers)

For the Years Ended December 31, 2024 and 2023  
(\$ thousands)

Target Date Fund	2024	2023	Increase/ (Decrease)	% Change
Post Retirement Date	\$ 1,478	\$ 848	\$ 630	74%
2025 Retirement Date Fund	1,746	2,029	(283)	(14)
2030 Retirement Date Fund	5,389	4,235	1,154	27
2035 Retirement Date Fund	7,216	5,438	1,778	33
2040 Retirement Date Fund	7,908	5,865	2,043	35
2045 Retirement Date Fund	8,250	6,152	2,098	34
2050 Retirement Date Fund	8,888	6,591	2,297	35
2055 Retirement Date Fund	9,597	7,232	2,365	33
2060 Retirement Date Fund	9,415	7,012	2,403	34
2065 Retirement Date Fund	12,008	7,728	4,280	55
2070 Retirement Date Fund	81	-	81	
<b>Total Contributions</b>	<b><u>\$ 71,976</u></b>	<b><u>\$ 53,130</u></b>	<b><u>\$ 18,846</u></b>	<b><u>35%</u></b>



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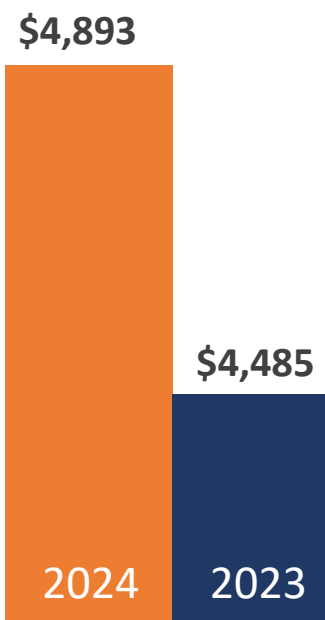
# Plan Highlights

- Participant contributions increased to \$179.3 million in 2024 compared to \$171.7 million in 2023
- The number of actively contributing participants increased to 32,300 in 2024 from 31,500 in 2023

# Summary of Fiduciary Net Position

As of December 31, 2024 and 2023  
(\$ millions)

Net Position Restricted for Participants, Ending

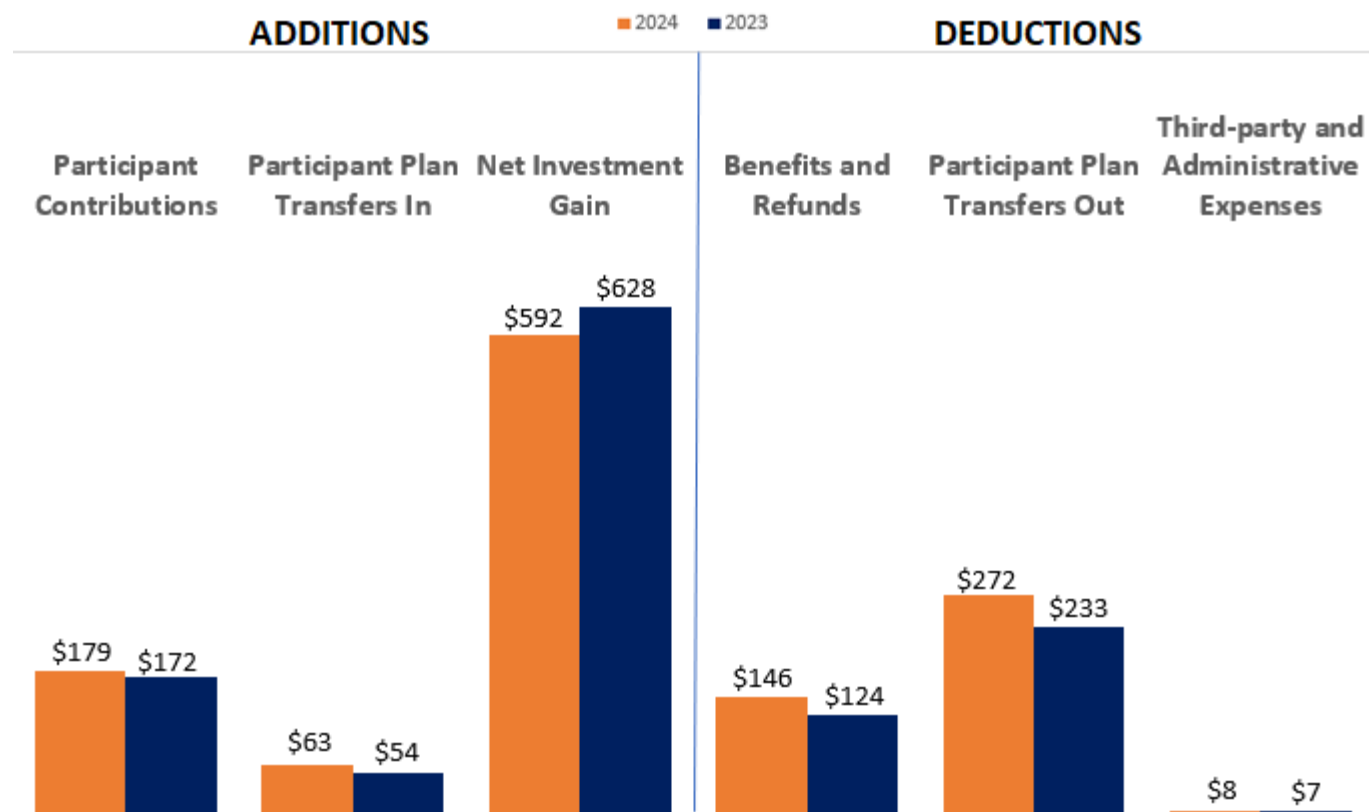


See complete  
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# Summary of Changes in Fiduciary Net Position

For Years Ended December 31, 2024 and 2023  
(\$ millions)



See complete audited financial statements for more detail

Finance and Member and Participant Services Committee

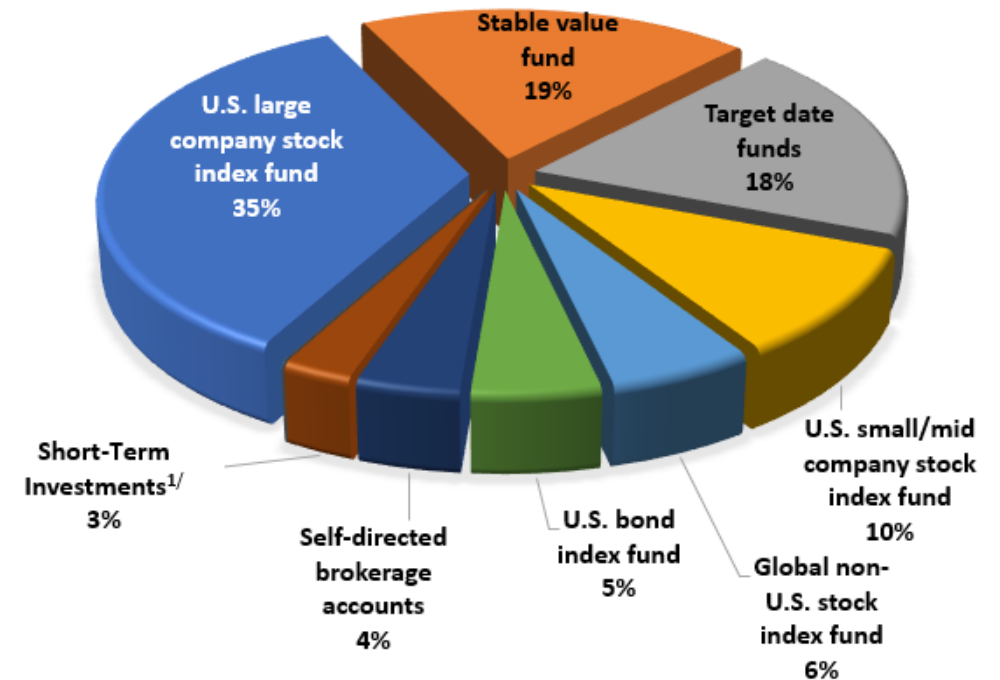
# Fund Balances & Breakouts

## Fund Balances

As of December 31, 2024 and 2023  
(\$ millions)

Fund	2024	2023	% of Total	
			2024	2023
U.S. large company stock index fund	\$ 1,697	\$ 1,438	35%	32%
Stable value fund	954	1,037	19	23
Target date funds	908	867	18	19
U.S. small/mid company stock index fund	489	431	10	10
Global non-U.S. stock index fund	274	200	6	4
U.S. bond index fund	243	223	5	5
Self-directed brokerage accounts	196	166	4	4
Short-term investments <sup>1/</sup>	133	125	3	3
Group annuity contract	1	1	0	0
<b>Total</b>	<b>\$ 4,895</b>	<b>\$ 4,488</b>		

<sup>1/</sup>Includes both investments in participant directed accounts and plan level cash

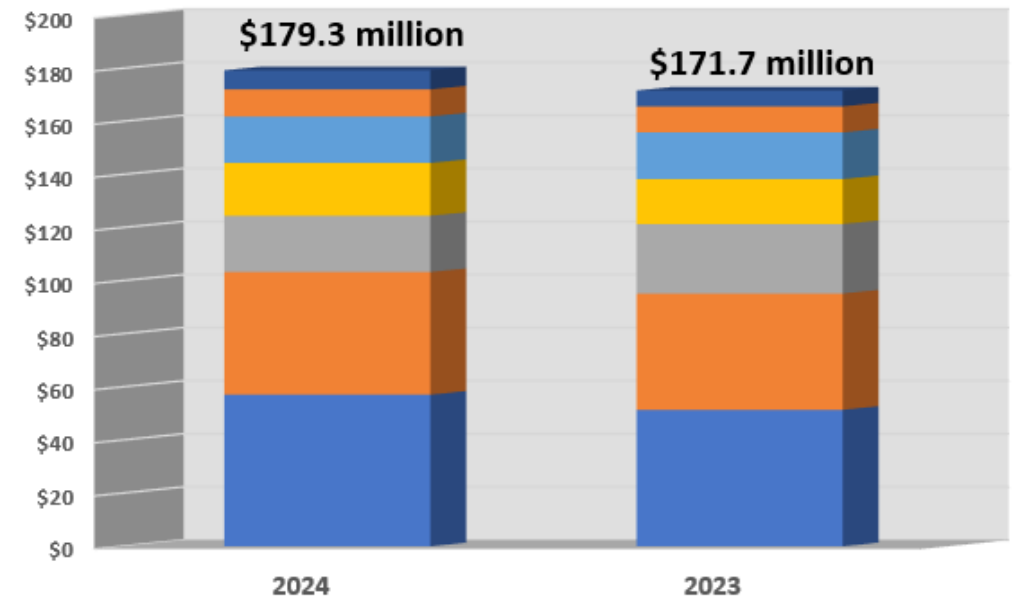


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# Contributions by Fund (excl. Rollovers)

For the Years Ended December 31, 2024 and 2023  
(\$ millions)

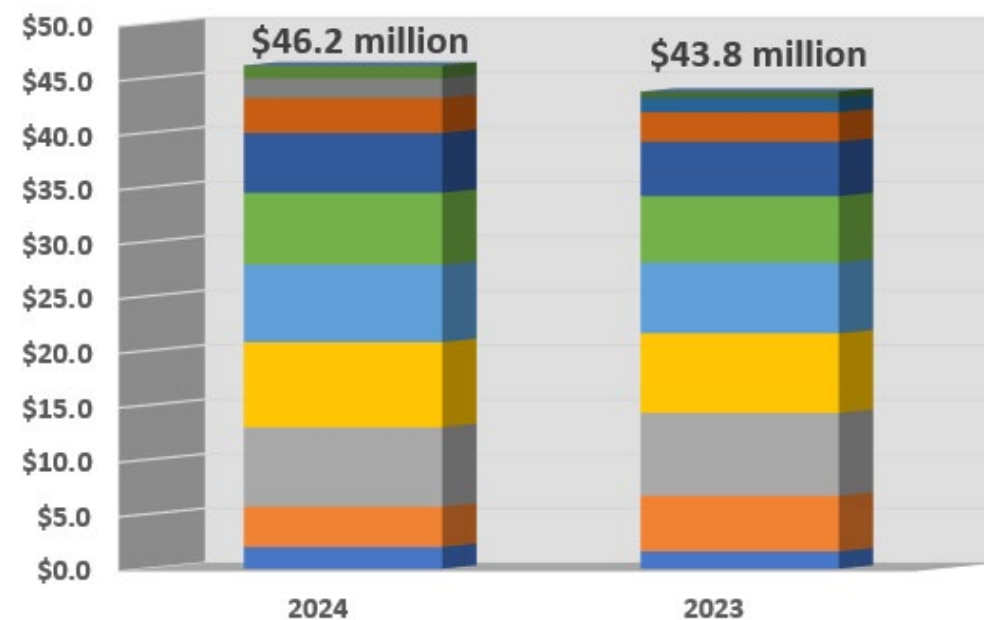
Fund	2024	2023	Increase/ (Decrease)	% Change
U.S. large company stock index fund	\$ 57.1	\$ 51.4	\$ 5.7	11 %
Target date funds	46.2	43.8	2.4	5
Stable value fund	21.2	26.2	(5.0)	(19)
Global non-U.S. stock index fund	19.9	16.9	3.0	18
U.S. small/mid company stock index fund	17.5	17.6	(0.1)	(1)
U.S. bond index fund	10.2	9.8	0.4	4
Short-term investment fund	7.2	6.0	1.2	20
<b>Total</b>	<b><u>\$ 179.3</u></b>	<b><u>\$ 171.7</u></b>	<b><u>\$ 7.6</u></b>	<b><u>4%</u></b>



# Contributions by Target Date Fund (excl. Rollovers)

For the Years Ended December 31, 2024 and 2023  
(\$ millions)

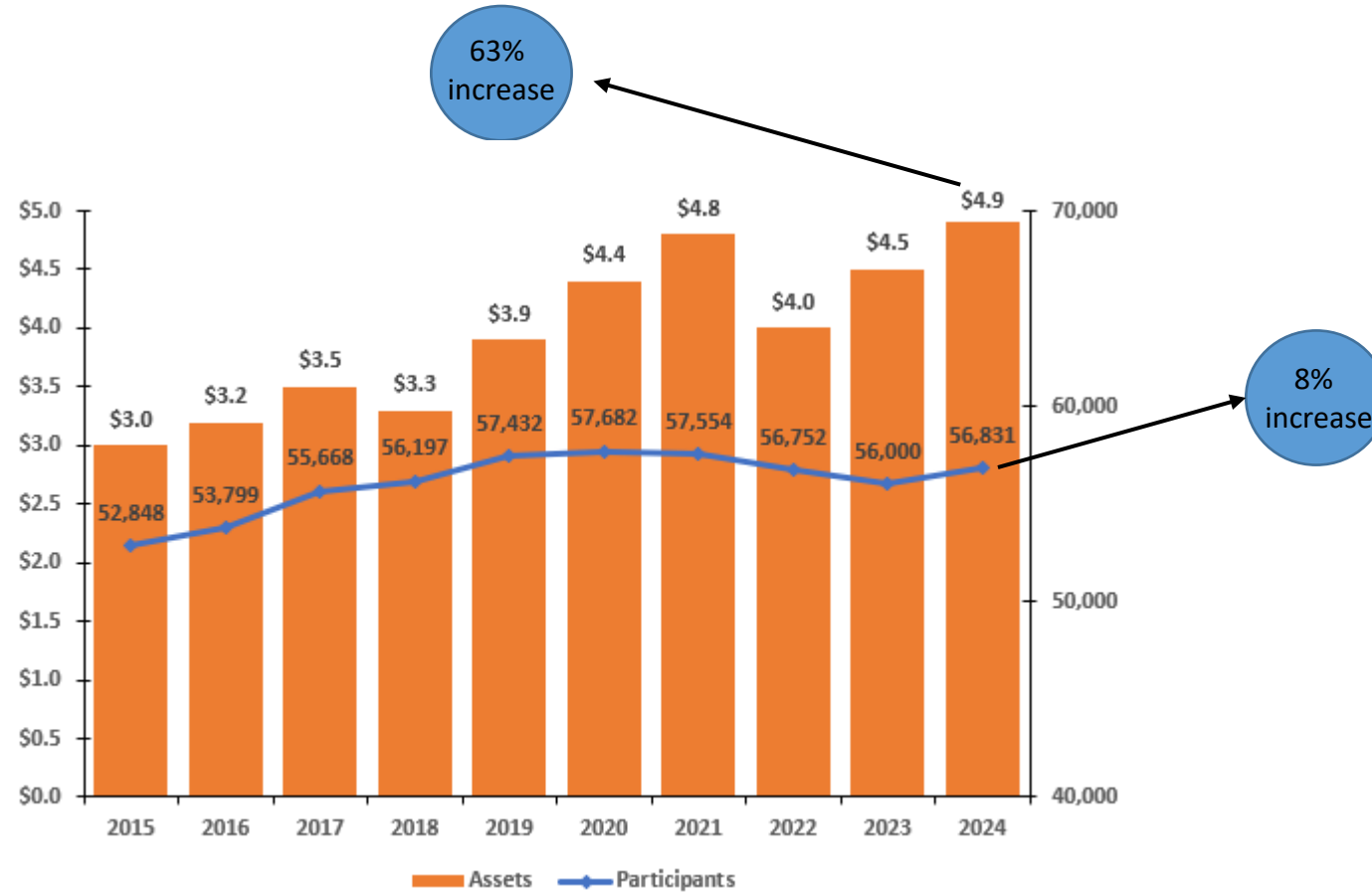
Target Date Fund	2024	2023	Increase/ (Decrease)	% Change
Post Retirement Date	\$ 2.0	\$ 1.6	\$ 0.4	25%
2025 Retirement Date Fund	3.7	5.1	(1.4)	(27)
2030 Retirement Date Fund	7.3	7.6	(0.3)	(4)
2035 Retirement Date Fund	7.8	7.3	0.5	7
2040 Retirement Date Fund	7.1	6.5	0.6	9
2045 Retirement Date Fund	6.6	6.1	0.5	8
2050 Retirement Date Fund	5.5	5.0	0.5	10
2055 Retirement Date Fund	3.2	2.7	0.5	19
2060 Retirement Date Fund	1.8	1.3	0.5	38
2065 Retirement Date Fund	1.2	0.6	0.6	100
2070 Retirement Date Fund	-	-	-	-
<b>Total Contributions</b>	<b>\$ 46.2</b>	<b>\$ 43.8</b>	<b>\$ 2.4</b>	<b>5%</b>



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# 10 Year Growth - Plan Assets & Participants

(\$ billions)



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# Thank you.

If you have questions, please contact me.

## **Sara E. McSurdy, CPA** Chief Financial Officer

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