2025 Key Financial Highlights

SERS Office of Financial Management (OFM)

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Plan Highlights

- **SERS ten-year rate of return for 2025 is 8.3%, exceeding the 6.875% assumed actuarial rate of return**
  - Time-weighted rate of return on investments of **13.7%** for 2025
- **The plan's Net Position increased $4.0 billion to $42.6 billion at year end 2025**
  - The increase was mainly attributed to $5.3 billion in investment gains
- **The plan's funded status increased to:**
  - 73.3% for accounting purposes
  - 71.7% for funding purposes
- **Shared-gain & shared-risk adjustments effective July 1, 2026**
  - A-3 & A-4 classes: 0.5% reduction in member contributions due to shared-gain adjustment
    - Resulting in a total shared-gain reduction in member contributions of 0.5%
  - A-5 & A-6 classes: 0.09% reduction in shared-risk member contributions
    - Resulting in a total shared-risk member contribution rate of zero percent

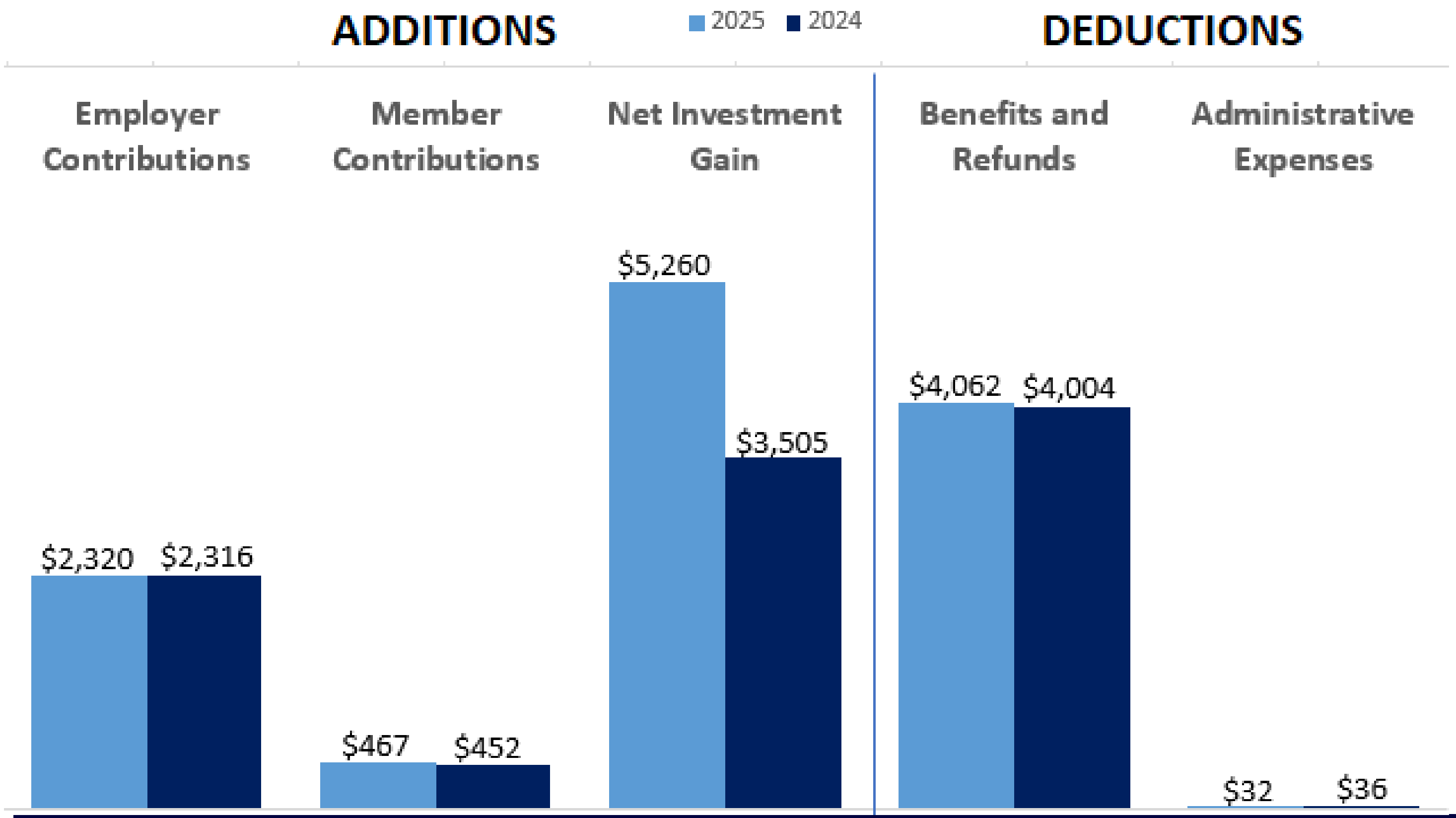
Net Position Restricted for Pensions

As of December 31, 2025 and 2024
($ millions)

See complete audited financial statements for more detail

Summary of Changes in Fiduciary Net Position

For Years Ended December 31, 2025 and 2024
($ millions)



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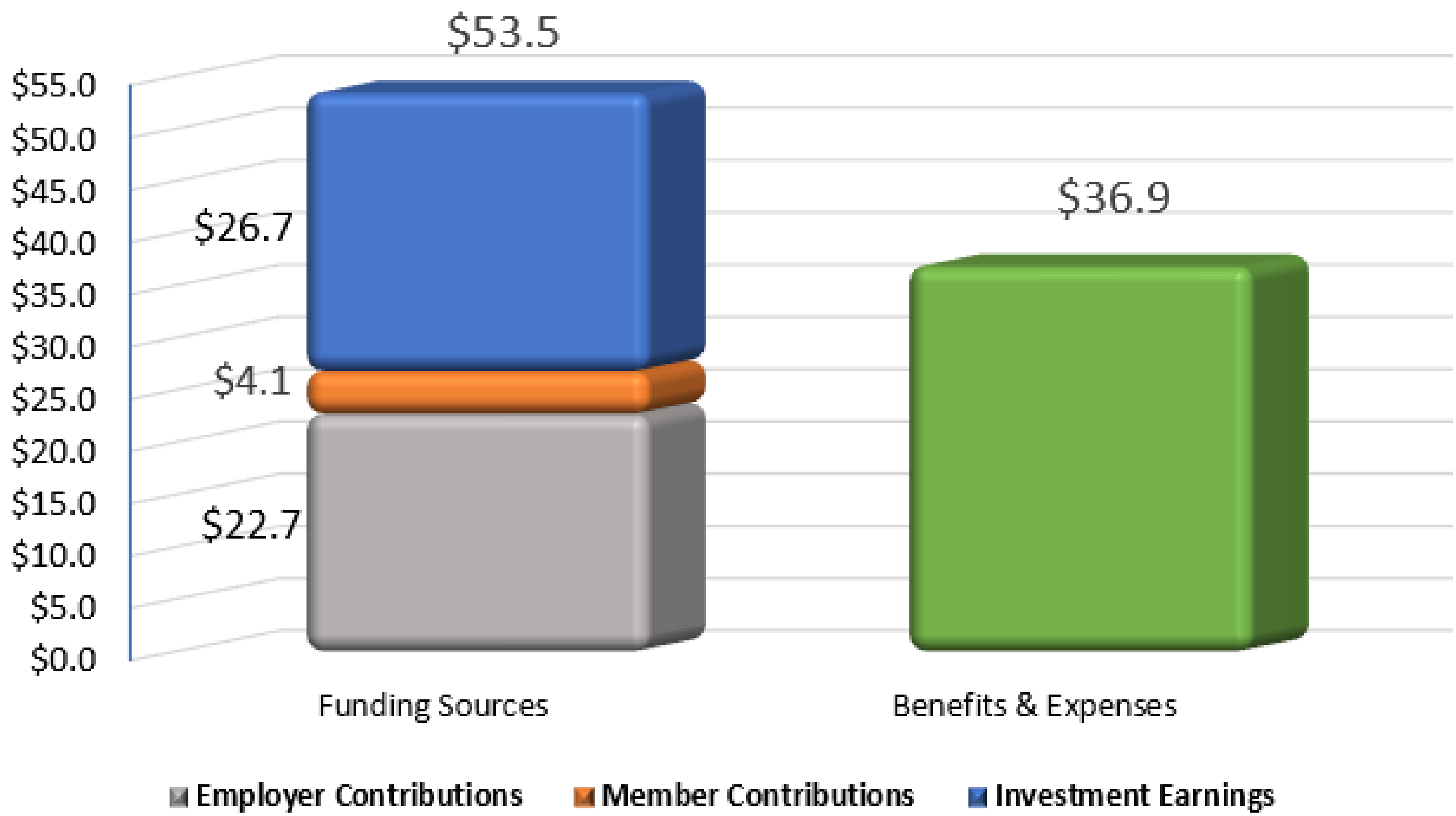
10 Year Funding vs. Benefits & Expenses

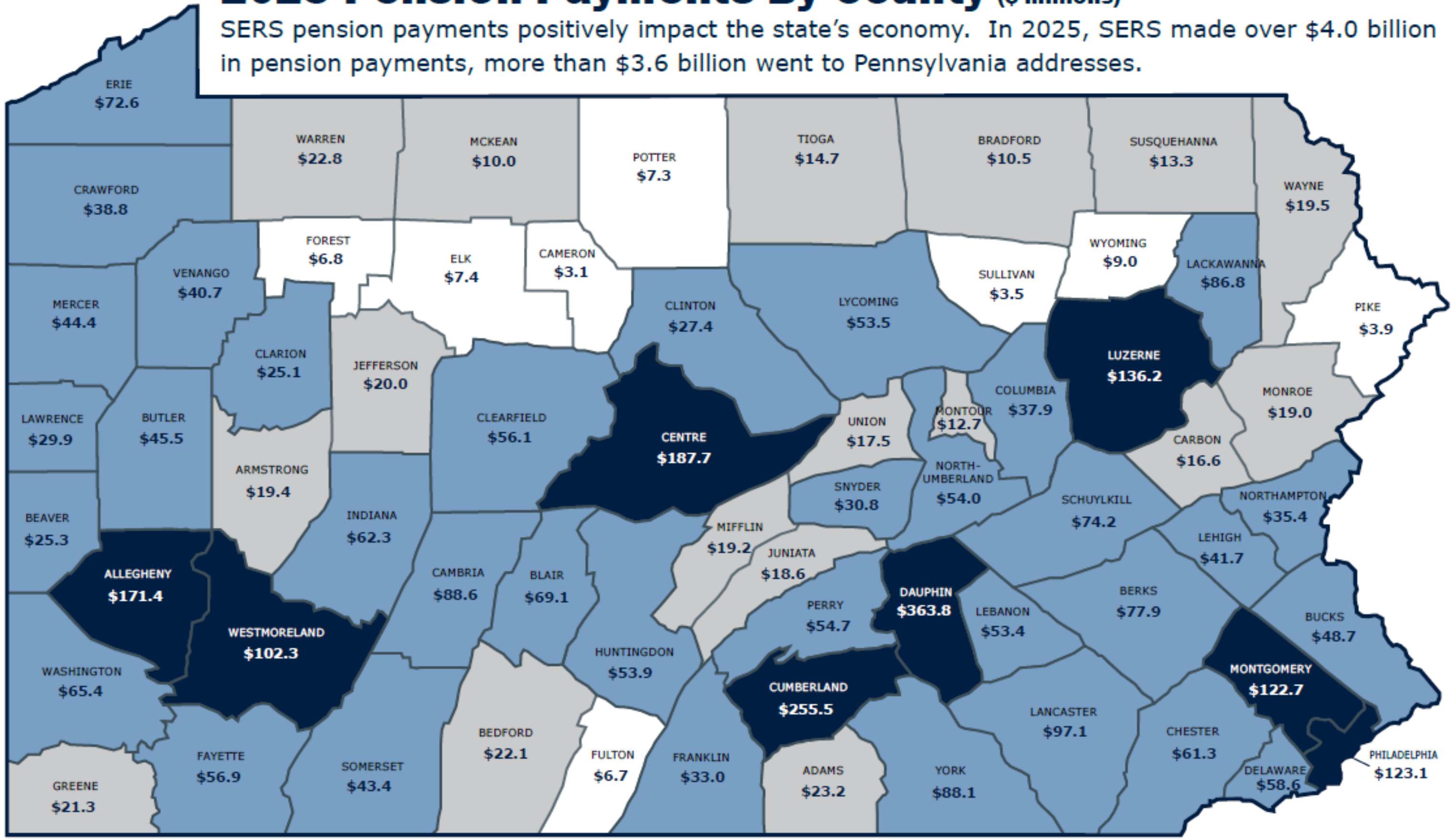
($ billions)



DEFINED BENEFIT PLAN
Traditional Pension

2025 Pension Payments By County ($ millions)

SERS pension payments positively impact the state's economy. In 2025, SERS made over $4.0 billion in pension payments, more than $3.6 billion went to Pennsylvania addresses.



$0 - $9.9 million | $10 - $24.9 million | $25 - $99.9 million | $100 million +

Domestic Out of State $404.2 million | Out of Country $2.2 million

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.

Valuation Comparison
As of December 31, 2025
($ millions)

GASB 67 - Accounting Valuation		Funding Valuation	
Total Pension Liability (TPL)	$ 58,110	Actuarial Accrued Liability (AAL)	$ 58,107
Fiduciary Net Position	$ 42,610	Actuarial Value of Assets	$ 41,664
Net Pension Liability (NPL)	$ 15,500	Unfunded AAL	$ 16,443
Fiduciary Net Position/TPL	73.3%	Funded Ratio	71.7%
Fiduciary Net Position/TPL (Prior Year)	67.7%	Funded Ratio (Prior Year)	70.3%

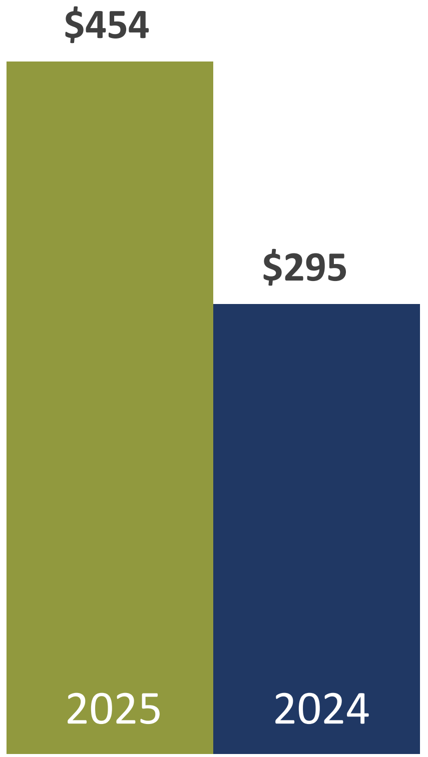
DEFINED CONTRIBUTION PLAN
Investment Option

Plan Highlights

- **The plan's Net Position increased $158.2 million to $453.6 million at year end 2025**
  - Increase of 53.6% from 2024
- **The number of active participants increased by 3,459 to 32,222**
  - Increase of 12.0% from 2024
- **Employer contributions were approximately $38.7 million in 2025**
  - Increase of 21.8% from 2024
- **Participant contributions were approximately $68.9 million in 2025**
  - Increase of 24.7% from 2024

Net Position Held in Trust for Participants

As of December 31, 2025 and 2024
($ millions)



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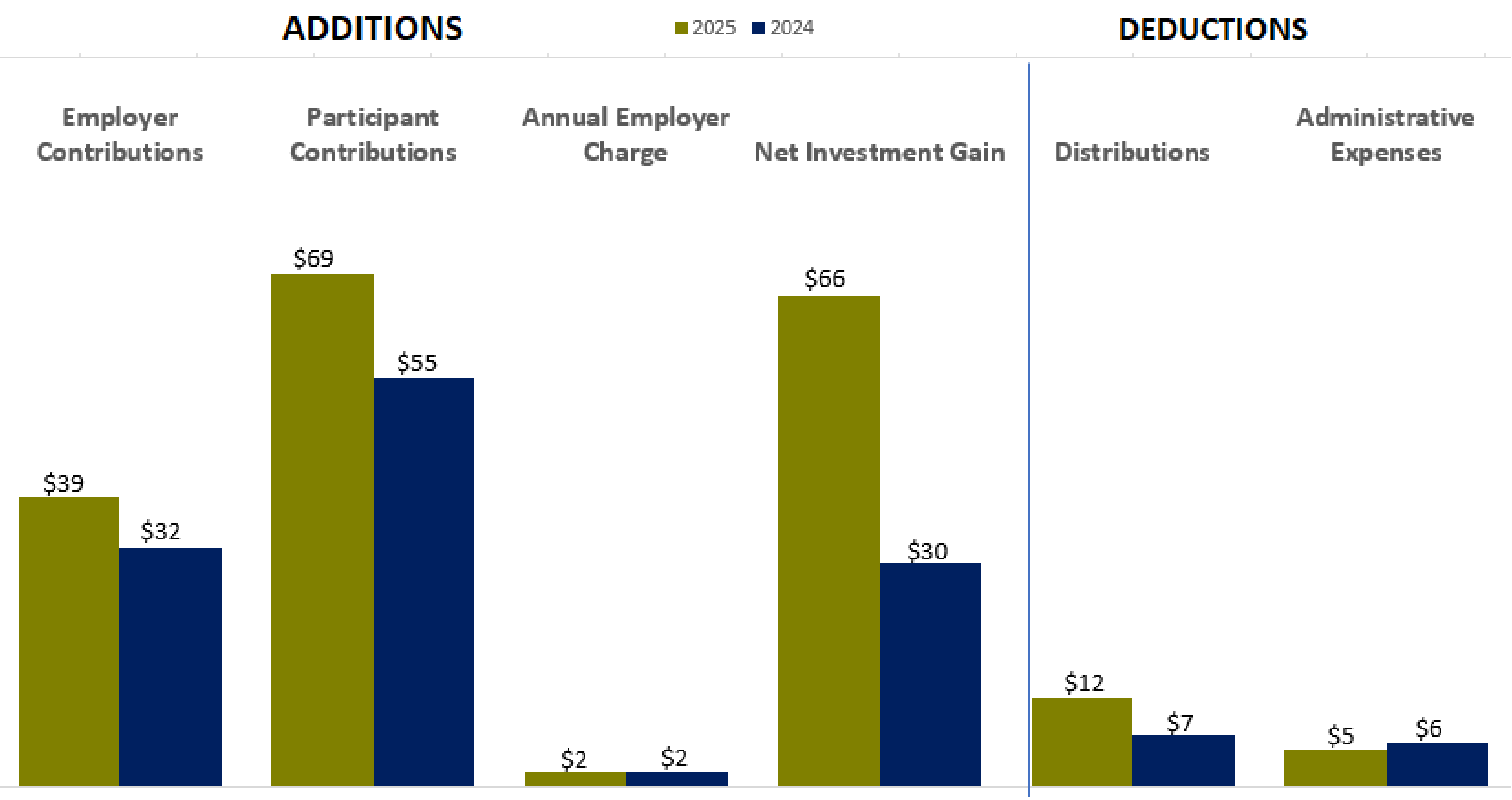
Summary of Changes in Fiduciary Net Position

For Years Ended December 31, 2025 and 2024
($ millions)



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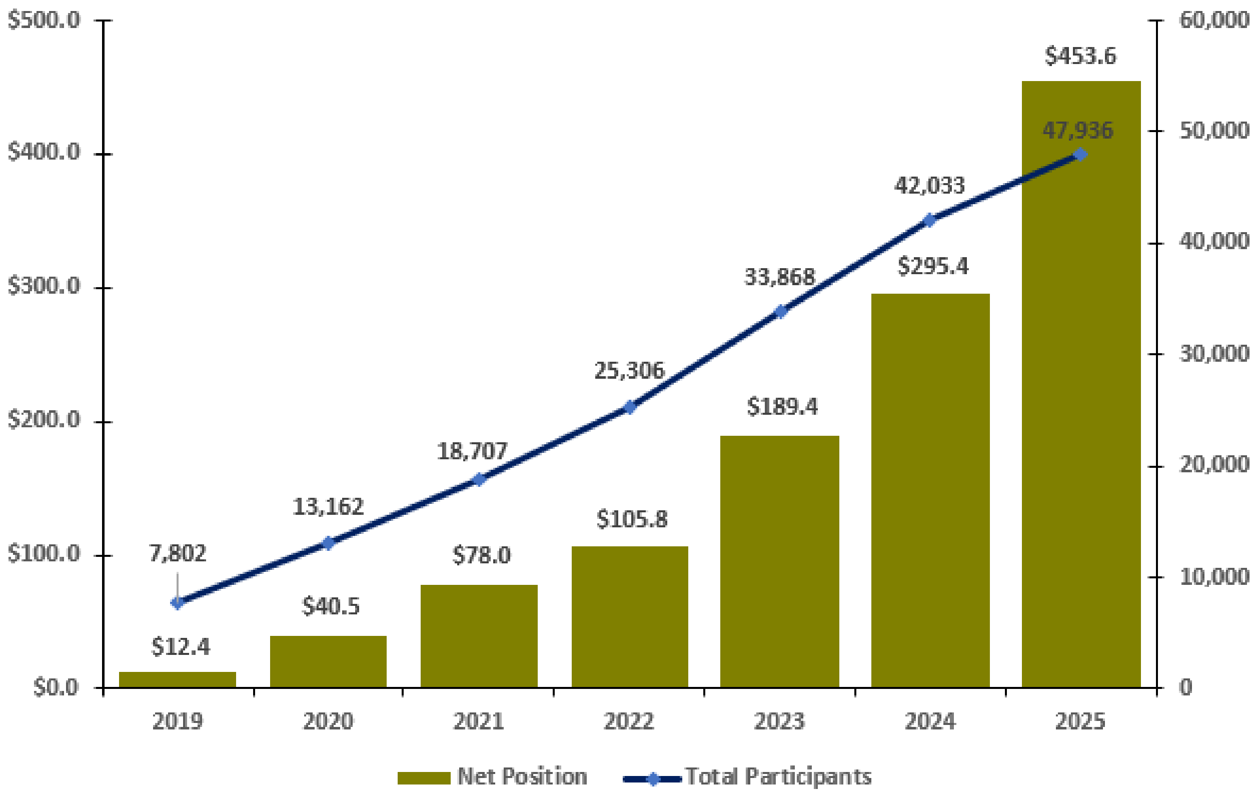
7 Year Growth* - Net Position & Participants

($ millions)



* The Defined Contribution Plan was established for employees who enter SERS membership on or after January 1, 2019

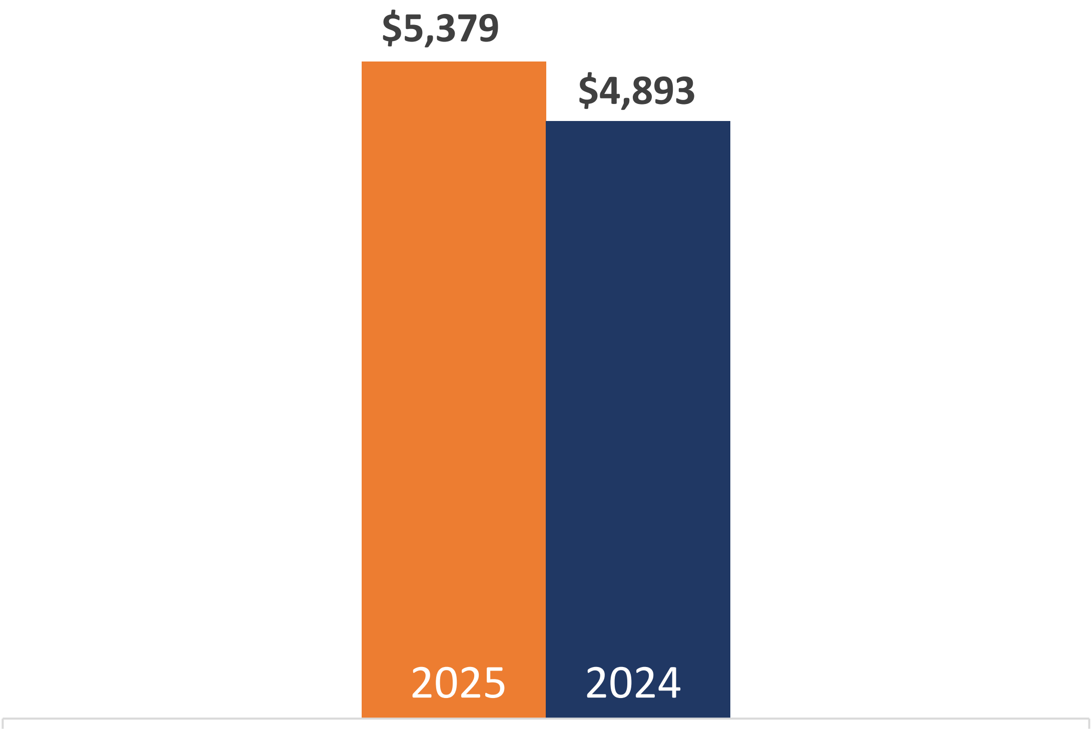
DEFERRED COMPENSATION PLAN
Supplemental Benefit

Plan Highlights

- **The plan's Net Position increased $486.6 million to $5.4 billion at year end 2025**
  - Increase of 9.9% from 2024
- **The number of active participants increased by 625 to 36,064**
  - Increase of 1.8% from 2024
- **Participant contributions were approximately $258.6 million in 2025**
  - Increase of 6.9% from 2024

Net Position Restricted for Participants

As of December 31, 2025 and 2024
($ millions)



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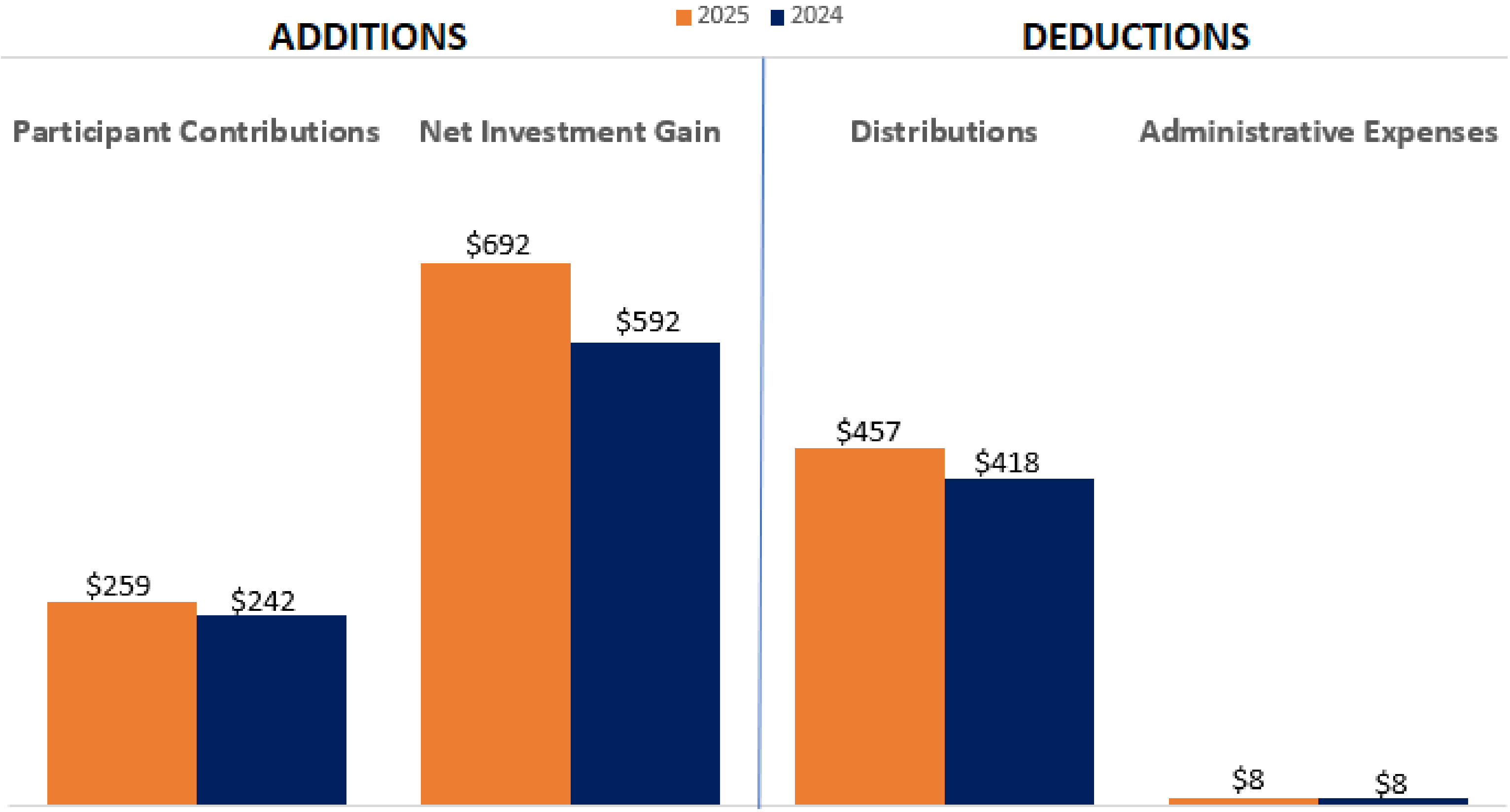
Summary of Changes in Fiduciary Net Position

For Years Ended December 31, 2025 and 2024
($ millions)



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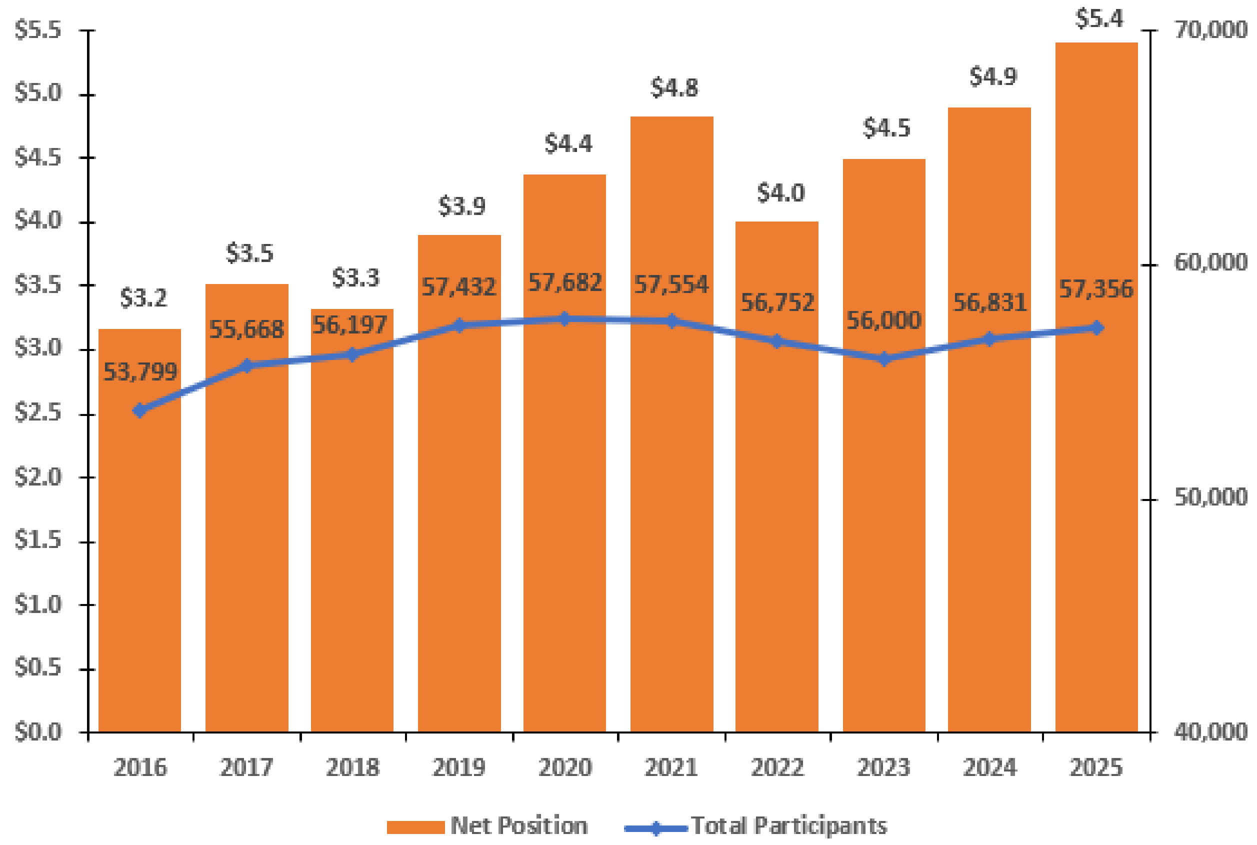
DEFERRED COMPENSATION PLAN
Supplemental Benefit

10 Year Growth – Net Position & Participants

($ billions)



Thank you.

If you have questions, please contact me.

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Chief Financial Officer

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