

SERS news release

for immediate release

October 6, 2026

Penn SERS Fund “Well-Positioned” to Withstand Multiple Stressors Announces Strong Investment Performance

HARRISBURG – The Pennsylvania State Employees’ Retirement Board, meeting here today, received a report from its actuary analyzing a wide range of potential risks that could affect the long-term health and stability of the SERS Fund, concluding that the fund is “well-positioned” to withstand multiple stressors.

The board approved the [2026 Stress Testing and Risk Assessment Report](#) prepared by SERS’ Actuary, **Gabriel, Roeder, Smith & Company (GRS)**. The report outlines the wide range of investment-related, demographic-related, and contribution-related risks the actuary reviewed by considering a series of “What if?” scenarios to determine the potential effect on future employer contributions and the availability of assets to pay benefits when due to members.

According to GRS, “This analysis highlights several policies and practices that allow SERS to be well-positioned to adjust to potentially unfavorable circumstances such as those experienced during the global pandemic.” Specifically, “The policy of fully funding the ADC [Actuarially Determined Contribution] creates a relatively stable and predictable contribution pattern that ensures assets will be available to pay benefits when due ... The investment policy and allocation to Capital Preservation assets provide ample protection from the need to liquidate investments for unfavorable value. The practices of monitoring the exposure to major risks and periodically reviewing investment and member experience allow SERS to adapt to changes ...”

In 2020 and 2023, the Pew Charitable Trusts praised SERS’ stress testing reports as a “leading example” of pension stress test analysis that provides policymakers and budget officials with accessible information that impacts government budgets and pension balance sheets.

The board also received investment performance reports detailing investment returns for the second quarter of 2026 and calendar year-to-date June 30, 2026. Investment returns for the Defined Benefit Plan fund, by asset class, were:

Asset Class	2 nd Quarter 2026	Calendar Year to Date 6/30/2026
Emerging Markets Equity	23.66%	23.88%
U.S. Equity	15.89	11.47
International Developed Mkts Equity	10.62	9.53
Fixed Income	1.10	1.17
Inflation Protection (TIPS)	0.81	1.11
Real Estate	0.72	(0.83)
Cash	0.92	1.85
Legacy Private Credit	(1.34)	0.83
Private Equity	(2.16)	(0.69)
Total Fund	7.84%	6.35%

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All returns are reported net of fees. Both private equity and real estate returns are reported on a quarter lag and are adjusted for cash flows. Additional information, including benchmark data, is listed in the quarterly investment performance reports at [SERS.pa.gov/Investments.html](https://www.sers.pa.gov/Investments.html).

The board also received reports on the first quarter [Defined Contribution Plan investment options performance](#) and [Deferred Compensation Plan investment options performance](#), which also are available on SERS' website.

In other business for the Defined Benefit Plan, the board approved a Private Equity asset class investment of **up to \$100 million** to **Reverence Capital Partners PE Opportunities Fund IV** (RCP IV) and **\$30 million to a co-investment sidecar** vehicle that will be invested alongside RCP IV. This is a new investment manager relationship for SERS.

The board also adjusted SERS' policy target asset allocation defined in [SERS' Defined Benefit Plan Investment Policy Statement](#), by reducing the asset class target allocations for Private Equity (from 16% to 14%), Real Estate (from 7% to 4%), and Fixed Income (from 19% to 17%), and increasing the target allocation for U.S. Equity (from 37% to 44%) of the total SERS Fund. The board also updated the Rebalancing section within the investment policy statement to allow the Chief Investment Officer to "rebalance liquid asset classes within the ranges approved by the Board" to "reduce tracking error, or capitalize on changing market conditions in a cost-efficient manner."

The board also approved the orderly liquidation of the International Small Cap Value portfolio managed by Harris Associates and transition of the assets to SERS' cash account.

In addition, the board approved the proposed FY 2027-28 budgets that include the agency administrative budget, Defined Benefit Plan investment budget, Defined Contribution Plan budget, and Deferred Compensation Plan budget, and, which include specific allocations from those budgets for the SERS-Internal Audit Office. The overall total of those budgets is an increase of approximately \$9.8 million from FY 2026-27, the bulk of which is for acquisition of a new pension administration system, as [approved by the board in March 2025](#).

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with approximately 246,000 members. As of June 30, 2026, SERS' Defined Benefit Plan had assets of approximately \$44.5 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had assets of approximately \$554 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with more than 57,000 participants and assets of approximately \$5.7 billion as of June 30, 2026. A wealth of information is available at www.sers.pa.gov.

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