

PSERS Audit, Compliance and Risk Committee Charter

Article II Section 1

I. Purpose and Authority

The primary purpose of the Audit, Compliance and Risk Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to external and internal audits, compliance, risk management, special investigations, and other sources of verification and independent reassurance.

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. Except as expressly granted herein, nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

II. Composition

The Committee shall consist of five (5) current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Chief Audit Officer (CAO), the Deputy Executive Director for Administration, and the Chief Counsel (CC) will be the primary staff liaisons with the Committee.

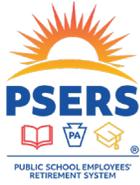
III. Meetings

Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least four (4) times every year. The Committee Chair, after-in consulting consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. With the assistance of staff, hire, evaluate, and, as appropriate, terminate and plan for the succession of the Chief Audit Officer; make recommendations on CAO compensation to the Executive Director.
2. Conduct the search (using any of the methods of source selection defined in the Procurement Code) for the independent external auditor, with the assistance of staff, and make recommendations to the Board. The Committee should ensure the search is conducted for the independent external auditor contract at least every five (5) years unless the Board directs otherwise.
3. As necessary, with the assistance of staff, identify the need for independent advisors and/or investigators for special situations, conduct a search, and make recommendations to the Board.



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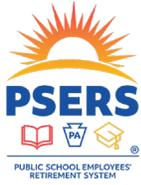
4. Evaluate the performance of all external audit, internal audit, compliance, and risk management service providers necessary or desirable for PSERS. The Committee should ensure that RFPs are conducted for each key service provider contract at least every five (5) years unless the Board chooses otherwise.
5. At least annually, meet individually with: the CAO; the external auditor; and the Deputy Executive Director for Administration, without other staff present, to ensure there has been no undue influence on their activities or reporting to the Committee or the Board.
6. Initiate investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.
7. PSERS shall conduct an internal control audit at least every five (5) years. If an annual independent audit identifies a material weakness or significant deficiency or an internal control audit identifies a material weakness or significant deficiency, an additional internal control audit of PSERS shall be conducted for the year subsequent to the report or audit in which the weakness or deficiency was identified.

B. Recommend direction and policy to the full Board

1. Annually identify anticipated audit, compliance and risk policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
2. Review and make recommendations to the Board on all policies and any amendments governing audit, compliance or risk, with the exception of policies that come within the duties and responsibilities of another Committee.
- 2.3. Recommend vital signs and metrics for the internal audit office and identify tolerances for acceptable vs. unacceptable variability in performance.

C. Recommend approval of key decisions

1. Recommend approval of the Internal Audit Charter.
2. Recommend approval of the staffing complement for the Internal Audit Office, Compliance, and Performance and Risk Management to the Board.
3. Recommend engagement of and budget for external consultants and advisors, as appropriate, to ensure adequate resources for Internal Audit, Compliance, and Performance and Risk Management.
4. Recommend approval of the Independent Auditor's Report, Independent Audited Financial Statements, and Management Letter.



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~~5. Recommend approval of positions on proposed legislation or regulations affecting audits, compliance, enterprise risk, or ethics.~~

~~6.5.~~ Recommend approval of enterprise risk appetite and tolerances (excluding investment risk).

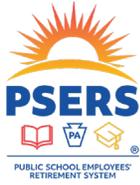
D. *Oversee Board-approved direction*

1. Oversee the Internal Audit Office, including:

- Meet with the Chief Audit Officer to review and approve the Agency's annual audit plan and receive periodic updates on progress vis-à-vis the audit plan.
- Ensure the annual Internal Audit Plan is adequate to meet PSERS' needs.
- Ensure that the Internal Audit Office has adequate resources to meet its responsibilities.
- Meet with the CAO to review the status of audits, review the audit findings and recommendations, management's responses, and actions taken to implement the audit recommendations.
- Review and approve the Internal Audit Charter.
- Ensure there are no unjustified restrictions or limitations on the internal audit function.
- Provide input to the Executive Director on the performance of the CAO, at least annually.

2. Oversee the auditing of all financial information, including:

- Meet with the external financial auditors each year prior to the annual financial audit to review the audit plan and to identify other areas of the operations that should be reviewed.
- Approve the Internal Audit Office's Annual Audit Plan.
- Meet with the external financial auditors at the conclusion of the financial audit to review the audit results, including any recommendations, difficulties encountered, and any significant adjustments proposed by the auditors.
- Oversee the evaluation and monitoring of the internal control system by internal and external auditors.
- Review the findings and recommendations of the external auditors along with management's responses and actions taken to implement the audit recommendations.
- Review the findings and recommendations of any examination by regulatory agencies, any auditor's observations related to compliance, management's responses and actions taken to implement the audit observations/recommendations.

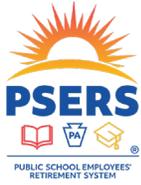


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- Provide a forum for the resolution of all disputes between management and the internal and/or external auditors regarding the financial reporting process, risk assessment, internal control and other compliance issues.
3. Oversee PSERS compliance with statutes, policies, and standard business practices including:
 - Oversee the design and implementation of the Compliance Program, including the policies and procedures to help prevent and detect violations of law and to promote business ethics.
 - Review and approve the annual compliance plan and ensure that the Compliance function has adequate resources to meet its responsibilities.
 - Ensure the Compliance function performs compliance reviews with applicable laws, regulations, rules, board and management policies, directives and generally accepted business practices of the System.
 - Oversee key compliance and ethics activities and reports to include: enterprise program compliance, enterprise and Board policy compliance, service provider compliance, and privacy and security compliance.
 4. Oversee PSERS performance and risk management activities, including but not limited to:
 - Review and approve performance and risk management plans annually and ensure that the Performance and Risk Management function has adequate resources to meet its responsibilities.
 - Review the effectiveness of the Agency's system for assessing, monitoring, and controlling significant risks or exposures.
 - Oversee enterprise risk appetite and tolerances.
 - Review emerging and significant risks specific to the area of responsibility of the committee, and report those risks to the board.
 5. Oversee any other PSERS audit, compliance, risk, or related activities, including:
 - Oversee PSERS' policies and procedures for the receipt and handling of allegations of suspected misconduct and receive reports on a periodic and as-needed basis regarding significant reports received.
 - Oversee special investigations and whistleblower cases, as needed, on behalf of the Board.
 - Oversee ethics-related complaints, processes, and findings.

E. Obtain independent verification.



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1. Periodically obtain appropriate independent verification of the performance and exception reports issued by management and to present the results to the Board.
2. Review the effectiveness of the internal audit function by having an external quality assessment completed at least every three years.
3. In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from staff or external parties.

V. Reporting to the Board

The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:

- Minutes summarizing the Committee's deliberations;
- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

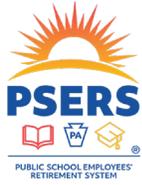
The Chair should ensure that the Board receives sufficient and reliable information to enable the Board to fulfill its fiduciary responsibility of monitoring and overseeing PSERS governance.

VI. Self-Evaluation

The committee shall conduct a self-evaluation of the Committee's performance as part of the Board's self-evaluation process. In addition to identifying opportunities for the committee to improve, the self-evaluation should also seek to identify unmet trustee continuing education needs to be communicated to the Board Governance Committee to add to the curriculum.

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff, including the Office of Chief Counsel, to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



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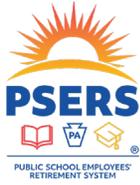
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Summary of Changes:

Date	Version	Author	Summary
March 15, 2022	1.0	Funston Advisory Services and Audit, Compliance and Risk Committee	
June 17, 2022	2.0	Audit, Compliance and Risk Committee	<ul style="list-style-type: none"> • Removed redundant language regarding Committee composition. • Clarified language regarding procurement of consultants. • Added language providing for initiation of investigations for matters within the scope of the Committee. • Added language to direct internal control audit. • Strengthened authority to meet with and seek information from staff and external parties.



PSERS Benefits and Appeals Committee Charter

Article II Section 2

I. Purpose and Authority

The primary purpose of the Benefits and Appeals Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to defined benefits administration (“System”), member services, employer services, and appeals (including appeals relating to participants of the DC Plan).

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. Nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

II. Composition

The Committee shall consist of five (5) current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Deputy Executive Director and Director of Defined Contribution Investments will be the primary staff liaison with the Committee.

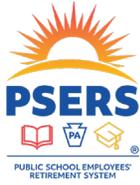
III. Meetings

Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least four (4) times every year. The Committee Chair, after-in consulting consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. Conduct quasi-judicial deliberations in formal appeals and make recommendations for Board action, including the issuance of proposed opinions and orders.
2. Conduct the search (using any of the methods of source selection defined in the Procurement Code) for the System consultant that directly impacts member and employer services and the administration of the System, with the assistance of staff, and make recommendations to the Board. The Committee should ensure the search is conducted for the System consultant contract at least every five (5) years unless the Board directs otherwise.
3. Evaluate the performance of all System service providers that directly impact member and employer services and the administration of the System as shall be necessary or appropriate for the administration and operation of the System. The Committee should ensure that RFPs are conducted for each key service provider contract at least every five (5) years unless the Board chooses otherwise.



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B. Recommend direction and policy to the full Board

1. Annually identify anticipated defined benefit policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
2. Recommend vital signs and metrics for member and employer services and identify tolerances for acceptable vs. unacceptable variability in performance.
3. Review, discuss, and make recommendations to the Board for their approval policies, actions, and on other matters related to the System's administration of the rights, duties, and benefits of System members and the duties of employers, including amendments to regulations deemed necessary or desirable to facilitate the administration of the System and/or to maintain or bring the System into compliance with the Retirement Code, Internal Revenue Code, and other applicable law.

C. Recommend approval of key decisions

1. Review, discuss and make recommendations to the Board on customer service issues relating to the System's members and employers, including the dissemination of information to members, employer relations, and the System's field services program.
2. Review and recommend to the Board any major information technology initiatives, in particular as they directly impact member and employer services functions and operations.

D. Oversee Board-approved direction

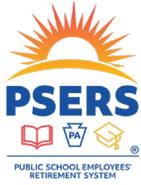
1. Oversee member and employer service levels.
2. Oversee cost effectiveness of member and employer services.
3. Oversee information technology plans and budgets, in particular as they directly impact member and employer services functions and operations.
4. Oversee management of risks related to the responsibilities of this committee.
5. Monitor and oversee ongoing effectiveness of member and employer education related to the System.

E. Obtain independent verification

1. Periodically obtain appropriate peer benchmarking studies regarding pension administration costs, services levels, and other performance and to present the results to the Board.

V. Reporting to the Board

The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:



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- Minutes summarizing the Committee’s deliberations;
- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

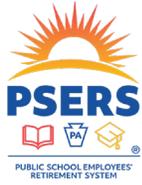
The Chair should ensure that the Board receives sufficient and reliable information to enable the Board to fulfill its fiduciary responsibility of monitoring and overseeing PSERS governance.

VI. Self-Evaluation

The committee shall conduct a self-evaluation of the Committee’s performance as part of the Board’s self-evaluation process. In addition to identifying opportunities for the committee to improve, the self-evaluation should also seek to identify unmet trustee continuing education needs to be communicated to the Board Governance Committee to add to the curriculum.

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff and the Office of Chief Counsel to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



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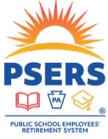
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Summary of Changes:

Date	Version	Author	Summary
March 15, 2022	1.0	Funston Advisory Services and Benefits and Appeals Committee	
June 17, 2022	2.0	Benefits and Appeals Committee	<ul style="list-style-type: none">• Removed redundant language regarding Committee composition.• Clarified language regarding procurement of consultants.



PSERS Governance and Administration Committee Charter

Article II Section 3

I. Purpose and Authority

The primary purpose of the Board Governance and Administration Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to Board governance (including bylaws, charters and policies), trustee elections, hiring, goal-setting, evaluation and termination of the Executive Director, executive succession planning, strategic planning, Board self-evaluation, and Board onboarding and continuing education, as well as cybersecurity, information technology, human resources, and general procurement oversight.

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. Nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

II. Composition

The Committee shall consist of five (5) current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Deputy Executive Director for Administration will be the primary staff liaison to the Committee.

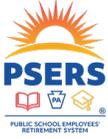
III. Meetings

Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least four (4) times every year. The Committee Chair, in consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. Conduct the Board self-evaluation process, including development of a Board self-evaluation policy. The Committee Chair should lead the process and is authorized to seek external assistance if required.
2. Conduct the annual Executive Director and Chief Counsel performance evaluation processes on behalf of the Board, seeking input from all trustees. Collaborate with the Executive Director and Chief Counsel in the development of annual performance goals linked to the strategic plan for recommendation to the Board for approval.
3. Interview candidates for filling positions in the System that report directly or indirectly to the Board, if appropriate.
4. In those instances when the Board has engaged independent fiduciary counsel, conduct the search (using any of the methods of source selection defined in the Procurement Code) for



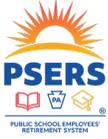
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the independent fiduciary counsel contract at least every five (5) years unless the Board directs otherwise.

5. In those instances when the Board has engaged fiduciary counsel, oversee and evaluate the performance of the Board's fiduciary counsel and ensure the Board meets with fiduciary counsel without staff at least once annually.
- B. Recommend direction and policy to the full Board.*
1. Annually identify anticipated governance policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
 2. Review and make recommendations to the Board on all policies and any amendments thereto governing the internal operations of the Board, with the exception of policies that come within the duties and responsibilities of another committee. Collaborate with the other PSERS committees, the Executive Director, and Chief Counsel to review the bylaws and committee charters at least every three years.
 3. Review and make recommendations to the Board on the manner in which elections of the elective members of the Board are conducted and on the selection of providers of goods and services deemed necessary for the conduct of such elections.
 4. Review and make recommendations to the Board regarding the need for and selection of independent fiduciary counsel, if necessary.
 5. Collaborate with executive staff to develop Board self-assessment policies and procedures.
 6. Collaborate with executive staff to develop the trustee orientation and continuing education curriculum, including education to be provided during Board meetings or workshops and individual education opportunities. Utilize input from the Board self-assessment to refine and improve the continuing education program.
 7. Review and make recommendations to the Board on delegations to the Executive Director. The delegations should be reviewed at least every three years and any proposed revisions recommended to the Board.
 - ~~8. Recommend to the Board positions on proposed legislation affecting board governance.~~
 8. Review and make recommendations to the Board on procurement management and operations related to delegations of authority, designated signatories, and general procurement procedures and practices.
 9. Recommend vital signs and metrics for information technology and security; human resources; and other shared administrative System services and identify tolerances for acceptable vs unacceptable variability in performance.
- C. Recommend approval of key decisions.*

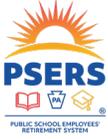
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1. Report on and cause to be certified to the Board the results of each election.
 2. As needed, make recommendations to the Board regarding selection and hiring of external Board consultants and advisors such as governance consultants.
 3. As needed, collaborate with staff to oversee executive searches when the need to hire a new Executive Director or Chief Counsel arises. Recommend discipline or termination of the Executive Director or Chief Counsel, if appropriate.
 4. Review and recommend to the Board any major information technology initiatives, including for cybersecurity and information security, and collaborate with the other PSERS committees that may be affected by such initiatives.
- D. Oversee Board-approved direction.*
1. Oversee the PSERS strategic planning process, including development of a PSERS strategic planning policy which describes the process and roles and responsibilities. Ensure that the Board participates in the strategic planning process and monitors plan implementation.
 2. Oversee stakeholder relations and collaborate with staff in development of a stakeholder relations plan which identifies key stakeholder groups, who are responsible for communications at PSERS, and key messaging to be communicated.
 3. Oversee organizational development, including succession planning for the direct reports to the Board and ensuring that the Executive Director has effective leadership succession planning in place for staff.
 4. Oversee all matters concerning the classification, pay, and other terms and conditions of employment for employees of the Board, including total personnel complement.
 5. Oversee business continuity and disaster recovery planning and processes.
 6. Oversee the management of vendors, plans, and budgets for information technology, cybersecurity, and information security.
 7. Oversee procurement management and operations related to delegations of authority, designated signatories, and general procurement procedures and practices.
- E. Obtain independent verification of the reliability of reports received and issued.*
1. Periodically obtain staff compensation reviews with an independent compensation consultant to compare PSERS staff compensation with peers and present the results to the Board.
 2. Periodically (e.g., every two or three years) obtain peer governance assessments of PSERS and provide the results to the Board.



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V. Reporting to the Board

The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:

- Minutes summarizing the Committee's deliberations;
- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

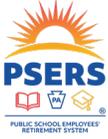
The Chair should ensure that the Board receives sufficient and reliable information to enable the Board to fulfill its fiduciary responsibility of monitoring and overseeing PSERS governance.

VI. Self-Evaluation

The committee shall conduct a self-evaluation of the Committee's performance as part of the Board's self-evaluation process. In addition to identifying opportunities for the committee to improve, the self-evaluation should also seek to identify unmet trustee continuing education needs to be communicated to the Board Governance Committee to add to the curriculum.

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff, including the Office of Chief Counsel, to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



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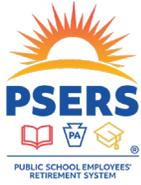
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Summary of Changes:

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March 15, 2022	1.0	Funston Advisory Services and Governance and Administration Committee	
June 17, 2022	2.0	Governance and Administration Committee	<ul style="list-style-type: none">• Removed redundant language regarding Committee composition.• Clarified language regarding procurement of consultants.• Clarified Committee's role regarding hiring and evaluating Chief Counsel.• Clarified Committee's role regarding Fiduciary Counsel.• Added language regarding elections previously misplaced in the Health Care Committee Charter.



PSERS Defined Contribution Plan Committee Charter

Article II Section 4

I. Purpose and Authority

The primary purpose of the Defined Contribution Plan Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to the School Employees’ Defined Contribution Plan and Trust (“PSERS DC Plan”) established by the Act of June 12, 2017 (P.L. 11, No. 5) for the exclusive benefit of participants and their beneficiaries subject to the specific terms of the PSERS DC Plan document, the Public School Employees Retirement Code (“Retirement Code”), and other applicable law.

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. Nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

II. Composition

The Committee shall consist of five (5) current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Deputy Executive Director and Director of Defined Contribution Investments (“Director”) will be the primary staff liaison with Committee.

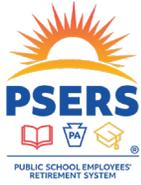
III. Meetings

Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least two (2) times every year. The Committee Chair, after-in consulting consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. Conduct the search (using any of the methods of source selection defined in the Procurement Code) for the DC plan consultant, with the assistance of staff, and make recommendations to the Board. The Committee should ensure the search is conducted for the DC plan consultant contract at least every five (5) years unless the Board directs otherwise.
2. Evaluate the performance of all plan service providers necessary or desirable for the administration of the PSERS DC Plan, including but not limited to a consultant, a third-party administrator, a trustee or trustees, a custodian, and other such service providers as shall be necessary or appropriate for the administration and operation of the plan. The Committee should ensure that RFPs are conducted for each key service provider contract at least every five (5) years unless the Board chooses otherwise.



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B. Recommend direction and policy to the full Board

1. Annually identify anticipated PSERS DC Plan policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
2. Recommend vital signs and metrics for the DC plan and identify tolerances for acceptable vs. unacceptable variability in performance.
3. Review and recommend to the Board amendments to the PSERS DC Plan and regulations that are deemed necessary or desirable to facilitate the administration of the plan and/or to maintain or bring the plan into compliance with the Retirement Code, Internal Revenue Code, and other applicable law.

C. Recommend approval of key decisions

1. Make recommendations to the Board on decisions related to investment options, investment providers, vendors, recordkeeper, other consultants, and other plan service providers.

~~2. Recommend to the Board any positions regarding legislative proposals related to the PSERS DC Plan.~~

D. Oversee Board-approved direction

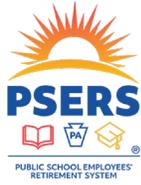
1. Oversee the implementation of investment policy statements and other policies related to the PSERS DC Plan.
2. Monitor fees and expenses that are charged to plan assets and/or paid by participants, including but not limited to investment fees, trustee fees, fees paid to other plan service providers, and PSERS' administrative fee for the ongoing administration of the PSERS DC Plan.
3. Monitor the performance, cost, and management of the PSERS DC Plan investment options, investment providers, vendors, recordkeeper, consultants, and other plan service providers.
4. Monitor the plan participation and ongoing effectiveness of member education related to the PSERS DC Plan.

E. Obtain independent verification

1. Periodically obtain benchmarking reports related to Plan performance and fees and to present the results to the Board.

V. Reporting to the Board

The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:



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- Minutes summarizing the Committee’s deliberations;
- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

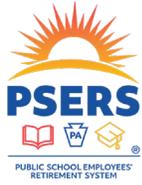
The Chair should ensure that the Board receives sufficient and reliable information to enable the Board to fulfill its fiduciary responsibility of monitoring and overseeing the PSERS DC Plan.

VI. Self-Evaluation

The committee shall conduct a self-evaluation of the Committee’s performance as part of the Board’s self-evaluation process. In addition to identifying opportunities for the committee to improve, the self-evaluation should also seek to identify unmet trustee continuing education needs to be communicated to the Board Governance Committee to add to the curriculum.

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff and Office of Chief Counsel to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



PSERS Defined Contribution Plan Committee Charter

Article II Section 4

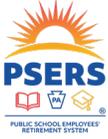
Document Properties

Document Owner: PSERS Board

Document Author: PSERS Board – Defined Contribution Plan Committee

Summary of Changes:

Date	Version	Author	Summary
March 15, 2022	1.0	Funston Advisory Services and DC Plan Committee	
June 17, 2022	2.0	DC Plan Committee	<ul style="list-style-type: none">• Removed redundant language regarding Committee composition.• Clarified language regarding procurement of consultants.



PSERS Finance and Actuarial Committee Charter

Article II Section 5

I. Purpose and Authority

The primary purpose of the Finance and Actuarial Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to budgeting and financial management of the system (including investment valuations), actuarial assumptions and contribution rates, the member shared risk contribution rate, and actuarial administrative option factors.

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. Nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

II. Composition

The Committee shall consist of five (5) current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Chief Financial Officer (CFO) will be the primary staff liaison with the Committee.

III. Meetings

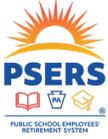
Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least four (4) times every year. The Committee Chair, after-in consulting consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. Conduct the search (using any of the methods of source selection defined in the Procurement Code) for the independent external actuary, with the assistance of staff, and make recommendations to the Board. The Committee should ensure the search is conducted for the independent external actuary contract at least every five (5) years unless the Board directs otherwise.
2. At least annually, meet individually with the CFO and the independent external actuary without other staff present to ensure there has been no undue influence on their activities or reporting to the Committee or the Board.
3. Evaluate the performance of the independent external actuary annually and provide feedback regarding performance and future expectations.

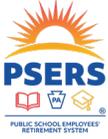
B. *Recommend direction and policy to the full Board*



PSERS Finance and Actuarial Committee Charter

Article II Section 5

1. Annually identify anticipated financial, investment valuation, actuarial, contribution and related collections, banking including benefit and administrative expense disbursements, and shared risk contribution policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
 2. Review and make recommendations to the Board on all policies and any amendments governing financial, investment valuation, actuarial, contribution and related collections, banking including benefit and administrative expense disbursements, and shared risk contribution issues.
 3. Review and make recommendations to the Board regarding funding risk through an asset liability management framework to guide investment strategy and actuarial policies.
 - ~~4. Recommend to the Board positions on proposed legislation affecting anticipated financial, investment valuation, actuarial, contribution and related collections, banking including benefit and administrative expense disbursements, and shared risk contribution policy.~~
 4. Review and make recommendations to the Board on significant financial principles, asset liability management and funding risk methodologies, and actuarial methods.
 5. Review and make recommendations to the Board on vital signs and metrics relative to financial management of the System and identify tolerances for acceptable vs unacceptable variability in performance.
- C. *Recommend approval of key decisions*
1. Review and approve the annual fiscal year budget request prepared by the Office of Financial Management for the pension administrative, defined contribution administrative, directed commissions, healthcare-PSERS administrative and investment-related expenses budgets for the next fiscal year prior to their submission to the Governor's Budget Office.
 2. Review and recommend adoption of the actuarial factors, assumptions and methodologies included in the annual actuarial valuation to calculate the employer contribution rate.
 3. Review and recommend certification, each December, of the total employer contribution rate for use by employers in the next fiscal year as recommended by PSERS' external actuary.
 4. Every three (3) years, review and recommend certification of the member shared risk contribution rate for the next three fiscal years as recommended by PSERS' external actuary for class T-E, TF, T-G and T-H members.
 5. Every five (5) years, review and recommend adoption of the actuarial factors, demographic and economic assumptions, and methodologies recommended by PSERS' external actuary and Agency staff.



PSERS Finance and Actuarial Committee Charter

Article II Section 5

6. Every five (5) years, review and recommend approval of new actuarial administrative option factors, as needed, and the date to implement the factors in PSERS' benefits administration system as recommended by Agency staff and PSERS' external actuary.

D. *Oversee Board-approved direction*

1. Oversee the financial soundness of the overall PSERS System, ~~and any other programs offered,~~ including annual review of unfunded liability, overall pension soundness and sustainability, ~~the healthcare programs, defined contribution plan and any other programs offered.~~
2. Review and evaluate periodic updates on the status of the current year budget with Office of Financial Management staff; shall review and approve for publication the System's annual fiscal year financial statements prepared by the Office of Financial Management each fall and no later than December 31st.
3. Oversee financial reporting and controls over financial reporting and processes, including the preparation of the Annual Financial Statements.

~~4. Oversee liquidity and cash management practices of the organization to ensure sufficient cash is available to pay benefits and other PSERS obligations.~~

~~5.4.~~ Ratify all payments reflected in the annual fiscal year financial statements.

~~6.5.~~ Review the annual valuation results for the fiscal year as presented by PSERS' external actuary each fall, but no later than December 31st.

~~7.6.~~ Oversee organizational operations and cost effectiveness.

~~8.7.~~ Review the results of the actuarial experience study by PSERS' external actuary every five years.

~~9.8.~~ Meet periodically with Office of Financial Management staff to discuss other financial management activities and policies on an as needed basis as determined by the Chair, Chief Financial Officer and/or Executive Director.

E. *Obtain independent verification*

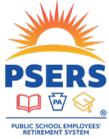
1. Periodically obtain appropriate independent verification of the performance and exception reports issued by consultants, advisors, and/or management and to present the results to the Board.

V. Reporting to the Board

The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:

- Minutes summarizing the Committee's deliberations;

Commented [A1]: This item is included in the Investment Committee charter.



PSERS Finance and Actuarial Committee Charter Article II Section 5

- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

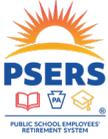
The Chair should ensure that the Board receives sufficient and reliable information to enable the Board to fulfill its fiduciary responsibility of monitoring and overseeing PSERS governance.

VI. Self-Evaluation

The committee shall conduct a self-evaluation of the Committee's performance as part of the Board's self-evaluation process. In addition to identifying opportunities for the committee to improve, the self-evaluation should also seek to identify unmet trustee continuing education needs to be communicated to the Board Governance Committee to add to the curriculum.

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff, including the Office of Chief Counsel, to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



PSERS Finance and Actuarial Committee Charter Article II Section 5

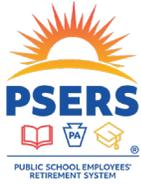
Document Properties

Document Owner: PSERS Board

Document Author: PSERS Board – Finance and Actuarial Committee

Summary of Changes:

Date	Version	Author	Summary
March 15, 2022	1.0	Funston Advisory Services and Finance and Actuarial Committee	
June 17, 2022	2.0	Finance and Actuarial Committee	<ul style="list-style-type: none">• Removed redundant language regarding Committee composition.• Clarified language regarding procurement of consultants.
TBD	3.0	Finance and Actuarial Committee	<ul style="list-style-type: none">• SUMMARIZE REDLINES



PSERS Health Care Committee Charter

Article II Section 6

I. Purpose and Authority

The primary purpose of the Health Care Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to the health insurance program.

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. Nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

II. Composition

The Committee shall consist of five (5) current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Deputy Executive Director and Director of Defined Contribution Investments will be the primary staff liaison with the Committee.

III. Meetings

Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least four (4) times every year. The Committee Chair, after-in consulting consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

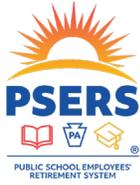
IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. Conduct the search (using any of the methods of source selection defined in the Procurement Code) for the health plan consultant, with the assistance of staff, and make recommendations to the Board. The Committee should ensure the search is conducted for the health plan consultant contract at least every five (5) years unless the Board directs otherwise.
2. Evaluate the performance of all health plan service providers necessary or desirable for the administration of the health plan annually. The Committee should ensure that RFPs are conducted for each key service provider contract at least every five (5) years unless the Board chooses otherwise.

B. *Recommend direction and policy to the full Board*

1. Annually identify anticipated health insurance policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
2. Review and recommend vital signs and metrics for health insurance and identify tolerances for acceptable vs. unacceptable variability in performance.



PSERS Health Care Committee Charter

Article II Section 6

C. Recommend approval of key decisions

1. Make recommendations to the Board regarding changes to the health insurance programs and to the Premium Assistance Program, including, but not limited to, changes to the type or level of benefits offered to retirees and the scope of the health insurance programs; and shall recommend the annual administrative budgets for the health insurance and Premium Assistance Programs.

D. Oversee Board-approved direction

1. Monitor and review the operations of the health insurance programs which the System offers to its retirees and their dependents.
2. Monitor and review the Premium Assistance Program which the System administers for the purpose of reimbursing eligible retirees for out-of-pocket health insurance premium expenses

E. Obtain independent verification

1. Periodically obtain appropriate health plan benchmarking information which compares the PSERS health insurance program to peer programs with respect to cost and outcomes and to present the results to the Board.

V. Reporting to the Board

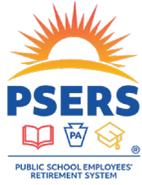
The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:

- Minutes summarizing the Committee's deliberations;
- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

The Chair should ensure that the Board receives sufficient and reliable information to enable the Board to fulfill its fiduciary responsibility of monitoring and overseeing PSERS governance.

VI. Self-Evaluation

The Committee shall conduct a self-evaluation of the Committee's performance as part of the Board's self-evaluation process. In addition to identifying opportunities for the Committee to improve, the self-evaluation should also seek to identify unmet trustee continuing education needs to be communicated to the Board Governance Committee to add to the curriculum.

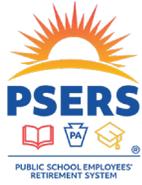


PSERS Health Care Committee Charter

Article II Section 6

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff and the Office of Chief Counsel to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



PSERS Health Care Committee Charter

Article II Section 6

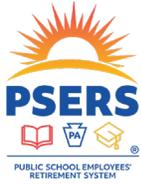
Document Properties

Document Owner: PSERS Board

Document Author: PSERS Board – Health Care Committee

Summary of Changes:

Date	Version	Author	Summary
March 15, 2022	1.0	Funston Advisory Services and Health Care Committee	
June 17, 2022	2.0	Health Care Committee	<ul style="list-style-type: none"> • Removed redundant language regarding Committee composition. • Clarified language regarding procurement of consultants. • Removed language regarding elections misplaced in this Charter and relocated to Governance and Administration Charter. • Moved misplaced recommendation language regarding health care programs from Part B. to Part C.



PSERS Investment Committee Charter

Article II Section 7

I. Purpose and Authority

The primary purpose of the Investment Committee (“Committee”) is to assist the Board in fulfilling its fiduciary oversight responsibilities with respect to investments, including the asset allocation, investment consultants, investment managers, types of allowable investments, investment policies, and overall fund risk and return profile.

The Board hereby delegates all necessary power and authority to the Committee for the Committee to perform the duties and responsibilities described in this Charter. Nothing in this Charter shall be construed as giving the Committee the authority to take any action on behalf of the Board or Board Chairperson without first obtaining the approval of the Board.

II. Composition

The Committee shall consist of all current members of the Board.

The Committee shall elect its Chair and Vice-Chair as provided for in the Bylaws.

The Chief Investment Officer (CIO) will be the primary staff liaison with the Committee.

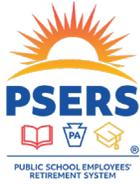
III. Meetings

Committee meetings shall be conducted in accordance with the Bylaws and established rules of order. The Committee shall meet at least six (6) times every year. The Committee Chair, after-in consulting consultation with the Committee Members, shall set the dates and times of the committee meetings and request that the Secretary of the Board provide notice of meetings in accordance with the Bylaws.

IV. Responsibilities

A. *Conduct activities on behalf of the Board*

1. Conduct the search (using any of the methods of source selection defined in the Procurement Code) for the Board general investment consultant (“GIC”), with the assistance of staff, and make recommendations to the Board. The Committee should ensure the search is conducted for the GIC contract at least every five (5) years unless the Board directs otherwise.
2. As needed, make recommendations to the Board regarding selection and hiring of additional external Board independent investment consultants and advisors.
3. Evaluate the performance of third-party investment consultants annually.
4. At least annually, meet with each investment consultant, without staff present, to ensure there has been no undue influence on their activities or reporting to the Committee or the Board.



PSERS Investment Committee Charter

Article II Section 7

B. Recommend direction and policy to the full Board

1. Annually identify anticipated investment policy priorities and establish a calendar of anticipated policy decisions and discuss with the Board.
2. Annually review and recommend updates to the investment policy statement, as appropriate.
3. No less than every five years review and recommend the strategic asset allocation and targeted rate of return.
4. Recommend proxy voting policies and, as needed, policy revisions to the Board annually.
5. Recommend securities litigation policies and, as needed, policy revisions to the Board.
6. Develop and recommend the PSERS beliefs and approach for Environmental, Social, and Governance (ESG) investing.
7. Review and make recommendations to the Board on delegations to the Executive Director or Chief Investment Officer no less than every three years.

~~7.8.~~ Recommend vital signs and metrics for investments and related investment activities and identify tolerances for acceptable vs unacceptable variability in performance.

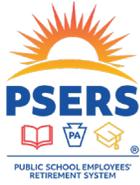
~~8. Recommend to the Board positions on proposed legislation affecting investments.~~

C. Recommend approval of key decisions

1. Review and recommend total fund and asset class policy benchmarks.
2. Oversee searches for investment managers and general partners and make recommendations to the Board.
3. Receive, review and make recommendations to the Board regarding investment proposals presented as required by the Board's standard specifications.
4. Recommend approval of the initiation or settlement of investment-related litigation.

D. Oversee Board-approved direction

1. Oversee the implementation of the Board's mission statement in its relation to the investments of the Fund in accordance with the prudent investor standard set forth in 24 Pa. C.S. §8521(a).
2. Review, oversee and provide direction, as needed, pertaining to the following—
 - a. Investment objectives and guidelines.
 - b. Investment performance of the Fund, investment strategies, and investment managers.
 - c. Plan investment strategy, asset class implementation and investment initiatives.



PSERS Investment Committee Charter

Article II Section 7

- d. Investment risk and compliance with investment policies.
 - e. Fund liquidity management and maintenance.
 - f. Cost effectiveness of the investment program.
 - g. Investment due diligence and monitoring standards and processes.
 - h. Investment office human resource and technology needs.
 - i. Proxy voting policies and significant corporate governance issues.
 - j. Implementation of and updates to the securities litigation policy.
- E. Obtain independent verification*
1. Periodically obtain independent verification of investment performance, cost effectiveness, and manager and consultant representations to the Board.

V. Reporting to the Board

The Committee Chair, with the support of staff, is responsible for reporting on the Committee's activities and recommendations to the Board. Subsequent to each Committee meeting, the Chair should provide:

- Minutes summarizing the Committee's deliberations;
- Documentation in support of any recommendations to the Board; and
- The proposed agenda for the next Committee meeting.

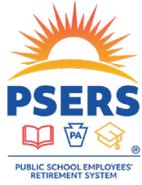
The Chair should seek to ensure the Board receives sufficient and reliable information to facilitate Board decision-making and oversight.

VI. Self-Evaluation

The Committee shall conduct a self-evaluation of the Committee's performance and continuing education needs as part of the Board's self-evaluation process.

VII. Frequency of Review / History

The Committee shall collaborate with PSERS staff, including the Office of Chief Counsel to review this Committee Charter at least every three years. The Committee shall recommend any changes to the Board, as appropriate.



PSERS Investment Committee Charter

Article II Section 7

Document Properties

Document Owner: PSERS Board

Document Author: PSERS Board – Investment Committee

Summary of Changes:

Date	Version	Author	Summary
March 15, 2022	1.0	Funston Advisory Services and Investment Committee	
June 17, 2022	2.0	Investment Committee	<ul style="list-style-type: none"> • Removed redundant language regarding Committee composition. • Clarified language regarding procurement of consultants. • Removed language already provided in the Investment Policy Statement. • Expanded vital signs for oversight.