

PSERS Active Member Newsletter

Volume I - 2022

A publication of the Commonwealth of Pennsylvania's Public School Employees' Retirement System

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Life Expectancy Assumption Changes

Every five years, the PSERS actuaries review our member experience within PSERS.

During the most recent review, our actuaries recommended an adjustment to the life expectancy assumptions used in benefit calculations and the actuarial tables. This change will take effect on July 1, 2022, and will only affect members retiring on or after that date. Current retirees will not be impacted.

The impact on your pension benefit resulting from the change to the life expectancy assumptions will depend on your age at the time of retirement, if you retire before normal retirement eligibility, and whether you choose a retirement option other than the Maximum Single Life Annuity (MSLA). Additionally, if you choose a survivor annuitant, their life expectancy will also impact the benefit calculation but the impact will be minimal.

Thinking of retiring around the end of the 2022 school year?

If you're considering retirement around June or July 2022, you should log into your MSS account any time after March to create your own comparative estimates. You will be able to enter different retirement dates to see the impact these changes may have if you retire before or after they go into effect. You may also request a staff-prepared estimate from PSERS showing how these changes in actuarial factors may affect your benefit, but this option will not be available until some time in March 2022. When you request an estimate in March or later, note on your request if you would like the comparative estimate.

Please remember that retirement estimates done by PSERS staff take 4 – 6 weeks. Estimates can be requested by contacting PSERS or submitting a *Request for Estimate* (PSRS-151) form.

PSERS Chief Investment Officer Announces Retirement

On November 18, 2021, the PSERS Board accepted the future retirement of its Chief Investment Officer, Jim Grossman.

Mr. Grossman has been an integral part of the PSERS Investment Office for more than 24 years, including service as PSERS' Chief Investment Officer since 2013. During his tenure as CIO, the Fund's total net assets have grown from \$49 billion to \$72 billion. Mr. Grossman's guidance and leadership have been important over the last several years as the Fund has continued to recover from the Great Financial Crisis (2007-2008) and improve its funding status. He has been responsible for managing and administering the investment program, advising the Board in the development of an asset allocation policy, and leading the investment office. He also has overseen PSERS' external investment advisors, developed key fund performance indicators, and met with outside constituencies on investment matters, including the Pennsylvania General Assembly.

Mr. Grossman transitioned to the position of Senior Advisor on December 9, 2021, and will assist in the transition to a new Chief Investment Officer until May 1, 2022, when his retirement will be effective. The PSERS Board has commenced a search for the Chief Investment Officer position.

PSERS Executive Director Announces Retirement

On November 18, 2021, the PSERS Board accepted the future retirement of its Executive Director, Glen Grell, who celebrated his 65th birthday at the end of December 2021.

Mr. Grell has served as PSERS Executive Director since 2015, after having served on the Board as a Trustee during his time in the Pennsylvania House of Representatives. Mr. Grell has always been a fierce advocate for fully funding PSERS. One of his many accomplishments has been successfully working with members of the General Assembly and the Governor's Office to secure 100% of the annual required contribution each year since 2016. He led the implementation of a new defined contribution plan as required under legislation passed in 2017, as well as substantial technical upgrades to the pension administration system. Under Mr. Grell's leadership, the Member Self-Service Portal continues to advance in design to become more user friendly.

Mr. Grell also shepherded the agency through an unprecedented global pandemic. This included swiftly and efficiently transitioning staff to a remote work platform without missing a single monthly payment to any of its 243,000 annuitants.

Mr. Grell transitioned to the position of Senior Advisor on January 1, 2022, and will assist in the transition to a new Executive Director until February 28, 2022, when his retirement will be effective.

PSERS Board of Trustees Names Acting Chief Investment Officer

On December 9, 2021, PSERS Board of Trustees named Bob Devine as Acting Chief Investment Officer.

The Board selected Mr. Devine, a 23-year PSERS employee, to temporarily lead the agency's investment office while the Board conducts a nationwide search to find a permanent Chief Investment Officer. As Acting CIO, Mr. Devine, formerly the Fixed Income Managing Director, will report directly to the Board. Mr. Devine succeeds Chief Investment Officer Jim Grossman, who transitioned to a Senior Advisor position and will retire on May 1, 2022.

Mr. Devine, 48, is a life-long Pennsylvanian. He grew up in Centralia, Schuylkill County, and graduated from Villanova University with a bachelor's degree in political science in 1994. Two years later, he earned a master's degree in business administration from Bloomsburg University. In 2004, Mr. Devine earned a Chartered Financial Analyst designation.

Mr. Devine joined PSERS in 1998 as an investment analyst in the Private Equity division. In 2000, he moved to PSERS' Fixed Income unit, where he held several positions until becoming the managing director of the four-member team that manages \$19 billion in assets.

New to the Member Self-Service Portal: Track the Status of Your Retirement Application, Estimate Request, and Refund Applications

PSERS is pleased to announce that a new Status Tracker function will be available in the Member Self-Service (MSS) Portal this year. You will be able to log in to your secure account and access the Status Tracker page to check the status of your:

- Estimate Request
- Refund Application
- Retirement Application

You will be able to track the status of these select applications from their receipt by PSERS through each processing step, and receive an estimated completion date or payment date, as applicable. It will be very similar to tracking a package!

For those with a MSS account, a new platform will be implemented at the end of 2021 that will improve navigation and be mobile-friendly.

Or, if you have not done so already, now is the perfect time to register for a MSS account. MSS is a secure portal that provides 24-hour access to your retirement account online, anytime. You can update your home and email addresses and telephone numbers, nominate beneficiaries, view your annual Statement of Account, and so much more.

Simply visit psers.pa.gov and select the Member Login (MSS) link. You will need your PSERS ID, Social Security number, date of birth, and a valid email address to create your account. You will also find more information on the MSS Portal.

Need Your PSERS ID? The PSERS ID is a safe alternative to using your Social Security number when corresponding with PSERS and is needed to create your MSS account. If you are new to PSERS, your PSERS ID is printed on the materials in your Welcome Packet. Otherwise, look for your PSERS ID in the top right corner of most of your recent PSERS correspondence mailed to your home (e.g., Statement of Account). You can also connect with PSERS at ContactPSERS@pa.gov or 1.888.773.7748 to have your ID mailed to you.

PSERS Board of Trustees Meeting Schedule

January 13, 2022
March 10-11, 2022
June 16-17, 2022
August 4-5, 2022
October 17-18, 2022
December 15-16, 2022

PSERS Board meetings are held in Harrisburg at PSERS, located at 5 N 5th Street.

In addition to Board meetings, Committee meetings are held throughout the year. All PSERS Board meetings are open to the public.

For exact meeting times or if you would like to attend and require an accommodation to participate, please contact Tivia Danner, PSERS Executive Office at tidanner@pa.gov.

PSERS is proud to be
an equal opportunity
employer supporting
workforce diversity.

USPS Mail Delays

In late 2021, the United States Postal Service announced a change to their standards that may result in delays in mail delivery. To avoid delays in receiving correspondence from PSERS, PSERS offers Paperless Delivery through our Member Self-Service (MSS) Portal to ensure that you receive your PSERS correspondence timely. You are automatically enrolled with Paperless Delivery when you register for an MSS account, and you can manage your Paperless settings at any time in your account.

If you are mailing documents to PSERS through USPS, please allow for additional time for the mail to reach PSERS. Alternatively, you may fax documents to PSERS at 717.772.3860 or drop your documents off at a PSERS regional office.

Have Paperless Delivery? Be Sure to Check Your Email for Notification when You Receive Important Documents from PSERS

You are automatically enrolled in Paperless Delivery when you register for a Member Self-Service (MSS) account. This means that you will receive documents from PSERS in your MSS account instead of through physical mail.

It is very important that you sign into your MSS account and check your “My Documents” page when you receive an email notifying you that a document is available. For example, you will receive an email when your class election documents and staff-prepared retirement estimates are available.

PSERS Board Election

The PSERS Board recently had two open positions. We had one candidate for each position. Both candidates were, therefore, elected by acclamation pursuant to Board policy. The acclamation vote occurred at a public meeting of the Board of Trustees on Friday, October 8, 2021.

The candidates' three-year terms begin January 1, 2022.

Susan Lemmo, a resident of Clearfield County and an art teacher at Curwensville Area School District, was an incumbent candidate. She has held one of three board seats elected by the active certified PSERS members since 2014.

Ms. Lemmo has been a teacher since 1990. She has a Bachelor's of Fine Arts from Indiana University of Pennsylvania and a Master's of Fine Arts from Penn State University.

Ann Monaghan, a resident of Hawley, Wayne County, was the candidate for the Board's active non-certified trustee position. She is the registrar, homeless liaison, foster care point-of-contact, and attendance officer in the Wallenpaupack Area School District, which serves Wayne and Pike counties.

Outside of her job, Ms. Monaghan serves on Hawley Borough Council and Hawley Sewer Authority Board. She also is an officer of nonprofit Hawley Forward at the Hawley Hub, a community center for after school programs.

Monaghan will replace Trustee Deborah Beck, who opted not to seek re-election. Beck, a high school principal purchasing secretary in the Upper Darby School District in Delaware County, has served on PSERS Board since 2013.

“Deb Beck has served PSERS Board and its members with honor and conviction for eight years, and she will truly be missed,” said PSERS Board Chair Chris Santa Maria. “I congratulate Sue Lemmo on continuing her service, and I am sure Ann Monaghan's longtime experience in public service will serve our members well.”

PSERS Offers Webinars & Online Resources to Help You Better Understand Your Retirement

Through a survey PSERS recently conducted of new members, it was found that the majority of respondents were “somewhat unconfident” or “very unconfident” in understanding their PSERS retirement benefits.

To help you better understand your retirement benefit and financial wellness, PSERS offers resources you can access online.

- **Class Election Webinars and Videos for New Class T-G Members:** Every month, PSERS retirement representatives hold small-group webinars to help new members better understand their retirement plan and membership class options. During these webinars, attendees may ask questions and interact directly with PSERS representatives. Additionally, three videos are available at psers.pa.gov under *New Members>Class Election Videos*.
- **Foundations for Your Future (FFYF) Presentation for Class T-C, Class T-D, Class T-E, and Class T-F Members:** Regardless of the position you hold with your employer or how close you are to retirement, PSERS recommends that you review the FFYF presentation. The presentation covers topics that will help you better understand your retirement by answering questions about purchase of service, retirement milestones, retirement benefit calculations, and estimates. Recordings of the FFYF presentation are provided on the PSERS website in addition to a PDF of the presentation, which can be found under *Leaving Employment>Foundations for Your Future*. Plans are also underway to once again provide this presentation in a live setting.
- **Recorded Financial Wellness and Investment Presentations for Class T-G, Class T-H, and Class DC Members:** These recorded presentations are available through your PSERS Defined Contribution (DC) online account and on psers.pa.gov. You can access your DC account through the Member Self-Service (MSS) Portal. While these presentations are designed for Class T-G, Class T-H, and Class DC members, the financial wellness and investment information is available to all PSERS members. Topics for these recorded presentations include: Voya Account Introduction, Target Date Investments, Budgeting Concepts, myOrangeMoney, Investment Concepts, and Voya Quarterly Statement.
- **PSERS Handbooks and Pamphlets:** On our website, PSERS offers handbooks and pamphlets that provide in-depth information on topics such as disability retirement, death benefits, returning to service after retirement, and more.

Follow PSERS on Social Media

Follow PSERS on social media for retirement information, educational videos and fact sheets, PSERS investment highlights, and more! PSERS is on Twitter, Facebook, and YouTube (PA Public School Employees' Retirement System)!



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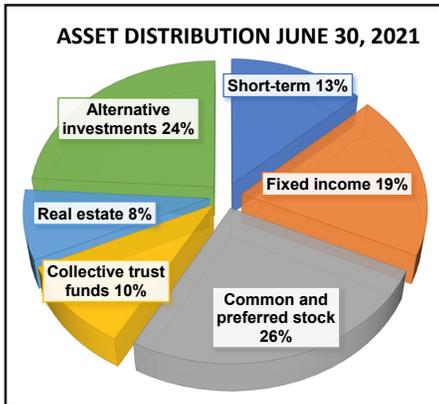
Public School Employees' Retirement System as of June 30, 2021

Highlights of PSERS' funding as of June 30, 2021, are provided below. More detailed information is available in the *Annual Comprehensive Financial Report as of June 30, 2021* (ACFR) and the *Summary Annual Financial Report* (SAFR), which are available on the PSERS website, psers.pa.gov, under "Financial Publications."

PSERS' Total Net Position
(as of fiscal year ended June 30, 2021)
\$72.5 Billion

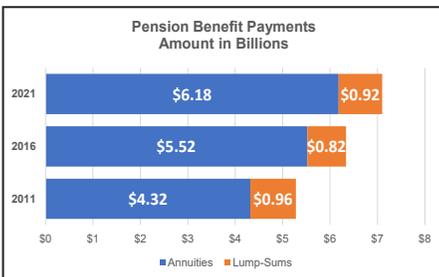
Net Position Held in Trust

The fair value of PSERS' fiduciary net position totaled \$72.5 billion as of June 30, 2021. Strong investment returns resulting in record net investment gains helped push the System's total net assets up to an all-time high of \$72.5 billion.



Investments

- In FY 2021, PSERS earned a positive 24.58% net of fees return and added net investment income of \$14.8 billion to the Fund.
- FY 2021 will be remembered for the COVID-19 pandemic which dominated the headlines and affected everyone globally. With the advent of vaccines which received emergency approval, the economy transitioned from rolling lockdowns to being close to fully reopened in the U.S. As a result of easing monetary policies, stimulative fiscal policies, and re-opening of global economies, global equities and global risk markets continued their upward march since the beginning of the 2021-2022 fiscal year.
- Long-term returns remain above PSERS' return assumption. PSERS posted positive returns of 8.04% for the 10-year and 7.70% for the 25-year period ended June 30, 2021.



Pension Benefit Payments

- PSERS paid \$6.9 billion in pension benefit payments for the fiscal year ended June 30, 2021.
- Of this amount nearly 94%, or \$6.7 billion, went directly into state and local economies. PSERS pension benefits are a significant economic driver that benefit the economy of the Commonwealth.

Total Membership - Active & Retired

As of June 30, 2021, PSERS had approximately 248,000 active members and 769 school employers with an employer payroll of \$14.2 billion. In FY 2021, members contributed more than \$1 billion in contributions to the Fund. PSERS also had approximately 243,000 retirees and beneficiaries. The average yearly benefit paid to retirees is \$25,992.

Reducing Costs

- Based on the most recent international benchmarking survey, PSERS had a 13% lower pension administration cost per member than the average cost for its peer group. By running a lean and efficient operation, PSERS saves the Commonwealth and school employers approximately \$6.4 million annually in administrative expenses compared to its peers.
- The Investment Office currently manages approximately 51%, or \$40.3 billion of the gross assets (inclusive of leverage), in-house. PSERS Investment Office continued the process of filling vacant positions with very capable investment professionals which will allow PSERS to continue its efforts to bring additional assets in-house, provide additional depth to the investment team, and/or enhance risk management, compliance, and operational practices. The estimated savings from managing those assets in-house is over \$40 million per year.

Comparison of Total Accrued Liabilities to Total System Assets
For Valuation Year 2021 (\$ Amounts in Billions)

Year	(A) Accrued Liabilities*	(B) Actuarial Value of Assets	(A) - (B) (Unfunded) Funded Accrued Liability**	(B) / (A) Funded Ratio***
2021	\$ 112.7	\$ 67.2	\$ (45.5)	59.6%
2020	\$ 108.0	\$ 63.9	\$ (44.0)	59.2%

* Accrued Liabilities - Generally PSERS' benefit obligations to current retirees and future benefits to be paid to active members who eventually retire.

** Unfunded Accrued Liability - Shows the portion of the accrued liabilities not covered by assets available to PSERS at the end of the valuation year.

*** Funded Ratio - Measurement used to show PSERS' progress toward funding benefit obligations.

Condensed Statement of Fiduciary Net Position as of June 30, 2021 (\$ Amounts in Millions)

Assets:

Receivables:

Contributions due from members and employers \$ 1,734

Investment receivables and other miscellaneous 812

Total Receivables 2,546

Investments (at fair value) 72,161

Securities lending collateral pool 7,862

Capital assets 17

Miscellaneous 37

Total Assets 82,623

Liabilities:

Benefits and other accounts payable 839

Investment purchases and other liabilities 1,222

Obligations under securities lending 7,862

Other Liabilities 167

Total Liabilities 10,090

Net Position - restricted for pension, DC, and postemployment healthcare benefits \$ 72,533

Condensed Statement of Changes in Fiduciary Net Position for Year Ended June 30, 2021 (\$ Amounts in Millions)

Net Position - restricted for pension and postemployment

healthcare benefits at beginning of year, July 1, 2020 \$ 59,030 A

Additions during the year:

Contributions, DC Participant premiums, and Centers for Medicare & Medicaid Services 6,461

Net investment income 14,764

Total Additions 21,225 B

Deductions during year:

Benefits and refunds paid to members 7,631

Administrative expenses 91

Total Deductions 7,722 C

Change in Net Position restricted for pension and postemployment healthcare benefits (B - C) 13,503 D

Net Position - restricted for pension, DC, and postemployment healthcare benefits

at end of year, June 30, 2021 (A + D) \$ 72,533

Detailed information regarding the financial statements is available in the PSERS' ACFR and SAFR. The ACFR financial statements are presented in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

**PSERS
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Public School Employees' Retirement System
Important Information from the
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