

# Summary Annual Financial Report

Fiscal Years Ended  
June 30, 2018 & 2017



## Pennsylvania Public School Employees' Retirement System

### A Message From the Executive Director

November 7, 2018

On behalf of our Board of Trustees and professionals, I am pleased to present the Summary Annual Financial Report (SAFR) for the Pennsylvania Public School Employees' Retirement System (PSERS) for the fiscal year ended June 30, 2018 (FY 2018). This report summarizes the financial data and accomplishments from FY 2018 that are provided in greater detail in PSERS' Comprehensive Annual Financial Report (CAFR). PSERS' CAFR is available online at [psers.pa.gov](http://psers.pa.gov).

PSERS was established nearly 100 years ago and today provides a secure retirement to over half a million current and retired public school employees. In FY 2018, PSERS distributed \$6.0 billion, or nearly 91% of \$6.6 billion, in pension benefits to retired members who reside in Pennsylvania. These pension disbursements are a significant economic driver that benefits the economy of the Commonwealth.

For the second consecutive year, PSERS received full actuarial funding from school employers and the Commonwealth after 15 previous years of underfunding the actuarially required amount and, as a result, PSERS' unfunded liability on a market value basis has also improved over the last two years after declining for many years. This is an essential step to bring PSERS back to fully funded status. Full actuarial funding from employers and

the Commonwealth, along with members contributions and investment income, are all necessary sources of funds that will continue to pay down the unfunded liability of the System.

**PSERS earned 9.27% in investment returns for FY 2018 and added \$4.7 billion in net investment income.**

Additionally, PSERS has begun a major effort to implement plan designs for three new retirement plan options set forth by Act 5 of 2017. The options include two hybrid plans consisting of defined benefit and defined contribution (DC) components and a stand-alone DC plan. After extensive research and analysis, PSERS selected Voya Institutional Plan Services (VIPS) as the Third Party Administrator for the DC plan and T. Rowe Price Retirement Blend Target Date Funds as the default investment option for the DC plan. PSERS also completed and submitted the draft Plan Document for the new DC plan for approval to the Internal Revenue Service (IRS) on behalf of the PSERS Board of Trustees.

PSERS professionals are dedicated to maintaining the high quality and excellence standards of PSERS current defined benefit plan while implementing new DC features. Much work remains to implement the new plans, but PSERS professionals, together with our vendors and consultants, will successfully meet this challenge.

Respectfully,

Glen R. Grell  
PSERS Executive Director



From left: Jennifer A. Mills, PSERS Deputy Executive Director of Benefits; Glen R. Grell, PSERS Executive Director; Joseph E. Wasiak Jr., PSERS Deputy Executive Director of Administration

# About PSERS

PSERS was established on July 18, 1917, to provide retirement benefits to public school employees of the Commonwealth of Pennsylvania. PSERS has paid out retirement benefits uninterrupted for nearly 100 years and currently serves over 500,000 active, terminated vested, and retired public school employees.

PSERS has 327 employees and is headquartered in Harrisburg, Pennsylvania. PSERS also has seven field offices in strategic areas of the Commonwealth to enable direct contact with the membership.

Under PSERS' current defined benefit plan a member's pension benefit is determined by a formula that takes into account a pension multiplier, years of service, and final average salary. A member's pension benefit is fully funded during their working lifetime and members contribute between 5.25% and 10.30% of their pay depending on the class of membership to help fund their own retirement benefit.

## Act 5 of 2017

On June 12, 2017, Governor Wolf signed Act 5 of 2017 into law. This pension legislation represents a substantial change to PSERS' operations and made significant changes to PSERS' benefit structure for future members.

Under Act 5 of 2017, school employees who become new members of PSERS on July 1, 2019 and thereafter will choose one of three new retirement plan options for their retirement benefits. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan will no longer be available to new members.

*(more information on page 8)*

### A Closer Look at PSERS' Active Members

As of June 30, 2018, PSERS had over 256,000 active members and 775 school employers with an employer payroll of \$13.5 billion.

- The five largest school employers are: Philadelphia City School District, Pittsburgh School District, Central Bucks School District, Allentown City School District, and North Penn School District.
- The average age of a PSERS active member is 45 years with 11 years of service.
- The most years of service earned by a current active member is 62 years.
- The average salary of an active member is \$50,436.



### A Closer Look at PSERS' Retired Members

As of June 30, 2018, PSERS had over 233,000 retirees and beneficiaries who receive over \$497 million in pension and healthcare benefits each month.

- The average yearly benefit paid to retirees is \$25,405.
- Over 73% of PSERS retirees receive an annual pension benefit of less than \$39,999.
- Six-figure pensions are rare, with fewer than one-half of 1% of PSERS retirees receiving an annual pension benefit over \$100,000 after serving an average of 38 years in public education.
- The oldest PSERS retiree is 109 years old.



# Budgetary and Financial Governance

PSERS participates in an annual independent, international benchmarking survey evaluating its costs and service performance in comparison to other similar public pension funds. Based on the most recent survey, PSERS had a 16% 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 \$8.2 million annually in administrative expenses compared to its peers.

PSERS' administrative budget is not funded by taxpayers through the Commonwealth's General Fund, but rather from the earnings of the Fund itself. Historically, PSERS has underspent its approved budget, keeping more funds available to invest for PSERS' members.

PSERS continues to be prudent in its use of funds and managing its annual budget. In FY 2018, PSERS completed the upgrade of its pension administration system from the "classic" to the "browser-based" version. Due to this change, a significant number of PSERS' active and retired members have elected to receive newsletters, statement of accounts, 1099Rs and other documents electronically, thereby saving the agency thousands of dollars in postage, printing and paper costs annually for years to come. Other savings include a decline in contracted maintenance and repair services, a decrease in consultant and legal fees, and a reduction in equipment purchases, all part of PSERS' ongoing efforts to control costs and improve operational efficiency. PSERS began using an obituary service as an additional means of identifying deceased members and also survivors receiving a benefit. This service, along with improved processes, has enabled PSERS to ensure that payments are provided accurately and timely and reduced the volume of payments distributed to deceased members which will lower the number of uncollectible accounts in the future.

In addition, during FY 2018, PSERS continued its ongoing efforts to recover funds from securities class action litigation. The System received \$4.9 million in settlements from these cases in FY 2018.

## Customer Service Improvements

The multi-year effort to upgrade the pension administration system was successfully completed in March 2018. This mission critical system is used by PSERS' professionals, members, and employers to execute PSERS' primary pension administration functions for its members. This upgrade included for members and employers the ability to conduct transactions for themselves which would have previously required staff intervention and to view correspondence from PSERS such as letters, newsletters, Statement of Accounts and 1099Rs online.

Since April 2018 more than 100,000 members have created a Member Self-Service (MSS) account and have conducted more than 50,000 transactions for themselves with the most common action being to update their nomination of beneficiaries. This new system also enables members to select their preference for how they would like PSERS to communicate with them and 98% of all MSS accounts have opted to go paperless and receive information from PSERS electronically.

"By running a lean and efficient operation, PSERS saves the Commonwealth and school employers approximately \$8.2 million annually in administrative expenses compared to its peers."



More Than **98%** of MSS Members have Paperless Delivery which reduces printing and mailing costs for PSERS.



## FY 2018 Customer Service Highlights



Answered  
**156,184**  
Member Calls



Responded to  
**17,856**  
Member Emails



Counseled  
**6,447**  
Members for  
Retirement



Issued  
**2.7 Million**  
Monthly Benefit  
Payments to Members



Processed  
**9,084**  
Retirement  
Applications



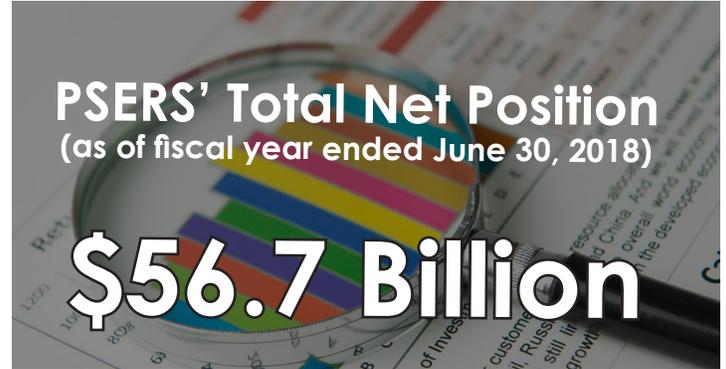
Prepared & Issued  
**257,281**  
1099-R's

# Financial Highlights

## PSERS' Net Position

The fair value of the System's fiduciary net position totaled \$56.7 billion as of June 30, 2018. The System is the 15th largest state-sponsored public defined benefit pension fund in the nation and the 31st largest among public and corporate pension funds in the nation.

PSERS' total net position increased by \$3.2 billion from \$53.5 billion at June 30, 2017 to \$56.7 billion at June 30, 2018. The increase was due in large part to net investment income resulting from the 9.27% FY 2018 return plus member and employer contributions exceeding deductions for benefit and administrative expenses.

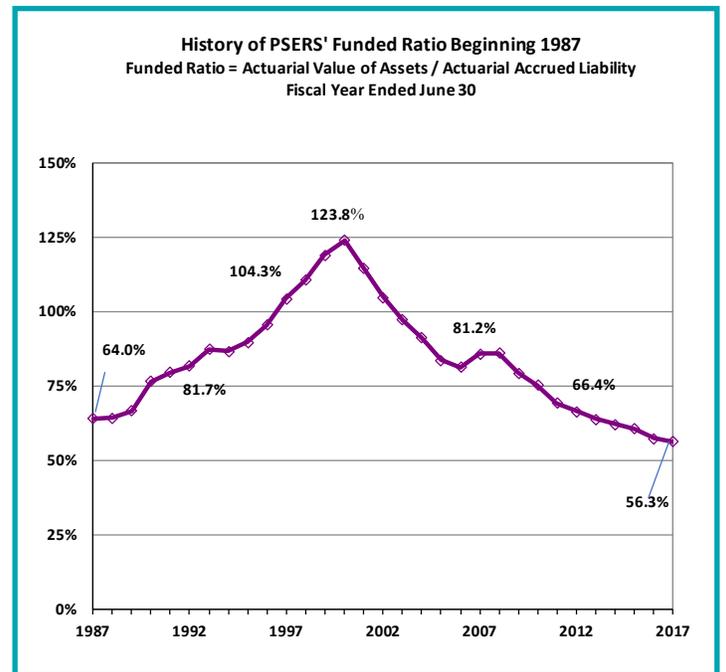


## PSERS Funded Ratio

An independent review of PSERS' assets and liabilities is performed annually. As part of this review, the progress toward funding PSERS' pension obligations is measured. This measurement is referred to as the funded ratio or funded status.

The most recent review reports that PSERS is 56.3% funded with an unfunded liability of \$44.5 billion as of June 30, 2017. The funded ratio for the year ended June 30, 2018, will be available in the review that will be completed at the end of the 2018 calendar year. Based on the investment performance for the ten-year period ended June 30, 2018, the funded ratio at June 30, 2018, is expected to decrease.

The June 30, 2018, valuation will recognize the last year of losses from the Great Recession under the System's ten-year asset smoothing. As a result, the funded ratio in the June 30, 2019 valuation and thereafter is expected to improve.



### Condensed Statements of Fiduciary Net Position June 30, 2018 and 2017 (\$ in millions)

	2018	2017
<b>Total Assets</b>	\$ 61,127	\$ 57,080
<b>Total Liabilities</b>	4,398	3,573
<b>Net Position restricted for pension, Defined Contribution, and postemployment healthcare benefits</b>	<u>\$ 56,729</u>	<u>\$ 53,507</u>

### Condensed Statements of Changes in Fiduciary Net Position Years ended June 30, 2018 and 2017 (\$ in millions)

	2018	2017
<b>Effect of change in accounting principle</b>	\$ (80)	\$ --
<b>Total Additions</b>	10,536	10,364
<b>Total Deductions</b>	7,234	7,008
<b>Change in Net Position</b>	<u>\$ 3,222</u>	<u>\$ 3,356</u>

# Financial Highlights (continued)

## Fee Transparency and Expanded Base Fee Reduction Efforts

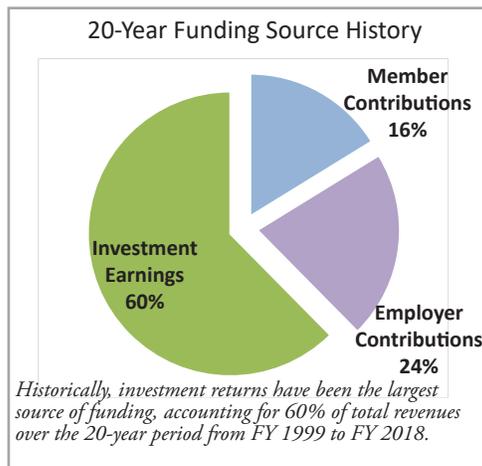
PSERS is one of the most transparent among large public pension funds in the nation for the disclosure of management fees. For example, certain pension funds report very little or no management fees for alternative investments because they are considered part of the cost of the investment and are netted against performance rather than shown separately. PSERS, however, gathers management fee information from each of its limited partnerships and collective trust fund investments, even if it is not specifically disclosed in the fund's standard reports or specifically identified in capital call requests. Such management fee information includes both base and performance fees obtained from either the fund's administrator statement, capital account statement or financial statements. This information is then utilized to report all relevant management fees in the System's financial statements. While the national debate over what constitutes a "fee" continues, PSERS will endeavor to remain transparent and report fees in accordance with current Governmental Accounting Standards Board (GASB) standards and prevailing public pension industry practice to keep PSERS' financial statements both meaningful and comparative to its peers. In addition, PSERS reports all other investment expenses, including professional compensation and overhead, consultant, legal, and bank expenses incurred.

Investment expenses decreased by \$6.8 million from \$474.5 million in FY 2017 to \$467.7 million in FY 2018 mainly due to a decrease in management fees in absolute return and alternative investments of \$18 million. The decrease in absolute return is mainly attributable to a renegotiation of fee terms and lower performance fees earned in FY 2018. The decrease in the alternative investment class is attributable to changes in fee structure brought on by partnerships maturing. The decreases are partially offset by increases in management fees in international equity, fixed income, and commodities asset classes of \$11 million.

As a percentage of total benefits and expenses, investment expense decreased from 6.3% in FY 2017 to 6.1% in FY 2018. Over the last four years, investment expenses as a percentage of total benefits and expenses have decreased from a high of 8.2% in FY 2013 to 6.1% in FY 2018 due to a decrease in investment expenses from \$558 million in FY 2013 to \$468 million in FY 2018. During this same period net assets increased \$8 billion from \$48.7 billion at June 30, 2012 to \$56.7 billion at June 30, 2018.

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## PSERS Funding Sources



PSERS is funded through three sources:

- Member contributions from employees
- Employer contributions, which includes contributions from school employers and the Commonwealth
- Investment earnings from the System

Total member contributions slightly increased from \$1.01 billion in FY 2017 to \$1.03 billion in FY 2018. The increase was mainly due to an increase in member contributions from active member payroll.

Employer contributions increased from \$3.9 billion in FY 2017 to \$4.4 billion in FY 2018 due to the increase in the total employer contribution rate from 30.03% in FY 2017 to 32.57% in FY 2018.

Net investment income slightly decreased from \$5.0 billion in FY 2017 to \$4.7 billion in FY 2018, which is consistent with the decrease in the time-weighted investment rate of return from 10.14% for FY 2017 to 9.27% for FY 2018. The investment rate of return exceeded the return assumption for both years.

## PSERS Internal Controls and Reporting



PSERS is considered a component unit of the Commonwealth of Pennsylvania as defined by the Governmental Accounting Standards Board (GASB). An annual audit of the System by an independent certified public accounting firm is required by the Retirement Code. PSERS has received an unmodified opinion as evidenced in the Report of Independent Public Accountants in the Financial Section of the CAFR. An unmodified opinion means that PSERS' financial statements fairly present, in all material respects, its financial condition. In addition, no significant findings were noted during the audit and therefore, a management letter was not issued. This is the ninth consecutive year that a management letter was not issued and is reflective of the hard work and dedication of PSERS' professionals to continue to improve the internal controls, operations, and efficiency of the System.

# Investment Highlights

## Fiscal Year 2018 Investment Return Exceeds Investment Return Assumption

PSERS is a long-term investor and manages the Fund with long-term objectives (i.e., 25 to 30 years) in mind. The System has built a diversified asset allocation that positions the Fund to earn its return assumption of 7.25% over the long-term although annual fluctuations will occur. PSERS believes the best way to achieve its long-term objectives is to maintain a very diversified portfolio which includes all asset classes available to it, such as equities, fixed income, real assets, risk parity and absolute return.

The past fiscal year can be characterized by a risk-on period where taking concentrated equity risk, specifically U.S. equity risk, paid off as opposed to holding a diversified portfolio of assets. Improving economic fundamentals, improving global growth, low but rising inflation, U.S. tax reform, and improving corporate profitability were all contributors to strong equity performance.

This past fiscal year, investment performance was solid and for the period ended June 30, 2018, PSERS posted annualized net of fee returns of:

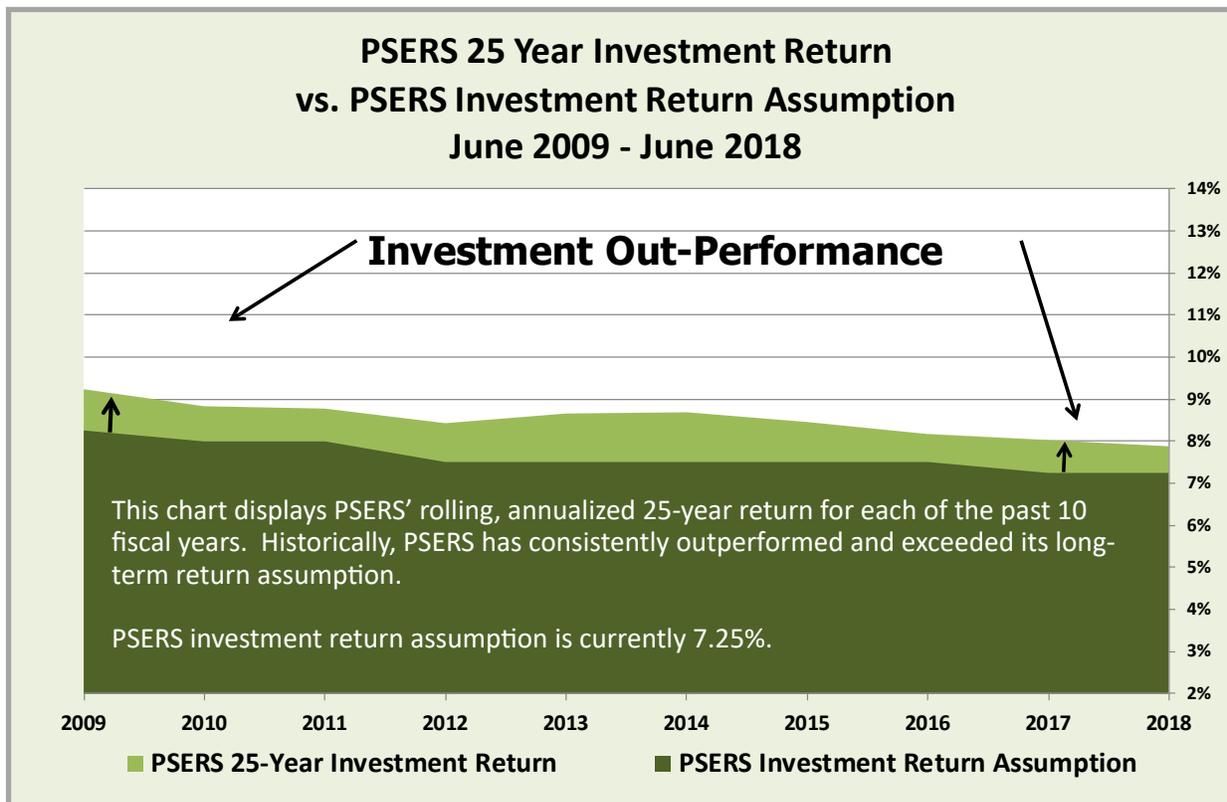
- One-year: 9.27%, added \$4.7 billion in cumulative net investment income
- Five-year: 7.62%, added \$18.6 billion in cumulative net investment income
- 10-year: 5.03%, added \$23.0 billion in cumulative net investment income

Since the end of the Great Recession, PSERS annualized net of fee return for that nine-year period was 9.28%, comfortably above the return assumption of 7.25%.



## Long-Term Investment Performance Exceeds PSERS' Return Assumption

Long-term returns continue to remain above PSERS' return assumption. PSERS posted a positive return of 7.88% for the 25-year period ended June 30, 2018. PSERS' focus remains on maintaining a well-diversified asset allocation that can withstand the volatility in the markets, provide enough liquidity to meet cash flow obligations (primarily monthly benefit payments), and meet PSERS' earnings assumption over the long-term which the Fund has consistently done.



# Investment Highlights (continued)

## Risk-Balanced Asset Allocation

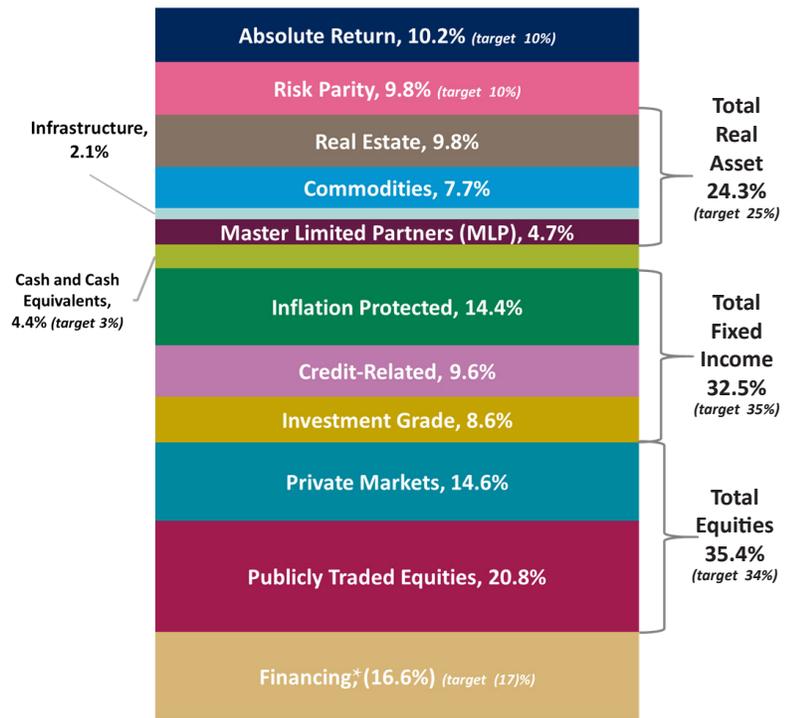
PSERS Board reviews and approves the long-term asset allocation annually. The Board consults with its actuary, investment consultants, and PSERS investment professionals to formulate the asset allocation plan. With interest rates on cash investments around 2%, PSERS needs to take prudent risk to achieve its long-term goal of a 7.25% return. The level of risk taken by PSERS is largely determined by the Board's strategic asset allocation plan.

The Board takes the following factors into consideration:

- PSERS' investment time horizon;
- Demographics of PSERS membership;
- Cash flow needs;
- PSERS' actuarial assumptions;
- PSERS' funded status;
- School employers' and the Commonwealth's financial strength and,
- The Board's willingness to take risk.

Given the significant net cash outflows, the Board has prudently reduced the risk profile of the System since the financial crisis in 2008. It has done so by decreasing its return dependence on the equity markets and increasing its risk exposures to asset classes that are less correlated to equity markets such as inflation-linked bonds, commodities, and absolute return. The goal of such an allocation is to generate the desired return profile with less volatility. While such an allocation will not provide for a large upside in returns, it is expected to minimize downside risks to the System's assets in the event of a large equity market drawdown as experienced during the financial crisis in 2008.

## Asset Allocation (as of June 30, 2018)



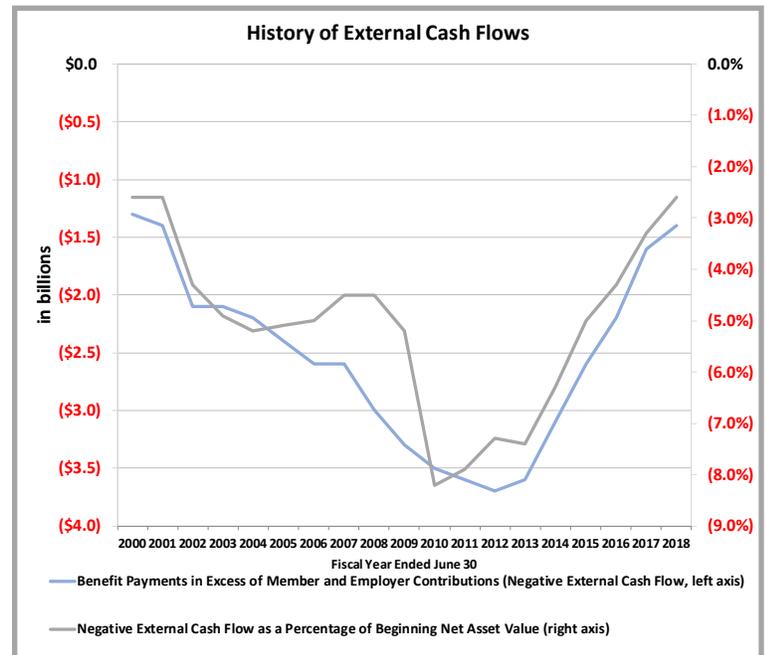
\*PSERS uses financing to achieve increased economic exposure to diversifying asset classes to manage overall portfolio risk while maintaining an allocation designed to achieve the long-term goals of the System.

## External Cash Flow History

Over the past 19 fiscal years, the System has paid out \$48 billion more in benefits than it has received in member and employer contributions (i.e., the System has experienced negative external cash flow).

The average negative external cash flow was approximately \$2.7 billion per year during this period. This annual funding deficiency has averaged 5.44% of beginning net assets each year and represents the amount of investment return needed each year to make up the shortfall (i.e., if the System earned 3.0% in a given year with a 3.0% external cash flow shortfall, then the net assets of the System will be unchanged).

The large negative annual external cash flow has improved significantly since fiscal year 2012 due to the implementation of Act 120 in 2010 (see the History of External Cash Flows chart to the right). Act 120 provided for increased employer contributions to the actuarially required contribution levels. The annual external cash flow shortfall has significantly improved due to the employers increasing contributions over each of the past eight years and making the actuarially required contributions over the last two fiscal years. However, external cash flow is still projected to remain negative and necessitates a larger liquidity position and lower risk profile than a retirement system that has smaller liquidity requirements.



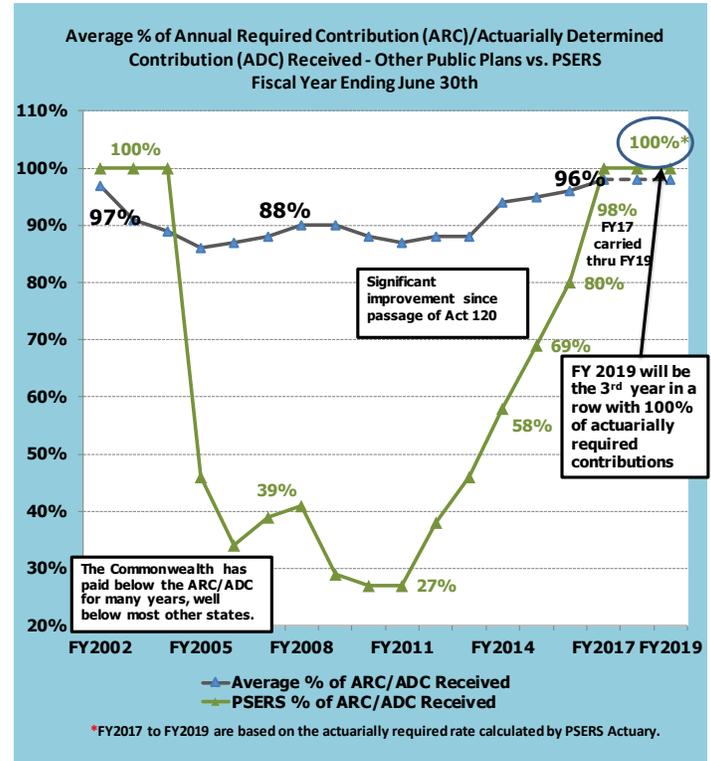
# Pension Funding Progress

Act 120 of 2010 significantly reduced benefits and increased employer contributions to PSERS in stepped increments to slowly raise employer contributions to the actuarially required amount. For the second consecutive year PSERS received full actuarial funding from school employers and the Commonwealth after 15 previous years of underfunding the actuarially required amount. Full actuarial funding from employers, along with members contributions and investment income, are all necessary sources of funds that will pay down the unfunded liability of the System.

The dramatic funding progress under Act 120 of 2010 also helped PSERS funded ratio, on a market value basis, which improved for the second year in row from 51.84% at June 30, 2017 to 54.00% at June 30, 2018. Additionally, on a market value basis, PSERS' unfunded liability declined by \$1.4 billion in FY 2018 as PSERS' total net position grew faster than its total pension liability.

## Act 120 of 2010 Savings

The number of new members under the reduced Act 120 benefit plan continues to grow. As of June 30, 2018, approximately 77,000 or over 30% of PSERS' active membership is under the reduced benefit structure of Act 120. The cumulative savings from the reduced benefit structure also grew in FY 2018 and exceeded \$553 million.



## Implementation Update on Act 5 of 2017 (continued from Page 2)

- PSERS has begun a major effort to implement the new plan designs by the implementation date of July 1, 2019. Voya Institutional Plan Services (VIPS) was selected as the Third Party Administrator for the DC plan. Additionally, after extensive research and analysis by PSERS Investment professionals and pension consultant Charles W. Cammack Associates, PSERS Board selected T. Rowe Price Retirement Blend Target Date Funds as the default investment option for the DC plan.
- PSERS also completed and submitted the draft Plan Document for the new DC plan for approval to the Internal Revenue Service (IRS) on behalf of the PSERS Board of Trustees. It is anticipated that PSERS will have the Plan Document, as approved by the IRS, ready for final review and ratification by early 2019.
- PSERS professionals are dedicated to maintaining the high quality and excellence standards of PSERS current defined benefit plan while implementing new DC features. Much work remains to implement the new benefit plan, but PSERS professionals, together with these two vendors, will successfully meet this challenge.

# PSERS Increased Internally Managed Assets to 38%



From left: Thomas A. Bauer, Deputy Chief Investment Officer, Traditional Investments; Charles J. Spiller, Deputy Chief Investment Officer, Non-Traditional Investments; James H. Grossman Jr., PSERS Chief Investment Officer

PSERS uses both internal investment professionals and external investment managers to invest its assets. As of June 30, 2018, PSERS employed 47 internal investment professionals with a variety of professional credentials including: Chartered Financial Analysts, Certified Public Accountants, Masters of Business Administration, Chartered Alternative Investment Analyst, and a Professional Risk Manager.

During FY 2018, PSERS increased the amount of asset exposure managed internally from \$22 billion, or 37% of PSERS' exposures, to \$23.9 billion, or 38% of the System's exposures. Asset classes such as U.S. equities and publicly-traded infrastructure are entirely managed in-house by PSERS investment professionals. Other asset classes such as non U.S. equities, fixed income, private markets, commodities, real estate, risk parity and master limited partnerships are partly managed in-house by PSERS investment professionals.

By bringing more assets in-house, PSERS generates investment management fee savings. When assets are assigned to PSERS' investment professionals, the total costs (e.g., employee salary and benefits, computers and office supplies) are much lower than the largest "very low fee" index mutual fund companies, giving PSERS a significant advantage.

## PSERS' Investment Professionals Certifications and Education

Investment management is a dynamic profession that continuously adapts to new technologies and evolving professional standards. PSERS investment professionals demonstrate their commitment to continuing education through completion of recognized investment industry designation programs and degree programs.

### Certifications

- 13 Chartered Financial Analysts (CFA)
- 7 Certified Public Accountants (CPA)
- 4 Chartered Alternative Investment Analysts (CAIA)
- 2 Financial Risk Managers (FRM)
- 2 Certified Treasury Professionals (CTP)
- 1 Certified Property Manager (CPM)
- 1 Chartered Global Management Accountant (CGMA)
- 1 Professional Risk Manager (PRM)

### Education

- 44 Bachelor's Degrees
- 16 Master's Degrees (MBA)
- 1 Juris Doctor
- 1 Associate Degree

## PSERS In-House Management Saves Over \$39 Million Annually

The Investment Office received approval to increase its professional complement by seven during the past fiscal year. We were pleased to have all positions filled with very capable investment professionals by the fiscal year end with all but one starting prior to June 30, 2018. The complement increase allowed the Investment Office to support a large increase in assets managed in-house at a significantly lower cost than if those assets were managed externally.

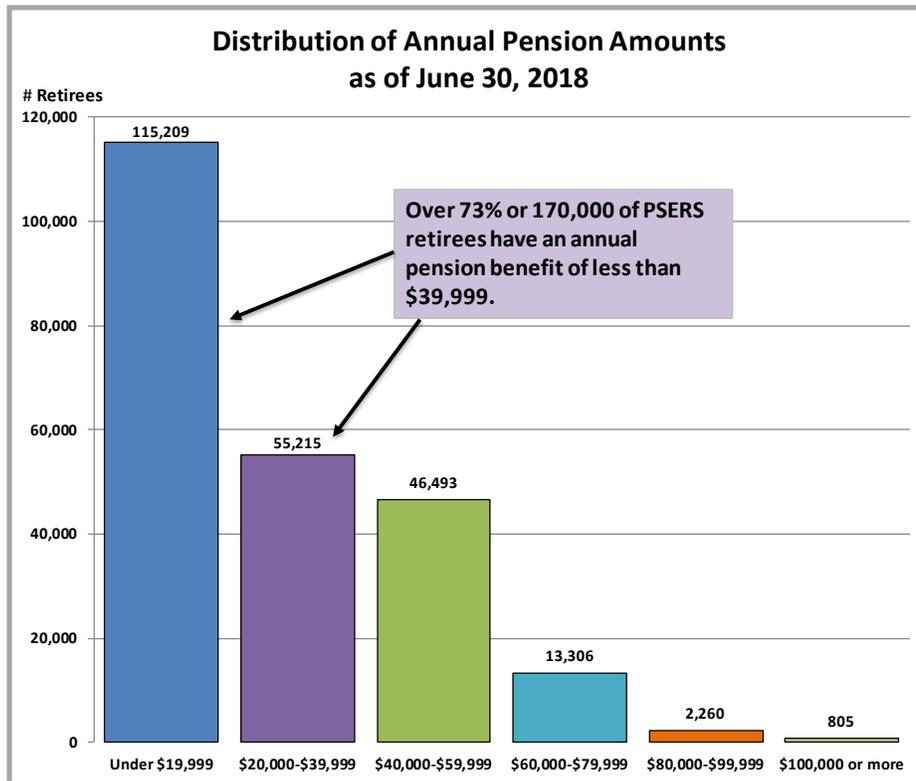
Over the past three years, the Investment Office increased the amount of assets managed internally from 30% to 38%, or by \$6.9 billion. The estimated savings from managing those assets in-house is over \$39 million per year.



# Pension Benefit Disbursement Amounts

The average PSERS retiree receives a modest pension of \$25,405 on an annual basis, a benefit earned through a lengthy career of 23 years in public education. During their career, members make mandatory contributions to PSERS to help fund their own retirement benefit. Most members contribute between 7.50% and 10.30% of their pay depending on their class of membership to help fund their own retirement benefit. In accordance with Act 120, new members as of July 1, 2011 and thereafter are funding the majority of the cost of their benefit. This is in contrast to many non-public (private) pension plans. In over 90% of such plans, members do not contribute and the employers bear 100% of the cost of the benefit.

Six-figure pensions are rare. At June 30, 2018, there were 805 retired members receiving an annual benefit over \$100,000 out of a total 233,000 PSERS retirees. These six-figure pension retirees spent an average of 38 years working in their public education careers and contributing to their benefit.



## Awards for Financial Reporting

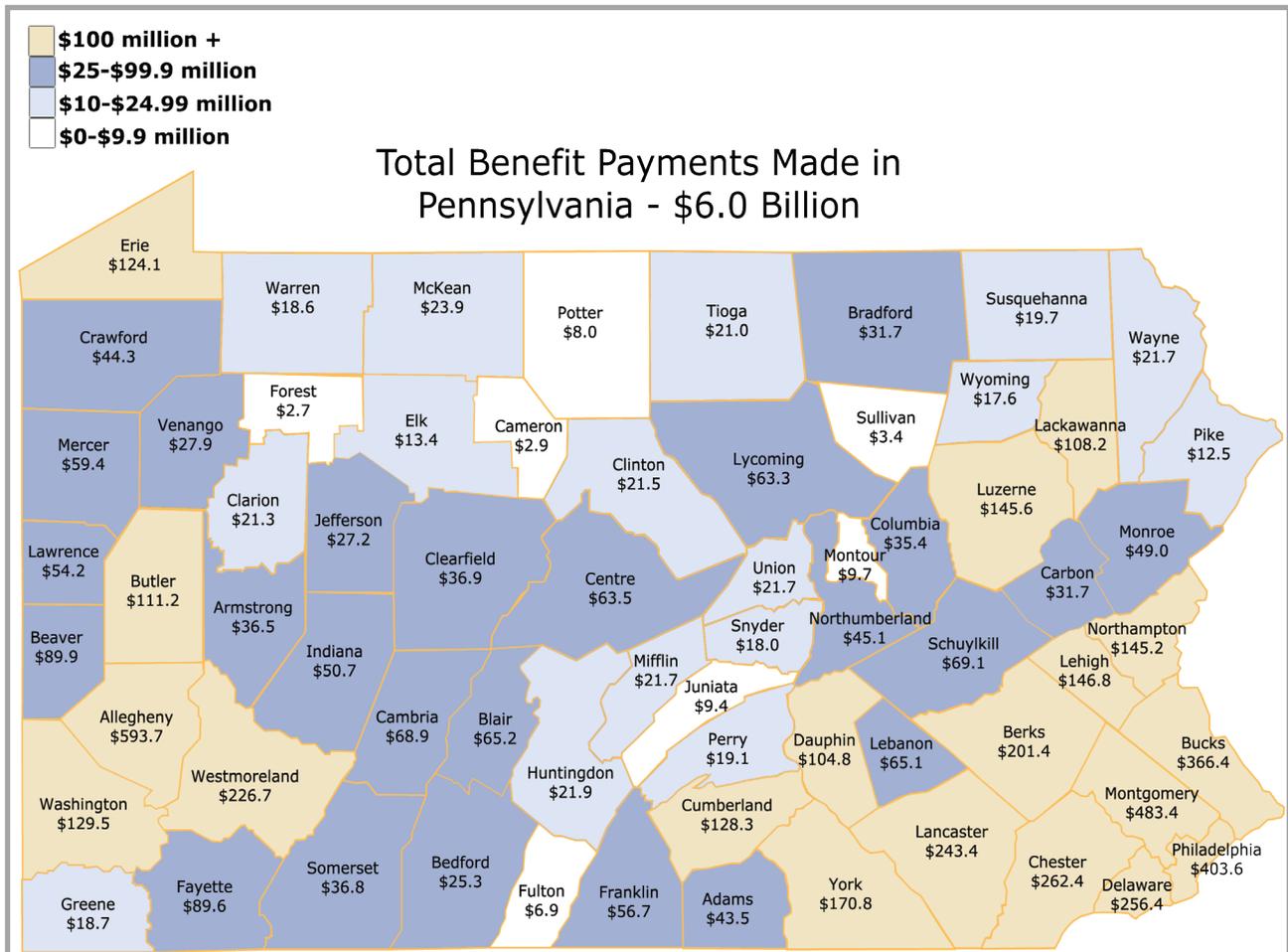
**Government Finance Officers Association (GFOA) of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting** - The Certificate of Achievement awarded by the GFOA is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. PSERS has received a Certificate of Achievement for 35 consecutive years from FY 1983 to FY 2017.

**GFOA Popular Annual Financial Reporting Award** - GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to PSERS for its Popular Annual Financial Report for the fiscal year ended June 30, 2017, which PSERS refers to as its Summary Annual Financial Report. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. PSERS has received a Certificate of Achievement for two consecutive years from FY 2016 to FY 2017.

**Public Pension Coordinating Council Public Pension Standards Award** - The Public Pension Coordinating Council has awarded its Public Pension Standards Award to PSERS for 2017. This award is in recognition of meeting professional standards for plan design and administration.

# Economic Impact in Pennsylvania

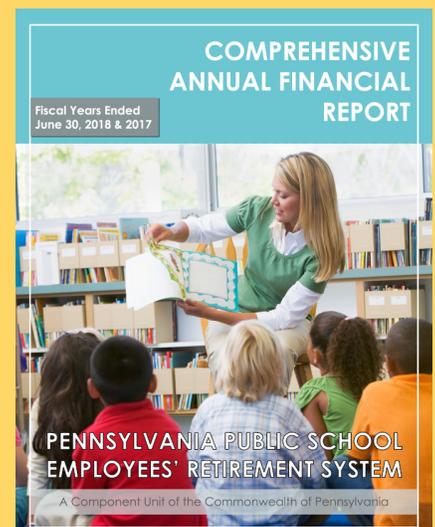
PSERS provides a stable source of revenue for local economies throughout Pennsylvania. Each year PSERS pays out billions in pension benefits to retired members who reside in Pennsylvania. In fiscal year 2018, PSERS pension disbursements to retirees totaled approximately \$6.6 billion. Of this amount nearly 91%, or \$6.0 billion, went directly into state and local economies. These pension disbursements are a significant economic driver that benefit the economy of the Commonwealth.



## For More Information

This Summary Annual Financial Report (SAFR) is produced from information contained in PSERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. All financial information contained in the SAFR conforms with Generally Accepted Accounting Principles (GAAP). PSERS' CAFR, however, contains more extensive information and is available on PSERS' website [psers.pa.gov](http://psers.pa.gov) under "Financial Publications."

The SAFR is also available at [psers.pa.gov](http://psers.pa.gov) under "Financial Publications."





**Seated, front row:** Deborah J. Beck; Melva S. Vogler, Board Chairman; Susan C. Lemmo; Stacey Connors, designee for Honorable Patrick M. Browne

**Standing, second row:** Brian LaForme, designee for Secretary Robin L. Wiessman; Honorable John P. Blake; Lori Graham, designee for Secretary Pedro A. Rivera; Ambassador Martin J. Silverstein; Jason M. Davis; Glen R. Grell, PSERS' Executive Director, Board Secretary; Christopher SantaMaria; Honorable Stephen Bloom; Nathan G. Mains, Board Vice Chairman; Thomas Clancy, designee for Honorable Joseph M. Torsella; Bernard Gallagher, designee for Honorable Joseph F. Markosek

**Not pictured:** Eric DiTullio



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