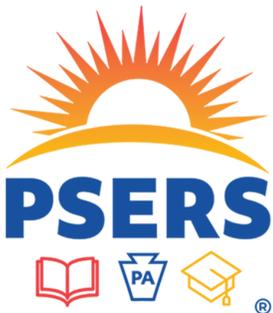


Allegheny National Forest  
Marienville, PA

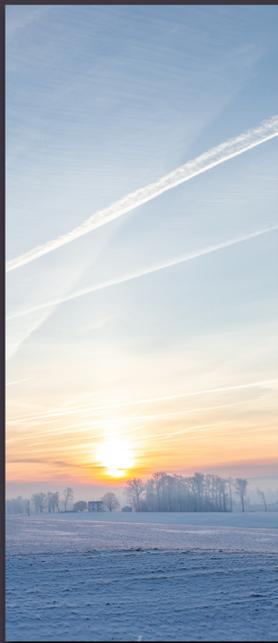
# Budget Report Highlights PSERS On Point

Fiscal Year 2021 - 2022



## PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

A Component Unit of the Commonwealth of Pennsylvania



# What's Inside

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## PSERS At a Glance

PSERS was established on July 18, 1917, and officially began operations on July 1, 1919, to provide retirement benefits to public school employees of the Commonwealth of Pennsylvania.

PSERS' role expanded upon the passage of Act 5 of 2017 to include oversight of two new classes consisting of defined benefit (DB) and defined contribution (DC) components and also a stand-alone DC class. PSERS currently serves over 500,000 active, terminated vested, and retired public school employees.

PSERS is administered by a staff of 361 and has 770 reporting units as of June 30, 2020. PSERS is headquartered in Harrisburg, Pennsylvania and also has seven field offices in strategic areas of the Commonwealth to enable direct contact with the members and employers.

PSERS Defined Benefit (DB) Plan	PSERS Defined Contribution (DC) Plan
A member's pension benefit is determined by a formula that includes a pension multiplier, years of service, and final average salary and is fully funded during their working lifetime.	A member's retirement is based on member and employer contributions, the investment performance on those contributions, and the fees and expenses deducted from the member's DC account.
A DB pension is guaranteed, regardless of market fluctuations.	Member and employer contributions have the potential to grow based on investment earnings, but are not guaranteed against loss in declining investment markets.
Members in the DB Plan contribute between 4.50% and 10.30% of their pay to their PSERS benefit depending on their class of membership. For some membership classes, the contribution rate may change based on PSERS investment performance.	Members with a DC account contribute between 2.75% and 7.50% of their pay to PSERS DC Plan depending on the class of membership.

## PSERS Active & Retired Membership

*As of June 30, 2020*



### PSERS Snapshot

**240,000**  
Retired  
Members

**256,000**  
Active  
Members

**26,000**  
Terminated  
Vested Members

**770**  
School  
Employers

**361**  
PSERS  
Staff

## PSERS Adapts to COVID-19 Pandemic

The COVID-19 pandemic has been a challenge for all businesses and organizations, including PSERS. Processes and communication methods had to rapidly change as the pandemic progressed. PSERS was able to continue to provide excellent service to our members without any major interruptions due to prior extensive emergency planning and staff's determination and ability to quickly adapt to migrating conditions.

Since March 16, 2020, most of PSERS employees have been working remotely from their homes with very limited visits to physical office locations to protect their health and reduce exposure to COVID-19. PSERS operations and processes had to be adjusted with staff working remotely, moving from a 100% on-site presence to a 95+% teleworking presence within three weeks of physical office closings.

PSERS Information Technology Office deployed over 250 laptops. PSERS staff adapted to the situation with minimal delays in service. While office locations, including the member call center, were initially closed, PSERS continued to process daily and monthly benefit payrolls, invest assets, process retirements, respond to member inquiries through emails, and issue refunds, all while working remotely.



### Continuing Service to PSERS Members and Employers

From the March 16, 2020, office closure to December 31, 2020, PSERS has:

- Remotely processed 10 monthly benefit payrolls totaling over **2.3 million payments** and about **\$5.1 billion**
- Collected and invested over **\$4 billion** in contributions from members and employers.
- Processed over **8,000** retirements
- Issued nearly **4,000** refunds
- Responded to over **66,000** member emails
- Answered over **114,000** phone calls

PSERS Employer Service Center (ESC) has responded to nearly **31,000** emails from employers since working from home began.

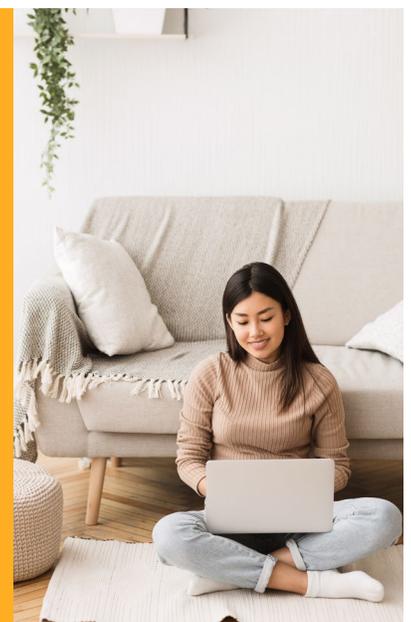
Additionally, nearly **128,000** agency-wide workflows were completed for class elections, retirement estimates, address changes, nomination of beneficiaries, power of attorney, disability, account verification, and many other types of services.

### Remote Retirement Exit Counseling Sessions Available

PSERS Retirement Exit Counseling (REC) sessions also needed to be migrated to remote technology. PSERS quickly converted REC sessions for members who are retiring, from small in-person group meetings of 8 to 10 members to small group online counseling sessions using Skype technology at the end of March. As of December 2020, 785 small group and individual online counseling sessions have been conducted with 4,789 members attending these online retirement counseling sessions. Additionally, we now offer educational videos on our website.

### Email Volume Increases

When PSERS office locations closed, PSERS encouraged members to email, rather than call the member service center. As a result, PSERS saw email volumes more than triple within weeks of closing. Email continues to be a medium being used by members at a higher than normal average, even though PSERS prioritized reopening the member service call center using remote technology in May. Regional offices were opened with additional safety precautions while maintaining minimal staffing to ensure safety while also being available to assist walk-ins beginning in June.





# Commonwealth and School Employer Contributions Make a Positive Difference

PSERS appreciates the budgetary commitment Commonwealth policymakers and school employers make through employer contribution rates (ECR). For the fourth year in row, the ECR increase is in line with inflation and is lower than previously projected.

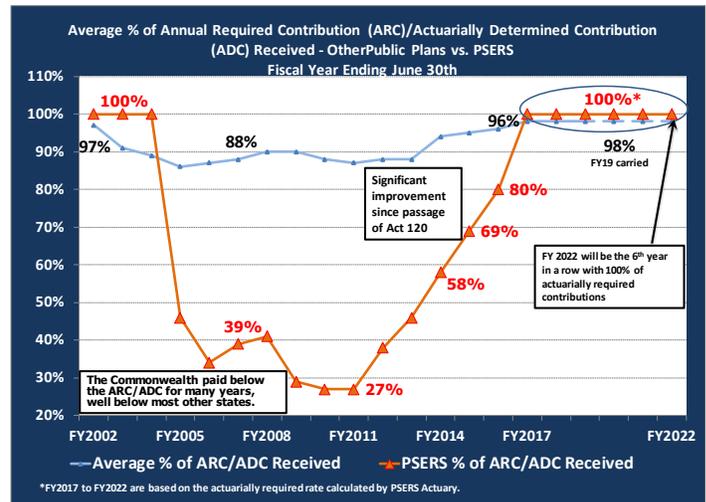
The ECR payments, coupled with Act 120 of 2010 and solid investment performance, helped improve the System's operations.

- PSERS unfunded liability and funded ratio on both actuarial and market value basis continue to improve.
  - ◆ Funded ratio improved from 58.1% to 59.2% this year and over last two years has improved from 56.5% to 59.2%.
  - ◆ PSERS unfunded liability (debt) reduction continues for a second year in a row – The unfunded liability on an actuarial basis was reduced by \$100 million in FY 2020 and by \$800 million over last two fiscal years.
- PSERS external cash flow is more favorable than the public fund average.
- Total employer contributions are lower than originally estimated under Act 120 of 2010.
- Since June 30, 2020, the net asset value (NAV) has continued to grow from \$59.0 billion in assets to \$64.2 billion at December 31, 2020.
- Since June 30, 2020, the unfunded liability on a market value basis declined by an estimated \$4 billion as of December 31, 2020.

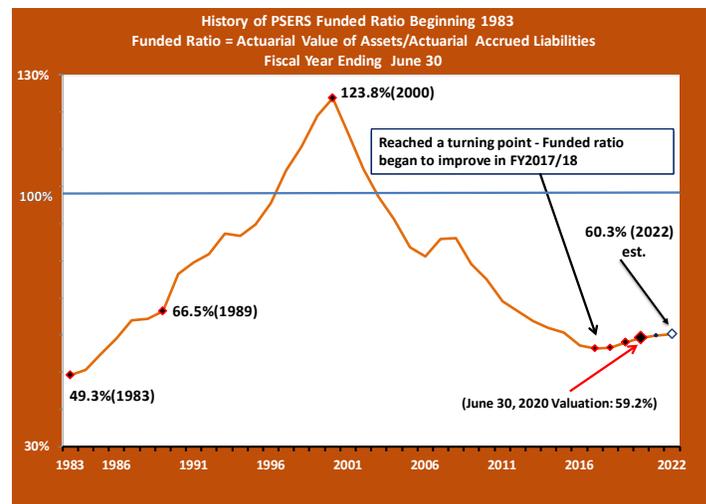
What was the catalyst for this success? The smart changes Act 120 implemented for PSERS and new school employees since July 1, 2011. Act 5 of 2017 also made additional benefit reductions and put in place two new membership classes consisting of defined benefit (DB) and defined contribution (DC) components and a stand-alone DC class.

Act 120 of 2010:

- Reduced the retirement multiplier to the 2.0% level that existed prior to Act 9 of 2001.
- Established a time table of incremental ECR increases needed to repay employer contributions that had been deferred over a long period.
- Set minimum employer payments to cover normal retirement costs not tied to the existing debt.
- Permitted PSERS to smooth in investment gains and losses over 10 years, as opposed to five, to better control budgetary swings for PSERS employers.



Source for Average %: NASRA



## Paying Actuarially Required Rate is Vital to the System

While the employer contribution rate remains high, paying the actuarially required rate is a vital step that has begun to pay down the previously accumulated pension debt.

## **PSERS Defined Contribution Plan: One-Year Milestone**

The Defined Contribution (DC) Plan was successfully implemented with the assistance of Voya Institutional Plan Services (VIPS), as the Third Party Administrator for the DC plan, and Charles W. Cammack Associates, as the pension consultant.

School employees who become new members of PSERS on or after July 1, 2019, can choose from three classes of membership: two consisting of defined benefit and defined contribution components and also one that is a stand-alone defined contribution plan.



### **PSERS DC Plan Membership**

As of December 2020, over 23,500 participants were enrolled in the DC plan. The youngest member is 16 and the oldest is 86.

Current members who were active on July 1, 2019 had a one-time option to elect prospectively into one of the new membership classes; only 10 current members made such an election.



### **PSERS DC Account Website Statistics**

#### Website Logins

2,743 through Single Sign-On  
313 through Voya Financial

#### Avg Website Time

2:01 Minutes



### **PSERS DC Investment Options & Plan Balance**

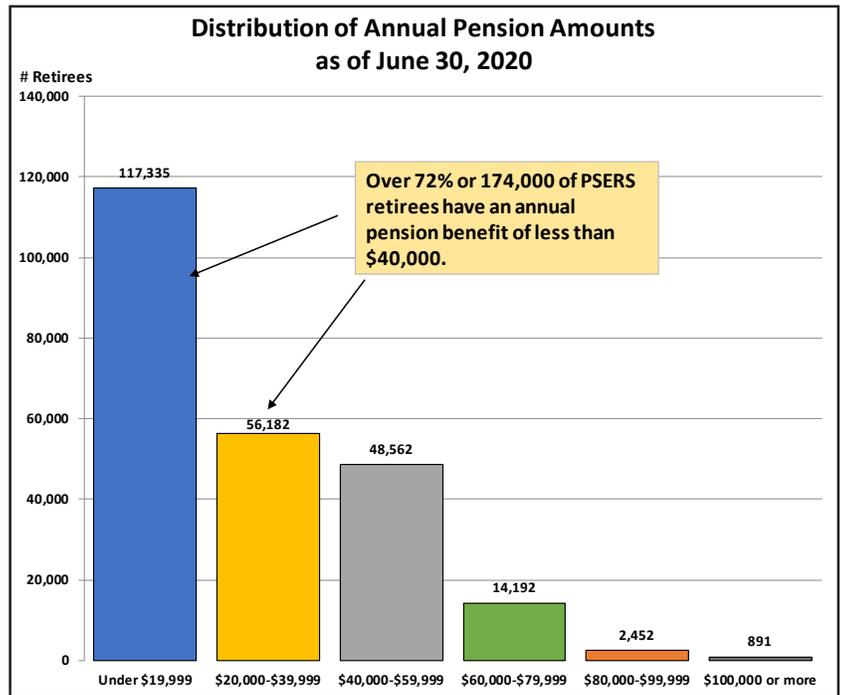
The Retirement Code requires the DC Plan to provide no less than 10 investment options offered by three or more investment providers. Currently, the DC Plan has nine providers offering eleven investment options.

As of December 2020, the total DC Plan balance was approximately \$38 million.

## PSEERS Members Help Fund Their Own Retirement Benefit

The average PSEERS retiree receives a modest pension of \$25,753 on an annual basis, a benefit earned through a lengthy career of 23 years in public education. During their career, members make mandatory contributions 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 the majority 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, 2020, less than 1% of retired members received an annual benefit over \$100,000. These 891 pension retirees spent an average of 38 years working in their public education careers and contributing to their benefit.



**PSEERS' member contribution rate is one of the highest among U.S. public pension plans that participate in Social Security.\*\***

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. Some members also share the investment risk and gain. Member contribution rates for members hired on or after July 1, 2011, are subject to change every three years, based on the investment performance of the retirement fund.



\* Based on a query of private plan IRS Form 5500 filings

\*\* According to the most recent National Association of State Retirement Administrators (NASRA) data, PSEERS member contribution rate is the 15th highest member contribution rate among 77 large U.S. public pension plans that participate in Social Security as of FY 2019.

# Payment for Past Service Debt is Nearly 77% of the Total Employer Cost

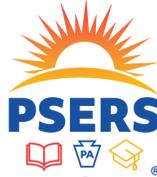
The majority of the employer contribution rate (ECR) in FY 2021-22 is for payment of the debt from past service (unfunded liability). It is not due to the payment of the current cost of benefits (employer normal cost) being earned by active members.



School employers are reimbursed by the Commonwealth for at least 50% of the ECR.



Once the Commonwealth reimbursement is received, school employers contribute the full ECR amount to PSERS.



ECR for FY 2021-22: 34.94%



**76.7%** of every dollar for **Past Service Payment** (Unfunded Liability)



**21.0%** of every dollar for **Current Service Payment**

**2.3%** of every dollar for **Healthcare Premium Assistance\***



\*per § 8509 in the Retirement Code

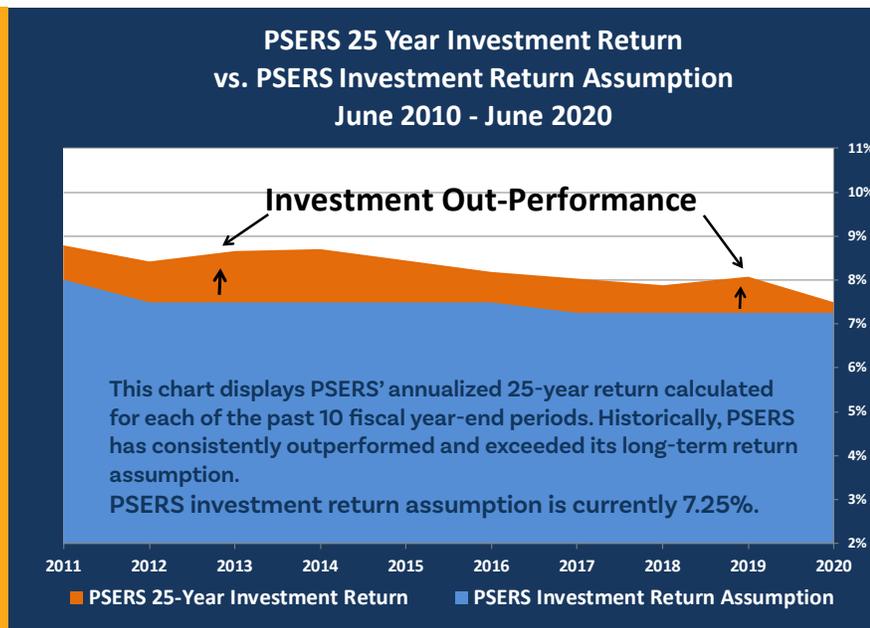
## PSERS is Built for the Long Haul

### Long-Term Investment Performance Consistently Outperforms

PSERS has built a diversified asset allocation that positions the Fund to earn its return assumption of 7.25% over the long-term (i.e., 25 to 30 years) 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, and absolute return.

The past fiscal year will be remembered as a tale of two halves with a net of fee return of 1.11%. The first half was highlighted by a strong period for equity returns while the second half was dominated by a global pandemic with many economies in the world completely shutting down and plunging the global economy into a recession. However, pension plans like PSERS are built to generate long-term returns, so one good (or bad) year is not going to make (or break) the Fund. The System focuses on long-term returns. For the past 10 years, the Fund's annualized net of fee return was 7.70% and 7.48% over the last 25 years. The System has built a diversified allocation to allow it to collect risk premiums over the long-term.

**Longer-term returns continue to remain above PSERS' return assumption. PSERS posted a positive return of 7.48% for the 25-year period ended June 30, 2020.**



### PSERS Hosted Sustainable Investing Education Sessions



Susan Oh, PSERS Director of ESG Research and Currency Hedging

PSERS Board hosted two educational sessions in December 2020 and January 2021 on sustainable investing as part of the Board's efforts to proactively study financial and corporate trends that could impact investment returns of the \$63 billion pension fund.

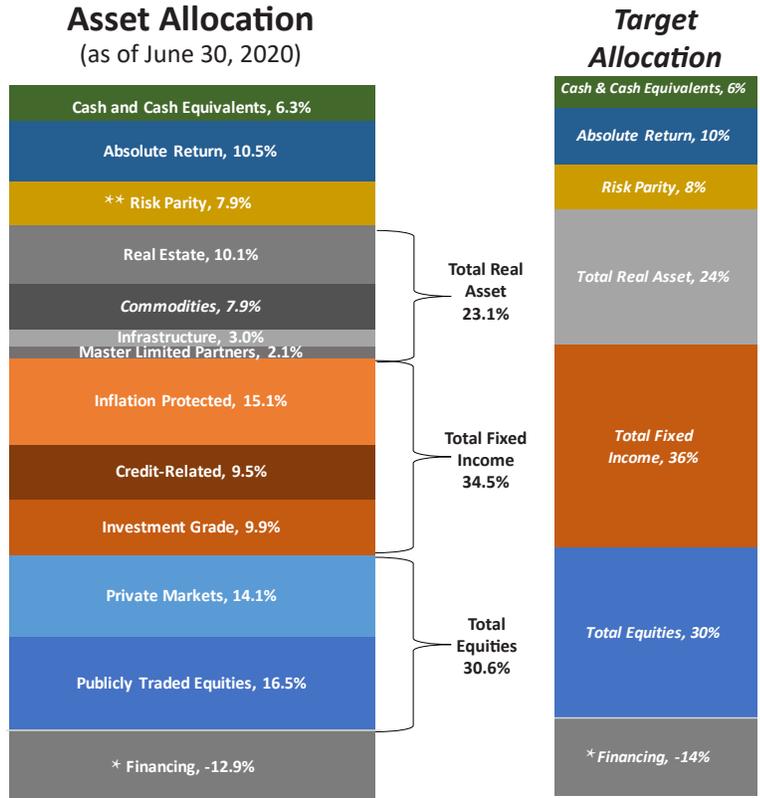
Sustainable investing is also known as ESG, an acronym for an investment practice that examines how well a company incorporates certain Environmental, Social and Governance standards into its operational practices to maximize returns while bettering their employees, customers or clients, and society in the process. The concept started in the 1950s among niche investors, and it has become more mainstream as institutional and individual investors focused on trying to restore public trust in capital markets following the 2008 financial crisis, according to Harvard Law School Forum on Corporate Governance.

## Diversified Assets Limit Risk in Volatile Markets

The asset allocation establishes a framework for PSERS that has a reasonable likelihood, in the judgment of the Board, of realizing PSERS' long-term investment objectives. In establishing the asset allocation for the System, the Board considers capital market expectations for expected return, volatility, and asset class correlations as discussed in the Investment Policy Statement (IPS). The Board also establishes Asset Allocation Targets and Ranges and reviews them annually. The Board undertakes a comprehensive strategic asset/liability review designed to assess the continuing appropriateness of the IPS at least every three years or when material changes to the liabilities take place (e.g., plan design changes, material changes in underlying assumptions, etc.). Such review will consider an asset-liability study of future benefit payments, liabilities, required funding, the appropriateness of the actuarial interest rate assumption and the prospective funded status of liabilities. It may also include a study of portfolio design for optimal diversification and comparisons with peer practices.

In August 2020, the Board adopted an updated Strategic Asset Allocation which eliminated the Risk Parity allocation. Risk Parity is a risk balanced portfolio strategy providing exposure to a broad array of asset classes such as public equities, public fixed income, and commodities. The Board "unpacked" the basic parts of the Risk Parity portfolio and correspondingly increased the internally managed passive asset class exposures that were part of Risk Parity. The elimination of the Risk Parity portfolio did not change the prospective risk or return prospects for the Fund but decreased future management fees and increased the transparency related to the asset holdings and leverage.

In December 2020, the Board adopted a new investment protection program, called tail risk mitigation. The tail risk mitigation program serves as a hedge that aims to provide some protection for the Fund from investment losses should markets steeply plunge as occurred at the onset of the COVID-19 pandemic earlier this year. The program will be managed both internally by PSERS' investment professionals and externally by to be determined investment managers.



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

\*\* The Board of Trustees voted to end the risk-parity program in August 2020, and it was fully liquidated in December 2020.

## PSERS is a Global Investor

**PSERS invests in 92 countries from Angola to Vietnam on 6 different continents.**

## Role of Private Equity in PSERS Asset Allocation

### Why does PSERS invest in Private Equity?

As a large, mature pension plan, PSERS diversifies the Fund's assets into many different asset classes (or "buckets"), which includes private equity funds.

The three primary benefits of investing in the private equity asset class are:

- 1) Diversification - Private Equity offers exposure to companies not accessible through traditional public markets.
- 2) Returns - Studies show that a private equity allocation can offer investors good absolute returns.
- 3) Long-term investment horizon versus public equity (stocks) - Private equity investments typically mature over a 3-to 5-year time horizon versus public companies which must report earnings over a shorter quarterly basis.

### What is Private Equity vs Public Equity?

- Public companies are companies that have their stocks traded on open stock market exchanges.
- Private equity are investments in private companies that do not have access to public capital or have chosen not to list their securities in the public markets.
- Most institutional investors, like corporate and public pension funds, college and university endowments and other long-term investors, provide the capital for private equity funds to function.
- This capital can be used to fund new technology, make acquisitions, expand working capital for a company, improve an underperforming or undermanaged company, or bolster and solidify a company's balance sheet.

Private Equity is essential to the growth and health of the economy. It is estimated there are over 600,000 private companies in North America and Western Europe. In the U.S., the number of public companies has fallen by 50% to around 3,600\*.

\*Tim Jenkinson, Professor of Finance and Director, Private Equity Institute, University of Oxford, Pennsylvania Public Pension Management & Asset Investment Review Commission, September 2018



### PSERS Private Equity Performance

Since the program's inception in 1985, PSERS Private Equity Portfolio earned, AFTER the payment of all fees, expenses, and profit sharing, an internal rate of return (IRR) of 11.19%.

Over the same time frame, the no fee, indexed public market equivalents (PMEs) earned:

- Direct alpha 3.48% annualized (PSERS PE Portfolio earned 300 more basis points than PSERS custom index consisting of 65% MSCI US Small Cap Index / 35% MSCI xUS Small Cap Index.)
- Kaplan Shore (KS) PME 1.12% annualized (PSERS PE Portfolio produced 10% more dollars than an equivalent investment in PSERS custom index)

Private and Public Equity Net of Fees Time-Weighted Returns (June 30, 2020)

Asset Class	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
Private Equity	1.0%	8.6%	9.1%	10.2%	10.8%	8.7%
U.S. Public Equity*	20.9%	14.4%	15.4%	13.8%	10.0%	7.8%
Foreign Public Equity**	10.7%	4.9%	8.9%	4.9%	4.9%	5.2%

\*Russell 3000 Index; \*\*MSCI ACWI xU.S.

## **PSERS Remains Committed to Transparency**

On December 6, 2019, PSERS Board of Trustees approved an investment transparency policy that codified many of the agency's long-standing methods of disseminating investment records to the public, press and policymakers in accordance with existing state laws, Commonwealth directives and best practices in government finance. The policy stresses that PSERS will abide by its legal and fiduciary obligations when using the agency's website and other means to release investment returns and fee data under the Pennsylvania Right to Know Law, Sunshine Act, Public School Retirement Code, various other state codes, and Institutional Limited Partners Association (ILPA) standards. The policy also states PSERS has the discretion to publicize voluntarily "additional financial and investment information" that may go beyond the above-mentioned laws, rules and standards.

The policy also asserts that PSERS has the legal and fiduciary right to protect itself from demands for "additional fee disclosure" that could contain trade secrets and other non-public contractual agreements, which if exposed could hurt investment returns, lead to violations of state and federal statutes, or costly litigation. The policy also urges policymakers and stakeholders to defend the System against "false comparisons" with other pension funds that may not disclose similar data.

For more than two decades, PSERS investment professionals have provided the Trustees with an end-of-the-year private markets report. As part of PSERS' historic commitment to transparency, the report has evolved to provide more detailed information on asset performance, profits and costs. For the third year in a row, the report tabulated cumulative carried interest paid and accrued across asset classes. This report, for the first time, provided a breakdown of base fees and profit sharing/carried interest by individual managers across PSERS' private equity, private credit and private real estate holdings.

### **Investment Manager Fee Report (FY 2020)**

The Investment Manager Fee Report covered costs related to the fund's use of internal investment professionals and external managers to invest the fund's assets of \$59 billion in FY2020. During that time, overall investment expenses increased from 0.82% to 0.90% of the total fund.

The report showed that internal management expenses increased by \$4 million to \$28 million as the System hired more investment professionals to reduce contracting costs with external managers. Additionally, PSERS saves over \$46 million per year in management fees by managing \$26.8 billion internally rather than externally.

### **What is Carried Interest?**

Carried interest is a share of investment profits that is paid out when fund performance is strong. Contractually, the general partner only receives profit shares if it repays all of PSERS' start-up, investment and fixed management fees, and hits an annual preferred rate of return.



**For a Closer Look at PSERS Investments, visit the "Investment Program" page at [psers.pa.gov](https://psers.pa.gov).**

### **Reports & Resources on PSERS website include:**

#### **"Investment Program" page:**

- Carried Interest Report
- Quarterly Investment Performance
- Detailed Manager Fee Information

#### **"Board of Trustees" page:**

- Board Resolutions
- Transparency Policy
- Adjudications

#### **"Financial Publications" page:**

- Comprehensive Annual Financial Report (CAFR) & Summary Annual Financial Report (SAFR)
- Quarterly Financial Statements
- Budget Hearing Reports & Budget Report Highlights
- Actuarial Valuation
- Financial Asset Listing
- Employer Contribution Rates
- PA Pension Benefit Payments Map

## Expanding Internal Investment Professionals Saves Additional Investment Fees

### PSERS In-House Management Saves Over \$46 Million Annually

After receiving approval to increase its complement, PSERS Investment Office is currently in the process of filling those positions with very capable investment professionals to continue our efforts to bring additional assets in-house as well as provide additional depth to the investment team. The complement increase will allow the Investment Office to support the large amount of 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 34% to 47%, or by \$11 billion. The estimated fee savings from managing those assets in-house is over \$46 million per year.

### Investment Fee Reduction Plan Saves \$2.4 Billion

PSERS investment professionals and investment consultants developed and presented an investment fee savings plan at the August 2018 PSERS Board Meeting as directed by the Board. The fee savings plan has a two-pronged approach to generate fee savings. The first established a plan to renegotiate management fee arrangements to create a better alignment of interest between PSERS and each investment manager. The second expanded internal management and brought additional assets in-house at a lower cost than external management.

Together, the cumulative fee savings are \$2.4 billion compounded over 30 years, which represent a 9.6% annual reduction in base management fees. The detailed fee reduction plan is posted on PSERS website. We are pleased to report that as of November 2020, we were able to exceed the total cost savings documented in the plan, achieving approximately 110% of the base management fee reductions targeted. PSERS investment professionals reported those results at the December 2020 Investment Committee meeting and the presentation is posted on the *Investment Program* page on the PSERS website.



**From FY 2013 to FY 2020, total investment expenses have decreased by 8% from \$558 million to \$515 million.**

### 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 degrees program.

- 23 Chartered Financial Analysts (CFA)
- 8 Certified Public Accountants (CPA)
- 13 Chartered Alternative Investment Analysts (CAIA)
- 5 Financial/Professional Risk Managers (FRM/PRM)
- 5 Certified Treasury Professionals (CTP)
- 1 Certified Property Manager (CPM)

- 37 Bachelor's Degrees
- 19 Master's Degrees (MBA)
- 2 Juris Doctors

*Numbers as of December 2020*

## PSERS FY 2021-2022 Budget Summary

PSERS' administrative budget is not funded from the Commonwealth's General Fund. It is funded from the investment earnings of the Fund and member and employer contributions. PSERS' FY 2021-22 budget submission contains an Administrative budget request of \$52,906,000 and a Defined Contribution budget request of \$955,000. PSERS also manages non-appropriated funds that cover expenses for Investment-Related Expenses, Health Insurance Account, Health Options Program, and Directed Commissions. PSERS' FY 2021-22 budgets, including non-appropriated funds, total \$94,019,000.

Appropriation	PSERS' Budget Submission (000s)
Administrative	\$ 52,906
Investment-Related	34,800
Defined Contribution	955
Health Insurance Account	2,004
HIA Health Options Program	1,354
Directed Commissions	2,000
<b>Total</b>	<b>\$ 94,019</b>

## Enhancing Processes to Increase Efficiency and Improve Customer Service



**PSERS Saves Over \$250,000 Annually in Printing & Mailing Costs with Paperless Delivery**

### PSERS Continues to Reduce Mailing Costs and Environmental Impact

Since April 2018, nearly 180,000 members have created a Member Self-Service (MSS) account and have conducted more than 237,000 transactions for themselves. The most common action taken was to create a retirement estimate. This new system also enables members to select their preference for how they would like PSERS to communicate with them. To date, nearly 95% of all MSS accounts have opted to go paperless and receive information from PSERS electronically.

### PSERS Saves \$6.4 Million Annually

PSERS had a 13% lower pension administration cost per member than the average cost of its peer group. By running a lean and efficient operation, PSERS saves the Commonwealth and school employers approximately \$6.4 million in administrative expenses compared to its peers.

### CALENDAR YEAR 2020 CUSTOMER SERVICE HIGHLIGHTS



Answered  
**160,000**  
Member Calls



Issued  
**267,000**  
1099-R's



Responded to  
**72,500**  
Member Emails



Issued **2.8 Million**  
Monthly Benefit  
Payments to Members



Served  
**6,000**  
Members in  
Counseling  
Sessions



Processed  
**9,400**  
Retirement  
Applications

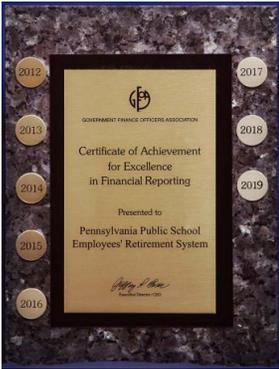
## Health Options Program & Premium Assistance

PSERS administers two post-employment healthcare programs. The Health Options Program (HOP) is a group health insurance program funded solely by eligible participants. HOP expanded coverage options to include vision coverage for 2021. Members who enroll in the MetLife Dental Plan will also be enrolled in EyeMed vision coverage. PSERS also provides up to \$100 per month in Premium Assistance to eligible retirees to help cover the cost of their health insurance. As of December 31, 2020, Premium Assistance is provided to more than 94,000 members.

The PSERS HOP Prescription Drug Employer Group Waiver Plan earned a 4.5 star rating (out of 5 stars) from the Centers for Medicare and Medicaid Services (CMS) for the 2020 calendar year. PSERS is committed to keeping the HOP prescription drug program affordable, offering meaningful member choice, and holding vendors accountable to provide our members with best-in-class service. Only five plans in the U.S. had a higher rating.



## Awards Received During the Past Fiscal Year



**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 37 consecutive years from FY 1983 to FY 2019.

**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, 2019, 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 four consecutive years from FY 2016 to FY 2019.

**Public Pension Coordinating Council Public Pension Standards Award** - The Public Pension Coordinating Council has awarded its Public Pension Standards Award to PSERS for 2019. This award is in recognition of meeting professional standards for plan design and administration.

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### February 2021 PSERS Board of Trustees

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Honorable Francis X. Ryan, Vice Chairman  
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Deborah J. Beck

Honorable Matt D. Bradford  
*House of Representatives*

Honorable Patrick M. Browne  
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Eric O. DiTullio

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*Acting Secretary of Education*

Richard W. Vague

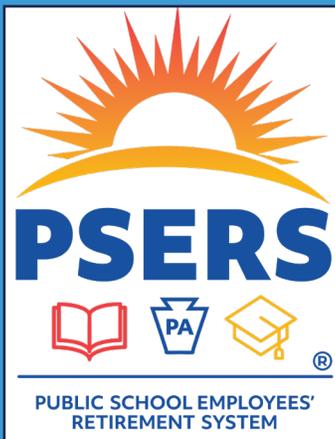
*Secretary of Banking and Securities*

Melva S. Vogler

Governor's Appointee - Vacant

### PSERS Board Education and Training Program

Act 128 of 2020 required PSERS Board of Trustees to receive 10 hours of investment-related education and one hour of ethics training each year. We are pleased to report that in 2020, our 15 Board members and their designees completed over 590 hours of investment-related education and ethics training. On average, each board member and designee received over 31 hours of education, far exceeding the education requirement.



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