

news release

for immediate release

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Penn SERS Board Approves Contribution Rates Receives Key Results from System's 2024 Actuarial Valuation

HARRISBURG – The Pennsylvania State Employees' Retirement Board, meeting here today, received key results from the system's 2024 actuarial valuation and approved the actuarially calculated contribution rates for the commonwealth's 2025-26 fiscal year.

The board approved a composite employer contribution rate of 32.38% of payroll for pension benefits for FY 2025-26. The rate is a decrease from the 33.65% employers are currently paying.

The move followed a presentation by SERS' actuary, Korn Ferry, on the [key results from its 2024 actuarial valuation](#) of the Defined Benefit Plan during the board's Finance and Member and Participant Services Committee meeting last week.

While the full actuarial report will be published next month, the key results showed a shared-risk contribution increase for most employees hired by the commonwealth since 2019.

Shared-risk/shared-gain provisions were written into the Retirement Code in 2010 and 2017. If the SERS Fund performs more than 1% above or below the assumed rate of return during a measurement period, the resulting gain or loss is shared by the employers and members in the form of lower or higher contribution rates. By law, shared-risk/shared-gain is reviewed every three years.

The most recent review was conducted in 2023. For employees hired since 2019, the review considered investment performance during the three-year period from 2020 to 2022 and its impact on the employer rate for FY 2025-26, resulting in a shared-risk increase of 0.09%.

"Investment performance over the past five years has been strong, helping to decrease the employer contribution rate again this July," explained SERS Executive Director Joseph A. Torta. "Unfortunately, at the same time, about 28,000 of our newest active members will see a slight shared-risk increase in their member contribution rate beginning in July. The key difference between the two groups is the review period."

This is the first shared-risk/shared-gain contribution for the fund. The next shared-risk/shared-gain review will be conducted next year.

Other Key Results

According to the actuary, the plan was 70.3% funded as of Dec. 31, 2024, up from 69.6% at the end of 2023 (on an actuarial basis, which is used for funding purposes). The unfunded liability decreased by more than \$10 million to approximately \$17 billion at year end 2024.

The cost of benefits that will be earned by employees in fiscal year 2025-26, or the "normal cost" of benefits, will be 7.65% of payroll, down from 7.94% this fiscal year. A significant portion of the difference between the employers' composite rate and the normal cost of benefits goes toward paying down the unfunded liability of the system.

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Other Business

In other pension plan business, the board approved a commitment of **up to \$130 million** to **Arcline Capital Partners IV LP** and up to **\$20 million** to a **sidecar vehicle** that will co-invest alongside the Arcline IV fund.

In addition, the board authorized staff to begin the competitive procurement process for a vendor to provide actuarial services when the current contract expires in Aug. 2026. SERS' current actuary, Korn Ferry, is welcome to submit a proposal for the new contract.

The board also amended the **Internal Audit Office Charter** to conform with the updated Institute of Internal Auditors global internal audit standards.

Note: The [Shared-Risk/Shared-Gain fact sheet](#) provides more information on the provision.

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 243,000 members. As of Nov. 30, 2024, SERS' Defined Benefit Plan had assets of approximately \$39.5 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$298 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 56,000 participants and assets of approximately \$5 billion as of Nov. 30, 2024. A wealth of information is available at www.SERS.pa.gov.

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