

## **news release**

**for immediate release**

April 25, 2018

### **PA SERS Board Announces Lower Employer Rate Next Fiscal Year Reviews Key Results of 2017 Actuarial Valuation; Approves New Investment Plan, \$250 million in New Investments, and Portfolio Adjustments**

HARRISBURG – The Board of the Pennsylvania State Employees' Retirement System today announced a lower composite employer contribution rate for the commonwealth's 2018-19 fiscal year.

Following a report on the [Key Results of the 2017 Actuarial Valuation](#) by the system's actuary, Korn Ferry Hay Group, Inc., the board approved the calculated composite employer rate of 32.93% of payroll, a decrease from the 33.24% employers are currently contributing. According to the report, SERS' funded status increased to 60.7% (from 55.5%) based on the market value of assets and to 59.4% (from 58.1%) on an actuarial value of assets.

"Over the past eight years, policymakers and our employers have remained disciplined to restoring funding to employee pensions according to the levels established by Act 2010-120 and that work is yielding positive results," explained SERS Chief Financial Officer and Acting Executive Director Anthony J. Faiola. "We have turned a corner as the employer rate is no longer rising and the funding status is climbing."

The composite employer rate represents a weighted average of 21 different rates for the system's various classes of service and subgroups; SERS will notify each employer of the actual rates for its employees.

Within the Private Equity asset class, the board moved to commit up to **\$50 million to Hahn & Company III L.P.** and **up to \$25 million to Hahn & Company III-S L.P.**, which will co-invest alongside Hahn & Company III, as follow-on investments. The funds will focus on mid-market privately negotiated equity and equity-related investments in companies that are based or have significant presence in the Republic of Korea (South Korea).

Within the Multi-Strategy asset class, the board approved a commitment of up to:

- **€80 million (approximately \$100 million) to ICG Europe Fund VII SCSp** to focus on subordinated debt/intermediate capital investments in European mid-market companies.
- **\$75 million to ICG North American Private Debt Fund II L.P.** to focus primarily on private debt investments in North American mid-market companies.

The new investments will be funded from cash, subject to contract negotiations.

Within the Real Estate asset class, the board moved to hire **LaSalle Investment Management, Inc.** to manage a real estate asset portfolio and **Hotel Asset Value Enhancement, Inc.** to manage a hotel/hospitality asset portfolio.

-more-

Within the Global Public Equity asset class, the board moved to convert two existing emerging markets portfolios from separate accounts to commingled structures, and to reallocate **\$400 million** to the existing **BlackRock Emerging Markets Index Fund** from the MCM Russell 1000 Index Fund.

In other business, the board approved contract extensions with two investment consultants, subject to successful completion of contract negotiations:

- An extension of the agreement with **RVK, Inc.** for investment consulting services for the defined benefit, voluntary-participation deferred compensation, and the soon-to-launch defined contribution plans until April 9, 2019.
- An extension of the agreement with **StepStone Group LLC** for private equity investment consulting services until October 5, 2019.

In addition, the board approved the [SERS 2018-2019 Investment Plan](#) and an amendment to the [Board Education Policy](#).

###

#### **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 239,000 members and assets of more than \$30 billion. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

#### **for more information**

Pamela Hile | 717.787.9657 | [phile@pa.gov](mailto:phile@pa.gov)