

PA Public School Employees' Retirement System

# **SUMMARY ANNUAL FINANCIAL REPORT**

Fiscal Years Ended June 30, 2024 and 2023

**A Component Unit of the Commonwealth of Pennsylvania**

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**For more detailed information, refer to *PSERS Annual Comprehensive Financial Report (ACFR)* on our website at [pa.gov/PSERS](http://pa.gov/PSERS) under *Investment and Financial Reporting>Financial Reports*.**

# MESSAGE FROM THE EXECUTIVE DIRECTOR



“The ongoing budgetary commitment of Governor Josh Shapiro and the Legislature authorizing state and school employers to pay the full amount of the actuarially determined contributions continues to help improve PSERS’ funded status.”

I am pleased to present the *Summary Annual Financial Report (SAFR)* for the fiscal year ended June 30, 2024 (FY 2024) on behalf of the Pennsylvania Public School Employees’ Retirement System (PSERS) Board of Trustees and staff.

This report summarizes the FY 2024 financial data provided in greater detail in *PSERS Annual Comprehensive Financial Report (ACFR)*. For more details, refer to the ACFR posted online at [pa.gov/PSERS](http://pa.gov/PSERS).

## Received Full Funding

The ongoing budgetary commitment of Governor Josh Shapiro and the Legislature authorizing state and school employers to pay the full amount of the actuarially determined contributions continues to help improve PSERS’ funded status.

From FY 2017 to FY 2024, PSERS received full actuarial funding from school employers and the Commonwealth after 15 years of underfunding. Full actuarial funding from employers, along with member contributions and investment income, are each necessary sources of funding that will pay down the unfunded liability and return PSERS to fully funded status.

## Paid \$7.6 Billion in Benefits

In fiscal year 2024, on a cash basis PSERS paid \$7.6 billion in pension benefits to all retirees. Nearly 90%, or \$6.8 billion, went to Pennsylvanians. These benefits provide a steady revenue source for our members.

## Controlled Expenses

PSERS continues to be a leader among large U.S. public pension funds of similar size and complexity in its effective control of administrative expenses while providing necessary services to its membership. Leadership continues to focus on delivering investment results more efficiently. As a result of implementing the Board’s directive to prudently reduce allocations to more expensive strategies, investment related expenses relative to net position continues to decline. Between FY 2020 and FY 2024, investment related costs declined from 87 basis points (bps) to 53 bps.

Respectfully,

Terrill (Terri) J. Sanchez

PSERS Executive Director

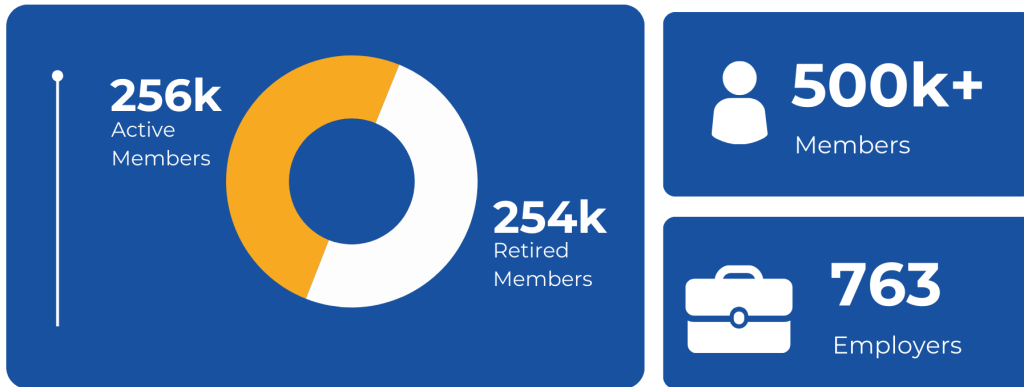
# ABOUT PSERS

## INTRODUCTION



### PSERS MEMBERSHIP

— AT A GLANCE —



*As of June 30, 2024*

Established in 1917, PSERS is one of the oldest pension plans in the United States. PSERS is a governmental, cost-sharing, multiple employer pension plan to which public school employers, the Commonwealth, and school employees (members) contribute. PSERS administers a traditional Defined Benefit (DB) Plan and a Defined Contribution (DC) Plan as well as two postemployment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP), for its annuitants. PSERS currently serves over 500,000 active, terminated vested, and retired public school employees.

## STRATEGIC PLAN

In August 2023, the Board formally adopted a strategic plan framework for our organization. To ensure that our strategic plan was created with a sense of purpose and built on a strong foundation, we revisited our mission, vision and values. Guided by our functions, the Board identified six strategic priorities.

- Enhance member satisfaction throughout the customer experience.
- Enhance comprehensive and transparent financial reporting and forecasting.
- Develop the organizational culture and staff/leadership competencies to meet the demands of the future.
- Implement a robust enterprise risk management program.
- Enhance communications, collaboration, and the education of all critical stakeholders.
- Align all organizational units and functions with PSERS' strategic priorities.

### OUR MISSION

To be a partner with our members to fulfill the promise of a secure retirement.

### OUR VISION

To be a trusted partner in delivering exceptional retirement services and benefits.

### OUR VALUES

**P**ublic accountability and transparency

**S**taff growth and development

**E**xceptional levels of service

**R**espect for our members, stakeholders, and staff

**S**tewardship of resources and investments

## ■ BOARD OF TRUSTEES

PSERS is managed and controlled within applicable state and federal laws by a 15-member Board of Trustees (Board). The Board is an independent administrative board of the Commonwealth that stands in a fiduciary relationship to the members of the DB Plan and the DC Plan regarding the investments and disbursements of moneys. The members of the Board have exclusive control and management of the System and full power to invest, subject to observance of such standards of fiduciary conduct.

PSERS BOARD MEMBERS - JUNE 2024		
CHAIR		VICE CHAIR
Richard Vague Governor Appointee		Susan Lemmo Elected Retired Member
<b>MEMBERS</b>		
The Honorable Matt D. Bradford Pennsylvania House of Representatives		Ann Monaghan Elected Active Non-Certified Member
Dr. Pamela Brown Elected Active Certified Member		The Honorable Dr. Khalid N. Mumin Secretary of Education
Jason M. Davis Elected Active Certified Member		The Honorable Katie J. Muth Pennsylvania State Senate
Eric O. DiTullio Elected by Pennsylvania Public School Boards		Brian A. Reiser Elected Active Certified Member
The Honorable Torren Ecker Pennsylvania House of Representatives		The Honorable Greg Rothman Pennsylvania State Senate
The Honorable Stacy Garrity Treasurer of Pennsylvania		The Honorable Wendy Spicher Secretary of Banking & Securities
Nathan G. Mains Chief Executive Officer of the Pennsylvania School Boards Association, Inc.		

PSERS is administered by a staff of 382 and has 763 reporting units as of June 30, 2024. PSERS is headquartered in Harrisburg, Pennsylvania, and also has seven field offices in strategic areas of the Commonwealth to enable direct contact with our members and employers.

## ■ INTERNAL CONTROLS AND REPORTING

PSERS' management is responsible for internal controls which are designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records. This report has been prepared in accordance with accounting principles generally accepted in the United States of America. The System maintains a full accrual accounting system.

A system of internal controls provides reasonable, but not absolute, assurance that assets are properly safeguarded and that financial statements are reliable. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and second, the valuation of the cost and benefits requires estimates and judgments by management. As required by the Commonwealth, PSERS annually submits an internal controls assessment and monitoring plan to the Commonwealth's Office of Budget in September of each year. No significant deficiencies have been identified in past internal control assessments. PSERS has started a multi-year plan to conduct a SOC 1/Type 2 Review and Audit, a rigorous review/audit of operations and controls. This initiative is on the agency's strategic plan and the audit is scheduled to finish in 2025.

## ■ BUDGETARY AND FINANCIAL GOVERNANCE

PSERS manages multiple budget appropriations which support its ongoing operations. Each October, the agency submits its budget requests to the Governor's Office of the Budget. PSERS' Administrative and Defined Contribution budgets require legislative approval. None of PSERS' budgets are funded from the Commonwealth's General Fund, but rather from the earnings of the System's investments or participant charges. For FY 2024, the budgets for the System's two largest appropriations, the Administrative and the Investment Related Expenses, were \$57.5 million and \$41.1 million, respectively. Historically, the agency has underspent its approved budgets, keeping more funds available to invest on PSERS' members' behalf.

PSERS continues to be a leader among large U.S. public pension funds of similar size and complexity in its effective control of expenses while providing necessary services to its membership. PSERS participates in an independent, international benchmarking survey evaluating its costs and service performance in comparison to other similar public pension funds. Based on the most recent survey, the agency had an 18% 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 \$11.5 million annually in administrative expenses compared to its peers.

# PSERS DEFINED BENEFIT (DB) PLAN HIGHLIGHTS

PSERS  
DB PLAN  
— OVERVIEW —



As of June 30, 2024

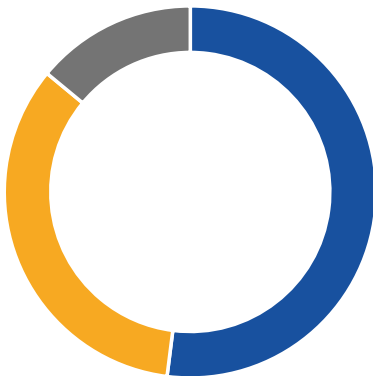
\*As of June 30, 2023, the most recent actuarial valuation

## Financial Highlights

The time-weighted rate of return on PSERS DB Plan investments was 8.14% for FY 2024. The return for the 20-year period ended June 30, 2024, was 7.05%, which exceeded the 7.00% actuarial investment rate of return assumption. DB Plan net position increased \$4.4 billion from \$72.1 billion at June 30, 2023, to \$76.5 billion at June 30, 2024.

PSERS' actuarial funded ratio increased from 61.6% at June 30, 2022 to 63.6% as of June 30, 2023, the most recent actuarial valuation, due to full actuarially determined employer contributions, favorable demographic experience, and positive investment returns. PSERS' unfunded liability decreased from \$44.0 billion at June 30, 2022 to \$42.3 billion as of June 30, 2023.

## PSERS SOURCES OF FUNDING 25-YEAR HISTORY (2000-2024)



- 52% Net Investment Income
- 34% Employer Contributions
- 14% Member Contributions

## Contributions and Funded Status

Employer contributions remained consistent at \$5.3 billion in FY 2023 and FY 2024. This was primarily attributable to employer payroll growth that was offset by a decrease in the employer contribution rate from 34.31% in FY 2023 to 33.09% in FY 2024. Employer contributions increased from \$5.0 billion in FY 2022 to \$5.3 billion in FY 2023. This increase was primarily attributable to employer payroll growth and a small increase in the employer contribution rate from 33.99% in FY 2022 to 34.31% in FY 2023.

Member contributions increased from \$1.17 billion in FY 2023 to \$1.20 billion in FY 2024 mainly due to an increase in member contributions from active member payroll. Pension portion of member contributions increased from \$1.13 billion in FY 2022 to \$1.17 billion in FY 2023 mainly due to an increase in member contributions from active member payroll.

## Investment Income

Investment income of \$5.70 billion in FY 2024 increased from net investment income of \$2.80 billion in FY 2023. Investment earnings provided 52% of PSERS' total funding over the past 25 years.

## Benefits and Expenses

The primary expense source during FY 2024 was for the payment of pension benefits approximating \$7.7 billion on an accrual basis. DB Plan benefit payments increased from \$7.6 billion in FY 2023 to \$7.7 billion in FY 2024. The increase is attributable to an ongoing increase to the average monthly benefit. The average monthly benefit increase is attributable to the increase to the number of members receiving a benefit payment.

## ■ INVESTMENT HIGHLIGHTS

### PSERS FY 2024 Market Value Rate of Return: 8.14%

For the fiscal year ended June 30, 2024, the PSERS DB Plan generated a total net of fee return of 8.14%, exceeding the total fund Policy Index return of 7.07% by 1.07%.

Net investment income for the PSERS DB Plan was \$5.70 billion in FY 2024, an increase from net investment income of \$2.80 billion in FY 2023. The investment portfolio, which is one part of the System’s net position, totaled \$75.6 billion, at fair value, as of June 30, 2024. Investment earnings provided 52% of PSERS’ total funding over the past 25 years. Net investment income also includes investment expenses as a deduction.

The Board has continued to fulfill its mission to maintain the stability and the long-term optimum value of the System. This is evidenced in the long-term growth of the System’s assets and the actuarial soundness of the DB Plan. The annualized time-weighted rate of return for the 10-year period ended June 30, 2024, was 6.82% and is below the System’s current long-term investment rate of return assumption (7.00%). Of utmost importance to the

Board, is the assurance that the required reserves are available for payment of retirement benefits.

The Board approves the investment policies for the System and the Investment Office professionals are responsible for implementing those policies. The overall investment objectives of the System are as follows:

- To generate returns to support the System’s actuarial soundness so it may provide its members with benefits as required by law
- To earn a long-term total return, net of fees, investment, and administrative expenses, that equals or exceeds the actuarial assumed rate approved by the Board
- To earn a long-term total return, net of fees, and investment expenses, that equals or exceeds the Policy Index approved by the Board
- To prudently manage investment risks that are related to the achievement of investment goals

### Annualized Net-of-Fees Returns

(Market Value)

- **10-year: 6.82%**
- **Five-year: 7.60%**
- **One-year: 8.14%**

### Investment Office Developments

FY 2024 was a time of continued development in the Investment Office. Leadership continues to focus on improving internal controls while focusing on implementing the Strategic Asset Allocation (SAA) targets approved by the PSERS Board, on October 25, 2024, effective December 1, 2024. The new targets add 2% to equities and 0.5% to fixed income assets and offset the increases with a decrease of 2.5% within real assets. Leadership also continues to focus on delivering results more efficiently. As a result of implementing the Board’s directive to prudently reduce allocations to more expensive strategies, investment-related expenses relative to net position continues to decline. Between FY 2020 and FY 2024, investment-related costs declined from 87 basis points (bps) to 53 bps.

As of June 30, 2024, internally managed assets were approximately \$44 billion. The investment staff has continued to focus on internal management of assets, when it results in lower investment related expenses overall without compromising return expectations. The investment staff also continue to seek external managers where doing so is more efficient. For example, after the end of the fiscal year, PSERS completed the outsourcing of its derivative exposure management, due primarily to increased operational costs and evolving regulatory controls associated with this type of strategies. Outsourcing derivatives management resulted in reduced overall cost to PSERS, while greatly enhancing the internal control environment over this activity.



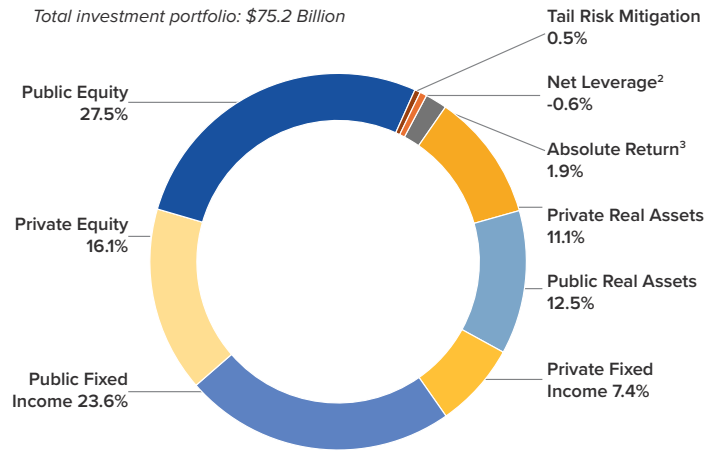
## Diversified Assets Limit Risk in Volatile Markets

The Board periodically reviews the System’s long-term asset allocation targets. The Board regularly communicates with its actuary, consultants, Investment Office professionals, and other sources of information it deems appropriate in formulating the asset allocation. The level of risk assumed by the System is largely a result of the asset allocation. While determining the asset allocation, the Board considers the following factors:

- The System’s investment time horizon
- The demographics of the plan participants and beneficiaries
- The cash flow requirements of the System
- The actuarial assumptions approved by the Board
- The funded status of the System
- The Board’s willingness and ability to take risk
- The employers’ (Commonwealth and school districts) financial strength

In approving the asset allocation for the System, the Board considers capital market expectations for expected return, volatility, and asset class correlations for each asset class, as prepared by its general investment consultant.

### ASSET ALLOCATION AS OF JUNE 30, 2024<sup>1</sup>



**Targets:**

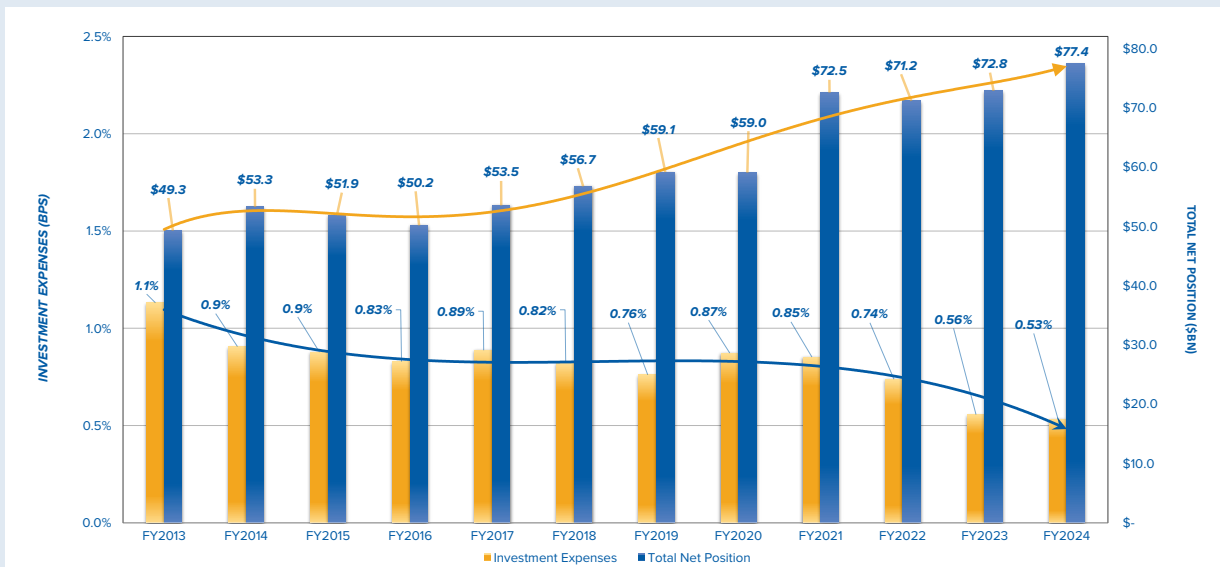
Equity: 42% (30% Public; 12% Private); Fixed Income: 33.5% (27.5% Public; 6.0% Private); Real Asset: 24.5% (12.5% public; 12.0% Private); Absolute Return: 0.0%; Net Leverage: 0.0%; Tail Risk Mitigation: 0.0%

<sup>1</sup> PSERS investments on the Statements of Fiduciary Net Position for financial reporting purposes are not based on the above asset allocation. PSERS asset allocation is for investment purposes only and is based on the PSERS Investment Office Allocation Report. As such, there may be differences between the Condensed Financial Statements and the Investment Asset Allocation.

<sup>2</sup> Leverage is utilized at the asset allocation level to provide additional exposure to diversifying asset classes. The System had a 4.5% allocation to cash, consisting of short-duration, liquid, high quality securities, resulting in a Net leverage target of 0.0%.

<sup>3</sup> The Board’s allocation changes includes the elimination of its absolute return holdings which is expected to be implemented prudently over time.

### Investment Expenses to Total Net Position\* FY2013-FY2024



\*includes Defined Benefit Pension Plan, Premium Assistance, DC, & Health Options Program

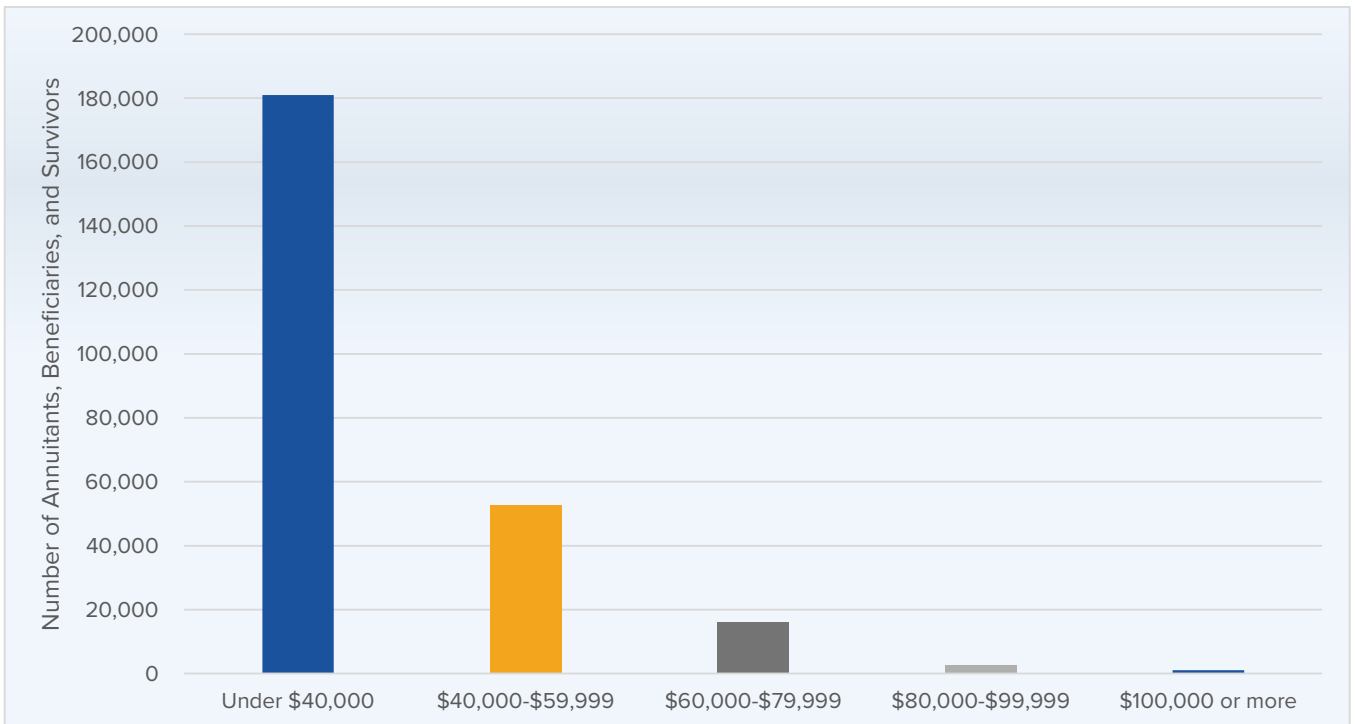
## ■ PENSION BENEFITS AMOUNTS

The average PSERS retiree receives a modest annual pension of \$26,392 after working 23 years in public education. Throughout their careers, members of PSERS must make contributions mostly ranging between 7.50% and 10.80% of their pay to help fund their own retirement benefit. This contribution is calculated based upon the individual’s class of membership. New members hired as of July 1, 2011 and July 1, 2019, fund the majority of their benefit, in accordance with Act 120 of 2010 and Act 5 of 2017, respectively.

While approximately three quarters of PSERS’ retirees receive an annual benefit below \$40,000, approximately 0.4% of retirees’ pension benefits exceed \$100,000. As of June 30, 2024, there were 1,083 retired members receiving an annual benefit over \$100,000 out of approximately 254,000 PSERS retirees. These six-figure pension retirees spent an average of 37 years working in their public education careers and contributing to their benefit.



**Distribution of Annual Pension Benefit Amounts  
June 30, 2024**

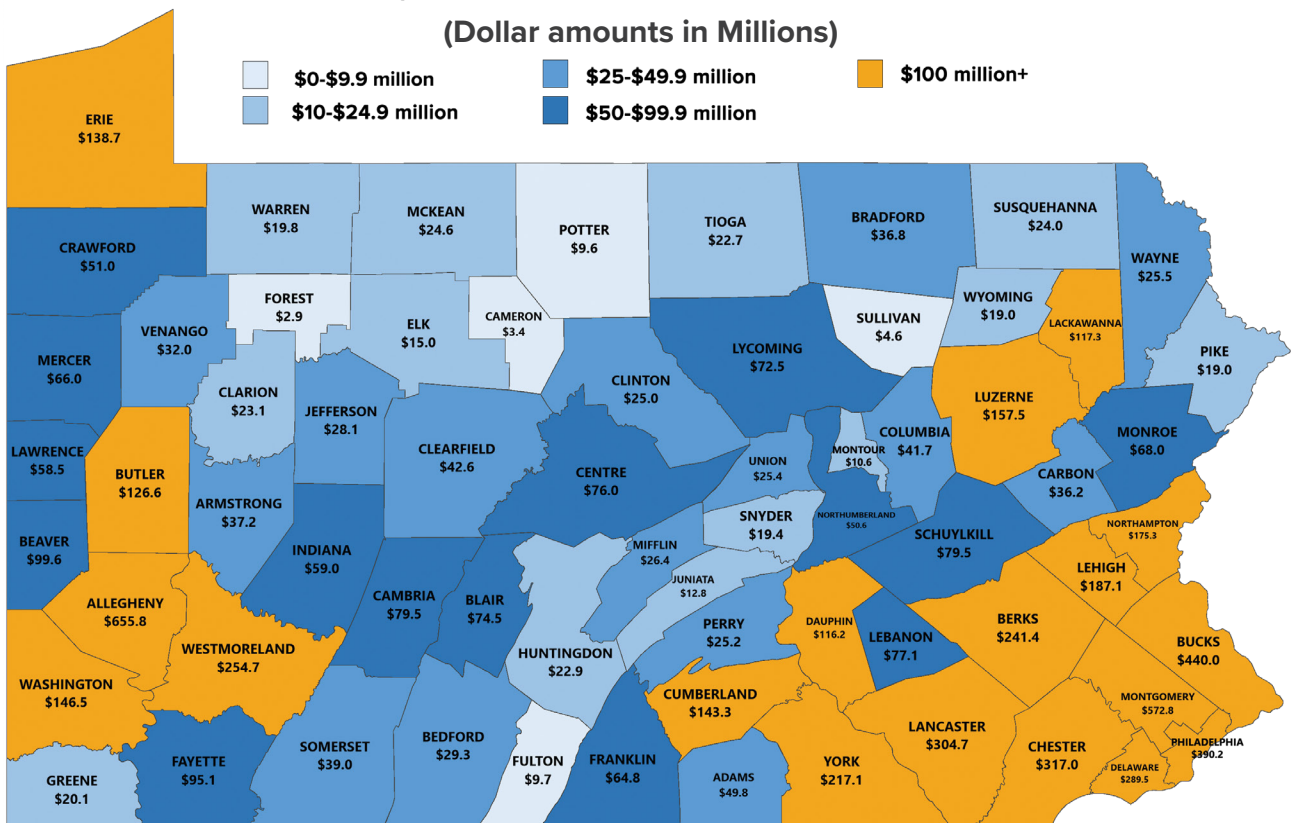


## PENSION BENEFITS BY COUNTY

PSERS provides a stable source of revenue for local economies throughout Pennsylvania. Each year, the agency pays out billions in pension benefits to retired members who reside in the Commonwealth.

In fiscal year 2024, on a cash basis, PSERS pension benefits to retirees totaled approximately \$7.6 billion. Of this amount, 90%, or \$6.8 billion, went directly into state and local economies. These pension benefits are a significant driver that continue to have far-reaching benefits to the state of Pennsylvania’s economy.

**Total Benefit Payments Made in Pennsylvania:  
\$6.8 Billion in Fiscal Year 2023-24  
(Dollar amounts in Millions)**



# PSERS DEFINED CONTRIBUTION (DC) PLAN HIGHLIGHTS

*PSERS administers a DC Plan for employees hired as of July 1, 2019. The DC Plan has continued to rapidly grow. As of June 30, 2024, there were approximately 80,000 participants with a total DC Plan balance of nearly \$356 million.*

PSERS  
DC PLAN  
— OVERVIEW —



*As of June 30, 2024*

## Financial Highlights

Total net position increased by \$154.4 million from \$201.2 million as of June 30, 2023, to \$356.3 million as of June 30, 2024. This increase is primarily due to participant and employer contributions and investments (additions) exceeding the benefits and administrative expenses (deductions).

## Contributions

Total member (participant) contributions increased from \$50.7 million to \$69.7 million, while total employer contributions increased from \$39.3 million to \$53.8 million for the years ended June 30, 2023, and 2024, respectively. Contributions increased due to an increase in participants from 63,700 on June 30, 2023, to 79,800 on June 30, 2024, resulting in an increase in employee and employer contributions. Additionally, employee contributions increased due to a 107.4% increase in participants with voluntary post tax contributions and a 58.8% increase in participants with rollover contributions.

## Investment Income

Total net investment income increased from \$21.5 million to \$44.4 million for the years ended June 30, 2023, and 2024, respectively. Investment performance was driven by artificial intelligence and technology, a robust labor market, consumer and business spending, and a favorable fiscal backdrop.

## Benefits and Expenses

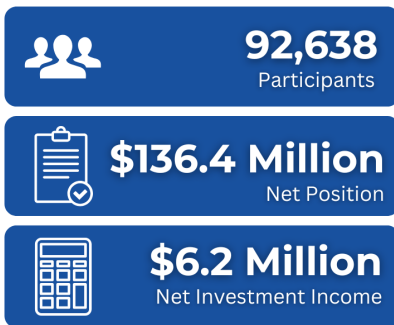
Overall deductions increased from \$8.6 million to \$13.5 million for the years ended June 30, 2023, and 2024, respectively. Total distributions increased by \$3.8 million due to a 27.9% increase in the number of participants receiving distributions and an increase in the average distribution of 26.2% offset by refunds of expenditures due to stale-dated checks. Overall DC administrative expenses increased due to an increase in the total number of participants in the plan and an increase in PSERS personnel cost.

# PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (PREMIUM ASSISTANCE)

## HIGHLIGHTS

*PSERS provides Premium Assistance for all eligible annuitants who qualify and elect to participate. Participating eligible annuitants are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium.*

### PSERS PREMIUM ASSISTANCE — OVERVIEW —



*As of June 30, 2024*

### Financial Highlights

Total net position decreased by \$4.3 million in FY 2024 from \$140.7 million as of June 30, 2023, to \$136.4 million as of June 30, 2024 due to an employer contribution rate decrease partially offset by a decrease in benefit payments and an increase in net investment income. The total net position continues to be sufficient to fund one full year of benefits. The employer contribution rate decreased by 14.67% from 0.75% in FY 2023 to 0.64% in FY 2024.

### Contributions

Employer contributions decreased from \$114.7 million in FY 2023 to \$102.2 million in FY 2024 due to a lower contribution rate (0.75% to 0.64%) partially offset by growth in employer payroll.

### Investment Income

Net investment income for Premium Assistance increased to \$6.2 million for FY 2024 vs. \$4.5 million for FY 2023. This is due to increased short-term interest rates.

### Benefits and Expenses



Premium Assistance total deductions decreased slightly from \$114.0 million in FY 2023 to \$112.7 million in FY 2024. Premium assistance benefit payments decreased from \$112.9 for FY2023 to \$111.7 million in FY 2024. Based on a count comparative analysis, the number of members dropped by nearly 1% which correlates to the slight decrease in Premium Assistance benefit payments.








# PSERS HEALTH OPTIONS PROGRAM (HOP) HIGHLIGHTS

PSERS offers a voluntary, self-funded retiree health care plan to public school retirees, their spouses, and their dependents. It has expanded throughout the years to offer a variety of plans and services.

## PSERS HEALTH OPTIONS PROGRAM

### — OVERVIEW —

- 
123,859
 Participants
- 
Nearly 100K
 Participants in the Prescription Drug Plan


36,126
 Participants in the Dental Program & Vision Plan
- 
\$386.3 Million
 Net Position
- 
\$457.6 million
 Net Investment Income
- 
4.5 star rating on HOP's Prescription Drug Employer Group Waiver Plan
- 
1 of 6 plans evaluated by the Centers for Medicare and Medicaid Services (CMS) at 4.5 stars or higher
- 
Pharmacy Quality Alliance in Excellence in Quality Award
- 
Near perfect customer-services rating from the federal government

*As of June 30, 2024*

### Financial Highlights

Total net position decreased slightly by \$0.7 million in FY 2024 from \$387.0 million as of June 30, 2023, to \$386.3 million as of June 30, 2024, due to increasing benefit and administrative expenses outpacing revenues.

Total receivables increased from \$47.4 million at June 30, 2023, to \$60.1 million at June 30, 2024. This is due to an increase in Centers for Medicare and Medicaid Services (CMS) reinsurance receivables and an increase in prescription drug rebate receivables due to higher prescription drug costs. The net position change from June 30, 2022, to June 30, 2023, was a decrease of \$2.8 million due to increased medical claims, prescription and administrative costs outpacing revenues.

Investments increased from \$420.9 million at June 30, 2023, to \$457.6 million at June 30, 2024, due to delayed processing of medical claims resulting in increasing cash flow.

Total liabilities increased from \$81.4 million at June 30, 2023, to \$131.6 million at June 30, 2024. This is due to a \$50 million increase in medical claims payable resulting from a delay in CMS processing their initial portion of the claims.

### Participant and CMS Premiums

Total Participant and CMS premiums for HOP increased from \$478.9 million for FY 2023 to \$510.8 million for FY 2024 due to a \$23.5 million increase in CMS revenue and an \$8.4 million increase in member premiums.

### Investment Income

Net investment income increased from \$9.1 million for FY 2023 to \$17.1 million in FY 2024 due to increased short-term interest rates.

### Benefits and Expenses

HOP total deductions increased by 7.7% from \$490.7 million in FY2023 to \$528.6 million in FY2024. This is due to an increase in claim, net prescription and administrative costs.

# 2024 STATEMENT OF FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2024 (DOLLAR AMOUNTS IN THOUSANDS)

	Pension		Defined Contribution		Postemployment Healthcare		Totals			
					Premium Assistance	Health Options Program				
<b>Assets:</b>										
Receivables:										
Members	\$	374,663	\$	751	\$	1,518	\$	126	\$	377,058
Employers		1,449,523		591		27,426		-		1,477,540
Investment income		320,934		23		491		1,189		322,637
Investment proceeds		326,159		-		-		-		326,159
CMS Part D and prescriptions		-		-		-		58,742		58,742
Interfund receivable		3,670		-		-		-		3,670
<b>Total Receivables</b>		<b>2,474,949</b>		<b>1,365</b>		<b>29,435</b>		<b>60,057</b>		<b>2,565,806</b>
Investments, at fair value:										
Short-term		6,572,484		13,713		109,873		457,617		7,153,687
Fixed income		17,155,399		-		-		-		17,155,399
Equity		24,356,583		-		-		-		24,356,583
Collective trust funds		905,424		342,535		-		-		1,247,959
Real estate		8,146,596		-		-		-		8,146,596
Alternative investments		18,436,145		-		-		-		18,436,145
<b>Total Investments</b>		<b>75,572,631</b>		<b>356,248</b>		<b>109,873</b>		<b>457,617</b>		<b>76,496,369</b>
Capital assets (net of accumulated depreciation \$72,272)		54,831		-		-		-		54,831
Miscellaneous		33,702		-		-		242		33,944
<b>Total Assets</b>		<b>78,136,113</b>		<b>357,613</b>		<b>139,308</b>		<b>517,916</b>		<b>79,150,950</b>
<b>Liabilities:</b>										
Accounts payable and accrued expenses		90,764		114		230		5,742		96,850
Benefits payable		789,804		-		50		89,899		879,753
HOP participant premium advances		-		-		-		35,552		35,552
Investment purchases and other payables		567,751		483		-		-		568,234
Interfund payable		-		696		2,580		394		3,670
Other liabilities		194,800		-		-		-		194,800
<b>Total Liabilities</b>		<b>1,643,119</b>		<b>1,293</b>		<b>2,860</b>		<b>131,587</b>		<b>1,778,859</b>
<b>Net position restricted for pension, DC and postemployment healthcare benefits</b>	<b>\$</b>	<b>76,492,994</b>	<b>\$</b>	<b>356,320</b>	<b>\$</b>	<b>136,448</b>	<b>\$</b>	<b>386,329</b>	<b>\$</b>	<b>77,372,091</b>

# 2023 STATEMENT OF FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023 (DOLLAR AMOUNTS IN THOUSANDS)

	Pension		Defined Contribution		Postemployment Healthcare		Totals			
					Premium Assistance	Health Options Program				
<b>Assets:</b>										
Receivables:										
Members	\$	404,819	\$	509	\$	1,541	\$	133	407,002	
Employers		1,418,716		399		30,880		-	1,449,995	
Investment income		335,907		26		530		1,178	337,641	
Investment proceeds		301,559		-		-		-	301,559	
CMS Part D and prescriptions		-		-		-		46,074	46,074	
Interfund receivable		1,146		-		-		-	1,146	
<b>Total Receivables</b>		<b>2,462,147</b>		<b>934</b>		<b>32,951</b>		<b>47,385</b>	<b>2,543,417</b>	
Investments, at fair value:										
Short-term		6,118,812		11,231		108,367		420,880	6,659,290	
Fixed income		15,658,641		-		-		-	15,658,641	
Equity		21,506,295		-		-		-	21,506,295	
Collective trust funds		2,117,309		191,535		-		-	2,308,844	
Real estate		7,437,732		-		-		-	7,437,732	
Alternative investments		18,163,074		-		-		-	18,163,074	
<b>Total Investments</b>		<b>71,001,863</b>		<b>202,766</b>		<b>108,367</b>		<b>420,880</b>	<b>71,733,876</b>	
Securities lending collateral pool		6,147,770		-		-		-	6,147,770	
Capital assets (net of accumulated depreciation \$57,100)		35,880		-		-		-	35,880	
Miscellaneous		44,713		-		-		170	44,883	
<b>Total Assets</b>		<b>79,692,373</b>		<b>203,700</b>		<b>141,318</b>		<b>468,435</b>	<b>80,505,826</b>	
<b>Liabilities:</b>										
Accounts payable and accrued expenses		96,521		203		205		1,829	98,758	
Benefits payable		656,401		-		78		38,456	694,935	
HOP participant premium advances		-		-		-		40,884	40,884	
Investment purchases and other payables		490,388		1,041		-		-	491,429	
Obligations under securities lending		6,147,770		-		-		-	6,147,770	
Interfund payable		-		575		319		252	1,146	
Other liabilities		188,963		-		-		-	188,963	
<b>Total Liabilities</b>		<b>7,580,043</b>		<b>1,819</b>		<b>602</b>		<b>81,421</b>	<b>7,663,885</b>	
<b>Net position restricted for pension, DC and postemployment healthcare benefits</b>	<b>\$</b>	<b>72,112,330</b>	<b>\$</b>	<b>201,881</b>	<b>\$</b>	<b>140,716</b>	<b>\$</b>	<b>387,014</b>	<b>\$</b>	<b>72,841,941</b>



# 2024 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

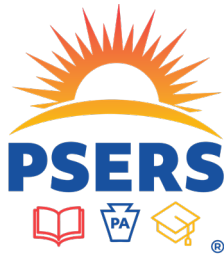
YEAR ENDED JUNE 30, 2024 (DOLLAR AMOUNTS IN THOUSANDS)

	Pension		Defined Contribution		Postemployment Healthcare		Totals
					Premium Assistance	Health Options Program	
<b>Additions:</b>							
Contributions:							
Members	\$	1,197,871	\$	69,748	\$	-	\$ 1,267,619
Employers		5,262,714		53,796		102,211	5,418,721
<b>Total contributions</b>		<b>6,460,585</b>		<b>123,544</b>		<b>102,211</b>	<b>6,686,340</b>
HOP participant premiums		-		-		421,491	421,491
Centers for Medicare & Medicaid Services premiums		-		-		89,270	89,270
Investment income:							
From investing activities:							
Net appreciation in fair value of investments		4,312,722		44,304		-	4,357,026
Short-term		303,821		248		6,233	327,473
Fixed income		594,978		-		-	594,978
Equity		502,176		-		-	502,176
Collective trust funds		-		386		-	386
Real estate		119,403		-		-	119,403
Alternative investments		277,795		-		-	277,795
<b>Total investment activity income</b>		<b>6,110,895</b>		<b>44,938</b>		<b>6,233</b>	<b>6,179,237</b>
Investment expenses		(410,354)		(523)		(49)	(410,970)
<b>Net income from investing activities</b>		<b>5,700,541</b>		<b>44,415</b>		<b>6,184</b>	<b>5,768,267</b>
From securities lending activities:							
Securities lending income		90,050		-		-	90,050
Securities lending expense		(86,320)		-		-	(86,320)
<b>Net income from securities lending activities</b>		<b>3,730</b>		<b>-</b>		<b>-</b>	<b>3,730</b>
<b>Total net investment income</b>		<b>5,704,271</b>		<b>44,415</b>		<b>6,184</b>	<b>5,771,997</b>
<b>Total Additions</b>		<b>12,164,856</b>		<b>167,959</b>		<b>108,395</b>	<b>12,969,098</b>
<b>Deductions:</b>							
Benefits		7,683,019		-		111,659	8,282,653
Refunds of contributions		45,726		-		-	45,726
Distributions		-		9,982		-	9,982
Administrative expenses		55,447		3,538		1,004	100,587
<b>Total Deductions</b>		<b>7,784,192</b>		<b>13,520</b>		<b>112,663</b>	<b>8,438,948</b>
<b>Net increase (decrease)</b>		<b>4,380,664</b>		<b>154,439</b>		<b>(4,268)</b>	<b>4,530,150</b>
<b>Net position restricted for pension, DC and postemployment healthcare benefits:</b>							
<b>Balance, beginning of year</b>		<b>72,112,330</b>		<b>201,881</b>		<b>140,716</b>	<b>72,841,941</b>
<b>Balance, end of year</b>	\$	<b>76,492,994</b>	\$	<b>356,320</b>	\$	<b>136,448</b>	<b>\$ 77,372,091</b>

# 2023 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023 (DOLLAR AMOUNTS IN THOUSANDS)

	Pension		Defined Contribution		Postemployment Healthcare		Totals
					Premium Assistance	Health Options Program	
<b>Additions:</b>							
Contributions:							
Members	\$	1,174,580	\$	50,676	\$	-	\$ 1,225,256
Employers		5,249,018		39,328		114,721	5,403,067
<b>Total contributions</b>		<b>6,423,598</b>		<b>90,004</b>		<b>114,721</b>	<b>6,628,323</b>
HOP participant premiums		-		-		413,136	413,136
Centers for Medicare & Medicaid Services premiums		-		-		65,725	65,725
Investment income:							
From investing activities:							
Net appreciation in fair value of investments		1,315,367		21,437		-	1,336,804
Short-term		262,890		214		4,513	276,739
Fixed income		663,883		-		-	663,883
Equity		445,086		-		-	445,086
Collective trust funds		823		158		-	981
Real estate		188,922		-		-	188,922
Alternative investments		300,455		-		-	300,455
<b>Total investment activity income</b>		<b>3,177,426</b>		<b>21,809</b>		<b>4,513</b>	<b>3,212,870</b>
Investment expenses		(405,217)		(275)		(39)	(405,565)
<b>Net income from investing activities</b>		<b>2,772,209</b>		<b>21,534</b>		<b>4,474</b>	<b>2,807,305</b>
From securities lending activities:							
Securities lending income		402,300		-		-	402,300
Securities lending expense		(379,213)		-		-	(379,213)
<b>Net income from securities lending activities</b>		<b>23,087</b>		<b>-</b>		<b>-</b>	<b>23,087</b>
<b>Total net investment income</b>		<b>2,795,296</b>		<b>21,534</b>		<b>4,474</b>	<b>2,830,392</b>
<b>Total Additions</b>		<b>9,218,894</b>		<b>111,538</b>		<b>119,195</b>	<b>9,937,576</b>
<b>Deductions:</b>							
Benefits		7,537,873		-		112,870	8,101,727
Refunds of contributions		43,110		-		-	43,110
Distributions		-		6,170		-	6,170
Administrative expenses		53,823		2,458		1,085	97,106
<b>Total Deductions</b>		<b>7,634,806</b>		<b>8,628</b>		<b>113,955</b>	<b>8,248,113</b>
<b>Net increase (decrease)</b>		<b>1,584,088</b>		<b>102,910</b>		<b>5,240</b>	<b>1,689,463</b>
<b>Net position restricted for pension, DC and postemployment healthcare benefits:</b>							
<b>Balance, beginning of year</b>		<b>70,528,242</b>		<b>98,971</b>		<b>135,476</b>	<b>71,152,478</b>
<b>Balance, end of year</b>	\$	<b>72,112,330</b>	\$	<b>201,881</b>	\$	<b>140,716</b>	\$ <b>72,841,941</b>



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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 41 consecutive years from FY 1983 to FY 2023.

### **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, 2023, 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 eight consecutive years from FY 2016 to FY 2023.

### **Public Pension Coordinating Council Public Pension Standards Award**

The Public Pension Coordinating Council has awarded its Public Pension Standards Award to PSERS for 2023. This award is in recognition of meeting professional standards for plan design and administration.