Pennsylvania Public School Employees' Retirement System (PSERS)

PSERS, founded in 1917, began operations in 1919 to oversee a statewide defined benefit pension plan for public school employees. PSERS' role expanded under Act 5 of 2017. The act created two new membership classes with a defined benefit (DB) and a defined contribution (DC) component, and a DC only membership class.

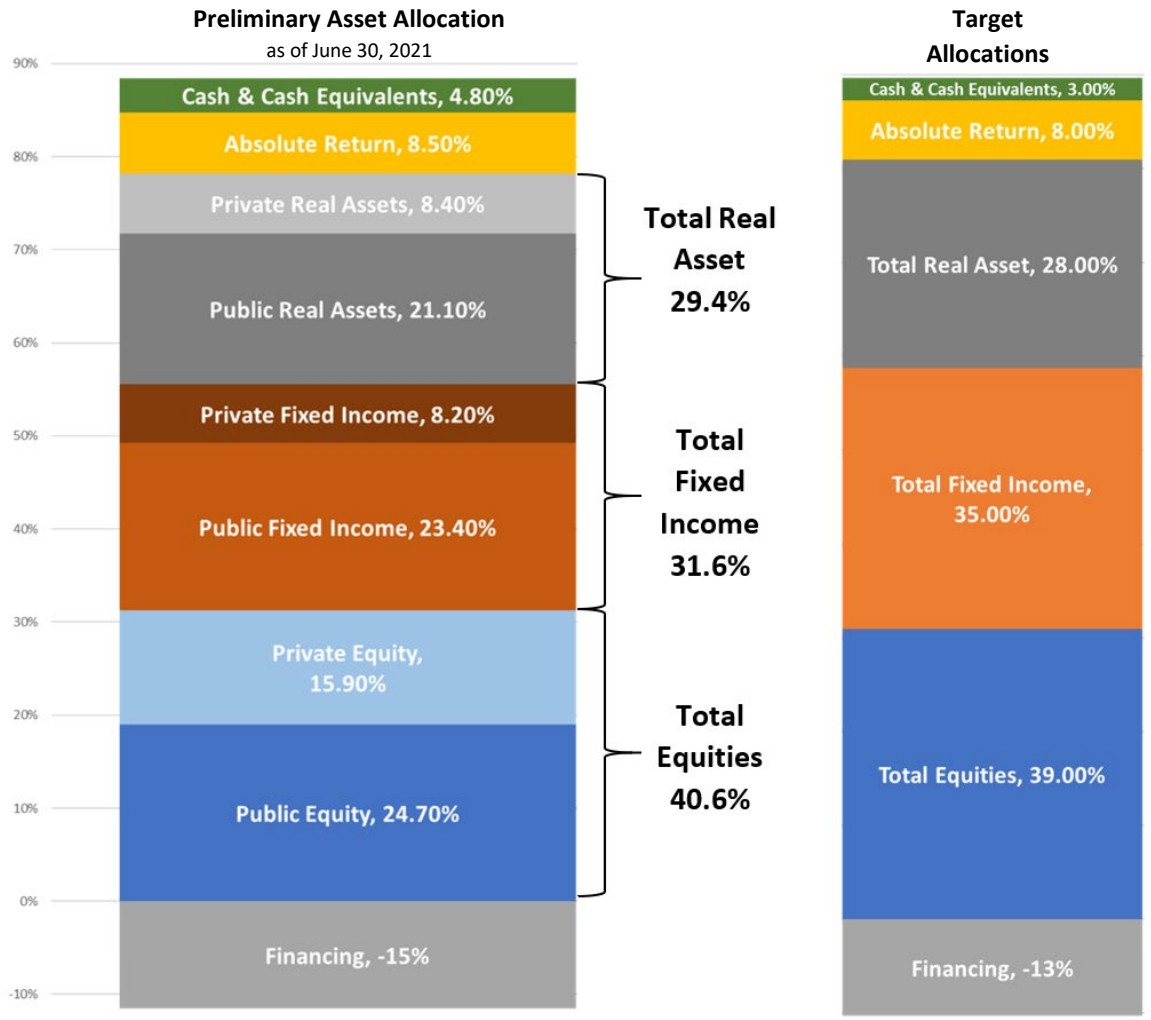
PSERS: At a Glance

Members As of June 30, 2020	Approximately 500,000 Over 256,000 active members Approximately 240,000 retired members/beneficiaries
Average Annuity Paid (annuitants, survivor, beneficiaries, disabled annuitants) As of June 30, 2020	$25,753 per year
Total Preliminary Net Assets as of June 30, 2021	~$70.0 Billion in DB Plan ~$55.3 Million in DC Plan
Funding Sources 25-year totals As of June 30, 2020	15% member contributions 26% employer contributions 59% investment earnings
Member Contribution Rate As of June 30, 2021	Member contributions range from 5.25% to 10.80% of payroll depending on their class of membership.
Employer Contribution Rate	34.51% of payroll, beginning July 1, 2021 The FY 2021/2022 rate provides 100% of the actuarially required rate based on sound actuarial practices and principles.
Number of Employers As of June 30, 2020	770
Funded Status As of June 30, 2020	59.2% on actuarial basis with an unfunded liability of $44.03 billion
Investment Returns As of March 31, 2021; annualized, net of fees	22.70% 1-year; 8.51% 3-year; 9.40% 5-year 7.48% 10-year; 16.03% Fiscal Year-to-Date
Investment Rate of Return Assumption	On Friday August 6, 2021, the Board reduced the annual investment return assumption from 7.25% to 7.00%

PSERS Risk-Balanced Asset Allocation

PSERS is a long-term investor and manages the Fund with two key goals in mind: maximizing returns and minimizing risk over 10- to 30-year time horizons. To achieve those goals, the Board built a diversified asset allocation aimed at hitting its return assumption of 7.00% while balancing risk if annual and cumulative returns fall above or below that mark. PSERS' diversified portfolio includes more than a dozen asset classes, such as equities, fixed income, real assets, and absolute return.

The PSERS Board, in consult with its investment professionals and consultants, implemented the diversification strategy following hard lessons learned from years of employers underfunding the System and from market losses incurred during the 2008-09 worldwide financial crisis. The Board is in the process of its 2021 asset allocation review.



**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.*