

# **Pennsylvania Public School Employees' Retirement System**

(A Component Unit of the Commonwealth of Pennsylvania)

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Harrisburg, Pennsylvania 17101-1905

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## **Comprehensive Annual Financial Report** for the Fiscal Years Ended June 30, 2015 and 2014

**Melva S. Vogler**  
*Chairman*  
*Board of Trustees*

**James M. Sando**  
*Vice Chairman*  
*Board of Trustees*

**Glen R. Grell**  
*Executive Director*

*Report prepared by the Public School Employees' Retirement System  
Office of Financial Management Staff*

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5 North 5th Street  
Harrisburg PA 17101-1905

**Letter of Transmittal**  
COMMONWEALTH OF PENNSYLVANIA  
**PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

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*Toll-Free - 1-888-773-7748  
(1-888-PSERS4U)  
Local - 717-787-8540  
Web Address: [www.pfers.state.pa.us](http://www.pfers.state.pa.us)*

October 30, 2015

The Honorable Thomas W. Wolf, Governor of Pennsylvania  
Members of the PA General Assembly  
Members of the Retirement System  
Members of the Boards of PSERS' Employers  
Pennsylvania Public School Employees' Retirement System Board of Trustees

Dear Governor Wolf, Legislators, Members, Employer Board members, and PSERS Board of Trustees:

We are pleased to present the ninety-sixth edition of the Comprehensive Annual Financial Report (CAFR) for the Pennsylvania Public School Employees' Retirement System (PSERS, System, or Fund) for the fiscal years ended June 30, 2015 (FY 2015) and 2014 (FY 2014). This report is intended to provide financial, investment, actuarial, and statistical information in a single publication.

The management of the System is solely responsible for the accuracy and completion of this report, pursuant to section 24 Pa.C.S. §8502(n) of the Public School Employees' Retirement Code (Retirement Code). The entire report can be downloaded from PSERS' website at [www.pfers.state.pa.us](http://www.pfers.state.pa.us).

The System was established on July 18, 1917 to provide retirement benefits to public school employees of the Commonwealth of Pennsylvania (PA). The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the 784 reporting entities in Pennsylvania. As of June 30, 2015, the System had nearly 260,000 active members with an estimated annualized active payroll of \$12.7 billion.

The annuitant membership at June 30, 2015 was comprised of approximately 220,000 retirees and beneficiaries who receive over \$456 million in pension and healthcare benefits each month. The average yearly benefit paid to annuitants is \$25,119. The average benefit payment for each benefit type, grouped by years of credited service, is detailed in the Statistical Section of this report.

The System is a governmental cost-sharing, multiple-employer defined benefit pension plan, to which all members and 784 reporting units contribute. PSERS is administered by a staff of 316. The System is headquartered in Harrisburg, Pennsylvania, and has eight field offices in strategic areas of the Commonwealth to enable direct contact with the membership and the System's employers.

PSERS was established by law as an independent administrative board directed by a governing board of trustees (Board) which exercises control and management of the System, including the investment of its assets. PSERS is considered a component unit of the Commonwealth of Pennsylvania as defined by the Governmental Accounting Standards Board (GASB). An annual audit of the System by an independent certified public accounting firm is required by the Retirement Code. PSERS has contracted with SB & Company, LLC for this audit of its financial statements and has received an unmodified opinion as evidenced in the Report of Independent Public Accountants in the Financial Section of this CAFR. An unmodified opinion means that PSERS' financial statements fairly present, in all material respects, its financial condition. In addition, no significant findings were noted during the audit and therefore, a management letter was not issued. This is the sixth consecutive year that a management letter was not issued by the independent public accountants and is reflective of the hard work and dedication of PSERS' staff to continue to improve the internal controls, operations, and efficiency of the System.

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## Economic Summary

Economically, this past fiscal year was a mixed year to be invested in higher risk assets with modestly positive returns to equities (in currency hedged terms) while commodity and commodity-related securities struggled. The fiscal year was marked by falling global growth and inflation expectations coupled with a modest increase in risk premiums. The global economy is still burdened by high debt levels which has the effect of constraining growth and is generally deflationary. Global monetary conditions have been very accommodative with most countries easing this past year, including implementation of quantitative easing programs by central banks in Europe and Japan. A notable exception was the U.S. which has ended quantitative easing during the past fiscal year and is contemplating increasing interest rates later in 2015. Domestically, the past fiscal year generated positive but tepid results given the low interest rates and amount of monetary stimulus injected into the economy through quantitative easing by the Federal Reserve (Fed). The U.S. real Gross Domestic Product (GDP) increased in each of the four quarters for the fiscal year ended June 30, 2015. The U.S. Core Consumer Price Index (CPI) was 2.1% year over year as of June 2014 and decreased to 0.1% as of June 2015. Housing during the past fiscal year has continued to show improvement, up 4.5% as measured by the S&P Case-Shiller 20-City Home Price Index after being up 8.1% last fiscal year. Globally, the Chinese economy remained one of the stronger economies in the world, increasing by 7.0% or more in each of the four quarters ended June 30, 2015. However, subsequent to the fiscal year end, China has shown notable signs that its economy is weakening as they try to rebalance their economy from a more investment driven economy to a more consumer oriented economy. The Japanese real GDP increased in three of the four quarters for the fiscal year ended June 30, 2015. The Eurozone economy, during the past year, remained very weak and on the verge of recession. Quarterly real GDP readings for the fiscal year ended June 30, 2015 remained below 0.5%. For FY 2015, PSERS' investment portfolio generated a time-weighted rate of return of 3.04%, which resulted in \$1.3 billion of net investment income. The total net position restricted for pension and postemployment healthcare benefits of the System decreased from \$53.3 billion to \$51.9 billion from July 1, 2014 to June 30, 2015. This decrease was due in large part to deductions for benefits and administrative expenses exceeding net investment income plus member and employer contributions.

The Board has continued to fulfill its mission to maintain stability and the long-term optimum value of the Fund. This is evidenced in the long-term growth of the System's assets and the actuarial soundness of the Fund. The annualized time-weighted rate of return for the twenty-five year period ended June 30, 2015 was 8.45% and exceeded the Fund's long-term investment rate of return assumption during that time period. Of utmost importance to the Board is the assurance that the required reserves are available for payment of retirement benefits.

## Status of Pension Funding Initiatives

For many years, the Commonwealth and school employers paid below the annual required contribution (ARC) that was necessary to pay down the unfunded liability of the System. The ARC percentage received fell to a low of 27% before significant pension reform was enacted in 2010. Act 120 of 2010 has made dramatic progress toward addressing the funding issue at PSERS. Since 2010, Act 120 has slowly resulted in increased employer contributions to the System and has raised the ARC to a level closer to other states. In FY 2015, PSERS received 69% of the ARC and is projected to receive 80% of the ARC in FY 2016. After FY 2017, PSERS' Employer Contribution Rates are projected to plateau.

As of June 30, 2015, approximately 48,000 of PSERS' active membership is under the reduced benefit structure of Act 120. The annual savings from the reduced benefit structure continue to grow and are estimated to exceed over \$100 million in FY 2016.

As the annual savings from the reduced benefit structure increase and higher employer contributions are paid by school employers and the Commonwealth, PSERS is approaching a turning point. Within two years, principal pay down on PSERS' unfunded liability begins and PSERS' funded ratio is projected to slowly improve after declining for many years.

### **Pension Reform Update**

Significant discussion on additional pension reform continues to take place. As of the date of this letter, there has been no consensus on pension reform and no pension legislation beyond Act 120 of 2010 has been enacted.

For many years PSERS has provided extensive objective technical information and volumes of actuarial data to members of the PA General Assembly. PSERS has accurately and professionally costed and drafted nearly every piece of pension legislation brought to PSERS by the PA General Assembly regardless of the impact on the structure of the System. While PSERS does not take a position on any legislation or support any specific policy on pension reform, PSERS takes its role in helping to resolve the pension funding issue very seriously. PSERS will continue to cooperate and provide information so effective pension policy decisions can be made.

### **Major Initiatives**

#### **Budgetary and Financial Governance**

PSERS submits its administrative budget request to the Governor's Office of the Budget each October where it is reviewed and evaluated. Any changes proposed by the Governor's Budget Office are made and a final amount is provided to the Legislature, which passes the final budget and submits it to the Governor for his signing into law. The administrative budget is not funded from the Commonwealth's General Fund, rather from the earnings of the Fund itself. PSERS has annually underspent its approved budget, keeping more funds available to invest for PSERS' members.

PSERS continues to be prudent in its use of funds and managing its annual budget. In FY 2015, PSERS replaced high speed color printers and copiers with more efficient models. PSERS consolidated mailings to members, producing savings in both paper and postage costs. Working with its actuary, PSERS continues to save fees by completing various actuarial analyses in-house. Other reductions were made to overtime, travel, and office supplies, all part of PSERS' ongoing efforts to control costs and improve operational efficiency.

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, PSERS had a 20% lower pension administration cost per member than the average cost for its peer group.

In addition, during FY 2015, PSERS continued its ongoing efforts to recover funds from securities class action litigation. The System received \$14.5 million in settlements from these cases in FY 2015.

#### **Customer Service**

PSERS has continued to make enhancements to its processes to operate more efficiently and provide quality customer service to our stakeholders. A major focus of this past year was the enhancement of death benefit processing. Much of this manually intensive process became automated, resulting in greater efficiency and improved communications.

PSERS continued its efforts to provide retirement benefits in an efficient manner through a one-step process. Approximately 90% of the retirement benefits processed in FY 2015 were paid in one-step. In the past, PSERS processed most initial retirements in two steps. The first step was the calculation and payment of an estimated monthly benefit and the second step was the calculation and payment of a finalized monthly benefit which occurred later. In addition, the average number of days to process a retirement benefit decreased from an average of 23.7 days down to 19.1 days. This decrease is largely attributed to the continued focus of reviewing member accounts at periodic milestones and event triggers to ensure each detail of a member's account is accurately portrayed prior to the member applying for retirement.

As a part of the ongoing effort to ensure the accuracy of member accounts, PSERS began automatically billing members who became qualified during the fiscal year and from whom contributions were not previously withheld. In FY 2015 alone, this enhancement streamlined the process for approximately 10,000 members who became qualified during the year.



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**Technology Upgrade**

The multi-year technology effort to upgrade the System's entire core client-server based pension administration system continues. This mission critical system is used by PSERS' staff members and employers to execute PSERS' primary pension administration functions for its members. These functions include but are not limited to: enrolling new members; processing membership class elections; reporting and processing employee and employer contribution data; processing member demographic, salary, and service data; processing purchase of service, multiple service, disability, retirement, and refund applications; processing death benefits; supporting the Health Options Program; processing premium assistance applications and payments; issuing benefit payments related to the above activities; calculating and posting interest and delinquencies, and payments and receipts related to the above activities; providing self-service functionality to PSERS' members via the internet; calculating, submitting, and reporting tax information and dollars to the Internal Revenue Service (IRS); and reporting information to PSERS' actuary.

This technology upgrade from the existing "classic" version to a new "browser-based" version not only helps ensure the viability of PSERS' core pension administration system into the future, it provides an enhanced "baseline" platform with built-in features that will make future business process and member self-service enhancements much easier to implement. These enhancements will have a significant impact on PSERS' members and employers in how they interact with the System and the services that are available to them.

As work to upgrade to the new browser-based version began, PSERS incorporated changes into the classic version of the system that were required to integrate with the Department of Treasury's new system. Additionally, final changes were made to the classic system so that resources can be directed towards the conversion to the new browser-based system.

**Financial Highlights**

The fair value of the System's fiduciary net position totaled \$51.9 billion as of June 30, 2015. The System is the 20th largest state-sponsored public defined benefit pension fund in the nation and the 30th largest among public and corporate pension funds in the nation. More specific information on the System's assets is detailed in the Statements of Fiduciary Net Position and Management's Discussion and Analysis included in the Financial Section of this report.

One of PSERS' mission critical objectives is the timely and accurate payment of benefits. In FY 2015, PSERS provided nearly \$6.6 billion in pension and healthcare benefits to its members. Over 90% of benefits were distributed to Commonwealth residents.

The System's administrative budget request is appropriated by the PA General Assembly and funded by the investment income of the System. For FY 2015, the appropriation was \$41.7 million.

**Funding**

Funding is the process of specifically setting aside money for current and future use. Proper funding for a defined benefit pension plan entails an actuarial examination of the fund balances and liabilities to ensure money will be available for current and future benefit payments. The actuarial valuation measures the progress toward funding pension obligations of the System by comparing the actuarial assets to the actuarial liabilities of the System.

The results of PSERS' latest published actuarial valuation (as of June 30, 2014) indicated that the rates of contribution payable by the members and employers, when taken together with the current assets of the System, are adequate to fund the actuarial liabilities on account of all benefits payable under the System at that date. The funded status as of the latest actuarial valuation was 62.0%. Additional comparative information on the funded status of PSERS can be found in the Actuarial Section and in the Financial Section of this report.

**Investments**

Over the past few years, PSERS' Board and investment staff made significant changes to the Fund's investment asset allocation, including further refining the Fund's investment strategy and increasing the diversification of

## Introductory Section

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the Fund's assets. In particular, PSERS actively reduced its risk profile by significantly decreasing its equity exposure and by moving portions of the Fund's assets into asset classes that are less correlated to the equity markets.

Income from the investment portfolio represents the major source of revenue to the System, accounting for 69% of total revenues over the twenty-year period from FY 1996 to FY 2015. During FY 2015, net investment income was \$1.3 billion. The investment portfolio, which is one part of the System's net position, totaled \$50.6 billion, at fair value, as of June 30, 2015. For FY 2015, the time-weighted net rate of return on the System's investments was 3.04%.

The investment portfolio is well diversified to emphasize a long-term investment approach. The overall objective of the System is to provide benefits to its members through a carefully planned and well-executed investment program. The return objectives are to (i) realize a return that exceeds the Policy Index (the Policy Index is a custom benchmark, based on the Board-established asset allocation structure that seeks to generate a return that meets the actuarial rate of return assumption); and (ii) invest the assets to maximize returns for the level of risk taken. The risk objectives are to (i) diversify the assets of the System to minimize the risk of losses within any one asset class, investment type, industry or sector distribution, maturity date, or geographic location; and (ii) invest the assets so that the probability of investment losses (as measured by the Policy Index) in excess of 15.0% in any one year is no greater than 2.5% (or two standard deviations below the expected return). Additional information on the System's investments is contained in the Investment Section of this report.

### **Reduction in Investment Manager Fees**

As fiduciaries, PSERS constantly monitors investment manager fees, as well as return expectations, investment risk, diversification, and cash flow needs.

For the second year in a row, PSERS' investment manager fees have declined. PSERS' investment expenses decreased by over \$103 million, from \$558 million in FY 2013 to \$455 million in FY 2015, which is a reduction of over 18%. This was accomplished by reducing external investment management fees through strategically decreasing PSERS' private equity allocation, continued careful negotiation of fees, and by bringing the remaining U.S. equity allocation, previously managed by third-party investment managers, in-house to be managed by PSERS' internal staff.

Governor Wolf made reducing investment manager fees at the Commonwealth's pension systems a priority in his budget proposal earlier this year. PSERS continues to cooperate with Governor Wolf and his staff to look for ways to reduce investment fees in the future including bringing additional asset classes in-house to be managed internally by PSERS' investment staff. This approach would lessen the need for external investment managers in those instances where the Board believes PSERS' internal staff could produce higher net investment returns with similar investment risk.

### **Federal and State Tax Status**

The System is a qualified trust fund under Section 401(a) of the Internal Revenue Code (IRC). As a result of the qualified status, the trust fund is entitled to an exemption, under Section 501(a) of the IRC, from federal income taxation on its investment earnings. Additionally, contributions made on behalf of the active members are tax deferred under Section 414(h) of the IRC. The trust fund and any benefits accruing to the members of PSERS are exempt from Pennsylvania state and municipal taxes.

In September of 2013, PSERS was notified by the IRS that its tax qualification status has been confirmed pending minor modifications to the Retirement Code. The PA General Assembly has acted affirmatively to maintain PSERS' tax qualification status. Legislation, in the form of House Bill 1332, was introduced and has experienced significant advancement through the legislative process. The provisions of HB 1332 adopt the required IRS technical modifications to both the PA State Employees' Retirement System & PSERS Retirement Codes. Statutory enactment of the tax qualification compliance measure is anticipated by the close of calendar year 2015.

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## Internal Controls and Reporting

PSERS' management is responsible for and has implemented internal controls 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. More specific accounting information is detailed in the Summary of Significant Accounting Policies (Note 2) in the notes to the financial statements found in the Financial Section of this report.

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.

PSERS' management believes the internal accounting controls currently in place are adequate to meet the purpose for which they were intended and also believes the financial statements, supporting schedules, and statistical tables are fairly presented.

### **GASB Pension Accounting and Financial Reporting Project (Pension Project)**

In June 2012, the Governmental Accounting Standards Board (GASB) approved a pair of related Statements that reflect substantial changes to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans*, addresses financial reporting for state and local government pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions.

Statement No. 67 replaced the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, for most public employee pension plans. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for most government employers. The new statements also replace the requirements of Statement No. 50, *Pension Disclosures*, for those governments and pension plans.

Statement No. 67 provides public employee pension plans such as PSERS guidance for financial reporting. Statement No. 67 significantly changed related financial reporting through note disclosures and new required supplementary information (RSI) schedules. These changes are necessary for government employers to comply with Statement No. 68.

PSERS adopted Statement No. 67 for the fiscal year ended June 30, 2014. An analysis of the major differences between Statement No. 67 and Statement No. 25 can be found in the Management's Discussion and Analysis, notes to the financial statements, and RSI found in the Financial Section of this report.

In 2013, PSERS began an outreach effort to its employers. This mainly consisted of speaking at various conferences held by the Pennsylvania Association of School Business Officials (PASBO), Pennsylvania School Boards Association (PSBA), and the Pennsylvania Institute of Certified Public Accountants (PICPA). Additionally, PSERS has published articles in its Employer Bulletin, beginning with Volume 4 of 2014.

In June 2015, PSERS sent information to its employers to assist them in implementing GASB No. 68 which included a memo explaining PSERS' role and descriptions of the information provided. The information included a variety of schedules audited by PSERS' independent public accountants and unaudited schedules, to assist employers with the implementation of GASB 68.

PSERS continues to assist its employers and their auditors as they work through the process of implementing Statement No. 68.

### Professional Services

Professional consultants are appointed by the Board of Trustees to perform services essential to the efficient operation of the System. An annual audit by an independent certified public accounting firm and an annual valuation by an actuarial consultant attest to the financial and actuarial soundness of PSERS. The investment performance of the System is reviewed by an investment evaluation firm on a quarterly basis. The consultants providing services to the System are listed in the Financial Section and Investment Section of this report.

### Other Information

In compliance with the Retirement Code, actuarial tables and the computational procedures used by the System in calculating annuities and other benefits were published in the *Pennsylvania Bulletin* (Vol. 31, No. 14). This information can be found at [www.pabulletin.com/secure/data/vol31/31-14/index.html](http://www.pabulletin.com/secure/data/vol31/31-14/index.html).

### System Awards

#### **Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PSERS for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such a comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. PSERS has received a Certificate of Achievement for 32 consecutive years from FY 1983 to FY 2014. A photograph of this award appears in the Introductory Section of this report. Its attainment represents a significant accomplishment by the System, whose Office of Financial Management holds general responsibility for the compilation and validity of the financial data presented in the Comprehensive Annual Financial Report.

The System believes the current report continues to conform to the Certificate of Achievement program requirements and will be submitting this report to GFOA to determine eligibility for the 2015 certificate.

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

The Public Pension Coordinating Council has awarded its Public Pension Standards Award to PSERS for 2014. This award is in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

The Public Pension Coordinating Council was formed in 1990 to assist the public employee retirement community. The Council is composed of representatives from three national associations whose members are directly involved in the administration of public employee retirement systems: the National Association of State Retirement Administrators (NASRA); the National Conference on Public Employee Retirement Systems (NCPERS); and the National Council on Teacher Retirement (NCTR). A reproduction of this award appears in the Introductory Section.

#### **Institutional Investor Magazine Hedge Fund Industry Award**

On June 25, 2015, Institutional Investor magazine's 13th Annual Hedge Fund Industry Awards ceremony recognized hedge funds, fund of hedge funds, investment consultants, endowments, foundations, family offices, corporate funds, public funds, and sovereign funds that stood out for their performance innovation, achievements, and contributions to the industry during the past year. PSERS won the award for the Large Public Plan of the Year.

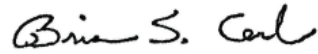
**Acknowledgements**

The preparation of this report reflects the combined efforts of PSERS' staff under the direction of the PSERS Board. It is intended to provide complete and reliable information in conformance with accepted standards and to document responsible stewardship of the System's assets.

Respectfully submitted,

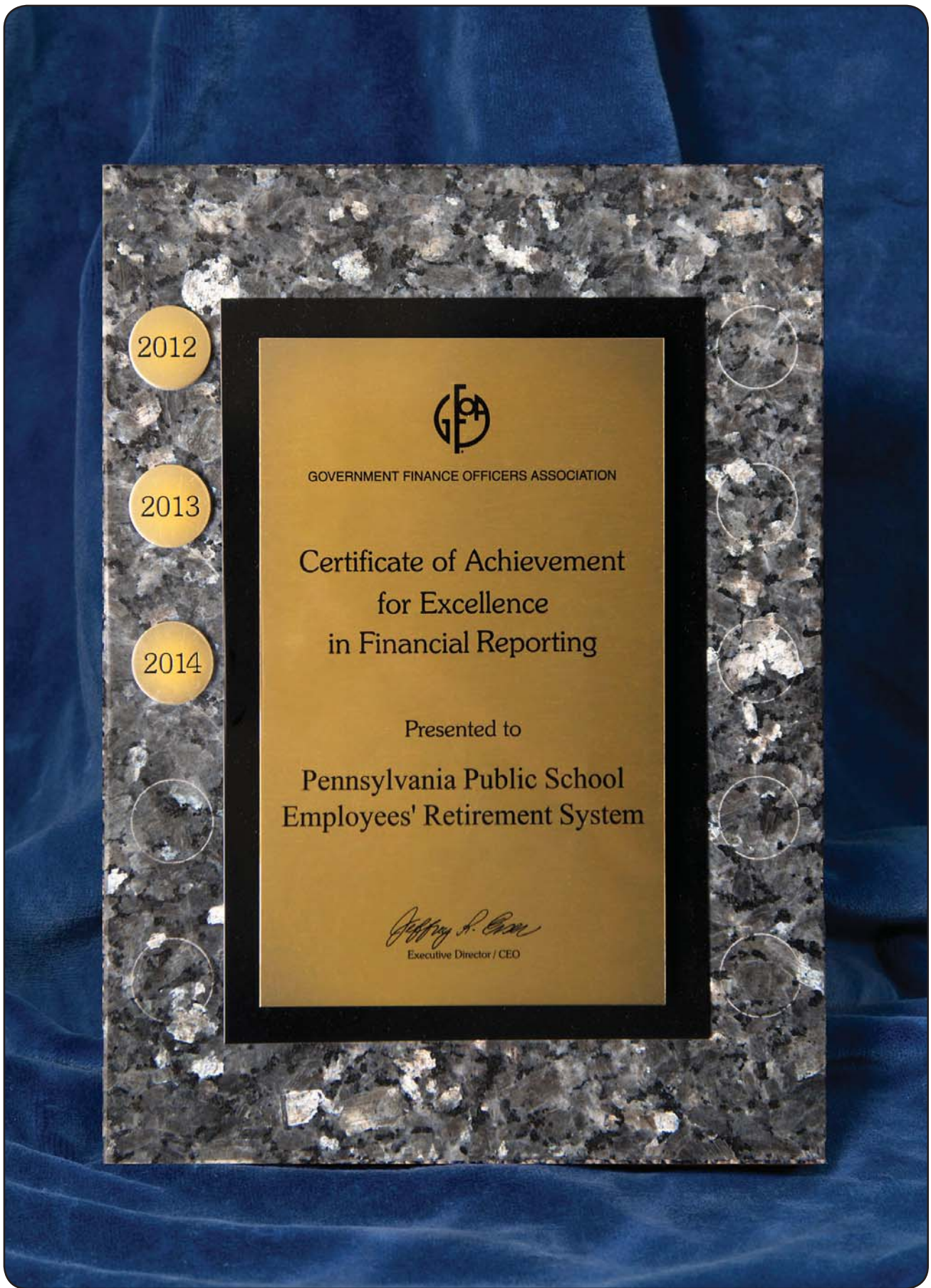


Glen R. Grell  
Executive Director



Brian S. Carl, CPA, CTP  
Chief Financial Officer







Public Pension Coordinating Council

*Public Pension Standards Award  
For Funding and Administration  
2014*

Presented to

***Pennsylvania Public School Employees'  
Retirement System***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle  
Program Administrator

## *Mission Statement*



*The Board of Trustees and the employees of the Public School Employees' Retirement System (System) serve the members and stakeholders of the System by:*

- Providing timely and accurate payment of benefits*
- Maintaining a financially sound System*
- Prudently investing the assets of the System*
- Clearly communicating members' and employers' rights and responsibilities, and*
- Effectively managing the resources of the System*

adopted June 20, 2008



## Administrative Organization PSERS Board of Trustees



*Seated, front row:* Sally Keaveney, designee for Honorable Lawrence M. Farnese; Glen R. Grell, PSERS' Executive Director, Board Secretary; Melva S. Vogler, Board Chairman; Susan C. Lemmo; Honorable Timothy A. Reese; Deborah J. Beck

*Standing, second row:* Miriam Fox, designee for Honorable Joseph F. Markosek; Larry B. Breech; Frederick T. Berestecky; James M. Sando; Honorable Stephen Bloom; Stacey Connors, designee for Honorable Patrick M. Browne; Nathan G. Mains

*Not pictured:* Pedro A. Rivera; James R. Biery; and Ambassador Martin J. Silverstein

## PSERS Board of Trustees

**Secretary of Education of the Commonwealth of Pennsylvania (ex officio)**

Mr. Pedro A. Rivera

**Treasurer of the Commonwealth of Pennsylvania (ex officio)**

Honorable Timothy A. Reese

**Executive Director of the Pennsylvania School Boards Association, Inc. (ex officio)**

Mr. Nathan G. Mains

**Two members appointed by the Governor of the Commonwealth of Pennsylvania for a term of three years**

Mr. James R. Biery (term expires 12/31/15)

Ambassador Martin J. Silverstein (term expires 12/31/17)

**Three members elected from among the Active Certified Contributors of the System for a term of three years**

Mr. Frederick T. Berestecky (term expires 12/31/16)

Ms. Susan C. Lemmo (term expires 12/31/18)

Mr. James M. Sando (term expires 12/31/17)

**One member elected from among the Active Non-Certified Contributors of the System for a term of three years**

Ms. Deborah J. Beck (term expires 12/31/18)

**One member elected from among the annuitants of the System for a term of three years**

Ms. Melva S. Vogler (term expires 12/31/16)

**One member elected by the members of Pennsylvania Public School Boards from among their number for a term of three years**

Mr. Larry B. Breech (term expires 12/31/17)

**Two members appointed by the Speaker of the House from the Pennsylvania House of Representatives, one representing the Majority Party and one representing the Minority Party**

Honorable Stephen Bloom (term expires 12/31/16)

Honorable Joseph F. Markosek (term expires 12/31/16)

**Two members appointed by the President Pro Tempore of the Pennsylvania Senate, one representing the Majority Party and one representing the Minority Party**

Honorable Lawrence M. Farnese (term expires 12/31/16)

Honorable Patrick M. Browne (term expires 12/31/16)

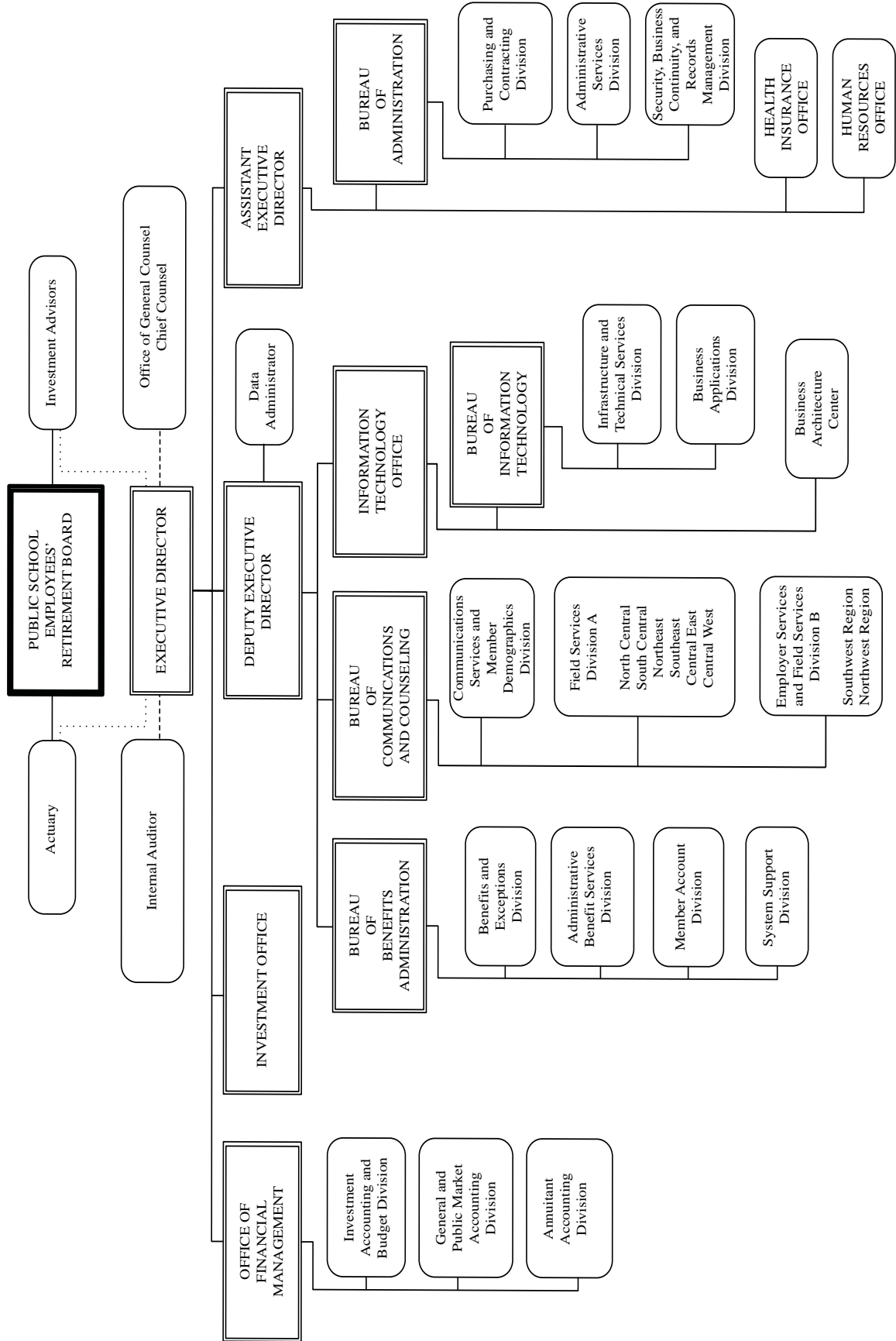
## 2015 Board Committees

<p><b>Appeals/Member Services</b></p> <p>Ms. Beck, Chair Mr. Berestecky Mr. Breech Senator Farnese Mr. Mains Mr. Sando</p>	<p><b>Audit/Budget</b></p> <p>Mr. Berestecky, Chair Representative Bloom Ms. Lemmo Mr. Mains Treasurer Reese Ambassador Silverstein</p>	<p><b>Bylaws/Policy</b></p> <p>Representative Markosek, Chair Ms. Beck Senator Browne Ms. Lemmo Mr. Mains Mr. Rivera</p>
<p><b>Corporate Governance</b></p> <p>Senator Browne, Chair Mr. Breech Representative Markosek Treasurer Reese Mr. Sando Ambassador Silverstein</p>	<p><b>Elections</b></p> <p>Ambassador Silverstein, Chair Mr. Biery Representative Bloom Senator Farnese Ms. Lemmo Mr. Rivera</p>	<p><b>Finance</b></p> <p>Mr. Sando, Chair</p> <p>Committee is comprised of all Board Members</p>
<p><b>Health Care</b></p> <p>Ms. Lemmo, Chair Ms. Beck Mr. Berestecky Mr. Biery Senator Farnese Representative Markosek</p>	<p><b>Personnel</b></p> <p>Mr. Mains, Chair Treasurer Reese, Vice Chair Mr. Berestecky Mr. Breech Representative Markosek Mr. Sando</p>	<p><b>Technology Steering</b></p> <p>Senator Farnese, Chair Mr. Biery Representative Bloom Senator Browne Mr. Rivera Mr. Sando</p>

NOTE: The chair of the Board of Trustees is a voting ex officio member of all Committees

# Organizational Chart of the Public School Employees' Retirement System

As of June 30, 2015



## Administrative Staff



James H. Grossman Jr.  
Chief Investment Officer



Glen R. Grell  
Executive Director



Terrill J. Sanchez  
Deputy Executive Director



Michele M. Ferencz  
Chief Counsel



Brian S. Carl  
Chief Financial Officer



Joseph E. Wasiak  
Assistant Executive Director



Richard R. Spinks  
Chief Technology Officer



James F. Noone  
Director of Administration



Mark F. Schafer  
Director of Health  
Insurance



Eugene W. Robison  
Director of Communications  
and Counseling



Steven C. Goldstein  
Director of Information  
Technology



Tammy L. Meshey  
Director of Human  
Resources



Marla Cattermole  
Director of Benefits  
Administration



Donald J. Halke, II  
Internal Auditor



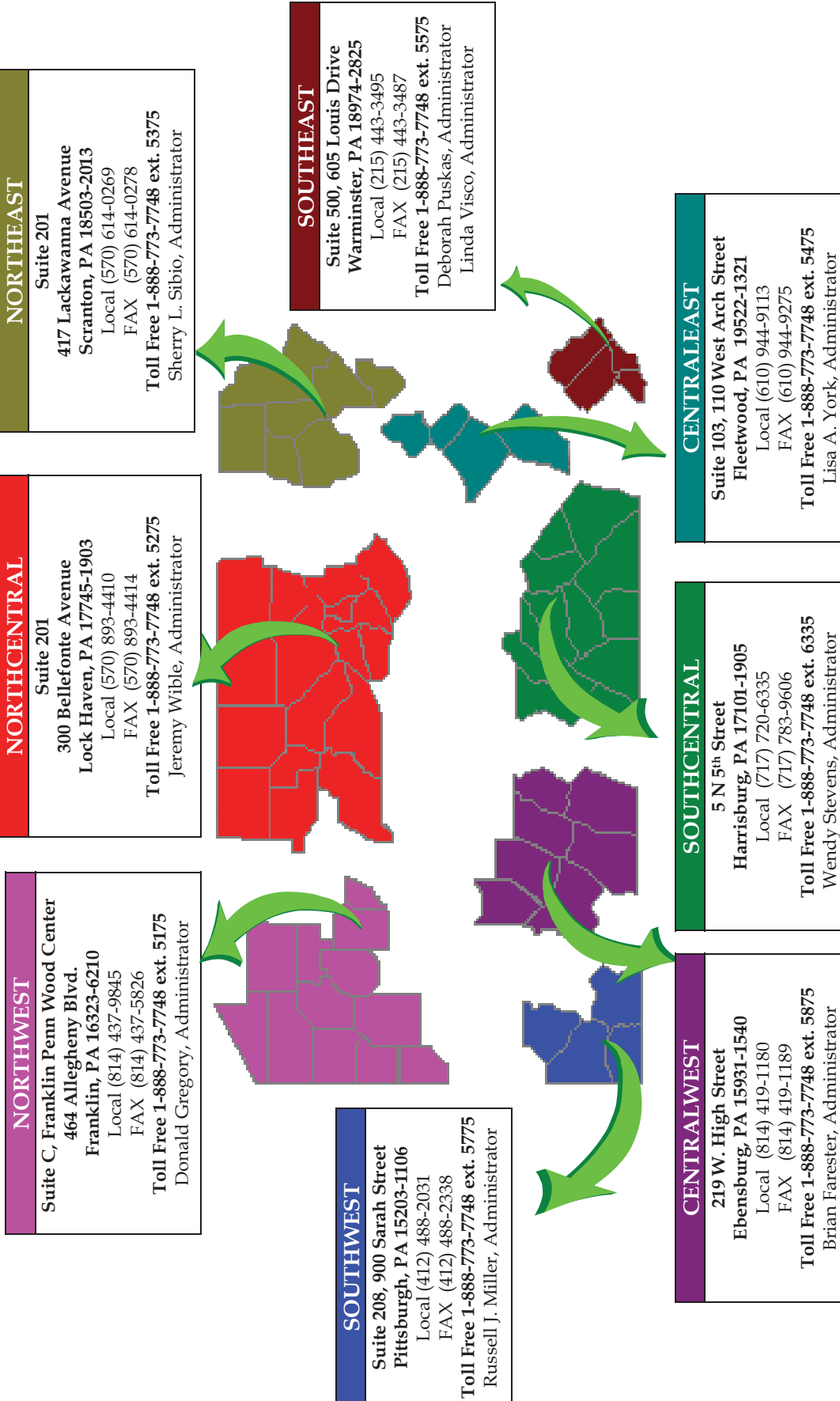
Francis J. Ryder  
Director of Government  
Relations



Evelyn M. Williams  
Press Secretary



**PSERS REGIONAL OFFICES**  
*Public School Employees' Retirement System of Pennsylvania*  
**PSERS FIELD SERVICES DIVISION**  
*Serving You in the 21<sup>st</sup> Century*



## PSERS Headquarters Building



The administrative headquarters of the Public School Employees' Retirement System (PSERS) is located at 5 North Fifth Street in downtown Harrisburg, Pennsylvania within the State Capitol complex. Regional field offices are also maintained in Ebensburg, Fleetwood, Franklin, Lock Haven, Harrisburg, Pittsburgh, Warminster, and Scranton.

The headquarters building was constructed and first occupied by the Retirement System in 1987. It is the first time a building was constructed for PSERS use. It is owned by the Five North Fifth Street Corporation, a holding entity formed by PSERS, and is managed by Property Management Inc.



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