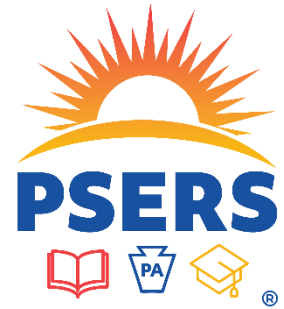


## Position Specification

### Pennsylvania Public School Employees' Retirement System Executive Director



PSERS, headquartered in Harrisburg, is searching for an *Executive Director* to lead this \$77 billion public pension fund. This is an exciting opportunity for an executive who values public service to lead one of the largest public plan retirement systems in the country dedicated to serving the Commonwealth of Pennsylvania's public school employees for over 100 years. The position is available due to the upcoming retirement of the Executive Director.

#### System Overview

PSERS, established in 1917, is one of the oldest pension plans in the U.S. PSERS is a governmental, cost-sharing, multiple-employer pension plan to which public school employers, the Commonwealth, and school employees (members) contribute.

PSERS was created as a traditional defined benefit plan. Upon the passage of Act 5 of 2017, effective July 1, 2019, PSERS was expanded to include the School Employees' Defined Contribution Plan. Members hired on or after this date have the option to elect one of two membership classes that participate in the DB Plan and DC Plan or a membership class that participates only in the DC Plan.

In addition to retirement benefits, PSERS administers a Premium Assistance Program (PAP) and a Health Options Program (HOP). The PAP provides a health insurance premium subsidy for those retirees who qualify. As of June 30, 2024, there were approximately 93,000 retirees who received this benefit. HOP is a voluntary, statewide plan that provides group health insurance coverage for school retirees, their spouses, and eligible dependents. HOP is entirely funded through participating member premiums with 123,000 annuitants and their dependents enrolled as of January 1, 2025.

PSERS, a quasi-independent agency of the Commonwealth, is governed by a 15-member Board of Trustees. The Board, an independent administrative board of the Commonwealth, comprises four ex officio members, five appointed members, and six elected members from constituent groups.

In FY 2024, for the 15th consecutive year, there were no significant findings noted during the annual audit. This is reflective of the hard work and dedication of the Board and staff to continue to improve internal controls, operations, and efficiency of the System.

In late 2022, PSERS hired a consultant to assist with developing a strategic plan; the Board formally adopted the plan framework in August 2023. 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 future demands.
- 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.

The strategic priorities are supported by 25 initiatives, many are well under way. PSERS has also started a multi-year plan to conduct a SOC1/Type 2 Review and Audit of its operations and controls. The audit is scheduled to finish in 2025.

The System has a strong economic impact across the Commonwealth. In FY 2024, PSERS provided approximately \$7.6 billion in pension benefits to all retirees. Of that total, nearly 90%, or \$6.8 billion, went to Pennsylvanians spread across 67 counties.

### **Financial and Investment Highlights**

PSERS' total net position was \$77.4 billion at June 30, 2024. None of PSERS' budgets are funded from the Commonwealth's General Fund, but rather from the investment earnings or participant charges. The System's administrative budgets total \$106.3 million and includes nearly 400 staff.

PSERS continues to be a leader among large U.S. public pension funds in expense control. Based on the most recent independent, international benchmarking survey, PSERS had an 18% lower pension administration cost per member than its peer group.

The ongoing budget commitment of the Governor and Legislature authorizing the 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 after 15 years of underfunding.

As of the most recent actuarial valuation at June 30, 2024, the System's funded ratio stood at 64.8%, continuing a steady upward trend from 2014. Assuming continued employer contributions and favorable future investment returns, the actuarial funded ratio is projected to exceed 80% by 2032.

PSERS is a long-term investor and manages the fund with long-term objectives in mind, including diversification among asset classes. Plan assets are managed both internally by PSERS investment staff (approximately \$44 billion) and externally by institutional investment managers. Investment leadership continues to focus on implementing the Strategic Asset Allocation targets approved by the Board in October 2024, effective December 2024.

For FY 2024, the time-weighted net rate of return was 8.14% exceeding the Total Fund Policy Index return of 7.07% by 1.07%. The 10-year return was 6.82%, which is above the Total Fund Policy Index of 6.39% but below the System's long-term investment rate of return assumption, 7.00%. The following table provides historical investment returns as compared to the policy benchmark and median public funds.

**Annualized Time-Weighted Returns, Net of Fees, 6/30/24**

	1 Year %	3 Years %	5 Years %	10 Years %
PSERS Return	8.14	4.61	7.60	6.82
Policy Index	7.07	3.53	6.65	6.39
Median Public Fund	9.82	3.89	7.88	6.83

As a result of implementing the Board's directive to prudently reduce allocations to more expensive strategies, investment related expenses relative to the net position continue to decline. Between FY 2020 and FY 2024, investment related costs declined from 87 bps to 53 bps.

### **Executive Director Responsibilities**

This position serves as the Executive Director and Chief Executive Officer and as Secretary of the Board. Reporting to the Board and directly to the Chairperson, the Executive Director is responsible for nearly 400 staff through multiple direct reports. The Chief Investment Officer and Chief Counsel report to the Board and administratively report to the Executive Director. The Chief Audit Officer has a dual role and reports to the Audit, Compliance and Risk Committee and the Executive Director.

Some of the key responsibilities and duties include:

- Ensuring all records, materials, and minutes for Board and Committee proceedings are prepared and maintained, and that all meeting notices are given as required by law or Board Bylaws.
- Working with the Chief Compliance Officer and Chief Counsel, ensure operation of the System in accordance with state and federal law.
- Advising and supporting the Board by conferring on governance, Board actions, and on financial, economic, and political trends and developments affecting the System.
- Overseeing and directing the planning, organization, and administration of all program areas for which the System is statutorily responsible.
- Developing administrative rules, regulations and policies for approval and promulgation by the Board.
- In coordination with the Chief Investment Officer, monitoring the performance of the investment portfolio, ensuring assets are invested in accordance with established policies, and that proper controls are in place to safeguard assets.
- Leading the organization in carrying out the Board-adopted Strategic Plan, ensuring continued alignment to the Board's strategic priorities and the System's mission, vision, and values.
- Ensuring resources are sufficient and properly aligned to execute and accomplish the System's Strategic Plan and goals.
- Recruiting, training, and retaining a team of industry leading professionals to lead and manage the System and promote a human-centric culture.
- Maintaining effective external relationships with plan sponsors, member groups, key political leaders, media, and other stakeholders.
- Leading efforts to continue to build and maintain public trust and confidence in the System.
- Supporting the hiring of a Chief Investment Officer and Chief Counsel when vacancies exist.
- Representing PSERS as a subject matter expert on retirement system programs and activities to various organizations including Commonwealth agencies, the executive and legislative branches of state and federal government, professional organizations, and members.

### **Key Objectives**

Some of the Key Objectives that will, in part, measure the Executive Director's performance are:

- Facilitate Board oversight and direction-setting by working with the Board to complete the evaluation of the existing Funston governance recommendations, and on an on-going basis recommending changes to continue to strengthen the governance structure.

- Provide leadership, advice, and counsel to the Board to maintain focus on setting direction and policy for the System.
- Maintain positive and constructive communication and working relationships between the Board and management.
- Facilitate strong collaboration and teamwork across all departments to improve organizational culture, adaptability, and performance.
- Actively engage, collaborate with, and provide education to critical stakeholders, including but not limited to member groups, employer groups, the General Assembly, and the Governor's Office.
- Work with the Board, investment consultants, and the Chief Investment Officer, evaluate the investment philosophy and approach to ensure it is appropriate to achieve the System's investment goals.
- Ensure the continued growth of the System's risk management framework and practices, and with oversight from the Audit, Compliance and Risk Committee, directing the agency's Chief Risk Officer to protect the System and its assets.
- Oversee and monitor the overall performance goals and metrics for the System.
- Ensure that the organizational structure is aligned and appropriate and that resources are in place to effectively and efficiently manage the System to achieve expected performance and address strategic priorities.
- Oversee the implementation of actions required as a result of the SOC 1/Type 2 Audit overseen by the Audit, Compliance and Risk Committee, as well as other management action plans.
- Evaluate the technology platform and, if necessary, bring forward recommendations to ensure it meets the System's needs and data is protected.

### **Qualifications and Experience**

The Board is seeking a visionary and transformational chief executive who will continue to implement the changes necessary to maintain public trust and the System's reputation as an industry leader amongst public pension funds. Other requirements and preferences include:

#### **Requirements**

- Bachelor's degree in business, finance or public administration or a related field.
- Relevant operational and administrative leadership experience in a large complex organization.

#### **Preferences**

- Advanced degree (e.g., MBA, JD).
- General knowledge of investments.
- General knowledge of actuarial principles.
- Experience with defined benefit and defined contribution plans.
- Experience leading major change management initiatives.
- Proven track record of working cooperatively with Boards and a history of effectuating Board directed initiatives.

### **Leadership Competencies and Characteristics**

The Executive Director must be a smart, confident, and inspiring leader committed to leading a team of nearly 400 dedicated professionals who are passionate about advancing PSERS' mission. The Board is seeking a chief executive with a track record of accomplishing goals who leads with a participative and collaborative style while setting clear goals supported by accountabilities.

To achieve success, the Executive Director must be a proactive problem solver, have courage to make tough decisions, be willing to have candid conversations, and have the emotional intelligence to affect positive change. Key competencies/attributes also include:

- Fortright
- Honest and ethical
- Integrity
- Transparent
- Humble & Unselfish
- Diplomatic
- Patience
- Respectful

The ideal candidate is a leader who values strong governance and has the social and interpersonal skills to build positive working relationships with trustees and to effectively lead and advise the Board. In addition to being visible, approachable and a good listener, other important skills and attributes include having the:

- Confidence to put forward ideas and recommendations while being willing to adjust them based on input from others.
- Interpersonal skills to build consensus and effectively negotiate compromise.
- Poise and presence to expertly represent PSERS.
- Ability to articulate complex financial and investment information in a clear and simple manner that is tailored to the audience.

This is a highly visible position, and the Executive Director must understand and comply with the relevant statutes and regulations for working in the public sector.

### **Compensation**

The Executive Director is an exempt position and an "at will" employee. The Executive Director must maintain permanent Pennsylvania residency. The compensation package is designed to attract the best-qualified executive and includes an attractive benefits package. PSERS employees are members of the Pennsylvania State Employees' Retirement System. PSERS employees also participate in Social Security and are eligible for benefits.

**For additional information about the position or to apply, please contact Hudepohl & Associates at [info@hudepohl.com](mailto:info@hudepohl.com) or (614) 854-7300.**