



Executive Summary

December 20, 2024

Dear Employers

As 2024 draws to a close, and we wrap up our 50th year, I wanted to share a few milestones we've accomplished. PMRS has strategically aligned our portfolio for optimal long-term performance, ensuring our plan remains healthy and stable. We have focused on operational improvements and spearheaded innovative initiatives to modernize our system into the 21st century.

The economic conditions for the third quarter continued to be strong. As of September 30, PMRS has \$3.56 billion in assets, with an investment gain of \$178.7 million. Our de-risking and diversification strategies have allowed us to weather global market shifts in recent years. Long-term performance continues to forecast above-target returns.

During our board meeting this week, we received an actuarial valuation for the year. Results showed year-over-year, our total system membership grew by almost five percent, with a 3.7% growth in our defined benefit and 6.4% in cash balance plans. Additionally, our funded ratio is 104%, and for the past 10 years, we've consistently been in the top five percent of fully funded public pension plans. Our goal is to provide a stable pension plan that our members can count on in their golden years. Additionally, PMRS strives to provide low-cost pension plans for our members and has done so for the past decade.

Now that our finances are on a normal cycle, our Finance division has processed the Act 293 reports for county plans five months ahead of the auditor general deadline. The actions taken over the past few years to eliminate the backlog and adopt a more proactive approach have allowed our actuary to complete the PMRS annual valuation report by the end of the year, marking the earliest PMRS has published the report. Finance has also proactively communicated with plans that are behind in submitting required paperwork. These frequent communication efforts have significantly reduced the number of delinquent reports. This year, we've shifted our attention to addressing some processing delays. Our Programs Division uncovered some backlogged items and has resolved over half of these items this year. They will continue to work through the more complex items in the new year. Additionally, our client relations team continues to provide pension education to our members and plans. This past November, PMRS held a pre-retirement seminar in the northeast, which was the largest attended in our history, with 250 attendees representing over 70 municipalities.

P.O. Box 1165 | Harrisburg, PA 17108-1165

P: 1-800-622-7968 | 717-787-2065 | F: 717-783-8363

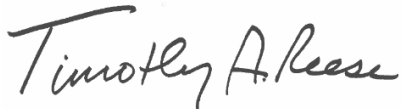
www.pMrs.pa.gov

Furthermore, PMRS has focused on several key areas this year, including growth and retention of our team, building culture, governance, innovation, and transparency. Our efforts in these areas have helped us strengthen our organization.

Last week, I was honored to receive the 2024 Industry Innovation Award for Public Defined Benefit under \$25 billion. This award reflects not just my efforts but the collective dedication of the entire PMRS team. We have prioritized investing in our people, establishing clear guiding principles, and implementing strategic investment management. This holistic approach has effectively led PMRS through a transformation and towards sustainable success.

PMRS has come a long way in the past 50 years, and we look forward to building our legacy as we move forward into the next 50 years. Thank you for your continued support. I wish you and your family a joyous holiday season.

Sincerely,

A handwritten signature in black ink that reads "Timothy A. Reese". The signature is written in a cursive, flowing style.

Timothy Reese

CEO, PMRS