



Pension Fund Sustainability: Defining the SERS Mission

October 17, 2019

The third pension sustainability session focused on Board efforts to define the terms “career employees” and “retirement benefit” in the SERS purpose statement drafted by the Board in September.

Based on the goals the Board set for the October session, Michael Perri and Michele Berry, consultants with Lincoln Crow Strategies, facilitated discussions to explore the terms previously identified as part of the SERS purpose.

The session began by reviewing the “Purpose of SERS,” which was “to provide a retirement benefit to career employees.” Each Board member then wrote three words or phrases to associate with the term “career member.” The words and phrases were shared with the group, and similar responses were grouped together. The Board members then separated into smaller groups to discuss the responses.

Upon returning to the full group discussion, the Board members agreed that defining the term “career member” was challenging and may not fully reflect the purpose of the retirement system.

One concept dominating the discussion included that SERS was created to serve everyone who contributed, no matter how long or how much, not just the career members. As a group, the Board reaffirmed that SERS was created to provide some type of retirement benefit for everyone who contributed, and that the benefits received should be in proportion to the member’s career contributions and the number of years the member contributed.

The Board agreed that the working purpose statement be changed to: “The purpose of SERS is to provide a retirement benefit to our members.”

Next, discussions turned to defining the term “retirement benefits.” Each Board member was asked to write a statement on “what retirement means to me.” Each response was shared with the group. Because all the responses were different, the Board members decided to explore member demographics to assess how retirement benefits are being distributed in order to aid in their crafting of a definition.

Data being gathered includes: how long retirees are collecting pensions in retirement; what percentage of the final average salary (FAS) is the average benefit; active and retiree demographic data; disability usage; number of retirees who retired before and after 2008/2012 pension reform changes; and the reasons why 120 days came to equal one year of service.

In November, the Board will review and investigate the implications of the demographic data and other information staff gathered so the Board members can continue to refine their definition of the purpose of a SERS retirement benefit.

