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## News for Immediate Release

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# **Outraged by Excessive Wall Street Fees, Auditor General DePasquale Welcomes Plan to Ease Serious Challenges Facing Public Pension Plans**

**HARRISBURG** – Auditor General Eugene DePasquale today said he welcomes a plan proposed by the state’s Public Pension Management and Asset Investment Review Commission to help the state’s two public pension systems, each of which are less than 60 percent funded.

“I applaud the commission for developing ways to save nearly \$10 billion over 30 years,” DePasquale said. “These proposed reforms will help to make sure these pension systems can meet their obligations to retirees while reducing the billions of dollars in fees being gobbled up by fat cats on Wall Street.”

The bipartisan commission’s report follows a seven-month review of the investment expenses and returns of the Pennsylvania Public School Employees’ Retirement System (PSERS), which covers school employees, and the State Employees’ Retirement System (SERS).

Both retirement systems are under financial strain. PSERS, with 486,000 members, has an unfunded liability of approximately \$44.5 billion. SERS, which has more than 239,000 members, has an unfunded liability of \$19.7 billion.

“The most alarming thing to come from today’s report is that PSERS spent an outrageous \$1.032 billion on investment costs and expenses in fiscal 2016-17,” DePasquale said. “Not only is that amount much higher than previously reported, it actually exceeds the total amount of money that public school employees put into the plan over the course of the year.

“As has happened before, Wall Street continues to rob us blind. We’re talking about money that should be securing the future of our dedicated public servants, not disappearing into the pockets of ultra-wealthy money managers who routinely gamble with our nation’s economic future.”

DePasquale has long been concerned about the financial health of both public pension plans. In separate audits released in May and August 2017, DePasquale found that PSERS and SERS were suffering from sky-high investment management fees. He will follow up on those audits with a special report.

“I’m pleased that SERS has been making progress, but there’s more work to be done to resolve the challenges faced by both plans,” DePasquale added.

DePasquale thanked Rep. Mike Tobash, the commission’s chair, and Treasurer Joe Torsella, vice chair, for their work to develop the recommendations found in the panel’s report.

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