

# Bond Case Briefs

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## Pennsylvania's Imminent Report on Investment Fees: What's Coming Next?

***The schedule for review of the investment strategies of the Public Employees' Retirement System and School Employees' Retirement System just became accelerated.***

At its hearing on July 30, 2018, Pennsylvania's Commission—tasked with looking into the costs and benefits of actively managed investment strategies—noted that it expects to deliver its findings on the topic to the governor and the state legislature “prior to November 30th.” We previously discussed this subject in our *Alerts*, [“PSERS Takes Action to Reduce Fees Paid to External Investment Managers”](#) and [“PA Commission Scrutinizes Active Management of Public Pension Assets.”](#)

Pennsylvania's Auditor General Eugene DePasquale decided not to wait until November 30 to chart his path forward. On August 23, 2018, he announced that he will conduct a review to assess whether PSERS and SERS have done enough to implement his recommendations from his 2017 audits, which focused generally on reducing fees and increasing transparency. This work, which is part of [DePasquale's much broader review](#), will “begin in 2020.”

Increased litigation seems to be a possibility as well. At its recent hearing, the Commission's chairman recognized the lurking possibility of litigation:

One of the things that I notice in the marketplace and our practice is that you have got participants that are suing people in fiduciary capacities of 401k plans. It's not uncommon today. And I kind of always look, you know, when is the day going to occur when defined benefit participants start going back after, or taxpayers start going back after the fiduciaries of defined benefit plans?

We will continue to monitor the proceedings and provide updates as warranted.

**Jones Day**

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