



# Retirement News Highlights

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## PennPSERS report points finger at Aon for calculation error

By Rob Kozlowski  
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Pennsylvania Public School Employees' Retirement System, Harrisburg, released the results of the investigation of an error in its reported investment returns Monday evening, which found no evidence of any criminal conduct.

The report from law firm Womble Bond Dickinson that the \$72.5 billion pension fund had commissioned in March 2021 came after the board was notified that the investment reporting figures used for an annual employer contribution rate increase contained a calculation error.

According to Womble Bond Dickinson's report, general investment consultant Aon Investments USA took responsibility for the error, which involved incorrect public markets investment returns in April 2015 that was only discovered by PennPSERS staff in 2020 following Aon's release of nine-year investment return data.

"In the process of reconciling some prior year asset class composites ... Aon has become aware of data corruption ... This data corruption impacted a few asset class composites in the public markets," Womble Bond's report said.

Matt D. Basil, partner at Willkie Farr & Gallagher LLP, said in a Jan. 17 letter to Claire J. Rauscher, partner at Womble Bond Dickinson, included with exhibits with the report: "To the extent that Womble's draft interim report purports to reach any conclusions regarding the acts, statements, or omissions of Aon or any current or former Aon employees, or purports to make any allegations of wrongdoing on the part of Aon or any current or former Aon employee, Aon disagrees with Womble's findings and conclusions." According to the Womble Bond Dickinson report, Aon would not agree to an interview for the report but provided answers to submitted questions.

Robert Elfinger, spokesman for Aon, said in an email Tuesday: "The subject matter of the report relates to pending litigation. We do not comment on pending litigation."

In November, the PennPSERS board had voted for the retirements of James H. Grossman Jr., chief investment officer, and Glen R. Grell, executive director, effective May 1 and Feb. 28, respectively. That vote followed six board members in June calling for Messrs. Grossman's and Grell's removal from their respective roles. The June resolution was ultimately withdrawn.

In a letter to Pensions & Investments on Tuesday, Marc S. Raspanti, partner at Pietragallo Gordon Alfano Bosick & Raspanti, attorney for Mr. Grell, said: "Five law firms — including counsel for the board, system, Glen Grell, James Grossman and (Chief Financial Officer) Brian Carl — have all independently

reached the same unequivocal conclusion: there exists no evidence of criminal conduct by Mr. Grell or any other PSERS staff member violated civil statutes, ethical rules or even internal PSERS policies."

He added, "Womble's near year-long investigation affirms — indeed, reaffirms — that Aon was solely responsible for the erroneous risk-share calculations (associated with contribution calculations) adopted by the board in December 2020. Aon's unfortunate refusal to cooperate with the Womble investigation does not change this fact."

Christopher Santa Maria, PennPSERS board chairman, said in a system news release: "Today marked an important milestone in the internal investigation and provided an opportunity at PSERS for both the Board and staff. We are committed to learning from this process and will continue our best efforts to serve our members."

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