

# PRESS RELEASE

**For Immediate Release**  
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**For More Information Contact:**  
Evelyn Tatkovski  
Press Secretary  
Public School Employees' Retirement System  
Phone: 717-720-4734  
e-mail: [etatkovski@state.pa.us](mailto:etatkovski@state.pa.us)

## **PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ANNOUNCES INVESTMENT PERFORMANCE**

*Pension fund reports strong gains for the one-year period ended December 31, 2006*

HARRISBURG, PA – The Pennsylvania Public School Employees' Retirement System (PSERS) today announced its investment performance for the calendar year-end December 31, 2006.

The pension fund generated a total return of 18.04 percent for the calendar year ended December 31, 2006. This return placed PSERS in the top 5 percent of the public pension plan database compiled by Wilshire Associates and was more than double the Fund's annual actuarial return assumption of 8.50 percent.

This marks the fourth consecutive calendar year period of high double-digit returns for the Fund. The Fund returned 25.11 percent in 2003, 14.90 percent in 2004, 11.45 percent in 2005, and 18.04 percent in 2006.

PSERS' Chief Investment Officer Alan Van Noord commented on the pension fund's investment performance.

"PSERS has remained committed to the strategic asset allocation decisions made by the Board and our long-term investment strategy. I am pleased to report that PSERS' investment performance finished this past calendar year on a very strong note," Van Noord said. "In particular, PSERS' investment performance benefited from the Board and Staff's strategic decision to increase our non-U.S. equities position. PSERS also posted very strong real estate results, especially in publicly traded real estate securities, which contributed to the Fund's strong investment performance."

Mr. Van Noord reported that for the one-year period ended December 31, 2006, the U.S. equity portfolio earned 14.84 percent, the non-U.S. equity portfolio earned 27.66 percent, private real estate returned 31.57 percent, publicly traded real estate securities returned 44.46 percent, and private markets earned 21.96 percent.

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PSERS' Chairman Melva S. Vogler recognized the efforts of the Fund's Board and staff and the impact of the Fund's investment performance on rising employer contributions.

"PSERS posted very strong investment returns well above our annual actuarial return assumption for the past three fiscal years, which helped significantly decrease the projected employer contribution rate in FY 2012/2013 from 27.73 percent to the current projected rate of 18.73 percent."

"While PSERS has made significant progress, the Commonwealth and school employers continue to face potential funding challenges in the coming years," Vogler said. "PSERS' recent investment performance is a step in the right direction, and if investment performance remains strong through the current fiscal year, the projected employer contribution rate expected in fiscal year 2012/2013 will continue to decrease," Vogler said.

Ms. Vogler also noted, "It is because of the efforts of our talented investment staff and dedicated Board that PSERS is able to announce these positive returns today. They have maintained their focus on PSERS' long-term investment strategy and have prudently invested the Fund's assets."

PSERS investments rose from \$54.8 billion on December 31, 2005 to over \$61.9 billion on December 31, 2006.

PSERS also returned 6.90 percent for the quarter, 14.77 percent for the three-year period, and 11.48 percent for the five-year period ended December 31, 2006. Both the three-year and five-year period returns were in excess of the Fund's annual actuarial return assumption of 8.50 percent.

**About the Pennsylvania Public School Employees' Retirement System**

PSERS is the 13<sup>th</sup> largest public defined benefit pension fund in the nation and the 23rd largest fund among public and corporate pension funds in the nation. As of December 31, 2006, PSERS had an investment portfolio of approximately \$61.9 billion and a membership of more than 263,000 active school employees and 162,000 retirees. For more detailed investment performance information visit PSERS' website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

As of December 31, 2006, PSERS had 31.1 percent of its investments in U.S. equities; 33.0 percent in non-U.S. equities; 16.8 percent in U.S. and non-U.S. fixed income; 8.6 percent in private markets; 7.3 percent in real estate, and 2.5 percent in cash and cash equivalents.

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