

Press Release

**For Immediate Release
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PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ANNOUNCES POSITIVE INVESTMENT EARNINGS OF OVER \$3 BILLION

Pension fund earns a positive 6.98 percent for the quarter ended September 30, 2010; Fund also certifies employer contribution rate of 8.65 percent for next fiscal year beginning July 1, 2011

HARRISBURG, PA - The Public School Employees' Retirement Systems' (PSERS') Board of Trustees met today in Harrisburg and announced positive quarterly investment performance for the quarter ended September 30, 2010. PSERS earned a positive 6.98 percent return for the quarter and a positive 12.27 percent return for the one-year period ended September 30, 2010. Over \$3 billion was added to PSERS as a result of the positive investment returns.

PSERS' Chief Investment Officer Alan Van Noord commented on the investment market outlook and the Fund's quarterly investment performance. "PSERS remains guardedly optimistic on the market outlook for 2011. While economic activity in the U.S. appears to be improving, unemployment remains high. In addition, sovereign debt issues in Europe remain troublesome. PSERS will continue to proactively manage the risk profile of the System while continuing to search for opportunities to add incremental returns."

"PSERS posted positive investment returns in all asset classes for the quarter ended September 30, 2010. The strongest performing asset classes were non-U.S. equities which were up 16.69 percent and commodities which were up 12.87 percent," Van Noord said.

PSERS annualized 25 year investment return through September 30, 2010 is 9.13 percent, which exceeds the assumed long-term actuarial investment rate of return for the same period. PSERS' current investment rate of return assumption is 8.00 percent. Additional detailed investment performance on individual asset classes as of September 30, 2010 is available on PSERS' website at: <http://www.psers.state.pa.us/invest/invest.htm>.

Also during the Board meeting, PSERS' Board, pursuant to Act 2010-120, certified an annual employer contribution rate of 8.65 percent for the next fiscal year, which begins July 1, 2011. The 8.65 percent employer contribution rate is composed of 0.65 percent for health insurance premium assistance and a pension rate of 8.00 percent. The Commonwealth reimburses school employers for not less than 50 percent of the employer contribution rate. Total employer contributions of over \$1.2 billion are expected in FY 2011/2012.

The pension fund is also funded through investment earnings and mandatory member contributions. Beginning next fiscal year, members of the pension fund are expected to contribute an average of 7.37 percent of their salary to help fund their retirement benefits. Member contributions of over \$1 billion are expected in FY 2011/2012.

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More information on the employer contribution rate, including revised long-term 30 year employer contribution rate projections, is available on PSERS' website at:

http://www.psers.state.pa.us/press/pension_funding_issues/index.html.

About the Pennsylvania Public School Employees' Retirement System

PSERS is the 17th largest state-sponsored defined benefit public pension fund in the nation. As of September 30, 2010, PSERS had net assets of \$48.0 billion and a membership of over 282,000 active members and over 184,000 annuitants and beneficiaries receiving benefits.

As of September 30, 2010 PSERS had 17.5 percent of its assets in non-U.S. equities; 14.0 percent in U.S. equities; 21.5 percent in U.S. and global fixed income investments; 20.4 percent in private markets; 9.0 percent in real estate, 4.1 percent in commodities, 10.9 percent in absolute return strategies, and 2.6 percent in cash and cash equivalents.

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