

# PRESS RELEASE

**For Immediate Release**  
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**PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
POSTS THIRD QUARTER INVESTMENT PERFORMANCE**  
*Pension fund posts gains for the third quarter ending September 30, 2005;  
FY2006/2007 employer contribution rate certified*

HARRISBURG, PA – The Pennsylvania Public School Employees' Retirement System (PSERS) today announced positive investment returns for the third quarter, one-year period, and three-year period ended September 30, 2005.

The pension fund generated a total return of 5.02 percent for the quarter, 17.54 percent for the one-year period, and an annualized total return of 17.60 percent for the three-year period ended September 30, 2005. The returns in each of these periods placed PSERS in the top 10 percent of a public pension plan database compiled by Wilshire Associates.

PSERS' Chief Investment Officer Alan Van Noord announced the pension fund's investment performance during a recent Board meeting.

“Returns for the year benefited from strong performance in real estate, alternative investments, and international equities,” Van Noord said. “During the most recent 12-month period, real estate and alternative investments returned 28.75 percent and 23.80 percent, respectively, primarily due to strong performance by PSERS' managers. International investments returned 29.95 percent during this same period due to strength in emerging markets.”

PSERS' Chairman Roger May commented on the Fund's investment performance.

“PSERS' Board continues to be very pleased with the investment performance of the Fund and I am happy to report the Fund's assets are now at a near-record high market value of \$53.8 billion,” said May. “That said, PSERS Board and staff will remain committed to researching new investment strategies and opportunities to further enhance the returns of the Fund in the future.”

PSERS' investments outperformed nearly all of their benchmarks for the third quarter and one-year period ended September 30, 2005.

PSERS' international equity portfolio earned 12.58 percent for the third quarter and 29.95 percent for the one-year period ended September 30, 2005, exceeding the MSCI All-Country World Index ex. U.S., which returned 11.83 percent and 29.47 percent for the same time frame.

PSERS' real estate portfolio returned 7.18 percent for the third quarter and 28.75 percent for the one-year period ended September 30, 2005.

PSERS' alternative investment returns were 2.37 percent for the third quarter and 23.80 percent for the one-year period ended September 30, 2005 in comparison to the Venture Economics Median Return, Vintage Year Weighted benchmark returns of 2.45 percent and 10.29 percent for the same time frame.

PSERS' domestic equity portfolio returns were 4.10 percent for the third quarter and 14.68 percent for the one-year period ended September 30, 2005 as compared to the Dow Jones Wilshire 5000, which returned 4.03 percent and 14.67 percent for the same time frame.

Also during the Board meeting, PSERS actuarial firm, Buck Consultants, presented the results of the annual actuarial valuation and the System's five-year experience study. An employer contribution rate of 6.46 percent was certified for the 2006/2007 fiscal year, which begins July 1, 2006. The 6.46 percent employer contribution rate is composed of 0.73 percent for health insurance premium assistance and a pension rate of 5.73 percent.

The employer contribution rate is an actuarially determined rate that is the percentage of payroll the school districts are required to pay into the pension fund to accumulate assets to pay retirement benefits for its members when due. The Commonwealth reimburses the school districts for approximately half of the employer contribution rate.

The pension fund is also funded through investment earnings and member contributions. Members of the pension fund currently contribute between 5.25 to 7.50 percent of their salary to help fund their retirement benefits.

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

PSERS is the 14<sup>th</sup> largest public pension fund in the nation and the 21<sup>st</sup> largest among public and corporate pension funds in the nation. As of September 30, 2005, PSERS had an investment portfolio of approximately \$53.8 billion and a membership of more than 255,000 active school employees and 156,000 retirees. For more detailed investment performance information visit PSERS' website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

As of September 30, 2005, PSERS had 40.8 percent of its assets in Domestic stocks; 21.9 percent in International stocks; 18.4 percent in Domestic and International Fixed Income

investments; 9.4 percent in Alternative Investments; 6.7 percent in Real Estate and 2.8 percent in cash and cash equivalents.

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