

Pennsylvania Public School Employees' Retirement System

(A Component Unit of the Commonwealth of Pennsylvania)

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Harrisburg, Pennsylvania 17101-1905

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Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013

Melva S. Vogler
Chairman
Board of Trustees

Sally J. Turley
Vice Chairman
Board of Trustees

Jeffrey B. Clay
Executive Director

Report prepared by the Public School Employees' Retirement System staff

Table of Contents

Section One – Introductory 5

Letter of Transmittal 6

GFOA Certificate of Achievement for Excellence in Financial Reporting..... 13

Public Pension Coordinating Council Public Pension Standards Award 14

Mission Statement..... 15

Administrative Organization

 PSERS Board of Trustees 16

 Board Committees 18

 Organizational Chart..... 19

 Administrative Staff..... 20

PSERS Regional Offices..... 21

PSERS Headquarters Building 22

Section Two – Financial 23

Independent Auditor’s Report..... 25

Management’s Discussion and Analysis 27

Financial Statements

 Statements of Plan Net Position as of June 30, 2013 and 2012 36

 Statements of Changes in Plan Net Position Years ended June 30, 2013 and 2012 38

 Notes to Financial Statements..... 40

Required Supplementary Schedule 1 – Schedules of Funding Progress 58

Required Supplementary Schedule 2 – Schedules of Employer Contributions..... 59

Supplementary Schedule 1 – Schedule of Operating Expenses..... 60

Supplementary Schedule 2 – Summary of Investment Expenses..... 61

Supplementary Schedule 3 – Schedule of Payments to Non-Investment Consultants 62

Section Three – Investment 63

Chief Investment Officer Letter 64

Portfolio Summary Statistics Asset Allocation as of June 30, 2013..... 71

Comparison of Actual Portfolio Distribution to Asset Allocation Plan as of June 30, 2013 72

Graph – Comparison of Actual Portfolio Distribution to Asset Allocation Plan 72

Graph – Portfolio Distribution 10 Year Trend 73

Common and Preferred Stock – Non - U.S. Equity 73

Common and Preferred Stock – U.S. Equity 74

Fixed Income 74

Absolute Return 75

Postemployment Healthcare Investments..... 75

Comparison of Investment Activity Income Fiscal Years Ended June 30, 2013 and 2012 76

Summary Schedule of Brokers’ Fees 76

Professional Consultants..... 77

Table of Contents (Continued)

Section Four – Actuarial.....	81
Actuary’s Certification Letter	82
Summary of Results of Actuarial Valuation as of June 30, 2012.....	85
History and Projection of Contribution Rates and Funded Ratios.....	86
Description of Actuarial Assumptions and Methods	87
Schedule of Active Members	90
Schedule of Retired Members and Beneficiaries	90
Solvency Tests.....	91
Analysis of Past Financial Experience Reconciliation of Employer Contribution Rates	92
Schedule of Funding Progress – GASB Statement No. 25 Disclosure	93
Schedule of Funding Progress – GASB Statement No. 43 Disclosure	93
Schedule of Employer Contributions – GASB Statement No. 25 Disclosure	94
Schedule of Employer Contributions – GASB Statement No. 43 Disclosure	95
Section Five – Statistical.....	97
Narrative.....	98
Schedule of Trend Data.....	99
10 Year Trend Schedules	
Schedule of Total Changes in Pension Plan Net Position	100
Additions to Pension Plan Net Position	101
Deductions from Pension Plan Net Position	101
Schedule of Total Changes in Postemployment Healthcare Plans Net Position	102
Additions to Postemployment Healthcare Plans Net Position	103
Deductions from Postemployment Healthcare Plans Net Position	103
Schedule of Pension Investment Income	104
Schedule of Premium Assistance Investment Income	105
Schedule of Health Options Program Investment Income	105
Schedule of Summary Membership Data	106
Schedule of Summary Annuity Data.....	106
Schedule of Pension Benefit and Refund Deductions from Plan Net Position.....	107
Schedule of Average Monthly Pension Benefit Payments	108
Schedule of Average Monthly Pension Benefit Payments and Average Final Average Salary.....	110
Schedule of Average Monthly Premium Assistance Benefit Payments and Average Final Average Salary.....	111
Ten Largest Employers	112
Schedule of Employers	113



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Approaching 100 Years

Since 1917 PSEERS has administered a defined benefit pension plan for public school employees in the Commonwealth of Pennsylvania and currently serves over 600,000 members.

Introductory Section



5 North 5th Street
Harrisburg PA 17101-1905

Letter of Transmittal
COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

*Toll-Free - 1-888-773-7748
(1-888-PSERS4U)
Local - 717-787-8540
Web Address: www.psers.state.pa.us*

October 29, 2013

The Honorable Thomas W. Corbett, Governor of Pennsylvania
Members of the General Assembly
Members of the Retirement System
Members of the Boards of PSERS' Employers
Pennsylvania Public School Employees' Retirement System Board of Trustees

Dear Governor Corbett, Legislators, Members, Employer Board members and PSERS Board of Trustees:

We are pleased to present the ninety-fourth edition of the Comprehensive Annual Financial Report (CAFR) for the Pennsylvania Public School Employees' Retirement System (PSERS, System, or Fund) for the fiscal year ended June 30, 2013 (FY 2013). This report is intended to provide financial, investment, actuarial and statistical information in a single publication. The front cover of this year's CAFR shows PSERS' headquarters along with pictures that exemplify the System's members. The divider pages provide statistics related to PSERS' operations.

The management of the System is solely responsible for the accuracy and completion of this report, pursuant to section 24 Pa.C.S. §8502(n) of the Public School Employees' Retirement Code (Retirement Code). The entire report can be downloaded from PSERS' website at www.psers.state.pa.us.

The System was established on July 18, 1917 to provide retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the 797 reporting entities in Pennsylvania. As of June 30, 2013, the System had over 267,000 active members with an estimated annual active payroll of \$12.6 billion.

The annuitant membership at June 30, 2013 was comprised of approximately 209,000 retirees and beneficiaries who receive over \$435 million in pension and healthcare benefits each month. The average yearly benefit paid to annuitants is \$24,603. The average benefit payment for each benefit type, grouped by years of credited service, is detailed in the Statistical Section of this report.

The System is a governmental cost-sharing multi-employer defined benefit pension plan, to which all members and 797 reporting units contribute. PSERS is administered by a staff of 314. The System is headquartered in Harrisburg, Pennsylvania, and has eight field offices in strategic areas of the Commonwealth to enable direct contact with the membership and the System's employers.

PSERS was established by law as an independent administrative board directed by a governing board of trustees (Board) which exercises control and management of the System, including the investment of its assets. PSERS is considered a component unit of the Commonwealth of Pennsylvania as defined by the Governmental Accounting Standards Board (GASB). An annual audit of the System by an independent certified public accounting firm is required by the Retirement Code. PSERS has contracted with SB & Company, LLC for this audit of its financial statements and has received an unmodified opinion as evidenced in the Independent Auditors' Report in the Financial Section of this report. An unmodified opinion means that PSERS' financial statements fairly present its financial condition. In addition, no significant findings were noted during the audit and therefore, a management letter was not issued. This is the fourth consecutive year that a management letter was not issued by the independent auditors and is reflective of the hard work and dedication of PSERS' staff to continue to improve the internal controls, operations and efficiency of the System.

Economic Summary

Economically, the fiscal year that ended June 30, 2013 was characterized by positive gains in the first three quarters and a fourth quarter that gave back some of those gains. The positive gains were led by a strong rally in developed market equities, specifically U.S. equities. Domestically, the Federal Reserve (Fed) implemented another asset purchase program during the year (QE3). In December, Operation Twist (a plan to sell short-term notes and purchase long-term Treasuries to reduce interest rates) came to an end and was replaced with outright purchases of longer-dated U.S. Treasuries. This Fed program partially offset the effects of U.S. fiscal tightening through sequestration (government spending cuts of about \$40 billion), the payroll tax increase, the expiration of some of the Bush-era tax cuts, and the Affordable Care Act tax increase during 2013, which acted as a drag on U.S. growth of about 1.0 – 1.5%. U.S. economic activity as represented by the U.S. Gross Domestic Product (GDP) was fairly tepid during the past fiscal year while housing was strong, up 12.07% as measured by the S&P Case-Shiller 20-City Home Price Index. Internationally, Chinese growth and falling inflation expectations overshadowed loose monetary policy, causing the commodity markets to perform poorly. The Bank of Japan introduced a 2% inflation target and announced open-ended purchases of assets amounting to 13 trillion yen per month and fiscal stimulation amounting to over 1% of GDP for 2013. These loose monetary conditions led to a strong “risk-on” environment for the first three quarters of the fiscal year. Europe still has excess debt, austerity, and unemployment issues, China continues to slow, and the emerging markets are facing a potentially vicious cycle of capital outflows. In summary, the equity markets had a strong “risk-on” year while fixed income markets and commodity markets had weak years. Even with a more risk balanced allocation, the System was still able to generate strong absolute returns. For FY 2013 PSERS’ investment portfolio generated a net rate of return of 7.96%, which resulted in \$4.1 billion of net investment income. The total net assets of the System increased from \$48.8 billion to \$49.3 billion from July 1, 2012 to June 30, 2013. This increase was due in large part to net investment income plus member and employer contributions exceeding deductions for benefits and administrative expenses.

The Board has continued to fulfill its mission to maintain stability and the long-term optimum value of the Fund. This is evidenced in the long-term growth of the System’s assets and the actuarial soundness of the Fund with respect to its funding status. The annualized rate of return for the twenty-five year period ended June 30, 2013 was 8.65% and exceeded the Fund’s long-term investment rate of return assumption during that time period. Of utmost importance to the Board is the assurance that the required reserves are available for payment of retirement benefits. PSERS has maintained its position among the top thirty largest pension systems in the nation.

Major Initiatives

Act 120 of 2010 Implementation Update

Act 120 of 2010 included a series of actuarial and funding changes to PSERS as well as significant benefit changes for individuals who become new members on or after July 1, 2011. Implementation of the actuarial, funding and benefit changes in Act 120 of 2010 continued throughout the year. Highlights of the implementation follow:

- The employer contribution rate caps defined in Act 120 of 2010 are in effect. These rate caps step up the employer contribution rate in predictable increments and allow advance notice to the school employers and Commonwealth for budget planning purposes. The rate caps in Act 120 have had a dramatic impact on the employer contribution rate. If Act 120 was not in effect, the employer rate would have jumped to 32.32% on July 1, 2013, rather than the current rate of 16.93%. While this suppression of the employer contribution rate helps school employers and the Commonwealth budget for the increasing rates, the use of rate caps continues the underfunding of the System.
- The System is in the process of incorporating the “shared risk” provisions of Act 120. With a shared risk program, Class T-E and T-F members benefit when investments of the fund are doing well and share some of the risk when investments underperform. The member contribution rate will stay within the specified range allotted for Class T-E and T-F, but could increase or decrease by 0.5% every three years based on investment performance. The first possible member rate adjustment may occur on July 1, 2015 when the rate could increase 0.5%. While PSERS’ assumed rate of return is 7.5%, PSERS’ actual investment rate of return, net of fees, was 3.43% for fiscal year 2012 and 7.96% for fiscal year 2013, two of the three years being used for the look back period.

- Act 120 also established specific timeframes for the purchase of Non-Qualifying Part Time (NQPT) service. Over 280,000 Class T-C and T-D members active on July 1, 2011 have a three-year window, beginning July 1, 2011, to file an application to purchase NQPT service. Class T-C and T-D members who were not active on July 1, 2011 and all Class T-E and T-F members have a one-year window, from the date of notification by PSERS, to file an application to purchase NQPT service.
- In regards to the new membership classes created by Act 120, as of June 30, 2013 PSERS had 23,822 active Class T-E members with a 2.0% pension multiplier and a contribution rate of 7.5% and 3,564 active Class T-F members with a 2.5% pension multiplier and higher contribution rate of 10.3%. The combined total of Class T-E and T-F members represents over 10% of PSERS' active membership.

Acts 32 and 33 of 2013 Implementation

Legislation was passed on July 1, 2013, that impacts active members who go on a military leave on or after July 1, 2013. The legislation primarily changed the rules regarding service credit and eligibility points earned during the military leave, purchasing this service upon return to school employment, what occurs in the event of a member's death or disability while on a new military leave, and the employer's role in the aforementioned activities. This legislation does not affect any members already on a military leave or any members extending a current military leave as this is considered a part of the original military leave.

Budgetary and Financial Governance

PSERS submits its administrative budget request to the Governor's Office of the Budget each October where it is reviewed and evaluated. Any changes proposed by the Governor's Budget Office are made and a final amount is provided to the Legislature, which passes the final budget and submits it to the Governor for his signing into law. The administrative budget is not funded from the Commonwealth's General Fund, rather from the earnings of the Fund itself. PSERS has annually underspent its approved budget, keeping more funds available to invest for PSERS' members.

PSERS continues to be prudent in its use of funds and managing the annual budget. In FY 2013, PSERS discontinued printing and mailing CAFRs to its 700 plus employers to save costs and now is utilizing its website as the primary method to distribute its CAFR. The Pension Administration System contract was renewed in January 2013, at the same cost, but includes a provision for up to 2,000 additional hours of programming change requests which was not part of the previous contract. Based on a request from PSERS, over 6,000 members recently converted from mailed paper checks to Electronic Funds Transfer (EFT), saving PSERS their postage and Treasury processing fees each month. Going forward, nearly all new retirees will receive their monthly annuities by EFT.

PSERS participates in an international benchmarking survey evaluating its costs and service performance in comparison to other similar public pension funds. Based on the FY 2012 survey, PSERS had a 28% lower pension administration cost per member than the average cost for its peer group.

In addition, during FY 2013, PSERS continued its ongoing efforts to recover funds from securities class action litigation. The System received \$6.5 million in settlements from these cases in FY 2013.

Customer Service

During these challenging economic times, PSERS has continued to improve service while dealing with increased workloads. Despite experiencing a 14% increase in receipt of retirement applications, PSERS continued its efforts to provide retirement benefits in a timely fashion through a one-step process. In the past, PSERS processed most initial retirements in two steps. The first step was the calculation and payment of an estimated monthly benefit and the second step was the calculation and payment of a finalized monthly benefit which occurred later. Most retirements are now processed using a one-step process which eliminates the calculation and payment of an estimated monthly benefit. The number of benefits processed in one step increased from 74% in FY 2012 to 88% in FY 2013. This increase was achievable largely in part due to a change in the System's process to review member accounts at periodic milestones and event triggers to ensure each detail of a member's account is accurately portrayed prior to the member applying for retirement. Approximately 57% of all members that retired this past year had their account reviewed in conjunction with their request for a retirement estimate, up from the previous year's 41%. In addition to these service improvements, another major endeavor that was completed was the extensive redesign of members' Statement of Account to be more comprehensive and understandable.

PSERS is also making an investment in technology to continue to improve the efficiency of its operations in the future. This represents a multi-year effort to upgrade the System's pension administration system to enable improved customer service through many enhancements such as member self-service features. PSERS is excited to see the many benefits this platform upgrade has to offer and looks forward to its full implementation.

Pension Reform Update

Significant discussion on additional pension reform continues to take place. Numerous pieces of pension legislation have already been introduced and more are expected. As of the date of this letter, no pension legislation has passed.

For many years PSERS has provided extensive, objective technical information and volumes of actuarial data to members of the General Assembly. We have accurately and professionally cost and drafted every piece of pension legislation brought to PSERS by the General Assembly regardless of the impact on the structure of the System. While PSERS does not take a position on any legislation or support any specific policy on pension reform, PSERS takes its role in helping to resolve the pension funding issue very seriously. PSERS will continue to cooperate and provide information so effective pension policy decisions can be made by all decision-makers.

Financial Highlights

The fair value of the System's net assets totaled \$49.3 billion as of June 30, 2013. The System is the 18th largest state-sponsored public defined benefit pension fund in the nation and the 30th largest among public and corporate pension funds in the nation. More specific information on the System's assets is detailed in the Statements of Plan Net Position and Management's Discussion and Analysis included in the Financial Section of this report.

One of PSERS' mission critical objectives is the timely and accurate payment of benefits. In FY 2013, PSERS provided over \$6.3 billion in pension and healthcare benefits to its members.

The System's administrative budget request is appropriated by the Pennsylvania General Assembly and funded by the investment income of the System. For FY 2013, the appropriation was \$44.1 million.

Funding

Funding is the process of specifically setting aside money for current and future use. Proper funding for a defined benefit pension plan entails an actuarial examination of the fund balances and liabilities to ensure money will be available for future and current benefit payments. The actuarial valuation measures the progress toward funding pension obligations of the System by comparing the actuarial assets to the actuarial liabilities of the System.

The results of PSERS' latest published actuarial valuation (as of June 30, 2012) indicated that the rates of contribution payable by the members and employers, when taken together with the current assets of the System, are adequate to fund the actuarial liabilities on account of all benefits payable under the System at that date. The funded status as of the latest actuarial valuation was 66.4%. Additional comparative information on the funded status of PSERS can be found in the Actuarial Section and in the Financial Section of this report.

Investments

Over the past few years, PSERS' Board and investment staff made significant changes to the Fund's investment asset allocation, including further refining the Fund's investment strategy and increasing the diversification of the Fund's assets. In particular, PSERS actively reduced its risk profile by significantly decreasing its equity exposure and by moving portions of the Fund's assets into asset classes that are less correlated to the equity markets.

Income from the investment portfolio represents the major source of revenue to the System, accounting for 71% of total revenues over the twenty-year period from FY 1994 to FY 2013. During FY 2013, net investment income was \$4.1 billion. The investment portfolio, which is one part of the System's net assets, totaled \$49.5 billion, at fair value, as of June 30, 2013. For FY 2013, the time-weighted net rate of return on the System's investments was 7.96%.

The investment portfolio is well diversified to emphasize a long-term investment approach. The overall objective of the System is to provide benefits to its members through a carefully planned and well-executed investment program. The return objectives are to (i) realize a return that exceeds the Policy Index (the Policy Index is a custom benchmark, based on the Board-established asset allocation structure that seeks to generate a return that meets the actuarial rate of return assumption); and (ii) invest the assets to maximize returns for the level of risk taken. The risk objectives are to (i) diversify the assets of the System to minimize the risk of losses within any one asset class, investment type, industry or sector distribution, maturity date, or geographic location; and (ii) invest the assets so that the probability of investment losses (as measured by the Policy Index) in excess of 15.0% in any one year is no greater than 2.5% (or two standard deviations below the expected return). Additional information on the System's investments is contained in the Investment Section of this report.

Federal and State Tax Status

The System is a qualified trust fund under Section 401(a) of the Internal Revenue Code (IRC). As a result of the qualified status, the trust fund is entitled to an exemption, under Section 501(a) of the IRC, from federal income taxation on its investment earnings. Additionally, contributions made on behalf of the active members are tax deferred under Section 414(h) of the IRC. The trust fund and any benefits accruing to the members of PSERS are exempt from Pennsylvania state and municipal taxes.

It should be noted that the Internal Revenue Service (IRS) announced and initiated a renewed focus on the tax qualification of public pension funds in 2008. PSERS worked proactively, in conjunction with the State Employees' Retirement System, to address this IRS initiative.

In September of 2013, PSERS was notified by the IRS that their tax qualification status has been confirmed pending minor modifications to the Retirement Code. This most recent notification is set to expire on January 31, 2016.

Internal Controls and Reporting

PSERS' management is responsible for and has implemented internal controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records.

This report has been prepared in accordance with accounting principles generally accepted in the United States of America. The System maintains a full accrual accounting system. More specific accounting information is detailed in the Summary of Significant Accounting Policies (Note 2) in the notes to the financial statements found in the Financial Section of this report.

PSERS' management believes the internal accounting controls currently in place are adequate to meet the purpose for which they were intended and also believes the financial statements, supporting schedules and statistical tables are fairly presented.

GASB Pension Accounting and Financial Reporting Project (Pension Project)

In June 2012, the Governmental Accounting Standards Board (GASB) approved a pair of related Statements that reflect substantial changes to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans*, addresses financial reporting for state and local government pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions.

Statement No. 67 replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, for most public employee pension plans. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for most government employers. The new Statements also replace the requirements of Statement No. 50, *Pension Disclosures*, for those governments and pension plans.

Statement No. 67 provides public employee pension plans such as PSERS guidance for financial reporting. Statement No. 67 will significantly change related financial reporting through note disclosures and new required supplementary information (RSI) schedules. These changes are necessary for government employers to comply with Statement No. 68.

Statement No. 68 will require cost-sharing governments (employers) to report a net pension liability, pension expense, and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the employers in the plan. Additionally, all government employers participating in the plan will be required to include plan information in their note disclosures and RSI schedules.

Statement No. 67 will take effect for pension plans in fiscal years beginning after June 15, 2013. Statement No. 68 will take effect for employers and governmental nonemployer contributing entities in fiscal years beginning after June 15, 2014. Statements Nos. 67 and 68 are available for download at no cost from the GASB website, www.gasb.org.

Professional Services

Professional consultants are appointed by the Board of Trustees to perform services essential to the efficient operation of the System. An annual audit by an independent certified public accounting firm and annual valuation by an actuarial consultant attest to the financial and actuarial soundness of PSERS. The investment performance of the System is reviewed by an investment evaluation firm on a quarterly basis. The consultants providing services to the System are listed in the Financial Section and Investment Section of this report.

Other Information

In compliance with the Retirement Code, actuarial tables and the computational procedures used by the System in calculating annuities and other benefits were published in the *Pennsylvania Bulletin* (Vol. 31, No.14). This information can be found at www.pabulletin.com/secure/data/vol31/31-14/index.html.

System Awards

Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PSERS for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. PSERS has received a Certificate of Achievement for 30 consecutive years from FY 1983 to FY 2012. A photograph of this award appears in the Introductory Section of this report. Its attainment represents a significant accomplishment by the System, whose Office of Financial Management holds general responsibility for the compilation and validity of the financial data presented in the Comprehensive Annual Financial Report.

The System believes the current report continues to conform to the Certificate of Achievement program requirements and will be submitting this report to GFOA to determine eligibility for the 2013 certificate.

Public Pension Coordinating Council Public Pension Standards Award

The Public Pension Coordinating Council has awarded its Public Pension Standards Award to PSERS for 2012. This award is in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

The Public Pension Coordinating Council was formed in 1990 to assist the public employee retirement community. The Council is composed of representatives from three national associations whose members are directly involved in the administration of public employee retirement systems: the National Association of State Retirement Administrators (NASRA); the National Conference on Public Employee Retirement Systems (NCPERS); and the National Council on Teacher Retirement (NCTR). A reproduction of this award appears in the Introductory Section.

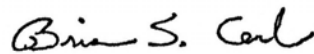
Acknowledgements

The preparation of this report reflects the combined efforts of PSERS staff under the direction of the PSERS Board. It is intended to provide complete and reliable information in conformance with accepted standards and to document responsible stewardship of the System's assets.

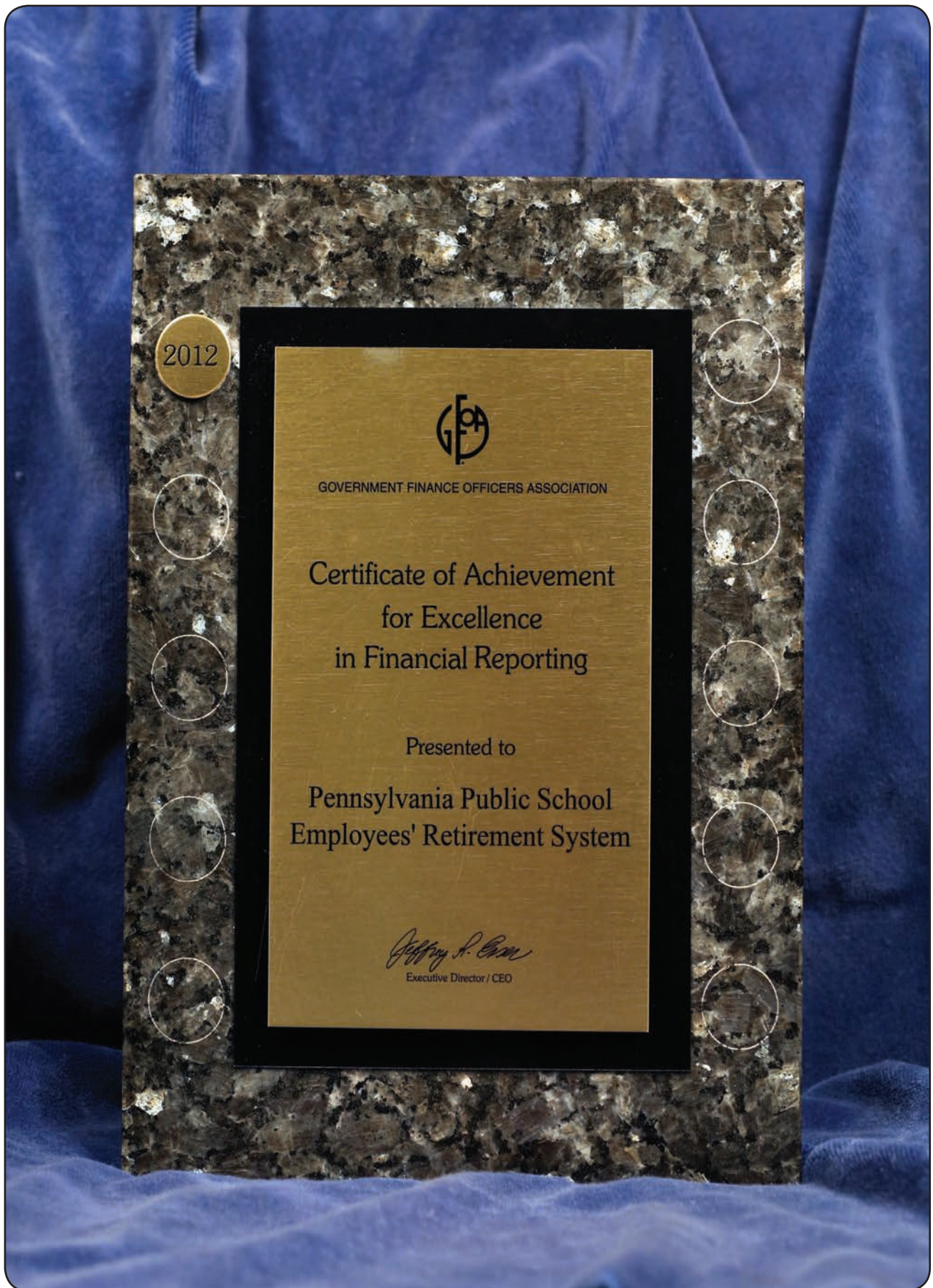
Respectfully submitted,



Jeffrey B. Clay
Executive Director



Brian S. Carl, CPA, CTP
Chief Financial Officer



2012



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Certificate of Achievement
for Excellence
in Financial Reporting

Presented to

Pennsylvania Public School
Employees' Retirement System

Jeffrey S. Chan

Executive Director / CEO



Public Pension Coordinating Council

*Public Pension Standards Award
For Funding and Administration
2012*

Presented to

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

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

Mission Statement



The Board of Trustees and the employees of the Public School Employees' Retirement System (System) serve the members and stakeholders of the System by:

- Providing timely and accurate payment of benefits*
- Maintaining a financially sound System*
- Prudently investing the assets of the System*
- Clearly communicating members' and employers' rights and responsibilities, and*
- Effectively managing the resources of the System*

adopted 6/20/2008

Administrative Organization PSERS Board of Trustees



As of September 8, 2013

Seated, front row: Bernard Gallagher, designee for Honorable Joseph F. Markosek; Stacey Connors, designee for Honorable Patrick M. Browne; Melva S. Vogler, Board Chairman; Sally J. Turley, Board Vice-Chairman; Deborah J. Beck; Treasurer Robert M. McCord

Standing, second row: Ambassador Martin J. Silverstein; Charles Zogby, designee for Acting Secretary of Education Carolyn C. Dumaesq; Glen S. Galante; Anthony Mannino, designee for Honorable Lawrence M. Farnese; James M. Sando; Richard N. Rose; James R. Biery; Honorable Glen R. Grell; Stuart L. Knade, designee for Nathan G. Mains; Jeffrey B. Clay, PSERS' Executive Director, Board Secretary

PSERS Board of Trustees

As of September 8, 2013

Acting Secretary of Education of the Commonwealth of Pennsylvania (ex officio)

Dr. Carolyn C. Dumaresq

Treasurer of the Commonwealth of Pennsylvania (ex officio)

Honorable Robert M. McCord

Executive Director of the Pennsylvania School Boards Association, Inc. (ex officio)

Mr. Nathan G. Mains

Two members appointed by the Governor of the Commonwealth of Pennsylvania for a term of three years

Mr. James R. Biery (term expires 12/31/15)

Ambassador Martin J. Silverstein (term expires 12/31/14)

Three members elected from among the Active Certified Contributors of the System for a term of three years

Mr. Glen S. Galante (term expires 12/31/15)

Mr. James M. Sando (term expires 12/31/13)

Ms. Melva S. Vogler (term expires 12/31/14)

One member elected from among the Active Non-Certified Contributors of the System for a term of three years

Ms. Deborah J. Beck (term expires 12/31/15)

One member elected from among the annuitants of the System for a term of three years

Mrs. Sally J. Turley (term expires 12/31/13)

One member elected by the members of Pennsylvania Public School Boards from among their number for a term of three years

Mr. Richard N. Rose (term expires 12/31/14)

Two members appointed by the Speaker of the House from the Pennsylvania House of Representatives, one representing the Majority Party and one representing the Minority Party

Honorable Joseph F. Markosek (term expires 11/30/15)

Honorable Glen R. Grell (term expires 11/30/15)

Two members appointed by the President Pro Tempore of the Pennsylvania Senate, one representing the Majority Party and one representing the Minority Party

Honorable Lawrence M. Farnese (term expires 11/30/15)

Honorable Patrick M. Browne (term expires 11/30/15)

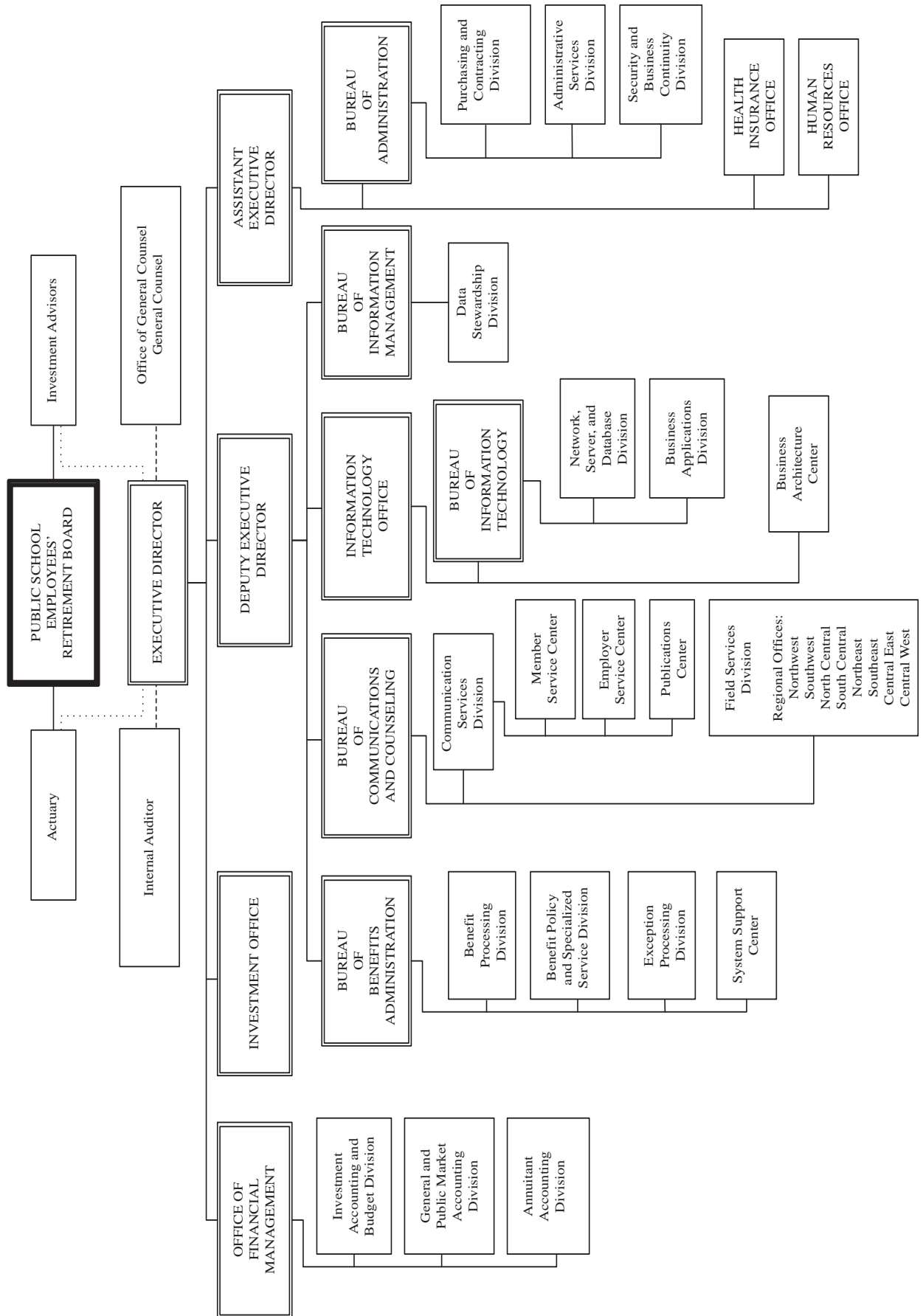
2013 Board Committees

As of September 8, 2013

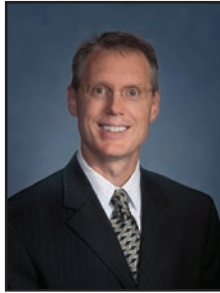
<p>Appeals/Member Services</p> <p>Ms. Beck, Chair Mr. Biery Senator Farnese Mr. Mains Mr. Rose Mr. Sando Mrs. Turley</p>	<p>Audit/Budget</p> <p>Mr. Galante, Chair Representative Grell, Vice Chair Mr. Mains Representative Markosek Treasurer McCord Mr. Rose Ambassador Silverstein</p>	<p>Bylaws/Policy</p> <p>Representative Grell, Chair Ms. Beck Mr. Biery Senator Browne Representative Markosek Mrs. Turley</p>
<p>Corporate Governance</p> <p>Mr. Sando, Chair Senator Browne Mr. Galante Treasurer McCord Mr. Rose Ambassador Silverstein</p>	<p>Elections</p> <p>Representative Markosek, Chair Dr. Dumaresq Senator Farnese Ambassador Silverstein Mrs. Turley</p>	<p>Finance</p> <p>Mr. Rose, Chair</p> <p>Committee is comprised of all Board Members</p>
<p>Health Care</p> <p>Mrs. Turley, Chair Mr. Galante, Vice Chair Ms. Beck Representative Grell Mr. Mains Representative Markosek</p>	<p>Personnel</p> <p>Mr. Mains, Chair Treasurer McCord, Vice Chair Senator Browne Representative Grell Mr. Rose Mr. Sando</p>	<p>Technology Steering</p> <p>Senator Farnese, Chair Mr. Sando, Vice Chair Mr. Biery Dr. Dumaresq Mr. Galante Treasurer McCord</p>

NOTE: The chair of the Board of Trustees is a voting ex officio member of all Committees

Organizational Chart of the Public School Employees' Retirement System



Administrative Staff



James H. Grossman Jr.
Acting Chief Investment Officer



Jeffrey B. Clay
Executive Director



Terrill J. Sanchez
Deputy Executive Director



Michele M. Ferencz
Chief Counsel



Brian S. Carl
Chief Financial Officer



Joseph E. Wasiak
Assistant Executive Director



Richard R. Spinks
Chief Technology Officer



James F. Noone
Director of Administration



Ginger L. Bucher
Director of Benefits
Administration



Eugene W. Robison
Director of Communications
and Counseling



Deborah L. Garraway
Director of Information
Management



Mary E. Geesey
Director of Information
Technology



Tammy L. Meshey
Director of Human
Resources



Donald J. Halke, II
Internal Auditor



Mark F. Schafer
Director of Health
Insurance



Francis J. Ryder
Director of Government
Relations



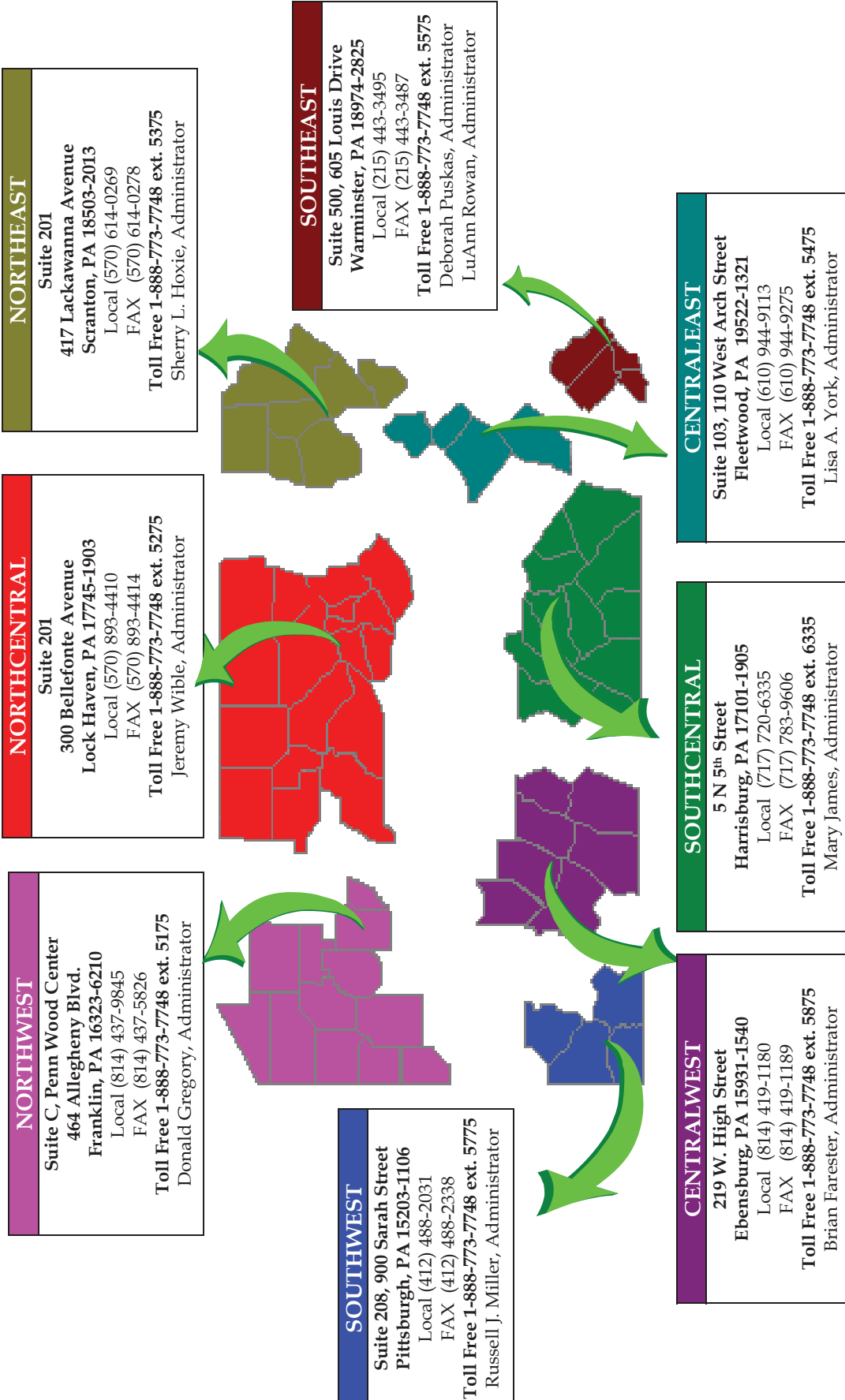
Evelyn M. Tatkovski
Press Secretary

PSERS REGIONAL OFFICES

Public School Employees' Retirement System of Pennsylvania

PSERS FIELD SERVICES DIVISION

Serving You in the 21st Century



PSERS Headquarters Building



The administrative headquarters of the Public School Employees' Retirement System (PSERS) is located at 5 North Fifth Street in downtown Harrisburg, Pennsylvania within the State Capitol complex. Regional field offices are also maintained in Ebensburg, Fleetwood, Franklin, Lock Haven, Harrisburg, Pittsburgh, Warminster and Scranton.

The headquarters building was constructed and first occupied by the Retirement System in 1987. It is the first time a building was constructed for PSERS use. It is owned by the Five North Fifth Street Corporation, a holding entity formed by PSERS, and is managed by Property Management Inc.