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From the Desk of the Executive Director

A Message from PSERS Executive Director, Mr. Jeffrey B. Clay...



Mr. Jeffrey B. Clay

On February 5, 2013, Governor Corbett unveiled his 2013-2014 state budget proposal. In his address, the Governor laid out his plan for additional pension reform, which includes potential changes to active member benefits not yet earned. These **proposed** changes would not take effect until July 1, 2015. The Governor's proposal does not impact retired member benefits.

The Governor's proposal does not impact retired member benefits.

While I understand you may have many questions and concerns about how additional pension reform may impact you, nothing is confirmed at this time. The Governor's proposal will be before the General Assembly during the current legislative session (2013-2014).

Proposed changes for active members would not take effect prior to July 1, 2015.

Over the next few months, I urge you to carefully read your PSERS' mailings and newsletters, and closely monitor PSERS' website at **www.psers.state.pa.us** for updated pension reform information. As more details are confirmed, PSERS will provide an update to our membership.

For more details on the Governor's budget proposal, go to the Commonwealth's Office of Budget website at: **www.budget.state.pa.us**. Click on the tab on the left-hand side of the page entitled, Current and Proposed Commonwealth Budgets.

The Public School Employees' Retirement System (PSERS) provides this document for educational and informational purposes. Information in this document is general in nature, does not cover all factual circumstances, and is not a complete statement of the law or administrative rules. The statements in this document are not binding. In any conflict between the statements in this document and applicable law or administrative rules, the law and administrative rules will prevail. This document is designed solely to provide an overview of benefits available to PSERS members and is not intended to be a substitute for retirement counseling. The contents of this newsletter may not be used for any commercial purpose without PSERS' prior written permission.

PSERS
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Harrisburg PA 17101-1905

Toll-Free 1.888.773.7748
Local Calls 717.787.8540

Phone Hours
Weekdays
(except holidays):
8:00 a.m. - 5:00 p.m.

Website Address:
www.psers.state.pa.us

Email Address:
ContactPSERS@pa.gov

PSERS is proud to be an equal
opportunity employer supporting
workforce diversity.

PSERS Board of Trustee Meeting Schedule

April 26, 2013
June 12, 2013
August 8, 2013
October 4, 2013
December 6, 2013

PSERS Board meetings are held in Harrisburg at PSERS, located at 5 N 5th Street. In addition to these Board meetings, Committee meetings are held throughout the year. All PSERS Board meetings are open to the public.

For exact meeting times or if you would like to attend and require an accommodation to participate, please call Barbara Book, PSERS Executive Office at 1.888.773.7748, extension 4617.

Criminal Activity & Forfeiting a PSERS Benefit

The right of a person to receive retirement benefits from PSERS is subject to forfeiture as provided by the Public Employee Pension Forfeiture Act ("Pension Forfeiture Act"). The Pension Forfeiture Act states that all service and benefits payable to a PSERS member must be forfeited if the member is convicted of, pleads guilty or no defense to any of the crimes listed under the Pension Forfeiture Act when the crime is committed through the member's position as a public employee or when the member's public employment places the member in a position to commit the crime(s).

The Pennsylvania crimes listed under the Pension Forfeiture Act are:

- ◆ theft by deception
- ◆ theft by extortion
- ◆ theft of services
- ◆ theft by failure to make required disposition of funds received
- ◆ forgery
- ◆ tampering with records or identification
- ◆ misapplication of entrusted property and property of government or financial institutions
- ◆ bribery in official and political matters
- ◆ threats and other improper influence in official and political matters
- ◆ perjury
- ◆ false swearing
- ◆ unsworn falsification to authorities
- ◆ false reports to law enforcement authorities
- ◆ witness or informant taking bribe
- ◆ tampering with or fabricating physical evidence
- ◆ tampering with public records or information
- ◆ intimidation of witnesses or victims
- ◆ retaliation against witness, victim, or party
- ◆ obstructing administration of law or other governmental function
- ◆ official oppression, speculating or wagering on official action or information
- ◆ the following crimes when committed by a school employee against a student: rape, statutory sexual assault, involuntary deviate sexual intercourse, sexual assault, aggravated indecent assault, indecent assault, and indecent exposure

The Pension Forfeiture Act also includes all Federal criminal offenses that are substantially the same as the above listed crimes.

The Pension Forfeiture Act requires that a member's contributions and interest be used to pay any court ordered restitution, provided the monies have not been withdrawn by the member. If there is no restitution ordered by the court, the PSERS member is only eligible to receive a return of the member's contributions without interest.

This article is intended to give a general overview of the Pension Forfeiture Act. To the extent there is a conflict between what is stated here and the Pension Forfeiture Act, the terms of the Pension Forfeiture Act, the Retirement Code, and PSERS' administrative interpretations and court decisions will govern the payment of benefits, and not any conflicting statements made in this article.

Annuitant Member Board Election

The PSERS Board of Trustees will conduct an **annuitant member election** this fall for an annuitant member to serve a three-year term on the Board beginning January 1, 2014.

To run for election, an Annuitant Member must:

- ✓ Be an annuitant member of the System.
- ✓ Submit an affidavit and nominating petition with 125 or more valid signatures of other PSERS annuitant members.
- ✓ Submit a completed biographical form.

To receive a nomination packet and more information on the duties and responsibilities of Board

members, interested annuitant members may write to:

Maryann Pavlovic, PSERS Election Coordinator
5 N 5th Street
Harrisburg PA 17101-1905

Please be sure to specify in your request that you want information on the **annuitant member seat** because active certified member elections will also be held.

Your completed affidavit, nominating petition, and biographical form must be returned to Ms. Pavlovic at the above address by 4:30 p.m. on July 5, 2013.

Late receipt will disqualify any candidate from the election ballot.

Active Certified Member Board Election

The PSERS Board of Trustees will conduct three active certified member elections this fall. A **regular election** will be held for an active certified member and **two special elections** for active certified members to complete a term.

The **regular election for a three-year term** on the Board begins January 1, 2014 (for identification purposes, "Seat A"). The **two concurrent special** active certified member elections are necessitated by the retirement of Ms. Melva Vogler and Mr. Glen Galante.

The election for Ms. Vogler's seat (for identification purposes, "Seat B") will include the unexpired term from January 1, 2014 through December 31, 2014, and a new full three-year term to begin immediately afterward (January 1, 2015 through December 31, 2017).

The election for Mr. Galante's seat (for identification purposes, "Seat C") will include only the unexpired portion (January 1, 2014 through December 31, 2015) of his three-year term.

Members who desire to run in either the regular or special elections for the active certified seats must:

- ✓ Be an active certified member of the System. (Certified members are those in a position requiring certification by the Department of Education.)
- ✓ Submit nominating petitions with 500 or more

valid signatures of other PSERS active certified members.

- ✓ Submit a completed biographical form.

Candidates for the active certified seats must choose among running for the regular election with a three-year term (Seat A), the special election to fill the remainder of the existing term with the additional three-year term (Seat B), or the special election to complete only the remainder of the existing term (Seat C). **You may not run for more than one seat.**

To receive a nomination packet and more information on the duties and responsibilities of Board members, interested active members may write to:

Maryann Pavlovic, PSERS Election Coordinator
5 N 5th Street
Harrisburg PA 17101-1905

Please be sure to specify in your request whether you want a nomination packet for the active certified regular election, the active certified special election two-year term, or the active certified special election four-year term. Failure to do so will enter you in the regular election.

Your completed affidavit, nominating petition, and biographical form must be returned to Ms. Pavlovic at the above address by 4:30 p.m. on July 5, 2013.

Late receipt will disqualify any candidate from the election ballot.

Foundations for Your Future (FFYF)

As a part of its educational outreach, PSERS provides *Foundations for Your Future* (FFYF) seminars for active members. PSERS regional representatives present these seminars throughout the school year to provide all active members with general information about PSERS benefits and services. Attendance at a *Foundations for Your Future* seminar will help you begin to plan for your retirement early in your career. During these programs, PSERS examines topics such as benefit options, withdrawal of contributions, rollovers, taxes, and legislative actions affecting PSERS.

Though most *Foundations for Your Future* seminars are primarily conducted in the fall, listed below are seminars scheduled from May 2013 through August 2013 (not inclusive, more dates may be added in some areas).

If you need directions to any of the locations, please contact your regional office, the PSERS Member Service Center at 1.888.773.7748, or access the PSERS website, www.psers.state.pa.us. If there is a demand for additional seminars during the year, PSERS may add seminars and post them to the PSERS website. PSERS employers in the area will receive seminar notices as well. **While we suggest that you attend a *Foundations for Your Future* seminar based on the county in which you work, you may attend a seminar in any region.**

As this printed schedule is subject to change due to weather or other unforeseen conditions, we highly suggest that before leaving for a meeting, you verify the dates and times listed through the schedule posted on the PSERS website.

If a school location experiences an emergency/weather closing, the meeting will be canceled.

Please Note: Advance registration is not required to attend any of these seminars. If you require an accommodation to participate, please contact your PSERS regional office.

Southwest Region, Toll-Free 1-888-773-7748, EXT 5775				
Counties Served: Allegheny, Fayette, Greene, & Washington				
County	City	Location & Address	Date	Time
Allegheny	Homestead	Allegheny I.U., McGuffey & Sullivan Rms., 475 E. Waterfront Dr.	July 15, 2013	1:00 p.m.
Fayette	Uniontown	Holiday Inn Uniontown, Appalachian Ridge Room, 700 W. Main St.	July 11, 2013	1:00 p.m.
Greene	Waynesburg	Waynesburg Central High School, Auditorium, 30 Zimmerman Dr.	July 10, 2013	1:00 p.m.
Washington	Washington	Trinity Middle School, Auditorium, 50 Scenic Dr.	July 18, 2013	1:00 p.m.
Southeast Region, Toll-Free 1-888-773-7748, EXT 5575				
Counties Served: Bucks, Delaware, Montgomery, & Philadelphia				
County	City	Location & Address	Date	Time
Bucks	Quakertown	Quakertown Area High School, 600 Park Ave.	July 31, 2013	10:00 a.m.
Delaware	Morton	Delaware County I.U., Education Service Center, Rooms 171 & 172, 200 Yale Ave.	July 11, 2013 August 21, 2013	10:00 a.m. 10:00 a.m.
Montgomery	Kulpsville	Holiday Inn Lansdale (Inn at Towamencin), 1750 Sumneytown Pk.	July 16, 2013 August 15, 2013	10:00 a.m. 10:00 a.m.
Philadelphia	Philadelphia	Ramada Philadelphia Northeast, 11580 Roosevelt Blvd.	July 17, 2013 August 13, 2013	10:00 a.m. 10:00 a.m.
Philadelphia	Philadelphia	Philadelphia School District Education Center, Auditorium, 440 N. Broad St.	July 10, 2013 August 8, 2013	10:00 a.m. 10:00 a.m.

Foundations for Your Future (continued)

Southcentral Region, Toll-Free 1-888-773-7748, EXT 5675
Counties Served: Adams, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, & York

County	City	Location & Address	Date	Time
Cumberland	Mechanicsburg	Cumberland Valley High School, Auditorium 6746 Carlisle Pike	July 10, 2013	10:00 a.m.
Cumberland	Summerdale	Capital Area I.U., 55 Miller Street	May 14, 2013	4:30 p.m.
Dauphin	Harrisburg	Susquehanna Township High School, Auditorium, 3500 Elmerton Ave.	July 17, 2013	10:00 a.m.
Lancaster	Lancaster	Lancaster-Lebanon I.U., 1020 New Holland Ave.	July 24, 2013	10:00 a.m.
York	York	York Suburban High School, Auditorium, 1800 Hollywood Dr.	July 23, 2013	10:00 a.m.

Northwest Region, Toll-Free 1-888-773-7748, EXT 5175
Counties Served: Beaver, Butler, Clarion, Clearfield (DuBois Area School District only), Crawford, Erie, Forest, Jefferson, Lawrence, Mercer, Venango, & Warren

County	City	Location & Address	Date	Time
Butler	Butler	Butler Area SD Intermediate School 551 Fairground Hill Rd.	August 8, 2013	1:00 p.m.
Clarion	Clarion	Riverview I.U. 270 Mayfield Rd.	July 25, 2013	1:00 p.m.
Erie	Edinboro	Northwest Tri-County I.U., 252 Waterford St.	July 23, 2013	1:00 p.m.
Venango	Franklin	Rocky Grove Jr./Sr. High School Auditorium, 403 Rocky Grove Ave.	August 6, 2013	1:00 p.m.

Northcentral Region, Toll-Free 1-888-773-7748, EXT 5275
Counties Served: Bradford, Cameron, Centre, Clearfield (all districts except DuBois Area), Clinton, Columbia, Elk, Lycoming, McKean, Montour, Northumberland, Potter, Schuylkill, Snyder, Sullivan, Tioga, & Union

County	City	Location & Address	Date	Time
Clearfield	Clearfield	Clearfield Area Middle School, Auditorium, 602 Mill Rd.	July 17, 2013	1:30 p.m.
Elk	Kersey	Red Fern Banquet and Conference Center, 421 Old Kersey Rd.	July 10, 2013	1:30 p.m.
Lycoming	Williamsport	Holiday Inn Williamsport, 100 Pine St.	July 25, 2013	1:30 p.m.
Northumberland	Montandon	Central Susquehanna I.U., Main Building, Lawton Ln.	June 27, 2013	1:30 p.m.

Reminder to Active Members!

You may attend a *Foundations for Your Future* seminar at any time during your career. These sessions are designed to help you plan for your future.

(continued on page 6)

Northeast Region, Toll-Free 1-888-773-7748, EXT 5375 Counties Served: Lackawanna, Luzerne, Monroe, Northampton, Pike, Susquehanna, Wayne, & Wyoming				
County	City	Location & Address	Date	Time
Lackawanna	Archbald	Valley View Jr./Sr. High School, Auditorium, 1 Columbus Dr.	July 10, 2013	10:00 a.m.
Luzerne	Nanticoke	Luzerne County Community College, Educational Conference Center, Auditorium 132, 1333 S. Prospect St.	August 7, 2013	10:00 a.m.
Monroe	Bartonsville	Howard Johnson, Banquet Room, 63 Route 611	July 31, 2013	10:00 a.m.
Northampton	Easton	The Eastonian Banquet and Convention Center at the Holiday Inn Express, 90 Kunkle Dr.	July 18, 2013	10:00 a.m.
Wayne	Hawley	Wallenpaupack High School, Library, HC 6	July 23, 2013	10:00 a.m.

Centraleast Region, Toll-Free 1-888-773-7748, EXT 5475 Counties Served: Berks, Carbon, Chester, & Lehigh				
County	City	Location & Address	Date	Time
Berks	Reading	Reading-Muhlenberg Career & Technology Center, Warren Rd.	August 01, 2013	11:00 a.m.
Carbon	Jim Thorpe	Jim Thorpe Area High School, 1 Olympian Way	August 07, 2013	11:00 a.m.
Chester	Downingtown	Chester County I. U., 455 Boot Rd	July 26, 2013	11:00 a.m.
Lehigh	Schnecksville	Carbon-Lehigh I. U., 4210 Independence Dr.	July 31, 2013	11:00 a.m.

Centralwest Region, Toll-Free 1-888-773-7748, EXT 5875 Counties Served: Armstrong, Bedford, Blair, Cambria, Indiana, Somerset, & Westmoreland				
County	City	Location & Address	Date	Time
Blair	Altoona	Ramada Inn-Altoona, I-99 Exit 31 Plank Rd., Rt. 220 and Plank Rd. exit	July 30, 2013	10:00 a.m.
Cambria	Ebensburg	Admiral Peary AVTS, Room 204, 948 Ben Franklin Hwy.	August 13, 2013	10:00 a.m.
Indiana	Indiana	Indiana University of Pennsylvania, Kovalchick Convention and Athletic Complex, 711 Pratt Dr.	July 26, 2013	10:00 a.m.
Westmoreland	Youngwood	Westmoreland County Community College, Commissioners Hall, 145 Pavilion Ln.	August 7, 2013	10:00 a.m.

Employer Contribution Rate for Fiscal Year 2013-2014

The employer contribution rate for fiscal year 2013-2014 will be 16.93%. The rate applies to salary and wages earned from July 1, 2013 through June 30, 2014. This rate was determined by PSERS' actuary and was certified by the PSERS Board of Trustees at its meeting on December 6, 2012.

This employer contribution rate consists of 16.0% for pension costs and 0.93% for premium assistance

payments. The rate caps established under Act 120 of 2010 remain in effect for the next fiscal year and continue to suppress the pension rate. Total employer contributions of \$2.3 billion are estimated during the 2013-2014 fiscal year. The Commonwealth reimburses school employers for not less than 50% of the total employer contribution rate.

Attention Retired Members...

Keep Monthly Benefits Coming by Keeping Your Address Up to Date!

Not only is it important as a retiree to keep your mailing address up to date to receive informational publications and your yearly *Form 1099-R*, but it's also important to keep receiving your monthly benefit payment. This is true whether the payment is mailed to your home address or sent directly to your financial institution.

If your monthly benefit payment is sent electronically to your financial institution and we receive notification from the post office that your mailing address is not valid, your electronically transferred payment will stop after we receive the notice of your invalid address. PSERS must have your new mailing address for your payments to continue. If your monthly benefit payment is mailed directly to your home address and we receive notification of an invalid mailing address, your monthly benefit payment will immediately stop until you inform PSERS of your new address.

How to Update Your Address or Name

To change or update your address and/or name, the information must be submitted in writing and contain your signature. You may do this by writing a letter to PSERS. Name and address changes should not be submitted any earlier than 90 days prior to the effective date of the change.

In the letter, please be sure to include your signature, the last four digits of your social security number, and the effective date of the change (no earlier than 90 days prior to the submission of the information). Our mailing address is –

PSERS
5 N 5th Street
Harrisburg PA 17101-1905

Health Options Program (HOP)

PSERS sponsors the Health Options Program (HOP) to provide retirees and their dependents access to group health insurance. Participation in HOP is voluntary and the benefits are financed by the premiums paid by plan participants.

If you are a PSERS retiree, survivor annuitant, spouse or surviving spouse of a PSERS retiree or survivor annuitant, dependent child of a PSERS retiree or survivor annuitant, you may enroll in HOP within 180 days of a qualifying event. Examples of a qualifying event include:

- ◆ You retire or lose health care coverage under your school employer's health plan, including any COBRA continuation coverage you may elect under that school employer's plan.
- ◆ You involuntarily lose health care coverage under a non-school employer's health plan (including any COBRA continuation coverage you may elect under a non-school employer's health plan).
- ◆ You or your spouse reach age 65 or become eligible for Medicare.

- ◆ A change in your family status (including divorce, your death or death of a spouse, addition of a dependent through birth, adoption, or marriage, or a dependent loses eligibility).
- ◆ You become eligible for premium assistance due to a change in legislation.
- ◆ You move out of a plan's service area or terminate a plan approved for premium assistance.

Qualifying events apply to you, your spouse, and your dependents independently. If one member of your family has a qualifying event, all members may enroll in HOP or change their option if already enrolled. For example, if your spouse turns age 65 and becomes eligible for Medicare, that's a qualifying event for all eligible family members.

For more information about HOP or for customer service assistance, retirees should contact HOP directly at 1.800.773.7725 or visit the HOP website at www.hopbenefits.com.

Public School Employees' Retirement System as of June 30, 2012

A summary of the state of PSERS funding as of June 30, 2012, is listed below and on the following three pages. More detailed information is available in the publication, *Comprehensive Annual Financial Report as of June 30, 2012*, which can be viewed on the PSERS website at www.psers.state.pa.us through the Publications page.

Net Assets Held in Trust

PSERS is the 17th largest state-sponsored public defined benefit pension fund in the nation and the 27th largest among public and corporate pension funds in the nation. The fund's net assets decreased nearly \$2.6 billion since June 30, 2011. This decrease was due in large part to deductions for benefits and administrative expenses exceeding net investment income plus member and employer contributions.

	Fair Value (in Billions)
Total Assets of the Fund (receivables, investments, fixed assets, etc.)	\$ 50.5
Total Liabilities of the Fund (payables, obligations under securities lending, etc.)	<u>1.7</u>
Total Plan Net Assets Held in Trust	\$ 48.8

Investments

As of June 30, 2011, total investments, which comprise the majority of PSERS' overall net assets held in trust, by asset class were as follows:

	Fair Value (in Billions)
Short-term investments	\$ 2.6
Fixed income investments	7.2
Common and preferred stock investments	9.3
Collective trust funds	10.5
Real estate investments	6.0
Alternative investments	<u>12.9</u>
Total investments as of June 30, 2012	48.5
Net other assets and liabilities	<u>(.3)</u>
Total Plan Net Assets Held in Trust	\$ 48.8

Contributions

During the 2011-2012 school year, the employer contribution rate was 8.65% of the employer's payroll. For the 2012-2013 school year, the rate increased to 12.36%. Both the employer and the Commonwealth are responsible for paying a portion of the employer's share. Employers are divided into two groups: school entities and non-school entities. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer 50% of the payment for employees hired on or before June 30, 1994. For employees hired after June 30, 1994, based on a statutory formula, school entities are reimbursed by the Commonwealth a minimum of 50% of the payment. Non-school entities and the Commonwealth each contributed one-half of the total employer rate (4.325%) for school year 2011-2012.

Employee & Employer Rate History

Fiscal Year Ended June 30	Employee Contribution Rate*	Employer Contribution Rate	Cumulative Yearly Salaries Paid to School Employees
2012	6.50%/7.50% or 5.25%/6.25% or 7.5%/10.3%	8.65%	\$12.7 Billion
2011	6.50%/7.50% or 5.25%/6.25%	5.64%	\$13.3 Billion
2010	6.50%/7.50% or 5.25%/6.25%	4.78%	\$12.9 Billion
2009	6.50%/7.50% or 5.25%/6.25%	4.76%	\$12.4 Billion
2008	6.50%/7.50% or 5.25%/6.25%	7.13%	\$11.9 Billion
2007	6.50%/7.50% or 5.25%/6.25%	6.46%	\$11.7 Billion
2006	6.50%/7.50% or 5.25%/6.25%	4.69%	\$11.4 Billion
2005	6.50%/7.50% or 5.25%/6.25%	4.23%	\$10.8 Billion

* Rate is dependent on membership class, which is based on an employee's date of membership eligibility.

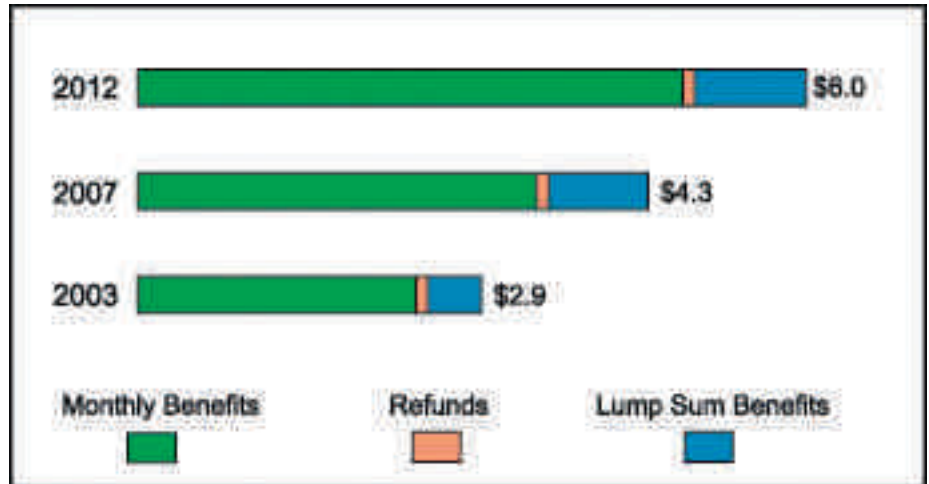
The "7.5%/10.3%" in 2012 represents membership classes TE and TF, respectively.



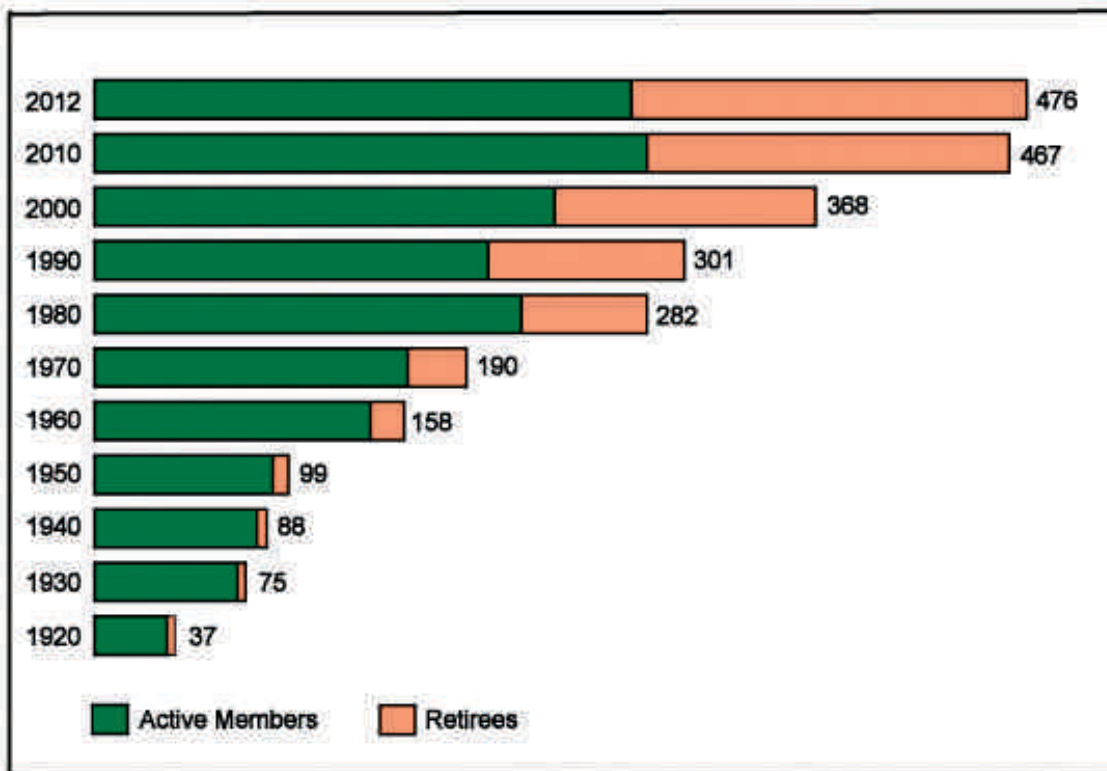
Benefit Payments (Amounts in Billions)

Highlights on Payment of Benefits:

1. PSERS paid \$6.0 billion in total benefit payments (including benefits, lump-sum and installment payments, refunds, and net transfers to SERS) for the fiscal year ended June 30, 2012.
2. PSERS' current monthly retirement payroll exceeds \$404 million.



Total Membership - Active & Retired (in Thousands)

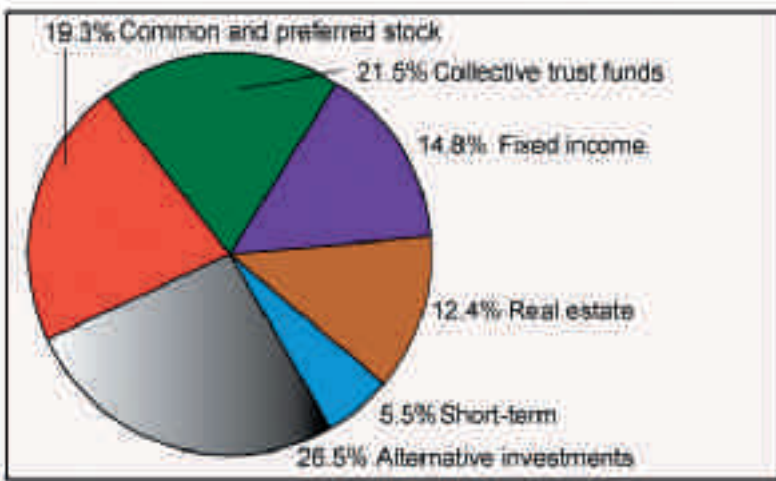


Highlights on Membership Statistics:

This bar chart is based upon actuarial valuation statistics through June 30, 2012. PSERS' newest member population totals show the number of retired members and survivors/beneficiaries now to be approximately 202,000 and the active contributing membership to be approximately 274,000.

From 2003 to 2012, the retired membership increased by approximately 38.7% and the active membership has increased by approximately 10.9%.

Investment Portfolio Distribution at June 30, 2012 (Fair Value)



Highlights on Investments:

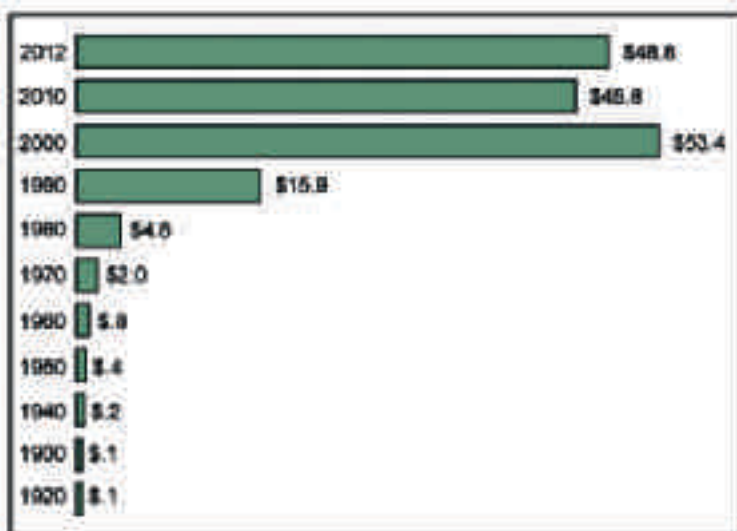
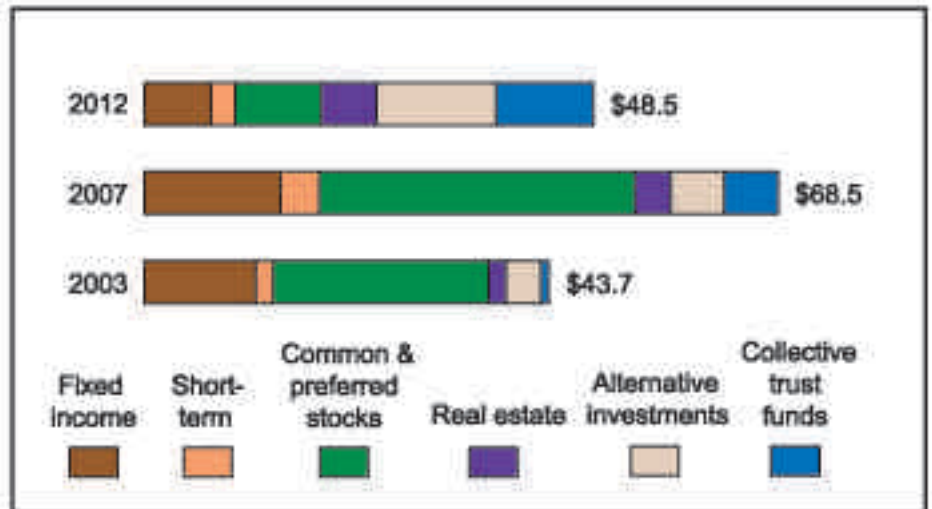
The five largest individual domestic common and preferred stocks in PSERS' domestic portfolios (in millions) as of June 30, 2012, were:

	Fair Value (\$)
Security Capital Preferred Growth	185.6
Apple Computer, Inc.	169.3
Exxon Mobil Corporation	122.5
Microsoft Corporation	69.5
IBM	68.6

Investment Portfolio Distribution - 10-Year Trend (Fair Value - Amounts in Billions)

Highlights on Investments:

1. In 2003, PSERS' investments at fair value were \$43.7 billion compared to 2012's \$48.5 billion.
2. PSERS' fixed income investments were 27% in 2003 and 15% in 2012 of the fair value of PSERS' total investments.
3. PSERS' investments from 2003 to 2012 have shown a reallocation from common and preferred stock to real estate and alternative investments.



Net Assets Available for Benefits (Amounts in Billions)

PSERS is the 17th largest state-sponsored public defined benefit pension fund in the nation and the 27th largest among public and corporate pension funds in the nation.

**Comparison of Total Accrued Liabilities to Total System Assets
For Valuation Years 2012, 2007, and 2003 (\$ Amounts in Billions)**

Year	(A) Accrued Liabilities*	(B) Actuarial Value of Assets	(A) - (B) (Unfunded) Funded Accrued Liability**	(B) / (A) Funded Ratio***
2012	\$ 87.8	\$ 58.3	\$ (29.5)	66.4%
2007	\$ 66.6	\$ 57.2	\$ (9.4)	85.8%
2003	\$ 54.4	\$ 52.9	\$ 1.5	97.2%

* Accrued Liabilities - Generally PSERS' benefit obligations to current retirees and future benefits to be paid to active members who eventually retire.

** Unfunded Accrued Liability - Shows the portion of the accrued liabilities not covered by assets available to PSERS at the end of the valuation year.

*** Funded Ratio - Measurement used to show PSERS' progress toward funding pension obligations.

Condensed Statement of Plan Net Assets as of June 30, 2012

Assets:	(In Millions)
Receivables:	
Contributions due from members and employers	\$ 609
Investment receivables and other miscellaneous	824
Total Receivables	<u>1,433</u>
Investments (at fair value)	48,541
Securities lending collateral pool	507
Capital assets	22
Total Assets	<u>50,503</u>
Liabilities:	
Benefits and other accounts payable	640
Investment purchases and other liabilities	592
Obligations under securities lending	507
Total Liabilities	<u>1,739</u>
Net Assets - held in trust for pension and postemployment healthcare benefits	<u>\$ 48,764</u>

Condensed Statement of Changes in Plan Net Assets for Year Ended June 30, 2012

	(In Millions)	
Net Assets - held in trust for pension and postemployment healthcare benefits at beginning of year, July 1, 2011	\$ 51,433	A
Additions during the year:		
Contributions from members and employers	2,286	
Net investment income	1,094	
Total Additions	<u>3,380</u>	B
Deductions during year:		
Benefits and refunds paid to members	5,993	
Administrative expenses	56	
Total Deductions	<u>6,049</u>	C
Change in Net Assets held in trust for pension and postemployment healthcare benefits (B - C)	<u>(2,669)</u>	D
Net Assets - held in trust for pension and postemployment healthcare benefits at end of year, June 30, 2012 (A + D)	<u>\$ 48,764</u>	

Detailed information regarding the financial statements is available in the PSERS' *Comprehensive Annual Financial Report* (CAFR). The CAFR financial statements are presented in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The CAFR is available on the PSERS website, www.pfers.state.pa.us, through the Publications page, or call 1.888.773.7748 for a copy.

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