



The Office Of State Treasurer  
Denise L. Nappier

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## News

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### **Largest State Pension Funds Grow \$3 Billion in Fiscal Year 2014** *Investment Return Tops 15.6 Percent*

HARTFORD, CT -- State Treasurer Denise L. Nappier announced today that the State's two largest pension funds -- the Teachers' Retirement Fund ("TERF") and the State Employees' Retirement Fund ("SERF") -- posted net investment returns of 15.67 percent and 15.62 percent, respectively, for the fiscal year ended June 30, 2014.

The robust performance for the TERF and SERF exceeded their respective customized benchmarks of 15.25 percent and 15.41 percent, and far surpassed the funds' actuarial investment assumptions of 8.5 percent and 8 percent.

The funds have earned double digit investment returns for four of the last five fiscal years, with the five-year returns 11.79 percent for TERF and 11.90 percent for SERF.

The market value of the pension assets for the TERF and SERF was approximately \$16.2 billion and \$10.5 billion, respectively, as of June 30. Investment gains totaled \$3.8 billion. After combined net withdrawals of \$760.4 million, including benefit payments, fees and expenses, the two pension funds jointly had a total value of approximately \$26.7 billion as of June 30 -- a net increase of \$3.06 billion over the previous fiscal year ended June 30, 2013.

"These two pension funds -- representing 91 percent of the State's pension and trust fund portfolio -- profited handsomely from the market's performance," Treasurer Nappier said.

"We are rightly proud of it," Treasurer Nappier said of the year-end performance. "The soundness of our strategic, diversified approach to portfolio design has enabled us to achieve returns that approach double their actuarially assumed rates of return," she added.

### ***Overall Pension and Trust Funds Grow \$9 Billion Since the Great Recession – Reaching All Time High In Asset Value***

Driven by strong equity gains, the overall Connecticut Retirement Plans and Trust Funds ("CRPTF") added \$4.15 billion of investment gains to pension assets in Fiscal Year 2014. After net withdrawals, the CRPTF ended the fiscal year with assets of \$29.4 billion -- a \$3.5 billion net increase from the previous year.

This placed the CRPTF at its fiscal year-end all-time high in asset value. Dramatically, underscoring the long term growth and recovery since the 2009 Great Recession, the CRPTF has experienced an increase of \$9 billion in market value, or 44.4 percent, since June 30, 2009, in addition to paying benefits of \$4.6 billion.

“What is noteworthy about our investment experience over the past five years is that pension fund assets have grown at a faster pace than the payment of benefits and other expenses,” said Treasurer Nappier. “In light of the State's significant unfunded pension liability, the substantial growth of the fund assets is good news for its beneficiaries and taxpayers. Our overall pension fund portfolio is positioned to perform well in a variety of economic environments,” she said.

Contributing to the solid results of the CRPTF were the sustained vigorous investment performances in the domestic and international developed equity markets -- 25.3 percent and 22.2 percent, respectively.

The High Yield Bond portfolio in the CRPTF returned 12.2 percent. Additionally, the Real Estate and Private Equity portfolios had strong performances, posting returns of 10.7 percent and 16.1 percent, respectively, for the fiscal year end.

In addition to TERF and SERF, the Connecticut Retirement Plans and Trust Funds is comprised of assets held on behalf of the Connecticut Municipal Employees' Retirement Fund; Probate Court Retirement Fund; State Judges' Retirement Fund; State's Attorneys' Retirement Fund; Soldiers' Sailors' & Marines' Fund; Endowment for the Arts; Agricultural College Fund; Ida Eaton Cotton Fund; Andrew Clark Fund; School Fund; Hopemead Fund; Police & Fireman's Survivors' Benefit Fund; and State of Connecticut Other Post-Employment Benefits Trust Fund. All together, these additional funds make up roughly 9 percent of the CRPTF.

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