PRESS RELEASE
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LARGEST STATE PENSION FUNDS EARN OVER 14.3% IN FY 2017
Connecticut Retirement Plans and Trust Funds’ Market Value Hits All Time High
Treasurer Nappier Reports Preliminary Results of $3 Billion in Growth


The CRPTF posted a net investment return of 14.20 percent for the fiscal year, bringing its total net value to $32.4 billion on June 30, 2017, a new all-time fiscal year-end record. After paying fees and expenses, including $793 million of benefit payments in excess of total contribution receipts, the overall portfolio grew by over $3 billion in value during the year.

The two largest pension funds, the Teachers’ Retirement Fund (“TERF”) and the State Employees’ Retirement Fund (“SERF”), returned 14.40 percent and 14.34 percent, respectively. These results reflect outperformance over their benchmarks by 116 and 117 basis points. Moreover, each fund significantly surpassed the Fiscal Year 2017 actuarial assumed rates of return of 8.0 percent for TERF and 6.9 percent for SERF. The assets of these two funds together represent 90 percent of the CRPTF. In addition, the Connecticut Municipal Employees’ Retirement Fund surpassed its benchmark by 103 basis points, returning 13.10 percent.

“The 2017 fiscal year experienced substantial market uncertainty associated with the impact of the BREXIT referendum, the U.S. presidential election and elections abroad, global monetary policy shifts, rising interest rates, and re-energized global equity markets,” Treasurer Nappier stated. “Through all the volatility, our asset allocation strategy and asset manager performance proved resilient -- fully capturing the market upswing and adding significant additional value. Outperforming the market, as reflected in returns above our benchmarks, is always gratifying, particularly for the taxpayers we serve during these tight fiscal times.”
The primary drivers of these results were the CRPTF’s three equity market funds that represent 51 percent of CRPTF’s holdings, all of which posted double-digit positive investment returns. The Developed Markets International Stock Fund returned 24.81 percent; the Emerging Markets International Stock Fund returned 23.00 percent; and the Mutual Equity Fund (primarily domestic stocks) returned 19.26 percent. Importantly, each of these funds also surpassed their benchmarks by amounts ranging from 18 to 240 basis points.

Longer term, the five-year returns for TERF and SERF were 8.80 percent and 8.81 percent -- outperforming their benchmarks by 24 and 23 basis points. The seven-year returns were 8.96 percent and 9.03 percent, which slightly trailed their benchmarks. The returns for both periods exceeded the actuarial investment return assumptions in place during those times.¹

“By outperforming the actuarial investment return assumptions, the CRPTF’s gains will moderate the State’s actuarially recommended pension fund contributions for the Fiscal Year 2020/2021 biennial budget. Every additional investment dollar earned is one less tax dollar needed to meet the state's pension benefit obligations and, therefore, available to support funding for critical state programs and services,” Treasurer Nappier said.

In addition to TERF and SERF, the CRPTF 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; Arts Endowment Fund; Agricultural College Fund; Ida Eaton Cotton Fund; Andrew C. Clark Fund; School Fund; Hopemead State Park 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 10 percent, or $3 billion, of the CRPTF.

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¹ The actuarial investment return assumption for TERF was 8.5 percent until November 2015 when it was lowered to 8 percent. The actuarial return assumption for SERF was 8.5 percent until the 2008 fiscal year when it was lowered to 8.25 percent. It was subsequently lowered to 8 percent in September 2012 and 6.9 percent for the 2017 fiscal year.