The Office Of State Treasurer
Denise L. Nappier

News

PRESS RELEASE
For Immediate Release
Revised July 19, 2013, 4 PM

PRELIMINARY RESULTS:
CONNECTICUT'S PENSION FUNDS EARN 11.49% IN FISCAL YEAR 2013
INVESTMENTS GENERATE $2.8 BILLION

HARTFORD, CT -- State Treasurer Denise L. Nappier announced today that Connecticut's pension funds, known collectively as the Connecticut Retirement Plans and Trust Funds ("CRPTF"), generated a preliminary investment return, net of expenses, of 11.49 percent for the fiscal year ended June 30, 2013.

Buoyed by strong equity gains, the CRPTF added $2.8 billion of market value to pension assets. With a projected $900 million in net benefit payments and fees over the course of the year, the CRPTF ended on June 30, 2013 at $25.9 billion, up from $24 billion as of June 30, 2012 -- an increase of $1.9 billion.

Treasurer Nappier called the Fund's double digit positive returns good news, and noted that performance not only surpassed the actuarial investment assumptions of 8% and 8.5%, but also was largely consistent with the returns of CRPTF's customized benchmarks.

"The value of the pension funds grew during the 2013 fiscal year, even after taking into account the net payment of benefits totaling $800 million," Nappier said. "This speaks to the soundness of the funds' overall portfolio composition. It also bears noting that the Governor and General Assembly, by fully funding the annual required contribution, has helped us to avoid increasing liquidity requirements to pay monthly pension benefits and enjoy the higher returns associated with longer term investments as represented by last fiscal year's robust investment returns. That growth is an essential component of the State's strategy to reduce its unfunded pension liabilities, which should be welcome news to our pension fund beneficiaries and Connecticut's taxpayers."

Nappier went on to state: "From a strategic perspective, we're not losing any sleep over cash flow requirements: we got an extra lift from quite favorable market conditions during a good portion of fiscal year 2013, as compared to the previous year. We also are reaping the rewards of having remained vigilant in down markets – an example is the early launch of a Liquidity Fund ahead of the Great Recession – and our long-term risk adjusted returns reflect that vigilance."

This year's overall CRPTF results were led primarily by vigorous equity markets, with domestic and international developed markets returning a preliminary 21.2 and 22.6 percent, respectively. A favorable contributing factor to the global equity markets rebound was the willingness of investors to assume risk, as well as the recognition of the value difference between low yielding U.S. Treasury bonds and the upside potential of equities.

Despite the perceived trade-off, fixed income investments held their ground over Fiscal Year 2013 in the face of abundant monetary policy and declining credit spreads. The CRPTF's High Yield Bond Fund returned a strong fixed income performance of an unaudited 8.53 percent as of June 30, 2013.

The CRPTF includes six state pension plans and nine trust funds -- the majority of which is comprised of the State Employees' Retirement Fund, the Teachers' Retirement Fund, and the Municipal Employees' Retirement Fund – and provides pension fund benefits to approximately 190,000 state and municipal workers and retirees.

# # #

Contact: David Barrett, Director of Communications, (860) 702-3164
David.S.Barrett@Ct.Gov