



OKLAHOMA TEACHERS RETIREMENT SYSTEM

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Teachers Retirement Fund is Best Performing Oklahoma Public Retirement Fund

OTRS Ranks in the Top 11th Percentile of All Public Funds in the U.S.

OKLAHOMA CITY – The Oklahoma Teachers Retirement System (OTRS) funds outperformed all other Oklahoma public retirement funds in both the one-year (FY 2010) and long-term (seven-year FY04-10) officials announced today. According to a Pension Commission report released today, the OTRS's return of 16.6% in FY 10 puts the state teachers' retirement system fund at the 11th percentile of all public funds in the U.S. Additionally, the OTRS fund ranked first among Oklahoma public funds by a wide margin in terms of national percentile. The Oklahoma judges' retirement fund was next at the 26th percentile with a 14.2% annualized return.

"The board made a tactical move in January 2009 to invest in high-yield bonds in the midst of the market turmoil," said Dr. James Wilbanks, executive director of the OTRS. "They saw an opportunity to take advantage of dislocated markets and this strategy provided the biggest return on our investments in FY 10 and is the reason we performed so well."

In FY 10, OTRS returns on its high-yield bonds were 24.9%. The returns for the other asset categories for OTRS were 18.4% for domestic equity, 10/0% for international equity and 13.1% for fixed income (see attached chart).

Wilbanks says OTRS's annualized return of 6.7% for the seven-year window (FY 04-10) also put the teacher's fund in the top 10 percent nationally – in the 9th percentile - which outpaced the second-best Oklahoma Police Pension fund, which rated at the 28th percentile during the same timeframe.

However, Wilbanks and other state officials agree that fund management strategy, coupled with controlling costs at the agency level, will not alleviate the system's \$9.5 billion unfunded liability.

"Above average investment performance is certainly to be commended," said State Treasurer Scott Meacham, chairman of the Oklahoma State Pension Commission. "However, due to the high unfunded liability of the Teachers Retirement System, it is obvious the state cannot earn its way out of the problem. State leaders are going to have to step up and take decisive action to keep the system viable."

Wilbanks says the OTRS board is working to develop proposals that will address the unfunded liability issue. At a recent retreat, the board voted to form a legislative committee that will present possible solutions to the Oklahoma legislature and the incoming administration.

The OTRS is a state agency that administers retirement assets and provides income security through a monthly retirement benefit payable to its clients, who are educators and employees of Oklahoma's public education institutions and agencies.

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Oklahoma Teachers Retirement System Investment Performance FY-2010

