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**PA SERS Board Approves \$50 million In Alternative Investments;
Moves to Align Actuarial Assumptions With Recent Experience**

HARRISBURG - The State Employees' Retirement System Board today approved two private equity investments totaling up to \$50 million and moved to adjust actuarial assumptions to more closely align with recent experience.

The Board today authorized two private equity follow-on commitments:

- Up to \$30 million to Berkshire Fund VIII, L.P.
- Up to \$20 million to Insight Venture Partners VII, L.P.

Both investments will be funded from cash and are subject to successful completion of contract negotiations.

In other business, SERS Actuary, Hay Group, presented the Board with a report of the System's ***17th Investigation of Actuarial Experience***. This five-year study examined the actual economic and demographic experience of the System from 2006 through 2010 and then compared those results to the assumptions used in calculating the cost of future benefit payments.

As a result of this study, Hay Group recommended the System: continue the current investment return assumption of 8% per year (compounded annually); reduce the inflation assumption 0.25 percentage points to 2.75% per year; and consistent with the reduced inflation assumption, reduce the general salary increase assumption 0.25 percentage points to 3.05% per year. In addition, Hay recommended a number of demographic assumption changes including an increase in the longevity assumption.

According to the report, "Some of the changes in assumptions will increase the projected cost of the retirement system and some will decrease the cost. Overall, we expect that adoption of the recommended assumptions will slightly lower costs, due primarily to the slower expected pace of future salary increases."

The Board approved the report. The recommended assumption changes will be used in preparing the upcoming valuation to be issued in June.

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About the Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest statewide retirement plans for public employees, with assets of approximately \$24.8 billion and nearly 226,000 members.

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