



OKLAHOMA TEACHERS RETIREMENT SYSTEM

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Oklahoma Teachers Retirement Hires Service Provider For 403(b) Tax Sheltered Annuity Plan

OKLAHOMA CITY – At a special meeting today, the Board of Trustees of the Oklahoma Teachers Retirement System hired ING Life Insurance and Annuity Company as a service provider for the 403(b) Tax Sheltered Annuity Plan. The annuity plan, which has more than 5,000 participants and assets of more than \$200 million, has been managed internally since its inception in 1964.

“We are excited to offer an expanded, state-of-the-art plan to our clients,” said Dr. James Wilbanks, Executive Secretary.

The proposal submitted by ING includes 15 different investment options, offering clients of the retirement system more choices and greater flexibility in saving for their retirement. Currently, funds in the 403(b) plan are co-invested with the assets of the system, so participants have only one investment option.

Of the 15 investment options available under the new plan with ING, there are five target retirement date funds, a 60 percent equity/40 percent bonds option, a guaranteed value fund, and several asset class funds across equity and bond investment.

The 403(b) is a tax-deferred vehicle for clients of the system to save for retirement in order to supplement their teacher’s retirement and social security benefits.

“In addition to the new investment options, our clients will also see enhancements in their 403(b) service including daily account valuation, internet account access, and call-center support,” said Wilbanks.

The system conducted an extensive search, working closely with its investment advisor, gregory.w.group, to insure the new investment options best suit participant needs during all phases of life.

The transition to ING will begin July 1, 2009 and will be completed in time for the start of the 2009-2010 school year.

Also at the special meeting, the board voted to terminate its relationship with investment management firm Aldus Equity Partners due to the allegations of illegal activity in the firm’s dealings with the New York Common Fund.

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Aldus managed a private equity fund-of-funds mandate for the Oklahoma teachers system and did not directly manage any funds, instead serving as a channel to underlying private equity funds.

In February, Aldus was placed “On-Notice” and the board directed staff, legal counsel and the investment consultant to gather additional information and bring a recommendation to the board, Wilbanks said.

“After thorough evaluation, a recommendation to terminate the relationship was clearly in the best interest of the system and our clients,” he said. “We are committed to protecting our clients’ interests and maintaining the highest level of trust and integrity.”

Wilbanks said there are no allegations of impropriety on the part of Aldus in the work they have done for the Oklahoma Teachers Retirement System.

The board also discussed amending its policy to prohibit the practice of managers paying compensation to placement agents and other third parties, which is at the heart of the New York Common Fund case. The board directed staff and the investment consultant to draft the changes to the investment guidelines.

The board will review, and consider for adoption, the proposed amendments at its regularly scheduled monthly meeting on May 27, 2009.

The system will conduct a search for a new private equity fund-of-funds manager. In the interim, the existing portfolio will be managed internally.

Also discussed at the special meeting was rebalancing the investment portfolio back to long-run targets. The fund will reallocate \$500 million from bond managers to equity managers. The fund will not terminate any bond managers, but will simply reduce the assets of each to reach the target allocation.

“As a result of the tumult in financial markets these past months, the system has drifted from its target asset allocation significantly,” stated Wilbanks. “While it might be premature to re-enter equity markets, we would rather do it too early rather than too late where we would miss the recovery when it happens.”

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