



# State of Tennessee

**David H. Lillard, Jr., State Treasurer**

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## **Pension Reform Plan Passes House and Senate, Awaits Governor's Signature**

A set of reforms designed to improve the long-term stability of the state's pension plan was approved by the state House of Representatives Thursday.

The bill will not affect the retirement benefits for current state employees, higher education employees, or teachers or those who are already retired. The proposed changes will only apply to state employees, higher education employees, and teachers hired on or after July 1, 2014.

"I commend the General Assembly for taking proactive steps to ensure the long term sustainability of the pension plan," said State Treasurer David H. Lillard, Jr. "By passing this legislation, the members of the General Assembly have created a plan that will provide a meaningful benefit for state employees, higher education employees and teachers for years to come while limiting the potential costs of the retirement program for Tennessee taxpayers."

The changes, which were proposed by Treasurer Lillard, would limit the state's future liability for pension costs by creating a hybrid between a defined benefit plan and a defined contribution plan.

"In 2003, state taxpayers were spending about \$264 million annually to support the pension system," Treasurer Lillard said. "That number had grown to \$731 million last year. Based on projections we have seen, the cost could go up by one-third or more over the next 10 years if changes aren't made, which would push the taxpayers' total annual expense above \$1 billion."

For further information, please go to [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs) and select the tab titled "Proposed State and Teacher Plans."

The legislation outlining the reforms, which were previously approved by the state Senate, will be sent to Governor Bill Haslam for his signature.

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