

(The following story was originally published in the Jackson Sun on November 5, 2009.)

State Treasurer Lillard speaks to Rotary Club Emphasizes Tenn.'s relative good standing

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State Treasurer David H. Lillard Jr. on Wednesday discussed the status of the state's retirement system and investments and a new initiative for Tennessee soldiers at a Jackson Rotary Club meeting.

Lillard, who began serving as treasurer in January, said the state's retirement system has been able to better handle losses in investments in the economic downturn.

The treasury department helps oversee the Tennessee Consolidated Retirement System that includes around 300,000 active and retired state employees. The system has more than \$28.5 billion in pension funds. That includes \$32 million in retiree payroll in Madison County, Lillard said.

By making conservative investments such as having a lower percentage of stocks, the fund is in better shape than many others across the nation, he said.

During the stock market crisis, Tennessee has seen losses of between 15 to 18 percent while the market has seen its numbers drop an average of around 30 percent, Lillard said.

"Over the last year in which every investor sustained losses, the (state's) pension has out performed many other states," Lillard said at the meeting at the Jackson Country Club.

The state's pension fund dropped from \$32 billion in assets in early 2008 to \$23 billion at its lowest point before bouncing back to its current level of \$28.5 billion, Lillard said.

Also during Lillard's visit he talked about an initiative to help troops call home during the holidays. The effort is asking the around 1,000 employees in the departments of state, treasury and comptroller to invest \$15 to buy phone cards for Tennesseans serving in the military in Iraq and Afghanistan.

"There are about 750 soldiers that are affected," he said about the number of troops overseas. "In our country we have a silent bond with the military and we recognize that freedom is not free."

As part of his trip to Madison County, Lillard and state Rep. Jimmy Eldridge, R-Jackson, met with groups of accountants and other business leaders.

The treasury department also plays a role in the state's pool investment fund, which is designed to offer a safe investment alternative for local governments. In Madison County, that includes around \$25 million invested in local banks in the form of various instruments, including certificates of deposits.

During the meeting, Lillard was asked about what impact a state income tax would have on the budget.

Lillard, who will help advise state legislators on next year's fiscal budget, said the state would have collected more money but likely faced more challenges such as those California has seen.

"Tennessee has turned out to be much better off fiscally than most other states that have a state income tax. (The income tax has) led them to overspend on their budgets," Lillard said. "We have a troublesome problem, but it's not like the problems in other states. I don't think the income tax would have changed the essence of where we are in Tennessee, and in fact we're much better off than where we would be."

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