

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**  
**BOARD OF TRUSTEES MEETING**  
**DECEMBER 16, 2013**



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BOARD OF TRUSTEES MEETING  
DECEMBER 16, 2013**

**TABLE OF CONTENTS**

Minutes of the Board of Trustees .....	3
Committee Minutes	
Administrative Committee .....	9
Audit Committee .....	11
Investment Committee .....	15
Statistical Reports	
Active Member Statistics .....	23
Retired Payroll Statistics .....	24
Refund Activity and Expenditures .....	26
Prior Service Activity .....	28
Disability Retirement Report	
Disability Statistical Report .....	31
Approved for Disability .....	33
Disapproved for Disability .....	39
TCRS Financial Report .....	43



## **STATISTICAL REPORTS**



## ANALYSIS OF MEMBERS ACTIVELY CONTRIBUTING

	6/30/2010	6/30/2011	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
<b>Group I Members:</b>								
(State & Higher Ed.)	58,601	57,592	56,566	55,824	56,670	55,797	56,008	55,609
Teachers	78,593	79,583	78,613	78,159	78,876	78,463	78,303	78,393
General Employees of Polisubs	81,601	81,751	80,784	78,934	80,311	79,934	79,984	77,592
General Assembly	126	127	129	128	129	128	128	127
County Officials	3	2	2	2	2	2	2	2
PSC								
County Judges	1	1	1	1	1	1	1	1
Attorneys General	639	635	648	649	645	650	656	671
<b>Total Group I</b>	<b>219,564</b>	<b>219,691</b>	<b>216,743</b>	<b>213,697</b>	<b>216,634</b>	<b>214,975</b>	<b>215,082</b>	<b>212,395</b>
<b>Group II &amp; Prior Class:</b>								
Wildlife Officers	6	3	2	2	2	2	2	2
Highway Patrol	8	6	3	3	3	3	3	1
Firemen & Policemen- Political Subdivisions	34	21	16	13	17	15	14	13
<b>Total Group II &amp; Prior Class</b>	<b>48</b>	<b>30</b>	<b>21</b>	<b>18</b>	<b>22</b>	<b>20</b>	<b>19</b>	<b>16</b>
<b>Group III and Prior Class:</b>								
State Judges	2	2	2	2	2	1	1	1
County Judges								
Attorneys General	5	5	5	4	5	5	4	4
County Officials	9	5	5	4	5	4	4	4
<b>Total Group III &amp; Prior Class</b>	<b>16</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>9</b>	<b>9</b>
<b>Group IV</b>								
State Judges	182	181	182	182	181	182	183	184
<b>Total Membership</b>								
<b>Contributing to TCRS</b>	<b>219,810</b>	<b>219,914</b>	<b>216,958</b>	<b>213,907</b>	<b>216,849</b>	<b>215,187</b>	<b>215,293</b>	<b>212,604</b>
Teachers Contributing to ORP	11,506	11,562	11,575	11,546	11,569	11,610	11,627	11,688
<b>Grand Totals</b>	<b>231,316</b>	<b>231,476</b>	<b>228,533</b>	<b>225,453</b>	<b>228,418</b>	<b>226,797</b>	<b>226,920</b>	<b>224,292</b>

**RETIRED PAYROLL  
STATISTICS  
September 30, 2013**

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	50,293,596.97	39197
STATE PAID JUDGES	823,763.82	183
COUNTY PAID JUDGES	358,239.83	104
ATTORNEY GENERALS	871,058.22	244
COUNTY OFFICIALS	398,891.02	200
PUBLIC SERVICE COMMISSIONERS	9,101.90	5
POLITICAL SUBDIVISIONS	25,288,663.86	32401
TEACHERS	90,280,327.72	43831
LOCAL TEACHERS	3,556,445.19	2025
GOVERNORS AND WIDOWS	30,330.00	5
AGED STATE EMPLOYEES	135.40	1
AGED TEACHERS	<u>2,057.33</u>	<u>14</u>
<b>TOTAL</b>	<b>\$171,912,611.26</b>	<b>118,210</b>

**RETIRED PAYROLL**  
**July 1, 2013**  
**THROUGH**  
**September 30, 2013**

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	149,982,285.82	39197
STATE PAID JUDGES	2,469,707.38	183
COUNTY PAID JUDGES	1,081,918.05	104
ATTORNEY GENERALS	2,591,094.17	244
COUNTY OFFICIALS	1,214,184.23	200
PUBLIC SERVICE COMMISSIONERS	27,305.70	5
POLITICAL SUBDIVISIONS	74,856,127.45	32401
TEACHERS	268,222,740.32	43831
LOCAL TEACHERS	10,830,965.98	2025
GOVERNORS AND WIDOWS	90,990.00	5
AGED STATE EMPLOYEES	406.20	1
AGED TEACHERS	6,131.52	14
<b>TOTAL</b>	<b>\$511,373,856.82</b>	<b>118,210</b>

## NUMBER OF MEMBERS REFUNDED

Month	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
July	1,149	450	894	499	496	475	516
August	675	308	612	406	466	471	782
September	566	316	494	431	447	394	457
October	609	411	369	379	383	375	
November	492	353	320	293	364	319	
December	234	257	256	276	257	241	
January	450	332	257	307	348	338	
February	308	310	242	265	312	335	
March	316	291	278	299	262	253	
April	308	311	687	277	346	311	
May	619	217	385	662	329	274	
June	843	340	360	406	339	336	
TOTAL	6,569	3,896	5,154	4,500	4,349	4,122	1,755

**REFUND EXPENDITURES  
2013-2014 FISCAL YEAR**

MONTH	MEMBER'S CONTRIBUTIONS	414(H) CONTRIBUTIONS	MEMBER'S INTEREST	EMPLOYER CONTRIBUTIONS	DEATH PAYMENTS	TOTAL
July	80,406.21	3,225,436.33	1,131,750.56	223,084.94	557,363.27	\$5,218,041.31
August	53,222.62	7,302,687.63	2,351,316.84	67,340.34	207,376.38	\$9,981,943.81
September	18,037.69	3,404,973.24	1,012,820.87	31,545.97	141,533.52	\$4,608,911.29
October						\$0.00
November						\$0.00
December						\$0.00
January						\$0.00
February						\$0.00
March						\$0.00
April						\$0.00
May						\$0.00
June						\$0.00
<b>TOTAL</b>	<b>151,666.52</b>	<b>13,933,097.20</b>	<b>4,495,888.27</b>	<b>321,971.25</b>	<b>906,273.17</b>	<b>\$19,808,896.41</b>

**PRIOR SERVICE ACTIVITY**  
**July 1, 2013 through September 30, 2013**

<b>State:</b>	Type of Service	No of Members	Years of Service	Amount
	Backpayment	11	6	\$ 10,945
	Military	9	10	-
	Redeposit	4	23	92,085
	Totals	24	39	\$ 103,030

<b>Teachers:</b>	Type of Service	No of Members	Years of Service	Amount
	Backpayment	11	3	\$ 137,198
	Military	2	5	-
	Redeposit	8	38	75,565
	Totals	21	46	\$ 212,764

<b>Higher Education:</b>	Type of Service	No of Members	Years of Service	Amount
	Backpayment	34	35	\$ -
	Military	4	8	-
	Redeposit	0	0	-
	Totals	38	43	\$ -

<b>Political Subdivisions:</b>	Type of Service	No of Members	Years of Service	Amount
	Backpayment	94	308	\$ 30,869
	Military	6	11	-
	Redeposit	7	38	77,934
	Totals	107	357	\$ 108,802

<b>Grand Totals:</b>	Type of Service	No of Members	Years of Service	Amount
	Backpayment	150	352	\$ 179,012
	Military	21	34	-
	Redeposit	19	99	245,584
	Totals	190	485	\$ 424,596

# **DISABILITY RETIREMENT REPORT**



## Disability Statistical Report

### First Quarter 13-14

Disability Applications Received	July	29	
	August	25	
	September	<u>31</u>	
	TOTAL	85	
Initial Claims Approved	July	20	
	August	36	
	September	<u>27</u>	
	TOTAL	83	
Initial Claims Disapproved	July	05	
	August	10	
	September	<u>16</u>	
	TOTAL	31	
Initial Claims Approved after Reconsideration		09	
Initial Claims Disapproved after Reconsideration		06	
Re-Evaluation Claims Approved		45	
Re-Evaluation claims Disapproved		01	
Cases Referred to Vocational Rehabilitation		0	



**APPROVED FOR DISABILITY  
FIRST  
QUARTER  
2013-2014**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	NO	NO	58	TEACHER	TEACHER	21	\$53,741	A	\$1,209	ANXIETY DIO, FIBROMYALGIA, & CHRONIC PAIN
ACC.	NO	NO	57	TEACHER	TEACHER	19	\$66,430	D	\$2,544	BILATERAL KNEE DEGENERATIVE JOINT DISEASE
ORD.	YES	NO	47	STATE	SECRETARY	8	\$22,529	A	\$532	SPASTIC QUADRIPLEGIA
ORD.	YES	NO	47	POL SUB	MAINTENANCE WORKER	10	\$27,611	A	\$652	LUMBAR DISC DISEASE, CHRONIC BACK PAIN, & DEPRESSION
SS-ORD.	NO	NO	55	STATE	ADOPTION SUBSIDY SPECIALIST II	13	\$37,639	A	\$696	STAGE IV BREAST CANCER
ORD.	NO	YES	56	POL SUB	DEPUTY SHERIFF	16	\$35,898	B	\$680	SYNCOPE W/TRANSIENT A-V BLOCK, AUTONOMIC DYSFUNCTION, & TACHYCARDIA
ORD.	NO	NO	56	POL SUB	MAINTENANCE WORKER	13	\$36,236	B	\$651	COMMON VARIABLE IMMUNE DEFICIENCY
SS-ORD.	NO	NO	60	POL SUB	HEAVY EQUIPMENT OPERATOR	15	\$35,355	A	\$746	COPD, HTN, OBESITY, & SEVERE ASTHMA
ORD.	NO	NO	53	STATE	HIGHWAY WORKER	6	\$21,072	A	\$327	CERVICAL HNP W/MYEOPATHY, S/P FUSION, & PERSISTENT LUE PAIN
ORD.	NO	NO	57	POL SUB	TEACHER'S ASSISTANT	14	\$19,756	A	\$404	MS W/NEUROPATHY
ORD.	YES	NO	50	POL SUB	DISPATCHER	20	\$42,649	A	\$1,015	CEREBRAL PALSY
ORD.	YES	NO	49	TEACHER	TEACHER	22	\$55,468	A	\$1,463	CARDIOVASCULAR HEART DISEASE, ANXIETY DISORDER, & GERD
ORD.	YES	NO	46	POL SUB	911 DISPATCHER	10	\$28,076	A	\$631	S/P T10-S1 FUSION, FAILED BACK SURGERY, LIMITED L-ROM, & DEPRESSION
ORD.	YES	NO	44	STATE	ADMINISTRATION ASSISTANT	6	\$23,528	A	\$555	ESRD, LUPUS NEPHRITIS, DIALYSIS, & PULMONARY HTN
SS-ORD.	NO	NO	52	STATE	ELIGIBILITY COUNSELOR	15	\$30,433	E	\$718	ADVANCED CARDIOMYOPATHY

**APPROVED FOR DISABILITY  
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Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	YES	NO	39	POL SUB	DISPATCHER	10	\$37,005	A	\$874	PTSD, & PANIC DISORDER W/AGORAPHOBIA
SS-ORD.	YES	NO	48	STATE	ELIGIBILITY COUNSELOR	24	\$37,172	B	\$948	EHLER'S DANLOS SYNDROME, DDD, & HIP REPLACEMENT
ORD.	NO	NO	57	POL SUB	NURSE	24	\$47,678	A	\$1,398	S/P CVA W/IEPILEPSY
SS-ORD.	NO	NO	58	POL SUB	SYSTEMS OPERATOR	21	\$33,125	A	\$847	ANEMIA, WEAKNESS, OBESITY, GOUT, CHRONIC KIDNEY DISEASE, HTN, CHF, & LE EDEMA
ORD.	NO	NO	58	POL SUB	TRUCK DRIVER	18	\$30,177	B	\$617	PANCREATIC CANCER
ORD.	NO	NO	53	TEACHER	TEACHER	12	\$41,132	A	\$927	SEVERE ANXIETY, PTSD, & PANIC DISORDER W/AGORAPHOBIA
ORD.	NO	NO	54	STATE	COORDINATOR	15	\$27,626	A	\$652	MAJOR DEPRESSION, & ANXIETY W/PSYCHOSIS
ORD.	YES	NO	48	STATE	ELIGIBILITY COUNSELOR II	11	\$31,484	D	\$694	BIPOLAR D/O, CHRONIC FATIGUE, FIBROMYALGIA, & COAGULATION DEFICIENCY
ORD.	NO	NO	52	STATE	SUPERVISOR II	27	\$66,502	B	\$1,997	S/P CVA W/BILATERAL WEAKNESS, SLEEP APNEA, & MORBID OBESITY
ORD.	YES	NO	49	POL SUB	CUSTODIAL ASSISTANT	27	\$26,403	A	\$857	IDDM, NEUROPATHY, OA, SEVERE COPD, & DJD
ORD.	YES	NO	49	POL SUB	EDUCATIONAL ASSISTANT	26	\$16,354	A	\$518	MULTIPLE SCLEROSIS
ORD.	YES	NO	42	POL SUB	COURT OFFICER	7	\$23,999	A	\$566	MULTIPLE SCLEROSIS
ORD.	NO	NO	55	POL SUB	TEACHER'S ASSISTANT	22	\$17,275	A	\$465	CERVICAL DISC HERNIATION W/RADICULOPATHY
ORD.	NO	NO	58	POL SUB	CAFETERIA ASSISTANT	19	\$18,419	A	\$435	INFLAMMATORY ARTHRITIS, & OA
ORD.	YES	YES	50	STATE	HIGHWAY WORKER	8	\$20,172	B	\$387	LAMINECTOMY LUMBAR SYNDROME, L-RADICULAPATHY, & RADICULITIS

**APPROVED FOR DISABILITY  
FIRST  
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2013-2014**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	YES	NO	50	TEACHER	TEACHER	26	\$46,254	A	\$1,461	MULTIPLE SCLEROSIS W/MEMORY LOSS, BALANCE ISSUES, & VISION ISSUES
ORD.	YES	YES	40	TEACHER	TEACHER	13	\$39,053	A	\$922	FIBROMYALGIA, ATYPICAL MIGRAINES, & DDD W/RADICULOPATHY
ORD.	YES	NO	50	POL SUB	TEACHER'S ASSISTANT	8	\$16,951	C	\$355	COPD, CHF, & SLEEP APNEA
ORD.	YES	NO	33	STATE	ADMINISTRATIVE SECRETARY	14	\$26,371	A	\$623	BLINDNESS, & DEPRESSION
ORD.	YES	NO	41	TEACHER	TEACHER	13	\$44,870	C	\$1,015	MAJOR DEPRESSION, & ANXIETY DISORDER W/AGORAPHOBIA
ORD.	YES	NO	31	TEACHER	TEACHER	7	\$37,122	B	\$799	MULTIPLE SCLEROSIS
ORD.	NO	NO	57	POL SUB	DRIVER	19	\$20,765	A	\$490	DM, & LEFT FOOT INJURY
ORD.	YES	NO	50	POL SUB	FOREMAN	25	\$43,584	A	\$1,317	MAJOR DEPRESSION, MORBID OBESITY, & DM II W/NEUROPATHIES
ORD.	NO	NO	45	POL SUB	TEACHER'S ASSISTANT	10	\$10,506	A	\$236	LUMBOSACRAL SPONDYLOSIS, & CHF
ORD.	YES	YES	47	POL SUB	SUPERVISOR	24	\$22,954	A	\$657	LUMBAR DISC DISEASE, FIBROMYALGIA, MORBID OBESITY, & SLEEP APNEA
ORD.	YES	NO	40	STATE	PROTECTIVE SVC ASSOCIATE II	10	\$25,424	A	\$600	SEVERE LYMPHEDEMA, CELLULITIS, DM II, MORBID OBESITY, & SLEEP APNEA
ACC.	NO	YES	40	POL SUB	POLICE OFFICER	13	\$37,339	D	\$1,493	LUMBAR DDD W/DISC DISPLACEMENT, THORACIC NEURITIS & RADICULITIS, & R-KNEE CHONDROMALACIA PATELLA
SS-ORD.	YES	NO	45	TEACHER	TEACHER	19	\$43,408	B	\$933	PELVIC PAIN SYNDROME, INTERSTITIAL CYSTITIS, & DEPRESSION
ORD.	YES	NO	51	POL SUB	LABORER	12	\$35,593	D	\$734	CHRONIC PAIN, & DEPRESSION
SS-ORD.	NO	NO	55	POL SUB	FOOD SERVICE	19	\$13,160	A	\$310	LUMBAR RADICULOPATHY

**APPROVED FOR DISABILITY  
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QUARTER  
2013-2014**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	YES	YES	49	POL SUB	ELECTRICAL TECHNICIAN	20	\$25,524	A	\$298	FIBROMYALGIA, & ROTATOR CUFF SYNDROME
ORD.	YES	NO	41	POL SUB	LABORER	7	\$24,075	B	\$514	FAILED BACK SYNDROME S/P LUMBAR DISC SURGERIES X 2
ORD.	NO	NO	57	STATE	HIGHWAY WORKER I	7	\$19,906	A	\$246	POST TRAUMATIC DEGENERATIVE ARTHROSIS W/CHRONIC PAIN
ORD.	YES	NO	50	TEACHER	TEACHER	24	\$60,299	D	\$1,556	LEGALLY BLIND, & WHEELCHAIR BOUND
ORD.	NO	NO	59	STATE	LPN	10	\$44,838	C	\$489	POLIO W/FOOT & KNEE PAIN
ORD.	NO	NO	58	POL SUB	CUSTODIAN	6	\$22,077	D	\$218	ULCERATIVE COLITIS
ORD.	NO	NO	57	STATE	LABORER	11	\$36,013	A	\$588	CVA
ORD.	NO	NO	52	STATE	BOILER/CHILLER OPERATOR	21	\$43,521	A	\$1,101	CERVICAL CORD DAMAGE W/HEMIPLEGIA, & RADICULOPATHY
ORD.	NO	NO	55	POL SUB	EDUCATIONAL ASSISTANT	11	\$19,546	A	\$365	SPINAL STENOSIS, LUMBAR SPONDYLOLISTESIS, & CHRONIC PAIN
ORD.	NO	YES	54	POL SUB	OFFICER	16	\$42,015	D	\$818	SPONDYLOSIS, STENOSIS OF THE LUMBAR SPINE
ORD.	NO	NO	59	POL SUB	BUS DRIVER	7	\$11,011	A	\$144	MIXED CONNECTIVE TISSUE DISORDER, FIBROMYALGIA, CHRONIC PAIN, DDD, & ARTHRITIS
SS-ORD.	NO	NO	54	STATE	SECURITY SUPERVISOR	13	\$37,175	A	\$874	CAD, CHF, IDDM II, HTN, HYPERLIPIDEMIA, & CHRONIC LOW BACK PAIN
ORD.	NO	NO	51	POL SUB	TEACHER	20	\$34,642	A	\$845	MULTIPLE SCLEROSIS
ORD.	YES	NO	49	STATE	FILING CLERK	27	\$37,285	A	\$1,189	FIBROMYALGIA, PARANOID SCHIZOPHRENIA, & DDD W/CHRONIC BACK PAIN
ORD.	YES	NO	36	STATE	COUNSELOR II	15	\$31,518	B	\$702	METASTATIC BREAST CANCER

**APPROVED FOR DISABILITY  
FIRST  
QUARTER  
2013-2014**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	YES	NO	44	POL SUB	PLUMBING	23	\$49,758	A	\$1,391	MULTIPLE SCLEROSIS, & PARATHESIA
ORD.	NO	NO	52	STATE	SUPERVISOR COORDINATOR	17	\$34,954	A	\$825	BIPOLAR DISORDER, OCD, & EPISODIC ALCOHOLISM
ORD.	NO	YES	56	POL SUB	HELP DESK COORDINATOR	6	\$18,426	A	\$324	BASAL CELL CARCINOMA SYNDROME
ORD.	NO	YES	57	STATE	ADMINISTRATIVE ASSISTANT	10	\$33,706	A	\$547	LUMBAR DISC DISEASE S/P FUSION X2, & CHRONIC LOW BACK PAIN
SS-ORD.	NO	NO	54	TEACHER	TEACHER	22	\$39,681	A	\$1,039	DEPRESSION, & ANXIETY
ORD.	NO	NO	52	STATE	COMPUTER TECHNICIAN	16	\$34,583	D	\$713	DDD, CHRONIC LOW BACK PAIN, & OPIOID DEPENDENCE
ORD.	NO	NO	54	STATE	NURSE	8	\$49,615	A	\$830	MULTIPLE SCLEROSIS
ORD.	YES	NO	48	POL SUB	TEACHER	11	\$41,467	A	\$979	END STAGE RENAL FAILURE, W/GANGRENE OF FINGERS
ORD.	YES	YES	49	POL SUB	NURSE'S AIDE	11	\$28,655	A	\$676	PTSD, CHRONIC DEPRESSION, & BILATERAL ULNAR NEURITIS
SS-ORD.	YES	NO	48	STATE	SENIOR SPECIALIST I	21	\$29,049	C	\$698	BI-POLAR DISORDER, CONVERSION DISORDER, PTSD, & DEPRESSION
SS-ORD.	NO	NO	59	POL SUB	PROGRAM CLERK	5	\$16,620	A	\$196	STAGE IV LUNG CANCER
ORD.	NO	NO	58	TEACHER	TEACHER	27	\$58,081	A	\$1,858	BREAST CANCER, & NEOPLASM OF THE SPINE
ORD.	NO	YES	57	STATE	ADMINISTRATIVE ASSISTANT	9	\$21,102	B	\$277	FIBROMYALGIA, OA, & DDD
ORD.	NO	NO	59	STATE	PSYCHIATRIC TECHNICIAN	19	\$52,657	A	\$1,244	CHF, & DM
ORD.	NO	NO	51	POL SUB	ADMINISTRATIVE ASSISTANT	9	\$13,251	A	\$301	FIBROMYALGIA, DEPRESSION, & CHRONIC PAIN

**APPROVED FOR DISABILITY  
FIRST  
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2013-2014**

Type	Re-E	Re-C	Age	Employer	Position	Svc	AFC	Opt.	Mo. Ben.	Disability Summary
ORD.	NO	NO	53	STATE	STOCK CLERK	8	\$28,568	A	\$537	LUMBAR DISC DISEASE
ORD.	YES	NO	48	TEACHER	TEACHER	13	\$48,625	A	\$1,148	MULTIPLE SCLEROSIS, SEIZURES, & PERIPHERAL NEUROPATHY
ORD.	NO	NO	55	POL SUB	COACH	10	\$43,205	D	\$681	REFRACTORY ULCERATIVE COLITIS
INACT.	YES	NO	43	POL SUB	NURSE'S AIDE & REHAB TECHNICIAN	9	\$22,394	B	\$48	BIPOLAR DISORDER W/ PSYCHOTIC FEATURES
ORD.	YES	NO	51	STATE	DIRECTOR	19	\$53,334	A	\$247	SEVERE BACK PAIN WITH RADICULOPATHY, SEVERE NECK PAIN, & DDD
ORD.	NO	NO	55	STATE	OFFICER I	7	\$22,479	A	\$325	DDD, CHRONIC LOW BACK PAIN, S/P R-KNEE SURGERY, & TOTAL L-HIP REPLACEMENT
ORD.	YES	NO	49	TEACHER	TEACHER	19	\$61,690	A	\$1,457	RAPID ONSET OF DYSTONIA PARKINSONISM, ANXIETY, & DEPRESSION

**DISAPPROVED FOR DISABILITY  
FIRST QUARTER  
2013-2014**

Type	Re-C	Age	Employer	Position	SVC	Disability Summary	Reason Denied
ORD.	YES	60	POL SUB	LIEUTENANT/AGENT	13	BILATERAL OA OF LOWER LEG, & TEAR OF MENISCUS CARTILAGE	CAP SED WRA
ORD.	NO	56	POL SUB	BUS DRIVER	10	LUMBAR & THORACIC RADICULOPATHY	CAP SED WRA
ORD.	NO	58	TEACHER	TEACHER	22	COLONIC INERTIA, ABDOMINAL COLECTOMY WITH ILEOSTOMY	CAP SED-LGT WRA; SUGGEST JOB CHANGE
ORD.	NO	38	POL SUB	AUTOMOTIVE TECH	6	LUMBAR DISC DISEASE	CAP SED WRA
INACT.	NO	58	POL SUB	FIREFIGHTER	11	SEIZURE DISORDER, KIDNEY STONES, GERD, & DEPRESSION	CAP LGT WRA
ORD.	YES	53	STATE	PSYCHIATRIC TECH	23	CARPAL TUNNEL SYNDROME, & TRIGGER FINGERS	CAP LGT WRA
ORD.	NO	42	STATE	GRADUATION ANALYST	20	BIPOLAR DISORDER, & DEPRESSION	CAP LGT WRA
ORD.	NO	42	POL SUB	RN	10	FIBROMYALGIA, & CHRONIC FATIGUE	CAP LGT WRA
ORD.	NO	44	POL SUB	CAFETERIA WORKER	6	SMALL FIBER NEUROPATHY, & DDD	CAP SED WRA
ORD.	NO	49	STATE	RECORDS TECH	28	ULCERITIVE COLITIS, FIBROMYALGIA, & OA	CAP MED WRA
ORD.	NO	40	STATE	RECORDS TECH	10	SEVERE BACK PAIN, DDD, & DEPRESSION	CAP LGT WRA
ACC.	YES	39	POL SUB	OFFICER	13	LUMBAR DISC DISPLACEMENT, & CHONDROMALACIA OF THE R-KNEE	CAP LGT WRA
ORD.	YES	60	POL SUB	MANAGER	16	CHF, LOW BACK/KNEE PAIN, OA, RLS, HTN, SLEEP APNEA, SOB, OBESITY, & DEPRESSION	CAP SED-MED WRA
ORD.	YES	48	POL SUB	CASHIER	17	DDD, STENOSIS, BULGING DISC, CHRONIC BACK PAIN, & DECREASED ROM	CAP SED WRA
ORD.	NO	52	STATE	MANAGER	7	CHRONIC PAIN, PSIORATIC ARTHRITIS, & FIBROMYALGIA	CAP SED-LGT WRA
ORD.	NO	47	STATE	MANAGER	27	DDD, ANXIETY & DEPRESSION	CAP SED-LGT WRA

**DISAPPROVED FOR DISABILITY  
FIRST QUARTER  
2013-2014**

Type	Re-C	Age	Employer	Position	SVC	Disability Summary	Reason Denied
ORD.	NO	44	STATE	OFFICER	26	BILATERAL HEEL FRACTURES, & POST TRAUMATIC ARTHRITIS	CAP SED WRA
ORD.	NO	46	POL SUB	TEACHER'S ASSISTANT	10	ADULT TETHERCORD SYNDROME, DDD, & ARTHRITIS	CAP LGT WRA
ORD.	NO	57	STATE	SERGEANT	12	DDD, SPONDILOSIS, NEUROPATHY, DM, & HTN	CAP SED WRA
ORD.	NO	54	POL SUB	ASSISTANT CHIEF	16	SPONDYLOSIS, & STENOSIS OF THE LUMBAR SPINE	CAP SED WRA
ORD.	NO	41	STATE	OPERATIONS SPECIALIST	12	CHRONIC SEVERE PAIN S/P MVA	CAP SED WRA
ORD.	NO	59	STATE	SECRETARY	29	DDD, MS, & LOW BACK PAIN	CAP LGT WRA

## **FINANCIAL STATEMENTS**



**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**  
**STATEMENT OF PLAN NET ASSETS**  
**AS OF SEPTEMBER 30, 2013**

ASSETS	
Cash and cash equivalents	\$274,063,536.37
<hr/>	
Receivables	
Member receivable	610,438.19
Employer receivable	648,217.27
Accrued interest receivable	85,369,559.54
Accrued dividends receivable	53,028,303.73
Real estate income receivable	1,390,959.28
Investments sold	691,264,728.72
Total receivables	<hr/> 832,312,206.73 <hr/>
Investments, at fair value	
Short-term securities	27,471,201.84
Government securities	9,098,370,693.46
Corporate securities	5,166,827,593.16
Corporate stocks	22,233,906,299.40
Private Equities	463,142,165.24
Real estate	1,849,680,443.86
Total investments	<hr/> 38,839,398,396.96 <hr/>
Capital Assets (net)	<hr/> 21,887,170.02 <hr/>
 TOTAL ASSETS	 <hr/> 39,967,661,310.08 <hr/>
 LIABILITIES	
Retired payroll payable	1,729,528.82
Retiree insurance premium payable	8,097,312.85
Accounts payable	522,392.77
Investments purchased	1,187,640,190.61
TOTAL LIABILITIES	<hr/> 1,197,989,425.05 <hr/>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	  <hr/> <hr/> \$ 38,769,671,885.03 <hr/> <hr/>

*See Accompanying Notes to the Financial Statements*

**UNAUDITED**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**JULY 1, 2013 THROUGH SEPTEMBER 30, 2013**

ADDITIONS	
Contributions	
Member contributions	\$35,875,765.05
Employer contributions	172,070,668.30
Total contributions	207,946,433.35
Investment income	
Net Appreciation in fair value of investments	1,282,759,879.00
Interest	115,479,894.50
Dividends	108,283,809.79
Real Estate income, net of operating expenses	23,580,391.08
Total investment income	1,530,103,974.37
Less: Investment expense	(1,981,565.59)
Net investment income	1,528,122,408.78
TOTAL ADDITIONS	1,736,068,842.13
DEDUCTIONS	
Annuity benefits	511,218,096.88
Death benefits	855,274.75
Refunds	16,570,154.22
Administrative expenses	2,658,793.69
TOTAL DEDUCTIONS	531,302,319.54
NET INCREASE	1,204,766,522.59
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
JULY 1, 2013	37,564,905,362.44
SEPTEMBER 30, 2013	\$38,769,671,885.03

*See Accompanying Notes to the Financial Statements*

**UNAUDITED**

**Tennessee Consolidated Retirement System**  
**Notes to the Financial Statements**  
**September 30, 2013**

The Tennessee Consolidated Retirement System (TCRS) administers two defined benefit pension plans - State Employees, Teachers and Higher Education Employees Pension Plan (SETHEEPP) and Political Subdivisions Pension Plan (PSPP). Although the assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to members of that plan, in accordance with the terms of the plan.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. **Reporting Entity** - The TCRS is included in the State of Tennessee Financial Reporting Entity. Because of the state's fiduciary responsibility, the TCRS has been included as pension trust funds in the *Tennessee Comprehensive Annual Financial Report*.
2. **Measurement Focus and Basis of Accounting** - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Plan member contributions are recognized in the period of time for which the contributions are assessed. Plan employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

3. **Cash and Cash Equivalents** - Cash and cash equivalents includes cash and short-term investments with a maturity date within three months of the acquisition date. Cash management pools are included as cash. Cash received by the TCRS that cannot be invested immediately in securities, or that is needed for operations, is invested in the State Pooled Investment Fund sponsored by the State of Tennessee and administered by the State Treasurer. The classification of cash and cash equivalents also includes cash invested in a short-term, open-end mutual fund under the contractual arrangement for master custody services.
4. **Method Used to Value Assets and Investments** - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is determined at least every three years by qualified independent appraisers who are members of the Appraisal Institute and internally by real estate advisors for those years when independent appraisals are not performed. The fair value of private equity investments is determined by the fund managers using various methodologies as applicable under Generally Accepted Accounting Principles. In many cases, these valuations are additionally reviewed by advisory boards comprised of a subgroup of the fund's investors. These valuations are audited on an annual basis by independent accounting firms engaged by the private equity fund managers. Investment income includes realized and unrealized appreciation (depreciation) in the fair value of investments. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on trade-date basis. Real estate transactions are recorded in the financial statements at the time of closing.

**Tennessee Consolidated Retirement System**  
**Notes to the Financial Statements**  
**September 30, 2013**

5. **Capital Assets** - Capital assets consist of internally generated computer software in development and the completed phases of internally generated computer software, which are reported at historical cost, less any applicable amortization. Capital assets are defined by the state as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Software in development will be amortized using the straight line method over the ten year estimated life of the system once a phase is implemented. The first phase of the computer software was implemented during the fiscal year ended June 30, 2012 and the second phase was implemented during the fiscal year ended June 30, 2013. Amortization of both these phases has been reflected in the statements.

**B. PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION**

At July 1, 2011, the date of the latest actuarial valuation, the membership of each plan consisted of the following:

	SETHEEPP	PSPP
Retirees and beneficiaries currently receiving benefits	83,041	33,544
Terminated members entitled to but not receiving benefits	22,867	9,758
Current active members	<u>135,588</u>	<u>79,488</u>
Total	241,496	122,790
Number of participating employers	140	482

**State Employees, Teachers and Higher Education Employees Pension Plan**

*Plan Description* - SETHEEPP is a cost-sharing, multiple employer defined benefit pension plan that covers the employees of the state, teachers with Local Education Agencies (LEA's) and higher education employees. The TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Compounded cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year except that (a) no COLA is granted if the CPI is less than one-half percent; (b) a COLA of 1 percent will be granted if the CPI increases between one-half percent and one percent; (c) the maximum annual COLA is capped at three percent. Benefit provisions are established by state statute found in Title Eight, Chapters 34 through 37 of the *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Ad hoc increases may only be authorized by the General Assembly. Public safety officers receive an additional supplemental benefit that is paid from age 60 to age 62.

*Superseded Systems and Certain Employment Classifications* - Members of superseded systems that became members of the TCRS at consolidation in 1972, have their rights preserved to the

**Tennessee Consolidated Retirement System**  
**Notes to the Financial Statements**  
**September 30, 2013**

benefits of the superseded system, if the benefit from the superseded plan exceeds that provided by the Group 1 (teachers and general employees) TCRS formula. Likewise, public safety employees and officials of TCRS Groups 2, 3 and 4 are entitled to the benefits of those formulas, if better than the Group 1 benefits.

*Contributions and Reserves* - Effective July 1, 1981, the plan became noncontributory for most state and higher education employees. The contribution rate for teachers is five percent of gross salary. The employers contribute a set percentage of their payrolls, determined by an actuarial valuation. *Tennessee Code Annotated* Title Eight, Chapter 37 provides that the contribution rates be established and may be amended by the Board of Trustees of the TCRS. The administrative budget for the plan is approved through the state of Tennessee's annual budget process. Funding for the administrative budget is included in employer contributions.

The net assets of the plan are legally required to be reserved in two accounts, the Member Reserve and the Employer Reserve. The Member Reserve represents the accumulation of employee contributions plus interest. The Employer Reserve represents the accumulation of employer contributions, investment income and transfers from the Member Reserve for retiring members. Benefit payments and interest credited to the members' accounts are reductions to the Employer Reserve.

**Political Subdivisions Pension Plan**

*Plan Description* - PSPP is an agent multiple-employer defined benefit pension plan that covers the employees of participating political subdivisions of the state of Tennessee. Employee class differentiations are not made under PSPP. The TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan prior to July 1, 1979 are vested after four years of service. Members joining on or after July 1, 1979 are vested upon completion of 10 years of service, unless five years vesting is authorized by resolution of the chief governing body. Cost of living adjustments (COLA) are the same as provided by SETHEEPP except that the local government may elect (a) to provide no COLA benefits or (b) to provide COLA benefits under a non-compounding basis rather than the compounded basis applicable under SETHEEPP. Benefit provisions are established and amended by state statute. Pursuant to Article Two, Section 24 of the *Constitution of the State of Tennessee*, the state cannot mandate costs on local governments. Any benefit improvement may be adopted by the governing body of a governmental entity participating in the TCRS.

*Contributions and Reserves* - Political subdivisions may elect contributory or noncontributory retirement for their employees. The contribution rate for contributory employees of political subdivisions is five percent of gross salary. The employers contribute a set percentage of their payrolls, equal to at least, the percentage determined by an actuarial valuation. State statute provides that the contribution rates be established and may be amended by the Board of

**Tennessee Consolidated Retirement System**  
**Notes to the Financial Statements**  
**September 30, 2013**

Trustees of the TCRS. The administrative budget for the plan is approved through the state's annual budget process. Funding for the administrative budget is included in employer contributions.

The net assets of the plan are legally required to be reserved in two accounts, the Member Reserve and the Employer Reserve. The Member Reserve represents the accumulation of employee contributions plus interest. The Employer Reserve represents the accumulation of employer contributions, investment income and transfers from the Member Reserve for retiring members. Benefit payments and interest credited to the members' accounts are reductions to the Employer Reserve.

**C. DEPOSITS AND INVESTMENTS**

State statute authorizes the TCRS to maintain cash, not exceeding ten percent of the total amount of funds in the retirement system, on deposit in one or more banks, savings and loan associations or trust companies that are qualified as state depositories. The TCRS does not utilize its own bank accounts but invests in the State Pooled Investment Fund for the initial deposit of funds and for its operating cash needs. The State Pooled Investment Fund is authorized by state statute to invest funds in accordance with policy guidelines approved by the Funding Board of the State of Tennessee. The current resolution of that board gives the Treasurer authority to invest in collateralized certificates of deposit in authorized state depositories, prime commercial paper, prime bankers' acceptances, certain repurchase agreements and various U.S. Treasury and Agency obligations. The State Pooled Investment Fund is also authorized to enter into securities lending agreements in which U.S. Government Securities may be loaned for a fee. The loaned securities are transferred to the borrower by the custodial agent upon simultaneous receipt of collateral securities.

State statute also authorizes the TCRS to invest in bonds, debentures, preferred stock and common stock, real estate and in other good and solvent securities subject to the approval of the Board of Trustees, but further subject to the following statutory restrictions and provisions:

- a. The total sum invested in common and preferred stocks shall not exceed seventy-five percent (75 percent) of the total of the funds of the retirement system.
- b. The total sum invested in notes and bonds or other fixed income securities exceeding one year in maturity shall not exceed seventy-five percent (75 percent) of the total funds of the retirement system.
- c. Within the restrictions in (a) and (b) above, an amount not to exceed twenty-five percent (25 percent) of the total of the funds of the retirement system may be invested in securities of the same kinds, classes, and investment grades as those otherwise eligible for investment in various approved foreign countries, provided that such percentage may be increased by the board with the subsequent approval of the council on pensions and insurance.

**Tennessee Consolidated Retirement System**  
**Notes to the Financial Statements**  
**September 30, 2013**

- d. Within the restrictions in (a) and (b) above, funds may be invested in Canadian securities which are substantially of the same kinds, classes and investment grades as those otherwise eligible for investment.
- e. The total amount of securities loaned under a securities lending program cannot exceed thirty percent (30 percent) of total assets.
- f. The total sum invested in real estate shall not exceed ten percent (10 percent) of the market value of total assets.
- g. The total sum invested in private equities shall not exceed ten percent (10 percent) of the market value of total assets.

State statute also authorizes the TCRS to invest in forward contracts to hedge its foreign currency exposure and to purchase or sell domestic stock index futures contracts for the purpose of asset allocation relating to the domestic equity portfolio. The total amount of the financial futures contract obligation shall not exceed five percent (5 percent) of the market value of total assets.

Title to real property invested in by the TCRS is held by real estate investment holding companies.

The TCRS' investment policy specifies that bond issues subject for purchase are investment grade bonds rated in the four highest ratings by one of the recognized rating agencies. In addition, the policy states that private placements that do not have an active secondary market shall be thoroughly researched from a credit standpoint and shall be viewed by TCRS' investment staff as having the credit quality rating equivalent of an AA rating on a publicly traded issue. For short-term investments, the TCRS' investment policy provides for the purchase of only the highest quality debt issues. Commercial paper should be rated in the highest tier by all rating agencies which rate the paper, with a minimum of two ratings required. Commercial paper cannot be purchased if a rating agency has the commercial paper on a negative credit watch. The investment policy also requires preparation of a credit analysis report on the corporation prior to purchasing commercial paper.

**Asset-Backed Securities** - The TCRS invests in various collateralized mortgage obligations (CMOs) which are mortgage-backed securities. These securities are based on cash flows from interest and principal payments on underlying mortgages and could therefore be more sensitive to prepayments by mortgagees as a result of a decline in interest rates.

**Derivatives** - The TCRS may buy or sell fixed income and equity index futures contracts for the purposes of making asset allocation changes in an efficient and cost effective manner and to improve liquidity. Gains (losses) on equity index futures hedge losses (gains) produced by any deviation from the TCRS' target equity allocation. The gains and losses resulting from daily fluctuations in the fair value of the outstanding futures contract are settled daily, on the following day, and a receivable or payable is established for any unsettled gain or loss as of the financial statement date. TCRS was under contract for fixed income and equity index futures and the resulting payable is reflected in the financial statements at fair value.

**Tennessee Consolidated Retirement System**  
**Notes to the Financial Statements**  
**September 30, 2013**

The international securities expose the TCRS to potential losses due to a possible rise in the value of the US dollar. The TCRS investment managers can reduce foreign currency exposure by selling foreign currency forward contracts, at agreed terms and for future settlement, usually within a year. The manager will reverse the contract by buying the foreign currency before the settlement date. A gain (loss) on this transaction pair will hedge a loss (gain) on the currency movement of the international security. The TCRS can sell up to 80% of its foreign currency exposure into US dollars. Forward currency forward contracts expose the TCRS to foreign currency risk as they are denominated in foreign currency. Any unrealized gain on foreign currency forward contracts has been reflected in the financial statements as an investment. The notional amount of the foreign currency forward contracts has been reflected in the financial statements as a receivable and a payable. Any unrealized loss on foreign currency forward contracts has been included in the payable established for the contracts.

The TCRS is authorized to invest in To Be Announced (TBA) mortgage backed securities similar to the foreign currency forward contracts. The TCRS enters into agreements to purchase pools of mortgage backed securities prior to the actual security being identified. The TCRS will roll this agreement prior to settlement date to avoid taking delivery of the security. Any unrealized gain on TBA mortgage backed securities has been reflected in the financial statements as an investment. Any unrealized loss on TBA mortgage backed securities has been included in the payable established for the mortgages. The notional amounts of these agreements have been included in the financial statements as a receivable and a payable. The TCRS invests in these derivatives to adjust its exposure to mortgage coupon risk and to replicate the return on mortgage backed securities portfolios without actually purchasing the security.

The TCRS is authorized to enter into option contracts and any income earned on option contracts has been included as investment income on the statement.

The fair values of foreign currency forward contracts are estimated based on the present value of their estimated future cash flows. Futures contracts and TBA mortgage backed securities are exchange traded and their price is based on quoted market prices at year end. It is the TCRS policy to conduct derivative transactions through the custodian bank and high quality money center banks or brokerage firms. The credit risk of foreign currency forward contracts is managed by limiting the term of the forward contracts and restricting the trading to high quality banks. The credit risk of futures contracts is managed by maintaining a daily variation margin.

**D. COMMITMENTS**

**Standby Commercial Paper Purchase Agreement** - The TCRS has agreed to serve as standby commercial paper purchaser for commercial paper issued by the Funding Board of the State of Tennessee. By serving as a standby commercial paper purchaser, the TCRS receives an annual fee of 25 basis points on the \$350 million maximum issuance under this agreement during times when both Moody's and Standard and Poor's investment ratings assigned to the State of Tennessee's general obligation bonds are Aaa and AAA respectively, 40 basis points during times when either Moody's or Standard and Poor's has assigned ratings of Aa and AA respectively, or 75 basis points during times when either Moody's or Standard and Poor's has assigned ratings lower than Aa and AA respectively. In the unlikely event that the

**Tennessee Consolidated Retirement System**  
**Notes to the Financial Statements**  
**September 30, 2013**

TCRS would be called upon to purchase the commercial paper, the TCRS would receive interest at a rate equal to prime plus 75 basis points during the first 30 consecutive days, plus an additional 50 basis points for each consecutive 30 days thereafter, up to a maximum rate allowed by state law.

