

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
JUNE 25, 2010

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**MINUTES OF THE
BOARD OF TRUSTEES MEETING
MARCH 26, 2010**

The Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, March 26, 2010 at 10:10 a.m. The meeting was held in the Executive Conference Room, Ground Floor of the State Capitol with Chairman David Lillard presiding.

Chairman Lillard asked Ms. Bachus to conduct an attendance roll call. The following members were present: Chairman David Lillard, State Treasurer; Mr. Tre Hargett, Secretary of State; Mr. Justin Wilson, Comptroller of the Treasury; Commissioner Deborah Story, Department of Human Resources; Ms. Libby Sykes, Administrative Director of the Courts; Ms. Jill Bachus, Director of TCRS; Ms. Paula Shaw, Ms. Traci Jefferson, Mr. Erick Huth, Mr. Greg Elliott, Mr. Sammy Jobe, Mr. Michael Barker, Mr. Al Laney, Mr. Ken Wilber, Mr. Bill Kemp, and Mr. David Seivers.

Approval of the November 20, 2009 Minutes of the Board of Trustees

On a motion by Mr. Jobe and seconded by Mr. Wilson, the minutes of the November 20, 2009 TCRS Board of Trustees meeting were unanimously approved.

Board of Trustees Committee Report

Chairman Lillard recognized Mr. Barker to provide the audit committee report. Mr. Barker informed the members that the internal audit report has been completed. All reports were outstanding. The annual Independent Auditor's Report has been completed and will be released on March 31, 2010. Mr. Barker updated the Board members on the status of the development of the Code of Conduct which should be completed by mid-May. No action was taken.

Chairman Lillard recognized Ms. Bachus to provide the administrative committee report. Ms. Bachus informed the Board there were no new political subdivisions seeking participation into TCRS at this time. TCRS managers provided operational updates to the members. No action was taken.

Chairman Lillard reviewed the investment committee report. Chairman Lillard mentioned the committee reviewed the plan performance and private equity investments. No action was taken.

Investment Report

Chairman Lillard introduced Mr. Michael Brakebill, Chief Investment Officer, to review the investment report.

Mr. Brakebill began his presentation with a brief review of the investment performance of the fund. Mr. Brakebill noted the fund closed the calendar year with a value of \$29 billion which was an increase of \$3.2 billion from one year earlier. The gain corresponded to a one year return of 14.42%. While a satisfying result, Mr. Brakebill noted how that gain lagged the one year benchmark by 2.09% largely as a result of tactical asset allocation moves. One satisfying result has been that the three-year fund performance ranked in the top 25% of peers based on Strategic Investment Solution's (SIS) database.

Mr. Brakebill introduced Mr. Pete Keliuotis, from SIS, to review the Executive Performance Summary. Mr. Keliuotis mentioned it has been a strong year for domestic and international equities. Mr. Keliuotis reviewed asset allocation and noted the fund exceeded \$29 billion and the current asset allocation of the fund is close to target. The small over-weight in fixed income is primarily due to the un-invested portions of the real estate and private equity portfolios.

Mr. Keliuotis pointed out the return of the first quarter was a little over 2.5% and that staff added value in the quarter versus the benchmark but has struggled a bit over the past year. The international equity portfolio was re-structured a little over a year ago and they are watching closely to make sure the managers are performing as expected. A key standout was the domestic fixed income portfolio which delivered very strong relative performance for the year. Mr. Keliuotis pointed out staff is looking closely at the fixed income benchmark to evaluate if it matches the fund's objectives.

Finally, Mr. Keliuotis commented on the real estate portfolio. The low leverage employed has been beneficial in the real estate portfolio and the fund is poised to invest in real estate which will allow the fund to make attractive investments over the next few years.

Mr. Brakebill moved the focus of the discussion to a review of key initiatives. Mr. Brakebill discussed how staff was working closely with the Treasurer in analyzing the strategic asset allocation policy for the portfolio. Mr. Brakebill noted the extremely low yields for fixed income securities make it harder for the fund to meet its actuarial targets. Mr. Brakebill discussed potential changes found in the Investment Report (page 7). Staff is working closely with SIS to determine portfolio improvements and will have specific recommendations in the June board meeting.

Mr. Brakebill reviewed the other Key Initiatives (page 6). Mr. Brakebill discussed the potential implementation of a securities lending process which should generate six to ten million dollars per year in additional revenue for the fund.

Mr. Brakebill noted two important RFPs would be announced in the near future to re-bid the fund's general consulting and private equity consulting contracts. Mr. Brakebill pointed out that SIS currently provides both of those consulting services. While staff is comfortable with the level of service SIS delivers, staff needs to complete an RFP to meet State contracting requirements.

Mr. Brakebill concluded his discussion with an overview of: customer commission agreements, credit market opportunities, the order management system and the continued push to grow assets in private equity and real estate.

Other Business

Chairman Lillard updated the members on the Concord System. The Concord RFP is in F & A and Comptroller's Office for review with a planned release date of May 25, 2010. Mr. Barker asked what Concord is going to do in the audit area when installed. Chairman Lillard replied by saying the system will have a seamless electronic wall to wall internal audit capability.

Chairman Lillard noted that retirees will be able to file forms electronically and have access to video capabilities on the internet.

Adjournment

Chairman Lillard announced the completion of the business at hand and asked if there was any other business to come before the Board.

On a motion by Mr. Hargett and seconded by Mr. Wilber, the Board unanimously approved the TCRS Board of Trustees meeting be adjourned.

With no other business, the Board of Trustees adjourned at 10:40 a.m. on March 26, 2010.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jill Bachus".

Jill Bachus
Board of Trustees, TCRS

2010 LEGISLATION HIGHLIGHTS

2010 Legislation Highlights

SB 3138/HB 3088 (Public Chapter 777) – TCRS Omnibus. This bill modified several sections of the TCRS law for purposes of clarification and administrative efficiency.

Primary changes include:

- Permits an employer to preserve the right to return to contributory status upon passage of non-contributory provision.
- The minimum benefit for County Commissioners was increased pending adoption by the local government.
- Clarifies what is considered public information for purposes of private equity investments.
- Requires employers to electronically pay and report contribution information to TCRS by July 1, 2011. This date could be modified as it relates to Concord.

SB 3140/HB 3090 (PC 806) – Defined Contribution Plan Authority. This bill permits local governments and other entities eligible to participate in TCRS to join the state's deferred compensation program.

- TCRS/Treasury Department must obtain an IRS Private Letter Ruling prior to any local government participation.
- The employees will participate under the same terms and conditions as State employees.
- All costs associated with the participation will be the responsibility of the local government and its employees.

POLITICAL SUBDIVISION REPORT

**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
July 1, 2010**

Political Subdivision	Amount of Service Purchased		Employer Rate	Accrued Liability	Cost of Living	Number of Employees
	Employer	Employees				
Bledsoe County Nursing Home	0	0	Normal 7.91 %	\$0.00	Include	36
			Accrued 0.00 %			
			Adm. Cost .21 %			
			<u>TOTAL</u> 8.12% %			

Meetings:

- April, 2010 Explained results of actuarial study and participation procedures to the governing body.
- June, 2010 Explained laws, policies and benefit provisions to employees of the district
- June, 2010 Explained reporting procedures to payroll officer



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
10th FLOOR ANDREW JACKSON BUILDING
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

MEMORANDUM

TO: David Bowling, Director of Local Finance
FROM: Melissa L. Davis, TCRS Field Services
SUBJECT: Participation in Tennessee Consolidated Retirement System
DATE: May 17, 2010

The Bledsoe County Nursing Home will begin participation in the Tennessee Consolidated Retirement System effective July 1, 2010.

The Board of Trustees of the TCRS requires a political subdivision to appropriate the necessary funds in their annual budget for retirement costs. The total first year cost for the entity is \$62,862.00. One-Hundred Percent (100%) of this figure is required to be budgeted for the 2010 budgeted year ending 2011.

Enclosed is the 2010-2011 budget for this entity. Please let me know if this information is sufficient and accurately reflects adequate funding for retirement costs for this entity.

If you have any questions, please call me at (615) 741-1971.

Enclosure

Insert

Memo

A. SUMMARY OF REPORT

An actuarial valuation was performed as of January 1, 2010, to examine the cost of any benefits provided by the Tennessee Consolidated Retirement System as it would apply to the Bledsoe County Nursing Home if the group joined the System on that date.

Costs and benefits were calculated on the assumption that no prior service would be purchased.

Each political subdivision participating in the TCRS can include or exclude cost of living benefits in its retirement plan. If cost of living benefits are included, they must be "advance funded" in the same manner as other retirement benefits. Since the group now has this option, costs have been developed both "with" and "without" cost of living benefits.

The annual funding requirements (employer contributions only) of each approach for the plan year beginning on the valuation date are shown in the following table:

	WITHOUT C.O.L.		WITH C.O.L.	
	Amount	% of Payroll*	Amount	% of Payroll*
Initial Accrued Liability**	\$0	---	\$0	---
Employer Contributions				
Normal Cost	\$40,371	5.08%	\$62,862	7.91%
Accrued Liability	0	0.00	0	0.00
Administrative Expense***	1,656	0.21	1,656	0.21
Total	\$42,027	5.29%	\$64,518	8.12%

* Total annual payroll of employees, excluding employees eligible to retire during the plan year, was determined to be \$794,710.

** Amortized over 20 years by payment of the "accrued liability" contribution shown in the table.

***Administrative expense equals \$46.00 per year per active participant.

TABLE 1

DISTRIBUTION OF ACTIVE PARTICIPANTS' EARNINGS

BY AGE

Age Group	Male			Female			Total		
	No	Earnings		No	Earnings		No	Earnings	
		Total	Average		Total	Average		Total	Average
1-20	0	0	0	0	0	0	0	0	0
21-25	0	0	0	1	2,423	2,423	1	2,423	2,423
26-30	0	0	0	2	39,352	19,676	2	39,352	19,676
31-35	0	0	0	2	41,722	20,861	2	41,722	20,861
36-40	1	32,005	32,005	1	16,886	16,886	2	48,891	24,445
41-45	0	0	0	4	122,801	30,700	4	122,801	30,700
46-50	1	15,597	15,597	4	131,703	32,925	5	147,300	29,460
51-55	2	29,360	14,680	5	95,819	19,163	7	125,179	17,882
56-60	2	39,532	19,766	5	105,456	21,091	7	144,988	20,712
61-65	1	18,096	18,096	2	42,592	21,296	3	60,688	20,229
66-70	0	0	0	2	34,104	17,052	2	34,104	17,052
71-75	0	0	0	1	27,262	27,262	1	27,262	27,262
76-80	0	0	0	0	0	0	0	0	0
81-85	0	0	0	0	0	0	0	0	0
86-90	0	0	0	0	0	0	0	0	0
TOTAL	7	134,590	19,227	29	660,120	22,762	36	794,710	22,075

TABLE 2

DISTRIBUTION OF ACTIVE PARTICIPANTS' EARNINGS

BY LENGTH OF SERVICE

Service Group	Male			Female			Total		
	No	Earnings		No	Earnings		No	Earnings	
		Total	Average		Total	Average		Total	Average
0	0	0	0	1	2,423	2,423	1	2,423	2,423
1	1	32,005	32,005	6	109,566	18,261	7	141,571	20,224
2	0	0	0	2	62,933	31,466	2	62,933	31,466
3	2	36,309	18,154	2	33,863	16,931	4	70,172	17,543
4	1	18,096	18,096	3	73,344	24,448	4	91,440	22,860
0-4	4	86,410	21,602	14	282,129	20,152	18	368,539	20,474
5-9	2	30,314	15,157	4	71,875	17,968	6	102,189	17,031
10-14	1	17,866	17,866	4	97,543	24,385	5	115,409	23,081
15-19	0	0	0	4	110,413	27,603	4	110,413	27,603
20-24	0	0	0	2	72,580	36,290	2	72,580	36,290
25-29	0	0	0	1	25,580	25,580	1	25,580	25,580
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0
TOTAL	7	134,590	19,227	29	660,120	22,762	36	794,710	22,075

TABLE 3
CALCULATION OF FUNDING LEVELS

The January 1, 2010 funding levels were determined as follows:

	<u>WITHOUT C.O.L.</u>	<u>WITH C.O.L.</u>
(1) Present Value of Benefits	581,432	741,713
(2) Past Service Liability	0	0
(3) Present Value of Future Employee Contributions	293,758	293,758
(4) Present Value of Future Normal Costs(1) - (2) - (3)	287,674	447,955
(5) Present Value of Future Salaries	5,875,150	5,875,150
(6) Normal Cost Rate ((4)/(5)) x 1.0375	5.08%	7.91%
(7) Current Payroll	794,710	794,710
(8) Normal Cost (6) x (7)	40,371	62,862
(9) Employee Past Service Contribution	0	0
(10) Accrued Liability (2) - (9)	0	0
(11) Accrued Liability Contribution (10) x .09125 x 1.0375	0	0
(12) Accrued Liability Contribution Rate (11)/(7)	0.00%	0.00%

**TABLE 4
PROJECTED SCHEDULE OF BENEFIT PAYMENTS**

(With Full Past Service Credit)

Calendar Year	Number Retiring	Emerging Benefits	Emerging Liability	Total Payout	Total Liability
2009	4	24,011	293,538	7,108	293,538
2010	3	6,704	84,932	27,235	369,042
2011	3	8,225	109,570	36,575	466,348
2012	1	1,094	14,209	37,633	465,072
2013	2	4,268	57,091	40,904	505,794
2014	4	50,922	785,293	53,312	1,272,785
2015	1	3,152	40,238	92,878	1,281,593
2016	0	0	0	93,668	1,247,870
2017	2	8,663	123,008	100,028	1,336,011
2018	1	2,361	33,519	100,687	1,330,936
2019	1	19,867	282,088	115,712	1,572,530
2020	0	0	0	119,013	1,524,885
2021	1	14,482	205,631	126,863	1,681,507
2022	3	33,816	480,662	152,857	2,107,505
2023	0	0	0	160,973	2,041,229
2024	0	0	0	158,390	1,973,217
2025	1	25,647	364,155	162,016	2,267,736
2026	1	8,813	125,130	180,982	2,314,006
2027	0	0	0	183,434	2,230,806
2028	1	30,515	433,270	189,961	2,579,231

The above table sets forth an estimate of normal retirement benefit payout, assuming:

- a) no deaths or terminations will occur before normal retirement,
- b) emerging benefits are based on the salary scale used for actuarial costing, and
- c) there are no early, disability or delayed retirements.

Tennessee Consolidated Retirement System

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Title 8, Chapters 34 through 37 of the Tennessee Code Annotated.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System subject to the approval by the Board of Trustees; and

WHEREAS, the Polk County Nursing Home (Name of Political Subdivision) desires to participate in the Tennessee Consolidated Retirement System under the provisions of state law and the following terms and conditions:

1. PRIOR SERVICE:

- a. The political subdivision will assume 0 liability (both employer and employee) for 0 year(s) of prior service for each person employed on the date of participation;
- b. The political subdivision will assume the employer liability only for 0 year(s) of prior service for each person employed on the date of participation; and accept the unfunded liability for all employees for 0 years of service.

The maximum allowable number of years of prior service any employee may establish is the sum of the number of years in a. and b. above.

- 2. COST-OF-LIVING: The political subdivision has the option of providing cost-of-living increases to its retirees and hereby chooses to exclude cost-of-living increases for retirees.
- 3. PART-TIME EMPLOYEES: The political subdivisions has the option of providing retirement coverage to part-time employees and hereby chooses to exclude this coverage.

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the political subdivision and not the State of Tennessee; and

WHEREAS, the political subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on a date as determined by the Board of Trustees of the Tennessee Consolidated Retirement System, and the initial employer contribution rate shall be 8.12 % which is based on the estimated lump sum accrued liability of \$ 64,518 ; and

WHEREAS, the funds necessary to provide for the retirement costs during the 2010-2011 fiscal year have been appropriated to the proper departmental budgets in the following amounts:

employee benefits	\$ _____
<u>Retirement</u>	\$ <u>64,518</u>
_____	\$ _____
_____	\$ _____

THEREFORE, BE IT RESOLVED That the Chief Legislative Body of
(Name of Governing Body)

Bledsoe County Nursing Home hereby authorizes all its employees in all its departments or
(Name of Political Subdivision)

instrumentalities to become eligible to participate in the Tennessee Consolidated Retirement System subject to approval by the Board of Trustees pursuant to Tennessee Code Annotated Title 8, Chapter 35, Part 2. It is further understood that pursuant to Tennessee Code Annotated, Section 8-35-111, no employee of said political subdivision covered by this resolution shall have multiple memberships in any retirement program or programs financed from public funds whereby such employee obtains or accrues pensions or retirement benefits based upon the same compensation and for the same years of service to said political subdivision.

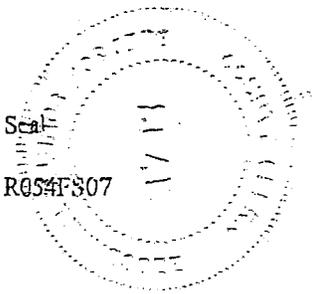
STATE OF TENNESSEE
COUNTY OF Bledsoe

I, Carloyn M. Terry, clerk of the Board of
Bledsoe County Pikeville Tn.
(Name of Governing Body) (County, City Town, etc.)

Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted at a meeting held on the 19th day of April, ~~2008~~ ²⁰¹⁰, the original of which is on file in this office. I further certify that 11 members voted in favor of the Resolution and that 11 members of the governing body were present and voting.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Bledsoe Pikeville, Tn.
(Name of County, City, Town, etc.)

Carloyn M. Terry
As Clerk of the Board, as aforesaid



INVESTMENT ADVISORY COUNCIL
APPOINTMENT

George B. Stadler, CFA

Mr. George Stadler is responsible for business development, client service and is a contributing manager for stable risk portfolios at HMS Capital Management, LLC.

Mr. Stadler brings over 25 years of investment experience to HMS. While at SunTrust, he was Regional Managing Director for the Personal Asset Management group. He oversaw the investment management of approximately \$4.5 billion in assets. As Assistant Treasurer of Vanderbilt University, he was responsible for the management of \$100 million in Charitable Remainder Trusts and Separately Invested Endowment Funds.

He also managed the stock distributions from the University's Venture Capital Portfolio and performed extensive due diligence on investment managers for the university. While at J.C. Bradford, George worked in the syndicate group and helped to bring many new issues to market.

Mr. Stadler graduated from Washington & Lee University with a Bachelor's Degree in Economics and German. He received his MBA with a concentration in Finance from the Owen Graduate School of Management at Vanderbilt University. In addition, he holds the Chartered Financial Analyst designation.

A Nashville native, George is well known for his work with several local charities and their investment committees. He has served as a member for the State of Tennessee Investment Advisory Council since June 27, 2002. He is also a past president of the Nashville Society of Financial Analysts.

**STATE EMPLOYEE REPRESENTATIVE
ELECTION RESULTS**



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
 DEPARTMENT OF AUDIT
 DIVISION OF STATE AUDIT

SUITE 1500
 JAMES K. POLK STATE OFFICE BUILDING
 NASHVILLE, TENNESSEE 37243-1402
 PHONE (615) 401-7897
 FAX (615) 532-2765

May 24, 2010

Members of the Board of Trustees
 Tennessee Consolidated Retirement System
 Tenth Floor, Andrew Jackson Building
 Nashville, Tennessee 37243

Ladies and Gentlemen:

We have tabulated the votes received in the election of two members to the Board of Trustees of the Tennessee Consolidated Retirement System for the term July 1, 2010, through June 30, 2013, and we hereby certify that candidates received the number of votes listed below:

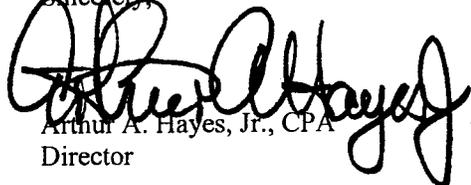
	<u>Name</u>	<u>Department</u>
1,215	Kimberly Moore Bailey	Middle Tennessee State University
747	Greta Dajani	Department of Safety
644	Garfield D. Delk	Department of Human Services
1,791	Greg Elliott	Tennessee Bureau of Investigation
1,454	Tim Morgan	District Attorney General
1,644	Tommie Pendergrass	Department of Financial Institutions
1,243	Barbara Reedy	Department of Health
<u>1,049</u>	Henry Allen Short, Jr.	Middle Tennessee State University
<u>9,787</u>		

The ballots were received by mail. Each ballot was observed by one or more witnesses as it was tabulated.

A recheck of total votes received by each candidate and a count of the individual ballots verified the accuracy of the tabulations as follows:

	<u>Ballots</u>	<u>Votes</u>
Ballots cast for two candidates	4,762	9,524
Ballots cast for one candidate	263	263
Ballots cast for no candidate	<u>150</u>	<u>0</u>
Total ballots counted	<u>5,175</u>	<u>9,787</u>

Sincerely,


 Arthur A. Hayes, Jr., CPA
 Director

OPTIONAL RETIREMENT PROGRAM

TN Optional Retirement Plan (ORP) as of 12/31/2009

	ING	VALIC	TIAA CREF	Total
ORP Contributions for the Year Ended	\$12,017,256	\$11,151,529	\$60,747,033	\$83,915,818
ORP Active Participant Count for the Year Ended	2,486	2,087	9,081	
TN ORP Asset Balances for the Year Ended	\$126,806,821	\$142,310,032	\$2,050,439,082	\$2,319,555,935
ORP Total Participants for the Year Ended	4,430	4,125	26,671	

TN ORP as of 12/31/2009

ORP Contributions for the Year Ended	ING	VALIC	TIAA-CREF	Total
TN State Board of Regents System	\$5,322,346	\$6,189,235	\$31,482,920	\$42,994,502
University of Tennessee System	\$6,694,910	\$4,962,294	\$29,264,112	\$40,921,316
Total Contributions Received	<u>\$12,017,256</u>	<u>\$11,151,529</u>	<u>\$60,747,033</u>	<u>\$83,915,818</u>

ORP Active Participant Count for the Year Ended

TN State Board of Regents System	1,149	1,122	4,953
University of Tennessee System	1,337	965	4,128
Total Active Participants	<u>2,486</u>	<u>2,087</u>	<u>9,081</u>

TN ORP Asset Balances for the Year Ended

				Total
TN State Board of Regents System	\$46,337,203	\$74,292,073	\$745,314,322	\$865,943,598
University of Tennessee System	\$80,469,618	\$68,017,959	\$1,305,124,760	\$1,453,612,337
Total TN ORP Asset Balances	<u>\$126,806,821</u>	<u>\$142,310,032</u>	<u>\$2,050,439,082</u>	<u>\$2,319,555,935</u>

ORP Total Participants for the Year Ended

TN State Board of Regents System	1,905	2,104	12,648
University of Tennessee System	2,525	2,021	14,023
Total Participants for the Year	<u>4,430</u>	<u>4,125</u>	<u>26,671</u>

STATISTICAL REPORTS

ANALYSIS OF MEMBERS ACTIVELY CONTRIBUTING

	6/30/2006	6/30/2007	6/30/2008	3/31/2009	6/30/2009	12/30/2009	3/31/2010
Group I Members:							
(State & Higher Ed.)	61,579	62,046	62,987	59,245	58,940	58,911	58,998
Teachers	73,673	74,666	76,926	77,877	78,550	78,616	78,618
General Employees of Polisubs	76,521	77,716	80,079	80,994	80,376	80,732	80,736
General Assembly	122	121	124	124	122	121	121
County Officials	4	3	3	3	3	3	3
State Judges	183	181	182	177	182	182	182
PSC							
County Judges	1	1	1	1	1	1	1
Attorneys General	592	588	634	638	635	641	641
Total Group I	212,675	215,322	220,936	219,059	218,809	219,287	219,300
Group II & Prior Class:							
Wildlife Officers	15	11	10	9	9	8	8
Highway Patrol	34	28	25	13	11	9	9
Firemen & Policemen- Political Subdivisions	69	58	45	37	36	35	35
Total Group II & Prior Class	118	97	80	59	56	52	52
Group III and Prior Class:							
State Judges	4	2	2	2	2	2	2
County Judges	3	-	-	-	-	-	-
Attorneys General	6	5	5	5	6	5	5
County Officials	18	12	12	10	10	10	10
Total Group III & Prior Class	31	19	19	17	18	17	17
Total Membership							
Contributing to TCRS	212,824	215,438	221,035	219,135	218,883	219,356	219,369
Teachers Contributing to ORP	11,465	11,455	11,501	11,461	11,388	11,447	11,461
Grand Totals	224,289	226,893	232,536	230,596	230,271	230,803	230,830

**RETIRED PAYROLL
JULY 1, 2009
THROUGH
MARCH 31, 2010**

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	332,810,414.67	36,613
STATE PAID JUDGES	7,837,963.44	168
COUNTY PAID JUDGES	3,677,516.46	133
ATTORNEY GENERALS	6,466,799.73	259
COUNTY OFFICIALS	3,840,271.11	254
PUBLIC SERVICE COMMISSIONERS	71,762.58	5
POLITICAL SUBDIVISIONS	161,069,940.90	29,985
TEACHERS	593,234,926.54	37,475
LOCAL TEACHERS	33,961,446.83	2,343
GOVERNORS AND WIDOWS	255,510.00	5
AGED STATE EMPLOYEES	1,116.00	1
AGED TEACHERS	<u>53,309.91</u>	<u>39</u>
TOTAL	\$1,143,280,978.17	107,280

NOTE: NINETY-FIVE PERCENT (95%) OF THE RETIREES ARE ON DIRECT DEPOSIT.

**RETIRED PAYROLL
STATISTICS
MARCH 31, 2010**

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	37,384,050.15	36,613
STATE PAID JUDGES	854,107.29	168
COUNTY PAID JUDGES	402,709.16	133
ATTORNEY GENERALS	720,306.13	259
COUNTY OFFICIALS	423,739.07	254
PUBLIC SERVICE COMMISSIONERS	7,973.62	5
POLITICAL SUBDIVISIONS	18,014,448.78	29,985
TEACHERS	65,853,054.28	37,475
LOCAL TEACHERS	3,732,630.77	2,343
GOVERNORS AND WIDOWS	28,390.00	5
AGED STATE EMPLOYEES	124.00	1
AGED TEACHERS	4,748.83	39
TOTAL	<u>\$127,426,282.08</u>	<u>107,280</u>

NUMBER OF MEMBERS REFUNDED

<u>Month</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
July	518	532	829	507	1,149	450	894
August	426	397	544	481	675	308	612
September	565	702	515	546	566	316	494
October	376	390	424	454	609	411	369
November	408	373	316	440	492	353	320
December	298	278	320	318	234	257	256
January	322	401	305	408	450	332	257
February	367	339	389	333	308	310	242
March	372	360	329	342	316	291	278
April	311	287	823	365	308	311	
May	337	291	694	323	619	217	
June	388	374	428	313	843	340	
TOTAL	<u>4,688</u>	<u>4,724</u>	<u>5,916</u>	<u>4,830</u>	<u>6,569</u>	<u>3,896</u>	<u>3,722</u>

**REFUND EXPENDITURES
2009-10 FISCAL YEAR**

MONTH	MEMBER'S CONTRIBUTIONS	414(H) CONTRIBUTIONS	MEMBER'S INTEREST	EMPLOYER CONTRIBUTIONS	DEATH PAYMENTS	TOTAL
July	126,673.14	3,124,044.38	1,227,788.49	99,281.23	692,151.88	\$5,269,939.12
August	86,751.50	2,837,656.53	1,149,855.19	159,228.52	816,892.92	\$5,050,384.66
September	78,413.83	2,318,108.98	682,068.03	123,226.67	203,589.18	\$3,405,406.69
October	76,449.24	1,803,988.62	572,229.06	83,606.95	189,846.61	\$2,726,120.48
November	93,238.93	1,686,206.72	783,118.04	175,253.42	562,927.51	\$3,300,744.62
December	100,861.36	1,249,292.56	491,401.50	95,517.61	422,610.59	\$2,359,683.62
January	38,051.50	1,447,723.34	713,896.73	256,760.63	728,051.64	\$3,184,483.84
February	60,836.46	1,401,737.63	691,527.22	88,424.16	722,504.17	\$2,965,029.64
March	146,354.31	1,682,659.32	817,766.40	187,241.31	1,060,166.46	\$3,894,187.80
April						
May						
June						
TOTAL	807,630.27	17,551,418.08	7,129,650.66	1,268,540.50	5,398,740.96	\$32,155,980.47

PRIOR SERVICE ACTIVITY
January 1, 2010 through March 31, 2010

State:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	46	24	\$ 236,554
	Military	30	55	-
	Redeposit	23	93	146,706
	Totals	99	172	\$ 383,260

Teachers:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	27	19	\$ 291,541
	Military	15	28	-
	Redeposit	28	115	268,369
	Totals	70	162	\$ 559,909

Higher Education:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	37	37	\$ 15,955
	Military	5	10	-
	Redeposit	1	1	-
	Totals	43	48	\$ 15,955

Political Subdivisions:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	262	272	\$ 122,490
	Military	28	52	3,699
	Redeposit	13	67	112,289
	Totals	303	391	\$ 238,477

Grand Totals:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	372	352	\$ 666,539
	Military	78	145	3,699
	Redeposit	65	276	527,363
	Totals	515	773	\$ 1,197,601

DISABILITY RETIREMENT REPORT

Disability Statistical Report

Third Quarter 09-10

Disability Applications Received	January	26
	February	25
	March	<u>31</u>
	TOTAL	82
Initial Claims Approved	January	37
	February	14
	March	<u>30</u>
	TOTAL	81
Initial Claims Disapproved	January	12
	February	04
	March	<u>05</u>
	TOTAL	21
Initial Claims Approved after Reconsideration		6
Initial Claims Disapproved after Reconsideration		3
Re-Evaluation Claims Approved		46
Re-Evaluation claims Disapproved		1
Cases Referred to Vocational Rehabilitation		0

**APPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-E	Re-C	Age	Employer	Position	SVC	AFC	Opt.	Mo. Ben.	Disability Summary
ORD	YES	YES	48	STATE	ELIGIBILITY COUNSELOR	10	\$29,722	A	\$702	ARACHNOIDITIS, MYOSITIS, LUMBAR DJD, LUMBAR RADICULITIS, IA, DEPRESSION
ORD	YES	NO	50	TEACHER	PHYS ED TEACHER	19	\$50,567	A	\$1,194	TRIGEMINAL NEURALGIA/ OA/ PSEUDO DEMENTIA/ MEMORY IMPAIRMENT
SS-ORD	NO	NO	57	STATE	CLERICAL	5	\$22,005	A	\$260	ALZHEIMER'S DISEASE
ORD	NO	NO	60	POL SUB	MECHANIC/ WELDER	7	\$30,246	A	\$397	COPD
ORD	YES	NO	51	POL SUB	MAINTENANCE	23	\$30,525	A	\$832	PTSD/ DEPRESSION W/ ANXIETY
ORD	NO	NO	55	TEACHER	TEACHER	24	\$57,125	A	\$1,691	MAJOR DEPRESSION/ANXIETY/PANIC ATTACKS/SIP BREAST CA
ORD	YES	NO	43	STATE	CORRECTIONAL OFFICER	10	\$26,981	A	\$637	TRAUMATIC BRAIN INJURY/PTSD/CERVICAL DISK DISEASE
SS-INACT	NO	NO	50	STATE	MAINTENANCE	11	\$21,441	B	\$149	CONGESTIVE HEART FAILURE/ CARDIOMYOPATHY/ DIABETES
ORD	NO	NO	53	TEACHER	TEACHER	12	\$50,210	A	\$1,131	HIV/AIDS/DM/HTN
SS-ORD	NO	YES	60	POL SUB	COOK	23	\$10,854	A	\$333	DDD/ DEPRESSION/ BILATERAL CARPAL TUNNEL
ORD	YES	NO	50	STATE	OFFICER	9	\$24,851	A	\$587	RUPTURED BRAIN ANEURYSM/CHRONIC HEADACHES/BI-POLAR & ANGER DISORDERS
SS-ORD	NO	NO	51	TEACHER	ASSISTANT PRINCIPAL	27	\$61,347	A	\$2,032	ALS
ORD	YES	NO	48	POL SUB	VAN DRIVER	6	\$21,721	D	\$372	DIABETES/ HTN/ DJD/RT MEDIAN NEUROPATHY
ORD	YES	NO	48	STATE	SR COUNSEL	11	\$83,355	B	\$1,911	HEPATITIS /CIRRHOSIS OF LIVER
SS-ORD	YES	NO	51	TEACHER	TEACHER	16	\$53,651	A	\$1,267	SPINAL STENOSIS/DDD

**APPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-E	Re-C	Age	Employer	Position	SVC	AFC	Opt.	Mo. Ben.	Disability Summary
INACT	NO	YES	42	POL SUB	LABORER	13	\$22,675	B	\$86	COPD/HTN/DM/ANXIETY DISORDER/DEPRESSION
ORD	NO	NO	41	STATE	IT TECH	8	\$32,763	A	\$774	DDD/ OSTEOMYELITIS OF THE SPINE
ORD	NO	NO	57	TEACHER	TEACHER	7	\$48,366	A	\$595	DM II/ESRD/PERITONEAL DIALYSIS
ORD	NO	NO	58	POL SUB	CUSTODIAN	13	\$23,826	A	\$445	OVARIAN CANCER
ORD	NO	NO	57	POL SUB	CAFETERIA MANAGER	25	\$26,225	A	\$771	MS/ CERVICAL CANCER/ DEPRESSION
ORD	YES	NO	53	POL SUB	LPN	14	\$38,289	A	\$514	MAJOR DEPRESSION/ANXIETY/COPD/ HTN/OBESITY/UNCONTROLLED DM
ORD	NO	NO	54	POL SUB	OPERATOR IV	27	\$50,869	D	\$1,172	METASTATIC RENAL CELL CA
ORD	YES	NO	48	STATE	EXECUTIVE AIDE	11	\$25,675	A	\$608	CHRONIC BACK PAIN/ FIBROMYALGIA/ CHRONIC FATIGUE SYNDROME/ OSA
ORD	NO	NO	49	POL SUB	CLERK	10	\$33,010	B	\$694	LEUKEMIA
ORD	YES	NO	41	STATE	TRANSPORTATION TECH	22	\$31,389	D	\$776	DDD/ BACK PAIN
SS-ORD	YES	NO	49	STATE	CUSTODIAL WORKER	20	\$23,288	A	\$557	NIDDM/ CHRONIC RENAL FAILURE/ HTN
ORD	NO	NO	53	POL SUB	EMT IV	17	\$34,013	A	\$803	ALZHEIMER'S DEMENTIA/ENCEPHALOPATHY, OSA
ORD	YES	NO	45	TEACHER	DIAGNOSTICIAN	17	\$54,768	D	\$1,110	IDDM WITH NEUROPATHY/PVD/OSTEOMYELITIS
ORD	YES	NO	40	STATE	TEACHER	14	\$38,340	A	\$905	BEHCET'S DISEASE/ AUTOIMMUNE DISORDER
ACC	YES	NO	48	POL SUB	MAINTENANCE WKR	20	\$32,251	A	\$939	S/P LAMINECTOMY FOLLOWING MULTIPLE OJA'S

**APPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-E	Re-C	Age	Employer	Position	SVC	AFC	Opt.	Mo. Ben.	Disability Summary
ORD	YES	NO	42	POL SUB	SANITATION SUPERVISOR	20	\$50,570	B	\$1,108	S/P LAMINECTOMY SYNDROME, DDD, CHRONIC PAIN
ORD	NO	NO	50	TEACHER	ASSISTANT PRINCIPAL	28	\$77,844	A	\$2,770	DIABETES/ CORONARY ARTERY DISEASE/MENINGOENCEPHALITIS
SS-ORD	NO	YES	53	POL SUB	WARRANTS CLERK	10	\$26,654	B	\$255	TOTAL KNEE REPLACEMENT/CHRONIC PAIN SYNDROME/DDD
ORD	NO	NO	54	STATE	SECRETARY	22	\$24,334	A	\$627	METASTATIC RENAL CELL CA
ACC	NO	NO	53	STATE	OFFICER	4	\$24,389	B	\$189	TRAUMATIC BRAIN INJURY/ PTSD
INACT	NO	NO	50	STATE	EAST TN STATE UNIVERSITY	10	\$13,408	A	\$83	COPD-O2 DEPENDENT/PTSD/MOOD DISORDER
ORD	NO	NO	44	POL SUB	FOOD SERVICE	9	\$21,265	A	\$502	CHARCOT FOOT/ DIABETES
ORD	YES	NO	46	STATE	CORRECTIONAL OFFICER	7	\$23,746	A	\$561	DM/ MORBID OBESITY/ DJD R KNEE/ S/P CERVICAL FUSION
ORD	YES	NO	45	STATE	SECRETARY	18	\$26,657	A	\$630	MIGRAINE HA'S/ SEVERE ANXIETY DISORDER
ORD	NO	NO	60	POL SUB	EMT IV	11	\$31,310	A	\$479	LUMBAR SPONDYLOSIS W/MYELOPATHY, LOW BACK PAIN, REGIONAL PAIN SYND-RIGHT LEG
ORD	YES	NO	42	TEACHER	TEACHER	9	\$37,616	C	\$849	CERVICAL SPONDYLOSIS W/RADICULOPATHY/SPASMODIC TORTICOLLIS
INACT	NO	NO	54	POL SUB	TEACHER	10	\$21,067	A	\$205	DYSYPHAGEA/RIGHT UPPER EXTREMITY WEAKNESS/CVA 1/09
SS-ORD	NO	NO	55	POL SUB	LABORER	15	\$28,758	A	\$668	ATRIAL FIBRILLATION/ CHF/ CONGESTIVE CARDIOMYPATHY/ COPD
ORD	YES	YES	42	POL SUB	MAINTENANCE WKR	20	\$28,061	A	\$631	BI-POLAR DISORDER/ ADD/ MAJOR DEPRESSIVE DISORDER/ PANIC DISORDER
ORD	NO	NO	53	STATE	CASE WORKER	7	\$28,599	A	\$481	OBESITY/ AVM FORMATION/ ANEMIA/ DM

**APPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-E	Re-C	Age	Employer	Position	SVC	AFC	Opt.	Mo. Ben.	Disability Summary
ORD	NO	NO	50	POL SUB	PARKS & REC CREW SUPV	22	\$34,611	A	\$909	IDDM/ DIABETIC NEUROPATHY/PARTIAL FOOT AMPUTATION
ORD	YES	NO	49	STATE	SR ELECTRONIC TECH	22	\$42,747	B	\$1,026	CADIATRIAL FIBRILLATION/DIZZINESS/ FATIGUE/OBESITY/SLEEP APNEA
ORD	YES	NO	50	STATE	SUPERVISOR	23	\$32,519	D	\$804	SIP THALMIC CVA/ DIABETES/ NEUROPATHY
ORD	YES	NO	51	POL SUB	BUS AIDE/ SP ED ASST	13	\$15,361	B	\$335	AUTOIMMUNE DISEASE/ ANEMIA/ CHF
ORD	NO	NO	50	POL SUB	TRUCK DRIVER	6	\$29,624	B	\$418	COPD/ METASTATIC LUNG CANCER
ORD	YES	NO	51	POL SUB	FAMILY RESOURCE SPEC	10	\$20,390	A	\$479	RSD/ SIP ANKLE INJURY/ DEPRESSION
SS- ORD	YES	NO	49	STATE	CONSERVATION WORKER II	17	\$20,457	E	\$418	METASTATIC LUNG CA
SS- ORD	NO	YES	51	STATE	CUSTODIAN	9	\$15,929	A	\$351	DJD/ RIGHT ACL TEAR
SS- ORD	YES	NO	37	POL SUB	PARAMEDIC	12	\$39,388	A	\$929	SPINAL CORD INJURY/ LOSS OF STRENGTH AND MOTOR SKILLS
ORD	YES	NO	31	STATE	ACCOUNT TECH I	11	\$25,598	D	\$573	BIPOLAR DISORDER W/PSYCHOTIC FEATURES, SEIZURE DISORDER
ORD	NO	NO	60	POL SUB	WATER TREATMENT	29	\$58,797	B	\$1,804	DIABETES/ OSTEOMYELITIS/ RETINOPATHY/ NEUROPATHY
SS- ORD	NO	NO	54	STATE	EC II	6	\$32,437	A	\$453	RENAL FAILURE
ORD	NO	NO	57	TEACHER	TEACHER	5	\$50,439	A	\$595	MAJOR DEPRESSION, RECURRENT, SEVERE
ORD	NO	NO	55	TEACHER	TEACHER	21	\$40,827	A	\$1,012	MIGRAINE HA/AORTIC ANEURYSM/OBESITY/FROZEN SHOULDER
ORD	NO	NO	50	POL SUB	HWY EQUIP OPERATOR	15	\$26,959	A	\$637	SEIZURES/ FUSED LOWER SPINE/ PROSTHETIC L SHOULDER

**APPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-E	Re-C	Age	Employer	Position	SVC	AFC	Opt.	Mo. Ben.	Disability Summary
ORD	NO	NO	51	POL SUB	CUSTODIAN	6	\$23,986	A	\$413	CAD/DM/HTN
ORD	YES	NO	50	POL SUB	METERING SUPERVISOR	28	\$68,010	A	\$2,313	CAF/CAD/SOB/HTN
ORD	YES	NO	39	TEACHER	TEACHER	12	\$38,446	D	\$826	MYASTHENIA GRAVIS/INTERSTITIAL CYSTITIS/RA/CHRONIC PAIN/DEPRESSION
SS-ORD	NO	NO	59	POL SUB	SANITATION WORKER	28	\$25,488	C	\$735	ESRD/KIDNEY FAILURE/ ON DIALYSIS
ORD	NO	NO	57	POL SUB	COOK	11	\$11,687	A	\$206	CHEST PAIN/ RESTLESS LEG SYNDROME/ SOB. LE EDEMA
SS-ACC	NO	NO	55	STATE	TROOPER	20	\$51,649	B	\$1,211	LUMBAR SPONDYLOSIS/ S-1 RADICULOPATHY/ S/P FUSION
ORD	NO	NO	55	POL SUB	CLERK	20	\$24,520	A	\$589	METASTATIC BREAST CANCER
ORD	YES	NO	51	POL SUB	DEPUTY	19	\$33,811	A	\$798	DEPRESSION/ PTSD/ S/P MVA/ CAD
ORD	YES	NO	44	STATE	ADMIN SVC ASSISTANT III	22	\$29,977	D	\$713	SYS INFLAMY DISEASE; SJOJGREN SYNDROME PLOYARTHROSIS/FATIGUE
ORD	NO	NO	55	HIGHER ED	TEACHER	29	\$58,797	B	\$1,804	METASTATIC CERVICAL CANCER
ORD	NO	NO	57	STATE	FOOD SVC STEWARD II	25	\$26,306	C	\$683	BREAST CA W/METASTESSES
ORD	NO	NO	55	POL SUB	FIELD SUPERVISOR	6	\$41,744	A	\$571	ESRD/DIALYSIS/HTN/GLOMERULOSCLEROSIS/ ANEMIA/OBESITY
ORD	NO	NO	55	POL SUB	MACHINE OPERATOR	8	\$26,768	D	\$336	S/P CVA/ COPD/ DDD/ SLEEP APNEA
SS-ORD	NO	NO	57	POL SUB	MAGISTRATE	7	\$22,608	B	\$248	S/P CVA/ SEIZURE DISORDER/ IDDM/ NEUROPATHY
ORD	NO	NO	52	POL SUB	SERVICE WORKER	11	\$46,810	D	\$867	CERVICAL STENOSIS AND NEUROPATHY

**APPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-E	Re-C	Age	Employer	Position	SVC	AFC	Opt.	Mo. Ben.	Disability Summary
ORD	NO	NO	57	TEACHER	TEACHER	17	\$57,460	A	\$1,371	PARKINSON'S DISEASE
ORD	NO	NO	52	STATE	ELIGIBILITY COUNSELOR II	11	\$30,715	A	\$722	MULTIPLE SCLEROSIS/ARTHRITIS/DEPRESSION
ORD	YES	NO	42	POL SUB	COMPUTER TECH	11	\$27,732	A	\$655	S/P CVA/ LEFT HEMIPLEGIA
ORD	YES	NO	48	STATE	CORRECTIONAL OFFICER	24	\$37,368	A	\$1,056	PTSD/ DEPRESSION/ PANIC ATTACKS/ LUMBAR STENOSIS
ORD	NO	NO	55	POL SUB	CAFETERIA MANAGER	13	\$19,871	A	\$434	METASTATIC MELANOMA
ORD	NO	NO	50	POL SUB	SPEC ED ASST	23	\$16,813	B	\$425	PARKINSON'S DISEASE/GRAVE'S DISEASE

**DISAPPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-C	Age	Employer	Position	Yrs.Srv.	Disability Summary	Reason Denied
ORD.	NO	41	POL SUB	OFFICE ASISTANT	7	PERONEAL NEUROPATHY/ DJD L KNEE/ L HIP BURSTITIS	CAPABLE OF SED TO LIGHT WRA
ORD.	NO	38	STATE	SECRETARY	10	CHRONIC BACK PAIN/ SIP LUMBAR FUSION/ OBESITY/ DEPRESSION	CAPABLE OF LIGHT ACTIVITY
ORD.	NO	53	STATE	CORRECTIONAL OFFICER	25	HCVD/ IDDM/ OBESITY/ SLEEP APNEA/ DEPRESSION W/ ANXIETY	MEDICAL RECORDS INCOMPLETE
ORD.	YES	46	POL SUB	EMS SUPERVISOR	17	PTSD/ ANXIETY AND DEPRESSION	CAPABLE OF A LESS STRESSFUL JOB
ORD.	NO	47	STATE	CONTRACT SPECIALIST	29	FIBROMYALGIA/ CHRONIC FATIGUE/DEPRESS/ANEMIA/MIGR	CAP OF SED TO LIGHT WRA
ORD.	NO	50	STATE	CUSTODIAN	6	PARANOID SCHIZOPHRENIA	CAPABLE OF LIGHT TO MED WORK
INACT.	NO	47	POL SUB	BUS DRIVER	9	OA/DDD/OBESITY	CAPABLE OF SED WORK
ORD.	NO	58	TEACHER	TEACHER	11	MIGRAINE HA'S/BACK PAIN/OA/DEPRESSION	CAPABLE OF SED WORK
ORD.	YES	49	POL SUB	RECORDS CLERK II	17	FIBROMYALGIA WITH PAIN/OBESITY/DEPRESSION	CAP OF SED TO MED WRA
ORD.	NO	54	POL SUB	RESPIRATORY THERAPIST	29	DDD/DJD OF BOTH C & L SPINE	CAP OF SED TO LIGHT WRA
ACC.	YES	57	STATE	ADMIN ASSISTANT	5	SITUATIONAL ANXIETY AND DEPRESSION	INSUFFICIENT MEDICAL RECORDS
ORD.	NO	53	POL SUB	HELP DESK COORDINATOR	6	BASAL CELL CARCINOMA SYNDROME	CAP OF MED TO LIGHT WRA
ORD.	NO	54	TEACHER	TEACHER	6	FIBROMYALGIA/ MYOSITIS/ OA/ CHRONIC FATIGUE / DEPRESSED	RECORDS INCOMPLETE/ DO NOT SUPPORT DISABILITY
ORD.	NO	50	TEACHER	TEACHER	25	LUMBAR SPONDYLOSIS, DDD, SPINAL STENOSIS, OBESITY	CAPABLE OF LIGHT WORK

**DISAPPROVED FOR DISABILITY
THIRD QUARTER
2009-2010**

Type	Re-C	Age	Employer	Position	Yrs. Srv.	Disability Summary	Reason Denied
ORD.	NO	55	STATE	CHILD CARE SPECIALIST	8	CHRONIC HEADACHES/ S/P MVA/ S/P CABG 2002/	CAPABLE OF SED TO MEDIUM WRA
ORD.	NO	41	STATE	PUBLIC SAFETY OFFICER	7	LUMBAR SPINE NRV INJ/CHRONIC PAIN/ ALCOHOL ABUSE	UNSUFFICIENT MEDICAL DOCUMENTATION/CAP SED WORK
ORD.	NO	53	STATE	SECRETARY II	14	BI-POLAR/ BACK PAIN/SACROILIAC JOINT DYSFUN	CAP OF SED TO LIGHT WORK
ORD.	NO	50	POL SUB	FOOD SERVICE	22	TOTAL RT KNEE REPLACEMENT	CAPABLE OF LIGHT WORK
ORD.	NO	45	STATE	CERTIFICATION ANALYST	5	FIBROMYALGIA/ SJOGREN'S SYNDROME	CAPABLE OF SEDENTARY WORK
ACC.	NO	46	STATE	DEVELOPMENTAL TECH	11	DEGENERATIVE ARTHRITIS OF THE SPINE W/LEG AND BACK PAIN	CAP OF LIGHT WORK
ORD.	NO	49	STATE	ADMIN ASSISTANT	9	FIBROMYALGIA/OA OF HIPS/CHRONIC PAIN	CAP OF SED TO MED WORK

FINANCIAL STATEMENTS

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATEMENT OF PLAN NET ASSETS
AS OF MARCH 31, 2010**

ASSETS

Cash and cash equivalents	<u>\$ 465,162,876.33</u>
Receivables	
Member receivable	888,506.16
Employer receivable	578,207.42
Accrued interest receivable	109,647,173.83
Accrued dividends receivable	36,680,054.43
Real estate income receivable	267,546.01
Investments sold	<u>220,985,387.67</u>
Total receivables	<u>369,046,875.52</u>
Investments, at fair value	
Short-term securities	139,043,308.03
Government securities	8,342,287,160.37
Corporate securities	5,741,380,023.77
Corporate stocks	14,318,826,471.22
Private Equities	10,435,272.00
Real estate	955,375,377.00
Total investments	<u>29,507,347,612.39</u>
TOTAL ASSETS	<u>30,341,557,364.24</u>

LIABILITIES

Retired payroll payable	5,486,968.01
Accounts payable	239,395.42
Investments purchased	520,378,832.89
Other investment payables	2,256,800.00
TOTAL LIABILITIES	<u>528,361,996.32</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 29,813,195,367.92</u>
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See Accompanying Notes to the Financial Statements

UNAUDITED

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET ASSETS
JULY 1, 2009 THROUGH MARCH 31, 2010**

ADDITIONS

Contributions	
Member contributions	\$162,137,149.93
Employer contributions	554,981,786.37
Total contributions	717,118,936.30
Investment income	
Net Appreciation in fair value of investments	3,255,886,051.99
Interest	439,308,251.15
Dividends	187,173,731.10
Real Estate income, net of operating expenses	32,810,089.13
Total investment income	3,915,178,123.37
Less: Investment expense	(15,535,132.05)
Net investment income	3,899,642,991.32
TOTAL ADDITIONS	4,616,761,927.62

DEDUCTIONS

Annuity benefits	
Retirement benefits	938,839,561.87
Cost of living	197,203,381.15
Death benefits	5,730,942.39
Refunds	25,807,475.91
Administrative expenses	5,210,913.25
TOTAL DEDUCTIONS	1,172,792,274.50

NET INCREASE

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
JULY 1, 2009	3,443,969,653.12
MARCH 31, 2010	26,369,225,714.80
	\$29,813,195,367.92

See Accompanying Notes to the Financial Statements

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Tennessee Consolidated Retirement System
Notes to the Financial Statements
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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 by definition, includes cash and short-term investments with a maturity date within three months of the acquisition date. The state's accounting policy regarding the definition of cash and cash equivalents includes cash management pools 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 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 investments in private equities is determined quarterly by the independent private equity managers with a more intensive review being performed at the end of each calendar year end. Investment income consists of 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
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B. PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION

At July 1, 2007, the date of the latest actuarial valuation, the membership of each plan consisted of the following:

	SETHEEPP	PSPP
Retirees and beneficiaries currently receiving benefits	70,598	27,632
Terminated members entitled to but not receiving benefits	21,032	9,732
Current active members	<u>136,329</u>	<u>76,396</u>
Total	227,959	113,760
Number of participating employers	140	488

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 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

Tennessee Consolidated Retirement System
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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 SETHEPP 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 SETHEPP. 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 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.

Tennessee Consolidated Retirement System
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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 fifteen percent (15 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.
- 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 five percent (5 percent) of the market value of total assets.

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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.

As of June 30, 2009, the TCRS had the following investments:

Investments
(Expressed in Thousands)

Investment type	Fair Value as of June 30, 2009	U. S. Treasury/ Agency (1)	Credit Quality Ratings									
			AAA	AA	A	BBB	BB	B	CCC	A1 (3)	Not Rated	
Debt Investments												
U.S. Govt. Treasuries, Notes, Bonds	\$ 1,202,822	\$ 1,202,822										
U.S. Govt. Inflation Indexed	2,073,076	2,073,076										
U.S. Govt. Agencies	530,395	13,525	\$ 431,244									\$ 85,626 (2)
Govt. Mortgage-Backed	2,921,531	454,436										2,467,095
Commercial Mortgage-Backed	792,148		762,591	\$ 29,557								
Corporate CMO's	462,296		53,299	9,312	\$ 22,978	\$ 50,310	\$ 38,440	\$ 117,731	\$ 140,579			29,647
Corporate Bonds	3,093,094		93,218	197,419	943,540	1,659,344	131,428	12,145	7,945			48,055
Corporate Asset-Backed	1,172,806		984,998	92,868		63,954			10,867			20,119
Non-U.S. Govt./Sovereign	822,804		403,642	419,162								
Short-Term Commercial Paper	636,343										\$ 636,343	
Short-Term Agencies	995,296		200,792									794,504
Total Debt Investments	\$ 14,702,611	\$ 3,743,859	\$ 2,929,784	\$ 748,318	\$ 966,518	\$ 1,773,608	\$ 169,868	\$ 129,876	\$ 159,391	\$ 636,343	\$ 3,445,046	
Other Investments												
U.S. Equity	\$ 7,342,606											
Non-U.S. Equity	3,052,908											
Real Estate	1,198,008											
Commingled Money												
Market Funds	205											
Total Other Investments	11,593,727											
Total Investments	\$ 26,296,338											
Less: Short-Term Investments Classified as Cash Equivalents on the Statements of Plan Net Assets	(1,240,561)											
on Statements of Plan Net Assets	\$ 25,055,777											

(1) Includes obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government and are not considered to have credit risk.

(2) Includes securities that are implicitly guaranteed by the U.S. government, but are not rated by Standard and Poor's or Moody's.

(3) A1 is the highest rating category for commercial paper.

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Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings for the TCRS' investments in fixed income securities as of June 30, 2009 are included in the above schedule. Securities are rated using Standard and Poor's and/or Moody's and are presented above using the Standard and Poor's rating scale. The State Pooled Investment Fund has not obtained a credit quality rating from a nationally recognized credit ratings agency.

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.

As noted above, the TCRS does not utilize its own bank accounts but invests in the State Pooled Investment Fund for its operating cash purposes. Required risk disclosures relative to the State Pooled Investment Fund are presented in the *Tennessee Comprehensive Annual Financial Report*. That report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Rosa Parks Avenue, Nashville, Tennessee 37243-0298.

Concentration of Credit Risk - A concentration of investments in any one single issuer of debt securities presents a greater risk for loss in the event that the issuer fails on its obligations. The TCRS had the following investment amounts and percentages of plan net assets, in organizations representing five percent or more of plan net assets, excluding those organizations whose issues are explicitly guaranteed by the United States government, and investments in mutual funds, external investment pools, and other pooled investments:

	<u>June 30, 2009</u>	
Issuer Organization	Fair Value	Percentage
Federal National Mortgage Assoc.	\$1,933,810,560	7.33%

The TCRS' investment policy limits the maximum amount of a specific corporation's commercial paper that can be purchased to \$100 million. There are no specific investment policies that limit investment in any one issuer.

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Interest Rate Risk - Interest rate risk is the risk that future changes in prevailing market rates of interest will have an adverse effect on the fair value of debt investments. The fair values of securities with long terms to maturity may be highly sensitive to interest rate changes. The TCRS' investment policy does not specifically address limits on investment maturities. The fixed income portfolio, however, is benchmarked against the Citigroup Broad Investment Grade Index and tends to have a duration within a range around that index. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows weighted for those cash flows as a percentage of the investment's full price. The TCRS had the following investments and effective duration at June 30, 2009

Debt Investments
(Expressed in Thousands)
At June 30, 2009

Investment Type	Fair Value As of June 30, 2009	Effective Duration (years)
<u>Debt Investments</u>		
Government Agencies	\$ 765,734	5.81
Government Bonds	1,790,287	7.90
Government Inflation Indexed	2,073,076	5.62
Government Mortgage-Backed	2,921,531	3.28
Corporate Collateralized Mortgage Obligations (CMO)	462,296	0.50
Corporate Commercial Mortgage-Backed	792,148	2.98
Corporate Asset-Backed Securities	1,172,806	2.27
Corporate Bonds	3,093,094	5.76
Short-Term Commercial Paper	636,343	0.00
Short-Term Agencies	995,296	0.17
Total Debt Investments	\$ 14,702,611	4.29

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. The fair value of CMOs at June 30, 2009 was \$1,254,443,668 of which \$645,384,527 were CMOs that are generally more sensitive to interest rate changes.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The TCRS' investment policy limits the asset allocation for international investments to twenty-five percent of total assets. The TCRS' exposure to foreign currency risk at June 30, 2009 was as follows:

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Foreign Currency-Denominated Investments
(Expressed in Thousands)

Currency	Total Fair Value June 30, 2009	Fixed Income	Equity	Cash
Australian Dollar	\$ 150,953	\$ -	\$ 149,334	\$ 1,619
British Pound Sterling	694,406	\$ 96,355	595,414	2,637
Canadian Dollar	30,217	0	30,208	9
Danish Krone	32,296	0	32,282	\$ 14
Euro Currency	999,083	227,493	762,476	9,114
Hong Kong Dollar	88,179	0	88,017	162
Japanese Yen	1,168,096	432,965	729,820	5,311
New Zealand Dollar	6,536	0	6,536	0
Norwegian Krone	40,241	5,841	33,816	584
Singapore Dollar	35,648	0	34,649	999
Swedish Krona	53,054	0	53,040	14
Swiss Franc	237,098	0	237,073	25
Total	\$ 3,535,807	\$ 762,654	\$ 2,752,665	\$ 20,488

Derivatives - 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. The fair value of foreign currency forward contracts outstanding as of June 30, 2009 has been reflected in the financial statements.

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 7.5 basis points on the \$250 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, and 12 basis points during times when either Moody's or Standard and Poor's has assigned ratings other than Aaa and AAA respectively. In the unlikely event that the 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

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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.

E. FUNDED STATUS AND FUNDING PROGRESS

The funded status of each plan as of July 1, 2007, the most recent actuarial valuation date, is as follows:

Schedules of Funding Progress
(Expressed in Thousands)

	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
SETHEEPP	\$ 26,214,995	\$ 27,240,151	\$ 1,025,156	96.24%	\$ 5,742,866	17.85%
PSPP	\$ 4,897,974	\$ 5,475,620	\$ 577,646	89.45%	\$ 2,081,964	27.75%

The TCRS uses the Frozen Entry Age actuarial cost method to calculate the annual required contribution (ARC). Effective July 1, 2007, the TCRS reestablished unfunded accrued liabilities for all groups. For the year ended June 30, 2008, information regarding the funded status and funding progress is required to be presented using the entry age actuarial cost method. In the actuarial valuation in which unfunded accrued liabilities are reestablished, the Frozen Entry Age actuarial cost method and the entry age normal actuarial cost method produce the same results.

The required schedule of funding progress immediately following the notes to the financial statements is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Since the requirement to present the Schedule of Funding Progress using the entry age actuarial cost method is effective beginning for the year ended June 30, 2008, only the funded status information relating to the most recent actuarial valuation date is provided in the required supplemental information. Additional required historical information will be provided in subsequent years once available.

**Tennessee Consolidated Retirement System
Notes to the Financial Statements
March 31, 2010**

Additional information as of the latest actuarial valuation follows:

	<u>SETHEEPP</u>	<u>PSPP</u>
Valuation Date	July 1, 2007	July 1, 2007
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	20 years closed period	(1) closed period
Asset valuation method	5-year moving market average	5-year moving market average
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.75% (2)	4.75% (2)
Included inflation at	3.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%
Increase in Social Security wage base	3.50%	3.50%
(1) The length of the amortization period varies by political subdivision, not to exceed 30 years		
(2) Uniform rate that approximates the effect of a graded salary scale.		

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Schedules of Funding Progress
Expressed in Thousands

	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
SETHEEPP	7/1/2007	\$ 26,214,995	\$ 27,240,151	\$ 1,025,156	96.24%	\$ 5,742,866	17.85%
PSPP	7/1/2007	\$ 4,897,974	\$ 5,475,620	\$ 577,646	89.45%	\$ 2,081,964	27.75%

The schedule of funding progress is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Since the TCRS has previously calculated the annual required contribution (ARC) using the aggregate actuarial cost method and the requirement to present the Schedule of Funding Progress using the entry age actuarial cost method is effective beginning for the year ended June 30, 2008, only the funded status information relating to the most recent actuarial valuation date is provided. The entry age actuarial cost method presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Additional required historical information will be provided in subsequent years once available.

Schedules of Employer Contributions
Expressed in Thousands

Year Ended June 30	SETHEEPP		PSPP	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2009	\$583,985	100.00%	\$252,926	100.00%
2008	593,412	100.00%	244,847	100.00%
2007	562,729	100.00%	231,699	100.00%
2006	474,879	100.00%	191,000	100.00%
2005	448,154	100.00%	181,096	100.00%
2004	271,298	100.00%	139,808	100.00%

An actuarial valuation of the TCRS is performed every two years with the next valuation scheduled to be effective July 1, 2009.

