



BACKGROUND

The Tennessee Consolidated Retirement System (TCRS) is the defined benefit pension plan covering state employees, higher education employees, K-12 public school teachers, and local governments who choose to join the plan.

**TCRS at a Glance (as of 6/30/22)**

Active Members By Plan

- Legacy: 161,784
- Hybrid: 71,199

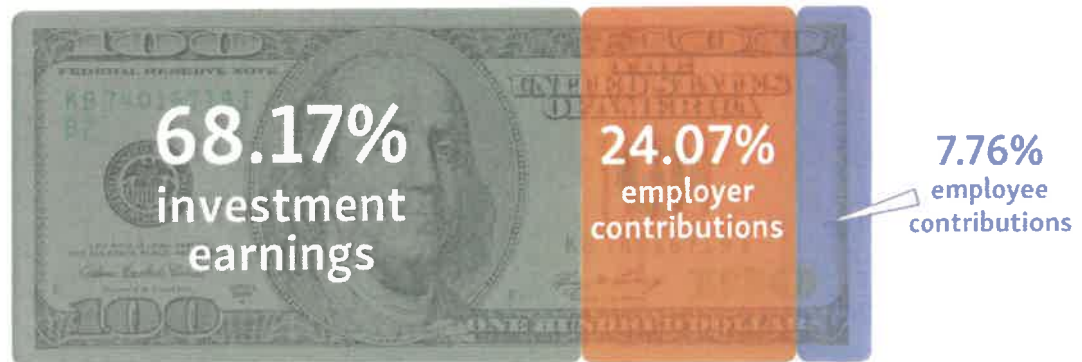
Total Active Members: 232,983

Retired Members: 150,753

Asset Value: \$61.7 billion

Annual Retired Payroll: \$2.96 billion

- Pew Charitable Trust ranked TCRS among **the top 3 best-funded state pension plans** in 2022.
- **TCRS is a well-funded system.** The aggregate funded status is 111.28% for the Legacy Plan and 121.2% for the Hybrid Plan (as of the 6/30/22 actuarial valuation).
- **TCRS contributes greatly to the Tennessee economy.** More than 92% of the \$2.96 billion in annual pension benefits paid by TCRS remain in Tennessee.
- **The pension fund is actuarially sound.** Since 1975, every Governor has budgeted and every General Assembly has appropriated sufficient money to fund the requirements set by the actuary and board of trustees. Some states will provide pension improvements but not fund those pension benefits, or in tough times, not include funding in the budget for the actuarially-required amount for the year.
- The state and local education agencies (**LEAs**) **contributed over \$1.07 billion in employer contributions** for the retirement of state employees, higher education employees, and teachers. **The state contributes approximately 60% of retirement costs through the Basic Education Program (BEP)** on behalf of teachers. **Political subdivisions contributed another \$280.8 million** for its employees.
- TCRS is the **20th largest public pension in the U.S.** and the **67th largest pension in the world** (as of February 2023, Pensions & Investments magazine and Sovereign Wealth Fund Institute).
- For every **\$100 in retirement benefits paid, 68.17% is paid from investment earnings** by the Treasury Department.



\*All numbers are estimated and unaudited

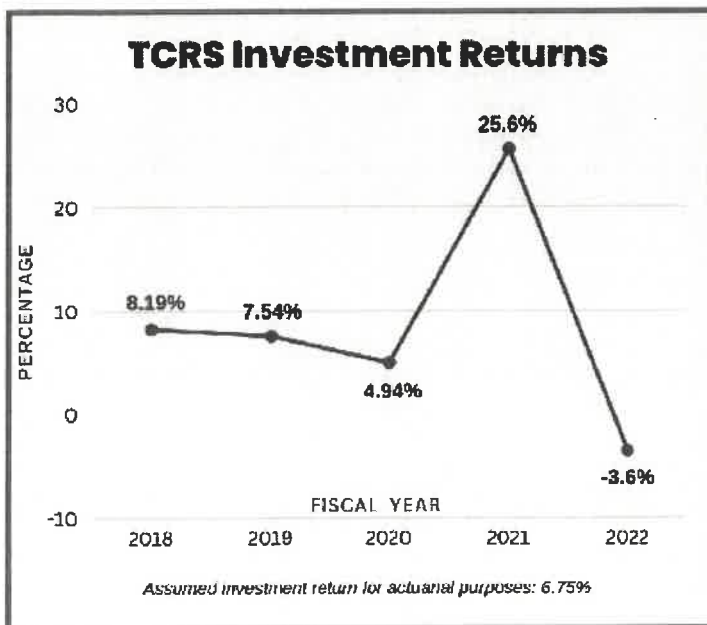
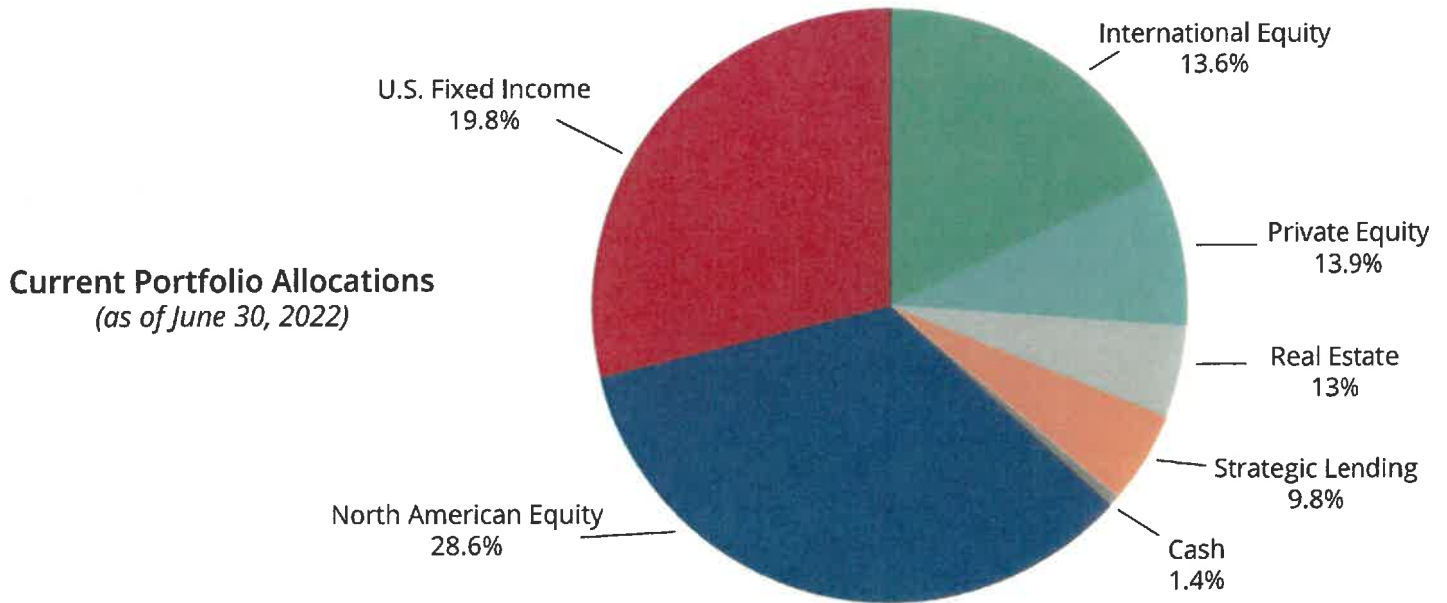




INVESTMENT INFORMATION

The Tennessee Treasury Department’s Investment Division internally manages the majority of assets for TCRS. The investment costs to TCRS and other Treasury Department programs is 13 basis points per year. The Investment Division includes 16 personnel who are Chartered Financial Analysts (CFAs) and many others with advanced degrees or professional designations.

- TCRS is structured to be a naturally conservative fund.
- The portfolio is widely diversified to minimize risk.



INVESTMENT RETURNS

FY 2022 was -3.6%  
 FY 2021 was 25.6%  
 FY 2020 was 4.94%  
 FY 2019 was 7.54%  
 FY 2018 was 8.19%

TCRS lowered its assumed rate of return from 7.25% to 6.75% beginning July 1, 2021.





**HYBRID PLAN WITH COST CONTROLS**

Tennessee acts proactively to avoid financial crises. Based on the trend of several factors, including dramatically increasing state employer contributions (about \$250 million in 2002 increasing to about \$800 million in 2013) and dramatic increases in liabilities due to mortality trends, the State Treasurer proposed and the 108th General Assembly approved a new Hybrid Pension Plan with cost controls and unfunded liability controls in 2013. The Hybrid Plan helps ensure the system provides a sufficient, sustainable retirement benefit for the next generation of Tennessee employees.

State employees, K-12 public school teachers, and certain higher education employees hired on or after July 1, 2014, participate in a Hybrid Plan. The Hybrid Plan contains components of both the defined benefit plan (TCRS) and a defined contribution plan (401k). Employees contribute 5% of payroll to TCRS and 2% to the 401(k). Employer contributions are 4% of payroll to TCRS and 5% to the 401(k) plan. There is no impact on employees or retirees in the Legacy Plan. There is also no impact on local government employees unless that local government chooses to change its plan.

More information about the Tennessee Hybrid Pension Plan with cost and unfunded liability controls, along with the TCRS closed defined benefit pension plan, can be found at [treasury.tn.gov/tcrs](http://treasury.tn.gov/tcrs).

**Members of the Tennessee Consolidated Retirement System should feel comfortable knowing they have a financially-sound plan and that assets will be available to pay promised benefits.**

**ADDITIONAL INFORMATION**

Tennessee’s objective is to pre-fund the promised pension benefits so that sufficient assets will be accumulated prior to a member’s retirement to pay the accrued value of benefits.

The cost-of-living adjustment (COLA) effective July 1, 2022 is 3%. The COLA calculation is set by law and is based on the Consumer Price Index (CPI) comparing December of one year to December of the next year.

Funds held in trust by TCRS are not considered state funds. By law, the funds held in trust can only be used and invested to pay retirement benefits and cannot be redirected for other means.

**CONTACT INFORMATION**

David H. Lillard, Jr.  
State Treasurer  
615-741-2956  
David.Lillard@tn.gov

Jamie Wayman, CPA, CEBS  
TCRS Director  
615-253-3847  
Jamie.Wayman@tn.gov

Sara Queirolo, CPA  
TCRS Deputy Director  
615-734-2241  
Sara.Queirolo@tn.gov

