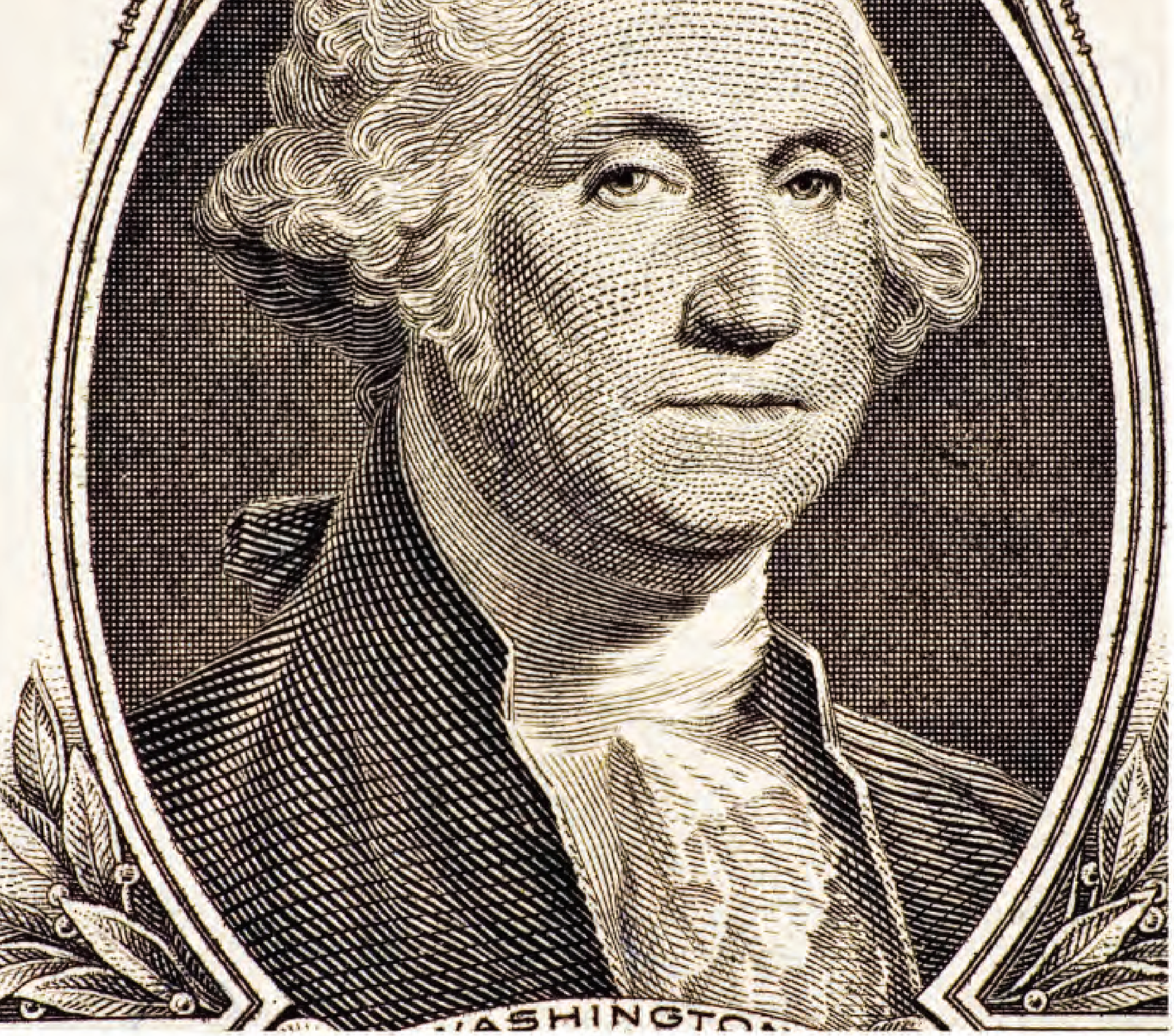
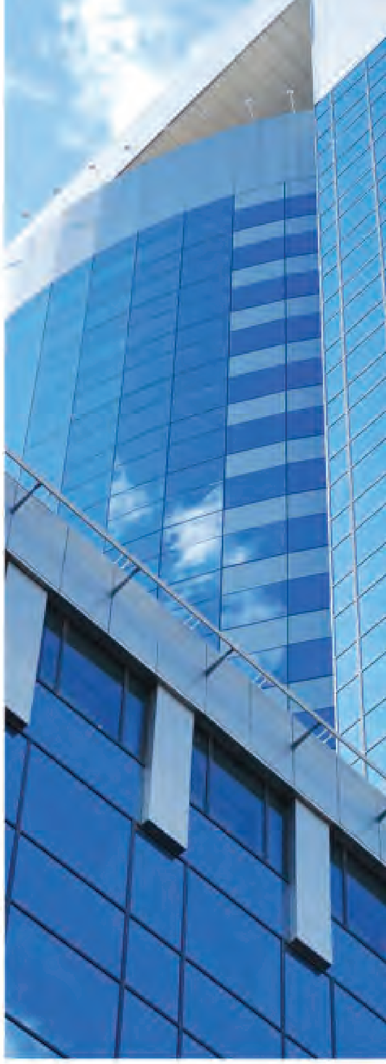
Teachers Retirement System of Georgia

A COMPONENT UNIT OF THE STATE OF GEORGIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013






1982
1982
IN GOD WE TRUST
OF AMERICA

Teachers Retirement System of Georgia

A COMPONENT UNIT OF THE STATE OF GEORGIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

Prepared by the
Financial Services Division of the
Teachers Retirement System of Georgia

Jeffrey L. Ezell
Executive Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers Retirement System of Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration

2013

Presented to

Teachers Retirement System of Georgia

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

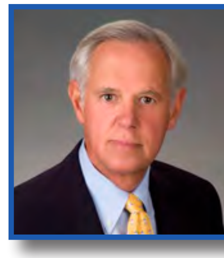
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

BOARD OF TRUSTEES
as of December 1, 2013

Dr. L. C. Evans*
CHAIR
TRS Member
Appointed by the Governor
Term Expires 6/30/15



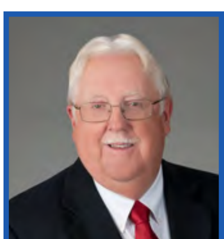
Mr. Thomas W. Norwood*
VICE-CHAIR
Investment Professional
Elected by the Board of Trustees
Term Expires 6/30/14

Ms. Jennifer W. Frisch*
Classroom Teacher
Appointed by the Governor
Term Expires 6/30/14

Mr. Greg S. Griffin
State Auditor
Ex-Officio

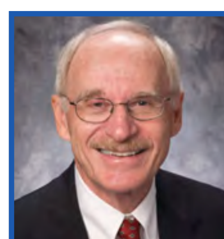
Mr. Steve McCoy*
State Treasurer
Ex-Officio

Ms. Amy R. Nimmer
Classroom Teacher
Appointed by the Governor
Term Expires 3/31/15



Dr. William G. Sloan, Jr.
Member-at-Large
Appointed by the Governor
Term Expires 6/30/14

Ms. Deborah K. Simonds
Retired Teacher
Elected by the Board of Trustees
Term Expires 6/30/15



Dr. Ralph E. Steuer*
TRS Member
Appointed by the
Board of Regents
Term Expires 6/30/15

Mr. J. Alvin Wilbanks*
Administrator
Appointed by the Governor
Term Expires 6/30/16

* Investment Committee Member

Teachers Retirement System of Georgia

Jeffrey L. Ezell
Executive Director

December 13, 2013
Board of Trustees
Teachers Retirement System of Georgia
Atlanta, Georgia

I am pleased to present the Comprehensive Annual Financial Report of the Teachers Retirement System of Georgia (the "System") for the fiscal year ended June 30, 2013. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System. I trust that you will find this report helpful in understanding your retirement system.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers Retirement System of Georgia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 25th consecutive year that the System has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

History and Overview

The System was created in 1943, by an act of the Georgia General Assembly to provide retirement security to those individuals who choose to dedicate their lives to educating the children of the State of Georgia, and began operations in 1945. A summary of the System's provisions is provided on pages 10-12 of this report.

The System is governed by a ten-member Board of Trustees which appoints the Executive Director who is responsible for the administration and operations of the System, which serves more than 403,000 active and retired members, and 401 employers.

Financial Information

The management of the System is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable, not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. The concept of reasonable assurance recognizes the relationship between the cost of a control and the benefit likely to be derived, based on the judgment of management. Even though there are inherent limitations in any system of internal control, the management of the System makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud would be quickly detected and corrected.

Please refer to Management's Discussion and Analysis starting on page 14 of this report for an overview of the financial status of the System, including a summary of the System's Fiduciary Net Position, Changes in Fiduciary Net Position, and Asset Allocations.

INVESTMENTS — The System has continued to invest in a mix of high quality bonds and stocks as it historically has done. These types of investments have allowed the System to participate in rising markets, while moderating the risks on the downside. New funds continue to be invested in high quality securities. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time.

As in previous years, maintaining quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continue to be the principal guides in investment decisions. The System continued to use a diversified portfolio to accomplish these objectives.

FUNDING — The System's funding policy provides for employee and employer contributions at rates, expressed as a percentage of annual covered payroll, that are sufficient to provide resources to pay benefits when due.

A useful indicator of the funded status of a retirement system is the relationship between the actuarial value of assets and the actuarial accrued liabilities. The System continues to remain strong as evidenced by the ratio of the actuarial value of assets to the actuarial accrued liabilities. This ratio was 82.3% for the fiscal year ended June 30, 2012, the latest actuarial valuation available. The ultimate test of the financial soundness of a retirement system is its ability to pay all promised benefits when due. I am proud to say that through the continued wisdom and the support of Governor Nathan Deal and the Georgia General Assembly, the System has been and will continue to be funded on an actuarially sound basis, thus providing the membership the comfort and security they expect from their retirement system.

Initiatives

The System continuously looks to improve the security and stability of the System, as well as enhance the quality of service delivered to our customers.

We discontinued the discretionary increase granted to members when they retire, which was intended to offset state income taxation. The increase was no longer necessary since the State has raised the retirement income tax exclusion to $35,000 at age 62 and $65,000 at age 65.

Our Information Technology division presided over various upgrades and enhancements to our Great Plains Accounting System, our Pension Administrative Services System, and the TRS network. Over 1.9 million hacker probes were blocked and 52,000 hacker attacks were stopped on the network infrastructure. As in previous years, TRS successfully passed the network security audit conducted by a private sector security firm.

We developed a new website managed by TRS with enhanced functionality. The site provides improved navigation, better organization and concise retirement topics, a sorted forms page, improved site search, and a design that works with most browsers and smart phones. Over the year, our members visited over 1.4 million unique pages and our Call Center Representatives engaged in over 1,500 online chat conversations.

Our member education programs continued to be successful. We individually counseled over 7,000 retiring members and conducted over 300 educational presentations, meetings, and benefit fairs, reaching over 27,000 members throughout the year. We sponsored 10 retirement seminars across the State with speakers from TRS, the Social Security Administration, the State Health Benefit Plan, the Board of Regents Health Plan, and financial/estate planning experts. Six employer training seminars were attended by over 200 human resources personnel.

Other Information

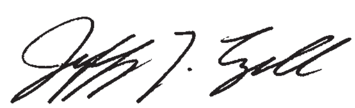
INDEPENDENT AUDIT — The Board of Trustees requires an annual audit of the financial statements of the System by independent, certified public accountants. The accounting firm of KPMG LLP was selected by the Board. The independent auditors' report on the statements of fiduciary net position and the related statements of changes in fiduciary net position is included in the Financial Section of this report.

ACKNOWLEDGMENTS — The compilation of this report reflects the combined effort of the staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the assets contributed by the System's members, their employers, and the State of Georgia.

Copies of this report can be obtained by contacting the System, or may be downloaded from the System's website.

I would like to take this opportunity to express my gratitude to Governor Nathan Deal, members of the Georgia General Assembly, the staff, the advisors, and to the many people who have worked so diligently to ensure the successful operation of the System.

Sincerely,



Jeffrey L. Ezell
Executive Director

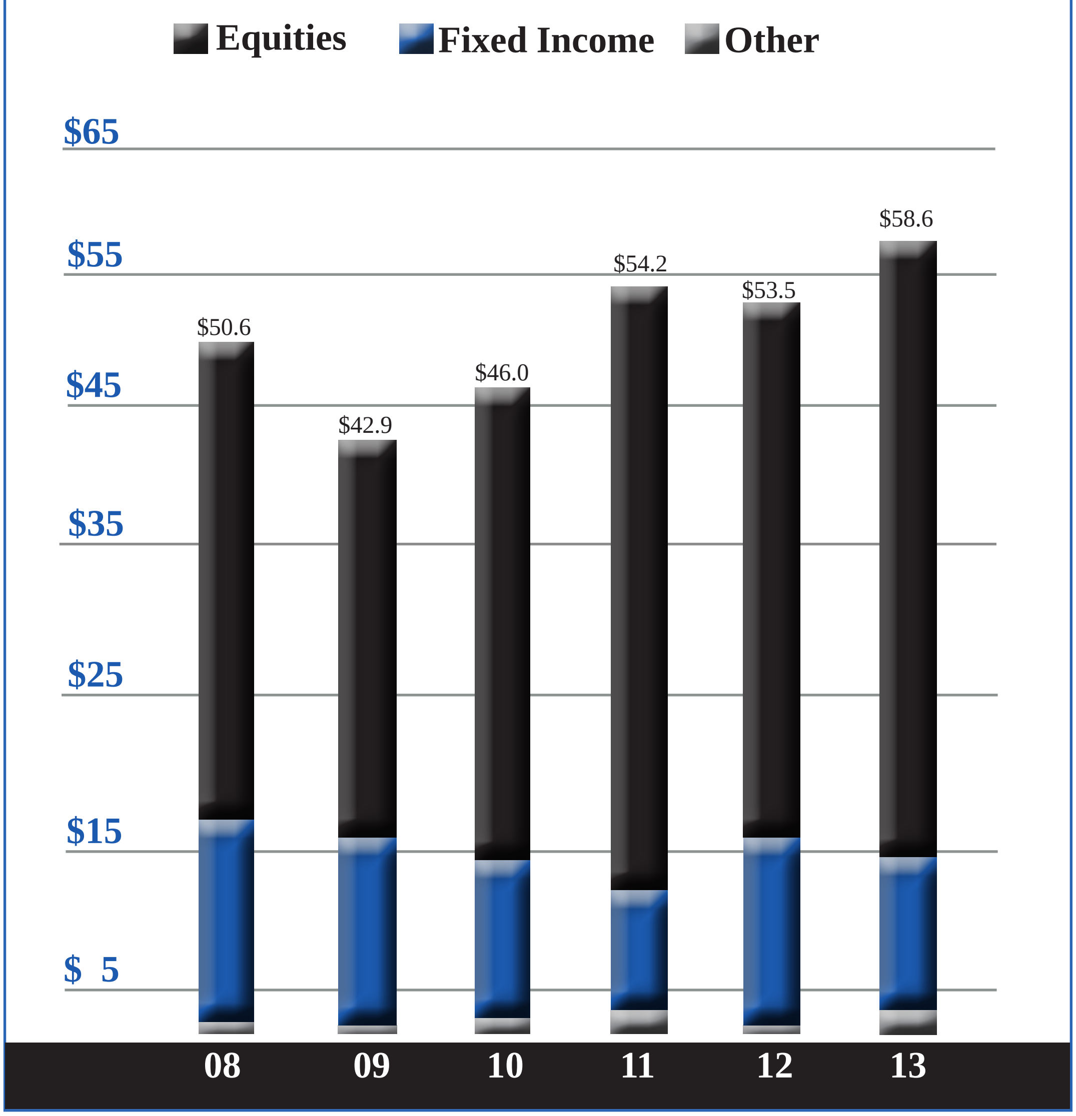
Financial Highlights	June 30, 2013	June 30, 2012	% Change
Member Contributions	$ 640,745,000	$ 601,512,000	+ 6.5
Employer Contributions	$ 1,180,469,000	$ 1,082,224,000	+ 9.1
Interest and Dividend Income	$ 1,351,355,000	$ 1,253,880,000	+ 7.8
Benefits Paid to Retired Members	$ 3,548,149,000	$ 3,277,552,000	+ 8.3
Member Withdrawals	$ 81,142,000	$ 72,157,000	+ 12.5
Interest Credited to Member Contributions	$ 281,041,000	$ 273,375,000	+ 2.8
Statistical Highlights			
Active Membership	208,616	213,675	− 2.4
Members Leaving the System	8,394	8,423	− 0.3
Retired Members	101,139	97,323	+ 3.9
Average Monthly Benefit	$ 2,923	$ 2,807	+ 4.1

Total System Assets at June 30 (in thousands)

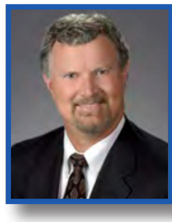
	2008	2009	2010	2011	2012	2013
Equities	$29,530,826	$23,733,154	$28,237,867	$37,567,598	$37,190,400	$41,395,706
Fixed Income	19,801,442	17,944,548	16,075,686	14,386,920	15,188,293	14,882,328
Other[1]	1,287,660	1,175,665	1,675,244	2,196,449	1,154,311	2,360,040
Total System Assets	$50,619,928	$42,853,367	$45,988,797	$54,150,967	$53,533,004	$58,638,074

[1] Includes receivables, cash and cash equivalents, and capital assets, net.

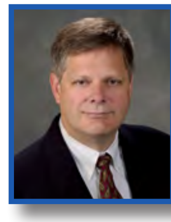
Growth of Total System Assets (in billions)



ADMINISTRATIVE STAFF & ORGANIZATION



Jeffrey L. Ezell
Executive Director



Stephen J. Boyers
Chief Financial Officer

Charles W. Cary, Jr.
Chief Investment Officer
Investment Services

Diann F. Green
Director
Retirement Services

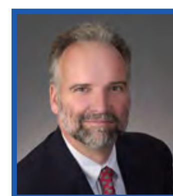
Lisa M. Hajj
Director
Communications

Dina N. Jones
Director
Member Services

Gregory J. Rooks
Controller
Financial Services

J. Gregory McQueen
Director
Information Technology

Tonia T. Morris
Director
Human Resources



Charles P. Warren
Director
Employer Services and
Contact Management

Consulting Services

Actuary
Cavanaugh Macdonald
Consulting, LLC

Auditor
KPMG LLP

Medical Advisors*
Gordon J. Azar, M.D.
Atlanta, Georgia
William Biggers, M.D.
Atlanta, Georgia
Pedro Garcia, M.D.
Atlanta, Georgia
Harold Sours, M.D.
Atlanta, Georgia
Joseph W. Stubbs, M.D.
Albany, Georgia

* as of November 1, 2013

Investment Advisors*

Albritton Capital Management
Barrow, Hanley, Mewhinney
& Strauss
Cooke & Bieler
Denver Investment Advisors
Fisher Investments
Mondrian Investment Partners Limited
Munder Capital Management
PENN Capital Management
RidgeWorth Capital Management
Sands Capital Management

* See page 36 in the Investment Section for a summary of fees paid to Investment Advisors.

Purpose

The Teachers Retirement System of Georgia (the "System") was established in 1943, by an act of the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for teachers of this state, and began operations in 1945. The System has the power and privileges of a corporation, and the right to bring and defend actions.

The major objectives of the System are (1) to pay monthly benefits due to retirees accurately and in a timely manner, (2) to soundly invest retirement funds to insure adequate financing for future benefits due and for other obligations of the System, (3) to accurately account for the status and contributions of all active and inactive members, (4) to provide statewide educational and counseling services for System members, and (5) to process refunds due terminated members.

Administration

State statutes provide that the administration of the System be vested in a ten-member Board of Trustees comprised as follows:

Ex-officio members:

- the State Auditor
- the State Treasurer

Governor's appointees:

- two active members of the System who are classroom teachers and not employees of the Board of Regents
- one active member of the System who is a public school administrator
- one active member of the System who is not an employee of the Board of Regents
- one member-at-large

Board of Regents appointee:

- one active member of the System who is an employee of the Board of Regents

Trustee appointees:

- one member who has retired under the System
- one individual who is a citizen of the state, not a member of the System and experienced in the investment of money

A complete listing of the current Board of Trustees is included on page 3 of this report.

Management of the System is the responsibility of the Executive Director who is appointed by the Board and serves at its pleasure. On behalf of the Board, the Executive Director is responsible for the proper operation of the System, engaging such actuarial and other services as shall be necessary to transact business, and paying expenses necessary for operations. A listing of the administrative staff is included on page 9 of this report.

Membership

All personnel employed in a permanent status position with local boards of education, charter schools, universities and colleges, technical colleges, Board of Regents, county and regional libraries, RESA's, and certain State of Georgia agencies are required to be members as a condition of employment. Exceptions to TRS membership include employees required to participate in another Georgia retirement plan or employees who may elect the Board of Regents Optional Retirement Plan in lieu of TRS membership.

Eligibility

Service Retirement

Active members may retire and elect to receive monthly retirement benefits after one of the following conditions: 1) completion of 10 years of creditable service and attainment of age 60, or 2) completion of 25 years of creditable service.

Disability Retirement

Members are eligible to apply for monthly retirement benefits under the disability provision of the law if they are an active member, have at least 10 years of creditable service, and are permanently disabled.

The Formula

Normal Retirement

Any member who has at least 30 years of creditable service or who has at least 10 years of creditable service and has attained age 60 will receive a benefit calculated by using the percentage of salary formula. Simply stated, two percent (2%) is multiplied by the member's years of creditable service established with the System, including partial years (not to exceed 40 years). The product is then multiplied by the average monthly salary for the two highest consecutive membership years of service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.

Early Retirement

Any member who has not reached the age of 60 and has between 25 and 30 years of creditable service will receive a reduced benefit. The benefit will be calculated using the percentage of salary formula explained above. It will then be reduced by the lesser of 1/12 of 7% for each month the member is below age 60, or 7% for each year or fraction thereof the member has less than 30 years of creditable service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.

Disability Retirement

Disability retirement benefits are also calculated using the percentage of salary formula explained above. The resulting product is the monthly disability retirement benefit under the maximum plan. You must have at least 10 years of creditable service to qualify, however, there is no age requirement for disability retirement.

Plan A - Maximum Plan of Retirement

This plan produces the largest possible monthly benefit payable to the member only during his or her lifetime. There are no survivorship benefits under this plan.

Plan B - Optional Plans of Retirement

Upon retirement, a member of the System may elect one of six optional plans that provide survivorship benefits. The election of an optional form of payment is made upon application for retirement and it becomes irrevocable upon distribution of the first benefit check. The six options are as follows:

Option 1

The retiring member accepts a relatively small reduction from the maximum monthly benefit in order to guarantee to the estate, beneficiary or beneficiaries named on the retirement application, a lump-sum refund of any remaining portion of member contributions and interest.

Option 2

This plan offers the retiring member a reduced monthly benefit, based on the ages of the member and the beneficiary, payable for life. It further provides a guarantee to the surviving named beneficiary that, at the death of the retired member, the beneficiary will receive the same basic monthly retirement allowance the member received at the date of retirement plus any cost-of-living increases the member received up to the time of death.

Option 2 Pop-Up

Any member may elect a reduced retirement allowance to be designated "Option 2 Pop-Up" with the provision that if the beneficiary dies prior to the retiree that the basic benefit payable to the retiree shall increase to an amount the retiree would have received under Plan A - Maximum Plan.

Option 3

This plan of retirement offers a reduced monthly benefit that is based on the ages of the member and the beneficiary. The resulting benefit is paid to the retired member for life, with the guarantee to the surviving named beneficiary that at the time of the retired member's death, the beneficiary will receive a payment for life of one-half of the initial monthly benefit received by the member at the time of retirement plus one-half of any cost-of-living increases the member received up to the time of death.

Option 3 Pop-Up

Any member may elect a reduced retirement allowance to be designated "Option 3 Pop-Up" with the provision that if the beneficiary dies prior to the retiree, the basic benefit payable to the retiree shall increase to the amount the retiree would have received under Plan A - Maximum Plan.

Option 4

This option offers a reduced monthly lifetime benefit in exchange for the flexibility to designate a specific dollar amount or percentage of your monthly benefit to be paid to your beneficiary after your death. The beneficiary benefits you specify under this plan cannot cause your monthly benefit to be reduced below 50% of the maximum benefit available to you. If multiple beneficiaries predecease you, the dollar amounts for the percentages are not adjusted. Beneficiaries also receive a prorated share of any cost-of-living increases you received up to the date of death.

Partial Lump-Sum Option Plan

TRS offers a Partial Lump-Sum Option Plan (PLOP) at retirement. In exchange for a permanently reduced lifetime benefit, a member may elect to receive a lump-sum distribution in addition to a monthly retirement benefit. The age of the member and plan of retirement are used to determine the reduction in the benefit.

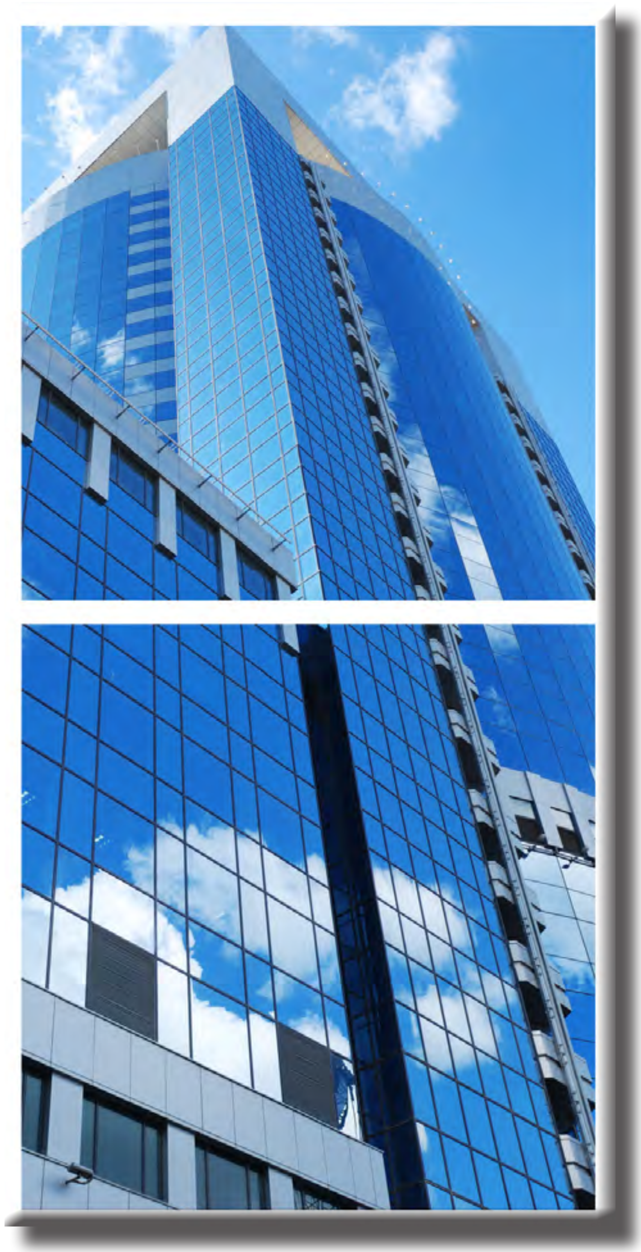
A member is eligible to participate in the Partial Lump-Sum Option Plan if he or she meets the following criteria. A member must:

- have 30 years of creditable service or 10 years of creditable service and attain age 60 (not early retirement).
- not retire with disability benefits.

At retirement, a member may elect a lump-sum distribution in an amount between 1 and 36 months of his or her normal monthly retirement benefit. This amount will be calculated under Plan A - Maximum Plan of Retirement and will be rounded up and down to be a multiple of $1,000. If a PLOP distribution is elected, the monthly benefit is actuarially reduced to reflect the value of the PLOP distribution. The combination of both the PLOP distribution and the reduced benefit are the same actuarial value as the unreduced normal benefit alone.

Financing the System

The funds to finance the System come from member contributions, 6.00% of annual salary; employer contributions, 11.41% of annual salary; and investment income.



KPMG LLP
Suite 2000, 303 Peachtree Street, NE
Atlanta, GA 30308
www.kpmg.com

The Board of Trustees
Teachers Retirement System of Georgia:

Report on the Financial Statements

We have audited the accompanying financial statements of the Teachers Retirement System of Georgia (the System), a component unit of the State of Georgia, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2013 and 2012, and the changes in financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of funding progress and schedule of employer contributions on pages 14-17 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedules of administrative expenses and investment expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedules of administrative expenses and investment expenses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of administrative expenses and investment expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide an assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

December 13, 2013

This section provides a discussion and analysis of the financial performance of the Teachers Retirement System of Georgia (the System) for the years ended June 30, 2013 and 2012. The discussion and analysis of the System's financial performance is within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The following highlights are discussed in more detail later in this analysis:

- At June 30, 2013, the System's assets exceeded its liabilities by $58.6 billion (reported as net position) as compared to the net position of $53.5 billion at June 30, 2012, representing an increase of $5.1 billion. At June 30, 2012, the System's assets exceeded its liabilities by $53.5 billion (reported as net position) as compared to the net position of $54.1 billion at June 30, 2011, representing a decrease of $597 million.
- Contributions from members increased by $39.2 million or 6.5% from $601.5 million in 2012 to $640.7 million in 2013. Contributions by employers increased by $98.2 million or 9.1% from $1.08 billion in 2012 to $1.18 billion in 2013. Contributions from members decreased by $2.6 million or 0.4% from $604.1 million in 2011 to $601.5 million in 2012. Contributions by employers decreased by $7.7 million or 0.7% from $1.09 billion in 2011 to $1.08 billion in 2012. The increase in 2013 is due to a contribution rate increase, which offset a decrease in the number of active members. The decrease in 2012 is due to a decrease in the number of active members.
- Pension benefits paid to retirees and beneficiaries for the years ended June 30, 2013 and 2012 were $3.5 billion and $3.3 billion, representing increases of 8.3% and 7.8%, respectively. This is due to increases in the number of retirees and beneficiaries receiving benefit payments and postretirement benefit adjustments in both years.

Overview of the Financial Statements

The basic financial statements include (1) the statements of fiduciary net position, (2) the statements of changes in fiduciary net position, and (3) notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

The System prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). These statements provide information about the System's overall financial status.

In addition, the System presents two required supplementary schedules, which provide historical trend information about the plan's funding. The two schedules include (1) a schedule of funding progress and (2) a schedule of employer contributions.

Statements of Fiduciary Net Position

The *Statements of Fiduciary Net Position* present information that includes all of the System's assets and liabilities, with the balance reported as and representing the *Net Position Restricted for Pensions*. The investments of the System in this statement are presented at fair value. These statements are presented on page 18.

Statements of Changes in Fiduciary Net Position

The *Statements of Changes in Fiduciary Net Position* report how the System's net position changed during the fiscal year. The additions and the deductions to net position are summarized in this statement. The additions include contributions and investment income, which includes the net increase (decrease) in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses. These statements are presented on page 19.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the System's financial statements. The notes to the financial statements begin on page 20 of this report.

Required Supplementary Schedules

A brief explanation of the two required schedules found beginning on page 30 of this report follows:

Schedule of Funding Progress

This schedule includes historical trend information for the last six consecutive fiscal years about the actuarially funded status of the plan from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to pay benefits when due.

Schedule of Employer Contributions

This schedule presents historical trend information for the last six consecutive fiscal years about the annual required contributions of employers and the contributions made by employers in relation to the requirement.

Financial Analysis of the System

A summary of the System's net position at June 30, 2013, 2012, and 2011 is as follows (dollars in thousands):

	Net Position June 30 2013	Net Position June 30 2012	Net Position June 30 2011	2013 Amount Change	2013 Percentage Change	2012 Amount Change	2012 Percentage Change
Assets:							
Cash and cash equivalents and receivables	$ 2,356,033	$ 1,150,188	$ 2,192,314	$ 1,205,845	104.8 %	$(1,042,126)	(47.5) %
Investments	56,278,034	52,378,693	51,954,518	3,899,341	7.4 %	425,175	0.8 %
Capital assets, net	4,007	4,123	4,135	(116)	(2.8) %	(12)	(0.3) %
Total Assets	58,638,074	53,533,004	54,150,967	5,105,070	9.5 %	(617,963)	(1.1) %
Liabilities:							
Due to brokers and accounts payable	43,237	45,855	66,791	(2,618)	(5.7) %	(20,936)	(31.3) %
Net Position	$ 58,594,837	$ 53,487,149	$ 54,084,176	$ 5,107,688	9.5 %	$ (597,027)	(1.1) %

The $5.1 billion increase in net position from 2012 to 2013 is primarily due to the increase in the equity markets. The $597 million decrease in net position from 2011 to 2012 is primarily due to benefit payments exceeding investment income, coupled with flat returns in the equity markets in 2012. The changes in investments are analyzed below.

The following table presents the investment allocation at June 30, 2013, 2012, and 2011:

Asset Allocation at June 30 (in percentages):	2013	2012	2011
Equities:			
Domestic	55.9 %	54.1 %	54.3 %
International	17.6 %	16.9 %	18.0 %
Domestic Obligations:			
U.S. Treasuries	14.3 %	16.8 %	16.9 %
Corporate and Other Bonds	11.0 %	10.5 %	8.6 %
International Obligations:			
Governments	0.6 %	1.1 %	1.6 %
Corporates	0.6 %	0.6 %	0.6 %

Asset Allocation at June 30 (in thousands):	2013	2012	2011
Equities:			
Domestic	$ 31,480,103	$ 28,319,212	$ 28,213,774
International	9,915,603	8,871,188	9,353,824
Domestic Obligations:			
U.S. Treasuries	8,061,830	8,805,401	8,788,194
Corporate and Other Bonds	6,184,533	5,502,619	4,478,009
International Obligations:			
Governments	310,241	565,453	797,514
Corporates	325,724	314,820	323,203
	$ 56,278,034	$ 52,378,693	$ 51,954,518

Financial Analysis of the System continued

The total investment portfolio at June 30, 2013 increased $3.9 billion from June 30, 2012, which is primarily due to the increase in the equity markets in 2013.

The total investment portfolio at June 30, 2012 increased $424 million from June 30, 2011, which is primarily due to the increase in the bond market in 2012.

The investment rate of return in fiscal year 2013 was 13.3%, with a 19.4% return for equities and a (0.6)% return for fixed income compared to an investment rate of return in fiscal year 2012 of 2.2%, with a (0.2)% return for equities and a 7.9% return for fixed income. The five-year annualized rate of return on investments at June 30, 2013 was 6.3% with a 5.4% return on equities and a 5.3% return on fixed income.

The investment rate of return in fiscal year 2012 was 2.2%, with a (0.2)% return for equities and a 7.9% return for fixed income compared to an investment rate of return in fiscal year 2011 of 21.3%, with a 32.2% return for equities and a 3.2% return for fixed income. The five-year annualized rate of return on investments at June 30, 2012 was 2.9% with a (0.6)% return on equities and a 7.4% return on fixed income.

A summary of the changes in the System's net position for the years ended June 30, 2013, 2012, and 2011 is as follows (dollars in thousands):

	Changes in Net Position			2013		2012	
	2013	2012	2011	Amount Change	Percentage Change	Amount Change	Percentage Change
Additions:							
Member Contributions	$ 640,745	$ 601,512	$ 604,126	$ 39,233	6.5 %	$ (2,614)	(0.4)%
Employer Contributions	1,180,469	1,082,224	1,089,912	98,245	9.1 %	(7,688)	(0.7)%
Net Investment Income	6,938,349	1,090,900	9,594,994	5,847,449	536.0 %	(8,504,094)	(88.6)%
Total Additions	8,759,563	2,774,636	11,289,032	5,984,927	215.7 %	(8,514,396)	(75.4)%
Deductions:							
Benefit Payments	3,548,149	3,277,552	3,041,503	270,597	8.3 %	236,049	7.8 %
Refunds	81,142	72,157	67,916	8,985	12.5 %	4,241	6.2 %
Administrative Expenses	22,584	21,954	20,986	630	2.9 %	968	4.6 %
Total Deductions	3,651,875	3,371,663	3,130,405	280,212	8.3 %	241,258	7.7 %
Net Increase (Decrease) in Net Position	$ 5,107,688	$ (597,027)	$ 8,158,627	$ 5,704,715	(955.5)%	$ (8,755,654)	(107.3)%

Additions

The System accumulates resources needed to fund benefits through contributions and returns on invested funds. Member contributions increased 6.5% in 2013 primarily because of an increase in the member contribution rate to 6.00% from 5.53% in 2012. This rate increase offset a decrease in the number of active members during the fiscal year. Member contributions decreased 0.4% in 2012 primarily because of a decrease in the number of active members during the fiscal year. Employer contributions increased 9.1% in 2013 as a result of an increase in the employer contribution rate to 11.41% from 10.28% in 2012. This rate increase offset a decrease in the number of active members during the fiscal year. Employer contributions decreased 0.7% in 2012 as a result of a decrease in the number of active members during the year. Contribution rates are recommended by the actuary and approved by the System's Board of Trustees. The net investment income is a result of the increase in the equity markets in 2013 and the bond market in 2012.

Deductions

Deductions increased 8.3% in 2013 and increased 7.7% in 2012, primarily because of the 8.3% and 7.8% increase, respectively, in benefit payments. Regular pension benefit payments increased both years due to an increase in the number of retirees and beneficiaries receiving benefit payments to 101,139 in 2013 from 97,323 in 2012 and 92,180 in 2011; and postretirement benefit increases in both years.

Funding Status

The schedule of funding progress and schedule of employer contributions provide information regarding how the plan is performing and funded from an actuarial perspective. The information is based upon actuarial valuations conducted by certified actuaries. The funding ratio, which is presented on the schedule of funding progress, indicates the ratio between the actuarial value of assets and the actuarial accrued liabilities. The higher this ratio, the better funded the System is from an actuarial perspective.

The June 30, 2012 actuarial valuation, which is the latest valuation available, indicates that the actuarial value of assets was $56.3 billion and that the actuarial accrued liability was $68.3 billion. This results in a funding ratio of 82.3%. The June 30, 2011 actuarial valuation indicates that the actuarial value of assets was $55.4 billion and that the actuarial accrued liability was $66.0 billion. This results in a funding ratio of 84.0%.

The System used a smoothed valuation interest rate methodology for the June 30, 2012 and June 30, 2011 valuations for financial reporting purposes and to calculate the annual required contributions for funding progress. This method determines the interest rate needed over a defined 23-year look-forward period, so that the ultimate investment rate of return (discount rate) is earned over a defined time horizon, based on the actual rates of return for a defined look-back period. It incorporates a long-term horizon of 30 years and a 7-year look-back period, which equals the System's asset smoothing period. The ultimate investment rate of return is the long-term rate of return that the System expects to earn based on its long-term capital market assumptions and asset allocations. The long-term investment rate of return includes a corridor which effectively reduces the potential volatility of the actuarial valuation results reflected in the financial statements.

Management believes the System continues to be in a solid financial position, as evidenced by the funding ratio and the fact that the employer has always contributed 100% of the annual required contributions.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Teachers Retirement System of Georgia, Two Northside 75, Suite 100, Atlanta, GA 30318.

June 30, 2013 and 2012 (in thousands)

	2013	2012
Assets		
Cash and Cash Equivalents	$ 2,011,137	$ 806,883
Receivables:		
Interest and Dividends	170,801	182,391
Due from Brokers for Securities Sold	33,541	29,511
Member and Employer Contributions	139,539	130,553
Other	1,015	850
Total Receivables	344,896	343,305
Investments - at fair value:		
Domestic Obligations:		
U.S. Treasuries	8,061,830	8,805,401
Corporate and Other Bonds	6,184,533	5,502,619
International Obligations:		
Governments	310,241	565,453
Corporates	325,724	314,820
Equities:		
Domestic	31,480,103	28,319,212
International	9,915,603	8,871,188
Total Investments	56,278,034	52,378,693
Capital Assets, net	4,007	4,123
Total Assets	58,638,074	53,533,004
Liabilities		
Due to Brokers for Securities Purchased	35,735	39,407
Accounts Payable and Other	7,502	6,448
Total Liabilities	43,237	45,855
Net Position Restricted for Pensions	$ 58,594,837	$ 53,487,149

See accompanying notes to financial statements.

Years Ended June 30, 2013 and 2012 (in thousands)

	2013	2012
Additions:		
Contributions:		
Employer	$ 1,180,469	$ 1,082,224
Member	640,745	601,512
Investment Income:		
Net Increase (Decrease) in Fair Value of Investments	5,616,940	(139,578)
Interest, Dividends, and Other	1,351,355	1,253,880
Total	6,968,295	1,114,302
Less Investment Expense	29,946	23,402
Net Investment Income	6,938,349	1,090,900
Total Additions	8,759,563	2,774,636
Deductions:		
Benefit Payments	3,548,149	3,277,552
Refunds of Member Contributions	81,142	72,157
Administrative Expenses, net	22,584	21,954
Total Deductions	3,651,875	3,371,663
Net Increase (Decrease) in Net Position	5,107,688	(597,027)
Net Position Restricted for Pensions:		
Beginning of year	53,487,149	54,084,176
End of year	$ 58,594,837	$ 53,487,149

See accompanying notes to financial statements.

A. Plan Description

Teachers Retirement System of Georgia (the System) was created in 1943 by an act of the Georgia Legislature (the Act) to provide retirement benefits for teachers who qualify under the Act. The System is administered as a cost-sharing, multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. On October 25, 1996, the Board of Trustees created the Supplemental Retirement Benefit Plan of the Georgia Teachers (SRBP). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC §415) as a portion of the System. The purpose of SRBP is to provide retirement benefits to employees covered by the System whose benefits are otherwise limited by IRC §415. Although the System is a component unit of the state of Georgia's financial reporting entity, it is accountable for its own fiscal matters and presentation of its separate financial statements. A Board of Trustees comprised of two appointees by the Board, two ex-officio state employees, five appointees by the Governor, and one appointee of the Board of Regents is ultimately responsible for the administration of the System.

In evaluating how to define the System for financial reporting purposes, the management of the System has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The concept underlying the definition of the reporting entity is that elected officials are financially accountable and there is a financial benefit or burden relationship present. The decision to include a potential component unit in the reporting entity is also made by applying specific criteria as outlined in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, including consideration of the nature and significance of the relationship of potential component units. Based on those criteria, the System has not included any other entities in its reporting entity.

Eligibility and Membership

All teachers in the state public schools, the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and certain other designated employees in educational-related work are eligible for membership.

As of June 30, 2013, participation in the System is as follows:

Retirees and beneficiaries currently receiving benefits	**101,139**
Terminated employees not yet receiving benefits, vested	**9,085**
Terminated employees, nonvested	**84,396**
Active plan members	**208,616**
Total	**403,236**
Employers	**401**

As of June 30, 2012, participation in the System is as follows:

Retirees and beneficiaries currently receiving benefits	**97,323**
Terminated employees not yet receiving benefits, vested	**8,252**
Terminated employees, nonvested	**80,563**
Active plan members	**213,675**
Total	**399,813**
Employers	**404**

Retirement Benefits

The System provides service retirement, disability retirement, and survivor's benefits. Title 47 of the *Official Code of Georgia* assigns the authority to establish and amend the provisions of the System to the State Legislature. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

A. Plan Description continued

Retirement Benefits continued

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60, or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, may be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Options are available for distribution of the member's monthly pension, at a reduced rate, to a designated beneficiary on the member's death.

Death and Disability Benefits

Retirement benefits also include death and disability benefits, whereby the disabled member or surviving spouse is entitled to receive annually an amount equal to the member's service retirement benefit or disability retirement, whichever is greater. The benefit is based on the member's creditable service (minimum of ten years of service) and compensation up to the time of disability.

The death benefit is the amount that would be payable to the member's beneficiary had the member retired on the date of death on either a service retirement allowance or a disability retirement allowance, whichever is larger. The benefit is based on the member's creditable service (minimum of ten years of service) and compensation up to the date of death.

Contributions

The System is funded by member and employer contributions as adopted and amended by the Board of Trustees.

Contributions required for fiscal year 2013 were based on the June 30, 2010 actuarial valuation as follows:

Member	**6.00 %**
Employer:	
Normal	**6.36 %**
Unfunded accrued liability	**5.05 %**
Total	**11.41 %**

Contributions required for fiscal year 2012 were based on the June 30, 2009 actuarial valuation as follows:

Member	**5.53 %**
Employer:	
Normal	**6.93 %**
Unfunded accrued liability	**3.35 %**
Total	**10.28 %**

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions with accumulated interest are reported as net position restricted for pension benefits.

SRBP

Beginning July 1, 1997, all members and retired former members in the System are eligible to participate in this plan whenever their benefits under the System exceed the limitation on benefits imposed by IRC §415. As of June 30, 2013 and 2012, there were 41 members eligible to participate in this portion of the System. Employer contributions of $773,000 and $763,000 and retirement payments of $806,000 and $721,000 under the SRBP are included in the statements of changes in fiduciary net position for the years ended June 30, 2013 and 2012, respectively.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting. Contributions from the employers and the members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement and refund payments are recognized as deductions when due and payable.

During fiscal year 2013, the System adopted the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by establishing recognition, measurement, and disclosure requirements for service concession arrangements for both transferors and governmental operators. There are no applicable reporting requirements for the System in fiscal year 2013.

During fiscal year 2013, the System adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial reporting entity, amending the criteria for blended component units, and clarifying the reporting of equity interests in component units. The System did not have any change in component unit presentation for fiscal year 2013.

During fiscal year 2013, the System adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and renames that measure as net position. The System changed its presentation of net assets to net position for fiscal year 2013. There were no other applicable reporting changes for the System.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. This Statement improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the System in fiscal year 2014. Management of the System is evaluating the impact on the System's financial statements.

Cash and Cash Equivalents

Cash and cash equivalents, reported at cost, include cash in banks, cash on deposit with the investment custodian earning a credit to offset fees, and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Capital assets costing $5,000 or more are capitalized. Depreciation on capital assets is computed using the straight-line method over estimated useful lives of three to forty years. Depreciation expense is included in administrative expenses, net. Maintenance and repairs are charged to administrative expenses when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of changes in fiduciary net position in the period of disposal.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein. Actual results could differ from those estimates.

C. Investment Program

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the Board of Trustees. All investments are held by agent custodial banks in the name of the System. State statutes and the System's investment policy authorize the System to invest in a variety of short-term and long-term securities as follows:

Cash and Cash Equivalents

The carrying amount of the System's deposits totaled $486,137,034 at June 30, 2013, with actual bank balances of $492,339,874. The System's cash balances are fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government.

Short-term highly liquid financial securities are authorized in the following instruments:

- Repurchase and reverse repurchase agreements, whereby the System and a broker exchange cash for direct obligations of the U.S. Government or obligations unconditionally guaranteed by agencies of the U.S. Government or U.S. corporations. The System or broker promises to repay the cash received plus interest at a specific date in the future in exchange for the same securities. The System held repurchase agreements of $1,525,000,000 and $400,000,000 at June 30, 2013 and 2012, respectively.

Other short-term securities authorized, but not currently used, are:

- U.S. Treasury obligations.
- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 and/or A-1 by national credit rating agencies.
- Master notes, an overnight security administered by a custodian bank, and an obligation of a corporation whose commercial paper is rated P-1 and/or A-1 by national credit rating agencies.

Investments in commercial paper or master notes are limited to no more than $500 million in any one name.

Investments

Fixed income investments are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2013, the System held U.S. Treasury bonds of $8,061,829,720 and international government bonds of $310,240,800. At June 30, 2012, the System held U.S. Treasury bonds of $8,805,401,190 and international government bonds of $565,452,360.
- Corporate bonds with at least an "A" rating by a national rating agency. At June 30, 2013, the System held U.S. corporate bonds of $6,184,532,770 and international corporate bonds of $325,724,520. At June 30, 2012, the System held U.S. corporate bonds of $5,502,619,300 and international corporate bonds of $314,820,000.
- Obligations unconditionally guaranteed by agencies of the U.S. Government. At June 30, 2013 and 2012, the System did not hold agency bonds.
- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2013 and 2012, the System did not hold private placements.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the state of Georgia.

Equity securities are also authorized (in statutes) for investment as a complement to the System's fixed income portfolio and as a long-term inflation hedge. By statute, no more than 75% of the total invested assets on a historical cost basis may be placed in equities. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation. The

Quality Ratings of Fixed Income Investments
Held at June 30, 2013 and 2012

Investment type	Standard and Poor's/ Moody's quality rating	June 30, 2013 fair value	June 30, 2012 fair value
Domestic Obligations:			
U.S. Treasuries		$ 8,061,829,720	$ 8,805,401,190
Corporates	AAA/Aaa	624,858,210	647,318,970
	AA/Aa	1,049,014,900	1,394,995,370
	AA/A	1,572,859,890	2,024,581,200
	A/Aa	322,417,020	—
	A/A	2,615,382,750	1,435,723,760
Total Corporates		6,184,532,770	5,502,619,300
International Obligations:			
Governments	AAA/Aaa	—	246,037,260
	AA/Aa	310,240,800	319,415,100
Total Governments		310,240,800	565,452,360
Corporates	AA/Aa	325,724,520	314,820,000
Total Fixed Income Investments		$ 14,882,327,810	$ 15,188,292,850

C. Investment Program continued

equity portfolio is managed by the Division of Investment Services (the Division) in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the Board of Trustees; in-house research considering such matters as yield, growth, and sales statistics; and analysis of independent market research. Equity trades are approved and executed by the Division's staff. Common stocks eligible for investment are approved by the Investment Committee of the Board of Trustees before being placed on an approved list. Equity investments are authorized in the following instruments:

- Domestic equities are those securities considered by The Official Code of Georgia Annotated (O.C.G.A.) to be domiciled in the United States. At June 30, 2013, the System held domestic equities of $31,480,102,577. At June 30, 2012, the System held domestic equities of $28,319,212,303.
- International equities, including American Depository Receipts (ADR), will be a diversified portfolio including both developed and emerging countries. These securities are not considered by the O.C.G.A. to be domiciled in the United States. At June 30, 2013, the System held ADRs of $9,212,444,736 and international equities of $703,158,221. At June 30, 2012, the System held ADRs of $8,363,936,792 and international equities of $507,251,220.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. State law limits investments to investment grade securities. It is the System's investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics, and marketability. The System's policy is to require that new purchases of bonds be restricted to high grade bonds rated no lower than "A" by any nationally recognized statistical rating organization. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investor Services, which are nationally recognized statistical rating organizations, at June 30, 2013 and 2012, are shown in the chart above.

Effective Duration of Fixed Income Assets and Repurchase Agreements by Security Type

Fixed income and repurchase agreements security type	Fair value, June 30, 2013	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
Domestic Obligations:			
U.S. Treasuries	$ 8,061,829,720	49.1 %	4.5
Corporates	6,184,532,770	37.7 %	4.8
International Obligations:			
Governments	310,240,800	1.9 %	4.2
Corporates	325,724,520	2.0 %	2.0
Repurchase Agreements	1,525,000,000	9.3 %	—
Total	$ 16,407,327,810	100.0 %	4.6*

Fixed income and repurchase agreements security type	Fair value, June 30, 2012	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
Domestic Obligations:			
U.S. Treasuries	$ 8,805,401,190	56.5 %	5.3
Corporates	5,502,619,300	35.3 %	4.9
International Obligations:			
Governments	565,452,360	3.6 %	3.3
Corporates	314,820,000	2.0 %	3.0
Repurchase Agreements	400,000,000	2.6 %	—
Total	$ 15,588,292,850	100.0 %	5.0*

**Total effective duration (years) does not include repurchase agreements.*

C. Investment Program continued

The investment policy requires that repurchase agreements be limited to the purchase of U.S. Treasury or Agency obligations or corporate bonds rated no lower than "A" by any nationally recognized statistical rating organization, with a market value in excess of funds advanced. The System held repurchase agreements, included in cash and cash equivalents, of $1,525,000,000, as of June 30, 2013 and $400,000,000, as of June 30, 2012.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. On June 30, 2013 and 2012, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed by the U.S. Government or its agencies, which represented greater than 5% of plan net position.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. This risk is managed within the portfolio using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table above quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

D. Investments Lending Program

State statutes and Board of Trustees' policies permit the System to lend its securities to broker/dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in a securities lending program with major brokerage firms. The System lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, corporate bonds, and equities. The collateral value must be equal to at least 102% to 109% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $11,768,700,218 and $15,413,474,261 at June 30, 2013 and 2012, respectively. The collateral value was equal to 104.1% and 104.2% of the loaned securities' value at June 30, 2013 and 2012, respectively. The System's lending collateral was held in the System's name by the tri-party custodian.

Loaned securities are included in the accompanying statements of fiduciary net position since the System maintains ownership. The related collateral securities are not recorded as assets on the System's statements of fiduciary net position, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the System is deemed not to have the ability to pledge or sell collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.

E. Capital Assets

The following is a summary of capital assets and depreciation information as of June 30 and for the years then ended:

	Balance at June 30, 2012	Additions	Disposals	Balance at June 30, 2013
Capital Assets:				
Land	$ 944,225	$ —	$ —	$ 944,225
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	485,202	7,558	—	492,760
Computer Equipment	2,262,078	251,530	(65,176)	2,448,432
Computer Software	14,979,713	—	—	14,979,713
	21,471,218	259,088	(65,176)	21,665,130
Accumulated Depreciation For:				
Building	(560,000)	(70,000)	—	(630,000)
Furniture and Fixtures	(415,161)	(23,117)	—	(438,278)
Computer Equipment	(1,393,187)	(282,265)	65,176	(1,610,276)
Computer Software	(14,979,713)	—	—	(14,979,713)
	(17,348,061)	(375,382)	65,176	(17,658,267)
Capital Assets, Net	$ 4,123,157	$ (116,294)	$ —	$ 4,006,863

E. Capital Assets continued

	Balance at June 30, 2011	Additions	Disposals	Balance at June 30, 2012
Capital Assets:				
Land	$ 944,225	$ —	$ —	$ 944,225
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	454,515	30,687	—	485,202
Computer Equipment	2,059,950	316,716	(114,588)	2,262,078
Computer Software	14,979,713	—	—	14,979,713
	21,238,403	347,403	(114,588)	21,471,218
Accumulated Depreciation For:				
Building	(490,000)	(70,000)	—	(560,000)
Furniture and Fixtures	(391,435)	(23,726)	—	(415,161)
Computer Equipment	(1,242,182)	(265,593)	114,588	(1,393,187)
Computer Software	(14,979,713)	—	—	(14,979,713)
	(17,103,330)	(359,319)	114,588	(17,348,061)
Capital Assets, Net	$ 4,135,073	$ (11,916)	$ —	$ 4,123,157

During fiscal years 2013 and 2012, the System did not experience any capital asset impairment loss with respect to the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

F. Administrative Expenses

Administrative expenses are reported in the financial statements; however, the actual accounting for the expenses is performed in a separate expense fund. Administrative expenses paid out of System contributions are as follows:

	2013	2012
Salaries and Employee Benefits	$ 25,433,162	$ 24,133,137
Other Operating Expenses	3,639,438	3,712,639
Total Administrative Expenses	29,072,600	27,845,776
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	6,488,858	5,892,039
Net Administrative Expenses	$ 22,583,742	$ 21,953,737

G. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows (dollars in thousands):

Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funding Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
$ 56,262,332	$ 68,348,678	$ 12,086,346	82.3%	$ 10,036,023	120.4%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	7-Year Smoothed Market
Actuarial Assumption:	
Ultimate Investment Rate of Return	7.50%
Projected Salary Increases	3.75 to 7.00%
Inflation Rate	3.00%
Postretirement Cost-of-Living Adjustments	3% annually

Schedule of Funding Progress (Dollars in thousands) (Unaudited)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funding Ratio (a/b)	Annual Covered Payroll (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
6/30/07	$ 52,099,171	$ 54,996,570	$ 2,897,399	94.7%	$ 9,482,003	30.5 %
6/30/08	54,354,284	59,133,777	4,779,493	91.9	10,197,584	46.9
6/30/09*	53,438,604	59,450,116	6,011,512	89.9	10,641,543	56.5
6/30/10	54,529,416	63,592,037	9,062,621	85.7	10,437,703	86.8
6/30/11	55,427,716	65,978,640	10,550,924	84.0	10,099,278	104.5
6/30/12	56,262,332	68,348,678	12,086,346	82.3	10,036,023	120.4

*Revised since the previous valuation to reflect the refinement of the "smoothed valuation interest rate" methodology used in the 2010 valuation, which includes corridors around the long-term investment rates of return.

This data, except for annual covered payroll, was provided by the System's actuary.

Schedule of Employer Contributions (Dollars in thousands) (Unaudited)

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2007	$ 927,371	100%
2008	986,759	100
2009	1,026,287	100
2010	1,057,416	100
2011	1,089,912	100
2012	1,082,224	100

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Notes to Required Supplementary Schedules (Unaudited)

Schedule of Funding Progress

The actuarial value of plan assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is one-seventh of the difference between market value and expected actuarial value. The actuarial value of plan assets is limited to a range between 75% and 125% of market value.

Schedule of Employer Contributions

The required employer contributions and percentage of those contributions actually made are presented in the schedule.

Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information from the actuarial valuations for the most recent two-year period is as follows:

Valuation Date	June 30, 2012	June 30, 2011
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent of Pay, Open	Level Percent of Pay, Open
Remaining Amortization Period	30 Years	30 Years
Asset Valuation Method	Seven-Year Smoothed Market	Seven-Year Smoothed Market
Actuarial Assumption:		
Ultimate Investment Rate of Return	7.50%	7.50%
Projected Salary Increases	3.75 to 7.00%	3.75 to 7.00%
Inflation Rate	3.00%	3.00%
Postretirement Cost-of-Living Adjustments	3% annually	3% annually

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Years Ended June 30, 2013 and 2012

	2013	2012
Personal Services:		
Salaries and Wages	$ 17,013,018	$ 16,369,027
Retirement Contributions	2,262,333	1,687,914
Health Insurance	5,096,767	4,976,291
FICA	996,226	962,170
Miscellaneous	64,818	137,735
Total Personal Services	25,433,162	24,133,137
Communications:		
Postage	240,007	222,894
Publications and Printing	250,678	272,439
Telecommunications	148,949	147,835
Travel	115,150	107,433
Total Communications	754,784	750,601
Professional Services:		
Computer Services	998,211	986,007
Contracts	3,675	3,850
Actuarial Services	132,094	213,457
Audit Fees	137,840	129,105
Legal Services	37,992	41,635
Medical Services	97,945	77,028
Total Professional Services	1,407,757	1,451,082
Management Expenses:		
Building Maintenance	724,875	724,875
Total Management Expenses	724,875	724,875
Other Services and Charges:		
Repairs and Maintenance	7,040	7,723
Supplies and Materials	250,715	290,596
Depreciation Expense	375,382	359,319
Miscellaneous	118,885	128,443
Total Other Services and Charges	752,022	786,081
Total Administrative Expenses	29,072,600	27,845,776
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	6,488,858	5,892,039
Net Administrative Expenses	$ 22,583,742	$ 21,953,737

See accompanying independent auditors' report.

For the Years Ended June 30, 2013 and 2012

	2013	2012
Investment Advisory and Custodial Fees	$ 27,752,798	$ 21,378,465
Miscellaneous	2,193,263	2,023,912
Total Investment Expenses	$ 29,946,061	$ 23,402,377

See accompanying independent auditors' report.

If one were to tell you that over the next year, the real growth rate of U.S. GDP would only be 1.6%, the European Union would have negative growth and 10 year interest rates would increase 50%, you would probably assume large losses in your investment portfolio. That is exactly what happened to the economy over the past fiscal year (although the increase in rates was only 0.8%, from 1.6 to 2.4 percent), yet U.S. stock markets were up over 20%.

It is difficult not to get caught up in the headlines, but as a pension plan it is more important to stay focused on the long-term. The System continues to invest in a mix of liquid, high quality bonds and stocks. These types of investments allow the System to participate in rising markets while moderating the risks on the downside. A high quality balanced fund has proven to be a successful strategy in a variety of markets over long periods of time.

As in previous years, the bias to quality was a primary goal and was successfully met. “Conservation of Capital” and “Conservatism” continue to be the principal guides in investment decisions. The Board of Trustees continues to use a diversified portfolio to accomplish these objectives.

Economic growth continued to be relatively slow and uneven. Housing and consumer expenditures on durable items continued their rebound. Employment growth continued its relatively slow improvement and Europe was beginning to recover. The most compelling factor driving the markets seems to be the world’s central bankers pumping money into the economy, which is finding its way into the markets.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the largest impact on the fund’s returns. Although the returns for the various asset categories vary from year to year, over the long-term equities usually outperform fixed income and cash by a very wide margin. For that reason, the System has generally maintained a significant equity exposure with the remainder of the fund invested in fixed income securities designed to generate income and preserve capital.

Returns for one, three, five, ten and twenty year periods are presented in this section. Longer time periods, such as the twenty-year period, allow for more valid evaluation of returns, both in absolute terms and relative to an asset class index, by reducing emphasis on the short-term volatility of markets. The Daily Valuation Method was used to calculate rates of return which is in accordance with the CFA Institute’s objectives as stated in its publication “Global Investment Performance Standards Handbook,” third edition.

As mentioned earlier, the equity markets had a very good year. The return for the S&P 500 was 20.6% and the Dow Jones Industrial Average rose 18.9%. Among individual companies, returns varied depending upon the company’s size, industry, and exposure to global markets. The MSCI EAFE Index had an 18.6% return and the MSCI Emerging Market Index had a return of 2.9%.

U.S. small and mid-cap stocks outperformed large cap stocks last year. Both the S&P 400 Mid Capitalization and the S&P 600 Small Capitalization Indexes had an identical 25.2% return.

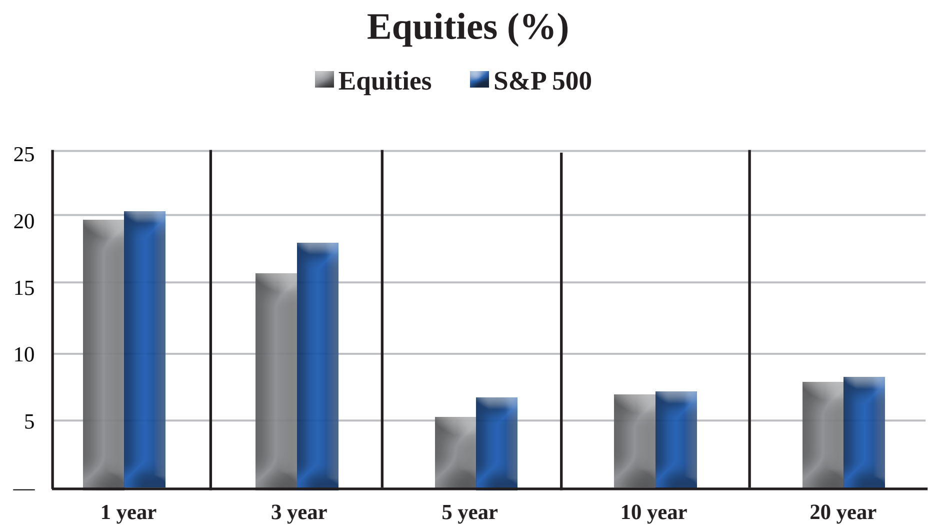
Many of the problems that have plagued world economies for the past several fiscal years continue to exist. The weaknesses are improving however, with the possible exception of the emerging countries. These continued improvements along with very accommodative monetary conditions provided the boost to the equity markets.

Bonds finally stumbled. After exceptionally strong fixed income returns in fiscal year 2012, the total return on the 10-year Treasury Note was (4.2)% and the 30-year Treasury Bond had a (10.4)% return. Most of the losses occurred in May and June as fears of an end to the Federal Reserve’s Quantitative Easing caused rates to jump. The return on short-term Treasury bills was negligible again due to the Federal Reserve’s actions.

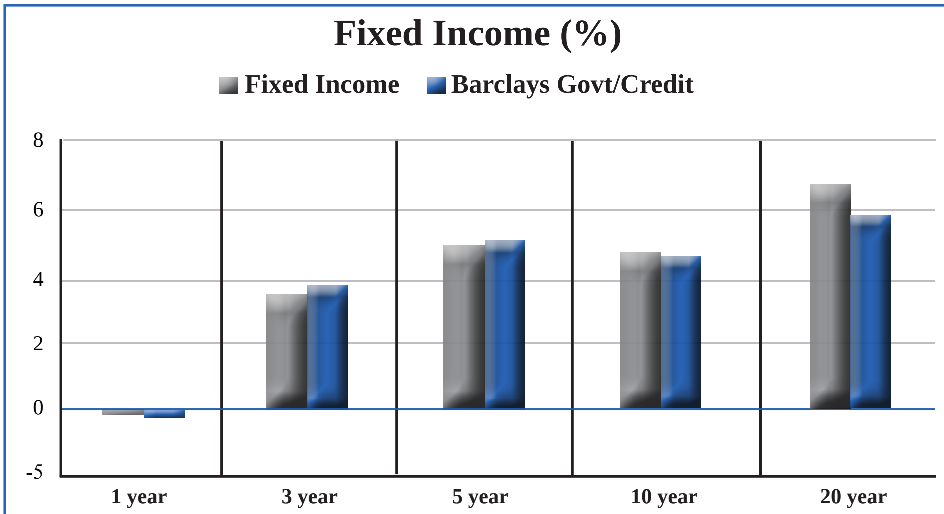
We look at two fixed income indexes to measure the bond market’s performance. The Barclays Government / Credit Index had a return of (0.6)%. It is a broad index containing higher yielding corporate bonds as well as Treasuries. The Citigroup Treasury/Sponsored/AAA/AA had a return of (1.29)% and is also a broad index containing higher rated corporate bonds as well as Treasuries and Government securities. Higher quality bonds under performed lower quality bonds as evidenced by the (0.46)% return for AAA & AA rated bonds versus 2.59% for BBB rated bonds.

In summary, the investment status of the System is excellent. The high quality of the System’s investments is in keeping with the continued policy of “Conservatism” and “Conservation of Capital.”

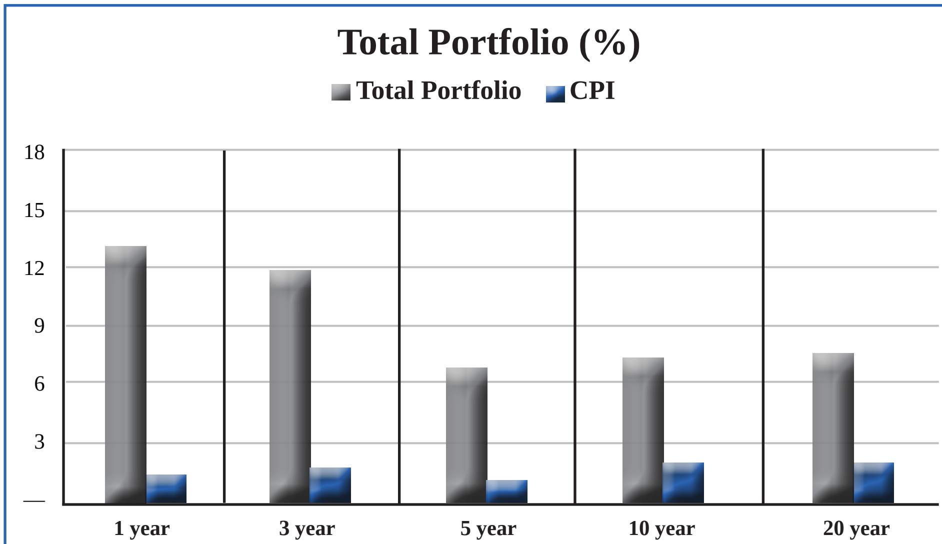
Prepared by the Division of Investment Services



	Equities	S&P 500
1 Year	19.28	20.60
3 Year	16.26	18.45
5 Year	5.43	7.01
10 Year	7.22	7.30
20 Year	8.44	8.66



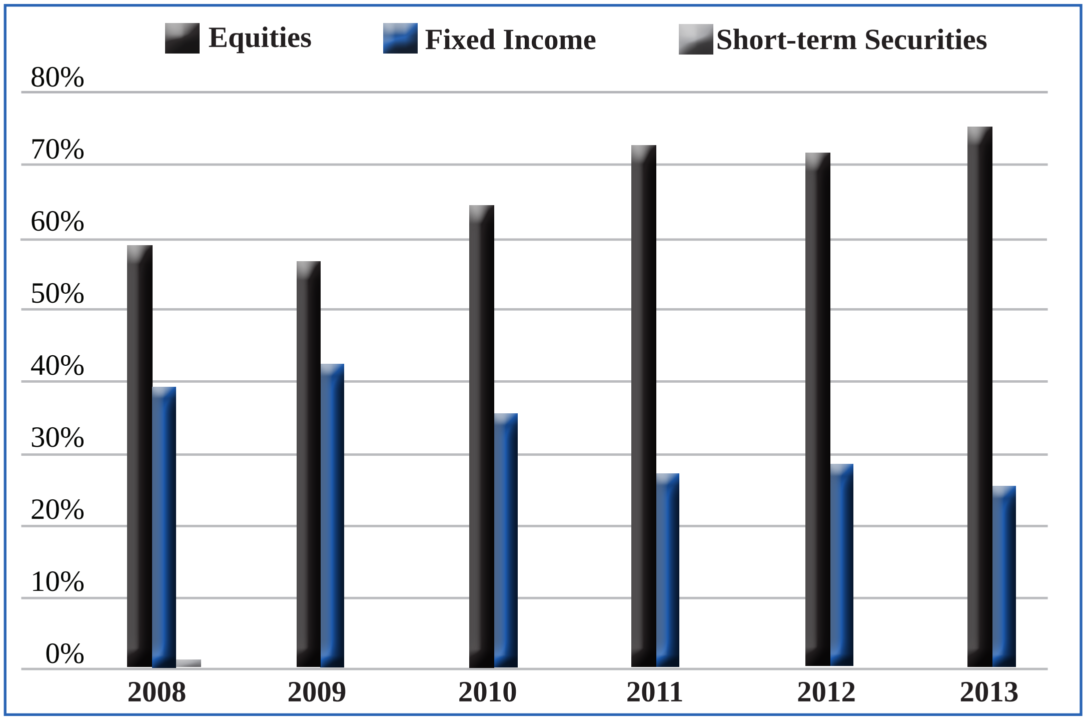
	Fixed Income	Barclays Govt/ Credit
1 Year	(0.61)	(0.62)
3 Year	3.26	3.88
5 Year	5.12	5.29
10 Year	4.47	4.43
20 Year	6.41	5.88



	Total Portfolio	CPI
1 Year	13.28	1.75
3 Year	11.96	2.32
5 Year	6.27	1.31
10 Year	6.55	2.43
20 Year	7.86	2.43

Note: Rates of return are calculated using the Daily Valuation Method based on market rates of return.

Asset Allocation



Schedule of Fees and Commissions

For the Year Ended June 30, 2013

	2013
Investment Advisors' Fees*:	
U.S. Equity	$ 14,912,865
International Equity	11,131,236
Investment Commissions:	
U.S. Equity	11,461,883
International Equity	3,486,565
Transaction Fees:	633,872
Miscellaneous*:	3,901,960
Total Fees and Commissions	$ 45,528,381

*Amount included in total investment expenses shown on page 33.

Investment Summary

Asset Allocation at June 30	2008	2009	2010	2011	2012	2013
Equities	58.8%	57.0%	63.7%	72.3%	71.0%	73.5%
Fixed Income	39.5%	43.0%	36.3%	27.7%	29.0%	26.5%
Short-Term Securities	1.7%	—	—	—	—	—
Asset Allocation at June 30 (in millions)						
Equities	$29,531	$23,733	$28,238	$37,568	$37,191	$41,396
Fixed Income	19,802	17,945	16,076	14,387	15,188	14,882
Short-Term Securities	865	—	—	—	—	—
Total Investments	$50,198	$41,678	$44,314	$51,955	$52,379	$56,278

Twenty Largest Equity Holdings*

Shares	Company	Fair Value
8,143,277	Exxon Mobil Corp.	$ 735,745,077
1,451,144	Apple Inc.	575,422,130
16,121,942	Microsoft Corp.	556,932,486
5,770,530	Johnson & Johnson	495,457,706
4,166,877	Chevron Corp.	493,108,224
555,288	Google Inc.	488,858,897
5,402,080	Procter & Gamble Co.	415,906,139
16,015,862	General Electric Co.	371,407,840
8,844,128	Wells Fargo & Co.	364,997,163
6,881,409	JPMorgan Chase & Co.	363,269,581
8,455,300	Coca Cola Co.	339,142,083
1,685,930	International Business Machines Corp.	322,198,082
2,872,200	Berkshire Hathaway Inc.	321,456,624
11,370,673	Pfizer Inc.	318,492,551
8,684,908	AT&T Inc.	307,445,743
4,091,112	Wal-Mart Stores Inc.	304,746,933
11,469,374	Intel Corp.	277,902,932
3,327,465	PepsiCo Inc.	272,153,362
1,383,700	Visa Inc.	252,871,175
3,221,066	Home Depot Inc.	249,535,983
	Total of 20 Largest Equity Holdings	$ 7,827,050,711
	Total Equity Holdings	$41,395,705,534

Ten Largest Fixed-Income Holdings*

Description	Maturity Date	Interest Rate %	Par Value	Fair Value
U.S. Treasury Note	09/30/17	1.875	$ 1,052,000,000	$ 1,083,233,880
U.S. Treasury Note	09/15/13	0.750	688,000,000	688,942,560
U.S. Treasury Note	11/15/13	0.500	680,000,000	680,986,000
U.S. Treasury Note	08/15/21	2.125	635,000,000	632,421,900
U.S. Treasury Note	08/15/15	0.250	610,000,000	607,901,600
General Electric Company	10/09/22	2.700	597,000,000	564,994,830
U.S. Treasury Note	02/29/16	2.125	557,000,000	580,020,810
U.S. Treasury Note	07/15/13	1.000	513,000,000	513,179,550
Pfizer Inc.	03/15/15	5.350	479,000,000	515,787,200
U.S. Treasury Note	02/28/18	2.750	478,000,000	510,040,340
Total of 10 Largest Fixed-Income Holdings				$ 6,377,508,670
Total Fixed-Income Holdings				$ 14,882,327,810

* A complete listing is available upon written request, subject to restrictions of O.C.G.A. Section 47-1-14.

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

May 1, 2013

Board of Trustees,
Teachers Retirement System of Georgia
Suite 100, Two Northside 75
Atlanta, GA 30318

Members of the Board:

Section 47-3-23 of the law governing the operation of the Teachers Retirement System of Georgia provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2012. The report indicates that annual employer contributions at the rate of 13.15% of compensation for the fiscal year ending June 30, 2015 are sufficient to support the benefits of the System. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2012 Session of the General Assembly. In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability, which is amortized as a level percent of payroll within a 30-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated assuming future required contributions (ARC) are contributed when due.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

John J. Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

The laws governing the Teachers Retirement System of Georgia (the "System") provide that an actuary perform an annual valuation of the contingent assets and liabilities of the System and perform at least once every five years an actuarial investigation of the mortality, service, and compensation experience of the members and beneficiaries of the System. The latest actuarial valuation of the System prepared as of June 30, 2012, was made on the basis of the interest rate assumption, and the mortality, rates of separation and salary increase tables approved by the Board on November 17, 2010. Changes in the asset smoothing method and the interest smoothing method were approved by the Board on July 27, 2011.

The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2012, report are as follows:

a) **Actuarial Method Used**–The actuarial cost method used to determine funding is the entry age actuarial cost method. Gains and losses are reflected in the unfunded accrued liability. Adopted December 30, 1976.

b) **Ultimate Investment Return**–7.50% per annum, compounded annually. Adopted November 17, 2010.

c) **Earnings Progression**–Salaries are expected to increase 3.75% to 7.00% annually depending upon the employee's age. Includes inflation at 3.00%. Adopted November 17, 2010.

d) **Death, Disability and Withdrawal Rates**–Death, disability and withdrawal rates for active employees and service retirement tables are based upon the System's historical experience. The death-after-retirement rates are based on the RP-2000 Combined Mortality Table (set back two years for males and three years for females). The death-after-disability retirement rates are based on the RP-2000 Disabled Mortality Table (set back two years for males). Adopted November 17, 2010.

e) **Asset Valuation Method**–7-year smoothed market actuarial value. The actuarial value of assets recognizes a portion of the difference between the market value of the assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized each year is one-seventh of the difference between market value and actuarial expected value. The actuarial value of assets is limited to a range between 75% and 125% of market value. Adopted July 27, 2011.

f) **Service Retirement Benefit**–The service benefit (pension) paid to members is an annuity that is owed to them at retirement that will provide a total annual pension equal to 2% of the average of the member's two consecutive highest paid years of service multiplied by the number of years of creditable service up to 40 years. It is also assumed that certain cost-of-living adjustments will be made in future years.

g) **Actuarially Determined Unfunded Accrued Liability** –The present value of the unfunded accrued liability, based on unaudited data provided the actuary by the System, was approximately $12.1 billion at June 30, 2012.

h) **Required Contributions** (% of compensation)– A smoothed valuation interest rate methodology was adopted on July 21, 2010 for the purpose of calculating the annual required contributions. A refinement of this methodology was adopted on July 27, 2011 to include a corridor around the long-term investment rate of return. Contributions required by the annual actuarial valuation as of June 30, 2012, to be made for the year ended June 30, 2015:

(1) Member	**6.00%**
(2) Employer:	
Normal	**6.14%**
Unfunded Accrued Liability	**7.01%**
Total	**13.15%**

Service Retirement

Adopted November 17, 2010

	Male		Female	
Age	< 30 years of service	≥ 30 years of service	< 30 years of service	≥ 30 years of service
50	5.00%	50.00%	5.00%	50.00%
55	5.00	38.00	5.00	35.00
60	20.00	35.00	25.00	40.00
61	18.00	30.00	25.00	40.00
62	25.00	35.00	25.00	40.00
63	20.00	33.00	25.00	40.00
64	18.00	30.00	25.00	40.00
65	30.00	30.00	30.00	30.00
66	30.00	30.00	30.00	30.00
67	30.00	30.00	28.00	28.00
68	28.00	28.00	28.00	28.00
69	26.00	26.00	28.00	28.00
70	30.00	30.00	30.00	30.00

Separation Before Service Retirement

Adopted November 17, 2010

	Annual Rate of				
			Withdrawal Years of Service		
Age	Death	Disability	0-4 Yrs	5-9 Yrs	10+ Yrs
		Male			
20	0.03%	0.03%	31.00%	— %	— %
25	0.04	0.03	18.00	16.00	—
30	0.04	0.04	14.00	8.00	11.00
35	0.06	0.04	14.00	6.00	3.00
40	0.10	0.05	13.00	6.00	2.25
45	0.13	0.09	12.00	6.00	2.20
50	0.19	0.17	11.00	5.50	2.50
55	0.29	0.32	11.00	5.00	2.70
60	0.53	—	11.00	5.00	—
64	0.88	—	11.00	5.00	—
		Female			
20	0.02%	0.02%	30.00%	— %	— %
25	0.02	0.02	14.00	25.00	—
30	0.02	0.02	13.00	9.00	9.00
35	0.04	0.03	13.00	7.00	3.50
40	0.06	0.04	11.00	7.00	3.00
45	0.09	0.07	10.00	5.50	2.00
50	0.13	0.12	10.00	5.00	2.00
55	0.20	0.38	10.00	4.75	2.75
60	0.35	—	10.00	4.75	—
64	0.58	—	10.00	4.75	—

Active Members

Fiscal Year[1]	Active Members			
	Members	Annual Payroll (000's)	Average Pay	% Increase
2007	215,566	$ 9,492,003	$ 44,033	3.5 %
2008	224,993	10,197,584	45,324	2.9
2009	226,537	10,641,543	46,975	3.6
2010	222,020	10,437,703	47,012	0.1
2011	216,137	10,099,278	46,726	– 0.6
2012	213,648	10,036,023	46,975	0.5

Retirees and Beneficiaries

Fiscal Year[1]	Added to Roll		Removed from Roll		Roll-End of Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)		
2007	5,858	$ 230,924	1,656	$ 39,293	74,421	$ 2,232,102	9.4 %	$ 29,993
2008	5,817	238,137	1,655	39,808	78,583	2,430,431	8.9	30,928
2009	5,543	245,006	1,768	45,116	82,358	2,630,321	8.2	31,938
2010	6,383	279,009	1,763	46,853	86,978	2,862,477	8.8	32,910
2011	7,136	295,192	1,937	55,062	92,177	3,102,607	8.4	33,659
2012	7,055	298,471	1,915	55,565	97,317	3,345,513	7.8	34,377

(1) Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. An actuarial valuation for the fiscal year ended June 30, 2013 is currently in process and was not available for this analysis.

Solvency Test (in thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Accrued Liabilities Covered by Assets		
Fiscal Year*	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer-Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
2007	$ 5,703,184	$ 28,212,100	$ 21,081,286	$ 52,099,171	100.0 %	100.0 %	86.3 %
2008	6,009,710	30,915,200	22,208,867	54,354,284	100.0	100.0	78.5
2009**	6,382,932	29,725,063	23,342,121	53,438,604	100.0	100.0	74.2
2010	6,705,274	34,264,548	22,622,215	54,529,416	100.0	100.0	59.9
2011	6,973,343	37,271,020	21,734,277	55,427,716	100.0	100.0	51.5
2012	7,242,569	39,759,145	21,346,964	56,262,332	100.0	100.0	43.4

* Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. An actuarial valuation for the fiscal year ended June 30, 2013 is currently in process and was not available for this analysis.

** Revised since the previous valuation to reflect the refinement of the smoothed valuation interest rate methodology used in the 2010 valuation, which includes corridors around the long-term investment rate of return.

Member and Employer Contribution Rates

Fiscal Year	Member	Employer
2009	5.00 %	9.28 %
2010	5.25	9.74
2011	5.53	10.28
2012	5.53	10.28
2013	6.00	11.41
2014	6.00	12.28

Analysis of Financial Experience (in millions)

Item	Analysis of the Change in Unfunded Accrued Liability Increase (Decrease) During the Years Ended June 30,					
	2012	2011	2010	2009	2008	2007
Interest Added to Previous Unfunded Accrued Liability	$ 846.2	$ 733.2	$ 486.3	$ 358.5	$ 217.3	$ 134.7
Accrued Liability Contribution	(443.5)	(396.3)	(312.0)	(125.0)	(118.5)	57.2
Experience:						
Valuation Asset Growth	1,855.1	2,018.7	1,674.9	2,433.5	548.9	(132.3)
Pensioners' Mortality	51.6	24.2	89.8	50.1	58.4	25.6
Turnover and Retirements	319.1	195.3	269.5	307.1	291.4	213.3
New Entrants	101.2	89.6	123.7	185.1	258.8	212.6
Salary Increases	(709.9)	(1,132.2)	(1,040.5)	14.1	162.8	294.5
Method Changes [4]	—	—	—	(2,062.3)	—	—
Interest Smoothing	(627.0)	412.8	—	—	—	—
Amendments [1]	—	(685.5)	—	—	386.3	252.3
Change in Member Contribution Rate [3]	—	—	12.8	—	(15.7)	(8.4)
Assumption Changes [2]	—	—	1,472.4	—	—	—
Miscellaneous	142.6	228.5	274.2	70.9	92.4	51.2
Total Increase	$ 1,535.4	$ 1,488.3	$ 3,051.1	$ 1,232.0	$ 1,882.1	$ 1,100.7

[1] Amendments

2007- Reflects the impact of the first phase of the Plymel lawsuit.

2008- Reflects the impact of the final Plymel lawsuit.

2011- Reflects the impact of discontinuing the one-time 3% increase on the first $37,500 of members' allowances for all members who retire on or after January 1, 2013.

[2] Assumption Changes

2010 - The assumed rates of withdrawal, disability, retirement, and mortality and the assumed rates of salary increase have been revised to more closely reflect the actual and anticipated experience of the System.

[3] Member Contribution Rate

2007 - Reflects an increase in the member contribution rate from 5.00% to 5.25% effective July 1, 2009.

2008 - Reflects an increase in the member contribution rate from 5.25% to 5.53% effective July 1, 2010.

2010 - Reflects an increase in the member contribution rate from 5.53% to 6.00% effective July 1, 2012.

[4] Method Changes

2009 - Reflects change to a valuation interest rate smoothing methodology and a change to include a corridor around the long-term investment rate of return.

STATISTICAL SECTION OVERVIEW

The statistical section presents additional information to provide financial statement users with added historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the System's financial condition.

Financial Trends

The schedules presented on page 45 and page 46 contain trend information to help the reader understand how the System's financial position has changed over time.

Operating Information

The schedules presented on pages 47 through 58 contain benefits, service and employer data to help the reader understand how the System's financial report relates to the services of the System and the activities it performs.

Additions by Source (in thousands)

Fiscal Year	Member Contributions	Employer Contributions	Net Investment Income (Loss)	Total Additions to (Deductions from) Fiduciary Net Position
2004	$ 448,929	$ 782,301	$ 3,794,733	$ 5,025,963
2005	464,931	815,693	3,279,505	4,560,129
2006	485,721	855,626	2,691,062	4,032,409
2007	524,940	927,371	6,792,341	8,244,652
2008	554,027	986,759	(1,775,578)	(234,792)
2009	567,635	1,026,287	(6,572,435)	(4,978,513)
2010	592,264	1,057,416	4,671,571	6,321,251
2011	604,126	1,089,912	9,594,994	11,289,032
2012	601,512	1,082,224	1,090,900	2,774,636
2013	640,745	1,180,469	6,938,349	8,759,563

Contributions were made in accordance with actuarially determined contribution requirements.

Deductions by Type (in thousands)

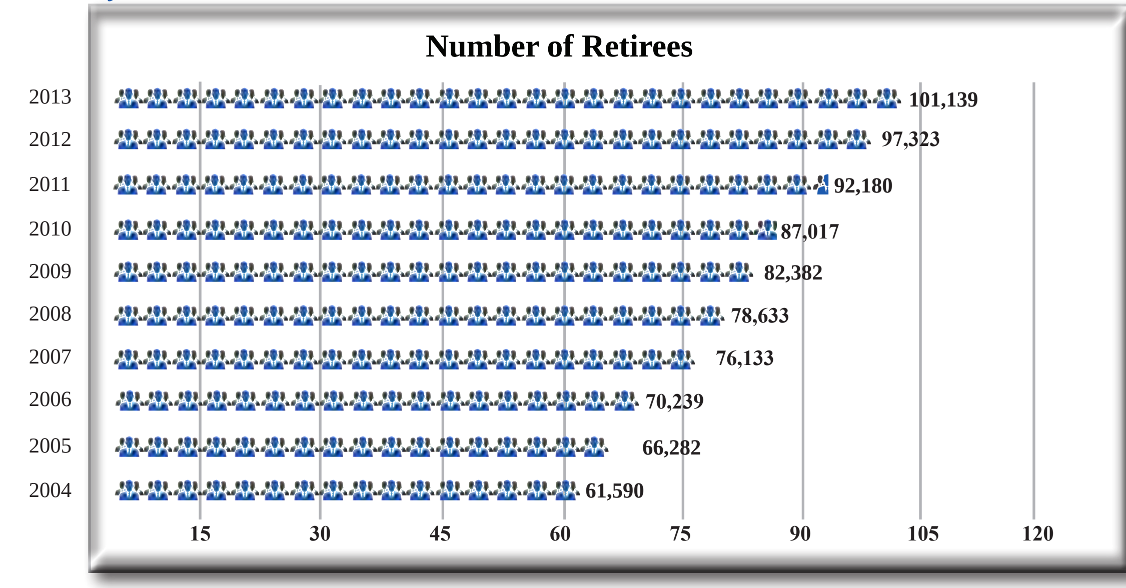
	Benefit Payments									
Fiscal Year	Service	Partial Lump-Sum Option (1)	Disability	Survivor Benefits	Supplemental Payments (2)	Lump-Sum Death Settlement	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions From Fiduciary Net Position
2004	$ 1,481,710	$ —	$ 47,002	$ 65,821	$ 2,757	$ 1,177	$ 1,598,467	$ 15,378	$ 42,580	$ 1,656,425
2005	1,656,652	15,653	50,959	72,025	2,398	1,791	1,799,478	19,558	50,491	1,869,527
2006	1,863,194	26,601	62,773	35,394	2,093	1,376	1,991,431	20,173	53,138	2,064,742
2007	2,128,927	33,378	70,431	46,670	1,842	1,702	2,282,950	22,073	52,875	2,357,898
2008	2,527,156	40,820	89,348	95,452	1,648	2,059	2,756,483	23,744	54,482	2,834,709
2009	2,385,561	37,191	72,028	36,922	1,414	1,371	2,534,487	22,603	49,414	2,606,504
2010	2,639,144	34,530	74,998	49,290	1,122	1,340	2,800,424	20,223	53,638	2,874,285
2011	2,868,815	37,652	80,393	52,122	922	1,599	3,041,503	20,986	67,916	3,130,405
2012	3,091,370	42,441	85,830	55,328	754	1,829	3,277,552	21,954	72,157	3,371,663
2013	3,353,295	42,259	91,727	58,234	633	2,001	3,548,149	22,584	81,142	3,651,875

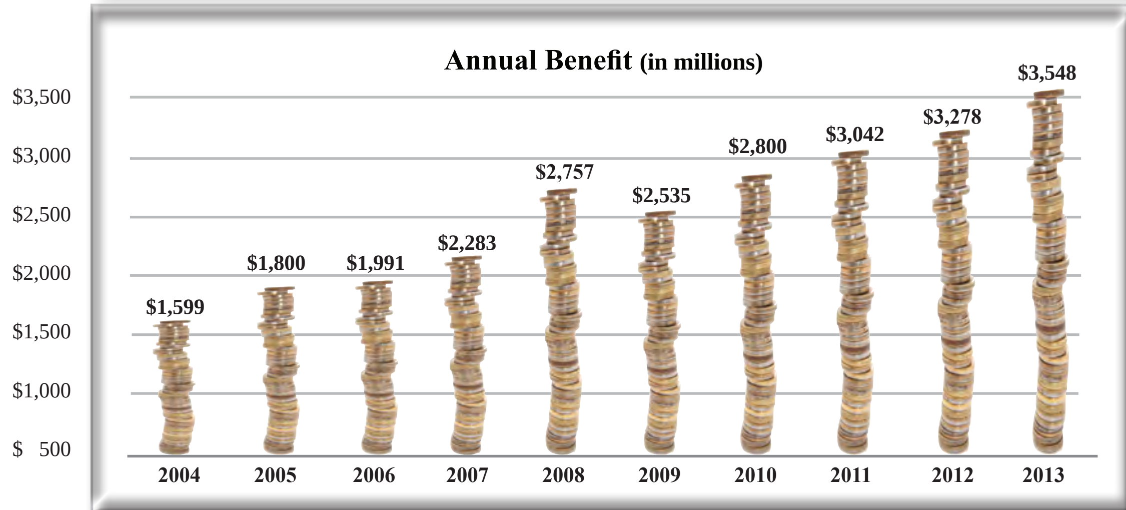
(1) Partial Lump-Sum Option Plan became effective July 1, 2004.
(2) Supplemental payments to retirees who belong to a local retirement system.

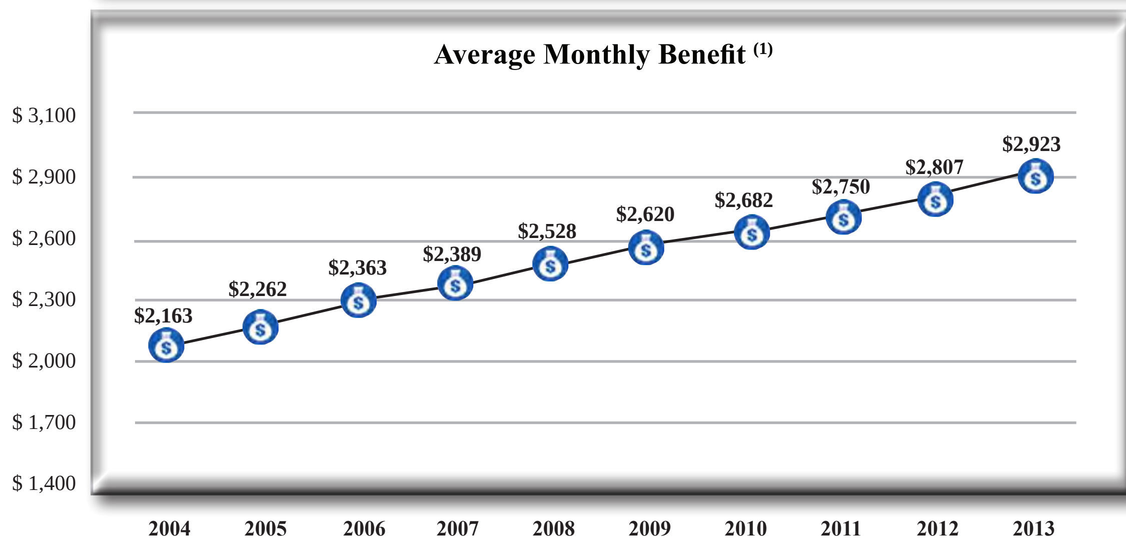
Changes in Fiduciary Net Position (in thousands)

Fiscal Year	Total Additions to (Deductions from) Fiduciary Net Position	Total Deductions from Fiduciary Net Position	Changes in Fiduciary Net Position
2004	$ 5,025,963	$ 1,656,425	$ 3,369,538
2005	4,560,129	1,869,527	2,690,602
2006	4,032,409	2,064,742	1,967,667
2007	8,244,652	2,357,898	5,886,754
2008	(234,792)	2,834,709	(3,069,501)
2009	(4,978,513)	2,606,504	(7,585,017)
2010	6,321,251	2,874,285	3,446,966
2011	11,289,032	3,130,405	8,158,627
2012	2,774,636	3,371,663	(597,027)
2013	8,759,563	3,651,875	5,107,688

Benefit Payment Statistics

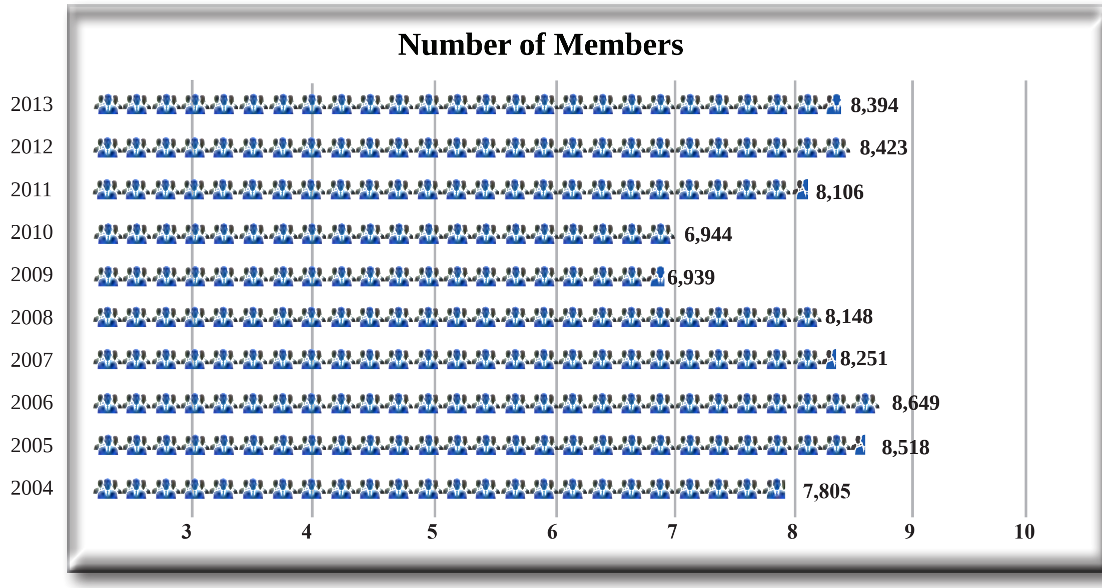


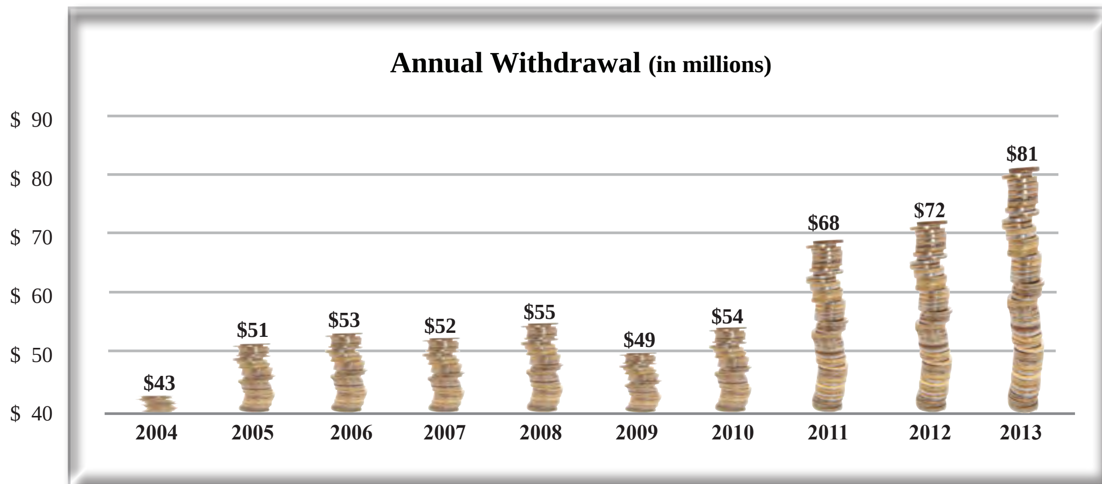


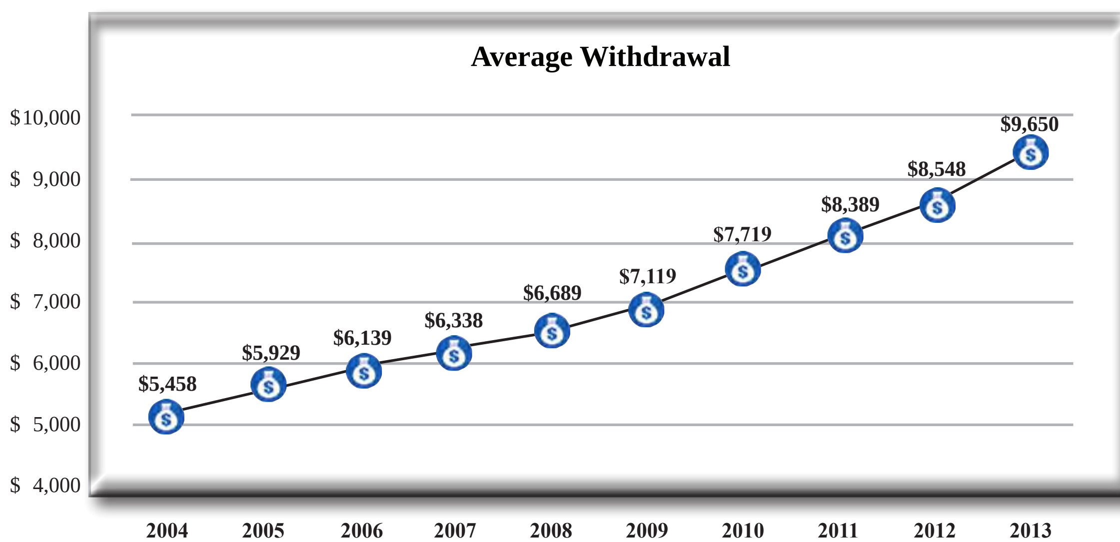


(1) Retirees who belonged to a local retirement system and who received supplemental payments are not included.

Member Withdrawal Statistics







Average Monthly Benefit Payments for New Retirees

Effective Retirement Dates for Fiscal Years Ended June 30,	Years Credited Service 10 - 15	16 - 20	21 - 25	26 - 30	Over 30	Total
2004						
Average monthly benefit	$1,405.03	$1,351.04	$1,895.12	$2,763.31	$3,557.04	$2,527.79
Average final average salary	$5,017.00	$3,283.34	$3,823.40	$4,471.74	$5,389.07	$4,628.32
Number of retirees	906	579	630	1,864	1,611	5,590
2005						
Average monthly benefit	$ 729.34	$1,216.78	$1,751.04	$2,575.64	$3,474.65	$2,431.70
Average final average salary	$2,960.22	$3,315.00	$4,014.56	$4,511.41	$5,345.03	$4,455.10
Number of retirees	907	689	693	1,379	2,545	6,213
2006						
Average monthly benefit	$ 759.49	$1,236.93	$1,874.90	$2,356.35	$3,361.85	$2,436.59
Average final average salary	$3,002.19	$3,273.99	$4,036.61	$4,571.12	$5,338.88	$4,495.40
Number of retirees	815	651	653	718	2,780	5,617
2007						
Average monthly benefit	$ 757.50	$1,246.18	$1,782.60	$2,350.01	$3,330.98	$2,335.28
Average final average salary	$3,193.24	$3,580.49	$4,061.53	$4,669.55	$5,406.13	$4,182.19
Number of retirees	975	704	758	729	2,725	5,891
2008						
Average monthly benefit	$ 809.08	$1,324.02	$1,866.99	$2,466.86	$3,488.62	$2,424.71
Average final average salary	$3,404.28	$3,734.90	$4,283.55	$4,797.61	$5,676.32	$4,755.66
Number of retirees	1,010	726	777	686	2,665	5,864
2009						
Average monthly benefit	$ 812.18	$1,293.52	$1,892.41	$2,564.06	$3,603.15	$2,456.32
Average final average salary	$3,430.35	$3,676.14	$4,302.88	$4,938.17	$5,785.56	$4,794.47
Number of retirees	1,008	701	774	601	2,480	5,564
2010						
Average monthly benefit	$ 859.93	$1,433.00	$1,931.22	$2,624.98	$3,655.74	$2,479.89
Average final average salary	$3,651.87	$4,095.26	$4,366.28	$5,142.35	$5,820.83	$4,902.99
Number of retirees	1,195	786	1,018	690	2,736	6,425
2011						
Average monthly benefit	$ 879.11	$1,483.30	$1,963.77	$2,719.55	$3,735.70	$2,456.69
Average final average salary	$3,753.60	$4,216.80	$4,461.70	$5,175.76	$5,940.78	$4,943.41
Number of retirees	1,455	954	1,150	812	2,797	7,168
2012						
Average monthly benefit	$ 900.60	$1,417.23	$2,008.09	$2,723.70	$3,764.35	$2,425.05
Average final average salary	$3,813.60	$4,070.28	$4,564.72	$5,250.18	$5,995.69	$4,948.47
Number of retirees	1,532	920	1,125	885	2,589	7,051
2013						
Average monthly benefit	$ 881.25	$1,465.23	$1,979.00	$2,626.66	$3,642.94	$2,335.21
Average final average salary	$3,720.18	$4,200.63	$4,506.44	$5,060.19	$5,811.25	$4,821.63
Number of retirees	1,721	1,107	1,279	1,060	2,762	7,929

Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retirees	Type of Retirement (1) A	B	C	D	Option Selected (2) Maximum	Opt-1	Opt-2	Opt-3	Opt-4	Opt-2 Pop-Up	Opt-3 Pop-Up
$ 1–250	612	334	57	127	94	265	8	188	65	52	22	12
251–500	4,363	3,540	439	380	4	2,788	136	825	155	103	248	108
501–750	5,758	4,808	568	378	4	3,856	197	913	236	55	367	134
751–1000	6,158	5,282	510	359	7	3,990	207	1,026	280	39	410	206
1001–1250	5,862	5,047	466	337	12	3,651	218	929	268	46	514	236
1,251–1,500	5,071	4,399	394	271	7	3,148	177	808	263	43	418	214
1,501–1,750	4,459	3,916	335	206	2	2,725	173	695	235	38	394	199
1,751–2,000	4,268	3,778	289	197	4	2,574	162	628	271	43	354	236
2,001–2,250	4,050	3,625	294	131	0	2,403	171	561	241	48	369	256
2,251–2,500	4,262	3,895	257	110	0	2,563	184	554	275	41	396	249
2,501–2,750	4,582	4,195	295	92	0	2,845	190	575	237	52	456	227
2,751–3,000	5,134	4,819	222	93	0	3,243	213	586	269	76	456	291
3,001–3,250	5,730	5,480	161	89	0	3,669	256	614	262	77	550	302
3,251–3,500	6,281	6,115	121	45	0	4,089	327	551	284	101	579	350
3,501–3,750	6,303	6,188	78	37	0	4,240	336	491	285	91	498	362
3,751–4,000	5,558	5,483	45	30	0	3,744	300	449	248	90	415	312
4,001–4,250	4,668	4,601	29	38	0	3,188	276	363	227	65	320	229
4,251–4,500	3,765	3,720	18	27	0	2,598	198	295	190	67	232	185
4,501–4,750	2,959	2,932	10	17	0	1,992	160	247	162	57	182	159
4,751–5,000	2,230	2,209	10	11	0	1,509	105	206	129	56	118	107
Over 5,000	9,066	8,944	31	91	0	4,500	634	1,416	930	347	648	592
TOTALS	**101,139**	**93,310**	**4,629**	**3,066**	**134**	**63,580**	**4,628**	**12,920**	**5,512**	**1,587**	**7,946**	**4,966**

(1) Type of Retirement
A - Service
B - Disability
C - Survivor benefit
D - Supplemental payments to retirees who belonged to a local retirement system.

(2) Refer to Introductory Section, beginning on page 11 for descriptions of Options.

Retirement Payments By County of Residence

County	Number of Retirees	FY13 Total Gross Pay	County	Number of Retirees	FY13 Total Gross Pay
Appling	254	$ 8,960,412	Coffee	452	$ 16,250,745
Atkinson	83	2,755,528	Colquitt	501	17,909,573
Bacon	130	4,555,522	Columbia	1,906	64,065,392
Baker	32	916,023	Cook	199	6,846,710
Baldwin	642	22,954,662	Coweta	1,073	36,763,929
Banks	168	4,659,725	Crawford	179	5,869,904
Barrow	517	14,478,787	Crisp	293	9,950,694
Bartow	804	26,040,971	Dade	107	3,671,176
Ben Hill	238	8,228,258	Dawson	244	7,661,514
Berrien	252	7,755,639	Decatur	253	7,976,834
Bibb	1,731	61,860,467	Dekalb	5,229	248,773,284
Bleckley	23	7,372,322	Dodge	246	8,362,824
Brantley	121	3,844,259	Dooly	109	3,771,648
Brooks	169	5,719,646	Dougherty	1,506	58,956,324
Bryan	251	7,710,692	Douglas	785	29,375,368
Bulloch	1,219	44,424,189	Early	159	3,217,570
Burke	236	7,983,533	Echols	8	218,249
Butts	224	7,340,227	Effingham	336	9,528,990
Calhoun	94	2,232,453	Elbert	264	7,313,092
Camden	299	10,819,763	Emanuel	329	12,558,392
Candler	140	3,994,779	Evans	122	4,101,363
Carroll	1,545	54,421,828	Fannin	295	8,805,335
Catoosa	384	12,890,436	Fayette	1,422	58,350,134
Charlton	78	2,847,336	Floyd	1,259	44,795,209
Chatham	2,542	87,751,804	Forsyth	751	22,979,214
Chattahoochee	28	849,662	Franklin	311	10,328,852
Chattooga	281	9,158,239	Fulton	6,456	296,248,947
Cherokee	1,625	51,361,438	Gilmer	338	10,204,861
Clarke	2,927	131,171,966	Glascock	34	1,138,983
Clay	40	576,577	Glynn	1,080	35,027,654
Clayton	1,015	50,839,543	Gordon	465	15,650,978
Clinch	87	3,109,931	Grady	199	5,794,378
Cobb	4,649	190,008,131	Greene	253	8,021,038

Retirement Payments By County of Residence *continued*

County	Number of Retirees	FY13 Total Gross Pay
Gwinnett	3,599	$ 157,713,166
Habersham	514	15,397,230
Hall	1,586	58,036,323
Hancock	136	3,977,554
Haralson	283	9,076,780
Harris	335	11,032,724
Hart	252	8,204,523
Heard	74	2,447,346
Henry	1,446	52,528,367
Houston	1,122	40,601,033
Irwin	96	3,548,347
Jackson	820	21,365,175
Jasper	170	5,230,006
Jeff Davis	141	4,829,309
Jefferson	190	6,455,598
Jenkins	112	3,604,974
Johnson	113	3,410,322
Jones	199	6,421,254
Lamar	221	6,752,227
Lanier	63	1,900,991
Laurens	645	22,156,703
Lee	256	8,280,271
Liberty	240	8,593,899
Lincoln	136	4,294,336
Long	50	1,571,829
Lowndes	1,478	50,486,763
Lumpkin	403	12,982,112
Macon	148	4,852,614
Madison	686	18,601,598
Marion	78	2,612,474
McDuffie	274	10,073,870
McIntosh	145	4,008,055
Meriwether	215	7,537,193
Miller	64	$ 1,771,745
Mitchell	247	7,804,577
Monroe	261	7,896,445
Montgomery	116	3,681,745
Morgan	303	9,286,995
Murray	298	11,132,377
Muscogee	2,220	83,368,969
Newton	654	21,730,792
Oconee	1,058	39,936,416
Oglethorpe	251	7,301,355
Paulding	485	14,467,477
Peach	547	20,646,971
Pickens	555	17,010,137
Pierce	220	6,917,579
Pike	218	6,619,273
Polk	419	15,582,657
Pulaski	124	4,108,542
Putnam	322	10,372,691
Quitman	30	401,934
Rabun	236	7,241,484
Randolph	71	2,464,917
Richmond	2,633	93,615,077
Rockdale	693	30,373,012
Schley	53	1,502,664
Screven	203	6,431,621
Seminole	101	2,276,849
Spalding	779	27,055,507
Stephens	348	12,108,787
Stewart	73	2,536,264
Sumter	503	18,704,553
Talbot	72	2,234,382
Taliaferro	18	467,942
Tattnall	182	5,767,975

Retirement Payments By County of Residence *continued*

County	Number of Retirees	FY13 Total Gross Pay
Taylor	103	$ 3,607,364
Telfair	197	6,526,777
Terrell	80	1,978,399
Thomas	640	21,511,784
Tift	788	28,989,766
Toombs	330	11,901,028
Towns	205	5,364,854
Treutlen	95	3,024,050
Troup	691	25,380,172
Turner	165	5,384,236
Twiggs	72	2,258,564
Union	328	8,472,344
Upson	334	11,584,600
Walker	550	17,837,765
Walton	923	29,239,527
Ware	515	19,914,329
Warren	56	1,950,672
Washington	249	9,319,922
Wayne	333	11,055,614
Webster	26	648,710
Wheeler	100	3,218,254
White	403	10,815,821
Whitfield	845	33,508,025
Wilcox	148	4,551,207
Wilkes	150	4,841,771
Wilkinson	121	4,303,209
Worth	194	6,260,289
Outside GA	11,713	233,211,369
TOTALS	**101,139**	**$ 3,548,149,000**

Principal Participating Employers

Employers	2013* Covered Employees	2013* Rank	2013* Percentage of Total System	2004* Covered Employees	2004* Rank	2004* Percentage of Total System
Gwinnett County Schools	15,400	1	7.38 %	13,709	1	6.55 %
Cobb County Schools	10,867	2	5.21	12,141	2	5.80
Fulton County Schools	9,609	3	4.61	8,605	4	4.11
Dekalb County Schools	9,551	4	4.58	11,139	3	5.32
University of Georgia	7,326	5	3.51	8,415	5	4.02
Atlanta City Schools	5,289	6	2.53	5,946	6	2.84
Clayton County Schools	4,810	7	2.31	5,895	7	2.82
Chatham County Schools	4,156	8	1.99	4,145	8	1.98
Henry County Schools	3,847	9	1.84	—	—	—
Muscogee County Schools	3,750	10	1.80	3,964	9	1.89
Richmond County Schools	—	—	—	3,820	10	1.82
All Others	134,011		64.24	131,571		62.85
Total	208,616		100.00 %	209,350		100.00 %

*Covers a 10-year period

Participating Employers

Universities and Colleges

Abraham Baldwin Agricultural College
Albany State University
Armstrong Atlantic State University
Atlanta Metropolitan State College
Bainbridge College
Clayton State University
College of Coastal Georgia
Columbus State University
Dalton State College
Darton State College
East Georgia State College
Fort Valley State University
Gainesville State College
Georgia College and State University
Georgia Gwinnett College
Georgia Regents University
Georgia Highlands College
Georgia Institute of Technology
Georgia Perimeter College
Georgia Southern University
Georgia Southwestern State University
Georgia State University
Gordon State College
Kennesaw State University
Macon State College
Middle Georgia College
North Georgia College and State University
Savannah State University
Skidaway Institute of Oceanography
South Georgia College
Southern Polytechnic State University
University of Georgia
University of West Georgia
Valdosta State University
Waycross College

Boards of Education

Appling County
Atkinson County
Atlanta City
Bacon County
Baker County

Boards of Education cont.

Baldwin County
Banks County
Barrow County
Bartow County
Ben Hill County
Berrien County
Bibb County
Bleckley County
Brantley County
Bremen City
Brooks County
Bryan County
Buford City
Bulloch County
Burke County
Butts County
Calhoun City
Calhoun County
Camden County
Candler County
Carroll County
Carrollton City
Cartersville City
Catoosa County
Charlton County
Chatham County
Chattahoochee County
Chattooga County
Cherokee County
Chickamauga City
Clarke County
Clay County
Clayton County
Clinch County
Cobb County
Coffee County
Colquitt County
Columbia County
Commerce City
Cook County
Coweta County
Crawford County
Crisp County
Dade County

Boards of Education cont.

Dalton City
Dawson County
Decatur City
Decatur County
Dekalb County
Dodge County
Dooly County
Dougherty County
Douglas County
Dublin City
Early County
Echols County
Effingham County
Elbert County
Emanuel County
Evans County
Fannin County
Fayette County
Floyd County
Forsyth County
Franklin County
Fulton County
Gainesville City
Gilmer County
Glascock County
Glynn County
Gordon County
Grady County
Greene County
Griffin-Spalding County
Gwinnett County
Habersham County
Hall County
Hancock County
Haralson County
Harris County
Hart County
Heard County
Henry County
Houston County
Irwin County
Jackson County
Jasper County
Jeff Davis County

Participating Employers

Boards of Education cont.

Jefferson City
Jefferson County
Jenkins County
Johnson County
Jones County
Lamar County
Lanier County
Laurens County
Lee County
Liberty County
Lumpkin County
Macon County
Madison County
Marietta City
Marion County
McDuffie County
McIntosh County
Meriwether County
Miller County
Mitchell County
Monroe County
Montgomery County
Morgan County
Murray County
Muscogee County
Newton County
Oconee County
Oglethorpe County
Paulding County
Peach County
Pelham City
Pickens County
Pierce County
Pike County
Polk School District
Pulaski County
Putnam County
Quitman County
Rabun County
Randolph County
Richmond County
Rockdale County

Boards of Education cont.

Rome City
Schley County
Screven County
Seminole County
Social Circle City
Stephens County
Stewart County
Sumter County
Talbot County
Taliaferro County
Tattnall County
Taylor County
Telfair County
Terrell County
Thomas County
Thomasville City
Thomaston-Upson County
Tift County
Toombs County
Towns County
Treutlen County
Trion City
Troup County
Turner County
Twiggs County
Union County
Valdosta City
Vidalia City
Walker County
Walton County
Ware County
Warren County
Washington County
Wayne County
Webster County
Wheeler County
White County
Whitfield County
Wilcox County
Wilkes County
Wilkinson County
Worth County

Public Libraries

Athens Regional Library
Barnesville-Lamar County Library
Bartow County Library
Bartram Trail Regional Library
Brooks County Library
Camden County Library
Chatsworth-Murray County Library
Chattooga County Library
Cherokee Regional Library
Chestatee Regional Library
Clayton County Regional Library
Coastal Plains Regional Library
Cobb County Public Library
Conyers-Rockdale Library
Coweta County Public Library
Dekalb County Public Library
Desota Trail Regional Library
Dougherty County Public Library
East Central Georgia Regional Library
Elbert County Public Library
Fitzgerald-Ben Hill County Library
Flint River Regional Library
Forsyth County Public Library
Gwinnett County Public Library
Hall County Library
Hart County Library
Hawkes Library
Henry County Library
Houston County Public Library
Jefferson County Library
Kinchafoonee Regional Library
Lake Blackshear Regional Library
Lee County Public Library
Lincoln County Library
Live Oak Public Library
Mary Vinson Memorial Library
Middle Georgia Regional Library
Moultrie-Colquitt County Library
Mountain Regional Library
Newton County Library
Northeast Georgia Regional Library
Northwest Georgia Regional Library
Ocmulgee Regional Library

Participating Employers

Public Libraries cont.

Oconee Regional Library
Ohoopee Regional Library
Okefenokee Regional Library
Peach Public Library
Piedmont Regional Library
Pine Mountain Regional Library
Roddenberry Memorial Library
Sara Hightower Regional Library
Satilla Regional Library
Screven-Jenkins Regional Library
Sequoyah Regional Library
South Georgia Regional Library
Southwest Georgia Regional Library
Statesboro Regional Library
Thomas County Public Library
Three Rivers Regional Library
Troup-Harris-Coweta Regional Library
Uncle Remus Regional Library
Warren County Public Library
West Georgia Regional Library
Worth County Library System

Technical Colleges

Albany Technical College
Altamaha Technical College
Athens Technical College
Atlanta Technical College
Augusta Technical College
Central Georgia Technical College
Chattahoochee Technical College
Columbus Technical College
Georgia Northwestern Technical College
Georgia Piedmont Technical College
Gwinnett Technical College
Heart of Georgia Technical College
Lanier Technical College
Middle Georgia Technical College
Moultrie Technical College
North Georgia Technical College
Ogeechee Technical College
Okefenokee Technical College

Technical Colleges cont.

Sandersville Technical College
Savannah Technical College
South Georgia Technical College
Southeastern Technical College
Southern Crescent Technical College
Southwest Georgia Technical College
West Georgia Technical College
Wiregrass Georgia Technical College

Regional Educational Service Agencies

Central Savannah River Area RESA
Chattahoochee Flint RESA
Coastal Plains RESA
First District RESA
Griffin RESA
Heart of Georgia RESA
Metro RESA
Middle Georgia RESA
North Georgia RESA
Northeast Georgia RESA
Northwest Georgia RESA
Oconee RESA
Okefenokee RESA
Pioneer RESA
Southwest Georgia RESA
West Georgia RESA

Charter Schools

Academy of Lithonia Charter
Academy of Mableton
Academy of Smyrna Charter
Amana Academy
Atlanta Heights Charter School
Atlanta Neighborhood Charter School
Atlanta Preparatory Academy
Baconton Community Charter School
Brighten Academy
Challenge Charter Academy
Chancellor Beacon Academy

Participating Employers

Charter Schools cont.

Charles Drew Charter School
Charter Conservatory for Liberal Arts and Technology, Inc.
Cherokee Charter Academy
Coweta Academy Charter
Dekalb Academy of Technology
Dekalb Path Academy
Dekalb Preparatory Academy
Destiny Achievers Academy of Excellence
Fulton Leadership Academy
Fulton Science Academy High
Fulton Science Academy Charter School
Fulton Sunshine Academy
Georgia Magnet Charter School
Georgia Connections Academy
Imagine Wesley International Academy
International Community Charter School
Ivy Preparatory Academy
Ivy Preparatory Academy for Girls
Ivy Preparatory Young Men's Leadership Academy
Kennesaw Charter Science
Kipp Metro Atlanta Collaborate
Kipp South Fulton Academy
Latin Academy Charter School
Leadership Preparatory Academy
Lewis Academy of Excellence
Main Street Academy
Marietta Charter School
Mountain Education Center
Museum School of Avondale
Neighborhood Charter School
New Life Academy of Excellence
Odyssey Charter School
Provost Academy Georgia
Pataula Charter Academy
Scholars Academy Inc.
Southeast Atlanta Charter Schools
T.E.A.C.H. Charter School
Tech High School
The Kindezi School
University Community Academy

State Agencies

Board of Regents
Cooperative Extension Service
Department of Behavioral Health and Developmental Disabilities
Department of Community Health
Department of Corrections
Department of Human Services
Department of Juvenile Justice
Department of Natural Resources
Department of Public Safety
Georgia Department of Driver Services
Georgia Department of Economic Development
Georgia Department of Agriculture
Georgia Department of Audits and Accounts
Georgia Department of Early Care and Learning
Georgia Department of Education
Georgia Department of Labor
Georgia Environmental Finance Authority
Georgia General Assembly
Georgia Public Defender Standards Council
Georgia Public Telecommunications
Georgia Regional Transportation Authority
Georgia Student Finance Commission
Office of Planning and Budget
Secretary of State
State Accounting Office
State Road Toll and Authority
Technical College System of Georgia

Other

Baldwin County Board of Health
Bryan County Health Department
Dekalb County Department of Family and Children Services
Effingham County Tax Office
Floyd County Department of Family and Children Services
Georgia Military College
Glynn County Health Department
Hall County Department of Family and Children Services
Henry County Health Department
Lowndes County Department of Family and Children Services
Mitchell Baker Services
Ware County Health Department




Teachers Retirement System of Georgia

www.trsga.com

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