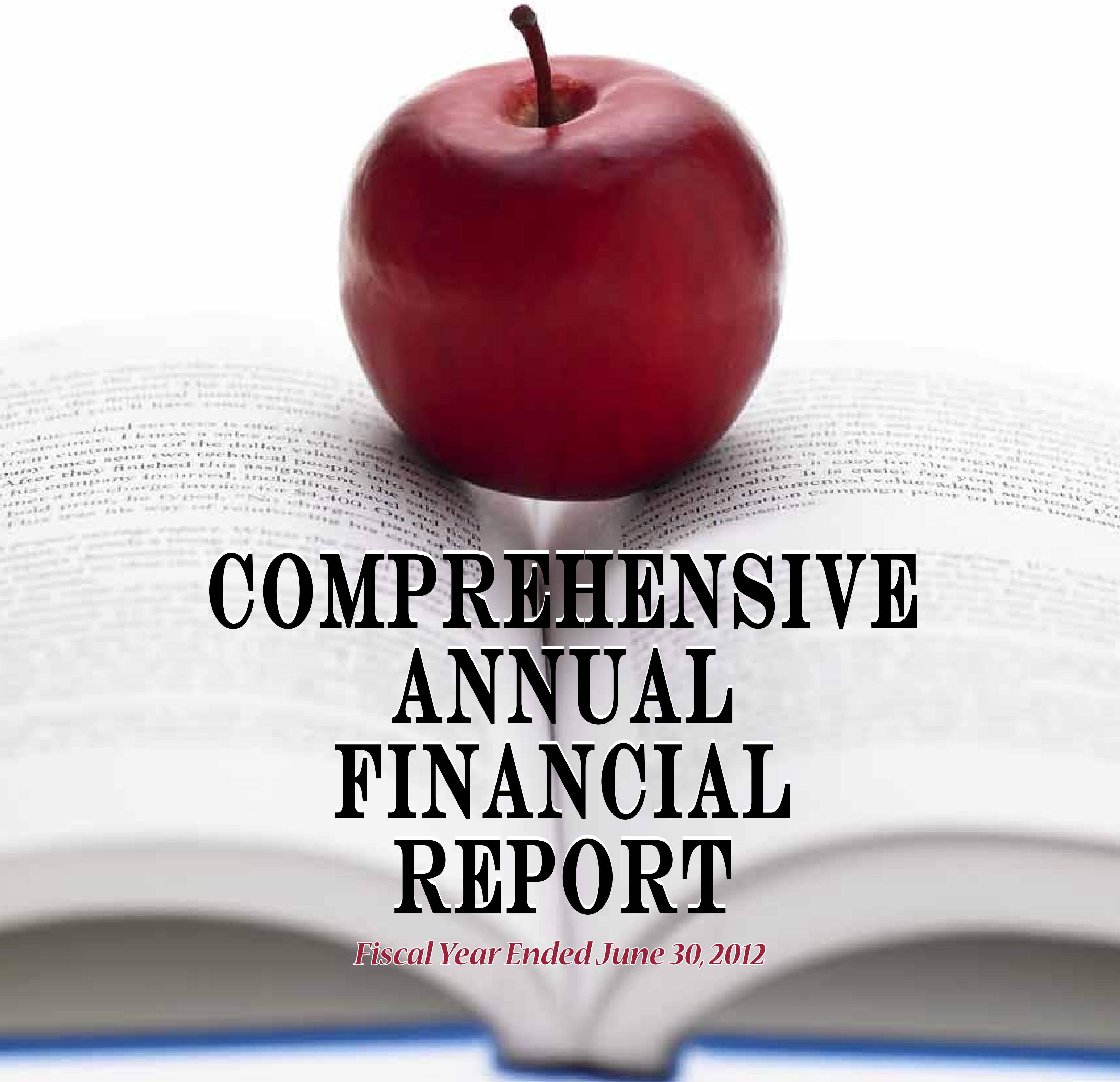
TEACHERS RETIREMENT SYSTEM OF GEORGIA

A Component Unit of the State of Georgia



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012

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

JEFFREY L. EZELL
EXECUTIVE DIRECTOR

TEACHERS RETIREMENT SYSTEM OF GEORGIA

A Component Unit of the State of Georgia

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CERTIFICATE OF ACHIEVEMENT

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P Morrill
President

Jeffrey R. Esser
Executive Director

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
_2011_

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
Program Administrator

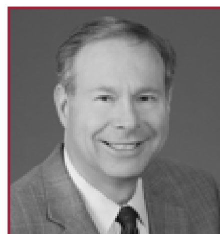
BOARD OF TRUSTEES
as of December 1, 2012

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 6/30/13

* Investment Committee Member

LETTER OF TRANSMITTAL

Teachers Retirement System of Georgia

Jeffrey L. Ezell
Executive Director

December 14, 2012
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, 2012. 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, 2011. This was the 24th 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 399,000 active and retired members, and 404 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 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. 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 Net Assets, Changes in Net Assets, 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 84.0% for the fiscal year ended June 30, 2011. 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 maintain the security and financial stability of the System, as well as enhance the quality of service delivered to our customers.

We conducted a self-review of the agency to ensure the continued financial stability of the System. TRS discontinued the discretionary increase granted to members at retirement 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. TRS also changed the method used to calculate interest on service purchases. Effective April 1, 2012, our long-term discounted rate of return, currently 7.5%, is used to calculate the amount of interest charged to purchase additional service credit.

Enhanced fraud detection procedures allowed TRS to recover over $1.3 million in erroneously paid benefits to retirees and beneficiaries. Our Overpayment Recovery team specifically focuses on retrieving funds that were received by persons not allowed by Georgia law to receive a TRS benefit payment. Monitoring and identifying accounts for fraud (i.e. benefit payments being made to a deceased retiree) has allowed the State of Georgia to successfully prosecute several individuals who defrauded TRS.

Maintaining a secure technology system requires continuous monitoring to maintain the integrity and confidentiality of our data and ensure your online safety when transacting business with TRS via the internet. Our Information Technology division passed two Network Infrastructure Security Audits conducted by a private sector security firm. Disaster Recovery ability was improved by moving 830,000 staff created documents stored in network directories to the Storage Array Network device, eliminating continued support and replacement of server equipment in our on-site data center.

Our online processes for retirement applications and TRS retiree work approvals were improved and upgraded. Approximately 50% of all new retirement applications were received via the online process, reducing the amount of paper forms and errors submitted. Enhancements to our online system for employers to receive pre-approval to hire a TRS retiree have greatly benefitted our customers and staff. The monitoring tools utilized in our online process require employers to report employment for retirees on a timelier basis to ensure compliance with state law.

We created digital customer satisfaction surveys to decrease time spent collecting and developing survey data and increase customer response rates. Survey data is now easily accessible, response rates have risen to 25%, and customer satisfaction may be reviewed at any time.

The TRS customer and employer self-service web portals were enhanced to provide a simpler registration process, easier navigation, and a browser compatibility check.

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 plan net assets and the related statements of changes in plan net assets 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, 2012	June 30, 2011	% Change
Member Contributions	$ 601,512,000	$ 604,126,000	− 0.4
Employer Contributions	$ 1,082,224,000	$ 1,089,912,000	− 0.7
Interest and Dividend Income	$ 1,253,880,000	$ 1,237,026,000	+ 1.4
Benefits Paid to Retired Members	$ 3,277,552,000	$ 3,041,503,000	+ 7.8
Member Withdrawals	$ 72,157,000	$ 67,916,000	+ 6.2
Interest Credited to Member Contributions	$ 273,375,000	$ 263,206,000	+ 3.9

Statistical Highlights	2012	2011	% Change
Active Membership	213,675	216,167	− 1.2
Members Leaving the System	8,423	8,106	+ 3.9
Retired Members	97,323	92,180	+ 5.6
Average Monthly Benefit	$ 2,806	$ 2,750	+ 2.0

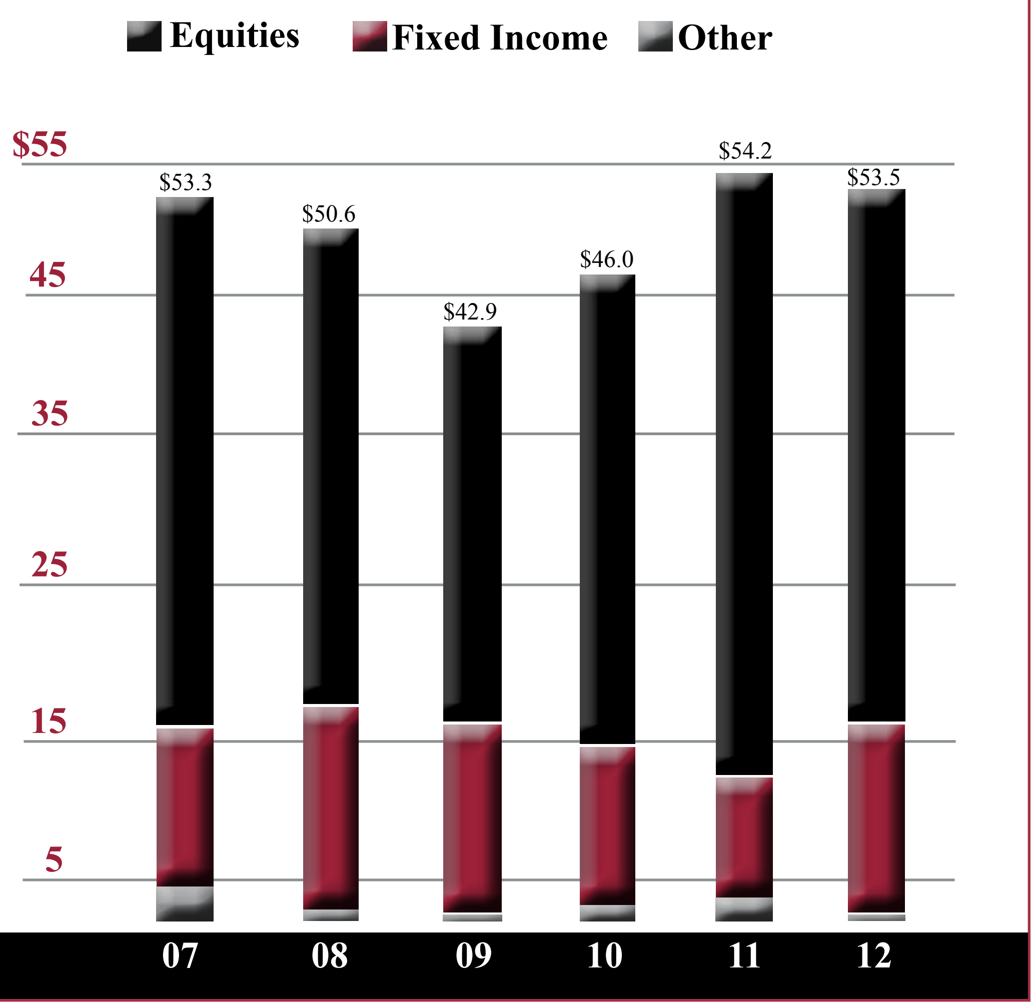
SYSTEM ASSETS

Total System Assets at June 30 (in thousands)

	2007	2008	2009	2010	2011	2012
Equities	$32,928,370	$29,530,826	$23,733,154	$28,237,867	$37,567,598	$37,190,400
Fixed Income	17,115,170	19,801,442	17,944,548	16,075,686	14,386,920	15,188,293
Other[1]	3,249,443	1,287,660	1,175,665	1,675,244	2,196,449	1,154,311
Total System Assets	$53,292,983	$50,619,928	$42,853,367	$45,988,797	$54,150,967	$53,533,004

[1] Includes receivables, cash and cash equivalents, short-term securities, 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
Ira Slade, M.D.
Griffin, Georgia
Joseph W. Stubbs, M.D.
Albany, Georgia

Investment Advisors*

Albritton Capital Management
Barrow, Hanley, Mewhinney & Strauss
Cooke & Bieler
Denver Investment Advisors
Fisher Investments
Mesirow Financial Investment Management
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.

SUMMARY OF PLAN PROVISIONS

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 in covered positions of the state's public school systems, technical colleges, Regional Educational Service Agency (RESA) units, and all colleges and universities comprising the University System of Georgia who are employed one-half time or more, except eligible faculty members electing to participate in the Board of Regents of the University System of Georgia Optional Retirement Plan, are required to be members of the System as a condition of employment.

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.

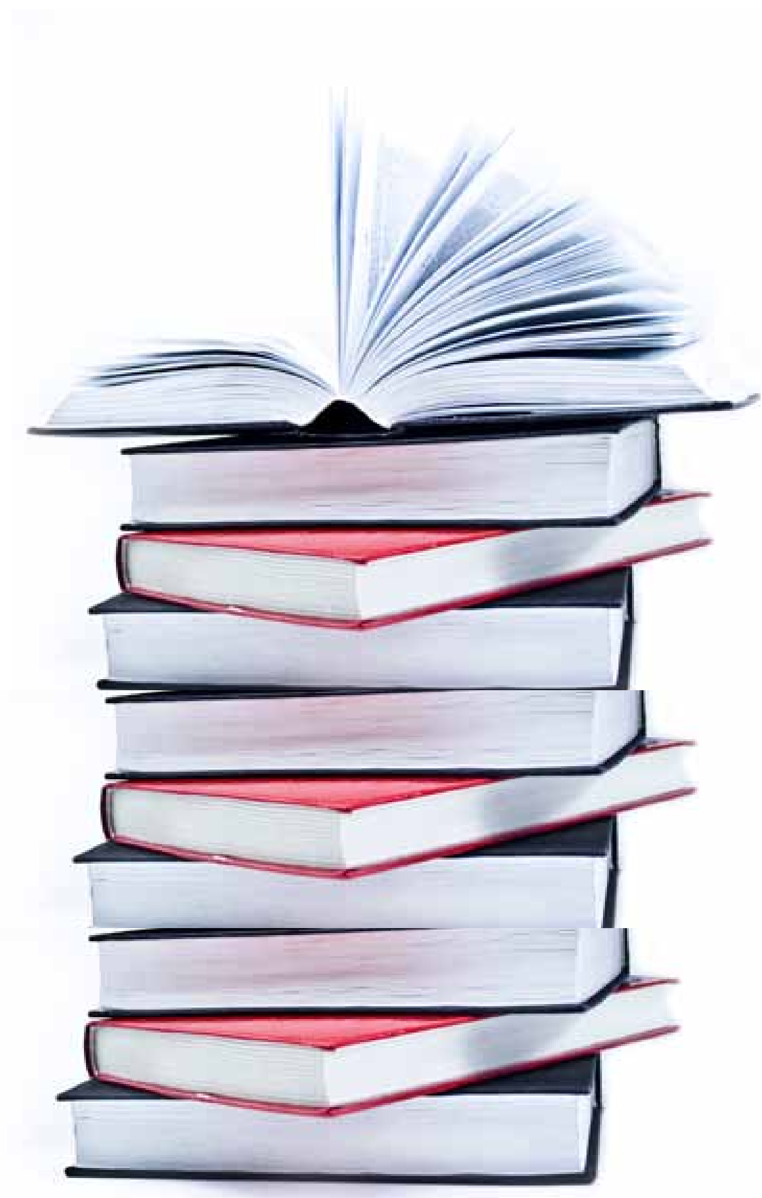
A member is eligible to participate in the Partial Lump-Sum Option Plan if he or she meets the following criteria. A member must:

- 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, 5.53% of annual salary; employer contributions, 10.28% of annual salary; and investment income.



INDEPENDENT AUDITORS' REPORT

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

The Board of Trustees

Teachers Retirement System of Georgia:

We have audited the accompanying financial statements of Teachers Retirement System of Georgia (the System), a component unit of the State of Georgia, as of June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in financial position for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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, respectively, 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The introductory section, schedules of administrative expenses, investment expenses, and investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of administrative expenses and investment expenses have 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 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 taken as a whole. The investment, actuarial, and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 any assurance on them.

KPMG LLP

December 14, 2012

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, 2012 and 2011. 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, 2012, the System's assets exceeded its liabilities by $53.5 billion (reported as net assets) as compared to the net assets of $54.1 billion at June 30, 2011, representing a decrease of $597 million. At June 30, 2011, the System's assets exceeded its liabilities by $54.1 billion (reported as net assets) as compared to the net assets of $45.9 billion at June 30, 2010, representing an increase of $8.2 billion.
- 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. Contributions from members increased by $11.9 million or 2.0% from $592.2 million in 2010 to $604.1 million in 2011. Contributions by employers increased by $32.5 million or 3.1% from $1.06 billion in 2010 to $1.09 billion in 2011. The decrease in 2012 is due to a decrease in the number of active members. The increase in 2011 is due to a contribution rate increase, which offset a decrease in the number of active members.
- Pension benefits paid to retirees and beneficiaries for the years ended June 30, 2012 and 2011 were $3.3 billion and $3.0 billion, representing increases of 7.8% and 8.6%, 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 plan net assets, (2) the statements of changes in plan net assets, 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 Plan Net Assets

The *Statements of Plan Net Assets* are the statements of financial position, presenting information that includes all of the System's assets and liabilities, with the balance reported as and representing the *Net Assets Held in Trust for Pension Benefits*. The investments of the System in this statement are presented at fair value. These statements are presented on page 18.

Statements of Changes in Plan Net Assets

The *Statements of Changes in Plan Net Assets* report how the System's net assets changed during the fiscal year. The additions and the deductions to net assets 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 assets at June 30, 2012, 2011, and 2010 is as follows (dollars in thousands):

	Net Assets June 30			2012		2011	
	2012	2011	2010	Amount Change	Percentage Change	Amount Change	Percentage Change
Assets:							
Cash and cash equivalents and receivables	$ 1,150,188	$ 2,192,314	$ 1,671,441	$ (1,042,126)	(47.5) %	$ 520,873	31.2 %
Investments	52,378,693	51,954,518	44,313,553	424,175	0.8 %	7,640,965	17.2 %
Capital assets, net	4,123	4,135	3,803	(12)	(0.3) %	332	8.7 %
Total Assets	53,533,004	54,150,967	45,988,797	(617,963)	(1.1) %	8,162,170	17.7 %
Liabilities:							
Due to brokers and accounts payable	45,855	66,791	63,248	(20,936)	(31.3) %	3,543	5.6 %
Net Assets	$ 53,487,149	$ 54,084,176	$ 45,925,549	$ (597,027)	(1.1) %	$ 8,158,627	17.8 %

The $597 million decrease in net assets from 2011 to 2012 is primarily due to benefit payments exceeding investment income, coupled with flat returns in the equities market in 2012. The $8.2 billion increase in net assets from 2010 to 2011 is principally related to the increase in the bond and equities markets. The changes in investments are analyzed below.

The following table presents the investment allocation at June 30, 2012, 2011, and 2010:

Asset Allocation at June 30 (in percentages)	2012	2011	2010
Equities:			
Domestic	54.1 %	54.3 %	47.1 %
International	16.9 %	18.0 %	16.6 %
Domestic Obligations:			
U.S. Treasuries	16.8 %	16.9 %	21.6 %
U.S. Agencies	—	—	1.9 %
Corporate and Other Bonds	10.5 %	8.6 %	10.5 %
International Obligations:			
Governments	1.1 %	1.6 %	1.6 %
Corporates	0.6 %	0.6 %	0.7 %

Asset Allocation at June 30 (in thousands)	2012	2011	2010
Equities:			
Domestic	$ 28,319,212	$ 28,213,774	$ 20,882,553
International	8,871,188	9,353,824	7,355,314
Domestic Obligations:			
U.S. Treasuries	8,805,401	8,788,194	9,553,851
U.S. Agencies	—	—	826,903
Corporate and Other Bonds	5,502,619	4,478,009	4,675,613
International Obligations:			
Governments	565,453	797,514	701,546
Corporates	314,820	323,203	317,773
	$ 52,378,693	$ 51,954,518	$ 44,313,553

Financial Analysis of the System continued

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 total investment portfolio at June 30, 2011 increased $7.6 billion from June 30, 2010, which is primarily due to the increase in the bond and equities markets in 2011.

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.

The investment rate of return in fiscal year 2011 was 21.3%, with a 32.2% return for equities and a 3.2% return for fixed income compared to an investment rate of return in fiscal year 2010 of 11.1%, with a 13.8% return for equities and an 8.7% return for fixed income. The five-year annualized rate of return on investments at June 30, 2011 was 5.3% with a 3.3% return on equities and a 6.9% return on fixed income.

A summary of the changes in the System's net assets for the years ended June 30, 2012, 2011, and 2010 is as follows (dollars in thousands):

	Changes in Net Assets			2012		2011	
	2012	2011	2010	Amount Change	Percentage Change	Amount Change	Percentage Change
Additions:							
Member Contributions	$ 601,512	$ 604,126	$ 592,264	$ (2,614)	(0.4)%	$ 11,862	2.0 %
Employer Contributions	1,082,224	1,089,912	1,057,416	(7,688)	(0.7)%	32,496	3.1 %
Net Investment Income	1,090,900	9,594,994	4,671,571	(8,504,094)	(88.6)%	4,923,423	105.4 %
Total Additions	2,774,636	11,289,032	6,321,251	(8,514,396)	(75.4)%	4,967,781	78.6 %
Deductions:							
Benefit Payments	3,277,552	3,041,503	2,800,424	236,049	7.8 %	241,079	8.6 %
Refunds	72,157	67,916	53,638	4,241	6.2 %	14,278	26.6 %
Administrative Expenses	21,954	20,986	20,223	968	4.6 %	763	3.8 %
Total Deductions	3,371,663	3,130,405	2,874,285	241,258	7.7 %	256,120	8.9 %
Net Increase (Decrease) in Plan Net Assets	$ (597,027)	$ 8,158,627	$ 3,446,966	$(8,755,654)	(107.3)%	$ 4,711,661	136.7 %

Additions

The System accumulates resources needed to fund benefits through contributions and returns on invested funds. Member contributions decreased 0.4% in 2012 primarily because of a decrease in the number of active members during the fiscal year. Member contributions increased 2.0% in 2011 primarily because of an increase in the employee contribution rate to 5.53% from 5.25% in 2010. 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. Employer contributions increased 3.1% in 2011 as a result of an increase in the employer contribution rate to 10.28% from 9.74% in 2010. This rate increase offset a decrease in the number of active members during the fiscal 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 bond market in 2012 and the bond and equities market in 2011.

Deductions

Deductions increased 7.7% in 2012 and increased 8.9% in 2011, primarily because of the 7.8% and 8.6% 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 97,323 in 2012 from 92,180 in 2011 and 87,017 in 2010; 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, 2011 actuarial valuation, which is the latest valuation available, 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 June 30, 2010 actuarial valuation indicates that the actuarial value of assets was $54.5 billion and that the actuarial accrued liability was $63.6 billion. This results in a funding ratio of 85.7%.

The System used a smoothed valuation interest rate methodology for the June 30, 2011 and June 30, 2010 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.

STATEMENTS OF PLAN NET ASSETS

June 30, 2012 and 2011 (in thousands)

	2012	2011
Assets		
Cash and Cash Equivalents	$ 806,883	$ 1,862,651
Receivables:		
Interest and Dividends	182,391	169,621
Due from Brokers for Securities Sold	29,511	25,162
Member and Employer Contributions	130,553	133,864
Other	850	1,016
Total Receivables	343,305	329,663
Investments – at fair value:		
Domestic Obligations:		
U.S. Treasuries	8,805,401	8,788,194
Corporate and Other Bonds	5,502,619	4,478,009
International Obligations:		
Governments	565,453	797,514
Corporates	314,820	323,203
Equities:		
Domestic	28,319,212	28,213,774
International	8,871,188	9,353,824
Total Investments	52,378,693	51,954,518
Capital Assets, net	4,123	4,135
Total Assets	53,533,004	54,150,967
Liabilities		
Due to Brokers for Securities Purchased	39,407	60,657
Accounts Payable and Other	6,448	6,134
Total Liabilities	45,855	66,791
Net Assets Held in Trust for Pension Benefits	$ 53,487,149	$ 54,084,176

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

Years ended June 30, 2012 and 2011 (in thousands)

	2012	2011
Net Assets Held in Trust for Pension Benefits - Beginning of year	$ 54,084,176	$ 45,925,549
Additions:		
Contributions:		
Employer	1,082,224	1,089,912
Member	601,512	604,126
Investment Income:		
Net Increase (Decrease) in Fair Value of Investments	(139,578)	8,383,204
Interest, Dividends, and Other	1,253,880	1,237,026
Total	1,114,302	9,620,230
Less Investment Expense	23,402	25,236
Net Investment Income	1,090,900	9,594,994
Total Additions	2,774,636	11,289,032
Deductions:		
Benefit Payments	3,277,552	3,041,503
Refunds of Member Contributions	72,157	67,916
Administrative Expenses, net	21,954	20,986
Total Deductions	3,371,663	3,130,405
Net Increase (Decrease)	(597,027)	8,158,627
Net Assets Held in Trust for Pension Benefits - End of year	$ 53,487,149	$ 54,084,176

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. 14, *The Financial Reporting Entity.* The concept underlying the definition of the reporting entity is that elected officials are accountable. 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, 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, non-vested	**80,563**
Active plan members	**213,675**
Total	**399,813**
Employers	**404**

As of June 30, 2011, participation in the System is as follows:

Retirees and beneficiaries currently receiving benefits	**92,180**
Terminated employees not yet receiving benefits, vested	**7,677**
Terminated employees, non-vested	**78,724**
Active plan members	**216,167**
Total	**394,748**
Employers	**399**

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

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 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 %**

Contributions required for fiscal year 2011 were based on the June 30, 2008 actuarial valuation as follows:

Member	**5.53 %**
Employer:	
Normal	**7.70 %**
Unfunded accrued liability	**2.58 %**
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 assets held in trust 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, 2012 and 2011, there were 41 and 27 members, respectively, eligible to participate in this portion of the System. Employer contributions of $763,000 and $492,000 and retirement payments of $721,000 and $495,000 under the SRBP are included in the statements of changes in plan net assets for the years ended June 30, 2012 and 2011, 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 2012, the System adopted the provisions of GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider and to establish when hedge accounting should continue to be applied. There are no applicable reporting or disclosure requirements for the System in fiscal year 2012.

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 plan net assets 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 plan net assets 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 $406,882,681 at June 30, 2012, with actual bank balances of $415,922,565. 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 $400,000,000 and $1,561,593,000 at June 30, 2012 and 2011, respectively.

C. Investment Program continued

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, 2012, the System held U.S. Treasury bonds of $8,805,401,190 and international government bonds of $565,452,360. At June 30, 2011, the System held U.S. Treasury bonds of $8,788,193,830 and international government bonds of $797,514,210.
- Corporate bonds with at least an "A" rating by a national rating agency. At June 30, 2012, the System held U.S. corporate bonds of $5,502,619,300 and international corporate bonds of $314,820,000. At June 30, 2011, the System held U.S. corporate bonds of $4,478,008,640 and international corporate bonds of $323,202,600.
- Obligations unconditionally guaranteed by agencies of the U.S. Government. At June 30, 2012 and 2011, the System did not hold agency bonds.
- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2012 and 2011, 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 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, 2012, the System held domestic equities of $28,319,212,303. At June 30, 2011, the System held domestic equities of $28,213,774,474.
- 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, 2012, the System held ADRs of $8,363,936,792 and international equities of $507,251,220. At June 30, 2011, the System held ADRs of $9,342,148,371 and international equities of $11,675,832.

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

Quality Ratings of Fixed Income Investments
Held at June 30, 2012 and 2011

Investment type	Standard and Poor's/ Moody's quality rating	June 30, 2012 fair value	June 30, 2011 fair value
Domestic Obligations:			
U.S. Treasuries		$ 8,805,401,190	$ 8,788,193,830
Corporates	AAA/Aaa	647,318,970	621,813,380
	AA/Aa	1,394,995,370	2,723,305,790
	AA/A	2,024,581,200	533,298,040
	A/A	1,435,723,760	599,591,430
Total Corporates		5,502,619,300	4,478,008,640
International Obligations:			
Governments	AAA/Aaa	246,037,260	237,765,510
	AA/Aa	319,415,100	321,902,610
	NR/Aa	—	237,846,090
Total Governments		565,452,360	797,514,210
Corporates	AA/Aa	314,820,000	323,202,600
Total Fixed Income Investments		$ 15,188,292,850	$ 14,386,919,280

C. Investment Program continued

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 notation NR represents those securities that are not rated. 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, 2012 and 2011, are shown in the chart above.

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 $400,000,000, as of June 30, 2012 and $1,561,593,000, as of June 30, 2011.

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, 2012 and 2011, 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 assets.

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 on the next page quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

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

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*

Fixed income and repurchase agreements security type	Fair value, June 30, 2011	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
Domestic Obligations:			
U.S. Treasuries	$ 8,788,193,830	55.1 %	5.2
Corporates	4,478,008,640	28.1 %	5.1
International Obligations:			
Governments	797,514,210	5.0 %	4.0
Corporates	323,202,600	2.0 %	2.0
Repurchase Agreements	1,561,593,000	9.8 %	—
Total	$ 15,948,512,280	100.0 %	4.6*

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

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 115% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $15,413,474,261 and $10,449,559,639 at June 30, 2012 and 2011, respectively. The collateral value was equal to 104.2% and 105.5% of the loaned securities' value at June 30, 2012 and 2011, 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 plan net assets since the System maintains ownership. The related collateral securities are not recorded as assets on the System's statements of plan net assets, 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,

D. Investments Lending Program continued

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, 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

E. Capital Assets continued

	Balance at June 30, 2010	Additions	Disposals	Balance at June 30, 2011
Capital Assets:				
Land	$ 944,225	$ —	$ —	$ 944,225
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	437,522	16,993	—	454,515
Computer Equipment	1,427,761	722,184	(89,995)	2,059,950
Computer Software	14,979,713	—	—	14,979,713
	20,589,221	739,177	(89,995)	21,238,403
Accumulated Depreciation For:				
Building	(420,000)	(70,000)	—	(490,000)
Furniture and Fixtures	(359,472)	(31,963)	—	(391,435)
Computer Equipment	(1,026,936)	(290,636)	75,390	(1,242,182)
Computer Software	(14,979,713)	—	—	(14,979,713)
	(16,786,121)	(392,599)	75,390	(17,103,330)
Capital Assets, Net	$ 3,803,100	$ 346,578	$ (14,605)	$ 4,135,073

During fiscal years 2012 and 2011, 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:

	2012	2011
Salaries and Employee Benefits	$ 24,133,137	$ 22,827,280
Other Operating Expenses	3,712,639	3,690,273
Total Administrative Expenses	27,845,776	26,517,553
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	5,892,039	5,531,669
Net Administrative Expenses	$ 21,953,737	$ 20,985,884

G. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, 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]
$ 55,427,716	$ 65,978,640	$ 10,550,924	84.0%	$ 10,099,278	104.5%

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, 2011
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

REQUIRED SUPPLEMENTARY SCHEDULES
(Unaudited)

Schedule of Funding Progress (Dollars in thousands)

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]
6/30/06	$ 49,263,027	$ 51,059,681	$ 1,796,654	96.5%	$ 8,785,985	20.4 %
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

*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)

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	$ 855,626	100%
2007	927,371	100
2008	986,759	100
2009	1,026,287	100
2010	1,057,416	100
2011	1,089,912	100

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

Notes to Required Supplementary Schedules

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, 2011	June 30, 2010
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, 2012 and 2011

	2012	2011
Personal Services:		
Salaries and Wages	$ 16,369,027	$ 16,400,641
Retirement Contributions	1,687,914	1,555,558
Health Insurance	4,976,291	3,775,727
FICA	962,170	957,619
Miscellaneous	137,735	137,735
Total Personal Services	24,133,137	22,827,280
Communications:		
Postage	222,894	275,785
Publications and Printing	272,439	242,753
Telecommunications	147,835	141,153
Travel	107,433	91,295
Total Communications	750,601	750,986
Professional Services:		
Computer Services	986,007	1,066,939
Contracts	3,850	2,915
Actuarial Services	213,457	198,243
Audit Fees	129,105	123,300
Legal Services	41,635	38,589
Medical Services	77,028	107,100
Total Professional Services	1,451,082	1,537,086
Management Fees:		
Building Maintenance	724,875	724,875
Total Management Expenses	724,875	724,875
Other Services and Charges:		
Temporary Services	—	4,000
Repairs and Maintenance	7,723	7,877
Supplies and Materials	290,596	131,172
Courier Services	—	15,079
Depreciation Expense	359,319	392,599
Loss on Disposal of Equipment	—	14,605
Miscellaneous	128,443	111,994
Total Other Services and Charges	786,081	677,326
Total Administrative Expenses	27,845,776	26,517,553
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	5,892,039	5,531,669
Net Administrative Expenses	$ 21,953,737	$ 20,985,884

See accompanying independent auditors' report.

SCHEDULE OF INVESTMENT EXPENSES

For the Years ended June 30, 2012 and 2011

	2012	2011
Investment Advisory and Custodial Fees	$ 21,378,465	$ 23,164,662
Miscellaneous	2,023,912	2,071,845
Total Investment Expenses	$ 23,402,377	$ 25,236,507

See accompanying independent auditors' report.

INVESTMENT OVERVIEW

It is déjà vu with respect to our comments on the economy versus last year. We are still dealing with the European financial crises and a problematic employment situation. Global economic growth remains tepid, but the US has been a relative bright spot. Unfortunately, improvements in this scenario are likely to be slow as we deal with a global deleveraging cycle.

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 a long period 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.

The economy grew during the past fiscal year, although at a slow pace. Housing is beginning to improve due to low mortgage rates and a reduction of supply, as banks work through their book of bad loans. Growth in employment, or rather the lack thereof, remains the largest single factor plaguing the economy. While employment has improved some, it has been at a painfully slow rate. On the other hand corporations have a lot of cash on their balance sheets, are buying back stock and increasing dividends. Profits at S&P 500 companies increased 10.6% during the past year.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the most 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 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. The 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," second edition.

While the economy improved some over the past year, the domestic equity markets were mixed and foreign indexes were decidedly negative. The return for the S&P 500 was 5.4% and the Dow Jones Industrial Average rose 6.6%. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets. The MSCI EAFE Index had a -13.8% return and the MSCI Emerging Market Index had a return of -15.9%.

Large cap stocks had the best performance domestically last year. In a flip flop from last year, the S&P 400 Mid Capitalization Index underperformed both the S&P 500 and S&P 600 with a return of -2.3%. The S&P 600 Small Capitalization Index rose 1.4%.

Equity returns were the result of a confluence of events ranging from the problems in Europe to the positive effects of quantitative easing. Domestic corporate profits improved due primarily to continued cost cutting and uneven, but positive consumer demand. The cause of weak foreign returns can be attributed to the slowdown in world economic growth due to the European crisis.

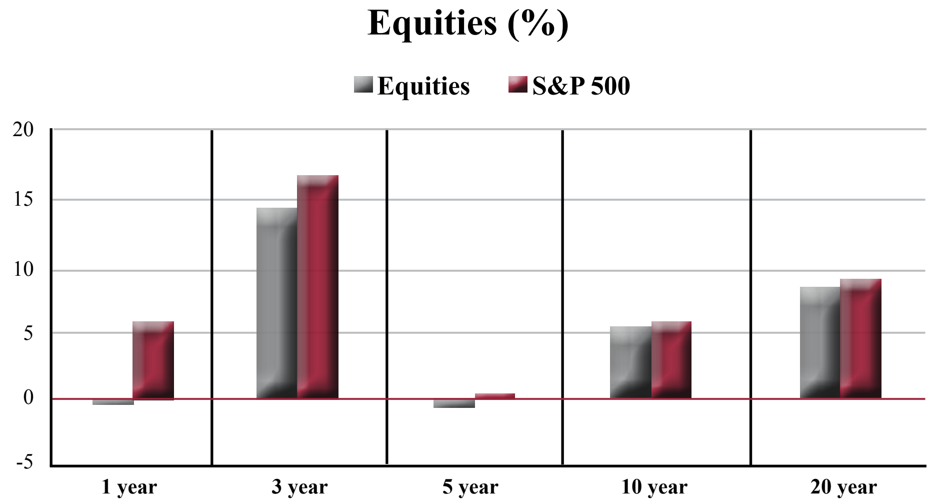
Fixed income had good returns this year as bonds reacted favorably to quantitative easing and tightening credit spreads. Yields on long-term Treasury bonds began the period at 4.4% and ended the year at 2.8%. Overall the ten-year U.S. Treasury note returned 17.4% and the thirty-year U.S. Treasury bond returned 38.8%. The return on short-term Treasury bills was negligible.

Our primary benchmark, the Barclays Government/Credit Index rose 8.8%. It is a broad index containing higher yielding corporate bonds as well as Treasuries. Higher quality bonds underperformed lower quality bonds as evidenced by the 8.0% return for AAA & AA rated bonds versus 10.4% for BBB rated bonds.

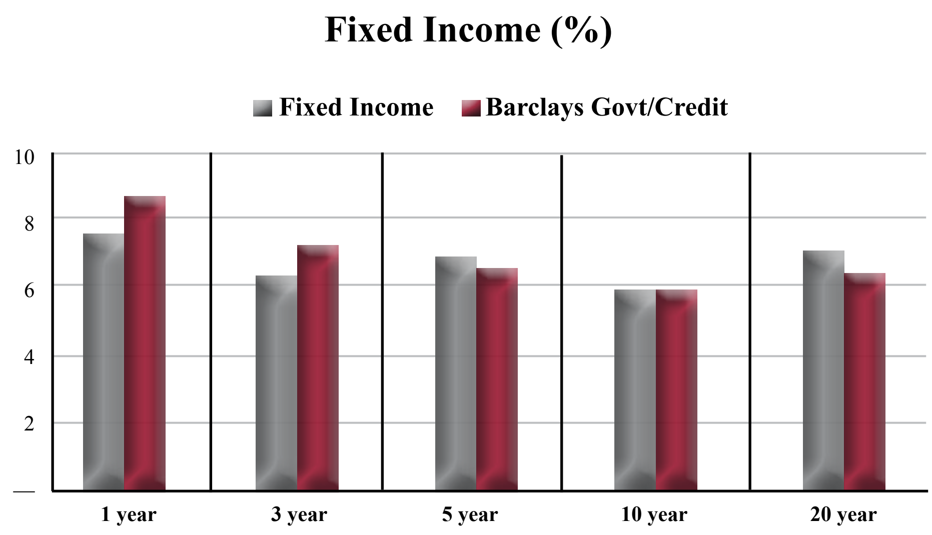
In summary, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of "Conservatism" and "Conservation of Capital."

Prepared by the Division of Investment Services

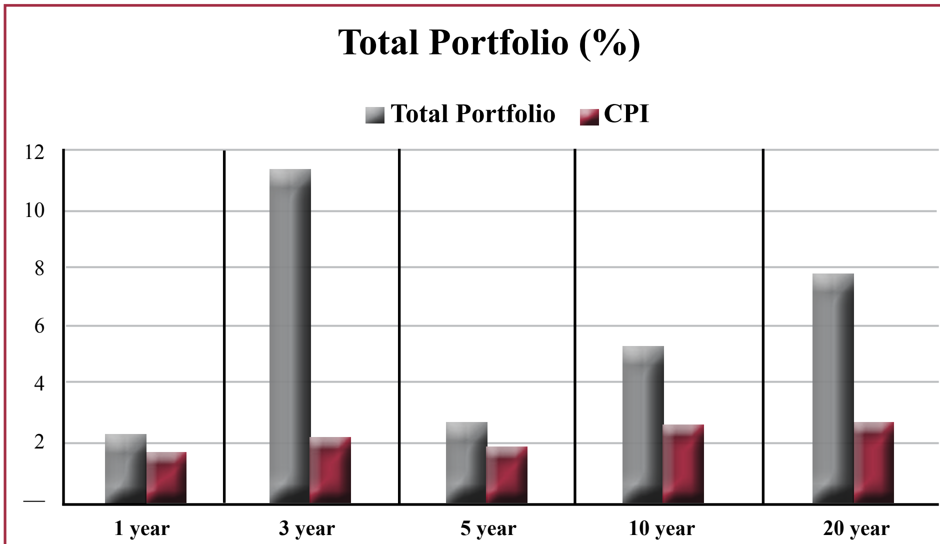
RATES OF RETURN



	Equities	S&P 500
1 Year	(0.22)	5.45
3 Year	14.39	16.40
5 Year	(0.51)	0.22
10 Year	5.13	5.33
20 Year	8.01	8.34



	Fixed Income	Barclays Govt/ Credit
1 Year	7.47	8.78
3 Year	6.34	7.34
5 Year	7.16	6.90
10 Year	5.79	5.79
20 Year	7.26	6.57

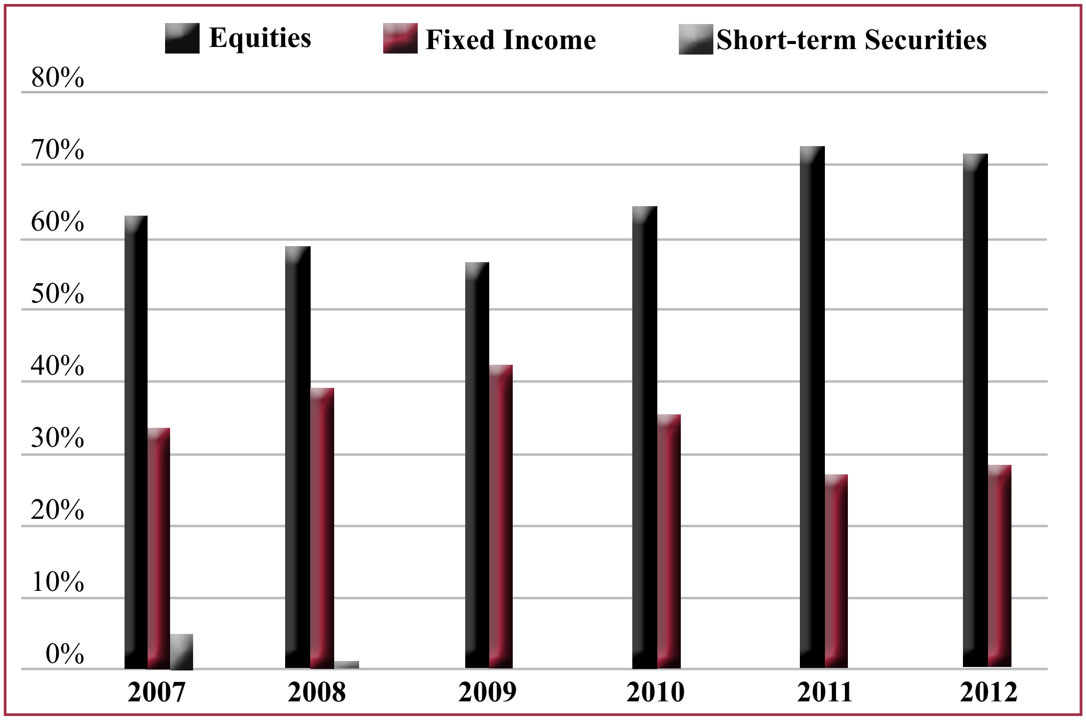


	Total Portfolio	CPI
1 Year	2.16	1.66
3 Year	11.24	2.09
5 Year	2.95	1.95
10 Year	5.70	2.46
20 Year	7.85	2.49

Note: Rates of return are calculated using the Daily Valuation Method, a time-weighted rate of return, based on market rates of return.

INVESTMENTS

Asset Allocation



Schedule of Fees and Commissions

For the Year Ended June 30, 2012

	2012
Investment Advisors' Fees*:	
U.S. Equity	$ 14,015,436
International Equity	5,847,814
Investment Commissions:	
U.S. Equity	11,999,940
International Equity	3,184,891
SEC Fees:	892,426
Miscellaneous*:	3,539,127
Total Fees and Commissions	$ 39,479,634

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

Investment Summary

Asset Allocation at June 30	2007	2008	2009	2010	2011	2012
Equities	62.5%	58.8%	57.0%	63.7%	72.3%	71.0%
Fixed Income	32.5%	39.5%	43.0%	36.3%	27.7%	29.0%
Short-Term Securities	5.0%	1.7%	—	—	—	—
Asset Allocation at June 30 (in millions)						
Equities	$32,929	$29,531	$23,733	$28,238	$37,568	$37,191
Fixed Income	17,115	19,802	17,945	16,076	14,387	15,188
Short-Term Securities	2,626	865	—	—	—	—
Total Investments	$52,670	$50,198	$41,678	$44,314	$51,955	$52,379

PORTFOLIO DETAIL STATISTICS

Twenty Largest Equity Holdings*

Shares	Company	Fair Value
1,733,744	Apple Inc.	$ 1,012,506,496
7,854,877	Exxon Mobil Corp.	672,141,825
13,227,942	Microsoft Corp.	404,642,746
1,968,630	International Business Machines Corp.	385,024,655
3,629,677	Chevron Corp.	382,930,923
10,073,308	AT&T Inc.	359,214,163
17,134,562	General Electric Co.	357,084,272
568,718	Google Inc.	329,896,250
9,774,628	Wells Fargo & Co.	326,863,560
4,717,330	Johnson & Johnson	318,702,815
13,347,603	Pfizer Inc.	306,994,869
3,652,600	Coca Cola Co.	285,596,794
3,203,732	Philip Morris International Inc.	279,557,654
4,457,780	Procter & Gamble Co.	273,039,025
6,965,309	JPMorgan Chase & Co.	248,870,491
8,723,474	Intel Corp.	232,480,582
2,688,200	Berkshire Hathaway Inc.	224,007,706
3,110,212	Wal-Mart Stores Inc.	216,843,981
4,871,788	Verizon Communications Inc.	216,502,259
943,134	Amazon.Com Inc.	215,364,649
	Total of 20 Largest Equity Holdings	$ 7,048,265,715
	Total Equity Holdings	$37,190,400,315

Ten Largest Fixed-Income Holdings*

Description	Maturity Date	Interest Rate %	Par Value	Fair Value
U.S. Treasury Note	09/30/17	1.875	$ 1,048,000,000	$ 1,105,556,160
U.S. Treasury Bond	11/15/28	5.250	707,000,000	994,989,380
U.S. Treasury Note	01/15/14	1.000	817,000,000	825,586,670
U.S. Treasury Note	07/15/13	1.000	755,000,000	760,753,100
U.S. Treasury Note	09/15/13	0.750	687,000,000	690,888,420
U.S. Treasury Note	11/15/13	0.500	679,000,000	680,935,150
General Electric Cap Corp.	05/04/20	5.550	596,000,000	680,775,040
U.S. Treasury Note	08/15/21	2.125	635,000,000	667,442,150
U.S. Treasury Note	09/30/14	2.375	608,000,000	635,743,040
U.S. Treasury Note	02/29/16	2.125	556,000,000	588,014,480
Total of 10 Largest Fixed-Income Holdings				$ 7,630,683,590
Total Fixed-Income Holdings				$ 15,188,292,850

* 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 16, 2012

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, 2011. The report indicates that annual employer contributions at the rate of 12.28% of compensation for the fiscal year ending June 30, 2014 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.

Since the previous valuation, the one-time 3% increase on the first $37,500 of members' allowances made at retirement has been discontinued for all members who retire on or after January 1, 2013.

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 2011 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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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, 2011, 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, 2011, 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 $10.6 billion at June 30, 2011.

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, 2011, to be made for the year ended June 30, 2014:

(1) Member	**6.00%**
(2) Employer:	
Normal	**6.24%**
Unfunded Accrued Liability	**6.04%**
Total	**12.28%**

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	—

ACTUARIAL VALUATION DATA

Active Members

Fiscal Year[1]	Active Members			
	Members	Annual Payroll (000's)	Average Pay	% Increase
2006	206,592	$ 8,785,985	$ 42,528	2.6 %
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

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)		
2006	5,691	$ 223,279	1,644	$ 37,087	70,219	$ 2,040,471	10.0 %	$ 29,059
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

[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, 2012 is currently in process and was not available for this analysis.

Solvency Test (in thousands)

Fiscal Year*	Aggregate Actuarial Accrued Liabilities For: (1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer-Financed Portion)	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets (1)	(2)	(3)
2006	$ 5,417,408	$ 25,653,251	$ 19,989,022	$ 49,263,027	100.0 %	100.0 %	91.0 %
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

* 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, 2012 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
2008	5.00 %	9.28 %
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

Analysis of Financial Experience (in millions)

Item	Analysis of the Change in Unfunded Accrued Liability Increase (Decrease) During the Years Ended June 30,					
	2011	2010	2009	2008	2007	2006
Interest Added to Previous Unfunded Accrued Liability	$ 733.2	$ 486.3	$ 358.5	$ 217.3	$ 134.7	$ 73.1
Accrued Liability Contribution	(396.3)	(312.0)	(125.0)	(118.5)	57.2	51.9
Experience:						
Valuation Asset Growth	2,018.7	1,674.9	2,433.5	548.9	(132.3)	675.3
Pensioners' Mortality	24.2	89.8	50.1	58.4	25.6	(40.7)
Turnover and Retirements	195.3	269.5	307.1	291.4	213.3	65.8
New Entrants	89.6	123.7	185.1	258.8	212.6	143.5
Salary Increases	(1,132.2)	(1,040.5)	14.1	162.8	294.5	144.1
Method Changes [4]	—	—	(2,062.3)	—	—	(339.2)
Interest Smoothing	412.8	—	—	—	—	—
Amendments [1]	(685.5)	—	—	386.3	252.3	48.5
Change in Member Contribution Rate [3]	—	12.8	—	(15.7)	(8.4)	—
Assumption Changes [2]	—	1,472.4	—	—	—	—
Miscellaneous	228.5	274.2	70.9	92.4	51.2	—
Total Increase (Decrease)	$ 1,488.3	$ 3,051.1	$ 1,232.0	$ 1,882.1	$ 1,100.7	$ 822.3

[1] Amendments

2006 - Reflects the impact of House Bill 400 which increased allowances effective July 1, 2006 to retirees and beneficiaries retired before July 1, 1987.

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

2006 - Reflects change from 5-year to 7-year market value smoothing (method for determining the actuarial value of assets).

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) Plan Net Assets
2003	$ 438,998	$ 768,673	$ 1,669,768	$ 2,877,439
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

Contributions were made in accordance with actuarially determined contribution requirements.

Deductions by Type (in thousands)

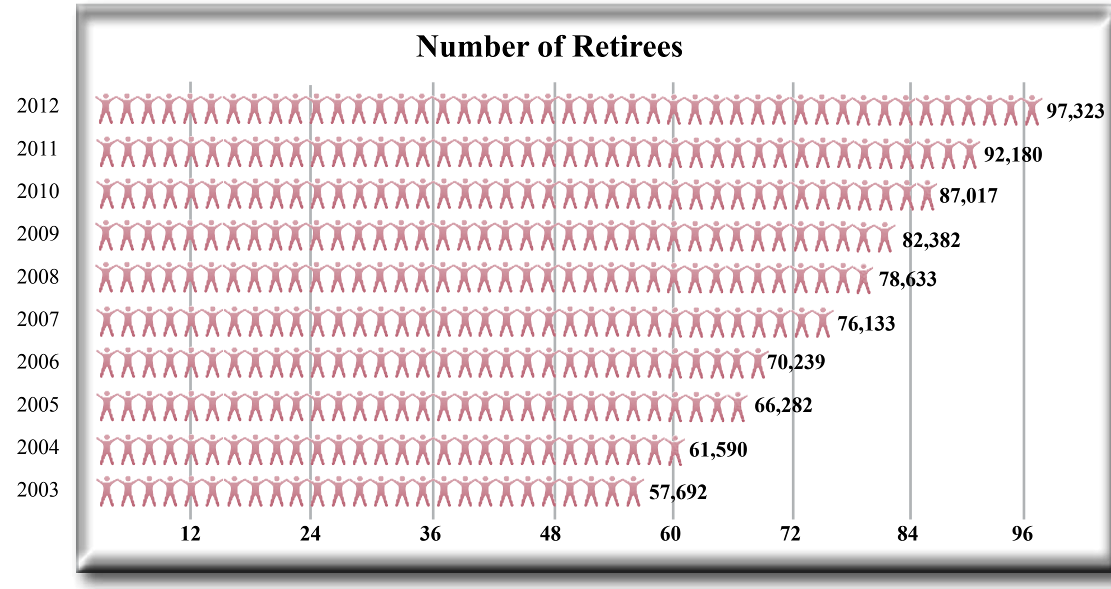
	Benefit Payments									
Fiscal Year	Service	Partial Lump-Sum Option (1)	Disability	Survivor Benefits	Supplemental Payments (2)	Lump-Sum Death Settlement	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions From Plan Net Assets
2003	$ 1,323,871	$ —	$ 43,545	$ 62,223	$ 3,120	$ 1,881	$ 1,434,640	$ 14,804	$ 40,883	$ 1,490,327
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

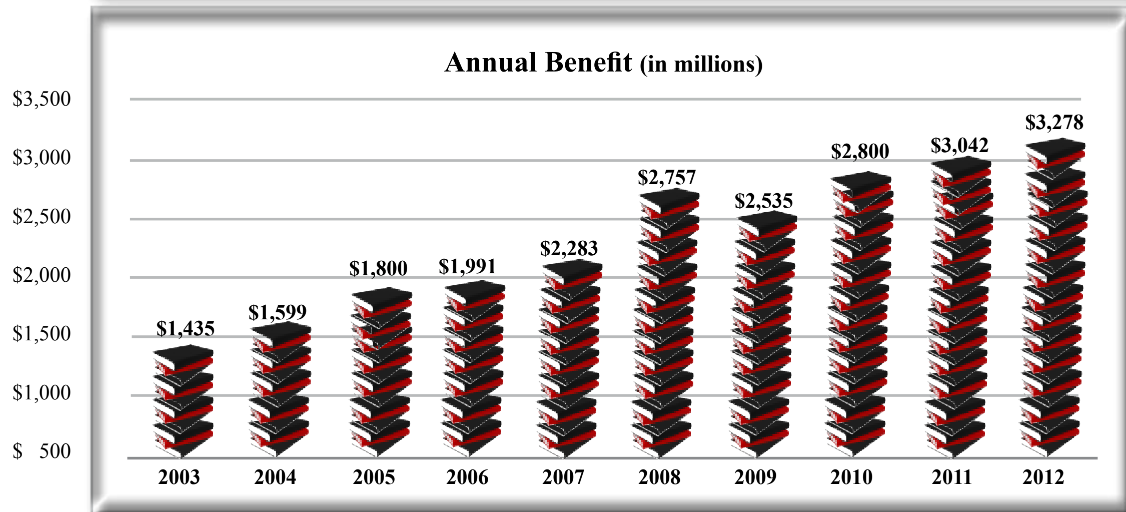
(1) Partial Lump-Sum Option Plan became effective July 1, 2004.
(2) Supplemental payments to retirees who belong to a local retirement system.

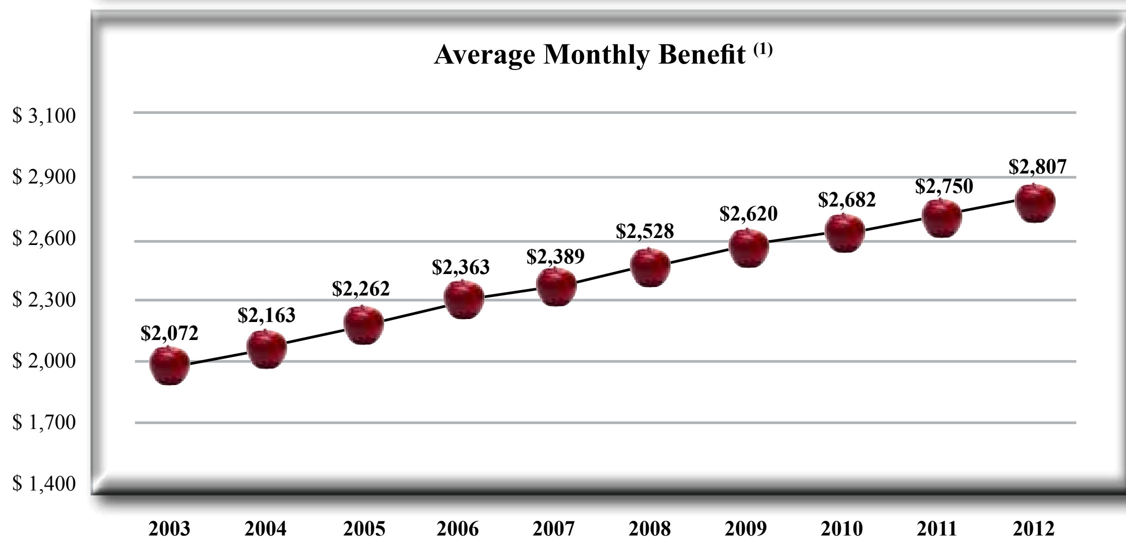
Changes in Net Assets (in thousands)

Fiscal Year	Total Additions to Plan Net Assets	Total Deductions from Plan Net Assets	Changes in Plan Net Assets
2003	$ 2,877,439	$ 1,490,327	$ 1,387,112
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)

Benefit Payment Statistics



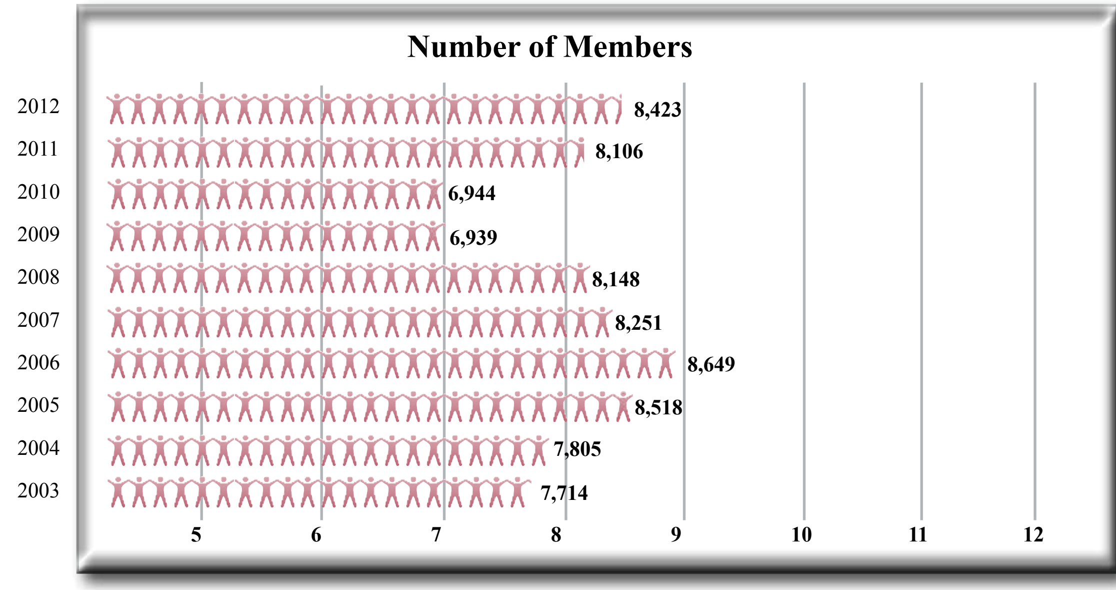


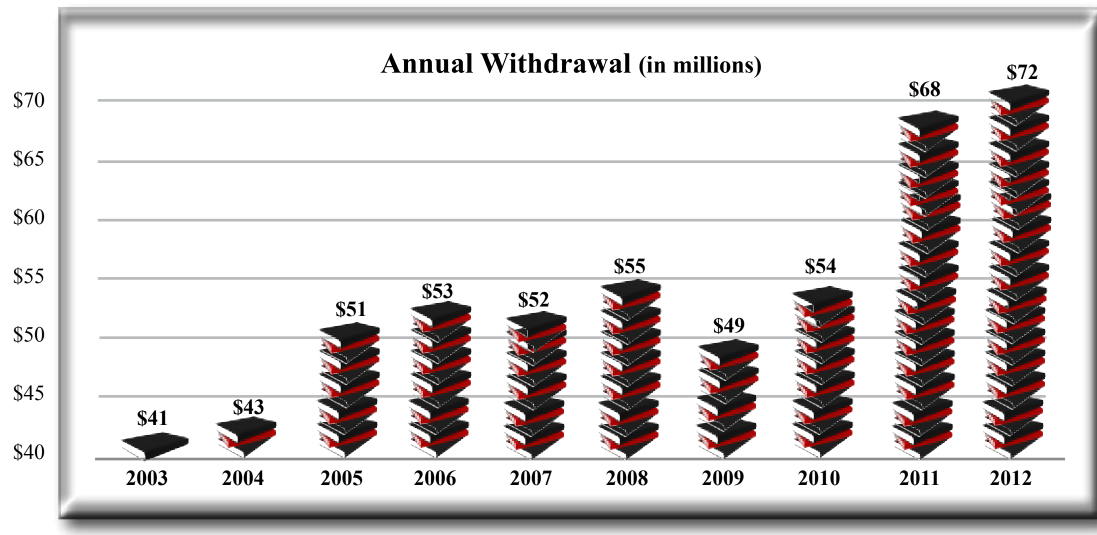


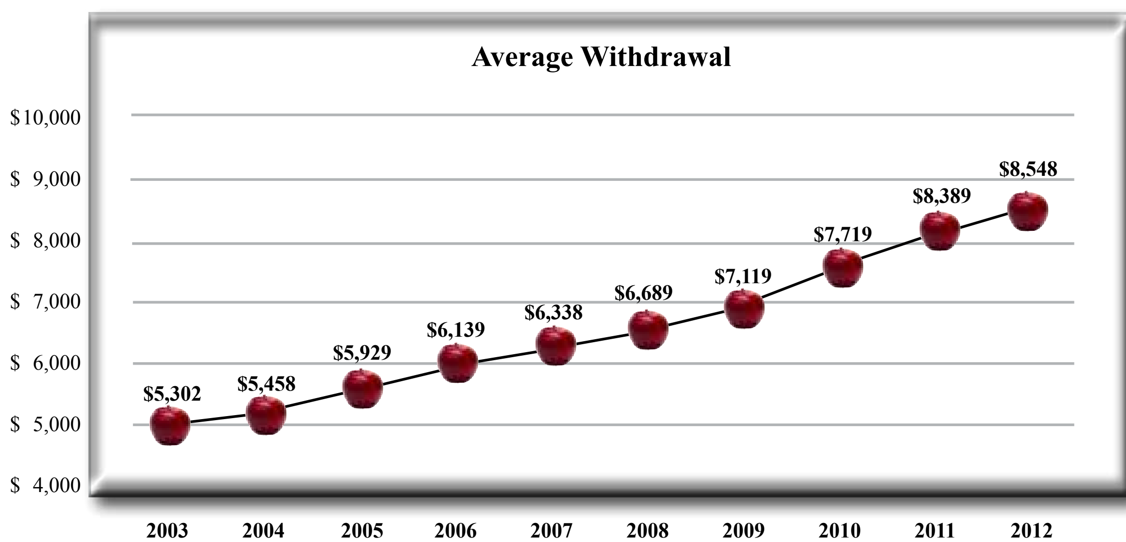
(1) Retirees who belonged to a local retirement system and who received supplemental payments are not included.

OPERATING INFORMATION

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
2003						
Average monthly benefit	$ 783.71	$1,526.45	$1,859.12	$2,604.05	$3,462.68	$2,418.00
Average final average salary	$2,673.99	$3,339.27	$3,745.58	$4,401.55	$5,216.65	$4,405.15
Number of retirees	807	483	545	1,714	1,661	5,210
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

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	619	327	54	126	112	284	9	196	59	37	24	10
251–500	4,260	3,420	463	371	6	2,792	120	773	157	105	216	97
501–750	5,539	4,581	565	390	3	3,715	186	924	221	52	310	131
751–1000	5,848	4,965	509	360	14	3,827	190	981	279	36	354	181
1001–1250	5,469	4,665	462	326	16	3,486	193	852	258	41	426	213
1,251–1,500	4,629	4,002	368	252	7	2,866	159	751	249	38	369	197
1,501–1,750	4,182	3,633	334	213	2	2,582	148	665	219	41	336	191
1,751–2,000	4,008	3,520	299	185	4	2,435	160	604	270	44	287	208
2,001–2,250	3,934	3,541	280	113	0	2,436	160	514	245	48	326	205
2,251–2,500	4,078	3,700	274	104	0	2,484	178	525	263	41	382	205
2,501–2,750	4,619	4,263	264	92	0	2,965	174	537	227	65	421	230
2,751–3,000	5,224	4,934	192	98	0	3,416	218	577	260	70	414	269
3,001–3,250	5,640	5,407	162	71	0	3,623	253	601	256	84	509	314
3,251–3,500	6,504	6,362	94	48	0	4,422	331	516	279	102	514	340
3,501–3,750	5,839	5,745	65	29	0	3,974	300	449	267	92	441	316
3,751–4,000	5,201	5,141	31	29	0	3,559	304	409	237	85	346	261
4,001–4,250	4,137	4,075	27	35	0	2,848	222	342	214	59	263	189
4,251–4,500	3,344	3,308	14	22	0	2,355	160	254	163	60	190	162
4,501–4,750	2,497	2,469	12	16	0	1,701	121	210	152	57	131	125
4,751–5,000	2,002	1,982	9	11	0	1,307	121	184	124	44	130	92
Over 5,000	9,750	9,643	23	84	0	5,739	532	1,265	856	329	519	510
TOTALS	**97,323**	**89,683**	**4,501**	**2,975**	**164**	**62,816**	**4,239**	**12,129**	**5,255**	**1,530**	**6,908**	**4,446**

[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 10 for descriptions of Options.

Retirement Payments By County of Residence

County	Number of Retirees	FY12 Total Gross Pay	County	Number of Retirees	FY12 Total Gross Pay
Appling	241	$ 8,328,435	Coffee	437	$ 14,930,013
Atkinson	74	2,404,974	Colquitt	462	16,213,087
Bacon	121	4,205,455	Columbia	1,735	57,362,110
Baker	31	894,564	Cook	193	6,382,630
Baldwin	614	21,378,845	Coweta	992	34,215,634
Banks	155	4,288,527	Crawford	171	5,649,599
Barrow	488	13,147,644	Crisp	287	9,514,409
Bartow	724	23,992,189	Dade	106	3,527,421
Ben Hill	223	7,638,154	Dawson	226	7,221,992
Berrien	225	7,071,734	Decatur	235	6,687,276
Bibb	1,653	58,247,907	Dekalb	4,855	226,465,620
Bleckley	232	7,028,287	Dodge	243	7,849,246
Brantley	114	3,616,629	Dooly	102	3,596,554
Brooks	160	5,360,646	Dougherty	1,456	55,153,106
Bryan	217	6,637,370	Douglas	719	26,740,149
Bulloch	1,138	40,961,586	Early	136	2,931,096
Burke	231	7,452,203	Echols	7	220,574
Butts	206	6,691,674	Effingham	304	8,383,813
Calhoun	89	1,990,056	Elbert	241	6,803,471
Camden	275	10,148,457	Emanuel	307	11,666,818
Candler	136	3,996,377	Evans	119	3,649,679
Carroll	1,459	50,532,258	Fannin	271	8,383,337
Catoosa	356	12,066,987	Fayette	1,276	52,751,414
Charlton	76	2,997,460	Floyd	1,187	41,371,367
Chatham	2,410	82,546,762	Forsyth	686	20,878,031
Chattahoochee	24	784,421	Franklin	296	9,583,582
Chattooga	256	8,190,892	Fulton	6,076	274,431,828
Cherokee	1,434	44,948,195	Gilmer	326	9,582,319
Clarke	2,788	122,680,554	Glascock	33	1,098,683
Clay	34	493,046	Glynn	1,053	33,242,102
Clayton	949	46,599,920	Gordon	449	14,710,172
Clinch	80	2,986,572	Grady	175	4,877,446
Cobb	4,263	171,598,390	Greene	239	7,567,786

Retirement Payments By County of Residence continued

County	Number of Retirees	FY12 Total Gross Pay
Gwinnett	3,213	$ 138,313,987
Habersham	508	14,592,369
Hall	1,467	52,731,407
Hancock	130	4,140,645
Haralson	262	8,449,125
Harris	309	9,992,651
Hart	237	7,711,818
Heard	71	2,111,234
Henry	1,329	47,362,839
Houston	1,046	37,890,423
Irwin	86	3,360,604
Jackson	753	19,549,633
Jasper	156	4,888,672
Jeff Davis	132	4,384,546
Jefferson	186	6,033,764
Jenkins	111	3,377,357
Johnson	112	3,400,394
Jones	194	6,170,542
Lamar	219	6,469,982
Lanier	59	1,829,792
Laurens	613	20,915,783
Lee	230	7,624,250
Liberty	218	7,658,813
Lincoln	127	3,926,957
Long	41	1,344,316
Lowndes	1,397	45,885,102
Lumpkin	385	12,211,306
Macon	140	4,910,210
Madison	640	16,875,132
Marion	73	2,389,997
McDuffie	251	9,152,138
McIntosh	143	3,868,535
Meriwether	210	7,185,226

County	Number of Retirees	FY12 Total Gross Pay
Miller	53	$ 1,470,133
Mitchell	233	7,454,317
Monroe	234	7,311,453
Montgomery	109	3,356,744
Morgan	288	8,933,632
Murray	284	10,145,449
Muscogee	2,150	79,525,774
Newton	604	19,718,858
Oconee	965	36,109,832
Oglethorpe	232	6,833,881
Paulding	436	12,881,304
Peach	522	19,291,877
Pickens	528	16,100,074
Pierce	203	6,212,368
Pike	198	6,124,890
Polk	409	14,399,194
Pulaski	110	3,929,310
Putnam	292	9,655,142
Quitman	31	366,947
Rabun	233	7,121,404
Randolph	70	2,191,459
Richmond	2,543	87,120,206
Rockdale	647	27,984,224
Schley	48	1,368,468
Screven	189	6,086,097
Seminole	98	2,028,329
Spalding	724	24,921,206
Stephens	331	10,962,840
Stewart	69	2,521,136
Sumter	487	17,404,388
Talbot	67	1,865,351
Taliaferro	20	500,532
Tattnall	175	5,497,213

Retirement Payments By County of Residence *continued*

County	Number of Retirees	FY12 Total Gross Pay
Taylor	109	$ 3,534,089
Telfair	191	6,537,495
Terrell	73	1,957,634
Thomas	608	19,756,552
Tift	752	27,127,745
Toombs	304	10,754,204
Towns	196	5,096,313
Treutlen	87	2,848,621
Troup	657	23,485,562
Turner	157	4,857,549
Twiggs	69	1,975,541
Union	292	7,363,323
Upson	323	11,006,889
Walker	520	16,316,360
Walton	846	26,309,519
Ware	500	18,419,197
Warren	59	1,893,249
Washington	245	9,031,736
Wayne	319	10,383,945
Webster	24	566,666
Wheeler	89	2,826,984
White	364	9,727,413
Whitfield	798	31,424,121
Wilcox	132	4,205,820
Wilkes	143	4,417,595
Wilkinson	112	3,697,497
Worth	176	5,750,691
Outside GA	13,672	226,626,762
TOTALS	**97,323**	**$ 3,277,552,185**

Principal Participating Employers

Employers	2012* Covered Employees	2012* Rank	2012* Percentage of Total System	2003* Covered Employees	2003* Rank	2003* Percentage of Total System
Gwinnett County Schools	15,637	1	7.32 %	13,164	1	6.34 %
Cobb County Schools	11,214	2	5.25	11,859	2	5.71
Dekalb County Schools	10,671	3	4.99	11,402	3	5.49
Fulton County Schools	9,427	4	4.41	8,241	5	3.97
University of Georgia	7,273	5	3.40	8,608	4	4.15
Atlanta City Schools	5,354	6	2.51	6,074	6	2.93
Clayton County Schools	4,991	7	2.34	5,647	7	2.72
Chatham County Schools	4,183	8	1.96	4,187	8	2.02
Henry County Schools	4,002	9	1.87	—	—	—
Muscogee County Schools	3,727	10	1.74	3,920	9	1.89
Richmond County Schools	—	—	—	3,863	10	1.86
All Others	137,195		64.21	130,557		62.92
Total	213,674		100.00 %	207,522		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
Augusta State University
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 Health Sciences 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

Boards of Education cont.

Baker County
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

Boards of Education cont.

Dade County
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

Participating Employers

Boards of Education cont.

Jeff Davis County
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

Boards of Education cont.

Rockdale County
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
M.E. Roden Memorial 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

Participating Employers

Public Libraries cont.

Ocmulgee Regional Library
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

Technical Colleges cont.

Okefenokee Technical College
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
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 General Assembly
Georgia Public Defender Standards Council
Georgia Public Telecommunications
Georgia Student Finance Commission
Office of Planning and Budget
Secretary of State
State Accounting Office
Technical College System of Georgia

Other

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

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