

STATE OF TENNESSEE
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

(Expressed in Thousands)

	STATE EMPLOYEES, TEACHERS, HIGHER EDUCATION EMPLOYEES PENSION PLAN (SETHEEPP)	POLITICAL SUBDIVISIONS PENSION PLAN (PSP)	TOTAL JUNE 30, 1997	TOTAL JUNE 30, 1996
ADDITIONS:				
CONTRIBUTIONS:				
MEMBER CONTRIBUTIONS	\$ 110,697	\$ 32,959	\$ 143,656	\$ 133,603
EMPLOYER CONTRIBUTIONS	278,417		278,417	290,222
POLITICAL SUBDIVISION CONTRIBUTIONS		59,167	59,167	54,878
TOTAL CONTRIBUTIONS	<u>389,114</u>	<u>92,126</u>	<u>481,240</u>	<u>478,703</u>
INVESTMENT INCOME:				
NET APPRECIATION(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	1,499,296	212,126	1,711,422	1,035,814
INTEREST	596,369	84,368	680,737	641,615
DIVIDENDS	110,218	15,593	125,811	129,290
SECURITIES LENDING	76,749	10,858	87,607	107,580
TOTAL INVESTMENT INCOME	2,282,632	322,945	2,605,577	1,914,299
LESS: INVESTMENT EXPENSES	7,632	1,088	8,720	4,715
SECURITIES LENDING EXPENSES	71,753	10,151	81,904	102,910
NET INVESTMENT INCOME	<u>2,203,247</u>	<u>311,706</u>	<u>2,514,953</u>	<u>1,806,674</u>
TOTAL ADDITIONS	<u>2,592,361</u>	<u>403,832</u>	<u>2,996,193</u>	<u>2,285,377</u>
DEDUCTIONS:				
ANNUITY BENEFITS:				
RETIREMENT BENEFITS	379,599	54,253	433,852	400,481
COST OF LIVING	73,751	10,540	84,291	78,322
DEATH BENEFITS	2,395	801	3,196	3,225
REFUNDS	11,444	12,389	23,833	20,722
ADMINISTRATIVE EXPENSES	2,221	1,636	3,857	3,911
TOTAL DEDUCTIONS	<u>469,410</u>	<u>79,619</u>	<u>549,029</u>	<u>506,661</u>
NET INCREASE	2,122,951	324,213	2,447,164	1,778,716
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:				
JULY 1	<u>14,092,392</u>	<u>1,979,785</u>	<u>16,072,177</u>	<u>14,293,461</u>
JUNE 30	<u>\$ 16,215,343</u>	<u>\$ 2,303,998</u>	<u>\$ 18,519,341</u>	<u>\$ 16,072,177</u>

See accompanying Notes to the Financial Statements