

# CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Financial Statements

June 30, 2009





# CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

## INDEX

June 30, 2009

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## Report of Independent Auditors

To the Trustee of The Connecticut Higher Education Trust Program and Account Owners:

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations, of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of nineteen portfolios constituting the Connecticut Higher Education Trust Program (hereafter referred to as the "Program") at June 30, 2009, the results of each of their operations, the changes in each of their net assets and each of their financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of TIAA-CREF Tuition Financing, Inc (hereafter referred to as the "Program Manager"). Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America. 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 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 the Program Manager, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A handwritten signature in cursive script, appearing to read "Brian T. Hume" followed by a stylized mark.

New York, NY  
September 10, 2009

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CONNECTICUT HIGHER EDUCATION TRUST PROGRAM  
STATEMENT OF ASSETS AND LIABILITIES  
June 30, 2009

	Managed Allocation Option					
	Age Bands Within the Managed Allocation Option					
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over
<b>ASSETS</b>						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Inflation Linked Bond Fund	\$ 1,834,591	\$ 9,569,461	\$ 23,114,912	\$ 21,702,144	\$ 18,272,344	\$ 8,567,051
Equity Index Fund	15,136,849	38,584,106	50,715,261	34,701,251	27,364,382	13,521,321
International Equity Index Fund	4,304,858	10,306,900	13,464,140	8,333,304	6,888,595	2,854,874
Bond Fund	4,487,000	24,338,746	59,562,559	58,516,863	51,310,522	26,516,543
Real Estate Securities Fund	1,544,284	3,260,676	4,503,638	3,046,700	2,342,273	1,262,896
Money Market Fund	-	-	-	-	28,093,775	42,559,072
Mid-Cap Growth Fund	-	-	-	-	-	-
Mid-Cap Value Fund	-	-	-	-	-	-
S&P 500 Index Fund	-	-	-	-	-	-
Small-Cap Equity Fund	-	-	-	-	-	-
Social Choice Equity Fund	-	-	-	-	-	-
SUBTOTAL	27,307,582	86,059,889	151,360,510	126,300,262	134,271,891	95,281,757
TIAA-CREF Fund (Retail Class):						
Money Market Fund	-	-	-	-	-	-
TIAA-CREF Life Insurance Company: Funding Agreement	-	-	-	-	-	-
TOTAL INVESTMENTS	27,307,582	86,059,889	151,360,510	126,300,262	134,271,891	95,281,757
Cash	161	10	4	7	11	14
Receivable from securities transactions	-	-	-	-	19,804	197,597
Receivable from Program units sold	29,537	39,841	77,696	107,260	19,438	46,951
TOTAL ASSETS	27,337,280	86,099,740	151,438,210	126,407,529	134,311,144	95,526,319
<b>LIABILITIES</b>						
Accrued Program management fee	11,716	32,875	51,613	41,076	44,561	29,664
Accrued state trustee fee	246	738	1,252	1,043	1,102	705
Due to custodian	-	-	-	-	-	-
Payable for securities transactions	22,381	25,929	47,685	102,060	-	-
Payable for Program units repurchased	7,155	13,912	29,635	5,000	38,242	242,523
TOTAL LIABILITIES	41,498	73,454	130,185	149,179	83,905	272,892
NET ASSETS	<u>\$ 27,295,782</u>	<u>\$ 86,026,286</u>	<u>\$ 151,308,025</u>	<u>\$ 126,258,350</u>	<u>\$ 134,227,239</u>	<u>\$ 95,253,427</u>
UNITS OUTSTANDING	<u>2,554,192</u>	<u>8,493,247</u>	<u>13,479,661</u>	<u>10,631,446</u>	<u>11,013,777</u>	<u>7,466,405</u>
NET ASSETS VALUE PER UNIT	<u>\$ 10.69</u>	<u>\$ 10.13</u>	<u>\$ 11.22</u>	<u>\$ 11.88</u>	<u>\$ 12.19</u>	<u>\$ 12.76</u>
Investments at cost	<u>\$ 30,436,025</u>	<u>\$ 99,745,646</u>	<u>\$ 173,823,304</u>	<u>\$ 141,390,667</u>	<u>\$ 146,096,394</u>	<u>\$ 97,026,331</u>

See notes to financial statements

**Aggressive Managed Allocation Option**

<b>Subtotal</b>	<b>Age Bands Within the Aggressive Managed Allocation Option</b>						<b>Subtotal</b>	<b>Total Age Bands</b>
	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>		
\$ 83,060,503	\$ -	\$ 312,805	\$ 604,607	\$ 483,014	\$ 442,786	\$ 161,959	\$ 2,005,171	\$ 85,065,674
180,023,170	5,328,531	4,062,519	3,372,389	1,835,988	1,153,568	297,497	16,050,492	196,073,662
46,152,671	1,518,422	1,205,939	945,105	474,126	288,626	86,289	4,518,507	50,671,178
224,732,233	-	832,833	1,620,419	1,341,664	1,252,717	475,833	5,523,466	230,255,699
15,960,467	636,057	525,031	367,690	197,458	119,400	33,815	1,879,451	17,839,918
70,652,847	-	-	-	-	-	346,735	346,735	70,999,582
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
620,581,891	7,483,010	6,939,127	6,910,210	4,332,250	3,257,097	1,402,128	30,323,822	650,905,713
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
620,581,891	7,483,010	6,939,127	6,910,210	4,332,250	3,257,097	1,402,128	30,323,822	650,905,713
207	-	25	199	70	-	281	575	782
217,401	-	-	-	-	-	36,616	36,616	254,017
320,723	38,638	3,744	1,453	16,110	1,725	125	61,795	382,518
621,120,222	7,521,648	6,942,896	6,911,862	4,348,430	3,258,822	1,439,150	30,422,808	651,543,030
211,505	3,254	2,739	2,532	1,608	1,068	381	11,582	223,087
5,086	63	56	55	37	26	9	246	5,332
-	-	-	-	-	5,055	-	5,055	5,055
198,055	38,638	3,744	1,453	16,110	1,725	-	61,670	259,725
336,467	-	-	-	-	-	36,742	36,742	373,209
751,113	41,955	6,539	4,040	17,755	7,874	37,132	115,295	866,408
<u>\$ 620,369,109</u>	<u>\$ 7,479,693</u>	<u>\$ 6,936,357</u>	<u>\$ 6,907,822</u>	<u>\$ 4,330,675</u>	<u>\$ 3,250,948</u>	<u>\$ 1,402,018</u>	<u>\$ 30,307,513</u>	<u>\$ 650,676,622</u>
	<u>1,143,622</u>	<u>1,000,328</u>	<u>907,370</u>	<u>537,619</u>	<u>387,412</u>	<u>153,509</u>		
	<u>\$ 6.54</u>	<u>\$ 6.93</u>	<u>\$ 7.61</u>	<u>\$ 8.06</u>	<u>\$ 8.39</u>	<u>\$ 9.13</u>		
<u>\$ 688,518,367</u>	<u>\$ 8,475,067</u>	<u>\$ 8,314,689</u>	<u>\$ 7,918,199</u>	<u>\$ 4,750,275</u>	<u>\$ 3,565,755</u>	<u>\$ 1,382,849</u>	<u>\$ 34,406,834</u>	<u>\$ 722,925,201</u>

See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM**  
**STATEMENT OF ASSETS AND LIABILITIES (continued)**  
**June 30, 2009**

	<b>High Equity Option</b>	<b>100% Equity Index Option</b>	<b>100% Fixed- Income Option</b>	<b>Social Choice Option</b>	<b>Money Market Option</b>	<b>Principal Plus Interest Option</b>
<b>ASSETS</b>						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Inflation Linked Bond Fund	\$ 12,034,963	\$ -	\$ 4,641,496	\$ -	\$ -	\$ -
Equity Index Fund	-	33,002,702	-	-	-	-
International Equity Index Fund	27,117,587	8,154,302	-	-	-	-
Bond Fund	27,536,268	-	14,441,161	-	-	-
Real Estate Securities Fund	-	-	-	-	-	-
Money Market Fund	-	-	-	-	10,856,385	-
Mid-Cap Growth Fund	7,946,809	-	-	-	-	-
Mid-Cap Value Fund	7,856,540	-	-	-	-	-
S&P 500 Index Fund	79,705,550	-	-	-	-	-
Small-Cap Equity Fund	9,230,869	-	-	-	-	-
Social Choice Equity Fund	-	-	-	1,178,785	-	-
SUBTOTAL	171,428,586	41,157,004	19,082,657	1,178,785	10,856,385	-
TIAA-CREF Fund (Retail Class):						
Money Market Fund	-	-	-	-	-	-
TIAA-CREF Life Insurance Company:						
Funding Agreement	-	-	-	-	-	154,483,968
TOTAL INVESTMENTS	171,428,586	41,157,004	19,082,657	1,178,785	10,856,385	154,483,968
Cash						
	47,606	2,488	7,368	30	-	-
Receivable from securities transactions						
	-	38,392	-	-	105,525	-
Receivable from Program units sold						
	130,238	21,055	28,022	247	79,070	-
TOTAL ASSETS	171,606,430	41,218,939	19,118,047	1,179,062	11,040,980	154,483,968
<b>LIABILITIES</b>						
Accrued Program management fee						
	62,073	18,943	4,845	404	4,369	-
Accrued state trustee fee						
	1,411	338	154	10	89	-
Due to custodian						
	-	-	-	-	-	-
Payable for securities transactions						
	114,950	-	21,378	247	-	-
Payable for Program units repurchased						
	15,287	59,447	6,644	-	184,595	-
TOTAL LIABILITIES	193,721	78,728	33,021	661	189,053	-
NET ASSETS	<u>\$ 171,412,709</u>	<u>\$ 41,140,211</u>	<u>\$ 19,085,026</u>	<u>\$ 1,178,401</u>	<u>\$ 10,851,927</u>	<u>\$ 154,483,968</u>
<b>UNITS OUTSTANDING</b>						
	<u>17,061,874</u>	<u>5,278,482</u>	<u>1,648,160</u>	<u>168,739</u>	<u>1,065,352</u>	<u>11,410,291</u>
<b>NET ASSETS VALUE PER UNIT</b>						
	<u>\$ 10.05</u>	<u>\$ 7.79</u>	<u>\$ 11.58</u>	<u>\$ 6.98</u>	<u>\$ 10.19</u>	<u>\$ 13.54</u>
Investments at cost						
	<u>\$ 219,105,994</u>	<u>\$ 55,913,937</u>	<u>\$ 19,051,596</u>	<u>\$ 1,400,410</u>	<u>\$ 10,856,385</u>	<u>\$ 154,483,968</u>

See notes to financial statements



<u>Administrative</u> <u>Account</u>	<u>Total</u>
\$ -	\$ 101,742,133
-	229,076,364
-	85,943,067
-	272,233,128
-	17,839,918
-	81,855,967
-	7,946,809
-	7,856,540
-	79,705,550
-	9,230,869
-	<u>1,178,785</u>
-	894,609,130
439,242	439,242
-	<u>154,483,968</u>
<u>439,242</u>	<u>1,049,532,340</u>
-	58,274
-	397,934
-	<u>641,150</u>
<u>439,242</u>	<u>1,050,629,698</u>
-	313,721
-	7,334
-	5,055
-	396,300
-	<u>639,182</u>
-	<u>1,361,592</u>
<u>\$ 439,242</u>	<u>\$ 1,049,268,106</u>
-	-
\$ -	-
<u>\$ 439,242</u>	<u>\$ 1,184,176,733</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM  
STATEMENT OF OPERATIONS  
For the Period Ended June 30, 2009

	Managed Allocation Option					
	Age Bands Within the Managed Allocation Option					
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over
INVESTMENT INCOME						
Income:						
Interest	\$ 542	\$ 766	\$ 290	\$ 502	\$ 897	\$ 1,086
Dividends from underlying funds	836,130	2,975,621	4,942,311	4,272,121	4,150,413	2,064,999
TOTAL INCOME	836,672	2,976,387	4,942,601	4,272,623	4,151,310	2,066,085
EXPENSES						
Program management fees	135,182	399,266	589,115	470,299	528,154	331,892
State trustee fees	2,956	9,341	14,778	12,312	13,296	7,908
TOTAL EXPENSES	138,138	408,607	603,893	482,611	541,450	339,800
NET INVESTMENT INCOME	698,534	2,567,780	4,338,708	3,790,012	3,609,860	1,726,285
REALIZED AND UNREALIZED GAIN (LOSS) ON TOTAL INVESTMENTS						
Net realized gain (loss) on investments in underlying fund shares	(6,631,905)	(9,439,030)	(4,260,392)	(2,743,595)	(2,585,071)	(4,114,519)
Realized gain distributions from underlying funds	-	-	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	(2,093,000)	(13,268,547)	(20,276,695)	(14,348,684)	(11,103,350)	(518,604)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON TOTAL INVESTMENTS	(8,724,905)	(22,707,577)	(24,537,087)	(17,092,279)	(13,688,421)	(4,633,123)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (8,026,371)	\$ (20,139,797)	\$ (20,198,379)	\$ (13,302,267)	\$ (10,078,561)	\$ (2,906,838)

See notes to financial statements

Aggressive Managed Allocation Option								
Subtotal	Age Bands Within the Aggressive Managed Allocation Option						Subtotal	Total Age Bands
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over		
\$ 4,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,083
19,241,595	123,992	139,261	163,972	104,067	79,433	21,672	632,397	19,873,992
19,245,678	123,992	139,261	163,972	104,067	79,433	21,672	632,397	19,878,075
2,453,908	26,877	24,460	24,547	14,405	9,960	3,131	103,380	2,557,288
60,591	534	523	558	342	247	76	2,280	62,871
2,514,499	27,411	24,983	25,105	14,747	10,207	3,207	105,660	2,620,159
16,731,179	96,581	114,278	138,867	89,320	69,226	18,465	526,737	17,257,916
(29,774,512)	(755,373)	(423,850)	(468,066)	(235,575)	(106,594)	(79,125)	(2,068,583)	(31,843,095)
(61,608,880)	(625,210)	(967,601)	(700,349)	(286,917)	(230,093)	34,792	(2,775,378)	(64,384,258)
(91,383,392)	(1,380,583)	(1,391,451)	(1,168,415)	(522,492)	(336,687)	(44,333)	(4,843,961)	(96,227,353)
\$ (74,652,213)	\$ (1,284,002)	\$ (1,277,173)	\$ (1,029,548)	\$ (433,172)	\$ (267,461)	\$ (25,868)	\$ (4,317,224)	\$ (78,969,437)

See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM**  
**STATEMENT OF OPERATIONS (continued)**  
**For the Period Ended June 30, 2009**

	<b>High Equity Option</b>	<b>100% Equity Index Option</b>	<b>100% Fixed- Income Option</b>	<b>Social Choice Option</b>	<b>Money Market Option</b>	<b>Principal Plus Interest Option</b>
<b>INVESTMENT INCOME</b>						
Income:						
Interest	\$ 262	\$ 4	\$ 24	\$ -	\$ -	\$ 4,628,342
Dividends from underlying funds	4,858,239	818,245	603,849	18,503	74,845	-
TOTAL INCOME	<u>4,858,501</u>	<u>818,249</u>	<u>603,873</u>	<u>18,503</u>	<u>74,845</u>	<u>4,628,342</u>
<b>EXPENSES</b>						
Program management fees	716,673	192,398	48,841	3,577	31,734	-
State trustee fees	16,693	3,515	1,554	85	649	-
TOTAL EXPENSES	<u>733,366</u>	<u>195,913</u>	<u>50,395</u>	<u>3,662</u>	<u>32,383</u>	<u>-</u>
NET INVESTMENT INCOME	<u>4,125,135</u>	<u>622,336</u>	<u>553,478</u>	<u>14,841</u>	<u>42,462</u>	<u>4,628,342</u>
<b>REALIZED AND UNREALIZED</b>						
<b>GAIN (LOSS) ON TOTAL INVESTMENTS</b>						
Net realized gain (loss) on investments						
in underlying fund shares	(3,583,324)	(697,382)	(144,504)	(19,085)	-	-
Realized gain distributions from underlying funds	23,754	-	-	308	-	-
Net change in unrealized appreciation (depreciation)						
on investments in underlying fund shares	<u>(43,471,007)</u>	<u>(10,629,353)</u>	<u>49,691</u>	<u>(185,076)</u>	<u>-</u>	<u>-</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON TOTAL INVESTMENTS	<u>(47,030,577)</u>	<u>(11,326,735)</u>	<u>(94,813)</u>	<u>(203,853)</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (42,905,442)</u>	<u>\$ (10,704,399)</u>	<u>\$ 458,665</u>	<u>\$ (189,012)</u>	<u>\$ 42,462</u>	<u>\$ 4,628,342</u>

See notes to financial statements

<b>Administrative Account</b>	<b>Total</b>
\$ -	\$ 4,632,715
<u>7,737</u>	<u>26,255,410</u>
<u>7,737</u>	<u>30,888,125</u>
-	3,550,511
<u>-</u>	<u>85,367</u>
<u>-</u>	<u>3,635,878</u>
<u>7,737</u>	<u>27,252,247</u>
-	(36,287,390)
<u>-</u>	<u>24,062</u>
<u>-</u>	<u>(118,620,003)</u>
<u>-</u>	<u>(154,883,331)</u>
<u>\$ 7,737</u>	<u>\$ (127,631,084)</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM  
STATEMENT OF CHANGES IN NET ASSETS  
For the Period Ended June 30, 2009

	Managed Allocation Option					
	Age Bands Within the Managed Allocation Option					
	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>
OPERATIONS						
Net investment income	\$ 698,534	\$ 2,567,780	\$ 4,338,708	\$ 3,790,012	\$ 3,609,860	\$ 1,726,285
Net realized gain (loss) on total investments	(6,631,905)	(9,439,030)	(4,260,392)	(2,743,595)	(2,585,071)	(4,114,519)
Net change in unrealized appreciation (depreciation) on investments	(2,093,000)	(13,268,547)	(20,276,695)	(14,348,684)	(11,103,350)	(518,604)
NET INCREASE (DECREASE) FROM OPERATIONS	(8,026,371)	(20,139,797)	(20,198,379)	(13,302,267)	(10,078,561)	(2,906,838)
ACCOUNT OWNER TRANSACTIONS						
Subscriptions	13,771,781	28,134,978	53,254,001	55,988,008	56,965,254	52,118,070
Redemptions	(14,261,041)	(36,386,930)	(45,637,107)	(49,859,237)	(57,340,693)	(42,113,540)
NET INCREASE (DECREASE) FROM ACCOUNT OWNER TRANSACTIONS	(489,260)	(8,251,952)	7,616,894	6,128,771	(375,439)	10,004,530
NET INCREASE (DECREASE) IN NET ASSETS	(8,515,631)	(28,391,749)	(12,581,485)	(7,173,496)	(10,454,000)	7,097,692
NET ASSETS						
Beginning of year	35,811,413	114,418,035	163,889,510	133,431,846	144,681,239	88,155,735
End of year	\$ 27,295,782	\$ 86,026,286	\$ 151,308,025	\$ 126,258,350	\$ 134,227,239	\$ 95,253,427
UNITS						
Sold	1,292,872	2,787,809	4,798,195	4,764,831	4,720,796	4,127,116
Redeemed	(1,330,400)	(3,615,986)	(4,111,821)	(4,250,629)	(4,761,783)	(3,314,820)
NET INCREASE (DECREASE)	(37,528)	(828,177)	686,374	514,202	(40,987)	812,296

See notes to financial statements

<b>Aggressive Managed Allocation Option</b>								
<b>Age Bands Within the Aggressive Managed Allocation Option</b>								
<b>Subtotal</b>	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Subtotal</b>	<b>Total Age Bands</b>
\$ 16,731,179	\$ 96,581	\$ 114,278	\$ 138,867	\$ 89,320	\$ 69,226	\$ 18,465	\$ 526,737	\$ 17,257,916
(29,774,512)	(755,373)	(423,850)	(468,066)	(235,575)	(106,594)	(79,125)	(2,068,583)	(31,843,095)
<u>(61,608,880)</u>	<u>(625,210)</u>	<u>(967,601)</u>	<u>(700,349)</u>	<u>(286,917)</u>	<u>(230,093)</u>	<u>34,792</u>	<u>(2,775,378)</u>	<u>(64,384,258)</u>
<u>(74,652,213)</u>	<u>(1,284,002)</u>	<u>(1,277,173)</u>	<u>(1,029,548)</u>	<u>(433,172)</u>	<u>(267,461)</u>	<u>(25,868)</u>	<u>(4,317,224)</u>	<u>(78,969,437)</u>
260,232,092	5,589,540	5,041,382	4,995,093	3,306,833	2,431,116	1,359,453	22,723,417	282,955,509
(245,598,548)	(1,477,878)	(1,920,781)	(1,994,741)	(1,372,084)	(1,013,704)	(485,896)	(8,265,084)	(253,863,632)
<u>14,633,544</u>	<u>4,111,662</u>	<u>3,120,601</u>	<u>3,000,352</u>	<u>1,934,749</u>	<u>1,417,412</u>	<u>873,557</u>	<u>14,458,333</u>	<u>29,091,877</u>
(60,018,669)	2,827,660	1,843,428	1,970,804	1,501,577	1,149,951	847,689	10,141,109	(49,877,560)
680,387,778	4,652,033	5,092,929	4,937,018	2,829,098	2,100,997	554,329	20,166,404	700,554,182
<u>\$ 620,369,109</u>	<u>\$ 7,479,693</u>	<u>\$ 6,936,357</u>	<u>\$ 6,907,822</u>	<u>\$ 4,330,675</u>	<u>\$ 3,250,948</u>	<u>\$ 1,402,018</u>	<u>\$ 30,307,513</u>	<u>\$ 650,676,622</u>
22,491,619	874,012	726,903	653,055	415,779	292,949	151,122	3,113,820	25,605,439
(21,385,439)	(232,241)	(284,104)	(268,862)	(173,284)	(123,190)	(54,103)	(1,135,784)	(22,521,223)
<u>1,106,180</u>	<u>641,771</u>	<u>442,799</u>	<u>384,193</u>	<u>242,495</u>	<u>169,759</u>	<u>97,019</u>	<u>1,978,036</u>	<u>3,084,216</u>

See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM**  
**STATEMENT OF CHANGES IN NET ASSETS (continued)**  
**For the Period Ended June 30, 2009**

	<u>High Equity Option</u>	<u>100% Equity Index Option</u>	<u>100% Fixed- Income Option</u>	<u>Social Choice Option</u>	<u>Money Market Option</u>	<u>Principal Plus Interest Option</u>
<b>OPERATIONS</b>						
Net investment income	\$ 4,125,135	\$ 622,336	\$ 553,478	\$ 14,841	\$ 42,462	\$ 4,628,342
Net realized gain (loss) on total investments	(3,559,570)	(697,382)	(144,504)	(18,777)	-	-
Net change in unrealized appreciation (depreciation) on investments	<u>(43,471,007)</u>	<u>(10,629,353)</u>	<u>49,691</u>	<u>(185,076)</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) FROM OPERATIONS	<u>(42,905,442)</u>	<u>(10,704,399)</u>	<u>458,665</u>	<u>(189,012)</u>	<u>42,462</u>	<u>4,628,342</u>
<b>ACCOUNT OWNER TRANSACTIONS</b>						
Subscriptions	26,946,029	15,922,143	10,728,635	787,969	12,383,400	65,421,566
Redemptions	<u>(16,813,272)</u>	<u>(3,251,893)</u>	<u>(6,427,781)</u>	<u>(46,583)</u>	<u>(3,207,855)</u>	<u>(31,375,875)</u>
NET INCREASE (DECREASE) FROM ACCOUNT OWNER TRANSACTIONS	<u>10,132,757</u>	<u>12,670,250</u>	<u>4,300,854</u>	<u>741,386</u>	<u>9,175,545</u>	<u>34,045,691</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>(32,772,685)</u>	<u>1,965,851</u>	<u>4,759,519</u>	<u>552,374</u>	<u>9,218,007</u>	<u>38,674,033</u>
<b>NET ASSETS</b>						
Beginning of year	<u>204,185,394</u>	<u>39,174,360</u>	<u>14,325,507</u>	<u>626,027</u>	<u>1,633,920</u>	<u>115,809,935</u>
End of year	<u>\$ 171,412,709</u>	<u>\$ 41,140,211</u>	<u>\$ 19,085,026</u>	<u>\$ 1,178,401</u>	<u>\$ 10,851,927</u>	<u>\$ 154,483,968</u>
<b>UNITS</b>						
Sold	2,727,692	2,070,281	952,662	109,006	1,218,838	4,918,862
Redeemed	<u>(1,659,610)</u>	<u>(422,617)</u>	<u>(572,770)</u>	<u>(7,040)</u>	<u>(315,601)</u>	<u>(2,365,607)</u>
NET INCREASE (DECREASE)	<u>1,068,082</u>	<u>1,647,664</u>	<u>379,892</u>	<u>101,966</u>	<u>903,237</u>	<u>2,553,255</u>

See notes to financial statements



<b>Administrative</b>		<b>Total</b>
<u>Account</u>		
\$ 7,737	\$	27,252,247
-		(36,263,328)
<u>-</u>		<u>(118,620,003)</u>
<u>7,737</u>		<u>(127,631,084)</u>
104,881		415,250,132
<u>(38,523)</u>		<u>(315,025,414)</u>
<u>66,358</u>		<u>100,224,718</u>
74,095		(27,406,366)
<u>365,147</u>		<u>1,076,674,472</u>
<u>\$ 439,242</u>	<u>\$</u>	<u>1,049,268,106</u>

See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM**  
**FINANCIAL HIGHLIGHTS**  
**For the Period Ended June 30, 2009**

	<b>Managed Allocation Option</b>					
	<b>Age Bands Within the Managed Allocation Option</b>					
	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD						
Net asset value, beginning of year	\$ 13.82	\$ 12.27	\$ 12.81	\$ 13.19	\$ 13.09	\$ 13.25
Gain (loss) from investment operations:						
Net investment income (a)	0.26	0.28	0.33	0.36	0.33	0.28
Net realized and unrealized gain (loss) on total investments	<u>(3.39)</u>	<u>(2.42)</u>	<u>(1.92)</u>	<u>(1.67)</u>	<u>(1.23)</u>	<u>(0.77)</u>
Total gain (loss) from investment operations	<u>(3.13)</u>	<u>(2.14)</u>	<u>(1.59)</u>	<u>(1.31)</u>	<u>(0.90)</u>	<u>(0.49)</u>
Net asset value, end of year	<u>\$ 10.69</u>	<u>\$ 10.13</u>	<u>\$ 11.22</u>	<u>\$ 11.88</u>	<u>\$ 12.19</u>	<u>\$ 12.76</u>
 TOTAL RETURN	 (22.65) %	 (17.44) %	 (12.41) %	 (9.93) %	 (6.88) %	 (3.70) %
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 27,296	\$ 86,026	\$ 151,308	\$ 126,258	\$ 134,227	\$ 95,253
Ratio of expenses to average net assets (b)	0.47 %	0.44 %	0.41 %	0.39 %	0.41 %	0.43 %
Ratio of net investment income to average net assets	2.37 %	2.76 %	2.94 %	3.09 %	2.72 %	2.19 %

(a) Based on average units outstanding.

(b) Does not include expenses on Program investments in the TIAA-CREF Funds.

**Aggressive Managed Allocation Option**

**Age Bands Within the Aggressive Managed Allocation Option**

<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>
\$ 9.27	\$ 9.13	\$ 9.44	\$ 9.59	\$ 9.65	\$ 9.81
0.12	0.15	0.19	0.21	0.23	0.22
<u>(2.85)</u>	<u>(2.35)</u>	<u>(2.02)</u>	<u>(1.74)</u>	<u>(1.49)</u>	<u>(0.90)</u>
<u>(2.73)</u>	<u>(2.20)</u>	<u>(1.83)</u>	<u>(1.53)</u>	<u>(1.26)</u>	<u>(0.68)</u>
<u>\$ 6.54</u>	<u>\$ 6.93</u>	<u>\$ 7.61</u>	<u>\$ 8.06</u>	<u>\$ 8.39</u>	<u>\$ 9.13</u>
(29.45) %	(24.10) %	(19.39) %	(15.95) %	(13.06) %	(6.93) %
\$ 7,480	\$ 6,936	\$ 6,908	\$ 4,331	\$ 3,251	\$ 1,402
0.51 %	0.48 %	0.45 %	0.43 %	0.41 %	0.42 %
1.81 %	2.19 %	2.49 %	2.62 %	2.80 %	2.41 %

See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM**  
**FINANCIAL HIGHLIGHTS (continued)**  
**For the Period Ended June 30, 2009**

	<u>High Equity Option</u>	<u>100% Equity Index Option</u>	<u>100% Fixed- Income Option</u>	<u>Social Choice Option</u>	<u>Money Market Option</u>	<u>Principal Plus Interest Option</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD						
Net asset value, beginning of year	\$ 12.77	\$ 10.79	\$ 11.30	\$ 9.38	\$ 10.08	\$ 13.08
Gain (loss) from investment operations:						
Net investment income (a)	0.25	0.14	0.40	0.12	0.11	0.46
Net realized and unrealized gain (loss) on total investments	<u>(2.97)</u>	<u>(3.14)</u>	<u>(0.12)</u>	<u>(2.52)</u>	<u>-</u>	<u>-</u>
Total gain (loss) from investment operations	<u>(2.72)</u>	<u>(3.00)</u>	<u>0.28</u>	<u>(2.40)</u>	<u>0.11</u>	<u>0.46</u>
Net asset value, end of year	<u>\$ 10.05</u>	<u>\$ 7.79</u>	<u>\$ 11.58</u>	<u>\$ 6.98</u>	<u>\$ 10.19</u>	<u>\$ 13.54</u>
 TOTAL RETURN	 (21.30) %	 (27.80) %	 2.48	 (25.59) %	 1.09 %	 3.52 %
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 171,413	\$ 41,140	\$ 19,085	\$ 1,178	\$ 10,852	\$ 154,484
Ratio of expenses to average net assets (b)	0.44 %	0.56 %	0.32 %	0.43 %	0.50 %	- %
Ratio of net investment income to average net assets	2.48 %	1.77 %	3.57 %	1.74 %	0.65 %	3.55 %

(a) Based on average units outstanding.

(b) Does not include expenses on Program investments in the TIAA-CREF Funds.

# CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – ORGANIZATION

The Connecticut Higher Education Trust Program (the “Program”) was formed on July 1, 1997 by Connecticut law, to help people save for the costs of education after high school. The Program is administered by the Treasurer of the State of Connecticut, as trustee (the “Trustee”) of the Connecticut Higher Education Trust (the “Trust”). The Trustee has the authority to enter into contracts for program management services, adopt regulations for the administration of the Program and establish investment policies for the Program. TIAA-CREF Tuition Financing, Inc. (“TFI”), a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”), and the Trustee have entered into a Management Agreement under which TFI serves as Program Manager. The Trust is designed to be a qualified tuition program under Section 529 of the Internal Revenue Code which was established pursuant to the Connecticut Statutes. Investment options and allocations, as approved by the Trustees, are described in the current Disclosure Booklet for the Program.

The assets in the Principal Plus Interest Option are allocated to a funding agreement issued by TIAA-CREF Life Insurance Company (“TIAA-CREF Life”), a subsidiary of TIAA. The Funding Agreement guarantees to the Trust a return of principal plus a minimum rate of interest (between 1% and 3%) and provides the opportunity for additional interest as declared periodically by TIAA-CREF Life.

Teachers Advisors, Inc. (“Advisors”), an affiliate of TFI, is registered with the Securities and Exchange Commission (“Commission”) as an investment adviser and provides investment advisory services to the TIAA-CREF Funds. Teachers Personal Investors Services, Inc. (“TPIS”), an affiliate of TFI, and TIAA-CREF Individual & Institutional Services, LLC (“Services”), also an affiliate of TFI, both of which are registered with the Commission as broker-dealers and are members of the Financial Industry Regulatory Authority, provide the telephone counseling, marketing and information services required of TFI as Program Manager.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which may require the use of estimates made by management and the evaluation of subsequent events through September 10, 2009. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Program.

**Accounting for Investments:** Securities transactions are accounted for as of the date the securities are purchased or sold (“trade date”). Interest income is recorded as earned. Dividend income and capital gain distributions from the TIAA-CREF Funds are recorded on the ex-dividend date. Realized gains and losses are based upon the specific identification method.

**Federal and State Income Tax:** No provision for income taxes has been made. The Program is designed to constitute a qualified tuition program under Section 529 of the Internal Revenue Code, which exempts earnings on qualified withdrawals from federal income tax and does not have any unrelated business income subject to tax. Earnings on qualified withdrawals are exempt from Connecticut income tax.

**Units:** The beneficial interests for each participant in the Investment Options are represented by Program units. Subscriptions and redemptions are recorded upon receipt of participant’s instructions in good order, based on the next determined net asset value per unit (“Unit Value”). Unit values for each Investment Option are determined at the close of business of the New York Stock Exchange. There are no distributions of net investment gains or net investment income to the Investment Options participants or beneficiaries.

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Valuation of Investments:** U.S. GAAP establishes a hierarchy that prioritizes market inputs to valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Program’s own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Program’s major categories of assets and liabilities measured at fair value follows:

**Investments in Registered Investment Companies:** These investments are valued at their net asset value on the valuation date. Net asset value of underlying funds is calculated as of the close of business of the New York Stock Exchange. These investments are categorized in Level 1 of the fair value hierarchy.

**TIAA-CREF Life Funding Agreement:** The value is stated at the principal contributed and earnings credited less any withdrawals to date which in the good faith judgment of the Program Manager approximates fair value. The Funding Agreement is categorized in Level 3 of the fair value hierarchy.

The following is a summary of the inputs used to value the Program investments as of June 30, 2009:

	Level 1	Level 2	Level 3	Total
Managed Allocation Option	\$ 620,581,891	\$ -	\$ -	\$ 620,581,891
Aggressive Managed Allocation Option	30,323,822	-	-	30,323,822
High Equity Option	171,428,586	-	-	171,428,586
100% Equity Index Option	41,157,004	-	-	41,157,004
100% Fixed Income Option	19,082,657	-	-	19,082,657
Social Choice Option	1,178,785	-	-	1,178,785
Money Market Option	10,856,385	-	-	10,856,385
Principal Plus Interest Option	-	-	154,483,968	154,483,968
Administrative Account	439,242	-	-	439,242
<b>Total</b>	<b>\$ 895,048,372</b>	<b>\$ -</b>	<b>\$ 154,483,968</b>	<b>\$ 1,049,532,340</b>

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

	Investments in Securities
Balance as of 06/30/08	\$ 115,809,935
Accrued Discounts/Premiums	-
Realized Gain/Loss	-
Change in Unrealized Appreciation/Depreciation	-
Net Purchases/Sales	38,674,033
Net Transfers in and/or out of Level 3	-
Balance as of 06/30/09	\$ 154,483,968

**NOTE 3 – MANAGEMENT AGREEMENTS**

For its services as Program Manager with respect to the Managed Allocation Option, the Aggressive Managed Allocation Option, the 100% Equity Index Option, the 100% Fixed Income Option, the Social Choice Option, the Money Market Option and the High Equity Option, TFI, and related entities, are paid (i) an annual aggregate management fee of 0.315% to 0.56% of the average daily net assets of the Trust, so invested, plus (ii) the specific investment management fees for the underlying investments in the TIAA-CREF Funds, plus (iii) state fee (described below) the total of which shall not exceed 0.65% of the average daily net assets of the Trust invested in such investment options. The state trustee fee is not charged on assets invested in the Principal Interest Option however, an expense fee is paid to TFI by TIAA-CREF Life Insurance Company for distribution, administrative and other reasonable expenses.

The Trustee collects a State Trustee Fee of 0.01% of the average daily net assets of the Trust annually to pay for expenses related to the oversight of the Trust. The Trustee is authorized to withdraw a State Fee of up to 0.02% of the average daily net assets of the Trust.

Total program fees earned by TFI and related entities for the year ended June 30, 2009 were \$5,453,427, which includes \$3,550,511 due directly from the Program and \$1,902,916 due on Program investments in the TIAA-CREF Funds. The total state fees were \$85,367. The fees charged to each portfolio are disclosed in the Statement of Operations.

**NOTE 4 – INVESTMENTS**

As of June 30, 2009, net unrealized depreciation of portfolio investments was \$134,644,393, consisting of gross unrealized depreciation of \$134,644,393.

Purchases and sales of non-government portfolio securities for the year ended June 30, 2009 were \$234,599,405 and \$145,321,925, respectively.

An Account owner has an investment in an Investment Option and not a direct investment in any underlying mutual fund or other investment vehicle.

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS (concluded)**

As of June 30, 2009, the Program's investments consist of the following:

	<u>SHARES</u>	<u>COST</u>	<u>VALUE</u>
TIAA-CREF Funds (Institutional Class):			
Inflation Linked Bond Fund	9,935,755	\$ 102,294,844	\$ 101,742,133
Equity Index Fund	33,441,805	280,161,825	229,076,364
International Equity Index Fund	6,540,568	112,963,615	85,943,067
Bond Fund	27,526,100	274,422,581	272,233,128
Real Estate Securities Fund	3,220,202	33,668,360	17,839,918
Money Market Fund	81,855,967	81,855,967	81,855,967
Mid-Cap Growth Fund	671,751	10,504,195	7,946,809
Mid-Cap Value Fund	680,809	11,437,264	7,856,540
S&P 500 Index Fund	7,641,951	106,310,699	79,705,550
Small-Cap Equity Fund	999,012	14,233,763	9,230,869
Social Choice Equity Fund	154,089	1,400,410	1,178,785
TIAA-CREF Fund (Retail Class):			
Money Market Fund*	439,242	439,242	439,242
TIAA-CREF Life Insurance Company:			
Funding Agreement		154,483,968	154,483,968
		<u>\$ 1,184,176,733</u>	<u>\$ 1,049,532,340</u>

\* Represents the assets of the administrative account.