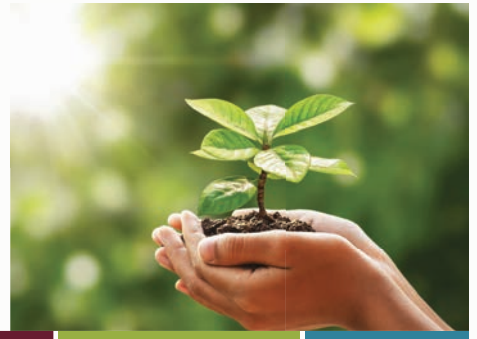
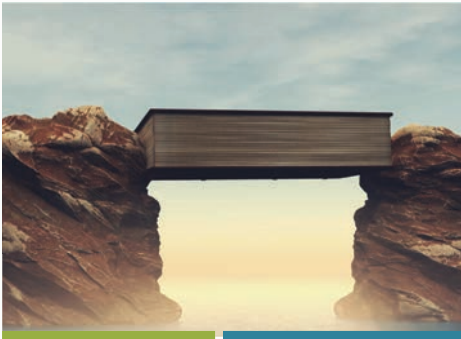
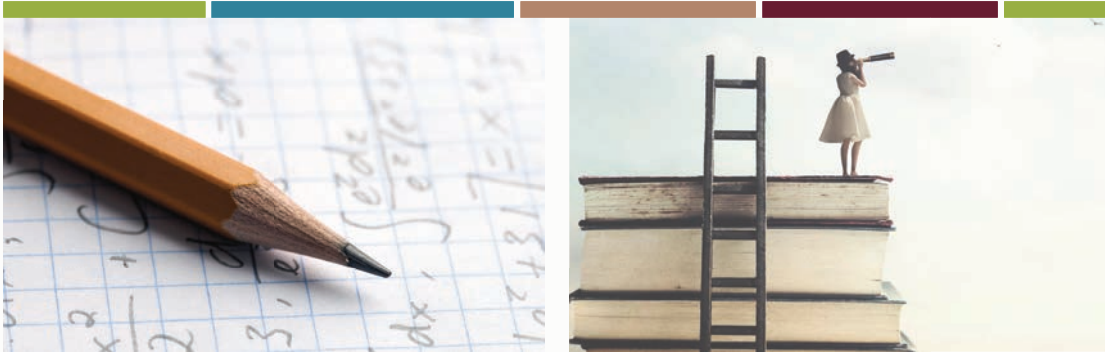


2021



POPULAR ANNUAL FINANCIAL REPORT

For fiscal years ended June 30, 2021 and 2020

A component unit of the State of Louisiana

Message from the Director

Dear TRSL Members and Benefit Recipients:

It is my privilege to present the 2021 Popular Annual Financial Report (PAFR) for the Teachers' Retirement System of Louisiana (TRSL). This report is a summary of the System's financial position and investment performance for the fiscal year ended June 30, 2021. The information in this publication represents the combined efforts of the TRSL staff and its advisors.

At TRSL, we are committed to managing the fund's assets with the unwavering integrity and discipline necessary to provide retirement benefits and achieve long-term, optimal results. This past fiscal year demonstrated just how sustainable TRSL is as a pension plan capable of providing retirement security to Louisiana educators and their beneficiaries for years to come. In a year rocked by the devastating impacts of the pandemic, TRSL emerged with a positive story to tell.

The good news begins with a record 35.7% (net of fees) in investment returns that was earned in FY 2021. This historic return generated more than \$6.5 billion for the trust, bringing the System's total assets to \$27.7 billion at fiscal year's end.

Because of the strong investment performance, the System was able to hit even more notable milestones. The plan's funded status grew to 71.8%, up from 67.9% in the last fiscal year. By achieving a funded status of at least 70%, we moved from 30-year amortization schedules to 20-year amortization schedules. Shorter amortization schedules are generally considered a more prudent way to retire debt.

On the subject of debt, the unfunded accrued liability (UAL) decreased by more than \$1 billion to a current balance of \$9.3 billion in Fiscal Year 2021. This is the first time since 2008 that the UAL has been below \$10 billion. Principal and interest on the UAL have now been paid for nine consecutive years, and the debt is on track to be paid off by its statutorily required payoff dates.

At TRSL, we're also proud of the way we've adapted business practices in response to the pandemic. We opened our doors for members to meet with us by appointment if they preferred a face-to-face meeting. And, we've expanded our web-based services to prioritize the health and safety of our members and staff. Throughout the last year, we've held more virtual one-on-one counseling sessions, informational webinars for group retirement counseling and employer training, and added more self-service features to our Member Access portal, including the ability to apply for disability retirement online and to generate an income verification letter for Social Security purposes.

Legislatively, the 2021 Regular Session resulted in three bills and one resolution that impacted TRSL. The most significant of these was Act 37, which granted a minimum benefit increase to TRSL's oldest retirees whose monthly benefits were below \$1,450—the federal poverty level for a family of two. Retirees who had at least 30 years of service credit and met other criteria on June 30, 2021, were granted a monthly benefit increase equal to the lesser of \$300 or the difference

between their current benefit and \$1,450 if they met certain criteria. Additional information about legislation impacting the System can be found on page 7.

Finally, as part of our goal to always look for ways to enhance services, TRSL tackled several projects designed to improve members' retirement experiences.

The Louisiana Legislature asked us to work with the retirement systems for state employees, school employees, and state police on alternative methods for providing COLAs to retirees in future years. We presented the joint Senate and House Retirement committees with several alternative methods for providing regular and reliable COLAs, and continue to work with legislators on ways to protect the purchasing power of our members' retirement dollars.

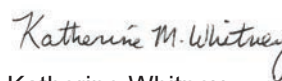
We also performed a critical analysis of our member and employer forms to determine how they could be more user friendly. We examined the content, language and design. Ultimately, we redesigned 90 forms to help members complete them accurately and in their entirety.

As a state often battered by natural disasters, we've worked hard to ensure our disaster recovery capabilities are solid. We have continued work on our multi-year plan to increase the agility of our virtual servers at our remote disaster recovery site so that we can sustain operations in the event of a business interruption at our TRSL office.

These are just a few examples of what we've accomplished this fiscal year. We're proud of them and look forward to continuing our practice of tapping into our initiative and innovation for the benefit of the System and its members.

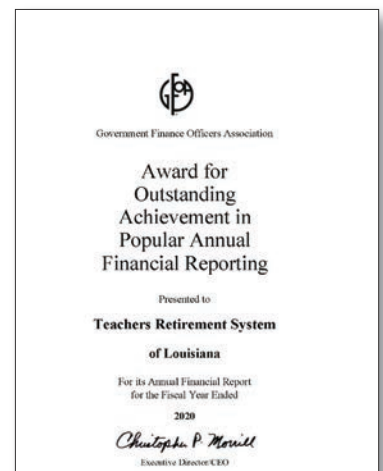
Together with the TRSL Board of Trustees, I encourage you to review the information in this report. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles of the United States, and have been audited by an independent certified public accounting firm on behalf of the Louisiana Legislative Auditor's Office. More detailed information can be found in the 2021 Comprehensive Annual Financial Report, available at www.TRSL.org.

Sincerely,



Katherine Whitney
TRSL Director

*For the last 19 years,
the Government Finance
Officers Association
of the United States
and Canada (GFOA)
has recognized TRSL
for preparation of its
summary annual report.*



Financial Information

TRSL ended Fiscal Year 2021 with \$27.7 billion in net assets. The chart immediately below shows TRSL's assets and liabilities over the past three years, as well as the net assets held in trust. The second chart below details the additions to and deductions from the plan net assets for the same three-year period.

Condensed Comparative Statements of Fiduciary Net Position

	2021	2020	2019
Assets			
Cash and cash equivalents	\$ 246,399,879	\$ 239,806,968	\$ 196,030,213
Receivables	2,070,552,824	2,394,206,675	2,732,561,096
Investments (fair value)	27,511,511,252	21,315,227,038	21,716,552,473
Securities lending collateral	2,012,340,658	2,135,108,608	3,034,732,743
Property and equipment, at cost (net)	<u>3,756,029</u>	<u>3,582,220</u>	<u>3,738,196</u>
Total assets	<u>31,844,560,642</u>	<u>26,087,931,509</u>	<u>27,683,614,721</u>
Deferred outflows of resources	<u>7,475,794</u>	<u>3,940,599</u>	<u>3,237,790</u>
Liabilities			
Accounts payable and other liabilities	2,112,352,860	2,731,400,959	2,996,452,942
Securities lending collateral	<u>2,012,340,658</u>	<u>2,135,108,608</u>	<u>3,034,732,743</u>
Total liabilities	<u>4,124,693,518</u>	<u>4,866,509,567</u>	<u>6,031,185,685</u>
Deferred inflows of resources	<u>3,214,663</u>	<u>4,776,539</u>	<u>3,184,454</u>
Net position restricted for pensions	<u>\$ 27,724,128,255</u>	<u>\$ 21,220,586,002</u>	<u>\$ 21,652,482,372</u>

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2021	2020	2019
Additions			
Member contributions	\$ 361,684,671	\$ 351,287,976	\$ 341,398,896
Employer contributions	1,237,976,403	1,222,809,469	1,217,167,321
Non-employer contributions	44,886,830	43,151,074	40,850,075
LSU Co-Operative Extension*	2,075,689	2,017,909	1,995,075
Other operating revenues	19,804,296	39,770,865	26,018,466
Net investment income	<u>7,164,169,788</u>	<u>171,029,364</u>	<u>1,209,230,839</u>
Total additions	<u>8,830,597,677</u>	<u>1,830,066,657</u>	<u>2,836,660,672</u>
Deductions			
Benefits, refunds, and other	2,310,595,851	2,245,134,690	2,214,961,707
LSU Co-Operative Extension*	1,856,703	1,987,638	2,075,869
Administrative expenses	14,132,424	14,418,014	13,445,962
Depreciation expense	<u>470,446</u>	<u>422,685</u>	<u>396,927</u>
Total deductions	<u>2,327,055,424</u>	<u>2,261,963,027</u>	<u>2,230,880,465</u>
Net increase (decrease)	<u>6,503,542,253</u>	<u>(431,896,370)</u>	<u>605,780,207</u>
Net position restricted for pensions beginning of year	<u>21,220,586,002</u>	<u>21,652,482,372</u>	<u>21,046,702,165</u>
Net position restricted for pensions end of year	<u>\$ 27,724,128,255</u>	<u>\$ 21,220,586,002</u>	<u>\$ 21,652,482,372</u>

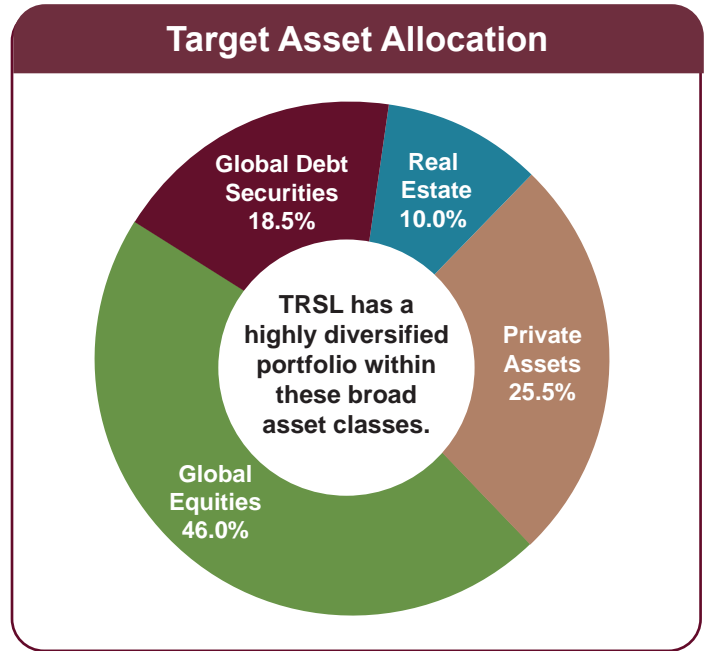
* LSU Co-Operative Extension: Supplemental benefits administered by TRSL for members of the Louisiana State University Agriculture and Extension Service who hold membership in the United States Civil Service Retirement System.

Investment Information

TRSL is responsible for prudently managing funds held in trust for members of the state's largest public retirement system. The goal is a highly diversified portfolio that maximizes the returns and minimizes the risk.

Investments are spread over a broad set of asset classes, including stocks, bonds, real estate, and private assets. This diversity has helped us sustain annualized returns over the past ten years of 10.7%.

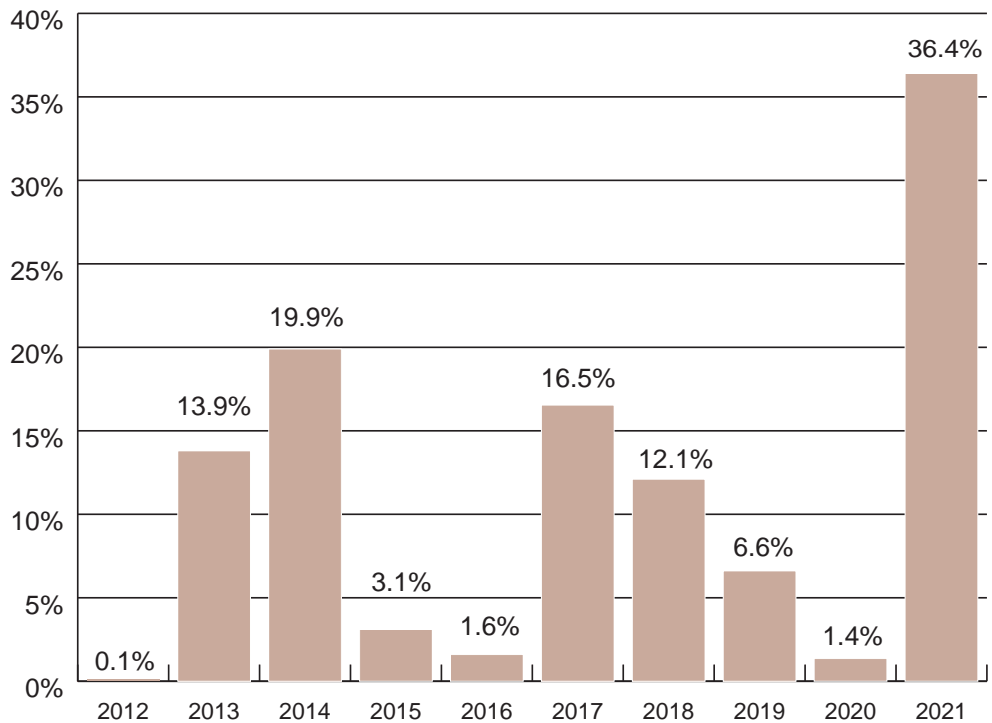
For fiscal year ended June 30, 2021, TRSL's market rate of return was 36.4% (gross of fees). When compared to other public plans with assets greater than \$1 billion, TRSL achieved a top 2nd percentile ranking, according to Wilshire Trust Universe Comparison Service (TUCS).



Investments at Fair Value

	2021	2020	2019
Short-term investments	\$ 1,073,305,658	\$ 869,649,602	\$ 905,937,551
Global debt securities	3,368,747,664	3,579,000,757	3,741,321,218
Global equities	12,274,373,322	9,140,896,138	9,850,015,432
Private assets	8,482,954,130	5,806,264,305	5,407,829,743
Real estate	<u>2,312,130,478</u>	<u>1,919,416,236</u>	<u>1,811,448,529</u>
Total investments	<u>\$ 27,511,511,252</u>	<u>\$ 21,315,227,038</u>	<u>\$ 21,716,552,473</u>

10-Year Rates of Return (gross of fees)



Actuarial Information

To fund retirements, TRSL must project how much it will take to pay benefits years in the future. To do this, the TRSL actuary calculates the System's long-term liabilities, taking into account many assumptions of future events, including mortality and disability rates, salary increases, and termination and retirement rates. These assumptions are based upon TRSL's past experience and help project future funding needs.

The actuary also calculates the actuarial value of the System's assets. Actuarial value and market value are different. Market value is based on what assets could be sold for on a specific date, which can change daily. Actuarial value is based on a technique that "smooths" short-term market gains and losses over a five-year period. While it approximates market value, the actuarial value removes much of the volatility global markets experience by incrementally recognizing market highs and lows over the course of five years.

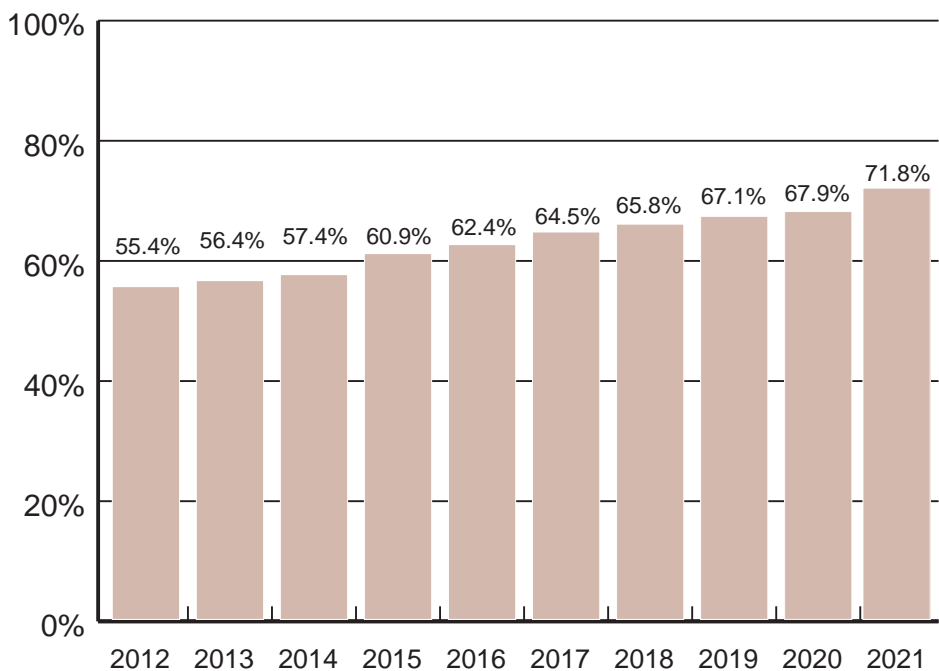
Using the actuarial value provides a reliable way to estimate the System's assets and liabilities that is not tied to day-to-day market fluctuations and helps TRSL better meet its long-term funding needs.

As of June 30, 2021, the System's actuarial value of assets was \$23.7 billion, up from \$21.9 billion in the previous fiscal year. TRSL's actuarial funded ratio increased to 71.8% in FY 2021 from 67.9% in FY 2020. The actuarial funded ratio of 71.8% means that TRSL has 71.8 cents to cover the present value of every dollar expected to be paid in future retirement benefits.

Summary of Actuarial Valuation

	2021	2020	2019
Membership census			
Retirees	81,620	80,536	79,647
Active	85,980	86,860	85,998
DROP	2,227	2,359	2,462
Terminated vested	8,409	7,992	7,574
Actuarial investment return	12.7%	6.8%	7.5%
Actuarial funded ratio	71.8%	67.9%	67.1%
Annual benefits paid*	\$ 2,257,872,039	\$ 2,195,861,109	\$ 2,165,760,383

*Includes LSU Co-Operative Extension



**Funded Ratio
(2012 - 2021)**

Revenues and Expenses

Revenues

The TRSL defined benefit retirement plan is funded by (1) contributions from members, (2) contributions from employers, and (3) investment earnings. The System invests member and employer contributions; and retirement benefits are paid from TRSL investment earnings. The retirement system provides retirees with a lifetime monthly benefit based on length of service, final average compensation, and a benefit accrual factor.

Some employees in higher education choose to participate in the Optional Retirement Plan (ORP), a defined contribution plan similar to a 401(k) account. These accounts are credited with employee contributions (less a 0.05% administrative fee) and employer contributions. The UAL portion of the employer contribution is reflected in the *Employer* column of the *Revenues by Source* table below.

Income from miscellaneous receipts related to operation of the pension plan, such as litigation settlements and processing fees, is listed in the table below as *Other Operating Revenues*.

Revenues by Source

Fiscal Year	Member	Employer	Non-Employer*	Appropriations Acts	Net Investment Income	Other Operating Revenues	Total
2018-2019	\$ 341,398,896	\$ 1,217,167,321	\$ 42,845,150	\$ 21,327,137 [‡]	\$ 1,209,230,839	\$ 4,691,329	\$ 2,836,660,672
2019-2020	351,287,976	1,222,809,469	45,168,983	36,789,397 [‡]	171,029,364	2,981,468	1,830,066,657
2020-2021	361,684,671	1,237,976,403	46,962,519	18,612,744 [‡]	7,164,169,788	1,191,552	8,830,597,677

*Refers to the sheriff tax collections and LSU Co-Op Extension.

[‡]Act 50 of 2019

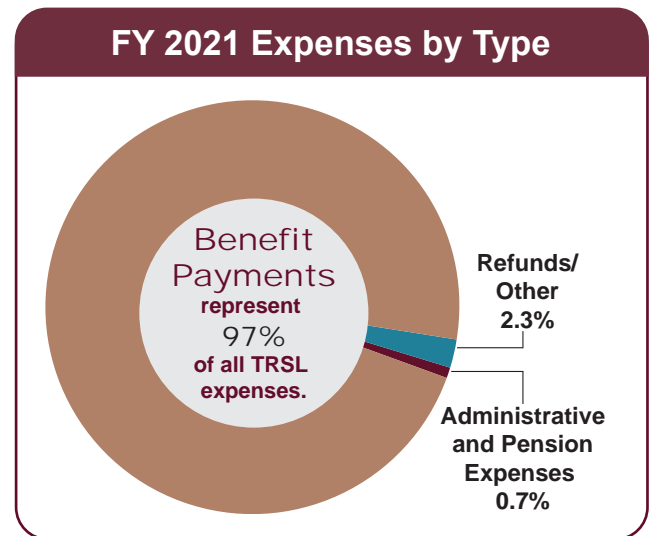
[‡]Act 255 of 2020

[‡]Act 120 of 2021

Expenses

In Fiscal Year 2021, TRSL paid \$2.3 billion in retirement benefits. These dollars provide a reliable monthly income to more than 81,600 retirees and beneficiaries, the majority of whom live in Louisiana.

As shown in the pie chart to the right, 97 cents of every dollar went toward benefit payments in Fiscal Year 2021. Administrative expenses account for less than one penny out of that same dollar.



Expenses by Type

Fiscal Year	Benefits*	Pension Expense	Refunds/Other	Administrative Expenses [†]	Depreciation Expense	Total
2018-2019	\$ 2,165,855,657	\$ 880,211	\$ 50,301,708	\$ 13,445,962	\$ 396,927	\$ 2,230,880,465
2019-2020	2,195,320,939	1,576,153	50,225,236	14,418,014	422,685	2,261,963,027
2020-2021	2,257,486,735	1,870,195	53,095,624	14,132,424	470,446	2,327,055,424

*Includes Other Post-Employment Benefits (OPEB) expense and LSU Co-Op Extension.

[†]Investment administrative expenses are excluded from this total in accordance with GASB 67.

Summary of Fiscal Year 2021 Legislation

Permanent Benefit Increase

Act 7 (Sen. Price) granted a minimum benefit increase to certain retirees, beneficiaries, and survivors of TRSL as well as the retirement systems for state employees, school employees, and state police. A minimum benefit increase also was granted to beneficiaries and survivors of deceased members who would have qualified.

TRSL Membership

Act 138 (Rep. LaCombe) requires all new employees of the Louisiana School Boards Association (LSBA), current LSBA employees with at least five years of TRSL service credit, and the LSBA director to become members of TRSL. LSBA employees have previously been members of the Parochial Employees' Retirement System of Louisiana (PERS).

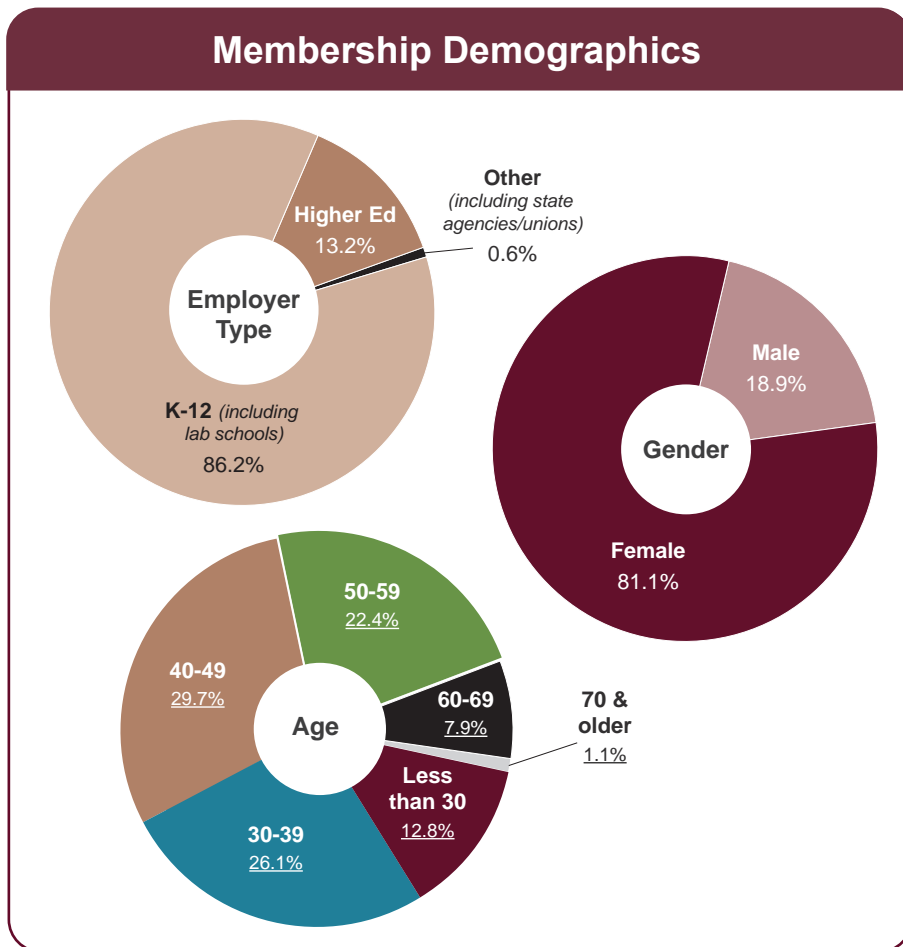
Payment toward the UAL

Act 120 (Rep. Zeringue) makes a supplemental appropriation of \$18.6 million to the TRSL initial unfunded accrued liability (IUAL) from a portion of the FY 2019-20 surplus funds in the state treasury.

Social Security Offsets

House Concurrent Resolution No. 7 (Rep. M. Johnson) requests that Congress review and eliminate or reduce the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security benefit reductions.

Quick Facts about TRSL



Ten Largest Employers (FY 2021)

	# of employees
Jefferson Parish School Board	5,004
EBR Parish School Board	4,786
St. Tammany Parish School Board	4,638
Caddo Parish School Board	3,933
Calcasieu Parish School Board	3,852
Lafayette Parish School Board	3,580
Livingston Parish School Board	2,766
Rapides Parish School Board	2,713
Ascension Parish School Board	2,452
Bossier Parish School Board	2,384



2021 Popular Annual Financial Report

for fiscal years ended June 30, 2021 and 2020

a component unit of the State of Louisiana

Katherine Whitney, Director

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Website: www.TRSL.org

Business hours: 8 a.m. - 4:30 p.m.

(Monday-Friday, excluding holidays)

Facebook: www.facebook.com/TRSLonline

Twitter: @TRSLonline



TRSL is an equal opportunity employer and complies with the Americans with Disabilities Act.

The printing of this document (75 copies) was paid for out of the TRSL trust fund administrative budget (at a cost of \$25.50).