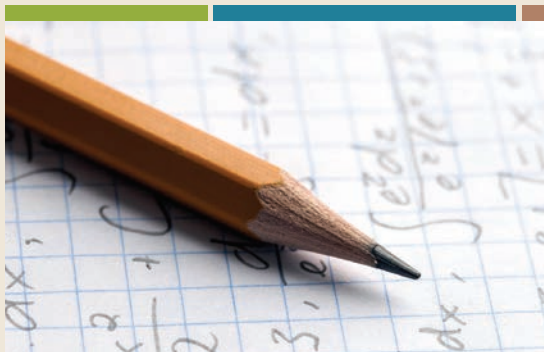


# 2021



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For fiscal years ended June 30, 2021 and 2020*

*A component unit of the State of Louisiana*

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# 2021 Comprehensive Annual Financial Report

for fiscal years ended June 30, 2021 & 2020  
a component unit of the State of Louisiana

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Prepared by the Accounting, Investment, Public Information, and  
Administrative Services Departments of the Teachers' Retirement System of Louisiana

**Katherine Whitney, Director**

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8401 United Plaza Boulevard, Suite 300  
Baton Rouge, LA 70809-7017

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PO Box 94123  
Baton Rouge, LA 70804-9123

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1-877-ASK-TRSL (1-877-275-8775)

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**Email:** [web.master@trsl.org](mailto:web.master@trsl.org)

**Website:** [www.TRSL.org](http://www.TRSL.org)

**Business hours:** 8 a.m. - 4:30 p.m.  
(Monday-Friday, excluding holidays)

**Facebook:** [www.facebook.com/TRSLonline](http://www.facebook.com/TRSLonline)

**Twitter:** @TRSLonline

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



**Comprehensive Annual  
Financial Report**

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# 2021

Comprehensive Annual Financial Report



Teachers' Retirement System of Louisiana

www.trsl.org  
 225.925.6446  
 225.925.4779  
 web.master@trsl.org  
 Post Office Box 94123  
 Baton Rouge LA 70804-9123

October 15, 2021

Board of Trustees  
 Teachers' Retirement System of Louisiana  
 Post Office Box 94123  
 Baton Rouge, LA 70804-9123

Dear Board Members:

It is our privilege to present the 2021 Comprehensive Annual Financial Report for the Teachers' Retirement System of Louisiana (TRSL). The report provides a detailed account of the retirement system's activities and operations, including its financial position, investment performance, statutory compliance, demographic makeup, and fund stewardship for the fiscal year ended June 30, 2021.

This past fiscal year was one of remarkable achievements for TRSL on a number of fronts. The retirement system notched a tremendous return on its investments, earning a record 35.7% (net of fees) 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.

This strong investment performance enabled the System to hit some notable milestones in the area of funding. The plan's actuarial funded level, which is a common metric used to measure the fiscal health of the retirement system, now stands at 71.8%, up from 67.9% in the last fiscal year. And, the unfunded accrued liability (UAL) dropped by more than \$1 billion. Principal and interest on the debt have now been paid for nine consecutive years, and the current balance is now \$9.3 billion.

With retirement benefits topping more than \$2.3 billion, TRSL continues to provide important post-retirement income to our retired membership and make a positive economic impact in the state. More than 82,000 retirees and beneficiaries received monthly TRSL benefits in FY 2021 with nearly 90% going to people with Louisiana addresses. These are dollars that are regularly pumped back into local economies where many of our retirees spend their money.

Operationally, TRSL has implemented business practices that support the health and safety of members and staff. We have expanded our member services to include virtual counseling, and through our telework program that allows employees to work from home one day a week, we have adapted to the way many across the globe are conducting business. We're taking what worked well during the public emergency and balancing it with our top priority to serve our members.

These achievements of financial success, funding progress, and commitment to service tell a compelling story about TRSL as a sustainable pension plan capable of providing retirement security to Louisiana educators and their beneficiaries for years to come.

### ***2021 Regular Legislative Session***

The 2021 Regular Legislative Session produced 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

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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. To qualify, they also must have been retired at least 15 years; be at least 60 years of age; have never participated in DROP or ILSB; and not be receiving a benefit pursuant to a reciprocal agreement recognized by the System. This minimum benefit increase was also granted to beneficiaries and survivors of deceased members who met or would have met the same criteria.

Act 138 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 TRSL members. Previously, LSBA employees were members of the Parochial Employees' Retirement System of Louisiana. Act 120 directed a portion of the FY 2019-20 surplus funds in the state treasury to make a supplemental appropriation of \$18.6 million to the TRSL initial unfunded accrued liability.

Finally, House Concurrent Resolution No. 7 requested that Congress review and eliminate or reduce the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security benefit reductions. While these offsets, which are mandated by federal law, impact many TRSL retirees who earned Social Security benefits or are eligible for them through a spouse's employment, changes to WEP and GPO must come at the federal level.

### ***Profile of TRSL***

TRSL is a multiple-employer, cost-sharing defined benefit pension plan established by the Legislature in 1936. System assets are held in trust to provide retirement benefits for retired members and their beneficiaries.

TRSL is the largest public retirement system in the state with a membership of 178,236. In Fiscal Year 2021, the number of annuitants increased to 81,620 from 80,536 in the previous fiscal year.

TRSL is governed by a Board of Trustees whose primary responsibility is to manage and safeguard assets held in trust for the membership. The TRSL Board has 12 elected members, a member of the House retirement committee who is appointed by the Speaker of the House, and four ex officio members who hold their positions by virtue of their state office. Trustees and executive management staff perform all duties in accordance with their fiduciary responsibilities.

The TRSL Board must meet at least 10 times each year, and trustees are required by statute to complete continuing education hours in investments, actuarial science, law, and ethics.

### ***Investments***

TRSL invests System assets in a manner that is consistent with applicable laws and its investment policy, which outlines a core set of values and fundamental investment beliefs that form the basis for all investment decisions.

The System's investment principles include: (1) developing a long-term, strategic asset class allocation defined by the Board of Trustees that allows rebalancing to set allocations within specific ranges; (2) using mature time frames and appropriate benchmarks to fairly evaluate active manager performance; (3) seeking investment implementation that is cost effective; and (4) utilizing active investment management in asset classes and strategies where evidence of favorable value-added potential exists.

As previously mentioned, the System's portfolio earned a 35.7% return on investments (net of fees) with public and private market assets generating a 33.90% and 38.29% return, respectively. Over the longer

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20-year period, System's investment returns rank in the top (best) seventh percent of public pension funds with assets greater than \$1 billion, according to Wilshire Trust Universe Comparison Service (TUCS). More detailed information about TRSL's investments can be found starting on page 96.

### ***Funding***

TRSL administers a defined benefit retirement plan which is funded through investment earnings and contributions from employees and employers. Regular Plan members, the System's largest membership, contribute 8.0% of salary toward their retirement benefits. In TRSL's two plans for school food service personnel—Plan A and Plan B—members contribute 9.1% and 5.0% of salary, respectively. Plan B members also contribute to Social Security. A single employer contribution rate is calculated for the K-12 Regular Plan and School Lunch Plans A and B. A separate contribution rate is calculated for Higher Education Regular Plan employers. All employer rates are based on three factors: (1) the normal cost of funding retirement benefits for the current year; (2) the amortization of the UAL; and (3) non-investment related administrative costs.

The TRSL actuary uses these factors to calculate and recommend employer contribution rates, which are converted to a percentage of total payroll of all active members for each sub-plan. The recommendation must be approved by the TRSL Board of Trustees and adopted by the Public Retirement Systems' Actuarial Committee (PRSAC).

TRSL's actuarial funded ratio for Fiscal Year 2021 increased to 71.8% from 67.9% in Fiscal Year 2020. Additionally, the System's actuarial value of assets increased to \$23.74 billion, up from \$21.97 billion in Fiscal Year 2020, and \$21.18 billion in Fiscal Year 2019.

### ***Accomplishments***

TRSL is always looking for ways to improve operations, enhance services and create efficiencies.

The Louisiana Legislature asked us to work with retirement systems for state employees, school employees, and state police on alternative methods for providing Cost of Living Adjustments (COLAs) to retirees in future years. We presented several alternative methods for providing regular and reliable COLAs to the joint Senate and House Retirement committees, 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.

### ***Report structure and oversight***

This annual report meets all requirements in Louisiana Revised Statute 11:832(B), and has been prepared according to the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB).

The management of TRSL assumes full responsibility for not only the contents of the annual report, but also the internal accounting controls that are designed to provide reasonable assurances regarding the reliability of all

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financial statements and disclosures in this report. The concept of reasonable assurance recognizes the relationship between the cost of a control and the benefit likely to be derived, based on the judgment of management. Furthermore, the objective is to provide reasonable, not absolute, assurance that the financial statements are free of any material errors. To the best of our knowledge, the internal accounting controls currently in place meet the purposes for which they are intended—specifically assuring that the financial statements in this report, including supporting schedules and statistical tables, are presented fairly in all material respects.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of the following sections:

- **Introductory**      General information regarding TRSL operations
- **Financial**        Management’s discussion and analysis and financial statements
- **Investment**      Summary of investments and performance information
- **Actuarial**        Results from actuarial valuation and other actuarial information
- **Statistical**      General statistical information about TRSL finances and members

The TRSL Board of Trustees and its executive management have a fiduciary responsibility to act in the best interest of the System—not to any particular constituency. Concerning these trustees and staff, there can be no conflicts of interest associated with their positions; they must meet the highest of ethical standards; manage assets in accordance with the goals and statutory requirements of the System; and employ the requisite legal and financial expertise to invest System funds. TRSL also maintains a system of internal controls to reasonably assure member data and financial information are secure and assets and resources are safeguarded and utilized appropriately.

TRSL is also subject to a substantial degree of legislative oversight, adding another layer of accountability. The Legislature reviews and approves the System’s annual operating budget and enacts legislation related to TRSL’s administration, benefit structure, investments, and funding. The legislative auditor is responsible for the procurement of audits for TRSL and is authorized to contract with a licensed CPA for each audit. Additionally, PRSAC reviews and adopts TRSL’s valuation report, including its actuarial assumptions, each year.

On behalf of the Louisiana Legislative Auditor's Office, the independent certified public accounting firm Hawthorn, Waymouth, and Carroll, L.L.P., located in Baton Rouge, La., performed the annual financial and compliance audit of TRSL in the respective years ended June 30, 2021 and 2020. TRSL’s financial statements audit was performed in accordance with generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States. It is the opinion of the independent audit firm that all financial statements contained in this report fairly present, in all material respects, the financial position of TRSL as of June 30, 2021 and 2020 respectively.

#### ***Awards and Recognition***

We are honored to have been recognized year after year with two prestigious awards from the Government Finance Officers Association (GFOA). We have received these awards again for last year’s financial reports. TRSL’s *2020 Comprehensive Annual Financial Report* received the *Certificate of Achievement for Excellence in Financial Reporting* for the 30th consecutive year. For 19 consecutive years, the System has received the *Award*

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for *Outstanding Achievement in Popular Financial Reporting* for its summary annual report. Both awards recognize state and local governments that exceed the minimum requirements of generally accepted accounting principles to prepare financial reports that embody the principles of transparency and full disclosure.

TRSL also received the *Public Pension Standards Award for Funding and Administration* from the Public Pension Coordinating Council (PPCC), a coalition of three national associations that represents more than 500 of the largest U.S. pension plans. Public Pension Standards are a benchmark to measure public defined benefit plans in the areas of retirement system management, administration, and funding.

***Acknowledgments***

We would like to thank the Board for its prudent oversight and management of the System and its full support of the TRSL staff. And, we extend our appreciation to staff who put in a tremendous amount of time and effort to ensure the timely and accurate presentation of the System's financial information in this report.

*Respectfully submitted,*



Director



Charlene T. Wilson  
Chief Financial Officer

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# Vision & Mission Statement

## Vision

Retirement security in a changing world

## Mission

Manage the Teachers' Retirement System of Louisiana in a manner that creates the highest degree of confidence in our integrity, efficiency, fairness, and financial responsibility

## Values & goals

***We are here to serve our customers.***

Every customer will be provided timely, accurate, and courteous service.

***We are committed to our role as fiduciaries of the trust.***

We will manage the fund's assets with unwavering integrity and discipline to provide retirement benefits and achieve long-term, optimal results.

***We believe in the value of public service and quality education for all Louisiana citizens.***

We will foster an environment where innovation, initiative, and accountability are expected and supported.

***We know that with an entrepreneurial spirit and team work, we can accomplish any task.***

We will utilize quality principles, leading technology, and partnerships with our stakeholders to improve our products and services.

***Ultimately, our performance comes from our people.***

We value and support employees through open communication, professional development, recognition, and by creating a sense of community.

# Board of Trustees and Ex Officio Members



**Holly Bridges Gildig, M.Ed.**  
*Board Chair*

5th District  
*Term expires 12/31/24*



**David A. Hennigan**  
*Board Vice Chair*

4th District  
*Term expires 12/31/23*



**Neshelle S. Nogess, M.B.A.**

1st District  
*Term expires 12/31/22*



**Lotte T. Delaney, M.P.A.**

2nd District  
*Term expires 12/31/23*



**Tia T. Mills, Ed.D.**

3rd District  
*Term expires 12/31/23*



**Ricky Julien, Sr., M.Ed.**

6th District  
*Term expires 12/31/24*



**Suzette S. Riddle**

7th District  
*Term expires 12/31/22*



**Kelly Thompson**

School Food Service Employees  
*Term expires 12/31/21*



**Paul E. Nelson, Ph.D.**

Superintendents  
*Term expires 12/31/22*



**Jerry J. Baudin, Ph.D.**

Retired Members  
*Term expires 12/31/21*



**James A. Taylor, Sr., J.D., Ph.D.**

Retired Members  
*Term expires 12/31/22*



**Thomas F. Stafford, Ph.D.**

Colleges & Universities  
*Term expires 12/31/22*



**Honorable Edward J. "Ed" Price**

Chair, Senate Retirement Committee  
*Ex officio*



**Honorable Lance Harris**

Chair, House Retirement Committee  
*Appointed*



**John M. Schroder**

State Treasurer  
*Ex officio*



**Cade Brumley, Ed.D.**

State Superintendent of Education  
*Ex officio*



**Jay Dardenne**

Commissioner, Division of Administration  
*Ex officio*

# Executive Management



**Katherine Whitney**  
*Director*



**Douglas Swenson**  
*Deputy Director*



**Jeff LaCour**  
*Assistant Director  
of Operations*



**Trey Roche**  
*Executive Counsel*



**Philip Griffith**  
*Chief Investment Officer*

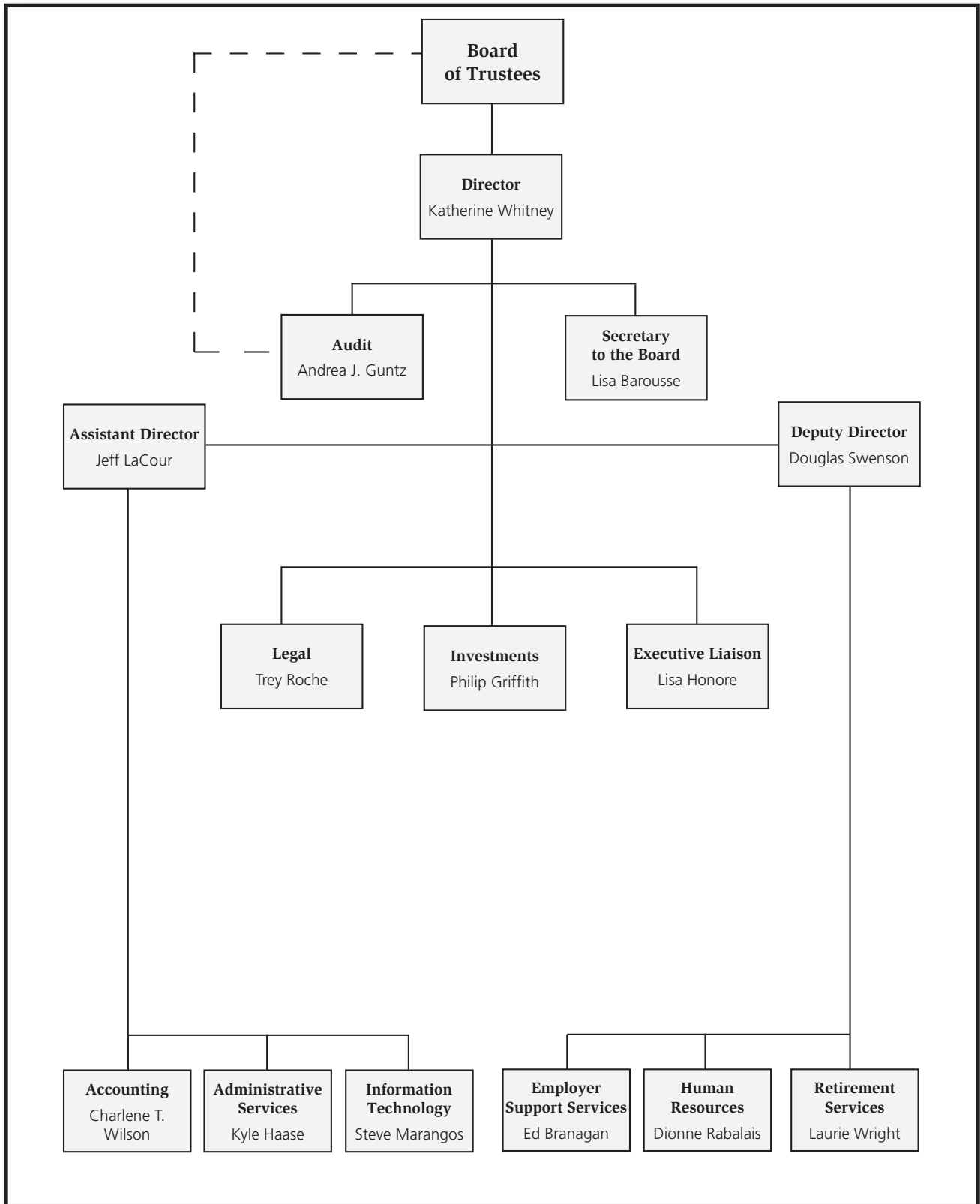
# Department Managers



**FRONT ROW:** Adam Averite, Private Assets Manager; Laurie Wright, Retirement Benefits Administrator; Charlene T. Wilson, Chief Financial Officer; Andrea Guntz, Audit Director; Steve Marangos, Information Technology Director

**SECOND ROW:** Kyle Haase, Administrative Services Director; Maurice Coleman, Deputy Chief Investment Officer; Ed Branagan, Employer Services Director; Lisa Honoré, Executive Liaison Officer; Dionne Rabalais, Human Resources Director; Matt Tessier, Deputy General Counsel; Davorio Stevenson, Investments Operations Director; Dana Brown, Director of Public Markets

# Organizational Chart





## Professional Consultants and Vendors

### Actuary

Foster & Foster Actuaries and Consultants

### Auditor & Accountant

Duplantier, Hrapmann, Hogan, & Maher, L.L.P.

Hawthorn, Waymouth & Carroll L.L.P.

Postlethwaite & Netterville

### Custodian Bank and Securities Lending Vendor

BNY Mellon Asset Servicing

### Information Technology and Other Consultants

Bowen ECM Solutions

CEM Benchmarking, Inc.

Communications Consulting Group

ConvergeOne

DAS

Delphia Consulting, L.L.C.

DLT Solutions

Election America

Financial Recovery Technologies, L.L.C.

Hunt Telecommunications L.L.C.

Knob4 Professional Training

Modiphy, Inc.

Pension Benefit Information

RMJ Consulting

Scope Solutions Group, Inc.

Sylint

Trace Security

Transformyx

Uniti Fiber

### Investment Advisors<sup>1</sup>

Alliance Bernstein, L.P.

Artisan Partners Limited Partnership

Baillie Gifford International L.L.C.

The Boston Company Asset Management, L.L.C.

Boston Partners Global Investors, Inc.

The BNY Mellon Company

Brandywine Global Investment Management, Inc.

Brookfield Investment Management, Inc.

Dimensional Fund Advisors, L.P.

Hamilton Lane Advisors, L.L.C.

Harding Loevner

J.P. Morgan Investment Management, Inc.

Loomis, Sayles & Co.

LSV Asset Management

Macquarie Investment Management

Mesirow Financial Investment Management

MFS Institutional Advisors, Inc.

Mondrian Investment Partners

Morgan Stanley Investment Management, Inc.

Oberweis Asset Management

Pacific Investment Management Co.

Parametric Portfolio Associates

Prudential Fixed Income

Prudential Real Estate Investors

Quantitative Management Associates, L.L.S.

Rhumblin Advisors

T. Rowe Price

Voya Investment Management

Western Asset Management Co.

Westwood Management Corp.

William Blair Investment Management, L.L.C.

### Investment Consultants

Aon Hewitt Investment Consulting, Inc.

Mercer Investment Consulting, L.L.C.

### Legal Consultants

Avant & Falcon

Ice Miller, L.L.P.

Kean Miller, L.L.P.

Klausner, Kaufman, Jenson & Levinson

### Medical Examiners

Jose Artecona, M.D.

Stephen Etheredge, M.D.

Brian C. Gremillion, M.D.

Integrated Behavioral Health

W.J. Laughlin, M.D.

Neuro Medical Center

<sup>1</sup>Schedule of Commissions Paid to Brokers is located on page 108 in the Investment Section of this report.

## Summary of Fiscal Year 2021 Legislation

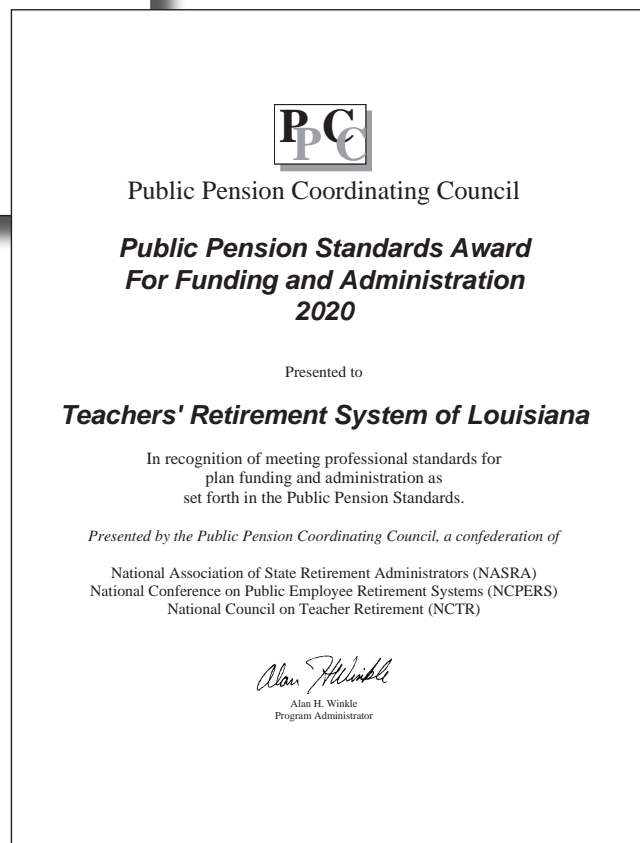
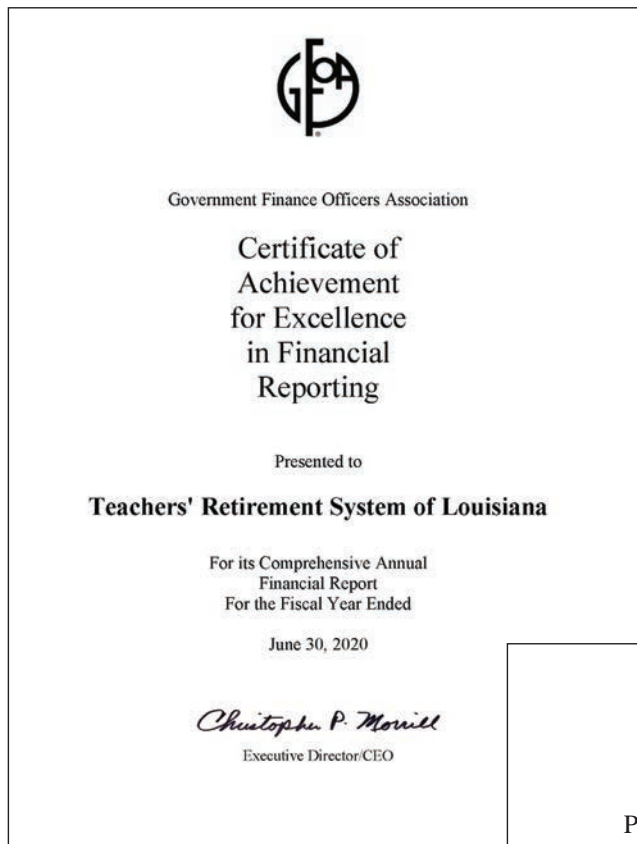
**Act 37** (Sen. Price) grants a permanent benefit increase (PBI) to certain TRSL retirees whose monthly benefits fall below \$1,450—the current federal poverty level for a family of two.

**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.

**Act 138** (Rep. Lacombe), requires all new employees of the Louisiana School Boards Association (LSBA), current LSBA employees who have five years or more of service credit in TRSL, and the LSBA Director to become members of TRSL.

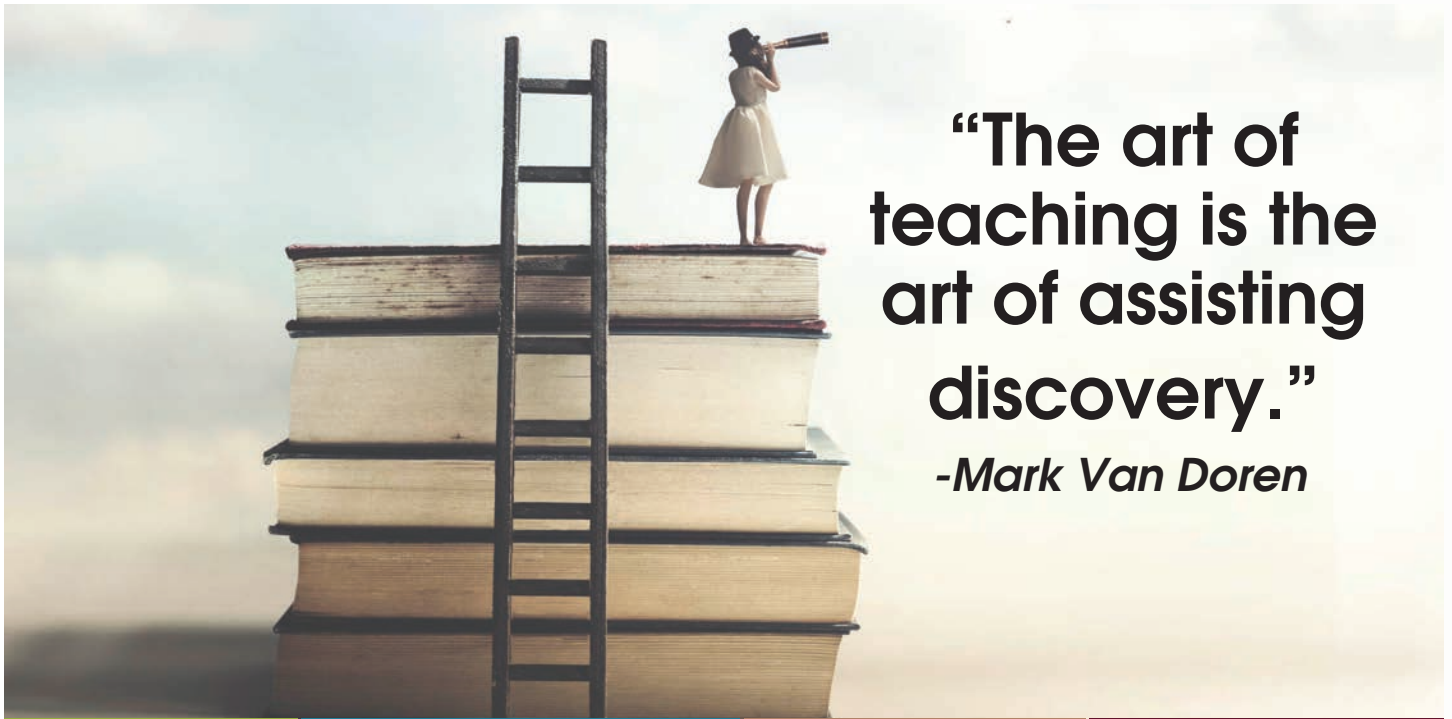
**House Concurrent Resolution 7** (Rep. Johnson), requests that Congress review and eliminate or reduce the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security benefit reductions.

# Award Certificates



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**“The art of  
teaching is the  
art of assisting  
discovery.”**

*-Mark Van Doren*

## FINANCIAL SECTION

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Louis C. McKnight, III, CPA  
Charles R. Pevey, Jr., CPA  
David J. Broussard, CPA  
Brittany B. Thames, CPA  
Kevin M. Rodriguez, CPA

### **Independent Auditor's Report**

To the Board of Trustees  
Teachers' Retirement System of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Teachers' Retirement System of Louisiana (TRSL), a component unit of the State of Louisiana, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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 from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Teachers' Retirement System of Louisiana as of June 30, 2021 and 2020 and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

8545 United Plaza Blvd., Suite 200, Baton Rouge, LA 70809 • Telephone: 225.923.3000 • Fax: 225.923.3008

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the total pension liability for TRSL was \$33.1 billion at June 30, 2021. The actuarial valuation was based on various assumptions made by TRSL's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2021 could be understated or overstated.

As discussed in Note 4 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equities and investments in real assets. Such investments totaled \$10.8 billion (39% of total investments) at June 30, 2021. Where a publicly listed price is not available, the management of TRSL uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of investments. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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. For the years ended June 30, 2021 and 2020, 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.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2021 on our consideration of TRSL'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 effectiveness of TRSL's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering TRSL's internal control over financial reporting and compliance.

*Hawthorn, Waymouth & Carroll, L.L.P.*

September 29, 2021





Louis C. McKnight, III, CPA  
 Charles R. Pevey, Jr., CPA  
 David J. Broussard, CPA  
 Brittany B. Thames, CPA  
 Kevin M. Rodriguez, CPA

**Independent Auditor's Report on Internal Control over Financial Reporting  
 And on Compliance and Other Matters Based on an Audit of Financial  
 Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees  
 Teachers' Retirement System of Louisiana  
 Baton Rouge, Louisiana

We have audited, in accordance with the 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, the financial statements of the Teachers' Retirement System of Louisiana as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements, and have issued our report thereon dated September 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Teachers' Retirement System of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Teachers' Retirement System of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

8545 United Plaza Blvd., Suite 200, Baton Rouge, LA 70809 • Telephone: 225.923.3000 • Fax: 225.923.3008

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Teachers' Retirement System of Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hawthorn, Waymouth & Carroll, LLP.*

September 29, 2021

# Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assist in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2021 and 2020. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the financial section.

## Financial Highlights

- The net position restricted for pensions was \$27.7 billion in 2021 compared to \$21.2 billion in 2020, and \$21.7 billion in 2019.
- The market rate of return on the System's investments was 36.4% (gross of fees) for 2021 compared to 1.4% for 2020 and 6.6% for 2019.
- TRSL had a net pension liability of \$5.3 billion for 2021 compared to \$11.1 billion for 2020, and \$9.9 billion for 2019.
- Benefit payments and refunds were \$2.3 billion in 2021, \$2.2 billion in 2020, and \$2.2 billion in 2019.

## Overview of the Financial Statements

TRSL's basic financial statements include the following:

- Statements of Fiduciary Net Position,
- Statements of Changes in Fiduciary Net Position, and
- Notes to the Financial Statements.

This report also contains required supplementary information and supporting schedules, in addition to the basic financial statements.

The Statements of Fiduciary Net Position report the System's assets, liabilities, and resultant net position restricted for pensions. They disclose the financial position of the System as of June 30, 2021 and 2020.

The Statements of Changes in Fiduciary Net Position report the results of the System's operations during the years, disclosing the additions to and deductions from the fiduciary net position. They support the change that has occurred to the prior year's net position on the statement of fiduciary net position.

The *Notes to the Financial Statements* provide additional information and insight that are essential to gain a full understanding of the data provided in the statements.

- **Note 1** provides a general description of TRSL, information regarding employer and membership participation, net pension liability of employers, actuarial methods and assumptions, eligibility, benefits, information regarding legally required reserves, and excess benefit plan.
- **Note 2** provides a summary of significant accounting policies and plan asset matters including the reporting entity, basis of accounting, estimates, methods used to value investments, property and equipment and accumulated leave requirements.
- **Note 3** provides information regarding member and employer contribution requirements.
- **Note 4** categorizes TRSL's investments by fair value measurements, the level of fair value hierarchy, and valuation techniques established by generally accepted accounting principles. It also discloses information regarding certain investments that calculate net asset value per share and provides a description of related asset classes.
- **Note 5** provides information regarding TRSL's cash and cash equivalents and investment risk disclosures.
- **Note 6** provides information on TRSL's investments including the investment policy, domestic equity, developed international equity, investment-grade core fixed income, core plus fixed income, global fixed income, high yield fixed income, emerging markets debt, emerging markets equity, alternative assets, real estate, asset allocation, and money-weighted rate of return.
- **Note 7** provides information regarding securities lending program.
- **Note 8** describes the various types of derivative investments in which TRSL is invested.
- **Note 9** provides information on contingent liabilities.

- **Note 10** provides information on other post-employment benefits, including information on the plan benefits provided, contributions, liabilities, expense, deferred inflows, deferred outflows, actuarial assumptions, sensitivity of change in discount rate, and healthcare cost trend rate.
- **Note 11** provides information on participation in a defined benefit plan, including information on the plan benefits provided, contributions, pension liabilities, pension expense, deferred inflows, deferred outflows, actuarial assumptions, and sensitivity of change in discount rate.
- **Note 12** provides information on subsequent events.

Required supplementary information consists of schedules and related notes concerning the net pension liability and other post-employment benefits liability of TRSL. It includes the Schedules of Changes in Employers' Net Pension Liability, Employers' Net Pension Liability, Employer Contributions, Money-Weighted Rate of Return, TRSL's Proportionate Share of the Collective Total OPEB Liability, TRSL's Proportionate Share of the Net Pension Liability in the Louisiana State Employees' Retirement System, TRSL's Contributions to the Louisiana State Employees' Retirement System (LASERS), and notes to required supplementary schedules.

Supporting schedules include information on administrative expenses, investment expenses, securities lending expenses, board compensation, and payments to non-investment related consultants and vendors.

## TRSL Financial Analysis

TRSL provides retirement benefits to all eligible teachers, administrative support staff and school food service personnel of elementary and secondary public education institutions, and unclassified staff of institutions of higher education. Member contributions, employer contributions, and earnings on investments fund these benefits. Total net position restricted for pensions at June 30, 2021 was \$27.7 billion compared to \$21.2 billion at June 30, 2020, and \$21.7 billion at June 30, 2019.

### Condensed Comparative Statements of Fiduciary Net Position

	2021	2020	2019
<b>Assets</b>			
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>
<b>Total assets</b>	<b><u>31,844,560,642</u></b>	<b><u>26,087,931,509</u></b>	<b><u>27,683,614,721</u></b>
<b>Deferred outflows of resources</b>	<u>7,475,794</u>	<u>3,940,599</u>	<u>3,237,790</u>
<b>Liabilities</b>			
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>
<b>Total liabilities</b>	<b><u>4,124,693,518</u></b>	<b><u>4,866,509,567</u></b>	<b><u>6,031,185,685</u></b>
<b>Deferred inflows of resources</b>	<u>3,214,663</u>	<u>4,776,539</u>	<u>3,184,454</u>
<b>Net position restricted for pensions</b>	<b><u>\$ 27,724,128,255</u></b>	<b><u>\$ 21,220,586,002</u></b>	<b><u>\$ 21,652,482,372</u></b>

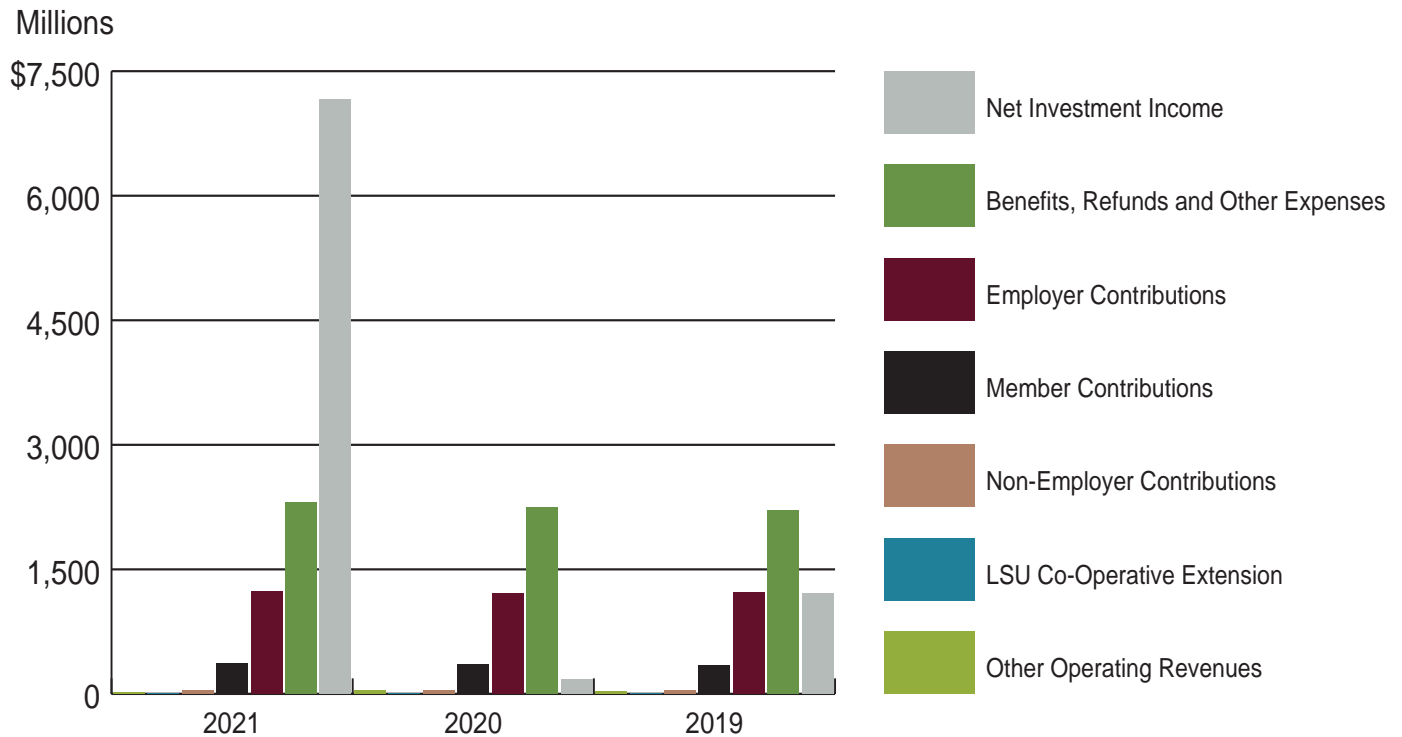
## Changes in Fiduciary Net Position

For the year ended June 30, 2021, additions to TRSL's net position were derived from investment income and member and employer contributions. For 2021, net investment income was \$7,164,169,788 compared to \$171,029,364 for 2020, and \$1,209,230,839 for 2019. For 2021, member contributions increased by \$10,396,695 (3.0%) and employer contributions increased by \$15,166,934 (1.2%). For 2020, member contributions increased by \$9,889,080 (2.9%) and employer contributions increased by \$5,642,148 (0.4%). The System's actuary and the Public Retirement Systems' Actuarial Committee (PRSAC) adjust employer contribution rates annually.

### Condensed Comparative Statements of Changes in Fiduciary Net Position

	2021	2020	2019
<b>Additions</b>			
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>
<b>Total additions</b>	<b><u>8,830,597,677</u></b>	<b><u>1,830,066,657</u></b>	<b><u>2,836,660,672</u></b>
<b>Deductions</b>			
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>
<b>Total deductions</b>	<b><u>2,327,055,424</u></b>	<b><u>2,261,963,027</u></b>	<b><u>2,230,880,465</u></b>
Net increase (Decrease)	<u>6,503,542,253</u>	<u>(431,896,370)</u>	<u>605,780,207</u>
<b>Net position restricted for pensions beginning of year</b>	<b><u>21,220,586,002</u></b>	<b><u>21,652,482,372</u></b>	<b><u>21,046,702,165</u></b>
<b>Net position restricted for pensions end of year</b>	<b><u>\$ 27,724,128,255</u></b>	<b><u>\$ 21,220,586,002</u></b>	<b><u>\$ 21,652,482,372</u></b>

**Chart for Condensed Comparative Statements of Changes in Fiduciary Net Position  
(see page 29)**



**Financial Section**

Deductions from plan net assets totaled \$2,327,055,424 in fiscal year 2021, an increase of \$65,092,397 (2.9%) over fiscal year 2020. Deductions from plan net assets totaled \$2,261,963,027 in fiscal year 2020, an increase of \$31,082,562 (1.4%) over fiscal year 2019. Benefits, refunds, and other payments continue to be the major reason for this increase. For fiscal year 2021, these payments increased by 2.9% compared to 1.4% in 2020 and 1.6% in 2019.

**Investments**

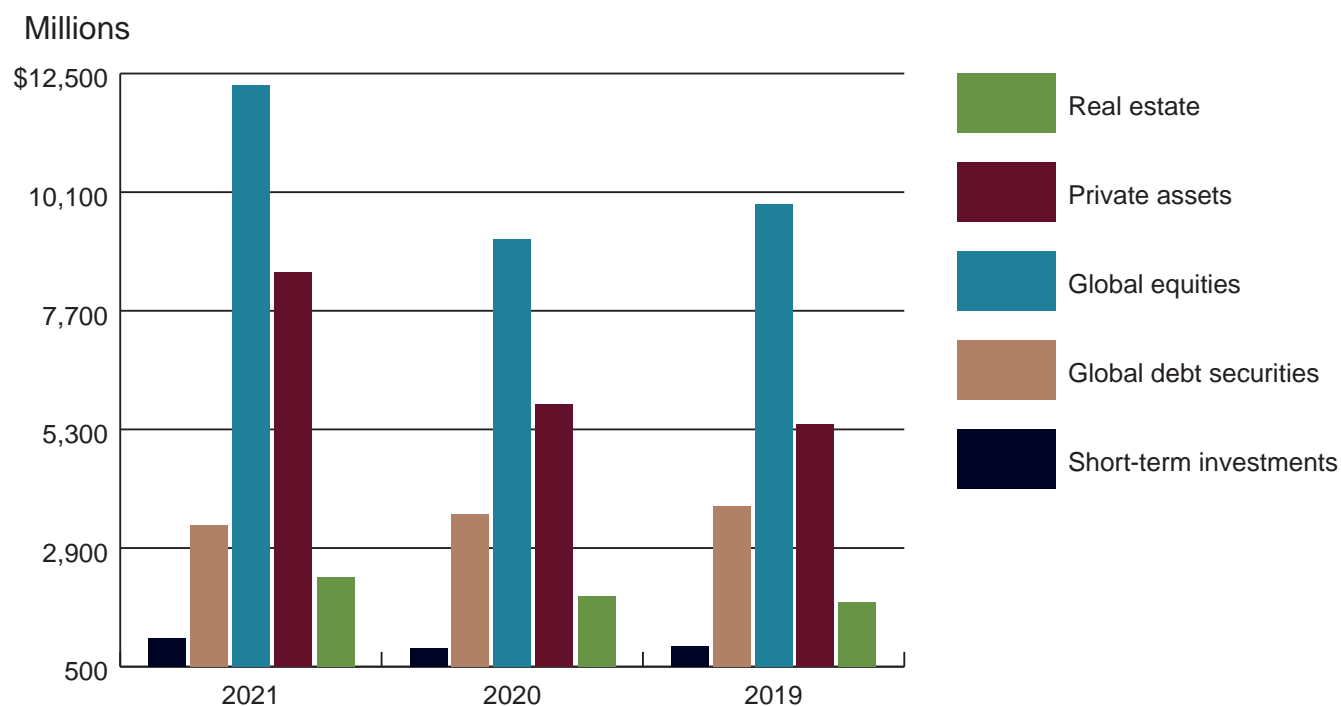
As the state's largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of members. Funds are invested to achieve maximum returns and minimize risk.

Total investments at June 30, 2021 were \$27.5 billion compared to \$21.3 billion at June 30, 2020 and \$21.7 billion at June 30, 2019. For 2021, the investment increase is due in large part to TRSL's returns on global equity securities and private assets. During 2021, TRSL experienced a total net investment income of \$7.2 billion compared to \$171 million in 2020 and \$1.2 billion in 2019.

TRSL's market rate of return is 36.4% (gross of fees) for fiscal year ended June 30, 2021. TRSL has sustained annualized returns over the past ten years of 10.7%. When compared to other public plans with assets greater than \$1 billion, this gives TRSL a top 2nd percentile ranking, according to the 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>
<b>Total investments</b>	<b><u>\$ 27,511,511,252</u></b>	<b><u>\$ 21,315,227,038</u></b>	<b><u>\$ 21,716,552,473</u></b>



## Requests for Information

Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to:

**Charlene T. Wilson**  
**Chief Financial Officer**  
**Teachers' Retirement System of Louisiana**  
**P. O. Box 94123**  
**Baton Rouge, LA 70804-9123**  
***cfo@trsl.org***

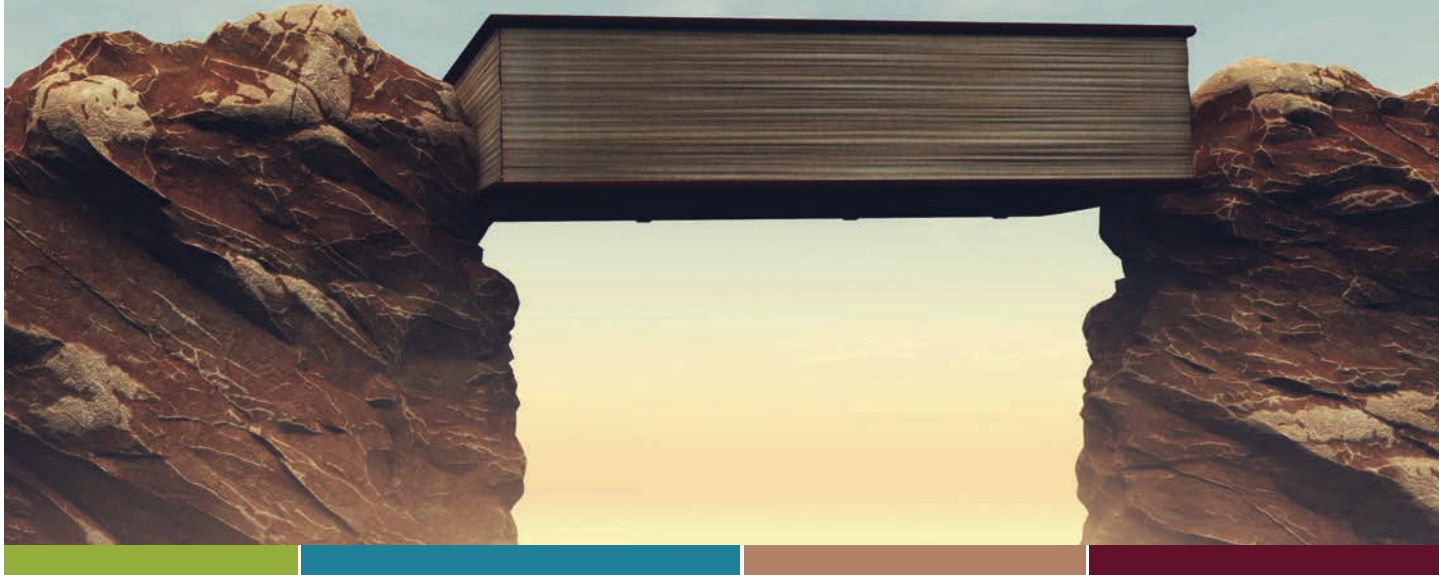
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# “Education is all a matter of building bridges.”

*-Ralph Ellison*



## FINANCIAL SECTION

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## Statements of Fiduciary Net Position June 30, 2021 and 2020

	2021	2020
<b>Assets:</b>		
Cash and cash equivalents	\$ 246,399,879	\$ 239,806,968
Receivables:		
Member contributions	65,140,107	59,381,602
Employer contributions	202,243,646	186,945,529
Investments receivable	1,757,734,170	2,088,924,846
Accrued interest and dividends	36,692,472	38,015,012
Other receivables	<u>8,742,429</u>	<u>20,939,686</u>
Total receivables	<u>2,070,552,824</u>	<u>2,394,206,675</u>
Investments, at fair value:		
Short-term investments	1,073,305,658	869,649,602
Global debt securities	3,368,747,664	3,579,000,757
Global equity securities	12,274,373,322	9,140,896,138
Private assets	8,482,954,130	5,806,264,305
Real estate	<u>2,312,130,478</u>	<u>1,919,416,236</u>
Total investments	<u>27,511,511,252</u>	<u>21,315,227,038</u>
Securities lending collateral	<u>2,012,340,658</u>	<u>2,135,108,608</u>
Property and equipment (at cost) - net	<u>3,756,029</u>	<u>3,582,220</u>
<b>Total assets</b>	<b><u>31,844,560,642</u></b>	<b><u>26,087,931,509</u></b>
Deferred outflows of resources:		
Related to pensions	4,478,053	2,632,216
Related to other post-employment benefits	<u>2,997,741</u>	<u>1,308,383</u>
<b>Total deferred outflows of resources</b>	<b><u>7,475,794</u></b>	<b><u>3,940,599</u></b>
<b>Liabilities:</b>		
Accounts payable and other liabilities:		
Accounts payable	11,624,133	12,379,588
Benefits payable	2,515,794	1,884,980
Refunds payable	6,121,958	5,910,509
Net pension liability - LASERS	17,966,785	15,838,322
Investments payable	2,045,594,085	2,669,784,753
OPEB payable	26,231,642	23,569,847
Other liabilities	<u>2,298,463</u>	<u>2,032,960</u>
Total accounts payable and other liabilities	<u>2,112,352,860</u>	<u>2,731,400,959</u>
Securities lending collateral	<u>2,012,340,658</u>	<u>2,135,108,608</u>
<b>Total liabilities</b>	<b><u>4,124,693,518</u></b>	<b><u>4,866,509,567</u></b>
Deferred inflows of resources:		
Related to pensions	247,379	451,517
Related to other post-employment benefits	<u>2,967,284</u>	<u>4,325,022</u>
<b>Total deferred inflows of resources</b>	<b><u>3,214,663</u></b>	<b><u>4,776,539</u></b>
<b>Net position restricted for pensions</b>	<b><u>\$ 27,724,128,255</u></b>	<b><u>\$ 21,220,586,002</u></b>

See accompanying notes to financial statements.

### Statements of Changes in Fiduciary Net Position for the years ended June 30, 2021 and 2020

	2021	2020
<b>Additions</b>		
Contributions:		
Member contributions	\$ 361,684,671	\$ 351,287,976
Employer contributions	1,237,976,403	1,222,809,469
Non-employer contributions	44,886,830	43,151,074
LSU Co-Operative contributions	<u>2,075,689</u>	<u>2,017,909</u>
Total contributions	<u>1,646,623,593</u>	<u>1,619,266,428</u>
Investment Income:		
<i>From investment activities:</i>		
Net appreciation (depreciation) in fair value of investments	6,657,494,297	(158,852,625)
Interest	127,173,018	154,019,706
Dividends	173,701,060	174,265,360
Private assets income (loss)	269,275,193	61,758,056
Real estate income	<u>62,056,391</u>	<u>48,954,689</u>
Total investment income	<u>7,289,699,959</u>	<u>280,145,186</u>
Investment activity expenses:		
International investment expenses	(4,309,805)	(4,966,705)
Private assets expenses	(75,054,448)	(70,327,458)
Real estate expenses	(11,165,903)	(7,198,166)
Investment administrative expenses	(1,781,554)	(1,601,535)
Custodian fees	(389,464)	(376,728)
Performance consultant fees	(1,065,319)	(1,120,361)
Advisor fees	<u>(38,755,431)</u>	<u>(35,726,244)</u>
Total investment expenses	<u>(132,521,924)</u>	<u>(121,317,197)</u>
Net income from investing activities	<u>7,157,178,035</u>	<u>158,827,989</u>
<i>From securities lending activities:</i>		
Securities lending income	8,489,476	38,808,944
Securities lending expenses	<u>(1,497,723)</u>	<u>(26,607,569)</u>
Net income from securities lending activities	<u>6,991,753</u>	<u>12,201,375</u>
Net investment income	<u>7,164,169,788</u>	<u>171,029,364</u>
Other operating revenues	<u>19,804,296</u>	<u>39,770,865</u>
<b>Total additions</b>	<b><u>8,830,597,677</u></b>	<b><u>1,830,066,657</u></b>
<b>Deductions:</b>		
Retirement benefits	2,256,015,336	2,193,873,471
LSU Co-Operative Extension	1,856,703	1,987,638
Refunds of contributions and other	53,095,621	50,225,236
TRSL employee health and life expense	(385,301)	(540,170)
Pension expense	1,870,195	1,576,153
Administrative expenses	14,132,424	14,418,014
Depreciation expense	<u>470,446</u>	<u>422,685</u>
<b>Total deductions</b>	<b><u>2,327,055,424</u></b>	<b><u>2,261,963,027</u></b>
<b>Net Increase (Decrease) in Net Position</b>	<b><u>6,503,542,253</u></b>	<b><u>(431,896,370)</u></b>
<b>Net Position Restricted for Pensions, beginning of year</b>	<b><u>21,220,586,002</u></b>	<b><u>21,652,482,372</u></b>
<b>Net Position Restricted for Pensions, end of year</b>	<b><u>\$ 27,724,128,255</u></b>	<b><u>\$ 21,220,586,002</u></b>

# Notes to the Financial Statements

## 1. Plan Description

### A. General

The Teachers' Retirement System of Louisiana (TRSL or the System) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. It was established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes (La. R.S.) to provide benefits to members and their dependents at retirement or in the event of death, disability, or termination of employment. The System is a component unit of the State of Louisiana and is included in the State's Comprehensive Annual Financial Report as a pension trust fund.

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

- The operating budget of the System is subject to budgetary review and approval by the Legislature.
- Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislature at least 30 days before the beginning of each regular session.
- The legislative auditor is responsible for the procurement of the audit for the System and is authorized to contract with a licensed CPA.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.
- The Louisiana Legislature enacts legislation pertaining to the System, including administration, benefits, investments, and funding. All proposed retirement legislation is considered by the House and/or Senate Committees on Retirement. The legislative actuary prepares actuarial notes identifying the costs or savings related to such legislation.

### B. Membership

At June 30, 2021 and 2020, the number of participating employers was:

	2021	2020
School boards	70	70
Colleges and universities	28	28
Laboratory schools	5	5
State agencies	46	48
Charter schools	35	36
Other	<u>12</u>	<u>14</u>
<b>Total</b>	<b><u>196</u></b>	<b><u>201</u></b>

Membership consisted of the following at June 30, 2021 and 2020, the dates of the latest actuarial valuations:

	2021	2020
Retirees and beneficiaries receiving benefits	81,620	80,536
Deferred Retirement Option Plan participants	2,227	2,359
Terminated vested employees entitled to but not yet receiving benefits	8,409	7,992
Terminated nonvested employees who have not withdrawn contributions	25,641	25,021
Current active employees:		
Vested	55,781	55,908
Nonvested	28,168	28,737
Post Deferred Retirement Option Plan participants	<u>2,031</u>	<u>2,215</u>
<b>Total</b>	<b><u>203,877</u></b>	<b><u>202,768</u></b>

### C. Net Pension Liability of Employers

The Schedules of Employers' Net Pension Liability present information about whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The net pension liability, which was calculated in accordance with GASB 67 as of June 30, 2021 and 2020, is shown below.

#### Schedules of Employers' Net Pension Liability

	2021	2020
Total pension liability	\$ 33,058,826,858	\$ 32,340,867,066
Plan fiduciary net position <sup>1</sup>	27,720,055,435	21,217,296,757
Employers' net pension liability <sup>2</sup>	5,338,771,423	11,123,570,309
Plan fiduciary net position as a percentage of total pension liability	83.9%	65.6%

<sup>1</sup>Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service

<sup>2</sup>Based on fair value of assets

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

### D. Actuarial Methods and Assumptions

The actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 and 2020 are as follows:

<b>Valuation date</b>	June 30, 2021 and 2020
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization approach</b>	Closed
<b>Expected remaining service lives</b>	5 years
<b>Investment rate of return</b>	7.40% and 7.45%, respectively, net of investment expenses
<b>Inflation rate</b>	2.30%
<b>Projected salary increases</b>	3.10% - 4.60% (varies depending on duration of service)
<b>Mortality</b>	Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables
<b>Termination and disability</b>	Termination, disability, and retirement assumptions were projected based on a 5-year (July 1, 2012 – June 30, 2017) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting long-term geometric nominal expected rates of return are 7.87% for 2021 and 8.17% for 2020. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 and 2020 are summarized in the following table:

Asset Class	Expected Long-Term Real Rates of Return	
	2021	2020
Domestic equity	4.21%	4.60%
International equity	5.23%	5.54%
Domestic fixed income	0.44%	0.69%
International fixed income	0.56%	1.50%
Private equity	8.48%	8.62%
Other private assets	4.27%	4.45%

The discount rate used to measure the total pension liability at June 30, 2021 and 2020 was 7.40% and 7.45%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

In accordance with GASB 67, the following presents the net pension liability calculated using the discount rate of 7.40% for the year ended June 30, 2021 and 7.45% for the year ended June 30, 2020, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher.

	1% Decrease	Current Discount Rate	1% Increase
	6.40%	7.40%	8.40%
Employers' net pension liability June 30, 2021	\$8,835,125,367	\$5,338,771,423	\$2,397,970,045

	1% Decrease	Current Discount Rate	1% Increase
	6.45%	7.45%	8.45%
Employers' net pension liability June 30, 2020	\$14,520,881,433	\$11,123,570,309	\$8,263,695,515

### E. Eligibility

TRSL was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:700-999, as amended, for eligible teachers, employees, and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The System consists of three membership plans that require mandatory enrollment for all employees who meet the following eligibility requirements:

- **TRSL Regular Plan** — employees who meet the legal definition of a “teacher” in accordance with Louisiana Revised Statute 11:701(33)(a).
- **TRSL Plan A** — employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
- **TRSL Plan B** — employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

These three membership plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. TRSL provides retirement, disability, and survivor benefits.

### F. Benefits

The following is a description of the plan and its benefits, and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

## Service Retirement

Service retirement benefits are established and amended by state statutes and are payable to members who have terminated covered employment and meet both age and service eligibility requirements. All members retire under one of three plans – Regular Plan, Plan A, or Plan B. Eligibility for each Plan is determined by the date the member joined TRSL as follows:

**Regular Plan** - Eligibility for retirement is determined by the date the member joined TRSL.

Members hired prior to July 1, 1999	
<b>2.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit</li> </ul>
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 65 with at least 20 years of service credit, or</li> <li>At least age 55 with at least 25 years of service credit, or</li> <li>Any age with at least 30 years of service credit</li> </ul>
Members joining system between July 1, 1999 and December 31, 2010	
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>At least age 55 with at least 25 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced), or</li> <li>Any age with at least 30 years of service credit</li> </ul>
Members first eligible to join and hired between January 1, 2011 and June 30, 2015	
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>
Members first eligible to join and hired on or after July 1, 2015	
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 62 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>

**Plan A** - Plan A is closed to new entrants.

Plan A members	
<b>3.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>At least age 55 with at least 25 years of service credit, or</li> <li>Any age with at least 30 years of service credit</li> </ul>

## Plan B

Members hired before July 1, 2015	
<b>2.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>At least age 55 with at least 30 years of service credit</li> </ul>
Members first eligible to join and hired on or after July 1, 2015	
<b>2.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 62 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>



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## Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate and by the years of creditable service. For Regular Plan and Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

## Payment Options

A retiring member is entitled to receive the maximum monthly benefit payable until the member's death. In lieu of the maximum monthly benefit, the member can elect to receive a reduced monthly benefit payable in the form of a Joint and Survivor Option, or a reduced monthly benefit (maximum or reduced Joint and Survivor Option) with a lump sum that can't exceed 36 months of the member's maximum monthly benefit amount.

Effective July 1, 2009, members can make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

## Disability Retirement Benefits

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

## Survivor Benefits

A surviving spouse with minor children of an active member with at least five years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, and the deceased member had at least 10 years of creditable service, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) \$300 (up to two eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with at least 10 years of creditable service (two years immediately prior to death) is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

## Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of ad hoc permanent benefit increases (PBIs), also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature. Fifty percent of any excess return above \$200,000,000 (indexed to positive changes in the actuarial value of assets, beginning June 30, 2015) will be credited to the Experience Account, subject to the restrictions provided in Act 399 of 2014. The Experience Account is used to fund permanent benefit increases for retirees. The Experience Account balance as of June 30, 2020 and 2019 was \$97,714,607 and \$91,497,197, respectively.

## Optional Retirement Plan (ORP)

The Optional Retirement Plan (ORP) was established in 1989 for academic employees of public institutions of higher education who are eligible for membership in TRSL. This Plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL. Participant and employer contributions are pooled and invested by their designated ORP carrier in the investment options of their choosing.

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by TRSL's Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime.

	2021	2020
<b>Employees joining ORP consisted of:</b>		
Members of TRSL joining ORP	66	63
New employees joining ORP	<u>440</u>	<u>519</u>
<b>Total members joining ORP</b>	<b><u>506</u></b>	<b><u>582</u></b>
<b>Total actively contributing participants</b>	<b>6,867</b>	<b>7,042</b>
<b>Amounts transferred to ORP:</b>		
Amounts previously held in TRSL reserves	\$ 406,391	\$ 263,475
Contributions	<u>85,348,626</u>	<u>85,855,148</u>
<b>Total</b>	<b><u>\$ 85,755,017</u></b>	<b><u>\$ 86,118,623</u></b>
<b>Number of ORP employers</b>	<b>111</b>	<b>114</b>
<b>Participants' contribution rates:</b>		
Participant contribution rate (applicable for ORP transfers)	7.95%	7.95%
Participant contribution rate (administrative fee - TRSL)	<u>0.05%</u>	<u>0.05%</u>
<b>Total employee contribution rate</b>	<b><u>8.00%</u></b>	<b><u>8.00%</u></b>

Act 607 of the 2014 Regular Legislative Session required each higher education board created by Article VIII of the Louisiana Constitution to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). From fiscal year 2014-2015 to fiscal year 2017-2018, the transfer amount was required to be an amount equal to or greater than the employer's portion of the normal cost contribution of the regular retirement plan. Effective for fiscal year 2018-2019 and thereafter, the transfer amount must be at least 6.2% of pay. The rate adopted by each higher education board must be the same for all employer institutions and agencies under that board's supervision and control and shall be effective for an entire fiscal year.

For all employers that are not a higher education board created by Article VIII of the Louisiana Constitution or an employer institution not under the supervision and control of such a board, effective for fiscal year 2014-2015 and thereafter, the transfer amount is the greater of the normal cost for a member of TRSL's regular retirement plan or 6.2% of pay.

The following tables display the total employer contribution amount (transfer amount and shared UAL) for employers that report ORP participants for the years ending June 30, 2021 and 2020 for both higher education and non-higher education institutions. The transfer amount along with the participant's contributions, less the administrative fee, are transferred to their selected ORP provider and invested. The shared UAL portion is retained by TRSL.

### Higher Education Employers: ORP Contribution Rates for fiscal year ended June 30, 2021

Management Board	Employer Rate (ER)		
	Transfer Amount	Shared UAL	Total ER
Board of Regents	6.20%	21.80%	28.00%
Board of Supervisors of Louisiana State University	6.20%	21.80%	28.00%
Board of Supervisors of Southern University	6.20%	21.80%	28.00%
Southern Lab School	6.20%	21.80%	28.00%
Board of Supervisors of the University of Louisiana System	6.20%	21.80%	28.00%
Board of Supervisors of Community & Technical Colleges	6.20%	21.80%	28.00%

### Higher Education Employers: ORP Contribution Rates for fiscal year ended June 30, 2020

Management Board	Employer Rate (ER)		
	Transfer Amount	Shared UAL	Total ER
Board of Regents	6.20%	22.20%	28.40%
Board of Supervisors of Louisiana State University	6.20%	22.20%	28.40%
Board of Supervisors of Southern University	6.20%	22.20%	28.40%
Southern Lab School	6.20%	22.20%	28.40%
Board of Supervisors of the University of Louisiana System	6.20%	22.20%	28.40%
Board of Supervisors of Community & Technical Colleges	6.20%	22.20%	28.40%

### Non-Higher Education Employers: ORP Contribution Rates

Fiscal Year	Employer Rate (ER)		
	Transfer Amount	Shared UAL	Total ER
2021	6.20%	21.80%	28.00%
2020	6.20%	22.20%	28.40%

## G. Legally Required Reserves

### Deferred Retirement Option Plan (DROP)

DROP was implemented on July 1, 1992, with the passage of Louisiana Revised Statutes 11:786 by the Legislature. When a member enters DROP, his status changes from an active member to a retiree, even though he continues to work at his regular job and draws his regular salary. In the original DROP, participation in the program could not exceed two years; however, DROP was modified on January 1, 1994 to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. For members eligible to enter DROP prior to January 1, 2004 interest will be earned at a rate equal to the actuarial realized rate of return on the System's portfolio for that plan year as certified by the System's actuary in their actuarial report, less one-half of one percent after participation ends.

For members eligible to enter DROP on or after January 1, 2004, interest will be earned at the liquid asset money market rate, less one quarter of one percent administrative fee. Interest is posted monthly to the accounts and will be based on the balance in the account for that month. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Upon termination of DROP participation, the member can continue employment and earn additional benefit accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or as an additional annuity based upon the account balance.

### Initial Lump-Sum Benefit (ILSB)

Effective January 1, 1996, the Legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. The ILSB is available to members who have not participated in DROP and who elect the maximum benefit, option 2 benefit, option 2A benefit, option 3 benefit, option 3A benefit, option 4 benefit, or option 4A benefit. The ILSB program provides both a one-time, single sum payment of up to 36 months of the maximum regular monthly retirement benefit and a reduced monthly retirement benefit for life. Interest credited and payments from the ILSB account are made in accordance with Louisiana Revised Statutes 11:789(A)(I).

Membership, disbursements, and reserve balances for the DROP and ILSB programs for the fiscal years ended June 30, 2020 and 2019 are as follows:

#### For members who became eligible to participate before January 1, 2004:

	2021	2020
<b>DROP</b>		
Members entering DROP	0	0
Disbursements	\$ 51,695,048	\$ 45,241,910
DROP reserves at June 30	\$ 550,846,329	\$ 565,500,825
<b>ILSB</b>		
Members choosing ILSB	0	0
Disbursements	\$ 332,705	\$ 324,841
ILSB reserves at June 30	\$ 4,903,605	\$ 4,916,949

**For members who became eligible to participate on or after January 1, 2004**

	2021	2020
<b>DROP</b>		
Members entering DROP	888	900
Disbursements	\$ 88,093,875	\$ 77,694,942
DROP reserves at June 30	\$ 488,015,003	\$ 489,612,364
<b>ILSB</b>		
Members choosing ILSB	227	247
Disbursements	\$ 15,121,053	\$ 11,317,535
ILSB reserves at June 30	\$ 2,389,238	\$ 2,193,007

**Interest rates for the DROP and ILSB programs over the past 10 years are as follows:**

**DROP/ILSB Account Interest Rates**

Fiscal Year Ending June 30	Interest Rate	
	For members who became eligible to participate <i>before</i> January 1, 2004	For members who became eligible to participate <i>on or after</i> January 1, 2004
2012	4.55%	0.0001%
2013	12.91%	0.0000%
2014	12.64%	0.0000%
2015	10.76%	0.0000%
2016	6.17%	0.0595%
2017	8.65%	0.2214%
2018	8.98%	0.9538%
2019	6.98%	1.8940%
2020	6.30%	1.0797%
2021 <sup>†</sup>	12.15%	0.0000%

<sup>†</sup>Upon Public Retirement Systems' Actuarial Committee (PR SAC) approval of fiscal year valuation.

## H. Excess Benefit Plan

Louisiana Revised Statute 11:945 established the Excess Benefit Plan as a separate, unfunded, nonqualified plan under the provisions set forth in Louisiana Revised Statute 11:946, and also as a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the United States Internal Revenue Code.

Effective July 1, 1999, an excess benefit participant who is receiving a benefit from this System is entitled to a monthly benefit under this plan in an amount equal to the lesser of either the participant's unrestricted benefit as defined in Louisiana Revised Statute 11:701, less the maximum benefit, or the amount by which the participant's monthly benefit from this System has been reduced by the limitations of Louisiana Revised Statute 11:784.1. A benefit payable under this plan is paid in the form and at the time it would have been paid as a monthly pension except for the limitations under Louisiana Revised Statute 11:784.1 and Section 415 of the United States Internal Revenue Code.

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan. The number of benefit recipients and the total benefits for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Number of Excess Benefit Plan recipients	38	38
Total benefits	\$ 700,940	\$ 810,811

## 2. Summary of Significant Accounting Policies and Plan Asset Matters

### A. Reporting Entity

TRSL (the "System") is a component unit of the State of Louisiana. A 17-member Board of Trustees (composed of ten active members, two retired members, and five ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

During 2018, the System adopted GASB 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. GASB 75 improves accounting and financial reporting for post-employment benefits other than pensions (OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The standard required the System to record its proportionate share of OPEB amounts related to the participation in a multi-employer defined OPEB plan using specific guidelines outlined in the standard. These disclosures are located in **Note 10**.

### B. Basis of Accounting

TRSL's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. State appropriations are recognized in the period appropriated. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

Administrative costs are funded through the employer contribution rate and are subject to budgetary control by the Board of Trustees and approval of the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

### C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United

States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The System utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, 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 such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

#### ***D. Method Used to Value Investments***

GASB Statement No. 72 (GASB 72) was implemented for fiscal year ended June 30, 2016. As required by GASB 72, investments are reported at fair value which is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in **Note 4**.

Short-term investments are reported at fair value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate.

All derivative financial instruments are reported at fair value in the Statements of Fiduciary Net Position. Gains and losses are reported in the Statements of Changes in Fiduciary Net Position as net appreciation (depreciation) in fair value of investments during the period the instruments are held and when the instruments are sold or expire. The nature and use of derivative instruments is discussed in **Note 8**.

The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been recorded based on the investment's capital account balance which is reported at fair value, at the closest available reporting period, and adjusted for subsequent contributions, distributions, and management fees.

Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statements of Changes in Fiduciary Net Position.

Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term.

### E. Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation for the building is computed using the straight-line method based upon a useful life of 40 years. Depreciation for office equipment and furniture with a purchase price of at least \$1,000 is computed using the straight-line method based upon a useful life of three to ten years. Items with a purchase price of less than \$1,000 and more than \$250 are computed using the straight-line method with a useful life of three years. Items with a purchase price of less than \$250 are expensed in the current year.

TRSL and the Louisiana State Employees' Retirement System (LASERS) share a 50/50 joint ownership of the Louisiana Retirement Systems building, equipment, and related land.

The following is a summary of the changes in property and equipment for the years ended June 30, 2021 and 2020:

	June 30, 2020	Additions	Deletions	June 30, 2021
<b>Asset Class (at Cost)</b>				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	7,047,183	385,018	0	7,432,201
Equipment, furniture, fixtures	<u>2,772,703</u>	<u>264,012</u>	<u>(280,149)</u>	<u>2,756,566</u>
<b>Total Property and Equipment</b>	<b><u>10,678,276</u></b>	<b><u>649,030</u></b>	<b><u>(280,149)</u></b>	<b><u>11,047,157</u></b>
<b>Accumulated Depreciation</b>				
Building	(4,956,296)	(305,319)	0	(5,261,615)
Equipment, furniture, fixtures	<u>(2,139,760)</u>	<u>(165,127)</u>	<u>275,374</u>	<u>(2,029,513)</u>
<b>Total Accumulated Depreciation</b>	<b><u>(7,096,056)</u></b>	<b><u>(470,446)</u></b>	<b><u>275,374</u></b>	<b><u>(7,291,128)</u></b>
<b>Total Property and Equipment — Net</b>	<b><u>\$ 3,582,220</u></b>	<b><u>\$ 178,584</u></b>	<b><u>\$ (4,775)</u></b>	<b><u>\$ 3,756,029</u></b>
	June 30, 2019	Additions	Deletions	June 30, 2020
<b>Asset Class (at Cost)</b>				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	6,956,914	413,640	(323,371)	7,047,183
Equipment, furniture, fixtures	<u>2,596,263</u>	<u>178,305</u>	<u>(1,865)</u>	<u>2,772,703</u>
<b>Total Property and Equipment</b>	<b><u>10,411,567</u></b>	<b><u>591,945</u></b>	<b><u>(325,236)</u></b>	<b><u>10,678,276</u></b>
<b>Accumulated Depreciation</b>				
Building	(4,702,488)	(253,808)	0	(4,956,296)
Equipment, furniture, fixtures	<u>(1,970,883)</u>	<u>(168,877)</u>	<u>0</u>	<u>(2,139,760)</u>
<b>Total Accumulated Depreciation</b>	<b><u>(6,673,371)</u></b>	<b><u>(422,685)</u></b>	<b><u>0</u></b>	<b><u>(7,096,056)</u></b>
<b>Total Property and Equipment — Net</b>	<b><u>\$ 3,738,196</u></b>	<b><u>\$ 169,260</u></b>	<b><u>\$ (325,236)</u></b>	<b><u>\$ 3,582,220</u></b>

### F. Accumulated Leave

The employees of the System accumulate annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. The liability for accrued annual leave of up to 300 hours is included in other liabilities on the Statement of Fiduciary Net Position. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs.



### 3. Member and Employer Contributions

Member contribution rates for the System are established by La. R.S. 11:62. The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan.

The normal cost portion of each plan's employer contribution rate varies based upon that plan's benefits, member demographics, and the rate contributed by employees. The unfunded accrued liability (UAL) contribution rate is determined in aggregate for all plans. The UAL established due to a specific plan or group of plans because of legislation will be allocated entirely to that plan or those plans.

Employee and employer contribution rates for each plan for the years ended June 30, 2021 and 2020 are as follows:

Fiscal Year 2021	Employee Normal Cost Rate	Employer			
		Normal Cost Rate	Shared UAL Rate	Admin Expense Rate	Total Contribution Rate*
Regular Plan (K-12 Teachers)	8.0%	3.5504%	21.8%	0.39%	25.8%
Regular Plan (Higher Ed)	8.0%	2.7356%	21.8%	0.39%	25.0%
Lunch Plan A	9.1%	3.5504%	21.8%	0.39%	25.8%
Lunch Plan B	5.0%	3.5504%	21.8%	0.39%	25.8%

Fiscal Year 2020	Employee Normal Cost Rate	Employer			
		Normal Cost Rate	Shared UAL Rate	Admin Expense Rate	Total Contribution Rate*
Regular Plan (K-12 Teachers)	8.0%	3.3595%	22.2%	0.45%	26.0%
Regular Plan (Higher Ed)	8.0%	2.6418%	22.2%	0.45%	25.3%
Lunch Plan A	9.1%	3.3595%	22.2%	0.45%	26.0%
Lunch Plan B	5.0%	3.3595%	22.2%	0.45%	26.0%

\*Rounded

NOTE: In accordance with state statute, the System receives ad valorem taxes and state revenue-sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

## Fair Value Disclosures

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of June 30, 2021 and 2020, respectively:

June 30, 2021	Fair Value Measurement Using			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Markets (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
<i>Debt Investments:</i>				
U.S. Treasury and Government Obligation	\$ 1,182,325,025	\$ 662,219,612	\$ 520,105,413	\$ 0
Corporate Bonds	538,612,483	0	491,237,497	47,374,986
Miscellaneous	224,874,491	1,466,305	222,963,251	444,935
International Bonds	1,173,187,384	0	1,170,109,686	3,077,698
Short-Term Investments	<u>1,072,753,140</u>	<u>428,545,387</u>	<u>116,680,223</u>	<u>527,527,530</u>
<b>Total Debt Securities</b>	<b><u>4,191,752,523</u></b>	<b><u>1,092,231,304</u></b>	<b><u>2,521,096,070</u></b>	<b><u>578,425,149</u></b>
<i>Equity Securities:</i>				
Large Cap	4,766,279,213	4,766,279,213	0	0
Mid Cap	688,356,021	688,356,021	0	0
Small Cap	1,654,188,312	1,654,188,312	0	0
International Equities	3,305,522,599	3,305,522,599	0	0
Global REIT	403,031,471	403,031,471	0	0
Other	<u>55,913,163</u>	<u>17,419,079</u>	<u>11,730,194</u>	<u>26,763,890</u>
<b>Total Equity Securities</b>	<b><u>10,873,290,779</u></b>	<b><u>10,834,796,695</u></b>	<b><u>11,730,194</u></b>	<b><u>26,763,890</u></b>
<i>Alternative Assets and Real Estate</i>				
Private Assets	8,482,954,130	2,939,274	0	8,480,014,856
Real Estate	<u>993,679,993</u>	<u>0</u>	<u>0</u>	<u>993,679,993</u>
<b>Total Alternative Assets and Real Estate</b>	<b><u>9,476,634,123</u></b>	<b><u>2,939,274</u></b>	<b><u>0</u></b>	<b><u>9,473,694,849</u></b>
<i>Derivative Instruments</i>				
Foreign Exchange Contracts	(9,176,611)	0	(9,176,611)	0
Swaps	149,313,985	0	149,313,985	0
Options	<u>106,532,721</u>	<u>0</u>	<u>106,532,721</u>	<u>0</u>
<b>Total Derivative Instruments</b>	<b><u>246,670,095</u></b>	<b><u>0</u></b>	<b><u>246,670,095</u></b>	<b><u>\$ 10,078,883,888</u></b>
<b>Total Investments at Fair Value Level</b>	<b><u>\$ 24,788,347,520</u></b>	<b><u>\$ 11,929,967,273</u></b>	<b><u>\$ 2,779,496,359</u></b>	<b><u>\$ 10,078,883,888</u></b>
<i>Investments measured at Net Asset Value (NAV)</i>	<u>\$ 2,723,163,732</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Total Investments at Fair Value Level</b>	<b><u>\$ 27,511,511,252</u></b>			
<i>Securities Lending Cash Collateral</i>	<b><u>\$ 2,012,340,658</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 2,012,340,658</u></b>	<b><u>\$ 0</u></b>
<i>Investment Derivatives:</i>				
Futures Payable	\$ (154,337)	\$ (154,337)	\$ 0	\$ 0
Swaps	(150,575,452)	0	(150,575,452)	0
Options	(1,532,031)	0	(1,532,031)	0

June 30, 2020	Fair Value Measurement Using			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Markets (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
<i>Debt Investments:</i>				
U.S. Treasury and Government Obligation	\$ 1,158,080,994	\$ 480,870,524	\$ 677,210,470	\$ 0
Corporate Bonds	701,757,567	0	671,073,014	30,684,553
Miscellaneous	17,522,885	3,283,134	14,239,751	0
International Bonds	1,184,564,408	2,730,500	1,180,207,151	1,626,757
Short-Term Investments	869,233,554	395,491,495	65,443,353	408,298,706
<b>Total Debt Securities</b>	<b>\$ 3,931,159,408</b>	<b>\$ 882,375,653</b>	<b>\$ 2,608,173,739</b>	<b>\$ 440,610,016</b>
<i>Equity Securities:</i>				
Large Cap	\$ 3,346,464,782	\$ 3,346,464,782	\$ 0	\$ 0
Mid Cap	797,750,575	797,750,575	0	0
Small Cap	1,207,280,763	1,207,280,763	0	0
International Equities	2,401,849,674	2,401,849,674	0	0
Global REIT	224,831,252	224,831,252	0	0
Other	30,341,519	11,697,572	10,065,781	8,578,166
<b>Total Equity Securities</b>	<b>\$ 8,008,518,565</b>	<b>\$ 7,989,874,618</b>	<b>\$ 10,065,781</b>	<b>\$ 8,578,166</b>
<i>Alternative Assets and Real Estate:</i>				
Private Assets	\$ 5,806,264,305	\$ 10,880,900	\$ 0	\$ 5,795,383,405
Real Estate	845,311,348	0	0	845,311,348
<b>Total Alternative Assets and Real Estate</b>	<b>\$ 6,651,575,653</b>	<b>\$ 10,880,900</b>	<b>\$ 0</b>	<b>\$ 6,640,694,753</b>
<i>Derivative Instruments:</i>				
Foreign Exchange Contracts	\$ 6,838,878	\$ 0	\$ 6,838,878	\$ 0
Swaps	241,782,919	0	241,782,919	0
Options	282,628,361	14,652	282,613,709	0
<b>Total Derivative Instruments</b>	<b>\$ 531,250,158</b>	<b>\$ 14,652</b>	<b>\$ 531,235,506</b>	<b>\$ 0</b>
<b>Total Investments at Fair Value Level</b>	<b>\$ 19,122,503,784</b>	<b>\$ 8,883,145,823</b>	<b>\$ 3,149,475,026</b>	<b>\$ 7,089,882,935</b>
<i>Investments measured at Net Asset Value (NAV)</i>	<u>\$ 2,192,723,254</u>			
<b>Total Investments at Fair Value Level</b>	<b>\$ 21,315,227,038</b>			
<i>Securities Lending Cash Collateral</i>	<b>\$ 2,135,108,608</b>	<b>\$ 0</b>	<b>\$ 2,135,108,608</b>	<b>\$ 0</b>
<i>Investment Derivatives:</i>				
Futures Payable	\$ 4,125,990	\$ 4,125,990	\$ 0	\$ 0
Swaps	(265,528,499)	0	(265,528,499)	0
Options	(12,832,427)	0	(12,832,427)	0

Certain securities and derivatives disclosed in these tables may be classified as short-term investments, global equity, debt securities, or investments payable on the combined Statements of Fiduciary Net Position. Accordingly, the totals presented in this table will not agree to the combined totals of investments presented in those statements.

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Securities classified in Levels 2 and 3 of the fair value hierarchy are valued using a proprietary matrix based on asset class (e.g. 'sector code,' 'firm code,' or 'asset type code'). Matrix pricing relies on the securities' relationship to other benchmark quoted securities.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2021 are presented in the following table.

		2021 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
JP Morgan Strategic Property Fund	(1)	\$ 296,969,528	0	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	(2)	332,668,608	0	Quarterly	60 days prior to quarter end
Prudential Real Estate	(3)	281,288,420	0	Quarterly	1 quarter prior to the quarter the redemption is required
Prime Property Fund	(4)	407,523,930	0	Daily	N/A
Franklin Templeton-Emerging Markets	(5)	689,623,205	0	Daily	N/A
William Blair-Emerging Markets	(6)	<u>715,090,041</u>	0	Daily	Same day notice
<b>Total</b>		<b><u>\$ 2,723,163,732</u></b>			

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2020 are presented in the following table.

		2020 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
JP Morgan Strategic Property Fund	(1)	\$ 490,596,940	0	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	(2)	313,913,193	0	Quarterly	60 days prior to quarter end
Prudential Real Estate	(3)	269,594,755	0	Quarterly	1 quarter prior to the quarter the redemption is required
Dimensional Funds-Emerging Markets Value Portfolio	(4)	422,263,247	0	Daily	N/A
Dimensional Funds-International Small Co. Portfolio	(5)	252,964,488	0	Daily	N/A
Harding Loevner Emerging Market Collective Investment Fund	(6)	<u>443,390,631</u>	0	Daily	Same day notice
<b>Total</b>		<b><u>\$ 2,192,723,254</u></b>			

- **JP Morgan Strategic Property Fund:** Strategic Property Fund is an actively managed diversified, pure core, open-end commingled pension trust fund. It invests in high-quality stabilized office, retail, residential, and industrial assets with dominant competitive characteristics in primary markets throughout the United States. Properties are well-leased, generating significant operating cash flow, and a high income return. The Fund's size, quality, consistent pure core strategy, high occupancy, low lease rollover, solid income, conservative leverage, and staggered debt maturities position the Fund well to execute on its strategy. Investments in the Fund are valued at the current day closing net asset value per share. As part of the Trustee's valuation process, properties are externally appraised generally on an annual basis, by reputable, independent appraisal firms, and signed by appraisers that are members of the Appraisal Institute, with the professional MAI designation. In addition, the Trustee may cause additional appraisals to be performed as warranted by specific asset or market conditions. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices "USPAP." To the extent that redemption requests exceed available cash, distributions are pro-rated based on the participant's interest in the Fund. All withdrawals will be treated equally forever whether for fees, benefit payments, plan termination, or asset allocation. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves. The Fund's redemption notice period is 45 days; therefore, any sales price could differ from the net asset value because of the 45-day notice period.
- **MetLife Core Property Fund (MCPF):** The strategy of the MetLife Core Property Fund (MCPF) is to create and actively manage a diversified portfolio of core institutional real estate assets that offer the potential to deliver attractive returns through a combination of current income and capital appreciation. As a core open-ended fund, the strategy is to invest in property types that have both deep institutional quality stock and deep institutional investor bases. The Fund limits its investments in non-core properties to 10% of the Fund GAV (plus unfunded capital commitments). Geographically, the Fund invests in U.S. real estate assets and focuses on primary markets; the Fund's strategy does not include a major focus on secondary and tertiary markets.

Specific investment characteristics of targeted investments for the Fund include:

- » Stabilized investments with high-quality physical improvements.
- » Attractive locations within supply-constrained metropolitan areas and with superior competitive market positions.
- » Favorable long-term economic, demographic, and fundamental real estate trends.
- » Well-leased properties with diversified rent roll and manageable lease rollover.
- » Minimal need for near-term capital expenditures.
- » Stable, predictable income stream, which constitutes a significant portion of the expected total return over the hold period.
- » Readily marketable assets that enable an efficient exit.

Investors may request that the General Partner redeem all or any portion of their shares on quarterly basis with 60 days written notice prior to the end of the quarter for which the request is to be effective; however, the Fund will not be obligated to sell assets, borrow funds, or alter investment or capital improvement plans to meet redemption requests. Units will be redeemed in cash at a price that reflects the Fund's NAV as of the last day of the calendar quarter immediately preceding the effective date of the redemption, as adjusted for additional contributions and distributions.

If liquid assets are insufficient to redeem all Fund redemption requests, a pro-rata portion of the outstanding Fund redemption interests pursuant to such requests based upon the relative Fund percentage interests as of such redemption date of the Fund investors who are being redeemed (regardless of the redemption effective date of the redemption notices), will be redeemed to the extent that liquid assets are available, and in each case within 10 days after the Fund's NAV for the end of a calendar quarter has been determined.

- **Prudential Real Estate (PRISA):** The Fund's investment objective is to produce a total return each year that outperforms the NCREIF Fund Index Open-End Diversified Core Equity (NFI-ODCE) on a total-return basis, while maintaining the benefits of a broadly diversified, core portfolio. Investors may request a withdrawal from PRISA at any time.

Redemptions are paid only on valuation dates, on the last business day of a calendar quarter. All written requests received by PRISA at least a quarter prior to the valuation date will be eligible for payment. For example, a written request received during the first calendar quarter will be eligible to be paid on the last business day of June. PRISA may, in its discretion, waive the notice requirement. Redemption payments are subject to available cash as determined by PRISA after all contractual obligations are met and appropriate reserves are maintained to meet anticipated future portfolio operating requirements. If eligible redemption requests exceed available cash in a given quarter, an exit queue will be established. Investment in the Fund is valued at the current day closing net asset value per share. A unit value is the value of a single unit or "share" in an investment account on the specified day. The unit value changes depending on the investment results of the investment account and reflects realized and unrealized capital gains/losses, investment income, and may include fees/expenses. The estimate of fair value for real estate is based on the conventional approaches to value, all of which require the exercise of subjective judgment. The three approaches are: (1) current cost of reproducing the real estate less deterioration and functional and economic obsolescence; (2) discounting a series of income streams and reversion at a specific yield or by directly capitalizing a single year income estimate by an appropriate factor; and (3) value indicated by recent sales of comparable real estate in the market. In the reconciliation of these three approaches, the independent appraiser uses one or a combination of them, to come up with the approximated value for the type of real estate in the market. The Fund's redemption notice period must be at least 90 days; therefore, any sales price could differ from the net asset value because of the 90-day notice period.

- **Prime Property Fund:** The Prime Property Fund (PPF) is a core, fully-specified, open-ended commingled real estate investment fund diversified by property type and location designed to provide a stable, income-driven rate of return over the long term with potential for growth of income and appreciation of value. The investment strategy of the PPF is to maintain a diversified investment in core U.S. real estate that offers stable, highly predictable cash flow returns. The focus is on high-quality office buildings, Class A multifamily communities,

warehouse distribution and storage facilities, top tier super regional malls and shopping centers in targeted primary markets, and consumer-oriented healthcare-related real estate with high-quality providers. The PPF generally will invest in existing, high-quality, well-leased properties. However, a portion of the PPF's assets (generally less than 15% of gross assets) may be invested in properties with reasonable asset enhancement opportunities, including, for example, funded forward purchase commitments involving new construction and development properties. The PPF seeks stabilized investments that generally yield current income of 4.0% to 6.0%. The PPF may invest in high-grade properties that yield current income of less than 4.0% if, for example, they possess above-average growth opportunities or are of prime quality or if the capitalization rates in the relevant property sector dictate lower yield. The PPF favors investments that are likely to produce income growth equal to or greater than anticipated inflation rates

- Investment values are determined quarterly from limited restricted appraisals, in accordance with the USPAP, which include less documentation but nevertheless meet the minimum requirements of the Appraisal Standards Board and the Appraisal Foundation and are considered appraisals. In these appraisals, a full discounted cash flow analysis, which is the basis of an income approach, is the primary focus. Interim monthly valuations are determined by giving consideration to material investment transactions. Full appraisal reports are prepared on a rotating basis for all properties, so each property receives a full appraisal report at least once every three years.
- The System has the right to request a redemption of shares on a quarterly basis. A redemption request received before the end of a calendar quarter will be processed so as to be scheduled for payment generally at (or shortly after) the end of the next calendar quarter in accordance with the PPF's quarterly redemption process. Shares will be redeemed at the then Current Share Price on the day of redemption. If sufficient cash is not available to redeem all requested redemptions, the PPF will redeem the shares of all investors that have requested a redemption out of available cash on a pro rata basis. The ability to redeem funds from the PPF is subject to the availability of cash arising from net investment income, allocations, and the sale of investments in the normal course of business. To

the extent that redemption requests exceed such available cash, there are uniform procedures to provide for cash payments, which may be deferred for such a period as considered necessary to protect the interests of other investors in the PPF or to obtain the funds to be redeemed.

- **Franklin Templeton-Emerging Markets:** The emerging market public equity strategy seeks to provide long-term capital growth by investing mainly in equity securities of companies located in or significantly exposed to emerging or frontier markets. Certain strategies are focused primarily on companies within specific regions, such as Asia, Latin America or Eastern Europe, within specific countries, such as India, or within specific market capitalizations, such as small caps, while others invest across the entire emerging market spectrum. The Adviser's focus is on identifying companies with sustainable earnings power at a discount to their intrinsic value, which is consistent with the three tenets of Sir John Templeton: patient, long-term outlook; bottom-up stock selection; and value orientation. The emerging market public equity strategy employs an investment process rooted in original fundamental research and long-term focus, and characterized by a search for sustainable earnings power at a discount. The Adviser believes that its competitive advantage lies in extensive locally based emerging markets resources, access and expertise; global perspective within the investment team; broader resources across Franklin Templeton; and an investment approach that is robust, scalable, and continuously refined.
- **William Blair-Emerging Markets:** The investment strategy relies on fundamental company analysis and stock selection as primary investment criteria. The desired criteria is as follows: (1) the company exhibits historical superior growth, profitability and quality relative to local markets or to companies within the same industry worldwide; and the company has a reasonable expectation of continued growth performance; (2) the company generally exhibits superior business fundamentals, including leadership in its field, quality products or services, distinctive marketing and distribution, pricing flexibility and revenue from products or services consumed on a steady, recurring basis; (3) the company's demonstrated superior business characteristics are accompanied by management that is shareholder return-oriented and that uses conservative accounting policies; and (4) the company has above-average returns on equity, a strong balance sheet and consistent, above-average earnings growth. Stock selection takes into account both local and global comparisons. The weight given to a particular criterion depends upon the circumstances, and investments might not meet all of these criteria.
- Value Portfolio is to achieve long-term capital appreciation. The Emerging Markets Value Portfolio is a Feeder Portfolio and pursues its objective by investing substantially all of its assets in its corresponding Master Fund, the Dimensional Emerging Markets Value Fund (the "Fund"), which has the same investment objective and policies as the Portfolio. Securities held by the Fund, including over-the-counter securities, are valued at the last quoted sale price at the close of the exchanges on which they are principally traded (official closing price).
- **Dimensional Funds-International Small Company Portfolio:** The investment objective of the International Small Company Portfolio (ISCP) is to achieve long-term capital appreciation. The ISCP is a "fund of funds," which means the Portfolio generally allocates its assets among other funds (the "Underlying Funds") managed by Dimensional Fund Advisors LP (the "Advisor"), although it has the ability to invest directly in securities and derivatives. The ISCP seeks to achieve its investment objective of providing investors with access to securities portfolios consisting of a broad range of equity securities of primarily small Canadian, Japanese, United Kingdom, European, and Asia Pacific companies. The ISCP also may have some exposure to small cap equity securities associated with other countries or regions. The ISCP pursues its investment objective by investing substantially all of its assets in the following Underlying Funds: Canadian Small Company Series, Japanese Small Company Series, Asia Pacific Small Company Series, United Kingdom Small Company Series, and Continental Small Company Series of The DFA Investment Trust Company. The ISCP (a feeder fund) value reflects its proportionate interest in the net assets of the corresponding Master Fund. Investors may purchase or redeem shares of the ISCP on each day that the NYSE is scheduled to be open for business by first contacting the Portfolio's transfer agent.

- Dimensional Funds-International Small Company Portfolio:** The investment objective of the International Small Company Portfolio (ISCP) is to achieve long-term capital appreciation. The ISCP is a "fund of funds," which means the Portfolio generally allocates its assets among other funds (the "Underlying Funds") managed by Dimensional Fund Advisors LP (the "Advisor"), although it has the ability to invest directly in securities and derivatives. The ISCP seeks to achieve its investment objective of providing investors with access to securities portfolios consisting of a broad range of equity securities of primarily small Canadian, Japanese, United Kingdom, European, and Asia Pacific companies. The ISCP also may have some exposure to small cap equity securities associated with other countries or regions. The ISCP pursues its investment objective by investing substantially all of its assets in the following Underlying Funds: Canadian Small Company Series, Japanese Small Company Series, Asia Pacific Small Company Series, United Kingdom Small Company Series, and Continental Small Company Series of The DFA Investment Trust Company. The ISCP (a feeder fund) value reflects its proportionate interest in the net assets of the corresponding Master Fund. Investors may purchase or redeem shares of the ISCP on each day that the NYSE is scheduled to be open for business by first contacting the Portfolio's transfer agent.
- Harding Loevner Emerging Markets Collective Investment Fund:** The investment objective of the Emerging Markets Collective Investment Fund (the "Fund") is to seek long-term capital appreciation through investments in equity securities of companies based in emerging markets. The Fund invests primarily in companies that are based in emerging and frontier markets. To reduce its volatility, the Fund is diversified across dimensions of geography, industry, and currency. The Fund normally holds investments across at least 15 countries. Normally, at least 65% of the Fund's total assets will be denominated in at least three currencies other than the U.S. dollar. The Fund also normally invests at least 65% of its total assets in common stocks, preferred stocks, rights, and warrants issued by companies that are based in emerging or frontier markets, securities convertible into such securities (including depositary receipts), and trust and other entities that invest in the types of securities in which the Fund would normally invest. No more than 15% of the Fund's total assets will be invested in securities of U.S. companies. Securities held by the Fund, including over-the-counter securities, are valued at the last quoted sale price at the close of the exchanges on which they are principally traded (official closing price).

## 4. Deposits and Risk Disclosures

### A. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation up to \$250,000 and cash equivalents are collateralized by the pledge of government securities held by the agents in TRSL's name.

### B. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. At June 30, 2021 and 2020, all deposits were insured by FDIC insurance and pledged collateral held in joint custody.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System's trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either a counterparty or by the counterparty's trust department or agent but not in the System's name. It is the System's policy to contract with the custodian to provide safeguarding of deposits and securities. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form.



### C. Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy requires investments in core fixed income portfolios to be rated Baa3 or BBB- or higher by Moody's or Standard & Poor's, respectively. High-yield investment portfolios shall be invested in securities rated from Ba-I to Caa or BB+ to CCC as rated by Moody's and Standard & Poor's, respectively. Non-rated securities and securities rated below Caa or CCC shall not exceed 20% of the fair value of the portfolio.

#### The System's exposure to credit risk at June 30, 2021 was as follows:

Moody's Rating	Total	Domestic	International
A1	\$ 84,036,588	\$ 16,911,273	\$ 67,125,315
A2	121,027,491	63,299,942	57,727,549
A3	102,660,372	42,419,521	60,240,851
AA1	26,364,296	10,635,547	15,728,749
AA2	28,566,889	12,334,036	16,232,853
AA3	35,679,695	15,528,168	20,151,527
AAA	1,114,953,564	1,035,819,977	79,133,587
B1	56,971,213	42,312,225	14,658,988
B2	79,628,320	46,510,216	33,118,104
B3	45,663,747	29,533,265	16,130,482
BA1	59,381,365	44,051,761	15,329,604
BA2	194,617,495	50,511,479	144,106,016
BA3	83,469,092	46,018,041	37,451,051
BAA1	200,132,266	57,841,544	142,290,722
BAA2	199,338,863	109,493,912	89,844,951
BAA3	190,832,052	100,544,768	90,287,284
C	686,854	411,253	275,601
CA	593,048	396,395	196,653
CAA1	42,751,784	27,369,334	15,382,450
CAA2	23,463,830	19,907,184	3,556,646
CAA3	4,627,007	1,631,703	2,995,304
NR	1,733,461,006	1,376,753,710	356,707,296
WR	<u>13,146,485</u>	<u>4,244,979</u>	<u>8,901,506</u>
<b>Total credit risk debt securities</b>	<b><u>\$ 4,442,053,322</u></b>	<b><u>\$ 3,154,480,233</u></b>	<b><u>\$ 1,287,573,089</u></b>

**The System's exposure to credit risk at June 30, 2020 was as follows:**

Moody's Rating	Total	Domestic	International
A1	\$ 114,356,223	\$ 26,900,828	\$ 87,455,395
A2	162,085,736	108,726,838	53,358,898
A3	174,335,098	115,535,843	58,799,255
AA1	45,203,766	24,571,709	20,632,057
AA2	32,439,995	10,425,474	22,014,521
AA3	55,355,984	26,042,867	29,313,117
AAA	983,296,384	902,232,548	81,063,836
B1	37,509,599	23,922,007	13,587,592
B2	52,313,620	25,914,682	26,398,938
B3	39,853,938	20,899,394	18,954,544
BA1	88,952,165	31,797,619	57,154,546
BA2	119,189,743	29,123,825	90,065,918
BA3	54,789,127	29,780,628	25,008,499
BAA1	266,781,087	111,678,553	155,102,534
BAA2	240,152,327	125,682,501	114,469,826
BAA3	157,471,405	75,294,755	82,176,650
C	84,332	80,902	3,430
CA	12,816,923	2,216,773	10,600,150
CAA1	22,515,222	18,264,778	4,250,444
CAA2	18,741,930	15,568,293	3,173,637
CAA3	6,335,062	3,102,511	3,232,551
NR	1,744,875,178	1,443,495,216	301,379,962
WR	19,195,515	10,574,163	8,621,352
<b>Total credit risk debt securities</b>	<b>\$ <u>4,448,650,359</u></b>	<b>\$ <u>3,181,832,707</u></b>	<b>\$ <u>1,266,817,652</u></b>

### D. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

At June 30, 2021 the System's maturities for debt securities are as follows:

#### Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U.S. Treasury & government agency	\$ 1,110,738,112	\$ 92,916,277	\$ 401,532,612	\$ 142,668,214	\$ 473,621,009
Collateralized mortgage obligations	72,667,220	31,942	8,243,370	2,990,404	61,401,504
Corporate bonds	538,612,484	26,242,950	179,042,711	150,613,405	182,713,418
Other	434,133,960	3,776,814	180,139,882	132,874,619	117,342,645
Foreign corporate bonds	286,484,299	19,978,590	123,653,557	56,185,539	86,666,613
Foreign government bonds	613,668,454	19,003,672	134,461,466	221,611,783	238,591,533
Foreign treasuries	60,254,622	0	16,918,814	27,453,466	15,882,342
Foreign other	252,188,513	4,152,597	75,114,099	96,761,929	76,159,888
Short-term investments	<u>1,073,305,658</u>	<u>1,073,305,658</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 4,442,053,322</u></b>	<b><u>\$ 1,239,408,500</u></b>	<b><u>\$ 1,119,106,511</u></b>	<b><u>\$ 831,159,359</u></b>	<b><u>\$ 1,252,378,952</u></b>

At June 30, 2020 the System's maturities for debt securities are as follows:

#### Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U.S. Treasury & government agency	\$ 1,158,080,993	\$ 21,050,767	\$ 270,490,641	\$ 201,980,526	\$ 664,559,059
Collateralized mortgage obligations	66,468,846	83,769	8,698,166	4,003,591	53,683,320
Corporate bonds	646,019,616	17,734,958	176,474,234	127,839,180	323,971,244
Other	596,827,090	21,834,557	310,510,716	118,762,618	145,719,199
Foreign corporate bonds	261,929,265	24,288,500	108,570,221	33,753,326	95,317,218
Foreign government bonds	646,532,351	25,617,104	136,676,187	214,060,818	270,178,242
Foreign treasuries	73,697,440	9,878,997	8,143,920	35,741,196	19,933,327
Foreign other	129,445,155	6,494,582	47,176,192	40,058,635	35,715,746
Short-term investments	<u>869,649,603</u>	<u>869,649,603</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 4,448,650,359</u></b>	<b><u>\$ 996,632,837</u></b>	<b><u>\$ 1,066,740,277</u></b>	<b><u>\$ 776,199,890</u></b>	<b><u>\$ 1,609,077,355</u></b>

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its benchmark.

## E. Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Investment risk and foreign currency risk as measured by tracking error has been reduced by the use of the overlay program. The System's asset allocation plan adopted in its Investment Policy Statement includes a maximum of 40% for international equities and fixed income.

At June 30, 2021 the System's foreign currency risk is as follows:

Currency	%	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Argentinian Peso	0.02%	\$ 1,106,270	\$ 217,188	\$ 0	\$ 0	\$ 889,082	\$ 0
Australian Dollar	3.30%	155,992,725	46,223,671	0	109,656,909	112,145	0
Brazilian Real	1.32%	62,536,830	45,331,153	5,921,911	9,832,934	1,450,832	0
Canadian Dollar	3.11%	146,969,298	3,503,536	0	143,582,044	(116,282)	0
Chilean Peso	0.09%	4,379,472	4,379,472	0	0	0	0
Chinese Yuan	0.17%	8,134,877	(133,315)	0	8,017,619	250,573	0
Colombian Peso	0.85%	39,041,111	38,284,625	0	0	756,486	0
Czech Koruna	0.09%	4,427,772	4,283,059	0	0	144,713	0
Danish Krone	2.38%	112,567,417	22,776,802	0	89,407,514	383,101	0
Egyptian Pound	0.03%	1,372,361	1,372,361	0	0	0	0
Euro Currency Unit	42.23%	1,996,867,417	89,570,787	35,366,011	1,012,547,843	11,987,210	847,395,566
Hong Kong Dollar	7.18%	339,735,554	0	0	339,458,787	276,767	0
Hungarian Forint	0.16%	7,633,762	2,881,373	0	4,478,789	273,600	0
Indonesian Rupiah	1.26%	59,584,174	52,055,103	0	5,574,777	1,954,294	0
Israeli Shekel	0.39%	18,557,638	7,292,219	0	3,374,713	7,890,706	0
Japanese Yen	12.83%	606,707,378	41,014,542	0	499,162,316	66,530,520	0
Malaysian Ringgit	0.73%	34,621,228	33,500,293	0	660,914	460,021	0
Mexican Peso	1.99%	94,178,112	92,803,517	0	1,337,045	37,550	0
New Zealandic Dollar	0.05%	2,267,495	541,522	0	1,246,084	479,889	0
Norwegian Krone	0.77%	36,632,234	50,197	0	36,491,797	90,240	0
Peruvian Sol	0.28%	13,233,058	13,068,940	0	-	164,118	0
Philippine Peso	0.07%	3,271,020	3,259,948	0	-	11,072	0
Polish Zloty	0.27%	12,730,280	11,226,439	0	1,001,106	502,735	0
Pound Sterling	9.40%	444,549,247	50,767,774	1,414,000	351,700,318	1,563,087	39,104,068
Romanian Leu	0.12%	5,724,238	5,128,899	0	0	595,339	0
Russian Ruble (New)	0.74%	35,104,081	34,920,261	0	0	183,820	0
Singaporean Dollar	0.74%	35,090,208	0	0	34,670,752	419,456	0
South African Rand	1.44%	67,898,889	57,430,030	0	10,238,504	230,355	0
South Korean Won	1.18%	55,898,697	49,008	0	54,790,989	1,058,700	0
Swedish Krona	2.30%	108,593,492	26,515	0	108,536,980	29,997	0
Swiss Franc	3.74%	176,940,337	(35,883)	0	176,781,571	194,649	0
Thai Baht	0.38%	17,860,091	12,825,974	0	4,975,973	58,144	0
Turkish Lira	0.22%	10,252,311	4,607,841	0	5,098,864	545,606	0
Ukraine Hryvana	0.03%	1,559,778	0	0	0	1,559,728	-
Uruguayan Peso	0.11%	5,070,808	5,070,808	0	0	0	0
Uzbekistan Sum	0.03%	1,497,619	1,497,619	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>\$ 4,728,587,229</b>	<b>\$ 685,792,278</b>	<b>\$ 42,701,922</b>	<b>\$ 3,012,625,142</b>	<b>\$ 100,968,253</b>	<b>\$ 886,499,634</b>

At June 30, 2020 the System's foreign currency risk is as follows:

Currency	%	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Argentina Peso	0.05%	\$ 1,766,498	\$ 657,791	\$ 0	\$ 0	\$ 1,108,707	\$ 0
Australian Dollar	3.39%	120,082,654	51,829,258	0	63,578,235	4,675,161	0
Brazil Real	1.67%	59,112,668	52,289,195	2,651,917	3,374,717	796,839	0
Canadian Dollar	2.60%	91,966,281	5,886,161	0	88,188,322	(2,108,202)	0
Chilean Peso	0.14%	5,032,040	5,032,040	0	0	0	0
Chinese Yuan	0.36%	12,764,605	924,803	0	11,787,935	51,867	0
Colombian Peso	1.45%	51,407,772	51,261,538	0	0	146,234	0
Czech Koruna	0.22%	7,738,019	7,545,676	0	0	192,343	0
Danish Krone	2.98%	105,723,079	29,959,619	0	75,706,118	57,342	0
Dominican Rep Peso	0.03%	899,018	899,018	0	0	0	0
Euro Currency Unit	41.01%	1,452,674,848	92,313,415	16,646,119	749,001,942	5,939,171	588,774,201
Hong Kong Dollar	6.79%	240,422,460	0	0	238,757,565	1,664,895	0
Hungarian Forint	0.18%	6,323,022	2,815,270	0	3,403,530	104,222	0
Indonesian Rupiah	2.06%	72,891,858	69,114,385	0	3,630,792	146,681	0
Israeli Shekel	0.07%	2,624,812	406,493	0	2,216,835	1,484	0
Japanese Yen	12.50%	442,679,179	42,495,481	0	356,927,636	43,256,062	0
Malaysian Ringgit	0.82%	28,961,319	28,257,616	0	225,791	477,912	0
Mexican New Peso	2.73%	96,591,848	96,535,656	0	566,902	(510,710)	0
New Zealand Dollar	0.06%	2,156,970	0	0	2,095,636	61,334	0
Nigerian Naira	0.01%	310,007	0	0	0	310,007	0
Norwegian Krone	0.41%	14,508,727	0	0	14,405,041	103,686	0
Peruvian Sol	0.43%	15,267,487	15,013,757	0	0	253,730	0
Philippines Peso	0.09%	3,232,019	3,221,171	0	0	10,848	0
Polish Zloty	0.48%	16,910,461	14,578,535	0	2,229,549	102,377	0
Pound Sterling	7.58%	268,620,448	42,035,636	876,995	194,582,283	340,734	30,784,800
Romanian Leu	0.03%	1,077,640	957,488	0	0	120,152	0
Russian Ruble (New)	1.21%	43,040,961	42,519,644	0	0	521,317	0
Singapore Dollar	1.03%	36,604,361	0	0	36,306,781	297,580	0
S African Comm Rand	1.26%	44,809,423	39,914,483	0	4,749,221	145,719	0
South Korean Won	0.81%	28,875,482	417,897	0	28,457,585	0	0
Swedish Krona	1.72%	60,966,730	56,979	0	60,799,066	110,685	0
Swiss Franc	4.87%	172,491,931	1,915	0	171,170,548	1,319,468	0
Thailand Baht	0.60%	21,181,184	16,316,415	0	4,804,145	60,624	0
Turkish Lira	0.28%	10,067,704	6,267,706	0	3,795,475	4,523	0
Ukraine Hryvana	0.05%	1,662,909	1,662,909	0	0	0	0
Uruguayan Peso	0.03%	915,744	915,744	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>\$3,542,362,168</b>	<b>\$ 722,103,694</b>	<b>\$20,175,031</b>	<b>\$2,120,761,650</b>	<b>\$59,762,792</b>	<b>\$ 619,559,001</b>

## **F. Concentration of Credit Risk**

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investments. TRSL's investment policy states that for each manager no more than 10% of the total portfolio fair value may be invested in any one organization. Exposure to any economic sector shall not exceed 50% of each manager's portfolio or 40% in any one country for international equity managers. Fixed income managers investments are limited to 20% of securities of foreign entities denominated in US dollars.

For the years ended June 30, 2021 and 2020, the System has no investment in any single organization (other than those issued or guaranteed by the U. S. Government) that represents 5% or more of the System's net plan assets, nor does the System hold more than 5% of any corporation's stock.

## **6. Investments**

### **A. General**

Louisiana Revised Statute 11:263 authorized the Board of Trustees to invest under the "Prudent-Man" Rule. The "Prudent-Man" Rule establishes a standard that a fiduciary shall exercise the judgment and care under the circumstances, then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

The Board of Trustees has adopted certain investment policies, objectives, rules, and guidelines that are intended to protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries; achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System; and maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

The Board of Trustees' desired investment objective is a long-term compound rate of return on the System's assets and is the greater of:

- 3.9% above the CPI-U seasonally adjusted, or
- the actuarial rate 7.40% for FY 2021 and 7.45% for FY 2020.

The System expects the domestic and international securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

### **B. Domestic Equity**

In accordance with Louisiana Revised Statutes 11:263, the System may invest up to 65% of its total assets in equities provided that the System invests an amount equal to at least 10% of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or international equity.

The following guidelines shall apply to the domestic equity investment managers:

- Common stock securities, including ADRs, shall be marketable securities listed or traded on a national securities exchange. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible. Convertible securities shall be considered as part of the equity portfolio.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one GIC sector (as defined by the Standard & Poors Global Industry Classification Standard) should not exceed 50%.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- For an indexed equity portfolio, the investment manager may utilize either a full replication

approach or sampling techniques to create a portfolio with portfolio characteristics similar to the benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.

- Equity managers (growth or value) hired for the small cap investment category are expected to maintain the capitalization of the portfolio within the small capitalization region with similar characteristics versus the benchmark.
- Equity managers (growth or value) hired for the mid cap investment category are expected to maintain the capitalization of the portfolio within the mid capitalization region with similar characteristics versus the benchmark.
- Equity managers (growth or value) hired in the small/mid (SMID) cap investment category are expected to maintain the capitalization of the portfolio within the SMID capitalization region with similar characteristics versus the benchmark.

### **C. Developed International Equity**

The following guidelines shall apply to the developed international equity investment managers:

- Marketable common stocks, preferred stocks convertible into common stocks, and fixed income securities convertible into common stocks are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Short-term fixed income holdings or money market securities shall be readily liquid securities

and be of high quality typically rated at least A-1, P-1, or of equivalent quality.

- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the mandate's benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- For investment managers benchmarked to the MSCI All Country World Index ex U.S., the portfolio should not exceed 40% in emerging market equities without prior Board approval.
- For investment managers benchmarked to the MSCI EAFE Index, the portfolio should not exceed 20% in emerging market equities without prior Board approval.
- Currency hedging decisions are at the discretion of the investment manager.

### **D. Investment Grade Core Fixed Income Investment**

The following guidelines shall apply to the investment grade core fixed income investment managers:

- The fixed income securities should be invested in investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, Collateralized Mortgage Obligations (CMOs), corporates, municipals, asset-backed, Commercial Mortgage Backed Securities (CMBS), and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Securities convertible into common stocks are prohibited. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from 1.5 years of the duration of the Barclays Aggregate Index.

- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities are limited to 5% of the fixed income portfolio. Split-rated securities will be considered as investment grade related securities. Orderly liquidation should occur for securities that fall below investment grade ratings and are greater than 5% of the fixed income portfolio. Such liquidation should occur within one year.
- Fixed income securities of foreign (non-U.S.) entities denominated in U.S. dollars are limited to 20% of the manager's portfolio, measured at fair value. Securities denominated in currencies other than the U.S. dollar are not permissible.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.

### ***E. Core Plus Fixed Income Investment***

The following guidelines shall apply to the core plus fixed income investment managers:

- The fixed income securities can be invested in investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, CMOs, corporates, municipals, asset-backed, CMBS, and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from two years of the duration of the Barclays Aggregate Index.

- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities are limited to 25% of the fixed income portfolio. Below investment grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- Fixed income securities of foreign (non-U.S.) entities are limited to 25% of the manager's portfolio, measured at fair value. Within the maximum limitation of the non-U.S. fixed income exposure, the total portfolio's investment in emerging markets is limited to 10%.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.
- Short-term holdings shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Fixed income core plus portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - » To adjust dollar-weighted duration and term structure of the portfolio,
  - » To protect against the downside on credit defaults,
  - » To dampen volatility,
  - » To create synthetic exposures not otherwise prohibited by these guidelines, and
  - » To take advantage of periodic pricing anomalies.
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

### ***F. Global Fixed Income Investment***

The following guidelines shall apply to the global fixed income investment managers:

- The portfolio will be invested in marketable fixed income instruments, notes, and debentures



issued by sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: U.S. Treasuries and Agencies, sovereign (non-U.S.) governments, sovereign agencies, pass-through mortgages, non-agency mortgages, CMOs, U.S. and non-U.S. corporates, municipals, asset-backed, CMBS, and inflation-linked securities.

- Securities that are liquid and readily marketable are preferred.
- It is anticipated that the portfolio will be invested in investment grade and below investment grade rated securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used.
- The benchmark for performance evaluation is the Barclays Global Aggregate Index (unhedged).
- The duration of the fixed income portfolio may range from four years of the duration of the Barclays Global Aggregate Index (unhedged).
- Fixed income holdings in a single company (defined as any one corporate bond issuer) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities are limited to 35% of the total fixed income portfolio. Below investment grade securities are defined as fixed income securities rated below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- The portfolio's investment in emerging markets debt is limited to 35%. Emerging Market Countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.

- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 20% of the total fixed income portfolio.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or unhedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Global fixed income portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - » To adjust dollar-weighted duration and term structure of the portfolio,
  - » To dampen volatility,
  - » To create synthetic exposures not otherwise prohibited by these guidelines, and
  - » To take advantage of periodic pricing anomalies.
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

### ***G. High Yield Fixed Income Investment***

The following guidelines shall apply to the high yield fixed income investment managers:

- The fixed income securities can be invested in below investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, corporates, municipals, asset-backed, bank loans, and convertible securities. Below investment grade securities are defined as fixed income securities below Baa3 or BBB-, rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch.
- The benchmark for performance evaluation is the Bank of America Merrill Lynch U.S. High Yield Master II Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.

- Below investment grade fixed income securities which are rated below B3 or B- by Moody's Investor Service, Standard & Poor's Corporation, or Fitch are limited to 15%.
- Fixed income securities of foreign (non-U.S.) entities are limited to 15% of the manager's portfolio, measured at fair value.
- The investment manager should consider the liquidity and marketability of securities prior to investment. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 25% of the total portfolio value.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.

#### **H. Emerging Markets Debt Investment**

The following guidelines shall apply to the emerging markets debt investment manager(s):

- The portfolio will be invested primarily in marketable fixed income instruments, notes, and debentures issued by emerging market sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include but are not limited to: obligations of foreign governments (or their subdivisions or agencies), international agencies, and supranational entities, and obligations of foreign corporations such as corporate bonds. Securities that are liquid and readily marketable, at time of purchase, are preferred.
  - Emerging market countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
  - The benchmark for performance evaluation is the JPMorgan GBI-EM Global Diversified Index.
  - The duration of the fixed income portfolio may range from two years of the duration of the JPMorgan GBI-EM Global Diversified Index.
- Fixed income holdings in a single company should be limited to 3% of the manager's portfolio measured at fair value.
  - Below investment-grade fixed income securities are limited to 40% of the fixed income portfolio. Below investment-grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
  - Rule 144(a) securities may be included in the portfolio up to 40% of the total portfolio value.
  - Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
  - Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
  - Emerging markets debt portfolio(s) may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - » To adjust dollar-weighted duration and term structure of the portfolio
    - » To protect against the downside on credit defaults
    - » To dampen volatility
    - » To create synthetic exposures not otherwise prohibited by these guidelines
    - » To take advantage of periodic pricing anomalies
  - Long futures and swaps contracts must be fully backed with cash, cash equivalents, offsetting derivative contracts, or other liquid holdings.

#### **I. Emerging Markets Equities**

The following guidelines shall apply to the emerging markets equities managers with separate accounts. For emerging market equities managers utilizing mutual funds or commingled funds, it is expected that the portfolio will generally, not necessarily, conform to these guidelines, but will fully comply with the prospectus and/or private placement memorandum.

- The following guidelines shall apply to the emerging markets equities managers with separate accounts. For emerging market equities managers utilizing mutual funds or commingled funds, it is expected that the portfolio will generally, not necessarily, conform to these guidelines, but will fully comply with the prospectus and/or private placement memorandum.
  - The benchmark for performance evaluation is the MSCI Emerging Markets Index (Net Dividends).
  - Securities permissible for investment include, but are not limited to: marketable common stocks, preferred stocks convertible into common stocks, fixed income securities convertible into common stocks, American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs) in emerging markets are permissible equity investments.
  - The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in emerging markets are permissible.
  - Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.
  - A minimum of 25 individual stocks should be held in the portfolio at all times.
  - Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
  - Equity holdings in any one country should not exceed 40% without prior Board approval.
  - Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
  - Currency hedging decisions are at the discretion of the investment manager.
  - Emerging markets debt portfolio(s) may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - » To adjust dollar-weighted duration and term structure of the portfolio,
    - » To protect against the downside on credit defaults,
    - » To dampen volatility,
    - » To create synthetic exposures not otherwise prohibited by these guidelines, and
    - » To take advantage of periodic pricing anomalies
- J. Alternative Assets Investment**
- The following guidelines provide a general framework for selecting, building, and managing the System's investments in private equity, venture capital, private market debt, infrastructure, and commodities.
- The benchmarks for performance evaluation of the Alternative Asset classes net of all fees and expenses are as follows:
    - » Private Equity: Russell 3000 +300 basis points,
    - » Venture Capital: Russell 2000 Growth + 200 basis points,
    - » Private Market Debt: Merrill Lynch U.S. High Yield Master II +200 basis points,
    - » Commodities: Dow Jones UBS Commodities Index, and
    - » Infrastructure: Consumer Price Index + 500 basis points.
    - » Farmland NCREIF Farmland Index
  - The System will invest primarily in limited partnership interests of pooled vehicles including Funds, Co-Investments, Separate Accounts and Secondary Investments.
  - The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
  - The System's commitment to any given partnership, for funds targeting \$500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
  - The System's commitment to any given partnership, for funds targeting more than \$500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
  - The System should diversify the sources of risk in the portfolio, specifically:

- » No more than 15% of the Alternative Assets total exposure (costs plus unfunded commitments) may be attributable to partnerships by the same manager at the time the commitment is made.
- » The System shall diversify the portfolio across vintage years.
- » The System will be mindful of over-concentration to any one industry, investment strategy and/or geography. Should the Investment Manager deem the Portfolio to be overly concentrated to any industry, investment strategy or geography, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- » The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest or to gain access to certain strategies which are difficult for the System to directly access (e.g., Venture Capital).
- » The System shall seek Co-Investments only where the System is an existing limited partner.
- » The System should seek to obtain a limited partner advisory board seat for each partnership investment.

The following table shows the cumulative commitments and cumulative cash flow totals since inception for the last two years.

### TRSL Alternative Assets and Real Estate

(in blns)

	June 30, 2021	June 30, 2020
Commitments	\$ 22.7	\$ 21.3
Calls for funding	18.3	16.3
Unfunded commitments	5.9	6.1
Distributions	16.9	15.0

#### K. Real Estate Investment

The following sets forth guidelines that provide a general framework for selecting, building, and managing of the System's real estate portfolio. The System's underlying real estate investments shall be classified under two primary strategies: Core and Opportunistic.

- The benchmark for performance evaluation of the real estate strategies is as follows:

- » Core: NCREIF Property Index, and
- » Opportunistic: NCREIF Property Index +200 basis points.
- The System will invest primarily in limited partnership interests of pooled vehicles including funds, co-investments, separate accounts and secondary investments.
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest.

#### Core Real Estate:

- The Investment Manager shall choose Core Real Estate Investments which, in aggregate, consist of a well-diversified portfolio of property types and geographies.
- Core Real Estate shall include, but not be limited to the following property types: warehouses, industrial, apartments, offices, storage, land development, single family homes, parking garages, hotels and retail.
- Core Real Estate investment funds shall target no more than 35% debt (leverage).

#### Opportunistic Real Estate:

- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The Investment Manager shall choose Opportunistic Real Estate investments which, in aggregate, consist of a well-diversified portfolio of property types, geographies and risk profiles. Should the Investment Manager deem the Portfolio to be overly concentrated to any geography or property type, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- The System's commitment to any given partnership, for funds targeting \$500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- The System's commitment to any given partnership, for funds targeting more than \$500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.

- Opportunistic Real Estate investment funds shall target no more than 80% debt (leverage).
- The System shall diversify the portfolio across vintage years.

### L. Asset Allocation

The System's target asset allocation policy as of June 30, 2021 and 2020 is as follows:

Asset Class	Target Allocation 2021	Target Allocation 2020
Global equity	46.0%	46.0%
Global fixed income	18.5%	18.5%
Private assets*	25.5%	25.5%
Real estate	<u>10.0%</u>	<u>10.0%</u>
<b>Total fund</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>

\*Private assets include corporate finance/buyouts, venture capital, mezzanine, distressed debt, infrastructure, commodities, farmland, and opportunistic.

### M. Money-Weighted Rate of Return

For the years ended June 30, 2021 and 2020, the annual money-weighted rate of return, net of investment expense, was 35.54% and 0.81%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

## 7. Securities Lending Transactions

State statutes and Board of Trustees' policies permit the System to use the assets of the System to enter into securities lending transactions. The System loans its securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's domestic managers lend the System's securities for cash collateral of 100% or other securities collateral of 102%. The System's global managers lend the System's securities for cash collateral or other securities collateral of 105%. Securities lent for securities collateral are classified according to the category for the collateral. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

All securities' loans can be terminated on demand by either the System or the borrower. The System cannot pledge or sell securities' collateral unless the borrower defaults. The reinvestment of cash collateral is done on an overnight basis or to term. In instances where a loan is for term, the reinvestment of the cash is matched to the maturity of the loan. Such matching existed at year-end. When investing in repurchase agreements, the collateral received will be a minimum of 102% of the cash invested. Collateral reported in the Statements of Fiduciary Net Position is investments purchased with cash collateral.

The following table presents the fair values of securities on loan and the collateral held by the System at June 30, 2021 and 2020:

Security Type	Fair Value of Securities on Loan 2021	Fair Value of Collateral Held 2021	Fair Value of Securities on Loan 2020	Fair Value of Collateral Held 2020
U.S. Government & agency	\$ 330,906,167	\$ 337,739,547	\$ 372,254,703	\$ 379,987,252
U.S. fixed income	229,801,989	235,781,492	172,897,442	177,457,077
U.S. equity	1,134,251,997	1,170,342,053	1,144,904,914	1,171,832,873
International fixed income	23,687,736	24,763,147	18,627,868	19,217,554
International equity	<u>226,905,652</u>	<u>243,714,419</u>	<u>365,816,627</u>	<u>386,613,852</u>
<b>Total</b>	<b><u>\$ 1,945,553,541</u></b>	<b><u>\$ 2,012,340,658</u></b>	<b><u>\$ 2,074,501,554</u></b>	<b><u>\$ 2,135,108,608</u></b>

Securities on loan at June 30, 2021 and 2020 are collateralized by cash collateral in the amount of \$2,012,340,658 and \$2,135,108,608, and noncash collateral in the amount of \$985,306,372 and \$588,659,856, for total amount of collateral held in the amount of \$2,997,647,030 and \$2,723,768,464, respectively.

## 8. Derivatives

TRSL invests in asset/liability derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, futures, short sales, and written options. TRSL reviews fair values of all securities on a monthly basis, and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates. TRSL was invested in a futures-based overlay program, foreign exchange contracts, and short sales, and written options at June 30, 2021 and 2020, which allows TRSL to implement policy target allocation adjustments in an efficient, liquid, and cost-effective manner. Interest rate risk, credit rate risk, and foreign currency risk associated with derivatives are included on their respective tables in Note 5, Deposits and Investment Risk Disclosures.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021 classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows:

2021	Changes in Fair Value		Fair Value		Notional Amount
	Classification	Amount	Classification	Amount	
Investment derivatives:					
Futures based overlay program	Net app/(depr)	\$ (4,280,327)	Investments payable	\$ (154,337)	\$ 199,005,799
Foreign exchange contracts	Net app/(depr)	\$ (16,015,489)	Global equities securities	\$ (9,176,611)	\$ 1,357,457,487
Short positions	Net app/(depr)	\$ 126,253,443	Investments payable	\$ (152,107,483)	N/A
Short positions	Net app/(depr)	\$ (1,374,422)	Global equities securities	\$ 5,545,907	N/A
Short positions	Net app/(depr)	\$ (267,349,862)	Global debt securities	\$ 249,748,281	N/A
Short positions	Net app/(depr)	\$ 136,469	Short-term investments	\$ 552,518	N/A

2020	Changes in Fair Value		Fair Value		Notional Amount
	Classification	Amount	Classification	Amount	
Investment derivatives:					
Futures based overlay program	Net app/(depr)	\$ (2,602,011)	Investments payable	\$ 4,125,990	\$ 138,046,192
Foreign exchange contracts	Net app/(depr)	\$ 2,901,854	Global equities securities	\$ 6,838,878	\$1,608,523,249
Short positions	Net app/(depr)	\$ (49,206,299)	Investments payable	\$ (278,360,926)	N/A
Short positions	Net app/(depr)	\$ (1,199,551)	Global equities securities	\$ 6,920,329	N/A
Short positions	Net app/(depr)	\$ 101,308,669	Global debt securities	\$ 517,098,143	N/A
Short positions	Net app/(depr)	\$ (446,704)	Short-term investments	\$ 416,049	N/A

Derivatives, such as futures, options, and swaps, may be used for the following purposes: (1) to adjust dollar-weighted duration and term structure of the portfolio; (2) to protect against the downside on credit defaults; (3) to dampen volatility; (4) to create synthetic exposures not otherwise prohibited by investment policy guidelines; and (5) to take advantage of periodic pricing anomalies.

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TRSL was invested in the following derivatives throughout the year:

### **A. Interest-Only Strips and Principal-Only Strips**

Interest-only (IO) and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments of mortgages, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced, and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater, and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in fair value.

### **B. Collateralized Mortgage Obligations**

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments causes a decline in cash flows and, thus, a decline in fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

### **C. Option on Futures**

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

### **D. Forward Foreign Exchange Contracts**

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over the counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

## ***E. Futures***

A futures contract is an agreement for delayed delivery of securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

## ***F. Short Sales and Written Options***

A short sale is the sale of a security or commodity futures contract that is not owned by the seller. It is a technique used to take advantage of an anticipated decline in the price or to protect a profit in a long position. In general, options are a right to buy or sell property that are granted in exchange for an agreed upon sum. If the right is not exercised after a specified period, the option expires and the option buyer forfeits the money.

## **9. Contingent Liabilities**

The System is a litigant in several lawsuits. System management, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

## **10. Other Post-Employment Benefits**

Substantially all employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan. At June 30, 2021 and 2020, 87 and 82 retirees, respectively, were receiving post-employment benefits.

### ***A. Plan Description***

Employees may participate in the State of Louisiana's Other Post-employment Benefit Plan (OPEB Plan), a multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

### ***B. Benefits Provided***

The OPEB Plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

### ***C. Contributions***

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and System contributions. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their post-employment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Contributions to the OPEB Plan from the System were \$744,961 and \$733,863 for the years ended June 30, 2021 and 2020, respectively.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost).



For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

OGB Participation	Retiree Share	State Share
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays \$.54 monthly for each \$1,000 of life insurance. The retiree pays \$.98 monthly for each \$1,000 of spouse life insurance. The employer pays the remaining amount.

***D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB***

At June 30, 2021 and 2020, the System reported a liability of \$26,231,642 and \$23,569,847, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2020 and July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. As of July 1, 2020, the System's proportion was 0.3166%. As of July 1, 2019, the System's proportion was 0.3052%. For the year ended June 30, 2021, the System recognized an OPEB benefit of (\$385,301). For the year ended June 30, 2020, the System recognized an OPEB benefit of (\$540,170).

As of June 30, 2021 and 2020, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 603,290	\$ 50,489
Changes in assumptions	685,818	2,510,172
Changes in proportion and differences between employer contributions and proportionate share of contributions	963,672	406,623
Employer contributions subsequent to the measurement date	<u>744,961</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 2,997,741</u></b>	<b><u>\$ 2,967,284</u></b>

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 285,015	\$ 81,116
Changes in assumptions	0	3,799,496
Changes in proportion and differences between employer contributions and proportionate share of contributions	285,015	444,410
Employer contributions subsequent to the measurement date	<u>733,863</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 1,308,383</u></b>	<b><u>\$ 4,325,022</u></b>

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$744,961 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) for the year ending June 30 as follows:

Year ended June 30:	
2022	\$ 53,737
2023	(377,672)
2024	105,655
2025	248,737
<b>Total</b>	<b>\$ 30,457</b>

### E. Actuarial Assumptions

The total OPEB liability in the July 1, 2020 and July 1, 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Valuation date</b>	July 1, 2020 and 2019
<b>Inflation</b>	2.8%
<b>Salary Increases</b>	Consistent with the pension valuation assumptions
<b>Investment Rate of Return</b>	2.66% and 2.79%, based on the June 30, 2020 and June 29, 2019 S&P 20-year municipal bond index rates, respectively
<b>Healthcare Cost Trend</b>	Pre-age 65 ranges from 6.75% - 4.50%, Post-age 65 ranges from 5.25% - 4.50%
<b>Mortality Rates</b>	For July 1, 2020 and 2019: For active lives, the RP-2014 White Collar Employee Table, adjusted by 1.010 for males and by 0.997 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For healthy retiree lives, the RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.366 for males and by 1.189 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For disabled retiree lives, the RP-2014 Disabled Retiree Mortality Table, adjusted by 1.111 for males and 1.134 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

The actuarial assumptions used in the July 1, 2020 valuation were based on the assumptions used in the June 30, 2020 various pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

The actuarial assumptions used in the July 1, 2019 valuation were based on the assumptions used in the June 30, 2019 various pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

### F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.66% and 2.79% for the years ended June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

### **G. Sensitivity of the System's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate**

The following presents the System's proportionate share of the collective total OPEB liability, as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

June 30, 2021	1.0% Decrease 1.66%	Current Discount Rate 2.66%	1.0% Increase 3.66%
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 30,997,842</u>	<u>\$ 26,231,642</u>	<u>\$ 22,477,537</u>

June 30, 2020	1.0% Decrease 1.79%	Current Discount Rate 2.79%	1.0% Increase 3.79%
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 27,920,710</u>	<u>\$ 23,569,847</u>	<u>\$ 20,151,092</u>

### **H. Sensitivity of the System's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the System's proportionate share of the collective total OPEB liability, as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

June 30, 2021	1.0% Decrease	Current Trend Rate	1.0% Increase
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 22,333,379</u>	<u>\$ 26,231,642</u>	<u>\$ 31,250,629</u>

June 30, 2020	1.0% Decrease	Current Trend Rate	1.0% Increase
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 20,029,250</u>	<u>\$ 23,569,847</u>	<u>\$ 28,140,994</u>

### **I. Payables to the OPEB Plan**

As of June 30, 2021 and 2020, the System reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the years ended June 30, 2021 and 2020.

## **11. Defined Benefit Pension Plan:**

### **L. Plan Description**

All full-time TRSL employees who do not participate in TRSL participate in the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing, multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System. La. R.S. 11:401 grants, to LASERS Board of Trustees and the Louisiana Legislature, the authority to review administration, benefit terms, investments, and funding of the plan.

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The following is a brief description of the plan and its benefits. Participants should refer to the appropriate statutes for more

complete information.

### **B. Retirement Benefits**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after 5 years of creditable service and may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to

retire with 12 years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.3% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House Clerk, Sergeants-at-Arms, or Senate secretary employed after January 1, 2011 was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service, and may also retire at any age, with a reduced benefit, after 20 years of credible service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit, provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is 10 years of service.

### **C. Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who

entered DROP prior to January 1, 2004, interest at a rate of 0.5% less than LASERS's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account.

Members who enter DROP on or after January 1, 2004 are required to participate in LASERS's Self-Directed Plan (SDP), which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

#### ***D. Initial Benefit Options***

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of 0.5% less than LASERS's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004 are required to enter the SDP as described above.

#### ***E. Disability Benefits***

All members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retirement recipient may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

#### ***F. Survivor Benefits***

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to

death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

#### ***G. Contributions***

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 and 8.0% of their annual covered salaries if hired after July 1, 2006. The System is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal years ended June 30, 2021 and 2020 was 40.10% and 40.70% of annual covered payroll, respectively. The System's contribution to LASERS for the fiscal years ended June 30, 2021 and 2020 was \$1,791,706 and \$1,805,819, respectively.

#### ***H. Significant Accounting Policy***

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and changes in LASERS's fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## ***I. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions***

As of June 30, 2021 and 2020, the System reported a liability of \$17,966,785 and \$15,838,322, respectively, for its proportionate share of LASERS's net pension liability. The net pension liability was measured as of June 30, 2020 and June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2021, the System's proportion was 0.21724%, which is a decrease of 0.00137% from its proportion measured as of June 30, 2020, which was 0.21861%.

For the fiscal years ended June 30, 2021 and 2020, the System recognized pension expense in the amount of \$1,870,195 and \$1,576,153, respectively. At June 30, 2021 and 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>June 30, 2021</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ 172,546
Net difference between projected and actual earnings on pension plan investments	2,626,400	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,459	74,833
Changes in assumptions	57,488	0
Employer contributions subsequent to the measurement date	<u>1,791,706</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 4,478,053</u></b>	<b><u>\$ 247,379</u></b>

<b>June 30, 2020</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 97,252	\$ 32,911
Net difference between projected and actual earnings on pension plan investments	547,193	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,233	418,606
Changes in assumptions	135,719	0
Employer contributions subsequent to the measurement date	<u>1,805,819</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 2,632,216</u></b>	<b><u>\$ 451,517</u></b>

Deferred outflows of sources related to pensions resulting from employer contributions subsequent to the measurement date of \$1,791,706, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2022	\$ 2,053,837
2023	757,403
2024	811,625
2025	<u>607,809</u>
2026	<b><u>\$ 4,230,674</u></b>

### **J. Actuarial Assumptions**

The total pension liability in the June 30, 2020 and June 30, 2019 actuarial valuations was determined using the following actuarial assumptions and applied to all periods included in the measurement. The significant methods and assumptions used in calculating the actuarially determined contributions are as follows-

<b>Valuation date</b>	June 30, 2020 and 2019
<b>Actuarial cost method</b>	Entry age normal
<b>Amortization approach</b>	Closed
<b>Expected remaining service lives</b>	2 years
<b>Investment rate of return</b>	7.55% and 7.60% net of investment expenses, respectively
<b>Inflation rate</b>	2.3% and 2.5%, respectively
<b>Projected salary increases service</b>	2.6%-13.8% for 2020 and 2.8%-14.0% for 2019 (varies depending on duration of service)
<b>Cost-of-living adjustments</b>	None, since they are not deemed to be automatic
<b>Mortality</b>	Non-disabled members - Mortality rates were based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
<b>Termination and disability</b>	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The expected rate of inflation was 2.30% and 2.50% for 2020 and 2019, respectively. The resulting expected long-term rates of return are 8.25% for 2020 and 9.00% for 2019.

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and June 30, 2019 are summarized in the following tables:

2020 Asset Class	2020 Target Allocations	2020 Long-Term Expected Real Rate of Return
Cash	0%	(0.59%)
Domestic equity	23%	4.79%
International equity	32%	5.83%
Domestic fixed income	6%	1.76%
International fixed income	10%	3.98%
Alternative investments	22%	6.69%
Global tactical asset allocation	<u>7%</u>	5.81%
<b>Total</b>	<b><u>100%</u></b>	

2019 Asset Class	2019 Target Allocations	2019 Long-Term Expected Real Rate of Return
Cash	0%	0.24%
Domestic equity	23%	4.83%
International equity	32%	5.83%
Domestic fixed income	6%	2.79%
International fixed income	10%	4.49%
Alternative investments	22%	8.32%
Global tactical asset allocation	<u>7%</u>	5.06%
<b>Total</b>	<b><u>100%</u></b>	

The discount rate used to measure the total pension liability at June 30, 2020 and 2019 was 7.55% and 7.60%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### ***K. Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the System's proportionate share of the net pension liability using the discount rate, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, or one percentage-point higher, than the current rate:

Net Pension Liability	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
<b>June 30, 2021</b>	<b><u>\$ 22,078,384</u></b>	<b><u>\$ 17,966,785</u></b>	<b><u>\$ 14,477,641</u></b>
Net Pension Liability	1.0% Decrease 6.60%	Current Discount Rate 7.60%	1.0% Increase 8.60%
<b>June 30, 2020</b>	<b><u>\$ 19,989,983</u></b>	<b><u>\$ 15,838,322</u></b>	<b><u>\$ 12,331,563</u></b>



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**L. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2020 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

**M. Payables to the Pension Plan**

As of June 30, 2021 and 2020, TRSL reported a payable of \$121,603 and \$113,280, respectively, for the outstanding amount of contributions to LASERS.


**12. Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and for disclosures within the financial statements for the year ended June 30, 2021. Management has performed this analysis through September 29, 2021, which is the date the financial statements were available to be issued.

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**“An investment in knowledge  
pays the best interest.”**

*-Benjamin Franklin*



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## Schedules of Changes in Employers' Net Pension Liability for the eight years ended June 30, 2021

	2021	2020	2019	2018
<b>Total pension liability</b>				
Service cost	\$ 468,547,375	\$ 454,344,240	\$ 439,691,899	\$ 473,025,011
Interest	2,358,286,993	2,333,436,352	2,310,654,625	2,244,768,414
Changes of benefit terms	6,937,251.00	0	0	0
Differences between expected and actual experience	34,084,245	(2,565,994)	(132,534,910)	(130,859,239)
Changes of assumptions	159,214,885	225,604,318	298,384,629	688,003,495
Retirement benefits	(2,256,015,333)	(2,193,873,471)	(2,163,684,514)	(2,116,953,537)
Refunds and transfers of member contributions	(53,095,624)	(50,225,236)	(50,301,709)	(48,671,220)
<b>Net change in total pension liability</b>	<b><u>717,959,792</u></b>	<b><u>766,720,209</u></b>	<b><u>702,210,020</u></b>	<b><u>1,109,312,924</u></b>
<b>Total pension liability - beginning</b>	<b><u>32,340,867,066</u></b>	<b><u>31,574,146,857</u></b>	<b><u>30,871,936,837</u></b>	<b><u>29,762,623,913</u></b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 33,058,826,858</u></b>	<b><u>\$ 32,340,867,066</u></b>	<b><u>\$ 31,574,146,857</u></b>	<b><u>\$ 30,871,936,837</u></b>
<b>Plan fiduciary net position</b>				
Employer contributions <sup>1</sup>	\$ 1,239,712,158	\$ 1,222,809,468	\$ 1,217,167,321	\$ 1,201,829,353
Non-employer Contributions	43,151,074	43,151,074	40,850,075	39,550,321
Employee contributions	361,684,671	351,287,976	341,398,896	337,928,752
Net investment income <sup>1</sup>	7,163,605,200	170,755,803	1,208,949,546	2,137,541,062
Other income	19,804,296	39,770,864	26,018,466	11,411,104
Retirement benefits <sup>1</sup>	(2,256,015,333)	(2,193,873,471)	(2,163,684,514)	(2,116,953,537)
Refunds and transfers of member contributions	(53,095,624)	(50,225,236)	(50,301,709)	(48,671,220)
Administrative expense	(16,002,619)	(15,994,167)	(13,445,962)	(15,431,788)
Other post-employment benefit expenses <sup>2</sup>	385,301	540,170	(95,273)	(13,633,156)
Depreciation and amortization expenses	(470,446)	(422,685)	(1,277,138)	(400,766)
Adjusting entry <sup>3</sup>	0	0	352	0
<b>Net change in plan fiduciary net position</b>	<b><u>6,502,758,678</u></b>	<b><u>(432,200,204)</u></b>	<b><u>605,580,060</u></b>	<b><u>1,533,170,125</u></b>
<b>Plan fiduciary net position - beginning</b>	<b><u>21,217,296,757</u></b>	<b><u>21,649,496,961</u></b>	<b><u>21,043,916,901</u></b>	<b><u>19,510,746,776</u></b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 27,720,055,435</u></b>	<b><u>\$ 21,217,296,757</u></b>	<b><u>\$ 21,649,496,961</u></b>	<b><u>\$ 21,043,916,901</u></b>
<b>Net pension liability - ending (a) - (b)</b>	<b><u>\$ 5,338,771,423</u></b>	<b><u>\$ 11,123,570,309</u></b>	<b><u>\$ 9,924,649,896</u></b>	<b><u>\$ 9,828,019,936</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>83.9%</b>	<b>65.6%</b>	<b>68.6%</b>	<b>68.2%</b>
<b>Covered payroll</b>	<b>\$ 4,335,090,648</b>	<b>\$ 4,229,620,981</b>	<b>\$ 4,071,754,355</b>	<b>\$3,998,051,313</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>123.2%</b>	<b>263.0%</b>	<b>243.7%</b>	<b>245.8%</b>

<sup>1</sup>Amounts shown exclude side-fund assets held for the LSU Agriculture and Extension Service and associated contributions and benefits.

<sup>2</sup>The 2018 OPEB Expense includes a \$13,190,993 adjusting entry related to GASB 75 implementation.

<sup>3</sup>Adjusting entry to correct variance from prior year beginning Fiduciary Net Position.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## Schedules of Changes in Employers' Net Pension Liability for the eight years ended June 30, 2021 (cont'd)

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 466,591,480	\$ 463,783,246	\$ 459,658,120	\$ 462,730,192
Interest	2,222,960,660	2,176,626,375	2,137,096,756	2,086,494,384
Changes of benefit terms	0	216,473,124	0	200,806,602
Differences between expected and actual experience	(223,202,835)	(181,620,615)	(62,489,198)	(122,326,978)
Changes+ of assumptions	135,132,845	0	0	0
Retirement benefits	(2,061,454,295)	(1,999,272,395)	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	(49,805,920)	(49,884,654)	(52,402,762)	(58,777,337)
<b>Net change in total pension liability</b>	<b>490,221,935</b>	<b>626,105,081</b>	<b>526,760,334</b>	<b>691,812,960</b>
<b>Total pension liability - beginning</b>	<b>29,272,401,978</b>	<b>28,646,296,897</b>	<b>28,119,536,563</b>	<b>27,427,723,603</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 29,762,623,913</b>	<b>\$ 29,272,401,978</b>	<b>\$ 28,646,296,897</b>	<b>\$ 28,119,536,563</b>
<b>Plan fiduciary net position</b>				
Employer contributions <sup>1</sup>	\$ 1,122,277,562	\$ 1,157,901,123	\$ 1,217,466,676	\$ 1,176,569,685
Non-employer Contributions	38,762,968	38,193,328	37,425,629	35,927,881
Employee contributions	328,541,240	330,773,316	324,920,644	326,007,091
Net investment income <sup>1</sup>	2,612,231,923	177,422,752	443,034,317	2,815,090,995
Other income	2,972,517	2,951,433	13,866,589	7,880,853
Retirement benefits <sup>1</sup>	(2,061,454,295)	(1,999,272,395)	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	(49,805,920)	(49,884,654)	(52,402,762)	(58,777,337)
Administrative expense	(17,175,965)	(16,306,240)	(18,023,794)	(15,026,969)
Other post-employment benefit expenses <sup>2</sup>	(586,167)	24,005	(1,685,836)	(1,047,832)
Depreciation and amortization expenses	(432,238)	(407,105)	(384,426)	(322,881)
Adjusting entry <sup>3</sup>	0	0	(13,197,268)	0
<b>Net change in plan fiduciary net position</b>	<b>1,975,331,625</b>	<b>(358,604,437)</b>	<b>(4,082,813)</b>	<b>2,409,187,583</b>
<b>Plan fiduciary net position - beginning</b>	<b>17,535,415,151</b>	<b>17,894,019,588</b>	<b>17,898,102,401</b>	<b>15,488,914,818</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 19,510,746,776</b>	<b>\$ 17,535,415,151</b>	<b>\$ 17,894,019,588</b>	<b>\$ 17,898,102,401</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 10,251,877,137</b>	<b>\$ 11,736,986,827</b>	<b>\$ 10,752,277,309</b>	<b>\$ 10,221,434,162</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>65.6%</b>	<b>59.9%</b>	<b>62.5%</b>	<b>63.7%</b>
<b>Covered payroll</b>	<b>\$ 3,901,627,792</b>	<b>\$ 3,869,730,024</b>	<b>\$ 3,815,648,662</b>	<b>\$ 3,764,954,727</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>262.8%</b>	<b>303.3%</b>	<b>281.8%</b>	<b>271.5%</b>

<sup>1</sup>Amounts shown exclude side-fund assets held for the LSU Agriculture and Extension Service and associated contributions and benefits.

<sup>2</sup>The 2018 OPEB Expense includes a \$13,190,993 adjusting entry related to GASB 75 implementation.

<sup>3</sup>Adjusting entry to correct variance from prior year beginning Fiduciary Net Position.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Schedules of Employers' Net Pension Liability for the nine years ended June 30, 2021**

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position*	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
2013	\$ 27,427,723,603	\$ 15,488,914,818	\$ 11,938,808,785	56.5%	\$ 3,726,325,750	320.4%
2014	28,119,536,563	17,898,102,401	10,221,434,162	63.7%	3,764,954,727	271.5%
2015	28,646,296,897	17,894,019,588	10,752,277,309	62.5%	3,815,648,662	281.8%
2016	29,272,401,978	17,535,415,151	11,736,986,827	59.9%	3,869,730,024	303.3%
2017	29,762,623,913	19,510,746,776	10,251,877,137	65.6%	3,901,627,792	262.8%
2018	30,871,936,837	21,043,916,901	9,828,019,936	68.2%	3,998,051,313	245.8%
2019	31,574,146,857	21,649,496,961	9,924,649,896	68.6%	4,071,754,355	243.7%
2020	32,340,867,066	21,217,296,757	11,123,570,309	65.6%	4,229,620,981	263.0%
2021	33,058,826,858	27,720,055,435	5,338,771,423	83.9%	4,335,090,648	123.2%

\* Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service. Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

**Schedules of Employer Contributions for the ten years ended June 30, 2021**

Fiscal Year	Actuarial Determined Contribution	Contributions in Relation to Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2012	\$ 1,120,095,898	\$ 1,127,265,199	\$ (7,169,301)	\$ 3,808,760,594	29.6%
2013	1,149,134,132	1,137,733,532	11,400,600	3,726,325,750	30.5%
2014	1,218,397,771	1,258,687,418	(40,289,647)	3,764,954,727	33.4%
2015	1,212,285,929	1,303,570,582	(91,284,653)	3,815,648,662	34.2%
2016	1,177,993,580	1,242,445,786	(64,452,206)	3,869,730,024	32.1%
2017	1,188,962,275	1,204,634,319	(15,672,044)	3,901,627,792	30.9%
2018	1,227,397,115	1,288,863,851	(61,466,736)	3,998,051,313	32.2%
2019	1,246,577,897	1,306,003,522	(59,425,625)	4,071,754,355	32.1%
2020	1,221,266,156	1,313,932,563	(92,666,407)	4,229,620,981	31.1%
2021	1,243,818,612	1,127,265,199	(7,169,301)	3,808,760,594	29.6%

**Schedules of Money-Weighted Rate of Return for the eight years ended June 30, 2021**

Fiscal Year Ended	Annual Money-Weighted Rate of Return
2014	19.46%
2015	2.71%
2016	0.97%
2017	15.87%
2018	11.61%
2019	6.01%
2020	0.81%
2021	35.54%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

### Schedules of TRSL's Proportionate Share of the Collective Total Other Post-Employment Benefits (OPEB) Liability for the four years ended June 30, 2021

Fiscal Year	Percentage of the Collective Total OPEB Liability	System's Proportionate Share of the Collective Total OPEB Liability	Employer's Covered Payroll	Proportionate Share of the Collective Total OPEB Liability as a % of Covered Payroll
2018	0.3003%	\$ 26,099,592	\$ 8,752,282	298.20%
2019	0.3060%	26,121,274	8,190,491	318.92%
2020	0.3052%	23,569,847	8,195,488	287.60%
2021	0.3166%	26,231,642	8,640,013	303.61%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

The amounts presented for each fiscal year were determined as of the prior fiscal year ended.

### Schedules of TRSL's Proportionate Share of the Net Pension Liability in LASERS for the seven years ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
TRSL's proportion of the net pension liability	0.21723%	0.21861%	0.21915%	0.23556%	0.23898%	0.23385%	0.23911%
TRSL's proportionate share of the net pension liability	\$17,966,785	\$ 15,838,322	\$ 14,946,007	\$ 16,580,526	\$ 18,765,871	\$ 15,905,194	\$ 14,951,289
TRSL's covered - payroll	\$ 4,556,300	\$ 4,348,469	\$ 4,469,727	\$ 4,391,837	\$ 4,493,154	\$ 4,476,486	\$ 4,243,320
TRSL's proportionate share of the net pension liability as a percentage of its covered payroll	394.33%	364.23%	334.38%	377.53%	417.65%	355.31%	352.35%
Plan fiduciary net position as a percentage of the total pension liability	58.0%	62.9%	64.3%	62.5%	57.7%	62.7%	65.0%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

### Schedules of TRSL's Contributions to LASERS for the seven years ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,791,706	\$ 1,805,819	\$ 1,666,454	\$ 1,693,978	\$ 1,547,889	\$ 1,665,310	\$ 1,656,300
Contributions in relation to the statutorily required contribution	\$ 1,791,706	\$ 1,805,819	\$ 1,666,454	\$ 1,693,978	\$ 1,547,889	\$ 1,665,310	\$ 1,660,791
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,491)
TRSL's covered - payroll	\$ 4,468,095	\$ 4,436,902	\$ 4,396,977	\$ 4,469,599	\$ 4,323,905	\$ 4,651,703	\$ 4,476,486
Contributions as a percentage of covered - payroll	40.10%	40.70%	37.90%	37.90%	35.80%	35.80%	37.10%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

# Notes to Required Supplementary Information

## 1. Schedules of Changes in Employers' Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, Foster & Foster Actuaries and Consultants. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

## 2. Schedules of Employers' Net Pension Liability

The schedule of employers' net pension liability shows the percentage of TRSL employers' net pension liability as a percentage of covered payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through TRSL. Covered payroll is compensation to active employees on which the employer bases contributions to the plan.

## 3. Schedules of Employer Contributions

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered payroll is presented in this schedule.

## 4. Schedules of Money Weighted Rate of Return

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured on daily inputs with expenses measured on an accrual basis.

## 5. Actuarial Assumptions for TRSL's Net Pension Liability

<b>Valuation date</b>	June 30, 2021 and 2020
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization approach</b>	Closed
<b>Investment rate of return</b>	7.40% for 2021 and 7.45% for 2020, net of investment expenses
<b>Inflation rate</b>	2.30% for 2021 and 2020
<b>Projected salary increases</b>	3.10% - 4.60% (varies depending on duration of service)
<b>Cost-of-living adjustments</b>	None
<b>Mortality</b>	Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality - RP-2014 Disability tables, adjusted by factors of 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
<b>Termination and disability</b>	Termination, disability, and retirement assumptions were projected based on a five-year (July 1, 2012-June 30, 2017) experience study of the System's members.



## 6. Schedules of TRSL's Proportionate Share of the Collective Total OPEB Liability

This schedule shows the System's proportionate share of the collective total OPEB liability allocated to its current employees and retirees participating in the State of Louisiana Postemployment Benefit Plan as of June 30, 2021. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. There were no changes of benefit terms for the OPEB Plan during any of the years presented. The discount rate decreased to 2.66% in the July 1, 2020 valuation from 2.79% as of July 1, 2019.

## 7. Schedule of TRSL's Proportionate Share of the Net Pension Liability in LASERS

This schedule reflects the participation of TRSL employees in LASERS and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered payroll, and the plan fiduciary net position as a percentage of the total pension liability.

## 8. Schedule of TRSL's Contributions to LASERS

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

## 9. Changes in Benefit Terms

### Pension Plan

There were no changes in benefit terms for the Pension Plan.

### OPEB Plan

There were no changes in benefit terms for the State of Louisiana OPEB Plan

## 10. Changes in Assumptions

### Pension Plan

Amounts reported in the actuary valuation dated June 30, 2020 for LASERS reflect an adjustment in the discount rate, inflation rate, and salary increases used to value the projected benefit payments attributed to past periods of service. The discount rate for LASERS was decreased by 0.05% to 7.55% in 2020. Other changes were as follows:

Valuation date	June 30, 2020	June 30, 2019
Inflation rate	2.30%	2.50%
Projected salary increases	2.60% - 13.80%	2.80% - 14.00%

### OPEB Plan

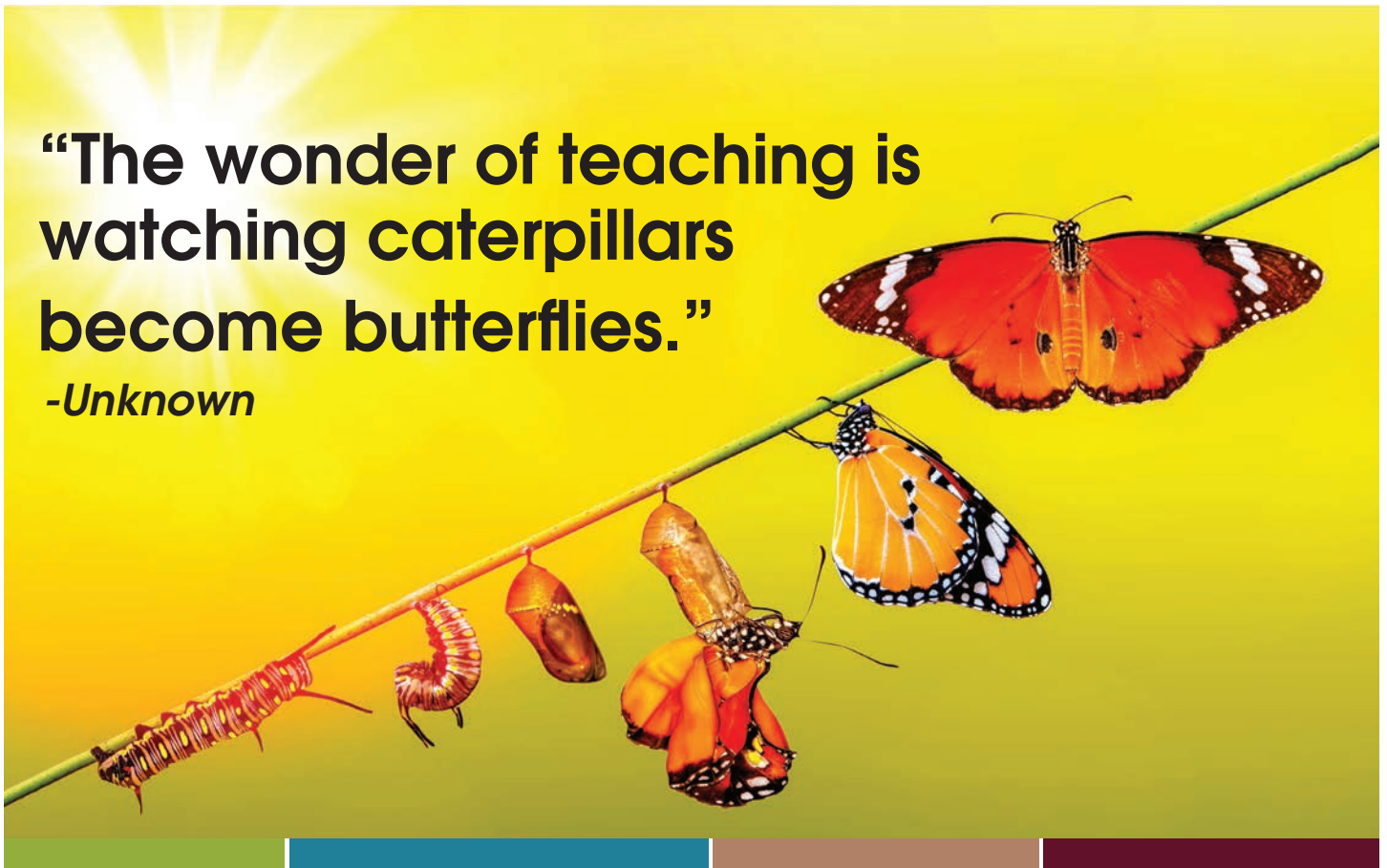
The discount rate changed from 2.79% as of July 1, 2019 to 2.66% as of July 1, 2020, for the State of Louisiana OPEB Plan.

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**“The wonder of teaching is watching caterpillars become butterflies.”**

***-Unknown***



## **Financial Section**

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## Schedules of Administrative Expenses, Investment Expenses, and Securities Lending Expenses for the Years Ended June 30, 2021 and 2020

	2021	2020
<b>Administrative Expenses:</b>		
Salaries and related benefits <sup>‡</sup>	\$ 11,460,452	\$ 11,369,655
Travel expenses	13,746	56,277
Operating expenses	1,917,014	1,999,538
Professional services	599,190	845,343
Other charges & interagency transfers	73,309	72,713
Acquisitions	68,713	74,488
<b>Total administrative expenses</b>	<b>\$ 14,132,424</b>	<b>\$ 14,418,014</b>
<b>Investment expenses:</b>		
International investment expenses	\$ 4,309,805	\$ 4,966,705
Alternative investment expenses*	86,220,351	77,525,624
Investment administrative expenses <sup>†</sup>	1,781,554	1,601,535
Custodian fees	389,464	376,728
Performance consultant fees	1,065,319	1,120,361
Advisor fees	38,755,431	35,726,244
<b>Total investment expenses<sup>‡</sup></b>	<b>\$ 132,521,924</b>	<b>\$ 121,317,197</b>
<b>Securities lending expenses:<sup>§</sup></b>		
Fixed	\$ 511,364	\$ 12,603,334
Equity	717,695	15,853,729
International	268,664	(1,849,494)
<b>Total securities lending expenses</b>	<b>\$ 1,497,723</b>	<b>\$ 26,607,569</b>

<sup>‡</sup> Employer contributions to Louisiana State Employees' Retirement System (LASERS) in the amount of \$1,791,707 and \$1,805,819 for the years ended June 30, 2021 and 2020, respectively, have been reclassified from Salaries and related benefits to Deferred outflows of resources related to pensions in accordance with GASB 68. This reclassification for financial reporting may result in a difference between the Salaries and related benefits expense reported on this schedule and the Salaries and related benefits expense budgeted for the years ended June 30, 2021 and 2020. See Note 11 in the Notes to Financial Statements for additional information regarding the employer contributions to LASERS.

\*Investment fees and expenses of alternative funds are rebated to TRSL by the general partner as gains are realized. These rebates are accounted for as return of capital.

<sup>†</sup>GASB 67 requires the separate display of investment administrative expenses and is no longer included in general administrative expenses.

<sup>‡</sup>Total investment expenses do not include management fees paid through a reduction of the net asset value of the investment. For 2021 and 2019, the fees totaled \$15,831,561 and \$13,673,670, respectively.

<sup>§</sup>Amounts are netted with securities lending income on the statements of changes in fiduciary net position. Net securities lending income for 2021 and 2020 was \$6,991,753 and \$13,999,037, respectively.

## Schedules of Board Compensation for the Years Ended June 30, 2021 and 2020

Board Member	2021		2020	
	Number of Meetings	Amount	Number of Meetings	Amount
Jerry J. Baudin, Ph.D.	11	\$ 825	11	\$ 825
Lotte T. Delaney, M.P.A.	5	0	n/a	n/a
Holly Bridges Gildig, M.Ed.	10	750	8	600
David A. Hennigan	12	900	11	825
Ricky Julien, Sr., M.Ed.	7	525	9	675
Tia T. Mills, Ed.D	11	825	7	525
Paul E. Nelson, Ph.D.	11	0	9	675
Neshelle S. Nogess, M.B.A.	12	900	10	750
John G. Parauka	n/a	n/a	6	450
Suzette S. Riddle	4	300	9	675
Thomas F. Stafford, Ph.D.	9	675	10	750
James A. Taylor, Sr., J.D., Ph.D.	12	900	10	750
Kelly Thompson	-	0	5	375
<b>Total compensation</b>		<b>\$ 6,600</b>		<b>\$ 7,875</b>

## Schedules of Payments to Non-Investment Related Consultants and Vendors for the Years Ended June 30, 2021 and 2020

	2021	2020
<b>Actuary</b>	\$ 185,000	\$ 198,610
Foster & Foster Actuaries & Consultants		
<b>Auditor/Accountant</b>	89,960	91,256
Louisiana Legislative Auditor/Duplantier, Hrapmann, Hogan & Maher, L.L.P.		
Louisiana Legislative Auditor/Hawthorn, Waymouth & Carroll, L.L.P.		
Postlethwaite & Netterville		
<b>Information Technology and Other Vendors</b>	193,185	451,269
Communications Consulting Group		
ConvergeOne		
DAS		
DLT Solutions		
Election America		
Financial Recovery Technologies, L.L.C.		
Hunt Telecommunications, L.L.C.		
Modiphy, Inc.		
Pension Benefit Information		
RMJ Consulting		
Scope Solutions Group, Inc.		
Sylint		
Trace Security		
Uniti Fiber		
Other		
<b>Legal</b>	66,095	17,908
Avant & Falcon		
Ice Miller, L.L.P.		
Kean Miller, L.L.P.		
Other		
<b>Medical</b>	64,950	86,300
Examiners		
<b>Total</b>	<b>\$ 599,190</b>	<b>\$ 845,343</b>

**“I touch the future;  
I teach.”**

**-Christa McAuliffe**



## INVESTMENT SECTION

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September 15, 2021

Board of Trustees  
 Teachers' Retirement System of Louisiana  
 Post Office Box 94123  
 Baton Rouge, LA 70804-9123

Dear Board Members:

The Teachers' Retirement System of Louisiana (System) earned a 36.35% return on investments (gross of fees using a time-weighted compound return) for the fiscal year ended June 30, 2021. With an annualized return of 10.67% for the most recent 10-year period, the System is one of the top performing funds (2nd percentile ranking) for this time period, according to the Wilshire Trust Universe Comparison Service (TUCS).

Over the past fiscal year, the U.S. Administration, Congress, and the Federal Reserve continued to actively foster accommodative fiscal and monetary policies as the country waited for COVID-19 vaccine efficacy results and approval for dissemination. During this time, Congress appropriated an additional \$2.81 trillion dollars through the American Rescue Plan and Federal Budget Fiscal Stimulus which replenished and provided additional resources to small businesses through the Paycheck Protection Program; directed stimulus checks to families; and provided various aid to state and local governments. This strong economic response in conjunction with advancement of the COVID-19 vaccine spurred the largest economic rebound on record. Specifically, the economy grew at an annualized pace of 33.1% during the third quarter of 2020. U.S. savings—as a percent of disposable income—notched one of its highest levels in over 80 years which accelerated the liquidity available for consumption and investment.

From a monetary policy perspective, the U.S. Federal Open Market Committee (FOMC) maintained near-zero federal funds rates and grew its balance sheet by \$120 billion per month through the purchase of U.S. Treasury and mortgage-backed securities. Resiliency in the economy and increased consumer confidence, both resulting from pro-growth economic policies and COVID-19 vaccine availability, proved a strong catalyst for U.S. equities. For the fiscal year, U.S. equity and fixed income markets returned 44.16% and -0.33% as measured by the Russell 3000 Index and the Bloomberg Barclays U.S. Capital Aggregate Bond Index, respectively.

Outside the United States, both monetary and fiscal policies remained accommodative and reactionary as economies began to slowly heal from the economic malaise left by the pandemic. The economic recovery in many parts of the world has been hampered by the various COVID-19 mutated strains and often limited supply of vaccines. Various country and municipal lockdowns to attempt to contain the spread of the virus across Europe were met head on with a fiscal stimulus package totaling over 750 billion euros. With the U.S. dollar retreating just over 5% for the fiscal year in concert with multiple countries still instituting below-zero interest rate policies, investors gravitated toward developed and emerging equities over fixed income opportunities. The international equity markets, as

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Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with Americans with Disabilities Act.




measured by the MSCI EAFE Index, returned 32.35%; the MSCI Emerging Markets Index returned 40.90%; and global fixed income, as measured by the Bloomberg Barclays Global Aggregate Index, returned 2.63%.

The System's public market assets generated a 33.90% return versus 29.22% for the benchmark. U.S. and emerging market equities were the best performing public market investments, returning 47.12% and 46.68%, respectively.

Private asset allocations contributed substantially to the System's returns for the fiscal year, generating 38.29% versus 24.92% for the benchmark. Venture capital and corporate finance portfolios were the strongest performers within private assets, returning 83.32% and 52.25%, respectively. Private market debt and real estate portfolios also had a positive returning year, returning 22.77% and 11.10%, respectively.

Long term, the System's investment returns continue to outpace peer returns. The System's investment returns rank in the top (best) seventh percent of public pension funds with assets greater than \$1 billion for the 20-year period, according to TUCS.

Sincerely,



Philip M. Griffith, CFA, CAIA  
Chief Investment Officer

# Summary of Investment Policy

## Purpose

The Teachers' Retirement System of Louisiana ("System") was created under the management of the Board of Trustees ("Board") for the purpose of providing retirement allowances and other benefits for teachers of the state of Louisiana, all as provided by law.

The Board is responsible for investing the assets of the System in a prudent manner. The Board, in carrying out these duties, adheres to the Prudent-Man Rule, as defined in Louisiana law.

This Policy defines the investment objectives, policies and procedures that have been established by the Board. The objectives, policies and procedures outlined in this Policy were created as a framework for the management of the Plan. This Policy is intended to:

- Provide a mechanism to establish and review the Plan's investment objectives;
- Set forth an investment "structure" for managing assets. This structure includes various asset classes and investment styles that, in aggregate, are expected to produce a prudent level of diversification and investment return over time;
- Provide a single document identifying the roles of those responsible for selecting, monitoring, and reviewing the Plan's investments;
- Identify the criteria that may be used for selecting the investment funds (a collective reference as to investment managers, pooled investment funds and investment fund organizations);
- Establish measurement standards and monitoring procedures to be used in evaluating the performance of investment funds; and
- Establish procedures for evaluating investment funds.

## Investment Philosophy

This Policy provides a structure for investing the System's assets to achieve defined investment objectives consistent with applicable law, and for managing the investments of the Plan. The System is a long-term investor retaining a broadly diversified portfolio of global assets in both public and private investments.

These statements describe the core values and fundamental investment beliefs that will form the basis for investment decisions.

- One of the most important decisions that the Board makes is to determine the long-term asset allocation;
- The Board will define a long-term strategic asset class allocation and rebalance to those allocations within specific ranges; the Board may express a medium-term view that may be different from target allocation, but within allowed ranges;
- The achievement of long-term investment goals is the result of sound strategic decisions and consistency in implementation;
- It is necessary to use long time frames and appropriate benchmarks to fairly evaluate active manager performance. Performance differences in asset classes, strategies, styles, and market capitalizations will have multi-year cycles. Therefore, even the most capable investment managers may have periods of under- and out-performance relative to their benchmarks;
- Investment implementation should be cost effective; and
- Active investment management should be applied in asset classes and strategies where evidence of favorable value added potential exists.

## Investment Objectives

The investment objectives of the System have been established in conjunction with a comprehensive review of the current and projected financial requirements. The Board's investment objectives are to:

- Protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries. Real terms shall be a measurement in current dollars that discounts inflationary increases in value as measured by the Consumer Price Index (CPI-U) seasonally adjusted.
- Achieve investment returns sufficient to meet the actuarial rate necessary to improve the future soundness of the System. This is defined as an investment return (current income plus realized and nonrealized gains and losses) that is greater than the actuarial rate.

The desired investment objective is a long-term compound rate of return on the System's assets of

3.9% above the CPI-U seasonally adjusted or the actuarial rate, whichever is higher. The Board realizes that market performance varies and that this return objective may not be meaningful during some periods.

While there can be no complete assurance that these objectives will be realized, this Policy is believed to provide a sound basis to successfully achieve System objectives.

## Asset Allocation Guidelines

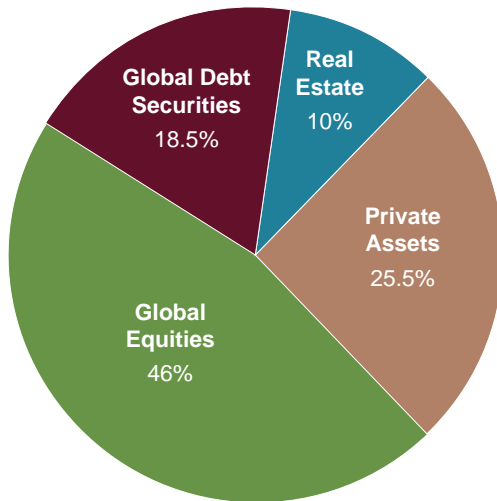
The System has established a target allocation for each asset class below, effective June 3, 2016. It shall be the policy of the System to invest the assets within the minimum and maximum range for each asset class, as stated below:

Asset Class	Minimum	Target	Maximum
Large/Mid Cap U.S. Equity	15.0%	20.0%	25.0%
Small Cap US Equity	2.0%	5.0%	8.0%
REITs	0.0%	2.0%	4.0%
International (Non-U.S.) Equity	7.0%	11.0%	15.0%
Emerging Markets Equity	4.0%	8.0%	12.0%
Core U.S. Fixed Income*	7.0%	9.0%	13.0%
High Yield Bonds	2.0%	4.0%	6.0%
Non-U.S. Developed Bonds	0.0%	2.0%	4.0%
Emerging Market Bonds	0.0%	3.5%	6.0%
Core Real Estate	0.0%	5.0%	9.0%
Non-Core Real Estate	0.0%	5.0%	9.0%
Corporate Finance/Buyouts	6.0%	11.0%	16.0%
Venture Capital	0.0%	3.0%	6.0%
Mezzanine	2.0%	5.0%	8.0%
Distressed Debt	0.0%	3.0%	5.0%
Infrastructure	0.0%	1.5%	4.0%
Commodities	0.0%	1.0%	3.0%
Farmland	0.0%	1.0%	3.0%
Opportunistic	0.0%	0.0%	5.0%
Total Portfolio		100.0%	
Asset Class	Minimum	Target	Maximum
Total Equities (including REITs)	34.0%	46.0%	58.0%
Total Fixed Income	10.0%	18.5%	28.0%
Total Private Assets†	10.0%	25.5%	35.0%
Total Real Estate (ex REITs)	5.0%	10.0%	15.0%
Total Portfolio		100.0%	

\*Core U.S. Fixed Income includes the U.S. portion of the Global Fixed Income allocation.

†Private assets include corporate finance/buyouts, venture capital, mezzanine, distressed debt, infrastructure, commodities, and farmland. To determine the asset allocation for the total private assets class, only the actual amount invested is applicable.

## Asset Allocation



The asset allocation ranges established by this investment policy represent a long-term perspective. As such, rapid unanticipated market shifts may cause the asset mix to fall outside the policy range. Any divergence from this allocation should be of a short-term nature. The Chief Investment Officer ("CIO") and Staff are responsible for ensuring that any such divergence is as brief as possible. Staff will report any out-of-range condition and/or rebalancing decision to the Board at the Investment Committee meeting.

Investment managers will be evaluated on the performance of the total portfolio that they manage.

It is expected that all assets of the System will be managed in accordance with the Louisiana Revised Statutes. The index portfolio(s) shall seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in domestic, global or international equity.

## Investment Guidelines

The following general guidelines apply for the overall plan assets of the System.

- Investments shall possess value and quality corroborated by accepted investment techniques and standards of fundamental or systematic economic, financial and security analysis.
- Securities transactions shall be executed by the investment managers and the managers shall seek to achieve best price and best execution transaction(s).

- The following categories are restricted for the System's investments (pertains to non-alternative investments):
  - » Short sales of securities
  - » Direct loans or extending lines of credit to any interested party
  - » Letter stock
  - » Unregistered securities (except 144A securities).
- Investments shall be diversified with the intent to minimize the risk of large losses to the System. The total portfolio will be constructed and maintained to provide prudent diversification through various asset categories.
- The System expects the investment manager's cash position to adhere to the following:
  - » Equity investment manager's cash shall not constitute more than 5% of the fair value of the manager's portfolio without prior Board approval.
  - » Short-Term Investment Fund ("STIF") deposit accounts shall not be maintained at foreign sub-custodian banks, except those such accounts maintained by managers of global or international funds.
  - » The manager's cash will be swept daily into a STIF account by the custodian.
- The System may engage in the lending of securities subject to the following guidelines:
  - » Collateral on loans of domestic securities is set at a minimum 102% of the fair value of the security plus accrued interest.
  - » Collateral on loans of international securities is set at a minimum 105% of the fair value of the security plus accrued interest.
  - » Securities of the System are not released until the Custodian Bank receives payment for the book-entry withdrawal of the loaned security.
  - » Funds from the lending of securities accrue to the System's account and not to investment managers since they would not be involved in the process.

## Selection and Monitoring of Investment Options

Selection criteria will be established for each manager search undertaken on behalf of the System, and will be tailored to the specific needs of the search. The search process will be completed by an investment manager submitting a Solicitation for Proposal (“SFP”). There may be circumstances where the SFP would not be required as approved by the Board.

Each investment manager selected shall have a reasonable fee level within their peer group. Performance should be analyzed relative to the risk undertaken and should be used to evaluate the manager’s potential to add value on a risk-adjusted basis, net of all fees. Further, the continuity of the manager’s organization and its staff should be evaluated relative to the continuation of the performance being analyzed. The organizational structure should demonstrate that the manager’s interests are aligned closely with those of investors. The firm and its staff should be reputable and any outstanding litigation in which the firm is engaged should be carefully reviewed.

In general, the minimum due diligence process for an investment manager’s selection shall include, but not be limited to:

- **Regulatory oversight:** Each investment manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor.
- **Assets under management:** The product should have an appropriate asset base.
- **Performance relative to assumed risk:** Competitive returns of investment vehicles compared to appropriate benchmark(s) at an acceptable level of volatility.
- **Consistency of holdings with style:** History of consistent adherence to investment strategy.
- **Stability of the organization:** Established investment firm (significant experience and high quality reputation).
- **Performance relative to peer groups:** The product’s performance should be evaluated against the peer group’s returns for the trailing 1-, 3-, 5- year or longer annualized periods; past performance should not, however, be the sole basis for selecting investment managers.

The Board, with the aid of Staff and Consultant, will monitor the performance of each manager at least quarterly and meet each active manager annually while retaining a long-term focus. Monitoring the monthly performance relative to benchmarks will be an ongoing activity. The focus of the ongoing evaluation shall include:

- Assets under management (tracking substantial changes in total assets)
- Manager adherence to the Policy, guidelines and objectives
- Performance relative to appropriate benchmark comparison
- Performance relative to peer group(s)
- Portfolio holdings that are consistent with style or strategy
- Stability of the organization and key investment personnel turnover

The Board retains the discretion to place on the watch list or terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to:

- Failure to comply with stated Policy or investment guidelines
- Significant deviation from the manager’s stated investment philosophy or process
- Loss of key investment personnel
- Evidence of illegal or unethical behavior by the investment management firm
- Loss of confidence by the Board in the investment manager
- Failure to achieve performance objectives specified in the manager’s guidelines over reasonable measurement periods
- A change in the Board’s asset allocation policy that necessitates a shift of assets to a different asset category or investment style.

## Roles and Responsibilities

### Chief Investment Officer

The Chief Investment Officer (“CIO”) administers the investment program of the System. The duties of the CIO include:

- Responsible for all functions of the System’s investment department.
- Oversee all System investments and investment managers.
- Meet with the Investment Committee/Board to review investments and policies.
- Monitor existing limited partnerships and review future partnerships.
- Monitor investment portfolios to ensure they are within the Policy established by the Board.
- Research new investment vehicles and present viable investments to the Board for possible inclusion to the Policy.
- Consider newly established asset categories, market conditions and transaction costs when determining the most cost-effective process to rebalance the portfolio.
- Responsible for effectively implementing the Policy.
- Implement asset allocation shifts to maintain portfolio allocations within approved Policy ranges.
- Direct the activities of the System’s consultants for the best interest of the System and to leverage the activities of the Staff.
- Make recommendations concerning the hiring/terminating of investment managers/advisors/consultants.
- Represent the System at limited partnership meetings and Advisory Committee meetings, or delegate such duties to Staff or other agent(s) as necessary and appropriate.
- Assist the Director with legislative issues.
- During exigent circumstances, after consultation with and the concurrence of the Director, if practicable, and the Chairperson of the Investment Committee and/or the Chairperson of the Board, take such actions necessary to preserve and protect the assets and interests of the System.

### Investment Consultant

The Consultant will advise the Board on the management of the Plan’s assets. All Consultant(s) will be evaluated on an annual basis. The duties and responsibilities of the Consultant include, but are not limited to:

- Recommending appropriate strategic policy and implementation structure.
- Conducting manager due-diligence.
- Assisting with manager searches and selection.
- Providing quarterly compliance reports.
- Aiding the Board and Staff in monitoring the guidelines of the Policy and making recommendations regarding changes should they need to be made.
- Providing timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board, the Director, or the CIO.

### Investment Managers

Investment managers have the responsibility for managing the underlying assets by making reasonable investment decisions consistent with its stated approach, and reporting investment results. The duties and responsibilities of the investment managers include, but are not limited to:

- Investing the assets of the Plan with the care, skill, prudence, and diligence that a prudent professional investment manager, familiar with such matters and acting in like capacity, would use in the investment of such assets.
- Adhering to the investment policies and guidelines prescribed by the Board; additionally, all separately managed account managers will provide a quarterly report indicating adherence to policies and guidelines.
- Initiating written communication with the Board whenever the investment manager believes the guidelines should be changed. The Board recognizes that such changes may be necessary from time to time given the dynamic nature of capital markets.

- Informing the CIO or Consultant, as applicable, regarding all significant matters pertaining to the investment of the Plan's assets in a timely manner (no greater than 30 days). These matters include, but are not limited to:
  - » Substantive changes in investment strategy or portfolio structure; and
  - » Significant changes in the ownership, affiliations, organizational structure, financial condition, and professional staffing of the investment management organization.
- Submitting at least monthly reports describing portfolio holdings, performance results, and transactions activities. The manager should inform the Board quarterly of the turnover within the portfolio and be prepared to document rationale for significant changes in portfolio turnover.
- Voting all proxies after careful assessment of the issues involved. The managers should pay particular attention to items that may reduce the economic value of stockholders' rights of ownership and thereby impact adversely the performance of the Plan's assets. Nevertheless, each investment manager is required to advise the Board on any issues that should require special consideration. Staff will report to the Board annually summarizing the proxies that were voted by the investment managers.
- Adhering to the ethical standards of practice of the CFA Institute.
- The Board expects to review the performance of the active (publicly traded) investment managers at least annually. Newly hired managers and managers whose presence is recommended by Staff and the consultant will be required to appear before the Board for any scheduled review. During such meetings, the managers will be expected to explain their current investment strategies, comment on performance, and discuss any changes at the firm.

### **Custodian Bank**

The Board recognizes that accurate and timely completion of custodial functions is necessary to effectively monitor investment management activity. The custodian's primary function will be to hold in custody all the securities that each of the investment managers manage in their portfolios, except for commingled funds or mutual funds, which may be held

elsewhere. The Custodian Bank will be evaluated by Staff on an annual basis.

The Custodian Bank is a fiduciary as to the assets placed with it by the System. The Custodian Bank is responsible for performing the following functions, among others designated by its contract:

- Providing safekeeping of securities, collecting dividends and interest earned, making disbursements and receiving cash flows as directed, and providing an annual SAS 70 Report.
- Providing complete and accurate accounting records including each transaction, income flow and cash flow by asset class, investment manager, and total fund.
- Monitoring and reconciling all trading activity.
- Issuing monthly reports of holdings and transactions priced in accordance with industry standards.
- Meeting periodically with Staff to report on the activity of the System's assets and bank organizational issues.
- Providing periodic reporting to Staff including:
  - » Estimated fair value and cash flow report.
  - » Master trust reporting – by total fund, asset class and plan account.
  - » Monthly custody account reconciliations.
  - » Limited partnership and commingled account reconciliations.
  - » Monthly report filing of claims and class actions.
  - » Monthly report brokerage activity.
  - » Handling securities lending and related functions.

**Investment Summary as of June 30, 2021**

	June 30, 2021	
	Fair Value	% Total Fair Value
Short-term Investments	\$ 1,073,305,658	3.90%
Global debt securities	3,368,747,664	12.25%
Global equities	12,274,373,322	44.62%
Private assets	8,482,954,130	30.83%
Real estate	<u>2,312,130,478</u>	<u>8.40%</u>
<b>Total Investments</b>	<b><u>\$ 27,511,511,252</u></b>	<b><u>100.000%</u></b>

**Investment Summary as of June 30, 2020**

	June 30, 2020	
	Fair Value	% Total Fair Value
Short-term Investments	\$ 869,649,602	4.080%
Global debt securities	3,579,000,757	16.791%
Global equities	9,140,896,138	42.884%
Private assets	5,806,264,305	27.240%
Real estate	<u>1,919,416,236</u>	<u>9.005%</u>
<b>Total Investments</b>	<b><u>\$ 21,315,227,038</u></b>	<b><u>100.000%</u></b>



## List of Largest Assets Held

Largest Equity Holdings*		
Shares	Stock Description	Fair Value
44,933	Amazon.com, Inc.	\$ 154,576,709
907,887	Apple, Inc.	124,344,204
456,894	Microsoft Corp.	123,772,585
95,418	ASML Holding NV	65,562,706
165,229	Twilio Inc.	65,126,663
25,166	Alphabet Inc. CL C	63,074,049
174,477	Facebook Inc.	60,667,398
210,975	Spotify Technology SA	58,142,600
236,306	Square Inc.	57,611,403
181,730	Veeva Systems Inc.	56,508,944

Largest Debt Holdings		
Par Value	Bond Description	Fair Value
\$ 496,935,900	U.S. Treasury Note	\$ 503,340,368
105,905,800	U.S. Treasury Bond	107,407,838
99,033,888	Commit to Purchase FNMA Single-Family Mortgages	104,161,852
1,746,512,000	Mexican Bonos	92,348,457
64,139,000	CCP_CD.X. SP UL CDX.NA.HY.32_V1	70,674,551
1,079,759,000	Republic of South Africa Government	60,991,370
565,301,000,000	Indonesia Treasury Bond	43,366,870
194,513,000	Brazil Notas De Tesouro Nacion	41,028,898
41,345,000	U.S. Treasury Bond Coupon Strips	38,427,077
144,934,000,000	Columbian TES	38,284,625

Largest Alternative Investment Holdings	
Description	Fair Value
Prime Property Fund, LLC	\$ 407,523,930
Met Life Core Property Fund, L.P.	332,668,608
JP Morgan Invst Mgmt	296,969,528
Prudential R E	281,288,420
Insight Venture Partners IX, LP	172,420,811
Blackstone Capital Partners VII, LP	170,341,339
Summit Partners Growth Equity Fd IX, LP	164,163,787
Green Equity VII, LP	159,456,179
CVC Capital Partners VI, LP	152,505,584
New Enterprise Associates 14, L.P.	131,225,183

\*The list of largest holdings excludes commingled funds.  
A complete list of portfolio holdings is available upon request.

## Investment Performance Measurements<sup>1</sup> – Year Ended June 30, 2021

	Rate of Return <sup>1</sup>	Percentile <sup>2</sup>
<b>Comparative rates of return on total fund</b>		
Teachers' Retirement System of Louisiana	36.4%	2
<u>Comparison Index:</u>		
Median Return for Public Funds Greater than \$1.0 billion	27.3%	50
<b>Comparative rates of return on domestic equities</b>		
Teachers' Retirement System of Louisiana	47.5%	17
<u>Comparison Indices:</u>		
Median Return for U.S. Equity of Public Funds Greater than \$1.0 billion	44.5%	50
Russell 3000 Index	44.2%	55
<b>Comparative rates of return on domestic bonds</b>		
Teachers' Retirement System of Louisiana	1.7%	73
<u>Comparison Indices:</u>		
Median Return for U.S. Fixed Income of Public Funds Greater than \$1.0 billion	3.2%	50
Barclays Capital Aggregate Bond Index	(0.3%)	93
<b>Comparative rates of return on international equities</b>		
Teachers' Retirement System of Louisiana	40.6%	26
<u>Comparison Indices:</u>		
Median Return for Non-U.S. Equity of Public Funds Greater than \$1.0 billion	39.6%	50
MSCI EAFE Net Dividend Index	32.4%	95
<b>Comparative rates of return on global bonds</b>		
Teachers' Retirement System of Louisiana	12.4%	n/a
<u>Comparison Indices:</u>		
Median Return for Global Bonds of Public Funds Greater than \$1.0 billion <sup>3</sup>	n/a	n/a
Barclays Capital Global Aggregate Bond Index	2.6%	n/a
<b>Comparative rates of return on alternative assets and real estate</b>		
Teachers' Retirement System of Louisiana	39.5%	n/a
<u>Comparison Indices:</u>		
Median Return for Alternative Assets and Real Estate <sup>4</sup>	n/a	n/a
TRSL Private Asset Benchmark	24.9%	n/a

### Total Fund performance is compared to Public Funds greater than \$1.0 billion in assets as follows:

	Rate of Return <sup>1</sup>	Percentile <sup>5</sup>
One-year period ended June 30, 2021	36.4%	2
Three-year period ended June 30, 2021	13.8%	7
Five-year period ended June 30, 2021	14.0%	2
Seven-year period ended June 30, 2021	10.5%	3
10-year period ended June 30, 2021	10.7%	2
15-year period ended June 30, 2021	8.7%	5

<sup>1</sup>Investment return calculations were prepared with time-weighted return methodology using fair values and cash flows gross of fees.

<sup>2</sup>The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than \$1.0 billion.

<sup>3</sup>BNY Mellon Financial does not provide a universe for global bonds.

<sup>4</sup>BNY Mellon Financial does not provide a universe for alternative assets and real estate.

<sup>5</sup>The Wilshire Trust Universe Comparison Service (TUCS) consists of public funds with assets greater than \$1.0 billion.

Rates of Return<sup>1</sup>

	Annual Years Ending June 30					Annualized	
	2021	2020	2019	2018	2017	3 Yrs	5 Yrs
<b>Total fund</b>							
Teachers' Retirement System of Louisiana	36.4%	1.4%	6.6%	12.1%	16.5%	13.8%	14.0%
Median Large Fund Returns <sup>2</sup>	27.3%	2.4%	6.6%	8.7%	12.6%	11.1%	10.8%
Inflation (U.S. Consumer Price Index)	5.4%	0.7%	1.7%	2.9%	1.6%	2.5%	2.4%
<b>Domestic equities</b>							
Teachers' Retirement System of Louisiana	47.5%	3.8%	7.1%	17.1%	18.5%	17.9%	17.9%
Median Return for U.S. Equity Segment <sup>2</sup>	44.5%	3.4%	7.4%	14.7%	18.6%	17.4%	17.0%
Russell 3000 Index	44.2%	6.5%	9.0%	14.8%	18.5%	18.7%	17.9%
<b>Domestic bonds</b>							
Teachers' Retirement System of Louisiana	1.7%	9.0%	8.0%	0.3%	1.1%	6.2%	4.0%
Median Bond Return for U.S. Bonds Segment <sup>2</sup>	3.2%	7.9%	7.3%	0.7%	1.8%	6.2%	4.3%
Barclays Capital Aggregate Bond Index	(0.3%)	8.7%	7.9%	(0.4%)	(0.3%)	5.3%	3.0%
<b>International equities</b>							
Teachers' Retirement System of Louisiana	40.6%	(0.3%)	1.1%	11.1%	23.2%	12.3%	14.2%
Median Return for Non-U.S. Equity Segment <sup>2</sup>	39.6%	(3.3%)	1.5%	7.9%	20.7%	11.2%	12.3%
MSCI EAFE Net Dividend Index	32.4%	(5.1%)	1.1%	6.8%	20.3%	8.3%	10.3%
<b>Global bonds</b>							
Teachers' Retirement System of Louisiana	12.4%	0.6%	5.7%	1.1%	5.3%	6.1%	5.0%
Median Return for Non-U.S. Fixed Segment <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Capital Global Aggregate Bond Index	2.6%	4.2%	5.9%	1.4%	(2.2%)	4.2%	2.3%
<b>Alternative assets and real estate</b>							
Teachers' Retirement System of Louisiana	39.5%	2.2%	9.4%	14.5%	17.7%	16.0%	16.0%
Median Return for Alternative Segment <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TRSL Private Asset Benchmark	24.9%	5.8%	8.9%	12.2%	14.3%	12.9%	13.0%

<sup>1</sup>Investment return calculations were prepared with time-weighted return methodology using fair values and cash flows gross of fees.

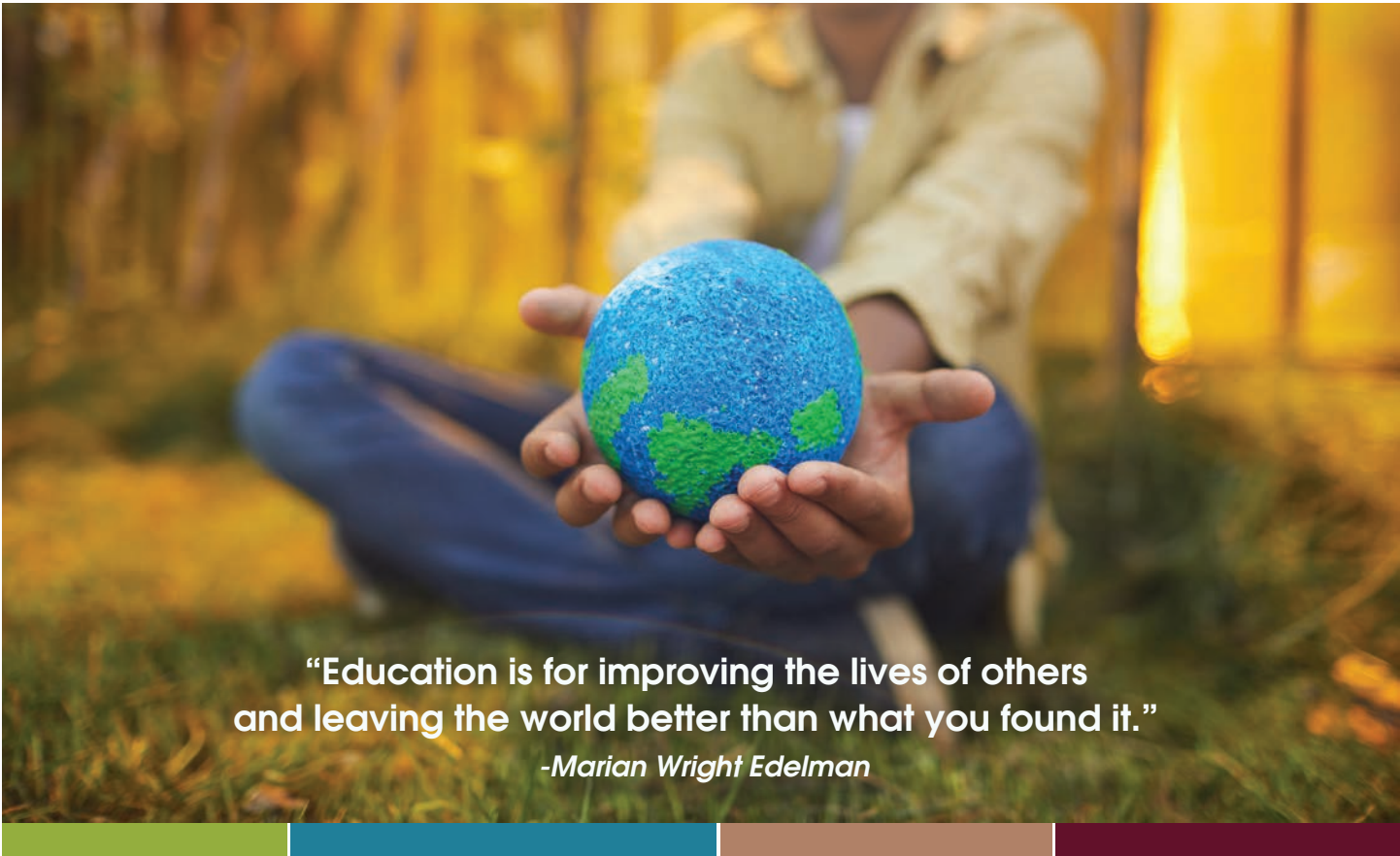
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<sup>3</sup>BNY Mellon Financial does not provide a universe for global bonds.

<sup>4</sup>BNY Mellon Financial does not provide a universe for alternative assets and real estate.

## Summary Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2021

Brokerage Firm	Commissions	Shares Traded	Average Commission Per Share
J P MORGAN SECS LTD, LONDON	\$ 303,295	18,551,434	\$ 0.016
GOLDMAN SACHS & CO, NY	294,930	21,593,424	0.014
BAIRD, ROBERT W & CO INC, MILWAUKEE	205,798	7,012,662	0.029
MORGAN STANLEY & CO INC, NY	154,520	7,284,766	0.021
JEFFERIES & CO INC, NEW YORK	142,472	6,996,127	0.020
CREDIT SUISSE, NEW YORK (CSUS)	134,621	13,588,642	0.010
MERRILL LYNCH INTL LONDON EQUITIES	128,543	14,748,919	0.009
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	121,389	4,493,395	0.027
STIFEL NICOLAUS	119,596	5,272,238	0.023
J.P MORGAN SECURITIES INC, NEW YORK	89,950	4,012,377	0.022
JONESTRADING INST SVCS LLC, NEW YORK	79,237	2,480,630	0.032
MIZUHO SECURITIES USA INC, NEW YORK	76,948	1,359,200	0.057
UBS SECURITIES LLC, STAMFORD	73,836	4,595,489	0.016
DAIWA SECS AMER INC, NEW YORK	67,829	1,282,285	0.053
MERRILL LYNCH PIERCE FENNER SMITH INC NY	63,840	3,498,590	0.018
INSTINET CLEARING SER INC, NEW YORK	52,603	8,514,220	0.006
UBS EQUITIES, LONDON	52,011	8,817,620	0.006
LIQUIDNET INC, NEW YORK	47,815	2,778,930	0.017
BARCLAYS CAPITAL LE, NEW YORK	42,076	1,814,154	0.023
J.P. MORGAN SECURITIES LLC, NEW YORK	41,025	1,252,048	0.033
RBC CAPITAL MARKETS LLC, NEW YORK	40,475	13,810,762	0.003
CREDIT SUISSE (EUROPE), LONDON	40,190	1,645,431	0.024
WILLIAMS CAPITAL GROUP LP, JERSEY CITY	38,059	2,547,198	0.015
ISI GROUP INC, NEW YORK	37,265	1,377,561	0.027
SMBC SECURITIES, INC NEW YORK	36,808	301,606	0.122
JEFFERIES & CO LTD, LONDON	34,973	8,830,460	0.004
INSTINET EUROPE LIMITED, LONDON	32,294	3,954,662	0.008
LIQUIDNET EUROPE LIMITED, LONDON	31,938	4,721,468	0.007
PERSHING LLC, JERSEY CITY	30,125	2,293,718	0.013
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	28,812	1,094,564	0.026
COWEN AND CO LLC, NEW YORK	27,686	1,681,581	0.016
PIPER JAFFRAY & CO., JERSEY CITY	27,254	1,345,738	0.020
HSBC SECS INC, NEW YORK	26,410	2,100,610	0.013
EXANE, PARIS (EXANFRPP)	25,917	2,174,085	0.012
VIRTU AMERICAS LLC, NEW YORK	24,324	1,484,781	0.016
KEYBANC CAPITAL MARKETS INC, NEW YORK	23,402	772,643	0.030
BARCLAYS CAPITAL INC./LE, NEW JERSEY	21,473	602,274	0.036
J P MORGAN SEC LTD/STOCK LENDING, LONDON	21,466	439,837	0.049
BARCLAYS CAPITAL, LONDON (BARCGB33)	19,487	2,122,779	0.009
BERENBERG GOSSLER & CIE, HAMBURG	19,384	2,030,871	0.010
BMO CAPITAL MARKETS CORP, NEW YORK	18,496	834,551	0.022
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	18,097	1,055,321	0.017
CITIGROUP GBL MKTS/SALOMON, NEW YORK	16,441	7,230,403	0.002
MORGAN STANLEY & CO, LONDON (MSLNGB2X)	15,117	1,052,665	0.014
HAITONG INTL SEC CO LTD, HONG KONG	14,848	669,100	0.022
FX- BANK OF SCOTLAND TREAS SVCS, LONDON	14,106	209,772	0.067
PERSHING SECURITIES LTD, LONDON	13,977	953,309	0.015
CITATION GROUP BCC CLRG, NEW YORK	13,904	1,039,041	0.013
NATIONAL FINL SVCS CORP, NEW YORK	13,800	721,789	0.019
SANFORD C BERNSTEIN & CO INC, LONDON	13,630	573,606	0.024
KEEFE BRUYETTE + WOODS INC, NEW YORK	13,575	411,489	0.033
WOLFE TRAHAN SECURITIES, NEW YORK	12,844	370,316	0.035
UBS WARBURG ASIA LTD, HONG KONG	12,814	14,539,300	0.001
REDBURN PARTNERS LLP, LONDON	12,676	310,388	0.041
MKM PARTNERS LLC, GREENWICH	12,213	589,394	0.021
OPPENHEIMER & CO INC, NEW YORK	12,065	458,244	0.026
GOLDMAN SACHS INTL, LONDON (GSILGB2X)	12,041	3,672,524	0.003
MACQUARIES SECURITIES AUSTRALIA, SYDNEY	11,861	959,579	0.012
J.P. MORGAN SECURITIES, HONG KONG	11,807	1,462,400	0.008
SMBC NIKKO CAPITAL MARKETS LTD, LONDON	11,756	849,733	0.014
CANTOR FITZGERALD & CO INC, NEW YORK	11,533	544,566	0.021
LOOP CAPITAL MARKETS, JERSEY CITY	11,142	4,741,882	0.002
UBS AG LONDON BRANCH, LONDON	10,539	156,780	0.067
Other Commissions less than \$10,000	\$ 333,155	87,665,264	0.004
<b>Total Commissions</b>	<b>\$ 3,522,513</b>	<b>326,351,195</b>	<b>0.011</b>



**“Education is for improving the lives of others  
and leaving the world better than what you found it.”**

*-Marian Wright Edelman*

## ACTUARIAL SECTION

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October 8, 2021

Board of Trustees  
Teachers' Retirement System of Louisiana  
Post Office Box 94123  
Baton Rouge, Louisiana 70804-9123

Dear Board Members:

Pursuant to your request, we have completed the annual valuation of the Teachers' Retirement System of Louisiana (TRSL) as of June 30, 2021. The valuation was prepared using data submitted by the Retirement System, the actuarial assumptions adopted by the Board of Trustees, and reflects the plan provisions in effect on the valuation date. The primary purpose of the actuarial valuation is to determine the funding requirements of the members and participating employers, to describe the current financial condition of the System, and to analyze changes in the System's funding condition since the prior valuation. In addition, the report provides various summaries of data. The report may not be appropriate for other purposes. The financial reporting requirements of the Governmental Accounting Standards Board (GASB) Statements No. 67/68 in total for the plan are included in the June 30, 2021 Actuarial Valuation Report.

#### **Funding Objective**

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session, which requires the current normal cost, determined in accordance with the prescribed statutory funding method, to be fully funded, and requires the unfunded accrued liability as of June 30, 1988, to be fully liquidated by 2029. Subsequent changes in unfunded liabilities are amortized as specified by Louisiana statutes.

#### **Progress Toward Meeting Funding Objective**

The employer contributions determined by the June 30, 2021 actuarial valuation and the member contributions, paid as a percentage of payroll, are expected to be sufficient to achieve the funding objective set forth above. The progress toward achieving the intended funding objectives can be measured by funding level, determined as the ratio of actuarial assets to the actuarial accrued liabilities. The current funded ratio is 71.8%. If the experience develops as assumed, and if contribution requirements are met, this ratio is expected to increase over time and the unfunded accrued liabilities will be paid off according to the constitutional and statutory funding objectives of the plan.

The results of the current valuation indicate that the aggregate employer contribution rate payable for the plan year commencing July 1, 2021 is 23.9% of payroll, which is a reduction from the 25.1% rate set by the Public Retirement Systems' Actuarial Committee. The decrease is primarily a result of change in investment experience gains.

The actuarial value of assets is determined as the market value of assets adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a five-year period in 20% increments. The adjusted asset value is subject to corridor limits of 80% to 120% of the market value of assets. The objective of the asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the plan year ending on June 30, 2021, is \$24,114,655,748. After adjusting for the Experience Account balance of \$369,000,000, and for the Louisiana State University Agriculture and Extension Service Supplement of \$4,072,820, the valuation assets used for funding purposes are \$23,741,582,928.

#### **Data**

In performing the June 30, 2021 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Participant data was not audited but was reviewed for reasonableness and consistency relative to data used for prior year valuations. Plan assets were compared with information furnished for the prior year's valuation and reviewed for consistency.

#### **Actuarial Assumptions and Methods**

The present values shown in the June 30, 2021 actuarial valuation and supporting statistical schedules of this certification, which comprise all the schedules of the Actuarial Section in the annual Financial Report, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title 11 Section 22(B)(13) and assumptions which are appropriate for the purposes of this valuation. Valuation results presented in this report are based on the Entry Age Normal cost method, as prescribed by state law.

The Board reduced the discount rate 7.45% to 7.40% for the June 30, 2021 valuation. A 7.25% discount rate was used to determine the projected contribution requirements for Fiscal Year 2022/2023.

Following the completion of an experience study for the period July 1, 2012 through June 30, 2017, the Board adopted a revised set of actuarial assumptions to better project plan experience based on the results of the study. The following actuarial assumptions were revised: retirement/DROP rates, salary increases, withdrawal rates, disability incidence rates, and mortality rates. The inflation and salary increase assumptions were further reduced, effective June 30, 2020. Sample rates from the revised assumption tables are included in the supporting schedules.

The contribution requirements beginning with Fiscal Year 2018/2019 include direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

The assumptions and methods used for funding, financial reporting, and the development of the schedules listed below for the Financial Section in this report are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 67.

**Supporting Schedules**

The following supporting schedules were prepared by the system's actuary for the Comprehensive Annual Financial Report:

**Actuarial Section**

- Summary of Actuarial Assumptions and Methods
- Actuarial Valuation Balance Sheet
- Summary of Unfunded Actuarial Liabilities/Solvency Test
- Summary of Actuarial and Unfunded Actuarial Liabilities
- Reconciliation of Unfunded Actuarial Liabilities
- Amortization of Unfunded Actuarial Accrued Liability
- Membership Data
- Summary of Plan Provisions


**Financial Section**

- Schedule of Changes in Employers' Net Pension Liability
- Schedule of Employers' Net Pension Liability
- Schedule of Employer Contributions

We certify that, to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principles and practices set forth by the American Academy of Actuaries, are reasonable and represent our best estimates of the funding requirement to achieve the Retirement System's funding objectives, unless otherwise noted. Shelley is an Associate in the Society of Actuaries and Pat is a Fellow in the Society of Actuaries. Shelley and Pat are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

FOSTER & FOSTER INC.



Shelley R. Johnson, ASA, MAAA



D. Patrick McDonald, FSA, EA, MAAA, FCA



# Summary of Actuarial Assumptions

The following assumptions were adopted by the Board of Trustees of the Teachers' Retirement System of Louisiana (TRSL), effective June 30, 2018, based on the recommendations presented to the Board following the completion of the 2013-2017 actuarial experience study.

## 1. General Actuarial Method

### Actuarial Cost Method/Amortization of Changes in UAL

The Entry Age Normal actuarial cost method is used to value plan normal cost and liabilities, as prescribed in Section 22 of Title 11 of the LA revised statutes. Non-investment actuarial gains and losses and investment experience losses are amortized over 30 years with level payments. Investment gains up to the statutory threshold are allocated to the Original Amortization Base and Experience Account Amortization Base. Any remaining gains are amortized over 30 years with level payments. One-half of the gain is then amortized as a loss over a ten-year amortization period and the funds are allocated to the Experience Account to fund future permanent benefit increases that have not yet been granted. Further details are provided below.

### Historical Treatment of Changes in UAL:

The unfunded accrued liability on June 30, 1988, also referred to as the initial unfunded accrued liability, was amortized over a 40-year period commencing in 1989. The amortization payment originally reflected a 4% increase for the first five years, reducing by 0.5% at the end of each five-year period, but has subsequently been revised by Acts of the Louisiana Legislature as described below. Changes in unfunded accrued liabilities occurring after June 30, 1988 were originally amortized as a level dollar amount as follows:

	Act 81 Effective 6/30/88	As Amended Act 257 Effective 6/30/92
Experience Gains/Losses	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	Determined by enabling statute	

Act 257 of 1992 amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.

Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a 30-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a 30-year period from the date of occurrence, paid as a level dollar amount.

Act 484 of 2007 and resulting Constitutional Amendment require increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a ten-year period with level payments.

Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation was effective July 1, 2010. The outstanding balance of the OAB was credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off by plan year ending June 30, 2029. The EAAB was credited with funds from the Initial UAL subaccount, which were transferred from the Experience Account on June 30, 2009. The EAAB will be paid off by plan year ending June 30, 2040. Future payments to the OAB will increase by 2.0% per year. Payments are level for all other schedules.

Additionally, Act 497 changed the amortization of investment gains relative to the discount rate. Previously, one-half of any investment gain was amortized over a 30-year period with level payments and one-half was credited to the Experience Account. Act 497 specifies that the first \$200 million of any investment experience gain will be credited to the OAB and EAAB, with re-amortization of these schedules. One-half of the remaining gain would be credited to the Experience Account, up to the maximum limit of this account and any remaining gain would be amortized over a 30-year period with level payments.

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a projected percentage of payroll. The discrepancy between dollars generated by percentage of payroll versus the required dollar

amount is treated as a short-fall credit/debit. The credit/debit is amortized over a five-year period with level amortization payments, except as provided by Act 497, and is applied to the following year's contribution requirement. Act 497 changed the amortization of contribution variance credits. Beginning with Fiscal Year 2009/2010 through Fiscal Year 2039/2040, any overpayment will be credited to the EAAB, with re-amortization of the EAAB according to the new payment schedule.

Act 399 of 2014 changed the allocation of investment gains to existing schedules and to the Experience Account and changes the amortization of any remaining investment gains. Act 95 of 2016 modified the provisions of Act 399. Investment gains are first allocated to the OAB and EAAB, without re-amortization, up to the \$200 million threshold amounts, indexed beginning June 30, 2016. By not re-amortizing, the gains applied to these schedules result in earlier pay-off of these schedules. One-half of any remaining gains are credited to the Experience Account up to the statutory cap. Any remaining gains are then amortized over 30 years with level payments. Beginning in 2016, the full investment gain remaining after the allocation to the OAB and EAAB will be amortized over 30 years, and any gains credited to the Experience Account will be amortized as an offsetting loss over a ten-year period. Since the System has attained a 70% funded ratio, all gains and losses will be amortized over 20 years beginning June 30, 2021. The OAB was re-amortized with level-dollar payments to 2029 on June 30, 2021 since the resulting payment was less than the amount otherwise due. While the System is less than 80% funded, the net remaining liability of the OAB and EAAB shall be re-amortized after application of the "threshold allocations" in Fiscal Year 2024/2025 and in every fifth fiscal year thereafter. After attaining a funded ratio of 80%, the OAB and EAAB will be re-amortized following allocations of "threshold allocations" or contribution variance surpluses. Act 399 extended the application of the threshold after the OAB and EAAB are paid off and provides for the allocation of funds.

Statutory provisions pertaining to TRSL provide for the automatic transfer of a portion of excess investment earnings to the Experience Account to potentially fund future post-retirement benefit increases. Since the law does not provide for automatic post-retirement benefit increases, the liabilities do not explicitly include liabilities for future retiree benefit increases. However, since a portion of investment earnings will be used

to fund potential future ad hoc benefit increases, the accrued benefits are discounted using a net discount rate. The net discount rate is determined as the expected long-term return net of investment expenses, less the expected return used to provide for future retiree benefit increases. Since the discount rate for funding purposes reflects TRSL's specific gain sharing provisions, the assumptions recognize that investment earnings will be diverted to fund the ad hoc increases.

### **Asset Valuation Method**

The actuarial value of assets is determined as the market value of assets adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a five-year period in 20% increments, and is subject to Corridor Limits of 80% to 120% of the market value of assets.

### **Valuation Data**

The administrative staff of TRSL furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred, reciprocal or vested benefit. The book value and market value of system assets are provided by the administrative staff of TRSL. All data is reviewed for reasonableness and consistency from year to year but is not audited by the actuary.

## **2. Economic Assumptions**

### **Actuarially Assumed Rate of Return**

The June 30, 2021 valuations for funding and GASB purposes were prepared with a discount rate of 7.40%. All amortization schedules existing prior to June 30, 2021, were re-amortized using the 7.40% discount rate. The discount rate for both funding and GASB reporting is net of investment manager fees. The discount rate for funding purposes is net of investment gains expected to be deferred to the Experience Account to fund permanent benefit increases. Based on a historical review of investment earnings, with modifications for the current statutory provisions regarding transfers to the Experience Account and future allowable benefit increases, it is expected that a long-term average of 35 basis points will be transferred to the Experience Account. By excluding investment returns allocated for another purpose, the discount rate represents the expected return on investments to be used to fund regular plan benefits.

## Employee Salary Increases

Incorporated within the salary scales (shown for periodic durations but representing full range of assumptions) is an explicit 2.30% inflation assumption. The following salary scale is based upon years of service:

Duration (Years)	Regular Teachers	Higher Education	School Lunch
1	4.60%	4.60%	4.40%
5	3.70%	3.70%	3.10%
10	3.50%	3.40%	3.10%
15	3.20%	3.40%	3.10%
20	3.20%	3.10%	3.10%
25	3.20%	3.10%	3.10%
30	3.20%	3.10%	3.10%

## Administrative Expenses

Noninvestment-related administrative expenses are assumed to be \$16,500,000 annually and are funded by employer contributions as a percentage of projected payroll.

## 3. Demographic Assumptions

### Mortality Assumption

Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the following tables, based on the 2013-2017 experience study.

Active Members Mortality Table: RP-2014 White Collar Employee tables for males and females, adjusted by 1.010 for males and by 0.997 for females.

Non-Disabled Retiree/Inactive Members: RP-2014 White Collar Healthy Annuitant tables for males and females, adjusted by 1.366 for males and by 1.189 for females.

Disability Retiree Mortality: RP-2014 Disability tables for males and females, adjusted by factors of 1.111 for males and by 1.134 for females.

The base tables for active members, non-disabled retirees, and disabled retirees are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.

### Disability Retirement Recipient Assumption

Rates of total and permanent disability were projected by age in accordance with the 2013-2017 disability experience of the Retirement System. Rates were projected separately for Regular Teachers, and Higher Education Teachers. Rates for School Lunch Plan A and School Lunch Plan B Employees were combined. Rates of total and permanent disability are as follows:

Age	Regular Teachers	Higher Education	School Lunch
25	0.01%	0.00%	0.00%
30	0.03%	0.01%	0.00%
35	0.07%	0.02%	0.01%
40	0.12%	0.03%	0.11%
45	0.19%	0.07%	0.37%
50	0.30%	0.08%	0.74%
55	0.50%	0.08%	1.00%

## Retirement/DROP Assumption

Retirement rates were projected based upon the 2013-2017 experience study. Sample rates illustrated below are the probability that a member will retire or begin DROP participation.

Age	Regular Teachers			Higher Education Teachers			School Lunch B
	< 25 Yrs	25-29 Yrs	30+ Yrs	< 25 Yrs	25-29 Yrs	30+ Yrs	All Yrs
50	3.5%	4.5%	45.0%	3.3%	5.0%	40.0%	50.0%
55	18.0%	76.0%	27.0%	12.5%	50.0%	15.5%	70.0%
60	23.5%	25.0%	23.0%	20.0%	18.0%	15.5%	43.0%
65	25.0%	23.5%	27.0%	18.0%	16.5%	15.5%	28.0%
70	20.0%	22.0%	22.5%	14.0%	16.0%	15.5%	24.0%

## Termination Assumption

Voluntary withdrawal rates are derived from the 2013-2017 experience study. Sample rates are illustrated by employment classification below. For members terminating with vested benefits, it is assumed that 80% will not withdraw their accumulated employee contribution and will receive a benefit beginning at age 60.

Age	Regular Teachers				Higher Education Teachers			
	<1 Yr	1-2 Yrs	2-3 Yrs	4+ Yrs	<1 Yr	1-2 Yrs	2-3 Yrs	4+ Yrs
25	18.0%	13.5%	16.5%	9.0%	23.0%	25.0%	17.0%	25.0%
30	18.0%	13.5%	11.3%	7.0%	23.0%	21.0%	20.5%	12.0%
35	16.5%	13.0%	9.8%	5.0%	21.0%	18.0%	18.0%	10.0%
40	16.5%	12.0%	9.0%	4.2%	19.5%	18.0%	15.5%	8.0%
45	15.0%	12.0%	9.0%	4.2%	19.5%	20.0%	14.5%	8.0%
50	15.0%	12.0%	9.0%	4.2%	19.5%	15.0%	13.5%	8.0%
55	15.0%	12.0%	9.0%	4.2%	19.5%	14.0%	12.5%	8.0%
60	15.0%	12.0%	9.0%	10.0%	19.5%	14.0%	11.5%	8.0%

Years of Service	School Lunch
5	7.5%
10	4.5%
15	4.5%
20	4.5%
25	4.5%
30	4.5%
35	4.5%
40	4.5%

## Actuarial Valuation Balance Sheet (June 30, 2021 and 2020)

	2021	2020
<b>Assets</b>		
Present Assets Creditable To:		
Members' Savings Account	\$ 3,069,462,170	\$ 2,997,635,827
Annuity Reserve Account	<u>20,672,120,758</u>	<u>18,973,404,565</u>
<b>Total Present Assets</b>	<b><u>\$ 23,741,582,928</u></b>	<b><u>\$ 21,971,040,392</u></b>
Present Value Of Prospective Contributions Payable To:		
Members' Savings Account	2,618,560,919	2,531,819,880
Annuity Reserve Account		
Normal	1,032,440,450	982,025,347
Accrued Liability	<u>9,181,876,978</u>	<u>10,247,683,851</u>
<b>Total Prospective Contributions</b>	<b><u>12,832,878,347</u></b>	<b><u>13,761,529,078</u></b>
<b>Total Assets</b>	<b><u>\$ 36,574,461,275</u></b>	<b><u>\$ 35,732,569,470</u></b>
<b>Liabilities</b>		
Present Value Of Prospective Benefits Payable On Account Of:		
Current Retiree Members	\$ 23,026,966,686	\$ 22,650,781,345
Current Active Members	12,932,125,208	12,499,463,192
Deferred Vested & Reciprocal Members	<u>615,369,381</u>	<u>582,324,933</u>
<b>Total Liabilities</b>	<b><u>\$ 36,574,461,275</u></b>	<b><u>\$ 35,732,569,470</u></b>

## Summary of Unfunded Actuarial Liabilities/Solvency Test (Dollar amounts in millions)

Valuation Date	(1) Active Member Contribution	(2) Retirees Term. Vested Inactive	(3) Active Members Employer Fin. Portion	Actuarial Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
2012	\$ 2,487.8	\$ 17,510.4	\$ 4,541.9	\$ 13,584.4	100%	63%	0%
2013	2,518.0	19,074.2	4,425.5	14,669.2	100%	64%	0%
2014	2,560.9	20,013.7	5,544.9	16,145.8	100%	68%	0%
2015	2,622.6	20,498.0	5,525.7	17,457.2	100%	72%	0%
2016	2,702.5	21,017.4	5,552.5	18,254.3	100%	74%	0%
2017	2,771.4	21,437.9	5,553.3	19,210.4	100%	77%	0%
2018	2,842.7	22,326.3	5,702.9	20,319.6	100%	78%	0%
2019	2,910.1	22,826.6	5,837.4	21,183.2	100%	80%	0%
2020	2,997.6	23,233.1	6,110.3	21,971.0	100%	82%	0%
2021	3,069.5	23,642.3	6,347.0	23,742.6	100%	87%	0%

**Summary of Actuarial and Unfunded Actuarial Liabilities (Dollar amounts in millions)**

Valuation Date	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Ratio of Assets To AAL	Unfunded AAL	Active Member Payroll	Unfunded AAL As a Percent of Active Payroll
2012	\$ 24,540.1	\$ 13,584.4	55.4%	\$ 10,955.7	\$ 3,808.8	287.6%
2013	26,017.7	14,669.2	56.4%	11,348.5	3,726.3	304.6%
2014	28,119.5	16,145.8	57.4%	11,973.7	3,765.0	318.0%
2015	28,646.3	17,457.2	60.9%	11,189.1	3,815.6	293.2%
2016	29,272.4	18,254.3	62.4%	11,018.1	3,869.7	284.7%
2017	29,762.6	19,210.4	64.5%	10,552.2	3,901.6	270.5%
2018	30,871.9	20,319.6	65.8%	10,552.3	3,998.1	263.9%
2019	31,574.1	21,183.2	67.1%	10,390.9	4,071.8	255.2%
2020	32,341.0	21,971.0	67.9%	10,370.0	4,229.6	245.2%
2021	33,058.8	23,742.6	71.8%	9,316.2	4,335.1	214.9%

**Reconciliation of Unfunded Actuarial Liabilities (Dollar amounts in thousands)**

	Fiscal Year Ending			
	2021	2020	2019	2018
<b>Unfunded Actuarial Liability at Beginning of Fiscal Year (7/1)</b>	\$ 10,369,998	\$ 10,390,969	\$ 10,552,318	\$ 10,552,199
Interest on Unfunded Liability	772,565	784,518	807,252	812,519
Investment Experience (gains) decrease UAL	(1,075,215)	155,872	34,045	(319,679)
Plan Experience (gains) decrease UAL	11,324	3,270	(126,683)	(109,432)
Employer Amortization Payments (payments) decrease UAL	(1,083,537)	(1,060,779)	(1,093,596)	(1,045,692)
Employer Contribution Variance (excess contributions) decrease UAL	(84,358)	(92,666)	(59,426)	(61,467)
Experience Account Allocation (allocations) decrease UAL	0	0	0	44,452
Actuarial cost method change	0	0	0	0
Other - Gains and losses from assumption changes or Acts of the Legislature	<u>406,467</u>	<u>188,814</u>	<u>277,059</u>	<u>679,418</u>
<b>Unfunded Actuarial Liability at End of Fiscal Year (6/30)</b>	<b><u>\$ 9,317,244</u></b>	<b><u>\$ 10,369,998</u></b>	<b><u>\$ 10,390,969</u></b>	<b><u>\$ 10,552,318</u></b>

### Amortization of Unfunded Actuarial Accrued Liability (June 30, 2021) (7.40% Discount Rate)

Date	Description	Notes	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
2021	OAB	Note 1	8	\$ 1,285,203,259	8	\$ 1,285,203,259	\$ 210,913,681
2021	EAAB	Notes 2,3	19	2,575,396,402	19	2,575,396,402	271,394,635
2021	2009 Experience G/L		18	2,470,567,701	18	2,470,567,701	243,879,274
2021	2010 Experience G/L		19	977,565,531	19	977,565,531	94,021,691
2021	2011 Experience G/L		20	(152,108,059)	20	(152,108,059)	(14,288,101)
2021	2012 Experience G/L		21	111,377,884	21	111,377,884	10,239,562
2021	2013 Experience G/L		22	(224,119,075)	22	(224,119,075)	(20,204,209)
2021	2013 Assump/Asset Method Chg		22	762,806,111	22	762,806,111	68,766,544
2021	2014 Assump/Cost Method Chg		23	1,331,450,963	23	1,331,450,963	117,897,153
2021	2014 Liability G/L		23	(148,872,444)	23	(148,872,444)	(13,182,339)
2021	2015 Experience G/L		24	(350,880,948)	24	(350,880,948)	(30,564,182)
2021	2016 Experience G/L		25	25,144,713	25	25,144,713	2,157,590
2021	2017 DR Change, Exper G/L		26	(78,366,560)	26	(78,366,560)	(6,632,225)
2021	2017 Experience Acct Allocation		6	6,772,650	6	6,772,650	1,388,025
2021	2018 Disc Rate/Assump Change		27	666,679,694	27	666,679,694	55,710,670
2021	2018 Experience G/L		27	(192,187,782)	27	(192,187,782)	(16,060,051)
2021	2018 Experience Acct Allocation		7	34,318,984	7	34,318,984	6,230,658
2021	2019 DR Change, Exper G/L		28	201,617,036	28	201,617,036	16,652,618
2021	2020 DR/Sal Change		29	223,402,540	29	223,402,540	18,254,887
2021	2020 Experience G/L		29	157,588,651	29	157,588,651	12,877,038
2021	2021 DR Change, Exper G/L		20	(631,978,007)	20	(631,978,007)	(59,364,148)
2021	2021 Experience Acct Allocation		10	265,864,686	10	265,864,686	37,204,087
2021	<b>Total Outstanding Balance</b>					<b>\$ 9,317,243,930</b>	<b>\$ 1,007,292,858</b>
2021	<b>Total Credit Balance</b>	Note 3				<b>\$ 0</b>	<b>\$ 0</b>
2021	<b>Total Unfunded Actuarial Accrued Liability</b>					<b>\$ 9,317,243,930</b>	<b>\$ 1,007,292,858</b>

Note 1: Act 497 of 2009 created the Original Amortization Base, effective July 1, 2010, by consolidating the IUAL and other prior schedules with negative balances, reduced by funds dedicated to reduce the UAL. In addition to regular payments, the schedule is reduced by investment gains up to the annual "thresholds" created by Act 497 of 2009 and Act 399 of 2014 without annual re-amortization. The schedule was credited appropriations from Act 55 of 2014, Act 56 of 2015, Act 59 of 2018, Act 50 of 2019, Act 255 of 2020, and Act 120 of 2021. Originally, payments increased by 2% per year. The OAB was re-amortized with level payments on June 30, 2021 to its original payoff date, per Act 94 of 2016.

Note 2: Act 497 of 2009 created the Experience Account Amortization Base, by consolidating certain schedules with positive outstanding balances, reduced by funds transferred from the Experience Account on June 30, 2009. In addition to regular payments and contribution variance credits, the schedule is reduced by investment gains up to the annual "thresholds" created by Act 497 of 2009 and Act 399 of 2014 without annual re-amortization. The EAAB was re-amortized on June 30, 2019 to its original payoff date, per Act 94 of 2016. Future payments will be level until paid off by 2040.

Note 3: The 2012 contribution variance surplus of \$7,169,301 was used to reduce and re-amortize the EAAB, per Act 497 of 2009. The 2014-2021 contribution variance surpluses were used to reduce the EAAB, per Act 399 of 2014. The 2021 contribution variance surplus was updated from last year's projected amount to \$84,357,976. The projected contribution variance surplus for 2022 is \$61,250,532.

## Membership Data

Data regarding the membership of the System for valuation were furnished by the System.

Active Members	2021		2020	
	Census	Avg. Sal.	Census	Avg. Sal.
Regular Teachers	71,724	\$ 48,223	72,375	\$ 46,512
Higher Education	11,127	65,916	11,108	64,344
School Lunch A	1	35,585	2	24,931
School Lunch B	1,097	22,366	1,160	21,556
Active After DROP	<u>2,031</u>	<u>57,117</u>	<u>2,215</u>	<u>55,774</u>
<b>Total</b>	<b><u>85,980</u></b>	<b><u>\$ 50,393</u></b>	<b><u>86,860</u></b>	<b><u>\$ 48,695</u></b>
Males (%)	18.8%		18.6%	
Females (%)	81.2%		81.4%	
Non-vested active members	28,168		28,737	
Vested active members	<u>57,812</u>		<u>58,123</u>	
<b>Total</b>	<b><u>85,980</u></b>		<b><u>86,860</u></b>	
Valuation Salaries	\$ 4,335,090,648		\$ 4,229,620,981	

Inactive Members	2021	2020
Due Refunds	25,641	25,021
Vested & Reciprocals	8,409	7,992

Annuitants and Survivors	2021		2020	
	Census	Avg. Ben.	Census	Avg. Ben.
Retirees	69,297	\$ 27,378	68,382	\$ 27,160
Disabilities	4,060	13,221	4,145	13,162
Survivors	8,263	20,574	8,009	20,079
DROP	<u>2,227</u>	<u>37,267</u>	<u>2,359</u>	<u>36,510</u>
<b>Total</b>	<b><u>83,847</u></b>	<b><u>\$ 26,285</u></b>	<b><u>82,895</u></b>	<b><u>\$ 26,042</u></b>



## Historical Membership Data

History of Active Membership Data					
Year Ended 6/30	Number of Active Members	Percentage Change In Membership	Annual Active Member Payroll *	Annual Active Member Average Payroll	Percentage Change In Payroll
2012	84,513	(2.57%)	\$ 3,808,761	\$ 45,067	(2.41%)
2013	82,910	(1.90%)	3,726,326	44,944	(2.16%)
2014	82,886	(0.03%)	3,764,955	45,423	1.04%
2015	83,602	0.86%	3,815,649	45,641	1.35%
2016	84,068	0.56%	3,869,730	46,031	1.42%
2017	84,228	0.19%	3,901,628	46,322	0.82%
2018	85,045	0.97%	3,998,051	47,011	2.47%
2019	85,998	1.12%	4,071,754	47,347	1.84%
2020	86,860	1.00%	4,229,621	48,695	3.88%
2021	85,980	(1.01%)	4,335,091	50,420	2.49%

History of Annuitants and Survivor Annuitant Membership								
Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity	Percentage Change in Annuity
	No.	Amount*	No.	Amount*	No.	Amount*		
2012	67,657	\$ 1,548,632	3,250	\$ 89,195	1,105	\$ 12,277	\$ 22,889	5.2%
2013	71,031	1,644,238	4,442	106,246	1,068	10,641	23,148	6.2%
2014	73,195	1,744,088	4,025	94,294	1,861	20,219	23,828	6.1%
2015	75,259	1,820,202	3,315	92,905	1,251	16,791	24,186	4.4%
2016	75,828	1,887,454	2,936	80,224	2,367	40,865	24,891	3.7%
2017	77,258	1,939,661	3,006	82,056	1,576	29,849	25,106	2.8%
2018	78,423	1,986,400	2,987	83,147	1,822	36,408	25,329	2.4%
2019	79,647	2,033,557	2,202	50,710	978	3,553	25,532	2.4%
2020	80,536	2,072,642	2,054	49,519	1,165	10,434	25,736	1.9%
2021	81,620	2,120,995	2,530	60,588	1,446	13,655	25,986	2.3%

\* Dollar amounts in thousands

# Summary of Plan Provisions

The Teachers' Retirement System of Louisiana (TRSL) was enacted by Act No. 83 in 1936. Initially, the plan only covered classroom teachers (Regular Plan), but membership has expanded to participating agencies, and the merger of School Lunch Employees. Employees of school food services that have not terminated their agreement with the Department of Health, Education and Welfare participate in Plan A. Food service programs of schools without agreements enroll employees in Plan B.

The purpose of the plan is to provide benefits to members and their dependents at retirement or in the event of death, disability or termination of employment. TRSL is a defined benefit plan and is funded on an actuarial reserve basis as prescribed by law.

## Administration

The plan is governed by Title 11 Sections 700-999 of the Louisiana Revised Statutes. The Board of Trustees is composed of seventeen members; one elected member from each of seven membership districts, one elected member from colleges and universities, one elected member from parish and city superintendents of schools, one elected school food services member, two elected retired members, and five ex officio members. Elected members serve staggered four-year terms. The Treasurer, a member of the House Retirement Committee appointed by the Speaker of the House, the Chairman of the Senate Retirement Committee, the State Commissioner of Administration and State Superintendent of Public Education serve as ex officio members. The Board of Trustees appoints an Executive Director who is responsible for the operation of the system. The Board also retains other consultants as deemed necessary.

## Member Contributions

Members contribute a percentage of their gross compensation, depending on plan of participation:

Regular Plan	Plan A	Plan B
8.0%	9.1%	5.0%

Member contributions have been tax-deferred for federal income tax purposes since July 1, 1988. Therefore, contributions after the effective date are not considered as income for federal income tax purposes until withdrawn through refund or through payment of benefits.

## Employer Contributions

All participating employers, regardless of plan of participation, contribute a percentage of their total gross payroll to the system. The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the system's unfunded liability as required by law. The employer rate is subject to a statutory minimum of 15.5% per Act 588 of 2004. The rate is determined annually and recommended by the Public Retirement System's Actuarial Committee to the State Legislature.

## Termination

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. All service credit will be forfeited. Upon re-employment, a member may reinstate the service credit by repaying the refunded contributions plus interest. A member who terminates covered employment with at least five years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment the age of retirement eligibility.

## Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and meet both age and service eligibility requirements.

### Normal Retirement

**Regular Plan** - In the TRSL Regular Plan, eligibility for retirement is determined by the date the member joined TRSL.

Members hired prior to July 1, 1999	
<b>2.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit</li> </ul>
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 65 with at least 20 years of service credit, or</li> <li>At least age 55 with at least 25 years of service credit, or</li> <li>Any age with at least 30 years of service credit</li> </ul>

### Regular Plan—cont'd

Members joining system between July 1, 1999 and December 31, 2010	
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>At least age 55 with at least 25 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced), or</li> <li>Any age with at least 30 years of service credit</li> </ul>

Members first eligible to join and hired between January 1, 2011 and June 30, 2015	
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>

Members first eligible to join and hired on or after July 1, 2015	
<b>2.5% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 62 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>

### Plan A - Plan A is closed to new entrants.

All Plan A members
--------------------

<b>3.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>At least age 55 with at least 25 years of service credit, or</li> <li>Any age with at least 30 years of service credit</li> </ul>
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### Plan B

Members hired before July 1, 2015	
<b>2.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 60 with at least 5 years of service credit, or</li> <li>At least age 55 with at least 30 years of service credit</li> </ul>
Members first eligible to join and hired on or after July 1, 2015	
<b>2.0% benefit factor</b>	<ul style="list-style-type: none"> <li>At least age 62 with at least 5 years of service credit, or</li> <li>Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>

### Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation (FAC) by the applicable accrual rate, and by the years of creditable service. For regular teachers and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, FAC is defined as the highest average 60-month period. For all other members, FAC is defined as the highest average 36-month period.

### Payment Options

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a reduced benefit with a lump sum payment which cannot exceed 36 monthly benefit payments. Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

## Deferred Retirement Option Plan (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member may begin participation on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account.

Upon termination of DROP, the member may continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit plus an additional benefit based on post-DROP service, plus the individual DROP account balance which can be paid in a lump sum, or an additional annuity based upon the account balance.

## Disability Retirement Benefits

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011 and who have five or more years of service credit are eligible for disability retirement benefits if certified by the medical board to be disabled from performing their job. All other members must have at least ten years of service to be eligible for a disability benefit.

**Regular Plan:** An eligible member shall be entitled to a pension equal to 2.5% of average compensation; however, disability benefits for members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011 shall not be less than the lesser of (a) 40% of the state minimum salary for a beginning teacher with a bachelor's degree, or (b) 75% of average compensation.

**Plan A:** An eligible member shall be entitled to a service retirement benefit, but not less than 60%, nor more than 100% of final average compensation.

**Plan B:** An eligible member shall be entitled to a service retirement benefit, but not less than 30%, nor more than 75% of final average compensation.

## Survivor Benefits

A surviving spouse with minor children of an active member with five years of creditable service (two years immediately prior to death) or 20 years of creditable

service is entitled to a benefit equal to the greater of \$600 per month, or 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse benefit, or (b) \$300 (up to two eligible children). Benefits to minors cease at attainment of age 18, marriage or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with ten years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the Option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

## Permanent Benefit Increases

Provisions regarding future Permanent Benefit Increases (PBIs) were substantially changed by Act 399 of 2014. PBIs may be granted, if requested by the Board and approved with a two-thirds vote of both houses of legislature, provided there are sufficient funds in the Experience Account to fully fund the increase on an actuarial basis.

## Experience Account Credits/Debits

After allocation of the first \$200,000,000 of investment experience gains to the Unfunded Accrued Liability, the Experience Account is credited with up to 50% of the remaining excess investment income, up to a maximum balance as described below. The \$200,000,000 threshold is indexed based upon the increase in the actuarial value of assets. Excess investment income is investment income for the prior fiscal year in excess of the expected income based on the actuarial valuation rate for that fiscal year. Balances in the Experience Account accrue interest at the actuarial rate of return during the prior year, however, all credits are limited as follows:

If the system's funded ratio is less than 80%, the Experience Account is limited to the reserve necessary to grant one PBI. If the funded ratio is at least 80%, the Experience Account is limited to the reserve

necessary to fund two PBIs. The Experience Account is debited for the increase in actuarial accrued liability resulting from the increases.

### Permanent Benefit Increases

No increase can be granted if the legislature granted an increase in the preceding fiscal year, unless the system is 85% funded or greater. Additionally, PBIs are limited to the lesser of the increase in the CPI-U for the 12-month period ending on the system's valuation date, or an amount determined by the system's funded ratio:


Funded	PBI Increase
< 55%	0%
55% to <65%	1.5%
65% to <75%	2.0%
75% to <80%	2.5%
80% +	3.0%

Beginning July 1, 2015, any increase is limited to the first \$60,000 of a retiree's annual benefit, increased annually by the CPI-U for the 12-month period ending in June. If the actuarial rate of return for the prior plan year is less than 8.25%, regardless of the discount rate, the increase is limited to the lesser of 2% or the amount described above.

### Eligibility Requirements

Benefits are restricted to those retirees who have attained the age of 60 and have been retired for at least one year. The minimum age 60 for the receipt of a benefit increase does not apply to disability retirees.

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“A good teacher is like a candle – it consumes itself to light the way for others.”

—*Mustafa Kemal Atatürk*

## STATISTICAL SECTION

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- 129 Ten-Year Statements of Changes in Fiduciary Net Position
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- 132 Number of Service Retirees, Disability Retirement Recipients, and Beneficiaries Receiving Benefits
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# Introduction

The objective of the statistical section is to add historical perspective, context, and detail to the financial statements and the notes to the financial statements so that users can better understand and assess TRSL's economic condition.

## Contents

## Pages

### Financial Trends

**129-130**

These schedules show financial trend information that helps users in understanding and assessing how TRSL's financial position has changed over time. The financial trend schedules presented are:

- Ten-Year Statements of Changes in Fiduciary Net Position

### Demographic Information

**131-134**

This information is intended to assist users in understanding the environment in which TRSL operates, and to provide information that facilitates comparisons of financial statement information over time and among governments. The demographic information includes:

- Number of Active, Terminated Vested, and Nonvested Members
- Number of Service Retirees, Disability Retirement Recipients, and Beneficiaries Receiving Benefits
- Number of Benefit Recipients
- Schedule of Retired Members by Type of Benefit

### Operating Information

**135-143**

These schedules are intended to provide contextual information about TRSL's operation to assist in using financial statement data. The operating information shown includes:

- Ten-Year Average Monthly Benefit Payments
- Benefit and Refund Expenses by Type
- Revenues by Source, Expenses by Type
- Ten Largest Employers
- Total Active Members Statewide (map)
- TRSL Retirees Worldwide (map)



## Ten-Year Statements of Changes in Fiduciary Net Position (2021-2012)

	2021	2020	2019	2018	2017
<b>Additions</b>					
Contributions					
Member contributions	\$ 361,684,671	\$ 351,287,976	\$ 341,398,896	\$ 337,928,752	\$ 328,541,240
Employer contributions	1,237,976,403	1,222,809,469	1,217,167,321	1,201,829,353	1,122,277,562
Non-employer contributions	44,886,830	43,151,074	40,850,075	39,550,321	38,762,968
LSU Co-Operative contributions	2,075,689	2,017,909	1,995,075	1,873,303	1,754,855
Investment income:					
<i>From investment activities</i>					
Net investment income	7,164,169,788	171,029,364	1,209,230,839	2,137,872,033	2,612,535,238
Other income	<u>19,804,296</u>	<u>39,770,865</u>	<u>26,018,466</u>	<u>11,411,104</u>	<u>2,972,517</u>
<b>Total additions to Fiduciary Net Position</b>	<b><u>8,830,597,677</u></b>	<b><u>1,830,066,657</u></b>	<b><u>2,836,660,672</u></b>	<b><u>3,730,464,866</u></b>	<b><u>4,106,844,380</u></b>
<b>Deductions</b>					
Retirement benefits	2,256,015,336	2,193,873,471	2,163,684,514	2,116,953,537	2,061,454,295
LSU Co-Operative benefits	1,856,703	1,987,638	2,075,869	2,017,909	1,995,075
Refunds of contributions & other	53,095,621	50,225,236	50,301,709	48,671,220	49,805,920
TRSL employee health & life expense	(385,301)	(540,170)	95,273	13,633,156	586,167
Pension expense	1,870,195	1,576,153	880,211	1,385,063	2,807,080
Administrative expenses	14,132,424	14,418,014	13,445,962	14,046,725	14,368,885
Depreciation expense	<u>470,446</u>	<u>422,685</u>	<u>396,927</u>	<u>400,766</u>	<u>432,238</u>
<b>Total deductions to Fiduciary Net Position</b>	<b><u>2,327,055,424</u></b>	<b><u>2,261,963,027</u></b>	<b><u>2,230,880,465</u></b>	<b><u>2,197,108,376</u></b>	<b><u>2,131,449,660</u></b>
<b>Net change in Fiduciary Net Position (decrease)</b>	<b>6,503,542,253</b>	<b>(431,896,370)</b>	<b>605,780,207</b>	<b>1,533,356,490</b>	<b>1,975,394,720</b>
<b>Net position restricted for pensions</b>					
Beginning of year, before restatement	<u>21,220,586,002</u>	<u>21,652,482,372</u>	<u>21,046,702,165</u>	<u>19,513,345,675</u>	<u>17,537,950,955</u>
Cumulative effect of change in accounting principle	0	0	0	0	0
Beginning of year, after restatement	<u>21,220,586,002</u>	<u>21,652,482,372</u>	<u>21,046,702,165</u>	<u>19,513,345,675</u>	<u>17,537,950,955</u>
<b>End of year</b>	<b><u>\$ 27,724,128,255</u></b>	<b><u>\$ 21,220,586,002</u></b>	<b><u>\$ 21,652,482,372</u></b>	<b><u>\$ 21,046,702,165</u></b>	<b><u>\$ 19,513,345,675</u></b>

## Ten-Year Statements of Changes in Fiduciary Net Position (2021-2012)—cont'd

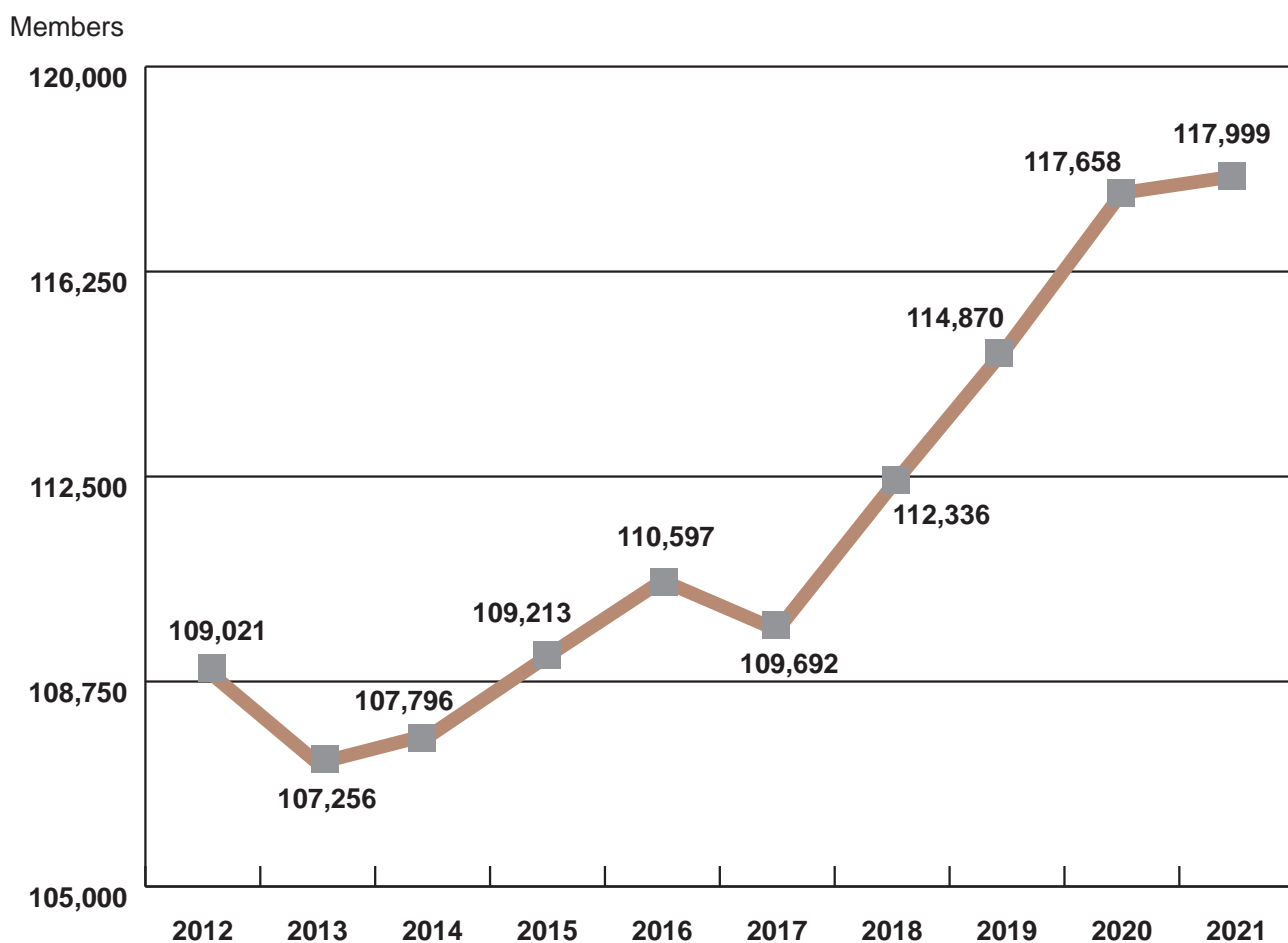
	2016	2015	2014	2013	2012
<b>Additions</b>					
Contributions					
Member contributions	\$ 330,773,315	\$ 324,920,644	\$ 326,007,091	\$ 327,767,936	\$ 333,908,454
Employer contributions	1,157,901,123	1,217,466,676	1,174,540,866	1,058,995,111	1,084,589,881
Non-employer contributions	38,193,328	37,425,629	35,927,881	34,425,127	0*
LSU Co-Operative contributions	1,830,995	1,851,985	2,028,819	2,059,554	0*
Investment income:					
<i>From investment activities</i>					
Net investment income	177,640,776	443,364,220	2,815,090,995	1,750,935,396	(58,458,258)
Other income	<u>2,951,433</u>	<u>12,180,753</u>	<u>8,491,868</u>	<u>4,051,269</u>	<u>2,265,262</u>
<b>Total additions to Fiduciary Net Position</b>	<b><u>1,709,290,970</u></b>	<b><u>2,037,209,907</u></b>	<b><u>4,362,087,520</u></b>	<b><u>3,178,234,393</u></b>	<b><u>1,362,305,339</u></b>
<b>Deductions</b>					
Retirement benefits	1,999,272,396	1,955,102,582	1,875,366,921	1,798,533,650	1,682,528,254
LSU Co-Operative benefits	1,873,303	1,754,855	1,746,982	1,633,154	0†
Refunds of contributions & other	49,884,654	52,402,762	58,777,337	59,712,975	50,195,898
TRSL employee health & life expense	(24,005)	1,685,836	1,047,832	974,145	1,050,097
Pension expense	1,773,559	2,078,530	0	0	0
Administrative expenses	14,532,681	14,259,428	15,026,969	15,750,180	16,317,659
Depreciation expense	<u>407,105</u>	<u>384,426</u>	<u>322,881</u>	<u>377,150</u>	<u>440,291</u>
<b>Total deductions to Fiduciary Net Position</b>	<b><u>2,067,719,693</u></b>	<b><u>2,027,668,419</u></b>	<b><u>1,952,288,922</u></b>	<b><u>1,876,981,254</u></b>	<b><u>1,750,532,199</u></b>
<b>Net change in Fiduciary Net Position (decrease)</b>	<b>(358,428,723)</b>	<b>9,541,488</b>	<b>2,409,798,598</b>	<b>1,301,253,139</b>	<b>(388,226,860)</b>
<b>Net position restricted for pensions</b>					
Beginning of year, before restatement	<u>17,896,379,678</u>	<u>17,900,035,458</u>	<u>15,490,236,860</u>	<u>14,188,983,721</u>	<u>14,577,210,581</u>
Cumulative effect of change in accounting principle	0	(13,197,268)	0	0	0
Beginning of year, after restatement	<u>17,896,379,678</u>	<u>17,886,838,190</u>	<u>15,490,236,860</u>	<u>14,188,983,721</u>	<u>14,577,210,581</u>
<b>End of year</b>	<b><u>\$ 17,537,950,955</u></b>	<b><u>\$ 17,896,379,678</u></b>	<b><u>\$ 17,900,035,458</u></b>	<b><u>\$ 15,490,236,860</u></b>	<b><u>\$ 14,188,983,721</u></b>

\*Included in "Employer contributions" prior to 2013.

†Included in "Retirement benefits" prior to 2013.

### Number of Active, Terminated Vested, and Nonvested Members

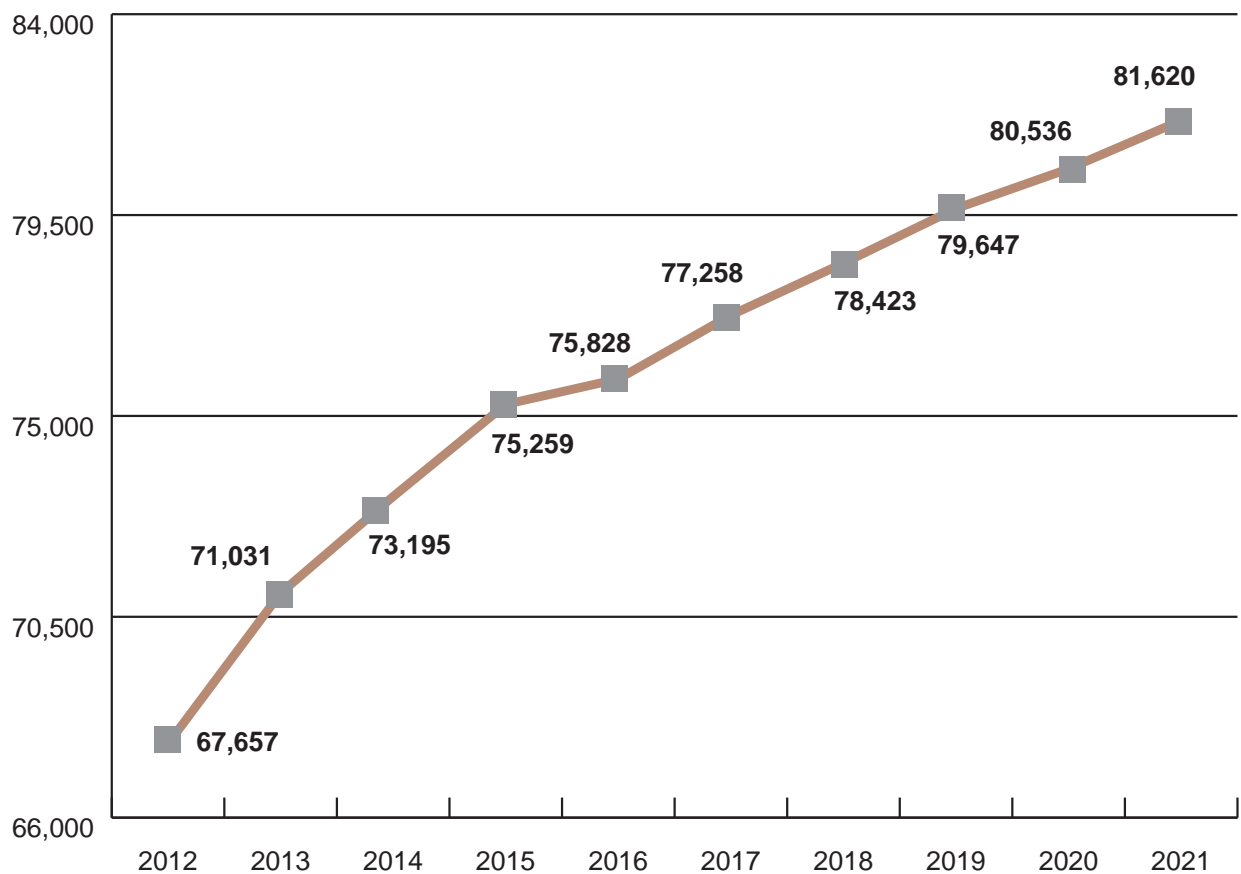
Fiscal Year	Members	% Change Each Year
2011-2012	109,021	(1.1%)
2012-2013	107,256	(1.6%)
2013-2014	107,796	0.5%
2014-2015	109,213	1.3%
2015-2016	110,597	1.3%
2016-2017	109,692	(0.8%)
2017-2018	112,336	2.4%
2018-2019	114,870	2.2%
2019-2020	117,658	2.4%
2020-2021	117,999	0.3%



### Number of Service Retirees, Disability Retirement Recipients, and Beneficiaries Receiving Benefits

Fiscal Year	Retirees and Beneficiaries	% Change Each Year
2011-2012	67,657	3.3%
2012-2013	71,031	5.0%
2013-2014	73,195	3.1%
2014-2015	75,259	4.2%
2015-2016	75,828	0.8%
2016-2017	77,258	1.9%
2017-2018	78,423	1.5%
2018-2019	79,647	1.5%
2019-2020	80,536	1.1%
2020-2021	81,620	1.3%

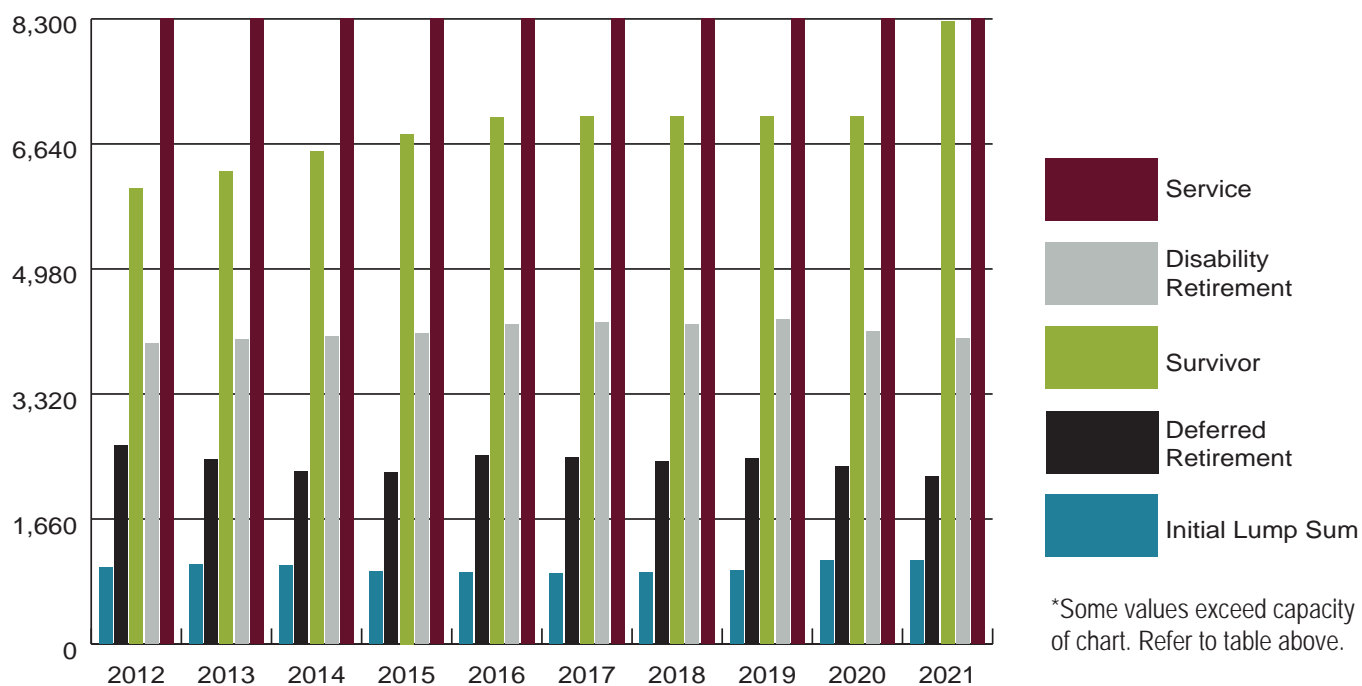
Retirees/  
Beneficiaries



## Number of Benefit Recipients

Fiscal Year	Service	Disability Retirement Recipient	Survivor	Deferred Retirement	Initial Lump Sum	Total
2011-2012	57,619	3,993	6,045	2,637	1,010	71,304
2012-2013	60,714	4,049	6,268	2,451	1,051	74,533
2013-2014	62,564	4,089	6,542	2,291	1,044	76,530
2014-2015	64,366	4,121	6,772	2,283	967	78,509
2015-2016	64,593	4,238	6,997	2,504	946	79,278
2016-2017	65,673	4,266	7,319	2,478	937	80,673
2017-2018	66,760	4,248	7,415	2,420	953	81,796
2018-2019	67,803	4,314	7,530	2,462	981	83,090
2019-2020	68,382	4,145	8,009	2,359	1,105	84,000
2020-2021	69,297	4,060	8,263	2,227	1,107	84,954

### Benefit Recipients



**Schedule of Retired Members by Type of Benefit as of June 30, 2021***(Data include all plans)*

Amount of Monthly Benefit	Service Retiree	Disability Retirement Recipient	Beneficiary/ Survivor	Total
\$ 0 - \$ 3,499.99	1,390	70	587	2,047
\$ 3,500 - \$ 7,199.99	5,019	469	1,138	6,626
\$ 7,200 - \$ 10,799.99	5,730	1,153	1,167	8,050
\$ 10,800 - \$ 14,399.99	6,596	1,125	913	8,634
\$ 14,400 - \$ 17,999.99	5,525	488	905	6,918
\$ 18,000 - \$ 21,599.99	4,828	263	565	5,656
\$ 21,600 - \$ 25,199.99	4,198	219	462	4,879
\$ 25,200 - \$ 28,799.99	4,749	110	446	5,305
\$ 28,800 - \$ 32,399.99	5,784	54	484	6,322
\$ 32,400 - \$ 35,999.99	5,981	33	381	6,395
\$ 36,000 - \$ 39,599.99	5,305	34	302	5,641
\$ 39,600 - \$ 43,199.99	4,167	25	246	4,438
\$ 43,200 - \$ 48,799.99	4,004	8	231	4,243
\$ 48,800 - \$ 50,399.99	782	3	58	843
\$ 50,400 - \$ 53,999.99	1,451	2	109	1,562
\$ 54,000 - and above	<u>3,788</u>	<u>4</u>	<u>269</u>	<u>4,061</u>
<b>TOTALS FOR ALL PLANS</b>	<b><u>69,297</u></b>	<b><u>4,060</u></b>	<b><u>8,263</u></b>	<b><u>81,620</u></b>

## Ten-Year Average Monthly Benefit Payments for Service Retirees

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2012	Avg Benefit	\$ 548	\$ 662	\$ 858	\$ 1,268	\$ 2,112	\$ 2,917	\$ 3,530	\$ 4,180	\$ 4,499	\$ 2,460
2012	Avg Comp	\$ 2,157	\$ 3,634	\$ 3,348	\$ 3,468	\$ 4,112	\$ 4,321	\$ 4,558	\$ 4,459	\$ 5,101	\$ 4,114
2012	Retiree Count	17	178	249	356	597	899	599	145	40	3,080
2013	Avg Benefit	573	681	942	1,363	2,137	3,071	3,454	4,425	4,421	2,482
2013	Avg Comp	2,918	3,664	3,609	3,675	4,153	4,565	4,497	4,989	4,632	4,233
2013	Retiree Count	34	177	295	412	781	945	622	167	43	3,476
2014	Avg Benefit	539	703	954	1,417	2,153	3,076	3,615	4,443	5,307	2,452
2014	Avg Comp	3,324	3,729	3,592	3,801	4,154	4,588	4,676	4,879	5,520	4,267
2014	Retiree Count	27	195	271	391	712	805	467	140	32	3,040
2015	Avg Benefit	432	749	904	1,321	2,081	3,115	3,720	4,430	4,133	2,458
2015	Avg Comp	2,334	3,920	3,354	3,617	4,015	4,657	4,818	4,902	4,272	4,235
2015	Retiree Count	16	182	223	314	621	716	366	146	36	2,620
2016	Avg Benefit	745	744	1,019	1,406	2,112	3,055	3,802	4,447	4,625	2,422
2016	Avg Comp	4,967	4,083	3,597	3,764	4,075	4,579	4,964	5,194	5,135	4,312
2016	Retiree Count	16	193	242	338	599	688	281	157	36	2,550
2017	Avg Benefit	588	779	1,030	1,417	2,089	2,989	3,711	4,609	4,174	2,414
2017	Avg Comp	3,293	4,036	3,677	3,764	4,008	4,515	4,822	5,104	4,129	4,240
2017	Retiree Count	18	165	237	363	568	672	336	130	39	2,528
2018	Avg Benefit	445	700	961	1,485	2,061	3,054	3,913	4,499	5,261	2,460
2018	Avg Comp	2,209	3,693	3,494	3,850	4,036	4,586	5,108	4,932	5,803	4,278
2018	Retiree Count	15	156	271	323	604	748	288	151	34	2,590
2019	Avg Benefit	430	763	1,017	1,536	2,104	3,028	3,668	4,827	4,957	2,438
2019	Avg Comp	1,250	4,012	3,590	3,935	4,096	4,580	4,860	5,506	4,834	4,306
2019	Retiree Count	16	150	233	317	537	675	249	128	28	2,333
2020	Avg Benefit	415	663	1,014	1,498	2,155	3,151	3,852	4,569	6,021	2,569
2020	Avg Comp	2,763	3,961	3,565	3,926	4,225	4,741	5,090	5,110	6,142	4,439
2020	Retiree Count	19	109	202	258	482	683	211	95	52	2,111
2021	Avg Benefit	490	692	1,020	1,508	2,073	3,103	3,899	4,870	5,522	2,497
2021	Avg Comp	2,224	3,701	3,619	3,809	4,126	4,655	5,141	5,485	5,568	4,352
2021	Retiree Count	19	158	275	332	650	809	302	114	49	2,708

## Ten-Year Average Monthly Benefit Payments for Disability Retirement Recipients

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2012	Avg Benefit	\$ 1,054	\$ 948	\$ 1,098	\$ 1,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,148
2012	Avg Comp	\$ 3,205	\$ 2,704	\$ 2,899	\$ 3,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,880
2012	Retiree Count	3	30	24	27	0	0	0	0	0	84
2013	Avg Benefit	1,129	986	1,046	1,584	833	0	0	0	0	1,215
2013	Avg Comp	2,446	3,163	2,750	3,467	1,899	0	0	0	0	3,069
2013	Retiree Count	2	27	43	40	3	0	0	0	0	115
2014	Avg Benefit	0	959	1,143	1,616	0	845	0	0	0	1,244
2014	Avg Comp	0	2,450	3,003	3,514	0	1,427	0	0	0	3,006
2014	Retiree Count	0	28	42	34	0	1	0	0	0	105
2015	Avg Benefit	943	906	1,064	1,477	2,807	0	0	0	0	1,224
2015	Avg Comp	2,846	2,598	2,775	3,259	4,416	0	0	0	0	2,949
2015	Retiree Count	2	41	31	36	6	0	0	0	0	116
2016	Avg Benefit	943	961	1,055	1,386	2,250	0	0	0	0	1,181
2016	Avg Comp	3,434	2,335	2,598	2,990	3,510	0	0	0	0	2,704
2016	Retiree Count	2	43	38	56	3	0	0	0	0	142
2017	Avg Benefit	1,415	953	1,129	1,528	837	0	0	0	0	1,201
2017	Avg Comp	0	2,797	2,805	3,370	1,936	0	0	0	0	2,942
2017	Retiree Count	1	38	44	41	3	0	0	0	0	127
2018	Avg Benefit	0	903	1,102	1,525	579	0	0	0	0	1,196
2018	Avg Comp	0	2,264	2,499	3,296	1,451	0	0	0	0	2,704
2018	Retiree Count	0	18	39	29	1	0	0	0	0	87
2019	Avg Benefit	963	956	1,173	1,404	2,082	0	0	0	0	1,243
2019	Avg Comp	3752	3,036	3,008	2,945	3,098	0	0	0	0	3,001
2019	Retiree Count	1	16	23	30	2	0	0	0	0	72
2020	Avg Benefit	0	977	1,112	1,607	0	0	0	0	0	1,284
2020	Avg Comp	0	2,795	2,803	3,720	0	0	0	0	0	3,178
2020	Retiree Count	0	17	26	30	0	0	0	0	0	73
2021	Avg Benefit	977	1,060	1,305	1,415	1,184	1,749	0	0	0	1,325
2021	Avg Comp	0	3,739	3,260	2,993	2,672	3,016	0	0	0	3,122
2021	Retiree Count	1	5	24	21	1	1	0	0	0	53



## Ten-Year Average Monthly Benefit Payments for Beneficiaries/Survivors

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2012	Avg Benefit	\$ 337	\$ 387	\$ 523	\$ 744	\$ 1,072	\$ 1,728	\$ 2,123	\$ 3,291	\$ 2,515	\$ 1,458
2012	Avg Comp	\$ 3,333	\$ 2,879	\$ 2,485	\$ 3,158	\$ 2,411	\$ 3,006	\$ 3,367	\$ 3,960	\$ 5,000	\$ 3,033
2012	Retiree Count	5	20	59	61	80	124	92	27	12	480
2013	Avg Benefit	278	432	488	752	1,248	1,709	2,344	2,638	2,689	1,447
2013	Avg Comp	1,274	3,888	3,209	3,234	2,813	3,043	3,507	3,259	4,020	3,258
2013	Retiree Count	2	59	56	60	73	127	96	35	9	517
2014	Avg Benefit	593	453	660	788	1,298	1,925	2,068	3,203	4,008	1,622
2014	Avg Comp	1,241	4,648	2,572	2,498	2,919	3,242	3,137	4,573	6,434	3,278
2014	Retiree Count	1	47	45	51	100	145	124	40	5	558
2015	Avg Benefit	300	456	513	783	1,249	1,875	2,221	2,728	3,714	1,599
2015	Avg Comp	3,608	2,773	2,854	3,102	3,259	3,101	3,172	3,896	5,368	3,199
2015	Retiree Count	1	24	54	66	86	142	117	30	12	532
2016	Avg Benefit	349	409	621	725	1,155	1,906	2,208	3,057	4,480	1,600
2016	Avg Comp	3,759	2,799	2,610	2,535	3,080	3,350	3,274	4,506	6,264	3,253
2016	Retiree Count	3	48	62	66	106	133	115	40	20	593
2017	Avg Benefit	145	460	627	1,000	1,278	1,886	2,449	3,153	3,193	1,667
2017	Avg Comp	3,565	3,231	3,118	3,291	3,189	3,554	3,582	4,462	4,795	3,476
2017	Retiree Count	5	45	49	67	120	148	132	33	13	612
2018	Avg Benefit	372	496	588	905	1,239	1,933	2,645	3,080	3,202	1,669
2018	Avg Comp	3,352	3,550	3,002	2,633	3,334	3,554	4,002	4,442	3,946	3,483
2018	Retiree Count	2	35	69	71	108	161	108	35	14	603
2019	Avg Benefit	281	441	595	843	1,182	2,071	2,414	3,037	4,156	1,629
2019	Avg Comp	5,547	2,437	3,245	3,145	2,935	3,536	3,653	4,741	5,686	3,402
2019	Retiree Count	3	43	66	73	114	154	116	37	8	614
2020	Avg Benefit	718	360	749	1,052	1,273	2,139	2,776	3,815	3,440	1,821
2020	Avg Comp	1,658	3,244	3,509	3,461	3,422	3,497	4,072	5,195	6,762	3,682
2020	Retiree Count	12	52	60	77	130	183	138	40	9	701
2021	Avg Benefit	389	466	557	932	1,290	1,878	2,589	3,314	3,426	1,782
2021	Avg Comp	3,187	4,068	3,074	3,052	3,187	3,261	3,665	4,596	5,282	3,496
2021	Retiree Count	9	42	58	67	147	202	164	50	24	763

**Benefit and Refund Expenses by Type (2021-2012)**

	2021	2020	2019	2018	2017
<b>Benefits</b>					
Service	\$ 1,932,710,844	\$ 1,894,550,703	\$ 1,849,017,087	\$ 1,806,914,712	\$ 1,763,897,174
LSU Co-Op Extension	1,856,703	1,987,638	2,075,869	2,017,909	1,995,075
Disability retirement recipient	105,038,633	102,964,712	100,490,059	98,201,886	95,863,977
Beneficiary/survivors	63,023,179	61,778,827	60,294,035	58,921,132	57,518,386
Deferred retirement	139,788,923	122,936,853	141,671,192	143,107,030	136,204,016
Initial lump sum	<u>15,453,757</u>	<u>11,642,376</u>	<u>12,212,141</u>	<u>9,808,777</u>	<u>7,970,742</u>
<b>Total benefits</b>	<b><u>\$ 2,257,872,039</u></b>	<b><u>\$ 2,195,861,109</u></b>	<b><u>\$ 2,165,760,383</u></b>	<b><u>\$ 2,118,971,446</u></b>	<b><u>\$ 2,063,449,370</u></b>
<b>Refunds</b>					
Separation	\$ 33,248,545	\$ 33,856,554	\$ 34,202,495	\$ 33,192,850	\$ 33,119,473
Death	7,068,159	5,498,085	5,206,680	6,519,149	5,061,945
Return-to-work	<u>10,682,308</u>	<u>10,491,734</u>	<u>10,465,405</u>	<u>10,343,450</u>	<u>10,806,765</u>
<b>Total refunds</b>	<b><u>\$ 50,999,012</u></b>	<b><u>49,849,373</u></b>	<b><u>\$ 49,874,580</u></b>	<b><u>\$ 50,055,449</u></b>	<b><u>\$ 48,988,183</u></b>
<b>Other</b>	<u>2,096,609</u>	<u>378,863</u>	<u>427,129</u>	<u>(1,384,229)</u>	<u>817,737</u>
<b>Total refunds &amp; other</b>	<b><u>\$ 53,095,621</u></b>	<b><u>\$ 50,225,236</u></b>	<b><u>\$ 50,301,709</u></b>	<b><u>\$ 48,671,220</u></b>	<b><u>\$ 49,805,920</u></b>
	2016	2015	2014	2013	2012
<b>Benefits</b>					
Service	\$ 1,695,606,753	\$ 1,641,986,132	\$ 1,556,120,285	\$ 1,477,250,306	\$ 1,386,433,318
LSU Co-Op Extension	1,873,303	1,754,855	1,746,982	1,633,154	0*
Disability retirement recipient	92,152,541	89,333,749	84,666,700	80,374,101	75,349,637
Beneficiary/survivors	55,291,525	53,600,250	50,800,020	48,224,461	45,209,782
Deferred retirement	148,722,257	162,935,965	176,823,394	184,817,090	171,044,296
Initial lump sum	<u>7,499,319</u>	<u>7,246,486</u>	<u>6,956,522</u>	<u>7,867,692</u>	<u>4,491,221</u>
<b>Total benefits</b>	<b><u>\$ 2,001,145,698</u></b>	<b><u>\$ 1,956,857,437</u></b>	<b><u>\$ 1,877,113,903</u></b>	<b><u>\$ 1,800,166,804</u></b>	<b><u>\$ 1,682,528,254</u></b>
<b>Refunds</b>					
Separation	\$ 32,606,034	\$ 33,295,983	\$ 38,027,953	\$ 38,215,111	\$ 31,596,812
Death	5,794,154	6,262,363	5,908,530	5,087,304	4,432,955
Return-to-work	<u>10,741,387</u>	<u>11,987,416</u>	<u>13,715,641</u>	<u>15,850,066</u>	<u>13,109,261</u>
<b>Total refunds</b>	<b><u>\$ 49,141,575</u></b>	<b><u>\$ 51,545,762</u></b>	<b><u>\$ 57,652,124</u></b>	<b><u>\$ 59,152,481</u></b>	<b><u>\$ 49,139,028</u></b>
<b>Other</b>	<u>\$ 743,079</u>	<u>\$ 857,000</u>	<u>\$ 1,125,213</u>	<u>\$ 560,494</u>	<u>\$ 1,056,870</u>
<b>Total refunds &amp; other</b>	<b><u>\$ 49,884,654</u></b>	<b><u>\$ 52,402,762</u></b>	<b><u>\$ 58,777,337</u></b>	<b><u>\$ 59,712,975</u></b>	<b><u>\$ 50,195,898</u></b>

\*Included in "Service" benefits prior to 2013.

## Revenues by Source

Fiscal Year	Member	Employer	Non-Employer*	Appropriations Acts	Net Investment Income (Loss)	Other Operating Revenues	Total
2011-2012	\$ 333,908,454	\$ 1,084,589,881			\$ (58,458,258)	\$ 2,265,262	\$ 1,362,305,339
2012-2013	327,767,936	1,058,995,111	\$ 36,484,681		1,750,935,396	4,051,269	3,178,234,393
2013-2014	326,007,091	1,174,540,866	37,956,700	\$ 5,578,791 <sup>†</sup>	2,815,090,995	2,913,077	4,362,087,520
2014-2015	324,920,644	1,217,466,676	39,277,614	10,384,806 <sup>‡</sup>	443,364,220	1,795,947	2,037,209,907
2015-2016	330,773,315	1,157,901,123	40,024,323		177,640,776	2,951,433	1,709,290,970
2016-2017	328,541,240	1,122,277,562	40,517,823		2,612,535,238	2,972,517	4,106,844,380
2017-2018	337,928,752	1,201,829,353	41,423,624	8,585,163 <sup>§</sup>	2,137,872,033	2,825,941	3,730,464,866
2018-2019	341,398,896	1,217,167,321	42,845,150	21,327,137 <sup>&gt;</sup>	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 <sup>°</sup>	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 <sup>♠</sup>	7,164,169,788	1,191,552	8,830,597,677

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

<sup>†</sup>Act 55 of 2014

<sup>‡</sup>Act 55 of 2014 and Act 56 of 2015

<sup>§</sup>Act 59 of 2018

<sup>></sup>Act 50 of 2019

<sup>°</sup>Act 255 of 2020

<sup>♠</sup>Act 120 of 2021

## Expenses by Type

Fiscal Year	Benefits*	Pension Expense	Refunds/ Other	Administrative Expenses	Depreciation Expense	Total
2011-2012	\$ 1,683,578,351		\$ 50,195,898	\$ 16,317,659	\$ 440,291	\$ 1,750,532,199
2012-2013	1,801,140,949		59,712,975	15,750,180	377,150	1,876,981,254
2013-2014	1,878,161,735		58,777,337	15,026,969 <sup>†</sup>	322,881	1,952,288,922
2014-2015	1,958,543,273	\$ 2,078,530	52,402,762	14,259,428 <sup>†</sup>	384,426	2,027,668,419
2015-2016	2,001,121,694	1,773,559	49,884,654	14,532,681 <sup>†</sup>	407,105	2,067,719,693
2016-2017	2,064,035,537	2,807,080	49,805,920	14,368,885 <sup>†</sup>	432,238	2,131,449,660
2017-2018	2,132,604,602	1,385,063	48,671,220	14,046,725 <sup>†</sup>	400,766	2,197,108,376
2018-2019	2,165,855,657	880,211	50,301,708	13,445,962 <sup>†</sup>	396,927	2,230,880,465
2019-2020	2,195,320,939	1,576,153	50,225,236	14,418,014 <sup>†</sup>	422,685	2,261,963,027
2020-2021	2,257,486,738	1,870,195	53,095,621	14,132,424	470,446	2,327,055,424

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

<sup>†</sup>Investment administrative expenses are excluded from this total in accordance with GASB 67.

## Ten Largest Employers (Statistical)

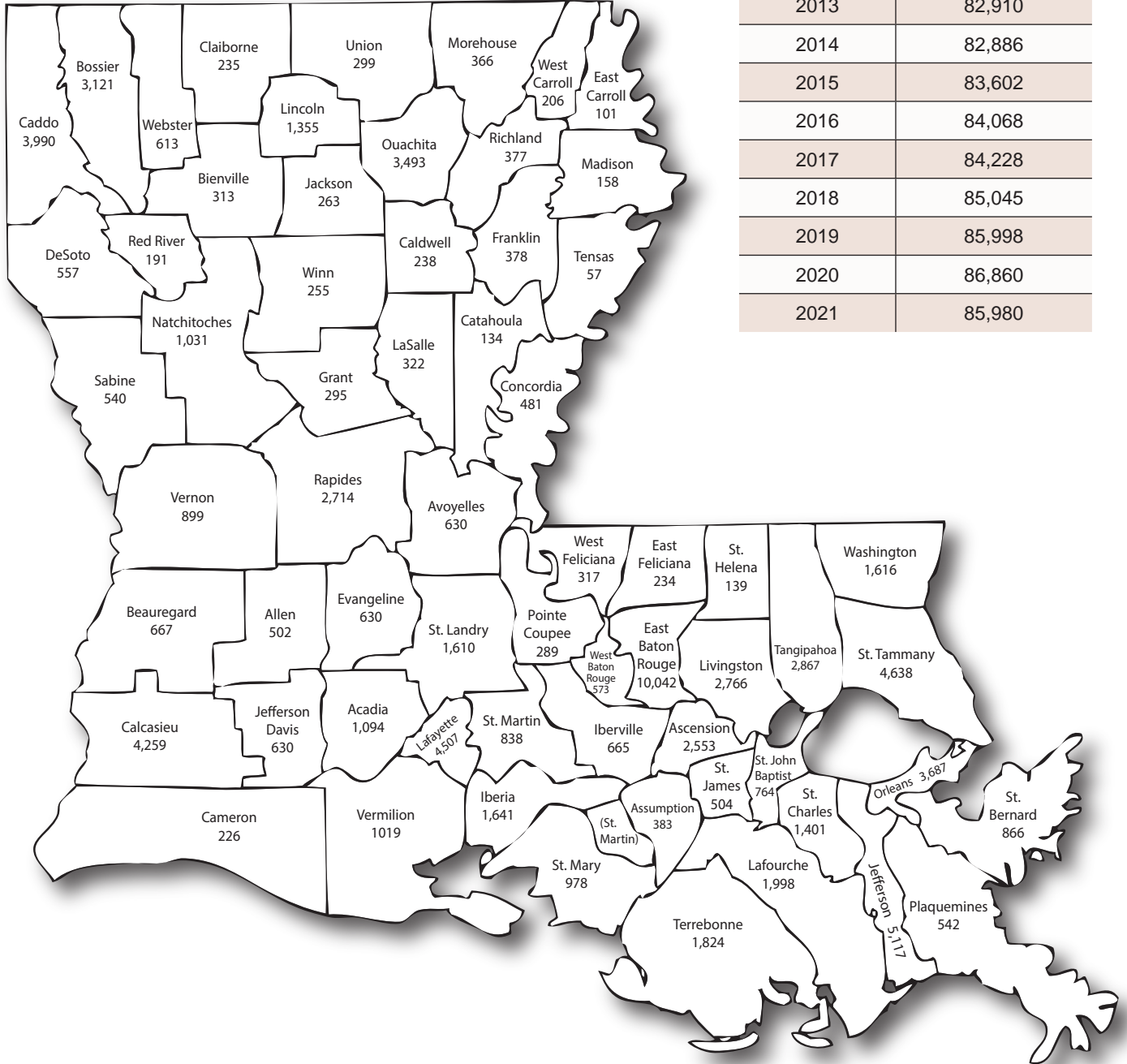
	# of Employees	% of Total Employees		# of Employees	% of Total Employees
<b>2021</b>			<b>2020</b>		
Jefferson Parish School Board	5004	6%	Jefferson Parish School Board	5,417	6%
EBR Parish School Board	4786	6%	EBR Parish School Board	4,883	6%
St. Tammany Parish School Board	4638	6%	St. Tammany Parish School Board	4,542	5%
Caddo Parish School Board	3933	5%	Caddo Parish School Board	4,030	5%
Calcasieu Parish School Board	3852	4%	Calcasieu Parish School Board	4,013	5%
Lafayette Parish School Board	3580	4%	Lafayette Parish School Board	3,384	4%
Livingston Parish School Board	2766	3%	Livingston Parish School Board	2,704	3%
Rapides Parish School Board	2713	3%	Rapides Parish School Board	2,592	3%
Ascension Parish School Board	2452	3%	Bossier Parish School Board	2,441	3%
Bossier Parish School Board	2384	3%	Ascension Parish School Board	2,425	3%
<b>2019</b>			<b>2018</b>		
Jefferson Parish School Board	5,411	6%	Jefferson Parish School Board	5,305	7%
EBR Parish School Board	4,960	6%	EBR Parish School Board	4,936	6%
St. Tammany Parish School Board	4,491	5%	St. Tammany Parish School Board	4,418	6%
Caddo Parish School Board	4,110	5%	Caddo Parish School Board	4,175	5%
Calcasieu Parish School Board	4,007	5%	Calcasieu Parish School Board	4,005	5%
Lafayette Parish School Board	3,349	4%	Lafayette Parish School Board	3,358	4%
Livingston Parish School Board	2,594	3%	Rapides Parish School Board	2,605	3%
Rapides Parish School Board	2,593	3%	Livingston Parish School Board	2,512	3%
Bossier Parish School Board	2,425	3%	Ascension Parish School Board	2,365	3%
Ascension Parish School Board	2,314	3%	Bossier Parish School Board	2,299	3%
<b>2017</b>			<b>2016</b>		
EBR Parish School Board	4,903	6%	EBR Parish School Board	4,868	6%
Jefferson Parish School Board	4,869	6%	Jefferson Parish School Board	4,862	6%
St. Tammany Parish School Board	4,366	5%	Caddo Parish School Board	4,312	5%
Caddo Parish School Board	4,202	5%	St. Tammany Parish School Board	4,308	5%
Calcasieu Parish School Board	3,955	5%	Calcasieu Parish School Board	3,894	5%
Lafayette Parish School Board	3,304	4%	Lafayette Parish School Board	3,321	4%
Livingston Parish School Board	2,564	3%	Rapides Parish School Board	2,612	3%
Rapides Parish School Board	2,557	3%	Livingston Parish School Board	2,554	3%
Ascension Parish School Board	2,321	3%	Ascension Parish School Board	2,290	3%
Bossier Parish School Board	2,270	3%	Bossier Parish School Board	2,270	3%

### Ten Largest Employers (Statistical)—cont'd

	# of Employees	% of Total Employees		# of Employees	% of Total Employees
<b>2015</b>			<b>2014</b>	-	
EBR Parish School Board	4,859	6%	EBR Parish School Board	4,635	6%
Jefferson Parish School Board	4,602	6%	Jefferson Parish School Board	4,567	5%
Caddo Parish School Board	4,429	5%	Caddo Parish School Board	4,449	5%
St. Tammany Parish School Board	4,216	5%	St. Tammany Parish School Board	4,115	5%
Calcasieu Parish School Board	3,870	5%	Calcasieu Parish School Board	3,888	5%
Lafayette Parish School Board	3,324	4%	Lafayette Parish School Board	3,350	4%
Rapides Parish School Board	2,621	3%	Rapides Parish School Board	2,636	3%
Livingston Parish School Board	2,524	3%	Livingston Parish School Board	2,522	3%
Ascension Parish School Board	2,272	3%	Ascension Parish School Board	2,229	3%
Bossier Parish School Board	2,210	3%	Bossier Parish School Board	2,143	3%
<b>2013</b>			<b>2012</b>		
Caddo Parish School Board	4,700	6%	Caddo Parish School Board	4,872	6%
EBR Parish School Board	4,597	5%	EBR Parish School Board	4,697	6%
Jefferson Parish School Board	4,487	5%	Jefferson Parish School Board	4,680	5%
St. Tammany Parish School Board	4,063	5%	St. Tammany Parish School Board	4,105	5%
Calcasieu Parish School Board	3,878	5%	Calcasieu Parish School Board	3,852	5%
Lafayette Parish School Board	3,345	4%	Lafayette Parish School Board	3,300	4%
Rapides Parish School Board	2,664	3%	Rapides Parish School Board	2,637	3%
Livingston Parish School Board	2,473	3%	Livingston Parish School Board	2,479	3%
Bossier Parish School Board	2,212	3%	Ouachita Parish School Board	2,217	3%
Ascension Parish School Board	2,152	3%	Bossier Parish School Board	2,188	3%

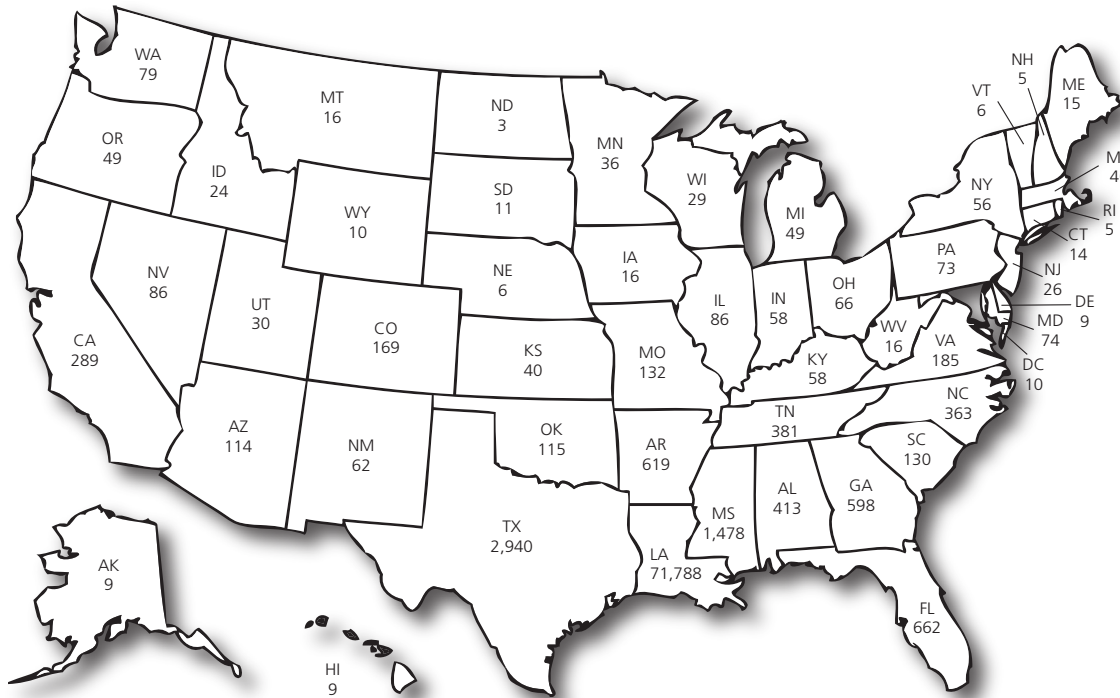
# Total Active Members Statewide

Total number of members – 85,980 (includes all employing agencies located within each parish)



# TRSL Retirees Worldwide

Total number of retirees – 81,620



<b>United States and District of Columbia</b>		<b>81,557</b>	
<b>U.S. Overseas Military Bases</b>		<b>6</b>	
<b>U.S. Possessions:</b>		<b>3</b>	
Guam	1	Puerto Rico	1
U.S. Virgin Islands	1		
<b>Foreign Countries:</b>		<b>54</b>	
Argentina	1	Japan	2
Australia	4	Mexico	2
Belgium	1	New Zealand	1
Canada	10	Netherlands	1
Colombia	1	Pakistan	2
Costa Rica	1	Philippines	2
Czech Republic	2	Poland	1
Finland	1	Switzerland	2
France	5	Thailand	1
Germany	6	Turkey	3
Grenada	1	United Kingdom	2
India	1		
Italy	1		
<b>TOTAL</b>		<b><u>81,620</u></b>	

Year	Retirees
2012	67,657
2013	71,031
2014	73,195
2015	75,259
2016	75,828
2017	77,258
2018	78,423
2019	79,647
2020	80,536
2021	81,620

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# 2021 Comprehensive 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](http://www.TRSL.org)

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

*(Monday-Friday, excluding holidays)*

**Facebook:** [www.facebook.com/TRSLonline](http://www.facebook.com/TRSLonline)

**Twitter:** @TRSLonline

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



**Comprehensive Annual  
Financial Report**

The printing of this document (75 copies) was paid for out of the TRSL trust fund administrative budget (at a cost of \$886.50).