



2023

POPULAR Annual Financial REPORT

Providing retirement security
and fueling Louisiana's economy



For fiscal years ended June 30, 2023 and 2022

Message from the Director

Dear TRSL Members and Benefit Recipients:

It is my privilege to present the 2023 Popular Annual Financial Report (PAFR) for the Teachers' Retirement System of Louisiana (TRSL). This report offers a snapshot of the System's financial position and investment performance for the fiscal year ended June 30, 2023. The information in this publication represents the combined efforts of the TRSL staff and its advisors.

For this year's PAFR, we're focusing on the role that TRSL fulfills in providing retirement security and fueling Louisiana's economy. It's a fitting theme any year, but it's especially appropriate for 2023.

This year marked the passage of landmark legislation that changes how we fund permanent benefit increases (PBIs) for retired members and future retirees. Under the new model, PBIs – which were infrequent – are projected to be paid every two to three years. This is a huge win for members whose purchasing power will be protected. However, it's also a win for Louisiana's economy. Nearly 90% of TRSL's members continue to live in Louisiana after retirement. Every trip to the grocery store helps fuel the state and local economies.

TRSL paid more than \$2.3 billion in benefits to 83,525 members in FY 2023. Those benefit checks are delivered to every parish in the state. Each pension dollar spent in Louisiana is a dollar invested in a local community.

This past year also showed just how sustainable TRSL is. Our plan's funding level now stands at 75.8%, up from 73.7%. The unfunded accrued liability (UAL) diminished by nearly \$600 million. And, the contribution rate paid by employers will decrease in Fiscal Year 2024-25 for the sixth consecutive year, giving them more flexibility as they set budget priorities. This positive story is due in large part to the prudent pension reforms enacted by the legislature since 2009.

As a long-term investor with a sound investment policy, TRSL investment returns continue to outpace peer returns even though interest rates remained at elevated levels compared to the past. TRSL earned a 7.28% return on investments (gross of fees) for the fiscal year that ended June 30, 2023, with the market value of assets totaling \$26.1 billion. TRSL has generated annualized returns over the past ten years of 9.18%, putting the system in the top eighth percentile of public pension funds with assets greater than \$1 billion, according to the Wilshire Trust Universe Comparison Service (TUCS).

Legislatively, the 2023 Regular Session produced several bills and resolutions that impacted TRSL. Among the most significant of these was Act 184, as previously mentioned, which created a new PBI funding model. The new model reflects years of work by the retirement systems' staff and legislators to generate PBIs more frequently.

Also important were Act 107 and Act 397. Act 107 is a constitutional amendment that was adopted by a majority of the state's voters in October. As a result, 25% of nonrecurring state revenue will be appropriated to the retirement debt of TRSL and the three other state retirement systems. Act 397 also addressed retirement debt by appropriating \$49.3 million to TRSL's initial unfunded accrued liability (IUAL). The System received an additional \$1.4 million toward the IUAL through statutory dedication. Other legislation affecting the retirement system can be found on page 7.

For more information about TRSL, visit www.TRSL.org. Our website is a library of information with newsletters, brochures, videos and more. At TRSL, retirement information is always just a click away. Member service is at the heart of everything we do, and we want the road to retirement to be easy to navigate.

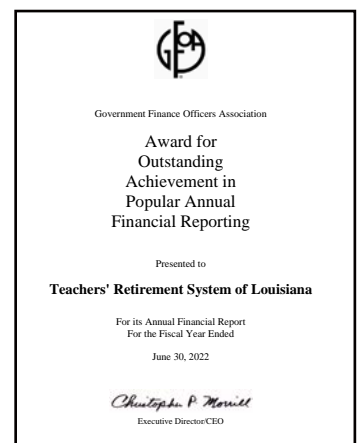
The TRSL Board of Trustees and I also encourage you to peruse the pages of this report. It is an abbreviated version of the Annual Comprehensive Financial Report, that provides a wealth of information about TRSL's financial position and investment performance. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles of the United States, and have been audited by an independent certified public accounting firm on behalf of the Louisiana Legislative Auditor's Office. More detailed information can be found in the 2023 Annual Comprehensive Financial Report, available at www.TRSL.org.

Sincerely,



Katherine M. Whitney
TRSL Director

*For the last 21 years,
the Government Finance
Officers Association
of the United States
and Canada (GFOA)
has recognized TRSL
for preparation of its
summary annual report.*



Financial Information

TRSL ended Fiscal Year 2023 with \$26.1 billion in net assets. The chart immediately below shows TRSL's assets and liabilities over the past three years, as well as the net assets held in trust. The second chart below details the additions to and deductions from the plan net assets for the same three-year period.

Condensed Comparative Statements of Fiduciary Net Position

	2023	2022	2021
Assets			
Cash and cash equivalents	\$ 247,479,474	\$ 287,758,424	\$ 246,399,879
Receivables	2,251,340,946	2,161,247,957	2,070,552,824
Investments (fair value)	25,688,786,448	24,493,475,102	27,511,511,252
Securities lending collateral	1,889,814,437	2,249,411,149	2,012,340,658
Property and equipment, at cost (net)	3,600,758	3,762,992	3,756,029
Total assets	30,081,022,063	29,195,655,624	31,844,560,642
Deferred outflows of resources	8,230,809	7,234,204	7,475,794
Liabilities			
Accounts payable and other liabilities	2,066,144,585	1,898,004,981	2,112,352,860
Securities lending collateral	1,889,814,437	2,249,411,149	2,012,340,658
Total liabilities	3,955,959,022	4,147,416,130	4,124,693,518
Deferred inflows of resources	8,106,946	4,600,578	3,214,663
Net position restricted for pensions	\$ 26,125,186,904	\$ 25,050,873,120	\$ 27,724,128,255

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2023	2022	2021
Additions (reductions)			
Member contributions	\$ 406,654,301	\$ 378,065,214	\$ 361,684,671
Employer contributions	1,333,120,568	1,266,088,182	1,237,976,403
Non-employer contributions	47,527,932	45,234,317	44,886,830
LSU Co-Operative Extension*	1,889,857	1,987,638	2,075,689
Other operating revenues	113,567,875	49,860,342	19,804,296
Net investment income (loss)	1,626,636,748	(2,042,713,110)	7,164,169,788
Total additions (reductions)	3,529,397,281	(301,477,417)	8,830,597,677
Deductions			
Benefits, refunds, and other	2,438,001,434	2,354,988,797	2,310,595,851
LSU Co-Operative Extension*	1,623,060	1,739,624	1,856,703
Administrative expenses	14,937,155	14,554,420	14,132,424
Depreciation expense	521,848	494,877	470,446
Total deductions	2,455,083,497	2,371,777,718	2,327,055,424
Net increase (decrease)	1,074,313,784	(2,673,255,135)	6,503,542,253
Net position restricted for pensions beginning of year	25,050,873,120	27,724,128,255	21,220,586,002
Net position restricted for pensions end of year	\$ 26,125,186,904	\$ 25,050,873,120	\$ 27,724,128,255

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

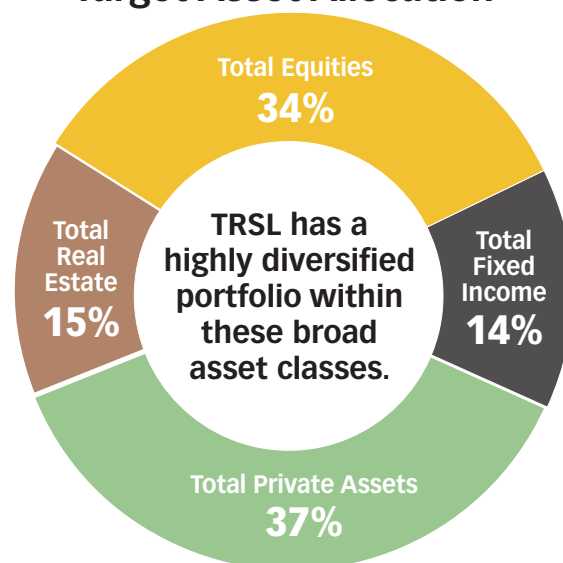
Investment information

A highly diversified portfolio of global assets helps TRSL withstand periods of market volatility and meet our investment goals over the long term.

Investments are spread over a broad set of asset classes, including stocks, bonds, real estate, and private assets. This diversity has helped us sustain annualized returns over the past ten years of 9.18% (gross of fees).

In fact, for the 10-year period ending June 30, 2023, TRSL's investment returns rank in the top (best) 8th percent of public pension funds with assets greater than \$1 billion, according to the Wilshire Trust Universe Comparison Service (TUCS).

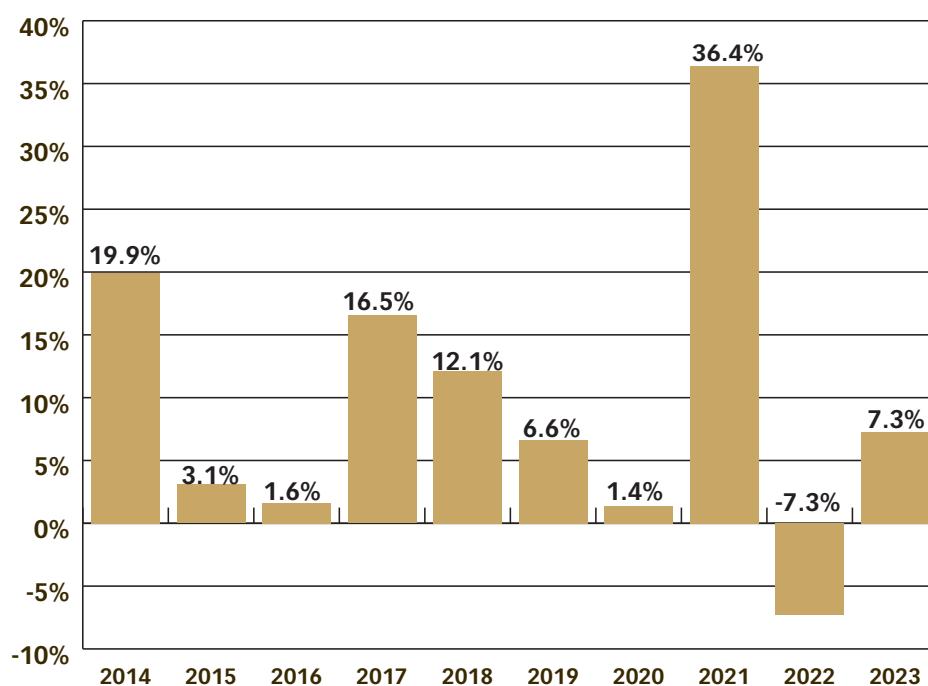
Target Asset Allocation



Investments at Fair Value

	2023	2022	2021
Short-term investments	\$ 1,194,546,215	\$ 1,020,749,502	\$ 1,073,305,658
Global debt securities	2,549,554,777	2,800,253,489	3,368,747,664
Global equity securities	9,696,210,341	8,878,055,972	12,274,373,322
Private assets	9,176,540,872	8,754,904,208	8,482,954,130
Real estate	3,071,934,243	3,039,511,931	2,312,130,478
Total investments	\$ 25,688,786,448	\$ 24,493,475,102	\$ 27,511,511,252

**10-
Year**
Rates of Return
(gross of fees)



Actuarial Information

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

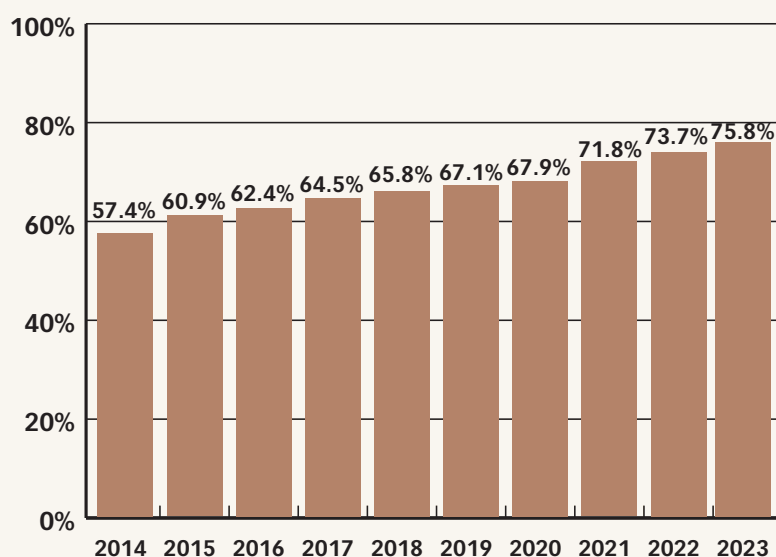
The actuary also calculates the actuarial value of the System's assets. Actuarial value and market value are different. Market value is based on what assets could be sold for on a specific date, which can change daily. Actuarial value is based on a technique that "smooths" short-term market gains and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

Using the actuarial value provides a reliable way to estimate the System's assets and liabilities that is not tied to day-to-day market fluctuations and helps TRSL better meet its long-term funding needs. As of June 30, 2023, the System's actuarial value of assets was \$26.7 billion, up from \$25.5 billion in the previous fiscal year. TRSL's actuarial funded ratio increased to 75.8% in FY 2023 from 73.7% in FY 2022. The actuarial funded ratio of 75.8% means that TRSL has 75.8 cents to cover the present value of every dollar expected to be paid in future retirement benefits.

Summary of Actuarial Valuation

	2023	2022	2021
Membership			
Retirees	83,525	82,600	81,620
Active	88,527	86,364	85,980
DROP	2,109	2,172	2,227
Terminated vested	9,836	9,245	8,409
Actuarial investment return	6.79%	8.96%	12.65%
Actuarial funded ratio	75.80%	73.70%	71.80%
Annual benefits paid*	\$ 2,382,145,347	\$ 2,305,608,025	\$ 2,257,872,039

*Includes LSU Co-Operative Extension



**Funded
Ratio**
(2014 - 2023)

Revenues and Expenses

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

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

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

Revenues by Source

Fiscal Year	Member	Employer	Non-Employer*	Appropriations Acts	Excess Mineral Revenue	Net Investment Income	Other Operating Revenues	Total
2020-2021	\$ 361,684,671	\$ 1,237,976,403	\$ 46,962,519	\$ 18,612,744 ^c		\$7,164,169,788	\$ 1,191,552	\$ 8,830,597,677
2021-2022	378,065,214	1,266,088,182	47,221,955	48,092,612 [‡]		(2,042,713,110)	1,767,730	(301,477,417)
2022-2023	406,654,301	1,333,120,568	49,417,789	50,663,234 ^o	\$ 57,000,000 [†]	1,626,636,748	5,904,641	3,529,397,281

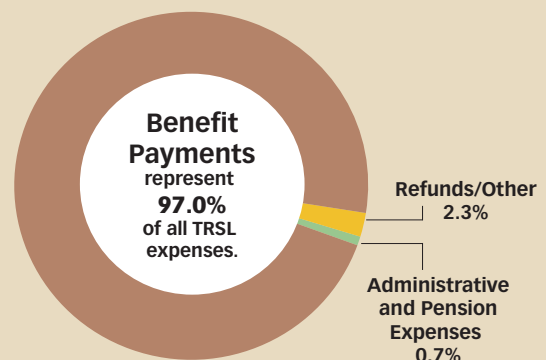
*Refers to the sheriff tax collections and LSU Co-Op Extension; ^cAct 120 of 2021; [‡]Act 170 of 2022; ^oAct 397 of 2023; [†]Act 679 of 2016

Expenses

In Fiscal Year 2023, TRSL paid \$2.4 billion in retirement benefits. These dollars provide a reliable monthly income to more than 83,500 retirees and beneficiaries, the majority of whom live in Louisiana.

As shown in the pie chart to the right, 97 cents of every dollar went toward benefit payments in Fiscal Year 2023. Administrative expenses account for less than one penny out of that same dollar

FY 2023 Expenses by Type



Expenses by Type

Fiscal Year	Benefits*	Pension Expense	Refunds/Other	Administrative Expenses [†]	Depreciation Expense	Total
2020-2021	\$ 2,257,486,738	\$ 1,870,195	\$ 53,095,621	\$ 14,132,424	\$ 470,446	\$ 2,327,055,424
2021-2022	2,306,240,259	758,208	49,729,954	14,554,420	494,877	2,371,777,718
2022-2023	2,381,161,503	3,249,945	55,213,046	14,937,155	521,848	2,455,083,497

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

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

Summary of FY 2023 Legislation

ACT 184 (Sen. Ed Price) Provides for benefit increases for retirees, beneficiaries, and survivors of state retirement systems and the funding therefor.

ACT 397 (Rep. Jerome Zeringue) Makes a supplemental appropriation of \$49.3 million to TRSL's unfunded accrued liability (IUAL). TRSL also received an additional \$1.4 million for the IUAL through statutory dedication.

HCR 67 (Rep. Mike Johnson) Asks Congress to review federal Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) Social Security benefit reductions and eliminate or reduce them by supporting H.R. 82 and S. 597 of the 118th Congress and all similar legislation.

HCR 69 (Rep. Mike Johnson) Requests the Senate and House retirement committees study benefit options for future state employees to avoid federal GPO/WEP Social Security benefit reductions.

TRSL At a Glance

Ten largest employers (FY 2023)

	# of employees
Jefferson Parish School Board	4,837
EBR Parish School Board	4,775
St. Tammany Parish School Board	4,670
Caddo Parish School Board	3,890
Calcasieu Parish School Board	3,874
Lafayette Parish School Board	3,502
Livingston Parish School Board	3,011
Rapides Parish School Board	2,651
Ascension Parish School Board	2,620
Bossier Parish School Board	2,449

Membership Demographics

K-12 (including lab schools)
85.20%

Higher Ed 14.12%
Other* 0.68%

*Including state agencies and unions

Breakdown
by employer

Breakdown
by gender

Female
81%

Male
19%

Less than age 30 15.49%
Age 30-39 26.22%

Age 40-49 29.37%
Age 50-59 20.85%

Age 60-69 7.08%
Age 70 and older 0.99%

Breakdown
by age

2023

POPULAR Annual Financial REPORT



Katherine Whitney, Director



A component unit of the State of Louisiana

Physical address (certified mail):

8401 United Plaza Blvd, Ste 300,
Baton Rouge, LA 70809-7017

Mailing address:

PO Box 94123, Baton Rouge, LA 70804-9123

Telephone: (225) 925-6446

Toll free (outside Baton Rouge): 1-877-ASK-TRSL (1-877-275-8775)

Email: web.master@trsl.org

Website: www.TRSL.org

Business hours: 8 AM - 4:30 PM (Mon-Fri, excluding holidays)



Facebook/Twitter/YouTube: @TRSLonline

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

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