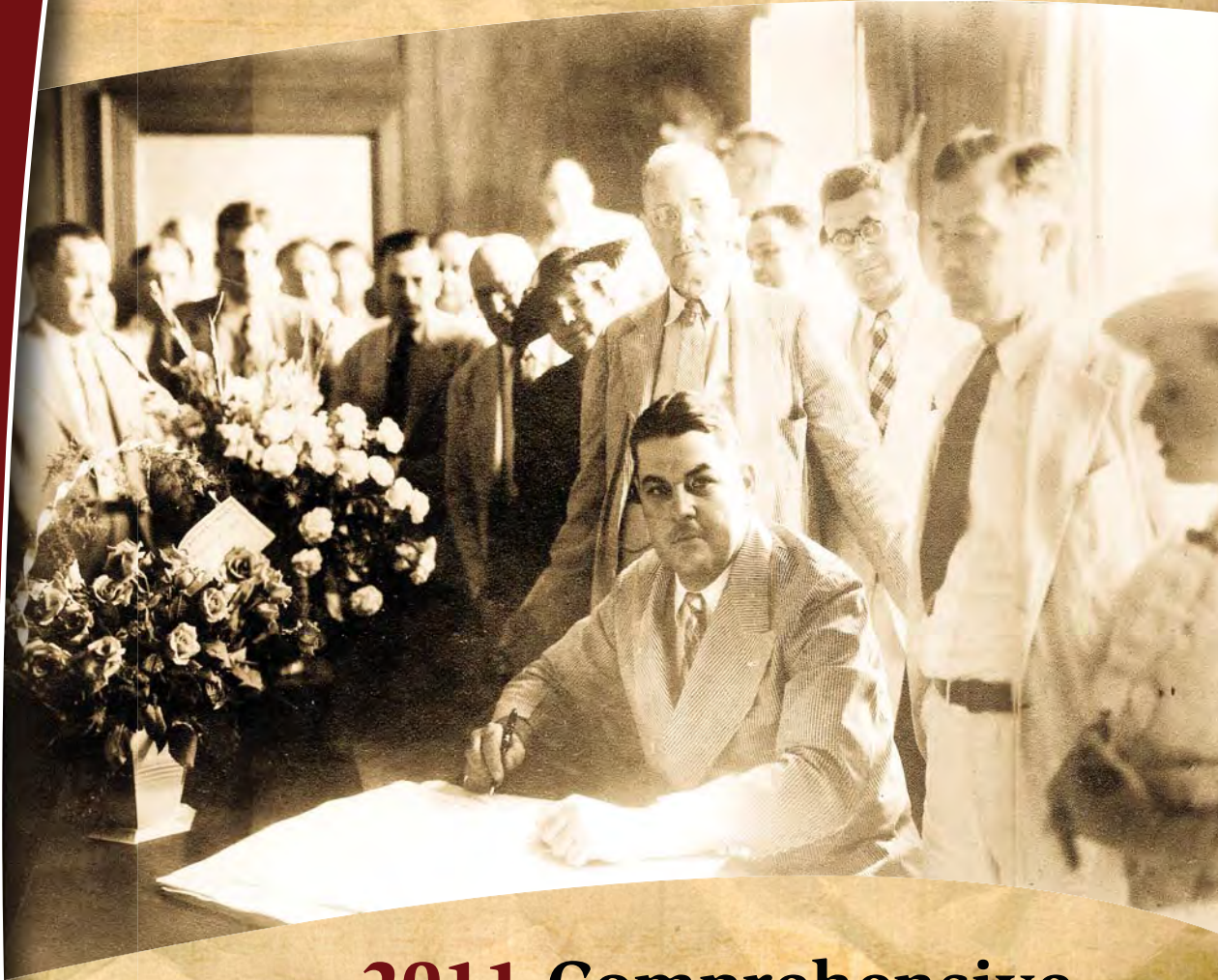


Teachers' Retirement System of Louisiana



**2011 Comprehensive
Annual Financial Report**

Celebrating

75
years

TRSL

1936 - 2011

Cover photo: Commemorative photo, dated July 1, 1936, which shows the signing of legislation that created the Teachers' Retirement System of Louisiana (TRSL). TRSL was officially established a month later on August 1.

2011 Comprehensive Annual Financial Report

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

Maureen H. Westgard, Director

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Website: www.trsl.org



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Celebrating

75
years

 **TRSL**

1936 - 2011



www.trsl.org
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Post Office Box 94123
Baton Rouge LA 70804-9123

Board of Trustees

Anne H. Baker
Chair
Retired Members

Sheryl R. Abshire, Ph.D.
Vice Chair
7th District

Joe A. Potts, Jr.
1st District

Eula M. Beckwith
2nd District

Gavin L. Vitter
3rd District

Dominic Salinas, Ed.D.
4th District

Holly Bridges Gildig
5th District

Joyce P. Haynes
6th District

William C. "Bill" Baker, Ed.D.
Retired Members

Kathy M. Hattaway
School Food Service

Darryl C. Kilbert
Superintendents

Robert Lawyer
Colleges & Universities

Ex Officio

D.A. "Butch" Gautreaux
Chairman, Senate
Retirement Committee

John N. Kennedy
State Treasurer

Ollie Tyler
Acting State Superintendent
of Education

J. Kevin Pearson
Chairman, House
Retirement Committee

Director

Maureen H. Westgard

Deputy Director

A. Stuart Cagle, Jr.

Assistant Director

Dana L. Vicknair

Chief Investment Officer

Philip Griffith

General Counsel

Roy A. Mongrue, Jr.

Executive Staff Officer

Lisa Barousse

Executive Assistant

Dana Lee Haltom

October 6, 2011

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

Dear Board Members:

We are pleased to present the 2011 Comprehensive Annual Financial Report (CAFR) for the Teachers' Retirement System of Louisiana (TRSL). This report is designed to provide a detailed look at the financial, investment, and actuarial aspects of the system for the fiscal year ended June 30, 2011.

We are also pleased to report that TRSL's market rate of return attained a 25-year high. We ended the fiscal year with a 26.76 percent (gross of fees) return on investments, making TRSL the highest performing fund among public pension plans with assets greater than \$1.0 billion, according to the Wilshire Trust Universe Comparison Service (TUCS). The diversification of the system's portfolio and our long-range investment strategies enabled us to both capitalize on a number of market opportunities available this fiscal year and manage the stability and growth of the portfolio.

75 years of dedicated service

The year 2011 also marks an important milestone for the system. We are celebrating the 75th anniversary of TRSL and have chosen this occasion as the theme for our annual report. You'll notice that the photograph on the cover shows Gov. Richard W. Leche, in 1936, signing legislation into law that officially created TRSL.

Ever since then, teachers in Louisiana have been able to retire with a stable source of income after their years of service in the classroom. This is due, in large part, to the many women and men who have served on the TRSL Board of Trustees, and those who have been a part of the retirement system's dedicated staff. Over the years, TRSL board members have worked to protect and maintain the highest standards of financial integrity, and the TRSL staff has provided exceptional customer service to members and employing agencies. We are all proud to be part of TRSL's long history of service to Louisiana's educational community.

About TRSL

TRSL is a multiple-employer, defined benefit pension plan that was established by the Legislature and began operation on August 1, 1936. All of its assets are held in trust to provide retirement benefits for retired members and their beneficiaries.

Toll free (outside the Baton Rouge area): 1.877.ASK.TRSL (1.877.275.8775)

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



TRSL is the largest public retirement system in the state with a membership of 178,748. In 2011, active membership in TRSL totaled 86,742, down from 88,783 in 2010. The number of retirees increased to 65,512 in 2011 from 63,940 in 2010.

A 16-member Board of Trustees governs the retirement system. The board's primary responsibility is to safeguard and manage the assets held in trust for the membership.

The TRSL Board has 12 elected members and four ex officio members that meet every month. Trustees and executive management staff perform all duties in accordance with their fiduciary responsibilities. Board members are also required to complete continuing education or professional development training each year in investments, actuarial science, law, and ethics.

Investments

As mentioned earlier, the TRSL portfolio achieved an investment return of 26.76 percent (gross of fees) at June 30, 2011. Both private and public market assets held by the system delivered strong double-digit returns.

Public market assets earned 28.1 percent, beating the benchmark by 120 basis points. Returns for asset classes in the private market were as follows: private equity earned 22.7 percent, real assets earned 21.9 percent, and debt related allocations earned 14.3 percent.

The diversification of TRSL's portfolio and its long-term investment strategies allowed the system to achieve solid returns and outperform peers. An expanded analysis of the system's returns shows that TRSL ranks in the top (best) 40 percent of public pension funds with assets greater than \$1 billion for the 10-year period according to TUCS.

Funding

Investment earnings and contributions from employees and employers fund the retirement system. TRSL Regular Plan members, the system's largest membership, contribute eight percent of salary toward their retirement benefits. In Fiscal Year 2010-11, investment earnings and contributions from employees made up almost 78 percent of all TRSL revenues from which retiree benefits are paid.

The employer contribution rate is based on two factors: (1) the normal cost of funding retirement benefits for the current year, and (2) amortization of the retirement system's unfunded accrued liability (UAL). Taking these factors into consideration, each year the TRSL actuary recommends an employer contribution rate which is converted to a percentage of total payroll, and approved by the Public Retirement Systems' Actuarial Committee (PRSAC). The employer contribution rate for Fiscal Year 2011-12 is 23.7 percent, and was 20.2 percent for Fiscal Year 2010-11.

During the fiscal year ended June 30, 2011, the funded ratio of the system increased to 55.1 percent from 54.4 percent. Total net assets held in trust increased to \$14.6 billion at June 30, 2011, from \$12.0 billion at June 30, 2010.

Accomplishments

For the last eight years, CEM Benchmarking, Inc. has recognized TRSL for its cost-effective administration. Given the number of services TRSL offers its members, the latest results show that TRSL's operating costs per annuitant and active member were \$90 compared to \$105—the peer average. Compared to all 88 pension systems participating in the benchmarking analysis, TRSL has the 23rd lowest administrative cost.

These results show TRSL is operating at the highest levels of efficiency and still delivering top-notch services. Here are a few of our other accomplishments from the past year:

- **Online Retirement:** TRSL launched its online retirement service and benefit calculator preloaded with member data, allowing members to create their own benefit estimates and apply for retirement online. With upgraded security features, members can also register and receive their personal identification number (PIN) within minutes to view their retirement information through TRSL's online Member Access.
- **Employer Support Services:** TRSL has established a new unit to assist employers with reporting certain member data used in computing retirement benefits. Upon request, this unit can provide on-site, customized assistance to employers. This will enhance the retirement process for the members and employers.
- **Retirement Education:** TRSL continued to increase the use of webinars to deliver important retirement information to members and employers. Webinars are interactive online seminars that give members and employers the flexibility to access TRSL information from their homes and offices.
- **Member Information Center (MIC):** TRSL installed a new telephone system that has enhanced our ability to provide the best customer service to members who call or walk-in. The new communication system will also save TRSL approximately \$100,000 per year in telephone costs.
- **TRSL Mobile Site:** TRSL launched a new mobile site that provides easier access and navigation for mobile device users. The site is designed to give smartphone and tablet users all the TRSL information they might need to readily access "on the go."
- **Online Multimedia Presentations:** TRSL continued to expand its library of online multimedia presentations for members, TRSL Now Showing. Members can now view nine presentations about their retirement. The slideshow format allows TRSL to easily update and revise presentations if necessary.

System Oversight

All duties of the Board and management are performed in accordance with their fiduciary responsibilities. There can be no conflict of interest concerning the membership; the highest standards of ethical management must be met; assets must be managed prudently; and the best legal and investment expertise must be employed in deciding on the allocation of funds.

Furthermore, in accordance with state law, the system is subject to a substantial degree of legislative oversight. The Legislature annually reviews and approves the system's operating budget and enacts legislation pertaining to the system'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. The system's actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) on an annual basis.

This report has been prepared to meet all the requirements in Louisiana Revised Statute 11:832(B). Management assumes responsibility for the completeness and reliability of all financial statements and disclosures in this report. To the best of our knowledge, all information is accurate and has been prepared according to the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB). 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.

Toll-Free: 1.877.ASK.TRSL | TDD: 225.925.3653

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



On behalf of the Louisiana Legislative Auditor's Office, the independent certified public accounting firm of Hawthorn, Waymouth & Carroll, L.L.P., located in Baton Rouge, La., performed the annual financial and compliance audit of TRSL. This audit of our financial statements is 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 auditors that all financial statements contained in this report fairly present, in all material respects, the financial position of TRSL as of June 30, 2011, and 2010.

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

Awards and Recognition

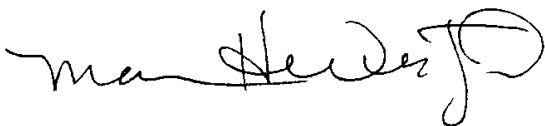
For the past two decades, TRSL has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). The system's 2010 Comprehensive Annual Financial Report (CAFR) received the award this year for the 20th consecutive time. TRSL also won the Award for Outstanding Achievement in Popular Annual Financial Reporting for its 2010 Popular Annual Financial Report (PAFR) for the ninth consecutive year. GFOA presents these prestigious national awards to state and local governments that exceed the minimum accounting requirements when preparing annual financial reports.

We are also pleased to announce that TRSL received the Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council. This award recognizes pension systems that meet professional standards for plan funding and administration.

Acknowledgments

TRSL staff prepared this report in cooperation with the Board of Trustees and executive management. We are grateful to those who helped in its preparation.

Respectfully submitted,



Maureen H. Westgard
Director



Charlene T. Wilson
Chief Financial Officer

Toll-Free: 1.877.ASK.TRSL | TDD: 225.925.3653

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



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 AND 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



Anne H. Baker
Board Chair
 Retired Members
Term expires 12/31/13



Sheryl R. Abshire, Ph.D.
Board Vice Chair
 7th District
Term expires 12/31/14



Joe A. Potts, Jr.
 1st District
Term expires 12/31/14



Eula M. Beckwith
 2nd District
Term expires 12/31/11



Gavin L. Vitter
 3rd District
Interim appointment



Dominic Salinas, Ed.D.
 4th District
Term expires 12/31/11



Holly Bridges Gildig
 5th District
Term expires 12/31/12



Joyce P. Haynes
 6th District
Term expires 12/31/12



Robert Lawyer
 Colleges and Universities
Term expires 12/31/14



William C. "Bill" Baker, Ed.D.
 Retired Members
Term expires 12/31/14



Darryl C. Kilbert
 Superintendents
Term expires 12/31/14



Kathy Hattaway
 School Food Service Employees
Term expires 12/31/13



Honorable D.A. "Butch" Gautreaux
 Chairman, Senate Retirement Committee



Honorable John N. Kennedy
 State Treasurer



Ollie Tyler
 Acting State Superintendent of Education



Honorable J. Kevin Pearson
 Chairman, House Retirement Committee

Executive Management and Department Managers



Seated (left to right): Katherine Whitney, Trudy Berthelot, Lisa Honore, Philip Griffith. Standing (left to right): Ronnie Mazie, Jeff LaCour, Dana Vicknair, Dana Brown, Charlene Wilson, Maureen Westgard, Maurice Coleman, Stuart Cagle, Roth Aymond, and Roy Mongrue. Not pictured: Jim Buras.

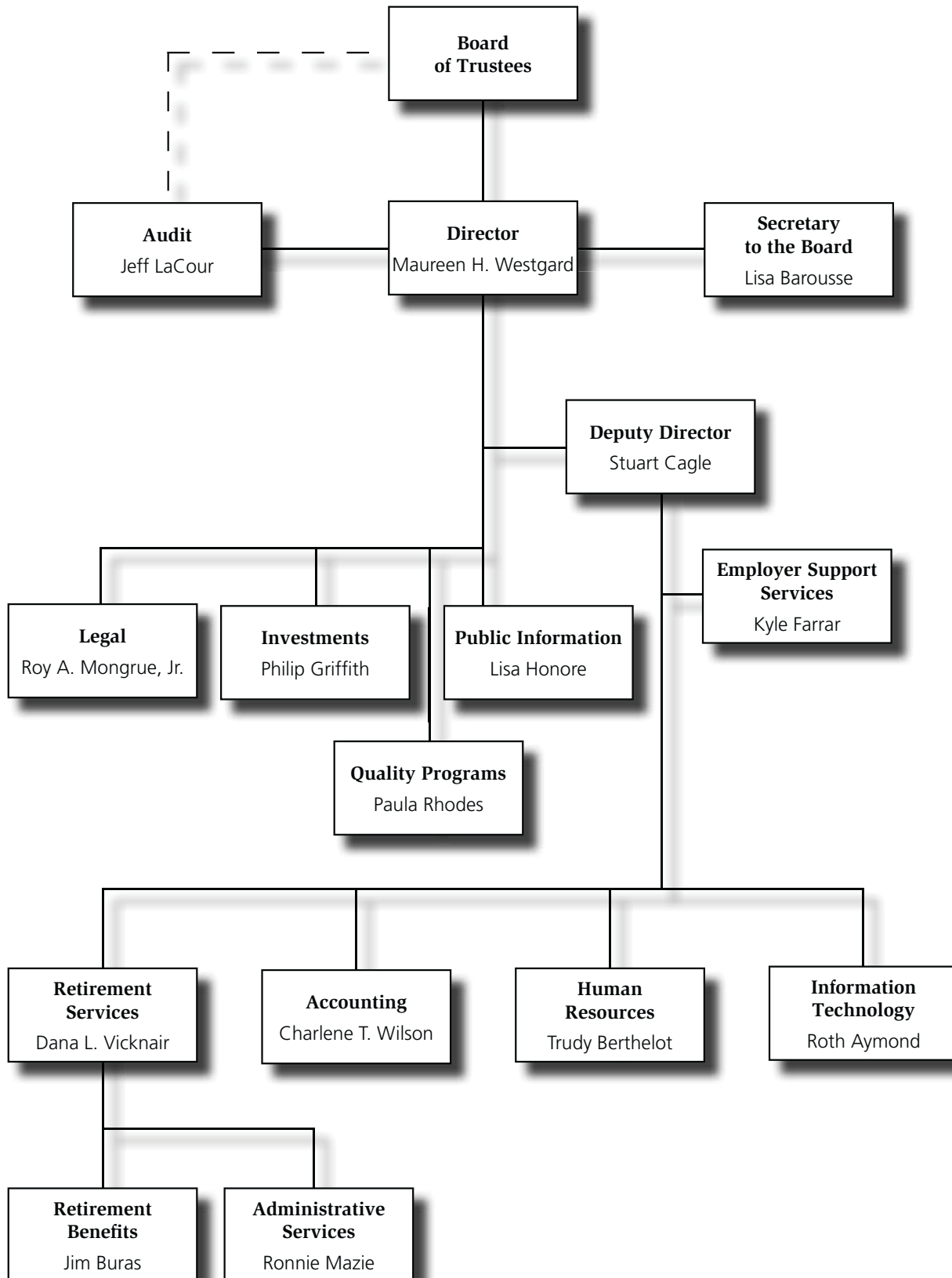
Executive Management

Maureen H. Westgard, *Director*
A. Stuart Cagle, Jr., *Deputy Director*
Dana L. Vicknair, *Assistant Director*
Roy A. Mongrue, Jr., *General Counsel*
Philip Griffith, *Chief Investment Officer*

Department Managers

Roth Aymond, *Information Technology Director*
Trudy Berthelot, *Human Resource Director*
Dana Brown, *Investment Director of Public Assets*
Jim Buras, *Retirement Benefits Administrator*
Maurice Coleman, *Investment Director of Private Assets*
Lisa Honore, Ph.D., *Public Information Director*
Jeff LaCour, *Audit Director*
Ronnie Mazie, *Administrative Services Manager*
Charlene T. Wilson, *Chief Financial Officer*
Katherine Whitney, *Deputy General Counsel*

Organizational Chart



Professional Consultants

Actuaries

Hall Actuarial Associates
SJ Actuarial Associates

Auditor

Hawthorn, Waymouth & Carroll, L.L.P.
Louisiana Legislative Auditor

Custodian Bank and Securities Lending Vendor

BNY Mellon Asset Servicing

Information Technology and Other Consultants

CEM Benchmarking, Inc.
EFL Associates
IBM Corporation
McLagan Management Consultants
Modiphy, Inc.
RMJ Consulting
SSA Consultants, L.L.C.
Scope Solutions Group, Inc.
USA Consulting, Inc.
VR Election Services

Investment Advisors

Acadian Asset Management
Aletheia Research and Management, Inc.
Alliance Bernstein, L.P.
Artisan Partners Limited Partnership
Atlanta Capital Management Company, L.L.C.
Augustus Asset Managers Limited
Baillie Gifford Overseas Limited
BNY Mellon Center
Brandywine Global Investment Management, Inc.
Chicago Equity Partners, L.L.C.
The Clifton Group
Columbus Circle Investors
Fiduciary Management Associates, L.L.C.
First Quadrant, L.P.
GAM Investment Managers Ltd.
Golden Capital Management

Hamilton Lane Advisors, L.L.C.
J. P. Morgan Investment Management, Inc.
LSV Asset Management
Madison Square Investors, L.L.C.
Mellon Capital Management
MFS Institutional Advisors, Inc.
Mondrian Investment Partners
New Star Institutional Managers Limited
Perimeter Capital Management
Prudential Real Estate Investors
Rhumblin Advisers
Rothschild Asset Management, Inc.
Shenkman Capital Management, Inc.
Smith Asset Management Group, L.P.
Systematic Financial Management
TCW Asset Management Company
UBS Global Asset Management, Inc.
Westwood Management Corp.

Investment Consultants

Hammond Associates Inst. Fund Consultants
Hewitt EnnisKnupp, Inc.

Legal Consultants

Avant & Falcon
Ice Miller, L.L.P.
Investor Responsibility Support Services, Inc.
Jones, Day, Reavis and Pogue
Law Offices of Randy P. Zinna

Medical Examiners

Capitol Clinical & Forensic Psychiatry, L.L.C.
C/O Dr. Terry LeBourgeois, M.D.
Jeanne M. Estes, M.D.
Brian C. Gremillion, M.D.
Anthony Ioppolo, M.D.
W. J. Laughlin, M.D.
Tulane Medical Group
C/O Dr. Terry LeBourgeois, M.D.
Lawrence D. Wade, M.D.
Richard W. Williams, M.D.
Michael W. Yorek, M.D.

Summary of 2010-11 Legislation

Act 357	Constitutional amendment that requires the payment of a minimum of 5% of any money designated as nonrecurring to the UAL for FY 2013-14 and 2014-15, and for FY 2015-16 and thereafter, the payment of a minimum of 10%. <i>(Approved by voters October 22, 2011.)</i>
Act 347	Allows members who retired between May 1, 2009, and June 30, 2010, and return to work in positions requiring a valid Louisiana teaching or ancillary certificate to receive a retirement benefit after completing a 12-month waiting period following retirement. <i>(Effective 7/1/2011.)</i>
Act 368	Makes changes to provisions enacted by Act 992 of the 2010 Regular Session, including DROP and ILSB participation eligibility for individuals who joined a state retirement system on or after January 1, 2011, and clarifies credit earned while receiving workers' compensation for members of the System on or before December 31, 2010. <i>(Effective July 1, 2011.)</i>
Act 75	Excludes from membership employees of the Louisiana High School Athletic Association employed on or after July 1, 2011. <i>(Effective July 1, 2011.)</i>
Act 377	Provides that for any individual who was a part-time public official on January 1, 1997, and who is elected to the Legislature on or after July 1, 2011, but who was not in the Legislature on June 30, 2011, his or her total accrual rate shall be 2%. <i>(Effective June 30, 2011.)</i>
H.R. 80	Amends and readopts House Rule No. 7.2(A) of the Rules of Order of the House of Representatives to require bills and joint resolutions relative to retirement to be pre-filed no later than 5 p.m. of the 45th day prior to the first day of the regular session.
H.R. 149	Directs the state and statewide retirement systems to study the nature of irrevocable decisions and to provide the Legislature with solutions for allowing members and retirees to revoke certain elections under certain circumstances.
H.C.R.135	Directs the Teachers' Retirement System of Louisiana, the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System, and the Louisiana State Police Pension and Retirement System to report specified information to the House and Senate Committees on Retirement, including the feasibility of consolidating the administrative and investment functions of the systems.
H.C.R. 93, H.C.R. 94, and S.C.R. 57	Memorializes Congress to review and consider eliminating the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) Social Security benefit reductions.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Enos

Executive Director



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2010***

Presented to

Teachers' Retirement System of Louisiana

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

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Celebrating

75
years

 **TRSL**

1936 - 2011

J. CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

October 5, 2011

Independent Auditor's Report

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

Members of the Board:

We have audited the accompanying statements of plan net assets of the

**Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana**

a component unit of the State of Louisiana, as of June 30, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended, which collectively comprise the System's basic financial statements. These financial statements are the responsibility of the Teachers' Retirement System of Louisiana's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Teachers' Retirement System of Louisiana as of June 30, 2011 and 2010, and the changes in net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2011, on our consideration of the Teachers' Retirement System of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are required to be presented supplement to the basic financial statements by the U.S. generally accepted accounting principles. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Teachers' Retirement System of Louisiana's financial statements as a whole. The accompanying financial information listed in the Table of Contents as supporting schedules is presented for the purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Yours truly,

Hawthorn, Weymouth & Carroll, LLP

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 2010 and 2011. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the Financial Section, as well as information presented in the letter of transmittal in the Introductory Section.

Financial Highlights

- The net assets held in trust were \$14.6 billion in 2011 compared to \$12.0 billion in 2010, and \$11.3 billion in 2009.
- The market rate of return on the System's investments was 26.8 percent for 2011 compared to 12.6 percent for 2010, and -22.3 percent for 2009.
- The System's funded ratio (assets include IUAL funds and employer credit account) was 55.1 percent at June 30, 2011, compared to 54.4 percent at June 30, 2010, and 59.1 percent at June 30, 2009.
- The unfunded actuarial accrued liability (UAAL) is \$10.8 billion for 2011 and 2010. The unfunded actuarial accrued liability was \$9.3 billion in 2009. This liability includes all actuarial assets required in accordance with GASB 25.
- Total benefit payments were \$1.6 billion in 2011. The benefit payments were \$1.5 billion in 2010 and 2009.

Overview of the Financial Statements

The System's basic financial statements include the following:

1. Statements of plan net assets,
2. Statements of changes in plan net assets, and
3. Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements. The statements of plan net assets report the pension fund's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial

position of the System as of June 30, 2011, and June 30, 2010.

The statements of changes in plan net assets report the results of the pension fund's operations during the years, disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets.

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 A** provides a general description of TRSL, information regarding employer and membership participation, and descriptions of the various plans offered.
- **Note B** provides a summary of significant accounting policies and plan asset matters including the basis of accounting, estimates, methods used to value investments, property and equipment, budgetary accounting methods, accumulated leave requirements, and reclassifications.
- **Note C** provides information regarding member and employer contribution requirements.
- **Note D** provides information regarding TRSL employee pension benefit plans.
- **Note E** describes the System's investments and includes information regarding cash and cash equivalents, security collateralization, investment credit risk, interest rate risk, foreign credit risk, and alternative investments.
- **Note F** provides information regarding securities lending transactions.
- **Note G** describes the various types of derivative investments in which the System is invested.
- **Note H** provides information on contingent liabilities.
- **Note I** provides the required supplementary information.
- **Note J** provides information on the presentation of GASB Statement 44.
- **Note K** provides information on the presentation of GASB Statement 45.
- **Note L** provides information on subsequent events.

Required supplementary information consists of two schedules and related notes concerning the funded status of the System. It also includes the schedules of funding progress for the Other Post-Employment Benefits (OPEB) plan.

Supporting schedules include information on administrative expenses, investment 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. Employee contributions, employer contributions, and earnings on investments fund these benefits. Total net assets held in trust to pay pension benefits at June 30, 2011, is \$14.6 billion, compared to \$12.0 billion held in trust at June 30, 2010, and \$11.3 billion held in trust at June 30, 2009.

Changes in Plan Net Assets

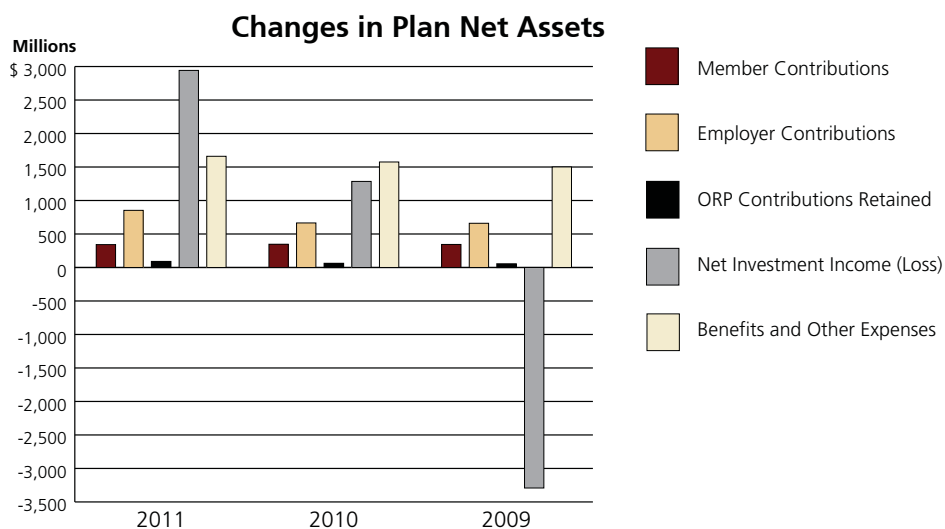
For June 30, 2011, additions to TRSL's plan net assets were derived from investment income and member and employer contributions. For 2011, member contributions decreased \$4,791,303 (-1.4 percent) compared to 2010, and employer contributions increased \$188,698,589 (28.4 percent) over 2010. For 2010, member contributions increased \$2,566,761 (0.8 percent) while employer contributions increased \$4,975,240 (0.8 percent) over 2009. For 2009, member contributions increased 6.5 percent and employer contributions increased 0.6 percent over 2008. The System's actuary and the Public Retirement Systems' Actuarial Committee (PRSAC) adjust employer contributions annually. The employer rate was 20.2 percent for 2011, 15.5 percent for 2010, and 15.5 percent for 2009.

Condensed Comparative Statements of Plan Net Assets

	2011	2010	2009
Assets			
Cash and cash equivalents	\$ 193,169,842	\$ 150,796,599	\$ 131,091,325
Receivables	881,409,503	232,042,241	321,442,995
Investments (fair value)	14,226,894,390	11,740,975,822	10,978,695,442
Securities lending collateral	1,193,140,158	1,199,699,967	747,644,119
Capital assets	<u>4,298,781</u>	<u>4,249,381</u>	<u>4,435,754</u>
Total assets	<u>16,498,912,674</u>	<u>13,327,764,010</u>	<u>12,183,309,635</u>
Liabilities			
Accounts payable and other liabilities	728,561,935	106,632,659	185,384,219
Securities lending collateral	1,193,140,158	1,199,699,967	747,644,119
Total liabilities	<u>1,921,702,093</u>	<u>1,306,332,626</u>	<u>933,028,338</u>
Net assets held in trust	<u>\$ 14,577,210,581</u>	<u>\$ 12,021,431,384</u>	<u>\$ 11,250,281,297</u>

Condensed Comparative Statements of Changes in Plan Net Assets

	2011	2010	2009
Additions			
Member contributions	\$ 342,323,329	\$ 347,114,632	\$ 344,547,871
Employer contributions	853,918,265	665,219,676	660,244,436
ORP contributions retained	89,760,676	61,339,786	54,447,510
Other operating revenues	3,299,671	3,605,633	4,407,243
Total investment income (loss)	<u>2,942,693,424</u>	<u>1,285,742,297</u>	<u>(3,292,248,484)</u>
Total additions	<u>4,231,995,365</u>	<u>2,363,022,024</u>	<u>(2,228,601,424)</u>
Deductions			
Benefits, refunds, and other	1,660,261,512	1,575,174,018	1,501,027,245
Administrative expenses	15,417,596	16,154,823	15,799,028
Depreciation expense	<u>537,060</u>	<u>543,096</u>	<u>540,725</u>
Total deductions	<u>1,676,216,168</u>	<u>1,591,871,937</u>	<u>1,517,366,998</u>
Net increase (decrease)	2,555,779,197	771,150,087	(3,745,968,422)
Net assets beginning of year	<u>12,021,431,384</u>	<u>11,250,281,297</u>	<u>14,996,249,719</u>
Net assets end of year	<u>\$ 14,577,210,581</u>	<u>\$ 12,021,431,384</u>	<u>\$ 11,250,281,297</u>



NOTE: Operating revenue, excluding contributions and investment income, was less than \$5 million for the years 2011, 2010, and 2009.

Financial Section

Deductions from plan net assets totaled \$1,676,216,168 in fiscal year 2011, an increase of \$84,344,231 (or 5.3 percent) over fiscal year 2010. In 2010, total deductions from plan net assets increased by \$74,504,939 (or 4.9 percent) over fiscal year 2009. Benefit payments continue to be the major reason for this increase. For fiscal year 2011, benefit payments increased by 5.4 percent, compared to 4.7 percent in 2010 and 5.8 percent in 2009.

Investments

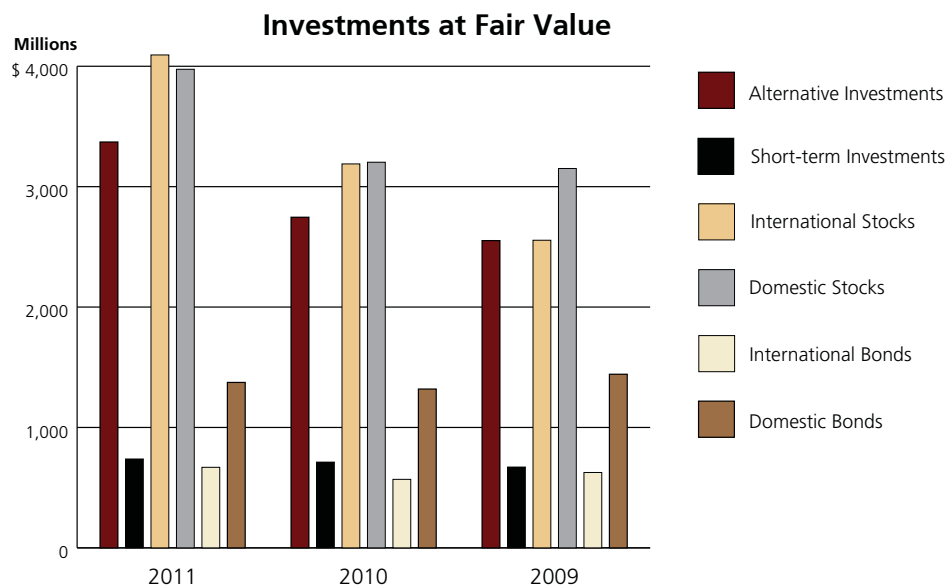
As the state's largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of member pension benefits. Funds are invested to achieve maximum returns and minimize risk.

Total investments at June 30, 2011, amounted to \$14.2 billion, compared to \$11.7 billion at June 30, 2010, and 11.0 billion for June 30, 2009. For 2011, the System successfully achieved a \$2.9 billion gain, compared to \$1.3 billion for 2010. The System experienced a net loss on investments of \$3.3 billion in 2009. For 2011, the gain is directly related to the increase the markets have experienced on both domestic and international investments.

TRSL's market rate of return is 26.8 percent for fiscal year ended 2011. This return makes TRSL the highest performing fund among public pension plans with assets greater than \$1.0 billion, according to the Wilshire Trust Universe Comparison Service (TUCS). In 2011, the continuing improvement in the financial world market played a key role in the outcome of the System's earnings potential.

Investments at Fair Value

	2011	2010	2009
Domestic bonds	\$ 1,374,952,322	\$ 1,319,516,370	\$ 1,422,286,805
International bonds	669,538,563	569,848,847	626,067,234
Domestic stocks	3,975,570,172	3,203,068,233	3,151,788,583
International stocks	4,094,745,522	3,189,810,406	2,555,387,559
Short-term investments	738,220,668	712,442,177	671,061,232
Alternative investments	<u>3,373,867,143</u>	<u>2,746,289,789</u>	<u>2,552,104,029</u>
Total investments	<u>\$ 14,226,894,390</u>	<u>\$ 11,740,975,822</u>	<u>\$ 10,978,695,442</u>



Funded Status

An actuarial valuation of assets and liabilities is performed annually. The System's funded ratio is 55.1 percent at June 30, 2011, compared to 54.4 percent at June 30, 2010, and 59.1 percent at June 30, 2009. The amount by which TRSL's actuarial liabilities exceed the actuarial assets is \$10.8 billion at June 30, 2011, and 2010, compared to \$9.3 billion at June 30, 2009. For the year ending June 30, 2011, the net realized actuarial rate of return was 6.44 percent, which was less than the System's long-term investment assumption of 8.25 percent. This resulted in a net investment experience loss. For the years ending June 30, 2010, and 2009, the net realized actuarial rates of return were -.89 percent and -12.31 percent, respectively.

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
charlene.wilson@trsl.org

FINANCIAL SECTION:

Basic Financial Statements

- Statements of Plan Net Assets
- Statements of Changes in Plan Net Assets
- Notes to the Financial Statements

Celebrating

75
years

 **TRSL**

1936 - 2011

Statements of Plan Nets Assets as of June 30, 2011, and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 193,169,842	\$ 150,796,599
Receivables		
Member contributions	56,787,814	59,257,475
Employer contributions	123,373,311	96,897,980
ORP contributions retained	6,636,474	4,279,761
Pending trades	659,633,553	36,016,308
Accrued interest and dividends	29,523,435	28,455,058
Other receivables	<u>5,454,916</u>	<u>7,135,659</u>
Total receivables	<u>881,409,503</u>	<u>232,042,241</u>
Investments, at fair value		
Domestic bonds	1,374,952,322	1,319,516,370
International bonds	669,538,563	569,848,847
Domestic common and preferred stocks	3,975,570,172	3,203,068,233
International common and preferred stocks	4,094,745,522	3,189,810,406
Domestic and international short-term investments	738,220,668	712,442,177
Alternative investments	<u>3,373,867,143</u>	<u>2,746,289,789</u>
Total investments	<u>14,226,894,390</u>	<u>11,740,975,822</u>
Invested securities lending collateral		
Collateral held under domestic securities lending program	912,105,082	939,717,625
Collateral held under international securities lending program	281,035,076	259,982,342
Total securities lending collateral	1,193,140,158	1,199,699,967
Property and equipment (at cost) - net	<u>4,298,781</u>	<u>4,249,381</u>
Total assets	<u>16,498,912,674</u>	<u>13,327,764,010</u>
Liabilities		
Accounts payable	9,112,130	8,167,523
Benefits payable	12,864,067	10,819,919
Refunds payable	6,299,057	6,356,179
Pending trades payable	690,646,242	72,754,781
Other liabilities	<u>9,640,439</u>	<u>8,534,257</u>
Total accounts payable and other liabilities	<u>728,561,935</u>	<u>106,632,659</u>
Securities lending collateral		
Obligations under domestic securities lending program	912,105,082	939,717,625
Obligations under international securities lending program	<u>281,035,076</u>	<u>259,982,342</u>
Total securities lending collateral	<u>1,193,140,158</u>	<u>1,199,699,967</u>
Total liabilities	<u>1,921,702,093</u>	<u>1,306,332,626</u>
Net assets held in trust for pension benefits	<u>\$ 14,577,210,581</u>	<u>\$ 12,021,431,384</u>

See accompanying notes to financial statements.

Statements of Changes in Plan Nets Assets as of June 30, 2011, and 2010

	2011	2010
Additions (reductions)		
Contributions		
Member contributions	\$ 342,323,329	\$ 347,114,632
Employer contributions	853,918,265	665,219,676
Total contributions	1,196,241,594	1,012,334,308
ORP contributions retained	89,760,676	61,339,786
Investment income:		
From investment activities		
Net appreciation (depreciation) in fair value of domestic investments	1,635,477,750	858,442,001
Net appreciation (depreciation) in fair value of international investments	1,038,540,671	189,051,016
Domestic interest	76,984,822	88,485,556
International interest	27,669,760	30,639,991
Domestic dividends	63,345,760	58,019,267
International dividends	97,544,773	77,539,701
Alternative investment income	67,989,337	41,032,314
Miscellaneous investment income	331,196	88,306
Commission rebate income	10,675	6,118
Total investment income (loss)	3,007,894,744	1,343,304,270
Investment activity expenses:		
International investment expenses	(5,410,956)	(4,491,280)
Alternative investment expenses	(35,504,651)	(30,548,101)
Custodian fees	(485,364)	(468,022)
Performance consultant fees	(738,617)	(713,829)
Advisor fees	(29,952,344)	(27,145,172)
Total investment expenses	(72,091,932)	(63,366,404)
Net income from investing activities (loss)	2,935,802,812	1,279,937,866
From securities lending activities		
Securities lending income	5,708,833	4,779,079
Securities lending expenses:		
Fixed	(1,449,599)	(1,206,030)
Equity	769,792	1,269,163
International	1,861,586	962,219
Total securities lending activities expenses	1,181,779	1,025,352
Net income from securities lending activities	6,890,612	5,804,431
Total net investment income (loss)	2,942,693,424	1,285,742,297
Other operating revenues	3,299,671	3,605,633
Total additions	4,231,995,365	2,363,022,024
Deductions		
Retirement benefits	1,615,778,191	1,532,526,141
Refunds of contributions & other	43,005,926	40,834,543
TRSL employee health & life expense	1,477,395	1,813,334
Administrative expenses	15,417,596	16,154,823
Depreciation expense	537,060	543,096
Total deductions	1,676,216,168	1,591,871,937
Net increase (decrease)	2,555,779,197	771,150,087
Net assets held in trust for pension benefits		
Beginning of year	12,021,431,384	11,250,281,297
End of year	\$ 14,577,210,581	\$ 12,021,431,384

See accompanying notes to financial statements.

Notes to the Financial Statements

A. Plan Description

1. General

The System is the administrator of a cost-sharing, multiple employer, defined benefit pension plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes. The System provides pension benefits to employees who meet the legal definition of a “teacher.” The System is considered part of the State of Louisiana’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. The State of Louisiana issues general purpose financial statements, which include the activities in the accompanying financial statements. The accompanying statements present information only as to transactions of the program of the System, as authorized by Louisiana Revised Statutes.

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 audits for the public retirement systems and is authorized to contract with a licensed CPA for each audit.
- Actuarial calculations and results are reviewed by the Public Retirement Systems’ Actuarial Committee (PRSAC) annually.
- The Louisiana Legislature enacts legislation pertaining to the public retirement systems, including administration, benefits, investments, and funding. All proposed retirement legislation is considered by the House and/or Senate Committees on Retirement. The legislative auditor prepares actuarial notes identifying the costs or savings related to such legislation.
- The Commission on Public Retirement reviews administration, benefits, investments, and funding of the public retirement systems.

In May 2002, the Governmental Accounting Standards Board issued Statement No. 39, Determining Whether Certain Organizations Are Component Units, that amended Statement No. 14, The Financial Reporting Entity. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization’s governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System.

2. Membership

At June 30, 2011, and 2010, the number of participating employers was:

	2011	2010
School Boards	69	69
Colleges and Universities	27	27
State Agencies	63	63
Charter Schools	32	33
Other	<u>15</u>	<u>16</u>
Total	<u>206</u>	<u>208</u>

Membership of this plan consisted of the following at June 30, 2011, and 2010, the dates of the latest actuarial valuations:

	2011	2010
Retirees and beneficiaries receiving benefits	65,512	63,940
Deferred Retirement Option Plan participants	3,032	3,148
Terminated vested employees entitled to but not yet receiving benefits	5,852	5,745
Terminated nonvested employees who have not withdrawn contributions	17,610	16,502
Current active employees:		
Vested	56,323	55,640
Nonvested	26,709	29,407
Post Deferred Retirement Option Plan participants	<u>3,710</u>	<u>3,736</u>
Total	<u>178,748</u>	<u>178,118</u>

3. Funding Status and Funding Progress

Contributions to the System are determined through an annual actuarial valuation. Administration of TRSL is financed through investment earnings. The schedule below reflects the funding status and progress of the System for the fiscal year ended June 30, 2011. (Dollars are presented in thousands.)

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/11	\$13,286,295	\$24,096,754	\$10,810,459	55.1%	\$3,902,647	277.0%

¹ The Actuarial Value of Assets for GASB reporting includes the IUAL Fund Assets in the Valuation Assets.

² UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes IUAL Fund.

UFAL — Unfunded Frozen Accrued Liability

IUAL — Initial Unfunded Accrued Liability

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedules of Funding Progress located in Required Supplementary Information following Notes to the Financial Statements presents multi-year trend information regarding whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information on the actuarial methods and assumptions used as of the June 30, 2011, actuarial valuation follows:

Valuation date	June 30, 2011													
Actuarial cost method	Projected Unit Credit													
Amortization method	<p>The unfunded accrued liability on June 30, 1988, is amortized over a 40-year period commencing in 1989. The amortization payment reflects a 4% increase for the first five years, reducing by 0.5% at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988, are amortized as level dollar amounts.</p> <p>Act 257 of 1992 further amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.</p> <p>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.</p> <p>Act 484 of 2007 and resulting constitutional amendment requires increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a 10-year period with level payments.</p> <p>Act 497 of 2009 consolidated 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 sub-account of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB was credited with funds from the Initial UAL sub-account, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. The payment schedule for each of these bases will increase each plan year as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Plan Year</th> <th style="text-align: center;">Original Amortization Base</th> <th style="text-align: center;">Experience Account Amortization Base</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2011/2012 – 2013/2014</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">7.0%</td> </tr> <tr> <td style="text-align: center;">2014/2015 – 2017/2018</td> <td style="text-align: center;">6.5%</td> <td style="text-align: center;">6.5%</td> </tr> <tr> <td style="text-align: center;">2018/2019 +</td> <td style="text-align: center;">2.0%</td> <td style="text-align: center;">Level Payments</td> </tr> </tbody> </table>		Plan Year	Original Amortization Base	Experience Account Amortization Base	2011/2012 – 2013/2014	7.0%	7.0%	2014/2015 – 2017/2018	6.5%	6.5%	2018/2019 +	2.0%	Level Payments
Plan Year	Original Amortization Base	Experience Account Amortization Base												
2011/2012 – 2013/2014	7.0%	7.0%												
2014/2015 – 2017/2018	6.5%	6.5%												
2018/2019 +	2.0%	Level Payments												
Amortization approach	Closed													
Remaining amortization period	Dependent upon the amortization method as described above.													
Asset valuation method	Assets are valued on a basis which reflects a four-year moving weighted average value between market value and cost value. This value is subject to Corridor Limits of 80% to 120% of the Market Value of Assets.													
Actuarial assumptions:														
Investment rate of return*	8.25%													
Projected salary increases*	3.50% - 7.50%													
Cost-of-living adjustments	None													

* Includes inflation at 3.0% per annum.

4. Eligibility

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

- **TRSL Regular Plan** — employees that meet the legal definition of a “teacher” in accordance with Louisiana Revised Statutes 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. Plan members become vested after five years of credited service. Members applying for disability retirement must be in active service at the time of filing the application. The formula for annual maximum retirement benefits is 2 or 2.5 percent (Regular Plan), 1 or 3 percent (Plan A), or 2 percent (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member’s highest successive 36 months of salary (or 60 months of salary, for membership beginning on or after January 1, 2011). Benefits are paid monthly for life. If a member leaves covered employment prior to vesting or dies prior to establishing eligibility for survivor benefits, accumulated member contributions are refunded.

In 1989, the Legislature established an Optional Retirement Plan (ORP) 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.

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 the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to pro-

vide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employees’ working lifetime.

Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement. Louisiana Revised Statutes 11:921 through 11:931 required the Board of Trustees of TRSL to implement the ORP no later than March 1, 1990, and the public institutions of higher education to implement their ORP on July 1, 1990. The 1995 legislative session amended the ORP to allow ORP participants who assume positions, other than as employees of a public institution of higher education covered by TRSL, to continue to participate in the ORP. The number of participating employers is currently 126. Current membership in the ORP is 24,516, which includes 6,769 active participants.

In accordance with Louisiana Revised Statutes 11:927(B), the System retains 14.5 percent of the 20.2 percent ORP employer contributions. The amount transferred to the carriers is the employer portion of the normal cost contribution that has been approved by the Public Retirement Systems’ Actuarial Committee to be 5.7 percent for FY 2011.

Member contributions (8 percent) are transferred to the carriers in their entirety less 0.1 percent, which has been established by the Board of Trustees to cover the cost of administration and maintenance of the ORP. The administrative fee may be adjusted by the Board should the cost of administering the plan change in the future.

At June 30, 2011, and 2010, employees joining ORP consisted of:

	2011	2010
Members of TRSL joining ORP	57	66
New employees joining ORP	<u>519</u>	<u>567</u>
	<u>576</u>	<u>633</u>
Total actively contributing members	6,769	7,735

At June 30, 2011, and 2010, the amounts transferred to ORP were:

	2011	2010
Amounts previously held in TRSL reserves	\$ 323,400	\$ 271,619
Contributions	<u>83,663,936</u>	<u>85,384,448</u>
Total	<u>\$ 83,987,336</u>	<u>\$ 85,656,067</u>

At June 30, 2011, and 2010, member and employer contribution rates were:

	2011	2010
Member		
Member contribution rate (applicable for ORP transfers)	7.90%	7.90%
Member contribution rate (administrative fee – TRSL)	<u>0.10%</u>	<u>0.10%</u>
	<u>8.00%</u>	<u>8.00%</u>
Employer		
Employer contribution rate (normal cost is applicable for ORP transfers)	5.70%	5.76%
Unfunded rate (retained by TRSL)	<u>14.50%</u>	<u>9.74%</u>
	<u>20.20%</u>	<u>15.50%</u>

The Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992, with the passage of Louisiana Revised Statutes 11:786 by the Legislature. When a member enters the DROP, his status changes from active member to 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, the 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 the 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 actuary in his actuarial report, less one-half of one percent after participation ends.

For members eligible to enter the 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. As of June 30, 2011, DROP/ILSB accounts for members who joined on or after January 1, 2004, earned approximately 0.01 percent. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Effective January 1, 1996, the Legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. ILSB is available to members who have not participated in the DROP and who select the maximum benefit, option 2 benefit, option 3 benefit, or option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. 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)(1).

Deferred Retirement Option Plan (DROP)**For members who became eligible to participate before January 1, 2004**

	2011	2010	% Increase (Decrease)
DROP			
Members entering DROP	0	3	(100%)
Disbursements	\$ 84,180,153	\$ 74,014,720	14%
DROP Reserves at June 30	\$ 613,746,349	\$ 697,744,364	(12%)
ILSB			
Members choosing ILSB	0	10	(100%)
Disbursements	\$ 556,127	\$ 2,003,136	(72%)
ILSB Reserves at June 30	\$ 5,695,266	\$ 6,251,393	(9%)

Deferred Retirement Option Plan (DROP)/Initial Lump-Sum Benefit (ILSB)**For members who became eligible to participate on or after January 1, 2004**

	2011	2010	% Increase (Decrease)
DROP			
Members entering DROP	1,356	1,485	(9%)
Disbursements	\$ 80,929,733	\$ 67,882,285	19%
DROP Reserves at June 30	\$ 530,630,580	\$ 492,832,752	8%
ILSB			
Members choosing ILSB	80	56	43%
Disbursements	\$ 3,896,855	\$ 3,876,564	1%
ILSB Reserves at June 30	\$ 1,536,962	\$ 812,995	89%

DROP/ILSB Account Interest Rates

Fiscal Year Ending June 30	Interest Rate	
	For members who became eligible to participate before January 1, 2004	For members who became eligible to participate on or after January 1, 2004
2005	9.37%	1.48%
2006	15.15%	3.72%
2007	14.70%	4.88%
2008	4.65%	3.98%
2009	0%*	1.32%
2010	0%*	.01%
2011	5.94%**	.005%

*An attorney general opinion in 2002 ruled that DROP/ILSB accounts could not be debited. If not for this ruling, DROP/ILSB account interest rates would have been reduced by -12.81% for 2009 and -1.39% for 2010.

**Subject to approval by the Public Retirement Systems' Actuarial Committee (PR SAC).

Louisiana Revised Statute 11:945 established the Excess Benefit Plan as a separate, unfunded, nonqualified plan under the provisions set forth in Louisiana Revised Statutes 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.

Excess Benefit Plan

	2011	2010	% Increase
Number of Excess Benefit Recipients	46	44	4.5%
Total Benefits	\$905,576	\$829,021	9.2%

B. Summary of Significant Accounting Policies and Plan Asset Matters

1. Reporting Entity

TRSL (the "System") is a component unit of the State of Louisiana. A 16-member Board of Trustees (composed of 10 active members, two retired members, and four ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

2. 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. 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. State General Fund appropriations for supplemental benefits are recognized when drawn from the State Treasury.

Administrative costs are funded through investment earnings and are subject to budgetary control by the

Board of Trustees and the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

3. 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 Plan Net Assets.

4. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value is the market value on the last business day of the fiscal year. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be sold. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value as determined by the custodian under the direction of trustees.

5. 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 10 years. Items with a purchase price of less than \$1,000 and more than \$250 are computed using 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 LASERS share a 50/50 joint ownership of the Louisiana Retirement Systems building, equipment, and related land.

Changes in Property and Equipment

	June 30, 2010	Additions	Deletions	June 30, 2011
Asset Class (at Cost)				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	5,540,410	355,547		5,895,957
Equipment, furniture, fixtures	4,569,979	230,913	(97,454)	4,703,438
Total Property and Equipment	10,968,779	586,460	(97,454)	11,457,785
Accumulated Depreciation				
Building	(2,832,427)	(172,360)		(3,004,787)
Equipment, furniture, fixtures	(3,886,971)	(364,700)	97,454	(4,154,217)
Total Accumulated Depreciation	(6,719,398)	(537,060)	97,454	(7,159,004)
Total Property and Equipment — Net	\$ 4,249,381	\$ 49,400	\$ 0	\$ 4,298,781
	June 30, 2009	Additions	Deletions	June 30, 2010
Asset Class (at Cost)				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	5,526,827	13,583	0	5,540,410
Equipment, furniture, fixtures	4,380,232	343,139	(153,392)	4,569,979
Total Property and Equipment	10,765,449	356,722	(153,392)	10,968,779
Accumulated Depreciation				
Building	(2,693,172)	(139,255)	0	(2,832,427)
Equipment, furniture, fixtures	(3,636,523)	(403,840)	153,392	(3,886,971)
Total Accumulated Depreciation	(6,329,695)	(543,095)	153,392	(6,719,398)
Total Property and Equipment — Net	\$ 4,435,754	\$ (186,373)	\$ 0	\$ 4,249,381

6. Budgetary Accounting

Self-generated revenues are budgeted for administrative expenses. The budgetary information for the years ended June 30, 2011, and 2010, includes the original Board of Trustees approved budget and appropriated State General Funds.

2011	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	\$ 0*	\$ 52,367,793	\$ 52,415,793
2010	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	\$ 2,088,862	\$ 53,314,365	\$ 55,403,227

*For Fiscal Year 2011, TRSL received \$48,000 directly from the Louisiana Department of Education to fund supplemental retirement benefits for approximately 300 retirees. TRSL also received \$1,761,453 from Louisiana State University to fund supplemental retirement benefits for university employees holding membership in the United States Civil Service Retirement System. This \$1,761,453 payment is reported as employer contributions for 2011. In prior years, both payments were appropriated through the state Legislature and classified as State General Funds.

7. 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 employees' current rate of pay. The liability for accrued annual leave of up to 300 hours is included in Other Liabilities. 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.

8. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on net assets held in trust for pension benefits or the net increase in plan net assets.

C. Contributions

1. Member Contributions

Member contributions to the System, based on which plan the member is enrolled, are established by Louisiana Revised Statute 11:62, and rates are established by the Public Retirement Systems' Actuarial Committee. The following groups of employees contributed the percentage of their salaries as shown below for the years ended June 30, 2011, and 2010.

Plan	% Earned Compensation	
	2011	2010
TRSL Regular Plan	8.0%	8.0%
TRSL Plan A	9.1%	9.1%
TRSL Plan B	5.0%	5.0%

2. Employer Contributions

Employer contribution rates are established under Louisiana Revised Statutes 11:885 by the Public Retirement Systems' Actuarial Committee. Rates for the years ended June 30, 2011, and 2010, are as follows:

Plan	% Earned Compensation	
	2011	2010
TRSL Regular Plan	20.2%	15.5%
TRSL Plan A	20.2%	15.5%
TRSL Plan B	20.2%	15.5%

Employer contributions are collected from the employing agencies throughout the state and from the proceeds of taxes collected in the parishes and remitted by the sheriffs' offices of the respective parishes.

D. Teachers' Retirement System of Louisiana (TRSL) Employee Pension Benefit

1. Cost Sharing Multiple-Employer Defined Benefit Plan

The administration and staff at TRSL are required to participate in the pension plan if they are not already participating in the Louisiana State Employees' Retirement System (LASERS) pension plan or Louisiana School Employees' Retirement System (LSERS) pension plan. TRSL is a cost sharing, multiple-employer, defined benefit plan administered by TRSL. TRSL provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries.

TRSL was established and provided for within Title 11, Chapter 2 of the Louisiana Revised Statutes (LRS).

Funding Policy. Plan members participating in the TRSL Regular Plan are required to contribute 8.0 percent of their annual covered salary, and TRSL is required to contribute 100 percent of the actuarially determined rate. The TRSL rate for Fiscal Year 2011 is 20.2 percent. The contribution requirements of plan members and TRSL are established and may be amended by the TRSL Board of Trustees.

TRSL Administration & Staff Contributions	
2011	\$ 842,208
2010	645,135
2009	661,005

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LSERS is a cost sharing, multiple-employer, defined benefit plan administered by the Louisiana School Employees' Retirement System. LSERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. LSERS was established and provided for within Title 11, Chapter 3 of the Louisiana Revised Statutes (LRS). LSERS issues a financial analysis summary available to the public. The report can be obtained by writing to Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804, or by calling 1-800-526-3718.

Funding Policy. Plan members participating in LSERS are required by state statute to contribute 7.5 percent of their gross salary if hired before July 1, 2010, and 8.0 percent if hired on or before July 1, 2010, and TRSL is required to contribute 100 percent of the actuarially determined rate. The LSERS rate for the fiscal year 2011 is 24.3 percent. The contribution requirements of plan members and LSERS are established and may be amended by the LSERS Board of Trustees.

Contributions Paid by TRSL for Staff Participating in LSERS	
2011	\$ 665
2010	11,955
2009	11,654

2. Single Employer Defined Benefit Pension Plan

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LASERS is a single employer, defined benefit pension plan administered by the Louisiana State Employees' Retirement System. LASERS provides retirement, disability, and death benefits to plan members and beneficiaries.

Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Louisiana Legislature. LASERS was established and provided for within Title 11, Chapter 1 of the Louisiana Revised Statutes. LASERS issues a financial report that includes financial statements and required supplementary information. The report is available to the public, and can be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70904-4213, or by calling 1-800-256-3000.

Funding Policy. Plan members participating in LASERS are required by state statute to contribute 7.5 percent of their gross salary to the pension plan if hired before July 1, 2006, and 8.0 percent if hired on or after July 1, 2006. TRSL is required to contribute 100 percent of the actuarially determined rate. The LASERS rate for Fiscal Year 2011 is 22.0 percent. The contribution requirements of plan members and LASERS are established and may be amended by the LASERS Board of Trustees.

Contributions Paid by TRSL for Staff Participating in LASERS	
2011	\$ 979,627
2010	832,805
2009	806,628

Schedules for LASERS can be found on pages 42-43.

Most Recent Accrual Methods and Assumptions for Louisiana State Employees' Retirement System (LASERS)

Valuation Date	06/30/2010	06/30/2009	06/30/2008
Actuarial Cost Method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization Method – Closed by Statute	For unfunded accrued liability resulting from benefit increases occurring on or after June 30, 2007: - Level dollar payment over 10 years.	For unfunded accrued liability prior to 1993: - Level percentage of payroll, increasing annuity to 2029	For unfunded accrued liability prior to 1993: - Level percentage of payroll, increasing annuity to 2029
	All unfunded accrued liability changes occurring prior to 2009, except benefit increases in 2007 and 2008 were re-amortized into two schedules as of June 30, 2010. Payment schedules increase in a prescribed variable manner until 2018, then will either increase until paid off in 2029, or remain level until paid off in 2040, depending on the schedule, as required by statute	For unfunded accrued liability changes occurring between 1993-1998: - Level dollar payment to 2029	For unfunded accrued liability changes occurring between 1993-1998: - Level dollar payment to 2029
	For unfunded accrued liability changes occurring 2009 or later: - Level dollar payment over 30 years, from date of occurrence.	For unfunded accrued liability changes occurring 1999-2003: - 4.5% increasing payment schedule over 30 years, from date of occurrence For unfunded accrued liability changes occurring 2004 or later: - Level dollar payment over 30 years, from date of occurrence	For unfunded accrued liability changes occurring 1999 or later: - Level dollar payment over 30 years, from date of occurrence
Remaining Amortization Period	Up to 30 years, dependent upon the amortization method as described above.	20-30 years dependent upon the amortization method as described above	21-30 years dependent upon the amortization method as described above
Asset Valuation Method	Utilizes a four-year weighted average of the unrealized gain or loss in the value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market
Actuarial Assumptions:			
Investment Rate of Return	8.25% per annum	8.25% per annum	8.25% per annum
Inflation Rate	3.0% per annum	3.0% per annum	3.0% per annum
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table.	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2003-2008) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2003-2008) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (1997-2001) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2003-2008 experience study of the System's members. The salary increase ranges for specific types of members are regular employees 4.3%-14.0%, Judges 3.0%-5.5%, Corrections 4.0%-15.0%, and Wildlife 6.0%-17.0%	Salary increases were projected based on a 2003-2008 experience study of the System's members. The salary increase range for regular employees is 4.3% - 14.0%. The salary increase range for specific types of members is Judges 3.0% - 5.5%, Corrections 4.0% - 15.0% and Wildlife 6.0% - 17.0%	Salary increases were projected based on a 1997-2001 experience study of the System's members. The salary increase range for regular employees is 4.25% - 14.0%. The salary increase range for specific types of members is Judges 2.5% - 4.7%, Corrections 4.0% - 14.0% and Wildlife 6.5% - 18.0%
Cost-of-Living Adjustments	Liability for raises already granted is included in the retiree reserve.	Liability for raises already granted is included in the retiree reserve.	Liability for raises already granted is included in the retiree reserve.

Most Recent Schedule of Employer Contributions for Louisiana State Employees' Retirement System (LASERS)

Date	Annual Required Contribution	Percentage Contributed
2007	\$ 434,796,738	97.0%
2008	456,741,202	115.4%
2009	492,402,961	102.8%
2010	585,268,922	87.2%

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System.

Most Recent Schedule of Funding Progress for Louisiana State Employees' Retirement System (LASERS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2007	\$ 8,345,495	\$ 12,421,907	\$ 4,076,411	67.2%	\$ 2,175,367	187.4%
2008	9,167,170	13,562,214	4,395,044	67.6%	2,436,956	180.3%
2009	8,499,662	13,996,847	5,487,185	60.8%	2,562,578	214.1%
2010	8,512,403	14,764,015	6,251,612	57.7%	2,546,457	245.5%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$777,167,377 from June 30, 2009, to June 30, 2010. There was a net experience loss of \$630,583,406. (Dollars in above schedule are presented in thousands.)

3. Defined Contribution Plan

Staff of TRSL who are members of the Optional Retirement Plan (ORP) before becoming employees of TRSL must remain participants in the ORP. The ORP is a defined contribution plan administered by TRSL. The ORP was created by Louisiana Revised Statute 11:921 and implemented on July 1, 1990. 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. The ORP provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the participating employees to approved providers.

Funding Policy. Plan members are required to contribute 8.0 percent of their annual covered salary and TRSL is required to contribute 20.2 percent of the participating member's covered salary. A total of 7.9 percent of the employee's contribution and 5.7 percent (normal cost) of the employer contributions is transferred to the member's chosen ORP provider.

Contributions Paid by TRSL for Staff Participating in ORP	
2011	\$ 12,942
2010	9,665
2009	9,336

E. Deposits and Investment Risk Disclosures

1. 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 for interest bearing accounts, and the excess is collateralized by the pledge of government securities held by the agents in the entity's name.

2. 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. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension 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 government, and are held by either a counterparty or by the counterparty's trust department or agent but not in the government's name. 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. TRSL had no custodial credit risk as of June 30, 2011.

3. Investments

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.

In accordance with Louisiana Revised Statutes 11:267, the System may invest up to 65 percent of its total assets in equities provided that the System invests an amount equal to at least 10 percent 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 System has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represent five percent or more of the System's net plan assets, nor does the System hold more than five percent of any corporation's stock. In addition, 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:

- a. 3.9% above the CPI-U seasonally adjusted, or
- b. the actuarial rate (currently 8.25%)

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

- A. Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria for domestic managers:
 1. All U.S. Treasury, federal agencies, and U.S. Government guaranteed obligations.
 2. Corporate bonds, debentures, notes, asset-backed securities, and equipment trust certificates rated Baa3 or BBB- or higher (investment grade) by Moody's or Standard & Poor's (includes split-rated bonds).

3. Mortgage securities will be limited to pass-throughs, collateralized mortgage obligations, adjustable rate mortgages, commercial mortgage-backed securities, and other mortgage securities deemed prudent by the investment manager. The use of interest-only strips and principal-only strips may not exceed 10 percent of the portfolio.
 4. Municipal bonds rated Baa3 or BBB- or higher may not exceed 20 percent of the market value of the bond portfolio.
 5. Positions in any one issuer of corporate or municipal securities are not to exceed 5 percent of the market value of the bond portfolio, measured at the time of purchase.
 6. Holdings of individual issues are to be of sufficient size to accommodate easy liquidation.
 7. Private placements (including Rule 144As) may be held, provided that holdings do not exceed 25 percent of the market value of the bond portfolio. High-yield portfolios and Mezzanine Limited Partnerships are excluded from this restriction.
 8. Debt obligations of foreign governments, corporations, and supranationals issued outside of the U.S. (Eurobonds and non-U.S. dollar bonds) may be held by investment managers.
 9. High yield portfolios are to be invested in debt securities (including convertibles) rated from Ba1 to Caa (Moody's rating) or BB+ to CCC (Standard & Poor's rating) and in unrated securities determined to be of comparable quality by the manager. Unrated securities and securities rated Caa, CCC, or below shall not exceed 20 percent of the market value of the portfolio.
 10. High yield portfolios are subject to the criteria in paragraphs (5) and (6) with bond rating modified according to paragraph (9).
 11. Investment grade fixed income portfolios are to be invested in fixed income securities pursuant to paragraphs (1), (2), (3), (4), (5) and (6) above, except that all securities, at the time of purchase, shall be investment grade. If a security is downgraded below investment grade, the investment manager will work to seek the best resolution over time to such downgrade.
 12. Investment grade fixed income portfolios shall not invest in mortgage-backed inverse floaters, interest-only, principal-only strips or highly volatile less liquid tranches.
 13. Investment grade fixed income portfolios may invest in debt obligations of foreign governments, corporations, and supranationals issued in the United States and are dollar denominated (Yankee) securities. Aggregate weighting of these securities shall be limited to 10 percent of the market value of the portfolio.
- B. Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria for global fixed income managers:
- Items (1) through (6) of the fixed income guidelines for domestic managers will apply with the following additional guidelines:
1. The debt of countries, foreign and domestic agencies, foreign and domestic corporations, and supranational entities is acceptable for investment. The manager should consider the credit worthiness and the liquidity of a potential security before making an investment. The manager should also review whether the custodian has a subcustodian within a particular country before considering an investment.
 2. Portfolio weightings in countries represented in the Citibank World Government Bond Index, including cash, may range from 0 to 100 percent of the portfolio.
 3. Portfolio weightings in countries not represented in the Citibank World Government Bond Index, including cash, may not, in aggregate, exceed 40 percent of the portfolio market value without Board approval. However, practical consideration should be given to liquidity and marketability of issues, particularly within non-major and emerging markets.
 4. Quality ratings for corporate debt shall be consistent with those stated in item (2) of the Fixed Income Guidelines for Domestic Managers.
 5. Permitted hedge vehicles for currency exposure management are as follows:

- a. Forward Foreign Exchange Contracts
 - b. Currency Futures Contracts
 - c. Options on Currency Futures Contracts
 - d. Options on Spot Currencies
6. Net short foreign currency positions may not be taken in this portfolio.
- C. Investments in common stock securities, including ADRs, shall be high quality, readily marketable securities offering potential for above-average growth. Common stock investments are limited to those meeting all of the following criteria:
1. Stocks must be listed or traded on a national securities exchange, including the NASDAQ. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission. The use of derivatives (such as Exchange Traded Funds (ETFs), options, warrants, and futures to establish unleveraged long positions in equity markets) is permissible.
 2. No more than 5 percent of the total outstanding shares of common stock for any one corporation may be held in the System's equity portfolio.
 3. No more than 5 percent of the cost or market value of the System's equity portfolio (whichever is more) or 15 percent of the market value of each manager's portfolio may be invested in the common stock of any one corporation.
 4. No more than 20 percent of stock valued at market of the System's equity portfolio may be held in any one industry category as defined by the custodian.
 5. Convertible securities and covered-option writing, if any, shall be considered as part of the equity portfolio.
 6. Equity managers (growth or value) hired for the small cap investment category are expected to maintain a weighted average market capitalization of the portfolio within minus 50 percent and plus 100 percent of the weighted average market capitalization of the Russell 2000 Index (growth or value, respectively).
 7. Equity managers (growth or value) hired for the mid cap investment category are expected to maintain a weighted average market capitalization of the portfolio within plus or minus 50 percent of the weighted average market capitalization of the Russell Mid Cap Index (growth or value, respectively).
 8. Equity managers hired in the small/mid (SMID) cap investment category are expected to maintain a weighted average market capitalization of the portfolios within plus or minus 50 percent of the weighted average market capitalization of the Russell 2500 Index.
- D. Investments in common stock securities of Developed Markets (EAFE Countries and Canada) shall be high quality, readily marketable securities offering potential for above-average growth. Items (2), (4), and (5) of the Stock Guidelines for Domestic Managers will apply with the following additional guidelines:
1. Investment managers may invest up to 20 percent of the market value of the portfolio in the emerging market countries contained in the IFC Investable Index, including up to 5 percent (of the 20 percent limit) in emerging market countries not contained in the IFC Investable Index. Managers should consider liquidity and marketability of issues, particularly within non-major and emerging markets, and should also be sensitive to the weight of individual economic sectors of the market within the portfolio. The manager should also review whether the custodian has a subcustodian within a particular country before considering an investment.
 2. Investment managers may invest up to 10 percent of the portfolio's market value in domestic equity securities. This flexibility should be viewed by the manager as an opportunistic or defensive mechanism rather than a normal position.
 3. No single industry group shall constitute more than 25 percent of the portfolio's market value or its equivalent representation in the EAFE Index; whichever is more, without prior Board approval.

4. No individual security shall constitute more than 10 percent of the portfolio's market value.
5. Cash held by the manager may be in U.S. dollars or foreign currencies of the manager's choice.
6. Residual currency exposures of the underlying international equity portfolio may be actively managed by the investment manager. If actively managed, the objectives of the foreign exchange exposure management, within the international equity portfolio, are to:
 - a. Add value by increasing total returns and reducing volatility of returns through hedging and cross-hedging activities;
 - b. Avoid currency losses in periods of an appreciating U.S. dollar.
7. Permitted equity investments;
 - a. Equity managers are to confine investments to common stocks and securities that are directly convertible or exercisable into common stocks, including ADRs and GDRs;
 - b. Use of derivatives such as options, warrants, and futures to establish unleveraged long positions in equity markets is permissible;
 - c. Currency options contracts may be exchange traded or over-the-counter (OTC) traded in the interbank market. Additional instruments, such as swaps, or other derivatives, may be used if the risk/return trade-off is perceived by the manager to be suitable and competitive with the above-stated hedge vehicles;
 - d. International equity managers may invest up to 10 percent of the portfolio in Rule 144A securities.
8. Permitted hedge vehicles for currency exposure management are as follows:
 - a. Forward Foreign Exchange Contracts;
 - b. Currency Futures Contracts;
 - c. Options on Currency Futures Contracts;
 - d. Options on Spot Currencies
9. Net short foreign currency positions may not be taken in this portfolio.

4. Credit Risks

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in core fixed income portfolios shall be rated Baa3 or BBB- or higher by Moody's or Standard & Poor's. High yield investment portfolios shall be invested in securities rated from Ba1 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 percent of the market value of the portfolio.

The System's exposure to credit risk at June 30, 2011, was as follows:

Moody's Rating	Total	Domestic	International
A1	\$ 26,256,523	\$ 23,286,127	\$ 2,970,396
A2	48,205,694	28,358,949	19,846,745
A3	42,290,361	25,606,958	16,683,403
AA1	20,035,704	1,779,470	18,256,234
AA2	20,543,027	18,441,099	2,101,928
AA3	36,713,715	17,862,423	18,851,292
AAA	273,706,154	218,744,895	54,961,259
B1	28,205,302	27,954,677	250,625
B2	31,617,046	28,509,885	3,107,161
B3	31,888,158	30,940,533	947,625
BA1	6,849,972	6,849,972	0
BA2	12,090,448	10,077,948	2,012,500
BA3	39,122,856	23,976,737	15,146,119
BAA1	50,699,678	22,276,791	28,422,887
BAA2	36,052,910	34,070,838	1,982,072
BAA3	11,753,466	11,753,466	0
C	601	601	0
CA	499,782	499,782	0
CAA1	15,207,825	14,039,075	1,168,750
CAA2	14,253,506	13,512,881	740,625
CAA3	1,603,527	1,603,527	0
N/A	1,192,352,550	808,718,913	383,633,637
NR	2,061,541	2,061,541	0
VMIG1	1,548,125	1,548,125	0
WR	<u>100,932,414</u>	<u>2,477,109</u>	<u>98,455,305</u>
Total credit risk debt securities	<u>\$ 2,044,490,885</u>	<u>\$ 1,374,952,322</u>	<u>\$ 669,538,563</u>

The System's exposure to credit risk at June 30, 2010, was as follows:

Moody's Rating	Total	Domestic	International
A1	\$ 27,261,866	\$ 24,460,713	\$ 2,801,153
A2	63,402,991	33,684,393	29,718,598
A3	48,846,119	19,245,096	29,601,023
AA1	36,813,439	3,374,869	33,438,570
AA2	21,263,778	20,315,924	947,854
AA3	30,594,952	11,523,202	19,071,750
AAA	291,373,961	194,902,452	96,471,509
B1	28,654,189	27,875,125	779,064
B2	34,673,363	34,028,362	645,001
B3	32,970,474	32,970,474	0
BA1	10,307,735	4,586,305	5,721,430
BA2	6,607,103	6,607,103	0
BA3	28,721,330	14,509,239	14,212,091
BAA1	52,809,454	21,769,069	31,040,385
BAA2	47,373,280	39,595,223	7,778,057
BAA3	20,393,734	15,213,859	5,179,875
C	601	601	0
CA	1,090,328	1,090,328	0
CAA1	27,296,968	27,296,968	0
CAA2	17,074,379	17,074,379	0
CAA3	3,065,268	1,840,018	1,225,250
N/A	915,899,972	754,827,321	161,072,651
NR	5,151,949	5,151,949	0
VMIG1	3,807,187	3,807,187	0
WR	<u>133,910,797</u>	<u>3,766,211</u>	<u>130,144,586</u>
Total credit risk debt securities	<u>\$ 1,889,365,217</u>	<u>\$ 1,319,516,370</u>	<u>\$ 569,848,847</u>

5. 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.

As of June 30, 2011, the System had the following investments and maturities:

Investment Type	Investment Maturities (in years)				
	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U. S. Treasury & Government Agency	\$ 773,144,067	\$ 0	\$ 335,364	\$ 14,222,360	\$ 758,586,343
Collateralized Mortgage Obligations	117,260,548	0	233,363	15,879,862	101,147,323
Corporate Bonds	325,734,372	11,849,100	109,749,783	128,206,972	75,928,517
Foreign Corporate Bonds	140,317,523	5,737,898	97,049,164	28,046,449	9,484,012
Foreign Government Bonds	424,890,269	21,884,395	154,334,874	155,762,132	92,908,868
Foreign Treasuries	104,330,772	0	40,504,455	54,814,451	9,011,866
Other	<u>158,813,334</u>	<u>629,130</u>	<u>80,301,496</u>	<u>45,856,597</u>	<u>32,026,111</u>
Short-Term Investments	<u>738,220,668</u>	<u>738,220,668</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 2,782,711,553</u>	<u>\$778,321,191</u>	<u>\$482,508,499</u>	<u>\$442,788,823</u>	<u>\$1,079,093,040</u>

As of June 30, 2010, the System had the following investments and maturities:

Investment Type	Investment Maturities (in years)				
	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U. S. Treasury & Government Agency	\$ 727,728,278	\$ 2,807,829	\$ 54,304,388	\$ 186,738,768	\$ 483,877,293
Collateralized Mortgage Obligations	194,845,245	0	187,933	12,592,786	182,064,526
Corporate Bonds	386,653,156	6,472,580	154,675,329	135,427,275	90,077,972
Foreign Corporate Bonds	108,030,598	1,079,473	67,770,671	15,788,515	23,391,939
Foreign Government Bonds	391,154,243	11,718,265	159,434,818	137,499,237	82,501,923
Foreign Treasuries	70,664,005	16,714,151	23,790,339	7,553,306	22,606,209
Other	<u>10,289,692</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,289,692</u>
Short-Term Investments	<u>712,442,177</u>	<u>712,442,177</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 2,601,807,394</u>	<u>\$ 751,234,475</u>	<u>\$ 460,163,478</u>	<u>\$ 495,599,887</u>	<u>\$ 894,809,554</u>

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 respective benchmarks, i.e. the Barclays Capital Aggregate for domestic fixed income investments and CITI World Government Bond Index for international fixed income investments.

6. 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. Tracking error measures TRSL's actual return versus its target asset allocation benchmark return. TRSL's policy target asset allocation is established to meet TRSL's 8.25 percent actuarial return over the long term at the lowest risk.

The System's exposure to foreign currency risk is \$3,521,397,847 at June 30, 2011, as follows:

Currency	Percent	Total	Bonds	Stocks	Short-Term Investments
AUSTRALIAN DOLLAR	5.89%	\$ 207,365,829	\$ 48,185,783	\$ 156,982,280	\$ 2,197,766
BRAZIL REAL	0.82%	28,967,743	15,485,580	13,441,243	40,920
BRITISH POUND STERLING	18.51%	651,648,814	64,855,829	569,505,418	17,287,567
CANADIAN DOLLAR	1.05%	37,034,549	28,256,660	8,577,927	199,962
CZECH KORUNA	0.27%	9,505,430	9,064,923	0	440,507
DANISH KRONE	1.02%	36,071,656	0	35,806,662	264,994
EUROCURRENCY UNIT	29.17%	1,027,210,397	117,270,528	878,259,329	31,680,540
HONG KONG DOLLAR	7.45%	262,244,413	0	262,244,740	(327)
HUNGARIAN FORINT	0.32%	11,376,637	11,376,637	0	0
INDONESIAN RUPIAN	0.40%	14,219,808	14,219,808	0	0
ISRAELI SHEKEL	0.15%	5,310,495	0	4,123,206	1,187,289
JAPANESE YEN	15.46%	544,543,883	79,743,691	459,621,138	5,179,054
MALAYSIAN RINGGIT	0.86%	30,453,381	25,278,467	0	5,174,914
MEXICAN NEW PESO	1.46%	51,264,810	44,385,007	5,993,816	885,987
NEW TURKISH LIRA	0.41%	14,510,884	0	14,510,884	0
NEW ZEALAND DOLLAR	0.65%	22,976,690	15,905,173	7,071,517	0
NORWEGIAN KRONE	0.98%	34,406,039	18,845,999	15,553,322	6,718
PERUVIAN NUEVO SOL	0.07%	2,403,840	2,403,840	0	0
POLISH ZLOTY	0.86%	30,267,739	30,267,737	0	2
S AFRICAN COMM RAND	0.61%	21,385,662	16,824,847	4,560,797	18
SINGAPORE DOLLAR	1.54%	54,177,738	0	54,177,738	0
SOUTH KOREAN WON	1.29%	45,337,503	19,752,231	25,585,272	0
SWEDISH KRONA	3.72%	131,097,551	22,219,731	108,603,803	274,017
SWISS FRANC	7.04%	<u>247,616,356</u>	<u>0</u>	<u>245,037,962</u>	<u>2,578,394</u>
Total	100.00%	<u>\$ 3,521,397,847</u>	<u>\$ 584,342,471</u>	<u>\$ 2,869,657,054</u>	<u>\$ 67,398,322</u>

The System's exposure to foreign currency risk is \$2,789,716,180 at June 30, 2010, as follows:

Currency	Percent	Total	Bonds	Stocks	Short-Term Investments
AUSTRALIAN DOLLAR	5.76%	\$ 160,796,761	\$ 53,179,405	\$ 105,951,646	\$ 1,665,710
BRAZIL REAL	1.10%	30,814,841	14,895,567	15,720,016	199,258
BRITISH POUND STERLING	17.29%	482,213,345	51,351,618	422,828,430	8,033,297
CANADIAN DOLLAR	1.61%	45,035,761	21,312,291	23,656,373	67,097
CZECH KORUNA	0.00%	25,055	0	0	25,055
DANISH KRONE	1.64%	45,773,542	0	44,403,224	1,370,318
EURO CURRENCY UNIT	32.00%	892,814,998	146,220,548	709,052,327	37,542,123
HONG KONG DOLLAR	6.12%	170,834,776	0	166,005,009	4,829,767
HUNGARIAN FORINT	0.00%	36,481	0	0	36,481
INDONESIAN RUPIAN	0.54%	15,132,671	14,369,781	372,502	390,388
ISRAELI SHEKEL	0.17%	4,611,352	0	4,560,516	50,836
JAPANESE YEN	15.77%	440,074,339	27,541,504	409,593,867	2,938,968
MALAYSIAN RINGGIT	0.98%	27,386,563	25,697,678	1,663,864	25,021
MEXICAN NEW PESO	1.05%	29,420,087	24,073,899	5,343,389	2,799
NEW TURKISH LIRA	0.42%	11,697,231	0	11,583,407	113,824
NEW ZEALAND DOLLAR	0.81%	22,722,621	22,501,184	221,270	167
NORWEGIAN KRONE	0.75%	20,820,693	12,192,358	8,383,001	245,334
PAKISTAN RUPEE	0.01%	275,554	0	261,267	14,287
PHILIPPINES PESO	0.01%	70,995	0	70,995	0
POLISH ZLOTY	1.65%	45,916,428	45,536,032	85,078	295,318
S AFRICAN COMM RAND	0.41%	11,394,587	5,193,162	5,774,845	426,580
SINGAPORE DOLLAR	1.22%	34,026,390	0	33,764,442	261,948
SOUTH KOREAN WON	1.34%	37,266,090	18,756,774	18,423,869	85,447
SWEDISH KRONA	3.26%	91,039,135	15,948,261	74,527,330	563,544
SWISS FRANC	5.93%	165,369,784	0	162,177,112	3,192,672
THAILAND BAHT	0.16%	4,146,100	0	3,950,813	195,287
Total	100.00%	\$ 2,789,716,180	\$ 498,770,062	\$ 2,228,374,592	\$ 62,571,526

Alternative Investments

TRSL invests in a diversified mix of alternative investments, such as mezzanine, real estate, private equity, and others, both foreign and domestic. Alternative investments totaled \$3.4 billion, \$2.7 billion, and \$2.6 billion for June 30, 2011, June 30, 2010, and June 30, 2009, respectively. The table below shows the cumulative commitments and cumulative cash flow totals since inception for the last three years.

TRSL Private Market Assets (in billions)			
Total	June 30, 2011	June 30, 2010	June 30, 2009
Active Commitments	\$8.8	\$8.4	\$7.5
Calls for Funding	\$7.0	\$6.7	\$5.6
Unfunded Commitments	\$2.0	\$2.1	\$1.9
Distributions	\$6.0	\$5.6	\$5.0

F. Securities Lending Transactions

State statutes and Board of Trustees policies permit the System to use the assets of the plan to enter into securities lending transactions—loans of 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 plan's securities for cash collateral of 100 percent or other securities collateral of 102 percent. The System's global managers lend the plan's securities for cash collateral or other securities collateral of 105 percent. Securities on loan at year-end for cash collateral are presented as uncategorized in the preceding schedule of custodial credit risk. 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 percent of the cash invested.

Two names in security holding, Lehman Brothers and Sigma Finance Corporation, defaulted in an aggregate amount of \$5,773,039 at December 31, 2008. Legal collection efforts continue with ultimate recovery amounts undetermined.

The following table presents the market values of securities on loan and the collateral held for the System at June 30, 2011, and 2010:

Security Type	Fair Value of Securities on Loan 2011	Fair Value of Collateral Held 2011	Fair Value of Securities on Loan 2010	Fair Value of Collateral Held 2010
U.S. Government & Agency	\$ 189,143,716	\$ 193,337,143	\$ 154,644,263	\$ 157,820,315
U.S. Fixed Income	37,635,118	38,558,392	38,084,171	39,029,032
U.S. Equity	663,262,853	680,209,548	724,207,407	742,868,278
International Fixed Income	5,914,312	6,167,247	10,396,530	10,840,018
International Equity	251,178,685	274,867,828	236,039,296	249,142,324
Total	<u>\$ 1,147,134,684</u>	<u>\$1,193,140,158</u>	<u>\$1,163,371,667</u>	<u>\$ 1,199,699,967</u>

G. 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, and futures. TRSL reviews market 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 at June 30, 2011, which allows TRSL to implement policy target allocation adjustments in an efficient, liquid, and cost effective manner.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, and 2010 classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2011		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives: Futures Based Overlay Program	Net App/(Depr) in Fair Value of Domestic	\$ 4,687,449	Alternative Investments	\$ 1,953,706	\$ 59,917,123
	Changes in Fair Value		Fair Value at June 30, 2010		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives: Futures Based Overlay Program	Net App/(Depr) in Fair Value of Domestic	\$ (2,733,743)	Alternative Investments	\$ (2,733,743)	\$ 153,510,952

TRSL was invested in the following derivatives throughout the year:

1. 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 market value.

2. 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 market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

3. *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.

4. *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.

5. *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.

H. *Contingent Liabilities*

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

I. *Required Supplementary Information*

In accordance with GASB 25, required supplementary information is presented on pages 59 through 61.

J. *Presentation of GASB Statement 44*

In accordance with GASB 44, the statistical section is presented on pages 103 through 122.

K. *Presentation of GASB Statement 45*

Other Post-Employment Benefits

Plan Description

The Office of Group Benefits (OGB) is an agent multiple-employer, post-employment healthcare plan that covers retired employees of the state, as well as school boards and various other non-state employers. OGB provides health and life insurance benefits to eligible retirees, their spouses, and their dependents. Louisiana Revised Statutes 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Additional information on the plan can be obtained by writing the Office of Group Benefits at 7389 Florida Boulevard, Suite 400, Baton Rouge, La. 70806 or by calling 1-800-272-8451.

Funding Policy. LRS 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state Legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

The state is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 27.57 percent of annual covered payroll.

Annual Other Post-Employment Benefits (OPEB) Cost

The following table shows the components of TRSL's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	2011	2010
Annual required contribution (ARC)	\$ 1,866,500	\$ 2,145,300
Interest on net OPEB obligation	264,100	191,700
Adjustment to ARC	(252,300)	(183,100)
Annual OPEB cost expense	1,878,300	2,153,900
Less contributions made	(400,905)	(340,566)
Increase in net OPEB obligation	1,477,395	1,813,334
Net OPEB obligation – beginning of year	6,600,760	4,787,426
Net OPEB obligation – end of year	8,078,155	6,600,760

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 2,819,900	11.27%	\$ 4,787,426
6/30/10	\$ 2,153,900	15.81%	\$ 6,600,760
6/30/11	\$ 1,878,300	21.34%	\$ 8,078,155

Funded Status and Funding Progress. The funding status of the plan as of June 30, 2011, was as follows:

Actuarial accrued liability (in thousands)	\$ 24,031.4
Actuarial value of plan assets (in thousands)	0
Unfunded actuarial accrued liability (in thousands)	\$ 24,031.4
Funded ratio (actuarial value of plan assets/AAL) (in thousands)	0
Covered payroll (active plan members) (in thousands)	\$ 6,812.9
UAAL as a percentage of covered payroll	352.73%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. In future years, it will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation of July 1, 2010, a projected unit cost method was used. The benefits are currently funded on a pay-as-you-go basis. No assets have been segregated and restricted to provide post-retirements benefits. The actuarial assumptions included a 4.0-percent discount rate (net of expenses) and an annual healthcare cost trend rate of 8.0 percent for pre-Medicare and 9.1 percent for Medicare-eligible participants, scaling down to ultimate rates of 5 percent per year. The unfunded actuarial accrued liability is amortized as a level percent of pay over an open amortization period of 30 years.

L. Subsequent Events

The System evaluated all subsequent events through October 5, 2011, the date the financial statements were available to be issued. As a result, the System noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

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FINANCIAL SECTION:

Required Supplementary Information

- Schedules of Funding Progress for Defined Benefit Plan
- Schedules of Employer Contributions for Defined Benefit Plan
- Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)

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Schedules of Funding Progress for Defined Benefit Plan (Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/04	\$ 11,409,404	\$ 18,067,486	\$ 6,658,082	63.1%	\$ 3,017,087	220.7%
06/30/05	12,082,682	18,699,765	6,617,083	64.6%	3,132,169	211.3%
06/30/06	13,088,358	19,390,781	6,302,423	67.5%	2,892,959	217.9%
06/30/07	14,812,298	20,772,330	5,960,032	71.3%	3,224,566	184.8%
06/30/08	15,507,834	22,090,516	6,582,683	70.2%	3,675,014	179.1%
06/30/09	13,500,766	22,839,411	9,338,645	59.1%	3,912,326	238.7%
06/30/10	12,868,484	23,674,842	10,806,358	54.4%	3,977,819	271.7%
06/30/11	13,286,295	24,096,754	10,810,459	55.1%	3,902,647	277.0%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$421,911,893 from June 30, 2010, to June 30, 2011. There was a net experience loss to the fund from all sources of \$175,198,199.

¹ The Actuarial Value of Assets for GASB reporting includes the IUAL Fund Assets and the Employer Credit Account Assets in the Valuation Assets.

² UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes IUAL Fund Assets and the Employer Credit Account Assets.

UFAL — Unfunded Frozen Accrued Liability

IUAL — Initial Unfunded Accrued Liability

NOTE: Information on the table above was provided by SJ Actuarial Associates.

Schedules of Employer Contributions for Defined Benefit Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 527,899,270	94.4%
2005	555,169,630	105.6%
2006	555,342,400	103.1%
2007	578,895,501	106.5%
2008	637,097,695	116.2%
2009	697,190,561	106.4%
2010	904,382,657	83.5%
2011	1,086,319,774	90.2%

NOTE: Information on the table above was provided by SJ Actuarial Associates.

Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/08	\$ 0.0	\$ 22,585.2	\$ 22,585.2	0.00%	\$ 6,011.8	375.68%
06/30/09	0.0	30,158.8	30,158.8	0.00%	7,316.6	412.20%
06/30/10	0.0	27,095.2	27,095.2	0.00%	7,235.3	374.49%
06/30/11	0.0	24,031.4	24,031.4	0.00%	6,812.9	352.73%

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FINANCIAL SECTION:

Supporting Schedules

- Schedules of Administrative Expenses
- Schedules of Investment Expenses
- Schedules of Board Compensation
- Schedules of Payments to Non-Investment Related Consultants and Vendors

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Schedules of Administrative Expenses for the Years Ended June 30, 2011, and 2010

	2011	2010
Personnel Expenses:		
Salaries and Wages	\$ 9,436,662	\$ 9,477,635
Employee Benefits	<u>3,199,618</u>	<u>2,845,180</u>
Total Personnel Expenses	<u>12,636,280</u>	<u>12,322,815</u>
Travel	62,701	62,316
Operating Expenses:		
Advertising	4,478	6,763
Printing	112,895	99,968
Insurance	45,687	61,799
Automotive Repairs	4,966	2,325
Maintenance-Computer	313,866	548,414
Maintenance-Equipment	30,901	53,141
Rentals-Equipment	76,139	86,277
Building Rent	427,033	840,004
Rentals/Disaster Recovery	85,039	86,813
Membership Dues	17,347	23,602
Subscriptions	39,733	43,854
Postage	368,896	673,990
Telephone	62,840	180,791
Bank Services Charges	143,923	139,642
Mail Services	24,997	22,459
Other Service Charges	<u>6,732</u>	<u>5,199</u>
Total Operating Expenses	<u>1,765,472</u>	<u>2,875,041</u>
Supplies/Office Acquisitions	65,786	84,079
Professional Services	827,167	698,071
Other Charges & Interagency Transfers	<u>60,190</u>	<u>112,501</u>
Total Administrative Expenses	<u>15,417,596</u>	<u>16,154,823</u>
Capital Outlays	<u>213,590</u>	<u>339,196</u>
Total Administrative Expenses and Capital Outlay	<u>\$ 15,631,186</u>	<u>\$ 16,494,019</u>

Schedules of Investment Expenses for the Years Ended June 30, 2011, and 2010

	2011	2010
Investment activities expenses:		
International investment expenses	\$ 5,410,956	\$ 4,491,280
Alternative investment expenses	35,504,651	30,548,101
Global custodian fees	485,364	468,022
Performance consultant fees	738,617	713,829
Advisor fees	<u>29,952,344</u>	<u>27,145,172</u>
Total investment activities expenses	<u>72,091,932</u>	<u>63,366,404</u>
Securities lending activities expenses:		
Fixed	1,449,599	1,206,030
Equity	(769,792)	(1,269,163)
International	<u>(1,861,586)</u>	<u>(962,219)</u>
Total securities lending activities expenses	<u>\$ (1,181,779)</u>	<u>\$ (1,025,352)</u>

Schedules of Board Compensation for the Years Ended June 30, 2011, and 2010

BOARD OF TRUSTEES	2011		2010	
	NUMBER OF MEETINGS	AMOUNT	NUMBER OF MEETINGS	AMOUNT
Sheryl R. Abshire, Ph. D.	20	\$ 1,350	12	\$ 900
Anne H. Baker	24	1,800	22	1,650
William C. Baker, Ed.D.	24	1,800	24	1,800
Jerry J. Baudin, Ph. D. (term ended 12/31/2010) - replaced by Robert Lawyer	10	750	24	1,800
Eula M. Beckwith	24	1,800	24	1,800
Dominic Salinas, Ed. D.	20	1,500	17	1,275
Carole J. White (resigned 06/30/2010) - replaced by Gavin L. Vitter	0	0	16	1,200
Joyce P. Haynes	19	1,425	23	1,725
Darryl C. Kilbert - replaced William Britt	12	900	0	0
Robert Lawyer - replaced Jerry J. Baudin, Ph. D.	12	900	0	0
Darlene L. LeBlanc (term ended 12/31/2010) - replaced by Joe A. Potts, Jr.	10	750	22	1,650
Bonnie H. Brooks (term ended 12/31/2010) - replaced by Kathy Hattaway	0	0	7	525
Holly B. Gildig - replaced D'Shay Oaks	12	900	0	0
Kathy Hattaway - replaced Bonnie H. Brooks	24	1,800	12	900
William Britt (term ended 12/31/2009) - replaced by Darryl C. Kilbert	7	525	18	1,350
Irvin R. West, Jr. (resigned 12/31/2009) - replaced by D'Shay Oaks	0	0	12	900
D'Shay Oaks (interim appointment ended 12/31/2010) - replaced Irvin R. West, Jr. then replaced by Holly B. Gildig	12	900	12	900
Joe A. Potts, Jr. - replaced Darlene L. LeBlanc	12	900	0	0
Gavin L. Vitter - replaced Carol J. White	14	<u>1,050</u>	0	<u>0</u>
Total compensation		<u>\$ 19,050</u>		<u>\$ 18,375</u>

Schedules of Payments to Non-Investment Related Consultants and Vendors for the Years Ended June 30, 2011, and 2010

	2011	2010
Actuary	\$ 186,710	\$ 174,915
Hall Actuarial Associates		
SJ Actuarial Associates		
Auditor	54,300	51,650
Hawthorn, Waymouth & Carroll, L.L.P.		
Louisiana Legislative Auditor		
Information Technology and Other Consultants	418,001	284,884
Bayou Internet		
CEM Benchmarking, Inc.		
EFL Associates		
Element K		
Equifax/LexisNexis		
IBM Corporation		
Investor Responsibility Support Services, Inc.		
Mail Guard Transcontinental Printing G.P./IWCO Direct		
McLagan Management Consultants		
Modiphy, Inc.		
Pension Benefit Information		
Pro Source Technical Services, L.L.C.		
RMJ Consulting		
SSA Consultants, L.L.C.		
Scope Solutions Group, Inc.		
Sign Language Services International		
Southwest Computer Bureau, Inc.		
Sungard Availability Services		
USA Consulting, Inc.		
VR Election Services		
Other		
Legal	87,095	120,472
Avant & Falcon		
Ice Miller, L.L.P.		
Investor Responsibility Support Services, Inc.		
Jones, Day, Reavis and Pogue		
Law Offices of Randy P. Zinna		
LA Department of Justice		
Other		
Medical	81,061	66,150
Examiners		
Total	<u>\$ 827,167</u>	<u>\$ 698,071</u>

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Investment Section

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Executive Assistant
 Dana Lee Haltom

September 19, 2011

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 26.2-percent return on investments (net of fees) for the fiscal year ended June 30, 2011, due in large measure to a period of improved global market conditions and a favorable monetary policy. According to the Wilshire Trust Universe Comparison Service (TUCS) the System's 2011 fiscal year return was the top performing fund when compared to other public plans with assets greater than \$1 billion. The total market value of the System's investments was \$14.22 billion on June 30, 2011, a gain of \$2.48 billion over the previous fiscal year.

The fiscal year encompassed cyclical commodity expansion and improved confidence toward global economic growth as both developed international equity and sovereign debt returns set precedence. Specifically, developed international equity and sovereign debt earned 30.9 percent and 10.5 percent as measured by the MSCI EAFE Index and the Citigroup World Government Bond Index, respectively.

Multiple rounds of quantitative easing with a deliberate stance by the Federal Open Market Committee (FOMC) to keep rates low for a prolonged period of time influenced and captivated investors to gravitate toward equity investments over its fixed income counterpart. With a monetary policy tailwind, the Russell 3000 Index earned 32.4 percent. While the low coupon rate environment led the Barclays Capital Aggregate Bond Index to earn 3.9 percent.

The System's public market assets beat the benchmark by 120 basis points earning 28.1 percent versus 26.9 percent for the benchmark. Active management within the fixed income and equity segments along with style and market capitalization implementation attributed to the outperformance.

Toll free (outside the Baton Rouge area): 1.877.ASK.TRSL (1.877.275.8775)

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

The System's private asset allocations also contributed to the fiscal year out performance as private asset valuations saw market value improvements akin to public assets. Private equity earned 22.7 percent, while real assets and debt related allocations earned 21.9 percent and 14.3 percent, respectively.

Long-term, the System's investment returns continue to outperform peer returns. The System ranks in the top (best) 40 percent of public pension funds with assets greater than \$1 billion for the 10-year period according to TUCS.

The System's Board of Trustees actions during the 2011 fiscal year were directed toward incorporating asset classes with varying risk and return characteristics. These investments provide the most efficient and diversified portfolio possible with return maximization and risk reduction a priority. Investment returns achieved through June 30, 2011, have been calculated using a time-weighted rate of return methodology using market values and cash flows net of fees.

Sincerely,

A handwritten signature in black ink, appearing to read 'Philip M. Griffith', with a long horizontal flourish extending to the right.

Philip M. Griffith
Chief Investment Officer

Summary of Investment Policy

Statement of Investment Objectives

Introduction

The purpose of the investment policy for Teachers' Retirement System of Louisiana (System) is to establish and communicate the long-term goals and objectives of the System to investment managers and other interested parties. The policy also formalizes the responsibilities and guidelines for investment managers and defines the performance measurement and evaluation process.

The Board of Trustees (Board) is responsible for investing System assets in a prudent manner to preserve the safety of the principal, yet provide reasonable returns, and in general, avoid speculative investments.

The Board adheres to the Prudent-Man Rule, which means that a fiduciary shall exercise the judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

The Board's policies provide for the use of all suitable and prudent avenues of investment authorized under the Louisiana statutes to maintain a high quality, diversified portfolio of investments. The Board shall retain investment managers who possess the requisite skills and specialized research expertise to assist with this. This policy serves, in part, as investment instructions to the managers.

Louisiana Code of Governmental Ethics

The System requires all investment managers, brokers, limited partnerships, and service vendors to adhere to the Louisiana Code of Governmental Ethics (Code). This Code will be included in all Solicitation for Proposals (SFP) and will be referenced in all contracts executed by the System. Detailed information on the Code, including other provisions may be obtained by contacting the Louisiana Ethics Commission at 1-800-842-6630 or by going to their web site: www.ethics.state.la.us/pub/gifts.htm

Statement of System Objectives

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

1. Protect System assets to provide benefits to participants and their beneficiaries.
2. Achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System.
3. Maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

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

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 (currently 8.25%), whichever is higher.

Asset Allocation Guidelines

The asset allocation ranges established by the 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. It shall be the policy of the System to invest the assets in accordance with the minimum and maximum range for each asset category as stated on the following page:

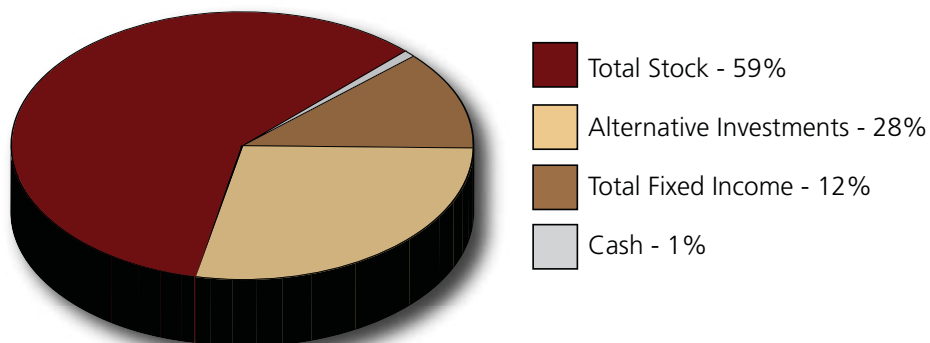
Asset Category	Minimum	Target	Maximum
Domestic Stock			
Large Cap	5%	15%	25%
Small/MidCap	5%	15%	25%
International Stock	10%	29%	40%
Total Stock*	20%	59%	65%
U.S. Bonds	4%	6%	10%
Global Bonds	3%	6%	9%
Total Fixed Income	7%	12%	19%
Debt Related	0%	8%	12%
Core/Opportunistic Real Assets	0%	9%	13%
Private Equity	5%	10%	15%
Hedge Funds - Multi-Strategy	0%	1%	3%
Options/Derivatives	0%	0%	0%
Total Alternative (Illiquid)**	9%	28%	43%
Cash and Equivalents	0%	1%	5%
Total	n/a	100%	n/a

*A 10% allocation to indexed equities is mandated by the Legislature (L.R.S. 11:267). This legislation also sets the maximum allocation to equity at 65%.

**To determine the asset allocation for this asset category, only the actual amount invested is applicable. However, in no case shall total alternative investments exceed the maximum allowed at the time the investment is made without Board approval.

It is expected that all assets of the System will be managed in accordance with the Louisiana Revised Statutes. It is the policy of the Board, provided all investment factors are equal and within the limits of prudence, that investments in Louisiana securities are encouraged.

Target Asset Allocations



Rebalancing

TRSL's Chief Investment Officer will review the asset allocation monthly to determine if each asset class is within the range established by Board policy. Any out-of-range condition and rebalancing recommendation will be reported to the Board at the Board Investment Committee meeting. The Chief Investment Officer will consider market conditions and transaction costs, as well as any other relevant factors, when determining the most cost-effective process to rebalance the portfolio. The Chief Investment Officer will direct staff and investment managers to transfer funds to rebalance the asset allocation, as necessary.

Investment Guidelines for Private Markets**Eligible Investments**

The System will invest primarily in limited partnership interests of pooled vehicles covering the broad spectrum of private investments, including:

- Private equity funds, including corporate finance/buyout and venture capital,
- Private debt funds, including mezzanine and distressed debt funds,
- Co-investments – direct investments made alongside a partnership,
- Secondary purchases – purchases of existing partnership interest or pool of partnership interests from an investor,
- Real estate equity funds, including value-add/opportunistic,
- Hedge Funds – Multi-Strategy, and
- Other investments that are deemed appropriate within the System's risk profile.

Commitment Size

The maximum investment in any single partnership shall be no greater than one percent (1%) of the System's total assets at the time of commitment.

Limitation on Percent of Partnership's Total Commitment

The System's commitment to any given partnership shall not exceed ten percent (10%) of that partnership's total commitments with the exception of the policy for investments in venture capital, emerging businesses, and money managers in Louisiana.

Diversification

The System should diversify the sources of risk in the portfolio, specifically partnerships and sub-asset classes. The System's staff and Consultant will also adopt optimal sub-asset allocation targets, which will be periodically updated to reflect general changes in the economy.

Prohibited Transactions

The System shall not make direct investments in any company or property. These investments will be done through a commingled partnership in which the System is an existing limited partner.

Advisory Board

The System should seek to obtain a limited partner advisory board seat for each partnership investment.

Illiquidity

By its nature, alternative investments are not designed to meet any short-term liquidity needs of the System. The Board should assume that the investments in this asset class are illiquid until the partnerships, at their discretion, sell investments and distribute proceeds.

Distribution

The Consultant is not responsible for investing or disposing of distributions from partnerships.

Review of Investment Guidelines

The Consultant will notify the System via the Chief Investment Officer and Director if the Guidelines would impede the System's investment performance. The Consultant also will review the guidelines annually with the Chief Investment Officer and Director and recommend any changes deemed beneficial to the System's program.

Louisiana Venture Capital, Emerging Business, and Money Managers

As required by Act 788 of 2003, the Board has approved the establishment of a program for investing in venture capital, emerging businesses, and money managers focused on Louisiana (the "Program"). The Program is intended to enhance economic development in Louisiana by stimulating job creation and capital formation through investments in Louisiana businesses, as well as result in a market rate of return for the System. These potential investments should have several

provisions that differ from the System's current private equity program.

In selecting investments for the Program, the Board will seek attractive business opportunities that are expected to result in the greatest increase in employment and economic growth in the state of Louisiana. In addition to these goals, the Program is intended to produce significant capital gains for the System and additional diversification of the plan's assets. The Board will seek to accomplish these goals by investing in private equity partnerships that invest in Louisiana companies and by co-investing with these partnerships or other qualified investors directly in Louisiana companies. The Program should include companies suffering a so-called capital gap, which means they cannot get conventional sources of funding.

The Board recognizes that portfolio risk may be higher and diversification may be lower in the Program when compared to TRSL's other investments, due to the relatively small size of the Louisiana economy and the industry concentrations within the state. Nevertheless, the returns earned on Program investments are expected to exceed public market returns and to equal or exceed returns on similar investments that are available outside of the Program.

Control Procedures

Review of Liabilities

All major liability assumptions regarding number of plan participants, payroll, benefit levels, and actuarial assumptions will be subject to an annual review. This review will focus on an analysis of the major differences between the System's assumptions and actual experience.

Review of Investment Objectives

The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives. It is not expected that the investment policy will change frequently. In particular, short term changes in the financial markets should not require an adjustment to the investment policy.

Performance Expectations

The most important performance expectation is the achievement of investment results that are consistent with the System's investment policy. A long term average annual return of 3.9% above inflation as measured by the CPI-U seasonally adjusted or the actuarial rate (currently 8.25%), whichever is higher, is reasonable in light of the policy. Implementation of the policy will be directed toward achieving this return and not toward maximizing return without regard to risk.

The Board recognizes that this real-return objective may not be meaningful during some periods. To ensure that investment opportunities available over a specific period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. The Board expects the total fund to perform in the top third of a universe of total funds having similar size and investment policies. To stay abreast of what other state and local plans are achieving, the System's performance will also be compared to the results of other public plans. Each manager is expected to perform in the top half of his or her respective equity manager or fixed income manager universe and in the top quartile of his or her investment manager style universe.

Additionally, each manager will be compared/evaluated versus their specific style benchmarks. This performance should be achieved over rolling three-year periods or over the length of each manager's contract, whichever comes first. Short-term results will also be monitored. For purposes of this evaluation, the universes maintained by the System's consultant will be used.

The System's investment managers may be placed on a watch list in response to the Board's concern about the manager's recent or long-term investment results; failure of the investment advisor to comply with any of the System's investment guidelines; significant changes in the investment manager's firm; or for any other reason that the Board deems appropriate. Any manager placed on the watch list will be sent a letter advising of the Board's concern with the manager. Failure to correct the problem to the satisfaction of the Board may lead to dismissal by the Board. However, investment managers can be dismissed for any reason, subject to contract provisions, even if they have not been previously placed on the watch list.

Responsibilities

Chief Investment Officer

This position administers the investment program of the System, is responsible for all functions of the System's Investment Department, and oversees all System investments and investment managers. Other duties include:

- Meets with the Investment Committee/Board to review investments and policies;
- Monitors existing limited partnerships and reviews/recommends future investments;
- Monitors investment portfolios to ensure they are within the Board's Investment;
- Researches new investment vehicles and presents viable investments to the Board for possible inclusion to the investment policy;
- Ensures investment policy is implemented;
- Implements asset allocation shifts to maintain portfolio allocations within policy guidelines;
- Directs the activities of the System's consultants for the best interest of the System and to leverage the activities of staff;
- Makes recommendations concerning the hiring/terminating of investment manager/advisors;
- Represents TRSL at limited partnership meetings and Advisory Committee meetings;
- Assists the Director with legislative issues; and
- Takes action necessary to preserve and protect the assets and interests of TRSL (during exigent circumstances, after consultation with and the concurrence of the Director, Chair of the Investment Committee and/or Chair of the Board).

Responsibilities and Review of Investment Consultant

The Investment Consultants shall assist the Board, the Director and the Chief Investment Officer in developing and modifying policy objectives and guidelines, including the development of an asset allocation strategy and recommendations on the appropriate mix of investment manager styles and strategies. The Consultants shall act as fiduciaries to the Fund.

Additionally, the Consultants shall provide assistance in manager searches and selection, investment perfor-

mance evaluation, and any other relevant analysis. The Consultants shall provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board, the Director, or the Chief Investment Officer.

All consultants will be evaluated on an annual basis.

Responsibilities and Review of Investment Managers

The Board will require each investment manager to report monthly in a manner agreed upon by the Board, staff, consultant, and manager.

The Board will meet at least annually, and preferably more frequently, with its investment managers and consultants. Additionally, with or without the investment managers, the Board will review investment results at least quarterly. These reviews will focus on:

- manager adherence to the policy guidelines;
- comparison of manager results versus appropriate financial indices;
- comparison of manager results using similar policies (in terms of commitment to equity, style, diversification, volatility, etc.);
- opportunities available in both equity and debt markets; and
- material changes in the manager organizations, such as investment philosophy, personnel changes, acquisitions, or losses of major accounts, etc.

The managers will be responsible for advising the Board of any material change in personnel, investment strategy, or other pertinent information potentially affecting performance.

Responsibilities and Review of Custodian Bank

The custodian bank is responsible for performing the following functions, among others designated by contract:

- safekeeping of securities;
- process and settlement of all investment manager transactions;
- accept instructions from designated System staff concerning the movement or disbursement of cash and securities;
- collection of interest, dividends, proceeds from ma-

turing securities, and other distributions due the System;

- sweep of idle cash balances daily into interest bearing accounts;
- advise investment staff daily of changes in cash equivalent balances;
- notify investment managers of tenders, rights, fractional shares or other dispositions of holdings;
- notify appropriate entities of proxies;
- provide holdings and performance reports as required by the System; and
- manage third-party securities lending and related functions.

The Custodian Bank will be evaluated on an annual basis.

Investment Summary as of June 30, 2011, and 2010

	June 30, 2011		June 30, 2010	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds:				
U.S. Treasury & Government Agency securities	\$ 890,404,616	6.259%	\$ 727,728,278	6.198%
Corporate bonds	325,734,372	2.290%	386,653,156	3.293%
Miscellaneous bonds	<u>158,813,334</u>	1.116%	<u>205,134,936</u>	1.747%
Total domestic bonds	<u>1,374,952,322</u>	9.665%	<u>1,319,516,370</u>	11.238%
International bonds	<u>669,538,563</u>	4.706%	<u>569,848,847</u>	4.854%
Domestic stocks:				
Common	3,973,392,270	27.929%	3,202,024,277	27.272%
Preferred	<u>2,177,902</u>	0.015%	<u>1,043,956</u>	0.009%
Total domestic stocks	<u>3,975,570,172</u>	27.944%	<u>3,203,068,233</u>	27.281%
International stocks				
Common	4,062,499,258	28.555%	3,158,011,836	26.897%
Preferred	<u>32,246,264</u>	0.227%	<u>31,798,570</u>	0.271%
Total international stocks	<u>4,094,745,522</u>	28.782%	<u>3,189,810,406</u>	27.168%
Domestic and international short-term investments	<u>738,220,668</u>	5.189%	<u>712,442,177</u>	6.068%
Alternative investments:				
Private equity investments	2,178,204,104	15.311%	1,836,846,296	15.645%
Real estate investments	867,453,356	6.097%	580,276,386	4.942%
Mezzanine financing instruments	326,255,977	2.293%	331,900,850	2.827%
Derivatives - Domestic and international	1,953,706	0.013%	(2,733,743)	(0.023)%
Total alternative investments	<u>3,373,867,143</u>	23.714%	<u>2,746,289,789</u>	23.391%
Total Investments	<u>\$ 14,226,894,390</u>	100.000%	<u>\$ 11,740,975,822</u>	100.000%

NOTE: The fair value of the equity index portfolios at June 30, 2011, was \$1,477,331,135, which represents 18.02% of total equity, which has a market value of \$8,198,104,413.

List of Largest Assets Held

LARGEST ALTERNATIVE INVESTMENT HOLDINGS (BY FAIR VALUE)

Description	Fair Value
DOMESTIC PRIVATE EQUITY INVESTMENTS	
Warburg Pincus Private Equity IX, L.P.	\$ 104,843,818
North American Natural Resources Fund	93,546,347
DLJ Merchant Banking Partners III	85,863,739
Apollo Investment Fund VI, L.P.	85,010,995
Kohlberg, Kravis, Roberts 2006 Fund	83,268,361
Providence Equity Partners VI	80,723,759
Warburg Pincus Private Equity X, L.P.	79,094,455
First Reserve Fund XI	64,963,510
Apollo Investment Fund VII, L.P.	61,142,500
Green Equity Investors V	60,351,330
REAL ESTATE PARTNERSHIPS	
Blackstone Real Estate Partners VI	\$ 106,114,505
Blackstone Real Estate Partners V	79,001,617
Starwood Global Opportunity Fund VIII	58,705,911
Rockpoint Real Estate Fund III	55,371,610
Starwood Global Opportunity Fund VII	34,859,605
Walton Street Real Estate Fund VI	31,535,688
Carlyle Realty Partners V	30,545,061
Crow Holdings Realty Partners V	29,433,740
Rockpoint Real Estate Fund II	18,605,032
Starwood Global Opportunity Fund VI	17,578,353

A complete list of portfolio holdings is available upon request.

List of Largest Assets Held (cont'd)**LARGEST ALTERNATIVE INVESTMENT HOLDINGS (BY FAIR VALUE)**

Description	Fair Value
MEZZANINE FINANCING INVESTMENTS	
TCW/Crescent Mezzanine Partners IV	\$ 62,248,262
TCW/Crescent Mezzanine Partners V	51,540,216
Levine Leichtman Deep Value Fund	37,840,332
Prudential Capital Partners	31,137,138
Falcon Mezzanine Partners II	26,220,261
1818 Mezzanine Fund II	23,509,662
Providence TMT Debt Opportunity Feeder II	21,087,976
Gleacher Mezzanine Fund II	16,085,299
Blackstone Mezzanine Partners	13,083,805
TCW/Crescent Mezzanine Partners III	12,571,532
INTERNATIONAL PRIVATE EQUITY INVESTMENTS	
Warburg Pincus International Partners	\$ 79,059,502
CVC European Equity Partners V	62,400,836
3I Europartners V	58,979,412
ICG Recovery Fund 2008, L.P.	43,458,683
Doughty Hanson & Co III, L.P.	40,053,261
Apollo European Principal Finance Fund	32,823,150
Bridgepoint Europe Fund IV, L.P.	27,028,776
Compass Partners European Equity Fund, L.P.	9,724,637
Gilde Buy-Out Fund IV	4,670,057
Second Cinven Fund US, L.P.	3,090,965
REAL ESTATE INVESTMENT TRUSTS	
Prudential Real Estate Investors	\$ 212,905,473
J.P. Morgan Investment Management	163,193,110

A complete list of portfolio holdings is available upon request.

List of Largest Assets Held (cont'd)

US TREASURY & GOVERNMENT AGENCY SECURITIES (BY FAIR VALUE)

Security Description	Coupon Rate	Maturity Date	Bonds	Fair Value
US TREASURY BOND	4.25%	11/15/40	\$ 38,720,000	\$ 37,853,060
US TREASURY BOND	4.50%	05/15/38	26,020,000	26,716,816
FHLMC MULTICLASS MTG	4.00%	09/15/18	17,034,030	17,741,624
US TREAS BD STRIP PRIN PMT	11.25%	02/15/15	14,000,000	13,411,440
FNMA GTD REMIC P/T	4.50%	11/25/30	12,322,485	13,041,872
FHLMC MULTICLASS CTF 3143 BC	5.50%	02/15/36	10,000,000	10,901,600
FNMA POOL #0745418	5.50%	04/01/36	8,982,321	9,771,305
US TREASURY NOTE	2.63%	06/30/14	9,000,000	9,484,020
FNMA POOL #0888209	5.50%	05/01/36	8,289,955	9,018,123
US TREASURY NOTE	3.13%	05/15/19	8,594,000	8,872,617

LARGEST INTERNATIONAL BOND HOLDINGS (BY FAIR VALUE)

Country Name	Security Description	Coupon Rate	Maturity Date	At Par (in local currency)	Fair Value
UNITED KINGDOM	TREASURY GILT	3.75%	09/07/21	22,930,000	\$ 37,391,668
UNITED KINGDOM	BARCLAYS BANK PLC 144A	0.00%	10/30/13	25,000,000	23,865,000
AUSTRALIA	NEW S WALES TREASURY CRP	6.00%	04/01/16	20,225,000	22,285,149
MEXICO	MEX BONOS DESARR FIX RT	8.50%	05/31/29	223,930,000	20,486,858
POLAND	POLAND (REPUBLIC OF)	5.25%	10/25/17	52,520,000	18,960,173
NORWAY	NORWAY (KINGDOM OF)	6.50%	05/15/13	94,340,000	18,845,999
JAPAN	JAPAN (2 YEAR ISSUE)	0.20%	12/15/12	1,505,000,000	18,644,688
BRAZIL	NOTA DO TESOURO NACIONAL	10.00%	01/01/21	27,680,000	15,485,580
MEXICO	MEXICO (UNITED MEXICAN STATES)	7.75%	12/14/17	162,800,000	14,829,128
KOREA	KOREA (REPUBLIC OF)	5.75%	09/10/18	14,404,300,000	14,746,764

LARGEST DOMESTIC COMMON STOCK HOLDINGS (BY FAIR VALUE)

Description	Shares	Fair Value
EXXON MOBIL CORP	1,079,434	\$ 87,844,339
INTERNATIONAL BUSINESS MACHINE	305,924	52,481,262
CHEVRON CORP	463,643	47,681,046
APPLE INC	132,996	44,642,767
JPMORGAN CHASE & CO	999,625	40,924,648
INTEL CORP	1,548,626	34,317,552
PFIZER INC	1,605,535	33,074,021
THE COCA-COLA CO	476,459	32,060,926
CONOCOPHILLIPS	421,070	31,660,253
JOHNSON & JOHNSON	465,815	30,986,013

A complete list of portfolio holdings is available upon request.

List of Largest Assets Held (cont'd)**LARGEST INTERNATIONAL COMMON STOCK HOLDINGS (BY FAIR VALUE)**

Country	Description	Shares	Fair Value
CAYMAN ISLANDS	BAIDU INC/CHINA	471,081	\$ 66,012,581
SWITZERLAND	NESTLE SA CHF0.1 (REGD)	738,759	45,843,418
MACAU	SANDS CHINA LTD	15,055,160	40,630,793
GERMANY	BAYER AG ORD NPV	441,646	35,499,366
SWEDEN	ATLAS COPCO AB SER A NPV	1,307,432	34,498,527
SPAIN	BANCO SANTANDER SA EURO.50	2,914,777	33,651,084
UNITED KINGDOM	BHP BILLITON PLC USD0.50	811,280	31,936,552
BELGIUM	ANHEUSER-BUSCH INBEV NV	540,992	31,374,290
SPAIN	INDUSTRIA DE DISENO TEXTIL SA	335,449	30,562,280
GERMANY	LINDE AG NPV	172,960	30,317,616

LARGEST DOMESTIC PREFERRED STOCK HOLDINGS (BY FAIR VALUE)

Description	Shares	Fair Value
LUCENT TECH CAP TR I CONV TR	1,800	\$ 1,770,750
DEUTSCHE BK CONTINGENT CAP TR	17,000	407,150

LARGEST INTERNATIONAL PREFERRED STOCK HOLDINGS (BY FAIR VALUE)

Country	Description	Shares	Fair Value
GERMANY	PORSCHE AUTOMOBIL HOLDING SE	174,822	\$ 13,864,573
BRAZIL	PETROLEO BRASILEIRO SA	343,600	10,541,648
GERMANY	HENKEL AG & CO KGAA NON VTG	108,630	7,539,391
NETHERLANDS	AEGON N V PERP CAP SECS FLTG	11,824	265,804
GERMANY	PROSIEBENSATI MEDIA AG NPV	573	16,241
GERMANY	RWE AG (NEW) NON VTG PRF NPV	308	15,716
ITALY	UNIPOL GRUPPO FINANZIARIO SPA	7,070	2,891

LARGEST DOMESTIC CORPORATE BONDS

Security Description	Coupon Rate	Maturity Date	Bonds	Fair Value
GENERAL ELECTRIC CAPITAL CORP	VAR RT	06/02/2014	\$ 7,315,000	\$ 7,279,449
GOLDMAN SACHS GROUP INC/THE	5.95%	01/18/2018	6,160,000	6,622,466
TIME WARNER CABLE INC	7.30%	07/01/2038	5,793,000	6,599,744
JPMORGAN CHASE & CO	VAR RT	01/24/2014	6,140,000	6,155,657
MUNICIPAL ELEC AUTH GA	6.64%	04/01/2057	5,835,000	5,593,781
FIFTH THIRD BANCORP	8.25%	03/01/2038	3,885,000	4,590,914
UNITEDHEALTH GROUP INC	6.63%	11/15/2037	3,862,000	4,307,375
CITIGROUP INC	6.38%	08/12/2014	3,590,000	3,982,333
ORACLE CORP	6.50%	04/15/2038	3,164,000	3,659,497
COMCAST CORP	6.95%	08/15/2037	3,020,000	3,379,418

A complete list of portfolio holdings is available upon request.

Net Earnings on Investments for the Years Ended June 30, 2011, and 2010

	2011		2010	
Earnings on investments:				
Net appreciation (depreciation) in domestic investments:				
Bonds	\$ 3,145,339		\$ 154,377,184	
Short-term investments	16,017		2,574,218	
Common and preferred stocks	663,672,157		330,321,768	
Alternative investments	241,044,308	\$ 907,877,821	207,557,737	\$ 694,830,907
Net appreciation (depreciation) in international investments:				
Bonds	55,088,180		(9,828,837)	
Common and preferred stocks	877,419,968		254,634,102	
Futures and Options	0		(7,101,290)	
Alternative investments	(469,032)	932,039,116	3,289,447	240,993,422
Domestic interest income:				
Bonds	76,037,299		87,084,167	
Short-term investments	947,523	76,984,822	1,401,389	88,485,556
International interest income:				
Bonds	27,649,442		30,626,308	
Short-term investments	20,318	27,669,760	13,683	30,639,991
Domestic common and preferred dividends		63,345,760		58,019,267
International common and preferred dividends		97,544,773		77,539,701
Securities lending income:				
Fixed	862,702		603,088	
Equity	3,084,590		2,238,409	
International	1,761,541	5,708,833	1,937,582	4,779,079
Gain (loss) on sale of domestic securities, net:				
Bonds	7,745,208		(30,147,755)	
Common and preferred stocks	352,020,977		119,820,164	
Alternative investments	367,833,744	727,599,929	73,938,685	163,611,094
Gain (loss) on sale of international securities, net:				
Bonds	15,479,961		9,980,023	
Short-term investments	(80)		776	
Common and preferred stocks	46,843,182		(73,258,654)	
Alternative investments	67,799,322	130,122,385	41,028,388	(22,249,267)
Gain (loss) on international exchange transactions, net		44,368,507		11,339,375
Miscellaneous domestic income		331,196		88,306
Commission rebate income		10,675		6,118
Gross earnings (loss)		3,013,603,577		1,348,083,349
Charges against earnings:				
Securities lending expenses:				
Fixed	267,840		182,029	
Agents	1,181,759		1,024,001	
Equity	(769,792)		(1,269,163)	
International	(1,861,586)	(1,181,779)	(962,219)	(1,025,352)
International tax expense		5,410,956		4,750,823
Alternative investments expense		35,504,651		30,288,558
Custodian fees		485,364		468,022
Performance consultant fees		738,617		713,829
Advisors fees		29,952,344		27,145,172
Total charges		70,910,153		62,341,052
Net income (loss) on investments		\$2,942,693,424		\$1,285,742,297

INVESTMENT PERFORMANCE MEASUREMENTS¹ – YEAR ENDED JUNE 30, 2011

	Rate of Return ¹	Rank
Comparative Rates of Return on Total Fund²		
Teachers' Retirement System of Louisiana	26.8%	1
<u>Comparison Index:</u>		
Median Return for Public Funds Greater than \$1.0 billion	21.5%	50
Comparative Rates of Return on Domestic Equities³		
Teachers' Retirement System of Louisiana	34.0%	33
<u>Comparison Indices:</u>		
Median Return for US Equities of Public Funds Greater than \$1.0 billion	33.3%	50
Standard and Poor's 500 Index	30.7%	90
Comparative Rates of Return on Domestic Bonds³		
Teachers' Retirement System of Louisiana	5.6%	68
<u>Comparison Indices:</u>		
Median Return for US Fixed Income of Public Funds Greater than \$1.0 billion	6.4%	50
Barclays Capital Aggregate Bond Index	3.9%	91
Comparative Rates of Return on International Equities³		
Teachers' Retirement System of Louisiana	33.1%	14
<u>Comparison Indices:</u>		
Median Return for Non-US Equity of Public Funds Greater than \$1.0 billion	30.7%	50
MSCI EAFE Index	30.9%	47
Comparative Rates of Return on Global Bonds⁴		
Teachers' Retirement System of Louisiana	13.3%	N/A
<u>Comparison Indices:</u>		
Median Return for Global Bonds of Public Funds Greater than \$1.0 billion	N/A	N/A
Citigroup World Government Bond Index	10.5%	N/A
Comparative Rates of Return on Private Assets⁵		
Teachers' Retirement System of Louisiana	21.8%	N/A
<u>Comparison Indices:</u>		
Median Return for Private Assets	N/A	N/A
S & P 500 Index Plus 4%	34.3%	N/A
Total Fund performance is compared to Public Funds greater than \$1.0 billion in assets as follows:		
One-year period ended June 30, 2011 ²	26.8%	1
Two-year period ended June 30, 2011 ²	3.5%	11
Five-year period ended June 30, 2011 ²	4.8%	59
Seven-year period ended June 30, 2011 ²	7.0%	29
Ten-year period ended June 30, 2011 ²	6.1%	40
Fifteen-year period ended June 30, 2011 ³	7.6%	43
Twenty-year period ended June 30, 2011 ³	8.7%	39

¹Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.

²Wilshire Trust Universe Comparison Service (TUCS) consists of public funds with assets greater than \$1.0 billion.

³The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than \$1.0 billion.

⁴BNY Mellon Financial does not provide a universe for global bonds.

⁵BNY Mellon Financial does not provide a universe for private assets.

RATES OF RETURN¹

	ANNUAL YEARS ENDING JUNE 30					ANNUALIZED	
	2011	2010	2009	2008	2007	3 YRS.	5 YRS.
TOTAL FUND							
Teachers' Retirement System of Louisiana	26.8%	12.6%	(22.3%)	(4.8%)	19.7%	3.5%	4.8%
Median Large Fund Returns ²	21.5%	13.5%	(18.0%)	(4.3%)	18.0%	4.3%	4.9%
Inflation (US Consumer Price Index)	3.6%	1.1%	(1.4%)	5.0%	2.7%	1.0%	2.2%
DOMESTIC EQUITIES							
Teachers' Retirement System of Louisiana	34.0%	16.5%	(28.0%)	(12.1%)	15.8%	4.0%	2.7%
Median Return for US Equity Segment ²	33.3%	16.5%	(27.0%)	(12.7%)	20.0%	4.2%	3.5%
Standard & Poor's 500 Index	30.7%	14.4%	(26.2%)	(13.1%)	20.6%	3.3%	2.9%
DOMESTIC BONDS							
Teachers' Retirement System of Louisiana	5.6%	15.6%	(5.1%)	4.2%	7.8%	5.1%	5.4%
Median Bond Return for US Bonds Segment ²	6.4%	13.8%	3.4%	5.5%	6.5%	7.3%	6.6%
Barclays Capital Aggregate Index	3.9%	9.5%	6.0%	7.1%	6.1%	6.5%	6.5%
INTERNATIONAL EQUITIES							
Teachers' Retirement System of Louisiana	33.1%	10.2%	(31.5%)	(11.0%)	30.3%	0.2%	3.1%
Median Return for Non-US Equity Segment ²	30.7%	11.9%	(30.7%)	(8.1%)	30.6%	0.2%	4.0%
MSCI EAFE Index	30.9%	6.4%	(31.0%)	(10.1%)	27.5%	(1.3%)	2.0%
GLOBAL BONDS							
Teachers' Retirement System of Louisiana	13.3%	9.5%	1.6%	13.7%	4.8%	8.0%	8.5%
Median Return for Non-US Fixed Segment ³	N/A	N/A	N/A	N/A	N/A%	N/A	N/A
Citigroup World Government Bond Index	10.5	3.0%	4.0%	17.0%	2.9%	5.8%	7.3%
ALTERNATIVE INVESTMENTS							
Teachers' Retirement System of Louisiana	21.8%	12.3%	(21.1%)	5.5%	35.5%	2.6%	9.1%
Median Return for Alternative Segment ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S & P 500 Index Plus 4%	34.3%	18.4%	(22.2%)	(9.1%)	24.4%	7.4%	6.9%

¹Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.

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

³BNY Mellon Financial does not provide a universe for global bonds.

⁴BNY Mellon Financial does not provide a universe for private assets.

Summary of Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2011

	Commission Dollar Amount
DOMESTIC COMMISSIONS	
Domestic Equity	
Louisiana Incorporated Brokers	\$ 758,057
Cullen Investment Group	
Doley Securities (Minority)	
Dorsey & Company, Inc.	
FBT Investments	
Francis Financial (Minority)	
Johnson Rice	
Sisk Investments	
Sisung Securities	
Non-Louisiana Incorporated Minority Brokers	111,614
GRW	
Jackson Partners	
Magna Securities	
Pacific American	
Williams Capital	
All Other Brokers	<u>3,977,028</u>
Total Domestic Commissions	<u>4,846,699</u>
INTERNATIONAL COMMISSIONS	
Total International Commissions	<u>3,477,792</u>
Total Domestic and International Commissions	<u>\$ 8,324,491</u>

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Celebrating

75
years

 **TRSL**

1936 - 2011



Shelley R. Johnson
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October 1, 2011

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

Ladies and Gentlemen:

Pursuant to your request, I have completed the annual valuation of the Teachers' Retirement System of Louisiana as of June 30, 2011. The valuation was prepared on the basis of the data submitted by the Retirement System, the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

- a) Fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and
- b) Liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

The results of the current valuation indicate that the employer contribution rate payable for the fiscal year commencing July 1, 2011 is 24.0% of payroll. When compared to the 23.7% projected rate for this period, as set by the Public Retirement Systems' Actuarial Committee, the current rate reflects an increase resulting primarily from a decrease in projected aggregate payroll and to a lesser extent from investment losses relative to the actuarially assumed rate of return. The current contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

The methodology for determining the actuarial value of assets approved by the Board of Trustees is consistent with the prior plan year. The current method values all assets on a basis which reflects a four-year moving weighted average of the relationship between market value and cost value. The objective of this 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 fiscal year ending June 30, 2011 was \$13,286,575,076. The Actuarial Value of Assets, when adjusted for the side-fund assets for the Louisiana State University Agriculture and Extension Service Supplement of \$280,197, yields assets for funding purposes of \$13,286,294,879.

Board of Trustees

TRSL

October 1, 2011

In performing the June 30, 2011 valuation, I have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents or compared with data for the same participant utilized in prior valuations. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the June 30, 2011, actuarial valuation and supporting statistical schedules of this certification, which comprises all the schedules of the Actuarial Section in the annual Financial Statement, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(13) and assumptions which are appropriate for the purposes of this valuation, unless otherwise stated.

The following supporting schedules were prepared by me for the Comprehensive Annual Financial Report:

Actuarial Section

- Summary of Actuarial Assumptions
- Actuarial Valuation Balance Sheet
- Summary of Unfunded Actuarial Liabilities
- 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 Funding Progress
- Schedule of Employer Contributions

The funding method prescribed by state law is the Projected Unit Credit cost method. The actuarial discount rate of 8.25% is prescribed by PRSAC. A lower discount rate would be preferable due to administrative expenses and contingent liabilities. TRSL typically conducts an experience study every five years to review all actuarial assumptions and methods. The most recent study was adopted effective June 30, 2008, and covers the observation period of 2002-2007. The most recent experience report noted that TRSL's investment consultant had recently completed a Capital Markets Overview based on the system's asset allocation which determined that the expected long-term investment return was 9.0%. Since the prescribed discount rate of 8.25% is less than the long-term expected return, the 8.25% was not considered to be unreasonable. Actuarial recommendations regarding assumption changes are generally not considered by the Board until the completion of an experience study. However, it should be noted the system recently completed a Capital Markets Overview which determined that the projected long-term (30-year) return expectation is currently 8.73%, based on the target asset allocation recently adopted by the Board. The next experience study is expected to be completed after fiscal year ending 2012.

Board of Trustees

TRSL

October 1, 2011

The actuarial assumptions and methods used for funding purposes are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25, unless otherwise noted. The actuarial assumptions and methods used for funding purposes were employed in the development of the schedules listed above for the Financial Section of this report.

I certify to the best of my knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices set forth by the American Academy of Actuaries, are reasonable and represent my best estimate of the funding requirement to achieve the Retirement System's Funding Objective, unless otherwise noted.

Respectfully submitted,



Shelley R. Johnson, FCA, MAAA, ASA
Consulting Actuary

Summary of Actuarial Assumptions

The following assumptions were adopted by the Board of Trustees of The Teachers' Retirement System of Louisiana (TRSL) based on the 2002-2007 actuarial experience study in effect as of June 30, 2008, unless otherwise noted.

I. General Actuarial Method

Actuarial Funding Method (Projected Unit Credit): The unfunded accrued liability on June 30, 1988 is amortized over a forty year period commencing in 1989. The amortization payment reflects a 4% increase for the first five years, reducing by 0.5% at the end of each five year period. Changes in unfunded accrued liabilities occurring after June 30, 1988 are 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 further 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 thirty-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a thirty-year period from the date of occurrence, paid as a level dollar amount.

Act 484 of 2007 and resulting Constitutional Amendment requires 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 is effective July 1, 2010. The outstanding balance of the OAB will be 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 in plan year 2028/2029. The EAAB will be credited with funds from the Initial UAL sub-account, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. The payment schedule for each of these bases will increase each plan year as follows:

Plan Year	Original Amortization Base	Experience Account Amortization Base
2011/2012 – 2013/2014	7.0%	7.0%
2014/2015 – 2017/2018	6.5%	6.5%
2018/2019 +	2.0%	Level Payments

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a projected percentage of payroll. Discrepancy between dollars generated by percentage of payroll versus the required dollar amount are treated as a short-fall credit/debit and applied to the following year's contribution requirement. The five year level amortization payment of the debit/credit is applied to the following year's contribution requirement.

Act 497 changes the amortization of contribution variance credits. Beginning with plan year 2009-2010 through plan year 2039-2040, any overpayment will be credited to the EAAB. The EAAB will then be re-amortized according to the new payment schedule.

Asset Valuation Method: Assets are valued on a basis which reflects a four year moving weighted average value between market value and cost value. This value is subject to Corridor Limits of 80% to 120% of the Market Value of Assets. Prior to July 1, 1997, fixed income securities were valued at amortized cost.

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.

II. Economic Assumptions

Actuarially Assumed Rate of Return: 8.25% per annum, compounded annually, as prescribed by the Public Retirement Systems' Actuarial Committee.

Employee Salary Increases: Incorporated within the salary scales (shown for periodic durations, but representing full range of assumptions) is an explicit 3.0% inflation assumption. The following salary scale is based upon years of service:

Duration (Years)	Teachers	University	School Lunch A	School Lunch B
1	5.50%	5.50%	6.50%	6.50%
5	6.20%	5.40%	6.60%	6.60%
10	6.00%	5.20%	4.50%	5.50%
15	5.10%	5.00%	4.50%	5.00%
20	5.10%	4.80%	5.20%	5.00%
25	4.80%	4.50%	4.50%	4.30%
30	4.80%	4.50%	5.00%	4.30%

III. Decrement Assumptions

Mortality Assumption: pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the RP-2000 mortality table.

Disability Assumption: Rates of total and permanent disability were projected by age in accordance with the 2002-2007 disability experience of the Retirement System. Rates were projected separately for School Lunch and University Employees. Mortality rates after disability are based on the RP-2000 table for disabled lives.

Age	Teachers	University	School Lunch A	School Lunch B
25	0.01%	0.01%	0.00%	0.00%
30	0.01%	0.01%	0.00%	0.00%
35	0.06%	0.01%	0.01%	0.00%
40	0.11%	0.10%	0.01%	0.03%
45	0.18%	0.10%	1.00%	0.30%
50	0.22%	0.10%	1.50%	1.50%
55	0.40%	0.10%	3.00%	2.55%

Termination Assumption: Voluntary withdrawal rates are derived from the 2002-2007 termination experience study.

Age	Teachers	University	School Lunch A	School Lunch B
25	13%	10%	0%	20%
30	13%	12%	2%	7%
35	9%	10%	2%	7%
40	6%	7%	2%	6%
45	4%	5%	2%	4%
50	3%	2%	2%	3%

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80% will not withdraw their accumulated employee contributions.

Retirement/DROP Assumptions: Retirement rates were projected based upon the 2002-2007 experience study. Rates illustrated below are retirement rates and the probability of DROP participation, respectively.

Age	Members Hired before 1/1/2011				Members Hired on or after 1/1/2011				Lunch A		Lunch B	
	Teachers		University		Teachers		University					
	Ret	DROP	Ret	DROP	Ret	DROP	Ret	DROP	Ret	DROP	Ret	DROP
50	2.8%	3%	4%	0%	0%	0%	0%	0%	1%	2%	0%	0%
51	3%	15%	3%	3%	0%	0%	0%	0%	1%	2%	0%	0%
52	3.5%	50%	5%	7%	0%	0%	0%	0%	1%	2%	0%	0%
53	5%	40%	5%	12%	0%	0%	0%	0%	3%	2%	0%	0%
54	7.5%	40%	9%	12%	0%	0%	0%	0%	3%	2%	0%	30%
55	20%	60%	18%	55%	0%	0%	0%	0%	15%	50%	35%	50%
56	23%	15%	18%	10%	0%	0%	0%	0%	15%	20%	33%	45%
57	25%	7%	18%	10%	0%	0%	0%	0%	15%	20%	30%	15%
58	36.5%	7%	28%	7%	0%	0%	0%	0%	25%	20%	30%	15%
59	28%	7%	21%	7%	0%	0%	0%	0%	25%	20%	30%	15%
60	28%	15%	28%	7%	75%	35%	50%	25%	35%	55%	30%	15%
61	28%	3%	21%	2%	28%	3%	21%	2%	35%	20%	30%	3%
62	28%	1%	21%	1%	28%	1%	21%	1%	35%	10%	30%	1%
63	33%	1%	21%	1%	33%	1%	21%	1%	50%	2%	45%	1%
64	33%	1%	21%	1%	33%	1%	21%	1%	50%	2%	45%	1%
65	33%	1%	28%	1%	33%	1%	28%	1%	40%	2%	30%	1%
66	40%	0%	28%	1%	40%	0%	28%	1%	40%	2%	25%	1%
67	34%	0%	28%	1%	34%	0%	28%	1%	35%	2%	25%	1%
68	34%	0%	28%	1%	34%	0%	28%	1%	25%	2%	25%	1%
69	34%	0%	20%	1%	34%	0%	20%	1%	20%	2%	25%	1%
70	34%	0%	20%	1%	34%	0%	20%	1%	20%	2%	50%	1%

Actuarial Valuation Balance Sheet - June 30, 2011 and 2010

	2011	2010
Assets		
Present Assets Creditable To:		
Members' Savings Account	\$ 2,432,596,036	\$ 2,340,677,474
Annuity Reserve Account	<u>10,853,698,843</u>	<u>10,527,806,082</u>
Total Present Assets	13,286,294,879	12,868,483,556
Present Value Of Prospective Contributions Payable To:		
Members' Savings Account	2,474,622,026	2,528,866,134
Annuity Reserve Account		
Normal Costs	1,940,023,455	2,038,541,893
Accrued Liability	<u>12,017,975,887</u>	<u>12,020,244,270</u>
Total Prospective Contributions	<u>16,432,621,368</u>	<u>16,587,652,296</u>
Total Assets	<u>\$ 29,718,916,247</u>	<u>\$ 29,456,135,852</u>
Liabilities		
Present Value Of Prospective Benefits Payable On Account Of:		
Current Retiree Members	\$ 16,555,882,802	\$ 16,091,625,502
Current Active Members	12,720,097,655	12,952,091,636
Deferred Vested & Reciprocal Members	<u>442,935,790</u>	<u>412,418,714</u>
Total Liabilities	<u>\$ 29,718,916,247</u>	<u>\$ 29,456,135,852</u>

NOTE: Information on this page was provided by SJ Actuarial Associates.

Summary of Unfunded Actuarial Liabilities/Salary 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)
2006	\$ 1,912.0	\$ 13,430.0	\$ 4,048.8	\$ 13,088.4	100%	83%	0%
2007	1,984.1	14,397.9	4,390.3	14,812.7	100%	89%	0%
2008	2,100.9	15,378.1	4,611.5	15,507.8	100%	87%	0%
2009	2,227.5	15,823.1	4,788.8	13,500.8	100%	71%	0%
2010	2,340.7	16,504.0	4,830.1	12,868.5	100%	64%	0%
2011	2,432.6	16,998.8	4,665.4	13,286.3	100%	64%	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
2006	\$ 19,390.8	\$ 13,088.4	67.5%	\$ 6,302.4	\$ 2,893.0	217.8%
2007	20,772.3	14,812.7	71.3%	5,959.6	3,224.6	184.8%
2008	22,090.5	15,507.8	70.2%	6,582.7	3,675.0	179.1%
2009	22,839.4	13,500.8	59.1%	9,338.6	3,912.3	238.7%
2010	23,674.8	12,868.5	54.4%	10,806.3	3,977.8	271.7%
2011	24,096.8	13,286.3	55.1%	10,810.5	3,902.6	277.0%

NOTE: Information on this page was provided by SJ Actuarial Associates.

Reconciliation of Unfunded Actuarial Liabilities (Dollar Amounts in Thousands)

	Fiscal Year Ending			
	2011	2010	2009	2008
Unfunded Actuarial Liability at Beginning of Fiscal Year (7/1)	\$ 10,806,358	\$ 10,117,515	\$ 6,967,625	\$ 6,250,578
Interest on Unfunded Liability	891,525	834,695	574,829	515,672
Investment Experience - Gains decrease UAL	223,289	1,183,557	3,170,379	470,047
Plan Experience - Gains decrease UAL	(398,487)	(32,650)	(144,959)	326,425
Employer Amortization Payments - Payments decrease UAL	(818,152)	(644,194)	(360,294)	(303,273)
Employer Contribution Variance - Excess contributions decrease UAL	105,926	148,936	(90,065)	(103,413)
Experience Account Allocation - Allocations decrease UAL	-	-	(296,655)	-
Other - Miscellaneous gains and losses from transfers or Acts of the Legislature	-	(801,501)	296,655	(188,411)
Unfunded Actuarial Liability at End of Fiscal Year (6/30)	<u>\$ 10,810,459</u>	<u>\$ 10,806,358</u>	<u>\$ 10,117,515</u>	<u>\$ 6,967,625</u>

NOTE: Information on this page was provided by SJ Actuarial Associates.

Amortization of Unfunded Actuarial Liability - June 30, 2011

Exhibit A-1

Date	Description	Amtz. Method	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
2010	Original Amort. Base	Note 1	19	2,677,501,778	18	2,701,633,321	202,354,020
2010	Exper Acct Amort Base	Note 2	30	3,999,115,151	29	4,069,673,396	266,739,591
2009	Change in Liability	L	30	2,979,708,647	28	2,927,392,808	260,418,228
2010	Change in Liability	L	30	1,150,854,854	29	1,141,152,102	100,581,505
2011	Change in Liability	L	30	(175,198,199)	30	(175,198,199)	(15,311,834)
Total Outstanding Balance						\$10,664,653,428	\$814,781,510
Employers Credit Balance		Amtz. Method	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
2007	Contribution Variance	L	5	(37,534,025)	1	(8,741,490)	(9,094,931)
2008	Contribution Variance	L	5	(103,413,475)	2	(46,333,439)	(25,058,287)
2009	Contribution Variance	L	5	(44,404,927)	3	(28,720,637)	(10,759,830)
2010	Contribution Variance	L	5	148,936,071	4	123,675,185	36,088,942
2011	Contribution Variance	L	5	105,925,850	5	105,925,850	25,667,065
Total Credit Balance						\$ 145,805,469	\$ 16,842,959
Total Unfunded Actuarial Accrued Liability						\$10,810,458,897	\$831,624,469

The equivalent single amortization period, calculated in accordance with GASB Statement 25, paragraphs 36f and 43, is 24 years.

Note 1: Act 497 of 2009 created the Original Amortization Base, effective July 1, 2010, which combines the following schedules shown in Exhibit A-1: 1993 (Initial Liability) 1993 (Change in Liability), 1994 - 1996, 1998-2000, 2005-2008. The new combined balance is reduced by applying funds from the IUAL Fund, excluding the subaccount of this fund. Payment will increase by 7.0% for 3 years, 6.5% for 4 years, and thereafter at 2% until paid off in 2029.

Note 2: Act 497 of 2009 created the Experience Account Amortization Base, which combines the following schedules shown in Exhibit A-1: 1997, 2001 - 2003, 2004 (the liability resulting from Act 588 of 2004 which zeroed out the Experience Account), and 2008. The new combined balance is reduced by applying funds from the subaccount of the IUAL Fund, which were transferred from the Experience Account on June 30, 2009. Payments will increase by 7.0% for 3 years, 6.5% for 4 years, and will be level thereafter until paid off in 2040.

NOTE: Information on this page was provided by SJ Actuarial Associates.

Membership Data

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

	2011		2010	
Active Members	Census	Avg. Sal.	Census	Avg. Sal.
Regular Teachers	74,645	\$43,311	77,173	\$43,353
University Members	7,077	60,566	6,527	59,765
School Lunch A	79	24,235	113	24,563
School Lunch B	1,231	19,158	1,234	18,895
Active After DROP	<u>3,710</u>	58,108	<u>3,736</u>	57,810
Total	<u>86,742</u>	\$44,992	<u>88,783</u>	\$44,804

Males (%)	17.4%	17.4%
Females (%)	82.6%	82.6%
Valuation Salaries	\$3,902,646,534	\$3,977,819,262

Inactive Members	2011 Census	2010 Census
Due Refunds	17,610	16,502
Vested & Reciprocals	5,852	5,745

	2011		2010	
Annuitants and Survivors	Census	Avg. Ben.	Census	Avg. Ben.
Retirees	55,723	\$23,863	54,381	\$23,447
Disabilities	3,983	11,202	3,943	11,034
Survivors	5,806	16,770	5,616	16,570
DROP	<u>3,032</u>	32,681	<u>3,148</u>	32,070
Total	<u>68,544</u>	\$22,917	<u>67,088</u>	\$22,546

NOTE: Information on this page was provided by SJ Actuarial Associates.

Historical Membership Data (Dollar amounts in thousands)**HISTORY OF ACTIVE MEMBERSHIP DATA FOR LAST 6 YEARS**

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
2006	81,347	-7.18%	\$2,892,959	\$35,563	-7.64%
2007	82,672	1.63%	3,224,563	39,004	11.46%
2008	85,979	4.00%	3,675,014	42,744	13.97%
2009	88,206	2.59%	3,912,326	44,354	6.46%
2010	88,783	0.65%	3,977,819	44,804	1.67%
2011	86,742	-2.30%	3,902,647	44,991	-1.89%

HISTORY OF ANNUITANTS AND SURVIVOR ANNUITANT MEMBERSHIP FOR LAST 6 YEARS

Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity	Percent Change in Annuity
	No.	Amount	No.	Amount	No.	Amount		
2006	57,512	\$1,119,651	4,148	\$101,347	1,161	\$13,482	\$19,468	8.5%
2007	59,530	1,218,176	3,069	72,780	1,161	9,737	20,463	8.8%
2008	61,070	1,305,367	2,704	66,525	1,164	17,354	21,375	7.2%
2009	62,417	1,356,439	2,556	65,723	1,209	15,560	21,732	3.9%
2010	63,940	1,411,613	2,733	72,079	1,210	16,905	22,077	4.1%
2011	65,512	1,471,714	2,804	74,719	1,232	14,618	22,465	4.3%

NOTE: Information on this page was provided by SJ Actuarial Associates.

Summary of Plan Provisions

The Teachers’ Retirement System of Louisiana (TRSL) was enacted by Act No. 83 in 1936. Initially, the plan 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 school 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 to fund benefits 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 sixteen 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 four ex officio members. Elected members serve staggered four terms. The Treasurer, Chairman of the House Retirement Committee, Chairman of the Senate Retirement Committee 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. Administrative expenses are paid entirely from investment earnings.

Member Contributions

Members contribute a percentage of their gross compensation, depending on plan 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 January 1, 1990. 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 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 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 Systems’ 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. Upon re-employment, a member may reinstate the credit forfeited through termination of previous membership by repaying the refunded contributions plus interest. A member who terminates covered employment with 5 years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60.

Retirement Benefits

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

Normal Retirement

Regular Teachers - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially re-

duced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age.

Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 10 years of service. Benefits are reduced by 3% for each year under age 62 at retirement unless the member has 25 years of creditable service.

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 teachers whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 and for all Plan A and Plan B members, final average compensation is defined as the highest average thirty six month period. For all other members, final average compensation is defined as the highest average sixty 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 Program (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 10 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, in no event shall the disability benefit 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 5 years of creditable service (2 years im-

mediately 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, 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 2) shall receive an amount equal to the greater of (a) 50% of the spouses benefit, or (b) \$300 (up to 2 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 10 years of creditable service (2 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

Permanent benefit increases, previously referred to as cost of living adjustments, are permitted provided there are sufficient funds in the Employee Experience Account to fund the increase in the retiree reserves if approved by concurrent resolution of both houses as provided by law. Beginning July 1, 2009, the Employee Experience Account is credited with fifty percent of excess investment income above \$200,000,000. Excess investment income is investment income over the actuarial valuation rate of 8.25%. The Employee Experience Account balance is limited to the funds necessary to fund two such increases. The Experience Account is debited for the increase in actuarial accrued liability resulting from the increase. Balances in the Employee Experience Account accrue interest at the average actuarial yield for the System portfolio.

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Celebrating

75
years

 TRSL

1936 - 2011

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Introduction

The objective of the statistical section is to provide financial statement users with historical perspective, context, and detail to assist in using the information in the financial statements and the notes to the financial statements to better understand and assess TRSL's economic condition.

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Financial Trends

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

- Ten-Year Statements of Plan Net Assets
- Ten-Year Statements of Changes in Plan Net Assets

Demographic Information

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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 Retirees, and Beneficiaries Receiving Benefits
- Number of Benefit Recipients
- Schedule of Retired Members by Type of Benefit

Operating Information

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

- Total Benefit Payments
- Ten-Year Average Monthly Benefit Payments
- Number of Refunds of Contributions
- Revenues by Source
- Expenses by Type
- Twenty-Five Largest Employers
- Map – State of Louisiana (Total Active Members)
- Map – Location of TRSL Retirees Worldwide

10-Year Statements of Plan Net Assets – 2011-2002

	2011	2010	2009	2008	2007
Assets					
Cash and cash equivalents	\$ 193,169,842	\$ 150,796,599	\$ 131,091,325	\$ 36,087,141	\$ 15,294,772
Receivables					
Member contributions	56,787,814	59,257,475	61,727,888	57,451,866	57,266,938
Employer contributions	123,373,311	96,897,980	97,504,616	100,182,352	76,218,878
ORP contributions retained	6,636,474	4,279,761	3,867,065	4,230,253	3,641,433
Pending trades	659,633,553	36,016,308	119,795,990	257,071,878	170,641,032
Accrued interest and dividends	29,523,435	28,455,058	33,408,160	49,159,508	51,423,625
Other receivables	<u>5,454,916</u>	<u>7,135,659</u>	<u>5,139,276</u>	<u>7,551,200</u>	<u>4,579,755</u>
Total receivables	<u>881,409,503</u>	<u>232,042,241</u>	<u>321,442,995</u>	<u>475,647,057</u>	<u>363,771,661</u>
Investments, at fair value					
Domestic bonds	1,374,952,322	1,319,516,370	1,422,286,805	2,068,620,083	1,908,652,650
International bonds	669,538,563	569,848,847	626,067,234	791,074,725	772,811,203
Domestic common and preferred stocks	3,975,570,172	3,203,068,233	3,151,788,583	4,488,267,744	5,956,585,766
International common and preferred stocks	4,094,745,522	3,189,810,406	2,555,387,559	3,568,846,836	3,601,296,445
Domestic short-term investments	738,220,668	712,442,177	671,061,232	624,681,156	981,706,327
International short-term investments	0	0	0	0	0
Alternative investments	<u>3,373,867,143</u>	<u>2,746,289,789</u>	<u>2,552,104,029</u>	<u>3,223,390,354</u>	<u>2,824,436,837</u>
Total investments	<u>14,226,894,390</u>	<u>11,740,975,822</u>	<u>10,978,695,442</u>	<u>14,764,880,898</u>	<u>16,045,489,228</u>
Invested securities lending collateral					
Collateral held under domestic securities lending program	912,105,082	939,717,625	437,332,021	776,026,712	2,115,371,825
Collateral held under international securities lending program	<u>281,035,076</u>	<u>259,982,342</u>	<u>310,312,098</u>	<u>287,648,965</u>	<u>391,908,563</u>
Total securities lending collateral	<u>1,193,140,158</u>	<u>1,199,699,967</u>	<u>747,644,119</u>	<u>1,063,675,677</u>	<u>2,507,280,388</u>
Building at cost, net of accumulated depreciation	2,891,170	2,707,983	2,833,655	2,921,252	2,864,857
Equipment, furniture and fixtures, at cost, net of accumulated depreciation	549,221	683,008	743,709	863,850	600,753
Land	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>
Total assets	<u>16,498,912,674</u>	<u>13,327,764,010</u>	<u>12,183,309,635</u>	<u>16,344,934,265</u>	<u>18,936,160,049</u>
Liabilities					
Accounts payable	9,112,130	8,167,523	7,296,980	11,370,139	13,006,673
Benefits payable	12,864,067	10,819,919	9,896,296	8,337,907	7,217,168
Refunds payable	6,299,057	6,356,179	6,705,543	6,615,715	5,858,882
Pending trades payable	690,646,242	72,754,781	150,091,261	255,395,415	252,855,646
Other liabilities	<u>9,640,439</u>	<u>8,534,257</u>	<u>11,394,139</u>	<u>3,289,693</u>	<u>1,211,075</u>
Total accounts payable and other liabilities	<u>728,561,935</u>	<u>106,632,659</u>	<u>185,384,219</u>	<u>285,008,869</u>	<u>280,149,444</u>
Securities lending collateral					
Obligations under domestic securities lending program	912,105,082	939,717,625	437,332,021	776,026,712	2,115,371,825
Obligations under international securities lending program	<u>281,035,076</u>	<u>259,982,342</u>	<u>310,312,098</u>	<u>287,648,965</u>	<u>391,908,563</u>
Total securities lending collateral	<u>1,193,140,158</u>	<u>1,199,699,967</u>	<u>747,644,119</u>	<u>1,063,675,677</u>	<u>2,507,280,388</u>
Total liabilities	<u>1,921,702,093</u>	<u>1,306,332,626</u>	<u>933,028,338</u>	<u>1,348,684,546</u>	<u>2,787,429,832</u>
Net assets held in trust for pension benefits	<u>\$14,577,210,581</u>	<u>\$12,021,431,384</u>	<u>\$11,250,281,297</u>	<u>\$14,996,249,719</u>	<u>\$16,148,730,217</u>

10-Year Statements of Plan Net Assets – 2011-2002 (cont'd)

	2006	2005	2004	2003	2002
Assets					
Cash and cash equivalents	\$ 59,572,968	\$ 24,677,100	\$ 30,677,716	\$ 7,808,257	\$ 38,505,718
Receivables					
Member contributions	48,790,153	48,912,587	48,885,390	47,231,216	52,108,891
Employer contributions	72,017,765	72,934,679	64,691,821	57,746,203	54,589,415
ORP contributions retained	3,498,870	3,375,808	2,319,164	2,040,857	1,773,663
Pending trades	281,323,928	52,151,909	33,712,000	157,176,524	147,253,370
Accrued interest and dividends	44,597,792	42,821,985	40,170,526	41,423,260	47,177,102
Other receivables	<u>29,173,670</u>	<u>2,473,479</u>	<u>1,518,187</u>	<u>1,444,449</u>	<u>1,168,914</u>
Total receivables	<u>479,402,178</u>	<u>222,670,447</u>	<u>191,297,088</u>	<u>307,062,509</u>	<u>304,071,355</u>
Investments, at fair value					
Domestic bonds	2,121,505,657	1,913,039,451	1,659,559,992	1,704,534,901	1,902,126,260
International bonds	449,917,634	497,213,792	560,651,839	416,432,668	472,011,350
Domestic common and preferred stocks	5,630,073,349	5,796,790,444	4,926,745,546	4,468,939,880	4,586,782,472
International common and preferred stocks	3,188,085,062	1,969,333,621	1,454,136,303	1,033,655,198	1,075,238,305
Domestic short-term investments	178,839,314	256,739,631	910,719,505	434,080,034	470,234,146
International short-term investments	24,802,808	40,210,400	0	0	0
Alternative investments	<u>2,162,400,411</u>	<u>2,017,705,199</u>	<u>2,263,185,124</u>	<u>2,318,479,242</u>	<u>2,003,507,564</u>
Total investments	<u>13,755,624,235</u>	<u>12,491,032,538</u>	<u>11,774,998,309</u>	<u>10,376,121,923</u>	<u>10,509,900,097</u>
Invested securities lending collateral					
Collateral held under domestic securities lending program	1,860,049,089	1,508,767,585	1,593,822,121	3,064,894,429	2,938,825,140
Collateral held under international securities lending program	<u>308,982,174</u>	<u>233,943,130</u>	<u>344,348,505</u>	<u>471,789,763</u>	<u>188,926,541</u>
Total securities lending collateral	<u>2,169,031,263</u>	<u>1,742,710,715</u>	<u>1,938,170,626</u>	<u>3,536,684,192</u>	<u>3,127,751,681</u>
Building at cost, net of accumulated depreciation	2,933,836	2,995,632	3,127,099	3,240,290	3,291,565
Equipment, furniture and fixtures, at cost, net of accumulated depreciation	723,281	823,147	937,545	900,324	937,121
Land	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>889,816</u>
Total assets	<u>16,468,146,151</u>	<u>14,485,767,969</u>	<u>13,940,066,773</u>	<u>14,232,675,885</u>	<u>13,985,347,353</u>
Liabilities					
Accounts payable	10,936,762	9,240,444	7,096,770	6,214,751	7,089,866
Benefits payable	5,118,886	2,077,116	2,616,254	3,067,010	2,067,335
Refunds payable	5,369,804	5,385,301	4,875,048	4,730,334	4,191,545
Pending trades payable	269,051,248	39,836,267	92,991,945	160,488,115	214,835,778
Other liabilities	<u>1,025,440</u>	<u>605,537</u>	<u>919,238</u>	<u>813,873</u>	<u>917,097</u>
Total accounts payable and other liabilities	<u>291,502,140</u>	<u>57,144,665</u>	<u>108,499,255</u>	<u>175,314,083</u>	<u>229,101,621</u>
Securities lending collateral					
Obligations under domestic securities lending program	1,860,049,089	1,508,767,585	1,593,822,121	3,064,894,429	2,938,825,140
Obligations under international securities lending program	<u>308,982,174</u>	<u>233,943,130</u>	<u>344,348,505</u>	<u>471,789,763</u>	<u>188,926,541</u>
Total securities lending collateral	<u>2,169,031,263</u>	<u>1,742,710,715</u>	<u>1,938,170,626</u>	<u>3,536,684,192</u>	<u>3,127,751,681</u>
Total liabilities	<u>2,460,533,403</u>	<u>1,799,855,380</u>	<u>2,046,669,881</u>	<u>3,711,998,275</u>	<u>3,356,853,302</u>
Net assets held in trust for pension benefits	<u>\$14,007,612,748</u>	<u>\$12,685,912,589</u>	<u>\$11,893,396,892</u>	<u>\$10,520,677,610</u>	<u>\$10,628,494,051</u>

10-Year Statements of Changes in Plan Net Assets – 2011-2002

	2011	2010	2009	2008	2007
Additions					
Contributions					
Member contributions	\$ 342,323,329	\$ 347,114,632	\$ 344,547,871	\$ 323,678,452	\$ 282,326,101
Employer contributions	853,918,265	665,219,676	660,244,436	656,091,577	544,401,879
Total contributions	1,196,241,594	1,012,334,308	1,004,792,307	979,770,029	826,727,980
ORP contributions retained	89,760,676	61,339,786	54,447,510	57,569,465	49,429,250
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value domestic investments	1,635,477,750	858,442,001	(2,349,746,089)	(733,440,605)	1,423,223,165
Net appreciation (depreciation) in fair value of international investments	1,038,540,671	189,051,016	(1,241,530,644)	(439,358,948)	824,462,472
Domestic interest	76,984,822	88,485,556	127,898,837	151,520,486	144,497,859
International interest	27,669,760	30,639,991	32,949,523	39,474,147	30,984,724
Domestic dividends	63,345,760	58,019,267	72,833,729	88,058,251	97,594,609
International dividends	97,544,773	77,539,701	78,873,116	108,299,133	94,658,995
Alternative investment income	67,989,337	41,032,314	39,105,891	40,521,294	58,246,838
Miscellaneous foreign income	331,196	88,306	7,772	104,281	0
Commission rebate income	10,675	6,118	482,025	617,547	566,068
Total investment income (loss)	3,007,894,744	1,343,304,270	(3,239,125,840)	(744,204,414)	2,674,234,730
Investment activity expenses:					
International investment expenses	(5,410,956)	(4,491,280)	(3,095,851)	(7,885,244)	(10,188,879)
Alternative investment expenses	(35,504,651)	(30,548,101)	(30,910,869)	(20,647,902)	(18,645,263)
Custodian fees	(485,364)	(468,022)	(446,588)	(744,317)	(763,878)
Performance consultant fees	(738,617)	(713,829)	(1,238,734)	(1,233,754)	(1,202,817)
Trade cost analysis fees	0	0	0	(40,000)	(40,000)
Advisor fees	(29,952,344)	(27,145,172)	(26,318,814)	(32,881,518)	(32,298,534)
Total investment expenses	(72,091,932)	(63,366,404)	(62,010,856)	(63,432,735)	(63,139,361)
Net income from investing activities	2,935,802,812	1,279,937,866	(3,301,136,696)	(807,637,149)	2,611,095,359
From securities lending activities					
Securities lending income	5,708,833	4,779,079	17,685,073	32,251,979	40,981,124
Securities lending expenses:					
Fixed	(1,449,599)	(1,206,030)	(3,031,970)	(13,202,812)	(24,866,799)
Equity	769,792	1,269,163	(2,565,874)	(2,018,542)	(249,396)
International	1,861,586	962,219	(3,199,017)	(9,313,289)	(9,993,981)
Total securities lending activities expenses	1,181,779	1,025,352	(8,796,861)	(24,534,643)	(35,110,176)
Net income from securities lending activities	6,890,612	5,804,431	8,888,212	7,717,336	5,870,948
Total net investment income (loss)	2,942,693,424	1,285,742,297	(3,292,248,484)	(799,919,813)	2,616,966,317
Other operating revenues	3,299,671	3,605,633	4,407,243	46,264,759	5,496,271
Total additions (reductions)	4,231,995,365	2,363,022,024	(2,228,601,424)	283,684,440	3,498,619,818
Deductions					
Retirement benefits	1,615,778,191	1,532,526,141	1,464,106,312	1,383,381,577	1,295,552,338
Refunds of contributions	43,005,926	40,834,543	34,418,885	35,071,343	48,119,943
TRSL employee health & life expense	1,477,395	1,813,334	2,502,048	2,285,378	0
Administrative expenses	15,417,596	16,154,823	15,799,028	14,880,903	13,323,547
Depreciation expense	537,060	543,096	540,725	545,737	506,521
Total deductions	1,676,216,168	1,591,871,937	1,517,366,998	1,436,164,938	1,357,502,349
Net increase (decrease)	2,555,779,197	771,150,087	(3,745,968,422)	(1,152,480,498)	2,141,117,469
Net assets held in trust for pension benefits					
Beginning of year	12,021,431,384	11,250,281,297	\$ 14,996,249,719	\$ 16,148,730,217	\$ 14,007,612,748
End of year	\$ 14,577,210,581	\$ 12,021,431,384	\$ 11,250,281,297	\$ 14,996,249,719	\$ 16,148,730,217

10-Year Statements of Changes in Plan Net Assets – 2011-2002 (cont'd)

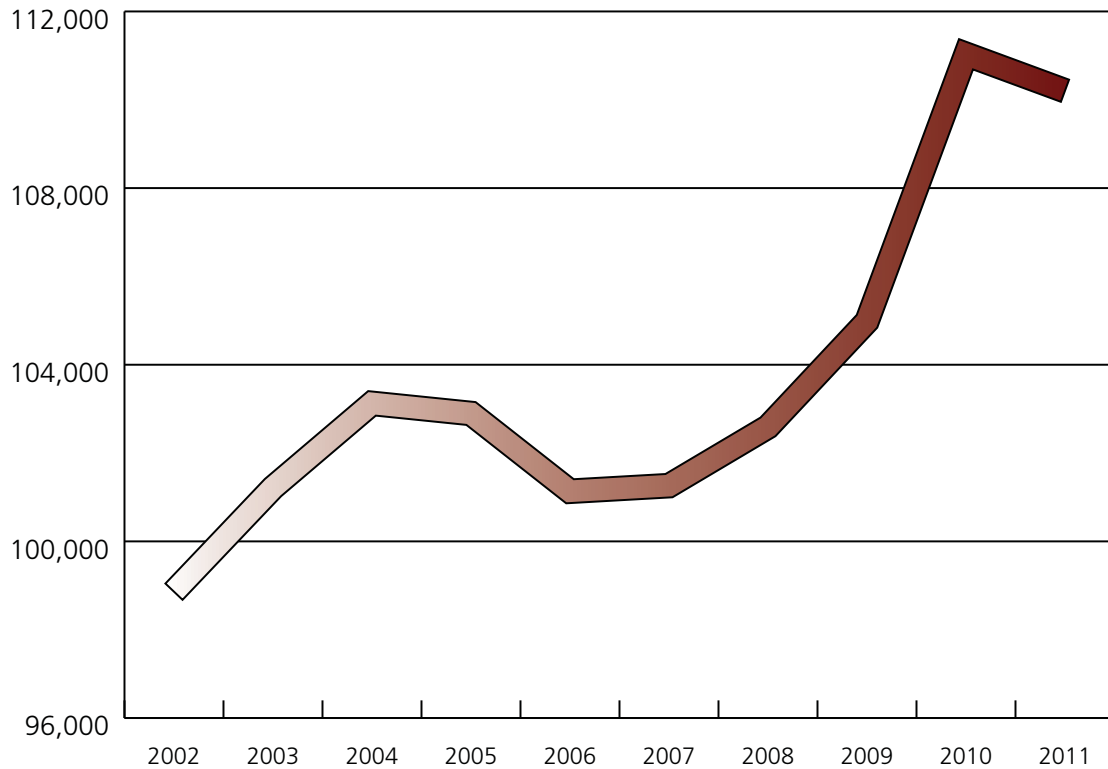
	2006	2005	2004	2003	2002
Additions					
Contributions					
Member contributions	\$ 258,412,024	\$ 270,619,181	\$ 264,999,131	\$ 251,297,401	\$ 246,119,537
Employer contributions	529,983,453	517,815,361	444,104,350	421,838,213	400,478,248
Total contributions	788,395,477	788,434,542	709,103,481	673,135,614	646,597,785
ORP contributions retained	49,293,547	48,754,970	35,244,313	29,499,096	27,196,232
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value of domestic investments	809,290,218	663,699,379	1,164,647,179	(9,358,002)	(1,141,008,157)
Net appreciation (depreciation) in fair value of international investments	584,857,302	197,833,593	323,405,540	(3,830,620)	(146,482,391)
Domestic interest	135,047,865	111,850,200	110,597,008	120,174,045	141,728,180
International interest	27,792,233	29,898,190	23,800,877	30,745,264	32,004,011
Domestic dividends	77,813,221	84,579,303	64,865,361	59,353,555	64,226,682
International dividends	68,564,525	31,583,991	41,800,161	28,041,533	23,023,499
Alternative investment income	97,733,026	108,622,676	81,696,047	44,050,485	137,200,613
Miscellaneous foreign income	0	0	0	0	0
Commission rebate income	675,608	571,219	1,078,487	1,026,354	1,649,282
Total investment income (loss)	1,801,773,998	1,228,638,551	1,811,890,660	270,202,614	(887,658,281)
Investment activity expenses:					
International investment expenses	(9,493,180)	(5,710,058)	(4,995,570)	(2,530,171)	(2,618,482)
Alternative investment expenses	(28,474,213)	(64,918,175)	(49,401,029)	(31,682,592)	(41,418,046)
Custodian fees	(761,689)	(760,908)	(786,062)	(800,000)	(800,000)
Performance consultant fees	(1,077,254)	(618,996)	(507,749)	(279,786)	(252,000)
Trade cost analysis fees	(40,000)	(10,000)	(40,000)	(40,000)	(40,000)
Advisor fees	(29,802,772)	(26,020,649)	(23,311,668)	(19,283,122)	(22,812,775)
Total investment expenses	(69,649,108)	(98,038,786)	(79,042,078)	(54,615,671)	(67,941,303)
Net income from investing activities	1,732,124,890	1,130,599,765	1,732,848,582	215,586,943	(955,599,584)
From securities lending activities					
Securities lending income	22,168,519	24,508,470	13,854,504	16,602,783	20,960,004
Securities lending expenses:					
Fixed	(11,354,478)	(12,174,022)	(6,053,776)	(9,749,608)	(11,104,163)
Equity	(249,909)	(249,954)	(249,934)	(249,933)	(249,706)
International	(5,024,341)	(7,860,336)	(1,847,440)	(824,609)	(2,677,010)
Total securities lending activities expenses	(16,628,728)	(20,284,312)	(8,151,150)	(10,824,150)	(14,030,879)
Net income from securities lending activities	5,539,791	4,224,158	5,703,354	(6,053,776)	(9,749,608)
Total net investment income (loss)	1,737,664,681	1,134,823,923	1,738,551,936	221,365,576	(948,670,459)
Other operating revenues	3,208,183	3,425,773	3,217,889	4,976,629	1,787,499
Total additions (reductions)	2,578,561,888	1,975,439,208	2,486,117,619	928,976,915	(273,088,943)
Deductions					
Retirement benefits	1,204,472,977	1,139,814,334	1,075,298,667	1,003,327,453	920,593,341
Refunds of contributions	38,538,125	30,454,374	26,804,821	22,287,120	23,432,296
TRSL employee health & life expense	0	0	0	0	0
Administrative expenses	13,362,286	12,178,533	10,786,450	10,688,003	8,886,231
Depreciation expense	488,341	476,270	508,399	490,780	475,734
Total deductions	1,256,861,729	1,182,923,511	1,113,398,337	1,036,793,356	953,387,602
Net increase (decrease)	1,321,700,159	792,515,697	1,372,719,282	(107,816,441)	(1,226,476,545)
Net assets held in trust for pension benefits					
Beginning of year	\$ 12,685,912,589	\$ 11,893,396,892	\$ 10,520,677,610	\$ 10,628,494,051	\$ 11,854,970,596
End of year	\$ 14,007,612,748	\$ 12,685,912,589	\$ 11,893,396,892	\$ 10,520,677,610	\$ 10,628,494,051

Number of Active, Terminated Vested, and Nonvested Members

Fiscal Year	Members	% Increase (Decrease) Each Year
2001-2002	98,861	
2002-2003	101,218	2.4%
2003-2004	103,125	1.9%
2004-2005	102,896	-0.2%
2005-2006	101,135	-1.7%
2006-2007	101,262	0.1%
2007-2008	102,593	1.3%
2008-2009	104,983	2.3%
2009-2010	111,030	5.8%
2010-2011	110,204	-0.1%

Number of Active, Terminated Vested, and Nonvested Members

Members

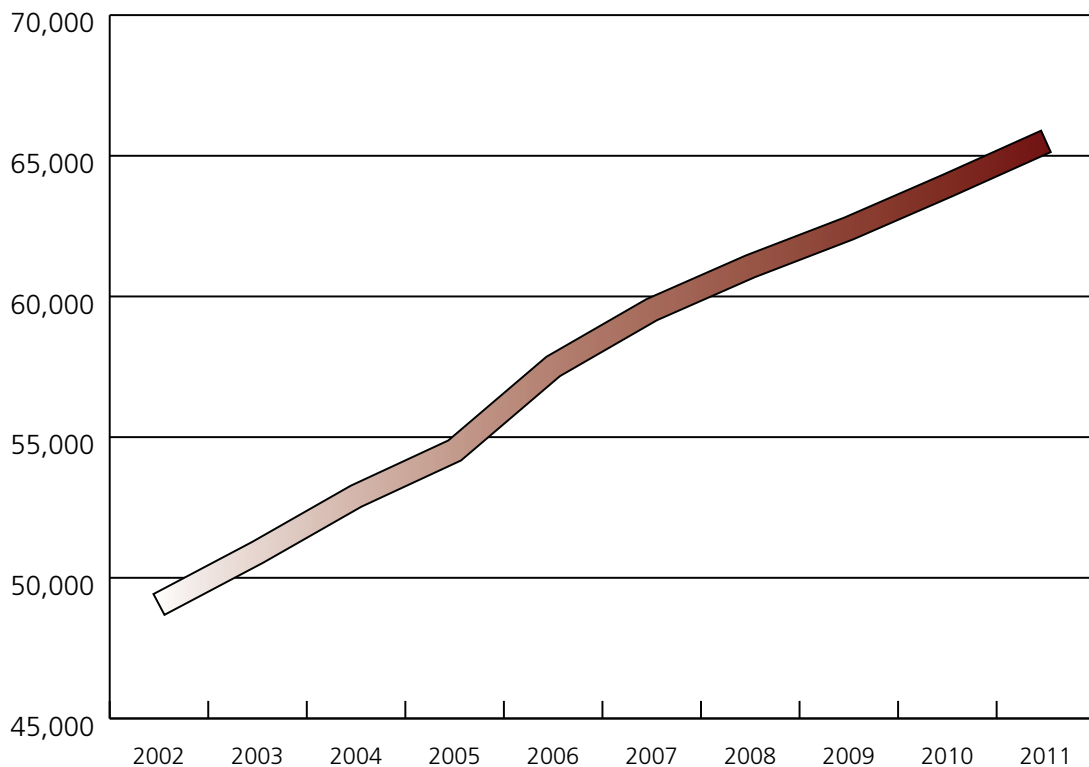


Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits

Fiscal Year	Retirees	% Increase Each Year
2001-2002	49,053	
2002-2003	50,903	3.8%
2003-2004	52,900	3.9%
2004-2005	54,525	3.1%
2005-2006	57,512	5.5%
2006-2007	59,530	3.5%
2007-2008	61,070	2.6%
2008-2009	62,417	2.2%
2009-2010	63,940	2.4%
2010-2011	65,512	2.5%

Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits

Retirees/Beneficiaries

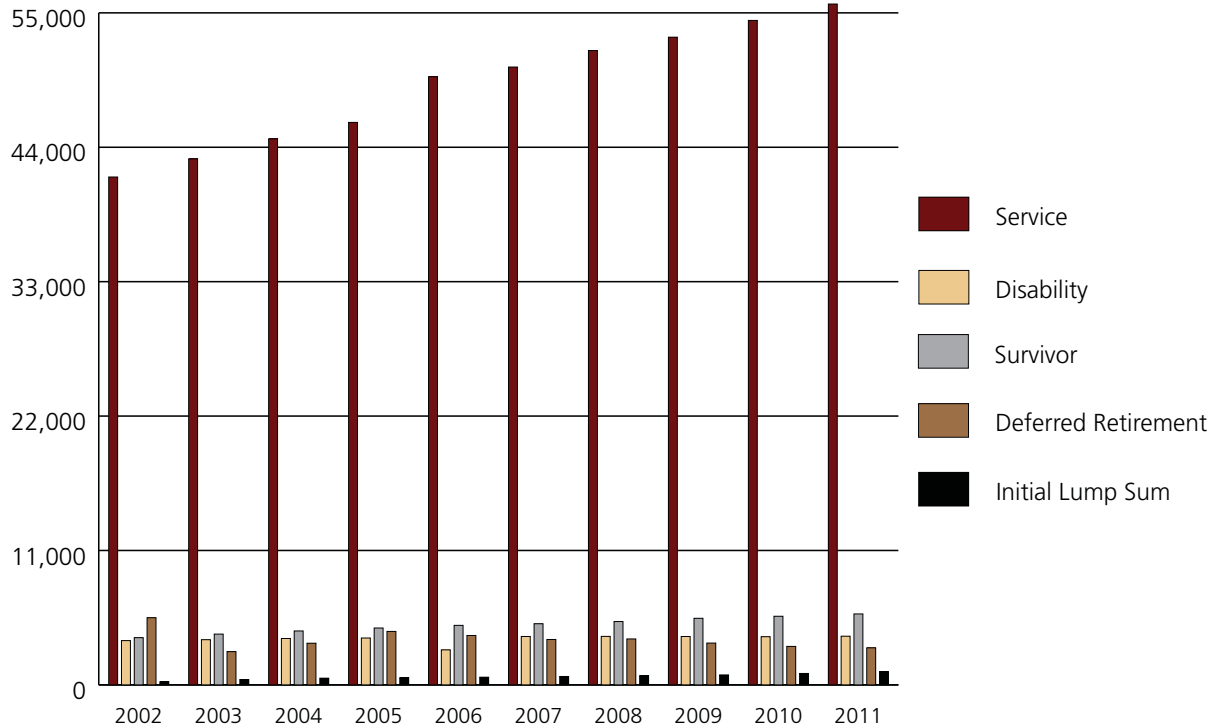


Number of Benefit Recipients

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
2001-2002	41,566	3,622	3,865	5,496	248	54,797
2002-2003	43,050	3,698	4,155	2,722	437	54,062
2003-2004	44,690	3,797	4,413	3,409	547	56,856
2004-2005	46,035	3,836	4,654	4,375	587	59,487
2005-2006	49,776	2,865	4,871	4,042	627	62,181
2006-2007	50,566	3,961	5,003	3,715	687	63,932
2007-2008	51,916	3,969	5,185	3,760	755	65,585
2008-2009	53,009	3,959	5,449	3,421	815	66,653
2009-2010	54,381	3,943	5,616	3,148	934	68,022
2010-2011	55,723	3,983	5,806	3,032	1,085	69,629

Number of Benefit Recipients

Benefit Recipients



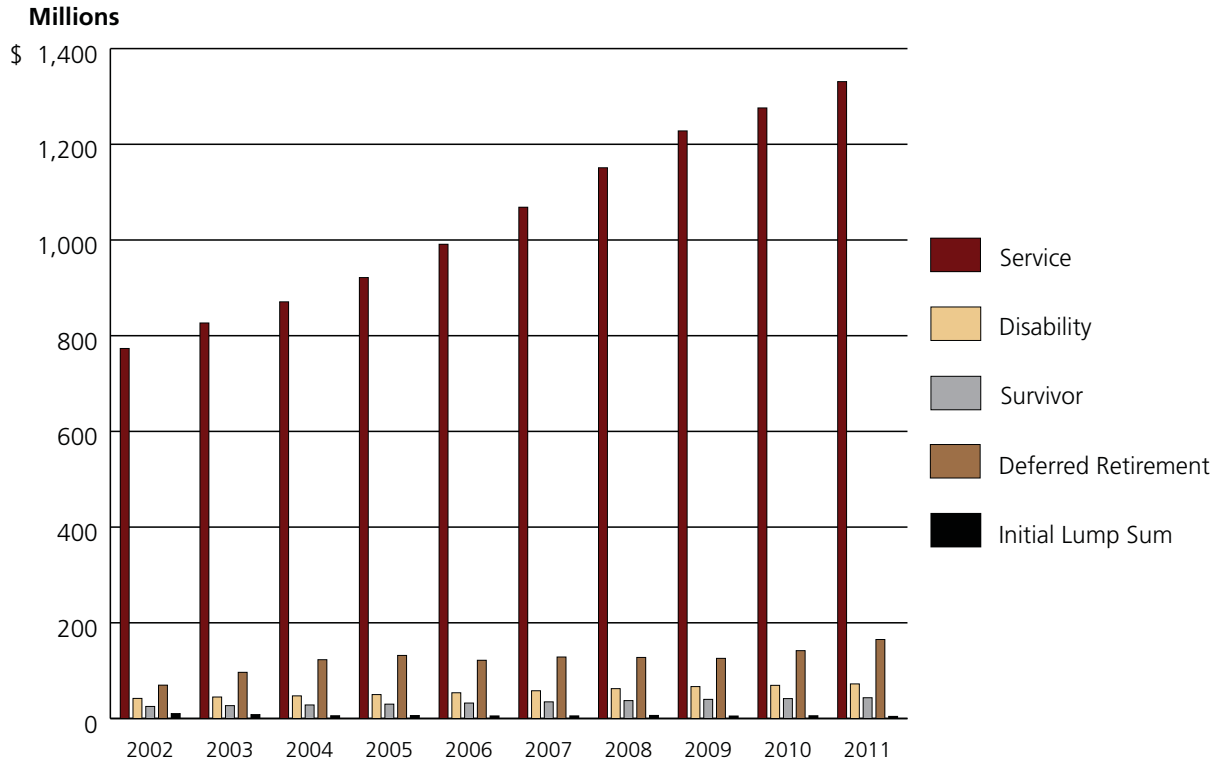
Schedule of Retired Members By Type of Benefit as of June 30, 2011 (Data include all plans)

Amount of Monthly Benefit	Service Retirees	Disability Retirees	Beneficiaries/ Survivors	Total
\$ 0 - \$ 299.99	1,597	151	507	2,255
\$ 300 - \$ 599.99	4,780	764	848	6,392
\$ 600 - \$ 899.99	5,393	1,356	1,022	7,771
\$ 900 - \$ 1,199.99	6,114	777	787	7,678
\$ 1,200 - \$ 1,499.99	4,907	426	523	5,856
\$ 1,500 - \$ 1,799.99	3,956	257	459	4,672
\$ 1,800 - \$ 2,099.99	3,972	133	371	4,476
\$ 2,100 - \$ 2,399.99	4,974	45	328	5,347
\$ 2,400 - \$ 2,699.99	5,352	31	299	5,682
\$ 2,700 - \$ 2,999.99	4,528	20	188	4,736
\$ 3,000 - \$ 3,299.99	3,362	16	150	3,528
\$ 3,300 - \$ 3,599.99	2,114	5	97	2,216
\$ 3,600 - \$ 3,899.99	1,396	1	73	1,470
\$ 3,900 - \$ 4,199.99	970	1	54	1,025
\$ 4,200 - \$ 4,499.99	688	0	37	725
\$ 4,500 - and above	1,620	0	63	1,683
TOTALS FOR ALL PLANS	<u>55,723</u>	<u>3,983</u>	<u>5,806</u>	<u>65,512</u>

Total Benefit Payments

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
2001-2002	\$ 773,311,519	\$ 42,027,800	\$ 25,216,680	\$ 69,718,252	\$ 10,319,090	\$ 920,593,341
2002-2003	826,661,700	44,927,266	26,956,360	96,539,409	8,242,718	1,003,327,453
2003-2004	870,865,365	47,329,639	28,397,784	122,905,311	5,800,568	1,075,298,667
2004-2005	921,584,123	50,086,094	30,051,656	131,811,600	6,280,861	1,139,814,334
2005-2006	991,166,824	53,867,762	32,320,657	121,703,237	5,414,497	1,204,472,977
2006-2007	1,068,519,663	58,071,721	34,843,032	128,592,267	5,525,655	1,295,552,338
2007-2008	1,149,302,721	62,462,104	37,477,263	127,670,669	6,468,820	1,383,381,577
2008-2009	1,226,455,421	66,655,186	39,993,112	125,779,104	5,223,489	1,464,106,312
2009-2010	1,273,969,481	69,237,472	41,542,483	141,897,005	5,879,700	1,532,526,141
2010-2011	1,330,518,072	72,310,765	43,386,458	165,109,914	4,452,982	1,615,778,191

Total Benefit Payments



10-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	
2002	AVERAGE BENEFIT	\$ 343	\$ 406	\$ 518	\$ 697	\$ 976	\$ 1,565	\$ 1,582	\$ 1,496	\$ 3,519	\$ 1,192
2002	AVERAGE COMP	0	919	844	519	1,255	1,323	802	649	4,511	1,040
2002	RETIREE COUNT	1	23	40	53	91	103	78	30	6	425
2003	AVERAGE BENEFIT	0	458	523	617	1,000	1,470	1,545	1,773	918	1,169
2003	AVERAGE COMP	0	942	1,415	873	1,036	1,372	1,245	1,328	1,640	1,211
2003	RETIREE COUNT	0	27	38	56	71	126	84	32	9	443
2004	AVERAGE BENEFIT	0	428	458	722	1,032	1,296	1,889	1,798	1,604	1,196
2004	AVERAGE COMP	0	1,153	1,501	1,613	1,677	1,846	1,355	1,054	895	1,511
2004	RETIREE COUNT	0	36	49	36	78	101	80	39	11	430
2005	AVERAGE BENEFIT	1,157	467	550	785	956	1,485	1,779	1,948	1,779	1,254
2005	AVERAGE COMP	1,422	1,670	1,599	1,874	1,419	2,040	1,814	1,811	2,736	1,799
2005	RETIREE COUNT	2	28	51	56	92	119	93	39	16	496
2006	AVERAGE BENEFIT	0	406	590	854	1,035	1,467	1,590	1,761	2,087	1,187
2006	AVERAGE COMP	0	1,716	1,427	1,844	1,557	1,817	1,571	1,606	1,785	1,669
2006	RETIREE COUNT	1	35	46	70	102	133	86	29	7	509
2007	AVERAGE BENEFIT	682	524	599	787	1,015	1,322	1,582	1,881	2,640	1,175
2007	AVERAGE COMP	0	1,802	1,602	1,435	1,776	2,157	1,408	1,154	2,153	1,708
2007	RETIREE COUNT	2	38	55	66	111	142	101	38	8	561
2008	AVERAGE BENEFIT	851	423	468	902	1,024	1,517	1,893	1,859	1,828	1,302
2008	AVERAGE COMP	2,133	2,424	1,873	1,211	1,731	2,298	2,080	1,623	1,083	1,944
2008	RETIREE COUNT	6	27	65	52	88	138	124	33	9	542
2009	AVERAGE BENEFIT	371	386	504	843	1,114	1,759	1,983	1,959	2,481	1,334
2009	AVERAGE COMP	4,206	1,797	1,802	2,136	1,939	2,335	1,857	1,883	1,526	2,004
2009	RETIREE COUNT	1	43	65	72	113	126	109	38	7	574
2010	AVERAGE BENEFIT	263	439	606	846	1,261	1,593	1,753	2,119	1,543	1,292
2010	AVERAGE COMP	2,996	2,494	2,078	1,913	2,382	1,978	1,575	1,990	580	1,999
2010	RETIREE COUNT	4	44	77	70	93	133	121	38	5	585
2011	AVERAGE BENEFIT	710	350	471	659	1,099	1,492	1,856	2,372	1,829	1,267
2011	AVERAGE COMP	2,861	2,042	1,822	1,053	1,879	1,934	1,883	1,663	3,245	1,797
2011	RETIREE COUNT	5	25	51	75	112	139	113	27	6	553

10-Year Average Monthly Benefit Payments For Disability 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	
2002	AVERAGE BENEFIT	\$ 606	\$ 570	\$ 651	\$ 949	\$ 970	\$ 938	\$ 0	\$ 0	\$ 0	\$ 785
2002	AVERAGE COMP	1,121	1,454	1,569	2,022	1,763	1,721	0	0	0	1,727
2002	RETIREE COUNT	1	50	57	75	30	4	0	0	0	217
2003	AVERAGE BENEFIT	647	629	716	985	1,185	1,279	0	0	0	828
2003	AVERAGE COMP	2,041	1,642	1,844	2,097	2,450	2,182	0	0	0	1,926
2003	RETIREE COUNT	3	65	53	56	21	7	0	0	0	205
2004	AVERAGE BENEFIT	911	677	751	1,066	891	1,252	0	0	0	888
2004	AVERAGE COMP	849	1,933	2,029	2,367	1,719	2,504	0	0	0	2,098
2004	RETIREE COUNT	3	49	41	66	20	11	0	0	0	190
2005	AVERAGE BENEFIT	652	646	783	988	1,017	1,648	0	0	0	868
2005	AVERAGE COMP	905	1,841	2,159	2,310	2,029	3,156	0	0	0	2,133
2005	RETIREE COUNT	2	51	56	57	23	8	0	0	0	197
2006	AVERAGE BENEFIT	749	691	825	1,076	1,345	1,709	0	0	0	929
2006	AVERAGE COMP	1,468	1,966	2,154	2,356	2,733	3,130	0	0	0	2,225
2006	RETIREE COUNT	5	63	66	62	29	2	0	0	0	227
2007	AVERAGE BENEFIT	592	689	842	1,028	1,373	1,805	0	0	0	928
2007	AVERAGE COMP	1,480	2,072	2,097	2,243	2,739	4,616	0	0	0	2,245
2007	RETIREE COUNT	7	50	63	37	28	4	0	0	0	189
2008	AVERAGE BENEFIT	808	791	902	1,166	1,430	1,015	0	0	0	981
2008	AVERAGE COMP	619	2,193	2,243	2,688	2,880	1,730	0	0	0	2,340
2008	RETIREE COUNT	4	65	51	38	22	6	0	0	0	186
2009	AVERAGE BENEFIT	869	801	948	1,287	1,201	1,266	0	0	0	1,029
2009	AVERAGE COMP	2,068	2,193	2,595	2,916	2,488	2,543	0	0	0	2,513
2009	RETIREE COUNT	3	50	28	38	18	5	0	0	0	142
2010	AVERAGE BENEFIT	903	841	1,059	1,408	1,636	1,357	832	0	0	1,207
2010	AVERAGE COMP	2,838	2,130	2,868	3,163	3,359	2,536	1,365	0	0	2,847
2010	RETIREE COUNT	2	35	39	52	20	3	1	0	0	152
2011	AVERAGE BENEFIT	862	904	1,036	1,548	1,477	1,820	0	0	0	1,220
2011	AVERAGE COMP	1,158	2,180	2,102	2,442	2,824	4,062	0	0	0	2,341
2011	RETIREE COUNT	3	41	44	44	23	3	0	0	0	158

10-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	
2002	AVERAGE BENEFIT	\$ 482	\$ 309	\$ 545	\$ 970	\$1,417	\$ 2,203	\$ 2,674	\$ 3,086	\$ 3,528	\$ 1,852
2002	AVERAGE COMP	2,360	2,111	2,269	2,597	2,852	3,291	3,684	4,026	4,112	3,117
2002	RETIREE COUNT	10	92	170	246	566	882	499	74	18	2,557
2003	AVERAGE BENEFIT	822	366	578	902	1,451	2,335	2,796	3,362	3,559	1,961
2003	AVERAGE COMP	2,399	2,256	2,403	2,497	2,910	3,488	3,884	4,310	4,395	3,267
2003	RETIREE COUNT	7	86	158	231	579	939	509	68	20	2,597
2004	AVERAGE BENEFIT	191	417	557	960	1,538	2,316	2,821	3,736	4,268	2,019
2004	AVERAGE COMP	1,747	2,484	2,349	2,656	3,089	3,415	3,924	4,999	5,382	3,349
2004	RETIREE COUNT	9	96	188	243	557	1,015	539	93	34	2,774
2005	AVERAGE BENEFIT	316	377	616	1,034	1,580	2,399	2,916	3,657	3,758	2,116
2005	AVERAGE COMP	3,426	2,341	2,560	2,807	3,092	3,556	4,021	4,938	4,926	3,464
2005	RETIREE COUNT	7	85	190	274	607	1,160	660	110	26	3,119
2006	AVERAGE BENEFIT	533	456	617	1,041	1,623	2,486	2,965	3,603	3,812	2,170
2006	AVERAGE COMP	2,637	2,826	2,640	2,935	3,286	3,712	4,132	4,932	4,954	3,613
2006	RETIREE COUNT	12	123	227	351	867	1,572	825	161	42	4,180
2007	AVERAGE BENEFIT	424	427	614	1,101	1,704	2,576	3,082	4,020	4,767	2,155
2007	AVERAGE COMP	2,170	2,729	2,653	3,139	3,384	3,853	4,280	5,562	5,794	3,682
2007	RETIREE COUNT	20	118	258	313	599	1,065	622	87	19	3,101
2008	AVERAGE BENEFIT	601	485	648	1,114	1,797	2,613	3,120	4,145	4,950	2,214
2008	AVERAGE COMP	3,745	2,876	2,700	3,120	3,465	3,883	4,433	5,788	6,389	3,775
2008	RETIREE COUNT	13	130	204	254	467	944	495	80	22	2,609
2009	AVERAGE BENEFIT	323	536	654	1,179	1,878	2,750	3,272	4,049	5,270	2,371
2009	AVERAGE COMP	2,865	3,141	2,788	3,308	3,715	4,141	4,632	5,879	7,695	4,052
2009	RETIREE COUNT	12	103	179	229	487	809	519	104	29	2,471
2010	AVERAGE BENEFIT	1,176	546	712	1,134	1,971	2,818	3,312	4,012	4,323	2,408
2010	AVERAGE COMP	3,583	3,238	2,969	3,281	3,915	4,225	4,722	6,066	6,330	4,147
2010	RETIREE COUNT	16	126	201	262	493	881	595	126	22	2,722
2011	AVERAGE BENEFIT	473	633	772	1,204	1,993	2,832	3,361	4,262	4,403	2,443
2011	AVERAGE COMP	2,688	2,706	2,810	2,963	3,386	3,979	4,471	5,085	5,476	3,790
2011	RETIREE COUNT	9	142	208	268	506	857	582	135	35	2,742

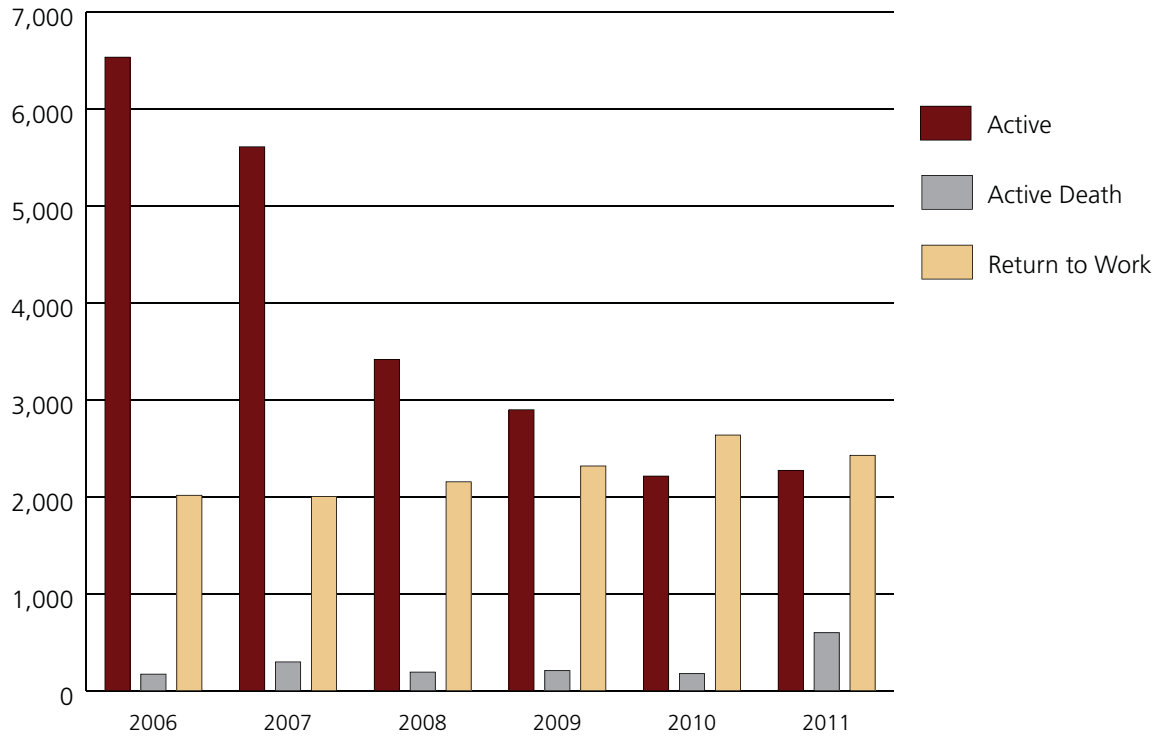
Number of Refunds of Contributions

Fiscal Year	Active	Active Death	Return-to-Work	Total
2001-2002				5,191*
2002-2003				5,422*
2003-2004				5,657*
2004-2005				6,572*
2005-2006	6,532	171	2,015	8,718
2006-2007	5,608	297	2,002	7,907
2007-2008	3,416	192	2,154	5,762
2008-2009	2,897	207	2,317	5,421
2009-2010	2,213	176	2,636	5,025
2010-2011	2,272	598	2,427	5,297

*Specific breakdown by category not available for years prior to 2005-2006.

Number of Refunds of Contributions

Number of Refunds



Revenues by Source

Fiscal Year	Member	Employer	Retained*	ACTS 642 & 7	Net Investment Income	Other Operating Revenues	Total
2001-2002	\$246,119,537	\$400,478,248	\$ 27,196,232		\$(948,670,459)	\$ 1,787,499	\$(273,088,943)
2002-2003	251,297,401	421,838,213	29,499,096		221,365,576	4,976,629	928,976,915
2003-2004	264,999,131	444,104,350	35,244,313		1,738,551,936	3,217,889	2,486,117,619
2004-2005	270,619,181	517,815,361	48,754,970		1,134,823,923	3,425,773	1,975,439,208
2005-2006	258,412,024	503,583,453	49,293,547	\$26,400,000**	1,737,664,681	3,208,183	2,578,561,888
2006-2007	282,326,101	544,401,879	49,429,250		2,616,966,317	5,496,271	3,498,619,818
2007-2008	323,678,452	656,091,577	57,569,465	40,000,000***	(799,919,813)	6,264,759	283,684,440
2008-2009	344,547,871	660,244,436	54,447,510		(3,292,248,484)	4,407,243	(2,228,601,424)
2009-2010	347,114,632	665,219,676	61,339,786		1,285,742,297	3,605,633	2,363,022,024
2010-2011	342,323,329	853,918,265	89,760,676		2,942,693,424	3,299,671	4,231,995,365

*Refers to the ORP administrative fee (.10 percent of member contributions) and UAL payments for ORP participants retained by TRSL

** Act 642 of 2006

*** Act 7 of 2008

Expenses by Type

Fiscal Year	Benefits	Refunds/Other	Administrative Expenses	Depreciation Expense	Total
2001-2002	\$ 920,593,341	\$ 23,432,296	\$ 8,886,231	\$ 475,734	\$ 953,387,602
2002-2003	1,003,327,453	22,287,120	10,688,003	490,780	1,036,793,356
2003-2004	1,075,298,667	26,804,821	10,786,450	508,399	1,113,398,337
2004-2005	1,139,814,334	30,454,374	12,178,533	476,270	1,182,923,511
2005-2006	1,204,472,977	38,538,125	13,362,286	488,341	1,256,861,729
2006-2007	1,295,552,338	48,119,943	13,323,547	506,521	1,357,502,349
2007-2008	1,385,666,955*	35,071,343	14,880,903	545,737	1,436,164,938
2008-2009	1,466,608,360*	34,418,885	15,799,028	540,725	1,517,366,998
2009-2010	1,534,339,475*	40,834,543	16,154,823	543,096	1,591,871,937
2010-2011	1,617,255,586*	43,005,926	15,417,596	537,060	1,676,216,168

*Includes Other Post-Employment Benefits (OPEB) expense.

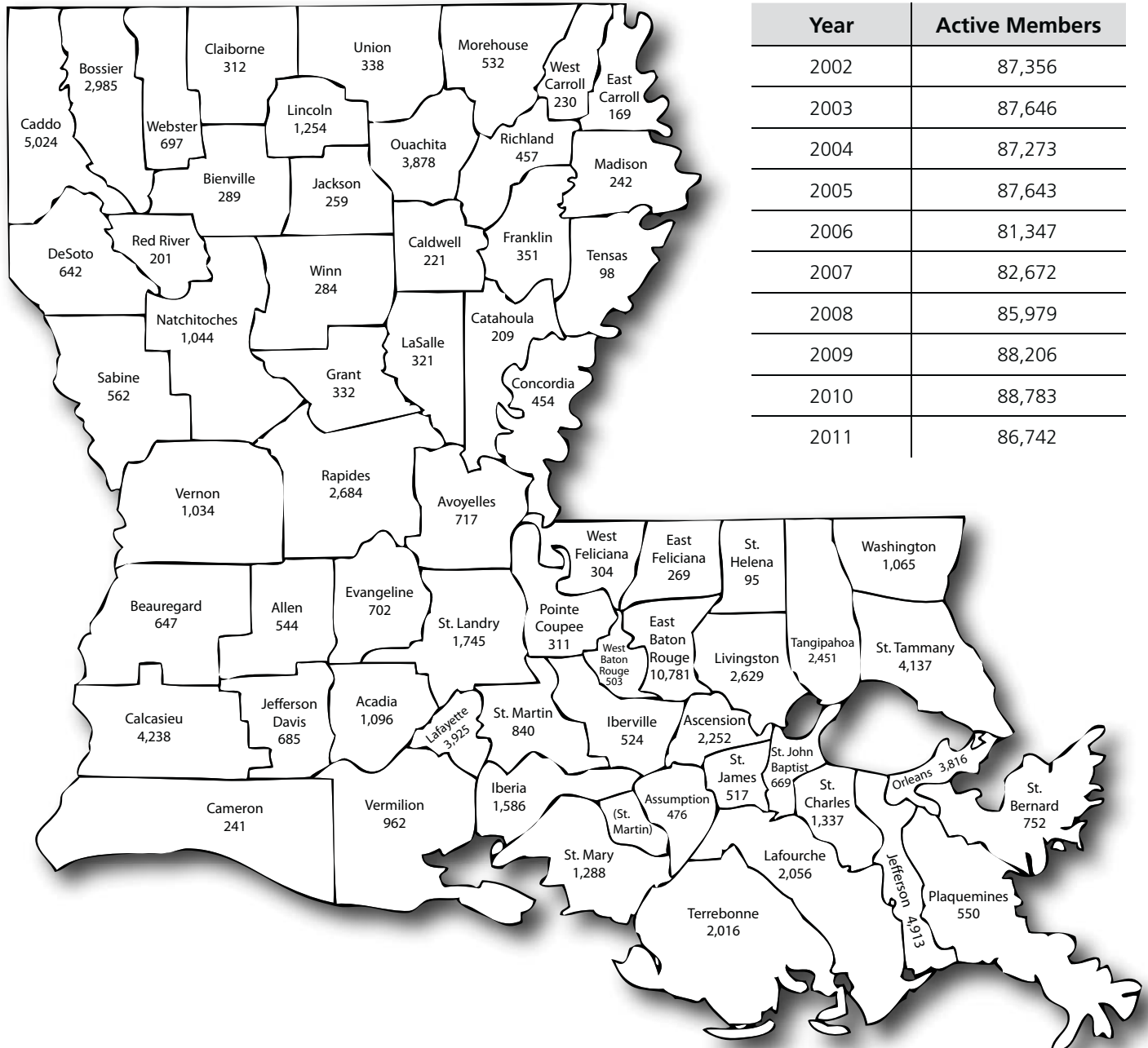
Twenty-Five Largest Employers

EMPLOYER NAME	# of EMPLOYEES
CADDO PARISH SCHOOL BOARD	5,204
EBR PARISH SCHOOL BOARD	4,877
JEFFERSON PARISH SCHOOL BOARD	4,854
ST TAMMANY PARISH SCHOOL BOARD	4,134
CALCASIEU PARISH SCHOOL BOARD	3,914
LAFAYETTE PARISH SCHOOL BOARD	3,404
RAPIDES PARISH SCHOOL BOARD	2,648
LIVINGSTON PARISH SCHOOL BOARD	2,629
OUACHITA PARISH SCHOOL BOARD	2,239
ASCENSION PARISH SCHOOL BOARD	2,197
BOSSIER PARISH SCHOOL BOARD	2,179
TANGIPAHOA PARISH SCHOOL BOARD	2,005
TERREBONNE PARISH SCHOOL BOARD	1,922
LAFOURCHE PARISH SCHOOL BOARD	1,805
LOUISIANA STATE UNIVERSITY	1,802
ST LANDRY PARISH SCHOOL BOARD	1,745
IBERIA PARISH SCHOOL BOARD	1,509
ST CHARLES PARISH SCHOOL BOARD	1,337
ST MARY PARISH SCHOOL BOARD	1,182
MONROE CITY SCHOOL BOARD	1,176
ACADIA PARISH SCHOOL BOARD	1,096
VERNON PARISH SCHOOL BOARD	1,034
DOE- RECOVERY SCHOOL DISTRICT	1,024
VERMILION PARISH SCHOOL BOARD	962
ST MARTIN PARISH SCHOOL BOARD	840

Total Active Members Statewide

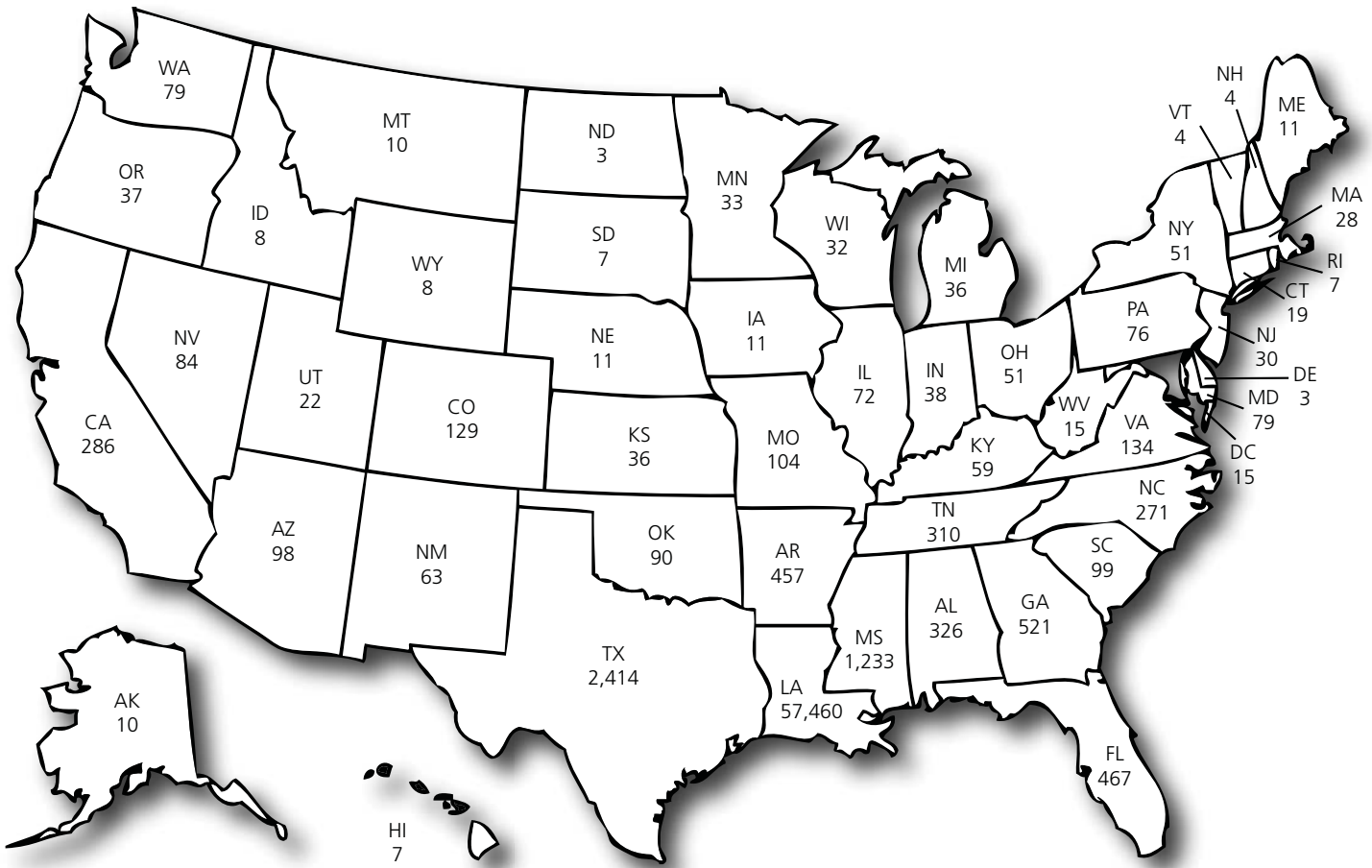
Total number of members – 86,742

(includes all employing agencies located within each parish)



TRSL Retirees Worldwide

Total number of retirees – 65,512



United States and District of Columbia (see above)				65,461	
U.S. Overseas Military Bases				7	
U.S. Territories:				2	
Guam				1	
Virgin Islands				1	
Foreign Countries:				42	
Argentina	1	Germany	8	Philippines	1
Australia	2	Greece	1	Portugal	1
Belgium	1	Hungary	1	Singapore	1
Canada	7	India	1	Switzerland	1
Costa Rica	2	Mexico	2	Thailand	2
Czech Republic	3	New Zealand	1	United Kingdom	3
Finland	1	Pakistan	2		
TOTAL				65,512	

Year	Retirees
2002	49,053
2003	50,903
2004	52,900
2005	54,525
2006	57,512
2007	59,530
2008	61,070
2009	62,417
2010	63,940
2011	65,512

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