...in our schools

...in our families

...in our communities

...in our state

...in our world

TRSL

Investing in Louisiana

2014 Comprehensive Annual Financial Report

For Fiscal Years Ended June 30, 2014, and 2013

A component unit of the State of Louisiana

Teachers' Retirement System of Louisiana

A component unit of the State of Louisiana

2014 Comprehensive Annual Financial Report

For Fiscal Years Ended June 30, 2014, and 2013

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

Maureen H. Westgard, Director

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(Monday-Friday, excluding holidays)
No appointment required

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Investing

...in our classrooms

Introductory Section

TRSL
Teachers' Retirement System of Louisiana

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Baton Rouge LA 70804-9123

October 3, 2014

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 *2014 Comprehensive Annual Financial Report (CAFR)* for the Teachers' Retirement System of Louisiana (TRSL). It is a comprehensive accounting of TRSL activities and operations, including detailed financial and actuarial information, investment performance, demographic characteristics, and fund stewardship. This year's report covers the fiscal year ended June 30, 2014, and represents a collaborative effort from TRSL staff and its advisors.

We are especially proud, this year, to report that TRSL achieved a market rate of return of 19.9% (gross of fees) for Fiscal Year 2014, increasing our assets by $2.41 billion over last year. And, the System's investment assets grew, this year, to an all-time high of $17.5 billion. According to the most widely accepted comparison service for pension fund investment performance, TRSL's strong returns made us the nation's second-highest performing fund with assets greater than $1.0 billion.

Also, Fiscal Year 2014 marked the first time in which payments toward debt owed to TRSL by the state made an impact on the principal, not just interest. The result is that the initial unfunded accrued liability (IUAL) should be paid off nearly five years sooner than constitutionally required, resulting in billions in savings for the state over a 30-year period.

In another piece of good news, on July 1, 2014, TRSL paid a system-wide 1.5% permanent benefit increase (PBI) to eligible retirees and beneficiaries for the first time since 2008. This adjustment helps many retired teachers and education professionals who have seen the purchasing power of their retirement dollars chipped away by time and inflation.

It goes without saying that in everything we do at TRSL, we are focused on bringing value to our members and our state. Beyond the System's financial investment in domestic and international markets, TRSL is an investment in our schools, in our families, in our communities, and—in our Louisiana.

A strong TRSL means many things. Schools can attract and retain qualified teachers and other education professionals; families can count on financial protection through survivor and disability benefits; communities throughout the state can feel the positive impact of retiree dollars spent on local goods and services; and, with the help of TRSL capital, Louisiana companies can grow their businesses and workforces. We are proud of TRSL's role in Louisiana's dynamic and diverse economic landscape.

2014 Legislative Session

Legislators filed more than 40 retirement-related bills in the 2014 Regular Session. Five bills that directly affected TRSL passed, including legislation that changed the funding and frequency of future PBIs; set a minimum employer contribution rate to be credited to Optional Retirement Plan (ORP) participant accounts; and raised the normal retirement age for new hires.

Passage of Act 104, granting the 1.5% PBI, hinged upon enactment of Act 399, which directs more of TRSL's excess investment earnings toward the unfunded accrued liability (UAL). Essentially, the amount of excess earnings applied to the UAL now increases as the actuarial value of TRSL's assets increases.

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

Additionally, Act 399 ties the amount of future PBIs to the System's funded percentage. Moving forward, PBIs can only be granted every other year until the System is 85% funded; and they can only be calculated on the first $60,000 of the retirement benefit—down from $70,000.

The remaining legislation impacting TRSL included Act 226, which raises the normal retirement age to 62 for individuals hired on or after July 1, 2015; Act 571, which changes the method by which TRSL's actuarial valuation is conducted; and Act 607, which sets new guidelines for employer contributions to ORP participant accounts.

Under Act 607, each constitutionally established higher education board must determine the employer rate transferred to ORP accounts for individuals employed by all institutions and agencies under the board's supervision and control. Ultimately, the minimum amount must be at least 6.2% beginning in Fiscal Year 2019.

Profile of TRSL

Established by the Legislature in 1936, TRSL is a defined benefit plan with multiple reporting employers. Its assets are held in trust to provide retirement benefits for retired members and their beneficiaries.

TRSL is the state's largest public retirement system with a membership of 183,282. Actively employed members numbered 82,886 in Fiscal year 2014, and our annuitant count stood at 73,195. In 2013, active membership totaled 82,910 and the number of retirees was 71,031.

A 17-member board of trustees governs TRSL and has the principal responsibility of managing and safeguarding assets held in trust for the membership. The TRSL Board has 12 elected members and five ex officio members who sit on the board by virtue of their state office. Trustees as well as executive management staff perform all duties in accordance with their fiduciary responsibilities.

The board meets every month and trustees are required by statute to complete continuing education hours in investments, actuarial science, law, and ethics. Board members must complete a total of 16 hours of trustee education each year.

In Fiscal Year 2014, TRSL paid out almost $2 billion in retirement benefits. Some 89% of TRSL retirees stay in Louisiana after leaving the classroom. So, those retirement dollars are put to work in local communities where they are not only used to buy goods and services, but also to pay taxes.

Investments

TRSL investments earned a 19.9% return on investment (gross of fees) for the fiscal year ended June 30, 2014. According to the Wilshire Trust Universe Comparison Service (TUCS), TRSL ranked #2 among 92 other public retirement funds with more than $1 billion in assets. TUCS is the most widely accepted comparison service for pension fund investment performance.

More specifically, the System's private equity distinguished itself as one of our best performing asset classes, returning 29.5%. Public equity returns proved to be quite strong as well, achieving 19.1% for the year and outperforming the corresponding benchmark.

A fact, often overlooked, about TRSL is its investment in our own state. Through its limited partnership investments last year, the retirement system provided more than $340 million in capital to a variety of Louisiana companies across many business sectors, creating jobs and expanding economic opportunities. Specifically, TRSL has invested with Cameron Parish-based, Cheniere Energy Partners—one of the first and few facilities in the U.S. that will be capable of exporting liquefied natural gas (LNG) to foreign markets. When the facility begins operation next year, it is expected to bring thousands of jobs to the area, and provide significant benefits to the local and state economies. The economic impact of TRSL reaches far beyond its members.

Furthermore, TRSL has been able to realize significant savings through the investment staff's successful negotiation of lower management fees. The System achieved nearly $1 million in savings by negotiating fee reductions in six different asset classes during the solicitation for proposal process and reducing the custodian base fee by 50%.

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Funding

TRSL administers a defined benefit plan. The plan is funded through investment earnings and contributions from employees and employers. The employee contribution rate is set by statute, while the employer contribution rate is made up of two components: (1) the normal cost, which is the present value of benefits allocated to the current fiscal year; and (2) scheduled payments to the unfunded accrued liability (UAL).

The Public Retirement Systems' Actuarial Committee (PRSAC) annually adopts the TRSL valuation report, which includes employer contribution rates. By adopting the valuation, PRSAC also approves the system's actuarial assumptions. At its June 2014 meeting, the TRSL Board voted to reduce the actuarial rate of return to 7.75% from 8.0% for both valuation and Governmental Accounting Standards Board (GASB) purposes.

Total net assets restricted for pensions at June 30, 2014, were $17.9 billion, compared to $15.5 billion at June 30, 2013. This represents an increase of more than $2 billion. The System's funded ratio for Fiscal Year 2014 increased to 57.4% from 56.4% in Fiscal Year 2013.

Accomplishments

TRSL has always embraced new and innovative approaches in its pursuit of excellence in pension administration. Our accomplishments in Fiscal Year 2014 included outreach efforts geared toward member communication and engagement, hands-on employer training strategies, and efficiencies in accounting processes.

This was the first year that annual member statements included retirement estimates for individuals working after the Deferred Retirement Option Plan (DROP). Now, these members will no longer have to contact TRSL to request this information; it will automatically be sent as a resource to assist members with making retirement decisions.

And, in an effort to more fully engage young and mid-career members, TRSL launched a social media campaign called *Roadmap to Retirement*. The campaign was designed to provide these members with bite-sized bits of information related to retirement planning and personal finance, and get them on the road to retirement security.

Furthermore, TRSL staff developed new materials to assist employers, particularly the human resources departments, in onboarding their new hires. These materials are meant to encourage early familiarity with TRSL by prompting new members to sign up for Member Access and connect with TRSL on its website, www.trsl.org, and through social media.

TRSL also developed employer-specific training based on agency type—higher education, K-12, charter schools, and state agencies. Each session was designed to focus on the reporting needs and issues specific to each type of employer. Employers were also encouraged to bring their laptops, so they could log onto TRSL's secure reporting website and engage in hands-on training.

Finally, TRSL's accounting department upgraded its financial software platform to one that offers expanded capability for processing and tracking administrative budget and investment data. The software has been instrumental in creating efficiencies in processing times and staff resources.

Taken together, these accomplishments illustrate a comprehensive strategy to improve the System by developing and implementing forward-looking ways to serve members and support employers.

Report structure and oversight

TRSL prepares this report to meet all requirements in Louisiana Revised Statute 11:832(b), and has been prepared according to the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB).

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

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

This report consists of the following sections:

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

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

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

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 represent, in all material respects, the financial position of TRSL as of June 30, 2014, and 2013.

Awards and Recognition

We are honored to have received three prestigious awards for our financial reporting and system management. For the 23rd consecutive year, the Government Finance Officers Association (GFOA) presented TRSL with the *Certificate of Achievement for Excellence in Financial Reporting* for our *2013 Comprehensive Annual Financial Report (CAFR)*. We also received the GFOA award for our *2013 Popular Annual Financial Report (PAFR)* for the 12th year in a row. The PAFR is a less technical summary of the comprehensive report.

Finally, the Public Pension Coordinating Council (PPCC) awarded TRSL with the *Public Pension Standards Award for Funding and Administration*. All three awards publically illustrate the high standards to which TRSL staff is committed to and continually works toward.

Acknowledgments

We would like to express our appreciation to you, the TRSL Board, for your commitment to protecting the System and its interests, and to the TRSL staff for their dedication to one of Louisiana's greatest assets—its teachers.

Respectfully submitted,

Maureen H. Westgard
Director

Charlene T. Wilson
Chief Financial Officer

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TRSL Teachers' Retirement System of Louisiana

VISION

Retirement security in a changing world

MISSION

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

VALUES & GOALS

We are here to serve our customers.

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

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

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

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

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

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

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

Ultimately, our performance comes from our people.

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

Board of Trustees and Ex Officio Members

Robert Lawyer
Board Chair

Colleges & Universities
Term expires 12/31/14

Joe A. Potts, Jr.
Board Vice Chair

1st District
Term expires 12/31/14

John G. Parauka

2nd District
Term expires 12/31/15

Carlos J. Sam

3rd District
Term expires 12/31/15

David A. Hennigan

4th District
Term expires 12/31/15

Holly Bridges Gildig

5th District
Term expires 12/31/16

Joyce P. Haynes

6th District
Term expires 12/31/16

Sheryl R. Abshire, Ph.D.

7th District
Term expires 12/31/14

Kathy Hattaway

School Food Service Employees
Term expires 12/31/17

Alonzo R. "Lonnie" Luce, Ph.D.

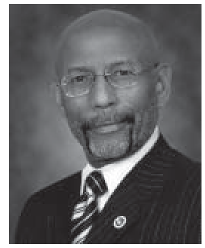
Superintendents
Term expires 12/31/14

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

Retired Members
Term expires 12/31/14

Jerry J. Baudin, Ph.D.

Retired Members
Term expires 12/31/17



Honorable Elbert L. Guillory

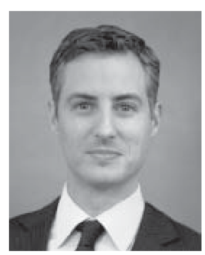
Chairman, Senate Retirement Committee
Ex officio

Honorable J. Kevin Pearson

Chairman, House Retirement Committee
Ex officio

Honorable John N. Kennedy

State Treasurer
Ex officio



John White

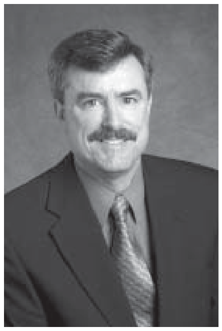
State Superintendent of Education
Ex officio

Kristy Nichols

Commissioner, Division of Administration
Ex officio

Executive Management

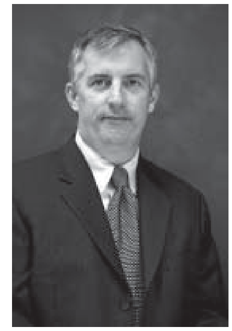
Maureen H. Westgard
Director



A. Stuart Cagle, Jr.
Deputy Director

Dana L. Vicknair
Assistant Director

Roy A. Mongrue, Jr.
General Counsel



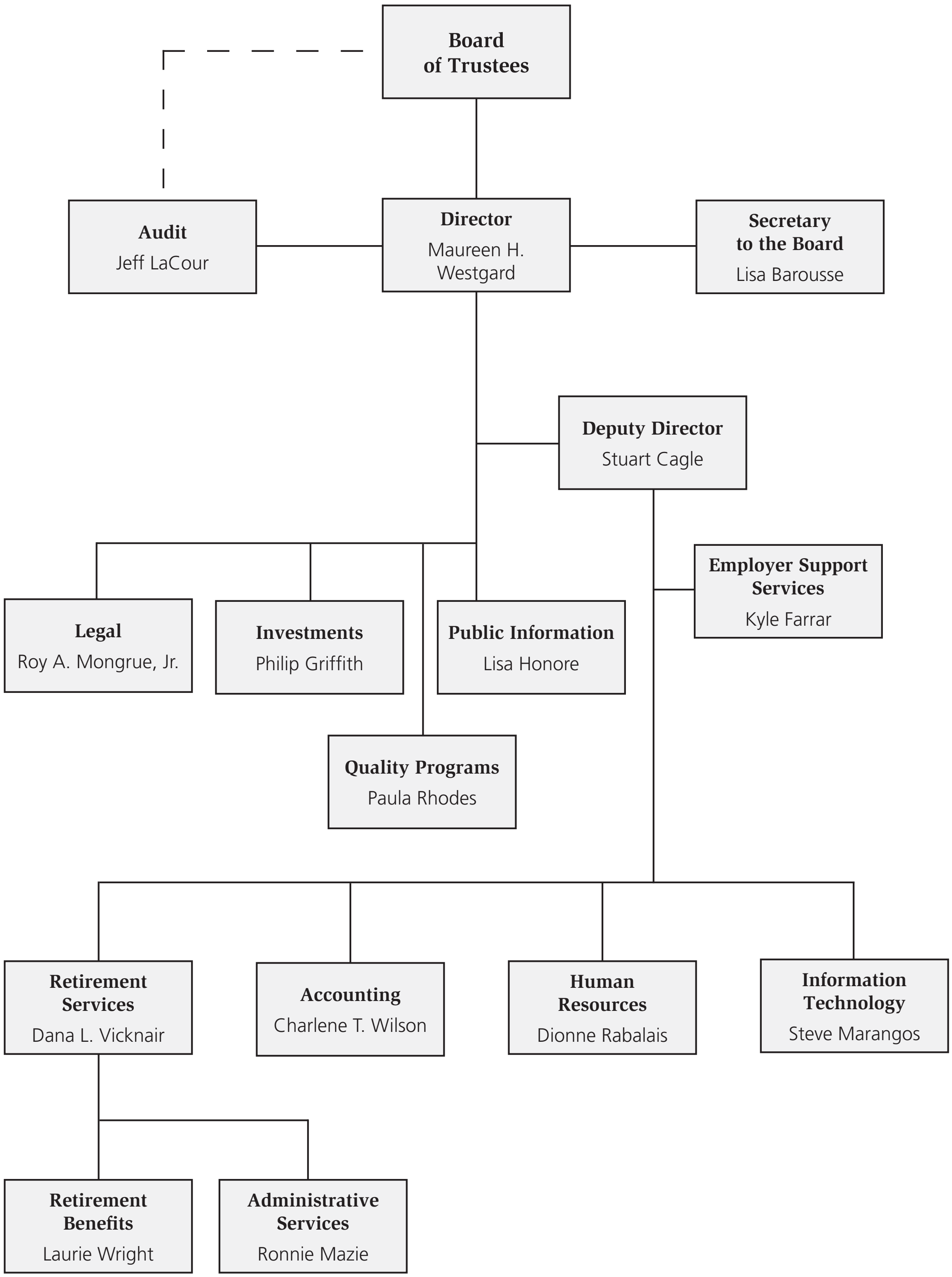
Philip Griffith
Chief Investment Officer

Department Managers

FRONT ROW: **Dionne Rabalais**, *Human Resources Director*; **Katherine Whitney,** *Deputy General Counsel*; **Lisa Honoré, Ph.D.,** *Public Information Director*; **Laurie Wright**, *Retirement Benefits Administrator*

BACK ROW: **Charlene T. Wilson,** *Chief Financial Officer;* **Dana Brown,** *Investment Director of Public Assets*; **Steve Marangos,** *Information Technology Director*; **Jeff LaCour**, *Audit Director*; **Maurice Coleman,** *Investment Director of Private Assets; (not pictured:* **Ronnie Mazie,** *Administrative Services Manager*)

Organizational Chart



Professional Consultants and Vendors

Actuaries

Foster & Foster Actuaries & Consultants
Hall Actuarial Associates
SJ Actuarial Associates

Auditor & Accountant

Hawthorn, Waymouth & Carroll, L.L.P.
Postlethwaite & Netterville

Custodian Bank and Securities Lending Vendor

BNY Mellon Asset Servicing

Information Technology and Other Consultants

Bayou Internet, Inc.
Bowen ECM Solutions, L.L.C.
CEM Benchmarking, Inc.
Investor Responsibility Support Services, Inc.
Modiphy, Inc.
Sign Language Services International
Southwest Computer Bureau, Inc.
VR Election Services

Investment Advisors

Alliance Bernstein LP
Artisan Partners Limited Partnership
Baillie Gifford Overseas Limited
The Boston Company Asset Management
Brandywine Global Investment Management, Inc.
Brown Advisory
The Clifton Group
Columbus Circle Investors
Delaware International Advisors
Fiduciary Management Associates, L.L.C.
Hamilton Lane Advisors, L.L.C.

Investment Advisors – cont'd

ING Investment Management Co.
J. P. Morgan Investment Management, Inc.
Loomis Sayles & Co.
LSV Asset Management
MFS Institutional Advisors, Inc.
Mondrian Investment Partners
Pacific Investment Management Co.
Perimeter Capital Management
Prudential Fixed Income
Prudential Real Estate Investors
Rhumbline Advisers
Shenkman Capital Management, Inc.
Systematic Financial Management
Vontobel Asset Management
Westwood Management Corp.
Western Asset Management Co.

Investment Consultant

Hewitt EnnisKnupp, Inc.

Legal Consultants

Avant & Falcon
Ice Miller, L.L.P.
Klausner, Kaufman, Jensen & Levinson

Medical Examiners

Brian C. Gremillion, M.D.
Integrated Behavioral Health
Anthony Ioppolo, M.D.
W. J. Laughlin, M.D.
Bradley Meek, M.D.
George Seiden, M.D.
Lawrence D. Wade, M.D.

Summary of 2013-14 Legislation

Permanent benefit increases (PBIs)

- **Act 104** *(Sen. Elbert Guillory)* authorizes a 1.5% PBI to eligible TRSL retirees and beneficiaries on July 1, 2014.

  NOTE: Act 104 was tied to additional legislation passed this session: Act 101 for retired state police, Act 102 for state workers, Act 103 for school employees, and Act 399 related to the unfunded accrued liability.

- **Act 399** *(Rep. Joel Robideaux)* significantly impacts the funding and frequency of future PBIs, diverting additional investment gains to reduce unfunded accrued liabilities.

Benefit structure changes

- **Act 226** *(Rep. Kevin Pearson)* increases the retirement eligibility age from 60 to 62 for new members hired on or after July 1, 2015.

Employer contributions

- **Act 571** *(Sen. Barrow Peacock)* changes the actuarial valuation method to Entry Age Normal (EAN) from the Projected Unit Credit (PUC) method.

Federal tax law

- **Act 727** *(Sen. Elbert Guillory)* makes technical changes to TRSL statutes to remain in compliance with federal law and regulations related to tax-qualified retirement plans.

Optional Retirement Plan (ORP)

- **Act 607** *(Rep. Kevin Pearson)* establishes a minimum employer contribution rate for ORP participant accounts.

Supplemental appropriations

- **Act 55** *(Rep. Jim Fannin)* appropriates certain surplus ($5,578,791) and nonrecurring ($4,161,000) state revenues toward the balance of the initial unfunded accrued liability, as provided by the Louisiana constitution.

Resolutions and study requests

- **Senate Concurrent Resolution 5** *(Sen. Elbert Guillory)* and **House Concurrent Resolution 33** *(Rep. Henry Burns)* ask Congress to reduce or eliminate Social Security reductions, also known as the Government Pension Offset and Windfall Elimination Provision.

- **Senate Resolution 191** *(Sen. Elbert Guillory)* urges and requests the Senate Committee on Retirement to study the effects of extending the participation period of deferred retirement option plans (DROP) from three to five years.

- **House Study Request 1** *(Rep. Kevin Pearson)* requests the House Committee on Retirement to study utilizing incremental growth factors, similar to those used by the Social Security Administration, for benefits deferred by state retirement system members.

- **House Study Request 2** *(Rep. Kevin Pearson)* requests the House Committee on Retirement to study the feasibility and advisability of offering optional lump-sum pension buyouts to certain state retirement system members.

Awards

Government Finance Officers Association

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, 2013

Executive Director/CEO

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2013

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)

Alan H. Winkle
Program Administrator

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Investing
...in our families

Financial Section

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.
NEAL D. KING, C.P.A.
KARIN S. LEJEUNE, C.P.A.
ALYCE S. SCHMITT, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Teachers' Retirement System of Louisiana (the System), a component unit of the State of Louisiana, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teachers' Retirement System of Louisiana, as of June 30, 2014 and 2013, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of changes in employers' net pension liability, employers' net pension liability, employer contributions, investment returns, and funding progress for other post-employment benefits listed as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the System. The accompanying schedules of administrative expenses, investment expenses, board compensation, and payments to non-investment related consultants and vendors listed as Supporting Schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, investment section, actuarial section, and statistical section 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2014, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, LLP

October 2, 2014

Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assists in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2013 and 2014. 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 $17.9 billion in 2014 compared to $15.5 billion in 2013, and $14.2 billion in 2012.
- The market rate of return on the System's investments was 19.9% for 2014 compared to 13.9% for 2013, and 0.1% for 2012.
- The System's actuarial funded ratio was 57.4% at June 30, 2014, compared to 56.4% at June 30, 2013, and 55.4% at June 30, 2012.
- The unfunded actuarial accrued liability (UAAL) was $12.0 billion for 2014, $11.3 billion for 2013, and $11.0 billion for 2012. This liability includes all actuarial assets required in accordance with GASB 25 and GASB 67.
- Benefit payments were $1.9 billion in 2014, $1.8 billion in 2013 and $1.7 billion in 2012.

Overview of the Financial Statements

- The System's basic financial statements include the following:
- Statements of fiduciary net position,
- Statements of changes in fiduciary net position, and
- Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements. The statements of fiduciary net position report the pension system's assets, liabilities, and resultant net position restricted for pensions. It discloses the financial position of the System as of June 30, 2014, and June 30, 2013.

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

The notes to the financial statements provide additional information and insight that are essential to gain a full understanding of the data provided in the statements.

- **Note 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, and accumulated leave requirements.
- **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.
- **Note M** provides information on the presentation of GASB Statement 68.
- **Note N** provides information on the implementation of GASB Statement 69.
- **Note O** provides information on the implementation of GASB Statement 70.

Required supplementary information consists of five schedules and related notes concerning the funded status of the System. It includes the Schedule of Changes in Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability, Schedule of Employer Contributions, Schedule of Investment Returns, and Schedule of Funding Progress for Other Post-Employment Benefits (OPEB).

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. Member contributions, employer contributions, and earnings on investments fund these benefits. Total net assets held in trust to pay pension benefits at June 30, 2014, were approximately $17.9 billion, compared to $15.5 billion held in trust at June 30, 2013, and $14.2 billion held in trust at June 30, 2012.

Condensed Comparative Statements of Fiduciary Net Position

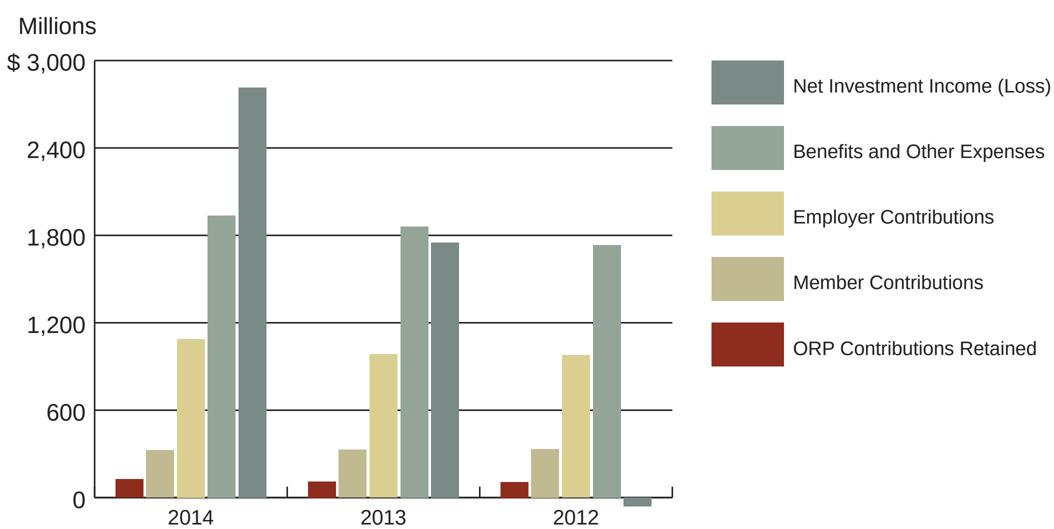
	2014	2013	2012
Assets			
Cash and cash equivalents	$ 205,397,273	$ 199,799,910	$ 198,662,009
Receivables	1,834,434,326	1,434,471,144	982,346,638
Investments (fair value)	17,512,657,748	15,178,470,861	13,908,020,885
Securities lending collateral	2,257,226,730	1,972,976,370	1,526,262,603
Property and equipment, at cost (net)	4,100,275	4,027,869	4,148,693
Total assets	**21,813,816,352**	**18,789,746,154**	**16,619,440,828**
Liabilities			
Accounts payable and other liabilities	1,656,554,164	1,326,532,924	904,194,504
Securities lending collateral	2,257,226,730	1,972,976,370	1,526,262,603
Total liabilities	**3,913,780,894**	**3,299,509,294**	**2,430,457,107**
Net position restricted for pensions	**$ 17,900,035,458**	**$ 15,490,236,860**	**$ 14,188,983,721**

Changes in Fiduciary Net Position

For June 30, 2014, additions to TRSL's net position were derived from investment income and member and employer contributions. For 2014, investment income was $2,815,090,995 compared to $1,750,935,396 for 2013 and -$58,458,258 for 2012. For 2014, member contributions decreased $1,760,845 (-0.54%) and employer contributions increased by $103,157,485 (10.48%). For 2013, member contributions decreased $6,140,518 (-1.84%) compared to 2012, and employer contributions increased $7,296,303 (0.75%) over 2012. For June 30, 2012, additions to TRSL's plan net position were derived from member and employer contributions. Member contributions decreased $8,414,875 (-2.5%) compared to 2011, and employer contributions increased $123,251,239 (14.4%) over 2011. The System's actuary and the Public Retirement Systems' Actuarial Committee (PRSAC) adjust employer contributions annually.

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2014	2013	2012
Additions			
Member contributions	$ 326,007,091	$ 327,767,936	$ 333,908,454
Employer contributions	1,087,623,292	984,465,807	977,169,504
ORP contributions retained	124,874,274	111,013,985	107,420,377
Other operating revenues	8,491,868	4,051,269	2,265,262
Total net investment income (loss)	2,815,090,995	1,750,935,396	(58,458,258)
Total additions	**4,362,087,520**	**3,178,234,393**	**1,362,305,339**
Deductions			
Benefits, refunds, and other	1,936,939,072	1,860,853,924	1,733,774,249
Administrative expenses	15,026,969	15,750,180	16,317,659
Depreciation expense	322,881	377,150	440,291
Total deductions	**1,952,288,922**	**1,876,981,254**	**1,750,532,199**
Net increase (decrease)	**2,409,798,598**	**1,301,253,139**	**(388,226,860)**
Net position restricted for pensions beginning of year	**15,490,236,860**	**14,188,983,721**	**14,577,210,581**
Net position restricted for pensions end of year	**$ 17,900,035,458**	**$ 15,490,236,860**	**$ 14,188,983,721**



Financial Section

Deductions from plan net assets totaled $1,952,288,922 in fiscal year 2014, an increase of $75,307,668 (4.0%) over fiscal year 2013. Deductions from plan net assets totaled $1,876,981,254 in fiscal year 2013, an increase of $126,449,055 (7.2%) over fiscal year 2012. For 2012, deductions from plan net assets totaled $1,750,532,199, an increase of $74,316,031 (4.4%) over fiscal year 2011. Benefit payments continue to be the major reason for this increase. For fiscal year 2014, benefit payments increased by 4.3%, compared to 7.0% in 2013, and 4.1% in 2012.

Investments

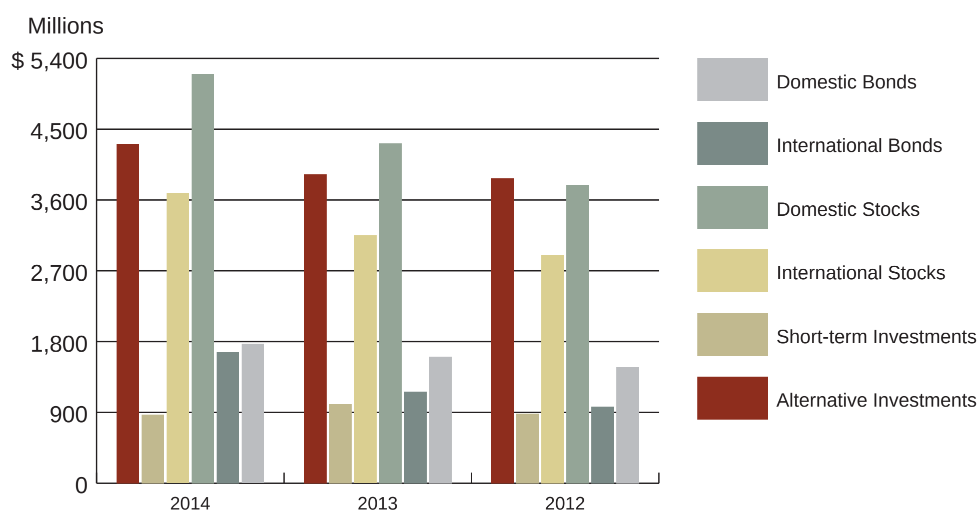
As the state's largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of members. Funds are invested to achieve maximum returns and minimize risk.

Total investments at June 30, 2014, approximated $17.5 billion, compared to $15.2 billion at June 30, 2013, and to $13.9 billion at June 30, 2012. For 2014, the System experienced a $2.8 billion gain compared to a $1.8 billion gain for 2013, and a loss of $58.5 million in 2012. For 2014, the investment increase is due in large part to returns in the System's public stocks and in its private equity allocations.

TRSL's market rate of return is 19.9% for fiscal year ended 2014. The System has sustained annualized returns over the past three years of 11.0%. When compared to other public plans with assets greater than $1 billion, this earned the System a top 14th percentile ranking, according to the Wilshire Trust Universe Comparison Service (TUCS).

Investments at Fair Value

	2014	2013	2012
Domestic bonds	$ 1,770,055,139	$ 1,611,411,082	$ 1,477,406,933
International bonds	1,667,920,752	1,162,848,924	972,447,063
Domestic stocks	5,201,856,937	4,322,095,263	3,794,815,270
International stocks	3,688,369,407	3,148,691,961	2,904,306,050
Short-term investments	871,504,691	1,005,978,360	884,290,767
Alternative investments	4,312,950,822	3,927,445,271	3,874,754,802
Total investments	**$ 17,512,657,748**	**$ 15,178,470,861**	**$ 13,908,020,885**



Funded Status

An actuarial valuation of assets and liabilities is performed annually. The System's funded ratio was 57.4% at June 30, 2014, 56.4% at June 30, 2013, and 55.4% at June 30, 2012. The amount by which TRSL's actuarial liabilities exceed the actuarial assets is $12 billion at June 30, 2014, compared to $11.3 billion at June 30, 2013 and $11 billion at June 30, 2012. For the year ending June 30, 2014, the net realized actuarial rate of return was 13.14%. There was a net experience gain to the fund from all sources of $694,332,805. For the years ending June 30, 2013, and 2012, the net realized actuarial rates of return were 13.41% and 5.05%, 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

Investing

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Financial Section (cont'd)

Statements of Fiduciary Net Position as of June 30, 2014, and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 205,397,273	$ 199,799,910
Receivables		
Member contributions	55,763,495	55,939,595
Employer contributions	166,930,042	148,946,822
ORP contributions retained	9,444,068	8,119,870
Pending trades	1,542,626,355	1,176,407,754
Accrued interest and dividends	43,976,706	35,716,156
Other receivables	15,693,660	9,340,947
Total receivables	1,834,434,326	1,434,471,144
Investments, at fair value		
Domestic bonds	1,770,055,139	1,611,411,082
International bonds	1,667,920,752	1,162,848,924
Domestic common and preferred stocks	5,201,856,937	4,322,095,263
International common and preferred stocks	3,688,369,407	3,148,691,961
Domestic and international short-term investments	871,504,691	1,005,978,360
Alternative investments	4,312,950,822	3,927,445,271
Total investments	17,512,657,748	15,178,470,861
Invested securities lending collateral		
Collateral held under domestic securities lending program	2,035,535,980	1,765,304,577
Collateral held under international securities lending program	221,690,750	207,671,793
Total securities lending collateral	2,257,226,730	1,972,976,370
Property and equipment (at cost) - net	4,100,275	4,027,869
Total assets	**21,813,816,352**	**18,789,746,154**
Liabilities		
Accounts payable and other liabilities		
Accounts payable	9,751,815	9,022,716
Benefits payable	570,358	3,199,914
Refunds payable	5,836,629	6,208,406
Pending trades payable	1,627,736,272	1,296,798,626
Other liabilities	12,659,090	11,303,262
Total accounts payable and other liabilities	1,656,554,164	1,326,532,924
Securities lending collateral		
Obligations under domestic securities lending program	2,035,535,980	1,765,304,577
Obligations under international securities lending program	221,690,750	207,671,793
Total securities lending collateral	2,257,226,730	1,972,976,370
Total liabilities	**3,913,780,894**	**3,299,509,294**
Net position restricted for pensions	**$ 17,900,035,458**	**$ 15,490,236,860**

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position for the Years Ended June 30, 2014, and 2013

	2014	2013
Additions		
Contributions		
Member contributions	$ 326,007,091	$ 327,767,936
Employer contributions	1,087,623,292	984,465,807
Total contributions	1,413,630,383	1,312,233,743
ORP contributions retained	124,874,274	111,013,985
Investment income:		
From investment activities		
Net appreciation in fair value of domestic investments	1,775,649,326	1,047,441,232
Net appreciation in fair value of international investments	774,394,733	376,541,424
Domestic interest	63,594,549	68,615,849
International interest	70,084,510	56,413,369
Domestic dividends	81,401,526	73,904,234
International dividends	94,801,741	101,856,483
Alternative investment income	34,601,154	88,784,863
Miscellaneous investment income	0	15,028
Total investment income	2,894,527,539	1,813,572,482
Investment activity expenses:		
International investment expenses	(4,647,399)	(4,203,417)
Alternative investment expenses	(43,203,313)	(32,400,924)
Investment administrative expenses	(1,455,635)	0
Custodian fees	(443,848)	(432,046)
Performance consultant fees	(813,882)	(759,555)
Advisor fees	(35,729,758)	(32,476,075)
Total investment expenses	(86,293,835)	(70,272,017)
Net income from investing activities	2,808,233,704	1,743,300,465
From securities lending activities		
Securities lending income	5,815,042	8,979,382
Securities lending expenses:		
Fixed	(1,221,549)	(139,220)
Equity	839,129	(853,021)
International	1,424,669	(352,210)
Total securities lending activities expenses	1,042,249	(1,344,451)
Net income from securities lending activities	6,857,291	7,634,931
Total net investment income	2,815,090,995	1,750,935,396
Other operating revenues	8,491,868	4,051,269
Total additions	**4,362,087,520**	**3,178,234,393**
Deductions		
Retirement benefits	1,877,113,903	1,800,166,804
Refunds of contributions & other	58,777,337	59,712,975
TRSL employee health & life expense	1,047,832	974,145
Administrative expenses	15,026,969	15,750,180
Depreciation expense	322,881	377,150
Total deductions	1,952,288,922	1,876,981,254
Net increase	2,409,798,598	1,301,253,139
Net position restricted for pensions		
Beginning of year	15,490,236,860	14,188,983,721
End of year	**$ 17,900,035,458**	**$ 15,490,236,860**
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 actuary prepares actuarial notes identifying the costs or savings related to such legislation.

For 2014 reporting and financial statement presentation, the System implemented Governmental Accounting Standards Board (GASB) Statement No. 67 *Financial Reporting for Pension Plans*—an amendment of GASB Statement No. 25. GASB Statement No. 67 addresses reporting by pension plans that administer benefits for governments, and requires the System to include more extensive note disclosures and required supplementary information.

2. Membership

At June 30, 2014, and 2013, the number of participating employers was:

	2014	2013
School boards	69	69
Colleges and universities	27	28
State agencies	58	58
Charter schools	34	36
Other	18	17
Total	206	208

Membership of this plan consisted of the following at June 30, 2014, and 2013, the dates of the latest actuarial valuations:

	2014	2013
Retirees and beneficiaries receiving benefits	73,195	71,031
Deferred Retirement Option Plan participants	2,291	2,451
Terminated vested employees entitled to but not yet receiving benefits	6,336	5,991
Terminated nonvested employees who have not withdrawn contributions	18,574	18,355
Current active employees:		
Vested	56,651	57,610
Nonvested	23,370	22,238
Post Deferred Retirement Option Plan participants	2,865	3,062
Total	183,282	180,738

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, 2014, and June 30, 2013. (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]
06/30/14	$16,145,773	$28,119,537	$11,973,764	57.4%	$3,764,955	318.0%
06/30/13	$14,669,156	$26,017,708	$11,348,552	56.4%	$3,726,326	304.6%

[1]The Actuarial Value of Assets for GASB reporting includes the Employer Credit Account Assets, if any, in the Valuation Assets.

[2]UAAL differs from the UFAL for funding purposes. UAL for funding purposes excludes the Employer Credit Account Assets, if any.

UFAL – Unfunded Frozen Accrued Liability; IUAL – Initial Unfunded Accrued Liability

The total actuarial accrued liability increased by $2,101,828,259 from June 30, 2013, to June 30, 2014. There was a net experience gain to the System from all sources of $856,697,589. The UAL increased by $570,933,583 due to a change in plan assumptions and $881,187,059 due to a change in cost method from projected unit credit to entry age normal. A portion of the increase in assets due to investment earnings was allocated to the Experience Account rather than to reduce the unfunded actuarial accrued liability.

4. Net Pension Liability of Employers

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

Additional information on the actuarial methods and assumptions used as of the June 30, 2014, actuarial valuation follows:

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal
Amortization method	The unfunded accrued liability on June 30, 1988, was amortized over a 40-year period commencing in 1989. Amortization payments reflect 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 were amortized as level dollar amounts. 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 30-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a 30-year period from the date of occurrence, paid as a level dollar amount. Act 484 of 2007 and resulting constitutional amendment requires increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a 10-year period with level payments. 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. Future payments for each of these bases will increase each plan year according to the following table. All other schedules are amortized for 30 years with level payments.

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

	Act 399 of 2014 requires a portion of the 2014 investment experience gain to reduce the OAB and EAAB without re-amortization. A portion of the remaining gain will be allocated to the Experience Account. The remaining gain will be amortized over 5 years with 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 adjusts the market value of assets to gradually recognize investment gains and losses relative to the net-assumed investment return over a 5-year period in 20% increments. This value is subject to Corridor Limits of 80% to 120% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	7.75% net of investment and administrative expenses and net of expected gains to be transferred to the Experience Account to fund potential permanent benefit increases (PBIs).
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Permanent benefit increases	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.

The Schedule of Employers' Net Pension Liability presents information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The net pension liability, which was calculated in accordance with GASB 67 as of June 30, 2014, and June 30, 2013, is shown below.

Schedule of Employers' Net Pension Liability

	June 30, 2014	June 30, 2013
Total pension liability	$ 28,119,536,563	$ 27,427,723,603
Plan fiduciary net position[1]	$ 17,898,102,401	$ 15,488,914,818
Employers' net pension liability[2]	$ 10,221,434,162	$ 11,938,808,785
Plan fiduciary net position as a percentage of total pension liability	63.7%	56.5%

[1]Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service.

[2]Based on market value of assets

Discount Rate:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	4.71%
International equity	5.69%
Domestic fixed income	2.04%
International fixed income	2.80%
Alternative investments	5.94%

The discount rate used to measure the total pension liability was 7.75%.

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

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

In accordance with GASB 67, the following presents the net pension liability calculated using the discount rate of 7.75%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher.

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Employers' net pension liability	$13,018,488,169	$10,221,434,162	$7,841,003,041

5. 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 Statute 11:701(33)(a).
- **TRSL Plan A —** employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
- **TRSL Plan B —** employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

These three membership plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. TRSL provides retirement, disability, and survivor benefits. 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% (Regular Plan), 1% or 3% (Plan A), or 2% (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 members 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 provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime.

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 113.

In accordance with Louisiana Revised Statute 11:927(B), the employers of ORP participants contribute 21.3% of payroll for unfunded accrued liability payments. The amount transferred to the carriers for the benefit of ORP participants is the employer portion of the normal cost contribution that has been approved by the Public Retirement Systems' Actuarial Committee (PRSAC) for FY 2014, which is 5.822% for K-12 employers and 5.184% for higher education employers.

Member contributions of 8% are transferred to the carriers in their entirety less 0.05%, 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, 2014, and 2013, employees joining ORP consisted of:	2014	2013
Members of TRSL joining ORP	52	74
New employees joining ORP	575	661
	627	735
Total actively contributing members	**6,173**	**6,441**

At June 30, 2014, and 2013, the amounts transferred to ORP were:	2014	2013
Amounts previously held in TRSL reserves	$ 275,179	$ 301,390
Contributions	77,025,922	81,260,677
Total	**$ 77,301,101**	**$ 81,562,067**

At June 30, 2014, and 2013, member and employer contribution rates were:	2014	2013
Member		
Member contribution rate (applicable for ORP transfers)	7.950%	7.950%
Member contribution rate (administrative fee – TRSL)	0.050%	0.050%
	8.000%	8.000%
Employer		
Employer contribution rate (normal cost is applicable for ORP transfers) – K12	5.822%	5.798%
Employer contribution rate (normal cost is applicable for ORP transfers) – Higher Ed	5.184%	5.685%
Unfunded accrued liability payment rate (retained by TRSL) – K12	21.300%	18.702%
Unfunded accrued liability payment rate (retained by TRSL) – Higher Ed	21.300%	18.715%
K12	**27.122%**	**24.500%**
Higher Ed	**26.500%**	**24.400%**

The Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992, with the passage of Louisiana Revised Statute 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. 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. 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 Statute 11:789(A)(1).

Deferred Retirement Option Plan (DROP)/Initial Lump-Sum Benefit (ILSB)

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

	2014	2013	% Increase (Decrease)
DROP			
Members entering DROP	1	0	100.00%
Disbursements	$ 62,698,646	$ 65,160,513	(3.78%)
DROP Reserves at June 30	$ 551,640,841	$ 540,403,302	2.08%
ILSB			
Members choosing ILSB	0	0	0.00%
Disbursements	$ 590,591	$ 633,111	(6.72%)
ILSB Reserves at June 30	$ 4,995,219	$ 4,912,628	1.68%

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

	2014	2013	% Increase (Decrease)
DROP			
Members entering DROP	1,042	1,221	(14.66%)
Disbursements	$ 114,124,749	$ 119,656,577	(4.62%)
DROP Reserves at June 30	$ 507,276,345	$ 528,912,218	(4.09%)
ILSB			
Members choosing ILSB	140	136	2.94%
Disbursements	$ 6,365,931	$ 7,234,581	(12.01%)
ILSB Reserves at June 30	$ 1,723,102	$ 1,682,978	2.38%

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*
2006	15.15%	3.7200%
2007	14.70%	4.8800%
2008	4.65%	3.9800%
2009	0.00%*	1.3200%
2010	0.00%*	.0100%
2011	5.94%	.0050%
2012	4.55%	.0001%
2013	12.91%	.0000%
2014**	12.64%	.0000%

**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 1.39% for 2010 and 12.81% for 2009.*

***Upon Public Retirement Systems' Actuarial Committee (PRSAC) approval of fiscal year valuation.*

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

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

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan.

Excess Benefit Plan

	2014	2013	% Increase (Decrease)
Number of excess benefit recipients	49	45	8.89%
Total benefits	$1,025,103	$1,034,158	(0.88%)

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 17-member Board of Trustees (composed of 10 active members, two retired members, and five ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

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

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 Fiduciary Net Position.

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 the straight-line method with a useful life of three years. Items with a purchase price of less than $250 are expensed in the current year. TRSL and the Louisiana State Employees' Retirement System (LASERS) share a 50/50 joint ownership of the Louisiana Retirement Systems building, equipment, and related land. The following chart details changes in property and equipment from prior fiscal years.

Changes in Property and Equipment

	June 30, 2013	Additions	Deletions	June 30, 2014
Asset class (at cost)				
Land	$ 858,390	$ 0	$ 0	$ 858,390
Building	5,960,259	210,350	0	6,170,609
Equipment, furniture, fixtures	4,787,425	184,937	(42,563)	4,929,799
Total property and equipment	11,606,074	395,287	(42,563)	11,958,798
Accumulated depreciation				
Building	(3,389,299)	(205,640)	0	(3,594,939)
Equipment, furniture, fixtures	(4,188,906)	(117,241)	42,563	(4,263,584)
Total accumulated depreciation	(7,578,205)	(322,881)	42,563	(7,858,523)
Total property and equipment — net	**$ 4,027,869**	**$ 72,406**	**$ 0**	**$ 4,100,275**

	June 30, 2012	Additions	Deletions	June 30, 2013
Asset class (at cost)				
Land	$ 858,390	$ 0	$ 0	$ 858,390
Building	5,951,901	8,358	0	5,960,259
Equipment, furniture, fixtures	4,786,377	247,968	(246,920)	4,787,425
Total property and equipment	11,596,668	256,326	(246,920)	11,606,074
Accumulated depreciation				
Building	(3,198,545)	(190,754)	0	(3,389,299)
Equipment, furniture, fixtures	(4,249,430)	(186,396)	246,920	(4,188,906)
Total accumulated depreciation	(7,447,975)	(377,150)	246,920	(7,578,205)
Total property and equipment — net	**$ 4,148,693**	**$ (120,824)**	**$ 0**	**$ 4,027,869**

6. Budgetary Accounting

Self generated revenues are budgeted for administrative expenses. Funding from the Department of Education and Louisiana State University is received for the purpose of paying supplementary benefits to retirees. The budgetary information for the years ended June 30, 2014, and 2013, includes the original Board of Trustees approved budget and funds from the Department of Education and Louisiana State University.

Original Budget and Supplementary Benefits Funding	Department of Education	Louisiana State University	Self-Generated Funds	Total
2014	$ 40,944	$ 2,028,819	$ 55,039,000	$ 57,108,763
2013	$ 43,000	$ 2,059,554	$ 53,808,000	$ 55,910,554

TRSL received $40,944 from the Louisiana Department of Education to fund supplemental retirement benefits for approximately 300 retirees. TRSL also received $2,028,819 from Louisiana State University to fund supplemental retirement benefits for university employees holding membership in the United States Civil Service Retirement System. These payments are reported as employer contributions.

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.

C. Member Contributions and Employer Contributions

The Public Retirement Systems' Actuarial Committee (PRSAC) met March 7, 2013, and adopted the Fiscal Year 2011-2012 TRSL actuarial valuation report, which included employer contribution rates for all TRSL sub-plans for Fiscal Year 2013-2014. Employer contributions are collected from employing agencies throughout the state and from proceeds of taxes collected in the parishes and remitted by the sheriffs' offices of the respective parishes.

TRSL Contribution Rates

Fiscal Year 2014	Employee Normal Cost Rate	Employer		
		Normal Cost Rate	Shared UAL Rate	Total Contribution Rate
Regular Plan (K12)	8.0%	5.8%	21.3%	27.2%*
Regular Plan (Higher Ed)	8.0%	5.2%	21.3%	26.5%
Lunch Plan A	9.1%	11.3%	21.3%	32.6%
Lunch Plan B	5.0%	7.8%	21.3%	29.1%

**Rounded*

Fiscal Year 2013	Employee Normal Cost Rate	Employer		
		Normal Cost Rate	Shared UAL Rate	Total Contribution Rate
Regular Plan (K12)	8.0%	5.8%	18.7%	24.5%
Regular Plan (Higher Ed)	8.0%	5.7%	18.7%	24.4%
Lunch Plan A	9.1%	11.3%	18.7%	30.0%
Lunch Plan B	5.0%	7.9%	18.7%	26.6%

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, permanent benefit increases, and death benefits to plan members and beneficiaries.

Funding Policy. Plan members participating in the TRSL Regular Plan are required to contribute 8.0% of their annual covered salary, and TRSL is required to contribute 100% of the actuarially determined rate. The TRSL rate for Fiscal Year 2014 is 27.2%. The contribution requirements of plan members and TRSL are established and may be amended by the TRSL Board of Trustees.

TRSL Administration & Staff Contributions

Fiscal Year	Contributions
2014	$ 1,244,954
2013	997,558
2012	949,471
2011	842,208

2. Single Employer Defined Benefit Pension Plan

All full-time TRSL employees who do not participate in TRSL participate in LASERS. 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.

permanent benefit increases 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 or visiting *www.lasersonline.org*.

Funding Policy. Plan members participating in LASERS are required by state statute to contribute 7.5% of their gross salary to the pension plan if hired before July 1, 2006, and 8.0% if hired on or after July 1, 2006. TRSL is required to contribute 100% of the actuarially determined rate. The LASERS rate for fiscal year 2014 is 31.30%. 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

Fiscal Year	Contributions
2014	$ 1,317,478
2013	1,223,771
2012	1,115,177
2011	979,627

Schedules for LASERS can be found on page 45.

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

Valuation Date	06/30/2013	06/30/2012	06/30/2011
Actuarial Cost Method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization Method	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 resulting from benefit increases occurring on or after June 30, 2007: Level dollar payment over 10 years.	For unfunded accrued liability resulting from benefit increases occurring on or after June 30, 2007: Level dollar payment over 10 years.
	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	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	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 2009 or later: Level dollar payment over 30 years, from date of occurrence.	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 2009 or later: Level dollar payment over 30 years, from date of occurrence.
Amortization Approach	Closed	Closed	Closed
Remaining Amortization Period	Weighted average of 19 years.	Weighted average of 21 years.	Up to 30 years, dependent upon the amortization method as described above.
Asset Valuation Period	Utilizes smoothing of gains and losses relative to the assumed rate of return over a five-year period	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 the value of all assets at market
Actuarial Assumptions:			
Investment Rate of Return	8.00% 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 RP-2000 Mortality Table.	Mortality rates were projected based on the RP-2000 Mortality Table.
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 (2003-2008) 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 & Hazardous Duty 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 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 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%
Permanent Benefit Increases	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	Actuarial Required Contribution	Actual Contribution	% Contributed
2007	$ 434,796,738	$ 417,059,370	95.9%
2008	$ 456,741,202	$ 526,484,759	115.3%
2009	$ 492,402,961	$ 487,353,901	99.0%
2010	$ 585,268,922	$ 491,237,641	83.9%
2011	$ 678,123,319	$ 558,183,107	82.3%
2012	$ 713,971,279	$ 637,285,920	89.3%
2013	$ 752,809,646	$ 649,029,708	86.2%

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]
2008	$ 9,167,170	$ 13,562,214	$ 4,395,044	67.6%	$ 2,436,956	180.3%
2009	8,499,662	13,996,847	5,497,185	60.7%	2,562,578	214.5%
2010	8,512,403	14,764,015	6,251,612	57.7%	2,546,457	245.5%
2011	8,763,101	15,221,055	6,457,954	57.6%	2,408,840	268.1%
2012	9,026,416	16,157,898	7,131,482	55.9%	2,341,703	304.5%
2013	9,740,878	16,182,195	6,441,317	60.2%	1,951,988	330.0%

**Dollar amounts in thousands.*

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by $24,297,075 from June 30, 2012, to June 30, 2013. There was an investment gain of $321,037,632, and an additional net investment gain of $170,210,294 due to a change in the asset valuation. There was an experience gain from sources other than investments of $429,310,507. A portion of the increase in assets due to investment earnings was allocated to the Experience Account rather than to reduce the unfunded actuarial accrued liability.

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. ORP participants contribute 8% of salary, less a 0.05% TRSL administrative fee. Employers contribute the equivalent of the defined benefit normal cost, which changes annually. These combined contributions (the member rate and the employer normal cost) are transferred to the ORP carrier selected by the employee. The employer normal cost rate for FY 2014 ORP account contributions is as follows:

- **For participants at higher education institutions**, the employer normal cost rate is 5.184%.
- **For participants at K12 employers**, the employer normal cost rate is 5.822%.

Contributions Paid by TRSL for Staff Participating in ORP

Fiscal Year	Contributions
2014	$ 20,158
2013	16,551
2012	14,677
2011	12,942

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 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 system, and are held by either a counterparty or by the counterparty's trust department or agent but not in the System'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, 2014.

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 Statute 11:267, the System may invest up to 65% of its total assets in equities provided that the System invests an amount equal to at least 10% of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or international equity.

The 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:

- 3.9% above the CPI-U seasonally adjusted, or
- the actuarial rate 7.75% for FY 2014.

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

<u>Domestic Equity Managers:</u>

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

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

investment category are expected to maintain the capitalization of the portfolio within the mid capitalization region with similar characteristics versus the benchmark.

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

Developed International Equity Managers:

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

- Marketable common stocks, preferred stocks convertible into common stocks, and fixed income securities convertible into common stocks are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at market value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the mandate's benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- For investment managers benchmarked to the MSCI All Country World Index ex U.S., the portfolio should not exceed 40% in emerging market equities without prior Board approval.
- For investment managers benchmarked to the MSCI EAFE Index, the portfolio should not exceed 20% in emerging market equities without prior Board approval.
- Currency hedging decisions are at the discretion of the investment manager.

Investment Grade Core Fixed Income Investment Managers:

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

- The fixed income securities should be invested in investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. treasuries and agencies, pass-through mortgages, Collateralized Mortgage Obligations (CMOs), corporates, municipals, asset-backed, Commercial Mortgage Backed Securities (CMBS), and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Securities convertible into common stocks are prohibited. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from ± 1.5 years of the duration of the Barclays Aggregate Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at market value.
- Below investment grade fixed income securities are limited to 5% of the fixed income portfolio. Split-rated securities will be considered as

investment grade related securities. Orderly liquidation should occur for securities that fall below investment grade ratings and are greater than 5% of the fixed income portfolio. Such liquidation should occur within one year.

- Fixed income securities of foreign (non-U.S.) entities denominated in U.S. dollars are limited to 20% of the manager's portfolio, measured at market value. Securities denominated in currencies other than the U.S. dollar are not permissible.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.

Core Plus Fixed Income Investment Managers:

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

- The fixed income securities can be invested in investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. treasuries and agencies, pass-through mortgages, CMOs, corporates, municipals, asset-backed, CMBS, and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from two years of the duration of the Barclays Aggregate Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at market value.
- Below investment grade fixed income securities are limited to 25% of the fixed income portfolio. Below investment grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- Fixed income securities of foreign (non-U.S.) entities are limited to 25% of the manager's portfolio, measured at market value. Within the maximum limitation of the non-U.S. fixed income exposure, the total portfolio's investment in emerging markets is limited to 10%.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.
- Short-term holdings shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Fixed income core plus portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - » To adjust dollar-weighted duration and term structure of the portfolio
  - » To protect against the downside on credit defaults
  - » To dampen volatility
  - » To create synthetic exposures not otherwise prohibited by these guidelines
  - » To take advantage of periodic pricing anomalies
  - » Long futures and swaps contracts must be fully backed with cash or liquid holdings.

Global Fixed Income Investment Managers:

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

- The portfolio will be invested in marketable fixed income instruments, notes, and debentures issued by sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: U.S. treasuries and agencies, sovereign (non-U.S.) governments, sovereign agencies, pass-through mortgages, non-agency mortgages, CMOs, U.S. and non-U.S. corporates, municipals, asset-backed, CMBS, and inflation-linked securities.

- It is anticipated that the portfolio will be invested in investment grade and below investment grade rated securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred.
- The benchmark for performance evaluation is the Barclays Global Aggregate Index (unhedged).
- The duration of the fixed income portfolio may range from ± four years of the duration of the Barclays Global Aggregate Index (unhedged).
- Fixed income holdings in a single company (defined as any one corporate bond issuer) should be limited to 5% of the manager's portfolio measured at market value.
- Below investment grade fixed income securities are limited to 35% of the total fixed income portfolio. Below investment grade securities are defined as fixed income securities rated below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- The portfolio's investment in emerging markets debt is limited to 35%. Emerging Market Countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 20% of the total fixed income portfolio.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or unhedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Global fixed income portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
    - » To adjust dollar-weighted duration and term structure of the portfolio
    - » To protect against the downside on credit defaults
    - » To dampen volatility
    - » To create synthetic exposures not otherwise prohibited by these guidelines
    - » To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

<u>High Yield Fixed Income Investment Managers</u>:

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

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

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

<u>Emerging Markets Debt Investment Managers:</u>

The following guidelines shall apply to the emerging markets debt investment managers:

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

<u>Emerging Markets Equities Managers:</u>

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

- The benchmark for performance evaluation is the MSCI Emerging Markets Index (Net Dividends)
- Securities permissible for investment include, but are not limited to: marketable common stocks, preferred stocks convertible into common stocks, fixed income securities convertible into common stocks, American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs) in emerging markets are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in emerging markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at market value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- Currency hedging decisions are at the discretion of the investment manager.

<u>Alternative Assets Investment Managers:</u>

The following guidelines provide a general framework for selecting, building, and managing the System's investments in private equity, venture capital, private market debt, infrastructure, and commodities.

- The benchmarks for performance evaluation of the Alternative Asset classes net of all fees and expenses are as follows:

  Private Equity & Venture Capital: Russell 3000 +300 basis points

  Private Market Debt: Merrill Lynch U.S. High Yield Master II +200 basis points

  Commodities: Dow Jones UBS Commodities Index

  Infrastructure: Consumer Price Index + 500 basis points
- The System will invest primarily in limited partnership interests of pooled vehicles including funds, co-investments, separate accounts and secondary investments.
- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The System's commitment to any given partnership, for funds targeting $500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System's commitment to any given partnership, for funds targeting more than $500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System should diversify the sources of risk in the portfolio, specifically;
- No more than 15% of the Alternative Assets total exposure (costs plus unfunded commitments) may be attributable to partnerships by the same manager at the time the commitment is made.
- The System shall diversify the portfolio across vintage years.
- The System will be mindful of over-concentration to any one industry, investment strategy and/or geography. Should the investment manager deem the portfolio to be overly concentrated to any industry, investment strategy or geography, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest or to gain access to certain strategies which are difficult for the System to directly access (e.g., Venture Capital).

- The System shall seek co-investments only where the System is an existing limited partner.
- The System should seek to obtain a limited partner advisory board seat for each partnership investment.

Real Estate Investment Managers:

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

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

  Core: NCREIF Property Index +100 basis points

  Opportunistic: NCREIF Property Index +400 basis points
- The System will invest primarily in limited partnership interests of pooled vehicles including funds, co-investments, separate accounts and secondary investments.
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest.

Core Real Estate:

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

Opportunistic Real Estate:

- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The investment manager shall choose opportunistic real estate investments which, in aggregate, consist of a well-diversified portfolio of property types, geographies and risk profiles. Should the investment manager deem the portfolio to be overly concentrated to any geography or property type, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- The System's commitment to any given partnership, for funds targeting $500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- The System's commitment to any given partnership, for funds targeting more than $500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- Opportunistic real estate investment funds shall target no more than 80% debt (leverage).
- The System shall diversify the portfolio across vintage years.

The following schedule shows the System's asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Domestic equity	31.0%
International equity	19.0%
Domestic fixed income	14.0%
International fixed income	7.0%
Alternatives	29.0%
Total fund	**100.0%**

4. *Credit Risk*

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% of the market value of the portfolio.

The System's exposure to credit risk at June 30, 2014, was as follows:

Moody's Rating	Total	Domestic	International
A1	$ 45,610,665	$ 31,544,059	$ 14,066,606
A2	117,364,099	37,430,149	79,933,950
A3	253,565,626	40,990,181	212,575,445
AA1	146,808,341	5,063,234	141,745,107
AA2	34,180,645	11,682,629	22,498,016
AA3	122,835,111	19,796,911	103,038,200
AAA	1,155,345,388	912,707,148	242,638,240
B1	91,239,391	75,030,816	16,208,575
B2	58,804,680	29,609,496	29,195,184
B3	66,094,504	43,949,831	22,144,673
BA1	116,001,509	24,413,499	91,588,010
BA2	90,966,637	38,022,274	52,944,363
BA3	62,776,682	30,654,241	32,122,441
BAA1	179,559,305	55,504,743	124,054,562
BAA2	317,287,653	76,491,644	240,796,009
BAA3	98,719,247	45,895,046	52,824,201
CA	2,408,408	2,408,408	0
CAA1	27,457,422	18,908,825	8,548,597
CAA2	22,966,321	20,679,048	2,287,273
CAA3	3,718,931	3,718,931	0
NR	417,424,557	241,911,489	175,513,068
WR	6,840,769	3,642,537	3,198,232
Total credit risk debt securities	**$ 3,437,975,891**	**$ 1,770,055,139**	**$ 1,667,920,752**

The System’s exposure to credit risk at June 30, 2013, was as follows:

Moody's Rating	Total	Domestic	International
A1	$ 50,990,386	$ 48,210,746	$ 2,779,640
A2	41,875,020	32,969,998	8,905,022
A3	106,746,335	26,808,519	79,937,816
AA1	17,835,891	4,326,502	13,509,389
AA2	15,789,676	8,566,839	7,222,837
AA3	25,928,799	21,755,439	4,173,360
AAA	412,339,416	303,949,448	108,389,968
B1	68,680,333	64,767,230	3,913,103
B2	29,108,077	28,856,477	251,600
B3	25,869,627	23,339,427	2,530,200
BA1	21,673,183	16,296,643	5,376,540
BA2	32,667,800	28,776,709	3,891,091
BA3	70,115,840	62,090,963	8,024,877
BAA1	101,530,519	35,712,284	65,818,235
BAA2	119,010,893	69,392,869	49,618,024
BAA3	53,752,320	36,017,038	17,735,282
CA	740,177	740,177	0
CAA1	12,892,699	12,512,699	380,000
CAA2	10,683,723	10,431,848	251,875
CAA3	1,311,179	1,311,179	0
NR	1,427,803,929	770,164,722	657,639,207
P-1	668,299	668,299	0
WR	126,245,885	3,745,027	122,500,858
Total credit risk debt securities	**$ 2,774,260,006**	**$ 1,611,411,082**	**$ 1,162,848,924**

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, 2014, the System had the following investments and maturities:

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U.S. treasury & government agency	$ 961,657,976	$ 36,603,150	$ 281,192,667	$ 175,749,707	$ 468,112,452
Collateralized mortgage obligations	108,127,605	47,679	11,701,343	8,520,512	87,858,071
Corporate bonds	490,093,135	12,655,502	221,914,776	186,991,338	68,531,519
Other	210,176,423	2,314,767	84,249,523	66,596,504	57,015,629
Foreign corporate bonds	233,277,718	16,046,536	136,155,024	55,777,866	25,298,292
Foreign government bonds	1,050,962,388	61,025,443	348,743,892	387,991,827	253,201,226
Foreign treasuries	11,628,091	0	2,457,693	734,677	8,435,721
Foreign other	372,052,555	6,003,625	257,569,867	78,779,721	29,699,342
Short-term investments	871,504,691	871,504,691	0	0	0
Total	**$4,309,480,582**	**$1,006,201,393**	**$1,343,984,785**	**$ 961,142,152**	**$ 998,152,252**

As of June 30, 2013, the System had the following investments and maturities:

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
Us treasury & government agency	$ 810,516,012	$ 7,967,102	$ 208,249,240	$ 123,605,084	$ 470,694,586
Collateralized mortgage obligations	38,844,822	0	333,830	4,579,813	33,931,179
Corporate bonds	743,690,972	21,731,632	194,802,920	349,591,678	177,564,742
Other	18,359,276	1,500,000	13,214,106	1,774,585	1,870,585
Foreign corporate bonds	327,240,098	54,765,117	129,968,264	97,747,741	44,758,976
Foreign government bonds	694,333,026	31,975,974	269,862,267	193,941,573	198,553,212
Foreign treasuries	141,196,018	40,857,638	24,670,461	46,807,093	28,860,826
Foreign other	79,782	1,883	0	0	77,899
Short-term investments	1,005,978,360	1,005,978,360	0	0	0
Total	**$3,780,238,366**	**$1,164,777,706**	**$ 841,101,088**	**$ 818,047,567**	**$ 956,312,005**

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 7.75% actuarial return over the long term at the lowest risk.

The System's exposure to foreign currency risk is $4,029,636,429 at June 30, 2014, as follows:

Currency	%	Total	Bonds	Preferred Stocks	Stocks	Short-Term Investments	Private Equity
Australian Dollar	4.07%	$ 163,845,835	$ 89,269,619	$ 0	$ 74,527,199	$ 59,017	$ 0
Brazil Real	3.19%	128,378,696	71,961,363	13,583,431	41,503,669	1,330,233	0
Canadian Dollar	1.78%	71,629,431	12,505,553	0	58,420,439	703,439	0
Colombian Peso	0.38%	15,191,295	15,191,295	0	0	0	0
Czech Koruna	0.08%	3,031,494	0	0	3,017,614	13,880	0
Danish Krone	1.08%	43,365,494	2,887,781	0	40,426,008	51,705	0
Euro Currency Unit	35.91%	1,447,179,155	366,516,071	27,261,049	588,224,156	23,697,023	441,480,856
Hong Kong Dollar	4.68%	188,399,491	0	0	187,399,370	1,000,121	0
Hungarian Forint	1.13%	45,575,619	44,768,834	0	0	806,785	0
Indonesian Rupiah	1.10%	44,164,691	24,348,081	0	19,708,090	108,520	0
Israeli Shekel	0.17%	6,873,478	0	0	6,825,070	48,408	0
Japanese Yen	9.17%	369,626,137	19,731,239	0	347,689,155	2,205,743	0
Malaysian Ringgit	1.24%	49,896,467	32,313,116	0	17,462,058	121,293	0
Mexican New Peso	4.70%	189,535,061	167,950,683	0	19,827,534	1,756,844	0
New Turkish Lira	1.25%	50,239,886	39,021,139	0	11,218,231	516	0
New Zealand Dollar	1.11%	44,886,682	38,818,004	0	5,975,571	93,107	0
Nigerian Naira	0.00%	29,820	0	0	0	29,820	0
Norwegian Krone	0.68%	27,315,091	5,451,860	0	21,541,833	321,398	0
Philippines Peso	0.13%	5,429,254	5,161,513	0	0	267,741	0
Polish Zloty	1.26%	50,627,242	49,092,029	0	1,403,190	132,023	0
Pound Sterling	12.03%	484,755,891	81,475,945	343,345	401,079,740	1,809,938	46,923
Russian Ruble (New)	0.75%	30,162,575	29,248,698	0	0	913,877	0
S African Comm Rand	3.11%	125,372,147	54,875,969	0	70,145,526	350,652	0
Singapore Dollar	1.26%	50,705,517	0	0	50,365,348	340,169	0
South Korean Won	2.12%	85,277,900	30,894,286	0	53,311,588	1,072,026	0
Swedish Krona	2.26%	91,444,341	4,821,520	0	86,616,895	5,926	0
Swiss Franc	4.48%	180,741,616	985,342	0	179,559,505	196,769	0
Thailand Baht	0.88%	35,956,123	15,328,854	0	20,627,249	20	0
Total	**100.00%**	**$ 4,029,636,429**	**$1,202,618,794**	**$ 41,187,825**	**$2,306,875,038**	**$ 37,426,993**	**$ 441,527,779**

The System's exposure to foreign currency risk is $3,369,098,276 at June 30, 2013, as follows:

Currency	%	Total	Bonds	Preferred Stocks	Stocks	Short-Term Investments	Private Equity
Australian Dollar	4.04%	$ 136,004,113	$ 73,272,733	$ 0	$ 62,151,258	$ 580,122	$ 0
Brazil Real	2.94%	98,941,611	56,420,287	9,924,884	32,267,732	328,708	0
Canadian Dollar	1.71%	57,517,086	16,715,111	0	41,013,218	-211,243	0
Czech Koruna	0.07%	2,399,033	0	0	2,397,031	2,002	0
Danish Krone	0.75%	25,163,695	0	0	25,162,983	712	0
Euro Currency Unit	31.96%	1,076,842,562	199,254,581	21,425,791	496,441,960	26,503,520	333,216,710
Hong Kong Dollar	4.64%	156,452,790	0	0	155,974,505	478,285	0
Hungarian Forint	1.19%	40,159,496	37,561,757	0	1,451,581	1,146,158	0
Indonesian Rupiah	1.08%	36,363,686	20,945,057	0	15,296,072	122,557	0
Israeli Shekel	0.15%	5,131,117	0	0	5,096,761	34,356	0
Japanese Yen	9.84%	331,404,002	13,686,429	0	315,080,969	2,636,604	0
Malaysian Ringgit	2.25%	75,962,405	49,174,961	0	25,628,105	1,159,339	0
Mexican New Peso	5.22%	175,964,275	141,117,033	0	17,581,320	17,265,922	0
New Turkish Lira	1.51%	50,744,963	35,031,711	0	15,679,650	33,602	0
New Zealand Dollar	1.00%	33,772,925	29,473,667	0	4,236,415	62,843	0
Norwegian Krone	0.93%	31,177,492	12,657,365	0	18,495,879	24,248	0
Peruvian Nuevo Sol	0.00%	832	0	0	0	832	0
Philippines Peso	0.21%	7,187,289	3,828,663	0	3,204,799	153,827	0
Polish Zloty	0.98%	33,080,344	31,636,005	0	1,324,174	120,165	0
Pound Sterling	13.74%	462,951,261	72,707,538	0	385,389,355	4,810,859	43,509
Russian Ruble (New)	1.13%	38,199,483	38,199,483	0	0	0	0
S African Comm Rand	3.07%	103,318,554	43,249,618	0	59,400,727	668,209	0
Singapore Dollar	1.47%	49,362,586	2,839,590	0	46,411,402	111,594	0
South Korean Won	2.24%	75,436,513	24,392,057	0	50,550,824	493,632	0
Swedish Krona	1.74%	58,562,553	0	0	58,359,344	203,209	0
Swiss Franc	5.00%	168,322,979	0	0	168,305,771	17,208	0
Thailand Baht	1.15%	38,674,631	21,876,824	0	16,797,807	0	0
Total	**100.00%**	**$3,369,098,276**	**$ 924,040,470**	**$ 31,350,675**	**$2,023,699,642**	**$ 56,747,270**	**$ 333,260,219**

7. Alternative Investments and Real Estate

TRSL invests in a diversified mix of alternative investments, such as mezzanine, infrastructure and commodities, private equity and real estate. The fair market value of alternative assets and real estate totaled $4.3 billion for June 30, 2014, $3.9 billion for June 30, 2013, and June 30, 2012. The table below shows the cumulative commitments and cumulative cash flow totals since inception for the last three years.

TRSL Alternative Assets and Real Estate (in billions)

Total	June 30, 2014	June 30, 2013	June 30, 2012
Active commitments	$ 12.1	$ 10.9	$ 10.1
Calls for funding	9.4	8.6	8.1
Unfunded commitments	3.0	2.7	2.3
Distributions	8.7	7.6	6.8

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% or other securities collateral of 102%. The System's global managers lend the plan's securities for cash collateral or other securities collateral of 105%. 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% of the cash invested.

The following table presents the fair values of securities on loan and the collateral held for the System at June 30, 2014, and 2013:

Security Type	Fair Value of Securities on Loan 2014	Fair Value of Collateral Held 2014	Fair Value of Securities on Loan 2013	Fair Value of Collateral Held 2013
U.S. government & agency	$ 369,460,895	$ 377,370,486	$ 270,309,769	$ 277,231,634
U.S. fixed income	193,959,246	198,669,052	65,644,648	67,288,171
U.S. equity	1,422,633,446	1,459,496,442	1,386,132,811	1,420,784,772
International fixed income	69,154,825	71,247,887	58,191,590	58,925,122
International equity	130,824,729	150,442,863	139,485,231	148,746,671
Total	**$ 2,186,033,141**	**$ 2,257,226,730**	**$ 1,919,764,049**	**$ 1,972,976,370**

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, futures, and short sales and written options. 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 and short sales and written options at June 30, 2014, which allows TRSL to implement policy target allocation adjustments in an efficient, liquid, and cost effective manner. Interest rate risk, credit rate risk, and foreign currency risk associated with derivatives are included on their respective tables in Note E. Deposits and Investments Risk Disclosures.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, and 2013 classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2014		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives:					
Futures based overlay program	Net app/(depr) in fair value of domestic	($4,631,704)	Domestic bonds	($943,288)	($2,315,875)
Short sales & written options	Alternative investment income	($106,797,413)	Alternative investments	($123,773,720)	n/a

	Changes in Fair Value		Fair Value at June 30, 2013		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives:					
Futures based overlay program	Net app/(depr) in fair value of domestic	$4,953,267	Domestic bonds	$3,688,416	$1,751,270
Short sales & written options	Alternative investment income	($9,385,954)	Alternative investments	($16,976,307)	n/a

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.

6. Short Sales and Written Options

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

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

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 67, required supplementary information is presented on pages 69 through 72.

J. Presentation of GASB Statement 44

In accordance with GASB 44, the statistical section is presented on pages 115 through 133.

K. Presentation of GASB Statement 45

In accordance with GASB 45, other post-employment benefits information is presented on pages 63 through 66.

Other Post-Employment Benefits

Plan Description

The State of Louisiana's Post-Retirement Benefit Plan, 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. Current employees, who participate in the health plan while active, are eligible for plan benefits if they retire under an approved Statewide Retirement System. The amount of State health subsidy is based on the date of participation in an OGB plan (before or after January 1, 2002) and service at retirement. For those beginning participation or rejoining after 2001, a "full subsidy" is provided after 20 years. A full subsidy constitutes a cost-sharing arrangement whereby the retiree is responsible for 25% of the total contribution rate. Less subsidy is provided for participation under 20 years. Pre-2002 OGB participants who retire under the plan pay 25% of the cost of coverage regardless of service.

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 or visiting *www.groupbenefits.org.*

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.

Summary of Plan Provisions

Employees with continuous OGB medical coverage starting before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost) in retirement.

Employees with an OGB medical participation start (or re-start) date after December 31, 2001, pay a percentage of the total retiree contribution rate based on the following schedule:

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

Total monthly per capita premium equivalent rates effective January 1, 2014, are shown in the table below:

	PPO	HMO
Single active	$ 565.72	$ 534.48
Retired without Medicare		
Single	1,052.52	997.52
With spouse	1,858.56	1,761.32
Retired with 1 Medicare		
Single	342.28	330.00
With spouse	1,264.60	1,206.08
Retired with 2 Medicare		
With spouse	615.24	591.56

All members who retire on or after July 1, 1997, must have Medicare Parts A and B in order to qualify for the reduced premium rate. Total 2014 monthly premium rates for the Medicare Advantage Plans are:

	1 Medicare	2 Medicare
Peoples Health HMO	$ 251.00	$ 502.00
Vantage HMO	150.62	301.22

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 22.43% 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:

	2014	2013
Annual required contribution (ARC)	$ 1,492,800	$ 1,405,600
Interest on net OPEB obligation	404,600	365,400
Adjustment to ARC	(386,500)	(349,000)
Annual OPEB cost expense	1,510,900	1,422,000
Less contributions made	(463,068)	(447,855)
Increase in net OPEB obligation	1,047,832	974,145
Net OPEB obligation – beginning of year	10,102,397	9,128,252
Net OPEB obligation – end of year	11,150,229	10,102,397

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	$ 2,153,900	15.81%	$ 6,600,760
6/30/11	1,878,300	21.34%	8,078,155
6/30/12	1,483,600	29.22%	9,128,252
6/30/13	1,422,000	31.49%	10,102,397
6/30/14	1,510,900	30.65%	11,150,229

Funded Status and Funding Progress. The funding status of the plan as of June 30, 2014, was as follows:

Actuarial accrued liability *(in thousands)*	$ 20,458.6
Actuarial value of plan assets *(in thousands)*	0
Unfunded actuarial accrued liability *(in thousands)*	$ 20,458.6
Funded ratio (actuarial value of plan assets/AAL) *(in thousands)*	0
Covered payroll (active plan members) *(in thousands)*	$ 6,422.6
UAAL as a percentage of covered payroll	318.54%

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.

Additional information on the actuarial methods and assumptions used as of June 30, 2013, actuarial valuation follows:

The State of Louisiana Post-Retirement Benefit Plan Valuation as of July 1, 2013

Summary of Actuarial Assumptions and Methods

Valuation Date	July 1, 2013	July 1, 2012
Discount rate	4.00%	4.00%
Salary scale	5.00%	5.00%
Payroll growth	3.00%	3.00%
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Attribution	To retirement date	To retirement date
Amortization of uaal	Level % pay, open, 30 years	Level % pay, open, 30 years
Funding policy	No pre-funding, pay-go only	No pre-funding, pay-go only

Healthcare Trend Rates

Fiscal Year	2013		2012	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
2014	8.00%	6.00%	8.00%	6.00%
2015	8.00%	6.00%	7.75%	5.75%
2016	7.75%	5.75%	7.50%	5.50%
2017	7.50%	5.50%	7.25%	5.40%
2018	7.25%	5.40%	7.00%	5.30%
2019	7.00%	5.30%	6.75%	5.20%
2020	6.75%	5.20%	6.50%	5.10%
2021	6.50%	5.10%	6.25%	5.00%
2022	6.25%	5.00%	6.00%	4.90%
2023	6.00%	4.90%	5.75%	4.80%
2024	5.75%	4.80%	5.50%	4.70%
2025	5.50%	4.70%	5.25%	4.60%
2026	5.25%	4.60%	5.00%	4.50%
2027	5.00%	4.50%	4.75%	4.50%
2028	4.75%	4.50%	4.50%	4.50%
2029	4.50%	4.50%	4.50%	4.50%

Per capita healthcare costs and premium contributions[1] are expected to increase with healthcare trend rates.

[1]In addition to this trend, premium contributions are expected to increase 21% from fiscal year end 2015 to fiscal year end 2019.

Revised Mortality Information

	2013	2012
Mortality baseline table	RP-2000 Combined healthy	RP-2000 Combined healthy
Mortality projection	by Scale AA to 2015 for LASERS by Scale AA to 2025 for non LASERS	by Scale AA to 2012
Disability mortality	RP-2000 Disability retiree	

NOTE: Mortality tables were revised to be consistent with tables assumed for related actuarial pension system valuations, which were recently updated based upon experience analysis.

L. Subsequent Events

The System evaluated all subsequent events through October 2, 2014, 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.

M. Implementation of GASB Statement 68

The GASB has issued Statement No. 68 *Accounting and Financial Reporting for Pension Plans*. The requirements for this statement are effective for periods beginning after June 15, 2014.

TRSL will be affected by this statement as both a cost-sharing, multi-employer defined benefit pension plan that administers benefits for participating employers and as a governmental entity whose employees are provided with defined benefit pensions through LASERS which is a cost-sharing, multiple-employer plan for GASB 67 purposes. The provisions of this statement will require TRSL to include its proportionate share of LASERS net pension liability on the basic financial statements. In addition, TRSL will also be required to include more extensive note disclosures and required supplementary information relating to the proportionate share of the net pension liabilities of the plans. TRSL is evaluating the impact of this new statement along with assisting the school boards, colleges and universities, state agencies, and charter schools with implementation in their financial statements for the fiscal year of 2014-2015.

N. Implementation of GASB Statement 69

The GASB has issued Statement No. 69 *Government Combinations and Disposals of Government Operations*. The requirements of this statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis. Management has evaluated statement No. 69 and determined this statement does not have an impact on TRSL financial reporting.

O. Implementation of GASB Statement 70

The GASB has issued Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The provisions of this statement are effective for periods beginning after June 15, 2013. Management has evaluated statement No. 70 and determined this statement does not have an impact on TRSL financial reporting.

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Financial Section (cont'd)

Schedule of Changes in Employers' Net Pension Liability

	2014
Total pension liability	
Service cost	$ 462,730,192
Interest	2,086,494,384
Changes of benefit terms	200,806,602
Differences between expected and actual experience	(122,326,978)
Changes of assumptions	-
Retirement benefits	(1,877,113,903)
Refunds and transfers of member contributions	(58,777,337)
Net change in total pension liability	691,812,960
Total pension liability - beginning	27,427,723,603
Total pension liability - ending (a)	$ 28,119,536,563
Plan fiduciary net position	
Employer contributions	1,212,497,566
Employee contributions	326,007,091
Net investment income	2,815,090,995
Other income	7,880,853
Retirement benefits	(1,877,113,903)
Refunds and transfers of member contributions	(58,777,337)
Administrative expense	(15,026,969)
Other post-employment benefit expenses	(1,047,832)
Depreciation and amortization expenses	(322,881)
Net change in plan fiduciary net position	2,409,187,583
Plan fiduciary net position - beginning	15,488,914,818
Plan fiduciary net position - ending (b)[1, 2]	$ 17,898,102,401
Net pension liability - ending (a) - (b)	$ 10,221,434,162
Plan fiduciary net position as a percentage of the total pension liability	63.7%
Covered employee payroll	$ 3,764,954,727
Net pension liability as a percentage of covered employee payroll	271.5%

[1]*Plan fiduciary net position excludes side-fund assets held for the LSU Agriculture and Extension Service.*

[2]*Market value of assets*

Schedule of Employers' Net Pension Liability

	June 30, 2014	June 30, 2013
Total pension liability	$ 28,119,536,563	$ 27,427,723,603
Plan fiduciary net position[1, 2]	$ 17,898,102,401	$ 15,488,914,818
Employers' net pension liability	$ 10,221,434,162	$ 11,938,808,785
Plan fiduciary net position as a percentage of total pension liability	63.7%	56.5%
Covered employee payroll	$ 3,764,954,727	$ 3,726,325,750
Net pension liability as a percentage of covered payroll	271.5%	320.4%

[1]Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service.

[2]Market value of assets

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Contributions in Relation to Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2005	$ 555,169,630	$ 586,216,595	$ (31,046,965)	$ 3,132,169,323	18.7%
2006	555,342,400	572,773,243	(17,430,843)	2,892,959,473	19.8%
2007	578,895,501	616,429,526	(37,534,025)	3,224,562,742	19.1%
2008	637,097,695	740,511,169	(103,413,474)	3,675,013,831	20.1%
2009	697,190,561	741,595,487	(44,404,926)	3,912,326,326	19.0%
2010	904,382,657	755,446,587	148,936,070	3,977,819,262	19.0%
2011	1,086,319,774	980,393,924	105,925,850	3,902,646,534	25.1%
2012	1,120,095,898	1,127,265,199	(7,169,301)	3,808,760,594	29.6%
2013	1,149,134,132	1,137,733,532	11,400,600	3,726,325,750	30.5%
2014	1,218,397,771	1,258,687,418	(40,289,647)	3,764,954,727	33.4%

Schedule of Investment Returns

	2014*
Annual money-weighted rate of return, net of investment expense	14.48%

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

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 % of Covered Payroll [(b-a)/c]
06/30/2008	$ 0	$ 22,585.2	$ 22,585.2	0.00%	$ 6,011.8	375.68%
06/30/2009	0	30,158.8	30,158.8	0.00%	7,316.6	412.20%
06/30/2010	0	27,095.2	27,095.2	0.00%	7,235.3	374.49%
06/30/2011	0	24,031.4	24,031.4	0.00%	6,812.9	352.73%
06/30/2012	0	19,170.7	19,170.7	0.00%	6,487.9	295.48%
06/30/2013	0	19,227.7	19,227.7	0.00%	6,286.0	305.88%
06/30/2014	0	20,458.6	20,458.6	0.00%	6,422.6	318.54%

NOTE: Information on the table above was prepared for the Louisiana Office of Group Benefits by Buck Consultants, LLC.

Notes to Required Supplementary Information for the Year Ended June 30, 2014

Change in Actuarial Cost Method:

Act 571 of 2014 changes the actuarial cost method from projected unit credit to entry age normal. This shifted costs from future normal cost to actuarial accrued liability. The resulting increase in actuarial accrued liability of $881,187,059 will be amortized with 30 year level dollar payments and will be offset with a corresponding decrease in the present value of future normal costs.

Actuarial Assumptions:

The Board of Trustees adopted a change in discount rate from 8.00% to 7.75%, which increased the actuarial accrued liability by $570,933,583. These changes will be amortized with 30 year level dollar payments. Future investment losses relative to the assumed rate will decrease as a result of this assumption change.

The significant methods and assumptions used in calculating the actuarially determined contributions are as follows:

Actuarial cost method:	Entry age normal
Amortization method:	Projected percentage of payroll, closed
Remaining amortization period:	Varies by schedule as shown on page 105
Asset valuation method:	5-year smoothed market
Inflation:	2.5% per annum
Salary increases:	Varies from 3.5%-10.0% depending on duration of service
Investment rate of return:	7.75% net of investment and administrative expenses and net of expected gains to be transferred to the Experience Account to fund potential permanent benefit increases.

Investing

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Financial Section (cont'd)

Schedules of Administrative Expenses for the Years Ended June 30, 2014, and 2013

		2014	2013
Personnel expenses:			
	Salaries and wages*	$ 8,296,880	$ 9,244,391
	Employee benefits	3,620,311	3,618,565
	Total personnel expenses	**11,917,191**	**12,862,956**
Travel:		**90,892**	**85,811**
Operating expenses:			
	Advertising	1,614	7,487
	Printing	57,354	88,671
	Insurance	54,449	49,828
	Automotive repairs	4,593	3,275
	Maintenance-computer	435,406	399,690
	Maintenance-equipment	33,368	29,163
	Rentals-equipment	86,249	64,249
	Building expenses	624,813	503,290
	Rentals/disaster recovery	80,567	89,995
	Membership dues	22,714	26,087
	Subscriptions	45,606	42,690
	Postage	484,072	439,592
	Telephone	77,456	73,003
	Bank services charges	119,164	116,467
	Mail services	29,234	35,791
	Other service charges	1,200	6,054
	Total operating expenses	**2,157,859**	**1,975,332**
Supplies/office acquisitions		**79,992**	**73,563**
Professional services		**729,355**	**699,411**
Other charges & interagency transfers		**51,680**	**53,107**
Total administrative expenses		**$ 15,026,969**	**$ 15,750,180**
Capital outlay		**184,937**	**247,968**
Total administrative expenses and capital outlay		**$ 15,211,906**	**$ 15,998,148**

**GASB 67 requires the separate display of investment administrative expenses, which is no longer included in general administrative expenses.*

Schedules of Investment Expenses for the Years Ended June 30, 2014, and 2013

	2014	2013
Investment activities expenses:		
International investment expenses	$ 4,647,399	$ 4,203,417
Alternative investment expenses*	43,203,313	32,400,924
Investment administrative expenses**	1,455,635	0
Global custodian fees	443,848	432,046
Performance consultant fees	813,882	759,555
Advisor fees	35,729,758	32,476,075
Total investment activities expenses	**86,293,835**	**70,272,017**
Securities lending activities expenses:		
Fixed	1,221,549	139,220
Equity	(839,129)	853,021
International	(1,424,669)	352,210
Total securities lending activities expenses	**$ (1,042,249)**	**$ 1,344,451**

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

***GASB 67 requires the separate display of investment administrative expenses, which is no longer included in general administrative expenses.*

Schedules of Board Compensation for the Years Ended June 30, 2014, and 2013

Board of Trustees	2014		2013	
	Number of Meetings	Amount	Number of Meetings	Amount
Sheryl R. Abshire, Ph.D.	10	$ 750	18	$ 1,350
Anne H. Baker (term ended 12/31/13) replaced by Jerry J. Baudin, Ph.D.	12	900	24	1,800
William C. Baker, Ed.D.	24	1,800	24	1,800
Jerry J. Baudin, Ph.D.	12	900	N/A	N/A
Joyce P. Haynes	22	1,650	21	1,575
Robert Lawyer	24	1,800	22	1,650
Holly B. Gildig	23	1,725	24	1,800
Kathy Hattaway	22	1,650	19	1,425
David A. Hennigan	20	1,500	24	1,800
Alonzo R. “Lonnie" Luce, Ph.D.	19	1,425	11	825
John G. Parauka	20	1,500	24	1, 800
Joe A. Potts, Jr.	19	1,425	23	1,725
Carlos J. Sam	24	1,800	11	825
Total compensation		**$18,825**		**$18,375**

Schedules of Payments to Non-Investment Related Consultants and Vendors for the Years Ended June 30, 2014, and 2013

		2014	2013
Actuaries & consultants		$ 209,920	$ 249,680
	Foster & Foster Actuaries & Consultants		
	Hall Actuarial Associates		
	SJ Actuarial Associates		
Auditor/accountant		47,346	73,889
	Hawthorn, Waymouth & Carroll, L.L.P.		
	Postlethwaite & Netterville		
Information technology and other consultants		252,907	204,901
	Bayou Internet, Inc.		
	Bowen ECM Solutions, L.L.C.		
	CEM Benchmarking, Inc.		
	Investor Responsibility Support Services, Inc.		
	Modiphy, Inc.		
	RMJ Consulting		
	Scope Solutions Group, Inc.		
	Sign Language Services International		
	Southwest Computer Bureau, Inc.		
	VR Election Services		
	Other		
Legal		117,582	88,878
	Avant & Falcon		
	Ice Miller, L.L.P.		
	Klausner, Kaufman, Jensen & Levinson		
	Other		
Medical			
	Examiners	101,600	82,063
Total		$ 729,355	$ 699,411

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Investing

...in our communities

Investment Section

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TRSL
Teachers' Retirement System of Louisiana

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

September 26, 2014

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 19.9% return on investments (gross of fees) for the fiscal year ended June 30, 2014, and achieved a 13.8% annualized return over the past five years. With its one- and five-year returns, the System secured a second and ninth percentile ranking, respectively, when compared to other public plans with assets greater than $1 billion, according to the Wilshire Trust Universe Comparison Service (TUCS). Investment returns were prepared by TRSL's custodian bank using a time-weighted rate of return methodology based upon fair market values.

This fiscal year the U.S. economy was bolstered by job creation, a 1.4% decline in the unemployment rate, and record corporate earnings. Furthermore, the Federal Reserve's continued dovish monetary policy was a key catalyst for broad asset appreciation. U.S. equity markets experienced the biggest gains with investments outpacing U.S. core fixed income. For the fiscal year, U.S. equity and fixed income markets returned 25.2% and 4.4%, respectively, as measured by the Russell 3000 Index and Barclays Capital Aggregate Bond Index.

Accommodative monetary policies were also at work beyond the U.S., and had ramifications for developed and emerging markets around the world. The European Central Bank (ECB) took unprecedented steps to become the first major central bank to implement a negative deposit rate, and opened a $542 billion liquidity channel for bank lending to combat deflationary pressures. The ECB also began developing an asset-purchase plan. Equity and fixed income investors responded well to these policies, resulting in positive returns for both asset classes. International equity markets, as measured by the MSCI EAFE Index, returned 23.6%, and global fixed income returned 7.4%, as measured by the Barclays Capital Global Aggregate Index.

The System's alternative and real estate asset classes enjoyed an exceptional year on both an absolute and relative basis. Alternative assets returned 20.9%, exceeding the Russell 3000 +3% benchmark by 145 basis points. Within alternative assets, commodities proved to be the strongest performing asset class, generating 34.2% for the fiscal year, followed by corporate finance at 29.5%. The System's core and opportunistic real estate portfolios returned 17.3%, outpacing its benchmark by 523 basis points.

In public markets, the System generated returns 131 basis points higher than the corresponding benchmark, returning 19.1% versus 17.8%. Active management within both domestic and international equities as well as fixed income assets contributed to the outperformance of System public market assets.

Sincerely,

Philip M. Griffith
Chief Investment Officer

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

Summary of Investment Policy

Purpose

The Teachers' Retirement System of Louisiana (System) Investment Policy (Policy) establishes the Investment Policy Statement of the System for the management of the assets held for the benefit of participants and beneficiaries of the System in its implementation of a Defined Benefit Plan (Plan).

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

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

Investment Philosophy

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

The policy states the core values and fundamental investment beliefs that will form the basis for investment decisions, as follows:

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

Investment Objectives

- The investment objectives of the System have been established in conjunction with a comprehensive review of the current and projected financial requirements.
- The Board's investment objectives are to:
- Protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries.
- Achieve investment returns sufficient to meet the actuarial rate necessary to improve the future soundness of the System.

The desired investment objective is a long-term compound rate of return on the System's assets of 3.9% above the Consumer Price Index (CPI-U) seasonally adjusted or the actuarial rate (currently 7.75%), whichever is higher. Market performance varies and this return objective may not be meaningful during some periods.

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

Asset Allocation Guidelines

The System has established a target allocation for each asset class below, effective July 10, 2012. It shall be the policy of the System to invest the assets within the minimum and maximum range for each asset class, as stated below:

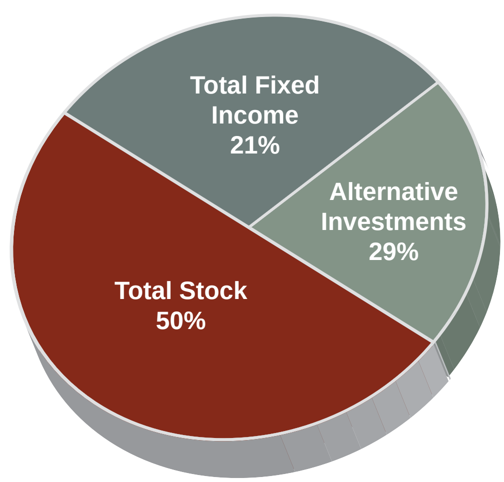
Asset Class	Minimum	Target	Maximum
Large/mid cap U.S. equity	19%	24%	29%
Small cap U.S. equity	4%	7%	10%
International equity (developed)	7%	11%	15%
Emerging markets equity	4%	8%	12%
Core U.S. fixed income*	6%	12%	18%
High yield bonds	0%	2%	4%
Non U.S. developed bond	0%	4%	7%
Emerging market bonds	0%	3%	6%
Opportunistic real estate	0%	3%	6%
Real estate (core)	0%	4%	8%
Commodities	0%	2%	5%
Infrastructure	0%	1%	5%
Corporate finance	5%	11%	15%
Venture capital	0%	2%	5%
Mezzanine/distressed debt	0%	6%	8%
Total fund		**100%**	
Total equities	**35%**	**50%**	**65%**
Total core fixed income	**6%**	**14%**	**20%**
Total non U.S. fixed income	**0%**	**7%**	**13%**
Total real estate	**0%**	**7%**	**14%**
Total alternative assets**	**5%**	**22%**	**30%**

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

*** To determine the asset allocation for the alternative asset class, only the actual amount invested is applicable.*

The asset allocation ranges established by this investment policy represent a long-term perspective. Investment managers will be evaluated on the performance of the total portfolio that they manage.

All assets of the System will be managed in accordance with the Louisiana Revised Statutes.



Investment Guidelines

The following general guidelines apply for the overall plan assets of the System. Specific guidelines for investment managers are provided in an Appendix to the Policy.

- Investments shall possess value and quality corroborated by accepted investment techniques and standards of fundamental or systematic economic, financial and security analysis.
- Securities transactions shall be executed by the investment managers and the managers shall seek to achieve best price and best execution transaction(s).
- The following categories are restricted for the System's investments (pertains to non-alternative investments):
  - » Short sales of securities
  - » Direct loans or extending lines of credit to any interested party
  - » Letter stock
  - » Unregistered securities (except 144A securities).
- Investments shall be diversified with the intent to minimize the risk of large losses to the System. The total portfolio will be constructed and maintained to provide prudent diversification through various asset categories.
- The System expects the investment manager's cash position to adhere to the following:
  - » Equity investment manager's cash shall not constitute more than 5% of the market value of the manager's portfolio without prior Board approval.
  - » Short-Term Investment Fund (STIF) deposit accounts shall not be maintained at foreign sub-custodian banks, except those such accounts maintained by managers of global or international funds.
  - » The manager's cash will be swept daily into a STIF account by the custodian.
- The System may engage in the lending of securities subject to the following guidelines:
  - » Collateral on loans of domestic securities is set at a minimum 102% of the market value of the security plus accrued interest.
  - » Collateral on loans of international securities is set at a minimum 105% of the market value of the security plus accrued interest.
  - » Securities of the System are not released until the Custodian Bank receives payment for the book-entry withdrawal of the loaned security.
  - » Funds from the lending of securities accrue to the System's account and not to investment managers since they would not be involved in the process.
- Performance benchmarks and investment guidelines for investment managers by asset class are set forth in an appendix to the Policy in the following areas: domestic equity; developed international equity; investment grade core fixed income; core plus fixed income; global fixed income; high yield fixed income; global high yield fixed income; emerging markets debt; emerging markets equities; alternative assets; and real estate.

Selection and Monitoring of Investment Options

Manager searches will be conducted utilizing a Solicitation for Proposal (SFP) process, unless there are specific circumstances where the SFP would not be required as approved by the Board.

- **Due Diligence.** In general, the minimum due diligence process for an investment manager's selection shall include, but not be limited to:
  - » **Regulatory oversight:** Each investment manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor.
  - » **Assets under management:** The product should have an appropriate asset base.
  - » **Performance relative to assumed risk:** Competitive returns of investment vehicles compared to appropriate benchmark(s) at an acceptable level of volatility.
  - » **Consistency of holdings with style:** History of consistent adherence to investment strategy.
  - » **Stability of the organization:** Established investment firm (significant experience and high quality reputation).
  - » **Performance relative to peer groups:** The product's performance should be evaluated against the peer group's returns for

the trailing 1-, 3-, 5- year or longer annualized periods; past performance should not, however, be the sole basis for selecting investment managers.

- **Performance Monitoring**. The Board, with the aid of Staff and Consultant, will monitor the performance of each manager at least quarterly and meet each active manager annually while retaining a long-term focus. Monitoring the monthly performance relative to benchmarks will be an ongoing activity. The focus of the ongoing evaluation shall include:
  - » Assets under management (tracking substantial changes in total assets)
  - » Manager adherence to the Policy, guidelines and objectives
  - » Performance relative to appropriate benchmark comparison
  - » Performance relative to peer group(s)
  - » Portfolio holdings that are consistent with style or strategy
  - » Stability of the organization and key investment personnel turnover
- **Watch List or Termination**. The Board retains the discretion to place on the watch list or terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to:
  - » Failure to comply with stated Policy or investment guidelines
  - » Significant deviation from the manager's stated investment philosophy or process
  - » Loss of key investment personnel
  - » Evidence of illegal or unethical behavior by the investment management firm
  - » Loss of confidence by the Board in the investment manager
  - » Failure to achieve performance objectives specified in the manager's guidelines over reasonable measurement periods
  - » A change in the Board's asset allocation policy that necessitates a shift of assets to a different asset category or investment style

Roles and Responsibilities

Chief Investment Officer. The Chief Investment Officer administers the investment program of the System. The duties of the CIO include:

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

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

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

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

- Investing the assets of the Plan with the care, skill, prudence, and diligence that a prudent professional investment manager, familiar with such matters and acting in like capacity, would use in the investment of such assets.
- Adhering to the investment policies and guidelines prescribed by the Board; additionally, all separately managed account managers will provide a quarterly report indicating adherence to policies and guidelines.
- Initiating written communication with the Board whenever the investment manager believes the guidelines should be changed. The Board recognizes that such changes may be necessary from time to time given the dynamic nature of capital markets.
- Informing the CIO or Consultant, as applicable, regarding all significant matters pertaining to the investment of the Plan's assets in a timely manner (no greater than 30 days). These matters include, but are not limited to:
  - » Substantive changes in investment strategy or portfolio structure; and
  - » Significant changes in the ownership, affiliations, organizational structure, financial condition, and professional staffing of the investment management organization.
- Submitting at least monthly reports describing portfolio holdings, performance results, and transactions activities. The manager should inform the Board quarterly of the turnover within the portfolio and be prepared to document rationale for significant changes in portfolio turnover.
- Voting all proxies after careful assessment of the issues involved. The managers should pay particular attention to items that may reduce the economic value of stockholders' rights of ownership and thereby impact adversely the performance of the Plan's assets. Nevertheless, each investment manager is required to advise the Board on any issues that should require special consideration. Staff will report to the Board annually summarizing the proxies that were voted by the investment managers.
- Adhering to the ethical standards of practice of the CFA Institute.
- The Board expects to meet with the active (publicly traded) investment managers at least annually. During such meetings, the managers will be expected to explain their current investment strategies, comment on performance, and any changes at the firm.

<u>Custodian Bank.</u> The Board recognizes that accurate and timely completion of custodial functions is necessary to effectively monitor investment management activity. The custodian's primary function will be to hold in custody all the securities that each of the investment managers manage in their portfolios, except for commingled funds or mutual funds, which may be held elsewhere. The Custodian Bank will be evaluated by Staff on an annual basis.

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

- Providing safekeeping of securities, collecting dividends and interest earned, making disbursements and receiving cash flows as directed, and providing an annual SOC 1 Report.

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

Investment Summary as of June 30, 2014, and 2013

	June 30, 2014		June 30, 2013	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds:				
U.S. treasury & government agency securities	$ 647,093,919	3.695%	$ 849,360,834	5.596%
Corporate bonds	977,906,555	5.585%	743,690,972	4.900%
Miscellaneous bonds	145,054,665	0.828%	18,359,276	0.120%
Total domestic bonds	**1,770,055,139**	**10.108%**	**1,611,411,082**	**10.616%**
International bonds	**1,667,920,752**	**9.524%**	**1,162,848,924**	**7.661%**
Domestic stocks:				
Common	5,185,832,450	29.612%	4,321,666,181	28.472%
Preferred	16,024,487	0.092%	429,082	0.003%
Total domestic stocks	**5,201,856,937**	**29.703%**	**4,322,095,263**	**28.475%**
International stocks:				
Common	3,638,626,417	20.777%	3,112,669,154	20.507%
Preferred	49,742,990	0.284%	36,022,807	0.237%
Total international stocks	**3,688,369,407**	**21.061%**	**3,148,691,961**	**20.744%**
Domestic and international short-term investments	**871,504,691**	**4.976%**	**1,005,978,360**	**6.628%**
Alternative investments:				
Private equity investments	2,545,989,890	14.538%	2,319,914,867	15.285%
Real estate investments	1,381,741,974	7.890%	1,217,924,824	8.024%
Mezzanine financing instruments	385,218,958	2.200%	389,605,580	2.567%
Total alternative investments	**4,312,950,822**	**24.628%**	**3,927,445,271**	**25.876%**
Total investments	**$ 17,512,657,748**	**100.000%**	**$ 15,178,470,861**	**100.000%**

NOTE: The fair value of the equity index portfolios at June 30, 2014, was $ 1,526,298,136, which represents 17.17% of total equity with fair value of $8,890,226,344.

List of Largest Assets Held

Largest Equity Holdings		
Shares	**Stock Description**	**Fair Value**
907,415	Apple Inc	$ 84,326,076
116,482	Google Inc	67,555,540
329,350	Baidu Inc/China	61,525,874
448,753	Schlumberger Ltd	52,930,416
398,797	Chevron Corp	52,062,948
1,211,526	Microsoft Corp	50,520,634
482,600	Exxon Mobil Corp	48,588,168
1,623,758	Pfizer Inc	48,193,137
2,889,235	Tencent Hldgs Limited	44,063,504
458,729	Gilead Sciences Inc	38,033,221
Largest Debt Holdings		
Par Value	**Bond Description**	**Fair Value**
1,832,092,700	Mexican Bonos	$ 163,849,950
80,710,000	Commit To Pur Fnma Sf Mtg	83,977,365
30,290,000	Spain Government Bond	48,249,785
33,410,000	Queensland Treasury Corp	36,189,325
103,497,000	Malaysia Government Bond	32,313,116
33,775,000	New Zealand Government Bond	31,720,860
28,594,400	Korea Treasury Bond	30,894,286
19,535,000	Portugal Obrigacoes Do Tesouro	29,135,920
20,650,000	US Treasury Bonds	22,065,210
20,755,000	Dexia Credit Local Sa/New 144A	20,824,138

Largest Alternative Investment Holdings	
Description	**Fair Value**
JP Morgan Investment Management	$ 333,134,039
Prudential Real Estate Investors	166,373,138
Metlife Core Property Fund	159,677,922
Blackstone Real Estate Partners VI	150,705,381
CVC European Equity Partners V	96,957,537
Energy Capital Partners Fund II	95,918,387
Warburg Pincus Private Equity X	93,106,902
Blackstone Real Estate Partners V	81,291,049
First Reserve Fund XII	81,166,467
Kohlberg, Kravis, Roberts 2006 Fund	80,931,449
The list of largest holdings excludes commingled funds.	

A complete list of portfolio holdings is available upon request.

Net Earnings on Investments for the Years Ended June 30, 2014, and 2013

	2014		2013	
Earnings on investments:				
Net appreciation (depreciation) in domestic investments:				
Bonds	$ 66,591,676		$ (91,030,804)	
Short-term investments	(7,453,262)		459,136	
Common and preferred stocks	519,871,982		467,338,821	
Alternative investments	349,005,458	928,015,854	95,089,633	471,856,786
Net appreciation (depreciation) in international investments:				
Bonds	116,498,856		(32,415,138)	
Common and preferred stocks	467,685,334		303,311,789	
Alternative investments	808,284	584,992,474	(598,059)	270,298,592
Domestic interest income:				
Bonds	61,865,744		64,665,140	
Short-term investments	1,728,805	63,594,549	3,950,709	68,615,849
International interest income:				
Bonds	69,108,151		56,287,743	
Short-term investments	976,359	70,084,510	125,626	56,413,369
Domestic common and preferred dividends		81,401,526		73,904,234
International common and preferred dividends		94,801,741		101,856,483
Securities lending income:				
Fixed	1,006,672		935,115	
Equity	4,153,331		5,695,969	
International	655,039	5,815,042	2,348,298	8,979,382
Gain (loss) on sale of domestic securities, net:				
Bonds	(1,406,693)		64,290,052	
Short-term investments	2,636,493		(374,833)	
Common and preferred stocks	475,689,399		231,513,870	
Alternative investments	370,714,273	847,633,472	280,155,357	575,584,446
Gain (loss) on sale of international securities, net:				
Bonds	1,202,935		15,852,225	
Short-term investments	452,144		56,412	
International Exchange Contract	(65,089)		(16,203)	
Common and preferred stocks	204,714,912		141,842,149	
Alternative investments	34,601,154	240,906,056	88,784,863	246,519,446
Gain (loss) on international exchange transactions, net		(16,902,643)		(51,491,751)
Miscellaneous domestic income		0		15,028
Gross earnings		**2,900,342,581**		**1,822,551,864**
Charges against earnings:				
Securities lending expenses:				
Fixed	1,221,549		139,220	
Equity	(839,129)		853,021	
International	(1,424,669)	(1,042,249)	352,210	1,344,451
International tax expense				
Alternative investments expense		43,203,313		32,400,924
Investments administrative expense		1,455,635		0
Custodian fees		443,848		432,046
Performance consultant fees		813,882		759,555
Advisors fees		35,729,758		32,476,075
Total charges		85,251,586		71,616,468
Net income (loss) on investments		**$2,815,090,995**		**$ 1,750,935,396**

Investment Performance Measurements[1] – Year Ended June 30, 2014

	Rate of Return[1]	Percentile[2]
Comparative rates of return on total fund		
Teachers' Retirement System of Louisiana	19.9%	5
Comparison Index:		
Median Return for Public Funds Greater than $1.0 billion	17.1%	50
Comparative rates of return on domestic equities		
Teachers' Retirement System of Louisiana	25.7%	37
Comparison Indices:		
Median Return for U.S. Equity of Public Funds Greater than $1.0 billion	25.3%	50
Russell 3000 Index	25.2%	55
Comparative rates of return on domestic bonds		
Teachers' Retirement System of Louisiana	5.8%	61
Comparison Indices:		
Median Return for U.S. Fixed Income of Public Funds Greater than $1.0 billion	6.2%	50
Barclays Capital Aggregate Bond Index	4.4%	94
Comparative rates of return on international equities		
Teachers' Retirement System of Louisiana	22.8%	41
Comparison Indices:		
Median Return for Non-U.S. Equity of Public Funds Greater than $1.0 billion	22.3%	50
MSCI EAFE Net Dividend Index	23.6%	26
Comparative rates of return on global bonds		
Teachers' Retirement System of Louisiana	8.5%	n/a
Comparison Indices:		
Median Return for Global Bonds of Public Funds Greater than $1.0 billion[3]	n/a	n/a
Barclays Capital Global Aggregate Bond Index	7.4%	n/a
Comparative rates of return on alternative assets and real estate		
Teachers' Retirement System of Louisiana	22.0%	n/a
Comparison Indices:		
Median Return for Alternative Assets and Real Estate[4]	n/a	n/a
TRSL Private Asset Benchmark	19.1%	n/a

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

	Rate of Return[1]	Percentile[5]
One-year period ended June 30, 2014	19.9%	2
Three-year period ended June 30, 2014	11.0%	14
Five-year period ended June 30, 2014	14.3%	9
Seven-year period ended June 30, 2014	5.4%	48
Ten-year period ended June 30, 2014	8.2%	22
Fifteen-year period ended June 30, 2014	6.8%	22

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

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

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

[4]*BNY Mellon Financial does not provide a universe for alternative assets and real estate.*

[5]*The Wilshire Trust Universe Comparison Service (TUCS) consists of public funds with assets greater than $1.0 billion.*

Rates of Return[1]

	Annual Years Ended June 30					Annualized	
	2014	2013	2012	2011	2010	3 Yrs	5 Yrs
Total fund							
Teachers' Retirement System of Louisiana	19.9%	13.9%	0.1%	26.8%	12.6%	11.0%	14.3%
Median Large Fund Returns[2]	17.1%	12.3%	1.1%	21.5%	13.5%	10.2%	13.1%
Inflation (U.S. Consumer Price Index)	2.1%	1.8%	1.7%	3.6%	1.1%	1.8%	2.0%
Domestic equities							
Teachers' Retirement System of Louisiana	25.7%	22.6%	0.4%	34.0%	16.5%	15.7%	19.3%
Median Return for U.S. Equity Segment[2]	25.3%	22.1%	2.3%	33.3%	16.5%	16.0%	19.4%
Russell 3000 Index	25.2%	21.5%	3.8%	32.4%	15.7%	16.5%	19.3%
Domestic bonds							
Teachers' Retirement System of Louisiana	5.7%	1.2%	7.3%	5.6%	15.6%	4.7%	7.0%
Median Bond Return for U.S. Bonds Segment[2]	6.2%	1.1%	8.0%	6.4%	13.8%	5.2%	7.3%
Barclays Capital Aggregate Bond Index	4.4%	(0.7%)	7.5%	3.9%	9.5%	3.7%	4.9%
International equities							
Teachers' Retirement System of Louisiana	22.7%	15.4%	(10.0%)	33.1%	10.2%	8.4%	13.3%
Median Return for Non-U.S. Equity Segment[2]	22.3%	16.3%	(12.7%)	30.7%	11.9%	7.9%	12.7%
MSCI EAFE Net Dividend Index	23.6%	18.6%	(13.8%)	30.4%	5.9%	8.1%	11.8%
Global bonds							
Teachers' Retirement System of Louisiana	8.5%	2.7%	7.3%	13.3%	9.5%	6.1%	8.2%
Median Return for Non-U.S. Fixed Segment[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Capital Global Aggregate Bond Index	7.4%	(2.2%)	2.7%	10.5%	5.0%	2.6%	4.6%
Alternative assets and real estate							
Teachers' Retirement System of Louisiana	22.0%	13.3%	7.4%	21.8%	12.3%	14.1%	15.2%
Median Return for Alternative Segment[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TRSL Private Asset Benchmark	19.1%	15.9%	8.0%	19.3%	16.8%	14.2%	15.8%

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

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

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

[4]BNY Mellon Financial does not provide a universe for alternative assets and real estate.

Summary Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2014

	Commission Dollar Amount
DOMESTIC COMMISSIONS	
Domestic equity	$ 187,457
Louisiana incorporated brokers	
Cullen Investment Group	
Dorsey & Company, Inc.	
FBT Investments	
Francis Financial (Minority)	
Johnson Rice	
Sisk Investments	
Sisung Securities	
Non-Louisiana incorporated minority brokers	13,551
Jackson Partners	
Williams Capital	
All other brokers	2,688,165
Total domestic commissions	**2,889,173**
INTERNATIONAL COMMISSIONS	
Total international commissions	**1,251,951**
Total domestic and international commissions	**$ 4,141,124**

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Actuarial Section

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

October 1, 2014

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, 2014. 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 plan provisions 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 aggregate employer contribution rate payable for the plan year commencing July 1, 2014 should have been set at 27.0% of payroll. When compared to the 27.7% projected rate for this period, as set by the Public Retirement Systems' Actuarial Committee, the current rate reflects a decrease resulting primarily from the investment experience gain for the prior fiscal year. The current contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

Beginning June 30, 2013, the actuarial value of assets is determined as the market value of assets adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a 5 year period in 20% increments. The adjusted asset value is subject to corridor limits of 80% to 120% of the market value of assets. The objective of the asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the plan year ending on June 30, 2014, is $16,365,854,025. After adjusting for the Employee Experience Account balance of $218,148,161, and for the Louisiana State University Agriculture and Extension Service Supplement of $1,933,057, the valuation assets used for funding purposes is $16,145,772,807.

In performing the June 30, 2014 valuation, I have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Participant data was not audited but was reviewed for reasonableness and consistency relative to data used for prior year valuations. Plan assets were compared with information furnished for the prior year's valuation and reviewed for consistency.

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Foster & Foster, Actuaries and Consultants

Board of Trustees
TRSL
October 1, 2014

The present values shown in the June 30, 2014, 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. The funding method prescribed by state law changed from the Projected Unit Credit cost method to the Entry Age Normal cost method, pending approval by the Public Retirement System's Actuarial Committee (PRSAC). Valuation results presented in this report are based on the Entry Age Normal cost method.

The discount rate adopted by the Board of Trustees was changed from 8.0% to 7.75% for the funding and GASB valuations. The actuarial assumptions and methods used are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25 and 67 and were employed in the development of the schedules listed below for the Financial Section of this report.

The following supporting schedules were prepared by the system's actuary 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 Changes in Employers' Net Pension Liability
- Schedule of Employers' Net Pension Liability
- Schedule of Employer Contributions

We certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices and the applicable actuarial standards of practice, are reasonable to meet the retirement System's funding objective, unless otherwise noted. Shelley is an Associate in the Society of Actuaries and Brad is a Fellow in the Society of Actuaries. Shelley and Brad are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

FOSTER & FOSTER INC.

Shelley R. Johnson

Shelley R. Johnson, ASA, MAAA

Bradley R. Heinrichs, FSA, EA, MAAA

Summary of Actuarial Assumptions

I. General Actuarial Method

Actuarial Cost Method/Amortization of Changes in UAL:

The Actuarial cost method is prescribed in Section 22 of Title 11 of the LA revised statutes. Act 571 of 2014 changed the method from Projected Unit Credit to Entry Age Normal, effective the Public Retirement Systems' Actuarial Committee's adoption of a TRSL actuarial valuation utilizing this method.

The unfunded accrued liability on June 30, 1988 was amortized over a forty-year period commencing in 1989. The amortization payment originally reflected a 4% increase for the first five years, reducing by 0.5% at the end of each five year period. Changes in unfunded accrued liabilities occurring after June 30, 1988 were originally amortized as a level dollar amount as follows:

	Act 81 Effective 6/30/88	As Amended Act 257 Effective 6/30/92
Experience gains/losses	15 years	Later of 2029 or 15 years
Actuarial assumptions	30 years	Later of 2029 or 30 years
Actuarial methods	30 years	Later of 2029 or 30 years
Benefit changes	*Determined by enabling statute*	

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

Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a 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 require increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a ten year period with level payments.

Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation was effective July 1, 2010. The outstanding balance of the OAB was credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB was credited with funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. Future payments for each of these bases will increase each plan year as follows:

Plan Year	Original Amortization Base	Experience Account Amortization Base
2015/2016 – 2017/2018	6.5%	6.5%
2018/2019 +	2.0%	Level Payments

SUMMARY OF ASSUMPTIONS

(Continued)

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

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a projected percentage of payroll. The discrepancy between dollars generated by percentage of payroll versus the required dollar amount is treated as a short-fall credit/debit. The debit/credit is amortized over a five year period with level amortization payments, except as provided by Act 497, and is applied to the following year's contribution requirement. Act 497 changed the amortization of contribution variance credits. Beginning with plan year 2009-2010 through plan year 2039-2040, any overpayment will be credited to the EAAB. The EAAB will then be reamortized according to the new payment schedule.

Act 399 of 2014 changed the allocation of investment gains to existing schedules and to the Experience Account and changes the amortization of any remaining investment gains. For the June 30, 2014 valuation only, the investment experience gains up to a threshold of $100 million and any additional gains not allocated to the Experience Account will be amortized with level payments over a 5 year period. For all future valuations until the system is 85% funded, the OAB and EAAB will not be re-amortized after application of the investment gains or after any application of overpayment of contributions. Beginning with the June 30, 2015 valuation, the threshold will increase each year by the percentage increase in the actuarial value of assets. Beginning with the June 30, 2019 valuation, gains allocated to the experience account will be amortized as a loss with level payments over 10 years, rather than current practice of reducing the investment gain that is amortized over 30 years. Once the system attains an 85% funded ratio, all future gains and losses will be amortized over 20 years. The Act extends the application of the threshold after the OAB and EAAB are paid off and provides for the allocation of funds.

All schedules existing prior to June 20, 2014, were re-amortized on June 30, 2014, based on the revised discount rate of 7.75%.

Asset Valuation Method:

Beginning June 30, 2013, the market value of assets is adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a 5 year period in 20% increments. The adjusted asset value is subject to Corridor Limits of 80% to 120% of the market value of assets.

Valuation Data:

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

II. Economic Assumptions

Actuarially Assumed Rate of Return:

The Board of Trustees adopted a discount rate of 7.75% net of investment expenses and expected gain sharing, effective June 30, 2014 for purposes of the funding valuation and a discount rate of 7.75% net of investment expenses for purposes of GASB reporting. Investment manager fees are treated as a direct offset to investment income.

Statutory provisions pertaining to TRSL provide for the automatic transfer of a portion of excess investment earnings to the Experience Account to potentially fund future post-retirement benefit increases. Statutory provisions pertaining to TRSL law do not provide for automatic post-retirement benefit increases; therefore, the liabilities do not explicitly include liabilities for future retiree benefit increases.

However, since a portion of investment earnings will be used to potentially fund benefits which are not accrued benefits of the plan, the accrued benefits are discounted using a net discount rate. The net discount rate is determined as the expected long-term return net of investment expenses, less the expected return used to provide for future retiree benefit increases. Since the discount rate for funding purposes reflects TRSL's specific gain sharing provisions, the determined funding requirements recognize the statutory provisions for future retiree benefit increases.

Employee Salary Increases: Incorporated within the salary scales (shown for periodic durations, but representing full range of assumptions) is an explicit 2.5% inflation assumption. The following salary scale is based upon years of service:

Duration (Years)	Regular Teachers	Higher Education	School Lunch A	School Lunch B
0	5.75%	10.00%	6.00%	5.50%
5	5.00%	7.00%	6.00%	5.50%
10	4.75%	4.50%	6.00%	5.50%
15	4.50%	4.00%	6.00%	4.50%
20	4.00%	4.00%	4.00%	4.00%
25	3.75%	4.00%	4.00%	4.00%
30	4.25%	3.50%	4.00%	4.00%

III. Decrement Assumptions

Mortality Assumption:

Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the RP-2000 Combined Healthy mortality table, projected to 2025.

Disability Assumption:

Rates of total and permanent disability were projected by age in accordance with the 2008-2012 disability experience of the retirement system. Rates were projected separately for Regular Teachers, Higher Education Teachers, School Lunch Plan A and School Lunch Plan B Employees. Mortality rates after disability are based on the RP-2000 Disabled Retiree mortality table with no projection. Rates of total and permanent disability are as follows:

Age	Regular Teachers	Higher Education	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%	0.01%	0.01%	0.50%
45	0.22%	0.01%	0.01%	0.50%
50	0.25%	0.08%	1.00%	1.30%
55	0.40%	0.08%	1.75%	0.80%

Termination Assumption:

Voluntary withdrawal rates are derived from the 2008-2012 termination experience study. Sample rates are illustrated by employment classification below.

Age	Regular Teachers				Age	Higher Education Teachers			
	<1 Year	1-2 Years	2-3 Years	4+ Years		<1 Year	1-2 Years	2-3 Years	4+ Years
25	18.0%	12.6%	9.5%	9.0%	25	25.0%	25.0%	17.0%	12.0%
30	19.0%	12.0%	10.9%	5.3%	30	25.0%	16.0%	17.0%	18.0%
35	18.0%	11.7%	9.5%	4.0%	35	22.0%	17.5%	13.0%	12.0%
40	16.5%	12.3%	9.0%	3.7%	40	23.0%	18.5%	15.0%	10.0%
45	16.3%	9.9%	9.0%	4.0%	45	19.0%	11.6%	15.0%	10.0%
50	17.5%	11.2%	9.0%	4.0%	50	18.5%	10.8%	6.0%	9.0%
55	17.5%	10.6%	9.0%	4.0%	55	20.0%	10.4%	14.0%	9.0%
60	20.0%	10.6%	9.0%	4.0%	60	15.0%	16.0%	9.0%	6.0%

Years of Service	School Lunch A	School Lunch B
5	14.0%	5.0%
10	14.0%	4.5%
15	14.0%	3.0%
20	14.0%	4.0%
25	14.0%	4.0%
30	14.0%	4.0%

For members terminating with vested benefits, it is assumed that 80% will not withdraw their accumulated employee contribution, and will receive a benefit beginning at age 60.

Retirement/DROP Assumption:

Retirement rates were projected based upon the 2008-2012 experience study. Sample rates illustrated below are the probability that a member will retire or begin DROP participation.

Age	Regular Teachers			Higher Education Teachers			Lunch A		Lunch B
	< 25 Years	25-29 Years	30+ Years	< 25 Years	25-29 Years	30+ Years	< 30 Years	>= 30 Years	All Years
50	3%	5%	30%	7%	8%	60%	60%	30%	0%
55	15%	75%	30%	15%	35%	20%	80%	70%	80%
60	25%	30%	20%	15%	13%	5%	45%	70%	50%
65	20%	20%	30%	12%	16%	20%	10%	50%	15%
70	20%	30%	40%	12%	16%	28%	20%	25%	20%

IV. Other Assumptions

Administrative Expenses:

Administrative expenses are not explicitly assumed, but are funded in accordance with R.S. 11 Section 102, which by omission of language regarding the funding of administrative expenses, precludes funding of these expenses by a direct allocation through the employer contribution rate. These expenses are instead funded through the employer rate as an experience loss which is amortized over a 30-year period. While this would not have been our recommended approach, further use of this practice will continue to produce stable contribution rates.

Actuarial Valuation Balance Sheet June 30, 2014, and 2013

	2014	2013
Assets		
Present assets creditable to:		
Members' savings account	$ 2,560,858,815	$ 2,518,028,501
Annuity reserve account	13,584,913,992	12,151,127,449
Total present assets	**16,145,772,807**	**14,669,155,950**
Present value of prospective contributions payable to:		
Members' savings account	2,409,794,723	2,337,429,169
Annuity reserve account		
Normal cost	1,276,266,425	1,475,132,245
Accrued liability	11,869,025,240	11,731,419,779
Total prospective contributions	**15,555,086,388**	**15,543,981,193**
Total assets	**$ 31,700,859,195**	**$ 30,213,137,143**
Liabilities		
Present value of prospective benefits payable on account of:		
Current retiree members	$ 19,609,814,948	$ 18,698,307,575
Current active members	11,687,123,263	11,138,941,870
Deferred vested & reciprocal members	403,920,983	375,887,698
Total liabilities	**$ 31,700,859,194**	**$ 30,213,137,143**

Summary of Unfunded Actuarial Liabilities/Solvency Test (Dollar Amounts in Millions)

Valuation Date	(1) Active Member Contribution	(2) Retirees Term. Vested Inactive	(3) Active Members Employer Fin. Portion	Actuarial Valuation Assets	Portion of Actuarial Accrued Liabilities Covered By Assets (1)	(2)	(3)
2005	$ 2,003.7	$ 12,337.3	$ 4,358.8	$ 12,082.7	100%	82%	0%
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%
2012	$ 2,487.8	$ 17,510.4	$ 4,541.9	$ 13,584.4	100%	63%	0%
2013	$ 2,518.0	$ 19,074.2	$ 4,425.5	$ 14,669.2	100%	64%	0%
2014	$ 2,560.9	$ 20,013.7	$ 5,544.9	$ 16,145.8	100%	68%	0%

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
2005	$ 18,699.8	$ 12,082.7	64.6%	$ 6,617.1	$ 3,132.2	211.3%
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%
2012	$ 24,540.1	$ 13,584.4	55.4%	$ 10,955.7	$ 3,808.8	287.6%
2013	$ 26,017.7	$ 14,669.2	56.4%	$ 11,348.5	$ 3,726.3	304.6%
2014	$ 28,119.5	$ 16,145.8	57.4%	$ 11,973.7	$ 3,765.0	318.0%

Reconciliation of Unfunded Actuarial Liabilities *(Dollar Amounts in Thousands)*

	Fiscal Year Ending			
	2014	**2013**	**2012**	**2011**
Unfunded actuarial liability at beginning of fiscal year (7/1)	**$ 11,348,553**	**$ 10,955,671**	**$ 10,810,459**	**$ 10,806,358**
Interest on unfunded liability	907,884	903,843	891,863	891,525
Investment experience (gains) decrease ual	(694,333)	(639,474)	407,233	223,289
Plan experience (gains) decrease ual	(162,365)	(54,510)	(322,081)	(398,487)
Employer amortization payments (payments) decrease ual	(1,002,562)	(919,797)	(865,249)	(818,152)
Employer contribution variance (excess contributions) decrease ual	(40,290)	11,401	(7,170)	105,926
Experience account allocation (allocations) decrease ual	170,335	219,737	-	-
Actuarial cost method change	881,187	-	-	-
Other - misc gains/losses from assumption changes or acts of the Legislature	565,355	871,682	40,616	-
Unfunded actuarial liability at end of fiscal year (6/30)	$ 11,973,764	$ 11,348,553	$ 10,955,671	$ 10,810,459

Amortization of Unfunded Actuarial Accrued Liability - June 30, 2014

Date	Description	Amtz. Method	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
2014	OAB	Note 1	15	$ 2,537,864,619	15	$ 2,537,864,619	$ 230,291,892
2014	EAAB	Note 2,3	26	3,996,568,647	26	3,996,568,647	303,482,612
2014	2009 change in liability	L	25	2,830,242,246	25	2,830,242,246	249,988,498
2014	2010 change in liability	L	26	1,106,465,512	26	1,106,465,512	96,461,424
2014	2011 change in liability	L	27	(170,316,807)	27	(170,316,807)	(14,671,243)
2014	2012 change in liability	L	28	123,507,827	28	123,507,827	10,522,700
2014	2013 change in liability	L	29	(246,366,627)	29	(246,366,627)	(20,779,159)
2014	2013 assumption change	L	29	863,987,177	29	863,987,177	72,870,774
2014	2013 asset val meth change	L	29	(25,459,851)	29	(25,459,851)	(2,147,346)
2014	2014 assumption change	L	30	570,933,583	30	570,933,583	47,708,947
2014	2014 cost method change	L	30	881,187,059	30	881,187,059	73,634,672
2014	2014 investment experience	L	5	(423,997,917)	5	(423,997,917)	(101,629,570)
2014	2014 other experience	L	30	(162,364,784)	30	(162,364,784)	(13,567,695)
	Total outstanding balance					**$11,882,250,684**	**$ 932,166,506**
2014	2010 contribution variance	L	1	$ 34,647,964	1	$ 34,647,964	$ 35,965,521
2014	2011 contribution variance	L	2	47,407,814	2	47,407,814	25,523,182
2014	2012 contribution variance	Note 3	-	-	-	-	-
2014	2013 contribution variance	L	4	9,457,295	4	9,457,295	2,735,460
2014	2014 contribution variance	Note 3	-	-	-	-	-
	Total credit balance					**$ 91,513,073**	**$ 64,224,163**
	Total unfunded actuarial accrued liability					**$11,973,763,757**	**$ 996,390,669**

The equivalent single amortization period, calculated in accordance with GASB Statement 25, paragraphs 36f and 43, is 20 years.

Note 1: Act 497 of 2009 created the Original Amortization Base, effective July 1, 2010, which combines the following schedules: 1993 (Initial Liability), 1993 (Change in Liability), 1994-1996, 1998-2000, 2005-2008. The combined balance was reduced by applying funds from the IUAL Fund, excluding the subaccount of this fund. In addition to regular payments, the schedule was reduced by $100 million on June 30, 2013 and re-amortized, and by $50 million on June 30, 2014, and not re-amortized, per Act 399 of 2014. The fund also was credited with $5,578,791 due to the Act 55 of 2014 legislative appropriation. Future payments will increase by 6.5% for 3 years, then by 2.0% until paid off in 2029.

Note 2: Act 497 of 2009 created the Experience Account Amortization Base, which combines the following schedules: 1997, 2001 – 2003, 2004 (the liability resulting from Act 588 of 2004 which zeroed out the Experience Account), and 2008. The combined balance was reduced by applying funds from the subaccount of the IUAL Fund, which were transferred from the Experience Account on June 30, 2009. In addition to regular payments and contribution variance credits, the schedule was reduced by $100 million on June 30, 2013 and re-amortized. Future payments will increase by 6.5% for 3 years, then will be level until paid off in 2040.

Note 3: The 2012 contribution variance surplus of $7,169,301 was used to reduce and re-amortize the EAAB, per Act 497 of 2009. The 2014 and projected 2015 contribution variance surpluses of $40,289,648 and $27,659,940, respectively, were used to reduce the EAAB, with no re-amortization, per Act 399 of 2014.

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

Membership Data

	2014			2013		
Active Members	**Census**		**Avg. Sal.**	**Census**		**Avg. Sal.**
Regular teachers[1]	70,207		$ 43,752	69,832		$ 43,158
Higher education[1]	8,583		59,091	8,807		58,669
School Lunch A	15		21,352	22		22,442
School Lunch B	1,216		18,774	1,187		18,534
Active after DROP	2,865		56,574	3,062		56,613
Total	**82,886**		**$ 45,423**	**82,910**		**$ 44,945**
Males (%)	17.90%			17.70%		
Females (%)	82.10%			82.30%		
Non-vested active members	23,370			22,328		
Vested active members	59,516			60,582		
Total	**82,886**			**82,910**		
Valuation salaries	$3,764,954,727			$3,726,325,750		

	2014	2013
Inactive Members		
Due refunds	18,574	18,355
Vested & reciprocals	6,336	5,991

	2014			2013		
Annuitants and Survivors	**Census**		**Avg. Ben.**	**Census**		**Avg. Ben.**
Retirees	62,564		$ 25,218	60,714		$ 24,522
Disabilities	4,089		11,946	4,049		11,560
Survivors	6,542		17,957	6,268		17,326
DROP	2,291		33,440	2,451		33,457
Total	**75,486**		**$ 24,119**	**73,482**		**$ 23,492**

[1]Members employed by Lab Schools were reclassified as Regular Teachers for purposes of the actuarial valuation beginning in 2013. These members were previously included with Higher Education.

Historical Membership Data

History of Active Membership Data					
Year Ended 6/30	Number of Active Members	Percentage Change in Membership	Annual Active Member Payroll*	Annual Active Member Average Payroll	Percentage Change in Payroll
2005	87,643	0.42%	$ 3,132,169	$ 35,738	3.81%
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%
2012	84,513	-2.57%	$ 3,808,761	$ 45,067	-2.41%
2013	82,910	-1.90%	$ 3,726,326	$ 44,944	-2.16%
2014	82,886	-0.03%	$ 3,764,955	$ 45,423	1.04%

History of Annuitants and Survivor Annuitant Membership

Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity	Percentage Change in Annuity
	No.	Amount *	No.	Amount *	No.	Amount *		
2005	54,525	$ 1,031,786	3,208	$ 73,649	1,583	$ 24,606	$ 18,923	5.1%
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%
2012	67,657	$ 1,548,632	3,250	$ 89,195	1,105	$ 12,277	$ 22,889	5.2%
2013	71,031	$ 1,644,238	4,442	$ 106,246	1,068	$ 10,641	$ 23,148	6.2%
2014	73,195	$ 1,744,088	4,025	$ 94,294	1,861	$ 20,219	$ 23,828	6.1%

*Dollar Amounts in Thousands

SUMMARY OF PLAN PROVISIONS

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

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

ADMINISTRATION

The plan is governed by Title 11 Sections 700-999 of the Louisiana Revised Statutes. The Board of Trustees is composed of seventeen members; one elected member from each of seven membership districts, one elected member from colleges and universities, one elected member from parish and city superintendents of schools, one elected school food services member, two elected retired members, and five ex officio members. Elected members serve staggered four year terms. The Treasurer, Chairman of the House Retirement Committee, Chairman of the Senate Retirement Committee, State Commissioner of Administration and State Superintendent of Public Education serve as ex officio members.

The Board of Trustees appoints a Director, who is responsible for the operation of the system. The Board retains 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 of participation:

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

Member contributions have been tax-deferred for federal income tax purposes since 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 of participation, contribute a percentage of their total gross payroll to the system. The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the system's unfunded liability as required by law. The employer rate is subject to a statutory minimum of 15.5% per Act 588 of 2004. The rate is determined annually and recommended by the Public Retirement System's Actuarial Committee to the State Legislature.

TERMINATION

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. 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.

<u>**Normal Retirement**</u>

Regular Plan - 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 reduced 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.

SUMMARY OF PLAN PROVISIONS

(Continued)

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 5 years of 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 and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average sixty month period. For all other members, final average compensation is defined as the highest average thirty-six 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 immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, 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

SUMMARY OF PLAN PROVISIONS

(Continued)

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

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

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

If the system's funded ratio is less than 80%, the Experience Account is limited to the reserve necessary to grant one PBI. If the funded ratio is at least 80%, the Experience Account is limited to the reserve necessary to fund two PBIs. The Experience Account is debited for the increase in actuarial accrued liability resulting from the increases.

Permanent Benefit Increases: No increase can be granted if the legislature granted an increase in the preceding fiscal year, unless the system is 80% funded or greater. Additionally, PBIs are limited to the lesser of the increase in the CPI-U for the twelve month period ending on the system's valuation date, or an amount determined by the system's funded ratio:

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

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

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

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Investing

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Statistical Section

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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.

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 Fiduciary Net Position
- Ten-Year Statements of Changes in Fiduciary Net Position

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

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
- Benefit and Refund Expenses by Type
- Revenues by Source
- Expenses by Type
- Ten Largest Employers
- Map – State of Louisiana (Total Active Members)
- Map – Location of TRSL Retirees Worldwide

Ten-Year Statements of Fiduciary Net Position (2014-2005)

	2014	2013	2012	2011	2010
Assets					
Cash and cash equivalents	$ 205,397,273	$ 199,799,910	$ 198,662,009	$ 193,169,842	$ 150,796,599
Receivables					
Member contributions	55,763,495	55,939,595	58,959,885	56,787,814	59,257,475
Employer contributions	166,930,042	148,946,822	154,172,412	123,373,311	96,897,980
ORP contributions retained	9,444,068	8,119,870	8,225,256	6,636,474	4,279,761
Pending trades	1,542,626,355	1,176,407,754	722,016,691	659,633,553	36,016,308
Accrued interest and dividends	43,976,706	35,716,156	34,697,700	29,523,435	28,455,058
Other receivables	15,693,660	9,340,947	4,274,694	5,454,916	7,135,659
Total receivables	1,834,434,326	1,434,471,144	982,346,638	881,409,503	232,042,241
Investments, at fair value					
Domestic bonds	1,770,055,139	1,611,411,082	1,477,406,933	1,374,952,322	1,319,516,370
International bonds	1,667,920,752	1,162,848,924	972,447,063	669,538,563	569,848,847
Domestic common and preferred stocks	5,201,856,937	4,322,095,263	3,794,815,270	3,975,570,172	3,203,068,233
International common and preferred stocks	3,688,369,407	3,148,691,961	2,904,306,050	4,094,745,522	3,189,810,406
Domestic short-term investments	871,504,691	1,005,978,360	884,290,767	738,220,668	712,442,177
International short-term investments	0	0	0	0	0
Alternative investments	4,312,950,822	3,927,445,271	3,874,754,802	3,373,867,143	2,746,289,789
Total investments	17,512,657,748	15,178,470,861	13,908,020,885	14,226,894,390	11,740,975,822
Invested securities lending collateral					
Collateral held under domestic securities lending program	2,035,535,980	1,765,304,577	1,228,078,574	912,105,082	939,717,625
Collateral held under international securities lending program	221,690,750	207,671,793	298,184,029	281,035,076	259,982,342
Total securities lending collateral	2,257,226,730	1,972,976,370	1,526,262,603	1,193,140,158	1,199,699,967
Property and equipment (at cost) - net	4,100,275	4,027,869	4,148,693	4,298,781	4,249,381
Total assets	**21,813,816,352**	**18,789,746,154**	**16,619,440,828**	**16,498,912,674**	**13,327,764,010**
Liabilities					
Accounts payable	9,751,815	9,022,716	8,441,985	9,112,130	8,167,523
Benefits payable	570,358	3,199,914	3,239,919	12,864,067	10,819,919
Refunds payable	5,836,629	6,208,406	6,725,777	6,299,057	6,356,179
Pending trades payable	1,627,736,272	1,296,798,626	875,316,043	690,646,242	72,754,781
Other liabilities	12,659,090	11,303,262	10,470,780	9,640,439	8,534,257
Total accounts payable and other liabilities	1,656,554,164	1,326,532,924	904,194,504	728,561,935	106,632,659
Securities lending collateral					
Obligations under domestic securities lending program	2,035,535,980	1,765,304,577	1,228,078,574	912,105,082	939,717,625
Obligations under international securities lending program	221,690,750	207,671,793	298,184,029	281,035,076	259,982,342
Total securities lending collateral	2,257,226,730	1,972,976,370	1,526,262,603	1,193,140,158	1,199,699,967
Total liabilities	**3,913,780,894**	**3,299,509,294**	**2,430,457,107**	**1,921,702,093**	**1,306,332,626**
Net position restricted for pensions	**$17,900,035,458**	**$15,490,236,860**	**$14,188,983,721**	**$14,577,210,581**	**$12,021,431,384**

Ten-Year Statements of Fiduciary Net Position (2014-2005) – cont'd

	2009	2008	2007	2006	2005
Assets					
Cash and cash equivalents	$ 131,091,325	$ 36,087,141	$ 15,294,772	$ 59,572,968	$ 24,677,100
Receivables					
Member contributions	61,727,888	57,451,866	57,266,938	48,790,153	48,912,587
Employer contributions	97,504,616	100,182,352	76,218,878	72,017,765	72,934,679
ORP contributions retained	3,867,065	4,230,253	3,641,433	3,498,870	3,375,808
Pending trades	119,795,990	257,071,878	170,641,032	281,323,928	52,151,909
Accrued interest and dividends	33,408,160	49,159,508	51,423,625	44,597,792	42,821,985
Other receivables	5,139,276	7,551,200	4,579,755	29,173,670	2,473,479
Total receivables	321,442,995	475,647,057	363,771,661	479,402,178	222,670,447
Investments, at fair value					
Domestic bonds	1,422,286,805	2,068,620,083	1,908,652,650	2,121,505,657	1,913,039,451
International bonds	626,067,234	791,074,725	772,811,203	449,917,634	497,213,792
Domestic common and preferred stocks	3,151,788,583	4,488,267,744	5,956,585,766	5,630,073,349	5,796,790,444
International common and preferred stocks	2,555,387,559	3,568,846,836	3,601,296,445	3,188,085,062	1,969,333,621
Domestic short-term investments	671,061,232	624,681,156	981,706,327	178,839,314	256,739,631
International short-term investments	0	0	0	24,802,808	40,210,400
Alternative investments	2,552,104,029	3,223,390,354	2,824,436,837	2,162,400,411	2,017,705,199
Total investments	10,978,695,442	14,764,880,898	16,045,489,228	13,755,624,235	12,491,032,538
Invested securities lending collateral					
Collateral held under domestic securities lending program	437,332,021	776,026,712	2,115,371,825	1,860,049,089	1,508,767,585
Collateral held under international securities lending program	310,312,098	287,648,965	391,908,563	308,982,174	233,943,130
Total securities lending collateral	747,644,119	1,063,675,677	2,507,280,388	2,169,031,263	1,742,710,715
Property and equipment (at cost) - net	4,435,754	4,643,492	4,324,000	4,515,507	4,677,169
Total assets	**12,183,309,635**	**16,344,934,265**	**18,936,160,049**	**16,468,146,151**	**14,485,767,969**
Liabilities					
Accounts payable	7,296,980	11,370,139	13,006,673	10,936,762	9,240,444
Benefits payable	9,896,296	8,337,907	7,217,168	5,118,886	2,077,116
Refunds payable	6,705,543	6,615,715	5,858,882	5,369,804	5,385,301
Pending trades payable	150,091,261	255,395,415	252,855,646	269,051,248	39,836,267
Other liabilities	11,394,139	3,289,693	1,211,075	1,025,440	605,537
Total accounts payable and other liabilities	185,384,219	285,008,869	280,149,444	291,502,140	57,144,665
Securities lending collateral					
Obligations under domestic securities lending program	437,332,021	776,026,712	2,115,371,825	1,860,049,089	1,508,767,585
Obligations under international securities lending program	310,312,098	287,648,965	391,908,563	308,982,174	233,943,130
Total securities lending collateral	747,644,119	1,063,675,677	2,507,280,388	2,169,031,263	1,742,710,715
Total liabilities	**933,028,338**	**1,348,684,546**	**2,787,429,832**	**2,460,533,403**	**1,799,855,380**
Net position restricted for pensions	**$11,250,281,297**	**$14,996,249,719**	**$16,148,730,217**	**$14,007,612,748**	**$12,685,912,589**

Ten-Year Statements of Changes in Fiduciary Net Position (2014-2005)

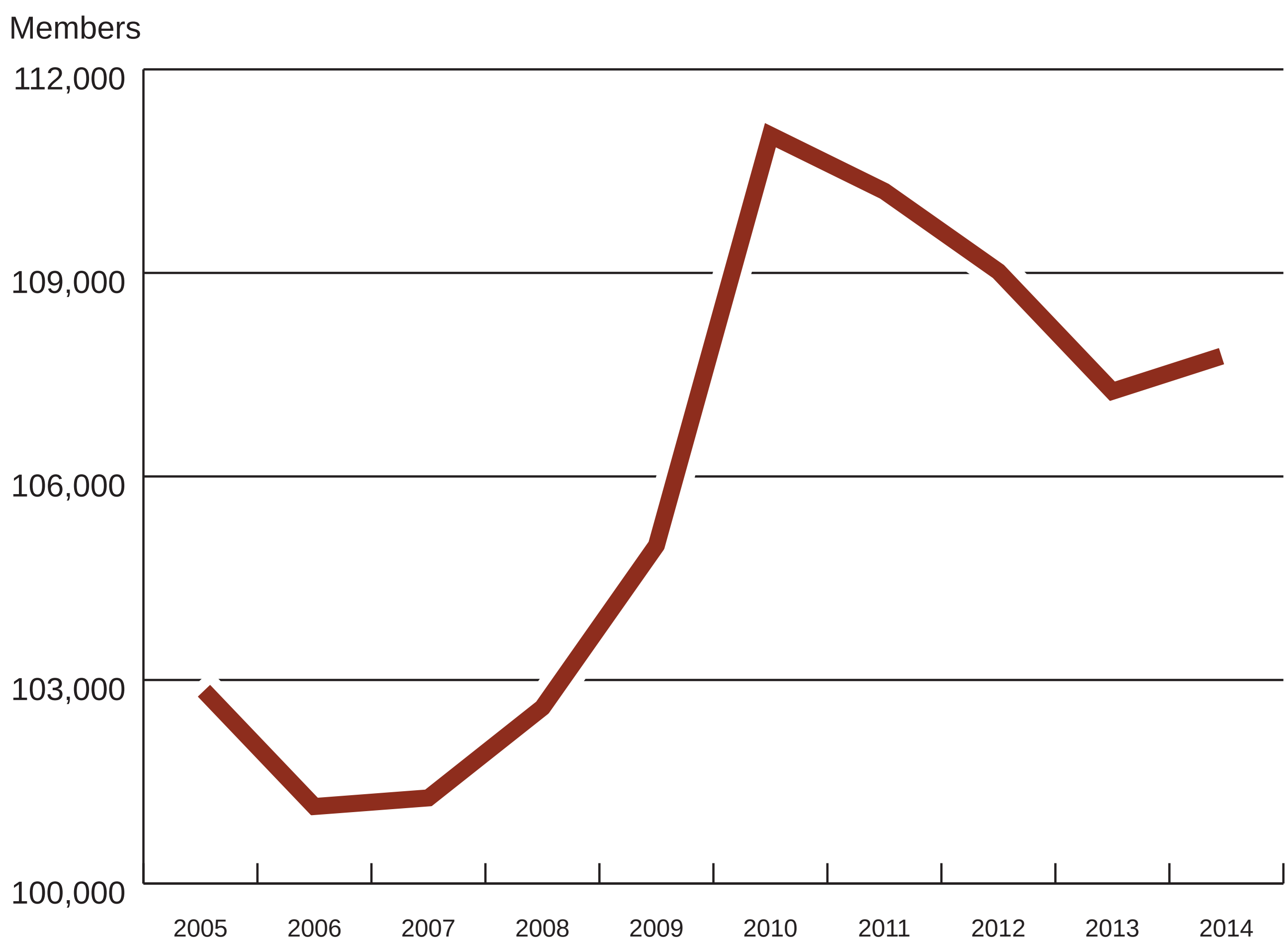
	2014	2013	2012	2011	2010
Additions					
Contributions					
Member contributions	$ 326,007,091	$ 327,767,936	$ 333,908,454	$ 342,323,329	$ 347,114,632
Employer contributions	1,087,623,292	984,465,807	977,169,504	853,918,265	665,219,676
Total contributions	1,413,630,383	1,312,233,743	1,311,077,958	1,196,241,594	1,012,334,308
ORP contributions retained	124,874,274	111,013,985	107,420,377	89,760,676	61,339,786
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value domestic investments	1,775,649,326	1,047,441,232	127,240,440	1,635,477,750	858,442,001
Net appreciation (depreciation) in fair value of international investments	774,394,733	376,541,424	(475,275,004)	1,038,540,671	189,051,016
Domestic interest	63,594,549	68,615,849	73,362,925	76,984,822	88,485,556
International interest	70,084,510	56,413,369	31,558,988	27,669,760	30,639,991
Domestic dividends	81,401,526	73,904,234	64,438,657	63,345,760	58,019,267
International dividends	94,801,741	101,856,483	104,499,219	97,544,773	77,539,701
Alternative investment income	34,601,154	88,784,863	77,512,719	67,989,337	41,032,314
Miscellaneous foreign income	0	15,028	9,595	331,196	88,306
Commission rebate income	0	0	164	10,675	6,118
Total investment income	2,894,527,539	1,813,572,482	3,347,703	3,007,894,744	1,343,304,270
Investment activity expenses:					
International investment expenses	(4,647,399)	(4,203,417)	(6,280,152)	(5,410,956)	(4,491,280)
Alternative investment expenses	(43,203,313)	(32,400,924)	(32,342,459)	(35,504,651)	(30,548,101)
Investment administrative expenses	(1,455,635)	0	0	0	0
Custodian fees	(443,848)	(432,046)	(397,566)	(485,364)	(468,022)
Performance consultant fees	(813,882)	(759,555)	(790,809)	(738,617)	(713,829)
Trade cost analysis fees	0	0	0	0	0
Advisor fees	(35,729,758)	(32,476,075)	(30,488,685)	(29,952,344)	(27,145,172)
Total investment expenses	(86,293,835)	(70,272,017)	(70,299,671)	(72,091,932)	(63,366,404)
Net income from investing activities	2,808,233,704	1,743,300,465	(66,951,968)	2,935,802,812	1,279,937,866
From securities lending activities					
Securities lending income	5,815,042	8,979,382	9,984,572	5,708,833	4,779,079
Securities lending expenses:					
Fixed	(1,221,549)	(139,220)	(142,943)	(1,449,599)	(1,206,030)
Equity	839,129	(853,021)	818,912)	769,792	1,269,163
International	1,424,669	(352,210)	(529,007)	1,861,586	962,219
Total securities lending activities expenses	1,042,249	(1,344,451)	(1,490,862)	1,181,779	1,025,352
Net income from securities lending activities	6,857,291	7,634,931	8,493,710	6,890,612	5,804,431
Total net investment income (loss)	2,815,090,995	1,750,935,396	(58,458,258)	2,942,693,424	1,285,742,297
Other operating revenues	8,491,868	4,051,269	2,265,262	3,299,671	3,605,633
Total additions (reductions)	**4,362,087,520**	**3,178,234,393**	**1,362,305,339**	**4,231,995,365**	**2,363,022,024**
Deductions					
Retirement benefits	1,877,113,903	1,800,166,804	1,682,528,254	1,615,778,191	1,532,526,141
Refunds of contributions and other	58,777,337	59,712,975	50,195,898	43,005,926	40,834,543
TRSL employee health & life expense	1,047,832	974,145	1,050,097	1,477,395	1,813,334
Administrative expenses	15,026,969	15,750,180	16,317,659	15,417,596	16,154,823
Depreciation expense	322,881	377,150	440,291	537,060	543,096
Total deductions	**1,952,288,922**	**1,876,981,254**	**1,750,532,199**	**1,676,216,168**	**1,591,871,937**
Net increase (decrease)	**2,409,798,598**	**1,301,253,139**	**(388,226,860)**	**2,555,779,197**	**771,150,087**
Net position restricted for pensions					
Beginning of year	15,490,236,860	14,188,983,721	14,577,210,581	12,021,431,384	11,250,281,297
End of year	**$ 17,900,035,458**	**$ 15,490,236,860**	**$ 14,188,983,721**	**$ 14,577,210,581**	**$ 12,021,431,384**

Ten-Year Statements of Changes in Fiduciary Net Position (2014-2005) – cont'd

	2009	2008	2007	2006	2005
Additions					
Contributions					
Member contributions	$ 344,547,871	$ 323,678,452	$ 282,326,101	$ 258,412,024	$ 270,619,181
Employer contributions	660,244,436	656,091,577	544,401,879	529,983,453	517,815,361
Total contributions	1,004,792,307	979,770,029	826,727,980	788,395,477	788,434,542
ORP contributions retained	54,447,510	57,569,465	49,429,250	49,293,547	48,754,970
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value of domestic investments	(2,349,746,089)	(733,440,605)	1,423,223,165	809,290,218	663,699,379
Net appreciation (depreciation) in fair value of international investments	(1,241,530,644)	(439,358,948)	824,462,472	584,857,302	197,833,593
Domestic interest	127,898,837	151,520,486	144,497,859	135,047,865	111,850,200
International interest	32,949,523	39,474,147	30,984,724	27,792,233	29,898,190
Domestic dividends	72,833,729	88,058,251	97,594,609	77,813,221	84,579,303
International dividends	78,873,116	108,299,133	94,658,995	68,564,525	31,583,991
Alternative investment income	39,105,891	40,521,294	58,246,838	97,733,026	108,622,676
Miscellaneous foreign income	7,772	104,281	0	0	0
Commission rebate income	482,025	617,547	566,068	675,608	571,219
Total investment income	(3,239,125,840)	(744,204,414)	2,674,234,730	1,801,773,998	1,228,638,551
Investment activity expenses:					
International investment expenses	(3,095,851)	(7,885,244)	(10,188,879)	(9,493,180)	(5,710,058)
Alternative investment expenses	(30,910,869)	(20,647,902)	(18,645,253)	(28,474,213)	(64,918,175)
Custodian fees	(446,588)	(744,317)	(763,878)	(761,689)	(760,908)
Performance consultant fees	(1,238,734)	(1,233,754)	(1,202,817)	(1,077,254)	(618,996)
Trade cost analysis fees	0	(40,000)	(40,000)	(40,000)	(10,000)
Advisor fees	(26,318,814)	(32,881,518)	(32,298,534)	(29,802,772)	(26,020,649)
Total investment expenses	(62,010,856)	(63,432,735)	(63,139,361)	(69,649,108)	(98,038,786)
Net income from investing activities	(3,301,136,696)	(807,637,149)	2,611,095,369	1,732,124,890	1,130,599,765
From securities lending activities					
Securities lending income	17,685,073	32,251,979	40,981,124	22,168,519	24,508,470
Securities lending expenses:					
Fixed	(3,031,970)	(13,202,812)	(24,866,799)	(11,354,478)	(12,174,022)
Equity	(2,565,874)	(2,018,542)	(249,396)	(249,909)	(249,954)
International	(3,199,017)	(9,313,289)	(9,993,981)	(5,024,341)	(7,860,336)
Total securities lending activities expenses	(8,796,861)	(24,534,643)	(35,110,176)	(16,628,728)	(20,284,312)
Net income from securities lending activities	8,888,212	7,717,336	5,870,948	5,539,791	4,224,158
Total net investment income (loss)	(3,292,248,484)	(799,919,813)	2,616,966,317	1,737,664,681	1,134,823,923
Other operating revenues	4,407,243	46,264,759	5,496,271	3,208,183	3,425,773
Total additions (reductions)	**(2,228,601,424)**	**283,684,440**	**3,498,619,818**	**2,578,561,888**	**1,975,439,208**
Deductions					
Retirement benefits	1,464,106,312	1,383,381,577	1,295,552,338	1,204,472,977	1,139,814,334
Refunds of contributions and other	34,418,885	35,071,343	48,119,943	38,538,125	30,454,374
TRSL employee health & life expense	2,502,048	2,285,378	0	0	0
Administrative expenses	15,799,028	14,880,903	13,323,547	13,362,286	12,178,533
Depreciation expense	540,725	545,737	506,521	488,341	476,270
Total deductions	**1,517,366,998**	**1,436,164,938**	**1,357,502,349**	**1,256,861,729**	**1,182,923,511**
Net increase (decrease)	**(3,745,968,422)**	**(1,152,480,498)**	**2,141,117,469**	**1,321,700,159**	**792,515,697**
Net position restricted for pensions					
Beginning of year	$ 14,996,249,719	$ 16,148,730,217	$ 14,007,612,748	$ 12,685,912,589	$ 11,893,396,892
End of year	**$ 11,250,281,297**	**$ 14,996,249,719**	**$ 16,148,730,217**	**$ 14,007,612,748**	**$ 12,685,912,589**

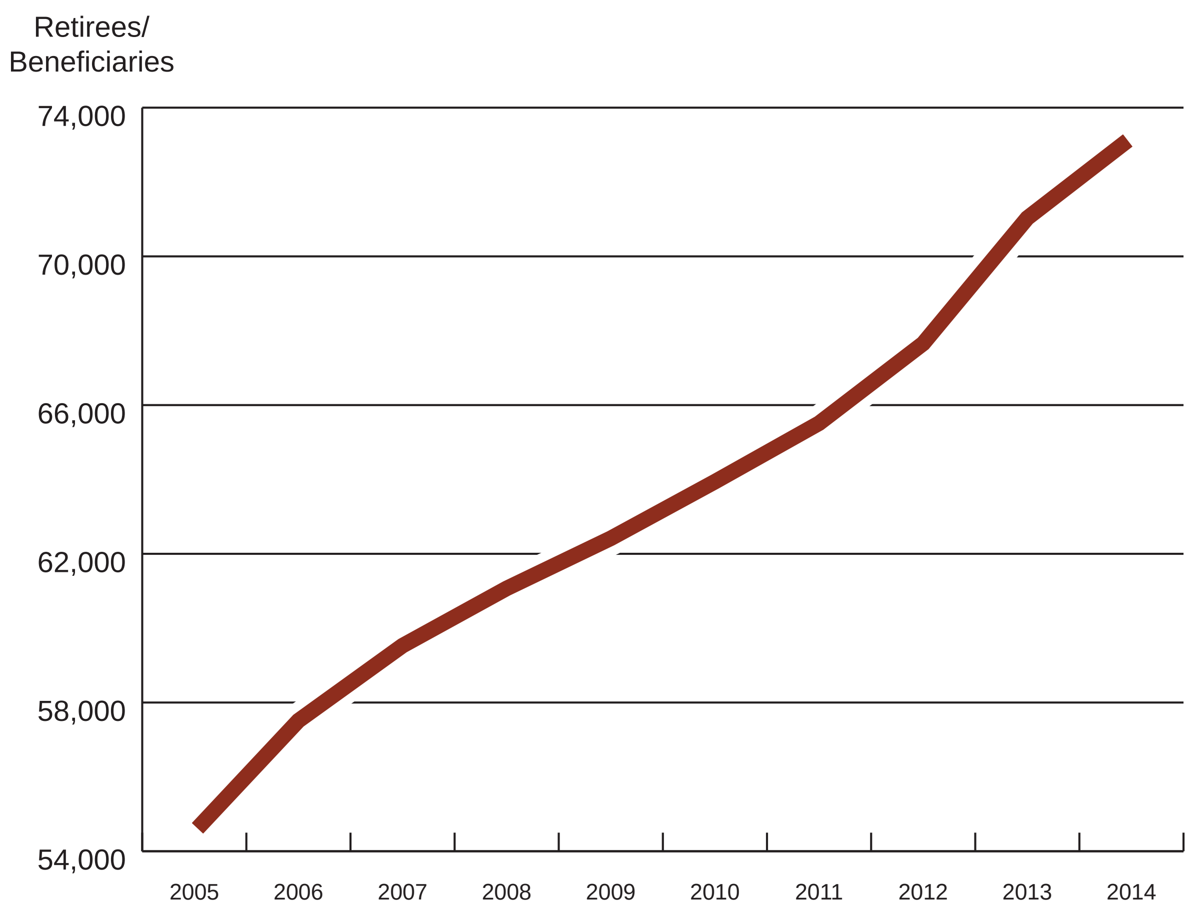
Number of Active, Terminated Vested, and Nonvested Members

Fiscal Year	Members	% Change Each Year
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	-0.7%
2011-2012	109,021	-1.1%
2012-2013	107,256	-1.6%
2013-2014	107,796	0.5%



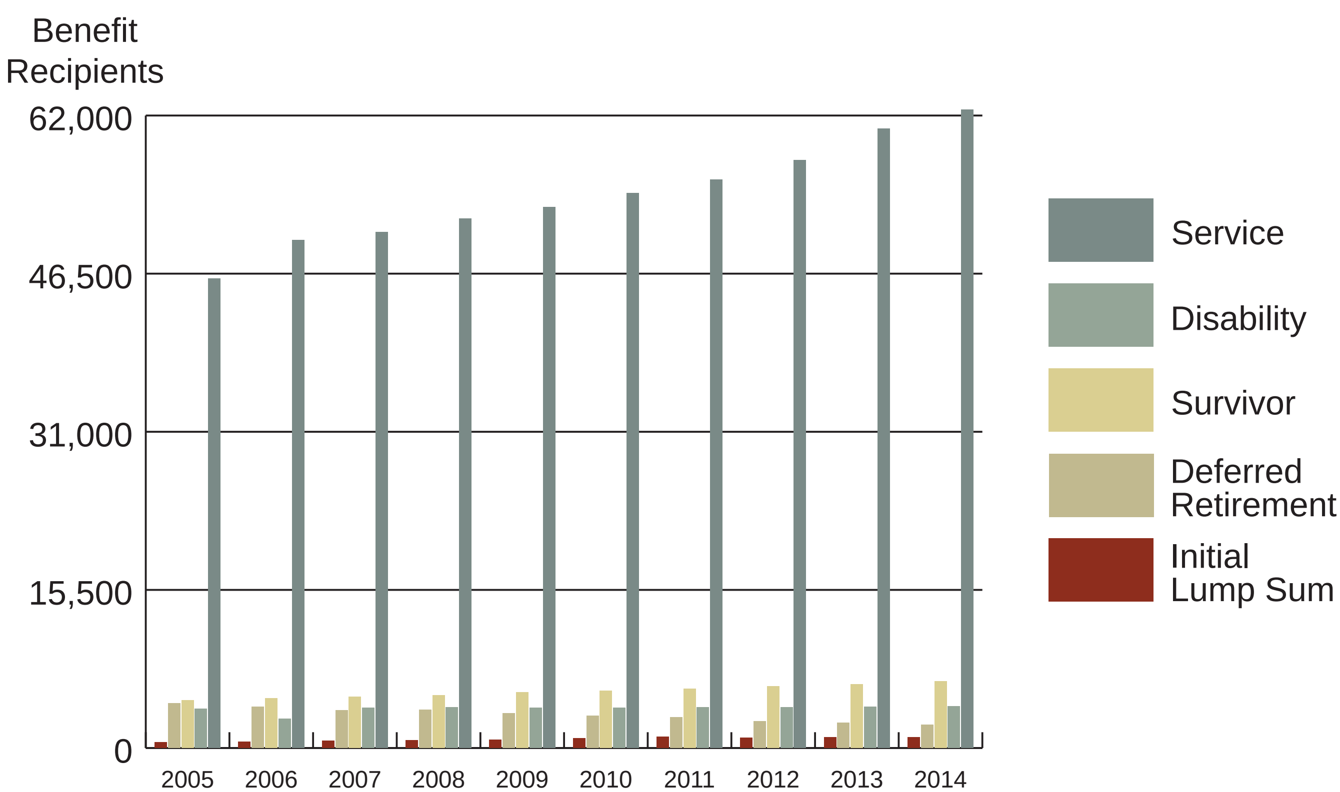
Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits

Fiscal Year	Retirees	% Change Each Year
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%
2011-2012	67,657	3.3%
2012-2013	71,031	5.0%
2013-2014	73,195	3.1%



Number of Benefit Recipients

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
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
2011-2012	57,619	3,993	6,045	2,637	1,010	71,304
2012-2013	60,714	4,049	6,268	2,451	1,051	74,533
2013-2014	62,564	4,089	6,542	2,291	1,044	76,530

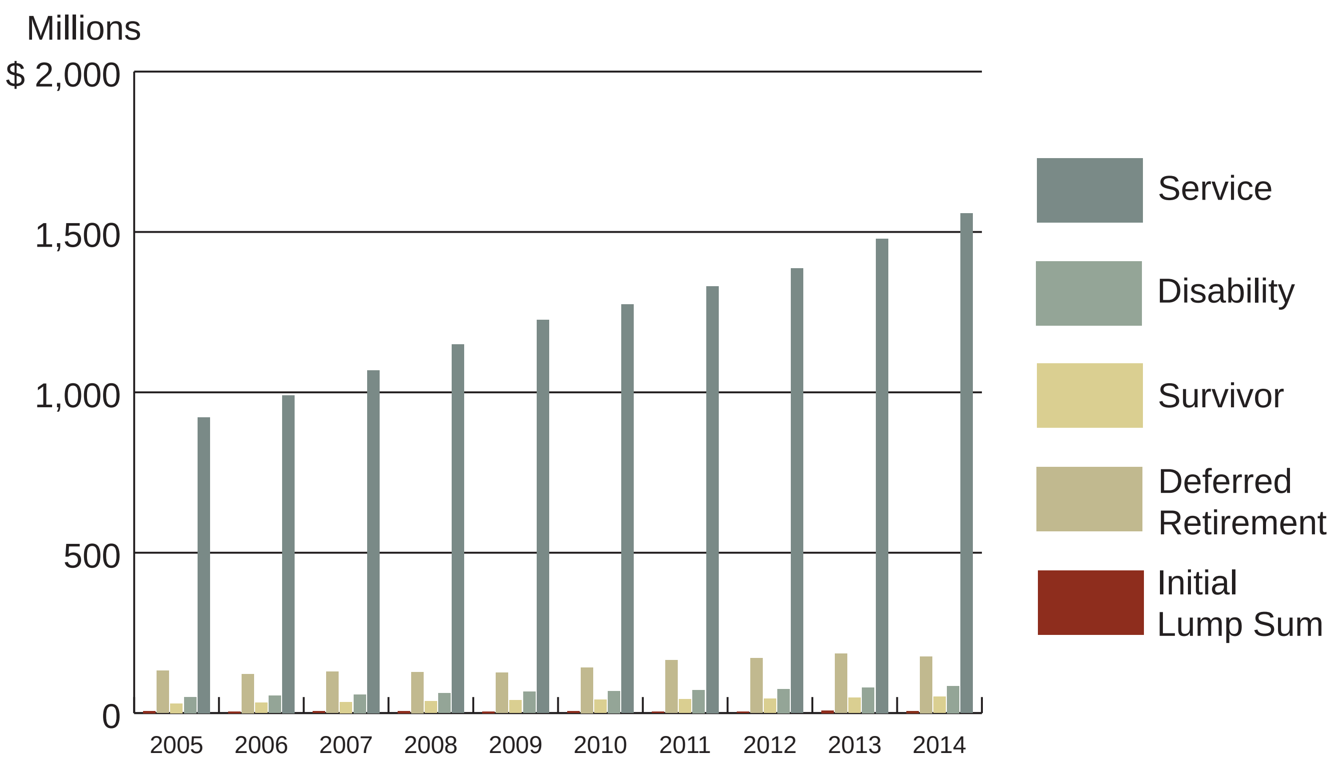


Schedule of Retired Members by Type of Benefit as of June 30, 2014
(Data include all plans)

Amount of Monthly Benefit	Service Retirees	Disability Retirees	Beneficiaries/ Survivors	Total
$ 0 - $ 299.99	1,514	125	585	2,224
$ 300 - $ 599.99	4,847	680	1,104	6,631
$ 600 - $ 899.99	5,467	1,330	1,249	8,046
$ 900 - $ 1,199.99	6,370	902	1,009	8,281
$ 1,200 - $ 1,499.99	5,208	509	760	6,477
$ 1,500 - $ 1,799.99	4,365	266	530	5,161
$ 1,800 - $ 2,099.99	4,058	178	431	4,667
$ 2,100 - $ 2,399.99	4,977	70	365	5,412
$ 2,400 - $ 2,699.99	5,823	36	357	6,216
$ 2,700 - $ 2,999.99	5,313	31	272	5,616
$ 3,000 - $ 3,299.99	4,239	23	193	4,455
$ 3,300 - $ 3,599.99	3,002	7	132	3,141
$ 3,600 - $ 3,899.99	1,895	4	105	2,004
$ 3,900 - $ 4,199.99	1,301	3	71	1,375
$ 4,200 - $ 4,499.99	948	0	51	999
$ 4,500 - and above	2,369	2	119	2,490
TOTALS FOR ALL PLANS	**61,696**	**4,166**	**7,333**	**73,195**

Total Benefit Payments

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
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
2011-2012	1,386,433,318	75,349,637	45,209,782	171,044,296	4,491,221	1,682,528,254
2012-2013	1,478,883,460	80,374,101	48,224,461	184,817,090	7,867,692	1,800,166,804
2013-2014	1,557,867,267	84,666,700	50,800,020	176,823,394	6,956,522	1,877,113,903



Ten-Year Average Monthly Benefit Payments for Service Retirees

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2005	Avg Benefit	$ 316	$ 377	$ 616	$ 1,034	$ 1,580	$ 2,399	$ 2,916	$ 3,657	$ 3,758	$ 2,116
2005	Avg 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	Avg Benefit	533	456	617	1,041	1,623	2,486	2,965	3,603	3,812	2,170
2006	Avg 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	Avg Benefit	424	427	614	1,101	1,704	2,576	3,082	4,020	4,767	2,155
2007	Avg 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	Avg Benefit	601	485	648	1,114	1,797	2,613	3,120	4,145	4,950	2,214
2008	Avg 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	Avg Benefit	323	536	654	1,179	1,878	2,750	3,272	4,049	5,270	2,371
2009	Avg 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	Avg Benefit	1,176	546	712	1,134	1,971	2,818	3,312	4,012	4,323	2,408
2010	Avg 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	Avg Benefit	473	633	772	1,204	1,993	2,832	3,361	4,262	4,403	2,443
2011	Avg 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
2012	Avg Benefit	548	662	858	1,268	2,112	2,917	3,530	4,180	4,499	2,460
2012	Avg Comp	2,157	3,634	3,348	3,468	4,112	4,321	4,558	4,459	5,101	4,114
2012	Retiree Count	17	178	249	356	597	899	599	145	40	3,080
2013	Avg Benefit	573	681	942	1,363	2,137	3,071	3,454	4,425	4,421	2,482
2013	Avg Comp	2,918	3,664	3,609	3,675	4,153	4,565	4,497	4,989	4,632	4,233
2013	Retiree Count	34	177	295	412	781	945	622	167	43	3,476
2014	Avg Benefit	539	703	954	1,417	2,153	3,076	3,615	4,443	5,307	2,452
2014	Avg Comp	3,324	3,729	3,592	3,801	4,154	4,588	4,676	4,879	5,520	4,267
2014	Retiree Count	27	195	271	391	712	805	467	140	32	3,040

Ten-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	
2005	Avg Benefit	$ 652	$ 646	$ 783	$ 988	$ 1,017	$ 1,648	$ 0	$ 0	$ 0	$ 868
2005	Avg 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	Avg Benefit	749	691	825	1,076	1,345	1,709	0	0	0	929
2006	Avg 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	Avg Benefit	592	689	842	1,028	1,373	1,805	0	0	0	928
2007	Avg 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	Avg Benefit	808	791	902	1,166	1,430	1,015	0	0	0	981
2008	Avg 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	Avg Benefit	869	801	948	1,287	1,201	1,266	0	0	0	1,029
2009	Avg 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	Avg Benefit	903	841	1,059	1,408	1,636	1,357	832	0	0	1,207
2010	Avg 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	Avg Benefit	862	904	1,036	1,548	1,477	1,820	0	0	0	1,220
2011	Avg 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
2012	Avg Benefit	1,054	948	1,098	1,424	0	0	0	0	0	1,148
2012	Avg Comp	3,205	2,704	2,899	3,022	0	0	0	0	0	2,880
2012	Retiree Count	3	30	24	27	0	0	0	0	0	84
2013	Avg Benefit	1,129	986	1,046	1,584	833	0	0	0	0	1,215
2013	Avg Comp	2,446	3,163	2,750	3,467	1,899	0	0	0	0	3,069
2013	Retiree Count	2	27	43	40	3	0	0	0	0	115
2014	Avg Benefit	0	959	1,143	1,616	0	845	0	0	0	1,244
2014	Avg Comp	0	2,450	3,003	3,514	0	1,427	0	0	0	3,006
2014	Retiree Count	0	28	42	34	0	1	0	0	0	105

Ten-Year Average Monthly Benefit Payments for Beneficiaries/Survivors

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2005	Avg Benefit	$ 1,157	$ 467	$ 550	$ 785	$ 956	$ 1,485	$ 1,779	$ 1,948	$ 1,779	$ 1,254
2005	Avg 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	Avg Benefit	0	406	590	854	1,035	1,467	1,590	1,761	2,087	1,187
2006	Avg 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	Avg Benefit	682	524	599	787	1,015	1,322	1,582	1,881	2,640	1,175
2007	Avg 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	Avg Benefit	851	423	468	902	1,024	1,517	1,893	1,859	1,828	1,302
2008	Avg 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	Avg Benefit	371	386	504	843	1,114	1,759	1,983	1,959	2,481	1,334
2009	Avg 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	Avg Benefit	263	439	606	846	1,261	1,593	1,753	2,119	1,543	1,292
2010	Avg 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	Avg Benefit	710	350	471	659	1,099	1,492	1,856	2,372	1,829	1,267
2011	Avg 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
2012	Avg Benefit	337	387	523	744	1,072	1,728	2,123	3,291	2,515	1,458
2012	Avg Comp	3,333	2,879	2,485	3,158	2,411	3,006	3,367	3,960	5,000	3,033
2012	Retiree Count	5	20	59	61	80	124	92	27	12	480
2013	Avg Benefit	278	432	488	752	1,248	1,709	2,344	2,638	2,689	1,447
2013	Avg Comp	1,274	3,888	3,209	3,234	2,813	3,043	3,507	3,259	4,020	3,258
2013	Retiree Count	2	59	56	60	73	127	96	35	9	517
2014	Avg Benefit	593	453	660	788	1,298	1,925	2,068	3,203	4,008	1,622
2014	Avg Comp	1,241	4,648	2,572	2,498	2,919	3,242	3,137	4,573	6,434	3,278
2014	Retiree Count	1	47	45	51	100	145	124	40	5	558

Benefit and Refund Expenses by Type (2014-2005)

	2014	2013	2012	2011	2010
Benefits					
Service	$ 1,557,867,267	$ 1,478,883,460	$ 1,386,433,318	$ 1,330,518,072	$ 1,273,969,481
Disability	84,666,700	80,374,101	75,349,637	72,310,765	69,237,472
Beneficiary/survivors	50,800,020	48,224,461	45,209,782	43,386,458	41,542,483
Deferred retirement	176,823,394	184,817,090	171,044,296	165,109,914	141,897,005
Initial lump sum	6,956,522	7,867,692	4,491,221	4,452,982	5,879,700
Total benefits	**$ 1,877,113,903**	**$ 1,800,166,804**	**$ 1,682,528,254**	**$ 1,615,778,191**	**$ 1,532,526,141**
Refunds					
Separation	$ 38,027,953	$ 38,215,111	$ 31,596,812	$ 26,372,462	$ 24,607,616
Death	5,908,530	5,087,304	4,432,955	4,062,653	4,010,028
Return-to-work	13,715,641	15,850,066	13,109,261	11,813,372	11,592,533
Total refunds	**$ 57,652,124**	**$ 59,152,481**	**$ 49,139,028**	**$ 42,248,487**	**$ 40,210,177**
Other	**1,125,213**	**560,494**	**1,056,870**	**757,439**	**624,366**
Total refunds & other	**$ 58,777,337**	**$ 59,712,975**	**$ 50,195,898**	**$ 43,005,926**	**$ 40,834,543**

	2009	2008	2007	2006	2005
Benefits					
Service	$ 1,226,455,421	$ 1,149,302,721	$ 1,068,519,663	$ 991,166,824	$ 921,584,123
Disability	66,655,186	62,462,104	58,071,721	53,867,762	50,086,094
Beneficiary/survivors	39,993,112	37,477,263	34,843,032	32,320,657	30,051,656
Deferred retirement	125,779,104	127,670,669	128,592,267	121,703,237	131,811,600
Initial lump sum	5,223,489	6,468,820	5,525,655	5,414,497	6,280,861
Total benefits	**$ 1,464,106,312**	**$ 1,383,381,577**	**$ 1,295,552,338**	**$ 1,204,472,977**	**$ 1,139,814,334**
Refunds					
Separation	$ 21,555,743	24,146,622	38,512,963	30,818,870	22,119,501
Death	2,851,075	3,246,131	3,376,994	2,884,700	4,054,866
Return-to-work	9,032,619	6,892,785	5,689,294	4,853,337	4,217,555
Total refunds	**$ 33,439,437**	**$ 34,285,538**	**$ 47,579,251**	**$ 38,556,907**	**$ 30,391,922**
Other	**979,448**	**785,805**	**540,692**	**(18,782)**	**62,452**
Total refunds & other	**$ 34,418,885**	**$ 35,071,343**	**$ 48,119,943**	**$ 38,538,125**	**$ 30,454,374**

Revenues by Source

Fiscal Year	Member	Employer	Retained*	Acts of the Legislature	Net Investment Income (Loss)	Other Operating Revenues	Total
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
2011-2012	333,908,454	977,169,504	107,420,377		(58,458,258)	2,265,262	1,362,305,339
2012-2013	327,767,936	984,465,807	111,013,985		1,750,935,396	4,051,269	3,178,234,393
2013-2014	326,007,091	1,087,623,292	124,874,274	5,578,791****	2,815,090,995	2,913,077	4,362,087,520

Refers to the ORP administrative fee (.05% of member contributions) and UAL payments for ORP participants retained by TRSL

***Act 642 of 2006*

****Act 7 of 2008*

*****Act 55 of 2014*

Expenses by Type

Fiscal Year	Benefits	Refunds/ Other	Administrative Expenses	Depreciation Expense	Total
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
2011-2012	1,683,578,351*	50,195,898	16,317,659	440,291	1,750,532,199
2012-2013	1,801,140,949*	59,712,975	15,750,180	377,150	1,876,981,254
2013-2014	1,878,161,735*	58,777,337	15,026,969**	322,881	1,952,288,922

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

***Investment administrative expenses of $1,455,635 are excluded from this total in accordance with GASB 67.*

Ten Largest Employers (Statistical)

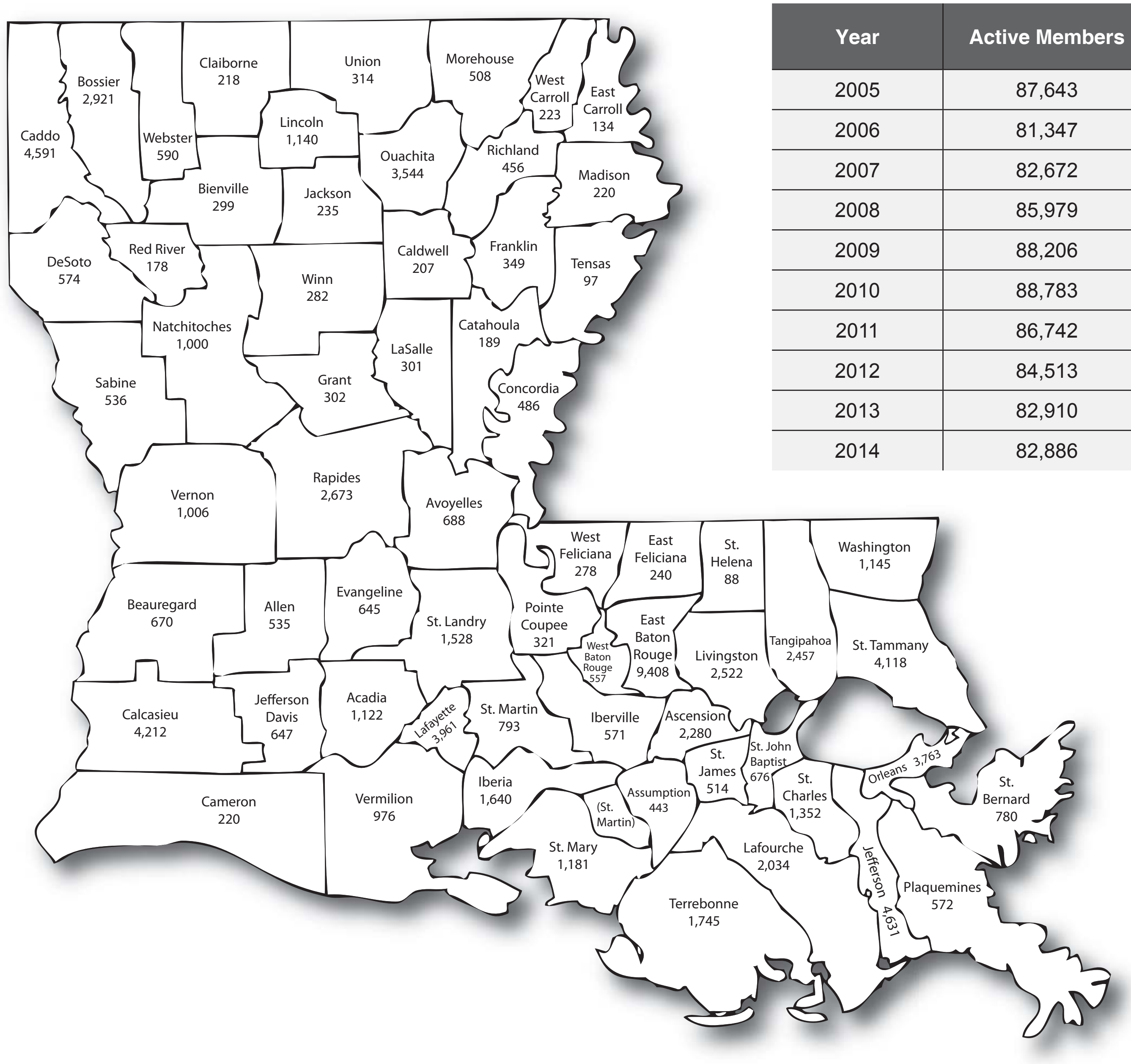
	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2014			**2013**		
EBR Parish School Board	4,635	6%	Caddo Parish School Board	4,700	6%
Jefferson Parish School Board	4,567	5%	EBR Parish School Board	4,597	5%
Caddo Parish School Board	4,449	5%	Jefferson Parish School Board	4,487	5%
St. Tammany Parish School Board	4,115	5%	St. Tammany Parish School Board	4,063	5%
Calcasieu Parish School Board	3,888	5%	Calcasieu Parish School Board	3,878	5%
Lafayette Parish School Board	3,350	4%	Lafayette Parish School Board	3,345	4%
Rapides Parish School Board	2,636	3%	Rapides Parish School Board	2,664	3%
Livingston Parish School Board	2,522	3%	Livingston Parish School Board	2,473	3%
Ascension Parish School Board	2,229	3%	Bossier Parish School Board	2,212	3%
Bossier Parish School Board	2,143	3%	Ascension Parish School Board	2,152	3%
2012			**2011**		
Caddo Parish School Board	4,872	6%	Caddo Parish School Board	5,204	6%
EBR Parish School Board	4,697	6%	EBR Parish School Board	4,877	6%
Jefferson Parish School Board	4,680	5%	Jefferson Parish School Board	4,854	6%
St. Tammany Parish School Board	4,105	5%	St. Tammany Parish School Board	4,134	5%
Calcasieu Parish School Board	3,852	5%	Calcasieu Parish School Board	3,914	4%
Lafayette Parish School Board	3,300	4%	Lafayette Parish School Board	3,404	4%
Rapides Parish School Board	2,637	3%	Rapides Parish School Board	2,648	3%
Livingston Parish School Board	2,479	3%	Livingston Parish School Board	2,629	3%
Ouachita Parish School Board	2,217	3%	Ouachita Parish School Board	2,239	3%
Bossier Parish School Board	2,188	3%	Ascension Parish School Board	2,197	3%
2010			**2009**		
Caddo Parish School Board	5,201	6%	Jefferson Parish School Board	5,193	6%
EBR Parish School Board	5,160	6%	Caddo Parish School Board	5,189	6%
Jefferson Parish School Board	5,145	6%	EBR Parish School Board	5,107	6%
St. Tammany Parish School Board	4,237	5%	St. Tammany Parish School Board	4,249	5%
Calcasieu Parish School Board	4,066	5%	Calcasieu Parish School Board	4,026	5%
Lafayette Parish School Board	3,408	4%	Lafayette Parish School Board	3,394	4%
Rapides Parish School Board	2,694	3%	Rapides Parish School Board	2,685	3%
Livingston Parish School Board	2,599	3%	Livingston Parish School Board	2,562	3%
Ascension Parish School Board	2,212	3%	Ouachita Parish School Board	2,177	2%
Ouachita Parish School Board	2,210	3%	Terrebonne Parish School Board	2,140	2%

Ten Largest Employers (Statistical) – cont'd

	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2008			**2007**		
Jefferson Parish School Board	5,043	6%	EBR Parish School Board	4,937	6%
EBR Parish School Board	4,973	6%	Caddo Parish School Board	4,898	6%
Caddo Parish School Board	4,935	6%	Jefferson Parish School Board	4,758	6%
St. Tammany Parish School Board	4,140	5%	St. Tammany Parish School Board	4,118	5%
Calcasieu Parish School Board	3,727	5%	Calcasieu Parish School Board	3,712	4%
Lafayette Parish School Board	3,174	4%	Lafayette Parish School Board	2,992	4%
Rapides Parish School Board	2,635	3%	Rapides Parish School Board	2,621	3%
Livingston Parish School Board	2,290	3%	Livingston Parish School Board	2,287	3%
Ouachita Parish School Board	2,074	3%	Ouachita Parish School Board	2,063	2%
Terrebonne Parish School Board	2,049	3%	Terrebonne Parish School Board	2,029	2%
2006			**2005**		
EBR Parish School Board	5,249	6%	EBR Parish School Board	5,656	6%
Caddo Parish School Board	5,208	6%	Caddo Parish School Board	5,611	6%
Jefferson Parish School Board	5,059	6%	Jefferson Parish School Board	5,451	6%
St. Tammany Parish School Board	4,378	5%	St. Tammany Parish School Board	4,718	5%
Calcasieu Parish School Board	3,947	5%	Calcasieu Parish School Board	4,253	5%
Lafayette Parish School Board	3,181	4%	Lafayette Parish School Board	3,428	4%
Rapides Parish School Board	2,787	3%	Rapides Parish School Board	3,003	3%
Livingston Parish School Board	2,432	3%	Livingston Parish School Board	2,620	3%
Ouachita Parish School Board	2,193	3%	Ouachita Parish School Board	2,363	3%
Terrebonne Parish School Board	2,157	3%	Terrebonne Parish School Board	2,324	3%

Total Active Members Statewide

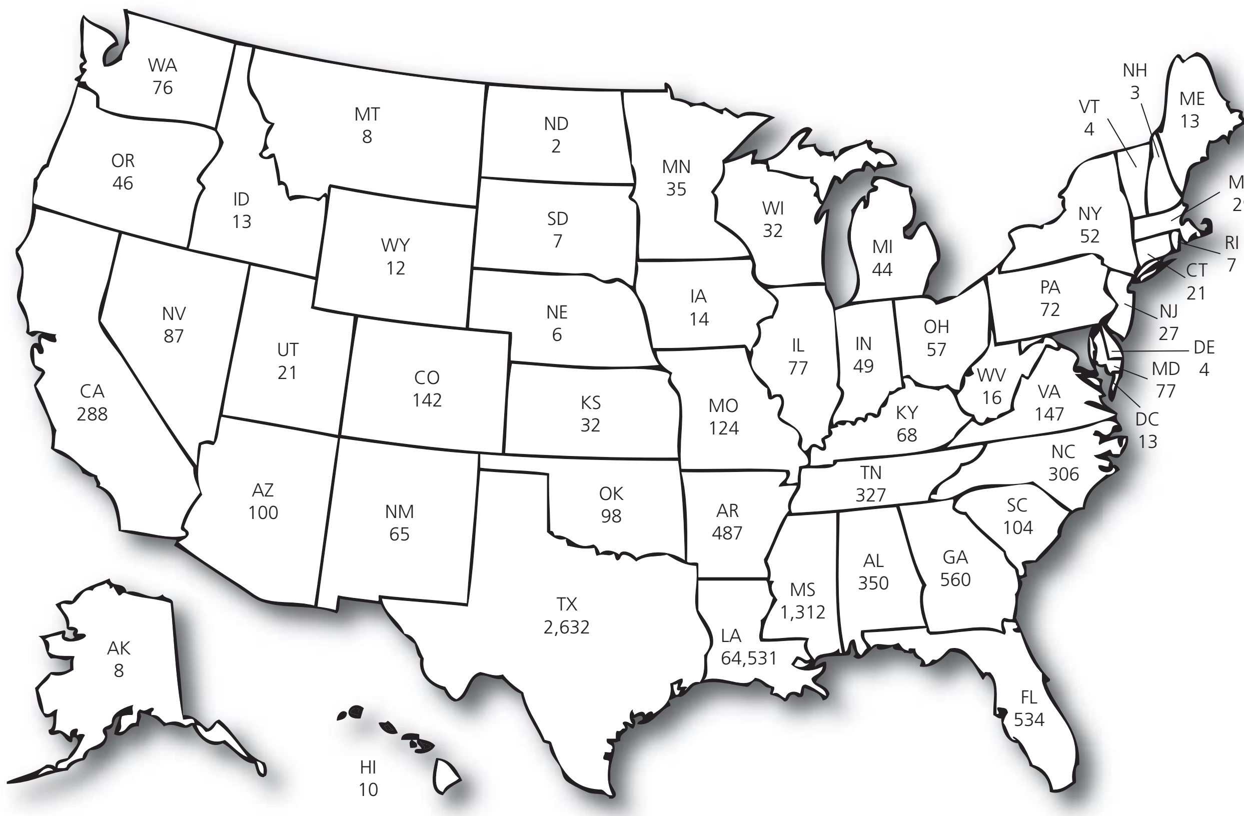
Total number of members –82,886 (includes all employing agencies located within each parish)



Year	Active Members
2005	87,643
2006	81,347
2007	82,672
2008	85,979
2009	88,206
2010	88,783
2011	86,742
2012	84,513
2013	82,910
2014	82,886

TRSL Retirees Worldwide

Total number of retirees – 73,195



United States and District of Columbia (DC):				**73,149**
U.S. Overseas Military Bases:				**4**
U.S. Possessions:				**3**
Guam	1	Virgin Islands	1	
Puerto Rico	1			
Foreign Countries:				**39**
Argentina	1	Greece	1	
Australia	3	Mexico	1	
Belgium	1	New Zealand	1	
Bermuda	1	Pakistan	2	
Canada	6	Philippines	1	
China	1	Portugal	1	
Costa Rica	2	Switzerland	1	
Czech Republic	3	Thailand	2	
Finland	1	United Kingdom	2	
Germany	8			
TOTAL				**73,195**

Year	Retirees
2005	54,525
2006	57,512
2007	59,530
2008	61,070
2009	62,417
2010	63,940
2011	65,512
2012	67,657
2013	71,031
2014	73,195

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