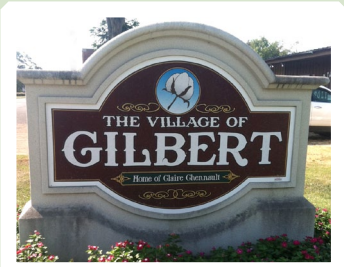


Calling Louisiana Home



2015 Comprehensive
Annual Financial Report
For Fiscal Years Ended June 30, 2015 and 2014

2015 Comprehensive Annual Financial Report

For Fiscal Years Ended June 30, 2015 and 2014

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

Maureen H. Westgard, Director

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No appointment required

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*PHOTO BY JACKIE SHARP
Retired Assistant Superintendent
Webster Parish School Board*



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*PHOTO BY BUCK ABBEY
Professor at Louisiana State University
Robert Reich School of Landscape Architecture*





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Post Office Box 94123
Baton Rouge LA 70804-9123

October 5, 2015

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 2015 Comprehensive Annual Financial Report (CAFR) for the Teachers' Retirement System of Louisiana (TRSL). In this report, you will find a complete accounting of TRSL activities and operations, including our financial position, investment performance, statutory compliance, demographic makeup, and fund stewardship for the fiscal year ended June 30, 2015. This report represents the combined efforts of the TRSL staff and its advisors.

This fiscal year TRSL paid out close to \$2.0 billion in retirement benefits—the vast majority of which went to TRSL retirees and beneficiaries who continue to make Louisiana their home. Hundreds of towns, big and small, dot Louisiana's landscape. They are places with names like Delhi and Kentwood and Raceland and Zwolle; and so many of them hold a special place in the hearts of many of our members. Our hometowns are often the focal point of our lives; they are where we were born, grew up, started families, and carried on careers. They are where we go to see family and friends. Many times, they shape who we become.

Our sense of pride in our hometowns runs deep. That's why we asked our members to show their hometown spirit by sending us photos of the distinctive hometown signs that stand near the city limits—welcoming new and old friends alike. We received some great photos and included them in this year's annual reports along with a credit to the members who so graciously sent them in.

And, it shouldn't go unmentioned that because most members stay in Louisiana after retirement, TRSL retirement dollars are critical investments in these and so many of our other hometowns, where retirees buy goods and services, and pay taxes.

2015 Legislative Session

In the 2015 legislative session, TRSL monitored 12 pieces of legislation directly impacting the system. Two bills and a House study request ultimately gained final passage.

With passage of Act 149, significant changes were again made to the state's return-to-work law. The new law expands the definition of "retired teacher" to include members who retired on or before June 30, 2010, regardless of whether they returned to work by that date; adds school counselors, school social workers, and educational diagnosticians to the list of critical shortage positions included in the definition of "retired teacher;" restructures how "retired teacher" definitions are organized in law; and requires certain certifications and notifications from employers related to critical shortage positions existing within their school districts on an annual basis.

Act 56 appropriates approximately \$6.2 million to TRSL from FY 2013-14 surplus (nonrecurring) state funds that will be applied to the initial unfunded accrued liability.

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

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

House Study Request 1 requests the House Retirement Committee to study the process of funding retirement benefits for K–12 employees and investigate potential improvements. The committee’s findings are to be reported to the House of Representatives before the start of the 2016 Regular Legislative Session.

Also important to note is that after a considerable amount of negotiation among lawmakers, they passed House Bill 42 which would have granted a 1.5% cost-of-living increase to eligible retirees and beneficiaries. During the legislative process, the bill was amended to make certain actuarial changes related to the long-term sustainability of the system. Governor Jindal, however, vetoed the legislation.

Profile of TRSL

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

As the largest public retirement system in the state, TRSL has a membership of 186,755. In Fiscal Year 2015, actively employed members numbered 83,602, and our annuitant count stood at 75,259. In 2014, active membership totaled 82,886, and the number of retirees was 73,195.

TRSL is governed by a Board of Trustees whose primary responsibility is to manage and safeguard assets held in trust for the membership. The TRSL Board has 12 elected members as well as five ex officio members who hold their positions by virtue of their state office. The TRSL Board meets every month. Trustees and executive management staff perform all duties in accordance with their fiduciary responsibilities.

In addition to monthly board meetings, TRSL 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.

Investments

TRSL earned a 3.1 percent return on investments (gross of fees) for the fiscal year ended June 30, 2015, with investment assets totaling \$17.5 billion. The System’s public market assets generated returns in excess of its corresponding benchmark by 28 basis points, and in private markets core and opportunistic real estate led the alternative asset class, returning 14.4 percent and 16.0 percent followed by mezzanine and venture capital at 10.9 percent each.

Over the past three years, TRSL’s investments sustained annualized returns of 12.1 percent, which is 1.5 percent higher than the median return (gross of fees) for public plans with assets greater than \$1 billion and similar risk. This three-year performance ranks TRSL in the top 10 percentile among the same group of public plans.

Funding

TRSL administers a defined benefit retirement plan. The plan is funded through investment earnings and contributions from employees and employers. Regular Plan members, the System’s largest membership, contribute eight percent of salary toward their retirement benefits. In TRSL’s two plans for school food service personnel—Plan A and Plan B—members contribute 9.1 percent and 5.0 percent of salary, respectively. Plan B members also contribute to Social Security.

As of Fiscal Year 2013, TRSL has calculated separate employer contribution rates for each of its sub-plans—the Regular Plan for K-12, Regular Plan for higher education, and School Lunch Plans A and B. All employer rates are based on two factors: (1) the normal cost of funding retirement benefits for the current year, and (2) amortization of the retirement system’s unfunded accrued liability (UAL). The TRSL actuary uses these factors to calculate and recommend employer contribution rates, which are converted to a percentage of total payroll of all active members for each sub-plan. The recommendation must be approved by the TRSL Board of Trustees and adopted by the Public Retirement Systems’ Actuarial Committee (PRSAC).

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The System's actuarial funded ratio for Fiscal Year 2015 increased to 60.9 percent from 57.4 percent in Fiscal Year 2014. Additionally, the System's actuarial value of assets increased to \$17.4 billion from \$16.1 billion in Fiscal Year 2014.

Accomplishments

Once again, this fiscal year TRSL staff undertook a number of projects and tasks that have had a direct beneficial impact upon the system, its members, employers, and other stakeholders. We have highlighted a few of our successes below.

Created one-stop employer unit

TRSL created the employer services department this fiscal year with the intent of being a one-stop shop for our 200-plus reporting employers. This new department includes TRSL staff who previously worked in our accounting, retirement, and auditing departments. Ultimately, our goal in establishing employer services was to provide more efficient and coordinated support to employers with the department being every employer's first point of contact for all of their TRSL business needs.

A unique and critical component of employer services' operational structure is its TRSL Liaisons. The liaisons are two-member teams that include a retirement benefits analyst and an accountant who can help address reporting issues related to all aspects of member and employer data. Each employer has been assigned a TRSL Liaison with the intent that this employer/liaison partnership will create closer, more personal working relationships and enable TRSL to continue improving processes through regular employer feedback and suggestions.

Implemented process improvements

Much of this fiscal year was devoted to developing materials and information to help employers implement new standards established by the Governmental Accounting Standards Board (GASB). TRSL's accounting staff worked with the Legislative Auditor's Office, the Office of Statewide Reporting and Accounting Policy, auditing firms, the retirement system actuary, and other state public retirement systems to ensure consistency and uniformity in information and reporting requirements for GASB 68, which changed the pension accounting and financial reporting for TRSL-covered employers. As part of this effort, TRSL was able to add an array of resources to its website to assist employers with GASB 68 compliance.

The accounting staff also made huge leaps to automate several key areas within the department. The information technology department assisted in converting several accounting databases to newer technologies and developing a new journal entry program with a full accounting document class to allow more imaging and workflow capabilities. These enhancements complement the upgraded financial system and have created huge efficiencies in process times and staff resources.

As a plan sponsor, TRSL must periodically submit paperwork to the Internal Revenue Service (IRS), verifying that its plans are structured and operating in compliance with federal tax laws. This requires a great deal of time and involves a substantial amount of documentation. Thanks to the months of work by the TRSL legal staff and its outside legal counsel, Ice Miller, the retirement system received notification from the IRS earlier this year that its defined benefit plans met federal tax plan qualification requirements.

TRSL continuously looks for opportunities to do business in the most cost-effective and efficient manner. Last year, we acquired a new commercial-grade printer that has given us the capability to handle more of our printing needs in-house rather than outsourcing them. We have realized tremendous savings—printing costs for FY 2015 were almost \$10,000 lower than costs for the previous fiscal year, and we expect to see additional savings in FY 2016.

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Finally, TRSL participated in the CEM Benchmarking study, which provides a comprehensive review of everything we do in our investment of assets and our processing of retirement benefits. We use the results as a tool to ensure we manage our resources efficiently and effectively. For the 13th year, TRSL was recognized by CEM for its efficient delivery of quality services when compared to its peers. In the area of pension administration, the latest results show that TRSL's cost per member was \$88 compared to its peer average of \$108. Continued enhancements to online self-service options for members and employers have positively impacted TRSL's service score for the past several years.

Our accomplishments are a testament to the hard work and dedication of our talented staff who continually seek ways to build upon our past successes.

Report structure and oversight

TRSL prepares its annual 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.

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

This report consists of the following sections:

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

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

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

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On behalf of the Louisiana Legislative Auditor's Office, the independent certified public accounting firm of Duplantier, Hrapmann, Hogan, and Maher, L.L.P., located in New Orleans, La., performed the annual financial and compliance audit of TRSL for the year ended June 30, 2015. The June 30, 2014, financial statements were audited by Hawthorn, Waymouth & Carroll, L.L.P. The audits of our financial statements were performed in accordance with generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States. It is the opinion of the independent auditors that all financial statements contained in this report fairly present, in all material respects, the financial position of TRSL as of June 30, 2015, and 2014.

Awards and Recognition

We are pleased to be recognized this year by two leading pension and financial associations. For the 24th consecutive year, the Government Finance Officers Association (GFOA) presented TRSL with the *Certificate of Achievement for Excellence in Financial Reporting* for our *2014 Comprehensive Annual Financial Report*. We also received the GFOA award for our *Popular Annual Financial Report* for 13 consecutive years.

These awards recognize state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare financial reports that reflect the spirit of transparency and full disclosure.

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

Acknowledgments

We sincerely appreciate those TRSL staff members who were instrumental in the preparation of this report. Their work on this report is invaluable and their dedication commendable.

Respectfully submitted,



Maureen H. Westgard
Director



Charlene T. Wilson
Chief Financial Officer

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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.



PHOTO BY KAREN ROBINSON
Retired English Teacher
West Baton Rouge Parish School Board



Board of Trustees and Ex Officio Members



Robert Lawyer
Board Chair

Colleges & Universities
Term expires 12/31/18



Holly Bridges Gildig

5th District
Term expires 12/31/16



Honorable Elbert L. Guillory

Chairman, Senate Retirement Committee
Ex officio



Sheryl R. Abshire, Ph.D.
Board Vice Chair

7th District
Term expires 12/31/18



Joyce P. Haynes

6th District
Term expires 12/31/16



Honorable J. Kevin Pearson

Chairman, House Retirement Committee
Ex officio



Kimberly Flair

1st District
Term expires 12/31/18



Kathy Hattaway

School Food Service Employees
Term expires 12/31/17



Honorable John N. Kennedy

State Treasurer
Ex officio



John G. Parauka

2nd District
Term expires 12/31/15



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

Superintendents
Term expires 12/31/18



John White

State Superintendent of Education
Ex officio



Carlos J. Sam

3rd District
Term expires 12/31/15



Jerry J. Baudin, Ph.D.

Retired Members
Term expires 12/31/17



Kristy Nichols

Commissioner, Division of Administration
Ex officio



David A. Hennigan

4th District
Term expires 12/31/15



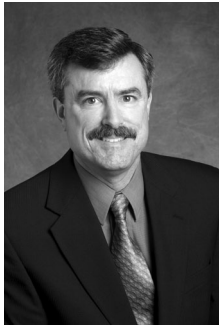
James A. Taylor, Sr., J.D., Ph.D.

Retired Members
Term expires 12/31/18

Executive Management



Maureen H. Westgard
Director



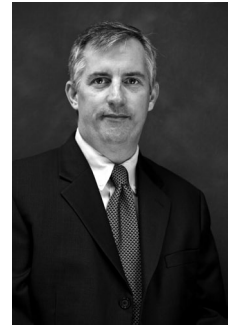
A. Stuart Cagle, Jr.
Deputy Director



Dana L. Vicknair
Assistant Director



Roy A. Mongrue, Jr.
General Counsel



Philip Griffith
Chief Investment Officer

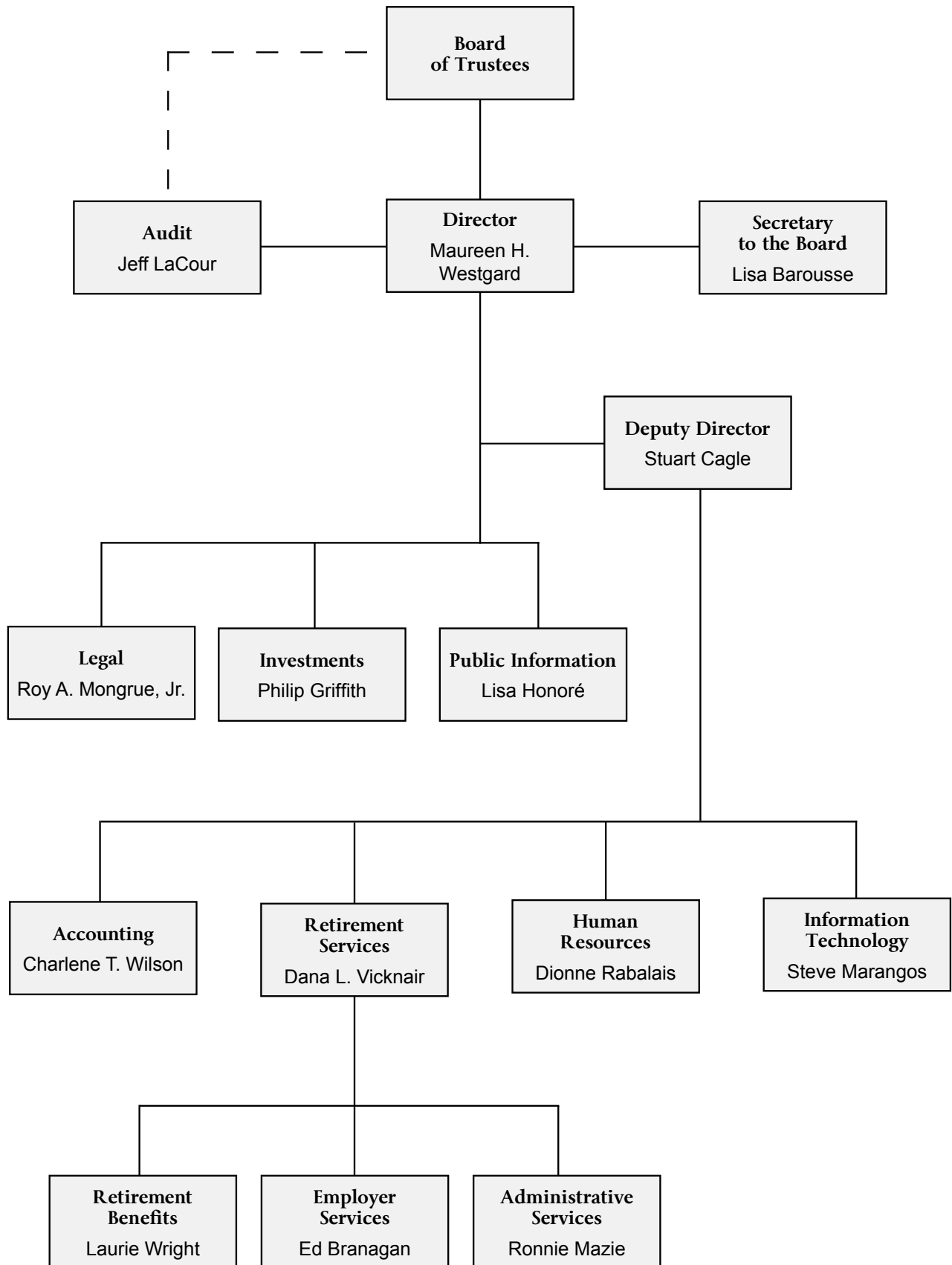
Department Managers



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

BACK ROW: *Dana Brown, Investment Director of Public Assets; Maurice Coleman, Deputy Chief Investment Officer; Steve Marangos, Information Technology Director; J. Duke Williams, II, Investment Operations Director; Ed Branagan, Employer Services Director; Jeff LaCour, Audit Director; Charlene T. Wilson, Chief Financial Officer; (not pictured: Ronnie Mazie, Administrative Services Manager)*

Organizational Chart



Professional Consultants and Vendors

Actuaries

Foster & Foster Actuaries & Consultants, Inc.
Hall Actuarial Associates

Auditors & Accountant

Duplantier, Hrapmann, Hogan & Maher, LLP
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.
Pro Source Technical Services, LLC
RMJ Consulting
Scope Solutions Group, 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 Investment Advisors
Fiduciary Management Associates, L.L.C.
Hamilton Lane Advisors, L.L.C.
ING Investment Management Co.

Investment Advisors – cont'd

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

Investment Consultant

Aon Hewitt Investment Consulting, Inc.

Legal Consultants

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

Medical Examiners

Jose Artcecona, M.D.
Timothy Bowlin, M.D.
R.W. Culver, M.D.
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.
Michael W. Yorek, M.D.

Summary of Fiscal Year 2015 Legislation

Return-to-work provisions

- **Act 149** (*Sen. Gerald Long*) expands the definition of “retired teacher” to include a member who retired on or before June 30, 2010, regardless of whether the member returned to work by that date; adds school counselors, school social workers, and educational diagnosticians to the list of critical shortage positions; restructures how “retired teacher” definitions are organized in law; and requires certain certifications and notifications from employers related to critical shortage positions existing within their school districts on an annual basis.

Supplemental appropriations

- **Act 56** (*Rep. James R. Fannin*) appropriates approximately \$6.2 million to TRSL from FY 2013-14 surplus (nonrecurring) state funds to be applied to the balance of the initial unfunded accrued liability.

Study request

- **House Study Request 1** (*Rep. Joe Harrison*) requests the House Retirement Committee meet and study the process of funding retirement benefits for K-12 employees, and to investigate potential improvements. Findings to be reported to the House of Representatives prior to the 2016 Regular Legislative Session.

Awards



Public Pension Coordinating Council

**Public Pension Standards Award
For Funding and Administration
2014**

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



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, 2014

Jeffrey R. Egan
Executive Director/CEO

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*PHOTO BY ELIZABETH PLAISANCE
Social Studies Teacher
Lafourche Parish*



Duplantier
Hrapmann
Hogan &
Maher, LLP

INDEPENDENT AUDITOR’S REPORT

September 30, 2015

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
(504) 586-8866

Northshore
1670 Old Spanish Trail
Slidell, LA 70458
(985) 649-9996

Houma
247 Corporate Drive
Houma, LA 70360
(985) 868-2630

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
(985) 369-6003

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

We have audited the accompanying financial statements of the Teachers’ Retirement System of Louisiana (TRSL), a component unit of the State of Louisiana, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Teachers’ Retirement System of Louisiana’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Teachers' Retirement System of Louisiana as of June 30, 2015, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note A to the financial statements, the total pension liability for Teachers' Retirement System of Louisiana was \$28,646,296,897 at June 30, 2015. The actuarial valuations were based on various assumptions made by Teachers' Retirement System of Louisiana's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2015 could be understated or overstated.

As disclosed in Note D to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equities and investments in real assets. Such investments totaled \$4.4 billion (19% of total assets) at June 30, 2015. Where a publicly listed price is not available, the management of Teachers' Retirement System of Louisiana uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of investments. Our opinion is not modified with respect to this matter.

As disclosed in Note K to the financial statements, Teachers' Retirement System of Louisiana implemented GASB Statement 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The adoption of this standard required TRSL to record its proportionate share of pension amounts related to its participation in a cost-sharing, multiple-employer defined benefit pension plan, restating the earliest year presented. As a result of the implementation, the TRSL's net position decreased by \$13,197,268, net pension liability was recorded in the amount of \$14,538,436, and deferred outflow of resources was recorded in the amount of \$1,341,168 as of July 1, 2014.

Other Matters*Prior Period Financial Statements*

The financial statements of Teachers' Retirement System of Louisiana as of June 30, 2014, were audited by other auditors whose report dated October 2, 2014, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the year ended June 30, 2015, 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. For the years ended June 30, 2014 and 2013 the required supplementary information, as listed in the table of contents, was subjected to limited procedures applied in the June 30, 2014 audit of the basic financial statements by other auditors, who did not express an opinion or provide any assurance on the information because of the limited procedures.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements. The June 30, 2015 supporting schedules, introductory section, investment section, actuarial section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The June 30, 2014 supporting schedules as listed in the table of contents were subjected to the auditing procedures applied in the June 30, 2014 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the June 30, 2014 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 June 30, 2015 basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The introductory section, investment section, actuarial section and statistical section were not subjected to the auditing procedures applied by other auditors in the audit of the June 30, 2014 basic financial statements and, accordingly, they did 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 September 30, 2015 on our consideration of the Teachers' Retirement System of Louisiana'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 Teachers' Retirement System of Louisiana's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assists in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2014 and 2015. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the Financial Section.

Financial Highlights

- The net position restricted for pensions was \$17.9 billion in 2015 compared to \$17.9 billion in 2014, and \$15.5 billion in 2013.
- The market rate of return on the System's investments was 3.1% (gross of fees) for 2015 compared to 19.9% for 2014, and 13.9% for 2013.
- TRSL had a net pension liability of \$10.8 billion for 2015 compared to \$10.2 billion for 2014 and \$11.9 billion for 2013.
- The System's actuarial funded ratio for funding purposes was 60.9% at June 30, 2015 compared to 57.4% at June 30, 2014, and 56.4% at June 30, 2013.
- Benefit payments were \$2.0 billion in 2015, \$1.9 billion in 2014, and \$1.8 billion in 2013.

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 System's assets, liabilities, and resultant net position restricted for pensions. It discloses the financial position of the System as of June 30, 2015 and June 30, 2014.

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

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

- **Note A** provides a general description of TRSL, information regarding employer and membership participation, net pension liability of employers, actuarial methods and assumptions, sensitivity of the changes in discount

rate, information regarding legally required reserves, eligibility, benefits, and excess benefit plan.

- **Note B** provides a summary of significant accounting policies and plan asset matters including the reporting entity, basis of accounting, estimates, methods used to value investments, property and equipment and accumulated leave requirements.
- **Note C** provides information regarding member and employer contribution requirements.
- **Note D** provides information regarding the System's cash and cash equivalents and risk disclosures.
- **Note E** describes the System's 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 information on other post-employment benefits.
- **Note J** provides information on participation in a defined benefit plan, including information on the plan benefits provided, contributions, pension liabilities, pension expense, deferred inflows, deferred outflows, actuarial assumptions, and sensitivity of change in discount rate.

- **Note K** provides information on the System's change in accounting principle.
- **Note L** provides information on reclassification.
- **Note M** provides information on subsequent events.

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

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 position restricted for pensions at June 30, 2015 was approximately \$17.9 billion, compared to \$17.9 billion held in trust at June 30, 2014, and \$15.5 billion held in trust at June 30, 2013.

Condensed Comparative Statements of Fiduciary Net Position

	2015	2014	2013
Cash and cash equivalents	\$ 236,026,000	\$ 205,397,273	\$ 199,799,910
Receivables	1,690,795,593	1,834,434,326	1,434,471,144
Investments (fair value)	17,522,558,265	17,512,657,748	15,178,470,861
Securities lending collateral	3,435,153,677	2,257,226,730	1,972,976,370
Property and equipment, at cost (net)	<u>4,051,370</u>	<u>4,100,275</u>	<u>4,027,869</u>
Total assets	<u>22,888,584,905</u>	<u>21,813,816,352</u>	<u>18,789,746,154</u>
Deferred Outflows of Resources - GASB 68	<u>3,580,678</u>	<u>0</u>	<u>0</u>
Accounts payable and other liabilities	1,558,387,832	1,656,554,164	1,326,532,924
Securities lending collateral	3,435,153,677	2,257,226,730	1,972,976,370
Total liabilities	<u>4,993,541,509</u>	<u>3,913,780,894</u>	<u>3,299,509,294</u>
Deferred Inflows of Resources - GASB 68	<u>2,244,396</u>	<u>0</u>	<u>0</u>
Net position restricted for pensions	<u>\$ 17,896,379,678</u>	<u>\$ 17,900,035,458</u>	<u>\$ 15,490,236,860</u>

Changes in Fiduciary Net Position

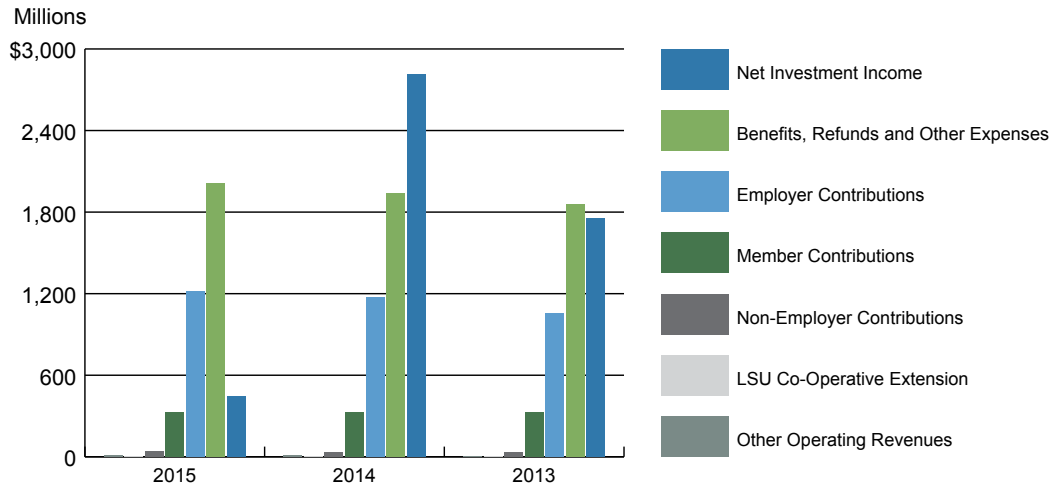
For June 30, 2015, additions to TRSL's net position were derived from investment income and member and employer contributions. For 2015, investment income was \$443,364,220 compared to \$2,815,090,995 for 2014, and \$1,750,935,396 for 2013. For 2015, member contributions decreased by \$1,086,447 (-0.3%) and employer contributions increased by \$42,925,810 (3.7%). For 2014, member contributions decreased \$1,760,845 (-0.5%) and employer contributions increased by \$115,545,755 (10.9%) compared to 2013. For 2013, member contributions decreased \$6,140,518 (-1.8%) and employer contributions increased \$8,597,523 (0.8%) compared to 2012. The System's actuary and the Public Retirement Systems' Actuarial Committee (PR SAC) adjust employer contributions annually.

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2015	2014	2013
Additions			
Member contributions	\$ 324,920,644	\$ 326,007,091	\$ 327,767,936
Employer contributions	1,217,466,676	1,174,540,866	1,058,995,111
Non-Employer contributions	37,425,629	35,927,881	34,425,127
LSU Co-Operative Extension	1,851,985	2,028,819	2,059,554
Other operating revenues	12,180,753	8,491,868	4,051,269
Total net investment income	<u>443,364,220</u>	<u>2,815,090,995</u>	<u>1,750,935,396</u>
Total additions	<u>2,037,209,907</u>	<u>4,362,087,520</u>	<u>3,178,234,393</u>
Deductions			
Benefits, refunds, and other	2,011,269,710	1,935,192,090	1,859,220,770
LSU Co-Operative Extension	1,754,855	1,746,982	1,633,154
Administrative expenses	14,259,428	15,026,969	15,750,180
Depreciation expense	384,426	322,881	377,150
Total deductions	<u>2,027,668,419</u>	<u>1,952,288,922</u>	<u>1,876,981,254</u>
Net increase	<u>9,541,488</u>	<u>2,409,798,598</u>	<u>1,301,253,139</u>
Net position restricted for pensions beginning of year	<u>17,900,035,458</u>	<u>15,490,236,860</u>	<u>14,188,983,721</u>
Cumulative Effect of Change in Accounting Principle¹	<u>(13,197,268)</u>	<u>0</u>	<u>0</u>
Net Position after Accounting Principle Beginning Balance Restatement	<u>17,886,838,190</u>	<u>15,490,236,860</u>	<u>14,188,983,721</u>
Net position restricted for pensions end of year	<u>\$ 17,896,379,678</u>	<u>\$ 17,900,035,458</u>	<u>\$ 15,490,236,860</u>

¹**Change in Accounting Principle:** The System adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions during the fiscal year ending June 30, 2015. The adoption of this statement required the System to record a beginning net pension liability and the effects on net position of the contributions made by the System during the measurement period (fiscal year ending June 30, 2014). As a result, beginning net position decreased by \$13,197,268 for the earliest year presented. The change in accounting principle consisted of the System's proportionate share of the collective net pension liability as of the beginning of the initial period of implementation of \$14,538,436 and was offset by deferred outflows of resources for contributions to the pension plan made between the measurement date of the beginning net pension liability and the beginning of the System's fiscal year of \$1,341,168. The System did not restate beginning balances relating to all other deferred inflows of resources or deferred outflows of resources related to pensions as it was not practical to determine these amounts.

Chart for Condensed Comparative Statements of Changes in Fiduciary Net Position (see page 28)



Financial Section

Deductions from plan net assets totaled \$2,027,668,419 in fiscal year 2015, an increase of \$75,379,497 (3.9%) over fiscal year 2014. 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. Benefit payments continue to be the major reason for this increase. For fiscal year 2015, benefit payments increased by 3.9%, compared to 4.1% in 2014, and 7.0% in 2013.

Investments

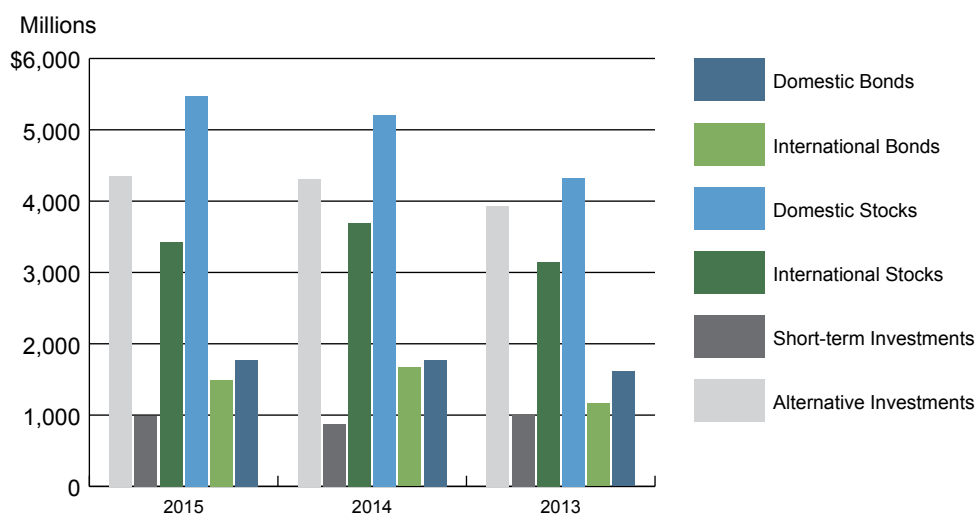
As the state’s largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of members. Funds are invested to achieve maximum returns and minimize risk.

Total investments at June 30, 2015 approximated \$17.5 billion compared to \$17.5 billion at June 30, 2014, and to \$15.2 billion at June 30, 2013. For 2015, the investment increase is due in large part to returns in the System’s diversified portfolio. For 2015, the System experienced a \$443 million gain compared to a \$2.8 billion gain for 2014, and \$1.8 billion gain in 2013.

TRSL’s market rate of return is 3.1% (gross of fees) for fiscal year ended 2015. The System has sustained annualized returns over the past three years of 12.1%. When compared to other public plans with assets greater than \$1 billion, this give the System a top 10th percentile ranking, according to the Wilshire Trust Universe Comparison Service (TUCS).

Investments at Fair Value

	2015	2014	2013
Domestic bonds	\$ 1,775,656,703	\$ 1,770,055,139	\$ 1,611,411,082
International bonds	1,489,882,945	1,667,920,752	1,162,848,924
Domestic stocks	5,478,561,612	5,201,856,937	4,322,095,263
International stocks	3,429,594,486	3,688,369,407	3,148,691,961
Short-term investments	990,777,882	871,504,691	1,005,978,360
Alternative investments	4,358,084,637	4,312,950,822	3,927,445,271
Total investments	\$ 17,522,558,265	\$ 17,512,657,748	\$ 15,178,470,861



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

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*PHOTO BY ANDREA "BETSY" MIGUEZ
Librarian/Assistant Dean of Public Services
University of Louisiana at Lafayette*

Statements of Fiduciary Net Position as of June 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 236,026,000	\$ 205,397,273
Receivables		
Member contributions	56,255,908	55,763,495
Employer contributions	182,514,298	176,374,110
Pending trades	1,399,769,969	1,542,626,355
Accrued interest and dividends	42,727,851	43,976,706
Other receivables	<u>9,527,567</u>	<u>15,693,660</u>
Total receivables	<u>1,690,795,593</u>	<u>1,834,434,326</u>
Investments, at fair value		
Domestic bonds	1,775,656,703	1,770,055,139
International bonds	1,489,882,945	1,667,920,752
Domestic common and preferred stocks	5,478,561,612	5,201,856,937
International common and preferred stocks	3,429,594,486	3,688,369,407
Domestic and international short-term investments	990,777,882	871,504,691
Alternative investments	<u>4,358,084,637</u>	<u>4,312,950,822</u>
Total investments	<u>17,522,558,265</u>	<u>17,512,657,748</u>
Invested securities lending collateral		
Collateral held under domestic securities lending program	2,997,312,753	2,035,535,980
Collateral held under international securities lending program	<u>437,840,924</u>	<u>221,690,750</u>
Total securities lending collateral	<u>3,435,153,677</u>	<u>2,257,226,730</u>
Property and equipment (at cost) - net	<u>4,051,370</u>	<u>4,100,275</u>
Total assets	<u>22,888,584,905</u>	<u>21,813,816,352</u>
Deferred Outflows of Resources	<u>3,580,678</u>	<u>0</u>
Liabilities		
Accounts payable and other liabilities		
Accounts payable	9,708,895	9,751,815
Benefits payable	3,230,117	570,358
Refunds payable	5,815,896	5,836,629
Net Pension Liability - LASERS	14,951,289	0
Pending trades payable	1,510,182,288	1,627,736,272
Other liabilities	<u>14,499,347</u>	<u>12,659,090</u>
Total accounts payable and other liabilities	<u>1,558,387,832</u>	<u>1,656,554,164</u>
Securities lending collateral		
Obligations under domestic securities lending program	2,997,312,753	2,035,535,980
Obligations under international securities lending program	<u>437,840,924</u>	<u>221,690,750</u>
Total securities lending collateral	<u>3,435,153,677</u>	<u>2,257,226,730</u>
Total liabilities	<u>4,993,541,509</u>	<u>3,913,780,894</u>
Deferred Inflows of Resources	<u>2,244,396</u>	<u>0</u>
Net position restricted for pensions	<u>\$ 17,896,379,678</u>	<u>\$ 17,900,035,458</u>

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position for the Years Ended June 30, 2015 and 2014

	2015	2014
Additions		
Contributions		
Member contributions	\$ 324,920,644	\$ 326,007,091
Employer contributions	1,217,466,676	1,174,540,866
Non-Employer contributions	37,425,629	35,927,881
LSU Co-Operative contributions	<u>1,851,985</u>	<u>2,028,819</u>
Total contributions	<u>1,581,664,934</u>	<u>1,538,504,657</u>
Investment income:		
<i>From investment activities</i>		
Net appreciation in fair value of domestic investments	480,986,479	1,775,649,326
Net appreciation (depreciation) in fair value of international investments	(406,316,838)	774,394,733
Domestic interest	67,110,730	63,594,549
International interest	73,371,790	70,084,510
Domestic dividends	84,765,719	81,401,526
International dividends	89,591,260	94,801,741
Alternative investment income	<u>119,311,928</u>	<u>34,601,154</u>
Total investment income	<u>508,821,068</u>	<u>2,894,527,539</u>
Investment activity expenses:		
International investment expenses	(4,872,981)	(4,647,399)
Alternative investment expenses	(29,909,047)	(43,203,313)
Investment administrative expenses	(1,599,337)	(1,455,635)
Custodian fees	(330,942)	(443,848)
Performance consultant fees	(850,105)	(813,882)
Advisor fees	<u>(36,705,991)</u>	<u>(35,729,758)</u>
Total investment expenses	<u>(74,268,403)</u>	<u>(86,293,835)</u>
Net income from investing activities	<u>434,552,665</u>	<u>2,808,233,704</u>
<i>From securities lending activities</i>		
Securities lending income	<u>9,144,667</u>	<u>5,815,042</u>
Securities lending expenses:		
Fixed	(1,642,524)	(1,221,549)
Equity	400,449	839,129
International	<u>908,963</u>	<u>1,424,669</u>
Total securities lending activities expenses	<u>(333,112)</u>	<u>1,042,249</u>
Net income from securities lending activities	<u>8,811,555</u>	<u>6,857,291</u>
Total net investment income	<u>443,364,220</u>	<u>2,815,090,995</u>
Other operating revenues	<u>12,180,753</u>	<u>8,491,868</u>
Total additions	<u>2,037,209,907</u>	<u>4,362,087,520</u>
Deductions		
Retirement benefits	1,955,102,582	1,875,366,921
LSU Co-Operative Extension	1,754,855	1,746,982
Refunds of contributions & other	52,402,762	58,777,337
TRSL employee health & life expense	1,685,836	1,047,832
Pension expense	2,078,530	0
Administrative expenses	14,259,428	15,026,969
Depreciation expense	<u>384,426</u>	<u>322,881</u>
Total deductions	<u>2,027,668,419</u>	<u>1,952,288,922</u>
Net increase	9,541,488	2,409,798,598
Net position restricted for pensions		
Beginning of year, before restatement	<u>17,900,035,458</u>	<u>15,490,236,860</u>
Cumulative effect of change in accounting principle (GASB 68)	<u>(13,197,268)</u>	<u>0</u>
Beginning of year, after restatement	<u>17,886,838,190</u>	<u>0</u>
End of year	\$ <u>17,896,379,678</u>	\$ <u>17,900,035,458</u>

See accompanying notes to financial statements.

Notes to the Financial Statements

A. Plan Description

1. General

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

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

- The operating budget of the System is subject to budgetary review and approval by the Legislature.
- Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislature at least 30 days before the beginning of each regular session.
- The legislative auditor is responsible for the procurement of 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.

2. Membership

At June 30, 2015 and 2014, the number of participating employers was:

	2015	2014
School boards	69	69
Colleges and universities	27	27
Laboratory schools	6	6
State agencies	50	52
Charter schools	35	34
Other	<u>18</u>	<u>18</u>
Total	<u>205</u>	<u>206</u>

Membership of this plan consisted of the following at June 30, 2015 and 2014, the dates of the latest actuarial valuations:

	2015	2014
Retirees and beneficiaries receiving benefits	75,259	73,195
Deferred Retirement Option Plan participants	2,283	2,291
Terminated vested employees entitled to but not yet receiving benefits	6,606	6,336
Terminated nonvested employees who have not withdrawn contributions	19,005	18,574
Current active employees:		
Vested	55,861	56,651
Nonvested	25,025	23,370
Post Deferred Retirement Option Plan participants	<u>2,716</u>	<u>2,865</u>
Total	<u>186,755</u>	<u>183,282</u>

3. Net Pension Liability of Employers

The Schedules 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, 2015 and June 30, 2014, is shown below.

Schedules of Employers' Net Pension Liability

	June 30, 2015	June 30, 2014
Total pension liability	\$ 28,646,296,897	\$ 28,119,536,563
Plan fiduciary net position ¹	\$ 17,894,019,588	\$ 17,898,102,401
Employers' net pension liability ²	\$ 10,752,277,309	\$ 10,221,434,162
Plan fiduciary net position as a percentage of total pension liability	62.5%	63.7%

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

²Based on market value of assets

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

4. Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 and 2014 are as follows:

Valuation date	June 30, 2015 and 2014
Actuarial cost method	Entry Age Normal
Investment rate of return	7.75% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	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 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, 2015 and 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return for 2015	Long-Term Expected Real Rate of Return for 2014
Domestic equity	4.71%	4.71%
International equity	5.69%	5.69%
Domestic fixed income	2.04%	2.04%
International fixed income	2.80%	2.80%
Alternative investments	5.94%	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 contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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
Employers' net pension liability	6.75%	7.75%	8.75%
2014	\$13,018,488,169	\$10,221,434,162	\$7,841,003,041
2015	\$13,605,538,764	\$10,752,277,309	\$8,325,523,367

5. Legally Required Reserves

DROP and ILSB reserves:

These reserves consist of funds for the Deferred Retirement Option Plan (DROP) which was implemented on July 1, 1992, with the passage of Louisiana Revised Statutes 11:786 by the Legislature.

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 Statutes 11:789(A)(1).

6. Eligibility

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

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

- **TRSL Regular Plan** — employees 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.

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

7. Retirement Benefits

SERVICE RETIREMENT:

Service retirement benefits are established and amended by state statutes, and are payable to members who have terminated covered employment and meet both age and service eligibility requirements.

Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 can retire with a 2.5% accrual rate after attaining age 60 with at least five years of service credit and are eligible for an actuarially reduced benefit at any age with 20 years of service. 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 five years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members can retire with an actuarially reduced benefit at any age with 20 years of service. If hired before July 1, 1999, members are eligible for a 2.0% accrual rate at the earliest of age 60 with five years of service, or at any age with 20 years of service, and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Plan A - Members can retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with five years of service, or any age with 30 years of service. Plan A is closed to new entrants.

Plan B - Members can retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with five 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 Plan 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 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options

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

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

DEFERRED RETIREMENT OPTION PROGRAM (DRO)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DRO) 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 DRO account.

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

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

DRO was implemented on July 1, 1992, with the passage of Louisiana Revised Statutes 11:786 by the Legislature. When a member enters DRO, 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 DRO, participation in the program could not exceed two years; however, DRO was modified on January 1, 1994 to allow for a three-year period of participation. During the DRO 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 DRO 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 their actuarial report, less one-half of one percent after participation ends.

For members eligible to enter DRO 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 DRO account.

INITIAL LUMP-SUM BENEFIT (ILSB)

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 DRO 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 Statutes 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*

	2015	2014
DROP		
Members entering DROP	0	1
Disbursements	\$ 57,124,561	\$ 62,698,646
DROP Reserves at June 30	\$ 568,076,110	\$ 551,640,841
ILSB		
Members choosing ILSB	0	0
Disbursements	\$ 708,038	\$ 590,591
ILSB Reserves at June 30	\$ 4,950,475	\$ 4,995,219

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

	2015	2014
DROP		
Members entering DROP	1,155	1,042
Disbursements	\$ 105,811,404	\$ 114,124,749
DROP Reserves at June 30	\$ 490,728,460	\$ 507,276,345
ILSB		
Members choosing ILSB	128	140
Disbursements	\$ 6,538,448	\$ 6,365,931
ILSB Reserves at June 30	\$ 1,827,186	\$ 1,723,102

DROP/ILSB Account Interest Rates

Fiscal Year Ending June 30	Interest Rate	
	<i>For members who became eligible to participate before January 1, 2004</i>	<i>For members who became eligible to participate on or after January 1, 2004</i>
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%
2015**	10.76%	.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 (PR SAC) approval of fiscal year valuation.

DISABILITY RETIREMENT BENEFITS

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

SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with five 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 spouse's benefit, or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

PERMANENT BENEFIT INCREASES/COST-OF-LIVING ADJUSTMENTS

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature. Fifty percent of any excess return above \$200,000,000 (indexed to positive changes in the actuarial value of assets, beginning June 30, 2015) will be credited to the Experience Account, subject to the restrictions provided in Act 399 of 2014. The Experience Account is used to fund permanent benefit increases for retirees. The balance as of June 30, 2015 and 2014 was \$226,356,559 and \$218,148,161, respectively.

OPTIONAL RETIREMENT PLAN (ORP)

The Optional Retirement Plan (ORP) was established in 1989 for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at 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.

At June 30, 2015 and 2014, employees joining ORP consisted of:	2015	2014
Members of TRSL joining ORP	57	52
New employees joining ORP	553	575
	<u>610</u>	<u>627</u>
Total actively contributing members	7,533	6,173

At June 30, 2015 and 2014, the amounts transferred to ORP were:	2015	2014
Amounts previously held in TRSL reserves	\$ 382,763	\$ 275,179
Contributions	77,511,296	77,025,922
Total	\$ 77,894,059	\$ 77,301,101

At June 30, 2015 and 2014, member and employer contribution rates were:	2015	2014
Member		
Member contribution rate (applicable for ORP transfers)	7.9500%	7.9500%
Member contribution rate (administrative fee – TRSL)	0.0500%	0.0500%
	<u>8.0000%</u>	<u>8.0000%</u>
Employer		
Employer contribution rate (normal cost is applicable for ORP transfers) – K12	6.2000%	5.8220%
Employer contribution rate (normal cost is applicable for ORP transfers) – Higher Ed	5.1839%	5.1840%
Southern University Lab School	5.8216%	NA
Board of Supervisors of the University of Louisiana System	5.2545%	NA
Unfunded accrued liability payment rate (retained by TRSL) – K12	22.7000%	21.3000%
Unfunded accrued liability payment rate (retained by TRSL) – Higher Ed	22.7000%	21.3000%
K12 total contribution	28.9000%	27.1220%
Higher Ed total contribution	27.9000%	26.5000%
Southern University Lab School total contribution	28.5000%	NA
Board of Supervisors of the University of Louisiana System total contribution	28.0000%	NA
	2015	2014
Number of ORP Employers	127	113

5. Excess Benefit Plan

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

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

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

Excess Benefit Plan

	2015	2014
Number of excess benefit recipients	50	49
Total benefits	\$1,115,420	\$1,025,103

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.

During the year ended June 30, 2015, the System adopted the provisions of *GASB Statement 68, Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for participating employers of defined benefit pension plans. This statement also required additional note disclosures and required supplementary information to be presented in the participating employers financial statements.

During the year ended June 30, 2014, the System adopted the provisions of *GASB Statement No. 67, Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined benefit pension plans. Significant changes included specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan. The provisions of this statement were retroactively applied to the fiscal year ended June 30, 2013.

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. State appropriations are recognized in the period appropriated. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

Administrative costs are funded through 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

As required by GASB 67, 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 reported at fair value. Mortgage securities are reported at fair value. All derivative financial instruments are reported at fair value. The fair value of investments organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been recorded based on the investment's capital account balance which is reported at fair value, at the closest available reporting period, adjusted

for subsequent contributions, distributions, and management fees. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Investments that do not have an established market are reported at estimated fair value.

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.

Changes in Property and Equipment

	June 30, 2014	Additions	Deletions	June 30, 2015
Asset class (at cost)				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	6,170,609	0	0	6,170,609
Equipment, furniture, fixtures	<u>4,929,799</u>	<u>335,521</u>	<u>(90,540)</u>	<u>5,174,780</u>
Total property and equipment	<u>11,958,798</u>	<u>335,521</u>	<u>(90,540)</u>	<u>12,203,779</u>
Accumulated depreciation				
Building	(3,594,939)	(221,642)	0	(3,816,581)
Equipment, furniture, fixtures	<u>(4,263,584)</u>	<u>(161,406)</u>	<u>89,162</u>	<u>(4,335,828)</u>
Total accumulated depreciation	<u>(7,858,523)</u>	<u>(383,048)</u>	<u>89,162</u>	<u>(8,152,409)</u>
Total property and equipment — net	<u>\$ 4,100,275</u>	<u>\$ (47,527)</u>	<u>\$ (1,378)</u>	<u>\$ 4,051,370</u>

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	<u>4,787,425</u>	<u>184,937</u>	<u>(42,563)</u>	<u>4,929,799</u>
Total property and equipment	<u>11,606,074</u>	<u>395,287</u>	<u>(42,563)</u>	<u>11,958,798</u>
Accumulated depreciation				
Building	(3,389,299)	(205,640)	0	(3,594,939)
Equipment, furniture, fixtures	<u>(4,188,906)</u>	<u>(117,241)</u>	<u>42,563</u>	<u>(4,263,584)</u>
Total accumulated depreciation	<u>(7,578,205)</u>	<u>(322,881)</u>	<u>42,563</u>	<u>(7,858,523)</u>
Total property and equipment — net	<u>\$ 4,027,869</u>	<u>\$ 72,406</u>	<u>\$ 0</u>	<u>\$ 4,100,275</u>

6. 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

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

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

TRSL Contribution Rates

Fiscal Year 2015	Employee Normal Cost Rate	Employer		
		Normal Cost Rate	Shared UAL Rate	Total Contribution Rate
Regular Plan (K12)	8.0%	5.2545%	22.7%	28.0%
Regular Plan (Higher Ed)	8.0%	3.6658%	22.7%	26.4%
Lunch Plan A	9.1%	10.4157%	22.7%	33.1%
Lunch Plan B	5.0%	7.4148%	22.7%	30.1%

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

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

D. Deposits and 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 cash equivalents are collateralized by the pledge of government securities held by the agents in TRSL'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. It is TRSL's policy to contract with the custodian to provide safeguarding of deposits and securities. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. As of June 30, 2015 and 2014, TRSL had balances of \$39,736,585, and \$166,761,123 that were uninsured and uncollateralized, but were fully collateralized within two business days.

3. *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, 2015 was as follows:

Moody's Rating	Total	Domestic	International
A1	\$ 92,949,345	\$ 29,105,790	\$ 63,843,555
A2	105,207,070	31,724,750	73,482,320
A3	236,281,551	80,186,399	156,095,152
AA1	91,678,255	6,159,887	85,518,368
AA2	40,858,179	10,044,108	30,814,071
AA3	125,446,181	37,021,527	88,424,654
AAA	1,059,326,554	884,802,455	174,524,099
B1	65,629,806	53,177,519	12,452,287
B2	69,248,622	39,173,515	30,075,107
B3	52,089,858	34,733,928	17,355,930
BA1	125,483,454	29,831,054	95,652,400
BA2	65,777,147	34,975,196	30,801,951
BA3	59,203,194	43,786,069	15,417,125
BAA1	102,549,281	74,896,375	27,652,906
BAA2	297,549,174	45,081,829	252,467,345
BAA3	147,743,817	60,850,746	86,893,071
C	16,640	0	16,640
CA	2,259,551	2,259,551	0
CAA1	29,109,078	22,891,856	6,217,222
CAA2	23,422,605	20,170,906	3,251,699
CAA3	4,063,858	2,462,084	1,601,774
NR	456,342,207	228,857,490	227,484,717
WR	<u>13,304,221</u>	<u>3,463,669</u>	<u>9,840,552</u>
Total credit risk debt securities	\$ <u>3,265,539,648</u>	\$ <u>1,775,656,703</u>	\$ <u>1,489,882,945</u>

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	<u>6,840,769</u>	<u>3,642,537</u>	<u>3,198,232</u>
Total credit risk debt securities	<u>\$ 3,437,975,891</u>	<u>\$ 1,770,055,139</u>	<u>\$ 1,667,920,752</u>

4. 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, 2015, 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	\$ 924,009,187	\$ 11,992,528	\$ 203,902,396	\$ 237,584,607	\$ 470,529,656
Collateralized mortgage obligations	114,015,088	0	9,972,498	12,282,122	91,760,468
Corporate bonds	537,516,294	13,697,460	210,020,634	223,301,623	90,496,577
Other	216,049,741	909,360	79,018,197	69,783,933	66,338,251
Foreign corporate bonds	232,329,698	25,190,204	101,622,820	70,999,930	34,516,744
Foreign government bonds	830,235,756	15,826,884	188,175,988	379,400,756	246,832,128
Foreign treasuries	5,028,858	0	1,976,536	616,151	2,436,171
Foreign other	406,355,026	10,019,258	208,698,868	142,369,034	45,267,866
Short-term investments	<u>990,777,882</u>	<u>990,777,882</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$4,256,317,530</u>	<u>\$1,068,413,576</u>	<u>\$1,003,387,937</u>	<u>\$1,136,338,156</u>	<u>\$1,048,177,861</u>

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	<u>871,504,691</u>	<u>871,504,691</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$4,309,480,582</u>	<u>\$1,006,201,393</u>	<u>\$1,343,984,785</u>	<u>\$ 961,142,152</u>	<u>\$ 998,152,252</u>

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its respective benchmarks, i.e. the Barclays Capital Aggregate for domestic fixed income investments and CITI World Government Bond Index for international fixed income investments.

5. 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. The System's allocation plan adopted in the investment policy includes a maximum range of 40% for international equities and fixed income.

The System's exposure to foreign currency risk is \$3,574,527,462 at June 30, 2015 as follows:

Currency	%	Total	Bonds	Preferred Stocks	Stocks	Short-Term Investments	Private Equity
Australian Dollar	3.33%	\$ 118,913,318	\$ 56,182,768	\$ 0	\$ 62,172,338	\$ 558,212	\$ 0
Brazil Real	3.45%	123,405,150	83,304,071	10,677,155	28,893,420	530,504	0
Canadian Dollar	1.98%	70,615,582	16,277,505	0	53,783,011	555,066	0
Colombian Peso	0.38%	13,507,990	13,507,990	0	0	0	0
Czech Koruna	0.05%	1,749,260	0	0	1,639,075	110,185	0
Danish Krone	1.68%	59,899,704	25,923,584	0	33,973,833	2,287	0
Euro Currency Unit	35.22%	1,258,789,326	289,172,663	28,547,446	542,957,621	38,769,875	359,341,721
Hong Kong Dollar	5.15%	183,994,955	0	0	183,611,880	383,075	0
Hungarian Forint	1.16%	41,366,111	40,254,489	0	1,090,451	21,171	0
Indonesian Rupiah	1.23%	43,879,541	22,128,693	0	21,402,054	348,794	0
Israeli Shekel	0.15%	5,523,276	0	0	5,463,184	60,092	0
Japanese Yen	10.79%	385,613,863	54,169,999	0	321,041,456	10,402,408	0
Malaysian Ringgit	1.31%	46,977,540	34,667,413	0	12,097,762	212,365	0
Mexican New Peso	3.47%	124,159,077	112,026,069	0	12,231,372	-98,364	0
New Turkish Lira	0.84%	29,855,261	24,118,661	0	5,736,600	0	0
New Zealand Dollar	0.82%	29,202,453	23,031,600	0	6,172,756	-1,903	0
Nigerian Naira	0.03%	1,162,898	0	0	0	1,162,898	0
Norwegian Krone	0.70%	25,012,767	3,933,837	0	20,858,437	220,493	0
Philippines Peso	0.18%	6,593,912	6,573,151	0	0	20,761	0
Polish Zloty	1.15%	41,141,600	39,303,139	0	1,595,223	243,238	0
Pound Sterling	11.26%	402,416,556	39,989,426	0	358,453,333	3,973,797	0
Romanian Leu	0.08%	2,718,624	2,600,435	0	0	118,189	0
Russian Ruble (New)	0.39%	13,813,438	13,742,004	0	0	71,434	0
S African Comm Rand	3.38%	120,755,569	59,465,513	0	60,083,585	1,206,471	0
Singapore Dollar	1.48%	53,073,906	0	0	52,893,866	180,040	0
South Korean Won	1.95%	69,768,661	28,432,975	0	40,923,866	411,820	0
Swedish Krona	2.37%	84,811,181	3,757,720	0	80,865,227	188,234	0
Swiss Franc	4.91%	175,502,876	8,158,313	0	166,991,974	352,589	0
Thailand Baht	1.13%	<u>40,303,067</u>	<u>17,647,817</u>	<u>0</u>	<u>22,655,250</u>	<u>0</u>	<u>0</u>
Total	100.00%	<u>\$ 3,574,527,462</u>	<u>\$1,018,369,835</u>	<u>\$ 39,224,601</u>	<u>\$2,097,587,574</u>	<u>\$ 60,003,731</u>	<u>\$ 359,341,721</u>

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	\$ 49,017	\$ 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

E. Investments

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

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

The 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 2015.

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

Domestic Equity Managers:

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.
- 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 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:

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.
- 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 five% 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 un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- 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.

High Yield Fixed Income Investment Managers:

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.

Emerging Markets Debt Investment Managers:

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 JPMorgan GBI-EM Global Diversified Index.
- The duration of the fixed income portfolio may range from two years of the duration of the JPMorgan GBI-EM Global Diversified Index.
- Fixed income holdings in a single company should be limited to 3% of the manager's portfolio measured at 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 un-hedged

basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.

- Emerging markets debt portfolio(s) may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:

- » To adjust dollar-weighted duration and term structure of the portfolio
- » To protect against the downside on credit defaults
- » To dampen volatility
- » To create synthetic exposures not otherwise prohibited by these guidelines
- » To take advantage of periodic pricing anomalies

- Long futures and swaps contracts must be fully backed with cash, cash equivalents, offsetting derivative contracts, or other liquid holdings.

Emerging Markets Equities Managers:

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.

Alternative Assets Investment Managers:

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

Opportunistic: NCREIF Property Index +200 basis points

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

Core Real Estate:

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

Opportunistic Real Estate:

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

Alternative Investments

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 totaled \$4.4 billion for June 30, 2015, and \$4.3 billion for June 30, 2014. The table below shows the cumulative commitments and cumulative cash flow totals since inception for the last two years.

TRSL Alternative Assets (in billions)

Total	June 30, 2015	June 30, 2014
Active commitments	\$ 13.6	\$ 12.1
Calls for funding	10.2	9.4
Unfunded commitments	3.5	3.0
Distributions	9.6	8.7

Target Asset Allocation

The following schedule shows the System's asset allocation policy as of June 30, 2015 and June 30, 2014:

Asset Class	Target Allocation 2015	Target Allocation 2014
Domestic equity	31.0%	31.0%
International equity	19.0%	19.0%
Domestic fixed income	4.0%	4.0%
International fixed income	7.0%	7.0%
Alternatives*	29.0%	29.0%
Total fund	100.0%	100.0%

*Alternatives include private equity, private debt, infrastructure, commodities, and real estate.

Money-Weighted Rate of Return

For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 2.71% and 19.46% respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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 System's securities for cash collateral of 100% or other securities collateral of 102%. The System's global managers lend the System's securities for cash collateral or other securities collateral of 105%. Securities 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, 2015 and 2014:

Security Type	Fair Value of Securities on Loan 2015	Fair Value of Collateral Held 2015	Fair Value of Securities on Loan 2014	Fair Value of Collateral Held 2014
U.S. government & agency	\$ 321,663,114	\$ 329,711,234	\$ 369,460,895	\$ 377,370,486
U.S. fixed income	152,218,313	156,251,979	193,959,246	198,669,052
U.S. equity	2,396,427,219	2,511,349,540	1,422,633,446	1,459,496,442
International fixed income	39,277,457	40,930,676	69,154,825	71,247,887
International equity	349,482,854	396,910,248	130,824,729	150,442,863
Total	\$ 3,259,068,957	\$ 3,435,153,677	\$ 2,186,033,141	\$ 2,257,226,730

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, 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, 2015, 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 D. Deposits and Risk Disclosures.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015 and 2014 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, 2015		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives:	Net app/(depr) in fair value of domestic	\$1,367,469	Other Receivables	\$424,180	\$175,671,375
Futures based overlay program					
Short sales & written options	Alternative investment income	\$65,359,145	Alternative investments	(\$58,414,575)	n/a

	Changes in Fair Value		Fair Value at June 30, 2014		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives:	Net app/(depr) in fair value of domestic	(\$4,631,704)	Other Receivables	(\$943,288)	(\$2,315,875)
Futures based overlay program					
Short sales & written options	Alternative investment income	(\$106,797,413)	Alternative investments	(\$123,773,720)	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. System management, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

I. **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 25.0% 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 assign 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. Louisiana Revised Statutes 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 July 1, 2015 and January 1, 2014 are shown in the table below:

	July 1, 2015		January 1, 2014	
	PPO	HMO	PPO	HMO
Active				
<i>Single</i>	\$ 653.38	\$ 555.98	\$ 565.72	\$ 534.48
<i>With spouse</i>	1,387.88	1,180.98		
Retired without Medicare			1,052.52	997.52
<i>Single</i>	1,215.66	1,034.42	1,858.56	1,761.32
<i>With spouse</i>	2,146.62	1,826.58		
Retired with 1 Medicare			342.28	330.00
<i>Single</i>	395.34	336.39	1,264.60	1,206.08
Retired with 2 Medicare				
<i>With spouse</i>	710.60	604.66	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 2015 and 2014 monthly premium rates for the Medicare Advantage Plans are:

	2015		2014	
	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Peoples Health HMO	\$ 242.00	\$ 484.00	\$ 251.00	\$ 502.00
Vantage HMO	195.00	390.00	150.62	301.22
MHHMO (Vantage Medical Home)	346.50	621.14	—	—

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 28.7% 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 years 2015 and 2014 and the amounts actually contributed to the plan.

	2015	2014
Annual required contribution (ARC)	\$ 1,335,000	\$ 1,492,800
Interest on net OPEB obligation	445,300	404,600
Adjustment to ARC	425,400	(386,500)
Annual OPEB cost expense	2,205,700	1,510,900
Less contributions made	(519,864)	(463,068)
Increase in net OPEB obligation	1,685,836	1,047,832
Net OPEB obligation – beginning of year	11,150,229	10,102,397
Net OPEB obligation – end of year	12,836,065	11,150,229

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 1,422,000	31.49%	\$ 10,102,397
6/30/14	1,510,900	30.65%	11,150,229
6/30/15	2,205,700	23.14%	12,836,065

Funded Status and Funding Progress. The funding status of the plan as of June 30, 2015 and June 30, 2014 was as follows:

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]
7/1/14	\$ -	\$ 20,458.6	\$ 20,458.6	0.0%	\$ 6,422.6	318.54%
7/1/15	\$ -	\$ 18,395.2	\$ 18,395.2	0.0%	\$ 4,651.6	395.46%

*Dollar Amounts in Thousands

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

Actuarial Methods and Assumptions

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

In the July 1, 2014 actuarial valuation, a projected unit credit cost method was used. The valuation results were developed assuming a discount rate of 4.0%.

The healthcare cost trend assumption is used to project the cost of health care to future years. The valuation uses a healthcare cost trend rate assumption of 8.0% (7.0% post Medicare) in the year July 1, 2014 to June 30, 2015, grading down by 0.5% each year until an ultimate healthcare cost trend rate of 4.5% is reached.

The valuation utilized participant data supplied by OGB, the State Payroll System, and the various state retirement systems. Projected claim costs were determined by combining trended claims data, actual capitation rates, and actual vendor fees. A few assumptions that were updated include (1) using the RP2014 mortality tables recently released by the Society of Actuaries (SOA), (2) the most recent pension valuation for assumptions such as retirement and termination, and (3) a different age graded claim curve (now using HCA's proprietary claim curve) and updated per capita health claim costs based on the State's most recent claims and enrollment experience.

J. Defined Benefit Pension Plan:

Plan Description

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

Benefits Provided

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

Retirement

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

2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

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

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to

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

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

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the LASERS' realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account.

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

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with

an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than LASER's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004 are required to enter the SDP as described above.

Disability Benefits

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

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

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving

spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 and 8.0% of their annual covered salaries if hired after July 1, 2006, and the System is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal year ended June 30, 2015 was 37.0% of annual covered payroll. The System's contribution to LASERS for the year ended June 30, 2015 was \$1,660,791.

Pensions—Significant Accounting Policy

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the System reported a liability of \$14,951,289 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2014, the System's proportion was 0.23911%, which was an increase of 0.04% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the System recognized pension expense of \$2,078,530. At June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 266,414
Net difference between projected and actual earnings on pension plan investments	—	1,891,481
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,919,887	86,501
Employer contributions subsequent to the measurement date	<u>1,660,791</u>	<u>—</u>
Total	<u>\$ 3,580,678</u>	<u>\$ 2,244,396</u>

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$1,660,791 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended June 30:	
2016	\$ 310,617
2017	310,615
2018	(472,870)
2019	(472,870)
2020	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. The significant methods and assumptions used in calculating the actuarially determined contributions are as follows:

Inflation	3.0%
Salary Increases	3.0% - 14.5%, including inflation, varies by plan and length of service
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. RP-2000 Disabled Retiree Table, with no projection for mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 and ending June 30, 2013.

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Cash	0%	0.50%
Domestic equity	27%	4.69%
International equity	30%	5.83%
Domestic Fixed Income	11%	2.34%
International Fixed Income	2%	4.00%
Alternative Investments	23%	8.09%
Global Tactical Asset Allocation	7%	3.42%
Total	100%	

Discount Rate

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 employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the System's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.75%, or one percentage-point higher, 8.75%, than the current rate:

	1.0% Decrease 6.75%	Current Discount Rate 7.75%	1.0% Increase 8.75%
Proportionate share of the net pension liability	<u>\$ 19,176,240</u>	<u>\$ 14,951,289</u>	<u>\$ 11,370,041</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana State Employees' Retirement System 2014 Comprehensive Annual Financial Report at www.la-sersonline.org.

Payables to the Pension Plan

As of June 30, 2015, TRSL reported a payable of \$40,313 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

K. Change in Accounting Principle

The System adopted the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* during the fiscal year ending June 30, 2015. The adoption of this statement required the System to record a beginning net pension liability and the effects on net position of the contributions made by the System during the measurement period (fiscal year ending June 30, 2014). As a result, beginning net position decreased by \$13,197,268 for the earliest year presented. The change in accounting principle consisted of the System's proportionate share of the collective net pension liability as of the beginning of the initial period of implementation of \$14,538,436 and was offset by deferred outflows of resources for contributions to the pension plan made between the measurement date of the beginning net pension liability and the beginning of the System's fiscal year of \$1,341,168. The System did not restate beginning balances relating to all other deferred inflows of resources or deferred outflows of resources related to pensions as it was not practical to determine these amounts.

L. Reclassification

Certain amounts in 2014 have been reclassified to conform to the current year presentation.

M. Subsequent Events

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 30, 2015, which is the date the financial statements were available to be issued. The investment market declined after year end, resulting in an overall decrease in the System's investment values during the next fiscal year.

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*PHOTO BY GERMAINE COMEAUX
Retired Gifted Teacher
Iberia Parish*

Schedules of Changes in Employers' Net Pension Liability

	2015	2014
Total pension liability		
Service cost	\$ 459,658,120	\$ 462,730,192
Interest	2,137,096,756	2,086,494,384
Changes of benefit terms	0	200,806,602
Differences between expected and actual experience	(62,489,198)	(122,326,978)
Changes of assumptions	0	0
Retirement benefits	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	<u>(52,402,762)</u>	<u>(58,777,337)</u>
Net change in total pension liability	526,760,334	691,812,960
Total pension liability - beginning	<u>28,119,536,563</u>	<u>27,427,723,603</u>
Total pension liability - ending (a)	<u>\$ 28,646,296,897</u>	<u>\$ 28,119,536,563</u>
Plan fiduciary net position		
Employer contributions ¹	1,217,466,676	1,176,569,685
Non-Employer Contributions	37,425,629	35,927,881
Employee contributions	324,920,644	326,007,091
Net investment income ¹	443,034,317	2,815,090,995
Other income	13,866,589	7,880,853
Retirement benefits ¹	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	(52,402,762)	(58,777,337)
Administrative expense	(18,023,794)	(15,026,969)
Other post-employment benefit expenses	(1,685,836)	(1,047,832)
Depreciation and amortization expenses	(384,426)	(322,881)
Accounting Principle Change	<u>(13,197,268)</u>	<u>0</u>
Net change in plan fiduciary net position	(4,082,813)	2,409,187,583
Plan fiduciary net position - beginning	<u>17,898,102,401</u>	<u>15,488,914,818</u>
Plan fiduciary net position - ending (b)^{1,2}	<u>\$ 17,894,019,588</u>	<u>\$ 17,898,102,401</u>
Net pension liability - ending (a) - (b)	<u>\$ 10,752,277,309</u>	<u>\$ 10,221,434,162</u>
Plan fiduciary net position as a percentage of the total pension liability	62.5%	63.7%
Covered employee payroll	\$ 3,815,648,662	\$ 3,764,954,727
Net pension liability as a percentage of covered employee payroll	281.8%	271.5%

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

²Market value of assets

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

Schedules of Employers' Net Pension Liability

	June 30, 2015	June 30, 2014	June 30, 2013
Total pension liability	\$ 28,646,296,897	\$ 28,119,536,563	\$ 27,427,723,603
Plan fiduciary net position ¹	\$ 17,894,019,588	\$ 17,898,102,401	\$ 15,488,914,818
Employers' net pension liability	\$ 10,752,277,309	\$ 10,221,434,162	\$ 11,938,808,785
Plan fiduciary net position as a percentage of total pension liability	62.5%	63.7%	56.5%
Covered employee payroll	\$ 3,815,648,662	\$ 3,764,954,727	\$ 3,726,325,750
Net pension liability as a percentage of covered payroll	281.8%	271.5%	320.4%

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

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

Schedules of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Contributions in Relation to Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
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%
2015	1,212,285,929	1,303,570,582	(91,284,653)	3,815,648,662	34.2%

Schedules of Investment Returns

	2015	2014
Annual money-weighted rate of return, net of investment expense	2.71%	19.46%

Schedule is intended to show information for 10 years. Additional years will be presented 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]
7/1/12	0	\$ 19,227.7	\$ 19,227.7	0.00%	\$ 6,286.0	305.88%
7/1/13	0	20,458.6	20,458.6	0.00%	6,422.6	318.54%
7/1/14	0	18,395.2	18,395.2	0.00%	4,651.6	395.46%

NOTE: Information on the table above from 2012-2013 was prepared for the Louisiana Office of Group Benefits by Buck Consultants, LLC. Information on the table above from 2014 was prepared for the Louisiana Office of Group Benefits by Arthur J. Gallagher & Co.

Schedule of TRSL's Proportionate Share of the Net Pension Liability in LASERS for the Year Ended June 30, 2015

	2015
TRSL's proportion of the net pension liability	0.23911%
TRSL's proportionate share of the net pension liability	\$ 14,951,289
TRSL's covered - employee payroll	\$ 4,243,320
TRSL's proportionate share of the net pension liability as a percentage of its covered - employee payroll	352.35
Plan fiduciary net position as a percentage of the total pension liability	65.0%

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

Schedule of TRSL's Contributions to LASERS for the Year Ended June 30, 2015

	2015
Statutorily Required Contribution	\$ 1,656,300
Contributions in relation to the statutorily required contribution	<u>1,660,791</u>
Contribution deficiency (excess)	<u>\$ (4,491)</u>
TRSL's covered - employee payroll	\$ 4,476,486
Contributions as a percentage of covered - employee payroll	37.10%

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

Notes to Required Supplementary Information

A. Schedules of Changes in Employers' Net Pension Liability

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

B. Schedules of Employers' Net Pension Liability

The schedule of employers' net pension liability shows the percentage of TRSL employers' net pension liability as a percentage of covered employee payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through TRSL. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan.

C. Schedules of Employer Contributions

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

D. Schedules of Investment Returns

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

E. Actuarial Assumptions for Net Pension Liability

Actuarial cost method:	Entry age normal
Amortization approach:	Closed
Actuarial assumptions:	
Expected remaining Service Lives:	5 years
Investment rate of return:	7.75% net of investment expenses
Inflation rate:	2.5% per annum
Projected salary increases:	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments:	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.

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

This schedule shows TRSL actuarial accrued liability (AAL) to its retired employees participating in the Office of Group Benefits (OGB) post-employment healthcare plan. The plan is funded on a “pay-as-you-go” basis. Therefore, the ratio of AAL to unfunded AAL (UAAL) is 0.0%. The schedule also represents the percentage of UAAL to covered payroll.

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

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

H. Schedule of TRSL's Contributions to LASERS

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

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PHOTO BY MARY DENMAN
Retirement Specialist
Bossier Parish School Board

Schedules of Administrative Expenses for the Years Ended June 30, 2015 and 2014

	2015	2014
Administrative Expenses:		
Salaries and related benefits	\$ 12,703,172	\$ 11,917,191
Travel expenses	88,310	90,892
Operating expenses	2,030,027	2,051,742
Professional services	717,223	729,355
Other charges & interagency transfers	64,831	51,680
Acquisitions	316,656	186,109
Pension- LASERS members	(1,660,791)	n/a
Total administrative expenses	<u>\$ 14,259,428</u>	<u>\$ 15,026,969</u>

Schedules of Investment Expenses for the Years Ended June 30, 2015 and 2014

	2015	2014
Investment activities expenses:		
International investment expenses	\$ 4,872,981	\$ 4,647,399
Alternative investment expenses*	29,909,047	43,203,313
Investment administrative expenses**	1,599,337	1,455,635
Custodian fees	330,942	443,848
Performance consultant fees	850,105	813,882
Advisor fees	<u>36,705,991</u>	<u>35,729,758</u>
Total investment activities expenses	<u>74,268,403</u>	<u>86,293,835</u>
Securities lending activities expenses:		
Fixed	1,642,524	1,221,549
Equity	(400,449)	(839,129)
International	<u>(908,963)</u>	<u>(1,424,669)</u>
Total securities lending activities expenses	<u>\$ 333,112</u>	<u>\$ (1,042,249)</u>

*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, and is no longer included in general administrative expenses.

Schedules of Board Compensation for the Years Ended June 30, 2015 and 2014

Board of Trustees	2015		2014	
	Number of Meetings	Amount	Number of Meetings	Amount
Sheryl R. Abshire, Ph.D.	13	\$ 975	10	\$ 750
Anne H. Baker (term ended 12/31/13) replaced by Jerry J. Baudin, Ph.D.	—	—	12	900
William C. Baker, Ed.D. (term ended 12/31/14) replaced by James A. Taylor, Sr., J.D., Ph.D.	10	750	24	1,800
Jerry J. Baudin, Ph.D.	22	1,650	12	900
Kimberly Flair	12	900	—	—
Joyce P. Haynes	19	1,425	22	1,650
Robert Lawyer	20	1,500	24	1,800
Holly B. Gildig	21	1,575	23	1,725
Kathy Hattaway	20	1,500	22	1,650
David A. Hennigan	22	1,650	20	1,500
Alonzo R. "Lonnie" Luce, Ph.D.	16	1,200	19	1,425
John G. Parauka	19	1,425	20	1,500
Joe A. Potts, Jr. (term ended 12/31/14) re- placed by Kimberly Flair	10	750	19	1,425
Carlos J. Sam (term ended 6/30/15)	16	1,200	24	1,800
James A. Taylor, Sr., J.D., Ph.D.	11	<u>825</u>	—	<u>—</u>
Total compensation		<u>\$17,325</u>		<u>\$18,825</u>

**Schedules of Payments to Non-Investment Related Consultants and Vendors
for the Years Ended June 30, 2015 and 2014**

		2015	2014
Actuaries & consultants		\$ 244,520	\$ 209,920
	Foster & Foster Actuaries & Consultants		
	Hall Actuarial Associates		
Auditor/accountant		72,925	47,346
	Hawthorn, Waymouth & Carroll, L.L.P.		
	Postlethwaite & Netterville		
	Duplantier, Hrapmann, Hogan & Maher, L.L.P.		
Information technology and other consultants		237,417	252,907
	Bayou Internet, Inc.		
	Bowen ECM Solutions, L.L.C.		
	CEM Benchmarking, Inc.		
	Investor Responsibility Support Services, Inc.		
	Modiphy, Inc.		
	Pro Source Technical Services, L.L.C.		
	RMJ Consulting		
	Scope Solutions Group, Inc.		
	Sign Language Services International		
	Southwest Computer Bureau, Inc.		
	VR Election Services		
	Other		
Legal		68,961	117,582
	Avant & Falcon		
	Ice Miller, L.L.P.		
	Klausner, Kaufman, Jensen & Levinson		
	Other		
Medical			
	Examiners	<u>93,400</u>	<u>101,600</u>
Total		<u>\$ 717,223</u>	<u>\$ 729,355</u>

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Investment Section

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*PHOTO BY MELANIE DEVILLE
Administrative Assistant
TRSL*





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 Post Office Box 94123
 Baton Rouge LA 70804-9123

September 17, 2015

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 3.1 percent return on investments (gross of fees) for the fiscal year ended June 30, 2015. Real estate was the main driver with a 15.2 percent return of investment. Over the past five years, the System has sustained annualized returns of 12.3 percent, ranking it in the sixth percentile among other public plans with assets greater than \$1 billion, according to the Wilshire Trust Universe Comparison Service (TUCS).

Capital markets trudged along during the fiscal year as the Federal Reserve signaled it would start taking the first steps toward interest rate normalization. With the U.S. unemployment rate dropping to 5.4 percent and a surge in the consumer confidence index, economic data supported the belief that the U.S. economy was progressing at a steady pace. In fact, U.S. equity markets paced capital market gains during the year as equities continued to benefit from the existing low interest rate environment. For the fiscal year, the U.S. equity and fixed income markets returned 7.3 percent and 1.9 percent, respectively, as measured by the Russell 3000 Index and Barclays Capital Aggregate Bond Index.

Outside the U.S., economic growth continued to elude developed and emerging economies as deflationary pressures and currency volatility, brought on by a strong U.S. dollar, resulted in unprecedented monetary policy responses. The European Central Bank (ECB) indicated it would expand the ECB balance sheet by as much as 1 trillion euros with combined monthly purchases totaling 60 billion euros in public and private debt. The Bank of Japan (BOJ) also embraced monetary intervention by increasing its balance sheet of government bonds by \$723 billion. And, in an attempt to stymie slowing economic trends, China cut its benchmark interest rates for the first time since 2012. These dovish monetary actions, however, could not overcome the pressures imposed by the 19.69 percent rally in the U.S. dollar as reflected in the returns of international equity and fixed income markets.

The international equity markets, as measured by the MSCI EAFE Index, returned -4.2 percent and global fixed income at -7.1 percent as measured by the Barclays Capital Global Aggregate Index.

The System's public market assets generated returns in excess of its corresponding benchmark by 28 basis points, returning 1.5 percent versus 1.2 percent. Active management within domestic and international equities contributed to this public market out performance.

Private asset allocations also contributed positive absolute returns for the fiscal year. Core and opportunistic real estate led the alternative asset class, returning 14.4 percent and 16.0 percent followed by mezzanine and venture capital at 10.9 percent each.

Long term, the System's investment returns continue to outpace peer returns, placing in the top (best) 23 percent of public pension funds with assets greater than \$1 billion for the 10-year period according to TUCS.

Sincerely,

Philip M. Griffith, CFA, CAIA
 Chief Investment Officer

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

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

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:

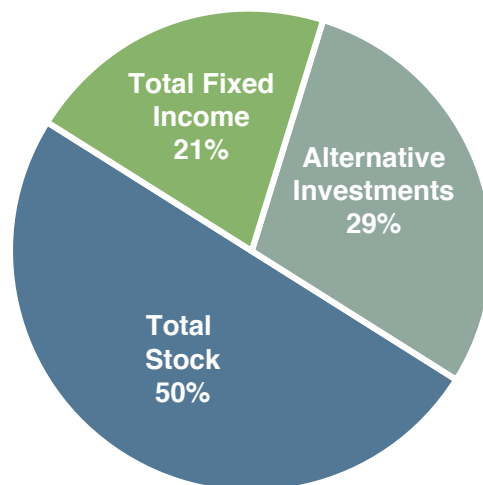
Asset Class	Minimum	Target	Maximum
Large/mid cap U.S. equity	19%	24%	29%
Small cap U.S. equity	4%	7%	10%
International equity (developed)	7%	11%	15%
Emerging markets equity	4%	8%	12%
Core U.S. fixed income*	6%	12%	18%
High yield bonds	0%	2%	4%
Non U.S. developed bond	0%	4%	7%
Emerging market bonds	0%	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. 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 (CIO) administers the investment program of the System. The duties of the CIO include:

- Responsible for all functions of the System's investment department.
- Oversee all System investments and investment managers.
- Meet with the Investment Committee/Board to review investments and policies.
- Monitor existing limited partnerships and review future partnerships.
- Monitor investment portfolios to ensure they are within the Policy established by the Board.
- Research new investment vehicles and present viable investments to the Board for possible inclusion to the Policy.

- Consider newly established asset categories, market conditions and transaction costs when determining the most cost-effective process to re-balance the portfolio.
- Responsible for effectively implementing the Policy.
- Implement asset allocation shifts to maintain portfolio allocations within approved Policy ranges.
- Direct the activities of the System's consultants for the best interest of the System and to leverage the activities of the Staff.
- Make recommendations concerning the hiring/terminating of investment managers/advisors/consultants.
- Represent the System at limited partnership meetings and Advisory Committee meetings, or delegate such duties to Staff or other agent(s) as necessary and appropriate.
- Assist the Director with legislative issues.
- During exigent circumstances, after consultation with and the concurrence of the Director, if practicable, and the Chairperson of the Investment Committee and/or the Chairperson of the Board, take such actions necessary to preserve and protect the assets and interests of the System.

Investment Consultant:

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

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

Investment Managers:

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

- Investing the assets of the Plan with the care, skill, prudence, and diligence that a prudent professional investment manager, familiar with such matters and acting in like capacity, would use in the investment of such assets.

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

Custodian Bank:

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

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

- Providing safekeeping of securities, collecting dividends and interest earned, making disbursements and receiving cash flows as directed, and providing an annual 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, 2015 and 2014

	June 30, 2015		June 30, 2014	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds:				
U.S. treasury & government agency securities	\$ 924,009,187	5.272%	\$ 647,093,919	3.695%
Corporate bonds	537,516,295	3.068%	977,906,555	5.585%
Miscellaneous bonds	<u>314,131,221</u>	1.793%	<u>145,054,665</u>	0.828%
Total domestic bonds	<u>1,775,656,703</u>	10.133%	<u>1,770,055,139</u>	10.108%
International bonds	<u>1,489,882,945</u>	8.503%	<u>1,667,920,752</u>	9.524%
Domestic stocks:				
Common	5,464,671,462	31.186%	5,185,832,450	29.612%
Preferred	<u>13,890,150</u>	0.079%	<u>16,024,487</u>	0.092%
Total domestic stocks	<u>5,478,561,612</u>	31.265%	<u>5,201,856,937</u>	29.703%
International stocks:				
Common	3,380,786,756	19.294%	3,638,626,417	20.777%
Preferred	<u>48,807,730</u>	0.279%	<u>49,742,990</u>	0.284%
Total international stocks	<u>3,429,594,486</u>	19.573%	<u>3,688,369,407</u>	21.061%
Domestic and international short-term investments	<u>990,777,882</u>	5.654%	<u>871,504,691</u>	4.976%
Alternative assets and real estate:				
Private equity investments	2,485,389,167	14.184%	2,545,989,890	14.538%
Real estate investments	1,418,418,380	8.095%	1,381,741,974	7.890%
Mezzanine financing instruments	454,277,090	2.593%	385,218,958	2.200%
Total alternative assets and real estate	<u>4,358,084,637</u>	24.872%	<u>4,312,950,822</u>	24.628%
Total investments	<u>\$ 17,522,558,265</u>	100.000%	<u>\$ 17,512,657,748</u>	100.000%

List of Largest Assets Held

Largest Equity Holdings		
Shares	Stock Description	Fair Value
856,682	Apple Inc	\$ 107,449,339
288,564	Baidu Inc	57,447,321
105,407	Google Inc	55,880,352
1,586,958	Pfizer Inc	53,210,702
2,554,335	Tencent Holdings Ltd	50,971,051
108,988	Amazon.com Inc	47,310,601
549,520	Facebook Inc	47,129,583
663,954	Visa Inc	44,584,511
937,060	Verizon Communications Inc	43,676,367
1,522,059	CISCO Systems Inc	41,795,740
Largest Debt Holdings		
Par Value	Bond Description	Fair Value
186,303,000	U.S. Treasury Note	\$ 189,318,754
128,966,000	U.S. Treasury Bond	129,980,343
1,510,776,600	Mexican Bonos	108,737,452
121,974,000	U.S. Treasury Bd CPN Strip	100,995,388
254,141,500	Brazil Notas Do Tesouro Nacion	76,146,386
60,732,579	U.S. Treas-CPI Inflat	60,449,772
802,998,000	South Africa Government Bond	59,465,513
52,140,000	Commit To Pur Fnma Sf Mtg	54,225,047
5,210,000,000	Japan Government Twenty Year B	45,129,125
9,814,240,000	Hungary Government Bond	40,254,489
Largest Alternative Assets and Real Estate Holdings		
Description	Fair Value	
JP Morgan Investment Management	\$ 374,500,636	
Prudential Real Estate Investors	196,164,850	
Metlife Core Property Fund, L.P.	183,318,913	
Blackstone Energy Partners, L.P.	82,583,774	
Blackstone Real Estate Partners VI	80,337,997	
KKR 2006 LP	77,263,592	
Warburg Pincus Private Equity X	76,495,954	
ABRAAJ Separate Account 2014	72,493,700	
CVC European Equity Partners V	70,457,124	
TPG Growth II, L.P.	70,368,506	

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, 2015 and 2014

	2015		2014	
Earnings on investments:				
Net appreciation (depreciation) in domestic investments:				
Bonds	\$ (35,546,728)		\$ 66,591,676	
Short-term investments	3,163,119		(7,453,262)	
Common and preferred stocks	(80,256,614)		519,871,982	
Alternative investments	<u>(197,527,069)</u>	\$ (310,167,292)	<u>349,005,458</u>	\$ 928,015,854
Net appreciation (depreciation) in international investments:				
Bonds	(212,945,903)		116,498,856	
Common and preferred stocks	(320,029,334)		467,685,334	
Alternative investments	<u>45,796</u>	(532,929,441)	<u>808,284</u>	584,992,474
Domestic interest income:				
Bonds	62,011,415		61,865,744	
Short-term investments	<u>5,099,315</u>	67,110,730	<u>1,728,805</u>	63,594,549
International interest income:				
Bonds	72,674,730		69,108,151	
Short-term investments	<u>697,060</u>	73,371,790	<u>976,359</u>	70,084,510
Domestic common and preferred dividends		84,765,718		81,401,526
International common and preferred dividends		89,591,259		94,801,741
Securities lending income:				
Fixed	1,564,533		1,006,672	
Equity	6,511,992		4,153,331	
International	<u>1,068,143</u>	9,144,668	<u>655,039</u>	5,815,042
Gain (loss) on sale of domestic securities, net:				
Bonds	5,629,431		(1,406,693)	
Short-term investments	2,386		2,636,493	
Common and preferred stocks	390,606,390		475,689,399	
Alternative investments	<u>394,915,565</u>	791,153,772	<u>370,714,273</u>	847,633,472
Gain (loss) on sale of international securities, net:				
Bonds	28,070,546		1,202,935	
Short-term investments	85,685		452,144	
International Exchange Contract	63,028		(65,089)	
Common and preferred stocks	215,485,413		204,714,912	
Alternative investments	<u>119,311,928</u>	363,016,600	<u>34,601,154</u>	240,906,056
Gain (loss) on international exchange transactions, net		(117,092,069)		(16,902,643)
Gross earnings		<u>517,965,735</u>		<u>2,900,342,581</u>
Charges against earnings:				
Securities lending expenses:				
Fixed	1,642,524		1,221,549	
Equity	(400,449)		(839,129)	
International	<u>(908,963)</u>	333,112	<u>(1,424,669)</u>	(1,042,249)
International tax expense		4,872,981		4,647,399
Alternative investments expense		29,909,047		43,203,313
Investments administrative expense		1,599,337		1,455,635
Custodian fees		330,942		443,848
Performance consultant fees		850,105		813,882
Advisors fees		<u>36,705,991</u>		<u>35,729,758</u>
Total charges		<u>74,601,515</u>		<u>85,251,586</u>
Net income on investments		<u>\$ 443,364,220</u>		<u>\$2,815,090,995</u>

Investment Performance Measurements¹ – Year Ended June 30, 2015

	Rate of Return ¹	Percentile ²
Comparative rates of return on total fund		
Teachers' Retirement System of Louisiana	3.1%	53
<u>Comparison Index:</u>		
Median Return for Public Funds Greater than \$1.0 billion	3.2%	50
Comparative rates of return on domestic equities		
Teachers' Retirement System of Louisiana	7.7%	32
<u>Comparison Indices:</u>		
Median Return for U.S. Equity of Public Funds Greater than \$1.0 billion	7.2%	50
Russell 3000 Index	7.3%	46
Comparative rates of return on domestic bonds		
Teachers' Retirement System of Louisiana	1.8%	46
<u>Comparison Indices:</u>		
Median Return for U.S. Fixed Income of Public Funds Greater than \$1.0 billion	1.6%	50
Barclays Capital Aggregate Bond Index	1.9%	43
Comparative rates of return on international equities		
Teachers' Retirement System of Louisiana	(2.7%)	50
<u>Comparison Indices:</u>		
Median Return for Non-U.S. Equity of Public Funds Greater than \$1.0 billion	(2.7%)	50
MSCI EAFE Net Dividend Index	(4.2%)	86
Comparative rates of return on global bonds		
Teachers' Retirement System of Louisiana	(5.4%)	n/a
<u>Comparison Indices:</u>		
Median Return for Global Bonds of Public Funds Greater than \$1.0 billion ³	n/a	n/a
Barclays Capital Global Aggregate Bond Index	(7.1%)	n/a
Comparative rates of return on alternative assets and real estate		
Teachers' Retirement System of Louisiana	7.2%	n/a
<u>Comparison Indices:</u>		
Median Return for Alternative Assets and Real Estate ⁴	n/a	n/a
TRSL Private Asset Benchmark	6.4%	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, 2015	3.1%	54
Three-year period ended June 30, 2015	12.1%	10
Five-year period ended June 30, 2015	12.3%	6
Seven-year period ended June 30, 2015	6.6%	50
Ten-year period ended June 30, 2015	7.4%	23
Fifteen-year period ended June 30, 2015	6.1%	37

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

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

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

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

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

Rates of Return¹

	Annual Years Ended June 30					Annualized	
	2015	2014	2013	2012	2011	3 Yrs	5 Yrs
Total fund							
Teachers' Retirement System of Louisiana	3.1%	19.9%	13.9%	0.1%	26.8%	12.1%	12.3%
Median Large Fund Returns ²	3.2%	17.1%	12.3%	1.1%	21.5%	10.5%	10.8%
Inflation (U.S. Consumer Price Index)	0.1%	2.1%	1.8%	1.7%	3.6%	1.3%	1.8%
Domestic equities							
Teachers' Retirement System of Louisiana	7.7%	25.7%	22.6%	0.4%	34.0%	18.4%	17.4%
Median Return for U.S. Equity Segment ²	7.2%	25.3%	22.1%	2.3%	33.3%	17.5%	17.5%
Russell 3000 Index	7.3%	25.2%	21.5%	3.8%	32.4%	17.7%	17.5%
Domestic bonds							
Teachers' Retirement System of Louisiana	1.8%	5.7%	1.2%	7.3%	5.6%	2.9%	4.3%
Median Bond Return for U.S. Bonds Segment ²	1.6%	6.2%	1.1%	8.0%	6.4%	2.9%	4.9%
Barclays Capital Aggregate Bond Index	1.9%	4.4%	(0.7%)	7.5%	3.9%	1.8%	3.4%
International equities							
Teachers' Retirement System of Louisiana	(2.7%)	22.7%	15.4%	(10.0%)	33.1%	11.3%	10.5%
Median Return for Non-U.S. Equity Segment ²	(2.7%)	22.3%	16.3%	(12.7%)	30.7%	11.3%	9.6%
MSCI EAFE Net Dividend Index	(4.2%)	23.6%	18.6%	(13.8%)	30.4%	12.0%	9.5%
Global bonds							
Teachers' Retirement System of Louisiana	(5.4%)	8.5%	2.7%	7.3%	13.3%	1.8%	5.1%
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	(7.1%)	7.4%	(2.2%)	2.7%	10.5%	(0.8%)	2.1%
Alternative assets and real estate							
Teachers' Retirement System of Louisiana	7.2%	22.0%	13.3%	7.4%	21.8%	14.0%	14.2%
Median Return for Alternative Segment ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TRSL Private Asset Benchmark	6.4%	19.1%	15.9%	8.0%	19.3%	13.7%	13.7%

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

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

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

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

Summary Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2015

Brokerage Firm	Commissions	Shares Traded	Average Commission Per Share
JP Morgan Securities, Inc.	\$308,275	15,240,701	\$0.020
Goldman Sachs & Co.	255,653	12,297,034	0.021
Merrill Lynch Pierce Fenner	191,792	22,897,161	0.008
Morgan Stanley & Co. Inc.	185,018	24,262,286	0.008
Investment Technology Group	177,229	11,777,676	0.015
Baird, Robert W. & Co. Inc.	176,731	5,171,056	0.034
Barclays Capital	148,046	21,176,598	0.007
UBS Securities	136,576	28,338,102	0.005
Deutsche Bk. Secs, Inc.	117,786	4,870,950	0.024
Sidco/Convergex	112,439	3,212,539	0.035
BTIG, LLC.	102,788	4,554,599	0.023
Citigroup Global Markets, LTD.	99,959	11,224,461	0.009
Jefferies & Co. Inc.	94,502	11,777,853	0.008
Instinet Corp.	87,130	4,921,884	0.018
Stifel Nicolaus	78,053	2,265,955	0.034
Sisk Investment Co.	73,834	1,993,833	0.037
Liquidnet, Inc.	71,830	5,529,119	0.013
BNY Convergex	66,188	1,917,624	0.035
ISI Group, Inc.	47,120	1,360,013	0.035
Bernstein Sanford C & Co.	42,191	1,898,570	0.022
RBC Capital Markets, LLC.	36,246	1,184,525	0.031
Raymond James & Assoc. Inc.	34,745	1,002,654	0.035
HSBC Bank Plc.	31,797	7,189,252	0.004
State Street Brokerage Svcs.	25,217	2,136,833	0.012
Knight Direct, LLC.	24,892	622,309	0.040
Wells Fargo Securities, LLC.	22,386	712,938	0.031
Credit Suisse	21,896	2,956,347	0.007
Stephens, Inc.	20,935	588,158	0.036
Cowen and Company, LLC.	19,512	566,583	0.034
Keefe Bruyette and Woods	19,176	533,721	0.036
Cantor Fitzgerald & Co. Inc.	17,733	650,995	0.027
Williams Capital Group, LP.	16,906	1,127,029	0.015
Banco Santander	15,972	1,553,783	0.010
Credit Lyonnais Secs	15,145	3,331,523	0.005
Sanford C. Bernstein & Co. Inc.	14,156	521,534	0.027
Fidelity Cap Mkts	14,060	827,607	0.017
Suntrust Capital Markets, Inc.	13,600	415,226	0.033
Citation Group	13,016	469,487	0.028
Weeden & Co.	12,916	417,376	0.031
FBR Capital Markets & Co.	12,107	368,768	0.033
Exane	11,963	307,329	0.039
Cimb Securities (USA), Inc.	11,884	130,207	0.091
Leerink Swann & Co.	11,208	320,906	0.035
Mainfirst Bank Ag.	10,626	131,479	0.081
Strategas Securities, LLC.	10,060	251,490	0.040
Other commissions less than \$10,000	449,749	134,051,841	0.003
Total Commissions	\$ 3,481,041	359,057,914	\$ 0.010

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Actuarial Section

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PHOTO BY LINDA C. WILSON
Retired AP English Teacher
Ouachita Parish



October 2, 2015

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, 2015. 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, which requires the current normal cost, determined in accordance with the prescribed statutory funding method, to be fully funded, and requires the unfunded accrued liability as of June 30, 1988, to be fully liquidated by 2029 with subsequent changes in unfunded liabilities amortized as specified by statute.

The results of the current valuation indicate that the aggregate employer contribution rate payable for the plan year commencing July 1, 2015 should have been set at 25.8% of payroll. When compared to the 26.2% projected aggregate rate for this period, as set by the Public Retirement Systems' Actuarial Committee, the current rate reflects a decrease resulting primarily an investment experience gain, an increase in payroll, and a reduction in the amortization payment for contribution variances due to the pay-off of a prior schedule. The current contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

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, 2015, is \$17,685,960,345. After adjusting for the Employee Experience Account balance of \$226,356,559, and for the Louisiana State University Agriculture and Extension Service Supplement of \$2,360,090, the valuation assets used for funding purposes is \$17,457,243,696.

In performing the June 30, 2015 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Participant data was not audited but was reviewed for reasonableness and consistency relative to data used for prior year valuations. Plan assets were compared with information furnished for the prior year's valuation and reviewed for consistency.

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Board of Trustees
TRSL
October 2, 2015

The present values shown in the June 30, 2015, actuarial valuation and supporting statistical schedules of this certification, which comprise all the schedules of the Actuarial Section in the annual Financial Report, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title 11 Section 22(6) and assumptions which are appropriate for the purposes of this valuation. Valuation results presented in this report are based on the Entry Age Normal cost method funding method, as prescribed by state law.

There were no changes in actuarial assumptions or methods from the prior valuation. The actuarial assumptions and methods used are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 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

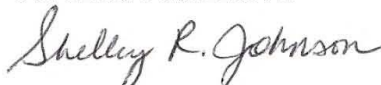
Financial Section

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

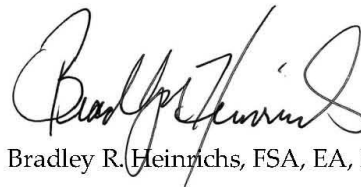
We certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices and the applicable actuarial standards of practice, are reasonable to meet the retirement System's funding objective, unless otherwise noted. Shelley is 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, ASA, MAAA



Bradley R. Heinrichs, FSA, EA, MAAA

Summary of Actuarial Assumptions

The following assumptions were adopted by the Board of Trustees of the Teachers' Retirement System of Louisiana (TRSL), effective June 30, 2013 based on the recommendations presented to the Board following the completion of the 2008-2012 actuarial experience study, unless otherwise noted.

I. General Actuarial Method

Actuarial Cost Method/Amortization of Changes in UAL:

The Entry Age Normal actuarial cost method is used to value plan normal cost and liabilities, as prescribed in Section 22 of Title 11 of the LA revised statutes.

The unfunded accrued liability on June 30, 1988 also referred to as the initial unfunded accrued liability, 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, but has subsequently been revised by Acts of the Louisiana Legislature as described below. Changes in unfunded accrued liabilities occurring after June 30, 1988 were originally amortized as a level dollar amount as follows:

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

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

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 five-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 30, 2014 were re-amortized on June 30, 2014 based on the discount rate of 7.75%.

Asset Valuation Method:

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

Valuation Data:

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

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.

Administrative Expenses:

Administrative expenses are not explicitly assumed but rather funded in accordance with R.S. 11:102, 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 thirty-year period. Per Actuarial Standard of Practice Statement 27, (paragraph 3.8.3.e.) the investment return assumption should be reduced to reflect investment and administrative expenses that are paid from plan assets and not otherwise recognized. The discount rate was developed with a margin of 10 basis points to account for these expenses, therefore these losses are expected to be offset by long-term investment earnings.

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, with projection for mortality improvement through 2025 using Scale AA, as supported by the most recent experience study. Mortality rates after disability continue to be based on the RP-2000 table for disabled lives.

Disability Retirement Recipient Assumption:

Rates of total and permanent disability retirement recipients were projected by age in accordance with the 2008-2012 disability retirement recipient 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 retirement recipients 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. 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.

Regular Teachers					Higher Education Teachers				
Age	<1 Year	1-2 Years	2-3 Years	4+ Years	Age	<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%

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%

Actuarial Valuation Balance Sheet June 30, 2015 and 2014

	2015	2014
Assets		
Present assets creditable to:		
Members' savings account	\$ 2,622,584,017	\$ 2,560,858,815
Annuity reserve account	<u>14,834,659,679</u>	<u>13,584,913,992</u>
Total present assets	17,457,243,696	16,145,772,807
Present value of prospective contributions payable to:		
Members' savings account	2,451,912,720	2,409,794,723
Annuity reserve account		
Normal cost	1,281,954,571	1,276,266,425
Accrued liability	<u>11,073,835,981</u>	<u>11,869,025,240</u>
Total prospective contributions	<u>14,807,703,272</u>	<u>15,555,086,388</u>
Total assets	<u>\$ 32,264,946,968</u>	<u>\$ 31,700,859,195</u>
Liabilities		
Present value of prospective benefits payable on account of:		
Current retiree members	\$ 20,070,352,647	\$ 19,609,814,948
Current active members	11,767,272,406	11,687,123,263
Deferred vested & reciprocal members	<u>427,321,915</u>	<u>403,920,983</u>
Total liabilities	<u>\$ 32,264,946,968</u>	<u>\$ 31,700,859,194</u>

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

Valuation Date	(1)	(2)	(3)	Actuarial Valuation Assets	Portion of Actuarial Accrued Liabilities Covered By Assets		
	Active Member Contribution	Retirees Term. Vested Inactive	Active Members Employer Fin. Portion		(1)	(2)	(3)
2006	\$ 1,912.0	\$ 13,430.0	\$ 4,048.8	\$ 13,088.4	100%	83%	0%
2007	\$ 1,984.1	\$ 14,397.9	\$ 4,390.3	\$ 14,812.7	100%	89%	0%
2008	\$ 2,100.9	\$ 15,378.1	\$ 4,611.5	\$ 15,507.8	100%	87%	0%
2009	\$ 2,227.5	\$ 15,823.1	\$ 4,788.8	\$ 13,500.8	100%	71%	0%
2010	\$ 2,340.7	\$ 16,504.0	\$ 4,830.1	\$ 12,868.5	100%	64%	0%
2011	\$ 2,432.6	\$ 16,998.8	\$ 4,665.4	\$ 13,286.3	100%	64%	0%
2012	\$ 2,487.8	\$ 17,510.4	\$ 4,541.9	\$ 13,584.4	100%	63%	0%
2013	\$ 2,518.0	\$ 19,074.2	\$ 4,425.5	\$ 14,669.2	100%	64%	0%
2014	\$ 2,560.9	\$ 20,013.7	\$ 5,544.9	\$ 16,145.8	100%	68%	0%
2015	\$ 2,622.6	\$ 20,498.0	\$ 5,525.7	\$ 17,457.2	100%	72%	0%

Summary of Actuarial and Unfunded Actuarial Liabilities (Dollar Amounts in Millions)

Valuation Date	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Ratio of Assets to AAL	Unfunded AAL	Active Member Payroll	Unfunded AAL as a Percent of Active Payroll
2006	\$ 19,390.8	\$ 13,088.4	67.5%	\$ 6,302.4	\$ 2,893.0	217.8%
2007	\$ 20,772.3	\$ 14,812.7	71.3%	\$ 5,959.6	\$ 3,224.6	184.8%
2008	\$ 22,090.5	\$ 15,507.8	70.2%	\$ 6,582.7	\$ 3,675.0	179.1%
2009	\$ 22,839.4	\$ 13,500.8	59.1%	\$ 9,338.6	\$ 3,912.3	238.7%
2010	\$ 23,674.8	\$ 12,868.5	54.4%	\$ 10,806.3	\$ 3,977.8	271.7%
2011	\$ 24,096.8	\$ 13,286.3	55.1%	\$ 10,810.5	\$ 3,902.6	277.0%
2012	\$ 24,540.1	\$ 13,584.4	55.4%	\$ 10,955.7	\$ 3,808.8	287.6%
2013	\$ 26,017.7	\$ 14,669.2	56.4%	\$ 11,348.5	\$ 3,726.3	304.6%
2014	\$ 28,119.5	\$ 16,145.8	57.4%	\$ 11,973.7	\$ 3,765.0	318.0%
2015	\$ 28,646.3	\$ 17,457.2	60.9%	\$ 11,189.1	\$ 3,815.6	293.2%

Reconciliation of Unfunded Actuarial Liabilities (Dollar Amounts in Thousands)

	Fiscal Year Ending			
	2015	2014	2013	2012
Unfunded actuarial liability at beginning of fiscal year (7/1)	\$ 11,973,764	\$ 11,348,553	\$ 10,955,671	\$ 10,810,459
Interest on unfunded liability	927,967	907,884	903,843	891,863
Investment experience (gains) decrease UAL	(539,621)	(694,333)	(639,474)	407,233
Plan experience (gains) decrease UAL	(37,106)	(162,365)	(54,510)	(322,081)
Employer amortization payments (payments) decrease UAL	(1,034,281)	(1,002,562)	(919,797)	(865,249)
Employer contribution variance (excess contributions) decrease UAL	(91,285)	(40,290)	11,401	(7,170)
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	<u>(10,385)</u>	<u>565,355</u>	<u>871,682</u>	<u>40,616</u>
Unfunded actuarial liability at end of fiscal year (6/30)	<u>\$ 11,189,053</u>	<u>\$ 11,973,764</u>	<u>\$ 11,348,553</u>	<u>\$ 10,955,671</u>

Amortization of Unfunded Actuarial Accrued Liability - June 30, 2015

Date	Description	Amtz. Method	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
2014	OAB	Note 1	15	\$ 2,537,864,619	14	\$ 2,385,115,125	\$ 245,260,865
2014	EAAB	Note 2,3	26	3,996,568,647	25	3,799,994,927	323,208,981
2014	2009 Experience G/L	L	25	2,830,242,246	24	2,790,091,215	249,988,498
2014	2010 Experience G/L	L	26	1,106,465,512	25	1,092,087,029	96,461,424
2014	2011 Experience G/L	L	27	(170,316,807)	26	(168,287,214)	(14,671,243)
2014	2012 Experience G/L	L	28	123,507,827	27	122,156,837	10,522,700
2014	2013 Experience G/L	L	29	(246,366,627)	28	(243,890,713)	(20,779,159)
2014	2013 Assump/Meth Change	L	29	838,527,326	28	830,100,367	70,723,428
2014	2014 Investment Experience	L	5	(423,997,917)	4	(351,363,520)	(101,629,570)
2014	2014 Assump/Meth Change	L	30	1,452,120,642	29	1,438,702,041	121,343,619
2014	2014 Other Experience G/L	L	30	(162,364,784)	29	(160,864,421)	(13,567,695)
2015	2015 Experience G/L	L	30	(376,727,393)	30	(376,727,393)	(31,480,487)
	Total outstanding balance					\$ 11,157,114,280	\$ 935,381,361
2014	2011 Contribution Variance	L	2	\$ 47,407,814	1	\$ 24,588,168	25,523,182
2014	2012 Contribution Variance	Note 3	-	-	-	0	0
2014	2013 Contribution Variance	L	4	9,457,295	3	7,350,754	2,735,460
2014	2014 Contribution Variance	Note 3	-	-	-	0	0
2015	2015 Contribution Variance	Note 4	-	-	-	0	0
	Total credit balance					\$ 31,938,922	\$ 28,258,642
	Total unfunded actuarial accrued liability					\$ 11,189,053,202	\$ 963,640,003

Note 1: Act 497 of 2009 created the Original Amortization Base, effective July 1, 2010, which combines the following schedules: 1993-1996, 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, by \$50 million and \$100 million on June 30, 2014 and 2015, respectively, and not re-amortized, per Act 399 of 2014. The schedule was credited appropriations from Act 55 of 2014 and Act 56 of 2015. Future payments will increase by 6.5% for 2 years, then by 2.0% until paid off by 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 investment gains up to the annual "thresholds" created by Acts 497 of 2009 and Act 399 of 2014. Future payments will increase by 6.5% for 3 years, then will be level until paid off by 2040.

Note 3: The 2012 contribution variance surplus of \$7,169,301 was used to reduce and re-amortize the EAAB, per Act 497 of 2009. The 2014 and 2015 contribution variance surpluses of \$40,289,648 and \$91,284,653, 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

	2015			2014		
Active Members	Census		Avg. Sal.	Census		Avg. Sal.
Regular teachers	70,881		\$ 43,965	70,207		\$ 43,752
Higher education	8,803		60,338	8,583		59,091
School Lunch A	10		23,922	15		21,352
School Lunch B	1,192		18,625	1,216		18,774
Active after DROP	<u>2,716</u>		<u>53,675</u>	<u>2,865</u>		<u>56,574</u>
Total	<u>83,602</u>		<u>\$ 45,651</u>	<u>82,886</u>		<u>\$ 45,423</u>
Males (%)	18.0%			17.9%		
Females (%)	82.0%			82.1%		
Non-vested active members	25,025			23,370		
Vested active members	<u>58,577</u>			<u>59,516</u>		
Total	<u>83,602</u>			<u>82,886</u>		
Valuation salaries	\$3,815,648,662			\$3,764,954,727		

	2015	2014
Inactive Members		
Due refunds	19,005	18,574
Vested & reciprocals	6,606	6,336

	2015			2014		
Annuitants and Survivors	Census		Avg. Ben.	Census		Avg. Ben.
Retirees	64,366		\$ 25,787	62,564		\$ 25,218
Disability retirement recipient	4,121		12,170	4,089		11,946
Survivors	6,772		18,365	6,542		17,957
DROP	<u>2,283</u>		<u>33,338</u>	<u>2,291</u>		<u>33,440</u>
Total	<u>77,542</u>		<u>\$ 24,637</u>	<u>75,486</u>		<u>\$ 24,119</u>

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
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%
2015	83,602	0.86%	\$ 3,815,649	\$ 45,651	1.35%

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 *		
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%
2015	75,259	\$ 1,820,202	3,315	\$ 92,905	1,251	\$ 16,791	\$ 24,186	4.4%

*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 these plans are 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 an Executive Director who is responsible for the operation of the system. The Board also retains other consultants as deemed necessary. Administrative expenses are paid entirely from investment earnings.

MEMBER CONTRIBUTIONS

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

Normal Retirement

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 60 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 60 month period. For all other members, final average compensation is defined as the highest average 36 month period.

Payment Options

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

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

SUMMARY OF PLAN PROVISIONS (Continued)

A surviving spouse without minor children of an active member with 10 years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

PERMANENT BENEFIT INCREASES

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

Experience Account Credits/Debits:

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

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

Permanent Benefit Increases:

No increase can be granted if the legislature granted an increase in the preceding fiscal year, unless the system is 85% funded or greater. Additionally, PBIs are limited to the lesser of the increase in the CPI-U for the 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 retirement recipients.

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Statistical Section

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PHOTO BY CHARLOTTE WALL
5th Grade Teacher
Caddo Parish



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.

Contents

Pages

Financial Trends

121-123

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

Demographic Information

124-127

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

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

Operating Information

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

- Total Benefit Payments
- Ten-Year Average Monthly Benefit Payments
- 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 (2015-2006)

	2015	2014	2013	2012	2011
Assets					
Cash and cash equivalents	\$ 236,026,000	\$ 205,397,273	\$ 199,799,910	\$ 198,662,009	\$ 193,169,842
Total receivables	1,690,795,593	1,834,434,326	1,434,471,144	982,346,638	881,409,503
Total investments at fair value	17,522,558,265	17,512,657,748	15,178,470,861	13,908,020,885	14,226,894,390
Securities lending collateral invested	3,435,153,677	2,257,226,730	1,972,976,370	1,526,262,603	1,193,140,158
Property and equipment (at cost) - net	4,051,370	4,100,275	4,027,869	4,148,693	4,298,781
Total assets	\$ 22,888,584,905	\$ 21,813,816,352	\$ 18,789,746,154	\$ 16,619,440,828	\$ 16,498,912,674
Deferred outflows of resources	3,580,678	0	0	0	0
Liabilities					
Accounts payable and other liabilities	1,543,436,543	1,656,554,164	1,326,532,924	904,194,504	728,561,935
Net pension liability - LASERS	14,951,289	0	0	0	0
Total obligations under securities lending	3,435,153,677	2,257,226,730	1,972,976,370	1,526,262,603	1,193,140,158
Total liabilities	\$ 4,993,541,509	\$ 3,913,780,894	\$ 3,299,509,294	\$ 2,430,457,107	\$ 1,921,702,093
Deferred inflows of resources	2,244,396	0	0	0	0
Net position restricted for pensions	\$ 17,896,379,678	\$ 17,900,035,458	\$ 15,490,236,860	\$ 14,188,983,721	\$ 14,577,210,581

	2010	2009	2008	2007	2006
Assets					
Cash and cash equivalents	\$ 150,796,599	\$ 131,091,325	\$ 36,087,141	\$ 15,294,772	\$ 59,572,968
Total receivables	232,042,241	321,442,995	475,647,057	363,771,661	479,402,178
Total investments at fair value	11,740,975,822	10,978,695,442	14,764,880,898	16,045,489,228	13,755,624,235
Securities lending collateral invested	1,199,699,967	747,644,119	1,063,675,677	2,507,280,388	2,169,031,263
Property and equipment (at cost) - net	4,249,381	4,435,754	4,643,492	4,324,000	4,515,507
Total assets	\$ 13,327,764,010	\$ 12,183,309,635	\$ 16,344,934,265	\$ 18,936,160,049	\$ 16,468,146,151
Deferred outflows of resources	0	0	0	0	0
Liabilities					
Accounts payable and other liabilities	106,632,659	185,384,219	285,008,869	280,149,444	291,502,140
Net pension liability - LASERS	0	0	0	0	0
Total obligations under securities lending	1,199,699,967	747,644,119	1,063,675,677	2,507,280,388	2,169,031,263
Total liabilities	\$ 1,306,332,626	\$ 933,028,338	\$ 1,348,684,546	\$ 2,787,429,832	\$ 2,460,533,403
Deferred inflows of resources	0	0	0	0	0
Net position restricted for pensions	\$ 12,021,431,384	\$ 11,250,281,297	\$ 14,996,249,719	\$ 16,148,730,217	\$ 14,007,612,748

Ten-Year Statements of Changes in Fiduciary Net Position (2015-2006)

	2015	2014	2013	2012	2011
Additions					
Contributions					
Member contributions	\$ 324,920,644	\$ 326,007,091	\$ 327,767,936	\$ 333,908,454	\$ 342,323,329
Employer contributions	1,217,466,676	1,174,540,866	1,058,995,111	1,084,589,881	943,678,941
Non-Employer contributions	37,425,629	35,927,881	34,425,127	0*	0*
LSU Co-Operative contributions	1,851,985	2,028,819	2,059,554	0*	0*
Investment income:					
<i>From investment activities</i>					
Net investment income	443,364,220	2,815,090,995	1,750,935,396	(58,458,258)	2,942,693,424
Other income	<u>12,180,753</u>	<u>8,491,868</u>	<u>4,051,269</u>	<u>2,265,262</u>	<u>3,299,671</u>
Total additions to Fiduciary Net Position	<u>2,037,209,907</u>	<u>4,362,087,520</u>	<u>3,178,234,393</u>	<u>1,362,305,339</u>	<u>4,231,995,365</u>
Deductions					
Retirement benefits	1,955,102,582	1,875,366,921	1,798,533,650	1,682,528,254	1,615,778,191
LSU Co-Operative benefits	1,754,855	1,746,982	1,633,154	0**	0**
Refunds of contributions & other	52,402,762	58,777,337	59,712,975	50,195,898	43,005,926
TRSL employee health & life expense	1,685,836	1,047,832	974,145	1,050,097	1,477,395
Pension expense	2,078,530	0	0	0	0
Administrative expenses	14,259,428	15,026,969	15,750,180	16,317,659	15,417,596
Depreciation expense	<u>384,426</u>	<u>322,881</u>	<u>377,150</u>	<u>440,291</u>	<u>537,060</u>
Total deductions to Fiduciary Net Position	<u>2,027,668,419</u>	<u>1,952,288,922</u>	<u>1,876,981,254</u>	<u>1,750,532,199</u>	<u>1,676,216,168</u>
Net change in Fiduciary Net Position	9,541,488	2,409,798,598	1,301,253,139	(388,226,860)	2,555,779,197
Net position restricted for pensions					
Beginning of year, before restatement	<u>17,900,035,458</u>	<u>15,490,236,860</u>	<u>14,188,983,721</u>	<u>14,577,210,581</u>	<u>12,021,431,384</u>
Cumulative effect of change in accounting principle	(13,197,268)	0	0	0	0
Beginning of year, after restatement	<u>17,886,838,190</u>	<u>15,490,236,860</u>	<u>14,188,983,721</u>	<u>14,577,210,581</u>	<u>12,021,431,384</u>
End of year	<u>\$ 17,896,379,678</u>	<u>\$ 17,900,035,458</u>	<u>\$ 15,490,236,860</u>	<u>\$ 14,188,983,721</u>	<u>\$ 14,577,210,581</u>

*Included in "Employer contributions" prior to 2013.

**Included in "Retirement benefits" prior to 2013.

Ten-Year Statements of Changes in Fiduciary Net Position (2015-2006) – cont'd

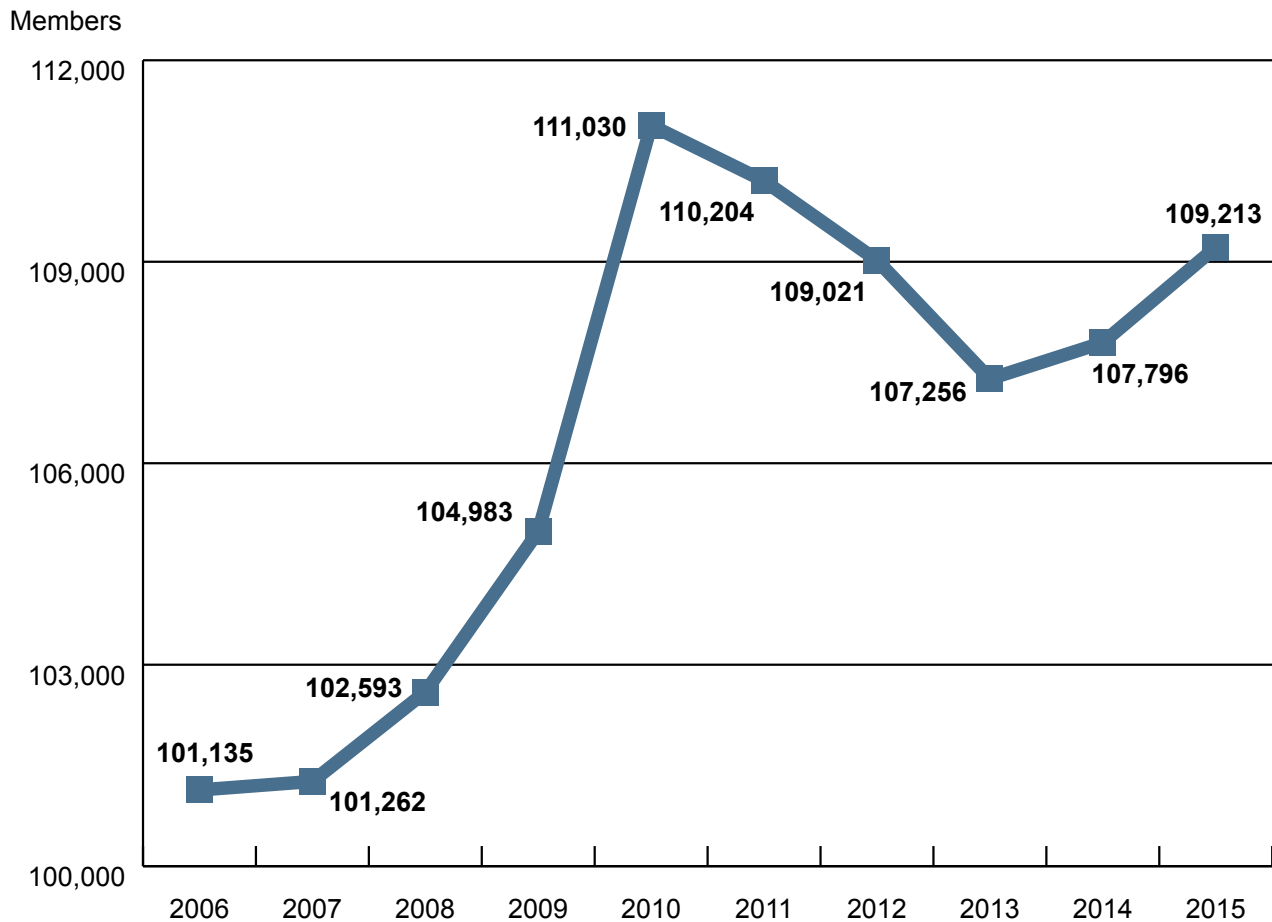
	2010	2009	2008	2007	2006
Additions					
Contributions					
Member contributions	\$ 347,114,632	\$ 344,547,871	\$ 3,678,452	\$ 282,326,101	\$ 258,412,024
Employer contributions	726,559,462	660,244,436	656,091,577	544,401,879	529,983,453
Non-Employer contributions	0*	0*	0*	0*	0*
LSU Co-Operative contributions	0*	0*	0*	0*	0*
Investment income:					
<i>From investment activities</i>					
Net investment income	1,285,742,297	(3,292,248,484)	(799,919,813)	2,616,966,317	1,737,664,681
Other income	<u>3,605,633</u>	<u>4,407,243</u>	<u>46,264,759</u>	<u>5,496,271</u>	<u>3,208,183</u>
Total additions to Fiduciary Net Position (reductions)	<u>2,363,022,024</u>	<u>(2,228,601,424)</u>	<u>283,684,440</u>	<u>3,498,619,818</u>	<u>2,578,561,888</u>
Deductions					
Retirement benefits	1,532,526,141	1,464,106,312	1,383,381,577	1,295,552,338	1,204,472,977
LSU Co-Operative benefits	0**	0**	0**	0**	0**
Refunds of contributions & other	40,834,543	34,418,885	35,071,343	48,119,943	38,538,125
TRSL employee health & life expense	1,813,334	2,502,048	2,285,378	0	0
Pension expense	0	0	0	0	0
Administrative expenses	16,154,823	15,799,028	14,880,903	13,323,547	13,362,286
Depreciation expense	<u>543,096</u>	<u>540,725</u>	<u>545,737</u>	<u>506,521</u>	<u>488,341</u>
Total deductions to Fiduciary Net Position	<u>1,591,871,937</u>	<u>1,517,366,998</u>	<u>1,436,164,938</u>	<u>1,357,502,349</u>	<u>1,256,861,729</u>
Net change in Fiduciary Net Position (decrease)	771,150,087	(3,745,968,422)	(1,152,480,498)	2,141,117,469	1,321,700,159
Net position restricted for pensions					
Beginning of year, before restatement	11,250,281,297	14,996,249,719	16,148,730,217	14,007,612,748	12,685,912,589
Cumulative effect of change in accounting principle	0	0	0	0	0
Beginning of year, after restatement	<u>11,250,281,297</u>	<u>14,996,249,719</u>	<u>16,148,730,217</u>	<u>14,007,612,748</u>	<u>12,685,912,589</u>
End of year	<u>\$ 12,021,431,384</u>	<u>\$ 11,250,281,297</u>	<u>\$ 14,996,249,719</u>	<u>\$ 16,148,730,217</u>	<u>\$ 14,007,612,748</u>

*Included in "Employer contributions" prior to 2013.

**Included in "Retirement benefits" prior to 2013.

Number of Active, Terminated Vested, and Nonvested Members

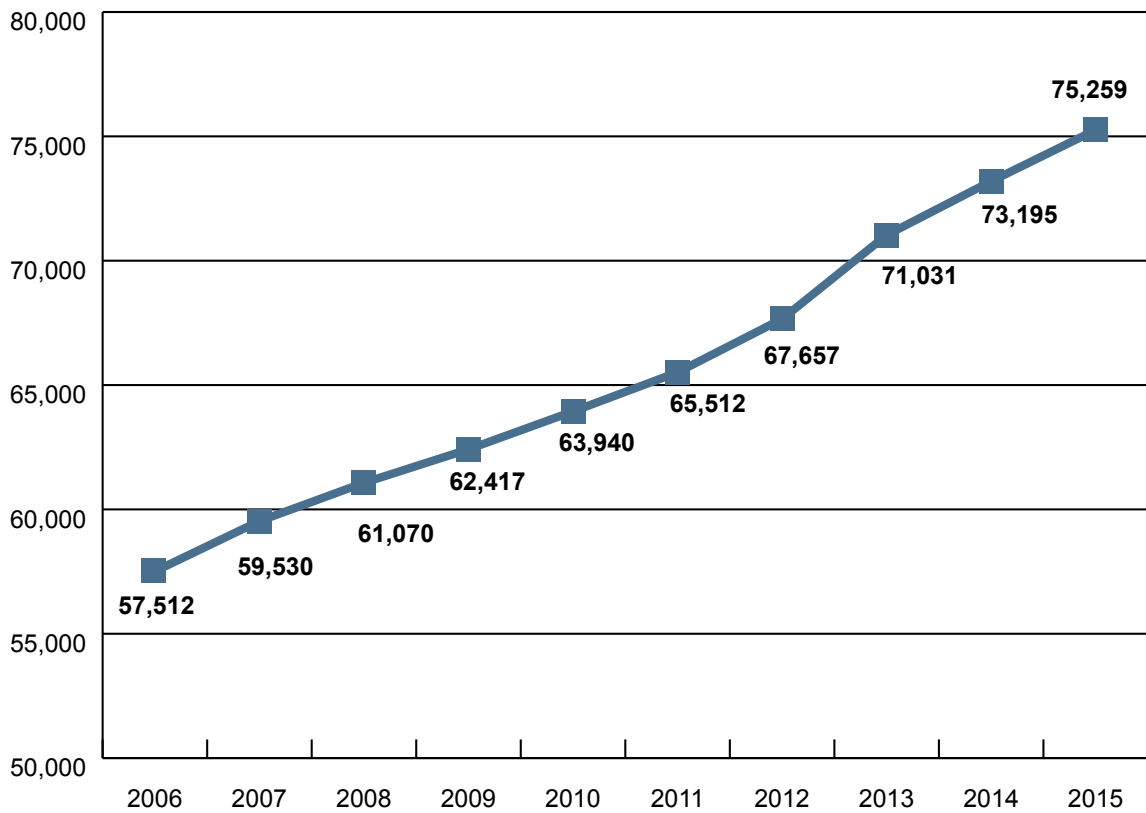
Fiscal Year	Members	% Change Each Year
2005-2006	101,135	-1.7%
2006-2007	101,262	0.1%
2007-2008	102,593	1.3%
2008-2009	104,983	2.3%
2009-2010	111,030	5.8%
2010-2011	110,204	-0.7%
2011-2012	109,021	-1.1%
2012-2013	107,256	-1.6%
2013-2014	107,796	0.5%
2014-2015	109,213	1.3%



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

Fiscal Year	Retirees	% Change Each Year
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%
2014-2015	75,259	4.2%

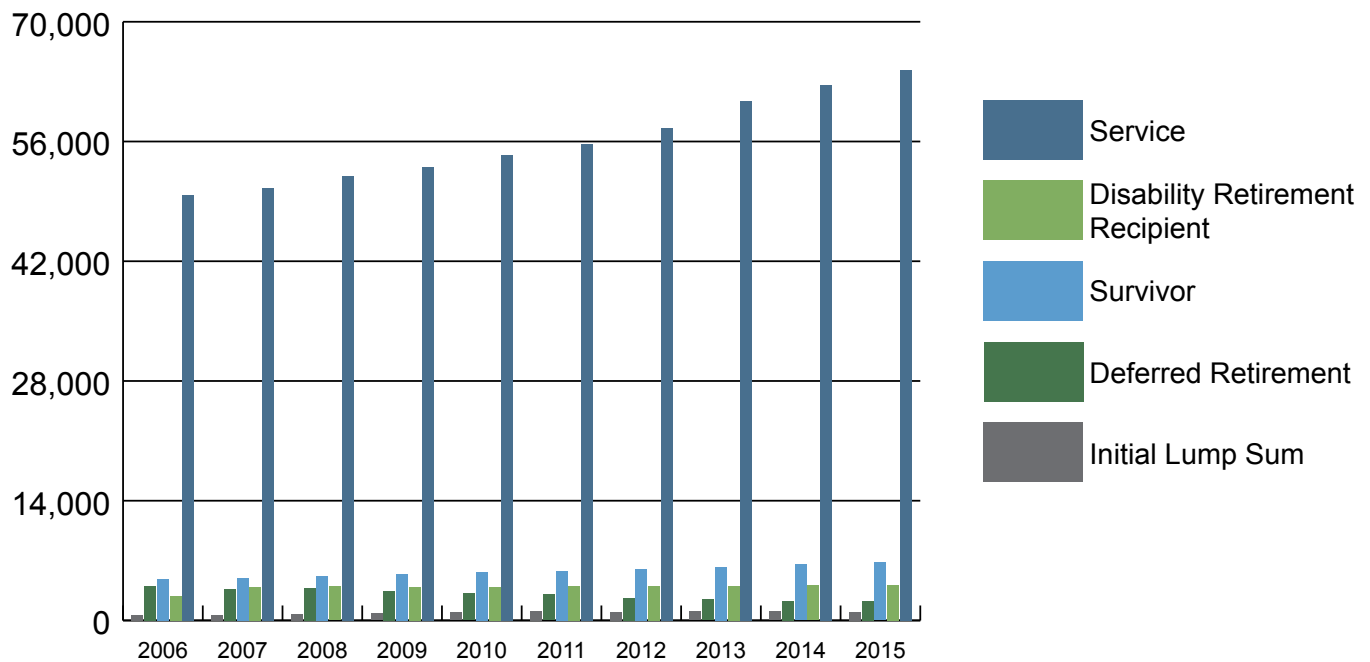
Retirees/
Beneficiaries



Number of Benefit Recipients

Fiscal Year	Service	Disability Retirement Recipient	Survivor	Deferred Retirement	Initial Lump Sum	Total
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
2014-2015	64,366	4,121	6,772	2,283	967	78,509

Benefit Recipients



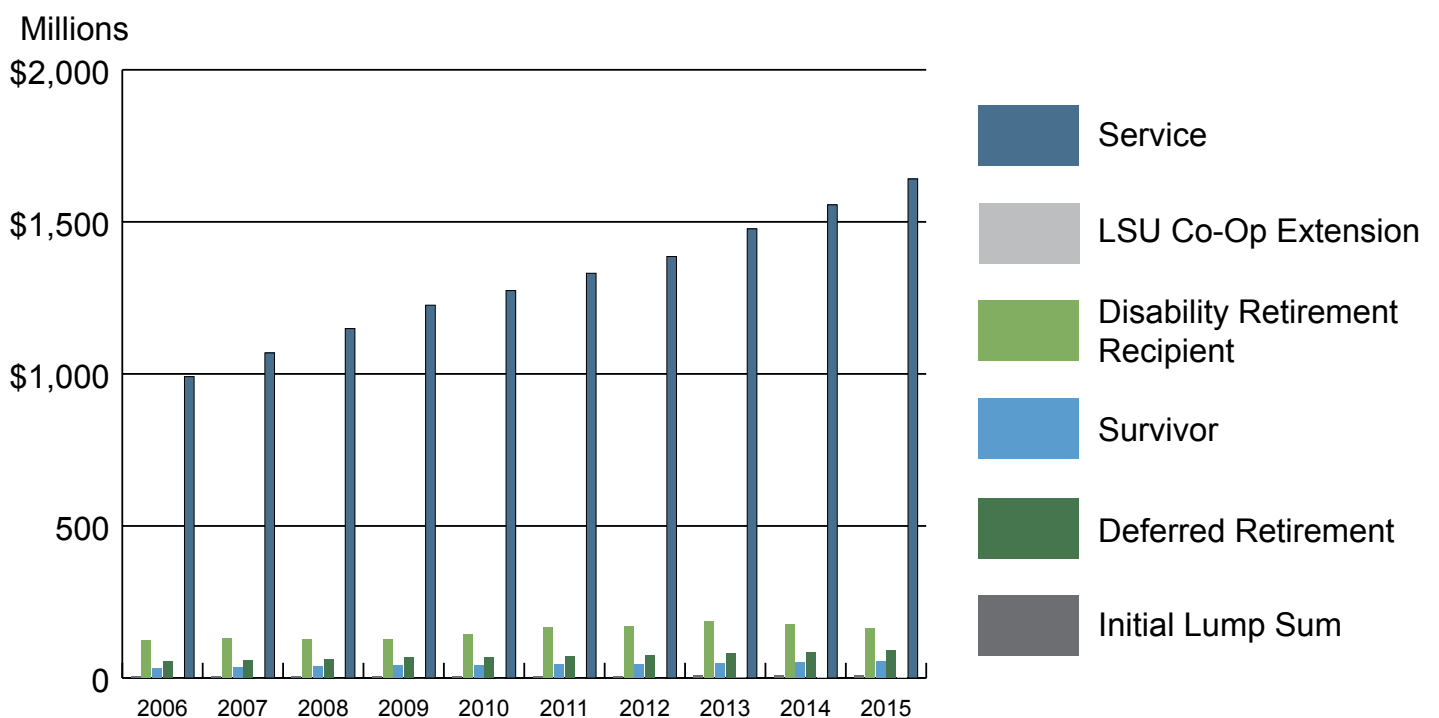
Schedule of Retired Members by Type of Benefit as of June 30, 2015
(Data include all plans)

Amount of Monthly Benefit	Service Retirees	Disability Retirement Recipient	Beneficiaries/ Survivors	Total
\$ 0 - \$ 299.99	1,468	108	514	2,090
\$ 300 - \$ 599.99	5,048	682	1,032	6,762
\$ 600 - \$ 899.99	5,760	1,219	1,065	8,044
\$ 900 - \$ 1,199.99	6,607	941	910	8,458
\$ 1,200 - \$ 1,499.99	5,401	513	666	6,580
\$ 1,500 - \$ 1,799.99	4,426	273	489	5,188
\$ 1,800 - \$ 2,099.99	4,177	189	393	4,699
\$ 2,100 - \$ 2,399.99	5,009	75	371	5,455
\$ 2,400 - \$ 2,699.99	6,071	40	363	6,474
\$ 2,700 - \$ 2,999.99	5,615	37	279	5,931
\$ 3,000 - \$ 3,299.99	4,451	24	194	4,669
\$ 3,300 - \$ 3,599.99	3,212	9	141	3,362
\$ 3,600 - \$ 3,899.99	2,960	8	145	3,113
\$ 3,900 - \$ 4,199.99	563	0	28	591
\$ 4,200 - \$ 4,499.99	1,032	0	57	1,089
\$ 4,500 - and above	<u>2,566</u>	<u>3</u>	<u>125</u>	<u>2,694</u>
TOTALS FOR ALL PLANS	<u>64,366</u>	<u>4,121</u>	<u>6,772</u>	<u>75,259</u>

Total Benefit Payments

Fiscal Year	Service	LSU Co-Op Extension	Disability Retirement Recipient	Survivor	Deferred Retirement	Initial Lump Sum	Total
2005-2006	\$ 991,166,824	\$ 0*	\$ 53,867,762	\$ 32,320,657	\$ 121,703,237	\$ 5,414,497	\$ 1,204,472,977
2006-2007	1,068,519,663	0*	58,071,721	34,843,032	128,592,267	5,525,655	1,295,552,338
2007-2008	1,149,302,721	0*	62,462,104	37,477,263	127,670,669	6,468,820	1,383,381,577
2008-2009	1,226,455,421	0*	66,655,186	39,993,112	125,779,104	5,223,489	1,464,106,312
2009-2010	1,273,969,481	0*	69,237,472	41,542,483	141,897,005	5,879,700	1,532,526,141
2010-2011	1,330,518,072	0*	72,310,765	43,386,458	165,109,914	4,452,982	1,615,778,191
2011-2012	1,386,433,318	0*	75,349,637	45,209,782	171,044,296	4,491,221	1,682,528,254
2012-2013	1,477,250,306	1,633,154	80,374,101	48,224,461	184,817,090	7,867,692	1,800,166,804
2013-2014	1,556,120,285	1,746,982	84,666,700	50,800,020	176,823,394	6,956,522	1,877,113,903
2014-2015	1,641,986,132	1,754,855	89,333,749	53,600,250	162,935,965	7,246,486	1,956,857,437

*Prior to 2012-2013, these payments were included in "Service" benefit payments.



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	
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
2015	Avg Benefit	432	749	904	1,321	2,081	3,115	3,720	4,430	4,133	2,458
2015	Avg Comp	2,334	3,920	3,354	3,617	4,015	4,657	4,818	4,902	4,272	4,235
2015	Retiree Count	16	182	223	314	621	716	366	146	36	2,620

Ten-Year Average Monthly Benefit Payments for Disability Retirement Recipients

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
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
2015	Avg Benefit	943	906	1,064	1,477	2,807	0	0	0	0	1,224
2015	Avg Comp	2,846	2,598	2,775	3,259	4,416	0	0	0	0	2,949
2015	Retiree Count	2	41	31	36	6	0	0	0	0	116

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	
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
2015	Avg Benefit	300	456	513	783	1,249	1,875	2,221	2,728	3,714	1,599
2015	Avg Comp	3,608	2,773	2,854	3,102	3,259	3,101	3,172	3,896	5,368	3,199
2015	Retiree Count	1	24	54	66	86	142	117	30	12	532

Benefit and Refund Expenses by Type (2015-2006)

	2015	2014	2013	2012	2011
Benefits					
Service	\$ 1,641,986,132	\$ 1,556,120,285	\$ 1,477,250,306	\$ 1,386,433,318	\$ 1,330,518,072
LSU Co-Op Extension	1,754,855	1,746,982	1,633,154	0*	0*
Disability retirement recipient	89,333,749	84,666,700	80,374,101	75,349,637	72,310,765
Beneficiary/survivors	53,600,250	50,800,020	48,224,461	45,209,782	43,386,458
Deferred retirement	162,935,965	176,823,394	184,817,090	171,044,296	165,109,914
Initial lump sum	<u>7,246,486</u>	<u>6,956,522</u>	<u>7,867,692</u>	<u>4,491,221</u>	<u>4,452,982</u>
Total benefits	<u>\$ 1,956,857,437</u>	<u>\$ 1,877,113,903</u>	<u>\$ 1,800,166,804</u>	<u>\$ 1,682,528,254</u>	<u>\$ 1,615,778,191</u>
Refunds					
Separation	\$33,295,983	\$ 38,027,953	\$ 38,215,111	\$ 31,596,812	\$ 26,372,462
Death	6,262,363	5,908,530	5,087,304	4,432,955	4,062,653
Return-to-work	<u>11,987,416</u>	<u>13,715,641</u>	<u>15,850,066</u>	<u>13,109,261</u>	<u>11,813,372</u>
Total refunds	<u>\$ 51,545,762</u>	<u>\$ 57,652,124</u>	<u>\$ 59,152,481</u>	<u>\$ 49,139,028</u>	<u>\$ 42,248,487</u>
Other	<u>857,000</u>	<u>1,125,213</u>	<u>560,494</u>	<u>1,056,870</u>	<u>757,439</u>
Total refunds & other	<u>\$ 52,402,762</u>	<u>\$ 58,777,337</u>	<u>\$ 59,712,975</u>	<u>\$ 50,195,898</u>	<u>\$ 43,005,926</u>

*Included in "Service" benefits prior to 2013.

	2010	2009	2008	2007	2006
Benefits					
Service	\$ 1,273,969,481	\$ 1,226,455,421	\$ 1,149,302,721	\$ 1,068,519,663	\$ 991,166,824
LSU Co-Op Extension	0*	0*	0*	0*	0*
Disability retirement recipient	69,237,472	66,655,186	62,462,104	58,071,721	53,867,762
Beneficiary/survivors	41,542,483	39,993,112	37,477,263	34,843,032	32,320,657
Deferred retirement	141,897,005	125,779,104	127,670,669	128,592,267	121,703,237
Initial lump sum	<u>5,879,700</u>	<u>5,223,489</u>	<u>6,468,820</u>	<u>5,525,655</u>	<u>5,414,497</u>
Total benefits	<u>\$ 1,532,526,141</u>	<u>\$ 1,464,106,312</u>	<u>\$ 1,383,381,577</u>	<u>\$ 1,295,552,338</u>	<u>\$ 1,204,472,977</u>
Refunds					
Separation	\$ 24,607,616	\$ 21,555,743	24,146,622	38,512,963	30,818,870
Death	4,010,028	2,851,075	3,246,131	3,376,994	2,884,700
Return-to-work	<u>11,592,533</u>	<u>9,032,619</u>	<u>6,892,785</u>	<u>5,689,294</u>	<u>4,853,337</u>
Total refunds	<u>\$ 40,210,177</u>	<u>\$ 33,439,437</u>	<u>\$ 34,285,538</u>	<u>\$ 47,579,251</u>	<u>\$ 38,556,907</u>
Other	<u>624,366</u>	<u>979,448</u>	<u>785,805</u>	<u>540,692</u>	<u>(18,782)</u>
Total refunds & other	<u>\$ 40,834,543</u>	<u>\$ 34,418,885</u>	<u>\$ 35,071,343</u>	<u>\$ 48,119,943</u>	<u>\$ 38,538,125</u>

*Included in "Service" benefits prior to 2013.

Revenues by Source

Fiscal Year	Member	Employer	Non-Employer*	Acts of the Legislature	Net Investment Income (Loss)	Other Operating Revenues	Total
2005-2006	\$ 258,412,024	\$ 552,877,000		\$ 26,400,000**	\$ 1,737,664,681	\$ 3,208,183	\$ 2,578,561,888
2006-2007	282,326,101	593,831,129			2,616,966,317	5,496,271	3,498,619,818
2007-2008	323,678,452	713,661,042		40,000,000***	(799,919,813)	6,264,759	283,684,440
2008-2009	344,547,871	714,691,946			(3,292,248,484)	4,407,243	(2,228,601,424)
2009-2010	347,114,632	726,559,462			1,285,742,297	3,605,633	2,363,022,024
2010-2011	342,323,329	943,678,941			2,942,693,424	3,299,671	4,231,995,365
2011-2012	333,908,454	1,084,589,881			(58,458,258)	2,265,262	1,362,305,339
2012-2013	327,767,936	1,058,995,111	\$ 36,484,681		1,750,935,396	4,051,269	3,178,234,393
2013-2014	326,007,091	1,174,540,866	37,956,700	5,578,791****	2,815,090,995	2,913,077	4,362,087,520
2014-2015	324,920,644	1,217,466,676	39,277,614	10,384,806*****	443,364,220	1,795,947	2,037,209,907

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

**Act 642 of 2006

***Act 7 of 2008

****Act 55 of 2014

*****Act 55 of 2014 and Act 56 of 2015

Expenses by Type

Fiscal Year	Benefits	Pension Expense	Refunds/ Other	Administrative Expenses	Depreciation Expense	Total
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
2014-2015	1,958,543,273*	\$ 2,078,530	52,402,762	14,259,428**	384,426	2,027,668,419

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

**Investment administrative expenses are excluded from this total in accordance with GASB 67

Ten Largest Employers (Statistical)

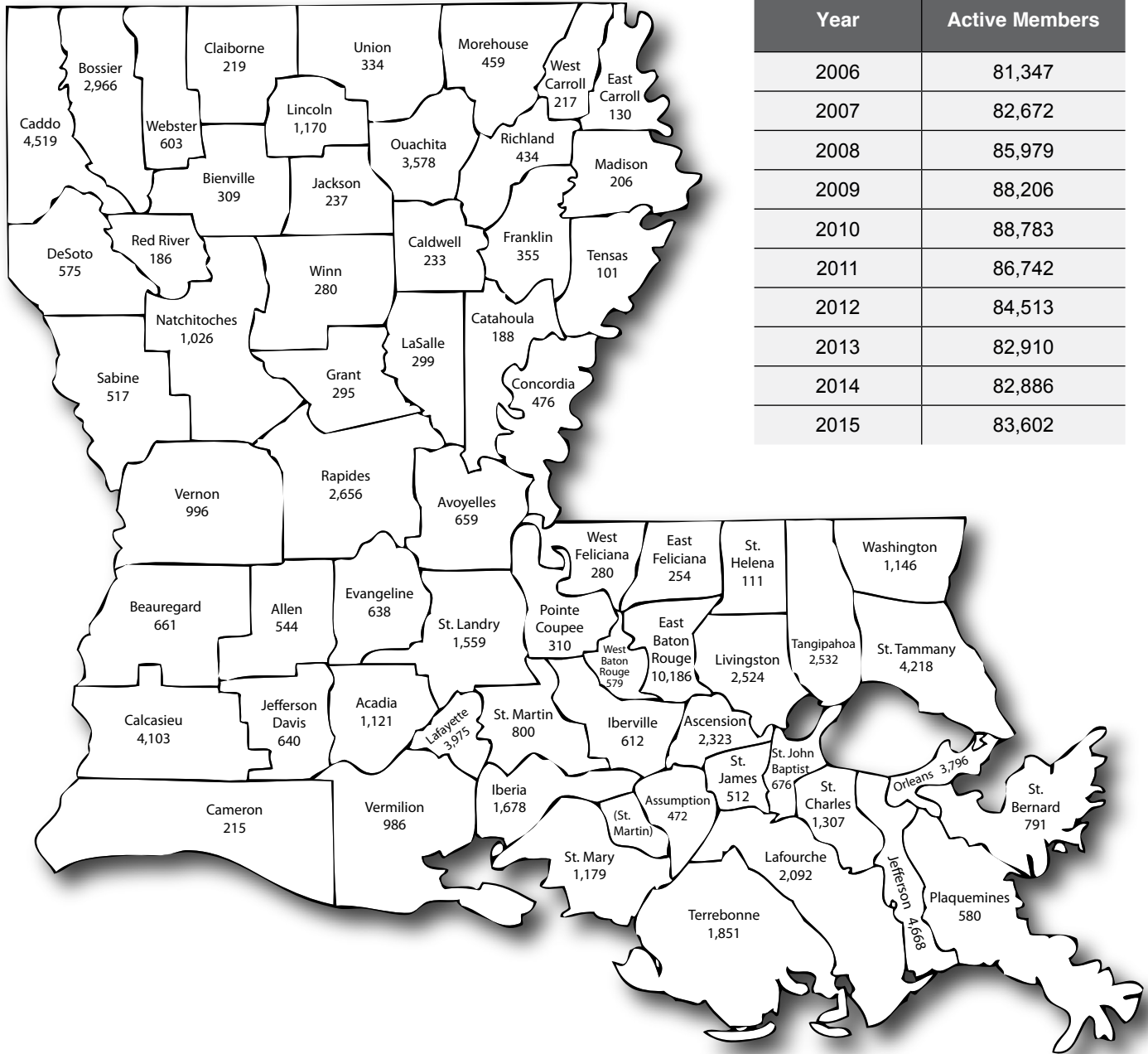
	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2015			2014		
EBR Parish School Board	4,859	6%	EBR Parish School Board	4,635	6%
Jefferson Parish School Board	4,602	6%	Jefferson Parish School Board	4,567	5%
Caddo Parish School Board	4,429	5%	Caddo Parish School Board	4,449	5%
St. Tammany Parish School Board	4,216	5%	St. Tammany Parish School Board	4,115	5%
Calcasieu Parish School Board	3,870	5%	Calcasieu Parish School Board	3,888	5%
Lafayette Parish School Board	3,324	4%	Lafayette Parish School Board	3,350	4%
Rapides Parish School Board	2,621	3%	Rapides Parish School Board	2,636	3%
Livingston Parish School Board	2,524	3%	Livingston Parish School Board	2,522	3%
Ascension Parish School Board	2,272	3%	Ascension Parish School Board	2,229	3%
Bossier Parish School Board	2,210	3%	Bossier Parish School Board	2,143	3%
2013			2012		
Caddo Parish School Board	4,700	6%	Caddo Parish School Board	4,872	6%
EBR Parish School Board	4,597	5%	EBR Parish School Board	4,697	6%
Jefferson Parish School Board	4,487	5%	Jefferson Parish School Board	4,680	5%
St. Tammany Parish School Board	4,063	5%	St. Tammany Parish School Board	4,105	5%
Calcasieu Parish School Board	3,878	5%	Calcasieu Parish School Board	3,852	5%
Lafayette Parish School Board	3,345	4%	Lafayette Parish School Board	3,300	4%
Rapides Parish School Board	2,664	3%	Rapides Parish School Board	2,637	3%
Livingston Parish School Board	2,473	3%	Livingston Parish School Board	2,479	3%
Bossier Parish School Board	2,212	3%	Ouachita Parish School Board	2,217	3%
Ascension Parish School Board	2,152	3%	Bossier Parish School Board	2,188	3%
2011			2010		
Caddo Parish School Board	5,204	6%	Caddo Parish School Board	5,201	6%
EBR Parish School Board	4,877	6%	EBR Parish School Board	5,160	6%
Jefferson Parish School Board	4,854	6%	Jefferson Parish School Board	5,145	6%
St. Tammany Parish School Board	4,134	5%	St. Tammany Parish School Board	4,237	5%
Calcasieu Parish School Board	3,914	4%	Calcasieu Parish School Board	4,066	5%
Lafayette Parish School Board	3,404	4%	Lafayette Parish School Board	3,408	4%
Rapides Parish School Board	2,648	3%	Rapides Parish School Board	2,694	3%
Livingston Parish School Board	2,629	3%	Livingston Parish School Board	2,599	3%
Ouachita Parish School Board	2,239	3%	Ascension Parish School Board	2,212	3%
Ascension Parish School Board	2,197	3%	Ouachita Parish School Board	2,210	3%

Ten Largest Employers (Statistical) – cont'd

	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2009			2008		
Jefferson Parish School Board	5,193	6%	Jefferson Parish School Board	5,043	6%
Caddo Parish School Board	5,189	6%	EBR Parish School Board	4,973	6%
EBR Parish School Board	5,107	6%	Caddo Parish School Board	4,935	6%
St. Tammany Parish School Board	4,249	5%	St. Tammany Parish School Board	4,140	5%
Calcasieu Parish School Board	4,026	5%	Calcasieu Parish School Board	3,727	5%
Lafayette Parish School Board	3,394	4%	Lafayette Parish School Board	3,174	4%
Rapides Parish School Board	2,685	3%	Rapides Parish School Board	2,635	3%
Livingston Parish School Board	2,562	3%	Livingston Parish School Board	2,290	3%
Ouachita Parish School Board	2,177	2%	Ouachita Parish School Board	2,074	3%
Terrebonne Parish School Board	2,140	2%	Terrebonne Parish School Board	2,049	3%
2007			2006		
EBR Parish School Board	4,937	6%	EBR Parish School Board	5,249	6%
Caddo Parish School Board	4,898	6%	Caddo Parish School Board	5,208	6%
Jefferson Parish School Board	4,758	6%	Jefferson Parish School Board	5,059	6%
St. Tammany Parish School Board	4,118	5%	St. Tammany Parish School Board	4,378	5%
Calcasieu Parish School Board	3,712	4%	Calcasieu Parish School Board	3,947	5%
Lafayette Parish School Board	2,992	4%	Lafayette Parish School Board	3,181	4%
Rapides Parish School Board	2,621	3%	Rapides Parish School Board	2,787	3%
Livingston Parish School Board	2,287	3%	Livingston Parish School Board	2,432	3%
Ouachita Parish School Board	2,063	2%	Ouachita Parish School Board	2,193	3%
Terrebonne Parish School Board	2,029	2%	Terrebonne Parish School Board	2,157	3%

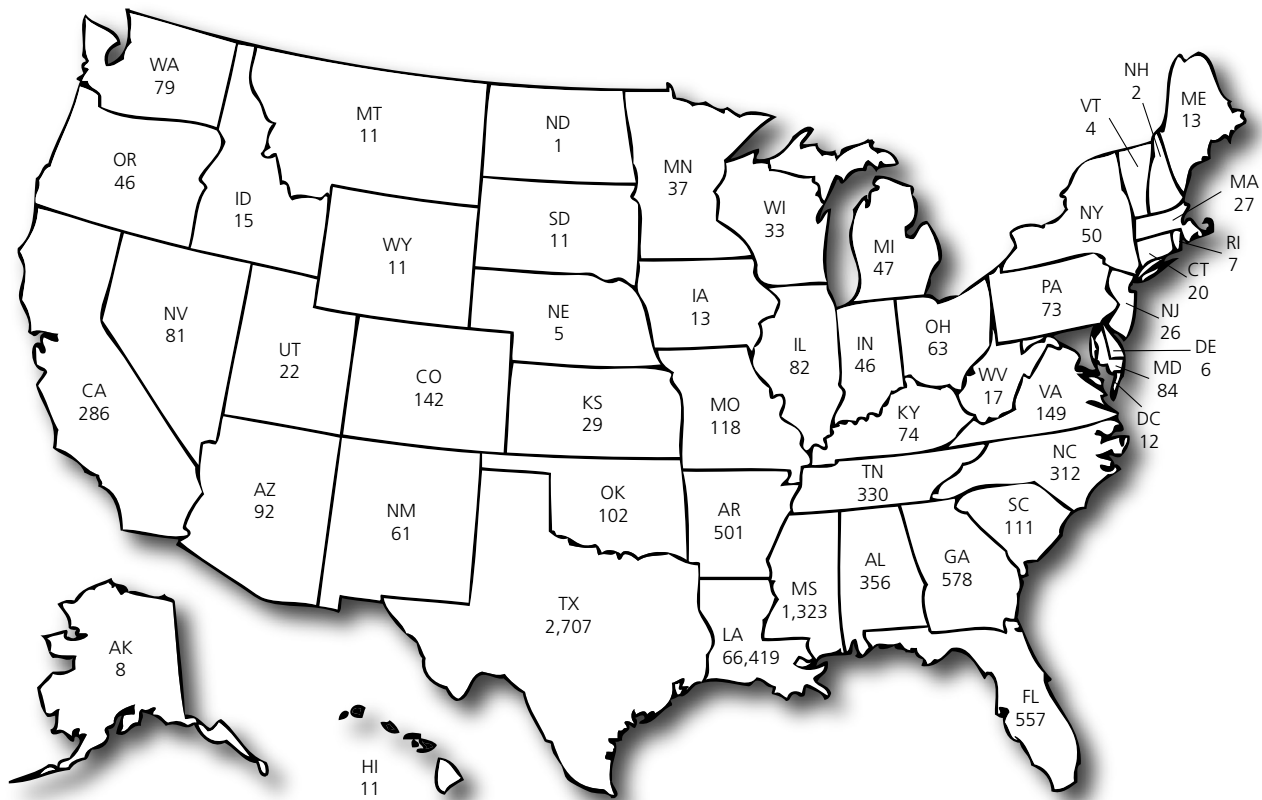
Total Active Members Statewide

Total number of members -83,602 (includes all employing agencies located within each parish)



TRSL Retirees Worldwide

Total number of retirees – 75,259



United States and District of Columbia (DC):				75,210
U.S. Overseas Military Bases:				6
U.S. Possessions:				3
Guam	2	Puerto Rico	1	
Foreign Countries:				40
Argentina	1	Italy	1	
Australia	4	New Zealand	1	
Belgium	1	Pakistan	2	
Bermuda	1	Philippines	1	
Canada	7	Poland	1	
Costa Rica	2	Portugal	1	
Czech Republic	3	Switzerland	1	
Finland	1	Thailand	2	
Germany	7	United Kingdom	2	
Greece	1			
TOTAL				75,259

Year	Retirees
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
2015	75,259

