

2010 ACTUARIAL REPORT ON
LOUISIANA PUBLIC RETIREMENT SYSTEMS



ISSUED JANUARY 2012

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE RETIREMENT COMMITTEE CHAIRMEN

HONORABLE J. KEVIN PEARSON, CHAIRMAN	HONORABLE D. A. “BUTCH” GAUTREAUX, CHAIRMAN
HOUSE RETIREMENT COMMITTEE	SENATE RETIREMENT COMMITTEE

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES**
PAUL E. PENDAS, CPA

MANAGER OF ACTUARIAL SERVICES
PAUL T. RICHMOND, ASA, MAAA, EA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Retirement Committee Chairmen, and to other public officials. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor. For questions, please call Paul T. Richmond at 225-339-3897.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twenty-five copies of this public document were produced at an approximate cost of \$321.25. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor’s Web site at www.la.la.gov/reports_data/actuaryreports.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Kerry Fitzgerald, Chief Administrative Officer, at 225-339-3800.

2010 Actuarial Report
on
Louisiana Public Retirement Systems

January 2012

2010 ACTUARIAL REPORT

LOUISIANA PUBLIC RETIREMENT SYSTEMS

TABLE OF CONTENTS

Transmittal Letter

PAGE(S)

EXECUTIVE SUMMARY

1-22

SECTION I:

EMPLOYER FUNDING FOR PENSION BENEFITS

1. Funding Methods/Components	23
2. Minimum Employer Contribution Limits – State Systems	25
3. Employer Contribution Rates	28
4. Employer Contribution Sources	31
5. Employer Actuarial Cost History – State Systems	34
6. Total Projected Contribution Rate History (All Sources)	36
7. Insurance Premium Tax Fund (IPTF) – Assessments	40
8. Experience Account Summary	44
9. IUAL Funds (Texaco Funds & Appropriations)	47
10. Asset Balances	50
11. Investment Returns	53
12. Expected Investment Experience	55
13. UAL Balances	58
14. Funding Measures Under GASB	60
15. Funding Progress – Funded Levels and Funded Ratios	61
16. Participant Census and Payroll	66
17. Funding of TRSL Optional Retirement Plan	67

TABLE OF CONTENTS (CONCLUDED)

PAGE(S)

SECTION II:

BENEFIT FORMULAS, RETIREMENT ELIGIBILITY, AND CONTRIBUTION RATES

1. Benefit Accruals and Member Contribution Rates	69
2. Benefit Levels and Employee Paid Portion	76
3. Projected Contribution Rates	81

SECTION III:

ACTUARIAL CONCERNS – FUNDING ISSUES

1. The Cost of Funding the UAL for State Systems	85
2. Structural Changes for Amortizing the UAL	91
3. Effect of Changing Commitment to Amortize the UAL on LASERS and TRSL	98
4. Effect of Changing Commitment to Amortize the UAL on LSERS	105
5. Effect of Changing Commitment to Amortize the UAL on STPOL	110
6. Contribution Relief for Municipal Police Employees' Retirement System and Firefighters' Retirement System	114
7. Cost of Living Adjustments	119
8. Indirect Funding of Pension Plan Costs	123
9. Cash Flow and Liquidity	127
10. Adverse Selection/Risk Exposure	132
11. Active Versus Inactive Trends	137
12. Actuarial Certification	142

SECTION IV:

RECENT LEGISLATION

1. Summary of Retirement Legislation in 2010	143
---	------------



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 11, 2012

The Honorable Bobby Jindal
Governor of the State of Louisiana
Post Office Box 94004
Baton Rouge, Louisiana 70804-9004

The Honorable John A. Alario, President
Louisiana Senate
Post Office Box 94183
Baton Rouge, Louisiana 70804-9183

The Honorable Charles E. "Chuck" Kleckley, Speaker
Louisiana House of Representatives
Post Office Box 94062
Baton Rouge, Louisiana 70804-9062

**Re: 2010 Annual Actuarial Report on
Louisiana Public Retirement Systems**

The Louisiana Legislative Auditor evaluates, as to actuarial soundness, the state, municipal and parochial retirement systems, funded in whole or in part out of Louisiana public funds. This report which is prepared by the Actuarial Services section of my office is submitted in accordance with R.S. 24:513C(1) and R.S. 11:271C(2) and includes within its scope the thirteen state and statewide retirement systems (Systems) for their fiscal years ending 2010.

Our review consisted primarily of the collection of information and data provided by the Systems and approved by the Public Retirement Systems' Actuarial Committee (PRSAC), and the organization of this information into a consolidated format.

This report is not an audit and therefore it has not been prepared in accordance with auditing standards as set forth by *Government Auditing Standards*, nor do we offer an opinion on the Systems' financial statements or internal controls. While Actuarial Services within our office has applied certain actuarial analyses to this information, we have not examined actuarial assumptions and methods used in determining reserves and related actuarial items. Therefore, we do not express an opinion thereon. However, Section III of the report contains Statements of Actuarial Opinion that have been certified by our actuary. In general, we believe that if the Systems comply with contribution rates approved by PRSAC, both now and in the future, if all assumptions are realized, and if there is due care of trust assets, the Systems are and will be funded on an actuarially sound basis.

2010 ACTUARIAL REPORT ON LOUISIANA PUBLIC RETIREMENT SYSTEMS _____

The accompanying report presents an executive summary of our analysis as well as a consolidation of information provided by the Systems. This report is intended primarily for your use and the use of the Systems. Copies of this report have also been delivered to those as required by law. It is also being made public through the Legislative Auditor's Web site at www.la.la.gov/reports_data/actuaryreports.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera", is written over the typed name.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP:PTR:pm

ACTUARIAL REPORT LETTER

Executive Summary

EXECUTIVE SUMMARY

2010 Actuarial Report on Louisiana Public Retirement Systems

Purpose of Report

2010 Report

The *2010 Actuarial Report on Louisiana Public Retirement Systems* was prepared for the legislature, the governor, and other interested parties involved in the retirement systems' decision-making process.

This comprehensive actuarial report summarizes the funding and financial status of the thirteen state and statewide retirement systems for their fiscal years ending in 2010. It includes data and history for the four state retirement systems and the nine statewide retirement systems. The report is organized into the following sections which are summarized in this Executive Summary.

SECTION I – EMPLOYER FUNDING FOR PENSION BENEFITS
(pages 23 through 68).

SECTION II – BENEFIT FORMULAS, RETIREMENT ELIGIBILITY, AND CONTRIBUTION RATES (pages 69 through 83).

SECTION III – ACTUARIAL CONCERNS -- FUNDING ISSUES
(pages 85 through 142).

SECTION IV – RECENT LEGISLATION (pages 143 through 147).

Louisiana Statutes

Pursuant to *Louisiana Revised Statutes*, this report is being submitted to the governor and the legislature summarizing the financial and actuarial history of the Louisiana Public Retirement Systems. The report also includes comments on any findings that may materially affect the actuarial soundness of the retirement systems.

State Systems

Benefits are guaranteed under the state constitution for the four state retirement systems listed below.

LASERS	<i>Louisiana State Employees' Retirement System</i>
TRSL	<i>Teachers' Retirement System of Louisiana</i>
LSERS	<i>Louisiana School Employees' Retirement System</i>
STPOL	<i>State Police Pension and Retirement System</i>

Statewide Systems

Benefits are not guaranteed under the state constitution for the nine statewide retirement systems.

ASSR	<i>Louisiana Assessors' Retirement Fund</i>
CCRS	<i>Clerks of Court Retirement and Relief Fund</i>
DARS	<i>District Attorneys' Retirement System</i>
FRS	<i>Firefighters' Retirement System</i>
MERS	<i>Municipal Employees' Retirement System (Plans A&B)</i>
MPERS	<i>Municipal Police Employees' Retirement System</i>
PERS	<i>Parochial Employees' Retirement System (Plans A&B)</i>
RVRS	<i>Registrars of Voters Employees' Retirement System</i>
SPRF	<i>Sheriffs' Pension and Relief Fund</i>

SUMMARY OF VALUATION RESULTS FOR FY 2010^a

Systems:	Employer Contribution Rates ^b		Unfunded	Actuarial	AVA/PBO
	FY 2011	FY 2012	Accrued Liability FY 2010 (in millions)	Value of Assets FY 2010 (in millions)	
<i>State Systems:</i>					
LASERS ^c	22.0%	25.9%	\$ 6,251.6	\$ 8,512.4	57.7%
TRSL	20.2%	23.7%	10,806.4	12,868.5	54.4%
LSERS	24.3%	28.6%	863.3	1,350.1	61.0%
STPOL	50.9%	55.9%	313.1	391.7	55.6%
<i>State Total</i>			\$ 18,234.4	\$ 23,122.7	55.9%
<i>Statewide Systems:</i>					
ASSR	4.00%	9.75%	\$ 21.6	\$ 222.1	79.6%
CCRS	17.25%	17.00%	87.0	359.0	71.9%
DARS	9.00%	9.75%	n/a	238.1	90.5%
FRS	21.50%	25.25%	396.2	1,140.1	76.3%
MERS A	13.75%	16.75%	75.1	704.7	82.3%
MERS B	6.00%	8.00%	4.6	147.0	88.2%
MPERS	25.00%	28.00%	836.3	1,247.5	59.9%
PERS A	13.25%	15.50%	45.8	2,259.2	91.2%
PERS B	8.50%	9.00%	n/a	163.1	87.6%
RVRS	11.25%	15.50%	n/a	62.8	79.9%
SPRF	12.75%	13.75%	71.0	1,844.5	80.2%
<i>Statewide Total</i>			\$ 1,537.6	\$ 8,388.1	78.5%
Total All Systems:			\$ 19,772.0	\$ 31,510.8	60.5%
Page Reference	Page 28-30		Page 58	Page 51, 52	Page 61-63

Footnotes:

- FY 2010 means the fiscal year ending on June 30, 2010, for all retirement systems except ASSR and PERS. FY 2010 for ASSR means the fiscal year ending on September 30, 2010. FY 2010 for PERS means the fiscal year ending December 31, 2010.
- Rates shown for FY 2011 are contribution rates adopted by PRSAC in February 2010 and multiplied by employer payroll for FY 2011 to determine employer contributions for each retirement system for FY 2011.

Rates shown for FY 2012 are employer contribution rates projected for FY 2012 based on the valuation date ending in FY 2010 for each retirement system. These rates are the rates recommended by the actuary for each retirement system and approved by the Systems' boards of directors. These rates are subject to approval by PRSAC in February 2011 and the Louisiana Legislature in the 2011 legislative session.
- The rate shown for LASERS for FY 2012 (25.9%) is a consolidated rate. Act 1026 of the 2010 Regular Session of the legislature requires separate employer contribution rates for each sub plan within LASERS. These rates are summarized in Subdivision 3 of Section II of this report.

SUMMARY OF VALUATION RESULTS FOR FY 2010

Systems:	Investment Returns ^a			Membership			Payroll (in millions)
	Market Value	AVA	Assumed Rate	Actives	Retirees ^b	Total ^c	
<i>State Systems:</i>							
LASERS	16.2%	2.2%	8.25%	58,881	42,014	102,876	\$ 2,547
TRSL	11.7%	-0.9%	8.25%	88,783	67,088	161,616	3,978
LSERS	13.0%	0.6%	7.50%	13,166	13,049	26,570	306
STPOL	11.5%	0.3%	7.50%	1,065	1,210	2,280	59
<i>State Total</i>				161,895	123,361	293,342	\$ 6,890
<i>Statewide Systems:</i>							
ASSR	7.7%	5.1%	7.50%	762	466	1,310	\$ 38
CCRS	8.7%	4.1%	8.00%	2,195	1,064	3,716	87
DARS	11.7%	6.4%	8.00%	755	188	1,222	54
FRS	12.2%	6.1%	7.50%	3,989	1,911	6,401	190
MERS A	11.0%	5.9%	8.00%	4,839	3,136	10,748	162
MERS B	10.9%	5.8%	8.00%	2,113	920	4,167	65
MPERS	12.4%	-0.8%	7.50%	6,197	4,222	10,531	281
PERS A	15.2%	4.4%	7.50%	14,255	6,067	27,640	547
PERS B	15.4%	4.6%	7.50%	2,275	614	4,444	82
RVRS	8.7%	3.8%	8.00%	239	148	413	12
SPRF	10.9%	5.8%	8.00%	14,711	3,510	23,273	603
<i>Statewide Total</i>				52,330	22,246	93,865	\$ 2,121
Total All Systems				214,225	145,607	387,207	\$ 9,011

Page Reference

Page 53

Page 66

Footnotes:

- a Investment returns are for FY 2010.
- b DROP members are counted as Retirees.
- c Total membership includes members entitled to a deferred pension or a refund of contributions. Counts for members in these categories are not shown separately.

SECTION I – Employer Funding for Pension Benefits

Actuarial Funding

The most fundamental principle of actuarial funding is:

$$\textbf{Benefits} = \textbf{Contributions} + \textbf{Investment Earnings}$$

All benefit payments from a retirement system will be paid from contributions into the system made by participating employees and employers and from earnings on invested contributions. The earlier that contributions are made, the greater the opportunity to invest and earn investment income. The earlier that contributions are made, the lesser the portion of benefits that will be paid from contributions and the greater the portion that will be paid from investment income.

The role of the actuary is to select an actuarial model and assumptions that will provide for contributions from year to year that are consistent with the budgeting constraints of the plan sponsor. Because pension benefits are a form of deferred compensation, the methods and assumptions used by the actuary should closely reflect the value of benefits that are earned or allocated to each fiscal year. By doing so, the plan sponsor should be able to minimize cost transfers from one generation of workers to another.

The only true management tool that an actuary has is the selection of the actuarial methods used to allocate benefit accruals to fiscal years and the methods used to smooth fluctuations in the market value of assets. It is tempting at times to try to use actuarial assumptions to manage contribution requirements, but the end result is a distortion of the true cost of the pension plan and such a distortion leads to intergenerational transfers of cost. It is therefore critical that the actuary use assumptions that reflect the best expectations of future events.

A retirement system that uses appropriate actuarial methods, that uses and monitors actuarial assumptions to ensure that they are good predictors of future events, and that can require that contributions from member employees and employers be paid when due, will be an system that is actuarially sound. Such a system will accumulate assets sufficient to pay benefits when they become due and payable.

Investment Income

Investment earnings include all income earned under the trust such as dividends, interest, and capital gains or losses, and are essential to meet the long range projections and assumptions under the actuarial funding method. Perhaps the most important assumption that the actuary makes in his calculations of plan liabilities and contribution requirements is the investment return assumption. Investment return assumptions used in the preparation of the 2010 actuarial valuations for the thirteen Louisiana retirement systems ranged from 7.50% to 8.25%.

Contributions

Contribution requirements are a function of the benefit provisions of the retirement system and the actuarial methods and assumptions used by the actuary. Required contributions for the thirteen systems are derived from many different sources – participating employees, participating employers, ad valorem taxes, revenue sharing funds, the Insurance Premium Tax Fund (IPTF), and special legislative appropriations.

Member contributions are fixed by statute and may vary for different group classifications within a retirement system. Annual employer contributions are determined each year through an actuarial valuation.

State Retirement Systems***General***

Annual employer contribution requirements can be separated into two components – the normal cost and payments toward amortization of the unfunded accrued liability.

Normal Cost

The normal cost reflects the value of all benefits earned during the plan year by participating members. The total normal cost is partially paid by participating members and partially by participating employers. Member contributions are a fixed percentage of pay that varies from system to system. Participating employers must contribute the balance of the total normal cost, if any.

Unfunded Accrued Liability

Each of the state systems has an unfunded accrued liability (UAL). The actuary calculates the amount of assets the system would currently have if current benefit provisions had always been in place, if current actuarial methods had been used, if past experience from the plan's inception had been exactly consistent with current actuarial assumptions, and if plan investments had always earned the current investment return assumption. This value is called the Actuarial Accrued Liability. The UAL, then, is the difference between the

Actuarial Accrued Liability and the current value of system assets.

The UAL is essentially a debt that participating employers owe to the retirement system. It reflects contributions that should have been made and investment income that should have been earned. In order for benefits to be paid as scheduled to participating members, this debt must be paid. To pay this debt, the system establishes a payment schedule that will amortize the debt over a period of years. Participating employers are primarily responsible for annual amortization payments.

***Employer Contributions
Systems and Sub Plans:***

Acts 992 and 318 of the 2010 Regular Session of the legislature established new benefit structures for employees of the state who first become members of a state retirement system or after January 1, 2011. The new benefit provisions are summarized in Section III of this report. Act 1026 of the 2010 Regular Session identifies sub plans within LASERS that will require separate employer contribution rates beginning with FY 2012. The following table shows how employer contribution rates will be determined for each of the state systems and sub plans and benefit structures.

Notice that all hazardous duty personnel covered by LASERS and hired after January 1, 2011, will be placed in the LASERS hazardous duty sub plan which will have a separate employer contribution rate. On the other hand, hazardous duty personnel covered by STPOL hired after January 1, 2011, receive the same benefit structure as the LASERS Hazardous Duty sub plan, but the employer contribution rate for STPOL will be a consolidated rate combining both benefit structures.

Benefit Structures and Employer Contribution Rates

SYSTEMS	EMPLOYEE GROUPS COVERED	EMPLOYER CONTRIBUTION REQUIREMENTS
LASERS Sub Plans		
Rank & File	Hired before 2006 Hired 2006-11 Hired after 1/1/2011 Court Officers Hired after 1/1/2011	Required for this Sub Plan
Judges/Court Officers	Hired before 1/1/2011	Required for this Sub Plan
Judges	Hired on/after 1/1/2011	Required for this Sub Plan
Legislators	Hired before 1/1/2011	Required for this Sub Plan
Corrections – Primary	Hired before 1/1/2011	Required for this Sub Plan
Peace Officers	Hired before 1/1/2011	Required for this Sub Plan
Alcohol Tobacco Control	Hired before 1/1/2011	Required for this Sub Plan
Corrections – Secondary	Hired before 1/1/2011	Required for this Sub Plan
Wildlife	Hired before 1/1/2011	Required for this Sub Plan
Bridge Police	Hired before 1/1/2011	Required for this Sub Plan
Hazardous Duty	All Hazardous Duty Personnel Hired after 2011	Required for this Sub Plan
TRSL Benefit Structures		
Pre 2011 Teachers	Hired before 1/1/2011	Required for this Consolidated Plan
Post 2011 Teachers	Hired on/after 1/1/2011	
Lunch Plan A	Lunch Plan A Personnel	
Lunch Plan B	Lunch Plan B Personnel	
LSERS Benefit Structures		
Pre 2010 Members	Hired before 7/1/2010	Required for this Consolidated Plan
Post 2010 members	Hired after 7/1/2010	
STPOL Benefit Structures		
Pre 2011 Plan	Hired before 1/1/2011	Required for this Consolidated Plan
Post 2011 Plan	Hired on/after 1/1/2011	

Employer Contribution Sources:

Actuarially determined contribution requirements, not paid by participating employees, are the responsibility of participating employers. Employer contribution sources are summarized below for each state retirement systems.

Sources of Employer Contribution

System	Local ₁	Ad Valorem ₂	MFP ₃	State General Fund ₄
LASERS				x
TRSL	x	x	x	x
LSERS			x	
STPOL				x

1. Amounts derived from local sources raised by individual government entities.
2. Amounts reflecting a percentage of taxes collected by the parishes in accordance with Louisiana statutes.
3. Amounts derived from the Minimum Foundation Program (MFP), which reflects transfer payments from the state to local school districts.
4. Amounts paid out of the state General Fund.

Guaranteed Payment

The Louisiana Constitution guarantees an annual employer contribution to the four state systems sufficient to pay the normal cost and to amortize by 2029 the Initial Unfunded Accrued Liability (IUAL) established as of June 30, 1988. If the legislature fails to provide this payment, the state treasurer must pay the required amount from the state General Fund upon a warrant issued by the administrative authority of the retirement system affected by the shortfall. The constitution requires that the retirement systems be funded on an actuarially sound basis.

UAL Balance

As of June 30, 2010, the four state systems had a combined UAL balance of \$18.2 billion. The combined payment to fund this amount for FY 2010 is \$1.343 billion. It represents 74.2% of the \$1.811 billion of required employer contributions to actuarially fund the four state systems.

UAL BALANCES as of 6/30/2010
(in millions)

System	Actuarial Accrued Liability (AL)	Valuation Assets (VA)	Valuation UAL (AL) – (VA)
LASERS	\$ 14,764.0	\$ 8,512.4	\$ 6,251.6
TRSL	23,674.9	12,868.5	10,806.4
LSERS	2,213.4	1,350.1	863.3
STPOL	704.8	391.7	313.1
Combined	\$ 41,357.1	\$ 23,122.7	\$ 18,234.4

Projected Employer Contributions***LASERS***

The total required employer contribution is paid directly from appropriations from the General Fund and from programs that are federally funded. The contribution information shown below for FY 2012 is consolidated information. Subdivision 6 of Section II contains more detailed information regarding employer contribution rates for each sub plan of LASERS.

Projected Employer Contributions (in millions)		
LASERS	FY 2011	FY 2012
Employer Contributions*	\$597.1	\$697.3
<i>Projected Rate (% Payroll)</i>	22.0%	25.9%
15.5% Minimum Required	n/a	n/a

TRSL

The total required employer contribution is paid directly from appropriations from the General Fund, from local school districts (primarily out of MFP transfer payments from the state), from ad valorem taxes, and from programs that are federally funded.

Projected Employer Contributions (in millions)		
TRSL	FY 2011	FY 2012
Employer Contributions*	\$920.1	\$1,102.3
<i>Projected Rate (% Payroll)</i>	20.2%	23.7%
15.5% Minimum Required	n/a	n/a

LSERS

The total required employer contribution is paid directly from local school districts (primarily out of MFP transfer payments from the state).

Projected Employer Contributions (in millions)		
LSERS	FY 2011	FY 2012
Employer Contributions*	\$79.5	\$90.8
<i>Projected Rate (% Payroll)</i>	24.3%	28.6%
6.0% Minimum Required	n/a	n/a

STPOL

The total required employer contribution is paid directly from appropriations from the General Fund and from the IPTF.

Projected Employer Contributions (in millions)		
STPOL	FY 2011	FY 2012
Employer Contributions*	\$31.6	\$34.5
<i>Projected Rate (% Payroll)</i>	50.9%	55.9%
Insurance Premium Tax Fund	\$1.5	\$1.5

* Based on member pay as of 6/30/2010.

IUAL Funds

LASERS and TRSL both maintain assets in a side fund that is contained within their respective trusts. These side funds, called the IUAL Fund, have received deposits over the years from special legislative appropriations and from the Texaco settlement. These funds are credited annually with the actuarial rate of return on assets.

Act 497 of the 2009 session provides that outstanding balances in the Experience Account Funds will be transferred to the IUAL Funds on June 30, 2009. Amounts so transferred were \$122.2 million for LASERS and \$296.7 million for TRSL. Also in accordance with Act 497, the IUAL Funds will be liquidated on June 30, 2010, with the proceeds used to reduce the outstanding UAL for the retirement systems. The balance in the IUAL Fund for LASERS on June 30, 2010, was \$216.5 million. The balance for TRSL was \$699.8 million. The amounts shown below are the balances in the IUAL Funds on June 30, 2010, after the funds have been used in accordance with Act 497.

IUAL FUND BALANCES
(as of 6/30/2010)
(in millions)

	LASERS	TRSL	Combined
Balance	\$ 0.0	\$ 0.0	\$ 0.0

Statewide Retirement Systems

General

Employer contributions required to fund actuarial liabilities for each of the nine statewide retirement systems come from five sources.

Sources of Employer Contribution

System	Local ₁	Ad Valorem ₂	Revenue Sharing ₃	IPTF ₄	State General Fund ₅
ASSR	x	x	x		
CCRS	x	x	x		
DARS		x	x		x
FRS	x			x	
MERS	x	x	x		
MPERS	x			x	
PERS	x	x	x		
RVRS	x	x	x		
SPRF	x	x	x	x	

1. Local appropriations from municipalities or parishes as a percent of member payroll.
2. Percent of taxes collectible by the parishes in accordance with statutes.
3. General revenue sharing funds.
4. Insurance Premium Tax Funds (IPTF).
5. Appropriations from the state General Fund.

UAL Balances

Pursuant to the state constitution, funding requirements for the nine statewide systems are actuarially determined. As with the state systems, the annual employer contribution consists of a normal cost payment, and for those systems that generate a UAL under the actuarial funding method, an amortization payment to fund the UAL. As of their 2010 fiscal year-end, the seven statewide systems for which a UAL is calculated had a combined UAL balance of \$1.538 billion.

**UAL Balances – Statewide Systems
as of June 30, 2010**
(in millions)

	FY 2009	FY 2010
ASSR	\$ 22.8	\$ 21.6
CCRS	86.2	87.0
FRS	336.8	396.2
MERS (Plans A & B)	79.5	75.1
MPERS	691.3	840.9
PERS Plan A	53.6	45.8
SPRF	72.8	71.0
Combined UAL	\$ 1,343.0	\$ 1,537.6

Aggregate Funding

DARS, PERS Plan B, and RVRS use the Aggregate Funding Method – an actuarial funding method that requires all unfunded benefit liabilities to be paid through future normal costs. Under this method, there is no unfunded accrued liability and therefore no UAL to amortize.

Projected Employer Contributions

Projected employer contribution rates for the statewide systems are shown below. These rates will be applied to the payrolls for the identified fiscal years.

Statewide System	Projected Rate	
	FY 2011	FY 2012
ASSR	4.00%	9.75%
CCRS	17.25%	17.00%
DARS	9.00%	9.75%
FRS	21.50%	25.25%
MERSA	13.75%	16.75%
MERSB	6.00%	8.00%
MPERS	25.00%	28.00%
PERSA	13.25%	15.50%
PERSB	8.50%	9.00%
RVRS	11.25%	15.50%
SPRF	12.75%	13.75%

A minimum contribution rate is set by statute for FRS, MPERS and SPRF. The minimum rate for FRS and MPERS is 9.0% of pay. The minimum rate for SPRF is 7.0% of pay.

Employer contribution requirements above the statutory rate may be paid from the IPTF. The employer is responsible for any additional funding requirements not covered by IPTF allocations. Prior to FY 2002, IPTF funds had been sufficient to meet all employer contribution requirements above the statutory rate.

Required Employer Contributions over the Sum of the IPTF and the Statutory Rate				
Fiscal Year	FRS	MPERS	SPRF	Total
2001	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
2002	9.6	0.0	2.2	11.8
2003	14.2	12.1	8.1	34.4
2004	18.5	25.5	10.2	54.2
2005	18.1	24.9	15.0	58.0
2006	9.4	14.4	17.7	41.5
2007	7.4	10.6	7.8	25.8
2008	5.6	1.9	3.0	10.5
2009	8.5	5.0	10.6	24.1
2010	21.7	41.4	33.1	96.2
2011	31.1	54.2	40.8	126.1

SECTION II – Benefit Formulas, Retirement Eligibility, and Contribution Rates

Benefit Formulas

Louisiana's thirteen state and statewide retirement systems provide lifetime benefits under a defined benefit pension plan. Under this type of retirement arrangement, a retired member receives an income based upon a formula that he or she can rely upon for the remainder of his or her lifetime. The pension benefit formula is based on a member's years of service, final average compensation at retirement, and the form of payment elected.

Benefits accrue at specified rates for each year of service. Accrual rates for regular LASERS and TRSL members are 2.5% per year of service. Accrual rates for certain elected officials and hazardous duty personnel of LASERS and for all other state and statewide systems generally range from 3.0% to 3.5% per year of service.

Final Average Compensation (FAC) is based on actual compensation received in the thirty-six (36) highest successive months of employment. FAC for members of LASERS, LSERS, and many statewide retirement systems, who joined the systems on or after the end of the 2006 fiscal year, will be based on a sixty (60) month period (Acts 780 and 835 R.S. 2006).

Defined benefit pension plans are generally designed to replace a substantial portion of an employee's pre-retirement income, particularly for long service employees. Employees with shorter periods of service receive benefits that are proportionally smaller.

Retirement Eligibility

All of the state and statewide retirement systems require the attainment of some combination of years of service and age to qualify for retirement benefits. Some systems provide for early retirement benefits with an actuarial reduction to reflect the earlier pension start date and payments that will be made for a longer period of time. Vested benefits, pre-retirement survivor death benefits, disability benefits, Deferred Retirement Option Plan (DROP) benefits, and cost of living adjustments (COLAs) are also included in the overall benefit package of each retirement system and are payable upon meeting established eligibility and statutory requirements.

Employee Contributions

Active members of all state and statewide retirement systems are required to contribute to the system to which they belong. These contributions pay for a portion of the benefits that the members earn each year. Contribution rates are set by statute and generally range from 7.0% to 10.0% of pay. Judges, court officers and legislators must contribute 11.5% of their pay.

Social Security

Social Security coverage is not available to members during their years of participation in the state and statewide retirement systems except for members of TRSL Plan B, MERS Plan B, and PERS Plan B. The benefit accrual rate for systems covered under Social Security is 2.0% for each year of service. Employee contribution rates for members of these sub plans range from 3.0% to 5.0%.

Replacement Ratios

Retirement income amounts that career members of the various systems can expect to receive relative to the salaries they earned immediately prior to retirement are summarized in Section II Part 2 of this report. These ratios, called replacement ratios, are based on a projection of the normal retirement benefit at age 65 and the final annual salary for a new member employed for the first time in fiscal year 2010. The ratios depend on benefit provisions that are unique to each retirement system. Because the sub plans covering law enforcement officers and firefighters are quite different from rank and file employees, replacement ratios for these employees are based on retirement at age 55 instead of age 65.

Section II Part 2 contains a graph that compares the replacement ratios of all retirement systems. Another graph compares the portion of the total cost of the systems that is paid for by employees (including interest). This comparison is made for new employees hired on July 1, 2010, at age 30 who will retire at age 55. Values are based on benefit provisions, interest rates, and salary increase assumptions of the retirement system in effect as of fiscal year-end 2010. Results show that replacement ratios in general fall between 67% to 83% for all state and statewide plans. However, replacement ratios for rank and file members of LASERS (state employees), for TRSL (teachers), and for LSERS (school employees) are only 58%, 57% and 57%, respectively. Employees pay for 25% to 50% of the total benefit cost, except for judges and court officers who pay 65% of the total cost.

Contribution Rates

Section II Part 3 compares employee and employer contribution rates that will be required by each system during fiscal year 2011. A graph compares the sum of all contributions attributable to the employer and the state with contributions attributable to employees. For comparison purposes, these amounts are expressed as a percentage of annual pay. Contribution requirements in the aggregate – employer contributions, contributions from other public sources, and contributions from members – range from 26.1% of pay for PERS to 64.4% of pay for STPOL.

SECTION III Actuarial Concerns – Funding Issues

Pension Considerations

In this section of the report, we address our concerns about issues affecting actuarial funding and pension benefits. Although other issues are discussed, the three most significant issues analyzed in this Section of the report are:

1. The UAL and the effect that this debt has had on past contribution requirements and will have on future requirements.
2. The cost of COLAs and its effect on the UAL in the past and the COLA program's future impact on the debt of the retirement systems.
3. The valuation interest rate used for LASERS and TRSL.

We address these issues primarily to alert the legislature to potential problems with the funding and the actuarial stability of the retirement systems. The legislature may then take appropriate remedial action to ensure continued actuarial soundness in compliance with the Louisiana Constitution.

SECTION IV Recent Legislation

Summary of Retirement Legislation for 2010

General Summary

A total of 26 retirement bills were passed by the legislature and signed into law as a result of the 2010 legislative session. Three Acts adopted new benefit provisions for future retirement system members. Four Acts pertained to funding.

Eleven of the Acts affected LASERS; 8 affected TRSL, and 7 affected LSERS. All state and statewide retirement systems were affected by three or more Acts.

Perhaps the most significant pieces of retirement legislation passed during the 2010 session were Acts 992 and 921. Act 992 created a new benefit plan for the four state retirement systems applicable to new hires on or after January 1, 2011. Act 921 limited the ability of a TRSL retiree from returning to work and collecting both a salary and a pension benefit.

Topics Addressed in the 2010 Session

Subject Matter	Number of Acts
New Plan for New Hires	3
Funding	4
Rehired Retirees	1
Membership	3
Final Average Compensation	1
Investments	1
Pension Garnishments	1
Votes Necessary for Pension Legislation	1
Special Interests – Local	1
Administration	10

Retirement Systems Addressed by the 2010 Session

Acts Pertaining to:	Number of Acts
LASERS	11
TRSL	8
LSERS	7
STPOL	4
ASSR	4
CCRS	6
DARS	4
FRS	5
MERS	5
MPERS	6
PERS	9
RVRS	4
SPRF	6
Local	3
PRSAC	1

These Acts are briefly summarized in Section IV of this report.

This page is intentionally blank.

Section I

Employer Funding for Pension Benefits

1. Funding Methods/Components

Funding Method

Member contribution rates are fixed by statute. Employer contribution rates are determined by the actuaries for the retirement systems, reviewed by Actuarial Services within the Louisiana Legislative Auditor, and then approved by PRSAC, subject to review by the legislature. The employer contribution for each system is determined by performing an annual valuation that calculates the actuarial liability associated with future expected benefit payouts. An actuarial funding method allocates this liability between future normal cost payments and amortization payments on the UAL, if any. The goal of all actuarial funding methods is to have contributions plus investment earnings on system assets accumulate to an amount sufficient to provide for future expected benefits and expenses, when due and payable.

SYSTEM ACTUARIAL FUNDING METHODS as of June 30, 2010

State Systems:

System	Funding Method	Creates UAL
LASERS	Projected Unit Credit	Yes
TRSL	Projected Unit Credit	Yes
LSERS	Entry Age Normal	Yes
STPOL	Entry Age Normal	Yes

Statewide Systems:

System	Funding Method	Creates UAL
ASSR	Frozen Attained Age Normal	IUAL Only
CCRS	Frozen Attained Age Normal	IUAL Only
DARS	Aggregate	No
FRS	Entry Age Normal	Yes
MERSA	Frozen Attained Age Normal	IUAL Only
MERSB	Frozen Attained Age Normal	IUAL Only
MPERS	Entry Age Normal	Yes
PERSA	Frozen Attained Age Normal	IUAL Only
PERSB	Aggregate	No
RVRS	Aggregate	No
SPRF	Frozen Attained Age Normal	IUAL Only

UAL = Unfunded Accrued Liability

IUAL = Initial Unfunded Accrued Liability

Normal Cost

The total normal cost is the portion of the projected actuarial benefit liability allocated under the applicable actuarial cost method to the fiscal year immediately following the valuation date. The employer normal cost is the portion of the total normal cost not funded by member contributions.

Accrued Liability

The portion of the projected actuarial benefit liability not funded by future normal cost payments is the actuarial accrued liability. Under certain actuarial funding methods, the accrued liability is the liability for benefit service already earned by members of the retirement system, including all active and inactive members.

UAL

The UAL is the amount by which the actuarial accrued liability of a retirement system exceeds the assets of the system available to pay benefits on the valuation date. The UAL is based on the actuarial value of assets which reflects the market value of assets that has been smoothed to reduce wide fluctuations from year to year. The actuarial value of assets is then reduced by assets reserved for other purposes. The UAL consists of the IUAL and additional liability amounts created annually each year after 1988. These supplemental liability bases originate through actuarial gains or losses, changes in actuarial assumptions or funding methods, and changes to benefit provisions. The UAL is amortized according to payment methods and periods specified by statute. Under some actuarial funding methods supplemental liabilities are not amortized but are funded as future normal cost payments.

Employer Contributions

Actuarially required employer contributions for the year following the valuation date are determined by combining the normal cost with UAL amortization payments, along with any other expense item deemed necessary by the actuary to fund plan liabilities. These actuarial cost amounts are projected forward to be payable mid-year. Employer contribution rates are then projected for the next following fiscal year relative to payroll also projected for that year.

2. Minimum Employer Contribution Limits – State Systems

Constitutional Minimum

The Louisiana constitution defines the relationship that must exist between member and employer contribution rates. The constitutional reference in this regard only pertains to state retirement systems. It does not apply to statewide systems. The relationship is summarized below.

For systems that still have an IUAL (LASERS & TRSL):

The minimum employer contribution rate for a given year must be at least equal to:

The Member Rate on the Valuation Date

x The Constitutional Ratio

where the Constitutional Ratio =

$$\frac{\text{The Total Rate on January 1, 1987}}{\text{The Member Rate on January 1, 1987}} - 1$$

Minimum employer contribution rates for rank and file members of LASERS and TRSL are shown below.

Category	Member Rate	Total Rate on 1/1/87	Member Rate on 1/1/87	Constitutional Ratio	Minimum Employer Rate
LASERS Hired before July 1, 2006	7.50%	17.2%	7.0%	1.45714	10.9%
LASERS Hired after June 30, 2006	8.00%	17.2%	7.0%	1.45714	11.7%
TRSL Hired before January 1, 2011	7.50%	17.3%	7.0%	1.47143	11.0%
TRSL Hired after December 31, 2010	8.00%	17.3%	7.0%	1.47143	11.7%

***For systems that no longer have an IUAL
(LSERS & STPOL)***

The Louisiana Constitution is being interpreted in two different ways. LSERS has interpreted the constitution to mean that the minimum employer contribution rate is equal to 50% of the total rate. Therefore, if the preliminary employer contribution rate is less than 50% of the total rate, the employer will make excess contributions that will be deposited into the Employer Credit Account.

Others have interpreted the constitution to mean that the employer contribution rate for a given year is equal to the following:

The Member Rate on the Valuation Date
plus
The UAL Rate on the Valuation Date

If the UAL rate is negative, the employer contribution rate can be smaller than the member rate. And if the UAL rate is sufficiently negative, the employer contribution rate could be eliminated completely. Therefore, the minimum employer contribution rate is 0.0%.

Employer Credit Account

Employers make excess contributions whenever the constitutional minimum contribution rate exceeds the actuarially calculated employer contribution rate. Since the effective date of Act 1331 of the 1999 Regular Session, state retirement systems have been allowed to accumulate and invest excess contributions in a special account called the Employer Credit Account. From 1999 to 2004, LSERS, in accordance with its interpretation of the constitution, made excess contributions.

Act 588 of the 2004 Regular Session established a legislative minimum for LASERS and TRSL. It provides that the minimum employer contribution requirement must be at least 15.5% of payroll. The legislative minimum requirement will expire when the IUAL is fully amortized. Since 2004, the actuarially calculated employer contribution rate has occasionally been less than 15.5% and as a result, an Employer Credit Account exists for TRSL. The actuarially calculated employer contribution rate for LASERS has never fallen below the legislative minimum.

Act 588 mandates that the Employer Credit Account must be used exclusively to reduce any unfunded accrued liability of the retirement system created before July 1, 2004, and cannot be debited for any other purpose.

Act 497 of the 2009 session provides that the outstanding balance in the Employer Credit Account on June 30, 2010, will be used to reduce the UAL. Balances in these accounts for LASERS and TRSL as of June 30, 2010, immediately before being used to reduce the UAL, were \$0 and \$101.7 million, respectively.

3. Employer Contribution Rates

Contribution Rates

Employer contribution rates are shown as a percent of payroll. In addition, various retirement systems also receive supplemental appropriations from the state, ad valorem taxes, revenue sharing funds, and payments from the IPTF. The following net employer contribution rates were approved by PRSAC.

State Systems

Contribution Rates for the State Systems

Fiscal Year 2011

Retirement System	Actuarially Required Rate	Rate Approved By PRSAC	Normal Cost Rate	IPTF Funding
LASERS	25.1%	22.0%	6.9839%	n/a
TRSL	22.8%	20.2%	5.9687%	n/a
LSERS	28.0%	24.3%	9.5075%	n/a
STPOL	55.5%	50.9%	17.6331%	\$1,500,000

Fiscal Year 2012

Retirement System	Actuarially Required Rate	Rate Approved By PRSAC	Normal Cost Rate	IPTF Funding
LASERS				
Rank and File	*	25.6%	6.7%	n/a
Judges/Court Officers	*	30.5%	11.6%	n/a
Judges	*	20.2%	1.3%	n/a
Legislators	*	34.3%	15.5%	n/a
Corrections – Primary	*	30.9%	12.0%	n/a
Corrections – Secondary	*	26.4%	7.5%	n/a
Peace Officers	*	28.4%	9.5%	n/a
Alcohol Tobacco Control	*	26.1%	7.2%	n/a
Wildlife	*	35.5%	16.6%	n/a
Bridge Police	*	21.4%	2.5%	n/a
Hazardous Duty	*	23.1%	4.2%	n/a
Consolidated	*	25.9%	6.9839%	n/a
TRSL	*	23.7%	5.9687%	n/a
LSERS	*	28.6%	9.5075%	n/a
STPOL	*	55.9%	17.6331%	\$1,500,000

* Actuarially required rates for FY 2012 will be available with the adoption of the June 30, 2012, actuarial valuations.

LASERS Rates

Employer contribution rates for the LASERS' sub plans for FY 2012 are developed below.

LASERS Sub Plan	Total Normal Cost (a)	Employee Normal Cost (b)	Employer Normal Cost (c) = (a) – (b)	Shared UAL Cost (d)	Plan Specific UAL Cost (e)	Total Employer Contribution Rate (f) = (c) + (d) + (e)
Rank & File	14.3%	7.6%	6.7%	18.9%	0.04%	25.6%
Judges/Court Officers	22.4%	10.8%	11.6%	18.9%	0.0%	30.5%
Judges	14.3%	13.0%	1.3%	18.9%	0.0%	20.2%
Legislators	27.0%	11.5%	15.5%	18.9%	0.0%	34.3%
Corrections – Primary	21.0%	9.0%	12.0%	18.9%	0.0%	30.9%
Corrections – Secondary	16.5%	9.0%	7.5%	18.9%	0.0%	26.4%
Peace Officers	18.5%	9.0%	9.5%	18.9%	0.0%	28.4%
Alcohol Tobacco Control	16.2%	9.0%	7.2%	18.9%	0.0%	26.1%
Wildlife	25.4%	8.8%	16.6%	18.9%	0.0%	35.5%
Bridge Police	11.0%	8.5%	2.5%	18.9%	0.0%	21.4%
Hazardous Duty	13.7%	9.5%	4.2%	18.9%	0.0%	23.1%
Consolidated	14.8%	7.8%	7.0%	18.9%	0.04%	25.9%

Ad Valorem Tax Rates

All statewide retirement systems, except for FRS and MPERS, receive ad valorem taxes. These taxes serve to reduce employer contributions that otherwise would be payable. Ad valorem taxes are a percentage, established by statute, of aggregate tax revenues collectible in accordance with the tax rolls of each parish. Different percentages apply for each system. Furthermore, ad valorem tax rates may vary from parish to parish. For example, rates for Orleans Parish differ from rates applicable to all other parishes. The ad valorem tax rate for MERS excludes Orleans Parish. The rate for PERS excludes Orleans and East Baton Rouge parishes. ASSR's rate applies to the tax rolls of all parishes. TRSL, the only state system entitled to ad valorem taxes, receives one percent of parish tax revenues, except for Orleans Parish.

*Statewide Systems***Contribution Rates for
Statewide Retirement Systems****Fiscal Year 2011**

	Actuarially Required	Rate Approved By PRSAC	Applicable IPTF Paid FY 2010
ASSR	9.83%	4.00%	n/a
CCRS	16.98%	17.25%	n/a
DARS	9.63%	9.00%	n/a
FRS	24.97%	21.50%	\$21,306,059
MERSA	16.41%	13.75%	n/a
MERSB	7.78%	6.00%	n/a
MPERS	28.25%	25.00%	\$15,112,480
PERSA	15.58%	13.25%	n/a
PERSB	9.07%	8.50%	n/a
RVRS	15.35%	11.25%	n/a
SPRF	13.56%	12.75%	\$15,112,480

Fiscal Year 2012

	Employer's Net Projected Rate	Ad Valorem FY 2011	Revenue Sharing FY 2011	IPTF FY 2011
ASSR	9.75%	0.2500 %	Max	n/a
CCRS	17.00%	0.2500 %	Max	n/a
DARS	9.75%	0.2000 %	Max	n/a
FRS	25.25%	n/a	n/a	\$21,624,265
MERSA	16.75%	0.1800 %	Max	n/a
MERSB	8.00%	0.0700 %	Max	n/a
MPERS	28.00%	n/a	n/a	\$15,430,686
PERSA	15.50%	0.2200 %	Max	n/a
PERSB	9.00%	0.0300 %	Max	n/a
RVRS	15.50%	0.0625 %	Max	n/a
SPRF	13.75%	0.5000 %	Max	\$15,430,686

The rates shown are employer contribution rates net of other sources such as ad valorem taxes, revenue sharing, and amounts paid from the IPTF.

The boards for ASSR and SPRF exercised their statutory authority to approve rates that were higher than those approved by PRSAC. The board approved rates for ASSR and SPRF were 13.5% and 13.75%, respectively.

The Ad Valorem Tax for RVRS includes the Defined Contribution allocation, if applicable.

4. Employer Contribution Sources

State Systems

The State of Louisiana has primary responsibility for funding the four state retirement systems. Such funding occurs through General Fund appropriations, funding from specific agencies, IPTF allowances (STPOL), ad valorem taxes (TRSL), or through transfer payments to local school districts (MFP). It is not possible to identify specific amounts by source because the funding sources available to the numerous participating employers may vary at any given time. Dollar estimates below are based on June 30, 2010, valuation report values, membership payroll, and projected employer contribution rates approved by the PRSAC.

Projected Employer Contributions and Sources State Systems – FY 2011 (in millions)

	Sources	6/30/2010 Payroll Based \$ Estimate	Employer Projected Rate (as % Payroll)
<i>LASERS</i>	General Fund (Primary)	\$ 597.1	22.0%
<i>TRSL</i>	General Fund (Primary)	920.1	20.2%
<i>LSERS</i>	Local School Districts (MFP and Local)	79.5	24.3%
<i>STPOL</i>	General Fund (Primary) & IPTF	31.6	50.9% + \$1,500,000 IPTF
<i>Combined State Systems</i>	Combined Sources	\$ 1,629.8	

Statewide Systems

Employer funding sources for the nine statewide retirement systems include local appropriations, ad valorem taxes, general revenue sharing funds, and insurance premium tax funds. An initial fixed rate for local appropriations is set by statute at 9% of payroll for FRS and MPERS and 7% of payroll for SPRF. Sources below are based on 2010 valuation report values, membership payroll, and projected employer contribution rates approved by PRSAC.

**Projected Employer Contributions and Sources
Statewide Systems – FY 2011
(in millions)**

ASSR

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 1.53	4.00%
Ad Valorem Taxes	10.30	26.96%
Revenue Sharing	0.35	0.92%
IPTF	0.00	0.00%
Total Public Funds	\$ 12.18	31.88%

CCRS

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 15.30	17.25%
Ad Valorem Taxes	7.90	8.91%
Revenue Sharing	0.32	0.36%
IPTF	0.00	0.00%
Total Public Funds	\$ 23.52	26.52%

DARS

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 4.95	9.00%
Ad Valorem Taxes	6.32	11.48%
Revenue Sharing	0.22	0.39%
IPTF	0.00	0.00%
Total Public Funds	\$ 11.49	20.87%

FRS

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 41.94	21.50%
Ad Valorem Taxes	0.00	0.00%
Revenue Sharing	0.00	0.00%
IPTF	21.62	11.09%
Total Public Funds	\$ 63.56	32.59%

Dollar estimates based on 2010 Valuations and Payroll; 6/30 FYE except Assessors' (9/30) and Parochial (12/31).

Local Appropriations are based on rates approved by PRSAC.

**Projected Employer Contributions Sources
Statewide Systems – FY 2011
(in millions)**

MERSA

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 23.00	13.75%
Ad Valorem Taxes	5.02	3.00%
Revenue Sharing	0.12	0.07%
IPTF	0.00	0.00%
Total Public Funds	\$ 28.14	16.82%

MERSB

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 4.03	6.00%
Ad Valorem Taxes	2.01	3.00%
Revenue Sharing	0.05	0.07%
IPTF	0.00	0.00%
Total Public Funds	\$ 6.09	9.07%

MPERS

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 71.98	25.00%
Ad Valorem Taxes	0.00	0.00%
Revenue Sharing	0.00	0.00%
IPTF	15.43	5.36%
Total Public Funds	\$ 87.41	30.36%

PERSA

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 74.96	13.25%
Ad Valorem Taxes	5.82	1.03%
Revenue Sharing	0.14	0.02%
IPTF	0.00	0.00%
Total Public Funds	\$ 80.92	14.30%

PERSB

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 7.22	8.50%
Ad Valorem Taxes	0.87	1.03%
Revenue Sharing	0.02	0.02%
IPTF	0.00	0.00%
Total Public Funds	\$ 8.11	9.55%

RVRS

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 1.43	11.25%
Ad Valorem Taxes	1.97	15.54%
Revenue Sharing	0.11	0.87%
IPTF	0.00	0.00%
Total Public Funds	\$ 3.51	27.66%

SPRF

Source	\$ Estimate	% Payroll
Local Appropriations	\$ 79.24	12.75%
Ad Valorem Taxes	15.80	2.54%
Revenue Sharing	0.43	0.07%
IPTF	15.43	2.48%
Total Public Funds	\$ 110.90	17.84%

Dollar estimates based on 2010 Valuations and Payroll; 6/30 FYE except Assessors' (9/30) and Parochial (12/31).

Local Appropriations are based on rates approved by PRSAC.

5. Employer Actuarial Cost History – State Systems

Employer Actuarial Cost History Assumed Payable/Projected Mid-Year June 30 Fiscal Year Ends (in millions)

LASERS

Component	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Normal Cost	\$ 160.0	\$ 152.6	\$ 164.4	\$ 183.8	\$ 173.4	\$ 183.3
UAL Payment	247.8	254.7	258.5	281.6	389.8	475.2
Total	\$ 407.8	\$ 407.3	\$ 422.9	\$ 465.4	\$ 563.2	\$ 658.5
Payroll	\$ 2,163.2	\$ 2,038.2	\$ 2,245.3	\$ 2,515.5	\$ 2,643.2	\$ 2,624.1

TRSL

Component	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Normal Cost	\$ 214.5	\$ 206.8	\$ 231.0	\$ 217.5	\$ 229.4	\$ 244.1
UAL Payment	318.8	310.1	291.4	346.3	619.1	786.4
Total	\$ 533.3	\$ 516.9	\$ 522.4	\$ 563.8	\$ 848.5	\$ 1,030.5
Payroll (non-ORP)	\$ 3,229.8	\$ 2,982.9	\$ 3,325.9	\$ 3,778.9	\$ 4,023.2	\$ 4,090.0

LSERS

Component	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Normal Cost	\$ 27.1	\$ 24.9	\$ 27.2	\$ 27.7	\$ 29.3	\$ 29.5
UAL Payment	22.8	18.6	18.7	26.8	45.0	57.5
Total	\$ 49.9	\$ 43.5	\$ 45.9	\$ 54.5	\$ 74.3	\$ 87.0
Payroll	\$ 262.1	\$ 242.0	\$ 262.0	\$ 293.0	\$ 319.2	\$ 310.0

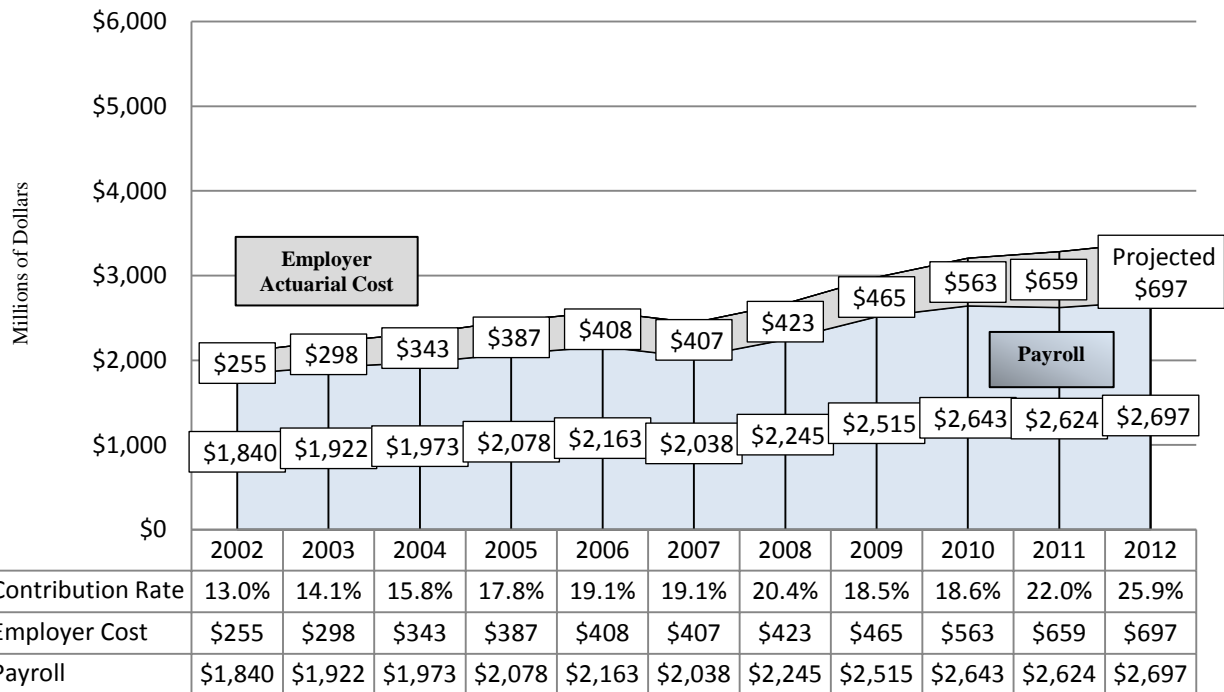
STPOL

Component	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Normal Cost	\$ 7.7	\$ 7.7	\$ 7.7	\$ 9.8	\$ 10.5	\$ 10.6
UAL Payment	27.6	10.1	6.8	9.5	21.8	24.3
Total	\$ 35.3	\$ 17.8	\$ 14.5	\$ 19.3	\$ 32.3	\$ 34.9
Payroll	\$ 49.8	\$ 51.1	\$ 50.4	\$ 57.6	\$ 60.4	\$ 60.1

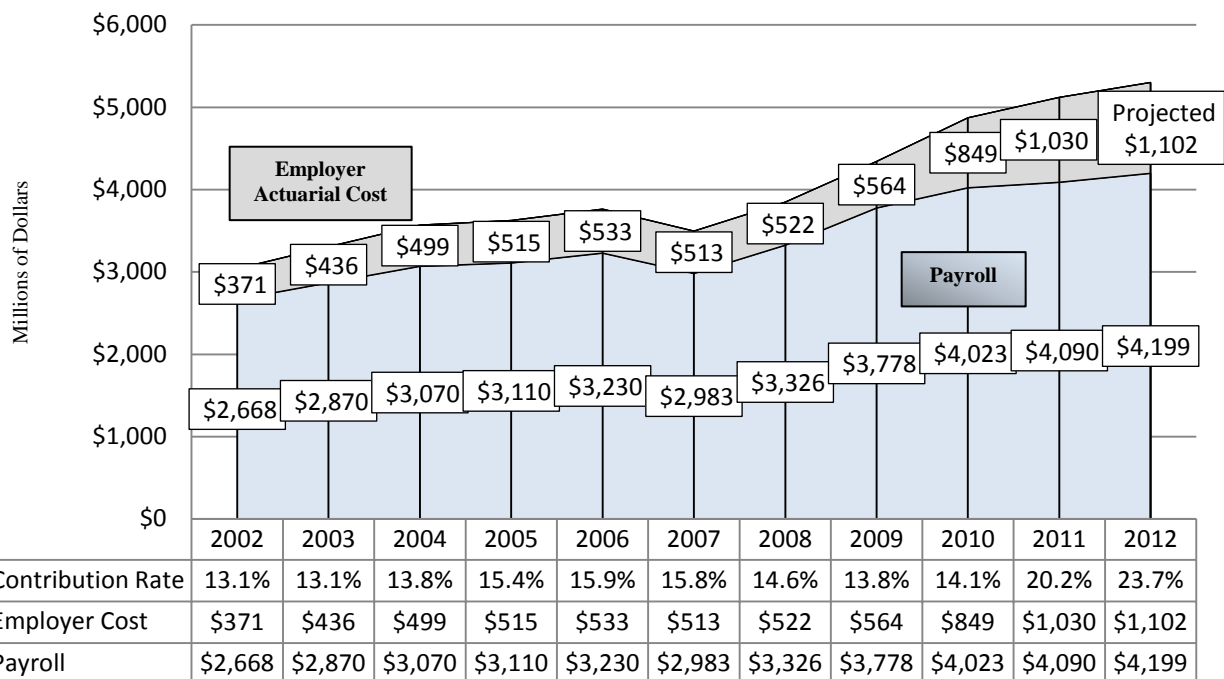
State Systems Combined

Component	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Normal Cost	\$ 409.4	\$ 392.1	\$ 430.3	\$ 438.8	\$ 442.6	\$ 467.5
UAL Payment	617.0	593.4	575.4	664.2	1,075.7	1,343.4
Total	\$ 1,026.4	\$ 985.5	\$ 1,005.7	\$ 1,103.0	\$ 1,518.3	\$ 1,810.9
Payroll (non-ORP)	\$ 5,704.9	\$ 5,314.2	\$ 5,884.3	\$ 6,645.0	\$ 7,046.0	\$ 7,084.2

LASERS: Employer Actuarial Costs and Projected Payroll
As of Fiscal Year Ending June 30



TRSL: Employer Actuarial Costs and Projected Payroll
As of Fiscal Year Ending June 30



6. Total Projected Contribution Rate History (All Sources)

Contribution requirements in general have increased over the past decade. Increases are due to reductions in the market value of assets in 2001, 2002, 2008, and 2009; the granting of COLAs; increases in benefit accrual rates; and schedules for amortizing the UAL that call for payments to increase annually.

The table below shows total projected contributions to each retirement system as a percentage of projected member payroll. Total contributions include employer contributions, employee contributions, ad valorem taxes, revenue sharing amounts, and taxes on insurance premiums. Values for 2012 are based on projected contribution requirements as shown in the 2010 valuation reports for each retirement system.

TOTAL PROJECTED RATES (All Sources) AS A PERCENT OF MEMBER PAYROLL

<i>Fiscal Year</i>									
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

State Systems:

LASERS										
Rank and File	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33.3%
Judges/Ct Off.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	41.3%
Legislators	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45.9%
Corrections P	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	39.9%
Corrections S	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.4%
Wildlife	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	44.3%
Peace Officers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	37.4%
AT Control	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.1%
Bridge Police	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29.9%
Judges	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33.2%
Haz Duty	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	32.6%
Aggregate	21.6%	23.3%	25.3%	26.6%	26.6%	27.9%	26.0%	26.4%	29.7%	33.7%
TRSL	21.1%	21.8%	23.5%	23.9%	23.8%	24.6%	23.5%	22.1%	28.0%	31.7%
LSERS	14.5%	18.7%	22.3%	25.9%	27.1%	25.6%	25.3%	25.1%	31.8%	36.1%
STPOL	73.0%	76.4%	70.9%	75.5%	81.2%	37.2%	38.2%	51.9%	61.3%	66.9%

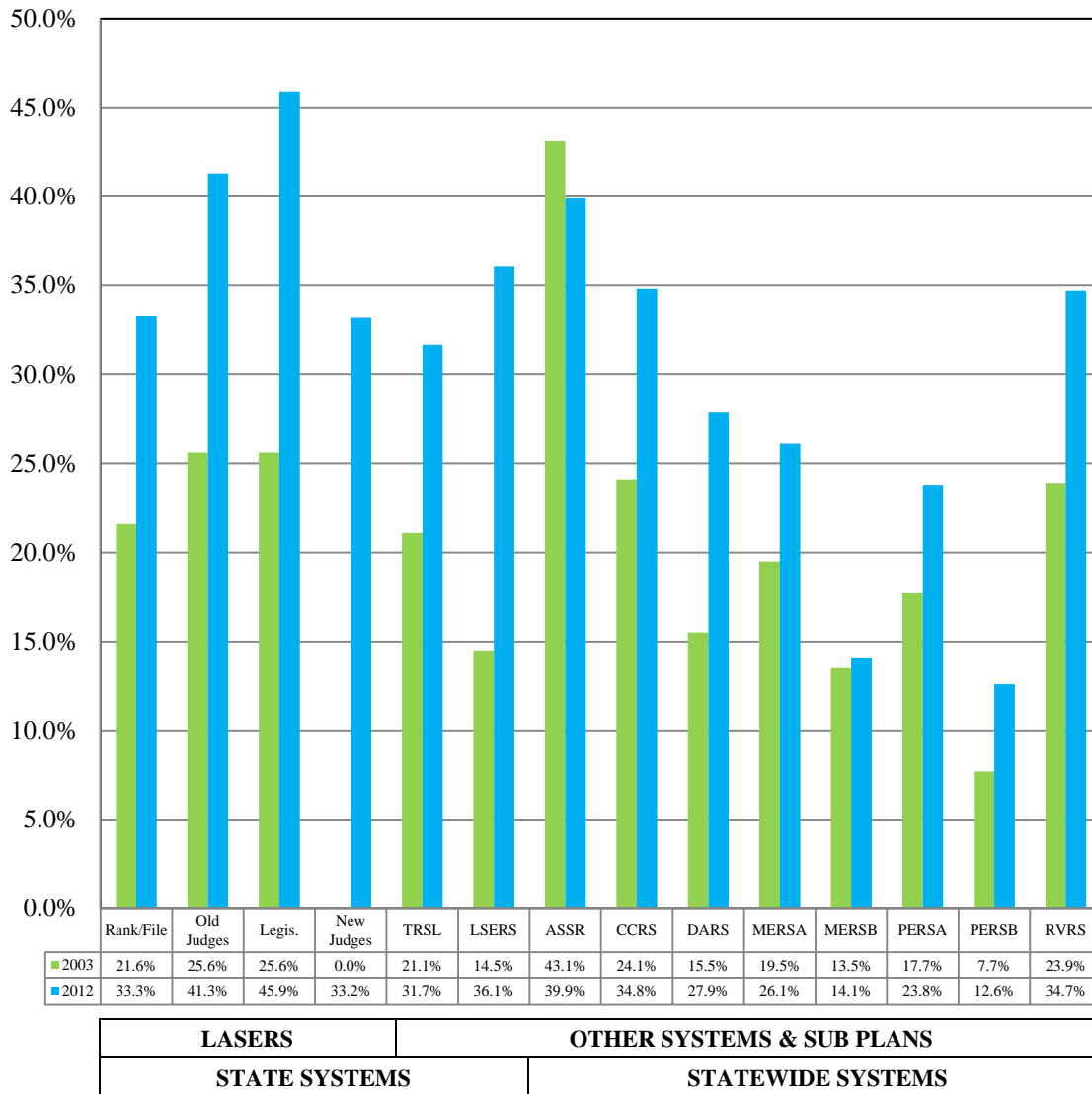
Statewide Systems:

ASSR	43.1%	43.0%	46.8%	42.8%	43.7%	37.9%	35.2%	41.7%	38.7%	39.9%
CCRS	24.1%	26.8%	29.9%	31.0%	32.9%	27.9%	27.1%	27.9%	34.5%	34.8%
DARS	15.5%	17.6%	21.6%	23.6%	21.0%	17.5%	16.8%	21.5%	28.2%	27.9%
FRS	38.4%	41.8%	45.1%	38.9%	36.2%	34.5%	33.7%	34.2%	41.1%	40.6%
MERSA	19.5%	22.5%	26.6%	27.6%	28.1%	25.3%	22.6%	22.3%	26.1%	26.1%
MERSB	13.5%	15.0%	16.9%	17.1%	17.3%	14.3%	12.4%	12.3%	14.1%	14.1%
MPERS	21.1%	27.8%	34.4%	29.3%	28.7%	26.9%	23.2%	24.7%	38.0%	37.9%
PERSA	17.7%	22.2%	23.3%	22.7%	23.8%	19.8%	19.6%	26.4%	23.9%	23.8%
PERSB	7.7%	9.2%	9.8%	9.5%	10.0%	9.3%	10.4%	14.1%	12.6%	12.6%
RVRS	23.9%	26.8%	31.4%	33.4%	34.7%	29.7%	25.2%	26.2%	35.1%	34.7%
SPRF	22.3%	24.1%	24.8%	25.6%	26.0%	23.5%	22.6%	23.5%	28.1%	27.8%

Total contribution from all sources for all non- hazardous duty retirement systems and plans are shown below. The “Old Judges” plan refers to the plan for judges and court officers who became member of LASERS before January 1, 2011. This plan and the plan for legislators are frozen to any new participants. The “New Judges” plan refers to the plan for judges who become members of LASERS on or after January 1, 2010. There is no comparable rate in 2003 for this plan, because it did not exist.

The LASERS consolidated employer contribution rate for FY 2003 plus the employee contribution rate that applied to each employee group was used in the graphs below as a proxy for the total FY 2003 contribution rates for the LASERS sub plans.

**Non-Hazardous Duty Retirement Systems and Sub Plans
Change in Projected Contribution Rates over 10 Years
2003 to 2012**

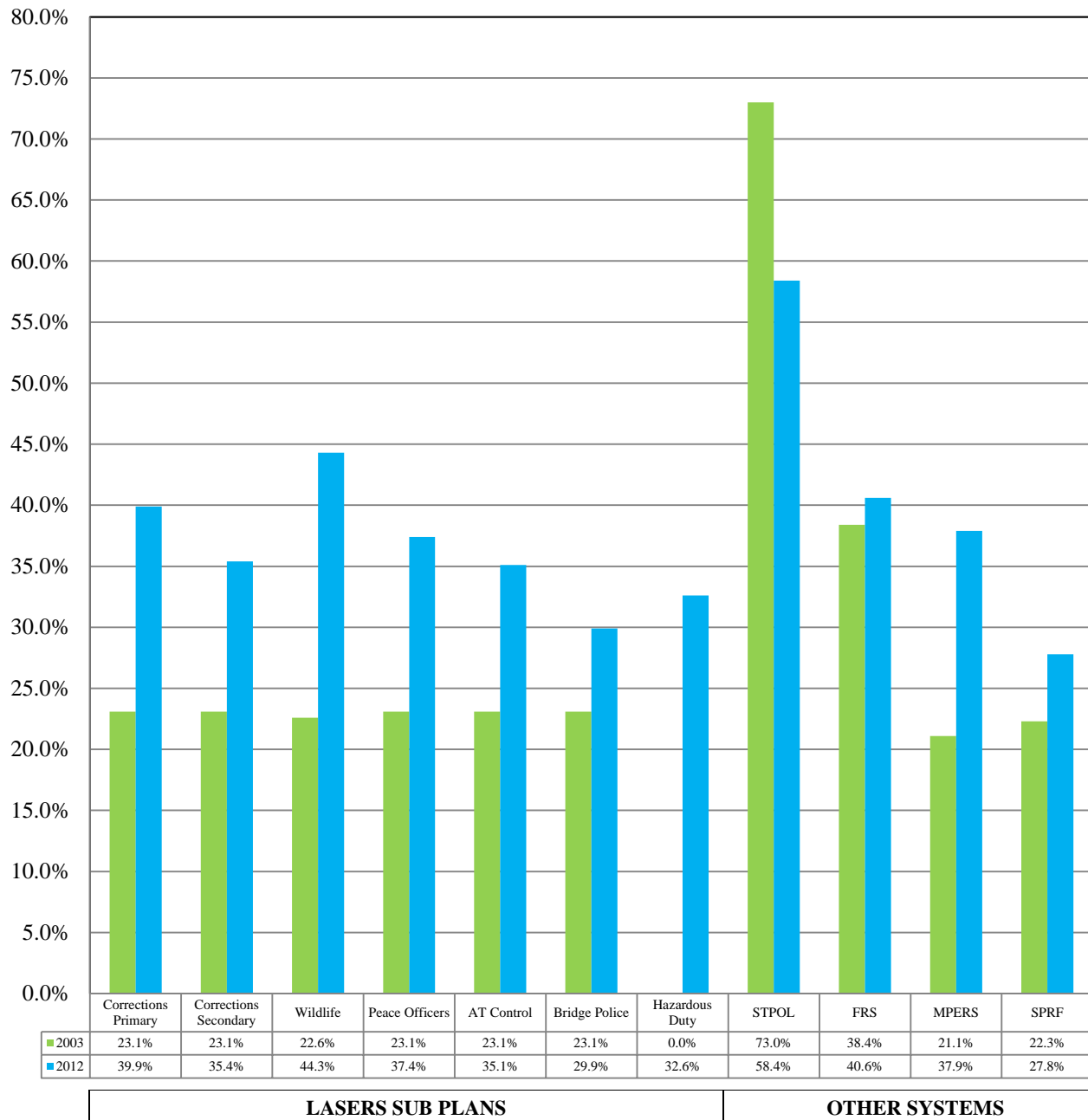


* Contribution rates in this chart reflect all sources of contributions including member contributions and contributions from all public sources.

Total contribution from all sources for all hazardous duty retirement systems and sub plans are shown below. The Hazardous Duty sub plan of LASERS refers to the plan covering employees in hazardous duty occupations other than state police. There is no comparable rate in 2003 for this plan, because it did not exist.

The LASERS consolidated employer contribution rate for FY 2003 plus the employee contribution rate that applied to each employee group was used in the graphs below as a proxy for the total FY 2003 contribution rates for the LASERS sub plans.

**Hazardous Duty Retirement Systems and Sub Plans
Change in Projected Contribution Rates over 10 Years
2003 to 2012**



* Contribution rates in this chart reflect all sources of contributions including member contributions and contributions from all public sources.

7. Insurance Premium Tax Fund (IPTF) – Assessments

The Louisiana Insurance Rating Commission deposits 0.7% (0.007) of net insurance premiums with the state treasurer for the exclusive use by three statewide retirement systems – MPERS, FRS, and SPRF – and for certain costs of STPOL. Net insurance premiums are gross insurance premiums received by the state in the preceding year from applicable insurers doing business in Louisiana, less returned premiums.

Beginning July 1, 2001, allocation priorities were changed to give the first 25% of the assessment for merger funding, with first priority going to pay certain actuarial costs of STPOL up to \$1,500,000. Mergers are funded over a 30-year period, unless a shorter period is approved by PRSAC. A shorter period may be approved as long as the amortization payment does not exceed 5% of the total assessment in any one year. The aggregate of all mergers being funded in one year may not exceed 25% of the total year's assessment.

Available Funds

Available IPTF Funds (in millions)

Written Premium Basis	For Calendar Year	Net Premium	Assessment for Deposit	Merger Limit
1996	1997	\$ 4,158.0	\$ 29.1	\$ 7.3
1997	1998	4,298.5	30.1	7.5
1998	1999	4,424.8	31.0	7.7
1999	2000	4,376.8	30.6	7.7
2000	2001	4,469.4	31.3	7.8
2001	2001	4,792.0	33.5	8.4
2001	2003	5,412.2	37.9	9.5
2003	2004	6,014.1	42.1	10.5
2004	2005	6,406.5	44.8	11.2
2005	2006	6,561.7	45.9	11.5
2006	2007	7,276.0	50.9	12.7
2007	2008	7,558.5	52.9	13.2
2008	2009	7,575.9	53.0	13.3
2009	2010	7,712.2	54.0	13.5

Remaining funds are evenly split among the three statewide systems for use in satisfying applicable actuarially required employer contributions. Any amounts not required by a system are divided equally as needed by the remaining systems. The IPTF allocation is applied to meet the required contribution remaining after receipt of employee and employer contributions and all dedicated funds and taxes. Any unused amounts are remitted to the state general fund. *See flow diagram on page 43.*

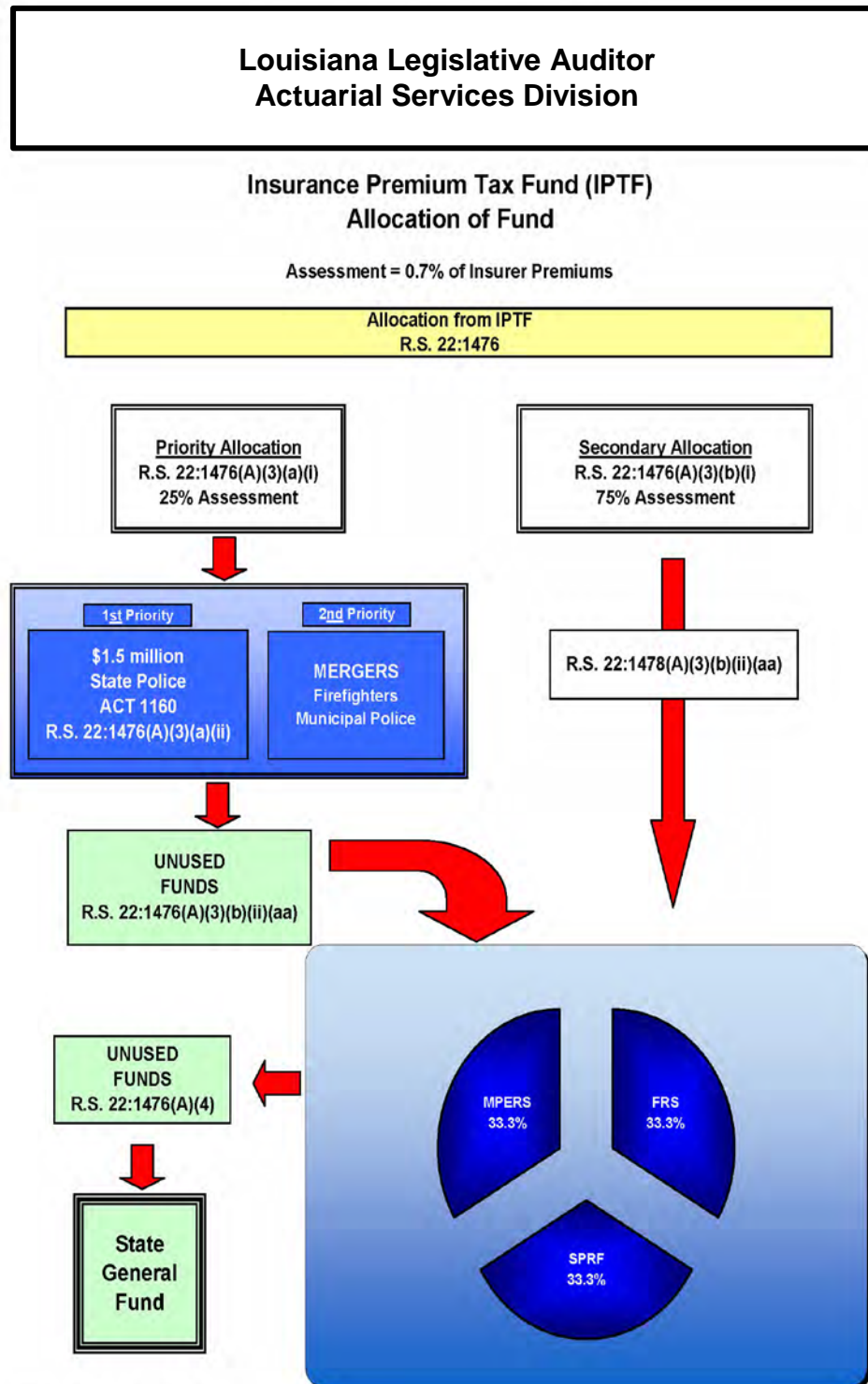
Allocation

Allocated IPTF Funds (in millions)

Calendar Year	System Fiscal Year Ending	Actual Deposit	PRSAC IPTF Allocation	Remainder to General Fund
1997	1998	\$ 29.1	\$ 12.7	\$ 16.4
1998	1999	30.1	9.0	21.1
1999	2000	31.0	13.6	17.4
2000	2001	30.6	23.0	7.6
2001	2002	31.3	31.3	0.0
2002	2003	33.5	33.5	0.0
2003	2004	37.9	37.9	0.0
2004	2005	42.1	42.1	0.0
2005	2006	44.1	44.1	0.0
2006	2007	45.9	45.9	0.0
2007	2008	50.9	50.9	0.0
2008	2009	52.9	52.9	0.0
2009	2010	53.0	53.0	0.0
2010	2011	54.0	54.0	0.0

*System Allocations***PRSAC Approved IPTF Allocations**
(in millions)

Fiscal Year	FRS	SPRF	MPERS	STPOL
2002	15.1	9.1	5.5	1.5
2003	14.7	8.7	8.7	1.5
2004	16.1	10.1	10.1	1.5
2005	17.5	11.5	11.5	1.5
2006	18.2	12.2	12.2	1.5
2007	18.8	12.8	12.8	1.5
2008	20.5	14.5	14.5	1.5
2009	21.2	15.1	15.1	1.5
2010	21.3	15.1	15.1	1.5
2011	21.6	15.4	15.4	1.5
10 Yr Sum	\$ 185.0	\$ 124.5	\$ 120.9	\$ 15.0



FRS = Firefighters' Retirement System
MPERS = Municipal Police Employees' Retirement System
SPRF = Sheriffs' Pension and Relief Fund

8. Experience Account Summary

Establishment

Experience Accounts (EA) were established during the 1992 Regular Session for LASERS and TRSL to provide for retiree COLAs. Act 588 of the 2004 Regular Session eliminated the negative balances that existed on June 30, 2004, prohibited future negative balances, omitted the debiting of actuarial investment experience losses, and limited the balance in the account from exceeding the value of two COLAs. Act 333 of the 2007 Regular Session established EA accounts for LSERS and STPOL effective on July 1, 2007, with zero initial balances.

EA Operations

The EA is credited with one-half of any actuarial investment experience gain (earnings in excess of the expected rate) together with actuarial interest on the beginning account balance. An amount representing funds sufficient to cover the expected value of the COLA benefits is then released back to the regular pool of system assets when COLAs are approved.

Act 497 of 2009

As a result of Act 497, accumulated balances in the EA for LASERS and TRSL were transferred to their respective IUAL accounts on June 30, 2009. The amount of the transfer for LASERS was \$122,300,895. The TRSL transfer was \$296,655,328.

In addition to reducing EA balances to \$0, Act 497 also reduced amounts that will be transferred in the future from the regular pools of assets to the EAs. For LASERS, investment gains will have to exceed \$100 million before any gains will be transferred. For TRSL the threshold for gains will be \$200 million. If investment gains are large enough, 50% of such gains over the respective thresholds will be transferred to the EAs.

*Combined Systems
LASERS & TRSL*

Experience Account History as of June 30, 2010 (in millions)				
Fiscal Year	Allocated	Interest	Disbursed	Balance
1992	\$ 60.7	\$ 0.0	\$ 0.0	\$ 60.7
1993	94.8	6.4	0.0	161.9
1994	33.0	14.8	0.0	209.7
1995	(52.8)	13.4	129.4	40.9
1996	345.3	4.0	58.4	331.8
1997	273.3	43.6	0.0	648.7
1998	577.9	118.1	309.4	1,035.3
1999	372.8	142.6	126.7	1,424.0
2000	608.2	236.9	170.2	2,098.9
2001	(685.6)	2.7	566.0	850.0
2002	(1,214.0)	(47.0)	166.2	(577.2)
2003	(1,172.5)	26.8	0.3	(1,723.2)
2004	28.7	(145.8)	0.0	0.0 *
2005	194.5	0.0	0.0	194.5
2006	587.2	27.7	102.9	706.5
2007	542.4	105.7	462.2	892.4
2008	9.0	55.2	471.3	485.3
2009	0.0	(53.1)	13.3	0.0*
2010	0.0	0.0	0.0	0.0
TOTAL	\$ 602.9	\$ 552.0	\$ 2,576.3	\$ 0.0

LASERS

Experience Account History as of June 30, 2010 (in millions)				
Fiscal Year	Allocated	Interest	Disbursed	Balance
1992	\$ 27.3	\$ 0.0	\$ 0.0	\$ 27.3
1993	(2.8)	2.2	0.0	26.7
1994	8.5	2.4	0.0	37.6
1995	20.6	3.6	0.0	61.8
1996	73.8	7.6	58.4	84.8
1997	116.2	11.9	0.0	212.9
1998	104.6	27.6	90.0	255.1
1999	119.6	33.4	42.9	365.2
2000	150.0	50.3	57.9	507.6
2001	(236.3)	1.9	89.1	184.1
2002	(394.4)	(8.1)	52.5	(270.9)
2003	(373.4)	9.8	0.0	(634.5)
2004	(63.2)	(38.5)	0.0	0.0 *
2005	105.3	0.0	0.0	105.3
2006	155.8	13.7	102.9	171.9
2007	243.5	24.4	164.5	275.3
2008	9.0	23.4	167.1	140.6
2009	0.0	(10.7)	7.7	0.0*
2010	0.0	0.0	0.0	0.0
TOTAL	\$ 64.1	\$ 154.9	\$ 833.0	\$ 0.0

TRSL

Experience Account History as of June 30, 2010 (in millions)				
Fiscal Year	Allocated	Interest	Disbursed	Balance
1992	\$ 33.4	\$ 0.0	\$ 0.0	\$ 33.4
1993	97.6	4.2	0.0	135.2
1994	24.5	12.4	0.0	172.1
1995	(73.4)	9.8	129.4	(20.9)
1996	271.5	(3.6)	0.0	247.0
1997	157.1	31.7	0.0	435.8
1998	473.3	90.5	219.4	780.2
1999	253.2	109.2	83.8	1,058.8
2000	458.2	186.6	112.3	1,591.3
2001	(449.3)	0.8	476.9	665.9
2002	(819.6)	(38.9)	113.7	(306.3)
2003	(799.1)	17.0	0.3	(1,088.7)
2004	91.9	(107.3)	0.0	0.0 *
2005	89.2	0.0	0.0	89.2
2006	431.4	14.0	0.0	534.6
2007	298.9	81.3	297.7	617.1
2008	0.0	31.8	304.2	344.7
2009	0.0	(42.4)	5.6	0.0*
2010	0.0	0.0	0.0	0.0
TOTAL	\$ 538.8	\$ 397.1	\$ 1,743.3	\$ 0.0

* Act 588 of R.S. 2004 reset the EA to \$0 as of June 30, 2004, and Act 497 reset the EA to \$0 as of June 30, 2009.

9. IUAL Funds (Texaco Funds & Appropriations)

Initial UAL Funds

Special legislative appropriations and amounts allocated from the Texaco settlement have been placed in a separate account, called the IUAL Fund. This fund is contained within the state retirement system's trust and credited with the actuarial rate of return. When the fund accumulates to the outstanding balance of the IUAL, or UAL if smaller, it will be released to fully liquidate the final liability.

Texaco Settlement Fund

The Texaco Settlement Funds evolved from a litigation settlement with Texaco. The proceeds were to be paid to the state over a three-year period, beginning February 28, 1994. Based on a recommendation adopted by the Bond Commission, the settlement was paid to three state retirement systems – LASERS, TRSL, and STPOL – to accelerate the payoff of the IUAL portion of the UAL.

The systems began receiving funds under Act 4 of the 1994 Regular Session. These funds are held in the IUAL Fund account and may not be used to offset regular UAL amortization payments pursuant to Act 257 of the 1992 Regular Session. An additional allocation of \$19.4 million was granted to the STPOL IUAL Fund under Act 471 of the 1997 Regular Session.

The STPOL Texaco Fund balance of \$50,084,124 was released on June 30, 2006, to fully liquidate its IUAL.

Texaco monies were released from the IUAL to the regular asset pools for LASERS (\$89.2 million) and TRSL (\$96.3 million) on June 30, 2003. Although these amounts corresponded to the additional UALs assumed by these systems when the LSU plan was merged into LASERS and TRSL, it appears that there may be no legislative basis to assert that the LSU UALs as of that point were fully amortized.

Special Appropriations

Act 642 of 2006 appropriated \$26,400,000 for TRSL and \$13,600,000 for LASERS as of June 30, 2006. These allocations, as part of the IUAL Fund, are dedicated to the final payment of the IUAL.

Act 7 of the Second Extraordinary Session of 2008 provided an additional appropriation of \$40,000,000 for TRSL and \$20,000,000 for LASERS. These amounts are also dedicated to the final payment of the IUAL.

Act 497 of 2009

Under Act 497 of the 2009 session, outstanding balances in the IUAL Funds for LASERS and TRSL received transfers on June 30, 2009, from their respective Experience Accounts. IUAL Fund balances were then to be transferred to the regular asset pools on June 30, 2010. The amount of such transfer for LASERS \$216.5 million. The transfer for TRSL was \$699.8 million.

IUAL (Texaco) Fund History as of June 30, 2010
(in millions)

LASERS

Fiscal Year	Allocation	Interest	Balance
1994	\$ 36.0	\$ 0.0	\$ 36.0
1995	13.8	3.4	53.2
1996	13.8	6.6	73.6
1997	0.7	10.4	84.7
1998	0.0	11.0	95.7
1999	0.0	12.5	108.2
2000	0.0	14.9	123.1
2001	0.0	0.5	123.6
2002	0.0	(5.4)	118.2
2003	(89.2)	(4.3)	24.7
2004	0.0	1.5	26.2
2005	0.0	3.1	29.3
2006	13.6	3.8	46.7
2007	0.0	6.6	53.3
2008	20.0	4.8	78.1
2009	122.3	6.4	206.8
2010	(216.5)	9.7	0.0
TOTAL	\$ (85.5)	\$ 85.5	\$ 0.0

TRSL

Fiscal Year	Allocation	Interest	Balance
1994	\$ 77.2	\$ 0.0	\$ 77.2
1995	29.2	4.4	110.8
1996	29.2	18.9	158.9
1997	0.0	20.4	179.3
1998	0.0	37.2	216.5
1999	0.0	30.3	246.8
2000	0.0	43.5	290.3
2001	0.0	0.2	290.5
2002	0.0	(17.0)	273.5
2003	(96.3)	(15.2)	162.0
2004	0.0	16.0	178.0
2005	0.0	17.6	195.6
2006	26.4	30.6	252.6
2007	0.0	38.4	291.0
2008	40.0	15.3	346.3
2009	296.6	28.6	671.5
2010	(699.8)	28.3	0.0
TOTAL	\$ (297.5)	\$ 297.5	\$ 0.0

10. Asset Balances

Assets

The trust funds of the Louisiana retirement systems accumulate assets from employee and employer contributions and from investment earnings. The actuary for each system uses two separate measures for the value of assets – the market value and the actuarial value.

The market value of assets is the fair value of all assets held by the trust on the valuation date. This measurement is used for financial reporting purposes, including the system's balance sheet of assets and liabilities and the income/expense statement.

The actuary calculates the actuarial value of system assets. The actuarial value is calculated in such a manner as to smooth out significant fluctuations in market values that occur from year to year. The formulas selected by the actuary to calculate the actuarial value must be based on the market value, must produce a value that does not deviate too significantly from the market value, must recognize investment gains and losses within a reasonable period of time, and must not exhibit a bias that will produce actuarial values that are consistently higher or lower than the market value. Unless specifically mandated by law otherwise, the actuary must comply with Actuarial Standards of Practice in selecting or developing a formula to determine the actuarial value.

The actuarial value of assets is used in the calculation of annual employer contribution requirements and for the measurements required by the Governmental Accounting Standards Board (GASB). The formula used by the actuaries to determine the actuarial value of assets differs from retirement system to retirement system.

“Valuation Assets” is a term that is unique to the Louisiana state retirement systems. Valuation Assets are equal to the actuarial value of a trust fund minus amounts reserved or set aside in special side accounts such as the Experience Account, the IUAL Funds, LSU AG Fund, and the Employer Credit Account. Valuation Assets are used to determine annual employer funding requirements, funding ratios, the UAL, and COLA Target Funding tests.

Asset Values*
as of June 30, 2010
(in millions)

State Systems

System	Market Value (Fair Value) of Assets	Actuarial Value of Assets	Valuation Assets
LASERS	\$ 8,064.5	\$ 8,512.4	\$ 8,512.4
TRSL	12,021.4	12,868.6	12,868.5
LSERS	1,285.9	1,350.1	1,350.1
STPOL	366.5	391.7	391.7
<i>State Total</i>	\$ 21,738.3	\$ 23,122.8	\$ 23,122.7
As Percent of Market Value	100.0%	106.4%	106.4%

Statewide Systems

System	Market Value (Fair Value) of Assets	Actuarial Value of Assets	Valuation Assets
ASSR	\$ 207.3	\$ 222.1	\$ 222.1
CCRS	301.7	359.0	359.0
DARS	206.7	238.1	238.1
FRS	971.8	1,140.1	1,140.1
MERSA	624.4	704.7	704.7
MERSB	130.6	147.0	147.0
MPERS	1,175.1	1,247.5	1,247.5
PERSA	2,225.0	2,259.2	2,259.2
PERSB	161.8	163.1	163.1
RVRS	53.1	62.8	62.8
SPRF	1,522.2	1,844.5	1,844.5
<i>Statewide Total</i>	\$ 7,579.7	\$ 8,388.1	\$ 8,388.1
As Percent of Market Value	100.0%	110.7%	110.7%

Asset Values*
as of June 30, 2010
(in millions)

All Systems Combined

System	Market Value (Fair Value) of Assets	Actuarial Value of Assets	Valuation Assets
Total For All Systems	\$ 29,318.0	\$ 31,510.9	\$ 31,510.8
As Percent of Market Value	100.0%	107.5%	107.5%

* Values based on 2010 Valuation and 6/30 FYE, except Assessors' (9/30) and Parochial (12/31).

11. Investment Returns

Annual rates of return on investments are shown below for the state and statewide retirement systems for FY 2009 and FY 2010. Rates of return on the market value are provided as well as rates of return on the actuarial value. These rates are compared with the investment return assumption used by the actuaries.

Annual Rates of Return

System	FY 2009		FY 2010		Expected Long-Term Actuarial Rate
	Market Value	Actuarial Value of Assets	Market Value	Actuarial Value of Assets	

State Systems

LASERS	-19.55%	-7.64%	16.24%	2.21%	8.25%
TRSL	-22.27%	-12.31%	11.73%	-0.89%	8.25%
LSERS	-16.94%	-7.08%	13.02%	0.55%	7.50%
STPOL	-18.96%	-7.13%	11.46%	0.32%	7.50%

Statewide Systems

ASSR	6.6%	6.8%	7.7%	5.1%	7.50%
CCRS	-19.3%	-6.1%	8.7%	4.1%	8.00%
DARS	-14.2%	-3.0%	11.7%	6.4%	8.00%
FRS	-20.8%	-4.9%	12.2%	6.1%	7.50%
MERSA	-13.8%	0.9%	11.0%	5.9%	8.00%
MERSB	-13.7%	0.9%	10.9%	5.8%	8.00%
MPERS	-24.2%	-16.7%	12.4%	-0.8%	7.50%
PERSA	20.6%	9.1%	15.2%	4.4%	7.50%
PERSB	20.7%	8.8%	15.4%	4.6%	7.50%
RVRS	-18.3%	-6.2%	8.7%	3.8%	8.00%
SPRF	-17.4%	-5.0%	10.9%	5.8%	8.00%

Note: Values based on 2010 Valuation and 6/30 FYE, except Assessors' (9/30) and Parochial (12/31).

Rates of return are somewhat meaningless unless benchmark rates are also provided. Common benchmark rates are shown below:

Indices

Indices	Annual Rate (as of June 30)	
	FY 2009	FY 2010
CPI ⁽¹⁾	-1.4%	1.1%
Barclays Capital ⁽²⁾	1.7%	5.1%
S&P 500 ⁽³⁾	-28.2%	12.1%
55% Stock/ 45% Bond	-11.3%	9.0%
65% Stock/ 35% Bond	-13.6%	9.7%

Note: Indices are shown for the twelve-month period ending June 30. (1) CPI (All Items), (2) Barclays Capital US Aggregate Bond Index, (3) Standard & Poor's 500 Index. Composites are weighted by (2) & (3).

12. Expected Investment Experience

In general, all Louisiana public retirement systems experienced significant investment gains throughout the 1990s. The events of 9/11, the failure of many dot.com companies, and general market corrections resulted in significant investment losses in 2001, 2002 and 2003. However, from 2004 through 2007, the retirement systems again experienced robust investment returns.

The market began showing some signs of weakness at the end of the systems' 2008 fiscal years. Significant losses occurred in 2009. Average rates of return as measured over the past five years have been substantially below the rates assumed by the actuaries.

Annual Rates of Return (Market Value Basis) and Expected Long-Term Actuarial Return

<i>Fiscal Year</i>								5-Year Average* Annual Return	Expected Long-Term Actuarial Return
2003	2004	2005	2006	2007	2008	2009	2010		

State Systems

LASERS	3.8%	17.6%	9.9%	11.6%	18.6%	-3.8%	-19.6%	16.2%	3.5%	8.25%
TRSL	2.2%	16.9%	9.7%	14.0%	19.1%	-5.0%	-22.3%	11.7%	2.3%	8.25%
LSERS	3.8%	12.1%	8.2%	5.8%	14.9%	-4.7%	-17.0%	13.0%	1.7%	7.50%
STPOL	5.1%	11.5%	9.0%	7.4%	16.2%	-5.2%	-19.0%	11.5%	1.3%	7.50%

Statewide Systems

ASSR	15.3%	10.0%	13.4%	9.1%	14.7%	-13.7%	6.6%	7.7%	4.4%	7.50%
CCRS	2.9%	12.3%	8.7%	11.5%	14.3%	-6.3%	-19.3%	8.7%	0.9%	8.00%
DARS	2.8%	13.2%	5.0%	7.7%	14.6%	-4.9%	-14.2%	11.7%	2.4%	8.00%
FRS	5.4%	11.0%	10.4%	12.3%	17.1%	-5.0%	-20.8%	12.2%	2.1%	7.50%
MERSA	4.4%	9.6%	7.2%	8.6%	18.1%	1.1%	-13.8%	11.0%	4.4%	8.00%
MERSB	3.8%	9.7%	7.2%	8.5%	17.4%	1.3%	-13.7%	10.9%	4.3%	8.00%
MPERS	3.8%	12.9%	9.3%	8.7%	16.5%	-7.6%	-24.2%	12.4%	-0.1%	7.50%
PERSA	15.6%	10.2%	6.3%	12.8%	7.9%	-25.7%	20.6%	15.2%	4.7%	7.50%

<i>Fiscal Year</i>								5-Year Average* Annual Return	Expected Long-Term Actuarial Return
2003	2004	2005	2006	2007	2008	2009	2010		

Statewide Systems (continued)

PERSB	15.9%	9.6%	5.1%	11.6%	7.7%	-25.0%	20.7%	15.4%	4.7%	7.50%
RVRS	3.3%	10.9%	6.8%	5.2%	14.0%	-3.9%	-18.3%	8.7%	0.5%	8.00%
SPRF	4.2%	8.4%	8.1%	8.5%	16.0%	-6.4%	-17.4%	10.9%	1.5%	8.00%

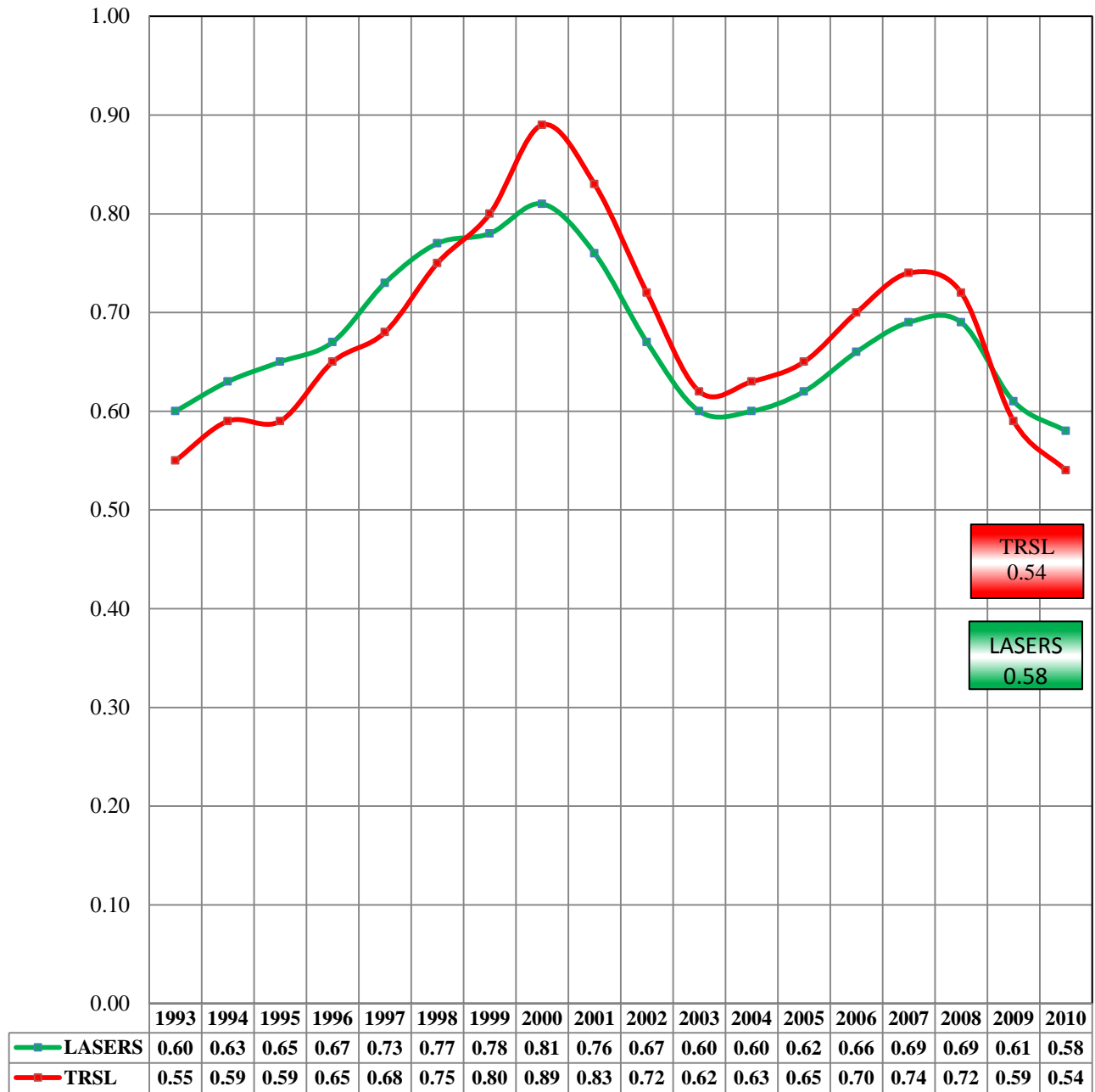
Note: Values are based on the 2010 Valuation and 6/30 FYE except for Assessors' (9/30) and Parochial (12/31).

* Most recent 5-year compounded annual rate on a Market Value basis.

***Funded Ratios –
LASERS & TRSL***

Funded ratios for the two largest Louisiana retirement systems, LASERS and TRSL, have generally followed investment markets. During the 1990s, these systems experienced significant investment gains and funded ratios began to approach 90%. Significant investment losses occurred in 2001-2003 and funded ratios deteriorated. Some recovery occurred from 2003 to 2007. Market weakness and a deterioration of funded levels were exhibited during FY 2008. Significant declines in the market occurred in FY 2009 and as a result funded ratios also declined.

Funded Levels for LASERS and TRSL
1993 through 2010
Actuarial Value of Assets / Actuarial Accrued Benefit Liability



13. UAL Balances

Valuation Balances

UAL values depend on the actuarial funding method prescribed by statute for each system (R.S. 11:22). UAL bases are amortized over the number of years also specified by statute. Certain funding methods do not have UAL bases and spread all costs over the participant's future working lifetime. UAL balances are not reduced by any assets allocated to separate accounts such as the IUAL Funds, Experience Accounts, and Employer Credit Accounts.

Valuation UAL Balance (in millions)

FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
---------	---------	---------	---------	---------	---------	---------	---------

State Systems

LASERS	\$ 3,333.5	\$ 4,165.9	\$ 4,202.8	\$ 4,164.5	\$ 4,129.7	\$ 4,473.1	\$ 5,694.0	\$ 6,251.6
TRSL	5,531.9	6,836.1	6,812.6	6,555.0	6,250.6	6,967.6	10,117.5	10,806.4
LSERS	361.2	439.8	466.2	391.8	389.3	481.2	743.0	863.3
STPOL	215.7	229.0	238.2	166.5	158.6	199.7	282.4	313.1
State Total	\$ 9,442.3	\$11,670.8	\$11,719.8	\$11,277.8	\$10,928.2	\$12,121.6	\$16,836.9	\$18,234.4

Statewide Systems

ASSR	\$ 35.2	\$ 35.5	\$ 35.8	\$ 35.0	\$ 32.1	\$ 23.9	\$ 22.8	\$ 21.6
CCRS	79.2	80.4	81.4	82.8	84.1	85.2	86.2	87.0
DARS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
FRS	286.3	284.4	193.7	178.0	166.7	187.4	336.8	396.2
MERSA	68.9	70.1	71.3	72.3	73.2	74.0	74.6	75.1
MERSB	6.4	6.2	6.0	5.7	5.4	5.2	4.9	4.6
MPERS	379.5	423.4	318.8	279.1	188.2	240.3	691.3	836.3
PERSA	97.4	95.4	92.9	89.8	66.3	60.4	53.6	45.8
PERSB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
RVRS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SPRF	92.3	93.5	94.6	95.5	96.3	74.3	72.8	71.0
Statewide Total	\$ 1,045.2	\$ 1,088.9	\$ 894.5	\$ 838.2	\$ 712.3	\$ 750.7	\$ 1,343.0	\$ 1,537.6

All Systems Total

\$10,487.5	\$12,759.7	\$12,614.3	\$12,116.0	\$11,640.5	\$12,872.3	\$18,179.9	\$19,772.0
-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

Note: Values based on 2010 Valuation and 6/30 FYE except Assessors' (9/30) and Parochial (12/31).

Net UAL Balances

The Net UAL balance for each state retirement system is equal to the UAL minus amounts in the system's IUAL Fund and Employer Credit Account. Net UAL balances shown below have been adjusted for balances held in these separate accounts.

Net UAL Balance

State Systems as of June 30, 2010
(in millions)

<i>Fiscal Year</i>							
2003	2004	2005	2006	2007	2008	2009	2010

State Systems

LASERS	\$ 3,308.8	\$ 4,139.8	\$ 4,173.6	\$ 4,117.9	\$ 4,076.4	\$ 4,395.0	\$ 5,487.2	\$ 6,251.6
TRSL	5,369.9	6,658.1	6,617.1	6,302.4	5,959.6	6,582.7	9,338.6	10,806.4
LSERS	355.3	439.8	466.2	391.8	389.3	481.3	743.0	863.3
STPOL	176.6	188.2	193.9	166.5	158.6	199.8	282.4	313.1
State Total	\$ 9,210.6	\$11,425.9	\$11,450.8	\$10,978.6	\$10,583.9	\$11,658.8	\$15,851.2	\$18,234.4

14. Funding Measures under GASB

Funding Progress

Public retirement systems complying with the rules of GASB show funding levels over a period of years. One measure of funding that GASB requires is the ratio of the Net UAL to the annual payroll for participating members. These ratios, over time, show whether or not a retirement system is experiencing funding progress or funding deterioration.

In general, the smaller the ratio, the stronger the system is financially. By this measure, the financial strength of the state systems has decreased over the current decade and the strength of the statewide systems has improved.

No values are developed for statewide systems that use the Aggregate Funding Method since unfunded actuarial accrued liability values are not produced under this method.

Net UAL as Percent of Valuation Payroll

<i>Fiscal Year</i>							
2003	2004	2005	2006	2007	2008	2009	2010

State Systems

LASERS	171.9%	205.2%	198.7%	208.0%	187.4%	180.3%	214.1%	245.5%
TRSL	180.3%	220.7%	211.3%	217.9%	184.8%	179.1%	238.7%	271.7%
LSERS	132.2%	169.4%	179.9%	163.7%	150.3%	166.2%	235.6%	281.8%
STPOL	400.1%	392.8%	393.5%	338.1%	318.8%	352.1%	474.2%	527.3%

Statewide Systems

ASSR	130.4%	123.5%	122.2%	118.6%	95.7%	65.1%	60.0%	57.1%
CCRS	117.3%	113.7%	110.6%	116.7%	107.3%	101.9%	100.4%	100.5%
DARS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
FRS	236.6%	221.9%	144.2%	126.9%	110.4%	110.6%	188.2%	209.0%
MERSA	50.7%	51.6%	50.9%	51.4%	51.8%	49.8%	47.5%	46.2%
MERSB	14.2%	13.0%	12.2%	11.2%	10.0%	8.8%	7.6%	7.1%
MPERS	192.4%	202.8%	147.8%	125.0%	82.1%	95.1%	255.8%	297.6%
PERSA	24.6%	23.5%	21.6%	21.4%	14.6%	11.8%	10.0%	8.4%
PERSB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
RVRS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SPRF	24.1%	23.0%	21.9%	21.9%	20.0%	13.8%	12.6%	11.8%

15. Funding Progress – Funded Levels and Funded Ratios

Funded Levels

Another measure of the actuarial strength of a retirement system is the ratio of the actuarial value of assets to the Projected Benefit Obligation (PBO).

The actuarial value of assets, in this measurement, includes the amounts set aside in the IUAL Fund, the Experience Account, and the Employer Credit Account.

The PBO is the value of all service earned to date assuming that pay levels will increase in accordance with the salary increase assumption used by the actuary. The PBO is a consistent measure of accrued benefits across all systems because the measurement is independent of the actuarial cost method selected for valuation purposes.

Funded levels are given below for the state and statewide retirement systems.

Funded Levels as of June 30, 2010 (in millions)

State Systems

System	AVA Actuarial Value of Assets	PBO Projected Accrued Benefit Liability	Funded Level
LASERS	\$ 8,512.4	\$ 14,764.0	57.7%
TRSL	12,868.5	23,674.8	54.4%
LSERS	1,350.1	2,213.4	61.0%
STPOL	391.7	704.7	55.6%
<i>State Total</i>	23,122.7	41,356.9	55.9%

Funded Levels
As of June 30, 2010
(in millions)

Statewide Systems

System	AVA Actuarial Value of Assets	PBO Projected Accrued Benefit Liability	Funded Level
ASSR	\$ 222.1	\$ 279.2	79.6%
CCRS	359.0	499.2	71.9%
DARS	238.1	263.1	90.5%
FRS	1,140.1	1,493.7	76.3%
MERSA	704.7	856.4	82.3%
MERSB	147.0	166.8	88.2%
MPERS	1,247.5	2,083.8	59.9%
PERSA	2,259.2	2,477.0	91.2%
PERSB	163.1	186.1	87.6%
RVRS	62.8	78.6	79.9%
SPRF	1,773.5	2,210.9	80.2%
Statewide Total	8,317.1	10,594.8	78.5%

Funded Levels
As of June 30, 2010
(in millions)

All Systems Combined

System	AVA Actuarial Value of Assets	PBO Projected Accrued Benefit Liability	Funded Level
Combined Total	\$31,439.8	\$51,951.7	60.5%

Note: Values based on 2010 Valuation and 6/30 FYE, except Assessors' (9/30) and Parochial (12/31).

Funding progress

Considerable funding progress has been made since 1988 when actuarial funding was mandated by the Louisiana constitution. Significant improvement from 1988 to 2000 can be attributed to rates of investment return that were consistently larger than the rates assumed by the actuaries. Investment losses in 2001, 2002, 2008, and 2009, benefit improvements, and the use of actuarial gains to provide for COLAs have compromised funding levels over the past eight years. This is seen by the changes in Funded Levels over time as shown below.

FUNDED LEVELS (AVA / PBO)

<i>Fiscal Year</i>									
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010

State Systems

LASERS	76.3%	67.2%	59.7%	59.6%	62.5%	65.8%	69.4%	68.6%	60.8%	57.7%
TRSL	82.7%	72.0%	62.4%	63.1%	65.1%	70.3%	74.3%	71.8%	59.1%	54.4%
LSERS	114.5%	90.7%	84.0%	79.4%	78.9%	82.3%	83.3%	76.6%	65.5%	61.0%
STPOL	77.1%	73.5%	62.4%	62.8%	62.5%	72.4%	75.9%	74.5%	58.4%	55.6%
State Total	82.2%	71.5%	62.7%	62.9%	64.9%	69.4%	73.1%	71.0%	60.0%	55.9%

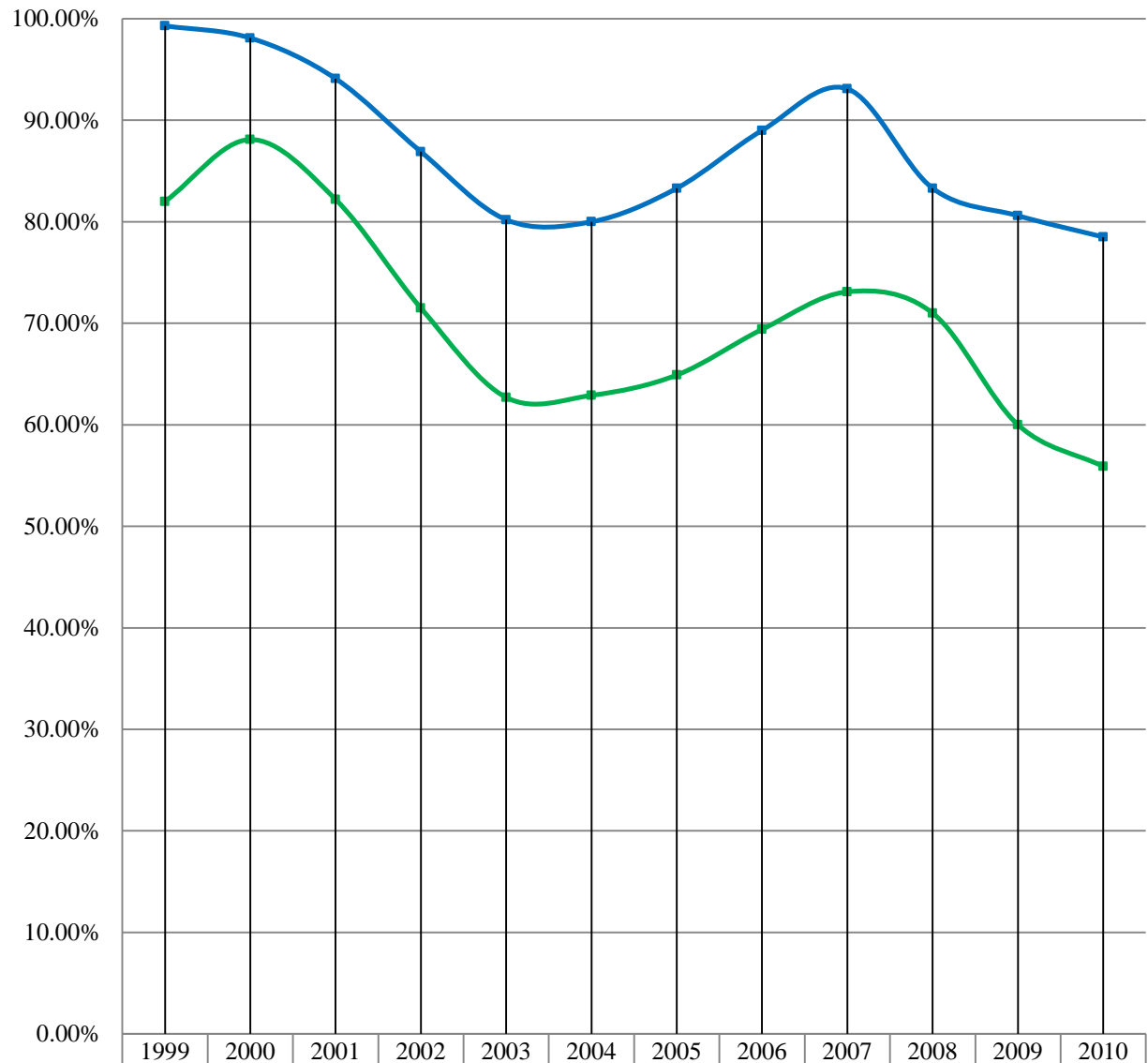
Statewide Systems

ASSR	66.4%	61.3%	59.5%	61.2%	65.9%	73.4%	77.8%	78.1%	82.0%	79.6%
CCRS	76.6%	72.5%	67.8%	66.5%	66.8%	76.3%	78.9%	79.1%	70.8%	71.9%
DARS	128.5%	117.7%	103.7%	98.2%	100.6%	108.4%	109.6%	103.8%	91.6%	90.5%
FRS	82.3%	74.9%	72.3%	74.5%	83.5%	86.4%	88.6%	88.4%	78.4%	76.3%
MERSA	91.0%	85.5%	78.8%	77.1%	78.4%	83.3%	87.9%	89.3%	84.4%	82.3%
MERSB	92.3%	87.4%	81.3%	78.7%	80.1%	88.6%	94.7%	96.1%	91.1%	88.2%
MPERS	105.6%	95.6%	77.4%	76.6%	83.6%	87.4%	93.5%	86.9%	65.2%	59.9%
PERSA	99.1%	90.9%	87.9%	89.5%	89.6%	97.3%	101.6%	89.3%	93.4%	91.2%
PERSB	117.8%	108.4%	106.3%	107.4%	106.7%	108.3%	107.4%	91.9%	95.9%	87.6%
RVRS	104.2%	97.7%	91.5%	87.0%	88.2%	91.6%	97.2%	95.9%	83.6%	79.9%
SPRF	87.8%	84.2%	81.9%	79.9%	80.3%	86.8%	90.1%	88.8%	80.0%	80.2%
Statewide Total	94.1%	86.9%	80.2%	80.0%	83.3%	89.0%	93.1%	88.3%	80.6%	78.5%

All Systems Combined Total:

84.3%	74.2%	65.8%	66.0%	68.3%	73.1%	76.9%	74.2%	64.1%	60.5%
--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

Historical Funded Ratios Percentage of the PBO Covered by the AVA



PBO – Projected Benefit Obligation

AVA – Actuarial Value of Assets

***Funded Ratios
Statewide Systems
Eligibility for COLAs***

Under current statutes, if the "Funded Ratio" is less than the "Target Ratio," a statewide retirement system may not grant COLA benefits. For all statewide systems except MPERS, the Funded Ratio is calculated as the ratio of the actuarial value of assets to the PBO. For MPERS, the Funded Ratio is the ratio of the actuarial value of assets to accrued liability under the actuarial funding method used by system. These ratios are then compared to a Target Ratio that is specified by formula in Louisiana pension law.

Prior to 2007, COLA benefits for LSERS and STPOL also depended on a comparison of the Funded Ratio and the Target Ratio. However, Act 333 of the 2007 Regular Session changed this practice and in its stead created Experience Accounts that operate similarly to the Experience Accounts for LASERS and TRSL.

**Funding Eligibility for COLAs
as of June 30, 2010**

Statewide Systems

System	Target Ratio	Funded Ratio
ASSR	81.7%	79.6%
CCRS	91.8%	71.9%
DARS	100.0%	90.5%
FRS	92.8%	76.3%
MERSA	93.8%	82.3%
MERSB	92.7%	88.2%
MPERS	95.6%	59.9%
PERSA	91.6%	91.2%
PERSB	100.0%	95.6%
RVRS	100.0%	79.9%
SPRF	99.0%	80.2%

Note: Values based on 2010 Valuation and 6/30 FYE, except Assessors' (9/30) and Parochial (12/31).

16. Participant Census and Payroll

Membership

The following table presents data pertaining to membership in the state and statewide systems. Participants are categorized as active members, retired members, or as member currently in DROP.

Participant Census As of June 30, 2010

		Actives	Retirees	Current DROP	Total Members	% of All Systems	FY 2010 Payroll*
State Systems	LASERS	58,881	39,385	2,629	102,876	26.6%	\$ 2,546.5
	TRSL	88,783	63,940	3,148	161,616	41.7%	3,977.8
	LSERS	13,166	12,450	599	26,570	6.9%	306.3
	STPOL	1,065	1,181	29	2,280	0.6%	59.3
	State Total	161,895	116,956	6,405	293,342	75.8%	\$ 6,889.9
Statewide Systems	ASSR	762	460	6	1,310	0.3%	\$ 37.8
	CCRS	2,195	929	135	3,716	1.0%	86.5
	DARS	755	186	2	1,222	0.3%	53.8
	FRS	3,989	1,749	162	6,401	1.7%	189.5
	MERSA	4,839	2,907	229	10,748	2.8%	162.5
	MERSB	2,113	836	84	4,167	1.1%	65.2
	MPERS	6,197	4,028	194	10,531	2.7%	281.0
	PERSA	14,255	5,531	536	27,640	7.1%	546.7
	PERSB	2,275	576	38	4,444	1.1%	82.0
	RVRS	239	140	8	413	0.1%	12.3
	SPRF	14,711	3,510	0	23,273	6.0%	603.3
	Statewide Total	52,330	20,852	1,394	93,865	24.2%	\$ 2,120.6
All Systems	Total	214,225	137,808	7,799	387,207	100.0%	\$ 9,010.5

* Millions of dollars

Total membership includes members entitled to a deferred pension benefit or a refund of contributions. Participant counts are not shown for these members.

17. Funding of TRSL Optional Retirement Plan

State law established an optional retirement plan (ORP) in 1990 for academic and unclassified employees of public institutions of higher education. ORP is a defined contribution plan administered by TRSL.

Although ORP is administered by TRSL, participants are not members of the system and their benefits are not guaranteed by the state. Each participating employer contributes for an ORP participant the same amount that it would have contributed for a TRSL member. The employer normal cost portion is credited to the participant's account (ORP normal cost) along with the employee's contribution. The remainder is retained by TRSL as a payment toward the UAL. For fiscal year 2010, accounts for ORP members received 13.70% of covered salary. \$77.9 million of employer contributions were retained by TRSL to fund the UAL. Based on information provided by TRSL, there were 8,275 participants in ORP as of December 31, 2010. ORP members represent about 56% of teachers employed in higher education (TRSL plus ORP).

Growth of ORP Membership

Year	ORP Members	TRSL Members (Excludes DROP	Ratio ORP to TRSL
1992	3,775	86,244	4.4%
1993	4,196	85,143	4.9%
1994	4,780	86,079	5.6%
1995	5,290	84,671	6.2%
1996	5,712	84,849	6.7%
1997	6,195	85,169	7.3%
1998	6,690	85,772	7.8%
1999	7,181	85,419	8.4%
2000	7,581	85,462	8.9%
2001	8,126	84,694	9.6%
2002	9,016	84,866	10.6%
2003	8,906	84,958	10.5%
2004	9,675	84,398	11.5%

Growth of ORP Membership
(Continued)

Year	ORP Members	TRSL Members (Excludes DROP	Ratio ORP to TRSL
2005	8,845	84,546	10.5%
2006	8,635	78,456	11.0%
2007	8,955	79,796	11.2%
2008	8,677	85,979	10.1%
2009	8,470	84,719	10.0%
2010	8,275	85,635	9.7%

Section II

Benefit Formulas, Retirement Eligibility, and Contribution Rates

1. Benefit Accruals and Member Contribution Rates

Formula

The retirement benefit for all thirteen systems is generally based on the following formula:

$$\begin{array}{ccccccc} \text{Annual Benefit} & & \text{Benefit} & & \text{Years of} & & \text{Final} \\ \text{at} & = & \text{Accrual} & \times & \text{Service at} & \times & \text{Average} \\ \text{Retirement} & & \text{Rate} & & \text{Retirement} & & \text{Salary} \end{array}$$

The benefit may not exceed final average compensation.

Benefit Accrual Rates, Retirement Eligibility & Member Contribution Rates (% of Pay) (as of July 1, 2010)

LASERS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
Rank and File					
<i>Hired Before 7/1/2006</i> [Includes law clerks ^b]	2.50% ^a	3 yrs	10	60	7.50%
			25	55	
			30	any age	
<i>Hired On/After 7/1/2006</i> [Includes law clerks ^b and court officers employed on/after 1/1/2011]	2.50%	5 yrs	5	60	8.00%
a. An additional pension of \$300 per year is paid to those employed before 7/1/1986. b. Law clerks employed before 1/1/2011 have same retirement eligibility rules as Judges and Court Officers employed before 1/1/2011.					
Judges and Court Officers					
<i>Hired Before 1/1/2011</i>	3.50%	3 yrs	10	65	11.50%
			12	55	
			18	any age	
			20*	50	
			any	70	
* Must have at least 12 years as judge or court officer.					
Judges					
<i>Hired On/After 1/1/2011</i>	3.50%	5 yrs	10	60	13.00%
Legislators					
<i>Elected Before 1/1/1997</i>	3.50%	3 yrs	12	55	11.50%
			16	any age	
			20	50	

**Benefit Accrual Rates, Retirement Eligibility
& Member Contribution Rates (% of Pay)**
(as of July 1, 2010)

LASERS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
Corrections Officers - Primary					
Hired Before 8/15/1986	2.50%	3 yrs	10*	60*	9.00%
			20	any age	
Hired 8/15/86 – 12/31/01	2.50%	3 yrs	10*	60*	9.00%
			20	55	
			25	any age	
* Per AG Opinion and LASERS policy.					
Corrections Officers – Secondary					
Hired Before 1/1/2011	2.50%	Service before 1/1/2002			
	3 1/3%	Service after 12/31/2001			
	See Above	3 yrs	10*	60*	9.00%
			25	any age	
* Per AG Opinion and LASERS policy.					
Peace Officers					
Hired Before 1/1/2011	3 1/3%	3 yrs	10	60	9.00%
			25	55	
			30	any age	
Alcohol Tobacco Control Officers					
Hired Before 1/1/2011	3 1/3%	3 yrs	10	60	9.00%
			25	any age	
Bridge Police Officers					
Hired Before 1/1/2011	2.50%	3 yrs	10	60	9.00%
			25*	any age	
* At least 10 of which were served immediately prior to retirement with the Bridge Police.					
Wildlife Agents					
Hired Before 7/1/2003	3.0%	Service before 7/01/2003			
	3 1/3%	Service on or after 7/01/2003			
	See Above	3 yrs	10	25	9.50%
			20	any age	9.50%
Hired On/After 7/1/2003, but Before 1/1/2011	3 1/3%	3 yrs	10	60	9.50%
			25	any age	
Hazardous Duty					
Hired On/After 1/1/2011	3 1/3%	3 yrs	12	55	9.50%
			25	any age	
Note: Members in all sub plans, with 20 years of service, may retire early with actuarially reduced benefits. Reduction is based on the age the member would have been able to retire had he continued to earn service credits.					

**Benefit Accrual Rates, Retirement Eligibility
& Member Contribution Rates (% of Pay)**
(as of July 1, 2010)

TRSL

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
Regular Teachers					
Hired Before 7/1/1999	2.00% ^a	3 yrs	5	60	8.00%
			20	any age	
	2.50% ^a	3 yrs	20	65	8.00%
			25	55	
30			any age		
Hired On/After 7/1/1999 and Before 1/1/2011	2.50%	3 yrs	5	60	8.00%
			25	55	
			30	any age	
			20 ^b	any age ^b	
Hired On/After 1/1/2011	2.50%	5 yrs	5	60	8.00%
			20 ^b	any age ^b	
a. An additional pension of \$300 per year is paid to those employed before 7/1/1986. b. Members with 20 years of service may retire early with actuarially reduced benefits. Reduction is based on the age the member would have been able to retire had he continued to earn service credits.					
Lunch Plan A					
All Employees (Not in Social Security)	3.00%	3 yrs	5	60	9.10%
			25	55	
			30	any age	
Lunch Plan B					
All Employees (In Social Security)	2.00%	3 yrs	5	60	5.00%
			30	55	

**Benefit Accrual Rates, Retirement Eligibility
& Member Contribution Rates (% of Pay)**
(as of July 1, 2010)

LSERS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees					
<i>Hired Before 7/1/2006</i>	3 1/3%	3 yrs	10	60	7.50%
			25	55	
			30	any age	
			20*	any age*	
<i>Hired On/After 7/1/2006, but Before 7/1/2010</i>	3 1/3%	5 yrs	10	60	7.50%
			25	55	
			30	any age	
			20*	any age*	
<i>Hired On/After 7/1/2011</i>	2.50%	5 yrs	5	60	8.00%
			20*	any age*	
* Members with 20 years of service may retire early with actuarially reduced benefits. Reduction is based on the age the member would have been able to retire had he continued to earn service credits.					

STPOL

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees					
Hired Before 9/8/1978	3 1/3%	3 yrs	10	50	8.00%
			20	any age	
Hired On/After 7/1/1978, but Before 1/1/2011	3 1/3%	3 yrs	10	50	8.00%
			25	any age	
Hired On/After 1/1/2011	3 1/3%	3 yrs	12	55	9.50%
			25	any age	
			20*	any age*	
* Members with 20 years of service may retire early with actuarially reduced benefits. Reduction is based on the age the member would have been able to retire had he continued to earn service credits.					

**Benefit Accrual Rates, Retirement Eligibility
& Member Contribution Rates (% of Pay)**
(as of July 1, 2010)

ASSR

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees					
Hired Before 10/1/2006	3 1/3%	3 yrs	12	55	8.00%
			30	any age	
Hired On/After 10/1/2006	3 1/3%	5 yrs	12	55	8.00%
			30	any age	

CCRS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees					
Hired Before 7/1/2006					
Service before 7/1/1999	3.00%	5 yrs	12	55	8.25%
Service on/after 7/1/1999	3 1 3%				
Hired On/After 7/1/2006 but before 1/1/2011					
Service before 7/1/1999	3.00%	5 yrs	12	55	8.25%
Service on/after 7/1/1999	3 1 3%				
Hired On/After 1/1/2011					
All service	3.00%	5 yrs	12	62	8.25%

DARS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees	3.50%	3 yrs	10	60	7.00%
			24	55	
			30	any age	
Members employed prior to 7/1/1990 may elect prior provisions (3% formula).					
Early retirement – eligibility and 3% reductions based on age and service.					

FRS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees	3 1/3%	3 yrs	12	55	8.00%
			20	50	
			25	any age	

**Benefit Accrual Rates, Retirement Eligibility
& Member Contribution Rates (% of Pay)**
(as of July 1, 2010)

MERS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
Plan A					
Hired Before 7/1/2006	3.00%	3 yrs	10	60	9.25%
			25	any age	
Hired On/After 7/1/2006	3.00%	5 yrs	10	60	9.25%
			25	any age	
Plan B					
Hired Before 7/1/2006	2.00%	3 yrs	10	60	5.00%
			30	any age	
Hired On/After 7/1/2006	2.00%	5 yrs	10	60	5.00%
			30	any age	

MPERS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees	3 1/3%	3 yrs	12	55	7.50%
			20	50	
			25	any age	
Early retirement – 20 years of service with actuarially reduced benefits.					
Member contributions reduced from 8.00% upon full funding – R.S. 1991 Act 397.					

PERS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
Plan A*					
Hired Before 1/1/2007	3.00%	3 yrs	7	65	9.50%
			10	60	
			25	55	
			30	any age	
Hired On/After 1/1/2007	3.00%	5 yrs	7	67	9.50%
			10	62	
			30	55	
* For members of the supplemental plan only the accrual rate is 1% plus \$2 for each month of service prior to the revision date.					

**Benefit Accrual Rates, Retirement Eligibility
& Member Contribution Rates (% of Pay)**
(as of July 1, 2010)

PERS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
Plan B (In Social Security)					
Hired Before 1/1/2007	2.00%	3 yrs	7	65	3.00%
			10	60	
			30	55	
Hired On/After 1/1/2007	2.00%	5 yrs	7	67	3.00%
			10	62	
			30	55	

RVRS

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member Contribution
			Service	Age	
All Employees					
Hired Before 7/1/2006	3 1/3%	3 yrs	10	60	7.00%
			20	55	
			30	any age	
Hired On/After 7/1/2006	3 1/3%	5 yrs	10	60	7.00%
			20	55	
			30	any age	

SPRF

	Benefit Accrual	Final Avg Comp	Retirement Eligibility		Member* Contribution
			Service	Age	
All Employees					
Hired Before 7/1/2006	3 1/3%	3 yrs	12	55	10.00%
			30	any age	
Hired On/After 7/1/2006	3 1/3%	5 yrs	12	55	10.00%
			30	any age	
Early retirement – 20 years of service and age 50 with actuarially reduced benefits.					
* Effective 7/1/2004 not less than 9.8% or more than 10.25% – R.S.2004 Act 782.					

2. Benefit Levels and Employee Paid Portion

The following table and graph illustrates two aspects of the retirement benefit.

Income Replacement Ratio

The non shaded percentages in the following table reflect the ratio of the benefit expected for a new member to his/her annual salary at retirement. These calculations are based on an individual joining a state or statewide retirement system or sub plan for the first time on the first day of FY 2011 (i.e., July 1, 2010, for all plans except ASSR and PERS). The table does not reflect the new plans for LASERS, TRSL, STPOL, and CCRS because these plans do not become effective until January 1, 2011. The table does reflect the new benefit provisions for LSERS because the effective date for these provisions is July 1, 2010.

The retirement benefit is calculated using the five highest consecutive earning years that the member has over his entire salary history or three highest consecutive earning years, depending on the retirement system to which the member belongs. Showing the benefit as a percentage of pre-retirement earnings provides the employer an indication of the plan's benefit adequacy level. It gives the income replacement ratio which benefits are expected to provide upon retirement.

Employee Funding

The shaded percentages show the portion of the cost for retirement benefits that will be funded by employee contributions. A new member's future expected contributions are accumulated with interest at the valuation return rate over the designated time period. The accumulated value is then divided by the actuarial present value of their future retirement benefits. This is the portion of the benefit cost that will be funded by the member's contributions.

Hazardous Duty: The table separates plans that are predominantly for members performing hazardous duties from plans that apply to members employed in non-hazardous occupations. Benefit formulas for employees engaged in hazardous duty are traditionally at higher levels and with earlier normal retirement ages than plans for other types of employment. Hazardous duty personnel are typically members employed in law enforcement and public safety. The group shown on the following page is composed of state police, firefighters, sheriffs, municipal police, wildlife enforcement agents, and public safety officers.

Benefit/Cost Illustrations: Retirement benefit provisions, employee contribution rates, and actuarial assumptions applied in this section are those in effect at the beginning of FY 2011, including legislation enacted during the 2010 Regular Session. However, as noted above, the cost illustrations do not include the effects of legislation that have effective dates that occur after the first day of FY 2011.

For Fiscal Year 2010

Division	Age	Replacement Ratios (Benefit as % of Pay)	Employee Paid Portion of Benefit Cost (with interest)
----------	-----	---	---

Non-Hazardous Group

Years of Service					
20	30	40	20	30	40

(Projected for a New Member on 7/1/2010)

LASERS	Rank & File	65	46%	69%	91%	52%	66%	77%
	Judges/Ct Officers	65	66%	94%	94%	66%	91%	100%
TRSL	Teachers	65	45%	69%	90%	51%	62%	73%
	Lunch A	65	55%	82%	92%	51%	62%	81%
	Lunch B	65	36%	55%	75%	40%	50%	66%
LSERS	Regular*	65	46%	69%	93%	49%	58%	71%
ASSR	Regular	65	60%	89%	89%	32%	34%	39%
CCRS	Regular	65	60%	89%	89%	36%	40%	48%
DARS	Regular	65	66%	94%	94%	26%	27%	31%
MERS	Plan A	65	54%	80%	89%	47%	52%	61%
	Plan B	65	36%	54%	71%	38%	42%	47%
PERS	Plan A	65	54%	81%	90%	44%	48%	55%
	Plan B	65	36%	54%	72%	21%	23%	25%
RVRS	Regular	65	59%	88%	88%	28%	29%	32%

* Based on new plan provisions that became effective July 1, 2010.

For Fiscal Year 2010

Division	Age	Replacement Ratios (Benefit as % of Pay)	Employee Paid Portion of Benefit Cost (with interest)
----------	-----	---	---

Hazardous Group

Years of Service			
20	25	20	25

*(Projected for a New Member on 7/1/2010)****LASERS***

Corrections*	55	59%	74%	34%	37%
Peace Officers	55	59%	74%	35%	37%
AT Control	55	59%	74%	35%	37%
Bridge Police	55	45%	56%	46%	49%
Wildlife	55	59%	74%	33%	35%

STPOL

Regular	55	60%	74%	32%	33%
---------	----	-----	-----	-----	-----

FRS

Regular	55	63%	79%	26%	28%
---------	----	-----	-----	-----	-----

MPERS

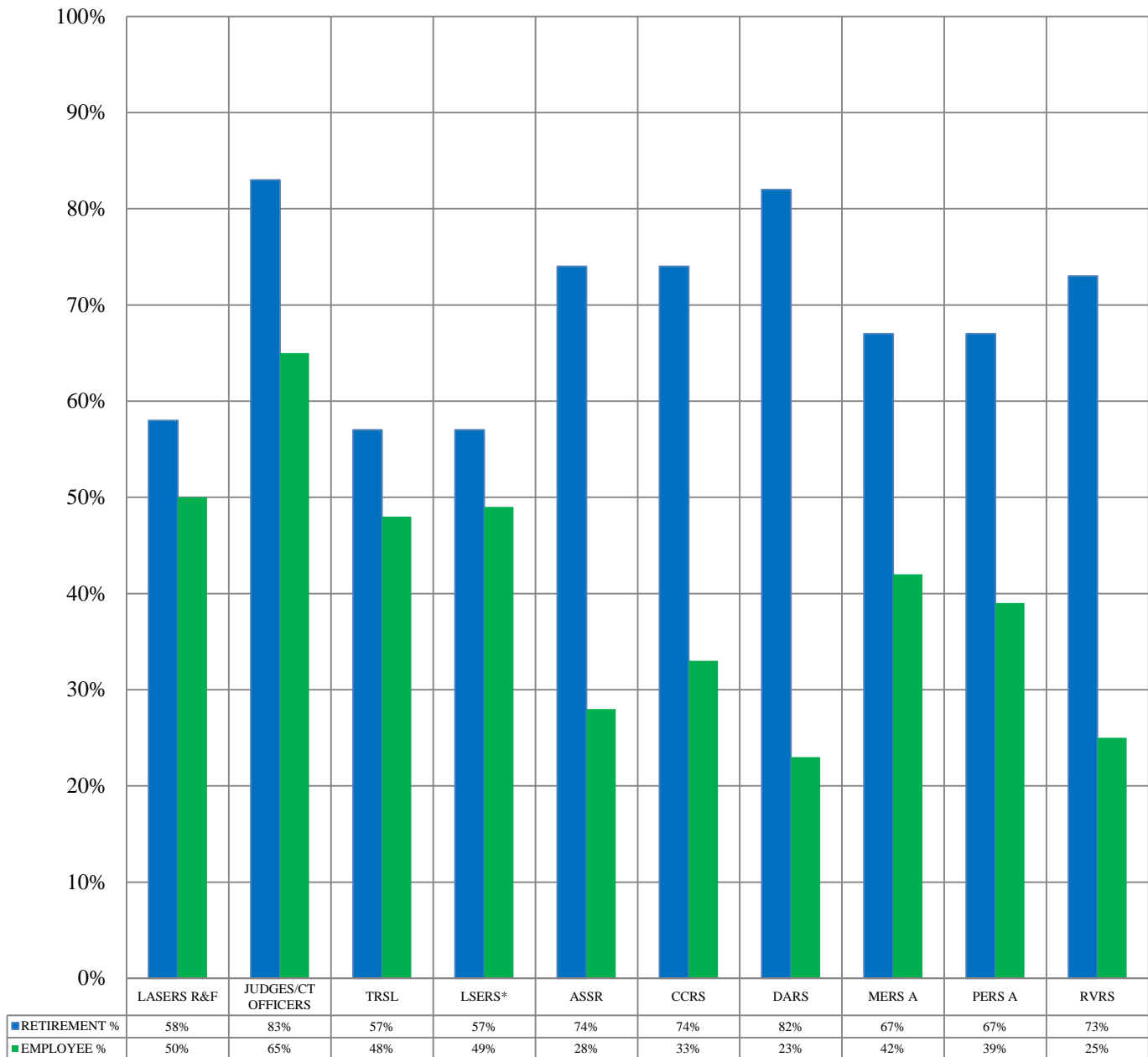
Regular	55	61%	75%	30%	32%
---------	----	-----	-----	-----	-----

SPRF

Regular	55	60%	74%	38%	40%
---------	----	-----	-----	-----	-----

* Based on plan provisions for the Corrections-Secondary sub plan. The Corrections-Primary sub plan is not available to new hires.

**Ratio of Retirement Benefit to Retirement Income and
The Portion of the Benefit Paid by Employees
Retirement Age 55 with 25 Years of Service
Non-Hazardous Duty Plans**

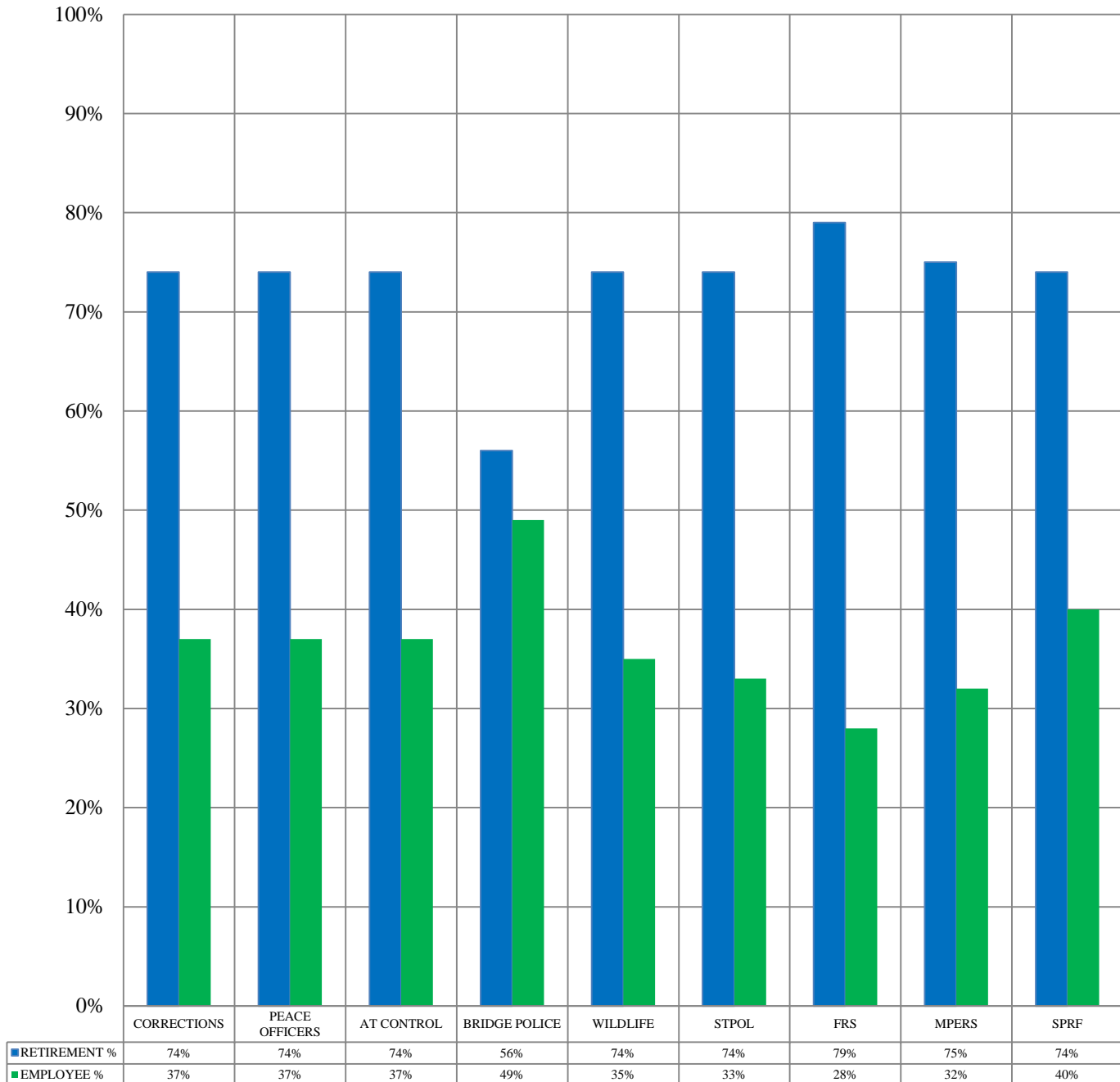


* The LSERS values have been calculated based on retirement at age 60 with 25 years of service rather than at age 55 because new members of LSERS will not be able to retire at age 55.

Retirement % – Retirement Income as a Percentage of Pre Retirement Income

Employee % – Portion of the Total Benefit Funded by the Employee

**Ratio of Retirement Benefit to Retirement Income and
The Portion of the Benefit Paid by Employees
Retirement Age 55 with 25 Years of Service
Hazardous Duty Plans**



Retirement % – Retirement Income as a Percentage of Pre Retirement Income
Employee % – Portion of the Total Benefit Funded by the Employee

3. Projected Contribution Rates

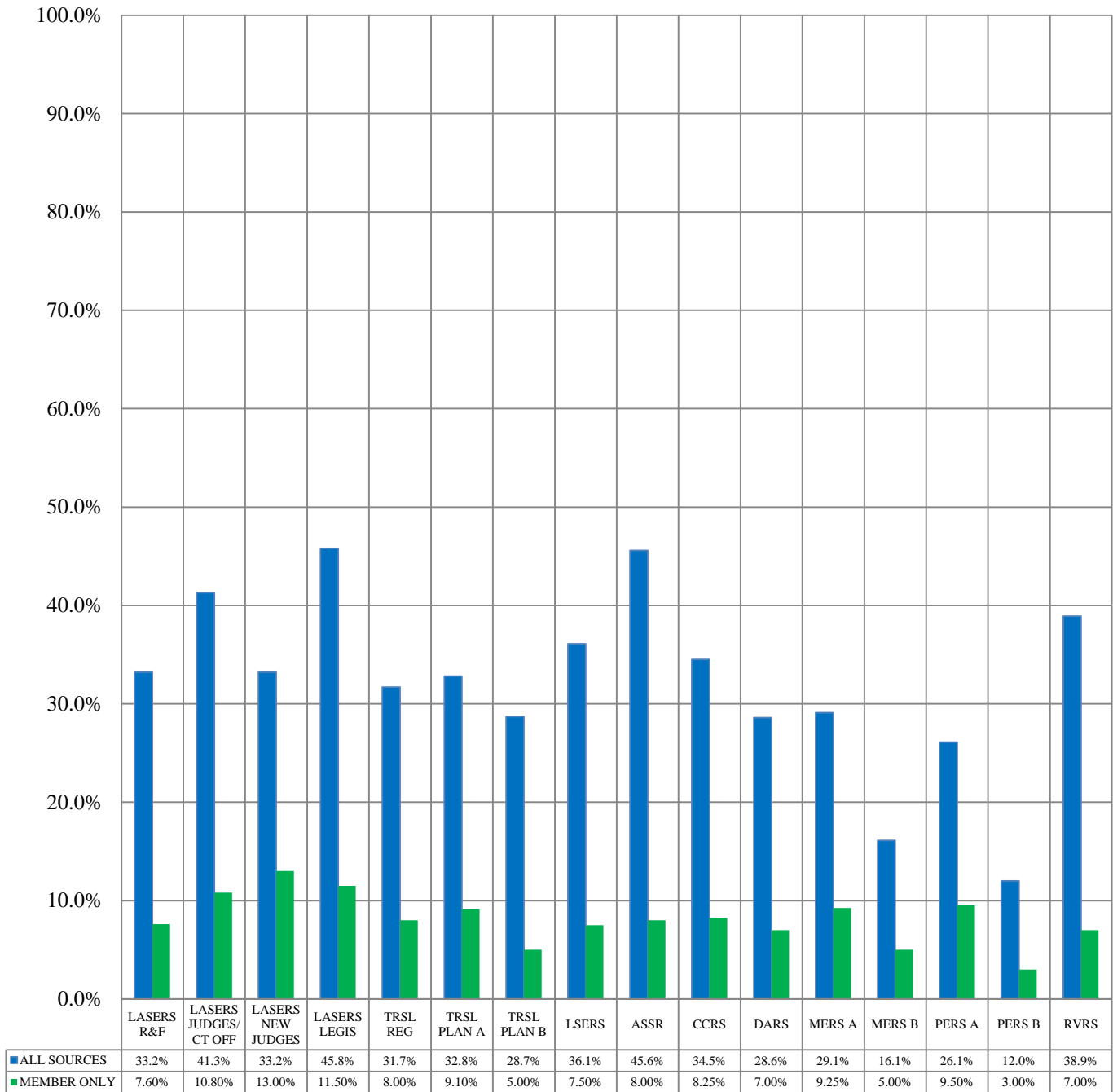
Public Sources (Employer) As discussed in the *Employer Funding for Pension Benefits* section of this report, the State of Louisiana is primarily responsible for funding the four state retirement systems through general fund appropriations, agency self-generated funds, IPTF allocations, or as transfer payments to local school districts. Funding sources for the nine statewide retirement systems include local appropriations, ad valorem taxes, general revenue sharing funds, IPTF allocations, and special General Fund appropriations. Other incidental funding sources, available to participating employers, may vary from time to time.

Member Rates Employee contribution rates are fixed by statute and are summarized in the first part of this section. Required member contributions vary by plan and, with some exceptions, range from 7.0% to 10.0% of employee pay. Judges/court officers and legislators are required to contribute 11.5%.

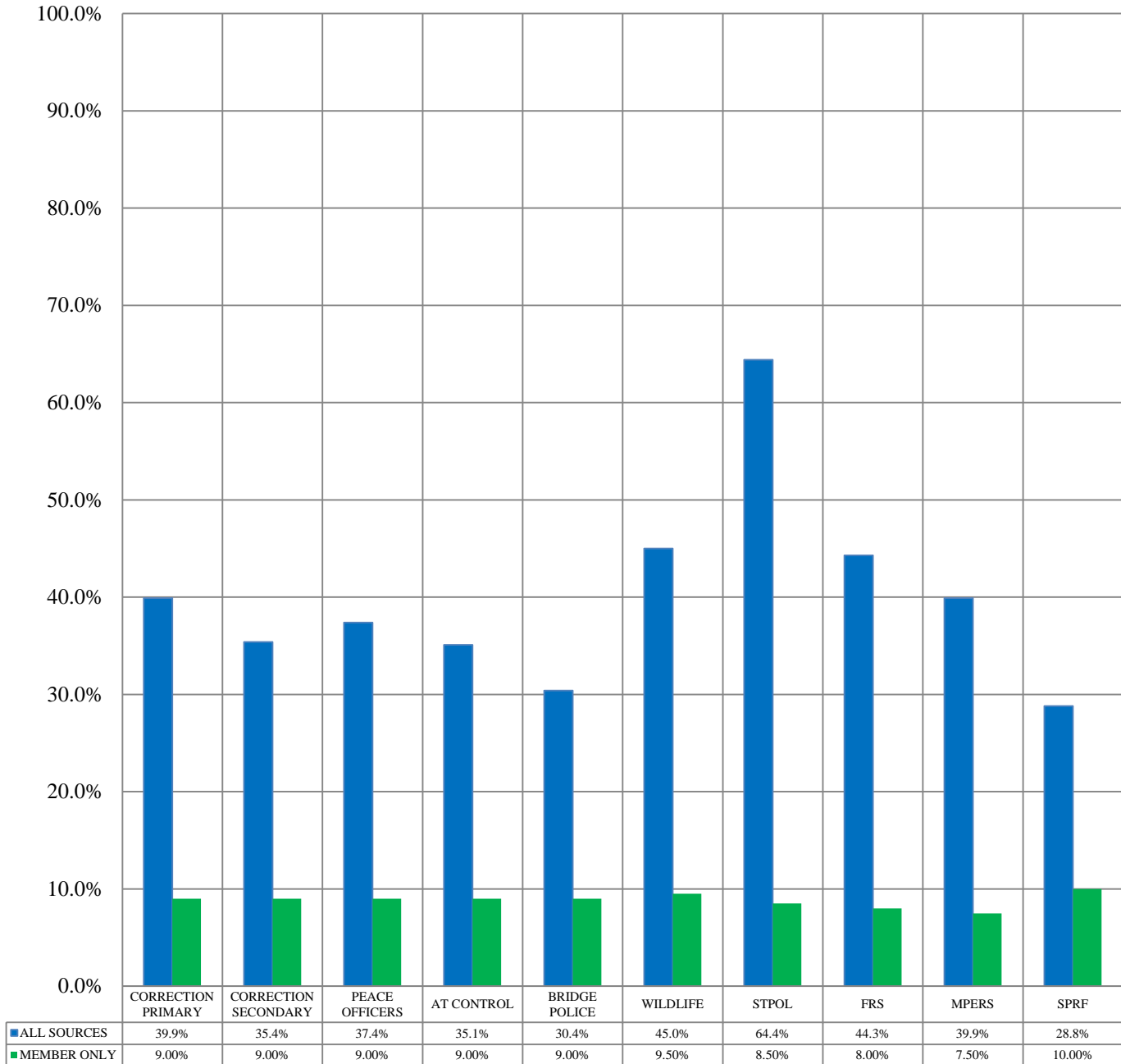
Total Projected Rates The combination of total public sources of employer funding plus member contributions, are required to fund the system's total future expected retirement plan obligations. Total projected rates reflect the total funding requirement for the plan's fiscal year as a percentage of member payroll. For FY 2012, we expect total projected rates to range from 16.8% to 64.4% of member payroll, with a median rate of 35.1%. Last year's range was 23.9% to 58.9%, with a median of 31.5%.

The following graph compares total projected rates (all sources including member rates) with member rates only. These are based on actuarial valuation results as approved by PRSAC to be paid for FY 2012.

**Projected Contribution Rates for Non-Hazardous Duty Plans
All Sources and Members Only
2012 Fiscal Year**



**Projected Contribution Rates for Hazardous Duty Plans
All Sources and Members Only
2012 Fiscal Year**



This page is intentionally blank.

Section III

Actuarial Concerns - Funding Issues

1. The Cost of Funding the UAL for State Systems

Issue

The UAL for the four state retirement systems in the aggregate was \$18.2 billion on June 30, 2010. This debt is being amortized over the next 30 years. The general pattern of payments scheduled to be made over this period is summarized below.

1. Amortization payments for FY 2010 are scheduled to be \$1,343.8 million.
2. Payments will steadily increase to about \$1.77 billion in FY 2019 and to \$1.92 billion by FY 2029.
3. Beginning in FY 2030, payments will fall to about \$1.30 billion and steadily decrease thereafter, until full funding is attained on June 30, 2040.

The fundamental issue is: “Will the state be able to afford these amortization payments as the dollar amount continues to rise?”

Amortization Payments

Under rules adopted in 1992, amortization payment schedules for LASERS and TRSL were developed to pay off the UAL debt with annual payments increasing 4.5% a year. The final payment was scheduled to be made in FY 2029.

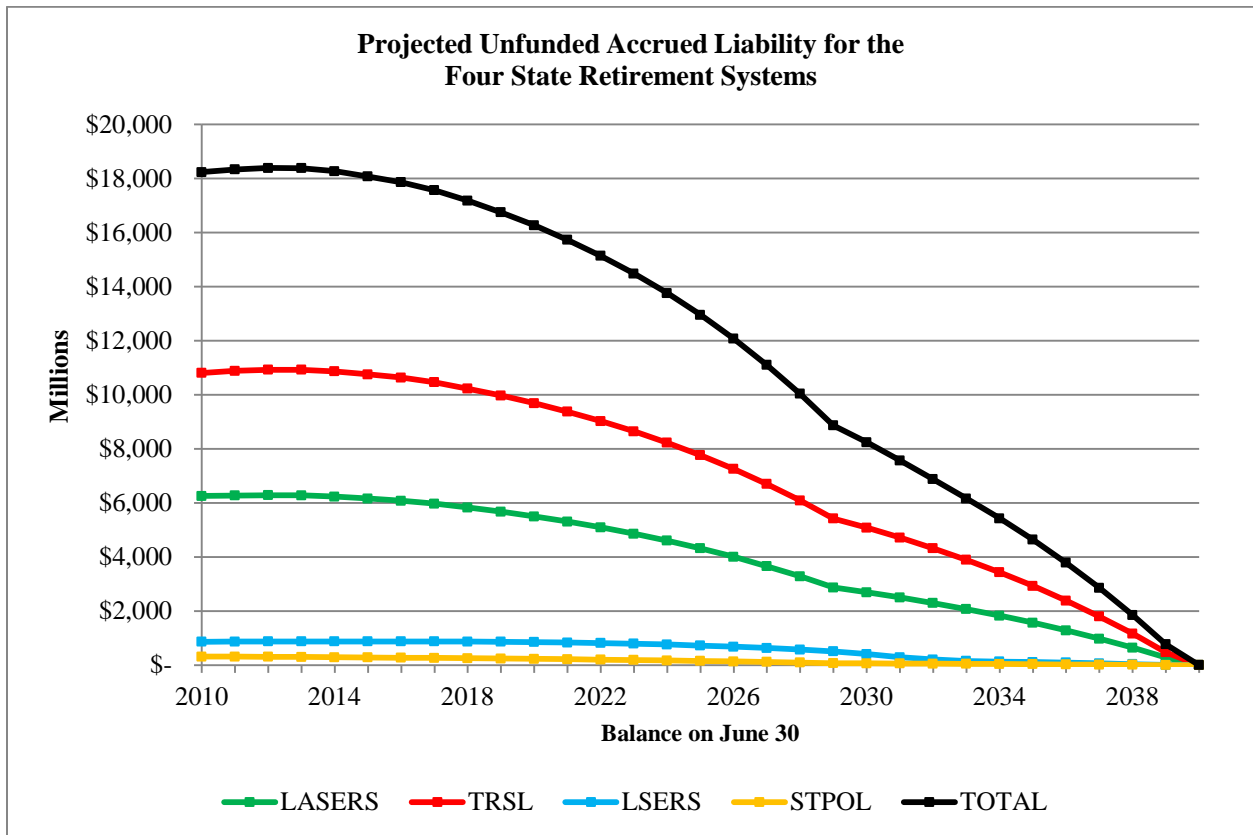
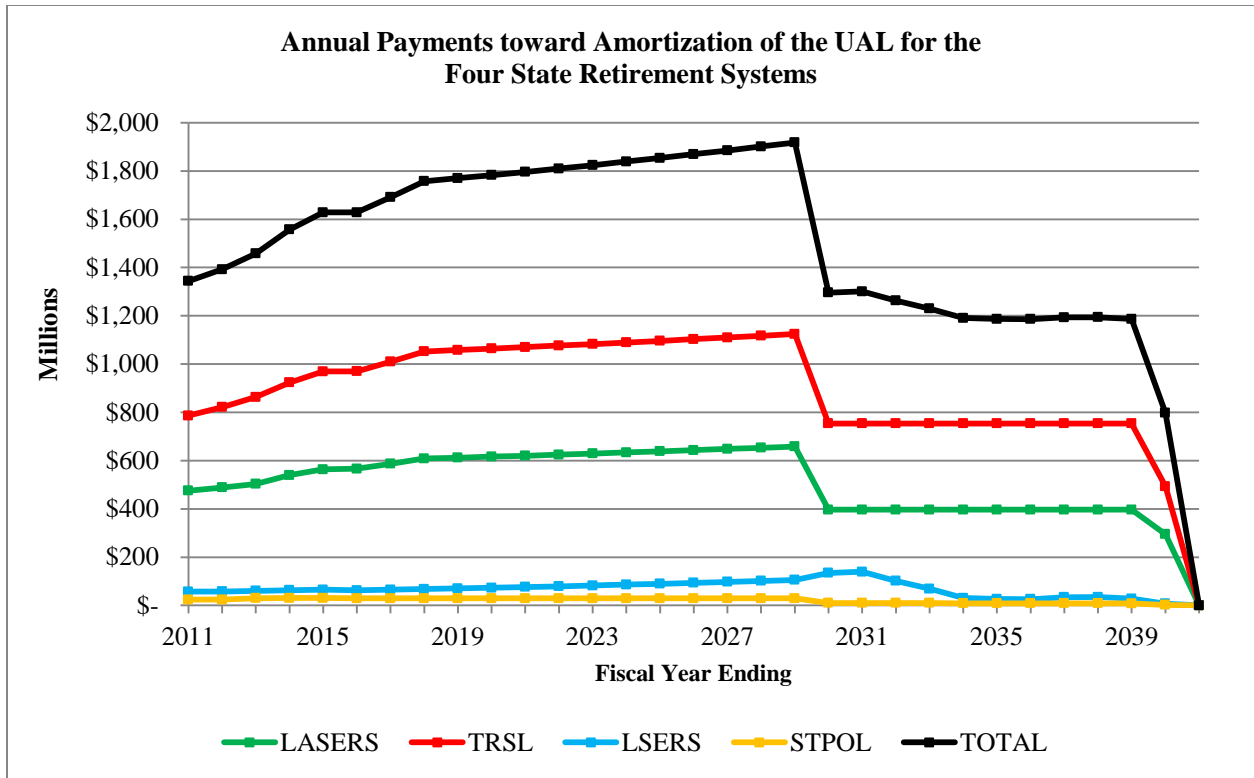
An increasing payment schedule was adopted because it was assumed that growth in Louisiana government combined with inflation would lead to an aggregate payroll increase of 4.5% a year. Under this assumption, amortization payments as a percentage of government payrolls would remain constant from year to year.

Several changes have been made to the payment schedules since 1992, with the most recent change occurring with Act 497 of the 2009 legislative session. Although payments are scheduled to increase, they are no longer linked in any manner to anticipated future payrolls of the state. As a result of Act 497:

1. The UALs will be reduced by balances in the LASERS and TRSL IUAL Funds, the Experience Accounts, and the Employer Credit Accounts. The UALs will be reduced by \$216.5 million and \$699.8 million for LASERS and TRSL, respectively.
2. Annual amortization payments will be smaller than they would have been otherwise because the outstanding principal amounts are less. Under Act 497, amortization payments will not be sufficient to cover interest on the UAL until June 30, 2013, and the UAL will continue to increase. Prior to Act 497, payments would have been insufficient to pay interest until June 30, 2016.
3. Amortization payments will be more than enough to cover interest charges after June 30, 2013, and UAL balances will begin to decline.

Note: amortization schedules under Act 497 comply with the law requiring the IUAL established on June 30, 1988, to be fully amortized by June 30, 2029. Longer periods of time are available to amortize adjustments to the UAL that have occurred since 1988 due to gains, losses, benefit improvements and changes in methods and assumptions.

Amortization payments for each of the state retirement systems are shown in the graph on the following page. Outstanding balances for the UALs over the next 30 years are also shown.



Mid-year amortization payment amounts for selected years are shown below in the aggregate and separately for each retirement system.

**SCHEDULED MID-YEAR AMORTIZATION
PAYMENTS FOR THE TOTAL UAL
(of June 30, 2010)**

Combined State Systems

Fiscal Year	Years Out	UAL Mid-Year Amortization Payment
2010	1	\$ 1,343,800,000
2014	5	1,557,300,000
2019	10	1,769,800,000
2024	15	1,838,600,000
2029	20	1,918,000,000
2034	25	1,190,800,000
2040	31	798,100,000

LASERS

Fiscal Year	Years Out	UAL Mid-Year Amortization Payment
2010	1	\$ 475,600,000
2014	5	539,800,000
2019	10	612,300,000
2024	15	633,900,000
2029	20	658,600,000
2034	25	396,700,000
2040	31	295,100,000

TRSL

Fiscal Year	Years Out	UAL Mid-Year Amortization Payment
2010	1	\$ 786,400,000
2014	5	923,400,000
2019	10	1,057,900,000
2024	15	1,089,500,000
2029	20	1,124,500,000
2034	25	753,900,000
2040	31	493,500,000

**SCHEDULED MID-YEAR AMORTIZATION
PAYMENTS FOR EACH SYSTEM'S UAL
(of June 30, 2010)**

LSERS

Fiscal Year	Years Out	UAL Mid-Year Amortization Payment
2010	1	\$ 57,500,000
2014	5	63,400,000
2019	10	70,400,000
2024	15	86,100,000
2029	20	105,800,000
2034	25	31,000,000
2040	31	7,300,000

STPOL

Fiscal Year	Years Out	UAL Mid-Year Amortization Payment
2010	1	\$ 24,300,000
2014	5	30,700,000
2019	10	29,200,000
2024	15	29,100,000
2029	20	29,100,000
2034	25	9,200,000
2040	31	2,200,000

Special Funds

The state retirement systems maintain separate side funds within their respective trusts – the IUAL Fund, the Experience Account, and the Employer Credit Account. These funds were established by law to set aside retirement system assets for specified purposes.

As a result of Act 497, the balance in each of these funds has been or will be transferred back to the regular pool of assets in order to reduce the UALs of the retirement systems. The future of these funds is briefly summarized below:

1. IUAL Fund – this fund will continue to exist but currently there is no source of funding for this account. Future funding will only occur through future legislation.

2. Experience Account – this account will continue to receive 50% of any investment gains that exceed a stated threshold. The thresholds for LASERS and TRSL are \$100 million and \$200 million, respectively. For LSERS and STPOL, 50% of any investment gain will be transferred from the regular pool of assets to the Experience Account.
3. Employer Credit Account – this account will also continue to exist, but given the current financial status of the retirement systems, it is unlikely that any funding will be available in the foreseeable future.

2. Structural Changes for Amortizing the UAL

Issue

The state's commitment to amortize UALs for LASERS and TRSL has changed several times since actuarial funding began on July 1, 1988.

The Louisiana Constitution, as amended in 1988, mandated the IUAL to be fully funded by June 30, 2029. Thereafter, the only cost to employers for retirement benefits will be for employer normal costs and payments to amortize offsetting gains and losses that have occurred after 1988, and that will continue to occur in the future. Large legacy costs should no longer exist.

Significant structural changes for amortizing the UAL occurred in 1990, 1992, 1993, 2004, and 2008. The most recent change occurred with the enactment of Act 497 during the 2009 legislative session. The effects that Act 497 will have on amortization schedules for LASERS and TRSL are shown below. A history of the effects of all prior changes follows thereafter.

Act 497 of 2009

Act 497 of the 2009 Session applied to LASERS and TRSL. The Act made the following changes to their amortization schedules.

LASERS

1. A new amortization base called the Original Amortization Base (OAB) will be established as of June 30, 2010. Essentially, the outstanding balance of the IUAL will be reduced by the outstanding balances of net actuarial gains and losses occurring from 1989 to 1993 and actuarial gains that occurred in 1993-1995, 1997-1998, and 2005-2007. The IUAL will be further reduced by amounts in the IUAL Fund.
2. The OAB will be amortized over 19 years from FY 2011 through FY 2029 with payments that increase 6.5% for one year, 5.5% for four years, 5.0% for four years and 2% per year for the remaining period.
3. Another new amortization base called the Experience Account Amortization Base (EAAB) will be established on June 30, 2010. This base will be the sum of the outstanding balances associated with actuarial losses

occurring in 1996, 1999-2004, and 2008. The amount will be reduced by the balance in the Experience Account.

4. The EAAB will be amortized over 30 years with payments that increase 6.5% for one year, 5.5% for four years, 5.0% for four years and 0.0% per year for the remaining period.

TRSL

1. A new amortization base called the OAB will be established as of June 30, 2010. Essentially, the outstanding balance of the IUAL will be reduced by the outstanding balances of net actuarial gains and losses occurring from 1989 to 1993 and actuarial gains that occurred in 1993-1996, 1998-2000, and 2005-2008. The IUAL will be further reduced by amounts in the IUAL Fund and the Employer Credit Account.
2. The OAB will be amortized over 19 years from FY 2011 through FY 2029 with payments that increase 7.0% for three years, 6.5% for four years, and 2.0% per year for the remaining period.
3. Another new amortization base called the EAAB will be established on June 30, 2010. This base will be the sum of the outstanding balances associated with actuarial losses occurring in 1997, 2001-2004, and 2008. The amount will be reduced by the balance in the Experience Account.
4. The EAAB will be amortized over 30 years with payments that increase 7.0% for three years, 6.5% for four years, and 0.0% per year for the remaining period.

History – Initial UAL

IUALs for the four state retirement systems were established on June 30, 1988. No payments were made to amortize IUALs during FY 1989. The IUALs as measured on June 30, 1988, were allowed to grow with interest at the valuation interest rate to June 30, 1989. Payments toward amortizing the IUALs began in FY 1990.

IUAL amounts on June 30, 1988, and June 30, 1989, for each of the four state retirement systems are shown below.

Retirement System	IUAL on	
	June 30, 1988	June 30, 1989
LASERS	\$ 1,825,421,035	\$ 1,962,327,613
TRSL	4,169,250,465	4,481,944,250
LSERS	10,999,431	11,769,391
STPOL	186,389,702	199,436,981
Total	\$ 6,192,060,633	\$ 6,655,478,235

History - New UALs

New charges or credits have been incurred by all four state systems every year after June 30, 1988. Charges or credits are incurred annually for the following reasons:

1. Gains and Losses
2. Changes in Actuarial Assumptions
3. Changes in the Asset Valuation Method
4. Changes in Actuarial Methods other than the Asset Valuation Method
5. Benefit Changes

The actuary for each system determines the extent to which the UAL has increased or decreased as a result of each of the above factors. An amortization schedule is established for each new UAL charge or credit. The initial balance of each charge or credit is commonly called a charge or credit base.

History – Act 81 of the 1988 Session

Act 81 of the 1988 session applied to all four state retirement systems. The Act established the following amortization rules in order to implement the constitutional mandate:

1. IUALs established on July 1, 1988, for LASERS, TRSL, and LSERS were to be amortized over a 40-year period beginning July 1, 1989, and ending June 30, 2029, with payments increasing 4.0% a year for the first 4 years; 3.5% for the next 5 years; 3.0% for the next 5 years; and so on. Payments over the last 5 years of the 40-year period would increase 0.5% a year.

2. The IUAL for STPOL was to be amortized with level payments over 20 years.
3. New UAL bases (changes in liability after June 30, 1988) due to actuarial gains and losses, changes in assumptions, changes in the method of valuing assets, and changes in benefits were to be amortized with level payments over 15 years.
4. New UALs due to changes in actuarial funding methods other than the actuarial value of assets were to be amortized with level payments over 30 years.

History -

Act 470 of the 1990 Session

Act 470 of the 1990 Regular Session applied to all four state retirement systems. The Act modified amortization rules in accordance with the following:

- New UAL bases established for the June 30, 1989, valuation and all subsequent valuations due to changes in actuarial assumptions were to be amortized with level payments over 30 years (instead of 15 years).

History -

Act 257 of the 1992 Session

Act 257 of the 1992 Regular Session applied to all four state retirement systems. The Act modified amortization rules in accordance with the following:

1. The outstanding balances of the IUALs on June 30, 1992 – for LASERS and TRSL only – were to be re-amortized over 37 years with payments increasing 4.5% per year.
2. Outstanding balances on June 30, 1992, of New UAL bases initiated with the 1989, 1990, 1991, and 1992 valuations were to be re-amortized with payments increasing 4.5% a year. Amortization periods were not changed.
3. New UAL bases established with the 1993 and later valuations were to be amortized in the following manner:
 - a. New UAL bases due to actuarial gains and losses, changes in the method of valuing assets, and changes in benefits were to be amortized over 15 years with payments increasing 4.5% a year.

- b. New UAL bases due to changes in actuarial assumptions and changes in actuarial funding methods other than the actuarial value of assets were to be amortized over 30 years with payments increasing 4.5% a year.

History -***Act 734 of the 1993 Session***

Act 734 of the 1993 Session applied to all four state retirement systems. The Act provided that at the end of the fiscal year during which assets exceed the actuarial accrued liability, outstanding balances of all amortization bases would be fully liquidated. The amount by which assets exceeded the accrued liability would be amortized as a credit to be amortized over 15 years with credit amounts increasing 4.5% a year.

Asset values for LSERS exceeded the accrued liability on June 30, 1993, and in accordance with Act 734 all prior balances were liquidated and a new credit base was established subject to amortization over 15 years with credits increasing 4.5% a year. LSERS has interpreted Act 734 to mean that liquidation occurs only for the first year for which assets exceed the accrued liability. Therefore, new payment or credit bases will be established each year thereafter as the surplus or deficit increases or decreases. Liquidation will occur next when the plan again moves from a UAL on a given valuation date to a surplus on the next following valuation date.

LASERS, TRSL, and STPOL have not as yet been affected by this provision of law.

History -***Act 588 of the 2004 Session***

Act 588 of the 2004 Regular Session applied to LASERS, TRSL, and LSERS. It did not apply to STPOL. The Act modified amortization rules in accordance with the following:

LASERS

1. Assets of the plan were transferred to the Experience Account to pay off the negative balance in the account that existed as of June 30, 2004. A charge base was established for the 2004 valuation to reflect this asset transfer.
2. The amortization schedule for the IUAL was not changed.

3. The outstanding balances on June 30, 2004, of New UAL bases established by the 1989 through 1998 valuations were re-amortized effective with the 2004 valuation with level payments over 25 years.
4. Amortization schedules for New UAL bases established by the 1999 through 2003 valuations were not changed.
5. New UAL bases established for the 2004 and later valuations were to be amortized with level payments over 30 years.

TRSL

1. Assets of the plan were transferred to the Experience Account to pay off the negative balance in the account that existed on June 30, 2004. A charge base was established for the 2004 valuation to reflect this asset transfer.
2. The amortization schedule for the IUAL was not changed.
3. The outstanding balances on June 30, 2004, of New UAL bases established by the 1989 through 2000 valuations were re-amortized effective with the 2004 valuation with level payments over 25 years.
4. Amortization schedules for New UAL bases established by the 2001 through 2003 valuations were not changed.
5. New UAL bases established for the 2004 and later valuations were to be amortized with level payments over 30 years.

LSERS

1. New rules for LSERS were the same as for TRSL.
2. Note: LSERS did not have an Experience Account in 2004.

STPOL

- No changes were made.

*History -
Act 852 of 2008*

Act 852 of the 2008 Regular Session applied to STPOL. The Act modified amortization rules in accordance with the following:

1. All outstanding balances for amortization bases on June 30, 2009, currently providing for a schedule of increasing payments were re-amortized with level payments over 20 years.
2. New bases established on June 30, 2009, or later will be amortized with level payments over 30 years.

3. Effect of Changing Commitment to Amortize the UAL on LASERS and TRSL

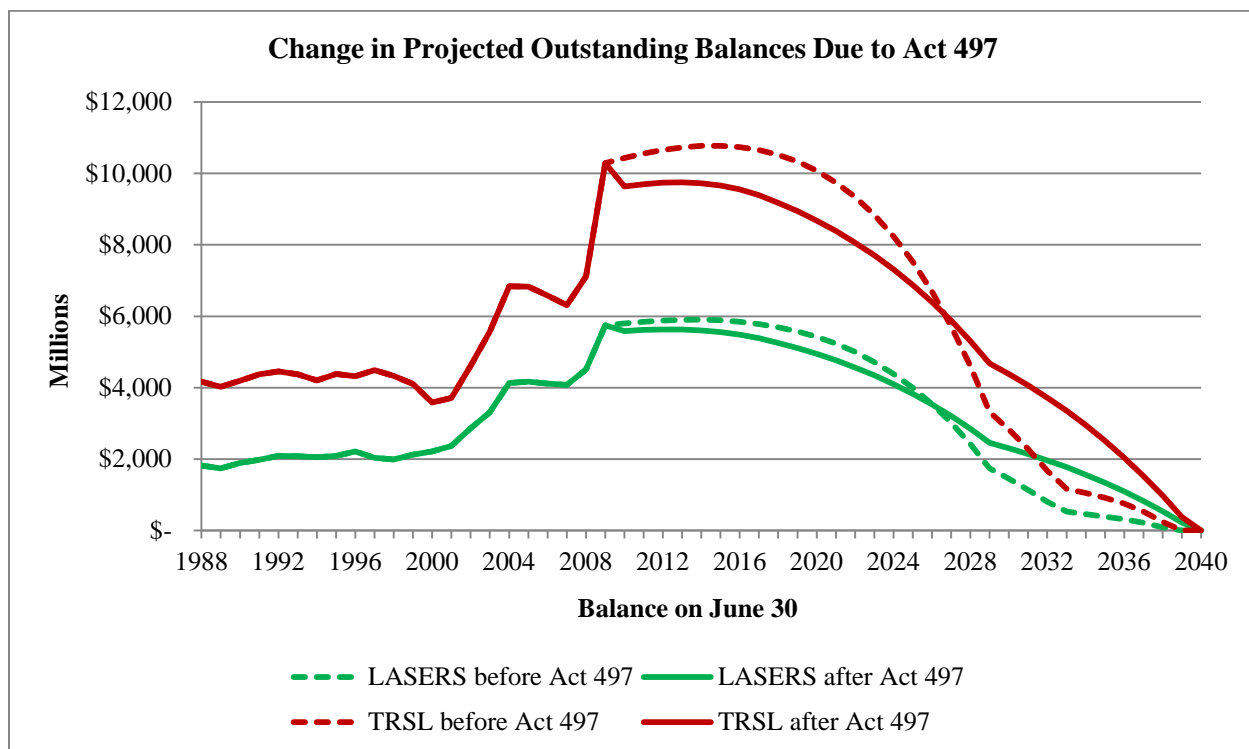
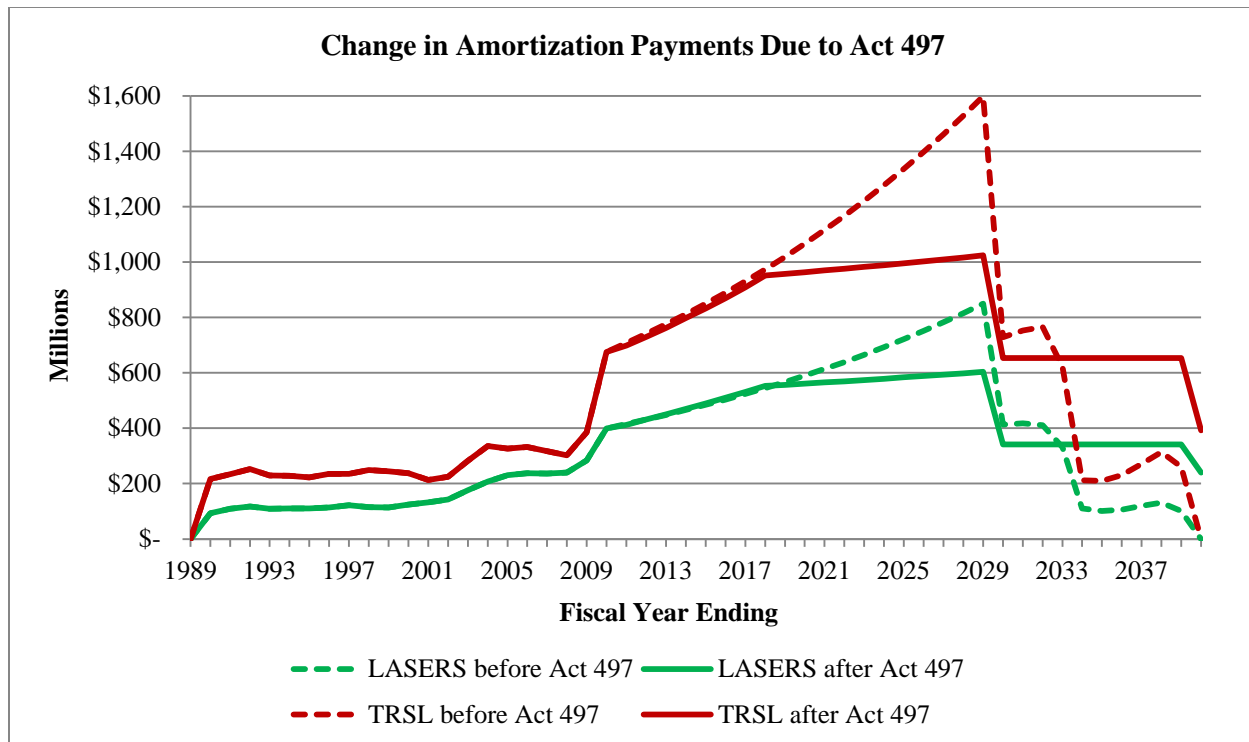
As a result of Act 497 of the 2009 session, amortization payments were reduced and repayment of the state's debt to the retirement systems was further postponed. This was a continuation of a pattern of such changes that have occurred since the Louisiana Constitution mandated actuarial funding in 1988. The effect of Act 497 on debt payments and projections of outstanding balances will be shown first. A history of the effect on all prior changes will then be illustrated.

Amortization under Act 497

Act 497 of the 2009 Regular Session had the following impact on amortization schedules for LASERS and TRSL (see the charts below).

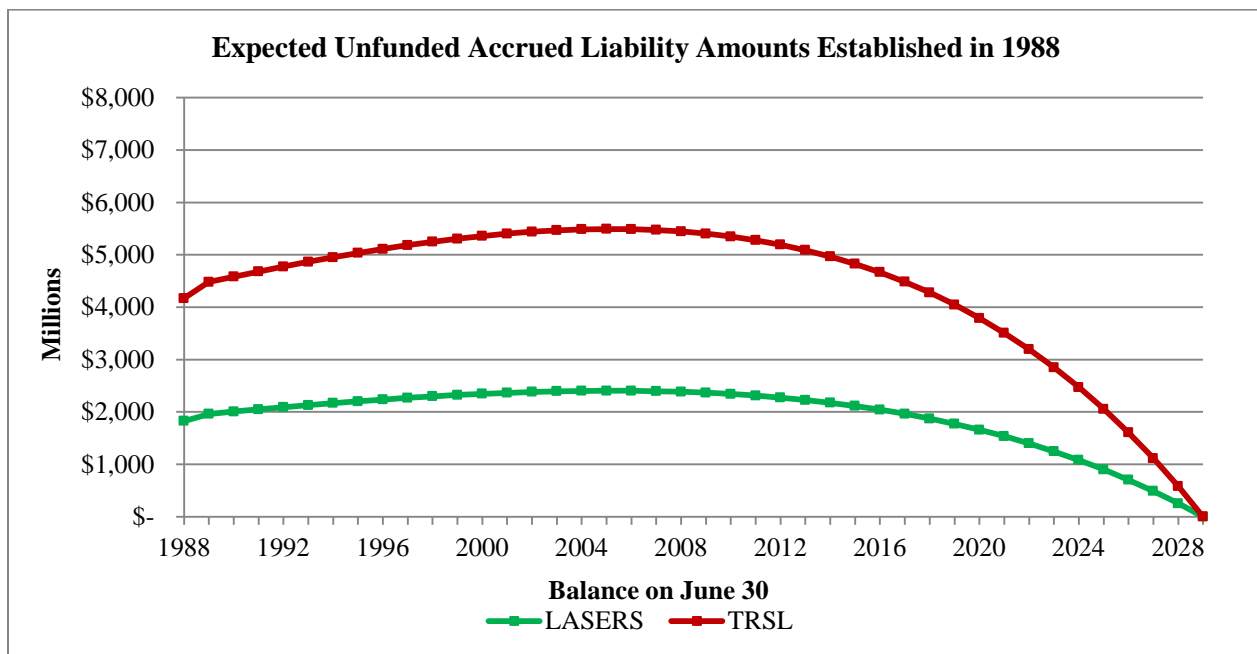
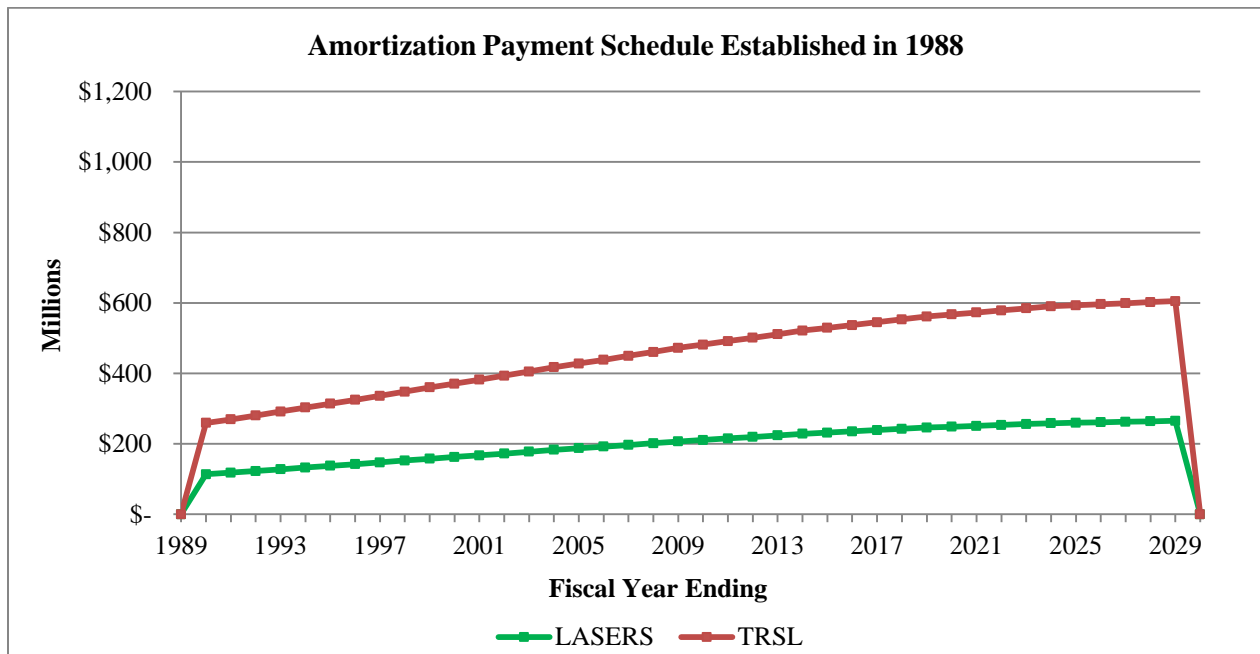
1. Balances in the IUAL Funds, Experience Accounts, and Employer Credit Accounts for LASERS and TRSL were used to reduce the UALs of the two systems.
2. Amortization payments through FY 2018 were essentially unchanged.
3. Beginning in FY 2019, payments begin to be substantially reduced. As shown in the following chart, future payments from 2019 through 2029 are substantially smaller after Act 497 than before.
4. Beginning in FY 2030, payments will be lower than they are currently, but will be larger than they would have been without Act 497.
5. Because the UAL has been reduced, payments will begin to reduce UAL principal beginning in FY 2013 for LASERS and FY 2014 for TRSL.

Act 497 continued a pattern of refinancing that has occurred repeatedly since 1988 – payment reductions and postponement of complete amortization of the UAL.



History -***Amortization under Act 81***

Amortization schedules are shown below for LASERS and TRSL. The first graph shows the pattern of annual payments that were required for these systems under Act 81 of the 1988 session. The second graph shows the projected outstanding balance of the IUAL at the end of each year until FY 2029 when the debt is paid off.



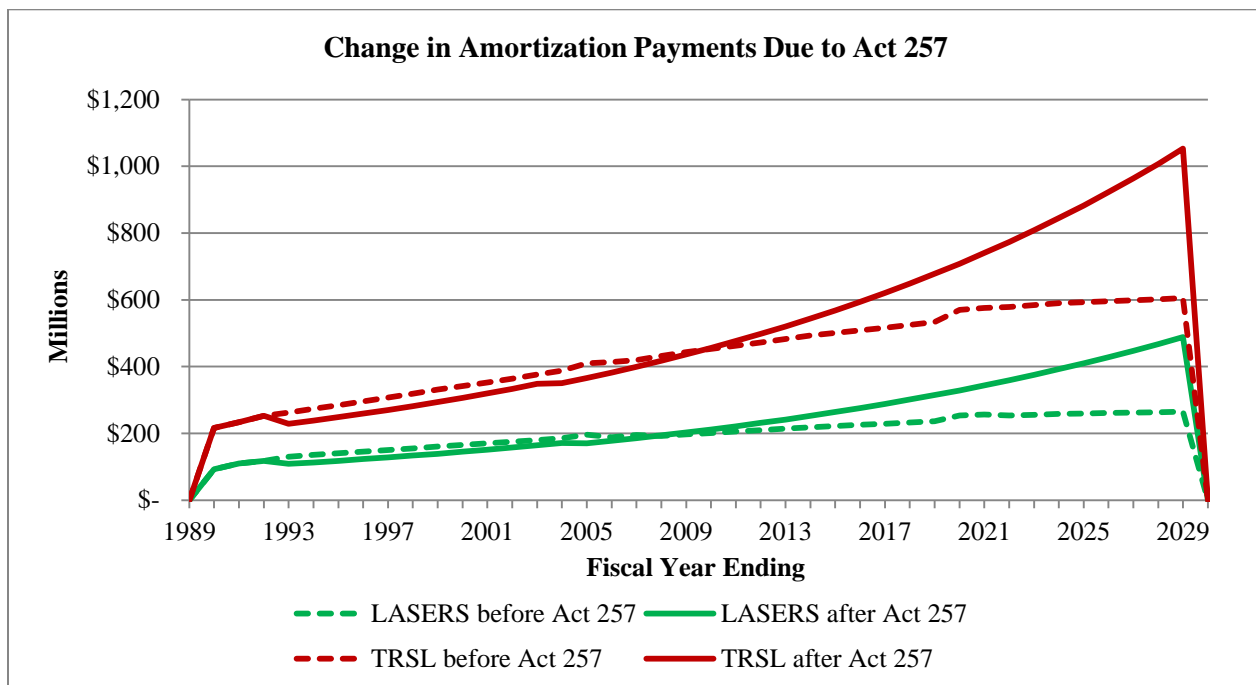
The following observations can be made from these graphs.

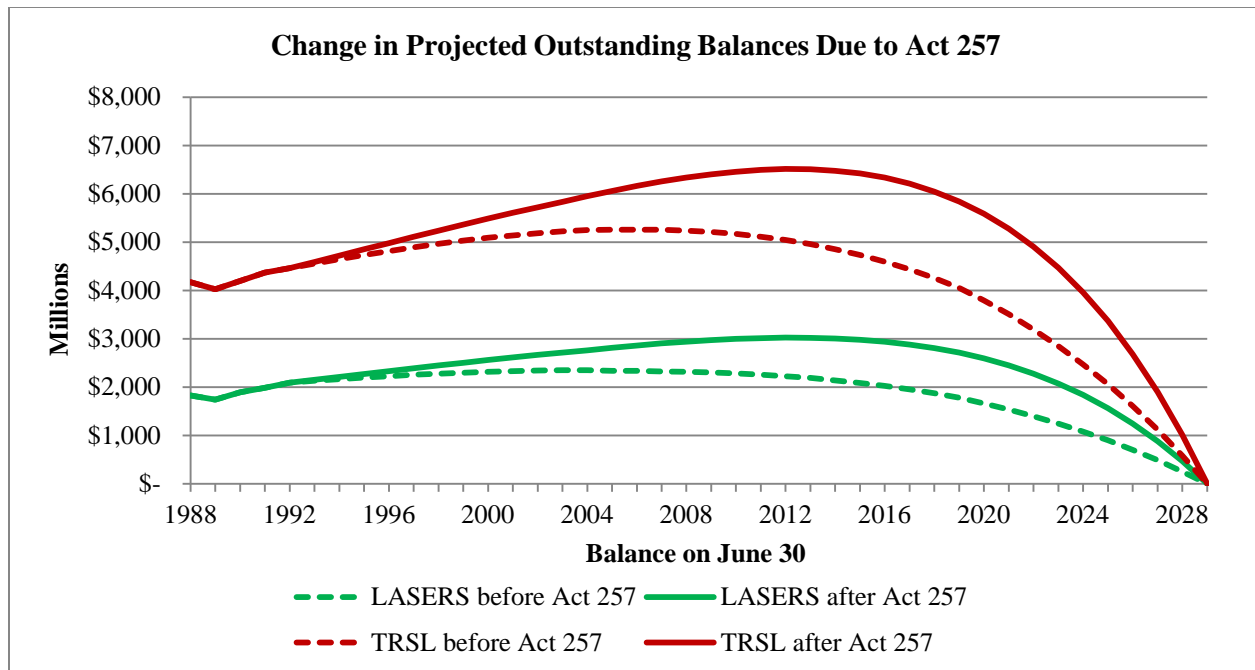
1. Payments increase more rapidly in early years of the period than in later years.
2. Annual payments at the end of the period (FY 2029) will be more than two times the annual payment at the beginning (FY 1990).
3. Payments through FY 2006 will not be sufficient to pay interest on the debt. Therefore, the debt increases year after year.
4. Beginning FY 2007, payments are large enough to pay down some of the outstanding principal.
5. However, the outstanding debt does not return to its original level until FY 2019.
6. Essentially, payment on the original debt is postponed for 30 years and then paid off over the remaining 10-year period.

History -

Amortization under Act 257

The charts below shows the effect that Act 257 of the 1992 session had on amortization schedules for LASERS and TRSL.



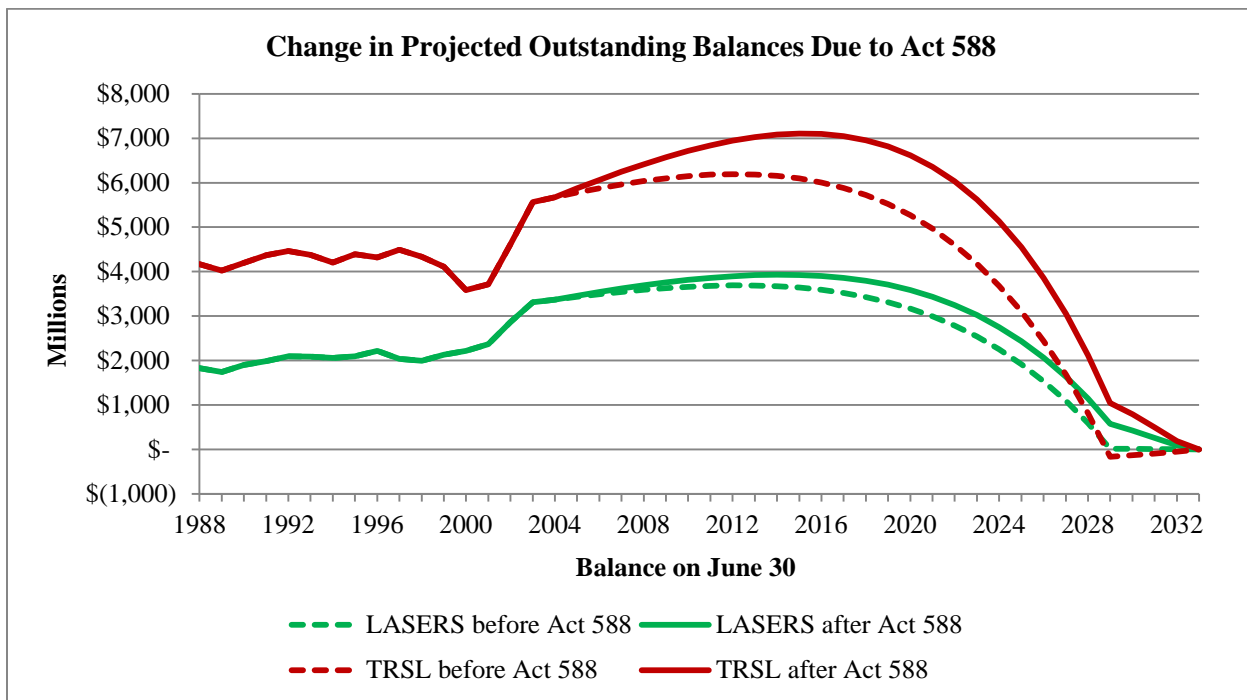
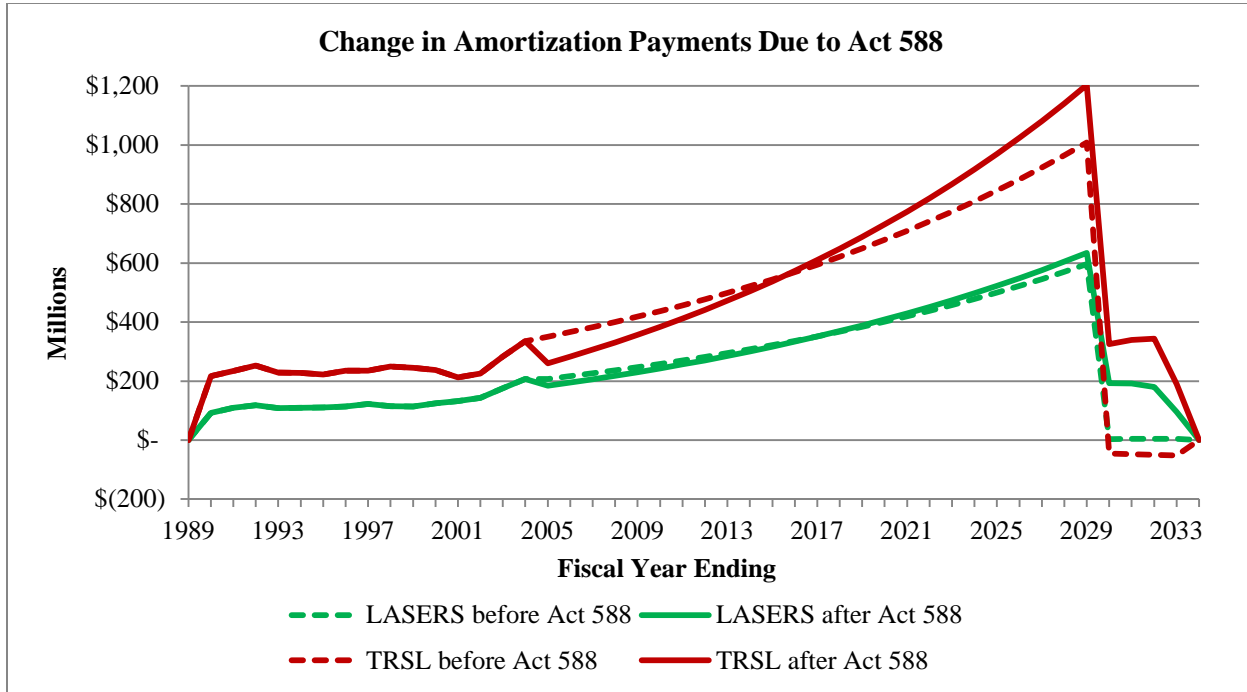


Note the following about these charts:

1. Amortization payments scheduled between FY 1993 and FY 2006 were reduced by relatively small amounts.
2. Amortization payments scheduled after FY 2006 were increased significantly, growing to a level that is almost 5 times as large as the initial payment.
3. Amortization payments after Act 257 were not projected to be sufficient to pay interest on the debt until about FY 2014.
4. The outstanding debt was not scheduled to return to its original level until about FY 2024.
5. Essentially, payment of the outstanding debt was postponed another 5 years with the debt then being paid off over the remaining 5 years.

History -**Amortization under Act 588**

The charts below show the effect that Act 588 of the 2004 session had on amortization schedules for LASERS and TRSL.



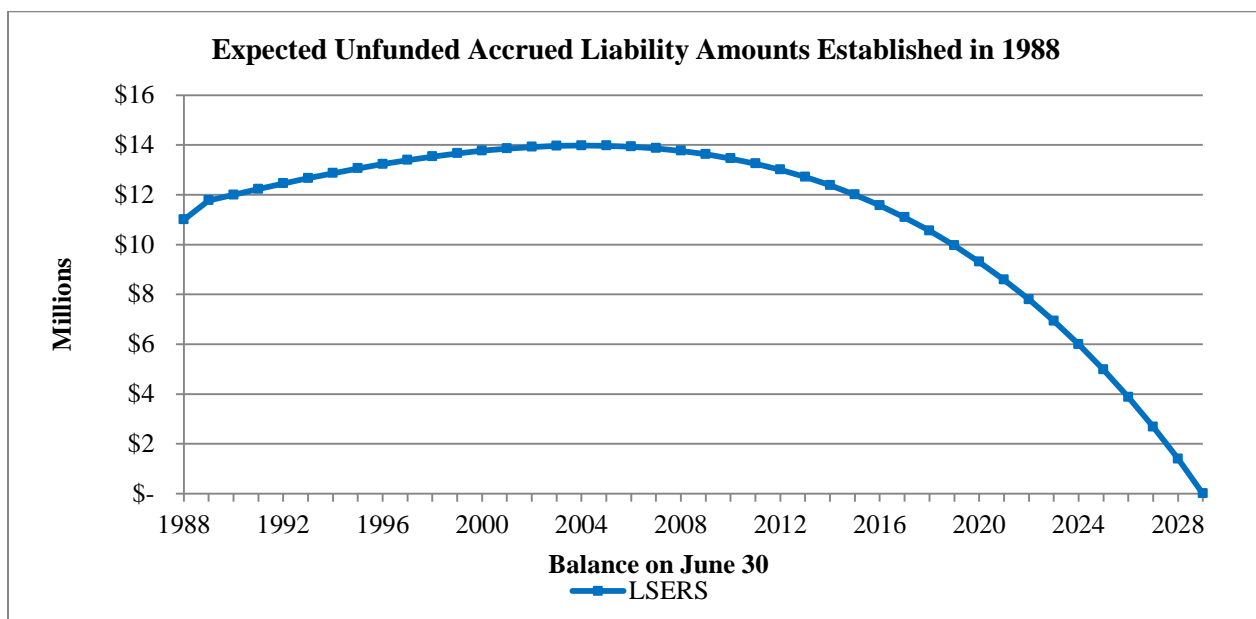
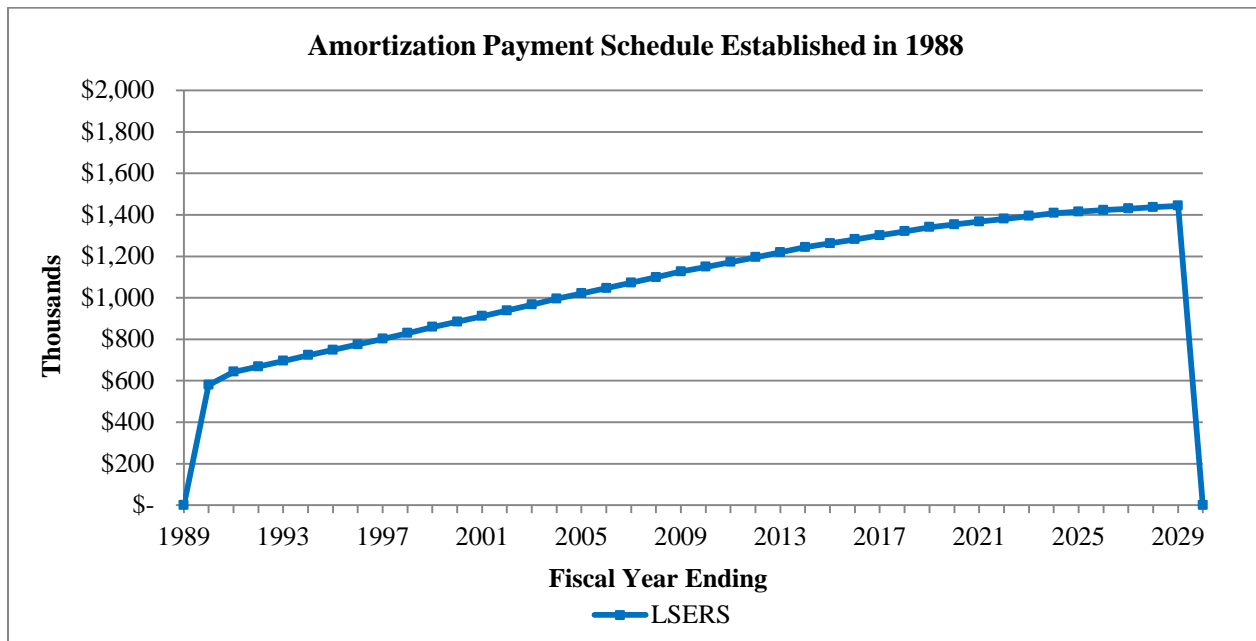
Once again, payments were lowered and payment of the debt was postponed. The debt will continue to grow until FY 2016. Payments will eventually be 6 times as large as the original payment. The debt will be fully paid at the end of FY 2032 instead of FY 2029.

4. Effect of Changing Commitment to Amortize the UAL on LSERS

History -

Amortization under Act 81

Amortization schedules are shown below for LSERS. The first graph shows the pattern of annual payments that were required for this system under Act 81 of the 1988 session. The second graph shows the projected outstanding balance of the IUAL at the end of each year until FY 2029 when the debt is paid off.



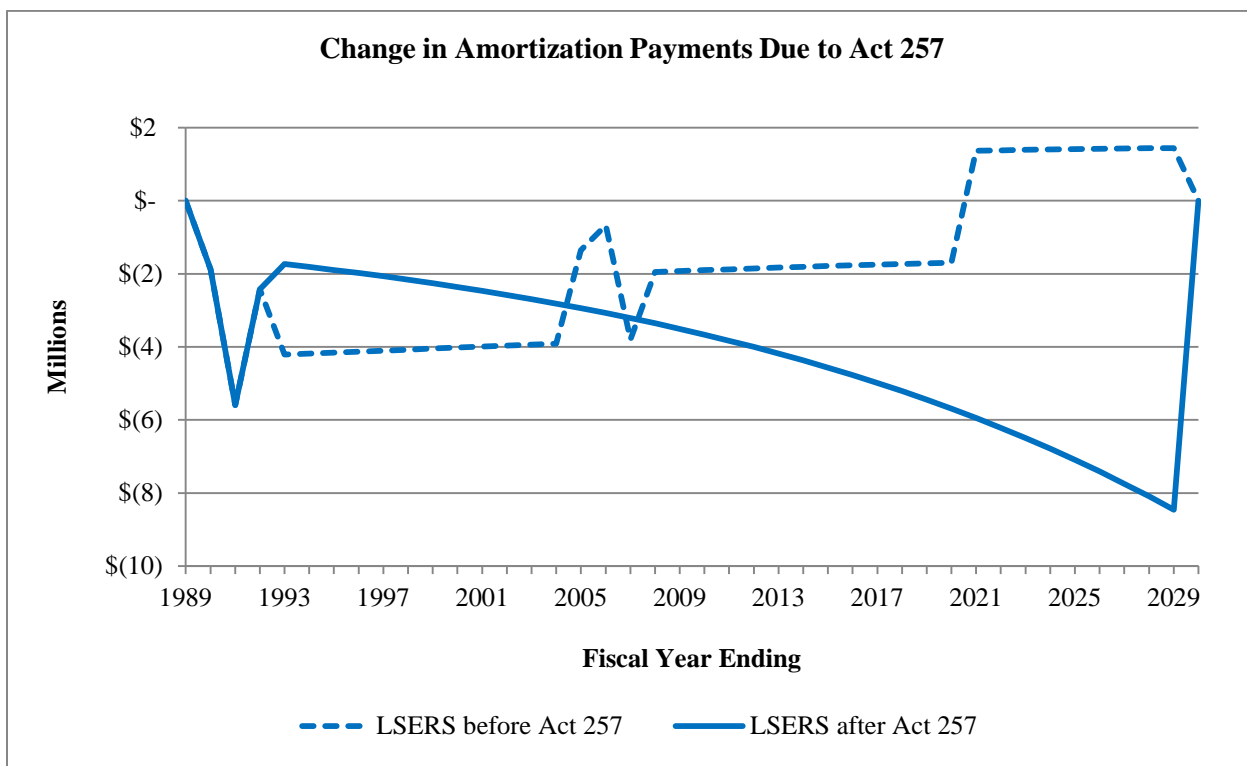
Although the numbers are significantly smaller, the pattern of the amortization schedule is very similar to LASERS and TRSL.

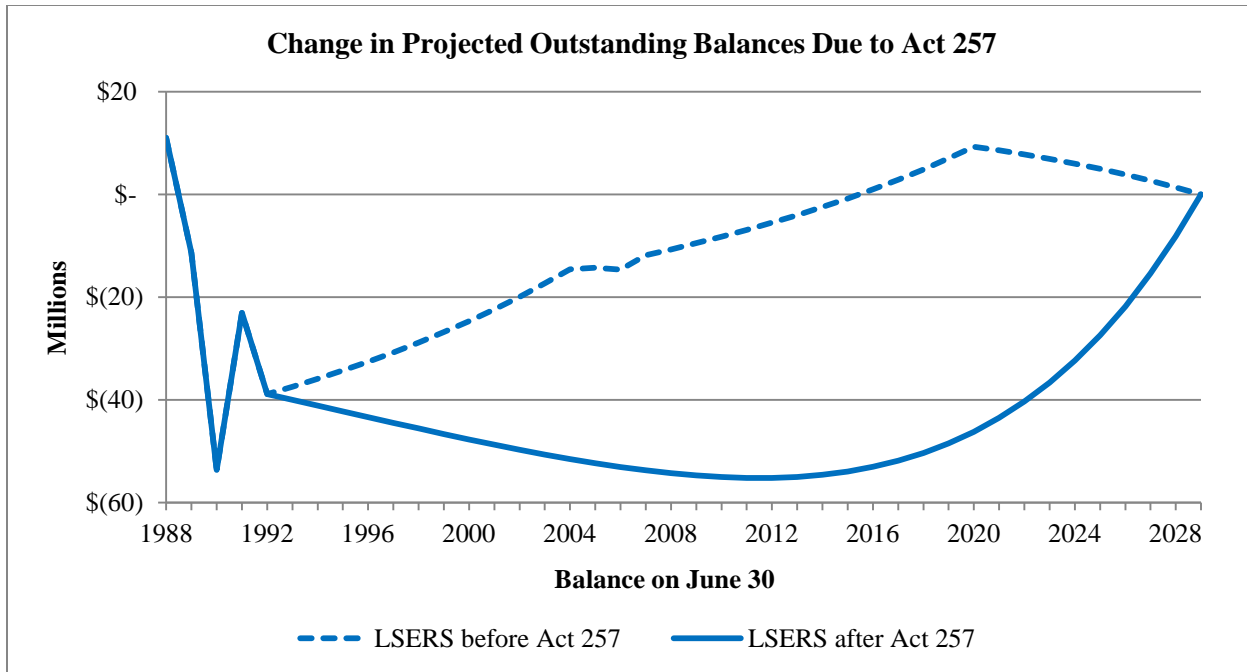
History -

Amortization under Act 257

LSERS experienced actuarial gains between 1988 and 1992. As a result, LSERS had surplus assets rather than a UAL on June 30, 1992. Nevertheless, the IUAL base and the UAL bases established between 1989 and 1992 continued to be maintained as required under the law. Amortization schedules (credit schedules), before and after the enactment of Act 257, are shown below.

Note the change of vertical scale. The effect of a change from one vertical tick mark to the next is much more significant in the charts below than in the charts on the previous page.





The effect on Act 257 on LSERS is just the opposite of the effect on LASERS and TRSL. For LASERS and TRSL, Act 257 postponed payment of the debt. For LSERS, Act 257 postponed recognition of the surplus or credit.

History -

Amortization under Act 734

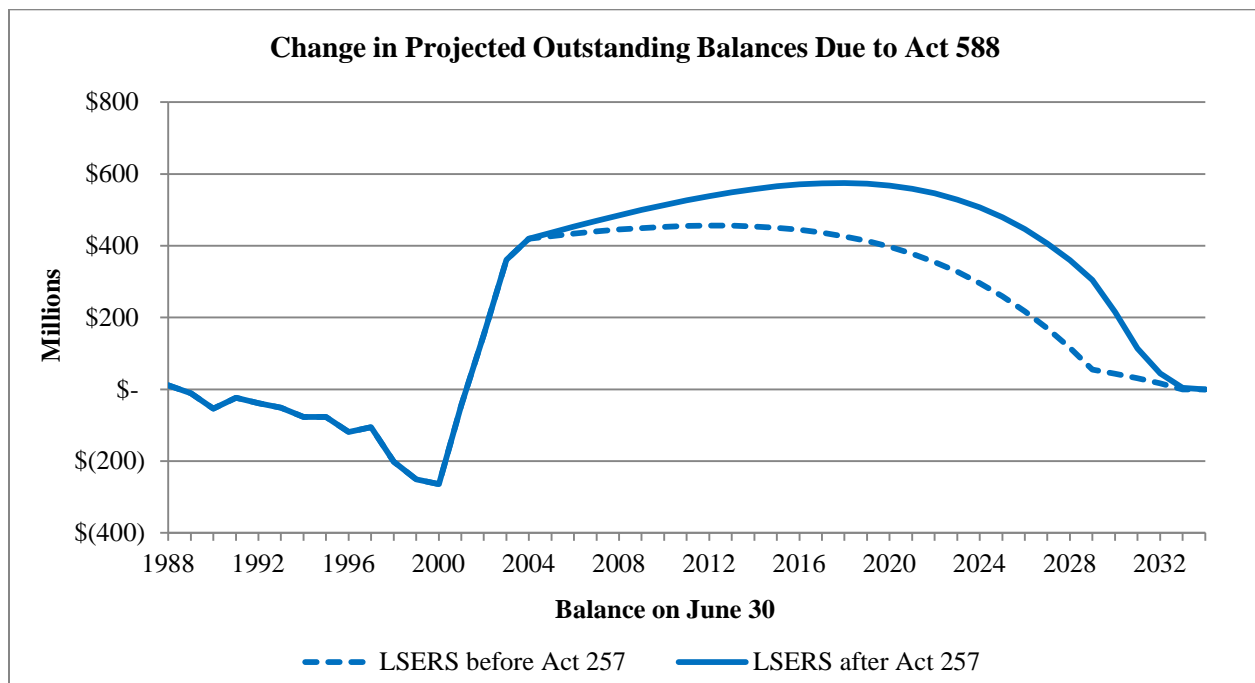
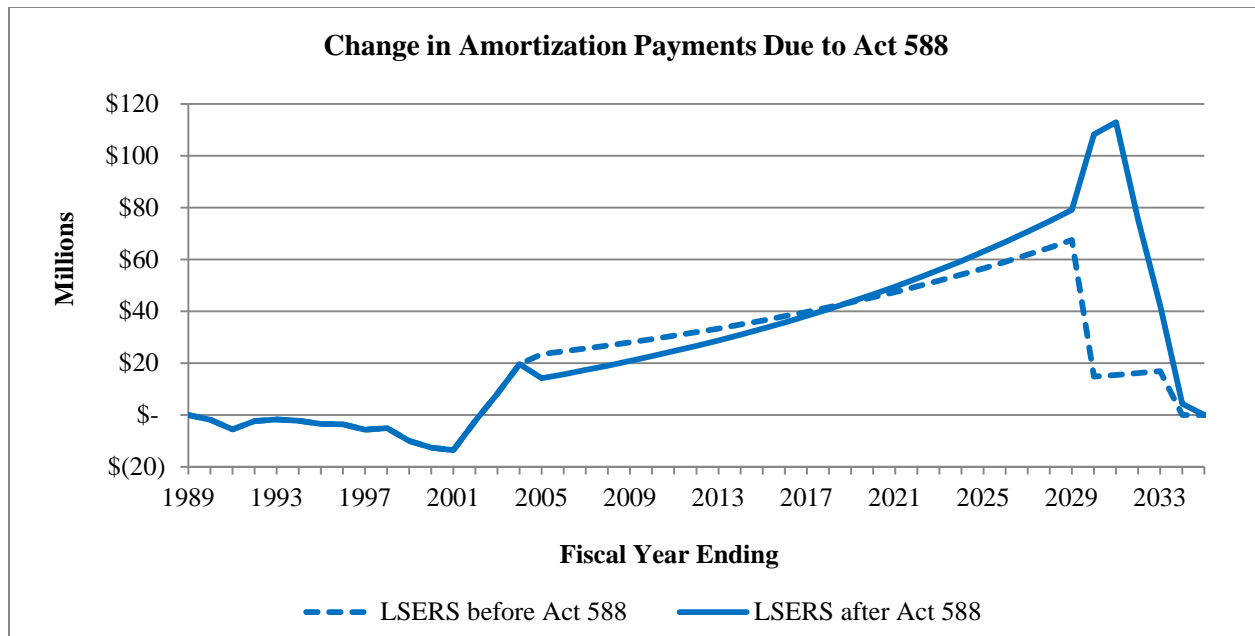
Act 734 of the 1993 session had a relatively minor effect on LSERS' amortization schedule.

History -

Amortization under Act 588

Act 588 of the 2004 session had a significant effect on LSERS. The system maintained an asset surplus until June 30, 2001. However, as a result of benefit improvements and actuarial losses, the system had an unfunded accrued liability on June 30, 2002. The effect of Act 588 on the amortization schedule is shown on the following page.

Please note another change in the vertical scale.

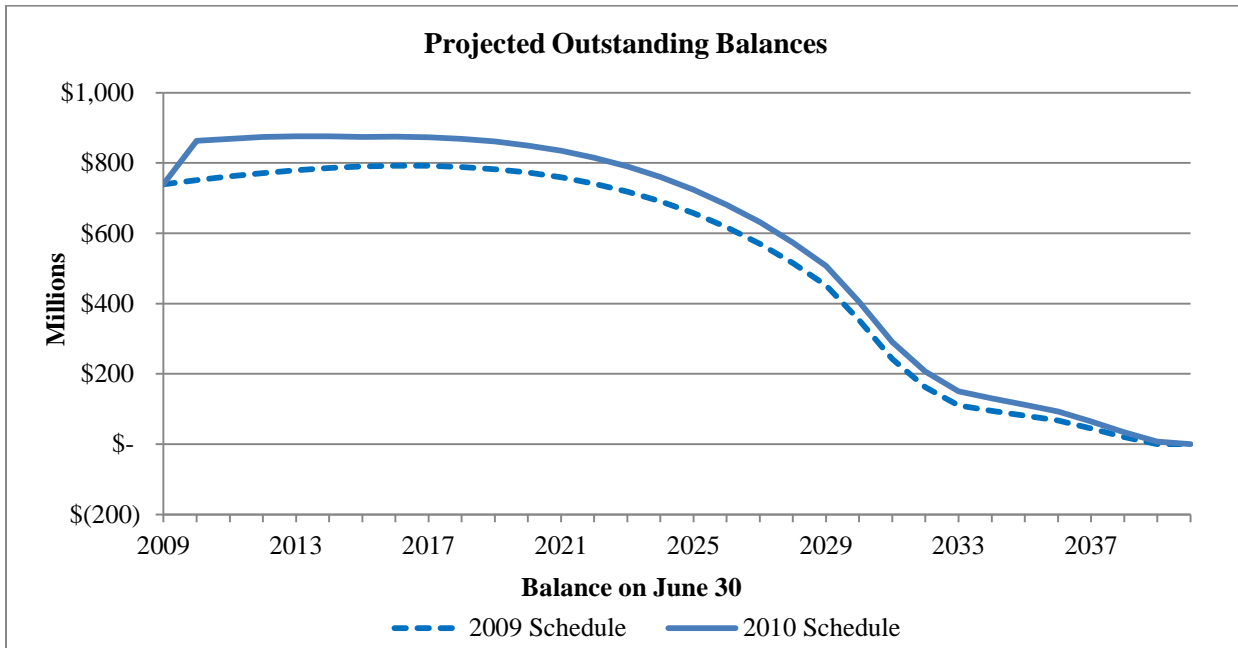
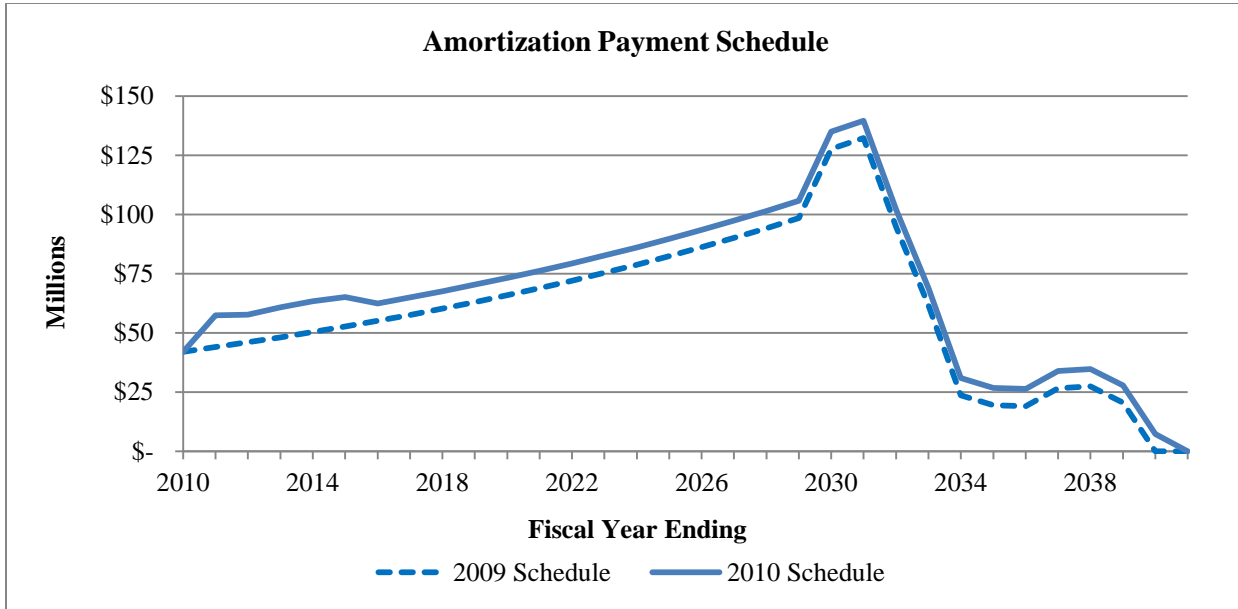


Once again, the net effect of Act 588 was to reduce payments and postpone payment of the debt. The debt on June 30, 2004, was about \$420 million. The debt will increase to about \$600 million in about FY 2020. The debt returns to the \$420 million level in about FY 2026 and is paid off over the remaining seven years.

History -

Current Amortization

The amortization schedule for LSERS that exists on June 30, 2010, compared with the schedule that existed for 2009 is shown below.

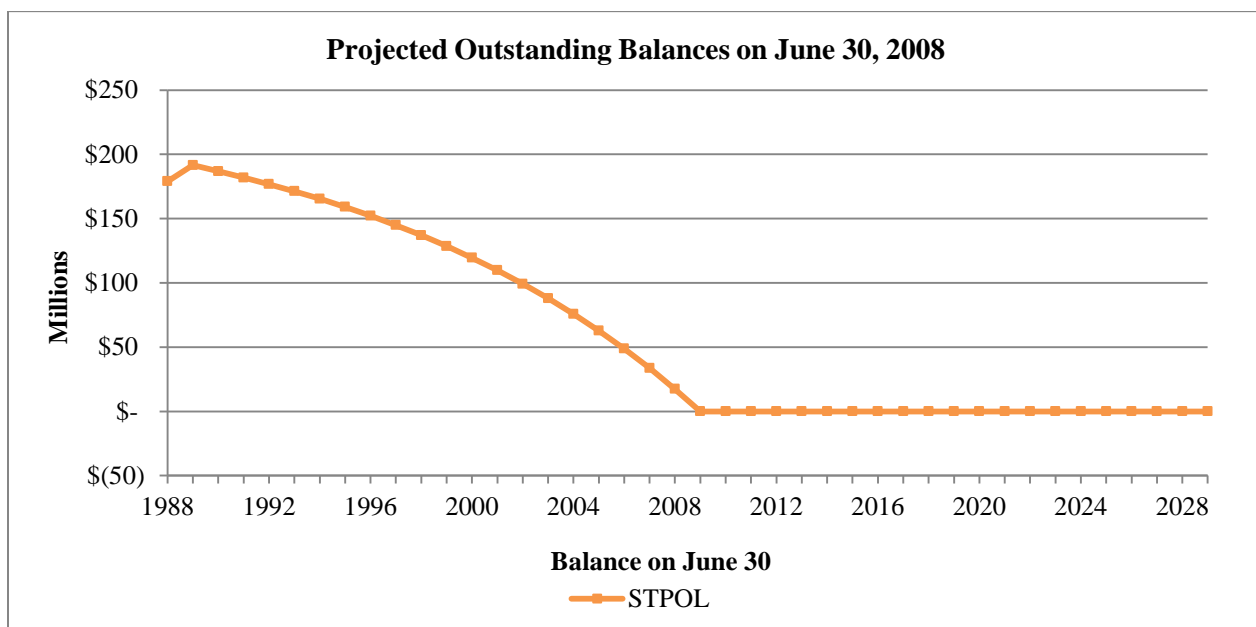
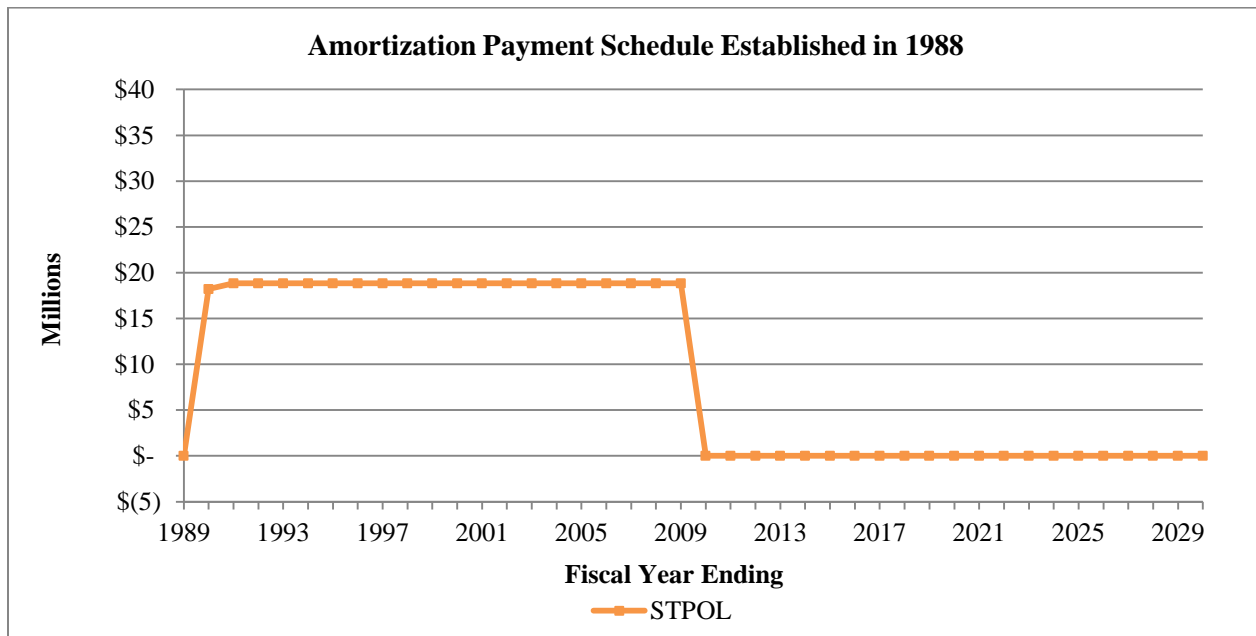


5. Effect of Changing Commitment to Amortize the UAL on STPOL

History -

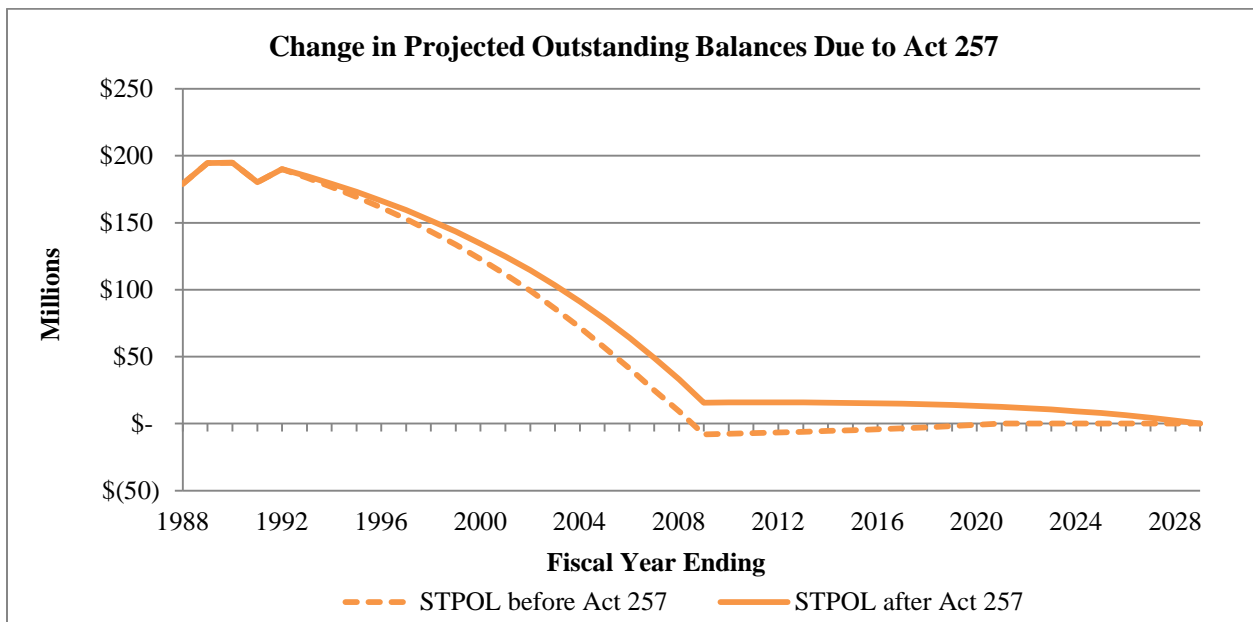
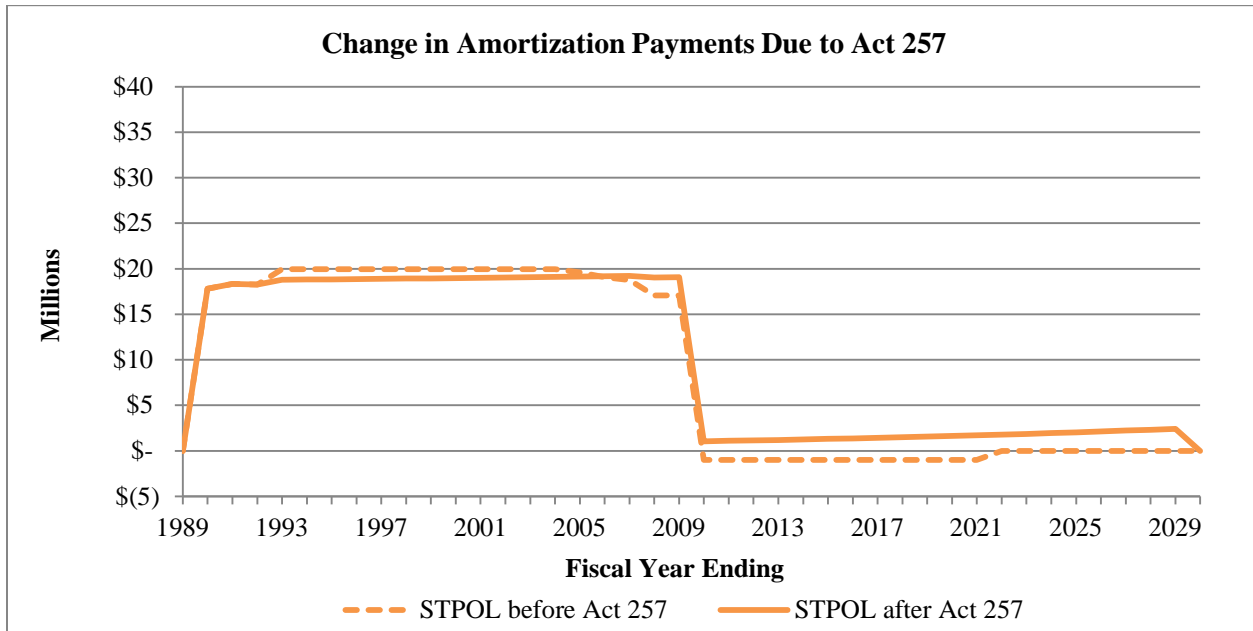
Amortization under Act 81

Amortization schedules are shown below for STPOL. The first graph shows the pattern of annual payments that were required for this system under Act 81 of the 1988 session. The second graph shows the projected outstanding balance of the IUAL at the end of each year until FY 2029 when the debt is paid off.



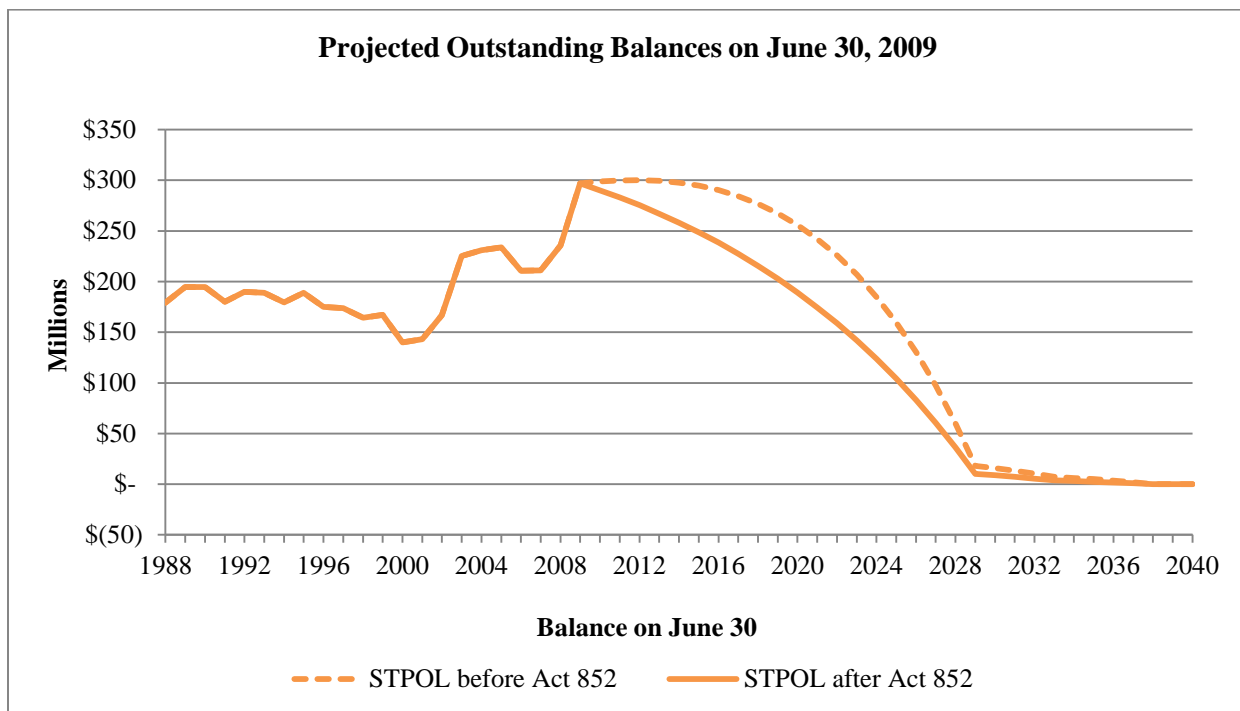
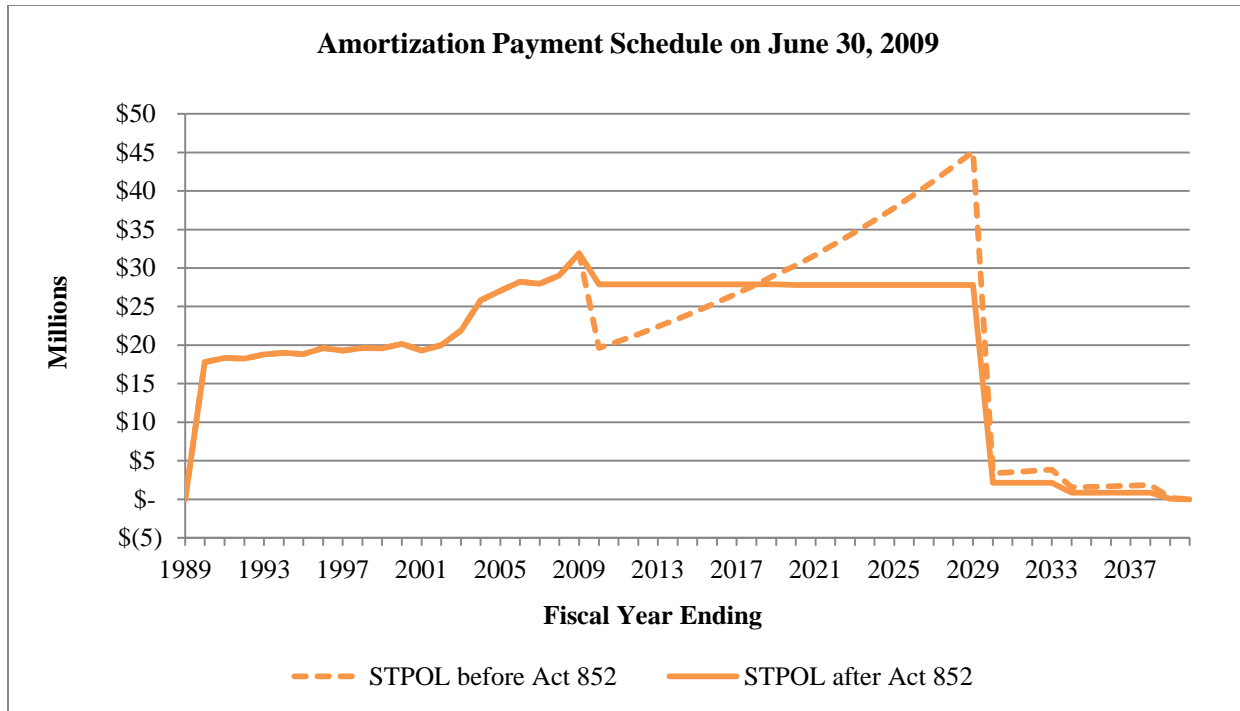
History –

Amortization under Act 257 Amortization schedules (credit schedules), before and after the enactment of Act 257 in 1992, are shown below.



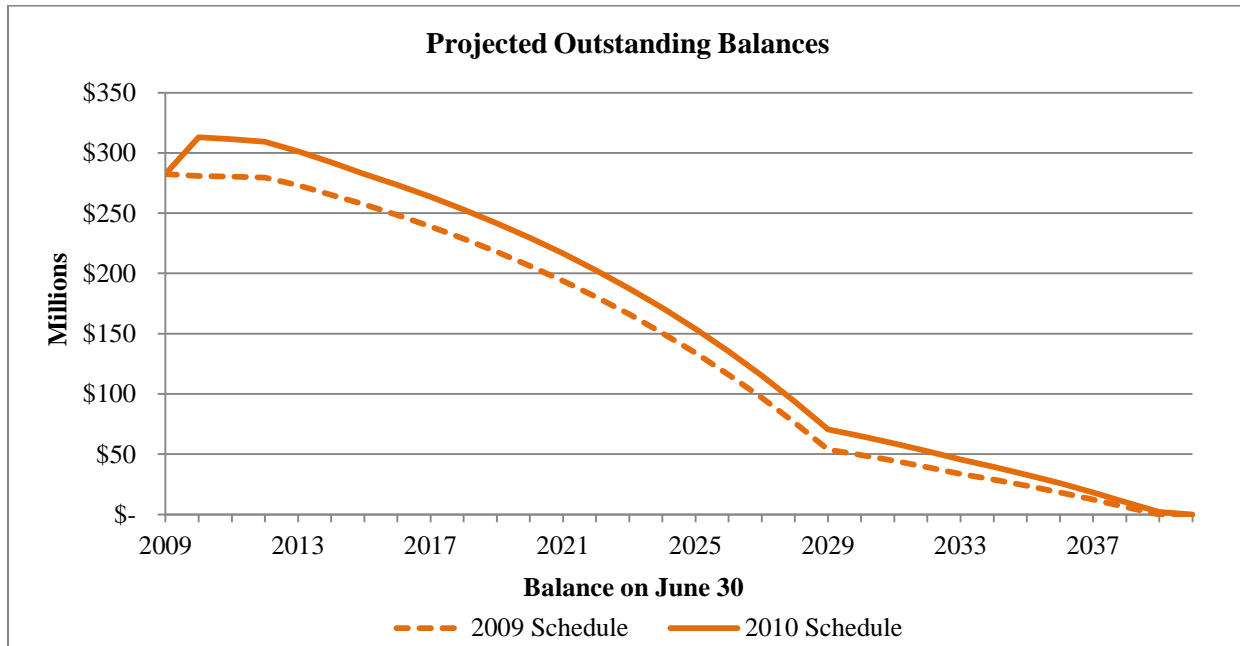
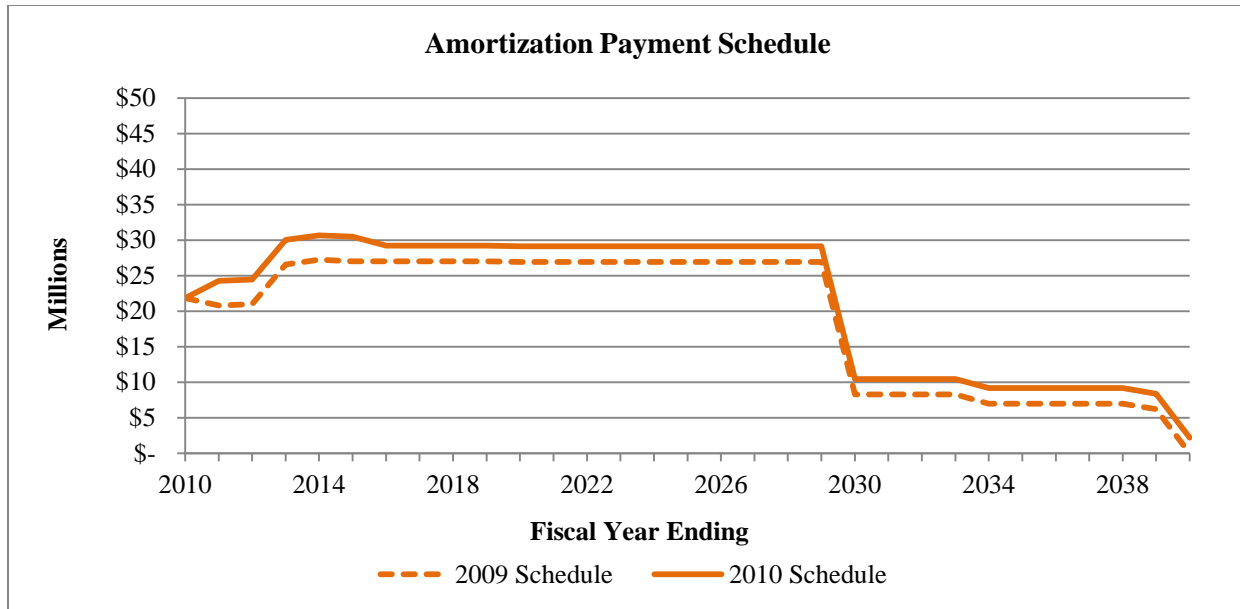
**History -
Act 852 of 2008**

Act 852 of the 2008 session became effective on June 30, 2009. Amortization schedules (credit schedules), before and after the effective date of Act 852, are shown below.



History -**Current Amortization**

The amortization schedule for STPOL that exists on June 30, 2010, compared with the schedule that existed for 2009 is shown below.



6. Contribution Relief for Municipal Police Employees' Retirement System and Firefighters' Retirement System

Issue

Employer contribution rates for the Firefighters' Retirement System (FRS) and the Municipal Police Employees' Retirement System (MPERS) began to increase significantly beginning with the 2001 valuations. The increases were largely attributable to the following:

1. Unfunded liabilities of retirement plans that were merged into FRS and MPERS from 1990 to 2001.
2. Investment losses resulting from the downturn in the market following the events of September 11, 2001.

For example, the employer contribution rate for MPERS was about 5% of pay for 1999 and 2000. In 2001, the rate increased to almost 12%; in 2002, the rate exceeded 15%; and in 2003 the rate increased to over 20%. Rates for FRS followed a similar pattern of increase.

History - Acts 620 and 1079

Acts 620 and 1079 were enacted in 2003 Regular Session to provide relief to employers (municipalities and fire districts) participating in FRS and MPERS, respectively. These Acts are briefly summarized below:

1. Act 620 (FRS)

Prior to Act 620, changes in liability occurring from year to year as a result of gains and losses were amortized with level payments over a 15-year period. Act 620 combined all outstanding balances attributable to gains and losses as of June 30, 2002, and re-amortized the aggregate amount with level payments over 27 years. Future gains and losses were to be amortized with level payments over 15 years.

2. Act 1079 (MPERS)

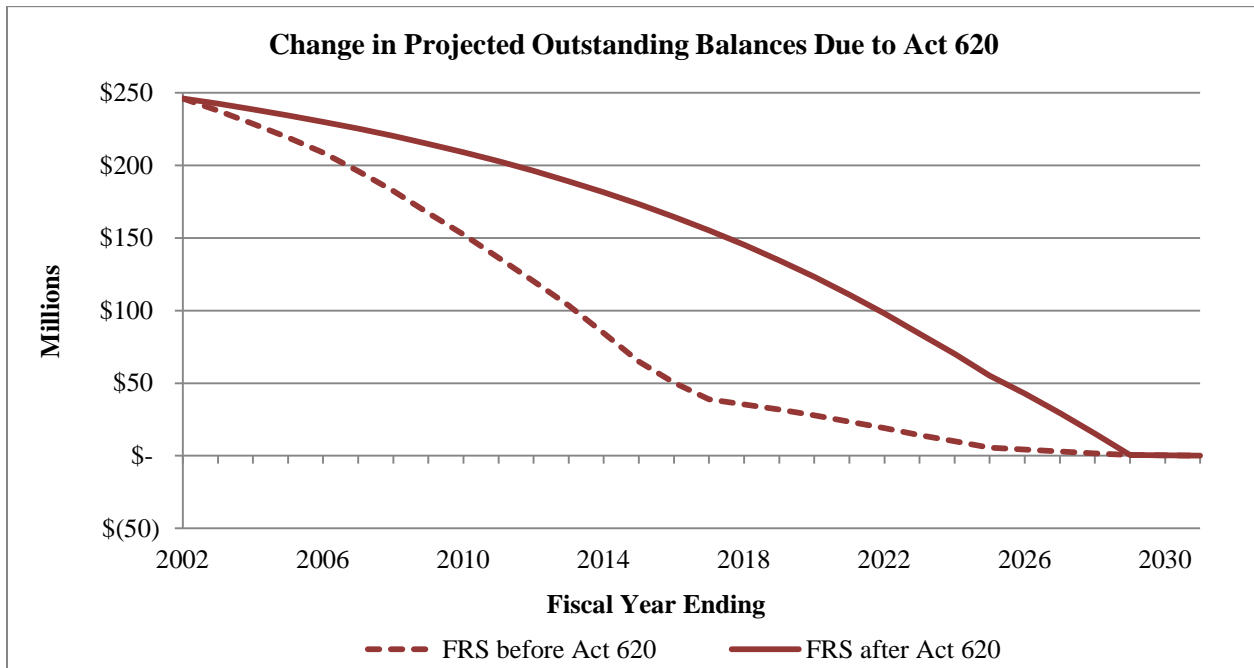
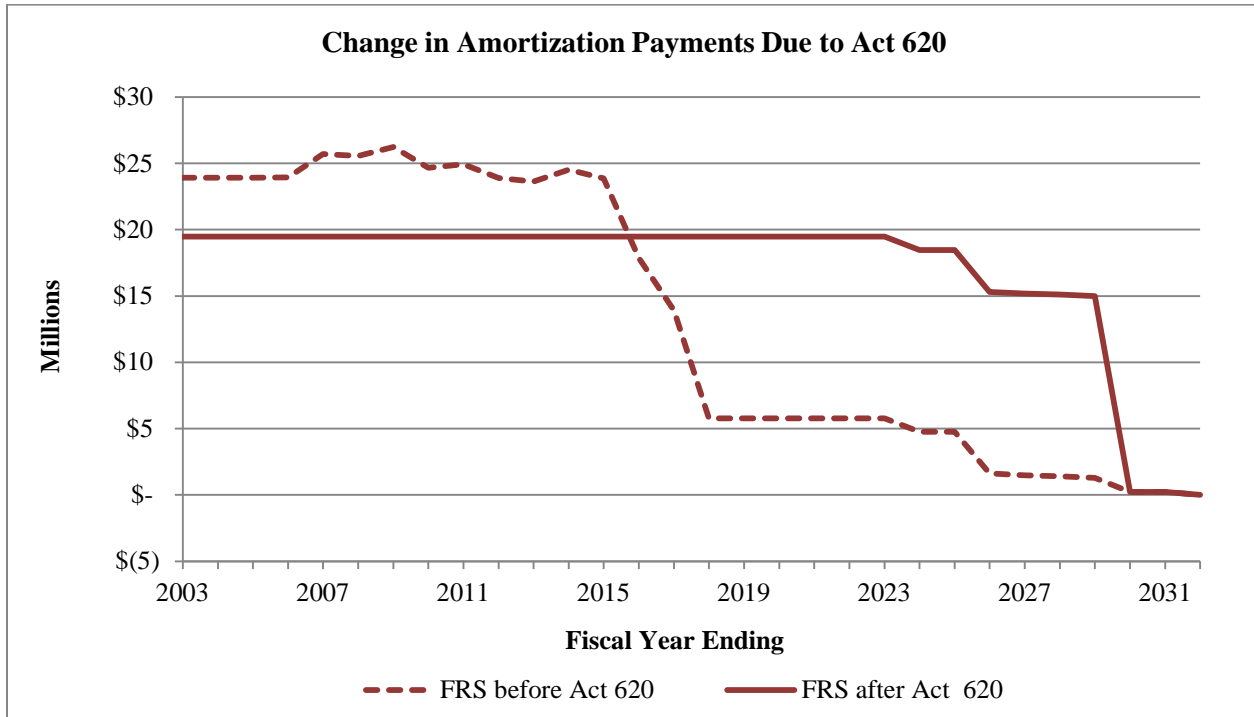
Prior to Act 1079, changes in liability occurring from year to year were amortized with level payments over a 15-year period. Act 1079 provided that changes in liability occurring with the June 30, 2002, valuation and valuations thereafter would be amortized with level payments over a 30-year period.

**History -
Effect on the UAL**

The effect of Acts 620 and 1079 on the amortization schedules for FRS and MPERS are shown below.

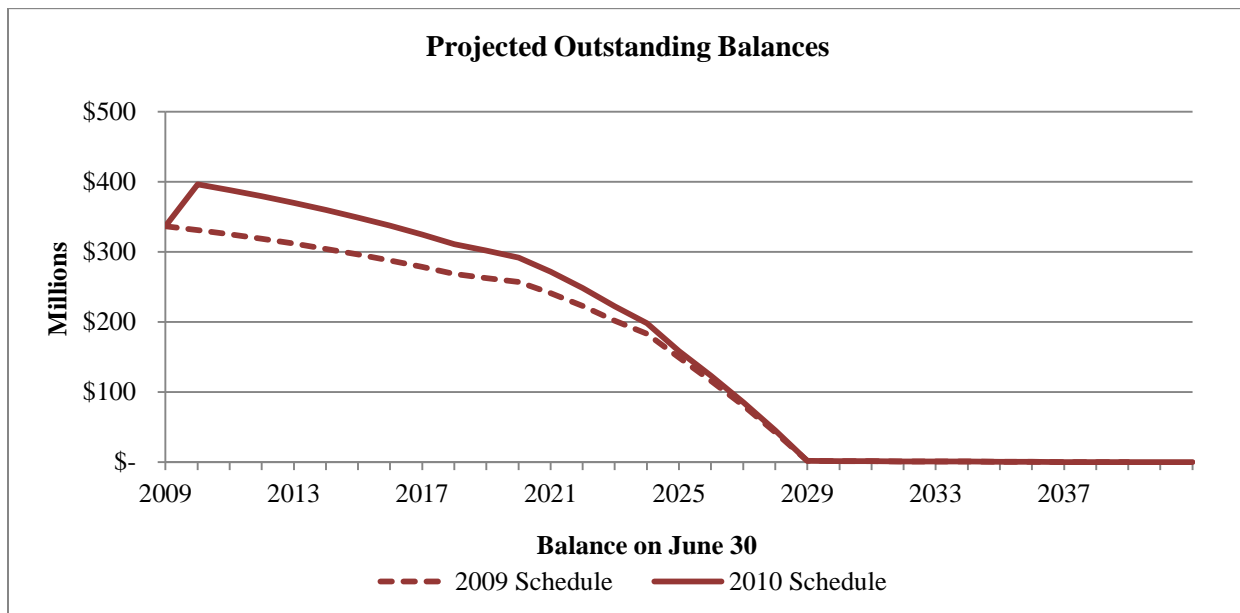
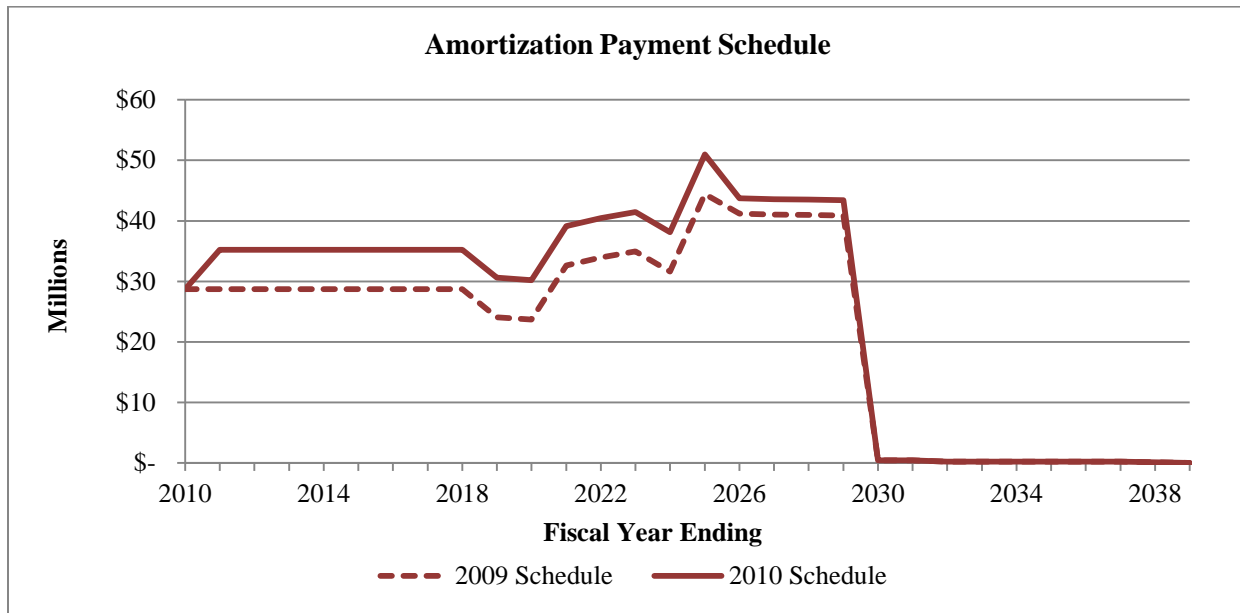
FRS

The effect of Act 620 at the time of the change is shown below.



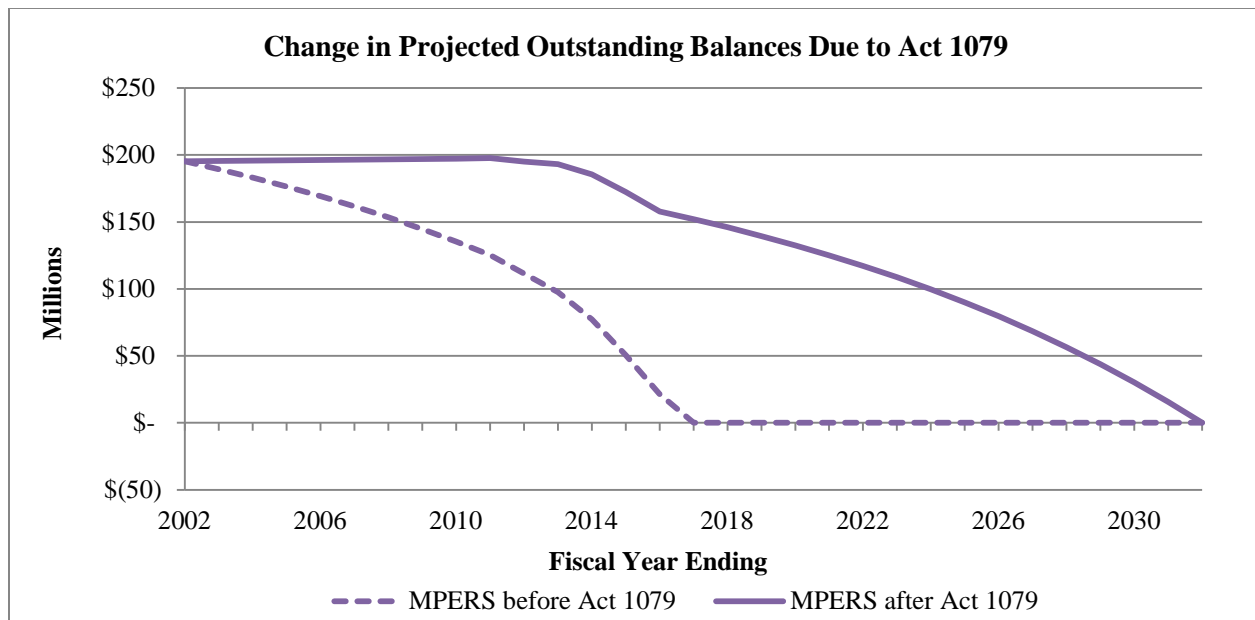
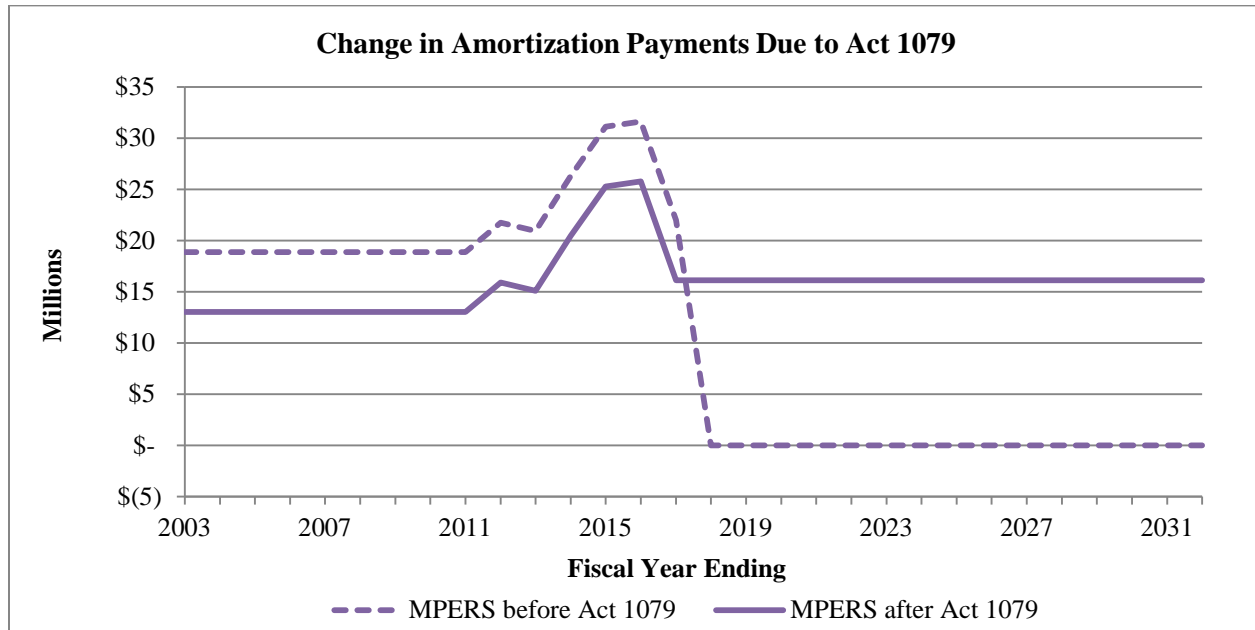
As a result of Act 620, amortization payments were reduced and the outstanding balance did not decrease as fast as under the original schedule.

The FRS amortization schedule as of June 30, 2009, and June 30, 2010, is shown below.



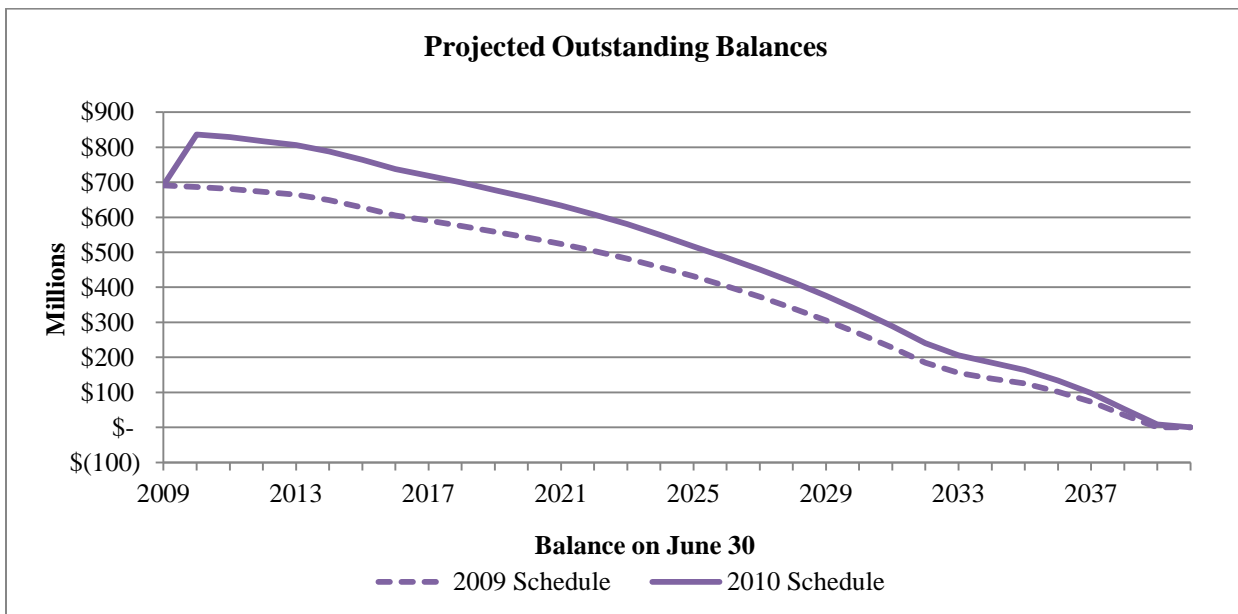
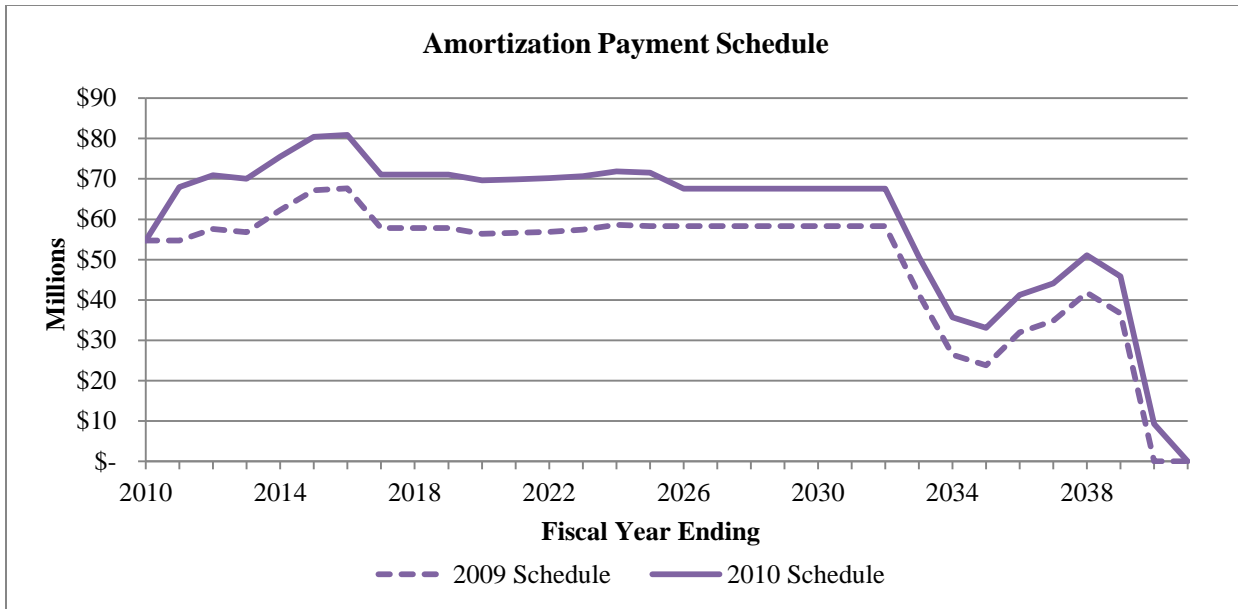
MPERS

The effect of Act 1079 at the time of the change is shown below.



As a result of Act 1079, amortization payments were reduced and the outstanding balance did not decrease as fast as under the original schedule.

The MPERS amortization schedule as of June 30, 2009, and June 30, 2010, is shown on the following page:



7. Cost of Living Adjustments

Issue

Inflation erodes the purchasing power of fixed pensions provided under the four state retirement systems. Since 1992, the first year that the legislature enacted provisions to provide for COLAs, inflation has averaged 2.5% per year. Over the same period 1992 through 2010, the state has periodically, but intermittently, granted COLAs that have averaged about 1.2% for members of LASERS and 1.0% for members of TRSL.

With the COLAs provided by the state, the pension income for a LASERS member who retired in 1992 will now purchase 80% of what his pension would have purchased when he originally retired. Similarly, a TRSL retiree would be able to purchase 77%. Without the COLAs, the retiree would be able to purchase only 64% of what he could have purchased in 1992.

COLA Policy

Under current law (as changed by Act 497 of the 2009 Regular Session), retirees of LASERS and TRSL may receive an adjustment for inflation of up to 2% per year, based on the Consumer Price Index (CPI). The adjustment may be as large as 3% in years where the actuarial rate of return on investments exceeds 8.25%. A COLA can be paid only if there are sufficient funds in the Experience Account to offset the increase in the present value cost for the COLA.

An Experience Account was established for LASERS and TRSL in 1992 with \$0 account balances. From 1992 through 2004, allocations from the regular pools of assets were made to the Experience Accounts equal to 50% of investment gains on the actuarial value of assets. Conversely, amounts were transferred from the Experience Accounts to the regular pools of assets whenever there were actuarial losses. The amounts so transferred were equal to 50% of investment losses on the actuarial value of assets.

On June 30, 2004, balances in the Experience Accounts for both LASERS and TRSL were negative. The LASERS balance was a negative \$0.659 billion; the TRSL balance was a negative \$1.104 billion. Negative balances occurred because amounts were transferred out of the Experience Accounts to fund COLAs between 1992 and 2004 and because significant investment losses were sustained in 2002 to 2004.

During the 2004 Regular Session, legislation was enacted to transfer from LASERS and TRSL an amount sufficient to return the balances to \$0 as of June 30, 2004. Thereafter, the Experience Account would share 50% of investment gains but not any investment losses.

According to Act 497 of the 2009 session, balances in the LASERS and TRSL Experience Accounts on June 30, 2009, were to be transferred to a subaccount in the IUAL Fund and then would be further transferred on June 30, 2010, back to the regular pool of assets. As a result, the balances in the Experience Accounts on June 30, 2009, after the transfers was \$0.

The Experience Accounts for LASERS and TRSL would continue to be funding in the future by 50% of investment gains, but only to the extent that the gains exceeded \$100 million and \$200 million, respectively.

The COLA program, briefly summarized above, has come with considerable cost to the retirement system and the taxpayers of the state. The unfunded liability of LASERS has increased \$0.833 billion since 1992 solely to provide COLAs. The increase in unfunded liabilities for TRSL due to COLAs has been \$1.743 billion.

Funding Issue

The diversion of investment gains to pay for COLAs creates a funding issue. The valuation interest assumption is based on the premise that over time investment gains and investment losses will offset one another. However, if as a result of a period of favorable investment performance COLA benefits are adopted and funded with those gains, such gains are no longer available to offset future investment losses. This is what occurred in the early part of this decade.

LASERS and TRSL enjoyed favorable returns on investments during most of the 1990s. Amounts accumulated in the Experience Accounts. COLA benefit adjustments were made. Costs associated with these adjustments were transferred back into the regular asset pools. But then the market turned in 2001 through 2003 and these systems sustained significant investment losses. But investment gains that would have otherwise been available to offset these losses had been used to fund COLA benefits to members and were not available.

Remedies

There are at least three ways to reflect the COLA program in the valuation process.

Direct Recognition

Under direct recognition, the actuary for the system will estimate the future expenditures for COLA benefits. Plan liabilities and employer contribution requirements will both increase.

Indirect Recognition

Under this method, the investment return assumption used by the actuary to calculate plan liabilities will be reduced to reflect the fact that the real return on assets is smaller because 50% of the gains are diverted. This creates a problem, however, because if the return assumption is reduced, the potential for investment gains increases and the amount of gains diverted increases. There is no way to stop the cycle unless the investment gain is targeted against a fixed rate rather than the investment return assumption.

Amortization

LASERS and TRSL have elected to treat the diversion as an ad hoc benefit improvement and have amortized the cost over a 30-year period. The problem with this method is that the COLA benefit is being financed by employer contributions for many years beyond the life expectancy of the members who originally received the benefit.

The systems will experience an investment gain or loss every year. If the 8.25% investment return assumption is correct, the plan will experience an investment gain 50% of the time and an investment loss 50% of the time. Therefore, benefit improvements on average will be given every other year. And every other year, amortization costs will increase. After 30 years, amortization costs will no longer increase because whenever a new amortization schedule is added and old schedule expires.

LASERS and TRSL are only 5 years into the 30-year cycle. Amortization cost will continue to rise as a result of the COLA program for the next 25 years.

LSERS and STPOL

COLA procedures, similar to the LASERS and TRSL programs, were established for LSERS and STPOL under Act 333 of the 2007 Regular Session effective July 1, 2007. These Expense Accounts replaced all other COLA provisions.

Neither system has incurred an investment gain since 2007, so the balances in the LSERS and STPOL Experience Accounts have remained at \$0 and no COLA benefits have been paid.

COLAs versus Inflation

The following exhibits compare the compounded average annual rate of increase in actual benefits for those who retired from the state systems 5, 10, and 15 years ago and since the inception of the COLA program in 1992 with CPI inflation increases over the same periods, as of June 30, 2010.

**RETIREE COLA INCREASES vs. CPI
Average Annual Rate of Increase from
Date of Retirement to 6/30/2010**

LASERS

Years Retired	Average Annual Rate of Increase	CPI Increase*
5	1.7%	2.3%
10	1.3%	2.4%
15	1.4%	2.4%
17	1.2%	2.5%

TRSL

Years Retired	Average Annual Rate of Increase	CPI Increase*
5	1.2%	2.3%
10	1.0%	2.4%
15	1.1%	2.4%
17	1.0%	2.5%

* Consumer Price Index (CPI) – All Urban Consumers: All Items; Not seasonally adjusted; U.S. City average.

8. Indirect Funding of Pension Plan Costs

Concern

Employers and employees who enjoy the benefits of participating in the retirement systems of Louisiana do not bear the full cost of the retirement programs. The cost for most of the systems is supplemented by revenues from other government sources. As a result, employers are generally not aware of the total cost of their benefit program.

General

State and statewide retirement systems receive contributions or allocations of revenue from a number of sources other than employer and employee contributions. These sources include ad valorem taxes, revenue sharing, and insurance premiums taxes. In many cases the alternative sources provide substantial revenues for the retirement system and shelter employees and employers from the true cost of the benefit provisions of the system.

Indirect funding and the effect on each state and statewide retirement system are summarized below.

LASERS

The retirement system has been subdivided into sub plans for each of the following groups of employees:

1. Rank and file employees.
2. Full time law enforcement personnel, supervisors, or administrators who are employed with the Department of Revenue or office of alcohol and tobacco control and who are P.O.S.T. certified, have the power to arrest, and hold a commission from such office.
3. Peace officers, as defined by R.S. 40:2402(3)(a), employed by the Department of Public Safety and Corrections, office of state police, other than troopers.
4. Judges and court officers to whom Subpart A of Part VII of Chapter 1 of Subtitle II of Title 11 is applicable.
5. Wildlife agents to whom Subpart B of Part VII of Chapter 1 of Subtitle II of Title 11 is applicable.
6. Wardens, correctional officers, probation and parole officers, and security personnel employed by the Department of Public Safety and Corrections who are members of the secondary component pursuant to Subpart C of Part VIII of Chapter 1 of Subtitle II of Title 11.

7. Correctional officers, probation and parole officers, and security personnel employed by the Department of Public Safety and Corrections who are members of the primary component.
8. Legislators, the governor, and the lieutenant governor.
9. Employees of the bridge police section of the Crescent City Connection Division of the Department of Transportation and Development.

Although each of these sub plans has a different benefit structure, all employers pay the same contribution rate. As a result, employers with employees participating in sub plans with less rich benefit structures subsidize employers with employees participating in richer sub plan benefit structures.

TRSL & LSERS

School districts receive an allocation from the state called the MFP. The purpose of this allocation is to give funds to local school boards to operate local school districts. This allocation is set each year without direct recognition of budgetary line items including the contributions that employers must make to TRSL and LSERS. Therefore, all else being equal, if the retirement systems increase the employer contribution rates, local school districts have less money to spend on educating the children of the state.

STPOL

STPOL receives revenues from the state and taxes on insurance premiums. For fiscal year 2011, the state will pay only 95% of the total annual amount needed to fund the retirement system.

ASSR

ASSR receives revenues from employers with employees in ASSR, ad valorem taxes, and revenue sharing. For fiscal year 2011, local governmental entities will pay only 13% of the total annual amount needed to fund the retirement system.

CCRS

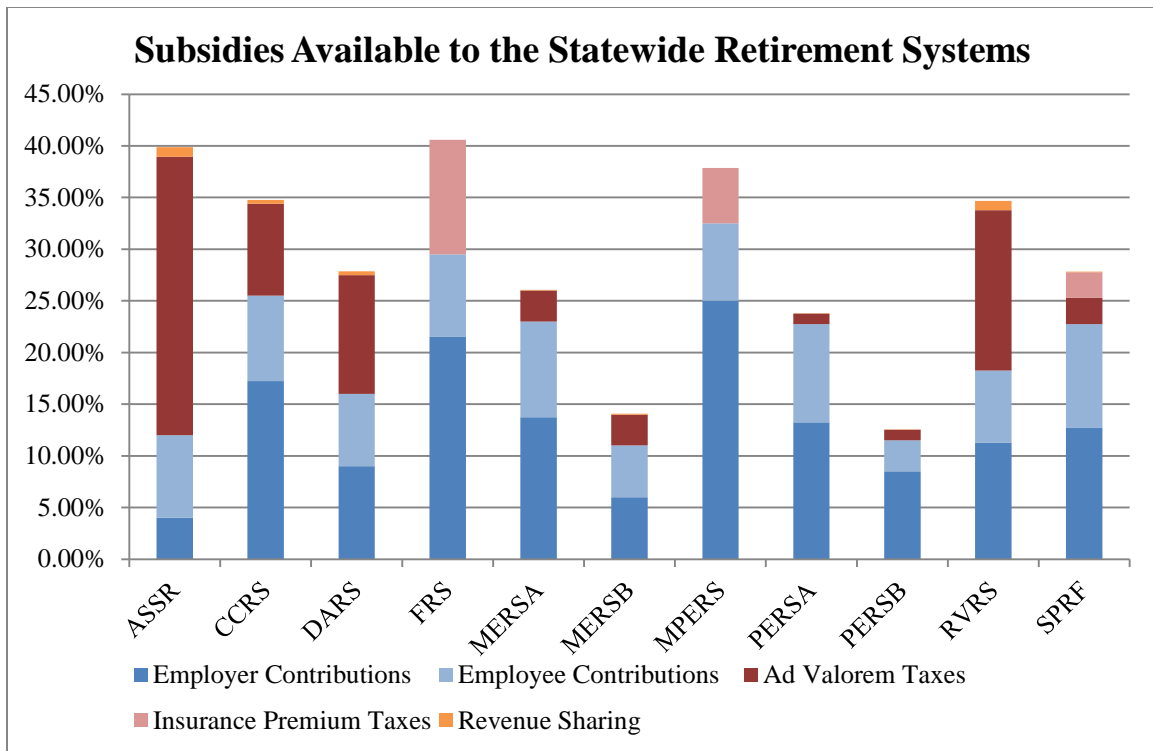
CCRS receives revenues from employers with employees in CCRS, ad valorem taxes, and revenue sharing. For fiscal year 2011, local governmental entities will pay only 65% of the total annual amount needed to fund the retirement system.

DARS

DARS receives revenues from employers with employees in DARS and from ad valorem taxes. For fiscal year 2011, local governmental entities will pay only 43% of the total annual amount needed to fund the retirement system.

<i>FRS</i>	FRS receives revenues from employers with employees in FRS and taxes on insurance premiums. For fiscal year 2011, municipalities will pay only 66% of the total annual amount needed to fund the retirement system.
<i>MERS</i>	MERS receives revenues from employers with employees in MERS, ad valorem taxes, and revenue sharing. For fiscal year 2011, municipalities will pay only 79% of the total annual amount needed to fund the retirement system.
<i>MPERS</i>	MPERS receives revenues from employers with employees in MPERS and from taxes on insurance premiums. For fiscal year 2011, municipalities will pay only 82% of the total annual amount needed to fund the retirement system.
<i>PERS</i>	PERS receives revenues from employers with employees in PERS, ad valorem taxes, and revenue sharing. For fiscal year 2011, parishes will pay only 92% of the total annual amount needed to fund the retirement system.
<i>RVRS</i>	RVRS receives revenues from employers with employees in RVRS, ad valorem taxes, and revenue sharing. For fiscal year 2011, local governmental entities will pay only 41% of the total annual amount needed to fund the retirement system.
<i>SPRF</i>	SPRF receives revenues from employers with employees in SPRF, ad valorem taxes, revenue sharing, and taxes on insurance premiums. For fiscal year 2011, local governmental entities will pay only 71% of the total annual amount needed to fund the retirement system.
<i>Subsidies</i>	<p>Subsidies have the largest effect on statewide retirement systems. As shown in the chart below, employees and employers participating in ASSR contribute about 12% of pay (the blue based portion of each bar graph). Subsidies account for about 28% of pay (the red based portion of each graph).</p>

It is also interesting to note that ASSR, CCRS, DARS, FRS and RVRS receive substantial subsidies. Subsidies for MERS, MPERS, and PERS are quite small.



9. Cash Flow and Liquidity

Concern

Contributions to the state retirement systems are less than benefit payments. Without cash income from investments, the retirement systems may be forced to sell securities or other investments while in an unfavorable market or to adjust investment strategies to support cash flow requirements.

Investment Allocations

The larger state systems have significantly changed their asset allocation strategies over the past decade. Allocations to equities (including hedge funds, alternative investments, private placements, Real Estate Investment Trusts, and venture capital) have increased and allocations to fixed income investments have declined. These newer investments tend to be less liquid in bear markets, require additional cash commitments, and may produce minimal regular and predictable cash (interest and dividend) income.

The systems have experienced another period of investment losses from 2008 through 2010 and as a result TRSL, LSERS, and STPOL have been forced to liquidate investments at a loss to cover plan benefit payments and expenses. Dividend and interest income alone have not sufficient to cover the net difference between benefit payments and contributions.

The following exhibits titled “Net External Cash Flow” show the cash available from external additions (contributions) minus required deductions (benefits + expenses) for each state system as of June 30, 2010 (column c). The last column (column e) shows the value of assets that must be liquidated to satisfy benefit and expense payments.

For example, in 2010 LASERS received \$708.7 million in contributions, but paid \$883.8 million in benefits and expenses. This resulted in a shortfall of \$175.1 million. However, this was not a concern for LASERS because it earned \$199.7 million of cash income through dividends and interest. It did not need to liquidate any assets to meet retiree payroll.

On the other hand, TRSL did have a problem. Its contribution income was \$518.1 million less than benefit payments and dividend and interest income was only \$254.7 million. As a result, \$263.4 million of securities had to be sold to meet retiree payroll.

NET EXTERNAL CASH FLOW <i>(Excludes Net Investment Income)</i> STATE SYSTEMS As of June 30, 2010 (in millions)					
System	Amounts Added	Amounts Deducted	Net External Cash Flow	Interest & Dividends	Required Investment Sales
	(a)	(b)	(c) = (a) - (b)	(d)	(e)
LASERS	\$ 708.7	\$ 883.8	\$ (175.1)	\$ 199.7	\$ 0.0
TRSL	1,073.7	1,591.8	(518.1)	254.7	263.4
LSERS	75.6	143.3	(67.7)	30.5	37.2
STPOL	34.5	40.6	(6.1)	6.1	0.0
Combined	\$ 1,892.5	\$ 2,659.5	\$ (767.0)	\$ 491.0	\$ 300.6

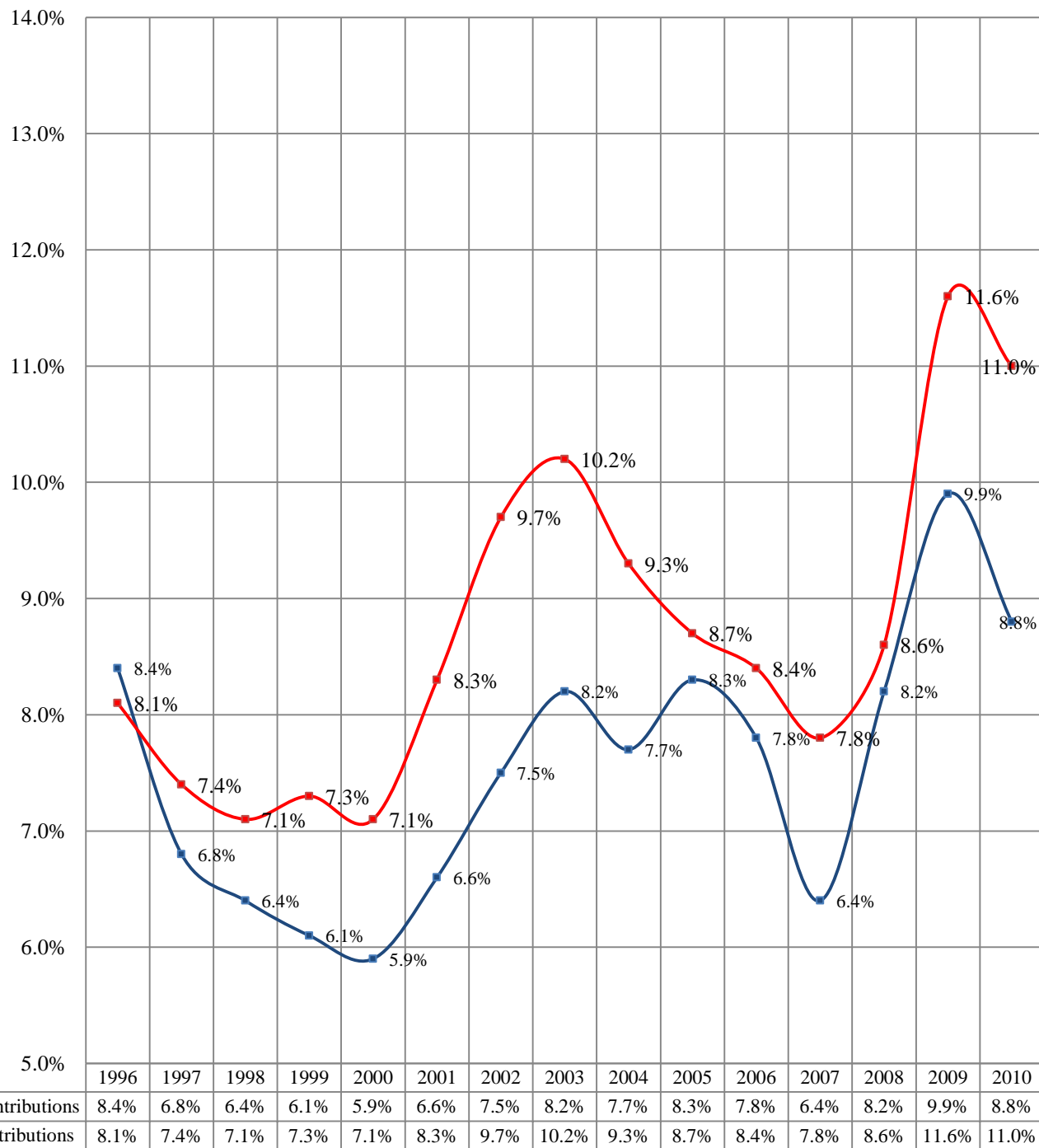
The pressure to liquidate assets is quite large for all four state retirement systems. It had decreased somewhat for LASERS over the past five or six years, and remained quite constant for TRSL and LSERS. However, the current downturn in the market has increased the pressure to its highest level in 6 years.

HISTORICAL NET EXTERNAL CASH FLOW <i>(Excludes Net Investment Income)</i> STATE SYSTEMS FY 2005 to FY 2010 (in millions)						
System	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
LASERS	\$ (32.3)	\$ (50.8)	\$ (130.9)	\$ (36.2)	\$ (117.7)	\$ (175.1)
TRSL	(345.4)	(419.1)	(481.3)	(358.8)	(458.2)	(518.1)
LSERS	(59.5)	(70.0)	(69.5)	(68.2)	(60.4)	(67.7)
STPOL	8.4	13.9	14.6	(10.1)	(11.4)	(6.1)
Combined	\$ (428.8)	\$ (526.0)	\$ (667.1)	\$ (473.3)	\$ (647.7)	\$ (767.0)

The following charts for LASERS, TRSL, and LSERS compare historical revenues (contributions) and costs (benefits + expenses) over the period from 1996 through 2010. As a general observation, benefits plus expenses exceed contributions for all three systems and have for LASERS and TRSL since about 1996. Costs and revenues for LASERS have paralleled one another. Costs for TRSL have increased significantly relative to revenues. LSERS has exhibited a pattern similar to TRSL.

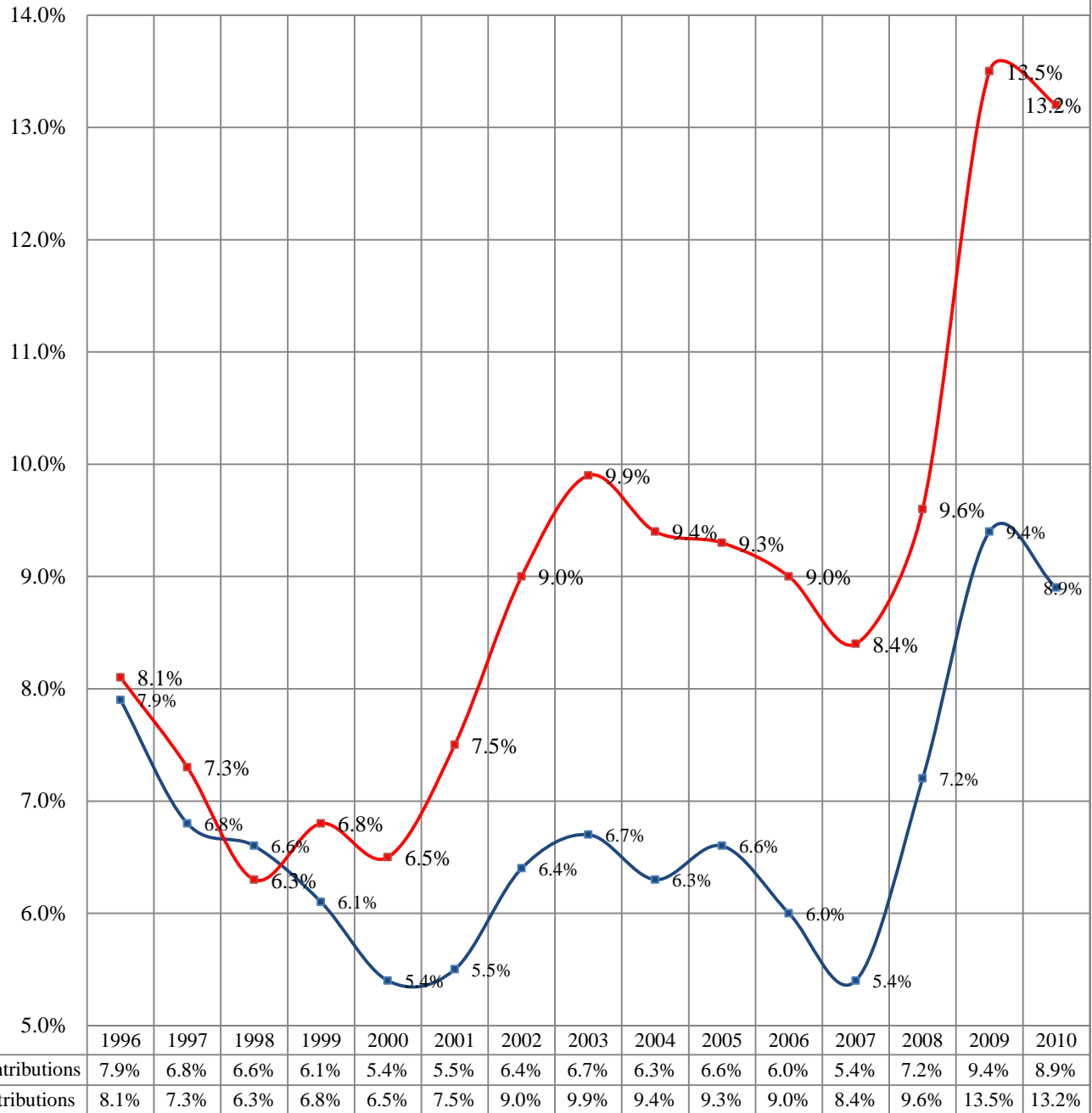
LASERS

Comparison of Revenues and Distributions As a Percentage of the Market Value of Assets



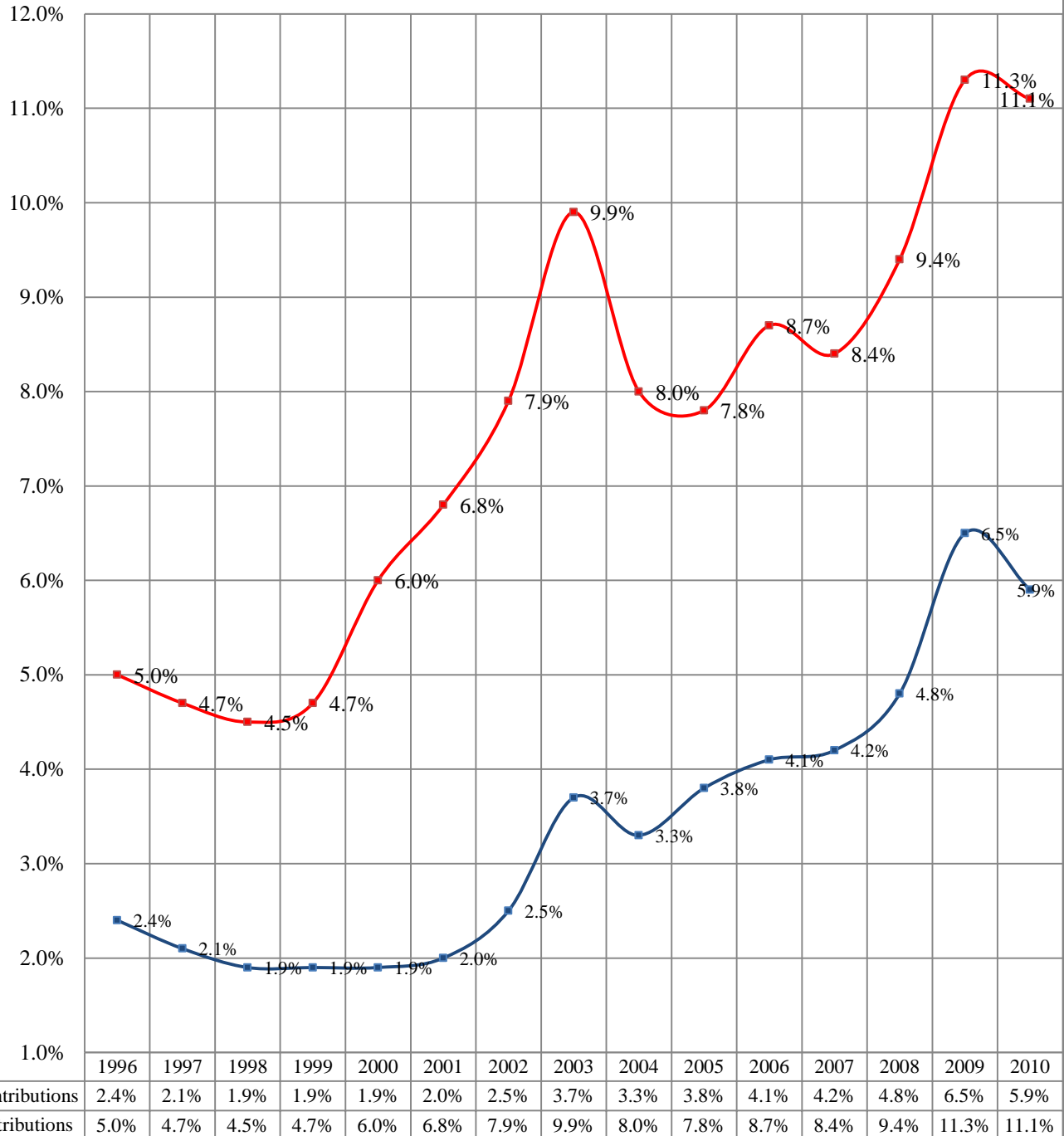
TRSL

Comparison of Revenues and Distributions As a Percentage of the Market Value of Assets



LSERS

**Comparison of Revenues and Distributions
As a Percentage of the Market Value of Assets**



10. Adverse Selection/Risk Exposure

Concern

The trust fund of a retirement system becomes vulnerable to unknown costs whenever members are allowed to change or rescind previous benefit choices, purchase membership service, or make elections retroactively. Laws, allowing members to make such changes, expose the system to adverse selection and additional risk.

Adverse selection occurs when a member is allowed to use knowledge of his own circumstances to make a benefit choice or election that provides him with a significant financial advantage over the retirement system. As a result of such an election, the member is enriched over and above other members of the system, and retirement system costs are increased.

Many bills are presented to the legislature each session that would allow individual members or groups of members to make elections in the future or to rescind elections made in the past in order to “correct” a perceived inequity. These bills are generally not successful because of cost and policy considerations.

However, from time to time, the legislature has adopted new policy permitting members to make elections that may be financial advantageous to the individual and to the detriment of the retirement system. Some examples of such legislation are summarized below.

Back-DROP – STPOL

Act 480 for STPOL of the 2009 Regular Session

The STPOL DROP was replaced with Back-DROP.

ANTI-SELECTION: A member who elects to enter DROP accepts the risk that he may eventually gain or lose as a result of his DROP election. Back-DROP removes all risk and the member becomes entitled the better of the regular benefit or the Back-DROP benefit.

***Back-DROP
- ASSR*****Act 398 for ASSR of the 2008 Regular Session**

The ASSR DROP was replaced with Back-DROP.

ANTI-SELECTION: A member who elects to enter DROP accepts the risk that he may eventually gain or lose as a result of his DROP election. Back-DROP removes all risk and the member becomes entitled the better of the regular benefit or the Back-DROP benefit.

***Back-DROP
- DARS*****Act 835 for DARS of the 2008 Regular Session**

The DARS DROP was replaced with Back-DROP.

ANTI-SELECTION: A member who elects to enter DROP accepts the risk that he may eventually gain or lose as a result of his DROP election. Back-DROP removes all risk and the member becomes entitled the better of the regular benefit or the Back-DROP benefit.

***Rehired Retirees
- DARS*****Act 719 for DARS of the 2008 Regular Session**

A district attorney or assistant attorney will be allowed to retire and be rehired without a suspension of retirement benefits under certain conditions.

ANTI-SELECTION: A member is allowed to retire and collect a pension at the same time he continues to work in employment covered by the system from which he draws his pension.

***Rehired Retirees
- LSERS*****Act 832 for LSERS of the 2008 Regular Session**

A bus driver will be allowed to retire and then return to full time employment as a bus driver without a suspension of pension benefits after 12 months from the date of his original retirement.

ANTI-SELECTION: A member is allowed to retire and collect a pension at the same time he continues to work in employment covered by the system from which he draws pension.

ORP Rescission
– LASERS

Act 923 of the 2004 Regular Session

Under this legislation, an employee who irrevocably elected to participate in ORP prior to July 31, 2002, was permitted to rescind their election and instead receive service credit in the defined benefit plan for that period. The employee could also re-establish prior credit under the defined benefit plan by returning all contributions that had been transferred into ORP with interest.

ANTI-SELECTION: This enables employees to rescind his/her ORP participation if the defined benefit plan subsequently results in a better value for that service period. Obviously, the only members who would make this election are those who would gain from it. As a result, benefits from the retirement system would increase and additional contributions would be required from employers.

Airtime Purchase
– LASERS

Act 340 of the 2004 Regular Session

This Act allowed members to purchase up to five years of credited service without actually rendering that employment with state or with any other entity covered by the system.

ANTI-SELECTION: It is assumed that a member will purchase such additional service only if he expects to gain financially from such a purchase. The member expects to gain a benefit that has a greater value than the cost he incurs to pay for the service. In spite of all efforts made by actuaries to make sure the cost of purchase is equivalent to the value of the additional benefits, the circumstances of some members will allow them to purchase the credits at a cost that is a clear bargain.

Back-DROP
– SPRF

Act 854 of the 2004 Regular Session

In addition to paying the Back-DROP lump sum, this legislation also returns all contributions the member had been required to pay as an active employee during the period elected for Back-DROP.

Back-DROP allows a retiring member of SPRF to elect an alternative monthly benefit plus lump sum at actual retirement. The alternative benefit equals the accrued monthly benefit that existed at the beginning of the Back-DROP period, which may be as long as 36 months. The lump sum is an amount equal to the alternative benefit for each month of the selected Back-DROP period. If the employee chooses not to select the Back-DROP alternative, he receives

his regular accrued retirement benefit. The Back-DROP value is not the same as an actually reduced option payment (e.g., Initial Benefit Option) since it is not determined as an actuarial equivalent of the regular retirement benefit value.

The retention of required employee contributions by SPRF was a major feature of the original SPRF Back-DROP because it limited the cost of the program and it allowed it to be reasonably sound actuarially. This feature, which was removed by Act 854 of the 2004 Regular Session, now refunds employee contributions paid during the look-back period in addition to the lump sum Back-DROP account and the alternative monthly retirement benefit payable to the member for life.

ANTI-SELECTION: Generally, the plan loses when a member is allowed to elect between options that are not actuarially equivalent. Back-DROP allows a member to participate retroactively in DROP upon his actual retirement. This means that members can look back and determine whether they would gain from salary increases or legislated benefit changes by entering the program retroactively. DROP members did not have this retroactive opportunity. The retention of employee contributions under the original SPRF program helped to neutralize the adverse risk and therefore mitigated some of the costs to the system. This is no longer true under Act 854.

Effective July 1, 2004, the system board can now set the employee rate between 9.8% and 10.25% of pay to fairly apportion the cost of benefit improvements.

***DROP Rescission
– SPRF***

Act 866 of the 2004 Regular Session

This legislation allows a member who is in DROP or a member who continues to be employed Post-DROP who has not severed employment to rescind his participation in DROP and then elect either regular retirement status or Back-DROP.

ANTI-SELECTION: The member will have the option of looking back to see if significant benefit improvement can be gained by opting out of DROP. If plan benefits are increased by legislation or the member has had a significant pay increase, he can rescind his DROP participation to receive the higher future benefit value. Allowing a member to change options retrospectively can significantly affect the actuarial funding assumptions underlying the system's benefit structure.

Anti-selection may also occur relative to the mortality assumption and the plan's survivorship provisions. When a member enters DROP, he must select an annuity payout option, similar to that of a retiree. Under the amendment, a member may elect out of DROP in anticipation of death if the non-DROP active survivor benefit would be greater.

Effective July 1, 2004, the system board can now set the employee rate between 9.8% and 10.25% of pay to fairly apportion the cost of benefit improvements.

11. Active Versus Inactive Trends

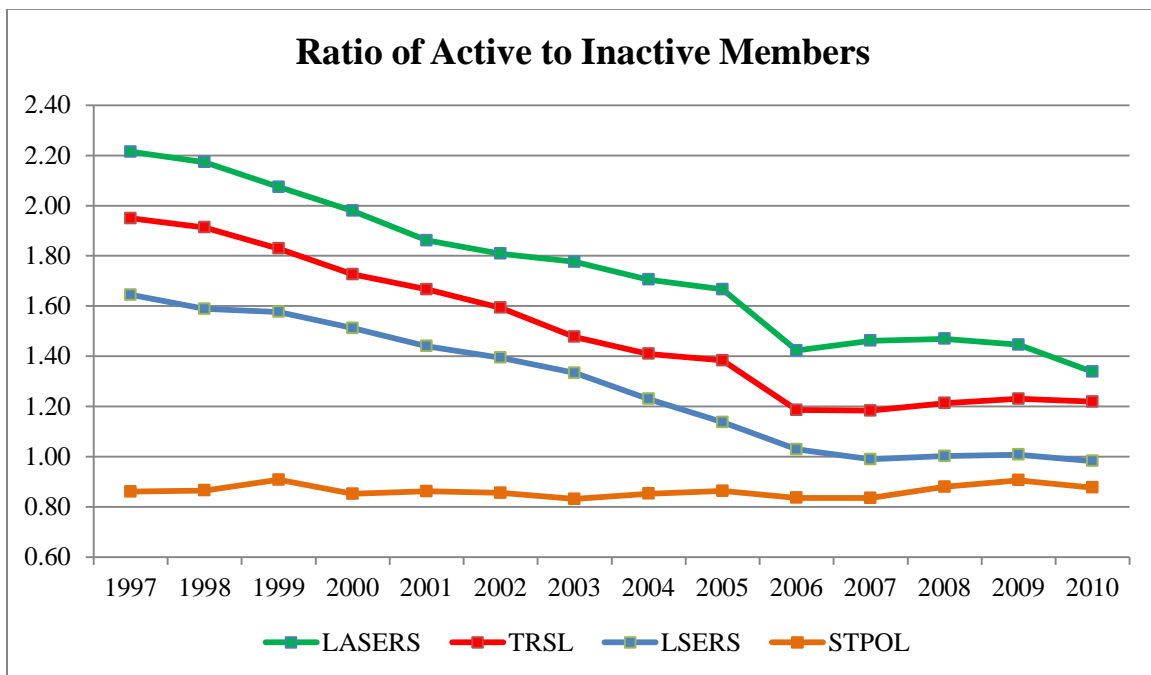
Issue

The state retirement plans have become more mature over the past 10 years.

Actives & Inactives

In 1998, there were 2.17 active members of LASERS for every inactive member. In 2010, there are only 1.33 active members for every inactive member. If LASERS did not have an unfunded accrued liability, then the ratio of actives to inactives is not a problem. But with a large UAL, a decreasing ratio is disconcerting because there are fewer working members of the retirement system over which the UAL payments can be spread. As a result, the portion of the contribution rate attributable to the UAL has been increasing and will continue to do so if the trend continues.

TRSL and LSERS are following the same trend and as a result UAL costs as a percentage of member pay will tend to increase. STPOL has exhibited maturity for the past 10 years. The ratio of actives to inactives has been relatively constant over the entire period.

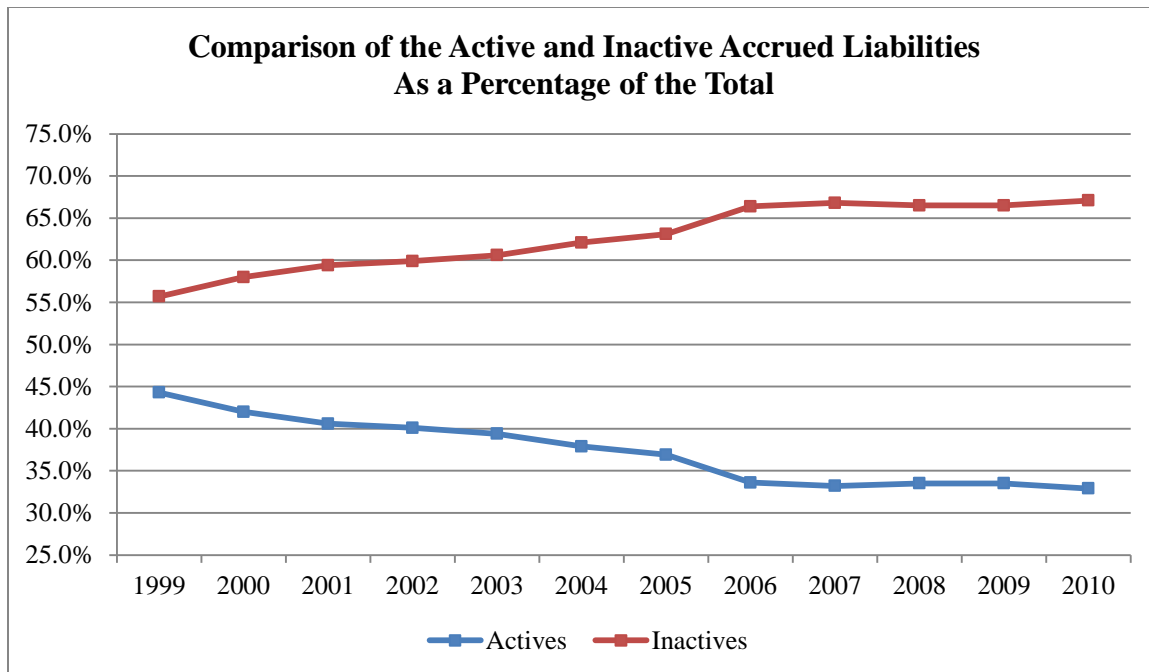


Accrued Liability Trends

Another cause for concern is the ratio of the accrued liability associated with active members to the liability associated with inactive members. As would be expected, if the ratio of actives to inactives is decreasing the ratio of active liability to inactive liability will also decrease.

The table and chart below show, for all four state retirement systems combined, that active liabilities in 1999 were 44.3% of total liabilities. In 2010, active liabilities represent only 31.2% of total liabilities. This maturation of the state retirement systems provides yet another explanation for continued increases in the employer contribution rate necessary to pay for the UAL.

Combined State System Liability Trends		
<i>Percent of Total Accrued Liability</i>		
Fiscal Year	Actives	Inactives
1999	44.3%	55.7%
2000	42.0%	58.0%
2001	40.6%	59.4%
2002	40.1%	59.9%
2003	39.4%	60.6%
2004	37.9%	62.1%
2005	36.9%	63.1%
2006	33.6%	66.4%
2007	33.2%	66.8%
2008	33.5%	66.5%
2009	32.9%	67.1%
2010	31.2%	68.8%

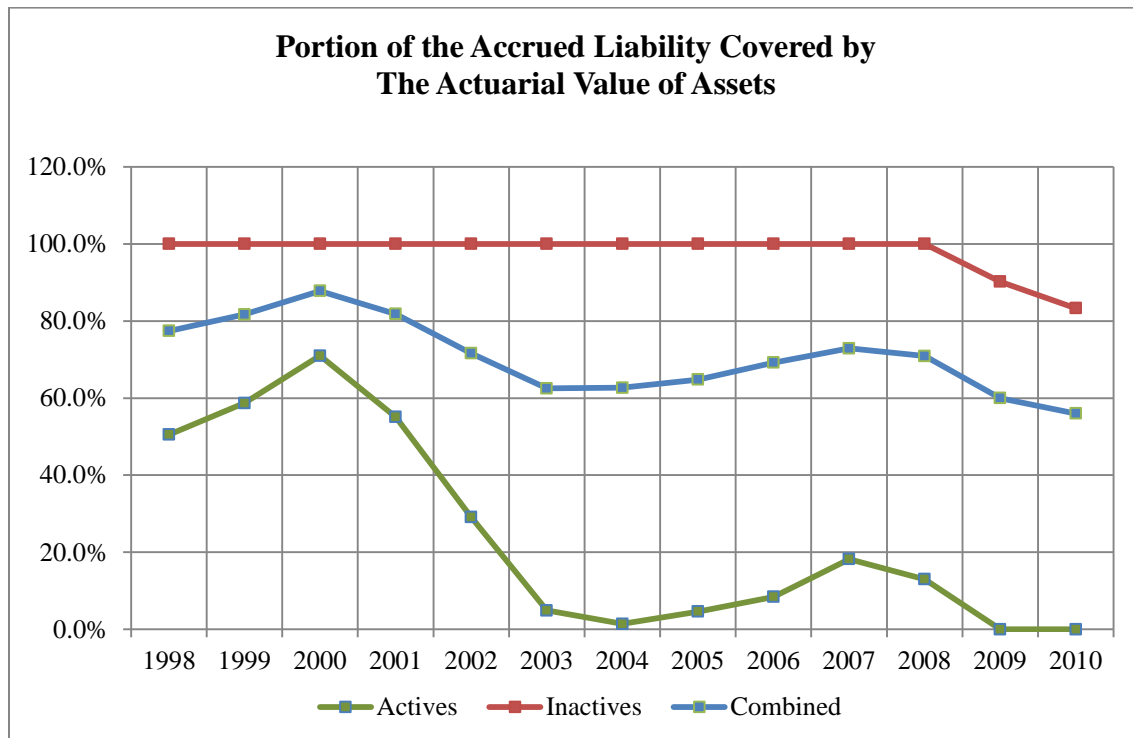


Percent Funded

The following table provides yet another way to view maturing retirement systems with large UALs. In 1998, plan assets were sufficient to cover 100% of the inactive accrued liabilities and over 50% of active liabilities. However, as the dot.com bubble, the events of 9/11 and the market corrections resulting therefrom unfolded, the state systems still had sufficient assets to cover inactive liabilities, but by 2004, assets available for actives were less than 2% of the active liability. And, as a result of negative investment returns over the past couple of years, not only are there no assets available to back benefit promises made to active members, assets on June 30, 2010, were only sufficient to cover 83.3% of the liabilities for inactive members.

The problem is that an underfunded plan is at significant risk of not being able to fulfill its promises to active members should it be necessary to revise the retirement program. Underfunded retirement systems limit the options available to the state for managing its work force and its benefit programs.

Combined State System Liability Trends			
<i>Percent Funded</i>			
Fiscal Year	Actives	Inactives	Combined
1998	50.5%	100.0%	77.4%
1999	58.7%	100.0%	81.7%
2000	71.0%	100.0%	87.8%
2001	55.1%	100.0%	81.8%
2002	29.1%	100.0%	71.6%
2003	4.9%	100.0%	62.5%
2004	1.4%	100.0%	62.7%
2005	4.6%	100.0%	64.8%
2006	8.4%	100.0%	69.2%
2007	18.2%	100.0%	72.9%
2008	13.0%	100.0%	70.9%
2009	0.0%	90.2%	60.0%
2010	0.0%	83.3%	56.0%



Statewide Systems

The statewide retirement systems show varying degrees of change in the ratio of active to inactive member liabilities over the 12-year period FY 1999 to FY 2010.


Statewide Retirement Systems
Ratio of Active Members to Inactive Members

Fiscal Year	1999	2010	Trend
ASSR	1.59	1.64	Up
CCRS	2.82	2.06	Down
DARS	3.89	4.02	Up
FRS	2.39	2.09	Down
MERSA	2.34	1.54	Down
MERSB	2.67	2.30	Down
MPERS	1.51	1.47	Down
PERSA	2.89	2.35	Down
PERSB	4.36	3.71	Down
RVRS	1.48	1.61	Up
SPRF	5.24	4.19	Down
Total Statewide	2.80	2.35	Down

12. Actuarial Certification

Most of the material in this section of the report and some of the information in the other sections may be considered to be Statements of Actuarial Opinion. Therefore, I make the following certification:

I, Paul T. Richmond, am the Manager of Actuarial Services for the Louisiana Legislative Auditor. I am a member of the American Academy of Actuaries, an Associate in the Society of Actuaries, an Enrolled Actuary, and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.


Paul T. Richmond

1/10/12
Date

Section IV

Recent Legislation

1. Summary of Retirement Legislation for 2010

Retirement legislation enacted into law as a result of the 2010 Regular Session of the Louisiana Legislature is summarized below. A brief summary is provided for each Act as well as the cost identified in the associated actuarial note.

New Plan for New Hires:

Act 992 for LASERS, TRSL, LSRS, and STPOL provides for three plans for members joining the state retirement systems on or after January 1, 2011; a plan for members of the judiciary, a plan for all other non-hazardous duty personnel, and a plan for hazardous duty personnel. As a result of Act 992, the number sub plans covering new employees of the state has been reduced from a dozen or more to three. Employee contribution requirements have been increased, benefit accrual rates have been reduced, and the age at which retirement benefits become payable has been increased.

The financial impact of Act 992 will not be felt by the state for several years to come because the new benefit provisions only apply to individuals first employed by the state on or after January 1, 2011. Nevertheless, potential savings in future years will be significant. The total savings over the next five years are estimated to be about \$65 million.

Act 318 for LSERS provides for a new set of benefit provisions for individuals joining LSERS on or after July 10, 2010. The benefit accrual rate was reduced from 3 1/3% per year of service to 2.5%. The employer contribution rate was increased from 7.5% of pay to 8.0%. Eligibility requirements for regular retirement were set at age 60 with 10 years of service. The new provisions are similar to the provisions enacted later in the 2010 Regular Session under Act 992. The savings for Act 318 were included in the savings for Act 399.

Act 101 for CCRS provides for a new set of benefit provisions for individuals joining CCRS on or after January 1, 2011. Benefits delivered at retirement for these members will only be about 90% of the benefits earned by members belonging to CCRS before January 1, 2011. Act 101 will produce actuarial savings. The amount of savings is not known.

Funding:

Act 1026 for LASERS will require separate normal cost calculations for each sub plan of LASERS. Amortization costs will still be spread across the payroll for all members of the system. The purpose of this law is to make each participating employer pay a cost that is proportional to the benefit provided to its own employees. There is no cost to Act 1026. The Act merely shifted costs among participating agencies.

Act 870 for PERS requires any participating employer of PERS who decides to no longer participate in PERS to pay its proportionate share of any unfunded accrued liability that may exist for the system as calculated on its exit date. This Act prevents an employer exiting PERS from passing on to the remaining employers, costs that it should have paid for its own employee group.

Act 871 for PERS requires the employee and his participating employer to pay the contributions that would have been paid in order for an employee to be credited with service that had been missed in the past due to administrative error. Act 871 also requires participating employers to pay 1.5% interest per month on delinquent contribution payments. The Act will result in actuarial savings for PERS because it will collect contributions relative to all service credits granted and it will collect contribution more promptly.

Act 996 for PERS allows the PERS board of trustees to set the employer contribution rate within a rate of rates. Currently Plan A members contribute 9.5% of pay. In the future, the board of trustees may set the employee rate between 8.0% and 11.0% of pay. Currently, Plan B members contribute 3.0% of pay. In the future, the board of trustees may set the employee rate between 3.0% and 5.0% of pay. The maximum potential savings that may be realized by Act 996 is about \$2.3 million.

Rehired Retirees:

Act 921 for TRSL significantly limits the ability of a member of TRSL to return to teaching and continue to collect a pension from the retirement system under the so-called “two check” rule. Act 921 will potentially save \$108 million a year.

Membership:

Act 999 for TRSL requires a charter school teacher who is a member of TRSL to remain a member of TRSL for the duration of his or her employment at the charter school under specified circumstances. TRSL annual revenues will increase about \$11,000 per teacher affected by Act 999.

Act 869 for PERS addresses an employer cross-subsidy issue. Currently, participating employers of PERS that are not fire districts are subsidizing the actuarial costs associated with fire districts that hire firefighters age 50 and older. This Act eliminates this subsidy. There are no costs or savings to PERS.

Act 306 for PERS and MERS requires certain new hires of the Lafayette City Parish Consolidated Government to become participants in MERS rather than PERS. There are no costs or savings in the aggregate relative to this Act.

Final Average Compensation:

Act 273 for CCRS provides that the final average compensation calculation will be based on an average of 60 months of compensation rather than an average of 36 months. Act 273 applies to members of CCRS hired before July 1, 2006. Savings over the next five years are estimated to be about \$10 million.

Investments:

Act 1004 affecting all Louisiana state and statewide retirement systems and the Harbor Police Retirement System sets clear guidelines for the investment of retirement system assets. The Act also requires quarterly investment reports to be submitted to the House and Senate retirement committees. There are no direct costs or savings associated with Act 1004.

Pension Garnishments:

Act 634 affecting all Louisiana public retirement systems permits pension benefits of any elected official or public employee convicted of a felony associated with his office or with his employment to be garnished to pay for fines, restitutions, or any costs of incarceration, probation, or parole. Savings from this bill are negligible.

***Local –
Special Interest:***

Act 1025 for the Harbor Police Retirement System allows a specific member to be given retroactive membership in the system thereby ratifying a long standing administrative error. The cost is about \$233,000.

Votes Needed to Pass***Retirement Legislation:***

Act 1048 modifies the Louisiana Constitution to mandate that all retirement legislation with an actuarial cost must be approved by a 2/3 majority in both the House and the Senate. There are no costs or savings.

Miscellaneous:

Act 102 for LASERS provides for compliance with qualified plan requirements of federal law. There are no costs or savings.

Act 637 for TRSL, LSERS, and STPOL provides for compliance with qualified plan requirements of federal law. There are no costs or savings.

Act 94 for LASERS clarifies a long standing administrative procedure requiring the sergeants at arms for the House and Senate to contribute 9.5% of pay to LASERS. There are no costs or savings.

Act 95 for LASERS clarifies the definition of “accumulated contributions” to mean all amounts paid by a member and credited to the LASERS trust excluding interest paid by a member when repaying a refund. This codifies a long standing administrative procedure used by LASERS. There are no costs or savings.

Act 99 for LASERS provides that actuarial reductions for early retirement under certain conditions will be based on the age the member would have been able to retire without reduction had he continued in service. This is a codification of a long standing administrative practice. There are no costs or savings.

Act 951 for LASERS allows benefits payable to a child of a deceased retiree to be paid to a trust established for the benefit of the child. There are no costs or savings.

Act 1010 for all Louisiana public retirement systems provides for the granting of military service credit in compliance with the federal Uniformed Services Employment and Reemployment Rights Act of 1994. There are no costs or savings.

Act 928 for the Harbor Police Retirement System provides for the number of board members necessary for board decisions. There are no costs or savings.

Act 93 for FRS, MERS, and MPERS re-establishes the Funding Review Panel which is charged with examining the funding and benefit provisions of these plans. There are no costs or savings.

Act 874 for PRSAC provides for a re-organization of the Public Retirement System Actuarial Committee to remove the Legislative Actuary from committee membership and to replace him or her with the Legislative Auditor. There are no costs or savings.

This page is intentionally blank.