

**LASERS**

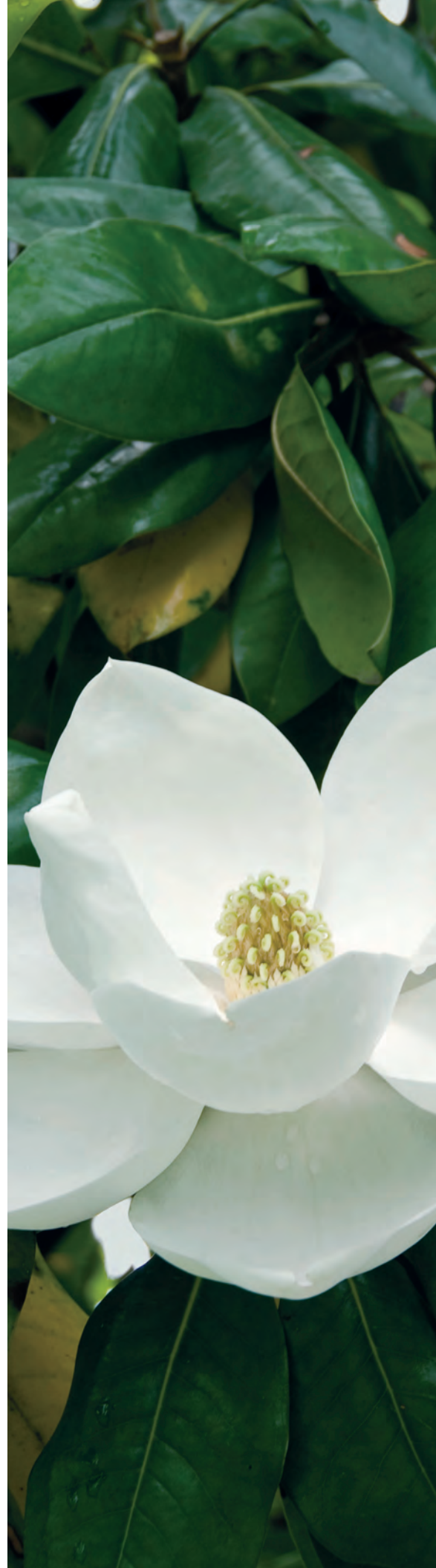
2010-2011  
Summary Annual  
Financial Report

For fiscal year ended  
June 30, 2011

# CONFIDENCE

Louisiana State  
Employees'  
Retirement System

A component unit of  
the State of Louisiana



October 7, 2011

Dear Members:

It is with great pleasure that I present the Louisiana State Employees' Retirement System (LASERS) Summary Annual Financial Report for the fiscal year ended June 30, 2011. This report provides information derived from our Comprehensive Annual Financial Report (CAFR) on the financial status of your retirement system, while highlighting changes that occurred during the year. More detailed information is provided in our CAFR, which was prepared in accordance with generally accepted accounting principles, and may be viewed on our website at [www.lasersonline.org](http://www.lasersonline.org).

This year we continued building upon the gains achieved during the prior year despite continued market volatility. LASERS investment portfolio experienced a 24.3% gain in market value which was the best fiscal year in our history. Actuarially this equates to a gain of 5.5% which was below our target of 8.25%. Our funded ratio changed from 57.7% to 57.6%. I would like to emphasize that LASERS is a long-term investor, relying on a broad actuarial analysis, which takes into account the prior four years of market returns. This smoothing effect prevents extreme swings in our returns. Furthermore, the management of our investments is performed by seasoned professionals who are guided by a long-term plan established by our Board of Trustees.

We continue to explore new asset allocation strategies to improve long-term returns. This includes expanding our alternative investments portfolio which consists of private equity, absolute return strategies, global tactical asset allocation and a recent allocation to real assets. LASERS works closely with its investment consultant to conduct a thorough asset allocation and liability review on an annual basis. Despite continued market volatility, our investment portfolio is well positioned for the future and we will continue to make adjustments when necessary.

We look forward to providing you with outstanding and continuously improving services during the next year. I will continue to work with legislators, the Board of Trustees, and staff to protect and promote the interests of LASERS.

Sincerely,



Cindy Rougeou  
Executive Director



**Cindy Rougeou**  
Executive Director



## 2011 Board of Trustees

*(back, left to right)*

Janice Lansing  
Charles Castille  
Susan Pappan  
Barbara McManus  
Lori Pierce

*(front, left to right)*

Senator D.A. "Butch" Gautreaux  
Connie Carlton (Chair)  
Kathy Singleton  
Beverly Hodges  
Whit Kling (designee for  
State Treasurer John Kennedy)

*(not pictured)*

Sheryl Ranatza  
State Treasurer John Kennedy  
Rep. Kevin Pearson

# Financial Statements

## Summary Comparative Statements of Plan Net Assets

The *Statements of Plan Net Assets* are summaries of what LASERS owns and what it owes for the fiscal years ended June 30, 2011 and 2010.

	2011	2010 (RESTATED)	AMOUNT OF CHANGE	PERCENT CHANGE
Cash and Cash Equivalents	\$ 43,568,574	\$ 84,434,055	\$ (40,865,481)	-48.40%
Receivables	121,131,973	89,427,290	31,704,683	35.45%
Investments	9,619,706,708	7,951,123,133	1,668,583,575	20.99%
Securities Lending Cash Collateral Held <sup>1</sup>	794,161,316	690,817,689	103,343,627	14.96%
Capital Assets	9,872,111	11,189,902	(1,317,791)	-11.78%
<b>Total Assets</b>	<b>\$ 10,588,440,682</b>	<b>\$ 8,826,992,069</b>	<b>\$ 1,761,448,613</b>	<b>19.96%</b>
Accounts Payable & Other Liabilities	82,202,655	61,341,523	20,861,132	34.01%
Securities Lending Obligations <sup>1</sup>	802,741,386	710,971,781	91,769,605	12.91%
<b>Total Liabilities</b>	<b>\$ 884,944,041</b>	<b>\$ 772,313,304</b>	<b>\$ 112,630,737</b>	<b>14.58%</b>
<b>Net Assets Held in Trust</b>	<b>\$ 9,703,496,641</b>	<b>\$ 8,054,678,765</b>	<b>\$ 1,648,817,876</b>	<b>20.47%</b>

<sup>1</sup>LASERS records collateral received under its securities lending agreement and has the ability to spend, pledge, or sell the collateral without borrower default. Liabilities resulting from these transactions are also reported. The underlying securities of the security lending cash collateral pools are reported at market value.

## Summary Comparative Statements of Changes in Plan Net Assets

The *Statements of Changes in Plan Net Assets* summarize the flow of money in and out of the fund throughout the fiscal years ended June 30, 2011 and 2010.

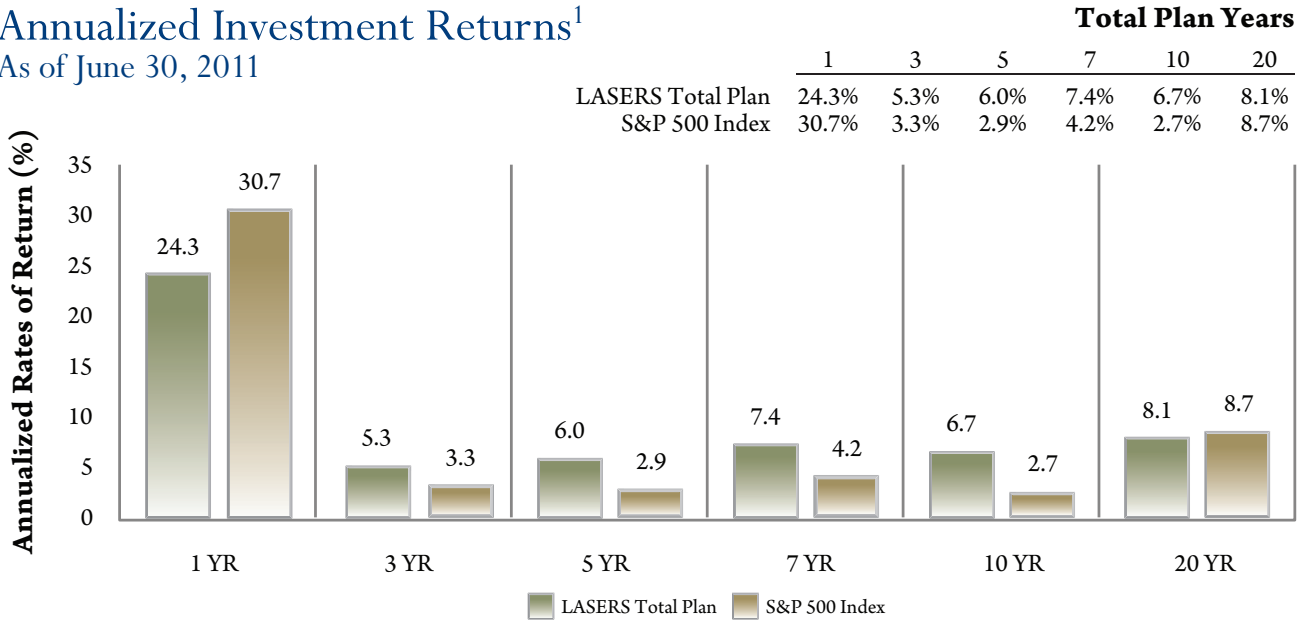
	2011	2010 (RESTATED)	AMOUNT OF CHANGE	PERCENT CHANGE
<b>Additions</b>				
Employer Contributions	\$ 557,563,381	\$ 490,701,310	\$ 66,862,071	13.63%
Employee Contributions	197,825,267	205,328,033	(7,502,766)	-3.65%
Net Investment Income	1,854,312,621	1,129,437,199	724,875,422	64.18%
Other Income	14,692,496	12,689,994	2,002,502	15.78%
<b>Total Additions</b>	<b>\$ 2,624,393,765</b>	<b>\$ 1,838,156,536</b>	<b>\$ 786,237,229</b>	<b>42.77%</b>
<b>Deductions</b>				
Retirement Benefits	915,840,721	829,236,652	86,604,069	10.44%
Refunds and Transfers of Contributions	41,553,896	35,676,509	5,877,387	16.47%
Administrative Expenses	14,951,127	15,201,829	(250,702)	-1.65%
Other Postemployment Benefit Expenses	1,310,517	1,561,605	(251,088)	-16.08%
Depreciation and Amortization Expenses	1,919,628	2,134,563	(214,935)	-10.07%
<b>Total Deductions</b>	<b>\$ 975,575,889</b>	<b>\$ 883,811,158</b>	<b>\$ 91,764,731</b>	<b>10.38%</b>
<b>Net Increase</b>	<b>1,648,817,876</b>	<b>954,345,378</b>	<b>694,472,498</b>	<b>72.77%</b>
<b>Net Assets Beginning of Year</b>	<b>8,054,678,765</b>	<b>7,100,333,387</b>	<b>954,345,378</b>	<b>13.44%</b>
<b>Net Assets End of Year</b>	<b>\$ 9,703,496,641</b>	<b>\$ 8,054,678,765</b>	<b>\$ 1,648,817,876</b>	<b>20.47%</b>

This year we continued building upon the gains achieved during the prior year despite continued market volatility. LASERS experienced a 24.3% gain in market value of investment assets for the year ended June 30, 2011, ranking in the top seven percent of all public pension plans with market values greater than \$1 billion in the Wilshire Trust Universe Comparison Service (TUUS). This was the best fiscal year return

in our history. As the economy continues to improve, LASERS maintains its commitment to a broadly diversified portfolio, and achieving its actuarial target rate of return of 8.25% with the least possible amount of risk. The plan is managed by an exceptional team of professionals, and the investment portfolio is allocated to stabilize long-term returns. The charts illustrate our investment returns and asset allocations.

## Annualized Investment Returns<sup>1</sup>

As of June 30, 2011

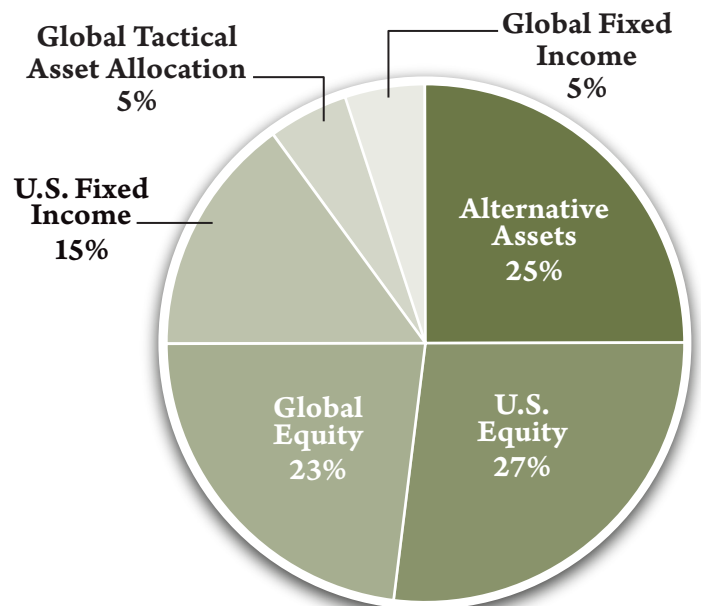


<sup>1</sup>Investment Performance calculated for periods over two years use monthly returns geometrically linked to calculate annualized "time-weighted" rates of return. Returns are calculated one quarter in arrears. Investment Performance does not include Self-Directed Plan and Optional Retirement Plan Funds.

## Asset Allocation

### Target Asset Allocation

As of June 30, 2011



# LASERS *Invests in* LOUISIANA



Energy/  
Public Utility/  
Oil & Gas  
**\$84,557,364**

LASERS is proud to support Louisiana by investing in companies that impact local economies. For the fiscal year ended June 30, 2011, LASERS invested more than \$203 million in Louisiana stocks, bonds, and private equity. The following chart illustrates the Louisiana industries in which LASERS has investments.



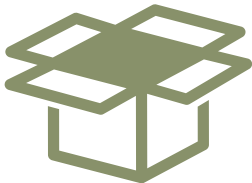
Services  
**\$58,636,091**



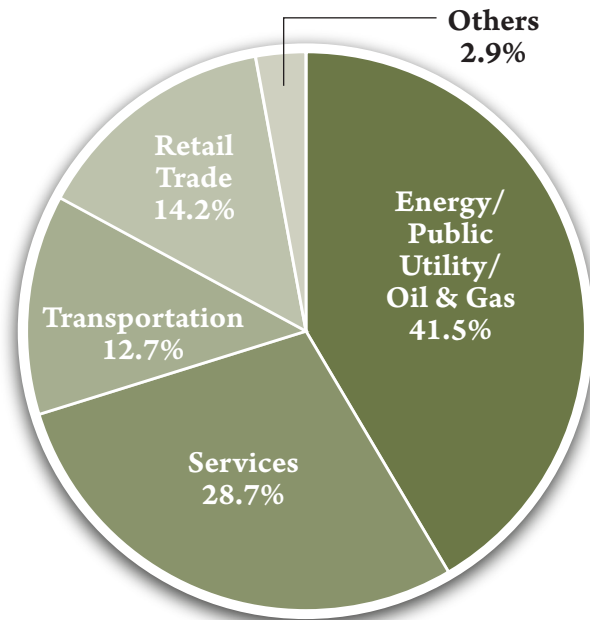
Transportation  
**\$25,830,394**



Retail Trade  
**\$28,933,927**



Others  
**\$6,002,390**

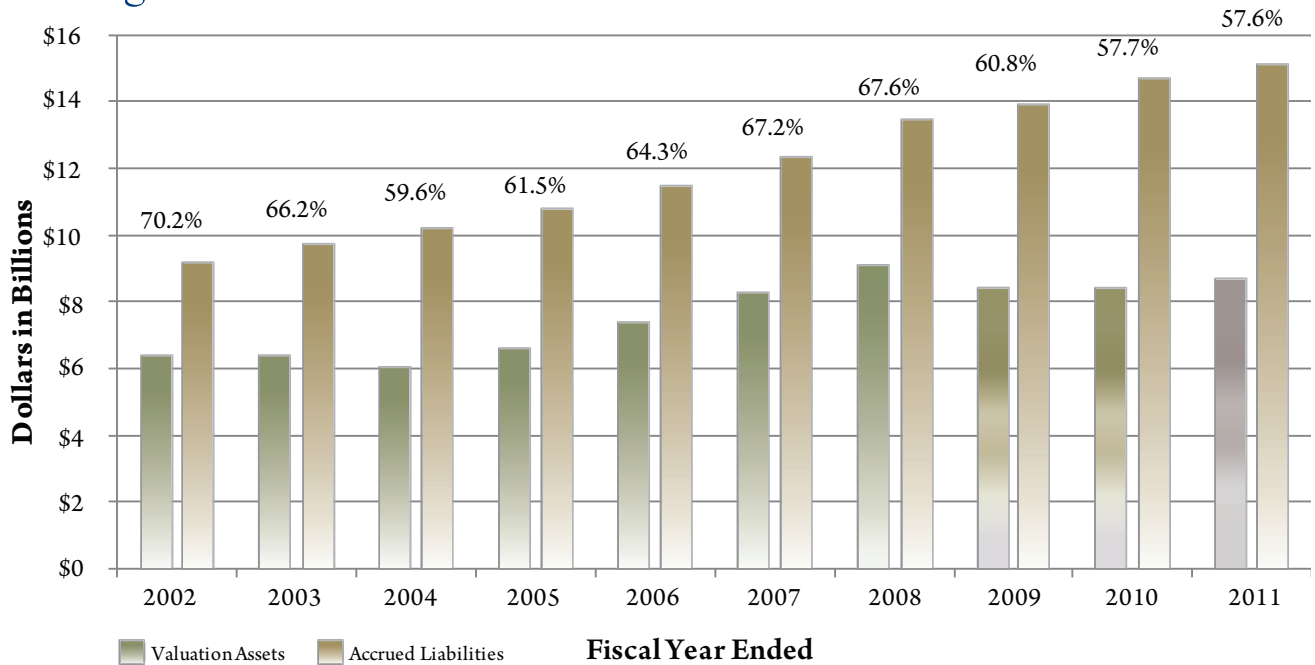


**Total      \$203,960,165**

Your retirement benefits are funded by employee contributions, contributions from the State of Louisiana, and cumulative investment earnings. In order to ensure your benefits are available to you, LASERS is constantly evaluating the plan's assets relative to the value of the liabilities. The smoothing

effect of the prior four years' gains or losses on returns on investments resulted in a change of LASERS funding ratio from 57.7% to 57.6% at the end of fiscal year 2011. The overall increase in valuation assets during fiscal year 2011 was 2.95%.

## Funding the Retirement Plan



## Membership Summary

### Membership Snapshot As of June 30, 2011 Actuarial Valuation

Active Members		Total Membership	
Average Age	45.2	Active	54,930
Average Years of Service	10.7	Retirees	32,897
Average Annual Salary	\$43,606	Disability Retirees	2,586
<b>DROP Accrual</b>		Survivors	5,659
Average Age	56.8	Terminated-Vested	2,125
Average Annual Benefit	\$31,953	Terminated-Nonvested	51,959
<b>Retired Members</b>		DROP Accrual	2,569
Average Age	69.0		
Average Annual Benefit	\$20,454		

### Members Retiring During the Fiscal Year Ended June 30, 2011

Years Credited by Service Category	<5	5-10	10-15	15-20	20-25	25-30	30+	All Members
Average Monthly Benefit	\$295	\$1,790	\$941	\$1,531	\$1,888	\$2,666	\$3,502	\$2,431
Final Average Compensation	\$5,355	\$3,945	\$3,236	\$3,774	\$3,978	\$4,254	\$4,838	\$4,199
Number of Retirees	1	11	400	330	481	697	932	2,852

# Legislative Update

The LASERS Board of Trustees supported two bills during the 2011 regular legislative session, and responded to other bills affecting LASERS that were initiated in the legislature. The following is a summary of the legislation that was passed during this year's session that affects LASERS members.

## LASERS Supported Bills

**Acts 357 and 422**, effective upon passage of constitutional amendment number two by the voters on the October 22, 2011 ballot, provide that a minimum of nonrecurring revenue be applied toward reducing the balance of the unfunded accrued liability of LASERS and TRSL. For fiscal years 2013-14 and 2014-15, a minimum of 5% would be applied, with a minimum of 10% applied for future years.

**Act 368**, effective July 1, 2011, makes technical changes to Act 992 of the 2010 regular legislative session, and includes the following changes requested by LASERS:

- Clarifies that survivor benefits for handicapped or mentally disabled children do not cease when the child reaches 18
- Provides that a person who has participated in DROP or is a rehired retiree under Option 1 or 3 is not eligible for the Hazardous Duty Services Plan (HAZ PLAN)
- Provides that a HAZ PLAN member who does not meet eligibility under that plan may retire with 5 years at age 60 with rank-and-file benefits at the 2.5% accrual rate
- Provides that HAZ PLAN members may retire with an IBO and select the self-funded COLA
- Provides that a member who joins the HAZ PLAN, but does not transfer prior service, must pay any actuarial cost resulting to the system
- Clarifies that an employee who was in a hazardous duty service plan prior to 12/31/2010, who earns service in a hazardous duty position after January 1, 2011, may consider the service earned as covered by that plan

The Act also clarifies that a member with a 60-month Final Average Compensation (FAC) must work 60 months after DROP to earn a new FAC for a post-DROP supplement.

## Also Affecting LASERS

**Act 322**, effective July 1, 2011, allows any member of LASERS with at least five years of creditable service to purchase up to five years of service credit in one-year increments for retirement eligibility, commonly known as air time.

Also, members who previously purchased air time for benefit calculation only may pay to upgrade that time for retirement eligibility.

A member who purchases air time for eligibility, and retires earlier than they would otherwise qualify, may be required to pay a higher health insurance premium. The increase is calculated by the Office of Group Benefits.

**Act 355**, effective July 1, 2011, provides for the purchase of credit for certain federal service by LASERS members with at least one year of service credit. The member must have been a contributing member of a retirement plan for federal employees and must pay the greater of the actuarial cost or the employee and employer contributions plus interest. A lump sum payment is required.

**Act 377**, effective June 30, 2011, provides for earnable compensation and service credit for any member of a state or statewide retirement system elected to the legislature. Any legislator who is eligible for LASERS who is elected on or after July 1, 2011, will receive a 2% accrual rate for legislative service earned after that date. The change would not apply to anyone serving in the legislature on June 30, 2011.

**HR 80** requires House bills and joint resolutions relative to retirement to be prefiled not later than 5:00 p.m. on the 45th calendar day prior to the first day of the regular session.

**HR 149** directs the state and statewide retirement systems to study the nature of irrevocable decisions and to provide the legislature with solutions for allowing members and retirees to revoke certain elections.

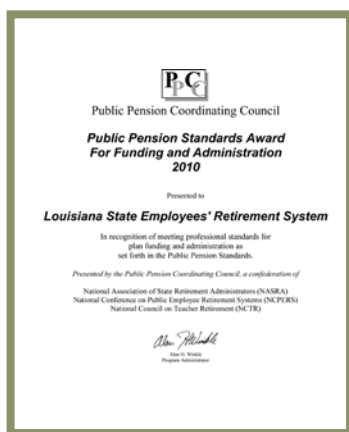
**HCR 135** directs the four state retirement systems to report to the House and Senate Committees on Retirement and the Division of Administration, prior to the convening of the 2012 Regular Session of the Legislature, the administrative and investment costs incurred by each system and to jointly submit a report on the feasibility of combining the administrative and investment management services of the systems.

## GFOA Award



The Government Finance Officers Association of the United States of America and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to LASERS for its Popular Annual Financial Report for the fiscal year ended June 30, 2010. This prestigious national award recognizes excellence for readily understood financial reports that are less technical in nature, while providing interesting financial, actuarial and historical information. This is the twelfth consecutive year that LASERS has received this award.

## Public Pension Standards Award



LASERS received the Public Pension Coordinating Council's (PPCC) 2010 Public Pension Standards Award in recognition of achieving high professional standards in the areas of plan design and administration, benefits, actuarial valuations, financial reporting, investments, and disclosures to members. LASERS is proud to have received this award for the seventh consecutive year.

## The LASERS Mission

To provide a sound retirement plan for our members through prudent management and exceptional service

## The LASERS Vision

Confidence in our service, assuring financial security for your future

## LASERS Core Values

Highest Ethical Standards  
Integrity  
Prudent Management

# LASERS

## Contact Information

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