Invested in Louisiana

LASERS
Louisiana State Employees' Retirement System

2012-2013 Summary Annual Financial Report

For Fiscal Years Ended June 30, 2013 and 2012

A component unit of the State of Louisiana

LETTER OF TRANSMITTAL

October 7, 2013

Cindy Rougeou
Executive Director

Dear Members:

It is with great pleasure that I present the Louisiana State Employees' Retirement System (LASERS) Summary Annual Report for the fiscal year ended June 30, 2013. 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.

While volatility and European concerns continued this fiscal year, financial markets regained some momentum from the previous year. LASERS investment portfolio experienced a 12.6% gain in market value. Actuarially this equates to a gain of 14.05% which was above our target of 8.0%. Our funded ratio improved from 55.9% to 60.2% primarily as a result of a change in our asset valuation method, an investment gain, and an experience gain. I would like to emphasize that LASERS is a long-term investor, relying on a broad actuarial analysis, which takes into account the prior five 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. Recent improvements include increasing allocations to international equity, emerging markets and risk parity, and decreased allocations to high yield fixed income, global bonds, and absolute return strategies. 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. My commitment to work with our stakeholders to protect and promote the interests of LASERS remains steadfast.

Sincerely,

Cindy Rougeou
Executive Director

2013 BOARD OF TRUSTEES

Over the past three fiscal years, employer contributions to the System increased due to increases in the actuarially determined employer contribution rates, and retirement benefits increased because of the higher average benefit of newer retirees. Aggregate employee contributions decreased between 2013 and 2012 primarily as a result of the privatization of several state agencies and the resulting reduction in workforce, while refunds and transfers out of the System increased because of higher distribution requests by employees affected by the privatization. The Statements of Plan Net Position present LASERS financial position as of June 30, 2013, 2012, and 2011 by reporting the System's assets, liabilities, and resultant net position restricted for the payment of pension benefits. The Statements of Changes in Plan Net Position summarize LASERS results of operations for the same periods by reporting the additions to and deductions from plan net position.

Condensed Comparative Statements of Plan Net Position

	2013	2012	2011
Cash and Cash Equivalents	$ 62,005,498	$ 76,484,826	$ 43,568,574
Receivables	106,101,183	202,859,767	121,131,973
Investments	10,228,944,629	9,299,615,012	9,619,706,708
Securities Lending Cash Collateral Held[1]	963,415,924	921,932,039	794,161,316
Capital Assets	6,373,829	8,106,259	9,872,111
Total Assets	**$ 11,366,841,063**	**$ 10,508,997,903**	**$ 10,588,440,682**
Accounts Payable & Other Liabilities	67,756,826	61,782,973	82,202,655
Securities Lending Obligations[1]	971,485,886	931,440,588	802,741,386
Total Liabilities	**$ 1,039,242,712**	**$ 993,223,561**	**$ 884,944,041**
Net Position Restricted for Pensions	**$ 10,327,598,351**	**$ 9,515,774,342**	**$ 9,703,496,641**

Condensed Comparative Statements of Changes in Plan Net Position

	2013	2012	2011
Employer Contributions	$ 649,029,708	$ 637,285,920	$ 558,183,107
Employee Contributions	173,357,802	192,795,057	197,825,267
Net Investment Income (Loss)	1,106,494,873	(9,610,468)	1,854,312,621
Other Income	33,806,894	32,441,258	14,072,770
Total Additions	**$ 1,962,689,277**	**$ 852,911,767**	**$ 2,624,393,765**
Retirement Benefits	1,070,410,859	978,971,262	915,840,721
Refunds and Transfers of Contributions	61,522,162	43,221,742	41,553,896
Administrative Expenses	15,907,599	15,500,163	14,951,127
Other Postemployment Benefit Expenses	982,754	999,650	1,310,517
Depreciation and Amortization Expenses	2,041,894	1,941,249	1,919,628
Total Deductions	**$ 1,150,865,268**	**$ 1,040,634,066**	**$ 975,575,889**
Net Increase (Decrease)	**811,824,009**	**(187,722,299)**	**1,648,817,876**
Net Position Beginning of Year	**9,515,774,342**	**9,703,496,641**	**8,054,678,765**
Net Position End of Year	**$ 10,327,598,351**	**$ 9,515,774,342**	**$ 9,703,496,641**

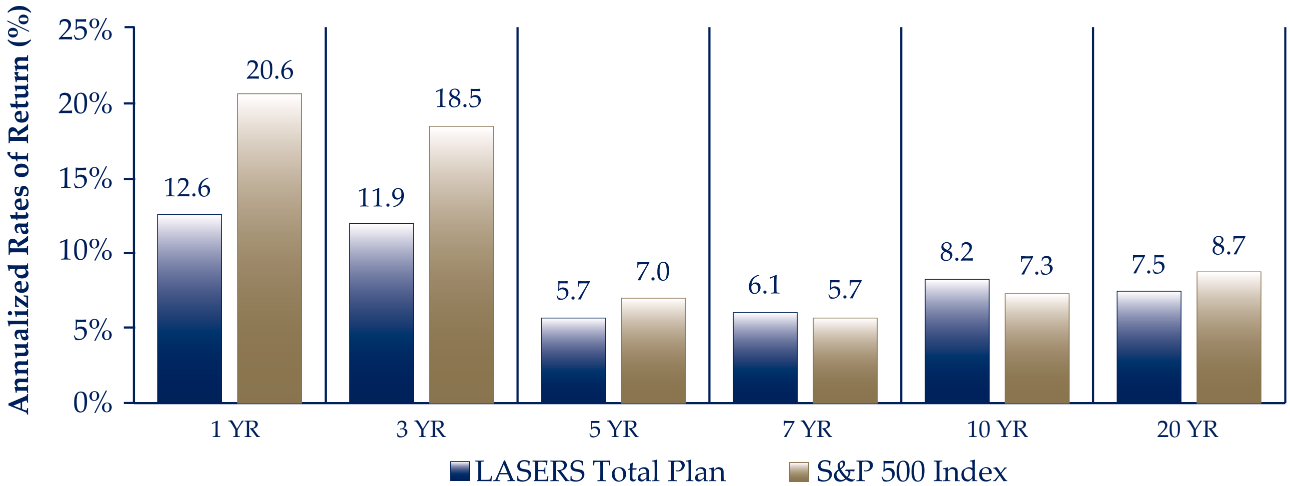
[1] Securities lending, or stock lending, refers to the lending of securities by one party to another. The terms of the loan will be governed by a "Securities Lending Agreement", which requires that the borrower provides the lender with collateral, in the form of cash, government securities, or a Letter of Credit of value equal to or greater than the loaned securities.

While volatility and European concerns continued during this fiscal year, financial markets regained some momentum from the previous year. LASERS experienced a 12.6% gain in market value of investment assets for the year ended June 30, 2013 ranking in the fortieth percentile of all public pension plans with market values greater than $1 billion in the Wilshire Trust Universe Comparison Service (TUCS). As always, LASERS maintains its commitment to a broadly diversified portfolio, and achieving its actuarial target rate of return of 8.0% with the least possible amount of risk. The plan is managed by seasoned professionals, and the investment portfolio is structured to optimize the risk/return trade-off. The charts illustrate our investment returns and asset allocations.

Annualized Investment Returns[1]

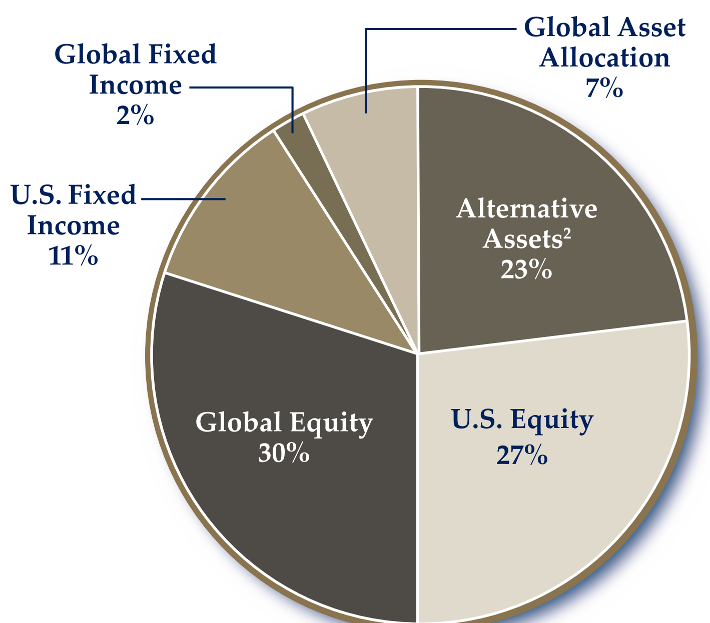
As of June 30, 2013

Years	1	3	5	7	10	20
LASERS Total Plan	12.6%	11.9%	5.7%	6.1%	8.2%	7.5%
S&P 500 Index	20.6%	18.5%	7.0%	5.7%	7.3%	8.7%



Target Asset Allocation

As of June 30, 2013



[1]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.

[2]Traditional assets include investments such as stocks, bonds, and money market accounts. Alternative assets include all non-traditional investments and are often made through hedge fund or private equity structures. Examples include investments in commodities, energy, real estate, start-up companies, and hedged strategies.

LASERS INVESTS IN LOUISIANA

LASERS is proud to support Louisiana by investing in companies that impact local economies. For the fiscal year ended June 30, 2013, LASERS invested more than $84 million in Louisiana stocks, bonds, and private equity. The following table illustrates the top ten companies that are headquartered in Louisiana in which LASERS has investments.

	Employees (as of 12.31.12)	Louisiana Headquarter	Market Value
CenturyLink™	47,000	Monroe	$5,059,040
Entergy®	14,625	New Orleans	$4,152,928
TIDEWATER®	7,650	New Orleans	$2,478,195
ALBEMARLE®	4,304	Baton Rouge	$1,800,181
MidSouth Bank	604	Lafayette	$1,591,825
First NBC Member FDIC	433	New Orleans	$1,517,366
STONE ENERGY	386	Lafayette	$1,339,475
POOLCORP℠	3,400	Covington	$1,263,081
LAMAR	3,000	Baton Rouge	$1,245,055
PHI INC	2,588	Lafayette	$1,167,055

Membership Snapshot *As of June 30, 2013 Actuarial Valuation*

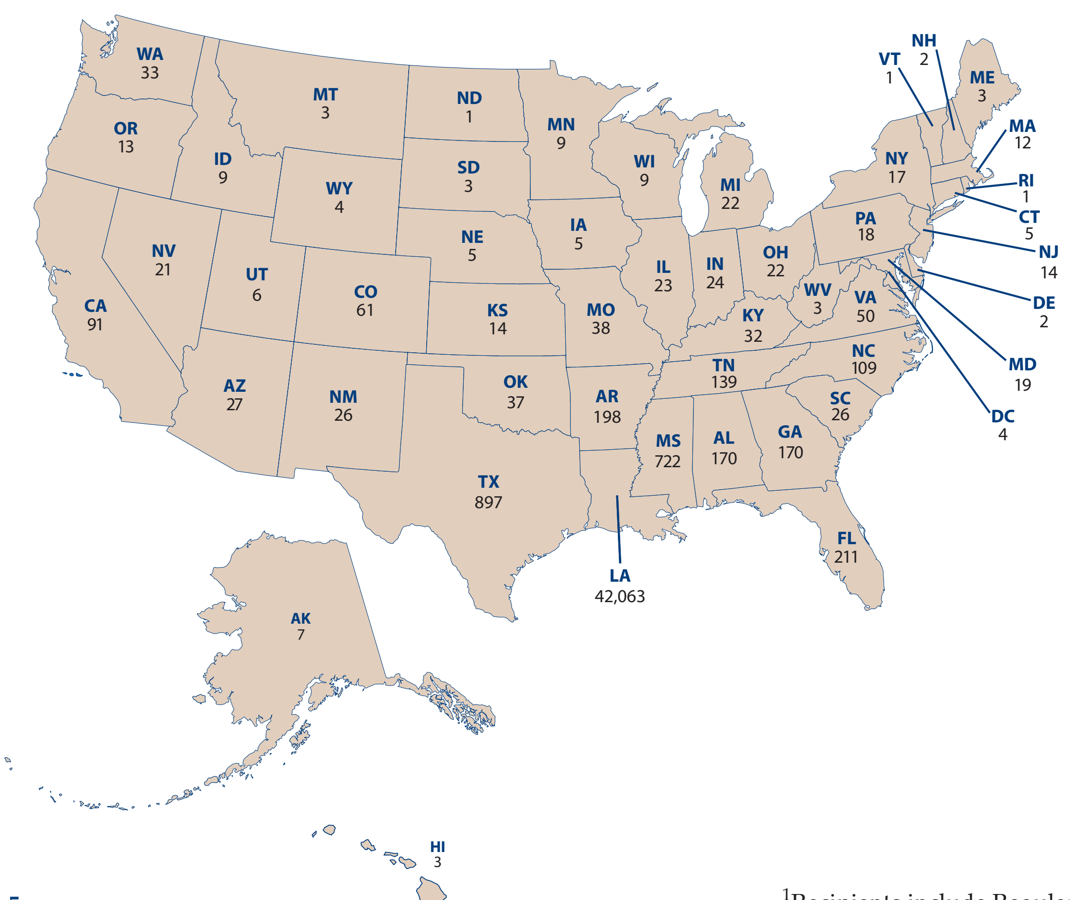
Active Members	
Average Age	45.4
Average Years of Service	11.2
Average Annual Salary	$43,990
DROP Accrual	
Average Age	57.3
Average Annual Benefit	$34,153
Retired Members	
Average Age	68.6
Average Annual Benefit	$22,120

Total Membership	
Active	44,111
Retirees	37,145
Disability Retirees	2,554
Survivors	5,726
Terminated-Vested	4,162
Terminated-Nonvested	52,385
DROP Accrual	2,092

Members Retiring *During the Fiscal Year Ended June 30, 2013*

Years Credited by Service Category	5-10	10-15	15-20	20-25	25-30	30+	All Members
Average Monthly Benefit	$658	$1,022	$1,618	$1,978	$3,016	$3,763	$2,464
Final Average Compensation	$3,608	$3,498	$3,978	$4,509	$4,564	$5,075	$4,454
Number of Retirees	106	409	502	1,020	985	891	3,913

Location of LASERS Benefit Recipients[1]



Foreign Countries

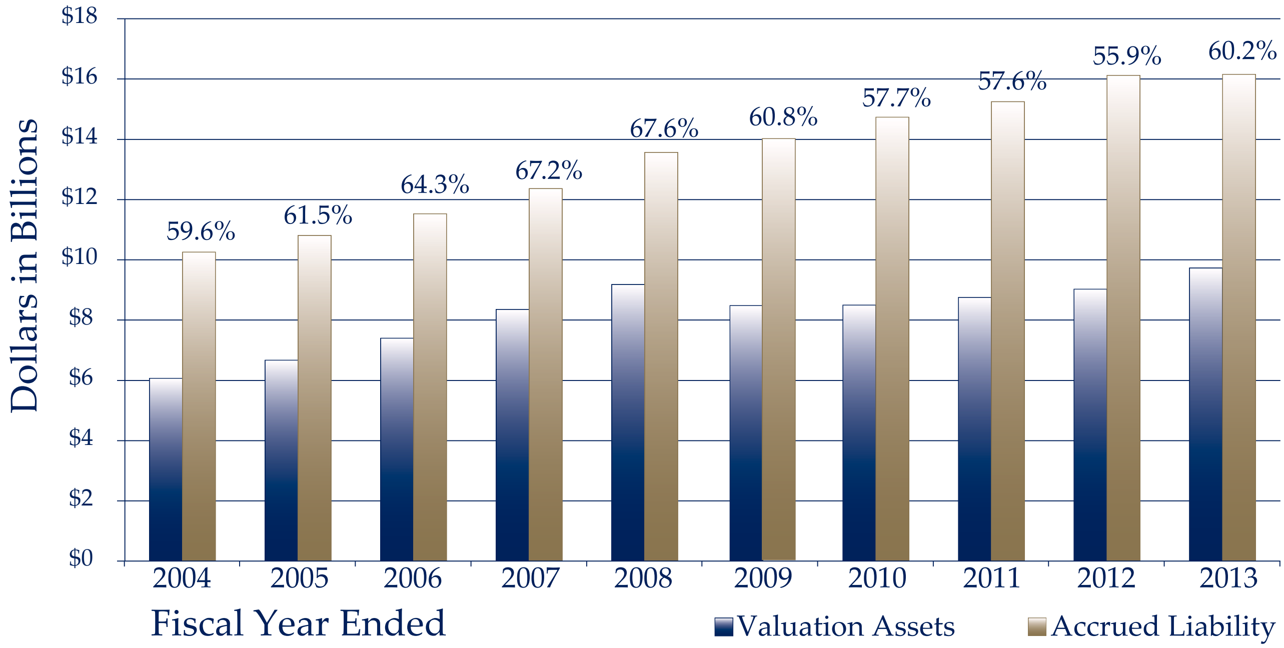
American Samoa	1
Australia	2
Canada	2
Colombia	1
France	1
Germany	1
Great Britain	1
Ireland	1
Korea	1
Mexico	1
Netherlands	1
Panama	1
Philippines	3
Sweden	1
Thailand	1
Virgin Islands	2
TOTAL	21

[1]Recipients include Regular, Disability and Survivor retirees

ACTUARIAL SUMMARY

Funding the Retirement Plan

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. Accrued liabilities are liabilities which have occurred, but have not been paid. A net investment experience gain, an experience gain from sources other than investment earnings, and a change in asset valuation method resulted in LASERS funding ratio increasing from 55.9% to 60.2% at the end of fiscal year 2013.



LEGISLATIVE UPDATE

During the 2013 Regular Session of the Louisiana Legislature, bills which would have made changes for current employees of LASERS, such as increasing the final average compensation period from 36 to 60 months and increasing employee contributions did not pass.

The Cash Balance Plan created in Act 483 of the 2012 session for members hired on or after July 1, 2013, was suspended by House Concurrent Resolution 2, until July 1, 2014. However, after the session ended, the Louisiana Supreme Court ruled in the case of *Retired State Employees Association, et al. v. State of Louisiana, et al.*, Docket No. 2013-CA-0499 (6/28/2013), that the Plan was not constitutional since it failed to receive a two-thirds vote of the legislature. The Plan is therefore invalidated.

Act 365, effective June 30, 2013, allows a member to upgrade their accrual rate on service transferred from another public retirement system. The member must pay the actuarial cost for the upgrade.

Act 376, effective June 15, 2013, eliminates the increase in insurance premiums for members who transferred to the Hazardous Duty Plan and retired in January 2012 from the Avoyelles Correctional Center.

HCR 108 requests retirement systems to report to the House and Senate Retirement Committees relative to the promulgation and distribution of forms regarding pension forfeiture.

HCSR 3 requests the House and Senate Retirement Committees to jointly study the conversion of annual and sick leave to retirement credit by members of state and statewide retirement systems and report findings to the legislature by December 1, 2013.

AWARDS

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, 2012. 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 fourteenth consecutive year that LASERS has received this award.

Public Pension Standards Award

LASERS received the Public Pension Coordinating Council's (PPCC) 2012 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 ninth 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

Location: 8401 United Plaza Blvd. • Baton Rouge, LA 70809

Mail: P.O. Box 44213 • Baton Rouge, LA 70804-4213

Phone: (toll-free) 800.256.3000 • (local) 225.922.0600

Web: www.lasersonline.org

The Louisiana State Employees' Retirement System (LASERS) distributed this document digitally.
No publication costs were incurred.