



# ENVISION the future

## 08 | Summary Annual Financial Report

For fiscal year ended June 30, 2008  
A component unit of the State of Louisiana

**LASERS**  
Louisiana State Employees'  
Retirement System

## 2008 Board of Trustees

(back, left to right)

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Louis Quinn

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(not pictured)

Sen. D. A. "Butch" Gautreaux

State Treasurer John Kennedy

Judge Trudy M. White



October 9, 2008

Dear Members:



**Cindy Rougeou**  
**Executive Director**

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, 2008. 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).

LASERS funding ratio has improved for the fourth consecutive year to 67.6%. Much of this can be attributed to higher contribution rates, legislative appropriations, and strong investment returns over the last several years. A volatile financial market caused by the credit crisis and fears of recession resulted in a 3.8% loss in market value for our investment portfolio for the past year. However, actuarially LASERS achieved a rate of return of 8.49% which was above our target rate of return of 8.25%.

Our most recent achievement was the completion in March of the last major phase of our new pension administration system, the State of Louisiana Retirement Information System or SOLARIS. An active member Internet module and enhanced employer reporting features are scheduled for later this year.

The 2008 Regular Legislative Session resulted in a 3% cost-of-living adjustment (COLA) for eligible LASERS retirees and beneficiaries funded by excess investment returns. Details on additional pieces of legislation can be found in the Legislative Update section of this report.

We look forward to providing you with outstanding and continuously improving services during the next year. Although the financial markets are currently in a state of flux, LASERS is a long-term investor with well diversified assets and expects to weather the storm safely as it has in previous cyclical markets. I will continue to work with legislators, the Board of Trustees, and staff to protect and promote the interests of LASERS.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Rougeou", written over a light blue horizontal line.

**Cindy Rougeou**  
**Executive Director**

# 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 as of the end of the fiscal year.*

	<u>As of June 30, 2008</u>	<u>As of June 30, 2007</u>	<u>Amount of Change</u>	<u>Percent Change</u>
Cash	\$ 90,020,187	\$ 67,611,116	\$ 22,409,071	33.14%
Receivables	105,237,613	96,251,325	8,986,288	9.34%
Investments	8,784,261,024	9,230,537,180	(446,276,156)	-4.83%
Securities Lending Collateral	1,786,521,801	1,166,777,371	619,744,430	53.12%
Capital Assets	14,839,316	13,579,901	1,259,415	9.27%
<b>Total Assets</b>	<b>10,780,879,941</b>	<b>10,574,756,893</b>	<b>206,123,048</b>	<b>1.95%</b>
Accounts Payable & Other Liabilities	36,470,348	56,831,952	(20,361,604)	-35.83%
Securities Lending Collateral	1,786,521,801	1,166,777,371	619,744,430	53.12%
<b>Total Liabilities</b>	<b>1,822,992,149</b>	<b>1,223,609,323</b>	<b>599,382,826</b>	<b>48.98%</b>
<b>Net Assets Held in Trust</b>	<b>\$ 8,957,887,792</b>	<b>\$ 9,351,147,570</b>	<b>\$ (393,259,778)</b>	<b>-4.21%</b>

### Summary Comparative Statements of Changes in Plan Net Assets

*The Statements of Changes in Plan Net Assets summarizes the flow of money in and out of the fund throughout the fiscal year.*

	<u>Year Ended June 30, 2008</u>	<u>Year Ended June 30, 2007</u>	<u>Amount of Change</u>	<u>Percent Change</u>
Employer Contributions	\$ 505,678,953	\$ 416,329,361	\$ 89,349,592	21.46%
Employee Contributions	192,412,444	167,957,870	24,454,574	14.56%
Legislative Appropriations	20,000,000	-	20,000,000	100.00%
Net Investment Income (Loss)	(357,063,270)	1,473,499,193	(1,830,562,463)	-124.23%
Other Income	16,507,453	12,285,284	4,222,169	34.37%
<b>Total Additions</b>	<b>377,535,580</b>	<b>2,070,071,708</b>	<b>(1,692,536,128)</b>	<b>-81.76%</b>
Benefit Payments	718,303,319	673,617,033	44,686,286	6.63%
Refund of Contributions	32,149,383	38,030,600	(5,881,217)	-15.46%
Administrative Expense	20,342,656	15,784,051	4,558,605	28.88%
<b>Total Deductions</b>	<b>770,795,358</b>	<b>727,431,684</b>	<b>43,363,674</b>	<b>5.96%</b>
<b>Net Increase (Decrease)</b>	<b>(393,259,778)</b>	<b>1,342,640,024</b>	<b>(1,735,899,802)</b>	<b>-129.29%</b>
<b>Net Assets Beginning of Year</b>	<b>9,351,147,570</b>	<b>8,008,507,546</b>	<b>1,342,640,024</b>	<b>16.77%</b>
<b>Net Assets End of Year</b>	<b>\$ 8,957,887,792</b>	<b>\$ 9,351,147,570</b>	<b>\$ (393,259,778)</b>	<b>-4.21%</b>



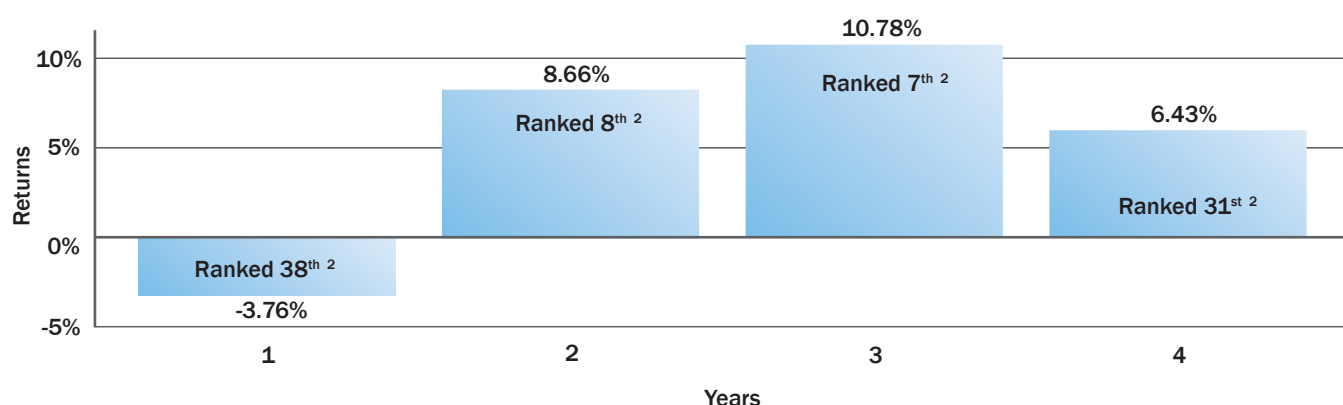
# INVESTMENT

## Performance

LASERS experienced a negative 3.8% market return for fiscal year ending June 30, 2008. Our Investment portfolio is allocated for the long term and achieved a five-year return of 10.78% which ranked seventh among its peers. The charts illustrate our investment returns and asset allocations.

### LASERS Fund Investment Returns<sup>1</sup> (Annualized)

As of June 30, 2008

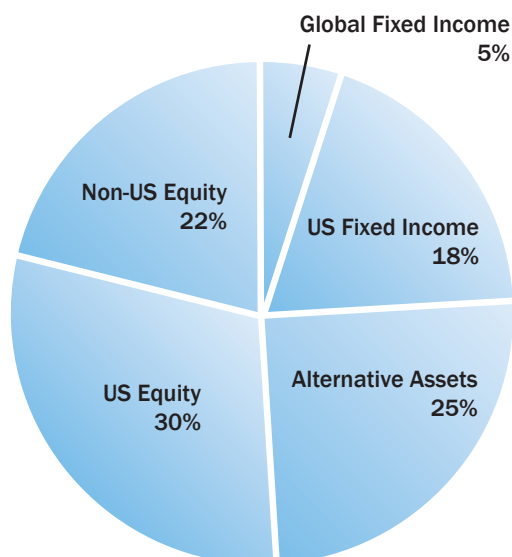


<sup>1</sup> Performance is gross of fees.

<sup>2</sup> LASERS rankings as compared to 178 public pension funds, including LASERS in the Independent Consultants Cooperative (ICC) Universe. Public pension funds in the ICC Universe total \$728 billion.

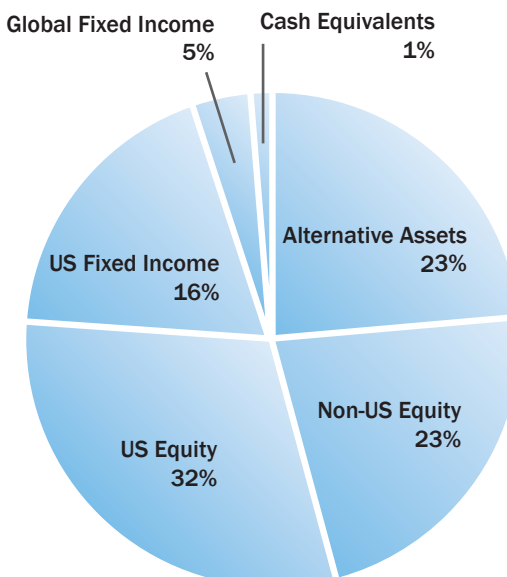
### Target Asset Allocation

As of June 30, 2008



### Asset Allocation at Market Value

As of June 30, 2008

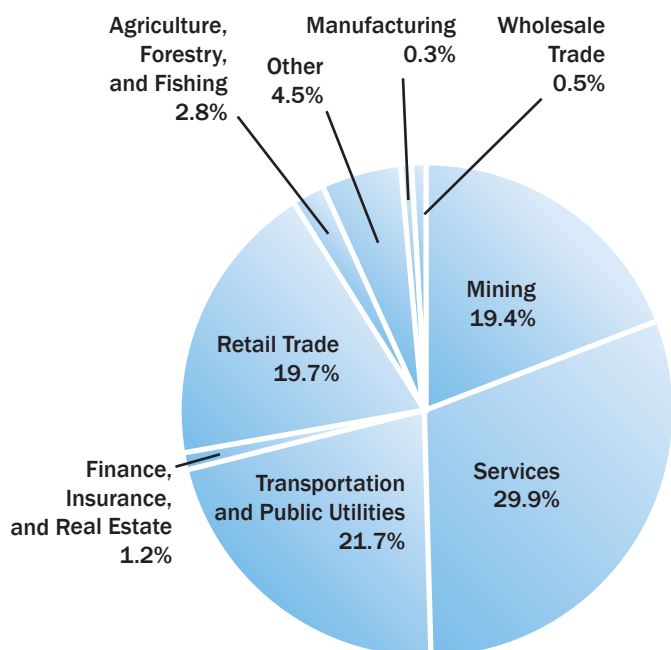




# LASERS INVESTS

## in Louisiana

LASERS is proud to support Louisiana by investing in companies that impact the local economy. For the fiscal year ending June 2008, LASERS invested more than \$100 million in Louisiana stocks, bonds, and private equity. The following chart illustrates the many Louisiana industries in which LASERS has investments.



Agriculture, Forestry, and Fishing	\$	2,901,097
Finance, Insurance, and Real Estate		1,213,210
Manufacturing		337,686
Mining		19,815,579
Retail Trade		20,157,500
Services		30,571,989
Transportation and Public Utilities		22,257,656
Wholesale Trade		532,800
Other		4,589,695

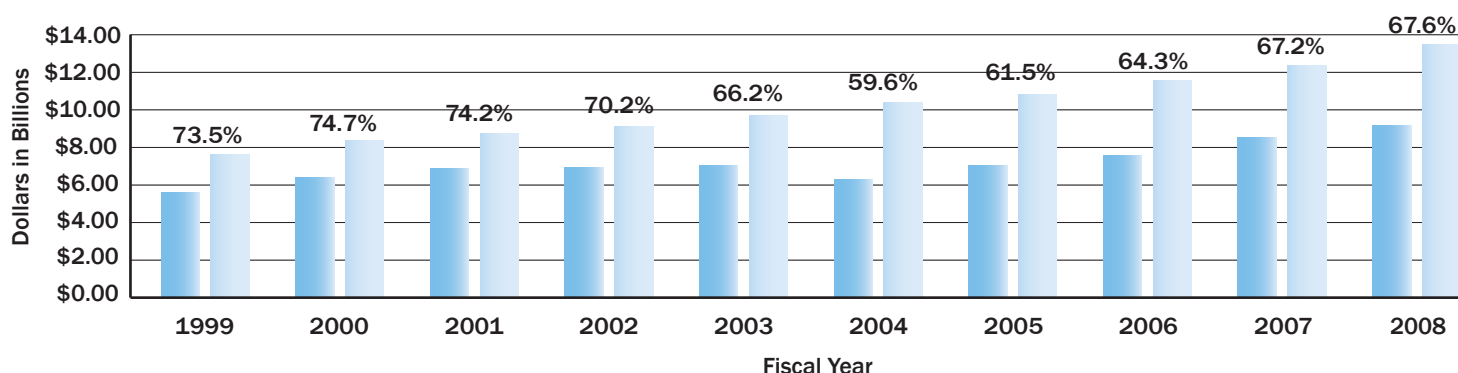
<b>Total</b>		<b><u><u>\$102,377,212</u></u></b>
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# ACTUARIAL Summary

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. LASERS was 67.6% funded at the end of fiscal year 2008.

## Funding the Retirement Plan

Valuation Assets    Accrued Liabilities



# MEMBERSHIP Summary

## Member SnapShot

June 30, 2008 Actuarial Valuation

### Active Members

Average Age	44.3
Average Years of Service	10.1
Average Annual Salary	\$39,218

### Retired Members

Average Age	68.0
Average Annual Benefit	\$19,275

### Total Membership

Active	61,780
Retired	40,218
Terminated-Vested	1,824
Terminated-Nonvested	47,828

## Members Retiring

During the Fiscal Year Ended June 30, 2008

Years Credited by Service Category	Average Monthly Benefit	Final Average Compensation	Number of Retirees
<5	\$ 500	\$ 7,761	1
5-10	787	2,849	20
10-15	851	2,938	231
15-20	1,372	3,363	216
20-25	1,845	3,445	243
25-30	2,514	3,700	442
30+	3,396	4,193	326
All Members	2,151	3,590	1,479



# LEGISLATIVE Update

The LASERS Board of Trustees was pleased to recommend to the Louisiana Legislature that a 3% cost-of-living adjustment be approved for eligible LASERS retirees and beneficiaries. **HCR 2** of the 2008 Regular Session was unanimously approved by both houses of the Legislature and was effective on July 1, 2008. To be eligible for the cost-of-living increase, benefits must have been received for at least one year, and the retiree shall have attained or would have attained at least age fifty-five prior to July 1. A disability retiree or his beneficiary is eligible for a cost-of-living increase only if the system has paid a benefit to or on behalf of the retiree for at least one year prior to July 1, regardless of the age the retiree has attained or would have attained.

Pursuant to **Act 260** of the 2008 Regular Session, if a LASERS retiree has named a beneficiary and if that beneficiary dies before the retiree, then the retiree may have their own benefit increased to their maximum benefit as of the first day of the month following the beneficiary's death. Before Act 260, this "pop up" to the maximum could only go back to the date that LASERS was notified of the beneficiary's death. The retiree must officially notify LASERS to receive this increase.

**Act 259** of the 2008 Regular Session clarifies the ten years at age 60 eligibility in the Corrections Secondary Component Plan. This eligibility was previously recognized by an Attorney General opinion.

**Act 262** of the 2008 Regular Session changes the accrual rate for Act 75 of 2005 disability retirees from 1.8% to 2.5%.

**Act 714** of the 2008 Regular Session would make the Self-Directed Plan (SDP) for DROP participants in LASERS optional. At the earliest, this Act will be effective on July 1, 2009. In the interim, LASERS, as instructed by the legislation, has filed suit for declaratory judgment asking the courts to review an earlier Attorney General's opinion dealing with DROP funds.

**Act 740** of the 2008 Regular Session provides for 25 years at any age retirement eligibility for enforcement personnel in the Department of Revenue's Alcohol and Tobacco Control Office and adjusted the mechanism for funding of benefits for enforcement officers.

**Act 7** of the 2008 Second Extraordinary Session appropriated \$20 million to help pay the LASERS Unfunded Accrued Liability.



# The LASERS Vision

*To improve the quality of life  
of LASERS members and their  
families by increasing their  
financial security.*

## 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, 2007. 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 ninth consecutive year that LASERS has received this award.

## Public Pension Standards Award

LASERS received the Public Pension Coordinating Council's (PPCC) 2007 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 fourth consecutive year.

# LASERS

## Contact Information

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