

2009-2010

Summary Annual Financial Report

For fiscal year ended June 30, 2010

a Bridge *to the*
Future



LASERS
Louisiana State Employees'
Retirement System

Louisiana State Employees' Retirement System
A component unit of the State of Louisiana

Letter of Transmittal

October 8, 2010

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, 2010. 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.

This year the improved economic environment helped our investment returns recover from last year's unprecedented market volatility. LASERS investment portfolio experienced a 16.1% gain in market value. Actuarially this equates to a gain of 2.21% which was below our target of 8.25%. Also, our funded ratio decreased to 57.7%. I would like to emphasize that LASERS is a long-term investor, relying on a broad actuarial analysis, which takes into account the prior three 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, and global tactical asset allocation. This spring, the Board changed the plan's asset allocation by decreasing international large cap equity and high yield fixed income exposure by 2% and 3%, respectively, and increasing exposure to private equity by 2%, as well as adding a 3% allocation to real assets. Despite recent 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



2010 Board of Trustees

(back, left to right)

Janice Lansing
Charles Castille (Chair)
Susan Pappan
Barbara McManus
Lori Pierce

(front, left to right)

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

(not pictured)

Sheryl Ranatza
State Treasurer John Kennedy
Rep. Kevin Pearson

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.

	JUNE 30, 2010	JUNE 30, 2009	AMOUNT OF CHANGE	PERCENT CHANGE
Cash and Cash Equivalents	\$ 84,434,055	\$ 93,768,308	\$ (9,334,253)	-9.95%
Receivables	89,990,919	164,801,135	(74,810,216)	-45.39%
Investments	7,960,987,417	6,985,993,117	974,994,300	13.96%
Securities Lending Cash Collateral Held	717,218,874	869,609,079	(152,390,205)	-17.52%
Capital Assets	11,189,902	13,110,842	(1,920,940)	-14.65%
Total Assets	8,863,821,167	8,127,282,481	736,538,686	9.06%
Accounts Payable & Other Liabilities	34,270,764	65,630,959	(31,360,195)	-47.78%
Securities Lending Obligations	765,007,354	961,318,135	(196,310,781)	-20.42%
Total Liabilities	799,278,118	1,026,949,094	(227,670,976)	-22.17%
Net Assets Held in Trust	\$ 8,064,543,049	\$ 7,100,333,387	\$ 964,209,662	13.58%

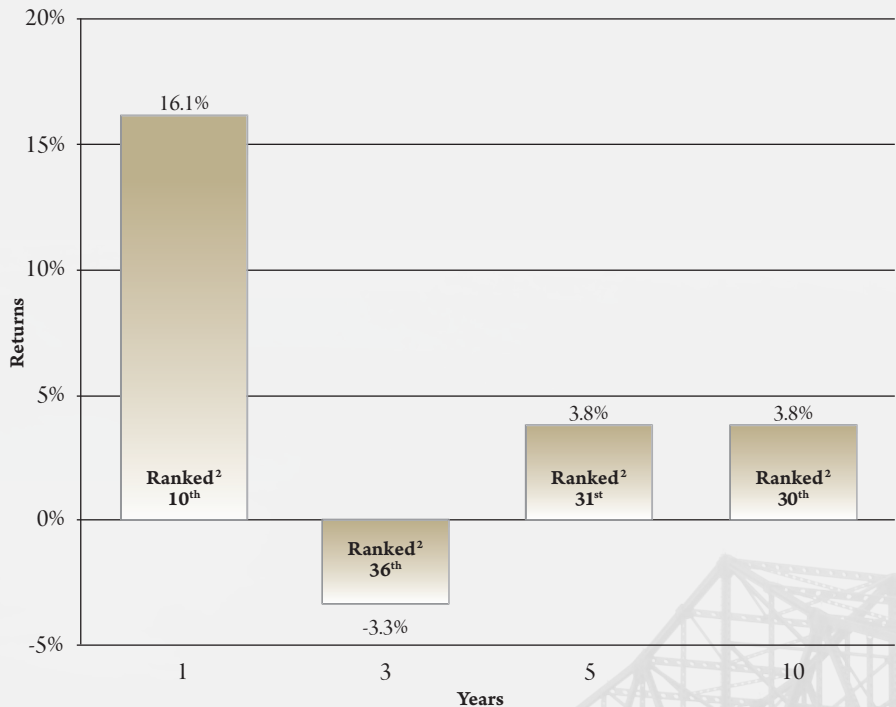
Summary Comparative Statements of Changes in Plan Net Assets

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

	JUNE 30, 2010	JUNE 30, 2009	AMOUNT OF CHANGE	PERCENT CHANGE
Employer Contributions	\$ 490,701,310	\$ 486,583,512	\$ 4,117,798	0.85%
Member Contributions	205,328,033	203,050,933	2,277,100	1.12%
Net Investment Income (Loss)	1,139,301,483	(1,739,762,198)	2,879,063,681	165.49%
Other Income	12,689,994	13,919,576	(1,229,582)	-8.83%
Total Additions (Reductions)	1,848,020,820	(1,036,208,177)	2,884,228,997	278.34%
Retirement Benefits	829,236,652	771,408,255	57,828,397	7.50%
Refunds and Transfers of Contributions	35,676,509	30,314,007	5,362,502	17.69%
Administrative Expense	16,763,434	17,593,089	(829,655)	-4.72%
Depreciation Expense	2,134,563	2,030,877	103,686	5.11%
Total Deductions	883,811,158	821,346,228	62,464,930	7.61%
Net Increase (Decrease)	964,209,662	(1,857,554,405)	2,821,764,067	151.91%
Net Assets Beginning of Year	7,100,333,387	8,957,887,792	(1,857,554,405)	-20.74%
Net Assets End of Year	\$ 8,064,543,049	\$ 7,100,333,387	\$ 964,209,662	13.58%

LASERS Annualized Investment Returns¹ As of June 30, 2010

This year, the improved economic environment facilitated our investment returns recovery from last year's unprecedented market volatility. LASERS experienced a 16.1% gain in market value of investment assets for the year ended June 30, 2010, ranking in the tenth percentile among its peers. 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 seasoned professionals, and the investment portfolio is allocated to stabilize long-term returns. The charts illustrate our investment returns and asset allocations.

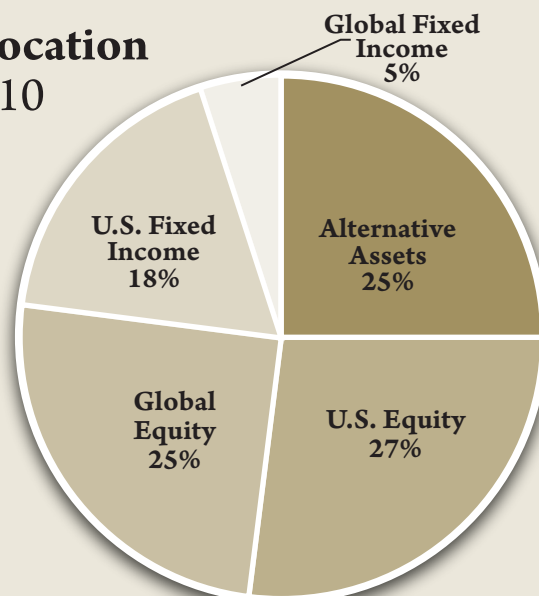


¹ Performance is gross of fees.

² LASERS rankings are in percentiles when compared to 63 large public pension funds that have over \$1 billion in assets in the Trust Universe Comparison Service (TUCS).

Asset Allocation

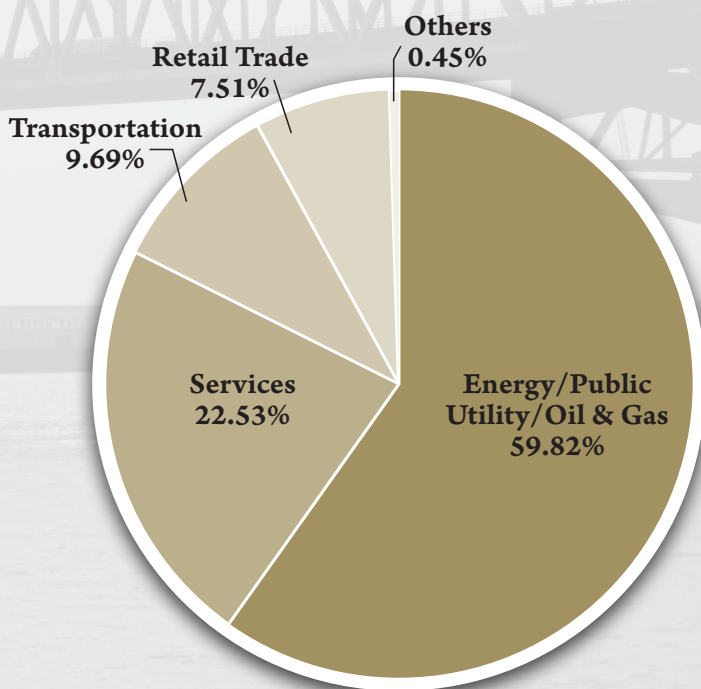
Target Asset Allocation As of June 30, 2010



LASERS *Invests in* LOUISIANA

LASERS is proud to support Louisiana by investing in companies that impact local economies. For the fiscal year ending June 2010, LASERS invested more than

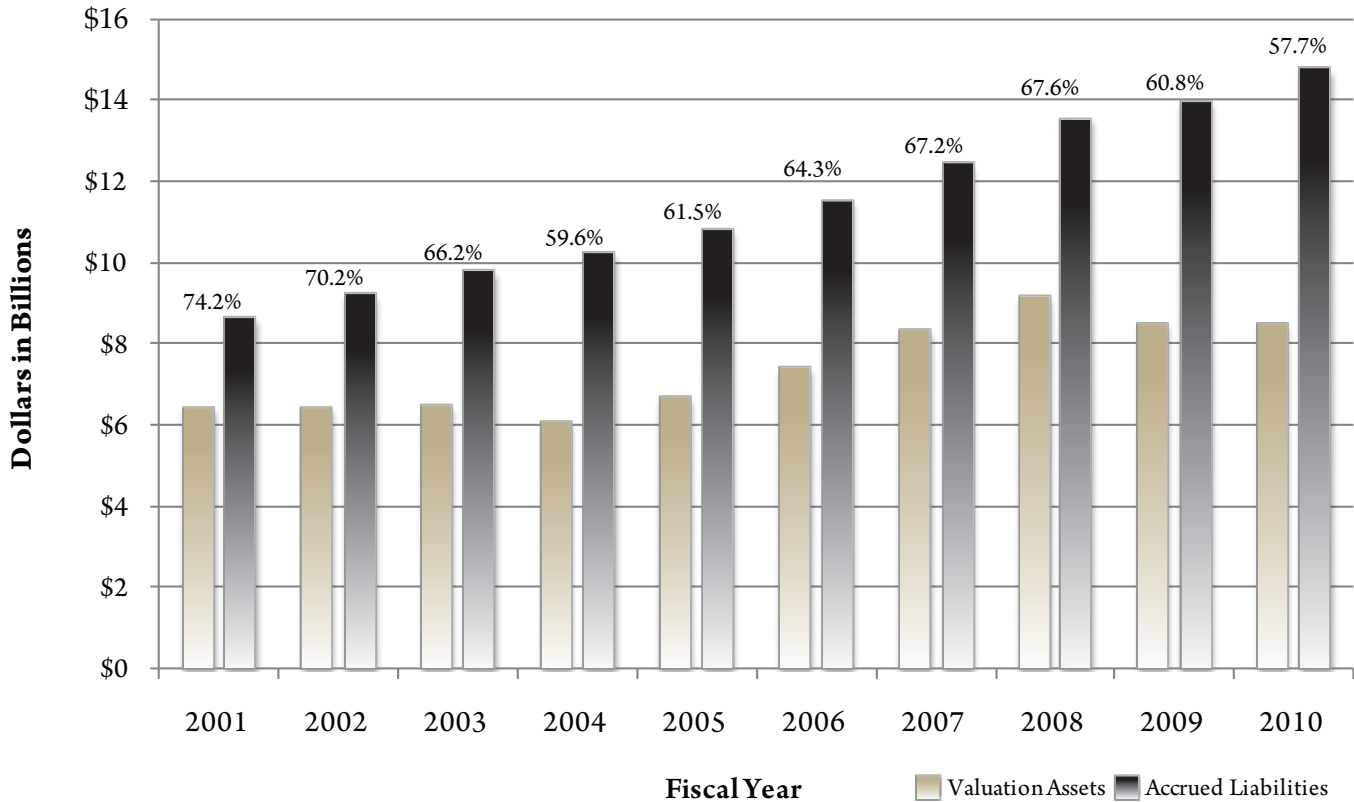
\$230 million in Louisiana stocks, bonds, and private equity. The following chart illustrates the Louisiana industries in which LASERS has investments.



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. The

smoothing effect of the prior four years' gains or losses on returns on investments had a negative impact on LASERS funded ratio resulting in a 3.1% decrease to 57.7% at the end of fiscal year 2010. The overall increase in valuation assets during fiscal year 2010 was .15%.



Membership Summary

Membership Snapshot

June 30, 2010 Actuarial Valuation

Active Members	
Average Age	44.9
Average Years of Service	10.5
Average Annual Salary	\$42,982
Retired Members	
Average Age	68.3
Average Annual Benefit	\$20,280
Total Membership	
Active	58,881
Retirees	31,086
Disability Retirees	2,603
Survivors	5,696
Terminated-Vested	1,981
Terminated-Nonvested	50,842
DROP Participants	2,629

Members Retiring

During the Fiscal Year Ended June 30, 2010

Years Credited by Service Category	Average Monthly Benefit	Final Average Compensation	Number of Retirees
<5	\$ 1,655	\$ 4,134	1
5-10	3,143	3,824	5
10-15	933	3,256	300
15-20	1,523	3,674	265
20-25	1,849	3,823	345
25-30	2,530	3,806	534
30+	3,249	4,222	674
All Members	2,298	3,855	2,124

The LASERS Board of Trustees sponsored four bills during the 2010 regular legislative session, and vigorously responded to 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 Sponsored Bills

Act 94, effective July 1, 2010, clarifies that a 9.5% employee contribution rate applies for the Sergeants-at-Arms of House and Senate, the Clerk of the House, and Secretary of the Senate.

Act 95, effective July 1, 2010, clarifies the definition of "accumulated contributions" to include all amounts paid by a member excluding interest paid on the repayment of a refund.

Act 99, effective July 1, 2010, clarifies the method of calculation of 20-year actuarially reduced retirement for members who are in state service versus out of state service.

Act 102, effective July 1, 2010, makes changes requested by the Board to conform to Internal Revenue Code requirements.

Bills Affecting LASERS

Act 634, effective July 1, 2010, allows garnishment of Louisiana public retirement pension benefits of an elected official or other public employee to pay fines or restitution imposed for a felony associated with his position that is committed on or after July 1, 2010.

Act 874, effective July 1, 2010, requires the Public Retirement Systems' Actuarial Committee (PRSAC) to meet between January 1 and the last Monday in February to establish employer contribution rates and requires reports to the Joint Legislative Committee on the Budget.

Act 951, effective August 15, 2010, allows benefits payable to children who are beneficiaries of deceased LASERS retirees to be paid into a trust.

Act 992, effective January 1, 2011, changes the benefit structure for LASERS members hired after January 1, 2011. It will result in three plans: rank and file, hazardous duty, and judges. Rank and file will include members who currently have specialty plans, other than judges. Rank and file members will have:

- 5 years at age 60 retirement eligibility
- 20 years at any age retirement eligibility, with a reduced benefit
- 60 month final average compensation
- 8% employee contribution rate

Employees in hazardous duty positions will receive a 3.33% accrual rate and pay a 9.5% contribution rate. Existing employees will have the option to transition to the new plan. Judges will receive a 3.5% accrual rate and pay a 13.0% contribution rate.

Act 1004, effective July 1, 2010, amends the "prudent man" standard to require various considerations before investments are made, and mandates quarterly reports to be electronically submitted to the legislative retirement committees.

Act 1010, effective June 30, 2010, provides for compliance with USERRA relative to military service credit.

Act 1026, effective July 1, 2010, requires calculation of normal cost of retirement benefits to be segregated by subgroups of members and changes in liability to be attributed to each subgroup so that employer contributions are individualized, beginning with fiscal year 2011-12.

Act 1048, offers a constitutional amendment which would require a 2/3 vote of the Legislature to enact any changes to public retirement provisions having an actuarial cost if approved by the voters on the November 2, 2010, ballot.

Awards

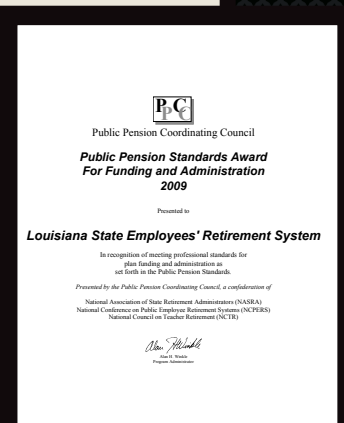


GFOA Award

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, 2009. 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 eleventh consecutive year that LASERS has received this award.

Public Pension Standards Award

LASERS received the Public Pension Coordinating Council's (PPCC) 2009 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 sixth consecutive year.



LASERS

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The LASERS Vision

Confidence in our service, assuring financial security for your future

The LASERS Mission

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

LASERS Core Values

Highest Ethical Standards
Integrity Prudent Management

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