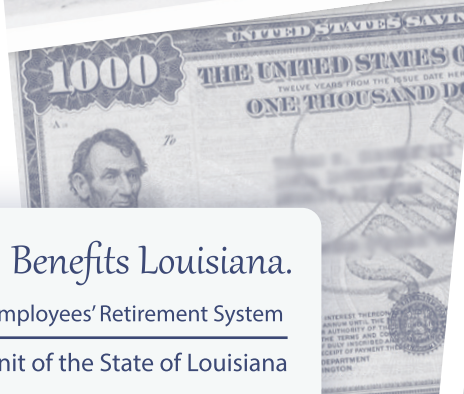




2021 Summary Annual Financial Report

For Fiscal Years Ended June 30, 2021 & 2020



LASERS Benefits Louisiana.
Louisiana State Employees' Retirement System
A component unit of the State of Louisiana

Letter of Transmittal

October 21, 2021

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, 2021. This report provides information derived from our *Comprehensive Annual Financial Report* (Annual Report) on the financial status of your retirement system, while highlighting changes that occurred during the year. The Annual Report, prepared in accordance with generally accepted accounting principles, provides information that is more detailed. It is available on our website at www.lasersonline.org.

Although the COVID-19 global pandemic continues to impact the economy and cause market volatility, financial markets have improved dramatically. The 2020-2021 fiscal year saw growing expectations for a return to pre-pandemic normalcy due to stronger-than-expected economic data, vaccine optimism, and stimulus tailwinds. During this fiscal year, the System benefited from both global market improvements as well as the asset allocation changes that were adopted by the Board of Trustees in October 2020. Your retirement system achieved gains despite market volatility brought on by the pandemic. Over the last decade, we have added \$5.2 billion to our Net Position Restricted for Pensions, which exceeds \$14.7 billion. We have also improved our funded ratio by 5.8%, which is now 66.0%. For the year ending June 30, 2021, LASERS investment portfolio realized a gross-of-fees, time-weighted rate of return on investment assets of 35.6% which is the highest in the System's 75-year



Cindy Rougeou
Executive Director

history. The plan earned a gross-of-fees, annualized return of 11.5% for the five-year period, 8.0% for the seven-year period, and 8.7% for the ten-year period. Actuarially, this equates to a gain of 10.0%, which was above our target of 7.4%. I would like to emphasize that LASERS is a long-term investor, relying on broad actuarial analysis. Our thirty-year compounded average return on the actuarial value of assets, net of investment expenses, is 7.6%.

Despite the ongoing pandemic, our staff began transitioning back into the office in the fall of 2020 and the gradual return to in-person appointments was initiated. Our customer service department continues to offer phone and video counseling through Microsoft Teams, in addition to in-office appointments and walk-in visitors. Also in December 2020 we launched a new custom member portal (myLASERS). This new online account management tool provides enhanced security and new features such as e-forms and document uploads, application tracking, and communication options with LASERS.

As we celebrate our 75th anniversary and look toward the future, we will continue to fine-tune our investment strategies to make every investment dollar count and to minimize employer contributions. Also, we will look to develop innovative programs to improve the value of the services provided to our members. LASERS success is critical to working families and retirees across the state. *LASERS Benefits Louisiana.*

Sincerely,

Cindy Rougeou
Executive Director

2021 Board of Trustees



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Elected Active Member



Barbara McManus
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on Retirement



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Financial Statements

Although the COVID-19 global pandemic continues to impact the economy and cause market volatility, financial markets have improved dramatically. The increase in fiduciary net position in the current year over the prior two years can be attributed to global market improvements caused by stronger than expected economic data, vaccine optimism, and stimulus tailwinds. Retirement benefits increased because of an increase in the number of retirees and the

higher average benefit of newer retirees. *The Statements of Fiduciary Net Position* present LASERS financial position as of June 30, 2021, 2020, and 2019 by reporting the System's assets, liabilities, and resultant net position restricted for the payment of pension benefits. *The Statements of Changes in Fiduciary Net Position* summarize LASERS results of operations for the same periods by reporting the additions to and deductions from fiduciary net position.

Condensed Comparative Statements of Fiduciary Net Position

	2021	2020	2019
Cash and Cash Equivalents	\$ 148,590,579	\$ 139,023,019	\$ 134,308,012
Receivables	188,827,426	171,926,994	166,913,609
Investments	14,523,879,752	11,218,189,209	12,078,004,681
Securities Lending Cash Collateral ¹	967,315,754	1,079,839,165	1,350,818,807
Capital Assets	5,954,546	6,217,506	5,853,457
Total Assets	\$ 15,834,568,057	\$ 12,615,195,893	\$ 13,735,898,566
Deferred Outflows of Resources	1,964,402	1,075,248	533,161
Accounts Payable & Other Liabilities	150,559,064	112,421,630	101,259,571
Securities Lending Obligations ¹	967,309,307	1,079,832,536	1,350,756,954
Total Liabilities	\$ 1,117,868,371	\$ 1,192,254,166	\$ 1,452,016,525
Deferred Inflows of Resources	2,319,321	3,306,080	1,716,211
Net Position Restricted for Pensions	\$ 14,716,344,767	\$ 11,420,710,895	\$ 12,282,698,991

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2021	2020	2019
Employer Contributions	\$ 853,214,442	\$ 854,117,785	\$ 769,629,768
Employee Contributions	166,954,560	164,576,018	160,338,556
Net Investment Income (Loss)	3,703,593,259	(480,573,814)	452,914,317
Other Income	14,556,140	15,955,512	13,052,134
Total Additions	\$ 4,738,318,401	\$ 554,075,501	\$ 1,395,934,775
Retirement Benefits	1,394,914,135	1,368,004,318	1,343,892,705
Refunds and Transfers of Contributions	30,305,050	30,447,178	34,948,707
Administrative Expenses	16,606,586	16,749,257	16,785,776
Other Postemployment Benefit Expenses	89,651	42,750	538,097
Depreciation and Amortization Expenses	769,107	820,094	783,617
Total Deductions	\$ 1,442,684,529	\$ 1,416,063,597	\$ 1,396,948,902
Net Increase (Decrease)	3,295,633,872	(861,988,096)	(1,014,127)
Net Position Beginning of Year	11,420,710,895	12,282,698,991	12,283,713,118
Net Position End of Year	\$ 14,716,344,767	\$ 11,420,710,895	\$ 12,282,698,991

¹Securities 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.

Investment Performance

Following a year of unprecedented market volatility and swift actions from both the U.S. Federal Reserve along with world-wide central banks, the 2020-2021 fiscal year saw an outstanding recovery. At the start of the fiscal year, modest upticks were seen in economic activity, although it remained well below pre-pandemic levels, and economic uncertainty along with heightened volatility across capital markets lingered. In the U.S., the Federal Reserve's policy shift of seeking to achieve average inflation of two percent caused inflation expectations to rise and the yield curve to steepen. By the end of 2020, clarity around the U.S. Presidential election and positive vaccine news led to strong broad-based performance. Going into 2021, expectation of a return to pre-pandemic normalcy was growing due to stronger-than-expected economic data, vaccine optimism, and stimulus tailwinds, prompting higher growth and inflation expectations. The fiscal year ended with some volatility due to concerns about the spread of the Delta variant, although markets posted impressive double-digit returns in nearly every asset class. LASERS earned a 35.6% gross-of-feesⁱ,

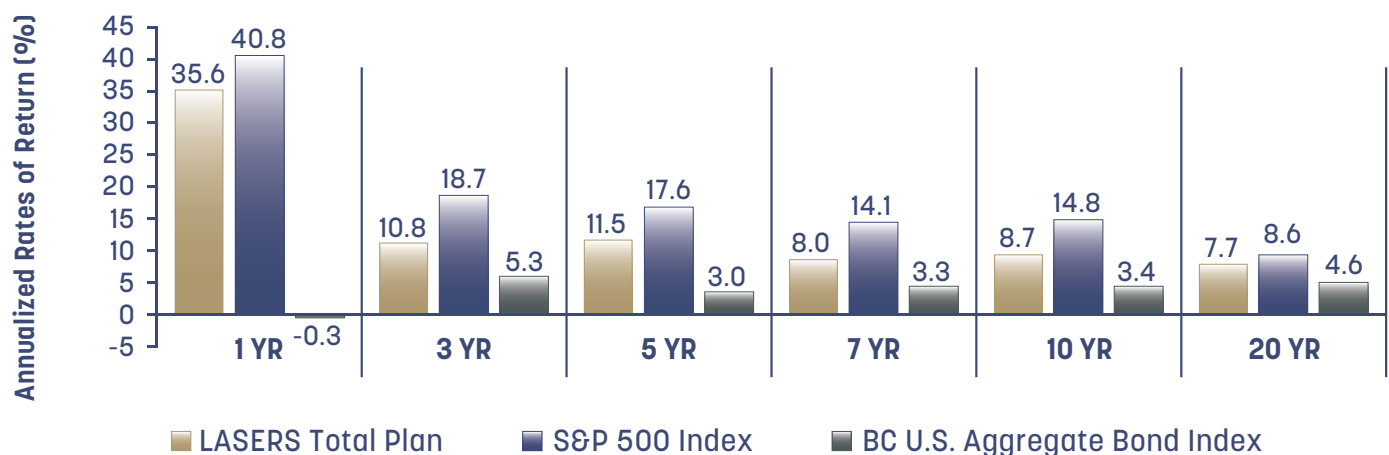
time-weighted return on investments for the fiscal year ended June 30, 2021. As a result, the total gross-of-fee investment value of the fund as of June 30, 2021 exceeded \$13.9 billion. This is the Plan's highest ever fiscal year-end return, and places LASERS in the top second percentile for the one-year period, as compared to other public pension plans with market values greater than \$1 billion in the Wilshire Trust Universe Comparison Service (TUCS)ⁱⁱ.

Longer-term annualized rates of return are 11.5% for the five-year period, 8.0% for the seven-year period, and 8.7% for the ten-year period. As always, LASERS maintains its commitment to a broadly diversified portfolio and seeks to achieve results greater than its actuarial discount rate of return of 7.4% with the least possible amount of risk. Carefully underwritten and conservative assumptions for future expected returns have been adopted, and the investment portfolio is structured to optimize the risk/return trade-off. The charts illustrate our investment returns and asset allocations.

Annualized Investment Returnsⁱⁱⁱ

As of June 30, 2021

Years	1	3	5	7	10	20
LASERS Total Plan	35.6%	10.8%	11.5%	8.0%	8.7%	7.7%
S&P 500 Index	40.8%	18.7%	17.6%	14.1%	14.8%	8.6%
BC U.S. Aggregate Bond Index ⁱⁱⁱⁱ	-0.3%	5.3%	3.0%	3.3%	3.4%	4.6%



ⁱLASERS custodian bank serves as book of record and calculates investment performance on behalf of the Plan.

ⁱⁱBased on Wilshire's TUCS Rankings dated August 19, 2021.

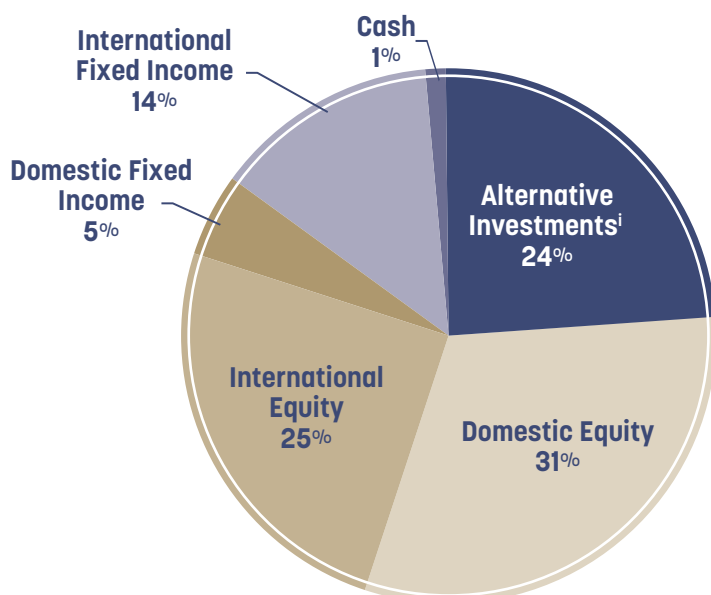
ⁱⁱⁱInvestment Performance calculated for periods over one year use monthly returns geometrically linked to calculate annualized "time-weighted" rates of return. All returns presented are calculated gross-of-fees one quarter in arrears. Investment Performance does not include Self-Directed Plan and Optional Retirement Plan funds.

ⁱⁱⁱⁱBarclays Capital U.S. Aggregate Bond Index is a commonly used index for measuring the performance of the US bond market.

LASERS Invests in Louisiana

LASERS supports Louisiana by investing in companies that impact local economies. For the fiscal year ended June 30, 2021, LASERS invested approximately \$380 million in Louisiana stocks, bonds, and private markets. The table below illustrates the top ten companies headquartered in Louisiana in which LASERS invests.

Company	Louisiana Headquarters	Market Value
 Bernhard	New Orleans	\$ 17,470,707
 EPIC	Baton Rouge	\$ 14,652,457
 Brown & Root	Baton Rouge	\$ 7,713,691
 The Lemoine Company	Lafayette	\$ 6,591,922
 LAMAR	Baton Rouge	\$ 2,778,581
 LUMEN	Monroe	\$ 2,584,261
 NATIONAL WATER INFRASTRUCTURE	Prairieville	\$ 2,461,395
 amedisys	Baton Rouge	\$ 2,057,412
 LHC GROUP	Lafayette	\$ 1,642,132
 Entergy	New Orleans	\$ 1,433,441



Asset Allocation

As of June 30, 2021

Asset Class	Target	Actual
Cash	1%	1%
Domestic Equity	31%	31%
International Equity	23%	25%
Domestic Fixed Income	3%	5%
International Fixed Income	18%	14%
Alternative Investments	24%	24%
Total	100%	100%

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

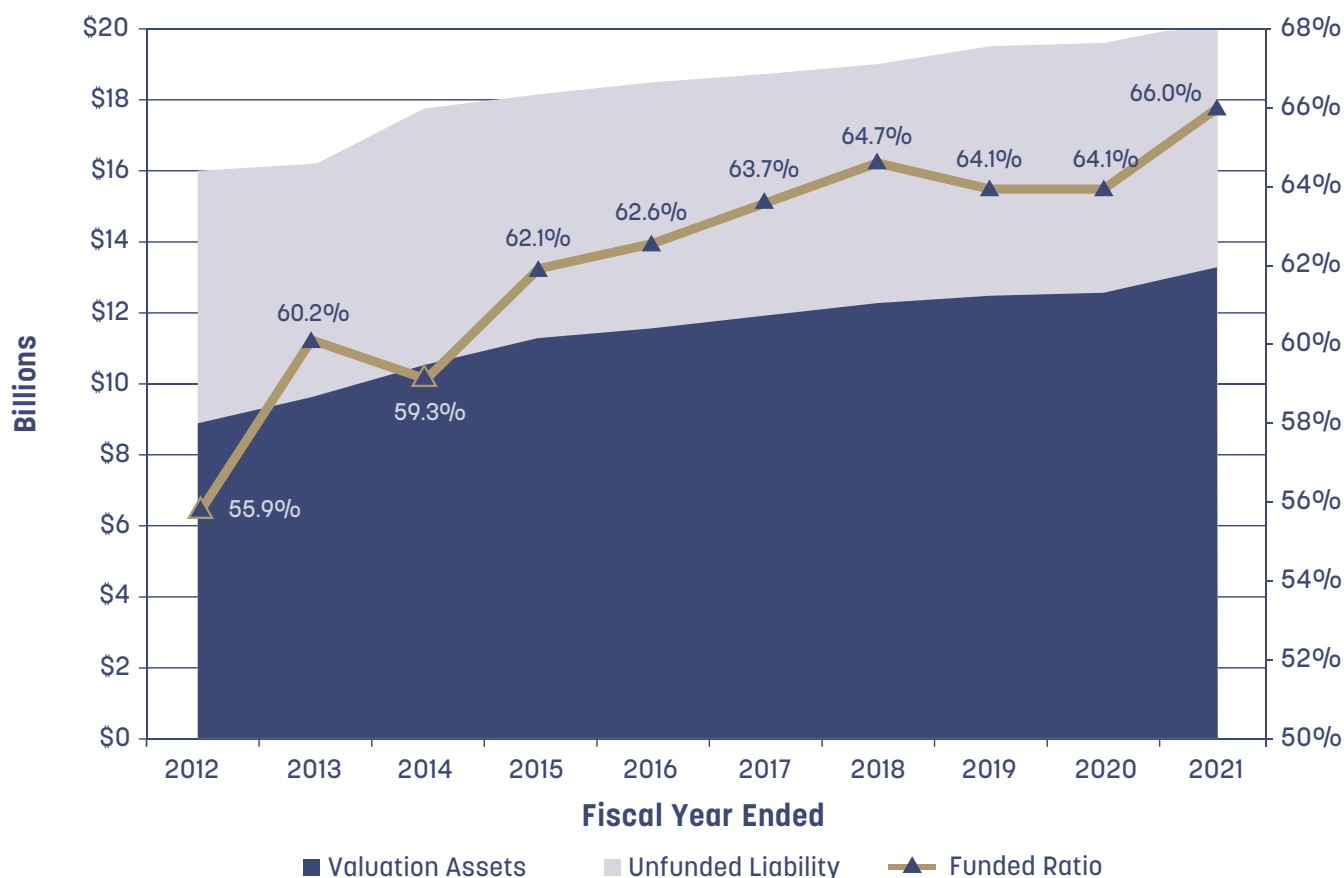
Actuarial Summary

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. Accrued liabilities are liabilities which have occurred, but have not been paid. For fiscal year ending 2021, our funding ratio increased to 66.0% and the System's unfunded actuarial accrued liability decreased to \$6.9 billion, primarily a result of amortization payments, an investment experience gain, and an employer contribution surplus.

The funded ratio is measured by the plans valuation assets divided by the total actuarial accrued liability. The ratio is a measure for evaluating the sufficiency of plan assets to cover the estimated cost of the plan's obligations.

Over the last decade, LASERS has reduced the discount rate from 8.25% to 7.40% and changed the actuarial cost method from projected unit credit to entry age normal which in total have increased the unfunded accrued liability by \$2.0 billion. If not for these changes, the funded ratio would be approximately 73.1%.

Funding the Retirement Plan



Net Pension Liability of Employers

Total Pension Liability is the actuarial present value of projected benefit payments by a pension plan. The Employers' Net Pension Liability is the portion of Total Pension Liability not covered by plan assets (Plan Fiduciary Net Position) that employers owe the System. The net pension liability of LASERS employers as of June 30, 2021, 2020, and 2019 were as follows:

	2021	2020	2019
Total Pension Liability	\$ 20,220,320,534	\$ 19,691,378,799	\$ 19,527,612,295
Plan Fiduciary Net Position	14,716,344,767	11,420,710,895	12,282,698,991
Employers' Net Pension Liability	\$ 5,503,975,767	\$ 8,270,667,904	\$ 7,244,913,304
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.8%	58.0%	62.9%

Membership Summary

Members Snapshot June 30, 2021 Actuarial Valuation

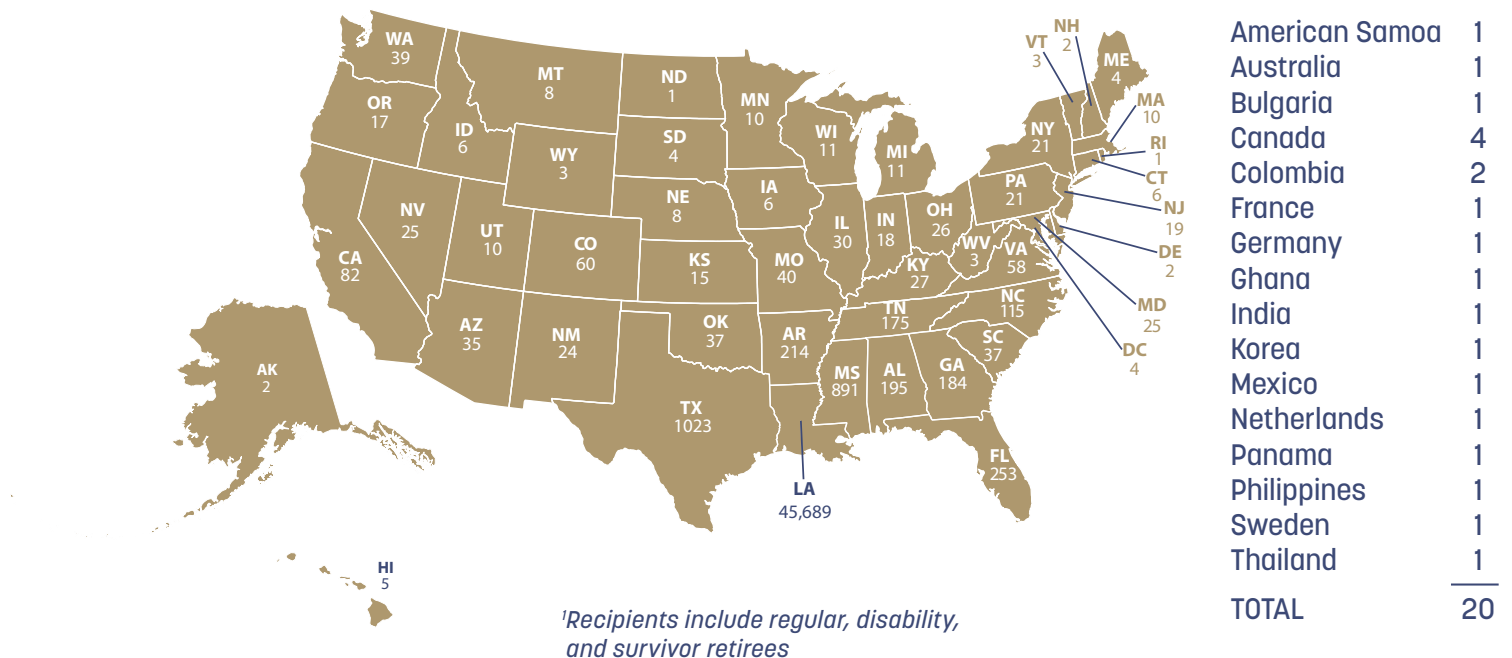
Active Members		Total Membership	
Average Age	45.6	Active	38,572
Average Years of Service	10.8	Retired	41,449
Average Annual Salary	\$51,683	Disability Retirees	2,000
DROP Accrual ⁱ		Survivors	6,086
Average Age	57.9	Terminated-Vested	3,724
Average Annual Benefit	\$37,323	Terminated-Nonvested	57,464
Retired Members		DROP Accrual	1,311
Average Age	70.9		
Average Annual Benefit	\$26,558		

ⁱDeferred Retirement Option plan accrual which pertains to the participants contributing to the deferred retirement plan.

Membership Retiring During the Fiscal Year Ended June 30, 2021

Years Credited by Service Category	< 5	5-10	10-15	15-20	20-25	25-30	30+	All Members
Average Monthly Benefit	\$103	\$705	\$1,253	\$2,118	\$2,577	\$3,591	\$4,808	\$3,075
Final Average Monthly Compensation	\$668	\$4,060	\$4,149	\$4,780	\$4,819	\$5,360	\$6,313	\$5,208
Number of Retirees	1	76	236	229	295	396	447	1,680

Location of Lasers Benefit Recipients¹



2021 Legislative Update

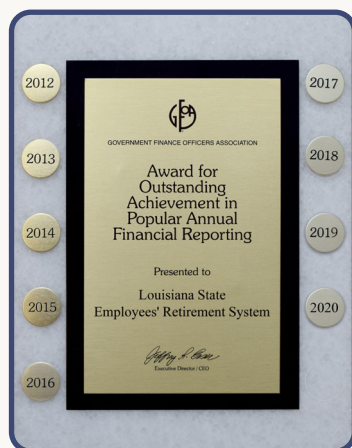
The 2021 Regular Session of the Louisiana Legislature resulted in the passage of the following legislation which impacts the Plan administered by LASERS:

ACT 37 - provides a minimum cost-of-living adjustment (COLA) for certain retirees and beneficiaries.

ACT 137 - provides relative to the selection of certain optional survivor benefits for members of LASERS.

ACT 120 - appropriates \$8.4 million in State nonrecurring revenue to LASERS to be applied to the initial unfunded accrued liability. 7

Awards: GFOA & Public Pension Standards



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, 2020. 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 twenty-second consecutive year that LASERS has received this award.



Public Pension Standards Award

LASERS received the Public Pension Coordinating Council's (PPCC) 2020 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 seventeenth 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

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