



# 2023 SUMMARY ANNUAL FINANCIAL REPORT

For Fiscal Years Ended **June 30, 2023 & 2022**

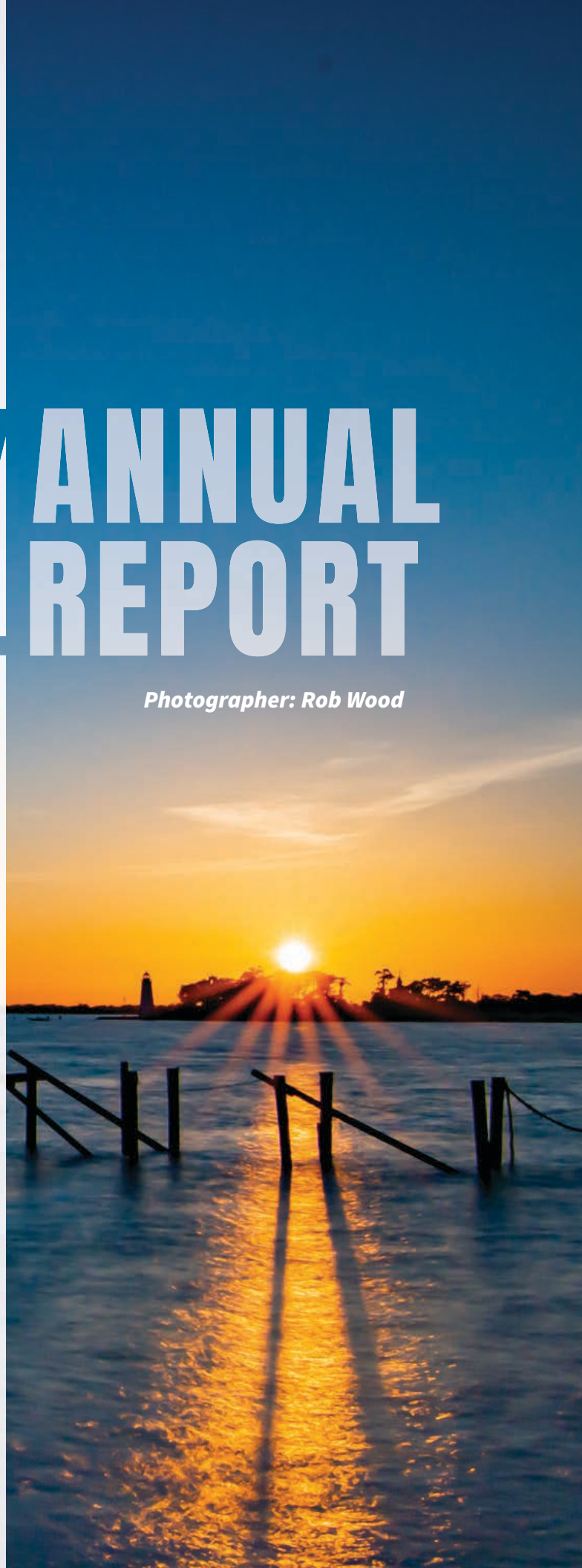
Louisiana State Employees' Retirement System

A component unit of the State of Louisiana

*Photographer: Rob Wood*



# LASERS



Dear Members:

October 26, 2023

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, 2023. This report provides information derived from our *Annual Comprehensive Financial Report* (ACFR) on the financial status of your retirement system while highlighting changes that occurred during the year. The ACFR, prepared in accordance with generally accepted accounting principles, provides information that is more detailed. It is available on our website at [www.lasersonline.org](http://www.lasersonline.org).



**Trey Boudreaux**  
Executive Director

The 2022-2023 fiscal year saw volatility in the capital markets due to a number of factors including rate increases by central banks worldwide, the ongoing Russia-Ukraine conflict, lingering COVID-related lockdowns in China, record high inflation, banking industry stress, and recession versus soft-landing expectations. In June, after ten consecutive rate increases, the Federal Reserve paused interest rate hikes and markets responded favorably. For the fiscal year ending June 30, 2023, LASERS investment portfolio realized a gross-of-fees, time-weighted return on investment assets of 11.7%. The plan earned an annualized return of 12.0% for the three-year period, 8.7% for the seven-year period, and 7.7% for the ten-year period. The 30-year compounded average return on the actuarial value of assets, net of investment expenses, is 7.39%, exceeding our 7.25% target. Additionally, the Plan's funded ratio improved to 68.5%.

It is important to remember that LASERS is a long-term investor, relying on detailed actuarial analysis. The Net Position Restricted for Pensions now exceeds \$14.4 billion, having increased by \$4.2 billion over the last decade. LASERS has also reduced the discount rate from 8.25% to 7.25% and changed the actuarial cost method from projected unit credit to entry age normal, which in total has increased the unfunded accrued liability by \$2.2 billion. Without these changes, the funded ratio would be approximately 75.7%. The improved financial stability of the Plan affected by these changes resulted in the reduction of potential future contribution rate increases. If all actuarial assumptions are realized, our funded ratio is expected to steadily increase as unfunded liabilities are amortized in accordance with the plan's funding policy.

We would like to recognize the teamwork and contributions of our experienced and dedicated staff. They continue to keep the best interests of our members as their top priority. As we look toward the future, we will continue to invest both prudently and opportunistically in efforts to maximize returns and minimize employer contributions. We will also continue 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,

Bernard E. "Trey" Boudreaux, III  
Executive Director

## 2023 BOARD OF TRUSTEES



**Shannon Templet**  
Board Chair  
Elected Active Member



**Barbara McManus**  
Vice Chair  
Elected Retired Member



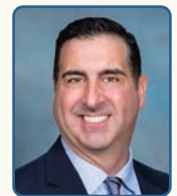
**Thomas Bickham**  
Elected Active Member



**Virginia Burton**  
Elected Retired Member



**Charles Castille**  
Elected Retired Member



**Byron P. Decoteau, Jr.**  
Elected Active Member



**Terna Hutchinson**  
Elected Active Member



**Judge William Kleinpeter**  
Elected Active Member



**Amy A. Mathews**  
Elected Active Member



**Comm. Jay Dardenne**  
Division of Administration



**Rep. Barry Ivey**  
House Committee  
on Retirement



**Sen. Barrow Peacock**  
Designee, Senate  
Committee on Retirement



**Sen. Edward Price**  
Chair, Senate Committee  
on Retirement



**Hon. John Schroder**  
State Treasurer

# FINANCIAL STATEMENTS

Photographer: Rob Wood

The increase in fiduciary net position in 2023 can be attributed to increases in Legislative Acts Income primarily the result of ACT 397 of the 2023 Louisiana Regular Legislative Session which appropriated more than \$349 million toward the unfunded accrued liability and increases in Investment Income of more than \$376 million because of improved economic conditions. The decrease in fiduciary net position in 2022 over 2021 can be attributed to increased global market volatility caused by multi-decade high inflation, aggressive monetary policy by the Federal Reserve, and lingering effects of the Russia-Ukraine conflict. Retirement benefits increased

primarily due to ACT 656 of the 2022 Louisiana Regular Legislative Session, which provided a one-time supplemental payment to qualifying retirees or beneficiaries. The Statements of Fiduciary Net Position present LASERS financial position as of June 30, 2023, 2022, and 2021 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

	2023	2022	2021
Cash and Cash Equivalents	\$ 504,148,596	\$ 169,121,709	\$ 148,590,579
Receivables	186,608,234	162,762,631	188,827,426
Investments	13,870,632,376	13,009,850,747	14,523,879,752
Securities Lending Cash Collateral <sup>1</sup>	952,914,519	967,955,826	967,315,754
Capital Assets	5,233,502	5,840,563	5,954,546
<b>Total Assets</b>	<b>\$ 15,519,537,227</b>	<b>\$ 14,315,531,476</b>	<b>\$ 15,834,568,057</b>
<b>Deferred Outflows of Resources</b>	<b>2,789,757</b>	<b>3,894,299</b>	<b>1,964,402</b>
Accounts Payable & Other Liabilities	64,034,288	111,172,534	150,559,064
Securities Lending Obligations <sup>1</sup>	952,795,025	968,184,946	967,309,307
<b>Total Liabilities</b>	<b>\$ 1,016,829,313</b>	<b>\$ 1,079,357,480</b>	<b>\$ 1,117,868,371</b>
<b>Deferred Inflows of Resources</b>	<b>6,503,882</b>	<b>1,488,155</b>	<b>2,319,321</b>
<b>Net Position Restricted for Pensions</b>	<b>\$ 14,498,993,789</b>	<b>\$ 13,238,580,140</b>	<b>\$ 14,716,344,767</b>

## CONDENSED COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	2023	2022	2021
Employer Contributions	\$ 913,548,946	\$ 833,985,463	\$ 844,776,387
Employee Contributions	179,418,188	167,117,810	166,954,560
Legislative Acts Income	376,542,786	21,831,939	8,438,055
Net Investment Income (Loss)	1,380,564,101	(1,015,958,553)	3,703,593,259
Other Income	16,002,426	15,817,950	14,556,140
<b>Total Additions</b>	<b>\$ 2,866,076,447</b>	<b>\$ 22,794,609</b>	<b>\$ 4,738,318,401</b>
Retirement Benefits	1,550,226,215	1,447,668,471	1,394,914,135
Refunds and Transfers of Contributions	37,249,292	34,413,878	30,305,050
Administrative Expenses and OPEB <sup>2</sup>	17,351,722	17,676,312	16,696,237
Depreciation and Amortization Expenses	835,569	800,575	769,107
<b>Total Deductions</b>	<b>\$ 1,605,662,798</b>	<b>\$ 1,500,559,236</b>	<b>\$ 1,442,684,529</b>
<b>Net Increase (Decrease)</b>	<b>1,260,413,649</b>	<b>(1,477,764,627)</b>	<b>3,295,633,872</b>
<b>Net Position Beginning of Year</b>	<b>13,238,580,140</b>	<b>14,716,344,767</b>	<b>11,420,710,895</b>
<b>Net Position End of Year</b>	<b>\$ 14,498,993,789</b>	<b>\$ 13,238,580,140</b>	<b>\$ 14,716,344,767</b>

<sup>1</sup> 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. <sup>2</sup> OPEB - Other Postemployment Benefits



# INVESTMENT PERFORMANCE

Photographer: Rob Wood

The fiscal year had a strong start, with July 2022 yielding strong returns in nearly every asset class, except for Emerging Markets. The focus was on inflation and the Federal Reserve's efforts to combat it. The ensuing months brought increased volatility; whereby September 2022 saw markets significantly down, October and November 2022, as well as January 2023, were notably strong. In addition to the Federal Reserve's and other central banks rate increases, volatility triggers included the ongoing Russia-Ukraine conflict, lingering COVID-related lockdowns in China, record high inflation, banking industry stress, and recession versus soft-landing expectations. As the Federal Reserve paused interest rate hikes in June after ten consecutive increases, markets responded favorably, ending the fiscal year on a strong note.

For the fiscal year ended June 30, 2023, the Louisiana State Employees' Retirement System (LASERS) earned an 11.7% gross-of-fees<sup>i</sup>, time-weighted return on investments. As a

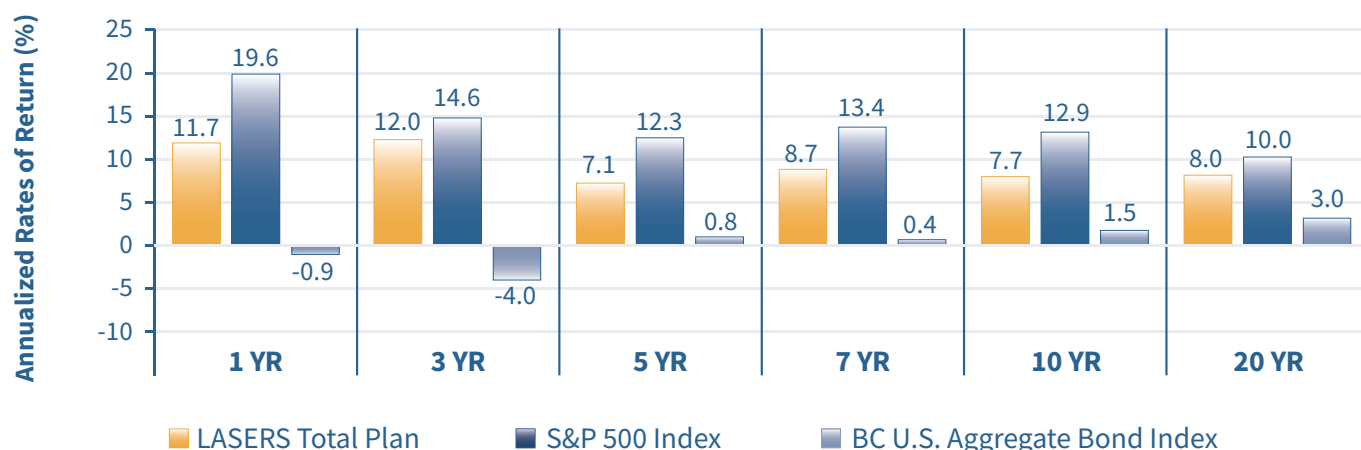
result, the total gross-of-fee investment value of the fund as of June 30, 2023, exceeded \$13.2 billion under management. This return places LASERS in the top eighth percentile for the one-year period, as compared to other public pension plans with market values greater than \$1 billion in the Wilshire Trust Universe Comparison Service (TUCS)<sup>ii</sup>.

Longer-term annualized rates of return are 12.0% for the three-year period, 8.7% for the seven-year period, and 7.7% 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 7.25% 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 RETURNS<sup>iii</sup>

As of June 30, 2023

Years	1	3	5	7	10	20
LASERS Total Plan	11.7%	12.0%	7.1%	8.7%	7.7%	8.0%
S&P 500 Index	19.6%	14.6%	12.3%	13.4%	12.9%	10.0%
BC U.S. Aggregate Bond Index <sup>iiii</sup>	-0.9%	-4.0%	0.8%	0.4%	1.5%	3.0%



<sup>i</sup>LASERS custodian bank serves as book of record and calculates investment performance on behalf of the Plan.

<sup>ii</sup>Based on Wilshire's TUCS Rankings dated August 25, 2023.










<sup>iii</sup>Investment 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.

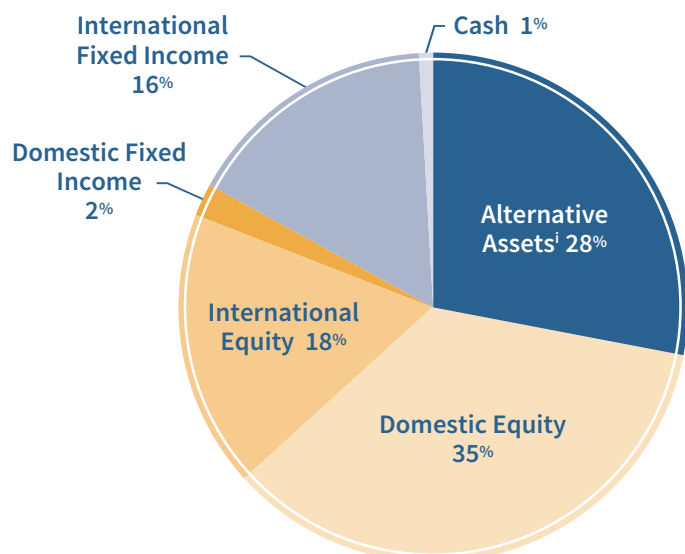
<sup>iiii</sup>Barclays Capital U.S. Aggregate Bond Index is a commonly used index for measuring the performance of the U.S. bond market.

# LASERS INVESTS IN LOUISIANA

Photographer: Billy Good

LASERS supports Louisiana by investing in companies that impact local economies. For the fiscal year ended June 30, 2023, LASERS invested approximately \$1.9 billion in Louisiana stocks, bonds, and private markets. The table below illustrates the top ten Louisiana headquartered companies in which LASERS invests.

COMPANY	LOUISIANA HEADQUARTERS	MARKET VALUE
VENTURE GLOBAL LNG	Cameron & Plaquemine	\$ 45,100,000
 United Utility POWER SERVICES	New Orleans	\$ 21,576,488
 EPIC PIPING	Baton Rouge	\$ 19,728,563
 LEMOINE	Baton Rouge	\$ 17,209,741
 Brown & Root	Baton Rouge	\$ 10,806,276
THE  GRAY SURETY	Mandeville	\$ 8,328,331
 FMT Transporting America's Resources	Mandeville	\$ 7,881,147
 AlliedPower	Baton Rouge	\$ 7,498,714
 Republic FINANCE	Baton Rouge	\$ 5,592,680
 GHC GRACE HERBERT CURTIS	Baton Rouge	\$ 4,716,117



## ASSET ALLOCATION

As of June 30, 2023

ASSET CLASS	TARGET	ACTUAL
Cash	0%	1%
Domestic Equity	34%	35%
International Equity	18%	18%
Domestic Fixed Income	3%	2%
International Fixed Income	17%	16%
Alternative Investments	28%	28%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

<sup>i</sup>Traditional 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

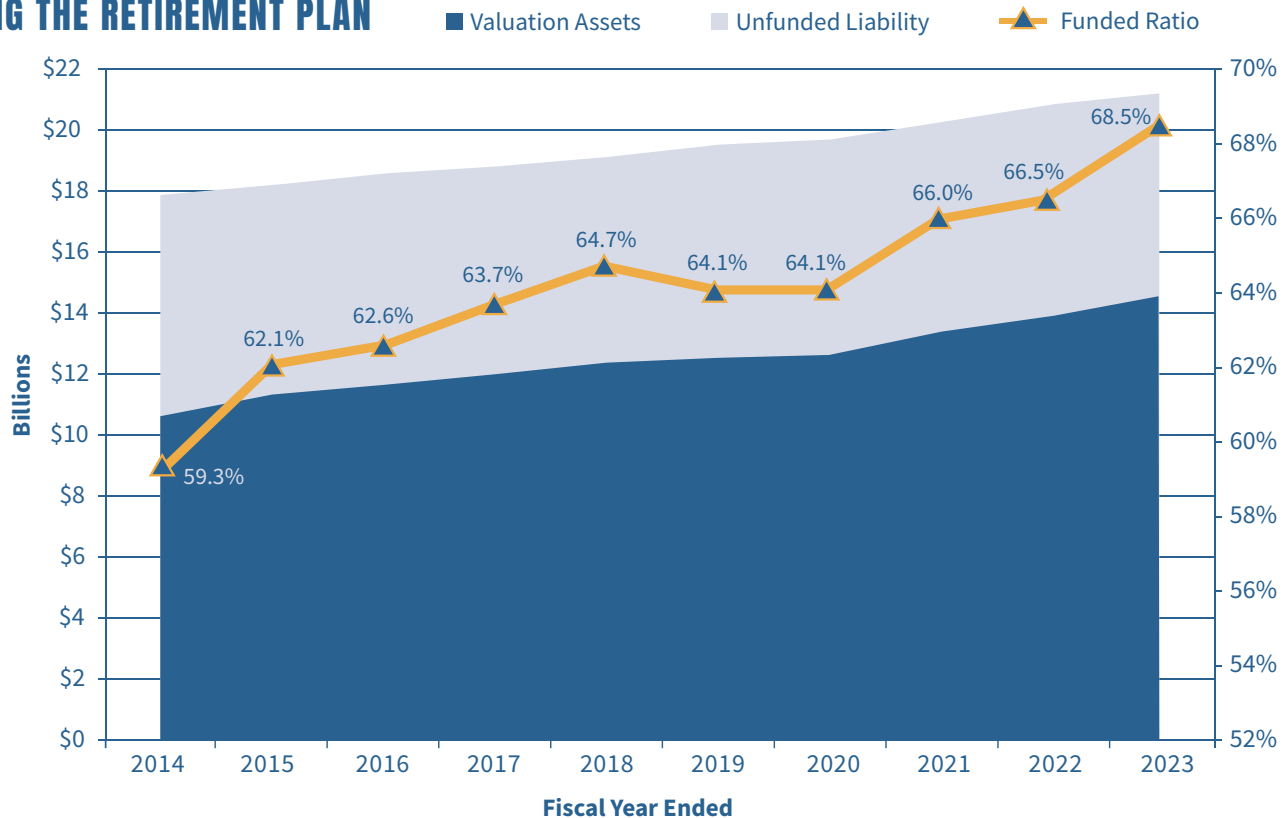
Photographer: Rob Wood

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 2023, our funding ratio increased to 68.5% and the System's unfunded actuarial accrued liability decreased to \$6.7 billion, primarily a result of amortization payments, legislative acts income, 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 past decade or so, LASERS has reduced the discount rate from 8.25% to 7.25% and changed the actuarial cost method from projected unit credit to entry age normal which in total have increased the unfunded accrued liability. If not for these changes, the funded ratio would be approximately 75.7%. However, these changes have improved the financial stability of the plan by reducing the potential for future contribution rate increases. If all actuarial assumptions are realized, the funded ratio is expected to steadily increase as unfunded liabilities are amortized in accordance with the plan's funding policy.

## 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, 2023, 2022, and 2021 were as follows:

	2023	2022	2021
Total Pension Liability	\$ 21,192,522,129	\$ 20,798,321,945	\$ 20,220,320,534
Plan Fiduciary Net Position	14,498,993,789	13,238,580,140	14,716,344,767
Employers' Net Pension Liability	\$ 6,693,528,340	\$ 7,559,741,805	\$ 5,503,975,767
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>68.4%</b>	<b>63.7%</b>	<b>72.8%</b>

# MEMBERSHIP SUMMARY

Photographer: Tammy Heil

## MEMBERS SNAPSHOT June 30, 2023 Actuarial Valuation

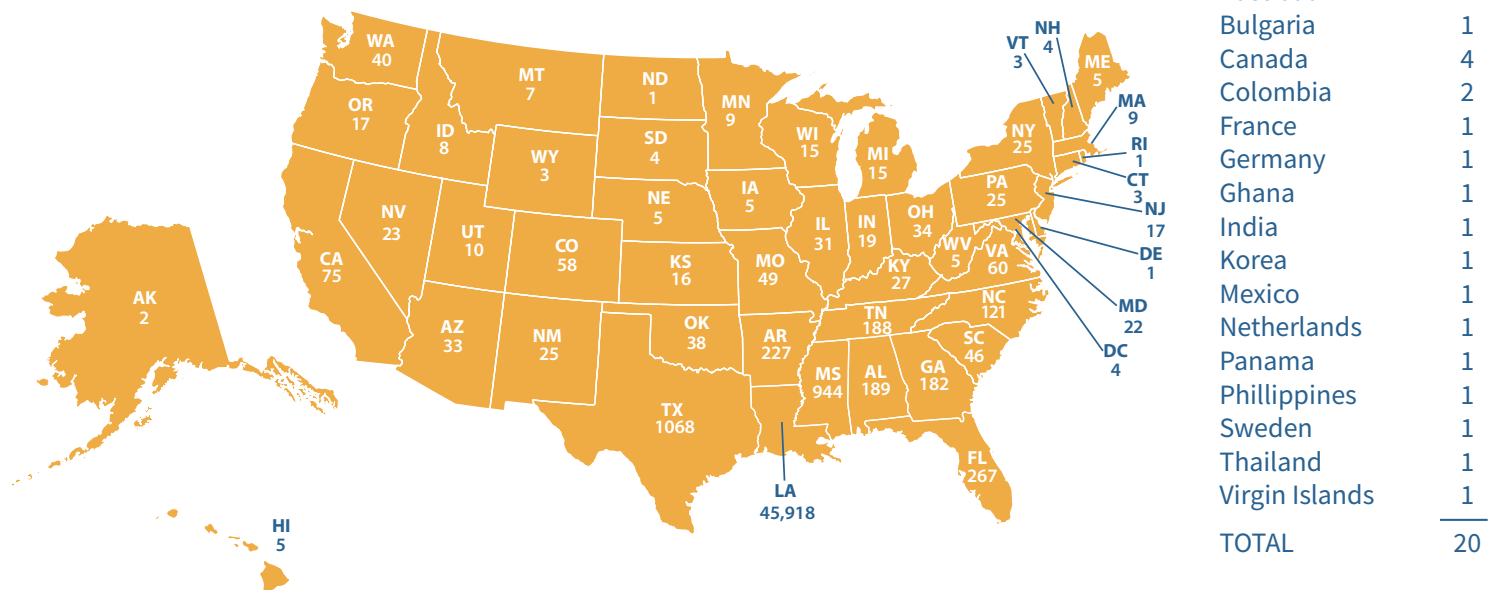
Active Members		Total Membership	
Average Age	45.5	Active	38,414
Average Years of Service	10.5	Retired	41,892
Average Annual Salary	\$56,666	Disability Retirees	1,840
DROP Accrual <sup>1</sup>		Survivors	6,196
Average Age	57.9	Terminated-Vested	3,959
Average Annual Benefit	\$38,739	Terminated-Nonvested	60,248
Retired Members		DROP Accrual	1,030
Average Age	71.5	<b>Total</b>	<b>153,579</b>
Average Annual Benefit	\$27,631		

<sup>1</sup>Deferred Retirement Option Plan accrual which pertains to the participants contributing to the deferred retirement plan.

## MEMBERSHIP RETIRING During the Fiscal Year Ended June 30, 2023

Years Credited by Service Category	< 5	5-10	10-15	15-20	20-25	25-30	30+	All Members
Average Monthly Benefit	\$587	\$648	\$1,172	\$1,827	\$2,536	\$3,790	\$4,897	\$3,076
Final Average Monthly Compensation	\$3,244	\$4,123	\$4,063	\$4,396	\$4,911	\$5,650	\$6,341	\$5,235
Number of Retirees	3	77	180	227	295	373	392	1,547

## LOCATION OF LASERS BENEFIT RECIPIENTS<sup>1</sup>



<sup>1</sup>Recipients include regular, disability, and survivor retirees

## 2023 LEGISLATIVE UPDATE

The 2023 Regular Session of the Louisiana Legislature resulted in the passage of the following legislation which impacts the Plan administered by LASERS:

**ACT 184** - Reforms the mechanism by which future cost-of-living adjustments (COLAs) are funded and granted.

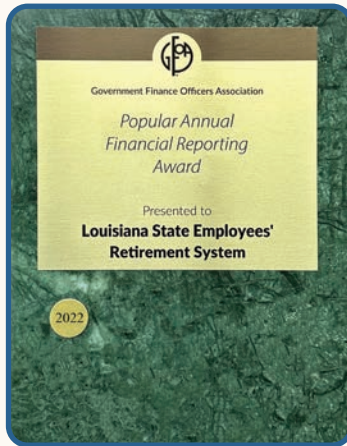
**ACT 107** - Proposed a constitutional amendment approved by voters on October 14, 2023 that requires a minimum of 25% of all nonrecurring state revenues be applied to the unfunded accrued liabilities of the State systems beginning in fiscal year 2024-2025.

**ACT 397** - Makes a supplemental appropriation of \$349.7 million to LASERS to apply to the balance of the Initial Unfunded Accrued Liability.



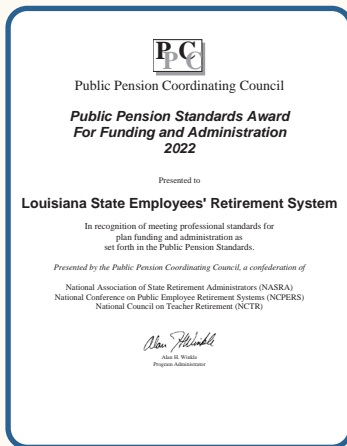
# AWARDS: GFOA & PUBLIC PENSION STANDARDS

Photographer: Rob Wood



## 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, 2022. 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-fourth consecutive year that LASERS has received this award.



## PUBLIC PENSION STANDARDS AWARD

LASERS received the Public Pension Coordinating Council's (PPCC) 2022 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 nineteenth 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

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