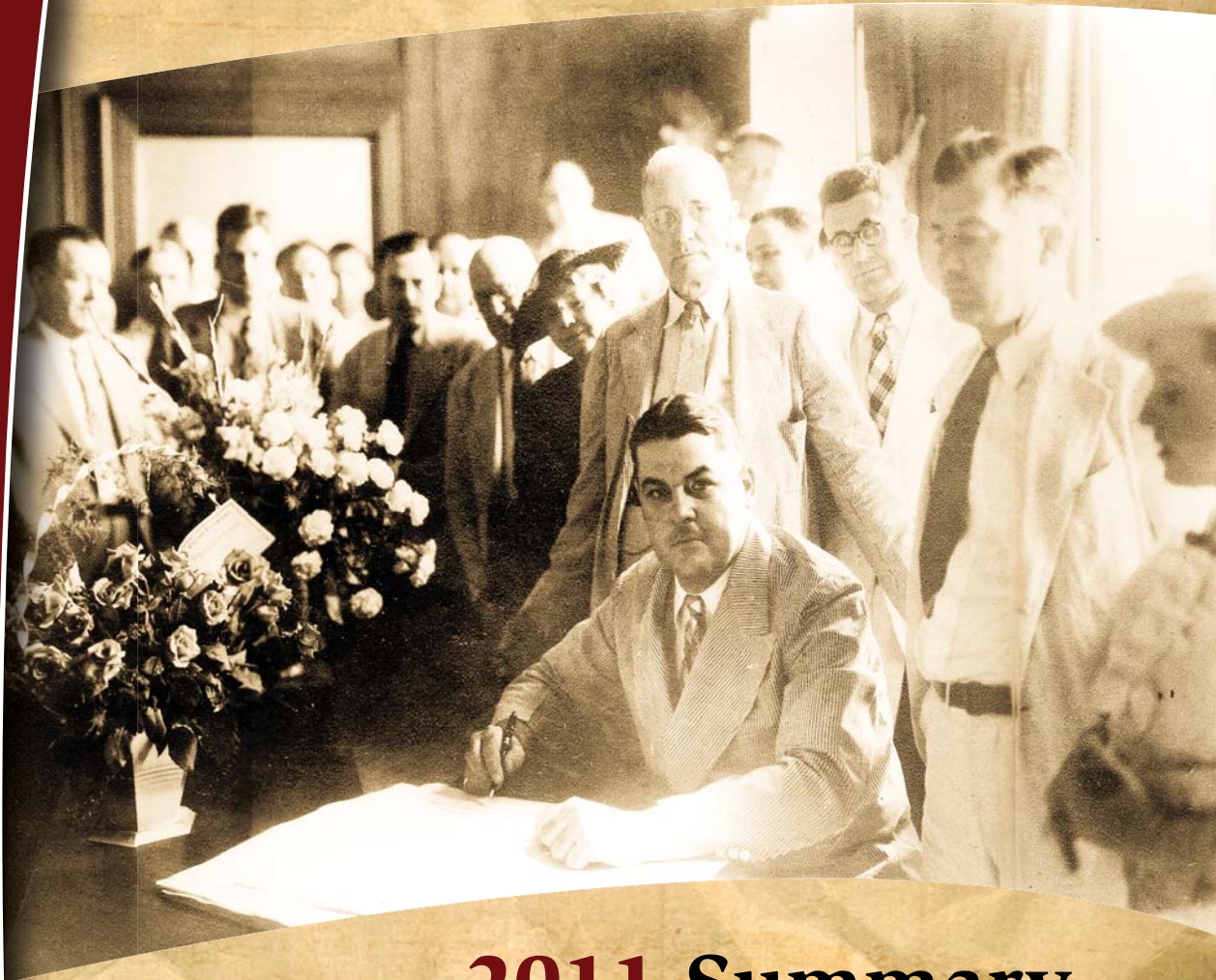


Teachers' Retirement System of Louisiana



2011 Summary Annual Report

Celebrating

75
years

TRSL

1936 - 2011

Message from the Director

Dear TRSL Members and Benefit Recipients:

It is my privilege to present the 2011 Popular Annual Financial Report (PAFR) for the Teachers' Retirement System of Louisiana (TRSL). This report provides a basic understanding of TRSL's overall financial condition and investment performance for the fiscal year ending June 30, 2011, and it describes the many ways we are working to deliver quality services to our members.

This year marks TRSL's 75th anniversary. TRSL began operation in 1936, and three quarters of a century later, it has grown into the largest retirement system in the state with more than 160,000 members. Since inception, TRSL has been dedicated to providing Louisiana teachers with a stable source of income upon retirement.

During this past fiscal year, TRSL paid out more than \$1.61 billion in retirement benefits to more than 65,000 retired members and their beneficiaries. TRSL ended Fiscal Year 2011 with total net assets of \$14.6 billion, an increase of more than \$2.6 billion since 2010.

I am also pleased to report that TRSL's market rate of return attained a 25-year high. We ended the fiscal year with a 26.76-percent rate of return (gross of fees), making TRSL the highest performing fund among public pension plans with assets greater than \$1.0 billion. The diversification of TRSL's portfolio and its long-term investment strategies allowed the System to achieve solid returns and outperform peers.

Furthermore, TRSL continues to be recognized for its efficient pension administration. According to CEM Benchmarking, Inc., TRSL's administrative costs ranked in the top third for cost-effectiveness among 88 other pension systems participating in the analysis. TRSL's costs per annuitant and active member were \$90 compared to \$105—the peer average.

Throughout this year, the System implemented new, innovative services to allow our members and employers greater access to retirement information and assistance. In 2011, we added online retirement capabilities to our website. Now members can log on to www.trsl.org and apply for retirement at their convenience. They can also use our benefit calculators to get an estimate of their retirement benefit. In order to better assist employers with submitting member data, we created our Employer Support Services unit that provides ongoing technical assistance and on-site, customized help for employers.

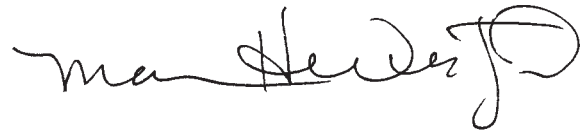
Additionally, we increased the number of online webinars available to members and employers so they can get important retirement information right from their homes or offices. To give members more options regarding how they receive TRSL information, we launched our new mobile Internet site for smartphone and tablet users and expanded our library of online multimedia presentations.

These are a few among many accomplishments of the last fiscal year. We are all proud to be part of TRSL's long tradition of dedicated service to Louisiana's educational community. As we embark upon the next 75 years, our staff remains committed to providing exceptional customer service to members and employing agencies and to administering the pension system with the highest degree of integrity. We strive to continue achieving the highest standards in public pension administration and ensuring retirement security for our members.

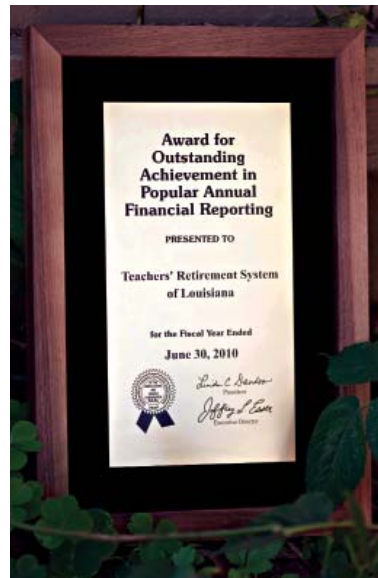
The financial statements in this report have been prepared in accordance with Generally Accepted Accounting Principles of the United States, and have been reviewed by an independent certified public accounting firm on behalf of the Louisiana Legislative Auditor's Office.

The TRSL Board of Trustees and I encourage you to review the information in this summary report. More detailed information can be found in our Comprehensive Annual Financial Report (CAFR). The CAFR is available online at www.trsl.org.

Sincerely,



Maureen H. Westgard
TRSL Director



For nine consecutive years, TRSL has been recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for publishing a summary annual report that provides readily understandable financial information about the System.

Financials

TRSL ended the 2011 fiscal year with \$14.6 billion in net assets held in trust and a 26.2-percent market return (net of fees) on investments. Improved performance from global markets and a highly diversified portfolio enabled TRSL to increase investment income for two straight years since the economic downturn of 2008-2009.

Condensed Comparative Statements of Plan Net Assets

Assets	2011	2010	2009
Cash and cash equivalents	\$ 193,169,842	\$ 150,796,599	\$ 131,091,325
Receivables	881,409,503	232,042,241	321,442,995
Investments (fair value)	14,226,894,390	11,740,975,822	10,978,695,442
Securities lending collateral	1,193,140,158	1,199,699,967	747,644,119
Capital assets	<u>4,298,781</u>	<u>4,249,381</u>	<u>4,435,754</u>
Total assets	<u>16,498,912,674</u>	<u>13,327,764,010</u>	<u>12,183,309,635</u>
Liabilities			
Accounts payable and other liabilities	728,561,935	106,632,659	185,384,219
Securities lending collateral	<u>1,193,140,158</u>	<u>1,199,699,967</u>	<u>747,644,119</u>
Total liabilities	<u>1,921,702,093</u>	<u>1,306,332,626</u>	<u>933,028,338</u>
Net assets held in trust	<u>\$ 14,577,210,581</u>	<u>\$ 12,021,431,384</u>	<u>\$ 11,250,281,297</u>

Condensed Comparative Statements of Changes in Plan Net Assets

Additions (reductions)	2011	2010	2009
Member contributions	\$ 342,323,329	\$ 347,114,632	\$ 344,547,871
Employer contributions	853,918,265	665,219,676	660,244,436
ORP contributions retained	89,760,676	61,339,786	54,447,510
Other operating revenues	3,299,671	3,605,633	4,407,243
Total investment income (loss)	<u>2,942,693,424</u>	<u>1,285,742,297</u>	<u>(3,292,248,484)</u>
Total additions (reductions)	<u>4,231,995,365</u>	<u>2,363,022,024</u>	<u>(2,228,601,424)</u>
Deductions			
Benefits, refunds, and other	1,660,261,512	1,575,174,018	1,501,027,245
Administrative expenses	15,417,596	16,154,823	15,799,028
Depreciation expenses	<u>537,060</u>	<u>543,096</u>	<u>540,725</u>
Total deductions	<u>1,676,216,168</u>	<u>1,591,871,937</u>	<u>1,517,366,998</u>
Net increase (decrease)	2,555,779,197	771,150,087	(3,745,968,422)
Net assets beginning of year	<u>12,021,431,384</u>	<u>11,250,281,297</u>	<u>14,996,249,719</u>
Net assets end of year	<u>\$ 14,577,210,581</u>	<u>\$ 12,021,431,384</u>	<u>\$ 11,250,281,297</u>

Contact information

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Toll free (outside Baton Rouge area):
1-877-ASK-TRSL (1-877-275-8775)

E-mail: web.master@trsl.org
Website: www.trsl.org

Business Hours: 8 a.m. - 4:30 p.m.
Monday - Friday (excluding holidays)
No appointment required.

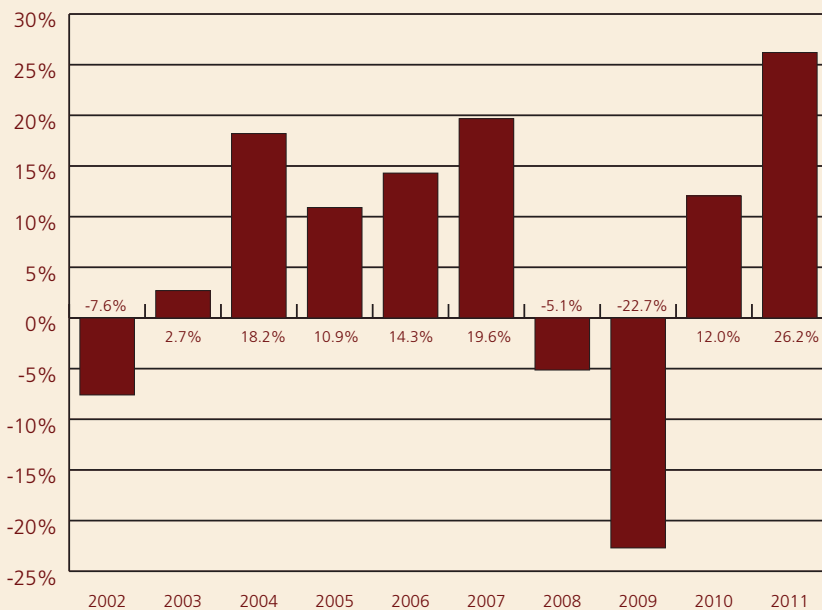
TRSL is an equal opportunity employer and complies with the Americans with Disabilities Act.

Investments

Investments at Fair Value

	2011	2010	2009
Domestic bonds	\$ 1,374,952,322	\$ 1,319,516,370	\$ 1,422,286,805
International bonds	669,538,563	569,848,847	626,067,234
Domestic stocks	3,975,570,172	3,203,068,233	3,151,788,583
International stocks	4,094,745,522	3,189,810,406	2,555,387,559
Short-term investments	738,220,668	712,442,177	671,061,232
Alternative investments	<u>3,373,867,143</u>	<u>2,746,289,789</u>	<u>2,552,104,029</u>
Total investments	<u>\$14,226,894,390</u>	<u>\$ 11,740,975,822</u>	<u>\$ 10,978,695,442</u>

10-Year Rates of Return



TRSL Investments

The value of TRSL's investments as of fiscal year ended June 30, 2011, is \$14.2 billion.

As a long-term investor, TRSL recognizes that there will be market fluctuations and maintains a well-diversified portfolio. In addition to a diversified portfolio, solid long-range investment strategies are important for the growth and stability of System assets. These strategies allow the System to capitalize on investment opportunities while minimizing investment risk.

TRSL's total fund generated a return of 26.2 percent, net of expenses, in Fiscal Year 2011. Both private and public market assets held by the System delivered strong returns.

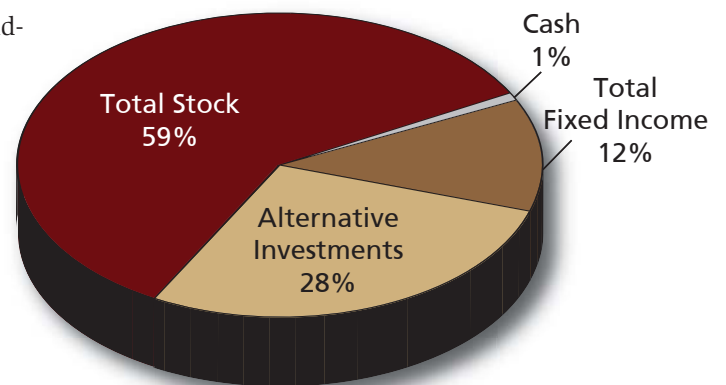
Diversification of Assets

The foundation of all investment activity is based on understanding the relationship between risk and return, as well as recognizing the importance of asset diversification.

To create a diversified portfolio that can weather the impact of changing market conditions, TRSL spreads assets among many different classes, such as stocks, bonds, cash, real estate, and private equity.

TRSL continuously spends time and effort to develop, monitor, and adjust the asset allocation to appropriately maximize returns with controlled risk.

Asset Allocations



Actuarial

TRSL's funding needs are projected by our actuary whose calculations rely on many assumptions of future events, including retirement and mortality rates, and salary increases. These assumptions are based upon the past experience of the System.

The actuary also calculates TRSL's actuarial value of assets, which differs from market value. Market value is based on what assets could be sold for on a specific date, which can fluctuate. To meet its long-term funding obligations, TRSL must use a reliable method to estimate its assets and liabilities that is not tied to the day-to-day ups and downs of the market. The actuarial value of assets is based on a technique that "smoothes" short-term market gains and losses over a four-year period to remove much of the volatility global markets can experience.

As of fiscal year ended June 30, 2011, the System's unfunded accrued liability is \$10.8 billion, and its funded ratio is 55.1 percent. This represents a percentage of the funds TRSL currently has to cover the present value of every dollar expected to be paid in future retirement benefits.

Summary of Actuarial Valuation

Membership census	2011	2010	2009
Retirees	65,512	63,940	62,417
Active	86,742	88,783	88,206
DROP	3,032	3,148	3,421
Terminated vested	5,852	5,745	5,872
Actuarial yield	6.44%	(0.89%)	(12.31%)
Funded ratio	55.1%	54.4%	59.1%
Annual benefits paid	\$ 1,615,778,191	\$ 1,532,526,141	\$ 1,464,106,312

Major Initiatives

At TRSL, we strive to operate as efficiently as possible while delivering exceptional service to our membership. Our dedication to the efficient and responsible administration of TRSL is evident in this past year's accomplishments:

- Launched our online retirement application and benefit calculator that allow members to create their own benefit estimates and apply for retirement online.
- Established the Employer Support Services unit to assist employers with reporting certain member data used in computing retirement benefits.
- Increased the use of webinars to deliver important retirement information via the Internet.
- Installed a new telephone system that allows us to provide the best customer service to our members and saves approximately \$100,000 each year.
- Introduced a new mobile site that provides easier access and navigation for smartphone and tablet users.
- Expanded, *TRSL Now Showing*, our library of web-accessed multimedia presentations for members.

Awards

For the past two decades, TRSL has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). The System's *2010 Comprehensive Annual Financial Report (CAFR)* received the award this year for the 20th consecutive time. The CAFR is available online at www.trsl.org. TRSL also won the Award for Outstanding Achievement in Popular Annual Financial Reporting for its *2010 Popular Annual Financial Report (PAFR)* for the ninth consecutive year. GFOA presents these prestigious national awards to state and local governments that exceed the minimum accounting requirements when preparing annual financial reports.

The System also received the 2010 Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council. This award recognizes pension systems that meet professional standards for plan funding and administration.

Revenues and Expenses

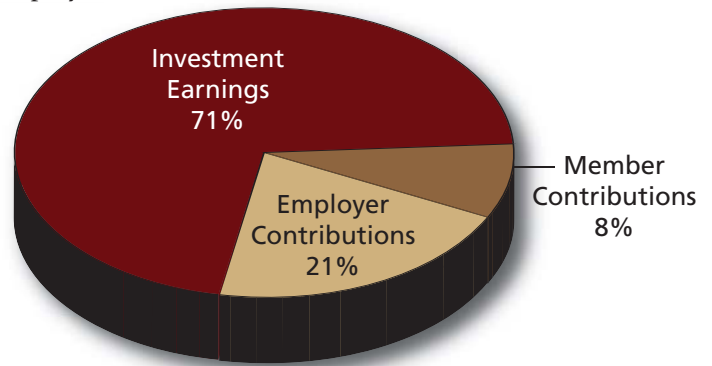
Funding Retirement

In TRSL's defined benefit plan, benefits are funded by three sources: (1) investment earnings, (2) member contributions, and (3) employer contributions.

Most members contribute 8.0 percent of every paycheck toward their retirement. Employers contribute a percentage of payroll which is based on (1) the "normal cost" of retirement, and (2) that year's payments for the unfunded accrued liability (UAL). "Normal cost" is the current cost of retirement benefits being earned in the current year. TRSL pools and invests employer and employee contributions, and benefits are paid from the System's investment earnings.

Some employees in the field of higher education choose to participate in the Optional Retirement Plan (ORP), a defined contribution plan that is serviced by a third-party provider. An ORP account is similar to a 401(k) account and is credited with contributions from the employee and employer. TRSL retains a 0.1-percent administrative fee from the employee's contribution, and the UAL portion from the employer contribution rate, which is 14.5 percent for Fiscal Year 2010-11. These funds make up "ORP Contributions Retained." "Other Operating Revenues" include income from miscellaneous receipts related to the operation of the pension plan, such as litigation settlements and processing fees.

FY 2010-11 Funding Sources for Defined Benefit Plan



Revenues by Source

Fiscal Year	Member Contributions	Employer Contributions	ORP Contributions Retained	Net Investment Income	Other Operating Revenues	Total
2008-2009	\$ 344,547,871	\$ 660,244,436	\$ 54,447,510	\$ (3,292,248,484)	\$ 4,407,243	\$ (2,228,601,424)
2009-2010	347,114,632	665,219,676	61,339,786	1,285,742,297	3,605,633	2,363,022,024
2010-2011	342,323,329	853,918,265	89,760,676	2,942,693,424	3,299,671	4,231,995,365

Expenses

In Fiscal Year 2010-11, some 96 cents of every dollar TRSL had in pension administration expenditures went toward benefit payments. The System paid out more than \$1.61 billion in retirement benefits. These dollars provide a reliable, monthly income to more than 65,000 retirees and beneficiaries, giving them the ability to buy goods and services in their communities.

Administratively, retirement system expenses account for about one percent of total expenditures, roughly one penny out of every dollar. Self-generated funds, supplied by interest earnings on investments, are budgeted for administrative expenses. "Depreciation expenses" are based on the loss in value of property over time due to wear or age. This includes the depreciation of the retirement system's building, equipment, and furniture.

Expenses by Type

Fiscal Year	Benefits	Refunds/Other	Administrative Expenses	Depreciation Expenses	Total
2008-2009	\$ 1,466,608,360	\$ 34,418,885	\$ 15,799,028	\$ 540,725	\$ 1,517,366,998
2009-2010	1,534,339,475	40,834,543	16,154,823	543,096	1,591,871,937
2010-2011	1,617,255,586	43,005,926	15,417,596	537,060	1,676,216,168

Summary of 2010-11 Legislation

Act 357	Constitutional amendment that requires the payment of a minimum of 5% of any money designated as nonrecurring to the UAL for FY 2013-14 and 2014-15, and for FY 2015-16 and thereafter, the payment of a minimum of 10%. <i>(Approved by voters October 22, 2011.)</i>
Act 347	Allows members who retired between May 1, 2009, and June 30, 2010, and return to work in positions requiring a valid Louisiana teaching or ancillary certificate to receive a retirement benefit after completing a 12-month waiting period following retirement. <i>(Effective July 1, 2011.)</i>
Act 368	Makes changes to provisions enacted by Act 992 of the 2010 Regular Session, including DROP and ILSB participation eligibility for individuals who joined a state retirement system on or after January 1, 2011, and clarifies credit earned while receiving workers' compensation for members of the System on or before December 31, 2010. <i>(Effective July 1, 2011.)</i>
Act 75	Excludes from membership employees of the Louisiana High School Athletic Association employed on or after July 1, 2011. <i>(Effective July 1, 2011.)</i>
Act 377	Provides that for any individual who was a part-time public official on January 1, 1997, and who is elected to the Legislature on or after July 1, 2011, but who was not in the Legislature on June 30, 2011, his or her total accrual shall be 2%. <i>(Effective June 30, 2011.)</i>
H.R. 80	Amends and readopts House Rule No. 7.2(A) of the Rules of Order of the House of Representatives to require bills and joint resolutions relative to retirement to be pre-filed no later than 5 p.m. of the 45th day prior to the first day of the regular session.
H.R. 149	Directs the state and statewide retirement systems to study the nature of irrevocable decisions and to provide the Legislature with solutions for allowing members and retirees to revoke certain retirement choices made.
H.C.R.135	Directs the Teachers' Retirement System of Louisiana, the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System, and the Louisiana State Police Pension and Retirement System to report specified information to the House and Senate Committees on Retirement, including the feasibility of consolidating the administrative and investment functions of the systems.
H.C.R. 93, H.C.R. 94, and S.C.R. 57	Memorializes Congress to review and consider eliminating the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) Social Security benefit reductions.

Cover photo: Commemorative photo, dated July 1, 1936, which shows the signing of legislation that created the Teachers' Retirement System of Louisiana (TRSL). TRSL was officially established a month later on August 1.

One hundred fifty-nine thousand, eight hundred copies of this public document were published at a total cost of \$26,959.00, or \$.1687 per copy. This document was published by the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, to make public TRSL's financial operations under the authority of LSA-R.S. 11:832B. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.

Summary of TRSL Plan Provisions

Plan Membership	Retirement Eligibility		
<p>Regular Plan: Those who are employed in classifications defined by law as “teacher.” Contribute 8.0% of salary.</p>	<p style="text-align: center;">Membership before 07/01/1999</p> <p><i>With 2.0% benefit factor:</i></p> <ul style="list-style-type: none"> Age 60 with at least 5 years[†] Any age with 20 years[†] <p><i>With 2.5% benefit factor:</i></p> <ul style="list-style-type: none"> Age 65 with 20 years[†] Age 55 with 25 years Any age with 30 years 	<p style="text-align: center;">Membership between 07/01/1999 and 12/31/2010</p> <p><i>With 2.5% benefit factor:</i></p> <ul style="list-style-type: none"> Age 60 with 5 years[†] Age 55 with 25 years Any age with 30 years Any age with 20 years (actuarially reduced)[†] 	<p style="text-align: center;">Membership on/after 01/01/2011</p> <p><i>With 2.5% benefit factor:</i></p> <ul style="list-style-type: none"> Age 60 with 5 years[†] Any age with 20 years (actuarially reduced)[†]
<p>Plan A: Those who were active members of the School Lunch Employees’ Retirement System on 07/01/1983, when it merged with TRSL, and work in one of the parishes that contribute to Plan A. Contribute 9.1% of salary.</p>	<p style="text-align: center;">For all members</p> <p><i>With 3.0% benefit factor:</i></p> <ul style="list-style-type: none"> Age 60 with at least 5 years[†] Age 55 with 25 years Any age with 30 years 		
<p>Plan B: Those who were active members of the School Lunch Employees’ Retirement System on 07/01/1983, when it merged with TRSL, and work in one of the 20 parishes that have not withdrawn from Social Security coverage. Contribute 5.0% of salary. Also participate in Social Security.</p>	<p style="text-align: center;">For all members</p> <p><i>With 2.0% benefit factor:</i></p> <ul style="list-style-type: none"> Age 60 with at least 5 years[†] Age 55 with 30 years 		

Benefit calculation formula: years of service × final average compensation (FAC)* × benefit factor

*Final average compensation (FAC) is the average of your highest years (three or five, depending on your membership date) of salary consecutively earned.

[†]Excluding military service purchased after September 10, 1982