Teachers' Retirement System of Louisiana
Financial Report
June 30, 2021

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Independent Auditor's Report

To the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Teachers' Retirement System of Louisiana (TRSL), a component unit of the State of Louisiana, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to TRSL's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TRSL's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Teachers' Retirement System of Louisiana as of June 30, 2021 and 2020 and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1 to the financial statements, the total pension liability for TRSL was $33.1 billion at June 30, 2021. The actuarial valuation was based on various assumptions made by TRSL's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2021 could be understated or overstated.

As discussed in Note 4 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equities and investments in real assets. Such investments totaled $10.8 billion (39% of total investments) at June 30, 2021. Where a publicly listed price is not available, the management of TRSL uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of investments. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the years ended June 30, 2021 and 2020, we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 29, 2021 on our consideration of TRSL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TRSL's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TRSL's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

September 29, 2021

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assist in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2021 and 2020. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the financial section.

Financial Highlights

- The net position restricted for pensions was $27.7 billion in 2021 compared to $21.2 billion in 2020, and $21.7 billion in 2019.
- The market rate of return on the System's investments was 36.4% (gross of fees) for 2021 compared to 1.4% for 2020 and 6.6% for 2019.
- TRSL had a net pension liability of $5.3 billion for 2021 compared to $11.1 billion for 2020, and $9.9 billion for 2019.
- Benefit payments and refunds were $2.3 billion in 2021, $2.2 billion in 2020, and $2.2 billion in 2019.

Overview of the Financial Statements

TRSL's basic financial statements include the following:

- Statements of Fiduciary Net Position,
- Statements of Changes in Fiduciary Net Position, and
- Notes to the Financial Statements.

This report also contains required supplementary information and supporting schedules, in addition to the basic financial statements.

The *Statements of Fiduciary Net Position* report the System's assets, liabilities, and resultant net position restricted for pensions. It discloses the financial position of the System as of June 30, 2021 and 2020.

The *Statements of Changes in Fiduciary Net Position* report the results of the System's operations during the years, disclosing the additions to and deductions from the fiduciary net position. It supports the change that has occurred to the prior year's net position on the statement of fiduciary net position.

Overview of the Financial Statements (Continued)

The *Notes to the Financial Statements* provide additional information and insight that are essential to gain a full understanding of the data provided in the statements.

- Note 1 provides a general description of TRSL, information regarding employer and membership participation, net pension liability of employers, actuarial methods and assumptions, eligibility, benefits, information regarding legally required reserves, and excess benefit plan.
- Note 2 provides a summary of significant accounting policies and plan asset matters including the reporting entity, basis of accounting, estimates, methods used to value investments, property and equipment and accumulated leave requirements.
- Note 3 provides information regarding member and employer contribution requirements.
- Note 4 categorizes TRSL's investments by fair value measurements, the level of fair value hierarchy, and valuation techniques established by generally accepted accounting principles. It also discloses information regarding certain investments that calculate net asset value per share and provides a description of related asset classes.
- Note 5 provides information regarding TRSL's cash and cash equivalents and investment risk disclosures.
- Note 6 provides information on TRSL's investments including the investment policy, domestic equity, developed international equity, investment-grade core fixed income, core plus fixed income, global fixed income, high yield fixed income, emerging markets debt, emerging markets equity, alternative assets, real estate, asset allocation, and money-weighted rate of return.
- Note 7 provides information regarding securities lending program.
- Note 8 describes the various types of derivative investments in which TRSL is invested.
- Note 9 provides information on contingent liabilities.
- Note 10 provides information on other post-employment benefits, including information on the plan benefits provided, contributions, liabilities, expense, deferred inflows, deferred outflows, actuarial assumptions, sensitivity of change in discount rate, and healthcare cost trend rate.
- Note 11 provides information on participation in a defined benefit plan, including information on the plan benefits provided, contributions, pension liabilities, pension expense, deferred inflows, deferred outflows, actuarial assumptions, and sensitivity of change in discount rate.
- Note 12 provides information on subsequent events.

Required supplementary information consists of schedules and related notes concerning the net pension liability and other post-employment benefits liability of TRSL. It includes the Schedules of Changes in Employers' Net Pension Liability, Employers' Net Pension Liability, Employer Contributions, Money-Weighted Rate of Return, TRSL's Proportionate Share of the Collective Total OPEB Liability, TRSL's Proportionate Share of the Net Pension Liability in the Louisiana State Employees' Retirement System, TRSL's Contributions to the Louisiana State Employees' Retirement System, and notes to required supplementary schedules.

Supporting schedules include information on administrative expenses, investment expenses, securities lending expenses, board compensation, and payments to non-investment related consultants and vendors.

TRSL Financial Analysis

TRSL provides retirement benefits to all eligible teachers, administrative support staff and school food service personnel of elementary and secondary public education institutions, and unclassified staff of institutions of higher education. Member contributions, employer contributions, and earnings on investments fund these benefits. Total net position restricted for pensions at June 30, 2021 was $27.7 billion compared to $21.2 billion at June 30, 2020, and $21.7 billion at June 30, 2019.

Condensed Comparative Statements of Fiduciary Net Position

	2021	2020	2019
Assets			
Cash and cash equivalents	$ 246,399,879	$ 239,806,968	$ 196,030,213
Receivables	2,070,552,824	2,394,206,675	2,732,561,096
Investments (fair value)	27,511,511,252	21,315,227,038	21,716,552,473
Securities lending collateral	2,012,340,658	2,135,108,608	3,034,732,743
Property and equipment, at cost (net)	3,756,029	3,582,220	3,738,196
Total assets	31,844,560,642	26,087,931,509	27,683,614,721
Deferred Outflows of Resources	7,475,794	3,940,599	3,237,790
Liabilities			
Accounts payable and other liabilities	2,112,352,860	2,731,400,959	2,996,452,942
Securities lending collateral	2,012,340,658	2,135,108,608	3,034,732,743
Total liabilities	4,124,693,518	4,866,509,567	6,031,185,685
Deferred Inflows of Resources	3,214,663	4,776,539	3,184,454
Net Position Restricted for Pensions	$ 27,724,128,255	$ 21,220,586,002	$ 21,652,482,372

Changes in Fiduciary Net Position

For the year ended June 30, 2021, additions to TRSL's net position were derived from investment income and member and employer contributions. For 2021, net investment income was $7,164,169,788 compared to $171,029,364 for 2020, and $1,209,230,839 for 2019. For 2021, member contributions increased by $10,396,695 (3.0%) and employer contributions increased by $15,166,934 (1.2%). For 2020, member contributions increased by $9,889,080 (2.9%) and employer contributions increased by $5,642,148 (0.4%). The System's actuary and the Public Retirement Systems' Actuarial Committee (PRSAC) adjust employer contribution rates annually.

Condensed Comparative Statements of Changes in Fiduciary Net Position

	2021	2020	2019
Additions			
Member contributions	$ 361,684,671	$ 351,287,976	$ 341,398,896
Employer contributions	1,237,976,403	1,222,809,469	1,217,167,321
Non-employer contributions	44,886,830	43,151,074	40,850,075
LSU Co-Operative Extension	2,075,689	2,017,909	1,995,075
Other operating revenues	19,804,296	39,770,865	26,018,466
Net investment income	7,164,169,788	171,029,364	1,209,230,839
Total additions	8,830,597,677	1,830,066,657	2,836,660,672
Deductions			
Benefits, refunds, and other	2,310,595,851	2,245,134,690	2,214,961,707
LSU Co-Operative Extension	1,856,703	1,987,638	2,075,869
Administrative expenses	14,132,424	14,418,014	13,445,962
Depreciation expense	470,446	422,685	396,927
Total deductions	2,327,055,424	2,261,963,027	2,230,880,465
Net Increase (Decrease)	6,503,542,253	(431,896,370)	605,780,207
Net Position Restricted for Pensions, beginning of year	21,220,586,002	21,652,482,372	21,046,702,165
Net Position Restricted for Pensions, end of year	$ 27,724,128,255	$ 21,220,586,002	$ 21,652,482,372

Financial Section

Deductions from plan net assets totaled $2,327,055,424 in fiscal year 2021, an increase of $65,092,397 (2.9%) over fiscal year 2020. Deductions from plan net assets totaled $2,261,963,027 in fiscal year 2020, an increase of $31,082,562 (1.4%) over fiscal year 2019. Benefits, refunds, and other payments continue to be the major reason for this increase. For fiscal year 2021, these payments increased by 2.9% compared to 1.4% in 2020 and 1.6% in 2019.

Investments

As the state's largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of members. Funds are invested to achieve maximum returns and minimize risk.

Total investments at June 30, 2021 were $27.5 billion compared to $21.3 billion at June 30, 2020 and $21.7 billion at June 30, 2019. For 2021, the investment increase is due in large part to TRSL's returns on global equity securities and private assets. During 2021, TRSL experienced a total net investment income of $7.2 billion compared to $171 million in 2020 and $1.2 billion in 2019.

Investments (Continued)

TRSL's market rate of return is 36.4% (gross of fees) for fiscal year ended June 30, 2021. TRSL has sustained annualized returns over the past ten years of 10.7%. When compared to other public plans with assets greater than $1 billion, this gives TRSL a top 2nd percentile ranking, according to the Wilshire Trust Universe Comparison Service (TUCS).

Investments at Fair Value

	2021	2020	2019
Short-term investments	$ 1,073,305,658	$ 869,649,602	$ 905,937,551
Global debt securities	3,368,747,664	3,579,000,757	3,741,321,218
Global equities	12,274,373,322	9,140,896,138	9,850,015,432
Private assets	8,482,954,130	5,806,264,305	5,407,829,743
Real estate	2,312,130,478	1,919,416,236	1,811,448,529
Total investments	$ 27,511,511,252	$ 21,315,227,038	$ 21,716,552,473

Requests for Information

Questions concerning any of the information provided herein or requests for additional financial information should be addressed to:

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Teachers' Retirement System of Louisiana
Statements of Fiduciary Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 246,399,879	$ 239,806,968
Receivables		
Member contributions	65,140,107	59,381,602
Employer contributions	202,243,646	186,945,529
Investments receivable	1,757,734,170	2,088,924,846
Accrued interest and dividends	36,692,472	38,015,012
Other receivables	8,742,429	20,939,686
Total receivables	2,070,552,824	2,394,206,675
Investments, at fair value		
Short-term investments	1,073,305,658	869,649,602
Global debt securities	3,368,747,664	3,579,000,757
Global equity securities	12,274,373,322	9,140,896,138
Private assets	8,482,954,130	5,806,264,305
Real estate	2,312,130,478	1,919,416,236
Total investments	27,511,511,252	21,315,227,038
Securities lending collateral	2,012,340,658	2,135,108,608
Property and equipment (at cost) - net	3,756,029	3,582,220
Total assets	31,844,560,642	26,087,931,509
Deferred Outflows of Resources		
Related to pensions	4,478,053	2,632,216
Related to other post-employment benefits	2,997,741	1,308,383
Total deferred outflows of resources	7,475,794	3,940,599
Liabilities		
Accounts payable and other liabilities:		
Accounts payable	11,624,133	12,379,588
Benefits payable	2,515,794	1,884,980
Refunds payable	6,121,958	5,910,509
Net pension liability - LASERS	17,966,785	15,838,322
Investments payable	2,045,594,085	2,669,784,753
OPEB liability	26,231,642	23,569,847
Other liabilities	2,298,463	2,032,960
Total accounts payable and other liabilities	2,112,352,860	2,731,400,959
Securities lending collateral	2,012,340,658	2,135,108,608
Total liabilities	4,124,693,518	4,866,509,567
Deferred Inflows of Resources		
Related to pensions	247,379	451,517
Related to other post-employment benefits	2,967,284	4,325,022
Total deferred inflows of resources	3,214,663	4,776,539
Net Position Restricted for Pensions	$ 27,724,128,255	$ 21,220,586,002

The accompanying notes are an integral part of these financial statements.

Teachers' Retirement System of Louisiana
Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2021 and 2020

	2021	2020
Additions		
Contributions:		
Member contributions	$ 361,684,671	$ 351,287,976
Employer contributions	1,237,976,403	1,222,809,469
Non-employer contributions	44,886,830	43,151,074
LSU Co-Operative contributions	2,075,689	2,017,909
Total contributions	1,646,623,593	1,619,266,428
Investment Income		
From investment activities:		
Net appreciation (depreciation) in fair value of investments	6,657,494,297	(158,852,625)
Interest	127,173,018	154,019,706
Dividends	173,701,060	174,265,360
Private assets income	269,275,193	61,758,056
Real estate income	62,056,391	48,954,689
Total investment income	7,289,699,959	280,145,186
Investment activity expenses:		
International investment expenses	(4,309,805)	(4,966,705)
Private assets expenses	(75,054,448)	(70,327,458)
Real estate expenses	(11,165,903)	(7,198,166)
Investment administrative expenses	(1,781,554)	(1,601,535)
Custodian fees	(389,464)	(376,728)
Performance consultant fees	(1,065,319)	(1,120,361)
Advisor fees	(38,755,431)	(35,726,244)
Total investment expenses	(132,521,924)	(121,317,197)
Net income from investing activities	7,157,178,035	158,827,989
From securities lending activities:		
Securities lending income	8,489,476	38,808,944
Securities lending expenses	(1,497,723)	(26,607,569)
Net income from securities lending activities	6,991,753	12,201,375
Net investment income	7,164,169,788	171,029,364
Other operating revenues	19,804,296	39,770,865
Total additions	8,830,597,677	1,830,066,657

(Continued)

The accompanying notes are an integral part of these financial statements.

Teachers' Retirement System of Louisiana
Statements of Changes in Fiduciary Net Position (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Deductions		
Retirement benefits	$ 2,256,015,336	$ 2,193,873,471
LSU Co-Operative Extension	1,856,703	1,987,638
Refunds of contributions and other	53,095,621	50,225,236
TRSL employee and retiree health and life expense (benefit)	(385,301)	(540,170)
Pension expense	1,870,195	1,576,153
Administrative expenses	14,132,424	14,418,014
Depreciation expense	470,446	422,685
Total deductions	2,327,055,424	2,261,963,027
Net Increase (Decrease) in Net Position	6,503,542,253	(431,896,370)
Net Position Restricted for Pensions, beginning of year	21,220,586,002	21,652,482,372
Net Position Restricted for Pensions, end of year	$ 27,724,128,255	$ 21,220,586,002

The accompanying notes are an integral part of these financial statements.

Note 1–Plan Description

A. General

The Teachers' Retirement System of Louisiana (TRSL or the System) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. It was established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes (La. R.S.) to provide benefits to members and their dependents at retirement or in the event of death, disability, or termination of employment. The System is a component unit of the State of Louisiana and is included in the State's Comprehensive Annual Financial Report as a pension trust fund.

In accordance with La. R.S., the System is subject to certain elements of oversight:

- The operating budget of the System is subject to budgetary review and approval by the Legislature.
- Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislature at least 30 days before the beginning of each regular session.
- The legislative auditor is responsible for the procurement of the audit for the System and is authorized to contract with a licensed CPA.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.
- The Louisiana Legislature enacts legislation pertaining to the System, including administration, benefits, investments, and funding. All proposed retirement legislation is considered by the House and/or Senate Committees on Retirement. The legislative actuary prepares actuarial notes identifying the costs or savings related to such legislation.

B. Membership

At June 30, 2021 and 2020, the number of participating employers was:

	2021	2020
School boards	70	70
Colleges and universities	28	28
Laboratory schools	5	5
State agencies	46	48
Charter schools	35	36
Other	12	14
Total	196	201

Note 1–Plan Description (Continued)

B. Membership (Continued)

Membership consisted of the following at June 30, 2021 and 2020, the dates of the latest actuarial valuations:

	2021	2020
Retirees and beneficiaries receiving benefits	81,620	80,536
Deferred Retirement Option Plan participants	2,227	2,359
Terminated vested employees entitled to but not yet receiving benefits	8,409	7,992
Terminated nonvested employees who have not withdrawn contributions	25,641	25,021
Current active employees:		
Vested	55,781	55,908
Nonvested	28,168	28,737
Post Deferred Retirement Option Plan participants	2,031	2,215
Total	203,877	202,768

C. Net Pension Liability of Employers

The Schedules of Employers' Net Pension Liability presents information about whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The net pension liability, which was calculated in accordance with GASB 67 as of June 30, 2021 and 2020, is shown below.

	2021	2020
Total pension liability	$ 33,058,826,858	$ 32,340,867,066
Plan fiduciary net position[1]	27,720,055,435	21,217,296,757
Employers' net pension liability[2]	5,338,771,423	11,123,570,309
Plan fiduciary net position as a percentage of total pension liability	83.9%	65.6%

[1] Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service

[2] Based on fair value of assets

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Note 1–Plan Description (Continued)

D. Actuarial Methods and Assumptions

The actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 and 2020 are as follows:

Valuation date	June 30, 2021 and 2020
Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Expected remaining service lives	5 years
Investment rate of return	7.40% and 7.45%, respectively, net of investment expenses
Inflation rate	2.30%
Projected salary increases	3.10% - 4.60% (varies depending on duration of service)
Mortality	Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a 5-year (July 1, 2012 – June 30, 2017) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting long-term geometric nominal expected rates of return are 7.87% for 2021 and 8.17% for 2020. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 and 2020 are summarized in the following table:

	Expected Long-Term Real Rates of Return	
Asset Class	**2021**	**2020**
Domestic equity	4.21%	4.60%
International equity	5.23	5.54
Domestic fixed income	0.44	0.69
International fixed income	0.56	1.50
Private equity	8.48	8.62
Other private assets	4.27	4.45

Note 1–Plan Description (Continued)

D. Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total pension liability at June 30, 2021 and 2020 was 7.40% and 7.45%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

In accordance with GASB 67, the following presents the net pension liability calculated using the discount rate of 7.40% for the year ended June 30, 2021 and 7.45% for the year ended June 30, 2020, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher.

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Employers' net pension liability, June 30, 2021	$ 8,835,125,367	$ 5,338,771,423	$ 2,397,970,045

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Employers' net pension liability, June 30, 2020	$ 14,520,881,433	$ 11,123,570,309	$ 8,263,695,515

E. Eligibility

TRSL was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:700-999, as amended, for eligible teachers, employees, and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The System consists of three membership plans that require mandatory enrollment for all employees who meet the following eligibility requirements:

- TRSL Regular Plan - employees that meet the legal definition of a "teacher" in accordance with La. R.S. 11:701(33)(a).

Note 1–Plan Description (Continued)

E. Eligibility (Continued)

- TRSL Plan A - employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
- TRSL Plan B - employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

These three membership plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. TRSL provides retirement, disability, and survivor benefits.

F. Benefits

The following is a description of the plan and its benefits, and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Service Retirement

Service retirement benefits are established and amended by state statutes and are payable to members who have terminated covered employment and meet both age and service eligibility requirements. All members retire under one of three plans – Regular Plan, Plan A, or Plan B. Eligibility for each Plan is determined by the date the member joined TRSL as follows:

Regular Plan

Eligibility for retirement is determined by the date the member joined TRSL.

Members hired prior to July 1, 1999

2.0% benefit factor	At least age 60 with at least five years of service credit, or Any age with at least 20 years of service credit
2.5% benefit factor	At least age 65 with at least 20 years of service credit, or At least age 55 with at least 25 years of service credit, or Any age with at least 30 years of service credit

Members joining System between July 1, 1999 and December 31, 2010

2.5% benefit factor	At least age 60 with at least five years of service credit, or At least age 55 with at least 25 years of service credit, or Any age with at least 20 years of service credit (actuarially reduced), or Any age with at least 30 years of service credit

Note 1–Plan Description (Continued)

F. Benefits (Continued)

Service Retirement (Continued)

Regular Plan (Continued)

Members first eligible to join and hired between January 1, 2011 and June 30, 2015

2.5% benefit factor	At least age 60 with at least five years of service credit, or Any age with at least 20 years of service credit (actuarially reduced)

Members first eligible to join and hired on or after July 1, 2015

2.5% benefit factor	At least age 62 with at least five years of service credit, or Any age with at least 20 years of service credit (actuarially reduced)

Plan A

Plan A is closed to new entrants.

Plan A members

3.0% benefit factor	At least age 60 with at least five years of service credit, or At least age 55 with at least 25 years of service credit, or Any age with at least 30 years of service credit

Plan B

Members hired before July 1, 2015

2.0% benefit factor	At least age 60 with at least five years of service credit, or At least age 55 with at least 30 years of service credit

Members first eligible to join and hired on or after July 1, 2015

2.0% benefit factor	At least age 62 with at least five years of service credit, or Any age with at least 20 years of service credit (actuarially reduced)

Note 1–Plan Description (Continued)

F. Benefits (Continued)

Service Retirement (Continued)

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate and by the years of creditable service. For Regular Plan and Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options

A retiring member is entitled to receive the maximum monthly benefit payable until the member's death. In lieu of the maximum monthly benefit, the member can elect to receive a reduced monthly benefit payable in the form of a Joint and Survivor Option, or a reduced monthly benefit (maximum or reduced Joint and Survivor Option) with a lump sum that can't exceed 36 months of the member's maximum monthly benefit amount.

Effective July 1, 2009, members can make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

Disability Retirement Benefits

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

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Note 1–Plan Description (Continued)

F. Benefits (Continued)

Survivor Benefits

A surviving spouse with minor children of an active member with at least five years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, and the deceased member had at least 10 years of creditable service, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) $300 (up to two eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with at least 10 years of creditable service (two years immediately prior to death) is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the La. R.S., the System allows for the payment of ad hoc permanent benefit increases (PBIs), also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature. Fifty percent of any excess return above $200,000,000 (indexed to positive changes in the actuarial value of assets, beginning June 30, 2015) will be credited to the Experience Account, subject to the restrictions provided in Act 399 of 2014. The Experience Account is used to fund permanent benefit increases for retirees. The Experience Account balance as of June 30, 2021 and 2020 was $369,000,000 and $97,714,607, respectively.

Optional Retirement Plan (ORP)

The Optional Retirement Plan (ORP) was established in 1989 for academic employees of public institutions of higher education who are eligible for membership in TRSL. This Plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL. Participant and employer contributions are pooled and invested by their designated ORP carrier in the investment options of their choosing.

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the participating employees to the approved providers. These providers are selected by TRSL's Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime.

Note 1–Plan Description (Continued)

F. Benefits (Continued)

Optional Retirement Plan (ORP) (Continued)

	2021	2020
Employees joining ORP consisted of:		
Members of TRSL joining ORP	66	63
New employees joining ORP	440	519
Total members joining ORP	506	582
Total actively contributing participants	6,867	7,042
Amounts transferred to ORP:		
Amounts previously held in TRSL reserves	$ 406,391	$ 263,475
Contributions	85,348,626	85,855,148
Total	$ 85,755,017	$ 86,118,623
Number of ORP employers	111	114
Participants' contribution rates:		
Participant contribution rate (applicable for ORP transfers)	7.95%	7.95%
Participant contribution rate (administrative fee - TRSL)	0.05%	0.05%
Total employee contribution rate	8.00%	8.00%

Act 607 of the 2014 Regular Legislative Session required each higher education board created by Article VIII of the Louisiana Constitution to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). From fiscal year 2014-2015 to fiscal year 2017-2018, the transfer amount was required to be an amount equal to or greater than the employer's portion of the normal cost contribution of the regular retirement plan. Effective for fiscal year 2018-2019 and thereafter, the transfer amount must be at least 6.2% of pay. The rate adopted by each higher education board must be the same for all employer institutions and agencies under that board's supervision and control and shall be effective for an entire fiscal year.

For all employers that are not a higher education board created by Article VIII of the Louisiana Constitution or an employer institution not under the supervision and control of such a board, effective for fiscal year 2014-2015 and thereafter, the transfer amount is the greater of the normal cost for a member of TRSL's regular retirement plan or 6.2% of pay.

The following tables display the total employer contribution amount (transfer amount and shared UAL) for employers that report ORP participants for the years ending June 30, 2021 and 2020 for both higher education and non-higher education institutions. The transfer amount along with the participant's contributions, less the administrative fee, are transferred to their selected ORP provider and invested. The shared UAL portion is retained by TRSL.

Note 1–Plan Description (Continued)

F. Benefits (Continued)

Optional Retirement Plan (ORP) (Continued)

HIGHER EDUCATION EMPLOYERS:

Contribution rates for the fiscal year ended June 30, 2021:

	Employer Rate		
Management Board	**Transfer Amount**	**Shared UAL**	**Total ER**
Board of Regents	6.20%	21.80%	28.00%
Board of Supervisors of Louisiana State University	6.20%	21.80%	28.00%
Board of Supervisors of Southern University	6.20%	21.80%	28.00%
Southern Lab School	6.20%	21.80%	28.00%
Board of Supervisors of the University of Louisiana System	6.20%	21.80%	28.00%
Board of Supervisors of Community & Technical Colleges	6.20%	21.80%	28.00%

Contribution rates for the fiscal year ended June 30, 2020:

	Employer Rate		
Management Board	**Transfer Amount**	**Shared UAL**	**Total ER**
Board of Regents	6.20%	22.20%	28.40%
Board of Supervisors of Louisiana State University	6.20%	22.20%	28.40%
Board of Supervisors of Southern University	6.20%	22.20%	28.40%
Southern Lab School	6.20%	22.20%	28.40%
Board of Supervisors of the University of Louisiana System	6.20%	22.20%	28.40%
Board of Supervisors of Community & Technical Colleges	6.20%	22.20%	28.40%

NON-HIGHER EDUCATION EMPLOYERS:

Contribution rates for the fiscal year ended June 30:

	Employer Rate		
Fiscal Year	**Transfer Amount**	**Shared UAL**	**Total ER**
2021	6.20%	21.80%	28.00%
2020	6.20%	22.20%	28.40%

Note 1–Plan Description (Continued)

G. Legally Required Reserves

Deferred Retirement Option Plan (DROP)

DROP was implemented on July 1, 1992, with the passage of La. R.S. 11:786 by the Legislature. When a member enters DROP, his status changes from an active member to a retiree, even though he continues to work at his regular job and draw his regular salary. In the original DROP, participation in the program could not exceed two years; however, DROP was modified on January l, 1994 to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. After participation ends, members eligible to enter DROP prior to January 1, 2004, will earn interest on the DROP accounts at a rate equal to the actuarial realized rate of return on the System's portfolio for that plan year as certified by the System's actuary in their actuarial report, less one-half of one percent.

For members eligible to enter DROP on or after January 1, 2004, interest will be earned at the liquid asset money market rate, less one quarter of one percent administrative fee. Interest is posted monthly to the accounts and will be based on the balance in the account for that month. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Upon termination of DROP participation, the member can continue employment and earn additional benefit accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or as an additional annuity based upon the account balance.

Initial Lump-Sum Benefit (ILSB)

Effective January 1, 1996, the Legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. The ILSB is available to members who have not participated in DROP and who elect the maximum benefit, option 2 benefit, option 2A benefit, option 3 benefit, option 3A benefit, option 4 benefit, or option 4A benefit. The ILSB program provides both a one-time, single sum payment of up to 36 months of the maximum regular monthly retirement benefit and a reduced monthly retirement benefit for life. Interest credited and payments from the ILSB account are made in accordance with La. R.S. l 1:789(A)(l).

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Note 1–Plan Description (Continued)

G. Legally Required Reserves (Continued)

Membership, disbursements, and reserve balances for the DROP and ILSB programs for the fiscal years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Members who became eligible to participate before January 1, 2004		
DROP		
Members entering DROP	-	-
Disbursements	$ 51,695,048	$ 45,241,910
DROP reserves at June 30	$ 550,846,329	$ 565,500,825
ILSB		
Members entering ILSB	-	-
Disbursements	$ 332,705	$ 324,841
ILSB reserves at June 30	$ 4,903,605	$ 4,916,949
Members who became eligible to participate on or after January 1, 2004		
DROP		
Members entering DROP	888	900
Disbursements	$ 88,093,875	$ 77,694,942
DROP reserves at June 30	$ 488,015,003	$ 489,612,364
ILSB		
Members entering ILSB	227	247
Disbursements	$ 15,121,053	$ 11,317,535
ILSB reserves at June 30	$ 2,389,238	$ 2,193,007

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Note 1–Plan Description (Continued)

G. Legally Required Reserves (Continued)

Interest rates for the DROP and ILSB programs over the past 10 years are as follows:

	Interest Rates	
Fiscal Year Ending June 30	**Members who became eligible to participate before January 1, 2004**	**Members who became eligible to participate on or after January 1, 2004**
2012	4.55%	0.0001%
2013	12.91%	0.0000%
2014	12.64%	0.0000%
2015	10.76%	0.0000%
2016	6.17%	0.0595%
2017	8.65%	0.2214%
2018	8.98%	0.9538%
2019	6.98%	1.8940%
2020	6.30%	1.0797%
2021*	12.15%	0.0000%

*Subject to Public Retirement Systems' Actuarial Committee (PRSAC) approval of fiscal year valuation.

H. Excess Benefit Plan

La. R.S. 11:945 established the Excess Benefit Plan as a separate, unfunded, nonqualified plan under the provisions set forth in La. R.S. 11:946, and also as a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the United States Internal Revenue Code.

Effective July 1, 1999, an excess benefit participant who is receiving a benefit from this System is entitled to a monthly benefit under this plan in an amount equal to the lesser of either the participant's unrestricted benefit as defined in La. R.S. 11:701, less the maximum benefit, or the amount by which the participant's monthly benefit from this System has been reduced by the limitations of Louisiana Revised Statute 11:784.1. A benefit payable under this plan is paid in the form and at the time it would have been paid as a monthly pension except for the limitations under La. R.S. 11:784.1 and Section 415 of the United States Internal Revenue Code.

Note 1–Plan Description (Continued)

H. Excess Benefit Plan (Continued)

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan. The number of benefit recipients and the total benefits for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Number of excess benefit recipients	38	38
Total benefits	$ 700,940	$ 810,811

Note 2–Summary of Significant Accounting Policies and Plan Asset Matters

A. Reporting Entity

TRSL (the "System") is a component unit of the State of Louisiana. A 17-member Board of Trustees (composed of ten active members, two retired members, and five ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

During 2018, the System adopted GASB 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions.* GASB 75 improves accounting and financial reporting for post-employment benefits other than pensions (OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The standard required the System to record its proportionate share of OPEB amounts related to the participation in a multi-employer defined OPEB plan using specific guidelines outlined in the standard. These disclosures are located in Note 10.

B. Basis of Accounting

TRSL's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. State appropriations are recognized in the period appropriated. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

Administrative costs are funded through the employer contribution rate and are subject to budgetary control by the Board of Trustees and approval of the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

Note 2–Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The System utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

D. Method Used to Value Investments

As required by GASB 72, investments are reported at fair value which is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in Note 4.

Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate.

All derivative financial instruments are reported at fair value in the Statements of Fiduciary Net Position. Gains and losses are reported in the Statements of Changes in Fiduciary Net Position as net appreciation (depreciation) in fair value of investments during the period the instruments are held and when the instruments are sold or expire. The nature and use of derivative instruments are discussed in Note 8.

The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been recorded based on the investment's capital account balance which is reported at fair value, at the closest available reporting period, and adjusted for subsequent contributions, distributions, and management fees.

Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statements of Changes in Fiduciary Net Position.

Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term.

Note 2–Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

E. Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation for the building is computed using the straight-line method based upon a useful life of 40 years. Depreciation for office equipment and furniture with a purchase price of at least $1,000 is computed using the straight-line method based upon a useful life of three to ten years. Items with a purchase price of less than $1,000 and more than $250 are computed using the straight-line method with a useful life of three years. Items with a purchase price of less than $250 are expensed in the current year.

TRSL and the Louisiana State Employees' Retirement System (LASERS) share a 50/50 joint ownership of the Louisiana Retirement Systems Building, equipment, and related land.

The following is a summary of the changes in property and equipment for the years ended June 30, 2021 and 2020:

	June 30, 2020	Additions	Deletions	June 30, 2021
Asset class (at cost)				
Land	$ 858,390	$ -	$ -	$ 858,390
Building	7,047,183	385,018	-	7,432,201
Equipment, furniture, fixtures	2,772,703	264,012	(280,149)	2,756,566
Total property and equipment	10,678,276	649,030	(280,149)	11,047,157
Accumulated depreciation				
Building	(4,956,296)	(305,319)	-	(5,261,615)
Equipment, furniture, fixtures	(2,139,760)	(165,127)	275,374	(2,029,513)
Total accumulated depreciation	(7,096,056)	(470,446)	275,374	(7,291,128)
Property and equipment, net	$ 3,582,220	$ 178,584	$ (4,775)	$ 3,756,029

	June 30, 2019	Additions	Deletions	June 30, 2020
Asset class (at cost)				
Land	$ 858,390	$ -	$ -	$ 858,390
Building	6,956,914	413,640	(323,371)	7,047,183
Equipment, furniture, fixtures	2,596,263	178,305	(1,865)	2,772,703
Total property and equipment	10,411,567	591,945	(325,236)	10,678,276
Accumulated depreciation				
Building	(4,702,488)	(253,808)	-	(4,956,296)
Equipment, furniture, fixtures	(1,970,883)	(168,877)	-	(2,139,760)
Total accumulated depreciation	(6,673,371)	(422,685)	-	(7,096,056)
Property and equipment, net	$ 3,738,196	$ 169,260	$ (325,236)	$ 3,582,220

Note 2–Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

F. Accumulative Leave

The employees of the System accumulate annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. The liability for accrued annual leave of up to 300 hours is included in other liabilities on the Statement of Fiduciary Net Position. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs.

Note 3–Member Contributions and Employer Contributions

Member contribution rates for the System are established by La. R.S. 11:62. The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan.

The normal cost portion of each plan's employer contribution rate varies based upon that plan's benefits, member demographics, and the rate contributed by employees. The shared unfunded accrued liability (UAL) contribution rate is determined in aggregate for all plans. The UAL established due to a specific plan or group of plans because of legislation will be allocated entirely to that plan or those plans.

Employee and employer contribution rates for each plan for the years ended June 30, 2021 and 2020 are as follows:

	Employee	Employer Contribution Rate (*Rounded)			
	Contribution	Normal	Admin	Shared	Total
June 30, 2021	Rate	Cost Rate	Expense Rate	UAL Rate	Rate*
Regular Plan (K12)	8.0%	3.5504%	0.39%	21.8%	25.8%
Regular Plan (Higher Ed)	8.0%	2.7356%	0.39%	21.8%	25.0%
Lunch Plan A	9.1%	3.5504%	0.39%	21.8%	25.8%
Lunch Plan B	5.0%	3.5504%	0.39%	21.8%	25.8%

	Employee	Employer Contribution Rate (*Rounded)			
	Contribution	Normal	Admin	Shared	Total
June 30, 2020	Rate	Cost Rate	Expense Rate	UAL Rate	Rate*
Regular Plan (K12)	8.0%	3.3595%	0.45%	22.2%	26.0%
Regular Plan (Higher Ed)	8.0%	2.6418%	0.45%	22.2%	25.3%
Lunch Plan A	9.1%	3.3595%	0.45%	22.2%	26.0%
Lunch Plan B	5.0%	3.3595%	0.45%	22.2%	26.0%

In accordance with state statute, TRSL receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Note 4–Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of June 30, 2021 and 2020, respectively:

June 30, 2021	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Investments:				
U. S Treasury and Government Obligation	$ 1,182,325,025	$ 662,219,612	$ 520,105,413	$ -
Corporate Bonds	538,612,483	-	491,237,497	47,374,986
Miscellaneous	224,874,491	1,466,305	222,963,251	444,935
International Bonds	1,173,187,384	-	1,170,109,686	3,077,698
Short-Term Investments	1,072,753,140	428,545,387	116,680,223	527,527,530
Total Debt Securities	4,191,752,523	1,092,231,304	2,521,096,070	578,425,149
Equity Securities:				
Large Cap	4,766,279,213	4,766,279,213	-	-
Mid Cap	688,356,021	688,356,021	-	-
Small Cap	1,654,188,312	1,654,188,312	-	-
International Equities	3,305,522,599	3,305,522,599	-	-
Global REIT	403,031,471	403,031,471	-	-
Other	55,913,163	17,419,079	11,730,194	26,763,890
Total Equity Securities	10,873,290,779	10,834,796,695	11,730,194	26,763,890
Alternative Assets and Real Estate:				
Private Assets	8,482,954,130	2,939,274	-	8,480,014,856
Real Estate	993,679,993	-	-	993,679,993
Total Alternative Assets and Real Estate	9,476,634,123	2,939,274	-	9,473,694,849
Derivative Instruments:				
Foreign Exchange Contracts	(9,176,611)	-	(9,176,611)	-
Swaps	149,313,985	-	149,313,985	-
Options	106,532,721	-	106,532,721	-
Total Derivative Instruments	246,670,095	-	246,670,095	-
Investments at Fair Value Level	24,788,347,520	$ 11,929,967,273	$ 2,779,496,359	$ 10,078,883,888
Investments measured at Net Asset Value (NAV)	2,723,163,732			
Total Investments at Fair Value	$ 27,511,511,252			
Securities Lending Cash Collateral	$ 2,012,340,658	$ -	$ 2,012,340,658	$ -
Investment Derivatives:				
Futures	$ (154,337)	$ (154,337)	$ -	$ -
Swaps	(150,575,452)	-	(150,575,452)	-
Options	(1,532,031)	-	(1,532,031)	-

Note 4–Fair Value Measurements (Continued)

June 30, 2020	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Investments:				
U. S Treasury and Government Obligation	$ 1,158,080,994	$ 480,870,524	$ 677,210,470	$ -
Corporate Bonds	701,757,567	-	671,073,014	30,684,553
Miscellaneous	17,522,885	3,283,134	14,239,751	-
International Bonds	1,184,564,408	2,730,500	1,180,207,151	1,626,757
Short-Term Investments	869,233,554	395,491,495	65,443,353	408,298,706
Total Debt Securities	3,931,159,408	882,375,653	2,608,173,739	440,610,016
Equity Securities:				
Large Cap	3,346,464,782	3,346,464,782	-	-
Mid Cap	797,750,575	797,750,575	-	-
Small Cap	1,207,280,763	1,207,280,763	-	-
International Equities	2,401,849,674	2,401,849,674	-	-
Global REIT	224,831,252	224,831,252	-	-
Other	30,341,519	11,697,572	10,065,781	8,578,166
Total Equity Securities	8,008,518,565	7,989,874,618	10,065,781	8,578,166
Alternative Assets and Real Estate:				
Private Assets	5,806,264,305	10,880,900	-	5,795,383,405
Real Estate	845,311,348	-	-	845,311,348
Total Alternative Assets and Real Estate	6,651,575,653	10,880,900	-	6,640,694,753
Derivative Instruments:				
Foreign Exchange Contracts	6,838,878	-	6,838,878	-
Swaps	241,782,919	-	241,782,919	-
Options	282,628,361	14,652	282,613,709	-
Total Derivative Instruments	531,250,158	14,652	531,235,506	-
Investments at Fair Value Level	19,122,503,784	$ 8,883,145,823	$ 3,149,475,026	$ 7,089,882,935
Investments measured at Net Asset Value (NAV)	2,192,723,254			
Total Investments at Fair Value	$ 21,315,227,038			
Securities Lending Cash Collateral	$ 2,135,108,608	$ -	$ 2,135,108,608	$ -
Investment Derivatives:				
Futures	$ 4,125,990	$ 4,125,990	$ -	$ -
Swaps	(265,528,499)	-	(265,528,499)	-
Options	(12,832,427)	-	(12,832,427)	-

Certain securities and derivatives disclosed in these tables may be classified as short-term investments, global equity, debt securities, or investments payable on the combined Statements of Fiduciary Net Position. Accordingly, the totals presented in this table will not agree to the combined totals of investments presented in those statements.

Note 4–Fair Value Measurements (Continued)

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Securities classified in Levels 2 and 3 of the fair value hierarchy are valued using a proprietary matrix based on asset class (e.g. 'sector code,' 'firm code,' or 'asset type code'). Matrix pricing relies on the securities' relationship to other benchmark quoted securities.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2021 are presented in the following table.

		2021	Unfunded Commit-ments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
JP Morgan Strategic Property Fund	(1)	$ 296,969,528	-	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	(2)	332,668,608	-	Quarterly	60 days prior to quarter end
Prudential Real Estate	(3)	281,288,420	-	Quarterly	1 quarter prior to the quarter the redemption is required
Prime Property Fund	(4)	407,523,930	-	Quarterly	1 quarter prior to the quarter the redemption is required
Franklin Templeton-Emerging Markets	(5)	689,623,205	-	Daily	N/A
William Blair-Emerging Markets	(6)	715,090,041	-	Daily	N/A
		$ 2,723,163,732			

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Note 4–Fair Value Measurements (Continued)

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2020 are presented in the following table.

		2020	Unfunded Commit-ments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
JP Morgan Strategic Property Fund	(1)	$ 490,596,940	-	Quarterly	45 days prior to quarter end
MetLife Core Property Fund	(2)	313,913,193	-	Quarterly	60 days prior to quarter end
Prudential Real Estate	(3)	269,594,755	-	Quarterly	1 quarter prior to the quarter the redemption is required
Dimensional Funds-Emerging Markets	(7)	422,263,247	-	Daily	N/A
Dimensional Funds-International Small	(8)	252,964,488	-	Daily	N/A
Harding Loevner Emerging Market Collective Investment Fund	(9)	443,390,631	-	Daily	Same day notice
		$ 2,192,723,254			

(1) JP Morgan Strategic Property Fund - Strategic Property Fund is an actively managed diversified, pure core, open-end commingled pension trust fund. It invests in high-quality stabilized office, retail, residential, and industrial assets with dominant competitive characteristics in primary markets throughout the United States. Properties are well-leased, generating significant operating cash flow, and a high-income return. Broad diversification, both geographically and by sector, have contributed to strong risk-adjusted returns of 9.8% gross of fees (8.7 % net of highest applicable fees) since the Fund's inception in January 1998. The Fund's size, quality, consistent pure core strategy, high occupancy, low lease rollover, solid income, conservative leverage, and staggered debt maturities position it well to execute on its strategy. Investments in the Fund are valued at the current day closing net asset value per share. As part of the Trustee's valuation process, properties are externally appraised generally on an annual basis, by reputable, independent appraisal firms, and signed by appraisers that are members of the Appraisal Institute, with the professional MAI designation. In addition, the Trustee may cause additional appraisals to be performed as warranted by specific asset or market conditions. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices (USPAP). To the extent that redemption requests exceed available cash, distributions are pro-rated based on the participant's interest in the Fund. All withdrawals will be treated equally forever whether for fees, benefit payments, plan termination, or asset allocation. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves. The Fund's redemption notice period is 45 days; therefore, any sales price could differ from the net asset value because of the 45-day notice period.

Note 4–Fair Value Measurements (Continued)

(2) MetLife Core Property Fund - The strategy of the MetLife Core Property Fund (MCPF) is to create and actively manage a diversified portfolio of core institutional real estate assets that offer the potential to deliver attractive returns through a combination of current income and capital appreciation. As a core open-ended fund, the strategy is to invest in property types that have both deep institutional quality stock and deep institutional investor bases. The Fund limits its investments in non-core properties to 10% of the Fund GAV (plus unfunded capital commitments). Geographically, the Fund invests in U.S. real estate assets and focuses on primary markets; the Fund's strategy does not include a major focus on secondary and tertiary markets.

Specific investment characteristics of targeted investments for the Fund include:

- Stabilized investments with high-quality physical improvements.
- Attractive locations within supply-constrained metropolitan areas and with superior competitive market positions.
- Favorable long-term economic, demographic, and fundamental real estate trends.
- Well-leased properties with diversified rent roll and manageable lease rollover.
- Minimal need for near term capital expenditures.
- Stable, predictable income stream, which constitutes a significant portion of the expected total return over the hold period.
- Readily marketable assets that enable an efficient exit.

Investors may request that the General Partner redeem all or any portion of their shares on quarterly basis with 60 days written notice prior to the end of the quarter for which the request is to be effective; however, the Fund will not be obligated to sell assets, borrow funds, or alter investment or capital improvement plans to meet redemption requests. Units will be redeemed in cash at a price that reflects the Fund's NAV as of the last day of the calendar quarter immediately preceding the effective date of the redemption, as adjusted for additional contributions and distributions.

If liquid assets are insufficient to redeem all Fund redemption requests, a pro rata portion of the outstanding Fund redemption interests pursuant to such requests based upon the relative Fund percentage interests as of such redemption date of the Fund investors who are being redeemed (regardless of the redemption effective date of the redemption notices), will be redeemed to the extent that liquid assets are available, and in each case within 10 days after the Fund's NAV for the end of a calendar quarter has been determined.

(3) Prudential Real Estate (PRISA) - The Fund's investment objective is to produce a total return each year that outperforms the NCREIF Fund Index Open-End Diversified Core Equity (NFI-ODCE) on a total-return basis, while maintaining the benefits of a broadly diversified, core portfolio. Investors may request a withdrawal from PRISA at any time. Redemptions are paid only on valuation dates, on the last business day of a calendar quarter. All written requests received by PRISA at least a quarter prior to the valuation date will be eligible for payment. For example, a written request received during the first calendar quarter will be eligible to be paid on the last business day of June. PRISA may, in its discretion, waive the notice requirement.

Redemption payments are subject to available cash as determined by PRISA after all contractual obligations are met and appropriate reserves are maintained to meet anticipated future portfolio operating requirements. If eligible redemption requests exceed available cash in a given quarter, an exit queue will be established.

Note 4–Fair Value Measurements (Continued)

Investment in the Fund is valued at the current day closing net asset value per share. A unit value is the value of a single unit or "share" in an investment account on the specified day. The unit value changes depending on the investment results of the investment account and reflects realized and unrealized capital gains/losses, investment income, and may include fees/expenses. The estimate of fair value for real estate is based on the conventional approaches to value, all of which require the exercise of subjective judgment. The three approaches are: (1) current cost of reproducing the real estate less deterioration and functional and economic obsolescence; (2) discounting a series of income streams and reversion at a specific yield or by directly capitalizing a single year income estimate by an appropriate factor; and (3) value indicated by recent sales of comparable real estate in the market. In the reconciliation of these three approaches, the independent appraiser uses one or a combination of them, to come up with the approximated value for the type of real estate in the market.

The Fund's redemption notice period must be at least 90 days; therefore, any sales price could differ from the net asset value because of the 90-day notice period.

(4) Prime Property Fund – The Prime Property Fund (PPF) is a core, fully-specified, open-ended commingled real estate investment fund diversified by property type and location designed to provide a stable, income-driven rate of return over the long term with potential for growth of income and appreciation of value. The investment strategy of the PPF is to maintain a diversified investment in core U.S. real estate that offers stable, highly predictable cash flow returns. The focus is on high-quality office buildings, Class A multifamily communities, warehouse distribution and storage facilities, top tier super regional malls and shopping centers in targeted primary markets, and consumer-oriented healthcare-related real estate with high-quality providers. The PPF generally will invest in existing, high-quality, well-leased properties. However, a portion of the PPF's assets (generally less than 15% of gross assets) may be invested in properties with reasonable asset enhancement opportunities, including, for example, funded forward purchase commitments involving new construction and development properties. The PPF seeks stabilized investments that generally yield current income of 4.0% to 6.0%. The PPF may invest in high-grade properties that yield current income of less than 4.0% if, for example, they possess above-average growth opportunities or are of prime quality or if the capitalization rates in the relevant property sector dictate lower yield. The PPF favors investments that are likely to produce income growth equal to or greater than anticipated inflation rates.

Investment values are determined quarterly from limited restricted appraisals, in accordance with the USPAP, which include less documentation but nevertheless meet the minimum requirements of the Appraisal Standards Board and the Appraisal Foundation and are considered appraisals. In these appraisals, a full discounted cash flow analysis, which is the basis of an income approach, is the primary focus. Interim monthly valuations are determined by giving consideration to material investment transactions. Full appraisal reports are prepared on a rotating basis for all properties, so each property receives a full appraisal report at least once every three years.

The System has the right to request a redemption of shares on a quarterly basis. A redemption request received before the end of a calendar quarter will be processed so as to be scheduled for payment generally at (or shortly after) the end of the next calendar quarter in accordance with the PPF's quarterly redemption process. Shares will be redeemed at the then Current Share Price on the day of redemption. If sufficient cash is not available to redeem all requested redemptions, the PPF will redeem the shares of all investors that have requested a redemption out of available cash on a pro rata basis. The ability to redeem funds from the PPF is subject to the availability of cash arising from net investment income, allocations, and the sale of investments in the normal course of business. To the extent that redemption requests exceed such available cash, there are uniform procedures to provide for cash payments, which may be deferred for such a period as considered necessary to protect the interests of other investors in the PPF or to obtain the funds to be redeemed.

Note 4–Fair Value Measurements (Continued)

(5) Franklin Templeton-Emerging Markets - The emerging market public equity strategy seeks to provide long-term capital growth by investing mainly in equity securities of companies located in or significantly exposed to emerging or frontier markets. Certain strategies are focused primarily on companies within specific regions, such as Asia, Latin America or Eastern Europe, within specific countries, such as India, or within specific market capitalizations, such as small caps, while others invest across the entire emerging market spectrum. The Adviser's focus is on identifying companies with sustainable earnings power at a discount to their intrinsic value, which is consistent with the three tenets of Sir John Templeton: patient, long-term outlook; bottom-up stock selection; and value orientation. The emerging market public equity strategy employs an investment process rooted in original fundamental research and long-term focus, and characterized by a search for sustainable earnings power at a discount. The Adviser believes that its competitive advantage lies in extensive locally based emerging markets resources, access and expertise; global perspective within the investment team; broader resources across Franklin Templeton; and an investment approach that is robust, scalable, and continuously refined.

(6) William Blair-Emerging Markets - The investment strategy relies on fundamental company analysis and stock selection as primary investment criteria. The desired criteria is as follows: (1) the company exhibits historical superior growth, profitability and quality relative to local markets or to companies within the same industry worldwide; and the company has a reasonable expectation of continued growth performance; (2) the company generally exhibits superior business fundamentals, including leadership in its field, quality products or services, distinctive marketing and distribution, pricing flexibility and revenue from products or services consumed on a steady, recurring basis; (3) the company's demonstrated superior business characteristics are accompanied by management that is shareholder return-oriented and that uses conservative accounting policies; and (4) the company has above-average returns on equity, a strong balance sheet and consistent, above-average earnings growth. Stock selection takes into account both local and global comparisons. The weight given to a particular criterion depends upon the circumstances, and investments might not meet all of these criteria.

(7) Dimensional Funds-Emerging Markets Value Portfolio - The investment objective of the Emerging Markets Value Portfolio is to achieve long-term capital appreciation. The Emerging Markets Value Portfolio is a Feeder Portfolio and pursues its objective by investing substantially all of its assets in its corresponding Master Fund, the Dimensional Emerging Markets Value Fund (the "Fund"), which has the same investment objective and policies as the Portfolio. Securities held by the Fund, including over-the-counter securities, are valued at the last quoted sale price at the close of the exchanges on which they are principally traded (official closing price).

(8) Dimensional Funds-International Small Company Portfolio - The investment objective of the International Small Company Portfolio (ISCP) is to achieve long-term capital appreciation. The ISCP is a "fund of funds," which means the Portfolio generally allocates its assets among other funds (the "Underlying Funds") managed by Dimensional Fund Advisors LP (the "Advisor"), although it has the ability to invest directly in securities and derivatives. The ISCP seeks to achieve its investment objective of providing investors with access to securities portfolios consisting of a broad range of equity securities of primarily small Canadian, Japanese, United Kingdom, European, and Asia Pacific companies. The ISCP also may have some exposure to small cap equity securities associated with other countries or regions. The ISCP pursues its investment objective by investing substantially all of its assets in the following Underlying Funds: Canadian Small Company Series, Japanese Small Company Series, Asia Pacific Small Company Series, United Kingdom Small Company Series, and Continental Small Company Series of The DFA Investment Trust Company. The ISCP (a feeder fund) value reflects its proportionate interest in the net assets of the corresponding Master Fund. Investors may purchase or redeem shares of the ISCP on each day that the NYSE is scheduled to be open for business by first contacting the Portfolio's transfer agent.

Note 4–Fair Value Measurements (Continued)

(9) Harding Loevner Emerging Markets Collective Investment Fund – The investment objective of the Emerging Markets Collective Investment Fund (the "Fund") is to seek long-term capital appreciation through investments in equity securities of companies based in emerging markets. The Fund invests primarily in companies that are based in emerging and frontier markets. To reduce its volatility, the Fund is diversified across dimensions of geography, industry, and currency. The Fund normally holds investments across at least 15 countries. Normally, at least 65% of the Fund's total assets will be denominated in at least three currencies other than the U.S. dollar. The Fund also normally invests at least 65% of its total assets in common stocks, preferred stocks, rights, and warrants issued by companies that are based in emerging or frontier markets, securities convertible into such securities (including depositary receipts), and trust and other entities that invest in the types of securities in which the Fund would normally invest. No more than 15% of the Fund's total assets will be invested in securities of U.S. companies. Securities held by the Fund, including over-the-counter securities, are valued at the last quoted sale price at the close of the exchanges on which they are principally traded (official closing price).

Note 5–Deposits and Investment Risk

A. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 and cash equivalents are collateralized by the pledge of government securities held by the agents in TRSL's name.

B. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. At June 30, 2021 and 2020, all deposits were insured by FDIC insurance and pledged collateral held in joint custody.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System's trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either a counterparty or by the counterparty's trust department or agent but not in the System's name. It is the System's policy to contract with the custodian to provide safeguarding of deposits and securities. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form.

Note 5–Deposits and Investment Risk (Continued)

C. Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy requires investments in core fixed income portfolios to be rated Baa3 or BBB- or higher by Moody's or Standard & Poor's, respectively. High-yield investment portfolios shall be invested in securities rated from Ba-l to Caa or BB+ to CCC as rated by Moody's and Standard & Poor's, respectively. Non-rated securities and securities rated below Caa or CCC shall not exceed 20% of the fair value of the portfolio.

The System's exposure to credit risk at June 30, 2021 is as follows:

	Debt Securities		
Moody's Rating	**Total**	**Domestic**	**International**
A1	$ 84,036,588	$ 16,911,273	$ 67,125,315
A2	121,027,491	63,299,942	57,727,549
A3	102,660,372	42,419,521	60,240,851
AA1	26,364,296	10,635,547	15,728,749
AA2	28,566,889	12,334,036	16,232,853
AA3	35,679,695	15,528,168	20,151,527
AAA	1,114,953,564	1,035,819,977	79,133,587
B1	56,971,213	42,312,225	14,658,988
B2	79,628,320	46,510,216	33,118,104
B3	45,663,747	29,533,265	16,130,482
BA1	59,381,365	44,051,761	15,329,604
BA2	194,617,495	50,511,479	144,106,016
BA3	83,469,092	46,018,041	37,451,051
BAA1	200,132,266	57,841,544	142,290,722
BAA2	199,338,863	109,493,912	89,844,951
BAA3	190,832,052	100,544,768	90,287,284
C	686,854	411,253	275,601
CA	593,048	396,395	196,653
CAA1	42,751,784	27,369,334	15,382,450
CAA2	23,463,830	19,907,184	3,556,646
CAA3	4,627,007	1,631,703	2,995,304
NR	1,733,461,006	1,376,753,710	356,707,296
WR	13,146,485	4,244,979	8,901,506
Total credit risk debt securities	$ 4,442,053,322	$ 3,154,480,233	$ 1,287,573,089

Note 5–Deposits and Investment Risk (Continued)

C. Credit Risk (Continued)

The System's exposure to credit risk at June 30, 2020 is as follows:

	Debt Securities		
Moody's Rating	Total	Domestic	International
A1	$ 114,356,223	$ 26,900,828	$ 87,455,395
A2	162,085,736	108,726,838	53,358,898
A3	174,335,098	115,535,843	58,799,255
AA1	45,203,766	24,571,709	20,632,057
AA2	32,439,995	10,425,474	22,014,521
AA3	55,355,984	26,042,867	29,313,117
AAA	983,296,384	902,232,548	81,063,836
B1	37,509,599	23,922,007	13,587,592
B2	52,313,620	25,914,682	26,398,938
B3	39,853,938	20,899,394	18,954,544
BA1	88,952,165	31,797,619	57,154,546
BA2	119,189,743	29,123,825	90,065,918
BA3	54,789,127	29,780,628	25,008,499
BAA1	266,781,087	111,678,553	155,102,534
BAA2	240,152,327	125,682,501	114,469,826
BAA3	157,471,405	75,294,755	82,176,650
C	84,332	80,902	3,430
CA	12,816,923	2,216,773	10,600,150
CAA1	22,515,222	18,264,778	4,250,444
CAA2	18,741,930	15,568,293	3,173,637
CAA3	6,335,062	3,102,511	3,232,551
NR	1,744,875,178	1,443,495,216	301,379,962
WR	19,195,515	10,574,163	8,621,352
Total credit risk debt securities	$ 4,448,650,359	$ 3,181,832,707	$ 1,266,817,652

Note 5–Deposits and Investment Risk (Continued)

D. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

At June 30, 2021 the System's maturities for debt securities are as follows:

Investment	Fair Value	Less than 1 Year	1 - 5 Years	5 - 10 Years	More than 10 Years
U. S. Treasury and government agency	$ 1,110,738,112	$ 92,916,277	$ 401,532,612	$ 142,668,214	$ 473,621,009
Collateralized mortgage obligations	72,667,220	31,942	8,243,370	2,990,404	61,401,504
Corporate bonds	538,612,484	26,242,950	179,042,711	150,613,405	182,713,418
Other	434,133,960	3,776,814	180,139,882	132,874,619	117,342,645
Foreign corporate bonds	286,484,299	19,978,590	123,653,557	56,185,539	86,666,613
Foreign government bonds	613,668,454	19,003,672	134,461,466	221,611,783	238,591,533
Foreign treasuries	60,254,622	-	16,918,814	27,453,466	15,882,342
Foreign other	252,188,513	4,152,597	75,114,099	96,761,929	76,159,888
Short-term investments	1,073,305,658	1,073,305,658	-	-	-
Total	$ 4,442,053,322	$ 1,239,408,500	$ 1,119,106,511	$ 831,159,359	$ 1,252,378,952

At June 30, 2020 the System's maturities for debt securities are as follows:

Investment	Fair Value	Less than 1 Year	1 - 5 Years	5 - 10 Years	More than 10 Years
U. S. Treasury and government agency	$ 1,158,080,993	$ 21,050,767	$ 270,490,641	$ 201,980,526	$ 664,559,059
Collateralized mortgage obligations	66,468,846	83,769	8,698,166	4,003,591	53,683,320
Corporate bonds	646,019,616	17,734,958	176,474,234	127,839,180	323,971,244
Other	596,827,090	21,834,557	310,510,716	118,762,618	145,719,199
Foreign corporate bonds	261,929,265	24,288,500	108,570,221	33,753,326	95,317,218
Foreign government bonds	646,532,351	25,617,104	136,676,187	214,060,818	270,178,242
Foreign treasuries	73,697,440	9,878,997	8,143,920	35,741,196	19,933,327
Foreign other	129,445,155	6,494,582	47,176,192	40,058,635	35,715,746
Short-term investments	869,649,603	869,649,603	-	-	-
Total	$ 4,448,650,359	$ 996,632,837	$ 1,066,740,277	$ 776,199,890	$ 1,609,077,355

Note 5–Deposits and Investment Risk (Continued)

D. Interest Rate Risk (Continued)

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its benchmark.

E. Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Investment risk and foreign currency risk as measured by tracking error has been reduced by the use of the overlay program. The System's asset allocation plan adopted in its Investment Policy Statement includes a maximum of 40% for international equities and fixed income.

At June 30, 2021 the System's foreign currency risk is as follows:

Currency	Percentage	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Argentinian Peso	0.02%	$ 1,106,270	$ 217,188	$ -	$ -	$ 889,082	$ -
Australian Dollar	3.30%	155,992,725	46,223,671	-	109,656,909	112,145	-
Brazilian Real	1.32%	62,536,830	45,331,153	5,921,911	9,832,934	1,450,832	-
Canadian Dollar	3.11%	146,969,298	3,503,536	-	143,582,044	(116,282)	-
Chilean Peso	0.09%	4,379,472	4,379,472	-	-	-	-
Chinese Yuan	0.17%	8,134,877	(133,315)	-	8,017,619	250,573	-
Colombian Peso	0.85%	39,041,111	38,284,625	-	-	756,486	-
Czech Koruna	0.09%	4,427,772	4,283,059	-	-	144,713	-
Danish Krone	2.38%	112,567,417	22,776,802	-	89,407,514	383,101	-
Egyptian Pound	0.03%	1,372,361	1,372,361	-	-	-	-
Euro Currency Unit	42.23%	1,996,867,417	89,570,787	35,366,011	1,012,547,843	11,987,210	847,395,566
Hong Kong Dollar	7.18%	339,735,554	-	-	339,458,787	276,767	-
Hungarian Forint	0.16%	7,633,762	2,881,373	-	4,478,789	273,600	-
Indonesian Rupiah	1.26%	59,584,174	52,055,103	-	5,574,777	1,954,294	-
Israeli Shekel	0.39%	18,557,638	7,292,219	-	3,374,713	7,890,706	-
Japanese Yen	12.83%	606,707,378	41,014,542	-	499,162,316	66,530,520	-
Malaysian Ringgit	0.73%	34,621,228	33,500,293	-	660,914	460,021	-
Mexican Peso	1.99%	94,178,112	92,803,517	-	1,337,045	37,550	-
New Zealandic Dollar	0.05%	2,267,495	541,522	-	1,246,084	479,889	-
Norwegian Krone	0.77%	36,632,234	50,197	-	36,491,797	90,240	-
Peruvian Sol	0.28%	13,233,058	13,068,940	-	-	164,118	-
Philippine Peso	0.07%	3,271,020	3,259,948	-	-	11,072	-
Polish Zloty	0.27%	12,730,280	11,226,439	-	1,001,106	502,735	-
Pound Sterling	9.40%	444,549,247	50,767,774	1,414,000	351,700,318	1,563,087	39,104,068
Romanian Leu	0.12%	5,724,238	5,128,899	-	-	595,339	-
Russian Ruble (New)	0.74%	35,104,081	34,920,261	-	-	183,820	-
	89.83%	4,247,925,049	604,320,366	42,701,922	2,617,531,509	96,871,618	886,499,634

(Continued)

Note 5–Deposits and Investment Risk (Continued)

E. Foreign Currency Risk (Continued)

Currency	Percentage	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Amounts Carried Forward	89.83%	$ 4,247,925,049	$ 604,320,366	$ 42,701,922	$ 2,617,531,509	$ 96,871,618	$ 886,499,634
Singaporean Dollar	0.74%	35,090,208	-	-	34,670,752	419,456	-
South African Rand	1.44%	67,898,889	57,430,030	-	10,238,504	230,355	-
South Korean Won	1.18%	55,898,697	49,008	-	54,790,989	1,058,700	-
Swedish Krona	2.30%	108,593,492	26,515	-	108,536,980	29,997	-
Swiss Franc	3.74%	176,940,337	(35,883)	-	176,781,571	194,649	-
Thai Baht	0.38%	17,860,091	12,825,974	-	4,975,973	58,144	-
Turkish Lira	0.22%	10,252,311	4,607,841	-	5,098,864	545,606	-
Ukrainian Hryvana	0.03%	1,559,728	-	-	-	1,559,728	-
Uruguayan Peso	0.11%	5,070,808	5,070,808	-	-	-	-
Uzbekistan Sum	0.03%	1,497,619	1,497,619	-	-	-	-
Total	100.00%	$ 4,728,587,229	$ 685,792,278	$ 42,701,922	$ 3,012,625,142	$ 100,968,253	$ 886,499,634

At June 30, 2020 the System's exposure to foreign currency risk is as follows:

Currency	Percentage	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Argentinian Peso	0.05%	$ 1,766,498	$ 657,791	$ -	$ -	$ 1,108,707	$ -
Australian Dollar	3.39%	120,082,654	51,829,258	-	63,578,235	4,675,161	-
Brazilian Real	1.67%	59,112,668	52,289,195	2,651,917	3,374,717	796,839	-
Canadian Dollar	2.60%	91,966,281	5,886,161	-	88,188,322	(2,108,202)	-
Chilean Peso	0.14%	5,032,040	5,032,040	-	-	-	-
Chinese Yuan	0.36%	12,764,605	924,803	-	11,787,935	51,867	-
Colombian Peso	1.45%	51,407,772	51,261,538	-	-	146,234	-
Czech Koruna	0.22%	7,738,019	7,545,676	-	-	192,343	-
Danish Krone	2.98%	105,723,079	29,959,619	`	75,706,118	57,342	-
Dominican Rep Peso	0.03%	899,018	899,018	-	-	-	-
Euro Currency Unit	41.01%	1,452,674,848	92,313,415	16,646,119	749,001,942	5,939,171	588,774,201
Hong Kong Dollar	6.79%	240,422,460	-	-	238,757,565	1,664,895	-
Hungarian Forint	0.18%	6,323,022	2,815,270	-	3,403,530	104,222	-
Indonesian Rupiah	2.06%	72,891,858	69,114,385	-	3,630,792	146,681	-
Israeli Shekel	0.07%	2,624,812	406,493	-	2,216,835	1,484	-
Japanese Yen	12.50%	442,679,179	42,495,481	-	356,927,636	43,256,062	-
Malaysian Ringgit	0.82%	28,961,319	28,257,616	-	225,791	477,912	-
Mexican Peso	2.73%	96,591,848	96,535,656	-	566,902	(510,710)	-
New Zealandic Dollar	0.06%	2,156,970	-	-	2,095,636	61,334	-
Nigerian Naira	0.01%	310,007	-	-	-	310,007	-
Norwegian Krone	0.41%	14,508,727	-	-	14,405,041	103,686	-
Peruvian Sol	0.43%	15,267,487	15,013,757	-	-	253,730	-
Philippine Peso	0.09%	3,232,019	3,221,171	-	-	10,848	-
Polish Zloty	0.48%	16,910,461	14,578,535	-	2,229,549	102,377	-
Pound Sterling	7.58%	268,620,448	42,035,636	876,995	194,582,283	340,734	30,784,800
	88.11%	3,120,668,099	613,072,514	20,175,031	1,810,678,829	57,182,724	619,559,001

(Continued)

Note 5–Deposits and Investment Risk (Continued)

E. Foreign Currency Risk (Continued)

Currency	Percentage	Total	Bonds	Preferred Stock	Stocks	Short-Term Investments	Private Equity
Amounts Carried Forward	88.11%	$ 3,120,668,099	$ 613,072,514	$ 20,175,031	$ 1,810,678,829	$ 57,182,724	$ 619,559,001
Romanian Leu	0.03%	1,077,640	957,488	-	-	120,152	-
Russian Ruble (New)	1.21%	43,040,961	42,519,644	-	-	521,317	-
Singaporean Dollar	1.03%	36,604,361	-	-	36,306,781	297,580	-
S African Comm Rand	1.26%	44,809,423	39,914,483	-	4,749,221	145,719	-
South Korean Won	0.81%	28,875,482	417,897	-	28,457,585	-	-
Swedish Krona	1.72%	60,966,730	56,979	-	60,799,066	110,685	-
Swiss Franc	4.87%	172,491,931	1,915	-	171,170,548	1,319,468	-
Thai Baht	0.60%	21,181,184	16,316,415	-	4,804,145	60,624	-
Turkish Lira	0.28%	10,067,704	6,267,706	-	3,795,475	4,523	-
Ukrainian Hryvana	0.05%	1,662,909	1,662,909	-	-	-	-
Uruguayan Peso	0.03%	915,744	915,744	-	-	-	-
Total	100.00%	$ 3,542,362,168	$ 722,103,694	$ 20,175,031	$ 2,120,761,650	$ 59,762,792	$ 619,559,001

F. Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investments. TRSL's investment policy states that for each manager no more than 10% of the total portfolio fair value may be invested in any one organization. Exposure to any economic sector shall not exceed 50% of each manager's portfolio or 40% in any one country for international equity managers. Fixed income managers investments are limited to 20% of securities of foreign entities denominated in US dollars.

For the years ended June 30, 2021 and 2020, the System has no investment in any single organization (other than those issued or guaranteed by the U. S. Government) that represents 5% or more of the System's net plan assets, nor does the System hold more than 5% of any corporation's stock.

Note 6–Investments

A. General

La. R.S. 11:263 authorized the Board of Trustees to invest under the "Prudent-Man" Rule. The "Prudent-Man" Rule establishes a standard that a fiduciary shall exercise the judgment and care under the circumstances, then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

The Board of Trustees has adopted certain investment policies, objectives, rules, and guidelines that are intended to protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries; achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System; and maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

Note 6–Investments (Continued)

A. General (Continued)

The Board of Trustees' desired investment objective is a long-term compound rate of return on the System's assets and is the greater of (a) 3.9% above the CPI-U seasonally adjusted, or (b) the actuarial rate 7.40% for FY 2021 and 7.45% for FY 2020.

The System expects the domestic and international securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

B. Domestic Equity

In accordance with La. R.S. 11:263, the System may invest up to 65% of its total assets in equities provided that the System invests an amount equal to at least 10% of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or international equity.

The following guidelines shall apply to the domestic equity investment managers:

- Common stock securities, including ADRs, shall be marketable securities listed or traded on a national securities exchange. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission (SEC).
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible. Convertible securities shall be considered as part of the equity portfolio.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one GIC sector (as defined by the Standard & Poor's Global Industry Classification Standard) should not exceed 50%.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- Equity managers (growth or value) hired for the small cap investment category are expected to maintain the capitalization of the portfolio within the small-capitalization region with similar characteristics versus the benchmark.

Note 6–Investments (Continued)

B. Domestic Equity (Continued)

- Equity managers (growth or value) hired for the mid cap investment category are expected to maintain the capitalization of the portfolio within the mid-capitalization region with similar characteristics versus the benchmark.
- Equity managers (growth or value) hired in the small/mid (SMID) cap investment category are expected to maintain the capitalization of the portfolio within the SMID-capitalization region with similar characteristics versus the benchmark.

C. Developed International Equity

The following guidelines shall apply to the developed international equity investment managers:

- Marketable common stocks, preferred stocks convertible into common stocks, and fixed income securities convertible into common stocks are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.
- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the mandate's benchmark, while not investing in all stocks in the benchmark. Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio.
- For investment managers benchmarked to the MSCI EAFE Index, the portfolio should not exceed 20% in emerging market equities without prior Board approval.
- Currency hedging decisions are at the discretion of the investment manager.

Note 6–Investments (Continued)

D. Investment-Grade Core Fixed Income Investment

The following guidelines shall apply to the investment-grade core fixed income investment managers:

- The fixed income securities should be invested in investment-grade rated, U.S. dollar-denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, Collateralized Mortgage Obligations (CMOs), corporates, municipals, asset-backed, Commercial Mortgage-Backed Securities (CMBS), and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by federal agency and mortgage dollar rolls may be used. Securities convertible into common stocks are prohibited. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from 1.5 years of the duration of the Barclays Aggregate Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment-grade fixed income securities are limited to 5% of the fixed income portfolio. Split-rated securities will be considered as investment-grade related securities. Orderly liquidation should occur for securities that fall below investment-grade ratings and are greater than 5% of the fixed income portfolio. Such liquidation should occur within one year.
- Fixed income securities of foreign (non-U.S.) entities denominated in U.S. dollars are limited to 20% of the manager's portfolio, measured at fair value. Securities denominated in currencies other than the U.S. dollar are not permissible.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.

E. Core Plus Fixed Income Investment

The following guidelines shall apply to the core plus fixed income investment managers:

- The fixed income securities can be invested in investment-grade rated, U.S. dollar-denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, pass-through mortgages, CMOs, corporates, municipals, asset-backed, CMBS, and inflation-linked securities. Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by Federal Agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used. Securities that are liquid and readily marketable are preferred. Securities that have strong price volatility are not preferred.
- The benchmark for performance evaluation is the Barclays Aggregate Index.
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index. The duration may range from two years of the duration of the Barclays Aggregate Index.

Note 6–Investments (Continued)

E. Core Plus Fixed Income Investment (Continued)

- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment-grade fixed income securities are limited to 25% of the fixed income portfolio. Below investment-grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- Fixed income securities of foreign (non-U.S.) entities are limited to 25% of the manager's portfolio, measured at fair value. Within the maximum limitation of the non-U.S. fixed income exposure, the total portfolio's investment in emerging markets is limited to 10%.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20% of the total portfolio value.
- Short-term holdings shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Fixed income core plus portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - To adjust dollar-weighted duration and term structure of the portfolio
  - To protect against the downside on credit defaults
  - To dampen volatility
  - To create synthetic exposures not otherwise prohibited by these guidelines
  - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

F. Global Fixed Income Investment

The following guidelines shall apply to the global fixed income investment managers:

- The portfolio will be invested in marketable fixed income instruments, notes, and debentures issued by sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: U.S. Treasuries and Agencies, sovereign (non-U.S.) governments, sovereign agencies, pass-through mortgages, non-agency mortgages, CMOs, U.S. and non-U.S. corporates, municipals, asset-backed, CMBS, and inflation-linked securities.
- Securities that are liquid and readily marketable are preferred.
- It is anticipated that the portfolio will be invested in investment-grade and below investment-grade rated securities. Investment-grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch. TBA securities issued by federal agency and mortgage dollar rolls may be used. Fixed income convertible securities may be used.

Note 6–Investments (Continued)

F. Global Fixed Income Investment (Continued)

- The benchmark for performance evaluation is the Barclays Global Aggregate Index (unhedged).
- The duration of the fixed income portfolio may range from four years of the duration of the Barclays Global Aggregate Index (unhedged).
- Fixed income holdings in a single company (defined as any one corporate bond issuer) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment-grade fixed income securities are limited to 35% of the total fixed income portfolio. Below investment-grade securities are defined as fixed income securities rated below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment-grade related securities.
- The portfolio's investment in emerging markets debt is limited to 35%. Emerging market countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or: (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
- Bond purchases should be limited to readily marketable securities. Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 20% of the total fixed income portfolio.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Global fixed income portfolios may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - To adjust dollar-weighted duration and term structure of the portfolio
  - To protect against the downside on credit defaults
  - To dampen volatility
  - To create synthetic exposures not otherwise prohibited by these guidelines
  - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash or liquid holdings.

Note 6–Investments (Continued)

G. High-Yield Fixed Income Investment

The following guidelines shall apply to the high-yield, fixed income investment managers:

- The fixed income securities can be invested in below investment grade rated U.S. dollar denominated fixed income securities and cash equivalents, including but not limited to U.S. Treasuries and Agencies, corporates, municipals, asset-backed, bank loans, and convertible securities. Below investment grade securities are defined as fixed income securities below Baa3 or BBB-, rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch.
- The benchmark for performance evaluation is the Bank of America Merrill Lynch U.S. High-Yield Master II Index.
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to 5% of the manager's portfolio measured at fair value.
- Below investment grade fixed income securities which are rated below B3 or B- by Moody's Investor Service, Standard & Poor's Corporation, or Fitch are limited to 15%.
- Fixed income securities of foreign (non-U.S.) entities are limited to 15% of the manager's portfolio, measured at fair value.
- The investment manager should consider the liquidity and marketability of securities prior to investment. Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 25% of the total portfolio value.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.

H. Emerging Markets Debt Investment

The following guidelines shall apply to the emerging markets debt investment managers:

- The portfolio will be invested primarily in marketable fixed income instruments, notes, and debentures issued by emerging market sovereign or corporate issuers, denominated in U.S. dollars and non-U.S. dollar currencies. Securities permissible for investment include, but are not limited to: obligations of foreign governments (or their subdivisions or agencies), international agencies, and supranational entities, and obligations of foreign corporations such as corporate bonds. Securities that are liquid and readily marketable, at time of purchase, are preferred.
- Emerging market countries are defined as: (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or; (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or; (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member.
- The benchmark for performance evaluation is the JPMorgan GBI-EM Global Diversified Index.
- The duration of the fixed income portfolio may range from two years of the duration of the JPMorgan GBI- EM Global Diversified Index.
- Fixed income holdings in a single company should be limited to 3% of the manager's portfolio measured at fair value.

Note 6–Investments (Continued)

H. Emerging Markets Debt Investment (Continued)

- Below investment-grade fixed income securities are limited to 40% of the fixed income portfolio. Below investment-grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3). Split-rated securities will be considered as investment grade related securities.
- Rule 144(a) securities may be included in the portfolio up to 40% of the total portfolio value.
- Short-term holdings (i.e., less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality.
- Currency decisions are at the discretion of the investment manager. Non-dollar securities may be held on a currency hedged or un-hedged basis. The portfolio may invest in currency exchange transactions on a spot or forward basis. Both long and short currency exposures are permissible.
- Emerging markets debt portfolio(s) may invest in derivatives, including but not limited to futures, options, and swaps. Derivatives, futures, options, and swaps may only be used for the following purposes:
  - To adjust dollar-weighted duration and term structure of the portfolio
  - To protect against the downside on credit defaults
  - To dampen volatility
  - To create synthetic exposures not otherwise prohibited by these guidelines
  - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash, cash equivalents, offsetting derivative contracts, or other liquid holdings.

I. Emerging Markets Equities

The following guidelines shall apply to the emerging markets equities managers with separate accounts. For emerging market equities managers utilizing mutual funds or commingled funds, it is expected that the portfolio will generally, not necessarily, conform to these guidelines, but will fully comply with the prospectus and/or private placement memorandum.

- The benchmark for performance evaluation is the MSCI Emerging Markets Index (Net Dividends).
- Securities permissible for investment include, but are not limited to: marketable common stocks, preferred stocks convertible into common stocks, fixed income securities convertible into common stocks, American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs) in emerging markets are permissible equity investments.
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in emerging markets are permissible.
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10% of the manager's portfolio measured at fair value without prior Board approval.

Note 6–Investments (Continued)

I. Emerging Markets Equities (Continued)

- A minimum of 25 individual stocks should be held in the portfolio at all times.
- Equity holdings should represent at least 95% of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical.
- Equity holdings in any one country should not exceed 40% without prior Board approval.
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality.
- Currency hedging decisions are at the discretion of the investment manager.

J. Alternative Assets Investment

The following guidelines provide a general framework for selecting building and managing the System's investments in private equity, venture capital, private market debt, infrastructure, and commodities.

- The benchmarks for performance evaluation of the Alternative Asset classes net of all fees and expenses are as follows:
  - Private Equity: Russell 3000 +300 basis points
  - Venture Capital: Russell 2000 Growth + 200 basis points
  - Private Market Debt: Merrill Lynch U.S. High-Yield Master II +200 basis points
  - Commodities: Dow Jones UBS Commodities Index
  - Infrastructure: Consumer Price Index + 500 basis points
  - Farmland: NCREIF Farmland Index
- The System will invest primarily in limited partnership interests of pooled vehicles including Funds, Co-Investments, Separate Accounts and Secondary Investments.
- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The System's commitment to any given partnership, for funds targeting $500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System's commitment to any given partnership, for funds targeting more than $500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval.
- The System should diversify the sources of risk in the portfolio, specifically;
  - No more than 15% of the Alternative Assets total exposure (costs plus unfunded commitments) may be attributable to partnerships by the same manager at the time the commitment is made.
  - The System shall diversify the portfolio across vintage years.

Note 6–Investments (Continued)

J. Alternative Assets Investment (Continued)

- The System will be mindful of over-concentration to any one industry, investment strategy and/or geography. Should the Investment Manager deem the portfolio to be overly concentrated to any industry, investment strategy or geography, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest or to gain access to certain strategies which are difficult for the System to directly access (e.g., Venture Capital).
- The System shall seek Co-Investments only where the System is an existing limited partner.
- The System should seek to obtain a limited partner advisory board seat for each partnership investment.

The table below shows the cumulative commitments and cumulative cash flow totals (in billions) since inception for the last two years:

	June 30, 2021	June 30, 2020
Commitments	$ 22.7	$ 21.3
Calls for funding	18.3	16.3
Unfunded commitments	5.9	6.1
Distributions	16.9	15.0

K. Real Estate Investment

The following sets forth guidelines that provide a general framework for selecting, building, and managing of the System's real estate portfolio. The System's underlying real estate investments shall be classified under two primary strategies: Core and Opportunistic.

- The benchmark for performance evaluation of the real estate strategies is as follows:
  - Core: NCREIF Property Index
  - Opportunistic: NCREIF Property Index +200 basis points
- The System will invest primarily in limited partnership interests of pooled vehicles including funds, co-investments, separate accounts, and secondary investments.
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest.

Note 6–Investments (Continued)

K. Real Estate Investment (Continued)

Core Real Estate

- The Investment Manager shall choose Core Real Estate Investments which, in aggregate, consist of a well-diversified portfolio of property types and geographies.
- Core Real Estate shall include, but not be limited to the following property types: warehouses, industrial, apartments, offices, storage, land development, single family homes, parking garages, hotels, and retail.
- Core Real Estate investment funds shall target no more than 35% debt (leverage).

Opportunistic Real Estate

- The maximum investment in any single partnership shall be no greater than 1% of the System's total assets at the time of commitment.
- The Investment Manager shall choose Opportunistic Real Estate investments which, in aggregate, consist of a well-diversified portfolio of property types, geographies and risk profiles. Should the Investment Manager deem the Portfolio to be overly concentrated to any geography or property type, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment.
- The System's commitment to any given partnership, for funds targeting $500 million or less of total commitments, shall not exceed 20% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- The System's commitment to any given partnership, for funds targeting more than $500 million of total commitments, shall not exceed 10% of that partnership's total commitments. An exemption to this guideline will be given for separate accounts.
- Opportunistic Real Estate investment funds shall target no more than 80% debt (leverage).
- The System shall diversify the portfolio across vintage years.

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Note 6–Investments (Continued)

L. Asset Allocation

The System's target asset allocation policy as of June 30, 2021 and 2020 is as follows:

Asset Class	Target Allocation 2021	Target Allocation 2020
Global equity	46.0%	46.0%
Global fixed income	18.5%	18.5%
Private assets*	25.5%	25.5%
Real estate	10.0%	10.0%

*Private assets include corporate finance/buyouts, venture capital, mezzanine, distressed debt, infrastructure, commodities, farmland, and opportunistic.

M. Money-Weighted Rate of Return

For the years ended June 30, 2021 and 2020, the annual money-weighted rate of return, net of investment expense, was 35.54% and 0.81%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Note 7–Securities Lending Transactions

State statutes and Board of Trustees' policies permit the System to use the assets of the System to enter into securities lending transactions. The System loans its securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's domestic managers lend the System's securities for cash collateral of 100% or other securities collateral of 102%. The System's global managers lend the System's securities for cash collateral or other securities collateral of 105%. Securities lent for securities collateral are classified according to the category for the collateral. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

All securities' loans can be terminated on demand by either the System or the borrower. The System cannot pledge or sell securities' collateral unless the borrower defaults. The reinvestment of cash collateral is done on an overnight basis or to term. In instances where a loan is for term, the reinvestment of the cash is matched to the maturity of the loan. Such matching existed at year-end. When investing in repurchase agreements, the collateral received will be a minimum of 102% of the cash invested. Collateral reported in the Statements of Fiduciary Net Position is investments purchased with cash collateral.

Note 7–Securities Lending Transactions (Continued)

The following table presents the fair values of securities on loan and the collateral held by the System at June 30, 2021 and 2020:

Security Type	Fair Value of Securities on Loan 2021	Fair Value of Collateral Held 2021	Fair Value of Securities on Loan 2020	Fair Value of Collateral Held 2020
U.S. government & agency	$ 330,906,167	$ 337,739,547	$ 372,254,703	$ 379,987,252
U.S. fixed income	229,801,989	235,781,492	172,897,442	177,457,077
U.S. equity	1,134,251,997	1,170,342,053	1,144,904,914	1,171,832,873
International fixed income	23,687,736	24,763,147	18,627,868	19,217,554
International equity	226,905,652	243,714,419	365,816,627	386,613,852
Total	$ 1,945,553,541	$ 2,012,340,658	$ 2,074,501,554	$ 2,135,108,608

Securities on loan at June 30, 2021 and 2020 are collateralized by cash collateral in the amount of $2,012,340,658 and $2,135,108,608, and noncash collateral in the amount of $985,306,372 and $588,659,856, for total amount of collateral held in the amount of $2,997,647,030 and $2,723,768,464, respectively.

Note 8–Derivatives

TRSL invests in asset/liability derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, futures, short sales, and written options. TRSL reviews fair values of all securities on a monthly basis, and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates. TRSL was invested in a futures-based overlay program, foreign exchange contracts, and short sales, and written options at June 30, 2021 and 2020, which allows TRSL to implement policy target allocation adjustments in an efficient, liquid, and cost-effective manner. Interest rate risk, credit rate risk, and foreign currency risk associated with derivatives are included on their respective tables in Note 5, Deposits and Investment Risk Disclosures.

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Note 8–Derivatives (Continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021 classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows:

	Changes in Fair Value		Fair Value		Notional
	Classification	Amount	Classification	Amount	Amount
Investment derivatives:					
Futures based overlay program	Net app/(depr)	$ (4,280,327)	Investments payable	$ (154,337)	$ 199,005,799
Foreign exchange contracts	Net app/(depr)	$ (16,015,489)	Global equities securities	$ (9,176,611)	$ 1,357,457,487
Short positions	Net app/(depr)	$ 126,253,443	Investments payable	$ (152,107,483)	n/a
Short positions	Net app/(depr)	$ (1,374,422)	Global equities securities	$ 5,545,907	n/a
Short positions	Net app/(depr)	$ (267,349,862)	Global debt securities	$ 249,748,281	n/a
Short positions	Net app/(depr)	$ 136,469	Short-term investments	$ 552,518	n/a

Note 8–Derivatives (Continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020 classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows:

	Changes in Fair Value		Fair Value		Notional
	Classification	Amount	Classification	Amount	Amount
Investment derivatives:					
Futures based overlay program	Net app/(depr)	$ (2,602,011)	Investments payable	$ 4,125,990	$ 138,046,192
Foreign exchange contracts	Net app/(depr)	$ 2,901,854	Global equities securities	$ 6,838,878	$ 1,608,523,249
Short positions	Net app/(depr)	$ (49,206,299)	Investments payable	$ (278,360,926)	n/a
Short positions	Net app/(depr)	$ (1,199,551)	Global equities securities	$ 6,920,329	n/a
Short positions	Net app/(depr)	$ 101,308,669	Global debt securities	$ 517,098,143	n/a
Short positions	Net app/(depr)	$ (446,704)	Short-term investments	$ 416,049	n/a

Derivatives, such as futures, options, and swaps, may be used for the following purposes: (1) to adjust dollar-weighted duration and term structure of the portfolio; (2) to protect against the downside on credit defaults; (3) to dampen volatility; (4) to create synthetic exposures not otherwise prohibited by investment policy guidelines; and (5) to take advantage of periodic pricing anomalies.

Note 8–Derivatives (Continued)

TRSL was invested in the following derivatives throughout the year:

A. Interest-Only Strips and Principal-Only Strips

Interest-only (IO) and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments of mortgages, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced, and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater, and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in fair value.

B. Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments causes a decline in cash flows and, thus, a decline in fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

C. Option on Futures

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

Note 8–Derivatives (Continued)

D. Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over the counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

E. Futures

A futures contract is an agreement for delayed delivery of securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

F. Short Sales and Written Options

A short sale is the sale of a security or commodity futures contract that is not owned by the seller. It is a technique used to take advantage of an anticipated decline in the price or to protect a profit in a long position. In general, options are a right to buy or sell property that are granted in exchange for an agreed upon sum. If the right is not exercised after a specified period, the option expires and the option buyer forfeits the money.

Note 9–Contingent Liabilities

The System is a litigant in several lawsuits. System management, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

Note 10–Other Post-Employment Benefits

Substantially all employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan. At June 30, 2021 and 2020, 87 and 82 retirees, respectively, were receiving post-employment benefits.

A. Plan Description

Employees may participate in the State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan), a multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB) Statement No. 75 to pay related benefits.

Note 10–Other Post-Employment Benefits (Continued)

B. Benefits Provided

The OPEB Plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

C. Contributions

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and System contributions. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their post-employment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Contributions to the OPEB Plan from the System were $744,961 and $733,863 for the years ended June 30, 2021 and 2020, respectively.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

OGB Participation	Retiree Share	Employer Share
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays $0.54 monthly for each $1,000 of life insurance. The retiree pays $0.98 monthly for each $1,000 of spouse life insurance. The employer pays the remaining amount.

Note 10–Other Post-Employment Benefits (Continued)

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

At June 30, 2021 and 2020, the System reported a liability of $26,231,642 and $23,569,847, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2020 and July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. As of July 1, 2020, the System's proportion was 0.3166%. As of July 1, 2019, the System's proportion was 0.3052%. For the year ended June 30, 2021, the System recognized an OPEB benefit of ($385,301). For the year ended June 30, 2020, the System recognized an OPEB benefit of ($540,170).

As of June 30, 2021 and 2020, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 603,290	$ 50,489
Changes in assumptions	685,818	2,510,172
Changes in proportion and differences between employer contributions and proportionate share of contributions	963,672	406,623
Employer contributions subsequent to the measurement date	744,961	-
Total	$ 2,997,741	$ 2,967,284

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 285,015	$ 81,116
Changes in assumptions	-	3,799,496
Changes in proportion and differences between employer contributions and proportionate share of contributions	289,505	444,410
Employer contributions subsequent to the measurement date	733,863	-
Total	$ 1,308,383	$ 4,325,022

Note 10–Other Post-Employment Benefits (Continued)

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB (Continued)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $744,961 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) for the year ending June 30 as follows:

2022	$ 53,737
2023	(377,672)
2024	105,655
2025	248,737
Total	$ 30,457

E. Actuarial Assumptions

The total OPEB liability in the July 1, 2020 and July 1, 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2020 and 2019
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	2.66% and 2.79%, based on the June 30, 2020 and June 29, 2019 S&P 20-year municipal bond index rates, respectively
Healthcare Cost Trend Rate	Pre-age 65 ranges from 6.75% - 4.50% Post-age 65 ranges from 5.25% - 4.50%
Mortality Rates	For July 1, 2020 and 2019: For active lives, the RP-2014 White Collar Employee Table, adjusted by 1.010 for males and by 0.997 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For healthy retiree lives, the RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.366 for males and by 1.189 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For disabled retiree lives, the RP-2014 Disabled Retiree Mortality Table, adjusted by 1.111 for males and 1.134 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

Note 10–Other Post-Employment Benefits (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the assumptions used in the June 30, 2020 various pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

The actuarial assumptions used in the July 1, 2019 valuation were based on the assumptions used in the June 30, 2019 various pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.66% and 2.79% for the years ended June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

G. Sensitivity of the System's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the collective total OPEB liability, as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1.0% Decrease 1.66%	Current Discount Rate 2.66%	1.0% Increase 3.66%
Proportionate Share of the Collective Total OPEB Liability June 30, 2021	$ 30,997,842	$ 26,231,642	$ 22,477,537

	1.0% Decrease 1.79%	Current Discount Rate 2.79%	1.0% Increase 3.79%
Proportionate Share of the Collective Total OPEB Liability June 30, 2020	$ 27,920,710	$ 23,569,847	$ 20,151,092

Note 10–Other Post-Employment Benefits (Continued)

H. Sensitivity of the System's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the System's proportionate share of the collective total OPEB liability, as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1.0% Decrease	Current Trend Rate	1.0% Increase
Proportionate Share of the Collective Total OPEB Liability June 30, 2021	$ 22,333,379	$ 26,231,642	$ 31,250,629

	1.0% Decrease	Current Trend Rate	1.0% Increase
Proportionate Share of the Collective Total OPEB Liability June 30, 2020	$ 20,029,250	$ 23,569,847	$ 28,140,994

I. Payables to the OPEB Plan

As of June 30, 2021 and 2020, the System reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the years ended June 30, 2021 and 2020.

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Note 11–Defined Benefit Pension Plan

A. Plan Description

All full-time TRSL employees who do not participate in TRSL participate in the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing, multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System. La. R.S. 11:401 grants, to LASERS Board of Trustees and the Louisiana Legislature, the authority to review administration, benefit terms, investments, and funding of the plan.

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The following is a brief description of the plan and its benefits. Participants should refer to the appropriate statutes for more complete information.

B. Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after 5 years of creditable service and may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.3% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House Clerk, Sergeants-at-Arms, or Senate secretary employed after January 1, 2011 was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Note 11–Defined Benefit Pension Plan (Continued)

B. Retirement Benefits (Continued)

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service, and may also retire at any age, with a reduced benefit, after 20 years of credible service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit, provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is 10 years of service.

C. Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of 0.5% less than LASERS's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member *must* choose among available alternatives for the distribution of benefits that have accumulated in the DROP account.

Members who enter DROP on or after January 1, 2004 are required to participate in LASERS's Self-Directed Plan (SDP), which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

D. Initial Benefit Options

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January l, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of 0.5% less than LASERS's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004 are required to enter the SDP as described above.

E. Disability Benefits

All members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retirement recipient may receive a regular retirement benefit by making application to the Board of Trustees.

Note 11–Defined Benefit Pension Plan (Continued)

E. Disability Benefits (Continued)

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

F. Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

G. Contributions

Contribution requirements of active employees are governed by La. R.S. 11:401 and may be amended by the Louisiana Legislature. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 and 8.0% of their annual covered salaries if hired after July 1, 2006. The System is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal years ended June 30, 2021 and 2020 was 40.10% and 40.70% of annual covered payroll, respectively. The System's contribution to LASERS for the fiscal years ended June 30, 2021 and 2020 was $1,791,706 and $1,805,819, respectively.

H. Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of LASERS and changes in LASERS's fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021 and 2020, the System reported a liability of $17,966,785 and $15,838,322, respectively, for its proportionate share of LASERS's net pension liability. The net pension liability was measured as of June 30, 2020 and June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2021, the System's proportion was 0.21724%, which is a decrease of 0.00137% from its proportion measured as of June 30, 2020, which was 0.21861%.

Note 11–Defined Benefit Pension Plan (Continued)

I. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal years ended June 30, 2021 and 2020, the System recognized pension expense in the amount of $1,870,195 and $1,576,153, respectively. At June 30, 2021 and 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 172,546
Net difference between projected and actual earnings on pension plan investments	2,626,400	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,459	74,833
Changes in assumptions	57,488	-
Employer contributions subsequent to the measurement date	1,791,706	-
	$ 4,478,053	$ 247,379

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 97,252	$ 32,911
Net difference between projected and actual earnings on pension plan investments	547,193	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,233	418,606
Changes in assumptions	135,719	-
Employer contributions subsequent to the measurement date	1,805,819	-
	$ 2,632,216	$ 451,517

Deferred outflows of sources related to pensions resulting from employer contributions subsequent to the measurement date of $1,791,706, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	$ 2,053,837
2023	757,403
2024	811,625
2025	607,809
	$ 4,230,674

Note 11–Defined Benefit Pension Plan (Continued)

J. Actuarial Assumptions

The total pension liability in the June 30, 2020 and June 30, 2019 actuarial valuations was determined using the following actuarial assumptions and applied to all periods included in the measurement. The significant methods and assumptions used in calculating the actuarially determined contributions are as follows·

Valuation date	June 30, 2020 and 2019
Actuarial cost method	Entry age normal
Amortization approach	Closed
Expected remaining service lives	2 years
Investment rate of return	7.55% and 7.60% net of investment expenses, respectively
Inflation rate	2.3% and 2.5%, respectively
Projected salary increases service	2.6%-13.8% for 2020 and 2.8%-14.0% for 2019 (varies depending on duration of service)
Cost-of-living adjustments	None, since they are not deemed to be automatic
Mortality	*Non-disabled members* - Mortality rates were based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. *Disabled members* - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.

The actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 and ending June 30, 2018.

Note 11–Defined Benefit Pension Plan (Continued)

J. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The expected rate of inflation was 2.30% and 2.50% for 2020 and 2019, respectively. The resulting expected long-term rates of return are 8.25% for 2020 and 9.00% for 2019.

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and June 30, 2019 are summarized in the following tables:

Asset Class	2020 Target Allocations	2020 Long-Term Expected Real Rate of Return
Cash	0%	-0.59%
Domestic equity	23%	4.79%
International equity	32%	5.83%
Domestic fixed income	6%	1.76%
International fixed income	10%	3.98%
Alternatives investments	22%	6.69%
Risk parity	7%	5.81%

Asset Class	2019 Target Allocations	2019 Long-Term Expected Real Rate of Return
Cash	0%	0.24%
Domestic equity	23%	4.83%
International equity	32%	5.83%
Domestic fixed income	6%	2.79%
International fixed income	10%	4.49%
Alternatives investments	22%	8.32%
Risk parity	7%	5.06%

The discount rate used to measure the total pension liability at June 30, 2020 and 2019 was 7.55% and 7.60%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 11–Defined Benefit Pension Plan (Continued)

K. Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension liability using the discount rate, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, or one percentage-point higher, than the current rate:

	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
Net Pension Liability June 30, 2021	$ 22,078,384	$ 17,966,785	$ 14,477,641

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability June 30, 2020	$ 19,989,983	$ 15,838,322	$ 12,331,563

L. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2020 Comprehensive Annual Financial Report at www.lasersonline.org.

M. Payables to the Pension Plan

As of June 30, 2021 and 2020, TRSL reported a payable of $121,603 and $113,280, respectively, for the outstanding amount of contributions to LASERS.

Note 12–Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and for disclosures within the financial statements for the year ended June 30, 2021. Management has performed this analysis through September 29, 2021, which is the date the financial statements were available to be issued.

Required Supplementary Information

Teachers' Retirement System of Louisiana
Schedules of Changes in Employers' Net Pension Liability
*For the Eight Years Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 468,547,375	$ 454,344,240	$ 439,691,899	$ 473,025,011	$ 466,591,480	$ 463,783,246	$ 459,658,120	$ 462,730,192
Interest	2,358,286,993	2,333,436,352	2,310,654,625	2,244,768,414	2,222,960,660	2,176,626,375	2,137,096,756	2,086,494,384
Changes of benefit terms	6,937,251.00	-	-	-	-	216,473,124	-	200,806,602
Differences between expected and actual experience	34,084,245	(2,565,994)	(132,534,910)	(130,859,239)	(223,202,835)	(181,620,615)	(62,489,198)	(122,326,978)
Changes of assumptions	159,214,885	225,604,318	298,384,629	688,003,495	135,132,845	-	-	-
Retirement benefits	(2,256,015,333)	(2,193,873,471)	(2,163,684,514)	(2,116,953,537)	(2,061,454,295)	(1,999,272,395)	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	(53,095,624)	(50,225,236)	(50,301,709)	(48,671,220)	(49,805,920)	(49,884,654)	(52,402,762)	(58,777,337)
Net change in total pension liability	717,959,792	766,720,209	702,210,020	1,109,312,924	490,221,935	626,105,081	526,760,334	691,812,960
Total Pension Liability - beginning	32,340,867,066	31,574,146,857	30,871,936,837	29,762,623,913	29,272,401,978	28,646,296,897	28,119,536,563	27,427,723,603
Total Pension Liability - ending (a)	$ 33,058,826,858	$ 32,340,867,066	$ 31,574,146,857	$ 30,871,936,837	$ 29,762,623,913	$ 29,272,401,978	$ 28,646,296,897	$ 28,119,536,563
Plan Fiduciary Net Position								
Employer contributions[1]	$ 1,239,712,158	$ 1,222,809,468	$ 1,217,167,321	$ 1,201,829,353	$ 1,122,277,562	$ 1,157,901,123	$ 1,217,466,676	$ 1,176,569,685
Non-employer contributions	43,151,074	43,151,074	40,850,075	39,550,321	38,762,968	38,193,328	37,425,629	35,927,881
Employee contributions	361,684,671	351,287,976	341,398,896	337,928,752	328,541,240	330,773,316	324,920,644	326,007,091
Net investment income[1]	7,163,605,200	170,755,803	1,208,949,546	2,137,541,062	2,612,231,923	177,422,752	443,034,317	2,815,090,995
Other income	19,804,296	39,770,864	26,018,466	11,411,104	2,972,517	2,951,433	13,866,589	7,880,853
Retirement benefits[1]	(2,256,015,333)	(2,193,873,471)	(2,163,684,514)	(2,116,953,537)	(2,061,454,295)	(1,999,272,395)	(1,955,102,582)	(1,877,113,903)
Refunds and transfers of member contributions	(53,095,624)	(50,225,236)	(50,301,709)	(48,671,220)	(49,805,920)	(49,884,654)	(52,402,762)	(58,777,337)
Administrative expense	(16,002,619)	(15,994,167)	(13,445,962)	(15,431,788)	(17,175,965)	(16,306,240)	(18,023,794)	(15,026,969)
Other post-employment benefit expenses [2]	385,301	540,170	(95,273)	(13,633,156)	(586,167)	24,005	(1,685,836)	(1,047,832)
Depreciation and amortization expenses	(470,446)	(422,685)	(1,277,138)	(400,766)	(432,238)	(407,105)	(384,426)	(322,881)
Adjusting entry [3]	-	-	352	-	-	-	(13,197,268)	-
Net change in Plan Fiduciary Net Position	6,502,758,678	(432,200,204)	605,580,060	1,533,170,125	1,975,331,625	(358,604,437)	(4,082,813)	2,409,187,583
Plan Fiduciary Net Position - beginning	21,217,296,757	21,649,496,961	21,043,916,901	19,510,746,776	17,535,415,151	17,894,019,588	17,898,102,401	15,488,914,818
Plan Fiduciary Net Position - ending (b)	$ 27,720,055,435	$ 21,217,296,757	$ 21,649,496,961	$ 21,043,916,901	$ 19,510,746,776	$ 17,535,415,151	$ 17,894,019,588	$ 17,898,102,401
Net Pension Liability - ending (a) - (b)	$ 5,338,771,423	$ 11,123,570,309	$ 9,924,649,896	$ 9,828,019,936	$ 10,251,877,137	$ 11,736,986,827	$ 10,752,277,309	$ 10,221,434,162
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.9%	65.6%	68.6%	68.2%	65.6%	59.9%	62.5%	63.7%
Covered payroll	$ 4,335,090,648	$ 4,229,620,981	$ 4,071,754,355	$ 3,998,051,313	$ 3,901,627,792	$ 3,869,730,024	$ 3,815,648,662	$ 3,764,954,727
Net Pension Liability as a percentage of covered payroll	123.2%	263.0%	243.7%	245.8%	262.8%	303.3%	281.8%	271.5%

[1] Amounts shown exclude side-fund assets, contributions, and benefits for the LSU Agriculture and Extension Service.
[2] The 2018 OPEB Expense includes a $13,190,993 adjusting entry related to GASB 75 implementation.
[3] Adjusting entry to correct variance from prior year beginning Fiduciary Net Position.

*Schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

Teachers' Retirement System of Louisiana
Schedules of Employers' Net Pension Liability
***For the Nine Years Ended June 30, 2021**

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position*	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
2021	$ 33,058,826,858	$ 27,720,055,435	$ 5,338,771,423	83.9%	$ 4,335,090,648	123.2%
2020	32,340,867,066	21,217,296,757	11,123,570,309	65.6%	4,229,620,981	263.0%
2019	31,574,146,857	21,649,496,961	9,924,649,896	68.6%	4,071,754,355	243.7%
2018	30,871,936,837	21,043,916,901	9,828,019,936	68.2%	3,998,051,313	245.8%
2017	29,762,623,913	19,510,746,776	10,251,877,137	65.6%	3,901,627,792	262.8%
2016	29,272,401,978	17,535,415,151	11,736,986,827	59.9%	3,869,730,024	303.3%
2015	28,646,296,897	17,894,019,588	10,752,277,309	62.5%	3,815,648,662	281.8%
2014	28,119,536,563	17,898,102,401	10,221,434,162	63.7%	3,764,954,727	271.5%
2013	27,427,723,603	15,488,914,818	11,938,808,785	56.5%	3,726,325,750	320.4%

* Plan fiduciary net position excludes side-fund assets held for the LSU Agricultural and Extension Service.

*Schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

Teachers' Retirement System of Louisiana
Schedules of Employers' Contributions
For the Ten Years Ended June 30, 2021

Fiscal Year	Actuarial Determined Contribution	Contributions in Relation to Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2021	$ 1,243,818,612	$ 1,328,176,588	$ (84,357,976)	$ 4,335,090,648	30.6%
2020	1,221,266,156	1,313,932,563	(92,666,407)	4,229,620,981	31.1%
2019	1,246,577,897	1,306,003,522	(59,425,625)	4,071,754,355	32.1%
2018	1,227,397,115	1,288,863,851	(61,466,736)	3,998,051,313	32.2%
2017	1,188,962,275	1,204,634,319	(15,672,044)	3,901,627,792	30.9%
2016	1,177,993,580	1,242,445,786	(64,452,206)	3,869,730,024	32.1%
2015	1,212,285,929	1,303,570,582	(91,284,653)	3,815,648,662	34.2%
2014	1,218,397,771	1,258,687,418	(40,289,647)	3,764,954,727	33.4%
2013	1,149,134,132	1,137,733,532	11,400,600	3,726,325,750	30.5%
2012	1,120,095,898	1,127,265,199	(7,169,301)	3,808,760,594	29.6%

Teachers' Retirement System of Louisiana
Schedules of Money-Weighted Rate of Return
***For the Eight Years Ended June 30, 2021**

Fiscal Year Ended	Annual Money-Weighted Rate of Return
2021	35.54%
2020	0.81%
2019	6.01%
2018	11.61%
2017	15.87%
2016	0.97%
2015	2.71%
2014	19.46%

*Schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

Teachers' Retirement System of Louisiana
Schedules of TRSL's Proportionate Share of the Collective Total OPEB Liability
***For the Four Years Ended June 30, 2021**

Fiscal Year	Percentage of the Collective Total OPEB Liability	System's Proportionate Share of the Collective Total OPEB Liability	Employer's Covered Payroll	Proportionate Share of the Collective Total OPEB Liability as a % of Covered Payroll
2021	0.3166%	$ 26,231,642	$ 8,640,013	303.61%
2020	0.3052%	23,569,847	8,195,488	287.60%
2019	0.3060%	26,121,274	8,190,491	318.92%
2018	0.3003%	26,099,592	8,752,282	298.20%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end.

*Schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

Teachers' Retirement System of Louisiana
Schedules of TRSL's Proportionate Share of Net Pension Liability in LASERS
***For the Seven Years Ended June 30, 2021**

	2021	2020	2019	2018	2017	2016	2015
TRSL's proportion of the net pension liability	0.21723%	0.21861%	0.21915%	0.23556%	0.23898%	0.23385%	0.23911%
TRSL's proportionate share of the net pension liability	$ 17,966,785	$ 15,838,322	$ 14,946,007	$ 16,580,526	$ 18,765,871	$ 15,905,194	$ 14,951,289
TRSL's covered - payroll	4,556,300	4,348,469	4,469,727	4,391,837	4,493,154	4,476,486	4,243,320
TRSL's proportionate share of the net pension liability as a percentage of its covered payroll	394.33	364.23	334.38	377.53	417.65	355.31	352.35
Plan fiduciary net position as a percentage of the total pension liability	58.0%	62.9%	64.3%	62.5%	57.7%	62.7%	65.0%

*Schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

Teachers' Retirement System of Louisiana
Schedules of TRSL's Contributions to LASERS
***For the Seven Years Ended June 30, 2021**

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,791,706	$ 1,805,819	$ 1,666,454	$ 1,693,978	$ 1,547,889	$ 1,665,310	$ 1,656,300
Contributions in relation to the statutorily required contribution	1,791,706	1,805,819	1,666,454	1,693,978	1,547,889	1,665,310	1,660,791
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,491)
TRSL's covered - payroll	$ 4,468,095	$ 4,436,902	$ 4,396,977	$ 4,469,599	$ 4,323,905	$ 4,651,703	$ 4,476,486
Contributions as a percentage of covered - payroll	40.10%	40.70%	37.90%	37.90%	35.80%	35.80%	37.10%

*Schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

Note 1–Schedules of Changes in Employers' Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, Foster & Foster Consulting Actuaries, Inc. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

Note 2–Schedules of Employers' Net Pension Liability

The schedule of employers' net pension liability shows the percentage of TRSL employers' net pension liability as a percentage of covered payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through TRSL. Covered payroll is compensation to active employees on which the employer bases contributions to the plan.

Note 3–Schedules of Employer Contributions

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered payroll is presented in this schedule.

Note 4–Schedules of Money-Weighted Rate of Return

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured on daily inputs with expenses measured on an accrual basis.

Note 5–Actuarial Assumptions for TRSL's Net Pension Liability

Valuation date	June 30, 2021 and 2020
Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Investment rate of return	7.40% for 2021 and 7.45% for 2020, net of investment expenses
Inflation rate	2.30%
Projected salary increases service	3.10% - 4.60% (varies depending on duration of service)
Cost-of-living adjustments	None
Mortality	Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality - RP-2014 Disability tables, adjusted by factors of 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.

Note 5–Actuarial Assumptions for TRSL's Net Pension Liability (Continued)

Termination and disability	Termination, disability, and retirement assumptions were projected based on a five-year (July 1, 2012-June 30, 2017) experience study of the System's members.

Note 6–Schedules of TRSL's Proportionate Share of the Collective Total OPEB Liability

This schedule shows the System's proportionate share of the collective total OPEB liability allocated to its current employees and retirees participating in the State of Louisiana Postemployment Benefit Plan as of June 30, 2021. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. There were no changes of benefit terms for the OPEB Plan during any of the years presented. The discount rate decreased to 2.66% in the July 1, 2020 valuation from 2.79% as of July 1, 2019.

Note 7–Schedule of TRSL's Proportionate Share of the Net Pension Liability in LASERS

This schedule reflects the participation of TRSL employees in LASERS and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered payroll, and the plan fiduciary net position as a percentage of the total pension liability.

Note 8–Schedule of TRSL's Contributions to LASERS

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

Note 9–Changes in Benefit Terms

Pension Plan

There were no changes in benefit terms for the Pension Plan.

OPEB Plan

There were no changes in benefit terms for the State of Louisiana OPEB Plan.

Note 10–Changes in Assumptions

Pension Plan

Amounts reported in the actuary valuation dated June 30, 2020 for LASERS reflect an adjustment in the discount rate, inflation rate, and salary increases used to value the projected benefit payments attributed to past periods of service. The discount rate for LASERS was decreased by 0.05% to 7.55% in 2020. Other changes were as follows:

Valuation Date	June 30, 2020	June 30, 2019
Inflation Rate	2.30%	2.50%
Projected Salary Increases	2.60% - 13.80%	2.80% - 14.00%

Note 10–Changes in Assumptions (Continued)

OPEB Plan

The discount rate changed from 2.79% as of July 1, 2019 to 2.66% as of July 1, 2020, for the State of Louisiana OPEB Plan.

Supporting Schedules

Teachers' Retirement System of Louisiana
Schedules of Administrative Expenses
Years Ended June 30, 2021 and 2020

	2021	2020
Administrative Expenses		
Salaries and related benefits *	$ 11,460,452	$ 11,369,655
Travel expenses	13,746	56,277
Operating expenses	1,917,014	1,999,538
Professional services	599,190	845,343
Other charges & interagency transfers	73,309	72,713
Acquisitions	68,713	74,488
Total administrative expenses	$ 14,132,424	$ 14,418,014

* - Employer contributions to Louisiana State Employees' Retirement System (LASERS) in the amount of $1,791,707 and $1,805,819 for the years ended June 30, 2021 and 2020, respectively, have been reclassified from Salaries and related benefits to Deferred outflows of resources related to pensions in accordance with GASB 68. This reclassification for financial reporting may result in a difference between the Salaries and related benefits expense reported on this schedule and the Salaries and related benefits expense budgeted for the years ended June 30, 2021 and 2020. See Note 11 in the Notes to Financial Statements for additional information regarding the employer contributions to LASERS.

Teachers' Retirement System of Louisiana
Schedules of Investment Expenses
Years Ended June 30, 2021 and 2020

	2021	2020
Investment Expenses		
International investment expenses	$ 4,309,805	$ 4,966,705
Alternative investment expenses*	86,220,351	77,525,624
Investment administrative expenses**	1,781,554	1,601,535
Custodian fees	389,464	376,728
Performance consultant fees	1,065,319	1,120,361
Advisor fees	38,755,431	35,726,244
Total investment expenses***	$ 132,521,924	$ 121,317,197

*Investment fees and expenses of alternative funds are rebated to TRSL by the general partner as gains are realized. These rebates are accounted for as return of capital.

**GASB 67 requires the separate display of investment administrative expenses and is no longer included in general administrative expenses.

***Total investment expenses do not include management fees paid through a reduction of the net asset value of the investment. For 2021 and 2020, the fees totaled $15,831,561 and $13,673,670, respectively.

Teachers' Retirement System of Louisiana
Schedules of Securities Lending Expenses
Years Ended June 30, 2021 and 2020

	2021	2020
Securities Lending Expenses*		
Fixed	$ 511,364	$ 12,603,334
Equity	717,695	15,853,729
International	268,664	(1,849,494)
Total securities lending expenses	$ 1,497,723	$ 26,607,569

*Amounts are netted with securities lending income on the statements of changes in fiduciary net position. Net securities lending income for 2021 and 2020 was $6,991,753 and $12,201,375, respectively.

Teachers' Retirement System of Louisiana
Schedules of Board Compensation
Years Ended June 30, 2021 and 2020

	2021		2020	
Board of Trustees	**Number of Meetings**	**Amount**	**Number of Meetings**	**Amount**
Jerry J. Baudin, Ph.D.	11	$ 825	11	$ 825
Lotte T. Delaney, M.P.A.	5	-	–	-
Holly Bridges Gildig, M.Ed.	10	750	8	600
David A. Hennigan	12	900	11	825
Ricky Julien, Sr., M.Ed.	7	525	9	675
Tia T. Mills, Ed.D	11	825	7	525
Paul E. Nelson, Ph.D.	11	-	9	675
Neshelle S. Nogess, M.B.A.	12	900	10	750
John G. Parauka	–	-	6	450
Suzette S. Riddle	4	300	9	675
Thomas F. Stafford, Ph.D.	9	675	10	750
James A. Taylor, Sr., J.D., Ph.D.	12	900	10	750
Kelly Thompson	–	-	5	375
Total compensation		$ 6,600		$ 7,875

Teachers' Retirement System of Louisiana
Schedules of Payments to Non-Investment Related Consultants and Vendors
Years Ended June 30, 2021 and 2020

	2021	2020
Actuary	$ 185,000	$ 198,610
Foster & Foster Actuaries & Consultants		
Auditor/Accountant	89,960	91,256
Louisiana Legislative Auditor/ Duplantier, Hrapmann, Hogan & Maher, LLP		
Louisiana Legislative Auditor/ Hawthorn, Waymouth & Carroll, L.L.P.		
Postlethwaite & Netterville		
Information Technology and Other Vendors	193,185	451,269
Bowen ECM Solutions		
CEM Benchmarking, Inc.		
Communications Consulting Group		
ConvergeOne		
DAS		
Delphia Consulting, L.L.C.		
DLT Solutions		
Election America		
Financial Recovery Technologies, LLC		
Hunt Telecommunications L.L.C.		
Knob4 Professional Training		
Modiphy, Inc.		
Pension Benefit Information		
RMJ Consulting		
Sylint		
Transformyx		
Uniti Fiber		
Other		
Legal	66,095	17,908
Avant & Falcon		
Ice Miller, L.L.P.		
Kean Miller, L.L.P.		
Klausner, Kaufman, Jensen & Levinson		
Other		
Medical		
Examiners	64,950	86,300
	$ 599,190	$ 845,343

HAWTHORN WAYMOUTH & CARROLL, L.L.P.
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Teachers' Retirement System of Louisiana as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements, and have issued our report thereon dated September 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Teachers' Retirement System of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Teachers' Retirement System of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Teachers' Retirement System of Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, L.L.P.

September 29, 2021

Teachers' Retirement System of Louisiana
Schedules of Findings and Responses
Year Ended June 30, 2021

Part I – Summary of Audit Results

1) An unmodified opinion has been expressed on the financial statements of Teachers' Retirement System of Louisiana as of and for the year ended June 30, 2021, and the related notes to the financial statements.

2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.

3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.

4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.

5) A management letter was not issued.

Part II – Financial Statement Findings

No findings were noted.

Teachers' Retirement System of Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2020

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2020.

TRSL

Component Unit Financial Report

For Fiscal Years Ended June 30, 2021 and 2020

Katherine Whitney, Director

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