

Hall Actuarial Associates

Charles G. Hall
F.C.A., M.A.A.A., A.S.A.
Enrolled Actuary

1624 LaSalle Parc Drive
Baton Rouge, La. 70806
(225) 928-7866

September 23, 2014

Board of Trustees
LOUISIANA SCHOOL EMPLOYEES'
RETIREMENT SYSTEM

Post Office Box 44516
Baton Rouge, Louisiana 70804-4516

Ladies and Gentlemen:

This report is intended to present the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana School Employees' Retirement System (LSERS) in effect as of June 30, 2014.

This report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of my knowledge, fairly reflects the actuarial present value of accrued benefits of the Louisiana School Employees' Retirement System.

In preparing this valuation, I have relied upon the information provided by LSERS regarding plan provisions, plan membership, plan assets, census data and other matters as detailed in the exhibits of this report. In particular, I have relied upon the statement of assets as provided by Duplantier, Hrapmann, Hogan & Maher; Certified Public Accountants.

The present values shown herein have been estimated on the basis of the Entry Age Normal actuarial cost method as specified in Louisiana Revised Statutes Title 11 Section 22(5). In my opinion, the Actuarial Assumptions, which have been approved by the Board of Trustees, are appropriate and reasonable for the purposes of this valuation as disclosed in the Exhibit 5, and represents my best estimates of the anticipated experience under the plan.

Furthermore, I believe that the content of this report has not materially deviated from the guidance contained in the Actuarial Standards of Practice statement 27.

Board of Trustees
LSERS
September 23, 2014

A brief summary of the more important figures developed in this valuation, with comparable results from previous valuations are as follows:

	<u>June 30, 2014</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2013</u>	<u>June 30, 2012</u>
I. Membership Census			
1) Retirees	12,711	13,369	12,930
2) Actives	12,054	12,184	12,416
3) DROP	537	559	612
4) Terminated Vested	413	355	339
II. Annual Benefits ¹	\$ 146,084,220	\$ 142,752,516	\$ 134,573,580
III. Total Payroll	274,347,650	290,013,756	277,191,001
IV. Valuation Assets	1,631,618,702	1,492,914,745	1,403,463,883
V. Investment Yield ²			
Market Value	<u>16.96%</u>	<u>13.73%</u>	<u>2.27%</u>
5 year avg.	13.64%	6.12%	2.43%
10 year avg.	7.03%	6.57%	5.60%
Actuarial Value ²	<u>13.63%</u>	<u>12.04%</u>	<u>9.07%</u>
5 year avg.	7.82%	3.57%	2.39%
10 year avg.	6.33%	5.54%	4.26%
DROP Accounts ²	<u>13.13%</u>	<u>11.54%</u>	<u>8.57%</u>
VI. Experience Account	20,787,326	31,668,697	11,641,275
VI. Cost to Fund Annual Pension Accruals (Normal Costs)	50,164,501 18.29%	52,656,347 18.16%	50,406,331 18.18%
VII. Unfunded Actuarial Accrued Liability	806,632,711	911,099,504	875,008,244
VIII. Funded Percentage	66.9%	62.1%	61.6%
IX. Funding Requirements (Mid-year Payment)			
1) Employee Contribution	7.5%	7.5%	7.5%
New Hires 7/1/2010	8.0%	8.0%	8.0%
2) Employer Contribution	88,863,683	95,596,813	88,531,775
Rate (Current Year)	32.0%	32.6%	31.6%
3) Projected Employer	86,046,721	99,308,179	93,261,688
Rate (Next Fiscal Year)	30.2%	33.0%	32.3%

Funding Requirements measure the cost of benefits in effect on June 30, 2014.

¹ Excludes the \$1,886,392 permanent benefit increase granted in ACT 103 effective 7/01/2014.

² Excludes Money Market DROP Accounts effective June 30, 2008

Board of Trustees
LSERS
September 23, 2014

UNFUNDED LIABILITY

The Actuarial Valuation for the plan year ending June 30, 2014 discloses a decrease in the plan's Unfunded Actuarial Liability (UAL), which measures the deficiency of assets required to fund benefits that have been accrued. The assets are defined as the actuarial value of assets excluding Side Fund Accounts

The annual required contribution is the normal cost, plus an amortization payment of the UAL. The normal cost is the amount needed to fund that portion of the current year's benefit accruals for active members, plus the current year's administrative expenses. The normal cost is divided into three parts; the employee portion, the employer portion, both expressed as a percentage of payroll, and administrative expenses paid from investment income. Act 81 of the 1988 Legislative Session provides for the amortization of the initial UAL, plus subsequent changes in benefits, methods, or gain/loss experience.

The current valuation process discloses the source of any changes in actuarial assumptions, and gains/losses resulting from actual experience which differs from expected plan experience. Changes in actuarial methods, assumptions, benefit changes or plan experience are amortized as a level annuity. The amortization periods are in general; the later of the year 2029 or 30 years for methods, assumptions and experience changes; 10 years for benefit changes; and 5 years for employer contribution shortfall variances. Other amortization periods may be specified for specific legislation.

To assist the Board of Trustees in reconciling changes in the UAL, the following gain/loss analysis is presented as follows:

CHANGE IN UNFUNDED LIABILITY

Unfunded Liability 6/30/2013		\$ 911,099,504
INCREASES		
Interest on Unfunded Liability	\$ 66,054,714	
Experience Account allocation	20,787,326	
Amortization Conversion Account	19,640,033	
DROP/EA Account excess interest	3,216,914	
COLA to Retirees	16,346,105	
Adj. for 2013 COLA with interest	12,442,431	
Employer Shortfall Loss	823,919	
Incurred Increases	139,311,442	
DECREASES		
Investment Gain	96,236,079	
Plan Experience Gain	39,694,853	
Experience Account distribution	35,986,138	
Net Amortization Payment	71,361,111	
Privatization payments	500,054	
Incurred Decreases	243,778,235	
Unfunded Liability 6/30/2014		\$ 806,632,711

Board of Trustees
 LSERS
 September 23, 2014

Legislative Changes

ACT 399 effective 6/30/2014 (PBI/COLA) Reform:

This legislation reforms the criteria governing the administration of the Experience Account and the criteria required to grant (PBI/COLA)'s in the future as outlined below.

[Section 1]

This section addresses the following areas;

1. Excess investment returns to system debt
2. Excess investment returns to the Experience Account and limits thereto, and
3. When PBIs can be granted

Excess Investment Returns - Allocation to Amortization Bases and Experience Account

Old Law		Act 399	
50%*	50%	50%**	50%
Experience Account Allocation	Gain Amortized (30 years)	Experience Account Allocation	Gain Amortized 30 years
up to 50% of all excess returns, until account reaches cap		up to 50% of all excess returns, until account reaches cap	Gain applied to oldest amortization base
No Hurdles		\$15M hurdle applied to the oldest amortization base without re-amortization. Hurdle will increase each year by the % increase in actuarial value of assets	
Actuarial Valuation Rate ^ 7.25%		Actuarial Valuation Rate ^ 7.25%	

* Amount credited to experience account capped at the amount of reserve necessary to grant two (2) PBIs up to 3.0%.

** Amount credited to experience account capped at the amount of reserve necessary to grant one (1) PBI, until the system is 80% funded. Excess returns not credited to experience account applied to oldest amortization base.

The Hurdle is defined as the first \$15 million of excess investment return.

Exception: For the June 30, 2014 actuarial valuation half of the hurdle will be amortized over 5 years and applied as an employer credit with the remaining half applied to the oldest amortization base without re-amortization.

Board of Trustees
 LSERS
 September 23, 2014

Legislative Changes (continued)

OLD LAW			ACT 399			
System Funding	System earns at least 8.25%	System does not earn ARR	System Funding	Last COLA Granted	System earns at least 7.25%	System does not earn ARR
Less than 80%	Lesser of 3% or CPI-U	None	Less than 55%	N/A	None	None
80% or greater	Lesser of 3% or CPI-U	Lesser of 2% or CPI-U	At least 55% but less than 65%	None in preceding FY	Lesser of 1.5% or CPI-U	None
			At least 65% but less than 75%	None in preceding FY	Lesser of 2.0% or CPI-U	None
			At least 75% but less than 80%	None in preceding FY	Lesser of 2.5% or CPI-U	None
			80% or greater	None in preceding FY	Lesser of 3.0% or CPI-U	Lesser of 2% or CPI-U

Other Areas

- Board's Role in Granting PBIs: Board makes recommendation that it be permitted to grant a PBI; legislature approves in compliance with constitution; Board can't grant PBI without legislative approval.
- Maximum amount upon which PBI is calculated: \$60,000, adjusted with CPI-U increases.

[Section 2]

The first 7.5 million of excess return will be applied to the oldest amortization base, without re-amortization.

[Section 3]

The systems shall prepare and present to the House and Senate Committees on Retirement a report on the administrative and actuarial processes that will be applied in the implementation of this Act, submitted to the committees no later than November 14, 2014.

Board of Trustees
LSERS
September 23, 2014

Legislative Changes (continued)

ACT 103 effective PBI/COLA 6/30/2014:

This legislation provided a 1.5% permanent benefit increase (PBI/COLA) on benefits up to \$94,313, to all retirees who had attained age 60, disability retirees, and survivors of members who would have attained age 60; and had been retired for at least one year.

ACT 23 Amortization Conversion Account effective 6/30/2014:

The unused balance remaining in the experience account on June 30, 2013, after payment of a permanent benefit increase pursuant to ACT 103, will be credited to an amortization conversion account to supplement contributions required pursuant to Act 478, for the years July 1, 2014, through June 30, 2019. Effective June 30, 2019, all funds remaining in the amortization conversion account shall be amortized as a gain.

ACT 478 Level 30 years Amortization effective 6/30/2014:

This legislation provided for all outstanding amortization bases of LSERS to be consolidated and reamortized over a 30-year period with level dollar payments. The increase in the payment schedule for the first five years is to be funded from the Amortization Conversion Account created by ACT 23 above as follows:

(A) Experience Account Balance	
Prior Year Balance	\$ 31,668,697
ACT 103 distribution	-16,346,105
Accumulated Interest	<u>4,317,441</u>
Amortization Conversion Account Balance ¹	19,640,033

(B) Amortization Conversion Account
 Supplemental Contributions

<u>Fiscal Year</u>	<u>Supplemental Contribution</u>
2014-15	\$ 560,927
2015-16	3,359,318
2016-17	4,613,318
2017-18	4,267,895
2018-19	<u>2,278,309</u>
Total	15,079,767

(C) Residual amortized as a gain	
June 30, 2019	(A) - (B) = 4,560,266

¹Note: the Experience Account Balance is completely liquidated pursuant to ACT 23 and ACT 478 prior to the current year allocation of investment gains.

Board of Trustees
LSERS
September 23, 2014

Side Funds

Side funds are trust fund asset excluded from the Actuarial Value of Assets used to determine the employer current funding requirements. The trust now has two side funds; the Experience Account is used to accumulate allocations of investment gain sharing to fund permanent benefit increases (COLAs/PBIs) and the Amortization Conversion Account will be used to supplement employer contributions through June 30, 2019 which is required as part the changes enacted in ACT 23 and ACT 478 of 2014 which leveled amortization payments.

The account balances are managed as follows;

<u>EXPERIENCE ACCOUNT</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Prior Year End Balance	31,668,697	11,641,275
- COLA distributions	-16,346,105	-11,601,334
+ Accumulated Interest	4,317,441	1,402,015
- Amortization Conversion Account	<u>-19,640,033</u>	n/a
Balance after ACT 23	0	n/a
+ Allocation, lesser of net excess - 24,009,583 or 2.0% max PBI reserve - 20,787,326	-> <u>20,787,326</u>	<u>30,226,741</u>
Fund Balance - Year End	20,787,326	31,668,697
 <u>AMORTIZATION CONVERSION ACCOUNT (ACA)</u>		
Prior Year End Balance	0	n/a
+ Initial installment	19,640,033	n/a
- Employer contribution credit	<u>0</u>	<u>n/a</u>
Fund Balance - Year End	19,640,033	n/a
 <u>TOTAL SIDE FUND ACCOUNT BALANCES</u>	40,427,359	0

Funding Requirements

The annual required contribution is defined as the normal cost, plus an amortization payment of the Unfunded Actuarial Liability (UAL). The normal cost is the amount needed to fund that portion of the current year's benefit accruals for active members, plus the current year's administrative expenses. The normal cost is funded in three parts; employee portion and employer portion, both expressed as a percentage of payroll, and administrative expenses paid from investment income.

The projected employer contribution rate for the 2013-2014 plan year approved by the Board of Trustees and the Public Employees Retirement Systems Actuarial Committee (PERSAC) was set by at 33.0%.

The actual employer contribution rate determined by this valuation for the current plan year is 32.0%. Therefore, the current plan year should generate a contribution variance shortfall gain since projected approved rate overstates the valuation rate by 1.0%.

Board of Trustees
LSERS
September 23, 2014

Disclosures

The "Pension Accounting and Financial Disclosure" Exhibit has been relocated to Exhibit 6 to accommodate the transition of the old Governmental Accounting Standards Board Statement (GASB)25/27 reporting requirements, which has been replaced with the new GASB Statement 67/68 reporting and disclosure requirements.

There were no changes to the actuarial assumptions or methods since the preceding measurement date which did incorporate my recommended changes adopted by the Board of Trustees contained in the five year Experience Study effective for the June 30, 2013 report. A copy of the detailed analysis of the development and recommendations in the study can be obtained from LSERS. The actuarial assumptions outlined in Exhibit 5 were used in the preparation of this report and are based solely on my recommendations to and adoption by the Board of Trustees.

The format of this report was designed with the intent of highlighting the pertinent results of the valuation's funding requirements while maintaining compliance with the Actuarial Standards of Practice.

I am a Fellow of the Conference of Consulting Actuaries (FCA), an Associate of the Society of Actuaries (ASA), an Enrolled Actuary #4199-14 with the Joint Board for the enrollment of Actuaries under ERISA, a Member of the American Academy of Actuaries (MAAA), and have met the Qualification Standards of the Academy necessary to render the actuarial opinions expressed in this report.

Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Charles G. Hall, FCA,MAAA,ASA
Consulting Actuary

TABLE OF CONTENTS

		<u>Pages</u>
EXHIBIT 1	DEVELOPMENT OF COSTS, LIABILITIES & CONTRIBUTIONS Provides a detail by benefit type of the cost to accrue annual pension benefits, liabilities accrued to date and funding requirements	10 - 15
EXHIBIT 2	FINANCIAL SUMMARY Contains the statement of revenue and expenses as well as assets available to pay pension benefits	16 - 17
EXHIBIT 3	CENSUS DATA Describes the employee data, data processing for valuation purposes and depicts employee profiles by classification, age and service	18 - 29
EXHIBIT 4	PRINCIPLE PROVISIONS OF THE RETIREMENT SYSTEM Restates in summary outline form the basic plan provisions which serve as the basis for the projected retirement pension benefit	30 - 37
EXHIBIT 5	ACTUARIAL COST METHODS AND ASSUMPTIONS Discloses rates of mortality, disability, retirement termination and other assumptions which are presumed to reflect the experience of the retirement system in aggregate	38 - 42
EXHIBIT 6	GASB DISCLOSURES <ul style="list-style-type: none"> • GASB 25/27 (old) <ul style="list-style-type: none"> SCHEDULE OF FUNDING PROGRESS 43 SCHEDULE OF EMPLOYER CONTRIBUTIONS 44 STATISTICAL DATA 45 • GASB 67/68 (new) <ul style="list-style-type: none"> SCHEDULE OF PENSION AMOUNTS 46 ACTUARIAL ASSUMPTIONS 47 CROSSOVER POINTS CASH FLOWS 48 - 49 NPL EMPLOYER ALLOCATIONS 50 - 53 	

EXHIBIT 1
DEVELOPMENT
OF
COSTS, LIABILITIES AND CONTRIBUTIONS

Normal Costs are calculated in accordance with the Individual entry Age Normal Actuarial Cost Method, and the Actuarial Assumptions outlined in Exhibit 5 based on the Provisions of the Plan as summarized in Exhibit 4. Normal Cost measure the cost to accrue the current year service credit based on the benefit provisions in affect on the date the member was hired.

I. <u>Normal Costs</u> (by date of hire)	<u>June 30, 2014</u>		<u>June 30, 2013¹</u>	
	<u>Dollar</u> <u>Amount</u>	<u>% of</u> <u>Salary</u>	<u>Dollar</u> <u>Amount</u>	<u>% of</u> <u>Salary</u>
Active Members-(Hired before 7/01/2006)				
a) Retirement Benefits	\$ 18,842,709	12.54%	\$ 20,782,262	12.26%
b) Disability Benefits	967,109	0.71%	1,044,773	.67%
c) Survivor Benefits	1,101,751	0.81%	1,257,270	.81%
d) Voluntary Termination	<u>4,664,871</u>	<u>3.43%</u>	<u>5,285,394</u>	<u>3.40%</u>
TOTAL	25,576,440	17.49%	28,369,699	17.14%
Annualized Salaries	150,247,320		169,536,253	
Active Members-(Hired 7/01/2006 - 6/30/2010)				
a) Retirement Benefits	8,352,932	13.66%	9,748,875	13.68%
b) Disability Benefits	298,407	0.49%	340,182	.47%
c) Survivor Benefits	598,467	0.98%	698,983	.98%
d) Voluntary Termination	<u>1,776,056</u>	<u>2.91%</u>	<u>1,999,536</u>	<u>2.81%</u>
TOTAL	11,025,862	18.04%	12,787,576	17.94%
Annualized Salaries	61,136,256		71,266,881	
Active Members-(Hired after 6/30/2010)				
a) Retirement Benefits	7,130,451	11.32%	\$ 5,486,753	11.15%
b) Disability Benefits	237,965	0.38%	188,246	.38%
c) Survivor Benefits	221,823	0.35%	166,734	.34%
d) Voluntary Termination	<u>1,471,960</u>	<u>2.34%</u>	<u>1,157,339</u>	<u>2.35%</u>
TOTAL	9,062,199	14.39%	6,999,072	14.22%
Annualized Salaries	62,964,074		49,210,622	
<hr/>				
<u>Aggregate Plan Normal Costs</u>				
a) Retirement Benefits	\$ 34,326,092	12.51%	\$ 36,017,890	12.42%
b) Disability Benefits	1,503,481	0.55%	1,573,201	.54%
c) Survivor Benefits	1,922,041	0.70%	2,122,987	.73%
d) Voluntary Termination	7,912,887	2.88%	8,442,269	2.91%
e) Administrative Expenses ²	<u>4,500,000</u>	<u>1.64%</u>	<u>4,500,000</u>	<u>1.55%</u>
TOTAL	50,164,501	18.28%	52,656,347	18.15%
Annualized Salaries	274,347,650		290,013,756	

¹Actuarial valuation rate changed from 7.50% to 7.25% effective July 1, 2013

²For illustrative purposes and not a part of the employee or employer normal cost contribution. (see pg. 40)

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

	<u>June 30, 2014</u>	<u>June 30, 2013¹</u>
II. Actuarial Accrued Liability		
Active Members-(Hired before 7/01/2006)		
a) Retirement Benefits	\$ 554,009,460	\$ 594,806,465
b) Disability Benefits	12,897,030	14,455,607
c) Survivor Benefits	12,518,062	13,916,272
d) Voluntary Termination	<u>46,524,371</u>	<u>53,570,093</u>
TOTAL	625,948,923	676,748,437
Active Members-(Hired 7/01/2006 - 6/30/2010)		
a) Retirement Benefits	70,025,906	64,953,691
b) Disability Benefits	2,201,562	2,059,850
c) Survivor Benefits	3,756,995	3,839,973
d) Voluntary Termination	<u>9,471,260</u>	<u>9,194,689</u>
TOTAL	85,455,723	80,048,203
Active Members-(Hired after 6/30/2010)		
a) Retirement Benefits	11,746,053	6,813,049
b) Disability Benefits	361,493	223,658
c) Survivor Benefits	344,670	195,792
d) Voluntary Termination	<u>1,791,257</u>	<u>437,626</u>
TOTAL	14,243,473	7,670,125
<hr/>		
TOTAL all Active Members		
1) Retirement Benefits	\$ 635,781,419	\$ 666,573,205
2) Disability Benefits	15,460,085	16,739,115
3) Survivor Benefits	16,619,727	17,952,037
4) Voluntary Termination	<u>57,786,888</u>	<u>63,202,408</u>
TOTAL	725,648,119	764,466,765
Retired and Inactive Members		
1) Regular Retirees	1,239,102,724	1,153,858,010
2) Disabled Retirees	22,515,690	22,337,395
3) Survivors	117,882,975	152,877,030
4) Vested Deferred & Reciprocals	28,327,330	37,438,696
5) Contributions Refunded	5,865,615	5,165,696
6) DROP Deferred Benefits	208,636,759	200,207,166
7) DROP Account Balances	<u>69,484,875</u>	<u>67,663,491</u>
TOTAL	1,691,815,968	1,639,547,484
ACT 103 of 2014 (COLA)	<u>20,787,326</u>	<u>n/a</u>
TOTAL Actuarial Accrued Liability	2,438,251,413	2,404,014,249

¹Actuarial valuation rate changed from 7.50% to 7.25% effective July 1, 2013

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

	<u>June 30, 2014</u>	<u>June 30, 2013³</u>
II. Actuarial Accrued Liability	\$ 2,438,251,413	\$ 2,404,014,249
III. Assets	1,631,618,702	1,492,914,745
IV. Unfunded Actuarial Accrued Liabilities - (Surplus)	806,632,711	911,099,504
a) Change over prior year	-104,466,793	36,091,260
b) Funded Percentage	66.9%	62.1%
V. Employer Contributions		
<u>To Fund Current 2014-15 Plan Year¹</u>		
a) Employer Portion of Normal Cost	25,360,827	26,689,875
b) Amortization Payments	63,868,447	57,569,001
c) Amort. Conv. Acct. supplement	-560,927	n/a
d) Previous Year (Short-fall)	<u>195,336</u>	<u>11,337,937</u>
TOTAL Required Contribution	88,863,683	95,596,813
	32.0%	32.6%
	<u>33.0%</u>	<u>32.3%</u>
VI. Projected Employer Contributions		
<u>To Fund Projected 2015-16 Plan Year¹</u>		
a) Employer Portion of Normal Cost	26,023,163	27,398,041
b) Amortization Payments	63,868,447	59,837,003
c) Amort. Conv. Acct. supplement	-3,359,318	n/a
d) Short-fall Charge	<u>-485,571</u>	<u>12,073,135</u>
TOTAL Projected Contribution	86,046,721	99,308,179
	30.2%	33.0%
VII. Aggregate Current Payroll	274,347,650	290,013,756
Projected Payroll - Mid Year	277,326,408	293,139,121
Projected Payroll - Next Year	284,569,201	300,917,021

¹Dollar Amounts reflect estimated payments due mid-year on January 1st per Act 81.

²Actuarial valuation rate changed from 7.50% to 7.25% effective July 1, 2013

Exhibit 1 (Continued)
Amortization Schedules

CURRENT LAW

AMORTIZATION of UNFUNDED
 ACTUARIAL ACCRUED LIABILITY
 JUNE 30, 2014

<u>DATE</u> 6/30	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAING</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
	Privatization Liability						
	[Acadia PSB]	V				224,309	NOTE(1)
	[Evangeline PSB]	V				151,845	NOTE(1)
	[Point Coupee PSB]	V				307,362	NOTE(1)
	[Dr. MLK Jr. CS]	V				514,735	NOTE(1)
2014	ACT 478 of 2014 NOTE(1)	L	30	905,696,581	30	904,498,330	72,159,299
2014	ACT 399 of 2014 (hurdle)	L	5	-7,500,000	5	-7,500,000	-1,778,112
	(Allocated to OB)			-7,500,000		-7,500,000	
	(PBI cap excess)			-3,252,257		-3,252,257	
2014	Change in Liability	L	30	-81,635,532	30	-81,635,532	-6,512,740
	TOTAL OUTSTANDING BALANCE					805,808,792	63,868,447

EMPLOYERS' CREDIT BALANCE

2014	Contribution Variance	L	5	823,919	5	823,919	195,336
	TOTAL EMPLOYER CREDIT					823,919	195,336

**TOTAL UNFUNDED ACTUARIAL
 ACCRUED LIABILITY**

806,632,711

L - Level payments
 V - Variable payments

Effective July 1, 2013, Actuarial Valuation Rate changed from 7.5% to 7.25%.

NOTE(1): ACT 478 of 2014 required the consolidation and re-amortization of all outstanding amortization bases in existence on June 30, 2014. The remaining balance is further itemized to reflect amortization schedules funded separately by School Boards allocated unfunded liability due to privatization of personnel.

Exhibit 1 (Continued)
Amortization Schedules

PRIOR TO ACT 478 OF 2014

**AMORTIZATION of UNFUNDED
ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2014**

<u>DATE</u> <u>6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAING</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
1993	Change in Liability	L	25	-65,622,628	15	-51,926,591	-5,592,435
1994	Change in Liability	L	25	-30,846,941	15	-24,408,905	-2,628,812
1995	Change in Liability	L	25	2,558,051	15	2,024,163	218,000
1996	Change in Liability	L	25	-19,620,386	15	-15,525,433	-1,672,072
1997	Change in Liability	L	25	-9,046,638	15	-7,158,523	-770,965
1998	Change in Liability	L	25	-105,844,372	15	-83,753,691	-9,020,178
1999	Change in Liability	L	25	-48,468,045	15	-38,352,324	-4,130,502
2000	Change in Liability	L	25	-8,704,034	15	-6,887,423	-741,768
2001	Change in Liability	I	27	239,310,198	17	265,404,611	19,742,204
2002	Change in Liability	I	28	199,940,651	18	226,254,949	16,087,046
2003	Change in Liability	I	29	214,321,070	19	247,015,325	16,838,814
2004	Change in Liability	L	30	52,010,701	20	44,866,088	4,169,192
2005	Change in Liability	L	30	4,619,288	21	4,070,432	370,056
2006	Change in Liability	L	30	-93,066,596	22	-83,614,668	-7,451,261
2007	Change in Liability	L	30	-8,916,009	23	-8,153,638	-713,442
2008	Change in Liability	L	30	83,881,777	24	77,962,285	6,708,375
2009	Change in Liability	L	30	251,368,124	25	237,122,182	20,092,319
2010	Change in Liability	L	30	89,485,738	26	85,571,106	7,149,118
2011	Change in Liability	L	30	20,356,391	27	19,710,712	1,625,499
2012	Change in Liability	L	30	-41,327,973	28	-40,479,532	-3,298,567
2013	Change in Asset Method	L	30	-2,511,629	29	-2,486,212	-200,373
2013	Change in Assumptions	L	30	34,931,724	29	34,578,228	2,786,792
2013	Change in Liability	L	30	3,383,918	29	3,349,674	269,963
TOTAL OUTSTANDING BALANCE						885,182,815	
EMPLOYERS' CREDIT BALANCE							
2010	Contribution Variance	L	5	21,730,593	1	9,644,045	5,168,454
2011	Contribution Variance	L	5	15,702,862	2	10,093,143	3,730,716
2012	Contribution Variance	L	5	9,449,959	3	7,823,009	2,242,744
2013	Contribution Variance	L	5	3,016,050	4	3,016,050	715,050
2014	Contribution Variance	L	5	n/a	5	n/a	n/a
TOTAL EMPLOYER CREDIT						20,513,766	
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						905,696,581	

NOTE: Effective July 1, 1992, Amortization Period changed in accordance with Act 257.
Effective July 1, 2004, Amortization Period changed in accordance with Act 588.
Effective July 1, 2004, Amortization Period changed in accordance with Act 588.
Effective July 1, 2013, Actuarial Valuation Rate changed from 7.5% to 7.25%.

INTENTIONALLY LEFT BLANK

EXHIBIT 2

**FINANCIAL SUMMARY
STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR ENDING**

	<u>June 30, 2014</u>	-----Prior Years----- <u>June 30, 2013</u>	<u>June 30, 2012</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 22,176,965	\$ 20,830,149	\$ 21,571,589
Employer	96,701,264	88,164,618	82,687,129
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CONTRIBUTIONS	118,878,229	108,994,767	104,258,718
2. Investment Income			
Investments	273,592,483	207,071,810	37,662,219
Less, Manager Fees	-3,825,205	-4,251,013	-3,894,947
Custody Fees	<u>-820,122</u>	<u>-445,839</u>	<u>-322,247</u>
TOTAL INVESTMENT INCOME	268,947,156	198,338,138	33,445,025
3. Total Revenues	387,825,385	307,332,905	137,703,743
<u>OPERATING EXPENSES:</u>			
1. General Administration	4,444,879	4,405,327	4,551,356
Other Expenses	180,701	120,854	118,799
2. Benefits Paid			
a) Pension Benefits	162,219,637	154,135,219	148,526,171
b) Return of Contrib.	4,389,704	4,371,042	3,606,711
c) Transfers to/from	<u>388,291</u>	<u>244,716</u>	<u>426,160</u>
TOTAL BENEFITS PAID	166,997,632	158,750,977	152,559,042
3. Total Operating Expenses	171,623,212	163,277,158	157,229,197
<u>NET INCREASE:</u>	216,202,173	144,055,747	-19,525,454

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

ASSETS:	June 30, 2014	----- Prior Years -----	
		June 30, 2013	June 30, 2012
1. Short Term Assets			
Cash in Banks	\$ 46,565,272	\$ 44,385,913	\$ 40,041,958
Securities	57,593,896	26,571,526	24,254,925
2. Bonds			
U.S. Government Obligations	100,345,476	97,706,157	104,891,037
Bonds - Domestic	162,601,393	136,120,762	135,892,027
Bonds - Foreign	104,101,243	112,246,356	140,477,793
3. Equities			
Domestic Stock	834,388,634	728,286,658	660,843,512
Foreign Stocks	250,445,612	249,364,185	208,994,803
Alternative Investments	279,672,930	231,096,538	188,609,350
4. Real Estate Investments	2,101,377	1,993,124	1,993,124
5. Property and Equipment	3,158,978	3,181,708	3,236,062
6. Other Assets	507,730	300,000	0
7. Receivables - Payables	15,884,515	9,911,956	-12,125,455
TOTAL ASSETS - Market Value	1,857,367,056	1,641,164,883	1,497,109,136
Valued at Cost	1,585,644,222	1,366,040,001	1,355,901,843

INVESTMENT YIELD:

Yield to Actuarial Value	13.63%	12.04%	9.07%
DROP Account Yield	13.13%	11.54%	8.57%
Yield to Market Value	16.96%	13.73%	2.27%

SIDE FUND ACCOUNT: (see pg. 7)

Experience Account	20,787,326	31,668,697	11,641,275
Amortization Conversion Account	19,640,033	n/a	n/a
Total Side Funds	40,427,359	31,668,697	11,641,275

ACTUARIAL VALUE OF ASSETS²: Developed as the Market Value, excluding the Side Fund Accounts, less the sum of the weighted deferrals of the unrealized gains/losses relative to the valuation rate effective 7/1/2013.

Total Market Value,	1,857,367,056	1,641,164,883	1,497,109,136
Minus,			
	----- Current Method -----		- Prior Method -
Weight x (G/L) deferral	wt.	deferral	wt. deferral
Plan Year - 3	80%	194,915,640	n/a n/a
Plan Year - 2	60%	-76,675,989	75% 107,926,676
Plan Year - 1	40%	89,907,429	50% 218,729,740
Plan Year (current)	20%	153,829,757	25% -72,055,114
Gross Actuarial Value of Assets	1,672,046,061	1,524,583,442	1,414,803,933
Less, Side Funds Account	-40,397,359	-31,668,697	-11,641,275
Valuation Assets	1,631,618,702	1,492,914,745	1,403,162,658

¹ Effective 7/1/2003 new DROP Accounts are credited with Money Market rates.

² Asset Smoothing Method changed effective 7/1/2013 as described in Exhibit 5.

EXHIBIT 3

CENSUS DATA

GENERAL COMMENTS

The data contained in this valuation is summarized on the following pages with exceptions noted below. The profile depicted in the cellular graphs represents the census data as of June 30th, which serves as the basis for determining costs and liabilities. Active members are allocated to cells based upon attained age and years of service. Retirees and Survivors are allocated to cells based upon attained age and years elapsed since retirement or commencement of benefits.

The validity of the results of any actuarial valuation is dependent upon the accuracy of the data base. Prior to processing, suspicious data and data containing errors were purged from the data base and processed separately based on error types such as:

- missing sex code
- missing or invalid date of birth
- missing or invalid date of employment
- missing or invalid salary
- invalid retirement dates

Records with missing or invalid data are resubmitted to LSERS for correction before processing.

This year an internal review and analysis of the actuarial data file, following a programming conversion, revealed a large number of deceased members (747) systematically reported as valid survivor records. Otherwise, there were no records purged from the database containing errors or categorized as suspicious data, which is consistent with the quality of data reported when compared to previous years.

Salary data contained in the profiles and valuation report exceed the amount reported by internal audit due the annualization of salaries. In the valuation process, membership data with fractional service in the first year of employment annualizes the salary.

Following a review of the submitted data, with consideration for prior year's data, it appeared to be of sufficient quality and consistency for preparation of this report. The following is a summary of the data submitted:

	---2014---	---2013---	---2012---
	<u>Census</u>	<u>Census</u>	<u>Census</u>
Active Members	11,473	11,599	11,816
After DROP	581	585	600
Regular Retirees	10,718	10,711	10,520
Disability Retirees	331	340	369
Survivors	1,662	2,318	2,041
Terminated Vested	413	355	339
DROP Participants	<u>537</u>	<u>559</u>	<u>612</u>
TOTAL	25,715	26,467	26,297

For June 30, 2014, the retiree and survivor data submitted did not include the PBI/COLA increase granted by ACT 103 of 2014

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSER RETIREMENT SYSTEM
ACTIVE (hired < 7/1/2006)

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:	:
[20-24)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:	:
[25-29)	0	0	4	3	0	0	0	0	0	0	7
:	0	0	84824	109852	0	0	0	0	0	0	194676
:	:	:	:	:	:	:	:	:	:	:	:
[30-34)	0	0	48	33	2	0	0	0	0	0	83
:	0	0	1256487	867138	70274	0	0	0	0	0	2193899
:	:	:	:	:	:	:	:	:	:	:	:
[35-39)	0	0	71	98	32	2	0	0	0	0	203
:	0	0	1576338	2530794	995803	90035	0	0	0	0	5192970
:	:	:	:	:	:	:	:	:	:	:	:
[40-44)	0	0	113	222	101	28	3	0	0	0	467
:	0	0	2551805	5278589	2864459	798284	99962	0	0	0	11593099
:	:	:	:	:	:	:	:	:	:	:	:
[45-49)	0	0	179	379	262	123	45	1	0	0	989
:	0	0	4029555	8858861	6772124	3707444	1425267	36462	0	0	24829713
:	:	:	:	:	:	:	:	:	:	:	:
[50-54)	0	0	216	490	409	256	114	7	0	0	1492
:	0	0	5061207	11239150	10374736	6523945	3603538	221647	0	0	37024223
:	:	:	:	:	:	:	:	:	:	:	:
[55-59)	0	0	184	392	446	334	47	10	5	0	1418
:	0	0	4133833	9280094	11000942	8815808	1361129	262607	91369	0	34945782
:	:	:	:	:	:	:	:	:	:	:	:
[60-64)	0	0	124	149	112	61	31	11	5	0	493
:	0	0	2778346	3362265	2844728	1460574	784946	260765	125230	0	11616854
:	:	:	:	:	:	:	:	:	:	:	:
[65-69)	0	0	66	71	43	26	14	4	4	0	228
:	0	0	1522355	1518230	911385	671748	321214	87561	126761	0	5159254
:	:	:	:	:	:	:	:	:	:	:	:
[70-74)	0	0	47	44	24	18	5	3	4	0	145
:	0	0	907316	915135	512312	459705	115464	75091	101433	0	3086456
:	:	:	:	:	:	:	:	:	:	:	:
TOTALS	:	:	:	:	:	:	:	:	:	:	:
count	0	0	1052	1881	1431	848	259	36	18	0	5525
salary	0	0	23902066	43960108	36346763	22527543	7711520	944133	444793	0	135836926

AVERAGES --- Attained Age 53.24
Service Years 15.56
Active Salary 24,586

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSEER RETIREMENT SYSTEM
ACTIVE (hired 7/06 - 7/10)

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	0	0	0	0	0	0	0	0	0	0
[20-24)	0	6	3	0	0	0	0	0	0	0	9
[25-29)	0	19	77	0	0	0	0	0	0	0	96
[30-34)	0	30	130	1	0	0	0	0	0	0	161
[35-39)	0	47	206	1	0	0	0	0	0	0	254
[40-44)	0	54	280	1	0	0	0	0	0	0	335
[45-49)	0	74	413	5	1	0	0	0	0	0	493
[50-54)	0	78	436	0	2	1	0	0	0	0	517
[55-59)	0	67	400	2	1	1	1	0	0	0	472
[60-64)	0	47	228	0	0	1	0	0	0	0	276
[65-69)	0	16	96	0	0	1	0	0	0	0	113
[70-74)	0	11	77	0	0	0	0	0	0	0	88
TOTALS	0	449	2346	10	4	4	1	0	0	0	2814
salary	0	9718391	50815463	257217	144278	139758	61149	0	0	0	61136256

AVERAGES --- Attained Age 50.07
Service Years 6.42
Active Salary 21,726

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSEER RETIREMENT SYSTEM
ACTIVE (hired > 6/30/2010)

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	0	0	0	0	0	0	0	0	0	0
[20-24)	66	50	0	0	0	0	0	0	0	0	116
	1223214	1039735	0	0	0	0	0	0	0	0	2262949
[25-29)	90	107	0	0	0	0	0	0	0	0	197
	1804800	2163110	0	0	0	0	0	0	0	0	3967910
[30-34)	104	186	0	0	0	0	0	0	0	0	290
	1946652	3831544	0	0	0	0	0	0	0	0	5778196
[35-39)	106	241	1	0	0	0	0	0	0	0	348
	2016282	4753468	21038	0	0	0	0	0	0	0	6790788
[40-44)	120	245	0	0	0	0	0	0	0	0	365
	2314561	5076908	0	0	0	0	0	0	0	0	7391469
[45-49)	153	329	0	0	0	0	0	0	0	0	482
	3012755	6953517	0	0	0	0	0	0	0	0	9966272
[50-54)	146	348	1	0	0	0	0	0	0	0	495
	2953783	7219817	16081	0	0	0	0	0	0	0	10189681
[55-59)	124	325	0	0	0	0	0	0	0	0	449
	2464246	6721899	0	0	0	0	0	0	0	0	9186145
[60-64)	49	184	0	0	0	0	0	0	0	0	233
	960582	3547244	0	0	0	0	0	0	0	0	4507826
[65-69)	27	78	0	0	0	0	0	0	0	0	105
	496313	1475930	0	0	0	0	0	0	0	0	1972243
[70-74)	13	41	0	0	0	0	0	0	0	0	54
	220529	730068	0	0	0	0	0	0	0	0	950597
TOTALS	998	2134	2	0	0	0	0	0	0	0	3134
salary	19413715	43513240	37119	0	0	0	0	0	0	0	62964074

AVERAGES --- Attained Age 46.66
Service Years 1.87
Active Salary 20,091

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSEER RETIREMENT SYSTEM
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY
DROP BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-34)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[45-49)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[50-54)	4	2	0	0	0	0	0	0	0	0	6
:	96304	87506	0	0	0	0	0	0	0	0	183810
:	91644	84360	0	0	0	0	0	0	0	0	176004
[55-59)	17	11	4	2	5	2	0	0	0	0	41
:	464162	343802	128325	49009	152760	75748	0	0	0	0	1213806
:	407004	310512	124356	44700	117048	52248	0	0	0	0	1055868
[60-64)	68	63	12	15	6	22	1	0	0	0	187
:	1833738	1523390	261563	272329	153163	686828	18934	0	0	0	4749945
:	1085760	900456	216516	219564	106728	420264	8496	0	0	0	2957784
[65-69)	10	10	44	36	38	65	6	0	0	0	209
:	207922	209714	1002571	774156	947752	1656268	188199	0	0	0	4986582
:	67860	77184	497940	373020	366276	797364	67716	0	0	0	2247360
[70-74)	1	4	1	3	5	59	56	9	0	0	138
:	21455	69665	22683	51509	97912	1463796	1307739	241492	0	0	3276251
:	5496	22128	6588	16212	25296	491388	395412	66144	0	0	1028664
TOTALS											
count	100	90	61	56	54	148	63	9	0	0	581
salary	2623581	2234077	1415142	1147003	1351587	3882640	1514872	241492	0	0	14410394
benefit	1657764	1394640	845400	653496	615348	1761264	471624	66144	0	0	7465680

AVERAGES --- Attained Age 66.25
Post Drop Years 4.70
Active Salary 24,803
Annual Benefit 12,850

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS RETIRED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[40-44)	1	1	0	0	0	0	0	0	0	0	2
	11640	5784	0	0	0	0	0	0	0	0	17424
[45-49)	4	8	2	2	0	4	0	0	0	0	20
	37968	101460	36492	38952	0	21108	0	0	0	0	235980
[50-54)	21	35	29	17	9	51	32	3	1		198
	657228	870012	647628	363828	190752	721596	372000	26460	6492		3855996
[55-59)	48	80	78	47	42	185	92	19	9		600
	1204008	1683684	1837932	1102656	1010448	3153708	1238232	136152	50772		11417592
[60-64)	155	215	166	129	143	496	213	57	28		1602
	2557632	3379920	2709828	2175876	2209512	8693508	2993184	358656	141924		25220040
[65-69)	75	113	179	177	155	956	435	104	61		2255
	1041720	1392864	2456988	2229516	2090376	12948012	5765472	772548	396780		29094276
[70-74)	30	54	49	53	52	726	835	317	109		2225
	354180	643824	681168	703284	597648	7726008	8627772	3036036	807780		23177700
[75-79)	13	15	32	32	25	226	640	606	229		1818
	165072	217368	411948	439128	282036	2178516	5508432	5523264	2398356		17124120
[80-84)	1	7	6	2	7	53	139	444	556		1215
	11184	71664	90432	30600	79656	482832	1195980	3978648	5243580		11184576
[85-89)	0	1	2	0	0	7	27	63	472		572
	0	13548	10440	0	0	86892	229836	560232	4725552		5626500
[90-99)	0	0	0	0	0	0	5	10	195		210
	0	0	0	0	0	0	37644	96000	2066604		2200248
TOTALS	348	529	543	459	433	2704	2418	1623	1660		10717
benefit	6040632	8380128	8882856	7083840	6460428	36012180	25968552	14487996	15837840		129154452

AVERAGES --- Attained Age 71.86
Years Retired 11.86
Annual Benefit 12,051

Note: Profiles do not include the permanent benefit increase granted in ACT 103 effective 7/01/2014

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSEER RETIREMENT SYSTEM
REGULAR RETIREES w/COLA

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0
[45-49)	0	0	0	0	0	0	0	0	0	0
[50-54)	0	0	0	0	0	0	1	0	0	1
[55-59)	0	0	0	0	0	0	17712	0	0	17712
[60-64)	0	0	0	0	0	0	0	0	0	0
[65-69)	0	0	0	0	0	0	0	0	0	0
[70-74)	0	0	0	0	0	0	0	0	0	0
[75-79)	0	0	0	0	0	0	0	0	0	0
[80-84)	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
TOTALS	0	0	0	0	0	0	1	0	0	1
count	0	0	0	0	0	0	1	0	0	1
benefit	0	0	0	0	0	0	17712	0	0	17712

AVERAGES --- Attained Age 53.39
Years Retired 12.73
Annual Benefit 17,712

*Note: Profiles do not include the permanent benefit increase granted in ACT 103 effective 7/01/2014

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	0	1	0	0	0	0	0	0	0	1
	0	11184	0	0	0	0	0	0	0	11184
[40-44)	4	1	3	1	2	1	0	1	0	13
	43248	8832	26784	6984	11100	4572	0	2604	0	104124
[45-49)	3	5	5	5	3	6	4	2	1	34
	21240	47736	34416	47184	21120	50496	26244	8856	5568	262860
[50-54)	11	13	11	6	10	26	16	7	1	101
	118392	145428	96432	70764	76428	167892	86976	32100	4740	799152
[55-59)	10	15	14	15	15	33	16	10	7	135
	91908	130080	116340	127008	121524	206748	84096	55692	43356	976752
[60-64)	1	5	2	5	0	5	9	2	1	30
	6624	36564	15792	42120	0	33960	48444	9060	5436	198000
[65-69)	2	2	0	1	0	0	1	0	1	7
	12372	14892	0	8160	0	0	4224	0	3252	42900
[70-74)	0	1	2	0	0	0	0	0	2	5
	0	6180	14268	0	0	0	0	0	11040	31488
[75-79)	0	0	0	1	1	0	0	0	0	2
	0	0	0	7368	4272	0	0	0	0	11640
[80-84)	0	1	1	0	0	0	0	0	1	3
	0	4236	5916	0	0	0	0	0	4068	14220
[85-89)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
TOTALS	31	44	38	34	31	71	46	22	14	331
benefit	293784	405132	309948	309588	234444	463668	249984	108312	77460	2452320

AVERAGES --- Attained Age 55.62
Years Retired 6.76
Annual Benefit 7,409

*Note: Profiles do not include the permanent benefit increase granted in ACT 103 effective 7/01/2014

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSEER RETIREMENT SYSTEM
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	3	4	0	0	5	7	7	5	0	31
	25320	33672	0	0	54600	71424	50328	53748	0	289092
[40-44)	2	1	2	1	1	5	3	4	3	22
	22452	2280	9708	13908	6012	57612	27252	29304	28104	196632
[45-49)	1	5	5	1	2	11	3	3	2	33
	11856	51168	79560	15840	13824	93540	25008	27288	14772	332856
[50-54)	4	5	7	5	7	18	11	3	2	62
	60552	69492	59880	50376	76476	207600	82656	16104	15036	638172
[55-59)	6	16	6	5	11	30	13	6	4	97
	51468	208284	71268	41652	159144	277176	97620	43284	37584	987480
[60-64)	8	16	10	10	9	42	36	19	6	156
	65844	201276	104004	119568	84168	308208	321648	140472	49536	1394724
[65-69)	14	30	18	14	15	57	38	24	11	221
	166116	413652	177804	126324	114864	541104	354108	198924	86064	2178960
[70-74)	22	18	27	14	16	47	56	27	37	264
	211584	155316	226512	117636	136428	395628	404772	190908	303252	2142036
[75-79)	11	23	17	21	24	74	54	36	46	306
	82260	196944	158988	171024	196260	557700	395172	242496	399648	2400492
[80-84)	10	11	15	7	7	49	45	29	62	235
	92892	92760	124320	69288	57024	404496	370896	239676	478404	1929756
[85-89)	6	10	7	8	6	25	26	30	38	156
	56100	84660	59160	63792	41172	192912	206304	282180	350172	1336452
[90-99)	5	2	2	2	3	13	12	14	26	79
	37692	13656	22584	11412	32856	92100	99204	111300	212280	633084
TOTALS	92	141	116	88	106	378	304	200	237	1662
benefit	884136	1523160	1093788	800820	972828	3199500	2434968	1575684	1974852	14459736

AVERAGES --- Attained Age 72.28
Years Retired 10.49
Annual Benefit 8,700

*Note: Profiles do not include the permanent benefit increase granted in ACT 103 effective 7/01/2014

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSER RETIREMENT SYSTEM
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[20-24)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[25-29)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[30-34)	0	0	0	3	0	0	0	0	0	3
:	0	0	0	18420	0	0	0	0	0	18420
:	:	:	:	:	:	:	:	:	:	:
[35-39)	0	0	0	2	1	0	0	0	0	3
:	0	0	0	20316	5124	0	0	0	0	25440
:	:	:	:	:	:	:	:	:	:	:
[40-44)	0	1	0	12	1	0	0	0	0	14
:	0	132	0	48540	13008	0	0	0	0	61680
:	:	:	:	:	:	:	:	:	:	:
[45-49)	0	0	1	34	11	1	0	0	0	47
:	0	0	216	178140	82440	16488	0	0	0	277284
:	:	:	:	:	:	:	:	:	:	:
[50-54)	0	3	1	43	29	4	0	6	0	86
:	0	192	180	195888	139152	42936	0	135516	0	513864
:	:	:	:	:	:	:	:	:	:	:
[55-59)	0	0	1	48	36	5	29	1	1	121
:	0	0	48	159804	169188	58968	562404	21240	46128	1017780
:	:	:	:	:	:	:	:	:	:	:
[60-64)	0	0	0	42	26	26	6	1	0	101
:	0	0	0	245100	205764	314952	143868	5808	0	915492
:	:	:	:	:	:	:	:	:	:	:
[65-69)	1	1	1	15	2	1	1	2	1	25
:	12	144	125244	71412	5256	23820	2544	72384	128736	429552
:	:	:	:	:	:	:	:	:	:	:
[70-74)	0	1	0	4	5	0	1	1	1	13
:	0	60	0	10680	27132	0	1020	31908	76452	147252
:	:	:	:	:	:	:	:	:	:	:
TOTALS	:	:	:	:	:	:	:	:	:	:
count	1	6	4	203	111	37	37	11	3	413
benefit	12	528	125688	948300	647064	457164	709836	266856	251316	3406764

AVERAGES --- Attained Age 56.68
Service Years 16.06
Annual Benefit 8,249

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSEER RETIREMENT SYSTEM
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2014

Age	YEARS PARTICIPATED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0	0
[45-49)	0	1	0	0	0	0	0	0	0	0	1
[50-54)	5	15	13	3	0	0	0	0	0	0	36
[55-59)	37	46	40	0	0	0	0	0	0	0	123
[60-64)	85	136	116	2	0	0	0	0	0	0	339
[65-69)	7	8	8	2	0	0	0	0	0	0	25
[70-74)	3	4	3	0	0	0	0	0	0	0	10
[75-79)	1	2	0	0	0	0	0	0	0	0	3
[80-84)	0	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0	0
TOTALS	count	138	212	180	7	0	0	0	0	0	537
	benefit	2540796	3804456	4219488	132372	0	0	0	0	0	10697112

AVERAGES --- Attained Age 60.60
Years Retired 1.61
Annual Benefit 19,920

INTENTIONALLY LEFT BLANK

EXHIBIT 4

PRINCIPLE PROVISIONS OF THE PLAN
(Including Acts of 2013 Regular Session)

EFFECTIVE DATE:

July 1, 1947

EMPLOYEE:

Any school bus driver, janitor, custodian, maintenance employee, bus aide, monitor or attendant or other regular school employee helping with the transportation of school children, and who is a legal employee of a parish or city school board of the State of Louisiana.

EMPLOYER:

The State of Louisiana, or any parish or city school board from which any employee receives compensation.

**ELIGIBILITY FOR
PARTICIPATION:**

Contingent upon approval of application filed with the Board of Trustees within 90-days of the date of Employment. However, no employee who is a member of any other retirement system supported in whole or in part by public funds shall be entitled to membership in this retirement system.

SERVICE:

Service as an "Employee", defined above.

CREDITABLE SERVICE:

Prior service plus in-service, for which credit is allowed.

PRIOR SERVICE:

Service prior to July 1, 1947 for which prior service certificates are issued; granted without cost if certified.

MEMBERSHIP SERVICE:

Service as an "Employee" while a member of the system.

EXHIBIT 4 (Continued)
Principle Provisions

ADDITIONAL

CREDITABLE SERVICE:

1. Credit for service canceled by withdrawal of accumulated contributions may be restored by member by paying into system the amount withdrawn plus regular interest from date withdrawn until paid.
2. Maximum of 4 years of credit for military service may be purchased.
3. Conversion of Sick Leave and Annual Leave at retirement, or death may be converted to membership credit.
4. Part-time employees shall accrue a full year of creditable service for each full year of part-time service for benefit eligibility purposes.
5. Out of State service with other school systems may be purchased.

EARNABLE COMPENSATION:

The compensation earned by a member for any given period. Where compensation includes maintenance, the employing agency shall fix the value of that part of compensation not paid directly.

AVERAGE FINAL COMPENSATION:

The average annual earnable compensation of a member for the 36 highest successive months of employment or the highest 36 successive joined months of employment where interruption of service occurred (Effective 7/6/84); the average compensation of a member for purposes of computing benefits cannot increase more than 10% per year prior to 7/1/2006.

For those members hired on and after 7/1/2006, the period for determining final average compensation is extended from 36 months to 60 months, and cannot increase more than 15% per year after 7/1/2010.

ACCUMULATED CONTRIBUTIONS:

Sum of all amounts deducted from compensation of a member plus any interest credited to his individual account in annuity savings fund plus any other amounts credited to the member's account.

EMPLOYEE CONTRIBUTIONS:

- 7.00% of earnable compensation.
- 6.65% effective Sept.1, 1990 (Act 340 of 1990).
- 7.00% effective Jan. 1, 1992 (Act 375 of 1991).
- 6.35% effective July 1, 1992 (Act 248 of 1992).

- 7.50% effective July 1, 2001 (Act 897 of 2001), the current rate if hired before 7/1/2010.
- 8.00% effective July 1, 2010 (Act 318 of 2010), the current rate if hired after 6/30/2010.

EXHIBIT 4 (Continued)
Principle Provisions

EMPLOYER CONTRIBUTIONS:

"Normal contribution" rate plus "accrued liability contribution" rate, as determined by the actuary and Board of Trustees. Eff. July 1, 1985, 10.18%. Act 81 of 1988 requires employer rate to be actuarially determined annually.

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

Contingent upon written application to the Board of Trustees;

1. For members hired prior to 7/1/2010; attainment of age 60 and 10 years of accredited service, or age 55 and 25 years of accredited service, or at any age and 30 years of accredited service.
2. For members hired after 6/30/2010; attainment of age 60 and 5 years of accredited service

Benefit:

1. For members hired prior to 7/1/2010; Act 897 of the 2001 regular legislative session increases the accrual rate to 3 1/3% for all years of service.
2. For members hired after 6/30/2010; Act 318 of the 2010 regular legislative session sets the accrual rate at 2 1/2%.

EARLY-REDUCED RETIREMENT:

Eligibility:

20 years of service credit regardless of attained age.

Benefit:

Normal retirement benefit based upon service accrued to date, actuarially reduced from the earliest date member would be eligible if employment had continued to earliest normal retirement date.

COST OF LIVING BENEFITS:

Prior to July 1, 1970 The Board may grant supplemental COLA not in excess of 2% from investment income, minimum \$20 per month.

After July 29, 1970 Board may grant supplemental COLA not in excess of 3% from investment income, minimum \$30 per month.

Currently Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements of ACT 399 of 2014.

EXHIBIT 4 (Continued)
Principle Provisions

DISABILITY RETIREMENT:

Eligibility:

5 years of creditable service; certification of disability by medical board (medical examination required once in every year for the first 5 years of disability retirement, and once in every 3 years thereafter, until age 60).

Effective 7/1/2006, Act 578 of 2006 changed the requirements for disability retirement from 5 years of creditable service to 10 years.

Benefit:

For members hired prior to 7/1/2010;

A pension equal to 2 1/2% of average final compensation times the years of creditable service, plus two dollars per month for each year of credited service supplemental benefit, not to exceed final average compensation. Act 500 of 1989 provides a minimum disability benefit of 33 1/3% of average final compensation.

For members hired from 7/1/2006 to 6/30/2010;

A pension equal to the accrued retirement benefit at a 3.0%, plus supplement.

For members hired after 6/30/2010;

A pension equal to the accrued retirement benefit, plus supplement, without reduction for age.

SURVIVOR'S BENEFITS:

Eligibility:

1. Surviving Spouse with minor children of;
 - an active member with 5 years of creditable service with at least 2 years earned immediately prior to death or,
 - a member with 20 years of service at the time of death.
2. Surviving Spouse without minor children of;
 - an active member with 10 years of creditable service with at least 2 years earned immediately prior to death or,
 - a member with 20 years of service at the time of death.
3. Minor children with no spouse or spouse without legal custody of;
 - an active member with 5 years of creditable service with at least 2 years earned immediately prior to death or,
 - a member with 20 years of service at the time of death.
4. Beneficiary not eligible for (1), (2) or (3)

Act 992 of 2010 includes in the list of eligible survivors, handicapped children, and mentally disabled children.

EXHIBIT 4 (Continued)
Principle Provisions

Benefits:

For members hired prior to 7/1/2010;

1. Greater of 75% of member's final average compensation or \$300 per month. Benefit ceases upon remarriage if less than 20 years of service and less than age 55.
2. Greater of 50% of member's final average compensation or \$200 per month. Benefit ceases upon remarriage if less than 20 years of service and less than age 55.
3. Greater of 75% of member's final average compensation or \$300 per month.
4. Return of member's accumulated contributions.

For members hired after 6/30/2010;

1. Greater of 50% of member's final average compensation or \$600 per month. Benefits cease upon remarriage and resume upon subsequent death or divorce of spouse.
2. Members accrued benefit at death.
3. Each child (not to exceed 2) receives 50% of the benefit payable in (1) above.
4. Return of member's accumulated contributions.

NOTE: Permanently disabled children of a deceased member, regardless of age, who are dependent upon a surviving spouse or legal guardian shall be payable in accordance with minor children benefits of this section. The benefit payable is reduced to an amount which when added to the state assistance does not exceed the maximum survivor benefit payable.

OPTIONAL FORMS
OF BENEFIT:

In lieu of receiving normal retirement benefit, member may elect to receive actuarial equivalent of retirement allowance in a reduced form as follows:

Option 1 - If a member dies before receiving present value of annuity in monthly payments, balance paid to designated beneficiary

Option 2 - Reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime

Option 3 - 1/2 of reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime

Option 4 - benefits of equal actuarial value may be elected with approval of board

Initial Benefit Retirement Plan - Maximum benefit actuarially reduced for partial lump-sum equal to not more than 36 months of maximum pension.

The normal form and options 1-4 can be elected in the form of an increasing annuity which permits the member to make an election at retirement to receive an actuarially reduced benefit which increases 2.5% annually. The increases begin on the 1st retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 for a surviving spouse.

NOTE: Revisionary annuities are available for Option 2, Option 3 and Option 4, which provides a return to the maximum benefit if the spouse predeceases the retiree.

EXHIBIT 4 (Continued)
Principle Provisions

REFUND OF CONTRIBUTIONS:

If a member ceases to be eligible, except by death or retirement, he shall be paid such part of the amount of the accumulated contributions credited to his individual account in annuity savings fund as he shall demand, plus any accumulated interest.

WITHDRAWAL AFTER 10 YEARS
OF CREDITABLE SERVICE:

Any member hired prior to 7/1/2010 with credit for 10 years of service who withdraws from service, 5 years if hired after 6/30/2010, may elect to leave accumulated contributions in system until age 60. At that time the member may apply for a retirement benefit based on the credits he had at date of withdrawal.

COST OF LIVING ADJUSTMENT (COLA) / PERMANENT BENEFIT INCREASE (PBI):

HB 658 of 2007 establishes an Experience Account which, is credited with 50% of the investment experience gain in excess of \$15 million (indexed), but subject to maximum accumulation limitations based upon the Plan's funded percentage, and debited with 50% of the net investment experience loss. Balances in the experience account accrue interest at the average actuarial yield for the System portfolio. Once the balance of the Experience Account accumulates a sum sufficient to grant retirees a COLA/PBI, the Board may grant the COLA/PBI on benefits up to \$60,000 (indexed), not to exceed the lesser of the CPI-U or the funded level percentage attained, provided a COLA/PBI had not been granted in the prior year. Benefits are restricted to disability retirees and those retirees and beneficiaries who have attained the age of 60 and have been retired for at least one year. Maximum limitations are outlined in ACT 399 of 2014.

DEFERRED RETIREMENT OPTION PLAN:
(Act 56 of 1991)

Instead of terminating employees and accepting a service retirement allowance, any member who has met the following eligibility requirements may elect to participate in the Deferred Retirement Option Plan (DROP) and defer receipt of benefits.

Eligibility:

Ten (10) years at age sixty (60), twenty five (25) years at age fifty-five (55), or thirty (30) years of creditable service including reciprocal service, but excluding conversion of sick and annual leave, and eligible to receive a service retirement allowance. However, all unused sick and annual leave is convertible after plan participation when member has terminated employment.

Benefit:

Duration of participation is specified and cannot exceed the period terminating on the third anniversary at the earliest date the member qualified for regular retirement.

Upon termination of employment at the end of or prior to the end of the specified period of participation, a participant will receive, at his option:

EXHIBIT 4 (Continued)
Principle Provisions

Benefit (continued):

- (1) lump sum payment (equal to the payments to the account)
- (2) a true annuity based upon his account; or
- (3) any other method of payment if approved by the board of trustees. Monthly benefits being paid into the fund during participation will begin being paid to the retiree.

If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance shall be paid to the beneficiary, or if none, to his estate; in addition, normal survivor benefits payable to survivors of retirees shall be payable.

If employment is not terminated at the end of the specified period of participation, then:

- (1) payment into account shall cease
- (2) payment from account shall not be made until employment is terminated and
- (3) the participant shall resume active contributing membership in the system

Then, upon termination of employment, the benefit payments indicated above shall be paid. The participant shall receive an additional retirement benefit based on additional service rendered since termination of participation in the fund, usually the normal method of computation of benefit subject to the following:

- (1) If additional service was less than 36 months, average compensation figure used to calculate additional benefit shall be that used to calculate original benefit.
- (2) If additional service was 36 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service, if greater than that used to calculate the original benefit.

For those members hired on and after 7/1/2006, the period for determining final average compensation is extended from 36 months to 60 months.

NOTE: DROP Accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

Effective 1/1/2004 new DROP accounts are credited with Money Market rates or self directed accounts approved by the Board of Trustees.

INTENTIONALLY LEFT BLANK

EXHIBIT 5

ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

La. R.S. 11:22(B.)(5), prescribes the "Entry Age Normal" cost method to be used to calculate the funding requirements of the retirement system. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as percentage of payroll for each participant between entry age and assumed retirement age(s). That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in excess of the actuarial present value of future normal costs is called the actuarial accrued liability.

The valuation and measurement of all events occur at mid-plan year.

ASSET VALUATION:

For the Plan Year ending prior to July 1, 1999 equities are valued at a four year weighted average. The computation of the actuarial value of assets is the sum of the bonds at amortized cost, less a weighted average of unrealized losses or (gains) in the market value of equities, plus the market value of Equities.

For the Plan Year beginning July 1, 1999 the Board of Trustees approved a change in the Asset Valuation Method which adjusts the market value of assets to a four year weighted average in the unrealized gain or loss in the value of all assets. This value was subject to Corridor Limits of 80% to 120% of the Market Value of Assets.

For the Plan Year beginning July 1, 2013 the Board of Trustees approved a change in the Asset Valuation Method which adjusts the market value of assets to a five year weighted average in the unrealized gain or loss in the value of all assets relative to the valuation rate. This value is subject to Corridor Limits of 85% to 115% of the Market Value of Assets.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 and No. 67 requires disclosure of certain actuarial liabilities for Public Employee Retirement Systems. The disclosures illustrated in Exhibit 6 are developed using the Entry Age Normal cost method. The statement of assets provided by the independent auditors was a copy of the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued to the extent that any difference in reporting affects the employer's contribution rate or the yield to the Actuarial Value of Assets.

ACTUARIAL ASSUMPTIONS:

The Retirement System is required to conduct an experience study every five years, but the scope of such a study is not necessarily limited to a five year period. The five year observation period (2008-2012) ran consecutive to the prior (2003-2007) study. The Board of Trustees approved the recommended changes in actuarial assumptions on May 21, 2013, effective July 1, 2013. A copy of the Study containing a detailed development of the assumptions with recommendations is available at the retirement office.

EXHIBIT 5 (Continued)
Cost Methods & Assumptions

MORTALITY ASSUMPTIONS:

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the RP-2000 Sex Distinct Mortality Table.

DISABILITY ASSUMPTION:

Rates for total and permanent disability were projected in accordance in accordance with the experience of the RP-2000 Sex Distinct Disability Mortality Table.

RETIREMENT/DROP ASSUMPTION:

The (2008-2012) Experience Study updated retirement rates are based on age and service eligibility requirements for normal benefits. Age and service requirements vary by plan. DROP is viewed as an alternative form of benefit accrual since mandatory termination is not required following participation. Therefore, at eligibility, the probability of DROP accrual is determined in conjunction with regular benefit accrual. Retirement rates and DROP probabilities are based on the most recent (2008-2012) Experience Study and are illustrated in the rate tables at the end of this exhibit.

TERMINATION ASSUMPTIONS:

Voluntary termination or withdrawal rates are based upon the most recent Experience (2008-2012) Study and are illustrated in the rate tables at the end of this exhibit.

Generally during the first five years of employment, there is a higher incidence of voluntarily terminating. In prior valuations this "select period" adjusted the probability of termination using multipliers applied to the "ultimate rate". Over the last two Experience Study observation periods (2003-2012), the select rates have converged with the ultimate rates. Therefore, the select rate multipliers have been eliminated.

For members terminating with less than twenty (20) years of service, it is assumed that 80% will withdraw their accumulated employee contributions. For members terminating with twenty (20) or more years of service, it is assumed that only 30% will withdraw their accumulated employee contributions. The remaining are assumed to receive a deferred vested retirement benefit

SALARY GROWTH:

The (2008-2012) Experience Study updated the salary growth rate to reflect more moderate longevity increases and inflation at 2.75%. The annual salary growth rates are base upon the members' years of service and are illustrated in the rate tables at the end of this exhibit.

COST-OF-LIVING:

Cost-of-living raises or Permanent Benefit Increases (PBI) may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT 399 of 2014. COLA's/PBI's are considered Ad Hoc raises and therefore, no projections for future increases are considered in the liabilities.

EXHIBIT 5 (Continued)
Cost Methods & Assumptions

FAMILY STATISTICS:

The composition of the Family was based on Age Specific Fertility Rates from the 2007 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.2	17
30	1.4	15
35	1.7	13
40	1.7	10
45	1.4	8
50	1.1	4

Accumulated Leave Policies:

Retirements are monitored to determine the amount of leave converted to service credit. Leave credit is accrued throughout the duration of the member's career. The average service credit converted is expressed as a percentage increase of the accrued benefit as follows:

School Employees	3.0%
------------------	------

ASSUMPTION FOR INCOMPLETE DATA:

Records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort.

INVESTMENT EARNINGS:

For the 1990-1991 plan year, the Public Retirement Systems' Actuarial Committee increased the valuation rate assumption to 7.5% from the system's actuary recommended rate of 7.0%, net investment expenses. The (2008-2012) Experience Study recommended a reduction to 7.25% based upon reductions in the inflation forecast at 2.75% and an overall reduction in Capital Market for the System's portfolio.

The Board of Trustees adopted the 7.25% discount rate effective for the June 30, 2014 valuation report.

ADMINISTRATIVE EXPENSES:

Expenses are assumed to be \$4,500,000 per year. Although generally considered part of the plan's Normal Cost, by Statute, is funded by interest income and therefore is treated annually as a contribution experience loss, amortized over thirty years.

EXHIBIT 5 (Continued)**Cost Methods & Assumptions**ACTUARIAL TABLES AND RATES
NEW RATES FOR HIRES PRIOR TO 7/1/2010

Age	- Death Rates -		Disability Rates	Termination Rates	Retirement Rates	DROP Rates	Dur	Salary Scale
	Male	Female						
18	.000316	.000188	.0000	.0500	.0000	.000	1	1.0550
19	.000331	.000190	.0000	.1500	.0000	.000	2	1.0550
20	.000345	.000191	.0000	.1500	.0000	.000	3	1.0420
21	.000357	.000192	.0000	.1500	.0000	.000	4	1.0420
22	.000366	.000194	.0000	.1500	.0000	.000	5	1.0420
23	.000373	.000197	.0000	.1300	.0000	.000	6	1.0420
24	.000376	.000201	.0000	.1300	.0000	.000	7	1.0420
25	.000376	.000207	.0000	.1300	.0000	.000	8	1.0420
26	.000378	.000214	.0000	.1000	.0000	.000	9	1.0420
27	.000382	.000223	.0000	.1000	.0000	.000	10	1.0420
28	.000393	.000235	.0000	.1000	.0000	.000	11	1.0420
29	.000412	.000248	.0000	.1000	.0000	.000	12	1.0420
30	.000444	.000264	.0000	.1000	.0000	.000	13	1.0420
31	.000499	.000307	.0000	.1000	.0000	.000	14	1.0420
32	.000562	.000350	.0000	.1000	.0000	.000	15	1.0420
33	.000631	.000394	.0000	.0800	.0000	.000	16	1.0420
34	.000702	.000435	.0000	.0800	.0000	.000	17	1.0420
35	.000773	.000475	.0010	.0700	.0000	.000	18	1.0420
36	.000841	.000514	.0010	.0700	.0000	.000	19	1.0400
37	.000904	.000554	.0010	.0700	.0000	.000	20	1.0400
38	.000964	.000598	.0010	.0650	.0000	.000	21	1.0400
39	.001021	.000648	.0010	.0650	.0000	.000	22	1.0400
40	.001079	.000706	.0020	.0650	.0000	.000	23	1.0400
41	.001142	.000774	.0020	.0550	.0000	.000	24	1.0400
42	.001215	.000852	.0020	.0550	.0000	.000	25	1.0400
43	.001299	.000937	.0030	.0550	.0000	.000	26	1.0400
44	.001397	.001029	.0030	.0550	.0000	.000	27	1.0350
45	.001508	.001124	.0030	.0450	.0000	.000	28	1.0350
46	.001616	.001223	.0030	.0450	.0000	.000	29	1.0350
47	.001734	.001326	.0040	.0450	.8000	.000	30	1.0350
48	.001860	.001434	.0040	.0450	.7000	.350	31	1.0320
49	.001995	.001550	.0050	.0400	.5500	.350	32	1.0320
50	.002138	.001676	.0050	.0400	.5500	.350	33	1.0320
51	.002449	.001852	.0060	.0400	.5500	.300	34	1.0320
52	.002667	.002018	.0060	.0400	.5500	.300	35	1.0320
53	.002916	.002207	.0060	.0400	.5500	.200	36	1.0320
54	.003196	.002424	.0060	.0400	.3700	.200	37	1.0320
55	.003624	.002717	.0070	.0400	.3700	.500	38	1.0320
56	.004200	.003090	.0070	.0400	.3700	.150	39	1.0320
57	.004693	.003478	.0060	.0400	.3700	.150	40	1.0320
58	.005273	.003923	.0060	.0400	.4500	.150	41	1.0320
59	.005945	.004441	.0030	.0400	.3000	.150	42	1.0320
60	.006747	.005055	.0030	.0400	.3000	.450	43	1.0320
61	.007676	.005814	.0030	.0400	.2500	.100	44	1.0320
62	.008757	.006657	.0030	.0400	.2500	.050	45	1.0320
63	.010012	.007648	.0030	.0400	.2500	.050	46	1.0320
64	.011280	.008619	.0030	.0400	.2500	.050	47	1.0320
65	.012737	.009706	.0030	.0400	.2500	.050	48	1.0320
66	.014409	.010954	.0030	.0400	.2500	.050	49	1.0320
67	.016075	.012163	.0030	.0400	.2500	.050	50	1.0320
68	.017871	.013445	.0030	.0400	.2500	.050	51	1.0320
69	.019802	.014860	.0030	.0400	.2500	.050	52	1.0320
70	.022206	.016742	.0030	.0400	.2500	.050	53	1.0320
71	.024570	.018579	.0030	.0400	.2500	.000	54	1.0320
72	.027281	.020665	.0030	.0400	.2500	.000	55	1.0320
73	.030387	.022970	.0030	.0400	.2500	.000	56	1.0320
74	.033900	.025458	.0030	.0400	.9900	.000	57	1.0320

EXHIBIT 5 (Continued)**Cost Methods & Assumptions**ACTUARIAL TABLES AND RATES
NEW RATES FOR HIRES AFTER TO 6/30/2010

Age	- Death Rates -		Disability Rates	Termination Rates	Retirement Rates	DROP Rates	Dur	Salary Scale
	Male	Female						
18	.000316	.000188	.0000	.0500	.0000	.000	1	1.0550
19	.000331	.000190	.0000	.1500	.0000	.000	2	1.0550
20	.000345	.000191	.0000	.1500	.0000	.000	3	1.0420
21	.000357	.000192	.0000	.1500	.0000	.000	4	1.0420
22	.000366	.000194	.0000	.1500	.0000	.000	5	1.0420
23	.000373	.000197	.0000	.1300	.0000	.000	6	1.0420
24	.000376	.000201	.0000	.1300	.0000	.000	7	1.0420
25	.000376	.000207	.0000	.1300	.0000	.000	8	1.0420
26	.000378	.000214	.0000	.1000	.0000	.000	9	1.0420
27	.000382	.000223	.0000	.1000	.0000	.000	10	1.0420
28	.000393	.000235	.0000	.1000	.0000	.000	11	1.0420
29	.000412	.000248	.0000	.1000	.0000	.000	12	1.0420
30	.000444	.000264	.0000	.1000	.0000	.000	13	1.0420
31	.000499	.000307	.0000	.1000	.0000	.000	14	1.0420
32	.000562	.000350	.0000	.1000	.0000	.000	15	1.0420
33	.000631	.000394	.0000	.0800	.0000	.000	16	1.0420
34	.000702	.000435	.0000	.0800	.0000	.000	17	1.0420
35	.000773	.000475	.0010	.0700	.0000	.000	18	1.0420
36	.000841	.000514	.0010	.0700	.0000	.000	19	1.0400
37	.000904	.000554	.0010	.0700	.0000	.000	20	1.0400
38	.000964	.000598	.0010	.0650	.0000	.000	21	1.0400
39	.001021	.000648	.0010	.0650	.0000	.000	22	1.0400
40	.001079	.000706	.0020	.0650	.0000	.000	23	1.0400
41	.001142	.000774	.0020	.0550	.0000	.000	24	1.0400
42	.001215	.000852	.0020	.0550	.0000	.000	25	1.0400
43	.001299	.000937	.0030	.0550	.0000	.000	26	1.0400
44	.001397	.001029	.0030	.0550	.0000	.000	27	1.0350
45	.001508	.001124	.0030	.0450	.0000	.000	28	1.0350
46	.001616	.001223	.0030	.0450	.0000	.000	29	1.0350
47	.001734	.001326	.0040	.0450	.0000	.000	30	1.0350
48	.001860	.001434	.0040	.0450	.0000	.000	31	1.0320
49	.001995	.001550	.0050	.0400	.0000	.000	32	1.0320
50	.002138	.001676	.0050	.0400	.0000	.000	33	1.0320
51	.002449	.001852	.0060	.0400	.0000	.000	34	1.0320
52	.002667	.002018	.0060	.0400	.0000	.000	35	1.0320
53	.002916	.002207	.0060	.0400	.0000	.000	36	1.0320
54	.003196	.002424	.0060	.0400	.0000	.000	37	1.0320
55	.003624	.002717	.0070	.0400	.0000	.000	38	1.0320
56	.004200	.003090	.0070	.0400	.0000	.000	39	1.0320
57	.004693	.003478	.0060	.0400	.0000	.000	40	1.0320
58	.005273	.003923	.0060	.0400	.0000	.000	41	1.0320
59	.005945	.004441	.0030	.0400	.0000	.000	42	1.0320
60	.006747	.005055	.0030	.0400	.4800	.450	43	1.0320
61	.007676	.005814	.0030	.0400	.2500	.100	44	1.0320
62	.008757	.006657	.0030	.0400	.2500	.050	45	1.0320
63	.010012	.007648	.0030	.0400	.2500	.050	46	1.0320
64	.011280	.008619	.0030	.0400	.2500	.050	47	1.0320
65	.012737	.009706	.0030	.0400	.2500	.050	48	1.0320
66	.014409	.010954	.0030	.0400	.2500	.050	49	1.0320
67	.016075	.012163	.0030	.0400	.2500	.050	50	1.0320
68	.017871	.013445	.0030	.0400	.2500	.050	51	1.0320
69	.019802	.014860	.0030	.0400	.2500	.050	52	1.0320
70	.022206	.016742	.0030	.0400	.2500	.050	53	1.0320
71	.024570	.018579	.0030	.0400	.2500	.000	54	1.0320
72	.027281	.020665	.0030	.0400	.2500	.000	55	1.0320
73	.030387	.022970	.0030	.0400	.2500	.000	56	1.0320
74	.033900	.025458	.0030	.0400	.9900	.000	57	1.0320

EXHIBIT 6

**PENSION ACCOUNTING
AND
FINANCIAL DISCLOSURE**

GASB Statements 25/27 Disclosure:

The Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation in April 1984 by amendment to the Foundation's certificate of incorporation and by-laws. GASB's objective at the time was to promulgate standards of financial accounting and reporting relative to the activities and transactions of state and local governmental entities, based upon the actuarial methods adopted for valuation purposes. The following disclosures and statistical tables are in accordance Statements No. 25 and 27.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial ¹ Accrued Liability(AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2005	1,423,206,908	1,889,444,622	466,237,714	75.3	259,232,455	179.9
2006	1,480,748,380	1,872,594,265	391,845,885	79.1	239,320,589	163.7
2007	1,558,328,021	1,947,603,013	389,274,992	80.0	259,044,840	150.3
2008	1,578,991,310	2,060,241,891	481,250,581	76.6	289,528,924	166.2
2009	1,410,315,974	2,153,359,512	743,043,538	65.5	315,400,589	235.6
2010	1,350,072,547	2,213,362,198	863,289,651	61.0	306,332,902	281.8
2011	1,349,829,757	2,254,351,456	904,521,699	59.9	296,693,950	304.9
2012	1,403,463,883	2,278,472,127	873,008,244	61.6	277,191,001	315.7
2013	1,492,914,745	2,404,014,249	911,099,504	62.1	290,013,756	314.2
2014	1,631,618,702	2,438,251,413	806,632,711	66.9	274,347,650	294.0

The total actuarial accrued liability determined using the Individual Entry Age Normal Cost Method increased by \$31,912,842 from June 30, 2013 to June 30, 2014.

From all other sources, there was a net experience gain of \$81,635,532.

Fiscal year gains/losses are summarized on page 3 under "Change in Unfunded Liability".

¹Actuarial valuation rate changed from 7.50% to 7.25% effective July 1, 2013

EXHIBIT 6 (Continued)
GASB Statements 25/27 Disclosure

SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u> ¹	<u>Percent Contributed</u>	<u>Annual Pension Cost (APC)</u> ¹	<u>Actual Contribution</u> ¹	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	46,187,680	61.0	42,775,863	37,753,893	88.3	24,839,140
2006	50,768,224	85.6	45,648,519	43,458,220	95.2	27,029,439
2007	46,711,648	108.1	39,949,441	50,489,918	126.4	16,488,962
2008	50,003,327	103.5	43,384,440	51,765,697	119.3	8,107,705
2009	57,895,311	96.2	51,083,424	55,715,529	109.1	3,475,600
2010	75,027,998	71.0	72,228,043	53,297,405	73.8	22,406,238
2011	88,620,630	82.3	83,953,974	72,917,767	86.9	33,442,445
2012	92,137,088	89.7	86,223,728	82,687,131	95.9	36,979,042
2013	91,531,548	99.9	84,507,050	91,411,022	108.2	30,075,070
2014	97,189,040	93.9	87,627,737	91,304,668	104.2	9,024,422

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana School Employees' Retirement System.

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net Pension Obligation.

**DEVELOPMENT OF NET
PENSION OBLIGATION:**

(1) Actuarial Required Contribution	\$ 97,189,040
(2) Interest on Net Pension Obligation	2,180,443
(3) Amortization of Net Pension Obligation	11,741,746
(4) Annual Pension Cost (1)+(2)-(3)	87,627,737
(5) Employer Contribution	91,304,668
(6) Increase (decrease) in Net Pension Obligation	-3,676,931
(7) Reamortized net existing NPO	-17,373,717
(8) Net Pension Obligation Beginning of Year	30,075,070
(9) Net Pension Obligation End of Year (6)+(7)	9,024,422

¹ Actuarial Contributions, the Annual Pension Cost (APC), and the actual employer contribution made have been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 27, paragraph 21.

EXHIBIT 6 (Continued)
GASB Statements 25/27 Disclosure

STATISTICAL DATA

**COMPARATIVE SUMMARY OF REVENUES BY SOURCE
AND EXPENSES BY TYPE**

Revenues by Source

<u>Fiscal</u> <u>Year End</u>	<u>Members</u> <u>Contribution</u>	<u>Employer</u> <u>Contribution</u>	<u>Investment</u> <u>Income</u>	<u>Total</u>
2005	18,946,671	37,753,893	115,092,079	171,792,643
2006	17,716,761	43,458,220	84,039,860	145,214,841
2007	19,258,618	50,489,918	221,780,721	291,529,257
2008	21,398,728	51,765,697	-76,115,398	-2,950,973
2009	23,017,957	55,715,529	-248,186,444	-169,452,955
2010	22,348,841	53,297,405	149,812,525	225,458,771
2011	22,153,401	72,917,767	287,634,455	382,705,623
2012	21,571,589	82,687,129	33,445,025	137,703,743
2013	20,830,149	88,164,618	198,338,138	307,332,905
2014	22,176,965	96,701,264	268,947,156	387,825,385

Expenses by Type

<u>Fiscal</u> <u>Year End</u>	<u>Benefits</u>	<u>Refunds/</u> <u>Transfers</u>	<u>Administrative</u> <u>Expenses</u>	<u>Total</u>
2005	109,842,001	3,077,121	3,259,996	116,179,118
2006	119,959,677	7,848,744	3,410,071	131,218,492
2007	130,256,443	5,323,626	3,715,526	139,295,595
2008	133,619,893	3,123,097	4,693,521	141,436,511
2009	131,126,987	3,326,073	4,648,077	139,101,137
2010	135,746,109	3,061,336	4,486,892	143,294,337
2011	143,626,224	3,595,804	4,701,196	151,923,224
2012	148,526,171	4,032,871	4,670,155	157,229,197
2013	154,135,219	4,615,758	4,526,181	163,277,158
2014	162,219,637	4,777,995	4,625,580	171,623,212

EXHIBIT 6 (Continued)
GASB Statements 67/68 Disclosure

The Governmental Accounting Standards Board Statement #67 and Statement #68 replace the prior reporting requirement GASB Statements #25 and Statement #27 and establishes financial reporting standards for state and local pension plans administered through trusts. The required actuarial disclosures are presented as follows:

STATEMENT OF EMPLOYERS' NET PENSION LIABILITY

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Total Pension Liability (TPL)	\$ 2,438,251,413	\$ 2,404,014,249
Plan Fiduciary Net Position	<u>1,857,367,056</u>	<u>1,641,164,883</u>
Employers Net Pension Liability (NPL)	580,884,357	762,849,366
Plan Fiduciary Net Position as a percentage of Total Pension Liability	76.2%	68.3%
Covered Employee Payroll	274,347,650	290,013,756
Employers Net Pension Liability as a percentage of Covered Employee Payroll	211.7%	263.0%

STATEMENT OF CHANGES IN NET PENSION LIABILITY

	<u>Net Pension Liability</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Pension Expense</u>
Net Pension Liability - Beginning	(762,849,366)	-	96,701,264	-
<u>Total pension liability factors</u>				
Service cost	(48,156,347)			48,156,347
Interest	(174,148,302)			174,148,302
Changes in benefit terms	-			-
Changes in plan experience	(87,792,317)	-	87,792,317	
Current year amortization			(8,102,191)	8,102,191
Changes in assumptions/other	(28,788,536)	-	28,788,536	
Current year amortization			(2,656,841)	2,656,841
Changes in investment experience	137,650,706	(137,650,706)	-	
Current year amortization		33,796,756	-	(33,796,756)
Benefit payments	166,997,632			(166,997,632)
NET CHANGE	(34,237,164)	(103,853,950)	105,821,821	32,269,293
<u>Plan fiduciary net position</u>				
Contributions - employer	96,701,264		(96,701,264)	
Contributions - employee	22,176,965			(22,176,965)
Net investment income	268,947,156			(268,947,156)
Benefit payments	(166,997,632)			166,997,632
Administrative expenses	(4,444,879)			4,444,879
Other	(180,701)			180,701
NET CHANGE	216,202,173	-	(96,701,264)	(119,500,909)
Net Pension Liability - Ending	(580,884,357)	(103,853,950)	105,821,821	(87,231,616)

EXHIBIT 6 (Continued)
GASB Statements 67/68 Disclosure

ACTUARIAL ASSUMPTIONS

All actuarial methods and assumptions outlined in Exhibit 5, pages 35-39 are in compliance with the new GASB disclosure requirements with the following clarifications.

- Asset value for GASB 67/68 disclosure purposes is Market Value (Exhibit 2, page 17).
- The GASB Net Pension Liability (NPL) is the difference between the actuarial accrued liability (Exhibit 1, page 11) and the Market Value of assets
- The discount rate utilized to determine the NPL is the same as the valuation rate set at 7.25%. The discount rate may deviate from the valuation rate of 7.25% from year to year based on changing market conditions or changes in plan Asset Allocation and is subject to the Cross-Over Point criteria adjustments outlined on the following page. For this year, the discount rate was developed from a combination of the plan's investment consultant's (Segal Rogerscasey) capital market assumptions and those from eight other consultants participating in the Horizon Actuarial Consultants "Survey of Capital Market Assumptions", plus the following considerations:
 - a) The long term economic forecasts for inflation is projected to be 2.75%
 - b) Investment management expenses adjust the gross rate by 26 basis points and are considered as an offset in the development of the discount rate.

Note: Administrative expenses by statute are paid from investment income and average 10-15 bps, but are not considered as an offset in the development of the discount rate.

COLA's are funded from up to 1/2 of investment gains in excess of the valuation rate. COLA's are not guaranteed therefore there is no adjustment to the discount rate.

- c) Based on the most recent long term Capital Market Assumptions published and the current Plan's portfolio Asset Allocation by asset class, the projected gross rate of returns net of investment expenses are indicated as follows;

<u>ASSET CLASS</u>	<u>POLICY ALLOCATION</u>	<u>PROJECTED RETURN</u>
Domestic Bonds	10.00%	4.52%
Emerging Markets Bonds	7.00	6.46
High Yield Bonds	5.00	6.55
Inflation Linked Bonds	5.00	3.60
Developed Market Bonds	3.00	4.51
US Equity	20.00	8.10
Developed Markets	18.00	8.58
Emerging Markets	10.00	9.87
Global REITS	3.00	6.70
Private Equity	5.00	10.90
Hedge Funds	3.00	7.14
Real Estate	5.00	6.82
Timber	2.00	7.55
Farm Land	2.00	8.39
Oil and Gas	2.50	8.55
EXPECTED PORTFOLIO RETURN	100.00	7.49%

The projected return when adjusted for investment management fees yields an expected discount rate of 7.23%, essentially equal to the valuation rate.

Base upon a 7.25% discount rate, the sensitivity to the Net Pension Liability based upon a $\pm 1.0\%$ change in the discount rate is as follows;

	<u>7.25%</u>	<u>6.25%</u>	<u>8.25%</u>
Employer' Net Pension Liability	580,884,357	801,657,934	358,168,548

EXHIBIT 6 (Continued)
GASB Statements 67/68 Disclosure

The discount rate should be the single rate that incorporates the following criteria:

1. The long term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits to the extent that (1) the pension plan's fiduciary net position is projected to be sufficient to make the projected benefit payments and (2) plan assets are expected to be invested using a strategy to achieve that return.
2. A yield or index rate for the 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, to the extent that the conditions in (1) are not met.

CROSSOVER POINT and DISCOUNT RATE CASH FLOW ASSUMPTIONS

- Contributions to the plan consist of Normal Cost contributions at 16.64% of payroll, excluding administrative expenses, plus a Past Service liability amortization payment.
- Contributions and benefit payments are assumed to occur mid-plan year.
- DROP accounts are annuitized as part of the projected benefit payments.
- The assets are assumed to earn 7.25% per year, satisfying criteria (1).
- The plan is projected to be Fully Funded at the end of the 2028 plan year at which time all amortization schedules will be liquidated. The Crossover Point is the duration when projected assets would be insufficient to pay projected benefits therefore, since the Plan is projected to be fully funded there is no adjustment for criteria (2).
- The negative amortization payment beginning in 2029 is the amortization of the surplus offset by the cumulative amortization payments of the annual administrative expense experience loss which are projected to increase 1% per year.

SUMMARY PROJECTED CASH FLOWS

<u>YEAR</u>	<u>Benefit Payout</u>	<u>Projected Payroll</u>	<u>Projected Normal Cost</u>	<u>Past-Service Liability Payment</u>	<u>Market Asset</u>	<u>Accrued Liability</u>
2014	166,481,318	280,288,216	45,664,501	65,774,866	1,857,367,056	2,435,927,091
2015	170,806,367	256,230,633	42,649,589	68,232,803	1,935,023,856	2,487,412,005
2016	174,858,968	238,963,584	39,775,489	69,486,803	2,013,254,872	2,535,028,197
2017	178,499,648	221,645,681	36,892,924	69,141,380	2,091,282,899	2,578,923,161
2018	186,296,366	203,149,129	33,814,173	67,151,794	2,167,854,656	2,619,244,935
2019	190,069,729	184,813,160	30,762,150	62,733,960	2,236,654,612	2,651,227,230
2020	193,073,174	167,437,567	27,869,983	63,074,414	2,298,798,910	2,678,459,765
2021	195,382,792	151,044,784	25,141,404	63,074,414	2,359,695,661	2,701,561,070
2022	196,954,473	135,751,109	22,595,772	63,074,414	2,419,789,789	2,721,119,584
2023	197,373,598	122,030,874	20,312,039	63,074,414	2,479,976,788	2,737,832,136
2024	197,067,732	109,327,807	18,197,613	63,074,414	2,541,728,221	2,752,957,225
2025	196,244,376	97,098,100	16,161,979	63,074,414	2,606,083,661	2,767,305,910
2026	194,206,940	86,023,049	14,318,537	63,074,414	2,673,849,415	2,781,439,420
2027	191,231,994	75,842,852	12,624,043	63,074,414	2,746,729,089	2,796,798,512
2028	187,233,712	66,754,236	11,111,243	63,074,414	2,826,218,596	2,814,597,196
2029	182,295,277	58,597,114	9,753,490	-5,782,781	2,914,045,097	2,836,260,287
2030	176,436,191	51,156,774	8,515,045	-11,109,739	2,940,637,633	2,863,202,164
2031	170,021,287	44,125,720	7,344,726	-11,130,911	2,968,426,656	2,896,882,536
2032	162,895,872	37,888,519	6,306,544	-10,710,442	3,003,639,832	2,938,436,110
2033	155,200,492	32,311,820	5,378,302	-10,254,644	3,048,145,442	2,989,306,352

EXHIBIT 6 (Continued)**GASB Statements 67/68 Disclosure****Active Lives Projected Cash Flows**

Actives <u>YEAR</u>	Retirement <u>Benefit</u>	Disability <u>Benefit</u>	Survivor <u>Benefit</u>	Withdrawal <u>Benefit</u>	Projected <u>Payroll</u>	Active <u>Members</u>	Inactive
2014	6,738,149	192,797	423,432	4,902,927	280,288,216	12,053	0
2015	12,988,612	371,158	836,268	6,289,606	256,230,633	10,878	1,171
2016	19,521,361	538,099	1,259,968	7,267,114	238,963,584	9,786	2,263
2017	26,295,337	694,917	1,695,354	7,838,337	221,645,681	8,758	3,291
2018	35,209,319	840,012	2,139,353	8,068,023	203,149,129	7,743	4,306
2019	42,720,489	970,070	2,572,707	8,120,840	184,813,160	6,795	5,254
2020	49,991,042	1,085,046	2,982,573	8,019,938	167,437,567	5,944	6,105
2021	56,849,557	1,181,550	3,363,991	7,760,533	151,044,784	5,185	6,864
2022	63,291,156	1,261,261	3,717,349	7,345,391	135,751,109	4,509	7,540
2023	68,802,892	1,328,254	4,046,108	6,731,922	122,030,874	3,925	8,124
2024	73,591,926	1,383,174	4,349,902	6,314,191	109,327,807	3,405	8,644
2025	77,894,001	1,420,267	4,627,388	5,959,017	97,098,100	2,931	9,118
2026	81,153,592	1,443,037	4,878,153	5,471,151	86,023,049	2,516	9,533
2027	83,617,954	1,451,431	5,102,934	4,957,180	75,842,852	2,154	9,895
2028	85,067,083	1,448,188	5,303,353	4,452,881	66,754,236	1,839	10,210
2029	85,594,236	1,434,538	5,481,402	3,951,162	58,597,114	1,564	10,485
2030	85,344,798	1,410,635	5,638,392	3,357,430	51,156,774	1,324	10,725
2031	84,477,244	1,377,192	5,775,100	2,807,244	44,125,720	1,107	10,942
2032	82,796,580	1,336,145	5,892,423	2,318,251	37,888,519	922	11,127
2033	80,424,328	1,288,160	5,991,720	1,907,094	32,311,820	760	11,289

Retired Lives Projected Cash Flows

Retirees <u>YEAR</u>	Retirement <u>Benefit</u>	Disability <u>Benefit</u>	Survivor <u>Benefit</u>	Withdrawal <u>Benefit</u>	Projected <u>Payroll</u>	Retired <u>Members</u>	Deceased
2014	138,006,809	2,386,574	13,830,630	0	0	13,318	341
2015	134,734,514	2,320,024	13,266,185	0	0	12,967	692
2016	131,320,849	2,252,796	12,698,781	0	0	12,602	1,057
2017	127,659,921	2,185,007	12,130,775	0	0	12,223	1,436
2018	126,358,410	2,116,762	11,564,487	0	0	11,831	1,828
2019	122,635,241	2,048,156	11,002,226	0	0	11,427	2,232
2020	118,569,207	1,979,267	10,446,101	0	0	11,014	2,645
2021	114,418,898	1,910,159	9,898,104	0	0	10,592	3,067
2022	110,138,427	1,840,867	9,360,022	0	0	10,162	3,497
2023	105,859,520	1,771,431	8,833,471	0	0	9,726	3,933
2024	101,406,688	1,701,884	8,319,967	0	0	9,285	4,374
2025	96,890,675	1,632,253	7,820,775	0	0	8,840	4,819
2026	92,361,453	1,562,554	7,337,000	0	0	8,394	5,265
2027	87,740,126	1,492,820	6,869,549	0	0	7,947	5,711
2028	83,119,963	1,423,095	6,419,149	0	0	7,501	6,157
2029	78,494,150	1,353,437	5,986,352	0	0	7,057	6,601
2030	73,829,436	1,283,925	5,571,575	0	0	6,618	7,040
2031	69,194,740	1,214,652	5,175,115	0	0	6,185	7,473
2032	64,609,592	1,145,738	4,797,143	0	0	5,760	7,897
2033	60,074,175	1,077,342	4,437,673	0	0	5,344	8,313

EXHIBIT 6 (Continued)**GASB Statements 67/68 Disclosure****NET PENSION LIABILITY ALLOCATED BY EMPLOYER**

Employer Number	Employer Identification	Contribution Effort	Allocation Percentage	Privatized Liability	NPL Allocation
0001	Acadia Parish School Board	916,722.47	1.0052%	224,309	6,028,179
0002	Allen Parish School Board	727,997.58	0.7983%		4,609,032
0003	Ascension Parish School Board	2,753,981.59	3.0199%		17,435,759
0004	Assumption Parish School Board	481,999.07	0.5285%		3,051,589
0005	Avoyelles Parish School Board	702,064.29	0.7699%		4,444,846
0006	Beauregard Parish School Board	987,308.44	1.0826%		6,250,758
0007	Bienville Parish School Board	586,412.65	0.6430%		3,712,643
0008	Bossier Parish School Board	3,890,415.12	4.2661%		24,630,644
0009	Caddo Parish School Board	6,592,499.53	7.2291%		41,737,837
0010	Calcasieu Parish School Board	3,981,337.29	4.3658%		25,206,282
0011	Caldwell Parish School Board	294,480.41	0.3229%		1,864,388
0012	Cameron Parish School Board	383,086.89	0.4201%		2,425,365
0013	Catahoula Parish School Board	244,632.38	0.2683%		1,548,794
0014	Claiborne Parish School Board	285,011.82	0.3125%		1,804,441
0015	Concordia Parish School Board	352,035.75	0.3860%		2,228,777
0016	Desoto Parish School Board	1,446,451.93	1.5861%		9,157,646
0017	East Baton Rouge Parish School Board	4,161,682.38	4.5635%		26,348,067
0018	East Carroll Parish School Board	147,257.07	0.1615%		932,301
0019	East Feliciana Parish School Board	271,901.60	0.2982%		1,721,439
0020	Evangeline Parish School Board	595,441.05	0.6529%	151,845	3,921,648
0021	Franklin Parish School Board	424,846.16	0.4659%		2,689,748
0022	Grant Parish School Board	496,657.35	0.5446%		3,144,392
0023	Iberia Parish School Board	1,668,638.83	1.8298%		10,564,335
0024	Iberville Parish School Board	1,019,089.96	1.1175%		6,451,970
0025	Jackson Parish School Board	324,608.80	0.3560%		2,055,134
0026	Jefferson Parish School Board	4,532,296.21	4.9699%		28,694,464
0027	Jefferson Davis Parish School Board	793,129.54	0.8697%		5,021,390
0028	Lafayette Parish School Board	4,087,358.81	4.4820%		25,877,516
0029	Lafourche Parish School Board	1,913,586.74	2.0984%		12,115,127
0030	Lasalle Parish School Board	337,047.82	0.3696%		2,133,887
0031	Lincoln Parish School Board	857,160.87	0.9399%		5,426,779
0032	Livingston Parish School Board	3,281,268.33	3.5981%		20,774,069
0033	Madison Parish School Board	272,371.00	0.2987%		1,724,411
0034	Morehouse Parish School Board	562,683.63	0.6170%		3,562,412
0035	Natchitoches Parish School Board	500,065.56	0.5484%		3,165,970

EXHIBIT 6 (Continued)
GASB Statements 67/68 Disclosure

NET PENSION LIABILITY ALLOCATED BY EMPLOYER

Employer Number	Employer Identification	Contribution Effort	Allocation Percentage	Privatized Liability	NPL Allocation
0036	Orleans Parish School Board	39,327.69	0.0431%		248,988
0037	Ouachita Parish School Board	3,647,262.96	3.9994%		23,091,221
0038	Plaquemines Parish School Board	1,128,466.81	1.2374%		7,144,447
0039	Pointe Coupee Parish School Board	215,191.58	0.2360%	307,362	1,669,763
0040	Rapides Parish School Board	2,752,970.50	3.0188%		17,429,358
0041	Red River Parish School Board	289,916.41	0.3179%		1,835,493
0042	Richland Parish School Board	514,502.52	0.5642%		3,257,372
0043	Sabine Parish School Board	529,799.97	0.5810%		3,354,222
0044	St Bernard Parish School Board	855,219.86	0.9378%		5,414,491
0045	St Charles Parish School Board	2,521,703.28	2.7652%		15,965,180
0046	St Helena Parish School Board	157,551.57	0.1728%		997,476
0047	St James Parish School Board	409,316.36	0.4488%		2,591,427
0048	St John Parish School Board	1,052,710.83	1.1544%		6,664,828
0049	St Landry Parish School Board	1,676,661.36	1.8386%		10,615,127
0050	St Martin Parish School Board	1,352,360.77	1.4829%		8,561,944
0051	St Mary Parish School Board	1,304,730.84	1.4307%		8,260,394
0052	St Tammany Parish School Board	7,292,280.51	7.9964%		46,168,227
0053	Tangipahoa Parish School Board	2,611,979.88	2.8642%		16,536,731
0054	Tensas Parish School Board	126,530.28	0.1387%		801,077
0055	Terrebonne Parish School Board	2,121,436.51	2.3263%		13,431,047
0056	Union Parish School Board	488,486.78	0.5357%		3,092,663
0057	Vermilion Parish School Board	1,346,227.61	1.4762%		8,523,114
0058	Vernon Parish School Board	1,534,938.46	1.6831%		9,717,864
0059	Washington Parish School Board	735,308.77	0.8063%		4,655,320
0060	Webster Parish School Board	887,289.18	0.9730%		5,617,525
0061	West Baton Rouge Parish School Board	218,977.66	0.2401%		1,386,372
0062	West Carroll Parish School Board	336,880.72	0.3694%		2,132,829
0063	West Feliciana Parish School Board	426,295.15	0.4675%		2,698,921
0064	Winn Parish School Board	293,410.47	0.3217%		1,857,614
0065	Bogalusa City Schools	284,691.31	0.3122%		1,802,412
0066	Jeff Davis Ed. Media Center	0.00	0.0000%		0
0067	Monroe City School Board	1,398,255.98	1.5333%		8,852,512
0068	Dept Of Education	0.00	0.0000%		0
0069	Louisiana Tech University	0.00	0.0000%		0
0070	Northwestern State University	0.00	0.0000%		0

EXHIBIT 6 (Continued)**GASB Statements 67/68 Disclosure****NET PENSION LIABILITY ALLOCATED BY EMPLOYER**

Employer Number	Employer Identification	Contribution Effort	Allocation Percentage	Privatized Liability	NPL Allocation
0071	Louisiana State University	33,031.28	0.0362%		209,125
0072	University Of New Orleans	46,326.96	0.0508%		293,301
0074	LSU Health Sciences Center New Orleans	0.00	0.0000%		0
0076	Southeastern Louisiana University	13,105.21	0.0144%		82,971
0080	Louisiana Workforce Commission	0.00	0.0000%		0
0089	Shreveport-Bossier Reg Tech Institute	0.00	0.0000%		0
0097	Teachers' Retirement System Of Louisiana	0.00	0.0000%		0
0098	McNeese State University	7,569.83	0.0083%		47,925
0101	La Tech College-Morgan Smith Jr Campus	0.00	0.0000%		0
0102	La School Employees' Retirement System	586,273.34	0.6429%		3,711,761
0107	La School For Math,Science & The Arts	0.00	0.0000%		0
0112	Louisiana Technical College-Jumonville	0.00	0.0000%		0
0134	Southwest La Veterans Home	9,056.87	0.0099%		57,340
0138	Dept Of Children & Family Services	0.00	0.0000%		0
0140	Dept Of Public Safety	10,864.14	0.0119%		68,782
0144	Hammond Developmental Center	0.00	0.0000%		0
0145	Southwest La Developmental Center	0.00	0.0000%		0
0146	Pinecrest Supports And Services Ctr	31,208.05	0.0342%		197,582
0153	Louisiana Technical College-Avoyelles	0.00	0.0000%		0
0159	Nunez Community College	0.00	0.0000%		0
0191	Dept Of Agriculture & Forestry	12,983.78	0.0142%		82,202
0192	Lafourche Special Schools	20,247.22	0.0222%		128,187
0194	Dept Of Public Safety - State Police	0.00	0.0000%		0
0197	House Of Representatives	9,928.21	0.0109%		62,857
0198	Division Of Administration	72,333.12	0.0793%		457,949
0202	Dept Of Culture, Recreation, & Tourism	0.00	0.0000%		0
0205	Dept Of Health And Hospitals	51,814.87	0.0568%		328,046
0209	Orleans Levee District	0.00	0.0000%		0
0217	Dept Of Environmental Quality	0.00	0.0000%		0
0226	LSU-Leonard J Chabert Med Ctr	0.00	0.0000%		0
0232	LSU-Huey P Long Med Ctr	11,490.94	0.0126%		72,750
0234	La State Employees' Retirement System	19,751.21	0.0217%		125,047
0238	Dept Of Revenue	21,276.40	0.0233%		134,703
0242	Bossier Parish Community College	18,394.96	0.0202%		116,461
0243	Dept Of Transportation And Development	0.00	0.0000%		0

EXHIBIT 6 (Continued)
GASB Statements 67/68 Disclosure

NET PENSION LIABILITY ALLOCATED BY EMPLOYER

Employer Number	Employer Identification	Contribution Effort	Allocation Percentage	Privatized Liability	NPL Allocation
0252	St Landry Charter School	0.00	0.0000%		0
0260	Glencoe Charter School	21,351.91	0.0234%		135,181
0263	Northwood Preparatory High School	0.00	0.0000%		0
0272	Secretary Of State	16,268.25	0.0178%		102,996
0273	La Technical College	0.00	0.0000%		0
0275	No Center For Creative Arts/Riverfront	0.00	0.0000%		0
0276	Avoyelles Public Charter School, Inc.	50,749.15	0.0556%		321,298
0280	Delhi Charter School	69,074.47	0.0757%		437,318
0281	Public Service Commission	0.00	0.0000%		0
0282	Dps - Public Safety Services	12,560.26	0.0138%		79,520
0283	Office Of Group Benefits	0.00	0.0000%		0
0284	Kipp New Orleans, Inc	0.00	0.0000%		0
0285	City Of Baker School System	194,973.79	0.2138%		1,234,400
0286	Zachary Community School Board	315,444.44	0.3459%		1,997,113
0287	Robert Russa Moton Charter School	0.00	0.0000%		0
0289	Florida Parishes Human Services Authorthy	0.00	0.0000%		0
0290	La St Board Of Prvt Security Examiners	0.00	0.0000%		0
0291	Recovery School District	0.00	0.0000%		0
0295	Algiers Charter Schools Assn.	0.00	0.0000%		0
0299	Advocates For Science & Math Educ Inc	17,376.85	0.0191%		110,015
0300	Lusher Charter School	0.00	0.0000%		0
0302	Lake Forest Elementary Charter School	0.00	0.0000%		0
0310	Dr Martin Luther King Jr Charter School	0.00	0.0000%	514,735	514,735
0312	Central Community School System	19,724.34	0.0216%		124,877
0314	East Jefferson Levee District	0.00	0.0000%		0
0315	Metropolitan Developmental Center	0.00	0.0000%		0
0316	Excelth, Inc	0.00	0.0000%		0
0321	Iae - Sophie B Wright Charter	0.00	0.0000%		0
0322	Louisiana State Board Of Cosmetology	7,897.09	0.0087%		49,997
0337	Bayou Community Charter	14,898.89	0.0163%		94,327
0340	19Th Judicial District Court	11,787.47	0.0129%		74,628
0350	Downsville Charter School	19,388.40	0.0213%		122,750
0356	Northshore Charter School Inc.	23,044.64	0.0253%		145,898
		91,194,407.84		1,198,251	578,560,035

NPL excluding privatization earmarks

577,361,784