



CURRAN ACTUARIAL
— CONSULTING, LTD. —

Actuarial Valuation
June 30, 2025

Louisiana
School Employees'
Retirement System



September 19, 2025

Board of Trustees
Louisiana School Employees' Retirement System
8660 United Plaza Boulevard
Baton Rouge, Louisiana 70809

Ladies and Gentlemen:

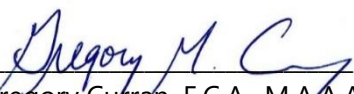
We are pleased to present our report on the actuarial valuation of the Louisiana School Employees' Retirement System for the fiscal year ending June 30, 2025. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrators and accountants. This report was prepared at the request of the Board of Trustees of the Louisiana School Employees' Retirement System of the State of Louisiana. The primary purposes of the report are to determine the actuarially required contribution for the retirement system for the fiscal year ending June 30, 2026, and to recommend the net direct employer contribution rate for Fiscal 2027. This report does not contain the information necessary for accounting disclosures as required by Governmental Accounting Standards Board (GASB) Statement 68; that information is provided separately to system auditors. This report was prepared exclusively for the Louisiana School Employees' Retirement System for a specific limited purpose. It is not for the use or benefit of any third party for any purpose.

In our opinion, all assumptions on which this valuation is based are reasonable individually and in the aggregate. Both economic and demographic assumptions are based on our expectations for future experience for the system. These assumptions are based upon the June 30, 2023 Experience Study, are summarized in the back of this report, and are described in detail within that separate report, unless stated otherwise.

This report has been prepared in accordance with generally accepted actuarial principles and practices, and to the best of our knowledge and belief, fairly reflects the actuarial present values and costs stated herein. The undersigned actuary is a member of the American Academy of Actuaries, has met the qualification standards for the American Academy of Actuaries to render the actuarial opinions incorporated in this report, and is available to provide further information or answer any questions with respect to this valuation.

Sincerely,

CURRAN ACTUARIAL CONSULTING, LTD.

By: 

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Senior Consulting Actuary

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SUMMARY OF VALUATION RESULTS

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

		June 30, 2025	June 30, 2024
Census Summary:	Active Members	11,645	11,594
	Retired Members and Survivors	13,983	13,929
	DROP Participants	387	443
	Terminated Due a Deferred Benefit	599	603
	Terminated Due a Refund	5,858	5,592
Payroll (excluding DROP participants):		\$ 378,377,578	\$ 373,698,759
Benefits in Payment:		\$ 196,474,308	\$ 193,533,113
Present Value of Future Benefits		\$ 3,181,378,672	\$ 3,182,312,003
Actuarial Accrued Liability (EAN):		\$ 2,818,777,014	\$ 2,822,817,127
Unfunded Actuarial Accrued Liability:		\$ 442,669,034	\$ 560,195,622
Experience Account:		N/A	\$ 0
PBI Funding Account:		\$ 11,656,584	\$ 4,299,473
Net Valuation Assets (Excludes PBI Funding Account):		\$ 2,376,107,980	\$ 2,262,621,505
Market Value of Assets (Includes PBI Funding Account):		\$ 2,411,550,113	\$ 2,319,966,685
Ratio of Net Valuation Assets to Actuarial Accrued Liability:		84.30%	80.15%
		Fiscal 2025	Fiscal 2024
Market Rate of Return (Excluding Self-Directed DROP funds):		8.06%	9.06%
Actuarial Rate of Return (Excluding Self-Directed DROP funds):		9.60%	8.05%
Assumed Rate of Return/Valuation Interest Rate		6.80%	6.80%
		Fiscal 2026	Fiscal 2025
Employers' Normal Cost (Mid-year):		\$ 26,329,562	\$ 26,641,978
Amortization Cost (Mid-year):		\$ 34,882,088	\$ 51,465,777
Projected Administrative Expenses:		\$ 5,172,706	\$ 5,015,010
Net Direct Employer Actuarially Required Contributions:		\$ 66,384,356	\$ 83,122,765
Projected Payroll:		\$ 383,513,572	\$ 380,874,791
Actuarially Required Net Direct Employer Contribution Rate:		17.3%	21.8%
Actual Employee Contribution Rate:			
Employees whose first state service occurred before July 1, 2010:		7.5%	7.5%
Employees whose first state service occurred on or after July 1, 2010:		8.0%	8.0%
Actual Net Direct Employer Contribution Rate (Excludes AFC Rate):		19.5%	24.0%
		Fiscal 2027	Fiscal 2026
Minimum Recommended Net Direct Employer Cont. Rate:		17.0%	19.5%
PBI Funding Account AFC Rate:		<u>2.5%</u>	<u>2.5%</u>
Total Recommended Employer Contribution Rate:		19.5%	22.0%

GENERAL COMMENTS

The values and calculations in this report were determined by applying statistical analysis and projections to system data and the assumptions listed. There is sometimes a tendency for readers to either dismiss results as mere guesses or alternatively to ascribe a greater degree of accuracy to the results than is warranted. In fact, neither of these assessments is valid. Actuarial calculations by their very nature involve estimations. As such, it is likely that eventual results will differ from those presented. The degree to which such differences evolve will depend on several factors including the completeness and accuracy of the data utilized, the degree to which assumptions approximate future experience, and the extent to which the mathematical model accurately describes the plan's design and future outcomes.

Data quality varies from system to system and year to year. The data inputs involve both asset information and census information of plan participants. In both cases, the actuary must rely on third parties; nevertheless, steps are taken to reduce the probability and degree of errors. The development of assumptions is primarily the task of the actuary; however, information and advice from plan administrators, staff, and other professionals may be factored into the formation of assumptions. The process of setting assumptions is based primarily on analysis of past trends, but modification of historical experience is often required when the actuary has reason to believe that future circumstances may vary significantly from the past. Setting assumptions includes, but is not limited to, collecting past plan experience and studying general population demographics and economic factors from the past. The actuary will also consider current and future macro-economic and financial expectations as well as factors that are likely to impact the particular group under consideration. Hence, assumptions will also reflect the actuary's judgment regarding future changes in plan population and decrements in view of the particular factors that impact participants. Thus, the process of setting assumptions is not mere guess work but rather a process of mathematical analysis of past experience and of those factors likely to impact the future.

One area where an actuary has limited ability to develop accurate estimates is the projection of future investment earnings. The difficulties here are significant. First, the future is rarely like the past, and the data points available to develop a stochastic analysis are far fewer than the number required for statistical significance. In this area, some guess work is inevitable. However, there are tools available to lay a foundation for making estimates with an expectation of reliability. Although past data is limited, the available data is likely to provide some insight into the future. This data consists of general economic and financial values such as past rates of inflation, rates of return variance, and correlations of returns among various asset classes, along with the actual asset experience of the plan. In addition, the actuary can review the current asset market environment as well as economic forecasts from governmental and investment research groups to form a reasonable opinion regarding probable future investment experience for the plan.

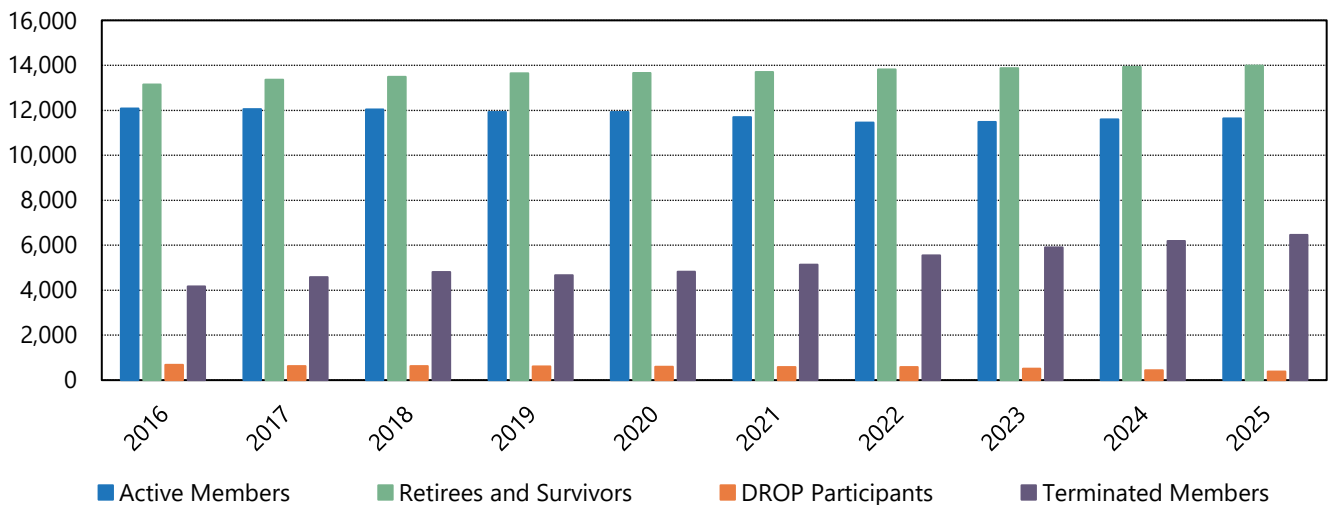
All of the above efforts would be in vain if the assumption process were static and the plan would have to deal with the consequences of actual experience differing from assumptions after forty or fifty years of compounded errors. However, actuarial funding methods for pension plans all allow for periodic corrections of assumptions to conform with reality as it unfolds. This process of repeated correction of estimates produces imperfect results but is nevertheless a reasonable approach to determine the contribution levels that will provide for the future benefits of plan participants.

Despite this, future results may materially differ with this actuarial valuation. Employer contribution rates and other funding measures presented in this report will differ as the system is impacted by the following: changes in plan membership, plan liability or investment experience inconsistent with plan assumptions, future changes in plan assumptions or future changes in plan provisions. An analysis of the range of such deviations is outside the scope of this report.

COMMENTS ON DATA

For the valuation, the system’s administration furnished census data derived from the system’s master data processing file indicating each active covered employee’s sex, date of birth, service credit, annual salary, and accumulated contributions. Information on retirees detailing retiree dates of birth, beneficiary dates of birth, retiree and beneficiary sex, optional form of benefit chosen, along with original and current benefit amounts, was provided. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Appendix B, there are 11,645 active contributing members in the system, of whom 6,710 have vested retirement benefits; in addition, there are 387 participants in the Deferred Retirement Option Plan (DROP) and 13,983 former members or their beneficiaries are receiving retirement benefits. An additional 6,457 terminated members have contributions remaining on deposit with the system; of this number, 599 have vested rights for future retirement benefits. According to **Figure 1**, active membership has declined slowly over recent years, while retiree and survivor levels have increased slightly over the past decade. The system has also seen an increase in the number of terminated members.

Figure 1. Membership Counts



Census data submitted to our office is tested for errors, and changes are made where errors are identified. Several types of census data errors are possible. To ensure that the valuation results are as accurate as possible, a significant effort is made to identify and correct these errors. To minimize coverage errors (i.e., missing or duplicated individual records), the records are checked for duplicates, and a comparison of the current year’s records to those submitted in prior years is made. Changes in status, new records, and previous records that have no corresponding current record are identified. This portion of the review indicates the annual flow of members from one status to another and is used to check some of the actuarial assumptions such as rates of retirement, withdrawal, and mortality. In addition, the census is

checked for reasonableness in several areas such as age, service, salary, and current benefits. Records identified by this review as questionable are checked against data from prior valuations, are reviewed against information on the system's membership database, and may be included in a detailed list of items sent to the system's administrative staff for verification and/or correction. Once the identified data has been researched and either verified or corrected, the final data is used in the valuation. Occasionally some requested information is either unavailable or impractical to obtain. In such cases, values may be assigned to missing data. The assigned values are based on information from similar records or based on information implied from other data in the record.

A member's salary is an important component of projecting future cash flows and computing normal costs and accrued liabilities. Our modeling requires the entry of annual salary for this purpose. For individuals who have not completed a full year of service during the measurement period, we use an estimate of their service during the fiscal year to annualize salaries (New hire salaries are subject to a minimum level equal to the 20th percentile of salaries for members in the second duration).

Determining the status of a member as of the valuation date can be a challenge in some cases because employers do not immediately inform the system of changes in member status. To improve this process, we ask the system to provide a spreadsheet of monthly salary postings for the entire fiscal year. Members who were reported by the system as active and contributing (because the employer has not informed the system about the member's termination of employment) are changed to terminated due a refund of contributions or terminated due a vested, deferred benefit if they did not receive salary in the last few months of the fiscal year. Care is taken to consider that school employees may not all be paid on a twelve-month basis.

Our current methodology accounts for the possibility that current and future DROP participants may elect to retire upon DROP completion or may elect to remain employed. To make projections related to the accumulation of additional benefits after completing DROP participation, we need a reasonable estimate of annual salary during DROP. Because employers are not required to contribute during a member's DROP participation period, salary is currently not reported to the system during that period. Therefore, we have used a member's pre-DROP final average compensation to estimate salary during the DROP period.

In addition to the statistical information provided on the system's participants, the system's administrator furnished general information related to other aspects of the system's expenses, benefits, and funding. Valuation asset values as well as income and expenses for the fiscal year were based on information furnished by Duplantier, Hrapmann, Hogan & Maher, L.L.P. As indicated in the system's financial statements, the net market value of assets was \$2,411,550,113 as of June 30, 2025. Net investment income for Fiscal 2025 measured on a market value basis was \$180,816,942. Contributions to the system for the fiscal year totaled \$130,731,176; benefits and expenses amounted to \$219,964,690. With benefits and expenses exceeding contributions to the system, system staff must raise funds from the investment portfolio to meet cash flow needs.

Notwithstanding our efforts to review both census and financial data for apparent errors, we must rely upon the system's administrative staff and accountants to provide accurate information. Our review of submitted information is limited to validation of reasonableness and consistency. Verification of submitted data to source information is beyond the scope of our efforts.

COMMENTS ON ACTUARIAL METHODS AND ASSUMPTIONS

The system's actuarial funding method is set by R.S. 11:22. This valuation is based on the Individual Entry Age Normal actuarial cost method. The unfunded actuarial accrued liability is amortized with level payments over various periods as specified in Louisiana Revised Statute R.S. 11:102. Effective with the June 30, 2014 valuation, the system's outstanding amortization bases were consolidated and re-amortized over thirty years with level payments. Following this amendment, amortization bases for actuarial asset and liability gains or losses (except as noted below) or changes in assumptions were set to be amortized over 30 years. According to Act 95 of the 2016 Regular Session, effective for the valuation following the fiscal year in which the system first attained a funded percentage of 72%, these amortization periods were to be reduced from 30 years to 20 years. Within the Fiscal 2016 valuation, the funded status reached 72.54% and triggered the provision detailed in Act 95. Therefore, beginning with the Fiscal 2017 actuarial valuation, new amortization bases (with the exception of contribution shortfalls/excesses and funds added to the Experience Account) have been set at 20 years. All contribution shortfalls and excesses are amortized as a level dollar amount over 5 years, and through June 30, 2024 funds added to the system's Experience Account continued to be amortized over 10 years.

In each valuation since Fiscal 2015, the first \$15,000,000 of any asset gain (adjusted pro-rata for increases in the actuarial value of assets) is used to immediately reduce the system's oldest outstanding amortization base without re-amortization. The statutes provide that, beginning in Fiscal 2020 and every fifth year thereafter, the remaining liability of such bases net of all payments made since the last re-amortization will be re-amortized over the remainder of the amortization period originally established for that amortization base. Therefore, the 2020 valuation included a re-amortization of the 2014 Cumulative Base over the remaining amortization period. This resulted in a decrease in the required amortization payment. The statute states that after the system's funded percentage reaches 80%, the remaining balance of the consolidated amortization base will be re-amortized annually over the remaining amortization period. In accordance with R.S. 11:102.3(A)(5), since the funded ratio exceeded 80% as of June 30, 2024, any priority allocation on or after Fiscal 2025 will be accompanied by immediate re-amortization of the oldest outstanding base.

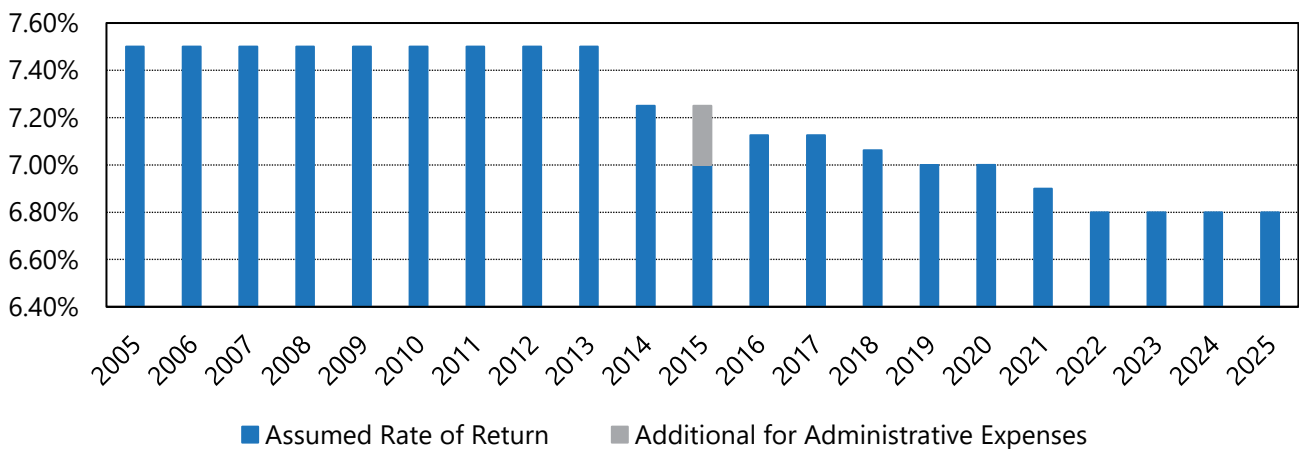
Through 2024, the system's Experience Account has been funded only in years where the system experienced investment gains in excess of the priority amount. In such years, 50% of the investment gains above the priority amount were added to the Experience Account balance. According to the statute, beginning with the 2015 valuation, any such allocation was amortized as a loss with level dollar payments over ten years. This required employers to fund allocations to the Experience Account over a shorter time-period than the required amortization period for experience gains and losses. The funding methodology for the plan also includes the application of LSERS side funds defined by R.S. 11:102. Between 2019 and 2023, the only side fund was the system's Experience Account. Effective with the Fiscal 2024 valuation, the only side fund is the PBI Funding Account.

The Priority Amount represents the maximum amount of system returns in excess of the system's actuarially assumed rate of return that may be applied to the oldest outstanding positive amortization base. The Priority Amount was first applicable in the Fiscal 2015 valuation. The following chart details its value since its creation:

Historical Priority Amount					
Fiscal 2015	\$15,000,000	Fiscal 2019	\$16,371,779	Fiscal 2023	\$18,151,374
Fiscal 2016	\$15,386,586	Fiscal 2020	\$16,371,779	Fiscal 2024	\$18,897,380
Fiscal 2017	\$15,932,442	Fiscal 2021	\$17,154,693	Fiscal 2025	\$19,904,750
Fiscal 2018	\$16,310,113	Fiscal 2022	\$17,671,000		

Over the years, changes have been made to the system’s assumed rate of return and discount rate. The following chart (**Figure 2**) details the assumed rate of return over the past twenty years. The assumed rate of return is not necessarily the discount rate used to determine plan liabilities. In all years but 2015, the discount rate was equal to the assumed rate of return. For 2015, the system’s liabilities were determined based on a discount rate that was 0.25% below the assumed rate of return. The 0.25% difference accounted implicitly for the impact of administrative expenses (which had not previously been included in the determination of the actuarially determined minimum recommended employer contribution rate). Beginning with the 2016 valuation, administrative expenses were explicitly included in the determination of the employer contribution rate; thus, no implicit adjustment was necessary.

Figure 2. Assumed Rate of Return



Changes in capital market assumptions and desired reductions in investment return risk resulted in reductions to the system’s assumed rate of return over the past decade. In particular, in preparation for the Fiscal 2021 actuarial valuation, the Board of Trustees was advised by its actuary that the 7.0% valuation interest rate utilized in the prior valuation remained within the actuary’s reasonable range. Despite this and given the market returns experienced by the system’s investment portfolio during Fiscal 2021, the actuary recommended that the Board of Trustees consider opportunistically lowering the valuation interest rate as a risk reduction tool. The Board voted to authorize lowering the valuation interest rate by up to 0.10% as long as the system met certain benchmarks. Thus, the Fiscal 2021 valuation was run based upon a 6.90% valuation interest rate since those requirements were met. Given the limited reduction, the actuary did not recommend lowering the assumed rate of inflation.

Prior to the Fiscal 2022 valuation, the system’s actuary found that the 6.90% valuation interest rate remained within the system’s reasonable range based on the 2022 consultant average capital market assumptions. Nevertheless, after consultation with system management, an additional opportunistic

reduction from 6.90% to 6.80% was made in the Fiscal 2022 valuation. No change was made in the assumed rate of inflation.

Prior to the Fiscal 2023 valuation, the system's actuary performed an Experience Study to review and update all plan actuarial assumptions. This study was performed primarily based on the plan's experience during the period from July 1, 2017 through June 30, 2022, but due to the impact of experience heavily influenced by Covid-19 and the related school closures, adjustments were made to the study period for many of the assumptions reviewed. A detail of actuarial assumptions is contained later within this report. Details related to the analysis used to reset assumptions may be found in the Experience Study report. The results of the actuarial valuation rely on the assumptions set by this experience study. After 2022, the system's assumed rate of return fell below the actuary's reasonable range as the consultant average capital market assumptions for key investment allocations increased after risky asset classes experienced losses in 2022. Given the maturity of the plan and to maintain conservatism within this assumption, no change in the assumed rate of return is recommended at this time.

Prior to the passage of Act 184 in the 2023 Regular Session of the Louisiana Legislature, the only method of funding future cost-of-living adjustments (COLAs) was through the Experience Account. The statutes related to the Experience Account prior to Act 184 of 2023 targeted COLA funding only in years where the system's net actuarial rate of return exceeded its assumed rate of return. With portfolio return volatility, funding a COLA within the Experience Account was only a matter of time. Since no Experience Account funds could be used without specific legislative enactment, prior to Act 184 of 2023 our basic assumption was that the Experience Account would eventually fill (although the length of time could vary greatly). Beginning in the Fiscal 2017 actuarial valuation report, a liability was recognized for the existing balance in the Experience Account together with the present value of future contributions to the account up to the maximum permissible value based upon account limitations as of the valuation date. This liability approach was in recognition of the fact that the legal mechanism for credits to the Experience Account were substantively automatic up to the limit set on the account balance. However, contributions to this account in excess of the account limit required a legislative act. Although the Board of Trustees had authority to recommend ad hoc COLAs be approved by the legislature under limited circumstances, these COLAs were not shown to have a historical pattern, the amounts of the COLAs were not set relative to a defined cost-of-living or inflation index, and there was no evidence to conclude that COLAs would be granted on a predictable basis in the future. Therefore, for purposes of determining the present value of benefits, these COLAs were deemed not to be substantively automatic beyond the filling of the Experience Account, and the present value of benefits excluded COLAs beyond the annual account limitations of the Experience Account. Since a liability for future COLAs up to the authorized Experience Account balance had been included in the system's accrued liabilities prior to the Fiscal 2024 valuation, the assets in the Experience Account were included in the valuation assets for funding purposes.

With the passage of Act 184 of 2023 (see Changes in Plan Provisions with the 2023 valuation for a full description), the future of COLA funding for LSERS has changed dramatically. Following the Fiscal 2023 actuarial valuation, the actuary provided the Board of Trustees and system staff with education on the impact of Act 184 of 2023 on the future of the Experience Account. Effective with the 2024 valuation, it was concluded that given the passage of Act 184, the Experience Account would never again fill to a level that would fund a future permanent benefit increase. Following discussions with the system's actuary and staff, the Board authorized the system's actuary to remove the liability related to the future filling of the

Experience Account within the Fiscal 2024 actuarial valuation. No liability was included in the system's present value of future benefits or actuarial accrued liability within the Fiscal 2024 actuarial valuation.

Act 184 of 2023 further stated that once the system's AFC rate reached 2.5% (the maximum level of PBI funding allowed under the statute) the Experience Account would cease to exist and any balance would be transferred to the PBI Funding Account. A Fiscal 2024 preliminary actuarial valuation found that the minimum recommended employer contribution rate was scheduled to decrease by a sufficient margin to increase the 1.8% AFC rate used in the 2023 valuation to the maximum level of 2.5%. Thus, in accordance with R.S.11:1145.1, after crediting the Experience Account with interest and the appropriate portion of the system's actuarial investment gain, the full balance of the Experience Account was transferred into the PBI Funding Account, and the Experience Account ceased to exist.

The balance in the PBI Funding Account represents the only side fund and is dedicated to providing future PBI payments to retirees and survivors. Therefore, this portion of plan assets cannot be considered when determining the system's funding requirements. For this reason, beginning with the Fiscal 2024 actuarial valuation, Net Valuation Assets have been set equal to the smoothed value of assets, also called the actuarial value of assets, minus the balance in the PBI Funding Account. Because the assets within the PBI Funding Account have been removed from the Net Valuation Assets and future permanent benefit increases must be prefunded through this account, no adjustment to liabilities for potential future permanent benefit increases is warranted.

RISK FACTORS

Defined benefit pension plans are subject to several risks. These risks can be related either to plan assets or liabilities. To pay benefits, the plan must have sufficient assets when benefits become due. Several factors can lead to asset levels that are below those required to pay promised benefits. The following categories describe several key risks and provide measurements related to a few.

Contribution Policy Risk

The first risk in this regard is the failure to contribute adequate funds to the plan. In some ways, this is the greatest risk since other risks can usually be addressed by adequate actuarial funding. Louisiana constitutional and statutory provisions greatly limit this risk by requiring that state and statewide plans maintain funding on an actuarial basis. The state constitution sets forth general requirements with specific funding parameters specified in the state statutes. This results in a funding policy that is expected to achieve a 100% funded status in time.

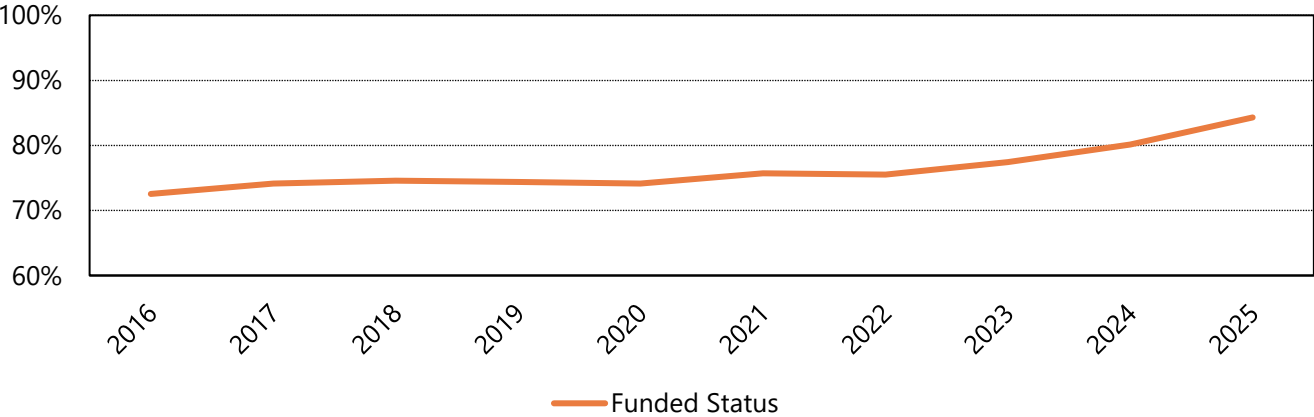
Funded Status

Beyond identifying risk categories, it is possible to quantify some risk factors. One fairly well-known risk metric is the funded ratio of the plan. This rate is given as plan assets divided by plan liabilities. However, the definition of each of these terms may vary. The two typical alternatives used for assets are the market and actuarial value of assets. There are several alternative measures of liability depending on the funding method employed. The Governmental Accounting Standards Board (GASB) specifies that, for financial reporting purposes, the funded ratio is determined by using the market value of assets divided by the

entry age normal accrued liability. This value is given in Appendix A. Alternatively, we have calculated the ratio of the net valuation assets to the entry age normal accrued liability based on the funding methodology used to fund the plan. The ratio is 84.30% for the plan as of June 30, 2025.

This value gives some indication of the financial strength of the plan; however, it does not guarantee the ability of the system to pay benefits in the future or indicate that, in the future, contributions are likely to be less than or greater than current contributions. In addition, the ratio cannot be used in isolation to compare the relative strength of different retirement systems. However, the trend of this ratio over time can give some insight into the financial health of the plan. Even in this regard, caution is warranted since market fluctuations in asset values and changes in plan assumptions can distort underlying trends in this value. **Figure 3** gives a history of this value for the last ten years. Note that the underlying trend is somewhat disguised since the system has significantly reduced the valuation interest rate over this period. Absent the reductions in the discount rate, the current ratio would be higher. One additional risk measure is the sensitivity of the plan’s cost structure to asset gains and losses.

Figure 3. Historical Funded Status



Following are several risks and risk measures related to system assets:

Inflation Risk

All pension plans are subject to the uncertainty of asset performance, of which inflation is a major component. The total nominal rate of return on assets is comprised of the real rates of return earned on the portfolio of investments plus the underlying inflation rate. High levels of inflation pose a risk to plan members in that they reduce the purchasing power of plan benefits. Without the prefunding of COLAs, plans are subject to greater inflation risk as they attempt to offset inflation by providing COLAs (often in the form of permanent benefit increases) causing minimum contribution rates to increase. Legislative changes in 2023 significantly reduced the plan’s inflation risk by requiring direct prefunding of future COLAs/PBIs.

Very low inflation typically reduces the nominal rate of return on assets; deflation can potentially reduce the capital value of trust assets. During the decade preceding 2020, inflation levels remained in a fairly narrow range. Since 2020, inflation has significantly increased. So far, Federal Reserve efforts to fight inflation have not had the desired effect of returning inflation measures to their 2% target level.

Forecasters seem to believe that although long-term average rates of future inflation may be higher than the target level, the impact of near-term inflation will not be significant. There is always the possibility that high inflation will become a problem in the future or that the country will experience a deflationary period; however, most expert opinion currently assesses these alternatives as unlikely in the near term.

Reinvestment Risk

Another element of asset risk is reinvestment risk. Interest rate declines can subject pension plans to an increase in this risk. As fixed income securities mature, investment managers may be forced to reinvest funds at decreasing rates of return. Reinvestment risk was significantly mitigated in recent years as the Federal Reserve increased the Federal Funds Rate. In September 2024, the Federal Reserve changed that policy by reducing that rate for the first time since March 2020. Should Federal Reserve policy continue to reverse the recent cycle of increased interest rates by bringing down the Federal Funds Rate, reinvestment risk will increase.

Asset Return Volatility Risk

Long-term asset performance depends not only on average returns but also on the volatility of returns. Two portfolios of identical size with identical average rates of return will accumulate different levels of assets if the volatility of returns differs, since increased volatility reduces the accumulation of assets. Volatility of returns will be determined by both market conditions and the asset allocation of the investment portfolio. If the system's investment portfolio has a substantial allocation to assets that have low price stability, the risk of portfolio volatility will increase, although low correlations among asset classes can mitigate this risk.

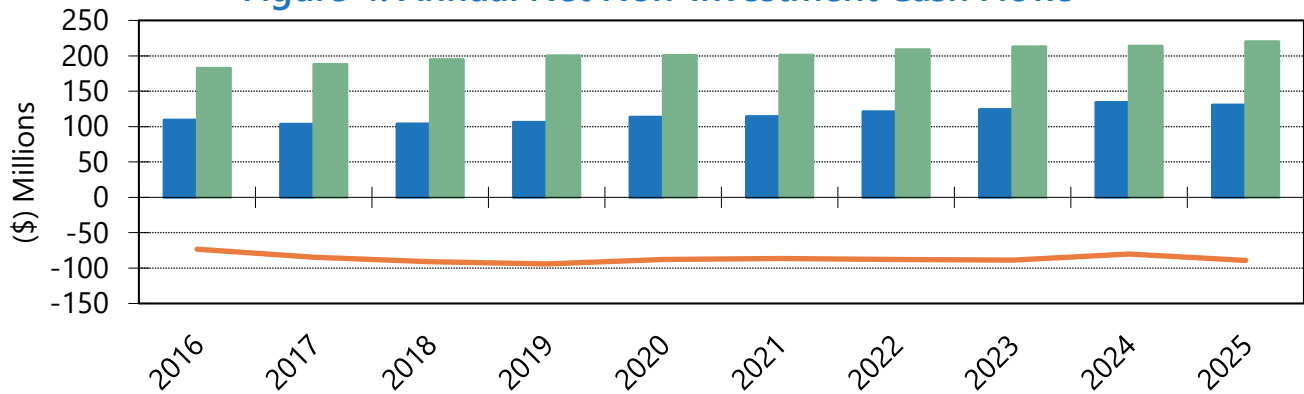
Cash Flow Risk

The system is also exposed to risk related to cash flow. Where benefit payments exceed contributions to the plan, the plan will be required to use investment income or potentially investment capital to pay benefits. In cases where it is necessary to use investment income to pay retirement benefits, investment market downturns place additional stress on the portfolio and make the recovery from such downturns more difficult since funds available for reinvestment are reduced by benefit payments. The historical cash flow graph and demonstration given below in **Figure 4** compares the total contribution income to benefits and expenses to determine the noninvestment cash flow of the system over the last ten years. In that ten-year period, annual benefit payments have exceeded annual contributions to the plan. In this situation, portfolio construction is very important, and investment staff must consider what level of liquidity is necessary.

Future net non-investment cash flows for the system will be determined based upon both the system maturity and future contribution levels. Hence, increases in required contributions due to adverse actuarial experience tends to mitigate the potential of negative cash flows arising from the natural maturation of the system. Recent contribution rate reductions have not negatively affected the short-term non-investment cash flow situation because the system has experienced significant payroll growth. Reduced contribution levels resulting from positive experience will tend to increase the scale of negative cash flows. Absent a significant increase in the active membership of the system, the trend of higher proportions of retired membership may continue, and the current trend toward higher levels of negative

non-investment cash flows could continue in the near future. A forecast valuation was performed in 2023 to better understand expected future cash flows. Greater information on this subject is contained within the forecast valuation report presented to the Board of Trustees.

Figure 4. Annual Net Non-Investment Cash Flows



		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Contribution Income (\$Mil)	■	109.4	103.6	104.0	106.2	113.2	114.5	121.1	124.3	134.1	130.7
Benefits and Expenses (\$Mil)	■	182.7	188.1	195.0	200.3	200.9	201.1	208.7	212.8	214.0	220.0
Net Non-Inv. Cash Flow (\$Mil)	—	-73.3	-84.5	-91.0	-94.1	-87.7	-86.6	-87.6	-88.5	-79.9	-89.3

Sensitivity to Investment Gains/Losses

Every retirement system is subject to investment return risk. When the rate of return on the actuarial value of assets does not equal the assumed rate of return, the system experiences investment gains or losses. These can cause contribution rate requirements to be more volatile. We have determined that based on the system’s current assets and demographics, for each percentage the actuarial rate of return is under the assumed rate of return on the actuarial value of assets, there will be a corresponding increase in the actuarially required contribution as a percentage of projected payroll of 0.56% for the system.

Sensitivity to Changes in Valuation Interest Rate

With regard to the economic assumptions, we have determined that a reduction in the valuation interest rate by 1% (without any change to other collateral factors) would increase the actuarially required employer contribution rate for 2026 by 7.8% of payroll. After accounting for the effect of the contribution shortfall, the recommended employer contribution rate for Fiscal 2027 would increase by 9.5%. Future adjustments to the future assumed rates of return may be required; however, the likelihood of such an event is difficult to gauge since it requires assigning probabilities to future capital market scenarios.

Following are several risks and risk measures related to system liabilities:

Maturity Risk

The ability of a system to recover from adverse asset or liability performance is related to the maturity of the plan population. In general, plans with increasing active membership are less vulnerable to asset and liability gains and losses than mature plans since changes in plan costs can be partially allocated to new members. If the plan has a large number of active members compared to retirees, asset or liability losses can be more easily addressed. As more members retire, contributions can only be collected from a smaller segment of the overall plan population. Often, population ratios of actives to annuitants are used to measure the plan's ability to adjust or recover from adverse events since contributions are made by or on behalf of active members but not for retirees. Thus, if the plan suffers a mortality loss through increased longevity, this will affect both actives and retirees, but the system can only fund this loss by contributions related to active members. A measure of risk related to plan maturity is the ratio of total benefit payments to active payroll. For Fiscal 2025 this ratio is 52%; ten years ago, this ratio was 56%.

Assumption Risk

One other area of exposure the plan faces is the possibility that plan assumptions will need to be revised to conform to changing actual or expected plan experience. Such assumption revisions may relate to economic or demographic factors. Regarding economic assumptions, there is always the possibility that market expectations will require an adjustment to the assumed rate of return. Current market expectations are that in this area a decrease in the assumptions is more probable than an increase. The magnitude of any potential such change will be related to future capital market expectations.

Non-economic assumptions such as mortality or other rates of decrement such as withdrawal, retirement, or disability are also subject to change. In general, such changes tend to affect plan costs less than adjustments to the assumed rates of return. Quantifying the probability or magnitude of such changes is beyond the scope of this report.

In summary, there is a risk that future actuarial measurements may differ significantly from current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, and changes in plan provisions or applicable law. Ordinarily, variations in these factors will offset to some extent. However, even with the expectation that not all variations in costs will likely travel in the same direction, factors such as those outlined above have the potential on their own accord to pose a significant risk to future cost levels and solvency of the system.

Data Error Risk

Liability risk also includes items such as data errors. No actuarial valuation can provide accurate figures without accurate data on plan members, former members, retirees, and survivors. Significant errors in plan data can distort or disguise plan liabilities. When data corrections are made, the plan may experience unexpected increases or decreases in liabilities.

Liability Duration

Each pension plan has its own unique benefit structure and demographic profile. As a result, each plan will respond to changes in interest rates in a unique way. As the expected rate of return on investments changes and the interest rate used to discount plan liabilities is adjusted, the shift in plan liabilities will depend upon the duration of the liabilities (which can be understood as the plan's sensitivity to the change in the interest rate). A slightly different measure of the duration for the plan can also be understood as an indicator of the plan's maturity. When a pension plan is first established, all participants are active members; as members retire and the plan matures, the duration of the plan decreases. A determination of the liability duration gives some insight into the investment time horizon of the plan. Thus, the liability duration of a closed plan can be thought of as the weighted center of gravity of plan benefit cash flows, with expected cash flows occurring both before and after the duration value. For open plans with a continuous flow of new entrants, this measure is somewhat less informative since the duration horizon keeps changing as new members enter the plan. For this plan we have estimated the effective liability duration as 8.63 years.

Other Liability Risks

Other liability risks include such things as longevity risk (the risk that retirees will live longer than expected), termination risk (the risk that fewer than the anticipated number of members will terminate service prior to retirement), and other factors that may have an impact on the liability structure of the plan. In a general sense, the short-term effects of these risks on the cost structure of the plan are somewhat limited since changes in these factors tend to be gradual and follow long-term secular trends. Final average compensation plans are also vulnerable to unexpectedly large increases in salary for individual members near retirement. The effect of such events frequently relates to pay plan revisions where salaries catch up after a number of years of slow growth. Revisions of this type usually depend on general economic conditions and can result in liability losses. However, they are generally infrequent and are more of a short-term issue.

Even natural disasters and dislocations in the economy or other unforeseen events can present risks to the plan. These events can affect member payroll and plan demographics, both of which impact costs. The risk associated with either of these factors can vary depending upon the severity of the event and cannot be easily forecasted.

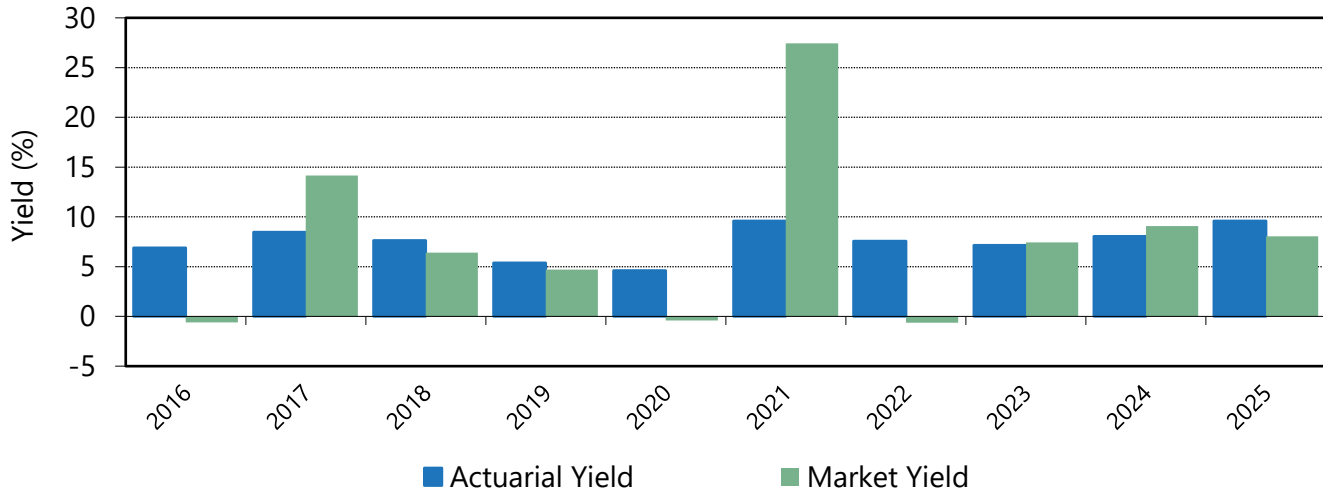
CHANGES IN PLAN PROVISIONS

There were no legislative changes directly affecting the retirement system that were enacted during the 2025 Regular Session of the Louisiana Legislature.

ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below (Figure 5). These investment rates of return were determined by assuming a uniform distribution of income and expense throughout the fiscal year.

Figure 5. Historical Asset Yields



	Market Yield †	Actuarial Yield †
2016	-0.59%	6.90%
2017	14.14%	8.47%
2018	6.41%	7.64%
2019	4.70%	5.37%
2020	-0.42%	4.61%
2021	27.45%	9.58%
2022	-0.64%	7.57%
2023	7.44%	7.16%
2024	9.06%	8.05%
2025	8.06%	9.60%

† Rates of return calculated based on assets inclusive of Amortization Conversion Account and PBI/Experience Account but exclusive of self-directed DROP assets and income.

Geometric Average Market Rates of Return		
5-year average	(Fiscal 2021 – 2025)	9.9%
10-year average	(Fiscal 2016 – 2025)	7.3%
15-year average	(Fiscal 2011 – 2025)	8.7%
20-year average	(Fiscal 2006 – 2025)	6.9%
25-year average	(Fiscal 2001 – 2025)	6.3%
30-year average	(Fiscal 1996 – 2025)	7.3%

The market rate of return gives a measure of investment return on a total return basis and includes realized and unrealized capital gains and losses as well as interest income. The rate of return is calculated on assets invested in the system’s portfolio. DROP and IBRP assets invested in self-directed investments have been excluded from the rate of return calculation. This rate of return gives an indication of performance for an actively managed portfolio where securities are bought and sold with the objective of producing the highest total rate of return. During 2025, the system earned \$50,925,540 of dividends, interest, and other recurring income. In addition, the system had net realized and unrealized capital gains on investments of \$151,143,437. In addition, the system had investment expenses of \$21,252,035.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 6.80% in effect for Fiscal 2025. DROP accounts that are credited with earnings based on the actuarial rate of return of the system should be credited with 9.10% (i.e., 9.60% less 0.50% as detailed in R.S. 11:1152(F)(3)). The actuarial rate of return is calculated based on the actuarial value of assets net of DROP and IBRP assets invested in money market accounts and includes all interest, dividends, and recognized capital gains net of money market income earned by DROP and IBRP assets. Investment income used to calculate this yield is based upon a smoothing of investment returns above or below the valuation interest rate over a five-year period, subject to constraints. The difference between rates of return on an actuarial and market value basis results from the smoothing of gains or losses on investments relative to the valuation interest rate. Yields in excess of the applicable interest assumption will reduce future costs; yields below the applicable interest assumption will increase future costs. For Fiscal 2025, the system experienced an actuarial investment gain of \$60,885,436 above assumed actuarial earnings using the assumed rate of 6.80%. The interest adjusted amortization credit on this gain was \$5,475,035, or 1.43% of projected payroll.

Since the system's actuarial rate of return exceeded the valuation interest rate for Fiscal 2025, the system experienced an investment gain. Investment gains up to the system's Priority Amount of 19,904,750 were applied to the system's oldest outstanding positive base which was immediately reamortized. Details are shown in Exhibit V-Schedules C and D.

DEMOGRAPHICS AND LIABILITY EXPERIENCE

The average active contributing member is 53 years old with 8.9 years of service credit and an annual salary of \$32,493. The system's active contributing membership experienced an increase of 51 members during Fiscal 2025; over the last five years, the number of active contributing members decreased by 280. The number of DROP participants decreased by 56 during Fiscal 2025.

The average service retiree is 74 years old with an annual benefit of \$14,734 and an average retirement age of 61. The number of retirees and beneficiaries receiving benefits from the system increased by 54 during the fiscal year. Over the last five years, the number of retirees and beneficiaries increased by 326 with annual benefits in payment increasing by \$17,840,117.

Liability experience for the year was favorable with a net plan liability experience gain totaling \$31,435,555. The interest-adjusted amortization credit on this gain was \$2,826,796, or 0.74% of projected payroll. The primary reason for the favorable liability experience were the significant gains due to salary increases below expectations. The salary scale gains were responsible for \$16.3 million of the liability experience gain. Additional favorable factors include: slightly fewer DROP entries than expected, significantly fewer retirements among DROP participants than expected, and a larger number of retiree and survivor deaths than expected. Partially offsetting the favorable experience were active member retirements slightly above expectations and slightly fewer withdrawals than projected.

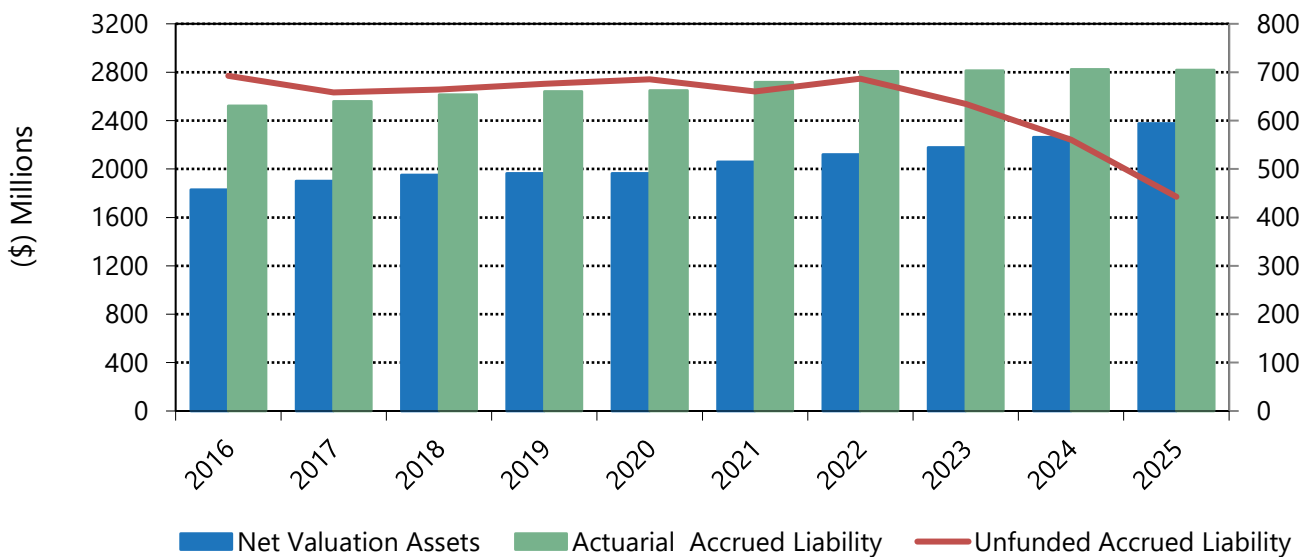
FUNDING ANALYSIS AND RECOMMENDATIONS

Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by

applying a cost allocation procedure to the results of an actuarial valuation of liabilities based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. The allocation of costs also depends on an asset smoothing method described in the assumptions section at the end of this report. Each year a determination is made of two cost components: the normal cost and the amortization payments on the unfunded actuarial accrued liability. The normal cost refers to the annual cost for active members allocated each year by the particular cost method utilized. New entrants to the system can also increase or lower normal costs as a percent of payroll depending upon their demographic distribution.

To determine the amortization payments on the unfunded actuarial accrued liability (UAL), you first must determine the UAL by computing the difference between the entry age normal accrued liability and the actuarial value of assets. Each year the system experiences gains and losses, which cause the UAL to decrease or increase. As shown in **Figure 6** below, the dollar UAL (shown with the axis on the right side of the figure) has declined recently based on a greater level of gains than losses since the 2014 cumulative base was created.

Figure 6. Net Valuation Assets versus Actuarial Accrued Liability



Each year the UAL grows with interest and is reduced by payments. In addition, it may be increased or diminished by plan experience, changes in assumptions, or changes in benefits including ad hoc COLAs that are not prefunded. Contributions in excess of or less than the actuarially required amount can also decrease or increase the UAL balance.

Finally, since payments on the system’s UAL are made on a fixed, level dollar schedule, percentage of payroll costs are affected by changes in plan payroll. If payroll increases, these costs are reduced as a percentage of payroll. Conversely, if payroll decreases, these costs are increased as a percentage of payroll.

To establish the actuarially required contribution in any given year, it is necessary to define the assumptions, funding method, and method of amortizing the UAL. Thus, the determination of what contribution is actuarially required depends upon the funding method and amortization schedules employed. Regardless of the method selected, the ultimate cost of providing benefits is dependent upon the benefits, expenses, and investment earnings. Only to the extent that some methods accumulate assets more rapidly and thus produce greater investment earnings does the funding method affect the ultimate cost.

R.S. 11:102 governs the calculation of the annual actuarially determined employer contribution rate for state retirement systems. This statute describes the components of the employer contribution rate found in Exhibit I. We believe that the minimum recommended net direct employer contribution rate developed within this report represents a Reasonable Actuarially Determined Contribution (or RADC) under the terms set forth in the actuarial standards of practice. We believe that the cost allocation procedure set forth in the statutes reasonably balances benefit security and intergenerational equity. The consistent payment of actuarially determined contributions based on Louisiana's constitutional requirements significantly improves the benefit security of plan members and retirees. The system's funding methodology seeks intergenerational equity by spreading actuarial costs over a sufficiently short amortization period. With the use of reasonable actuarial assumptions, the system's contribution allocation procedure should produce reasonably stable and predictable results. The system's annual valuation directly calculates the present value of future benefits for each member and former member. This measure accounts for expected future benefit payments and the expected duration of those payments. The valuation results are based on plan provisions in effect as of the valuation date. Therefore, results will be affected if plan provisions are changed in the future.

An explanation of the change in costs related to asset and liability gains and losses as well as changes in demographics and assumptions is given in prior sections of the report. In addition to these components, variances in contribution levels and payroll also affect costs. For Fiscal 2025 contributions totaled \$10,112,062 more than required; the interest-adjusted amortization credit based on the contribution surplus for Fiscal 2026 is \$2,373,667, or 0.62% of projected payroll. In addition, for Fiscal 2026 the net effect of the change in payroll on amortization costs was to decrease such costs by 0.08% of projected payroll. In addition to annual gains and losses, the net direct employer contribution rate was affected by the elimination of the payment related to the 2020 contribution gain which increased costs slightly.

A reconciliation of the change in costs is given below. Values listed in dollars are interest adjusted for payment throughout the fiscal year. Percentages are based on the projected payroll for Fiscal 2026 except for those items labeled Fiscal 2025.

The derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The employer's normal cost for Fiscal 2026, interest adjusted for mid-year payment is \$26,329,562. The amortization payments on the system's UAL total \$34,882,088. The total actuarially required contribution is determined by adding these two values together with administrative expenses. As given in line 12 of Exhibit I, the total actuarially required employer contribution for Fiscal 2026 is \$66,384,356, or 17.3% of projected payroll.

Since the actual employer contribution rate (excluding the AFC rate dedicated to funding future permanent benefit increases through the PBI Funding Account) for Fiscal 2026 is 19.5% of payroll, we

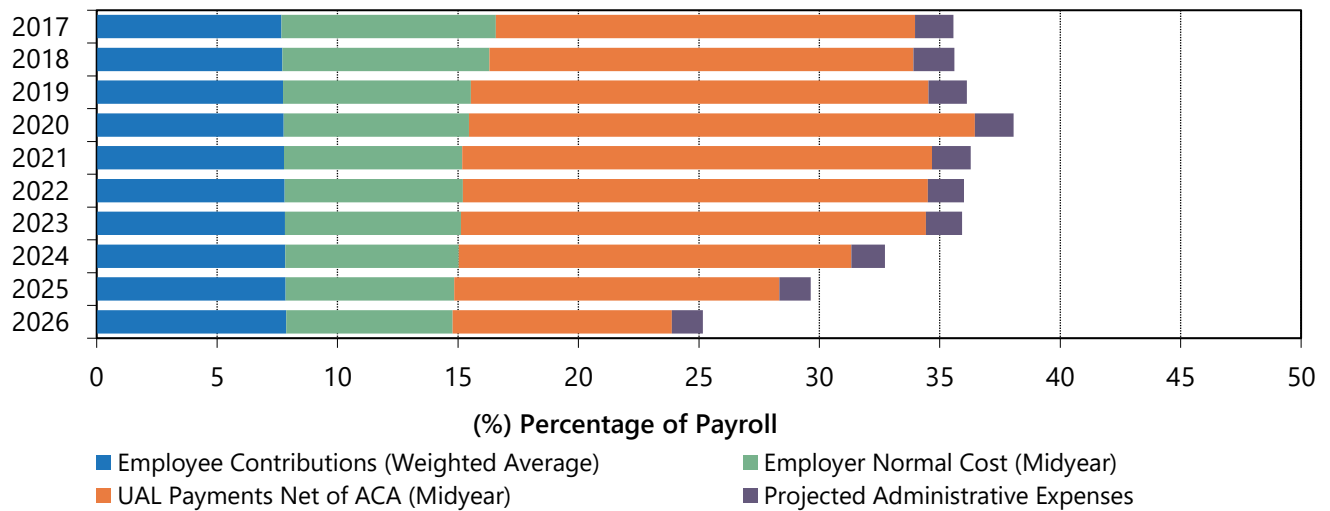
expect a contribution surplus of 2.2% of payroll. This surplus is expected to decrease the actuarially required contribution recommended for Fiscal 2027. In order to determine a minimum recommended net direct employer contribution rate for Fiscal 2027, the employer normal cost and amortization payments were estimated for Fiscal 2027 and adjusted for the impact of the estimated contribution surplus for Fiscal 2026. As given in line 22 of Exhibit I, the estimated actuarially required net direct employer contribution for Fiscal 2027 is \$65,965,444, or 17.0% of projected payroll.

The following is a derivation of the total normal cost and amortization payment portion of the minimum recommended employer contribution rate, which shows the many items that impact costs from one year to the next. Because the actuarial valuation is completed after the beginning of Fiscal 2026, Exhibit I must add projections for another year and produce a minimum recommended employer contribution rate for Fiscal 2027.

Derivation of the Fiscal 2025 Required Employer Contribution	Dollars	Percentage of payroll
Employer Normal Cost for Fiscal 2025	\$ 26,641,978	6.99%
Change in Employer Normal Cost due to change in payroll	N/A	(0.04%)
Cost of Demographic and Salary Changes	<u>(312,416)</u>	<u>(0.08%)</u>
Employer Normal Cost for Fiscal 2026	\$ 26,329,562	6.87%
UAL Payments for Fiscal 2025	\$ 51,465,777	13.51%
Change in UAL Cost due to change in payroll	N/A	(0.08%)
Change due to elimination of Amortization	\$ 303,032	0.08%
Change due to re-amortization under Act 399 of 2014	\$ (8,001,129)	(2.09%)
Additional Amortization Expenses for Fiscal 2026:		
Asset Experience Loss (Gain)	\$ (5,475,035)	(1.43%)
Priority Allocation	\$ 1,789,906	0.47%
Liability Experience Loss (Gain)	\$ (2,826,796)	(0.74%)
Contribution Loss (Gain)	<u>\$ (2,373,667)</u>	<u>(0.62%)</u>
Total Amortization Expense (Credit) for Fiscal 2026	\$ 34,882,088	9.10%
Projected Administrative Expenses for Fiscal 2026	\$ 5,172,706	1.35%
Total Normal Cost & Amortization Payments for Fiscal 2026	\$ 66,384,356	17.31%

The system experiences changes in the required net direct employer contribution rate in each valuation. **Figure 7** shows the changes in the components of actuarial funding over the past ten years. The average employee contribution rate is changing as more members are enrolled in the new tiers of benefits. Members whose first employment making them eligible for membership in a state system occurred on or after July 1, 2010 contribute at an 8% of payroll level, whereas previous employees contribute at a 7.5% level. Over time the average rate will trend toward the ultimate 8% level. Figure 7 also separately details the employer normal cost, UAL payments, and administrative expense components of annual cost as a percentage of payroll.

Figure 7. Components of Direct Actuarial Funding



LOW-DEFAULT RISK OBLIGATION MEASURE (LDROM)

The retirement system’s annual actuarial funding valuation determines the employer’s minimum contribution rate based upon a set of actuarial assumptions found to be reasonable individually and in the aggregate for the purpose of the measurement. For a system like the Louisiana School Employees’ Retirement System that is open to new members and expected to exist in perpetuity, boards of trustees generally elect to invest system assets in a basket of asset classes that subject the system to a number of investment risks, including the risk of default. Such risks are generally mitigated through diversification among the asset classes and through portfolio construction within each asset class. When considering expert opinions about expectations of future returns, generally called capital market assumptions, and when considering historical evidence, it is found that a portfolio composed of a combination of asset classes (including risky assets such as equities, fixed income assets, real estate investments, and other alternative investments) earns a larger return than risk-free or low-default-risk fixed income assets provide. The larger expected return is often referred to as a risk premium as investors generally require a larger return to accept the added risk. It is precisely this exchange of return for added risk that is at the heart of the low-default-risk obligation measure (LDROM) defined within Actuarial Standard of Practice #4. Were the system to simply invest in low-default-risk fixed income securities, the system would be expected to earn less from investment markets but would also expect less portfolio return volatility and less chance of investment default. Since investment income directly offsets the contributions owed by the system’s employers, building a portfolio that includes risky assets can be a strategy to lower the long-term requirement for employer contributions, but in doing so, employers accept certain investment risks.

The LDROM can help to quantify both the impact of investing in a portfolio that includes risky assets and using a long-term expected rate of return from such a portfolio to discount liabilities. In addition, the LDROM can help stakeholders understand how much liabilities would increase if the system was measured using a discount rate that did not include the risk premium for assets with higher default risk.

The standard of practice requires the following when determining the LDROM:

- The actuary should use an immediate gain actuarial cost method.
- The actuary should select a discount rate or rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.
- Other than the discount rate or rates, the actuary may use the same assumptions used in the funding valuation for this measure.

The biggest decision in making LDRM calculations is the discount rate or rates to use. The standard discusses several possibilities. We have elected to base our LDRM calculations on discount rates derived from high-quality corporate bonds, which we believe best represent low-default-risk fixed income investments. For the purpose of these calculations, we intend to use the U.S. Department of the Treasury's High-Quality Market (HQM) Corporate Bond Yield Curve weighted according to the closed fund cash flows developed for the most recently completed system specific GASB 67 analyses. The LDRM calculations have been performed based on the Entry Age Normal funding method.

The U.S. Treasury HQM Corporate Bond Yield Curve is developed using regression variables, projects yield curves beyond the longest maturity date and makes use of bond market characteristics to help generate a stable curve. It represents spot yields of corporate bonds rated AAA, AA, or A and is available monthly on the IRS website. When the June 2025 HQM Corporate Bond Yield Curve is weighted based on the GASB 67 cash flows, the effective single discount rate derived from the analysis is 5.60%.

In this section, we disclose an LDRM-based actuarial accrued liability, which can be compared to the entry age normal actuarial accrued liability, and an LDRM-based funded ratio, which can be compared to the system's funded ratio determined based on the entry age normal actuarial accrued liability. Our calculations are based on the effective single discount rate derived from the U.S. Treasury HQM Corporate Bond Yield Curve of 5.60%. All other assumptions match those used to determine funding liabilities.

The differences in the measures shown below can be viewed within the risk/return framework. By accepting added investment risk, the system is expected to significantly reduce the employer's responsibility to fund system liabilities over the long-run, but that decision will likely result in greater variability in employer contributions over time as risky assets typically experience greater return volatility.

LDRM Comparison	Funding Valuation	LDRM Valuation
Discount Rate	6.80%	5.60%
Accrued Liability for Active Members	\$ 981,139,134	\$ 1,132,498,736
Accrued Liability for Terminated Members	\$ 45,883,446	\$ 51,573,180
Accrued Liability for Retired Members	\$ 1,791,754,434	\$ 1,954,284,629
Total Actuarial Accrued Liability (AAL)	\$ 2,818,777,014	\$ 3,138,356,545
Funded Ratio	84.30%	75.71%

PERMANENT BENEFIT INCREASES

During Fiscal 2025, the actual cost-of-living (as measured by the US Department of Labor CPI-U) increased by 2.7%. For the period from July 1, 2007 through June 30, 2024, the system was permitted to fund retiree permanent benefit increases through the Experience Account. With Act 184 of 2023, there has been a significant change in the future of funding permanent benefit increases. Within this report, Exhibit VI-Schedule B describes the additional employer funding allocated to the PBI funding account for Fiscal 2025. Once the PBI Funding Account funding level (the AFC rate) reached 2.5%, the Experience Account ceased to exist. The balance in the Experience Account as of June 30, 2024 was deposited into the PBI Funding Account.

Beginning with Fiscal 2025, the actual employer contribution rate has been set equal to the minimum recommended rate (determined in accordance with R.S. 11:102) plus the AFC rate. Funds accumulated based upon the AFC rate (up to the maximum level allowed by statute) will be used to fund future permanent benefit increases. The balance in the PBI Funding Account is less than the present value of future benefits of the PBI defined in Act 184 of 2023. Therefore, the system has not yet accumulated enough funds to prefund the permanent benefit increase defined within Act 184.

The level of PBI funding (otherwise termed the AFC rate) will remain 2.5% as long as the total employer contribution rate (including the AFC rate) does not exceed 27.6%. According to Act 184, the maximum AFC rate is 2.50% but when added to the minimum actuarially determined employer contribution rate cannot cause the total employer contribution rate to exceed 27.6%. The AFC rate for Fiscal 2027 is 2.50%.

The following is a history of PBIs from the Experience Account prior to the creation of the PBI Funding Account:

PBIs and Payments Funded from the Experience Account

July 1, 2022	1.4% permanent benefit increase; retirees at least age 60; disabilities with no age restriction; on benefit up to \$60,000 adjusted for CPI; retired for at least 1 year
July 1, 2021	Payments to those found to be below the poverty level.
July 1, 2016	1.9% permanent benefit increase; retirees at least age 60; disabilities with no age restriction; on benefit up to \$60,000 adjusted for CPI; retired for at least 1 year
July 1, 2014	1.5% permanent benefit increase; retirees at least age 60; disabilities with no age restriction; on benefit up to \$60,000 adjusted for CPI; retired for at least 1 year
July 1, 2013	3.15% permanent benefit increase; retirees at least age 60; disabilities with no age restriction; retired before July 1, 2001
December 1, 2007	One-time lump sum of 3%, \$300 minimum

EXHIBITS

EXHIBIT I

ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1.	Normal Cost of Retirement Benefits.....	\$ 38,506,561
2.	Normal Cost of Death Benefits.....	\$ 1,751,438
3.	Normal Cost of Disability Benefits.....	\$ 3,288,721
4.	Normal Cost of Deferred Retirement Benefits.....	\$ 5,751,780
5.	Normal Cost of Contribution Refunds.....	\$ 5,117,131
6.	TOTAL Normal Cost as of July 1, 2025 (1 + 2 + 3 + 4 + 5).....	\$ 54,415,631
7.	TOTAL Normal Cost Interest Adjusted for Midyear Payment.....	\$ 56,235,336
8.	Adjustment to Total Normal Cost for Employee Portion.....	\$ 29,905,774
9.	TOTAL Employer Normal Cost Adjusted for Midyear Payment (7 – 8).....	\$ 26,329,562
10.	Amortization Payments on Unfunded Actuarial Accrued Liability at Midyear.....	\$ 34,882,088
11.	Projected Administrative Expenses for Fiscal 2026.....	\$ 5,172,706
12.	Net Direct Actuarially Required Employer Contribution for Fiscal 2026 (9 + 10 + 11).....	\$ 66,384,356
13.	Projected Payroll for Contributing Members (Fiscal 2026).....	\$ 383,513,572
14.	Net Direct Actuarially Required Employer Contribution as a Percentage of Projected Payroll for Fiscal 2026 (12 ÷ 13).....	17.3%
15.	Actual Net Direct Employer Contribution Rate for Fiscal 2026.....	19.5%
16.	Projected Fiscal 2026 Contribution Loss (Gain) as a % of Payroll (14 – 15).....	(2.2%)
17.	Projected Fiscal 2026 Employer Contribution Shortfall (Surplus) (13 × 16).....	\$ (8,437,299)
18.	Amortization of Interest Adjusted Fiscal 2026 Employer Contribution Shortfall (Surplus) Based on Midyear Payment in Fiscal 2027.....	\$ (2,046,771)
19.	Estimated Fiscal 2027 Employer Normal Cost Adjusted for Midyear Payment.....	\$ 26,686,952
20.	Estimated Fiscal 2027 Amortization Payments on Fiscal 2025 UAL.....	\$ 36,023,239
21.	Estimated Fiscal 2027 Administrative Expenses.....	\$ 5,302,024
22.	Estimated Actuarially Required Employer Contributions for Fiscal 2027 (18 + 19 + 20 + 21).....	\$ 65,965,444
23.	Projected Payroll for Contributing Members (Fiscal 2027).....	\$ 388,719,281
24.	Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2027 (22 ÷ 23, Rounded to nearest 0.10%).....	17.0% †

† The total minimum employer contribution rate for Fiscal 2027, inclusive of the AFC rate for funding the PBI Funding Account, will be 19.5%.

EXHIBIT II PRESENT VALUE OF FUTURE BENEFITS

PRESENT VALUE OF FUTURE BENEFITS FOR ACTIVE MEMBERS:

Retirement Benefits.....	\$ 1,140,996,087
Survivor Benefits.....	28,297,672
Disability Benefits.....	46,158,752
Vested Termination Benefits.....	103,467,618
Refunds of Contributions	24,820,663
 TOTAL Present Value of Future Benefits for Active Members	 \$ 1,343,740,792

PRESENT VALUE OF FUTURE BENEFITS FOR TERMINATED MEMBERS:

Terminated Vested Members Due Benefits at Retirement....	\$ 34,371,428
Terminated Members with Reciprocals Due Benefits at Retirement.....	89,609
Terminated Members Due a Refund.....	11,422,409
 TOTAL Present Value of Future Benefits for Terminated Members.....	 \$ 45,883,446

PRESENT VALUE OF FUTURE BENEFITS FOR RETIREES:

Regular Retirees.....	\$ 1,558,971,082
Disability Retirees.....	12,652,860
Survivors	186,144,050
DROP/IBRP Account Balances Payable to Retirees	33,630,560
Refundable Balance Payable to Reemployed Retirees.....	355,882
 TOTAL Present Value of Future Benefits for Retirees & Survivors	 \$ 1,791,754,434
 TOTAL Present Value of Future Benefits.....	 \$ 3,181,378,672

EXHIBIT III ACTUARIAL VALUE OF ASSETS

Excess (Shortfall) of invested income for current and previous 4 years: †	
Fiscal year 2025.....	\$ 28,018,169
Fiscal year 2024.....	47,843,737
Fiscal year 2023.....	13,047,303
Fiscal year 2022.....	(162,770,745)
Fiscal year 2021.....	<u>360,253,165</u>
Total for five years.....	\$ 286,391,629
Deferral of excess (shortfall) of invested income:	
Fiscal year 2025 (80%).....	\$ 22,414,535
Fiscal year 2024 (60%).....	28,706,242
Fiscal year 2023 (40%).....	5,218,921
Fiscal year 2022 (20%).....	(32,554,149)
Fiscal year 2021 (0%).....	<u>0</u>
Total deferred for year.....	\$ 23,785,549
Market value of plan net assets, end of year	\$ 2,411,550,113
Preliminary actuarial value of plan assets, end of year	\$ 2,387,764,564
Actuarial value of assets corridor	
85% of market value, end of year.....	\$ 2,049,817,596
115% of market value, end of year.....	\$ 2,773,282,630
Actuarial Value of Plan Assets, end of year	\$ 2,387,764,564
Offset for PBI Funding Account balance, end of year	\$ (11,656,584)
Net Valuation Assets, end of year	\$ 2,376,107,980

† Excess (shortfall) of actual investment income versus expected investment income is calculated based on assets and income adjusted to exclude the self-directed DROP accounts.

EXHIBIT IV
PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund	\$ 187,474,867
Employer Normal Contributions to the Pension Accumulation Fund	175,126,791
Employer Amortization Payments to the Pension Accumulation Fund	442,669,034
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	 \$ 805,270,692

EXHIBIT V – SCHEDULE A
ACTUARIAL ACCRUED LIABILITIES

LIABILITY FOR ACTIVE MEMBERS	
Accrued Liability for Retirement Benefits.....	\$ 897,180,258
Accrued Liability for Survivor Benefits.....	16,916,804
Accrued Liability for Disability Benefits.....	21,107,983
Accrued Liability for Vested Termination Benefits.....	57,462,255
Accrued Liability for Refunds of Contributions.....	(11,528,166)
 TOTAL Actuarial Accrued Liability for Active Members	 \$ 981,139,134
LIABILITY FOR TERMINATED MEMBERS.....	\$ 45,883,446
LIABILITY FOR RETIREES AND SURVIVORS	\$ 1,791,754,434
 TOTAL ACTUARIAL ACCRUED LIABILITY.....	 \$ 2,818,777,014
 NET VALUATION ASSETS	 \$ 2,376,107,980
 UNFUNDED ACTUARIAL ACCRUED LIABILITY	 \$ 442,669,034

EXHIBIT V – SCHEDULE B
CHANGE IN UNFUNDED ACTUARIAL ACCRUED LIABILITY

PRIOR YEAR UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$	560,195,622
Interest on Unfunded Actuarial Accrued Liability.....	\$	38,093,302
TOTAL Additions to Unfunded Actuarial Accrued Liability	\$	38,093,302
Asset Experience Gain.....	\$	60,885,436
Liability Experience Gain		31,435,555
Contribution Excess with Accrued Interest		10,112,062
Interest Adjusted Amortization Payments		53,186,837
TOTAL Reductions to Unfunded Actuarial Accrued Liability.....	\$	155,619,890
NET Change in Unfunded Actuarial Accrued Liability.....	\$	(117,526,588)
CURRENT YEAR UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$	442,669,034

EXHIBIT V – SCHEDULE C
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2025

FISCAL YEAR			AMORT. PERIOD	INITIAL BALANCE	YEARS REMAINING	REMAINING BALANCE	AMORT. PAYMENTS
2014	Cumulative Bases	†	30	\$904,498,330	19	\$605,207,283	\$54,007,801
2014	Liability Experience Gain		30	(81,635,532)	19	(67,946,165)	(6,063,415)
2015	Change in Data/Model Gain		30	(42,073,134)	20	(35,877,849)	(3,121,866)
2015	Liability Assumption Loss		30	53,611,596	20	45,717,269	3,978,031
2015	Asset Experience Gain		30	(32,513,380)	20	(27,725,774)	(2,412,523)
2015	Liability Experience Gain		30	(29,473,558)	20	(25,133,565)	(2,186,966)
2016	Asset Experience Loss		30	7,620,492	21	6,646,750	565,166
2016	Liability Experience Gain		30	(366,508)	21	(319,677)	(27,182)
2016	Liability Assumption Gain		30	(29,907,056)	21	(26,085,556)	(2,218,026)
2016	Asset Assumption Loss		30	211,528	21	184,498	15,688
2017	Asset Experience Gain		20	(24,634,307)	12	(18,436,278)	(2,150,267)
2017	Gains Allocated to Exp.		10	3,875,934	2	995,452	514,092
2017	Priority Excess Allocation		20	15,932,442	12	11,923,816	1,390,703
2017	Liability Experience Gain		20	(19,955,111)	12	(14,934,374)	(1,741,832)
2017	Liability Assumption Loss		20	20,126,949	12	15,062,979	1,756,831
2017	Asset Assumption Gain		20	(4,562,632)	12	(3,414,669)	(398,261)
2018	Asset Experience Gain		20	(10,056,996)	13	(7,917,666)	(877,008)
2018	Priority Excess Allocation		20	9,415,089	13	7,412,304	821,031
2018	Liability Experience Gain		20	(14,310,770)	13	(11,266,573)	(1,247,953)
2018	Liability Assumption Loss		20	32,157,641	13	25,317,047	2,804,268
2019	Asset Experience Loss		20	31,319,747	14	25,798,865	2,729,108
2019	Liability Experience Gain		20	(16,145,429)	14	(13,299,398)	(1,406,864)
2019	Liability Assumption Loss		20	14,364,127	14	11,832,093	1,251,647
2019	Residual Balance of ACA		10	(4,560,266)	4	(2,192,978)	(603,472)
2020	Asset Experience Loss		20	44,948,629	15	38,562,293	3,914,424
2020	Liability Experience Gain		20	(18,714,550)	15	(16,055,571)	(1,629,787)
2020	Contribution Gain		5	(1,289,291)	0	0	0
2021	Asset Experience Gain		20	(48,449,668)	16	(43,114,539)	(4,216,955)
2021	Gains Allocated to Exp.		10	15,647,488	6	10,590,379	2,067,526
2021	Priority Excess Allocation		20	17,154,693	16	15,265,669	1,493,108
2021	Liability Experience Loss		20	2,271,325	16	2,021,215	197,691
2021	Contribution Gain		5	(4,859,377)	1	(1,104,225)	(1,104,225)
2021	Liability Assumption Loss		20	23,492,565	16	20,905,638	2,044,742
2022	Asset Experience Gain		20	(13,224,680)	17	(12,166,796)	(1,150,729)
2022	Priority Excess Allocation		20	13,224,680	17	12,166,796	1,150,729
2022	Liability Experience Loss		20	39,459,944	17	36,303,419	3,433,557
2022	Contribution Gain		5	(7,812,420)	2	(3,436,050)	(1,774,517)
2022	Liability Assumption Loss		20	24,236,466	17	22,297,713	2,108,906

EXHIBIT V – SCHEDULE C (CONTINUED)
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2025

FISCAL YEAR		AMORT. PERIOD	INITIAL BALANCE	YEARS REMAINING	REMAINING BALANCE	AMORT. PAYMENTS
2023	Asset Experience Gain	20	(7,208,270)	18	(6,836,635)	(627,219)
2023	Priority Excess Allocation	20	7,208,270	18	6,836,635	627,219
2023	Liability Experience Loss	20	26,632,163	18	25,259,098	2,317,364
2023	Contribution Gain	5	(8,539,652)	3	(5,456,462)	(1,939,701)
2023	Liability Assumption Gain	20	(45,723,414)	18	(43,366,069)	(3,978,565)
2024	Asset Experience Gain	20	(26,094,526)	19	(25,443,972)	(2,270,582)
2024	Gains Allocated to Exp. Account	10	3,598,573	9	3,335,647	475,308
2024	Priority Excess Allocation	20	18,897,380	19	18,426,255	1,644,332
2024	Liability Experience Loss	20	16,985,093	19	16,561,644	1,477,936
2024	Contribution Gain	5	(19,631,791)	4	(16,204,354)	(4,459,175)
2024	Liability Assumption Gain	20	(36,808,174)	19	(35,890,521)	(3,202,817)
2024	Asset Assumption Loss	20	4,299,473	19	4,192,284	374,113
2025	Asset Experience Gain	20	(60,885,436)	20	(60,885,436)	(5,297,870)
2025	Priority Excess Allocation	20	19,904,750	20	19,904,750	1,731,987
2025	Liability Experience Gain	20	(31,435,555)	20	(31,435,555)	(2,735,325)
2025	Contribution Gain	5	(10,112,062)	5	(10,112,062)	(2,296,859)

TOTAL Unfunded Actuarial Accrued Liability \$ 442,669,034

TOTAL Fiscal 2026 Amortization Payments at Beginning of Year \$ 33,753,347

TOTAL Fiscal 2026 Amortization Payments Adjusted to Mid-Year \$ 34,882,088

† Balance reduced by application of investment gains assigned by Act 399 of 2014.
See Exhibit V – Schedule D for a detailed calculation of the outstanding balance.

EXHIBIT V – SCHEDULE D CUMULATIVE AMORTIZATION BASE ADJUSTMENT

2014 Initial Cumulative Amortization Base.....	\$ 905,696,581
2014 Applied Base Reduction for Privatization Liability	(1,198,251)
2014 Priority Allocation Applied to Base	(7,500,000)
2014 PBI Cap Excess Applied to Base.....	<u>(3,252,257)</u>
2014 Adjusted Initial Amortization Base	\$ 893,746,073
2015 Amortization Payment (Beginning of Year)	(69,677,675)
2015 Interest on Amortization Base net of Amortization Payment.....	59,744,957
2015 Priority Allocation Applied to Base	<u>(15,000,000)</u>
Net Balance as of June 30, 2015 on 2014 Cumulative Base.....	\$ 868,813,355
2016 Amortization Payment (Beginning of Year)	(68,153,884)
2016 Interest on Amortization Base net of Amortization Payment.....	56,046,163
2016 Priority Allocation Applied to Base	<u>0</u>
Net Balance as of June 30, 2016 on 2014 Cumulative Base.....	\$ 856,705,634
2017 Amortization Payment (Beginning of Year)	(68,897,690)
2017 Interest on Amortization Base net of Amortization Payment.....	56,131,316
2017 Priority Allocation Applied to Base	<u>(15,932,442)</u>
Net Balance as of June 30, 2017 on 2014 Cumulative Base.....	\$ 828,006,818
2018 Amortization Payment (Beginning of Year)	(68,897,690)
2018 Interest on Amortization Base net of Amortization Payment.....	54,086,525
2018 Priority Allocation Applied to Base	<u>(9,415,089)</u>
Net Balance as of June 30, 2018 on 2014 Cumulative Base.....	\$ 803,780,564
2019 Amortization Payment (Beginning of Year)	(68,543,363)
2019 Interest on Amortization Base net of Amortization Payment.....	51,926,127
2019 Priority Allocation Applied to Base	<u>0</u>
Net Balance as of June 30, 2019 on 2014 Cumulative Base.....	\$ 787,163,328

(This Exhibit Continues on the Following Page)

EXHIBIT V – SCHEDULE D (Continued)
CUMULATIVE AMORTIZATION BASE ADJUSTMENT

Net Balance as of June 30, 2019 on 2014 Cumulative Base	\$ 787,163,328
2020 Amortization Payment (Beginning of Year)	(68,198,977)
2020 Interest on Amortization Base net of Amortization Payment.....	50,327,505
2020 Priority Allocation Applied to Base	<u>0</u>
Net Balance as of June 30, 2020 on 2014 Cumulative Base	\$ 769,291,856
2021 Amortization Payment (Beginning of Year)	(62,685,798)
2021 Interest on Amortization Base net of Amortization Payment.....	49,462,424
2021 Priority Allocation Applied to Base	<u>(17,154,693)</u>
Net Balance as of June 30, 2021 on 2014 Cumulative Base	\$ 738,913,789
2022 Amortization Payment (Beginning of Year)	(62,209,623)
2022 Interest on Amortization Base net of Amortization Payment.....	46,692,587
2022 Priority Allocation Applied to Base	<u>(13,224,680)</u>
Net Balance as of June 30, 2022 on 2014 Cumulative Base	\$ 710,172,073
2023 Amortization Payment (Beginning of Year)	(61,750,023)
2023 Interest on Amortization Base net of Amortization Payment.....	44,092,699
2023 Priority Allocation Applied to Base	<u>(7,208,270)</u>
Net Balance as of June 30, 2023 on 2014 Cumulative Base	\$ 685,306,479
2024 Amortization Payment (Beginning of Year)	(61,750,023)
2024 Interest on Amortization Base net of Amortization Payment.....	42,401,839
2024 Priority Allocation Applied to Base	<u>(18,893,380)</u>
Net Balance as of June 30, 2024 on 2014 Cumulative Base	\$ 647,060,915
2025 Amortization Payment (Beginning of Year)	(61,750,023)
2025 Interest on Amortization Base net of Amortization Payment.....	39,801,141
2025 Priority Allocation Applied to Base	<u>(19,904,750)</u>
Net Balance as of June 30, 2025 on 2014 Cumulative Base	\$ 605,207,283

**EXHIBIT VI – SCHEDULE A
PBI FUNDING ACCOUNT**

1.	PBI Account Balance – June 30, 2024	\$	4,299,473
2.	Investment Earnings on Beginning of Year Balance	\$	412,749
3.	Employer Contributions Allocated to the PBI Account.....	\$	6,944,362
4.	Offset for Present Value of PBI Paid July 1, 2025.....	\$	0
5.	Preliminary PBI Account Balance (1 + 2 + 3 + 4).....	\$	11,656,584
6.	Upper Limit to the PBI Account Balance – June 30, 2025	\$	55,072,510
	(Present Value of Two July 1, 2026 PBIs of 2.00%)		
7.	Final PBI Account Balance – June 30, 2025.....	\$	11,656,584

**EXHIBIT VI – SCHEDULE B
EMPLOYER CONTRIBUTIONS TO PBI FUNDING ACCOUNT**

1.	Covered Payroll for Fiscal 2025.....	\$	385,797,891
2.	Applicable AFC rate for Fiscal 2025.....		1.80%
3.	Fiscal 2025 Employer Contributions Allocated to the PBI Account.....	\$	6,944,362

EXHIBIT VII YEAR-TO-YEAR COMPARISON

	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2022
Number of Active Members	11,645	11,594	11,486	11,450
Number of Retirees & Survivors	13,983	13,929	13,876	13,812
DROP Participants	387	443	507	577
Number of Terminated Due Deferred Benefits	599	603	602	568
Number Terminated Due Refunds	5,858	5,592	5,305	4,979
Active Lives Payroll (excludes DROP participants)	\$ 378,377,578	\$ 373,698,759	\$ 345,894,314	\$ 319,921,190
Retiree Benefits in Payment	\$ 196,474,308	\$ 193,533,113	\$ 190,673,203	\$ 187,682,379
Market Value of Assets (Includes Side Funds)	\$ 2,411,550,113	\$ 2,319,966,685	\$ 2,206,734,240	\$ 2,141,775,693
Ratio of Net Valuation Assets to Actuarial Accrued Liability	84.30%	80.15%	77.44%	75.52%
Actuarial Accrued Liability (EAN)	+ \$ 2,818,777,014	\$ 2,822,817,127	\$ 2,811,720,059	\$ 2,806,773,108
Net Valuation Assets (Net of Side Funds)	+ \$ 2,376,107,980	\$ 2,262,621,505	\$ 2,177,430,404	\$ 2,119,804,904
UAL (Funding Excess)	\$ 442,669,034	\$ 560,195,622	\$ 634,289,655	\$ 686,968,204
PBI Funding Account	\$ 11,656,584	\$ 4,299,473	N/A	N/A
Experience Account	N/A	\$ 0	\$ 648,681	\$ 605,339
Amortization Conversion Account	N/A	N/A	N/A	N/A
	Fiscal 2026	Fiscal 2025	Fiscal 2024	Fiscal 2023
Employee Contribution Rate (First State Service Before July 1, 2010)	7.50%	7.50%	7.50%	7.50%
Employee Contribution Rate (First State Service On Or After July 1, 2010)	8.00%	8.00%	8.00%	8.00%
Minimum Recommended Employer Contribution Rate	19.5%	24.0%	27.6%	27.6%
Total Employer Contribution Rate (Including PBI Funding)	22.0%	25.8%	27.6%	27.6%

† Between Fiscal 2017 and 2023, valuation assets and accrued liability include the Experience Account and exclude the Amortization Conversion Account. Beginning with Fiscal 2024, valuation assets and accrued liability exclude the PBI Funding Account.

Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016
11,700	11,925	11,920	12,033	12,055	12,075
13,699	13,657	13,648	13,482	13,354	13,148
587	595	605	631	622	676
487	395	333	339	311	275
4,649	4,425	4,328	4,475	4,268	3,898
\$ 305,839,425	\$ 298,720,034	\$ 289,730,586	\$ 288,861,936	\$ 284,075,888	\$ 284,835,111
\$ 181,539,981	\$ 178,634,191	\$ 176,378,784	\$ 171,928,419	\$ 167,428,815	\$ 159,448,329
\$ 2,243,057,149	\$ 1,845,618,894	\$ 1,940,389,574	\$ 1,946,113,040	\$ 1,922,705,998	\$ 1,767,810,247
75.70%	74.14%	74.39%	74.59%	74.16%	72.54%
\$ 2,718,374,040	\$ 2,649,075,730	\$ 2,640,451,339	\$ 2,614,250,388	\$ 2,562,633,003	\$ 2,522,157,498
\$ 2,057,868,923	\$ 1,963,950,923	\$ 1,964,143,343	\$ 1,949,906,654	\$ 1,900,329,127	\$ 1,829,595,670
\$ 660,505,117	\$ 685,124,807	\$ 676,307,996	\$ 664,343,734	\$ 662,303,876	\$ 692,561,828
N/A	N/A	N/A	N/A	N/A	N/A
\$ 19,911,687	\$ 5,413,514	\$ 5,174,949	\$ 4,911,217	\$ 4,562,632	\$ 633,076
N/A	N/A	\$ 0	\$ 6,838,575	\$ 11,106,470	\$ 15,719,788
Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017
7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
28.7%	28.7%	29.4%	28.0%	27.6%	27.3%
28.7%	28.7%	29.4%	28.0%	27.6%	27.3%

APPENDIX A GASB 67 AND 82 INFORMATION

GASB INTRODUCTION

Appendix A provides information necessary to prepare financial statements which comply with Governmental Accounting Standards Board (GASB) Statements 67 and 82. This appendix has been prepared in accordance with generally accepted actuarial principles and practices to the extent that there is no conflict with GASB Statements 67 and 82, and to the best of our knowledge and belief, fairly reflects the actuarial present values and liabilities stated herein. The findings in this report are based on data and other information through June 30, 2025.

As of June 30, 2025, pension plan membership consisted of the following:

Active Members	11,645
Retired Members and Survivors	13,983
DROP Participants	387
Terminated Due a Deferred Benefit	599
Terminated Due a Refund	<u>5,858</u>
	<u>32,472</u>

Because the Louisiana School Employees' Retirement System is funded using the same funding method prescribed by GASB and does not require employees or employers to contribute during the period of participation in DROP, the funding methods used are the same for both the funding and GASB valuations. The main differences between the presentation of funding valuation results provided earlier in this report and the GASB valuation values shown within Appendix A arise from the terminology used by GASB for financial statements, from GASB's use of the system's market value of assets (termed Fiduciary Net Position) without the application of actuarial smoothing methods used to determine funding values, and from the treatment of the PBI account (as described below).

From Fiscal 2017 through Fiscal 2024, the Total Pension Liability included a write-in liability that recognized that a portion of future investment gains would be used to fund the system's Experience Account. Beginning with the Fiscal 2017 valuation, since neither the existing funds in the account nor future deposits to the account could be used to pay for existing benefits, we added a liability equal to an amount equal to the cap related to filling the Experience Account. Hence, no liability for payments beyond the current filling of the Experience Account were included in the Total Pension Liability.

With Act 184 of 2023, the future of COLAs/PBIs was changed. Since the system met the conditions within the Fiscal 2024 valuation to require employers to provide the full 2.5% funding for future PBIs, the Experience Account ceased to exist, and the added liability related to the Experience Account was removed. The remaining funds in the Experience Account were transferred to the system's new PBI Account. For funding purposes, the PBI Account is excluded from the system's Net Valuation Assets since the funds set aside in the PBI Account are meant to prefund future PBIs that are not yet included in the system's

accrued liability figures. However, GASB calculations are made on the audited financial statements and the PBI Account is included in the system’s total assets (Fiduciary Net Position). Thus, we include an offsetting liability for the PBI Account balance in the system’s total liabilities (Total Pension Liability) which represents the portion of a future PBI currently funded by that account and not available for funding current statutory benefits. This results in no effect on the system’s Net Pension Liability similar to the alternative approach taken in the funding valuation where the Unfunded Accrued Liability was not affected by the PBI Account balance since it was excluded from both assets and liabilities.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such facts as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in the demographic composition of the group; completion of amortization payments or credit schedules; and changes in plan provisions or applicable law.

Fiduciary Net Position

The total market value of assets (or Fiduciary Net Position) can be broken down into several separate accounts. As of June 30, 2025 these subaccounts are valued as follows:

Annuity Savings Fund	\$ 207,562,801
Annuity Reserve Fund	1,757,767,992
Pension Accumulation Fund	362,406,178
DROP Account	72,156,558
PBI Funding Account	11,656,584
Total Net Position	\$ 2,411,550,113

Annuity Savings Fund - The Annuity Savings Fund represents employee contributions held on behalf of members and former members who have not yet begun receiving benefits.

Annuity Reserve Fund - The Annuity Reserve Fund represents the present value of future annuity benefits owed to retirees and survivors based on current plan assumptions.

Pension Accumulation Fund - The Pension Accumulation Fund represents the remaining amount of plan assets that have been accumulated to fund benefits (in excess of a return of employee contributions) for active members and vested former members. The Pension Accumulation Fund can be positive or negative. A negative figure would indicate a lack of funding for such future benefits. A positive figure represents an amount set aside for such future benefits.

DROP/IBRP Account - The DROP/IBRP Account contains the DROP balances for current DROP members and active members who previously completed DROP. Additionally, it includes DROP/IBRP funds that are left on deposit by former members who elected to leave their lump sum balance in the care of the retirement system following their retirement along with investment earnings allocated to those accounts.

PBI Funding Account - The PBI Funding Account was initially funded by a transfer from the system’s Experience Account when that fund ceased to exist. Additions to the account are accumulated through employer contributions in excess of the minimum recommended actuarially determined employer contribution rate. In Fiscal 2025, employers contributed 1.8% above the minimum recommended actuarially determined employer contribution rate in accordance with statutes. Beginning with Fiscal 2026, an additional 2.5% AFC rate will be assessed to the employer each year to add funding to the PBI Account provided that the total employer rate does not exceed 27.6%. These funds are designated to fund future permanent benefit increases to qualifying plan retirees and survivors.

Total Pension Liability

The Total Pension Liability (called the actuarial accrued liability in the funding report) as stated in this report is based on the Individual Entry Age Normal actuarial cost method as described in Statement 67 of the Government Accounting Standards Board (GASB 67). Calculations were made as of June 30, 2025 and were based on June 30, 2025 data.

The measurement of total pension liability as of June 30, 2025 has been completed using the same actuarial assumptions as those used in determining funding valuation figures. These assumptions are enumerated in the Actuarial Assumptions section of this report.

Pension Liability for Active Members	\$	981,139,134
Pension Liability for Terminated Members		45,883,446
Pension Liability for Retirees & Survivors		1,791,754,434
Pension Liability for PBI Funding Account		11,656,584
Total Pension Liability	\$	2,830,433,598

Net Pension Liability

The components of the net pension liability (or Unfunded Actuarial Accrued Liability as of June 30, 2025 determined using the market value of assets (Plan Fiduciary Net Position) instead of the smoothed Actuarial Value of Assets used in the funding valuation), are as follows:

Total Pension Liability	\$	2,830,433,598
Less: Plan Fiduciary Net Position		(2,411,550,113)
Net Pension Liability	\$	418,883,485

Sensitivity of Net Pension Liability to Differences in Discount Rate

The following presents the net pension liability of the system calculated using the discount rate of 6.80%, as well as what the system’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Net Pension Liability	\$680,876,564	\$418,883,485	\$194,264,565

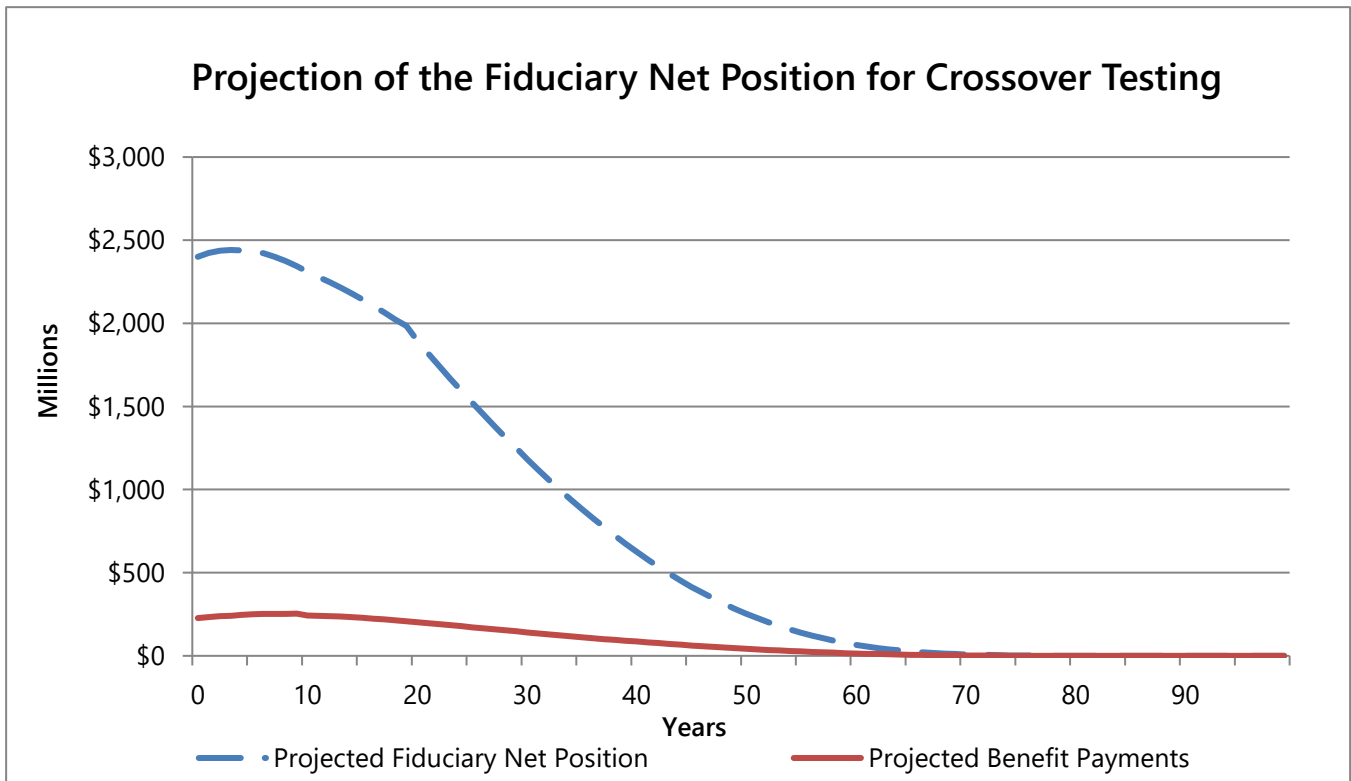
Collective Pension Expense

The collective pension expense is the total pension expense recognized by a cost-sharing plan under GASB 67, reflecting all changes in liabilities, assets, and deferrals before allocation to employers. For the year ended June 30, 2025, the Collective Pension Expense (Income) for the system is \$(4,826,650).

Crossover Testing

GASB 67 requires the system’s actuary to perform a crossover test to determine whether a public pension plan should discount its liabilities using the long-term expected rate of return on plan investments or, in part, based on a tax-exempt, high-quality municipal bond index rate. The purpose of this test is to assess whether the system’s projected plan assets, together with future contributions, will be sufficient to cover all projected benefit payments. (See the following figure)

Within this crossover test, projected assets were found to meet or exceed projected benefit payments. Therefore, all liabilities have been discounted using the long-term expected rate of return.



Amortization of Deferred Inflows and Outflows

GASB 67 requires the amortization of deferred inflows and outflows. This amortization is not an amortization that recognizes the time value of money, but instead simply recognizes the impact of inflows and outflows for certain gains and losses equally over a specified amortization period by dividing the gain/loss over the amortization period. The following table describes the changes that are amortized and the amortization period to be used.

Source of Change	Basis of Amortization Period	Current Amortization Period
Differences between expected and actual experience (demographic/economic factors such as turnover, salary, mortality)	Expected remaining service life of active and inactive members	3
Changes in actuarial assumptions (e.g., discount rate, retirement age, inflation)	Expected remaining service life of active and inactive members	3
Differences between projected and actual investment earnings on plan assets	5 years (fixed, closed)	5

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
Current Assets:		
Cash & Cash Equivalents in Banks	\$ 25,482,298	\$ 27,271,534
Contributions Receivable	18,659,239	19,165,497
Accrued Interest and Dividends	1,383,727	1,851,059
Investments Receivable	2,240,510	2,580,129
Other Current Assets	906,139	1,339,350
TOTAL CURRENT ASSETS	\$ 48,671,913	\$ 52,207,569
Property, Plant & Equipment	\$ 2,812,407	\$ 2,893,941
Investments:		
Cash & cash equivalents	\$ 41,603,172	\$ 49,670,958
Equities	517,182,809	587,746,609
Fixed income	125,478,375	120,348,224
Real Estate	249,375,369	279,755,043
Alternative Investments	1,384,251,393	1,193,894,929
Drop Balances Held Outside System Assets	50,285,317	46,931,787
Collateral Held under Securities Lending Program	15,241,434	75,068,374
TOTAL INVESTMENTS	\$ 2,383,417,869	\$ 2,353,415,924
DEFERRED OUTFLOWS OF RESOURCES	\$ 940,183	\$ 810,406
Current Liabilities:		
Accounts Payable	\$ 1,084,088	\$ 1,365,647
Benefits Payable	347,728	282,159
Refunds Payable	28,909	30,624
Investments Payable	0	5,866,847
Obligations - Security Lending	15,241,434	75,068,374
Other Postemployment Benefits	5,140,413	4,612,921
Accrued Payroll and Taxes	1,355,750	357,950
TOTAL CURRENT LIABILITIES	\$ 23,198,322	\$ 87,584,522
DEFERRED INFLOWS OF RESOURCES	\$ 1,093,937	\$ 1,776,633
FIDUCIARY NET POSITION	\$ 2,411,550,113	\$ 2,319,966,685

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025 AND 2024

	2025	2024
BEGINNING OF YEAR FIDUCIARY NET POSITION:	\$ 2,319,966,685	\$ 2,206,734,240
Adjustment Due to Prior Year Restatement *	(886,338)	N/A
RESTATED BEGINNING OF YEAR FIDUCIARY NET POSITION:	\$ 2,319,080,347	N/A
Income:		
Regular Member Contributions	\$ 29,936,691	\$ 29,230,446
Regular Employer Contributions	99,535,856	104,112,158
Irregular Contributions	1,258,629	768,549
TOTAL CONTRIBUTIONS	\$ 130,731,176	\$ 134,111,153
Net Appreciation of Fair Value of Investments	\$ 151,143,437	\$ 169,785,984
Dividends, Interest and Recurring Income	9,567,827	11,864,950
Alternative Investment Income	41,240,812	31,572,297
Securities Lending Program	116,901	197,048
Investment Expense	(21,252,035)	(20,289,250)
TOTAL MARKET INVESTMENT INCOME	\$ 180,816,942	\$ 193,131,029
TOTAL INCOME	\$ 311,548,118	\$ 327,242,182
Expenses:		
Retirement Benefits	\$ 194,558,692	\$ 192,176,426
DROP and IBRP Benefits	14,262,275	12,291,623
Refunds of Contributions	5,645,193	5,429,480
Funds Transferred to other Systems	362,082	247,432
Administrative Expenses	4,250,110	3,864,776
TOTAL EXPENSES	\$ 219,078,352	\$ 214,009,737
NET MARKET INCOME (INCOME – EXPENSES)	\$ 92,469,766	\$ 113,232,445
END OF YEAR FIDUCIARY NET POSITION	\$ 2,411,550,113	\$ 2,319,966,685

* Cumulative effect of implementation of GASB 101.

SCHEDULE OF PENSION EXPENSE FOR THE YEAR ENDED June 30, 2025

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) – (b)	Collective Deferred Inflows (d)	Collective Deferred Outflows (e)	Collective Pension Expense (f)=(c)+(d)- (e)+(g)	Revenue Excluded from Pension Expense* (g)
Beginning Balance:	\$ 2,827,116,600	\$ 2,319,966,685	\$ 507,149,915	\$ 136,260,928	\$ 78,527,165	N/A	N/A
Service Cost	54,324,455		54,324,455			\$ 54,324,455	
Interest on Total Pension Liability	188,796,041		188,796,041			188,796,041	
Changes in Benefit Terms	0		0			0	
Differences Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(26,233,885)		(26,233,885)	26,233,885	0		
Current Year Amortization				(8,744,628)	(6,161,636)	(2,582,992)	
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	0		0	0	0		
Current Year Amortization				(10,836,234)	0	(10,836,234)	
Benefit Payments	(208,820,967)		(208,820,967)			(208,820,967)	
Refunds of Contributions	(5,645,193)		(5,645,193)			(5,645,193)	
Other	896,547		896,547			896,547	
Contributions – Member		29,936,691	(29,936,691)			(29,936,691)	
Contributions – Employer*		99,535,856	(99,535,856)				\$ 99,535,856
Contributions – Nonemployer Contributing Entities*		0	0				0
Projected Earnings on Pension Plan Investments		154,773,690	(154,773,690)			(154,773,690)	
Difference Between Projected and Actual Earnings on Pension Plan Investments		26,043,252	(26,043,252)	26,043,252	0		
Current Year Amortization				(88,055,935)	(33,101,948)	(54,953,987)	
Benefit Payments		(208,820,967)	208,820,967			208,820,967	
Refunds of Contributions		(5,645,193)	5,645,193			5,645,193	
Administrative Expenses †		(5,136,448)	5,136,448			5,136,448	
Other		896,547	(896,547)			(896,547)	
Net Increase (Decrease)	\$ 3,316,998	\$ 91,583,428	\$ (88,266,430)	\$ (55,359,660)	\$ (39,263,584)	\$ (4,826,650)	\$ 99,535,856
Ending Balance	\$ 2,830,433,598	\$ 2,411,550,113	\$ 418,883,485	\$ 80,901,268	\$ 39,263,581	N/A	N/A

For the year ended June 30, 2025, the Collective Pension Expense (Income) for the system is \$(4,826,650).

* Contributions from employers and non-employer contributing entities are excluded from Pension Expense and are reported as revenue as per paragraphs 58 and 71(c) of GASB 68.

† Administrative Expenses in this exhibit includes a prior period adjustment for the cumulative effect of the implementation of GASB 101.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS 2016 – 2025

	2025	2024	2023	2022
Total Pension Liability:				
Service Cost	\$ 54,324,455	\$ 51,125,009	\$ 47,062,712	\$ 45,130,304
Interest	188,796,041	187,671,738	187,111,033	183,844,863
Changes of Benefit Terms	0	0	0	20,813,663
Differences Between Expected and Actual Experience	(26,233,885)	18,484,907	24,320,337	15,907,288
Changes of Assumptions	0	(32,508,701)	(45,723,414)	24,236,466
Benefit Payments	(208,820,967)	(204,468,049)	(202,881,154)	(197,999,051)
Refunds of Member Contributions	(5,645,193)	(5,429,480)	(5,852,970)	(5,720,102)
Other	896,547	521,117	910,407	2,185,637
Net Change in Total Pension Liability	\$ 3,316,998	\$ 15,396,541	\$ 4,946,951	\$ 88,399,068
Total Pension Liability – Beginning	\$ 2,827,116,600	\$ 2,811,720,059	\$ 2,806,773,108	\$ 2,718,374,040
Total Pension Liability – Ending (a)	\$ 2,830,433,598	\$ 2,827,116,600	\$ 2,811,720,059	\$ 2,806,773,108
Plan Fiduciary Net Position:				
Contributions – Member	\$ 29,936,691	\$ 29,230,446	\$ 26,932,186	\$ 25,033,915
Contributions – Employer	99,535,856	104,112,158	96,194,424	93,114,029
Contributions – Nonemployer Contributing Entities	0	0	0	0
Net Investment Income	180,816,942	193,131,029	153,418,063	(13,709,631)
Benefit Payments	(208,820,967)	(204,468,049)	(202,881,154)	(197,999,051)
Refunds of Member Contributions	(5,645,193)	(5,429,480)	(5,852,970)	(5,720,102)
Administrative Expenses †	(5,136,448)	(3,864,776)	(3,762,409)	(4,186,253)
Other	896,547	521,117	910,407	2,185,637
Net Change in Plan Fiduciary Net Position	\$ 91,583,428	\$ 113,232,445	\$ 64,958,547	\$ (101,281,456)
Plan Fiduciary Net Position – Beginning	\$ 2,319,966,685	\$ 2,206,734,240	\$ 2,141,775,693	\$ 2,243,057,149
Plan Fiduciary Net Position – Ending (b)	\$ 2,411,550,113	\$ 2,319,966,685	\$ 2,206,734,240	\$ 2,141,775,693
Net Pension Liability (Asset) – Ending (a) – (b)	\$ 418,883,485	\$ 507,149,915	\$ 604,985,819	\$ 664,997,415
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.20%	82.06%	78.48%	76.31%
Covered Payroll	\$ 385,797,891	\$ 377,217,964	\$ 348,530,522	\$ 324,439,125
Net Pension Liability (Asset) as a Percentage of Covered Payroll	108.58%	134.44%	173.58%	204.97%

† 2018 and 2025 Administrative Expenses contain prior period adjustments for the cumulative effect of changes in accounting principles relative to GASB 75 and 101 respectively.

2021	2020	2019	2018	2017	2016
\$ 43,775,376	\$ 43,447,024	\$ 43,432,578	\$ 45,867,897	\$ 46,810,714	\$ 47,736,305
181,783,980	181,154,463	180,942,769	179,235,346	176,703,036	171,263,493
0	0	0	0	0	24,227,513
15,421,605	(20,719,787)	(17,895,179)	(16,556,084)	(22,200,508)	(366,508)
23,492,565	0	14,364,127	32,157,641	20,126,949	(29,907,056)
(192,699,081)	(191,516,165)	(190,583,243)	(185,260,310)	(179,085,508)	(173,565,398)
(3,465,564)	(4,460,650)	(5,711,862)	(4,843,590)	(4,231,413)	(4,139,711)
989,429	719,506	1,651,761	1,016,485	2,352,235	1,325,673
<u>\$ 69,298,310</u>	<u>\$ 8,624,391</u>	<u>\$ 26,200,951</u>	<u>\$ 51,617,385</u>	<u>\$ 40,475,505</u>	<u>\$ 36,574,311</u>
<u>\$ 2,649,075,730</u>	<u>\$ 2,640,451,339</u>	<u>\$ 2,614,250,388</u>	<u>\$ 2,562,633,003</u>	<u>\$ 2,522,157,498</u>	<u>\$ 2,485,583,187</u>
<u>\$ 2,718,374,040</u>	<u>\$ 2,649,075,730</u>	<u>\$ 2,640,451,339</u>	<u>\$ 2,614,250,388</u>	<u>\$ 2,562,633,003</u>	<u>\$ 2,522,157,498</u>
\$ 23,814,272	\$ 23,098,769	\$ 22,382,628	\$ 22,140,933	\$ 21,874,930	\$ 21,590,258
88,807,324	88,488,996	82,068,712	80,258,243	78,768,502	86,414,623
0	0	0	0	0	0
483,971,829	(7,060,043)	88,335,369	118,140,167	239,412,332	(10,422,226)
(192,699,081)	(191,516,165)	(190,583,243)	(185,260,310)	(179,085,508)	(173,565,398)
(3,465,564)	(4,460,650)	(5,711,862)	(4,843,590)	(4,231,413)	(4,139,711)
(3,979,954)	(4,041,093)	(3,866,831)	(8,044,886)	(4,195,327)	(4,849,153)
989,429	719,506	1,651,761	1,016,485	2,352,235	1,325,673
<u>\$ 397,438,255</u>	<u>\$ (94,770,680)</u>	<u>\$ (5,723,466)</u>	<u>\$ 23,407,042</u>	<u>\$ 154,895,751</u>	<u>\$ (83,645,934)</u>
<u>\$ 1,845,618,894</u>	<u>\$ 1,940,389,574</u>	<u>\$ 1,946,113,040</u>	<u>\$ 1,922,705,998</u>	<u>\$ 1,767,810,247</u>	<u>\$ 1,851,456,181</u>
<u>\$ 2,243,057,149</u>	<u>\$ 1,845,618,894</u>	<u>\$ 1,940,389,574</u>	<u>\$ 1,946,113,040</u>	<u>\$ 1,922,705,998</u>	<u>\$ 1,767,810,247</u>
\$ 475,316,891	\$ 803,456,836	\$ 700,061,765	\$ 668,137,348	\$ 639,927,005	\$ 754,347,251
82.51%	69.67%	73.49%	74.44%	75.03%	70.09%
\$ 309,433,185	\$ 300,982,980	\$ 293,102,543	\$ 290,790,736	\$ 288,529,311	\$ 286,141,136
153.61%	266.94%	238.85%	229.77%	221.79%	263.63%

SCHEDULE OF NET PENSION LIABILITY FOR THE YEARS 2016 – 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$ 2,830,433,598	\$ 2,827,116,600	\$ 2,811,720,059	\$ 2,806,773,108
Plan Fiduciary Net Position	2,411,550,113	2,319,966,685	2,206,734,240	2,141,775,693
Net Pension Liability (Asset)	<u>\$ 418,883,485</u>	<u>\$ 507,149,915</u>	<u>\$ 604,985,819</u>	<u>\$ 664,997,415</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.20%	82.06%	78.48%	76.31%
Covered Payroll	\$ 385,797,891	\$ 377,217,964	\$ 348,530,522	\$ 324,439,125
Net Pension Liability (Asset) as a Percentage of Covered Payroll	108.58%	134.44%	173.58%	204.97%

SCHEDULE OF CONTRIBUTIONS FOR THE YEARS 2016 – 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution (Determined as of the Prior Fiscal Year) *	\$ 92,591,494	\$ 104,112,158	\$ 96,194,424	\$ 93,114,029
Contributions in Relation to the Actuarially Determined Contribution *	99,535,856	104,112,158	96,194,424	93,114,029
Contribution Deficiency (Excess)	<u>\$ (6,944,362)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 385,797,891	\$ 377,217,964	\$ 348,530,522	\$ 324,439,125
Contributions as a Percentage of Covered Payroll	25.80%	27.60%	27.60%	28.70%

* Includes contributions from employers and non-employer contributing entities.

2021	2020	2019	2018	2017	2016
\$ 2,718,374,040	\$ 2,649,075,730	\$ 2,640,451,339	\$ 2,614,250,388	\$ 2,562,633,003	\$ 2,522,157,498
2,243,057,149	1,845,618,894	1,940,389,574	1,946,113,040	1,922,705,998	1,767,810,247
<u>\$ 475,316,891</u>	<u>\$ 803,456,836</u>	<u>\$ 700,061,765</u>	<u>\$ 668,137,348</u>	<u>\$ 639,927,005</u>	<u>\$ 754,347,251</u>
82.51%	69.67%	73.49%	74.44%	75.03%	70.09%
\$ 309,433,185	\$ 300,982,980	\$ 293,102,543	\$ 290,790,736	\$ 288,529,311	\$ 286,141,136
153.61%	266.94%	238.85%	229.77%	221.79%	263.63%

2021	2020	2019	2018	2017	2016
\$ 88,807,324	\$ 88,488,996	\$ 82,068,712	\$ 80,258,243	\$ 78,768,502	\$ 86,414,623
88,807,324	88,488,996	82,068,712	80,258,243	78,768,502	86,414,623
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 309,433,185	\$ 300,982,980	\$ 293,102,543	\$ 290,790,736	\$ 288,529,311	\$ 286,141,136
28.70%	29.40%	28.00%	27.60%	27.30%	30.20%

APPENDIX B CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2024	11,594	6,195	443	13,929	32,161
Additions to Census					
Initial membership	1,325	204			1,529
Omitted in error last year				1	1
Death of another member				152	152
Adjustment for multiple records					
Change in Status during Year					
Actives terminating service	(626)	626			
Actives who retired	(438)			438	
Actives entering DROP	(146)		146		
Term. members rehired	129	(129)			
Term. members who retire		(41)		41	
Retirees who are rehired					
Refunded who are rehired	45	4			49
DROP participants retiring			(75)	75	
DROP returned to work	125		(125)		
Status error last year		1		(1)	
Eliminated from Census					
Refund of contributions	(323)	(351)			(674)
Deaths	(40)	(51)	(2)	(647)	(740)
Included in error last year		(1)		(4)	(5)
Adjustment for multiple records				(1)	(1)
Number of members as of June 30, 2025	11,645	6,457	387	13,983	32,472

Actives Census by Age:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	14	5	19	26,390	501,419
21 - 25	122	58	180	28,550	5,138,996
26 - 30	181	173	354	30,824	10,911,842
31 - 35	248	375	623	30,958	19,286,680
36 - 40	319	559	878	32,432	28,474,936
41 - 45	396	725	1,121	32,971	36,960,679
46 - 50	446	796	1,242	33,599	41,730,255
51 - 55	543	910	1,453	33,756	49,048,146
56 - 60	767	1,225	1,992	33,714	67,157,973
61 - 65	825	1,034	1,859	32,809	60,991,436
66 - 70	596	572	1,168	30,711	35,870,098
71 - 75	299	245	544	29,319	15,949,488
76 - 80	91	71	162	28,834	4,671,118
81 - 85	22	20	42	34,755	1,459,700
86 - 90	5	2	7	28,854	201,981
91 - 95	0	1	1	22,831	22,831
Total	4,874	6,771	11,645	32,493	378,377,578

Includes 6,710 actives with vested benefits, including 584 active former DROP participants. Excludes 387 DROP participants.

DROP Participants:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	1	1	2	38,406	76,811
51 - 55	11	7	18	41,085	739,534
56 - 60	62	71	133	26,266	3,493,386
61 - 65	90	137	227	16,406	3,724,200
66 - 70	0	1	1	2,103	2,103
71 - 75	3	2	5	3,211	16,057
76 - 80	1	0	1	7,185	7,185
Total	168	219	387	20,825	8,059,276

Terminated Members Due a Deferred Retirement Benefit:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
21 - 25	1	0	1	5,180	5,180
26 - 30	7	1	8	5,516	44,125
31 - 35	17	11	28	4,852	135,847
36 - 40	19	15	34	6,808	231,486
41 - 45	26	36	62	7,497	464,827
46 - 50	29	58	87	8,196	713,024
51 - 55	35	78	113	8,165	922,653
56 - 60	61	83	144	9,309	1,340,547
61 - 65	26	45	71	7,459	529,597
66 - 70	13	18	31	7,193	222,978
71 - 75	4	7	11	5,459	60,047
76 - 80	1	4	5	3,225	16,124
81 - 85	1	2	3	6,578	19,733
86 - 90	0	1	1	254	254
Total	240	359	599	7,857	4,706,422

Terminated Members Due a Refund of Contributions:

Contributions Ranging	Number	Total
From To		Contributions
0 - 99	850	39,331
100 - 499	1,532	392,731
500 - 999	802	578,237
1,000 - 1,999	941	1,369,748
2,000 - 4,999	1,116	3,616,188
5,000 - 9,999	543	3,714,489
10,000 - 19,999	69	872,565
20,000 - 99,999	5	141,892
Total	5,858	10,725,181

Excludes \$697,228 in refunds due to heirs of deceased members and \$355,882 in refunds due to reemployed retirees.

Regular Retirees:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
41 - 45	0	2	2	8,975	17,949
46 - 50	3	2	5	7,304	36,521
51 - 55	28	30	58	23,300	1,351,428
56 - 60	138	166	304	23,395	7,111,987
61 - 65	616	822	1,438	18,002	25,887,140
66 - 70	1,085	1,404	2,489	15,791	39,305,021
71 - 75	1,086	1,364	2,450	15,526	38,039,745
76 - 80	858	1,315	2,173	13,773	29,929,531
81 - 85	544	968	1,512	11,742	17,754,623
86 - 90	280	559	839	10,056	8,437,240
91 - 95	122	208	330	9,759	3,220,506
96 - 100	25	33	58	11,833	686,317
101 - 105	2	2	4	13,396	53,585
Total	4,787	6,875	11,662	14,734	171,831,593

Disability Retirees:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
36 - 40	0	2	2	8,195	16,390
41 - 45	1	2	3	6,580	19,740
46 - 50	1	6	7	10,654	74,576
51 - 55	12	31	43	9,801	421,436
56 - 60	15	46	61	9,018	550,088
61 - 65	0	1	1	13,207	13,207
Total	29	88	117	9,363	1,095,437

Survivors:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
0 - 20	10	15	25	11,737	293,429
21 - 25	6	5	11	10,654	117,190
26 - 30	2	4	6	6,861	41,165
31 - 35	5	4	9	4,921	44,285
36 - 40	6	11	17	9,125	155,132
41 - 45	10	13	23	8,840	203,331
46 - 50	9	21	30	10,649	319,466
51 - 55	13	45	58	11,938	692,429
56 - 60	23	76	99	11,902	1,178,339
61 - 65	38	137	175	11,895	2,081,667
66 - 70	57	219	276	12,113	3,343,149
71 - 75	64	265	329	11,686	3,844,716
76 - 80	77	359	436	10,802	4,709,670
81 - 85	63	272	335	9,849	3,299,386
86 - 90	42	219	261	8,727	2,277,677
91 - 95	16	73	89	8,159	726,122
96 - 100	1	23	24	8,962	215,082
101 - 105	1	0	1	5,043	5,043
Total	443	1,761	2,204	10,684	23,547,278

Active Members:

Attained Ages	Completed Years of Service								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 20	16	3	-	-	-	-	-	-	19
21 - 25	85	93	2	-	-	-	-	-	180
26 - 30	111	193	47	3	-	-	-	-	354
31 - 35	149	286	158	29	1	-	-	-	623
36 - 40	158	380	229	73	38	-	-	-	878
41 - 45	153	434	268	144	93	28	1	-	1,121
46 - 50	155	358	306	188	140	72	23	-	1,242
51 - 55	142	379	320	191	207	141	70	3	1,453
56 - 60	160	494	419	298	333	209	60	19	1,992
61 - 65	125	470	462	275	206	164	102	55	1,859
66 - 70	116	300	278	164	113	80	70	47	1,168
71 & Over	49	207	180	107	74	43	36	60	756
Total	1,419	3,597	2,669	1,472	1,205	737	362	184	11,645

Average Annual Salary of Active Members:

Attained Ages	Completed Years of Service								Average
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 20	26,153	27,658	-	-	-	-	-	-	26,390
21 - 25	27,034	29,804	34,648	-	-	-	-	-	28,550
26 - 30	28,988	30,794	34,380	45,059	-	-	-	-	30,824
31 - 35	26,758	30,412	33,987	40,872	46,654	-	-	-	30,958
36 - 40	27,828	30,958	34,884	36,730	43,271	-	-	-	32,432
41 - 45	28,844	31,142	32,649	34,549	42,431	46,714	52,816	-	32,971
46 - 50	28,454	30,637	33,604	34,029	39,635	42,654	45,734	-	33,599
51 - 55	28,518	30,266	33,126	33,785	37,555	38,718	44,914	32,473	33,756
56 - 60	28,601	30,391	33,177	35,248	36,078	36,715	41,856	50,794	33,714
61 - 65	27,351	30,056	32,088	33,857	34,733	38,049	38,684	35,823	32,809
66 - 70	25,756	28,017	30,103	32,386	32,229	36,762	34,450	38,366	30,711
71 & Over	24,860	27,533	28,092	30,068	33,646	33,045	34,293	32,808	29,504
Average	27,760	30,152	32,532	34,083	36,731	38,146	39,646	36,981	32,493

Terminated Members Due a Deferred Retirement Benefit:

Attained Ages	Years until Retirement Eligibility								Total
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 30	-	-	-	-	-	-	-	9	9
31 - 35	-	-	-	-	-	-	-	28	28
36 - 40	-	-	-	-	-	-	2	32	34
41 - 45	-	-	-	-	-	3	54	5	62
46 - 50	-	-	-	-	5	75	7	-	87
51 - 55	-	-	1	10	92	10	-	-	113
56 - 60	37	29	26	44	8	-	-	-	144
61 - 65	66	5	-	-	-	-	-	-	71
66 - 70	31	-	-	-	-	-	-	-	31
71 & Over	20	-	-	-	-	-	-	-	20
Total	154	34	27	54	105	88	63	74	599

Average Annual Benefits of Terminated Members Due a Deferred Retirement Benefit:

Attained Ages	Years until Retirement Eligibility								Average
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 30	-	-	-	-	-	-	-	5,478	5,478
31 - 35	-	-	-	-	-	-	-	4,852	4,852
36 - 40	-	-	-	-	-	-	10,315	6,589	6,808
41 - 45	-	-	-	-	-	10,630	7,490	5,696	7,497
46 - 50	-	-	-	-	5,827	8,690	4,593	-	8,196
51 - 55	-	-	3,154	12,029	8,208	4,407	-	-	8,165
56 - 60	10,847	10,070	8,658	9,004	3,242	-	-	-	9,309
61 - 65	7,742	3,721	-	-	-	-	-	-	7,459
66 - 70	7,193	-	-	-	-	-	-	-	7,193
71 & Over	4,808	-	-	-	-	-	-	-	4,808
Average	7,996	9,136	8,454	9,564	7,716	8,269	7,258	5,736	7,857

Service Retirees:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 50	2	1	-	3	1	-	-	-	7
51 - 55	18	8	9	12	10	1	-	-	58
56 - 60	73	50	28	63	57	23	6	4	304
61 - 65	204	192	197	264	331	152	54	44	1,438
66 - 70	143	172	195	436	837	391	183	132	2,489
71 - 75	63	43	57	192	697	711	427	260	2,450
76 - 80	27	39	31	93	276	552	671	484	2,173
81 - 85	12	4	12	32	102	166	392	792	1,512
86 - 90	2	2	3	5	32	59	107	629	839
91 & Over	-	-	1	-	3	5	18	365	392
Total	544	511	533	1,100	2,346	2,060	1,858	2,710	11,662

Average Annual Benefits Payable to Service Retirees:

Attained Ages	Completed Years Since Retirement								Average
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	Over 20	
0 - 50	7,599	9,819	-	7,005	8,439	-	-	-	7,781
51 - 55	26,858	20,922	30,199	23,791	13,169	11,634	-	-	23,300
56 - 60	23,318	27,012	24,945	26,229	22,859	13,691	10,494	6,876	23,395
61 - 65	15,351	15,619	16,980	16,638	22,137	23,063	14,118	9,636	18,002
66 - 70	12,378	13,575	12,887	14,109	16,117	21,705	17,272	10,588	15,791
71 - 75	15,456	13,166	10,163	12,786	14,715	16,955	18,646	12,279	15,526
76 - 80	9,082	11,069	12,624	12,573	12,787	14,205	14,917	13,043	13,773
81 - 85	16,607	5,330	9,634	12,308	12,851	14,197	12,177	10,838	11,742
86 - 90	6,556	10,562	5,969	12,622	12,473	12,812	10,481	9,611	10,056
91 & Over	-	-	7,602	-	12,795	14,285	11,405	9,966	10,103
Average	15,687	15,463	14,897	15,077	16,110	17,184	15,101	10,930	14,734

Disability Retirees:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	-	-	-	-	-	-	-	-
36 - 40	-	2	-	-	-	-	-	-	2
41 - 45	-	3	-	-	-	-	-	-	3
46 - 50	1	5	1	-	-	-	-	-	7
51 - 55	4	14	16	8	1	-	-	-	43
56 - 60	2	25	20	8	5	-	1	-	61
61 - 65	-	1	-	-	-	-	-	-	1
66 - 70	-	-	-	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-	-	-	-
76 - 80	-	-	-	-	-	-	-	-	-
81 & Over	-	-	-	-	-	-	-	-	-
Total	7	50	37	16	6	-	1	-	117

Average Annual Benefits Payable To Disability Retirees:

Attained Ages	Completed Years Since Retirement								Average
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	-	-	-	-	-	-	-	-
36 - 40	-	8,195	-	-	-	-	-	-	8,195
41 - 45	-	6,580	-	-	-	-	-	-	6,580
46 - 50	22,752	8,912	7,265	-	-	-	-	-	10,654
51 - 55	13,594	9,315	9,280	10,317	5,638	-	-	-	9,801
56 - 60	12,632	10,444	8,551	7,475	5,731	-	4,247	-	9,018
61 - 65	-	13,207	-	-	-	-	-	-	13,207
66 - 70	-	-	-	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-	-	-	-
76 - 80	-	-	-	-	-	-	-	-	-
81 & Over	-	-	-	-	-	-	-	-	-
Average	14,627	9,708	8,832	8,896	5,716	-	4,247	-	9,363

Surviving Beneficiaries of Former Members:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	2	12	17	4	3	4	-	-	42
31 - 35	-	2	2	-	-	-	5	-	9
36 - 40	1	1	3	1	4	3	2	2	17
41 - 45	-	4	1	5	5	5	1	2	23
46 - 50	-	7	6	4	5	1	1	6	30
51 - 55	-	6	9	15	12	7	4	5	58
56 - 60	-	13	17	17	15	16	16	5	99
61 - 65	4	8	34	38	36	28	14	13	175
66 - 70	1	24	45	62	46	49	29	20	276
71 - 75	-	14	46	65	70	66	35	33	329
76 - 80	1	16	28	59	114	120	70	28	436
81 & Over	-	3	16	38	70	151	203	229	710
Total	9	110	224	308	380	450	380	343	2,204

Average Annual Benefits Payable to Survivors of Former Members:

Attained Ages	Completed Years Since Retirement								Average
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	Over 30	
0 - 30	7,200	9,375	12,801	14,028	3,839	9,912	-	-	10,757
31 - 35	-	4,522	4,008	-	-	-	5,445	-	4,921
36 - 40	11,294	2,510	8,040	26,406	10,741	7,154	10,992	2,195	9,125
41 - 45	-	13,393	10,457	9,720	8,258	7,439	1,640	5,286	8,840
46 - 50	-	16,020	12,886	8,918	9,839	6,985	5,157	5,501	10,649
51 - 55	-	12,364	21,000	11,019	12,896	7,129	4,250	8,463	11,938
56 - 60	-	20,094	14,334	14,669	9,763	9,491	5,962	6,077	11,902
61 - 65	5,966	14,617	14,649	13,772	12,820	10,903	5,685	5,621	11,895
66 - 70	23,054	13,488	14,576	14,683	11,716	11,535	6,921	6,260	12,113
71 - 75	-	9,894	12,513	14,098	13,378	11,673	8,096	6,790	11,686
76 - 80	14,965	14,537	11,944	11,583	11,260	11,127	8,647	7,862	10,802
81 & Over	-	12,035	11,249	13,336	9,663	8,826	8,775	8,777	9,188
Average	9,731	13,391	13,456	13,382	11,429	10,258	8,207	8,085	10,684

APPENDIX C

SUMMARY OF PRINCIPAL PLAN PROVISIONS

The Louisiana School Employees' Retirement System (LSERS) was established as of July 1, 1947, for the purpose of providing retirement allowances and other benefits as described under R.S. 11:1001 – 11:1206. The following summary of plan provisions covers many of the most important plan provisions covering LSERS but is not a description of every plan provision and should only be used for general informational purposes. This summary does not constitute a guarantee of benefits. The provisions contained within this section are as of June 30, 2025.

MEMBERSHIP

Any school bus operator, 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 along with employees of the system.

CONTRIBUTION RATES

Employees whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred before July 1, 2010 contribute 7.50% of salary, and employees whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or after July 1, 2010 contribute 8.00% of salary. Employers contribute an actuarially determined normal contribution rate plus accrued liability contribution rate. Members are not required to contribute to the system once they have enough service to have accrued 100% of their final average compensation, but the employer is required to continue to contribute the employer's contribution until the member retires or enters DROP.

CONTRIBUTION REFUNDS

Upon withdrawal from service, members not entitled to a retirement allowance may receive a refund of accumulated contributions. Refunds are payable ninety days after the effective date of withdrawal from service if the member's employer has submitted all contributions. (Members who are entitled to a retirement allowance may waive their right to the benefit and accept a refund of accumulated contributions.)

FINAL AVERAGE COMPENSATION

For members whose first employment making them eligible for membership in the system began on or before June 30, 2006, the final average compensation is based on the 36 highest successive or joined months of employment. The compensation used to determine the final average compensation cannot increase more than 10% per year unless the raise is due to an increase in compensation by legislative act or city/parish system-wide salary increase.

For members whose first employment making them eligible for membership in the system began on or after July 1, 2006, and whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or before June 30, 2010, the final average compensation is based on the 60 highest successive or joined months of employment. The compensation used to determine the final

average compensation cannot increase more than 10% per year unless the raise is due to an increase in compensation by legislative act or city/parish system-wide salary increase.

For members whose first employment making them eligible for membership in one of Louisiana's state retirement systems began on or after July 1, 2010, the final average compensation is based on the 60 highest successive or joined months of employment. The compensation used to determine the final average compensation cannot increase more than 15% per year unless the raise is due to an increase in compensation by legislative act or city/parish system-wide salary increase.

VESTED WITHDRAWAL BENEFITS

Members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or before June 30, 2010, who have ten or more years of creditable service, may elect to leave accumulated contributions on deposit and after withdrawal from service receive a retirement allowance based on the creditable service and accrual rate for their period of membership upon reaching age sixty.

Members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or after July 1, 2010, and on or before June 30, 2015, who have five or more years of creditable service, may elect to leave accumulated contributions on deposit and after withdrawal from service receive a retirement allowance based on the creditable service and accrual rate for their period of membership upon reaching age sixty.

Members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or after July 1, 2015, who have five or more years of creditable service, may elect to leave accumulated contributions on deposit and after withdrawal from service receive a retirement allowance based on the creditable service and accrual rate for their period of membership upon reaching age sixty-two.

NORMAL RETIREMENT BENEFITS

For members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or before June 30, 2010, eligibility for normal retirement occurs upon the 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. The retirement allowance is equal to three and one-third percent of the member's final average compensation multiplied by his years of creditable service.

For members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or after July 1, 2010, and on or before June 30, 2015, eligibility for normal retirement occurs upon the attainment of age 60 and 5 years of accredited service. The retirement allowance is equal to two and one-half percent of the member's final average compensation multiplied by his years of creditable service.

For members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or after July 1, 2015, eligibility for normal retirement occurs upon the attainment of age 62 and 5 years of accredited service. The retirement allowance is equal to two and one-half percent of the member's final average compensation multiplied by his years of creditable service.

In addition to the normal retirement benefits, members receive a supplementary allowance equal to twenty-four dollars per annum, or two dollars per month, for each year of accredited service.

The retirement benefits provided by the system cannot annually exceed one hundred percent of average compensation.

EARLY RETIREMENT

Members are eligible to retire under the early retirement provisions if they have at least twenty years of service credit regardless of attained age, exclusive of military service and unused annual and sick leave.

The early retirement benefit is calculated, inclusive of military service credit and allowable unused annual and sick leave, actuarially reduced from the earliest age that the member would normally become eligible for a regular retirement benefit if they had continued in service to that age.

OPTIONAL ALLOWANCES

Members may receive their benefits as a life annuity, or, in lieu of such, receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

Option 1 – If the retiree dies before receiving in annuity payments the present value of their annuity as it was at the time of retirement, the balance is paid to his beneficiary.

Option 2 – Upon retirement, the member receives a reduced benefit. Upon the retiree's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 – Upon retirement, the member receives a reduced benefit. Upon the retiree's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 – Upon retirement, the member elects to receive a reduced benefit and to provide a specified benefit to their designated beneficiary, which in total is actuarially equivalent to the maximum benefit. The form of benefit selected under Option 4 must be approved by the Board of Trustees.

NOTE: Under the legal construct for Option 4, the Board of Trustees has approved the pop up form of benefit, which provides a benefit that reverts to the maximum benefit if the beneficiary predeceases the retiree. This feature requires additional reduction to the member's benefit. Members may select the pop up form with Option 2, Option 3, or Option 4 (where the member may specify a percentage benefit for their beneficiary other than 100% or 50%).

Self-Funded COLA Options: A member may also elect to receive an actuarially reduced benefit that provides for an automatic 2 ½% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs that are payable.

Initial Benefit Retirement Plan (IBRP): This plan is available only to members who have not participated in the Deferred Retirement Option Plan (DROP) and who meet regular retirement eligibility requirements.

Under this plan, members may receive an initial benefit plus a reduced monthly retirement allowance, which, when combined, equal the actuarially equivalent amount of the maximum or optional retirement allowance. The reduced monthly retirement allowance can be paid in the form of a maximum benefit or according to options described above. The initial benefit may not exceed an amount equal to thirty-six payments of the member's maximum retirement allowance. The initial benefit is placed in an account called an IBRP Account where interest is credited annually and can be withdrawn as a lump-sum payment, monthly payments, or other periodic payments.

DISABILITY BENEFITS

Any member who meets the minimum service requirement for disability and who has been officially certified as likely to be totally and permanently incapacitated, either mentally or physically, from the further performance of the duties being performed is entitled to disability benefits.

A member whose first employment making them eligible for membership in LSERS occurred on or before June 30, 2006, may apply for disability benefits if he is not eligible to receive a regular service retirement allowance and has five years of actual credited service. The disability retirement allowance is equal to two and one-half percent of final average compensation multiplied by the years of creditable service, but not less than thirty-three and one-third percent of final average compensation. Such members are not eligible to choose an optional allowance. Upon the death of a disability retiree who leaves a surviving spouse who had been married to the deceased for at least two years prior to death, the spouse receives a benefit equal to 75% of the benefit being received by the disability retiree at death. These benefits are payable for the life of the spouse unless the spouse remarries before age 55. In such a case, the benefit ceases upon the remarriage.

A member whose first employment making them eligible for membership in LSERS occurred on or after July 1, 2006, and whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or before June 30, 2010, may apply for disability benefits if he is not eligible to receive a regular service retirement allowance and has ten years of actual credited service. The disability retirement allowance is equal to three percent of final average compensation multiplied by the years of creditable service. Upon the death of a disability retiree who leaves a surviving spouse who had been married to the deceased for at least two years prior to the death of the disability retiree, the spouse receives a benefit equal to 75% of the benefit being received by the disability retiree at their death. These benefits are payable for the life of the spouse unless the spouse remarries before age 55. In such a case, the benefit ceases upon the remarriage.

A member whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or after July 1, 2010, may apply for disability benefits if he is not eligible to receive a regular service retirement allowance and has ten years of actual credited service. The disability retirement allowance is equal to the regular retirement formula without reduction by reason of age. A selection of retirement option must be made at the time of retirement, and upon the death of the disabled retiree, the option amount selected is paid to the option beneficiary.

SURVIVOR BENEFITS

For members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or before June 30, 2010:

In the case of a death of an active member with 5 years of creditable service (at least 2 years earned immediately prior to death) or a member with 20 years of service at the time of death who has a surviving spouse with a minor child or children, the benefit payable is 75% of the deceased member's final average compensation or \$300 per month, whichever is greater. One-third of this benefit is designated to the spouse and two-thirds to the minor child or children. Child benefits cease at attainment of eighteen years, or upon marriage, except that benefits may continue until age twenty-three if the child remains a full-time student at a high school, vocational school, college, or university.

In the case of a death of an active member with 5 years of creditable service (at least 2 years earned immediately prior to death) or a member with 20 years of service at the time of death who has no surviving spouse but has a minor child or children, the benefit payable is 75% of the deceased member's final average compensation or \$300 per month, whichever is greater. These benefits are paid to the person having legal custody of the child, and benefits cease at attainment of eighteen years, or upon marriage, except that benefits may continue until age twenty-three if the child remains a full-time student at a high school, vocational school, college, or university.

In the case of a death of an active member with 10 years of creditable service (at least 2 years earned immediately prior to death) or a member with 20 years of service at the time of death who has a surviving spouse but has no minor child or children, the benefit payable is 50% of the deceased member's final average compensation or \$200 per month, whichever is greater. Such benefits will not be paid to any surviving spouse who has remarried since the death of the member prior to the age of 55 unless the member was eligible for regular retirement or had 20 years of service credit on the date of death.

Any surviving child of a deceased member, regardless of age, who has a total physical or mental disability and is dependent on the surviving spouse or other legal guardian, may continue to receive lifetime surviving child benefits equal to 75% of the deceased member's final average compensation or \$300 per month, whichever is greater. The total benefits are reduced to an amount which, when added to the other state assistance being received, does not exceed the maximum survivor benefits payable.

In the event of death of a member with no surviving spouse or child due benefits, the accumulated contributions are payable to the designated beneficiaries or estate.

For members whose first employment making them eligible for membership in one of Louisiana's state retirement systems occurred on or after July 1, 2010:

In the case of a death of an active member with 5 years of creditable service (at least 2 years earned immediately prior to death) or a member with 20 years of service at the time of death who has a surviving spouse with a minor child or children, a spousal survivor is paid a benefit equal to 50% of the benefit to which the member would have been entitled if he had retired on the date of his death

using the member's applicable accrual rate regardless of years of service or age, or \$600 per month, whichever is greater.

These benefits are payable for the life of the spouse unless the spouse remarries before age 55. In such a case, the benefit ceases upon the remarriage and resumes payment upon a subsequent divorce or death of a new spouse.

When all surviving children cease to be eligible for benefits, the surviving spouse is paid the benefits due to a surviving spouse without minor children or disabled children, as described below.

In addition to any benefits payable to a spouse or in cases where only surviving minor or disabled children are due benefits, each surviving eligible child, subject to a maximum of two children, is paid 50% percent of the benefit to which a spouse with children is entitled. These benefits are payable even if a member dies after retirement leaving an eligible minor or disabled child.

Any surviving child of a deceased member, regardless of age, who has a total physical or mental disability and is dependent on the surviving spouse or other legal guardian may continue to receive surviving child benefits. The total benefits paid are reduced to an amount which, when added to the other state assistance being received, does not exceed the maximum survivor benefits payable.

In the case of a death of an active member with 10 years of creditable service (at least 2 years earned immediately prior to death) or a member with 20 years of service at the time of death who has a surviving spouse to whom they were married for at least one year prior to their death, who has no minor child or children, a spousal survivor benefit equal to the accrued benefit that would have been due under option 2, or \$600 per month, whichever is greater, is payable. Unless the member was eligible to retire at the time of death, such spousal benefits cease upon remarriage and resume upon a subsequent divorce or death of the new spouse.

In the event of death of a member with no surviving spouse or child due benefits, the accumulated contributions are payable to the designated beneficiaries or estate.

DEFERRED RETIREMENT OPTION PLAN (DROP)

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who is eligible to receive a regular retirement allowance may elect to participate in DROP and defer the receipt of benefits. An election to participate may be made only once, and the duration of participation shall be specified and shall not exceed three years. The three-year period begins within sixty calendar days after the member reaches eligibility. The participation period must end not more than three years and sixty calendar days from the date the member reaches eligibility. Upon commencement of participation in the plan, active membership in the system terminates and neither the employee nor employer contributions are payable. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan, and creditable service excludes conversion of sick and annual leave. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the DROP account equal to the payments to the

account or systematic disbursements based on the individual’s subaccount in any manner approved by the Board. The monthly benefits that were being paid into the system during the period of participation will begin to be paid to the retiree based on the option selected at DROP entry. If employment is not terminated at the end of the DROP period, payments into the account cease and employee and employer contributions resume. Monthly retirement benefits payable after termination of participation in the plan and employment include a base benefit equal to the participant’s monthly credit to the account plus conversion of sick and annual leave, if any, based on the final average compensation rate used to calculate the monthly credit and an additional benefit if employment continues. The additional benefit is based on service credit for the period after plan participation. If the participant dies while still employed, the credits and benefits, if any, due beneficiaries are payable as if the member retired immediately prior to death.

NOTE: For anyone eligible to enter DROP prior to January 1, 2004, the DROP Account Balance earns interest at a rate of one-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. All other DROP accounts are moved to a self-directed plan administered by a third-party provider (Empower Retirement) selected by the Board of Trustees, effective January 1, 2020.

EXPERIENCE ACCOUNT

Act 333 of 2007 established an Experience Account to be used to pay cost-of-living adjustments (COLAs), or permanent benefit increases (PBIs). The Experience Account was credited with 50% of any investment experience gain in excess of the priority amount (\$15 million as of June 30, 2015, indexed based on increases in the actuarial value of assets) along with that portion of the net investment income, if any, attributable to the prior year balance, subject to maximum accumulation limitation based upon the plan’s funded percentage. The account was also debited with that portion of the system’s net investment loss, if any, attributable to the prior year balance. In no event was the amount in the Experience Account allowed to fall below zero.

The Experience Account could not be credited with funds that would cause the balance in the account to exceed the reserve of one permanent benefit increase (PBI) if the system was less than 80% funded or two PBIs if the system is at least 80% funded. R.S. 11:1145.1 set forth the basis for determining the maximum percentage increase in the benefits permissible. The maximum percentage increase was based upon the funded percentage of the system as of the most recent actuarial valuation, and was limited to 2.0% in any year in which the system did not earn an actuarial rate of return of at least 7.25%, according to the following:

Funded Percentage of the System	Maximum Percent PBI
At least 80%	3.0%
At least 75% but less than 80%	2.5%
At least 65% but less than 75%	2.0%
At least 55% but less than 65%	1.5%
Less than 55%	No COLA permitted

Once the balance of the Experience Account accumulated a sum sufficient to grant retirees a PBI, the Board was allowed to recommend that the legislature grant a PBI on benefits up to \$60,000 (indexed for inflation since July 1, 2015), not to exceed the lesser of the CPI-U or a percentage determined based on the funded level percentage attained by the system as described in R. S. 11:1145.1(C)(2), provided a PBI had not been granted in the prior year. PBI benefits were restricted to disability retirees and those retirees and beneficiaries who had attained the age of 60 and had been retired for at least one year. Maximum limitations were outlined in ACT 399 of 2014.

As of June 30, 2024, the remaining funds in the Experience Account were added to the system's PBI Funding Account and the balance in the Experience Account was set to \$0. The system will not add any additional funds to the Experience Account in the future.

PBI FUNDING ACCOUNT

Act 184 of 2023 created a PBI funding account for the purpose of funding future PBIs. The funding of this account is to be provided by an additional employer contribution rate (called the AFC rate) to be required of employers in addition to the actuarially required employer contribution rate under certain circumstances. Contributions collected through the AFC rate will be credited to the PBI funding account for the sole purpose of prefunding PBIs to qualifying retirees and survivors. As of July 1, 2023 the AFC rate will be set to zero.

The PBI funding account will be credited with:

1. Additional employer contributions derived from the AFC rate.
2. That portion of the system's net investment income attributable to the balance in the PBI account at the end of the prior year.

The PBI funding account will be debited with:

1. That portion of any net investment loss attributable to the balance in the PBI account at the end of the prior year.
2. An amount sufficient to fund any PBI granted pursuant to these provisions.

PBI funding account credit/debit limitations:

1. In no event shall the balance in the PBI account fall below zero.
2. The amount credited may not cause the account to exceed the reserve necessary to grant two permanent benefit increases of 2% of each recipient's current benefit limited to the first \$60,000 of the recipient's annual benefit.
3. In no event shall the AFC rate be set at a level that when combined with the system's minimum recommended employer contribution rate would result in employers paying a rate in excess of 27.6%.

PBIs funded by the PBI funding account shall begin on the July 1st following legislative approval and shall equal up to 2% of the current benefit up to \$60,000 annually. The following qualification rules apply:

1. A regular retiree must be at least age 62 and have received benefits for at least 2 years;
2. A disability retiree must have received benefits for at least 2 years;
3. A beneficiary of a deceased retiree is eligible if the retiree would have met the above criteria had they still been alive;

4. A non-retiree beneficiary is eligible if they have received benefits for at least 2 years and the deceased member's age would have been at least 62.

APPENDIX D

ACTUARIAL ASSUMPTIONS

In determining actuarial costs, certain assumptions must be made regarding future experience under the plan. These assumptions include the rate of investment return, mortality of plan members, rates of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan. To the extent that future experience varies from the assumptions selected for valuation, future costs will be either higher or lower than anticipated. The following chart illustrates the effect of emerging experience on the plan.

Factor	Increase in Factor Results in
Investment Earnings Rate	Decrease in Cost
Annual Rate of Salary Increase	Increase in Cost
Rates of Retirement	Increase in Cost
Rates of Termination	Decrease in Cost
Rates of Disability	Increase in Cost
Rates of Mortality	Decrease in Cost

ACTUARIAL COST METHOD

Individual Entry Age Normal with allocation of cost based on earnings. Entry and attained ages calculated on an age near birthday basis.

VALUATION INTEREST RATE

6.80% (net of investment expenses)

ANNUAL SALARY INCREASE RATE

3.75% (2.50% inflation / 1.25% merit)

ACTUARIAL ASSET VALUES

All assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.

ACTIVE MEMBER MORTALITY

125% of the Pub-2010 General Below Median Employee Table for males and 135% of the Pub-2010 General Below Median Employee Table for females, each with the full generational MP2021 scale.

ANNUITANT AND BENEFICIARY MORTALITY

125% of the Pub-2010 General Below Median Healthy Retiree Table for males and 135% of the Pub-2010 General Below Median Healthy Retiree Table for females, each with the full generational MP2021 scale.

DISABLED LIVES MORTALITY

125% of the Pub-2010 Non-Safety Disabled Retiree Table for males and 135% of the Pub-2010 Non-Safety Disabled Retiree Table for females, each with the full generational MP2021 scale.

WITHDRAWAL RATES

The following rates of withdrawal are applied based upon completed years of service:

Service Duration (\leq)	Rate	Service Duration (\leq)	Rate
1	0.15	15	0.02
2	0.12	16	0.02
3	0.10	17	0.02
4	0.09	18	0.02
5	0.08	19	0.01
6	0.07	20	0.05
7	0.07	21	0.05
8	0.06	22	0.04
9	0.06	23	0.04
10	0.05	24	0.04
11	0.04	25	0.04
12	0.04	26	0.04
13	0.03	>26	0.03
14	0.03		

Note: The withdrawal rate for individuals eligible to retire is assumed to be zero.

VESTING ELECTING PERCENTAGE

For vested members who terminate prior to retirement eligibility, the percentage that elect to receive a deferred retirement benefit in lieu of refunding their accumulated employee contributions is assumed to be 35% for members terminating with no more than fourteen years of service. For those vested members terminating with greater than fourteen years of service but no more than nineteen years of service, it is assumed that 65% will elect to receive a deferred retirement benefit in lieu of refunding their accumulated employee contributions. For vested members terminating with more than nineteen years of service, it is assumed that 98% will elect an actuarially reduced early retirement (if eligible) or a deferred retirement benefit (if ineligible for early retirement) in lieu of refunding their accumulated employee contributions.

DISABILITY RATES

100% of the disability rates used for the 28th valuation of the Railroad Retirement System for individuals with 10-19 years of service. The table of these rates through age 75 is included later in this report.

RETIREMENT RATES

The table of these rates through age 75 is included later in the report. These rates apply only to those individuals eligible to retire.

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 1% percent of the accrued benefit.

RETIREMENT LIMITATIONS

Projected retirement benefits are not subject to IRS Section 415 limits.

DROP ENTRY RATES

The table of these rates is included later in the report. These rates apply only to those individuals eligible to enter the DROP plan and are applied only in the year of earliest DROP eligibility.

DROP PARTICIPATION PERIOD

All DROP participants are assumed to participate for 3 years. At the end of the DROP participation period, 65% of participants are assumed to retire; the other 35% are assumed to work one additional year.

RETIREMENT RATES FOR ACTIVE FORMER DROP PARTICIPANTS

The table of these rates through age 75 is included later in the report.

MARRIAGE STATISTICS

70% of the members are assumed to be married; husbands are assumed to be two years older than wives.

FAMILY STATISTICS

Assumptions utilized in determining the costs of various survivor benefits as listed below, are derived from the information provided in the 2019 Table F1: Family Households, by Type, Age of Own Children, Age of Family Members, and Age of Householder provided by the U.S. Census Bureau, except for Remarriage Rates which utilize the rates from the 28th valuation of the Railroad Retirement System:

Member's Age	% With Children	Number of Children	Average Age	Remarriage Rates
25	60%	1.77	4	0.04566
35	82%	2.11	8	0.02636
45	63%	1.75	11	0.01355
55	11%	1.42	14	N/A
65	2%	1.50	14	N/A

RETIREE COST OF LIVING ADJUSTMENTS

With the passage of Act 184 of 2023 all future cost of living adjustments (or permanent benefit increases) will be prefunded with additional employer contributions segregated into the system's PBI Funding Account. Therefore, no additional liability for future cost of living adjustments has been added to system liabilities and the system's net valuation assets has been set equal to the actuarial value of assets (after smoothing) less the balance in the PBI Funding Account.

ACTUARIAL TABLES AND RATES

for members with first state service before July 1, 2010

Age	Retirement Rates	DROP Rates	Post-DROP Retirement Rates	Disability Rates
18	0.00000	0.00000	0.00000	0.00120
19	0.00000	0.00000	0.00000	0.00120
20	0.00000	0.00000	0.00000	0.00120
21	0.00000	0.00000	0.00000	0.00120
22	0.00000	0.00000	0.00000	0.00120
23	0.00000	0.00000	0.00000	0.00120
24	0.00000	0.00000	0.00000	0.00120
25	0.00000	0.00000	0.00000	0.00120
26	0.00000	0.00000	0.00000	0.00120
27	0.00000	0.00000	0.00000	0.00120
28	0.00000	0.00000	0.00000	0.00120
29	0.00000	0.00000	0.00000	0.00120
30	0.00000	0.00000	0.00000	0.00120
31	0.00000	0.00000	0.00000	0.00120
32	0.00000	0.00000	0.00000	0.00120
33	0.00000	0.00000	0.00000	0.00120
34	0.00000	0.00000	0.00000	0.00120
35	0.00000	0.00000	0.00000	0.00120
36	0.00000	0.00000	0.00000	0.00120
37	0.00000	0.00000	0.00000	0.00130
38	0.00000	0.00000	0.00000	0.00140
39	0.00000	0.00000	0.00000	0.00140
40	0.00000	0.00000	0.00000	0.00150
41	0.00000	0.00000	0.00000	0.00170
42	0.00000	0.00000	0.00000	0.00180
43	0.00000	0.00000	0.00000	0.00200
44	0.00000	0.00000	0.00000	0.00210
45	0.00000	0.00000	0.00000	0.00240
46	0.05000	0.73000	0.00000	0.00270
47	0.05000	0.73000	0.50000	0.00300
48	0.05000	0.73000	0.50000	0.00340
49	0.05000	0.73000	0.50000	0.00390
50	0.05000	0.73000	0.50000	0.00440
51	0.05000	0.73000	0.50000	0.00510
52	0.27000	0.73000	0.50000	0.00590
53	0.23000	0.73000	0.50000	0.00690
54	0.21000	0.73000	0.52000	0.00800
55	0.20000	0.70000	0.53000	0.00940
56	0.19000	0.66000	0.52000	0.01110
57	0.19000	0.66000	0.48000	0.01310
58	0.18000	0.66000	0.44000	0.01550
59	0.18000	0.66000	0.39000	0.01830
60	0.17000	0.55000	0.33000	0.02670
61	0.16000	0.43000	0.29000	0.03120
62	0.16000	0.43000	0.25000	0.03180
63	0.16000	0.20000	0.23000	0.02880
64	0.17000	0.20000	0.23000	0.02290
65	0.18000	0.20000	0.23000	0.01430
66	0.19000	0.20000	0.23000	0.00360
67	0.20000	0.20000	0.23000	0.00360
68	0.21000	0.20000	0.23000	0.00360
69	0.22000	0.20000	0.22000	0.00360
70	0.22000	0.20000	0.21000	0.00360
71	0.22000	0.20000	0.20000	0.00360
72	0.22000	0.20000	0.20000	0.00360
73	0.22000	0.20000	0.19000	0.00360
74	0.22000	0.20000	0.19000	0.00360
75	0.22000	0.20000	0.19000	0.00360

ACTUARIAL TABLES AND RATES

for members with first state service on or after July 1, 2010 and before July 1, 2015

Age	Retirement Rates (Svc≤10)	Retirement Rates (10<Svc≤20)	Retirement Rates (Svc>20)	DROP Rates	Post-DROP Retirement Rates	Disability Rates
18	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
19	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
20	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
21	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
22	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
23	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
24	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
25	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
26	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
27	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
28	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
29	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
30	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
31	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
32	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
33	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
34	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
35	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
36	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
37	0.00000	0.00000	0.00000	0.00000	0.00000	0.00130
38	0.00000	0.00000	0.00000	0.00000	0.00000	0.00140
39	0.00000	0.00000	0.00000	0.00000	0.00000	0.00140
40	0.00000	0.00000	0.00000	0.00000	0.00000	0.00150
41	0.00000	0.00000	0.00000	0.00000	0.00000	0.00170
42	0.00000	0.00000	0.00000	0.00000	0.00000	0.00180
43	0.00000	0.00000	0.00000	0.00000	0.00000	0.00200
44	0.00000	0.00000	0.00000	0.00000	0.00000	0.00210
45	0.00000	0.00000	0.00000	0.00000	0.00000	0.00240
46	0.00000	0.00000	0.00000	0.00000	0.00000	0.00270
47	0.00000	0.00000	0.00000	0.00000	0.00000	0.00300
48	0.00000	0.00000	0.00000	0.00000	0.00000	0.00340
49	0.00000	0.00000	0.00000	0.00000	0.00000	0.00390
50	0.00000	0.00000	0.00000	0.00000	0.00000	0.00440
51	0.00000	0.00000	0.00000	0.00000	0.00000	0.00510
52	0.00000	0.00000	0.00000	0.00000	0.00000	0.00590
53	0.00000	0.00000	0.00000	0.00000	0.00000	0.00690
54	0.00000	0.00000	0.00000	0.00000	0.00000	0.00800
55	0.00000	0.00000	0.00000	0.00000	0.00000	0.00940
56	0.00000	0.00000	0.00000	0.00000	0.00000	0.01110
57	0.00000	0.00000	0.00000	0.00000	0.00000	0.01310
58	0.00000	0.00000	0.00000	0.00000	0.00000	0.01550
59	0.00000	0.00000	0.00000	0.00000	0.00000	0.01830
60	0.07000	0.13000	0.20000	***	0.30000	0.02670
61	0.07000	0.11000	0.16000	0.16000	0.26000	0.03120
62	0.08000	0.12000	0.16000	0.16000	0.23000	0.03180
63	0.09000	0.12000	0.16000	0.10000	0.21000	0.02880
64	0.11000	0.14000	0.17000	0.10000	0.21000	0.02290
65	0.12000	0.15000	0.18000	0.10000	0.21000	0.01430
66	0.14000	0.16000	0.19000	0.10000	0.21000	0.00360
67	0.15000	0.17000	0.20000	0.10000	0.21000	0.00360
68	0.15000	0.18000	0.21000	0.10000	0.21000	0.00360
69	0.14000	0.18000	0.22000	0.10000	0.20000	0.00360
70	0.13000	0.17000	0.22000	0.10000	0.19000	0.00360
71	0.12000	0.17000	0.22000	0.10000	0.18000	0.00360
72	0.11000	0.16000	0.22000	0.10000	0.18000	0.00360
73	0.11000	0.16000	0.22000	0.10000	0.17000	0.00360
74	0.12000	0.17000	0.22000	0.10000	0.17000	0.00360
75	0.13000	0.17000	0.22000	0.10000	0.17000	0.00360

*** The DROP entry rate (if applicable) at age 60 equals 0.16 if service is less than or equal to 10 years, 0.35 if service is more than 10 years but less than or equal to 20 years, and 0.55 if service is more than 20 years.

ACTUARIAL TABLES AND RATES

for members with first state service on or after July 1, 2015

Age	Retirement Rates (Svc≤10)	Retirement Rates (10<Svc≤20)	Retirement Rates (Svc>20)	DROP Rates	Post-DROP Retirement Rates	Disability Rates
18	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
19	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
20	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
21	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
22	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
23	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
24	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
25	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
26	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
27	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
28	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
29	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
30	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
31	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
32	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
33	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
34	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
35	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
36	0.00000	0.00000	0.00000	0.00000	0.00000	0.00120
37	0.00000	0.00000	0.00000	0.00000	0.00000	0.00130
38	0.00000	0.00000	0.00000	0.00000	0.00000	0.00140
39	0.00000	0.00000	0.00000	0.00000	0.00000	0.00140
40	0.00000	0.00000	0.00000	0.00000	0.00000	0.00150
41	0.00000	0.00000	0.00000	0.00000	0.00000	0.00170
42	0.00000	0.00000	0.00000	0.00000	0.00000	0.00180
43	0.00000	0.00000	0.00000	0.00000	0.00000	0.00200
44	0.00000	0.00000	0.00000	0.00000	0.00000	0.00210
45	0.00000	0.00000	0.00000	0.00000	0.00000	0.00240
46	0.00000	0.00000	0.00000	0.00000	0.00000	0.00270
47	0.00000	0.00000	0.00000	0.00000	0.00000	0.00300
48	0.00000	0.00000	0.00000	0.00000	0.00000	0.00340
49	0.00000	0.00000	0.00000	0.00000	0.00000	0.00390
50	0.00000	0.00000	0.00000	0.00000	0.00000	0.00440
51	0.00000	0.00000	0.00000	0.00000	0.00000	0.00510
52	0.00000	0.00000	0.00000	0.00000	0.00000	0.00590
53	0.00000	0.00000	0.00000	0.00000	0.00000	0.00690
54	0.00000	0.00000	0.00000	0.00000	0.00000	0.00800
55	0.00000	0.00000	0.00000	0.00000	0.00000	0.00940
56	0.00000	0.00000	0.00000	0.00000	0.00000	0.01110
57	0.00000	0.00000	0.00000	0.00000	0.00000	0.01310
58	0.00000	0.00000	0.00000	0.00000	0.00000	0.01550
59	0.00000	0.00000	0.00000	0.00000	0.00000	0.01830
60	0.00000	0.00000	0.00000	0.00000	0.00000	0.02670
61	0.00000	0.00000	0.00000	0.00000	0.00000	0.03120
62	0.08000	0.14000	0.20000	***	0.23000	0.03180
63	0.09000	0.12000	0.16000	0.16000	0.21000	0.02880
64	0.11000	0.14000	0.17000	0.16000	0.21000	0.02290
65	0.12000	0.15000	0.18000	0.10000	0.21000	0.01430
66	0.14000	0.16000	0.19000	0.10000	0.21000	0.00360
67	0.15000	0.17000	0.20000	0.10000	0.21000	0.00360
68	0.15000	0.18000	0.21000	0.10000	0.21000	0.00360
69	0.14000	0.18000	0.22000	0.10000	0.20000	0.00360
70	0.13000	0.17000	0.22000	0.10000	0.19000	0.00360
71	0.12000	0.17000	0.22000	0.10000	0.18000	0.00360
72	0.11000	0.16000	0.22000	0.10000	0.18000	0.00360
73	0.11000	0.16000	0.22000	0.10000	0.17000	0.00360
74	0.12000	0.17000	0.22000	0.10000	0.17000	0.00360
75	0.13000	0.17000	0.22000	0.10000	0.17000	0.00360

*** The DROP entry rate (if applicable) at age 62 equals 0.16 if service is less than or equal to 10 years, 0.35 if service is more than 10 years but less than or equal to 20 years, and 0.55 if service is more than 20 years.

GLOSSARY

ACCRUED BENEFIT

The pension benefit that an individual has earned as of a specific date based on the provisions of the plan and the individual's age, service, and salary as of that date.

ACTUARIAL ACCRUED LIABILITY

The actuarial present value of benefits payable to members of the system less the present value of future normal costs attributable to the members.

ACTUARIAL ASSUMPTIONS

Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disability, and retirement. Also included are rates of investment earnings, changes in compensation, as well as statistics related to marriage and family composition.

ACTUARIAL COST METHOD

A procedure for determining the portion of the cost of a pension plan to be allocated to each year. Each cost method allocates a certain portion of the actuarial present value of benefits between the actuarial accrued liability and future normal costs. Once this allocation is made, a determination of the normal cost attributable to a specific year can be made along with the payment to amortize any unfunded actuarial accrued liability. To the extent that a particular funding method allocates a greater (lesser) portion of the actual present value of benefits to the actuarial accrued liability it will allocate less (more) to future normal costs.

ACTUARIAL EQUIVALENCE

Payments or receipts with equal actuarial value on a given date when valued using the same set of actuarial assumptions.

ACTUARIAL GAIN (LOSS)

The financial effect on the system of the difference between the expected and actual experience of the system. The experience may be related to investment earnings above (or below) those expected or changes in the liability structure due to fewer (or greater) than the expected numbers of retirements, deaths, disabilities, or withdrawals. In addition, other factors such as pay increases above (or below) those forecast can result in actuarial gains or losses. The effect of such gains (or losses) is to decrease (or increase) future costs.

ACTUARIAL PRESENT VALUE

The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through accrual of interest) and the probability of payments. For example: if \$600 invested today will be worth \$1,000 in 10 years and there is a 50% probability that a person will live 10 years, then the actuarial present value of \$1,000 payable to that person if he should survive 10 years is \$300.

ACTUARIAL VALUE OF ASSETS

A value of assets that reflects averaged (or smoothed) investment returns over a specified period of time. The actuarial value of assets is used to determine the required plan contributions. The use of smoothed asset values is meant to reduce contribution volatility.

ASSET GAIN (LOSS)

That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

AMORTIZATION PAYMENT

That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the amortization payment is less than the accrued interest on the unfunded actuarial accrued liability, the outstanding principal balance will increase.

CONTRIBUTION SHORTFALL (EXCESS)

The difference between contributions recommended in the prior valuation and the actual amount received.

DECREMENTS

Events that result in the termination of membership in the system such as retirement, disability, withdrawal, or death.

DEFERRED RETIREMENT OPTION PLAN (DROP) ACCOUNT

The account into which DROP accruals are paid and from which DROP lump sum balances are disbursed.

EMPLOYER NORMAL COST

That portion of the normal cost not attributable to employee contributions. It includes both direct contributions made by the employer and contributions from other non-employee sources such as revenue sharing and revenues related to taxes.

FUNDED RATIO

A measure of the ratio of assets to liabilities of the system according to a specific definition of those two values. Typically, the assets used in the measure are the actuarial value of assets; the liabilities are defined by reference to some recognized actuarial funding method. Thus, the funded ratio of a plan depends not only on the financial strength of the plan but also on the funding method used to determine the liabilities and the asset valuation method used to determine the assets in the ratio.

INITIAL BENEFIT RETIREMENT PLAN (IBRP) ACCOUNT

The account into which the initial benefit is deposited. Interest is credited thereto, and monthly payments made from this account.

NET VALUATION ASSETS

Refers to the actuarial value of assets, determined based upon the smoothing technique described in the section on Actuarial Assumptions within this report, reduced by the PBI Funding Account balance.

NORMAL COST

That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This is analogous to one year's insurance premium.

PENSION BENEFIT OBLIGATION

The actuarial present value of benefits earned or credited to date based on the member's expected final average compensation at retirement. For current retirees or terminated members, this is equivalent to the actuarial present value of their accrued benefit.

PRIORITY ALLOCATION

The actual returns available for application to the oldest outstanding positive amortization base. (In accordance with R.S. 11:102.4)

PRIORITY AMOUNT

The maximum amount of system returns in excess of the system's actuarially assumed rate of return that may be applied to the oldest outstanding positive amortization base, regardless of whether actual returns that equal or exceed the maximum are available. (In accordance with R.S. 11:102.4)

PROJECTED BENEFITS

The benefits expected to be paid in the future based on the provisions of the plan and the actuarial assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.

UNFUNDED ACTUARIAL ACCRUED LIABILITY

The excess of the actuarial accrued liability over the actuarial value of assets.

VESTED BENEFITS

Benefits that the members are entitled to even if they withdraw from service.