

TRSL UPDATE

LASBO Legislative Summit

June 16, 2016



TRSL at a glance

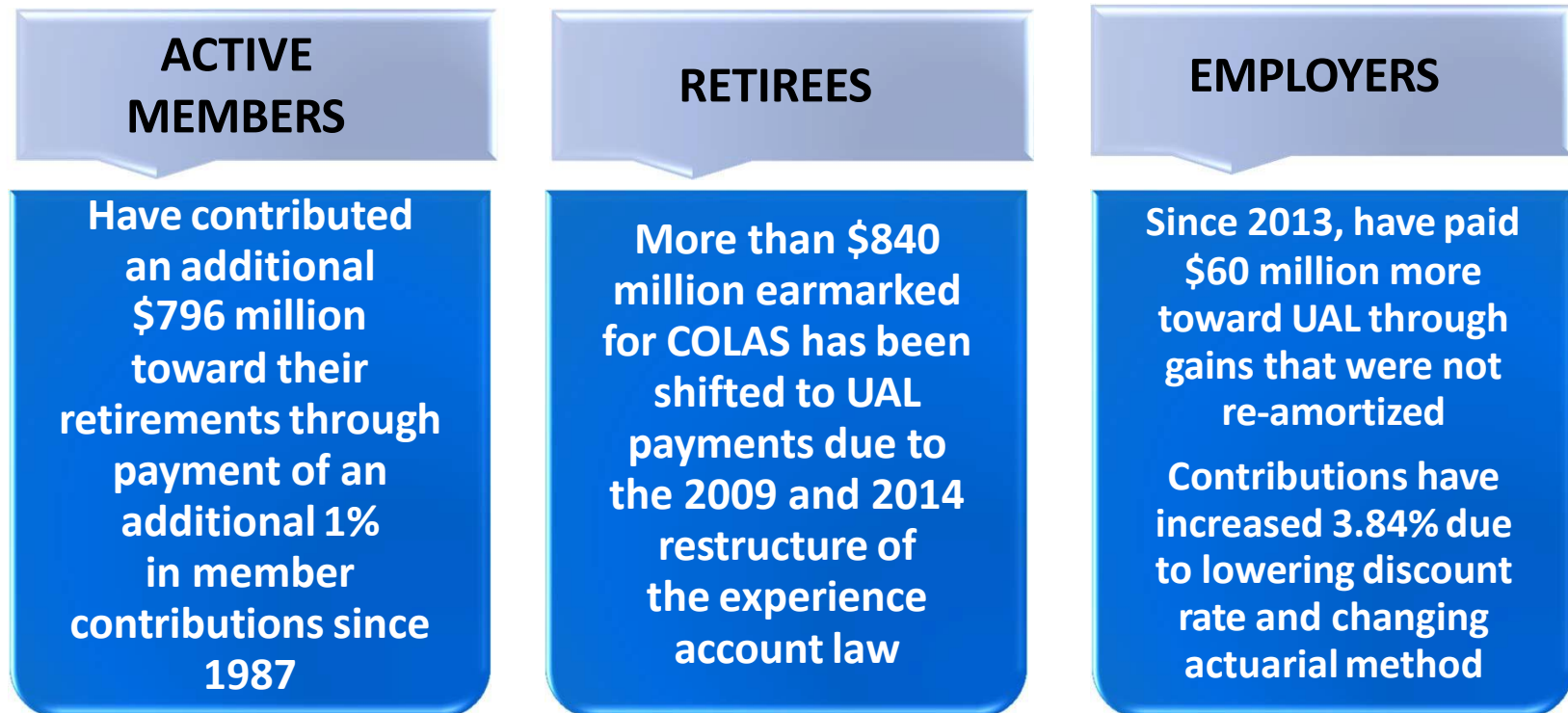
	FY 2015	FY 2014	FY 2013
Active members	83,602	82,886	82,910
Retirees & beneficiaries	75,259	73,195	71,031
DROP participants	2,283	2,291	2,451
Total benefits	\$1.95 bln.	\$1.87 bln.	\$1.80 bln

TRSL at a glance

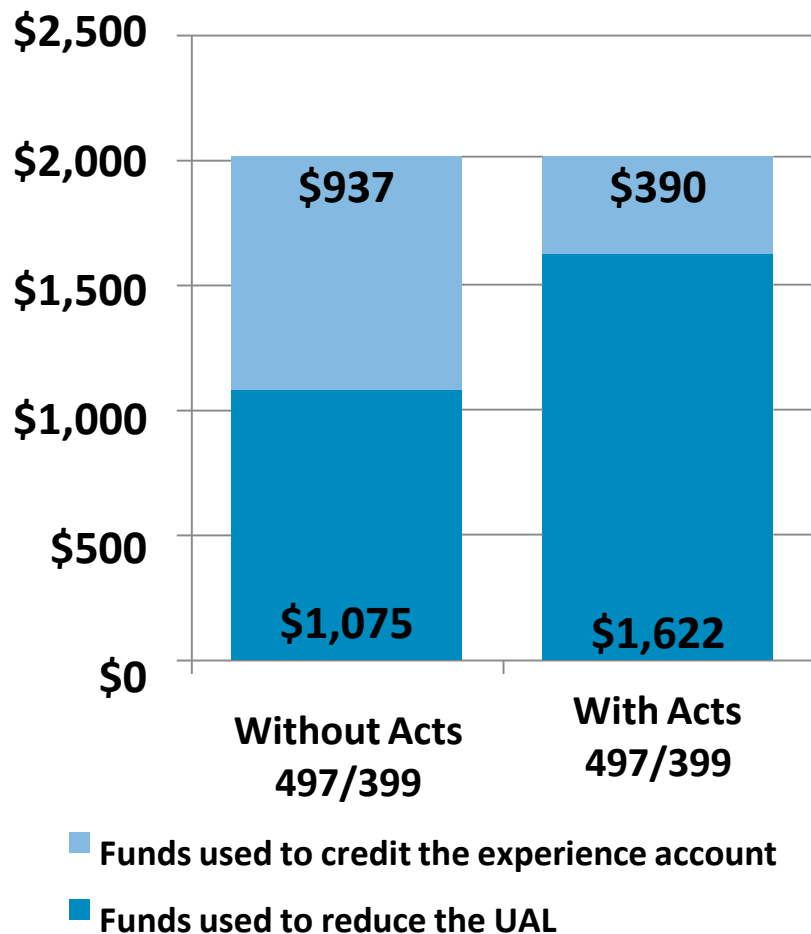
	FY 2015	FY 2014	FY 2013
Net assets	\$17.9 bln.	\$17.9 bln.	\$15.5 bln.
Investment return <i>(gross of fees)</i>	3.11%	19.9%	13.88%
30-year avg. actuarial return	8.60%	8.60%	8.54%
Funded ratio	60.9%	57.4%	56.4%
Unfunded accrued liability (UAL)	\$11.1 bln.	\$11.9 bln.	\$11.3 bln.

Pension Funding: Where we are today

Through 2015, pension reforms have saved **more than \$5 billion.**

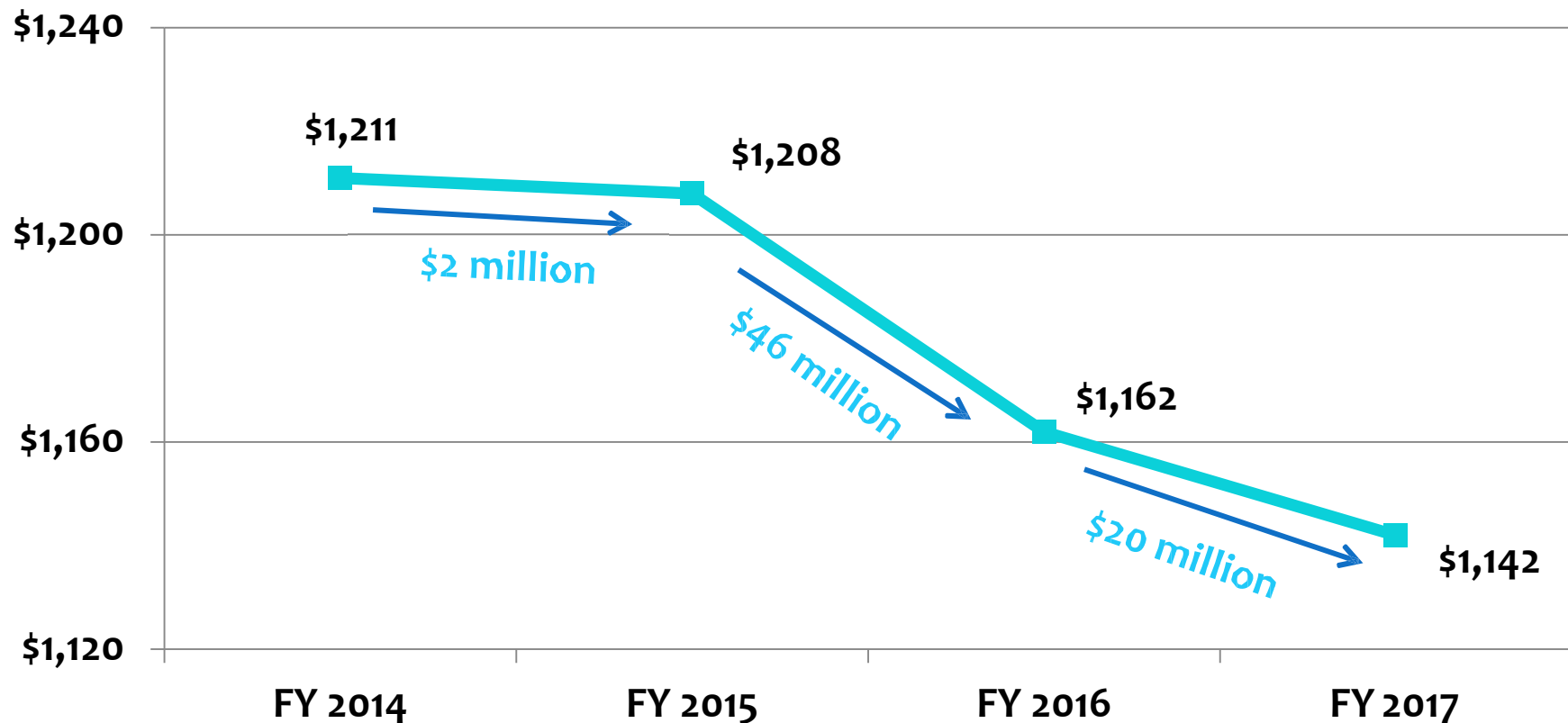


Pension Funding: Where we are today



- TRSL has earned **\$2.01 billion** in excess investment earnings since 2012.
- Prior to **Act 497 of 2009** and **Act 399 of 2014**, these gains would have been split equally between reducing the UAL and crediting the experience account which funds COLAs.
- Now, more of TRSL's investment gains go toward reducing the UAL.
- **Result: The UAL will be paid off years earlier than scheduled.**

Projected Reduction in Employer Contributions *(in millions)*

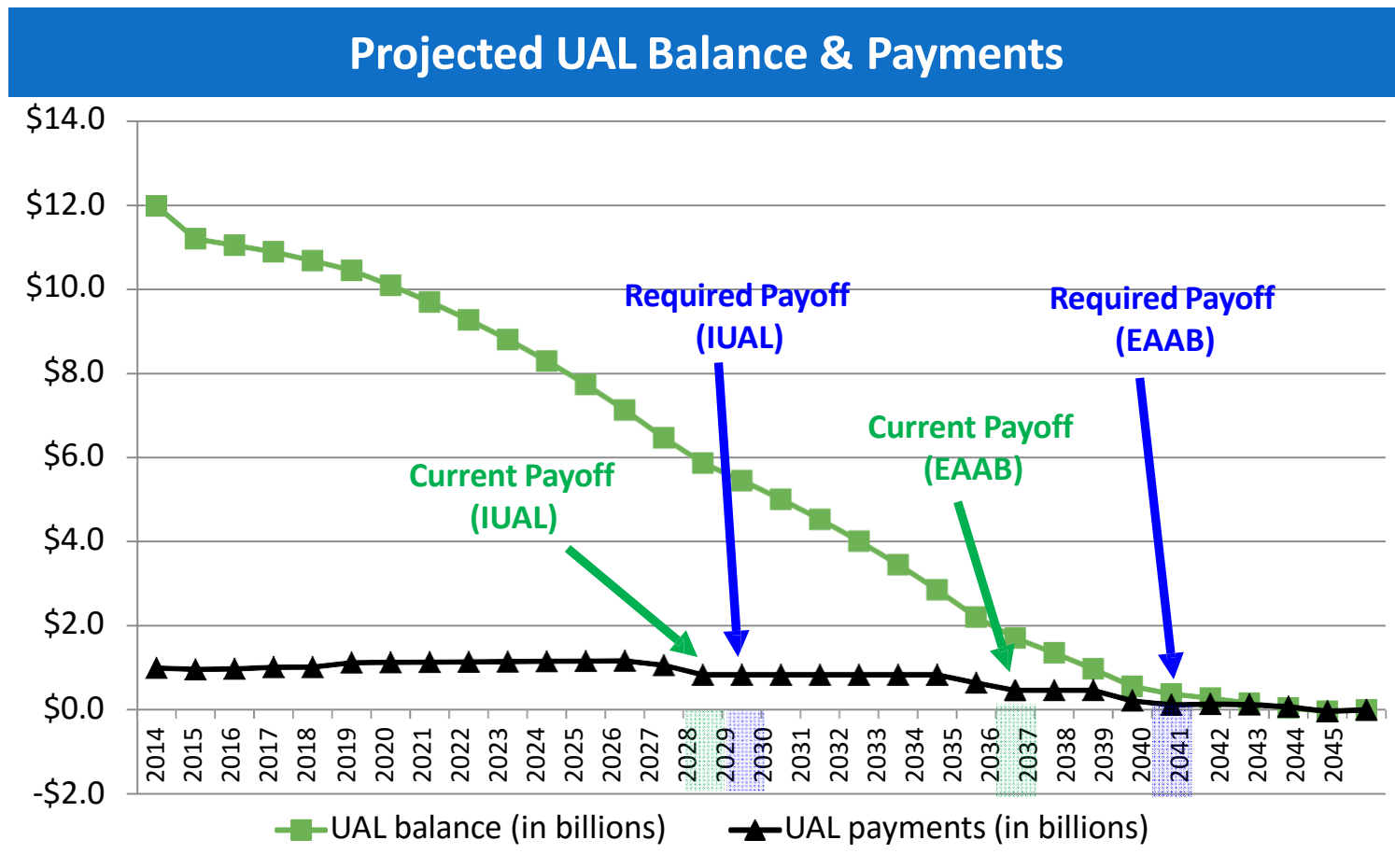


NOTE: Chart reflects projected employer contributions for the fiscal year that begins one year after the valuation date.

State System Contribution Rates

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017
TRSL	27.1%	27.7%	26.2%	25.4%
LASERS	31.7%	37.4%	37.0%	35.8%
STATE POLICE	70.0%	75.3%	60.8%	51.2%
LSERS	32.3%	33.0%	30.2%	27.3%

Pension Funding: Where we are today



There is no longer a back-loaded UAL payment schedule. Payments on the UAL on are now more level. Principal and interest on the debt is now being paid.

2016 Legislative Sessions

FIRST SPECIAL SESSION (Revenue):

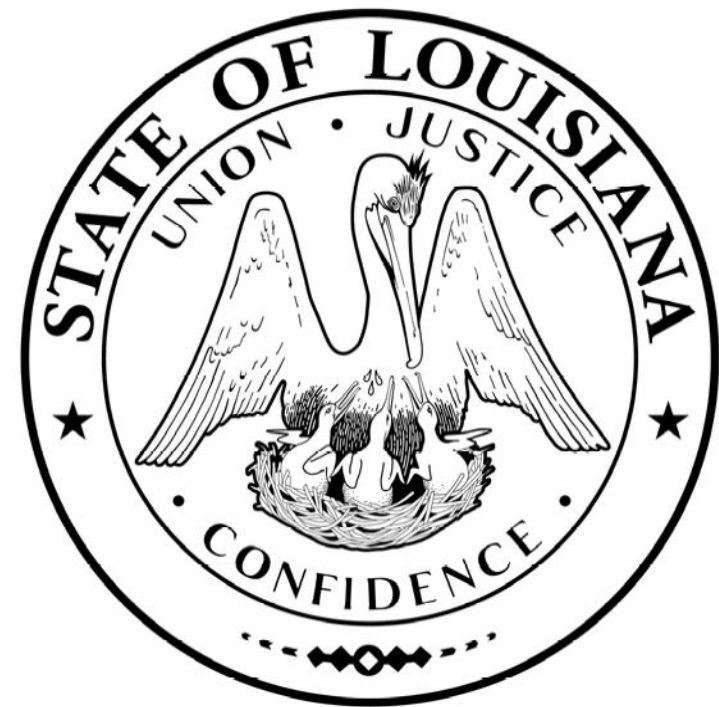
- February 14 – March 9

REGULAR SESSION:

- March 14 – June 6

SECOND SPECIAL SESSION:

- June 6 – June 23



Legislation Enacted

ACT 94: *Senate Bill 5 (Peacock)*

- Requires projected non-investment related administrative expenses to be funded directly through the annual required employer contribution for the state retirement systems
- Administrative expenses are to be included in the rate beginning in the first fiscal year in which their inclusion will not result in an increase in the projected employer contribution rate, without regard to changes in the actuarial valuation rate
- Effective June 10, 2016

Legislation Enacted

ACT 95: *Senate Bill 18 (Peacock)*

- Requires School Lunch Plans A & B to have the same employer contribution rate calculations as those for K-12 and other non-higher education employers
- Sets requirements for re-amortizing past debt
- Adjusts amortization periods from 30 to 20 years when TRSL is 70% funded
- Requires system's funded level to be determined before allocations to COLA experience account
- Makes technical corrections to Act 399 of 2014

Legislation Enacted

ACT 93: Senate Bill 2 (Peacock)

- Provides 1.5% COLA to eligible TRSL retirees/beneficiaries
- Based on the first \$60,000 of benefit
- Payable July 1, 2016

NOTE: House Bill 32 by Rep. Sam Jones also grants a 1.5% COLA. If signed by the governor, HB 32 will affirm the COLA authorized by Act 93, not provide an additional 1.5% COLA.

Legislation Enacted

ACT 176: *Senate Bill 372 (Peacock)*

- Present law requires every bill or resolution, which proposes a change in any state/statewide retirement system receiving public funds, have an attached actuarial note explaining the financial/actuarial effect of the change.
- Requires actuarial notes for any retirement bill pre-filed at least 45 days prior to the regular session to be completed and filed at least 5 days prior to the convening of that session.
- Effective August 1, 2016

Legislation Not Passed (bytopic)

- **Benefit structure changes:**

- » Establish tiered DB benefit accrual rate and/or hybrid DB/DC plan for new hires
- » Remove guaranteed benefits unless annuitized
- » Require new hires to share certain retirement costs equally with employer
- » Require contribution rates for new hires to include half the cost of their benefit and half the cost of any debt attributable to future benefit enhancements

Legislation Not Passed (by topic)

- **TRSL Board and actuary:**

- » Add five citizens unaffiliated with TRSL to the TRSL Board of Trustees
- » Require TRSL actuary to be approved by legislative auditor
- » Require state retirement systems to use uniform inflation assumptions set by PRSAC
- » Remove investment authority of the TRSL Board; create consolidated investment committee for state retirement systems
- » Give legislative auditor access to all records of vendors that provide investment/actuarial services to TRSL Board

Legislation Not Passed (bytopic)

- **TRSL withdrawal**

- » Allow K-12 employers to cease participation in TRSL after paying proportional share of UAL

- **Employer contributions**

- » Withholds certain amount of MFP funding for charter schools to go toward UAL payments
- » Require an annual direct transfer for MFP funds to TRSL for IUAL payment
- » Set a minimum 20% employer contribution rate if system is not or has never been 100% funded

Legislation Not Passed (by topic)

▪ Return to work

- » Add school nurses to “retired teacher” criteria (subject to 25% earnings limit)
- » Add school psychologists to “retired teacher” criteria (critical shortage position)
- » Increase earning from 25% of benefit to 50% of benefit for TRSL retirees re-employed as substitute classroom teachers and filling a vacancy created by extended leave

▪ Public Retirement Systems’ Actuarial Committee (PRSAC)

- » Add four new members to PRSAC



QUESTIONS
