

# LOUISIANA RETIRED TEACHERS ASSOCIATION

TRSL Update – Fall Meeting  
October 25, 2022

**TRSL  
at a  
Glance**

	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>
Active members	86,364	85,980	86,860
Retirees/beneficiaries	82,600	81,620	80,536
DROP participants	2,172	2,227	2,359
Total benefits	\$2.4B	\$2.3B	\$2.2B

## TRSL at a Glance

	FY 2022	FY 2021	FY 2020
Investment return <i>(net of fees)</i>	-7.7%	35.7%	0.9%
Total net assets	\$25.1B	\$27.7B	\$21.2B
DROP interest rate <i>(eligible before 1/1/2004)</i>	8.46%	12.15%	6.30%
DROP interest rate <i>(eligible on/after 1/1/2004)</i>	0.0000%	0.0000%	1.0797%

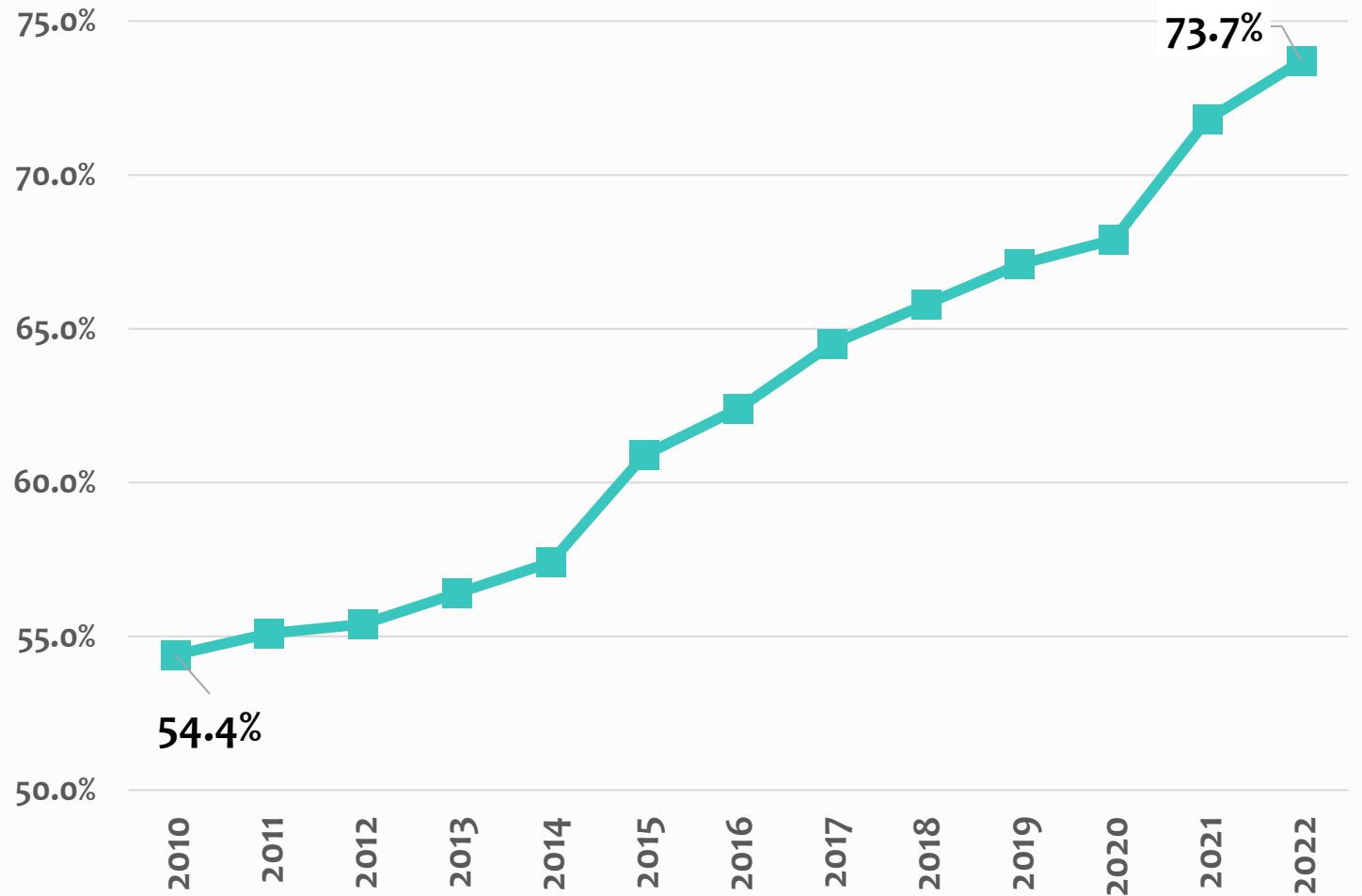
**TRSL  
at a  
Glance**

**Experience Account**

	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>
Prior year ending balance	\$369.0M	\$97.7M	\$91.5M
+ Accumulated interest	\$33.0M	\$12.3M	\$6.2M
- Benefit disbursements	\$353.1M	\$6.9M	0
+ Account allocation	\$30.5M	\$265.9M	0
Account balance	\$79.4M	\$369.0M	\$97.7M

# Funded Ratio

The funded ratio has risen from 54.4% in FY 2010 to 73.7% in FY 2022.

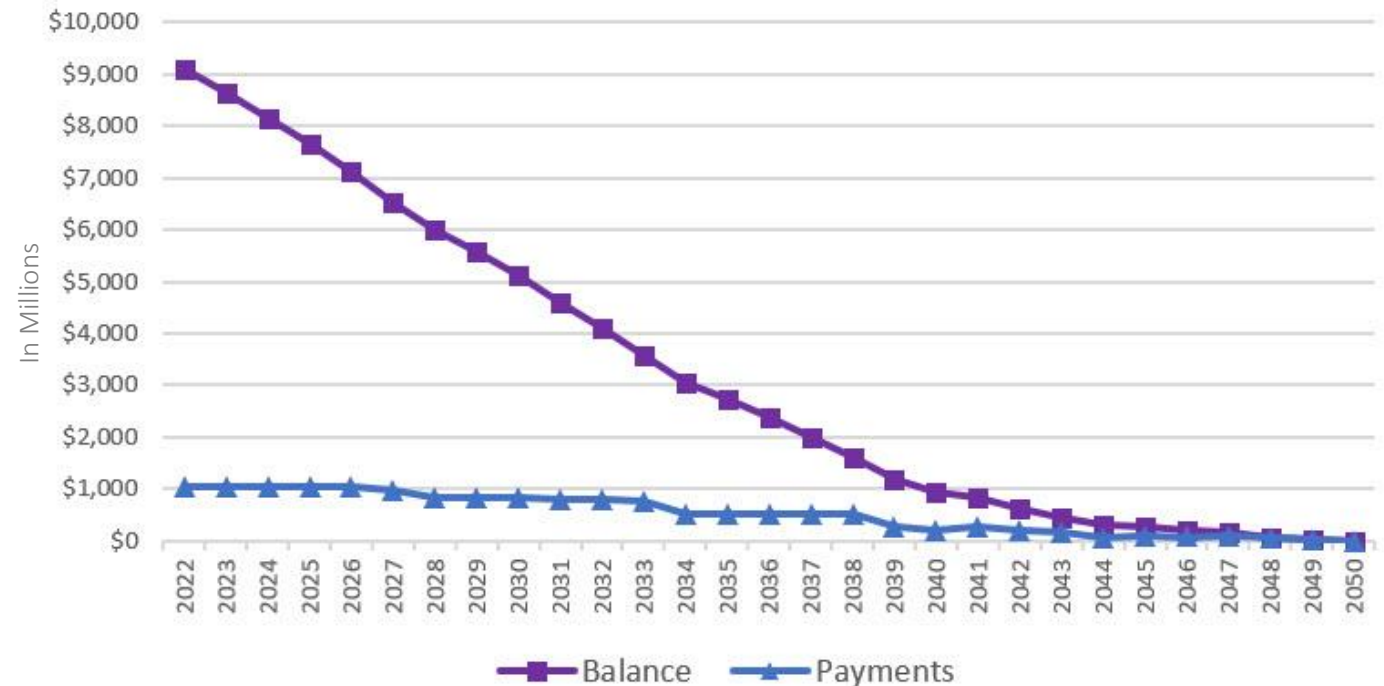


# Unfunded accrued liability (UAL) and employer contributions

## Also from the FY 2022 valuation:

- **UAL balance:** Fell to \$9.08 billion from \$9.31 billion in the previous year
- **Employer rate:** FY 2023-24 proposed aggregate employer contribution rate decreased to 24.0% from 24.7%.
  - » K-12, Lunch A & B Plan rate: 24.1% (decreased from 24.8%)
  - » Higher Ed Plan rate: 23.3% (decreased from 24.1%)

### UAL Outstanding Balance and Payment Schedule



## Recent Benefit Increases

### 2022 Permanent Benefit Increase (2% of benefit)

Number of Recipients	Average Increase	Total Cost
76,105	\$42.24	\$353.1M

### 2021 Minimum Benefit Increase (up to \$300)

Number of Recipients	Average Increase	Total Cost
660	\$130.91	\$6.9M

# PBI VS One-Time Payment

## Permanent Benefit Increase (PBI)

- **Increase:** Included in every benefit payment
- **Purpose:** Provide a means by which to protect benefit against inflation
- **Projected cost:** Reflects the cost of paying the PBI throughout the lifetime of retiree and beneficiary

## One-time Payment

- **Increase:** Single, non-recurring payment
- **Purpose:** Provide one-time economic boost to benefit amount
- **Projected cost:** Calculated based on number of recipients and dollar amount of increase for a one-time payment



## Permanent benefit increases (PBIs)

- **Senate Resolution 15 and House Resolution 21 of 2020:** Requested the four state retirement systems study alternative mechanisms for “providing **meaningful** benefit increases on a **regularly scheduled** basis”
- Report submitted and findings presented to House/Senate retirement committees December 2020
- Systems working to identify new model for funding PBIs



# CURRENT MODEL: Challenges

Current funding model is an unpredictable and unreliable approach to fund PBIs.

Ability to make deposits into the Experience Account is tied to investment performance.

Granting criteria is complicated, making it hard for retirees to know if and when a PBI will be granted.

# NEW MODEL: Goals

## Predictable

- Establish a new funding source not tied to investment performance

## Manageable

- Establish employer safeguards
- Control PBI costs through eligibility criteria

## Straightforward

- Design funding and granting model that provides clarity for retirees, employers, and legislators



# 2022 Regular Session

Convened: March 14 • Adjourned: June 6

- **Session summary:** TRSL monitored 17 pieces of legislation directly affecting the System; four bills and one resolution passed.
- **RTW legislation:** Eight bills filed—five originating in the House and three in the Senate.

# 2022 REGULAR SESSION: Bills affecting TRSL

## Permanent Benefit Increase (PBI) - *also known as a COLA*

- **Act 657 (Sen. Price):** Authorized a 2% PBI to eligible TRSL retirees, beneficiaries, and survivors based on the first \$68,396 of their annual retirement benefit, payable July 1, 2022.

## Social Security reductions

- **HCR 11 (Rep. M. Johnson):** Urges state legislatures to ask Congress to review and eliminate or reduce the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security benefit reductions. Also requests that the Louisiana Attorney General explore legal action to restore benefits lost to the GPO and WEP.

# 2022 REGULAR SESSION: Bills affecting TRSL

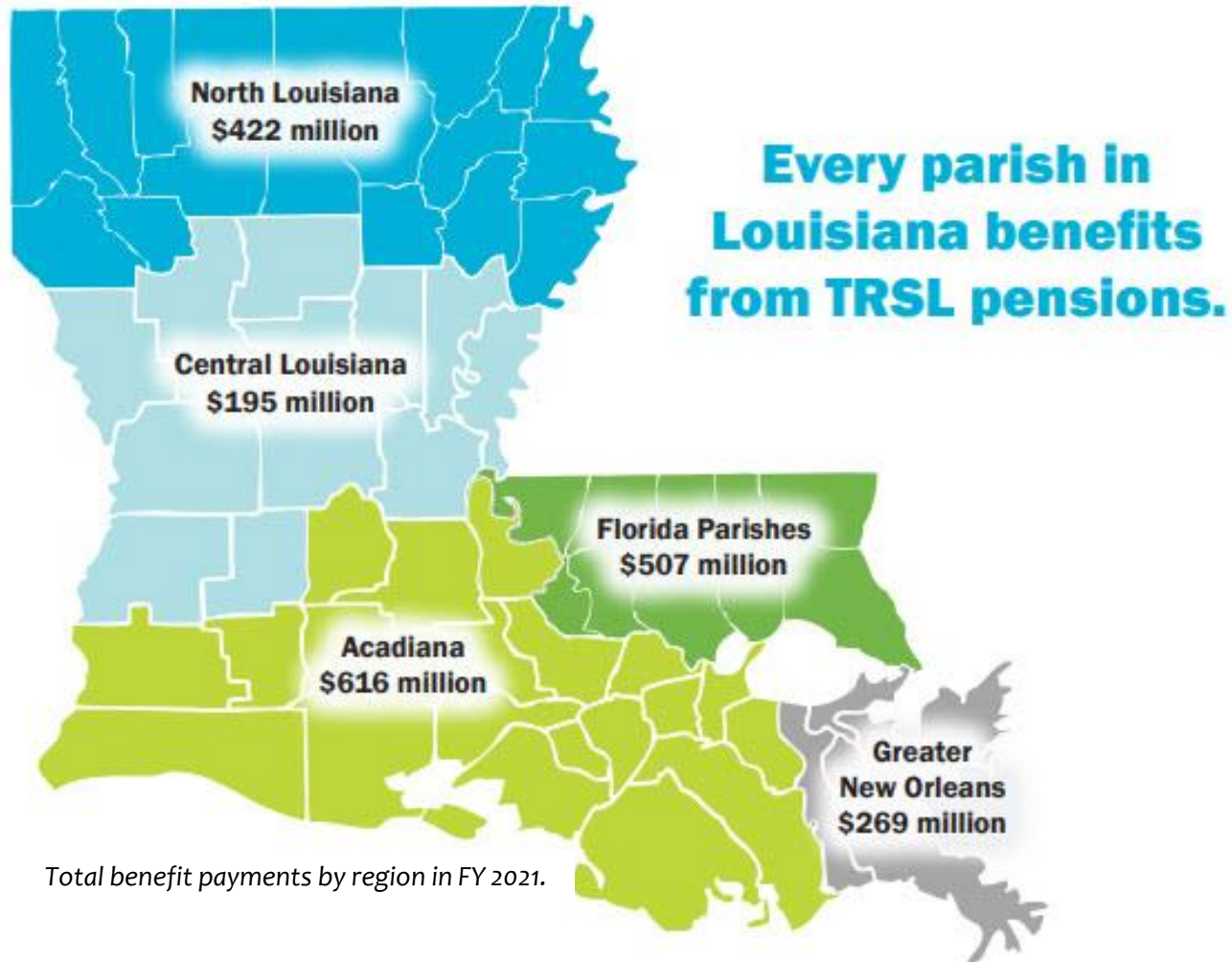
## UAL payment

- **Act 170 (Rep. Zeringue):** Provided a supplemental appropriation of \$48.1 million to the TRSL initial unfunded accrued liability (IUAL) from a portion of the FY 2020-21 surplus funds in the state treasury.

## Return to work

- **Act 549 (Sen. Fields) and Act 601 (Rep. McFarland et al):** Identical laws that made significant changes to the 2010 RTW Law and added new provisions for retirees reemployed as adjunct nursing professors in postsecondary institutions.

# Our economic impact



Total benefit payments by region in FY 2021.



Read more about TRSL's economic impact in the state in our *Investing in Louisiana* brochure, available at [www.TRSL.org](http://www.TRSL.org).

The slide features decorative elements consisting of multiple concentric, curved lines on both the left and right sides. These lines are in shades of light gray and include both solid and dashed styles, creating a sense of depth and movement. The central focus is the text 'Questions?' in a large, bold, black font.

**Questions?**