



Links

TRSL's member bulletin

The link to your financial future

Market uncertainty: facts about your TRSL benefits

The current economic climate has given many Americans cause for concern about their finances, including their retirement accounts. People want answers about how they may be affected by the volatility of U.S. and international markets.

At TRSL, we are committed to giving you a clear picture of how the economic turmoil affects TRSL and your retirement benefits. Here's a list of facts about the current economic situation and TRSL.

- ✓ TRSL defined benefits are secure—even with the current volatility of global markets.
- ✓ All but a very small percentage of TRSL members participate in our defined-benefit plan.
- ✓ Defined-benefit plans provide a lifetime retirement benefit based on years of service, final average compensation, and a benefit factor. They are not tied to market conditions.

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Irvin R. West, Jr.

Joyce P. Haynes

West and Haynes re-elected

Active member voters in Districts 5 and 6 re-elected Irvin R. West, Jr. and Joyce P. Haynes to the Board of Trustees for the Teachers' Retirement System of Louisiana (TRSL). West and Haynes begin their four-year terms this month. The election results were announced at the TRSL Board's October meeting.

District 5 representative Irvin R. West, Jr. has been an educator in Livingston Parish for 34 years, and will represent active members employed in Caldwell, Catahoula, Concordia, East Carroll, East Feliciana, Franklin, Jackson, Livingston,

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What you need to know about the Initial Unfunded Accrued Liability (IUAL)



Many TRSL members may have heard or read media reports in recent weeks of the \$10 billion state public retirement systems debt. This debt is also referred to as the initial unfunded accrued liability (IUAL).

How did the IUAL reach \$10 billion?

For decades Louisiana's two largest state retirement systems, one being TRSL, were not properly funded. This resulted in the multi-billion debt, of which \$6.8 billion is for TRSL. The situation can be readily compared to a mortgage. If the borrower fails to pay even the interest, then the amount owed continues to increase. For the state, the retirement debt steadily accrues interest at 8.25 percent annually.

What is being done about the IUAL?

In 1987, voters passed a constitutional amendment requiring the retirement debt to be paid off in 40 years. So the state must pay off the lion's share of the debt by the

(continued on back)

TRSL terms definitions you can use

Deferred Retirement — often called "delayed" retirement; allows members who terminate employment to leave their contributions in TRSL and receive benefits at age 60 as long as they have at least five years of service credit or retirement-credit-for-eligibility-purposes only.

TRSL receives valuation report for Fiscal Year 2007-08

Despite challenging economic conditions, TRSL generated a 5.15-percent actuarial rate of return for the fiscal year ended June 30, 2008. Based on this rate, the Deferred Retirement Option Plan (DROP) interest rate will be 4.65 percent. This rate applies to DROP accounts for members who were eligible to participate in the program before January 1, 2004. Members eligible to enter DROP on or after January 1, 2004, earn interest on their DROP accounts based on the Liquid Asset Money Market rate of return. This rate averaged 3.98 percent.

More TRSL valuation information

(based on the valuation report for the fiscal year ended June 30, 2008):

Membership:	
Actives	85,979
Retirees	61,070
DROP	3,760
Actuarial Rate of Return	5.15%
DROP Interest Rate¹	4.65%
DROP Interest Rate²	3.98%

¹ DROP interest rate for members who were eligible to participate in DROP before January 1, 2004.

² DROP interest rate for members who were eligible to participate in DROP on or after January 1, 2004. This rate is based upon the average Liquid Asset Money Market rate of return.

Market uncertainty: facts about your TRSL benefits (continued from front)

- ✓ Defined benefits are not determined by the value of assets in the TRSL trust fund.
- ✓ Defined benefits are guaranteed by the state of Louisiana.
- ✓ TRSL is a long-term investor which has proven to be a prudent and successful investment strategy throughout history.
- ✓ TRSL has a sound investment policy that does not respond with knee-jerk reactions to market ups and downs.
- ✓ TRSL has a highly diverse mix of global assets that are professionally managed by experienced investment professionals.
- ✓ The diversification of our portfolio is designed to withstand market fluctuations.
- ✓ Our annualized total return over the last five years is 11.35 percent—well above our target rate of 8.25 percent.
- ✓ The funds in all Deferred Retirement Option Plan (DROP) and Initial Lump-Sum Benefit (ILSB) accounts are safe. While the interest rate earned on those accounts does vary with the market, the funds already on deposit are secure.
- ✓ Members employed in the field of higher education, who elected to participate in the Optional Retirement Plan (ORP), should review their investment portfolios with their financial advisors. This will help you tailor an investment strategy that meets your long-term financial objectives and can help your portfolio weather market volatility.
- ✓ TRSL is monitoring the changing economic environment, and will keep you informed of how these events affect TRSL and you.



We'd love to hear from you!

Send us your comments, questions, and story suggestions to web.master@trsl.org.

West and Haynes re-elected (continued from front)

Madison, Morehouse, Ouachita, Richland, St. Helena, Tangipahoa, Tensas, Union, West Carroll, and West Feliciana parishes. He has served as a trustee since 2005.

Joyce P. Haynes has served as the District 6 representative since 2001. She will represent active members employed in the parishes of Allen, Avoyelles, Beauregard, Evangeline, Grant, Jefferson Davis, LaSalle, Pointe Coupee, Rapides, St. Landry, St. Martin, Vernon, West Baton Rouge, and Winn. She has been an educator for 35 years.

Mark your calendars: 2009 retirement planning workshops scheduled

TRSL's retirement education staff is here to help you plan for the future! We've scheduled our 2009 retirement planning workshops throughout the state. These workshops are recommended for members within five years of retirement or DROP eligibility. Speakers provide a complete overview of TRSL benefits, a common sense approach to financial planning, and information on Social Security.

We're also putting together the 2009 schedule for our other popular retirement workshops, including *DROP Participants*, *Group Counseling*, *Mid-Career*, *Post-Retirement*, *TRSL & Social Security Administration*, and *Retirement 101*. Check our website, www.trsl.org, for updates on dates and locations for these workshops.

To attend any of our workshops, please complete and submit a general work-

shop registration form which can be found on our website at www.trsl.org. Send it to us one of three easy ways:

- **FAX:**
225/925-4035
- **E-MAIL:**
retire.edu@trsl.org
- **MAIL:**
TRSL Retirement Education
PO Box 94123
Baton Rouge, LA 70804-9123

The following workshops are recommended for members within five years of retirement or DROP eligibility. All workshops begin at 9 a.m. Visit www.trsl.org for updates on locations not yet determined.

DATE	SCHOOL BOARD	LOCATION
June 2	Rapides Parish	Rapides Parish Media Center, 619 6th Street, Alexandria
June 3	Calcasieu Parish	Westlake High School Auditorium, 1000 Garden Drive, Westlake
June 4	Lafayette Parish	Vermilion Conference Center, 326 Gauthier Road
June 9	Ouachita Parish	West Monroe High School Field House, 201 Riggs Street, West Monroe
June 10	Bossier Parish	Bossier Instructional Center, 2719 Airline Drive, Bossier City
June 11	Caddo Parish	LSU-S, University Center, University Theater, One University Place, Shreveport
June 18	East Baton Rouge Parish	Central High School Theater, 10200 E. Brookside Drive, Baton Rouge
June 23	Terrebonne Parish	Terrebonne High School Auditorium, 7318 Main Street, Houma
June 24	Lafourche Parish	Central Lafourche High School Library, 4820 Hwy. 1, Raceland
July 7	St. Landry Parish	TBA
July 8	St. Mary Parish	TBA
July 15	Tangipahoa Parish	TBA
July 16	St. Tammany Parish	TBA
July 21	St. Charles Parish	TBA
July 22	Jefferson Parish	TBA
July 23	Orleans Parish	TBA

Annual report mailed to members



Look for your copy of the **2008 Summary Annual Report** in the mail soon!

The report is an overview of the more thorough **Comprehensive Annual Financial Report** which can be viewed on our website at www.trsl.org.

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What you need to know about the Initial Unfunded Accrued Liability (IUAL) (continued from front)

year 2029. Under the current payment schedule, the state's payments won't even cover the interest due on the debt until 2012. Furthermore, the required payments will continue to grow with a combined annual payment of more than \$1 billion just 10 years from now for TRSL and the Louisiana State Employees' Retirement System (LASERS).

Possible legislative action

Louisiana is in the enviable position of having a projected \$865 million surplus in the state budget. State Sen. Butch Gautreaux is seeking to secure a portion of the surplus to make an additional payment toward the retirement debt. An additional \$100 million appropriation to each system in 2009 would save the state hundreds of millions of dollars in future interest payments—savings

that could be used to address other state needs.

What can I do?

Recent reports indicate Louisiana may not see another such surplus, so this window of opportunity is closing. If you are interested in this issue, you may contact your state representatives about legislation that would use surplus money to pay down this debt.

Growth of TRSL's Initial Unfunded Accrued Liability (IUAL)		
IUAL as of 6/30/1988	IUAL as of 6/30/2008	IUAL as of 6/30/2008
\$4.1 billion	\$6.8 billion	\$6.9 billion

The unfunded accrued liability (UAL) is distinguished from the IUAL in that it is the IUAL plus any additional liability accrued since June 30, 1988.

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