



**CURRAN ACTUARIAL**  
— CONSULTING, LTD. —

Annual Funding Valuation  
June 30, 2023

**Registrars of Voters  
Employees' Retirement  
System**



November 20, 2023

Board of Trustees  
Registrars of Voters Employees' Retirement System  
P.O. Box 1959  
Gonzales, Louisiana 70707

Ladies and Gentlemen:

We are pleased to present our report on the actuarial valuation of the Registrars of Voters Employees' Retirement System for the fiscal year ending June 30, 2023. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrator and accountants. This report was prepared at the request of the Board of Trustees of the Registrars of Voters Employees' Retirement System. The primary purpose of this report is to determine the actuarially required contribution for the retirement system for the fiscal year ending June 30, 2024, and to recommend the net direct employer contribution rate for Fiscal 2025. This report does not contain the information necessary for accounting disclosures as required by Governmental Accounting Standards Board (GASB) Statements 67 and 68; that information is included in a separate report. This report was prepared exclusively for the Registrars of Voters 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 of the 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 fund. 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:   
\_\_\_\_\_  
Gregory Curran, F.C.A., M.A.A.A., A.S.A.  
Senior Consulting Actuary

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## SUMMARY OF VALUATION RESULTS

### REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM

	June 30, 2023	June 30, 2022
Census Summary: Active Members (includes DROP participants)	231	242
Retired Members and Survivors	190	185
Terminated Due a Deferred Benefit	9	6
Terminated Due a Refund	44	38
Payroll:	\$ 14,454,202	\$ 14,194,136
Benefits in Payment:	\$ 7,762,405	\$ 7,365,209
Present Value of Future Benefits	\$ 173,968,675	\$ 169,716,085
Actuarial Accrued Liability (EAN):	\$ 139,954,813	\$ 136,734,569
Funding Deposit Account Credit Balance	\$ 6,136,561	\$ 4,376,954
Actuarial Value of Assets (AVA):	\$ 128,564,093	\$ 123,819,268
Market Value of Assets (MVA):	\$ 124,158,298	\$ 115,315,889
Ratio of AVA to Actuarial Accrued Liability (EAN):	91.86%	90.55%
	Fiscal 2023	Fiscal 2022
Market Rate of Return:	9.4%	-12.7%
Actuarial Rate of Return:	5.4%	6.1%
	Fiscal 2024	Fiscal 2023
Employers' Normal Cost (Mid-year):	\$ 4,260,944	\$ 4,213,840
Estimated Administrative Cost	\$ 577,930	\$ 518,540
Projected Ad Valorem Tax Contributions	\$ (3,586,085)	\$ (3,163,897)
Projected Revenue Sharing Funds	\$ (110,218)	\$ (110,157)
Net Direct Employer Actuarially Required Contributions:	\$ 1,142,571	\$ 1,458,326
Projected Payroll:	\$ 14,780,613	\$ 14,465,204
Actuarially Required Net Direct Employer Contribution Rate:	7.73%	10.08%
Board Approved Net Direct Employer Contribution Rate:	18.00%	18.00%
Projected Ad Valorem Taxes & Revenue Sharing Funds as % of Payroll	25.01% †	22.63% †
Statutory Employee Contribution Rate:	7.00%	7.00%
	Fiscal 2025	Fiscal 2024
Minimum Recommended Net Direct Employer Contribution Rate:	7.75%	10.00%

† Percent of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish. State Revenue Sharing Funds are allocated based on the ad valorem tax rate.

## 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 which 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.

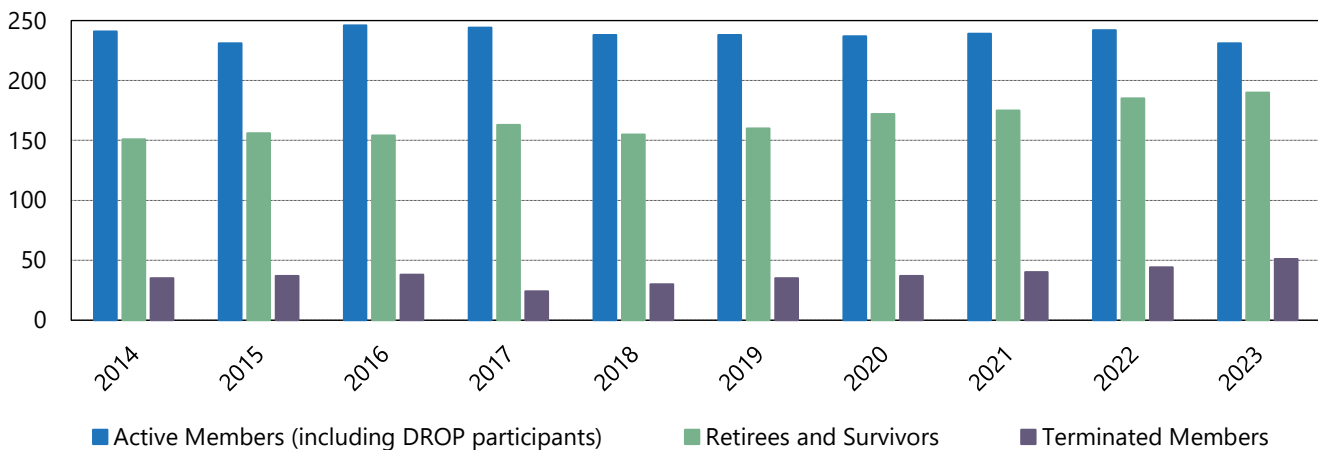
One area where an actuary has limited ability to develop accurate estimates is the projection of future investment earnings. The difficulties here are significant. First, the future is rarely like the past, and the data points available to develop stochastic trials are far fewer than the number required 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 was 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 results which although imperfect is nevertheless a reasonable approach to determine the contribution levels which will provide for the future benefits of plan participants.

## COMMENTS ON DATA

For the valuation, our office electronically downloaded census information 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 dates of birth of retirees and beneficiaries, as well as option categories and benefit amounts, was provided in a similar manner. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Exhibit IX, there are 231 active members, of whom, 109 members, including 12 participants in the Deferred Retirement Option Plan (DROP), have vested retirement benefits; 190 former members or their beneficiaries are receiving retirement benefits. An additional 53 former members have contributions remaining on deposit with the system; of this number 9 former members have vested rights for future retirement benefits. All individuals submitted were included in the valuation. **Figure 1** shows the membership counts over the past ten years.

**Figure 1. Membership Counts**



Census data submitted to our office is tested for errors. 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, which 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 retirement rates, rates of withdrawal, and mortality. In addition, the census is checked for reasonableness in several areas, such as age, service, salary, and current benefits. The records identified by this review as questionable are checked against data from prior valuations; those not recently verified are included in a detailed list of items sent to the system's administrator for verification and/or correction. Once the identified data has been researched and verified or corrected, it is returned to us for use 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.

In addition to the statistical information provided on the system's participants, the system's administrative director 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 the system's auditor, the firm of Duplantier, Hrapmann, Hogan & Maher, L.L.P. As indicated in the system's audit report, the net market value of assets was \$124,158,298 as of June 30, 2023. Net investment income for Fiscal 2023 measured on a market value basis was \$10,773,659. Contributions to the system for the fiscal year totaled \$7,363,046; benefits and expenses amounted to \$9,294,296.

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

This valuation is based on the Aggregate Actuarial Cost Method. This cost method generally produces normal costs which are level as a percentage of payroll if assumptions are met and the composition of the active group regarding age and service is stable. Overall costs may increase or decrease depending on payroll growth. Under the Aggregate Actuarial Cost Method, actuarial gains and losses are spread over future normal costs. Thus, favorable plan experience will lower future normal costs; unfavorable experience will cause future normal costs to increase. In addition, changes in benefits and assumptions are also spread over future normal costs.

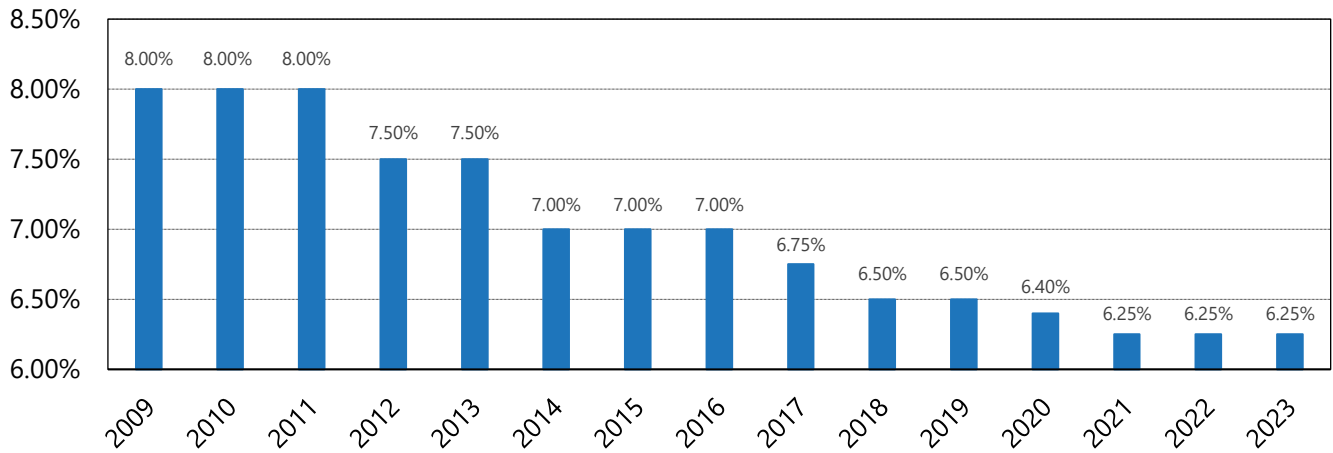
The current year actuarial assumptions utilized for this report are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. This study included a review of all plan decrements in addition to salary scale experience and other demographic factors which impact plan costs. Details related to the study are contained within the 2020 Registrars of Voters Employees' Retirement System Experience Study Report.

Beginning with Fiscal 2012, the Board of Trustees began reducing the long-term rate of return assumption from 8.0%. Over the period from 2012 through 2021, the assumption was reduced to the current rate of 6.25%. **Figure 2** shows the timing of each of these changes.

Despite all of the changes in the valuation interest rate, we continue to review this important assumption once each year. Since 2021, the system's 6.25% valuation interest rate has remained within the actuary's reasonable range. These reviews involve the development of 10,000 stochastic trials spanning 30 years. These trials were performed based on the assumption that portfolio returns are normally distributed based on the expected rate of return and standard deviation of returns inherent in modeling based on our firm's consultant average capital market assumptions and the system's target asset allocation. These

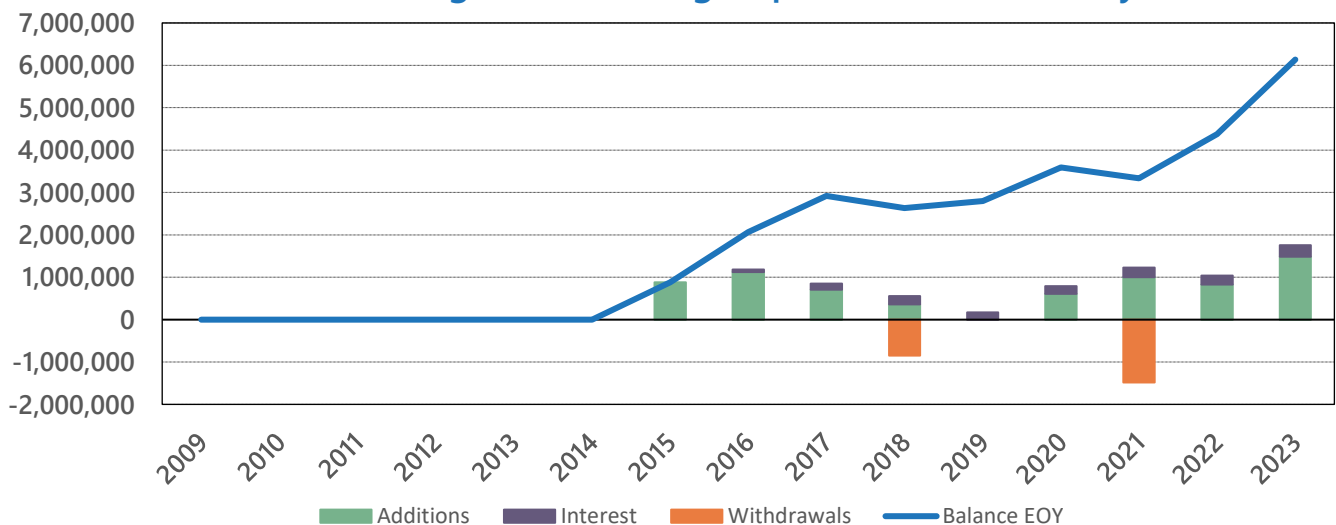
stochastic trials were then used to determine return levels for each percentile. The reasonable range boundaries were set based on the 40<sup>th</sup> and 60<sup>th</sup> percentile expected return levels. Based upon these assumptions and the stochastic simulations, the 2023 review set a reasonable range of 6.01% to 7.21%. The resulting percentiles suggest that there is approximately a 55.9% probability that the system will have long-term earnings at or above 6.25% and a 50% probability that the system will have long-term investment earnings at or above 6.61%.

**Figure 2. Assumed Rate of Return**



Although the Board of Trustees has authority to grant ad hoc Cost-of-living Increases (COLAs) under limited circumstances, these COLAs have not been shown to have a historical pattern, the amounts of the COLAs have not been relative to a defined cost-of-living or inflation index, and there is no evidence to conclude that COLAs will be granted on a predictable basis in the future. Furthermore, based on the Board's recent COLA decisions, it is probable that the costs of future COLAs will be offset with funds from the Funding Deposit Account. Therefore, for purposes of determining the present value of benefits, these COLAs were deemed not to be substantively automatic, and the present value of benefits excludes COLAs not previously granted by the Board of Trustees.

**Figure 3. Funding Deposit Account History**





All calculations, recommendations, and conclusions are based on the assumptions specified. To the extent that prospective experience differs from that assumed, adjustments to contribution levels will be required. Such differences will be revealed in future actuarial valuations.

## RISK FACTORS

Defined benefit pension plans are subject to a number of risks. These risks can be related either to plan assets or liabilities. In order 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 a number of key risks and provide measurements related to a few.

### Contribution Policy Risk

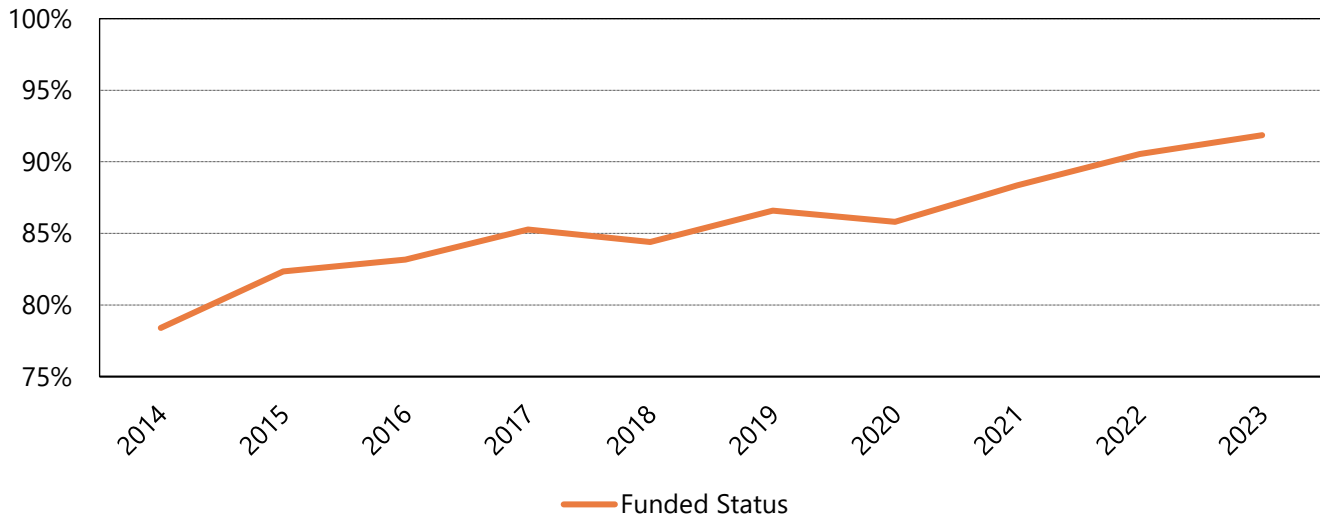
The first risk in this regard is the failure to contribute adequate funds to the plan. In some ways, this is the greatest risk since other risks can usually be addressed by adequate actuarial funding. Louisiana constitutional and statutory provisions greatly limit this risk by requiring that state and 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. The 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 the system's financial report. Alternatively, we have calculated the ratio of the actuarial value of assets to the entry age normal accrued liability based on the funding methodology used to fund the plan. The ratio is 91.86% for the plan as of June 30, 2023.

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. Exhibit X and **Figure 4** give 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 reduction in this rate, the current ratio would be significantly higher.

**Figure 4. Historical Funded Status**



Following are a number of 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. Should the system attempt to offset inflation by providing COLAs (often in the form of permanent benefit increases), minimum contribution rates will inevitably increase unless provisions are made to prefund such adjustments. Since the Board has used the Funding Deposit Account to prefund COLAs over the last five years, the minimum employer contribution rates have not been affected. 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. Forecasters seem to believe that long-term average rates of future inflation may remain higher than rates projected during the period prior to 2020 and the Covid-19 pandemic. There is always the possibility that high inflation will remain 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. For the foreseeable future it is unlikely, though not impossible, that interest rates will steeply decline, which mitigates the reinvestment risk the plan currently faces. As the current cycle of increasing interest rates abates, the possibility of reinvestment risk will undoubtedly increase.

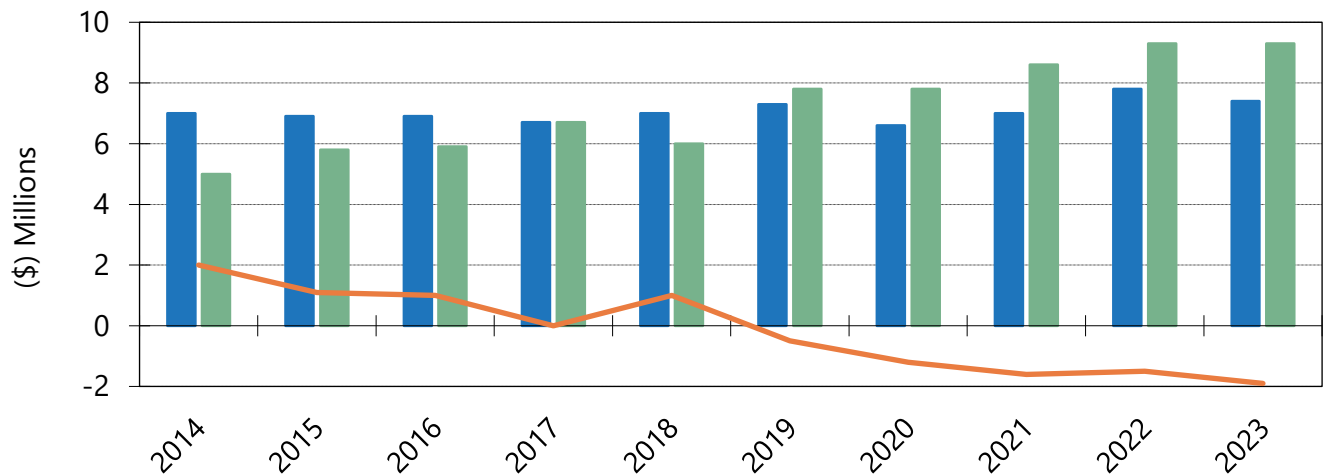
## Asset Return Volatility Risk

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 flows. Where benefit payments exceed contributions to a 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 5** 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 since 2018. In this situation, portfolio construction is very important, and investment staff must consider what level of liquidity is necessary.

**Figure 5. Annual Net Non-Investment Cash Flows**



		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Contribution Income (\$Mil)	■	7.0	6.9	6.9	6.7	7.0	7.3	6.6	7.0	7.8	7.4
Benefits and Expenses (\$Mil)	■	5.0	5.8	5.9	6.7	6.0	7.8	7.8	8.6	9.3	9.3
Net Non- Inv. Cash Flow (\$Mil)	—	2.0	1.1	1.0	0.0	1.0	-0.5	-1.2	-1.6	-1.5	-1.9

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 future contributions due to adverse actuarial experience will tend to mitigate the potential of negative cash flows arising from the natural maturation of the system, whereas 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.

### **Sensitivity to Investment Gains/Losses**

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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 current assets and demographics, for each percentage under (over) the assumed rate of return on the actuarial value of assets, there will be a corresponding increase (decrease) in the actuarially required contribution as a percentage of projected payroll of 0.88% for the fund.

### **Sensitivity to Changes in Valuation Interest Rate**

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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 Fiscal 2024 by 13.76% of payroll. 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 a number of risks and risk measures related to system liabilities:

### **Maturity Risk**

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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 2023, this ratio is 54%; ten years ago, this ratio was 26%.

### **Assumption Risk**

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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. With regard to the economic assumptions, there is always the

possibility that market expectations will require an adjustment to the assumed rate of return. Current market expectations related to the assumed rate of return suggest that a decrease in the assumption is more probable than an increase. The magnitude of any potential such change will be related to future capital market expectations.

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. With regard to the economic assumptions, there is always the possibility that market expectations will require an adjustment to the assumed rate of return. Market expectations related to the assumed rate of return do not currently suggest that a further decrease in the assumption is warranted. We will continue to monitor capital market assumptions and the Board's decisions related to asset mix. We will advise the Board if the reasonable range changes in any material way in the future.

Noneconomic 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**

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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 Risk**

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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 10.06 years.

## **Other Liability Risks**

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In addition to asset risk, the plan is also subject to risks related to liabilities. These 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 several years of slow growth. Revisions of this type usually depend on general economic conditions and can result in liability losses. However, they generally are infrequent and are more of a short-term issue. Within ROVERS, members are allowed to contribute on required overtime. The pattern of overtime's influence on member salaries is somewhat based on the election cycle since overtime levels increase heavily in years with presidential, gubernatorial, senate and representative races. For this reason, the plan experienced significant salary increases in Fiscal 2021 (which included the fall 2020 elections) based on the level of required election overtime. During Fiscal 2022 many individuals had salaries near or below their Fiscal 2021 salary (likely caused by a lack of significant overtime). Within 2023, the system again experienced above average salary increases. This resulted in salary scale savings within the Fiscal 2022 report.

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 forecast.

## **CHANGES IN PLAN PROVISIONS**

There were no changes enacted during the 2023 Regular Session of the Louisiana Legislature affecting the Registrars of Voters Employees' Retirement System.

HCR 67 urges the United States Congress to review and eliminate or reduce the Government Pension Offset and Windfall Elimination Provision, which can result in decreases to Social Security Benefits for certain retirees and beneficiaries.

HCR 70 urges and requests the state treasurer and the state and statewide retirement systems to:

1. Report on investment advisors and companies used by the treasurer and the retirement systems that discriminate against the fossil fuel industry through environmental, social, and governance policies.
2. Report on investment of state and pension assets using nonpecuniary factors.
3. Report on the asset allocation of all of their investments.

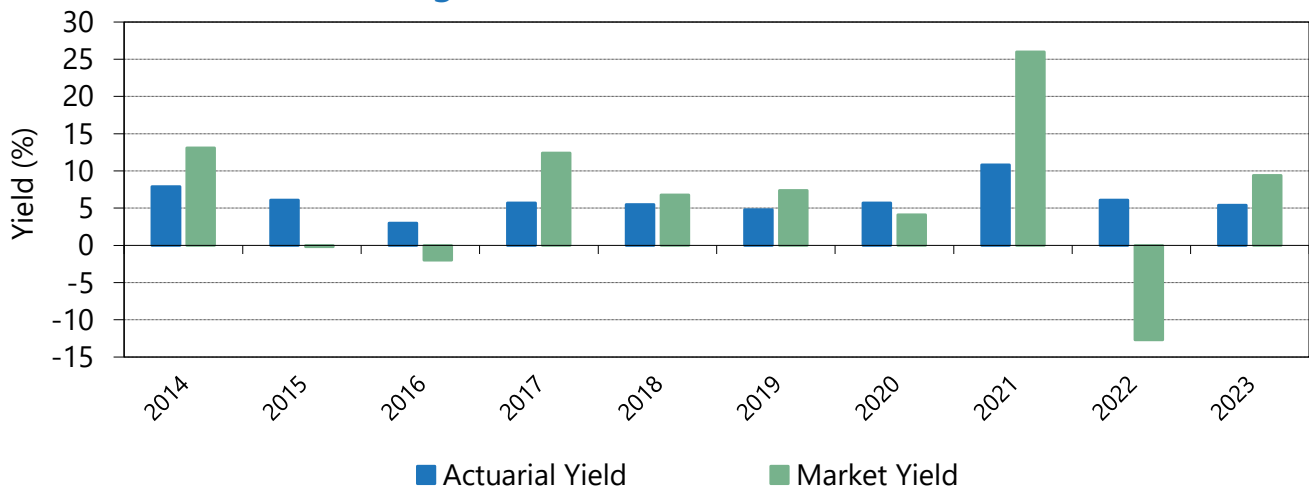
4. Provide a report to the legislature including the name of any investment management company, investment advisor, mutual fund, or entity that uses nonpecuniary factors for investment purposes on behalf of the retirement system.
5. Provide a report to the legislature on any entity under contract that is known to boycott energy companies, including the aggregate amount that the listed entity has invested in Louisiana public companies and in U.S. and Louisiana oil and gas companies.
6. Provide a report to the legislature including specified information on investments and categorizing investments in Louisiana, within the United States, and outside the United States.

HCR 110 urges and requests that the state and statewide public retirement system boards of trustees uphold their fiduciary duty when making financial decisions and not allow Environmental, Social, and Governance policies to influence their investment decisions.

## ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below (Figure 6). These investment rates of return were determined by assuming a uniform distribution of income and expense throughout the fiscal year.

**Figure 6. Historical Asset Yields**



	Market Yield	Actuarial Yield
2014	13.1%	7.9%
2015	-0.2%	6.1%
2016	-2.0%	3.0%
2017	12.4%	5.7%
2018	6.8%	5.5%
2019	7.4%	4.8%
2020	4.1%	5.7%
2021	26.0%	10.8%
2022	-12.7%	6.1%
2023	9.4%	5.4%

<b>Geometric Average Market Rates of Return</b>		
5-year average	(Fiscal 2019 – 2023)	6.1%
10-year average	(Fiscal 2014 – 2023)	6.0%
15-year average	(Fiscal 2009 – 2023)	4.5%
20-year average	(Fiscal 2004 – 2023)	5.0%
25-year average	(Fiscal 1999 – 2023)	4.4%
30-year average	(Fiscal 1994 – 2023)	5.3%

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 and dividends. 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 2023, the system earned \$2,875,078 dividends, interest and other recurring income. Net income was increased by realized and unrealized capital gains of \$8,521,007. Investment expenses reduced income by \$622,426.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 6.25% applicable for Fiscal 2023. This rate is calculated based on the actuarial value of assets and the market value income adjusted for actuarial smoothing as given in Exhibit VI. Investment income used to calculate this yield is based upon a smoothing of investment income above or below the valuation interest rate over a five-year period subject to limits as described in the section detailing actuarial assumptions. The difference between rates of return on an actuarial and market value basis results from the smoothing utilized. In the future, yields in excess of the 6.25% assumption will reduce future costs; yields below 6.25% will increase future costs. For Fiscal 2023, the system earned net actuarial investment income totaling \$1,003,192 less than the actuarial assumed earnings rate of 6.25% in effect for Fiscal 2023. This shortfall in earnings produced an actuarial loss, which increased the normal cost accrual rate by 0.6829%.

## **DEMOGRAPHICS AND LIABILITY EXPERIENCE**

A reconciliation of the census for the plan is given in Exhibit IX. The average active member (including DROP participants) is 51 years old with 11.42 years of service and an annual salary of \$62,572. The system's active membership decreased by 11 members during the fiscal year. The plan has experienced a decrease in the active plan population of 7 members over the last five years.

The average service retiree is 72 years old with a monthly benefit of \$3,802. The average age at retirement for regular retirees is 63. The number of retirees and beneficiaries receiving benefits from the system increased by 5 during the fiscal year; over the last five years the number of retirees has increased by 35. During this same period, annual benefits in payment increased by \$2,589,529.

Plan liability experience for Fiscal 2023 was slightly favorable. Retirements and DROP entries were near projected levels. In the Fiscal 2023 database, salaries were significantly higher than in the previous year. This tends to increase the system's normal cost. Withdrawals well above expected levels and retiree deaths above expected levels. These tend to reduce the system's normal cost. In aggregate, plan liability gains decreased the normal cost accrual rate by 0.3557%.



## FUNDING ANALYSIS AND RECOMMENDATIONS DEFINED BENEFIT PLAN

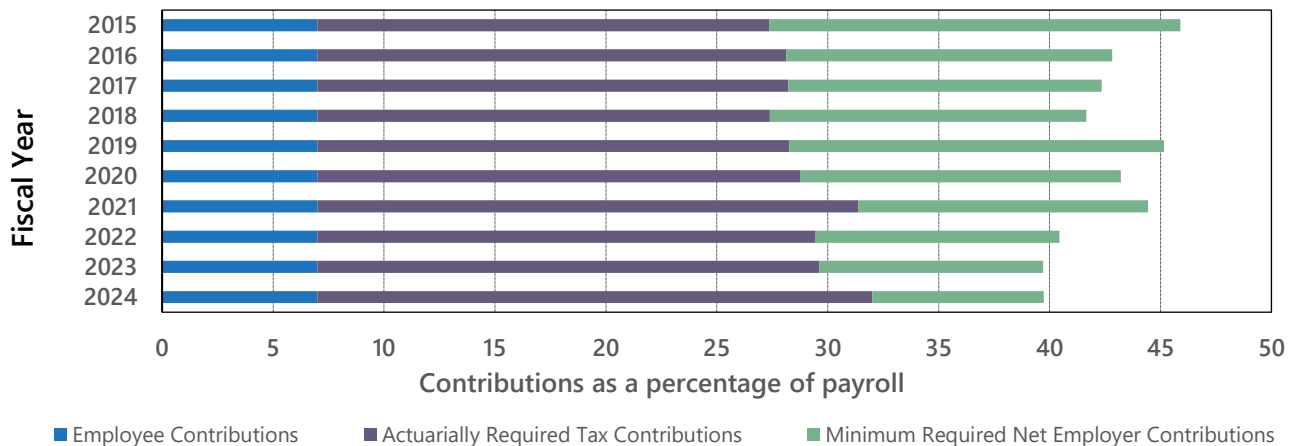
Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by an actuarial valuation based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. Each year a determination is made of the normal cost, and the actuarially required contributions are based on the sum of this value and administrative expenses. Under the funding method used for the plan, changes in plan experience, benefits, or assumptions increase or decrease future normal costs. In addition, excess or deficient contributions can decrease or increase future costs.

In order to establish the actuarially required contribution in any given year, it is necessary to define the assumptions and funding method. Thus, the determination of what contribution is actuarially required depends upon the funding method 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.

The derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The normal cost for Fiscal 2024 is \$4,133,723. The total actuarially required contribution is determined by adjusting the value for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 12 of Exhibit I the total actuarially required contribution for Fiscal 2024 is \$4,838,874. When this amount is reduced by projected tax contributions and revenue sharing funds, the resulting employers' net direct actuarially required contribution for Fiscal 2024 is \$1,142,571 or 7.73% of projected payroll.

The cost of providing benefits to current and former members is borne by employees and employers and relies in part on dedicated ad valorem taxes and revenue sharing funds. **Figure 7** shows the breakdown of annual costs as a percentage of payroll over the past ten years.

**Figure 7. Components of Actuarial Funding**



Liability and asset experience as well as changes in assumptions and benefits can increase or decrease plan costs. In addition to these factors, any COLA granted in the prior fiscal year which is not funded by withdrawals from the Funding Deposit Account would increase required contributions. New entrants to the system can also increase or decrease costs as a percentage of payroll depending upon their demographic distribution and other factors related to prior plan experience. Finally, contributions above or below requirements may reduce or increase future costs.

The effects of various factors on the fund’s cost structure are outlined below:

RECONCILIATION OF THE NORMAL COST ACCRUAL RATE	
Employer’s Normal Cost Accrual Rate – Fiscal 2023	29.5205%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience Loss	0.6829%
Factors Decreasing the Normal Cost Accrual Rate:	
New Members	0.7120%
Plan Liability Experience Gain	0.3557%
Employer’s Normal Cost Accrual Rate – Fiscal 2024	29.1357%

In addition to the above factors, required net direct employer contributions are also affected by the projected ad valorem taxes and revenue sharing funds which the system is expected to receive each year. When these funds change as a percentage of payroll, net direct employer contributions are adjusted accordingly. Based on a weighted average of the growth rates over the past three years, we estimate that these funds will increase by 2.38% of payroll in Fiscal 2024.

Although the minimum recommended net direct employer contribution rate for Fiscal 2023 was 11.00%, the Board voted to maintain the employer contribution rate at 18.00%. For Fiscal 2023, the system experienced a contribution gain of \$1,486,047. In accordance with R.S. 11:107.1, these additional contributions were credited to the system’s Funding Deposit Account as of June 30, 2023. Although the minimum recommended net direct employer contribution rate for Fiscal 2024 is 7.75%; the actual employer contribution rate for Fiscal 2024 is 18.00% of payroll. Since the contribution rate for Fiscal 2024 was held at 18.00% by the Board, any surplus in employer contributions collected during the fiscal year will be credited to the Funding Deposit Account.

R.S. 11:103 requires that the net direct employer contributions be rounded to the nearest 0.25%, hence we are recommending a minimum net direct employer contribution rate of 7.75% for Fiscal 2025. Under the provisions of RS 11:105, R.S. 11:106 and RS 11:107, the Board of Trustees may set the net direct employer contribution for Fiscal 2025 at any level between the minimum recommended employer contribution rate of 7.75% and the current employer contribution rate of 18.00%. If the Board sets the net direct employer contribution rate above the minimum rate, any excess funds collected will be deposited in the Funding Deposit Account. Funds in this account can be used to reduce either future required contributions in a particular year or the normal cost accrual rate. In addition, if the system may grant a cost-of-living increase to retirees, such increase may be paid from funds in the Funding Deposit Account.

## FUNDING ANALYSIS AND RECOMMENDATIONS DEFINED CONTRIBUTION PLAN

Funding for the retirement system's defined contribution account is contingent upon the availability of funds from ad valorem taxes and revenue sharing above the requirements of the defined benefit plan. The maximum amount of ad valorem taxes available to the system is 0.0625% of the ad valorem taxes shown to be collected each year. For Fiscal 2024, we project that the system will receive ad valorem taxes in an amount insufficient to meet the requirements of the defined benefit plan. Therefore, there is no funding available for the defined contribution account for Fiscal 2024.

### 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 Registrars of Voters 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 2023 HQM Corporate Bond Yield Curve is weighted based on the GASB 67 cash flows, the effective single discount rate derived from the analysis is 5.20%.

In the following section, we will 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 5.20%. All other assumptions match those used to determine funding liabilities.

LDRM Comparison	Funding Valuation	LDRM Valuation
Discount Rate	6.25%	5.20%
Accrued Liability for Active Members	\$ 58,904,175	\$ 66,921,506
Accrued Liability for Terminated Members	\$ 1,407,563	\$ 1,714,948
Accrued Liability for Retired Members	\$ 79,643,075	\$ 86,762,353
Total Actuarial Accrued Liability (AAL)	\$ 139,954,813	\$ 155,398,807
Funded Ratio (AVA/AAL)	91.86%	82.73%

The differences in the measures shown above 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.

## COST OF LIVING ADJUSTMENTS

During Fiscal 2023 the actual cost-of-living (as measured by the US Department of Labor CPI-U) increased by 3.0%.

RELEVANT COLA STATUTES	
Statute	Description
R.S. 11:2073	Provides for cost-of-living increases of up to 3% of each qualifying retiree’s original benefit. To qualify, a retiree or survivor must have been retired for at least two years. Such increase shall be payable from interest earnings on investments in excess of normal requirements of from funds deposited in the system’s Funding Deposit Account.
R.S. 11:246	Provides supplemental cost-of-living increases to retirees and beneficiaries over the age of 65 equal to 2% of the benefit in payment on October 1, 1977, or the date the benefit was originally received if retirement commenced after that date. Applies to those retired for at least one year. Such increase shall be payable from interest earnings on investments in excess of normal requirements of from funds deposited in the system’s Funding Deposit Account.
R.S. 11:241	Provides for cost-of-living benefits payable based on a formula equal to up to \$1 times the total of the number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system’s fiscal year end preceding the payment of the benefit increase. Applies to those retired for at least one year.

Statutory requirements provide that such COLA’s may be paid only when the system has investment earnings above the valuation interest rate or when sufficient funds are available in the Funding Deposit Account and the system complies with the provisions of R. S. 11:243(G)(3). For Fiscal 2023, the system had no in such excess earnings.

R.S. 11:243 sets forth the funding criteria necessary to grant cost-of-living adjustments to regular retirees and beneficiaries (who are neither the surviving spouse nor children of the retiree). The criteria for the system to qualify as eligible to grant any such increase is as follows: a funded ratio of at least 70% if the system has not granted a benefit increase to retirees, survivors, or beneficiaries in any of the three most recent fiscal years; a funded ratio of at least 80% if the system has not granted such an increase in any of the two most recent fiscal years; or a funded ratio of at least 90% if the system has not granted such an increase in the most recent fiscal year. The funded ratio at any fiscal year end is the ratio of the actuarial value of assets to the actuarial accrued liability under the funding method prescribed by the legislative auditor (currently the Projected Unit Credit Method for this system).

The system has sufficient funds set aside in the Funding Deposit Account to provide a prefunded COLA. R.S. 11:107.1(D)(4)(b) requires that the system first meets the rules set forth in R.S. 11:243(G)(3). The system does qualify under the requirements of R.S. 11:243(G)(3) since the system’s funded ratio for COLA purposes is 90.69% (i.e. the actuarial value of assets divided by the pension benefit obligation) and the system has not granted a benefit increase to retirees, survivors, and beneficiaries of the system within the most recent fiscal year.

The estimated impact of granting the COLA's described above are as follows:

	Increase in Annual Benefits	Increase in Present Value	Equivalent Increase in Normal Cost Accrual Rate
R.S. 11:2073	\$ 187,598	\$ 1,761,423	1.20%
R.S. 11:246 2% of base to over age 65	\$ 111,061	\$ 991,533	0.67%

The following is a history of COLAs provided since January 1, 2000:

<b>COLA HISTORY SINCE 2000</b>	
January 1, 2021	COLA paying 3% of the retiree or survivor's original benefit if benefits have been paid for at least 2 years prior to January 1, 2021.
January 1, 2018	COLA paying 2% of the retiree or survivor's original benefit if benefits have been paid for at least 2 years prior to January 1, 2018.

# EXHIBITS

**EXHIBIT I**  
**ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS**  
**TO THE DEFINED BENEFIT PLAN**

1. Present Value of Future Benefits.....	\$	173,968,675
2. Actuarial Value of Assets.....	\$	128,564,093
3. Funding Deposit Account Credit Balance.....	\$	6,136,561
4. Present Value of Future Employee Contributions.....	\$	8,741,326
5. Present Value of Future Employer Normal Costs (1 – (2 – 3) – 4).....	\$	42,799,817
6. Present Value of Future Salaries.....	\$	146,898,196
7. Employer Normal Cost Accrual Rate (5 ÷ 6).....		29.135700%
8. Projected Fiscal 2024 Salary for Current Membership.....	\$	14,187,829
9. Employer Normal Cost as of July 1, 2023 (7 × 8).....	\$	4,133,723
10. Employer Normal Cost Interest Adjusted for Mid-year Payment.....	\$	4,260,944
11. Estimated Administrative Cost for Fiscal 2024.....	\$	577,930
12. GROSS Employer Actuarially Required Contribution for Fiscal 2024 (10 + 11).....	\$	4,838,874
13. Projected Ad Valorem Tax Contributions for Fiscal 2024.....	\$	3,586,085
14. Projected Revenue Sharing Funds for Fiscal 2024.....	\$	110,218
15. Net Direct Employer Actuarially Required Contribution for Fiscal 2024 (12 – 13 – 14).....	\$	1,142,571
16. Projected Payroll for Fiscal 2024.....	\$	14,780,613
17. Employers' Minimum Net Direct Actuarially Required Contribution as a percentage of Projected Payroll for Fiscal 2024 (15 ÷ 16).....		7.73%
18. Board Approved Employer Contribution Rate for Fiscal 2024.....		18.00%
19. Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2025 (17, Rounded to nearest 0.25%).....		7.75%



## EXHIBIT II PRESENT VALUE OF FUTURE BENEFITS

### PRESENT VALUE OF FUTURE BENEFITS FOR ACTIVE MEMBERS:

Retirement Benefits .....	\$ 87,773,627
Survivor Benefits .....	1,200,465
Disability Benefits .....	653,280
Vested Termination Benefits .....	2,685,029
Refunds of Contributions .....	605,636
 TOTAL Present Value of Future Benefits for Active Members .....	 \$ 92,918,037

### PRESENT VALUE OF FUTURE BENEFITS FOR TERMINATED MEMBERS:

Terminated Vested Members Due Benefits at Retirement.....	\$ 1,214,004
Terminated Members with Reciprocal Due Benefits at Retirement.....	71,798
Terminated Members Due a Refund.....	121,761
 TOTAL Present Value of Future Benefits for Terminated Members.....	 \$ 1,407,563

### PRESENT VALUE OF FUTURE BENEFITS FOR RETIREES:

Regular Retirees	
Maximum .....	\$ 13,306,726
Option 1.....	22,682,823
Option 2.....	11,115,819
Option 3.....	8,800,077
Option 4.....	16,696,389
 TOTAL Regular Retirees.....	 \$ 72,601,834
 Disability Retirees.....	 897,471
 Survivors & Widows.....	 5,798,220
 DROP Account Balances Payable to Retirees.....	 311,633
 DROP Annuities Certain Payable to Retirees.....	 33,917
 TOTAL Present Value of Future Benefits for Retirees & Survivors .....	 \$ 79,643,075
 TOTAL Present Value of Future Benefits.....	 \$ 173,968,675

## EXHIBIT III – SCHEDULE A MARKET VALUE OF ASSETS

### CURRENT ASSETS:

Cash in Banks.....	\$	2,820,536	
Contributions Receivable.....		359,533	
Accrued Interest and Dividends .....		114,196	
Investments Receivable .....		26,272	
TOTAL CURRENT ASSETS .....	\$		3,320,537
Property, Plant & Equipment .....	\$		21,530

### INVESTMENTS:

Cash Equivalents.....	\$	2,272,520	
Equities .....		69,319,415	
Fixed Income.....		36,611,376	
Real Estate .....		12,500,996	
Alternative Investments.....		224,572	
TOTAL INVESTMENTS.....	\$		120,928,879
TOTAL ASSETS .....	\$		124,270,946

### CURRENT LIABILITIES:

Accounts Payable.....	\$	3,698	
Investments Payable .....		108,950	
TOTAL CURRENT LIABILITIES .....	\$		112,648
MARKET VALUE OF ASSETS.....	\$		124,158,298

## EXHIBIT III – SCHEDULE B ACTUARIAL VALUE OF ASSETS

Excess (Shortfall) of Invested Income  
For Current and Previous 4 Years:

Fiscal year 2023.....	\$ 3,625,853
Fiscal year 2022.....	(25,267,507)
Fiscal year 2021 .....	20,906,939
Fiscal year 2020.....	(2,543,747)
Fiscal year 2019.....	919,816
Total for Five Years.....	\$ (2,358,646)

Deferral of Excess (Shortfall) of Invested Income:

Fiscal year 2023 (80%).....	\$ 2,900,682
Fiscal year 2022 (60%).....	(15,160,504)
Fiscal year 2021 (40%).....	8,362,776
Fiscal year 2020 (20%).....	(508,749)
Fiscal year 2019 ( 0%).....	0
Total Deferred for Year.....	\$ (4,405,795)

Market Value of Plan Net Assets, End of Year..... \$ 124,158,298

Preliminary Actuarial Value of Plan Assets, End of Year..... \$ 128,564,093

Actuarial Value of Assets Corridor

85% of market value, end of year.....	\$ 105,534,553
115% of market value, end of year.....	\$ 142,782,043

Final Actuarial Value of Plan Net Assets, End of Year..... \$ 128,564,093

**EXHIBIT IV  
PRESENT VALUE OF FUTURE CONTRIBUTIONS**

Employee Contributions to the Annuity Savings Fund .....	\$	8,741,326
Employer Normal Contributions to the Pension Accumulation Fund .....		42,799,817
Funding Deposit Account Credit Balance.....		(6,136,561)
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS .....	 \$	 45,404,582

**EXHIBIT V  
RECONCILIATION OF CONTRIBUTIONS**

Employer Normal Cost for Prior Year.....	\$	4,088,025
Interest on the Normal Cost.....		255,502
Administrative Expenses .....		531,868
Interest on Expenses.....		16,369
 TOTAL Interest Adjusted Actuarially Required Contributions.....	 \$	 4,891,764
 Direct Employer Contributions .....	 \$	 2,661,795
Interest on Employer Contributions .....		81,920
Ad Valorem Taxes and Revenue Sharing.....		3,525,591
Interest on Ad Valorem Taxes and Revenue Sharing Funds .....		108,505
 TOTAL Interest Adjusted Employer Contributions .....	 \$	 6,377,811
 CONTRIBUTION SHORTFALL (SURPLUS) .....	 \$	 1,486,047

## EXHIBIT VI ANALYSIS OF CHANGE IN ASSETS

Actuarial Value of Assets (June 30, 2022).....	\$	123,819,268
INCOME:		
Member Contributions.....	\$	962,203
Employer Contributions.....		2,661,795
Irregular Contributions .....		213,457
Ad valorem Taxes .....		3,416,982
Revenue Sharing Funds .....		108,609
Total Contributions.....	\$	7,363,046
Net Appreciation (Depreciation) of Investments.....	\$	8,520,344
Interest & Dividends .....		2,573,809
Alternative Investment Income .....		301,269
Class Action Settlement .....		663
Investment Expense.....		(622,426)
Net Investment Income.....	\$	10,773,659
TOTAL Income .....	\$	18,136,705
EXPENSES:		
Retirement Benefits .....	\$	7,608,436
DROP Disbursements.....		1,095,649
Refunds of Contributions .....		44,111
Transfers to Other Systems.....		14,232
Administrative Expenses .....		531,868
TOTAL Expenses.....	\$	9,294,296
Net Market Value Income for Fiscal 2023 (Income – Expenses) .....	\$	8,842,409
Unadjusted Fund Balance as of June 30, 2023 (Fund Balance Previous Year + Net Income).....	\$	132,661,677
Adjustment for Actuarial Smoothing .....	\$	(4,097,584)
Actuarial Value of Assets: (June 30, 2023).....	\$	128,564,093

## EXHIBIT VII FUNDING DEPOSIT ACCOUNT

Funding Deposit Account Balance as of June 30, 2022 .....	\$	4,376,954
Interest on Opening Balance at 6.25% .....		273,560
Contributions to the Funding Deposit Account.....		1,486,047
Withdrawals from the Funding Deposit Account.....		0
Funding Deposit Account Balance as of June 30, 2023 .....	\$	6,136,561

## EXHIBIT VIII – Schedule A PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees.....	\$	60,708,774
Present Value of Benefits Payable to Terminated Employees .....		1,407,563
Present Value of Benefits Payable to Current Retirees and Beneficiaries .....		79,643,075
TOTAL PENSION BENEFIT OBLIGATION .....	\$	141,759,412
NET ACTUARIAL VALUE OF ASSETS .....	\$	128,564,093
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation .....		90.69%

## EXHIBIT VIII – Schedule B ENTRY AGE NORMAL ACCRUED LIABILITIES

Accrued Liability for Active Employees .....	\$	58,904,175
Accrued Liability for Terminated Employees.....		1,407,563
Accrued Liability for Current Retirees and Beneficiaries.....		79,643,075
TOTAL ENTRY AGE NORMAL ACCRUED LIABILITY .....	\$	139,954,813
NET ACTUARIAL VALUE OF ASSETS .....	\$	128,564,093
Ratio of Net Actuarial Value of Assets to Entry Age Normal Accrued Liability.....		91.86%

## EXHIBIT IX CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2022	225	44	17	185	471
Additions to Census					
Initial membership	18	3			21
Omitted in error last year				2	2
Death of another member					
Adjustment for multiple records					
Change in Status during Year					
Actives terminating service	(11)	11			
Actives who retired	(4)			4	
Actives entering DROP	(4)		4		
Term. members rehired					
Term. members who retire		(1)		1	
Retirees who are rehired					
Refunded who are rehired	1				1
DROP participants retiring			(7)	7	
DROP returned to work	2		(2)		
Omitted in error last year					
Eliminated from Census					
Refund of contributions	(8)	(4)			(12)
Deaths				(9)	(9)
Included in error last year					
Adjustment for multiple records					
Number of members as of June 30, 2023	219	53	12	190	474

### Actives Census by Age:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
21 - 25	0	5	5	32,656	163,280
26 - 30	5	6	11	47,308	520,387
31 - 35	2	16	18	49,197	885,539
36 - 40	1	16	17	57,181	972,082
41 - 45	1	12	13	49,079	638,023
46 - 50	5	30	35	56,139	1,964,861
51 - 55	6	31	37	64,719	2,394,597
56 - 60	2	41	43	66,991	2,880,595
61 - 65	4	18	22	71,693	1,577,249
66 - 70	1	22	23	74,340	1,709,822
71 - 75	1	2	3	58,568	175,703
76 - 80	2	2	4	143,016	572,064
<b>Total</b>	<b>30</b>	<b>201</b>	<b>231</b>	<b>62,572</b>	<b>14,454,202</b>

(The active census includes 109 actives with vested benefits, including 12 DROP participants and 10 active former DROP participants)

### Drop Participants by Age:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
51 - 55	0	1	1	90,436	90,436
56 - 60	0	3	3	74,907	224,720
61 - 65	0	4	4	52,487	209,947
66 - 70	0	3	3	46,852	140,555
71 - 75	1	0	1	23,523	23,523
<b>Total</b>	<b>1</b>	<b>11</b>	<b>12</b>	<b>57,432</b>	<b>689,181</b>



**Terminated Members Due a Deferred Retirement Benefit:**

<b>Age</b>	<b>Number Male</b>	<b>Number Female</b>	<b>Total Number</b>	<b>Average Benefit</b>	<b>Total Benefit</b>
36 - 40	1	2	3	22,454	67,363
41 - 45	0	1	1	18,621	18,621
46 - 50	1	0	1	43,589	43,589
51 - 55	0	4	4	21,474	85,894
<b>Total</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>23,941</b>	<b>215,467</b>

**Terminated Members Due a Refund of Contributions:**

<b>Contributions Ranging</b>		<b>Number</b>	<b>Total Contributions</b>
<b>From</b>	<b>To</b>		
0	- 99	6	313
100	- 499	12	3,107
500	- 999	7	5,453
1,000	- 1,999	4	6,077
2,000	- 4,999	5	15,381
5,000	- 9,999	6	43,190
10,000	- 19,999	4	48,240
<b>Total</b>		<b>44</b>	<b>121,761</b>

### Regular Retirees:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
51 - 55	0	1	1	55,387	55,387
56 - 60	0	7	7	66,884	468,188
61 - 65	5	23	28	58,177	1,628,952
66 - 70	3	33	36	43,126	1,552,522
71 - 75	3	29	32	45,210	1,446,727
76 - 80	4	16	20	43,807	876,142
81 - 85	1	17	18	38,054	684,974
86 - 90	1	6	7	27,535	192,743
91 - 95	0	2	2	19,910	39,820
96 - 100	0	2	2	17,226	34,451
<b>Total</b>	<b>17</b>	<b>136</b>	<b>153</b>	<b>45,620</b>	<b>6,979,906</b>

### Disability Retirees:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
56 - 60	1	1	2	31,821	63,641
<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>31,821</b>	<b>63,641</b>

### Survivors:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	1	0	1	12,000	12,000
46 - 50	1	1	2	6,618	13,235
56 - 60	1	0	1	15,364	15,364
61 - 65	0	1	1	6,367	6,367
66 - 70	3	2	5	16,204	81,018
71 - 75	4	5	9	24,605	221,449
76 - 80	2	2	4	42,300	169,199
81 - 85	2	5	7	21,136	147,951
86 - 90	2	1	3	8,974	26,923
91 - 95	0	2	2	12,676	25,352
<b>Total</b>	<b>16</b>	<b>19</b>	<b>35</b>	<b>20,539</b>	<b>718,858</b>

**Active Members:**

Attained Ages	Completed Years of Service								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 & Over	
0 - 20	-	-	-	-	-	-	-	-	-
21 - 25	1	4	-	-	-	-	-	-	5
26 - 30	1	9	1	-	-	-	-	-	11
31 - 35	2	7	5	4	-	-	-	-	18
36 - 40	1	7	4	5	-	-	-	-	17
41 - 45	2	2	1	2	5	1	-	-	13
46 - 50	4	11	7	5	3	4	1	-	35
51 - 55	2	10	4	6	7	5	1	2	37
56 - 60	5	10	6	5	8	5	1	3	43
61 - 65	-	5	4	4	4	1	1	3	22
66 - 70	-	1	6	4	3	3	2	4	23
71 & Over	-	-	-	-	2	3	-	2	7
<b>Total</b>	<b>18</b>	<b>66</b>	<b>38</b>	<b>35</b>	<b>32</b>	<b>22</b>	<b>6</b>	<b>14</b>	<b>231</b>

**Average Annual Salary of Active Members:**

Attained Ages	Completed Years of Service								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 & Over	
0 - 20	-	-	-	-	-	-	-	-	-
21 - 25	47,529	28,938	-	-	-	-	-	-	32,656
26 - 30	40,403	47,407	53,320	-	-	-	-	-	47,308
31 - 35	34,145	43,001	49,590	67,074	-	-	-	-	49,197
36 - 40	35,432	48,221	62,865	69,528	-	-	-	-	57,181
41 - 45	31,448	36,481	50,802	65,203	55,222	44,847	-	-	49,079
46 - 50	31,448	46,834	58,157	57,721	53,815	98,268	73,671	-	56,139
51 - 55	37,661	45,378	40,807	60,298	87,870	74,106	107,35	123,751	64,719
56 - 60	39,247	59,479	70,690	53,121	77,866	89,436	55,767	91,318	66,991
61 - 65	-	57,753	66,963	47,413	87,507	83,289	140,209	85,819	71,693
66 - 70	-	90,833	62,278	56,336	92,226	67,444	87,021	91,733	74,340
71 & Over	-	-	-	-	106,957	116,712	-	91,858	106,824
<b>Total</b>	<b>36,217</b>	<b>48,443</b>	<b>58,935</b>	<b>59,352</b>	<b>78,631</b>	<b>85,972</b>	<b>91,841</b>	<b>94,968</b>	<b>62,572</b>

**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	20 & Over	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	-	-	-	-	-	-	-	-
36 - 40	-	-	-	-	-	-	-	3	3
41 - 45	-	-	-	-	-	1	-	-	1
46 - 50	-	-	-	-	-	1	-	-	1
51 - 55	-	-	-	-	4	-	-	-	4
56 - 60	-	-	-	-	-	-	-	-	-
61 - 65	-	-	-	-	-	-	-	-	-
66 - 70	-	-	-	-	-	-	-	-	-
71 & Over	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	4	2	-	3	9

**Average Annual Benefits of 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	20 & Over	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	-	-	-	-	-	-	-	-
36 - 40	-	-	-	-	-	-	-	22,454	22,454
41 - 45	-	-	-	-	-	18,621	-	-	18,621
46 - 50	-	-	-	-	-	43,589	-	-	43,589
51 - 55	-	-	-	-	21,474	-	-	-	21,474
56 - 60	-	-	-	-	-	-	-	-	-
61 - 65	-	-	-	-	-	-	-	-	-
66 - 70	-	-	-	-	-	-	-	-	-
71 & Over	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	21,474	31,105	-	22,454	23,941

### Service Retirees:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	20 & Over	
0 - 50	-	-	-	-	-	-	-	-	-
51 - 55	-	1	-	-	-	-	-	-	1
56 - 60	3	3	-	-	1	-	-	-	7
61 - 65	3	5	5	5	8	2	-	-	28
66 - 70	3	3	7	7	14	2	-	-	36
71 - 75	3	1	2	6	10	4	6	-	32
76 - 80	-	-	1	4	3	6	4	2	20
81 - 85	-	-	-	-	3	4	5	6	18
86 - 90	-	-	-	-	-	1	2	4	7
91 & Over	-	-	-	-	-	-	-	4	4
<b>Total</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>22</b>	<b>39</b>	<b>19</b>	<b>17</b>	<b>16</b>	<b>153</b>

### Average Annual Benefits Payable to Service Retirees:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 2	2 - 3	3 - 5	5 - 10	10 - 15	15 - 20	20 & Over	
0 - 50	-	-	-	-	-	-	-	-	-
51 - 55	-	55,387	-	-	-	-	-	-	55,387
56 - 60	59,477	77,291	-	-	57,885	-	-	-	66,884
61 - 65	42,624	74,227	51,982	49,347	65,293	50,480	-	-	58,177
66 - 70	23,480	43,453	23,017	45,210	55,203	50,642	-	-	43,126
71 - 75	56,566	31,886	54,468	71,282	41,926	26,314	30,669	-	45,210
76 - 80	-	-	91,268	36,649	87,728	30,292	37,403	21,867	43,807
81 - 85	-	-	-	-	93,516	43,187	29,757	13,816	38,054
86 - 90	-	-	-	-	-	56,716	33,587	17,214	27,535
91 & Over	-	-	-	-	-	-	-	18,568	18,568
<b>Total</b>	<b>45,537</b>	<b>63,126</b>	<b>41,416</b>	<b>51,704</b>	<b>59,386</b>	<b>37,827</b>	<b>32,328</b>	<b>16,860</b>	<b>45,620</b>

**Disability Retirees:**

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 & Over	
0 - 40	-	-	-	-	-	-	-	-	-
41 - 45	-	-	-	-	-	-	-	-	-
46 - 50	-	-	-	-	-	-	-	-	-
51 - 55	-	-	-	-	-	-	-	-	-
56 - 60	-	1	1	-	-	-	-	-	2
61 - 65	-	-	-	-	-	-	-	-	-
66 - 70	-	-	-	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-	-	-	-
76 - 80	-	-	-	-	-	-	-	-	-
81 & Over	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1</b>	<b>1</b>	-	-	-	-	-	<b>2</b>

**Average Annual Benefits Payable to Disability Retirees:**

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 & Over	
0 - 40	-	-	-	-	-	-	-	-	-
41 - 45	-	-	-	-	-	-	-	-	-
46 - 50	-	-	-	-	-	-	-	-	-
51 - 55	-	-	-	-	-	-	-	-	-
56 - 60	-	26,392	37,249	-	-	-	-	-	31,821
61 - 65	-	-	-	-	-	-	-	-	-
66 - 70	-	-	-	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-	-	-	-
76 - 80	-	-	-	-	-	-	-	-	-
81 & Over	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>26,392</b>	<b>37,249</b>	-	-	-	-	-	<b>31,821</b>

### 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	30 & Over	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	1	-	-	-	-	-	-	1
36 - 40	-	-	-	-	-	-	-	-	-
41 - 45	-	-	-	-	-	-	-	-	-
46 - 50	-	-	1	-	-	1	-	-	2
51 - 55	-	-	-	-	-	-	-	-	-
56 - 60	-	-	-	-	-	-	-	1	1
61 - 65	-	-	1	-	-	-	-	-	1
66 - 70	-	-	-	1	1	-	1	2	5
71 - 75	1	1	1	-	2	-	-	4	9
76 - 80	-	1	1	-	2	-	-	-	4
81 & Over	-	1	1	-	2	3	-	5	12
<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>12</b>	<b>35</b>

### Average Annual Benefits Payable to Survivors of Former Members:

Attained Ages	Completed Years Since Retirement								Total
	0 - 1	1 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 & Over	
0 - 30	-	-	-	-	-	-	-	-	-
31 - 35	-	12,000	-	-	-	-	-	-	12,000
36 - 40	-	-	-	-	-	-	-	-	-
41 - 45	-	-	-	-	-	-	-	-	-
46 - 50	-	-	3,092	-	-	10,143	-	-	6,618
51 - 55	-	-	-	-	-	-	-	-	-
56 - 60	-	-	-	-	-	-	-	15,364	15,364
61 - 65	-	-	6,367	-	-	-	-	-	6,367
66 - 70	-	-	-	56,045	13,282	-	5,674	3,009	16,204
71 - 75	34,246	32,925	28,393	-	50,638	-	-	6,153	24,605
76 - 80	-	50,162	73,901	-	22,568	-	-	-	42,300
81 & Over	-	29,563	79,090	-	7,366	9,846	-	9,461	16,686
<b>Total</b>	<b>34,246</b>	<b>31,163</b>	<b>38,169</b>	<b>56,045</b>	<b>24,918</b>	<b>9,920</b>	<b>5,674</b>	<b>7,775</b>	<b>20,539</b>

## EXHIBIT X YEAR-TO-YEAR COMPARISON

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2020
Number of Active Members	231	242	239	237
Number of Retirees & Survivors	190	185	175	172
Number of Terminated Due Deferred Benefits	9	6	5	5
Number Terminated Due Refunds	44	38	35	32
Active Lives Payroll	\$14,454,202	\$14,194,136	\$14,860,321	\$13,345,544
Retiree Benefits in Payment	\$7,762,405	\$7,365,209	\$6,573,895	\$6,144,328
Market Value of Assets	\$124,158,298	\$115,315,889	\$133,756,036	\$107,614,909
Entry Age Normal Accrued Liability	\$139,954,813	\$136,734,569	\$133,734,741	\$126,089,287
Ratio of AVA to EAN Accrued Liability	91.86%	90.55%	88.36%	85.81%
Actuarial Value of Assets	\$128,564,093	\$123,819,268	\$118,170,783	\$108,190,984
Present Value of Future Employer Normal Cost	\$42,799,817	\$41,832,176	\$43,849,778	\$42,827,200
Present Value of Future Employee Contrib.	\$8,741,326	\$8,441,595	\$8,496,827	\$7,279,247
Funding Deposit Account Balance	\$6,136,561	\$4,376,954	\$3,338,052	\$3,589,555
Present Value of Future Benefits	\$173,968,675	\$169,716,085	\$167,179,336	\$154,707,876
	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021
Employee Contribution Rate	7.00%	7.00%	7.00%	7.00%
Estimated Tax Contribution as a % of Payroll	25.01%	22.63%	22.45%	24.39%
Actuarially Required Net Direct Employer Contribution Rate	7.73%	10.08%	11.00%	13.05%
Actual Employer Contribution Rate	18.00%	18.00%	18.00%	18.00%



Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
238	238	244	246	231	241
160	155	163	154	156	151
5	5	4	5	5	5
30	25	20	33	32	30
\$13,486,619	\$13,637,926	\$13,692,608	\$13,643,192	\$13,071,698	\$13,079,549
\$5,552,864	\$5,172,876	\$4,927,865	\$4,564,062	\$4,231,309	\$3,715,197
\$104,539,975	\$97,863,964	\$90,656,567	\$80,683,761	\$81,330,087	\$80,478,691
\$119,488,829	\$117,626,619	\$109,217,320	\$105,994,592	\$102,837,754	\$100,506,025
86.60%	84.40%	85.27%	83.18%	82.35%	78.40%
\$103,472,404	\$99,281,861	\$93,125,749	\$88,165,103	\$84,688,309	\$78,797,020
\$43,010,138	\$45,913,257	\$42,728,816	\$41,455,694	\$39,380,381	\$40,146,082
\$7,571,193	\$7,616,191	\$7,763,556	\$7,454,359	\$6,934,846	\$6,396,240
\$2,801,029	\$2,630,074	\$2,920,894	\$2,068,558	\$882,567	\$ 0
\$151,252,706	\$150,181,235	\$140,697,227	\$135,006,598	\$130,120,969	\$125,339,342
Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
21.78%	21.27%	20.39%	21.23%	21.12%	20.38%
14.44%	16.89%	14.27%	14.12%	14.70%	18.52%
18.00%	17.00%	17.00%	20.00%	22.50%	24.25%

## SUMMARY OF PRINCIPAL PLAN PROVISIONS

The Registrars of Voters Employees' Retirement System was established as of the first day of January nineteen hundred and fifty-five for the purpose of providing retirement allowances and other benefits. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits.

### MEMBERSHIP

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Membership should include the Registrars of Voters in each parish of the State of Louisiana, their deputies, and their permanent employees. In addition, membership should include any qualifying employee of the retirement system or the Louisiana Registrars of Voters Association. Elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits are not eligible to become members of the system.

### CONTRIBUTION RATES

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Under the provisions of R.S. 11:62 and 11:103, the system is financed by employee contributions of at least 7% but not more than 9% of earnable compensation as determined by the Board of Trustees. In addition, the system receives revenue sharing funds as appropriated each year by the legislature. Also, under R.S. 11:82, each sheriff and ex-officio tax collector remits the employers' share of the actuarially required contribution to fund the system's defined benefit and defined contribution plans up to a maximum of one-sixteenth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish. Should employee contributions and tax funds collected from ad valorem taxes and revenue sharing funds be insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee. Under R.S. 11:106, the Board of Trustees is authorized to require a net direct contribution rate of up to three percent more than the rate determined under R.S. 11:103. Under R.S. 11:105 and R.S. 11:107, in any fiscal year during which the net direct employer contribution rates would otherwise be decreased, the Board of Trustees is authorized to set the employer contribution rate at any point between the previous year's employer contribution rate and the decreased rate that would otherwise occur. Any excess funds resulting from the additional contributions will be credited to the Funding Deposit Account defined in R.S. 11:107.1.

### CONTRIBUTION REFUNDS

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Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system.

### FINAL AVERAGE COMPENSATION

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For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted, subject to certain transition rules. For those who retire on or before December 31, 2012, a thirty-six-month final average compensation period shall be used. For those retiring between January 1, 2013 and December 31, 2014

the number of months to be used in determining the final average compensation will be thirty-six plus the number of completed months since January 1, 2013. In no case shall the monthly final average compensation be less than the average monthly earnings during the member's highest thirty-six consecutive or joined months of service earned for employment before January 1, 2013. The earnings to be considered for each twelve-month period within the sixty month period shall not exceed 115% of the preceding twelve month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted.

## **RETIREMENT BENEFITS**

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Members whose first employment making them eligible for membership occurred prior to January 1, 2013 with ten years of creditable service may retire at age sixty; such members with twenty years of service may retire at age fifty-five; such members with thirty years of service may retire regardless of age. The annual retirement allowance for such members is equal to three and one-third percent of the member's average final compensation for each year of creditable service. Creditable service at retirement includes membership service, service as certified on prior service certificates, and any unused sick leave and any unused annual leave in excess of 300 hours at the date of retirement.

Members whose first employment making them eligible for membership occurred on or after January 1, 2013 with ten years of creditable service may retire at age sixty-two; such members with twenty years of service may retire at age sixty; such members with thirty years of service may retire at age fifty-five. The annual retirement allowance for such members is equal to three percent of the member's average final compensation for each year of creditable service. The annual amount of the retirement allowance for any member, who has at least thirty years of total creditable service, with at least twenty years of creditable service in this system, is three and one-third percent of the average final compensation for each year of creditable service. Creditable service at retirement includes membership service, service as certified on prior service certificates, and any unused sick leave and any unused annual leave in excess of 300 hours at the date of retirement.

## **OPTIONAL ALLOWANCES**

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

Option 1 – If the member dies before he has received in annuity payments the present value of his member's 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 member'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 member'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 Board-approved benefit which is actuarially equivalent to the maximum benefit.

A member may also elect to receive an actuarially reduced benefit which 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 which are payable.

## **DISABILITY BENEFITS**

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Ten years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a normal retirement allowance if eligible. Otherwise, the member whose first employment making them eligible for membership occurred prior to January 1, 2013 receives the lesser of three and one-third percent of average final compensation multiplied by the number of years of creditable service (not to be less than fifteen years), or three and one-third percent of average final compensation multiplied by years of service assuming continued service to age sixty. Any member whose first employment making them eligible for membership occurred after January 1, 2013 receives the lesser of three percent of average final compensation multiplied by the number of years of creditable service (not to be less than fifteen years), or three percent of average final compensation multiplied by years of service assuming continued service to age sixty-two. Disability benefits may not exceed two-thirds of earnable compensation.

## **SURVIVOR BENEFITS**

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If a member has less than five years of service credit, the surviving spouse or minor children receive a refund of the member's contributions. If the member has at least five years of service credit and is not eligible to retire, the spouse receives an automatic option 2 benefit based on the accrued benefits at the time of death with option 2 factors based on the age that the member and spouse would have been had the member survived, continued in service, and then retired on earliest normal retirement date. If the member is eligible to retire at the date of death, the surviving spouse receives automatic option 2 benefits. If there are surviving minor or handicapped children with no surviving spouse and the member has five or more years of service credit the children receive eighty percent of the accrued retirement benefit in equal portions until the age of majority or for the duration of the handicap for a handicapped child. The retirement system pays a lump sum refund equal to the difference between total monthly survivor benefits paid and total accrued contributions, if any, upon the cessation of all eligible monthly payments.

## **DEFERRED RETIREMENT OPTION PLAN**

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In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible for normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates. During participation in the plan, monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. This system does not earn interest. In addition, no cost-of-living increases are payable to participants until employment, which made them eligible to become members of the system, has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. The monthly benefits that were being paid into the DROP fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the system.

## **COST OF LIVING INCREASES**

Under the provisions of 11:2073, the Board of Trustees is authorized to grant retired members and widows of members who have retired at least two years, an annual cost-of-living increase of up to 3% of their original benefit. In addition, R.S. 11:246 provides for a 2% increase in the original benefit (or the benefit being received on October 1, 1977 if they retired prior to that time) for retired members and widows who are sixty-five years of age and older. In order for the Board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings. In lieu of the prior provisions, R.S. 11:241 provides for cost-of-living benefits payable based on a formula equal to up to \$1 times the total of the number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase.

## **DEFINED CONTRIBUTION PLAN**

In accordance with R. S. 11:2139, dedicated taxes and revenue sharing funds contributed to the system in excess of those required contributions to the Pension Accumulation Fund, as established by the Public Retirement Systems Actuarial Committee, are deposited in the Members' Supplemental Savings Fund. The amount of funds deposited with the members' supplemental savings fund is three percent of the salaries paid to active contributing members during the prior fiscal year unless the Public Retirement Systems' Actuarial Committee recommends a lesser percentage based on available funds and the requirements of the Defined Benefit Plan. A member is entitled to payment of all contributions and interest credited to his account upon termination of employment. Payment to the member is made at the end of the calendar quarter following the quarter in which the member terminates. Interest and other earnings or losses are allocated at least once each year on the valuation date of the fund. Earnings or losses are allocated to members in proportion to their account balances as of the first day of the period for which earnings are credited.

The funds in the Member's Supplemental Savings Fund are invested separately from other funds held by the system and the funds constitute a separate trust. Payments, accruals, and allocations due to be made at the end of the fiscal year may be delayed until such time as the necessary financial information is available to the system's administrator, but in no event later than 6 months after the close of the fiscal year.

## 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 which 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

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The Aggregate Actuarial Cost Method with allocation based on earnings.

### VALUATION INTEREST RATE

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6.25% (Net of Investment Expense)

### ACTUARIAL ASSET VALUES

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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.

### ANNUAL SALARY INCREASE RATE

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5.25% (2.30% inflation / 2.95% merit)

### ACTIVE MEMBER MORTALITY

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Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 120% for males and 120% for females, each with full generational projection using the appropriate MP2019 scale.

## **ANNUITANT AND BENEFICIARY MORTALITY**

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Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 120% for males and 120% for females, each with full generational projection using the appropriate MP2019 scale.

## **DISABLED LIVES MORTALITY**

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Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 120% for males and 120% for females, each with full generational projection using the appropriate MP2019 scale

## **RETIREE COST OF LIVING INCREASE**

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The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

## **RATES OF RETIREMENT**

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The table of these rates is included later in the report. These rates apply only to those individuals eligible to retire. The rate of retirement for persons who have completed DROP participation and have remained employed is 0.22. All such persons not previously retired or deceased are assumed to retire at age 80.

## **RETIREMENT LIMITATIONS**

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

## **RATES OF WITHDRAWAL**

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The rates of withdrawal are applied based upon completed years of service according to the following table:

Service Duration ( $\leq$ )	Factor	Service Duration ( $\leq$ )	Factor
1	0.160	5-17	0.030
2	0.100	18	0.020
3	0.070	19	0.020
4	0.040	>19	0.010

Note: Withdrawal rates for members eligible to retire are assumed to be zero.

## **RATES OF DROP ENTRY**

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A table of these rates is included later in the report. These rates apply only to those individuals eligible to enter DROP.

## **DROP PARTICIPATION**

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All persons who enter DROP are assumed to participate for the full three-year period and 1/2 are assumed to retire at the end of DROP participation with 1/2 assumed to work 2 years post-DROP and then retire.

## **MARRIAGE STATISTICS**

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

## **FAMILY STATISTICS**

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Assumptions utilized in determining the costs of various survivor benefits as listed below, are derived from the information provided in 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:

<b>Member's Age</b>	<b>% With Children</b>	<b>Number of Children</b>	<b>Average Age</b>	<b>Remarriage Rates</b>
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

## **RATES OF DISABILITY**

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30% of the disability rates used for the 27<sup>th</sup> valuation of the Railroad Retirement System for individuals with 10-19 years of service. The table of these rates is included later in the report.

## **VESTING ELECTING PERCENTAGE**

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70% of those vested elect deferred benefits in lieu of contribution refunds.

## **SICK AND ANNUAL LEAVE**

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Members are assumed to accrue one year of unused sick and annual leave to be credited for retirement benefit accrual purposes for each 16.67 years of Pre-DROP creditable service. Members are assumed to convert 0.22 years of sick and annual leave for every year of DROP Participation service and Post-DROP service in their Post-DROP benefit.



## ACTUARIAL TABLES AND RATES

Age	Pre 1/1/2013 Retirement Rates	Post 12/31/2012 Retirement Rates	Pre 1/1/2013 DROP Entry Rates	Post 12/31/2012 DROP Entry Rates	Disability Rates
18	0.00000	0.00000	0.00000	0.00000	0.00036
19	0.00000	0.00000	0.00000	0.00000	0.00036
20	0.00000	0.00000	0.00000	0.00000	0.00036
21	0.00000	0.00000	0.00000	0.00000	0.00036
22	0.00000	0.00000	0.00000	0.00000	0.00036
23	0.00000	0.00000	0.00000	0.00000	0.00036
24	0.00000	0.00000	0.00000	0.00000	0.00036
25	0.00000	0.00000	0.00000	0.00000	0.00036
26	0.00000	0.00000	0.00000	0.00000	0.00036
27	0.00000	0.00000	0.00000	0.00000	0.00036
28	0.00000	0.00000	0.00000	0.00000	0.00036
29	0.00000	0.00000	0.00000	0.00000	0.00036
30	0.00000	0.00000	0.00000	0.00000	0.00036
31	0.00000	0.00000	0.00000	0.00000	0.00036
32	0.00000	0.00000	0.00000	0.00000	0.00036
33	0.00000	0.00000	0.00000	0.00000	0.00036
34	0.00000	0.00000	0.00000	0.00000	0.00036
35	0.00000	0.00000	0.00000	0.00000	0.00039
36	0.00000	0.00000	0.00000	0.00000	0.00039
37	0.00000	0.00000	0.00000	0.00000	0.00039
38	0.00000	0.00000	0.00000	0.00000	0.00042
39	0.00000	0.00000	0.00000	0.00000	0.00045
40	0.00000	0.00000	0.00000	0.00000	0.00048
41	0.00000	0.00000	0.00000	0.00000	0.00051
42	0.00000	0.00000	0.00000	0.00000	0.00054
43	0.00000	0.00000	0.00000	0.00000	0.00060
44	0.00000	0.00000	0.00000	0.00000	0.00063
45	0.00000	0.00000	0.00000	0.00000	0.00072
46	0.10000	0.00000	0.35000	0.00000	0.00078
47	0.10000	0.00000	0.35000	0.00000	0.00087
48	0.10000	0.00000	0.35000	0.00000	0.00099
49	0.10000	0.00000	0.35000	0.00000	0.00114
50	0.05000	0.00000	0.35000	0.00000	0.00129
51	0.05000	0.00000	0.35000	0.00000	0.00147
52	0.05000	0.00000	0.35000	0.00000	0.00171
53	0.05000	0.00000	0.35000	0.00000	0.00198
54	0.05000	0.00000	0.35000	0.00000	0.00231
55	0.05000	0.05000	0.35000	0.35000	0.00270
56	0.05000	0.05000	0.15000	0.35000	0.00318
57	0.05000	0.05000	0.15000	0.35000	0.00375
58	0.05000	0.05000	0.15000	0.35000	0.00444
59	0.05000	0.05000	0.15000	0.35000	0.00525
60	0.05000	0.05000	0.15000	0.35000	0.00717
61	0.05000	0.05000	0.15000	0.35000	0.00873
62	0.05000	0.05000	0.15000	0.35000	0.00966
63	0.05000	0.05000	0.15000	0.15000	0.01014
64	0.05000	0.05000	0.15000	0.15000	0.00771
65	0.05000	0.05000	0.15000	0.15000	0.00621
66	0.05000	0.05000	0.15000	0.15000	0.00156
67	0.05000	0.05000	0.15000	0.15000	0.00156
68	0.05000	0.05000	0.15000	0.15000	0.00156
69	0.05000	0.05000	0.15000	0.15000	0.00156
70	0.05000	0.05000	0.15000	0.15000	0.00156
71	0.05000	0.05000	0.15000	0.15000	0.00156
72	0.05000	0.05000	0.15000	0.15000	0.00156
73	0.05000	0.05000	0.15000	0.15000	0.00156
74	0.10000	0.10000	0.15000	0.15000	0.00156
75	0.10000	0.10000	0.15000	0.15000	0.00156

## GLOSSARY

### ACCRUED BENEFIT

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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

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

### ACTUARIAL ASSUMPTIONS

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Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disablement, 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

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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

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

### ACTUARIAL GAIN (LOSS)

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The financial effect on the fund of the difference between the expected and actual experience of the fund. 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

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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**

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The value of cash, investments, and other property belonging to the pension plan as used by the actuary for the purpose of the actuarial valuation. This may correspond to the book value, market value, or some modification involving either or both book and market value. Adjustments to market values are often made to reduce the volatility of asset values.

## **ASSET GAIN (LOSS)**

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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)**

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

## **DECREMENTS**

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

## **EMPLOYER NORMAL COST**

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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**

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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.

## **NORMAL COST**

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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**

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

## **PROJECTED BENEFITS**

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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**

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

## **VESTED BENEFITS**

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