



**Louisiana State Employees'  
Retirement System**

**Component Unit Financial Report  
For Fiscal Years Ended  
June 30, 2026 and 2025**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Louisiana State Employees' Retirement System  
Baton Rouge, Louisiana

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, which comprise the statements of fiduciary net position as of June 30, 2026 and 2025, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise LASERS' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of LASERS as of June 30, 2026 and 2025, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LASERS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matters**

As disclosed in Note D to the financial statements, the financial statements include investments that are not listed on national exchanges, or for which quoted market prices are not available. These investments include emerging market equity, emerging market debt, global multi-sector funds, private markets, absolute returns, and a portion of the commingled investment funds' domestic bonds balance. Such investments estimated fair value totaled approximately \$7.5 billion and \$7.0 billion (36.44% and 37.58% of total assets) at June 30, 2026 and 2025, respectively. Where a publicly listed price is not available, the management of LASERS uses alternative sources of information including audited financial statements, unaudited interim reports, and similar evidence to determine the fair value of the investments. Our opinion is not modified with respect to this matter.

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As disclosed in Note A to the financial statements, the total pension liability for LASERS was approximately \$22.3 billion and \$21.7 billion at June 30, 2026 and 2025, respectively. The actuarial valuations were based on various assumptions made by LASERS' actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2026 and 2025 could be materially different from the estimate. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LASERS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LASERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LASERS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supporting Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise LASERS' basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information presented has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2026, on our consideration of LASERS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LASERS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LASERS' internal control over financial reporting and compliance.

*EisnerAmper LLP*

EISNERAMPER LLP  
Baton Rouge, Louisiana  
September 21, 2026



## Management's Discussion and Analysis<sup>1</sup>

The purpose of management's discussion and analysis (MD&A) is to help Louisiana State Employees' Retirement System (LASERS or the System) members and other readers understand what the financial statements and notes say about the System's financial health and why it has changed over the last couple of years. It contains information taken from other parts of the report, accompanied by explanations based on the fiscal staff's knowledge of LASERS finances.

If you have questions about this report or require further information, contact LASERS Fiscal Division at [Fiscal\\_Inquiries@lasersonline.org](mailto:Fiscal_Inquiries@lasersonline.org) or 800.256.3000.

### Overview of the Financial Statements

The System is a cost-sharing multi-employer defined benefit pension plan reported as a pension trust fund - a fiduciary fund type under GASB - and a component unit of the State of Louisiana. Because the System presents comparative financial statements, this discussion provides a side-by-side view of LASERS' financial performance over three years, enabling analysis of each year presented relative to the prior year. Its basic financial statements consist of three components: (1) the *Statements of Fiduciary Net Position*, (2) the *Statements of Changes in Fiduciary Net Position*, and (3) the *Notes to the Financial Statements*.

The *Statements of Fiduciary Net Position* present the System's assets, liabilities, deferred inflows/outflows of resources, and resultant net position restricted for pensions at the year-end presented, while the *Statements of Changes in Fiduciary Net Position* report addition to and deductions from the System's net position during the years presented. These statements are interrelated, as changes in net position result from the activities reported in the *Statements of Changes in Fiduciary Net Position*.

*Notes to the Financial Statements* provide information essential to understanding the data reported in the two statements above. LASERS uses the notes to (1) describe the plan, its membership, and benefit provisions; (2) summarize significant accounting policies and the methods used to measure and value assets, including investments reported at fair value and at net asset value per share; (3) disclose deposit and investment risks; (4) describe the securities lending program; and (5) report information on other postemployment benefits (OPEB).

Following the basic financial statements, the report presents *Required Supplementary Information* (RSI) and *Supporting Schedules*, which are not part of the basic financial statements. RSI (in addition to this MD&A) consists of historical schedules covering changes in the net pension liability, employers' net pension liability, employer contributions, money-weighted investment returns, and the System's proportionate share of the collective total OPEB liability, together with related notes on actuarial assumptions and methods. Supporting schedules present detail on administrative expenses, investment expenses, board compensation, and professional and consultant fees.

## Financial Summary

At June 30, 2026, LASERS Net Position Restricted for Pensions totaled \$19.8 billion - an increase of \$2.6 billion (14.9%) from June 30, 2025, and \$3.8 billion (23.9%) from June 30, 2024. Asset growth over the periods presented has been driven principally by strong investment returns, while contribution income covered approximately 70% of benefit payments, with investment earnings funding the remainder.

### Summary of Fiduciary Net Position (Dollars in Thousands)

At June 30

|                                             | 2026                 | 2025                 | 2024                 | Percent Change |               |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------|---------------|
|                                             |                      |                      |                      | 2026-25        | 2025-24       |
| Cash and Cash Equivalents                   | \$ 326,374           | \$ 155,547           | \$ 151,035           | 109.8%         | 3.0%          |
| Receivables                                 | 178,959              | 147,268              | 175,586              | 21.5%          | -16.1%        |
| Investments                                 | 19,404,355           | 16,986,733           | 15,706,538           | 14.2%          | 8.2%          |
| Securities Lending Collateral               | 782,512              | 1,295,675            | 835,927              | -39.6%         | 55.0%         |
| Capital Assets (at cost) - Net              | 10,467               | 4,398                | 4,960                | 138.0%         | -11.3%        |
| <b>Total Assets</b>                         | <b>20,702,667</b>    | <b>18,589,620</b>    | <b>16,874,046</b>    | <b>11.4%</b>   | <b>10.2%</b>  |
| <b>Deferred Outflows of Resources</b>       | <b>1,992</b>         | <b>2,166</b>         | <b>2,265</b>         | <b>-8.0%</b>   | <b>-4.4%</b>  |
| Payables                                    | 135,041              | 70,157               | 69,761               | 92.5%          | 0.6%          |
| Securities Lending Obligations              | 782,251              | 1,295,377            | 835,732              | -39.6%         | 55.0%         |
| <b>Total Liabilities</b>                    | <b>917,292</b>       | <b>1,365,534</b>     | <b>905,493</b>       | <b>-32.8%</b>  | <b>50.8%</b>  |
| <b>Deferred Inflows of Resources</b>        | <b>2,485</b>         | <b>3,041</b>         | <b>4,624</b>         | <b>-18.3%</b>  | <b>-34.2%</b> |
| <b>Net Position Restricted for Pensions</b> | <b>\$ 19,784,882</b> | <b>\$ 17,223,211</b> | <b>\$ 15,966,194</b> | <b>14.9%</b>   | <b>7.9%</b>   |

## Summary of Changes in Fiduciary Net Position (Dollars in Thousands)

For the Years Ended June 30

|                                        | 2026          | 2025          | 2024          | Percent Change |         |
|----------------------------------------|---------------|---------------|---------------|----------------|---------|
|                                        |               |               |               | 2026-25        | 2025-24 |
| Additions                              |               |               |               |                |         |
| Employer Contributions                 | \$ 848,717    | \$ 860,497    | \$ 966,275    | -1.4%          | -10.9%  |
| Employee Contributions                 | 203,203       | 196,826       | 186,150       | 3.2%           | 5.7%    |
| Legislative Acts Income (Loss)         | 145,446       | (1,031)       | 30,122        | 14203.3%       | -103.4% |
| Net Investment Income                  | 2,988,648     | 1,796,819     | 1,847,214     | 66.3%          | -2.7%   |
| Other Income                           | 18,874        | 14,617        | 14,357        | 29.1%          | 1.8%    |
| Total Additions                        | 4,204,888     | 2,867,727     | 3,044,118     | 46.6%          | -5.8%   |
| Deductions                             |               |               |               |                |         |
| Retirement Benefits                    | 1,585,385     | 1,553,432     | 1,519,527     | 2.1%           | 2.2%    |
| Refunds and Transfers of Contributions | 41,483        | 37,321        | 37,897        | 11.2%          | -1.5%   |
| Admin., OPEB, and Depr. Expenses       | 16,349        | 19,957        | 19,494        | -18.1%         | 2.4%    |
| Total Deductions                       | 1,643,218     | 1,610,710     | 1,576,917     | 2.0%           | 2.1%    |
| Net Increase in Net Position           | 2,561,671     | 1,257,017     | 1,467,201     | 103.8%         | -14.3%  |
| Net Position Restricted for Pensions   |               |               |               |                |         |
| Beginning of Year                      | 17,223,211    | 15,966,194    | 14,498,994    | 7.9%           | 10.1%   |
| End of Year                            | \$ 19,784,882 | \$ 17,223,211 | \$ 15,966,194 | 14.9%          | 7.9%    |

## Detailed Analyses

### Investment Performance and Net Investment Income

Net investment income for fiscal 2026 totaled \$3.0 billion, an increase of \$1.2 billion, or 66.3%, from fiscal 2025. The growth was driven primarily by the higher gross-of-fees time-weighted return, which rose from 12.4% in fiscal 2025 to 18.7% in fiscal 2026. For context, the gross-of-fees return was 14.0% in fiscal 2024. The fiscal 2026 return benefited from the Plan's diversified asset allocation as well as continued momentum from 2025. For the second consecutive year, equities were the top contributor, with all markets and capitalizations posting double-digit returns. The Federal Reserve delivered three 0.25% rate cuts in September, October, and December 2025, settling at a target range of 3.50% to 3.75%, and held rates steady for the remainder of the fiscal year. Volatility resurfaced in early 2026 as geopolitical tensions escalated, oil prices spiked, and tariff policy uncertainty returned, driving a sharp intra-year pullback in equity markets before a rebound as trade tensions eased.

Fiscal 2025's 12.4% return was led by equity markets and a weaker U.S. dollar that contributed to strong returns in non-U.S. equity markets, which outperformed domestic equity markets for the first time in nearly a decade. All asset classes posted positive returns. Fiscal 2024's 14.0% return was driven by exceptionally favorable global equity markets during a sustained 5.5% federal funds rate environment. The 2.7% decrease in net investment income from fiscal 2024 to fiscal 2025 was one of the contributing factors to the fiscal 2025 total-additions decrease.

# Employer and Employee Contributions

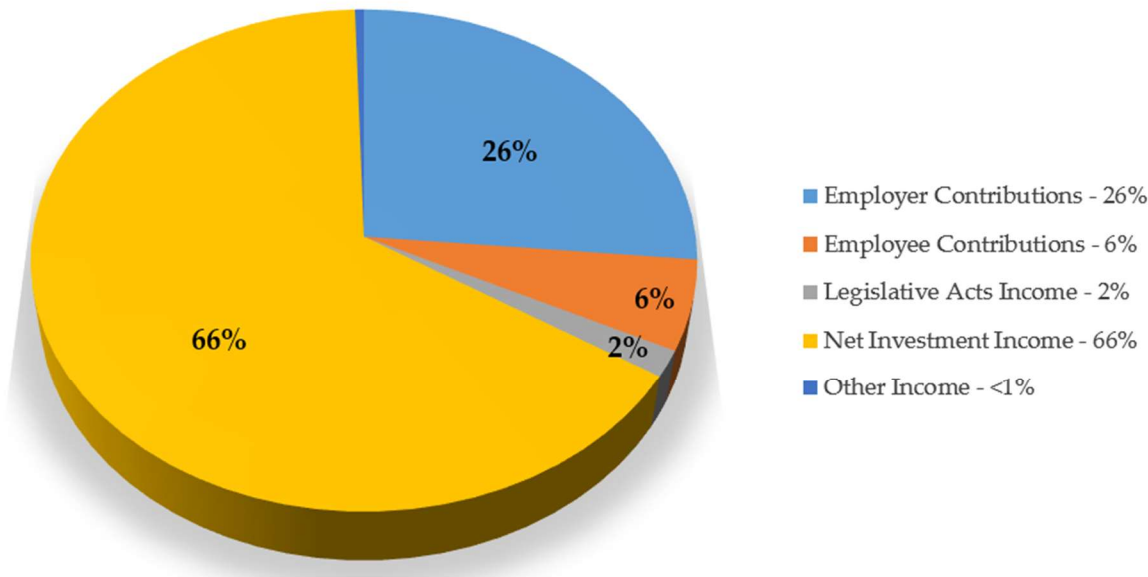
Employer contributions decreased \$11.8 million (1.4%) from fiscal 2025 to fiscal 2026 and \$105.8 million (10.9%) from fiscal 2024 to fiscal 2025. The decreases reflect a lower Public Retirement Systems’ Actuarial Committee (PRSAC)-approved composite employer contribution rate that took effect for the years, consistent with a multi-year downward trend in rates: 41.90% for fiscal 2024, 35.42% for fiscal 2025, 33.92% for fiscal 2026, 30.05% recommended for fiscal 2027, and 30.00% recommended for fiscal 2028. The rate reductions are driven principally by favorable actuarial experience - including investment experience gains, employer contribution surplus, legislative acts income, and the continuing amortization of prior unfunded accrued liability. The dollar decline was more modest than the rate reduction alone would suggest, as growth in covered payroll from \$2.38 billion in fiscal 2025 to \$2.43 billion in fiscal 2026 partially offset the effect of the lower composite rate.

Employee contributions increased \$6.4 million (3.2%) from fiscal 2025 to fiscal 2026 and \$10.7 million (5.7%) from fiscal 2024 to fiscal 2025, reflecting both payroll growth among active members and a continued increase in the percentage of active membership participating in newer plan tiers that carry higher employee contribution rates.

# Legislative Acts Income

Legislative acts income was \$145.4 million in fiscal 2026, \$(1.0) million in fiscal 2025, and \$30.1 million in fiscal 2024. The pronounced increase from fiscal 2024 reflects the non-recurring nature of supplemental appropriations. Fiscal 2024 included the \$9.9 million Act 776 appropriation together with a full-year effect of certain excess-mineral-revenue estimates. Fiscal 2025 included only the \$7,594 Act 461 appropriation, offset by a small adjustment related to the fiscal 2024 excess-mineral-revenue estimate, producing the slight negative reported for the year. Fiscal 2026 included the \$145.4 million Act 961 appropriation.

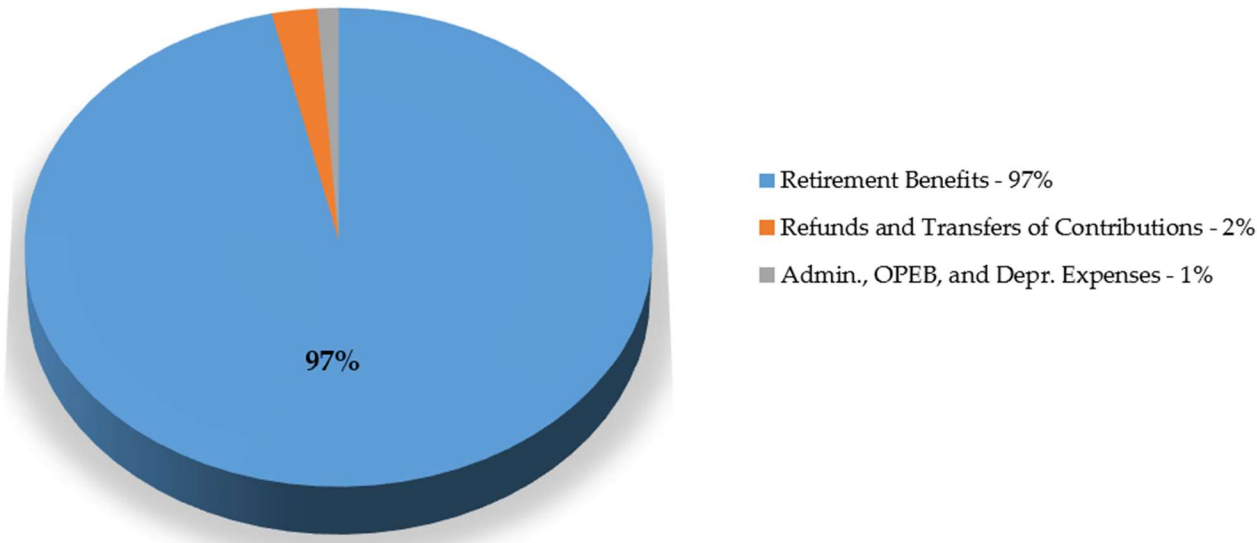
**Additions to Fiduciary Net Position by Source**  
**Aggregate for Fiscal Years 2026, 2025, and 2024**



# Retirement Benefits and Other Deductions

Retirement benefits increased \$32.0 million (2.1%) from fiscal 2025 to fiscal 2026 and \$33.9 million (2.2%) from fiscal 2024 to fiscal 2025, driven by net growth in the retiree population and a higher average benefit base as new retirees enter the rolls at higher final-average-compensation levels than members exiting the rolls. Refunds and transfers of member contributions increased \$4.1 million from fiscal 2025 to fiscal 2026 and were essentially flat from fiscal 2024 to fiscal 2025, driven by member salary increases. Combined administrative, OPEB, and depreciation expenses decreased \$3.6 million (18.1%) from fiscal 2025 to fiscal 2026 primarily due to the capitalization of costs related to updating LASERS retirement management system. From fiscal 2024 to fiscal 2025 combined administrative, OPEB, and depreciation expenses increased \$0.5 million (2.4%) primarily attributable to staff salary increases and changes in OPEB actuarial assumptions.

Deductions to Fiduciary Net Position by Source  
Aggregate for Fiscal Years 2026, 2025, and 2024



# Net Pension Liability and Funded Status

The net pension liability (NPL) and funded ratio are the most important measures of LASERS long-term financial position, and both improved in each of the past two years. Because these measures are disclosed in the *Notes to the Financial Statements* and in the RSI rather than reported on the face of the *Statements of Fiduciary Net Position*, with the NPL being a liability reported proportionately by each participating employer rather than by the System, they are analyzed in this MD&A to give readers a complete view of the System's financial health.

## Selected Net Pension Liability and Funding Measures (Dollars in Thousands)

As of the measurement date (June 30)

| Measure                              | 2026                | 2025                | 2024                |
|--------------------------------------|---------------------|---------------------|---------------------|
| Total Pension Liability (TPL)        | \$ 22,294,512       | \$ 21,731,329       | \$ 21,404,414       |
| Fiduciary Net Position               | \$ 19,784,882       | \$ 17,223,211       | \$ 15,966,194       |
| <b>Net Pension Liability (NPL)</b>   | <b>\$ 2,509,630</b> | <b>\$ 4,508,118</b> | <b>\$ 5,438,220</b> |
| Fiduciary Net Position as a % of TPL | 88.7%               | 79.3%               | 74.6%               |
| <b>Actuarial Funded Ratio</b>        | <b>77.8%</b>        | <b>74.5%</b>        | <b>71.4%</b>        |
| Covered Payroll                      | \$ 2,432,932        | \$ 2,376,383        | \$ 2,258,228        |
| NPL as a % of Covered Payroll        | 103.2%              | 189.7%              | 240.8%              |

The actuarial funded ratio improved from 71.4% at June 30, 2024, to 74.5% at June 30, 2025, and to 77.8% at June 30, 2026. Over the same period, the unfunded accrued liability (UAL) which is a component of total pension liability decreased from \$6.1 billion to \$5.6 billion to \$4.9 billion. The improvement is attributable primarily to (1) amortization payments made under the System's funding policy, (2) actual investment experience exceeding the 7.25% net actuarial assumed rate of return, (3) the fiscal 2026 legislative acts income applied to the UAL, and (4) continued employer contribution amounts in excess of the actuarially determined minimum. The 30-year actuarial investment yield of 7.35% continues to exceed the 7.25% net actuarial assumed rate, indicating that long-term investment performance remains supportive of the funding assumptions. NPL as a percentage of covered payroll declined from 240.8% to 189.7% to 103.2% over the same three-year period, indicating an improving ability of the employer contribution base to support the outstanding pension obligation.

## Significant Capital Asset and Long-Term Financing Activity

### Capital Assets

Capital assets, net of accumulated depreciation, totaled \$10.5 million at June 30, 2026 - an increase of \$6.1 million (138.0%) from \$4.4 million at June 30, 2025, which in turn was \$0.6 million (11.3%) below the \$5.0 million balance at June 30, 2024. The increase in fiscal 2026 is primarily due to the capitalization of costs related to updating LASERS retirement management system, furniture and equipment purchases, and building improvements. The decrease in fiscal 2025 reflects current-year depreciation exceeding routine capital additions. There were no disposals during fiscal 2025, and disposals during fiscal 2026 consisted of fully depreciated assets with no remaining net book value, resulting in no effect on net capital assets.

In 2025, LASERS began a multi-year Workspace Transition project to modernize its retirement management system. Project costs incurred to date are capitalized as assets in the *Statements of Fiduciary Net Position*. When individual modules go live, the related costs will be amortized.

### Long-Term Financing

LASERS has no long-term debt or other long-term financing arrangements. Retirement benefit obligations are funded through employer and employee contributions and net investment income, and the collective

net pension liability is allocated to and reported by all participating employers based on their proportionate shares.

## **Currently Known Facts, Decisions, or Conditions**

LASERS' future financial condition is influenced by investment market performance, actuarial experience and assumptions, employer contribution rates, and legislative actions. Management is aware of the following facts, decisions, and conditions, known as of the date of this report, that are expected to have a material effect on the System's financial position or results of operations in future periods:

### **Projected Employer Contribution Rates**

The LASERS actuary has projected, and recommended that PRSAC approve, composite employer contribution rates of 30.05% for the fiscal year ending June 30, 2027, and 30.00% for the fiscal year ending June 30, 2028. This continues the multi-year decline in employer rates driven by amortization of the unfunded actuarial accrued liability, favorable actuarial experience, and prior-year investment performance. Assuming stable covered payroll, this trend is expected to reduce employer contribution revenue in fiscal 2027 and fiscal 2028 relative to fiscal 2026.

### **2026 Regular Session of the Louisiana Legislature**

The following acts affecting LASERS were enacted in the 2026 Regular Session:

- Act 19 – extends authorization for legislative staff to attend retirement system executive sessions from one to four years.
- Act 25 – makes technical and cleanup changes in LASERS statutes.
- Act 198 – renames the State Employee Retired license plate to the Retired State Employees Association (RSEA) plate and redirects proceeds from LASERS to RSEA.
- Act 226 – decreases required educational hours for members of retirement system boards of trustees.
- Act 230 – terminates additional amortization hurdles after an original amortization base is liquidated.
- Act 263 – provides reemployment rules for LASERS retirees filling critical shortage positions in the Department of Public Safety and Corrections.
- Act 266 – allows certain district and parish court employees to join Parochial Employees' Retirement System of Louisiana (PERS) and make an irrevocable election to transfer from LASERS or other systems.
- Act 267 – provides relative to retired judges who return to work on assignment.
- Act 269 – creates an exception, so the Gaming Control Board chair is eligible for LASERS membership.
- Act 280 – grants a 2% cost-of-living adjustment to eligible retirees and beneficiaries payable July 1, 2026. The actuarial cost of \$223.7 million was funded from the Experience Account, as described in Note A.10.

- Act 606 – proposes a constitutional amendment to remove the requirement that new monies be applied to the oldest UAL.
- Act 609 – revises Municipal Police Employees’ Retirement System (MPERS) benefits and transfers eligible nonhazardous employees from LASERS to the MPERS nonhazardous subplan.
- Act 705 – creates a Back-Deferred Retirement Option Program for certain judges in LASERS.
- Act 961 – provides a \$145 million supplemental appropriation to LASERS to reduce the UAL.

### **New Method of Funding Cost-of-Living Adjustments**

Act 961 of the 2026 Regular Legislative Session paid off the Original Amortization Base resulting in the remaining balance of the Experience Account being transferred to the new COLA account created by Act 184 of the 2023 Regular Legislative Session. Because the Experience Account did not consistently produce reliable or meaningful increases for retirees, the Legislature changed how future COLAs will be funded. Under Act 184 of the 2023 Regular Legislative Session, the employer funds COLAs directly. A COLA funding rate, the Account Funding Contribution, is built into the annual employer contribution rate, and that money is deposited into the dedicated COLA account held by the System. Deposits began in fiscal 2025 at 1.50 percent of payroll and increase by 0.25 percentage points each year until a maximum of 2.50 percent of payroll is reached.

Three things must happen before a COLA can be paid. There must be enough money in the COLA account to cover the full actuarial cost of the increase, and the LASERS Board of Trustees must request the COLA and the Legislature must approve it by a two-thirds vote of both houses. Because all three conditions apply every time, a COLA is never guaranteed in any given year.

### **Subsequent Events Monitoring**

Management's evaluation of events occurring after June 30, 2026 is described in Note B.10, *Subsequent Events*.

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<sup>1</sup> The summary financial statements in this MD&A are presented in thousands of dollars, rounded to the nearest \$1,000. The condensed figures and associated analysis are derived from the full financial statements which follow this MD&A. Differences from the full financial statements are immaterial and do not affect the comparability of the information.

# Louisiana State Employees' Retirement System

## Statements of Fiduciary Net Position

June 30, 2026 and 2025

|                                              | 2026                     | 2025                     |
|----------------------------------------------|--------------------------|--------------------------|
| <b>Assets</b>                                |                          |                          |
| Cash and Cash Equivalents                    | \$ 326,374,162           | \$ 155,547,390           |
| Receivables:                                 |                          |                          |
| Employer Contributions                       | 62,621,757               | 66,203,039               |
| Member Contributions                         | 15,669,258               | 15,685,697               |
| Interest and Dividends                       | 39,438,920               | 38,724,600               |
| Investment Proceeds                          | 54,606,811               | 19,607,199               |
| Legislative Acts                             | 2,139                    | 10,308                   |
| Other                                        | 6,620,444                | 7,036,869                |
| Total Receivables                            | 178,959,329              | 147,267,712              |
| Investments:                                 |                          |                          |
| Investments at Fair Value                    |                          |                          |
| Short-Term Investments                       | 172,096,906              | 193,257,466              |
| Domestic Fixed Income                        | 1,051,771,803            | 940,923,959              |
| International Fixed Income                   | 2,603,447,508            | 2,397,146,578            |
| Domestic Equities                            | 6,805,098,169            | 5,585,490,698            |
| International Equities                       | 4,017,992,261            | 3,220,010,727            |
| Alternative Investments                      | 4,250,552,087            | 4,129,750,163            |
| Total Investments at Fair Value              | 18,900,958,734           | 16,466,579,591           |
| Investments at Contract Value                |                          |                          |
| Synthetic Guaranteed Investment Contract     | 503,395,871              | 520,153,629              |
| Total Investments at Contract Value          | 503,395,871              | 520,153,629              |
| Total Investments                            | 19,404,354,605           | 16,986,733,220           |
| Securities Lending Collateral                | 782,512,260              | 1,295,674,514            |
| Capital Assets (at cost) - Net:              |                          |                          |
| Property and Equipment                       | 10,466,789               | 4,397,562                |
| <b>Total Assets</b>                          | <b>20,702,667,145</b>    | <b>18,589,620,398</b>    |
| <b>Deferred Outflows of Resources (OPEB)</b> | <b>1,991,852</b>         | <b>2,165,625</b>         |
| <b>Liabilities</b>                           |                          |                          |
| Payables:                                    |                          |                          |
| Investment Commitments and Fees              | 104,468,036              | 41,739,073               |
| Benefits Payable and Other Liabilities       | 30,572,642               | 28,417,597               |
| Total Payables                               | 135,040,678              | 70,156,670               |
| Securities Lending Obligations               | 782,251,073              | 1,295,377,133            |
| <b>Total Liabilities</b>                     | <b>917,291,751</b>       | <b>1,365,533,803</b>     |
| <b>Deferred Inflows of Resources (OPEB)</b>  | <b>2,485,176</b>         | <b>3,040,814</b>         |
| <b>Net Position Restricted for Pensions</b>  | <b>\$ 19,784,882,070</b> | <b>\$ 17,223,211,406</b> |

The accompanying notes are an integral part of these statements.

# Louisiana State Employees' Retirement System

## Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2026 and 2025

|                                                 | 2026                     | 2025                     |
|-------------------------------------------------|--------------------------|--------------------------|
| <b>Additions (Reductions)</b>                   |                          |                          |
| Contributions:                                  |                          |                          |
| Employer Contributions                          | \$ 848,717,022           | \$ 860,497,177           |
| Employee Contributions                          | 203,203,126              | 196,825,655              |
| Legislative Acts Income (Loss)                  | 145,446,122              | (1,031,292)              |
| Total Contributions                             | 1,197,366,270            | 1,056,291,540            |
| Investment Income:                              |                          |                          |
| <i>From Investment Activities</i>               |                          |                          |
| Net Appreciation in Fair Value of Investments   | 2,485,594,845            | 1,286,322,882            |
| Interest & Dividends                            | 263,691,380              | 263,414,254              |
| Alternative Investment Income                   | 398,135,045              | 379,099,384              |
| Miscellaneous Investment Income                 | 1,078,855                | 1,753,655                |
| Total Investment Income                         | 3,148,500,125            | 1,930,590,175            |
| <i>Investment Activity Expenses</i>             |                          |                          |
| Alternative Investment Expenses                 | (96,161,234)             | (81,679,281)             |
| Investment Management Expenses                  | (67,092,676)             | (55,508,987)             |
| Total Investment Expenses                       | (163,253,910)            | (137,188,268)            |
| Net Income from Investing Activities            | 2,985,246,215            | 1,793,401,907            |
| <i>From Securities Lending Activities</i>       |                          |                          |
| Securities Lending Income                       | 32,092,091               | 47,219,846               |
| Securities Lending Expenses                     | (28,690,567)             | (43,802,470)             |
| Net Income from Securities Lending Activities   | 3,401,524                | 3,417,376                |
| Total Net Investment Income                     | 2,988,647,739            | 1,796,819,283            |
| Other Operating Income                          | 18,874,355               | 14,616,568               |
| <b>Total Additions</b>                          | <b>4,204,888,364</b>     | <b>2,867,727,391</b>     |
| <b>Deductions</b>                               |                          |                          |
| Retirement Benefits                             | 1,585,385,241            | 1,553,431,878            |
| Refunds and Transfers of Contributions          | 41,483,206               | 37,321,400               |
| Administrative Expenses                         | 15,921,738               | 18,660,104               |
| Other Postemployment Benefits Expenses (Income) | (127,251)                | 399,579                  |
| Depreciation/Amortization Expenses              | 554,766                  | 897,322                  |
| <b>Total Deductions</b>                         | <b>1,643,217,700</b>     | <b>1,610,710,283</b>     |
| <b>Net Increase in Net Position</b>             | <b>2,561,670,664</b>     | <b>1,257,017,108</b>     |
| <b>Net Position Restricted for Pensions</b>     |                          |                          |
| <b>Beginning of Year</b>                        | <b>17,223,211,406</b>    | <b>15,966,194,298</b>    |
| <b>End of Year</b>                              | <b>\$ 19,784,882,070</b> | <b>\$ 17,223,211,406</b> |

The accompanying notes are an integral part of these statements.

# Notes to Financial Statements

## A. Plan Description

### 1. General Organization

The Louisiana State Employees' Retirement System (LASERS or the System) is the administrator of a cost-sharing multi-employer defined benefit pension plan and is a component unit of the State of Louisiana included in the State's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. The System was established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401).

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

- The House and Senate Committees on Retirement review administration, benefits, investments, and funding of the public retirement systems.
- The operating budget of the System is subject to budgetary review and approval by the Joint Legislative Committee on the Budget.
- The Legislative Auditor is responsible for the procurement of audits for the public retirement systems and is authorized to contract with a licensed Certified Public Accountant (CPA) for each audit.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.
- A thirteen-member Board of Trustees, comprised of six active members, three retired members and four ex officio members, governs the System. The Board administers the programs and appoints key management personnel including the Executive Director, Chief of Staff, Chief Administrative Officer, and the Chief Investment Officer.

### 2. Plan Membership

The System is one of several public retirement systems in Louisiana. Each system has specific membership requirements established by legislation, with LASERS established for state officers, employees, and their beneficiaries. Other public employers report members who retained membership in LASERS upon transfer to other public systems or as provided by specific legislation. A summary of government employers and members participating in LASERS at June 30, 2026, and 2025, are as follows:

| Type of Employer      | 2026             |                | 2025             |                |
|-----------------------|------------------|----------------|------------------|----------------|
|                       | Active Employers | Active Members | Active Employers | Active Members |
| State Agencies        | 204              | 38,479         | 197              | 38,957         |
| Other Public Employer | 138              | 330            | 149              | 464            |
| <b>Total</b>          | <b>342</b>       | <b>38,809</b>  | <b>346</b>       | <b>39,421</b>  |

| Type of Active Members      | 2026          | 2025          |
|-----------------------------|---------------|---------------|
| Active After DROP           | 1,144         | 1,284         |
| Alcohol and Tobacco Control | 6             | 6             |
| Appellate Law Clerks        | 60            | 67            |
| Bridge Police               | 3             | 3             |
| Corrections                 | 639           | 737           |
| Harbor Police               | 6             | 8             |
| Hazardous Duty              | 4,329         | 4,143         |
| Judges                      | 320           | 327           |
| Legislators                 | 2             | 2             |
| Peace Officers              | 17            | 21            |
| Regular State Employees     | 32,210        | 32,745        |
| Wildlife Agents             | 73            | 78            |
| <b>Total Active Members</b> | <b>38,809</b> | <b>39,421</b> |

At June 30, 2026 and 2025, membership consisted of:

|                              | 2026           | 2025           |
|------------------------------|----------------|----------------|
| Active Members               | 38,809         | 39,421         |
| Regular Retirees*            | 42,132         | 41,907         |
| Disability Retirees*         | 1,589          | 1,669          |
| Survivors                    | 6,457          | 6,435          |
| Vested & Reciprocal          | 4,046          | 4,055          |
| Inactive Members Due Refunds | 63,707         | 62,698         |
| DROP Participants            | 861            | 886            |
| <b>Total Membership</b>      | <b>157,601</b> | <b>157,071</b> |

\*For actuarial purposes, "Disability Retirees" includes members who have reached normal retirement eligibility requirements and converted to Regular Retirement; and are therefore, counted by LASERS as "Regular Retirees."

### 3. Net Pension Liability of Employers

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers determined in accordance with GASB 67 as of June 30, 2026 and 2025 were as follows:

|                                                                        | 2026              | 2025              |
|------------------------------------------------------------------------|-------------------|-------------------|
| Total Pension Liability                                                | \$ 22,294,511,861 | \$ 21,731,329,104 |
| Plan Fiduciary Net Position                                            | 19,784,882,070    | 17,223,211,406    |
| Employers' Net Pension Liability                                       | \$ 2,509,629,791  | \$ 4,508,117,698  |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 88.7%             | 79.3%             |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The last experience study was performed in 2024 and was based on the experience of the System for the period of July 1, 2018 through June 30, 2023. The required Schedules of Employers' Net Pension Liability located in Required Supplementary Information following the *Notes to the Financial Statements* presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of June 30, 2026 and 2025, is based on actuarial valuations for the same periods, updated using generally accepted actuarial procedures.

### 4. Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used as of June 30, 2026 and 2025, actuarial valuations are as follows:

|                                         |                                                                                                                                      |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <b>Valuation Date</b>                   | June 30, 2026 and 2025                                                                                                               |
| <b>Actuarial Cost Method</b>            | Entry Age Normal                                                                                                                     |
| <b>Actuarial Assumptions:</b>           |                                                                                                                                      |
| <b>Expected Remaining Service Lives</b> | 2 years                                                                                                                              |
| <b>Investment Rate of Return</b>        | 7.25% per annum for 2026 and 2025.                                                                                                   |
| <b>Inflation Rate</b>                   | 2.40% per annum for 2026 and 2025.                                                                                                   |
| <b>Mortality</b>                        | <b>Non-disabled members</b> - The PubG-2010 Healthy Retiree and for public safety the PubS-2010 (Below-Median) tables projected on a |

**Mortality (continued)**

fully generational basis by Mortality Improvement Scale MP-2021.

**Disabled members** - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement.

**Termination, Disability, and Retirement**

Termination, disability, and retirement assumptions were projected based on a five-year (2019-2023) experience study of the System's members.

**Salary Increases**

Salary increases were projected based on a 2019-2023 experience study of the System's members. The salary increase ranges for 2026 and 2025 specific types of members were:

| Member Type    | Lower Range | Upper Range |
|----------------|-------------|-------------|
| Regular        | 3.3%        | 14.0%       |
| Judges         | 2.4%        | 4.8%        |
| Corrections    | 4.4%        | 15.3%       |
| Hazardous Duty | 4.4%        | 15.3%       |
| Wildlife       | 4.4%        | 15.3%       |

**Cost-of-Living Adjustments**

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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adjusting for expected inflation and an adjustment for the effect of rebalancing/diversification. The expected rate of inflation was 2.40% for 2026 and 2025. The resulting expected long-term nominal rates of return are 7.88% for 2026 and 8.30% for 2025. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2026 and 2025 are summarized in the following table:

| Expected Long Term Real Rates of Return |                   |              |                   |              |
|-----------------------------------------|-------------------|--------------|-------------------|--------------|
| Asset Class                             | 2026              |              | 2025              |              |
|                                         | Target Allocation | Rate         | Target Allocation | Rate         |
| Cash                                    | 0%                | 0.75%        | 0%                | 0.85%        |
| Domestic Equity                         | 34%               | 4.05%        | 34%               | 4.42%        |
| International Equity                    | 17%               | 4.64%        | 17%               | 5.22%        |
| Domestic Fixed Income                   | 3%                | 2.51%        | 3%                | 2.53%        |
| International Fixed Income              | 19%               | 5.21%        | 19%               | 5.37%        |
| Alternative Investments                 | 27%               | 6.86%        | 27%               | 7.43%        |
| <b>Total Fund</b>                       | <b>100%</b>       | <b>5.36%</b> | <b>100%</b>       | <b>5.75%</b> |

The discount rate used to measure the total pension liability was 7.25% for June 30, 2026 and 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.25% for June 30, 2026 and 2025, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

| Changes in Discount Rate                   |                  |                       |                  |
|--------------------------------------------|------------------|-----------------------|------------------|
|                                            | 1% Decrease      | Current Discount Rate | 1% Increase      |
|                                            | 6.25%            | 7.25%                 | 8.25%            |
| <b>2025 Employer Net Pension Liability</b> | \$ 6,862,371,620 | \$ 4,508,117,698      | \$ 2,940,557,110 |
| <b>2026 Employer Net Pension Liability</b> | \$ 4,658,142,363 | \$ 2,509,629,791      | \$ 683,257,076   |

## 5. Eligibility Requirements

All state employees, except those specifically excluded by statute, become members of the System's Defined Benefit Plan (DBP) as a condition of employment, unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the Governor may, at their option, become members of LASERS. Also, qualifying unclassified state employees may have made an irrevocable election to participate in the Optional Retirement Plan (ORP) between July 12, 1999 and December 7, 2007, when the plan closed. All plans are considered one pension plan for financial reporting

purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any plan members or beneficiaries.

## **6. Retirement**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank-and-file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015, may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Final average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, final average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of final average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and may also retire at any age with a reduced benefit after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age, or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable

service and may also retire at any age with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate; and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

## **7. Deferred Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized actuarial return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30 immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if the member does not cease employment after DROP participation.

The DROP/IBO Reserve consists of the reserves for all members who select the DROP or IBO upon retirement. The balance in the DROP/IBO Reserve as of June 30, 2026 and 2025 was \$1,167,152,588 and \$1,147,653,015, respectively.

## **8. Disability Benefits**

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was the result of an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or is an amputee incapable of serving as a law enforcement officer, or is permanently and legally blind, there is no reduction to the benefit if the retiree becomes gainfully employed.

## **9. Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011, who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23, if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are ten years, two years being earned immediately prior to death, and in active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as

a result of an intentional act of violence, survivor benefits may be increased to 100% of the member's final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, or children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

## **10. Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of cost-of-living adjustments (COLAs), that are funded through employer contributions when recommended by the Board of Trustees and approved by the State Legislature.

The Experience Account Reserve was used to fund COLAs. The COLA was funded at 100% of the actuarial cost. The account accumulated 50% of the excess investment gain relative to the actuarial valuation rate of 7.25% after such excess return exceeds \$100,000,000 (indexed to positive changes in the actuarial value of assets beginning June 30, 2016). At June 30, 2026 and 2025, the balance of the Experience Account Reserve was \$0 and \$234,460,897, respectively. During the year the account was credited with an allocation of \$103,071,954 and interest of \$22,684,092 and was charged \$223,651,846 for the actuarial cost of the COLA authorized by Act 280 of the 2026 Regular Session, payable July 1, 2026. The remaining balance of \$136,565,097 was transferred to the COLA account established by Act 184 of the 2023 Regular Session, and the Experience Account was closed.

In prior years if the System was at least 80% funded, the balance of the Experience Account maintained a reserve for two COLAs. However, if the System was less than 80% funded, the reserve was restricted to one COLA, based on the current allowable percentage granted for the COLA. Excess investment gains that would have otherwise gone to the Experience Account, if not for the restrictions, were applied to the System's net pension liability. Beginning June 30, 2016, allocations to the Experience Account were amortized over ten years.

Effective July 1, 2023, Act 184 of the 2023 Louisiana Regular Legislative Session provided for the phasing out and termination of the Experience Account and of the diversion of the investment earnings into the account and created a new account for accumulation of funds to pay COLAs (the COLA account). The Act established an additional component of the required employer contribution rate called the COLA Account Funding Contribution (AFC) rate and sets the AFC rate for Fiscal Year 2023-2024 at zero. Beginning in Fiscal Year 2024-2025, when the employer rate is scheduled to drop, half of the decrease will be added to the maximum possible AFC rate until that maximum equals 2.5%. However, for Fiscal Years 2024-2025 through 2027-2028, in the event the projected aggregate employer contribution rate is more than three percentage points lower than the aggregate employer contribution rate for Fiscal Year 2023-2024, the AFC rate will be limited by a rate schedule provided in Act 184. The rate schedule provides for a limited AFC rate of 1.5% in Fiscal Year 2024-2025 increasing by a quarter percentage point annually up to 2.5% in Fiscal Year 2028-2029 if this

contingency is met. The balance in the COLA account is capped at the amount needed to fund two increases. At June 30, 2026 and 2025, the balance of the COLA account was \$219,719,365 and \$36,181,187, respectively.

## 11. Optional Retirement Plan

In 1999, an Optional Retirement Plan (ORP) was established as a defined contribution component of LASERS for certain unclassified employees who otherwise would have been eligible to become members of the defined benefit plan. The ORP provides portability of assets and full and immediate vesting of all contributions submitted on behalf of members. The ORP is administered by a third-party provider with oversight from LASERS Board of Trustees. Monthly employer and employee contributions are invested as directed by the member to provide the member with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the member's working lifetime. ORP balances are held by the provider in each participant's name. These balances are included in LASERS total investments on the Statements of Fiduciary Net Position. The ORP was closed to new members on December 7, 2007. However, members in the ORP on December 31, 2007, were granted the option by Act 718 of the 2012 Louisiana Regular Legislative Session to regain membership in the defined benefit plan. At June 30, 2026, and 2025, membership consisted of:

|                               | 2026       | 2025       |
|-------------------------------|------------|------------|
| <b>Number of Members</b>      | 29         | 33         |
| <b>Employee Contributions</b> | \$ 32,825  | \$ 38,282  |
| <b>Employer Contributions</b> | \$ 145,236 | \$ 177,661 |

The ORP Reserve consists of reserves for all members who elected to participate in the ORP and is credited with contributions made by the employee and the normal employer matching contributions for services rendered. When a member terminates service, or upon death before qualifying for a benefit, the refund of contributions is made from this reserve. Also, when a member retires, benefits are paid from this reserve. The balance of the ORP Reserve as of June 30, 2026 and 2025 was \$3,828,923 and \$4,335,060, respectively.

## B. Summary of Significant Accounting Policies

### 1. Basis of Accounting

LASERS financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Investment purchases and sales are recorded as of the trade date. State General Fund appropriations are recognized in the period when they are appropriated. Employer and member contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Administrative expenses are funded through contributions to the plan from members, and the State of Louisiana, and are subject to budgetary control of the Board of Trustees and the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

## **2. Securities Lending**

The System records collateral received under its securities lending agreement where the System has the ability to spend, pledge, or sell the collateral without borrower default. Liabilities resulting from these transactions are also reported. The security lending cash collateral investments are reported at fair value. Security lending income and expenses are reported as investment income and expenses in the accompanying financial statements. The Statements of Fiduciary Net Position do not include detailed holdings of securities lending collateral by investment classification.

## **3. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from fiduciary net position during the reporting period. Actuarial valuations are used to determine the net pension liability and the total OPEB liability. Actual results could differ from those estimates. The retirement system utilizes various investment instruments, which by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Market volatility includes global events which could impact the value of investments, such as international conflict. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

## **4. Method Used to Value Investments**

As required by GASB 72, investments are reported at fair value, except for the System's fully benefit-responsive synthetic guaranteed investment contract, which is reported at contract value as required by GASB 53. Fair value is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that report net asset value as a practical expedient for fair value per share (or its equivalent). These disclosures are in *Note D. Fair Value Disclosures*.

Short-term investments are reported at fair value when published prices are available, or at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. All derivative financial instruments are reported at fair value in the *Statements of Fiduciary Net Position*. Gains and losses are reported in the *Statements of Changes in Fiduciary Net Position* as net appreciation

(depreciation) in fair value of investments during the period the instruments are held, and when the instruments are sold or expire. The nature and use of derivative instruments is discussed in *Note F. Cash and Investments (7)*. The fair value of investments in nongovernmental entities that do not have a readily determinable fair value (such as private markets, commingled funds, and absolute return) is measured using net asset value per share, or its equivalent, as a practical expedient. For investments organized as limited partnerships, that equivalent is the investment's capital account balance, representing the System's ownership interest in partners' capital, at the closest available reporting period, adjusted for subsequent contributions, distributions, and management fees. Investments measured at net asset value are not categorized within the fair value hierarchy. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Unrealized gains and losses are included as investment earnings in the *Statements of Changes in Fiduciary Net Position*.

## **5. Compensated Absences**

LASERS recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used for time off, otherwise paid in cash or settled through non-cash means. Employees of the System accumulate unlimited amounts of annual and sick leave at varying rates established by state regulations. Upon retirement, unused sick leave and unused annual leave in excess of 300 hours are credited at the current pay rate as earned service in computing retirement benefits, because the leave is settled through conversion to pension benefits, it is excluded from compensated absence liability. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to an employee at the employee's current rate of pay; accordingly, only this annual leave qualifies for recognition as a liability. The liability for accrued annual leave is included in benefit payables and other liabilities in the *Statements of Fiduciary Net Position*.

## **6. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the State of Louisiana Postretirement Benefits Plan (OPEB Plan), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The OPEB Plan is funded on a pay-as-you-go basis and as such, there are no investments held by the OPEB Plan.

## **7. Property and Equipment**

Property, equipment, and intangible assets such as purchased or licensed computer software are reported at historical cost. Depreciation and amortization are computed using the straight-line method based upon useful lives of 40 years for building, three to 15 years for equipment and furniture, and seven years for intangible assets. The capitalization thresholds of property and equipment are:

- Intangible Assets such as computer software developed or modified internally: \$1,000,000
- Movable Property and Equipment: \$5,000

The System initiated a multi-year Workspace Transition Project to modernize its retirement management system through a series of phased releases. Project costs incurred to date are being capitalized as a capital asset, Workspace Transition Project – Work in Progress. When individual modules go live, the related costs will be amortized as an intangible.

LASERS is a 50% co-owner of the Louisiana Retirement Systems Building and related land with the Teachers' Retirement System of Louisiana. LASERS interest in the building, land, furniture, equipment, vehicles, and intangibles is reflected in the following schedule.

## Changes in Property and Equipment

| For Year Ended June 30, 2026                 | 2025                | Additions           | Deletions/<br>Transfers | 2026                 |
|----------------------------------------------|---------------------|---------------------|-------------------------|----------------------|
| <b>Asset Class (at Cost)</b>                 |                     |                     |                         |                      |
| Land                                         | \$ 858,390          | \$ -                | \$ -                    | \$ 858,390           |
| Building                                     | 7,921,113           | 951,050             | -                       | 8,872,163            |
| Furniture, Equipment, and Vehicles           | 3,855,139           | 884,908             | (588,250)               | 4,151,797            |
| Intangibles                                  | 13,376,839          | -                   | -                       | 13,376,839           |
| Workspace Transition Project - WIP*          | -                   | 4,788,035           | -                       | 4,788,035            |
| <b>Total Property and Equipment</b>          | <b>26,011,481</b>   | <b>6,623,993</b>    | <b>(588,250)</b>        | <b>32,047,224</b>    |
| <b>Accumulated Depreciation/Amortization</b> |                     |                     |                         |                      |
| Building                                     | (6,662,051)         | (352,417)           | -                       | (7,014,468)          |
| Furniture, Equipment, and Vehicles           | (1,575,030)         | (202,349)           | 588,250                 | (1,189,129)          |
| Intangibles                                  | (13,376,838)        | -                   | -                       | (13,376,838)         |
| <b>Total Accumulated Depreciation</b>        | <b>(21,613,919)</b> | <b>(554,766)</b>    | <b>588,250</b>          | <b>(21,580,435)</b>  |
| <b>Total Property and Equipment - Net</b>    | <b>\$ 4,397,562</b> | <b>\$ 6,069,227</b> | <b>\$ -</b>             | <b>\$ 10,466,789</b> |

| For Year Ended June 30, 2025                 | 2024                | Additions           | Deletions/<br>Transfers | 2025                |
|----------------------------------------------|---------------------|---------------------|-------------------------|---------------------|
| <b>Asset Class (at Cost)</b>                 |                     |                     |                         |                     |
| Land                                         | \$ 858,390          | \$ -                | \$ -                    | \$ 858,390          |
| Building                                     | 7,890,010           | 31,103              | -                       | 7,921,113           |
| Furniture, Equipment, and Vehicles           | 3,551,536           | 303,603             | -                       | 3,855,139           |
| Intangibles                                  | 13,376,839          | -                   | -                       | 13,376,839          |
| <b>Total Property and Equipment</b>          | <b>25,676,775</b>   | <b>334,706</b>      | <b>-</b>                | <b>26,011,481</b>   |
| <b>Accumulated Depreciation/Amortization</b> |                     |                     |                         |                     |
| Building                                     | (6,311,534)         | (350,517)           | -                       | (6,662,051)         |
| Furniture, Equipment, and Vehicles           | (1,383,988)         | (191,042)           | -                       | (1,575,030)         |
| Intangibles                                  | (13,021,075)        | (355,763)           | -                       | (13,376,838)        |
| <b>Total Accumulated Depreciation</b>        | <b>(20,716,597)</b> | <b>(897,322)</b>    | <b>-</b>                | <b>(21,613,919)</b> |
| <b>Total Property and Equipment - Net</b>    | <b>\$ 4,960,178</b> | <b>\$ (562,616)</b> | <b>\$ -</b>             | <b>\$ 4,397,562</b> |

\* WIP - Work in Progress

## 8. Reclassifications

Change in Presentation of Payables: During the year ended June 30, 2026, the System adopted a change in the presentation of its payables to group all investment-associated liabilities together in a single line item. Under the revised presentation, investment commitments and investment-related fees payable (primarily investment management consulting fees and custodial fees) are reported together in a line titled *Investment Commitments and Fees* (formerly *Investment Commitments*), and the remaining payables are presented as *Benefits Payable and Other Liabilities* (formerly *Trade Payables and Other Liabilities*). Management believes the revised presentation is preferable because it provides more relevant and understandable information by presenting all investment-associated obligations of the System together and by captioning each line to accurately describe its contents. To conform to the current-year presentation, the June 30, 2025 comparative amounts have been reclassified to increase *Investment Commitments and Fees* by \$11,491,592 and to decrease *Benefits Payable and Other Liabilities* by the same amount. This change did not affect *Total Payables*, *Total Liabilities*, *Net Position Restricted for Pensions*, or the change in net position previously reported for any period.

## 9. New Accounting Pronouncements

*Pronouncements implemented for the 2026 financial statements:*

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB. The implementation affected the management's discussion and analysis presentation by requiring further explanation of changes but did not have an impact on the System's fiduciary net position or changes in fiduciary net position.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets, mandating separate notes for specific asset types like lease assets and intangible assets while providing detailed guidance on assets held for sale. The implementation did not have a material impact on the System's fiduciary net position or changes in fiduciary net position.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, effective for fiscal years beginning after June 15, 2026. The objective of this Statement is to enhance the consistency and relevance of subsequent event reporting by establishing accounting and financial reporting requirements for events that occur after the financial statement date but before the financial statements are issued. The Statement also requires disclosure of the date through which subsequent events have been evaluated. The System elected to early implement this Statement during fiscal year 2026. The implementation did not have a material impact on the System's fiduciary net position or changes in fiduciary net position.

## **10. Subsequent Events**

Management has evaluated subsequent events through September 21, 2026, the date the financial statements were available to be issued.

No nonrecognized subsequent events requiring disclosure under GASB Statement No. 105 occurred during the subsequent events evaluation period.

## **C. Contributions**

### **1. Member Contributions**

Member contribution rates for the System are established by La. R.S. 11:62. Member contributions are deducted from a member's salary and remitted to the System by participating employers. If a member leaves covered employment or dies before any benefits become payable on their behalf, the accumulated contributions may be refunded to the member or their designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to members or their survivors are refunded to the member's beneficiaries or their estates upon cessation of any survivor's benefits.

### **2. Employer Contributions**

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each plan pays a separate actuarially determined employer contribution rate, which includes the employer normal cost and unfunded accrued liability. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership.

The member and employer rates in effect during the years ended June 30, 2026 and 2025, for the various plans are as follows:

| Plan                                                          | Plan Status | 2026 Employer Rate | 2025 Employer Rate | Employee Rate |
|---------------------------------------------------------------|-------------|--------------------|--------------------|---------------|
| Alcohol and Tobacco Control (Hired between 7/1/07 - 12/31/10) | Closed      | 35.14%             | 35.77%             | 9.00%         |
| Appellate Law Clerks (Hired before 7/1/06)                    | Closed      | 33.15%             | 34.74%             | 7.50%         |
| Appellate Law Clerks (Hired between 7/1/06 - 12/31/10)        | Closed      | 33.15%             | 34.74%             | 8.00%         |
| Bridge Police (Hired before 1/1/11)                           | Closed      | 35.63%             | 33.68%             | 8.50%         |
| Corrections Primary (Hired before 1/1/02)                     | Closed      | 30.68%             | 32.35%             | 9.00%         |
| Corrections Secondary (Hired between 1/1/02 - 12/31/10)       | Closed      | 37.36%             | 37.91%             | 9.00%         |
| Harbor Police (Hired before 7/1/14)                           | Closed      | 40.24%             | 40.39%             | 9.00%         |
| Hazardous Duty (Hired on or after 1/1/11)                     | Open        | 39.68%             | 40.41%             | 9.50%         |
| Judges (Elected before 1/1/11)                                | Closed      | 36.68%             | 40.17%             | 11.50%        |
| Judges (Elected between 1/1/11 - 6/30/15)                     | Closed      | 35.24%             | 38.31%             | 13.00%        |
| Judges (Elected on or after 7/1/15)                           | Open        | 35.24%             | 38.31%             | 13.00%        |
| Legislators (Elected before 1/1/11)                           | Closed      | 36.05%             | 30.67%             | 11.50%        |
| ORP (Hired before 7/1/06)                                     | Closed      | 33.15%             | 34.74%             | 7.50%         |
| ORP (Hired between 7/1/06 - 12/31/07)                         | Closed      | 33.15%             | 34.74%             | 8.00%         |
| Peace Officers (Hired before 1/1/11)                          | Closed      | 35.01%             | 35.58%             | 9.00%         |
| Regular Employees (Hired before 7/1/06)                       | Closed      | 33.15%             | 34.74%             | 7.50%         |
| Regular Employees (Hired between 7/1/06 - 12/31/10)           | Closed      | 33.15%             | 34.74%             | 8.00%         |
| Regular Employees (Hired between 1/1/11 - 6/30/15)            | Closed      | 33.15%             | 34.74%             | 8.00%         |
| Regular Employees (Hired on or after 7/1/15)                  | Open        | 33.15%             | 34.74%             | 8.00%         |
| Special Legislative Employees (Hired before 1/1/11)           | Closed      | 38.05%             | 32.67%             | 9.50%         |
| Wildlife Agents (Hired before 1/1/11)                         | Closed      | 46.09%             | 46.38%             | 9.50%         |
| <b>Aggregate Contribution Rate</b>                            |             | <b>33.92%</b>      | <b>35.42%</b>      |               |

### 3. Legislative Acts Income

Legislative acts income includes contributions appropriated by the State Legislature to cover unfunded accrued pension liabilities.

## D. Fair Value Disclosures

LASERS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The plan has the following recurring fair value measurements as of June 30, 2026 and 2025, respectively:

| June 30, 2026                         |                   | Fair Value Measurements                         |                                                        |                                                    |
|---------------------------------------|-------------------|-------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
|                                       | Fair Value        | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments by Fair Value Level       |                   |                                                 |                                                        |                                                    |
| Debt Investments                      |                   |                                                 |                                                        |                                                    |
| U.S. Government Obligations           | \$ 198,477,085    | \$ 198,477,085                                  | \$ -                                                   | \$ -                                               |
| U.S. Agency Obligations               | 179,149,917       | -                                               | 179,149,917                                            | -                                                  |
| Mortgages                             | 31,664,931        | -                                               | 31,664,931                                             | -                                                  |
| Corporate Bonds                       | 590,875,398       | 20,612,614                                      | 449,056,745                                            | 121,206,039                                        |
| International Bonds                   | 214,011,973       | -                                               | 184,826,198                                            | 29,185,775                                         |
| Short-term Investments                | 289,148           | -                                               | 289,148                                                | -                                                  |
| Total Debt Securities                 | 1,214,468,452     | 219,089,699                                     | 844,986,939                                            | 150,391,814                                        |
| Equity Securities                     |                   |                                                 |                                                        |                                                    |
| Large Cap                             | 4,035,480,672     | 4,035,480,672                                   | -                                                      | -                                                  |
| Mid Cap                               | 1,442,217,668     | 1,442,217,668                                   | -                                                      | -                                                  |
| Small Cap                             | 793,340,374       | 793,340,374                                     | -                                                      | -                                                  |
| International Equity                  | 2,861,483,259     | 2,850,464,166                                   | 396,952                                                | 10,622,141                                         |
| Other                                 | 668,032,989       | 667,774,954                                     | 254,675                                                | 3,360                                              |
| Total Equity Securities               | 9,800,554,962     | 9,789,277,834                                   | 651,627                                                | 10,625,501                                         |
| Securities Lending Cash Collateral    | 782,512,260       | -                                               | 782,512,260                                            | -                                                  |
| Total Investments at Fair Value Level | \$11,797,535,674  | \$10,008,367,533                                | \$ 1,628,150,826                                       | \$ 161,017,315                                     |
| Investments at Net Asset Value (NAV)  |                   |                                                 |                                                        |                                                    |
| Emerging Market Equity                | \$ 889,100,070    |                                                 |                                                        |                                                    |
| Emerging Market Debt                  | 785,843,067       |                                                 |                                                        |                                                    |
| Global Multi-Sector Funds             | 1,603,625,753     |                                                 |                                                        |                                                    |
| Commingled Investment Funds:          |                   |                                                 |                                                        |                                                    |
| Domestic Equity                       | 106,548,615       |                                                 |                                                        |                                                    |
| International Equity                  | 26,869,042        |                                                 |                                                        |                                                    |
| Short-term                            | 171,206,363       |                                                 |                                                        |                                                    |
| Domestic Bonds                        | 51,558,159        |                                                 |                                                        |                                                    |
| Private Markets                       | 3,893,071,610     |                                                 |                                                        |                                                    |
| Absolute Return                       | 357,480,477       |                                                 |                                                        |                                                    |
| Total Investments at NAV              | \$ 7,885,303,156  |                                                 |                                                        |                                                    |
| Investment Derivatives                |                   |                                                 |                                                        |                                                    |
| Futures                               | \$ 88,587         | \$ 88,587                                       | \$ -                                                   |                                                    |
| Foreign Exchange Contracts            | 601,395           | -                                               | 601,395                                                |                                                    |
| Options                               | -                 | -                                               | -                                                      |                                                    |
| Swaps                                 | (57,818)          | -                                               | (57,818)                                               |                                                    |
| Total Investment Derivatives          | \$ 632,164        | \$ 88,587                                       | \$ 543,577                                             |                                                    |
| Total Investments and Securities      | \$ 19,683,470,994 |                                                 |                                                        |                                                    |
| Lending Cash Collateral at Fair Value |                   |                                                 |                                                        |                                                    |

| June 30, 2025                         |                   | Fair Value Measurements                         |                                                        |                                                    |
|---------------------------------------|-------------------|-------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
|                                       | Fair Value        | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments by Fair Value Level       |                   |                                                 |                                                        |                                                    |
| Debt Investments                      |                   |                                                 |                                                        |                                                    |
| U.S. Government Obligations           | \$ 196,713,241    | \$ 196,713,241                                  | \$ -                                                   | \$ -                                               |
| U.S. Agency Obligations               | 180,510,585       | -                                               | 180,510,585                                            | -                                                  |
| Mortgages                             | 29,343,354        | -                                               | 29,343,354                                             | -                                                  |
| Corporate Bonds                       | 488,760,785       | -                                               | 387,119,141                                            | 101,641,644                                        |
| International Bonds                   | 249,252,838       | -                                               | 221,735,757                                            | 27,517,081                                         |
| Short-term Investments                | 2,503,646         | -                                               | 2,503,646                                              | -                                                  |
| Total Debt Securities                 | 1,147,084,449     | 196,713,241                                     | 821,212,483                                            | 129,158,725                                        |
| Equity Securities                     |                   |                                                 |                                                        |                                                    |
| Large Cap                             | 3,534,990,022     | 3,534,990,022                                   | -                                                      | -                                                  |
| Mid Cap                               | 1,393,840,510     | 1,393,840,510                                   | -                                                      | -                                                  |
| Small Cap                             | 707,361,273       | 707,361,273                                     | -                                                      | -                                                  |
| International Equity                  | 2,296,572,615     | 2,288,466,900                                   | 387,072                                                | 7,718,643                                          |
| Other                                 | 69,076,461        | 68,769,515                                      | 101,549                                                | 205,397                                            |
| Total Equity Securities               | 8,001,840,881     | 7,993,428,220                                   | 488,621                                                | 7,924,040                                          |
| Securities Lending Cash Collateral    | 1,295,674,514     | -                                               | 1,295,674,514                                          | -                                                  |
| Total Investments at Fair Value Level | \$10,444,599,844  | \$ 8,190,141,461                                | \$ 2,117,375,618                                       | \$ 137,082,765                                     |
| Investments at Net Asset Value (NAV)  |                   |                                                 |                                                        |                                                    |
| Emerging Market Equity                | \$ 694,730,893    |                                                 |                                                        |                                                    |
| Emerging Market Debt                  | 643,444,166       |                                                 |                                                        |                                                    |
| Global Multi-Sector Funds             | 1,504,527,586     |                                                 |                                                        |                                                    |
| Commingled Investment Funds:          |                   |                                                 |                                                        |                                                    |
| Domestic Equity                       | 88,655,893        |                                                 |                                                        |                                                    |
| International Equity                  | 20,202,455        |                                                 |                                                        |                                                    |
| Short-term                            | 192,294,695       |                                                 |                                                        |                                                    |
| Domestic Bonds                        | 45,595,994        |                                                 |                                                        |                                                    |
| Private Markets                       | 3,741,998,378     |                                                 |                                                        |                                                    |
| Absolute Return                       | 387,751,785       |                                                 |                                                        |                                                    |
| Total Investments at NAV              | \$ 7,319,201,845  |                                                 |                                                        |                                                    |
| Investment Derivatives                |                   |                                                 |                                                        |                                                    |
| Futures                               | \$ 71,303         | \$ 71,303                                       | \$ -                                                   |                                                    |
| Foreign Exchange Contracts            | (1,540,875)       | -                                               | (1,540,875)                                            |                                                    |
| Options                               | -                 | -                                               | -                                                      |                                                    |
| Swaps                                 | (78,012)          | -                                               | (78,012)                                               |                                                    |
| Total Investment Derivatives          | \$ (1,547,584)    | \$ 71,303                                       | \$ (1,618,887)                                         |                                                    |
| Total Investments and Securities      | \$ 17,762,254,105 |                                                 |                                                        |                                                    |
| Lending Cash Collateral at Fair Value |                   |                                                 |                                                        |                                                    |

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2026, are presented in the following table.

|                                 | Fair Value 2026         | Unfunded Commitments | Redemption Frequency | Redemption Period |
|---------------------------------|-------------------------|----------------------|----------------------|-------------------|
| Emerging Market Equity          | \$ 889,100,070          | \$ -                 | Monthly              | 7 - 30 days       |
| Emerging Market Debt            | 785,843,067             | -                    | Quarterly            | 90 days           |
| Global Multi-Sector             | 1,603,625,753           | 39,975,000           | Monthly to Quarterly | 30 - 90 days      |
| Commingled Investment Funds     |                         |                      |                      |                   |
| Domestic Equity                 | 106,548,615             | -                    | Daily                | N/A               |
| International Equity            | 26,869,042              | -                    | Daily                | N/A               |
| Short-term                      | 171,206,363             | -                    | Daily                | N/A               |
| Domestic Bonds                  | 51,558,159              | -                    | Daily to Monthly     | 0 - 15 days       |
| Absolute Return                 | 357,480,477             | 330,885,764          | Monthly to Quarterly | 30 - 95 days      |
| Private Markets                 | 3,893,071,610           | 2,610,000,195        | N/A                  | N/A               |
| <b>Total Investments at NAV</b> | <b>\$ 7,885,303,156</b> |                      |                      |                   |

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2025, are presented in the following table.

|                                 | Fair Value 2025         | Unfunded Commitments | Redemption Frequency | Redemption Period |
|---------------------------------|-------------------------|----------------------|----------------------|-------------------|
| Emerging Market Equity          | \$ 694,730,893          | \$ -                 | Monthly              | 7 - 30 days       |
| Emerging Market Debt            | 643,444,166             | -                    | Quarterly            | 90 days           |
| Global Multi-Sector             | 1,504,527,586           | 5,000,000            | Monthly to Quarterly | 30 - 90 days      |
| Commingled Investment Funds     |                         |                      |                      |                   |
| Domestic Equity                 | 88,655,893              | -                    | Daily                | N/A               |
| International Equity            | 20,202,455              | -                    | Daily                | N/A               |
| Short-term                      | 192,294,695             | -                    | Daily                | N/A               |
| Domestic Bonds                  | 45,595,994              | -                    | Daily to Monthly     | 0 - 15 days       |
| Absolute Return                 | 387,751,785             | 334,372,934          | Monthly to Quarterly | 30 - 95 days      |
| Private Markets                 | 3,741,998,378           | 2,527,290,057        | N/A                  | N/A               |
| <b>Total Investments at NAV</b> | <b>\$ 7,319,201,845</b> |                      |                      |                   |

## **1. Emerging Markets**

Emerging markets includes investments in three equity and one debt emerging market for the years ended June 30, 2026 and 2025. These investments aim to benefit from the higher economic growth, increased independence, and positive demographic trends in emerging countries. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments as a practical expedient for fair value. Units are valued monthly to quarterly and redemption of units varies from seven to 90-day advance notice. Any amount redeemed will be paid within five to 30 business days following the date as of which the withdrawal is to be made.

## **2. Global Multi-Sector**

Global multi-sector commingled funds includes seven funds for the years ended June 30, 2026 and 2025. They are designed to be flexible and may move tactically in response to market conditions. It allows investments in securities across the fixed income universe, which includes securities such as sovereign debt, corporate credit, structured products, currency, distressed debt, and leveraged loans. Redemption payments range from monthly to quarterly with 30 to 90-day notices. Liquidity within each portfolio varies. A portion of investments within each fund may be considered illiquid. The fair value of the investments has been determined using NAV per share (or equivalent) of the investment as a practical expedient for fair value.

## **3. Commingled Investment Funds**

Commingled investment funds include investments in collective funds and mutual funds which do not have a readily determined fair value. These investments are valued based on the funds' net asset value per share (or equivalent) as supplied by the fund administrator or trustee as a practical expedient for fair value. There were 29 commingled investment funds as of June 30, 2026 and 26 in 2025. Units range from being valued daily to monthly. Redemption of units varies from daily to 15 days.

## **4. Absolute Return**

Absolute return had three funds for the fiscal years ended June 30, 2026 and 2025. Absolute return funds utilize a variety of strategies, asset classes, and securities to generate returns, depending on current market conditions. Funds tend to trade in a variety of strategies and exhibit low correlation to one another and to other absolute return strategies. They are inherently diversified with multiple sources of return. Managers have the ability to incubate and quickly execute new strategies. The fair value of the investments has been determined using the NAV per share (or equivalent) of the investments as a practical expedient for fair value.

## **5. Private Markets**

Private markets is an asset class consisting of both equity and debt ownership in operating companies not publicly traded on a stock exchange. This type increased by one investment to 94 private market funds in the fiscal year ended June 30, 2026. Private market funds employ a combination of strategies to earn superior risk-adjusted returns. The fair values of the investments in this type have been determined using the NAV per share (or equivalent) of the Plan's ownership interest in partners' capital as a practical expedient of fair value. These investments are illiquid. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that

the underlying assets of the funds will be liquidated approximately seven to 15 years from the commencement of the fund.

## **E. Deposits and Investment Risk Disclosures**

The information presented on the following pages includes disclosures of custodial, interest rate, credit, and foreign currency risks in accordance with GASB 40, 53, and 67 and is designed to inform financial statement users about investment risks that could affect the System's ability to meet its obligations. The tables presented classify investments by risk type, while the financial statements present investments by asset class; thus, the totals shown on the tables may not be comparable to the amounts shown for the individual asset classes on the financial statements.

### **1. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the System's deposits may not be returned. The System does not have a formal deposit policy for custodial credit risk. All U.S. bank balances at year-end were insured or collateralized by the pledge of government securities held by the agents in LASERS name. LASERS had time deposits and certificates of deposit in the securities lending cash collateral pool that were exposed to custodial credit risk of \$217.2 million and \$638.4 million as of June 30, 2026 and 2025, respectively. LASERS had uninsured cash deposits in non-U.S. banks of \$43.8 million and \$26.9 million for the years ended June 30, 2026 and 2025, respectively.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investments, or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: a) the counterparty or b) the counterparty's trust department or agent but not in the government's name. LASERS had no custodial credit risk for investments for the years ended June 30, 2026 and 2025.

### **2. Concentration of Credit Risk**

Concentration of credit risk is the "risk of loss attributed to the magnitude of investments in a single issuer." The risk occurs "when investments are concentrated in any one issuer that represents 5% or more of plan net assets." Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The System has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represent 5% or more of the System's net plan assets, nor does the System hold more than 5% of any corporation's stock.

### **3. Credit Risk**

Credit risk is the risk that a borrower will be unable to meet its obligation. According to LASERS investment policy, the overall average quality of each core fixed income portfolio shall be rated A- or higher by Standard and Poor's. Non-rated issues or issues below investment grade (below BBB-) may be purchased up to a maximum of 15% of each core fixed income portfolio. The average duration shall not differ from the passive benchmark's duration by more than two years.

In preparing this report, credit risk associated with all fixed income holdings including collateral for repurchase agreements and securities lending collateral has been included. The System's exposure to credit risk as of June 30, 2026 and 2025 is as follows:

| Rating                    | Fair Value<br>2026     | Percent<br>2026 | Fair Value<br>2025     | Percent<br>2025 |
|---------------------------|------------------------|-----------------|------------------------|-----------------|
| AAA                       | \$ 13,054,579          | 0.3%            | \$ 8,290,687           | 0.2%            |
| A-1+                      | 33,480,587             | 0.7%            | 77,908,349             | 1.6%            |
| A-1                       | 159,572,533            | 3.5%            | 192,408,859            | 4.0%            |
| AA+                       | 370,162,930            | 8.0%            | 381,736,862            | 7.9%            |
| AA                        | 2,339,020              | 0.1%            | 2,909,649              | 0.1%            |
| AA-                       | 75,246,230             | 1.6%            | 97,816,486             | 2.0%            |
| A+                        | 169,900,139            | 3.7%            | 376,508,463            | 7.8%            |
| A                         | 92,330,280             | 2.0%            | 187,351,748            | 3.9%            |
| A-                        | 30,939,429             | 0.7%            | 30,331,973             | 0.6%            |
| BBB+                      | 40,590,564             | 0.9%            | 24,225,056             | 0.5%            |
| BBB                       | 53,863,509             | 1.2%            | 50,957,417             | 1.1%            |
| BBB-                      | 44,746,451             | 1.0%            | 44,644,233             | 0.9%            |
| BB+                       | 39,681,271             | 0.9%            | 26,999,007             | 0.6%            |
| BB                        | 38,668,446             | 0.8%            | 37,354,746             | 0.8%            |
| BB-                       | 48,212,752             | 1.0%            | 59,898,926             | 1.2%            |
| B+                        | 33,378,315             | 0.7%            | 25,750,601             | 0.5%            |
| B                         | 44,678,094             | 1.0%            | 46,913,561             | 1.0%            |
| B-                        | 38,752,852             | 0.8%            | 40,380,306             | 0.8%            |
| CCC+                      | 17,154,880             | 0.4%            | 36,550,320             | 0.8%            |
| CCC                       | 10,982,406             | 0.2%            | 8,526,658              | 0.2%            |
| CCC-                      | 4,286,015              | 0.1%            | 1,772,082              | 0.0%            |
| CC                        | 326,100                | 0.0%            | -                      | 0.0%            |
| D                         | 1,070,980              | 0.0%            | 1,086,540              | 0.0%            |
| Non-rated                 | 3,246,410,115          | 70.4%           | 3,066,679,988          | 63.5%           |
| <b>Total Fixed Income</b> | <b>\$4,609,828,477</b> | <b>100%</b>     | <b>\$4,827,002,517</b> | <b>100%</b>     |

#### 4. Interest Rate Risk

Interest rate risk is the risk from changes in interest rates adversely affecting the fair value of an investment. LASERS has no formal interest rate risk policy. LASERS, as expressed in its investment policy, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from interest rates) to within two years of its respective benchmark. Investments with fair values that are highly sensitive to interest rate changes may contain terms that increase the sensitivity of their fair values.

As of June 30, 2026 and 2025, the System had the following domestic and foreign debt including fixed income investments and maturities:

| Type                          | Fair Value<br>2026     | Investment Maturities (in Years) |                         |                       |                       |                       |
|-------------------------------|------------------------|----------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
|                               |                        | Less<br>Than 1                   | 1 - 5                   | 5 - 10                | Greater<br>Than 10    | Not<br>Available      |
| U.S. Government               | \$ 198,477,085         | \$ 25,033,354                    | \$ 56,426,891           | \$ 59,617,338         | \$ 57,399,502         | \$ -                  |
| U.S. Agency                   | 179,149,917            | -                                | 117,309                 | 2,940,692             | 176,091,916           | -                     |
| Mortgages                     | 31,664,931             | -                                | -                       | -                     | 31,664,931            | -                     |
| Corporate Bonds               | 642,479,870            | 46,865,969                       | 215,674,005             | 186,900,320           | 193,039,576           | -                     |
| Bonds/Fixed Income Intl.      | 2,603,447,508          | 362,849,865                      | 1,712,785,263           | 245,303,464           | 62,023,404            | 220,485,512           |
| Short-term Investments        | 172,096,906            | 172,096,906                      | -                       | -                     | -                     | -                     |
| Securities Lending Collateral |                        |                                  |                         |                       |                       |                       |
| Domestic Short-term           | 290,755,857            | 290,755,857                      | -                       | -                     | -                     | -                     |
| International Short-term      | 491,756,403            | 491,756,403                      | -                       | -                     | -                     | -                     |
| <b>Total Debt Investments</b> | <b>\$4,609,828,477</b> | <b>\$ 1,389,358,354</b>          | <b>\$ 1,985,003,468</b> | <b>\$ 494,761,814</b> | <b>\$ 520,219,329</b> | <b>\$ 220,485,512</b> |

| Type                          | Fair Value<br>2025     | Investment Maturities (in Years) |                         |                       |                       |                       |
|-------------------------------|------------------------|----------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
|                               |                        | Less<br>Than 1                   | 1 - 5                   | 5 - 10                | Greater<br>Than 10    | Not<br>Available      |
| U.S. Government               | \$ 196,713,241         | \$ 27,832,686                    | \$ 51,447,507           | \$ 59,774,544         | \$ 57,658,504         | \$ -                  |
| U.S. Agency                   | 180,510,586            | 8,486,677                        | 152,981                 | 1,323,921             | 170,547,007           | -                     |
| Mortgages                     | 29,123,078             | -                                | -                       | -                     | 29,123,078            | -                     |
| Corporate Bonds               | 534,577,054            | 18,770,366                       | 194,981,187             | 166,285,737           | 154,539,764           | -                     |
| Bonds/Fixed Income Intl.      | 2,397,146,578          | 912,398,035                      | 878,982,507             | 267,501,157           | 92,533,211            | 245,731,668           |
| Short-term Investments        | 193,257,466            | 193,257,466                      | -                       | -                     | -                     | -                     |
| Securities Lending Collateral |                        |                                  |                         |                       |                       |                       |
| Domestic Short-term           | 242,060,625            | 242,060,625                      | -                       | -                     | -                     | -                     |
| International Short-term      | 1,053,613,889          | 1,053,613,889                    | -                       | -                     | -                     | -                     |
| <b>Total Debt Investments</b> | <b>\$4,827,002,517</b> | <b>\$ 2,456,419,744</b>          | <b>\$ 1,125,564,182</b> | <b>\$ 494,885,359</b> | <b>\$ 504,401,564</b> | <b>\$ 245,731,668</b> |

## 5. Foreign Currency Risk

Foreign currency risk is the potential risk for loss due to changes in exchange rates. Cash held by the manager may be in U.S. dollar or foreign currencies of the manager's choice. Managers may purchase or sell currency on a spot basis to accommodate securities settlements. Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions. Currency contracts may be utilized to either hedge the portfolio's currency risk exposure or in the settlement of securities transactions.

Foreign investments denominated in U.S. currency such as American Depositary Receipts (ADRs) and Yankee bonds do not carry foreign currency risk; therefore, they are not included in the tables below. LASERS portfolio contained several commingled funds subject to foreign currency risk with aggregate fair values of \$3.3 billion and \$2.7 billion for the years ended June 30, 2026 and 2025 respectively. LASERS Investment Guidelines, some of which are noted in *Note F. Cash and Investments*, are designed to mitigate risk.

The fair value of LASERS securities, including derivative instruments held in a foreign currency, at June 30, 2026 and 2025, is as follows:

| Currency               | Global Bonds         | Global Stock            | Cash/Other           | Private Markets      | Currency Contracts     | Fair Value 2026         |
|------------------------|----------------------|-------------------------|----------------------|----------------------|------------------------|-------------------------|
| Argentinian Peso       | \$ -                 | \$ -                    | \$ 1                 | \$ -                 | \$ -                   | \$ 1                    |
| Australian Dollar      | -                    | 131,716,149             | 2,700,739            | -                    | (2,082,186)            | 132,334,702             |
| Brazilian Real         | 2,782,824            | 17,720,070              | 52,690               | -                    | (336,677)              | 20,218,907              |
| British Pound Sterling | 3,965,885            | 296,486,262             | 3,575,381            | -                    | (20,810,376)           | 283,217,152             |
| Canadian Dollar        | 1,301,802            | 215,042,915             | 4,685,542            | -                    | (3,656,242)            | 217,374,017             |
| Chilean Peso           | -                    | 1,773,315               | -                    | -                    | -                      | 1,773,315               |
| Colombian Peso         | -                    | 1,332,419               | 27,851               | -                    | -                      | 1,360,270               |
| Czech Koruna           | -                    | -                       | -                    | -                    | -                      | -                       |
| Danish Krone           | -                    | 77,036,438              | 765,750              | -                    | (1,679,864)            | 76,122,324              |
| Euro                   | 25,516,650           | 619,229,453             | 13,829,250           | 14,591,180           | (46,410,596)           | 626,755,937             |
| Hong Kong Dollar       | -                    | 131,471,923             | 1,337,929            | -                    | 1,780,748              | 134,590,600             |
| Hungarian Forint       | -                    | 8,515,684               | 3,706                | -                    | -                      | 8,519,390               |
| Indian Rupee           | -                    | 46,844,614              | 63,863               | -                    | -                      | 46,908,477              |
| Indonesian Rupiah      | -                    | 5,484,407               | 130,011              | -                    | -                      | 5,614,418               |
| Israeli Shekel         | -                    | 33,938,248              | 2,748,203            | -                    | -                      | 36,686,451              |
| Japanese Yen           | -                    | 590,915,951             | 5,832,975            | -                    | (612,009)              | 596,136,917             |
| Kawaiti Dinar          | -                    | 2,087,350               | -                    | -                    | -                      | 2,087,350               |
| Malaysian Ringgit      | -                    | 5,476,126               | 62,539               | -                    | -                      | 5,538,665               |
| Mexican Peso           | 707,845              | 9,248,789               | 4,756                | -                    | -                      | 9,961,390               |
| New Taiwan Dollar      | -                    | 118,293,152             | 3,455,293            | -                    | (2,644,237)            | 119,104,208             |
| New Zealand Dollar     | -                    | 821,777                 | 1,336,553            | -                    | -                      | 2,158,330               |
| Norwegian Krone        | -                    | 18,268,848              | 311,362              | -                    | 679,233                | 19,259,443              |
| Philippines Peso       | -                    | 1,888,717               | -                    | -                    | -                      | 1,888,717               |
| Polish Zloty           | -                    | 4,728,207               | 4,361                | -                    | -                      | 4,732,568               |
| Qatari Riyal           | -                    | 4,798,866               | -                    | -                    | -                      | 4,798,866               |
| Saudi Arabian Riyal    | -                    | 11,276,631              | -                    | -                    | 1,908,486              | 13,185,117              |
| Singapore Dollar       | -                    | 40,090,749              | 2,569,296            | -                    | 290,440                | 42,950,485              |
| South African Rand     | -                    | 17,107,124              | 637,366              | -                    | (876,637)              | 16,867,853              |
| South Korean Won       | -                    | 117,061,255             | 2,000                | -                    | (347,765)              | 116,715,490             |
| Swedish Krona          | -                    | 75,002,463              | 3,019,147            | -                    | -                      | 78,021,610              |
| Swiss Franc            | -                    | 139,775,028             | 3,570,787            | -                    | 320,549                | 143,666,364             |
| Thailand Baht          | -                    | 7,770,713               | -                    | -                    | -                      | 7,770,713               |
| Turkish Lira           | -                    | 3,159,371               | 1,548                | -                    | -                      | 3,160,919               |
| UAE Dirham             | -                    | 11,038,024              | -                    | -                    | -                      | 11,038,024              |
| Uruguayan Peso         | 2,574,642            | -                       | -                    | -                    | -                      | 2,574,642               |
| <b>Total</b>           | <b>\$ 36,849,648</b> | <b>\$ 2,765,401,038</b> | <b>\$ 50,728,899</b> | <b>\$ 14,591,180</b> | <b>\$ (74,477,133)</b> | <b>\$ 2,793,093,632</b> |

| Currency               | Global Bonds         | Global Stock            | Cash/Other           | Private Markets      | Currency Contracts     | Fair Value 2025         |
|------------------------|----------------------|-------------------------|----------------------|----------------------|------------------------|-------------------------|
| Argentinian Peso       | \$ -                 | \$ -                    | \$ 1                 | \$ -                 | \$ -                   | \$ 1                    |
| Australian Dollar      | -                    | 107,811,538             | 958,719              | -                    | -                      | 108,770,257             |
| Brazilian Real         | 3,244,971            | 13,345,363              | 366,738              | -                    | (715,102)              | 16,241,970              |
| British Pound Sterling | 6,497,346            | 271,847,642             | 2,774,972            | -                    | (21,652,311)           | 259,467,649             |
| Canadian Dollar        | -                    | 157,095,512             | 1,360,410            | -                    | (1,165,813)            | 157,290,109             |
| Chilean Peso           | -                    | 3,330,660               | 79,136               | -                    | -                      | 3,409,796               |
| Colombian Peso         | -                    | 995,030                 | 7,244                | -                    | -                      | 1,002,274               |
| Czech Koruna           | -                    | -                       | 5,521                | -                    | (5,521)                | -                       |
| Danish Krone           | -                    | 71,843,129              | 1,543,900            | -                    | -                      | 73,387,029              |
| Euro                   | 31,898,823           | 525,061,225             | 14,958,718           | 25,401,671           | (53,755,857)           | 543,564,580             |
| Hong Kong Dollar       | -                    | 139,991,618             | 1,805,111            | -                    | (325,568)              | 141,471,161             |
| Hungarian Forint       | -                    | 7,456,421               | 507,470              | -                    | -                      | 7,963,891               |
| Indian Rupee           | -                    | 61,305,606              | 883,377              | -                    | -                      | 62,188,983              |
| Indonesian Rupiah      | -                    | 5,957,089               | 294,924              | -                    | -                      | 6,252,013               |
| Israeli Shekel         | -                    | 23,382,294              | 222,736              | -                    | -                      | 23,605,030              |
| Japanese Yen           | -                    | 468,372,325             | 5,334,668            | -                    | (1,682,952)            | 472,024,041             |
| Kawaiti Dinar          | -                    | 1,013,076               | 52,437               | -                    | -                      | 1,065,513               |
| Malaysian Ringgit      | -                    | 5,361,981               | 16,064               | -                    | -                      | 5,378,045               |
| Mexican Peso           | 1,427,226            | 9,218,575               | 129,088              | -                    | -                      | 10,774,889              |
| New Taiwan Dollar      | -                    | 65,005,200              | 296,264              | -                    | -                      | 65,301,464              |
| New Zealand Dollar     | -                    | 2,098,879               | 234,279              | -                    | -                      | 2,333,158               |
| Norwegian Krone        | -                    | 8,516,880               | 433,079              | -                    | -                      | 8,949,959               |
| Philippines Peso       | -                    | 2,675,134               | 113,720              | -                    | -                      | 2,788,854               |
| Polish Zloty           | -                    | 5,299,830               | 1,782                | -                    | -                      | 5,301,612               |
| Qatari Riyal           | -                    | 3,732,544               | -                    | -                    | -                      | 3,732,544               |
| Saudi Arabian Riyal    | -                    | 10,987,054              | 159,876              | -                    | -                      | 11,146,930              |
| Singapore Dollar       | -                    | 29,811,134              | 962,838              | -                    | (318,888)              | 30,455,084              |
| South African Rand     | -                    | 15,102,392              | 1,795                | -                    | 511,468                | 15,615,655              |
| South Korean Won       | -                    | 47,212,961              | 64,144               | -                    | 54,450                 | 47,331,555              |
| Swedish Krona          | -                    | 62,818,201              | 1,492,086            | -                    | (32,886)               | 64,277,401              |
| Swiss Franc            | -                    | 116,555,566             | 565,858              | -                    | -                      | 117,121,424             |
| Thailand Baht          | -                    | 6,690,085               | -                    | -                    | -                      | 6,690,085               |
| Turkish Lira           | -                    | 3,808,953               | 697,356              | -                    | (127,747)              | 4,378,562               |
| UAE Dirham             | -                    | 12,111,254              | 402,467              | -                    | -                      | 12,513,721              |
| Uruguayan Peso         | 3,559,857            | -                       | -                    | -                    | -                      | 3,559,857               |
| <b>Total</b>           | <b>\$ 46,628,223</b> | <b>\$ 2,265,815,151</b> | <b>\$ 36,726,778</b> | <b>\$ 25,401,671</b> | <b>\$ (79,216,727)</b> | <b>\$ 2,295,355,096</b> |

## **F. Cash and Investments**

### **1. Cash and Cash Equivalents**

This consists of cash deposited in U.S. banks which is insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash equivalents are collateralized by the pledge of government securities held by the agents in LASERS name.

### **2. Short-Term Investments**

Short-term reserves may be held in U.S. dollar or global denominated investment vehicles available through the System's custodian. These funds may be invested in direct U.S. Government obligations such as U.S. Treasury Bills or repurchase agreements, which are fully collateralized by issues of the U.S. Treasury or other agencies of the United States Government. Excess cash may also be invested in negotiable certificates of deposit, global time deposits, global currency, or other short-term investment vehicles designated by the Board.

### **3. Investments**

Louisiana state law (La. R.S. 11:261-269) provides for the fiduciary and investment responsibilities of LASERS. Specifically, La. R.S. 11:263 states that the "Prudent Man" rule will apply to all investments of LASERS.

#### **A) Investment Policy**

The System's policy regarding the allocation of invested assets is established and may be amended by the LASERS Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

#### **B) Rate of Return**

For the years ended June 30, 2026 and 2025, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expense, were 18.0% and 11.9% respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

### **4. Domestic and International Equity**

Domestic and international equity investments include common and preferred stocks of companies domiciled both within the U.S. and outside the U.S. that trade on U.S. or foreign exchanges and over the counter. Permissible investments in this asset class include American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), securities convertible into common stocks, derivative financial instruments that create equivalent exposures, and units of commingled or mutual funds investing in substantially the same permissible investments. Passive strategies are expected to have characteristics similar to the underlying benchmark. The equity portfolio is to be managed on a total return basis; that is, equities should be selected by investment managers based on their anticipated return from the combination of dividends and market appreciation.

Equity investment managers classified within this asset class are prohibited from investing in the following restricted investments: letter stock, short sales or margin transactions, investments in

commodities or commodity contracts, and unregistered securities and private placements (except those securities regulated by SEC Rule 144A). Unless otherwise stated in the respective Investment Management Agreement (IMA) and/or the LASERS Investment Policy, decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to the manager's discretion, subject to the standards of fiduciary prudence, as set out in all applicable laws.

The number of securities held and the geographic or industry distribution shall be left to the investment manager, provided that holdings in any one company (including common stock, convertible securities, and bond holdings) do not exceed 6% of the portfolio at fair value, or 150% of a stock's weighting in the benchmark against which the manager is measured, whichever is larger. LASERS equity portfolios are expected to be fully invested. No more than 10% of a manager's equity portfolio may consist of cash or cash equivalents. No single holding in a LASERS portfolio shall account for more than 5% of the outstanding common stock of any one corporation. Additionally, no single holding across all actively managed portfolios of an investment management firm shall account for more than 15% of the outstanding common stock of any one corporation. The purchase of stocks or convertibles in foreign companies which are publicly traded securities may be held by domestic equity managers in an amount deemed appropriate by said manager, up to 10% of the portfolio at fair value. Managers have latitude to hold securities outside of their stated asset class provided that such investment is consistent with attainment of the portfolio's investment objectives and does not exceed 10% of the portfolio's fair value. American Depositary Receipts (ADRs) do not count towards this 10% limitation. Managers with established international equity mandates may invest up to 10% of their portfolio(s) in emerging markets, as defined by the MSCI Emerging Markets Index.

## **5. Domestic Core Fixed Income**

Domestic core fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage-backed securities, and senior secured debt, as well as other instruments deemed prudent by investment managers. This also applies to high-yield and bank loan managers unless otherwise specifically noted. Unless otherwise stated in the respective Investment Management Agreement, decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to the manager's discretion, subject to the standards of fiduciary prudence, as set out in all applicable laws, and subject to the restrictions stated in the respective manager's IMA and in LASERS' Investment Policy.

No more than 6% of the fair value of LASERS domestic core fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies.

The overall average quality of each core fixed income portfolio will be rated A- or higher. The overall average quality of each core plus fixed income portfolio will be rated BBB or higher. Non-rated issues may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of A- or higher. Non-rated issues or issues below

investment grade (below BBB-) may be purchased up to a maximum of 15% of the portfolio. The average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the passive benchmark's duration by more than two years.

## **6. Global Multi-Sector/Opportunistic Credit**

The Global Multi-Sector/Opportunistic Credit Program consists of primarily long-only investments across global fixed income and credit markets designed to express the selected investment managers' best ideas across the global fixed income and credit opportunity set. Allowable investments include fixed income securities and direct lending across the fixed income and credit universe, in both U.S. and non-U.S. geographies. This includes, but is not limited to, sovereign and quasi-sovereign debt, corporate credit, structured products, currency, leveraged loans, distressed debt, and private direct lending. This also applies to Emerging Market Debt and Absolute Return assets.

Managers are responsible for making independent analyses of the creditworthiness of securities and loans and their suitability as investments for the Plan. Therefore, managers will adhere to any administrative guidelines and specific investment, security, liquidity, diversification limits, use of leverage and performance objectives established in their respective IMAs or limited partnership agreements. Managers may be allowed to use leverage; however, investments may only be made in investment vehicles that provide limited liability to LASERS. Risk reduction is sought through appropriate diversification by credit sector, strategy, geography, and industry. Liquidity is managed at the overall credit level to meet the needs of the total Plan.

Investment sectors and strategies may include, but are not limited to: Sovereign and Quasi-Sovereign Debt Securities (U.S. and Non-U.S.), direct currency and forward exchange currency contracts (U.S. and non-U.S.), corporate bonds (U.S. and Non-U.S.), Securitized and/or Structured Credit, Mortgage Servicing Rights, Bank Capital Relief Financing, Distressed Lending, Direct Lending, Special Situations Lending, Derivatives and Cash Market Instruments, and Private Credit.

Manager selection is based on, but not limited to, the following: a sound quantitative and/or qualitative process for selecting investments and portfolio construction, multiple senior personnel with significant experience in the fixed income and credit industry, depth and breadth of experience in fund strategies, alignment of interest between the Plan and the manager, quality control processes, quality of reporting, attractive fee arrangements, and a commitment to work with LASERS staff.

The Program may invest in managers with distinctly different approaches and objectives, such that individualized performance objectives and guideline limits for each manager are established. Benchmarks used internally by LASERS may differ slightly from how a manager evaluates performance.

## **7. Derivatives**

Investment managers for the System may use derivatives for purposes of hedging, creation of market exposure, or management of country and asset allocation exposure. Derivatives will not be used to create leverage or unrelated speculation. These decisions should be evaluated based on the expected net return relative to the risk associated with each investment, using only pecuniary factors. Derivative investments include a Synthetic Guaranteed Investment Contract (SGIC), futures, currency forwards, options, and swaps. The System reviews fair value of all securities monthly. Derivative securities may be held in part to maximize yields and in part to hedge against a rise in

interest rates. The fair value of rights and warrants are determined based upon quoted market prices. Investments in limited partnerships and commingled funds may include derivatives. Interest rate risk, credit risk, and foreign currency risk associated with derivatives are included on their respective tables in *Note E. Deposits and Investment Risk Disclosures*.

- a. **Synthetic Guaranteed Investment Contract (SGIC)** is an investment for tax-qualified, defined contribution pension plans consisting of two parts: an asset owned directly by the plan trust and a wrap contract providing book value protection for participant withdrawals prior to maturity. LASERS maintains a fully benefit-responsive synthetic guaranteed investment contract option for members of the Optional Retirement Plan and the Self-Directed Plan. The investment objective of the SGIC is to protect members from loss of their original investment and to provide a competitive interest rate. SGICs are carried at contract value. The contract value of the SGIC contract is cost plus accrued interest. The contract value of the SGIC contract was \$503.4 million and \$520.2 million for the fiscal years ended June 30, 2026 and 2025, respectively. The fair value of the underlying investments was \$488.0 million and \$499.4 million for the fiscal years ended June 30, 2026 and 2025, respectively. The counterparty rating for the wrap contract was A+.
- b. **Futures** contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are used primarily as a tool to increase or decrease market exposure to various asset classes.
- c. **Currency forwards** are a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forwards are usually transacted in the over-the-counter market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss. Forward commitments are not standardized and carry counterparty risk. Counterparty risk ratings for the years ended June 30, 2026 and 2025 ranged from A-1 to A-1+.
- d. **Option contracts** provide the option purchaser with the right, but not the obligation, to buy or sell the underlying security at a set price during a period or at a specified date. The option writer is obligated to buy or sell the underlying security if the option purchaser chooses to exercise the option.
- e. **Swaps** are derivative instruments in which two parties agree to exchange one stream of cash flows against another stream or a guarantee. These streams are called the legs of the swap and usually at least one leg has a rate that is variable. The variable leg can depend on a reference rate, the total return of an asset, or an economic statistic. Cash flows are calculated based on the notional amount, which are usually not exchanged between counterparties. Counterparty risk ratings for the years ended June 30, 2026 and 2025 ranged from A- to AA-.

The following tables represent the fair value of all open currency, futures, swaps, and options contracts at June 30, 2026, and 2025:

| Change in Fair Value 2026          |              | Fair Value at June 30, 2026 |                   |               |
|------------------------------------|--------------|-----------------------------|-------------------|---------------|
| Derivative Type*                   | Gain/(Loss)  | Classification              | Amount            | Notional      |
| Foreign Exchange Contracts         | \$ 2,142,271 | Short-term Investments      | \$ 601,395        | \$ 75,078,526 |
| Futures Equity                     | -            | Domestic Equity             | -                 | -             |
| Futures International Equity       | (29,030)     | International Equity        | 42,273            | 6,798,290     |
| Futures Domestic Fixed Income      | 46,314       | Domestic Fixed Income       | 46,314            | 8,726,250     |
| Futures International Fixed Income | -            | International Fixed Income  | -                 | -             |
| Options Fixed Income               | -            | Domestic Fixed Income       | -                 | -             |
| Options International Fixed Income | -            | International Fixed Income  | -                 | -             |
| Swaps Domestic Equity              | (24,533)     | Domestic Equity             | (24,533)          | 18,342        |
| Swaps Domestic Fixed Income        | -            | Domestic Fixed Income       | -                 | -             |
| Swaps International Fixed Income   | 44,727       | International Fixed Income  | (33,285)          | 1,505,000     |
|                                    |              | <b>Total</b>                | <b>\$ 632,164</b> |               |

| Change in Fair Value 2025          |                | Fair Value at June 30, 2025 |                       |               |
|------------------------------------|----------------|-----------------------------|-----------------------|---------------|
| Derivative Type*                   | Gain/(Loss)    | Classification              | Amount                | Notional      |
| Foreign Exchange Contracts         | \$ (2,581,713) | Short-term Investments      | \$ (1,540,875)        | \$ 77,675,851 |
| Futures Equity                     | -              | Domestic Equity             | -                     | -             |
| Futures International Equity       | 74,852         | International Equity        | 71,303                | 7,211,803     |
| Futures Domestic Fixed Income      | (38,364)       | Domestic Fixed Income       | -                     | -             |
| Futures International Fixed Income | -              | International Fixed Income  | -                     | -             |
| Options Fixed Income               | -              | Domestic Fixed Income       | -                     | -             |
| Options International Fixed Income | -              | International Fixed Income  | -                     | -             |
| Swaps Domestic Equity              | -              | Domestic Equity             | -                     | -             |
| Swaps Domestic Fixed Income        | -              | Domestic Fixed Income       | -                     | -             |
| Swaps International Fixed Income   | (273,773)      | International Fixed Income  | (78,012)              | 2,120,000     |
|                                    |                | <b>Total</b>                | <b>\$ (1,547,584)</b> |               |

\*Derivatives' changes in fair value are recorded as Net Appreciation in Fair Value of Investments on the *Statements of Changes in Fiduciary Net Position*.

## 8. Alternative Investments

The Program consists of privately traded investments, both equity and debt, made on a global basis in limited partnerships or other fund vehicles, and direct investments in operating or holding companies through strategic partnerships or co-investments. Some investments may be made via commingled vehicles, which have their own investment policies. Evaluation of these policies is part

of the manager selection process. Risk reduction is sought through appropriate diversification by investment strategy, geography, industry, and, when appropriate, by vintage year.

The Program strives to earn, over the long term, a total return that exceeds that of traditional markets and that is commensurate with the risk and illiquidity present in this asset class. Funds structured as drawdown vehicles may have investment returns that are zero or negative after incurring expenses in the early years. Managers may be allowed to use leverage; however, Program investments may only be made in investment vehicles that provide limited liability to LASERS. Commitments to this asset class are made on an ongoing basis to maintain LASERS target asset allocation.

Manager selection is based on, but not limited to, the following: a sound quantitative and/or qualitative process for selecting investments and portfolio construction, multiple senior personnel with significant experience in the industry, alignment of interest between the Plan and the manager, quality control processes, quality of reporting, attractive fee arrangements, and a commitment to work with LASERS.

## **G. Securities Lending Program**

State statutes and the Board's policies permit the System to make short-term collateralized loans of its securities to broker-dealers and other entities in order to earn incremental income. LASERS has contracted with its custodian, BNY Mellon, to lend domestic and international equity and debt securities. Collateral may be provided in the form of cash or other eligible securities. Eligible non-cash collateral includes equity securities listed in specified indices and exchange-traded funds (ETFs) listed on major global exchanges. Collateral is required at 102% of the fair value of domestic or sovereign debt securities and 105% of the fair value of international securities. Since the majority of the loans are terminable at will, their duration does not generally match the duration of the investments made with the cash collateral.

LASERS is not permitted to pledge or sell collateral securities unless a borrower defaults. The System did not impose any restrictions during the fiscal year on the amount of the loans that BNY Mellon made on its behalf, and BNY Mellon indemnified the System by agreeing to purchase replacement securities, or return cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon. There were no such failures by any borrower to return loaned securities or pay distributions thereon during the fiscal year.

On June 30, 2026 and 2025, the System's credit risk exposure to borrowers is mitigated or limited because the amounts the System owed the borrowers exceeded the amount the borrowers owed the System. The fair value of securities on loan totaled \$1,257,452,691 and \$1,524,104,320, and the fair value of non-cash collateral held totaled \$547,739,365 and \$291,721,729, respectively. Cash collateral received is reported in assets as Securities Lending Collateral of \$782,512,260 and \$1,295,674,514, with an offsetting liability reported as Securities Lending Obligations of \$782,251,073 and \$1,295,377,133, as of June 30, 2026 and 2025, respectively. Non-cash collateral is not reported, as the System cannot pledge or sell it absent a borrower default.

## H. Total Other Postemployment Benefits (OPEB)

Substantially all employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through the Louisiana Office of Group Benefits (OGB).

### 1. Plan Description

Employees may participate in the State of Louisiana Postretirement Benefits Plan (OPEB Plan), a cost-sharing multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the OPEB Plan through OGB. La. R.S. 42:801-883 assigns the authority to establish and amend benefit provisions of the OPEB Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

### 2. Benefits Provided

The OPEB Plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan; as well as healthcare benefits paid in the period after employment for retirees, disabled retirees, and their eligible beneficiaries through premium subsidies.

OGB offers retirees under age 65 a choice of three self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage have access to these plans and an additional two fully insured Medicare Advantage HMO plans; one fully insured plan, and one zero-premium HMO plan.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

| OGB Participation | Employer Contribution | Retiree Contribution |
|-------------------|-----------------------|----------------------|
| Under 10 years    | 19%                   | 81%                  |
| 10-14 years       | 38%                   | 62%                  |
| 15-19 years       | 56%                   | 44%                  |
| 20+ years         | 75%                   | 25%                  |

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance are available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays 50% of the premium for personal coverage and 100% of the premium for spousal coverage. Premiums vary by age. The employer pays the remaining amount.

### 3. Funding Policy

The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and System contributions. OPEB Plan contributions are generally made at about the same time and in about the same amount as benefit payments become due.

### 4. Total OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The System reported its proportionate share of the total OPEB liability as \$17,398,064 and \$17,562,464 at June 30, 2026 and 2025, respectively. The total OPEB liability was measured as of June 30 of the prior year, and the total OPEB liability used was determined by an actuarial valuation as of July 1 of the prior year. Contributions made after the measurement date, but before the end of the reporting period, will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period rather than in the current fiscal period. The System's proportion was actuarially determined and was based on its proportionate share of the State of Louisiana's total OPEB liability. The System's proportion was 0.2303% and 0.2248% for measurement at June 30, 2025 and 2024, respectively.

LASERS recognized OPEB expense of \$(127,251) and \$399,579 during the year ended June 30, 2026 and 2025, respectively. The decrease in OPEB expense is primarily due to the changes to assumed discount rate and healthcare trend rates and unfavorable per capita claims cost experience. At June 30, 2026 and 2025, LASERS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                     | 2026                           |                               | 2025                           |                               |
|---------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                                                     | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience                  | \$ 402,122                     | \$ -                          | \$ 300,989                     | \$ -                          |
| Changes of assumptions                                              | 796,777                        | 1,683,212                     | 1,306,357                      | 2,016,661                     |
| Changes in employer proportionate share                             | 387,971                        | 158,921                       | 221,449                        | 476,762                       |
| Differences between actual and proportionate share of OPEB payments | -                              | 643,043                       | -                              | 547,391                       |
| Employer contributions subsequent to measurement date               | 404,982                        | -                             | 336,830                        | -                             |
| <b>Total</b>                                                        | <b>\$ 1,991,852</b>            | <b>\$ 2,485,176</b>           | <b>\$ 2,165,625</b>            | <b>\$ 3,040,814</b>           |

Deferred outflows of resources related to OPEB resulting from OPEB payments subsequent to the measurement date of \$404,982 will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2027, compared to \$336,830 in 2026. The decrease in deferred inflows between last year and this year is primarily due to the changes to assumed discount rate and healthcare trend rates and unfavorable per capita claims cost experience, slightly offset by changes to demographic

assumptions for LASERS participants. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a credit or debit to OPEB expense as follows:

| Year Ended June 30: | OPEB Expense        |
|---------------------|---------------------|
| 2027                | (721,368)           |
| 2028                | 60,037              |
| 2029                | (97,937)            |
| 2030                | (139,038)           |
| <b>Total</b>        | <b>\$ (898,306)</b> |

## 5. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2025 and 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                                   |                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Actuarial Cost Method</b>      | Entry Age Normal                                                                                                                                                                                                                                                                                                                                         |
| <b>Salary Increases</b>           | Consistent with various pension plan valuation assumptions in which employees participate.                                                                                                                                                                                                                                                               |
| <b>Discount Rate</b>              | 5.20% and 3.93% based on the Bond Buyer 20 Index for June 30, 2025 and 2024, respectively.                                                                                                                                                                                                                                                               |
| <b>Healthcare Cost Trend Rate</b> | Pre-age 65 ranges from 8.5% to 4.5% for June 30, 2025 and 2024.<br>Post-age 65 ranges from 7.5% to 4.5% for June 30, 2025 and 2024.                                                                                                                                                                                                                      |
| <b>Mortality</b>                  | For healthy lives the PubG-2010 Employee Table adjusted for males and females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021 for June 30, 2025 and 2024.<br><br>For existing disabled lives the RP-2000 Disabled Retiree Mortality Table not projected with mortality improvement for June 30, 2025 and 2024. |

The actuarial assumptions used by the pension plans covering the same participants for June 30, 2025 and 2024, respectively, were used for the retirement, termination, disability, and salary scale assumptions for the July 1, 2025 and 2024 valuations, respectively. There were no changes in benefit terms for 2025 and 2024.

No changes in benefits have occurred between the June 30, 2025 and 2024 measurement dates of the collective total OPEB liability and the June 30, 2026 and 2025 reporting dates of the System, respectively, that are expected to have a significant effect on the System's proportionate share of the collective total OPEB liability.

## 6. Sensitivity of Total OPEB Liability

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the System's proportionate share of the collective total OPEB liability calculated using the discount rate of 5.20% and 3.93%, as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for June 30, 2026 and 2025, respectively.

| OPEB Liability Sensitivity to Changes in Discount Rate |               |                       |               |
|--------------------------------------------------------|---------------|-----------------------|---------------|
|                                                        | 1% Decrease   | Current Discount Rate | 1% Increase   |
| June 30, 2026                                          | 4.20%         | 5.20%                 | 6.20%         |
| Total OPEB Liability                                   | \$ 20,311,945 | \$ 17,398,064         | \$ 15,053,073 |
| June 30, 2025                                          | 2.93%         | 3.93%                 | 4.93%         |
| Total OPEB Liability                                   | \$ 20,741,874 | \$ 17,562,464         | \$ 15,029,540 |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the System's proportionate share of the collective total OPEB liability as well as what the System's proportionate share of the collective total OPEB liability would be if it were calculated using the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates for June 30, 2026 and 2025, respectively.

| Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates |               |                    |               |
|-------------------------------------------------------------------------------|---------------|--------------------|---------------|
|                                                                               | 1% Decrease   | Current Trend Rate | 1% Increase   |
| 2026 Total OPEB Liability                                                     | \$ 14,895,451 | \$ 17,398,064      | \$ 20,567,662 |
| 2025 Total OPEB Liability                                                     | \$ 14,826,878 | \$ 17,562,464      | \$ 21,082,087 |

# Schedules of Changes in Net Pension Liability

## For Ten Years Ended June 30, 2026

|                                                    | 2026                     | 2025                     | 2024                     | 2023                     | 2022                     |
|----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total Pension Liability</b>                     |                          |                          |                          |                          |                          |
| Service Cost                                       | \$ 293,462,313           | \$ 278,108,826           | \$ 243,718,504           | \$ 225,224,285           | \$ 218,244,525           |
| Interest                                           | 1,537,823,397            | 1,514,318,105            | 1,497,670,840            | 1,466,661,115            | 1,457,616,767            |
| Changes of Benefit Terms - Cost of Living Increase | 223,651,846              | -                        | -                        | -                        | -                        |
| Changes of Benefit Terms                           | -                        | -                        | -                        | -                        | 68,096,068               |
| Differences Between Expected and Actual Experience | 135,113,648              | 125,241,356              | (48,103,413)             | 289,790,291              | 41,232,922               |
| Changes of Assumptions                             | -                        | -                        | 76,029,639               | -                        | 274,893,478              |
| Retirement Benefits                                | (1,585,385,241)          | (1,553,431,878)          | (1,519,526,833)          | (1,550,226,215)          | (1,447,668,471)          |
| Refunds and Transfers of Member Contributions      | (41,483,206)             | (37,321,400)             | (37,896,771)             | (37,249,292)             | (34,413,878)             |
| <b>Net Change in Total Pension Liability</b>       | <b>563,182,757</b>       | <b>326,915,009</b>       | <b>211,891,966</b>       | <b>394,200,184</b>       | <b>578,001,411</b>       |
| <b>Total Pension Liability - Beginning</b>         | <b>21,731,329,104</b>    | <b>21,404,414,095</b>    | <b>21,192,522,129</b>    | <b>20,798,321,945</b>    | <b>20,220,320,534</b>    |
| <b>Total Pension Liability - Ending (a)</b>        | <b>\$ 22,294,511,861</b> | <b>\$ 21,731,329,104</b> | <b>\$ 21,404,414,095</b> | <b>\$ 21,192,522,129</b> | <b>\$ 20,798,321,945</b> |
| <b>Plan Fiduciary Net Position</b>                 |                          |                          |                          |                          |                          |
| Employer Contributions and Legislative Act Income  | \$ 994,163,144           | \$ 859,465,885           | \$ 996,397,074           | \$ 1,290,091,732         | \$ 855,817,402           |
| Employee Contributions                             | 203,203,126              | 196,825,655              | 186,150,061              | 179,418,188              | 167,117,810              |
| Harbor Police Transfer                             | -                        | -                        | -                        | -                        | -                        |
| Net Investment Income (Loss)                       | 2,988,647,739            | 1,796,819,283            | 1,847,213,745            | 1,380,564,101            | (1,015,958,553)          |
| Other Income                                       | 18,874,355               | 14,616,568               | 14,356,874               | 16,002,426               | 15,817,950               |
| Retirement Benefits                                | (1,585,385,241)          | (1,553,431,878)          | (1,519,526,833)          | (1,550,226,215)          | (1,447,668,471)          |
| Refunds and Transfers of Member Contributions      | (41,483,206)             | (37,321,400)             | (37,896,771)             | (37,249,292)             | (34,413,878)             |
| Administrative Expenses                            | (15,921,738)             | (18,660,104)             | (18,568,880)             | (17,722,198)             | (16,710,210)             |
| Other Postemployment Benefits Expenses (Income)    | 127,251                  | (399,579)                | (43,053)                 | 370,476                  | (966,102)                |
| Depreciation and Amortization Expenses             | (554,766)                | (897,322)                | (881,708)                | (835,569)                | (800,575)                |
| <b>Net Change in Plan Fiduciary Net Position</b>   | <b>2,561,670,664</b>     | <b>1,257,017,108</b>     | <b>1,467,200,509</b>     | <b>1,260,413,649</b>     | <b>(1,477,764,627)</b>   |
| <b>Plan Fiduciary Net Position - Beginning</b>     | <b>17,223,211,406</b>    | <b>15,966,194,298</b>    | <b>14,498,993,789</b>    | <b>13,238,580,140</b>    | <b>14,716,344,767</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>    | <b>\$ 19,784,882,070</b> | <b>\$ 17,223,211,406</b> | <b>\$ 15,966,194,298</b> | <b>\$ 14,498,993,789</b> | <b>\$ 13,238,580,140</b> |
| <b>Net Pension Liability - Ending (a)-(b)</b>      | <b>\$ 2,509,629,791</b>  | <b>\$ 4,508,117,698</b>  | <b>\$ 5,438,219,797</b>  | <b>\$ 6,693,528,340</b>  | <b>\$ 7,559,741,805</b>  |

## Schedules of Changes in Net Pension Liability (Continued)

For Ten Years Ended June 30, 2026

|                                                                               | 2026             | 2025             | 2024             | 2023             | 2022             |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 88.7%            | 79.3%            | 74.6%            | 68.4%            | 63.7%            |
| <b>Covered Payroll</b>                                                        | \$ 2,432,932,175 | \$ 2,376,382,677 | \$ 2,258,228,252 | \$ 2,188,647,582 | \$ 2,008,311,596 |
| <b>Net Pension Liability as a Percentage of Covered Payroll</b>               | 103.2%           | 189.7%           | 240.8%           | 305.8%           | 376.4%           |

# Schedules of Changes in Net Pension Liability (Continued)

For Ten Years Ended June 30, 2026

|                                                    | 2021                     | 2020                     | 2019                     | 2018                     | 2017                     |
|----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total Pension Liability</b>                     |                          |                          |                          |                          |                          |
| Service Cost                                       | \$ 218,244,525           | \$ 220,437,301           | \$ 218,865,385           | \$ 214,222,176           | \$ 219,475,741           |
| Interest                                           | 1,449,374,537            | 1,447,710,612            | 1,425,430,990            | 1,411,403,403            | 1,405,827,435            |
| Changes of Benefit Terms - Cost of Living Increase | -                        | -                        | -                        | -                        | -                        |
| Changes of Benefit Terms                           | 6,041,053                | -                        | 875,621                  | 657,700                  | -                        |
| Differences Between Expected and Actual Experience | 10,871,434               | (158,856,913)            | 88,972,166               | (45,163,231)             | (139,108,937)            |
| Changes of Assumptions                             | 269,629,371              | 52,927,000               | 68,669,381               | 83,241,388               | 41,711,761               |
| Retirement Benefits                                | (1,394,914,135)          | (1,368,004,318)          | (1,343,892,705)          | (1,317,635,325)          | (1,274,461,022)          |
| Refunds and Transfers of Member Contributions      | (30,305,050)             | (30,447,178)             | (34,948,707)             | (35,191,508)             | (37,606,040)             |
| <b>Net Change in Total Pension Liability</b>       | <b>528,941,735</b>       | <b>163,766,504</b>       | <b>423,972,131</b>       | <b>311,534,603</b>       | <b>215,838,938</b>       |
| <b>Total Pension Liability - Beginning</b>         | <b>19,691,378,799</b>    | <b>19,527,612,295</b>    | <b>19,103,640,164</b>    | <b>18,792,105,561</b>    | <b>18,576,266,623</b>    |
| <b>Total Pension Liability - Ending (a)</b>        | <b>\$ 20,220,320,534</b> | <b>\$ 19,691,378,799</b> | <b>\$ 19,527,612,295</b> | <b>\$ 19,103,640,164</b> | <b>\$ 18,792,105,561</b> |
| <b>Plan Fiduciary Net Position</b>                 |                          |                          |                          |                          |                          |
| Employer Contributions and Legislative Act Income  | \$ 853,214,442           | \$ 854,117,785           | \$ 769,629,768           | \$ 729,479,704           | \$ 675,583,750           |
| Employee Contributions                             | 166,954,560              | 164,576,018              | 160,338,556              | 152,189,709              | 149,931,242              |
| Harbor Police Transfer                             | -                        | -                        | -                        | -                        | -                        |
| Net Investment Income (Loss)                       | 3,703,593,259            | (480,573,814)            | 452,914,317              | 1,011,537,508            | 1,520,600,699            |
| Other Income                                       | 14,556,140               | 15,955,512               | 13,052,134               | 15,198,732               | 14,049,255               |
| Retirement Benefits                                | (1,394,914,135)          | (1,368,004,318)          | (1,343,892,705)          | (1,317,635,325)          | (1,274,461,022)          |
| Refunds and Transfers of Member Contributions      | (30,305,050)             | (30,447,178)             | (34,948,707)             | (35,191,508)             | (37,606,040)             |
| Administrative Expenses                            | (16,606,586)             | (16,749,257)             | (16,785,776)             | (14,732,258)             | (17,074,984)             |
| Other Postemployment Benefits Expenses (Income)    | (89,651)                 | (42,750)                 | (538,097)                | (9,525,495)              | (904,975)                |
| Depreciation and Amortization Expenses             | (769,107)                | (820,094)                | (783,617)                | (883,799)                | (556,901)                |
| <b>Net Change in Plan Fiduciary Net Position</b>   | <b>3,295,633,872</b>     | <b>(861,988,096)</b>     | <b>(1,014,127)</b>       | <b>530,437,268</b>       | <b>1,029,561,024</b>     |
| <b>Plan Fiduciary Net Position - Beginning</b>     | <b>11,420,710,895</b>    | <b>12,282,698,991</b>    | <b>12,283,713,118</b>    | <b>11,753,275,850</b>    | <b>10,723,714,826</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>    | <b>\$ 14,716,344,767</b> | <b>\$ 11,420,710,895</b> | <b>\$ 12,282,698,991</b> | <b>\$ 12,283,713,118</b> | <b>\$ 11,753,275,850</b> |
| <b>Net Pension Liability - Ending (a)-(b)</b>      | <b>\$ 5,503,975,767</b>  | <b>\$ 8,270,667,904</b>  | <b>\$ 7,244,913,304</b>  | <b>\$ 6,819,927,046</b>  | <b>\$ 7,038,829,711</b>  |

## Schedules of Changes in Net Pension Liability (Continued)

For Ten Years Ended June 30, 2026

|                                                                               | 2021             | 2020             | 2019             | 2018             | 2017             |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 72.8%            | 58.0%            | 62.9%            | 64.3%            | 62.5%            |
| <b>Covered Payroll</b>                                                        | \$ 2,004,062,861 | \$ 1,999,414,595 | \$ 1,952,495,777 | \$ 1,864,035,191 | \$ 1,821,943,975 |
| <b>Net Pension Liability as a Percentage of Covered Payroll</b>               | 274.6%           | 413.7%           | 371.1%           | 365.9%           | 386.3%           |

# Schedules of Employers' Net Pension Liability

## For Ten Years Ended June 30, 2026

| Fiscal Year | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability | Plan Fiduciary Net Position as a Percentage of Total Pension Liability | Covered Payroll  | Employers' Net Pension Liability as a Percentage of Covered Payroll |
|-------------|-------------------------|-----------------------------|----------------------------------|------------------------------------------------------------------------|------------------|---------------------------------------------------------------------|
| 2017        | \$ 18,792,105,561       | \$ 11,753,275,850           | \$ 7,038,829,711                 | 62.5%                                                                  | \$ 1,821,943,975 | 386.3%                                                              |
| 2018        | \$ 19,103,640,164       | \$ 12,283,713,118           | \$ 6,819,927,046                 | 64.3%                                                                  | \$ 1,864,035,191 | 365.9%                                                              |
| 2019        | \$ 19,527,612,295       | \$ 12,282,698,991           | \$ 7,244,913,304                 | 62.9%                                                                  | \$ 1,952,495,777 | 371.1%                                                              |
| 2020        | \$ 19,691,378,799       | \$ 11,420,710,895           | \$ 8,270,667,904                 | 58.0%                                                                  | \$ 1,999,414,595 | 413.7%                                                              |
| 2021        | \$ 20,220,320,534       | \$ 14,716,344,767           | \$ 5,503,975,767                 | 72.8%                                                                  | \$ 2,004,062,861 | 274.6%                                                              |
| 2022        | \$ 20,798,321,945       | \$ 13,238,580,140           | \$ 7,559,741,805                 | 63.7%                                                                  | \$ 2,008,311,596 | 376.4%                                                              |
| 2023        | \$ 21,192,522,129       | \$ 14,498,993,789           | \$ 6,693,528,340                 | 68.4%                                                                  | \$ 2,188,647,582 | 305.8%                                                              |
| 2024        | \$ 21,404,414,095       | \$ 15,966,194,298           | \$ 5,438,219,797                 | 74.6%                                                                  | \$ 2,258,228,252 | 240.8%                                                              |
| 2025        | \$ 21,731,329,104       | \$ 17,223,211,406           | \$ 4,508,117,698                 | 79.3%                                                                  | \$ 2,376,382,677 | 189.7%                                                              |
| 2026        | \$ 22,294,511,861       | \$ 19,784,882,070           | \$ 2,509,629,791                 | 88.7%                                                                  | \$ 2,432,932,175 | 103.2%                                                              |

# Schedules of Employer Contributions

For Ten Years Ended June 30, 2026

| Fiscal Year | Actuarial<br>Determined<br>Contribution<br>(ADC)<br>(A) | Contributions<br>in Relation to<br>ADC<br>(B) | ADC<br>Contribution<br>Deficiency<br>(Excess)<br>(A-B) | Contributions<br>to COLA<br>Account<br>(C) | Total<br>Contributions<br>(B+C) | Covered Payroll<br>(D) | Contributions as<br>a % of Covered<br>Payroll<br>(B+C)/(D) |
|-------------|---------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------|--------------------------------------------|---------------------------------|------------------------|------------------------------------------------------------|
| 2017        | \$ 701,906,777                                          | \$ 675,583,750                                | \$ 26,323,027                                          | \$ -                                       | \$ 675,583,750                  | \$ 1,821,943,975       | 37.1%                                                      |
| 2018        | \$ 707,672,002                                          | \$ 725,802,871                                | \$ (18,130,869)                                        | \$ -                                       | \$ 725,802,871                  | \$ 1,864,035,191       | 38.9%                                                      |
| 2019        | \$ 717,033,569                                          | \$ 760,150,449                                | \$ (43,116,880)                                        | \$ -                                       | \$ 760,150,449                  | \$ 1,952,495,777       | 38.9%                                                      |
| 2020        | \$ 785,380,878                                          | \$ 837,449,602                                | \$ (52,068,724)                                        | \$ -                                       | \$ 837,449,602                  | \$ 1,999,414,595       | 41.9%                                                      |
| 2021        | \$ 795,212,826                                          | \$ 844,776,387                                | \$ (49,563,561)                                        | \$ -                                       | \$ 844,776,387                  | \$ 2,004,062,861       | 42.2%                                                      |
| 2022        | \$ 820,423,194                                          | \$ 833,985,463                                | \$ (13,562,269)                                        | \$ -                                       | \$ 833,985,463                  | \$ 2,008,311,596       | 41.5%                                                      |
| 2023        | \$ 850,575,800                                          | \$ 913,548,946                                | \$ (62,973,146)                                        | \$ -                                       | \$ 913,548,946                  | \$ 2,188,647,582       | 41.7%                                                      |
| 2024        | \$ 885,754,621                                          | \$ 966,275,149                                | \$ (80,520,528)                                        | \$ -                                       | \$ 966,275,149                  | \$ 2,258,228,252       | 42.8%                                                      |
| 2025        | \$ 749,050,193                                          | \$ 824,315,990                                | \$ (75,265,797)                                        | \$ 36,181,187                              | \$ 860,497,177                  | \$ 2,376,382,677       | 36.2%                                                      |
| 2026        | \$ 750,890,134                                          | \$ 805,244,471                                | \$ (54,354,337)                                        | \$ 43,472,551                              | \$ 848,717,022                  | \$ 2,432,932,175       | 34.9%                                                      |

## Schedules of Investment Returns

For Ten Years Ended June 30, 2026

|                                                                            | 2026  | 2025  | 2024  | 2023  | 2022  | 2021  | 2020  | 2019 | 2018 | 2017  |
|----------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|------|------|-------|
| <b>Annual Money-Weighted Rate of Return,<br/>Net of Investment Expense</b> | 18.0% | 11.9% | 10.6% | 13.7% | -6.9% | 33.4% | -3.6% | 3.8% | 8.9% | 14.9% |

## Schedules of the System's Proportionate Share of the Collective Total OPEB Liability

### For Nine Years Ended June 30, 2026\*

| Fiscal Year | Percentage of the Collective Total OPEB Liability | Proportion of the Collective Total OPEB Liability | Covered-Employee Payroll | Proportion of the Collective Total OPEB Liability as a Percentage of Covered-Employee Payroll |
|-------------|---------------------------------------------------|---------------------------------------------------|--------------------------|-----------------------------------------------------------------------------------------------|
| 2018        | 0.2127%                                           | \$ 18,489,294                                     | \$ 8,317,152             | 222.30%                                                                                       |
| 2019        | 0.2156%                                           | \$ 18,401,229                                     | \$ 8,627,155             | 213.29%                                                                                       |
| 2020        | 0.2205%                                           | \$ 17,023,923                                     | \$ 8,688,890             | 195.93%                                                                                       |
| 2021        | 0.2246%                                           | \$ 18,605,250                                     | \$ 9,197,742             | 202.28%                                                                                       |
| 2022        | 0.2396%                                           | \$ 21,939,790                                     | \$ 9,656,660             | 227.20%                                                                                       |
| 2023        | 0.2232%                                           | \$ 15,062,325                                     | \$ 9,420,612             | 159.89%                                                                                       |
| 2024        | 0.2248%                                           | \$ 16,065,987                                     | \$ 9,812,494             | 163.73%                                                                                       |
| 2025        | 0.2248%                                           | \$ 17,562,464                                     | \$ 10,286,724            | 170.73%                                                                                       |
| 2026        | 0.2303%                                           | \$ 17,398,064                                     | \$ 10,716,117            | 162.35%                                                                                       |

Note: The amounts presented have a measurement date of the previous fiscal year end.

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## Notes to Required Supplementary Information

### A. Schedules of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, Foster & Foster, and was determined based on the net pension liability actuarial assumptions found in the chart that follows. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

### B. Schedules of Employers' Net Pension Liability

The schedule of employers' net pension liability shows the percentage of LASERS employers' net pension liability as a percentage of covered employee payroll and was determined based on the net pension liability actuarial assumption found in the chart that follows. The employers' net pension liability is the liability of contributing employers to members for benefits provided through LASERS. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan.

### C. Schedules of Employer Contributions

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered employee payroll is presented in this schedule. This information was determined based on the net pension liability actuarial assumptions found in the chart that follows.

### D. Schedules of Investment Returns

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured on daily inputs with expenses measured on an accrual basis.

### E. Schedules of the System's Proportionate Share of the Collective Total OPEB Liability

This schedule shows the System's proportionate share of the collective total OPEB liability allocated to its current employees and retirees participating in the State of Louisiana Postretirement Benefits Plan as of June 30, 2026. No assets are accumulated in a trust that meets the criteria in paragraph four of Statement 75. Fiscal year end 2025 data was used in determining the System's proportionate share of the collective total OPEB liability. The discount rate increased from 3.93% as of June 30, 2024 to 5.2% as of June 30, 2025. The number of retirees participating in the OPEB Plan decreased by one to 54 from fiscal year end 2024 to 2025. There were no changes in benefit terms. The schedule also represents the percentage of the collective total OPEB liability to covered payroll. This information was determined based on the OPEB actuarial assumptions found in the chart that follows.

## Net Pension Liability Actuarial Assumptions

### For Ten Years Ended June 30, 2026

|                                   | 2026                             | 2025                             | 2024                             | 2023                             | 2022                             |
|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Actuarial Cost Method</b>      | Entry Age Normal                 | Entry Age Normal                 | Entry Age Normal                 | Entry Age Normal                 | Entry Age Normal                 |
| <b>Investment Rate of Return</b>  | 7.25%                            | 7.25%                            | 7.25%                            | 7.25%                            | 7.25%                            |
| <b>Inflation Rate</b>             | 2.40%                            | 2.40%                            | 2.40%                            | 2.30%                            | 2.30%                            |
| <b>Salary Increases</b>           | Varied                           | Varied                           | Varied                           | Varied                           | Varied                           |
| <b>Cost-of-Living Adjustments</b> | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits |
| <b>Mortality/ Disability</b>      | 2019-2023 Experience Study       | 2019-2023 Experience Study       | 2019-2023 Experience Study       | 2014-2018 Experience Study       | 2014-2018 Experience Study       |
| <b>Changes in Benefit Terms</b>   | Act 280 of 2026                  | N/A                              | N/A                              | N/A                              | Act 656 of 2022                  |

|                                   | 2021                             | 2020                             | 2019                             | 2018                             | 2017                             |
|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Actuarial Cost Method</b>      | Entry Age Normal                 | Entry Age Normal                 | Entry Age Normal                 | Entry Age Normal                 | Entry Age Normal                 |
| <b>Investment Rate of Return</b>  | 7.40%                            | 7.55%                            | 7.60%                            | 7.65%                            | 7.70%                            |
| <b>Inflation Rate</b>             | 2.30%                            | 2.30%                            | 2.50%                            | 2.75%                            | 2.75%                            |
| <b>Salary Increases</b>           | Varied                           | Varied                           | Varied                           | Varied                           | Varied                           |
| <b>Cost-of-Living Adjustments</b> | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits | Not Automatic; Subject to Limits |
| <b>Mortality/ Disability</b>      | 2014-2018 Experience Study       | 2014-2018 Experience Study       | 2014-2018 Experience Study       | 2009-2013 Experience Study       | 2009-2013 Experience Study       |
| <b>Changes in Benefit Terms</b>   | Act 37 of 2021                   | N/A                              | Acts 224 and 595 of 2018         | Acts 224 and 595 of 2018         | N/A                              |

## OPEB Actuarial Assumptions

### For Nine Years Ended June 30, 2026

|                                  | 2026                          | 2025                          | 2024                          | 2023                          | 2022                          |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Actuarial Cost Method</b>     | Entry Age Normal              | Entry Age Normal              | Entry Age Normal              | Entry Age Normal              | Entry Age Normal              |
| <b>Asset Valuation</b>           | Pay-As-You-Go Basis           | Pay-As-You-Go Basis           | Pay-As-You-Go Basis           | Pay-As-You-Go Basis           | Pay-As-You-Go Basis           |
| <b>Discount Rate</b>             | 5.20%                         | 3.93%                         | 4.13%                         | 4.09%                         | 2.18%                         |
| <b>Salary Increases</b>          | Varied                        | Varied                        | Varied                        | Varied                        | Varied                        |
| <b>Inflation Rate</b>            | 2.40%                         | 2.40%                         | 2.40%                         | 2.40%                         | 2.40%                         |
| <b>Mortality/<br/>Disability</b> | 2019-2023<br>Experience Study | 2019-2023<br>Experience Study | 2014-2018<br>Experience Study | 2014-2018<br>Experience Study | 2014-2018<br>Experience Study |

|                                  | 2021                          | 2020                          | 2019                          | 2018                          |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Actuarial Cost Method</b>     | Entry Age Normal              | Entry Age Normal              | Entry Age Normal              | Entry Age Normal              |
| <b>Asset Valuation</b>           | Pay-As-You-Go Basis           | Pay-As-You-Go Basis           | Pay-As-You-Go Basis           | Pay-As-You-Go Basis           |
| <b>Discount Rate</b>             | 2.79%                         | 2.79%                         | 2.98%                         | 3.13%                         |
| <b>Salary Increases</b>          | Varied                        | Varied                        | Varied                        | Varied                        |
| <b>Inflation Rate</b>            | 2.80%                         | 2.80%                         | 2.80%                         | 2.80%                         |
| <b>Mortality/<br/>Disability</b> | 2014-2018<br>Experience Study | 2014-2018<br>Experience Study | 2014-2018<br>Experience Study | 2009-2013<br>Experience Study |

## Schedules of Administrative Expenses

For the Years Ended June 30, 2026 and 2025

|                                      | 2026                 | 2025                 |
|--------------------------------------|----------------------|----------------------|
| <b>Administrative Expenses</b>       |                      |                      |
| Personnel Costs                      | \$ 12,067,256        | \$ 14,076,023        |
| Travel Expenses                      | 102,349              | 77,953               |
| Operating Services                   | 3,224,510            | 4,077,472            |
| Professional Services                | 464,277              | 366,965              |
| Acquisitions                         | 63,346               | 61,691               |
| <b>Total Administrative Expenses</b> | <b>\$ 15,921,738</b> | <b>\$ 18,660,104</b> |

## Schedules of Investment Expenses

For the Years Ended June 30, 2026 and 2025

|                                                         | 2026                  | 2025                  |
|---------------------------------------------------------|-----------------------|-----------------------|
| <b>Investment Activities Expenses</b>                   |                       |                       |
| <b>Alternative Investment Expenses</b>                  |                       |                       |
| Manager Fees                                            | \$ 94,496,008         | \$ 81,349,575         |
| Profit Sharing Fees                                     | 1,665,226             | 329,706               |
| <b>Total Alternative Investment Expenses</b>            | <b>96,161,234</b>     | <b>81,679,281</b>     |
| <b>Investment Management Expenses</b>                   |                       |                       |
| Manager Fees                                            | 29,366,865            | 25,813,248            |
| Administrative Expenses                                 | 3,168,374             | 3,186,176             |
| Profit Sharing Fees                                     | 32,234,366            | 24,400,849            |
| Consultant Fees                                         | 882,000               | 860,000               |
| Research and Data Services                              | 1,107,116             | 924,686               |
| Investment Performance Management                       | 146,402               | 149,411               |
| Investment Legal Fees                                   | -                     | 6,468                 |
| Global Custodian Fees                                   | 187,553               | 168,149               |
| <b>Total Investment Management Expenses</b>             | <b>67,092,676</b>     | <b>55,508,987</b>     |
| <b>Total Investment Activities Expenses</b>             | <b>163,253,910</b>    | <b>137,188,268</b>    |
| <b>Security Lending Expenses</b>                        |                       |                       |
| Securities Lending Management Fees                      | 28,690,567            | 43,802,470            |
| <b>Total Investment and Securities Lending Expenses</b> | <b>\$ 191,944,477</b> | <b>\$ 180,990,738</b> |

# Schedules of Board Compensation<sup>1</sup>

For the Years Ended June 30, 2026 and 2025

| Board of Trustees               | 2026               |                 | 2025               |                 |
|---------------------------------|--------------------|-----------------|--------------------|-----------------|
|                                 | Number of Meetings | Amount          | Number of Meetings | Amount          |
| Virginia Burton                 | 11                 | \$ 825          | 9                  | \$ 675          |
| Byron Decoteau <sup>2</sup>     | 12                 | -               | 11                 | -               |
| Pam Diez <sup>2</sup>           | 10                 | -               | 9                  | -               |
| Beverly Hodges                  | 12                 | 900             | 10                 | 750             |
| Ternisa Hutchinson <sup>2</sup> | 11                 | -               | 10                 | -               |
| Cortny Jarrell <sup>2</sup>     | 10                 | -               | 11                 | -               |
| Laura Lapeze <sup>2</sup>       | 10                 | -               | 10                 | -               |
| Amy Mathews <sup>2</sup>        | 12                 | -               | 11                 | -               |
| Barbara McManus                 | -                  | -               | 5                  | 375             |
| Shannon Templet <sup>2</sup>    | 7                  | 525             | -                  | -               |
| <b>Total Board Compensation</b> |                    | <b>\$ 2,250</b> |                    | <b>\$ 1,800</b> |

<sup>1</sup>Schedules do not include four ex officio members who do not receive per diem.

<sup>2</sup>Board member chose not to receive per diem for all or part of their term.

## Schedules of Professional/Consultant Fees

For the Years Ended June 30, 2026 and 2025

|                                                | 2026              | 2025              |
|------------------------------------------------|-------------------|-------------------|
| <b>Accounting and Auditing</b>                 |                   |                   |
| EisnerAmper LLP                                | \$ 92,500         | \$ 85,355         |
| <b>Actuary</b>                                 |                   |                   |
| Foster & Foster Actuaries & Consultants, Inc.  | 223,225           | 209,887           |
| <b>Legal Fees</b>                              |                   |                   |
| Tarcza & Associates, LLC                       | -                 | 6,970             |
| <b>Disability Program</b>                      |                   |                   |
| Physician and Other Reviews                    | 54,305            | 50,200            |
| <b>Other Professional Services</b>             |                   |                   |
| Alchemy Technology Group, LLC                  | 16,318            | 10,563            |
| Allyant                                        | 44,494            | -                 |
| CMA Technology Solutions                       | 3,500             | -                 |
| iBridge Group Inc.                             | 24,685            | -                 |
| OZ Digital, LLC                                | 183,972           | -                 |
| Satrde, LLC                                    | 3,600             | -                 |
| SHI International Corp.                        | -                 | 3,240             |
| Sparkhound, LLC                                | 857,904           | -                 |
| Other Non-Consultant Professionals             | 1,650             | 750               |
| Capitalized Expenditures: Workspace Transition | (1,041,876)       | -                 |
| <b>Professional Service/Consultant Fees</b>    | <b>\$ 464,277</b> | <b>\$ 366,965</b> |

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
Louisiana State Employees' Retirement System  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise LASERS' basic financial statements, and have issued our report thereon dated September 21, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LASERS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LASERS' internal control. Accordingly, we do not express an opinion on the effectiveness of LASERS' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of LASERS' financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC and its subsidiary entities provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LASERS' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LASERS' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LASERS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*EisnerAmper LLP*

EISNERAMPER LLP  
Baton Rouge, Louisiana  
September 21, 2026



# Louisiana State Employees' Retirement System

## Summary Schedule of Findings and Responses

### For the Year Ended June 30, 2026

#### A. Summary of Auditor's Results

*Component Unit Financial Report*

Type of auditors' report issued: Unmodified

|                                                                                          | <b>Yes</b> | <b>No</b> | <b>None<br/>Reported</b> |
|------------------------------------------------------------------------------------------|------------|-----------|--------------------------|
|                                                                                          | <hr/>      | <hr/>     | <hr/>                    |
| • Material weakness(es) identified?                                                      |            | X         |                          |
| • Significant deficiencies identified that are not considered to be material weaknesses? |            |           | X                        |
| Noncompliance material to financial statements or other matter noted?                    |            | X         |                          |

#### B. Summary of Prior Year Audit Findings

There were no prior year audit findings or comments.