

Louisiana State Employees' Retirement System



**2002**

*Year Ended June 30, 2002*

**Summary  
Annual Report**

## TABLE OF CONTENTS

LASERS' Organizational Chart .....	4
Letter of Transmittal .....	5
Certificate of Achievement for Excellence in Financial Reporting .....	9
LASERS' Mission .....	10
Plan Participants .....	10
Secure Retirement Benefits .....	11
Recipients and Their Benefits .....	12
Deferred Retirement Option Plan and Initial Benefit Option .....	13
Prudent Investment Management .....	13
Plan Administration .....	16
For Your Information .....	17
Statement of Plan Net Assets .....	18
Statement of Changes in Plan Net Assets .....	19

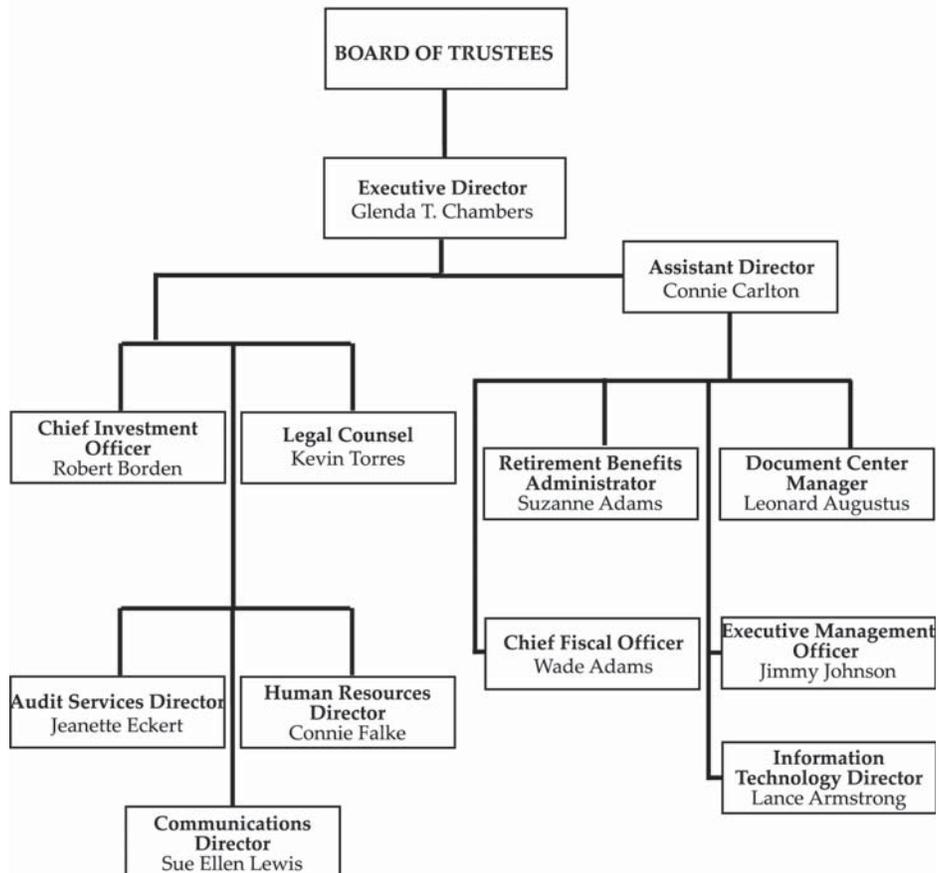
The Board members for the fiscal year 2001-2002 were:

Cynthia Bridges (*elected - active*)  
 Sen. Lambert Boissiere, Jr. (*ex-officio*)  
 Virginia Burton (*elected - active*)  
 Pam Davenport (*elected - active*)  
 Shirley Grand (*elected - retiree*)  
 Benny Harris (*elected - active*)  
 \*Frank Jobert, Jr. (*elected - active*)  
 Hon. John Kennedy (*ex-officio*)  
 Louis S. Quinn (*elected - retiree*)  
 Rep. Pete Schneider (*ex-officio*)  
 Kathy Singleton (*elected - active*)  
 \*Cheryl Turner (*elected - active*)  
 Sona Young (*elected - retiree*)

\* Cheryl Turner was elected to a term beginning January 2002, replacing Frank Jobert, Jr.

# LASERS

## Organizational Chart *in effect on 6/30/02*



\* Effective August 1, 2002, Glenda Chambers resigned as Executive Director of LASERS to accept the position of Director of the National Association of State Retirement Administrators. Mr. Robert Borden, formerly LASERS' CIO, succeeded her. Robert Beale was promoted to Chief Investment Officer (CIO). A second Assistant Director position was approved as of July 1, 2002.

December 31, 2002

Dear Members:

Due to worldwide conditions, the last two-year period has been one of the most challenging periods in our history. Despite all that has gone on in the marketplace, the Louisiana State Employees' Retirement System (LASERS) looks to the future with confidence and our cash flow ensures our ability to pay monthly benefit checks and safeguard your retirement and financial future.

Cash-on-hand and monthly incoming cash from operations allow us to effectively pay benefits for the near future without being forced to sell off investment securities during adverse market conditions. Net Operating Revenues, primarily from employee and employer contributions and investment interest and dividend income for the year ended June 30, 2002, were \$627.7 million while our Net Operating Disbursements, including benefit payments, amounted to \$564 million, resulting in a \$63.7 million excess of cash. Additional information is contained on page 11 of this report.

The financial market volatility (the relative ups and downs) was redefined on September 11, 2001. Through mid-December there was a short period of recovery, but with the announcements of corporate corruption involving accounting practices, consumers lost confidence and the market continued its slide. For the year, the actuarial rate of return was -4.4%. Although the return was negative, the Trust Universe Comparison Service ranked LASERS in the top 40% among pension plans with assets greater than one billion dollars. For the last ten years, LASERS' actuarial rate of return was 8.85%, exceeding the 8.25% base target rate.

Our financial statements reflect current market conditions as of the last day of the fiscal year. For 2002, our net depreciation in fair value of investments was \$527.5 million. Realized losses (from actual security sales) made up \$197.4 million of the loss with \$330.1 million resulting from the decrease in fair market value of assets held as of year-end. As described above, our operational cash transactions provided a net operating cash flow of \$63.7 million. Combined with the market value loss above, our net plan assets decreased by \$463.8 million, to \$5.6 billion at year-end.

To best meet our long-term obligation to pay benefits, we maintain a long-term investor's position in the marketplace. Financial markets rise and fall. Therefore, our best defense is to choose a well-diversified portfolio of investments and to manage these funds for long-term results. LASERS' investment strategy allows us to ride out fluctuations in the stock market, enabling our investment managers to take advantage of long-term market trends. LASERS has also reduced other

expenses such as trading commission per share costs and manager fees through reallocation of assets. Investment guidelines, adopted by our Board of Trustees, are defined in LASERS' Statement of Investment Objectives. Our internal Investment Division and our independent Investment Consultant monitor investment performance regularly, with monthly Board oversight.

To improve our overall performance, LASERS has embarked on a comprehensive long-term strategic plan for investments that seeks to enhance its position comparable to other retirement systems. A key component of the plan is the reduction of investment management fees and brokerage transaction costs mentioned above, while enhancing internal controls. LASERS is also renegotiating management fees as contracts with external money managers expire. LASERS' efforts to reduce fees and to reduce the volatility of actual returns with respect to LASERS' policy returns has led the System to increase its use of low-cost passive investment strategies. LASERS is taking advantage of its existing resources to manage most of the passive strategies internally, resulting in further cost savings and efficiencies. More detailed explanations are included on page 13-15 of this report.

For the past few years, LASERS' membership census has followed the trend of the national population with increasing numbers of retirees and decreasing numbers of active state employees. This year, however, active membership showed a modest gain, from 64,519 to 64,692. Retirees and inactive membership continue to grow, increasing from 62,880 to 65,346. The continued increase in membership, especially retirees, emphasizes the importance of our funding ratio, which is now 70.2%.

The System Actuary determines the funding ratio and annual contribution rates. These valuations are based on projected System liabilities calculated using membership demographics such as age, salary projections, length of service projections, life expectancy, etc. It represents the percentage of assets currently in the trust fund to meet all future retirement liabilities assuming a specified 8.25% rate of return on investments. Because the State continues to make additional payments to reduce the unfunded liability through the monthly employer contribution rate, we remain on schedule to be fully funded by 2029, as mandated in 1987 by Constitutional Amendment Number 3.

LASERS participated for the first time during 2001-2002 fiscal year in a comprehensive effectiveness measurement program for operational activity and costs directly associated with membership and benefit administration. The program required LASERS to provide costs, services, and statistical information at a detailed level by activity area. With the data provided, LASERS was compared to its peers in regards to level of services and the cost of such services.

LASERS' service level rated 7th of the 18 comparable retirement systems, which averaged 192,000 members and \$15 billion in assets. Through this survey, LASERS was able to identify some areas of improvement and also gain insight on how other pension funds operated in these areas. As a result, improvements in our Web Site and in our member annual statements have been made, while other improvements in these and other areas are currently in progress.

The enclosed 2002 Summary Annual Report (Popular Annual Financial Report) for LASERS also includes information on supplemental DROP and IBO Accounts, benefit payment statistics, audited Statement of Plan Net Assets and Statement of Changes in Plan Net Assets.

Our Summary Annual Report for 2001 received a prestigious national award (our third consecutive award) for providing understandable answers to questions commonly asked by our members and for conforming with the highest standards for preparation of state and local government popular reports. The standards are further defined at the end of this report.

We trust you will find the information in our 2002 Summary Annual Report, as well as the additional sources of information provided, to be both interesting and informative. We look forward to being of continued service to you, our members.

Sincerely,



Robert L. Borden, CFA  
Executive Director



Robert Beale, CFA  
Chief Investment Officer



Wade H. Adams, CPA  
Chief Fiscal Officer



# **Award for Outstanding Achievement in Popular Annual Financial Reporting**

**PRESENTED TO**

## **LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM**

**For the fiscal year ending  
June 30, 2001**



*William Patrick Vate*  
President

*Jeffrey L. Esler*  
Executive Director

## LASERS' MISSION

LASERS' mission is to provide secure retirement benefits and superior service through a well-trained staff, an effective communication program, and prudent investment management. LASERS shall administer the plan in an efficient and cost-effective manner while acting solely in the interest of plan participants.

## PLAN PARTICIPANTS

Membership in LASERS is mandatory for all state employees, except those specifically exempted by law. LASERS consists of different types of members depending on the individual's type of employment. Types of members include regular members, Judges and court officers, Legislators and certain elected officials, Wildlife agents, Correctional officers, and employees working after a deferred retirement. Each type has different contribution rates, service credit and retirement eligibility rules.

The chart below compares the number of each type of participant during 2002 to those in 1996.

<b>PARTICIPANT GROUP</b>	<b>June 30, 2002</b>	<b>June 30, 1996</b>
Active and Vested Inactive Members	65,937 <sup>1</sup>	70,682
DROP Participants	2,635	2,320
Retirees/Survivors/Disability Recipients	31,887 <sup>2</sup>	27,028
Inactive -Not Refunded	29,579 <sup>3</sup>	21,768
<b>TOTAL PARTICIPANTS</b>	<b>130,038</b>	<b>121,798</b>

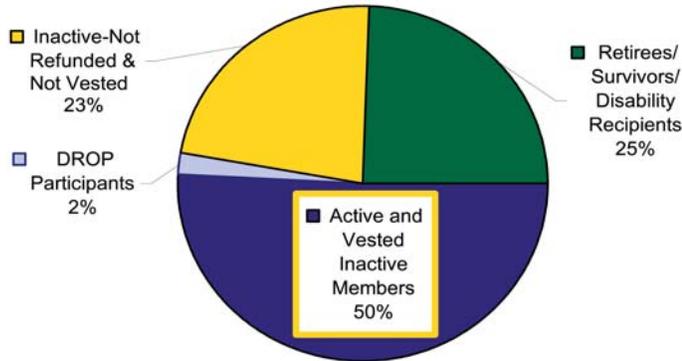
### NOTES:

<sup>1</sup> There are 1,245 vested inactive members who are no longer employed and contributing to the plan but are eligible to receive retirement benefits when they meet all eligibility requirements, including age.

<sup>2</sup> Includes 1,208 receiving disability checks and 5,243 receiving survivor benefits.

<sup>3</sup> Represents individuals who no longer work in state service, who have not met current eligibility requirements to receive any future regular benefits, and who have not withdrawn their contributions. Although they represent 23% of participants, the total of their employee contributions make up only 1.5% of total employee contributions in the system.

### PLAN PARTICIPANTS



The pie chart to the left illustrates that 25% of membership are receiving benefits and that 50% of plan participants are currently working or already vested. Of the 64,692 active members, 32,986, or about 51%, are between the ages of 40 and 55 years old.

In contrast, 42% of active members have less than 5 years of service, plus 18% potentially meet various retirement eligibility criteria with 20 or more years of service.

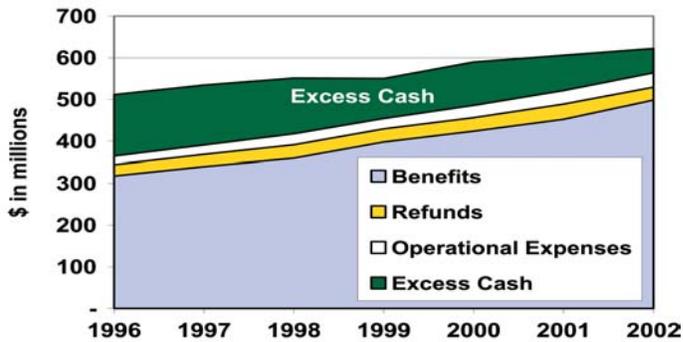
## SECURE RETIREMENT BENEFITS

During the fiscal year, our normal operations (before investment gains and losses) provided a net \$63.7 million in excess cash flow. At June 30, 2002 LASERS had \$30.3 million in cash and cash equivalents on hand. LASERS uses the monthly receipt of excess operating cash flows, as well as the cash balance, as the immediate source for paying monthly benefits checks.

As detailed on our 2002 financial statements, operationally the primary sources of our \$622.7 million revenue are contributions (64%) and dividends and interest income on investments (32%). This revenue was used for payment of benefits and DROP withdrawals (about 80%), refunds (5%), and operating and investment expenses (5%). The excess operating cash flow (10%) is added to our fund balance and invested.

As shown in the graph to the right, normal operating cash flows are relatively stable, so LASERS' ability to pay monthly benefit checks is not in jeopardy. Over the long term, operating cash flows change based on our funding level, our active member to retiree ratio, and our average benefits. In the short term, they are affected by contribution rates and are subject to abnormal levels of refunds or DROP withdrawals. They can be supplemented or offset by realized gains and losses (from actual sales) of investment securities. Liquidation of securities would be our next source of funding current benefits, should it ever become necessary.

### OPERATIONAL CASH FLOW

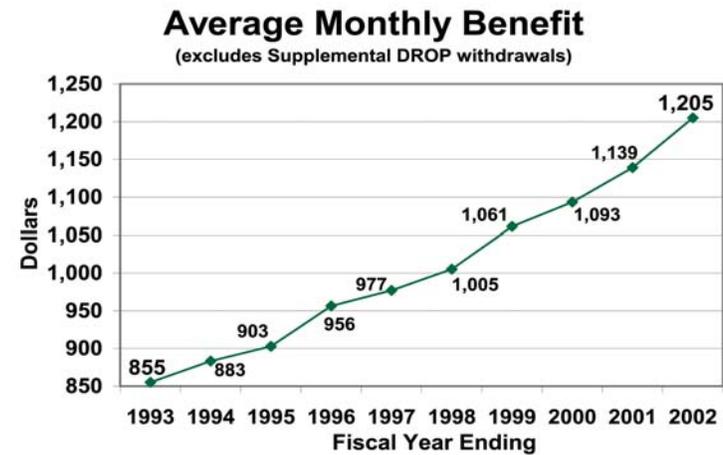


LASERS is a long-term investor with investment policies and diversification designed to take advantage of long-term investment trends. The table on the right shows the impact of the volatility of investment activity to our financial statements. Our financial statements show the net investment activity was a decrease (loss) of \$527.5 million for 2002. Of this amount, \$330 million was a market value decrease on investments held at year-end and net realized losses from actual sales were \$197.5 million. While financial markets do rise and fall, LASERS' obligation to pay benefits stretches decades into the future, as previously discussed.

<b>2002 Operating Cash Flows and Financial Statement Results</b>	
<small>(in \$ Millions)</small>	
Operating Revenue	\$ 627.7
Net Disbursements	564.0
Net Operating Cash Flow	\$ 63.7
Less: Net Investment	
Activity (Decrease)	(527.5)
Net Decrease in Plan Assets	
Per Financial Statements	\$ (463.8)

Further discussion on LASERS' Investment Management is presented on pages 13 - 15 of this report.

## RECIPIENTS AND THEIR BENEFITS



In 2002, the average monthly benefit check for regular retirees, survivors, and disability recipients was \$1,205. While in 2002, average benefits increased \$66 from the prior year-end, the average monthly check has increased by \$350 since 1993. The 1996

and 1998 COLAs provided the largest annual increases shown on the graph. Since 1998, investment gains were used to grant COLAs each year, creating a steadier rise in the average check amount. Due to the slow economy for the past two years, no COLA will be granted in the upcoming year.

## DEFERRED RETIREMENT OPTION PLAN AND INITIAL BENEFIT OPTION

Once participation in the Deferred Retirement Option Plan (DROP) begins, the election is irrevocable. DROP Participants are not eligible for Cost of Living Adjustments granted to retirees during the participation period or during the period of continued employment after DROP participation ends. The participant cannot withdraw funds in the DROP account until employment ends and the receipt of benefit checks has begun.

Once the DROP participation period ends, interest of one-half percent less than the System's actuarial rate of return on its portfolio (compounded monthly) is applied to the balance of the account annually. However, based on the opinion of Louisiana's Attorney General, when the actuarial rate is below .5%, such as in 2002, interest is neither added nor deducted from the member's account. DROP Account funds, including interest, will be subject to Federal Income Tax when funds are withdrawn.

Members eligible to retire 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. Such amount may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

The table below denotes the activity of DROP and IBO accounts since their inception in 1991 and 1996 respectively:

	(in millions)
Net Deposits	\$469.7
Interest Earned	72.5
Disbursements to Members	(176.3)
Balance of DROP/IBO Accounts	\$365.9

## PRUDENT INVESTMENT MANAGEMENT

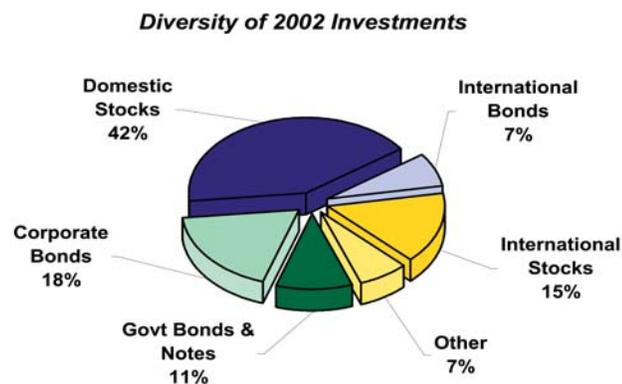
Falling financial markets made this a difficult year for LASERS and most other investors as well, and it should be viewed in the context of longer-term performance. Financial markets do rise and fall. Therefore, the best plan for long-term pension funds is to choose a varied selection of investments. Alan Greenspan, Chairman of the Federal Reserve recently concluded "*the fundamentals are in place for a return to sustained healthy growth.*"

We feel strongly that LASERS is well positioned to take advantage of a wide variety of investment opportunities. LASERS maintains a highly diversified portfolio to enhance

returns as well as to minimize the impact of the loss from individual investments. The table below identifies the diversification of securities held by LASERS.

SECURITIES	DESCRIPTION	FYE 2002	FYE 2001
<b>FIXED INCOME</b>	Pays a specific interest rate, such as a bond or money market instrument with a specified rate of return.	\$1,950,400,578	\$1,840,171,065
<b>EQUITY</b>	Ownership interest in a corporation in the form of common stock or preferred stock.	3,185,856,484	3,518,892,466
<b>ALTERNATIVE INVESTMENTS</b>	Long-term investments with a limited trading market, and other non-traditional investments.	320,770,281	380,168,345
<b>SHORT TERM</b>	Investments usually with a term of one year or less, and often refers to bonds or loans.	72,507,610	110,091,497
<b>GRAND TOTAL</b>		<b>\$5,529,534,953</b>	<b>\$5,849,323,373</b>

In addition to achieving diversification by asset class, careful attention is paid to diversification within each asset category and sub-category. As illustrated by our asset allocation pie chart below, LASERS is committed to maintaining a broadly diversified portfolio and achieving its target rate of return of 8.25% with the least possible amount of risk. LASERS' investment strategy allows us to ride out most fluctuations in the stock market, enabling our investment managers to take advantage of long-term investment trends.



LASERS has embarked on a long-term strategic planning process that is centered around increasing returns and reducing costs relative to other public retirement systems. LASERS' Board and staff have devoted considerable effort to this process, resulting in system resources that are better allocated to tasks having direct positive impact on achieving this plan.

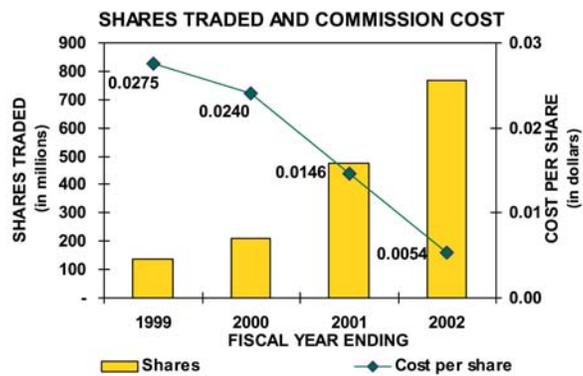
Looking into the future, further emphasis and effort will be placed on risk management and cost controls in order to be a more efficient provider of retirement benefits. As part of LASERS' Strategic Plan, the following activities are important to providing a high level of risk management:

- 💡 Identify existing and potential risk management practices, creating a risk management policy;
- 💡 Evaluating risk management systems and implementing a cost effective solution;

- Peer analysis and utilization of industry-wide best practices;
- Expanding awareness of the legislature and other outside governing bodies by quantifying the volatility of employer contributions.

To provide additional security of your investments, LASERS has established guidelines and restrictions. For example, we cannot invest more than 65% of total assets in equity securities and cannot hold more than 5% of any one company's outstanding stock, unless approved by the Board of Trustees for specific classes of assets. LASERS' staff monitors portfolio managers on a daily basis, while consultants and the Board of Trustees monitor investment performance and guideline compliance monthly.

We have accomplished some important goals in recent years. The combined graph to the right illustrates that while LASERS has been trading more shares, we have steadily reduced our managers' trading commission costs per share from almost 3 cents in 1999 to just over one-half cent in 2002. We have also enhanced our internal controls to better monitor and evaluate how our investment managers are performing and we streamlined the division workload to improve efficiency.



In recent years, LASERS has begun using indexing in order to lower management and administrative costs, while maintaining asset diversification. Indexing is a passive strategy that requires ownership of specific stocks that make up an industry-defined group of equities, such as the S&P 500. LASERS has achieved indexing in two ways: (1) an externally managed Russell 2000 index fund consisting of shares in the fund, not the individual stocks in the index; and (2) internally managed index funds comprised of the S&P 500, the S&P 400 and the S&P 100 in which LASERS holds the individual stocks listed in the index. In addition, as a result of reviewing our long-term strategic plans to make sure we are well positioned to meet our long-term goals and objectives, we will be adding another internally managed fund in the coming year as well as another index fund to be managed by State Street Global Advisors.

The table to the right lists the amounts allocated to Internally and Externally Managed Indexed Funds, enabling LASERS to lower management and commission costs from 1999 to 2002.

	Fiscal Year Ending			
FUND	1999	2000	2001	2002
Internally Managed Index Funds	572.5	1,214.8	1,646.2	1,375.1
Externally Managed Index Funds	109.2	167.4	44.3	22.5
<b>Subtotal</b>	<b>681.7</b>	<b>1,382.2</b>	<b>1,690.5</b>	<b>1,397.6</b>
All other Investments	5,266.0	5,109.7	4,158.8	4,131.9
<b>Total Investments</b>	<b>5,947.7</b>	<b>6,491.9</b>	<b>5,849.3</b>	<b>5,529.5</b>

## PLAN ADMINISTRATION

As the following chart shows, LASERS' Plan administration costs were \$1.8 million under budget.

	FYE 2002		
	Actual	Budget	Favorable Variance
<b>Administrative Expenses:</b>			
Salaries and Related Benefits	\$5,446,433	\$ 5,775,957	\$ 329,524
Travel	214,524	322,003	107,479
Operating Services	1,811,093	2,955,298	1,144,205
Supplies	135,698	167,250	31,552
Professional Services	707,997	879,549	171,552
<b>Total Budget and Actual Expenditures</b>	<b>\$8,315,745</b>	<b>\$10,100,057</b>	<b>\$1,784,312</b>

In an effort to ensure that our operations are run in an efficient and cost-effective manner, in 2002, LASERS

participated in a nationwide survey to compare our cost of benefit administration functions with that of other pension plans across the country, using fiscal year ended June 30, 2001 costs. Of 49 systems participating, we were rated in a peer group of 18 large government systems serving an average of 192,000 members with \$15 billion in assets. The cost effectiveness of our benefit administration expenses was rated on 14 specific plan and benefit administration services, including items such as paying benefits, member/retiree counseling, refunds and plan design.

-  **PER MEMBER/RETIREE SERVED** – LASERS' total cost for benefit administration services per active member and retiree served was \$58, compared to a median peer cost of \$56.
-  **COMPLEXITY** – Complexity was rated on multiple benefit formulas and options, COLA structure, vesting standards, disability benefit structure, etc. LASERS ranked 9th of the 18 systems in complexity, although we are the 6th smallest in our peer group.
-  **WORKLOAD** – LASERS' workload is 12% higher than the average system, primarily due to our plan structure's complexity. This structure requires a much higher workload for member counseling, member calls, and multiple monthly benefit payment options, as compared to our peers.
-  **SERVICE LEVEL** – LASERS' service level ranked in the top one-third of our peers, with only 7 of our peer group receiving a higher rating.

The survey also reveals that the improvements we have made through special projects have enabled us to lower costs in some important areas. For example, our new phone bank has significantly improved our response time to members, while simultaneously lowering costs. In the future, LASERS' management will continue to place more emphasis on those areas where our members can receive the most benefit for the money.

**Even though we are a smaller system with an above average complexity and workload, we have still been able to keep our costs down, while providing above average service quality as compared to our peers.**

## FOR YOUR INFORMATION

 LASERS, a defined benefit pension plan under Section 401(a) of the Internal Revenue Code, was established by act of the Legislature in 1946 with the first members joining the system July 1, 1947.

 Basic retirement eligibility requirements are as follows:

- 30 years service at any age
- 25 years service at age 55
- 10 years service at age 60
- 20 years service, any age, with an actuarially reduced benefit

 There are different contribution and retirement eligibility requirements for special groups of employees. These are further defined on our website and in our Member Handbook.

*The Popular Annual Financial Report (PAFR) is designed to present information regarding the financial condition of LASERS in a user-friendly format. Our PAFR, entitled "Summary Annual Report," condenses and simplifies our 2002 Comprehensive Annual Financial Report (CAFR) and is intended to be a supplement to the CAFR, not a replacement. The CAFR conforms to generally accepted accounting principles (GAAP). While the information for this report was taken from our CAFR, it is presented in a non-GAAP format for ease of understanding.*

*We have submitted our 2002 CAFR for review under the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. A complete copy of the CAFR can be reviewed at any parish library, or at the State Library in Baton Rouge, or may be purchased at our cost by contacting our office.*

*The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Louisiana State Employees Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2001. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.*

*In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.*

*An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.*

For additional detailed information on the above topics, check the LASERS' Web Site at <http://www.lasers.state.la.us>, for excerpts from our CAFR as well as our annual independent auditor's report. If necessary, your public library can provide access to the Internet. For answers to frequently asked questions, you may also access our 24-hour automated information line at 1-800-830-0337.

# STATEMENT OF PLAN NET ASSETS

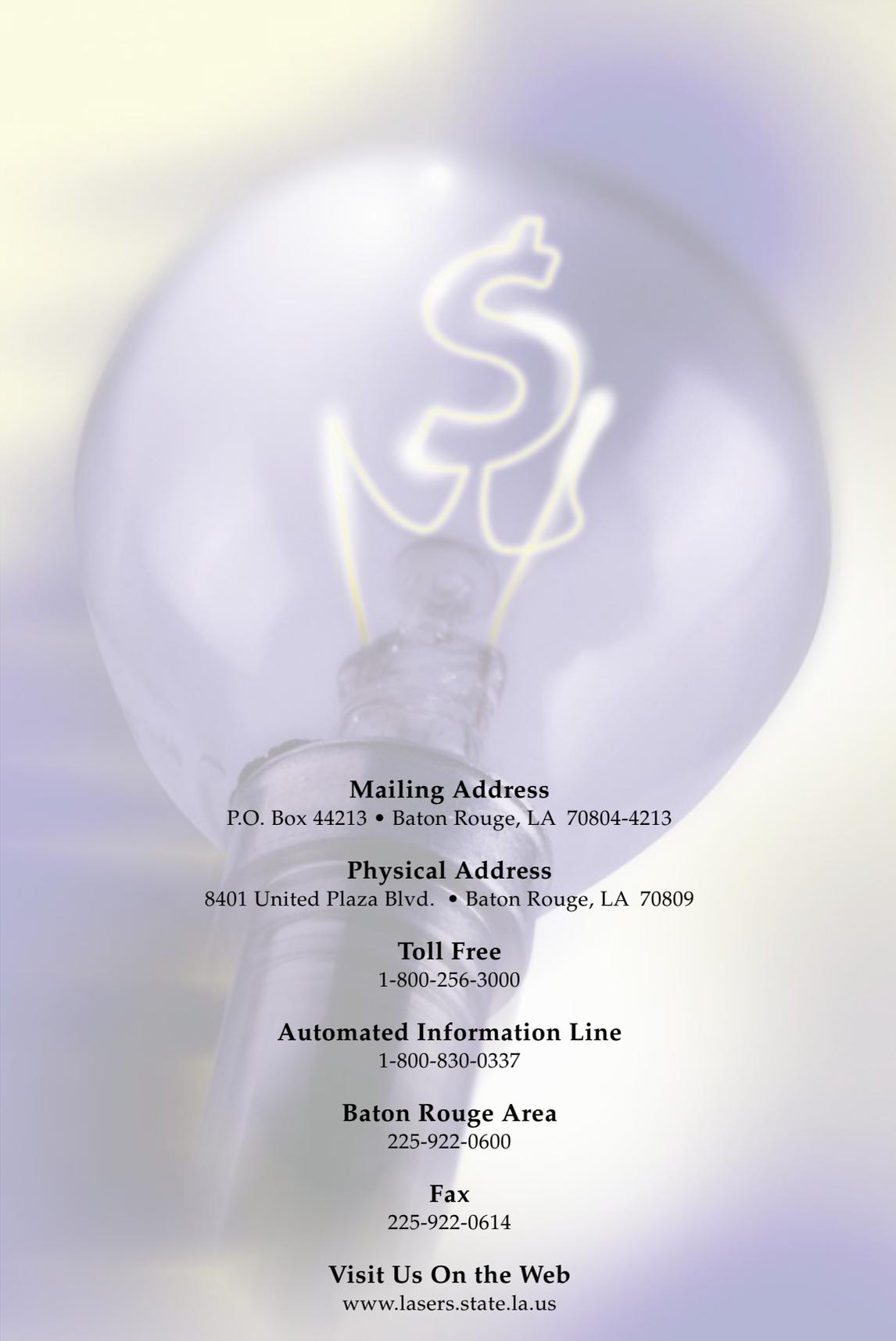
June 30, 2002 and 2001

	2002	2001
<b>ASSETS</b>		
Cash and Cash Equivalents (at fair value)	\$30,376,173	\$76,140,068
Receivables:		
Employer Contributions	17,522,409	27,747,495
Member Contributions	10,357,319	16,366,170
Interest and Dividends	36,203,481	36,006,907
Investment Proceeds	38,047,506	239,072,627
Open Investment Contracts	25,434,232	12,871,982
Other	1,293,078	1,097,954
Total Receivables	128,858,025	333,163,135
Investments (at fair value):		
Short-term Investments - Domestic	72,507,610	110,091,497
U. S. Government Obligations	595,267,182	537,366,044
Bonds/Fixed Income - Domestic	957,872,777	929,814,504
Bonds/Fixed Income - International	397,260,619	372,990,517
Equity Securities - Domestic	2,355,436,089	2,604,007,258
Equity Securities - International	830,420,395	914,885,208
Real Estate Investments	30,322,010	37,808,564
Alternative Investments	290,448,271	342,359,781
Total Investments	5,529,534,953	5,849,323,373
Property and Equipment:		
Land	889,816	889,816
Building and Improvements	5,054,298	4,892,729
Equipment	8,245,319	7,960,736
	14,189,433	13,743,281
Accumulated Depreciation	(8,033,906)	(7,806,325)
Total Property and Equipment	6,155,527	5,936,956
<b>TOTAL ASSETS</b>	<b>5,694,924,678</b>	<b>6,264,563,532</b>
<b>LIABILITIES</b>		
Investment Commitments Payable	44,695,381	160,693,460
Accounts Payable - Open Investment Contracts	25,434,232	12,871,983
Accounts Payable and Other Accrued Liabilities	4,916,831	7,344,012
<b>TOTAL LIABILITIES</b>	<b>75,046,444</b>	<b>180,909,455</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$5,619,878,234</b>	<b>\$6,083,654,077</b>

## STATEMENT OF CHANGES IN PLAN NET ASSETS

For the Years Ended June 30, 2002 and 2001

	2002	2001
<b>ADDITIONS</b>		
Contributions:		
Employer Contributions	\$256,079,880	\$245,213,071
Member Contributions	151,350,321	144,603,488
Total Contributions	\$407,430,201	\$389,816,559
Investment Income:		
Net Depreciation in Fair Value of Investments	(527,517,733)	(597,053,396)
Interest and Dividends	200,382,468	204,083,221
Other Investment Income	5,233,102	2,964,590
	(321,902,163)	(390,005,585)
Less Investment Expense	17,213,862	18,916,270
Net Investment Income	(339,116,025)	(408,921,855)
Other Income	14,658,709	12,102,647
Total Additions/(Deductions)	82,972,885	(7,002,649)
<b>DEDUCTIONS</b>		
Retirement Benefits	498,392,717	452,637,691
Refunds of Member Contributions	31,391,355	36,147,087
Administrative Expenses	8,315,745	7,644,230
Other	8,648,911	6,228,406
Total Deductions	546,748,728	502,657,414
<b>NET INCREASE (DECREASE)</b>	(463,775,843)	(509,660,063)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
Beginning of Year	6,083,654,077	6,593,314,140
End of Year	\$5,619,878,234	\$6,083,654,077



**Mailing Address**

P.O. Box 44213 • Baton Rouge, LA 70804-4213

**Physical Address**

8401 United Plaza Blvd. • Baton Rouge, LA 70809

**Toll Free**

1-800-256-3000

**Automated Information Line**

1-800-830-0337

**Baton Rouge Area**

225-922-0600

**Fax**

225-922-0614

**Visit Us On the Web**

[www.lasers.state.la.us](http://www.lasers.state.la.us)