

The LASERS Vision:

Confidence in our service,
assuring financial security
for your future

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The Cash Balance Plan, Questions & Answers

The Cash Balance Plan, which was signed into law as Act 483 of the 2012 Legislative Session, will apply to new hires after June 30, 2013, in non-hazardous duty LASERS eligible positions. Sponsored by Rep. Kevin Pearson as House Bill 61, the Cash Balance Plan was noted as a signature piece of legislation by the administration. Louisiana becomes the only state in the nation to pass a Cash Balance Plan without Social Security as a safety net for its employees.

How does the Plan work?

The Cash Balance Plan is a defined benefit plan. Members will have an "account" into which they will contribute eight percent of their salary each pay period. An additional four percent credit will be assured by the employer. Accounts will be managed by LASERS and will be credited with interest equaling the System's actuarial earnings minus one percent. Accounts will not go below zero in the event of an actuarial return that is less than one percent.

Members who leave state service with less than five years may take their contributions. Members with five or more years of membership may take their entire account balance, including the four percent credit and interest earned. Alternatively, they may leave their account at LASERS. The plan is therefore seen as more portable than the current defined benefit plan which only allows for a refund of employee contributions for employees who leave State service.

Retirement eligibility will be at age 60, with five or more years of membership. Members eligible to retire will have the option of withdrawing their entire account balance or annuitizing the balance so that they will have a guaranteed monthly benefit. DROP will no longer be an option, but the initial benefit option (IBO) will be available and members can choose from the current retirement options, which allow them to leave a benefit to a spouse or other beneficiary.

Is the Cash Balance Plan Equal to Social Security?

LASERS members do not participate in Social Security, so it is critical to determine if the Cash Balance Plan offers a benefit to all members adequate to maintain the current exemption from Social Security. The Division of Administration plans to seek a ruling as to the equivalency of the plan.

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Proposed Retirement Amendments on November 6 Ballot

Two pieces of retirement legislation will become constitutional amendments if passed during the November 6 election. Both Acts were passed during the 2012 Legislative Session, but voters will make the final determination as to whether the proposed amendments become law.

Proposed Amendment No. 3 (Senate Bill 21, Act 872), authored by Sen. Guillory, provides that all retirement bills that are required to be pre-filed, must be pre-filed on the 45th calendar day prior to the first day of a regular session. The proposed amendment also provides that

public notice of retirement bills be published at least 60 days prior to their introduction.

Proposed Amendment No. 5 (House Bill 9, Act 868), authored by Rep. Ligi, authorizes the forfeiture of all or part of the benefits from a public retirement system by any member who is convicted of a felony associated with and committed during state service. Application of the change will be prospective.

Election results will be posted on the LASERS website.



Free Background Checks On Investment Professionals Could Help Reduce Investment Fraud

Are you a target for investment fraud scams? Con artists target people who are over 48, recently retired, getting divorced, expecting a cash settlement, grieving the loss of a loved one, or are active members of a church or civic association. The con artists could be old family friends, relatives, and even referrals from trusted acquaintances.

In a 2007 Investment Fraud Risk Survey from the Financial Industry Regulatory Authority, 70 percent of investment fraud victims never checked their broker's registration with the state's securities regulator. In Louisiana, that regulator is the Securities Division of the Office of Financial Institutions (OFI).

State law requires that anyone selling securities, and the securities themselves, must be either legally registered with OFI or legally exempt from registration. OFI can be reached at 225.925.4512 to answer questions about exemptions or the securities being sold. OFI does not offer investment advice or sell products. For more information, visit OFI's website at www.ofi.la.gov/SecuritiesInvestorEd.htm.

OFI is taking a new initiative in Investor Education by offering the following services to Louisiana residents at no charge. OFI currently:

1. Performs confidential background checks (CRD Reports) on investment professionals registered with OFI, including:
 - Certifications
 - Pending arbitration
 - Criminal history
 - Actions taken against them by other regulatory agencies
 - Employment history, including terminations, customer complaints, and disciplinary actions
2. Investigates confidential complaints of investment fraud.
3. Provides resources on the OFI website such as how to remove your name from call and mail lists and an investor checklist. New investor alerts are added regularly.
4. Provides a professional speaker on the red flags of investment scams to groups, associations, and conferences throughout Louisiana. The topics cover risky behaviors for fraud, popular schemes, actual cases prosecuted in Louisiana, and free resources to help protect assets from fraud.

Investor education is a powerful tool in the fight against investment fraud. Contact OFI's Investor Education Trainer, Nancy Boudreaux, at 225.925.4677 to check her availability to speak to your group on the red flags of investment fraud.

calls. If this should happen to you, contact LASERS immediately by calling 800.256.3000 (toll free) or 225.922.0600 in the Baton Rouge area.

LASERS Members Beware

Recently members have reported groups posing as LASERS representatives arriving at their homes to discuss benefits. **Please be aware that LASERS does not send representatives to your home or make cold**

The Board MEMO

Connie Carlton, 2012 Board Chair



As an elected retiree representative to the LASERS Board, I am especially sensitive to the needs of our retired members. And we must keep in mind that our active LASERS members will one day be retired as well!

As the Board of Trustees and LASERS Executive staff work together to address many concerns for both actives and retirees, the upper most thought in our minds is to protect your financial security.

As I have expressed many times, cost-of-living adjustments (COLAs) are critical for our retirees. For your information, the Senate Retirement Committee met on August 21 to study COLAs for retired members of public retirement systems. Testimony was provided on behalf of LASERS by Executive Director Cindy Rougeou, the LASERS Actuary Shelley Johnson, and Frank Jobert, Executive Director of RSEA. It is interesting to note that Senator Guillory, Chair of the Senate Retirement Committee, opened his remarks by saying that false hope should not be given that a COLA was imminent.

LASERS provided information comparing LASERS COLAs to those paid by Social Security. The data showed that the value of LASERS benefits with COLAs was considerably lower than the Social Security benefits. After hearing these facts, Senator Guillory remarked the situation was “not acceptable.” He also stated that a solid funding approach must be developed and funding cannot be an afterthought.

COLAs will continue to be an important topic at upcoming Senate Retirement Committee meetings. House Retirement Committee members are expected to join the discussion. We will keep you informed of their progress.

During the 2012 Legislative Session, House Committee Study Resolution (HCSR 3) was passed to study alternative funding methods for COLAs. The findings are to be reported to the Legislature prior to the convening of the 2013 Regular Session of the Legislature.

The LASERS Board of Trustees is committed to working with the Legislature in the development of a solution to grant COLAs to our retirees. We currently have almost 7,000 LASERS retirees under the poverty threshold. It is my hope that these are the first people to receive a COLA if one is granted.

I encourage LASERS members to join RSEA because they truly are your voice in the Louisiana Legislature and National Congress on issues relating to retirement and healthcare. Your membership in this organization will help you stay connected and up-to-date on issues such as COLAs.

Following our recent experience with Hurricane Isaac, I also implore retirees to take this opportunity to sign up for direct deposit. Members utilizing direct deposit have fewer issues receiving their retirement benefits. Keep in mind that if banks and post offices are closed, funds are always available through direct deposit. Authorization forms for direct deposit are available for download on the LASERS website, www.lasersonline.org.

LASERS Ranks in



A new study from researchers at Cliffwater LLC analyzing 10-year returns lists the Louisiana State Employees' Retirement System (LASERS) as one of the top 10 state pension plans in the United States. LASERS experienced a 6.7 percent annualized return for the 10-year period ended June 30, 2011.

Data for the study, “Trends in State Pension Asset Allocation and Performance,” was taken from the 2011 comprehensive annual financial reports of 96 state pension plans. Cliffwater research revealed that pension plans with “higher allocations to alternative investments

Among State Pensions with Best 10-Year Returns

generally experienced better 10-year returns than those with less exposure.” In addition, researchers “found that those decade-long returns owed more to manager and fund selection than to the size of the alternatives allocation.”

Returns ranged in the top 10 from 7.1 percent at the Missouri State Employees' Retirement System to 6.5 percent at the Massachusetts Pensions Reserve Investment Management Board and Oregon Public Employees Retirement Fund. LASERS was one of four plans with a 6.7 percent annualized 10-year return.

MEET THE Faces OF LASERS

Avis Kado Brown, LCSW, BACS

Rehabilitation Program Coordinator
Louisiana Rehabilitation Services
Louisiana Workforce Commission



Avis Brown and husband, Tim Brown

Most people dream of having a career they truly love. The ultimate accomplishment would be to find that love and have it culminate in a profession that has the potential to profoundly change lives. In state government, there are opportunities for this combination to develop. Avis Kado Brown, a Rehabilitation Program Coordinator with Louisiana Rehabilitation Services (LRS), an agency within the Louisiana Workforce Commission (LWC), is a remarkable civil servant filled with a special love and commitment to her work. For the past 18 years, Brown, a Licensed Clinical Social Worker (LCSW) and Board Approved Clinical Supervisor (BACS), has worked with a vast variety of individuals in many different environments. Her story is one of hope and courage.

Brown was born and raised in Baton Rouge, the oldest of three children. She describes her parents as supportive people, each coming from families with many siblings. Early on, she witnessed them in the role of caretakers for elderly, single relatives in the family who had no one to care for them. Brown recalls visiting family members in nursing homes during the week and after church on Sunday.

Brown graduated from Scotlandville Magnet High School and then completed her Bachelor of Science in Rehabilitation Psychology in 1992 from Southern University. In the spring of 1993, Brown entered Tulane University's graduate program. She also worked with Volunteers of America teaching clients to identify their strengths and juggled being a single-parent during this time. Brown completed her Masters of Social Work in 1994.

Brown's first permanent job with the State was at the Louisiana Correctional Institute for Women (LCIW) in St. Gabriel, where she served as a Clinical Correctional Social Worker.

Brown's career and role with the State started to evolve. From LCIW, she went to Earl K. Long Medical Center and worked as a hospital social worker. "I like to help meet a need," said Brown. Her medical social work included many types of patients. During this time, Brown also worked at the Baton Rouge General Behavioral Health Unit performing assessments and individual and group therapy.

Brown moved to Greenwell Springs Hospital in 1998 as a Social Worker Specialist. Her work there included psychosocial assessment, providing individual, group, and family therapy for adults, and crisis intervention. Brown eventually worked at the State Office of Mental Health, Dixon Correctional Center in the Youthful Offender Program, returned to Greenwell Springs Hospital as a Social Worker Supervisor, and today is the Rehabilitation Program Coordinator at LRS.

LRS has an important role within state government, Brown said. "We help people with disabilities get jobs and go to work, while providing effective quality services. The more people we help to become gainfully employed, the more people pay taxes into the system, and stay in Louisiana. It's good for the State."

Brown has served in this capacity for the past four years, acting as the transition coordinator providing vocational rehabilitation services for individuals transitioning from high school seeking work. She is responsible for training and providing technical support to field staff, being familiar with federal policies, and serving as the point of contact for the agency for transition services. In addition, she manages the Social Security/Ticket to Work Program,

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which is a federal initiative to help individuals obtain gainful employment. Her role is primarily administrative, which is a departure from her earlier “hands on” work.

Brown feels that she is making a difference, especially with vital programs such as Ticket to Work. Her goal is to “have the staff understand the *why* of what they are doing and the impact they can have on their clients.”

However, Brown has never been able to step away from what she loves most. She works two evenings a week and on Saturday as a therapist with the Baton Rouge Children’s Advocacy Center. Brown provides assessment and therapy for children who have been sexually and physically abused. “This work is very rewarding. After 18 years, my great joy comes from former clients. To see children I’ve treated, now successful adults, that’s a major success,” she said.

Brown’s passion for her work is evident. “Helping others reach their fullest potential, despite tragedy and life’s

circumstances, means everything to me,” she said. Her belief is that despite the odds being against a person, “one can be victorious.”

These deep convictions are apparent in Brown’s attitude towards her family. She and husband Tim have a blended family of seven children between them, ages five to 22. She also has one grandchild. She describes her life as “blessed” and lives on the principle, “To whom much is given, much is required.” In her spare time, Brown volunteers with a non-profit agency called Triangle of Love. She is also an active member at Living Faith Christian Center, where she works with kindergarteners in the Youth Ministry.

A LASERS member with more than 16 years of service, Brown’s commitment to continued growth and development in her position is a testament to her dedication. Her advice to young social workers coming into the field is, “provide the services you would want your loved one to receive.”

For the complete story on Avis Brown, visit www.lasersonline.org/Faces_ABrown.

LASERS Website Goes Mobile

On August 24, LASERS announced the launch of a new mobile website for mobile smartphone users. The mobile site mirrors the LASERS main website, but allows for easier access to contact information, member information, driving directions, Board information, and office hours.



When accessing the LASERS website from a smartphone, such as an iPhone, Android, or Blackberry, the site will detect the smartphone capability and re-direct users to the mobile version. If users wish to access the full LASERS website, a link is provided at the bottom of the home screen.

The LASERS mobile website was developed as an additional customer service tool for those members and users who are on-the-go.

To see all that the mobile website has to offer, visit www.lasersonline.org from your mobile smartphone.



RSEA Announces Christmas Bus Trip to Branson

November 26-30, 2012
Welk Resort Hotel

Cost:

\$700 per person for double occupancy
\$900 per person for single occupancy

For details, contact:

Dianne Guillot
318.396.6275
Mumsguillot@bellsouth.net



Employee of the Quarter Susan Cantrell

Susan Cantrell can simply be described as ‘gung-ho,’ and her commitment to the agency is well-founded. Susan touches practically every division at LASERS with her design expertise and she takes great pride in producing a perfect product. Some of her design projects include the CAFR/PAFR, *The Beam*, and many LASERS booklets and brochures. Susan is always happy to brainstorm with staff members to develop new ideas and materials. She is also an accomplished photographer and officially serves in this capacity for the agency. Susan puts forth 200 percent effort in every assignment and task she undertakes. Her enthusiasm is infectious and her positive energy flows into many activities at LASERS.

Susan’s zest to constantly learn and improve has benefitted LASERS in many ways. She is mastering the art of video production and recently created a 2012 Legislative Wrap-Up video, which is airing on the LASERS YouTube Channel. Susan is always striving to find new and smarter ways to communicate with the LASERS members. She recently developed the Paperless Beam and worked with the Information Technology Division to streamline the process of identifying these subscribers in the LASERS database. Susan also developed and implemented the new LASERS mobile website, saving LASERS thousands of dollars. Susan is always eager to take on new projects, provide great insight and leadership, and is willing to do whatever it takes to meet deadlines. Her intelligence and experience are great assets to LASERS. Congratulations, Susan!

Cash Balance Plan continued from page 1

Will the Cash Balance Plan Jeopardize the Tax Qualified Status of the Existing Plan?

The new Cash Balance Plan affects future non-hazardous duty state employees of LASERS, post-secondary education members of the Teachers’ Retirement System, and is optional for certain Louisiana School Employees’ Retirement System and Teachers’ Retirement System members. Plan status determines whether contributions and earnings are taxable and if distributions are eligible for rollover into another tax-qualified vehicle. During the next filing cycle, which opens in February 2013, LASERS will seek a determination from the IRS on whether the Cash Balance Plan will affect the status of the current plan.

Will the Cash Balance Plan affect the Funding of the Current Defined Benefit Plan?

Each pay period, members of LASERS contribute a certain percentage of their pay to the retirement system. Their employing agency also makes a contribution to the system. The employer contribution is calculated by the system’s actuary to pay the cost of the accruing benefit of the employee and the debt owed by the State to LASERS, referred to as the unfunded accrued liability or UAL. This amount is determined as a percentage of payroll.

The Cash Balance Plan specifically requires that the salaries of employees who enter the Cash Balance Plan will be included in the calculation of the employer contribution to be paid to LASERS to satisfy the UAL. This will ensure that UAL payments are calculated based on the entire state payroll, not only on the salaries of those employees hired prior to the implementation of the Cash Balance Plan.

Stay informed about the Plan’s progress by visiting the LASERS website and by reading your Member Connection emails. We will share information as it becomes available.

Rougeou continued from back page

public employees’ pension plans gather to exchange information, ideas, and experiences with others facing the same challenges. The workshop seemed especially important this year because of the circumstances of the

2012 Legislative Session. I was inspired by my colleagues and their resolve to preserve strong retirement plans for public servants around the state.

Member Services Launches Pilot Group Counseling Sessions

The Member Services Division tested the waters May 31 with a new program offering group counseling sessions for LASERS members. The Retirement Education Division (RED) conceived the idea once LASERS was inundated with requests for individual appointments before and during the 2012 Legislative Session. The sheer volume of appointments, prompted by the introduction of numerous retirement bills with potential adverse impact to members, was impossible to manage within a short time frame.

Under normal circumstances, a member schedules a one-hour individual appointment with a LASERS Retirement Benefit Analyst and receives an estimate of their retirement benefits. Projections are made for the future retiree, and the analyst assists the member by answering questions to assist in their decision-making process. Members are allowed one appointment per year with LASERS, but may generate a retirement estimate any time by visiting the Member Self-Service portion of the LASERS website.

“The May group session was so well-received by members, we decided to host another on June 29. We are able to see more people in a shorter period of time, basically doubling the number of members we usually schedule in one day. We plan to continue the group counseling sessions, perhaps on a quarterly basis,” Retirement Education Consultant Janet Harris said.

Harris explained that the RED team developed a PowerPoint presentation to use during the first portion of

the two-and-a-half hour group session. Attendees receive a packet containing their annual member statement, information on how Social Security will affect their retirement benefits, their retirement benefits estimate, and other informational materials. After the group presentation, attendees take turns to have a 15 minute one-on-one session with RED counselors for individual questions. The entire program mirrors an individual counseling session.

RED team members speak by phone to prospective retirees before a group session is scheduled to learn the types of estimates needed. A great deal of planning and preparation is necessary leading up to the group counseling session. Each session has a targeted group of members divided by designation; such as early retirees, regular, IBO, DROP, or disability. RED counselors tailor the group session according to the type of retirement.

Member Services Director Cindy Taylor commented, “We are pleased with the results of the pilot program and members seem comfortable sharing information in a group setting. LASERS utilized an innovative idea to ease some of the demand for individual appointments during a crisis situation, and still serve the needs of members without sacrificing quality service. We see great potential for this program.”

For more information about participating in a group counseling session, contact Member Services toll free at 800.256.3000 or in Baton Rouge at 225.922.0600.



Rougeou Named First Vice President of NASRA

LASERS Executive Director Cindy Rougeou has been named first Vice President of the Executive Board by members of the National Association of State Retirement Administrators (NASRA). Rougeou assumes the new position after serving as second Vice President of the Executive Board. Previously, she was Vice President for NASRA's Region 4 which includes Louisiana, Arkansas, Texas, Oklahoma, Missouri, Colorado, New Mexico, and Kansas.

“NASRA provides a strong voice on behalf of public pension systems across the nation,” said Rougeou. “I am proud to be associated with this organization, and am dedicated to the important mission that drives its work. We will continue to provide assistance and support to our members, and communicate with decision makers about the importance of a sound public retirement system.”



View LASERS 2012 Legislative Wrap-Up Video

LASERS Executive Director Cindy Rougeou shared the outcome of the 2012 Legislative Session with viewers on LASERS YouTube Channel. Take a look at LASERS latest video production for up-to-date information on retirement legislation at <http://tinyurl.com/2012LegWrapUp>.



From the Desk of
Cindy Rougeou

LASERS Executive Director

In this issue of *The Beam*, and in upcoming LASERS communications, we will be sharing information with you relating to the Cash Balance Plan (CBP).

While the CBP is not available to current LASERS members, the legislature has determined that it will be the retirement plan for non-hazardous duty members hired on or after July 1, 2013. The Cash Balance Plan is a constant topic of conversation at LASERS because implementation of the complex plan affects practically every division within the agency. Implementation is not the only issue.

Since the passage of the CBP during the recent legislative session, more controversy has surfaced. A lawsuit has been filed by the Retired State Employees' Association (RSEA) and some of its members challenging the bill's constitutionality because it did not receive a two thirds vote of the legislature. For more information on the lawsuit, visit the RSEA website at www.rseala.com.

With an effective date of July 1, 2013, LASERS is concerned about implementing the plan without having received the requisite determinations from the IRS with

respect to the CPB's equivalency to Social Security and its impact on the tax-qualified status of the existing plan. It is important to note that the IRS has no definitive time frame on responding to ruling requests. In essence, it may be possible that the mandated implementation would occur, and the IRS would then return rulings that would be contrary to that implementation.

Sen. Guillory and Rep. Pearson, chairs of the Senate and House Retirement Committees, are members of the LASERS Board of Trustees. Both supported the passage of the CBP during the 2012 Legislative Session and expressed the opinion that there was time to work out problems with this bill in the upcoming 2013 Session.

Considering the question raised by the RSEA lawsuit, in addition to those issues which are to be addressed by the IRS rulings, LASERS anticipates a great deal of discussion about the Cash Balance Plan in the next session.

Members of the LASERS Board of Trustees and executive staff attended the Louisiana Association of Public Employees' Retirement System (LAPERS) educational workshop in September. Annually, trustees and individuals employed by state, statewide, and local

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