

The LASERS Vision:

Confidence in our service,
assuring financial security
for your future

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COLA Passes, Becomes Effective July 1, 2014

Throughout the 2014 Legislative Session, a cost-of-living adjustment (COLA) for retired state employees, teachers, school employees, and state police stood in the forefront of retirement legislation. The last regular COLA for LASERS retirees was granted in 2008.

Sponsored by Senator Elbert Guillory and Representative Joel Robideaux, and supported by the LASERS Board of Trustees, **SB 18** passed the House and Senate by unanimous votes. The bill had 30 co-authors in the Senate, 62 in the House, and was signed into law as **Act 102** by Governor Jindal.

Over 36,000 LASERS eligible retirees, survivors, and beneficiaries are eligible for the increase authorized by **Act 102**. So, what can members expect?

- A 1.5 percent COLA will increase monthly benefits for eligible members, beneficiaries, and survivors starting on July 1, 2014.
- You are eligible for the COLA if, by June 30, 2014*:
 - You have been retired at least one year.
 - You are at least age 60, unless you are a disability retiree.
 - For survivors and beneficiaries, the retiree would have been age 60 if they were still alive.

**These requirements were set by the Legislature in 2009.*

- The amount on which the COLA is based is limited to the first \$96,931 of the member's retirement benefit.

The COLA would not have been implemented without the passage of **HB 1225**, a bill that changes the way future COLAs are granted. For more information about **HB 1225**, now **Act 399**, and how it affects LASERS and its members, please read the article on page 3.

Final Outcome of the 2014 Legislative Session



The 2014 Legislative Session will probably be remembered as the “year of the COLA” in the realm of retirement legislation. The LASERS Board of Trustees took positions on more than 20 bills and the most significant ones are highlighted below.

The LASERS Board supported a number of proposed COLA bills. The one that passed was **SB 18** (Guillory), which became **Act 102**. **Act 102** provides a 1.5 percent COLA for eligible retirees, survivors, and beneficiaries and takes effect July 1, 2014. For more information about this law, refer to page 1.

HB 1225 (Robideaux) passed unanimously in both the House and Senate. It was signed by the Governor and is now **Act 399**. This legislation will reduce System debt and modify the procedure for the payment of future COLAs. The LASERS Board was neutral on this bill. For more information about **Act 399**, refer to the article on page 3.

The LASERS Board of Trustees requested and supported two measures: a bill to change the actuarial funding method to entry age normal and a technical corrections bill. **SB 13** (Peacock), now **Act 571**, passed and will make the funding method change. The technical corrections were accomplished in **SB 2**, which awaits gubernatorial action. The original technical corrections bill, **SB 30** (Cortez), was amended the last day of the session to take on the provisions of **HB 78** (Montoucet) which would provide retroactive retirement benefits to a select group of Adult Probation and Parole Officers. The LASERS Board opposed the Probation and Parole measure and has requested a veto by the Governor.

The passage of **HB 38** (Pearson), which became **Act 226**, changes the retirement eligibility for new hires only, to five years of service at age 62. This legislation excludes the Hazardous Duty Services Plan members. The law becomes effective for those hired on or after July 1, 2015. The LASERS Board of Trustees supported this bill.

HB 1278 (Pearson) was supported by the LASERS Board and passed unanimously on the House and Senate floors. This bill provides for enrollment of new hires of the Harbor Police Department of the Port of New Orleans in the LASERS Hazardous Duty Services Plan and for administration of the Harbor Police Retirement System by LASERS.

HB 1094 (Fannin) passed the final week of the session. This measure appropriates surplus funds to LASERS and TRSL to be applied to the Initial Unfunded Accrued Liabilities (IUALs) of the systems, in accordance with the State Constitution. LASERS will receive about \$4.3 million for debt reduction as a result of the bill.

For more details about each of these bills, visit the [LASERS website](#) or the [Louisiana Legislature website](#).

Windfall Elimination Provision and Government Pension Offset

Two Federal Laws that May Affect LASERS Members



The LASERS Board of Trustees continues to oppose mandatory Social Security participation, and has identified the reduction or elimination of the federal offsets, the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO), as a significant Board issue facing the retirement system and its members. During the recent Louisiana legislative session, two resolutions, **SCR 5** by Senator Guillory and **HCR 33** by Rep. Henry Burns, were unanimously passed asking Congress to reduce or eliminate the WEP and GPO. But, similar resolutions have been enacted in prior years and, due to the expense of repealing the offsets, Congress has declined to take action.

[WEP and GPO continued on page 6](#)

COLA Reform Bill Passes

SB 18 by Senate Retirement Committee Chairman Elbert Guillory, passed granting a 1.5 percent COLA to retirees, but the passage of **HB 1225**, the “COLA Reform” bill was also required before the COLA could be granted. **HB 1225**, now **Act 399**, sponsored by Representative Joel Robideaux, Senator Guillory, and other legislators, received unanimous support as it passed in the House and Senate. This complex piece of legislation is designed to direct more investment earnings to pay System debt and tie the granting of future COLAs to the funded level of the System. It applies not only to LASERS, but to the other state retirement systems.

How will the reforms impact LASERS and affect future COLAs?

- The value of only one COLA can be in the Experience Account until the System is 80 percent funded.
- Excess earnings that were previously put into the Experience Account will now be applied to System debt.
- The legislation is expected to result in the UAL being paid off sooner, thereby saving the employer approximately \$2 billion on future interest payments.
- COLAs will be limited to every other year until the System is 85 percent funded and will be limited to the first \$60,000 of the retirement benefit (indexed to the CPI-U as of July 1, 2015).

The following table illustrates how future COLAs are expected to be granted. LASERS current funding level is 60.2 percent. LASERS funded ratio has not fallen below 55 percent since 1989. In fact, LASERS funded ratio has been equal to or greater than 55 percent in 24 of the last 29 years.

System Funding	System earns at least 8.25%	System earns ARR ¹ , but not 8.25%	System does not earn ARR
Less than 55%	None	None	None
At least 55% but less than 65%	Lesser of 1.5% or CPI-U ²	Lesser of 1.5% or CPI-U	None
At least 65% but less than 75%	Lesser of 2% or CPI-U	Lesser of 2% or CPI-U	None
At least 75% but less than 80%	Lesser of 2.5% or CPI-U	Lesser of 2% or CPI-U	None
At least 80%	Lesser of 3% or CPI-U	Lesser of 2% or CPI-U	Lesser of 2% or CPI-U

¹ARR is the Assumed Rate of Return for the System, currently 8%.

²CPI-U is the Consumer Price Index – Urban.

Hurricane Season is Here! Are You Prepared?



Getgameplan.org is a great source for finding the things you need to prepare your family for a natural disaster. The website features checklists, tips on preparing a home emergency kit, a personal evacuation plan, and how you can prepare for electrical outages. A great way for retirees to prepare for a hurricane is to sign-up for direct deposit. By doing this, you never have to worry about the post office being closed or unable to deliver your paper benefit check again. *Form 04-05: Authorization for Direct Deposit* is available on the LASERS website, or it can be mailed to you.

The Board MEMO

Shannon Templet, 2014 Board Chair



With the close of the 2014 Legislative Session, I would like to recognize and thank my fellow Trustees, the dedicated LASERS staff, and legislators who worked diligently to pass the bills that the Board supported.

It takes many people to

achieve success in the legislative process and that includes our members who participate.

LASERS members should have received notification from the Office of Group Benefits (OGB) regarding a five percent monthly health plan premium increase. The increased rates will take effect July 1, 2014. Be aware that the change for active employees will be reflected in June paychecks. Retirees will experience the five percent increase

in their premium payment, and therefore decrease in their benefit payments disbursed at the beginning of July. If you have any questions, contact the Office of Group Benefits at 800.272.8451 (Toll-Free) or 225.925.6625 (Baton Rouge). The new rate sheet is available on the OGB website, www.groupbenefits.org.

I am pleased to report that the LASERS Operating Budget for the upcoming fiscal year was approved by the Joint Legislative Committee on the Budget (JLCB) in May. That budget includes funding for upgrades to our financial software programs and the imaging system used to track the many documents used in the retirement process.

If you use the LASERS website, take a moment to “Rate Our Website” by taking the survey on the home page. Your feedback is invaluable as we continually strive to improve our communications efforts.



Are You Being Proactive?

If you have not taken the opportunity to visit the Great-West Financial website for the latest tips and information on retirement readiness, do it now! *Build Your Nest Egg* was developed as an awareness initiative to help members plan for retirement without guaranteed cost-of-living adjustments (COLAs). To be retirement ready, you can take proactive and necessary steps to prepare for a potential gap in your personal income. Reviewing the Great-West educational resources can be helpful.*

Financial tips from Great-West and supplemental materials are also located on the Build Your Nest Egg page on the LASERS website. Tips include:

- 1. Deferred Compensation:** State of Louisiana public employees may choose to participate in the Louisiana Public Employees Deferred Compensation Plan, a 457 Plan that allows eligible employees to supplement their existing retirement/pension benefits by saving and investing before-tax dollars through voluntary salary contributions.

- 2. Finding Extra Dollars:** If you are finding it hard to start setting aside hard-earned cash for a better retirement, take some simple advice to impact your savings. Read about six easy ideas to help you.
- 3. Investing Early Can Make All the Difference:** Begin early in your career and see the difference between starting now or later in life. A chart is available from Great-West that shows a comparison.

Check out the *Listen LASERS Podcast: What is Deferred Compensation?* with host Darren Fournier and Connie Stevens from Great-West, as they discuss the benefits of participating in Deferred Compensation. The podcast contains ten minutes of helpful information that could inspire you to build a supplement to your regular retirement.



The first step is to take action to achieve your goals. For more information from Great-West, please visit www.louisianaDCP.com or call 800.937.7604.

**Your use of this information is strictly voluntary and has no direct connection to your LASERS defined benefit retirement plan. Consideration of these tips in your financial planning could lead to enhancement of your nest egg and help build a supplement to your regular retirement.*

Attend the LASERS Retiree Workshop

Seating is limited. Please register early.

When:

July 16, 2014, 9:00 A.M.–Noon

Where:

LASERS, Board Room, 4th Floor
8401 United Plaza Blvd.,
Baton Rouge, LA 70809

Return this form to:

LASERS
ATTN: Retirement Education
Department
P.O. Box 44213
Baton Rouge, LA 70804-4213

This workshop is for retirees only.

Program Includes:

- Executive Welcome
- Vendor Introduction
- LASERS Updates
- Investment Information from Great-West Financial
- Social Security Information
- Networking
- Fun Door Prizes

You may also register at www.lasersonline.org.
Under *Quick Links*, click on *Seminars*.

Retiree Workshop Registration Form:

Name: _____

Social Security #: _____

Date of Birth: _____

Home Address: _____

City: _____

State: _____ Zip: _____

Daytime Phone: _____

Daytime Fax: _____

Daytime Email: _____

Name of Spouse (if attending): _____

Special Needs: Wheelchair _____ Interpreter _____

Other _____

Greater Baton Rouge Food Bank **FOOD DRIVE:** Attendees, please bring one non-perishable food item to this Retiree Workshop to support Baton Rouge Food Bank.

WEP and GPO continued from page 2

So, what do the WEP and GPO mean for LASERS members?

If you have earned a LASERS benefit, and are entitled to receive a Social Security benefit based on your private sector earnings or the earnings of a spouse, your Social Security benefit may be reduced. Louisiana is one of seven states whose public employees do not participate in Social Security. Since our retirees do receive a government pension, the federal government has chosen to reduce the amount of Social Security benefits paid to our retirees.

The WEP reduces the amount of your Social Security retirement or disability benefit if you also receive a pension from LASERS. Keep in mind that if you had 10 years of eligible state service prior to September 1, 1985, the WEP should not apply to you. LASERS can provide you with what is known as a “first eligibility” letter that you can take to the Social Security Administration if you fit this exception.

The GPO reduces or eliminates the amount of your Social Security spouse’s or widower’s benefit if you also receive a pension from LASERS. It is important to note that your LASERS benefit is NOT reduced. The reduction is to your Social Security benefit and is required by federal law.

To find out more about the formulas used in calculating the reductions, whether you meet an exception which would allow you to avoid these offsets, and general information about the WEP and GPO, visit the Social Security website at www.socialsecurity.gov/gpo-wep. You may also read the *Medicare, Social Security Offsets, and Insurance* chapter in the LASERS Membership Handbook or view the LASERS six minute video, *Social Security Offsets* at <http://tinyurl.com/WEP-GPO>.

Join the SHIIP Volunteer Team!

The Department of Insurance Senior Health Insurance Information Program (SHIIP) is looking for computer savvy people to assist Louisiana’s Medicare beneficiaries.

Volunteer opportunities include:

- Counselor
- Recruiter
- Educator
- Data Entry
- Marketer

Visit www.lda.la.gov/SHIIP or call 1.800.259.5300 for more information.

Changing Your Retirement Benefit to Maximum Option

When you retired, did you select an option to pay a monthly benefit to someone else if you died? Has that beneficiary died? If so, your benefit can be increased.

Please complete *Form 10-07: Application for Change in Retirement Benefit Due to Death of Beneficiary*. Call a Benefits Analyst at 800.256.3000 or 225.922.0600 in Baton Rouge if you have questions.

For more information about the different retirement options, review the LASERS Membership Handbook on the LASERS website. Login to Member Self-Service to view your beneficiary designations, retirement plan type, and other personal information.

Leaving State Service BEFORE Your DROP End Date?

If you are a participant in the Deferred Retirement Option Plan (DROP) and plan to leave state employment **before** your DROP end date, you must notify your Human Resources Office as soon as possible to start the termination process.

You must complete *Form 09-02: Certification at the End of Employment*, which will be submitted to LASERS by your HR representative. Please do not contact LASERS directly to terminate employment; this directive must come from your agency.

You cannot exit DROP prior to your chosen ending date **unless** your employment is terminated.

More information can be found in the LASERS Membership Handbook and by viewing the LASERS Deferred Retirement Option Plan video. The handbook and video can be found on www.lasersonline.org.

Do You Know an Outstanding State Employee?

There are over 350 state agencies in Louisiana and LASERS features exemplary employees with various roles as a “Face of LASERS.” To nominate a worthy LASERS member, complete the nomination form on the LASERS website: www.lasersonline.org/FacesNominate.



**Employee
of the
1st Quarter,
2014
Mallory
Sharp**

Mallory is an outstanding LASERS employee and integral part of the Public Information Division (PID). She began her work at LASERS as a student intern, and her work was so exemplary, she was offered a full-time position in PID upon graduation from LSU.

Her commitment to LASERS goes beyond the typical 8 to 5 job. During the recent winter weather office closures, Mallory worked diligently to provide updates to LASERS members and staff, using social media and text messaging as communication tools.

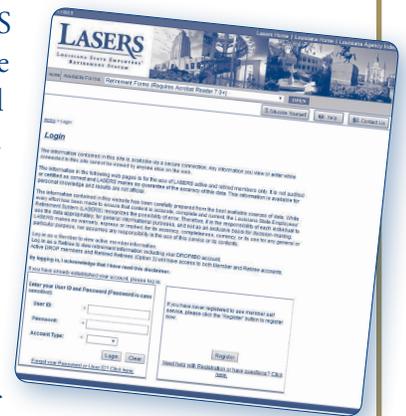
As the PID social media manager, she easily responds to many scenarios juggling different mediums with great skill. Mallory voluntarily monitors LASERS social media after hours to make sure inappropriate comments and spam are not posted.

Mallory also manages projects, such as Open Forum, with great attention to detail and dedication to the finished product. She takes initiative to learn new technology which enhances LASERS communication strategies internally and externally. She has become an excellent video editor and producer, utilizing her writing skills to create scripts and stories.

Mallory is also LASERS spokesperson for PID's new outreach initiative: *Millennials, Investing Now for Tomorrow*, known as MINT. We are proud of Mallory's work in PID and believe that she represents the future of LASERS. She is an exceptional employee and deserving of this recognition.

Check Out Member Self-Service

Active and retired LASERS members have secure access to their personal information through Member Self-Service on the LASERS website. Login or sign up now for general information about your retirement account. We encourage you to take advantage of this great LASERS benefit.



Use Member Self-Service to:

- View personal information such as birth date, address, phone numbers, and email addresses
- Maintain your phone and email addresses
- View your beneficiary designations and a summary of your account information, including your retirement plan type
- View your account history which includes your earnings, employee contributions, and eligibility
- View your recent applications or requests
- Create a benefit estimate or request a written estimate if you are within one year of retirement eligibility
- Create a repay refund estimate
- View and download your annual statement by calendar year
- View and download your 1099 tax documents
- Download forms and applications for common requests
- Create verification letters
- Maintain your tax withholding status
- Request an appointment with a LASERS representative

Retirees may also view retirement information including DROP/IBO accounts.



From the Desk of
Cindy Rougeou

LASERS Executive Director

I am happy to report that LASERS fiscal year-to-date investment return is 14.3 percent as of April 30, 2014, putting our current total plan value at over \$10.6 billion. Analyzing

long-term numbers, LASERS five-year annualized return was 14.4 percent. Our 30-year actuarial return exceeds eight percent, even though that time frame included both the down markets following 9/11 and the Great Recession.

LASERS investment team is to be commended for their expertise and ability to handle one-third of the investments internally, saving over \$9 million this year in fees. And their talents are not limited to finance. Congratulations to the staff for receiving a 2014 Platinum Hermes Creative Award for their design of the 2013 LASERS Annual Investment Report.

I encourage you to stay informed about LASERS because this is your retirement system and your retirement money! Take advantage of all of the information and resources we have available to deepen your understanding. The LASERS website is the absolute best source, with publications, videos, FAQs, press releases, social media

opportunities, and much more. If you have questions and cannot find the answers on the website, utilize our Ask LASERS feature to send an email, or call one of our knowledgeable Member Services Representatives. We have plans to expand our educational resources in the future, so be on the lookout for new announcements.

CAFR, PAFR Recognized

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to LASERS for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013, for the seventeenth consecutive year. To receive this certificate, a governmental unit must publish an easily readable and efficiently organized CAFR, which satisfies both generally accepted accounting principles and applicable legal requirements.

The GFOA also recognized LASERS with an award for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2013, for the fifteenth consecutive year. The PAFR presents, in a less technical manner, some of the major financial, actuarial, and other interesting information for the reporting year.

The Louisiana State Employees' Retirement System (LASERS) distributed this document digitally. No publication costs were incurred.

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