

The LASERS Vision:

*Confidence in our service, assuring
financial security for your future*

iBEAM

the LASERS Beam Interactive

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The Chairmen Speak Out



Representative
Kevin Pearson



Senator
D.A. "Butch" Gautreaux

With a heavy load of retirement related bills this session, the Senate and House leaders who head the Retirement Committee for the respective chambers have their hands full. Morgan City Senator Butch Gautreaux, a veteran leader of the Senate Committee on Retirement says "most people don't understand the significance of the decisions made by the legislative committees on retirement on the State's fiscal condition. We are making very difficult decisions to protect the very viability of the retirement systems. It is unfortunate that what is good for the system sometimes has a negative impact on the individual."

Senator Gautreaux adds that he has "serious concerns about the defined contribution legislation being offered by the Speaker. I expected the bill to have a Social Security component that would be a fall back for retirees. To depend only on investment earnings for a monthly retirement would be scary to me. If the stock market would go south before retirement, there might not be a job to rely on."

Slidell Representative Kevin Pearson, only two years into his term in the House, was named Chairman of the House Committee on Retirement in the early days of the session. He replaces former Chair Lafayette Representative

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Summary of Bills That Affect LASERS

The LASERS Board of Trustees is tracking legislation for the 2010 Regular Session of the Louisiana Legislature. The positions of the Board on bills (as of press time) are noted below. The bills are organized by category.

LASERS Sponsored

The following bills were introduced at LASERS request:

HB 453 – Robideaux, LASERS Sponsored

Establishes the Hazardous Duty Services Plan in LASERS:

- For new hires 1/1/2011 and thereafter
- 3.33% accrual rate
- 60 month FAC
- 9.5% employee contribution rate
- 80% survivor benefit if killed in line of duty
- 75% disability benefit if injured in line of duty

HB 517 – Robideaux, LASERS Sponsored

Clarifies that a 9.5% employee contribution rate applies for the Sergeant-at-Arms of House and Senate, the Clerk of the House, and Secretary of the Senate.

HB 518 – Robideaux, LASERS Sponsored

Clarifies the definition of "accumulated contributions" to include all amounts paid by a member excluding interest paid on the repayment of a refund.

HB 746 – Robideaux, LASERS Sponsored

Clarifies the method of calculation of 20 year actuarially reduced retirement for members who are in state service versus out of state service.

HB 1142 – Robideaux, LASERS Sponsored

Makes changes requested by the Board to conform with Internal Revenue Code requirements.



Impacts LASERS

The bills that impact LASERS are organized here in six categories:

Structural Changes

HB 748 – Pearson, Board Position: Support if effective date is amended

Requires calculation of normal cost of retirement benefits to be segregated by subgroups of members so that employer contributions are individualized.

HB 784 – St. Germain, Board Position: Oppose

Creates a specialty benefit plan for Office of State Fire Marshal employees of DPS&C.

HB 930 – Tucker, Board Position: Strongly Oppose (Mr. Kling, designee of the Treasurer, abstained)

Creates defined contribution plans for new hires as of January 1, 2011, to be administered by each of the four state retirement systems. Employees will contribute 10% of salary and employers will contribute 5.25%. Benefits are not guaranteed.

HB 931 – Tucker, Board Position: Strongly Oppose (Mr. Kling, designee of the Treasurer, abstained)

(Constitutional Amendment) Permits the legislature to establish a defined contribution plan for new hires.

HB 958 – Ligi & Appel, Board Position: Neutral; Request a study

For members hired after July 1, 2010, changes the anti-spiking provisions from 15% a year to 10% and uses a 10-year period for calculation of final average compensation.

HB 1103 – Tucker, Board Position: Support

Increases the employee contribution rate by .5% for LASERS members in specialty plans hired on or after July 1, 2010. Applies 15% per year anti-spiking rule and 60 month final average compensation period to specialty plan members hired after July 1, 2010.

HB 1229 – Tucker, Board Position: Oppose (Mr. Kling, designee of the Treasurer, abstained)

Creates the State Retirement System Investment Commission and consolidates the investment duties of the four state retirement systems into that Commission.

SB 602 – B. Gautreaux, *Board Position: Neutral*
Prohibits members of LASERS, TRSL, LSERS who have less than ten years of service on July 1, 2010, from participating in DROP.

SB 632 – B. Gautreaux, et al., *Board Position: Staff and actuaries are directed to work with authors*
Changes the mechanism for granting COLAs for retirees of state systems.

Investments

HB 54 – Arnold, *Board Position: Oppose if amended to track HB 516*

Renames the National Association of Securities Dealers to the Financial Industry Regulatory Authority in the statute dealing with Louisiana broker-dealers.

HB 516 – Arnold, *Board Position: Oppose*
Makes permanent the requirement that state retirement systems direct 10% of certain types of investments through Louisiana broker-dealers.

SB 594 – B. Gautreaux & Appel, *Board Position: Staff and actuaries are directed to work with authors*
Limits alternative investments to 20% of portfolio. Prohibits use of leverage in the purchase of direct real estate and new direct ownership of real estate after June 30, 2010, except for an office building for the system.

Forfeiture/Garnishment/Suspension

(Opposition to these bills by the Board is based on Federal Constitutional concerns)

HB 69 – Ligi, et al., *Board Position: Oppose*
(Constitutional Amendment) Provides for forfeiture of retirement benefits by public officials and employees who are convicted of felony acts associated with their positions.

HB 72 – LaBruzzo, *Board Position: Oppose*
Prohibits a public servant convicted of an office-related felony from receiving retirement benefits.

HB 73 – Ligi, et al., *Board Position: Oppose*
Requires forfeiture of public retirement benefits by any public employee or elected official who is convicted of enumerated state or federal felony public corruption acts associated with his office.

HB 143 – LaBruzzo, *Board Position: Oppose*
(Constitutional Amendment) Provides for forfeiture of public retirement benefits by certain persons who are convicted of felony acts associated with their positions.

HB 224 – Pearson, *Board Position: Oppose*
Requires suspension of public retirement benefits during incarceration.

HB 228 – Pearson, *Board Position: Oppose*
(Constitutional Amendment) Provides for suspension of public retirement benefits during a member's incarceration.

SB 11 – Appel & Ligi, *Board Position: Oppose*
(Constitutional Amendment) Provides for forfeiture of retirement benefits by public officials and employees who are convicted of felony acts associated with their positions.

SB 12 – Appel & Ligi, *Board Position: Oppose*
Requires forfeiture of public retirement benefits by any public employee or elected official who is convicted of enumerated state or federal felony public corruption acts associated with his office.

SB 13 – B. Gautreaux, *Board Position: Support*
Allows garnishment of retirement benefits of an elected official to pay fines or restitution imposed for a felony associated with his office.

Early Retirement

HB 71 – LaBruzzo, *Board Position: Oppose*
Allows for an increased benefit for LASERS members affected by Hurricane Katrina or Rita who took early retirement.

HB 189 – Richard & Kostelka, *Board Position: Neutral*
Provides for early retirement (10 years at age 50) of LASERS members with actuarial reduction of benefits. Provisions would sunset July 1, 2013.

SB 58 – B. Gautreaux, *Board Position: Neutral*
Allows a LASERS member to purchase service credit for purposes of retirement eligibility if they have attained the age at which they are eligible to retire but lack five years or less of service credit. Application must be made before August 31, 2010, payments by December 31, 2010, and retirement must be by February 1, 2011.



Beneficiaries

HB 225 – LaBruzzo, Board Position: Oppose

Allows a LASERS retiree to designate a trust created for a child as beneficiary of retirement benefits.

SB 14 – Appel, Board Position: Oppose

Allows a LASERS rehired retiree to change their beneficiary for supplemental benefits to their current spouse if their former spouse was their original beneficiary.

Miscellaneous

HB 96 – Richard, Board Position: Support

Creates a prestige license plate for retired state employees with fees going to the UAL.

HB 229 – Pearson, Board Position: Support

Requires a 2/3 vote of the Legislature to enact any changes to public retirement provisions having an actuarial cost.

HB 329 – Pearson, Board Position: Neutral

(Constitutional Amendment) Prohibits membership of certain part-time public officials in public retirement systems.

HB 330 – Pearson, Board Position: Neutral

Prohibits membership of certain part-time public officials in public retirement systems.

HB 391 – Robideaux, Board Position: Neutral; Suggest shortening of deadlines

(Constitutional Amendment) Requires notice of retirement legislation to be published at least 90 days prior to introduction of the bill. Requires retirement bills to be prefiled at least 60 days prior to start of regular session.

HB 392 – Hardy, Board Position: Neutral

Requires suspension of retirement benefits for rehired retirees in public retirement systems if rehired on/after July 1, 2010, and prohibits the accrual of additional benefits.

HB 662 – Pope, Board Position: Neutral

Relative to the La. School Employees' Retirement System, allows for a reverse transfer of service credit from the Teachers' Retirement System of Louisiana and LASERS.

HB 1092 – Harrison, Board Position: Neutral

Provides for allowances for legislative assistants. When a legislator employs only one legislative assistant that assistant may join LASERS.

SB 134 – B. Gautreaux, Board Position: Staff and actuaries are directed to work with authors

Moves the Public Retirement Systems' Actuarial Committee (PRSAC) from the Department of Treasury to the Legislature and makes changes to the mechanism by which it sets contributions rates and reports.

Employee of the Quarter: Casey Jackson



Since the day she first came on board, Casey Jackson has always had a smile and a "can-do" attitude. She has successfully transitioned into her role in Internal Payroll and Purchasing, with some Investment Accounting duties.

Casey is now an Accountant Supervisor 2 in the Financial Reporting section of Fiscal. She and her staff work hard to post cash receipts on time, monitor accounts receivable and collections, and work with Member Services to resolve member cost quote issues.

She works well with all LASERS divisions and brings insight and a positive attitude to each assignment. When not working in Fiscal, Casey helps plan LASERS functions and serves on the United Way committee. Casey is a true team player who symbolizes the versatility and adaptability needed for today's ever-changing technological environment. She maintains the "soft skills" needed for dealing with members, fellow co-workers, and others outside of LASERS.

Did you know...

If you select the Maximum Plan as a retirement option, you will receive the basic benefit, paid monthly for your lifetime.

It does not pay a monthly benefit to your spouse, or other dependents. Should you die before your member contribution account is depleted, your beneficiary receives a lump sum payment of your remaining member contributions.

THE BOARD MEMO

Charles Castille, 2010 Board Chair



I am honored and pleased to serve you as the new LASERS Board of Trustees Chair for the current year. As Chair of the Board's Legislative Committee, I am dedicated to helping guide the system through a particularly demanding time. As you will see in this edition of the Beam,

the Board has carefully reviewed every piece of legislation that could potentially affect LASERS, and taken a position based on what is in the best interest of the System. With 35 years of service at the Department of Health and Hospitals, I have seen firsthand what a valuable resource public servants are for state government and all Louisianans.

Having recently joined the ranks of the retired, I am also seeing the benefits of a defined benefit plan that provides a solid base for members throughout their retirement years.

One thing I've learned these past few weeks is that life doesn't seem to slow down once you retire; rather it offers an entirely new choice of opportunities. It makes me thankful for the years I've been on the LASERS Board where I was able to see all the advantages of planning for my own future before my last day on the job arrived.

Did you know that LASERS has a **Pre-Retirement Education Program (PREP) Seminar series** designed to help members make informed decisions about their retirement plans? All members of LASERS are encouraged to attend this workshop at any time in their career. For the convenience of LASERS members throughout the state, the **2010 PREP Seminar schedule** is available on the LASERS website at www.lasersonline.org.

All PREP Seminars are held from 8:00 a.m. until 3:30 p.m. Topics covered include the Deferred Retirement Option Plan (DROP) and the Initial Benefit Option (IBO), eligibility for retirement, and purchase of service credit. Don't wait till you are ready to retire to attend! I look forward to continuing to serve you, our system, and the State.

DROP or IBO? Which Is Best For You?

The Deferred Retirement Option Plan (DROP) is an optional method of retiring. During participation, retirement contributions stop and you accumulate money in an individual account based on the amount you would have received as a monthly retirement benefit had you terminated employment. You can participate in DROP only once for a period of up to 36 months.

The Initial Benefit Option Plan (IBO) is another optional method of retiring. Like DROP, this plan allows you to retire with a "nest egg," but unlike DROP it is selected at the time of retirement. You may elect to receive a lump sum payment of up to 36 times your maximum monthly retirement benefit. Your retirement benefit will then be actuarially reduced based on the amount of the lump sum chosen.

So, which plan is best for you? Before you decide we strongly urge you to obtain estimates of the benefits that you would receive under each scenario.

You can receive that information in a personal appointment, through the mail, or by visiting our website **Member Self-Service** at www.lasersonline.org.

DROP Lawsuit

Act 714 of the 2008 Session of the Legislature would have authorized changes to the current DROP program. However, the legislation required LASERS and the Teachers' Retirement System of Louisiana to file a lawsuit asking the Court to declare the legislation to be constitutional.

On February 23, 2010, the lawsuit was dismissed on the grounds that there is no justiciable controversy or real dispute between the parties. Because the effective date of Act 714 is contingent on a judgment declaring the act constitutional, the act cannot and will not go into effect. The current law therefore remains in effect and DROP is not changed.

Furlough Facts

LASERS has recently received a number of questions related to the effects on retirement benefits that may be caused by furloughs, forced salary reductions, and other measures employers may take during these difficult economic times.

LASERS is a Defined Benefit Plan, using a formula that takes into account average annual salary at the time of retirement, years of service, and accrual rate. This benefit is constitutionally protected, but there are factors, such as furloughs and/or salary reductions that can affect a member's benefit, especially if that member plans to retire in the near future.

FAQs About Furloughs, Reduced Hours, Leave without Pay and Part-time Employment

1. If I have been furloughed, can I purchase service credit for the time spent away from my job?

Yes. If you are employed at a public college or university or by the governing or management boards of a public college or university and you are involuntarily or voluntarily furloughed without pay as a result of budget reductions, you have the option of remitting contributions during this period. You should contact your employer for further information. Others who are furloughed may purchase leave without pay once the leave has ended (see next question).

2. If I have been placed on Leave Without Pay (LWOP), can I purchase service credit for the time spent away from my job?

Yes. You can purchase service credit for LWOP once your leave has ended. The credits must be purchased prior to retirement, and you can purchase no more than five years of credit for time not worked, which includes Leave Without Pay, Air Time, etc. When you purchase LWOP you are purchasing "service credit," not "salary credit;" therefore, the purchase will not impact your final average compensation for retirement purposes.

3. Should I purchase LWOP if I am only on unpaid leave for a few days?

Since LASERS rounds service credit, the purchase of LWOP may not be to your advantage. Contact a LASERS Member Services Representative for assistance in determining if the leave will cause your service credit to be reduced for that year.

4. What happens to my service credit in LASERS if I am classified as part-time?

If you are classified as part-time, you will receive pro-rated service credit based on your actual earnings received and the full-time rate of pay you would have earned had you worked on a full-time basis. You will also receive full-time retirement eligibility credit for the time worked as a part-time employee if you work for a minimum of 11 months during that year.

4. What happens if I am classified as part-time working less than 20 hours per week?

If you are working less than 20 hours per week, you may not participate in LASERS, unless you have a minimum of 10 years service credit. You must work more than 20 hours a week to be eligible for LASERS membership if you do not have the necessary 10 years of service credit.

5. What happens to my final average compensation if I work on a part-time basis for the entire year?

If you work on a part-time basis, you will receive a prorated service credit, but will receive the benefit of your full-time salary for the purpose of determining your final average compensation.

6. What happens if I am permanently released from my position?

Regular "rank-and-file" employees who terminate employment may be eligible for retirement, depending on their actual years of retirement credit. Retirement will provide a monthly, lifetime benefit. Eligibility requirements for retirement are 10 or more years at the age of 60, 20 or more years at any age (actuarially reduced benefit), 25 or more years at age 55, or 30 years at any age. If you are eligible for retirement, your benefit may be higher if you apply for retirement while in state service. If you do not have the necessary years of service or age to retire when your state employment ends, you may choose a refund of your accumulated contributions. However, when you request a refund of your contributions you also forfeit all prior service. Anyone who became or becomes a member of LASERS on or after July 1, 2006, will join the "new" plan which requires contributions at an 8 percent rate instead of 7½ percent rate, has retirement eligibility of 10 or more years of service at age 60 only, and will have their retirement based on 60 months of earnings rather than 36 months of earnings. Therefore, if you are terminated from employment and plan to become re-employed at some future date a refund may not be the right choice for you.

(The Chairmen Speak Out, continued from page 1)

Joel Robideaux who was elected to the position of Speaker Pro Tempore. Pearson says the challenges of bills affecting the retirement systems aren't necessarily negative, adding "I think it's healthy to look at alternatives. We need to be on the cutting edge of shepherding the State's dollars and serving the interest of public servants. But, I also feel LASERS has been incredibly responsible making prudent adjustments for example, implementing Act 75 of 2005 as approved by the legislature." (Act 75 established changes for new rank and file members that reduced debt and pension costs and increased employee contributions and minimum retirement age).

On advice to system members, he says "stick to your job, do what you're doing, stay the course. Don't think the legislature is there to punish you." Senator Gautreaux points out that retirement issues are complicated, and often difficult for lawmakers and the public to sort out. He pledges that in the end "I am prepared to do my best to insure the safety and viability of the State and public retirement systems. I expect with the right support from the Governor and legislative leadership, we will not only survive this fiscal crisis, but be a better state for it."

WEP/GPO Exemption

If you are a member of LASERS and have either contributed to Social Security or are the spouse of someone who contributed to Social Security, you may be entitled to a Social Security pension in addition to your LASERS retirement pension.

There are two specific Social Security offset provisions that must be considered. The Windfall Elimination Provision (WEP) will cause your Social Security benefit to be decreased if you receive a LASERS benefit. But, if you were eligible for a LASERS retirement pension prior to September 1985, even if you had not retired by that date, you may be exempt from this offset.

The next provision, the Government Pension Offset (GPO), relates to a spousal or widow(er)'s pension. Again, the GPO can reduce your Social Security benefit if you receive a LASERS benefit. But, if you were eligible to receive your LASERS pension prior to December 1982, even if you had not retired by that date, your spousal pension may not be offset.

If you think you may be exempt from the offsets, the Social Security Administration (SSA) can provide you with a form to be submitted to LASERS so that we may verify the date you were first eligible for retirement with this system. This information will then be used by SSA to determine if an offset should be applied.

(seating is limited so please register early)

Attend the LASERS Retiree Workshop

WHEN:

July 21, 2010, 9:00 A.M.-12:00 noon

WHERE:

Louisiana Retirement Systems Building
4th Floor Board Room
8401 United Plaza Boulevard
Baton Rouge, LA 70809

PROGRAM INCLUDES:

- Social Security Information
- Investment Information
- Networking

Return this form to:

LASERS

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

This workshop is for retirees only.

If you would like to attend, you may complete and mail the registration form below or contact our Customer Service Department @ (225) 922-0600 / (800) 256-3000.

Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

E-mail Address: _____ Phone Number: _____

Will spouse be attending? Yes No

If yes, please give name: _____

Name of Last Employer: _____

Social Security Number: _____ Date of Birth: _____

Special Accommodations: Wheelchair: Interpreter:

Other: _____

If you are an active state employee, you may attend a Pre-Retirement Education Program (PREP). Information on retirement, investment information, social security, and health insurance is included in the program. You may register for PREP online at www.lasersonline.org under SEMINARS on the homepage.

From the Desk of Cindy Rougeou

LASERS Executive Director



RSEA President Fern Foster, LASERS Executive Director Cindy Rougeou, RSEA Baton Rouge Chapter President Lorry Trotter, RSEA Executive Director Allen Reynolds and LASERS and RSEA Board Member Connie Carlton, participated in the March 2010 RSEA statewide tour where legislative issues were discussed.

The 2010 Regular Legislative Session, now underway in Baton Rouge, has generated an unusually long list of bills which would have an impact on LASERS. Our Board of Trustees and Executive Team have been pre-

paring for months for this challenging time at the Capitol. You will note on previous pages LASERS position on each proposal as determined by the Board.

One of the issues high on the Board's list for concern is **House Bill 930**, which is authored by House Speaker Jim Tucker. It establishes a mandatory defined contribution (DC) plan for any state retirement system member first employed or re-employed on/after January 1, 2011. This change from the current defined benefit (DB) plan now in place for employees is said to reduce state financial risk and bring the state in line with the private sector, where IRA-type defined contribution systems are the norm.

IRA-type plans are a norm in the private sector, but so is Social Security. Too often forgotten is that state employees are not in Social Secu-

rity. They do not have that form of a defined benefit, and are dependent on their LASERS pension. In a DC plan, their entire retirement plan will depend on their investment choices, increasing the likelihood of their dependence on public assistance, thus more cost and risk to the state. Recent studies have found DB plans are more efficient and effective than DC plans, with DC plans having higher administrative costs. Our Board of Trustees has also noted that the proposed legislation would provide no short-term savings for the State, no debt reduction for the system, and no definitive long-term financial savings for the State.

For the latest information on the status of this bill, and all those being followed by LASERS this session, please go to our website at www.lasersonline.org.

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