

LASERS

Louisiana State Employees'
Retirement System

Quarterly Membership Newsletter

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The LASERS Vision:

To improve the quality of life of
LASERS members and their families
by increasing their financial security

iBEAM

the LASERS Beam Interactive



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COLA Granted to LASERS Retirees

Louisiana legislators approved a request from the LASERS Board of Trustees to grant a cost-of-living increase (COLA) of three-percent for all eligible LASERS retirees and beneficiaries. The increase went into effect July 1st.

This is the third COLA authorized in as many years, thanks to the outstanding performance of the LASERS investments program and the hard work of our legislative team. House Concurrent Resolution 2, by Representative Joel Robideaux of Lafayette and Senator Butch Gautreaux of Morgan City made the COLA possible.

"We are thankful for the continued support of our legislature," said LASERS Executive Director Cindy Rougeou. "We are grateful that both Representative Robideaux and Senator Gautreaux, chairmen of the retirement committees of the House and Senate, saw the need for this adjustment. With the ever increasing cost of living, this COLA, though modest, helps to meet a critical need."

To be eligible for the 2008 COLA, a regular LASERS retiree must be retired for one year and have reached the age of 55 prior to July 1st. A beneficiary is eligible for the COLA if the deceased relative would have turned 55 as of June 30, 2008, and if retiree or survivor benefits have been paid since June 30, 2007.

A COLA is possible only when the LASERS Employee Experience Account contains sufficient monies to fund an increase. The funds in the Experience Account come from excess revenues generated by the LASERS investment program. Fifty percent of investment earnings above the legislatively mandated 8.25 percent minimum return are deposited into the Experience Account each year until the balance is sufficient to fund a COLA. This year, the account contained adequate funds to support the three percent total increase authorized by the legislature.

Acts of the 2008 Regular Session of the Louisiana Legislature Affecting LASERS and its Members

The 2008 Regular Session of the Legislature concluded on June 23, 2008. LASERS had an extremely successful session with the passage of six of the seven LASERS sponsored bills. Of the eleven opposed by the LASERS Board, ten failed.

What follows are summaries of the measures which have the potential to affect LASERS and its members.

House Concurrent Resolution 2 of 2008 grants approval of a three percent cost-of-living increase (COLA) requested by the LASERS Board of Trustees. Over 33,000 retirees and beneficiaries will be eligible for this benefit.

House Resolution 78 of 2008 requests the legislative auditor conduct a performance audit of the four state retirement systems (LASERS, TRSL, School Employees', and State Police) to determine whether and to what extent such systems are in compliance with present law, which requires the systems to direct 10 percent of trades of certain domestic equities and fixed income investments through Louisiana broker-dealers.

House Resolution 165 of 2008 requests the House Committee on Retirement and the House Committee on Health and Welfare to meet jointly to consider the issue of allowing the rehiring of psychiatric nurses from state medical facilities.

House Study Request 14 of 2008 was submitted to the House Committee on Retirement to study issues relative to cost-of-living adjustments (COLAs) for teachers and state employees.

Act 259 of 2008 (House Bill 229) cleans up existing legislation with respect to the number of years for retirement eligibility in the corrections secondary component of the Louisiana State Employees' Retirement System. Employees in this system can retire at age 60 with 10 years of service.

Act 260 (House Bill 230) provides a pop-up provision after the death of the named beneficiary such that the member's benefit will increase to the actuarial maximum based on the date of death rather than the date of notification of death. Of course, LASERS must still receive notice of the death of the beneficiary.

Act 262 of 2008 (House Bill 233) cleans up Act 75 of the 2005 Regular Session. The disability accrual rate will change from 1.8 percent to 2.5 percent for employees hired after July 1, 2006.

Act 312 of 2008 (House Bill 1078) allows LASERS to bring our maximum retirement benefit allowance statute into compliance with federal law, specifically Internal Revenue Code §415. It removes reference to "social security age" in calculating adjustments to retirement benefits. It changes base-line used for adjustments from \$90,000 to \$160,000 to be consistent with the Internal Revenue Code. In addition, under the Internal Revenue Code, public safety officers are now exempt from benefit adjustments for early retirement.

Act 714 of 2008 (House Bill 89) allows members to choose whether their Deferred Retirement Option Plan (DROP) account will be managed by LASERS or by the third party provider during the interest accruing time of the account. This bill also allows those who were eligible for DROP on/after January 1, 2004, to elect to keep their DROP account in the self-directed plan through the third party provider (Great-West) or to move that account back to LASERS and earn interest at the system realized rate of return. The System is directed by the legislation to file a lawsuit for a declaratory judgment on issues raised by an Attorney General opinion concerning losses in a DROP account and whether there can be a waiver of the constitutional rights to a benefit. *The Act is effective on July 1, 2009, or 60 days after a final judgment, whichever is later.*

Act 838 of 2008 (House Bill 1063) permits a legislative assistant who receives at least 60 percent of the maximum salary authorized for the primary legislative assistant of the legislator to qualify for state group benefits and LASERS benefits.

Act 740 of 2008 (House Bill 1068) provides retirement eligibility for certain enforcement personnel within the Office of Alcohol & Tobacco Control of the Department of Revenue and provides for funding. This bill would apply to any full-time law enforcement personnel, supervisor, or administrator who is employed within this division on or after June 30, 2007. The individual must be P.O.S.T. certified and have the power to arrest. Employees within this office will be eligible for retirement with 25 years of service at any age, 10 years of service at age 60, and 20 years of service at any age, with an actuarially reduced benefit.

Bills to Repeal Social Security Offsets for Public Pension Members Remain Stalled in Congress

While there seems to be widespread support for the repeal or reduction of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO), the cost of the repeal appears to be a major stumbling block. According to the most recent estimate, undoing the WEP and GPO could cost as much as \$80 billion dollars.

The WEP and GPO are provisions of federal law that reduce the Social Security benefits to recipients who also receive public pension benefits. Both measures were approved by Congress in 1983 as part of an effort to address a looming Social Security insolvency. Legislation to eliminate the WEP and GPO now wait in both the Senate Finance Committee and the House Ways and Means Committee. Louisiana Senators Mary Landrieu and David Vitter are co-sponsors on the Senate side. In the House, Congressmen Rodney Alexander, Charles Boustany, Charlie Melancon, Donald Cazayoux, William Jefferson and Steve Scalise have signed on as co-sponsors.

"The price tag is the problem." says Jessica Stewart, legislative assistant for Congressman Melancon. WEP and GPO were designed to prevent overgenerous Social Security

payments to workers who also had non-Social Security covered employment.

It has been estimated by the National Association of Retired Federal Employees that 60,000 Americans are penalized by WEP each year.

The WEP acts to reduce your Social Security benefit if you have worked in both the public and private sector and are eligible to receive pensions from each. Social Security benefits are based on a complex formula. That formula is modified for those who receive a LASERS benefit, reducing the Social Security benefit. But, if you were eligible to retire before September 1, 1985, LASERS can provide a letter verifying your earliest retirement date that you can provide to Social Security to impact the offset.

Under the GPO, if you receive a LASERS pension and your spouse received Social Security benefits you will usually receive no Social Security widow/widower benefit.

There are exceptions that may affect your benefits under both the WEP and GPO. You should contact the Social Security Administration about your particular situation.

Boudreaux Joins LASERS as Assistant Director



On July 14th, LASERS welcomed Trey Boudreaux as the agency's new Assistant Director. Trey comes to LASERS from a position as Undersecretary of the Department of Corrections. A 1991 graduate of LSU with a B.S. degree in Marketing, he also spent time in the Attorney General's office as a budget analyst and began his career in state government as a research analyst for the Legislative Fiscal Office. Trey went back to school at night to get his Master's degree in Public Administration from LSU. A native of Franklin, Trey and his wife Janet have three children, William, Caroline and Maggie. When he's not spending his free time with family, Trey likes to golf or hunt. Trey says he's looking forward to the challenge of his new position and a long, successful career at LASERS.

Welcome aboard Trey!

Employee of the Quarter: Brianna Beard



LASERS Public Information Division Graphic Designer Brianna Beard is Employee of the Quarter for the second quarter of 2008.

Brianna is a Baton Rouge native who's been putting her signature on LASERS printed materials, including correspondence and brochures for the last several years, the first two as an intern, the rest as a full-time employee for the Public Information Division. She is a December 2007 graduate of Louisiana State University with a bachelor's degree in Fine Arts and a concentration in Graphic Design.

For the months that PID was without leadership from a Division Director, Brianna showed initiative by continuing to process key documents so that everything could be disseminated in a timely fashion. Always willing and eager to help, even if it is to take a picture on a moments notice, Brianna designed the covers for last year's LAPERS Conference materials and did so again this year.

A valuable asset to LASERS, Brianna often paints in her spare time, showing the inspiration and creativity she shares with us as a member of the LASERS team.

THE BOARD MEMO

Sheryl M. Ranatza, 2008 Board Chair



cal integrity of government and the financial security of employees and citizens of government require that the public pension systems be maintained on a sound actuarial basis. This legislative statement echoes the mandate of the Louisiana Constitution which requires the actuarial soundness of public retirement systems.

Board members are well schooled in their responsibilities. In fact, every year trustees attend a minimum of eight hours of investment training, two hours of information about actuarial science, one hour of training on laws, rules, and regulations that apply to LASERS, plus one hour of instruction on ethics and fiduciary duty.

Being a fiduciary to the retirement system means that a trustee must discharge his or her duties in the exclusive interest of the members and beneficiaries of LASERS. Funds of the system are only used to provide benefits to participants and beneficiaries and pay the expenses of administering the plan.

In addition to being a fiduciary, each trustee is charged with acting

on behalf of LASERS with the same care, skill, and diligence of a prudent institutional investor. But, in making investment choices, the legislature has limited investments in equities to 65 percent, if at least 10 percent is invested in one or more index funds. One of the most important decisions made by your board of trustees is how to best allocate the assets of the system in order to minimize risk and maximize returns. This decision is made with a long-term investment horizon in mind and with the advice of professional staff and a nationally respected outside consultant.

In these uncertain economic times, we feel the weight of the responsibility we accepted when we took a seat on your board. While the details of the protections of the LASERS trust fund contained in Louisiana law are numerous, our pledge is comparatively simple. We are dedicated to protecting your contributions and maximizing your return. With our eye on the future, we serve you with confidence today.

High gas and grocery prices and other cost-of-living expenses are a concern for all of us. Now perhaps, more than ever, active and retired members of LASERS can find comfort in the fact that some hard work is being done to contribute to the long term financial health of the LASERS trust fund.

Every day, members of the LASERS Board of Trustees are focused on the fiduciary and investment responsibilities entrusted to them by the Louisiana Legislature. The legislature recognized that the fis-

LASERS PREP Schedule



August 6

Shreveport

August 7

Alexandria

August 12

Lake Charles

August 13

Lafayette

August 21

Baton Rouge

September 10

New Orleans

September 11

Hammond

September 25

Baton Rouge

the **DAILY BEAM**

The official Weblog of the Louisiana State Employees' Retirement System

For up-to-date information and breaking news stories affecting your retirement.

Did you know...

you can register for LASERS Seminars online?

Just go to the website www.lasersonline.org and click on the Seminars link on the right-hand side of the page.

Suspect Fraud?

The Louisiana Stamp Out Fraud Hotline

1.866.372.8305

The hotline will provide appropriate information to the LASERS Audit Division.

LASERS to Offer RRM Workshops Through CPTP Training Program

In cooperation with the Department of Civil Service and the CPTP Training Program, LASERS is pleased to announce that Retirement Reference Manual (RRM) Workshops will be offered through the State Civil Service CPTP program curricula.

The RRM course is titled, "Module 7: LASERS/Agency Training/Retirement Reference Manual Workshop." The first class will be held on August 14, 2008, in Baton Rouge. In this case, class enrollment hit the maximum number of attendees at least six weeks prior to the class date.

The one-day class is designed to update and familiarize Human Resources personnel with the many aspects of LASERS from enrollment of a new hire to the processing of paperwork for the payment of benefits.

You can register for future classes by visiting the CPTP website at www.doa.louisiana.gov/cptp/by_city.htm. In order to register for Module 7, you must complete the CPTP course registration form and follow normal CPTP enrollment procedures.

If you have questions, please contact LASERS Retirement Education Consultant Janet Harris at (225) 922-0600 in the Baton Rouge area, or statewide toll-free at (800) 256-3000.

From the Desk of Cindy Rougeou

LASERS Executive Director

It was exciting for the LASERS legislative team to begin the 2008 Regular Legislative Session with a new administration and a legislature with a large share of brand new faces. We were very successful in getting the majority of our initiatives through the process. However, as is true with every session in Baton Rouge, you always celebrate victories along with some regrets for proposals that failed to make it to the governor's desk.

This year, we experienced what we hope will be a temporary setback on a measure that we believe is a comprehensive piece of landmark reform legislation that will do something very good for thousands of law-enforcing state employees with no additional cost to LASERS. Significantly, the plan will also provide hazardous duty retirement for our members who perform that service but who are currently in the rank and file plan.

The proposal, called the Hazardous Duty Services Plan, (i.e. Haz Plan), would consolidate into one uniform plan nearly a dozen plans for hazardous duty services employees that now exist under state law.

At this point, all of these employees are covered by a hodgepodge of plans that have been developed independent-

ly of each other over the years. This patchwork has resulted in numerous inequities between the various plans covering those involved in performing hazardous duty services.

Details of the proposal were included in HB 1084, sponsored by Lafayette Representative Joel Robideaux. A companion bill, HB 1077, which would have paved the way for employees in existing plans to transfer to the new plan, was also introduced by Representative Robideaux. As HB 1084 made its way through the process, several amendments were added that raised constitutional, equity and funding concerns. For those reasons, it was decided that we should instead regroup for the next regular session, using the interim to further educate lawmakers and members about the need for this long overdue landmark legislation.

HB 1077 did make it to the Governor's desk, but since it was meaningless without HB 1084, LASERS supported a request from Representative Robideaux to Governor Jindal to veto the bill, which he did.

With a legislature and administration committed to reform in Louisiana, we are confident that we can make a strong case for putting everyone on a level playing field when it comes to the employees of the state who are called on to put their lives and personal safety on the line. The Hazardous Duty Services Plan is a remarkable concept, something we simply cannot let go. We will be back.

This public document was published at a total cost of \$11,064.84 or about 10 cents a copy. One-hundred and three thousand copies of this public document were published in this first printing at a cost of \$11,064.84. The total cost of all printings of this document, including reprints is \$11,064.84. This document was published by the Louisiana State Employees' Retirement System to disseminate plan benefit information to its members and to Louisiana policymakers under authority of La. R.S. 43:31. This material was printed in accordance with the standards of printing for state agencies established pursuant to La. R.S. 43:31. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.