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Shreveport, LA 71101

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Dear Sir:

The recent Chamber of Commerce Legislative Wrap-Up included discussion about the soundness and future of the state retirement systems. Here I address some misconceptions.

First, be assured that LASERS, the retirement system for state employees, is not "going broke." Last year our investments returned 24.3%, the highest yield in our history. We added \$3 billion to our fund.

With respect to benefits, the average benefit for regular retirees is around \$21,000 annually. And our members do not participate in Social Security, making the LASERS defined benefit their sole retirement security.

Last year, in the 4th Congressional District, we paid out \$66 million in benefits to over 4,000 recipients, funded primarily (62%) from our investment returns. These benefits act as an economic driver.

A defined contribution plan (DC) costs more than our defined benefit plan. A 401K provides no retirement security without Social Security. If the State offered a DC plan and Social Security the state would be paying more than it pays now for the accruing benefit. And it would not reduce constitutionally required debt payment which generates the cost burden.

The greatest portion of the debt came from the failure in decades past of the state to make its required employer contribution. Our investment returns impact the size of the debt. While our returns during the Great Recession added to the debt, on three recent occasions, our excellent returns aided in reducing it.

The LASERS defined benefit plan ensures a modest yet secure retirement for those who contribute a career to public service.

Cindy Rougeou
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