

The LASERS Vision:

Confidence in our service,
assuring financial security
for your future

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Acts of the 2012 Regular Session

This is how the summer 2011 issue of The Beam described the close of the legislative session last year, "on retirement issues, the 2011 Session of the Louisiana Legislature may be known more for what didn't happen than what did." Considering the close of the 2012 Regular Session, that is an absolute understatement. Without a doubt, this year's session was the most challenging in the history of LASERS.

FAC Many retirement bills were included in the Administration's pension package that could have had an adverse impact on LASERS members. The most controversial bills, opposed by the LASERS Board, would have provided for a 60-month Final Average Compensation (FAC) and 15 percent anti-spiking rule (SB 47), increased the employee contribution rates for LASERS members by two percent (SB 52), increased the minimum retirement eligibility for some employees to age 67 (SB 749), and required that the system be 80 percent funded before a COLA could be granted (SB 740). These four measures failed to pass. Many other retirement bills affecting LASERS members failed as well. For a detailed list, please refer to the LASERS website.

COLA

The most significant bill to pass the House and Senate creates a cash balance plan for non-hazardous duty members whose first employment making them eligible for membership occurs on or after July 1, 2013 (HB 61).

House Bill 61

Governor Jindal issued vetoes on June 8 for HBs 38 and 988 following official requests by the LASERS Board of Trustees. HB 38 would have required forgiveness of a debt owed a pension system, and if enacted, could have set a troubling precedent for all public retirement systems. HB 988 would have provided enhanced retirement benefits to a targeted segment of LASERS members, and provided unfunded retroactive and future enhanced retirement benefits to a small segment of the hazardous duty services.

Acts continued on page 2



Acts continued from page 1

Several retirement bills passed the House and Senate, but require a constitutional amendment to be presented to voters at the November 6, 2012 election. HB 9, if passed, will authorize the forfeiture of public retirement benefits by a public servant convicted of a felony associated with their public service. HB 10 sets forth the statutory framework to institute forfeiture of public retirement benefits if the constitutional amendment in HB 9 passes. SB 21, if passed, will require that retirement bills be prefiled by the 45th calendar day prior to the first day of a regular session, and that public notice of retirement bills be published at least 60 days prior to introduction.

Other passed measures include a sales and use tax rebate bill that was amended to direct certain funds to the Unfunded Accrued Liability (HB 754); the funds sweep bill that took over \$3.7 million from the Adult Probation & Parole Officer Retirement Fund (HB 822); and increased educational requirements for retirement system board members, which includes an amendment to allow members of the Optional Retirement Plan (ORP) to regain membership in the defined benefit plan (SB 16).

At this printing, three bills have been signed into law by the Governor. SB 2/Act 224 allows the Chairs of the House and Senate Retirement Committees, who sit as

ex officio members of retirement system boards, to designate legislative staff members to attend executive session meetings of the boards. SB 39/Act 346 adds employees of the Lafitte Area Independent Levee District to those eligible for LASERS membership if the board of that body adopts a resolution by October 1, 2012. SB 48/Act 113 adds the Commissioner of Administration, or his designee, to the boards of trustees of the LASERS, Teachers' Retirement System of Louisiana (TRSL), and Louisiana School Employees' Retirement System (LSERS) retirement systems.

Please note that even though some of these bills have passed the House and Senate, they are not yet acts and, other than the Constitutional Amendments, are still subject to gubernatorial veto. For up-to-date statuses, summaries, and LASERS Board positions, visit the LASERS website.



Stay Updated Online

www.lasersonline.org/legislation2012



Monthly Health Plan Premiums to Decrease by Seven Percent

In the coming weeks, active state employees and retirees will begin paying seven percent less in monthly premiums for health coverage through the state Office of Group Benefits (OGB).

OGB health plan premiums are deducted from employee paychecks a month in advance, so state workers' July paychecks will reflect the change resulting from lower premiums. Retirees' benefit checks disbursed at the beginning of August also will reflect the change.

View the updated premium rates at:
www.tinyurl.com/OGBrates



RSEA 4th Annual Convention RETIRED STATE EMPLOYEES ASSOCIATION OF LOUISIANA

October 1-3, 2012 *Retirees Make a Difference*

Crowne Plaza Hotel | 4728 Constitution Ave. | Baton Rouge, Louisiana

Contact: **Patsy Austin** • 225.675.6359 or 225.806.2899 • www.rseala.com



One way to describe the 2012 Legislative Session and the proposed retirement bills is disturbing. I felt a great sense of relief when the Session ended. All of the bills that would have negatively

impacted our current members died on the House or Senate Calendar.

With respect to our retirees, my greatest concern was SB740, known as the cost-of-living adjustments (COLA) bill. For the past several years, the LASERS Board has identified the funding of COLAs as a critical issue facing the System. As a Board, we are seeking a legislatively enacted mechanism to fund and grant COLAs in a dependable and actuarially sound way for eligible retirees. I was appalled to learn that, if passed, SB 740 would in effect, end COLAs for the foreseeable future for our rank-and-file members. One estimate from the Administration's staff was 10 to 15 years before a COLA could be granted, based on the requirement that the System must be 80 percent funded. How could those retirees, whose average benefit is \$22,000 per year, survive for 10 to 15 years without a COLA? The thought is highly disturbing; the reality more so. Thankfully, we will not have to address that question this year because the bill failed.

Many of our active and retiree members were frightened about the implications of the proposed retirement

legislation. LASERS received hundreds of phone calls and emails seeking information and reassurance. As mentioned above, we are so pleased that the legislature chose to honor those commitments and promises made to our members.

Several of the bills to pass will affect the LASERS Board. SB 16 increases the educational requirements for the LASERS Board; therefore, Trustees will be taking more hours in Actuarial Science, Laws, Rules, & Regulations, and Fiduciary Duty/Ethics. SB 2 provides that designated legislative staff may attend executive sessions of our Board meetings. SB 48 adds the Commissioner of Administration, Paul Rainwater, to the LASERS Board. I wish to welcome Commissioner Rainwater and look forward to working with him to serve the needs of our members and retirees.

Finally, the LASERS Board of Trustees asked Governor Jindal to veto HB 38, which would have required forgiveness of certain debts owed a pension system. The legislation would have exempted any retired Municipal Employees' Retirement System (MERS) members, who were also members of LASERS, from having to repay erroneously received retirement benefits. This section of the bill set a dangerous precedent and could have negatively impacted all public retirement systems. We also asked Governor Jindal to again veto legislation (HB 988) that would have provided unfunded retroactive and future enhanced retirement benefits to a small segment of the hazardous duty services. The Governor complied and vetoed both of these bills.

LASERS Board Welcomes Judge William Kleinpeter as Active Member Trustee

Judge William Kleinpeter was appointed to serve on the Board of Trustees of the Louisiana State Employees' Retirement System (LASERS) on Friday, February 24, 2012. He replaces Sheryl Ranatza, who resigned as an active member Trustee in January.

Judge Kleinpeter has served as City Court Judge of Port Allen for 21 years. Prior to his election, he was an Assistant United States Attorney for the Middle District of Louisiana. He earned a Bachelor of Arts in Journalism from Louisiana State University and holds a Juris Doctorate from the Louisiana State University Law Center.

Judge Kleinpeter will serve a two-year term until the next LASERS Board election is held in 2013.

The 13-member policy-making Board has fiduciary oversight over LASERS. Trustees serve staggered four-year terms with Board elections taking place every odd-numbered year.



MEET THE Faces OF LASERS

William “Kirk” Rhinehart

Administrator, Planning Division,
Coastal Protection and Restoration Authority
of Louisiana (CPRA)



Kirk and Karen Rhinehart with their two sons.

Every state employee serves the citizens of Louisiana, but inarguably some positions are more critical than others. When William “Kirk” Rhinehart, a coastal resource scientist, began his career in 1994 with the Department of Natural Resources, he was unaware that his work would one day influence how the coast of Louisiana is restored and protected. Most would agree that a responsibility of this magnitude is significant.

Rhinehart was born in Rio de Janeiro, Brazil to parents who both worked in the government sector. The family lived in exotic places before settling in Rockville, Maryland, a suburb of Washington, D.C. Rhinehart was seven when they moved back to the States.

As an undergraduate, he attended the University of Salisbury on the eastern shore of Maryland, and graduated with a B.S. in Biology in 1989. He attended graduate school at L.S.U., enrolling in the Oceanography and Coastal Sciences Program in 1990. He completed his Masters of Science in 1994. Upon graduation, Rhinehart began working as a staff scientist with the Department of Natural Resources, monitoring coastal restoration projects in western Louisiana.

Rhinehart moved through the ranks with the Department of Natural Resources and experienced many changes within the Office of Coastal Restoration and Management. With a focus on restoration of the coast in the beginning, agency responsibilities expanded to include flood protection, and eventually recognition of the need to integrate restored wetlands in front of the levee systems. After the devastation in Louisiana from Hurricanes Katrina and Rita, followed by Gustav and Ike, the scale of the problem was finally understood. With the state losing approximately 15 square miles of land a year or a football field every 45 minutes, the necessity for immediate action was apparent.

As an administrator in the Planning Division, Rhinehart is responsible for federal agency coordination, Louisiana’s Five-Year Master Plan, and the Annual Plan for project budgets and schedules in the Coastal Protection and Restoration Authority of Louisiana (CPRA). Rhinehart says there is strong recognition, both statewide and nationally, to bolster the funding and provide the tools needed to restore Louisiana’s coastline. Flooding along the Mississippi River last year, in addition to coastal storms, has resulted in the dedication of more state dollars, allowing the program to grow.

Rhinehart remarked that he and his staff “are pushing the envelope” and their “projects are making a difference.” He shared, “With the new Master Plan, groundbreaking outcomes are being realized. Instead of just concepts, we have done something difficult. Now it’s realistic what we can accomplish. We are growing the state back and making progress.” Rhinehart led a large team of scientists and engineers during a two-year process to complete the state’s new Master Plan. With his scientific-academic niche in state government, he is uniquely able to combine that expertise with policy planning.

Rhinehart elaborated, “As a civil servant, I am allowed to see all the areas of the state in the coastal zone and I reflect on the reasons I started this career path. From Venice to Grand Isle, to Cameron, I meet interesting and unique people in all of these areas. I engage with these folks. A \$50 billion, 50-year proposal to stop coastal land loss in Louisiana is a tremendous economic development initiative.” The Coastal Master Plan will help secure Louisiana’s future.

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Rhinehart has won numerous awards and honors during his career, but perhaps the most coveted is the 2006 Louisiana Professional Conservationist of the Year by the National Wildlife Federation. This prestigious award means the most to him because his peers and mentors were involved in the selection process. Chief Financial Officer for CPRA and LASERS Board Member, Janice Lansing, says of Rhinehart, “he is a great manager, a thoughtful leader, and absolutely exemplary in his work performance.”

When Rhinehart talks about his future plans with CPRA, emotion builds in his voice. He says, “nothing else in State government can compare to what is happening in CPRA. Our agency is not stagnant and the Coastal Restoration and Protection program is the place to be. It is constantly changing.” Rhinehart enjoys educating government representatives or non-Louisianans on the urgency of the coastal restoration program. He explains that the most powerful way to emphasize the seriousness of the situation is to fly over the coastline. From the air, one can see many communities surrounded by water, and the land loss is shockingly apparent.

Rhinehart is passionate about his job, but in his spare time, he and wife Karen spend time with their two sons, boating, water skiing, fishing, crabbing, and camping. He met Karen in 1993 while at L.S.U. Rhinehart’s love for his family is evident when he describes fatherhood as “life changing.”

Gazing out of his office window overlooking the Mississippi River, Rhinehart seems at ease with the responsibilities of his role in state government. His confidence and energy are important components of leading CPRA’s planning division in the efforts to save Louisiana’s coast.

To read Kirk Rhinehart’s complete story, go to www.lasersonline.org/Faces_KRhinehart.

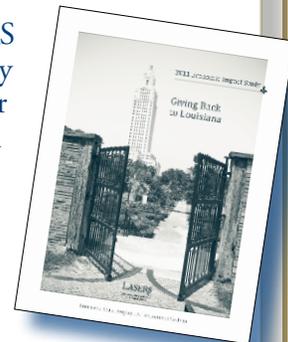
Faces OF LASERS **Nominate a Fellow Member**

A distinctive LASERS member will be featured each quarter in *The Beam* and the website. If you know an exemplary public employee (and member of LASERS), you may nominate them for a feature story in *The Beam* and website by filling out the online form at:

www.lasersonline.org/FacesNominate

LASERS 2011 Economic Impact Study Released

The newly released LASERS 2011 Economic Impact Study reveals positive information for the State of Louisiana. Research shows that retirement benefit payments help fuel the state’s economy.



Key Findings

- LASERS paid over **\$950 million** to LASERS members, retirees, and beneficiaries in FY 2011.
- Approximately **90% of our retirees live in Louisiana**. LASERS retirement benefits create economic security for tens of thousands of public servants.
- Benefits paid to LASERS members in FY 2011 supported over **\$1.1 billion in economic activity/output in Louisiana**.
- Since Louisiana state employees **do not participate in Social Security**, LASERS provides a modest guaranteed benefit. The average LASERS benefit is \$21,732 per year.
- LASERS has over **\$200 million invested in Louisiana companies** via publicly traded securities and private investments. These investments help support thousands of jobs in Louisiana.
- LASERS manages approximately **one-third of its investments internally**, saving enough this year to **fully offset** the amount budgeted for the salaries of all LASERS employees combined.

Read the entire publication at www.tinyurl.com/ImpactStudy

LASERS Receives Awards

CAFR

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to LASERS for

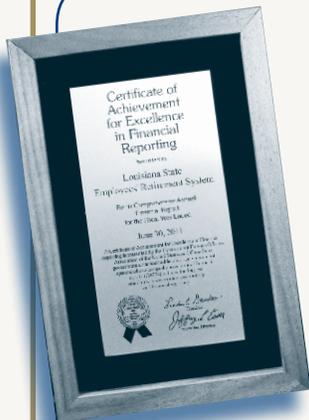
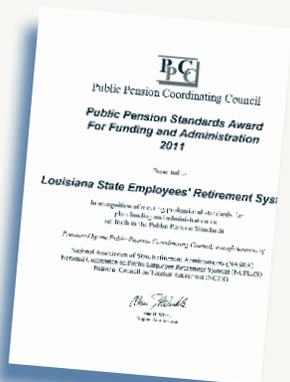
its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the fifteenth consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year.

PAFR

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded LASERS an award for its Popular Annual Financial Report (PAFR) entitled LASERS Summary Annual Report, for the fiscal year ended 2011. This was the thirteenth consecutive year LASERS has received this award. The Popular Annual Financial Report presents, in a less technical manner, some of the major financial, actuarial, and other interesting information for the reporting year.

Public Pension Standards Award

In addition, LASERS received the 2011 Public Pension Standards Award. The Public Pension Coordinating Council presents this award to public employee retirement systems in recognition of their achievement of high professional standards in the areas of plan design and administration, benefits, actuarial valuations, financial reporting, investments and membership communications. This is the eighth consecutive year that LASERS has received this prestigious award.



Employee of the Quarter Blake Lee

Since coming to work for LASERS in January of 2009, Blake has been an asset to the Audit Services Division, and LASERS as a whole. Over the past year, Blake has taken on the challenge of handling complex and diverse projects, such as Safe Harbor and Act 992. He was also instrumental in planning and conducting reviews of two alternative investment managers, including an audit of a hedge fund manager – the first ever conducted by Audit Services. His diverse skill set also allows him to lead engagements covering areas within Information Technology.

Blake is continuously willing to go the extra mile to accomplish the task at hand. He remains focused and determined, even when deadlines are tight or when the subject matter may be unfamiliar. Blake's innovative ideas improved processes in the Audit Division, as well as across LASERS. In all he does, we can say that Blake truly has the best interest of LASERS in mind.

Thank you, Blake!



Hurricane Season has started. Get prepared at www.getagameplan.org.

Get a Game Plan recently released a new app for iPhone and iPad users. You can download the app in the Apple iTunes store.

MEMBER CONNECTION



Go Green with the Paperless Beam

In an effort to go green, we encourage you to subscribe to receive *The Beam* via email. As a subscriber, you will receive a copy of *The Beam* directly in your inbox in a timely manner. This will help LASERS reduce paper usage and cut printing cost. To opt-in for the Paperless Beam, go to www.lasersonline.org/email_services.

Opt-In Connect the way
 Opt-Out you want to:

LASERS Member Connection email service is your trusted source for personal and direct communications impacting your retirement. Emails include notifications with links to important, time-sensitive information, electronic publications such as *The Beam*, meeting notices, and legislative updates. LASERS has made it easy for you to decide which type of information you wish to receive. Currently, we offer these email services to opt-in to:

- **Member Connection Newsletter:** The Member Connection newsletter keeps subscribers informed of ongoing news and events that affect the LASERS system and its members. All LASERS members with current email addresses in Member Self-Service are automatically subscribed.
- **The Paperless Beam:** An effort to go green with *The Beam*.
- **Legislative Updates:** During legislative sessions, LASERS members are updated with weekly progress of bills impacting LASERS.

Please go to www.lasersonline.org/email_services to sign up to receive the LASERS email services that are important to you.

LASERS Prepares for Disaster Recovery



Members of the Disaster Recovery Team, (L to R): Auditor Blake Lee, Tech Support Supervisor Brent Fitch, and Apps Programmer Lee Lott

Since 2003, LASERS has had a fully developed Disaster Recovery and Business Continuity (DR/BC) Plan in place. Every year, the Information Technology (IT) staff conducts a test of our ability to recover critical systems in the event of a disaster. On May 11, 2012, LASERS declared a test emergency and sent two IT staff members and an auditor to an off-site recovery facility to attempt restoration of our critical computer systems. LASERS is happy to report the test was successful, and that our DR/BC plan is sound and up-to-date. In the midst of hurricane season, please be assured that your retirement payments will continue in the event of a disaster.

Rougeou continued from back page

Implementation of the cash balance plan could be a complicated and costly process. Retirement systems have estimated \$600,000 of additional administrative costs may be required. The Legislative Actuary concluded that the cash balance plan will cost more than the current defined benefit plan to administer, and it will not reduce the Unfunded Accrued Liability (UAL).

Questions are being asked as to the constitutionality of HB 61, because of the way the bill was passed. This legislation very likely should have required a two-thirds vote to pass because an actuarial note attached to the bill indicated a cost. Legislative leadership determined that a two-thirds vote was not required. The implications of that determination will be discussed at the LASERS Board meeting in June.

I wish to express my gratitude to the LASERS Board of Trustees for their leadership and guidance, the LASERS Staff for their commitment and efforts, the LASERS members for their courage and fortitude, and the legislators who worked with us to protect the thousands of taxpayers who have devoted a career to public service. I am pleased to report that the promises made to you have been kept.



From the Desk of
Cindy Rougeou

LASERS Executive Director

June 4 brought the close of the 2012 Legislative Session. This session will long be remembered as the most challenging that our system has yet faced. Many retirement bills were

introduced that raised serious issues and the consequences would have been significant for our members. Much of the LASERS opposed legislation would have impaired contracts and broken promises to thousands of rank-and-file workers. In addition to the protracted litigation that these measures would have generated, LASERS was extremely concerned about the impact on our system and state if the proposals triggered a mass exodus of state workers.

The House and Senate did pass some pieces of retirement legislation, but the LASERS Board of Trustees was mostly neutral or took no position on the majority of these bills, as they have little or no impact on current LASERS active and retiree members.

We are concerned about the passage of HB 61, known as the cash balance plan. Originally, the LASERS Board took no position on this bill because the proposed plan

is a type of defined benefit plan. We sought to work with the administration on our concerns about a lack of retirement security and insufficient survivor and disability protections. Several concerns were addressed. However, as the cash balance plan moved through the process, and still did not require members to annuitize benefits, the Board opposed the bill. Fortunately, the bill does not go in effect until July 1, 2013. We hope to continue working with the Administration and legislature on the remaining issue of retirement security.

The cash balance plan will only apply to new non-hazardous duty members of LASERS hired on or after July 1, 2013. Current LASERS members are prohibited from joining the new plan. Supposed advantages of the plan include portability, which means an employee can withdraw 100 percent of the account balance if they leave state service after five years; and an investment account that is guaranteed to never lose value. Louisiana is the first state in the nation to adopt a cash balance plan where the employee has no Social Security safety net. Comparable 401(k) plan members in the private sector have Social Security for a fallback. Having a retirement benefit tied to market performance, without a backup, is frightening.

Rougeou continued on page 7

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