

LASERS

Louisiana State Employees'
Retirement System

Quarterly Membership Newsletter
the iBEAM
the LASERS Beam Interactive

The LASERS Vision:

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

Spring, 2011

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From the Desk of **Cindy**
Rougeou LASERS Executive Director

Public Pensions

As you are no doubt aware, the public pension industry has been the recent recipient of unprecedented attention from both the media and policymakers. With the fiscal stresses facing our state, it is wholly appropriate for all of our citizens to seek and expect accurate and timely information about the state of our pension system and its long-term sustainability.

As such, it is unfortunate that so many of the recent national reports have been misinformed and misleading. In an effort to provide accurate and useful information about critical issues: pension costs as a percent of the state operating budget, market and actuarial returns, modest pension benefits for our members, and LASERS economic impact on our state, I offer you some very encouraging facts.

Actual data about the Louisiana State Employees' Retirement System (LASERS) reveals the strength of the system. First, it shows that the state's contributions to LASERS comprise a small portion of the state budget; 2.2%.

It disputes the notion that our retirement system is "going broke." With contributions, interest payments, and dividends, our distributions in the past year are roughly equal to our benefits paid.

LASERS fiscal year-to-date market return through April 30, 2011 was over 25%. Nationally, among our peers, LASERS ranked in the top 2% of public plans for the one-year period ending March 31, 2011. This ranking marks the highest ever for the LASERS plan, according to the Trust Universe Comparison Service (TUCS), and follows a top 3% ranking for the year ended December 31, 2010. In addition, LASERS long-term returns ranked the plan in the top 13% for the five-year period, 12% for the seven-year period, and 11% for the ten-year period.



Public Pensions continued on page 4



2011 Legislative Bills

The following bills have been filed for the 2011 Regular Session of the Louisiana Legislature and would impact LASERS. The position taken by the LASERS Board of Trustees based on the initial language of the bills is noted below. Their status will be updated on the LASERS website as the session progresses.

HB 159 – Jones, R. | Position Taken: No Position

Creates the Ouachita Riverfront Development Commission. Allows retirement systems to invest in bonds issued by Commission.

HB 325 – Montoucet | Position Taken: Oppose

Allows a DROP participant to make a one-time election to change his retirement option if he was not married when he entered DROP, chose Option 2 or 3, is not married at the time of the change, and did not select a former spouse as beneficiary.

HB 377 – Pearson | Position Taken: Neutral

Provides that a member elected to the legislature for a term commencing after 7/1/2011, and who holds another position making him eligible for the retirement system may not contribute on compensation for legislative service, accrue benefits for that service, or include that compensation in the calculation of earned compensation. Change would not apply to anyone serving in the legislature on June 30, 2011.

HB 384 – Pearson & Sen. Gautreaux

Position Taken: Support

(Constitutional Amendment) Provides that a minimum of 10% percent of nonrecurring revenue be applied toward reducing the balance of the unfunded accrued liability of the state retirement systems.

HB 386 – Robideaux | Position Taken: Oppose

Authorizes state retirement systems to have an insurable interest in their members and retirees so as to effectuate life insurance upon them, unless the member or retiree makes objection to the policy within 10 days. The policy premium would be paid by the retirement system and proceeds from the policy could go to the system.

HB 404 – Ellington | Position Taken: Neutral

Provides for the purchase of credit for certain federal service by LASERS members with at least one year of service credit. The member must have been a contributing member of a retirement plan for federal employees and must pay the greater of the actuarial cost or the employee and employer contributions plus interest. A lump sum payment is required.

HB 426 – Kleckley | Position Taken: Neutral

Adds the Commissioner of Administration or his designee to the LASERS, Teachers, and School Employees retirement system boards of trustees.

HB 435 – Pearson & Sen. Gautreaux

Position Taken: Support

Provides that a minimum of 10% of nonrecurring revenue be applied toward reducing the balance of the unfunded accrued liability of the state retirement systems.

HB 477 – Fannin | Position Taken: No Position

Provides for the transfer and deposit of monies among state funds. Removes funds from the Adult Probation and Parole Officer Retirement Fund. (See HB 478)

HB 478 – Montoucet, Barras, Champagne, St. Germain & Thibaut and Senators Gautreaux, Guillory, Michot & Mills

Position Taken: Oppose

Provides for additional accruals for adult probation and parole officers enrolled in the primary component on or before 12/31/2001, who chose not to join the secondary component. Provides a 3% accrual rate on service earned before 7/1/2011, and 3.33% for years thereafter. The Adult Probation and Parole Officer Retirement Fund shall be used for funding the benefits. Any unpaid portion of the amortization payment will be paid by the Department of Public Safety & Corrections. Probation & Parole Officers employed prior to 12/31/2001, who transferred to the secondary component but did not upgrade receive the same accruals noted above. Officers who transferred and upgraded may be reimbursed, without interest, and receive the above noted accruals.

HB 479 – Talbot | Position Taken: Oppose

Increases employee contribution rates for the various categories of LASERS members, other than those in hazardous duty positions, by 3%, effective 7/1/2011. New contribution rates will be as follows:

- Rank-and-file hired on/before 7/1/2006 – 10.5%
- Rank-and-file hired on/after 7/1/2006 – 11.0%

- Judges, Court Officers, Governor, Lt. Governor, and Legislators hired on/before 12/31/2010 – 14.5%
- Court Officers hired on/after 1/1/2011 – 11%
- Judges elected on/after 1/1/2011 – 16%
- Clerk, Sergeant-at-Arms of House/Senate, Secretary of Senate hired on before 12/31/2010 – 12.5%

Members in hazardous duty plans will continue to pay rates of 8.5% to 9.5 %.

HB 530 – Pearson | Position Taken: Oppose

Relative to state retirement systems, increases employee contributions and average compensation for calculation of benefits. Provides for an increase in employee contributions if the employer contribution rate is 23% or higher, as follows:

- 1.5% of earned compensation less than \$50,000
- 3% of earned compensation greater than or equal to \$50,000

The definition of “average compensation” for all LASERS members is changed to 60 months and the anti-spiking rate is changed to 5%. The average compensation of any member retiring on or after the effective date of the Act shall not be less than the average compensation of the member as it existed before the Act.

HB 571 – Robideaux | Position Taken: Support
 Makes changes to Act 992 of the 2010 Regular Session.

LASERS requested changes:

- Clarifies that survivor benefits for handicapped or mentally disabled children do not cease when the child reaches 18
- Provides that a person who has participated in DROP or is a rehired retiree under Option 1 or 3 is not eligible for the HAZ PLAN
- Provides that a HAZ PLAN member who does not meet eligibility under that plan may retire with 5 years at age 60 with rank-and-file benefits at the 2.5% accrual rate
- Provides that HAZ PLAN members may retire with an IBO and select the self-funded COLA
- Provides that a member who joins the HAZ PLAN but does not transfer prior service must pay any actuarial cost resulting to the system
- Clarifies that an employee who was in a hazardous duty service plan prior to 12/31/2010, who earns service in a hazardous duty position after 1/1/2011 may consider the service earned as covered by that plan

Other changes that impact LASERS:

- Adds Certified Firefighters and First Responders in the Office of the State Fire Marshal to the HAZ PLAN
- Adds higher education institution Campus Chiefs of Police who are P.O.S.T. – certified, have the power to arrest, and who hold a commission required for employment to HAZ PLAN eligibility.

HB 576 – Leger | Position Taken: No Position

Provides with respect to the Greater New Orleans Biosciences Economic Development District. Changes the name of the District to the BioDistrict New Orleans and provides that District employees shall be LASERS members.

HB 590 – Carmody | Position Taken: No Position

Creates the Louisiana Housing Corporation and consolidates state housing programs. Allows retirement systems to invest in bonds issued by Corporation.

HB 619 – Leger | Position Taken: None as of Printing

Creates the La. Sports and Entertainment District. Allows retirement systems to invest in bonds issued by the District.

HB 630 – Ritchie | Position Taken: None as of Printing

Provides for temporary reduction of certain tax exemptions, exclusions, and deductions for support of K-12 and higher education. Only 90% of retirement benefits will be exempt from state taxes.

SB 5 – Appel | Position Taken: Oppose

Provides a rehired retiree who selected a former spouse as beneficiary upon retirement may name his current spouse as beneficiary for a supplemental benefit. Any additional liability resulting to the system must be paid by the retiree, and the retiree must hold the system harmless for any resulting claims.

SB 9 – Gautreaux | Position Taken: Neutral

Allows members of LASERS with at least 5 years service credit to purchase up to five years of service credit in one year increments for purposes of retirement eligibility (Air-time for eligibility). Member must pay actuarial cost to the system in a lump sum. Members who previously purchased air time for computation purposes may pay the cost to upgrade that service for eligibility based on current

salary. Retirees who purchase this service credit must pay any increase in their employer's share of Group Benefits health insurance premiums as a result of the retirement.

SB 12 – Gautreaux, B.

Position Taken: No Position as of Printing

Employing agencies are given the option to mandate that employees participate in Tier 2, based on the date of the agency's participation.

Tier 2 employees will be either rank-and-file or hazardous duty and have:

- 60 month FAC
- 15% anti-spiking
- Eligibility for IBO, but not DROP

Plan provisions for Tier 2 rank-and-file employees include:

- Employee contribution rate ½% higher than Tier 1 rates
- Retirement eligibility of:
 - 5 years at age 65
 - 25 years at any age, with an actuarially reduced benefit
- 2.5% accrual rate

Plan provisions for Tier 2 hazardous duty employees include:

- Employee contribution rate of 1% higher than Tier 1 rate
- Retirement eligibility of:

- 12 years at age 57, if in service
- 12 years at age 60, if out of service
- 20 years at any age, with an actuarially reduced benefit
- 5 to 12 years service, same as rank-and-file eligibility
- 3% accrual rate

SB 233 – Michot | *Position Taken: No Position*

Provides for the establishment of the Louisiana Infrastructure Bank for the financing of eligible projects. Source of funds to capitalize Bank includes investment by state retirement systems.

SB 239 – Dorsey | *Position Taken: No Position*

Provides for the creation of an "Innovation Park Development District" within certain parishes. Allows retirement systems to invest in bonds issued by District.

SB 249 – Riser | *Position Taken: No Position*

Creates the Louisiana Housing Corporation. Allows retirement systems to invest in bonds issued by Corporation.

Be Aware of Relevant

Legislative Bills



Stay Updated at

LASERS website:

www.lasersonline.org

Public Pensions continued from page 1

When making a judgment as to whether public employee benefits are or are not generous, it may be helpful to keep a couple of facts in mind. Our members do not participate in Social Security. The average rank-and-file benefit is currently less than \$21,000 per year. The LASERS defined benefit plan is the retirement security for our nearly 40,000 retirees.

And last, but not least, LASERS continues to have a significant economic impact in all of our communities, paying out over \$800 million in benefits annually. The largest portion of our revenue comes from investment earnings and employee contributions.

On our recent tour of the state chapters of the Retired State Employees' Association (RSEA), I was able to see many of our retired members who shared their concerns

with me. I am pleased to be able to address those issues here, and look forward to hearing from more of you.

Alarmist, inaccurate rhetoric has sought to create a false impression about the solvency and sustainability of the retirement system. LASERS has, like all investors, felt the impact of the "Great Recession." Fortunately, for the past two years we have seen the market move in a positive direction. Our national rankings over many years reflect the sound investment practices of our system and our retirement benefits are protected by the state constitution. We have also supported legislative reforms that have reduced the cost of the defined benefit plan. The bottom line is, your system is not "going broke." And in fact, you and your retirement system are having a significant positive economic impact in our state.



2011 LASERS Board of Trustees Election UPDATES

Nominations are open for five seats which are up for election on the twelve member LASERS Board of Trustees. Three open seats must be filled by active members, and retirees will cast their vote for two seats.

Trustees serve four year terms. No trustee may serve more than three consecutive terms.

If you are interested in running for the board, you can obtain a nominating petition from your agency's

Human Resources Office, the LASERS website, www.lasersonline.org, or by calling LASERS at 225.922.0600 in the Baton Rouge area or 800.256.3000.

A potential candidate for the board must submit this official petition bearing the names and signatures of at least 25 active or retired members of LASERS, depending on whether they are running for an active or retired member seat. For purposes of verification, each signature must be accompanied by the last four digits of the signatory's Social Security number.

Schedule of Election Events

July 12	Nominating petitions due to LASERS by 4:30 p.m., Central Time
July 15	Drawing to determine candidate ballot position
September 23	Ballot packets mailed to eligible voters
October 28	Voting ends, 4:30 p.m., Central Time
November 2	Ballots/electronic votes are tallied and verified
November 18	Board of Trustees certifies and authorizes publication of results
January, 2012	New trustees receive orientation and are sworn in



LASERS Taps into Social Media

With the growing popularity of Facebook, Twitter, and blogs, social media has become the way many people communicate and share news with one another. LASERS sees social media as an opportunity worth tapping into.

Many people think this communication venue is used mostly by young adults, college students, teens and pre-teens. Yet, according to a Pew Internet and American Life Project study, social networking among adult Internet users 50 and older doubled from 22 percent 2005 to 42 percent in 2010. The Pew study also found that between September 2005 and May 2010, adults 30-49 years old use of social networking sites grew from 12 percent to 61 percent, and those numbers are expected to continue to grow. The Pew report adds that adults 50+ use social networks to “reconnect with people from their past, and these renewed connections can provide a powerful support network when people near retirement.”

LASERS uses these free tools to connect with members, government agencies, local and national media outlets, and other retirement systems. Both Facebook and Twitter are informal ways of receiving quick messages, updates, event information, and news on retirement-related issues.

Social media will be one of the many ways LASERS will communicate during the 2011 Regular Legislative Session to keep you informed about action on bills impacting the system.

For real time updates and messages from LASERS, follow us on Twitter, Facebook, and subscribe to our blog, the LASERS eBEAM on our website at www.lasersonline.org.



LASERS Recognized for Financial Report

LASERS has been recognized by the Government Finance Officers Association of the United States and Canada (GFOA) with its Certificate of Achievement for Excellence in Financial Reporting for the LASERS Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2010.

This is the fourteenth consecutive year that this prestigious honor has been presented to the system. The CAFR, along with the Summary Annual Report or Popular Annual Financial Report (PAFR), may be found on our website at www.lasersonline.org. Just click on the link “Publications & Reports,” then “Annual Reports.”

According to the GFOA, the CAFR is judged by an impartial panel to meet the high standards of the program including demonstrating a constructive “spirit of full disclosure” to clearly communicate its financial story, and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals.



Employee of the Quarter
Janet Harris

Benefits, Social Security, LACAP, Great West and volunteer organizations.

She has also been instrumental in the creation of individual counseling sessions for active members

Janet has been serving LASERS members for many years. When she came to LASERS, our only educational outreach involved Pre-Retirement Education Program (PREP) and Retirement Reference Manual (RRM) meetings. It didn't take her long to not only enhance those programs, but to create several others.

Janet initiated workshops for retirees, providing them with retirement information, as well as scheduling speakers from State Group

statewide. The individual sessions are scheduled several times a year in various locations across the state.

Janet has also worked with Civil Service to include our RRM workshop as part of Human Resource training through CPTP.

In addition, Janet has recently initiated general sessions to provide valuable retirement information to members who are involved in agency layoffs.

After the implementation of Act 992 this past legislative session, Janet worked with agencies that have members in hazardous duty positions. She was able to create a workshop to help explain the new retirement plan to those who are eligible to join and must make an election of whether or not to do so.

Janet regularly attends State Human Resources Managers Association meetings to share retirement information with HR officers. She also attends statewide RSEA meetings to offer assistance to our members. Congratulations, Janet!

Attend the LASERS
Retiree Workshop
(seating is limited so please register early)

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 at 225.922.0600 / 800.256.3000.

Retirees can register online for this workshop under Quick Links, Seminars, Retiree Workshop.

When:

July 26, 2011, 9:00 A.M.- 12:00 noon

Where:

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

Program Includes:

- Investment Information
- Networking

Return this form to:

LASERS
ATTENTION: Retirement Education Department
PO Box 44213
Baton Rouge, LA 70804-4213

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.

Name: _____

Social Security #: _____

Date of Birth: _____

Home Address: _____

City: _____

State: _____ Zip: _____

Daytime Phone: _____

Daytime Fax: _____

Daytime E-mail: _____

Name of Spouse (if attending): _____

Special Needs: Wheelchair _____ Interpreter _____

Other _____



The Board Memo

Connie Carlton, 2011 Board Chair

As is always the case, it was a pleasure to participate in the annual spring Retired State Employees' Association

(RSEA) tour of our chapters across the state. The visits give LASERS staff and board members a chance to provide the RSEA membership with the most current updates about the system, as well as addressing specific questions and concerns.

For those who are not familiar with the organization, RSEA is an independent, membership driven organization that represents men and women, and their families, who have retired or will retire from employment with the State of Louisiana. That means active state employees wanting to maintain the future of our retirement system are welcome, as well as retirees.

In addition to hearing from LASERS Executive Director Cindy Rougeou during the tour, attendees also get the latest information from the Office of

Group Benefits (OGB). RSEA works closely with both organizations to provide information to the state legislature and Louisiana Congressional delegation on retirement and health benefit issues. RSEA is able to engage in lobbying efforts that LASERS and OGB, as well as active state employees legally cannot. RSEA has campaigned aggressively to pass worthwhile legislation at the state and national level, and to defeat actions not in the best interest of retirees and active state employees.

Finally, RSEA is an excellent way to stay involved in developments affecting your retirement, and it also provides an ideal venue for you to stay connected to your fellow retirees. For more information about the Retired State Employees' Association, you can go to the RSEA website www.rseala.org. You can also connect through our LASERS website at www.lasersonline.org. Click on the tab for retirees. I look forward to seeing you during future RSEA events.

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