

LASERS trust fund grows to \$8 billion

As only the latest in a series of performance milestones, the LASERS trust fund has grown to \$8 billion. The trust fund is the source of the benefits that LASERS pays to its retirees and their beneficiaries.

LASERS, through its Louisiana-focused Private Equity Fund, has also experienced excellent returns on the millions of dollars invested in Louisiana ventures, such as Piccadilly. The Private Equity Fund has generated over \$1.5 million dollars in taxes and invests in companies which employ over 5,000 people in the State of Louisiana.

Expert management of the

LASERS investments portfolio has yielded market returns which place LASERS in the top 20 percent of public pension systems nationwide. For Fiscal Year 2006, LASERS portfolio market return was 11.9 percent, well above the actuarially expected minimum return of 8.25 percent. LASERS is the only Louisiana public pension system with significant internal asset management. In-house investment professionals manage one-third of the portfolio, saving the system millions of dollars per year in investment management fees.

Additionally, the LASERS unfunded accrued liability balance decreased for the

first time since 1998.

Connie Carlton, Chair of the LASERS Board of Trustees, announced that the strong investment returns have enabled the board to recommend that the legislature authorize, in their next legislative session, a three percent cost-of-living-adjustment (COLA), for eligible retirees and beneficiaries. The LASERS portfolio experienced such strong growth over the past three years that in July, the system's board of trustees was able to grant, with legislative approval, a 2.4 percent COLA for the first time since 2002. Senate Retirement Committee Chairman Butch Gautreaux was the author of Senate Concurrent

Resolution 94 authorizing the COLA. House Retirement Committee Chairman, Representative Pete Schneider, guided the resolution through the House of Representatives in the closing days of the session.

"Prudent management of system assets is paying off in every facet of our business," says LASERS Executive Director Cindy Rougeou. "We are also very appreciative of the efforts of both legislative retirement committees in defeating special interest legislation that would harm the system financially. The efforts of Representative Schneider and Senator Gautreaux are to be commended."

LASERS benefits state & local economies

In the fiscal year ended June 30, 2006, LASERS paid nearly \$660 million in benefits to retirees and their beneficiaries. LASERS and Louisiana's other public pension plans are having a direct and beneficial effect on the state's economy.

Seventy-five percent of LASERS benefit recipients live in Louisiana. This means that \$490 million of total benefit payouts continue to circulate in our state and hometown communities.

In fact, the state's retirement-age pop-

ulation, people 55 and older, comprises about 20 percent of the entire state population, but accounts for nearly 40 percent of all consumer spending in Fiscal Year 2006. These consumers contributed almost 30 percent of the state's sales tax revenue.

In some cases, a LASERS pension is the only thing standing between a retiree and poverty. This is the guiding principle behind the LASERS Vision Statement:

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

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Federal pension law affects some LASERS members

On August 17th, President Bush signed into law the Pension Protection Act (PPA) of 2006. Private pension plans and their members will be those most affected by the law, but the PPA is relevant to some public pension system members as well, including members of LASERS.

Certain provisions of the PPA affect LASERS members who are qualified public safety employees. Public safety employees who separate from service

at age 50 (changed from the previous 55) are exempt from a 10 percent tax penalty under Section 828 of the Act. This applies to benefit disbursements that begin after August 17, 2006.

According to LASERS Executive Counsel Sonia Mallett, Section 828 of the PPA defines "public safety employee" as someone who provides police protection, firefighting services, or emergency medical services within the jurisdiction of a state or political subdivision. Employees providing police

protection include correctional officers, wildlife agents, bridge police, public safety officers, and peace officers.

The PPA permits trustee-to-trustee rollovers of retirement funds to Roth Individual Retirement Accounts made after December 31, 2007.

In the case of non-spouse beneficiaries, the PPA allows tax-free rollovers to an IRA. Protected distributions must be made after December 31, 2006.

Starting in 2007, an eligible

retired public safety officer can now make a tax-free distribution of up to \$3,000 per year to providers of accident, health, or long-term care insurance. Under this provision, eligible retirees in LASERS will include correctional officers, wildlife agents, bridge police, public safety officers, and peace officers, in addition to judicial officers who at the time of retirement are a part of the criminal or juvenile adjudicative process, including judges and other court officers.

LASERS Employee of the Quarter



Chinwe Webb is LASERS Employee of the Quarter for the third quarter of 2006.

Chinwe is a policy planner in the LASERS Policy & Research Division. She performs the often thankless task of ensuring that LASERS policies remain up to date and in compliance with all the laws governing your retirement system.

Recently, Chinwe tackled the massive job of revising the LASERS Strategic Plan, our road-

map for success in the near and long-term future. Chinwe worked with every division of LASERS to craft a plan that marshalls all of our strengths to serve our members to the best of our ability.

The organizational skills required to accomplish this task, after only one year on the job at LASERS, speaks volumes about Chinwe's ability and potential.

Chinwe is a graduate of Southeastern Louisiana University. She holds a bachelor's degree in computer science and a Master's in Business Administration.

Her colleagues describe Chinwe as smart, efficient and a pleasure to work with.

Congratulations, Chinwe, and thanks for all you do for LASERS and its members.

LASERS PREP Schedule

1st Quarter of 2007

January 17	Baton Rouge
February 7	Lafayette
February 8	Lake Charles
February 13	Baton Rouge
February 27	Shreveport
February 28	Monroe
March 29	New Orleans



Watch the LASERS Retirement Education video at www.lasersonline.org.

LASERS: The Benefits of Membership is available for viewing online in Windows Media and Quicktime formats.

Plan carefully on the road to retirement

The key to a happy and prosperous retirement is to plan carefully, and to be aware of several important benchmarks during the last active year of your career with the State of Louisiana.

Twelve months from your anticipated date of retirement, you should have completed and submitted to LASERS a *Request for Retirement Benefit Estimate* (Form 05-1). This will give you an idea, based on your average compensation and your years of service, what your retirement income will be. Your retirement benefit is calculated with a formula, and with the exception of cost-of-living adjustments, it will be the same amount every month for the rest of your life. This is also a good

time to talk with your agency's human resources department about purchasing or transferring service credit, if you are eligible to take advantage of these options.

LASERS strongly recommends beginning your retirement paperwork no later than **six months** prior to your date of retirement. This is when you should submit your *Application for Retirement* (Form 06-01). If you are interested in receiving a lump-sum payment via DROP or IBO, this is the time to begin weighing the options and calculating your post-retirement income needs.

An important step in understanding your retirement options is making an appointment with a LASERS Member Services Represen-

tative. You should not make any long-term financial decisions without consulting a qualified financial advisor.

Three months prior to retirement is the latest date by which you should complete and submit your *Application for Retirement* if you have not already done so. LASERS will mail you a letter

of acknowledgment once we receive all of your paperwork. Also, this is when you should submit an *Authorization for Direct Deposit* if you have not already done so.

You can find detailed information about planning for retirement in the *LASERS Guide to Retirement*, or at www.lasersonline.org.

PLEASE UPDATE YOUR ADDRESS

If you have moved recently and have not yet updated your address with LASERS, please do so as soon as possible. Throughout the year, we send important documents to your home address, such as your Member's Annual Account Statement, 1099 federal tax statements, and *The LASERS Beam*.

To update your address, simply visit the Forms page of the LASERS website at www.lasersonline.org, and open the *Change of Address* (Form 01-02) form. Fill it out completely, sign it, and mail it to us at:

LASERS
P.O. Box 44213
Baton Rouge, LA 70804-4213

THE BOARD MEMO BY CONNIE CARLTON

2006 LASERS BOARD CHAIR

It is impossible to overstate the importance of updating your beneficiary and survivor information in case you divorce, remarry, or experience a similarly significant development in your family life.

Louisiana R.S. 11:403.7 defines a **beneficiary** as "any person designated by the member or legally entitled to receive a retirement allowance, an annuity, or other benefit." With

respect to LASERS, upon the death of a retiree, the beneficiary is the person who receives a monthly benefit payment, depending on the retirement option selected.

Additionally, LASERS pays survivor benefits to surviving spouses, minor children, and mentally or physically handicapped dependents upon the death of eligible active members. Certain eligibility requirements apply.

LASERS strongly advises you to review your beneficiary information from time to time to ensure that it reflects your wishes in the event of your death.

For example, if you are divorced, and have remarried, are you sure that your current spouse is your beneficiary? If when you became a LASERS member, you designated your former spouse, that person is still your beneficiary, unless you have filled out the necessary paperwork to make the change. If you die before

doing so, your former spouse will be the legal recipient of any due benefits.

Active LASERS members, retirees, and DROP or IBO account holders can use the *Designation of Beneficiary* Form (01-06) to name primary and contingent beneficiaries. A contingent beneficiary is one who receives benefits in the event of the death of the primary beneficiary. The form, once submitted to the LASERS Member Services Division, supersedes all previous beneficiary designations.

FROM THE DESK OF CINDY ROUGEOU LASERS EXECUTIVE DIRECTOR

Congratulations to the LASERS Fiscal and Public Information divisions for winning the most prestigious national awards in financial reporting.

For the fiscal year ended June 30, 2005, LASERS won The Government Finance Accounting Officers (GFOA) award for its Comprehensive Annual Financial Report (CAFR) and for its Summary Annual Financial Report. These companion publications are distributed each year to detail the performance of your retirement system. GFOA praised the LASERS team not only for its diligent adherence to accounting and report-

ing standards, but also for its design creativity. The judging team wrote that the report's theme, *Scenes from Louisiana*, greatly enhanced its appeal, and made it "very interesting and useful for the reader."

In 2007, you will have the chance to vote once again for your representatives on the LASERS Board of Trustees. LASERS board elections take place every two years. Nominations for candidates open on Tuesday, June 12th. The election takes place in October. You will be able to vote by mail, phone or Internet.

Five seats on the board will be open in 2007. The

seats held by active-member trustees Kathy Singleton, Sheryl Ranatza, and Judge Trudy M. White will be up for contention, along with the seat held by retired trustees Barbara McCann and Connie Carlton.

Please be aware that if you are a DROP or IBO account holder, IRS rules require you to make a withdrawal from your account when you reach the age of 70½. DROP and IBO disbursements are subject to federal income tax in the year that you receive them. IRS rules regarding pension account withdrawals are subject to change. Please check the IRS or LASERS websites to make sure you have the most current information.

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