

## 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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## FROM THE DESK OF CINDY ROUGEOU

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### LASERS EXECUTIVE DIRECTOR



The current credit crisis and news from the financial markets continues to be of concern to all our members. We at LASERS have sought to reassure you throughout the past months that your benefits are safe, and we continue to be your source for any questions you may have about your retirement.

Throughout its 60-year history, LASERS has remained strong as a defined benefit plan constructed to withstand the ups and downs of the market. LASERS is a long-term investor, relying on a broad actuarial analysis, which takes into account the prior three years of market returns. This smoothing effect prevents extreme swings in our bottom-line returns. Furthermore, the day-to-day management of investments is the job of seasoned LASERS professionals who are guided by asset allocation targets and ranges set according to a long-term plan established by our Board. Allocations ensure our **investments** are maximized.

With a projected surplus of more than \$800 million in the state's budget, Louisiana has the opportunity to increase the financial soundness of LASERS while at the same time saving taxpayers hundreds of millions of dollars. There will be many competing demands for these funds. Yet, addressing the retirement system's liability gives our state its best return on the dollar.

*(From the Desk, continued on next page)*

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For decades, the legislature granted guaranteed benefits to system members, but did not set aside enough funds to pay for those benefits. This practice created a debt for LASERS of nearly \$4.2 billion dollars. The situation can be readily compared to a mortgage. If the borrower fails to pay even the interest, then the amount owed continues to increase.

Using even \$100 million of the state surplus for the UAL now would save hundreds of millions in future interest payments. Those savings can be used to meet so many pressing needs of our state. Recent reports indicate that this window of opportunity is closing. Louisiana may not see another such surplus.

Legislative leaders have indicated early support for this proposal. During the next legislative session, under the direction of our Board, the LASERS team will be working with lawmakers to explain the importance of the funding needed to secure the hard-earned benefits of LASERS members.

## Capital Area United Way is Looking for Retirees

The Capital Area United Way (CAUW) would like to give those individuals no longer in the workforce a chance to use their experience, talent and skills by volunteering for programs with the CAUW and its funded agencies. The needs of the 10-parish Capital Area are greater now than at any time in our history. In recent years, the request for services in our community has doubled. This affects everyone in our community directly or indirectly.

Here are some of the benefits of volunteering:

- a way to remain informed about CAUW and their funded agencies;
- opportunity to remain active in or begin new volunteer projects;
- a chance to remain identified with the state of Louisiana; and
- invitations to special social events and workshops.

For more information contact the Capital Area United Way at 225-383-2643.

### Annual Statements To Be Mailed

Your LASERS Membership Annual Statement will be mailed to you in the spring. To receive your statement in a timely manner, make sure your address is current with LASERS. Retirees should use the *Change of Address* form (Form 01-02) which is located on the LASERS website [www.lasersonline.org](http://www.lasersonline.org) under **Forms**. Active members should update their addresses through their agency Human Resources Division.

## Suspect Fraud?

The Louisiana Stamp Out Fraud Hotline  
**1.866.372.8305**

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

## Employee of the Quarter: Shaundricka Hilliard



**Congratulations Shaundricka!**

Shaundricka is an asset to the LASERS family. Although the front desk can be a high-demand area, Shaundricka maintains a professional and pleasant disposition toward everyone who enters the doors of LASERS. Whether she is taking telephone calls, assisting a walk-in or registering members for the various seminars conducted by the Retirement Education Department, she always maintains her composure. She consistently receives excellent comment cards from members proving consistency in her work ethic.

Shaundricka accepts every new responsibility with a smile. She does not resist change within the agency; she welcomes it. She completes her work on time and with care. She offers assistance to other areas, when necessary, in addition to with keeping up with her regular duties. Shaundricka is a true team player, an outstanding example of quality customer service.

# DROP Account Legislation to be Clarified in Court

Every regular session, legislators debate thousands of bills. Those that receive final approval draw considerable attention. Some go into effect immediately while others become effective at a later date that is specifically named in the legislation. A few are subject to court challenges for various reasons. Some seek to clarify questions in a newly approved law.

This is the case with House Bill 89 (Act 714 of 2008) by Representative Jean M. Doerge (D) Minden. This measure allows members to choose whether their **Deferred Retirement Option Plan (DROP)** account will be managed by LASERS or by the third-party provider (Great-West) during the interest accruing time of the account. The bill also allows those who entered DROP on/after January 1, 2004, to elect to keep their DROP account in the self-directed plan through the third party provider or to move the account back to LASERS and earn interest at the System's realized rate of return.

The Act includes language that directs the System to file a lawsuit for a declaratory judgment as to whether DROP accounts are protected by the Louisiana Constitution and whether a LASERS member who is eligible to participate in DROP may waive the applicable provisions in the constitution. The issue arose from an Attorney General's opinion that states funds in DROP accounts are retirement benefits and therefore are protected by the constitution. The constitution provides that retirement benefits shall not be diminished or impaired. As such, LASERS could not charge DROP accounts with a negative interest rate.

LASERS filed its petition for a declaratory judgment on August 28, 2008, as instructed by the Legislature. No court date has been set. Act 714 is effective on July 1, 2009, or 60 days after a final judgment, whichever is later.

The LASERS staff is involved in the legal procedure generated by this Act, and we will provide further updates for you on our website and in the *Daily Beam*.

## THE BOARD MEMO

### SHERYL M. RANATZA, 2008 BOARD CHAIR



LASERS *Summary Annual Report* for the fiscal year ended June 30, 2008, has been published to our website. This document provides information derived from our *Comprehensive Annual Financial Report (CAFR)* on the financial status of your retirement system while highlighting changes that occurred during the year.

LASERS funding ratio has improved for the fourth consecutive year to 67.6 percent. Much of this can be attributed to higher contribution rates, legislative appropriations, and strong investment returns over the past several years. A volatile financial market caused by the credit crisis and fears of recession resulted in a 3.8 percent loss in market value for our investment portfolio for the past year. LASERS did, however, actuarially achieve a rate of return of 8.49 percent, which was above our target rate of return of 8.25 percent.

An integral part of our overall investment philosophy is the strategic allocation guidelines. They are designed to provide an optimal mix of asset classes with return expectations that will

reduce LASERS unfunded accrued liability (UAL) and fund cost-of-living adjustments (COLAs) for retirees. Investment risks are diversified over a broad range of markets and securities.

In May of 2008, the LASERS Board of Trustees changed the plan's asset allocation by decreasing the amount held in equities and increasing both the fixed income and alternative asset holdings. A mortgage-backed opportunistic credit portfolio and a global asset investment strategy were put into place to benefit from the current market environment.

For a look at the *Summary Annual Report* or the CAFR, please visit the LASERS website at [www.lasersonline.org](http://www.lasersonline.org) and click on the icon for the report on the main page.



Louisiana State Employees'  
Retirement System

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## Enjoy the Convenience and Comfort of Direct Deposit

This year Hurricanes Gustav and Ike upended the best laid plans for Louisianans in nearly every parish. It also underlined the need for every LASERS retiree to begin enjoying the benefits of Electronic Funds Transfer (EFT). While paper checks were in the mail before either of the storms hit, retirees with EFT, also known as Direct Deposit, were able to enjoy a secure, convenient method of receiving checks without worrying about an interruption of mail service or additional complications during evacuation.

EFT is mandatory for all LASERS members retiring after January 1, 2000. However, thousands of members who retired prior to that date continue to receive their checks by mail.

If you are ready to begin enjoying the security and peace of mind of EFT, visit the "Forms" page at [www.lasersonline.org](http://www.lasersonline.org). Fill out the *Authorization for Direct Deposit* form completely, print it, sign it and mail it to LASERS. Or if you prefer, you can request the form from one of our helpful customer service representatives. In the Baton Rouge area, the number to call is (225) 922-0600. Statewide, the toll-free number is (800) 256-3000.

## Retirement Dollars Go Farther in Louisiana

With all the attention on troubles in the financial markets, Louisiana retirees can find some good news that retirement funds go farther in Louisiana than in many other states. According to an article in *The Good Life*, a Louisiana publication focusing on issues affecting retirees and soon to be retirees, overall living costs, including housing, food and entertainment, are reasonable throughout the state.

In the important area of taxes, Louisiana compares even more favorably with the rest of the nation. According to the TAX Foundation in Washington D.C., which annually compiles tax data from every state, Louisiana ranked better than at least 80 percent of the states in recent years in terms of keeping individual tax burdens to a minimum.

In analyzing combined local, state and federal tax liabilities as a portion of income, the foundation found that Louisiana residents, on average, will pay taxes this year at a rate almost four percent below the national average. The foundation examined assessments, which included personal income taxes, contributions for government social insurance, and estate and gift taxes.

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