

Quarterly Membership Newsletter
Summer, 2007
Volume 18, Number 2

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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LASERS retirees receive COLA

Eligible LASERS retirees and beneficiaries received their second cost-of-living adjustment (COLA) in as many years, thanks to the outstanding performance of the LASERS investments program, and the hard work of our legislative team.

The Louisiana legislature authorized the LASERS Board of Trustees to grant a total three-percent COLA to the pensions of eligible retirees. Two pieces of legislation made the COLA possible. **House Concurrent Resolution 7**, by Rep. Pete Schneider, granted approval of a 2.5 percent increase. Rep. Schneider is chair of the House of Representatives Committee on Retirement. In addition, **Act 67 of 2007** (Senate Bill 116) by Sen. Gerald Theunissen granted a supplemental COLA of 0.5 percent.

"We appreciate the dedication of our legislative leaders in making the 2007 COLA a reality," said LASERS Executive Director Cindy Rougeou. "The efforts of Rep. Schneider, Sen. Theunissen, and Sen. Butch Gautreaux will make a positive difference in the lives of LASERS retirees." Sen. Gautreaux is chair of the Senate Committee on Retirement,

and was the primary co-author of HCR 7.

To be eligible for the 2007 COLA, a regular LASERS retiree must have reached the age of 55 as of June 30, 2007, and must have been retired since June 30, 2006. A disability retiree must have reached the age of 55 as of June 30, 2006. A beneficiary is eligible for the COLA if the deceased retiree would have turned 55 as of June 30, 2007, and if retiree or survivor benefits have been paid since June 30, 2006.

A COLA is possible only when the LASERS Employee Experience Account contains sufficient monies to fund an increase. The funds in the Experience Account come from any excess revenues generated by the LASERS investments program. Fifty percent of investment earnings above the legislatively mandated 8.25 percent minimum return are deposited into the Experience Account each year until the balance is sufficient to fund a COLA. This year, the account contained adequate funds to support the three percent total increase authorized by the legislature.

2007 LASERS Board of Trustees Election

There are eight candidates in the 2007 LASERS Board of Trustees election. Four candidates are competing for three available seats as active-member trustees, and four are contending for two positions as retiree representatives on the board.

The candidates appear below in the order in which their names will be listed on the official 2007 LASERS Board of Trustees Election ballot. The order of placement was determined by random drawing on July 13, 2007.

Voting will take place by three methods - mail, telephone, and Internet. Ballot packets will be mailed to eligible voters on September 28, 2007. On this date, the Internet and telephone components will be activated. Your ballot packet contains complete instructions for voting by

mail, telephone or Internet.

Every active and retired LASERS member will receive a ballot packet by mail, therefore it is important to update your mailing address if you have moved recently. Visit the *Forms* page of the LASERS website to submit a *Change of Address* form, or send us a letter with your updated information.

Voting ends at 4:30 p.m., CDT, on October 26, 2007. Ballots received after this deadline will not be counted. If you vote by paper ballot, please be sure to mail it early enough so that it will arrive in time to be counted.

You can read the platforms and qualifications of each candidate on the *Board of Trustees Election* page of the LASERS website at www.lasersonline.org.

Active Candidates

Charles F. Castille



Undersecretary
Dept. of Health & Hospitals

Jennie R. Goodwin



Accountant II
LSU Health Sciences Center

Trudy M. White



Judge
Baton Rouge City Court

Sheryl M. Ranatza



Deputy Warden
Louisiana State Penitentiary

Retiree Candidates

Benny G. Harris



Dept. of Public Safety &
Corrections (Ret.)

Kathy Singleton



Office of Community
Service (Ret.)

Constance "Connie" Carlton



Louisiana State Employees'
Retirement System (Ret.)

Barbara McManus McCann



Office of Family
Support (Ret.)

Acts of the 2007 Regular Session of the Louisiana Legislature

Affecting LASERS and its Members

The 2007 Regular Session of the Louisiana Legislature concluded on June 28, 2007. What follows are summaries of the measures which have the potential to affect LASERS and its members.

House Concurrent Resolution 7 authorizes the LASERS Board of Trustees to grant a 2.5 percent cost-of-living adjustment (COLA) to eligible retirees and beneficiaries. To receive a COLA, a regular LASERS retiree must have reached the age of 55 as of June 30, 2007 (June 30, 2006 if disabled), and must have been retired since June 30, 2006. An eligible beneficiary will receive a COLA if the deceased retiree would have been 55 years old as of June 30, 2007, and if retiree or survivor benefits have been paid since June 30, 2006.

House Resolution 127 urges all state retirement systems in Louisiana to compile and disseminate educational booklets describing retirement options and irrevocable choices. HR 127 requests also that retirement system members be asked to sign an affidavit attesting to the fact that they have read such materials.

House Concurrent Resolution 135 urges Louisiana public retirement systems to meet semi-annually to share investment strategies.

House Concurrent Resolution 195 establishes that Louisiana will recognize any extensions of deadlines for the Katrina Emergency Tax Re-

lief Act or Gulf Opportunity Zone (GO ZONE) Act passed by the U.S. Congress.

Act 50 of 2007 (House Bill 439) permits full or partial redeposit of DROP distributions for members of LASERS who received qualified hurricane distributions pursuant to the Gulf Opportunity Zone Act of 2005 or the Katrina Emergency Tax Relief Act of 2005. Redeposit must be made within three years of receipt of the qualifying hurricane distribution.

Act 67 of 2007 (Senate Bill 116) authorizes LASERS to grant a supplemental 0.5 percent COLA in addition to the 2.5 percent COLA granted by HCR 7.

Act 252 of 2007 (Senate Bill 96) eliminates the two year reemployment waiting period of persons residing in parishes affected by Hurricanes Katrina and Rita who elected to take early retirement from August 31, 2005, through June 30, 2006. Retirees must return to work on or before December 31, 2008. In addition, the Act permits a retiree to request immediate suspension of benefits with spousal approval and not be required to repay suspended retirement benefits.

Act 326 of 2007 (House Bill 580) permits certain DROP participants, whose post DROP employment was interrupted due to Hurricanes Katrina or Rita, to have their service period adjusted as though they

never left. Participants must have returned to work under Option 3 on or before December 30, 2006, and must repay any funds received upon termination plus 8.25 percent interest.

Act 352 of 2007 (House Bill 864) requires retirement systems with international investments to invest a portion of their portfolio in terror-free index funds and to implement a corporate governance strategy of constructive engagement to encourage companies to remove political and business links in prohibited nations of Iran, North Korea, Sudan and Syria.

Act 353 of 2007 (House Bill 878) increases the accrual rate to 3.33 percent and the contribution rate to nine percent for certain enforcement personnel within the Office of Alcohol and Tobacco Control of the Department of Revenue. The accrual rate is retroactively applied to all hazardous duty service for those employed as such on June 30, 2007.

Act 367 of 2007 (Senate Bill 58) extends the Louisiana broker-dealers pilot program requiring state retirement systems to direct at least 10 percent of certain commissions on trades through Louisiana brokers to June 30, 2010.

Act 414 of 2007 (House Bill 671) provides a 3.33 percent accrual rate for certain Department of Public -

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- Safety and Corrections peace officers. The accrual rate is retroactively applied to all service for those employed as such on June 30, 2006. DROP is recalculated at 3.33 percent for those employed as Peace Officers on June 30, 2006, and either in DROP or working after DROP on June 30, 2007.

Act 484 of 2007 (Senate Bill 127) Proposes a constitutional amendment to require that the creation of any new retirement benefits must specify a funding source. The amendment would require that no new benefits carrying an actuarial cost may be approved unless a funding is identified that would pay the cost within ten years. The amendment is scheduled for a vote on October 20, 2007.

Meet LASERS Employee of the Quarter Michael Meaux



LASERS Public Information Officer Michael Meaux is Employee of the Quarter for the third quarter of 2007.

You are familiar with Mike's work if you spend any time visiting the LASERS website. Mike is the content webmaster for [\[line.org\]\(http://line.org\).](http://laserson-</p></div><div data-bbox=)

Mike is a career communication professional who worked at the Department of Agriculture and at the Department of Public Safety and Corrections before coming to LASERS. Prior to his assignment as content webmaster, he spent several years on the road conducting PREP seminars for LASERS members.

Today, Mike is also chief blogger for *The Daily Beam*, the official LASERS weblog. In addition to scouring the media for news of interest to LASERS members, he has even helped to turn our blog into a primary source of news, with original reporting on the progress of retirement-related legislation during the 2007 legislative session.

Congratulations, Mike, and thanks for an outstanding job.

THE BOARD MEMO BY KATHY SINGLETON 2007 LASERS BOARD CHAIR

The 2007 Regular Session of the Louisiana Legislature was a successful one for your retirement system. We won some important victories, as you can see from the Summary of Acts in this issue of *The LASERS Beam*. Among our greatest legislative successes this year was the authorization of the 2007 COLA for eligible retirees and beneficiaries.

Some hard work remains to be done in order to ensure the long-term financial health of the LASERS trust fund. In future legislative sessions, we hope to win approval of adequate funding to address the unfunded accrued liability (UAL), which represents the shortfall between the projected cost of providing benefits to LASERS retirees, and the money available to pay those benefits. LASERS was born with this debt. Much like a mortgage, if we don't begin to pay down the principle, it will continue to grow. We look for-

ward to working with lawmakers to address the UAL once and for all.

One of the aggravating factors for the UAL has been the implementation of special retirement benefits with no adequate funding source. During the 2007 session, we faced the prospect of one such measure adding to the debt of our retirement system. **House Bill 845**, had it become law, would have granted millions of dollars in unearned, unfunded retirement service credit to a small group of LASERS members. Thankfully, Governor Kathleen Blanco **vetoed** the measure at the request of the LASERS Board of Trustees. We will continue to hold the line against unfunded benefits that put the health of the LASERS trust fund at risk. One important step in keeping special interests at bay will be the passage of a constitutional amendment which prohibits new retirement benefits without a funding mechanism to pay for them within ten years of implementation. **Act 484 of 2007** places this constitutional amendment on the ballot for Louisiana's statewide elections scheduled for Saturday, October 20.

HAPPY 60TH ANNIVERSARY TO LASERS!

1947-2007 and beyond

The LASERS Vision

**To improve the quality of life of
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FROM THE DESK OF CINDY ROUGEOU LASERS EXECUTIVE DIRECTOR

Retired public safety officers may now take advantage of the \$3,000 per year exclusion from taxable income for Office of Group Benefits insurance coverage.

The federal Pension Protection Act of 2006 allowed LASERS to forward up to \$3,000 per year in your pre-tax dollars directly to a provider of accident, health, or long-term care insurance. However, the United States Department of the Treasury issued an interpretation that this provision did not apply to self-insured plans such as the Office of Group Benefits.

LASERS and other public pension plans objected to this interpretation and the Department of the Treasury has now reversed its ruling. Corrective legislation will be submitted to Congress, but, Treasury will now allow public plans to implement this provision.

If you have already submitted *Form 10-03, Public Safety Officer Authorization for Insurance Premium Deduction*, your instructions will be implemented starting with your August, 2007 check, and will not be applied retroactively. You may notice a slight increase in the net amount of your check as a result of this implementation.

Please consult your tax advisor on how to take advantage

of the taxable exclusion available to you for your January through July, 2007 qualifying insurance premiums.

If you have selected a retirement beneficiary, and your beneficiary dies before you do, it is possible to change your retirement option to maximize your monthly benefit.

There are several different retirement options available to LASERS members. The **Maximum Plan** pays you the highest possible monthly amount for the rest of your life. However, this option does not pay a benefit to your spouse or other beneficiary in the event of your death.

There are five retirement options which provide lifetime payments to a beneficiary in the event of your death. Each of them involves a reduction of the monthly amount you receive in retirement.

In most cases, your choice of a retirement option is irrevocable. There are, however, two cases in which you can make a change: divorce; or death of a beneficiary.

To learn more about the ability to increase your retirement benefit under these circumstances, consult your *Membership Handbook*, or speak with a LASERS Member Services Representative. In Baton Rouge, the number is 922-0600. Statewide, the toll-free number is 800-256-3000.

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