

The LASERS Vision:

Confidence in our service,
assuring financial security
for your future

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Rep. Kevin Pearson
985.646.6487

2013 Legislative Bills

The following bills have been filed for the 2013 Regular Session of the Louisiana Legislature and would impact LASERS. The positions taken by the LASERS Board of Trustees based on the initial language of the bills are noted below. Their status will be updated on the LASERS website as the Session progresses.

Several bills on which the Board took positions were withdrawn prior to introduction. These bills included HB 34 which would have allowed hospital employees subject to layoffs to transfer their accrued benefit; HB 63 which provided a COLA mechanism; and SB 9 which would have removed judges from the Cash Balance Plan.

HB 35 – Barrow *Position Taken: **Oppose***
Systems Impacted: State & Statewide

Provides for a 25 years at any age retirement eligibility for certain state hospital employees who are employed at a hospital operated as part of the LSU Health Sciences Center, if their jobs are affected by a layoff plan approved by the State Civil Service Commission or the director of the State Civil Service.

HB 57 – Pearson *Position Taken: **Oppose***
Systems Impacted: State Systems

Increases employee contribution rate for all members by two percent to pay the system's unfunded accrued liability (UAL).

Provides for a 60-month final average compensation (FAC) and 15 percent anti-spiking for all LASERS members.*

HB 60 – Talbot *Position Taken: **Neutral***
Systems Impacted: State & Statewide

Provides that members who retire on or after July 1, 2013 and return to state service in a position making them eligible for any state or statewide retirement system shall have benefits suspended and shall not earn service credit or supplemental benefits.

HB 61 – Badon *Position Taken: **Oppose***
Systems Impacted: State & Statewide

Provides for a "divided benefit" for members whose actual earnings in a calendar month are 30 percent or more above his average monthly earnings for the immediately preceding 12 months.

**Legislative staff has advised that language in the bills which could be read as exceptions was unintended and the bills will be clarified.*

Bills continued on page 2

2013 Legislative Bills

Bills continued from page 1

Obtain full Legislative Bill details at
www.lasersonline.org/Legislative_Issues_2013

HB 65 – Johnson *Position Taken: Neutral*

Systems Impacted: LASERS

Removes the increase in insurance payments for members who transfer service and retire with an unreduced benefit from the Hazardous Duty Services Plan.

HB 68 – Pearson

Position Taken: Oppose in Current Form

Systems Impacted: LASERS, TRSL, & LSERS

Re-enacts the Cash Balance Plan and makes changes regarding membership, withdrawals, interest, transfers, reciprocals, disability and survivor benefits, reemployment, purchases and dual plan membership.

HCR 2 – Harrison

Position Taken: Support if Tax Qualification Condition Removed

Systems Impacted: LASERS, TRSL, & LSERS

Suspends the provisions of the Cash Balance Plan.

SB 4 – E. Guillory *Position Taken: Support*

Systems Impacted: LASERS & TRSL

Changes the actuarial funding method from projected unit credit to entry age normal.

SB 7 – Peacock *Position Taken: Oppose*

Systems Impacted: State and Statewide

Provides for a 60-month FAC and 15 percent anti-spiking for all LASERS members.*

**Legislative staff has advised that language in the bills which could be read as exceptions was unintended and the bills will be clarified.*

SB 11 – E. Guillory *Position Taken: Oppose*

Systems Impacted: State Systems

Increases employee contributions by three percent beginning July 1, 2013, provides for a 60-month FAC, and a 15 percent anti-spiking rate for all LASERS members.*

Eliminates the Experience Account as a funding mechanism to fund COLAs and authorizes use of the additional contributions and savings created by changes to current member benefits as funding sources. Future COLAs would be one to two percent, on the first \$50,000 of benefits, and payable in odd-numbered years. In addition to funding their own future COLAs with additional contributions and plan changes, some active members would partially subsidize COLAs for current retirees.

SB 14 – Martiny *Position Taken: Neutral*

Systems Impacted: State and Statewide

Allows a member to upgrade their accrual rate on transferred service to the accrual rate of the receiving system by paying the actuarial cost of the upgrade. Allows for reverse transfers in certain instances.

SB 17 – E. Guillory *Position Taken: Support*

Systems Impacted: State Systems

Creates the State Retirement Fund and allocates two percent of revenue collections in excess of Fiscal Year 2011-2012 levels to the Fund for payment of the UAL and COLAs.

SCR 1 – Cortez *Position Taken: Support*

Systems Impacted: LASERS, TRSL, & LSERS

Suspends the provisions of the Cash Balance Plan.

NOW PLAYING YouTube **The LASERS Channel**

Deferred Retirement Option Plan (DROP) & Initial Benefit Option (IBO)

If you are interested in learning about the Deferred Retirement Option Plan (DROP) and/or the Initial Benefit Option (IBO) Plan, please watch our latest videos in the educational outreach series highlighting these plans. In these videos, LASERS Deputy Director Maris LeBlanc explains the workings of DROP and IBO. If you wish to be notified each time LASERS uploads a new video, we encourage you to subscribe to our channel by clicking the “subscribe” button located on the LASERS YouTube page at www.youtube.com/laserschannel.



Nominations Open in Board of Trustees Election

Nominations are open for the five seats which are up for election on the thirteen-member LASERS Board of Trustees. Four open seats must be filled by active members, with one of the four seats filling the remaining two years of a vacancy. Retirees will cast their vote for one seat. If you are interested in running for the Board, you can download a nominating petition on our website at www.lasersonline.org/board_elections. You can also obtain petitions from your agency's Human Resources Office, or by calling LASERS at 225.922.0600 (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 and 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.

Trustees serve four year terms unless they are filling an un-expired portion of a term. No trustee may serve more than three consecutive terms.

Please note that Trustees are required to file financial disclosure reports with the Board of Ethics.

Nominations will close on July 9, 2013. Votes will be cast in September and October and the results certified by the Board and published in November. For the complete schedule of the election, visit our website at www.lasersonline.org/board_elections.



LeBlanc Elected Vice-President of CPRS Board

LASERS Deputy Director Maris LeBlanc was recently elected Vice-President of the board of directors of the Coalition to Preserve Retirement Security (CPRS).

CPRS works to educate Congress that it should avoid mandatory Social Security. Since LASERS members do not participate in Social Security, the efforts of CPRS are important to our System.

While attending the annual meeting of CPRS in Washington, D.C., LeBlanc also participated in the Winter Meeting for the National Association of State Retirement Administrators (NASRA). At the NASRA meeting, directors of the various state retirement systems discussed current events and heard about activity at the federal level that might impact their systems.

DROP Interest Rate Approved

The rate of interest to be paid on eligible (non-Self Directed Plan) DROP accounts for the fiscal year that ended June 30, 2012, is 4.7 percent. Interest on DROP accounts is based on the System's actuarial rate of return, not the market rate of return. The actuarial rate of return is smoothed over a four year period, making it less volatile than the market return.

The Public Retirement Systems' Actuarial Committee (PR SAC) approved the interest rate at its March 7, 2013 meeting.

To be eligible for interest, a DROP participant must have completed their accumulation period (usually 36 months after starting DROP) sometime during the 2011-2012 fiscal year. Participants in the Self Directed DROP plan do not receive this interest, but participate in earnings or losses based upon the choices they have made in their investment allocations through Great-West.

Eligible LASERS members will receive DROP annual statements by April 2013.

Legislative Session 2013: Stay Connected with LASERS through Social Media and Member Connection

Social media and Member Connection emails are just a couple of the ways LASERS will continue to communicate with members during the 2013 Legislative Session to keep you informed about action on bills impacting our System.

LASERS is now on four social media outlets: Facebook, Twitter, Blogger, and YouTube. Facebook and Twitter are informal ways of receiving quick, real-time updates and messages from LASERS. On our blog, the eBeam, you will find news articles relevant to the LASERS System and important messages from LASERS for our members. We now use YouTube exclusively to host videos and organize them by topic. There, you will find legislative issues videos, employer resources, member resources, and the new Education Outreach video series.

The Member Connection email service is your trusted source for personal and direct communication. Through our opt-in service, you can select which type of emails you



wish to receive based on topics, such as Legislative Updates, The Paperless Beam notifications, and the general Member Connection newsletter.

To help you understand how to follow LASERS on social media, please watch our YouTube video, where we demonstrate how you can find and follow LASERS through Facebook, Twitter, YouTube, Blogger, and Member Connection emails. To watch the video, go to www.bit.ly/YEcmMR.

As always, you can find links to our respective social media accounts on the home page of our website, www.lasersonline.org.



USPS Will Suspend Saturday Mail Delivery in August

The Postal Service has announced the suspension of mail delivery on Saturdays as part of a new comprehensive plan to be more efficient. The new five-day mail delivery schedule will only service street addresses Monday through Friday. Post offices and P.O. Boxes will continue to be open six days a week.

Take this opportunity to sign up now for direct deposit of your benefit checks. Electronic deposit of your check



will guarantee quicker access to your funds and eliminate additional delays in receiving a paper check through the Postal Service. Visit the LASERS website and download Form 04-05, *Authorization for Direct Deposit* to get the process started. Contact the LASERS Member Services Division at 225.922.0600 or 1.800.256.3000 with any questions.



To access more detailed information, go to Resources for Layoff Situations at www.lasersonline.org/layoffs.

During times of uncertainty, we understand that members may have questions. Anticipating impending layoffs, LASERS has provided answers to frequent questions regarding potential layoff situations.

Information about purchasing air time for retirement eligibility has been of particular interest. In response to this, sample scenarios and the corresponding application, Form 2-07, *Application for Purchase of Service Under La. R.S. 11:429(B)* are now available online to assist members.

The Board MEMO

Beverly Hodges, 2013 Board Chair



As I begin my first term as Board Chair, my commitment to the LASERS mission is more focused than ever before.

To me, the most important aspect of the mission is to

“protect and sustain the growth of plan assets to provide benefits to current and future retirees.” My fellow Trustees are equally committed to our LASERS members. 2013 is an election year for the Board with positions open for four active Trustees and one retiree. Find out more about the election specifics on the LASERS website. I encourage those who are passionate about the preservation of the retirement System to consider running for a position on the Board.

With the 2013 Legislative Session underway, it is important for Trustees and staff to monitor all retirement bills that will impact LASERS members. Be aware that the LASERS website is continuously updated with information on these bills. You also have the option to watch retirement committee meetings in progress by visiting the Legislative website at www.legis.la.gov. This website is filled with important information, such as the schedule for retirement meetings, the names and contacts of both the House and

Senate Retirement Committee members, a search engine for specific laws, and procedures and rules relevant to the Legislative process.

During the 2012 calendar year, significant changes occurred within the numbers of LASERS members. Active members declined from 54,218 to 49,357 and retiree members increased from 42,029 to 43,907. With the reduction in the state employee workforce, the numbers are not surprising. The LASERS Board of Trustees and LASERS staff are working with the Department of Civil Service and individual agencies to assist employees in the decision making process during these difficult times. Resources are available on the LASERS website for members facing layoffs.

Let me remind all LASERS members, both active and retired, that the Retired State Employees Association (RSEA) is another great resource. RSEA just completed their annual statewide tour with chapter meetings in nine locations around Louisiana. In addition to retirement information, those meetings also included updates from the Office of Group Benefits, Deferred Compensation, and others. Visit the RSEA website, www.rseala.com, to find out about the benefits of joining.

Rougeou continued from back page

return on our investments. Over the past 29 years, our average actuarial return is 8.02 percent. It is important to note that these returns did include the Great Recession years.

For calendar year 2012, LASERS market return was 14.3 percent. Also of note, your retirement System was recently recognized nationally as one of the top 10 performing retirement systems among our peers for the past decade. And of course, your benefit is constitutionally guaranteed. The bottom line is, our funding requirements are being met, the market is rebounding, and your constitutionally protected benefit is secure.

Of course, this does not mean that LASERS is completely unaffected by a decrease in active members or an increase in retirees. The unfunded accrued liability (UAL), the

debt owed to the System by the state, and the employer contribution rate are impacted by changes in the state workforce. A portion of the employer contribution is a payment on the UAL and this is a fixed dollar payment that is paid as a percentage of all active member salaries. If active member payroll decreases, the employer contribution as a percent of pay increases. And, if members retire earlier than expected, an experience loss may occur. This loss would be funded by an increase in future employer contributions.

On a personal note, I am pleased to announce the arrival of my first grandchild, Everett Young Rouyer. This will certainly be a memorable time for my family.

To all of our LASERS members, happy spring!

Attend the LASERS Retiree Workshop

(seating is limited so please register early)

The workshop is for retirees only.

If you would like to attend, please register online on the LASERS website under:

Quick Links, Seminars, Retiree Workshop

or contact our Customer Service Department at:

225.922.0600 (Baton Rouge) or
800.256.3000 (toll-free)

You may also fill out the registration form below and mail to LASERS.

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.

When:

July 30, 2013, 9:00 A.M.- 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
ATTN: Retirement Education Department
P.O. Box 44213
Baton Rouge, LA 70804-4213

Retiree Workshop Registration Form:

Greater Baton Rouge Food Bank **FOOD DRIVE:** Attendees-please bring one non-perishable food item to this Retiree Workshop to support Baton Rouge Food Bank.

Name: _____

Social Security #: _____

Date of Birth: _____

Home Address: _____

City: _____

State: _____ Zip: _____

Daytime Phone: _____

Daytime Fax: _____

Daytime Email: _____

Name of Spouse (if attending): _____

Special Needs: Wheelchair _____ Interpreter _____

Other _____



LASERS Staff Integral Part of RSEA Tour

Each spring, members of the LASERS staff travel the state as part of the Retired State Employees Association (RSEA) annual chapter meeting tour. This year, LASERS officials presented information to both active and retired members of RSEA in Shreveport, Monroe, Alexandria, Lake Charles, Lafayette, Baton Rouge, Covington, Houma, and New Orleans. LASERS Executive Director Cindy Rougeou, Deputy Director Maris LeBlanc, and Assistant Director Trey Boudreaux addressed issues affecting state employees and retirees in the current 2013 Legislative Session. They also covered other topics of interest to RSEA members, including the success of LASERS investment returns, the approval of the DROP interest rate, the 2013 LASERS Board of Trustees Election, and an update on the Cash Balance Plan.

LASERS staff members distributed packets of information and answered retirement questions.



Retirement Benefits Administrator Cindy Taylor (left) pictured at the Baton Rouge RSEA Chapter meeting with Retirement Benefits Specialist Janet Harris (right).

The Office of Group Benefits, Great-West Retirement Services, and various members of the House of Representatives and Senate also spoke on the statewide tour.

Employee of the Quarter



Autumn Sullivan

The Customer Service department is often considered a member's first image of LASERS. They are the voices on the phone and the faces in the office that a member may associate with their retirement. Retirement benefits are complex, and not every question can be instantly answered, nor every person immediately satisfied.

As the supervisor of Customer Service, Autumn Sullivan is often called upon to contact members, answer questions, or resolve issues. Autumn displays exceptional customer service skills, and always goes beyond her duty to promote overall excellence and service to support the mission of LASERS. Her desire to help others comes through loud and clear by patiently listening and valuing the needs of each member she encounters. Autumn must often contact other divisions across LASERS, and she embodies the teamwork element to get the job done. Over the past nine years, Autumn has touched many different areas of the agency through her work in disability retirement, as a field representative, and an analyst in Customer Service. Autumn brings her past experiences with her to this role as supervisor.

Her staff does not hesitate to let others know they value her leadership, and her open door policy is appreciated. Thank you, Autumn, for leading by example and providing outstanding customer service at LASERS.



From the Desk of
Cindy Rougeou

LASERS Executive Director

At LASERS, the coming of spring also signals the start of the legislative session. With that in mind, I hope you will take the time to read the overview of prefiled retirement bills contained in

this, our Legislative issue of *The BEAM*. We also urge you to utilize our website and sign up for Member Connection to receive timely legislative updates.

In particular, the Cash Balance Plan (CBP) is the subject of two resolutions, HCR 2 by Representative Harrison and SCR 1, by Senator Cortez, to delay implementation of that new retirement plan. Those resolutions recognize the importance of first receiving IRS rulings, particularly on the social security equivalence of the CBP, before it is implemented. The state and our System could face substantial costs if the CBP fails to pass the test.

You may also be aware that the Retired State Employees' Association has challenged the constitutionality of the CBP due to the method by which it was adopted. That matter is currently pending before the Louisiana Supreme Court.

Senate Bill 4, sponsored by Senator Guillory, is a bill that would change the actuarial funding method from projected unit credit to entry age normal. This proposed change would result in more stable funding requirements and make disclosure for funding purposes consistent with new accounting disclosure standards issued by the Governmental Accounting Standards Board (GASB).

LASERS has also received numerous calls from our members expressing concern about the impact that the shrinking state workforce will have on the financial health of our System. The question arises, "*Is LASERS going to run out of money before I can draw my retirement benefits?*"

The short answer is no. LASERS is actuarially funded, meaning benefits are funded as they are earned. Our \$9.57 billion fund does not depend on current contributions from current active members to fund benefits for current retirees.

Since the passage of a constitutional amendment in the late 1980s, mandating the financial security of the System, the state has made its required contribution to LASERS. Our System is also expected to earn an eight percent actuarial

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The Louisiana State Employees' Retirement System (LASERS) distributed this document digitally. No publication costs were incurred.

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