LASERS
Louisiana State Employees' Retirement System

Quarterly Membership Newsletter
Winter, 2009
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iBEAM

the LASERS Beam Interactive

The LASERS Vision:

Confidence in our service, assuring financial security for your future

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Significant LASERS Issues Addressed

The following three issues have been identified by the LASERS Board of Trustees as critical:

- Identification and implementation of a legislatively enacted mechanism for the funding and granting of an annual cost-of-living adjustment for eligible system retirees in a reliable and dependable manner.
- Preservation of the defined benefit plan for current and future LASERS members.
- Reduction or elimination of the federal offsets, the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

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2009 Board of Trustees *Election Results*

LASERS is pleased to announce the results of the 2009 Board of Trustees election. Five new Trustees were elected to serve on the governing board of LASERS, with more than 26,000 active and retired members voting in this year's election. The election results were certified at the panel's November 20, 2009, meeting.

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Financial Reports Available

We are pleased to announce that the Comprehensive Annual Financial Report (CAFR) for the Louisiana State Employees' Retirement System for the fiscal year ending June 30, 2009, is now available. Although the economic environment and global recession impacted our investment returns, LASERS has remained strong as a defined benefit plan.

The CAFR, along with the Summary Annual Report or Popular Annual Financial Report (PAFR) can be found on our website at www.lasersonline.org. Just click on the link "LASERS Annual Reports."

For the tenth year in a row, LASERS has been recognized by the Government Finance Officers Association of the United States of America and Canada (GFOA) for outstanding Achievement in Popular Financial Reporting for the fiscal year ending June 30, 2008.

LASERS also received the Public Pension Coordinating Council's (PPCC) 2008 Public Pensions Standards Award in recognition of achieving high professional standards in the areas of plan design and administration, benefits, actuarial valuations, financial reporting, and disclosures to members. LASERS is proud to have received this award for the fifth consecutive year.

2009 Board of Trustees *Election Results*

(continued from front)

ACTIVE MEMBER (Four-Year Term)

Lori Pierce
Department of the Treasury

Beverly Palmer Hodges
Division of Administration

Janice Lansing
Department of Wildlife and Fisheries

ACTIVE MEMBER (Two-Year Term)

Susan Pappan
Division of Administration

RETIRED MEMBER (Four-Year Term)

Kathy Singleton
Department of Social Services
(Retired)

Elected to serve four-year terms as active member representatives are: Lori Pierce of the Department of the Treasury; Beverly Palmer Hodges of the Division of Administration; and Janice A. Lansing of the Department of Wildlife and Fisheries.

One active seat up for election this term was to fill a vacancy. Susan Pappan, of the Division of Administration, was the only candidate to qualify for the two years needed to complete the unexpired term.

Kathy Singleton, retired from the Department of Social Services, won the retired member election.

The 12-member policy-making Board has fiduciary oversight over LASERS. Members include six elected active representatives, three retiree representatives, and three ex officio members including the State Treasurer, the Chair of the House Committee on Retirement, and the Chair of the Senate Committee on Retirement.

Congratulations to all of our newly elected Trustees. The new Board Members will be sworn in prior to the January 28, 2010, regular meeting. The next Board of Trustees election takes place in 2011.

Significant LASERS Issues Addressed

(continued from front)

At its October 23, 2009, meeting, the Board approved a resolution directing LASERS executive staff to intensify its efforts addressing these critical issues facing the System and its members.

This resolution also asks that representatives of LASERS provide information and testimony in all cases where any of the above issues are discussed, and work in conjunction with other retirement systems when possible.

Corrected Form 1099R

About 800 LASERS retirees recently received a corrected Form 1099R from LASERS. The recipients left state service prior to the year in which they turned 55, and received a lump-sum leave payment or lump-sum DROP withdrawal during the three-year period of 2006 through 2008.

LASERS has notified the Internal Revenue Service of the programming change that led to the issuance of the corrected 1099R, and asked that no penalties or interest be assessed against our members due to the change. For those who received a corrected form, we provided a copy of the letter that LASERS sent to the IRS.

If you received a corrected 1099R, we encourage you to submit the letter LASERS sent to the IRS along with your amendment if your tax advisor suggests that you file an amended 1040 or 1040A.

If you have any questions regarding the change, please contact the LASERS Fiscal Division at (225) 922-0600 or (800) 256-3000.

THE BOARD MEMO

Lorry S. Trotter, 2009 Board Chair

It was a year ago at this time that the credit crisis and news from the financial markets were of deep concern to our members. It was very important to us to communicate the message that LASERS, as a long-term investor, is able to withstand the ups and downs of the market with a smoothing effect that takes into account the prior three years of market returns.

While our market return for the fiscal year ending June 2009 was -19.1 percent, our actuarial return was -7.64 percent. Though these returns are less than desirable, the Board of Trustees has maintained a sound approach to our asset allocation that does not veer off course due to market swings.

In fact, with market conditions improving over the past several months, our Total Fiscal Year to Date Market Return, as of September 30, 2009, is 12.4 percent. LASERS Total Calendar Year to Date Market Return, as of September 30, 2009, is 18.6 percent.

We have great confidence in the long-term soundness of our investment approach, making adjustments over time when appropriate, while never overreacting to any one year market return.

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From the Desk of Cindy Rougeou

LASERS Executive Director

As 2009 draws to a close, so do the terms of four veteran members of the LASERS Board of Trustees. This edition of the Beam also brings news of the candidates in this year's Board election that have been selected by LASERS members to assume the seats that will be vacated in January.

I would like to take this opportunity to recognize the service and steady guidance that the departing Board members have provided to LASERS and its membership. Board Chair Lorry Trotter, along with fellow Board members Louis Quinn, Revenue Secretary Cynthia Bridges, and Virginia Burton have seen our system strengthen and grow through some of its most challenging years.

During the recent turmoil in the financial markets, they provided solid support for the entire Board's strategy to stay the course, and not overreact to any one year market return. That approach led to news of a 12.4 percent return on investments for LASERS in the quarter ending September 30, 2009, and an increase in LASERS assets of more than $1.7 billion from the low point in the market at the end of February 2009.

At the Capitol, this Board has also stood united opposing efforts that would negatively impact the system or undermine its financial soundness. Departing Board members were also at the helm when Mother Nature took Louisiana by storm with Hurricanes Katrina and Rita. Their steady direction helped guide LASERS in its unprecedented efforts to assure retirees would receive benefit checks, and reassure all members that their retirement was secure.

With the foresight of this Board, our effort to launch an advanced pension administration system, the State of Louisiana Retirement Information System (SOLARIS) enabled us to bring state-of-the-art technology to the information and support LASERS provides members and agencies. Among its many features is the self-service Internet functions now available to active and retired members, as well as agencies.

There is not enough space or words to express our thanks to our entire Board, but particularly to those four who will be stepping down. Several of them have said they look forward to seeing what the new members will bring to the table. While we also embrace the inevitable change, we do it with a deep appreciation for these public servants who have given so much to our system.