



# Crossroads

A publication of the Louisiana School Employees' Retirement System Vol. 15 No.2 FALL 2003

## LSERS Legislation Passes in Spring 2003 Session

LSERS had several pieces of legislation pass in the Spring, 2003 Louisiana Legislative Session. These bills include conversion of leave, purchase of service, and re-enrollment after DROP. We were unsuccessful in the passage of two of our bills due to the additional cost to the State associated with those bills. Those are the bills on Recomputation of DROP Benefits and Reemployment of Retirees. An explanation of the bills that passed follows:

**Act 642; Restricts Conversion of Sick and Annual Leave** - This Act provides that in order to convert unused sick or unused annual leave to retirement credit for use in calculation of retirement benefits, the amount converted must equal at least ten percent of a year.

**Act 651; Restricts Re-enrollment by DROP Participant** - This Act requires a DROP participant to re-enroll in LSERS after DROP participation ends only if the member is continuing employment for 30 days or more.

**Act 764; Purchase of Out of State Service Credit** - This Act authorizes the purchase of service credit as an "employee," as defined in this system, for service in a public or private school, in state or out-of-state, by payment of the actuarial cost to this system, provided no service credit for

this time period is held in any other retirement system. The system in which the service is claimed must certify the dates of employment and that the former member no longer maintains credit in the system.

**Act 825; Purchase of Service as a Substitute Employee** - This Act allows members to purchase credit for service as an employee of the school board for which credit is not maintained in any other publicly supported retirement system. The member must have at least 90 days of eligible service as an employee to purchase, and must purchase at least 90 days of service credit in order to avail himself of the provisions of the Act. The member must pay the actuarial cost of the service.

Another bill passed, which may have an impact on LSERS and the other three state retirement systems in the future. This bill is listed below:

**HB 1684; Re-establishes the Commission on Public Retirement, whose purpose is to study and make recommendations with respect to improving public retirement systems in Louisiana.**

## DROP Changes Give Member Choices

The 2003 Louisiana Legislature passed Act 962, which provides for a change in how the DROP funds are invested once the member's DROP participation ends. Act 962 requires the DROP funds be placed in either a liquid asset money market or a self-directed plan in which the member chooses from a group of pre-approved investments for the placement of DROP funds until withdrawal is complete. The member becomes responsible for the interest rate of their DROP earnings rather than the retirement system.

These changes in the DROP investment affect those who become eligible to participate in DROP on or after January 1, 2004. Those who become eligible for DROP before that date will continue to have their DROP investments credited with interest at the same rate as the system's portfolio less one-half of one percent.

The LSERS' Board of Trustees is currently reviewing its options and will present its decision in the Winter 2003 "Crossroads" newsletter.



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## Two Qualify for District 1 Trustee Election

You will soon receive ballots in the mail for the LSERS District 1 Board of Trustees Active Member election if you live in Assumption, Jefferson, LaFourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John, or Terrebonne Parish.

Two individuals have qualified for this election. Edwin "Eddie" Middleton with the St. Bernard Parish School Board will be running for the post, along with Earl R. Richard, Jr. with the Orleans Parish School Board.

Middleton has been a member of LSERS for 25 years, has served as maintenance coordinator with St. Bernard Parish School Board for 25 years, is the

past co-president and vice president of St. Bernard Association of Educators, has served on the

Louisiana Association of Educators' Board of Directors from 1994 - 2000 and the National Education Association Board of Directors from 1994 - 2000, and is a member of the Louisiana Schools Facility Managers' Association, among other qualifications.

Richard has been an employee of the Orleans Parish School Board for over 31 years. He has been a shop steward for Teamsters Local for about 25 years, has worked as a contract negotiator for Local 270, helped establish the union for the custodians, is on the Committee for Employee Promotional Programs, and volunteered to promote the tax to help



Orleans Parish Schools, among other qualifications.

Ballots will be mailed on October 1, 2003 to all active members

residing in the First Retirement District along with a postage-paid, self-addressed envelope for return of the ballot. The deadline for returning the ballot is November 3, 2003. Official counting of the ballots will be held before the opening of the November 24, 2003 regular board meeting.

This is a four-year term, which begins January 1, 2004 and ends December 31, 2007. The Active Member District 1 seat is currently held by Boyd Zeke Zitzmann, whose term ends December 31, 2003.

For more information on this election, contact Judy Wright at 1-800-256-3718. Watch your mail for campaign information including both candidates' platforms and ballots. Be sure to cast your vote since every vote counts!

## LSERS a Strong Force in Securities Litigation

LSERS is out front in recovering from companies that have committed fraud against their shareholders. We began seeking recoveries from these companies in 1996. This was long before it was fashionable to do so. Your system has been lead plaintiff and has made substantial recoveries in several securities litigation actions. Successful actions have been brought against 3-Com Corporation and Finova, Inc., while we are currently prosecuting actions against J.D. Orthopedics, Inc., Reliant Resources, and DuraTek Corporation.

Such recoveries are for the entire class of stockholders, but our involvement has increased the size of the judgments received. From January 2003 until August 2003, LSERS has recovered a total of \$193,158.27. Since the beginning of our involvement in these cases, we have recovered well over \$600,000.00. These recoveries increase the assets of your retirement system, which are then used to provide benefits to retirees, beneficiaries, and survivors.

## Social Security Reductions Possible

Your Social Security benefit may be reduced if you are also eligible for a LSERS retirement. Your LSERS benefit will not be reduced. Either your spouse's or widow(er)'s benefit or your own earned benefit may be reduced. Call Social Security at 1-800-772-1213 for an estimate of your (possible) Social Security reduction.

## Checks Have Changed

Beginning in September, LSERS' checks and EFT check stubs have a new look to them. We told you about the change in banks in a recent "Crossroads," along with the benefits offered to you as a Hibernia bank member. Now the color of our checks has changed to blue. Hibernia Banks are located in several southern states.

# Board Votes To Give Raise to System Actuary and Merit Increase to Appointees

During the May LSERS Board Meeting, the Board voted to grant the system's actuary, Charles Hall, a two- year extension on his contract at an annual cost of \$45,000. Board members voting for the contract extension were Joe Seymour, Betty Jacobs, Sylvia Myers, Larry Wilmer, Betty Crain, and Cooper Harrell. Those voting against the contract extension were Jeffrey Faulk and Zeke Zitzmann.

Also, during the May LSERS Board Meeting, the Board voted to grant a four percent salary merit increase for the unclassified employees for receiving an "overall outstanding" annual performance rating. Those include the LSERS director, assistant director, and chief investment officer. Board members voting for the merit increase were Joe Seymour, Betty Jacobs, Sylvia Myers, Larry Wilmer, and Betty Crain. Those voting

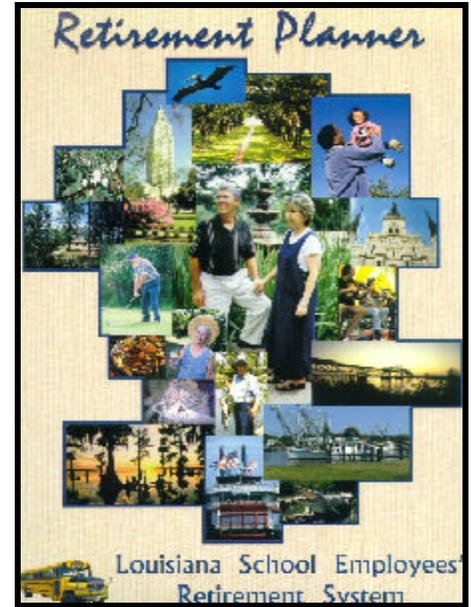
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# New Retirement Planner Is Being Distributed

LSERS has completed the new "Retirement Planner," which will replace the *LSERS Membership Handbook* published in 1999. The "Retirement Planner" includes a number of fliers on various subjects related to retirement as well as a Benefit Calculator, which gives an estimate on what your monthly benefit will be upon retirement based on your income and number of years you have been a member of this system.

The "Retirement Planners" are being distributed to each of the parish school boards for local distribution to members who are approaching retirement age and to new members. Stop by your local school board

office to get your copy in the near future.



against it were Jeffrey Faulk and Zeke Zitzmann.

During the same meeting, Jeffrey Faulk made a substitute motion to deny the merit increase for the unclassified personnel and to institute a hiring freeze on any additional personnel for LSERS. Board

members voting for this motion were Jeffrey Faulk and Zeke Zitzmann. Those voting against the motion were Joe Seymour, Betty Jacobs, Sylvia Myers, Larry Wilmer, and Betty Crain. Abstaining was Cooper Harrell.

**Visit LSERS' Web Site**  
[www.lasers.state.la.us](http://www.lasers.state.la.us)

**LSERS Member Change of Address**

Be sure to notify LSERS if your address has changed recently. Please complete this change of address card and mail it to LSERS, P.O. Box 44516, Baton Rouge, LA 70804.

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Membership status: (check one) Active \_\_\_\_\_ Retired \_\_\_\_\_

Signature \_\_\_\_\_ Soc. Sec. # \_\_\_\_\_  
(required)

Mailing and Deposit Dates for Monthly Benefit Checks			
Retiree Checks		DROP & IBRP Checks	
Mailed	Deposited	Mailed	Deposited
Aug 29	Sept 2	Sept 4	Sept 5
Sept 30	Oct 1	Oct 3	Oct 6
Oct 31	Nov 3	Nov 4	Nov 5
Nov 28	Dec 1	Dec 4	Dec 5
Dec 31	Jan 2	Jan 2	Jan 5

**LSERS  
BOARD OF TRUSTEES**

**Joe Seymour, Chairman**  
3rd Retirement District, 318-728-2729  
**Betty Jacobs, Vice Chairman Pro-Tem**  
2nd Retirement District, 225-925-5667

**Boyd Zeke Zitzmann**  
1st Retirement District, 504-682-3512  
**Sylvia Myers**

4th Retirement District, 337-478-7162  
**Betty Crain**

Retiree Representative, 985-735-5359  
**Jeffrey Faulk**

Retiree Representative, 337-893-3315  
Ex Officio Members:

**Larry Wilmer, Vice Chairman**  
President, La. School Bus Operators  
Association, 318-964-5928

**W. Fox McKeithen**  
Secretary of State, 225-342-4479

**John Kennedy**  
State Treasurer, 225-342-0010

**Lambert Boissiere, Jr.**  
Chairman, Senate Retirement  
Committee, 225-342-2062

**Pete Schneider**  
Chairman, House Retirement  
Committee, 225-342-2445

**Patrick Cospser**

LSERS Director

**Debra Dudley**

LSERS Assistant Director

**Judy Wright**

LSERS Public Information Director and  
Newsletter Editor

## LSERS Investment Returns Are Positive

Early signs indicating the coming of an economic recovery encouraged investors to return to the stock market to increase the yield on their investments. Because LSERS Trustees have selected a diversified asset mix for the retirement system's portfolio, LSERS profited from the rising demand for U.S. stocks. For the year ended June 30, 2003, LSERS investments returned 4.33%. Just for the quarter ended June 30, 2003, after all benefits and expenses were paid, LSERS investments increased by \$94.9 million.

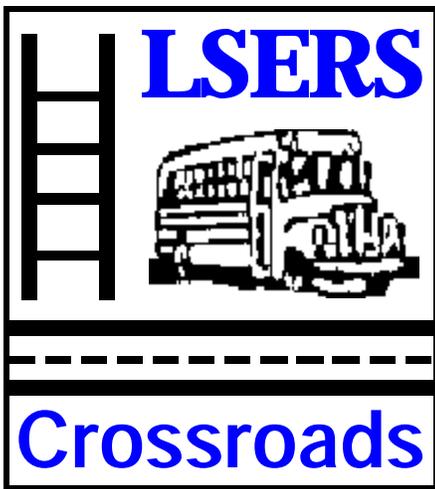
When compared to other state public pension plans within the United States,

preliminary 3-year returns place LSERS within the top 10%. This ranking may change once all systems report their numbers. Why was LSERS ahead of so many funds during this difficult three-year period? Maintaining a carefully planned asset allocation or mix allowed LSERS to do better during difficult times.

Although our investment return is in the positive range, our legally required investment return percentage for a cost-of-living adjustment (COLA) has not been reached.

LSERS allocation to managers by segment at June 30, 2003 was as follows:

Segment	Market Value	Percent of Total Assets
U.S. Bonds	\$ 624,031,764	47%
U.S. Stocks	618,271,061	46%
International Stocks	81,666,918	6%
Cash	12,498,496	1%
<b>TOTAL</b>	<b>\$1,336,468,239</b>	<b>100%</b>



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Visit LSERS' Web site at: [www.lasers.state.la.us](http://www.lasers.state.la.us)

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