

# CROSSROADS



A Publication of the Louisiana School Employees' Retirement System

APRIL 2013

## Numerous bills in Legislative session have impact on LASERS members

Although the Louisiana Legislative session that began on April 8 is a fiscal session, 45 instruments addressing retirement matters will be taken up by the Senate and House Committees on Retirement.

Of these 45 instruments, only about a dozen would have a direct impact on LASERS if passed by the legislature.

The LASERS Board met and voted to **support** the following instruments relative to the cash balance plan and Cost-of-Living Adjustments (COLA) and funding:

- **SCR 01** by Senator Cortez is a suspensive resolution to suspend implementation of the cash balance plan until June 30, 2014. A similar suspensive resolution was filed in the House by Representative Harrison. **HCR 02** suspends implementation of the cash balance plan through the earlier of: 60 days after both: a) receipt by the Division of Administration of a private letter ruling from the IRS that the cash balance plan meets the social security equivalency test, and b) receipt by LASERS that the plan does not affect tax qualification status, or July 1, 2014.
- Representative Price has authored **HB 46**, which provides a COLA of up to 3.75% to be paid from the Experience Account to LASERS retirees who retired or entered DROP before July 1, 2001. Senator Guillory has authored **SB 17** to provide for 2% of revenue collections in excess of FY 2011-12 levels to be dedicated to liquidating unfunded accrued liabilities (80%) and to funding benefit increases (20%) for retirees of the state retirement systems.

The Board has taken a position to **oppose** the following instruments:



- **HB 43** by Representative Thibaut, which exempts local school boards from paying the unfunded accrued liability (UAL) associated with privatization.
- **HB 60** by Representative Talbot aimed at curbing retirees from returning to work by requiring a suspension of benefits during reemployment for anyone who retires on or after July 1, 2013.

The board is also in **opposition** to **SB 11** by Senator Guillory, which includes numerous provisions. They are:

- Provides for post-retirement benefit increases (PBI) of the greater of either 1% or the lesser of: (a) 2% or, (b) a percent necessary to preserve 80% of purchasing power as of June, 30, 2013.
- The PBI is payable on an amount not to exceed \$50,000 of a retiree's benefit.
- Increases employee contributions by 3% of pay beginning on July 1, 2013.
- Incorporates a five-year final average compensation (FAC) with transitional provisions.
- Generally, in order to receive the PBI a retiree must be retired at least five years and have attained 65 years of age.
- Employer funded PBIs are payable July 1 each odd-numbered year beginning July 1, 2013.
- Employee funded PBIs are payable July 1 each odd-numbered year beginning July 1, 2019.
- Those partially employee and partially employer funded are payable each July 1 beginning July 1, 2019.

And after careful consideration, keeping in mind what is in the best interest of the members as well as their fiduciary duty to the fund, the Board has taken a **neutral** position on **SB 07** by Senator Peacock which provides for a five-year FAC period for all

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members who retire or enter DROP after January 1, 2014. The bill accomplishes this gradually over a two-year window (1/1/2014 – 12/31/2015) incorporating transitional language to ensure that no member receives a lesser benefit than he would have prior to implementation.

There are various other bills which will impact LSERS if they are passed by the legislature; however, the Board is continuing with due diligence waiting for more information before any board position can be taken on the following bills:

- **HB 57** by Representative Pearson would provide for a five-year FAC. This bill also increases employee contributions by 1% on July 1, 2015 and an additional 1% on July 1, 2017 with the additional funding to be dedicated to the



payment of post-1989 liabilities. HB 57 would also implement a minimum employer contribution rate of 15% until the system is at least 90% funded.

- **SB 14** by Senator Martiny allows transfers and reverse transfers of service credit between systems while in service as well as an opportunity for the member to purchase an upgrade to the higher accrual rate of the receiving system, if applicable.
- **HB 61** by Representative Badon establishes a “divided benefit” for all members of state and statewide retirement systems whose salary increases by more than 30% comparing one month to the average over the previous twelve months.
- **HB 68** by Representative Pearson is clean-up legislation relative to the cash balance plan.

## SIGN UP FOR LEGISLATIVE UPDATES

The 2013 Regular Session began at noon on Monday, April 8, 2013. Want to receive legislative updates via email? LSERS has implemented an “*Email Subscription Sign-Up*” process that can be completed in two short steps:

- 1) Go to LSERS website at [www.lasers.net](http://www.lasers.net). You will find “*Email Subscription Sign-Up*” located at the very bottom right of the webpage. Enter your email address and Click “*Subscribe*”.
- 2) You will receive an email from *Lasersnewsletter-confirm*. Click “*Reply*”, then Click “*Send*”-- no need to enter anything in the body of the email -- just reply and send.

You are now subscribed to the mailing list! You will receive an email welcoming you to the mailing list, which will be used to send legislative updates and other important information relative to LSERS and its membership. It will also provide information on how to remove your email from the mailing list.

**Questions or concerns about legislation?** Please feel free to contact Lauren Bailey, LSERS Executive Counsel, at 225.925.6560 (email to [lbailey@lasers.net](mailto:lbailey@lasers.net)) or 1.800.256.3718 (if outside the Baton Rouge area).

## LSERS welcomes Lauren B. Bailey as its new Executive Counsel

Following the retirement of Warren D. Ponder, who had been serving as Executive Counsel since May of 2006, the Board of Trustees interviewed candidates and selected Lauren B. Bailey as LSERS new Executive Counsel.



*Lauren B. Bailey*

Before coming to LSERS, Lauren was employed by the

Louisiana State Senate as an attorney for the Senate and Governmental Affairs Committee. Prior to that appointment in February 2012, she served as the attorney for the Senate Committee on Retirement for nearly 4 years. Lauren also worked as an Assistant

Attorney General practicing civil litigation for the Attorney General’s Office for over 2 years.

Her official start date as the new Executive Counsel and member of the LSERS team was Monday, February 25. “I am extremely happy to

have this opportunity to join the wonderful team that works tirelessly to protect and administer the benefits of the members of LSERS. I have an open door policy and can’t wait to meet and assist our members in any manner in which I can.”

# Landry, Faulk unopposed

Ms. Kathy Landry and Mr. Jeffrey Faulk, Sr. were unopposed in seeking reelection to their positions on Louisiana School Employees' Retirement System (LSERS) Board of Trustees. Ms. Landry was re-elected to the **Active Member - District 4** seat, and Mr. Faulk was re-elected to the **Retiree Representative - Division 2** seat. They will officially take office on January 1, 2014 and begin serving a four-year term ending December 31, 2017.

Ms. Landry was re-elected to her third four-year term on the Board. She resides in Calcasieu Parish and has been a school bus operator for the past 18 years. She served 14 years as president of the Calcasieu Parish Bus Drivers Association. She is also a member of Louisiana School Bus Operators' Association (LSBOA), for which she has served 3 years as vice president, and is currently serving her 8th year as a district board member.

Ms. Landry comments: "I feel honored to serve on LSERS Board of Trustees as we strive to make wise decisions regarding the stability of our retirement system during these hard economic times."

Mr. Faulk was re-elected to his fifth four-year term on the Board. He is a life-long resident of Vermillion Parish and retired after 26.5 years of service as a school bus operator. He has been a member of LSERS for the past 42.5 years, 26.5 years as an active member and 16 years as a retired member. Mr. Faulk was also a member of LSBOA for 26.5 years, 16 years as a district board member and 4 years as state president.

Mr. Faulk comments: "I wish to thank all of the members for their continued support over the years and for allowing me to serve as a retiree representative on the Board of Trustees."

## Meeting Schedule

For a list of all board meeting dates and times, visit our website at: [www.lsers.net](http://www.lsers.net).

5/20/2013	9:00 a.m.
5/21/2013	8:30 a.m.
6/24/2013	9:00 a.m.
7/22/2013	9:00 a.m.
8/19/2013	9:00 a.m.
8/20/2013	8:30 a.m.

## LSERS adopts new Application for Service Retirement, IBRP, or DROP (Form 10)

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On February 21, 2013, LSERS adopted a new **Form 10 (Application for Service Retirement, IBRP, or DROP)**. By combining three applications into one, this new **Form 10**:

- Eliminated completion of *Form 17A, Annual Cost-of-Living Option*, as election for the *Self-Funded COLA* plan is available on the new *Form 10*
- Eliminated employer verification, as this is no longer required for these types of retirement--LSERS will send a copy of the acknowledgement letter to the employer, notifying them of member's retirement/DROP
- Added an instruction page that provides step-by-step information on completing each section on the form

### Why was the new form created?

- Eliminate confusion about which retirement application to complete
- Minimize paperwork, as revised format allows beneficiary information for **both** retirement and DROP/IBRP accounts to be reflected on one form
- Minimize impact on you

Our intent is to reduce unnecessary paperwork so the retirement process will be a less intrusive part of your daily life. After all, we are "*Striving for Excellence in Customer Service.*"

## Delegates from LSERS educate members of Congress

LSERS continues to communicate and educate members of Congress and their staff in Washington, DC about how LSERS members are adversely affected by the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) of Social Security.

Trustees from the LSERS Board visited offices of several members of Congress in January to explain how LSERS members are being penalized after dedicating their lives to public service due to the reductions of their Social Security benefits. The trustees requested support for the repeal of WEP and GPO.

Based on these federal regulations, if you become eligible for Social Security, your Social Security benefit may be reduced if you receive a retirement benefit from LSERS. Your LSERS benefit is not reduced or affected in any way.

LSERS Board of Trustees will continue supporting the repeal of WEP and GPO.

## CHECK MAILING DATES

Visit our website at [www.lsers.net](http://www.lsers.net) for check mailing dates. Regular monthly benefit checks are mailed on the last working date of the month and DROP/IBRP are mailed on the last working date of the month before the 5th of the month.

## Getting to LSERS is Simple

LSERS office is off Essen Lane between I-10 and I-12. The street address is 8660 United Plaza Blvd. in Baton Rouge.

From I-10, exit on Essen Lane. Turn right if coming from the south and left if coming from downtown or the north. Turn right on United Plaza Blvd. LSERS is the first building on the left.

From I-12 east, exit on Drusilla Lane and turn left. Turn right on Jefferson Highway and left on Essen Lane. Take the second entrance to United Plaza Blvd. on the left. LSERS is the first building on the left. From I-12 west, exit on Essen Lane. Take a right on Essen Lane, then the second entrance to United Plaza Blvd. on the left. LSERS is the first building on the left.

Louisiana School Employees' Retirement System  
P.O. Box 44516  
Baton Rouge, Louisiana 70804-4516

**Location: LSERS Building**  
**8660 United Plaza Blvd. - First Floor**  
**Baton Rouge, Louisiana 70809-7004**

**Telephone 225.925.6484, Toll-free 1.800.256.3718**  
**Office Hours: 8:00 a.m. to 4:30 p.m., Monday-Friday**  
**Visit LSERS' website at: [www.lasers.net](http://www.lasers.net)**

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**Charles P. Bujol**

*LSERS Executive Director*

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*LSERS Assistant Director*

**Jennifer Champagne**

*Administrative Assistant*

## 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. Please print all information except for your signature.

Name \_\_\_\_\_ Home phone: \_\_\_\_\_

Address \_\_\_\_\_

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

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

Signature \_\_\_\_\_ Date of Birth \_\_\_\_\_  
(required)

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