



Crossroads

A publication of the Louisiana School Employees' Retirement System Vol. 12 No.1 SPRING 2001

Proposed Legislation for the 2001 Regular Session

LSERS will propose the following bills during the upcoming regular session:

1. Increase accrual rate to 3 1/3%. This act would increase the accrual rate used for calculating benefits for all members retiring on or after July 1, 2001. To give you an idea of how much money you would receive if this act passes, look at the following examples:

If you are at least age 55, and have at least 25 years of service:

	If you retire before 07/01/01	If you retire after 07/01/01
and your highest 3-year average is	your monthly benefit will be approximately	your monthly benefit will be approximately
10,000.00	592.00	744.00
12,000.00	700.00	883.00
15,000.00	863.00	1,091.00
20,000.00	1,133.00	1,438.00
25,000.00	1,404.00	1,784.00

If you have at least 30 years of service:

	If you retire before 07/01/01	If you retire after 07/01/01
and your highest 3-year average is	your monthly benefit will be approximately	your monthly benefit will be approximately
10,000.00	727.00	833.00
12,000.00	860.00	1,000.00
15,000.00	1,060.00	1,250.00
20,000.00	1,393.00	1,666.00
25,000.00	1,727.00	2,033.00

Board Orders New Ballots for Retiree Election

An election is currently in process to fill the board vacancy as a result of Mr. Howard Broussard's death. LSERS contracts with a private company for the mailing of the ballots. We gave the company the election materials, including the name and addresses of all retirees eligible to vote. The private company mailed the ballots to the retirees on February 22, 2001. After they mailed the ballots, the staff discovered that only the retiree addresses without the retiree names were printed on the envelopes containing the ballots. The private company handling the mailing of the ballots informed us of a problem with their software that caused the names to be left off.

Due to the absence of the retiree names, LSERS' legal counsel felt that some retired members may not have had the same opportunity to exercise their right to vote as others. The election of a member for the Board of Trustees is very important.

This gives you an example of the benefits that will be paid if you retire before or after the effective date of this act. As you can see, for most members this act will increase the retirement benefits; however if you have enough years already to give you 100% of your average salary, this act will not increase your benefit. For members who are currently participating in DROP, your DROP benefit will not be

The Board always strives to conduct these elections so that all members have an equal voice and opportunity in the voting process. Based on the legal opinion of LSERS' counsel, Chair Joe Seymour has canceled this retiree election process. New election materials will be mailed to all retired members on March 26, 2001. The new ballots will be off-white and the ballots will be returned to LSERS in blue envelopes. **The ballot you sent in previously in the yellow envelope will not be counted. You must send in the new off-white ballot in the blue envelope for your ballot to be counted.** The ballots must be returned to the LSERS office postmarked by April 26, 2001. We will count the ballots at the May 14, 2001 board meeting.

We regret any inconvenience this may have caused you. Look for your new ballot shortly after March 26, 2001 and please **EXERCISE YOUR RIGHT TO VOTE!!!** Return your ballot by April 26, 2001. Your vote counts!

recalculated, however the years you contribute to LSERS after your DROP participation has ended will be calculated using the new accrual rate, if this act passes.

LSERS' board or staff cannot advise you whether you should wait and retire! This has to be your own decision! We can tell you that we are doing everything within our
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Active Member from Fourth District Sought

An election will be held for a member of the LSERS Board of Trustees to represent the Fourth Retirement District. This is a four-year term, which begins January 1, 2002 and ends December 31, 2005. The seat is currently held by Ms. Sylvia Myers. Her term ends December 31, 2001. All active members of the Fourth Retirement District are eligible to qualify for this election provided the following conditions are met.

To qualify, you must:

1. Reside in the Fourth Retirement District which consists of the following parishes: Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, Evangeline, Grant, Iberia, Jefferson Davis, Natchitoches, Pointe Coupee, Rapides, Sabine, St. Landry, St. Mary, Vermilion, and Vernon.
2. Submit a written request for an official Nominating Petition to Mr. Patrick Cosper, Director, P.O. Box 44516, Baton Rouge, LA 70804, or fax it to 225-922-0350.
3. Obtain the signature, social security number, and address of at least ten active members of the Louisiana School

Employees' Retirement System who also reside in the Fourth Retirement District. This information must be submitted on an official Nominating Petition and be verified by this office before you officially qualify.

4. Submit a completed, notarized Nominating Petition to this office no later than 4:30 p.m., June 1, 2001. For hand delivery, the physical address is 8660 United Plaza Blvd., 1ST Floor, Baton Rouge.

A notice of official qualification will be mailed to you upon verification of your Nominating Petition.

If more than one person qualifies for this election, a ballot containing the names of all qualified candidates will be mailed on September 14, 2001 to all active members residing in the Fourth Retirement District along with a postage-paid, self-addressed envelope for return of the ballot. The deadline for returning the ballot is October 16, 2001. Official counting of the ballots will be held before the opening of the November 19, 2001 regular board meeting.

If you have any questions regarding this election, please contact Michelle Reeves at 1-800-256-3718.

State Employees Group Benefits Program Changes for 2001

If you are a member of the State Employees Group Benefits Program (SEGBP), the following changes in coverage, which are effective January 1, 2001, will be important to you. If you have questions, call the Group Benefits Plan office in your area. **LSERS cannot answer questions on SEGBP insurance coverage.**

90-Day Drug Program - A 90-day supply of maintenance drugs is only available through mail order or through pharmacies offering equivalent pricing.

Annual Deductible - The PPO deductible for retirees is still \$300, but has increased to \$500 for active members.

Drug Deductible - An annual \$150 prescription drug deductible is now in effect for all EPO and PPO members.

Emergency Room Deductible - This has increased to \$150 for all members.

Glucometers - These are no longer covered for diabetics.

Participation Prior to Retirement - State employees wishing to continue health coverage after retirement must have been plan members for 40 quarters.

Pre-existing Conditions - All new employees are subject to a pre-existing condition clause.

Obesity Treatment - The gastro-intestinal surgical procedures for treating morbid obesity (body mass index of 40 or more) are covered.

Impotency Drugs - These are available to members who have had their prostate glands removed.

These changes are expected to save the program about \$7.75 million in fiscal year 2000 - 2001. More changes are expected by the Board of Trustees to address an anticipated deficit of \$36.3 million the following year.

Employee and Employer Contribution Rates for fiscal Year 2001 - 2002

The Public Retirement Systems' Actuarial Committee has recommended that the employer contribution rate for the Louisiana School Employees' Retirement System (LSERS) be set at 6.0% of payroll for the fiscal year July 1, 2001 through June 30, 2002.

Under the provisions of LA R.S. 11:102(B)(2)(b)(ii), employer contributions may be funded in whole or part from the Employer Credit Account. There are sufficient funds in the Employer Credit Account that will be used to pay the 2001 - 2002 employer contributions.

Therefore, employers shall NOT remit employer contributions to LSERS for the 2001 - 2002 fiscal year. Employers must

remit member contributions for the 2001 - 2002 fiscal year. The member contribution rate for 2001 - 2002 is 6.35%.

Prior to the start of each fiscal year, LSERS will notify employers as to whether employer contributions will be funded from the Employer Credit Account or if employers will be required to remit payments for the fiscal year.

DROP Interest Rate

The interest rate for eligible DROP accounts for the year ending June 30, 2000 was 10.22 percent. Interest has been

posted to all eligible members' accounts and should be reflected on your statement. If you have money in your DROP account but have not received your statement, please notify us in writing. We will send you a statement immediately.

Summary of LSERS' Financial Status

LSERS' investments have continued to excell in fiscal year 1999 - 2000. As of June 30, 2000 LSERS had 20 percent more in

assets than was needed for payments, or a 20 percent surplus for the year. Total income for the year was \$148.4 million and

total expenses were \$94.2 million. A breakdown on the income and expenses may be seen in the following charts:

LSERS' ASSETS \$1,566 MILLION



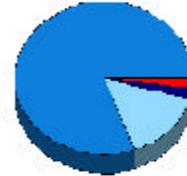
- \$304 million surplus
- \$1,262 million liability

SOURCE OF FUNDS \$148.4 MILLION



- \$15.1 million member contributions
- \$14.3 million employer contributions
- \$119.0 million investment earnings

EXPENSES PAID \$94.2 MILLION



- \$75.9 million bond issues
- \$14.0 million employer credit account
- \$2.2 million retiree benefits
- \$1.0 million administrative expenses

(con't. from page 1)

power to support this legislation and get it passed; however, we cannot guarantee its passage.

2. Changes to the OPTION 5 Plan of Retirement. This act will change the name of the Option 5 Plan of Retirement to the Initial Benefit Retirement Plan (IBRP). The name Option 5 has caused some confusion for our staff and our members. Members think Option 5 is just another option like 1,2, 2A, etc., rather than an actual plan of retirement. We feel that this name change will clear up some of the confusion that has been created. This act will also specify that a member must be eligible for regular service retirement to participate in the Initial Benefit Retirement Plan. The

legislature originally created this plan as an alternative to the DROP program. To participate in the DROP program, you must be eligible for regular service retirement. This change will make the requirements for the IBRP the same as the requirements for participating in the DROP program.

3. New Board of Trustee seat for a retired member. Currently the board of trustees is made up of 10 members: 4 active members, 1 retired member, and 5 ex-officio members. The number of retirees of LSERS has grown, and at a much faster rate than that of active members. Due to the increasing number of retirees, the board felt retirees needed two representatives on the board.

4. Disallowing use of extended, special, or

advanced leave in order to meet the minimum qualifications for disability retirement. Currently a member must have 5 years of service to meet the minimum qualifications for a disability benefit. The member cannot use time earned while on workers' compensation to meet the 5-year requirement. This act would also disallow the use of extended, special or advanced sick or annual leave to meet the 5-year requirement. The member can use their normal sick or annual leave days accrued to meet the 5-year minimum requirement.

We encourage you to contact your legislators and let them know your position on these bills. Remember, your legislator will listen to you, because you have a vote! We will keep you abreast of the status of these bills through our Website (www.lasers.state.la.us). Please call if you have any questions or need additional information.

Did You Know?

Did you know you there's another way to receive your check, rather than waiting for delivery from the US post office? You can have your check electronically deposited to your checking or savings account each month. You would not have to make a trip to cash your check, but could spend your time doing other fun things. Twenty-five percent of our retirees receive their check through electronic funds transfer (EFT). Chances are one of your friends or neighbors receives their check this way. With EFT, your check is never lost in the mail or stolen from your mailbox. You have access to your money on the first

business day of every month. We even send you a stub that lets you know how much was deposited to your account. Why not try EFT? You have nothing to lose! If you don't like EFT, you can cancel at any time! Please call or write our office for an easy to complete application to get you started!

Remember to Let Us Know of Any Change in Your Address



Mailing Dates for Monthly Benefit Checks

Retirement Checks for:

- April
- May
- June
- July

Will be Mailed on:

- March 30
- April 30
- May 31
- June 29

**LSERS
BOARD OF TRUSTEES**

Joe Seymour
Chairman

3rd Retirement District, 318-728-2729

Boyd Zeke Zitzmann
Vice Chairman

1st Retirement District, 504-682-3512

Vacant
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2nd Retirement District, 225-925-5667

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Association, 318-964-2869

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

John Kennedy
State Treasurer, 225-342-0010

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Committee, 225-342-2062

Pete Schneider
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Assistant Director

Judy Wright
Public Information Director/Newsletter
Editor

LSERS Says Farewell to Two Board Members

LSERS members sadly said farewell to two Board of Trustee members. John Howard Broussard, who served as the retiree representative on LSERS Board of Trustees at the time of his death, passed away on October 7, 2000. Broussard, from Grand Coteau, was a school bus driver for St. Landry Parish for 37 years and served as the state association president for ten years. He served on LSERS's Board of Trustees for 18.5 years; ten as an ex-officio member representing the Louisiana School Bus Operators' Association and eight and one-half as a retiree representative. Broussard was also a Grand Coteau Town Alderman for 27 years and owned his own business for 22 years. Broussard had strong family values and lots of time for his wife, Lillie Mae, five children, five grandchildren, and a great-grandchild. He

will be wonderfully remembered as a responsible family man and community leader. We will all miss him.

Mamie Pilkinton, who served on LSERS Board of Trustees for 18 years, passed away on August 10, 2000. Pilkinton, from Bossier City, was chairperson of the Board for 12 and one-half of those 18 years. Pilkinton was a school bus driver for Bossier Parish for more than 25 years. She served as president of the School Bus Operators' Association for many years, as well as a district member and as ex-officio board member after her retirement in 1980. Pilkinton had three children, three grandchildren, and four great-grandchildren. Pilkinton was held in high esteem by all those who knew her. She, too, will be sorely missed by all.



John Howard Broussard served on the LSERS Board of Trustees for 18.5 years.



Mamie Pilkinton served on the LSERS Board of Trustees for 18 years.

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