

## New Laws Enhance Members' Benefits

### **New Laws as of July 1, 1999**

The following is a summary of LSERS legislation passed in the 1999 Regular Session of the Louisiana Legislature, which ended on June 21, 1999.

#### **Change in Formula for Payment of COLA (Cost of Living Adjustments)**

Act 278 - This legislation provides that COLAs will be paid based upon a sum of one dollar multiplied times the number of years of accrued service at the time of retirement, plus one dollar multiplied by the number of years since retirement, plus one dollar multiplied by the number of years of service in excess of 30 years.



Also, those members age 65 and older are entitled to an additional COLA equal to 2% of the benefit being received at the time the COLA is granted.

FOR EXAMPLE: If you had 32 years of service at retirement, had been retired for 2 years as of December 31, 1999, are age 65, and receiving \$600.00 per month, your COLA would be:

- \$32 - based on 32 years of service, plus
- \$ 2 - based on 2 years in retirement, plus
- \$ 2 - based on 2 years in excess of 30 years of service
- \$12 - based on 2% of a \$600 EXAMPLE monthly benefit at age 65

**\$48 COLA** will be added to your monthly benefit starting in January 2000. However, if you are not age 65 or older, the additional COLA equal to 2% of your current benefit will not be granted.

#### **Eligibility for the Board of Trustees**

Act 52 - This bill clarifies the law that a person participating in the DROP is eligible to run for an active member position on the Board of Trustees. Also, a member of the board may enter DROP or retire and maintain their position on the board.

#### **Election of the Retiree Serving on the Board of Trustees**

Act 1348 - This bill establishes that the retiree member of the board will be elected by the retirees of the system rather than appointed by the board.

#### **Increase in the Accrual Rate for Computation of Benefits**

Act 278- This change provides that all years of service earned on or after July 1, 1999, will accrue at 3% for each year. This change is **not retroactive**.

FOR EXAMPLE:

If you retire July 1, 2000 at age 60 with 15 years of service, your benefit would be calculated based on the 2.5% accrual for your years of service up to 7/1/99 (14 years) and the 3% accrual for your years of service after 7/1/99 (1 year).

Note: If you had 20 years of service as of 7/1/99, this new law does not change your accrual rate because you already receive the 3% accrual for your years of service over 20 years. ☒

## Employer & Employee Contribution Rates for Fiscal Year 1999-2000



The Public Retirement Systems' Actuarial Committee has recommended that the employer contribution rate for the Louisiana

School Employees' Retirement System be set at **6.0%** of payroll for the fiscal year July 1, 1999 through June 30, 2000.

However, due to the passage of House Bill 2174, employer contributions will be funded from the Employer Credit Account.

HB 2174 provides that, at the end of each fiscal year, the difference between the minimum employer contribution and the actuarially required employer contribution be determined. The difference between shall accumulate in an Employer Credit Account and earn interest at the actuarial rate of return earned by LSERS.

In previous fiscal years, the minimum employer contribution for LSERS has been greater than the LSERS actuarially required employer contribution; therefore, an employer credit currently exists.

EMPLOYERS, based on this employer credit from previous years, **shall not remit employer contributions to LSERS for the 1999-00 fiscal year.** EMPLOYERS **must remit member contributions for the 1999-00 fiscal year.** The member contribution rate for 1999-00 is **6.35%**.

Prior to the start of each fiscal year, LSERS will notify employers regarding employer contributions payments for the fiscal year. ☒

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# Q & A

(Here are frequently asked questions about retirement)



## 1) What happens to my sick leave when I retire?

Any unused sick leave for which you do not receive pay will be converted to service credit and used in the computation of your benefit.

## 2) Why does it take so long to get my first retirement check?

This system must receive all salary and contribution reports from your employer before your final benefit can be calculated. The normal time frame for processing your retirement through the final step of issuing your first check is 2 to 3 months. It is important for you to plan ahead as much as possible to prepare for the first few months after your employment ceases and before your first check is issued.

## 3) Can I borrow money against my retirement account?

No. The laws governing this system do not allow members to borrow funds from their retirement account.

## 4) Why can't you give me an estimate of what my benefit would be over the telephone?

Due to the large volume of requests for estimates, we must ask that you send it in writing. You can call or write to us to request an "Estimate Request Form."

To avoid delays, please be sure your request includes the following: 1. Your Social Security number; 2. Your projected effective date of retirement; 3. The name and date of birth for only one beneficiary, for whom you might need to provide a monthly benefit, after your death. Most estimates are mailed within 30 days after receiving the request.

## 5) I receive a benefit from Social Security so how will that affect my retirement?

Your retirement benefit will not be reduced because you receive Social Security benefits; however, it is important for you to contact your local Social Security office to find out how your retirement benefit affects your Social Security benefit.

## 6) Can my insurance premiums be deducted from my retirement check?

LSERS cannot answer this question. You must contact your employer's insurance or personnel department for all information regarding insurance, including premium amounts and payment methods.

## 7) I don't have my Social Security card. What will you accept as proof of my Social Security number?

You can contact your local Social Security

office and apply for a new card. They will give you a receipt indicating your name and Social Security number. We will accept a copy of the receipt. If you do not request a new card, we will accept a copy of your driver's license if it shows your Social Security number.

## 8) I know I have been working a certain number of years. Why do your records show a different number?

Your employer reports your salary and contributions to our system. When we first converted our records in 1982, the computer automatically calculated service credit based on your earnings.

For example, if you earned less money in one year than you did in the previous year, the system was programmed to treat the year with the reduced earnings as less than a full year. Also when the records were first automated, the computer automatically calculated the first year worked as less than a full year. If you think LSERS' records are incorrect, you must notify us in writing.

For instance, if you have worked 10 full years, and our records show 9.50 years, you must put this in writing to us. We will contact your employer for a service verification of your actual days worked and correct your records as needed.

(continued on Back Cover, Q&A)

## LSERS Board News

### Board of Trustees Election

Mr. Boyd "Zeke" Zitzmann will continue to serve as the District 1 representative on the Board of Trustees. He was unopposed in the election and will be sworn in at the November 1999 board meeting.

### YES! We're Y2K Ready!

LSERS is now Y2K compliant. We are also maintaining ongoing communication with our investment managers and financial institutions to ensure LSERS information systems and daily operations are unaffected in the year 2000.

### Unmoved Bills in U.S. Congress

The status of the following bills remains unchanged. LSERS maintains its position on the three bills as follows:

**Social Security Reform** - H.R. 3546, H.R. 3788, S. 1792. LSERS opposes these bills that would make Social Security coverage mandatory for new public employees.

**Government Pension Offset** - H.R. 2273. LSERS supports this bill that would allow a spouse to receive a spousal benefit from Social Security without reduction if the spousal Social Security benefit and the

spouse's retirement benefit do not exceed \$1,200.00 per month.

**Windfall Elimination Provision** - H.R. 2549. LSERS supports this bill that would allow LSERS members to receive their full Social Security benefit, without reduction, if their Social Security benefit and retirement benefit is less than \$2,000.00 per month.

For additional information, call or write to LSERS. ☒

**Members: If you plan to visit LSERS for retirement counseling, please call 1-800-256-3718 to make an appointment with a Benefits Analyst.**



## State Employees Group Benefits Plan Update

If you are a member of the State Employees Group Benefits Program (SEGB) the following information is important to you. If you have any questions about this article, call the Group Benefits Plan office in your area. *The retirement system cannot answer any questions about insurance coverage.*

### Moving In and Out of Group Benefits

Just a reminder, there is a new provision that will allow RETIREES who join a health maintenance organization (HMO) 65 to drop their Group Benefits **health care** and later return to Group Benefits.

How will this work? If you join an HMO-65 plan and want to drop your Group Benefits **health care** coverage, simply do one of the following at any time during the year:

1. Write a letter to the Eligibility Section at Group Benefits (P.O. Box 66678,

Baton Rouge, LA 70804) instructing Group Benefits that you are enrolling in an HMO-65 and you wish to drop your **health care** coverage **ONLY** - not your life coverage. **OR**

2. You may call the agency from which you retired and work with the staff to complete a Group Benefits Change Document to drop your health care coverage. Make certain the staff understands that you wish to drop **only your health care coverage.**

If you joined an HMO-65 and want to return to the Group Benefits health care program, you may do so **ONLY** if you were continuously covered by an HMO-65 from the time you dropped your Group Benefits Health care coverage. If you were not covered by Group Benefits when you enrolled in the HMO-65, you are **NOT** eligible to re-enroll in Group Benefits.

There are two opportunities during the year in which you may re-enroll in Group Benefits. During the Group benefits Annual Enrollment in April you may re-enroll for a July 1 effective date. You may also re-enroll during the month of November, the HMO-65 notification period, for a January 1 effective date.

Here's what you must do to re-enroll in either the April or November enrollment periods:

1. Contact the HMO-65 plan and obtain proof of coverage, which indicates your effective date.
2. Bring the proof of insurance to the agency from which you retired and complete a Group Benefits Enrollment Document. **OR**
3. Write to the Group Benefits Eligibility Section at P.O. Box 66678, Baton Rouge, LA 70804, and request to re-enroll. You must include a copy of proof of coverage with the letter. You will receive correspondence from the Group Benefits office concerning this new provision at a later date.

The retiree representative for retired teachers and other school employees on the SEGBP Board is Dr. Merline Broussard at (318) 893-1660. ☒



If your address has changed recently, please take a moment to complete this change of address form and **mail it to LSERS office** to update our files.

### LSERS Member Change of Address

Name \_\_\_\_\_

Address \_\_\_\_\_

City/St./Zip \_\_\_\_\_ Soc. Sec.# \_\_\_\_\_

Membership Status: (check one) ACTIVE \_\_\_\_\_ RETIRED \_\_\_\_\_

Signature \_\_\_\_\_

*Required to process change*



### Attention Employers:

**When submitting Form 10Bs (Leave Credit Verification) please use the Form 10B that was revised on 02/96. All Form 10Bs revised on 11/95 should be discarded. ☒**

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**Mailing Dates for  
Retirement Benefit Checks:**

**Retirement  
Checks for:**

**September, October  
November & December**

**Will be Mailed Out On:**

**August 31, September 30,  
October 29 & November 30**

**How to Plan Your Road to Retirement**  
*Hold On to Those Records!*



The IRS does not require you to keep your records in a particular way. But it does help to keep them in a manner that allows you and the IRS to determine your correct tax.

Here are some basic records and documents that everybody should keep for at least six years.

**For items concerning your . . .**

**Income**

**Keep . . .**  
Form(s) W-2, and 1099

**Expenses**

Sales slips, invoices, receipts, cancelled checks or proof of payment

**Home**

Closing statements, purchase and sales invoices, proof of payment, insurance records, Form 2119 (if you previously sold a home)

**Investments**

Brokerage and/or mutual fund statements, Form(s) 1099 and 2439

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These instances may account for the difference in the years you have worked and the years we have in our records.

Please remember that you receive credit in LSERS for actual days worked or days absent for which you used your leave. If you did not work a full year, or you were sick and did not have any sick leave, you do **not** receive credit for a full year in LSERS. If you are hurt on the job and

receive worker's compensation, you can make contributions to LSERS. However, if you are on worker's compensation and do **not** pay into LSERS, you will not receive retirement credit. If you do not work the full year, you may receive a full year of credit with your employer for their records, but you will not receive a full year for retirement purposes. ☒

Louisiana School Employees' Retirement System (LSERS)

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Baton Rouge, Louisiana 70804-4516

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Office Hours: 8:00 a.m. to 4:30 p.m., Monday - Friday

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

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