Retirees Winners in 2007 Legislative Session

LSERS retirees were big winners in the 2007 Legislative session. Thanks to legislation passed in this session retirees will receive a one-time cost of living adjustment (COLA) in December.

“LSERS has not given a COLA since 2002 because the target ratio by which we had been allowed to give COLAs was very difficult to reach,” explained Executive Director Charles P. Bujol. “Actuaries estimated that, under the target ratio formula, we would not be able to give a COLA until 2020 and that was not acceptable.”

Two pieces of legislation were introduced to remedy the problem. Act 232 by Rep. Jim Morris, as amended by Rep. Pete Schneider, allows the LSERS Board of Trustees to grant a one-time, non-recurring COLA at the end of this year, assuming actuarial earnings are sufficient.

The COLA is payable from excess interest earnings and is not to exceed 3% of the annual benefit, with a minimum payment of $300. LSERS Board has already voted to grant this COLA if earnings are sufficient. Retirees should receive their one-time benefit from this COLA with their December check. It will cost LSERS $3 million to give this one-time COLA. You must have retired by July 1, 2006 to receive the COLA.

Act 333 by Rep. Donald R. Kennard and Sen. Ben Nevers, which creates an experience account for the system, provides a new mechanism that will allow LSERS to give COLAs in the future. One-half of the system’s excess earnings are deposited each year into the experience account. After the account has sufficient money the Board may recommend to the Legislature that a COLA be granted to retirees.

The COLA would be limited to 3% or the amount of the increase in the Consumer Price Index for the previous year. Retirees who are at least 60 years of age and receiving benefits for at least one year will receive the COLA. The earliest a COLA could be granted using experience account funds would be July 2009 and a COLA can only be granted if investment earnings are sufficient.

“It presently takes $30 million to fund a permanent COLA,” explained Bujol. “The one-time COLA allowed by Act 232 gives us a bridge to provide a cost of living allowance this year. The COLAs allowed by Act 333 are permanent, but they are only allowed if we have sufficient excess earnings.”

“Passage of these bills was a combined effort on the part of the Board of Trustees and LSERS retirees who attended legislative hearings and contacted their legislators,” Bujol said. “We have been trying to get the experience account legislation passed for many years.”

Bujol noted that the LSERS fund, which is funded at 79%, is the highest funded retirement system among all of the state systems. The state constitution requires all state systems to be fully funded (at 100%) by 2029 and LSERS is expected to meet that goal. “Our investments have done well in the most recent fiscal year, but since the experience account was not in place granting a permanent COLA was not possible.”

(For additional information on legislation passed affecting retirement systems, see page 3)
Did You Know?

- You must join DROP within 60 days of meeting eligibility for regular retirement in order to participate for the full 36-month period.

- Any salary increases while you are participating in DROP will not affect the retirement accrued before DROP. If you anticipate a significant increase in your salary you should thoroughly review and understand the plan before participating in DROP, as participation is irrevocable.

- LSERS will not process a retirement application without a copy of the member’s and beneficiary’s social security cards and birth certificates on file.

  If a birth certificate cannot be provided at least two of the following forms of identification will be accepted: baptismal certificate, voter registration card, marriage license, military records, or school records. If the date of birth cannot be determined from these records you must apply for a birth certificate from the state in which you were born.

- If you have at least 10 years of service and decide to quit work you are allowed to leave your contributions with LSERS and begin drawing a benefit at age 60. If you have at least 25 years of service you can begin drawing a benefit at age 55.

Board Elections to be Earlier Next Year

An election to fill the active-member Third Retirement District seat on the Board of Trustees will be held in 2008. The election will be held earlier than in previous years. This will allow the representative the opportunity to attend the Louisiana Association of Public Employees’ Retirement Systems (LAPERS) conference held in September and receive trustee education as required by R.S. 11:185. Nominating petitions will be due in March 2008, ballots will be mailed on May 1, 2008, and ballots will be counted during the July Board meeting.

State Elections to be Held in the Fall

The general elections for governor and other statewide officials will be held on November 17, 2007. Since this will be the first election year when “term limits” are a factor 15 out of 39 senators and 45 out of 105 members of the House of Representatives are prohibited from running for re-election. In view of the fact that the legislature establishes the laws that govern the retirement system it is crucial to elect representatives who have genuine interests in the efficient operation of your system. These elections are important. Please VOTE.

Want Legislative Updates? Mail in the Card!

Any member of the Louisiana School Employees’ Retirement System (LSERS) who would like to receive updates during a legislative session should complete and return the enclosed card. Information on the card will be used to notify you of legislation affecting the system and pending legislative actions so that you may contact your representatives to express your support or opposition. Please complete and return the card if you wish to be placed on our contact list.

Financial Reporting

LSERS is now closing its books for the fiscal year ending June 30, 2007. Our annual financial report and actuarial report must be prepared by October 1, 2007. After they are completed the reports will be available for viewing on our website.
As required by the Constitution the Legislature completed its work for the 2007 Regular Session on June 28, 2007. Following are some of the Acts and Resolutions affecting the Louisiana School Employees’ Retirement System (LSERS):

**ACT 213 by Sen. Cain and others.** This Act, sponsored by the Louisiana School Boards Association, allows retired bus drivers to return to work as full time bus drivers and not be subject to the earnings limit ordinarily imposed on rehired retirees (R.S. 11:1006 imposes an earnings limit of one-half of the retiree’s final average compensation).

Act 213 creates an exception for bus drivers who were retired on or before June 1, 2007. After being retired for at least 12 months a retiree who retired as a bus driver and returns to work as a bus driver in a “full-time position” is not subject to the 50% limit and may earn a full salary and receive full retirement benefits. The employer and employee pay contributions into the system, but the driver receives no additional benefits. When the driver terminates employment the system returns the contributions paid by the employee without interest. The employer must agree to pay any actuarial cost to the system as a result of hiring a retiree.

**ACT 352 by Rep. Schneider.** This Act modifies the “Prudent Man Rule”, which is the standard of care that governs the investment decisions made by the Board and allows divestment of ownership in any company doing business in Iran, North Korea, Sudan, or Syria. If the Board decides not to divest then it is required to form “strategic alliances” with other public retirement systems to collectively urge companies to stop doing business in the offending nations.

LSERS shall report its progress to the House and Senate Retirement Committees. Within 180 days the system must allocate a portion of its international investments to a “terror-free index fund”. This fund shall be created using money from public retirement systems and shall be screened and certified so that companies in the fund do not do business in or with offending nations.

**ACT 367 by Sen. Ellington.** This Act was originally a provision to allow out-of-state troopers to buy time in the State Police Retirement System, but was amended on the House floor by Rep. Arnold. The amendment extends to 2010 a program whereby LSERS must direct 10% of the commissions on certain domestic equity trades and 10% of commissions on certain fixed income trades to certain Louisiana broker-dealers.

This is an economic development program to support Louisiana domiciled broker-dealers and LSERS must report its compliance with this requirement to the House and Senate Retirement Committees.

**HR 127 by Rep. Schneider.** This Resolution urges the retirement systems to disseminate to current and potential members regularly updated information that explains and apprises members of their rights and obligations under the various options for retirement.

It also stresses the importance for members to know that some of their choices are irrevocable and have long-term consequences, some of which are not anticipated nor intended. The legislature is often faced with bills that would allow members to reverse irrevocable decisions concerning the Deferred Retirement Option Plan (DROP) and care should be taken by members before entering this program.
Getting to LSERS is Simple

LSERS office is off Essen Lane between 1-10 and 1-12. The street address is 8660 United Plaza Blvd. in Baton Rouge.

From 1-10, 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 1-12 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 1-12 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.

LSERS BOARD OF TRUSTEES

Larry Wilmer, Chairman
President, LA School Bus Operators Association,
318-964-3928

Jeffrey Faulk, Sr., Vice Chair
Retiree Representative, 337-893-3315

Betty Crain, Vice Chair Pro Tem
Retiree Representative, 985-735-5359

Earl Richard, Jr.
1st Retirement District, 504-304-2726

Eugene Rester, Jr.
2nd Retirement District, 985-735-7877

Judith McKee
3rd Retirement District, 318-649-7696

Kathy Landry
4th Retirement District, 337-477-6161

Ex Officio Members:
Jay Dardenne
Secretary of State, 225-922-2880

John Kennedy
State Treasurer, 225-342-0010

D.A. “Butch” Gautreaux
Chairman, Senate Retirement Committee, 225-342-0636

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

Charles Bujol
LSERS Director

Debra Dudley
LSERS Assistant Director

Jennifer Champagne
Administrative Assistant

Calculate estimate of retirement benefits on the web site now, at...
www.lsers.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. Please print all information except for your signature.

Name ________________________ Home phone: ____________

Address ______________________

City/State/Zip ___________________

Membership status (check one) Active ______ Retired ______

Signature ______________________ Soc. Sec. # ____________
(required)
Mary Smith  
123 Easy Street  
Relax, LA 99999

Statement includes years of service and contributions thru June 30, 2007

Designated Beneficiary(s)

<table>
<thead>
<tr>
<th>Name</th>
<th>Social Security #</th>
<th>Sex</th>
<th>Date of Birth</th>
<th>Relationship</th>
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<tbody>
<tr>
<td>JOHN SMITH</td>
<td>111-111-1111</td>
<td>M</td>
<td>9/19/56</td>
<td>SPOUSE</td>
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</table>

These are years you have paid into retirement

Estimated Service Credit

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<th>Regular</th>
<th>Military</th>
<th>Reciprocal</th>
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<tbody>
<tr>
<td>22.37</td>
<td>2.00</td>
<td>2.00</td>
<td>27.37</td>
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</table>

Time recognized in another system

Total years for retirement purposes

Military time purchased

Account Summary

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<tr>
<th>Date</th>
<th>Information</th>
<th>Unsheltered Contributions</th>
<th>Sheltered Contributions</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>07/01/06</td>
<td>BEG BALANCE</td>
<td>3,230.22</td>
<td>14,271.26</td>
<td>17,501.48</td>
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<td>06/30/07</td>
<td>06-07 CONTRIBUTIONS</td>
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<td>990.42</td>
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<tr>
<td></td>
<td>TOTAL</td>
<td>3,230.22</td>
<td>15,261.68</td>
<td>18,491.90</td>
</tr>
</tbody>
</table>

The total amount you have paid into the retirement system as of June 30, 2007

Amount you contributed to the retirement system from July 1, 2006 thru June 30, 2007

Your 2006-07 salary reported to the retirement system from July 1, 2006 thru June 30, 2007

Notes:
06-07 EARNINGS $13,205.54

The information on this statement is unaudited and subject to correction.
How to Read Your Member Account Statement

This statement represents the amount of money you have paid into LSERS through the date shown. Any transactions occurring after these dates will be shown on your next statement.

If your name, social security number, date of birth or address is incorrect, you must notify LSERS in writing at the address shown on the front of this statement. For corrections to your name, please provide a copy of your birth certificate, marriage license, or other legal document showing your correct name. Social security number corrections require a copy of your social security card, if we do not have one on file. Date of birth corrections require a copy of your birth certificate.

If your beneficiary information is incorrect, you must notify LSERS in writing and provide necessary documents for corrections. If you want to change your beneficiary(s), you must submit a change of beneficiary form to LSERS. You can obtain the Change of Beneficiary (Form 3A) from your employer, LSERS, or at www.lsers.state.la.us

The Estimated Service Credit represents the years of service you have in LSERS. This credit represents the years you paid into LSERS or service you purchased or transferred to LSERS. This credit is estimated and must be verified prior to retirement. If there is a difference between the estimated service credit shown on this statement and the actual years you paid into LSERS, you must notify LSERS in writing. In your letter, please explain why the estimated service credit appears incorrect. LSERS will contact your employer to determine if changes to your service credit are necessary. LSERS will then notify you if changes to your account are made.

When you write to LSERS, be sure to include your social security number and current address.

If your address changes, please notify LSERS in writing at the address shown on the front of this statement.

For your reference, the following terms are defined:

**Unsheltered contributions:**
Employee contributions paid into LSERS prior to July 1, 1994, which were taxed. This could include amounts paid for purchases and transfers of service credit, and repayment of refunds.

**Sheltered contributions:**
Employee contributions paid into LSERS after July 1, 1994, which were not taxed.

**Member Account adjustment:**
Member contributions ONLY posted to your account for purchases of credit, transfers of credit from another public retirement system, or corrections posted to your account during the fiscal year.