



Crossroads

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LSERS Investments Looking Better than Most in a Down Market

Your retirement system (LSERS) must prudently invest assets in diversified portfolios in accordance with laws and directives of the Board of Trustees in order to provide adequate returns, to preserve capital, and to control risk so that funds will be available to pay benefits. LSERS contracts with eight professional investment management firms. Each of these firms manages LSERS' assets in various strategies or styles. This diversification is a key to lowering the risk to your pension assets.

The September 11th terrorist attack and the alleged accounting discrepancies by some large corporations for the past two years have adversely impacted the investment market place. Like other pension funds, LSERS' investment returns have suffered because of the impact of unusual events on the stock market.

All of you have heard that everything has a cycle. The investment market is no exception. We have been through a "bear market." In the near future,

there may be indications of a "bull market." At the close of the market for the week ended November 8, 2002, two of the major U.S. stock indices were down slightly. During the eight-week period between October 4, 2002 and November 29, 2002, three major U.S. stock market indices closed up for seven weeks.

For the annual period ended June 30, 2002, LSERS' total fund return, while a negative number (-2.38%), was better than 94% of the public funds participating in one public pension fund data base. We are expecting to receive similar results for the annual period ended September 30, 2002. Segal Advisors, LSERS' Investment Consultant, has indicated to the retirement system staff that LSERS' returns for the annual period ended September 30, 2002 continue to be in the top 25% of the Wilshire Data Base that they use for comparison.

LSERS' investment returns are important to us. We hope that the stock market will continue to recover so that LSERS' investment returns will improve.

Act 897 Clarified

Act 897, passed by the Louisiana Legislature in 2001, has an impact on those choosing to retire through the DROP, Regular Service, or IBRP Retirement Plan from LSERS.

As you know, LSERS has four retirement plans. Those are Deferred Retirement Option Plan (DROP), Regular Service Retirement Plan, Initial Benefit Retirement Plan (IBRP), and Early Retirement (20-Year Retirement). Under each of those plans the retirement benefit is limited to 100% of the three-year highest average compensation prior to retirement.

Act 897 of 2001 makes time line changes on when the 100 percent retirement income mark is reached resulting from the accrual rate being increased. It also changes the contribution rate to LSERS. Specifically, Act 897 provides:

- An effective date of July 1, 2001.
- An increase in the retirement contribution rate for all members from 6.35% to 7.5% of salary.
- An increase in the accrual rate

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Due to investment performance last year, LSERS will not be able to grant a COLA (cost of living increase) for 2003.



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LSERS to Propose Several Pieces of Legislation in 2003

The following is a brief summary of legislation proposed by LSERS for the 2003 Regular Session of the Legislature.

Recomputation of Benefits - This proposed legislation would authorize the recomputation of benefits for those persons who were in DROP, or who had completed DROP but not terminated employment on June 30, 2001. The retirement benefit would be recomputed at 3 1/3 percent, however,

deposits made to the DROP account would not be recalculated.

Reemployment of Retirees - This legislation would authorize the employment of retirees of the system. If the retiree was employed within twelve months of the date of retirement, the retirement benefit would be suspended for the period of employment up to one full year. One year after retirement, the benefit would resume, no additional service

credit or additional retirement benefits would be accrued. There would be no penalty for those persons who retired under early retirement. This law would apply to both regular service and retirees under the early retirement law.

Purchase of Service Credit - This proposed bill would authorize the purchase of service credit as an "employee," as this term is defined in this system, for service in a private or public school (in or out of state), by payment of the actuarial cost to this

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Upon Selection of Your Retirement Plan, You May Not Make Changes

Everyone dreams of the day they can retire. A realized dream such as this is one of the benchmarks of our lives. A person would never desire to make a mistake in choosing his or her retirement plan, only to later realize that they didn't do quite what they wanted to do with their retirement funds.

LSERS has several retirement plans and several retirement options within those plans. Each plan and option gives a different outcome from the other.

Once a plan and option is chosen by

the prospective retiree and the papers are signed, the decision is absolutely final. That's right; there is no changing of the mind in ANY circumstance.

Choosing your retirement plan is a serious decision and you should begin looking into it three years before your chosen date of retirement. LSERS has information on the various retirement plans and options on its web site: www.lasers.state.la.us. This information may also be obtained by calling LSERS and asking for the information packet, "Planning for Retirement from LSERS."

Jacobs Wins District 2 Seat and Crain Wins Retiree Seat

Election results for two LSERS Board of Trustee Seats became clear on November 25, 2002 once the ballots were counted. The newly elected District Two Active Board Member is the incumbent, Betty Jacobs. The new Retiree Representative Board Member is the incumbent, Betty Crain. These are both four-year terms, which begin on January 1, 2003 and end December 31, 2006.

Jacobs is from Baton Rouge, has been a school bus driver for 30 years and an attendant for two years, and has served on the LSERS Board of Trustees for 24 years.

Crain is from Bogalusa, has been a school bus driver for 33 years, and has served on the LSERS Board of Trustees for one and one-half years.

Both Jacobs and Crain are excited about continuing to serve as a LSERS Board Trustee. They pledge to protect the interests of the LSERS retirees and to assist members with any questions or concerns they may have. They welcome calls regarding any issue relating to the retirement system.

Act 897 Clarified

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to 3 1/3% for total number of years of service with LSERS.

- For members to reach 100% of their average salary in retirement benefits with 30 years of service under the Maximum Option Plan of retirement.
- For member contributions to LSERS to end after 30 years of service on or after 7/1/01 if the member had not entered DROP by that date.
- For employer contributions to continue so long as the member is working.

If you entered DROP on or after July 1, 2001 and have 30 years of service, working after your DROP participatoin has ended will not increase your retirement benefit.

Refunds are due to those members who made excess contributions to LSERS after June 30, 2001, had more than 30 years of service after that date, and had accrued benefits equal to or greater than 100% of average compensation as a result of Act 897.

LSERS Moves to Hibernia Bank

LSERS will change the bank it uses for its retirement accounts on January 1, 2003 to Hibernia. All services currently provided by Bank One such as electronic direct deposit and check cashing will be provided by Hibernia.

Hibernia National Bank offers a free gift to the retirees, members, and staff of the School Employees' Retirement System of Louisiana when opening a Completely Free Checking account. This simple, hassle-free checking account offers:

- No minimum balance.
- No per check charge.
- Unlimited check writing.
- Easy-to-balance monthly return of check images for easy record keeping.
- ATM and Banking Card available upon request (including dining discounts).
- Free Bank Online@Hibernia.com.
- Valuable discounts with the Plus Package.
- No monthly service charges.

For more information call Hibernia at 1-800-562-9007 or visit their web site at www.hibernia.com.

You Can Curb Check Fraud

Just because they're an older, low-tech form of payment, don't think checks aren't vulnerable to fraud. Check fraud has been and continues to be one of the biggest arenas for crime.

Stay vigilant in protecting your own checks with these tips:

- Avoid mailing bills from your home mailbox, where they can be easily stolen. Instead, take bills to your workplace or the post office for mailing.
- Review your statements for any fraudulent activity as soon as they arrive.
- Print return addresses or use pre-printed labels on envelopes: Doing this makes it harder for a thief to duplicate your signature.

- Be alert for the delivery of check orders and contact your bank immediately if your checks fail to show up within 10 days.

- If your home is burglarized, inspect your check supply closely. Sometimes thieves will remove checks from the back or middle of a pack, making detection harder. And the longer it takes you to realize checks are missing, the more time a thief has to use them.

- Keep checks, deposit slips, and monthly statements in a secure location.

- Don't use personalized deposit slips as scratch paper or to give someone your name and phone number. These deposit slips contain the same account and routing numbers as your checks and can be used to produce bogus checks on your account.

LSERS 2003 Proposed Legislation

(continued from page 2)

system, provided no service credit for this time period was held in any other 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.

Purchase of Service as a Substitute Employee - Our system permits active contributing members to purchase service credit at the actuarial cost for service performed as a substitute bus driver. This legislation would authorize members to purchase any service performed as a substitute employee by paying the actuarial cost.

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

Checks for:	Will be Mailed on:	Or Deposited on:
Jan.	Dec. 31	Jan. 2
Feb.	Jan. 31	Feb. 3
March	Feb. 28	March 3
April	March 31	April 1

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

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Association, 318-964-2869

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State Treasurer, 225-342-0010

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Committee, 225-342-2062

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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

Direct Deposit Trims Your To-Do List

We're a nation on the go. There's work time, fitness time, child time, spouse time, parent time, friend time, and—if you're lucky—some quiet time. Wouldn't it be nice to worry about one less thing? Direct deposit is the answer!

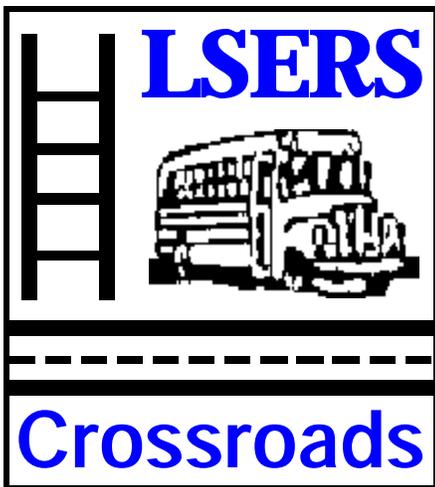
With direct deposit, you authorize LSERS to deposit your retirement check directly into your bank account. Instead of a check, LSERS provides an earnings statement or non-negotiable check stub on your payday showing your net deposit and how much was withheld for taxes, individual savings plans, or any other amounts.

No matter where your check is going, with direct deposit, you don't have to worry about:

- Stolen or misplaced checks
• Delayed deposits
• Loss of potential dividends
• Wasted time

With direct deposit, your funds are deposited regularly, and on time. You get paid even if you're not at home to get your check or can't make it to the bank during business hours. With direct deposit and an interest-bearing account, you earn dividends on funds as soon as possible. If you have to deposit funds in person, any delay postpones when your money starts making money. It is possible for direct deposit to save up to 24 hours of your time a year otherwise being spent going to the bank to cash or deposit your retirement checks.

For more information call LSERS.



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P.O. Box 44516 - Capitol Station
Baton Rouge, Louisiana 70804-4516

Presorted
Standard
U.S. Postage
PAID
Baton Rouge, LA
Permit No. 508

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

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' Web site at: www.lasers.state.la.us

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