



Crossroads

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No COLAs Again; 2005 Legislation Needed for Option

Due to the passage of Act 588 of 2003, LSERS must attempt to create an "experience account" in order to be able to grant COLAs at any time in the foreseeable future. As was explained in our previous newsletter, the amortization period for gains and losses in interest earnings was extended from a 15-year period to a 30-year period by Act 588. At the next session of the legislature LSERS will seek to create an "experience account" similar to that of LASERS and TRSL, into which one-half of all interest earnings in excess of the actuarial required amount are deposited. From here COLAs may be paid when sufficient amounts are in the account. This will not be an easy request to pass through the legislature, but it is one that is necessary for the granting of future COLAs. ❖

Agency Training Held

LSERS offered training sessions to employer agency staff on the newly released LSERS Reference Manual for Employer Agencies in October. ❖



Member agency reps came to Baton Rouge for training.

2004 Reports Advise on LSERS' Investments and Funding Status

LSERS is pleased to announce that we had a positive year with regard to our investments for the year ending June 30, 2004. The systems' portfolio increased by \$113 million, growing from 1.33 billion dollars in fiscal year 2003, to 1.44 billion dollars as of June 30, 2004. LSERS' market rate of return for the year was 12.05%, which was a welcome increase over the previous three years' returns. LSERS, like a lot of other pension funds, has suffered tremendous losses due to the drastic stock market decline after the 9-11 disaster.

We look forward to continued growth and hope that this years' trend repeats itself for the years going forward. Your Board of Trustees is diligent in their pursuit of finding the right mix of investments that will produce good returns for the funds. The Board has employed a team of investment professionals to manage and select the investments of the system.

These professionals report to the Board and LSERS staff on a regular basis, and their performance is monitored and watched closely.

While LSERS did experience growth in its investments for fiscal year 2004, the actual funding level of the system decreased. The funding level decreased 3.2 percentage points from the previous year, and now stands at 75.9%. This decrease in funding level is based on several factors. One factor is that the system did not meet its actuarial rate of return of 7.5%, which is needed to meet expenses. The actuarial rate of return is different from the market value rate of return. The system's actuarial rate of return for the year ending June 30, 2004, was 5.44%. Other factors which served to decrease the funding level were experience losses suffered by the plan, receiving less than the required employer contribution rate for the fiscal year 2004, and interest accrued on the unfunded liability. ❖

Some Investments May be Rolled Into Your LSERS' Retirement Fund

Good news! When Congress passed the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), some retirement accounts became a little more flexible. Under certain circumstances money may be moved from another account to purchase credit in this retirement system. As each person's

circumstances are different, advice from a tax professional should be sought before any decision is made. Funds may be transferred into your LSERS retirement account from a traditional IRA, SIMPLE IRA, Qualified Plan, 403(b) Plan, Governmental 457 Plan such as Deferred Comp, and After-Tax Qualified Plan assets. ❖

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New Estimated Benefits to Be Paid

The Board of Trustees has approved implementation of estimated benefits during the 1st quarter of 2005. This means that retirees should no longer wait two or three months after retirement before receiving a check. Under the new program, we will begin paying retirees an estimated amount based on the information on file.

This estimated amount will be paid until we receive all the final information from the retiree and their

employer. The retiree will still need to select their retirement option by completing a final affidavit. Members retiring on disability will not be eligible for estimated benefits. ❖

2005-06 Employer Contribution Rate

Our actuary has calculated the projected employer contribution rate for the 2005-06 fiscal year as 18.4%. Before this is established as the actual employer contribution rate, the rate must be adopted and approved by the Public Retirement Systems' Actuarial Committee. This committee normally meets in January of each year. We will notify all employers after the committee meets and approves the 2005-06 employer contribution rate. This is a rate increase from the 14.8% now paid in the 2004-2005 fiscal year. ❖

Member/Employer Information Found on Web Site

We invite all LSERS members and employers to visit our web site found at www.lasers.state.la.us on the Internet. Here you will find an abundance of information relative to retirement options as well as items of concern once you are retired.

You will also find your own member employment information and calculate your estimated retirement benefits.

Top news and newsletters, retirement plans and benefit options, publications, a directory, board and investment information, and more are on the web.

Employers will be pleased to find that all of our forms are now on-line and typeable. Employers, be sure to keep your e-mail address and contact persons current with us via Form 1. ❖

District 3 Election Results Final

Judith McKee of Caldwell Parish has been elected as LSERS' Board of Trustees representative for District 3. If you live in Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, Desoto, East Carroll, Franklin, Jackson, LaSalle, Lincoln, Madison, Morehouse, Ouachita, Red River, Richland, Tensas, Union, Webster, West Carroll, or Winn parishes you have a new board trustee as of January 1, 2005.

The Active Member District 3 seat has a four-year term, which begins January 1, 2005 and ends December 31, 2008.



McKee replaces long-term incumbent Joe Seymour, who has served LSERS for 24 years. ❖

Judith McKee has been elected as the LSERS District 3 Board Trustee.

LSERS' Farewell and Best Wishes

LSERS' Board of Trustees Chairman Joe Seymour retires at the end of December 2004 after serving as the District 3 trustee since January 1981 and as chairman since June 1992. LSERS' legal counsel, Randy Roche, retires at the end of December, too. He has worked for LSERS for 14

years. We have been honored to work closely with both Seymour and Roche, who have been exemplary and dedicated civil servants. ❖



LSERS Director Patrick Cospers (r) makes a presentation to Chairman Joe Seymour (l).



LSERS General Counsel Randy Roche addressed the board after being honored.

Retirement Seminars for Winter/Spring '05

We have planned Retirement Planning Seminars at various locations throughout the state for the Spring of 2005. These seminars will provide active members and retirees with important information you need to know about your retirement benefits. Whether you are just starting out, close to retirement, or retired, you need to know about the benefits your retirement system provides.

There will also be a Social Security representative available at the seminars. If you or your spouse has paid Social Security you need to know what benefits you will be eligible for from Social Security.

Below is a list of the dates and locations of the seminars. If you wish to register for a seminar, contact Ms. Galloway by telephone at 1-800-256-3718 or 225-925-7492, or by e-mail at ggalloway@lsers.state.la.us. Leave your name and the date and location of the seminar you wish to attend. Members from surrounding parishes may attend any of the seminars.

Tuesday, January 11 - Bossier City School Board, Airline High School Library, 2801 Airline Drive, Bossier City (5:00-7:00)

Wednesday, January 12 - Union Parish School Board, 1206 Marion Hwy, Farmerville (5:00-7:00)

Thursday, January 13 - Bienville Parish School Board, 1956 First Street, Arcadia (9:30-12:00)

Thursday, January 13 - Avoyelles Parish School Board, Marksville High School, 407 West Bontempt, Marksville (5:00-7:00)

Wednesday, February 9 - Orleans Parish School Board, McDonald #35 High School, 1331 Kelerec Street, New Orleans (4:30-6:30)

Thursday, February 10 - Orleans Parish School Board, Old Perry Walker High School, 2832 General Meyer Street, New Orleans (4:30-6:30)

Thursday, February 17 - St. Charles Parish School Board, 13855 River Road, Luling (9:30-12:00)

Thursday, March 3 - Jefferson Davis Parish School Board, Welsh Elementary, 222 East Bourgeois, Welsh (5:00-7:00)

Friday, March 4 - Beauregard Parish School Board, 202 West 3rd Street, Deridder (10:30-12:30)

Friday, March 4 - Calcasieu Parish School Board, 1732 Kirkman Street, Lake Charles (5:00-7:00)

Tuesday, March 8 - St. Tammany Parish School Board, C.J. Schoen Board Room, 212 West 17th Street, Covington (10:00-12:00)

Thursday, March 31 - Iberia Parish School Board, Iberia Middle School, 613 Weeks Inland Road, New Iberia, (9:00-12:00)

Thursday, April 14 - West Carroll Parish, West Carroll Media Center, 410 Willis Street, (5:00-7:00) ❖

Expected DROP and IBRP Interest Rates for 2004

We expect the system to pay 4.94% interest on DROP and IBRP accounts for the fiscal year ending June 30, 2004. This rate only applies to the DROP and IBRP accounts of members who were eligible to retire before January 1, 2004. (Members who become eligible to retire on or after January 1, 2004, receive interest based on money market rates of return.)

The rate must be approved by the Public Retirement Systems' Actuarial Committee, which usually meets in January of each year. Once the rate is approved by the committee, interest will be posted to the members' accounts. This will be the first interest paid on DROP and IBRP accounts in three years. Previously, the DROP rates were negative, however no investment losses were taken from the members' accounts.

LSERS will send DROP and IBRP statements to members once the rate has been approved. ❖

Visit LSERS' Web Site
www.lasers.state.la.us



Mailing and Direct Deposit Dates for Monthly Benefit Checks

Retiree Checks		DROP & IBRP Checks	
Mailed	Deposited	Mailed	Deposited
Dec 31	Jan 3	Jan 5	Jan 5
Jan 31	Feb 1	Feb 4	Feb 7
Feb 28	Mar 1	Mar 4	Mar 7
Mar 31	April 1	Apr 5	Apr 5
Apr 29	May 2	May 5	May 5

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 _____ Home phone: _____

Address _____

City/State/Zip _____

Membership status: (check one) Active _____ Retired _____

Signature _____ Soc. Sec. # _____
(required)

**LSERS
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Newsletter Editor

How to Obtain Insurance and Protect Your Medication Costs

Whether you are a new employee or you have worked for the State for some time, being up to date on your insurance policies and benefits is a must. As a State employee a variety of insurance options on health insurance, life insurance, dental insurance, and disability insurance exist for you, your spouse, and your children.

Be sure to contact your own employer for more information on insurance options available to you and changes you would like to make in your coverage. LSERS does not have this information.

Rising health care costs are always a concern, especially for those who are

retired. One of the most expensive parts of health care costs is that of prescription drugs.

The Office of Group Benefits (OGB), the umbrella agency offering health insurance options to State employees, spends more than \$10 million every month on drugs for plan members. OGB suggests using generic drugs as a means of keeping health care costs within reason. The Congressional Budget Office says generic drugs, which are chemically identical to brand name drugs and approved by the FDA, save consumers an estimated \$8 to \$10 billion a year at retail pharmacies. OGB encourages you to request generic drugs whenever possible. ♦

Merry Christmas and Happy Holidays!

**Louisiana School Employees' Retirement System
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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

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