



Crossroads

A Publication of the Louisiana School Employees' Retirement System

APRIL 2011



Bill would permit creation of Tier 2 retirement plan

A bill filed for the upcoming session of the Louisiana Legislature will reduce future benefits for LSERS members and the members of the other 13 retirement systems of public employees.

Senate Bill 12 allows each school system the option of placing its employees in a new retirement plan referred to as "Tier 2." The bill includes a number of provisions that impact member benefits. They include:

- Accrual Rate would be reduced from 3.33 percent to 2.5 percent. This would result in a reduction in benefits for LSERS employees.
- Final Average Compensation (FAC) will be based on 60 months rather than 36 months.
- Presently employees hired before July 1, 2010 contribute 7.5 percent of their earnings for retirement, and those hired on or after that date contribute 8 percent. This bill would increase the percentage rate one half percent for all employees.
- Under the present provisions, employees can get retirement at any age provided they have 20 years



of service. Under the Tier 2 plan, retirement funds cannot be drawn until the employee reaches age 65.

- Employees no longer have the option to participate in the DROP program under Tier 2.
- Anti-spiking limitation will be 15% of the previous year's earnings.

Under the proposed legislation, agencies such as school systems have the option of accepting Tier 1, the

present retirement plan, or the Tier 2 plan. The agency must give 180-day notice of its intent to convert to the Tier 2 plan.

This year's session will begin April 25, 2011 and adjourn June 23, 2011. At this moment only Senate Bill 12 directly affects LSERS members. The Constitution limits this session to fiscal matters, but each Representative and Senator is allowed to submit five bills that are

Continued on page 2

INSIDE THIS ISSUE:

February 1 benefit payment reduced

Page 2

Attorney General opinion may affect member contribution rate

Page 3

Board members meet with Washington delegation

Page 5

Investing in your future

You can take a sigh of relief in knowing that your pension retirement benefits are guaranteed by the State of Louisiana. Even more assuring is that LSERS' investments are handled by professional investment managers. This provides one less worry in life.

Investing in your future is extremely important and one of the best ways to do this is by investing in yourself. Having a good education and a sound retirement plan is great, but having good credit is one of the absolute best investments you can make in yourself.

Not only is good credit important for you, it is extremely important for those just getting started in adult life. Many LSERS plan members have children, grandchildren and other loved ones who are about to embark on college and other life endeavors for the first time.

With graduation season right around the corner many students and young adults will become inundated with credit card offers and other offers for fast or easy credit. Some of these offers can be traps, which brings us to the topic of how to avoid credit pitfalls and build a strong credit history and score. Good credit can be obtained quicker and easier than you might think, and bad credit can be repaired in the same way.

Continued on page 4

Meeting Schedule

LSERS' Board of Trustees' meetings are open to the public. Meetings are held in the First Floor Board Room of LSERS' Building, located at 8660 United Plaza Blvd., in Baton Rouge, LA. The following is the meeting schedule for the next few months:

5/16/11	RBM	9:00 a.m.
5/17/11	RBM	8:30 a.m.
6/13/11	ICM, SBM	9:00 a.m.
7/11/11	ICM	9:00 a.m.
8/22/11	RBM	9:00 a.m.
8/23/11	RBM	8:30 a.m.

ICM – Investment Committee Meeting
 RBM – Regular Board Meeting
 PCM – Personnel Committee Meeting
 SBM – Special Board Meeting



Bill would permit creation of Tier 2 retirement plan

Continued from page 1

not limited by subject matter.

The Constitution requires that a “notice of intent” ad be placed before any bill affecting retirement systems can be filed. Several ads have been placed in the state journal that includes intentions affecting LSERS. Notice has been served that a bill “relative to ... the Louisiana School Employees’ Retirement System,...; to make changes in provisions relating to membership, transfers, retirement eligibility, benefits, service credit, deferred retirement option plans, and administration; to provide relative to investments; to provide relative to life insurance policies on members and retirees of the state retirement systems; to provide relative to insurable interests in such members and retirees; and to provide for related matters.” An ad broadly written such as this allows a bill to be filed that would provide many different changes to LSERS.

All bills filed that pertain to LSERS members will be put on the LSERS website as filed with the clerk of the House or Senate. LSERS’ website can be accessed at: www.lasers.state.la.us



February 1 benefit payment reduced

Some LSERS retirees and beneficiaries may have noticed a reduction in their February 1 benefit payments. This is due to the expiration of the “Making Work Pay” federal tax credit which expired on December 31, 2010.

Please take the time to review your federal tax withholding status. If you would like to change your withholding status, please complete the IRS form, “Withholding Certificate for Pension or Annuity Payments” (Form W-4P). This form is available on our website under Forms or on the IRS website at <http://www.irs.gov/pub/irs-pdf/fw4p.pdf>. Members may also request a Form W-4P be mailed to their home address by calling 225.925.6484 (Baton Rouge area) or 1.800.256.3718 (outside Baton Rouge area).

Reminder...

LSERS does not have control over the insurance premium amounts that are deducted from your monthly retirement benefit. Please contact the Human Resources Department of the agency that you retired from to obtain information about your insurance or insurance premiums that are owed to you.

Investing in your future (continued from page 1)

Often times our students make it through school without ever being taught the true nature of personal finance or credit. Hopefully you will be able to use the following information to your own benefit or to help a loved one get started off on the right financial footing.

How to Build a Great Credit Score and History from Scratch:

DO:

1. **Take out a share-secured loan from a bank or credit union.** This usually costs only a couple of percentage points and is an extremely low-cost way to begin building credit. Make sure that your loan payments are made on time, every month. Paying on a loan at least 12 months will usually do a great job of getting your credit history established.

2. **Obtain a credit card.** Now that you have a credit history established, you should be able to obtain a credit card with good terms from a reputable bank or credit union. This can be a secured or unsecured credit card.

The initial credit line should be extremely low, perhaps as little as \$500. Make a few purchases that you would normally pay cash for on the credit card each month.

Pay the total balance off each month within the grace period and you will never have to pay interest. You will, however, be building a fantastic credit history and improving your credit score.

DON'T:

1. **Spend the money from the share secured loan you took**

out. Place the proceeds in a no-fee savings account and pull from it each month to cover the payment. You will only need to add the interest portion of the payment, which will be a small cost. If you spend the money you run the risk of not being able to make the payments.

2. **Open credit card accounts with stores, gas stations, or**

department stores. These are considered "Consumer Credit" accounts and are not treated favorably by the credit rating agencies.

3. **Buy things with your new credit card that you can't afford to pay off immediately.** This is a recipe for disaster and will lead you to being saddled by debt that you can't pay off. In turn you will end up paying high credit card interest charges and increase your likelihood of missing or making late payments. Both situations would be devastating to your credit report and score.

4. **Ever go over your limit, make a late payment, or miss a payment!!!** This will crush your credit score and

cost you dearly in the short and long-run.

Employing the "Do" techniques above will ensure that your credit gets off to a great start. Ultimately, after only a year or two, you should have enough of a credit history to get a car loan with a good interest rate. The difference can be astounding. A car loan with a good rate, 5% or 6%, versus a bad rate, upwards

Are you carrying multiple cards with balances? Focus on paying off the highest rate cards first, but make at least the minimum payment on your other cards while doing this.

Do you have consumer credit (ex: department store) cards? You definitely do not want to keep a balance on these cards because the interest rates and fees on them are usually extremely high.

You'll also want to consider closing these accounts when you get them paid off. The credit bureaus view having just one or a couple cards with higher credit limits more favorably than having many cards (lines of credit) available, even if that credit isn't being used. The cards that you want to keep are bank issued credit cards with low interest rates and no or low fees.

Focus on paying all of your bills **on time** and be very careful not to go over your credit limits.

Pay off your debts. This will positively factor into your credit score, as your available credit to total capacity will go up.

Do not sign up with a credit repair service or someone who promises to help lower your card interest rate. **Do not** pay in advance of getting positive results. The *Consumer Protection Division of the Louisiana Attorney General's office* can confirm the legitimacy of any credit repair organization that might have contacted you.

The key to increasing your credit score is to have a sound plan when starting out or reviewing your credit situation. Attention to this important area of your financial life will pay dividends, both today and well into the future, just as your LSERS pension retirement benefit will.

Tips on Repairing Your Credit:

Building and keeping a good credit history helps you when making major purchases, such as buying your first home. You may have established a credit history and already be on track with fantastic credit. Or you may need help in repairing your credit. Here are a few tips for those individuals who may need some credit repair:





Board members meet with Congressional delegation on WEP, GPO repeal

LSERS Board members recently went to Washington to talk with Louisiana's Congressional Delegation about repeal of the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). Board members Philip B. Walther, Betty Crain, Judith Ann McKee, and Eugene Rester, Jr. also attended the National Conference of Public Employee Retirement Systems (NCPERS) legislative meeting.

Congressional staff members were sympathetic to the plight of retirees of LSERS, but not optimistic that repeal could be accomplished, as the cost to the Social Security system is too great to completely repeal these provisions. A suggestion was made to add a provision that would exempt a portion of the social security benefits sufficient to bring all retirees up to at least the federal poverty level.

How do WEP and GPO affect you?

WEP offsets a portion of the sums owed by Social Security by any pension a retiree receives through a public retirement benefit. A member who works for a school system and a private employer who pays into Social Security may have his Social Security benefit reduced, but not eliminated, by the public retirement benefit.

GPO offsets the Social Security benefit of a surviving spouse who worked for a public employer and receives a public pension based on his or her earnings. The benefit may be completely eliminated by the public pension benefit. The public retirement benefit is not reduced by the Social Security benefit.

Only the United States Congress can change these provisions. Each year the Board of Trustees appeals to our congressional delegation to make changes to WEP and GPO, but with present conditions existing in Washington, D.C. it is unlikely that any changes will be made in the next few years.

Walther unopposed for District 1 seat, begins second term in 2012

Incumbent Philip B. Walther ran unopposed during the 2011 active-member election for the District 1 seat on the Louisiana School Employees' Retirement System (LSERS) Board of Trustees. Mr. Walther is a resident of Kenner and is employed by the

Jefferson Parish School Board. He will officially take office in January 2012 to begin his second four-year term.

"I am honored by the confidence shown by my constituents who re-elected me to serve as their representative," said Mr.

Walther. "I thank the members of District 1 for allowing me to serve them for another term. Please feel free to call me anytime if I can help with any retirement issue."

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,
318.964.5928*

Jeffrey Faulk, Sr., Vice Chair

Retiree Representative, 337.893.3315

Betty Crain, Vice Chair Pro Tem

Retiree Representative, 985.735.5359

Philip B. Walther

1st Retirement District, 504.443.4005

Eugene Rester, Jr.

2nd Retirement District, 985.516.0369

Judith McKee

3rd Retirement District, 318.649.7696

Kathy Landry

4th Retirement District, 337.477.6161

Ex Officio Members:

Tom Schedler

Secretary of State, 225.922.2880

John Kennedy

State Treasurer, 225.342.0010

D.A. "Butch" Gautreaux

*Chairman, Senate Committee on Retirement
225.342.0656*

J. Kevin Pearson

*Chairman, House Committee on Retirement
225.342.2445*

Charles P. Bujol

LSERS Executive Director

Carolyn Forbes

LSERS Assistant Director

Jennifer Champagne

Administrative Assistant

Louisiana School Employees' Retirement System

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

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

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



**Calculate estimate of retirement
benefits on the web site now, at...**
[www.lasers.state.la.us!](http://www.lasers.state.la.us)



This public document was published at a total cost of \$13,545.92. There were 24,700 copies of this document published in this first printing at a cost of \$13,545.92. The total cost of all printings of this document, including reprints, is \$13,545.92. This document was published by the Louisiana School Employees Retirement System, P.O. Box 44516 - Capitol Station, Baton Rouge, Louisiana, 70804-4516, to provide members of LSERS with information concerning changes and policies of the system. This information is not a substitute for, nor provides any rights or benefits, except as contained in the LSA Revised Statutes governing LSERS. Printing of this material was purchased in accordance with the provisions of Title 43 of The Louisiana Revised Statutes. This newsletter was printed in accordance with R.S. 43:31B.



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)