

CROSSROADS



A Publication of the Louisiana School Employees' Retirement System

AUGUST 2018



2018 Legislative wrap-up

Much of the Legislature's attention during the 2018 regular session was focused on continued funding for state services during the fiscal year that began July 1, 2018. While some retirement related legislation did pass, there were only moderate changes to existing law. Most of the retirement bills that passed were very technical in nature, and only two bills contained more substance.

HB 34 – At LSERS' request, State Representative Kevin Pearson of Slidell, Chair of the House Retirement Committee, led passage of this bill, which provides more flexibility for retirement systems related to international investments. During

the House Retirement Committee's hearing on the bill, LSERS' Chief Investment Officer, Matthew Freedman, explained that passage of the bill would save LSERS about \$100,000 per year in fees on international investments. The bill has now become law as Act 45. LSERS' Board of Trustees voted to support this bill.

SB 17 – State Senator Barrow Peacock of Shreveport, Chair of the Senate Retirement Committee, won passage of this bill to establish uniformity among all state and statewide retirement systems on the issue of service credit for military time. The bill has now become law as Act 225. LSERS' Board of Trustees voted to support this bill.

Wanting to return to work? Know the benefits impact

If you are retired and thinking of returning to work in a LSERS eligible position, keep this in mind:

- LSERS eligible positions are maintenance employees, bus operators, janitors, custodians, school bus aids, monitors, attendants, and other regular school employees who work on school buses helping with transportation of school children.
- Earnings limit is 50% of your adjusted final average compensation.
- Wages that exceed the limit can result in a reduction or suspension of your monthly benefit, and possibly create an overpayment for you.

- LSERS will send letters to inform retirees of their earnings limit each year for those who are enrolled or upon request.

This does NOT apply to full-time bus operators who return to work under the provisions of La. R.S. 11:1007. Your employer must certify the shortage of bus operators by September 1.

For more information about retirees returning to work, refer to Fact Sheet 18: Retirees Who Return to Work on our website.

If you have any questions, please contact LSERS at 225.925.6484, or toll free at 1.800.256.3718 if outside the Baton Rouge calling area.

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Processing refunds take time

LSERS members are reminded that a refund of LSERS contributions can **take up to 120 days** after the last day of employment to process.

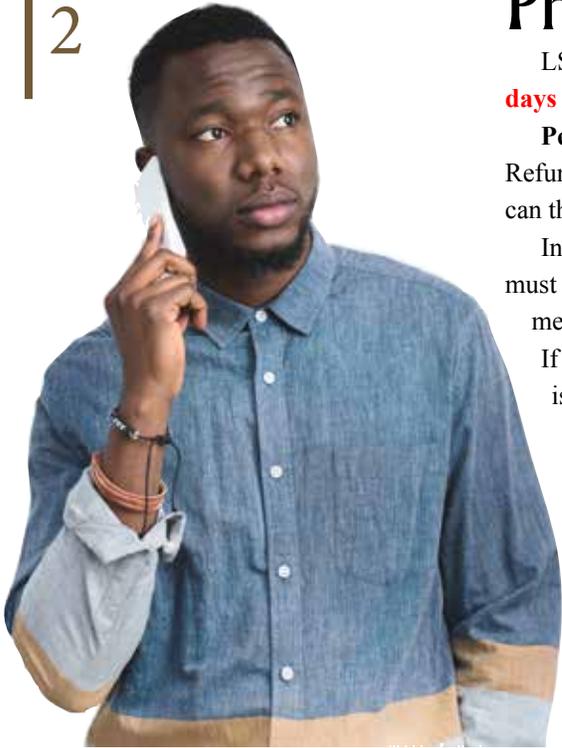
Per Louisiana law, the member's employer cannot certify Form 7 - Application for Refund of Member Contributions – until 90 days after the last day of employment. Only then can the form be submitted to LSERS for processing.

In addition, if a member was married during membership and now divorced, that member must submit a copy of the judgment of divorce, along with any community property settlement. If the member's spouse died, a copy of the death certificate must be furnished.

If a member has close to 10 years of service credit or more (5 years if 1st state service date is July 1, 2010 or after), then his or her status may be considered "vested" in LSERS.

- Time is needed by LSERS to verify the member's vested status and service credit with his or her employer before processing.
- Once a member's status is confirmed as vested, then LSERS will require the following prior to distributing the refund:
 - > Form 7A – Request for a Refund rather than Retirement Benefit, and
 - > Spousal consent notarized affidavit if unable to furnish divorce judgment or death certificate.

Members may avoid unnecessary delays by contacting Kimberly Stephens at 225.922.0220 or emailing kstephens@lsers.net.



COMING SOON!

Watch for member account statement in mail

Member Account Statements for fiscal year ending June 30, 2018 will be arriving in the mail soon. A member may refer to page 2 of that statement to understand the information it contains.

Member statements are also available online! Simply login to the secure site from www.lsers.net. Click on login and you will find a link to the Member Registration, if you have not already signed up. Once logged in, select "View Personal Information," then "Member Statement."

If a member should have a concern about the information on that statement, the chart below explains how to address that concern.

TOPIC	RESOLUTION
Name/Birth Date/ Gender/Marital status correction	Send a letter or email* to LSERS requesting the correction, along with a copy of the member's new Social Security card, marriage license, divorce decree and/or birth certificate.
Address correction	Make the correction online or complete Form 2AC, which is located on website at www.lsers.net under Resources>Forms.
Service credit	The member may send a letter or email* asking for a review of service credit. Include all pertinent information on why the estimated service credit appears incorrect.
Beneficiary change	Complete Form 3 located on website at www.lsers.net under Resources>Forms.
Salary or contributions	The member may send a letter or email* asking for a review of contributions made. Include all pertinent information on why the salary or contributions appear incorrect.

* In lieu of mailing a letter you can submit concerns via email to webmaster@lsers.net.

Power of attorney or interdiction in effect? We need to know

Have you appointed someone to act on your behalf as a designated Power of Attorney (POA)? Is someone in your family under a court ordered interdiction?

If you have appointed someone to handle your business affairs—that is, to act on your behalf as your POA—or if someone in your family receives LSERS benefits and is under a court ordered curatorship, then we encourage you to forward either the ORIGINAL document or a CERTIFIED TRUE COPY of the document to record here at LSERS.

We understand your anxiety about sending the original or certified true copy; however, this is required for LSERS to be authorized to recognize the designation as controlling transactions with LSERS. The document will be returned once reviewed and copied for LSERS files.

Please don't wait! Send the document now to avoid any future undue burden for all involved. Questions or concerns should be directed to Laurie Stark at 225.925.4890 or at lstark@lsers.net.

Get faster, assured access to your funds with Direct Deposit

For LSERS benefit recipients who have not already signed up for direct deposit, we strongly encourage that you do so. Direct deposit is the safest and most secure method to receive funds in your bank account. Direct deposits are available on the first business day of the month with no worries about blocked mail delivery routes, a mail box that is no longer standing, or getting to a bank during or after severe weather, like in a hurricane.



The Authorization for Direct Deposit, Form 8, is located on our website at www.lasers.net under the Resources link, then Forms. You can also request the form by calling our office at 225.925.6484 or 1.800.256.3718 if outside the Baton Rouge area. The completed Form 8 may be mailed to our office or faxed to 225.922.1001, or it can be scanned and emailed to webmaster@lasers.net. Avoid the headache of paper benefit checks by submitting your direct deposit form today!

Did you know? ³

Insurance subsidy available for some disability retirees

Are you drawing a disability retirement benefit from LSERS and participating in an Office of Group Benefits (OGB) insurance plan? Under La. R.S. 42:851(P), you may be eligible to receive the same retiree health care premium subsidy as an individual who has participated for 20 or more years in the OGB health care program.

If you either convert to a regular service retirement, or attain age 60 and are no longer considered a disability retiree for retirement purposes, you will still be considered a disability retiree for insurance purposes.

Please contact OGB customer service at 1.800.272.8451, Monday through Friday from 8 am to 4:30 pm, if you have any questions about this topic or any other Group Benefits coverage questions.

Income taxes, penalties can apply to DROP or IBRP withdrawals

All LSERS members should be aware that withdrawals from DROP or IBRP accounts are subject to federal income tax and/or penalties, even though they are not subject to Louisiana state tax. *A member should always consult his or her tax advisor prior to making a withdrawal decision.*

INCOME TAX WITHHOLDING: according to IRS regulations: If a member depletes his or her DROP or IBRP account balance in a period of less than 10 years, LSERS will:

1. Withhold mandatory 20% federal income tax (the member can request more)
2. Calculate 20% withholding:
 $\text{Withdrawal Amount} \times 0.20 = \text{Withholding Amount}$
3. Determine net amount:

$\text{Withdrawal Amount} - \text{Withholding Amount} = \text{Net amount}$

If a member depletes his or her account balance over a period of more than 10 years, then that member is not bound to the mandatory 20% tax withholding. Instead, the member can choose voluntary federal tax withholding by completing the Section 4 of Form 11D, DROP or IBRP Account Withdrawal Selection. During the withdrawing period, the tax withholding election can be updated by submitting an IRS Form W-4P or via www.lasers.net member account access.

To change federal tax withholding via member account access:

1. Go to: www.lasers.net
2. Log into your account (please register if not already done)
3. Click "Federal Income Tax Withholding" link
4. Choose "Type of Account" (DROP or IBRP)
5. Complete your withholding change

PENALTIES: according to IRS regulations:

- A member may be subject to a 10% penalty if he or she is under age 55 at the end of retirement year, and:
- He or she receives payments before reaching age 55 and choose a distribution other than IRS life expectancy, or
- The member's withdrawal is based on IRS life expectancy and later increases the withdrawal amount before reaching age 59.5.

AVOID FEDERAL WITHHOLDING & PENALTIES

A member may roll over his or her funds from LSERS to a traditional IRA or other qualified plans. There will be no tax withholding and/or penalty.

For more detailed information, please contact IRS directly, or refer to LSERS Fact Sheet - Special Tax Notice under publications on our website.

Getting to LSERS is Simple

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

From I-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 I-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 I-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.

Louisiana School Employees' Retirement System
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Chief Investment Officer

Ashley D. Simmons
Executive Staff Officer

Location: LSERS Building, 8660 United Plaza Blvd. - First Floor
Baton Rouge, Louisiana 70809-7004

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' website at: www.lasers.net

Board Meeting Schedule

October 1 - Investment Committee Meeting - 9 am

October 1 - Special Meeting - at adjournment of IC Meeting

December 3 - Quarterly Board Meeting - 9 am

December 4 - Quarterly Board Meeting - 8:30 am

For a complete listing of all board meeting dates and times, visit our website at:
www.lasers.net

LSERS Member Change of Address

Updating your mailing address can easily be done by any of the following methods:

- ◆ Login and access retirement account information at www.lasers.net and update address online.
- ◆ Submit updated information via the Contact Us page on the website.
- ◆ Send a letter or Change of Address Form (Form 2AC) to the LSERS mailing address.

CHECK MAILING DATES

Regular monthly benefit checks are mailed on the last working date of the month and DROP/IBRP checks are mailed on the last working date of the month before the 5th of the month.

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