



# Crossroads

A publication of the Louisiana School Employees' Retirement System Vol.18 No.2 FALL 2005

## 2005 Legislation Not Serious Impact to LSERS Members

The 2005 Legislature passed only two bills that have a direct impact on LSERS. The Legislature passed and the governor signed Act 9. House Bill 380 by Representative Arnold is now awaiting the governor's signature.

Act 9 allows the board to divest itself of any investment in a foreign corporation doing business with the following terrorist-sponsoring nations: Iran, Libya, North Korea, Sudan, and Syria. It is not a breach of fiduciary duty should the board divest itself of any companies doing business with these nations. A report is now being prepared to discover any such companies.

Act 9 also requires that any financial consultant to the board disclose any business relationship that does business with the system. Segal Consultant, which is the financial consultant for LSERS, has no such conflicts.

Act 427 requires that 10% of all domestic equity trades and bond

transactions be traded through Louisiana domiciled brokers. This act replaces the "pilot program" instituted by the legislature three years ago. That program required 10% of the trades go through brokers incorporated in Louisiana, AND 10% of the trades go through brokers doing business in the state.

## Appointees Get Merit Increase

At the May 2005 LSERS Board Meeting Betty Jacobs moved that the three appointed administrators receive the customary four percent merit increase since they all received a satisfactory performance evaluation. Sylvia Myers seconded the motion. Jeffrey Faulk and Sylvia Myers called for a roll call vote. Those voting for the increase were Betty Jacobs, Sylvia Myers, Lori Pierce, Stacy Sharpe, and Larry Wilmer. Those voting against the increase were Betty Crain, Earl Richard, and Jeffrey Faulk. The board also revised the Merit Increase Policy for Appointees by voting that merit increases are only to be approved by the board of trustees rather than being automatic with a satisfactory performance evaluation.

The inability of the state retirement systems, including LSERS, to grant COLAs is based on the falling stock markets the last several years and the impact that had on our investments. It is NOT based on whether or not the appointed administrators of the system receive a merit increase. Also, the merit increase for the appointed administrators is not based on the granting of COLAs to retirees.

Two things must be accomplished for LSERS to be allowed to grant COLAs. First, it must maintain an investment return higher than 7.5% for three consecutive years. Second, it must meet the "target ratio," which is set by law.

In the past, when both requirements were met, your board has always voted to give retirees COLAs. They

## COLA Blues

approved COLAs for 15 consecutive years when the markets were prospering in the '90s. Since these requirements are not being met, your board cannot even vote on the option of granting a COLA.

We need to have the Legislature approve resetting our "target ratio" formula and allow us to create an "experience account" into which one-half of all interest earnings in excess of the actuarial required amount are deposited and from which COLAs may be paid. The Legislature made significant changes in LASERS' retirement options this year due to concern for keeping the system afloat. We can expect the Legislature will continue its serious scrutiny and possible revisions in all four of the state retirement systems in the years to come.

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## Board Trustee Elections This Fall

An election for the LSERS Board of Trustees Active Member District 4 seat and an election for the Retiree seat will be held this Fall. Ballots will be mailed on October 4, 2005 to members of the election jurisdictions along with postage-paid, self-addressed envelopes for return of the ballots. The deadline for returning the ballots is November 4, 2005. Official counting of the ballots will be held before and during the November 21, 2005 regular board meeting.

These are four-year terms, which begin January 1, 2006 and end December 31, 2009. The Active Member District 4 seat is currently held by Sylvia Myers, who is retiring. The Retiree seat is held by Jeffrey Faulk. Both terms end December 31, 2005.

### Retiree Election

Jeffrey Faulk and Betty Jacobs, both current LSERS board members, have qualified for the Retiree Board Seat.

Faulk has served as a LSERS Board Trustee for eight years and Vice Chairman Pro Tem for four years. He is from Vermilion Parish and was a bus driver for 26 years. He has served as President of the Vermilion Parish Bus Drivers Assn. for 17 years and of the LA School Bus Operators Assoc. for four years. He has been a board member of both associations for numerous years. Faulk is a registered lobbyist at the State Capitol, past president and current board member of Abbeville Lions Club, board member of Farm Bureau for 34 years, and jury commission member. Faulk is a member of several other associations.

Jacobs, who recently retired, is the longest-serving elected LSERS board member and has served as LSERS Board Trustee for District 2 for 26 years. She has served as Chairperson of the Board Investment Committee since its inception in 1991. Jacobs is from East Baton Rouge Parish. She has lobbied the Louisiana Legislature and Congress on various issues related to the LSERS members. She is a



*Jeffrey Faulk, retiree candidate*



*Betty Jacobs, retiree candidate*



*Ronald Babineaux, D-4 candidate*



*Kathy Landry, D-4 candidate*

member of the LA School Bus Operators Association and has served on their Legislative Committee.

### District 4 Election

Ronald Babineaux and Kathy Landry are candidates in the District 4 election.

Babineaux is from Iberia Parish and has been a bus driver and member of the LA School Bus Operators Assn. (LSBOA) for 24 years. He has served as president of the Iberia Parish Bus Drivers Assn. for 14 years and on the Iberia Parish School Board Transportation Discipline Committee for 14 years. He has served on a number of LSBOA committees for two years each and as their District Two representative for four years.

Landry is from Calcasieu Parish and is a bus driver. She has been president of the Calcasieu Parish School Bus Drivers Assn. for the past eight years. She has been a member of the Calcasieu Parish School Board Employee Benefits Committee for the past five years. She is a LA School Bus Operators Assn. (LSBOA) District six board member and past vice president of LSBOA. She has also served on several LSBOA committees.

The District 4 election includes the following parishes: Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, Evangeline, Grant, Iberia, Jefferson Davis, Natchitoches, Pointe Coupee, Rapides, Sabine, St. Landry, St. Mary, Vermilion, or Vernon.

If you are a resident of District 4 or if you are a retiree, watch your mailboxes for the ballots and be sure to vote! **Your vote counts!** ~

*Calculate estimated retirement benefits on the web site, now!*

# Retirees Should Watch for Medicare Part D

The federal government will soon kick off the Medicare Modernization Act of 2003 - Part D program, which is the prescription drug part of the Medicare revisions. Part D will be offered by multiple vendors in every part of the U.S. and coverage may vary from vendor to vendor.

Medicare Part D will provide an important new benefit for seniors who do not currently have prescription drug coverage. It is not intended to replace existing coverage for retirees in health plans such as the Office of Group Benefits (OGB). In fact, the federal government is offering to help subsidize such plans to encourage them to continue offering prescription drug coverage for their retirees. OGB will continue to offer its prescription drug program to its retirees.

The only reason you should accept Medicare Part D as the program from which you receive your prescription drugs is if your income and assets put you near the Federal Poverty Level. If your one-person household annual income is \$14,335 or less or if your two-person household income is

\$19,245 or less, you may qualify for extra help from Medicare Part D. If so, the Medicare Premiums will be waived as will certain copayments and deductibles. You should call 1-800-MEDICARE to see if you qualify for this extra help.

If your household does not meet these income levels you should **DECLINE** the offer for Medicare Part D. Reasons for this are the OGB's drug program is equal to or better than the Medicare Part D plan. The Medicare Part D drug option requires you to pay an additional premium, which is not yet set, but experts expect it to be in the range of \$35 - \$45 per month. In addition to the Medicare Part D premium, you will have copayments and deductibles to pay.

OGB strongly advises you not to sign up and pay the additional premium for Medicare Part D unless you have severely restricted income. You will soon be receiving mail from vendors on the new Medicare Part D plan. You are welcome to call your local OGB customer service office for help with this decision.

# Louisiana Loses Great Leader

LSERS mourns the passing of ex-officio board member, W. Fox McKeithen. Fox spent his adult life as a public servant. He was first elected to the House of Representatives in 1983. After serving in the House, he was elected as Secretary of State in 1987, where he remained until his resignation on July 15, 2005. During his last few months in office, he suffered an accident which left him partially paralyzed, eventually causing him to be put on life support. On July 16, 2005, he asked to be removed from life support, and passed away shortly thereafter.

W. Fox McKeithen will be remembered as a politician who could cross party lines and unite a diverse group of constituents. He will be missed by all of Louisiana's citizens.

## 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)

**Report Your  
New Address  
to Us!**

**Visit LSERS' Web Site  
[www.lasers.state.la.us](http://www.lasers.state.la.us)**



Mailing and  
Direct Deposit  
Dates for  
Monthly  
Benefit Checks

Retiree Checks		DROP & IBRP Checks	
Mailed	Deposited	Mailed	Deposited
Aug 31	Sept 1	Sept 5	Sept 5
Sept 30	Oct 3	Oct 5	Oct 5
Oct 31	Nov 1	Nov 4	Nov 7
Nov 30	Dec 1	Dec 5	Dec 5
Dec 30	Jan 2	Jan 5	Jan 5

**LSERS  
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**Jeffrey Faulk, Vice Chairman Pro-Tem**

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**Earl Richard, Jr.**

1st Retirement District, 504-947-2133

**Judith McKee**

3rd Retirement District, 318-649-7696

**Sylvia Myers**

4th Retirement District, 337-478-7162

**Betty Crain**

Retiree Representative, 985-735-5359

Ex Officio Members:

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**John Kennedy**

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**Lambert Boissiere, Jr.**

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Committee, 225-342-2062

**Pete Schneider**

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**Patrick Cospo**

LSERS Director

**Debra Dudley**

LSERS Assistant Director

**Judy Wright**

LSERS Public Information Director and  
Newsletter Editor

## Annual Member Statements Being Mailed

You will be receiving your annual member statement from LSERS around the end of September. Your statement will include your estimated years of retirement credit, the amount you have contributed to the retirement system, and your personal information. Please review your statement carefully. If any information is incorrect, please send us a letter explaining the error and provide

us with the supporting documentation. If your years of service are incorrect, we will need to contact your employer and request verification before a correction can be made.

## Security Litigation

When Enron and World Com grab headlines, it is important to remember that security fraud in smaller, lesser-known companies continues to cost the system money. LSERS is aggressively pursuing recovery in corporate wrongdoing cases.

## Hibernia Bank Soon Capital One

Effective September 1, 2005, Hibernia National Bank will be acquired by Capital One Financial Corporation. Capital One says no changes will be made in services. If you bank at Hibernia, you may continue using your old checks until they are depleted. Retirees getting checks from LSERS will notice the name change sometime during the last quarter of the year.

LSERS is lead plaintiff in two new cases: Accredo Health, a classic case of accounting fraud, and AT&T/Solomon Brothers, a case of the broker overrating a company for personal gain. These cases are now working their way through the court systems. To date LSERS has recouped \$797,896 through securities litigation fraud cases for our members.



## Crossroads

This public document was published at a total cost of \$2,265.00. Twenty-six thousand two-hundred copies of this document were published in this first printing at a cost of \$2,265.00. The total cost of all printings of this document, including reprints, is \$2,265.00. 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. This newsletter was printed in accordance with R.S. 43:31B.

**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](http://www.lasers.state.la.us)

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