

**Louisiana School Employees' Retirement System
Special Board Meeting**

**Monday, January 10, 2011
Held Upon Adjournment of Investment Committee Meeting**

The Board of Trustees of the Louisiana School Employees' Retirement System convened in the Board Room (Room 100) of the Louisiana School Employees' Retirement System Building located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Larry Wilmer, Chairman of the Board, called the meeting to order at 10:49 a.m. Roll was called by Ms. Jennifer Champagne.

Members Present: Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Ron Henson - designee for Mr. John Kennedy – State Treasurer, Mr. Tim Palmatier - designee for Mr. Tom Schedler – Secretary of State, Ms. Lauren Bailey - observer for Senator D. A. “Butch” Gautreaux – Chairman of the Senate Committee on Retirement

Members Absent: Representative J. Kevin Pearson – Chairman of the House Committee on Retirement

Staff Present: Mr. Charles P. Bujol - Executive Director, Ms. Carolyn Forbes - Assistant Director, Mr. Warren D. Ponder - Executive Counsel, Mr. Brendan Brosnan - Chief Investment Officer, Mr. Jerry Rhodus, Investment Officer 2, Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Also Present: Mr. Brett Hazen - Segal Advisors

DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Cost savings realized on abolishing 8 positions is \$365,781 per year.

Due to misinterpretation of a law passed in 1999 benefits were not paid to surviving spouses of disability retirees. Ms. Forbes provided a brief review and noted that research will be done on the 14 members affected by this correction. Mr. Wilmer requested a follow-up report to assure that all benefits are paid.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Larry Wilmer, Mr. Ron Henson, and Mr. Tim Palmatier **voted affirmatively** to approve the agenda.

PUBLIC COMMENT ON ANY ITEM ON AGENDA

Mr. Wilmer called for public comment on any item on the agenda. There was no one from the public in attendance.

CONSIDERATION AND ACTION TO AMEND LSERS RULES AND REGULATIONS TO COMPLY WITH IRS TAX REGULATIONS

A review of action to amend LSERS Rules and Regulations to assure compliance with IRS tax regulations was provided. Two resolutions, which are attached to the minutes, were presented to the Board for consideration and approval.

Resolution #1 is in reference to the Hero's Earnings Assistance and Relief Act of 2008 ("HEART Act").

ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board approved Resolution #1.

Resolution #2 is in reference to Act 637, which was adopted by the Louisiana State Legislature in the 2010 regular session of the Louisiana Legislature.

ON MOTION BY MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board approved Resolution #2.

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

WHEREAS, there was a recent amendment to Section 401(a)(37) of the Internal Revenue Code by the Hero's Earnings Assistance and Relief Act of 2008 ("HEART Act").

WHEREAS, the HEART Act provides that if a Participant of the Retirement System leaves their job for active military service and dies during that service, the Participant's beneficiaries are entitled to any benefits provided under the System. Additionally, the HEART Act provides that the Retirement System will treat the Participant's military service as service under the Retirement System for purposes of vesting.

WHEREAS, the HEART Act does not require the Retirement System to provide additional accrued benefits for the time spent in military service.

NOW THEREFORE, BE IT RESOLVED:

That the Board of Trustees submit the proposed legislation in correct legislative form to the Louisiana State Legislature at its next available legislative session to amend the Louisiana School Employees' Retirement System to include the following provision as required by Section 401(a)(37) of the Internal Revenue Code:

In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code 5414(u)), the Participant's beneficiary is entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the Participant had resumed employment and then terminated employment on account of death. Moreover, the Plan will credit the Participant's qualified military service as service for vesting purposes, as though the participant had resumed employment under USERRA immediately prior to the Participant's death.

WHEREAS, the Board of Trustees acknowledges that the Retirement System includes provisions that deal only with the requirements imposed by the Internal Revenue Code.

Resolution # 1

WHEREAS, the Board of Trustees desires to move from the Retirement System into the Louisiana Administrative Code all of the provisions of the Retirement System that deal only with the requirements imposed by the Internal Revenue Code.

WHEREAS, the reason for such is to allow the Board of Trustees to keep the Retirement System in compliance with the Internal Revenue Code by promulgating rules and regulations in the Louisiana Administrative Code as opposed to having to seek legislative authority to amend the Retirement System.

WHEREAS, the provisions of the Retirement System that deal only with the requirements imposed by the Internal Revenue Code may only be moved to the Louisiana Administrative Code if the Louisiana State Legislature gives specific authority for the movement.

WHEREAS, the Louisiana State Legislature must give the Board of Trustees specific authority to promulgate rules and regulations in the Administrative Code to keep the Retirement System in compliance with the requirements of the Internal Revenue Code.


BE IT FURTHER RESOLVED:

That the Board of Trustees submits proposed legislation to the Louisiana State Legislature to amend the Louisiana School Employees' Retirement System to include the following provision in reference to compliance with the Internal Revenue Code Provisions:

Compliance with Internal Revenue Code Provisions. The retirement system shall take all actions necessary to comply with the provisions of the Internal Revenue Code (IRC) applicable to qualified governmental retirement plans. The Board of Trustees shall promulgate rules in accordance with the Administrative Procedure Act to incorporate such IRC provisions into the retirement system's plan, and the plan provisions shall hereafter consist of this Chapter together with such properly promulgate rules.

BE IT FURTHER RESOLVED:

That the Board of Trustees submits proposed legislation to the Louisiana State Legislature to amend the Louisiana School Employees' Retirement System to delete all provisions of the Retirement System which are only included in the Retirement System for purposes of compliance with the requirements of the Internal Revenue Code which are no longer relevant.

By: 
Larry Wilmer, Chairman of the Board

Certified:

By: 
Secretary to the Board of Trustees

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

WHEREAS, Act 637 was adopted by the Louisiana State Legislature in the 2010 regular session of the Louisiana Legislature and executed by the Governor; which Act amended La. R.S. 11:1141.2 by adding Paragraph D which authorizes the Board of Trustees to adopt rules to the Louisiana Administrative Procedures Act for the administration and adoption of limitations as set forth in Section 415 of the Internal Revenue Code.

WHEREAS, the Board of Trustees desires, pursuant to the authority given it by La. R.S. 11:1141.2(D), to promulgate the following rules and limitations applicable to the Louisiana School Employees' Retirement System in order to meet the requirements of Section 415 of the Internal Revenue Code.

WHEREAS, the Board of Trustees desires that the rules set forth herein be promulgated pursuant to the Louisiana Administrative Code and authorizes the appropriate individuals working for the Louisiana School Employees' Retirement System to undertake this task.

NOW THEREFORE, BE IT RESOLVED:

That the Board of Trustees adopt the following rules for the administration of the limits provided in Section 415 of the Internal Revenue Code to be published in the Louisiana Administrative Code as Chapter 4 of Part VII of Title 58 of the Louisiana Administrative Code:

Chapter 4. Limitations on Benefits

§ 401. Limitations on Benefits

A. The limitations of this chapter shall apply in limitation years beginning on or after July 1, 2007, except as otherwise provided herein.

B. The Annual Benefit otherwise payable to a Member under the plan at any time shall not exceed the Maximum Permissible Benefit. If the benefit the Member would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

C. If the Member is, or has ever been, a Member in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the employer or a predecessor employer, the sum of the Member's Annual Benefits from all such plans may not exceed the Maximum Permissible Benefit.

D. The application of the provisions of this chapter shall not cause the Maximum Permissible Benefit for any Member to be less than the Member's accrued benefit under all the defined benefit plans of the employer or a predecessor employer as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to § 415 of the Internal Revenue Code in effect as of the end of the last Limitation Year beginning before July 1, 2007, as described in § 1.415(a)-1(g)(4) of the Income Tax Regulations.

E. The limitations of this chapter shall be determined and applied taking into account the rules in Section G.

F. Definitions.

1. Annual Benefit: A benefit that is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this article. For a Member who has or will have distributions commencing at more than one annuity starting date, the Annual Benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this chapter as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to § 1.401(a)-20, Q&A 10(d), and with regard to § 1.415(b)1(b)(1)(iii)(B) and (C) of the Income Tax Regulations.

No actuarial adjustment to the benefit shall be made for (a) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the Member's benefit were paid in another form; (b) benefits that are not directly related to retirement benefits (such as a disability benefit, preretirement incidental death benefits, and postretirement medical benefits); or (c) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to § 417(e)(3) of the Internal Revenue Code and would otherwise satisfy the limitations of this chapter, and the plan provides that the amount payable under the form of benefit in any Limitation Year shall not exceed the limits of this chapter applicable at the annuity starting date, as increased in subsequent years pursuant to § 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the Annual Benefit shall take into account social security supplements described in § 411(a)(9) of the Internal Revenue Code and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant § 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, but shall disregard benefits attributable to employee contributions or

rollover contributions.

Effective for distributions in plan years beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Sections 401.F.1.a. or 401.F.1.b.

a. Benefit Forms Not Subject to § 417(e)(3): The straight life annuity that is actuarially equivalent to the Member's form of benefit shall be determined under this Section 401.F.1.a. if the form of the Member's benefit is either (1) a non-decreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the Member (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or (2) an annuity that decreases during the life of the Member merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in § 401(a)(11)).

i. Limitation Years beginning before July 1, 2007. For Limitation Years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Member's form of benefit computed using whichever of the following produces the greater annual amount: (I) the interest rate specified in La. R.S. 11:1171 and the mortality table (or other tabular factor) specified in R.S. 11:1171 for adjusting benefits in the same form; and (II) a 5 percent interest rate assumption and the applicable mortality table for that annuity starting date.

ii. Limitation Years beginning on or after July 1, 2007. For Limitation Years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of (1) the annual amount of the straight life annuity (if any) payable to the Member under the plan commencing at the same annuity starting date as the Member's form of benefit; and (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Member's form of benefit, computed using a 5 percent interest rate assumption and the applicable mortality table for that annuity starting date.

b. Benefit Forms Subject to § 417(e)(3): The straight life annuity that is actuarially equivalent to the Member's form of benefit shall be determined under this paragraph if the form of the Member's benefit is other than a benefit form described in Section 401.F.1.a. In this case, the actuarially equivalent straight life annuity shall be determined as follows:

i. Annuity Starting Date in Plan Years Beginning After 2005. If the annuity starting date of the Member's form of benefit is in a plan year beginning after 2005, the actuarially equivalent straight life annuity is equal to the greatest of (I) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Member's form of benefit computed using the interest rate specified in Section La. R.S. 11:1171 and the mortality table (or other tabular factor) specified in Section La. R.S. 11:1171 for adjusting benefits in the same form; (II) the annual amount of the straight life annuity commencing at the same annuity starting date that

has the same actuarial present value as the Member's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table defined in Section La. R.S. 11:1171; and (III) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Member's form of benefit, computed using the applicable interest rate defined in La. R.S. 11:1171 and the applicable mortality table defined, divided by 1.05.

ii. Annuity Starting Date in Plan Years Beginning in 2004 or 2005. If the annuity starting date of the Member's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Member's form of benefit, computed using whichever of the following produces the greater annual amount: (I) the interest rate specified in La. R.S. 11:1171 and the mortality table (or other tabular factor) specified in La. R.S. 11:1171 for adjusting benefits in the same form; and (II) a 5.5 percent interest rate assumption and the applicable mortality table.

If the annuity starting date of the Member's benefit is on or after the first day of the first plan year beginning in 2004 and before December 31, 2004, the application of this Section 401.F.1.b. shall not cause the amount payable under the Member's form of benefit to be less than the benefit calculated under the Plan, taking into account the limitations of this chapter, except that the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Member's form of benefit, computed using whichever of the following produces the greatest annual amount:

(a). the interest rate specified in La. R.S. 11:1171 and the mortality table (or other tabular factor) specified in La. R.S. 11:1171 for adjusting benefits in the same form;

(b). the applicable interest rate defined in La. R.S. 11:1171 and the applicable mortality table;
and

(c). the applicable interest rate defined in La. R.S. 11:1171 (as in effect on the last day of the last plan year beginning before January 1, 2004, under provisions of the Plan then adopted and in effect) and the applicable mortality table.

2. Applicable Mortality Table. The "applicable mortality table" is defined as the applicable mortality table within the meaning of Section 417(e)(3)(B) of the Internal Revenue Code.

3. 415 safe-harbor compensation. Compensation is defined as wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the employer maintaining the plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable plan (as described in § 1.62-2(c) of the Income

Tax Regulations), and excluding the following:

a. Employer contributions (other than elective contributions described in § 402(e)(3), § 408(k)(6), § 408(p)(2)(A)(i), or § 457(b)) to a plan of deferred compensation (including a simplified employee pension described in § 408(k) or a simple retirement account described in § 408(p), and whether or not qualified) to the extent such contributions are not includible in the Member's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not qualified);

b. Amounts realized from the exercise of a nonstatutory stock option (that is, an option other than a statutory stock option as defined in § 1.421-1(b) of the Income Tax Regulations), or when restricted stock (or property) held by the Member either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

c. Amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option;

d. Other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not includible in the gross income of the Member and are not salary reduction amounts that are described in § 125);

e. Other items of remuneration that are similar to any of the items listed in (i) through (iv).

For any self-employed individual, Compensation shall mean earned income.

Except as provided herein, for Limitation Years beginning after December 31, 1991, compensation for a Limitation Year is the compensation actually paid or made available during such Limitation Year.

For Limitation Years beginning on or after July 1, 2007, compensation for a Limitation Year shall also include compensation paid by the later of 2 ½ months after an Member's severance from employment with the employer maintaining the plan or the end of the Limitation Year that includes the date of the Member's severance from employment with the employer maintaining the plan, if:

a. the payment is regular compensation for services during the Member's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the Member while the Member continued in employment with the employer;

b. the payment is for unused accrued bona fide sick, vacation or other leave that the Member would have been able to use if employment had continued; or

c. the payment is received by the Member pursuant to a nonqualified unfunded deferred

compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2 ½ months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment. Back pay, within the meaning of § 1.415(c)-2(g)(8), shall be treated as compensation for the Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

For Limitation Years beginning after December 31, 1997, compensation paid or made available during such Limitation Year shall include amounts that would otherwise be included in compensation but for an election under § 125(a), §402(e)(3), § 402(h)(1)(B), § 402(k), or § 457(b).

For Limitation Years beginning after December 31, 2000, compensation shall also include any elective amounts that are not includible in the gross income of the Member by reason of § 132(f)(4).

4. Defined Benefit Compensation Limitation: 100 percent of a Member's High Three-Year Average Compensation, payable in the form of a straight life annuity.

In the case of a Member who is rehired after a severance from employment, the Defined Benefit Compensation Limitation is the greater of 100 percent of the Member's High Three-Year Average Compensation, as determined prior to the severance from employment or 100 percent of the Member's High Three-Year Average Compensation, as determined after the severance from employment under Section 401.G.

5. Defined Benefit Dollar Limitation: Effective for Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation is \$160,000, automatically adjusted under § 415(d) of the Internal Revenue Code, effective January 1 of each year, as published in the Internal Revenue Bulletin, and payable in the form of a straight life annuity. The new limitation shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment, but a Member's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year.

6. Employer: For purposes of this chapter, employer shall mean the employer that adopts this plan, and all members of a controlled group of corporations, as defined in § 414(b) of the Internal Revenue Code, as modified by § 415(h)), all commonly controlled trades or businesses (as defined in § 414(c), as modified, except in the case of a brother-sister group of trades or businesses under common control, by § 415(h)), or affiliated service groups (as defined in § 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the employer pursuant to § 414(o) of the Internal Revenue Code.

7. Formerly Affiliated Plan of the Employer: A plan that, immediately prior to the cessation of affiliation, was actually maintained by the employer and, immediately after the cessation of affiliation, is not actually maintained by the employer. For this purpose, cessation of affiliation

means the event that causes an entity to no longer be considered the employer, such as the sale of a member controlled group of corporations, as defined in § 414(b) of the Internal Revenue Code, as modified by § 415(h), to an unrelated corporation, or that causes a plan to not actually be maintained by the employer, such as transfer of plan sponsorship outside a controlled group.

8. High Three-Year Average Compensation: The average compensation for the three consecutive years of service (or, if the Member has less than three consecutive years of service, the Member's longest consecutive period of service, including fractions of years, but not less than one year) with the employer that produces the highest average. A year of service with the employer is the 12 consecutive month period defined in La. R.S. 11:1131. In the case of a Member who is rehired by the employer after a severance from employment, the Member's high three-year average compensation shall be calculated by excluding all years for which the Member performs no services for and receives no compensation from the employer (the break period) and by treating the years immediately preceding and following the break period as consecutive. A Member's compensation for a year of service shall not include compensation in excess of the limitation under § 401(a)(17) of the Internal Revenue Code that is in effect for the calendar year in which such year of service begins.

9. Limitation Year: The Limitation Year is a fiscal year, from July 1 to June 31. All qualified plans maintained by the employer must use the same Limitation Year. If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

10. Maximum Permissible Benefit: The lesser of the Defined Benefit Dollar Limitation or the Defined Benefit Compensation Limitation (both adjusted where required, as provided below).

a. Adjustment for Less Than 10 Years of Participation or Service: If the Member has less than 10 years of Participation in the plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of Years (or part thereof, but not less than one year) of Participation in the plan, and (ii) the denominator of which is 10. In the case of a Member who has less than ten Years of Service with the employer, the Defined Benefit Compensation Limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of Years (or part thereof, but not less than one year) of Service with the employer, and (ii) the denominator of which is 10.

b. Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62 or after Age 65: Effective for benefits commencing in Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation shall be adjusted if the annuity starting date of the Member's benefit is before age 62 or after age 65. If the annuity starting date is before age 62, the Defined Benefit Dollar Limitation shall be adjusted under Section 401.F.10.b.i., as modified by Section 401.F.10.b.iii.. If the annuity starting date is after age 65, the Defined Benefit Dollar Limitation shall be adjusted under section 401.F.10.b.ii., as modified by section 401.F.9.b.iii..

i. Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62:

(a). Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the Member's benefit is prior to age 62 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Member's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Member's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under 401.F.9.a. for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate specified in La. R.S. 11:1171 and the mortality table (or other tabular factor) specified in La. R.S. 11:1171; or (2) a 5-percent interest rate assumption and the applicable mortality table as defined in La. R.S. 11:1171.

(b). Limitation Years Beginning on or After July 1, 2007.

(i). Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement. If the annuity starting date for the Member's benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Member's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Member's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 401.F.10.a. for years of Participation less than 10, if required) with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for the annuity starting date as defined in La. R.S. 11:1171 (and expressing the Member's age based on completed calendar months as of the annuity starting date).

(ii). Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement. If the annuity starting date for the Member's benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Member's annuity starting date is the lesser of the limitation determined under Section 401.F.10.a.ii.(b).(1). and the Defined Benefit Dollar Limitation (adjusted under Section 401.F.10.a. for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the plan at the Member's annuity starting date to the annual amount of the immediately commencing straight life annuity under the plan at age 62, both determined without applying the limitations of this article.

ii. Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement After Age 65:

(a). Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the Member's benefit is after age 65 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Member's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Member's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section

401.F.10.a. for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate specified in La. R.S. 11:1171 and the mortality table (or other tabular factor) specified in La. R.S. 11:1171; or (2) a 5-percent interest rate assumption and the applicable mortality table as defined in La. R.S. 11:1171.

(b). Limitation Years Beginning Before July 1, 2007.

(i) Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement. If the annuity starting date for the Member's benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Member's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Member's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 401.F.10.a. for years of participation less than 10, if required), with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for that annuity starting date as defined in La. R.S. 11:1171 (and expressing the Member's age based on completed calendar months as of the annuity starting date).

(ii) Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement. If the annuity starting date for the Member's benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Member's annuity starting date is the lesser of the limitation determined under Section 401.F.10.b.ii.(b).(1). and the Defined Benefit Dollar Limitation (adjusted under Section 401.F.10.a. for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the plan at the Member's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the plan at age 65, both determined without applying the limitations of this article. For this purpose, the adjusted immediately commencing straight life annuity under the plan at the Member's annuity starting date is the annual amount of such annuity payable to the Member, computed disregarding the Member's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the plan at age 65 is the annual amount of such annuity that would be payable under the plan to a hypothetical Member who is age 65 and has the same accrued benefit as the Member.

iii. Notwithstanding the other requirements of this Section 401.F.10.b., no adjustment shall be made to the Defined Benefit Dollar Limitation to reflect the probability of a Member's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the Member prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the

Member's death if the plan does not charge Members for providing a qualified preretirement survivor annuity, as defined in § 417(c) of the Internal Revenue Code, upon the Member's death.

c. Minimum benefit permitted: Notwithstanding anything else in this section to the contrary, the benefit otherwise accrued or payable to a Member under this plan shall be deemed not to exceed the Maximum Permissible Benefit if:

i. the retirement benefits payable for a Limitation Year under any form of benefit with respect to such Member under this plan and under all other defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the employer do not exceed \$10,000 multiplied by a fraction – (I) the numerator of which is the Member's number of Years (or part thereof, but not less than one year) of Service (not to exceed 10) with the employer, and (II) the denominator of which is 10; and

ii. the employer (or a predecessor employer) has not at any time maintained a defined contribution plan in which the Member participated (for this purpose, mandatory employee contributions under a defined benefit plan, individual medical accounts under § 401(h), and accounts for postretirement medical benefits established under § 419A(d)(1) are not considered a separate defined contribution plan).

11. Predecessor Employer: If the employer maintains a plan that provides a benefit which the Member accrued while performing services for a former employer, the former employer is a predecessor employer with respect to the Member in the plan. A former entity that antedates the employer is also a predecessor employer with respect to a Member if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity.

12. Severance from Employment: An employee has a severance from employment when the employee ceases to be an employee of the employer maintaining the plan. An employee does not have a severance from employment if, in connection with a change of employment, the employee's new employer maintains the plan with respect to the employee.

13. Year of Participation: The Member shall be credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (1) the Member is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the plan in order to accrue a benefit for the accrual computation period, and (2) the Member is included as a Member under the eligibility provisions of the plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a year of participation credited to the Member shall equal the amount of benefit accrual service credited to the Member for such accrual computation period. A Member who is permanently and totally disabled within the meaning of § 415(c)(3)(C)(i) of the Internal Revenue Code for an accrual computation period shall receive a Year of Participation with respect to that period. In addition, for a Member to receive a Year of Participation (or part thereof) for an accrual computation period, the plan must be established no

later that the last day of such accrual computation period. In no event shall more than one Year of Participation be credited for any 12-month period.

14. Year of Service: For purposes of Section 401.G., the Member shall be credited with a Year of Service (computed to fractional parts of a year) for each accrual computation period for which the Member is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the plan in order to accrue a benefit for the accrual computation period, taking into account only service with the employer or a predecessor employer.

G. Other Rules.

1. Benefits Under Terminated Plans. If a defined benefit plan maintained by the employer has terminated with sufficient assets for the payment of benefit liabilities of all plan Members and a Member in the plan has not yet commenced benefits under the plan, the benefits provided pursuant to the annuities purchased to provide the Member's benefits under the terminated plan at each possible annuity starting date shall be taken into account in applying the limitations of this article. If there are not sufficient assets for the payment of all Members' benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the Member under the terminated plan.


2. Benefits Transferred From the Plan. If a Member's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan maintained by the employer and the transfer is not a transfer of distributable benefits pursuant § 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If a Member's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan that is not maintained by the employer and the transfer is not a transfer of distributable benefits pursuant § 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, the transferred benefits are treated by the employer's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the employer that terminated immediately prior to the transfer with sufficient assets to pay all Members' benefit liabilities under the plan. If a Member's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan in a transfer of distributable benefits pursuant § 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, the amount transferred is treated as a benefit paid from the transferor plan.

3. Formerly Affiliated Plans of the Employer. A formerly affiliated plan of an employer shall be treated as a plan maintained by the employer, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay Members' benefit liabilities under the plan and had purchased annuities to provide benefits.

4. Plans of a Predecessor Employer. If the employer maintains a defined benefit plan that provides benefits accrued by a Member while performing services for a predecessor employer, the


Member's benefits under a plan maintained by the predecessor employer shall be treated as provided under a plan maintained by the employer. However, for this purpose, the plan of the predecessor employer shall be treated as if it had terminated immediately prior to the event giving rise to the predecessor employer relationship with sufficient assets to pay Members' benefit liabilities under the plan, and had purchased annuities to provide benefits; the employer and the predecessor employer shall be treated as if they were a single employer immediately prior to such event and as unrelated employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the plan of the predecessor employer.

5. Special Rules. The limitations of this chapter shall be determined and applied taking into account the rules in § 1.415(f)-1(d), (e) and (h) of the Income Tax Regulations.

By: 

Larry Wilmer, Chairman of the Board

Certified:

By: 

Secretary to the Board of Trustees

OTHER BUSINESS

Mr. Ponder:

The pending Attorney General's opinion on Employer/Employee contribution rates should be rendered before PRSAC meets in February.

Congressional visits scheduled for the 2011 NCPERS Legislative Conference were reviewed.

Ms. Forbes:

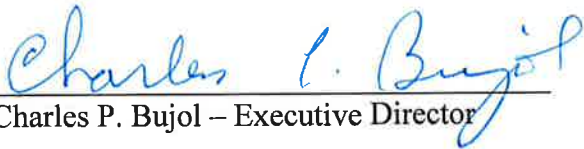
A handout of three versions of the new logo was provided. It was noted that all three logos represent LSERS' membership. Consensus of the Board was to use the last logo as LSERS' new logo.

There was no other business to discuss.

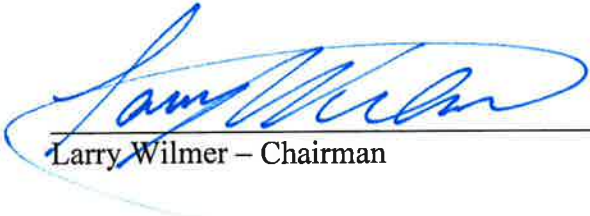
PUBLIC COMMENT

There were no public comments.

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned the meeting at 11:15 a.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman