



Crossroads

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2010 Legislative Session Bills Impact Retirement Benefits

Several bills that will be introduced this Legislative Session include major changes that would impact retirement benefits. LSERS members are strongly encouraged to contact their legislators to ensure their voices are heard.

"The State is facing a budget shortfall and the legislature is looking for ways to save money by reducing benefits to the employees," said Larry Wilmer, LSERS Board Chairman. Mr. Wilmer is asking members of LSERS to call their Sena-

tors and Representatives to let them know your position



on the defined contribution plan and the plan for combining the funds of the four state systems and placing control in a board of members who are a majority of political appointees.

The 2010 Session of the Legislature began on March 29th and will end on June 21st.

Here is a snapshot of the bills that could affect your retirement benefits:

into an account and funds in the account would be used to provide a benefit upon retirement. There would be no disability benefits, no survivor benefits, no participation in DROP, and no Permanent Benefit Increases (PBI). The individual employee would bear the risk of a market downturn and/or risk of "out living" the amount saved for retirement.

HB 930 by Representative Tucker creates a mandatory defined contribution plan for members hired after June 30, 2010. This plan calls for the employee contribution to be 10% of their salary and the employer contribution to be 5.25%. The money would be deposited

HB 1229 by Representative Tucker creates the State Retirement System Investment Commission. This commission would consist of nine members, which would include the State Treasurer, one member appointed by the Governor, one member appointed by the Speaker of

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New Assistant Director Takes the Reins at LSERS

New LSERS Assistant Director Carolyn Forbes has only been in her new role for a few months, but she is already rolling up her sleeves and getting to work in her new position.

Forbes officially took over the Assistant Director role in November 2009 from Debra Dudley, who retired after 27 years of service to LSERS. Forbes comes to her new role with a wealth of experience, including 29 years working for the Teachers' Retirement System of Louisiana.

While LSERS is already an outstanding organization, Forbes is working on a few changes to make it even better.

Key objectives include pushing the organization



LSERS Assistant Director Carolyn Forbes

forward in the areas of technology and improving policies and procedures, which will ultimately benefit the approximate 26,500 LSERS members.

"I am very excited about the opportunity in my new role to make a difference," Forbes said. "And, mak-

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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 meetings are scheduled through the next quarter:

5/17/10	RBM	9:00 a.m.
5/18/10	RBM	8:30 a.m.
6/14/10	ICM, SBM	9:00 a.m.
7/12/10	ICM	9:00 a.m.
8/23/10	RBM	9:00 a.m.
8/24/10	RBM	8:30 a.m.

ICM – Investment Committee Meeting

RBM – Regular Board Meeting

PCM – Personnel Committee Meeting

SBM – Special Board Meeting

Did You Know?

What is Earnable Compensation?

“Earnable Compensation” means the full amount earned by an employee for any given pay period.

Earnable compensation **does not include** the following:

- Pay for operating expenses.
- Insurance paid by the employer.
- Any allowance for expenses authorized and incurred as an incident of employment.
- Payments in lieu of unused sick or annual leave.

Your employer **must** report **all** earnings you received for other duties that do not fall under your normal job description. This would include, for example, money you received from the school board over and above your base pay.

Familiar faces re-elected to LSERS board

Betty J. Crain and Eugene Rester, Jr. have been re-elected to serve four-year terms on the Louisiana School Employees' Retirement System (LSERS) Board of Trustees. Both trustees ran unopposed in the recent election. Mrs. Crain and Mr. Rester will officially take office and begin serving their terms on January 1, 2011.

Mrs. Crain has been a Retiree Representative on LSERS Board of Trustees since May 14, 2001 and will be serving her third term in office. She is a resident of Bogalusa and was a bus driver for 33 years. She was president of the City of Bogalusa/Washington Parish School Bus Operators Association for 14 years. She previously served 12 years as the vice president of the association and has also served in a variety of leadership positions in the community and in her church.



Betty J. Crain

“I would like to thank our retirees for their support and confidence in the work I have done and the decisions I have made on their behalf,” Mrs. Crain said. “Please feel free to call me if I can help you.”



Eugene Rester, Jr.

Mr. Rester has been the Active Member District 2 Representative on LSERS Board of Trustees since January 1, 2007 and will be serving his second term in office. He is a resident of Bogalusa and a bus driver for the Bogalusa City School Board.

“I would like to thank the members of District 2 for allowing me to serve them for another term,” Mr. Rester said. “Please feel free to call me if you have any concerns.”

LSERS Moves to Direct Deposit

Starting July 1, 2010, LSERS will be implementing new direct deposit requirements.

All members who will be retiring with an effective date of July 1, 2010 or after will be required to have their monthly retirement benefit electronically deposited directly into a financial institution of their choice. Direct deposit is the most secure and convenient way for you to receive your LSERS retirement benefit. It eliminates the worry and stress of waiting for your check to arrive through the mail and having to plan a special trip to the bank to deposit it. Direct deposit also eliminates the risk of your check being lost or stolen, which can cause further delays in receiving your benefit.

Here is a snapshot of some of the many benefits of direct deposit:

- Direct deposit is simple and convenient. Just complete Form 8, Authorization for Direct Deposit, which is located on our website under Forms at www.lasers.state.la.us. It's as simple as that. Your monthly retirement benefit will be deposited in your bank account on the first business day of each month - on time, every time. No more special trips to the bank to deposit your check.
- Direct deposit is fast, reliable, and safe.
- Direct deposit is smart. Direct deposit gives you access to your retirement benefit earlier than check deposits, as there is no waiting for checks to clear.
- Direct deposit prevents your retirement check from getting lost or stolen, which could take up to 10 days to replace.
- Direct deposit is safe and confidential. Your retirement benefit is electronically deposited into an account of your choice, which greatly reduces the number of people who see your personal information. This helps in the fight against identity theft, as identity theft often starts with someone seeing your personal financial information on a paper check.
- Direct deposit helps the environment. More than 100,000 tons of CO2 could be reduced annually by customers not having to make trips to their banks to deposit their checks.
- Direct deposit eliminates the cost of paper checks, thereby allowing more efficient and effective management of your retirement system.

Direct deposit is of great benefit to our members. Please contact Donna Racca via email at dracca@lsers.state.la.us or by telephone at 225-925-6491 or toll-free at 1-800-256-3718 if you have any questions.

Retirement?

Start Planning Your Retirement Timeline

Retirement involves more than selecting the day you plan to retire and just completing an application. Preparations are needed for your smooth transition from a work environment to your official retirement. In fact, you should start planning for retirement three years in advance.

The following timeline will help you with this transition:

Three years prior to retirement

- Register to attend a Retirement Education Seminar.
- Request an estimate of your monthly retirement benefit under the plans you are considering.
- Understand your pension plan and options. Consider the economic, tax and estate plan-

ning results of each plan of retirement and options that are available to you.

- Create a preliminary retirement budget. This will guide you through your decision-making process.
- Contact LSERS to set up an appointment to meet with a representative who will address and answer your specific concerns and questions.

One year prior to retirement

- Complete purchase, transfer or reciprocal agreement for any eligible service credit.
- Gather/obtain documents required at time of retirement:
 - Copies of Social Security cards and birth certificates for yourself and your

beneficiary(ies).

- Certified copies of legal documents, such as divorce decree and death certificate of spouse, if applicable.
- Contact LSERS to set up an appointment to meet with a representative who will address and answer your specific concerns and questions.

Ninety days prior to retirement

- Contact your human resources personnel to begin your paperwork. (Make sure that all required documents are attached to your application).
- Contact the Social Security Administration concerning your eligibility for benefits.

Have Questions? Attend a LSERS 2010 Seminar or Counseling Session

LSERS is here to help if you have questions about your retirement benefits. LSERS will be hosting a series of statewide retirement seminars and individual counseling sessions, custom-tailored to help members navigate through any questions or issues they may have regarding their benefits.

We encourage you to attend the retirement seminars

conducted in your area, as this will give you the opportunity to get all of your questions answered. You can also schedule an individual counseling session with one of our retirement benefit analysts here at LSERS.

Please have your employer contact Ms. Geri Galloway at 1-800-256-3718 or 225-925-7492 if we have not visited your parish within the last 12 months. She can

also be contacted via e-mail at ggalloway@lsers.state.la.us.

You can also visit our website, www.lsers.state.la.us, to access the complete 2010 seminar schedule, which includes dates and locations of upcoming meetings.

We look forward to meeting with you regarding your retirement benefits.

Social Security Retirement Benefits May be Reduced

The Social Security Administration recently began applying the Windfall Elimination Provision (WEP) reduction to members who participated in the Deferred Retirement Option Plan (DROP) and who were eligible to retire with 10 years of service before September 1, 1985 (Act 154 of 1985).

Please file a "Request for Reconsideration" with the Social Security Administration if you have filed for Social Security benefits recently and feel that you have been penalized because you have a DROP account.

ONE YEAR LATER...

An Economy in Transition

On March 9, 2009 the financial markets gave a collective sigh of relief after the U.S. economy had been put on life support just months earlier. The Federal Reserve and the Treasury began a massive program to shore up the banks, bailout AIG and place GM and Chrysler into bankruptcy. Massive amounts of Federal dollars moved into the economy as the government replaced the individual consumers as the driving force. A year ago evidence that the stimulus was working and a depression had been averted emerged. Markets started an impressive rebound with the S&P 500 index gaining 60% between the low point and March 2010.

Since the March 9th lows the Government's rescue efforts were refocused toward individuals/consumers in the form of very low interest rates, programs to refinance or restructure mortgage loans and direct tax credits for purchases of new homes. The banks and financial institutions have repaid a substantial

portion (up to 50% by some estimates) of the bail-out monies. These payments continue to be recycled into programs to create jobs and stimulate the economy.

The Federal Reserve is now faced with an important balancing act. The large sums pumped into the economy have the potential of being very inflationary. This is not an immediate threat, but a threat none the less. There is still time to avoid the inflationary spiral by removing these funds from the economy. But they cannot simply be removed - unless the economy is ready to survive on its own. If they are removed too quickly things could become critical again; if left alone deficits will continue to grow. The pace of removal needs to be in line with the re-emergence of the private sector and a return to a growth that successfully transitions to a healthy and prosperous economy. Further market gains depend on it.

The LSERS plan also experienced a dra-

matic rebound. The plan has a mix of foreign and domestic stocks, bonds, real estate and alternative investments. The total plan was up 30.85% for the twelve months ending February 28, 2010. While this was a meaningful recovery there is still substantial ground to be made up to get back to pre-recession levels. Rest assured that we are doing everything possible to limit risks and improve returns.

New Assistant Director

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ing a difference is my ultimate goal as assistant director of LSERS."

One particular area Forbes wants to make a difference in is expanding LSERS' technology. "I would like to enhance our member services through technology, providing more flexibility so members can make changes to their retirement account from home," she said.

Another goal Forbes is tackling in her new role is streamlining processes at LSERS, including capturing statistics in key areas such as number of applications processed on a monthly basis. She is also working on updating procedures, including creating a workforce succession plan for the LSERS organization.

In her personal life, Forbes recently retired as First Sergeant from the U.S. Army Reserve after 27 years. She is also a certified retirement counselor and a notary public. Forbes graduated from LSU in 2004 with a bachelor's degree in accounting.

MAILING, DIRECT DEPOSIT, AND STOP PAYMENT DATES FOR MONTHLY BENEFIT CHECKS

Check For:	RETIREE, DROP, & IBRP		DROP-LA & IBRP-LA		Stop Payments Issued for Checks not Received
	U.S. Mail	Direct Deposit	U.S. Mail	Direct Deposit	
May 2010	4-30-2010	5-3-2010	5-4-2010	5-5-2010	5-11-2010
June 2010	5-31-2010	6-1-2010	6-4-2010	6-7-2010	6-9-2010
July 2010	6-30-2010	7-1-2010	7-2-2010	7-6-2010	7-12-2010
August 2010	7-30-2010	8-2-2010	8-4-2010	8-5-2010	8-10-2010

2010 Legislative Session Bills

Continued from page 1

the House, one member appointed by the President of the Senate, the Legislative Auditor, and one member from each of the four retirement systems. The Commission would have sole authority and control over the members' money that is now being invested by the Board of Trustees for the benefit of the members of the retirement systems.

HB 392 by Representative Hardy suspends benefits for any retiree who retires after June 30, 2010 and returns to work in a position that would cause the employee to become a member of LSERS. The laws allowing any retiree to earn 50% of their final average compensation and retired bus drivers to return to work as full-time bus drivers would still apply for members retired before July 1, 2010.

HB 958 by Representative Ligi and Senator Appel redefines "final average compensation" for members employed after June 30, 2010 as an average of the earned compensation for the highest one hundred and twenty successive months of employment. This bill also imposes an "anti-spiking" provision that would prevent earnings over 10% during any 12-month period from being calculated for retirement for each year.

SB 602 by Senator B. Gautreaux removes DROP as an option for any member who does not have at least 10 years of service in the system on July 1, 2010.

HB 230 by Representative Pearson makes changes in the benefit structure for those members hired after June 30, 2010. This bill was amended in committee to 1) reduce the accrual rate from 3 1/3% to 2 1/2%, 2) increase the employee contribution to 8% of salary, and 3) require that the member have 10 years of service at age 60 in order to start drawing a benefit. Only members who begin employment after June 30, 2010 are affected. The changes will result in a reduction of the "normal cost" of operations by approximately 4% per year and, when fully implemented, will make the system stronger.

SB 632 by Senator B. Gautreaux, Senator Nevers, and Representative Robideaux eliminates the experience account as a mechanism for providing Permanent Benefit Increases (PBI) and creates an employee-funded system. Members who retire before June 30, 2010 would receive their first 2% PBI in 2017 and a 2% PBI every odd numbered year thereafter. Retirees would have to be at least 62 years old and drawing a benefit for one year to qualify for this PBI.

Active members and those hired after the effective date of this proposed law who retire after June 30, 2010 would receive their first 2% PBI on January 1, 2021 and a 2% PBI every odd numbered year thereafter. Retirees would have to be at least 65 years old and drawing a benefit for one year to qualify for this PBI.

All active members would

start paying an additional 3% contribution beginning January 1, 2011.

All of these bills directly affect members of LSERS. There are also bills that affect some employees, but not others.

HB 565 by Representative Hardy removes newly hired bus drivers from the protection of the tenure law. **HB 752** by Representative Schroder grants the legislature the sole authority to decide if any state employee would get a pay raise. **HB 753** by Representative Schroder abolishes the Civil Service Commission. **HB 516** by Representative Arnold makes permanent the requirement that LSERS, at an expense to members of the system, direct 10% of the stock trades through Louisiana domiciled brokers. **SB 594** by Senator B. Gautreaux and Senator Appel provides for guidelines on how the Board of Trustees can invest your funds.

This session will be very active and will include many bills that affect your retirement system and your monthly benefit. **Your legislative representatives need to hear from you.** Not hearing from you provides a signal that it does not matter to our membership how the system is changed. Let your voice be heard by contacting your Legislative Representative at (225) 342-6945 or your Senator at (225) 342-2040. You may also visit the Louisiana State Legislature website at www.legis.state.la.us

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

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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)