

Crossroads

A Publication of the Louisiana School Employees' Retirement System

Vol. 22, No. 3

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Assistant Director Dudley retires

The days of meticulously overseeing the finances of retirement dollars for some 25,000 LSERS retirees are over for long-time Assistant Director Debra Dudley. She retired effective December 4.

Dudley began an accomplished career with LSERS in 1983 after two years with the teachers' retirement sys-

tem. She became assistant director in 1986, and has served in that position for 26 and a half years. In that role, she has directed IT and accounting operations, along with the retiree education program. She proudly notes that system audits have always shown LSERS' finances to be in order under her leadership.

"As a young person it was fascinating to see the overall function of invest-

ing in a retirement system," Dudley said. "I've had the opportunity to get involved in a lot of areas as assistant director. It has given me a lot of satisfaction and I enjoyed the variety. As I got older I realized how our job impacts people's lives," she said. "Many people depend on this retirement money."

Dudley said some of the biggest changes in her tenure have been going from manual to automated/computerized operations, and

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LSERS Assistant Director Debra Dudley

LSERS outperforms in a challenging year

A little over a year ago, no one could have predicted the events that world economies, the U.S. financial markets, or south Louisiana would experience. The one, two, three punch of Bear Stearns, Hurricane Gustav and Lehman Broth-

ers tested the faith of financial professionals and the residents of Louisiana. Just as the grounds surrounding LSERS' offices could not escape the fury of the hurricane winds and suffered many downed trees, the re-

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Retirement seminars, counseling sessions being scheduled

LSERS conducts statewide retirement seminars and individual counseling sessions to help our members understand their retirement benefits. We are in the process of developing our 2010 schedule for retirement seminars and/or counseling sessions.

Please have your central office supervisor contact Ms. Geri Galloway to schedule a seminar in your local parish. Ms. Galloway can be reached at 1-800-256-3718 or ggalloway@lsers.state.la.us.

We will notify employees in these parishes as seminars and sessions are scheduled and also update our website with the information at www.lsers.state.la.us.

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. **We look forward to meeting with you when LSERS comes to your area!**

Meeting Schedule

LSERS' Board of Trustees' meetings are open to the public. Meetings are held in the First Floor Board Room of LSERS' Building, located at 8660 United Plaza Blvd., in Baton Rouge, LA. The following is the 2010 meeting schedule:

1/4/10	ICM	9:00 a.m.
2/1/10	RBM	9:00 a.m.
2/2/10	RBM	8:30 a.m.
3/8/10	ICM	9:00 a.m.
4/12/10	ICM, PCM	9:00 a.m.
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.
9/13/10	ICM	9:00 a.m.
10/11/10	ICM, SBM	9:00 a.m.
12/6/10	RBM	9:00 a.m.
12/7/10	RBM	8:30 a.m.

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

Year end tax information to be mailed in January

1099-R forms will be mailed out by the end of January. This form is used to report your retirement income to the IRS. You will be receiving two 1099-R forms if you receive both a monthly retirement benefit and a monthly DROP or IBRP benefit. You should contact a tax professional or the IRS to determine if you must file a tax return, as filing requirements are based on income, age, and filing status. If you are required to file your 2009 federal tax return is due by April 15, 2010, unless you have been granted an extension.

Your retirement income is not subject to Louisiana income taxes. If you are required to file a tax return your tax preparer will have all of the necessary forms relating to this exemption from state income taxes.

Not enough federal income taxes being withheld from your retirement benefit? You can change the amount being withheld by submitting IRS form W-4P, *Withholding Certificate for Pension or Annuity Payments*. You can obtain this form from our office or you can go to www.irs.gov and download the form.

Challenging year

Continued from page 1

irement plan also was battered by the mortgage bubble and subsequent market collapse. LSERS' plan assets declined from \$1,477,763,250 in June, 2008 to \$1,169,154,607 as of June, 2009, a decline of \$308,608,643.

As the storm clouds cleared, the destruction to the beautiful trees became apparent and the estimate of repairs to the many buildings damaged was totaled up. Things could have been a lot worse. So too, as we look back at the financial damages we see that plan assets fell 16.8%, but the overall stock market declined 26.6%. Clearly financial results could have been worse as well.

The diversification of LSERS' plan assets, set by the Board of Trustees, resulted in exceptional performance. LSERS' 1-year return through June 30th placed the fund in the top 25% of public plans in the country. The third quarter continued the recovery with a 3-month return as of September 30th of approximately 10.9%. This brought the total return since June 30th, 2008 to roughly -7.8%, compared to the overall market return of -14.6% for the period.

The U.S. economy has taken a step back from the brink and the threat of a complete collapse has been essentially eliminated. Corporate credit is becoming more accessible. This is a good sign that the economy has rounded the corner and could start moving in the right direction.

However we are not out of the woods yet. The upcoming holiday season will be the first big test of whether or not a significant economic recovery can take hold. There are still major hurdles ahead, especially regarding foreclosures, unemployment, and consumer credit issues. As always, the Board and staff are working hard to restore the plan to its pre-storm condition.

Projected 2010-11 employer and employee contribution rates listed

The projected employer contribution rate for the 2010-11 fiscal year is 24.3%. The new rate will be effective July 1, 2010 and represents a significant increase from the current rate of 17.6%. This increase is due to investment losses the system has suffered over the last two years. The employee contribution rate is projected to remain at its current level of 7.5%.

Retirement contributions for the members of the system are sent to LSERS each month. The amount paid by both the employers and members are based on the contribution rates. The rate that employees contribute is contained in the statutes governing the retirement system. Employers' contribution rates are determined actuarially, based on the amount required to fund the system.

The Public Retirement Systems'

Actuarial Committee (PRSAC) must approve the contribution rates each year. PRSAC will be meeting in January, 2010 to approve the 2010-11 rates.



Assistant Director Dudley retires

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the continual changes in IT operations. "In the 1980s the state Legislature realized it needed to be more active in funding and monitoring the retirement systems and that also brought big changes," Dudley said. "Legislators became much more active in how we operate and in benefit increases. It brought

a lot more long-term planning."

"It has been a pleasure and a joy working with the members of the system," she said. Noting that any organization can always make improvements, she said she is confident in the future of LSERS. "We have a staff that is willing to work and

move LSERS forward with the membership in mind."

Meanwhile, Debbie will be enjoying more time with her family, traveling and other projects that have been on the back-burner because of her busy work schedule. Congratulations on your retirement, Debbie. We will miss you.

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	
December 2009	11-30-09	12-1-09	12-4-09	12-7-09	12-9-09
January 2010	12-30-09	1-4-2010	1-4-2010	1-5-2010	1-12-2010
February 2010	1-29-2010	2-1-2010	2-4-2010	2-5-2010	2-9-2010
March 2010	2-26-2010	3-1-2010	3-4-2010	3-5-2010	3-9-2010
April 2010	3-31-2010	4-1-2010	4-1-2010	4-5-2010	4-9-2010

2010 Spring legislative session to include big LSERS issues

During the Spring of 2010 legislative session, LSERS, along with the other retirement systems, will face many challenges resulting from the extraordinary economic downturn last fiscal year. This economic downturn triggered an increase in the unfunded accrued liability, which will cause an increase in employer contributions.



The Legislature will convene at noon on Monday, March 29, 2010 and Final Adjournment shall be no later than 6:00 pm on Monday, June 21, 2010. The session will be open for all matters and there will be no limit on the number of bills that each legislator can file.

During the 2009 legislative session three bills that would have affected LSERS and its members were introduced. The first bill would have consolidated the retirement systems (HB230 by Mr. Arnold); the second would have restricted entry into DROP for three years (HB584 by Mr. Tucker); and the third would have increased the amount of trades through Louisiana Brokers, at an increased cost to the systems (HB357 by Mr. Arnold). The Board of Trustees for LSERS opposed each of these bills.

A study resolution, filed by the Speaker of the House, is being conducted to look into the possibility of changing retiree benefits from a defined benefit system (guarantees a fixed benefit to each retiree) to a defined contribution system. In a defined contribution system the employer would pay a fixed amount into a fund for each employee and that employee would be responsible for investing the money. The money in the account at the end of the employee's career would be used to fund the employee's retirement benefit.

LSERS anticipates that each of the issues noted above will be introduced and considered during the 2010 legislative session. Members must remain vigilant and stay abreast of important issues as they are addressed in the Legislature. LSERS will keep the membership updated on these issues through our website and newsletters.

Members who would like to receive e-mail notification on critical legislation being considered during a legislative session that would affect them are asked to send their request via e-mail to lguidry@lsers.state.la.us

Requests should include your name, e-mail address, home telephone number and/or cell number, home address, and whether you would like your information kept confidential.

**YOUR
VOTE
COUNTS!**

Two board elections scheduled for 2010

Are you interested in running for election to LSERS' Board of Trustees? Elections will be held to fill the **Retiree Representative Division 1** and **Active-Member District 2** seats on LSERS' Board of Trustees. Elected members will serve a four-year term beginning January 1, 2011 and ending December 31, 2014.

Candidates for the **Retiree Representative Division 1** seat must be **retired** members of LSERS (service or disability retiree with a minimum of **ten (10) years** of service). Candidates must also obtain the signatures, social security numbers, and addresses of **ten (10) retired** members of LSERS.

Candidates for the **Active Member District 2** seat must be full-time, contributing members domiciled in one of the following parishes: Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, West Baton Rouge, and West Feliciana. Candidates must also obtain signatures, social security numbers, and addresses of **ten (10) active** members of LSERS domiciled in District 2.

Candidates should submit a

written request for an official **Nominating Petition** to Mr. Charles P. Bujol, Executive Director of LSERS. The request can be mailed to Post Office Box 44516, Baton Rouge, Louisiana 70804, faxed to (225) 922-0350, or delivered to 8660 United Plaza Boulevard, First Floor, Baton Rouge, LA 70809. Complete and notarized nominating petitions must be received in LSERS' office by **4:30 p.m. on March 1, 2010**. Confirmation of qualification will be mailed to the candidate following verification of the nominating petition.

If more than one candidate qualifies a ballot and brochure containing the name, profile, and photograph of each candidate, as well as a self-addressed, postage-paid return envelope, will be mailed to each voter's home address on **May 3, 2010**. Ballots must be returned by **4:30 p.m. on June 4, 2010**. Counting of ballots will be conducted on **June 14, 2010**.

Questions regarding this election should be directed to Warren Ponder, Executive Counsel, at (225) 925-7516, (225) 925-6560 or 1-800-256-3718.

Retirement?

New law provides cost of living option to retirees

A law that allows retirees to choose an option that guarantees them a 2½ % Cost of Living Adjustment (COLA) each year was passed during the 2009 legislative session. Here are key points when considering this option:

This option is only available to members retiring on or after **July 1, 2009**.

The retiree will receive an actuarial reduction up front (explanation is below). This reduction is averaging around 20% and may be more or less, depending on age.

The retiree will also be entitled to any other COLA's granted by the Board of Trustees.

The decision **cannot** be reversed once a retiree selects this option.

The first COLA will be paid after the retiree has been retired for one full year **and** the retiree must be age 55 or older to receive the COLA.

An example of how much a retiree would receive if the COLA option is selected has been provided below. This example is based on a retiree age 55 with a monthly

benefit of \$1,000.00. **Please note that this is only an example that provides you with an idea of how the COLA option works.** Once you become eligible for retirement you can request an estimate of the benefit you would receive if you choose the COLA option.

	Regular Retirement	COLA Option
Monthly Check	\$1,000.00	\$779.47
1 st year after retirement	\$1,000.00	\$798.96
5 th year after retirement	\$1,000.00	\$881.90
10 th year after retirement	\$1,000.00	\$997.79
15 th year after retirement	\$1,000.00	\$1,128.91

Using the example above: You can see that if you are age 55 with a monthly benefit of \$1000.00 and you choose to receive a guaranteed 2½% COLA for the rest of your life you would only receive \$779.47 per

month the first year instead of receiving a monthly check of \$1,000.00. Your monthly benefit would be \$881.90 after five years of retirement. As with all other retirement decisions you must look at your own

situation to determine if the COLA option is best for you.

When you are ready to retire you will need to submit Form 17, Annual Cost of Living Option, along with

your retirement application to let us know that you are interested in this option. Please call or write our office if you have questions about this new option.

Federal Laws Developments

Members testimony gets response from Louisiana Congressional leaders

Thanks to all of our members who provided written testimony of the effects that the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) have on their finances and quality of life. Your letters were forwarded to congressional representatives in Washington, as well as to their offices in Louisiana.

We received a response from Representative Anh "Joseph" Cao, who assured us that the information he received would be extremely helpful during his deliberations on the Social Security Fairness Act of 2009 (H.R. 235). In his letter he stated that he looks forward to supporting legislation that would enable his constituents to continue to receive the financial benefits that have accrued to them during the course of their employment and that ensuring the financial safety of retirees is one of his most important tasks as representative for Orleans and Jefferson Parishes.

Although repeal of the GPO or the WEP is highly unlikely, representative Cao was asked to offer an amendment to exempt a portion of the retirement benefits from

the effects of WEP or GPO. It was believed that no offset should be taken if that would reduce the members' income below the federal poverty level.

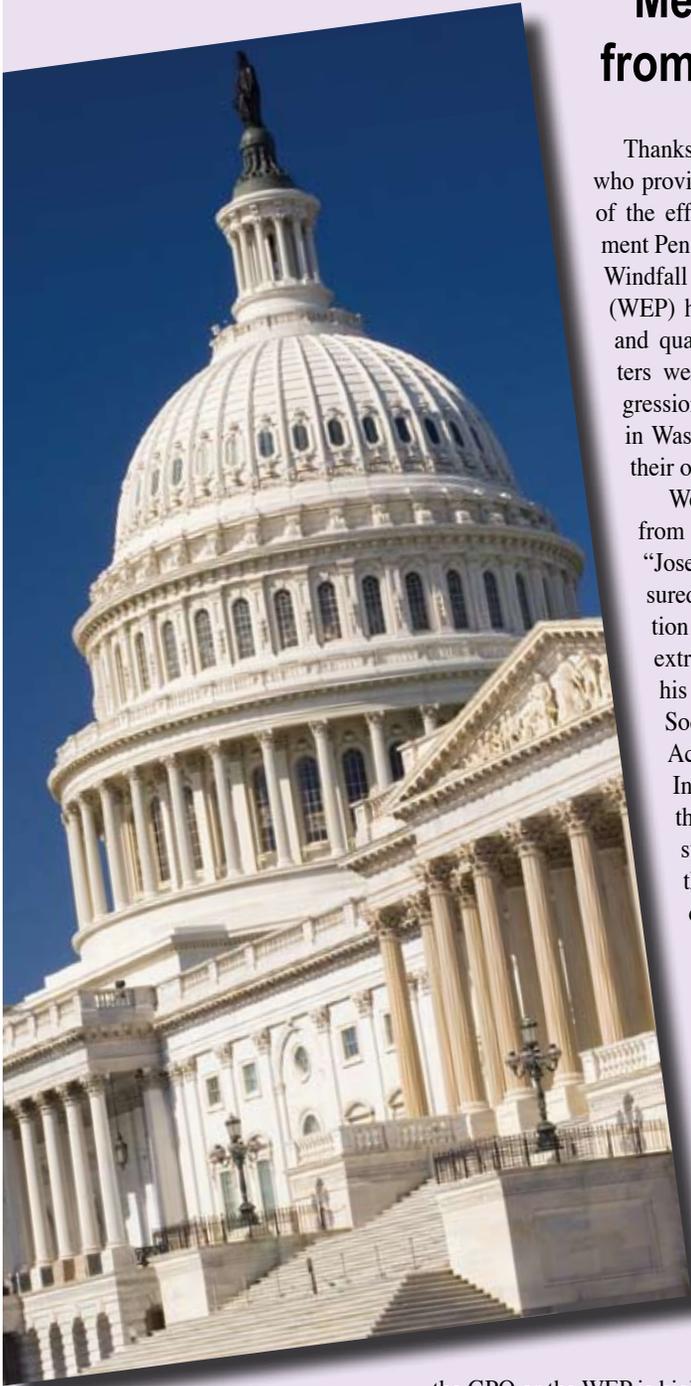
The average monthly pension for a LSERS retiree is \$834.10. Some members of LSERS will work the required number of years and make the required contributions to Social Security, but many will not receive full benefits from Social Security due to the Windfall Elimination Provision. The Government Pension Offset will also prevent some members' surviving spouses from receiving full benefits.

The Board of Trustees of the Louisiana School Employees' Retirement System has requested all members of Congress to support efforts to repeal the GPO and WEP provisions.

On another matter, Eugene "Gene" Rester, Jr., a member of LSERS' Board of Trustees, has expressed his interest in seeking changes in the U.S. Tax Code relating to expenses for bus owner/operators. Any payment for mileage in excess of the amount set by the IRS is treated as income and a portion withheld as taxes. Actual expenses may offset the amount treated as income, but the member must file a return at the end of each year and wait for a refund. By allowing members to account for the total at the end of the year the entire amount could be itemized and no taxes would be due.

LSERS has corresponded with all members of the Louisiana Congressional Delegation on this important tax issue. Congressmen Bill Cassidy of the Sixth Congressional District and Rodney Alexander of the Fifth Congressional District have responded and agreed to work on this issue. It was noted that any tax relief they could provide to bus owner/operators would be helpful.

We encourage members to contact their congressional representatives to express their concerns.



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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Office Hours: 8:00 am, to 4:30 p.m., Monday-Friday

Visit LSERS' Web site at: www.lasers.state.la.us

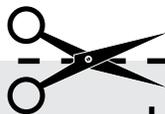
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LSERS Member Change of Address

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)