



# Crossroads

A publication of the Louisiana School Employees' Retirement System Vol.13 No.1 SPRING 2002

## DROP and IBRP Investor Risk

You have all been aware of the weak economy over the last year. The recent decline in the stock market has affected the investment portfolio of LSERS. When the LSERS' portfolio is impacted, so is the interest rate paid on your DROP and IBRP accounts. Last fiscal year, ending on June 30, 2001, the interest rate paid on the DROP and IBRP accounts was 1.27 percent.

This interest rate paid on the DROP and IBRP accounts is **not guaranteed, fluctuates** from year to year, and is based on the actuarial rate of return received on LSERS investments over a one-year time frame. Over the last four years, LSERS' interest rates paid on those accounts have varied from the current all-time low of 1.27 percent to 17.51 percent and the average paid over the last nine years is 10.58 percent.

LSERS maintains a diversified portfolio of investments based on a well-developed, long-term investment plan. We will have some years in which we meet and exceed our target and others in which the target will not be met. The long-range goal is to ensure that the target return on our investments is met over all the years combined. So far LSERS has exceeded this goal. As of December 31, 2001, the LSERS portfolio consisted of 47 percent bonds, 50 percent stocks, and three percent cash.

The DROP and IBRP accounts could easily have a negative return or loss in the future. This includes the initial or principal investment that you make into those accounts. Currently, you can only transfer funds out of LSERS upon retirement. The LSERS Board of Trustees is looking into other available investment options for its members. Any changes would have to be proposed during the 2003 Regular Legislative Session. '

## Board of Trustee Member Sought for District 2 and Retiree Seat

Two LSERS Board of Trustees elections will be held this year. One election will be for a trustee to represent the Second Retirement District and the other will be for a trustee to represent the statewide Retiree District. These are both four-year terms, which begin January 1, 2003 and end December 31, 2006. The Second Retirement District seat is currently held by Ms. Betty Jacobs. The Retiree District seat is currently held by Ms. Betty Crain. Both terms end December 31, 2002.

### To qualify for the Second Retirement District, you must:

1. Reside in the Second Retirement District which consists of the following parishes: Ascension, East Baton Rouge, East Feliciana, Iberville, Lafayette, Livingston, St. Helena, St. Martin, St. Tammany, Tangipahoa, Washington, West Feliciana, and West Baton Rouge.
2. Submit a written request by mail or fax for an official Nominating Petition to Mr. Patrick Cosper, Director, P.O. Box 44516, Baton Rouge, LA 70804, or fax it to 225-922-0350.
3. Obtain the signature, social security number, and address of at least ten active members of the Louisiana School Employees' Retirement System who also reside in the Second Retirement District. This information must be submitted on an official Nominating Petition and be verified

by this office before you officially qualify.

4. Submit a completed, **notarized** Nominating Petition to this office no later than 4:30 p.m., July 1, 2002. For hand delivery, the physical address is 8660 United Plaza Blvd., 1ST Floor, Baton Rouge.

**To qualify for the statewide Retiree District seat, you must comply with items listed under the above numbers two through four, except the ten signatures and accompanying information must come from retired LSERS members.**

A notice of official qualification will be mailed to you upon verification of your Nominating Petition. Also, a biographical form including instructions will be mailed to qualifying candidates if more than one person qualifies.

If more than one person qualifies for these trustee seats, a ballot containing the names of all qualified candidates will be mailed on September 2, 2002 to all active members residing in the Second Retirement District or to all retired members along with a postage-paid, self-addressed envelope for return of the ballot. The deadline for returning the ballot is November 1, 2002. Official counting of the ballots will be held before the opening of the November 25, 2002 regular board meeting.

If you have any questions regarding these two elections, contact Judy Wright at 1-800-256-3718 for more information. '



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## Board Member Recently Met with Landrieu

A delegation of Louisiana public pension systems met with Senator Mary Landrieu on Feb. 5, 2002, in conjunction with the annual NCPERS Convention. The focus of the meeting was on the pending federal legislation, which may affect public retirees. Landrieu listened carefully to the concerns of the systems and asked pointed questions concerning the effect on the public retirement systems if some of the proposals passed.

She was especially concerned with the effects of the Government Pension Offset Reform Act and the Social Security Offset provisions. Landrieu promised to work with Congressman Jefferson in trying to remove the offset provisions from the Social Security Act.

She also promised to re-visit the School Bus Driver Tax Fairness Act of 2001 in an effort to revive the bill that died in the last session.

We certainly appreciate Senator Landrieu taking time from her very busy schedule to personally meet our delegation and hear our concerns. ' "



*Warren Ponder, Secretary of State's Office/LSERS' Board of Trustees; Senator Mary Landrieu; Yvonne Richardson, Executive Director of LA Sheriffs' Pension Fund; Mike Hemphill, Chairman of LA Firefighters' Retirement System; and Pat Hemphill*

## Medicare Information Is Free

Are you getting close to retirement age and wondering what you should know about your insurance options? You can now receive a free guide on Medicare supplement insurance. This is provided by the Louisiana Department of Insurance's Senior Health Insurance Information Program, known as SHIIP. The 2002 Medicare Supplement Comparison Guide outlines benefits

provided by Medicare and includes an explanation of Medigap insurance, private policies designed to supplement coverage. It includes information on cost and benefits, descriptions of insurance types, and buyers tips.

Call your area Council on Aging or the SHIIP toll-free number at 1-800-259-5301 to get a copy of the guide. ' "

## New Board Members Official

Jeffrey Faulk was recently elected to serve as the newly created Retiree Representative trustee on the LSERS Board of Trustees. He began serving in January, 2002. He will serve in this position for four years, representing LSERS retirees from across the State.

Faulk, although newly elected, has served as a LSERS Board of Trustees member for 4 years, previously. He is from Abbeville and is actively involved in several professional organizations.

Ms. Sylvia Myers was recently re-elected to represent District 4 Active Members. She will be serving a second four-year term with her new term beginning in January, 2002, as well. Myers has served as a LSERS Board of Trustees member for 10 years. Myers is from Lake Charles and actively serves in several professional organizations.

Both Faulk and Myers are appreciative of all the support from their constituents and vow to look out for their interests as a LSERS trustee. ' "



*Jeffrey Faulk*



*Sylvia Myers*

## Social Security Reduction May Affect You

In 1985, Congress passed the Windfall Elimination Provision (WEP), which reduces a person's social security benefit if that person is also receiving a public pension, such as the retirement benefit you receive from LSERS. WEP affects those employees who are eligible for a social security benefit based on their own quarters. If you were not eligible for your retirement benefit from LSERS by the end of 1985, your benefit from social security based on your own quarters will be reduced.

In an effort to exempt public employees from the provisions of WEP, the Louisiana Legislature passed Act 154, an early retirement bill. The provisions of Act 154 were applied by LSERS as follows: a member was eligible to retire if the member had at least 10 years of service and was at least age 50 by September 1, 1985 OR the member had at least 25 years of service and was at least age 45 by September 1, 1985. There were a number of LSERS members who were able to receive their social security benefits because they were eligible for

retirement under Act 154.

Based on a court case, **LSERS now applies the provisions of Act 154 differently.** LSERS will now report to the Social Security Administration that a member was eligible for retirement under Act 154, if the member had at least 10 years of

service on or before September 1, 1985. The member no longer has to be a certain age for us to report eligibility under Act 154. Any member that qualifies under Act 154 will not be subject to WEP.

If you are receiving a benefit from LSERS and also receiving a social

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## Electronic Direct Deposit Now Available

Electronic direct deposit (EDD) of retirement funds is available to all retirees. With EDD your retirement benefits are wired into your checking or savings account on the first of each month (or the first working day if the first of the month is on a weekend or holiday).

Although EDD is not mandatory for members of the Louisiana School Employees' Retirement System, it is highly recommended since it has numerous advantages. A few of these advantages are:

- 1** You would not have to wait to receive your check in the mail.
- 2** Your check will not be misplaced, lost or stolen so you will not have to wait for a

replacement check to be issued.

- 3** You avoid overdraft and NSF charges from late or forgotten deposits.
- 4** You don't have to go to the bank or credit union to deposit your check.
- 5** Your deposit will be made even if you are at a temporary location or away on vacation.
- 6** Deposits to a savings or interest-bearing account will be credited and eligible to earn interest on the first day of each month.
- 7** Funds are available through automatic teller machines (ATMs) at most banks and Credit unions.

If you are interested in EDD, please contact our office at (225) 925-6484 or outside of the Baton Rouge area at 1-800-256-3718.'



### Mailing and Deposit Dates for Monthly Benefit Checks

Checks for:	Will be Mailed on:	Or Deposited on:
May	April 30	May 1
June	May 31	June 3
July	June 28	July 1
August	July 31	August 1

### 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 \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Membership status: (check one) Active \_\_\_\_\_ Retired \_\_\_\_\_

Signature \_\_\_\_\_ Soc. Sec. # \_\_\_\_\_  
(required)

LSERS  
BOARD OF TRUSTEES

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**Betty Crain**

Retiree Representative, 985-735-5359

**Betty Jacobs**

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Committee, 225-342-2445

**Patrick Cospier**

LSERS Director

**Debra Dudley**

LSERS Assistant Director

**Judy Wright**

LSERS Public Information Director and  
Newsletter Editor

# Group Benefits Begins Annual Enrollment

This is an important time of year for you and your health care insurance decision.

The Office of Group Benefits (OGB) annual enrollment period runs from April 1 - April 30, 2002.

You will receive several pieces of mail from the Office of Group Benefits, including your annual enrollment newsletter, *For*

*Your Benefit*, and your annual enrollment document forms.

OGB has also launched a new weekly e-mail newsletter, called *Helpful, Healthful Tips*. You can receive this by logging on to the OGB website at [www.groupbenefits.org](http://www.groupbenefits.org) and entering your e-mail address. For more information call 1-800-272-8451. '

## Social Security Reduction

(continued from page 3)

security benefit based on your own quarters, please read carefully:

1. If you had 10 years of service in the retirement system on September 1, 1985 and your benefit from social security is being reduced, request a letter from LSERS certifying that you were eligible for retirement on September 1, 1985. Also, contact your local social security office or call 1-800-772-1213 and inform them that you have a letter from LSERS certifying that you were eligible for retirement on September 1, 1985 and should not be subject to WEP. Social Security will take the necessary steps to correct your benefit.

2. If you did not have 10 years of service on September 1, 1985, this information will not change the amount that you are receiving from social security.

3. If you are not sure if your benefit has been reduced by social security, you

should call 1-800-772-1213, and ask the social security representative to check your records to see if your benefit is being reduced due to WEP.

Note: If you have 30 or more years of substantial earnings under Social Security, you will not be subject to WEP, even though you were not eligible for retirement on September 1, 1985. You should contact social security for a definition of substantial earnings.

If you are receiving a spouses' or widowers' benefit from social security, your benefit may be reduced due to the Government Pension Offset (GPO). The interpretation change to Act 154 discussed previously has no effect on GPO. If your benefit is reduced due to GPO, you do not need to contact the retirement system or social security. There have been no changes that will affect the GPO at this time.

For a fact sheet on WEP and GPO, go to [www.ssa.gov/pubs/](http://www.ssa.gov/pubs/) on the Internet. '



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