

Mandatory Social Security Coverage Proposed for All Public Employees in Louisiana

Senator John Breaux has co-sponsored a bill proposing mandatory Social Security coverage for all public employees in Louisiana. This bill would primarily affect La. and other states, including Ohio, Colorado, California, Texas, Massachusetts, Illinois and Nevada, that currently operate under systems similar to our state's pension plan.

Currently, public employees in La. and the above states have public retirement plans which offer BETTER benefits than Social Security. These systems include disability and survivor benefits which are greater than corresponding benefits offered by Social Security.

The retirement systems in La. have defined benefit plans which are actuarially funded to pay all promised future benefits. In contrast, Social Security IS NOT actuarially funded to pay promised future benefits.

Also, the proposed bill will only

affect all new employees. However, a new employee is defined as anyone who changes employers; so if you move to a different parish even though you may have 15 years of service, you would be considered a new employee.

LSERS is asking you, our members, to write to Sen. Breaux stating your opposition to the Mandatory Social Security bill. The thirteen retirement systems in LA. unanimously oppose this bill for it is not in the best interest of our members and it would result in lower retirement pensions for our members.

You can write to Sen. Breaux at this address:

**Senator John Breaux
U.S. Senate
Washington, D.C. 20510**

Or call his office at: (202) 224-4623 in Washington D.C. or (225) 382-2050 in Baton Rouge. ☒

LSERS Changes Member Statements



LSERS members will notice that their 1997-98 Member Statement has been totally redesigned.

It is our hope that this NEW Member Account Statement will be easier to understand. Also, members will notice that the new statement has a complete explanation on the reverse side of the statement, should you be unfamiliar with the terms listed on the statement.

The new Member Account Statement will be mailed in October. As always, please be sure that your statement information is correct. If there are any errors, contact your local school board personnel office. ☒

Retirement Planning Seminars Available

1998 proved to be another successful year for LSERS' preretirement program, educating over 800 members statewide.

The one-hour seminar covers the Regular Service Retirement plan, Deferred Retirement Option Program (DROP) plan, Option 5 plan and Early Retirement.

To schedule a retirement seminar, school board personnel should call Paula Shortess at (225) 925-6484. Don't miss this great opportunity to get a head start on retirement planning. ☒



1997 Membership Handbook *Corrections*

As of August 1998, LSERS has distributed over 10,000 copies of the new Membership Handbook to our members and employing agencies statewide.

The handbook provides a basic guide of the system's membership provisions, retirement plans and benefit options. To request copies of the handbook, simply call LSERS or your local school board office.

Please make the following corrections to your copy of the LSERS 1997 Membership Handbook.

page 18, paragraph 3, replace: If you work 36 months or less. The correction should read: If you work **less than 36 months** after your DROP participation has ended, . . .

page 18, paragraph 4, replace: If you work more than 36 months. The correction should read: If you work **36 months or more** after your DROP participation has ended, the . . .

page 22 Glossary, under **sheltered contributions** and **unsheltered contributions**: the correct date should be **July 1, 1994**.

LSERS regrets the errors. If you have any questions about the revisions, please call our office. ☒

Inside this Issue

LSERS News.....	2
State Emp. Group Benefits Update.....	2
Q&A: What will my spouse receive if I die before I retire or . . . ?.....	2
LSERS NEW Member Statement.....	3
What is a Spending Plan? Back Cover	

LSERS News: Board Election & Bank Merger

LSERS Board of Trustees Election Under Way

An election is under way for the LSERS Board of Trustees 2nd retirement district representative. The candidates who have qualified for this election are: incumbent Betty Jacobs of Baton Rouge, R. J. Loupe of Port Allen and James Purdy of Slidell.

Ballots were mailed to members of the 2nd retirement district on Sept. 15 and must be returned to LSERS office by Oct. 15. The ballots will be officially opened and counted on Nov. 24.

The Board of Trustees seat representing retired members is also up for election. This seat is currently held by Howard Broussard of Grand Coteau. Mr. Broussard was unopposed and will continue to serve the Board as the retiree representative.

Bank One Buys Local Banks - How This Affects LSERS

In June 1998, Bank One of Louisiana purchased First Commerce Corporation, which includes the following area banks: City National Bank of Baton Rouge, First NBC of New Orleans, First National Bank of Lafayette and of Lake Charles, Central Bank of Monroe and Rapides Bank of Alexandria. With this merger,



there are a few changes that will occur:
> **In mid-November**, the banks listed here as part of First Commerce Corp. will change their name to Bank One. At that point, Bank One will operate with one computer system to maintain their customer accounts.

> **In early 1999**, Bank one will decide which area branches must be closed.

Bank One acknowledged that because of the merger, some neighborhood banks will be closed, but has assured LSERS that its ultimate goal is to provide more convenience to customers.

> **How this Affects LSERS** - LSERS retirees will notice that their retirement checks will still be imprinted with

City National Bank of Baton Rouge. Be assured, these checks will be honored at any Bank One location, since City National Bank of B. R. was purchased by Bank One.

In mid-1999, LSERS retirees will begin receiving benefit checks that are imprinted with Bank One, not City National Bank of B.R.

This bank merger will not affect the manner or timeliness in which you receive your monthly benefit check.

If you have questions regarding your local bank branch, you must contact your bank directly. If you have questions about retirement, call LSERS. ☒

State Employees Group Benefits Program Update

If you are a member of the State Employees Group Benefits Program (SEGB), the following information is important to you. If you have any questions about this article, call the Group Benefits Plan office in your area. **The retirement system cannot answer any questions about insurance coverage.**

>In July 1998, a new Board of Trustees was installed. Dr. Merline Broussard continues to represent the retired teachers and other retired school employees. If you would like a complete listing of the newly elected Board, contact Dr. Broussard at (318) 893-1660.

>Recently the SEGB program sent a special retiree newsletter to its retired members. This included notification of

changes in premium rates. The La. Legislature has mandated that the state pay at least 60 percent of the total premium; therefore, many plan members saw a decrease in premium rates. Retirees without Medicare and retirees with partial Medicare had a slight increase in the premium rates.

>There have been reports that some plan members have been contacted by phone by sales people who claim to represent Group Benefits. Be assured that Group Benefits does NOT call members to sell anything. If you are asked to buy additional coverage by someone claiming to be from SEGB, please get the person's name and telephone number. **DO NOT BECOME A VICTIM.** Call 1-800-272-8451 and report the incident to SEGB. ☒



(Q & A features questions frequently asked by LSERS members.)

Q: What will my spouse receive if I die before I retire or before I join the DROP Program?

A: If you die before you retire, Survivor Benefits will be paid to your surviving spouse and/or minor child/children and/or your physically disabled or mentally handicapped child/children provided the following conditions are met:

- ◆ You were in active service at the time of your death, AND
- ◆ You had 5 or more years of service credit in LSERS, at least 2 of which were earned immediately prior to your death, or
- ◆ You had 20 or more years of service credit in LSERS, regardless of when you earned the credit or whether or not you were in active service at the time of your death.



Benefits will be paid as follows:

Surviving Spouse with Minor Child/Children - Your surviving spouse with minor child/children will be paid the greater of 75% of your highest 36-month average salary or \$300.00 per month.

Surviving Spouse without Minor Child/Children - Your surviving spouse without a minor child/children will be paid the greater of 50% of your highest 36-month average salary or \$200.00 per month, provided the following conditions are met:

- ◆ You and your surviving spouse were married for at least 2 years prior to your death.
- ◆ You were in active service at the time of your death.
- ◆ You had 10 or more years of service credit in LSERS, at least 2 of which were earned immediately prior to your death, or

see Q&A, page 3

**LSERS
Member Account Statement
July 1, 1997 - June 30, 1998**

A. _____
 Name Social Security #
 Address Birth date
 City/State/Zip Sex
 EMPLOYER 0102 LA SCH EMP RET

B. Designated Beneficiary(s)				
Name	SS#	Sex	Date of Birth	Relationship

C. Estimated Service Credit			
Regular	Military	Reciprocal	TOTAL

D. Account Summary				
Date	Account Information	Unsheltered Contributions*	Sheltered Contributions**	TOTAL
07/01/97	Beginning balance	000.00	000.00	000.00
05/20/98	Member Acct. Adjustment***	000.00	000.00	000.00
06/30/98	1997-'98 Contributions	000.00	000.00	000.00
TOTALS		000.00	000.00	000.00

Notes: 1997-98 Salary \$00,000 E. _____

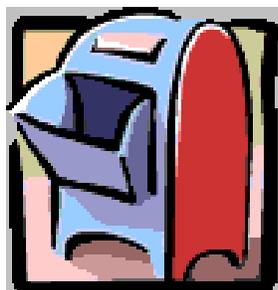
F. _____
 Please note the following terms:
 **Unsheltered contributions* - refers to employee contributions paid into LSERS prior to July 1, 1994, which were taxed. This could include amounts paid for purchases and transfers of service credit, and repayment of refunds.
 ***Sheltered contributions* - refers to employee contributions paid into LSERS after July 1, 1994, which were not taxed.
 *** Refers to member contributions ONLY posted to your account for purchases of credit, transfers of credit from another public retirement system, or corrections posted to your account during the fiscal year.

☎ Telephone: 1-800-256-3718 or (225) 925-6484 📠 Fax line: (225) 922-1001

This is an example of LSERS's new Member Account Statement. For a detailed explanation of the statement, see below:

- A. This shows Member Statement identification information. Be sure your current address is listed here.
- B. Designated Beneficiaries - The name(s) of your designated beneficiary(s) on record at LSERS is listed here.
- C. Estimated Service Credit - This shows your total years of service credit in LSERS. If you have any military or reciprocal credit, it will be noted here.
- D. Account Summary - This area shows your total contributions to the System, defined as Beginning balance: your balance prior to the last fiscal year; and 1997-98 Contributions: the amount contributed last fiscal year. If there was an account adjustment made it is noted here.
- E. Notes: shows your salary in 1997-98, which is the past fiscal year.
- F. This area defines *Unsheltered & Sheltered Contributions* and a Member Account Adjustment.

For additional information, refer to the reverse side of the new Member Account Statement. As always, please check that your statement information is correct.



Don't forget . . .

If you have moved or your address has changed recently, please notify LSERS of your address change.

Q&A, continued from page 2

◆ You had 20 or more years of service credit in LSERS, regardless of when you earned the credit or whether or not you were in active service at the time of your death.

Benefits will not be paid to your surviving spouse if your surviving spouse remarries after your death, prior to age 55, unless you had 20 or more years of service in LSERS or were eligible for regular retirement, in which case the benefit is paid for life. If you had less than 10 years of service, and your surviving spouse and minor child/children were receiving benefits, the spouse's benefit and the benefit for the minor child/children will end when the

children are no longer minors, and not attending school on a full-time basis. If you die and do not leave a surviving spouse or minor children, the contributions you have paid into the system will be paid to your named beneficiary in one lump sum.

☞ Regardless of whom you have named as beneficiary, if you die and leave a surviving spouse or minor children, survivor's benefits will be paid to your surviving spouse or minor child/children and NOT to your named beneficiary.

For additional information about survivor's benefits, contact LSERS. ☒

LSERS
BOARD OF TRUSTEES

Joe Seymour
Chairman
3rd Retirement District
318-728-2729

Boyd Zeke Zitzmann
Vice Chairman
1st Retirement District
225-682-3512

J. Howard Broussard
Vice-Chair Pro-Tem
Retiree Representative
318-662-5436

Betty Jacobs
2nd Retirement District
225-925-5667

Sylvia Myers
4th Retirement District
318-478-7162

Lee R. Darbonne
President, La. School
Bus Operators Assn.
318-826-7633

W. Fox McKeithen
Secretary of State
225-922-1000

Ken Duncan
State Treasurer
225-342-0010

Francis C. Heitmeier
Chairman, Senate
Retirement Committee
225-342-2062

Victor T. Stelly
Chairman, House
Retirement Committee
225-342-2445

Patrick Cospser
Director

Debra Dudley
Assistant Director

Paula Shortess
Communications Spec./Newsletter Editor

A total of 24,200 copies of this newsletter was published at a total cost of \$2,084 by Franklin Press to provide members of LSERS with information concerning changes and policies of the system. This information is not a substitute for, nor provides any rights or benefits, except as contained in the LSA Revised Statutes governing LSERS. This newsletter was printed in accordance with R.S. 43:31B.

Mailing Dates for Benefit Checks:



Retirement Checks for:

October, November,
December, January



Mail Dates:

September 30, Oct. 30,
Nov. 30, Dec. 30

How to Plan Your Road to Retirement



Q: What exactly is a "spending plan"?

A: Spending plans are written plans for spending and saving money - a realistic balance between income and expenses.

Having a spending plan lets you gain control of your money. Specifically, a spending plan will help you to:

- ◆ See exactly where your money goes.
- ◆ Reduce unnecessary expenses.
- ◆ Distinguish between needs and wants.
- ◆ "Find" money in your budget for large expenses, emergencies and long-term goals.
- ◆ Feel more at ease with money.
- ◆ Manage your money within one framework. Without a spending plan, your money management efforts are often "piecemeal."

Q: Sounds good, but do I really need a spending plan?

A: Yes. Spending plans are the foundation of achieving financial goals. If you don't have money left after paying household expenses, you won't be able to invest for retirement or other long-term goals.

A study by the College For Financial Planning found that three out of five U.S. households do not have a spending plan. Most people aren't even sure how to start.

Q: How do I start?

A: Simply follow these six steps:

1. Track expenditures. Any time you spend money, jot down in a notebook the amount and what it was for. Include *everything* from coffee to postage stamps. Include cash expenditures as well as

checks and credit cards.

Do this for at least a month, to get a feel for where your money is going.

2. Calculate total income. Include bonuses, commissions, investment dividends and interest.

3. Calculate and categorize total expenses, according to areas such as food, clothing, utilities and transportation.

4. List your financial goals in order of priority. Then, for each goal, figure out how much you'll need to save each month.

5. Bring your goals and spending habits in line with your income. For example, if your goal is to buy a new car, you could wait another year or two, buy a less expensive model, or reduce expenses so you can save more.

6. Develop a realistic written plan and follow it. Don't be dismayed if it takes you a few months to get your spending plan

"on track." The important thing is to be making daily and monthly progress toward your financial goals.

Finally, review your progress from time to time and celebrate your successes. For example, when you've reached an important milestone (e.g., paying off a major debt), treat yourself to a picnic in the park, a day at the beach, or other low-cost "luxury." ☒

Reprinted w/ permission, *Financial Literacy Center, Kalamazoo, Michigan, (616) 343-0770.*



Louisiana School Employees' Retirement System
P.O. Box 44516 - Capitol Station
Baton Rouge, Louisiana 70804-4516

Location:

LSERS Building
8660 United Plaza Blvd. - First Floor
Baton Rouge, Louisiana 70809

Telephone (225) 925-6484, Toll-free 1-800-256-3718
Office Hours: 8:00a.m. to 4:30p.m., Monday-Friday

Presort
First Class Mail
U.S. Postage
PAID
Baton Rouge, LA
Permit No. 508