



# Crossroads

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## How will the turbulent economy affect you?

America is going through some of the most turbulent economic times it has experienced since the early 1980's and it has had a negative impact on the finances of corporations and individuals. The stock market has seen daily fluctuations in excess of 800 points when in the past 800 points moves took the better part of a year to materialize. The daily barrage of negative financial news has increased the anxiety level of everyone - investor, home-owner, and consumer.



from this storm because the LSERS plan is a defined benefit plan, and your monthly retirement benefit is determined by a formula of your years of service and your annual salary. Market performance is not part of the formula. You can count on a lifetime of benefits because the funds to pay your

check are guaranteed by the State Constitution. You can be assured that LSERS will continue to monitor the financial markets and will make decisions that maintain a diversified portfolio designed to weather periods of market turmoil and protect your financial future.

housing bubble, but in truth it extends beyond housing to all consumers. Over the past 20 years the individual savings rate has fallen from about 7% of income to a negative rate. We continually spent more than we earned, and housing became the piggy bank we could tap (refinance) to get the funds to live above our income. For a lot of consumers that piggy bank is now broken and they are still deeply in debt. Many corporations did

### How did the economy get into this mess?

Some would blame the poor economic picture on a

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### What about my pension benefits?

The first thing you need to remember is that your pension benefits are sheltered

## 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 2009 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 [galloway@lsers.state.la.us](mailto:galloway@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](http://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 2009 meeting schedule:

1/5/09	ICM	9:00 a.m.
2/9/09	RBM	9:00 a.m.
2/10/09	RBM	8:30 a.m.
3/9/09	ICM	9:00 a.m.
4/6/09	ICM, PCM	9:00 a.m.
5/11/09	RBM	9:00 a.m.
5/12/09	RBM	8:30 a.m.
6/8/09	ICM	9:00 a.m.
7/13/09	ICM, SBM	9:00 a.m.
8/24/09	RBM	9:00 a.m.
8/25/09	RBM	8:30 a.m.
9/14/09	ICM	9:00 a.m.
10/12/09	ICM, SBM	9:00 a.m.
12/7/09	RBM	9:00 a.m.
12/8/09	RBM	8:30 a.m.

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



## 2008 DROP and IBRP Interest Rates Listed

# DROP IBRP

The projected interest rate on DROP and IBRP accounts for members who were *eligible to retire before January 1, 2004* is 5.37% for the fiscal year ending June 30, 2008. Interest on these accounts will be posted after the PRSAC meeting in January 2009.

DROP and IBRP accounts for members who became *eligible for retirement on or after January 1, 2004* earned 4.01% interest for the fiscal year ending June 30, 2008. Interest on these accounts is posted monthly.

DROP accounts begin earning interest after the period of participation has ended, even if a member continues to work after DROP. DROP and IBRP statements will be mailed by March 15, 2009. Statements will include deposits, withdrawals, or interest earned on the account from *July 1, 2007 through June 30, 2008*. *Any transactions that occurred after June 30, 2008 will be reflected on next year's statement.*

Statements can also be viewed by visiting our website at [www.lasers.state.la.us](http://www.lasers.state.la.us). Account access must be set up to view your account information.

## Projected 2009-2010 Employer and Employee Contribution Rates Listed

The projected employer contribution rate for fiscal year 2009-2010 has been set at 17.6%. This new rate, which becomes effective July 1, 2009, represents a slight decrease from the current rate of 17.8%. The employee contribution rate is projected to remain at the current level of 7.5%.

Retirement contributions, which are paid by both the employers and members based on contributions rates, are sent to LSERS each month for the members of the system. Employee contribution rates are contained in Louisiana statutes governing the retirement system.

Employer 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 meet in January 2009 to approve the 2009-2010 rates.

## Disability Earnings Statements Due by April 30, 2009

Retirees receiving a disability benefit are limited in the amount they can earn each year and continue receiving their LSERS disability benefit. Members are required to submit an annual earnings statement on all income received from employment, workers' compensation, and unemployment benefits. Earnings statements will be mailed out at the end of January 2009. The form must be notarized and returned to our office by **April 30, 2009**. Failure to return the notarized form by the due date will result in suspension of your monthly disability benefit. Your disability benefit may be cancelled if your completed statement is not received by December 31, 2009.

### Are you in DROP or IBRP?

#### Plan withdrawal amounts to avoid negative tax consequences

Distributions received through the DROP or IBRP programs are governed by rules established by the IRS (Internal Revenue Service) code for qualified governmental plans (Section 401a). This means that your withdrawals under these programs are based on the following requirements:

- Once you become eligible to make withdrawals from your DROP or IBRP account funds **must** be withdrawn within a certain period of time.
- The amount withdrawn each year is based on your age and the initial amount in your account, not including any interest.
- If you elect to withdraw the minimum amount from your DROP or IBRP account until you reach the date that all of your funds must be withdrawn:
  - You will have a balance remaining in your account. This balance could be substantial, depending on the amount of interest your account earns each year.
  - You will automatically be sent the remaining balance in one lump sum.
  - You will owe income taxes on the entire amount we send to you.
  - You may want to consider increasing the amount you are withdrawing before you reach your mandatory withdrawal date so that the interest earned on your account is not paid to you all at one time.

If you are withdrawing more than your minimum amounts you will probably not need to increase your withdrawals, as you will have withdrawn all of your funds before you reach your mandatory withdrawal date.

**We strongly urge you to consult with a financial planner or with your tax preparer if you are close to your mandatory withdrawal date.** Consulting with professionals can help you avoid negative tax consequences due to your DROP or IBRP funds. Questions concerning your account, including your mandatory withdrawal date, should be submitted in writing. We will be happy to provide you with the necessary information so that you can make an informed decision regarding your account.

## Income tax forms going out by January 31

Members can expect to receive income tax Form 1099-R, which is the form used to report your retirement income to the IRS, by the end of January 2009. Members receiving a monthly retirement benefit and a monthly DROP or IBRP benefit will receive two 1099-R forms.

Based on your income, age, and filing status, you may be required to file an income tax return. You should contact a tax professional or the IRS to determine if you must file a tax return. Filing of your 2008 federal tax return, if you are required to file, is due by April 15, 2009, unless you have been granted an extension.

Your retirement income is not subject to Louisiana income taxes, even though you are required to file a tax return. Your tax preparer will have the necessary forms that exempt your retirement income from state income taxes.

**Not having enough federal income taxes 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**. This form can be obtained from our office or you can go to [www.irs.gov](http://www.irs.gov) and download the form.

## New Election Districts go into effect

Hurricanes Katrina and Rita not only caused havoc throughout the state, but also caused a serious redistribution of LSERS members to other areas, which made the representative districts grossly disproportional. This was corrected by Act 80 of 2008, which restructured the active-member representative districts.

The following is the new listing of districts, approximate active-member population, and the parishes within each district:

**District 1:** (3340) Assumption, Iberia, Iberville, Jefferson, Lafayette, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin, St. Mary, and Terrebonne

**District 2:** (3363) Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, West Baton Rouge, and West Feliciana

**District 3:** (3438) Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Ouachita, Richland, Tensas, Union, Webster, and West Carroll

**District 4:** (3357) Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, DeSoto, Evangeline, Grant, Jefferson Davis, LaSalle, Natchitoches, Pointe Coupee, Rapides, Red River, Sabine, St. Landry, Vermilion, Vernon, and Winn.

New election districts are effective January 1, 2009.

## Financial Update for Year Ending June 30, 2008

We have completed the closing of our books for the year ending June 30, 2008. Our assets, which have decreased from the previous year, are \$1.5 billion dollars. The System experienced net investment losses of \$76 million dollars due to negative market conditions experienced this fiscal year and its return on investments was a negative 4.83% for the year.

This return was disappointing, but not unexpected, considering the current market environment. LSERS' return for the year ending June 30, 2008 places it in the median rank in comparison to other public pension funds. With a funded level at 76.6%, LSERS remains the best funded system out of the four state retirement systems.

Following are summaries of the systems' financial position:

Statement of Plan Net Assets		
	2008	2007
<b>Assets</b>		
Cash	\$ 15,714,474	\$ 16,553,344
Receivables	41,682,191	37,709,848
Investments	1,721,137,885	1,882,921,397
Property & Equipment	3,585,751	3,684,688
<b>Total Assets</b>	<b>1,782,120,301</b>	<b>1,940,869,277</b>
<b>Total Liabilities</b>	<b>269,878,452</b>	<b>284,239,944</b>
<b>Net Assets Held in Trust</b>		
<b>for Pension Benefits</b>	<b>\$ 1,512,241,849</b>	<b>\$ 1,656,629,333</b>

Statement of Changes in Plan Net Assets		
	2008	2007
<b>Additions</b>		
Contributions	\$ 73,164,425	\$ 69,748,536
Investment Gains	(76,115,398)	221,780,721
<b>Total Additions</b>	<b>(2,950,973)</b>	<b>291,529,257</b>
<b>Total Deductions</b>	<b>141,436,511</b>	<b>139,295,595</b>
<b>Change in Plan Net Assets</b>	<b>\$ (144,387,484)</b>	<b>\$ 152,233,662</b>

Annual reports can be viewed in their entirety by visiting our website at [www.lasers.state.la.us](http://www.lasers.state.la.us) and clicking on the Annual Reports tab.

MAILING, DIRECT DEPOSIT, AND STOP PAYMENT DATES FOR MONTHLY BENEFIT CHECKS					
	RETIREE, DROP, & IBRP		DROP-LA & IBRP-LA		Stop Payments Issued for Checks not Received
Check For:	U.S. Mail	Direct Deposit	U.S. Mail	Direct Deposit	
February 2009	1-30-09	2-2-09	2-4-09	2-5-09	2-10-09
March 2009	2-27-09	3-2-09	3-4-09	3-5-09	3-10-09
April 2009	3-31-09	4-1-09	4-3-09	4-6-09	4-9-09
May 2009	4-30-09	5-1-09	5-4-09	5-5-09	5-11-09
June 2009	5-29-09	6-1-09	6-4-09	6-5-09	6-9-09



## You Can Receive Legislative Updates

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](mailto: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.

You may also contact Warren Ponder, Executive Counsel, at (225) 925-7516 or (225) 925-6560 on any questions regarding legislative updates.



### MCKEE SWORN IN AS DISTRICT 3 REPRESENTATIVE...

*Ms. Judith Ann McKee was sworn in for her second term as the active-member representative for District 3. Ms. McKee begins her four-year term of office on January 1, 2009.*

# BOARD ELECTIONS

## Two Board Elections Set For 2009

Are you interested in running for election to the LSERS Board of Trustees? Elections will be held to fill the **Retiree Representative Division 2** and **Active-Member District 4** seats on the Board in 2009. Elected members will serve a four-year term beginning January 1, 2010 and ending December 31, 2013.

Candidates for the **Retiree Representative Division 2** 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 4** seat must be **active** members domiciled in one of the following parishes: Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, DeSoto, Evangeline, Grant, Jefferson Davis, LaSalle, Natchitoches, Pointe Coupee, Rapides, Red River, Sabine, St. Landry, Vermilion, Vernon, and Winn. Candidates must also obtain signatures, social security numbers, and addresses of **ten (10) active** members of LSERS domiciled in District 4.

Those interested in running must submit a **written** request for an official **Nominating Petition** to Mr. Charles P. Bujol, Executive Director of LSERS. This 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 2, 2009**. 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 1, 2009**. Ballots must be returned by **4:30 p.m. on June 1, 2009**. Counting of ballots will be conducted on **July 13, 2009**.

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

## How will the turbulent economy affect you?

*Continued from page 1*

the same, borrowing anywhere they could and spending far beyond what their capital should have allowed.

### Is this another great depression?

The question everyone is asking is "are we going into another great depression?" To answer that question we need only look at the history books to see that while the root cause of the depression was excess borrowing that created a stock market bubble, it transitioned from a market correction into a depression by government policy errors and a lack of safety nets. America today is a much different place. We have FDIC insurance on our bank deposits, unemployment insurance, Medicare and Social Security. But the big difference today is that policy makers are taking a variety of steps to address the problems as they arise. So the answer is, "No, this is not the makings of a depression. We will survive this." If you recall, in the early 1980s the prime rate was 21%, unemployment was above 10%, home loans were 16%, and inflation was in double digits - all nothing like today.

The economy did not get into this situation overnight and it will not get out of it quickly either. It will take time for the excess debt to be reduced, housing prices to find a level where they are affordable to the majority of wage earners, and for the spending stimulus to put folks back to work.

### Way you can help yourself

When things do stabilize, it is going to be a different world for the consumer, with credit much harder to obtain. Banks are going to require higher credit scores; minimum



monthly payments are going to increase; interest rates for borrowers, especially those with less than perfect credit, will be higher; and auto and housing purchases are going to require larger down payments. You can prepare for this by charging less and paying down credit card balances. Pay more than just the minimum payment. If you have more than one card, pay down the one with the highest interest rate first. Not only will this reduce the interest you will pay in the future, it will also be a step to improving your credit score and getting you better rates.

## Are Your Social Security Benefits Affected ?

If you receive a benefit from LSERS your Social Security benefit may be reduced because of the Government Pension Offset (GPO) and your spouse's benefit may be reduced because of the Windfall Elimination Provision (WEP).

Representatives from your Board will be visiting with members of the Louisiana Congressional Delegation in February 2009 to once again voice opposition to GPO and WEP and to request repeal of both provisions.

A number of stories submitted by LSERS' members were delivered to the Congressional Delegation during last year's legislative conference. Members affected by any of these provisions are asked to once again send their stories to Warren Ponder, Executive Counsel, at 8660 United Plaza Blvd, First Floor, Baton Rouge, LA 70809. We also encourage you to contact your Congressional representatives to voice your concerns.

### LSERS' BOARD OF TRUSTEES ELECTS OFFICERS...

*LSERS' Board of Trustees elected officers for a two-year term beginning January 1, 2009. Shown, from left, are Mr. Larry Wilmer, Chairman; Ms. Betty J. Crain, Vice Chair Pro-Tem and Mr. Jeffrey Faulk, Sr., Vice-Chairman.*



## 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

### Larry Wilmer, Chairman

*President, LA School Bus Operators Association,  
318-964-5928*

### Jeffrey Faulk, Sr., Vice Chair

*Retiree Representative, 337-893-3315*

### Betty Crain, Vice Chair Pro Tem

*Retiree Representative, 985-735-5359*

### Philip B. Walther

*1st Retirement District, 504-443-4005*

### Eugene Rester, Jr.

*2nd Retirement District, 985-735-7877*

### Judith McKee

*3rd Retirement District, 318-649-7696*

### Kathy Landry

*4th Retirement District, 337-477-6161*

### Ex Officio Members:

#### Jay Dardenne

*Secretary of State, 225-922-2880*

#### John Kennedy

*State Treasurer, 225-342-0010*

#### D.A. "Butch" Gautreaux

*Chairman, Senate Retirement  
Committee, 225-342-0656*

#### Joel C. Robideaux

*Chairman, House Retirement  
Committee, 225-342-2445*

#### Charles P. Bujol

*LSERS Director*

#### Debra Dudley

*LSERS Assistant Director*

#### Jennifer Champagne

*Administrative Assistant*

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

Visit LSERS' Web site at: [www.lasers.state.la.us](http://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)