



# Crossroads

A publication of the Louisiana School Employees' Retirement System Vol. 12 No.3 WINTER 2001

## Election Results; District 4 Active Seat and New Retiree Seat

Votes were counted in elections for two LSERS Board of Trustees seats on November 19. These positions will be officially filled in January, 2002.

Ms. Sylvia Myers was re-elected to represent District 4 Active Members and Mr. Jeffrey Faulk will fill the newly created Retiree Representative trustee position.

Myers has served as a LSERS Board of Trustees representative for 10 years. She has been a Calcasieu Parish School Board bus driver and aide for 30 years and District 5 State Representative of the Louisiana School Bus Operators' Association for 19 years, as well as an active member of the Louisiana School Bus Operators Association for 30 years. She is currently vice-president of the Calcasieu Parish Bus Drivers' Association.

Faulk, although newly elected, has served as a LSERS Board of Trustees member for 4 years, previously. He was a Vermilion Parish school bus driver for

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## Recession, Depression, and Impression

We have all heard the three words listed above over the last few months and they have directly affected all of our lives. What do they mean and how do they impact LSERS?

**Recession** can be defined as a downturn, slowdown, or a slump. LSERS has realized, like all the other public and private retirement systems, a downturn or slowdown in the investment markets. This has affected the economy, jobs, and people's sense of well-being. Consumers are expected to spend less money because there are fewer jobs than a year ago in the economy. The federal government has dropped interest rates on loans, hoping more people will apply for them. That equates to more home building and manufacturing. Congress has given a tax rebate this past spring, hoping taxpayers would spend that money on goods and services. Those goods and services equate to more jobs and a better economy. That hasn't happened yet.

**Depression** can be defined as despair, gloom, doldrums, and

pessimism. September 11<sup>th</sup> and the World Trade Center catastrophe will forever be imprinted on our minds, just like December 7<sup>th</sup> is associated with Pearl Harbor. The absolute horror and sadness that we all suffered when watching that disaster evolve from the smoke and ashes of New York to the campaign to seek out and destroy the terrorists in the barren mountains of Afghanistan has left us all in a state of depression. These events directly effect how we as Americans have cautiously moved forward with future plans, including how we invest our assets. LSERS Board of Trustees invests its assets based on a long-term strategy, not on a single event such as September 11<sup>th</sup>. It does so prudently following statutory fiduciary standards.

**Impression** can be defined as an image in our mind, an effect upon us, a feeling, or an opinion. These events have left some of us with feelings of depression, worry, and anxiety. We can still see the tall buildings on fire, the smoke, and remember how hopeless those moments felt. We turn on the nightly news only to hear how the war is

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# Jefferson/Morella Kick-off Bipartisan Drive for GPO Reform Vote

September 7, 2001

WASHINGTON, D.C. -

Congressman William J. Jefferson, D-LA, and Congresswoman Connie Morella, R-MD, are leading a bipartisan effort to force a vote in the 107<sup>th</sup> Congress (CY 2001-2002) on government pension offset reform legislation.

"We can not afford to allow our seniors to be victimized by this punitive and unfair policy any longer," Jefferson and Morella wrote to the 273 cosponsors of H.R. 664, the Government Pension Offset reform legislation.

Jefferson and Morella want House Ways and Means Committee Chairman William Thomas and Social Security Subcommittee Chairman Clay Shaw to schedule a vote on the reform legislation (H.R. 664) during the 107<sup>th</sup> Congress. The proposed legislation will allow more than 300,000 pensioners and widows affected by government pension offset provisions to receive a minimum \$1,200 per month before offset provisions could be imposed.

During the last Congress, Jefferson and Morella noted that, despite testimony that the impact of the GPO reform on the Social Security Trust Fund is negligible, "no vote was taken on this vital legislation."

Jefferson explained that the pension offset is punitive and hurts most public servants who worked as school bus drivers, school cafeteria workers, secretaries, custodians, janitors, teacher aides and others who generally receive lower pension benefits, but do not affect retirees who receive private pensions and Social Security.

"If retirees on private pensions do not have Social Security benefits

subject to offset, why should retirees who worked in the public service," Jefferson asked rhetorically.

Here's how the current offset provisions affect a widow eligible for civil service pension benefits of \$600 per month and Social Security spousal benefits of \$600 per month, or \$1,200 per month combined.

Under government pension offset provisions, the Social Security spousal benefit is reduced by two-thirds of the civil service pension benefit. In this case the original \$600 Social Security benefit is reduced to \$200, so that, coupled with the civil service pension benefits of \$600, monthly income would be reduced to a combined total of \$800 per month instead of \$1,200 per month.

If Jefferson's legislation is passed and the widow's combined benefit is \$1,200 or less, no government pension offset would apply. As a result, the widow could receive the entire combined total benefit, up to \$1,200 per month.

Under the Jefferson proposal, benefits that exceed the \$1,200 threshold would be subject to government pension offset.

So far, Jefferson has acquired 273 cosponsors for his bill. However in our own state of Louisiana only two out of the seven Congressional Representatives have signed on with him; Rep. Richard Baker and Rep. Christopher John. Four Representatives have yet to cosponsor this important legislation and they are Rep. John Cooksey, Rep. Jim McCrery, Rep. W. J. (Billy) Tauzin, and Rep. David Vitter.

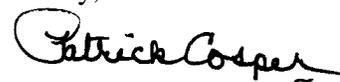
LSERS encourages each of you to contact your Congressional Representatives and urge them to support this all-important legislation.

# Recession, Depression, and Impression

progressing, anthrax scares on the east coast, and the investment markets are looking for something that will stimulate them toward higher returns. LSERS Board of Trustees have felt all the things you and I have felt, but remain steadfast in their goals of providing you, the members, with a sound system which will pay you your well-deserved benefits now and in the future. They have not and will not make "panic" decisions on a single event to determine what is the best and safest manner to provide those benefits.

The opposites of recession and depression are **Recovery & Jubilation**. That is, after the markets rebound to higher territory and we celebrate the defeat of terrorism, we will all have a better sense and impression of our well-being. With God's help and smart prudent decisions we will achieve that goal.

Sincerely,



Patrick Cospes, Director

(con't. from previous column)

## Jefferson/Morella

To contact those who have not signed on use the following information: Rep. John Cooksey, (202) 225-8490, [www.congressman.cooksey.mail.house.gov](http://www.congressman.cooksey.mail.house.gov); Sen. Jim McCrery (202) 225-2777, [www.house.gov/writerep/](http://www.house.gov/writerep/); Rep. W. J. (Billy) Tauzin, (202) 225-4031, [www.house.gov/writerep/](http://www.house.gov/writerep/); Rep. David Vitter (202) 225-3015, [www.house.gov/writerep/](http://www.house.gov/writerep/).

## Retirees to Receive Cost of Living Increase

The Board of Trustees of the Louisiana School Employees' Retirement System approved a cost-of-living increase (COLA) payable to any retiree who retired by January 1, 2001.

COLAs are only granted to those retirees who had retired on or before January 1, 2001; therefore, if you retired after January 1, 2001, you are not eligible for a COLA at this time. If a COLA is approved for January 2003, you would be eligible at that time.

This year's COLA will be calculated as follows: you will receive one dollar for each year you worked and paid into the retirement system; plus one dollar for each year since retirement, plus one dollar multiplied times the number of years of service in excess of 30 years. Members age 65 or older are entitled to an additional COLA equal to 2% of the benefit being received at the time the COLA is granted.

## Electronic Direct Deposit Now Available

Electronic direct deposits (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 EFT 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 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.

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## Election Results

26 years, president of the LA Bus Drivers' Association for four years, board member of the LA Bus Drivers' Association for 16 years, president of the Vermilion Parish Bus Drivers' Association for 17 years, and a registered Louisiana lobbyist for four years.

The LSERS Board of Trustees is looking forward to working with two familiar individuals who have well represented the concerns and needs of their constituents. Myers and Faulk will be sworn in during the January 2002 Investment Committee Meeting.

### 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)



### Mailing and Deposit Dates for Monthly Benefit Checks

| Checks for: | Will be Mailed on: | Or Deposited on: |
|-------------|--------------------|------------------|
| January     | December 28        | January 2        |
| February    | January 31         | February 1       |
| March       | February 28        | March 1          |
| April       | March 29           | April 1          |

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**Judy Wright**  
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Editor

## Social Security Commission Approves Overhaul Plan

Have you heard the recent news regarding proposed changes to the Social Security system? A final report by the President's Commission on Social Security has been approved and calls for a year of discussion on three different options that will prevent bankruptcy of the Social Security system, which is forecasted to occur in 2038. Bankruptcy of the system is foreseen since it is a pay-as-you-go system with today's workers being taxed to pay today's benefits for retirees. Beginning in 2016, Social Security is expected to start paying more in benefits than it takes in from payroll taxes because the baby boom generation will be retiring.

All three options allow workers to use part of their payroll tax to set up individual investment accounts in hopes of winning higher returns in the stock market, which would be available to them at retirement and to their heirs at the time of their death. The plans reduce guaranteed benefits from Social Security, since a portion of funding for the system is going to these personal investment accounts. Benefits would also become

linked to wage growth rather than to inflation, as they are currently. Overall cuts to workers who retire in 30 years could be between one and 33 percent.

The first and second plans allow workers to divert either two or four percent of their payroll taxes into a private account. They would still get traditional benefits, but the two or four percent plus interest would be deducted. The second plan allows workers to invest up to \$1,000 a year into the personal account. The third plan requires workers to contribute one percent of their income, initially, while the government provides a two and one-half percent match. Traditional benefits are given minus the two and one-half percent plus interest. Benefits would be reduced in 2009 and workers would be rewarded for working longer and penalized for retiring early.

The President's Commission on Social Security expects passage of legislation in 2003 or 2004. Take this time to contact your Congressional representative with opinions on the matter.



This public document was published at a total cost of \$2,168.00. Twenty-five thousand two-hundred copies of this document were published in this first printing at a cost of \$2,168.00. The total cost of all printings of this document, including reprints, is \$2,168.00. This document was published by the Louisiana School Employees Retirement System, P.O. Box 44516 - Capitol Station, Baton Rouge, Louisiana, 70804-4516, 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.

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