



# Crossroads

A publication of the Louisiana School Employees' Retirement System Vol.16 No.3 WINTER 2003

## LSERS Investments on the Upswing

Once again your LSERS' portfolios have earned double digit returns. For the year ended September 30, 2003, your portfolios returned 13.84%. November 30, 2003 reports provided by Northern Trust have indicated that LSERS has gained about \$32 million since September 30, 2003.

Your board of trustees has selected a variety of managers to assure that you have exposure to various investment

styles. They have reviewed performance of LSERS managers on a quarterly basis. When a manager has not performed over a market cycle, your trustees replace that manager with one they believe will do a better job for you. In January Ark Asset Management will take charge of the large cap domestic growth equity (stock) portfolio. With this change, we hope to be able to provide you with even better returns.

## DROP Investment Changes in January

Act 962 of the 2003 Louisiana Legislature provides for a change in how the DROP and IBRP funds are invested once the member's funds become eligible for interest. It requires the DROP and IBRP funds be placed in either a liquid asset money market or a self-directed plan in which the member, rather than the retirement system, becomes responsible for the interest rate of their funds' earnings.

## LSERS Wishes Farewell to Zitzmann

LSERS' Board of Trustees, staff, and members wish a fond farewell to Boyd "Zeke" Zitzmann. He has served on the Board of Trustees as the District

One Active (Orleans area) Member Representative for fourteen years and his current term expires the end of December, 2003. Zitzmann has served in several capacities as a LSERS board member, including chairman, vice-chairman, vice-chairman Pro-tem, and vice-chairman of the Investments Committee. Zitzmann had an active role in making several changes in retirement benefits for members, including co-sponsoring the DROP program, which remains a popular program among retirees.

We will miss "Zeke" and always remember him for being a strong advocate for every member within his district.

LSERS' Board voted to place the DROP and IBRP funds into a money market managed by Hibernia Bank. Hibernia has selected Federated's Prime Value Obligations Fund for these investments, which has a current yield of .75 percent. This impacts the interest rate of the funds' earnings by insuring those earnings never go into a negative territory and will only be that of a money market rate.

These changes in the DROP and IBRP investments affect those who become eligible to participate in DROP or IBRP on or after January 1, 2004. Those who become eligible before that date will continue to have their DROP and IBRP investments credited with interest at the same rate as the system's portfolio less one-half of one percent.



Zitzmann was presented a plaque to honor his tenure with LSERS at the November, 2003 Board of Trustees Meeting.



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## District 1 Trustee Election Final



The LSERS District 1 Board of Trustees Active Member election is complete. If you live in

Assumption, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John, or Terrebonne parishes you have a new board representative beginning in January, 2004.

Earl Richard was elected to serve in this position by a close vote against opponent Eddie Middleton. Richard has been an employee of the Orleans Parish School Board for over 31 years. He has been a shop steward for Teamsters Local for about 25 years, has worked as a contract negotiator for Local 270, helped establish the union for the custodians, is on the Committee for Employee Promotional Programs, and volunteered to promote the tax to help Orleans Parish Schools, among other qualifications.

Richard will be sworn in at the January Board of Trustees' meeting. This is a four-year term, which begins January 1, 2004 and ends December 31, 2007. Boyd "Zeke" Zitzmann is the incumbent of this seat until December 31, 2003 when his term ends.

## DROP & IBRP Interest Rate at 0%

LSERS continues to post a 0% interest rate to the DROP and IBRP accounts. Although the funding of the system is at 79% the attorney general's opinion in Spring, 2002 prevents LSERS from giving a negative rate of return on DROP and IBRP accounts. Therefore, the rate of return is at 0%.

## Call Social Security Before Retirement

Many of us depend on our Social Security income to supplement our retirement income we plan to receive from LSERS. The Social Security Administration (SSA) gives two kinds of benefits: a spouse's or widow(er)'s benefit and an earned benefit.

Up to 51 percent of the pensioner's benefit is paid to spouses or surviving spouses of a SSA pensioner when not receiving their own SSA earned benefit or if their benefit is less than the pensioner's benefit. But, as a SSA pensioner's spouse or surviving spouse and a LSERS' recipient, you might be subject to the Government Pension Offset (GPO), which will reduce your SSA benefit allowance.

If you receive a LSERS benefit, the Windfall Elimination Provision (WEP) is usually used to reduce your own SSA earned benefit.

Since your Social Security benefit may be reduced by either of these two ways, you should contact the SSA before you retire to adequately plan for your retirement. You may do this by calling Social Security at 1-800-772-1213 for an estimate of your (possible) Social Security reduction. You should file a Request for Earnings and Benefits Statement.

For more information you may visit the SSA web site at [www.ssa.gov](http://www.ssa.gov).

## Contact Your Trustee

LSERS has a Board of Trustees who are elected by the members to represent their interests. We have four active member trustees and two trustees representing retirees. Their contact information is on the back of the newsletter. Contact them with any of your questions, leaving your phone number and social security number. They will be glad to assist you with your retirement issues.

## What Is Your Address?

As your retirement system, LSERS is obligated to keep current contact information on you. Many of you don't remember to notify us when you move, which causes our contact information to become outdated, giving us no way to stay in touch with you. In an effort to resolve this problem, we are now using U.S. Post Office address information, which is provided to us with each newsletter mailing. Our records will be automatically updated, using the current mailing address you have provided to the U.S. Post Office.

## Get Your Retirement Planner

Have you received your Retirement Planner? If you are within five years of retirement or new to LSERS, go by your local school board office and request one. Those offices have now received these information packets from us and are ready to distribute them to you. Or, if this is not possible, call us to request your packet. The Retirement Planner is the new publication with current retirement information.

If you wish for us to use an address for you other than the one you have provided to the U.S. Post Office, you will need to let us know. If you notice you are no longer getting newsletters from us, you will need to let us know that as well.

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

# No COLAs Allowed for Some Time

Our system will not be allowed to grant a COLA to retirees and survivors in January, 2004. The law that authorizes the payment of COLAs requires that two factors be met. Neither of these factors have been met this year, nor are both of these factors likely to be met in the next few years.

The first is that the system must be fully funded. Due to the downturn in the stock market over the last several years, our system is no longer fully funded. We are currently funded at a level of 79%. It may take several years before our funding level again reaches 100%.

The second is that the system must have sufficient interest earnings from its investments available to pay the COLA. The law only permits the payment of COLAs from interest earnings that are in excess of a 7.5% return on our investments. Interest earnings have not exceeded this 7.5% benchmark for several years. Even if our interest earnings exceed 7.5%, we still must be fully funded prior to the granting of a COLA.

# Washington, D.C. Legislative Update

The ongoing effort for passage of legislation to remove or soften the effects of the **Social Security Government Pension Offset (GPO)** provision continues in the halls and offices of Congress. Last year Congressional House Representative William Jefferson attempted passage of a bill to remove the two-thirds offset with a no penalty clause for receiving a monthly public pension of less than \$1,200. He was able to solicit 289 co-sponsors for that bill.

This year, he has re-introduced the same bill with a new bill number (HB 877). To date he has successfully recruited 125 co-sponsors for his bill. The reason the number of co-sponsors has dropped from the previous year was because he raised the allowable monthly public pension to \$2,000.

Jefferson's bill must make it out of the Social Security Subcommittee, which comes under the House Ways and Means Committee. Representative Shaw is the Chairman of the Social Security Subcommittee and has refused a hearing on Representative Jefferson's bill so far. Representative Shaw has offered up an alternative bill to reduce the Social Security offset

from the current two-thirds offset to a one-third offset. He has been unsuccessful in garnering support for his bill. Therefore, this legislation seems to be stuck in "Washington gridlock."

Efforts are underway nationwide by state public pension funds and the federal employees public pension fund to get this legislation back on the fast track. LSERS staff will make another attempt this spring to express that a majority of our members are for passage of Jefferson's bill. Please contact your elected congressional representative or senator to promote passage of this very important issue.

The **Medicare Bill** has now been signed by President Bush. It brings the first major change in the nation's health care program for 40 million seniors and disabled Americans in 38 years. The bill provides a prescription drug benefit and overhauls the government-run health care program. It provides \$400 billion in drug assistance over the next 10 years. A prescription drug discount will be phased in during 2004 and 2005 and fully operational in 2006. For more information search this topic on the Internet.

## 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 \_\_\_\_\_ Home phone: \_\_\_\_\_

Address \_\_\_\_\_ Work phone: \_\_\_\_\_

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

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

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



## Mailing and Deposit Dates for Monthly Benefit Checks

Retiree Checks		DROP & IBRP Checks	
Mailed	Deposited	Mailed	Deposited
Dec 31	Jan 2	Jan 2	Jan 5
Jan 30	Feb 2	Feb 4	Feb 5
Feb 27	Mar 1	Mar 4	Mar 5
Mar 31	Apr 1	Apr 2	Apr 5
Apr 30	May 3	May 4	May 5

**LSERS  
BOARD OF TRUSTEES**

**Joe Seymour, Chairman**  
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**Betty Jacobs, Vice Chairman Pro-Tem**  
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**Boyd Zeke Zitzmann**  
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**John Kennedy**  
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**Lambert Boissiere, Jr.**  
Chairman, Senate Retirement  
Committee, 225-342-2062

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

**Patrick Cospser**  
LSERS Director

**Debra Dudley**  
LSERS Assistant Director

**Judy Wright**  
LSERS Public Information Director and  
Newsletter Editor

## Web Page Has Member Information

Our web site now has several new sections, which will be helpful to the members. A member information section has been added. Members will need to register by selecting a password in order to access this information. Here you will find records of your work history that will be used to calculate your retirement benefit. A benefit calculator has been added. This will allow you to estimate your retirement benefit based on your own work history. Both of these sections may be found under Member Services.

A new section has been added to Employer Services that allows employers to access employee data directly on the web site. A log-in code is needed for employers to access this section.

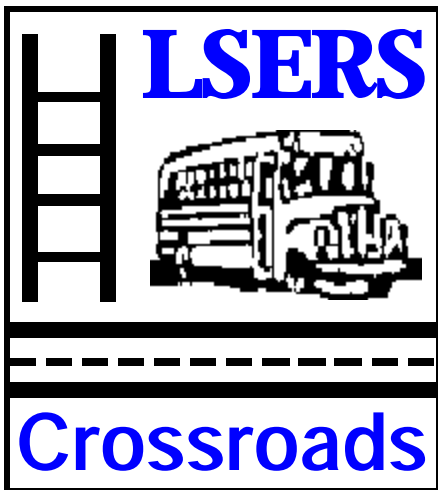
An investments section has been added that contains such information as LSERS performance statistics, asset allocation, and income and expenses.

A Board Meetings section has been added that includes minutes from recent board meetings. This will enable you to follow the current actions of your Board of Trustees.

And a RFP section has been added, which gives us a broader range of advertisement when seeking new money managers for LSERS.

You may access the LSERS web site at [www.lasers.state.la.us](http://www.lasers.state.la.us). Here you will also find the new Retirement Planner at the Publications link.

## Merry Christmas and Happy Holidays!



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