

LASERS

Louisiana State Employees'
Retirement System

2011
OPEN FORUM

Wednesday, August 31, 2011

Agenda

Welcome & Introductions

Maris E. LeBlanc
Deputy Director

Executive Director Comments

Cindy Rougeou
Executive Director

2011 Louisiana Legislative Session

Maris E. LeBlanc
Deputy Director

*Note: Tommy Benoit, General Counsel, Office of
Group Benefits will be available to answer questions.*

Q & A Session

Investment Performance

Robert W. Beale, CFA, CAIA
Chief Investment Officer

BREAK

Member Services Information

Janet Harris
Retirement Education Consultant

Audit Services Update

Selena S. Randolph
Auditor, Audit Services Division

RSEA Information

Allen Reynolds
RSEA Board Member and Past RSEA Executive Director

Q & A ... Adjourn



2011 LEGISLATIVE SESSION

Update on LASERS Issues

Maris E. LeBlanc
Deputy Director

What Didn't Happen

- Increase to Employee Contribution Rate
HB 479, failed
- New Tier of Retirement Benefits
SB 12, pulled by Senator Gautreaux
- Changes to Final Average Compensation and
increased employee contribution
HB 530, failed
- Retroactive & Future Benefits for Probation &
Parole Officers
HB 478, vetoed

Payments to the UAL

HB 384 (Act 422) & HB 435 (Act 357)

Constitutional Amendment #2 on the October

22 ballot, if passed, will require that a minimum of nonrecurring revenue be applied toward reducing the balance of the unfunded accrued liability (UAL) of the LASERS and TRSL retirement systems.

For fiscal years 13-14 and 14-15, a minimum of 5% should be applied, with a minimum of 10% applied for future years.

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Clean-up to Act 992

HB 571 (Act 368) effective 7/1/2011

Makes changes to Act 992 of the 2010 Regular Session, including these requested by LASERS:

- Clarifies that survivor benefits for handicapped or mentally disabled children do not cease when the child reaches 18
- Provides that a person who has participated in DROP or is a rehired retiree under Option 1 or 3 from another LASERS plan is not eligible for the HAZ PLAN
- Provides that a HAZ PLAN member who does not meet eligibility under that plan may retire with 5 years at age 60 with rank-and-file benefits at the 2.5% accrual rate

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Clean-up to Act 992, cont'd

HB 571 (Act 368) effective 7/1/2011

- Provides that HAZ PLAN members may retire with an IBO and select the self-funded COLA
- Provides that a member who joins the HAZ PLAN but does not transfer prior service must pay any actuarial cost resulting to the system
- Clarifies that an employee who was in a hazardous duty service plan prior to 12/31/2010, who earns service in a hazardous duty position after 1/1/2011 may consider the service earned as covered by that plan

Clarifies that a member with a 60 month FAC must work 60 months after DROP to earn a new FAC for post-DROP supplement.

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Purchase of Federal Time

HB 404 (Act 355), effective 7/1/2011

A LASERS member who was a contributing member of a retirement plan for federal employees may purchase that service credit.

- Must have at least 1 year in LASERS
- Must pay greater of actuarial cost or employee/employer contributions + interest in a lump sum
- Must forfeit federal service
- Form is being developed

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Accrual Rate for Legislators

HB 377 (Act 377), effective 6/30/2011

- Any legislator who is eligible for LASERS who is elected after July 1, 2011, will receive a 2% accrual rate for service earned after that date.
- Change will not apply to anyone serving in the legislature on June 30, 2011.

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Air Time for Eligibility

SB 9 (Act 322), effective 7/1/2011

- Members of LASERS with at least 5 years of service credit may purchase up to 5 years, in one year increments
- Members who previously purchased credit for computation purposes may pay to upgrade that credit for eligibility
- Five years is the total amount of air time which may be purchased
- Sample calculations are posted on the LASERS website.

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Impact of Air Time on OGB Premium

- A member who uses air time to retire earlier than he would otherwise be eligible must pay any resulting increase in employer's health insurance premium
- A member eligible* for 20 year actuarially reduced retirement who has actually worked 20 years is not retiring early and would have no premium increase
- Rate schedules for increase are posted at www.groupbenefits.org

*Officers in the Corrections Secondary Plan & Certain Wildlife & Fisheries Agents are not eligible for 20 year retirement.

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Air Time Actuarial Calculations

For each type of "Air Time" purchase, members must submit an actuary fee of \$150.00 payable to LASERS

- For Benefit Computation Purposes Only, actuary will provide cost to purchase 1, 2, 3, 4, and 5 years for \$150.00
- For Benefit Computation and Retirement Eligibility, actuary will provide two costs for \$150.00
- For Upgrade of Air Time service originally purchased for Benefit Computation Only, the actuary will provide two costs for \$150.00

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Resolutions of Interest

- **HR 80** (Pearson) Requires House bills and joint resolutions relative to retirement to be prefiled not later than 5:00 p.m. on the 45th calendar day prior to the first day of the regular session.
- **HR 149** (Montoucet) Directs the state and statewide retirement systems to study the nature of irrevocable decisions and to provide the legislature with solutions for allowing members and retirees to revoke certain elections under certain circumstances.

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Resolutions of Interest, cont'd

- **HCR 135** (Robideaux) Four state retirement systems are directed to report to the House and Senate Committees on Retirement and the Division of Administration, prior to the convening of the 2012 Regular Session of the Legislature, the administrative and investment costs incurred by each system and to jointly submit a report on the feasibility of combining the administrative and investment.

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LASERS

LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM

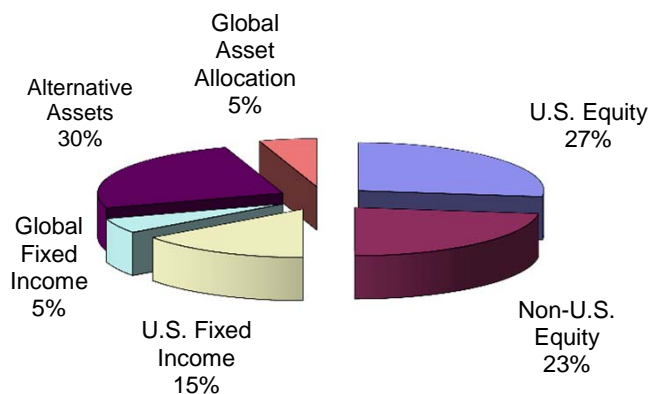
Investment Division

Performance information and rankings are as of June 30, 2011.

Investment Performance

Asset Class	Mkt. Value (\$millions)	Fiscal YTD	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
U.S. Equity	\$2,545.1	36.4	27.0	5.5	0.6	4.1	5.7	4.6
Non-U.S. Equity	\$2,236.5	32.6	22.6	0.6	-1.3	4.7	10.3	8.7
U.S. Fixed Income	\$1,469.5	12.3	18.1	12.7	10.4	10.0	8.4	8.1
Global Fixed Income	\$401.5	12.0	9.9	9.4	11.4	9.6	8.4	11.1
Alternative Assets	\$2,386.7	15.1	13.6	2.1	3.6	6.8	8.0	3.6
Cash Equivalents	\$212.8							
S&P 500		30.7	22.3	3.3	-1.0	2.9	4.2	2.7
TOTAL PLAN	\$9,252.1	24.3	20.1	5.3	2.9	6.0	7.4	6.7

Target Allocation



Rankings

	TUCS*
1 Year	7
3 Years	25
5 Years	17
7 Years	18
10 Years	18

*The Trust Universe Comparison Service (TUCS) provides a universe comparison of market returns for the larger public pension plans in the United States. Rankings are based on returns of public pension plans in the universe with market values greater than \$1 billion.

Agency Open Forum

**Member Services Division
August 31, 2011**

Overview

- Employer Contribution Rates
- Revised Forms
- Employer Self Service
- Civil Service Reinstatements
- Lump Sum Contribution Payments
- SOLARIS Leave without Pay
- Refund Applications
- CPTP Human Resource Curriculum - Module 7
- Social Security Questions

2011 Employer Contribution Rates

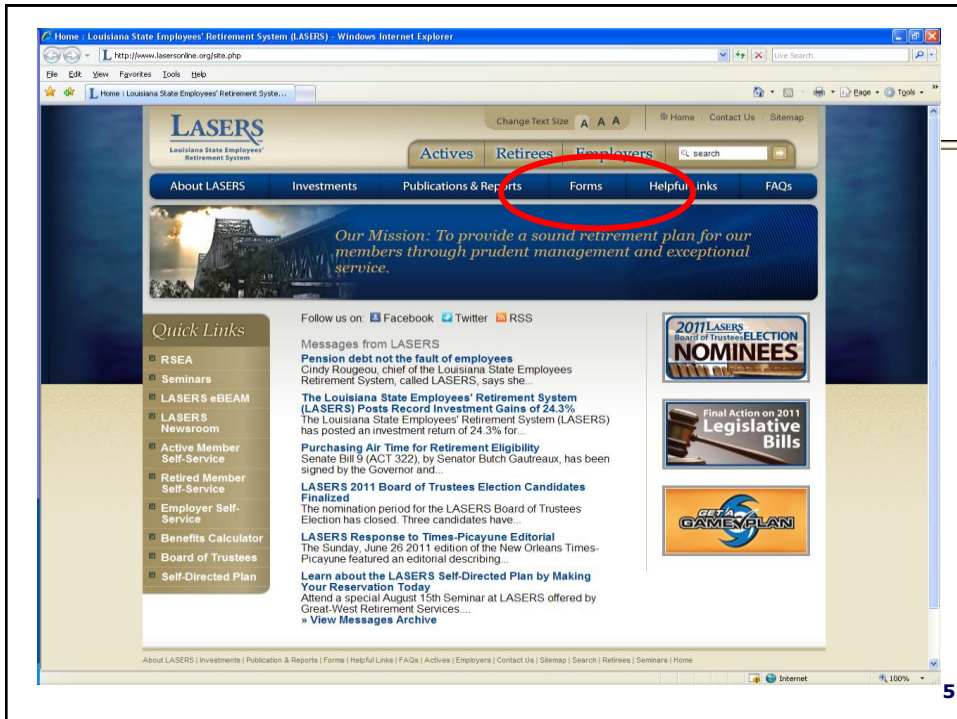
- Effective July 1, 2011, employer contribution rate for all Regular Plan state employees is 25.6 percent of earned compensation
 - For list of all contribution rates by plan, see Liaison Memorandum 11-21 issued July 7, 2011

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Use LASERS Current Forms

- Download forms from website, www.lasersonline.org/forms
- Select Employer Forms
 - Username: agency
 - Password: lasers

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Civil Service Reinstatements

- State employee reinstated either because
 - Civil service appeals process, or
 - Handled through attorney/mediation process
 - Judgment rendered, terms are spelled out
 - LASERS must receive terms of decision or outcome in order to proceed in regard to
 - Member's enrollment,
 - Reinstating member's service credit,
 - Posting member's contributions

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Lump Sum Contribution Payments

- When LASERS receives a lump sum of contributions from an agency
 - A breakdown must be provided in order to correctly post member's contributions to their record at LASERS
 - This will alleviate LASERS from having to contact the agency for information

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Employer Self-Service

- Agencies must log into SOLARIS at least once every 30 days.
- If not, SOLARIS will lock agency out of program and agency will need to contact LASERS in order to reset.
- Agency Liaison will need to send email to Ask LASERS (see "Contact Us" on website) to request password reset, add or delete

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Employer Self Service (Cont'd)

- All agencies have ability to enter leave without pay dates into SOLARIS
- Be sure to enter all leave without pay in SOLARIS
- This is necessary to verify service credit reviews, refunds, etc.
- Any assistance, contact Ask LASERS

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Employer Self Service (Cont'd)

- All past Agency Liaison Memoranda are in the "Publications for Employers" portion of the website
- Retirement Reference Manual is being updated to reflect new legislation and changes

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Employer Self-Service (Cont'd)

- Use to change and/or add someone to list of agency personnel authorized to sign LASERS forms
- On LASERS website at Employer Self-Service, Employer Maintenance
- The authorized list should be reviewed and updated periodically; do not share passwords with coworkers.

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The screenshot shows the LASERS website homepage. The browser title is "Home - Louisiana State Employees' Retirement System (LASERS) - Windows Internet Explorer". The address bar shows "http://www.lasersonline.org/late.php". The page has a blue header with the LASERS logo and navigation tabs for "Actives", "Retirees", and "Employers". Below the header is a navigation menu with "About LASERS", "Investments", "Publications & Reports", "Forms", "Helpful Links", and "FAQs". A mission statement banner reads: "Our Mission: To provide a sound retirement plan for our members through prudent management and exceptional service." A "Quick Links" sidebar on the left contains a list of links, with a red arrow pointing to "Employer Self-Service". The main content area includes "Messages from LASERS" with news items such as "Pension debt not the fault of employees", "The Louisiana State Employees' Retirement System (LASERS) Posts Record Investment Gains of 24.3%", and "Purchasing Air Time for Retirement Eligibility". There are also promotional boxes for "2011 LASERS Board of Trustees ELECTION NOMINEES" and "Final Action on 2011 Legislative Bills". The footer contains a site map and search options.

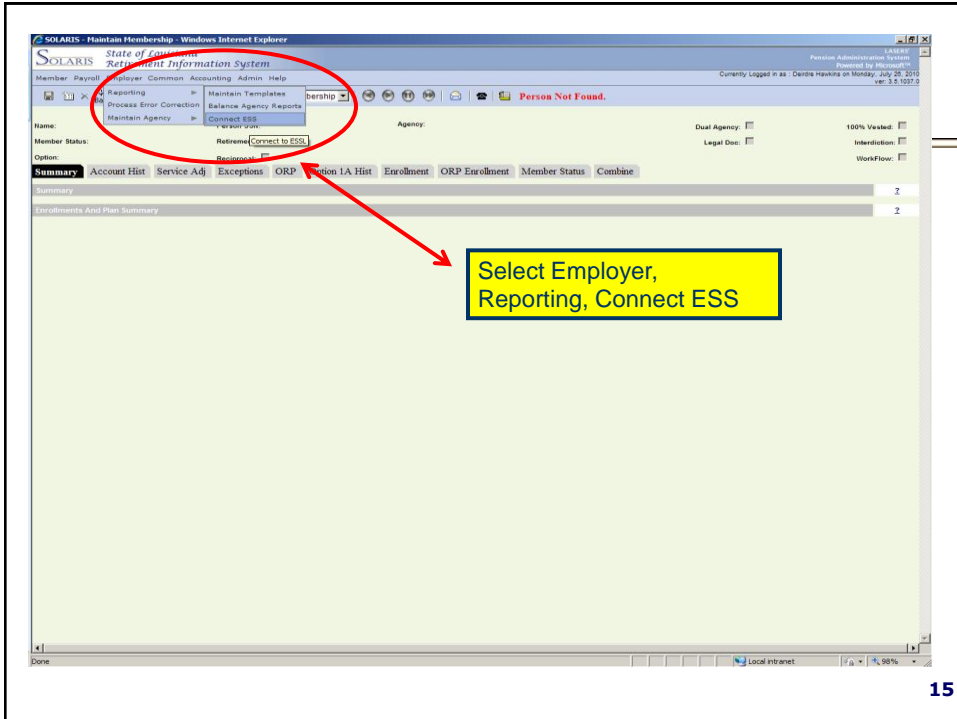
12

Enter Agency ID and Password.

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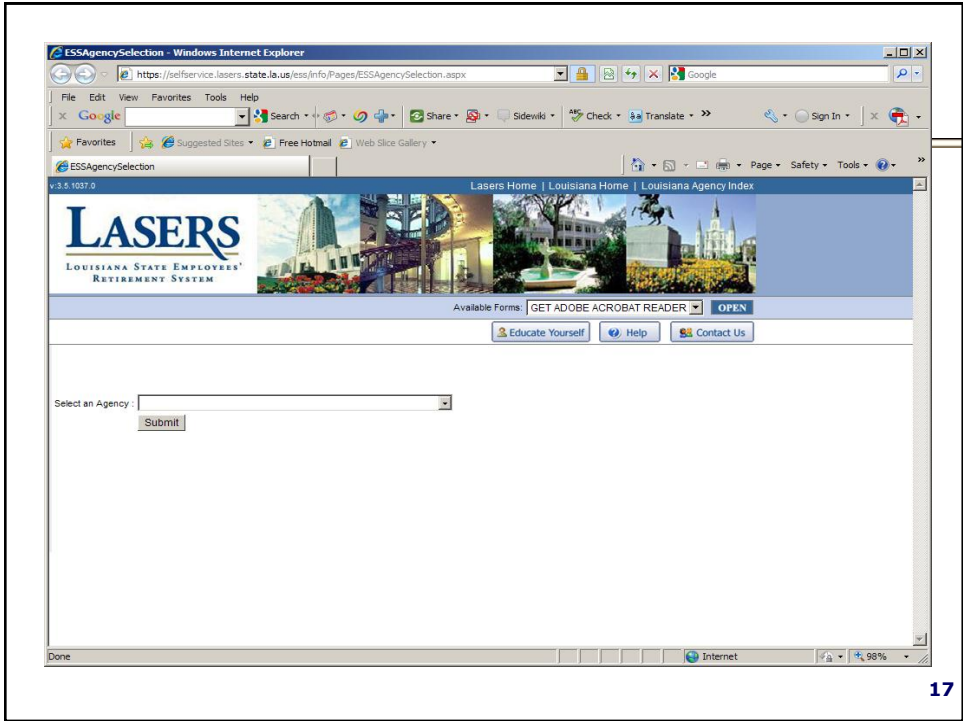
Access Employer Maintenance Portal

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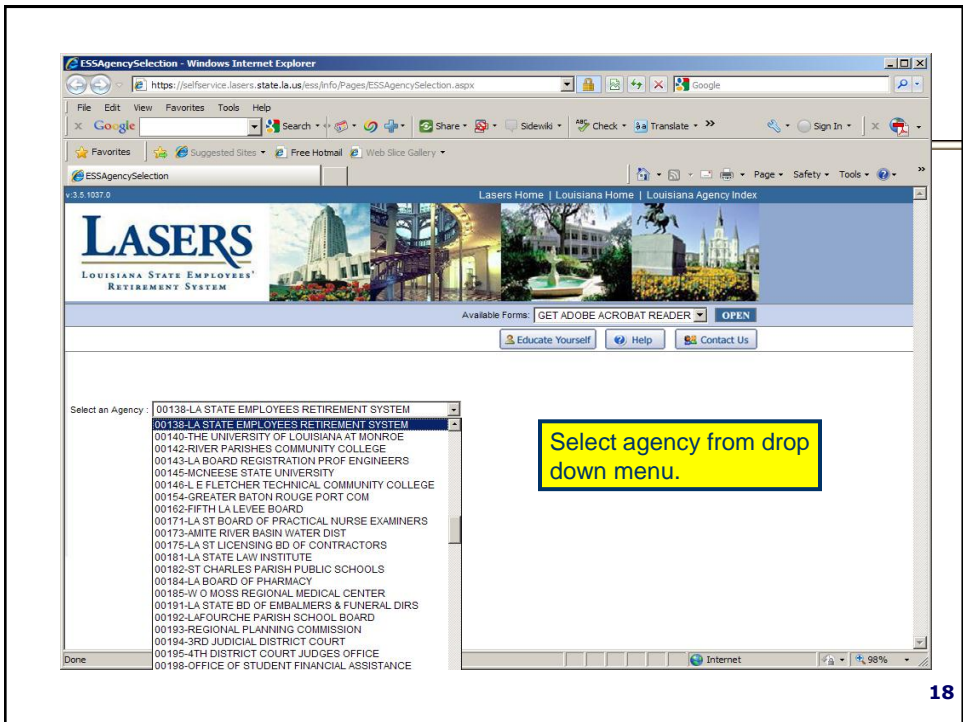


Employer Self-Service for Detailed Member History (Act 75 and Refunds)

- Agencies do not need to contact LASERS to determine if a new hire has been a member of LASERS or has refunded.
- This information can be acquired through Employer Self-Service on LASERS website.



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00138-LA STATE EMPLOYEES RETIREMENT SYSTEM

Welcome to SOLARIS, a state-of-the-art technology tool that will provide you with access to your LASERS employer reporting, employee enrollment and agency & personnel maintenance. SOLARIS is designed to improve your access to agency information, and improve the service that we are able to provide.

-LASERS

* You may view detailed information and instructions by clicking on the help link at the top of each screen.

Member Maintenance
Agencies can change a member's enrollment data and demographic data using Member Maintenance.

Member Enrollment
Agencies can enroll an employee as a member using Member Enrollment.

Employer Inquiry
Agencies can view current and historical member information, including history in other agencies.

Logout
Exit ESS and return to the login page.

Employer Reporting
Employer reporting provides a portal for an agency to submit employer and employee contributions as well as change employee demographic information all on one screen.

Opt. 1A Refined Retiree
Agencies can enter monthly earnings and change demographic data using Opt 1A.

Employer Maintenance
Agencies can view and add employer contact information using Employer Maintenance.

Select Employer Inquiry.

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00138-LA STATE EMPLOYEES RETIREMENT SYSTEM

Welcome Employee > View Member Information

Enter a SSN:

Name: _____ Last Merge Date: _____

Account Summary Information

Member Services Exceptions

Fiscal Exception Summary

Service Credit Summary

Enrollments And Plan Summary

DRPB/OB Account Summary

DRPB/OB Account Summary	
DRPB/OB Type:	
Begin Date:	
End Date:	
Eligibility Date:	
Status:	

Enter Member Social Security Number.

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Member name, social security number and employment history is listed in detail.

Account Summary Information				
Account Summary				
Contribution Type	Sheltered	Unsheltered	Interest	Total Contributions
Employee Contributions	\$0.00	\$0.00	\$0.00	\$0.00
Exceptions	\$0.00	\$0.00	\$0.00	\$0.00

Service Credit Summary						
Service Credit Summary						
Agency	Event Date	Plan	Service Credit Type	Eligibility Credit	Benefit Computation	Accrual Rate
00138 - LA STATE EMPLOYEES RETIREMENT SYSTEM	02/18/2009	Regular Employee-New Plan	Membership	-1.40	-1.40	2.50%
00138 - LA STATE EMPLOYEES RETIREMENT SYSTEM	12/01/2007	Regular Employee-New Plan	Membership	1.40	1.40	2.50%
Totals				0.00	0.00	

Enrollments And Plan Summary							
Enrollments				Plan Summary			
Agency	Hire Date	Term Date	Enrollment Status	Membership Status	Plan	Eligibility Credit	Benefit Computation
LA STATE EMPLOYEES RETIREMENT SYSTEM	9/19/2007	1/6/2009	Employee is terminated as a member of LASERS	REFUNDED	Regular Employee-New Plan	0.00	0.00
Totals					0.00	0.00	

Refunds

- Persons who leave state service may be eligible for refund of accumulated contributions in retirement system
- Must complete *Refund of Accumulated Contributions, Form 02-01*
- Processing may take approximately 90 days
- Do not contact LASERS regarding status of refund

Refunds

- Refund of contributions will automatically cancel all service credit in LASERS
- Contributions are eligible for rollover
- Federal taxes are due if lump sum received; monies are state tax exempt
 - Tax implications apply
 - 20% mandatory income tax withheld;
 - 10% tax penalty applies if lump sum received and not rolled over before age 59 ½

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Refunds

- Refunds mailed to address indicated on Form 02-01
- IRS Form 1099R mailed at end of calendar year to address on file with LASERS
 - Member must file state income tax, no state taxes are due
- Members who relocate before refund is issued, must update address with last employing agency

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Refunds

- Application process
 - *Refund of Accumulated Contributions, Form 02-01*
 - Option 1 for members requesting to be paid refund
 - Option 2 for members rolling over refund
 - Complete *Authorization for Direct Rollover, Form 02-01A*
 - Copy of signed social security card

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Refunds

- If refund received and you return to work in LASERS-eligible position as a Regular Member on or after July 1, 2006, will be considered a newly hired employee under provisions of Act 992
 - 5 or more years of service credit at age 60 or thereafter, or
 - 20 years at any age, actuarially reduced

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CPTP Human Resource Curriculum Module 7

- LASERS offers class called Human Resource Curriculum-Module 7: LASERS Agency Training: Retirement Reference Manual (RRM) Workshop through Civil Service website
- See Civil Service website:
http://www.civilservice.la.gov/training/cptp/classes_br.asp

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Social Security Questions

- If your staff inquires about Social Security eligibility, Windfall Elimination Provision (WEP), or Government Pension Offset (GPO), refer them to the Social Security Administration
 - <http://www.socialsecurity.gov>
 - 1.800.772.1213
- Attend a PREP seminar for overview on Social Security and its offsets for state retirees
 - Register on LASERS website

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Contact Information to Schedule Workshops

Janet Harris, Retirement Education Consultant

Phone: 225.922.0819 or 1.800.256.3000

Email: jharris@lasersonline.org

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Questions?

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Louisiana State Employees'
Retirement System

Audit Services Division

Employer Agency Audit Updates

Employer Agency Audits

- Involve evaluating the various retirement related processes performed by your agency.
- Provide guidance on areas that may benefit from improvement.
- Provide assurance that your agency is in compliance with retirement rules and regulations.

Topics of Discussion

- Areas Needing Improvement
 - Enrollment Eligibility
 - Retirement Plan
 - Agency Contribution Reporting
 - Retiree Leave Certification
 - Rehired Retirees
- Continuous Testing
- Agency Self-Audit Tips

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Enrollment Eligibility

Some common errors include not properly enrolling individuals:

- When the intended duration of employment is greater than 2 years and their regular schedule is more than 20 hours per week (Liaison Memorandum #11-14).
- Who have at least 10 years of service credit in LASERS and hired in a LASERS covered position. These individuals should be enrolled in LASERS regardless of employment type (i.e. temporary, part-time, etc.).

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Retirement Plan

Some common errors include:

- Not properly enrolling employees in the correct retirement plan.
- Reporting the incorrect rate of employee and employer contributions.

* Prior service should be verified through Employer Self-Service (ESS).

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Retirement Plan (continued)

- Detailed employees not contributing according to their permanent position.
- Example: A regular employee detailed into a Hazardous duty position should continue to contribute under the regular plan. If the detail becomes permanent, the retirement plan code should be changed to the Hazardous Duty Plan.

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Agency Contribution Reporting

Some common errors include:

- Reporting retroactive “lump sum” earnings and contributions without the proper allocation to the appropriate months.
- Reporting incorrect earnings and contributions for members starting and ending DROP or reporting earnings and contributions during DROP.

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Agency Contribution Reporting (continued)

- Contribution payments and retirement reports not received by LASERS by the 15th day of the month following the reporting month. LASERS charges interest on contribution payment and report delinquencies (Liaison Memoranda 07-09).
- Not reporting employment changes (e.g., address changes, term dates, LWOP dates, etc.) to LASERS.

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Agency Contribution Reporting (continued)

- Incorrect reporting of base pay and earnings for 9-, 10-, and 12- month employees. (Typically at educational institutions)
- Incorrect reporting of base pay for part-time employees.

Employee Type	Monthly Base Pay	Monthly Earnings
12 month employees	1/12 of annual salary	Actual amount paid*
10 month employees	1/12 of annual salary	1/10 of annual salary
9 month employees	1/12 of annual salary	1/9 of annual salary
Part-time employees	1/12 of annual full-time salary	Actual amount paid

* Varies according to payroll type: Monthly, twice a month, biweekly, etc.

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Retiree Leave Certification

Some common errors include:

- Submitting leave certification to LASERS before the retiring employee has received their final pay check.
- Certifying leave balances before all the necessary adjustments are made to leave records (e.g., worker's compensation).
- Reporting 300 hours of paid leave in the balance certified to LASERS.

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Rehired Retirees

Some common errors include not reporting:

- All rehired retirees to LASERS. Rehired retirees should be reported if reemployed in a LASERS covered position regardless of employment type.
- Rehired retirees to LASERS via the Reemployment of Retiree (10-2) form within 45 days of reemployment.

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Rehired Retirees (continued)

Additional errors include not reporting:

- Actual earnings to LASERS at the end of each fiscal year for Option 1A Rehired Retirees.
- Termination dates for rehired retirees via the Reemployment Retiree Certification at End of Employment (10-2B) form.

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Continuous Testing

We continue to perform testing on data for ISIS and Non-ISIS agencies to identify possible errors.

Testing includes identifying instances in which:

- Employees are not properly enrolled.
- Rehired retirees are not properly reported.
- Retiree leave balances are incorrectly reported.

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Agency Self-Audit Tips

- Self-audit is a tool you can use to evaluate your agency's compliance with LASERS rules and regulations.
- Periodically select a sample of employees to test areas such as:
 - Enrollments
 - Reporting of Base, Earnings, and Contributions
 - Retirement related processes

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Contact Information

Selena Randolph, Agency Auditor

Email: srandolph@lasersonline.org

Phone: (225) 925-7360

Hollie Cowell, Audit Manager

Email: hcowell@lasersonline.org

Phone: (225) 922-1489

Any Questions or Comments?

About RSEA

The Retired State Employees Association (RSEA) is an independent, membership driven organization that represents men and women, and their families, who have retired or will retire from employment with the State of Louisiana.

RSEA is the means by which your voice can be expressed to the legislature and state administrators as well. RSEA receives no appropriation, grant or subsidy from any level of government. RSEA depends on its support through your dues.

Join with others to have an impact on bills and administrative procedures affecting you, and secure added benefits through Association Member Benefits Advisors (AMBA) by contacting them at 1(800) 258-7041.

RSEA Mission

“To advance the quality of life of retired state employees who have given of their talents to the State of Louisiana.”

RSEA Objectives

To make a significant difference in the lives and well-being of current and future retirees by:

- Lobbying and protecting retirement and health benefits; securing COLAs; and providing access to other needed benefits.
- Lobbying Congress and informing members on new or enhanced social security benefits.
- Keeping members informed through quarterly newsletters; website; annual chapter meetings; and a statewide annual meeting.

RSEA, LASERS and OGB

RSEA works with the Louisiana State Employees Retirement System (LASERS) and the Office of Group Benefits (OGB) to provide information to the state Legislature and Louisiana Congressional leaders on retirement and health benefit issues. RSEA is able to engage in lobbying efforts that LASERS and OGB, as well as active state employees, legally cannot.

RSEA has campaigned aggressively to pass worthwhile legislation at the state and national level and to defeat actions not in the best interest of retirees and active state employees.

RSEA In Action

RSEA takes a very active leadership role in the passage of cost-of-living adjustments, or COLAs, for retired state employees, lobbies to change Social Security laws and informs members of new or enhanced Social Security benefits.

RSEA works with the State Division of Administration to increase state funding of retiree health insurance premiums and benefits.

RSEA joins with LASERS to strongly support passage of legislation for the benefit of retirees.

RSEA and LASERS join together to convince the Legislature and the Governor to oppose any special interest legislation that would have a significant fiscal impact on the retirement system and unfairly treat the regular membership.

Who Should Join RSEA?

*Any retired Louisiana State Employee (including those in DROP) wanting to work together for our benefits from the state.

*Any active Louisiana State Employee wanting to maintain the future of our retirement system.

*Any spouse or beneficiary of a deceased retired state employee receiving a benefit from LASERS.

*Any individual who wishes to support the cause of retired state employees (Associate).

How To Join RSEA?

*Complete and return the application form contained in this brochure. Annual dues are only \$18.00, payable by check or money order.

*If you receive a retirement check from LASERS, for your convenience, you may use the E-Z pay plan. This is a monthly deduction of \$1.50 from your retirement check which will be designated to RSEA. This plan will automatically roll forward each year.

Why Should You Join?

Working together we will protect and improve our benefits and be informed on retirement and health benefits. Through RSEA, we will keep you up-to-date about all financial and health areas of your benefits.

JOIN NOW!

For more information visit our RSEA website – www.rseala.org or call 1 (866) 938-0961 (toll free) or (225) 930-0961.

**Membership application for
RETIRED
STATE
EMPLOYEES
ASSOCIATION**

9412 Common Street, Suite 7
Baton Rouge, LA 70809
(225) 930-0961 or 1(866) 938-0961

PLEASE PRINT

Name _____

Social Security # _____
(Not required, for identification accuracy only)

Address _____

City _____

Parish _____ Zip _____

Telephone # (____) _____

Email _____

Choose ONE of the following methods:

E-Z Pay – Monthly \$1.50 Deduction

(Only if you receive a retirement check)

** or you can sign up by calling 1-866-938-0961 (toll free) or (225) 930-0961.

Give us your **Name, Social Security number** and **Telephone number** with **Area Code**

Enclosed is my check or money order for \$18.00 to pay annual dues.

Retiree/DROP Survivor/Beneficiary

Active Employee Associate

*** SPECIAL FUND DONATION WELCOME ***

RSEA Nine Area Chapters



- **Acadiana**
- **Alexandria**
- **Baton Rouge**
- **Coastal**
- **Lake Charles**
- **Monroe**
- **New Orleans**
- **North Shore**
- **Shreveport**

RSEA Annual Meetings

RSEA offers multiple means of communication with our members. The most effective are our quarterly newsletters, toll free phone number and our website (www.rseala.org). We also have annual chapter meetings and other local meetings which are held by your area-elected president. At these meetings we present our members with an open forum and updates on the policies, present and future, of LASERS and Group Benefits. Our statewide annual meeting enhances our commitment to membership.

Our relationships with the nine area chapters enable RSEA to work with the people in government who can best enhance and protect your retirement and health benefits.



**RETIRED
STATE
EMPLOYEES
ASSOCIATION**

**9412 Common Street
Suite 7**

Baton Rouge, LA 70809

Telephone: (225) 930-0961

1(866) 938-0961

FAX: (225) 930-0964

1(866) 938-0964

E-mail: rsealouisiana@att.net

Website - - www.rseala.org