

## The Facts about Retirement Changes

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By Cindy Rougeou, Louisiana State Employees' Retirement System (LASERS) Executive Director  
Guest Commentary

Several recent reports, containing inaccurate data, are challenging the sustainability of public retirement systems nationally and in Louisiana. By failing to note the multi-billion dollar pension reforms that have been enacted by our Legislature over the past 10 years, these reports do a great disservice.

It is important to recognize the work of the Louisiana Legislature over the past decade in adopting significant pension reforms that are expected to save LASERS nearly \$3 billion; thereby reducing taxpayer costs while significantly improving LASERS sustainability. It is surprising that the passage and immense impact of these reforms seem to be the best kept secret in our state. Those reforms enabled the LASERS Board of Trustees to approve and recommend additional reforms to our cost method and actuarially assumed rate of return that will provide greater budget stability going forward.

We reduced our actuarially assumed rate of return to 7.75 percent, a more fiscally responsible expectation. Changing our cost method did result in a one-time increase in the unfunded accrued liability (UAL) but that cost was almost entirely offset by the decrease in the cost of the accruing benefit. The employer contribution to LASERS consists of the debt payment and the employer cost of the accruing benefit. For purposes of comparison, a private employer pays 6.2 percent to Social Security for the cost of the accruing benefit; next year the State will be paying 3.54 percent for the cost of the LASERS accruing benefit. And as you may recall, our members do not participate in Social Security.

It is the initial unfunded accrued liability (IUAL), not the total UAL that must be paid off by the year 2029. We are on track for this pay-off to occur; and with recent legislative changes, this pay-off may occur earlier than 2029.

Because of the 2014 reforms, the State will be paying LASERS \$63 million less next year than was paid the year before and the employer contribution rate will be reduced. I am also proud that LASERS Benefits Louisiana by generating \$1.27 billion in state economic activity. Louisiana has actually been on the leading edge of pension reform. To say that nothing is being done, could not be further from the truth.

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