LASERS Proposes New Rank-and-File Retirement Plan

Senate Bill 14 (SB 14), authored by Senate Retirement Committee Chair Barrow Peacock, sets forth a LASERS proposed plan for legislative consideration. The plan is designed to better meet the needs of a new generation of rank-and-file members, ensure a secure benefit for those who will choose to retire from state service, and at the same time reduce the risk of future unfunded accrued liability (UAL).

This new plan would apply to those LASERS rank-and-file members hired on or after January 1, 2020. Rank-and-file members hired on or after July 1, 2006, would be given a window to join the new plan for prospective service. Benefits for current employees would otherwise not be impacted. The proposed plan will have no negative impact on the funding of benefits or cost-of-living adjustments for our current members.

The current plan available to LASERS new rank-and-file members is very different from the one that was in place for members hired before July 1, 2006. Our research shows that the current plan will not provide retirement security for the vast majority of these new hires. LASERS actuary has concluded that only about five percent of members in our current rank-and-file plan for new hires will actually stay in the system long enough to receive a full unreduced retirement benefit. In fact, we expect that 70 percent will leave state service before retirement eligibility and receive only a refund of their employee contributions. During that period of state service, those members will also not have earned any credit in Social Security.

The foundation of the new plan is a defined benefit component that includes an income replacement ratio comparable to Social Security. Added onto the defined benefit foundation is a defined contribution component of which 75 percent must be annuitized to a lifetime monthly benefit at the time of retirement from LASERS. For those members choosing not to retire from LASERS, the defined contribution component offers more portability than is currently available.

If passed, the new proposal would provide retirement security for a new generation of retirees. It will have no negative impact on the sustainability of our System. On the contrary, reducing the risk of future UAL will benefit both the System and the State. For additional details on the plan, visit the LASERS website, www.lasersonline.org.
The 2018 Regular Session of the Louisiana Legislature convened March 12. Eighteen retirement bills were filed that would impact LASERS if passed. The positions taken by the LASERS Board of Trustees, based on the initial language of the bills, are noted below. Bill statuses will be updated on the LASERS website until the Session ends on June 4.

**LASERS Sponsored**

<table>
<thead>
<tr>
<th>Bill</th>
<th>Position</th>
<th>Systems Impacted</th>
<th>Description</th>
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<tbody>
<tr>
<td>HB 11 – Ivey</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
<td>Makes the members of Public Retirement Systems’ Actuarial Committee (PRSAC), or their designees, fiduciaries of the state and statewide retirement systems while acting in such capacity.</td>
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<td>HB 12 – Ivey</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
<td>Requires PRSAC, upon approval of a system valuation, to submit the approved valuation to the legislature, along with all additional assumptions and valuations that were submitted. The legislative auditor shall submit a summary of the disparities between the various assumptions and valuations.</td>
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<tr>
<td>HB 21 – Ivey</td>
<td>Oppose</td>
<td>State and Statewide Systems</td>
<td>Adds four members to PRSAC – two members of the House of Representatives appointed by the Speaker of the House and two members of the Senate appointed by the President of the Senate.</td>
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<td>HB 22 – Ivey</td>
<td>Neutral</td>
<td>State Systems</td>
<td>Sets a minimum employer contribution rate of 20 percent if the system is less than 100 percent funded or if the system reaches 100 percent funded status and the funded ratio later drops below 90 percent, and creates a funding deposit account.</td>
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<td>HB 23 – Ivey</td>
<td>Oppose</td>
<td>State and Statewide Systems</td>
<td>Provides that no system shall invest more than twenty-five percent of its total portfolio in alternative investments.</td>
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<td>HB 24 – Ivey</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
<td>Requires actuaries for the systems and for the legislative auditor to use uniform reporting standards, as prescribed by PRSAC, in presenting discount rates and assumed rates of return to the Committee.</td>
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<tr>
<td>HB 34 – Pearson</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
<td>Requires a state or statewide retirement system with investments in international markets to allocate a portion of their investments to a terror-free fund, rather than a terror-free index fund.</td>
</tr>
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<td>HB 37 – Brown</td>
<td>Neutral</td>
<td>LASERS</td>
<td>Provides for a disability benefit equal to 100 percent of final average compensation for members of the Hazardous Duty, Corrections Primary, Corrections Secondary, Wildlife and Harbor Police plans who are totally and permanently disabled in the line of duty by an intentional act of violence. Provides a 3 percent permanent benefit increase every other year.</td>
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<td>Bill Number</td>
<td>Sponsor</td>
<td>Position</td>
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<td>HB 38 – Hollis</td>
<td>Hollis</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
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<tr>
<td>HB 42 – Jones</td>
<td>Jones</td>
<td>Not Yet Taken.</td>
<td>LASERS and ROVERS</td>
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<tr>
<td>HB 43 – Pearson</td>
<td>Pearson</td>
<td>Not Yet Taken.</td>
<td>LASERS and ROVERS</td>
</tr>
<tr>
<td>SB 3 – Peacock</td>
<td>Peacock</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
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<tr>
<td>SB 4 – Peacock</td>
<td>Peacock</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
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<td>SB 10 – Peacock</td>
<td>Peacock</td>
<td>Neutral</td>
<td>LASERS</td>
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<td>SB 13 – Peacock</td>
<td>Peacock</td>
<td>Neutral</td>
<td>State and Statewide Systems</td>
</tr>
<tr>
<td>SB 17 – Peacock</td>
<td>Peacock</td>
<td>Support</td>
<td>State and Statewide Systems</td>
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</table>

**Stay Connected with LASERS during the Legislative Session**

How can you stay informed with the most up-to-date action on bills impacting LASERS during the 2018 Legislative Session?

Sign up for our emails and follow us on Facebook and Twitter! Links to sign up and follow us are on the home page of our website.
LASERS Wins Award for 14th Consecutive Year

LASERS is a winner once again in the Public Pension Standards Award (PPSA) for Funding and Administration. The 2017 award was our 14th consecutive year to be recognized by the Public Pension Coordinating Council (PPCC). The award is given to those pension systems that meet professional standards for plan funding and administration as set forth in the Public Pension Standards.

The PPCC is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.
The rate of interest paid on eligible (non-Self Directed Plan) DROP accounts for the fiscal year that ended June 30, 2017, is 7.12 percent, which is one-half percent below the LASERS actuarial rate of return. The Public Retirement Systems’ Actuarial Committee (PRSAC) approved the interest rate at its January 9, 2018 meeting. The interest was posted to accounts and statements mailed in January.

Participants in the Self-Directed Plan do not receive this interest, but participate in earnings or losses based upon the choices they have made in their investment allocations through Empower Retirement. LASERS Self-Directed Plan members received their first quarterly statement of the year from Empower Retirement in January 2018.

To find how we are doing, visit the LASERS website. For Investments Performance, click on the Investments tab, then Performance. Investment performance summaries are updated monthly. View our investments actual asset allocation and target allocation by clicking on the Investments tab, then Asset Allocation.
Brodie exemplifies how a consummate professional should act and carry himself at LASERS. Not only is he always on top of his work, Brodie is always willing to help others.

People usually come to him with questions about service credit, the section in which he is currently working. Aside from service credit, he also had a tenure in our disability section. Although he never officially moved to these other sections, Brodie also trained and helped with purchases and estimates, along with handling phone calls from members. Aside from his normal duties, Brodie serves as a trainer for all things service credit. He played an important role in getting Optimus, LASERS new imaging system, up and running by volunteering to write and review test cases. He tested Optimus before Go Live and is currently testing during Phase 2. Moreover, he actively reports bugs, errors, and/or anomalies to help better improve the new imaging system.

Congratulations, Brodie!

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Get to Know Us: Human Resources Division

The LASERS Human Resources (HR) Division is responsible for managing the agency’s most valuable resource – our employees! The division consists of HR Director Sheila Metoyer, HR Analyst Andrea Rogers, and HR Analyst Valerie Joseph. HR is dedicated to enhancing the LASERS experience by attracting, retaining, and supporting a quality workforce.

HR has the privilege of meeting and getting to know each LASERS employee upon hire, and is there for all the changes throughout his/her career with the agency. The most rewarding aspect of working in human resources is helping employees with benefits, pay, and just listening to whatever is on their minds.

“Brodie exemplifies how a consummate professional should act and carry himself at LASERS.”

“Said HR Director Sheila Metoyer.

Are you a LASERS Brainiac?

What do these Acronyms mean?

1. **DB Defined Benefit Plan** – A DB plan guarantees a lifetime monthly benefit to retirees.

2. **DC Defined Contribution Plan** – A DC plan can only pay out those funds that have been paid into the plan, as impacted by the gains or losses of the financial markets in which they invest.

3. **FAC (Final Average Compensation)** – Average compensation is based on a member’s highest 36 or 60 months (depending on which retirement plan a member is in) of earnings and is part of the formula to calculate retirement benefits.
April and July 2018 Benefit Payments

April and July benefit payments are scheduled to be paid on the first day of those months. Since both payments fall on a weekend, receipt of your funds can be affected by whether you receive a check or direct deposit and your financial institution’s rules when the first falls on a weekend or holiday.

Direct Deposits are guaranteed to be in your bank or credit union on the first day of the month. When the first falls on a Saturday, Sunday, or holiday, funds may not be available until the following business day. In these cases, please contact your financial institution directly for information on when your funds will be made available to you. That decision is made by your financial institution, not LASERS. If you have not received your direct deposit by the first business day of the month, please contact LASERS in Baton Rouge at 225.922.0600 or toll-free at 800.256.3000.

What is a PREP Workshop? Why should I attend?

PREP is a Pre-Retirement Education Program workshop. The workshops provide you with essential information and tools to help you plan for one of the most important days of your life. Go to www.lasersonline.org, and click on Register for a Workshop. Workshops are from 8:30 a.m. – Noon.

Do You Need to Make Changes in your Tax Withholdings?

The Federal Tax Cuts and Jobs Act signed into law December 22, 2017 overhauls the U.S. tax code and contains a number of payroll provisions that modifies federal tax withholdings. Due to these changes, we suggest retirees consult with their tax advisor to determine if they should change their withholding allowances amount. If you need to change your withholding allowances:

- Submit a new Form W-4P: Withholding Certificate for Pension or Annuity Payments, which is located on LASERS website OR
- Log in to make changes in your Self-Service account.

New Medicare Cards Coming Soon

Starting in April, Medicare is mailing new cards with new Medicare numbers. You do not need to do anything to get your new card, and you can start using it right away. Louisiana Medicare beneficiaries should look for their new cards in the mail sometime late summer.

If you have questions, contact the Senior Health Insurance Information Program at 1-800-259-5300 or visit www.ldi.la.gov/SHIIP

Additional dates are posted on the LASERS website.

Sign Up for Emails and View Our Infographics

Check out our mobile-friendly infographics on the MINT section of our website. These infographics are designed to educate early-career LASERS members on the basics of the System and guide you toward a secure financial future.

We also encourage you to sign up for our emails! Once a month, LASERS sends a short list of articles from around the web that are relevant to the millennial generation on topics such as taxes, home-buying, budgeting, saving, and much more.

Sign up today at https://lasersonline.org/actives/millenials-investing/.
Q. If the proposed new retirement plan passes, would it jeopardize funding of current retiree benefits or COLAs?
A. No. The new plan has no impact on the funding of current benefits or COLAs. LASERS is actuarially funded. Therefore, a retiree's benefit is funded over the member's working life. LASERS is NOT a “pay as you go” plan like Social Security.

For more answers to your questions about LASERS proposed new rank-and-file retirement plan, visit the FAQs section on our website at www.lasersonline.org.

Q. I am a retiree and have questions about my health insurance plan and premiums. Who should I contact?
A. You must contact the insurance carrier or your former employing agency for detailed health plan information.

Follow these quick instructions to sign up for Paperless Annual Statements:
- Go to www.lasersonline.org.
- At the top of the home page, click ‘Login Member’
- Enter your Self-Service account login information.
- Click on ‘Documents’ in the top menu.
- Click ‘Manage Paperless Settings’ from the left side menu.
- Choose ‘Online only.’
- Click ‘Update Paperless Settings.’

The Louisiana State Employees’ Retirement System (LASERS) distributed this document digitally. No publication costs were incurred. In an effort to go green, we encourage you to subscribe to receive The Beam newsletter via email. As a subscriber, you will receive The Beam directly in your email inbox and no longer receive a paper copy. Subscribing to the Paperless Beam will reduce paper usage and cut printing cost. Subscribe to the Paperless Beam now.