

The LASERS Vision

Confidence in our service,
assuring financial security
for your future

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From the Desk of **Cindy Rougeou**

LASERS Executive Director



Fiscal Year-End Numbers Demonstrate Stability of LASERS

With the close of the June 30, 2018 fiscal year and the recent completion of the actuarial valuation, I am pleased to share positive news as to the health of your retirement system:

- The fiscal year ended with an **investment return of 9.5 percent**, which places LASERS in the top quartile among 67 other public retirement funds greater than \$1 billion, according to Wilshire's Trust Universe Comparison Service (TUCS). LASERS 9.5 percent return exceeds our 7.65 percent actuarially expected rate of return as well as the TUCS universe median of 8.5 percent.
- LASERS **actuarial value of assets grew to \$12.4 billion**, an increase of \$384 million from the prior year.
- LASERS **funded ratio increased for the fifth year**, moving from 63.7 to 64.7 percent.
- The Unfunded Accrued Liability (UAL), or debt owed to the System by the State of Louisiana, decreased by \$72 million.
- For the third consecutive year, the employer cost of benefits being earned by current employees decreased, currently 3.72 percent, which should be compared to the 6.2 percent the State would be required to pay if employees were enrolled in Social Security. Employees in LASERS pay nearly 70 percent of the cost of their earned benefits.

For the ninth consecutive year, LASERS has experienced an increase in its actuarial value of assets, which is evidence of our long-term sustainability. We expect continued stability as our discount rate is incrementally lowered to 7.50 percent over the next three years.

Despite market volatility, the System's 30-year average compounded actuarial return is approximately eight percent, demonstrating the success of LASERS investment portfolio and the solid foundation for the future of the fund. I wish to recognize the LASERS Board of Trustees and our investment team for their prudent management as they work to provide retirement security for our members.



LASERS CAO Trey Boudreaux Recipient of Lemann Award



LASERS Chief Administrative Officer Trey Boudreaux was one of four individuals to receive the Monte M. Lemann award presented by the Louisiana Civil Service League in October.

The Lemann award recognizes those individuals outside of the classified system who have given distinguished service to the advancement of the

Louisiana Merit System of Public Employment. The award was created to honor Monte M. Lemann, who was a staunch defender of the merit civil service law.

Boudreaux began state service in 1991 and served as the Undersecretary of the Department of Corrections before joining LASERS in 2008. He is a graduate of Louisiana State University where he earned a Bachelor of Science and Masters Degree in Public Administration.

Boudreaux is the second LASERS staff member to receive the Lemann award in recent years. Executive Director Cindy Rougeou was an award recipient in 2013.



Employee of the 2nd Quarter, 2018: Grace Knox

Grace Knox is a talented graphic designer, and she makes the print and digital face of LASERS beautiful.

Her talent is reflected in her many projects, which

include, but are not limited to the design of the LAPERS Conference materials, redesign of the *Member's Guide to Retirement*, the *Retirement Readiness Planner*, as well as the LASERS website. She also serves as the primary agency photographer.

Grace approaches every task with genuine joy whether it is taking a photo, working on a project, or simply greeting you in the hall. She is always ready with a

compliment or kind words.

Grace is more than just being a "nice" coworker. She is kind, humble, and thoughtful. As one colleague put it, "I come away from every encounter with her feeling better about my day. I don't know what her secret is, but I know so many others feel the same way about Grace." Grace's award-winning design skills are highly creative, professional, and unique.

"Grace's award-winning design skills are highly creative, professional, and unique."

The combination of the thoughtful manner in which she deals with everyone she meets, along with her unmistakable talents in graphic design make Grace an excellent choice for Employee of the Quarter.



Employee of the 3rd Quarter, 2018: Angela Morejon

Angela is a self-motivated, hardworking employee who efficiently handles multiple tasks and communicates well with others. When given

a task or project to complete, Angela goes above and beyond what is asked of her.

During the implementation of the Optimus project, Angela's role was to make sure that documents were correctly transferred from the old imaging system to the new system. One of the Optimus team members stated that she was very helpful, and he felt confident that no stone was left unturned.

Not only does Angela work full time in the purchase section, she also leads training sessions with new

employees in service credit, verifies their work, and provides feedback to their supervisor. People trained by Angela say they appreciate her patience, knowledge, and her explanation of specific processes.

Angela is always willing to stop what she is doing and talk staff through the unfamiliar components of service credit.

It would be difficult to learn such job duties, so intricate in nature, without someone like Angela. She is patient, available when needed, detail-oriented, a good communicator, and dedicated to the task.

"Angela makes being trained less intimidating, and instead, a positive experience."

Angela makes being trained less intimidating, and instead, a positive experience. LASERS is fortunate to have such an outstanding individual on our team!

Retirement Readiness Fair in Shreveport on Thursday, December 6

LASERS will host a Retirement Readiness Fair on December 6 in Shreveport at the Louisiana State Exhibit Museum (Rotunda and West Wing Gallery) at 3015 Greenwood Road, Shreveport, LA 71109. All active LASERS members are invited to attend the Fair from 10:00 a.m. to 2:00 p.m.

Can you say with confidence that you are retirement ready? At LASERS, our mission is to provide retirement security for our members, but retirement planning is not only about financial readiness. Two other components, healthy living and happiness/engagement, are critical to provide balance in those years after retirement. Our Retirement Readiness initiative integrates all three pieces of the retirement puzzle to help you prepare.

At the Retirement Readiness Fair, LASERS and our partners that cover multiple aspects of retirement planning, including financial security, healthy living and happiness/engagement will be available to answer your retirement questions. Partners include LASERS, Empower Retirement, Office of Group Benefits, AMBA, YMCA, and more.

For a full overview on Retirement Readiness and the resources available to you, such as the *Retirement Readiness Planner*, visit our website at www.lasersonline.org/retirement-readiness.



Update on the WEP Proposed Federal Legislation

Many LASERS members have asked for updates on the proposed federal legislation that would provide relief from the Windfall Elimination Provision (WEP).

At the end of September, House Ways and Means Committee Chairman Kevin Brady (R-TX) and Ranking Member Richard Neal (D-MA) introduced **H.R. 6933**, named the Equal Treatment of Public Servants Act of 2018. The authors contend that, if passed, this legislation would replace the WEP with a new formula designed so that teachers, firefighters, police officers, and other public servants receive a Social Security benefit that is based on their actual work history. **H.R. 6933** has been described as a work in progress. Its provisions are significantly different from **H.R. 711**, introduced by the same authors in 2016. Stakeholders are encouraged to send



“This legislation would replace the WEP with a new formula.”

feedback to: WEP.feedback@mail.house.gov.

RSEA is closely monitoring **H.R. 6933**. For more information on how you can be involved, visit their website at www.rseala.org.

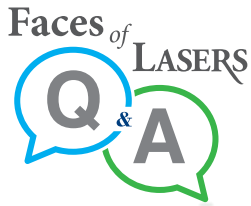
The Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) can have a serious impact on Social Security benefits if you also receive a public-sector pension benefit. A two-part series by Tom R. Hager in Forbes Magazine, *Understanding Social Security for The Public Sector*, explains the implications of both the WEP and GPO in a concise way.

For More Information:

WEP Article: <https://www.forbes.com/sites/tomhager/2018/09/11/social-security-for-the-public-sector-part-1/#7765abce7655>

GPO Article: <https://www.forbes.com/sites/tomhager/2018/10/01/understanding-social-security-for-the-public-sector-the-government-pension-offset/#3cde5cb63bf3>. **H.R. 6933 would not affect the GPO.**

Watch our Social Security Offsets video at: www.lasersonline.org/resources/video-library.



In our Faces of LASERS Q&A series, we will shed light on you, our LASERS members. For the first Q&A, Jason Chapman shares what it's like to work in Human Resources at State Civil Service, his favorite things about living and working in Louisiana, and more!

**NEW
FORMAT**



Name: Jason Chapman

City: Baton Rouge

Agency: State Civil Service

Position Title: HR Assistant Division Administrator

How long have you worked for the State of Louisiana?: 13.5 years

What does a typical day at work look like for you?: A mix between putting out fires and long-term planning to prevent future fires. Getting to see the Civil Service Rules in action every day means every day is different!

If a movie was made about your life, who would play you?: Ideal Choice: Jon Hamm. Realistic choice (due to a reduced production budget): Jason Biggs

What do you enjoy most about living and/or working in Louisiana?: Louisiana has a unique culture and

general congeniality that carries over into the workforce. It is NOT like this everywhere!

One thing my coworkers might be surprised to know about me is: I am blind as a bat. Suspicions are raised when I wear glasses to work instead of contact lenses.

Describe your favorite weekend activity: Seeing what cities are within a "weekend getaway" range.

What restaurant would you recommend to visitors in your city?: A tie between Anthony's Italian Deli and Elsie's Plate & Pie.

If you could have dinner with anyone, dead or alive, who would it be?: Elon Musk - I want to tour space!

What is one thing on your bucket list?: I want to spend time in all U.S. states and visit several foreign countries before the bucket is kicked!

Interested in answering these questions? Go to www.lasersonline.org/resources/faces-of-lasers to submit your answers!

Get the Numbers: Annual Reports Now Available



The Annual Valuation is the result of the actuarial valuation of assets and liabilities, as well as funding requirements, for LASERS as of June 30, 2018. The valuation was adopted by the LASERS Board of Trustees at its September 28, 2018 meeting, and awaits final approval by the Public Retirement Systems' Actuarial Committee (PRSAC).

The Comprehensive Annual Financial Report (CAFR) provides a detailed financial overview of LASERS.

The Popular Annual Financial Report (PAFR) is a condensed version of the CAFR, which includes a summary of financial statements, an actuarial summary, and a snapshot of our membership and benefits paid.

View these reports on our website at:

www.lasersonline.org/resources/annual-reports.

Investment performance summaries are updated monthly. Find out how we are doing on our website.

- ▶ View our investments actual asset allocation and target allocation by clicking the *Investments tab*, then *Asset Allocation*.
- ▶ View our investments performance by clicking on the *Investments tab*, then *Performance*.

The Board MEMO

Beverly Hodges

2018 Board Chair



More Awards for LASERS

LASERS winning streak is continuing for the nineteenth consecutive year for the Popular Annual Financial Report (PAFR). We received notice that the Government Finance Officers Association of the United States and Canada (GFOA) has again awarded LASERS for its *Summary Annual Report* for the fiscal year ended 2017. The PAFR presents, in a less technical manner, some of the major financial, actuarial, and other interesting information for the reporting year. Recognition goes to LASERS Fiscal and Public Information Divisions for their outstanding work on this publication.

Our Public Information Division (PID) has also won an award of excellence in the Videographer Awards for *Your Future Self: How Do You Picture Life at Retirement*. This video won in the category of video production, digital creation, and motion graphics information. The Videographer Awards is one of the most coveted awards in the video industry as it identifies and recognizes artisans who excel in the scope of their own environments. Competition is fierce because winners range from network news operations to local cable access, from large production companies to freelancers, from international advertising agencies to student producers. Our award-winning video was a combined effort at LASERS, but special recognition goes to Mark Diaz, who masterfully created and edited our first-ever animated video.

I encourage you to visit LASERS Video Library on the website and view *Your Future Self: How Do You Picture Life at Retirement*. We have a fantastic series of videos and each one will help you learn more about retirement.

Sign up on the website to receive notices when new videos are released.

“We are fortunate to have such a talented team of staff, management, and Trustees looking out for the LASERS members.”

The LASERS Board of Trustees has also been learning and networking with other retirement system colleagues at the recent annual Louisiana Association of Public Employees’ Retirement Systems (LAPERS) conference. LAPERS is a nonpartisan, nonprofit organization comprised of 21 retirement system members representing more than 350,000 employees and retirees with \$40.1 billion in assets. In Louisiana, public pension trustees are required to annually complete 16 hours of education in several areas, including investments, actuarial science, ethics and fiduciary duty. The LAPERS conference offers trustees an opportunity to obtain most, if not all, of the required educational hours. This annual gathering also allows for an exchange of information, ideas, and experiences with others facing the same challenges.

We are so fortunate to have such a talented team of staff, management, and Trustees looking out for the LASERS members, both active and retired. I am thankful for their dedication and expertise.

New Video!

Purchases of Military Service

Are you interested in purchasing military service credit? If so, our new video is for you! In this video, LASERS staff member Charles McBride explains the various opportunities to purchase military service credit and the potential benefits of making such a decision. The video covers topics such as the federal USERRA law, purchase deadlines, eligibility criteria, and rollover options.

Watch the **Purchases of Military Service** video on our website at www.lasersonline.org/resources/video-library.



— JUST FOR RETIREE MEMBERS —

Important Benefit Payment Information

Please note that the **December 2018** and **January 2019** benefit payment dates fall on a weekend and holiday, which could affect receipt of your funds. **December 1 is a Saturday and January 1 is the New Year's holiday.**

Direct deposits are guaranteed to be in your bank or credit union on the **first day** of the month. Be aware that if the first falls on a weekend (Saturday or 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 monthly benefit payment 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**.

Insurance Rate Changes

Starmount and Transamerica will implement rate increases effective January 1, 2019 for **some of their policies**. You will receive a notification letter from the vendor if your policy will be affected by the rate change. If you have further questions regarding rate changes, please contact Starmount at 888.729.5433 or Transamerica at 800.400.3042.



What is a Special Assessment Level and Can it Save You Money?

Recently, a LASERS retiree and former employee shared some exciting news with us on how members 65 years of age or older may be able to save money on property taxes. Entitlement to apply for a special assessment level falls under the Louisiana Constitution for residential property owners who receive Homestead Exemption, dependent upon meeting certain qualifications. To find out the specifics, visit the Louisiana Tax Commission website.

- Go to www.latax.state.la.us.
- Click on the FAQ section.
- View the information under the question, *What are the Qualifications to Apply for the Special Assessment Level for 65 and Older?*

It is advisable to check with your parish assessor's office to determine whether you qualify because the household income levels may change from year to year.

Thanks to Pat M. for sharing this information! If you have money-saving tips for fellow LASERS retirees, please feel free to email us at PIDRequest@lasersonline.org.

Medicare Open Enrollment is October 15 – December 7



The Louisiana Department of Insurance Senior Health Insurance Information Program (SHIIP) can assist you with understanding your Medicare options during Open Enrollment.

THE CARD IS IN THE MAIL –

New Medicare cards for Louisiana beneficiaries should start arriving in October.

Visit www.ldi.la.gov/SHIIP or call 1.800.259.5300.

— JUST FOR ACTIVE MEMBERS —

Five PREP Classes Available Before End of Year!

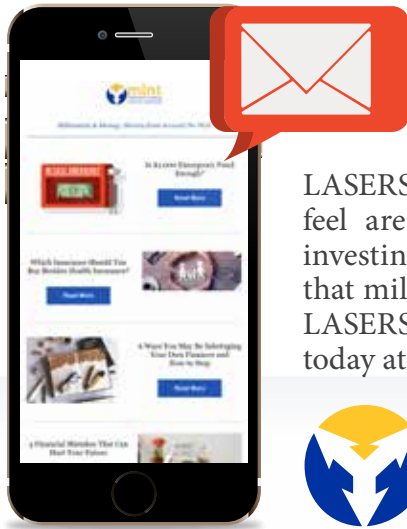
Whether you are a new LASERS member or approaching retirement, a Pre-Retirement Education Program (PREP) workshop can provide you with essential information and tools to help you plan for one of the most important days of your life. Go online, www.lasersonline.org, and look for the Register for a Workshop link on the homepage.



2018 PREP Schedule

Seminars are held from 8:30 a.m. to Noon

DATES	LOCATION
November 15 December 5	Baton Rouge Louisiana State Police Training Academy
November 28	New Orleans University of New Orleans University Center
December 11	Shreveport LSU Shreveport University Center
December 13	Alexandria LSU Alexandria



Are You Signed Up?

LASERS sends monthly emails that include articles from around the web that we feel are beneficial to our millennial members. Article topics include budgeting, investing basics, savings, insurance, credit, and countless other financial milestones that millennials should be aware of during their early career and beyond. 4,853 active LASERS members receive our monthly emails. Are you one of them? If not, sign up today at www.lasersonline.org/actives/millennials-investing.



ALL MEMBERS

Do You Need to Make Tax Withholding Changes?

The Internal Revenue Service (IRS) is urging taxpayers to check their current withholdings now to avoid any tax surprises later. The Federal Tax Cuts and Jobs Act became law after the first of the year and it contains a number of payroll provisions that modify federal tax withholdings beginning in 2018.



Are you a LASERS Brainiac?



Familiar with these terms?

USERRA – (Uniformed Services Employment and Reemployment Rights Act of 1994) – USERRA is a federal law that applies to purchases of service credit for active military time served after August 1, 1990. If you are a LASERS member and have been on active military duty, you may be eligible to purchase service credit if you meet certain criteria. For more information, read the *Member’s Guide to Retirement* chapter, *Purchases of Service Credit*, or view LASERS new video, *Purchases of Military Service Credit*, found on the website.

Retirement Options – When a LASERS member retires, seven different retirement options are available. Making a decision can be stressful, so weigh your options carefully. Would you choose: Maximum, Option 1, Option 2A, Option 2B, Option 3, Option 4A, or Option 4B? To compare the benefits of each option, read the *Member’s Guide to Retirement* chapter, *Retirement Options & Cost-of-Living Adjustments*.



For more information, check out these tools on the IRS website:

- IRS online Withholding Calculator
- IRS Publication 505: Tax Withholding and Estimated Tax

Go to: www.irs.gov

Due to these changes, LASERS suggests retirees consult with their tax advisor to determine if updates are necessary to their withholding allowances amount.

If you do need to change your withholding allowances, submit a new *Form W-4P: Withholding Certificate for Pension or Annuity Payments*, available on the LASERS website. Optionally, members may log in and make updates through their Self-Service account at www.lasersonline.org.



Question: When I first started working, I named my parents as my beneficiaries. I am now married. How do I update my beneficiary?

Answer: Active members can update their beneficiaries by downloading *Form 01-06: Designation of Beneficiary* from the LASERS website. A photocopy of the beneficiary(ies) Social Security card and birth certificate is requested. To find out your current beneficiary information, log on to Member Self-Service, and click on the Accounts tab.

Question: Can I increase the amount of contributions I am paying into LASERS?

Answer: Employee contribution rates are determined by statute and are dependent upon the plan of which you are a member. Additional contributions cannot be set up. It is important to remember that your future retirement benefits are **not** dependent on the amount of contributions you have paid in the System. Rather, LASERS monthly retirement benefits are determined by a formula. The maximum benefit calculation at retirement is *Years of Service Credit × Accrual Rate × Final Average Compensation*. Additional information can be found in the *Member's Guide to Retirement*, which is located on the home page of the LASERS website.

If you would like to save more for retirement, please consider the Deferred Compensation Plan. Your Human Resources Office can help you join.

The Louisiana State Employees' Retirement System (LASERS) distributed this document digitally. No publication costs were incurred.

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