

THE BEAM

MEMBERSHIP NEWSLETTER

The LASERS Vision: *Confidence in our service, assuring financial security for your future.*



2023 REGULAR LEGISLATIVE SESSION

SENATE BILL 18 SIMPLIFIES GRANTING AND FUNDING FUTURE COLAS

The 2023 Regular Session of the Louisiana Legislature convened on April 10. One important retirement bill that would impact LASERS is proposed for the upcoming session. **If passed, SB 18 by Senator Price and Senate President Cortez would reform the mechanism by which future cost-of-living adjustments (COLAs) are funded and granted.**

The current method for funding COLAs is complex and has not resulted in dependable, meaningful COLAs. Currently, the employer indirectly funds COLAs through a gainsharing arrangement where a portion of the System's excess investment earnings are used to pay for COLAs, rather than reduce the employer contribution rate. Excess investment earnings are those earnings over the expected

rate of return. One-half of the excess earnings above a statutorily determined dollar amount are deposited into the Experience Account (an account that holds funds to pay COLAs).

This model relies heavily on market conditions. As such, there is no guarantee if or when any deposits will be made into the Experience Account. In 2020, the Legislature tasked LASERS and the other three state retirement systems with developing a mechanism to provide meaningful COLAs to our retirees on a more regularly scheduled basis. Working together to achieve this goal, the systems have identified a model that maintains the legislative reforms and establishes a direct funding method for COLAs.

Session continued on page 2

BOARD OF TRUSTEES

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2023 Board Chair

225.342.2455

Barbara McManus

2023 Board Vice Chair

337.433.8910

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Judge William Kleinpeter

225.346.4702

Amy A. Mathews

225.342.1598

Sen. Barrow Peacock, *Designee*

318.741.7180

Sen. Edward Price

225.644.6738

Hon. John Schroder

225.342.0055

Under the proposed legislation, the gainsharing funding model would end, and employers would fund COLAs directly rather than indirectly. Though funding would become a component of the annual employer contribution rate and be deposited directly into a newly created COLA account, COLAs will not be guaranteed. Sufficient funding and legislative approval will still be required.

Passing the legislation in the current session is important since, due to legislative reforms, the employer contribution rate is expected to steadily decline following the 2024 reamortization of certain system gains. These steady declines will be followed by significant declines once debt is paid off in 2029 and 2040.

In 2029, the Initial Unfunded Accrued Liability (IUAL), will be paid off. As that date nears, employer contributions are projected to fall. The proposed legislation captures a portion of these, and other expected decreases to fund COLAs. [Additional employer contribution rate declines projected with 2040 payoff of another debt schedule].

Beginning in 2024, deposits into the COLA account would equal one-half of the decrease in the total employer contribution rate, growing until deposits reach a maximum of 2.5% of payroll.

The LASERS Board and staff have worked diligently alongside the other state systems and legislators on this proposal and strongly believe it would, in the future, provide more consistent, transparent, and predictable COLAs to eligible System retirees.

More details on **SB 18** are available at lasersonline.org/senate-bill-18/. Answers to frequently asked questions are on page 5.

As of this printing, other retirement legislation that would impact LASERS if passed are **House Bill 47** by Rep. Nelson and **House Bill 560** by Rep. Zeringue. **HB 47** proposes a constitutional amendment that, if approved by voters on October 14, 2023, would require a minimum of 25% of all nonrecurring state revenues be applied to the UALs of the state systems beginning in Fiscal Year 2024-2025. **HB 560** would make supplemental appropriations for Fiscal Year 2022-2023, allocating an additional \$23.4 million to LASERS to apply to the balance of the UAL.

Our website is updated frequently throughout the session at lasersonline.org/resources/2023-legislative-session/. You are also encouraged to sign up for *Member Connection* emails to receive timely updates directly in your inbox.

The 2023 Regular Legislative Session must end by Thursday, June 8. ■



Keep Up with Retirement Bills Online

The Louisiana Legislature Website (legis.la.gov) provides in-depth details on legislation, daily meeting schedules, and access to stream and watch committee meetings live.

The LASERS website is updated throughout the Legislative Session. The LASERS staff continuously monitors proposed measures that would impact the System. You will also find the Board positions on legislation and dates of upcoming committee meetings.

LASERS also provides timely updates on bills impacting the System through **email**, **Facebook**, and **Twitter**.



Sign up for emails at lasersonline.org/media/member-connection



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Follow us on Twitter at twitter.com/laserspension

State Classified Employee Rights to Address the Legislature

You can find answers to questions regarding your rights to address members of the legislature, and support or oppose local community concerns in the Louisiana State Civil Service [General Circular Number 2020-006](#).

A comprehensive Q&A provides specifics on the do's and don'ts of speaking publicly on issues. ■



Cindy Rougeou, LASERS Executive Director

“ As I prepare to join the ranks of our retirees, I am confident LASERS will continue to act in the best interest of our members. ”

RETIREMENT NEWS FROM CINDY ROUGEOU

When I began my career in state service as a Staff Attorney for the Attorney General, I probably had never heard of LASERS. Retirement was not on my radar. It took a few

years for me to learn enough to realize the value of our retirement system.

Since then, I have been fortunate to have had the career of a lifetime. After serving in the Attorney General's office, I became the Attorney for the Louisiana House of Representatives Committee on House and Governmental Affairs, Undersecretary for the Secretary of State, Attorney and Deputy Director of Louisiana Public Broadcasting, and finally LASERS Assistant Director then Executive Director. I can say without a doubt, that although I learned a tremendous amount at each stop, working at LASERS is an incomparable experience. This agency is special. In addition to working with the best staff in state government and tremendously supportive Board of Trustees, we are privileged to serve those who have contributed a career to public service.

Our members are the people who have made, and continue to make, a positive difference for others throughout our state. Serving you, our members, for the past 20 years has been a privilege for which I will always be grateful.

Over the years, numerous people have told me that when you are ready to retire, you will know it. I have found that to be true.

Prior to making the decision to retire, I worked with our stellar staff to ensure our "LASERS house" is in order and

prepared for the next chapter in leadership. In January, I notified our Board of my decision to retire. The LASERS Board has selected Trey Boudreaux, our current Chief of Staff, as the next Executive Director of LASERS effective June 30, 2023. Trey has over 32 years of experience in state government and has been part of our Executive staff since 2008. Trey is well-prepared to lead the agency and will do a tremendous job in continuing to uphold the LASERS mission.

Before signing off as Executive Director, my focus is on addressing a significant issue for our members. In this year's regular legislative session, LASERS and the other three state systems (Teachers' Retirement System of Louisiana, State Police Retirement System, and Louisiana School Employees' Retirement System), are working together on Retirement Board sponsored Senate Bill 18 to reform the mechanism to grant and fund future cost-of-living adjustments (COLAs). Special thanks to Senator Ed Price and Senate President Page Cortez for authoring the bill.

I am proud of what our Board and staff have achieved over the past 20 years. LASERS has been recognized nationally as a top performing System, earned the highest investment return in our 77-year history, and implemented various pension reforms to ensure the long-term sustainability of the System.

As I prepare to join the ranks of our retirees, let me assure you that I am confident LASERS will continue to act in the best interest of our members. I have great faith in Trey Boudreaux and the entire LASERS team. They are dedicated to providing exceptional service to our members.

Thank you for the kindness and encouragement you have shown me during my entire tenure with LASERS. ■

2023 BOARD OF TRUSTEES ELECTION: NOMINATIONS OPEN

Nominations are open for the five seats up for election on the 13-member LASERS Board of Trustees. Three positions are open for active members and two for retired members. If you are interested in running for the Board, visit our website to download a nominating petition and review the Election rules.

You may also obtain petitions from your agency's Human Resources Office, or by calling LASERS at 225.922.0600 or 800.256.3000.

A potential candidate for the Board must submit an official petition bearing the names and signatures of at least 25 active and retired members of LASERS, depending on

whether they are running for an active or retired member seat. For purposes of verification, each signature must be accompanied by the last four digits of the signatory's Social Security number.

Trustees serve four-year terms unless they are filling an un-expired portion of a term. No trustee may serve more than three consecutive terms.

Nominations close July 11, 2023. Votes will be cast in September and October and the results certified by the Board and published in November. Visit our website for the complete election schedule. ■

THE BOARD MEMO



Shannon Templet, 2023 Board Chair

The RSEA Statewide Tour is always an annual highlight for the LASERS staff and Board. This year's meetings were held in Shreveport, Alexandria, Monroe, Lake Charles, Lafayette, Baton

Rouge, Houma, New Orleans, and Covington. I would like to thank LASERS Trustees and members of the legislature for their attendance, and especially our members for their engagement at each of the meetings. If you were unable to attend, below are a few important topics from the LASERS presentation.

- LASERS is financially sound with the fund value over **\$13 billion** as of June 30, 2022,
- LASERS is co-sponsoring **SB 18** in the 2023 Regular Legislative Session, which is a proposal to reform the mechanism to grant and fund future COLAs,
- 2023 Board of Trustees **Election**,
- **Rehired retirees** returning to work,
- **Minimum required distribution** age change,
- The importance of signing up for **Member Connection** emails and **myLASERS**.

Visit the LASERS website to learn more about each of these topics at lasersonline.org/2023-rsea-tour/.

“ We will continue to promote Cindy’s example of fearless leadership. ”

As you have probably seen or read on page 3, LASERS Executive Director Cindy Rougeou recently informed the Board of her plans to retire from the position in June. Over the years, Cindy has become a familiar and trusted voice for her work with state legislators to provide retirement security to nearly 100,000 LASERS members and beneficiaries.

Cindy will leave LASERS a legacy of modernization and pension reform. Under her leadership, the System:

- Implemented Member Self-Service, now known as **myLASERS**, to allow members access to their accounts and conduct business online,
- Achieved the **highest one-year investment rate-of-return** in the history of the System,
- Increased **communications and transparency** with multiple redesigns of the LASERS website, the launch of email communications, and various educational outreach initiatives to members, and
- Implemented various **pension reforms** to ensure the long-term success of the System and the ultimate betterment of our current and future members.

On behalf of the Board, I would like to express our appreciation and gratitude to Cindy for her commitment and dedication to LASERS membership and the citizens of this state for over 20 years. We wish her every joy in retirement and will continue to promote Cindy’s example of fearless leadership. ■

Investment Performance

Investment performance summaries are updated monthly at lasersonline.org/investments/performance.



View our actual asset allocation and target allocation by clicking on the **Asset Allocation** tab. ■

Get the Facts

Get the Facts provides a summary of our assets, membership, and practices in place to sustain our pension plan.

Check it out on our website at lasersonline.org/resources/publications. ■

GET THE FACTS		LASERS
ASSETS as of June 30, 2022		<ul style="list-style-type: none"> \$13.20 billion in market value of assets 6.2% return YTD through January 31, 2023 3 years: 7.2% 5 years: 8.9% 10 years: 7.3% 7.60% actual return 7.60% average on 30 year compounded actuarial return
ECONOMIC STIMULUS FOR LOUISIANA		<ul style="list-style-type: none"> \$1.4 billion total paid in pension benefits equals \$1.4 billion in economic stimulus for Louisiana
ACTIVE MEMBERSHIP		<ul style="list-style-type: none"> Membership by age group (June 30, 2022) Age Group Number of Members Percentage of Total
EFFICIENCIES		<ul style="list-style-type: none"> Over \$12 million annual savings through internal portfolio management Savings sufficient to fund the salaries of all LASERS employees
COST OF BENEFIT BEING EARNED		<ul style="list-style-type: none"> Employee cost: 8.31% of payroll; Social Security would cost 6.2% Employer cost: 1.8% (1.5% depending on plan, funding nearly 70% of the cost of their accruing benefits) Total employee contribution rate consists of the cost of benefits being earned (normal cost) plus the UAL payment
UAL TURNING THE CORNER		<ul style="list-style-type: none"> Principal and interest now being paid for 100% year Funded rate increased to 86.9%
MORE CONSERVATIVE ASSUMPTIONS		<ul style="list-style-type: none"> Discount rate reduced eight times since 2012 from 6.25% to 7.25% projected The amount we are expected to earn over time on our investments to fund regular pension benefits
LEGISLATIVE REFORMS		<ul style="list-style-type: none"> Since 2010, over half a billion dollars from additional investment earnings applied to reduce the LASERS \$3 billion in expected cost savings (LASERS)

SENATE BILL 18 FREQUENTLY ASKED QUESTIONS

Q: Why is the proposed change necessary?

A: Put quite simply, the current method of funding COLAs is not working. It involves a complex granting matrix and relies too heavily on market conditions, which has resulted in LASERS retirees not having received a COLA in seven years.

Q: Why now?

A: Passing the legislation in the current session is important since, due to legislative reforms, the employer contribution rate is expected to steadily decline following the 2024 re-amortization of certain system gains. These steady declines will be followed by significant declines once debt is paid off in 2029 and 2040.

Q: Will COLAs be automatic?

A: No. COLAs would only be granted if there is enough funding in the account AND upon legislative approval.

Q: Will eligibility criteria for a COLA change?

A: Yes. When the first COLA is paid from the new COLA account, eligibility criteria will change. Regular retirees would need to be at least age 62 and retired at least two years. Disability retirees would need to be retired at least two years, regardless of age. COLA eligibility also extends to beneficiaries of retirees who would have met the above criteria, if alive; and survivors of non-retired members who have received a benefit for at least two years and whose benefit was derived from the service of a deceased member who would have been at least age 62.

Q: How much will COLAs be?

A: COLAs will be up to 2% of the first \$60,000 of the retirement benefit.

Q: How often will COLAs be granted?

A: The proposed model is expected to generate enough funds to grant a COLA every two to three years, subject to legislative approval.

Q: Can a COLA over 2% be granted?

A: Under the proposal, when sufficient funding is available, the LASERS Board of Trustees can recommend a COLA of up to, but no more than, 2%. However, the legislature may choose to authorize a COLA in excess of 2%, subject to gubernatorial approval.

Q: What happens to the current experience account?

A: The Experience Account will be phased out. Any funds remaining in the Experience Account will be transferred to the new COLA account.

Q: Will the proposed model add debt to the system?

A: No. As with the current gain-sharing model, COLA funding is distinct from funding regular, monthly benefits. Funds for the actuarial cost of COLAs must be available before the legislature can grant a COLA, and that will not change. The allocation of funds to the COLA account via direct employer contributions does not create debt – unlike the current gainsharing model which generates interest. Moving away from the indirect funding model will allow more investment gains to be used to reduce existing debt.

Q: Will the proposed model increase the cost of COLAs?

A: No. The cost of the proposed provisions will likely be less than the cost of the current model.

Q: Will money be deposited into the new COLA account every year, and will there be a limit on how much can be deposited?

A: Deposits into the COLA account would occur every year, unless one of the employer safeguards prevents it. Safeguards include reducing or foregoing a deposit if it would cause the total employer contribution rate to exceed the established cap; also, the COLA account balance will be limited to the cost of paying two COLAs.

Q: What can money in the COLA account be used to pay?

A: Funds in the new COLA account would be used to pay COLAs and to offset system investment losses, in the event the system experiences a negative actuarial return.

Q: Will the new COLA model undo past reforms?

A: No. Pension reforms enacted in 2009 and 2014 directed more excess investment earnings of the systems to pay down the UAL. These reforms will remain in place. The oldest debt schedules are on track to be paid on time.

Q: Does the proposal include cost safeguards for employers?

A: Yes. the model includes built-in safeguards to protect employers. The COLA rate cannot exceed 2.5% of payroll. Prior to FYE 2039, the COLA rate shall not cause the total employer contribution rate to exceed the rate determined for FYE 2024. Beginning with FYE 2039, the COLA rate shall not cause the total employer contribution rate to exceed 22% of payroll.

Q: When would the first COLA be paid under the proposed legislation?

A: There is no set time for payment of the first COLA under the proposed plan. A COLA can only be granted when there are sufficient funds to pay a COLA and when the legislature approves the granting of the COLA. ■



Have Questions Regarding Medicare?

The Louisiana Department of Insurance Senior Health Insurance Information Program (SHIIP) helps Medicare beneficiaries better understand their Medicare coverage options and benefits. SHIIP counselors help seniors make informed decisions by providing free and unbiased guidance via telephone or face-to-face interactive sessions.

Visit www.lidi.la.gov/SHIIP or call 1.800.259.5300 to learn more. ■

Comments from our Members

“ I’m very impressed by the [COLA reform] proposal. It seems well thought out and presented. Thanks to LASERS and some good investments, I’ve had a comfortable retirement. Thanks again for a job well done. ”

James S.

Rexford, NY

“ Susan [Goodrich] went above and beyond to answer questions. Very helpful! ”

Angela L.

Baton Rouge, LA

ATTENTION RETIRED MEMBERS

JULY 1 BENEFIT PAYMENT FALLS ON A SATURDAY

Please note that the July 1 benefit payment falls on a Saturday, which could affect the receipt of your funds.

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 or holiday, funds may not be available until the following business day. In these cases, 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, contact LASERS at 225.922.0600 or 800.256.3000. ■



JOIN US FOR THE RETIREE WORKSHOP ON JULY 19

LASERS will host a workshop for retirees at our office in Baton Rouge on Wednesday, July 19, 2023. Members will have the chance to hear from LASERS Executive staff, receive important Member Services information and reminders, and connect with our state agency and community partners face-to-face.

Retirees will be notified through *Member Connection* email once registration is open on our website.

We look forward to having you join us for the Retiree Workshop in July! ■

PHOTOS FROM THE 2023 RSEA CHAPTER MEETINGS



RSEA President James LeBlanc speaks to members at the Baton Rouge chapter meeting.



LASERS Executive Director Cindy Rougeou provides information on Senate Bill 18 to members.

Visit our website to learn more about each topic presented by LASERS at lasersonline.org/2023-rsea-tour/. Learn more about RSEA and how to join the organization at rseala.org. ■

ATTENTION ACTIVE MEMBERS

ATTEND A SEMINAR VIRTUALLY OR IN-PERSON

Whether you are a new LASERS member or approaching retirement, our educational seminars provide essential information and tools to help you plan for your retirement. Check out our seminar options available for members:

- **NEW! DROP vs. IBO: Is Either Option Right for Me?** This two-hour seminar will define the Deferred Retirement Option Plan (DROP) and the Initial Benefit Option (IBO), explain the differences, clarify how the DROP and IBO accounts are funded, explain how and when to apply for either, and more.
- **Early Career Seminar:** This two-hour seminar introduces members to LASERS and educates them on membership in a defined benefit retirement plan. This seminar is for LASERS members hired on or after January 1, 2011, but not within five years of retirement eligibility. We encourage registration for all new hires who meet those requirements, especially members with no previous LASERS service.
- **PREP Seminar:** This four-hour seminar presents retirement eligibility requirements, explains purchases of service credit, teaches the different types of retirement, and more. It also presents information on Social Security and includes a presentation from Empower. We encourage registration for any member inquiring about and/or approaching retirement.

Seminar dates are continuously added to our website. Register by going to lasersonline.org, and click on Register for a Seminar.

Prefer to watch a pre-recorded PREP seminar video at your leisure? Go to lasersonline.org/resources/video-library. ■

“ This was a very good seminar. The presenters were attentive to each other and to those of us in attendance. My personal questions were answered in sufficient time! Outstanding! ”

- 2022 PREP SEMINAR ATTENDEE



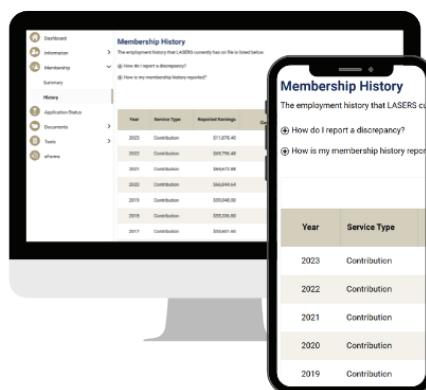
Wendy Kinchen, LASERS Retirement Benefits Supervisor, presenting information at a LASERS seminar.

myLASERS Membership History & Contributions

Did you know that you can view all of your **membership history and contributions to LASERS** in your myLASERS account? Simply log in and click on *Membership*, then *History*.

myLASERS gives you the power to monitor your account and accomplish many tasks in a paperless capacity.

Check out step-by-step videos and other helpful resources on our website to assist you with creating an account. Members are encouraged to sign up with a **personal email address** to ensure the most accurate email is on file should you switch agencies or retire. Sign up today at mylasers.org. ■



State Civil Service: New Louisiana Jobs Website



State Civil Service recently unveiled the new *Louisiana Jobs* website. New features of the site include a job events calendar, mission-driven and agency-specific job searches, and featured jobs.

Check it out at jobs.la.gov/. ■



ASK LASERS *Your Questions Answered*

Q: HOW DO I REQUEST A DEDUCTION FROM MY BENEFIT TO GO TO A FEDERAL CREDIT UNION?

A: You must initiate a credit union deduction from your monthly benefit at the credit union. LASERS **cannot** set up the deduction, but rather, your credit union will add you to their electronic monthly deductions sent to LASERS each month.

Q: MY SPOUSE IS APPROACHING AGE 65 AND WE HAVE TO DISCUSS MEDICARE OPTIONS. WHO DO WE TURN TO?

A: You should speak to the Office of Group Benefits (OGB) to discuss Medicare coverage and eligibility. Additionally, OGB requires information from Social Security regarding your eligibility, so you will need to find out these requirements ahead of your spouse's 65th birthday.

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

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