LASERS
Louisiana State Employees' Retirement System

PENSION MYTHS vs. REALITY

Clearing up common misconceptions

1

MYTH: LASERS retirees receive an overly generous pension.

REALITY: The average LASERS Rank-and-File retiree earns a modest pension of about **$30,000 per year**. State employees do not participate in Social Security. For many members, this benefit replaces Social Security and serves as their primary source of retirement income.

2

MYTH: The LASERS retirement plan is impacted by a volatile stock market.

REALITY: LASERS is a **defined benefit plan**, which means your pension is set by law and guaranteed by the State, regardless of market fluctuations.

LASERS is a **long-term investor** managed by its Board of Trustees and a team of dedicated investment professionals. While investments are diversified to minimize the risk of significant losses, short-term fluctuations are expected and do **not** cause the Plan to veer off course.

3

MYTH: LASERS drains the state budget.

REALITY: Pensions are part of the total compensation package, and they actually contribute to our state's economy. Approximately **92%** of LASERS retirees live in Louisiana, contributing **more than $1 billion annually** to our state and local economies.

Moreover, a significant portion of retirement income comes from **investment earnings**, not taxpayers. Investment income is the main source of revenue for benefits paid to our members and their beneficiaries.

4

MYTH: State pension systems are bankrupt or unsustainable.

REALITY: LASERS is neither bankrupt nor unsustainable. A statutory funding plan has been steadily reducing our unfunded accrued liability (UAL) for over a decade. Today, LASERS is **77.8% funded** and continues to pay principal and interest on schedule every year.

5

MYTH: Pension benefits are guaranteed to increase, especially when investment returns are high.

REALITY: Cost-of-living adjustments (COLAs) are **not** automatic in Louisiana, and strong investment returns alone do not trigger one. A COLA requires sufficient funding, a recommendation from the LASERS board, and approval by a two-thirds vote of both houses of the Legislature.

A new mechanism under **Act 184 of 2023** provides a more consistent approach to funding and granting future COLAs, but eligibility requirements still apply. Learn more at: *www.lasersonline.org/retirees/colas*.

6

MYTH: Retirees 'double dip' or game the system.

REALITY: Returning to work after retirement (known as "re-employment") is subject to strict laws. In many cases, earnings are capped or pension benefits are suspended if you return to state service. These safeguards preserve the integrity and sustainability of the pension system.

PID1126