

## From the President

### Busy Time of Year



Connie Carlton

We are in the middle of the current legislative session, where the first RSEA-sponsored bills addressed prescription drug savings. At press time, SB502 was voted down in the Senate, after passing without opposition in the Senate Insurance Committee. In addition, it is important you show your support for HCR 2 for the COLA.

RSEA Executive Director Anne Tillman and I shared member concerns with the Louisiana Congressional Delegation as a part of our annual trip to Washington, D.C.

A special focus was the negative impact of Social Security's Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) on state retirees receiving a public pension.

We invite you to share your experiences about how the WEP and GPO significantly reduced or eliminated the Social Security benefit for you and/or your spouse. RSEA is preparing a portfolio about the serious impact the WEP and GPO had on you to take to Washington in early 2009.

Please prepare a detailed description giving your experience and send it to the RSEA office, address on page 6. Include your full name and contact information (area code/phone number, mailing and email address).  
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# The New Louisiana Voice

Official Journal of the Retired State Employees Association of Louisiana

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## Congressional Delegation Briefed About WEP, GPO

In February 2008, RSEA President Connie Carlton and Executive Director Anne Tillman visited the offices of members of the Louisiana Congressional Delegation in Washington, D.C.

Connie and Anne met with Senator David Vitter and the administrative staff members of Senator Mary Landrieu, Representative Rodney Alexander, Representative Charles Boustany, Representative Jim McCrery and Representative Charlie Melancon to discuss the social security offset provisions. These offset provisions are the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).

The Government Pension Offset eliminates or reduces the spousal social security benefit by two-thirds the **value** of the public servant's state retirement benefit, but does not impact his/her state benefit. The Windfall Elimination Provision does not eliminate, but reduces a portion of Social Security earned from work **outside** of a person's public employment.

As a result of these unjust provisions, many retired Louisiana public servants are adversely affected financially. Currently there are two bills pending in Congress that call for the repeal of the GPO and the WEP; H.R. 82 and S. 206. H.R. 82 currently has 255 sponsors and S. 206 has 22 sponsors.

It is very important that retirees write to your Congressional representative to become co-sponsors or to thank members for co-sponsoring if they have already signed up. To date, Louisiana Representatives Rodney Alexander, Charles Boustany, William Jefferson and Charlie Melancon have signed on as co-sponsors of H.R. 82 and Senator Mary Landrieu has signed on as a co-sponsor of S. 206.

Your congressional member needs to hear from you on the importance of passing these bills. You may access the information from our website: [www.rseala.org](http://www.rseala.org) or call the RSEA office for the Louisiana congressional delegation contact information – 1(800) 256-1818 or in the Baton Rouge area 344-5448.

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## Proposed Third Consecutive COLA

For the third consecutive year, LASERS' Board of Trustees recommended a cost of living adjustment (COLA) for eligible retirees. It is imperative that you express your support for HCR2 to your legislative delegation. At press time, the resolution had passed the House Retirement Committee and the full House, and was assigned to the Senate Retirement Committee.

Given the current economic situation, this increase is more necessary than ever. **Enclosed with this publication is a copy of a sample letter you can utilize to communicate with legislators via email, fax, or regular mail.**

You can track of progress of the COLA resolution, HCR 2, through <http://www.legis.state.la.us> and click on bill search. Also, you can call the toll-free PULS line at 800-256-3973 or 342-2456 in Baton Rouge. (TTY for the hearing-impaired: Baton Rouge—219-4688; toll-free—888-850-6489).

## Delegation Briefed On WEP/GPO Effect

(Continued from Page 1.)

In addition to discussing with the Louisiana delegation the repeal of the GPO and WEP, RSEA representatives addressed the need to tax shelter health insurance premiums for retirees.

The Pension Protection Act of 2006 allows retired public safety officers to make a tax free distribution of up to \$3,000 per year for accident, health or long term care insurance.

Unfortunately, a recent ruling by the U.S. Treasury has had the effect of disqualifying the Louisiana Office of Group Benefits as an eligible insurer for purposes of the Public Pension Protection Act.

LASERS Executive Director, Cindy Rougeou discussed with the Louisiana congressional delegation the need for legislation to correct the error. Legislation is expected to be filed this spring to make this correction.

RSEA discussed with the delegation the need to expand the tax free distribution for accident, health and long term care insurance to allow all retirees this benefit.

The Louisiana delegation is supportive of this initiative. It is important that our Congressional members hear from retirees on this issue as well.



Visit the RSEA  
website.  
[www.rseala.org](http://www.rseala.org)

### Dues are Due! Well-- Actually--They Are Overdue.

Please remit your RSEA dues if a notice is included with your copy of this Newsletter. They are vital for RSEA's statewide and national efforts on your behalf.

## 2008 Legislative Update

The 2008 Regular Session of the Louisiana Legislature began on March 31, 2008. This is an 85-day session in which legislators are allowed to file bills dealing with any subject matter.

It follows two special sessions called by newly elected Governor Bobby Jindal to deal with issues of importance to him: the first was an ethics session and the second dealt with spending the State's \$1.1 billion dollar budget surplus. Of the surplus funds, the Louisiana State Employees Retirement System received \$20 million to reduce the initial unfunded accrued liability (IUAL) of our retirement system. RSEA hopes that this is an indication from the Legislature of their intent to authorize additional funds to pay down on the UAL in future years.

Many bills have been filed on matters related to retirement and/or group insurance. These bills were discussed at the April Board meeting of the Retired State Employees Association (RSEA).

During this legislative session, the Legislature will consider a cost-of-living adjustment (COLA) for retirees. State law provides that a COLA can be a maximum of three percent or based upon the Consumer Price Index-Urban (CPI-U), whichever is less. There are enough funds in the Experience Account to provide for a three percent COLA for eligible retirees. House Concurrent Resolution (HCR) 2 was filed, which if approved, will provide for a three percent COLA. HCR 2 is sponsored by House Retirement Committee Chairman Joel Robideaux and Senate Retirement Committee Chairman Butch Gautreaux.

Securing passage of this bill is a top priority for RSEA. While RSEA will work hard to obtain approval of this bill, it is important that **all retirees contact** (Continued next column.)

### AG's Consumer Protection Program for the Elderly

Protecting the elderly is one of the top priorities for the Louisiana Attorney General's Office. If con artists were to profile their victims, there's a good chance those victims would be age 65 and up.

According to national statistics, people over 65 constitute only 12 percent of the population, but they make up 30 percent of scam victims. Through publications, community fairs, and presentations to various groups, the **Attorney General's Consumer Protection Section** is committed to protecting Louisiana Senior Citizens from becoming victims of fraud.

Con artists are very convincing. It is probably a scam if the caller:

- says you must act immediately. Legitimate businesses do not pressure you to act until you have thoroughly reviewed the offer.
- refuses to send you written information. Legitimate companies are more than willing to send you information about their products and services.
- is asking for a charitable donation but will not answer your questions about how your donation will be used. Remember: a legitimate charitable organization will send you information about them before you donate.
- asks for your social security number. A legitimate company does not ask for this type of information unless you are applying for credit.
- asks for your credit card number or bank account number. Never give out this type of information unless you have an established relationship with the business.

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# 2008 Legislative Update

(Continued from previous page.)

**their legislators to support this bill.** Enclosed with this newsletter is a copy of a sample letter that you can personalize and use to contact your legislators by email, fax or regular mail to request their support.

In addition to the proposed COLA, there are other bills that are important to retired state employees. Below is a list of a few of the critical bills that are pending Legislative consideration and the position that RSEA has taken on these bills. **Please let your legislators hear from you on these bills as well.** For a complete list of bills, please contact the RSEA office at 1-800-256-1818 or in the Baton Rouge area – 225-344-5448, or go to the RSEA website at [www.rseala.org](http://www.rseala.org) which also contains legislative contact information and complete information related to all bills that affect LASERS.

## **HB 230 by Representative Robideaux (RSEA supports this bill)**

This bill creates a pop-up provision which allows the automatic change to the maximum benefit of a retiree based upon the death of his named beneficiary on the first day of the month following the death. Current law allows a pop-up based on the date of the notification of the death.

## **HB 259 by Representative St. Germain (RSEA supports this bill)**

This bill provides Fiscal Year 2008-2009 appropriation for additional payments against the Unfunded Accrued Liability of the public retirement systems. (\$70 million for LASERS)

## **HB 827 by Representative Cortez (RSEA supports this bill)**

This bill provides supplemental appropriations for Fiscal Year 2007-2008 for additional accelerated payments on the Unfunded Accrued Liability of the state retirement systems. (\$327 million for LASERS)

## **HB 1077 – Representative Robideaux (RSEA supports this bill)**

This bill provides for transfers of service for members of existing hazardous duty plans and rank and file members to one Hazardous Duty Services Plan.

## **HB 482 by Representative Richmond and SB 502 by Senator Crowe (RSEA supports these bills)**

These bills favorably impact the Office of Group Benefits (OGB) insurance plan and its members and will lower prescription drug costs to OGB plan members. OGB estimates that their plan members can collectively save millions of dollars on prescription drug costs with this legislation. This was spearheaded by Frank Jobert, an RSEA Board member, who realized the need for this legislation after attending an Office of Group Benefits Board meeting.

## **SB 45 by Senator B. Gautreaux (RSEA opposes this bill)**

This bill provides for benefits for certain adult probation and parole officers. This bill is similar to the final version of HB 845 which was vetoed in 2007. RSEA opposes this bill because it is special interest legislation as well as contradicts LASERS's initiative for all "hazardous duty" plan members to be in a common plan.

## **'Members of The Year' Announced**

The first annual "Members of the Year" recognitions for each RSEA chapter were announced at the 2008 annual meetings held in March.

Honorees from each chapter include:

- ◆ Acadiana--Aline M. Arceneaux
- ◆ Alexandria--Victor B. Dennis, Jr.
- ◆ Baton Rouge--Darlene P. Richard
- ◆ Lake Charles--Faye Barnhart
- ◆ Monroe--Jane S. Watts
- ◆ New Orleans--Richard J. Smith, Jr.
- ◆ Northshore--Jo Ellen Carruth
- ◆ Shreveport--Forrest Dunn

To be selected, recipients must be retired Louisiana state employees who are active members of RSEA.

Honorees were selected based on his/her service to:

- √ retirees
- √ community
- √ volunteer/church organizations and
- √ activities that improved the image of public employment

We will have a feature article with photos in a future newsletter.

## **President's Column**

(Continued from Page 1.)

More details and deadlines will follow.

I had the opportunity to meet and talk with many of you at the 2008 annual RSEA meetings in March. During the meetings, the first time "Member of the Year" recipients were announced for each RSEA chapter. Congratulations to these extraordinary and outstanding individuals (listed in the article above) who have distinguished themselves in RSEA and their communities.

Thank you again for your continued, enthusiastic support and participation in RSEA. Be sure to make your voice heard to legislators. They realize that retirees are a significant part of the voting public.

*Connie*

## Protect the Elderly

(Continued from Page 2.)

It is often difficult to detect if an offer is legitimate. Remember the following:

- Be wary of anything that sounds “too good to be true.”
- Avoid high-pressure sales tactics.
- Ask questions.
- Ignore “once in a lifetime” offers.
- Learn to spot scams that are typically aimed at senior citizens such as telemarketing/home repair fraud.

The AG’s **consumer education program** offers specialized training for senior citizens. A consumer specialist will speak to your organization on issues that directly affect seniors and give advice to avoid fraud often directed towards them. Information booths for trade shows, health fairs, conferences, community showcases, senior days and related events also are available.

If you believe you have been the victim of elderly fraud or would like to receive additional information regarding elderly fraud, contact the AG’s **CONSUMER INFO-LINE** at **1-800-351-4889**.

### Low Cost Prescription Drugs

A month’s supply of commonly prescribed generic drugs are available for \$4 under a program offered by the giant discount retailers Wal-Mart and Sam’s Club.

Wal-Mart’s generic discount program has benefited consumers with low incomes or without insurance. They estimate at least a \$1 billion savings.

Target is another large chain offering the \$4 program.

Retailers such as Kmart, Walgreens, and CVS have programs with reduced prices for select generic drugs.

Check with your pharmacist about his/her company’s discount program. It never hurts to ask, and could save you money on many prescriptions.

## New Senior Health Insurance Pilot Program

Insurance Commissioner Jim Donelon announces the first pilot program of its type in the nation between the Louisiana Department of Insurance (LDI) Senior Health Insurance Information Program (SHIIP) and the Center for Medicare & Medicaid Services (CMS).

Based on the excellent working relationship, the Dallas Regional Office of CMS has asked the LDI SHIIP to participate in a new pilot project that will test the feasibility of having the SHIIP directly enter its Medicare Advantage (Part C) and Prescription Drug (Part D) complaints into the CMS Complaints Tracking Module (CTM). The CTM is the central repository of complaints received primarily through the 1-800-MEDICARE (1-800-633-4227) call centers.

“Accolades go to LDI SHIIP Director Vicki Dufrene and her staff for their exemplary work with CMS, which is why Louisiana’s SHIIP was the first state to be chosen for this pilot program,” said Commissioner Donelon.

“Since the LDI SHIIP staff will be entering the consumer complaints directly into the CTM, we will be better able to track the status of the complaint until resolution and have more interaction with the consumer who filed the complaint,” Donelon stated regarding the pilot program. “LDI SHIIP staff will have more control with the issues of the insured.”

### Under the pilot:

- LDI SHIIP will have the ability to enter complaints directly into the CTM to avoid the wait times at 1-800-MEDICARE (1-800-633-4227).
  - Direct access for the LDI SHIIP will provide the opportunity to send issues directly to plans real-time.
- Complaints referred to plans through 1-800-MEDICARE (1-800-633-4227) are currently not viewable by the plans until the next business day.
- √ Upon receiving complaints, plans will have the same obligation to act quickly and meet CMS expectations with respect to casework resolution.
  - √ LDI SHIIP will be able to directly review actions that plans have taken, instead of contacting the CMS Regional Office or the plan for status.
  - √ LDI SHIIP involvement frees up CMS Regional Office resources, which can then be devoted to pressing Congressional inquiries and other casework issues that are delegated exclusively to the Regional Office for handling.

Louisiana is the first state to implement the pilot program and based on LDI staff input, an additional eight states will be added.

### For OGB Retirees Who Reached Age 65 on or After July 1, 2005

(Continued from Page 6.)

Part B coverage 90 days (3 months) before the date that this applies to you or to your spouse.

If you are **not** eligible for premium-free Medicare Part A, this does not apply to you. However, you must provide OGB with written verification of ineligibility from the Social Security Administration.

If you are not eligible for Medicare, your local Social Security office can issue a statement verifying your ineligibility. Send a copy of that statement to: Office of Group Benefits, P.O. Box 66678, Baton Rouge, LA 70896.

If you are eligible for Medicare, apply for Medicare coverage. Send a copy of your Medicare card to the address above.

## Louisiana State Employees' Retirement System (LASERS) Update

### Proposed 2008 COLA

The LASERS Board of Trustees is requesting authorization from the legislature to grant a cost-of-living adjustment (COLA) to the pensions of eligible LASERS retirees.

HCR 2 by Representative Joel Robideaux, Chairman of the House Retirement Committee, and Senator Butch Gautreaux, Chairman of the Senate Retirement Committee, will authorize a 3% COLA to our eligible retirees, pending full legislative approval. The COLA would become effective July 1, 2008.

This COLA is fully funded by the LASERS Experience Account, not from the state general fund. The Experience Account is funded with excess returns from LASERS investments. Fifty percent of our earnings above 8.25 percent are deposited into the account until such time as it reaches a balance sufficient to fund a COLA.

To be eligible for the COLA, a retiree must have reached the age of 55, and have been receiving a retirement benefit for at least one year as of June 30, 2008. The COLA then begins on July 1.

### DROP Interest Rate

The DROP interest rate for Fiscal Year 2006-2007 is 13.71 percent. The Public Retirement Systems' Actuarial Committee (PRSAC) determined the rate for eligible DROP accounts at its February 1, 2008, meeting. Self-directed DROP accounts are not eligible.

The rate of interest your account will earn is equal to the actuarial rate of return on LASERS investments for the prior fiscal year, minus 0.5 percent. The rate of return is calculated and established by the LASERS actuary after the end of each fiscal year.

LASERS members' DROP accounts will be credited with interest for each month of the fiscal year ended June 30, 2007, based on the balance in the account at the end of each month. DROP interest rates are not guaranteed. Previous positive returns are neither indicators nor guarantees that DROP accounts will always earn similar rates of interest.

### Withdrawal Rules for DROP or IBO Account

If you are a LASERS retiree and a DROP or IBO account holder, once you reach the age of 70 ½, you are generally required to withdraw a minimum amount of money from your DROP or IBO account each year.

This amount is called a minimum required distribution, or MRD, and is a federal requirement. You can, however, always take more than the MRD amount. MRDs are taxed as ordinary income for the tax year in which they are taken, and will be taxed at your applicable individual federal income tax rate.

Each November, LASERS notifies our members of the MRD applicable to them. You may withdraw your annual MRD in one distribution, or make withdrawals periodically throughout the year. However, the total annual minimum amount must be withdrawn by the deadline of December 31.

(Continued in next column.)

### Changes in Payment To Retiree or Beneficiary

By law, monthly retirement benefits stop upon the death of the member. Any payment delivered after a member's death must be returned to LASERS. Your designated beneficiary may have certain benefit entitlements.

After your death, your beneficiary must apply to LASERS for benefits before payments can begin.

In the event that your designated beneficiary predeceases you, then you may either:

- Designate a new beneficiary, if you chose the Maximum or the Option 1 retirement benefit option and some of your employee contributions still remain; or
- Change your retirement option (unless you selected Option 2B) to the Maximum Plan, which allows a larger monthly payment.

You must submit either request in writing along with a copy of the deceased beneficiary's death certificate. LASERS will make the change effective on the first day of the month following approval of the application.

### Withdrawal Rules

(Continued from previous column.)  
The penalty for taking less than your minimum required distribution can be severe. If you withdraw less than the minimum required amount, the IRS may assess a penalty equal to 50 percent of the MRD amount not taken.

### Join RSEA Today!

You can become a RSEA member for only \$15 annually by using E-Z pay, a \$1.25 monthly deduction from your LASERS benefit. You can also pay a lump sum annually.

## Office of Group Benefits Update

### OGB Implements Dependent Verification Policy

**OGB implemented a new policy effective July 1, 2008, that requires all active and retired employees to provide written proof that each dependent you now cover, or wish to add, is your actual legal dependent.**

Most private employers and government agencies require dependent verification, but state employees in Louisiana have never had to show proof of dependent status (marriage license or birth certificate) to enroll dependents, for OGB medical coverage. Nationwide, experts estimate that **3 to 12** percent of dependents enrolled in unaudited plans, such as OGB, are not eligible for coverage. We certainly hope the number is not as high for OGB members, but we have a legal obligation to check. Government auditors recently noted OGB's oversight in not obtaining verification of plan members and dependents and required OGB to take corrective action this year.

Between August 1, 2008, and November 30, 2008, retirees must mail copies of documents directly to OGB, with the retiree's name and Social Security number clearly written on each. Coverage for unverified dependents will be terminated effective December 31, 2008.

We know this is a complex issue, and may cause our plan members some inconvenience. It may take several months to obtain necessary documents to verify the status of your dependents. Visit the OGB website ([www.groupbenefits.org](http://www.groupbenefits.org)) for detailed instructions on verifying your dependents and resources for obtaining marriage licenses and birth certificates.

If you have questions about the dependent verification policy, contact OGB Customer Service toll-free at 1-800-272-8451 or call or visit your local OGB Customer Service office or your agency's human resources office. We urge you to review and comply with this policy. The consequences for failing to do so are significant and can easily be avoided.

#### For OGB Retirees Who Reached Age 65 on or After July 1, 2005

If you are eligible for premium-free Medicare Part A (hospitalization insurance), you must also enroll in Medicare Part B (medical insurance) to receive OGB benefits on Medicare Part B claims.

- This does not apply to you if you reached age 65 before July 1, 2005.
- If you are retired, but not yet age 65, this will apply to you when you reach age 65.
- If you reached age 65 on or after July 1, 2005, but have not retired, this will apply to you when you retire.
- This applies to you and your covered spouse, regardless of whether each of you has individual Medicare eligibility (under your own Social Security number), or one of you is eligible as the dependent of the other.
- You should visit your local Social Security office to enroll in Medicare

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**The New Louisiana Voice**  
1200 S. Acadian Thruway  
Suite 213  
Baton Rouge, LA 70806  
<http://www.rseala.org>

#### Retired State Employees Association of Louisiana The New Louisiana Voice

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Editorial office--1200 S. Acadian Thruway,  
Suite 213, Baton Rouge LA 70806  
800/256-1818--225/344-5448  
FAX 225/344-7866  
Web: [www.rseala.org](http://www.rseala.org)  
Anne Tillman--Editor  
Paula Clark--Editorial Assistant  
Sue Ellen Lewis of  
*Rent-A-Writer/Purple Prose* (Desktop Publisher)

#### OFFICERS and BOARD

Connie Carlton--President  
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Russell Culotta--Baton Rouge 225/766-1733

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