

~ From the President ~

Busy Spring for RSEA



Connie Carlton

In 2006, retirees received a cost of living increase (COLA) for the first time in several years. A proposed second consecutive increase is welcome news.

It is important that you contact your state senators and representatives by email, letter or fax to urge their support of this COLA, made possible by the excellent investment earnings of the Louisiana State Employees' Retirement System (LASERS) and resulting Experience Account balance.

LASERS' investment portfolio returns are in the top tier of public retirement systems throughout the nation, due to the proficiency and effectiveness of the agency's staff.

The Board of Trustees election process has begun. Be sure to let your voice be heard by voting. In the past, the percentage of voting retirees far exceeded the level of active employee participation.

I attended a LASERS Retiree Workshop and found it to be informative and well-presented. Another Workshop is set for May 31 in Monroe.

Also, sign up for LASERS useful, easy, and timesaving Retiree Self Service feature at www.lasers.state.la.us/Retired_Employees. There, you can make many changes to your account, such as address correction, etc.

Please see page 5 for more information from LASERS on the election, COLA, and other important topics.

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The New Louisiana Voice

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Richard Visits Congressional Delegation

In February 2007, RSEA Executive Director Darlene Richard met with five members of the Louisiana Congressional Delegation in Washington, D.C.



RSEA Executive Director Darlene Richard meets with Senator David Vitter during the annual meeting with the Louisiana Congressional Delegation in Washington, D.C.

Darlene visited in the offices of Senator David Vitter, Senator Mary Landrieu, Representative Bobby Jindal, Representative Jim McCrery and Representative Richard Baker 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 a public servant's retirement benefit. It does not impact the public servant's retirement benefit.

The Windfall Elimination Provision reduces--but does not eliminate--a portion of an individual's Social Security earned from work outside of his/her public employment.

As a result of these unjust provisions, many retired Louisiana public servants are severely impacted. 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 at the present time has 276 sponsors and S. 206 has 22 sponsors.

It is extremely vital that you as retirees write to your Congressional representative to become co-sponsors or to thank members for co-sponsoring if they have already signed up. As of mid April, Louisiana Representatives Rodney Alexander, Charles Boustany, William Jefferson, Charlie Melancon and Bobby Jindal have signed on as co-sponsors of H.R. 82. Also, as of mid April, 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 call the RSEA office for a list of the Louisiana congressional delegation contact information – 1(800) 256-1818 or in the Baton Rouge area 344-5448.

In addition to covering the repeal of the GPO and WEP, RSEA discussed with the Louisiana delegation 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 Pension Protection Act. Cindy Rougeou, Executive Director of LASERS, addressed the Louisiana congressional delegation about the need for legislation to correct this error.

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Tips to Get Senior Citizens to Exercise

(Editor's Note: First of two articles.)

Virtually every senior citizen – people age 65 and older – knows that exercise is extremely beneficial in building and maintaining healthy bodies and minds. Yet, most fail to do it.

Just getting started may be the biggest hurdle, but the medical director of the senior care facility claiming to house more 90-year-olds than any other, has ten easy steps that work to get older people out of bed and moving.

Rick Smith, M.D., medical director of the Los Angeles Jewish Home for the Aging, urges America's seniors to make exercise an important part of their daily routine.

He believes the key to longevity after genetics is simple: Get out of bed. If you don't, he cautions, you "run the risk of falling prey to many of the serious maladies that occur with aging and prolonged inactivity."

For the most part, according to Dr. Smith, when older people lose their ability to do things on their own, it doesn't happen just because they have aged. More likely, it is because they have become inactive. Older inactive adults lose ground in four areas that are important to staying healthy and independent - endurance, strength, balance and flexibility.

"When you walk through our campuses," Dr. Smith said, "one thing is always surprising to visitors -- the fact that the vast majority of our nearly 1,000 residents aren't in their rooms. We partner with them to find a wide variety of activities and exercises, which is vital to longer living."

(To be continued in the next issue)

(Source:<http://www.seniorjournal.com/NEWS/Fitness/2007/7-02-12-TenIdeas.htm>)

2007 Legislative Update

The 2007 Session of the Louisiana Legislature began on April 30, 2007. As this is a "fiscal session", legislators are allowed to file up to five bills dealing with subject matters other than a fiscal nature.

Twenty-two 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), whichever is less. There are enough funds in the Experience Account to provide for a three percent COLA. However, the CPI for 2006 was 2.5%. It is the intent of the Legislature to fund a three percent COLA for eligible retirees.

Two bills have been filed, which if approved, will provide for a three percent COLA – HCR 7 and SB 116. Securing passage of these two bills will be a top priority for RSEA. While RSEA will work hard to obtain approval of these two bills, it is important that all retirees contact their legislators to support these bills. **Enclosed with this newsletter is a copy of the body of a letter that RSEA has sent to the House and Senate Legislative Retirement Committee members urging their support of the proposed COLA.** Please contact your legislators by mail, email or phone and urge their support.

In addition to the proposed COLA, there are other bills that are important to retired state employees. Below are 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 – 344-5448.

SB 48 by Senator Boasso (RSEA supports this bill)

This bill creates a Public Retirement Trust Fund with two subfunds: the Unfunded Accrued Liability Payment (UAL) and the Supplemental Cost-of-Living Adjustment (COLA). The UAL subfund will provide that an amount equal to 25% of any surplus for the previous fiscal year shall be used to pay toward the state retirement system debt. This will shore up the financial soundness of the retirement system.

The COLA subfund provides that 3% of any increase in revenue for a fiscal year shall be allocated for supplying additional monies to pay cost-of-living adjustments for eligible retirees of LASERS and Teachers Retirement systems when a COLA would otherwise be limited to less than two-percent.

SB 130 by Senator Boasso (RSEA supports this bill)

This bill requires that the state appropriate an additional two percent of the projected payroll each year to be placed in two subfunds – The Unfunded Accrued Liability Payment Subfund (UAL) and the Supplemental Cost-of-Living Subfund (COLA). These monies will be used to reduce the retirement system debt for LASERS and Teachers and to provide for supplying additional monies to provide a COLA for eligible retirees of LASERS and Teachers.



Please send your dues payment to RSEA as soon as possible if an invoice is enclosed with this newsletter. Thanks.

Fighting to Protect Louisiana Workers

from Congressman Bobby Jindal

Social Security was created to provide a sense of comfort for our nation's seniors as they retired. As of January 2006, more than 700,000 residents of Louisiana were beneficiaries of Social Security, which shows just how important it is that the system be functioning in the best interests of all beneficiaries.

There are two provisions in particular that have adverse effects on our teachers and government employees in our state - the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). Since my election to Congress, I have been a vocal advocate for repealing these unfair provisions.

It makes no sense to punish government employees for working, and that is exactly what the GPO does. And the WEP takes supplemental income out of our state employees' and teachers' earned Social Security benefits, which is not fair and sends the wrong message to these groups.

State employees and teachers are integral to the future of our state, and it makes no sense to punish these hard-working employees. My mother is a state employee and I myself have paid into both the State Teachers' Retirement System and the Louisiana State Employees' Retirement System, so I know firsthand how unfair these provisions can be to state workers. I understand the importance of rectifying this problem so state workers and teachers are not unfairly penalized for their civil service.

That is why I have signed on as a cosponsor of the Social Security Fairness Act (H.R. 82). My commitment to you, and all of the state employees and teachers throughout Louisiana, is that I will strongly support repealing these unfair provisions in the House of Representatives, and I will continue to fight for the people of Louisiana.

An Important Tax Filing Message from LDR

Louisiana property owners who have been assessed Louisiana Citizens Insurance Company support fees on their insurance premiums are eligible for a refund or credit through the Louisiana Department of Revenue (LDR).

Through assessments between November, 2005 and December, 2006, the surcharges supported the increasing costs associated with LA Citizens coverage that was the direct result of recent natural disasters within our state. The massive losses following hurricanes Katrina and Rita cost LA Citizens over \$1.2 billion, which created a deficit. The LA Citizens assessments on assessable property insurance policies in Louisiana were used to partially fund this deficit.

LDR Secretary Cynthia Bridges is leading an ongoing awareness campaign throughout the state to ensure that all eligible individuals and corporations are provided with information on how to apply for the credit. The LDR website, www.revenue.louisiana.gov, is a key resource for those eligible for the credit. The website provides easy-to-follow links to filing requirements for individuals and businesses.

For the most expedient processing, Louisiana taxpayers are strongly encouraged to file electronically. However, manual filers may claim the credit, also. Printed forms are available from regional LDR offices in Alexandria, Shreveport, Monroe, Baton Rouge, Lake Charles, Lafayette, Thibodaux and New Orleans, as well as from many public libraries.

Loyce Ackman's WEP Success Story

Loyce Ackman of Prairieville, a retiree from the Dept. of Health and Hospitals, has another success story following her four-plus years attempt to obtain full Social Security benefits, including the entire retroactive amount owed her.

Ackman learned from a speaker at a 2002 RSEA meeting that she was eligible to receive full social security benefits without any Windfall Elimination Provision (WEP) reductions. Under R.S. 11:272, WEP may be waived if a retirement system member on September 1, 1985, was eligible to retire on or before August 31, 1985.

After receiving documentation from LASERS that she was eligible to retire under Act 154 prior to the deadline date, a Social Security Administration (SSA) recalculation tripled her federal benefit. However, she was denied the increase retroactively to her original 1997 retirement date.

She appealed the denial, and following an administrative review, it was overturned after determination that social security's original action resulted in incorrect application of the WEP to Ackman's benefit. After more than four years, she received a fully retroactive amount in a large lump sum payment.

Moral: Stand your ground and appeal!

RSEA Visits Washington, D.C.

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Such corrective legislation is expected to be filed this spring.

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 you on this issue as well.

Paula Clark Joins Staff As New Office Manager

New RSEA Office Manager is Paula Clark, recent retiree from the Louisiana Dept. of Public Safety (LDPS).



Paula Clark

Clark spent her entire 33 year career in state government in the LDPS headquarters in Baton Rouge. She progressed from jobs more clerical in nature to being promoted to professional level human resource management positions.

She attended both Southeastern Louisiana University in Hammond and LSU in Baton Rouge.

“Paula brings to RSEA a great deal of management, writing, organizational, communications, and computer skills and experience, all attributes that will enhance both the efficiency and effectiveness of our operations. With her pleasant, professional and low-key personality, I couldn’t ask for a better addition to the staff,” said Darlene Richard, RSEA Executive Director.

Clark has a wide variety of duties and responsibilities, ranging from Board meeting preparations, coordinating area meeting arrangements, dues mailings and tabulations, financial management, and working with LASERS on the mailing lists and other general RSEA membership tasks.

She also handles much of the high volume of local and toll-free phone calls and prepares the various mailings. In addition, she is editorial assistant for this newsletter and coordinates with the editor, desktop publisher, and printer.

“Please join with me in welcoming Paula to RSEA,” Richard added. “The Board and I look forward to working with her to provide top service to you.”

Great West Retirement Services

Bonds and Your Asset Allocation

Every portfolio needs a cushion

Because stocks and bonds tend to move in opposite directions, bond funds can improve your portfolio’s performance during a stock market downturn, and the income they generate can provide a valuable cushion. If you’re new to bond funds, or are thinking about buying more, the following facts may help you understand them.

The Basics

When you buy a bond, you’re lending money to an issuer—typically the U.S. government, a corporation or a municipality—which pays you interest and repays your principal in the future when the bond matures. The face value of the bond is the amount you receive at maturity—usually \$1,000 for corporate bonds, \$5,000 for municipal bonds, and \$10,000 for government bonds.

Interest Is Everything

Interest rates have the greatest impact on bond prices; however, changes in the issuer’s credit quality or financial condition can also affect a bond’s value. Generally, when interest rates drop, bond prices rise because new bonds will pay a lower interest rate—making existing bonds more valuable.

When rates rise, the reverse is true: Bond prices fall because new bonds will pay a higher interest rate—making existing bonds less valuable. Of course, you don’t lose any money on a bond that declines in value unless you sell it before it matures. If you continue to hold a bond, you receive the same interest rate—regardless of current market interest rates.

It’s a Matter of Maturity

Most bonds fall into three categories: short term (less than five years), intermediate term (five to 10 years) and long term (10 years or longer). Generally, the longer a bond’s maturity, the greater its yield—the interest paid by a bond, expressed as an annual percentage. These higher yields compensate investors for longer investment periods and greater price volatility. Typically, mutual funds invest in bonds with different maturities to help shield investors from interest rate risk.

The Yield Curve: Risk vs. Return

You can use a yield curve—a graph that illustrates the relationship between the interest rates (yields) on short- and long-term bonds of the same quality—to assess risk and reward associated with bonds of various maturities.

When short-term rates are lower than long-term rates, it’s a positive yield curve. When short-term rates are higher than long-term rates, it’s a negative or inverted yield curve. When there is little or no difference between short-term and long-term rates, it’s a flat yield curve.

The yield curve tends to be positive, because investors who agree to tie up their money for longer periods are usually compensated with a higher yield for the extra risk they are taking. A common version of the yield curve plots Treasury securities showing the range of yields for a three-month Treasury bill up to a 20- or 30-year Treasury bond.

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Louisiana State Employees/ Retirement System (LASERS) Update

LASERS 2007 Board of Trustees Election

Nominations are open for five seats in the 2007 LASERS Board of Trustees election. Three of the positions are for active-member trustees. Two are for retired-member trustees.

The active-member seats are held currently by Sheryl Ranatza, Kathy Singleton and Judge Trudy M. White. Ms. Ranatza is Deputy Warden of the Louisiana State Penitentiary. Judge White is a Baton Rouge City Court judge. Ms. Singleton retired recently from the Department of Social Services. She is ineligible to run for reelection as an active-member trustee. State law permits her to run as a retiree representative on the Board.

The retired-member incumbents are Connie Carlton and Barbara McCann. Ms. Carlton is a former assistant director of LASERS. Ms. McCann is retired from the Department of Social Services.

A potential candidate for the LASERS Board of Trustees must submit a nominating petition bearing the names and signatures of at least 25 active or 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.

Election materials are available for download at www.lasersonline.org.

Board of Trustees Election Schedule of Events

July 10	Nominating petitions due by 4:30 p.m., CDT
July 13	Drawing to determine candidate ballot position
September 28	Ballot packets mailed to eligible voters
October 26	Voting ends, 4:30 p.m., CDT
October 31	Votes are tallied
November 16	Board certifies and authorizes publication of results
January 24, 2008	Orientation for new trustees
January 25, 2008	New Trustees take oaths of office

2007 COLA

The LASERS Board of Trustees has authorized, contingent on legislative approval, a 2007 cost-of-living adjustment (COLA) to the pensions of eligible LASERS retirees. The LASERS Experience Account, the funding mechanism for any COLA, contains sufficient funds for a three percent increase. The actual amount of the COLA depends upon the Consumer Price Index-Urban. Authorization from the legislature is also required before a COLA can be granted. We recognize that this is an extremely important issue to our retirees, and we will keep you posted through our publications and our web site on all of the latest developments.

LASERS Retiree Workshop

Don't forget to register for the **LASERS Retiree Workshop** scheduled for May 31, 2007, in Monroe. The workshop takes place at the University of Louisiana at Monroe from 9:00 a.m. to 11:30 a.m. The program includes:

- √ Social Security information
- √ Investment information
- √ Networking

If you would like to attend, contact LASERS retirement education consultants Janet Harris at 225-922-0819 or jharris@lasersonline.org; or Claire Berger at 225-925-6814 or cberger@lasersonline.org.

Civil Service Rehired Retiree Initiative

The Department of State Civil Service is creating a database of retirees who are interested in reemployment opportunities with the State of Louisiana. If you are interested in returning to work as a rehired retiree, please visit www.civilservice.louisiana.gov for more information.

As a retiree, you are subject to some limitations if you accept re-employment with a state agency. If you are a disability retiree, you are not eligible for this initiative. If you took early retirement, you must contact your Human Resources office to determine your eligibility. If you are eligible under the laws which apply to LASERS members, you will be asked to choose one of the following options:

- **Option 1** - Your earnings as a rehired retiree may not exceed 50% of your annual retirement benefit for a fiscal year. You are responsible for monitoring this earnings limitation. If your actual earnings exceed the limit, your retirement benefit will be reduced by the amount of the excess.
 - **Option 2** - You repay all retirement benefits received since your retirement plus interest calculated at an actuarial rate and regain membership in LASERS. (Note: Many retirees find this option too expensive to choose. No contributions can be made on the earnings from reemployment until all retirement benefits and interest are repaid. Also, the option selection is irrevocable as long as reemployment continues.) This option is not available if you took early retirement or participated in the Deferred Retirement Option Plan (DROP) or the Initial Benefit Option (IBO).
 - **Option 3** - You suspend collecting your retirement benefits and again become a contributing member of LASERS. There is no limit on your
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Office of Group Benefits Update

Good News for OGB Retirees in 2007-2008

The Office of Group Benefits is putting the final touches on its new plan year, which begins on July 1, 2007.

There's good news for retirees in the OGB program: You will have more choices than ever. You can join the PPO, EPO or HMO, or you may be eligible to voluntarily join one of these plans:

- Tricare/ASI – available to you if you have retired from the military
- Medicare Advantage Private Fee for Service (PFFS) – available statewide if you are enrolled in Medicare A and B and if all your dependents are enrolled in Medicare A and B
 - A PFFS is a type of Medicare Advantage plan that works like original Medicare, except that the Medicare Advantage insurance company pays for covered services, not the federal government.
 - Those with the PFFS plan can see any doctor, hospital or other provider that accepts Medicare and agrees to accept the plan's payment terms.
- Medicare Advantage HMO – available to you if you live in Baton Rouge, New Orleans and Shreveport and are enrolled in Medicare A and B and all of your dependents are enrolled in Medicare A and B.

Both of the Medicare Advantage plans are being offered by Humana, who is sending information to eligible retiree plan members. These plans may be attractive if you are eligible, because you will pay less in premiums and may save out-of-pocket expenses.

In addition, Medicare Advantage participants will receive value-added services such as free health club memberships and *Active Outlook* magazine, which features fun and other helpful programs and information.

Also effective July 1, 2007 is a much greater lifetime maximum for all OGB plans. There is no longer any lifetime maximum limit of drug costs. There is only one total lifetime maximum limit of all health care costs, and that has been raised to \$5 million.

Bonds and Your Asset Allocation

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Use to Choose: Credit Ratings and Benchmarks

Bond ratings from such agencies as Standard & Poor's and Moody's Investors Service reflect the issuer's ability to make interest payments and repay the bond's face value at maturity, and your risk of default. Because they are backed by the full faith and credit of the government, U.S. government bonds are not rated.

You can compare your bond fund's performance against three benchmarks widely used by professional money managers and individual investors alike: the Lehman Brothers Aggregate Bond Index, the Lehman Brothers Municipal bond index, and the Lehman Brothers Treasuries Composite Treasury Index. Equipped with this knowledge, consider including bond funds in your retirement portfolio.

The above article was furnished to RSEA by Connie Stevens, Sr. Account Executive with Great-West Retirement Services®, who are the administrators for the Louisiana Deferred Compensation Plan as well as the LASERS Self-Directed DROP. Connie Stevens can be contacted at connie.stevens@gwrs.com, or by calling (800) 937-7604.

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Rehired Retiree Initiative

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earnings as a rehired retiree under this option. Upon subsequent retirement, your benefit will be resumed. If you work for at least 36 months, you will receive a supplemental retirement benefit. If you work for less than 36 months, your employee contributions during the period of rehire will be refunded at the termination of your reemployment.

Please discuss all options with a Human Resources representative before making any decision to return to work as a rehired retiree.