

The New Louisiana Voice



January - February - March 2014 | Volume 22 / Number 1

RSEA PRESIDENT'S MESSAGE



Dianne Guillot

For the first time since 2008, retirees of the Louisiana State Employees' Retirement System (LASERS) are on the threshold of being able to receive an increase in their pension checks! All four state retirement systems are preparing to seek legislative approval of a cost-of-living adjustment (COLA) or permanent benefit increase (PBI) of approximately 1.5 to 2 percent for

all eligible retirees over the age of 60 and retired for at least one year as of July 1, 2014, when the COLA would go into effect.

If enacted into law, the COLA percentage increase should be the same for all four systems, since the governing language in the statutes is virtually the same. The potential percentage increase for the COLA is based on the Consumer Price Index-Urban (CPI-U). In order for the COLA to become effective, it will require a two-thirds vote of the legislature.

All four state retirement systems have realized net investment gains that allowed them to put money into the "Employee Experience Accounts" from which COLAs are funded. If approved, this will be the first across-the-board adjustment for all eligible retirees in six years. LASERS currently has on deposit in the Experience Account approximately \$195 million, pending adoption of the valuation by PRSAC (Public Retirement Systems' Actuarial Committee). This is more than sufficient to fund a 2% COLA on an actuarial basis effective July 1, 2014 for retirees of LASERS.

RSEA will unite its efforts with not only the LASERS Board of Trustees, but also with the Louisiana Retired Teachers Association (LRTA) and others in order to secure passage of the legislation that will allow for the provision of a COLA for our members. In fact, on December 13, 2013, the LASERS Board of Trustees passed a resolution recommending to the Louisiana Senate and House of Representatives that LASERS be permitted to grant a cost-of-living increase to retirees, survivors and beneficiaries of LASERS meeting eligibility criteria for a COLA. We will, at the appropriate time, be calling upon you to contact your legislators

to help us get the COLA legislation passed for you. Please see the "Open Letter to the Legislature" from an RSEA member, Page 4 in this publication, which explains how the ravages of inflation reduce the purchasing power of your retirement check over time.

Our 2013 State Conference and Expo was the best ever! If you did not attend you missed a great conference. Special thanks and hats off to our Conference Chair, Benny Harris, and his committee: Vic Dennis, Lorry Trotter, Gwen Thompson, Allen Reynolds, Bonita Hearne; staff - Frank Jobert and Darlene Richard, Conference Coordinator - Patsy Austin and the numerous volunteers from the Alexandria Chapter as well as other RSEA chapter members. Of course it goes without saying that our office staff, Paula Clark and Cathy Francis, went well beyond the call of duty with their helpfulness! But most of all, thanks to the almost 200 retirees and active employees who attended this informative and fun-filled conference.

Your Board is planning another RSEA sponsored trip. A number of individuals have suggested a trip to the Pigeon Forge/Gatlinburg area. If you have an interest in participating in this trip (not signing up at this time), please call the RSEA office and express your interest to Cathy Francis. When details have been finalized we will publish them in an upcoming newsletter and on the RSEA website.

I am really excited about the rebranding of RSEA, and am looking forward to working closely with both retired and active employees! It is vital that we all work together to have our voices heard by legislators and state administrators. Remember, there is strength in numbers! Join us in the continued fight for the protection of your retirement benefits. Dues are only \$18.00 per year. Please encourage all active and retired state employees who you know to become a member of RSEA. Keep those dues current, please.

Hope your New Year will be one with many blessings for you and yours. Do not hesitate to call me if I can be of any help to you. The staff at the RSEA Office is also available for you at anytime.

See you at the Chapter Meetings!





Frank Jobert

RSEA Executive Director's Message

"Retired State Employees Association Rebrands"

The Retired State Employees Association of Louisiana announced at its recently concluded 5th Annual Conference and Expo that it is rebranding the organization simply as 'RSEA'. Also announced was the release of a new RSEA logo (on front cover) and new slogan: "Working Today for Your Tomorrow."

Approximately one year ago, RSEA teamed up with the University of Louisiana at Lafayette (ULL) to implement a new branding strategy for the Association. The name change comes as a result of research conducted with both current employees and retired state employees. The research indicated that over 60% of current state employees think that RSEA membership is open only to retired state employees, merely because of the term 'retired' in the organization's title.

Because the organization serves both retired employees and current state employees (as our mission statement indicates) and wanting to capitalize on the goodwill the name 'RSEA' has already established in its 47-year history, it was a logical decision to go with a title that better reflects what it does and who it serves. The organization still remains one of the major advocates for state employee pension and healthcare benefits for both retirees and active Louisiana state employees. RSEA has and will

always work on behalf of state retirees - both present and future. Our name has not conveyed the proper scope of our organization.

Our interests as retirees, are clearly aligned with current state employees, who are our future retirees. We are still dedicated to ensuring that your healthcare and pension benefits are there for you when you and your family need them. There is little or no distinction in our efforts to protect the constitutional mandates and obligations of the state toward retirees or active state employees. There is a commonality of interests among actives and retirees that transgresses any and all potential divides between retirees and actives. Our hope is to further expand our membership by actively opening up the Association to both groups, thereby strengthening the organization in its overall mission.

"Current state employee benefits are equally as important as retired state employee benefits," stated former Senator D.A. "Butch" Gautreaux, Director Emeritus of RSEA, when making the announcement at the Paragon Resort in Marksville. "Communicating this message to our audiences will encourage more current employees to join RSEA and lead to increased Association membership and overall effectiveness of the organization."

2014 Annual Chapter Meeting Schedule

Below in date order is RSEA's 2014 annual meeting schedule. Mark your calendar to attend one of the chapter meetings below.

MONROE—Tuesday, February 11, 9:00 a.m., West Monroe Convention Center, 901 Ridge Ave., West Monroe; President: Dianne Guillot, 318-396-6275.

SHREVEPORT—Wednesday, February 12, 9:30 a.m., North West Technical College, 2011 North Market St., Bldg. E, Shreveport; President: Bonita Hearne, 318-746-1924.

ALEXANDRIA—Thursday, February 13, 9:30 a.m., NEW LOCATION: Kees Park Community Center, 2450 Hwy 28 East, Pineville; President: Victor Dennis, Jr., 318-623-4547.

LAKE CHARLES—Tuesday, February 18, 9:30 a.m., Lake Charles Civic Center (Contraband Room), 900 Lakeshore Dr., Lake Charles; President: Gwen Thompson, 337-912-9373.

ACADIANA/LAFAYETTE—Wednesday, February 19, 9:30 a.m., The Scott Events Center (formerly Fezzo's III), 110 Lions Club Road, Scott; President: Martin "Marty" Audiffred, 337-984-6526.

BATON ROUGE—Thursday, February 20, 9:30 a.m., NEW LOCATION: Holiday Inn South, 9940 Airline Highway, Baton Rouge; President: Lorry Trotter, 225-627-6264.

NORTH SHORE—Wednesday, March 5, 9:30 a.m., Greater Covington Center (Bogue Falaya Hall), 317 North Jefferson, Covington; President: David Thomas, 985-290-2107.

COASTAL—Thursday, March 6, 9:30 a.m., Quality Hotel, 210 South Hollywood Road, Houma; President: Fred Duplechin, 985-803-0672.

NEW ORLEANS—Friday, March 7, 10:00 a.m., Landmark Hotel, 2601 Severn Ave., Metairie; President: Benny Harris, 504-304-4084.

FOOD DRIVE: Attendees - please bring one non-perishable food item to your chapter meeting. In lieu of the food item, a monetary donation may be made.

Note: Shreveport Chapter will be collecting only monetary donations.

SAVE-THE-DATE RSEA 6TH ANNUAL CONFERENCE

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Registration Fees

(Note: Fees include all meals)

RSEA Member and/or RSEA Guest (1) \$50 each

Non-Member \$70 (includes RSEA Membership)

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AN OPEN LETTER TO THE LOUISIANA LEGISLATURE

The following is a letter to the editor of “The New Louisiana Voice” (RSEA Newsletter) from an RSEA member, reprinted with his permission:

Dear Louisiana Legislators:

I am addressing you in an attempt to raise the level of awareness and critical concern about our State of Louisiana retirement pensions (LASERS retirement benefits). The issue is inflation and the prospects for annual cost-of-living adjustments to our pensions. For some this may be stating the obvious, but I feel we should all be reminded of this unresolved issue.

The renowned economist, Milton Friedman, famously noted, “inflation is a cancer”. It destroys the tissue of its host, in this case, the value of our “fixed” pension benefit. We probably will not feel it initially, but as with any cancer, it will painfully manifest itself as lost purchasing power of our pensions.

The inflation rate in 2012 was 2.8 percent. That really does not set off any alarms and, in fact, economists nationwide acknowledge that inflation is in check and there is no imminent threat of serious inflation. Frankly, I really haven’t felt that 2.8% cost of living increase in my family budget yet. But even this level of inflation sustained over a relatively short period of time will be lethal. To be specific, let’s look at some simple numbers using some conservative assumptions (you economists out there just hold your fire – I’m trying to make this as uncomplicated a picture as possible with real outcomes).

Let’s suppose that today you have a LASERS pension that pays you \$40,000 annually. Let’s also assume that the inflation rate

over the next 20 years will average 3%. In ten years and in today’s values, your pension would be worth approximately \$29,500. At the twenty-year mark, again in 2013 buying power, your pension would be worth approximately \$21,750. Incredibly, in just 20 years, the pension we labored hard for over our working years will essentially be cut in half!

Only a provision that provides an annual cost of living adjustment tied to the consumer price index (CPI) will solve this issue. There is no better solution. Yes, you, as our elected representatives, know of this problem, as do both LASERS and RSEA. The legislature has on occasion provided some cost of living increases, but never a permanent fix. There are some significant budgetary hurdles to clear. The issue is being worked on, but we need a solution sooner, not later. It won’t be easy to solve. But spending 25, 30, 35+ years on the job wasn’t easy either, and we should not stand to see the fruits of our labor be eroded away throughout our retired years for which we worked so long and hard. Hopefully, this letter and above example demonstrates the need for a regular, reliable and sustainable COLA mechanism for our retirees.

Inflation does not take a break. Our pensions are losing value right now!

James “Jim” Reese
Board of Commissioners of the Port of New Orleans (Retired)

2014 RSEA Board of Directors



Pictured from left to right are:

*Front Row - Victor Dennis, Barbara McManus, Bonita Hearne, Dianne Guillot, Benny Harris
Back Row - Gina Rossi, Nancy Dewitt, Butch Gautreaux, Connie Carlton, Allen Reynolds, David Thomas,
Gwen Thompson, Fred Duplechin, Lorry Trotter, Marty Audiffred, John Tannehill
Not Pictured - Louis Quinn, Kathy Singleton and Sona Young*

Update from LASERS – Winter 2013

Members Elect Trustees in 2013 Board Election

Four member representatives were re-elected to the Louisiana State Employees' Retirement System (LASERS) Board of Trustees in the 2013 election.

More than 9,000 LASERS retired members voted in the election. Incumbent Kathy Singleton was successful in her bid for re-election in the retiree race. Ms. Singleton is retired from the Office of Community Service.

Active LASERS members voted to fill three 4-year term positions. Re-elected candidates are Lori Pierce, Department of the Treasury; Beverly Palmer Hodges, Department of Natural Resources; and Janice A. Lansing, Coastal Protection and Restoration Authority.

One 2-year term for an active member was filled by City Court of Port Allen Judge William T. Kleinpeter. Judge Kleinpeter's candidacy was unopposed, eliminating the need for an election.

The next LASERS Board of Trustees Election will take place in 2015.

Retiree Year-End Information

Retirees may have noticed a change in benefit payments starting January 1 as a result of insurance premium and tax changes. Be aware that premiums could change on insurance policies that are being deducted from benefit checks. Retirees who receive their monthly benefit via Electronic Funds Transfer (EFT) will receive an EFT notice reflecting any changes.

If you have questions regarding insurance rate changes, please contact the Office of Group Benefits at 1.800.272.8451. As always, LASERS encourages benefit recipients to review their withholdings annually and, if necessary, request a change by filling out a new W4-P form, which can be found on the LASERS website.

Form 1099-R for 2013 will be mailed to retirees no later than January 31,

2014. Please allow up to two weeks for delivery. If you have not received it by February 7, or if you need to request a duplicate copy, you may access your 1099-R information online through LASERS Member Self-Service. To report an error or request a duplicate be mailed to you, please call LASERS at 225.922.0600 or 1.800.256.3000 and ask to speak to a representative in Member Services. Should you have questions regarding your 1099-R, we suggest that you contact your tax advisor.

New Social Security Offsets Video Available

If you are interested in learning about the Windfall Elimination Provision (WEP) or the Government Pension Offset (GPO), please watch LASERS newest video in the educational outreach series. This video explains how these federal offsets can affect your Social Security benefit if you receive a LASERS benefit. Locate the video on the LASERS website in the Video Library, <http://www.lasersonline.org/site.php?pageID=272>.

You may also subscribe to the LASERS YouTube Channel by clicking on the "subscribe" button located on that page, <http://www.youtube.com/user/LASERSchannel>. Subscribers are notified each time a new video is added to the LASERS Channel.

Listen to Our Podcast

The *Listen LASERS* podcast is a new resource for members. Host Darren Fournierat, LASERS Director of Alternatives in the Investments Division, will discuss a variety of retirement topics with special guests. The first podcast, *What is Deferred Compensation?* can be found on the LASERS website, <http://www.lasersonline.org/site387.php>. As new podcasts are recorded, members will be notified of their availability.

Rougeou Shares Positive News with Media

LASERS Executive Director Cindy Rou-

geou was interviewed by radio host Jim Engster on October 30. She provided investment performance information and reassured members that the retirement system is solvent and in great shape for the future. In case you missed the interview, visit the WRKF website, http://cpa.ds.npr.org/wrkf/audio/2013/10/JES_103013_with_Edited_Billboard.mp3, and advance the broadcast to the 41:05 minute mark.

Rougeou also spoke to the Baton Rouge Press Club on November 4, where she provided an update on the status of LASERS, including how reforms have improved the System, investment performance, and the impact of the recent layoffs on System health. View the highlights from her speech on the LASERS website, <http://www.youtube.com/watch?v=XOw2mnSkSK0&feature=youtu.be>.

LASERS Wins Tenth National PPCC Award

LASERS has been awarded the 2013 Public Pension Standards Award for the tenth consecutive year. Presented by the Public Pension Coordinating Council (PPCC), this award recognizes those public employee retirement systems that achieve high professional standards in the areas of plan design and administration, benefits, actuarial valuations, financial reporting, investments, and membership communications.

LASERS Executive Director Cindy Rougeou said, "It is an honor for LASERS to be recognized on a national level among our peers. The PPCC sets a high bar, and the award speaks to the prudent management of our System."

The PPCC is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.



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New Pharmacy Plan for OGB Members

If you're an OGB member, you have a new pharmacy plan effective January 1, 2014! Medicare GenerationRx is the new retiree prescription drug plan for retirees and dependents that are eligible for Medicare. This plan will replace your current coverage through Express Scripts Medicare (PDP), formerly Medco Medicare Prescription Plan (PDP).

Medicare GenerationRx's pharmacy benefit manager (PBM) is MedImpact, one of the nation's largest full-service PBMs, serving more than 35 million members across the U.S. Under the new contract, MedImpact will provide prescription drug claims processing services for the more than 220,000 benefit-eligible employees, retirees and dependents enrolled in the OGB HMO and PPO health plans administered by Blue Cross and Blue Shield (BCBS) of Louisiana.

Medicare GenerationRx is an Employer PDP. That means it's an employer-provided Medicare Part D prescription drug plan. This plan combines Medicare Part D coverage with supplemental coverage provided by OGB to mirror your current prescription drug benefits. **The supplemental coverage from OGB means that you have more**

coverage than the standard Medicare Part D plan. With Medicare GenerationRx, your co-insurance and other out-of-pocket prescription drug costs will remain the same as they were last year. If you haven't already, you will soon receive a new ID card in the mail that you can use at your pharmacy. Remember to show this new card to your pharmacy so your medications will be covered.

IMPORTANT: Your enrollment in Medicare GenerationRx will automatically cancel your enrollment in a different Medicare prescription drug plan or a Medicare Advantage plan. That's why you should have received a disenrollment letter from Express Scripts Medicare in December. But don't worry; there was no interruption in your coverage. You were covered by Express Scripts Medicare through December 31, 2013, and are covered by Medicare GenerationRx effective January 1, 2014. You do not have to do anything.

If you have any questions, please visit the Medicare GenerationRx website at www.medicaregenerationrx.com/ogb or call Medicare GenerationRx Member Services at 1-877-633-7943 (open 24 hours a day); TTY users should dial 711.



Working Today for **Your Tomorrow**

The New Louisiana Voice

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