

From the President

DC Plan: A Really Bad Idea



Fern Foster

House Bills 930 and 931 introduced by Representative Tucker propose to establish a defined contribution plan for all state employees that are hired on or after January 1, 2011.

Under these bills, the employee would contribute 10% of salary and the state would contribute another 5.25% to a retirement savings account (something similar to a 401K account).

In this defined contribution plan, each employee would be totally responsible for his or her own retirement planning and investment decisions. These decisions are currently being handled by actuaries and investment professionals.

If any part of an employee's retirement plan does not work out perfectly, the employee could end up without any means of support and dependent upon public assistance. No one knows what that cost might be.

This contrasts dramatically with the current defined benefit plan where lifetime retirement benefits are determined by a formula that considers earnings and length of service.

Unlike private sector employees, state employees do not participate in Social Security and thus would have only the funds saved in the new

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The New Louisiana Voice

Official Journal of the Retired State Employees Association of Louisiana

April - May - June 2010

Volume 18/Number 1



Pictured are: (1st row seated, l-r) Barbara McManus, Frank Jobert, Benny Harris, Fern Foster; (2nd row, l-r) Connie Carlton, Lorry Trotter, Cheryl Smith, Dianne Guillot, Sona Young, Edgar Day; (3rd row, l-r) Louis Quinn, Marshall McKenzie, and Victor Dennis.

2010 RSEA Board of Directors

Fern Foster of Lake Charles is the 2010 President of the Statewide RSEA Board of Directors. Fern retired from McNeese State University, where she was Director of the MSU Bookstore, Post Office and Switchboard operations.

Other elected officers for 2010 are:

- Benny Harris, New Orleans, 1st Vice President. Benny is the retired Warden, Bridge City Correctional Center for Youth, Department of Public Safety and Corrections.
- Frank Jobert, Slidell, 2nd Vice President. Frank retired as Assistant Warden of the Bridge City Correctional Center for Youth, Department of Public Safety and Corrections.
- Barbara McManus, Lake Charles, Secretary-Treasurer. Barbara retired from the Department of Social Services, where she was Regional Administrator.
- Connie Carlton, Baton Rouge, Immediate Past President. Connie retired from the Louisiana State Employees' Retirement System (LASERS), where she was Assistant Director.

New area Presidents are: Coastal Chapter--Fred Duplechin, retired Regional Administrator for the Louisiana Office of Public Health, and North Shore Chapter--Frank Jobert.

Ex-Officio members are McManus, Carlton, Kathy Singleton, and Russell Culotta.

Second Fall Conference Scheduled October 12-14

The 2010 Fall Conference and Expo is scheduled for October 12-14, 2010 at the Paragon Casino in Marksville. More than 200 RSEA members and guests enjoyed the first such Conference last year. We hope all of you will join us this year as we visit with old friends, make new ones, and hear experts speak on topics of importance to retirees.

Pre-conference activities will again include the AARP defensive driving course. Take this course and you may qualify for discounts on your automobile insurance. Bingo and bridge sessions have been added on Tuesday evening. Golf at the Tamaka Trails Course will be available to those who wish to participate.

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Fall Conference Set For October 12-14

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Conference workshops will include sessions on cardiovascular health, estate planning and many others. The speakers on these topics are experts in their fields.

The Conference will also include a motivational speaker and a humorist. Holly Clegg, author of several well known cookbooks on healthful food preparation, will be the keynote speaker at the Wednesday luncheon.

More details about the Conference are below and on our website at rseala.org. The registration fee of \$40 includes all meals and social events. Separate fees are required for the AARP drivers course and golf.

Tuesday, October 12th

Golf at Tamahka Trails Golf Club
*AARP Driver Safety Training
Bingo
Duplicate Bridge

Wednesday, October 13th

Plated Breakfast
Opening Session/Recognize Vets
Clyde Webber, Humorist
Keynote: Linda Melancon,
Estate Planning
Retiree Expo/Arts & Craft Show
Lunch with Vendors
Guest Speaker: Holly Clegg
Workshops
Social with Vendors

Thursday, October 14th

Breakfast
General Session – Guest Speakers
Dr. Lance LaMotte,
“Cardiovascular Health”
Bruce Hamilton, “No Bad Day”

*Repeat Driver Safety Training
(Depends on number of registrations)

The Conference Registration Form is on Page 4. Make your reservation now!

(Continued on Page 6.)

2010 Legislative Update

The 2010 Session of the Louisiana Legislature began on March 29, 2010. Several bills have been introduced on matters related to retirement. These bills were discussed at the March 23, 2010, Retired State Employees Association (RSEA) Board meeting. A short summary of the more critical bills as well as the position taken on each by RSEA follows.

For more information on those bills, please contact the RSEA office at 1-866-938-0961 or in the Baton Rouge area – 225-930-0961, or go the RSEA website at www.rseala.org. Contact information for members of the legislature can also be found at the website. And if you haven't already done so, please sign up for our email alerts on our website.

HB 453 by Representative Robideaux establishes the Hazardous Duty Services Plan for certain members of LASERS who are law enforcement personnel hired on or after January 1, 2011. This would provide a uniform set of benefits to all law enforcement personnel.

RSEA Position: Support

HB 930 and 931 by Representative Tucker establish a defined contribution plan for employees who are hired on or after January 1, 2011. The bills provide that employee contributions to the defined contribution plan shall be 10% and employer contributions shall be 5.25% of payroll. The legislation does not place affected employees under social security. For a discussion of RSEA concerns about these bills, see “From the President” on Page 1.

RSEA Position: Oppose

HB 1229 by Representative Tucker creates the State Retirement System Investment Commission to control the investments of the four state retirement systems: LASERS, TRSL, LSERS and LSPRS. The nine member commission will have the sole authority for investment management and disposition of assets of the state retirement systems.

The commission may invest the assets of each system separately or on a consolidated basis, but a separate accounting shall be kept for funds of each system. The bill would substantially reduce representation of LASERS members and potentially increase investment risk.

RSEA Position: Oppose

SB 632 by Senators Butch Gautreaux and Nevers and Representative Robideaux establishes a regular schedule for permanent benefit increases for retirees. The proposed law, applicable to persons who are retired from LASERS, Teachers, School Employees and State Police on June 30, 2010, generally provides for a 2% benefit increase for eligible retirees in every odd-numbered year beginning in 2017. To be eligible a retiree must have been separated from service and receiving a benefit for one year and be 62 years of age.

The bill also provides generally that a person who retires from one of the systems on or after July 1, 2010, if he is otherwise eligible on the date the benefit increase is effective, shall receive a 2% benefit increase in every odd-numbered year beginning in 2021. To be eligible for this benefit a retiree must have been separated from service and receiving a benefit for one year and be 65 years of age.

RSEA Position: Awaiting additional information from actuarial study

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RETIRED STATE EMPLOYEES ASSOCIATION



2nd Annual Fall Conference & Expo

October 12-14, 2010 * Paragon Casino Resort * Marksville, LA

Room Rates \$70 (single/double occupancy) plus tax

Reservations Call: 1-800-642-7777

PLEASE VISIT <http://www.rseala.org/> FOR UPDATES

Retirees Make a Difference

CONFERENCE REGISTRATION FORM

Name: _____ Birthdate*: _____

Retired From (Agency): _____ Year: _____

Guest Name: _____ Guest Birthdate*: _____

Address: _____

Email: _____ Telephone: _____

*If you are interested in receiving a players club card, please indicate your birthdate and a \$10 Cash Perk will be available at check-in (even if you received one last year).

- NOTE: Your name and address will be provided to the vendors who participate in the Expo. If you do not wish to have this information released, please check this box.

Registration should be received prior to **September 13, 2010**. There are no refunds after October 1, 2010.

Registration Fee (Please check appropriate box below):

- | | | |
|--------------------------|-----------------------------------|---|
| <input type="checkbox"/> | RSEA Member | \$40 |
| <input type="checkbox"/> | RSEA Guest (1) | \$40 |
| <input type="checkbox"/> | Non-Member | \$65 (Includes RSEA Membership) |
| <input type="checkbox"/> | Golf | \$50 Golfer's Name _____ |
| <input type="checkbox"/> | Shirt (Collared/No Pocket) | \$20 Shirt Size(s) _____ (Indicate M/W size) |

TOTAL AMOUNT DUE: _____

NOTE: AARP Driver Training Program fees are separate. Please contact Barbara McManus at (337) 433-8910 for details.

PAYMENT INFORMATION: Amount \$ _____

Method of Payment: Check # _____
 Visa MasterCard Discover American Express

Cardholder Name: _____

Card Number: _____

Expiration Date: _____ Security Code: _____

Cardholder Zip Code: _____

Signature: _____

Return completed form with credit card or check (Payable to RSEA) to:

Patsy Austin, RSEA Conference Coordinator
P.O. Box 613, St. Amant, LA 70774-0613

Or

Fax: (225) 675-8205

Questions: Call (225) 675-6359 or (225) 806-2899

Hotel Information: www.paragoncasinoresort.com

Louisiana State Employees' Retirement System (LASERS) Update

New LASERS Board

Five newly elected members took the oath of office to serve on the Louisiana State Employees' Retirement System (LASERS) Board of Trustees on January 28, 2010. Former RSEA Vice President Kathy Singleton was elected to serve in the position that was open for a retiree during this election cycle. Singleton retired from the Department of Social Services with 33 years of state service.

Other members elected are: Lori Pierce, Department of the Treasury; Beverly Palmer Hodges, Department of Transportation and Development; Janice A. Lansing, Office of Coastal Protection and Restoration and Susan Pappan of the Division of Administration. The Trustees elected Charles Castille as the 2010 Board Chair, and Barbara McManus was elected 2010 Vice Chair.

New Tax Tables

Retirees may have noticed a change in their net benefit payment in January. Effective with your January 2010 benefit payment, Federal withholding taxes were calculated using the new Internal Revenue Service tax tables.

The IRS historically updates these tables each January. You are encouraged to examine your tax situation and update your withholding election if needed. This can be done by updating your withholding by accessing your account via LASERS Retiree Self Service or by completing a form W-4P, which can be found on LASERS website.

RSEA and LASERS Administrators Take Concerns About WEP, GPO To State Congressional Delegation

On January 31, 2010, Executive Director Allen Reynolds traveled to Washington to attend the annual conference of the National Association of State Retirement Administrators and to meet with members of the Louisiana Congressional Delegation.

The conference program included presentations on federal regulatory activity related to governmental retirement systems and discussions of current congressional priorities.

Allen and Maris LeBlanc, LASERS Assistant Director, visited with Representatives Rodney Alexander and Steve Scalise and staff members for several other congressmen.

Allen again pointed out the problems created for RSEA members by the Windfall Elimination Provision and the Governmental Pension Offset. Everyone he spoke to supported repealing those provisions. The problem now is getting a committee hearing on these matters. RSEA has contacted the Chairman of the House Committee on Ways and Means and requested that the legislation be scheduled for a hearing.

Maris pointed out the positive impact the retirement system has on Louisiana and the need to keep the state out of the Social Security system.

Allen and Maris were able to leave Washington just in the nick of time to avoid the record snowfall.

WEP/GPO Exceptions

If you are a member of LASERS and have either contributed to Social Security or are the spouse of someone who contributed to Social Security, you may be entitled to a Social Security pension in addition to your LASERS retirement pension.

There are two specific Social Security offset provisions that must be considered. First, the Windfall Elimination Provision (WEP) which relates to the Social Security pension that you may be entitled to based on quarters you paid into that system.

The WEP will cause your Social Security benefit to be decreased if you receive a LASERS benefit. But, if you were eligible for a LASERS retirement pension prior to 1986, even if you had not retired by that date, you may be exempt from the WEP offset.

The next provision, the Government Pension Offset (GPO), relates to a spousal or widow(er)'s pension. Again, the GPO can reduce your Social Security benefit if you receive a LASERS benefit.

But, if you were eligible to receive your LASERS pension prior to December 1982, even if you had not retired by that date, your spousal pension may not be offset.

If you are entitled to a Social Security pension, it is important that you contact the Social Security Administration (SSA) for information relative to that pension.

If you think you may be exempt from the offsets, the SSA can provide you with a form to be submitted to LASERS so that we may verify the date you were first eligible for retirement with this system. This information will then be used by SSA to determine if an offset should be applied.

Office of Group Benefits Update

OGB Delays Start of Annual Enrollment Meetings

Statewide Annual Enrollment meetings for 2010-11 have been delayed until at least April 15, announced Tommy D. Teague, Chief Executive Officer of the Office of Group Benefits. The meetings were set to begin April 5.

The delay is necessary to allow time for the administrative resolution of protests filed regarding OGB's proposed award of a contract for administration of the HMO health plan for the 2010-11 plan year and OGB's decision to merge the HMO and EPO plans for the 2010-11 plan year, which begins July 1.

Under state law, the protesting parties have an opportunity to appeal to Commissioner of Administration Angèle Davis to review OGB's decisions on the contracts, and the commissioner must render a decision before OGB can proceed with implementation of the proposed HMO plan contract—including conducting Annual Enrollment meetings and disseminating information by mail.

OGB will provide details about plans for Annual Enrollment as soon as these issues are resolved. In the meantime, plan members are encouraged to check the Latest News section of the OGB website (www.groupbenefits.org) for the most current information.

Fall Conference Scheduled for October 12-14

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Please Note: The AARP defensive driving course is a nationally recognized class. You will learn safe driving strategies, defensive driving techniques as well as practical tips for reducing traffic violations and crashes. If there is enough interest from our members, this course will be offered again on Thursday afternoon at 1 p.m.

Put October 12-14 on your calendar and join us at the Fall Conference.

RSEA Membership Dues

If a Dues Invoice is included with this newsletter, please pay ASAP by EZ-Pay (only \$1.25 deducted from your monthly LASERS benefit) or \$15 for the year. These funds make it possible for the RSEA Board, Chapter leaders, and staff to work on your behalf related to state and national issues.

Retired State Employees Association of Louisiana The New Louisiana Voice

is the official RSEA publication. The mission of the Association is to advance the quality of life of retired state employees who have given generously of their talents to the State of Louisiana. The name and distinctive logo of the publication are registered with the Louisiana Secretary of State. Permission is hereby granted for the use of any materials within these pages, provided proper acknowledgment is made.

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