

Overview

The Louisiana State Employees Retirement System (LASERS) was established in 1946. Today, the system provides a defined benefit (DB) pension for over 15,000 active, inactive, and retired members, including rank and file state employees as well as judges, certain legislative officials and statewide elected officials, correctional officers in the Department of Public Safety and Corrections, bridge police for the Crescent City Connection, enforcement agents with the Department of Wildlife and Fisheries, Alcohol and Tobacco Control officers, and peace officers.

A defined benefit (DB) pension is a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of the retiree's life. Public sector pensions usually employ a shared financing model whereby both employees and employers contribute to the pension fund over time to manage costs. In contrast, private sector pensions almost always are funded solely by the employer.

Defined benefit (DB) pension benefits often are a function of an employee's years of service and salary at the end of one's career. The benefits are financed by a combination of employer contributions, employee contributions, and investment earnings. Contributions typically are pooled among all employees and invested, with investment decisions made by professional asset managers overseen by trustees.

Research shows that Americans who have the three-legged retirement stool of a defined benefit (DB) pension, Social Security, and individual savings including 401(k)-type plans generally have greatest opportunity to achieve financial security in retirement.

Key Facts

- Employees contribute between 8-13% of salary to LASERS.
- Employers contribute 22% to the fund.
- LASERS members do not participate in Social Security.
- Each dollar invested by Louisiana taxpayers in LASERS supported \$4.95 in total economic activity in the state.



▶ Key LASERS Data¹

The chart below summarizes the key data for LASERS, as of June 30, 2011:

Total active employees	54,930
Total retired members, disability retirees, and survivors	41,142
Average annual retirement pension benefit*	\$19,140
Employer contribution rate	22%
Employee contribution rate**	8.0% for rank and file members; 9.5% for hazardous duty members; 13.0% for judges
Total assets	\$8.8 billion
Funded ratio	57.6%
Unfunded actuarial accrued liability	\$6.5 billion
* For rank and file members.	
** Among employees hired after January 1, 2011.	

▶ The Economic Impact of Louisiana Pensions²

Expenditures made by retirees of state and local government provide a steady economic stimulus to Louisiana communities and the state economy. Within the state of Louisiana, 2012 expenditures stemming from state and local pensions supported:

- 40,508 jobs that paid \$1.7 billion in wages and salaries
- \$6.1 billion in total economic output
- \$671.4 million in federal, state, and local tax revenues

Each dollar paid out in pension benefits supported \$1.81 in total economic activity in Louisiana.

Each dollar “invested” by Louisiana taxpayers in these plans supported \$4.95 in total economic activity in the state.

¹ All data, unless otherwise noted, as of June 30, 2011.

² Rhee, N. 2014. *Pensionomics 2014 Measuring the Economic Impacts of DB Pension Expenditures*. Washington, DC: National Institute on Retirement Security.

The following provides a snapshot of key data relative to the **Louisiana State Employees Retirement System (LASERS)**. LASERS was established in 1946 to provide retirement benefits for state employees. Today, the system provides a defined benefit (DB) pension, a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of a retiree's life.

\$4.95 Total economic activity in Louisiana for each dollar invested by Louisiana taxpayers in LASERS.

\$6.1 billion Total economic output in Louisiana created in 2012 when public sector retirees spent their pension income.

\$671.4 million Federal, state and local tax revenues generated by spending of Louisiana public pension income.

40,508 Jobs created from pension income spending by Louisiana state and local government retirees.

54,930 Total active members of LASERS.

\$19,140 Average annual retirement pension income for rank and file members.

8.0 Percentage of salary that rank and file employees contribute from every paycheck to their pension benefit to share the funding responsibility.

5.0 The median employee contribution rate nationally.

62.5 Percentage of pre-retirement income replaced by the defined benefit (DB) plan for an employee with 25 years of service. LASERS employees do not participate in Social Security.

80 Percentage of pre-retirement income from all income sources that is considered adequate for a secure retirement.

All data comes from either LASERS or the National Institute on Retirement Security.

Overview

The Teachers' Retirement System of Louisiana (TRSL) was established in 1936. Today, the system provides a defined benefit (DB) pension for its 86,742 active employees.

A defined benefit (DB) pension is a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of the retiree's life. Public sector pensions usually employ a shared financing model whereby both employees and employers contribute to the pension fund over time to manage costs. In contrast, private sector pensions almost always are funded solely by the employer.

Defined benefit (DB) pension benefits often are a function of an employee's years of service and salary at the end of one's career. The benefits are financed by a combination of employer contributions, employee contributions, and investment earnings. Contributions typically are pooled among all employees and invested, with investment decisions made by professional asset managers overseen by trustees.

Research shows that Americans who have the three-legged retirement stool of a defined benefit (DB) pension, Social Security, and individual savings including 401(k)-type plans generally have greatest opportunity to achieve financial security in retirement.

Key Facts

- Employees contribute 8.0% of salary to TRSL.
- Employers contribute 20.2% to the fund.
- Each dollar invested by Louisiana taxpayers in TRSL supported \$4.95 in total economic activity in the state.



Key TRSL Data¹

The chart below summarizes the key data for TRSL, as of June 30, 2011:

Total active employees	86,742
Total retired members	65,512
Average annual annuity in 2011	\$22,465
Employer contribution rate	20.2%
Employee contribution rate	8.0%
Total assets	\$13.3 billion
Funded ratio	55.1%
Unfunded actuarial accrued liability	\$10.8 billion

The Economic Impact of Louisiana Pensions²

Expenditures made by retirees of state and local government provide a steady economic stimulus to Louisiana communities and the state economy. Within the state of Louisiana, 2012 expenditures stemming from state and local pensions supported:

- 40,508 jobs that paid \$1.7 billion in wages and salaries
- \$6.1 billion in total economic output
- \$671.4 million in federal, state, and local tax revenues

Each dollar paid out in pension benefits supported \$1.81 in total economic activity in Louisiana.

Each dollar “invested” by Louisiana taxpayers in these plans supported \$4.95 in total economic activity in the state.

¹ All data, unless otherwise noted, as of June 30, 2011.

² Rhee, N. 2014. *Pensionomics 2014 Measuring the Economic Impacts of DB Pension Expenditures*. Washington, DC: National Institute on Retirement Security.

The following provides a snapshot of key data relative to the **Teachers' Retirement System of Louisiana (TRSL)**. TRSL was established in 1936 to provide retirement benefits for Louisiana teachers. Today, the system provides a defined benefit (DB) pension, a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of a retiree's life.

\$4.95 Total economic activity in Louisiana for each dollar invested by Louisiana taxpayers in TRSL.

\$6.1 billion Total economic output in Louisiana created in 2012 when public sector retirees spent their pension income.

\$671.4 million Federal, state and local tax revenues generated by pending of Louisiana public pension income.

40,508 Jobs created from pension income spending by Louisiana state and local government retirees.

86,742 Total active members of TRSL.

\$22,465 Average annual annuity income for TRSL members in 2011.

8.0 Percentage of salary that rank and file employees contribute from every paycheck to their pension benefit to share the funding responsibility. Nationally, the median employee contribution is 5.0%

62.5 Percentage of pre-retirement income replaced by the defined benefit (DB) plan for an employee with 25 years of service. A replacement ratio of 80% from all income sources is considered adequate for a secure retirement.

392 The number of teachers retained each year due to the defined benefit (DB) plan.

3.9 million Teacher turnover cost savings generated by the retention affect of the defined benefit (DB) pension.

All data comes from either TRSL or the National Institute on Retirement Security.

Overview

As early as the turn of the 20th century, American legislators seemed to understand the importance of teacher quality to students' education. A 1917 report on public education noted that, "A school teacher's work is personal, direct, and positive. It works for the good or the ill of each pupil."¹

Key Facts

- Teachers contribute 8% of salary out of each paycheck to the pension fund.
- The average teacher benefit is \$22,465 per year, or \$1,872 per month.
- TRSL covers 86,742 active teachers and 65,512 retirees.
- Teachers are paid 14.3% less than comparable private sector workers.
- The TRSL pension replaces 62.5% of pre-retirement income for a teacher with 25 years of service.
- Most experts find that a replacement ratio of 80% or more, from all income sources, is adequate for a secure retirement.

Defined benefit (DB) pension plans were first introduced for teachers in the United States to help with the recruitment of high quality educators, and as an incentive to keep those educators in the teaching profession. By 1916, some form of retirement plan was available to public schoolteachers in 33 states. It was thought that such a retirement system might serve two purposes: 1) bringing more diverse, and highly qualified teachers into the profession; and 2) creating a more productive workforce that actually saves public employers money, as one dollar in pension benefits was seen as worth more than a dollar in salary.²

All public school teachers in Louisiana have pension coverage through the Teachers' Retirement System of Louisiana (TRSL).

The TRSL plan covers 86,742 active teachers as well as 65,512 retired members. Louisiana teachers contribute 8% out of their salary to the pension fund. When they retire, the average benefit is \$22,465 per year, or \$1,872 per month.

The TRSL pension replaces 62.5% of pre-retirement income for a teacher with 25 years of service. Most experts find that a replacement ratio of 80% or more, from all income sources, is adequate for a secure retirement.

▶ Teachers Receive Lower Compensation

Public employees receive lower wages than their private sector counterparts. Even after accounting for pensions and other benefits, on average, state and local workers receive 7% less than those in the private sector.³ More specifically, teachers are paid 14.3% less than comparable private sector workers—and this pay gap has increased in the last decade.⁴ Teacher pensions play an important role in offsetting the financial impact of lower salaries.

Research shows that pensions are reliable and relieve retirement anxiety. Some 83% of Americans indicated that those with pensions are more likely to have a secure retirement, and 81% believe all workers should have access to a pension plan.⁵

▶ Pensions Help Retain Quality Teachers in Louisiana⁶

Better teachers are experienced teachers. DB pensions help to retain highly productive teachers longer, as compared with individual defined contribution (DC) accounts. Moreover, the cost of teacher turnover is quite high, both in terms of financial cost and loss of productivity to the school district.

In Louisiana:

- The cost of turnover in Louisiana is \$9,931 per teacher.
- 392 teachers are retained each year due to the defined benefit (DB) plan.
- The defined benefit (DB) pension system saved \$3.9 million in teacher turnover costs in 2003 in school districts across the state.

About NRTA

NRTA: AARP's *Educator Community* is a national umbrella organization for the nation's largest network of retired educators. For nearly 65 years, NRTA has worked with state and local Retired Educators Associations (REAs) across the country on areas of mutual interest in advocacy and community outreach.

Collectively, NRTA and REAs engage and advocate on behalf of nearly one-million retired educators. Our shared priorities are to protect earned pension benefits and to assure access to affordable retiree healthcare. Additionally, NRTA helps inspire and honor the work of REA volunteers through NRTA's With our Youth! national recognition program.



^{1,2} Graebner, W. 1978. Retirement in education: The economic and social functions of the teachers' pension. *History of Education Quarterly*, 18(4), 397-417.

³ Heywood, J., and K. Bender. 2010. *Out of Balance: Comparing Public and Private Sector Pay over Twenty Years*. Washington, DC: National Institute on Retirement Security.

⁴ Allegretto, S., S. Corcoran, and L. Mishel. 2008. *Teachers' Pay Continues to Slide*. Washington, DC: Economic Policy Institute.

⁵ Perlman, B., K. Kenneally, and I. Boivie. 2011. *Pensions and Retirement Security 2011: A Roadmap for Policy Makers*. Washington, DC: National Institute on Retirement Security.

⁶ Boivie, I. 2011. *The Three Rs of Teacher Pension Plans: Recruitment, Retention, and Retirement*. Washington, DC: National Institute on Retirement Security.