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# PERS NEWS

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A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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ISSUE 58

July 2010

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## **CONTRIBUTION RATES SET FOR 2011**

Employer rates for Plan A and Plan B will remain at the current levels for 2011. The employer rate for Plan A is 15.75% while the employer rate for Plan B is 10.0%. Employee rates will also remain at current levels for 2011. The employee contribution rate for Plan A is 9.5% while the employee rate for Plan B is 3%.

## **LEGISLATION TO PERMIT A RANGE FOR EMPLOYEE CONTRIBUTIONS PASSED**

SB 85 was passed during the 2010 Regular Session. This bill allows the Board to set the employee contribution rate within a specified range. In Plan A, the range is between 8% and 11%; in Plan B, the range is between 3% and 5%. With employer rates remaining at the levels established for 2010, the Board of Trustees has decided to maintain the current employee contribution rates in both plans. The employee contribution rate in Plan A is 9.5% while the employee contribution rate in Plan B is 3%. If employer rates rise from current levels, the Board of Trustees may exercise the option of raising the employee contribution rate. Such a determination would be made following the release of the actuarial report for the year ending 12/31/10.

## **LEGISLATION TO IMPLEMENT FIVE YEAR FINAL AVERAGE COMPENSATION DEFERRED**

SB 100 was involuntarily deferred in the House Retirement Committee on June 10, 2010. This bill would have implemented five year final average compensation for all members of the Parochial Employees' Retirement System. The actuarial note on the bill showed that cost savings over a five year period could have exceeded \$86 million.

Opposition to SB 100 was sufficient to prevent the bill from becoming law. While our legislative effort was unsuccessful, we have certainly brought to the forefront the issue of maintaining an affordable plan of benefits for all participating employers. Testimony provided to both committees by the opposition assured the legislators that participating employers have no problem with the current employer contribution levels.

In summary, the current three year average is still in effect for employees hired prior to January 1, 2007.

## **2009 AUDIT AND ACTUARIAL REPORTS APPROVED**

At the June 21, 2010 meeting, the Board of Trustees approved the 2009 Audit and 2009 Actuarial Report for the Parochial Employees' Retirement System. The 2011 employer contribution rates were approved at 15.75% of payroll for Plan A and 10.0% of payroll for Plan B.

As part of the actuarial valuation, we must assume a rate of return for our investments. Our assumed rate of return is 7.5%. Plan rates of return exceeded this assumption for the year ending 12/31/09. The market rate of return in Plan A was 20.6% while the market rate of return in Plan B was 20.7% for 2009. A rate of return in excess of the assumed 7.5% is certainly beneficial after the negative returns experienced in 2008. However, employers are cautioned that investment returns for 2010 may be at or below the 7.5% assumed rate.

One factor that attributed to the rising costs of the plan in the 12/31/08 valuation was the increase in salaries reported to the retirement system. For the valuation for the year ending 12/31/09, salary increases were within the assumed ranges and resulted in a cost savings to the plan. Our actuary assumes that the salary scale for the membership will increase 5.75% from one year to the next. When salaries increase in excess of this assumption, this results in a cost to the plan. When salaries increase at or below this assumption, plan savings result.

Although the employer rates have been approved by the Board of Trustees, approval by the Public Retirement Systems' Actuarial Committee (PRSAC) is necessary to make these rates official for 2011. For budgeting purposes, employers are urged to utilize the rates approved by the Board of Trustees. Our office will notify you as soon as PRSAC has approved the rates for 2011.

You may find the following information contained in this year's reports useful. Assets in Plan A increased from \$1.565 billion at December 31, 2008 to \$1.904 billion at December 31, 2009. Assets in Plan B increased from \$109.75 million at December 31, 2008 to \$134.94 million at December 31, 2009. The funded ratio for Plan A increased from 96.99% at December 31, 2008 to 97.55% at December 31, 2009. Plan B remains over 100% funded.

Our office will forward a copy of the actuarial report and a copy of the audit report for the year ending 12/31/09 to each participating employer within the next two weeks. It is important that you provide a copy of both reports to your auditor and keep a copy for your records.


# July 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				7/1 Refunds Mailed	2	3
4	5 CLOSED TO CELEBRATE THE 4TH OF JULY	6	7	8	Cut-off for 7/15 Refunds	10
11	12	13	14	7/15 Refunds Mailed	16	17
18	19	20	21	22	23	24
25	26	Cut-off for 8/2 Refunds	28	29	30	31

# August 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	8/2 Refunds Mailed	3	4	5	6	7
8	9	Cut-off for 8/16 Refunds	11	12	13	14
15	8/16 Refunds Mailed	17	18	19	20	21
22	23	24	25	Cut-off for 9/1 Refunds	27	28
29	30	31				

# September 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			9/1 Refunds Mailed	2	3	4
5	CLOSED LABOR DAY 	7	8	Cut-off for 9/15 Refunds	10	11
12	13 Board Meeting	14	9/15 Refunds Mailed	16	17	18
19	20	21	22	23	24	25
26	Cut-off for 10/1 Refunds	28	29	30		

**PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM  
ADMINISTRATIVE TRAINING SESSION  
OCTOBER 5, 2010  
BATON ROUGE MARRIOTT                      5500 HILTON AVENUE**

**Tentative Agenda**

8:30—8:55 a.m.	Registration
9:00—10.00 a.m.	Actuarial Funding and Valuation
10:00—11:00 a.m.	Review of Plan Investments
11:00—Noon	Administrative Review

This session is designed for those at the parish or agency level who administer the retirement plan. In order to properly plan for those in attendance, the following form must be completed for each attendee and mailed to PO Box 14619, Baton Rouge, LA 70898 by September 30, 2010.

Name \_\_\_\_\_

Title: \_\_\_\_\_

Employer: \_\_\_\_\_

Address: \_\_\_\_\_

Work # \_\_\_\_\_ Fax # \_\_\_\_\_

Please list below any questions you would like addressed during this training:

\_\_\_\_\_

**Accommodations**

A block of rooms is being held at the Baton Rouge Marriott. The rate for this block is \$101 per night (not inclusive of applicable taxes). Please contact the Baton Rouge Marriott directly at (225)924-5000 to make hotel reservations and request the block for the Parochial Employees' Retirement System. The block will be released on 9/04/10. After this date, accommodations will be subject to availability and rates may increase.

**ORDER FORM**

**Parochial Employees Retirement System**

Please mail the following forms to: \_\_\_\_\_  
(Name of Employing Parish)

We are in: Plan "A" \_\_\_\_\_ Plan "B" \_\_\_\_\_

How Many:

\_\_\_\_\_ Refund of Contributions

\_\_\_\_\_ DROP Applications

\_\_\_\_\_ Retirement Application

\_\_\_\_\_ Brochures

**The following forms can be printed from our website:**

- Quarterly/Monthly Reports—Regular and DROP
- Personal History Update Forms
- Personal History Forms
- Election Form for New Employees age 55 and older
- Special Tax Notice
- SSA 1945 Statement concerning Employment in a Job not covered by Social Security

**COST OF LIVING ADJUSTMENT FOR PLAN A RETIREES APPROVED:** The 2009 actuarial report determined that the Board of Trustees is able to grant a cost of living adjustment to retirees of Plan A that qualify under statutory provisions. The Board of Trustees approved a 2.5% COLA for Plan A retirees who are age 62 and older. This COLA will be effective January 1, 2011. In order to qualify for the COLA, a Plan A retiree must meet the age requirement on or before December 21, 2010 and must have retired on or before December 31, 2009.

**BOARD UNABLE TO GRANT COLAS TO PLAN B RETIREES:** As a result of the 2009 actuarial report, the Board of Trustees was unable to grant a cost of living adjustment to Plan B retirees. As you may recall, COLAs are not guaranteed to be granted to retirees each year. State statutes that govern our plan include two tests that must be met before a COLA can be paid. One test that was met in Plan B involves the rate of return on investments. The plan must have investment returns of 7.5% or greater. Plan B did meet this requirement. However, the other test requires that the plan meet the target ratio as provided by statute. Plan B did not meet this target ratio for 2009. Therefore, retirees of Plan B will not receive a COLA in 2011.

**ADMINISTRATIVE TRAINING WORKSHOP:** For the past three years, our office has held a training workshop for all participating employers in Baton Rouge. The attendance at these annual workshops has been outstanding. This year's training workshop will be held at the Baton Rouge Marriott on Tuesday, October 5, 2010. This session is designed specifically for those who work with the retirement system in your parish or agency. This training is not appropriate for employees with questions on their own retirement account.

A registration form is included on page 3 of this newsletter. Each attendant must complete a registration form in order for us to prepare for the correct number of attendees. Information on hotel rooms for the night of October 4, 2010 is included on the registration form as well as a tentative agenda. Questions concerning the administrative workshop should be directed to Dainna Tully at (225)928-1361.

**SECOND QUARTER CONTRIBUTIONS DUE JULY 15:** Quarterly reports for the second quarter of 2010 are due in the retirement system office on July 15, 2010. This deadline applies to both regular reports and DROP reports. R.S. 11:2014 C states that payments shall be considered delinquent when not **received** by the system within fifteen days after the close of each fiscal quarter. This statute also provides that a penalty of 1 ½% per month may be assessed on delinquent payments.

If you will be sending your report close to the deadline, you may want to utilize an overnight delivery service. Although the charges for overnight delivery do exceed first class mail delivery, it will assure that your report is received in our office by the required deadline and will likely be much less expensive than the penalty of 1 ½% of the total remittance.

**OFFICIAL QUARTERLY/MONTHLY REPORT FORMS REQUIRED:** When submitting salary and contribution data to our office, we require all employers to utilize the quarterly or monthly report forms that we provide prior to the end of each calendar quarter. If you require additional forms, please download the current quarterly or monthly report form from our website [www.persla.org](http://www.persla.org) under the Forms tab. Using an old form can result in payment of an incorrect employer contribution amount. In addition, employers are not allowed to make an adjustment to a quarterly or monthly report for an overpayment in a prior period. If an overpayment has occurred, you must submit a written request for the return of funds.

Quarterly report forms are mailed once each quarter to all participating employers. These forms are also available on our website ([www.persla.org](http://www.persla.org)) under the Forms tab.

**CONTRIBUTIONS PROHIBITED ON CERTAIN TYPES OF PAYMENTS:** Louisiana Revised Statute 11:233 B(2) provides specific types of payments that are excluded from "earnable compensation" for purposes of this retirement system. Lump sum payments made in lieu of unused annual or sick leave, car allowance, bonuses, and severance pay are among the payments that are excluded. Employee and employer contributions cannot be withheld from any of the types of payments listed in this section of the law.

In addition, our definition of earnings contained at R.S. 11:1902 (11) states "earnings shall not include fees or commissions." Employee and employer contributions cannot be withheld on fee or commission payments.

If you have any questions about whether a type of payment qualifies as earnings or earnable compensation for retirement purposes, please contact Dainna Tully or Becky Fontenot.

#### BOARD OF TRUSTEES

Terrie Rodrigue, Chairman	Jefferson Parish
Gwen B. LeBlanc	Ascension Parish
Tim Ware	Rapides Parish
Jerry Milner	Calcasieu Parish
Robert F. Manuel	Police Jury Assn
Rep. Joel Robideaux	House Retirement
Sen. Butch Gautreaux	Senate Retirement

#### ADMINISTRATIVE PERSONNEL

Tom Sims, CFA	Chief Investment Officer
Dainna S. Tully	Administrative Director
Becky Fontenot	Assistant Director
Bobbie Deloney	Systems Analyst
Jean Sullivan	Bookkeeper
Geraldine Ferguson	Data Entry Specialist
Eddie Dimaio	Benefits Analyst
Virginia Eckert	Receptionist

PERSNEWS is a quarterly publication of the Parochial Employees' Retirement System of Louisiana, located at 7905 Wrenwood Blvd., Baton Rouge, Louisiana 70809.

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