



PERS NEWS

A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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January 2007

NEW PLAN OF BENEFITS FOR NEW HIRES EFFECTIVE 1/1/07

Act 584 of 2006 implements a new plan of benefits for employees hired 1/1/07 and later in both Plan A and Plan B. The provisions of this Act will not impact current members unless they terminate, take a refund of their member contributions, and are rehired on or after 1/1/07.

Following is a summary of the plan changes:

1. Five year final average compensation will be used in the benefit calculation
2. Eligibility for normal retirement will be modified as follows
 - A. 7 years at age 67
 - B. 10 years at age 62
 - C. 30 years at age 55
3. 7 years of service will be required for disability retirement eligibility. In addition, disability will be defined as unable to perform any type of gainful employment.
4. Actuarial cost of leave conversion will be paid by the employer at the member's date of retirement.

Employers should review their leave accrual policies for employees hired 1/1/07 and later. Since the actuarial cost of leave conversion will be paid by the employer at the time of retirement for these new hires, an employer with a liberal leave accrual policy will have a much higher cost than an employer that has a conservative leave accrual policy. Although the cost of such leave conversion will not be seen for several years, a review of accrual policies would be wise to help employers understand their potential exposure to the actuarial liability of leave conversion.

FOURTH QUARTER CONTRIBUTIONS DUE JANUARY 15

Quarterly reports for the fourth quarter of 2006 are due in the retirement system office on 1/15/2007 2007. 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. Please keep this deadline in mind to avoid being charged a late penalty. Note that the statute states that the payments shall be received by the retirement system within fifteen days after the close of the fiscal quarter.

NEW EMPLOYER RATES EFFECTIVE 1/1/07

As mentioned in previous correspondence, the employer rates for 2007 will increase slightly for Plan A and Plan B. Please make note that effective January 1, 2007 the employer contribution rate for Plan A will be 13.25% and the employer contribution rate for Plan B will be 6%. The employee contribution rates for Plan A and Plan B remain unchanged at 9.5% and 3% respectively.



**Happy
Holidays**

January 2007

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|-----|------------------------|----------------------------|--------------------------|-----|----------------------------|-----|
| | 1 Closed for New Year | 2 Closed for New Year | 3 1/3/07 Refunds mailed | 4 | 5 | 6 |
| 7 | 8 | 9 Cut-Off for 1/15 Refunds | 10 | 11 | 12 | 13 |
| 14 | 15 1/15 Refunds mailed | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 Cut-Off for 2/1 Refunds | 27 |
| 28 | 29 | 30 | 31 Retiree Checks mailed | | | |

February 2007

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|-----|-----|---|--|------------------------|----------------------------|-----|
| | | | | 1 2/1 Refunds mailed | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 Cut-Off for 2/15 Refunds | 10 |
| 11 | 12 | 13 |  Valentines Day | 15 2/15 Refunds mailed | 16 | 17 |
| 18 | 19 |  Closed Mardi Gras | | 22 | 23 Cut-Off for 3/1 Refunds | 24 |
| 25 | 26 | 27 | 28 Retiree Checks mailed | | | |

March 2007

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|-----|------------------|----------------------------|-----|------------------------|------------------------------|-----|
| | | | | 1 3/1 Refunds mailed | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 Cut-Off for 3/15 Refunds | 10 |
| 11 | 12 | 13 | 14 | 15 3/15 Refunds mailed | 16 Qtrly Report forms mailed | 17 |
| 18 | 19 Board Meeting | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 Cut-Off for 4/2 Refunds | 28 | 29 | 30 Retiree Checks mailed | 31 |

REPORT ON REGIONAL MEETINGS

In October, Dainna Tully and Becky Fontenot hosted meetings around the state to review provisions of the retirement system and to answer questions for those who administer the plan at the parish or agency level. Dainna and Becky would like to thank all of you who took the time to attend one of these meetings.

If you were unable to attend the meeting, you can obtain a copy of the outline distributed to participants on our website, www.persla.org. Any questions concerning the outline can be directed to Dainna Tully at (225)928-1361.

DID YOU KNOW?

Plan A is comprised of parishes and agencies that withdrew from Social Security. Plan B is comprised of parishes and agencies that remained in Social Security. Plan B parishes and agencies pay the Plan B rates and also pay full Social Security taxes.

BOARD OF TRUSTEES' NEWS

The Executive Board of the Police Jury Association has named Mr. Will Langlinais to serve on the Board of Trustees of the Parochial Employees' Retirement System. Mr. Langlinais is a past-president of the Executive Board of the PJA. He currently serves as the parish president for Iberia Parish Government; a position he has held since January of 1993.

At the December 4, 2006 meeting of the Board of Trustees of the Parochial Employees' Retirement System, the results of the recent election were promulgated. Ms. Gwen LeBlanc has been reelected to serve a six year term beginning in January of 2007. Ms. LeBlanc has served on the Board since January of 1995. She currently serves as the Chief Financial Officer/Treasurer of Ascension Parish.

1099 FORMS AND NOTICES OF DEPOSIT

1099-R forms will be mailed to all retirees and to all of those former employees who received a refund in 2006. We are required to postmark these tax forms by January 31, 2007.

Notices of Deposits reflecting employee contribution balances as of December 31, 2006 will be prepared and sent to each participating parish or agency for distribution. This is a lengthy process that we strive to have completed by March 31, 2007.

ORDER FORM

Parochial Employees' Retirement System

Most of these forms can be found on our website: www.persla.org

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

We are in: Plan "A" ___ Plan "B" ___

How Many

- _____ Quarterly Reports
- _____ Personal History Update Forms
- _____ Refund of Contributions
- _____ Personal History
- _____ Retirement Application
- _____ DROP Application
- _____ Brochures

How Many

- _____ DROP Quarterly Reports
- _____ 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

Date

Signature of Appointing Authority

MONTHLY SUBMISSION OF CONTRIBUTIONS: The retirement system welcomes monthly reporting of contributions. If your parish or agency is interested in submitting contributions on a regular monthly basis, simply make copies of our reporting form. With regular monthly reporting, we ask that you provide your information on the paper forms and on disk. The format for remitting the data on disk can be obtained by contacting Ms. Geraldine Ferguson at (225)928-1361.

By reporting on a regular monthly basis you will facilitate processing of refunds and the release of first retirement checks and DROP distributions. In addition, the submission of information on disk allows quicker and more accurate posting of wages and employee contributions.

EARNABLE COMPENSATION DEFINED: Our office audits salary history at the time a member requests an estimate of benefits and again at the time of application for retirement or DROP. During some of these audits, we find that contributions have been made on forms of payments that are not allowed under our definition of earnings and earnable compensation. Regular wages and overtime are includable for purposes of determining earnable compensation for retirement purposes. R.S. 11:1902 (11) provides the definition cited in the previous sentence in more detail. This statute also states that earnings shall not include fees and commissions. R.S. 11:233 B provides for additional exclusions from the definition of earnable compensation. Car allowances, lump sum payments for annual and/or sick leave, bonuses, and terminal pay are some of the exclusions provided for in this statute. If you have a question regarding whether a specific type of payment is subject to retirement withholding, please contact Dainna Tully or Becky Fontenot at (225)928-1361.

NEW ROLLOVER RULES: The Pension Protection Act (PPA) of 2006 was signed into Federal law on August 17, 2006. The new rollover rules provided in this Act will apply to the Parochial Employees' Retirement System (PERS). Eligible rollover distributions from PERS can be rolled into Roth IRA's beginning January 1, 2007. This type of rollover was previously prohibited. In addition, non-spouse beneficiaries are permitted to roll over distributions from PERS to an IRA beginning January 1, 2007. Prior to this Act, non-spouse beneficiaries were unable to rollover their distributions.

A revised Special Tax Notice will be forwarded to all employers for distribution to terminating employees requesting a refund of contributions and to employees retiring and receiving a distribution from their DROP account.

DECEMBER 31 IS DEADLINE FOR KATRINA/RITA AFFIDAVITS: The Hurricane Katrina Tax Relief Act (KETRA) of 2005 allowed terminated employees who applied for a refund of contributions and retired employees who applied for a distribution from their DROP accounts to file an affidavit with the retirement system attesting to the fact that their principal place of residence was in the disaster area and that they sustained an economic loss due to one or both of these storms. The filing of this affidavit allowed the terminated member to request that the 20% mandatory Federal withholding not apply to their distribution. This exclusion will sunset on December 31, 2006.

BOARD OF TRUSTEES

| | |
|---------------------------|-------------------|
| Terrie Rodrigue, Chairman | Jefferson Parish |
| Gwen B. LeBlanc | Ascension Parish |
| Tim Ware | Rapides Parish |
| Jerry Milner | Calcasieu Parish |
| Rep. Pete Schneider | House Retirement |
| Sen. Butch Gautreaux | Senate Retirement |
| Will Langlinais | Police Jury Assn |

ADMINISTRATIVE PERSONNEL

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

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