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# PERS NEWS

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A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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## 2016 INVESTMENT RETURNS

The PERS investment portfolio gained 7.65% in 2016 and was a top performer among its peers in the country. The capital markets were full of surprises last year, 2016 started with oil falling to near \$25 a barrel and fears of global deflation taking hold and ended the year with equity markets rising rapidly after the unexpected victory of Republican Presidential Nominee Donald Trump. The trailing 5 year return for the PERS investment portfolio is 8.9% and the assets now exceed \$3.6 billion dollars.

US equities, which represent the largest portion of our portfolio, were up close to 11% last year and helped the portfolio tremendously. Our Non-US equity portfolio was down slightly for the year losing 0.5% in value due largely to currency movement. Emerging market equities helped the plan by gaining 15.4% during the year.

The fixed income portion of our portfolio had a great year gaining 7.7% despite rising interest rates in the Q4. We have taken several steps to make the fixed income portion of our portfolio as durable and as resilient as possible.

The alternatives portion of our portfolio earned 5.3% during 2016. The alternatives portion of our portfolio is made up of real estate, hedge funds and private equity investments. Importantly, all of our investment returns are shown net of management fees.

2017 is off to a good start with the investment portfolio gaining 2% through the end of February.

While 2016 was a good year for the investment portfolio, the investment return is only one factor in establishing necessary employer contribution rates. Active member salaries, as well as age, and years of service of our membership are additional factors in setting next year's contribution levels.

Further, a five year smoothing technique is employed by the actuary in considering the impact of investment results. This means that the effect of the most recent year, whether it is a good one or poor one, is combined with prior year's results to *smooth* the employer contribution levels.

Consequently, there are numerous considerations that go into the work done by our actuary to determine the necessary contribution rates for 2018. The actuary's work and that of our audit firm will be discussed at our June meeting and the outcome will be announced shortly thereafter.

## FIRST QUARTER CONTRIBUTIONS DUE APRIL 15

Quarterly reports for the first quarter of 2017 are due in the retirement system office on April 15, 2017. 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 shall 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.

## NOTICES OF DEPOSIT

Our office is in the process of mailing all notices of deposit to participating employers. These notices reflect individual employee contribution balances as of December 31, 2016. We appreciate each employer's help in distributing these notices to the members. It is our goal to have all notices mailed by April 30, 2017.


## AUDIT CONFIRMATIONS

Our audit firm, Duplantier, Hrapmann, Hogan & Maher, will be sending correspondence to a random sample of participating employers asking for verification of information. If you receive a verification request, please return it to Duplantier as soon as possible. Your prompt response will facilitate an efficient audit process for the retirement system.


## CONTRIBUTION RATES FOR 2017

In Plan A the employer rate has decreased to 12.50% while the employee rate remains 9.5%. In Plan B, the employer rate remains unchanged at 8.00% and the employee rate remains 3.0%.



# April 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1 April Fools Day
2	3 Refunds mailed	4	5	6	7	8
9	10	11 Cut-off for 17th Refunds	12	3	14 CLOSED FOR Good Friday	15
16 Easter 	17 Refunds mailed	18	19	20	21	22
23	24	25	26 Cut-off for 1st Refunds	27	28	29 30

# May 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 Refunds mailed	2	3	4	5	6
7	8	9	10 Cut-off for 15th Refunds	11	12	13
14 Mothers Day 	15 Refunds mailed	16	17	18	19	20
21	22	23	24	25	26 Cut-off for 1st Refunds	27
28	29 CLOSED FOR Memorial Day	30	31			

# June 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 Refunds mailed	2	3
4	5	6	7	8	9	10
11	12 Cut-off for 15th Refunds	13	14	15 Refunds mailed	16	17
18 Fathers Day 	19	20 BOARD MEETING	21 First day of Summer 	22	23	24
25	26	27	28 Cut-off for July 1st Refunds	29	30	

## APPLICATIONS FOR ACTUARIAL TRANSFER

Members who have service credit in another state or statewide retirement system in Louisiana can apply to transfer that service credit once they have 6 months of service credit in PERS. The application for actuarial transfer can be found on our website, [www.persla.org](http://www.persla.org). The member must submit the original application to our office along with a processing fee of \$100. Please contact Dainna Tully or Becky Fontenot at (225)928-1361 with questions concerning transfers of service.

## LEAVE CONVERSION

Conversion of annual and sick leave at the time of retirement is only available for leave that is accumulated in accordance with the employer’s policy. This leave must be available for the employee’s use in order to be considered for conversion purposes. The retirement system may request leave records to verify the days shown on the Employer Request form at the time of retirement or upon entry into DROP. The retirement system may also request a copy of the leave accrual policy for the employer to verify that the leave reported is in accordance with the policy.

## 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. When ineligible payments are made, the system must return the employee contributions attributable to the ineligible wages to the member. Employer contributions made on the ineligible wages can only be returned for those wages reported within the past 12 months.

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.

# ORDER FORM

## Parochial Employees Retirement System

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

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
- Forfeiture of Retirement Benefits Attestation

## AGE 55 OPT OUT

R.S. 11:1921 C provides for optional membership for new hires who are age 55 or older and have 40 quarters of Social Security coverage at their date of employment. **The option for these employees must be exercised within 90 days of the date of employment.** Until an employee makes the election, the employer should withhold Social Security. If the employee makes an election to participate in PERS, a Personal History form along with the Opt Out form must be submitted to PERS. Contributions to PERS must begin when the election to participate is made. If the employee makes an election to opt out of PERS, then the Opt Out form, along with Social Security Form SSA 7005, must be completed and sent to PERS. An employer will not withhold PERS contributions if an employee opts out of PERS and the employer will not submit a Personal History form for an employee who opts out of the plan.

Please remind employees who qualify for this provision that this is a one time irrevocable election. Once an employee makes an election, it cannot be changed. The election will stand if the employee terminates and then is subsequently rehired.

This opt out provision does not apply to retirees of PERS who are subsequently rehired by a Parochial employer.

## OPTION SELECTION AT RETIREMENT

A member chooses his payment option (maximum, Option 2 or Option 3) at the time of retirement or upon DROP entry. A retiree cannot change the designation of the beneficiary listed at the time of the option selection. If an ex-spouse relinquishes all rights to retirement within a certified court order, a change of beneficiary may be permitted.

## MONTHLY REPORTING

Monthly submission of salary and contribution data is something that our retirement system welcomes. The more frequent reporting does have its advantages. In order to process refunds, release first retirement checks or DROP lump sum payments, all contributions must be remitted through the employee's last day of employment. With monthly reporting, these distributions are able to be processed in a more timely fashion.

If your office would like to pursue monthly reporting, simply make copies of the quarterly report form and submit these each month along with a hard copy of your member data and a disk containing this data for quick and efficient download at our office. You can contact Dainna Tully to obtain more information on monthly reporting.

## 2017 REGULAR LEGISLATIVE SESSION

The 2017 Regular Legislative Session will convene on Monday, April 10, 2017 and will adjourn no later than June 8, 2017. The retirement system staff will monitor all bills that are filed to determine the impact on the retirement system. Please contact Dainna Tully at (225)928-1361 if questions arise concerning proposed legislation.

### DID YOU KNOW?

In a recent survey by *Pensions & Investments Magazine*, the Parochial Employees' Retirement System ranked 463 out of the top 1000 retirement funds in a ranking by total assets.

### BOARD OF TRUSTEES

Terrie Rodrigue, Chairman	Jefferson Parish
Gwen B. LeBlanc	Ascension Parish
Tim Ware	Rapides Parish
Tammy Bufkin	Calcasieu Parish
Sandy Tremé	Police Jury Assn
Rep. Gregory Miller	House Retirement
Sen. Barrow Peacock	Senate Retirement

### ADMINISTRATIVE PERSONNEL

Dainna S. Tully	Administrative Director
Troy Searles, CFA	Chief Investment Officer
Becky Fontenot	Assistant Director
Geraldine Ferguson	Systems Analyst
Jean Sullivan	Bookkeeper
Eddie Dimaio	Data Entry Specialist
Cari Hill	Benefits Analyst
Virginia Eckert	Receptionist
Larisa Ellard	Investment Accountant

PERSNEWS is a quarterly publication of the Parochial Employees' Retirement System of Louisiana, located at:  
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