
PERS NEWS

A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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SOCIAL SECURITY PARTICIPATION FOR PUBLIC EMPLOYEES BEING DISCUSSED

An issue that will not go away is that of mandatory Social Security participation for public employees. During a year when private accounts and Social Security reform are on the front burner of the national political debate, mandatory Social Security participation is receiving some unwanted attention.

Importantly, the issue has much more impact on Plan A employers and employees than those in Plan B, since Plan B members are currently contributing to Social Security.

Heretofore, all discussion on this topic has started with current employees being "grandfathered". That is, if mandatory SS participation were to take effect, it would apply only to new hires.

Recently, however, the Employee Benefit Research Institute (EBRI) issued a report titled "Social Security Reform: How Benefits Compare." In the report, EBRI President Dallas Salisbury states that all public employees should be covered.

Further, in a recent article appearing in the Boston Globe, a White House source noted that mandatory Social Security participation was an issue that is still on the table for discussion.

A great deal is being said in the national discussion of Social Security, but the two comments noted above are not comforting. Such a change in participation, whether it involved only new hires or all public employees would have a damaging effect on our existing defined benefit plans. Getting the

issue off the table before it becomes part of any reform package is important.

Two members of the Louisiana delegation are important in this regard. Representative Jim McCrery is the chairman of the House Ways and Means Committee's Sub-Committee on Social Security. Senator David Vitter, a veteran of the House but a freshman senator, is also an important figure. Communicating to these gentlemen the importance of their opposition to mandatory participation can be very helpful.

Mail delivery to Congressional offices is a time-consuming affair. A fax sent to the numbers below will be delivered very quickly.

Senator Vitter 202-228-5061
Representative McCrery 202-225-8039

NOTIFICATION OF SOCIAL SECURITY OFFSET NOW REQUIRED

Federal legislation passed in 2004 requires that each employee hired after December 31, 2004 is notified of the Social Security offsets that can apply to members participating in public retirement plans with no accompanying Social Security contributions. This new requirement would apply to Plan A employees only; not to Plan B employees.

For affected employees, the form (SSA-1945) that must be signed by the employee is available online at the Social Security website:

www.socialsecurity.gov/form1945

Paper copies may be requested by fax at:
1-410-965-2037

An original of the signed and dated form should

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EMPLOYEE CONTRIBUTIONS ARE NOT MADE DURING DROP PARTICIPATION

The number of DROP applications makes it apparent that the ability to accrue an attractive lump sum at the time of retirement is an important feature of our plan. One of the provisions that helps to make DROP so appealing is the fact that employee contributions are not made during DROP participation.

In order that the employee receive the full benefit, we suggest that the administrator handling retirement applications work closely with the payroll department to assure that the beginning of DROP participation coincides with the withholding of retirement contributions.

To assist in this matter our office has begun sending written notice to the administrator at each participating employer to advise that a member's DROP benefit has been calculated and approved.

When DROP applications are submitted to our office in advance, this new notice should enable employers to discontinue retirement withholding in a timely fashion.

Of course, employer contributions are still due while the employee participates in DROP.

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be retained by the employer and a copy should be sent to our office along with the member's personal history form.

Retention of the original form, as required by this Federal law, could prove valuable in years to come when a member claims the employer did not notify him of the existence of these offsets. Sending a copy to our office, which is also required by this law, could similarly prove to be a wise step in preparing the defense to the inevitable legal claim.

FORMER BOARD MEMBER KILLED IN PLANE CRASH

In January of this year Mr. Arlan Rawls and Mr. Tommy Ray Nichols were killed in the crash of a Civil Air Patrol Cessna 182 in Ouachita Parish. Mr. Rawls was a long time police juror in Ouachita who served on Parochial's Board of Trustees in 1995. He was a strong supporter of the retirement system while he served and afterwards. Our sympathy is extended to his family.

"DO NOT DO WHAT YOU WOULD UNDO IF CAUGHT."
 —LEAH ARENDT (AMERICAN BUSINESSWOMAN)

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

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

How Many

- _____ Brochures
- _____ Personal History Update Forms
- _____ Election Form for New Employees age 55 and older
- _____ Special Tax Notice

 Date

 Signature of Appointing Authority

IMPORTANT STUFF!

New contribution rates effective with this Quarter: While it is not news, we should remind participating employers that the employer contribution rate is now 12.75% for Plan A and 5.75% for Plan B. Please keep these new levels in mind as first quarter contributions are being made.

Notices of Deposit: Earlier this month our office began sending out notices of deposit. These notices reflect individual employee contribution balances as of December 31, 2004. More notices are being prepared and all of them should be mailed out by the end of March.

Audit Confirmations: Our audit firm, Duplantier, Hrapmann, Hogan and Maher has begun their work and recently sent out confirmations to a sample of our participating employers. Your time and effort spent on responding is deeply appreciated.

Changes in Reporting non-pension benefits: An important change is on the horizon for public sector entities in the form of GASB 45. Although reporting requirements do not begin to take effect until fiscal years commencing after December 15, 2006, the changes are so sweeping that planning should begin soon. The Governmental Accounting Standards Board has determined that the “pay-as-you-go” method of reporting non-pension benefits such as healthcare doesn’t accurately reflect the true costs that governments are accumulating. One of the important changes stemming from GASB 45 will be the need for an actuarial analysis in order to comply. Needless to say, contacting your audit firm is highly recommended in order to learn exactly what steps will be needed to comply.

“MAKE YOURSELF AN HONEST MAN, AND THEN YOU MAY BE SURE THAT THERE IS ONE LESS SCOUNDREL IN THE WORLD.”

—THOMAS CARLYLE

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🌐 Website: www.persla.org

April 2005

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 4/1 Refunds Mailed	2
3	4	5	6	7	8	9
10	11	12 Cut off for 4/15 Refunds	13	14	15 4/15 Refunds Mailed 1st Quarter Reports due	16
17	18	19	20	21	22	23
24	25	26	27 Cut off for 5/2 Refunds	28	29	30

May 2005

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

June 2005

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 6/1 Refunds Mailed	2	3	4
5	6	7	8	9	10 Cut off for 6/15 Refunds	11
12	13 Board Meeting	14	15 6/15 Refunds Mailed Mail out 2nd Qtr reports	16	17	18
19	20	21	22	23	24	25
26	27	28 Cut off for 7/1 Refunds	29	30		