



PERS NEWS

A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

ISSUE 56

January 2010

PLEASE SHARE COPIES OF THE FOLLOWING ARTICLES WITH ALL ACTIVE MEMBERS IN PERS!!

LEGISLATION TO INCREASE EMPLOYEE CONTRIBUTION RATE APPROVED

The Board of Trustees has authorized the introduction of legislation for the 2010 Regular Legislative Session that would permit the board to set the employee rate in Plan A within a range of 8% to 11%. This same piece of legislation would grant the board authority to set the employee rate in Plan B within a range of 2% to 4%. An increase in the employee contribution rate in Plan A to 11% could result in a 1.09% reduction in the plan's normal cost. An increase in the employee contribution rate in Plan B to 4% could result in a 0.75% reduction in the plan's normal cost.

With employer rates increasing to 15.75% in Plan A and 10% in Plan B, the board feels that it is an appropriate time to increase the employee contribution rate so that both the employer and the employee are sharing in the rising costs of the defined benefit plan. With proposed legislation allowing the board to set the employee rate within a range, the board can use this flexibility to increase the employee rate when costs are rising and lower the employee rate if costs begin to come down.

As soon as this legislation is introduced, we will provide all employers with a bill number so that you can track the progress of this proposed change.

LEGISLATION TO IMPLEMENT FIVE YEAR FINAL AVERAGE COMPENSATION APPROVED

With employer contribution rates at the highest levels in the history of the plan, the Board of Trustees has reviewed various cost saving measures that can be implemented to help trend down plan costs. As mentioned in the lead article of this newsletter, the board has authorized legislation to increase the employee contribution rates in both plans in an effort to have both the employee and the employer share in these rising costs.

With contribution rates expected to increase above 15.75% in Plan A and 10.00% in Plan B, our Board of Trustees feel that they must look at all ways to help contain the costs of this defined benefit plan. The employer rates for 2011 will not be available until the valuation for 12/31/09 is completed in June of 2010, but our actuary has prepared us for increases above the 2010 rates. With this in mind, our board understands that with over 260 employers participating in the Parochial Employees' Retirement System (PERS),

all have different financial conditions. It is imperative to the survival of our plan that we keep retirement costs affordable for all participating employers.

The board has authorized introduction of legislation in the 2010 Regular Legislative Session to implement five year final average compensation for all members. If a change to five year final average compensation is implemented, it is anticipated to result in a 2.08% reduction in normal cost for Plan A and a 1.46% reduction in normal cost for Plan B. This change would be implemented using a two year phase-in period. If the legislation introduced in 2010 is passed, then the phase-in would begin January 1, 2011. Using a two year phase-in would result in those retiring January 1, 2013 and later utilizing five year final average compensation in the calculation of benefits. In order to guarantee the benefits provided under the Constitution, no member would receive less of a benefit by retiring after the effective date of the legislation than before the effective date.

The board also looked at reducing the accrual rate on a prospective basis in Plan A from 3% per year to 2.75% per year and reducing the accrual rate on a prospective basis in Plan B from 2% per year to 1.75% per year. The cost savings for this reduction in accrual rates was less than that achieved by the phase in of a five year final average compensation for all members. The board decided not to introduce legislation to reduce the accrual rates on a prospective basis, but would instead pursue the implementation of five year final average compensation and an increase in employee contribution rates.

As soon as this legislation is introduced, we will provide all employers with a bill number so that you can track the progress of this proposed change. We ask all employers to share the information contained in these articles with all members of PERS. Copies of our newsletters are available on our website. (www.persla.org/news.htm)

With costs rising for all of the state and statewide retirement systems, changes are expected during the 2010 Legislative Session. The Commission on Streamlining Government in Louisiana is expected to recommend implementation of a defined contribution plan for new hires for the four state retirement systems. The state of Louisiana is looking at the implementation of a defined contribution plan as a way to cut costs. With this recommendation likely, it is important that PERS step up with solutions to keep the cost of our defined benefit plan affordable so that we can maintain this important benefit for all members, including those who will become members in the future. There is no replacement for the security provided by a benefit paid over the lifetime of the retiree.

January 2010

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

February 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	2/1 Refunds mailed	2	3	4	5	6
7	8	9	Cut-off for 2/15 Refunds	11	12	13
14	2/15 Refunds mailed	Closed for Mardi Gras 	17	18	19	20
21	22	23	Cut-off for 3/1 Refunds	25	26	27
28						

March 2010

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

NEW PLAN A EMPLOYER RATE EFFECTIVE 1/1/2010

The Public Retirement Systems Actuarial Committee (PRSAC) approved our actuarial valuation on December 9, 2009, thereby making employer rates previously announced official. As mentioned in previous correspondence, the employer rates for 2010 will increase for both Plan A and Plan B. Please make note that effective January 1, 2010 the employer contribution rate for Plan A will be 15.75% and the employer contribution rate for Plan B will be 10.00%. The employee contribution rates for Plan A and Plan B remain unchanged at 9.5% and 3% respectively.

FOURTH QUARTER CONTRIBUTIONS DUE JANUARY 15

Forms to be used for remission of quarterly reports have been mailed under separate cover. These forms are also available on our website (www.persla.org) under the Forms tab.

As a reminder, quarterly reports for the fourth quarter of 2009 are due in the retirement system office on January 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.

Please make certain that your quarterly report is signed by the appointed authority before remitting to our office. In addition, we ask that each employer verify that the totals on the summary page equal the total on the supplementary pages attached before submitting the quarterly report to our office.

BOARD OF TRUSTEES' NEWS

At the December 14, 2009 meeting of the Board of Trustees of the Parochial Employees' Retirement System, the results of the recent election were promulgated. Mr. Jerry Milner has been reelected to serve a six year term beginning in January of 2010. Mr. Milner has served on the Board since January of 2004. He currently serves as the Director of Finance of Calcasieu Parish.

ADMINISTRATIVE TRAINING A SUCCESS

On October 6, 2009, we held our third annual Administrative Training Workshop at the Baton Rouge Marriott. Representatives from employers across the state were in attendance to hear timely presentations including a review of the actuarial report for the year ending 12/31/2008, an update on the system's investment portfolio and administrative questions and answers. Thank you to all who took time from their busy schedules to spend a half day with us in Baton Rouge.

This training workshop will be held each October. We will send information concerning our 2010 workshop in the fall of next year.

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 2009. We are required to postmark these tax forms by January 31, 2010.

Notices of Deposit reflecting employee contribution balances as of December 31, 2009 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, 2010.

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

LIMITATIONS EXIST FOR RETIREES RETURNING TO WORK: When a retiree of this retirement system returns to work for a participating employer, statutory limitations exist. Before you rehire a Parochial retiree, you should contact our office to review the limitations that may affect the rehired retiree. You can review a brief description of our return to work provisions contained in Section 10 of our Summary of Principal Features.

USE ONLY PERS GENERATED FORMS: When submitting forms to PERS (including quarterly report, Personal History, and Refund Forms) it is important that you utilize the forms that have been generated by the retirement system office. Occasionally our office receives forms that have been redesigned by an employer group and if these forms are not an exact replica, delays in processing may result. Our forms are designed to include all necessary information required for processing and many times the order that the data is requested corresponds with our data entry into the computer system. For this reason, we ask that you use only forms supplied by our office or forms that are downloaded directly from our website (www.persla.org).

PROPERLY COMPLETED ENROLLMENT FORMS: Before submitting Personal History forms to our office for newly hired employees, please review the form to make certain that all blanks are properly completed. We ask that the information on the form be either printed or typed. The Social Security number of the member must be included on this form so that we can create a member record. This form must be signed by the member and the appointed authority designated by the parish or agency. In addition, we have noticed that several employers have not been including a copy of SSA-1945 (Statement Concerning Your Employment in a Job Not Covered by Social Security) with the Personal History form. Your help in reviewing this information will alleviate the need to return incomplete forms.

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.



DID YOU KNOW! Defined benefit plans like Parochial’s can deliver a target retirement benefit at about one-half of the cost of defined contribution plans. Defined benefit plans are more efficient at providing a target benefit due to pooling of longevity risks, maintenance of diversified portfolios and higher investment returns.

Source: National Institute on Retirement Security

BOARD OF TRUSTEES		ADMINISTRATIVE PERSONNEL	
Terrie Rodrigue, Chairman	Jefferson Parish	Tom Sims, CFA	Chief Investment Officer
Gwen B. LeBlanc	Ascension Parish	Dainna S. Tully	Administrative Director
Tim Ware	Rapides Parish	Becky Fontenot	Assistant Director
Jerry Milner	Calcasieu Parish	Bobbie Deloney	Systems Analyst
Robert F. Manuel	Police Jury Assn	Jean Sullivan	Bookkeeper
Rep. Joel Robideaux	House Retirement	Geraldine Ferguson	Data Entry Specialist
Sen. Butch Gautreaux	Senate Retirement	Eddie Dimaio	Benefits Analyst
		Virginia Eckert	Receptionist