



PERS NEWS

A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

ISSUE 100

IN LOVING MEMORY OF TOM SIMS

MARCH 2022

2022 REGULAR LEGISLATIVE SESSION

The 2022 Regular Legislative Session will convene on Monday, March 14, 2022 and will adjourn no later than 6:00 PM on Thursday, June 6, 2022. 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.

FIRST QUARTER CONTRIBUTIONS DUE APRIL 15

Quarterly reports for the first quarter of 2022 are due in the retirement system office on April 15, 2022. 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.

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.

ANNOUNCEMENT



It is with great sadness that we announce the death of **Thomas B. Sims**, former Administrative Director and Chief Investment Officer of PERS. Tom died on March 9, 2022 at age 77 after enjoying over 7 years in retirement with his wife Frances. During Tom's leadership at PERS, he worked to diversify the investment portfolio and saw assets increase from \$555.8 million to over \$3.2 billion. Tom was also instrumental in pension plan reform that has helped to put PERS in the strong funding position it is in today. Over the years, his talents and insight regarding pension plan administration and reform were shared with all other state and statewide retirement systems through his dedicated service to the Louisiana Association of Public Employees' Retirement Systems (LAPERS). The employees of PERS offer our heartfelt gratitude to Tom for his leadership, and we extend our sincere condolences to his family.

2021 INVESTMENT RETURNS

The PERSLA investment portfolio's return for 2021 was 11.1%. This return follows the 13.4% earned in 2020 and 17.8% in 2019 to mark the third year in a row the portfolio has achieved double digit returns. The return also eclipsed the Plan's target return of 6.4%.

2021 saw the U.S. economy measured by real gross domestic product grow 5.6%. This was a welcome rebound from the 2.3% contraction experienced in 2020. The economic rebound was fueled by record amounts of fiscal and monetary stimulus, much of it in 2020, to the tune of approximately 25% of GDP. The size of the stimulus combined with work-from-home directives for many of our nation's workforce unleashed the forces of inflation to the likes of which we haven't seen in 40 years with the consumer price index rising more than 7% for the year. Despite the inflation headlines, the broad stock markets of the world posted strong gains for the third consecutive year. Early in 2022, the gathering storm clouds hanging over the world's stock markets are building. The Federal Reserve Bank is caught between the proverbial rock and a hard place with high inflation demanding immediate attention and markets anticipating multiple interest rate hikes this year. Historically, rate hikes tend to slow economic growth, and if overdone, will lead to a recession. While the FED is walking the high-wire, the Russian invasion of Ukraine will exacerbate inflation pressures (ignoring the growing humanitarian crisis and tragic loss of life). Adding to the list of potential negatives is a stock market that is valued at the high end of its historic range. These are all factors which point to a period of lower expected returns for stocks.

For all of 2021, the MSCI ACWI (a global stock market index) gained 18.5%. By comparison, PERSLA's stock holdings posted a return of 16.6%. At the end of the year, a little more than half of the portfolio was invested in stocks. PERSLA also invests about one third of the portfolio in fixed income securities. This portion of the portfolio finished 2021 with no gain or loss while the broad bond market index, the Bloomberg Global Multiverse Index, lost 4.5%. Fixed income securities face the headwind of rising interest rates. Rising interest rates negatively impact the current price of bonds, but will ultimately lead to higher returns when current bonds mature and proceeds can be redeployed in higher paying bonds. The portfolio's remaining investments are in Alternative assets (infrastructure, timber, real estate, private businesses, and hedge funds). This area enjoyed a banner year and posted a gain of 17.1%.

As always, while higher than average investment returns are good news for the strength and longevity of the portfolio, they are only one component in establishing employer contribution rates. Factors such as mortality, new retirements, withdrawals, and salary increases all impact plan costs and are considered by our actuary in preparing the annual actuarial report. This report is presented to the board in June and will determine contribution rates for 2023.

April 2022

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 Refunds Mailed	2
3	4	5	6	7	8	9
10	11	12 Cut Off for Apr. 18th Refunds	13	14	15 Office Closed 	16
17 	18 Refunds Mailed	19	20	21	22	23
24	25	26	27 Cut Off for May 2nd Refunds	28	29	30

May 2022

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 Refunds Mailed	3	4	5	6	7
8 	9	10	11 Cut Off for May 16th Refunds	12	13	14
15	16 Refunds Mailed	17	18	19	20	21
22	23	24	25	26 Cut Off for Jun. 1st Refunds	27	28
29	30 Office Closed 	31				

June 2022

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 Refunds Mailed	2	3	4
5	6	7	8	9	10 Cut Off for Jun. 15th Refunds	11
12	13	14	15 Refunds Mailed	16	17	18
19 	20	21 Board Meeting 	22	23	24	25
26	27	28 Cut Off for Jul. 1st Refunds	29	30		

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.

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, 2021. 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, 2022.

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.

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.

SUBMISSION OF DATA THROUGH SECURE FILE TRANSFER PROTOCOL

The retirement system has established a secure File Transfer Protocol (FTP) site that employers can use to submit their monthly or quarterly report data. If your office is interested in submitting the data for your reports via the FTP site, please complete the following information and return it to the retirement system. We will then contact you and provide you with a user name, password and instructions to use for the submission of data.

Please understand that you will still be required to submit your report along with your check to the office. You will not be required to submit a CD or disk if you choose to submit your data online.

NAME OF EMPLOYER _____

CONTACT NAME _____

EMAIL ADDRESS _____

PHONE NUMBER _____



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
- Forfeiture of Retirement Benefits Attestation
- Disk Submission Instructions
- Purchase "Back" Service

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, PERS Administrative Director, to obtain more information on monthly reporting.

DID YOU KNOW?



In a recent survey by *Pensions & Investments* Magazine, the Parochial Employees' Retirement System ranked **522** out of the top 1000 largest retirement funds in a ranking by total assets.

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.



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. 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.

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

☎ Telephone Number (225) 928-1361

☎ FAX Number (225) 923-0933

🌐 Website: www.persla.org