



PERS NEWS

A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

ISSUE 104 ***IN LOVING MEMORY OF C. REAGAN SUTTON*** MARCH 2023

IN MEMORIAM

It is with great sadness that we announce the death of C. Reagan Sutton. Mr. Sutton served on the Board of Trustees from January 1, 1970 to December 31, 2004. While on the Board, he served as Chairman from January 1, 1980 to December 31, 2004. During his years on the Board, Mr. Sutton served with distinction for the active and retired members of the system, always cognizant of his fiduciary responsibility to maintain a retirement system that would be well funded for future members. The employees of PERS offer our heartfelt gratitude for his years of service to the system and we extend our sincere condolences to his family.



2023 REGULAR LEGISLATIVE SESSION

The 2023 Regular Legislative Session will convene on Monday, April 10, 2023 and will adjourn no later than 6:00 PM on Thursday, June 8, 2023. 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.

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.

FIRST QUARTER CONTRIBUTIONS DUE APRIL 15



Quarterly reports for the first quarter of 2023 are due in the retirement system office on April 15, 2023. 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.

2022 INVESTMENT RETURNS

As is often the case in the investment world, extremes beget more extremes. In this regard, 2022 was the extreme opposite of the prior three years as the PERSLA investment portfolio suffered its worst annual return since 2008. The portfolio's return for the year was -12.1%. However, the three year period preceding 2022 was one of the strongest in the plan's history with double digit positive returns in 2019, 2020, and 2021. The Plan's actuarial determined target return is 6.4%.

A series of factors combined in 2022 to paint a challenging backdrop for both the stock and bond markets. In an effort to suppress the highest inflation this country has seen since the early 1980's, the Federal Reserve raised interest rates sharply throughout the year. The federal funds interest rate target increased from 0% to 4.25%. Normally, increasing interest rates dampens economic activity by reducing demand for goods and services and thus relieving inflation pressures in the process. This time, however, the vast amounts of government support handed out during the pandemic gave consumers way more spending power than normal and complicated the inflation fight. Further exacerbating inflation were the continued COVID lockdowns in China which gummed up global supply chains and limited the amount of goods produced. On top of all this, the Russian invasion of Ukraine in February shocked the world and also turned the commodity markets for food and energy on their heads. All of these factors together created an incredibly high level of uncertainty in the markets, and somewhat of a perfect storm for stocks and bonds. Stocks and bonds were down in the same calendar year for only the third time since 1926.

The Plan's investments are diversified across three broad asset classes; stocks, bonds, and alternatives. Stocks represent about half of the PERSLA investment portfolio and declined 17.3% for the year. This compares to a loss of 18.4% for the MSCI All Country World stock index. The fixed income investments represent about one-third of the portfolio and were down 10.0% on a total return basis. By way of comparison, the Bloomberg Global Multiverse bond index was down 16.0%. This was the worst bond market environment in many decades as interest rates rose quickly after spending years near zero. The final component of the Plan's investment portfolio is the alternative assets sleeve. These investments are spread among real estate, infrastructure, private businesses, and hedge fund strategies all together totaling about 18% of the portfolio. This was the only of the portfolio's main asset classes to post a positive total return in 2022 with a gain of 2.8%. The primary purpose of the alternative assets is to function as a diversifier to our stocks and bonds, and in that role they delivered in 2022.

While negative returns are always unpleasant, the fact of the matter is they cannot be avoided. Since 1990, the portfolio has had a negative return every fourth year on average. Only once has it had consecutive negative years (2001 and 2002). The portfolio remains extremely well diversified and is positioned to maximize the probability of meeting the Plan's objectives. Investment returns are certainly a key ingredient, but there are many other factors that also contribute to the health of the plan and required 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 2023

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

May 2023

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

June 2023

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 Refunds Mailed	2	3
4	5	6	7	8	9	10
11	12 Cut Off for Jun. 15th Refunds	13	14	15 Refunds Mailed	16	17
18 	19	20 Board Meeting 	21	22	23	24
25	26	27	28 Cut Off for Jul. 3rd 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, 2022. 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, 2023.



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.

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.

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 (Limit **10** of Each):

_____ 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 **475** out of the top 1000 largest retirement funds in a ranking by total assets.

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.



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.

BOARD OF TRUSTEES

<p>R. Bruce Kelly, Chairman Phillip Bourgoyne Valerie Brolin Kelly Fontenot Julia Fisher-Cormier Rep. Phillip DeVillier Sen. Robert Mills</p>	<p>Rapides Parish W. Baton Rouge Parish Jefferson Parish Calcasieu Parish Police Jury Association House Retirement Senate Retirement</p>
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ADMINISTRATIVE PERSONNEL

<p>Dainna S. Tully Becky Fontenot Christopher Burke Janet Landry Larisa Ellard Joycelyn Gunby Cari Hill Joanna Harvey Virginia Eckert</p>	<p>Administrative Director Assistant Director Chief Investment Officer System's Analyst Investment Accountant Data Entry Specialist Benefits Administrator Benefits Analyst Receptionist</p>
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