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, 2013. 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, 2014.

2013 INVESTMENT RETURNS

A year ago we were pleased to share with you the news of a 15%+ investment return in both Plan A and Plan B for 2012. Few people could imagine that 2013 results would improve on 2012’s lofty levels. More precisely, total Plan A returns were +18.2% net of fees in 2013 and total Plan B results came in at +17.8%.

Equity markets in developed countries around the world, led by the U.S., were largely responsible for the welcome results. Large cap, midcap and small cap domestic equity sectors of our portfolio all exceeded their benchmarks for the full year. Developed international equities were up over 19%, although this was modestly behind our benchmarks. Emerging market equities were the weakest segment of our equity assets with a full year return of about -4.50%, some two percentage points behind their benchmark.

Our fixed income assets outperformed their benchmark by almost two percentage points but both measures were in negative territory.

A modest exposure to alternative assets was also a positive contributor to this fine year. Helped by a strong fourth quarter, our real estate commitment outperformed its benchmark by 13.87% to 10.98%. Similarly, the hedge fund exposure was up 10.34% for the full year when the benchmark was up 8.03%. Importantly, all of Parochial’s results are shown net of management fees.

As strong a year as 2013 was for us, 2014 got off to a disappointing start with some measures down in the -3% to -5% range. However, February has seen a nice bounce back bringing early 2014 values very near those of year end 2013. Moreover, the early 2014 results are not considered in setting 2015 contribution levels.

While 2013 investment results were quite strong, these returns are only one factor, though an important one, in establishing necessary contribution rates. Active member salaries, as well as the age, sex 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 one year, whether it is a good year or a poor one, is diminished by the fact that results for the last five years are factored into setting the contribution rate.

CONTRIBUTION RATES FOR 2014

The employer contribution rates have decreased for 2014. In Plan A the employer rate has decreased to 16.00% while the employee rate remains 9.5%. In Plan B, the employer rate has decreased to 9.25% while the employee rate remains 3.0%.

FIRST QUARTER CONTRIBUTIONS DUE APRIL 15

Quarterly reports for the first quarter of 2014 are due in the retirement system office on April 15, 2014. 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, 2013. 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, 2014.
### April 2014

<table>
<thead>
<tr>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>4/1 Refunds Mailed</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10 Cut-off for 4/15 Refunds</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>14</td>
<td>4/15 Refunds Mailed</td>
<td>16</td>
<td>17</td>
<td>18 CLOSED FOR GOOD FRIDAY</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>HAPPY EASTER</td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>27</td>
<td>28 Cut-off for 5/1 Refunds</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### May 2014

<table>
<thead>
<tr>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5/1 Refunds Mailed</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>12 Cut-off for 5/15 Refunds</td>
<td>13</td>
<td>14</td>
<td>5/15 Refunds Mailed</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>18</td>
<td>19</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>25</td>
<td>CLOSED MEMORIAL DAY</td>
<td>27</td>
<td>28 Cut-off for 6/2 Refunds</td>
<td>29</td>
<td>30</td>
<td>31</td>
</tr>
</tbody>
</table>

### June 2014

<table>
<thead>
<tr>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6/2 Refunds Mailed</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11 Cut-off for 6/16 Refunds</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>6/16 Refunds Mailed</td>
<td>17</td>
<td>18</td>
<td>19</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>22</td>
<td>Board Meeting</td>
<td>24</td>
<td>25</td>
<td>26 Cut-off for 7/1 Refunds</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>29</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 at (225)928-1361 if questions arise concerning proposed legislation.

ACCURATE INFORMATION ON PERSONAL HISTORY FORMS

Please verify all information on the Personal History form, including the member’s Social Security number. It is imperative that the Social Security number reported on the Personal History form match the Social Security number reported on the Quarterly Report form for that member. All contributions are posted by Social Security number. If the Social Security number reported on the Quarterly report is incorrect, those contributions and salary could be posted to another member’s account. Errors that occur because of incorrect Social Security numbers reported by an employer are the responsibility of that employer.

2014 REGULAR LEGISLATIVE SESSION

The 2014 Regular Legislative Session will convene on Monday, March 10, 2014 and will adjourn no later than June 4, 2014. The Board of Trustees has not sponsored any legislation for this session. 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.

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

DID YOU KNOW?

In a recent survey by Pensions & Investments Magazine, the Parochial Employees' Retirement System ranked 489th out of the top 1000 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.
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.

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.

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.