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# PERS NEWS

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A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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## 2014 INVESTMENT RETURNS

The investment returns for 2014 were solid at 5.0% for both Plan A and Plan B. The global capital markets continued to perform reasonably well but at a more moderate pace than in prior years. The trailing five year return for both plans is just under 11% and has helped push the investment portfolios to a combined value of \$3.4 billion.

The US equity market was strong again in 2014 and our investments performed well earning 10.2% for the year. We held a diversified basket of large cap, mid cap and small cap stocks that helped reduce volatility. Developed international equities languished during 2014, as European countries struggled to recover, and actually fell by 5.5% over the year. Our emerging market equity index fell 2.0% during 2014 but our investments did a bit better slipping 1.3% over the year.

The fixed income portion of our portfolio performed well during 2014 earning 5.4% and beating its benchmark by almost a full percentage point.

The alternatives portion of our portfolio also did well earning 8.4% during 2014. The alternatives portion of our portfolio is made up of real estate, hedge funds and private equity investments. Importantly, all of our investment returns are shown net of management fees.

2015 has gotten off to a good start with most of the investments in positive territory. The portfolio is up approximately 2% as of the middle of March.

While 2014 was a good year for the investment portfolio, the return is only one factor in establishing necessary employer contribution rates. Active member salaries, as well as 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 the most recent year, whether it is a good one or poor one, is combined with prior year's results to *smooth* the employer contribution levels.

Consequently, there are numerous considerations that go into the work done by our actuary to determine the necessary contribution rates for 2016. The actuary's work and that of our audit firm will be discussed at our June meeting and the outcome will be announced shortly thereafter.

## CONTRIBUTION RATES FOR 2015

The employer contribution rates have decreased for 2015. In Plan A the employer rate has decreased to 14.50% while the employee rate remains 9.5%. In Plan B, the employer rate has decreased to 9.00% while the employee rate remains 3.0%.

## FIRST QUARTER CONTRIBUTIONS DUE APRIL 15

Quarterly reports for the first quarter of 2015 are due in the retirement system office on April 15, 2015. 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.

## 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, 2014. 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, 2015.

## 2015 REGULAR LEGISLATIVE SESSION

The 2015 Regular Legislative Session will convene on Monday, April 13, 2015 and will adjourn no later than June 11, 2015. 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.

# April 2015

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1- April 1st Refunds mailed	2	3 Good Friday Office Closed	4
5 Happy Easter 	6	7	8	9	10-Cut off for 15th Refunds	11
12	13	14	15 - Refunds Mailed	16	17	18
19	20	21	22	23	24	25
26	27	28-Cut off for 1st Refunds	29	30		

# May 2015

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

# June 2015

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

**REPEAL OF WEP PROPOSED**

HR 711 by U.S. Representatives Kevin Brady and Richard Neal, also referred to as The Equal Treatment of Public Servants Act, would repeal the current Windfall Elimination Provision (WEP) and replace it with a new formula. According to the authors, the new formula would reduce the WEP by up to 1/3 for current retirees and up to 1/2 for future retirees. Since there is bipartisan support for this bill, it does have a chance of passing. Our staff will monitor the status of HR 711 and will provide updates in future newsletters.

**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](http://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.

**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.

**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 (Revised)
- SSA 1945 Statement concerning Employment in a Job not covered by Social Security
- Forfeiture of Retirement Benefits Attestation

### 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.

### 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.

### 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 to obtain more information on monthly reporting.

#### DID YOU KNOW?

In a recent survey by *Pensions & Investments Magazine*, the Parochial Employees' Retirement System ranked 466th out of the top 1000 retirement funds in a ranking by total assets.

#### BOARD OF TRUSTEES

Terrie Rodrigue, Chairman	Jefferson Parish
Gwen B. LeBlanc	Ascension Parish
Tim Ware	Rapides Parish
Jerry Milner	Calcasieu Parish
Sandy Treme	Police Jury Assn
Rep. J. Kevin Pearson	House Retirement
Sen. Elbert Guillory	Senate Retirement

#### ADMINISTRATIVE PERSONNEL

Dainna S. Tully	Administrative Director
Troy Searles, CFA	Chief Investment Officer
Becky Fontenot	Assistant Director
Geraldine Ferguson	Systems Analyst
Jean Sullivan	Bookkeeper
Eddie Dimaio	Data Entry Specialist
Eliska Lynch	Benefits Analyst
Virginia Eckert	Receptionist

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

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