

PERS NEWS

A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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NEW HIRES' RETIREMENT PLAN GETS LEGISLATIVE O.K.

Recognizing the importance of controlling costs in a defined benefit pension plan, our trustees requested that a bill be introduced to create a slightly reduced plan of benefits for employees hired on January 1, 2007 and later. Senator Butch Gautreaux, Chairman of the Senate Retirement Committee, introduced Senate Bill 262 and on June 16 it was passed by the full House, the last step in the legislative process..

We fully expect the governor to sign this bill which passed the full Senate and the full House without a single vote against and without amendments.

Importantly, this new plan of benefits does not impact current members unless they terminate, take a refund of their member contributions, and are rehired on or after January 1, 2007.

A summary of the features of this new plan of benefits are described below:

- Plan A and Plan B new hires on and after January 1, 2007 are affected.
- A five year period will be used to calculate final average compensation.
- Normal retirement will be permitted according to the following schedule:
 - * At age 67 with at least seven years of service credit
 - * At age 62 with at least ten years of service credit
 - * At age 55 with at least thirty years of Service credit
- Eligibility for disability retirement requires seven years of service credit.
- Disability retirement will require that a member be unable to perform any type of gainful employment.

- A conversion of accrued leave to retirement service credit will require that the employer pay the actuarial cost of this conversion. This change will not mean additional revenue for the system but by breaking out the cost of this portion of our liability, it will mean that employers with conservative leave accrual policies will not subsidize those employers with liberal leave accrual policies.

By affecting only new hires, the cost control effects of this legislation will be moderate for several years. In time, however, this change will gain in significance.

Finally, we should not lose sight of the fact that this new plan, though slightly reduced from our current plan, still exceeds virtually all retirement plans now available in the private sector.

COST OF LIVING ADJUSTMENT APPROVED

An important outgrowth of the 2005 actuarial valuation is the determination that both Parochial Plan A and Plan B can make a cost of living adjustment (COLA) to those retirees that qualify under statutory provisions. More precisely, a 2 1/2% increase in the retiree's current benefit will be granted effective January 1, 2007 for those retirees age 62 and older who have been retired for one full year. The retiree must meet the age requirement on or before December 31, 2006 and must have retired on or before December 31, 2005 in order to be eligible.

It is important to note that COLA's are not guaranteed each year. There are statutory tests that must be met before the Board can grant a COLA. One important condition that must be met involves the rate of return on investments. The Board's ability to grant COLA's in future years will depend on the fund's ability to earn 8% or more on investments.

2005 AUDIT AND ACTUARY REPORTS

Parochial’s annual actuarial valuation was presented to the Board of Trustees on June 12. Of prime interest to participating employers is the fact that the employer contribution rate will rise by 1/2 of 1% of payroll in Plan A to 13.25% and 1/4 of 1% of payroll in Plan B to 6%. These increases will be effective January 1, 2007.

These increases stem from a review of the assumptions used in the valuation process. Most significant among these is the assumed increase in payroll. Although a 6% salary increase is assumed, actual experience in 2005 was in excess of 9%.

Another important assumption relates to member terminations. The actuaries found that actual terminations consisted of members with generally smaller liabilities (short periods of service). Because the actual withdrawals extinguished a smaller liability than was assumed, another actuarial shortfall occurred.

There was other important news revealed in the actuarial report. Three examples in Plan A are these:

- The unfunded accrued liability (UAL) will

- be paid off no later than December 31, 2016.
- The ratio of the actuarial value of assets to liabilities improved from 93.46% in 2004 to 94.54% in 2005.
- The ratio of the UAL to gross payroll was 20.66% in 2005, down from 32.70% in 2000.

The report also revealed good news that affects both Plan A and Plan B:

- The tests for paying a cost of living adjustment to most retirees in Plan A and Plan B have been met.

Should any questions arise concerning the audit and actuarial reports that were mailed out on June 16, please call our office at 225-928-1361.

“PRAISING ALL ALIKE IS LIKE PRAISING NONE.”
 —*JOHN GAY (POET)*

“PEOPLE ASK YOU FOR CRITICISM, BUT THEY ONLY WANT PRAISE.”
 —*SOMERSET MAUGHM (AUTHOR)*

ORDER FORM

Parochial Employees’ Retirement System

Most of these forms can be found on our website: www.persla.org

Please mail the following forms to: _____
 (Name of Employing Parish)

We are in: Plan “A” ___ Plan “B” ___

How Many

- _____ Quarterly Reports
- _____ DROP Quarterly Reports
- _____ Refund of Contributions
- _____ Personal History
- _____ Retirement Application
- _____ DROP Application

How Many

- _____ Brochures
- _____ Personal History Update Forms
- _____ Election Form for New Employees age 55 and older
- _____ Special Tax Notice
- _____ Hurricane Katrina/Rita Release

_____ Date

_____ Signature of Appointing Authority

IMPORTANT STUFF!

Appointment of new Trustee: In April Thomas Nelson, a member of Parochial’s Board of Trustees for the past six years, was elected mayor of St. Martinville. As a result, Mr. Nelson will leave our board and he will be replaced by another member of the Police Jury Association’s Executive Board. Selection of the new trustee should take place in the next two weeks.

Thomas has represented the Police Jury Association well. The other trustees and the staff will miss him and we all wish him well in this challenging new position.

Workers’ Compensation Disability: It is important that our office is aware of a member’s absence due to a workers’ compensation disability. Please send us a brief note advising of the date the member began leave because of a work-related injury. Another note advising of the date they return to work will enable us to maintain accurate service records.

Some employers follow the practice of paying a small salary to a member who is out with a work-related injury. Apparently this is done with the intention of maintaining a member’s eligibility for hospitalization coverage.

If your employer follows this practice, retirement contributions should not be withheld and should not be submitted to Parochial. A member is not eligible for service credit for the period during which they receive workers’ compensation benefits.

Should questions arise concerning work-related injuries and how retirement benefits are affected, please call our office.

Personnel Change: Our small office has had very little in the way of personnel changes in recent years. However, in mid-June Janice Beatty, who had been with us for over eight years, left to take a position with a Baton Rouge accounting firm. We have been fortunate, however, in finding a long-time employee of the Louisiana State Employees’ Retirement System, Ms. Eddie Dimaio, (pronounced Da-mi-yo) to join our group. We look forward to having Ms. Dimaio join us in early July.

BOARD OF TRUSTEES

Terrie Rodrigue Chairman	Jefferson Parish
Gwen B. LeBlanc	Ascension Parish
Tim Ware	Rapides Parish
Thomas Nelson	Police Jury Assn
Jerry Milner	Calcasieu Parish
Rep. Pete Schneider	House Retirement
Sen. Butch Gautreaux	Senate Retirement

ADMINISTRATIVE PERSONNEL


Tom Sims, CFA	Administrative Director
Dainna S. Tully	Assistant Director
Becky Fontenot	Benefits Administrator
Bobbie Deloney	Systems Analyst
Jean Sullivan	Bookkeeper
Geraldine Ferguson	Data Entry Specialist
Eddie Dimaio	Receptionist

PERS NEWS is a quarterly publication of the Parochial Employees’ Retirement System of Louisiana, located at 5420 Corporate Blvd., Suite 103, Baton Rouge, Louisiana 70808.

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🌐 Website: www.persla.org


July 2006

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	Refunds mailed	 CLOSED FOR 4TH	5	6	7	8
9	10	11	Cut off for 7/15 Refunds	13	14	15
16	Refunds mailed Re-issue lost Retiree checks	18	19	20	21	22
23	24	25	26	Cut off for 8/1 Refunds	28	29
30	31 Retiree checks mailed					

August 2006

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

September 2006

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					Refunds mailed	2
3	 closed For Labor	5	6	7	8	9
10	11 board meeting	Cut off for 9/15 Refunds	13	14	Refunds mailed Re-issue lost retiree checks	16
17	18	19	20	21	22	23
24	25	26	Cut off for 10/1 Refunds	28	29 Retiree checks mailed	30