

# PERS NEWS

A PUBLICATION OF THE PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

ISSUE 46

July 2007

## 2006 AUDIT AND ACTUARIAL REPORTS APPROVED

At the June 18, 2007 meeting, the Board of Trustees approved the 2006 Audit and 2006 Actuarial Report for the Parochial Employees' Retirement System. The 2008 employer contribution rates were approved at 12.75% of payroll for Plan A and 6% of payroll for Plan B. Improved investment performance is mainly responsible for the decreased rate in Plan A and the ability to hold the rate in Plan B. Although these rates have been approved by the Board of Trustees, approval by the Public Retirement Systems' Actuarial Committee (PRSAC) is necessary to make these rates official for 2008. For budgeting purposes, employers are urged to utilize these rates. Our office will notify you as soon as PRSAC has approved the rates for 2008.

Assets in Plan A increased from \$1.695 billion at December 31, 2005 to \$1.921 billion at December 31, 2006. Assets in Plan B increased from \$117.66 million at December 31, 2005 to \$132.69 million at December 31, 2006. The funded ratio for Plan A increased from 94.29% at December 31, 2005 to 95.04% at December 31, 2006. Plan B remains over 100% funded.

Our office will forward a copy of the actuarial report and a copy of the audit report for the year ending 12/31/06 to each participating employer in the next two weeks. It is important that you keep these reports in a safe place so that they are easily accessible when your auditors request the copies.

**DID YOU KNOW?** The Parochial Employees' Retirement System pays an average of \$6.4 million each month in retirement, disability and survivor benefits.

## MONTHLY REPORTING AVAILABLE

We can't talk about the benefits of monthly reporting too much! We have recently added several employers to our list of those reporting monthly by disk. For many, the change has not been too involved since all other retirement systems in Louisiana require the submission of contributions on a monthly basis.


The advantages of more frequent reporting include the ability to process refunds, and to release first retirement checks or DROP lump sum payments in a more timely fashion. If your office submits contributions monthly, we are able to process these payments if all other requirements have been met instead of waiting for your quarterly report to come in.

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 your data for quick and efficient download at our office. You can view the Disk Submission Instructions on our website ([www.persla.org](http://www.persla.org)) under the Forms tab. It is the last form listed in the Employer Forms section. Please contact Dainna Tully if you have questions concerning monthly reporting.

## REVISED AGE 55 OPT OUT FORM

Included with the mailing that accompanies this newsletter is a revised form to be used for the Age 55 Opt Out Provision. Only those new employees who are age 55 at the time of hire and have 40 quarters in Social Security are eligible to "opt out" of the plan. It is imperative that an opt out form be completed for each new hire that is 55 or older at the time of employment. Employers are urged to utilize the revised form beginning immediately.


# July 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	7/2 Refunds Mailed	3	Office Closed 	5	6	7
8	9	10	Cut-off date for 7/16 Refunds	12	13	14
15	7/16 Refunds Mailed	17	18	19	20	21
22	23	24	25	Cut-off date for 8/1 Refunds	27	28
29	30	31 Retiree Checks Mailed				

# August 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			8/1 Refunds Mailed	2	3	4
5	6	7	8	9	Cut-off date for 8/15 Refunds	11
12	13	14	8/15 Refunds Mailed	16	17	18
19	20	21	22	23	24	25
26	27	28	Cut-off date for 9/4 Refunds	30	31 Retiree Checks Mailed	

# September 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	Closed for Labor Day 	9/4 Refunds Mailed	5	6	7	8
9	10	11	Cut-off date for 9/17 Refunds	13	14	15
16	9/17 Refunds mailed Board Meet-	18 Quarterly reports mailed	19	20	21	22
23	24	25	Cut-off date for 10/1 Refunds	27	28 Retiree Checks Mailed	29
30						

### ACCOUNTING FOR POST EMPLOYMENT BENEFITS

GASB 45 will require public employers to report the cost of providing retirees with "other post employment benefits" such as health and life insurance. Although GASB cannot mandate compliance, not doing so may affect a local government's bond rating.

Most governments deal with the cost of these retiree benefits on a pay as you go basis. Many cities and states that have calculated the cost of these future post employment benefits have found the figures to be alarmingly high.

Some opponents of GASB 45 fear that governments might decide that they are not able to fund these benefits. This type of a decision could jeopardize health care coverage for retirees in the government sector.

If you have not discussed the impact of GASB 45 with your auditor, you should do so during your upcoming audit.

### CONTRIBUTIONS PROHIBITED ON CERTAIN TYPES OF PAYMENTS

Louisiana Revised Statute 11:233B(2) provides specific types of payments that are excluded from "earnable compensation" for purposes of this retirement system. Lump sum payments made in lieu of unused annual sick leave, car allowances, bonuses, and severance pay are among the payments that are excluded. Employee and employer contributions cannot be withheld from any of the types of payments listed in this section of the law.

In addition, our definition of earnings contained at R.S. 11:1902(11) states "earnings shall not include fees or commissions." Employee and employer contributions cannot be withheld on fee or commission payments.

If you have any questions about whether a type of payment qualifies as earnings or earnable compensation for retirement purposes, please contact Dainna Tully or Becky Fontenot.

## 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

- \_\_\_\_\_ Quarterly Reports
- \_\_\_\_\_ Personal History Update Forms
- \_\_\_\_\_ Refund of Contributions
- \_\_\_\_\_ Personal History
- \_\_\_\_\_ Retirement Application
- \_\_\_\_\_ DROP Application
- \_\_\_\_\_ Brochures

How Many

- \_\_\_\_\_ DROP Quarterly Reports
- \_\_\_\_\_ 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

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Appointing Authority

## LEAVE WITHOUT PAY

It is important for each employer to notify our office when an employee is on leave without pay (LWOP) or out on worker's compensation. Written notification of the name of the employee, Social Security number and the effective date of the LWOP should be sent at the beginning of the leave. When the employee returns from LWOP or Worker's Comp, then written notification should be sent to the system to inform us of the effective date of the change.

A member will incur a break in service when on leave without pay or while out on Worker's Compensation. It is important in our accounting of service credit that the dates of the break are accurate. Please contact Dainna Tully or Becky Fontenot if you have questions concerning LWOP.

## SECOND QUARTER CONTRIBUTIONS DUE JULY 15

Quarterly reports for the second quarter of 2007 are due in the retirement system office on July 15, 2007. 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 may be assessed on delinquent payments.

Quarterly report forms are included in the mailing that accompanied this newsletter. These forms are also available on our website ([www.persla.org](http://www.persla.org)) under the Forms tab. Please make certain that your quarterly report is signed by the appointed authority before remitting to our office.

## COST OF LIVING ADJUSTMENT FOR RETIREES APPROVED

The 2006 actuarial report also disclosed that the Board of Trustees is able to grant a cost of living adjustment to retirees that qualify under statutory provisions. The Board of Trustees approved a 2.5% COLA for retirees age 62 and older. This COLA will be effective January 1, 2008. In order to qualify for the COLA, a retiree must meet the age requirement on or before December 31, 2007 and must have retired on or before December 31, 2006.

It is important to note that COLA's are not guaranteed to be granted 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.



### BOARD OF TRUSTEES

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Gwen B. LeBlanc	Ascension Parish
Tim Ware	Rapides Parish
Jerry Milner	Calcasieu Parish
Rep. Pete Schneider	House Retirement
Sen. Butch Gautreaux	Senate Retirement
Will Langlains	Police Jury Assn

### ADMINISTRATIVE PERSONNEL

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

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