2015 INVESTMENT RETURNS

The investment returns for 2015 were slightly negative at -0.57% for Plan A and -0.65% for Plan B. The global capital markets flattened out last year as corporate earnings fell modestly around the globe and interest rates stayed lower for longer than most investors expected. The trailing five year return for both plans is still a solid 7.2% and the combined investment portfolios are valued at $3.3 billion.

The US equity market was up a very modest .48% in 2015 with a few large technology stocks holding the index in positive territory. PERS was able to earn more than the US equity benchmark with good security selection and excellent diversification. Developed international equities were also up slightly earning 1.72% as European monetary policy helped boost investor’s confidence in their economy. The emerging market equity index fell close to 15% during 2015 due largely to currency weakness in many emerging countries.

The fixed income portion of our portfolio underperformed during 2015 losing 2.7% as corporate earnings in metals, mining and the energy sector plunged, and fears of a global slowdown emerged.

The alternatives portion of our portfolio did well earning 8.9% during 2015. 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.

2016 has gotten off to a rough start with many investors shedding risk as fear of a slowdown take hold. The portfolio is down approximately 4% through early March.

While 2015 was a disappointing year for the investment portfolio, the investment return is only one factor in establishing necessary employer contribution rates. Active member salaries, as well as age, 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.

FIRST QUARTER CONTRIBUTIONS DUE APRIL 15

Quarterly reports for the first quarter of 2016 are due in the retirement system office on April 15, 2016. 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.

CONTRIBUTION RATES FOR 2016

The employer contribution rates have decreased for 2016. In Plan A the employer rate has decreased to 13.00% while the employee rate remains 9.5%. In Plan B, the employer rate has decreased to 8.00% while the employee rate remains 3.0%.

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, 2015. 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, 2016.
### April 2016

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**Mothers Day**

**Fathers Day**

**21 BOARD MEETING**

**June 2016**
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, 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.

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
- SSA 1945 Statement concerning Employment in a Job not covered by Social Security
- Forfeiture of Retirement Benefits Attestation
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.

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.

REMEMBER: Employer rates decrease as of January 1, 2016. Plan A decreases to 13.00% and Plan B decreases to 8.00%

BOARD OF TRUSTEES

Terrie Rodrigue, Chairman  Jefferson Parish
Gwen B. LeBlanc             Ascension Parish
Tim Ware                    Rapides Parish
Tammy Bufkin                Calcasieu Parish
Sandy Treme                 Police Jury Assn
Rep. J. Kevin Pearson       House Retirement
Sen. Barrow Peacock         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 Dimai                 Data Entry Specialist
Eliska Lynch                Benefits Analyst
Virginia Eckert             Receptionist