2011 AUDIT AND ACTUARIAL REPORTS APPROVED

At the June 25, 2012 meeting, the Board of Trustees approved the 2011 Audit and 2011 Actuarial Report for the Parochial Employees’ Retirement System. The 2013 employer contribution rates were approved at 16.75% of payroll for Plan A and 10.0% of payroll for Plan B.

As part of the actuarial valuation, we must assume a rate of return for our investments. Our assumed rate of return is 7.5%. Market rates of return were below this assumption for the year ending 12/31/11. The market rate of return was -0.65% for Plan A and Plan B. The negative rates of return for 2011 and 2008 attributed to the upward pressure on Plan A costs.

For the valuation for the year ending 12/31/11, salary increases were within the assumed ranges and resulted in a cost savings to the plan. Our actuary assumes that the salary scale for the membership will increase 5.75% from one year to the next. When salaries increase in excess of this assumption, this results in a cost to the plan. When salaries increase at or below this assumption, plan savings result.

Although the employer 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 2013. For budgeting purposes, employers are urged to utilize the rates approved by the Board of Trustees. Our office will notify you as soon as PRSAC has approved the rates for 2013.

You may find the following information contained in this year’s reports useful. Assets in Plan A increased from $2.225 billion at December 31, 2010 to $2.230 billion at December 31, 2011. Assets in Plan B increased from $161.77 million at December 31, 2010 to $165.60 million at December 31, 2011. The funded ratio for Plan A increased from 98.01% at December 31, 2010 to 98.45% at December 31, 2011. Plan B remains over 100% funded.

CONTRIBUTION RATES SET FOR 2013

The employer rate for Plan A will increase to 16.75% effective January 1, 2013. The employer rate for Plan B will remain 10% for 2013. Employee rates will remain at current levels for 2013. The employee contribution rate for Plan A is 9.5% while the employee rate for Plan B is 3%.

BOARD UNABLE TO GRANT COLA’S TO RETIREE

As a result of the 2011 actuarial report, the Board of Trustees was unable to grant a cost of living adjustment to retirees. COLA’s are not guaranteed to be granted to retirees each year. State law requires that the system must earn in excess of 7.5% (our actuarial rate of return) in order to grant a COLA to retirees. The system did not earn the excess interest required and therefore, is unable to grant a COLA to retirees effective January 1, 2013.

ADMINISTRATIVE TRAINING WORKSHOP

Our office will host the annual administrative training workshop in Baton Rouge on Tuesday, October 2, 2012 at the Renaissance Hotel. This session is designed specifically for those who work with the retirement system in your parish or agency. This training is not appropriate for employees with questions on their own retirement account.

A registration form is included on page 3 of this newsletter. Each attendant must complete a registration form in order for us to prepare for the correct number of attendees. Information on hotel rooms for the night of October 1, 2012 is included on the registration form as well as a tentative agenda.

Questions concerning the administrative workshop should be directed to Dainna Tully at (225)928-1361.

The Audit and Actuarial reports for the year ending 12/31/2011 are posted on the retirement system’s website (www.persla.org). Each employer should download the reports or share our website with your auditors as needed. Hard copies of these reports will not be mailed, but will remain available on our website.

DID YOU KNOW? The Unfunded Accrued Liability (UAL) for Plan A will be paid off even earlier than projected. Because of advance principal payments made by the Board of Trustees, the UAL in Plan A was scheduled to be paid by 12/31/2015, instead of 12/31/2029 as required by the State Constitution. As a result of the recent valuation, the Board of Trustees has authorized the final principal payment to pay off the UAL effective 12/31/2012!
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PAROCHIAL EMPLOYEES’ RETIREMENT SYSTEM
ADMINISTRATIVE TRAINING SESSION
OCTOBER 2, 2012
RENAISSANCE HOTEL 7000 BLUEBONNET BLVD

Tentative Agenda
8:30—8:55 a.m. Registration
9:00—10:00 a.m. Review of Plan Investments
10:00—11:00 a.m. Actuarial Funding and Valuation
11:00—Noon Administrative Review

This session is designed for those at the parish or agency level who administer the retirement plan. In order to properly plan for those in attendance, the following form must be completed for each attendee and mailed to PO Box 14619, Baton Rouge, LA 70898 by September 28, 2012.

Name:__________________________
Title:__________________________
Employer:_______________________
Address:_______________________
Work #_________________ Fax #_________________

Please list below any questions you would like addressed during this training:

Accommodations
A block of rooms is being held at the Renaissance Hotel. The rate for this block is $119 per night (not inclusive of applicable taxes). Please contact the Renaissance Hotel directly at (225) 215-7000 to make hotel reservations and request the block for the Parochial Employees’ Retirement System. The block will be released on 9/01/12. After this date, accommodations will be subject to availability and rates may increase.

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
SECOND QUARTER CONTRIBUTIONS DUE JULY 15: Quarterly reports for the second quarter of 2012 are due in the retirement system office on July 15, 2012. 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.

IMPORTANT: Your report must be received in our office by July 15, 2012, in order to avoid a late penalty. If you are using a delivery service, delivery must be received by Friday, July 13, 2012 in order to avoid the late penalty. Delivery of reports received on or after Monday, July 16, 2012 will be considered late and a late penalty will be assessed.

OFFICIAL QUARTERLY/MONTHLY REPORT FORMS REQUIRED: When submitting salary and contribution data to our office, we require all employers to utilize the quarterly or monthly report forms that we provide prior to the end of each calendar quarter. If you require additional forms, please download the current quarterly or monthly report form from our website www.persla.org under the Forms tab. Using an old form can result in payment of an incorrect employer contribution amount. In addition, employers are not allowed to make an adjustment to a quarterly or monthly report for an overpayment in a prior period. If an overpayment has occurred, you must submit a written request for the return of funds. Quarterly report forms are mailed once each quarter to all participating employers. These forms are also available on our website (www.persla.org)

CONTRIBUTIONS PROHIBITED ON CERTAIN TYPES OF PAYMENTS: Louisiana Revised Statute 11:233 B(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 or 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.

REPORTING RETIREE INFORMATION: When reporting the death of a retiree to our office, please be prepared to confirm the mailing address of the beneficiary and the Social Security number of the beneficiary. This information is necessary for us to contact the retiree’s beneficiary and to properly report any payments on Form 1099-R. Retirees who wish to change the receipt of their monthly benefit from a check to an electronic deposit should get the Electronic Deposit Form to our office by the 15th of each month. If this form is received later than the 15th, we may not be able to make the change to electronic deposit by the first of the following month.