SOCIAL SECURITY HEARING BRINGS DISAPPOINTMENT

Congressman Jim McCrery of Shreveport is the chairman of the House Ways and Means Committee’s Subcommittee on Social Security. On June 9 he held a hearing on the issues of mandatory Social Security participation and Social Security offsets.

The transcripts of the hearing are not yet available but McCrery was quoted as saying “The question that keeps coming back to me is why shouldn’t everybody contribute to a system like Social Security that is supposed to be a universal system.” Later he was quoted as saying “You say you like Social Security, you support Social Security, but you don’t want to participate in it and you don’t want to contribute to it.”

Readers of this newsletter are aware of the danger to our defined benefit plans presented by a possible change in Social Security law making participation mandatory. Such a change will bring about unacceptably higher costs for employers and for members or a reduction in benefits.

Much effort has been expended on explaining the public retirement systems’ position to Louisiana’s Congressional delegation. However, Congressman McCrery’s remarks indicate that more effort is needed.

Please write to him or, better yet, have your governing body write to him asking that he oppose mandatory Social Security participation. His e-mail address is: jim.mccreryemail.house.gov and his fax number is 202-225-8039. These are the best ways to reach his Washington office.

(continued, next column)

In the midst of a major debate over Social Security reform, having our congressmen and senators understand the consequences of the change being considered is critical.

NO ACTION TAKEN ON HOUSE BILL 378

Earlier this year Parochial’s Board of Trustees approved the introduction of legislation that would alter the benefit formula by using five years rather than three years in the calculation of final average compensation. The legislation was seen as the best means of achieving lower costs without dramatically changing benefits. This legislation was filed as House Bill 378.

Keeping our plans affordable and, thereby, maintaining current or even greater participation is critical. There are no guarantees or safety nets involved in the Parochial plans. It is our challenge and responsibility to take action that will make the plans work for decades to come and keeping them affordable is fundamental in reaching that goal.

As the 2005 Regular Session of the legislature unfolded opposition to HB 378 materialized and, in fact, was sufficient to prevent it from being heard in committee. Despite considerable effort in explaining the purpose of the bill we were unsuccessful in describing the consequences of higher contribution rates.

While our legislative effort was unsuccessful, we may have begun a discussion as to the need to balance costs and benefits and the best method of doing so.

In any event, the current benefit formula, using a three year average, remains in effect.
MEDICARE ELIGIBILITY INFORMATION

Plan A employees hired after April 1, 1986 are required to contribute 1.45% of pay as a Medicare premium. Most of those hired prior to that date are not making these Medicare contributions.

As important as health care is, and particularly for those over 65, Medicare eligibility is a good way to keep health costs affordable.

Now there is a mechanism that can be used by those hired prior to April 1986 to gain Medicare eligibility. Known as a divided referendum for Medicare only, this process would allow those in favor to begin Medicare contributions while not obligating those who are opposed.

More details are available on the State Treasurer’s website which can be found at www.latreasury.com. Clicking on Social Security will take you to a menu including divided referendums. For still more information, interested parties can contact Linda Yelverton at 225-342-0026 in the State Treasurer’s Office.

For those public employees not contributing to Medicare, this referendum process can be very important in keeping health insurance costs affordable in later years.

NOTICE OF SOCIAL SECURITY OFFSETS NOW REQUIRED

In an earlier issue of our newsletter we noted that a new Federal law requires that employees hired after 12/31/2004 be advised of the two offsets that Social Security can implement. The Social Security Administration developed a form (SSA-1945, available on their website, www.socialsecurity.gov/form1945) that must be read and signed by each new hire prior to their employment.

It is important that the original signed form be retained by the employer. A copy should be sent to our office along with a completed personal history form.

Aside from compliance with the new Federal legislation, completion of the form in a timely fashion and retention of the original document can protect the employer from a possible lawsuit many years later.

“IF YOU CAN’T CHANGE YOUR FATE, CHANGE YOUR ATTITUDE.”
—AMY TAN (WRITER)

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

How Many
_____Brochures
_____Personal History Update Forms
_____Election Form for New Employees
______age 55 and older
_____Special Tax Notice

Date ____________________________

Signature of Appointing Authority ____________________________
**Audit and Actuary Reports:** The 2004 audit and the 2004 actuarial valuations were received by our trustees earlier this week and approved by them. Copies have been made and are enclosed in the envelope with this newsletter. Both of these documents are very important in the work of your auditor. Your help in forwarding them to the appropriate person on the audit staff will be appreciated.

**Contribution rates for 2006 are unchanged:** Contribution rates for 2006 have been established and there will be no change in the rates now in effect for 2005. Specifically, employer rates will continue at 12.75% of gross pay for Plan A and 5.75% for Plan B. Employee rates are unchanged as well at 9.5% for Plan A and 3% for Plan B. Technically, these rates must be approved by the Public Retirement Systems’ Actuarial Committee and their next meeting date has not been scheduled. However, our past experience has shown that the PRSAC is very likely to approve the continuation of current rates. Use of these levels for budget purposes is recommended.

*A Man Can Fail, But He Isn’t a Failure Until He Blames Someone Else."
—*J. Paul Getty* (Businessman)

“The Cure for Boredom is Curiosity. There is No Cure for Curiosity.”
—*Dorothy Parker* (Writer)

“The Greatest of Faults, I Should Say, Is to Be Conscious of None.”
—*Thomas Carlyle* (Essayist/Author)

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- Gwen B. LeBlanc
- Tim Ware
- Thomas Nelson
- Jerry Milner
- Rep. Pete Schneider
- Sen. Lambert Bossiere

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- Becky Fontenot
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- Jean Sullivan
- Geraldine Ferguson
- Janice Beatty
- Administrative Director
- Assistant Director
- Benefits Analyst
- Systems Analyst
- Bookkeeper
- Data Entry Specialist
- 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.

📞 Telephone Number (225) 928-1361  FAX Number (225) 923-0933  🌐 Website: www.persla.org
### July 2005

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