



MERS MESSENGER

Volume 6 February 2017

MERS Hires Chief Investment Officer
Christopher Saik joined MERS on November 14, 2016 as the Chief Investment Officer. Christopher has worked in the institutional investments sector for over 10 years, most recently as the Chief Investment Officer of Louisiana School Employees' Retirement System. He has a finance degree from Louisiana State University and an accounting degree from the University of Southern Mississippi. Christopher is married with three children.

Trustee Vacancy

Mayor Clarence Fields' seat on the Board of Trustees will expire on May 25, 2017. An election will be held to fill this seat with an elected official who will have credit in the retirement system for at least six (6) years service on March 10, 2017. The election packets have been mailed to all the municipalities and can also be downloaded from our website.

1099s

The 2016 1099s have been mailed. If you did not receive yours, we may have an incorrect address for you. You will need to complete an address change form so that we can update your records and mail your 1099 to the correct address.

If you received retirement benefits, DROP monies, or a refund of contributions from MERS, you will be receiving a 1099 from our office. You will need this before you will be able to file your 2016 tax return.

Annual Reports

MERS Audit Report for June 30, 2016 is on our website at www.mersla.com located on the homepage under "Quick Links." Refer to page 5 of the Audit Report for Management's Discussion and Analysis and Financial Highlights for fiscal year 2016.

MERS Actuarial Valuation for June 30, 2016 will be included on our website when the report is approved by PRSAC at the end of February 2017. New employer contribution rates are published typically in March, after they have been approved by PRSAC.

The GASB 68 Report will be available on our website no later than February 28, 2017.

CHANGES AT MERS

By Warren Ponder
Executive Director

It has been my pleasure and honor to serve as the Director for the Municipal Employees' Retirement System now for one and half years, the first year was as "acting director" and for the past 6 months as Director. The Board has made many changes during my brief tenure, all of which have been designed to strengthen the system, to provide more oversight, and to secure stronger returns on our investments.

The administration changed the operation procedures to assure greater checks and balances within the system to assure oversight on costs and expenses. Internal reviews were established so that expenses are reviewed by the Accounting Department before any payment is authorized by the executive director.

The Board has changed how the trust fund is invested. The long-time investment consultant was replaced in 2013 when the Board hired Meketa Investment Group. Meketa recommended and the Board adopted a more systematic approach to the allocation of MERS funds by setting target percentages across a wide range of investment options. Using this approach MERS has reduced the number of strategies from 52 down to 36 (and plan to reduce further), reduced the percentages in alternative investments from 52% down to 25% (this is the type of investment Treasurer Kennedy called both expensive and risky), and has increased the investments in index funds from 4% to 42% (this investment matches the performance of various indices such as the S&P 500 or S&P 400 at a very low cost). This reallocation alone has saved the system \$3.7 million per year in fees and will provide more stable returns in the future.

MERS is aware that the contributions from the member employers have increased and become a greater burden on the towns and ultimately the taxpayers. The Board has made the above changes with the goal to make the contributions more manageable. Reaching this goal is not going to be achievable in the short term, but the Board has taken the necessary measures to turn the system around.

If anyone has comments or suggestions, or wishes to discuss further, please feel free to contact me at warren@mersla.com or (225) 925-4810.

Legislation for 2017

The Louisiana Legislature begins its regular session on April 10, 2017, and must end by June 11, 2017. During “odd numbered years” the sessions are limited to fiscal matters, but each legislator may introduce up to five bills each on any subject matter. Retirement issues fall within the five bill limitation. As of the date of this article, no bills have been pre-filed that directly affect the MERS system, although five advertisements have been placed.

Retirement bills are required to be advertised 60 days before introduction so some information can be gleaned from the advertisements. Five ads appear to affect MERS directly, or indirectly:

- (1) A bill may be introduced to require retirement systems to offer an optional defined contribution plan; to provide for its administration; to provide for its implementation; and to provide for related matters.
- (2) A bill may be introduced to provide for auditing and appraisal requirements related to system investments, reporting and to provide for related matters.
- (3) A bill may be introduced to provide for correction of incorrect enrollment of employees, including transfers of money and liability, and to provide for payment of costs of the transfers, and to provide for related matters.
- (4) A bill may be introduced relative to the membership and to term, selection, and qualifications of members of the MERS Board of Trustees.
- (5) A bill may be introduced relative to representation of the House of Representatives on the Boards of Trustees, and to provide for the attendance at executive sessions of the Boards of Trustees for the retirement systems.

The fourth ad concerns the vacancy on the Board of Trustees for the MERS system. Now the Board of Trustees for MERS has six members elected by the active members of the system. MERS is one of two statewide retirement systems that does not permit a retiree to seek a seat on the Board of Trustees. If the Legislature approves this provision and the Governor signs the bill, the vacant seat will be designated a retiree seat. To be qualified to run for the vacancy the member must be a retiree of MERS and only retired members of MERS will be allowed to vote in that election.

The bill described in ad (3) will provide a means to correct when any employee is enrolled in the wrong retirement system. On some occasions an employee is enrolled in MERS when the correct system would be Municipal Police, or Firefighters, and vice versa. The bill being advertised is being offered to set the procedure to correct this incorrect enrollment.

As the bills are filed, staff will be posting the bills on the website.

Investments Update

2016 was a significant year for the Municipal Employees' Retirement System of LA positioning itself for future stability and success.

Board of Trustees Actions during 2016

- Hired its first Chief Investment Officer
- Approved a new investment policy statement
- Adopted a more conservative asset allocation
- Initiated a manager due-diligence rotation schedule
- Voted to terminate all hedge funds
- Approved a transaction to sell six non-core real estate funds resulting in an approximate \$7.7 million gain
- Lowered management fees by approximately \$3.7 million

The Board of Trustees remains focused on continuing efforts to strengthen the financial stability of the fund.

DROP ACCOUNTS

The DROP interest rate at Capital One as of January 31, 2017 is .50%.

MESSAGE TO CLERKS

If at any time you have any questions regarding retirement you are encouraged to call our office and speak to one of our Retirement Benefits Analysts, Joanna Jacob or Joycelyn Gunby.

Susita Suire is available for training on handling the retirement system at the municipality level or for presentations to your employees explaining their retirement benefits. Please call to schedule her to visit.

Contribution Reports

A reminder that contribution reports received that are incorrect or incomplete will be returned along with your payment. When you have completed all corrections, send the corrected report with the correct payment back to our office for posting. You will not be deemed late if the original report was received by the 10th. Effective January 1, 2017 all reports will be deemed late if received after the 10th even if the original report was received on time.

Make sure your totals on the detail page (s) match the totals you enter on the cover page. Also, make sure your payroll software is deducting the correct percentage for **ALL** employees.

Your reports should be completed on the forms that are currently on our website for the 2016-2017 fiscal year. Do not use the old forms.

New Municipality Administration

Congratulations to all new administrative staff around the state. At your convenience please browse our website (www.mersla.com) for information on the retirement system. It is very important to complete the "Municipality Contact Designation" and "Municipality Information" forms so that MERS can update your municipality's information.

Authorized Representatives must be designated by the Mayor. The retirement system needs to know who is authorized to certify forms and information for your municipality. Forms received without proper authorization will not be processed.

Address Changes

It is the “Authorized Representative’s” responsibility to keep the retirement system informed of any address changes for active members. Make sure when an employee changes their address with your municipality that you also send the retirement system the change. This will eliminate returned mail when correspondence is sent to the member’s home address.

Refund Applications

Refunds of contributions are eligible for payment after the employee has been terminated for thirty (30) days and all final earnings and contributions have been received by our office. This process will take 45-60 days. Please do not tell your terminated employees that they will receive their refunds in thirty (30) days.

If you use old refund applications, they will be returned and processing will be delayed. All forms on our website are current.

The employee must complete page 1 and 3 in its entirety. Current addresses and contact phone numbers must be entered and the application must be witnessed. Page 3 contains Direct Deposit information. Refunds are only deposited into accounts that are in the member’s name. Members cannot use an account in someone else’s name. If a debit card is used, a direct deposit form from the debit company must be used. A picture of the debit card is not sufficient and will delay processing.

The authorized representative for the municipality must complete page 2 with their certification of termination date and date of last paycheck.

If these applications are not completed correctly or if any information is missing, processing of the refund will be delayed.

Refunds are processed on or around the 5th and 20th of each month. Funds are deposited in your account the following business day after processing.

Requests for refund amounts must be made in writing, signed by the member, via fax, mail or email.

WIRE TRANSFER OF FUNDS & ELECTRONIC FILING OF MONTHLY CONTRIBUTIONS AVAILABLE

Employers did you know that you can wire transfer your monthly contributions directly to our bank account? If you would like to stop writing checks, you can wire transfer your monthly contributions directly from your bank account to the retirement system and just mail, fax, or email your report. All contribution reports can also be uploaded to an encrypted file to be emailed or to a CD to be mailed. Specifications for electronic filing of monthly contribution reports can be found on our website attached to the memo dated 1/19/2016.

All files containing social security numbers that are emailed to our office should be encrypted for privacy and safety. If you do upload your contribution files, remember you still need to complete the cover page with totals and certify amounts with the proper signature.

Call our office and we can help you with wire transfers and electronically reporting of monthly contributions. Both of these methods ensure accuracy when posting monies and salaries to all contributing members.

NOTIFICATION OF THE DEATH OF A MEMBER

It is very important that MERS is notified immediately of the death of a member whether that member is active, retired, or vested. If an active member deceases, the retirement system staff will review the member's account to calculate any survivor benefit or refund of contributions eligible to be paid to the last named beneficiary on file, minor children, surviving spouse, or estate. If a retired member deceases, the retirement system needs to cease retirement benefits to the retiree effective with the benefit payment due on the 1st of the month after death. The retiree's account will be reviewed to calculate what survivor benefits or if survivor benefits are payable to the beneficiary or estate. Any overpayment of a benefit to a deceased member must be recouped by the retirement system. A certified copy of a death certificate of the member is required by law to pay a survivor benefit or refund of contributions to a beneficiary

RETIREMENT BENEFITS CALCULATOR NOW ON WEBSITE

The retirement benefits calculator is now on the web page and members can calculate their benefits. **Be aware that this is merely a tool to use for retirement planning, and should not be relied upon for a final benefit.** A member can now calculate an estimated benefit using basic information and whole years of work in order to get an idea of the amount of benefits the member can expect for retirement or to enter DROP. Many factors can affect the final benefit and are not included in the calculation, such as the amount of leave that can be rolled into the final benefit amount, or partial years of service. But even with the limitations built into the system, it is still helpful to get an approximation of what to expect.

This calculator cannot be used to estimate post-DROP benefits, disability, and early retirement or Marshal supplemental benefits. These calculations are complicated and must be calculated by a Retirement Analyst.

This calculator will not work with Internet Explorer. You will need to use another web browser such as Mozilla Firefox or Google Chrome.

MESSAGE TO RETIREES

Please notify this office in writing if any of the following changes are made after retirement:

- Address Change
- Bank Account Change
- Death of Beneficiary

All benefit verifications must be requested in writing. You may fax or mail your written request or download the "Income Verification" form from our website (www.mersla.com). Phone calls will not be accepted as your request. This procedure is a security measure to protect your confidential information from theft.

Board of Trustees

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of Lafayette
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Executive Staff

Warren D. Ponder
Executive Director

Susita Suire
Retirement Benefits Administrator

Nancy LaGarde
Chief Financial Officer

Christopher Saik
Chief Investment Officer

IMPORTANT REMINDERS

Destroy all forms you previously used. Current forms are on our website under "Forms" tab.

No contributions to be withheld on overtime. Regular, holiday, vacation, and sick earnings only. Do not withhold contributions on lump sum leave when a member is terminated or retires.

No contributions to be withheld on worker's compensation.

New Administration – complete Municipality update and authorization forms from website so that we can update our records, computer system, and website information.

Keep the retirement system updated with your current address.

WE ARE ON THE WEB!

www.mersla.com

Municipal Employees' Retirement System

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