

MERS MESSENGER

Volume 3

January 2015

2015 Legislative Session

The 2015 Legislature will convene on Monday, April 13, 2015, at noon, and will adjourn not later than 6:00 p.m. on June 11. This is a “fiscal” session and will deal mainly with financial issues, however, each legislator may introduce five bills dealing with any subject matter, including retirement. The Constitution requires that any proposed bill concerning retirement be advertised before the session. This year the deadline is the middle of February, and to date, very few matters have been advertised. The MERS staff will continue to monitor the ads and will post any bills relating to the system on the web page, as the bills are filed.

At this time, it appears this session will be a quiet one for retirement matters.

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.

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1099 Forms Mailed

The annual report to the IRS has been mailed and all retirees should have received their Form 1099R by now. If you are a retiree receiving a benefit and have not received your 1099, please contact the MERS office.

See 1099 on page 2

When checks are delivered electronically, communications by email, and notices by web pages, it is easy to forget to change mailing addresses. Change of Address forms are available on the MERS web page, so please let us know when you move.

WIRE TRANSFER OF FUNDS AVAILABLE FOR MONTHLY CONTRIBUTIONS

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.

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.



NOTICE TO MAYORS WITH NEW ADMINISTRATION

There are quite a few administrative personnel changes after the past election. If there are any administrative personnel being hired, it is required that they become members of MERS if eligible. You are not required to become a member of MERS if you are 65 or older and receiving a benefit from another LA public pension fund. All full-time (35 hours or more per week) employees are mandated to become members and contribute to the retirement system beginning on their first day of hire. There is no probation or waiting period to enter the system. If there are any questions as to who is required to become members, please call our office immediately.

The enrollment form is on our website and must be remitted as soon as possible since the January reports are due in this office by February 10th. All new hires must begin contributing to MERS on their first day of employment or there could be consequences for not enrolling.

If any of your new hires are current retirees from MERS, our office **MUST** be contacted for the amount of gross earnings the member may earn without having to offset their retirement benefit. It is the responsibility of the member and the municipality to report gross earnings of any retiree from MERS that returns to work either full-time or part-time.

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.

MERS FINANCIAL REPORTS AVAILABLE IN JANUARY

We are pleased to announce that the financial statements for MERS fiscal year ending June 30, 2014, are available on our website at www.mersla.com. MERS has received a clean (Unmodified) audit opinion with no audit findings to report.

Investment income for the system totaled \$96,010,567 as compared to \$33,315,527 in the prior fiscal year, an increase of \$62,694,040. The increase was primarily due to stronger financial markets. Our investment return for the fiscal year was 13%, bringing the investment value of the system to \$871,863,559.

MERS VALUATION REPORT

The actuarial valuation report as of June 30, 2014 will also be available on our website as soon as the report is approved by PERSAC. PERSAC is the legislative committee that has the authority to approve actuarial valuation reports.

During the year ended June 30, 2014, the System adopted the provisions of GASB (Governmental Accounting Standards Board) Statement No. 67, Financial Reporting for Pension Plans. GASB Statement No. 67 established new standards of financial reporting for defined benefit pension plans (MERS Plan A and Plan B). This new standard also specifies the required approach to measuring the system's funding ratio. Differences for past and current funding ratios for both Plan A & B are reflected in the 2013 and 2014 actuarial reports.

The new accounting standard relates only to the reporting of plan liabilities, costs, and funded ratio. This change does not affect the system's actuarial funding method or the financial strength of the plan. NOTHING has changed. MERS has never missed a payment to retirees and never plans on missing a payment in the future.

An important point to remember is that the new funded ratio has nothing to do with the method used to fund the benefits and it does not affect the employers' contribution rates. MERS is, and will continue to be strong financially, and your retirement check will go into your bank account each and every month when you reach retirement age just as it has for our retirees since 1955.



I don't understand
GASB 67 & 68

More details relating to GASB Statement No. 67 and 68 can be found at:

GASB website: www.gasb.org

[GASB toolkit](#)

[GASB's New Pension Standards: Setting the Record Straight](#) (Q&A from Government Accounting Standards Board)



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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!

See us at:

www.mersla.com