

DATE: March 22, 2002
TO: Sheriffs & Liaison Personnel
FROM: Yvonne Richardson
SUBJECT: Increase in Employer Contribution Rate

We have received notification from the Public Retirement Systems' Actuarial Committee that the employer contribution rate for sheriffs' offices will increase to 7.75% effective July 1, 2002.

The employer contribution rate is a part of the "normal cost" to fund our retirement system for the fiscal year, beginning July 1, 2002. Other components of normal cost funding are employee contributions, ad valorem and revenue sharing taxes, and an allocation from the Insurance Premium Tax. When these components do not adequately fund the System, the employer rate is the balancing element. You may recall that in some instances in past years, the employer rate decreased, because the other components of the normal cost funding plus the current employer rate were more than enough to actuarially fund the System for that year.

The enclosed letter shows that the Sheriffs Pension Fund just received in excess of \$9,000,000 from the Insurance Premium Tax Fund. To the best of our knowledge, this is the largest amount we have ever received from that funding source. Even so, the employer increase is required to keep the Pension Fund actuarially sound as provided for in the Louisiana Constitution.

We regret the increase is required, but other systems in Louisiana are facing even more severe increases. One system's employer rate practically doubled.

Please let us know if you have any questions or if we can be of assistance.