

Louisiana Sheriffs' Pension & Relief Fund

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Report to Retirees Cost-of-Living Increase

As we approach the holiday season, we take this opportunity to extend our sincere best wishes to you and your families for the Christmas season and the New Year. Throughout the year, but especially during this season, we want you to know that our thoughts and prayers are with you and that our foremost concern for 2006 is to accomplish a regular, permanent cost-of-living increase for our retirees. During the New Year, we will be pursuing this goal through two avenues:

- As you are already aware, severe problems in the world economy and financial markets during 1999 to 2003 resulted in funding issues and problems in meeting legal requirements to grant cost-of-living increases for all state pension systems, as well as systems nationwide. Financial markets have been gradually improving, but this type of recovery usually occurs over time in order to have favorable and sustainable market improvements.

Our system fared well in the economic downturn and has remained very sound, but as a result of market conditions, we have not met requirements of the law to grant regular cost-of-living increases at this time. Basically, we are required to exceed an 8% investment return averaged over a 3-year period in order to grant cost-of-living increases. In addition, we must exceed the 8% averaged return by an amount sufficient to pay the lifetime cost of granting the increase.

With the funding progress we have made since the market downturn, we are very optimistic and hopeful that we will meet the requirements of the current law during this fiscal year-ending June 30, 2006. For the past two years, our investment returns have exceeded the Fund's target valuation rate of 8%. The current market conditions and outlook brings us optimism that we will do so again in this fiscal year.

- Secondly, we have extensively studied the complex structure of the current law regulating the requirements for granting cost-of-living increases. We believe the current law is outdated, and not in keeping with today's conditions and the needs of our retirees. **In the upcoming 2006 legislative session, we will sponsor legislation to change laws regulating cost-of-living increases, and fight for approval to grant a regular, permanent increase within the year. Our Board of Trustees has set this as our highest priority for the year. With the funding progress our system has made, we believe that we will be successful.**

Once the session has begun and the legislation filed, we will appreciate any help you may give us by talking to your local legislators. We will keep you informed by mail as well as by postings on a special page to be set up on our website.

December 15, 2005

December & Monthly Benefits Payments

Effective July 1, 2005, we changed our method of payment of monthly benefits in order to benefit both current and future retirees. Prior to this change, benefits were paid at the end of each month for the month just completed, or paid in arrears. For example, when you retired, you received your first monthly benefit for that month on the last day of that month.

With the change on July 1st, you received your benefit for the month of June on June 30, 2005. On July 8, 2005 you received your first monthly payment in advance for the month of July. On August 1st and each subsequent month, including December, you received your monthly benefit in advance on the 1st of the month.

In prior years, under our former method of payment, your December benefit was due on December 31st. A number of years ago, it had become the practice of this office to pay the benefit due on December 31st prior to Christmas, usually around December 15th. This was never an extra check, but an advance payment of the benefit due December 31st. Under that practice, retirees then had to wait until January 31st for the next benefit payment. This created a hardship for many retirees, as they had to wait 45 days before their next payment. Many retirees had asked that this practice be discontinued, as the lengthy period between payments resulted in difficulties in meeting their basic needs after the holiday spending.

Again, your monthly benefit due for December was paid on December 1st, in accordance with the new method adopted effective July 1, 2005. Your next benefit payment will be paid on January 1, 2006, as scheduled. If we were to pay the January benefit in December, the advance payment of the January benefit may result in unfavorable tax consequences by reporting additional income for the 2005 tax-year that would normally be reported in the 2006 tax-year.

We are optimistic that the hopes and efforts of the Board of Trustees will be realized in meeting requirements for the fiscal year-ending June 30, 2006, to allow us to grant a cost-of-living increase. **Please be assured that our efforts will not rely only on that source.** We will also be making our best effort in the upcoming regular session of the legislature to restructure the law to help our retirees for both the coming year and future years.

On behalf of the Board of Trustees and staff, we extend our sincere best wishes to you and your families for the holy season, and for the future.

Sincerely,

Osey McGee, Jr.
Executive Director

December 15, 2005