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October 7, 2008

To: Osey "Skip" McGee, Jr.
Executive Director

From: Robert D. Klausner, Esquire

Re: Guarantee of Benefits

File No. 920230

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OCT 8 2008

SHERIFFS PENSION FUND
BATON ROUGE

This is in response to your inquiry concerning the guaranteed nature of retirement benefits of members of the Louisiana Sheriffs Pension and Relief Fund. For the reasons which follow, member benefits are constitutionally protected against diminution, reduction or loss.

Article X, Section 29 of the Louisiana Constitution recognizes an enforceable contract right between member and beneficiaries of a public retirement plan and the sponsors of that system. Section 29 (E)(5)(a) expressly states as follows:

The accrued benefits of members of any state or statewide public retirement system shall not be diminished or impaired.

In addition, the Constitution and the applicable provisions of Title 11, Louisiana Revised Statutes, mandate sound actuarial funding. This means the system must be funded in a fashion that will permit the timely payment of all accrued benefits.

The LSPRF is funded from a variety of sources: member contributions, employer contributions, state insurance premium taxes, state revenue sharing; dedicated ad valorem taxes, and investment earnings. If investment income is less than expected, employer contributions rise to meet the financial needs of the Plan. The defined benefit nature of the Plan means that member benefits are guaranteed, without regard to market fluctuations. This has been reinforced on several occasions by Louisiana courts.

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The current economic downturn does not impair the actuarial soundness of the LSPRF or the Fund's ability to pay benefits to members. It does not diminish the rights of members to expect the timely and full payment of all benefit. The constitutional and statutory structure in Louisiana assures the economic welfare of the Fund and the security of the pension right of its members and beneficiaries.

Louisiana's statewide plans, especially the LSPRF, are funded on a sound actuarial basis, are constitutionally guaranteed, and are professionally managed according to sound investment and fiduciary standards. Again, the members may rely on the constitutional guarantee for the timely receipt of all benefits, now and in the future.

I trust the foregoing has answered your inquiry.

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