

**REGISTRARS OF VOTERS EMPLOYEES'
RETIREMENT SYSTEM**

ACTUARIAL VALUATION AS OF
JUNE 30, 2011

G. S. CURRAN & COMPANY, LTD.

Actuarial Services

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November 28, 2011

Board of Trustees
Registrars of Voters Employees' Retirement System
P.O. Box 57
Jennings, Louisiana 70546

Ladies and Gentlemen:

We are pleased to present our report on the actuarial valuation of the Registrars of Voters Employees' Retirement System for the fiscal year ending June 30, 2011. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrator and accountants. This report was prepared at the request of the Board of Trustees of the Registrars of Voters Employees' Retirement System of the State of Louisiana. The primary purposes of the report are to determine the actuarially required contribution for the retirement system for the fiscal year ending June 30, 2011 to recommend net direct employer contribution rates for fiscal 2012, and to provide information for the system's financial statements. This report was prepared exclusively for the Registrars of Voters Employees' Retirement System for a specific limited purpose. It is not for the use or benefit of any third party for any purpose.

This report has been prepared in accordance with generally accepted actuarial principles and practices, and to the best of our knowledge and belief fairly reflects the actuarial present values and costs stated herein. The undersigned actuaries are members of the American Academy of Actuaries and have met the qualification standards for the American Academy of Actuaries to render the actuarial opinions incorporated in this report, and are available to provide further information or answer any questions with respect to this valuation.

Sincerely,

G. S. CURRAN & COMPANY, LTD.

By: 

Gary Curran, F.C.A., M.A.A.A., A.S.A.

By: 

Gregory Curran, F.C.A., M.A.A.A., A.S.A.

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
Summary of Valuation Results	1
Comments on Data	2
Comments on Actuarial Methods and Assumptions	3
Changes in Plan Provisions	3
Asset Experience	3
Demographics and Liability Experience	4
Funding Analysis and Recommendations (Defined Benefit Plan)	5
Funding Analysis and Recommendations (Defined Contribution Plan)	7
Cost of Living Increases	7
Graphs	8
Exhibit I - Analysis of Actuarially Required Contributions to the Defined Benefit Plan.....	13
Exhibit II - Present Value of Future Benefits	14
Exhibit III - Schedule A - Market Value of Assets.....	15
Exhibit III - Schedule B – Actuarial Value of Assets	16
Exhibit IV - Present Value of Future Contributions	17
Exhibit V - Reconciliation of Contributions.....	17
Exhibit VI - Analysis of Increase in Assets	18
Exhibit VII - Fund Balance	19
Exhibit VIII (Schedule A) – Pension Benefit Obligation	19
Exhibit VIII (Schedule B) – Entry Age Normal Accrued Liabilities.....	19
Exhibit IX - Cost of Living Adjustments - Target Ratio	20
Exhibit X - Census Data	21
Exhibit XI - Year to Year Comparison	29
Summary of Principal Plan Provisions.....	31
Actuarial Assumptions	35

Glossary.....	39
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**SUMMARY OF VALUATION RESULTS
REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM**

Valuation Date:	June 30, 2011	June 30, 2010
Census Summary: Active Members	248	247
Retired Members and Survivors	147	140
Terminated Due a Deferred Benefit	6	6
Terminated Due a Refund	29	20
Payroll:	\$ 13,027,410	\$ 12,333,966
Benefits in Payment:	\$ 3,112,965	\$ 2,877,232
Market Value of Assets:	\$ 63,415,774	\$ 53,081,300
Actuarial Asset Value:	\$ 67,405,502	\$ 62,823,395
Unfunded Actuarial Accrued Liability	NONE	NONE
Funded Ratio (GASB 50):	78.45%	80.88%

	FISCAL 2012	FISCAL 2011
Employer Normal Cost (July 1):	\$ 4,268,117	\$ 3,661,447
Amortization Cost (July 1):	N/A	N/A
Interest Adjusted Actuarially Required Contribution (Including Estimated Administrative Costs):	\$ 4,712,465	\$ 4,034,977
Projected Ad Valorem Taxes and Revenue Sharing Funds	\$ 2,111,984	\$ 2,085,159
Net Direct Employer Actuarially Required Contributions	\$ 2,600,481	\$ 1,949,818
Actuarially Required Net Direct Employer Contribution Rate	19.34%	15.35%
Actual Net Direct Employer Contribution Rate:	15.50%	14.25%
Maximum Additional Funding Provided by Ad Valorem Taxes for the Defined Contribution Plan:	\$ 0	\$ 0

Recommended Net Employer Contribution Rate: For Fiscal 2013: 19.75% For Fiscal 2012: 15.50%		
Employee Contribution Rate:	7%	
Dedicated Funding:	Maximum of 0.0625% of ad valorem taxes plus revenue sharing funds	
Actuarial Cost Method:	Aggregate Actuarial Cost Method	
Valuation Interest Rate:	8% (Net of Investment Expense)	
Exclusions from Census:	None	
Basis of Actuarial Asset Value:	The actuarial value of assets is based on the market value of assets adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.	
Changes in Valuation Methods, Assumptions, and/or Amortization Periods:	None	
Method of Recognizing Gains and Losses:	Actuarial gains and losses are spread over future normal costs.	

COMMENTS ON DATA

For the valuation, our office electronically downloaded census information from the system's master data processing file indicating each active covered employee's sex, date of birth, service credit, annual salary, and accumulated contributions. Information on retirees detailing dates of birth of retirees and beneficiaries, as well as option categories and benefit amounts, was provided in like manner. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Exhibit X, there are 248 active members in the system of whom 125 have vested retirement benefits including 21 participants in the Deferred Retirement Option Plan (DROP); 147 former system members or their beneficiaries are receiving retirement benefits. An additional 35 members have contributions remaining on deposit with the system; of this number, 6 have vested rights for future retirement benefits. All individuals submitted were included in the valuation.

Census data submitted to our office is tested for errors. Several types of census data errors are possible; to ensure that the valuation results are as accurate as possible, a significant effort is made to identify and correct these errors. In order to minimize coverage errors (i.e., missing or duplicated individual records) the records are checked for duplicates, and a comparison of the current year's records to those submitted in prior years is made. Changes in status, new records, and previous records, which have no corresponding current record, are identified. This portion of the review indicates the annual flow of members from one status to another and is used to check some of the actuarial assumptions, such as retirement rates, rates of withdrawal, and mortality. In addition, the census is checked for reasonableness in several areas, such as age, service, salary, and current benefits. The records identified by this review as questionable are checked against data from prior valuations; those not recently verified are included in a detailed list of items sent to the system's administrator for verification and/or correction. Once the identified data has been researched and verified or corrected, it is returned to us for use in the valuation. Occasionally some requested information is either unavailable or impractical to obtain. In such cases, values may be assigned to missing data. The assigned values are based on information from similar records or based on information implied from other data in the record.

In addition to the statistical information provided on the system's participants, the system's director furnished general information related to other aspects of the system's expenses, benefits and funding. Valuation asset values as well as income and expenses for the fiscal year were based on information furnished by the system's auditor, the firm of Duplantier, Hrapmann, Hogan & Maher, Certified Public Accountants. As indicated in the system's audit report, the net market value of the system's assets was \$63,415,774 as of June 30, 2011. Net investment income for fiscal 2011 measured on a market value basis amounted to \$8,818,704. Contributions to the system for the fiscal year totaled \$5,035,676; benefits and expenses amounted to \$3,519,906.

Notwithstanding our efforts to review both census and financial data for apparent errors, we must rely upon the system's administrative staff and accountants to provide accurate information. Our review of submitted information is limited to validation of reasonableness and consistency. Verification of submitted data to source information is beyond the scope of our efforts.

COMMENTS ON ACTUARIAL METHODS AND ASSUMPTIONS

This valuation is based on the Aggregate actuarial cost method. Under the Aggregate Cost Method, actuarial gains and losses are spread over future normal costs. Thus, favorable plan experience will lower future normal costs; unfavorable experience will cause future normal costs to increase. In addition, changes in benefits and assumptions as well as contribution surpluses on shortfalls are also spread over future normal costs. In any year in which the net direct employer contribution is scheduled to decrease, the board of trustees may freeze the net direct employer contribution rate and deposit the excess funds, if any, into the Funding Deposit Account.

The current year actuarial assumptions utilized for the report are outlined on pages thirty-six through thirty-nine. The assumptions used are the same as those used for the prior year report. In the aggregate the assumptions represent our "best estimate" of future long-term experience for the fund. All calculations, recommendations, and conclusions are based on the assumptions specified. To the extent that prospective experience differs from that assumed, adjustments will be required to contribution levels. Such differences will be revealed in future actuarial valuations.

CHANGES IN PLAN PROVISIONS

The following changes in plan provisions were enacted during the 2011 Regular Session of the Louisiana Legislature:

Act 119 removed the Secretary and President of the Registrars of Voters Association of Louisiana from serving on the Board as ex-officio members and replaced them with two elected members (one with an initial term of 2 years and the other with an initial term of 4 years). The newly elected members of the Board were set to begin their term on January 1, 2012. The act also created term limits for all elected positions on the Board of Trustees equal to two consecutive four year terms. The procedure for election of Board members was also changed from election by the membership of the Registrars of Voters Association to election by the membership of the retirement system.

Act 377 excludes from earnable compensation for any member of a state or statewide retirement system who was elected for a term commencing July 1, 2011 or later, and who is employed in another position of public office or employment, any compensation earned from legislative service.

ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below. These rates of return on assets were determined by assuming a uniform distribution of income and expense throughout the fiscal year.

	<u>Market Value</u>	<u>Actuarial Value</u>
2002	-3.0%	0.5%
2003	3.3%	1.0%
2004	10.9%	4.2%

2005	6.8%	7.4%
2006	5.2%	7.4%
2007	14.0%	* 13.6%
2008	-3.9%	6.6%
2009	-18.3%	* -6.2%
2010	8.7%	3.8%
2011	16.4%	4.8%

* Includes effect of change in asset valuation method.

The market rate of return gives a measure of investment return on a total return basis and includes realized and unrealized capital gains and losses as well as interest income and dividends. This rate of return gives an indication of performance for an actively managed portfolio where securities are bought and sold with the objective of producing the highest total rate of return. During 2011, the fund earned \$1,187,481 of dividends, interest, and other recurring income. Net income was increased by realized and unrealized capital gains of \$7,965,075. This income was offset by investment expenses of \$333,852. The geometric mean of the market value rates of return measured over the last ten years was 3.5%. The geometric mean of the market value rates of return measured over the last twenty years was 5.9%.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 8% used for the valuation. This rate is calculated based on the actuarial value of assets and all interest, dividends, and recognized capital gains as given in Exhibit VI. Investment income used to calculate this yield is based upon a smoothing of investment income above or below the valuation interest rate over a five year period. The difference between rates of return on an actuarial and market value basis results from the smoothing utilized. Yields in excess of the 8% assumption will reduce future costs; yields below 8% will increase future costs. For fiscal 2011, the system experienced net actuarial investment earnings of \$2,018,999 less than the actuarial assumed earnings rate of 8%. This shortfall in earnings produced an actuarial loss, which increased the normal cost accrual rate by 1.8523%.

DEMOGRAPHICS AND LIABILITY EXPERIENCE

A reconciliation of the census for the system is given in Exhibit X. The average active member is 50 years old with 13.48 years of service and an average salary of \$52,530. The system's active contributing membership increased during the fiscal year by 1 member. The plan has experienced an increase in the active plan population of 23 members over the last five years. A review of the active census by age indicates that, over the last ten years, the population in the 31-50 age group has decreased significantly while the proportion of active members in the other age groups have increased. Over the same ten-year period the plan showed a decrease in the percentage of members with service greater than ten but less than twenty-five years. Over this period there has been a substantial increase in the percentage of members with less than ten years of service, as well as those with more than twenty-five years of service credit.

The average service retiree is 76 years old with a monthly benefit of \$1,996. The number of retirees and beneficiaries receiving benefits from the system increased by 7 during the fiscal year; over the last five years this increased by 21. During this same period, annual benefits in payment increased by \$950,491.

Plan liability experience for fiscal 2011 was unfavorable. Salary increases, DROP entries, and retirements were above projected levels while withdrawals were below projected levels. This would be expected to increase costs. Retiree deaths and disabilities were at projected levels. Plan liability experience increased the normal cost accrual rate by 1.5163%.

FUNDING ANALYSIS AND RECOMMENDATIONS DEFINED BENEFIT PLAN

Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by an actuarial valuation based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. Each year a determination is made of the normal cost, and the actuarially required contributions are based on the sum of this value and administrative expenses. Under the funding method used for the plan, changes in plan experience, benefits, or assumptions increase or decrease future normal costs. In addition excess or deficient contributions can decrease or increase future costs.

In order to establish the actuarially required contribution in any given year, it is necessary to define the assumptions and funding method. Thus, the determination of what contribution is actuarially required depends upon the funding method employed. Regardless of the method selected, the ultimate cost of providing benefits is dependent upon the benefits, expenses, and investment earnings. Only to the extent that some methods accumulate assets more rapidly and thus produce greater investment earnings does the funding method affect the ultimate cost.

The derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The normal cost for fiscal 2012 as of July 1, 2011, is \$4,268,117. The total actuarially required contribution is determined by adjusting this value for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 12 of Exhibit I the total actuarially required contribution for fiscal 2012 is \$4,712,465. Required net direct employer contributions are also affected by the available ad valorem taxes and revenue sharing funds which the system receives each year. When these funds change as a percentage of payroll, net direct employer contributions are adjusted accordingly. Available revenue sharing funds for fiscal 2012 are expected to be \$110,479 and we estimate that available ad valorem taxes for fiscal 2012 will be \$2,001,505. Thus we estimate the net direct cost to the employer for fiscal 2012 will be \$2,600,481 or 19.34% of projected payroll.

Liability and asset experience as well as changes in assumptions and benefits can increase or lower plan costs. In addition to these factors, any COLA granted in the prior fiscal year will increase required contributions. New entrants to the system can also increase or lower costs as a percent of

payroll depending upon their demographic distribution and other factors related to prior plan experience. Finally, contributions above or below requirements may reduce or increase future costs.

The effects of various factors on the fund’s cost structure are outlined below:

Normal Cost Accrual Rate – Fiscal 2011	30.0491%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience	1.8523%
Contribution Loss	0.1910%
Liability Experience	1.5163%
Factors Decreasing the Normal Cost Accrual Rate:	
New Members	0.7326%
Normal Cost Accrual Rate – Fiscal 2012	32.8761%

In addition to the above factors, required net direct employer contributions are also affected by the projected ad valorem taxes and revenue sharing funds which the system is expected to receive each year. When these funds change as a percentage of payroll, net direct employer contributions are adjusted accordingly. We estimate that these funds collected in fiscal 2012 will decrease by 0.70% of payroll. Although the actuarially required net direct employer contribution rate for fiscal 2012 is 19.34%, the actual employer contribution rate for fiscal 2012 is 15.50% of payroll. Since the contribution rate for fiscal 2012 was 15.50%, any deficit in employer contributions collected in the fiscal year will increase the Fund’s normal cost accrual rate. We estimate this deficit will result in an increase of 0.46% to the normal cost accrual rate in fiscal 2013. R.S. 11:103 requires that the net direct employer contributions be rounded to the nearest 0.25%, hence we are recommending a minimum net direct employer contribution rate of 19.75% for fiscal 2013.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, and changes in plan provisions or applicable law. Analysis of the effect of all these factors is beyond the scope of this report. We have, however, calculated the sensitivity of the plan’s costs to two factors. First, we have determined that based on current assets and demographics, for each percentage earnings in a single year under (or over) the assumed rate of return on the actuarial value of assets, there will be a corresponding increase (or reduction) in the normal cost accrual rate of 0.62% for the Fund. We have also determined that a 1% reduction in the valuation interest rate for the Fund would increase the actuarially required contribution rate for fiscal 2012 by 10.77%.

Notwithstanding recent contribution increases, a significant portion of investment losses incurred in fiscal 2009 have not yet been released into the actuarial value of assets due to the current asset smoothing methodology. These losses will be released over the next three years and, even when the investment gains for the fiscal 2010 and 2011 are factored in, this will put upward pressure on costs as they are released into income unless they are offset by substantial asset or liability gains.

FUNDING ANALYSIS AND RECOMMENDATIONS DEFINED CONTRIBUTION PLAN

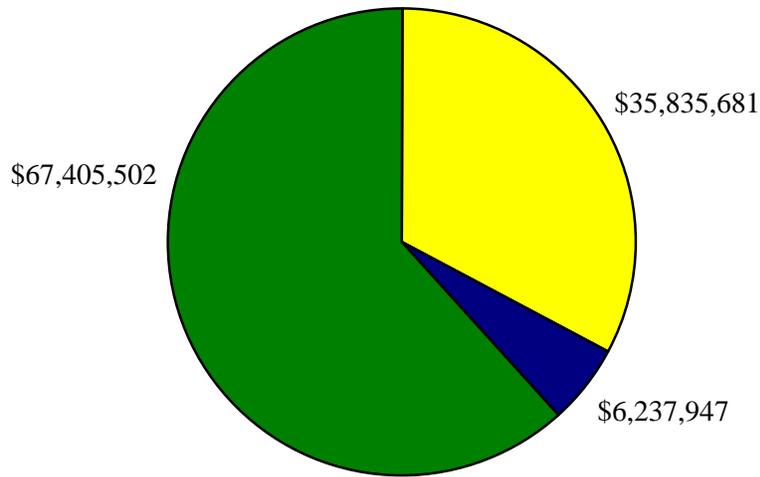
Funding for the retirement system's defined contribution account is contingent upon the availability of funds from ad valorem taxes and revenue sharing above the requirements of the defined benefit plan. The maximum amount of ad valorem taxes available to the system is 0.0625% of the ad valorem taxes shown to be collected each year. For fiscal 2012, we project that the system will receive ad valorem taxes in an amount insufficient to meet the requirements of the defined benefit plan. Therefore, there is no funding available for the defined contribution account for fiscal 2012.

COST OF LIVING INCREASES

During fiscal 2011 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 3.56%. Cost of living provisions for the system are detailed in R.S. 11:2073 and R.S. 11:246. The former statute allows the board to grant annual cost of living increases of 3% of each retiree's original benefit. This applies only to members who have been retired for at least two years. R.S. 11:246 provides cost of living increases of retirees and beneficiaries over the age of 65 equal to 2% of the benefit in payment on October 1, 1977, or the date the benefit was originally received if retirement commenced after that date (R.S. 11:246 only permits payment of such an increase if earnings exceed the system's valuation rate). R.S. 11:241 provides that cost of living benefits shall be in the form (unless the board otherwise specifies) of $\$X \times (A+B)$ where X is at most \$1 and "A" represents the number of years of credited service accrued at retirement or at death of the member or retiree and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase. The provisions of this subpart do not repeal provisions relative to cost of living adjustments contained within the individual laws governing systems; however, they are to be controlling in cases of conflict.

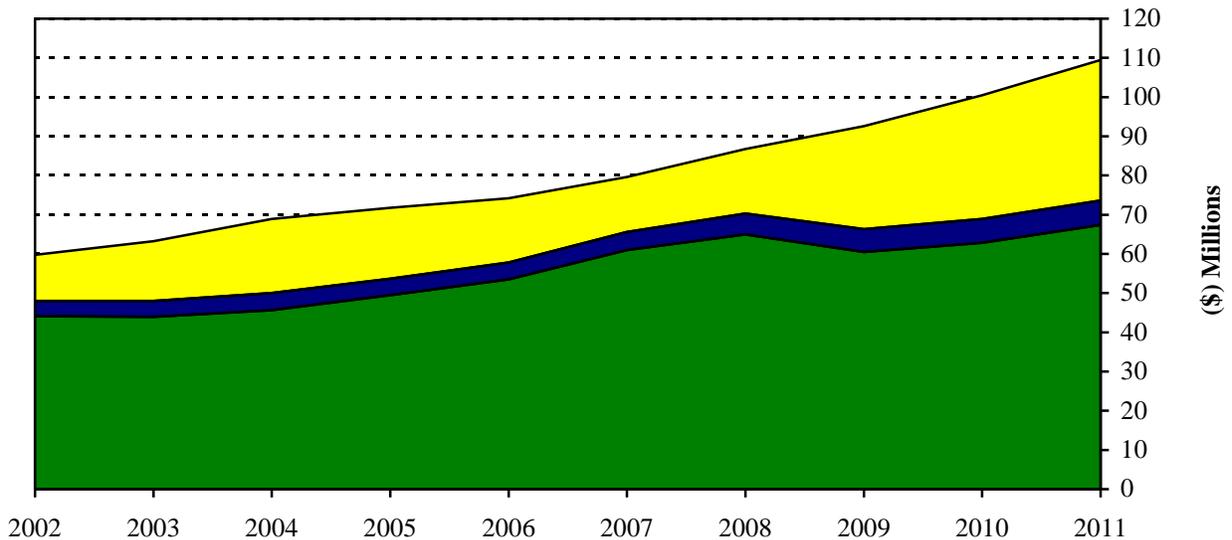
Statutory requirements provide that such COLA's may be paid only when the investment earnings of the system are sufficiently above the valuation interest rate to fund the benefit granted. For fiscal 2011 the fund had no excess earnings. In addition, in order to grant any cost of living increase to retirees, the ratio of the actuarial value of assets to the Pension Benefit Obligation must equal or exceed a statutory target ratio defined in R.S. 11:242. The funded ratio of the system, as calculated under R.S. 11:242, is 77.96%. This is below the target ratio of 100.00%. Thus, for fiscal 2011, the target ratio was not met by the fund.

Components of Present Value of Future Benefits June 30, 2011



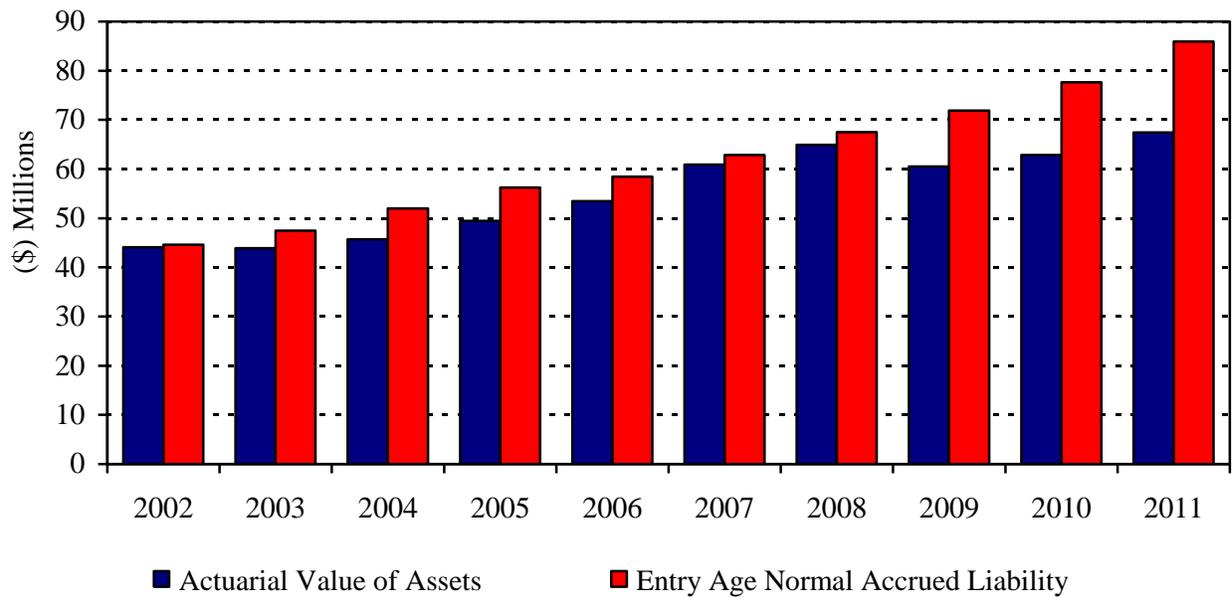
- Present Value of Future Employer Normal Cost
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

Components of Present Value of Future Benefits

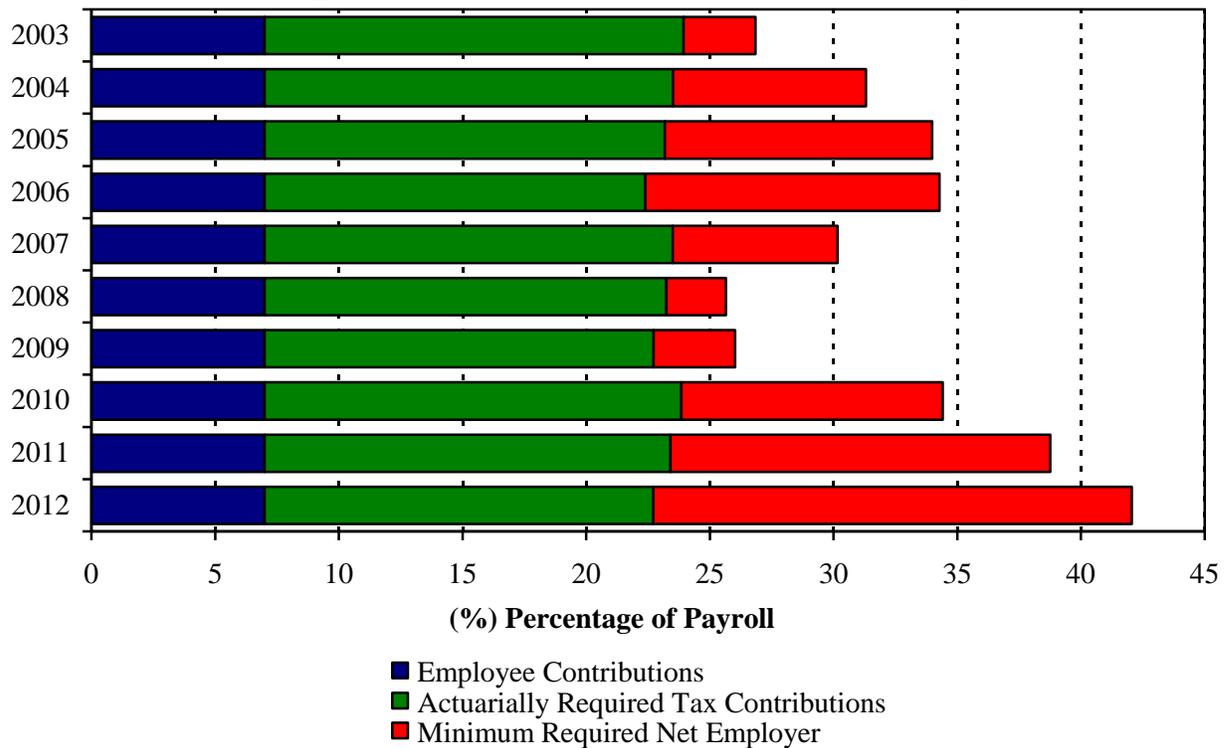


- Present Value of Future Employer Normal Cost
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

Actuarial Value of Assets vs. Entry Age Normal Liability

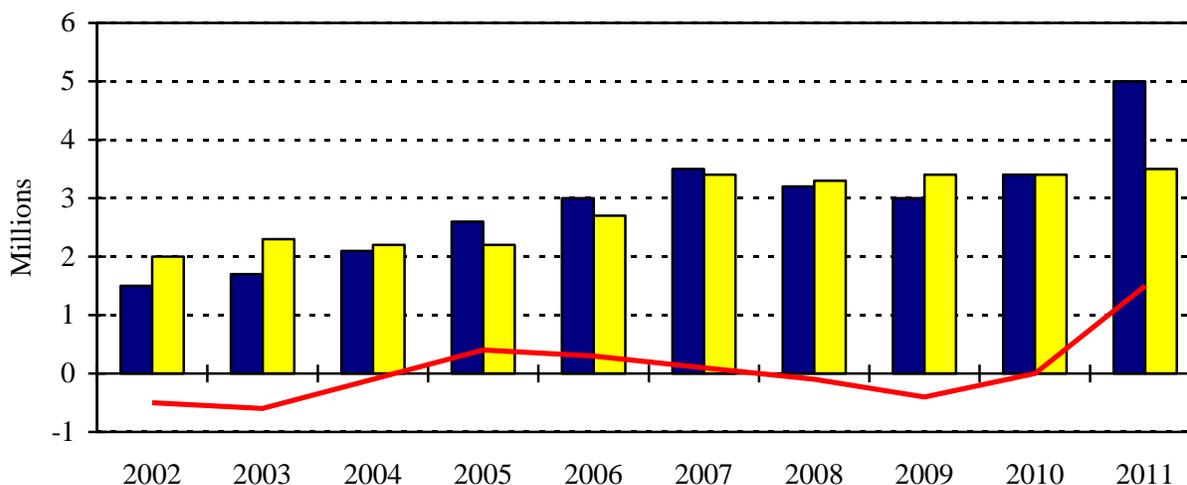


Components of Actuarial Funding



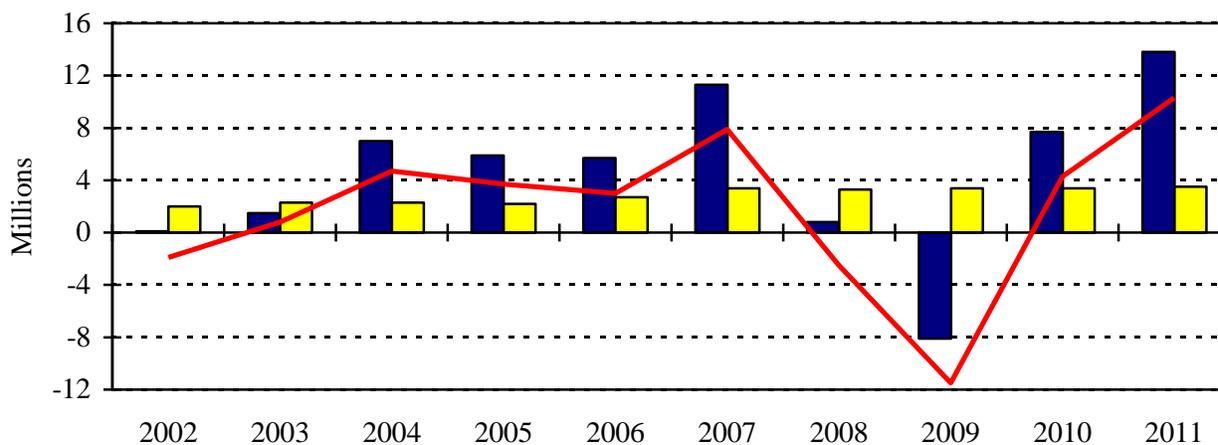
Actuarially Required Tax Contributions consist of the lesser of Actuarially Required Contributions and amount of taxes divided by the projected valuation payroll.

Net Non-Investment Income



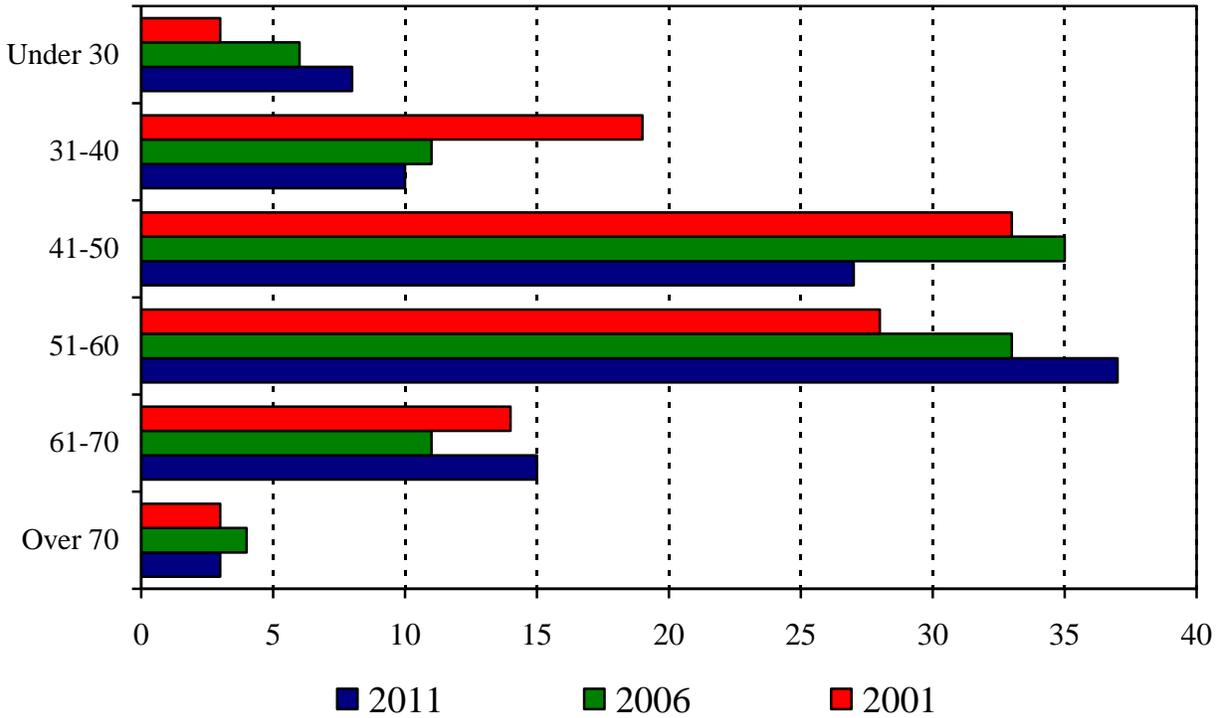
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Income (\$Mil)	■	1.5	1.7	2.1	2.6	3.0	3.5	3.2	3.0	3.4	5.0
Benefits and Expenses (\$Mil)	■	2.0	2.3	2.2	2.2	2.7	3.4	3.3	3.4	3.4	3.5
Net Change in MVA (\$Mil)	—	-0.5	-0.6	-0.1	0.4	0.3	0.1	-0.1	-0.4	0.0	1.5

Total Income vs. Expenses (Based on Market Value of Assets)

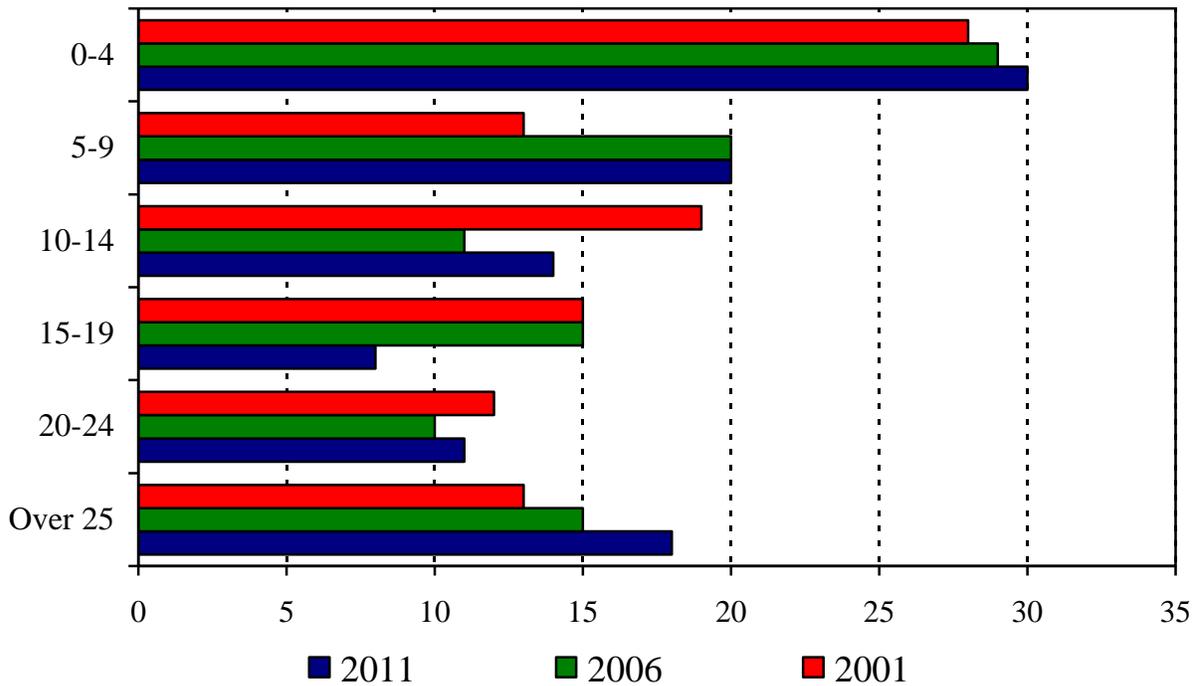


		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Income (\$Mil)	■	0.1	1.5	7.0	5.9	5.7	11.3	0.8	-8.1	7.7	13.8
Benefits and Expenses (\$Mil)	■	2.0	2.3	2.3	2.2	2.7	3.4	3.3	3.4	3.4	3.5
Net Change in MVA (\$Mil)	—	-1.9	-0.8	4.7	3.7	3.0	7.9	-2.5	-11.5	4.3	10.3

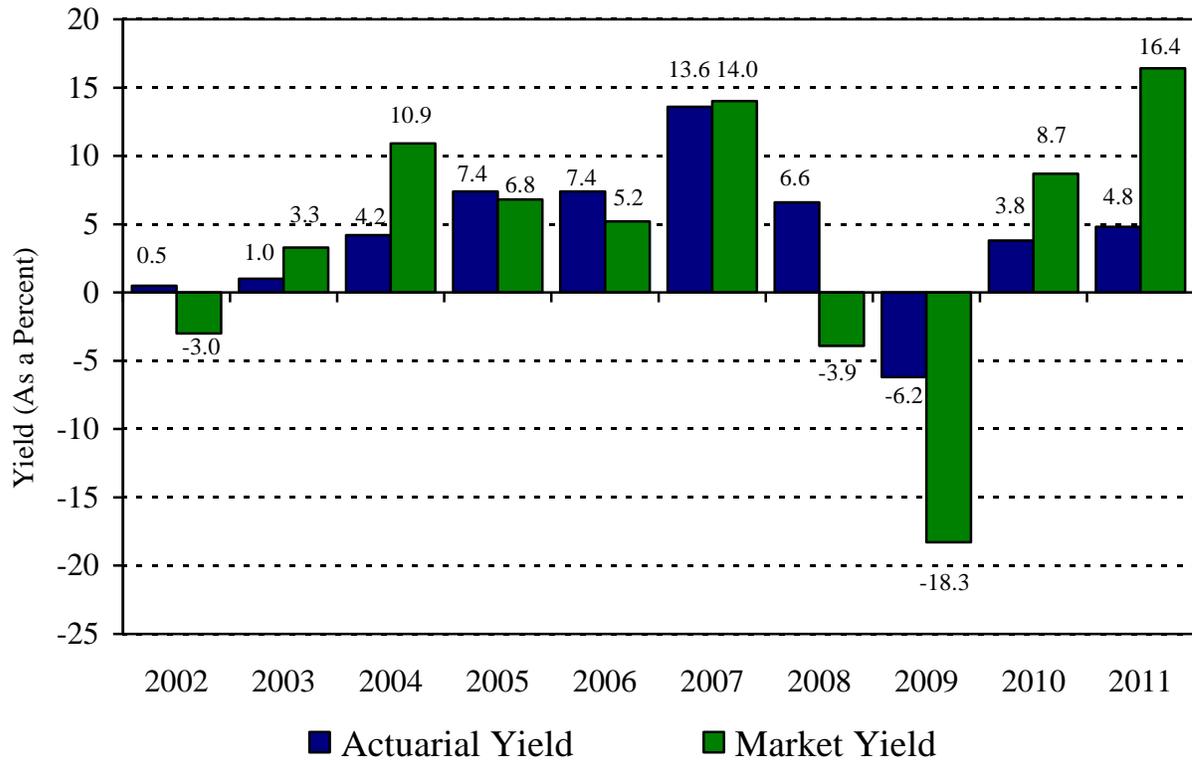
Active – Census By Age (as a percent)



Active – Census By Service (as a percent)



Historical Asset Yields



EXHIBITS

EXHIBIT I
ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS
TO THE DEFINED BENEFIT PLAN

1. Present Value of Future Benefits.....	\$ 109,479,130
2. Actuarial Value of Assets	\$ 67,405,502
3. Present Value of Future Employee Contributions.....	\$ 6,237,947
4. Funding Deposit Account.....	\$ 0
5. Present Value of Future Employer Normal Cost (1-2-3+4)	\$ 35,835,681
6. Present Value of Future Salaries	\$ 109,002,066
7. Employer Normal Cost Accrual Rate (5 ÷ 6)	32.876148%
8. Projected Fiscal 2012 Salary for Current Membership	\$ 12,982,411
9. Employer Normal Cost as of July 1, 2011 (7 x 8).....	\$ 4,268,117
10. Normal Cost Adjusted for Midyear Payment	\$ 4,435,557
11. Estimated Administrative Cost for Fiscal 2012.....	\$ 276,908
12. GROSS Employer Actuarially Required Contribution for Fiscal 2012 (10 + 11).....	\$ 4,712,465
13. Projected Revenue Sharing Funds for Fiscal 2012.....	\$ 110,479
14. Projected Ad Valorem Tax Contributions for Fiscal 2012.....	\$ 2,001,505
15. Net Direct Employer Actuarially Required Contribution for Fiscal 2012 (12 - 13 - 14).....	\$ 2,600,481
16. Projected Payroll (July 1, 2011 to June 30, 2012).....	\$ 13,445,967
17. Employer's Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2012 (15 ÷ 16).....	19.34%
18. Actual Employer Contribution Rate for Fiscal 2012.....	15.50%
19. Contribution Shortfall (Excess) as a Percentage of Payroll (17-18)	3.84%
20. Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)	0.46%
21. Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2013 (17+20, Rounded to nearest .25%)	19.75%

EXHIBIT II
PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	\$ 77,634,524	
Survivor Benefits	1,221,966	
Disability Benefits	561,627	
Vested Deferred Termination Benefits	1,477,345	
Contribution Refunds.....	517,635	
 TOTAL Present Value of Future Benefits for Active Members	 \$	 81,413,097

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement.....	\$ 895,850	
Terminated Members with Reciprocals		
Due Benefits at Retirement	30,324	
Terminated Members Due a Refund	71,740	
 TOTAL Present Value of Future Benefits for Terminated Members.....	 \$	 997,914

Present Value of Future Benefits for Retirees:

Regular Retirees		
Maximum	\$ 8,277,714	
Option 1	2,783,656	
Option 2	4,264,493	
Option 3	4,181,184	
Option 4	2,788,827	
 TOTAL Regular Retirees	 \$ 22,295,874	
Disability Retirees	113,649	
Survivors & Widows	3,770,601	
Annuities Certain Payable to Retirees.....	539,064	
DROP Account Balances Payable to Retirees	348,931	
 TOTAL Present Value of Future Benefits for Retirees & Survivors	 \$	 27,068,119
 TOTAL Present Value of Future Benefits	 \$	 109,479,130

**EXHIBIT III – Schedule A
MARKET VALUE OF ASSETS**

Current Assets:

Cash in Banks	\$ 2,576,930
Accrued Interest and Dividends	195,583
Contributions Receivable from Members.....	74,754
Contributions Receivable from Employers	168,662
Investment Receivable.....	214,612
Due from Retiree	1,500

TOTAL CURRENT ASSETS \$ 3,232,041

Property, Plant and Equipment (Net of accumulated depreciation)..... \$ 0

Investments:

Common Stock	\$ 16,015,682
Commingled Funds.....	13,206,403
Corporate Bonds	11,118,491
Limited Partnerships.....	7,973,068
U. S. Government Bonds.....	4,717,738
Limited Liability Companies.....	2,087,868
Cash Equivalents	5,247,888

TOTAL INVESTMENTS \$ 60,367,138

TOTAL ASSETS \$ 63,599,179

Current Liabilities:

Accounts Payable	57,839
Purchased Investments Payable.....	125,566

TOTAL CURRENT LIABILITIES..... \$ 183,405

MARKET VALUE OF ASSETS \$ 63,415,774

**EXHIBIT III – SCHEDULE B
ACTUARIAL VALUE OF ASSETS**

Excess (Shortfall) of invested income
for current and previous 4 years:

Fiscal year 2011	\$ 4,512,736
Fiscal year 2010	359,250
Fiscal year 2009	(15,808,500)
Fiscal year 2008	(7,460,331)
Fiscal year 2007	3,299,191
Total for five years.....	\$ (15,097,654)

Deferral of excess (shortfall) of invested income:

Fiscal year 2011 (80%)	\$ 3,610,188
Fiscal year 2010 (60%)	215,550
Fiscal year 2009 (40%)	(6,323,400)
Fiscal year 2008 (20%)	(1,492,066)
Fiscal year 2007 (0%)	<u>0</u>
Total deferred for year	\$ (3,989,728)

Market value of plan net assets, end of year \$ 63,415,774

Preliminary actuarial value of plan assets, end of year \$ 67,405,502

Actuarial value of assets corridor

85% of market value, end of year.....	\$ 53,903,408
115% of market value, end of year.....	\$ 72,928,140

Final actuarial value of plan net assets, end of year \$ 67,405,502

**EXHIBIT IV
PRESENT VALUE OF FUTURE CONTRIBUTIONS**

Employee Contributions to the Annuity Savings Fund.....	\$ 6,237,947
Employer Normal Contributions to the Pension Accumulation Fund	35,835,681
Funding Deposit Account Credit Balance.....	0
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	 \$ 42,073,628

**EXHIBIT V
RECONCILIATION OF CONTRIBUTIONS**

Employer Normal Cost for Prior Year	\$ 3,661,447
Interest on the Normal Cost	292,915
Expenses for Prior Year	204,638
Interest on Expenses.....	8,028
 TOTAL Interest Adjusted Actuarially Required Contribution	 \$ 4,167,028
 Direct Employer Contributions	 \$ 1,806,506
Interest on Employer Contributions	70,870
Ad valorem taxes and Revenue Sharing Funds.....	2,002,887
Interest on Taxes	78,574
 TOTAL Interest Adjusted Employer Contribution	 \$ 3,958,837
 Contribution Shortfall (Excess).....	 \$ 208,191

**EXHIBIT VI
ANALYSIS OF INCREASE IN ASSETS**

Actuarial Value of Assets (June 30, 2010).....	\$ 62,823,395
Income:	
Regular Member Contributions	\$ 1,037,390
Regular Employer Contributions	1,806,506
Tax Revenue	2,002,887
Irregular Contributions.....	183,522
Miscellaneous Income	5,371
SUBTOTAL of all contributions	\$ 5,035,676
Interest	\$ 866,378
Dividends	173,265
Alternative Investment Income	120,343
Class Action Settlements.....	27,495
Net Appreciation in Fair Value of Investments.....	7,965,075
Investment Expense.....	(333,852)
SUBTOTAL of all investment income	\$ 8,818,704
TOTAL Income.....	\$ 13,854,380
Expenses:	
Retirement Benefits.....	\$ 3,310,681
Refunds of Contributions	4,587
Administrative Expenses.....	204,638
TOTAL Expenses.....	\$ 3,519,906
Net Market Income for Fiscal 2011 (Income - Expenses)	\$ 10,334,474
Adjustment for Actuarial Smoothing	\$ (5,752,367)
Actuarial Value of Assets (June 30, 2011).....	\$ 67,405,502

**EXHIBIT VII
FUND BALANCE**

Present Assets of the System Creditable to:

Annuity Savings Fund.....	\$ 5,856,121
Annuity Reserve Fund.....	26,719,188
Pension Accumulation Fund	27,737,778
DROP Fund Balance	3,102,687
Funding Deposit Account	0
 NET MARKET VALUE OF ASSETS.....	 \$ 63,415,774
Adjustment for Deferral of Capital (Gains) Losses	3,989,728
NET ACTUARIAL VALUE OF ASSETS	\$ 67,405,502

**EXHIBIT VIII – Schedule A
PENSION BENEFIT OBLIGATION**

Present Value of Credited Projected Benefits Payable to Current Employees	\$ 58,395,469
Present Value of Benefits Payable to Terminated Employees	997,914
Present Value of Benefits Payable to Current Retirees and Beneficiaries	27,068,119
 TOTAL PENSION BENEFIT OBLIGATION	 \$ 86,461,502
NET ACTUARIAL VALUE OF ASSETS	\$ 67,405,502
 Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation	 77.96%

**EXHIBIT VIII – Schedule B
ENTRY AGE NORMAL ACCRUED LIABILITIES**

Accrued Liability for Active Employees	\$ 57,858,056
Accrued Liability for Terminated Employees.....	997,914
Accrued Liability for Current Retirees and Beneficiaries.....	27,068,119
 TOTAL Entry Age Normal Accrued Liability	 \$ 85,924,089
NET ACTUARIAL VALUE OF ASSETS	\$ 67,405,502
 Ratio of Net Actuarial Value of Assets to Entry Age Normal Accrued Liability....	 78.45%

EXHIBIT IX
COST OF LIVING ADJUSTMENTS - TARGET RATIO

- | | |
|--|---------|
| 1. Actuarial Value of Assets Divided by PBO as of Fiscal 1986..... | 109.22% |
| 2. Amortization of Unfunded Balance over 30 years:..... | (7.68%) |

Adjustments in Funded Ratio Due to Changes in Assumption(s):

Changes for Fiscal 1988.....	1.27%
Changes for Fiscal 1990.....	(5.51%)
Changes for Fiscal 1995.....	(0.71%)
Changes for Fiscal 1997.....	(5.78%)
Changes for Fiscal 1998.....	(5.21%)
Changes for Fiscal 2001.....	2.53%
Changes for Fiscal 2005.....	0.15%
Changes for Fiscal 2006.....	0.59%
Changes for Fiscal 2007.....	4.16%
Changes for Fiscal 2009.....	9.44%
Changes for Fiscal 2010.....	(1.65%)

- | | |
|----------------------------|---------|
| 3. TOTAL Adjustments | (0.72%) |
|----------------------------|---------|

Amortization of Adjustments in Funded Ratio over 30 years:

Changes for Fiscal 1988.....	(0.97%)
Changes for Fiscal 1990.....	3.86%
Changes for Fiscal 1995.....	0.38%
Changes for Fiscal 1997.....	2.70%
Changes for Fiscal 1998.....	2.26%
Changes for Fiscal 2001.....	(0.84%)
Changes for Fiscal 2005.....	(0.03%)
Changes for Fiscal 2006.....	(0.10%)
Changes for Fiscal 2007.....	(0.55%)
Changes for Fiscal 2009.....	(0.63%)
Changes for Fiscal 2010.....	0.06%

- | | |
|--|-------|
| 4. TOTAL Amortization of Adjustments | 6.14% |
|--|-------|

- | | |
|--|---------|
| 5. Target Ratio for Current Fiscal Year (Lesser of 100% or 1+2+3+4)..... | 100.00% |
|--|---------|

- | | |
|--|--------|
| 6. Actuarial Value of Assets Divided by PBO as of Fiscal 2011..... | 77.96% |
|--|--------|

**EXHIBIT X
CENSUS EXHIBIT**

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2010	239	26	8	140	413
Additions to Census					
Initial membership	16	4			20
Death of another member				2	2
Omitted in error last year				3	3
Adjustment for multiple Records					
Change in Status during Year					
Actives terminating service	(4)	4			
Actives who retired	(8)			8	
Actives entering DROP	(14)		14		
Term. members rehired					
Term. members who retire					
Retirees who are rehired					
Refunded who are rehired		2			2
Omitted in error last year					
DROP participants retiring					
DROP returned to work	1		(1)		
Eliminated from Census					
Refund of contributions	(3)	(1)			(4)
Deaths				(6)	(6)
Included in error last year					
Adjustment for multiple Records					
Number of members as of June 30, 2011	227	35	21	147	430

ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
21 - 25	3	5	8	27,763	222,105
26 - 30	1	12	13	33,062	429,809
31 - 35	1	11	12	37,351	448,216
36 - 40	2	12	14	39,730	556,214
41 - 45	3	24	27	48,451	1,308,173
46 - 50	3	36	39	56,355	2,197,856
51 - 55	4	43	47	46,298	2,176,009
56 - 60	3	42	45	56,288	2,532,951
61 - 65	8	18	26	71,820	1,867,323
66 - 70	2	8	10	77,913	779,131
71 - 75	1	5	6	76,984	461,901
76 - 80	0	1	1	47,722	47,722
TOTAL	31	217	248	52,530	13,027,410

THE ACTIVE CENSUS INCLUDES 125 ACTIVES WITH VESTED BENEFITS, INCLUDING 21 DROP PARTICIPANTS AND 14 ACTIVE FORMER DROP PARTICIPANTS.

TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	0	1	1	6,230	6,230
51 - 55	1	3	4	20,302	81,206
56 - 60	1	0	1	35,212	35,212
TOTAL	2	4	6	20,441	122,648

TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging		Number	Total Contributions
From	To		
0	- 99	11	524
100	- 499	5	1,345
500	- 999	3	2,227
1000	- 1999	1	1,061
2000	- 4999	3	10,458
5000	- 9999	5	37,826
10000	- 19999	1	18,299
TOTAL		29	71,740

REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
51 - 55	0	1	1	49,325	49,325
56 - 60	0	5	5	29,481	147,406
61 - 65	3	10	13	35,185	457,411
66 - 70	2	15	17	25,441	432,497
71 - 75	1	14	15	20,844	312,666
76 - 80	5	16	21	25,774	541,264
81 - 85	4	12	16	19,705	315,284
86 - 90	5	11	16	20,247	323,946
91 - 99	2	5	7	11,346	79,425
TOTAL	22	89	111	23,957	2,659,224

DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
66 - 70	0	1	1	14,541	14,541
TOTAL	0	1	1	14,541	14,541

SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
51 - 55	3	0	3	20,196	60,588
56 - 60	2	2	4	19,557	78,229
61 - 65	3	4	7	12,372	86,607
66 - 70	0	3	3	4,631	13,894
71 - 75	1	2	3	11,205	33,616
76 - 80	3	3	6	10,274	61,641
81 - 85	0	5	5	12,117	60,586
86 - 90	0	4	4	11,010	44,039
TOTAL	12	23	35	12,549	439,200

ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 20													0
21 - 25	5	1	1		1								8
26 - 30	2	1	3	1	2	5							13
31 - 35		1	4	2	1	4							12
36 - 40	1	1	2	4	1	1	4						14
41 - 45		3	3	3	2	4	7	1					27
46 - 50	5	2	2	3	3	7	1	5	4	3			39
51 - 55	1	1	3	2	1	10	9	5	7	4			47
56 - 60		1	1	1	2	14	4	5	3	9			45
61 - 65	1				3	4	6	2	4	2			26
66 - 70							2			1			10
71 & Over							1	1	2		3		7
Totals	15	10	19	16	14	49	34	19	27	19	26		248

AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Average Salary	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 20													0
21 - 25	25,388	37,979	28,477		28,710								27,763
26 - 30	29,689		37,316	25,349	31,493	34,030							33,062
31 - 35		26,993	50,860	27,641	26,025	34,120							37,351
36 - 40	29,986	18,650	30,234	46,439	26,218	39,686							39,730
41 - 45		29,531	31,953	41,235	51,344	48,863							48,451
46 - 50	25,926	36,551	50,342	57,760	36,141	37,735	52,552	56,986	80,386				56,355
51 - 55	25,684	33,038	26,193	53,136	43,343	34,307	43,655	67,653	66,711	59,357	78,218		56,298
56 - 60		30,212	25,421	49,956	41,076	44,709	62,626	62,242	53,704	66,551	79,500		56,288
61 - 65	24,530				82,675	52,682	69,808	70,970	98,786	64,081	74,987		71,820
66 - 70							52,820			101,576			77,913
71 & Over							72,429	41,959	65,469	88,099			72,803
Average	26,410	30,857	37,099	44,975	46,878	41,666	56,059	61,255	68,985	64,942	78,229		52,530

TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 45												0
46 - 50							1					1
51 - 55				1		3						4
56 - 60			1									1
61 & Over												0
Totals	0	0	1	1	0	3	1	0	0	0	0	6

AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 45												0
46 - 50							6,230					6,230
51 - 55				29,375		17,277						20,301
56 - 60			35,212									35,212
61 & Over												0
Average	0	0	35,212	29,375	0	17,277	6,230	0	0	0	0	20,441

SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 50													0
51 - 55	1		1										1
56 - 60	1	1	1	1	3	2							5
61 - 65	2	1	1	2	2	6	2	1					13
66 - 70	2	2	2	2	1	2	5	2					17
71 - 75	2	1	1	2	4	3	4	3	5				15
76 - 80	2				4	2	4	4	4				21
81 - 85	2			1	1	2	4	4	4	1			16
86 - 90	1				1	1	1	2	3	7			16
91 & Over					1	1	1	1	1	1	4		7
Totals	8	4	5	7	11	21	17	12	13	9	4		111

AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 50													0
51 - 55			49,325										49,325
56 - 60	17,923	48,565		23,320	40,376	28,799	21,709	12,124					29,481
61 - 65	29,855	38,253	30,182	29,324	38,500	35,763	31,709	12,934	5				35,186
66 - 70		29,434	20,264	37,899	38,500	20,793	19,265	12,934					25,441
71 - 75	31,368		32,512	19,496	18,842	18,695	12,362	15,104	29,229				20,844
76 - 80	50,379			54,404	31,889	24,017	12,362	15,104	18,081	9,782			25,774
81 - 85					35,870	31,527	19,615	9,315	23,567	17,705			19,705
86 - 90	41,306					13,023	9,708	14,704	21,691	8,756			20,247
91 & Over							38,177				2,700		11,346
Average	35,304	36,422	30,509	31,691	34,581	26,033	18,561	12,497	23,912	15,830	2,700		23,957

DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 65												0
66 - 70							1					1
71 & Over												0
Totals	0	0	0	0	0	0	1	0	0	0	0	1

AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 65												0
66 - 70							14,541					14,541
71 & Over												0
Average	0	0	0	0	0	0	14,541	0	0	0	0	14,541

SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 50												0
51 - 55	1								2			3
56 - 60						1	2		1			4
61 - 65						2	2		2		1	7
66 - 70	1								2		2	3
71 - 75						1	1		1			3
76 - 80							2		2		1	6
81 - 85							1		1		2	5
86 - 90							1		1		1	4
91 & Over							1		1		1	4
Totals	0	2	0	0	0	4	1	9	10	7	2	35

AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Average Benefit
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	
0 - 50												0
51 - 55	53,376								3,606			20,196
56 - 60						61,942	5,440		5,407			19,557
61 - 65						21,769	13,646		3,606		8,565	12,372
66 - 70	7,714										3,090	4,631
71 - 75						6,315	8,988		18,313			11,206
76 - 80							9,265		12,202		13,655	10,273
81 - 85							21,093		21,755		7,122	12,117
86 - 90							5,621		17,700		9,973	11,010
91 & Over											10,745	0
Average	0	30,545	0	0	0	27,949	5,050	10,267	10,200	7,517	7,119	12,549

**EXHIBIT XI
YEAR TO YEAR COMPARISON**

	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Number of Active Members	248	247	247	239
Number of Retirees & Survivors	147	140	138	137
Number of Terminated Due Deferred Benefits	6	6	5	5
Number Terminated Due Refund	29	20	19	19
Active Lives Payroll	\$ 13,027,410	\$ 12,333,966	\$ 11,753,384	\$ 10,839,277
Retiree Benefits in Payment	\$ 3,112,965	\$ 2,877,232	\$ 2,777,346	\$ 2,695,681
Market Value of Assets	\$ 63,415,774	\$ 53,081,300	\$ 48,785,175	\$ 60,242,539
Entry Age Normal Accrued Liability				
Active Lives	\$ 57,858,056	\$ 51,499,975	\$ 47,558,882	\$ 43,728,672
Retired Lives	27,068,119	25,269,991	23,656,490	23,163,035
Terminated Members	997,914	904,695	698,688	636,269
Total EAN Accrued Liability	\$ 85,924,089	\$ 77,674,661	\$ 71,914,060	\$ 67,527,976
Ratio of AVA to Entry Age Normal Liability	78.45%	80.88%	84.12%	96.16%
Actuarial Value of Assets (AVA)	\$ 67,405,502	\$ 62,823,395	\$ 60,492,753	\$ 64,932,257
Present Value of Future Employer Normal Cost	\$ 35,835,681	\$ 31,548,014	\$ 26,292,445	\$ 16,438,175
Present Value of Future Employee Contributions	\$ 6,237,947	\$ 6,064,371	\$ 5,826,743	\$ 5,405,249
Present Value of Future Benefits	\$109,479,130	\$100,435,780	\$ 92,611,941	\$ 86,775,681

	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Employee Contribution Rate	7.00%	7.00%	7.00%	7.00%
Proj. Tax Contribution as % of Proj. Payroll	15.71%	16.41%	16.84%	15.73%
Actuarially Req'd Net Direct Employer Cont.	19.34%	15.35%	10.57%	3.29%
Actual Net Direct Employer Contribution Rate	15.50%	14.25%	3.50%	2.00%

Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002
230	225	227	226	228	223
135	126	122	123	120	120
6	5	5	3	4	5
11	17	17	15	22	27
\$ 9,430,860	\$ 8,902,959	\$ 8,649,475	\$ 8,126,228	\$ 7,383,264	\$ 6,866,296
\$ 2,518,881	\$ 2,162,474	\$ 1,927,188	\$ 1,856,787	\$ 1,821,793	\$ 1,784,121
\$ 62,716,995	\$ 54,844,655	\$ 51,800,721	\$ 48,120,814	\$ 43,452,328	\$ 42,693,069
\$ 40,289,867	\$ 39,398,347	\$ 39,227,518	\$ 36,173,832	\$ 31,837,004	\$ 29,249,939
21,692,064	18,467,355	16,454,333	15,484,661	15,294,575	14,911,890
838,839	607,159	536,729	330,301	349,429	479,915
-----	-----	-----	-----	-----	-----
\$ 62,820,770	\$ 58,472,861	\$ 56,218,580	\$ 51,988,794	\$ 47,481,008	\$ 44,641,744
97.00%	91.46%	87.99%	87.87%	92.48%	98.79%
\$ 60,936,774	\$ 53,480,118	\$ 49,464,963	\$ 45,684,047	\$ 43,910,040	\$ 44,102,746
\$ 13,994,521	\$ 16,412,560	\$ 18,089,990	\$ 18,874,878	\$ 15,282,702	\$ 11,774,541
\$ 4,677,700	\$ 4,333,260	\$ 4,177,183	\$ 4,371,749	\$ 4,063,877	\$ 3,913,502
\$ 79,608,995	\$ 74,225,938	\$ 71,732,136	\$ 68,930,674	\$ 63,256,619	\$ 59,790,789

Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
16.24%	16.50%	15.39%	16.18%	16.51%	16.93%
2.40%	6.66%	11.32%	10.81%	7.80%	2.91%
6.25%	11.25%	11.00%	8.25%	3.25%	0.00%

SUMMARY OF PRINCIPAL PLAN PROVISIONS

The Registrars of Voters Employees' Retirement System was established as of the first day of January nineteen hundred and fifty-five for the purpose of providing retirement allowances and other benefits. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits.

MEMBERSHIP - All Registrars of Voters, their deputies, and their permanent employees in each parish of the State of Louisiana. Also, any employee of the retirement system or the Louisiana Registrars of Voters' Association. Elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits are not eligible to become members of the system.

CONTRIBUTION RATES - The fund is financed by employee contributions of 7% of earnable compensation. In addition, the fund receives revenue sharing funds as appropriated each year by the legislature. Also, each sheriff and ex-officio tax collector remits the employers' share of the actuarially required contribution to fund the system's defined benefit and defined contribution plans up to a maximum of one-sixteenth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish. Should employee contributions and tax funds collected from ad valorem taxes and revenue sharing funds be insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee. The board of trustees is authorized to require a net direct contribution rate of up to three percent more than the rate determined under R.S. 11:103. In any fiscal year during which the net direct employer contribution rates would otherwise be decreased, the board of trustees is authorized to set the employer contribution rate at any point between the previous year's employer contribution rate and the decreased rate that would otherwise occur. Any excess funds resulting from the additional contributions will be credited to the Funding Deposit Account defined in R.S. 11:107.1.

CONTRIBUTION REFUNDS - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system.

FINAL AVERAGE COMPENSATION – For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the thirty-six month period shall not exceed 125% of the preceding twelve month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the thirty-six month period shall not exceed 125% of the preceding twelve month period.

RETIREMENT BENEFITS - Members with ten years of creditable service may retire at age sixty; members with twenty years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The annual retirement allowance is equal to three and one-third percent of the member's average final compensation for each year of creditable service. Creditable service at retirement includes membership service, service as certified on prior service certificates, and any unused sick leave and any unused annual leave in excess of 300 hours at the date of retirement.

OPTIONAL ALLOWANCES - Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected that is the actuarial equivalent of the maximum benefit.

Option 1 - If the member dies before he has received in annuity payments the present value of his member's annuity as it was at the time of retirement the balance is paid to his beneficiary.

Option 2 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 - Upon retirement, the member elects to receive a board-approved benefit which is actuarially equivalent to the maximum benefit.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2 ½% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable.

DISABILITY BENEFITS - Ten years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a normal retirement allowance if eligible. Otherwise, the member receives the lesser of three and one-third percent of average final compensation multiplied by the number of years of creditable service (not to be less than fifteen years), or three and one-third percent of average final compensation multiplied by years of service assuming continued service to age sixty. Disability benefits may not exceed two-thirds of earnable compensation.

SURVIVOR BENEFITS - If a member has less than five years of service credit, the surviving spouse or minor children receive a refund of the member's contributions. If the member has at least five years of service credit and is not eligible to retire, the spouse receives an automatic option 2 benefit based on the accrued benefits at the time of death with option 2 factors based on the age that the member and spouse would have been had the member survived, continued in service, and then retired on earliest normal retirement date. If the member is eligible to retire at the date of death, the surviving spouse receives automatic option 2 benefits. If there are surviving minor or handicapped children with no surviving spouse and the member has five or more years of service credit the

children receive eighty percent of the accrued retirement benefit in equal portions until the age of majority or for the duration of the handicap for a handicapped child. The retirement system pays a lump sum refund equal to the difference between total monthly survivor benefits paid and total accrued contributions, if any, upon the cessation of all eligible monthly payments.

DEFERRED RETIREMENT OPTION PLAN - In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible for normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates. During participation in the plan, monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. This fund does not earn interest. In addition, no cost of living increases are payable to participants until employment which made them eligible to become members of the system has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the DROP fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the system.

COST OF LIVING INCREASES - The board of trustees is authorized to grant retired members and widows of members who have retired at least two years, an annual cost of living increase of up to 3% of their original benefit, and to retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit (or the benefit being received on October 1, 1977 if they retired prior to that time). In order for the board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings. In lieu of other cost of living increases the board may grant an increase to retirees in the form " $X \times (A \& B)$ " where "A" is equal to the number of years of credited service accrued as retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00.

DEFINED CONTRIBUTION PLAN - Funds contributed to the system in excess of those required contributions to the Pension Accumulation Fund, as established by the Public Retirement Systems Actuarial Committee, are deposited in the Members' Supplemental Savings Fund. The amount of funds deposited with the members' supplemental savings fund is three percent of the salaries paid to active contributing members during the prior fiscal year unless the Public Retirement Systems' Actuarial Committee recommends a lesser percentage based on available funds and the requirements of the Defined Benefit Plan. A member is entitled to payment of all contributions and interest credited to his account upon termination of employment. Payment to the member is made at the end of the calendar quarter following the quarter in which the member terminates. Interest

and other earnings or losses are allocated at least once each year on the valuation date of the fund. Earnings or losses are allocated to members in proportion to their account balances as of the first day of the period for which earnings are credited.

The funds in the Member's Supplemental Savings Fund are invested separately from other funds held by the system and the funds constitute a separate trust. Payments, accruals, and allocations due to be made at the end of the fiscal year may be delayed until such time as the necessary financial information is available to the system's administrator, but in no event later than 6 months after the close of the fiscal year.

ACTUARIAL ASSUMPTIONS

In determining actuarial costs, certain assumptions must be made regarding future experience under the plan. These assumptions include the rate of investment return, mortality of plan members, rates of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors which have an impact on the cost of the plan. To the extent that future experience varies from the assumptions selected for valuation, future costs will be either higher or lower than anticipated. The following chart illustrates the effect of emerging experience on the plan.

Factor	Increase in Factor Results in
Investment Earnings Rate	Decrease in Cost
Annual Rate of Salary Increase	Increase in Cost
Rates of Retirement	Increase in Cost
Rates of Termination	Decrease in Cost
Rates of Disability	Increase in Cost
Rates of Mortality	Decrease in Cost

ACTUARIAL COST METHOD: The Aggregate Actuarial Cost Method with allocation based on earnings.

VALUATION INTEREST RATE: 8% (Net of Investment Expense)

ACTUARIAL ASSET VALUES: Assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.

ANNUAL SALARY INCREASE RATE: 7.00% (3.25% inflation / 3.75% merit)

ACTIVE MEMBER, ANNUITANT, AND BENEFICIARY MORTALITY: RP 2000 Combined Healthy Table set back 3 years for males and 2 years for females

RETIREE COST OF LIVING INCREASE: The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future

increases not yet authorized by the Board of Trustees.

RATES OF RETIREMENT:

The table of these rates is included later in the report. These rates apply only to those individuals eligible to retire. The rate of retirement for persons who have completed DROP participation and have remained employed is 0.17.

RETIREMENT LIMITATIONS:

Projected retirement benefits are not subjected to IRS Section 415 limits.

RATES OF WITHDRAWAL:

The rates of withdrawal are applied based upon completed years of service according to the following table:

Service	Factor	Service	Factor
<1	0.160	10	0.013
1	0.070	11	0.013
2	0.070	12	0.013
3	0.070	13	0.013
4	0.070	14	0.013
5	0.070	15	0.013
6	0.060	16	0.013
7	0.050	17	0.013
8	0.040	18	0.013
9	0.030	>18	0.013

Note: Withdrawal rates for members eligible to retire are assumed to be zero.

RATES OF DROP ENTRY:

A table of these rates is included later in the report. These rates apply only to those individuals eligible to enter DROP.

DROP PARTICIPATION:

All persons who enter DROP are assumed to participate for the full three-year period and retire immediately thereafter.

MARRIAGE STATISTICS:

80% of the members are assumed to be married; husbands are assumed to be three years older than their wives.

FAMILY STATISTICS:

Assumptions utilized in determining the costs of various survivor benefits as listed below,

are derived from the information provided in the 2000 U. S. Census:

<u>Member's Age</u>	<u>% With Children</u>	<u>Number of Children</u>	<u>Average Age</u>
25	62%	1.7	6
35	82%	2.1	10
45	66%	1.8	13
55	19%	1.4	15
65	2%	1.4	15

RATES OF DISABILITY: 20% of the disability rates used for the 21st valuation of the Railroad Retirement System for individuals with 10-19 years of service. The table of these rates is included later in the report.

DISABLED LIVES MORTALITY: RP-2000 Disabled Lives Mortality Tables for Males and Females

VESTING ELECTING PERCENTAGE: 70% of those vested elect deferred benefits in lieu of contribution refunds.

SICK AND ANNUAL LEAVE: Members are assumed to accrue one year of unused sick and annual leave to be credited for retirement benefit accrual purposes for each 16.67 years of creditable service.

ACTUARIAL TABLES AND RATES

Age	Male Mortality Rates	Female Mortality Rates	Retirement Rates	DROP Entry Rates	Disability Rates
18	0.00027	0.00018	0.00000	0.00000	0.00030
19	0.00028	0.00018	0.00000	0.00000	0.00030
20	0.00030	0.00019	0.00000	0.00000	0.00030
21	0.00032	0.00019	0.00000	0.00000	0.00030
22	0.00033	0.00019	0.00000	0.00000	0.00030
23	0.00035	0.00019	0.00000	0.00000	0.00030
24	0.00036	0.00019	0.00000	0.00000	0.00030
25	0.00037	0.00020	0.00000	0.00000	0.00030
26	0.00037	0.00020	0.00000	0.00000	0.00030
27	0.00038	0.00021	0.00000	0.00000	0.00030
28	0.00038	0.00021	0.00000	0.00000	0.00030
29	0.00038	0.00022	0.00000	0.00000	0.00030
30	0.00038	0.00024	0.00000	0.00000	0.00030
31	0.00039	0.00025	0.00000	0.00000	0.00030
32	0.00041	0.00026	0.00000	0.00000	0.00030
33	0.00044	0.00031	0.00000	0.00000	0.00030
34	0.00050	0.00035	0.00000	0.00000	0.00030
35	0.00056	0.00039	0.00000	0.00000	0.00034
36	0.00063	0.00044	0.00000	0.00000	0.00038
37	0.00070	0.00047	0.00000	0.00000	0.00042
38	0.00077	0.00051	0.00000	0.00000	0.00048
39	0.00084	0.00055	0.00000	0.00000	0.00054
40	0.00090	0.00060	0.00000	0.00000	0.00062
41	0.00096	0.00065	0.00000	0.00000	0.00070
42	0.00102	0.00071	0.00000	0.00000	0.00078
43	0.00108	0.00077	0.00000	0.00000	0.00088
44	0.00114	0.00085	0.00000	0.00000	0.00100
45	0.00122	0.00094	0.00000	0.00000	0.00114
46	0.00130	0.00103	0.12000	0.43000	0.00130
47	0.00140	0.00112	0.12000	0.43000	0.00146
48	0.00151	0.00122	0.12000	0.43000	0.00166
49	0.00162	0.00133	0.12000	0.43000	0.00188
50	0.00173	0.00143	0.12000	0.43000	0.00214
51	0.00186	0.00155	0.12000	0.43000	0.00244
52	0.00200	0.00168	0.12000	0.43000	0.00276
53	0.00214	0.00185	0.12000	0.43000	0.00314
54	0.00245	0.00202	0.12000	0.43000	0.00356
55	0.00267	0.00221	0.06000	0.22000	0.00404
56	0.00292	0.00242	0.06000	0.22000	0.00460
57	0.00320	0.00272	0.06000	0.22000	0.00522
58	0.00362	0.00309	0.06000	0.22000	0.00592
59	0.00420	0.00348	0.06000	0.22000	0.00674
60	0.00469	0.00392	0.06000	0.22000	0.00976
61	0.00527	0.00444	0.06000	0.22000	0.00976
62	0.00595	0.00506	0.06000	0.22000	0.00976
63	0.00675	0.00581	0.06000	0.22000	0.00976
64	0.00768	0.00666	0.06000	0.22000	0.00976
65	0.00876	0.00765	0.06000	0.22000	0.00976

GLOSSARY

Accrued Benefit – The pension benefit that an individual has earned as of a specific date based on the provisions of the plan and the individual's age, service, and salary as of that date.

Actuarial Accrued Liability – The actuarial present value of benefits payable to members of the fund less the present value of future normal costs attributable to the members.

Actuarial Assumptions - Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disablement, and retirement. Also included are rates of investment earnings, changes in compensation, as well as statistics related to marriage and family composition.

Actuarial Cost Method – A procedure for determining the portion of the cost of a pension plan to be allocated to each year. Each cost method allocates a certain portion of the actuarial present value of benefits between the actuarial accrued liability and future normal costs. Once this allocation is made, a determination of the normal cost attributable to a specific year can be made along with the payment to amortize any unfunded actuarial accrued liability. To the extent that a particular funding method allocates a greater (lesser) portion of the actual present value of benefits to the actuarial accrued liability it will allocate less (more) to future normal costs.

Actuarial Equivalence – Payments or receipts with equal actuarial value on a given date when valued using the same set of actuarial assumptions.

Actuarial Gain (Loss) – The financial effect on the fund of the difference between the expected and actual experience of the fund. The experience may be related to investment earnings above (or below) those expected or changes in the liability structure due to fewer (or greater) than the expected numbers of retirements, deaths, disabilities, or withdrawals. In addition, other factors such as pay increases above (or below) those forecast can result in actuarial gains or losses. The effect of such gains (or losses) is to decrease (or increase) future costs.

Actuarial Present Value - The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through accrual of interest) and the probability of payments. For example: if \$600 invested today will be worth \$1,000 in 10 years and there is a 50% probability that a person will live 10 years, then the actuarial present value of \$1,000 payable to that person if he should survive 10 years is \$300.

Actuarial Value of Assets - The value of cash, investments, and other property belonging to the pension plan as used by the actuary for the purpose of the actuarial valuation. This may correspond to the book value, market value, or some modification involving either or both book and market value. Adjustments to market values are often made to reduce the volatility of asset values.

Asset Gain (Loss) - That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

Amortization Payment - That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the

amortization payment is less than the accrued interest on the unfunded actuarial accrued liability the outstanding principal balance will increase.

Contribution Shortfall (Excess) - The difference between contributions recommended in the prior valuation and the actual amount received.

Decrements – Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.

Employer Normal Cost - That portion of the normal cost not attributable to employee contributions. It includes both direct contributions made by the employer and contributions from other non-employee sources such as revenue sharing and revenues related to taxes.

Funded Ratio – A measure of the ratio of assets to liabilities of the system according to a specific definition of those two values. Typically the assets used in the measure are the actuarial value of assets; the liabilities are defined by reference to some recognized actuarial funding method. Thus the funded ratio of a plan depends not only on the financial strength of the plan but also on the funding method used to determine the liabilities and the asset valuation method used to determine the assets in the ratio.

Normal Cost - That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This is analogous to one year's insurance premium.

Pension Benefit Obligation - The actuarial present value of benefits earned or credited to date based on the members expected final average compensation at retirement. For current retirees or terminated members this is equivalent to the actuarial present value of their accrued benefit.

Projected Benefits – The benefits expected to be paid in the future based on the provisions of the plan and the actuarial assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.

Unfunded Actuarial Accrued Liability - The excess of the actuarial accrued liability over the actuarial value of assets.

Vested Benefits - Benefits that the members are entitled to even if they withdraw from service.