

Louisiana State Police Retirement System (LSPRS)

Program Authorization: Const. Art. 10, Section 29; R.S. 11:1301 et seq.

Agency Description

LSPRS is a qualified pension and retirement plan, established by the Louisiana Legislature in 1938 to provide retirement benefits for Louisiana state police officers and their beneficiaries.

Budget Summary

	<u>Prior Year</u> <u>Actuals</u> <u>FY 12-13</u>	<u>Existing</u> <u>Operating</u> <u>Budget</u> <u>FY 13-14</u>	<u>Proposed</u> <u>Operating</u> <u>Budget</u> <u>FY 14-15</u>	<u>Total</u> <u>Proposed</u> <u>Over/Under</u> <u>Existing</u>
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Means of Financing:

State General Fund by:

<u>Fees and Self-generated Revenues</u>	\$ 1,955,274	\$ 2,209,100	\$ 2,500,000	\$ 290,900
Total Means of Financing	\$ 1,955,274	\$ 2,209,100	\$ 2,500,000	\$ 290,900

Expenditures & Request:

Personal Services	\$ 340,918	\$ 387,900	\$ 411,500	\$ 23,600
Operating Expenses	70,015	82,200	84,500	2,300
Professional Services	209,661	233,000	255,000	22,000
Other Charges	-	-	-	-
Acquisitions & Major Repairs	5,489	6,000	6,000	-
<u>Investment Management Fees</u>	<u>1,329,191</u>	<u>1,500,000</u>	<u>1,743,000</u>	<u>243,000</u>
Total Expenditures & Request:	\$ 1,955,274	\$ 2,209,100	\$ 2,500,000	\$ 290,900

Authorized Full-Time Equivalents:

Classified	2	2	2	0
<u>Unclassified</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Total FTEs	4	4	4	0

Source of Funding

Funding for LSPRS' operating budget comes from three (3) sources: employer contributions, employee contributions, and earnings from trust fund investments.

Major Changes from Existing Operating Budget: LSPRS

\$ 2,209,100	FY 13-14 Existing Operating Budget
\$ 23,600	Increase in Personal Services: Increases in salaries and employer portion for retirement system employees (LASERS) and insurance costs (Group Benefits)
\$ 2,300	Increase in Operating Expenses: Increase in supplies
\$ 22,000	Other Adjustments: Possible increase in Accounting and auditing fees based on the implementation of GASB 67 & 68 requirements.
\$ 243,000	Custodial & Investment Mgmt. fees may increase/decrease depending upon the market value.
\$ 290,900	Total Proposed Adjustments
\$ 2,500,000	FY 14-15 Proposed Operating Budget

Table of Organization: LSPRS
(all are classified positions unless otherwise noted)

<u>Number</u>	<u>Occupational Group</u>	<u>Actual Salary</u>	<u>Average Salary</u>
2	Unclassified - Executive Administrative	\$ 205,000	102,500.00
1	Rate and Financial Analysis	\$ 39,378	-
1	<u>General Administrative</u>	<u>\$ 27,560</u>	<u>-</u>
4	Total Positions	\$ 271,938	67,984.50

Professional Services: LSPRS

Accounting & Auditing

- \$ 47,000 Licensed Certified Public Accountant to perform all internal accounting functions for LSPRS.
- \$ 12,000 Licensed Certified Public Accountant to perform annual external audit for LSPRS.

Management Consulting

- \$ 120,000 Consultant to assist the Board of Trustees with investment manager monitoring and overall portfolio evaluation and management.
- \$ 10,000 Consultant to provide support for the LSPRS database and network.

Legal

- \$ 35,000 Attorney to provide legal services in conjunction with all system related matters and labor and tax issues as well as specific lawsuits.

Medical

- \$ 3,000 Physician charges - Examination of applicants for disability requirements.

Other Professional Services

- \$ 28,000 System Actuary - Hall Associates - Fees for annual valuation of LSPRS, compilation of data needed for valuation of reserves, and data needed at time of legislation.

\$ 255,000 Total Professional Services

Acquisitions & Major Repairs: LSPRS

\$ 6,000 Various smaller office acquisitions

\$ 6,000 Total Acquisitions and Major Repairs

Investment Management Fees: LSPRS

\$ 350,000 Global Fixed Income Investment Advisors

\$ 265,000 Large Cap Value Equity Investment Advisors

\$ 225,000 Large Cap Growth Equity Investment Advisors

\$ 250,000 Small Cap Growth Equity Investment Advisors

\$ 215,000 Small Cap Value Equity Investment Advisors

\$ 245,000 Alternative Investments

\$ 143,000 Investment Custodial - Global

\$ 50,000 Equity Index Advisors

\$ 1,743,000 Total Investment Management Fees

Performance Information: LSPRS

	<u>Actual at</u> <u>6/30/2012</u>	<u>Actual at</u> <u>6/30/2013</u>	<u>Projected at</u> <u>6/30/2014</u>
Membership Census			
1) Retirees	1,222	1,234	1,234
2) Actives	979	933	933
3) DROP	-	-	-
Annual Benefits	\$ 38,290,020	\$ 39,770,484	\$ 39,770,484
Asset Valuation	\$ 415,965,659	\$ 474,235,310	n/av
Experience Account	n/ap	n/ap	n/ap
Investment Yield			
Market Value	0.53%	13.92%	n/av
Actuarial Value	3.17%	16.77%	n/av
Unfunded Accrued Liability*	\$ 343,686,976	\$ 323,604,196	n/av
Funded Ratio	54.76%	59.44%	n/av
Employee Contribution Rate	8.500%	8.500%	8.500%
Employee Contribution Rate - New Hires after 12/31/2010	9.50%	9.50%	9.50%
Employer Contribution Rate**			
Normal Cost	26.7%	28.45%	28.45%
<u>UAL</u>	<u>43.9%</u>	<u>70.00%</u>	<u>70.00%</u>
Total	70.6%	70.6%	70.0%

* UAL cannot be accurately predicted into future periods.

** Employer Contribution Rate set by Public Employees' Retirement Systems Actuarial Committee

n/ap = not applicable
n/av = not yet available

Budget Summary (LSPRS):

	<u>Prior Year</u> <u>Actuals</u> <u>FY 12-13</u>	<u>Existing</u> <u>Operating</u> <u>Budget</u> <u>FY 13-14</u>	<u>Proposed</u> <u>Operating</u> <u>Budget</u> <u>FY 14-15</u>	<u>Total</u> <u>Proposed</u> <u>Over/Under</u> <u>Existing</u>
Salaries - Regular	\$ 235,800	\$ 276,000	\$ 287,000	\$ 11,000
Board per diem & travel	\$ 2,606	\$ 3,500	3,500	\$ -
Salaries - Related Benefits	<u>\$ 102,512</u>	<u>\$ 108,400</u>	<u>121,000</u>	<u>\$ 12,600</u>
TOTAL PERSONAL SERVICES	\$ 340,918	\$ 387,900	\$ 411,500	\$ 23,600
Travel & Seminars	\$ 7,425	\$ 12,000	12,000	\$ -
Insurance	\$ 1,292	\$ 5,000	5,000	\$ -
Maintenance & Repairs	\$ 12,376	\$ 15,000	15,000	\$ -
Maintenance & Repairs - Building	\$ -	\$ -	-	\$ -
Office Lease	\$ -	\$ -	-	\$ -
Other: Equipment Rental	\$ 4,028	\$ 5,000	5,000	\$ -
Dues & Subscriptions	\$ 1,782	\$ 1,700	2,000	\$ 300
Postage	\$ 12,752	\$ 20,000	20,000	\$ -
Telephone	\$ 2,045	\$ 2,500	2,500	\$ -
Recruiting	\$ 8,790	\$ -	-	\$ -
Miscellaneous	\$ 3,486	\$ 4,000	4,000	\$ -
Supplies	\$ 9,381	\$ 8,000	10,000	\$ 2,000
Utilities	<u>\$ 6,658</u>	<u>\$ 9,000</u>	<u>9,000</u>	<u>\$ -</u>
TOTAL OPERATING EXPENSES	\$ 70,015	\$ 82,200	\$ 84,500	\$ 2,300
Accounting Services	\$ 42,000	\$ 42,000	47,000	\$ 5,000
Auditing Fees	\$ 9,880	\$ 10,000	12,000	\$ 2,000
Investment Consultant	\$ 100,000	\$ 120,000	120,000	\$ -
Computer Consultant Fees	\$ 9,480	\$ 10,000	10,000	\$ -
Legal Fees	\$ 18,827	\$ 25,000	35,000	\$ 10,000
Medical Examinations	\$ 433	\$ 3,000	3,000	\$ -
Actuarial Fees	<u>\$ 29,041</u>	<u>\$ 23,000</u>	<u>28,000</u>	<u>\$ 5,000</u>
TOTAL PROFESSIONAL SERVICES	\$ 209,661	\$ 233,000	\$ 255,000	\$ 22,000
Major Acquisitions	<u>\$ 5,489</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
TOTAL ACQUISITIONS	\$ 5,489	\$ 6,000	\$ 6,000	\$ -
Custodial Fees	\$ 98,860	\$ 100,000	\$ 143,000	\$ 43,000
Investment Manager Fees	<u>\$ 1,230,331</u>	<u>\$ 1,400,000</u>	<u>\$ 1,600,000</u>	<u>\$ 200,000</u>
TOTAL INVESTMENT MGMT FEES	\$ 1,329,191	\$ 1,500,000	\$ 1,743,000	\$ 243,000
TOTAL OPERATING BUDGET	\$ 1,955,274	\$ 2,209,100	\$ 2,500,000	\$ 290,900

Notes on salaries (LSPRS):

<u>Employee</u>	<u>Title</u>	<u>Salary</u> <u>Prior Year 2012-13</u>	<u>Salary</u> <u>Current 2013-14</u>	<u>%</u> <u>Increase</u>
Irwin Felps Jr.	Executive Director	111,122.00	130,000.00	17%
Kimberly Gann	Assistant Director	62,650.00	75,000.00	20%
Tausha Facundus	Benefits Analyst	35,636.00	39,378.00	11%
Shelley Sebastian	Administrative Assistant	26,500.00	27,560.00	4%
		<hr/> 235,908.00	<hr/> 271,938.00	15%

<u>Related Benefits *</u>	<u>Related Benefits</u> <u>Prior Year 2012-13</u>	<u>Related Benefits</u> <u>Current 2013-14</u>	<u>%</u> <u>Increase</u>
	102,512.00	108,400.00	6%

* Related Benefits includes employer paid portions of health insurance, retirement benefits and payroll tax expense.