

# THE PROSECUTION RESTS

NEWS AND INFORMATION ABOUT DARS

December 2017 – Vol. 1, No. 2



## BOARD MEMBER PROFILE: DAVID BURTON

Since his 2015 retirement as District Attorney for the 36th Judicial District, David Burton, his wife of 49 years, Caroline, and his faithful pup, Charlie have spent a lot of time in their RV. David served as DA for 24 years and 9 years as an ADA prior to that. David now spends much of his time fishing and following LSU sports. He and Caroline often load up the RV and visit their daughters Lisa, Amy, and grandson John, in Atlanta.

Burton was a long-time Board member and Past President of the LDAA and, as a former economics major, was a natural for election to the DARS Trustee Board as an active member in 2009. In 2019, however, his current DARS term will end and, since he is retired, he will be ineligible to succeed himself. When that time comes, he says, he will really miss serving on the board and adds, "Every Trustee meeting is a short course in economics and investment strategy- Fascinating!".

We are thankful for the talent and many dedicated hours of service that David Burton has selflessly given to help the District Attorneys Retirement System.

## FISCAL YEAR 2017 ACTUARIAL VALUATION REPORT

Each year, the DARS Actuary, G.S. Curran & Company, performs an actuarial valuation of the System. The information contained in the valuation report is used for many things, including establishing a recommended employer contribution rate.

Based upon the fiscal year 2017 valuation report, we know the following about the System as of June 30, 2017:

There were 755 active members and 329 retired members and survivors. The average active member is 47 years old with 10.7 years of service and an annual salary of \$79,585. The system's active contributing membership decreased by 29 members over the prior fiscal year. The plan has experienced a decrease in the active plan population of 4 members over the last five years. A review of the active census by age indicates that over the last ten years the active population below age 30 has declined with an increase in members between age 31 and 40. In addition, there has been some shift of population from the forty-one

## BOARD OF TRUSTEES

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through sixty age group into the sixty-one through seventy age group. Over the same ten-year period the plan showed very little change in the percentage of members in each service group.

The average service retiree is 70 years old with a monthly benefit of \$4,486. The number of retirees and

beneficiaries receiving benefits from the system increased by 18 during the last fiscal year. Over the last five years the number of retirees has increased by 110.

## INCOME TAX INFORMATON

Retirees and former members will receive a form 1099-R no later than January 31, 2018. Recent 2017 retirees will also receive a letter detailing the amount of sheltered and unsheltered employee contributions in their member account at the time of retirement. KEEP THIS LETTER. You will need the information in the letter to determine your tax liability in coming years.

## COST OF LIVING ADJUSTMENTS (COLAs)

By law, the DARS Board of Trustees may grant an annual cost of living increases (COLAs) only if certain conditions are met. R.S. 11:243 sets forth the funding criteria necessary in order to grant cost of living adjustments to regular retirees and beneficiaries. In short, a COLA may be granted only if the prior year's earnings exceed expected earnings by a sufficient amount to offset the COLA. Even if these conditions are met, the DARS Board may, in its fiduciary capacity, elect not to grant a COLA because a COLA would result in a permanent increase in benefits which impairs the financial health of the System.

For fiscal year 2019, there are insufficient excess interest earnings to fully fund any COLA provision for the upcoming fiscal year. The DARS Board will revisit the issue again in late 2018.

## INVESTMENT SNAPSHOT

The DARS investment portfolio return fiscal year-to-date through September 30, 2017 is +3.01% vs. 3.26% for the benchmark. The total value of DARS holdings on September 30, 2017 was \$392,660,586.60.

## WHAT ARE THE OPTIONS FACTORS THAT IMPACT MY BENEFIT?

When a member makes application for retirement, they may choose one of five options to receive their benefit. This choice is irrevocable, so it is essential that members understand how the choice will impact their benefit.

R.S. 11:1637 details the options available to a retiree if they chose to leave a death benefit. It is important to understand that if any option is chosen, the retired member's benefit will *decrease*. Essentially, the maximum possible benefit amount is adjusted to the "actuarial present value" of the life annuity benefit at the time a member applies for retirement. The actuarial present value of a life annuity is based on three factors: (1) the amount of the payment; (2) the assumed rate of interest; and (3) the probability of payment. The actuarial present value of a life annuity is *not* based on life expectancy.

### **THE POSSIBLE OPTIONS ARE:**

**Maximum Benefit.** While not numbered, a maximum benefit is in fact an option in which benefits ceases at the death of the retiree.

**Option 1.** If the retired member dies before he has received in annuity payments the present value of his member's annuity as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the board of trustees.

**Option 2.** Upon the retiree's death, the reduced retirement allowance shall be continued throughout the life of the beneficiary named at the time of retirement.

**Option 3.** Upon the retiree's death, 50% of the reduced retirement allowance shall be continued throughout the life of the beneficiary named at the time of retirement.

**Option 4.** Some other benefit or benefits paid either to the member or to such person or persons as he shall nominate at the time of retirement provided, such other benefit or benefits, together with the reduced retirement allowance shall be certified by the actuary to be of equivalent actuarial value to his retirement allowance.

## A LOOK AHEAD

If you have a topic you would like to see discussed, please email DARS at [PETE@LDAA.ORG](mailto:PETE@LDAA.ORG).

*LEARN MORE ABOUT  
DARS AT  
[WWW.LADARS.ORG](http://WWW.LADARS.ORG).*