

Memo

FIREFIGHTERS' RETIREMENT SYSTEM

FRS Retirees: We experienced a computer problem that caused a one or two day delay in direct deposit of the October monthly retirement benefits. Let me emphasize- **This delay is totally unrelated to the nation's economic problems.** We have the money. If banks could move faster, we could have fixed the problem on October 1st, and your benefit would have been deposited as usual. However, because of the direct deposit process there is an unavoidable delay. If your bank has not received the deposit by Friday, October 3rd, then please call me. If the delay causes you to experience a financial cost or hardship, then please call me. We will do everything possible to eliminate any problem this delay may have caused you. Again, we have fixed the problem and it should not happen again.

On an unrelated note, the U.S. economy is experiencing a severe strain. The stock market is deteriorating and major banks are failing. Many retirees have called the FRS office to ask whether their FRS pensions are secure. Let me emphasize- **Your FRS monthly pension is secure.** Louisiana provides firefighter retirees and beneficiaries with more protection than any other state in the country, because your protection is built into the state constitution. The Louisiana constitution says that your accrued benefits cannot be reduced or impaired. That is more protection than the FDIC provides to bank customers. I am only speaking about the monthly benefits being paid to you from the firefighters' retirement system. If you have retirement income from another source or other investments, then you should also contact them with your concerns, if any.

Several members have called to ask about any losses to their DROP/IBO accounts. If you were eligible for DROP/IBO on or after January 1, 2004, then your account will be posted with interest in or around the month of November, depending on when our annual financial audit is completed. Preliminary indications are that the rate of interest will be a negative number. If you withdraw your entire DROP/IBO balance before the audit is finished, then interest will be posted at the rate that applies on the date of withdrawal, which is also most likely a negative number. If you were eligible for DROP/IBO on or before December 31, 2003, then you are in the "protected class" and your DROP/IBO will not be posted with negative interest. If you are in the money market account, then your account has not incurred a negative monthly interest up to and through August 2008. We do not anticipate a money market loss, but these are unprecedented times. It would be rare, but it is not impossible.

Please call me at (225) 925-4060 if you have any questions. Steven Stockstill 10/01/08