

Regular Session, 2009

HOUSE BILL NO. 561

BY REPRESENTATIVE POPE AND SENATOR B. GAUTREAUX

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/CONTRIBUTIONS: Provides relative to certain statewide retirement systems, provides relative to employer contribution rates

1 AN ACT

2 To amend and reenact R.S. 11:105(A), 106(A), and 107(A) and to enact R.S. 11:107.1,
3 relative to the authority of boards of trustees of statewide retirement systems or
4 funds; to provide relative to employer contributions; to establish funding deposit
5 accounts; to provide for an effective date; and to provide for related matters.

6 Notice of intention to introduce this Act has been published
7 as provided by Article X, Section 29(C) of the Constitution
8 of Louisiana.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:105(A), 106(A), and 107(A) are hereby amended and reenacted
11 and R.S. 11:107.1 is hereby enacted to read as follows:

12 §105. Employer contributions; maintaining rates

13 A. The provisions of this Section shall apply to the following statewide
14 public retirement systems or funds, hereinafter referred to in this Section as
15 "system":

- 16 (1) The Assessors' Retirement Fund.
- 17 (2) The Clerks' of Court Retirement and Relief Fund.
- 18 (3) The Municipal Employees' Retirement System of Louisiana.
- 19 (4) The Parochial Employees' Retirement System of Louisiana.

1 (5) The Sheriffs' Pension and Relief Fund.

2 (6) The Registrars of Voters Employees' Retirement System.

3 * * *

4 §106. Additional employer contributions; increasing rates

5 A. The provisions of this Section shall apply to the following statewide
6 public retirement systems or funds:

7 (1) The Assessors' Retirement Fund.

8 (2) The Clerks' of Court Retirement and Relief Fund.

9 (3) The Municipal Employees' Retirement System of Louisiana.

10 (4) The Registrars of Voters Employees' Retirement System.

11 * * *

12 §107. Additional employer contributions; reducing rate decreases

13 A. The provisions of this Section shall apply to the following statewide
14 public retirement systems or funds:

15 (1) The Assessors' Retirement Fund.

16 ~~(1)~~(2) The Clerks' of Court Retirement and Relief Fund.

17 ~~(2)~~(3) The Municipal Employees' Retirement System of Louisiana.

18 ~~(3)~~(4) The Parochial Employees' Retirement System of Louisiana.

19 (5) The Registrars of Voters Employees' Retirement System.

20 * * *

21 §107.1. Funding deposit account

22 A. The provisions of this Section shall apply to the following statewide
23 public retirement systems or funds, "system" hereafter in this Section:

24 (1) The Assessors' Retirement Fund.

25 (2) The Clerks' of Court Retirement and Relief Fund.

26 (3) The Municipal Employees' Retirement System of Louisiana.

27 (4) The Parochial Employees' Retirement System of Louisiana.

28 (5) The Registrars of Voters Employees' Retirement System.

1 B.(1) There shall be established a funding deposit account for each system
2 to which this Section applies. Such account shall be credited and charged solely as
3 provided in this Section.

4 (2) The balance in the account shall be set equal to zero as of December 31,
5 2008.

6 (3) Notwithstanding any provision of this Subpart to the contrary, for any
7 fiscal year ending on or after December 31, 2008, in which the board of trustees of
8 a system elects or previously elected to set the net direct employer contribution rate
9 higher than the minimum recommended rate pursuant to this Subpart, all surplus
10 funds collected by the system shall be credited to the system's funding deposit
11 account.

12 C. The funds in the account shall earn interest annually at the
13 board-approved actuarial valuation interest rate, and such interest shall be credited
14 to the account at least once a year.

15 D. Beginning with the first valuation on or after December 31, 2008, the
16 board of trustees of each system may in any fiscal year direct that funds from the
17 account be charged for the following purposes:

18 (1) To reduce the unfunded accrued liability as prescribed in this Subpart.

19 (2) To reduce the present value of future normal costs for systems using an
20 aggregate funding method.

21 (3) To pay all or a portion of any future net direct employer contributions.

22 E. In no event shall the funds charged from the account exceed the
23 outstanding account balance.

24 F. If the board of trustees of a system elects to charge funds from the funding
25 deposit account pursuant to Paragraph (D)(3) of this Section, the percent reduction
26 in the minimum recommended employer contribution rate otherwise applicable shall
27 be determined by dividing the interest-adjusted value of the charges from the funding
28 deposit account by the projected payroll for the fiscal year for which the contribution
29 rate is to be reduced.

1 G. For funding purposes, any asset value utilized in the calculation of the
 2 actuarial value of assets of a system shall exclude the funding deposit account
 3 balance as of the asset determination date for such calculation.

4 H. For all purposes other than funding, the funds in the account shall be
 5 considered assets of the system.

6 Section 2. This Act shall become effective on June 30, 2009; if vetoed by the
 7 governor and subsequently approved by the legislature, this Act shall become effective on
 8 June 30, 2009, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Pope

HB No. 561

Abstract: Provides relative to the Assessors' Retirement Fund (LARF), Clerks' of Court Retirement and Relief Fund (CLERKS), Municipal Employees' Retirement System of La. (MERS), Parochial Employees' Retirement System of La. (PERS), and Registrars of Voters Employees' Retirement System (ROVERS); establishes a funding deposit account for each system.

Present law (R.S. 11:105) generally authorizes the boards of trustees of certain statewide retirement systems or funds to maintain the net direct employer contribution rate in effect when a decrease in the rate would otherwise occur under present law. Proposed law retains present law and adds ROVERS to the list of such statewide systems or funds.

Present law (R.S. 11:106) generally authorizes the boards of trustees of certain statewide retirement systems or funds to require an increase in the net direct employer contribution rate of up to 3% more than the rate that would otherwise occur under present law. Proposed law retains present law and adds ROVERS to the list of such statewide systems or funds.

Present law (R.S. 11:107) generally authorizes the boards of trustees of certain statewide retirement systems or funds to set the employer contribution rate at any point between the previous year's rate and the decreased rate that would otherwise occur according to present law. Proposed law retains present law and adds LARF and ROVERS to the list of such statewide systems or funds.

Proposed law establishes a funding deposit account (account) for the following systems: LARF, CLERKS, MERS, PERS, and ROVERS. Provides that the beginning balance of each system's account shall be set to zero as of Dec. 31, 2008. Further provides for each such system that all surplus funds collected shall be credited to the account for any fiscal year ending on or after Dec. 31, 2008, in which the board of trustees elects or previously elected to set the direct employer contribution rate higher than the minimum recommended rate.

Proposed law specifies that the funds in the account shall earn interest annually at the board-approved actuarial valuation interest rate, and the interest shall be credited to the account at least once a year.

Proposed law provides that beginning with the first valuation on or after Dec. 31, 2008, each system's board of trustees may direct the account funds be charged for the following purposes:

- (1) To reduce the unfunded accrued liability.
- (2) To reduce the present value of future normal costs for systems using an aggregate funding method.
- (3) To pay all or a portion of any future net direct employer contributions.

Proposed law specifies that the funds charged from the account shall never exceed the outstanding account balance.

Proposed law provides that if a system's board of trustees elects to charge funds from the account in order to pay all or a portion of future net direct employer contributions, the percent reduction in the minimum recommended employer contribution rate shall be determined by dividing the interest-adjusted value of the charges from the account by the projected payroll for the fiscal year for which the contribution rate is to be reduced.

Proposed law specifies that, for funding purposes, any asset value utilized in the calculation of the actuarial value of assets of a system shall exclude the account balance as of the asset determination date for the calculation.

Proposed law specifies that for all purposes other than funding the funds in the account shall be considered assets of the system.

Effective June 30, 2009.

(Amends R.S. 11:105(A), 106(A), and 107(A); Adds R.S. 11:107.1)