

2019 Regular Session

HOUSE BILL NO. 21

BY REPRESENTATIVE PEARSON

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

RETIREMENT/FIREFIGHTERS: Changes actuarial funding method for the Firefighters' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:22(B)(4), 42(B)(3), and 103(B)(3)(e)(i) and to enact R.S.
3 11:2252(24), relative to actuarial funding of the Firefighters' Retirement System; to
4 provide with respect to actuarial funding methods and amortization of unfunded
5 accrued liabilities; 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. 11:22(B)(4), 42(B)(3), and 103(B)(3)(e)(i) are hereby amended and
11 reenacted and R.S. 11:2252(24) is hereby enacted to read as follows:

12 §22. Methods of actuarial valuation established

13 * * *

14 B. The following funding methods shall be utilized to determine actuarially
15 required contributions:

16 * * *

17 (4) Firefighters' Retirement System: ~~entry age normal.~~ frozen initial liability.

18 * * *

19 §42. Unfunded accrued liabilities; amortization

20 * * *

Proposed law provides that the outstanding balance of the system's UAL, except unamortized merger bases, will be frozen and re-amortized over 15 years with payments decreasing by 1% per year; and future gains and losses are included in the calculation of the normal cost through the frozen initial liability funding method.

Proposed law defines accrued liability to mean the entry age normal accrued liability.

Present law provides for the creation of amortization schedules for actuarial gains and losses of statewide retirement systems. Provides that most statewide systems use 15-year amortization schedules for actuarial gains and losses.

Present law provides an exception for FRS, which is authorized to use 20-year amortization schedules for such gains and losses. However, present law provides for an annual reduction of such term until the 15-year amortization schedule is reached. Proposed law repeals present law.

Effective July 1, 2019.

(Reenacts R.S. 11:22(B)(4), 42(B)(3), and 103(B)(3)(e)(i); Adds R.S. 11:2252(24))