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## DIGEST

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HB 19 Original

2020 Regular Session

Bacala

**Abstract:** Authorizes the Municipal Police Employees' Retirement System (MPERS) to increase required employer contribution rates in certain circumstances and establishes a funding deposit account within the system for collection of contribution remittances above the actuarially required amount.

Present law provides for employer contribution rates within MPERS. Provides that in any fiscal year during which the recommended employer contribution rate would otherwise be decreased, the board of trustees may either maintain the previous fiscal year's employer contribution rate or set the employer contribution rate at any point between the previous year's rate and the recommended rate.

Present law further provides that any excess funds resulting from the board's exercise of its authority shall be combined with any contribution surplus, or offset by any contribution shortfall, and the resulting balance, if greater than zero, shall be applied for the following purposes:

- (1) To reduce system unfunded accrued liabilities.
- (2) To reduce the outstanding amortization charge base or bases.

Proposed law retains present law and provides that excess funds, after compliance with present law, shall be applied to a contribution surplus base or to reduction of the present value of future normal costs.

Present law provides a formula for determining the required employer contribution rates for the statewide retirement systems. Present law grants certain statewide retirement systems the authority to increase required employer contribution rates up to 3% more than the rate determined under present law. Proposed law grants MPERS the same authority.

Present law (R.S. 11:107.1) establishes a "funding deposit account" in certain statewide systems. Funds collected pursuant to present law in excess of minimum required employer contribution rates are credited to this account and may be used by the board of trustees of the system for the following purposes:

- (1) Reduce system unfunded accrued liabilities.
- (2) Reduce future employer contribution rates.

(3) Pay cost-of-living adjustments.

Proposed law establishes a funding deposit account within MPERS and further provides that the system may only provide for cost-of-living adjustments from the funding deposit account.

Present law provides that MPERS may provide a supplemental cost-of-living adjustment from interest income from investments to all retirees and beneficiaries who are 65 years of age or over provided certain requirements are met. Proposed law provides that after June 30, 2020, the first of such cost-of-living increase may be funded under present law, and any such cost-of-living increase thereafter may only be funded through the funding deposit account.

Effective June 30, 2020.

(Adds R.S. 11:105(A)(8), 106(A)(5), 107(A)(7), 107.1(A)(7) and (D)(5), and 246(C); Repeals R.S. 11:107.2 and 2225(A)(7))