
DIGEST

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HB 19 Engrossed

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 cost-of-living adjustment pre-funding 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 establishes a cost-of-living adjustment pre-funding account within MPERS and further provides that the system may only provide for cost-of-living adjustments from the funding deposit account. Authorizes the board of trustees to require a net direct contribution to the pre-funding account of up to .85% more than otherwise authorized by present law.

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. 11:2225.5; Repeals R.S. 11:107.2 and 2225(A)(7))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Create a fund specifically for funding cost-of-living adjustments.
2. Change the percent by which MPERS can increase required employer contribution rates.