

Regular Session, 2014

HOUSE BILL NO. 6

BY REPRESENTATIVE PEARSON

RETIREMENT/TEACHERS: Establishes a minimum employer contribution rate for the Optional Retirement Plan in the Teachers' Retirement System of Louisiana

1 AN ACT

2 To amend and reenact R.S. 11:927(B), relative to the optional retirement plan for
3 postsecondary education employees participating in the Teachers' Retirement System
4 of Louisiana; to provide for minimum employer contributions; to provide for
5 application of payments; to provide for an effective date; and to provide for related
6 matters.

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

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:927(B) is hereby amended and reenacted to read as follows:

12 §927. Contributions

13 * * *

14 B.(1) ~~Prior to July 1, 2014, each~~ Each employer institution and board shall
15 contribute to the Teachers' Retirement System of Louisiana on behalf of each
16 participant in the optional retirement plan the same amount it would have contributed
17 if the participant had been a member of the regular retirement plan of the Teachers'
18 Retirement System of Louisiana. Upon receipt of this contribution, the Teachers'
19 Retirement System of Louisiana shall promptly pay over to the appropriate
20 designated company or companies an amount equal to the employer's portion of the

1 normal cost contribution as determined annually by the Public Retirement Systems'
2 Actuarial Committee, this amount to be credited to the participant's contract or
3 contracts. The Teachers' Retirement System of Louisiana shall retain the balance of
4 this contribution for application to the unfunded accrued liability of the system.

5 (2)(a) Beginning July 1, 2014, and continuing through fiscal year 2017-2018,
6 each higher education board created by Article VIII of the Constitution of Louisiana
7 and each employer institution and agency under its supervision and control shall
8 contribute to the Teachers' Retirement System of Louisiana on behalf of each
9 participant in the optional retirement plan the sum of:

10 (i) The amounts calculated pursuant to R.S. 11:102(D)(4)(b), (c), and (d).

11 (ii) An amount equal to or greater than the equivalent of the employer's
12 portion of the normal cost contribution of the regular retirement plan.

13 (b) Beginning July 1, 2018, each higher education board created by Article
14 VIII of the Constitution of Louisiana and each employer institution and agency under
15 its supervision and control shall contribute to the Teachers' Retirement System of
16 Louisiana on behalf of each participant in the optional retirement plan the sum of:

17 (i) The amounts calculated pursuant to R.S. 11:102(D)(4)(b), (c), and (d).

18 (ii) An amount not less than six and two tenths percent of pay.

19 (c) Each board shall establish the amount provided pursuant to Items
20 (2)(a)(ii) or (b)(ii) of this Paragraph by resolution. The amount established shall be
21 the same for all employer institutions and agencies under each board's supervision
22 and control and shall be effective for an entire fiscal year.

23 (d) For fiscal year 2014-2015, each board shall submit to the retirement
24 system such resolution no later than July 15, 2014, in order for an amount established
25 pursuant to this Subsection to become effective. For each fiscal year thereafter, the
26 system shall receive such resolution no later than June 1 in order for a new rate to
27 become effective for the next fiscal year. If the system does not receive a resolution
28 containing a contribution amount by the required deadline, the system shall apply the
29 most recent contribution amount by paid such board or employer institution.

1 (e) Upon receipt of this contribution, the Teachers' Retirement System of
2 Louisiana shall promptly pay over to the appropriate designated company or
3 companies an amount equal to the amount established by the applicable board
4 pursuant to Items (2)(a)(ii) or (b)(ii) of this Paragraph.

5 (f) All amounts paid over to the appropriate designated company or
6 companies pursuant to this Paragraph shall be credited to the participant's contract
7 or contracts. The Teachers' Retirement System of Louisiana shall retain the balance
8 of this contribution for application to the unfunded accrued liability of the system.

9 (3)(a) Beginning July 1, 2014, for all employers that are not a higher
10 education board created by Article VIII of the Constitution of Louisiana or an
11 employer institution under the supervision and control of such a board each such
12 employer institution and board shall contribute to the Teachers' Retirement System
13 of Louisiana on behalf of each participant in the optional retirement plan the greater
14 of:

15 (i) The amount it would have contributed if the participant were a member
16 of the regular retirement plan of the Teachers' Retirement System of Louisiana
17 pursuant to R.S. 11:102(D)(1).

18 (ii) The sum of the amounts calculated pursuant to R.S. 11:102(D)(4)(b), (c),
19 and (d) plus six and two tenths percent of pay.

20 (b) Upon receipt of this contribution, the Teachers' Retirement System of
21 Louisiana shall promptly pay over to the appropriate designated company or
22 companies an amount equal to:

23 (i) The employer's portion of the normal cost contribution as determined
24 annually by the Public Retirement Systems' Actuarial Committee if payment is
25 remitted pursuant to Item (3)(a)(i) of this Paragraph.

26 (ii) Six and two tenths percent of pay if payment is remitted pursuant to Item
27 (3)(a)(ii) of this Paragraph.

28 (c) All amounts paid over to the appropriate designated company or
29 companies pursuant to this Paragraph shall be credited to the participant's contract

Present law provides for amounts remitted by employers to the system in excess of the amount credited to the employee's account to be applied to the UAL of the system. Proposed law retains present law.

Effective June 30, 2014.

(Amends R.S. 11:927(B))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Removes provisions establishing the portion of the employer contribution rate credited to ORP member accounts at the greater of the normal cost or 6.25% of pay.
2. Adds provision allowing each higher education board created by the constitution to establish a rate by resolution that will be contributed to its employees' ORP accounts. From July 1, 2014 through June 30, 2018, the rate shall be equal to or greater than the normal cost of the regular retirement plan. Starting July 1, 2018, the rate shall be at least 6.2%. Establishes deadlines by which TRSL must receive such resolution.
3. Adds provisions for contribution rates for all employers that are not postsecondary education management boards or an employer or agency under the control of such a board.