

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

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

DIGEST

Present law establishes the ORP for higher education members of TRSL. Provides that the total employer contribution rate for participants in the plan is equal to the employer's rate for regular plan members.

Present law provides that upon receipt of this contribution, TRSL shall forward an amount equal to the regular plan normal cost as determined by the Public Retirement Systems' Actuarial Committee to the participant's ORP provider company for credit to the participant's account.

Proposed law retains present law through June 30, 2014.

Beginning July 1, 2014, proposed law authorizes each higher education board created by the constitution to establish by resolution the contribution rate it will remit to TRSL for its ORP participants. From July 1, 2014, through June 30, 2018, the portion of such contribution that will be credited to a participant's account may be set equal to or greater than the normal cost of the regular retirement plan. Beginning July 1, 2018, such amount shall be at least 6.2% of pay. Regardless of the rate selected pursuant to proposed law for credit to the ORP accounts, the total employer contribution is required to include payments calculated pursuant to present law to cover Unfunded Accrued Liability (UAL) payments.

Proposed law generally requires the resolution establishing the contribution rate to be received by TRSL prior to June 1 of each year; however, for the first year of implementation, such resolution must be received by July 15, 2014.

Proposed law provides that for any employer that is not a higher education board established by the constitution, beginning July 1, 2014, the portion of the contribution rate to be credited to the ORP accounts of its employees shall be 6.2%. Requires the total contribution rate to include payments calculated pursuant to present law to cover UAL payments.

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.

Adds a restriction that the provisions of Section 1 of the Act shall not receive additional funding above and beyond the funding levels provided for in the governor's Executive Budget for Fiscal Year 2014-2015 and existing revenue sources shall be utilized to fund the provisions of the Act.

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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Adds a restriction that the provisions of Section 1 of the Act shall not receive additional funding above and beyond the funding levels provided for in the governor's Executive Budget for Fiscal Year 2014-2015 and existing revenue sources shall be utilized to fund the provisions of the Act.