

2016 Regular Session

SENATE BILL NO. 5

BY SENATOR PEACOCK

RETIREMENT SYSTEMS. Provides for the payment of certain system administrative expenses. (6/10/16)

1 AN ACT

2 To enact R.S. 11:102(B)(3)(e), relative to projected noninvestment related administrative  
3 expenses for the state retirement systems; to provide for calculation of liabilities; to  
4 provide for funding of the liabilities; to provide for the determination of  
5 contributions required to fund the liabilities; to include certain administrative  
6 expenses in that determination; to provide for an effective date; and to provide for  
7 related matters.

8 Notice of intention to introduce this Act has been published.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:102(B)(3)(e) is hereby enacted to read as follows:

11 §102. Employer contributions; determinations; state systems

12 \* \* \*

13 B. \* \* \*

14 (3) With respect to each state public retirement system, the actuarially  
15 required employer contribution for each fiscal year, commencing with Fiscal Year  
16 1989-1990, shall be that dollar amount equal to the sum of:

17 \* \* \*

1                   (e) Beginning in the first fiscal year in which the projected aggregate  
 2                   employer contribution rate, calculated without regard to any changes in the  
 3                   board-approved actuarial valuation rate, will not increase, the projected  
 4                   noninvestment related administrative expenses for the fiscal year.

5   \*           \*           \*

6                   Section 2. This Act shall become effective on June 10, 2016; if vetoed by the  
 7                   governor and subsequently approved by the legislature, this Act shall become effective on  
 8                   June 10, 2016, or on the day following such approval by the legislature, whichever is later.

---

The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Margaret M. Corley.

---

#### DIGEST

SB 5 Engrossed

2016 Regular Session

Peacock

Present law provides that the annual actuarially-required employer contribution to each state retirement system shall be a dollar amount equal to the sum of the cost of that year's benefit accruals and amortization payments for:

- (1) The unfunded accrued liability (UAL) existing on June 30, 1988.
- (2) The prior year's over- or under-payment of required contributions.
- (3) Changes in actuarial accrued liability due to various events.

Proposed law retains present law and adds as an additional component of the sum of the cost of projected noninvestment related administrative expenses for that year.

Proposed law states that the new component shall begin to be included in the calculation in the first fiscal year in which the projected aggregate employer contribution rate, calculated without regard to any changes in the board-approved actuarial valuation rate, will not increase.

Effective June 10, 2016.

(Adds R.S. 11:102(B)(3)(e))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Retirement to the original bill

1. Delays the start date for application of proposed law until the first fiscal year in which the projected aggregate employer contribution rate, calculated without regard to any changes in the board-approved actuarial valuation rate, will not increase due to the provisions of proposed law.