
HOUSE COMMITTEE AMENDMENTS

2020 Regular Session

Amendments proposed by House Committee on Retirement to Original House Bill No. 19
by Representative Bacala

AMENDMENT NO. 1

On page 1, delete lines 2 through 7 and insert the following:

"To enact R.S. 11:2225.5 and to repeal R.S. 11:107.2 and 2225(A)(7), relative to the Municipal Police Employees' Retirement System; to provide relative to the authority of the board of trustees of the Municipal Police Employees' Retirement System to modify employer contribution rates in certain circumstances; to establish a cost-of-living adjustment pre-funding account within the Municipal Police Employees' Retirement System; to provide relative to cost-of-living adjustments; and to provide for related matters."

AMENDMENT NO. 2

On page 1, delete lines 12 through 18, delete page 2, and on page 3 delete lines 1 through 8 and insert the following:

"Section 1. R.S. 11:2225.5 is hereby enacted to read as follows:

§2225.5. Cost-of-living adjustment pre-funding account

A. (1) There is hereby established a cost-of-living adjustment pre-funding account. Such account shall be credited and charged solely as provided in this Section.

(2) The balance in the account shall be set equal to zero as of December 31, 2019.

(3)(a) Notwithstanding the provisions of R.S. 11:103 and 104, the board of trustees may require a net direct contribution rate of up to eighty-five hundredths of one percent more than the rate determined under R.S. 11:103.

(b) For any fiscal year terminating on or after December 31, 2019 in which the board of trustees, pursuant to the provisions of Subparagraph (a) of this Paragraph, sets the direct employer contribution rate higher than the rate determined under R.S. 11:103, an amount equal to the amount by which the actual board-authorized rate exceeds the rate determined under R.S. 11:103 multiplied by the total actual payroll for the fiscal year shall be transferred to the account.

B. The funds in the account shall earn interest annually at the board-approved valuation interest rate, and the interest shall be credited to the account at least once a year.

C. Beginning with the June 30, 2020 valuation, the board of trustees may in any fiscal year direct that funds from the account be charged to provide a cost-of-living adjustment as provided in Subsection E of this Section.

D. For funding purposes, any asset value utilized in the calculation of the actuarially required employer contribution shall be reduced by the cost-of-living adjustment pre-funding account balance as of the asset determination date for such calculation.

E. (1) Notwithstanding the provisions of R.S. 11:241 and 246, after June 30, 2020, the board of trustees may only provide cost-of-living adjustments in accordance with Paragraph (2) of this Subsection.

(2) The board of trustees may provide a cost-of-living adjustment to all retirees and beneficiaries who are sixty-five years of age or over, in an amount equal to two percent of the benefit that was originally paid to the beneficiary. The first cost-of-living increase provided after June 30, 2020 may be provided only if the board has received a rate of return in excess of the valuation interest rate based on the actuarial value of assets for the current fiscal year, and the cost-of-living increase may be payable from the investment income in excess of that determined by the application of the valuation interest rate to the actuarial value of assets. Thereafter, all cost-of-living adjustments shall be provided only from the cost-of-living adjustment pre-funding account when sufficient funds are available. In either case, the requirements of R.S. 11:243(D), (E), and (G) must be met."

