

Regular Session, 2011

SENATE BILL NO. 6

BY SENATOR GAUTREAUX

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TEACHERS RETIREMENT. Provides for continued payment of the unfunded accrued liability portion of employer contributions after participation ceases. (6/30/11)

AN ACT

To enact R.S. 11:887.1, relative to the Teachers' Retirement System of Louisiana; to provide for payment of unfunded accrued liability by an employer that withdraws some or all of its employees from the retirement system; to provide for all other withdrawal liabilities of such employers; to provide for determination of amount of withdrawal liability payment and collection of same; to provide an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:887.1 is hereby enacted to read as follows:

§887.1. Unfunded accrued liability; payment by employing agency

A.(1)(a) Notwithstanding any other provision of law to the contrary, if an employing agency is authorized by law to terminate its participation in the retirement system and terminates participation for all of its employees, such employing agency shall remit to the retirement system its proportionate share of any unfunded actuarial accrued liability of the retirement system, as further provided in this Section.

1 **(b) Notwithstanding any other provision of law to the contrary, if an**
2 **employing agency terminates its participation in the retirement system as**
3 **authorized by administrative action, contract, or other legally authorized**
4 **action, and terminates participation for all of its employees, any entity**
5 **authorizing such termination shall remit to the retirement system the employing**
6 **agency's proportionate share of any unfunded actuarial accrued liability of the**
7 **retirement system, as further provided in this Section.**

8 **(c) Notwithstanding any other provision of law to the contrary, if an**
9 **employing agency whose employees are not members of the retirement system,**
10 **hires any employee previously employed by another employing agency whose**
11 **employees were members of the retirement system there shall be no obligation**
12 **on the part of the hiring employing agency for any unfunded accrued liability**
13 **resulting from the employee's previous employment.**

14 **(2) Notwithstanding any other provision of law to the contrary, if an**
15 **employing agency terminates its participation in the retirement system for some**
16 **of its employees by eliminating positions held by such employees through**
17 **privatizing, outsourcing, contracting the service with a private employer, or any**
18 **other means, the employer shall remit to the retirement system its proportionate**
19 **share of any unfunded actuarial accrued liability, as further provided in this**
20 **Section.**

21 **(3)(a) Notwithstanding any other provision of law to the contrary, if a**
22 **school or entity under an employer's jurisdiction is converted to any other**
23 **governance model and, by administrative action, contract, or other legally**
24 **authorized action, the prospective employing entity is permitted by the**
25 **employer to terminate its participation or forgo participation in the retirement**
26 **system, the employer shall remit to the retirement system the proportionate**
27 **share of any unfunded actuarial accrued liability, as further provided in this**
28 **Section.**

29 **(b) Notwithstanding any other provision of law to the contrary, if a**

1 school or entity under an employer's jurisdiction is transferred to any other
2 entity and the receiving entity permits the prospective employing agency, as
3 applicable, to terminate participation or forgo participation in the retirement
4 system, the receiving entity shall remit to the retirement system the
5 proportionate share of any unfunded actuarial accrued liability, as further
6 provided in this Section.

7 (4) For purposes of this Section, "proportionate share of any unfunded
8 accrued liability" shall mean the unfunded accrued liability, if any, which is
9 attributable to benefits accrued by or granted to employees and retirees of the
10 employing agency which was established during the period of time that the
11 employing agency was a participating employer with the retirement system or,
12 with respect to Subsection (A)(3), during the period of time the school or entity
13 was under the employer's jurisdiction.

14 B.(1) The actuary employed by the retirement system shall determine
15 the amounts required to be remitted pursuant to this Section as of the June
16 thirtieth immediately prior to the respective date of the termination of
17 participation, elimination of positions, or conversion or transfer of the school
18 or entity.

19 (2)(a) Should the entity responsible for payment disagree with the
20 amounts determined by the retirement system actuary, such entity may appeal
21 to the Public Retirement Systems' Actuarial Committee within thirty days of
22 receipt of the invoice.

23 (b) The legislative auditor shall perform an independent determination
24 of the amounts due and in the event his calculation disagrees with that of the
25 retirement system actuary, the committee shall meet and render a final
26 determination. In the event the calculations agree, the invoice shall be due as
27 provided in this Section.

28 (3) The amounts due pursuant to this Section shall, at the option of the
29 employing agency, be paid either in a lump sum or in equal monthly payments

1 with interest at the retirement system's actuarial valuation rate amortized over
2 ten years or less.

3 C. Should an employing agency fail to make payment pursuant to this
4 Section timely, the amount due shall be collected in the same manner as
5 authorized by R.S. 11:886 and 887.

6 Section 2. The provisions of this Act shall apply to any employing agency
7 participating in the retirement system in any plan year ending on or after June 30, 2011.

8 Section 3. This Act shall become effective on June 30, 2011; if vetoed by the
9 governor and subsequently approved by the legislature, this Act shall become effective on
10 June 30, 2011, 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 Lauren B. Bailey.

DIGEST

Gautreaux (SB 6)

Present law does not provide for a mechanism for an employer to withdraw some or all of its employees from the Teachers' Retirement System of Louisiana (TRSL).

Proposed law relative to TRSL provides that if an employing agency is authorized by law to terminate its participation in the retirement system and terminates its participation for some or all of its employees, such employing agency shall remit to the retirement system its share of any unfunded accrued liability (UAL) of the retirement system existing on the June 30th immediately prior to the date of the employing agency's termination.

Proposed law provides that the amounts due shall be determined by the actuary employed by the system and shall be paid in a lump sum or amortized over ten years or less in equal monthly payments with interest either at the retirement system's actuarial valuation rate, at the option of the employer. Provides that the calculation shall account for any legacy costs attributable to the employing agency's retirees.

Proposed law provides that should an employing agency fail to make payment the amount due shall be collected in the same manner as authorized by present law (R.S. 11:886 and 887).

Effective June 30, 2011.

(Adds R.S. 11:887.1)