New Law, relative to the Municipal Employees' Retirement System (MERS), the Municipal Police Employees' Retirement System (MPERS), and the Firefighters' Retirement System (FRS), implements the recommendations of the Funding Review Panel by providing for board membership, benefit calculation, maintaining employer contribution rates at certain amounts, and employee contribution rates.

Funding Review Panel

Existing law (R.S. 11:108) establishes the Funding Review Panel (FRP) to study funding and benefit provisions of the FRS, MERS, and MPERS, including but not limited to retirement eligibility, benefit calculation, contributions, actuarial assumptions, and cost-of-living adjustment criteria, and to report findings and recommendations to the House and Senate committees on retirement and to the legislative auditor on or before March 15, 2011.

New law provides that the FRP shall meet continuously in fulfillment of its duties and shall issue annual reports to the House and Senate committees on retirement and to the legislative auditor.

Existing law provides that the FRP shall have two committees, the advisory committee and the recommendations committee, to be composed of 7 members each for a total of 14 members.

Prior law provided that the state treasurer or his designee was a member of the FRP on the recommendations committee. New law removes the state treasurer and replaces him with the commissioner of administration or his designee.

Prior law required the House of Representatives, the Senate, the legislative auditor, and the legislative fiscal office to provide staff and facilities to the FRP for carrying out its duties. New law requires instead that the La. Municipal Association and the La. Conference of Mayors provide staff and facilities. Existing law also provides that the systems shall provide staff and facilities.

Board Membership (MPERS)

Existing law (R.S. 11:2225(A)) provides for 11 members of the MPERS board of trustees as follows:

(1) Three active members who are not chiefs of police.

(2) Four active members who are chiefs of police.

(3) Two retirees.

(4) The chairman of the House Committee on Retirement.

(5) The chairman of the Senate Committee on Retirement.

New law provides for four additional members on the MPERS board of trustees:

(1) The commissioner of administration.

(2) The state treasurer.

(3) Two mayors appointed by the La. Municipal Association (LMA).

Employer Contributions (FRS and MPERS)

New law (R.S. 11:107.2) permits the FRS and MPERS boards, in any year in which the recommended net direct employer contribution rate would decrease from the previous fiscal year, to maintain the previous year's employer contribution rate or to set the rate for the upcoming fiscal year somewhere between the previous year's rate and the recommended rate.

New law further provides that any excess funds resulting from the FRS and MPERS boards exercise of authority pursuant to new law may be used for the following purposes and in the following order:

(1) To reduce the outstanding balance of any unfunded accrued liability (UAL) existing as of the end of FY 1988-1989.

(2) To reduce the outstanding UAL amortization charge base or bases with the greatest number of outstanding payments.

Employee Contributions (FRS and MPERS)

Existing law (R.S. 11:62) requires employee contributions of 8% for members of FRS and 7.5% for members of MPERS.

New law retains the employee contribution rates in existing law for members of FRS and MPERS whose earned compensation is below the poverty level as provided by the U.S. Dept. of Health and Human Services. For members whose earned compensation is above the poverty level, the employee contribution shall fluctuate depending on the combined system rate of employer and employee contributions according to the following schedule:

FRS

If the total contribution for the fiscal year expressed as a percentage of payroll is:	The employee rate shall be:
25.0% or below	8.0%
25.01% to 25.75%	8.25%
25.76% to 26.5%	8.5%
26.51% to 27.25%	8.75%
27.26% to 28.0%	9.0%
28.01% to 28.75%	9.25%
28.76% to 29.5%	9.5%
29.51% to 30.25%	9.75%
30.26% or above	10.0%

MPERS

If the total contribution for the fiscal year expressed as a percentage of payroll is:	The employee rate shall be:
25.0% or below	7.5%
25.01% to 25.75%	7.75%
25.76% to 26.5%	8.0%
26.51% to 27.25%	8.25%
27.26% to 28.0%	8.5%
28.01% to 28.75%	8.75%
28.76% to 29.5%	9.25%
29.51% to 30.25%	9.5%
30.26% to 31.0%	9.75%
31.0% or above	10.0%

Anti-spiking (FRS, MERS, and MPERS)

Existing law (R.S. 11:1732(15)), relative to MERS, provides that, for purposes of retirement benefit computation, average compensation of a member hired on or before June 30, 2006, shall be based on the 36 highest successive months of employment or on the highest 36 successive joined months of employment where interruption of service occurred. For any member hired on or after July 1, 2006, average compensation shall be calculated over a 60-month period.

Prior law provided that the earnings to be considered for the first, second, and last 12-month period could not increase by more than 25% (anti-spiking provisions) over the previous 12-month period.

Existing law (R.S. 11:231 and 2213(4)), relative to MPERS, provides that, for purposes of retirement benefit computation, average compensation of a member shall be based on the 36 highest successive months of employment or on the highest 36 successive joined months of employment where interruption of service occurred.

Prior law provided that the earnings to be considered for the first, second, and last 12-month period could not increase by more than 25% (anti-spiking provisions) over the previous 12-month period.

Existing law (R.S. 11:2252(4)), relative to FRS, provides that, for purposes of retirement benefit computation, average compensation of a member shall be based on the 36 highest successive months of employment or on the highest 36 successive joined months of employment where interruption of service occurred.

Prior law provided that no anti-spiking provisions apply.

New law imposes a 15% anti-spiking limitation in calculating the benefits for members of FRS, MERS, and MPERS. Provides that this limitation shall not be applied to any salary increase resulting from promotions within a civil service system.

New law further provides, as a transition provision, that new law shall not cause the average compensation of any member retiring on or after the effective date of new law to be less than such member's average compensation as it existed under prior law and existing law.

New law requires the Public Retirement Systems' Actuarial Committee (PRSAC) to meet as soon as practicable after the passage of new law to adopt a revised employer contribution rate resulting from the changes in new law.

Effective June 30, 2011.

(Amends R.S. 11:62(3) and (6), 108(B)(1)(f) and (3), (C), (D)(intro. para.) and (E), 1732(15), 2213(4), 2225(A)(2)(a) and (6), and 2252(4); Adds R.S. 11:107.2 and 108(F)(3); Repeals R.S. 11:231(A)(4) and (7) and (C)(1)(b))