
The original instrument was prepared by Laura Gail Sullivan. The following digest, which does not constitute a part of the legislative instrument, was prepared by Margaret M. Corley.

DIGEST

Guillory (SB 52)

Present law establishes the rates at which members of retirement systems contribute to their retirement plans. Proposed law increases the contribution rates for many members of the Louisiana State Employees' Retirement System(LASERS) and the Teachers' Retirement System of Louisiana (TRSL) by 3 percentage points as follows:

LASERS

1. Rank-and-file employees first employed on or before June 30, 2006, who are not members of the optional retirement plan: 7.5% to 10.5%.
2. Rank-and-file employees first employed on or after July 1, 2006: 8% to 11%.
3. Judges first employed on or before Dec. 31, 2010: 11.5% to 14.5%.
4. Judges first employed on or after Jan.1, 2011: 13% to 16%.
5. Legislators, governor, and lieutenant governor first employed on or before Dec. 31, 2010: 11.5% to 14.5%.
6. Governor and lieutenant governor first employed on or after Jan. 1, 2011 (legislators are no longer eligible for membership): 8% to 11%.
7. Certain unelected court officers first employed on or before Dec. 31, 2010: 11.5% to 14.5%.
8. Certain unelected court officers first employed on or after Jan. 1, 2011: 8% to 11%.
9. Clerk of the House, secretary of the Senate, and sergeant at arms of the House and Senate first employed on or before Dec. 31, 2010: 9.5% to 12.5%.
10. Clerk of the House, secretary of the Senate, and sergeant at arms of the House and Senate first employed on or after Jan. 1, 2011: 8% to 11%.

Proposed law retains present law by not increasing contribution rates for the following LASERS employees: certain public safety service employees and peace officers, wildlife agents, bridge police, members of the Hazardous Duty Services Plan, and members of the optional retirement plan.

TRSL

11. TRSL members who are employees of an institution of postsecondary education, the Board of Regents, or a postsecondary education management board who are not members of the optional retirement plan from 8% to 11%.

Present law provides for determination of required contributions to each retirement system. Provides that employer contributions shall be an amount equal to the difference between the total required contributions less the employee contributions.

Present law provides for contributions and other income of the system to be applied to the 1988 unfunded accrued liability (the "initial" UAL) which must be paid off by 2029 as well as to liabilities created thereafter, which generally are funded over 30 years from the date created. Present law designates the net balance on the initial UAL the "original amortization base" or OAB.

Proposed law retains present law, but specifies that the additional employee contributions resulting from proposed law shall be applied to the OAB of each system, without reamortization, until the OAB is fully liquidated. Provides that after the OAB is liquidated the additional employee contributions shall be used to reduce the employer contribution requirements.

Proposed law, with respect to both LASERS and TRSL, also provides that the proposed increases in the employee contribution rates do not apply to elected officials other than the governor in office on the effective date of proposed law for the remainder of the term being served on that date.

Proposed law requires the Public Retirement Systems' Actuarial Committee (PRSAC) to meet as soon as practicable to adopt a revised actuarial valuation for LASERS and to adopt a revised employer contribution rate taking into account the provisions of proposed law.

Present law provides that valuations shall be presented to the committee for consideration by the Legislative Auditor's Office and the retirement system. Proposed law expands the agencies which may present actuarial valuations to the Public Retirement Systems' Actuarial Committee for consideration to include the Division of Administration, for purposes of determining the employer contribution rate to be remitted for the fiscal year beginning July 1, 2012.

Proposed law provides for an expedited hearing process if proposed law is subjected to legal challenges. Provides for severability if a court declares any provisions of proposed law to be unconstitutional as applicable to certain members of LASERS and TRSL, retaining application of the Act to the remaining members of the system.

Effective July 1, 2012.

(Amends R.S. 11:62(5)(a), (c), and (e) and (11)(c); adds R.S. 11:62(11)(d), 102(D), and 331)

Summary of Amendments Adopted by Senate

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

1. Provides that, instead of reducing the employer contribution requirements, the additional employee contributions shall be applied to the net remaining balance of the 1988 unfunded accrued liability (UAL) without reamortization of that base until the debt is fully liquidated.
2. Includes the current governor in application of proposed law.
3. Expands the agencies which may present actuarial valuations to the Public Retirement Systems' Actuarial Committee for consideration to include the Division of Administration, for purposes of determining the employer contribution rate to be remitted for the fiscal year beginning July 1, 2012.
4. Provides for an expedited hearing process.