
DIGEST

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HB 21 Original

2016 Regular Session

Jones

Abstract: Relative to liabilities of state retirement systems, moves up the implementation of 20-year amortization periods for such liabilities and authorizes reamortization of such liabilities once every five years.

Present law establishes the four state retirement systems—the La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Retirement System (STPOL)—and provides for the accounting of and funding for the liabilities of such systems. Proposed law retains present law.

Present law for each state system provides that once the system is 85% funded, new amortization schedules for certain credits and debits shall be reduced from 30 years to 20 years. Proposed law requires immediate reduction of amortization schedule length, phasing-in the 20-year schedules over a five-year period, beginning with the June 30, 2016 valuation.

Present law for each state system provides that once the system is 85% funded, certain liabilities may be reamortized each year. Further prohibits reamortization of such debts prior to attaining an 85% funded ratio. Proposed law changes the threshold for annual reamortization from 85% funded to 80% funded. Further authorizes reamortization of certain debts, net of payments made since the last reamortization, once every five year period prior to attaining an 80% funded ratio.

Present law for each state system requires a 10-year amortization schedule for actuarial gains allocated to the experience account, starting with the June 30, 2019 valuation. Proposed law requires immediate implementation of the 10-year amortization schedule for any gains allocated to the account, starting with the first valuation in which any credit is made to such account.

Proposed law requires that any cost of proposed law be funded with additional employer contributions in compliance with Art. X, Sec. 29(F) of the state constitution.

Effective June 30, 2016.

(Amends R.S. 11:102(B)(3)(d)(v)(aa)(II), (bb), and (cc), (vi)(aa)(II), (bb)(II), and (cc), (vii)(aa)(II), (bb), and (cc), (viii)(aa)(II), (bb)(II), and (cc), 102.1(B)(4)(b) and (5) and (C)(4)(b) and (5), and 102.2(B)(4)(b) and (C)(4)(b) and (5); Adds R.S. 11:102.1(B)(7) and (C)(7) and 102.2(B)(6) and (C)(7))