

RÉSUMÉ DIGEST

ACT 208 (HB 22)

2016 Regular Session

Montoucet

Existing law authorizes certain statewide retirement systems, including the Firefighters' Retirement System (FRS) to increase required employer contribution rates in certain circumstances. Generally, in a year in which the required contribution rate would otherwise decrease, the systems are authorized to (a) hold the rate at the previous year's level or (b) set the contribution rate anywhere between the new lower rate and the previous year's higher rate.

Prior law, applicable to FRS, prohibited such a rate increase if it caused the rate to exceed 15%. New law removes this prohibition.

Existing law, which is not applicable to FRS, establishes a funding deposit account in most of the statewide systems that have the authority to require additional employer contributions. Funds collected pursuant to existing law in excess of the actuarially required employer contributions are credited to this account and may be used by the board of trustees of the system for the following specific purposes:

- (1) To reduce system unfunded accrued liabilities.
- (2) To reduce future employer costs.
- (3) To pay cost-of-living adjustments.

Prior law required that funds collected by FRS in excess of actuarially required employer contributions be applied to one of the following:

- (1) Reducing system initial unfunded accrued liabilities.
- (2) Reducing certain outstanding amortization charges.

New law establishes a funding deposit account within FRS and grants the system the authority to use the account for the following purposes only:

- (1) To reduce system unfunded accrued liabilities.
- (2) To reduce future employer contribution rates.

Effective July 1, 2016.

(Amends R.S. 11:107.1(B)(2) and (D)(4)(a) and 107.2(A) and (B)(intro. para.); Adds R.S. 11:105(A)(7), 107(A)(6), and 107.1(A)(6) and (D)(4)(c))