

2023 Regular Session

HOUSE BILL NO. 34

BY REPRESENTATIVE BACALA

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

RETIREMENT/MUNICIPAL POL: Provides relative to the funding deposit account for Municipal Police Employees' Retirement System and authorizes the board of trustees of the system to modify employer contributions

1 AN ACT

2 To enact R.S. 11:2225.5 and to repeal R.S. 11:107.2, 243(A)(8), 246(A)(8), and 2225(A)(7),

3 relative to the Municipal Police Employees' Retirement System; to establish a

4 funding deposit account; to provide for source of funding therefor; to authorize the

5 board of trustees to adjust employer contribution rates; to provide for additional

6 payments to retirees, survivors, and beneficiaries; to provide for funding of,

7 eligibility for, and payment of the additional payments; to provide for payment of

8 system liabilities; to provide for an effective date; and to provide for related matters.

9 Notice of intention to introduce this Act has been published

10 as provided by Article X, Section 29(C) of the Constitution

11 of Louisiana.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 11:2225.5 is hereby enacted to read as follows:

14 §2225.5. Funding deposit account

15 A.(1) There is hereby established a funding deposit account, hereafter in this

16 Section referred to as the "account". The account shall be credited and charged

17 solely as provided in this Section.

18 (2) The balance in the account shall be set equal to zero as of July 1, 2023.

1 (3) The funds in the account shall earn interest annually at the board
2 approved valuation interest rate, and the interest shall be credited to the account once
3 a year.

4 B.(1) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years
5 beginning on or after July 1, 2023, the board of trustees may require a net direct
6 contribution rate of up to the following applicable limit:

7 (a) For a year in which the employer contribution rate determined under R.S.
8 11:103 is equal to or greater than the rate determined under R.S. 11:103 for the
9 previous year, the rate determined under R.S. 11:103 plus eighty-five hundredths of
10 one percentage point.

11 (b) For a year in which the employer contribution rate determined under R.S.
12 11:103 is lower than the rate determined under R.S. 11:103 for the previous year, the
13 rate determined under R.S. 11:103 plus eighty-five hundredths of one percentage
14 point plus one-half of the difference between the rates determined for the two years.

15 (2) For any fiscal year in which the board of trustees sets the direct employer
16 contribution rate higher than the rate determined under R.S. 11:103, excess
17 contributions resulting from the higher rate shall be used as provided in Paragraph
18 (C)(1) of this Section or transferred to the account as provided in Paragraph (C)(2)
19 of this Section.

20 C.(1) Except as provided in Paragraph (2) of this Subsection, any excess
21 contributions resulting from the board's exercise of its authority pursuant to
22 Paragraph (B)(1) of this Section shall be applied, until exhausted, exclusively to
23 reduce the outstanding balance of the oldest positive amortization base; however, the
24 future payments for such amortization base shall continue to be made according to
25 the original amortization schedule established in compliance with the requirements
26 of Article X, Section 29(E)(3) of the Constitution of Louisiana and R.S. 11:103 until
27 the outstanding balance is fully liquidated.

28 (2) The board of trustees may dedicate a specific amount of excess
29 contributions, up to the amount generated by setting the rate equal to eighty-five

1 hundredths of one percentage point more than the rate determined under R.S. 11:103,
2 to be used solely to pay additional benefits to retirees, survivors, and beneficiaries.
3 The dedicated amount of funds shall be credited to the account.

4 D. Beginning with the June 30, 2024, valuation, the board of trustees may,
5 in any fiscal year, direct that the account be charged to provide additional benefits
6 to retirees, survivors, and beneficiaries as provided in Subsection F of this Section.

7 E. The monies in the account shall not be considered system assets for
8 purposes of calculating employer contributions.

9 F.(1) Funding for additional benefits for retirees, survivors, and beneficiaries
10 shall be provided only from the funding deposit account and only when sufficient
11 funds are available as determined by the actuary. The additional benefits shall be
12 payable only as determined by the board of trustees, and the board shall determine
13 the following:

14 (a) Whether the additional benefit will be a nonrecurring lump-sum payment
15 or a permanent benefit increase. Any additional benefit paid under the provisions of
16 this Subsection shall be in the form of a nonrecurring lump sum no more frequently
17 than once in a three-year period.

18 (b) Whether the additional benefit will be calculated based upon the original
19 or current benefit.

20 (c) Whether a minimum age will be required to receive an additional benefit.

21 (d) Whether a minimum period since benefit commencement longer than the
22 period required in Subparagraph (2)(b) of this Subsection will be required to receive
23 an additional benefit.

24 (2)(a) The amount of any permanent benefit increase shall not exceed three
25 percent of the benefit to be used in the calculation in accordance with Subparagraph
26 (1)(b) of this Subsection.

27 (b) No additional benefit shall be payable until at least one year has elapsed
28 since benefit commencement.

Proposed law authorizes the board to dedicate a specific amount of the excess contributions, .85% greater than the contribution rate, to fund additional benefits.

Proposed law provides that a additional benefits shall be paid only with funds from the funding deposit account and only when funds are sufficient.

Proposed law provides that the board of trustees shall determine the following when granting additional benefits:

- (1) Whether the benefits are permanent or nonrecurring. Provides that a nonrecurring lump-sum payment may be paid from the funding deposit account only once in any three-year period.
- (2) Whether the benefits are based on the retiree or survivor's current or original benefit.
- (3) Whether a minimum age is required.
- (4) Whether a retiree or survivor is required to meet a minimum period since benefit commencement.

Proposed law provides that permanent benefits increases may not exceed 3% of benefit, and additional benefits are not payable until one year after benefit commencement.

Proposed law requires that an adjustment to benefits be made by formal action by the board of trustees.

Effective July 1, 2023.

(Adds R.S. 11:2225.5; Repeals R.S. 11:107.2, 243(A)(8), 246(A)(8), and 2225(A)(7))