

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 22

2016 Regular Session

Montoucet

RETIREMENT/FIREFIGHTERS: Establishes a funding deposit account for the Firefighters' Retirement System and authorizes the board of trustees of the system to modify required employer contribution rates in certain circumstances and within certain limits in order to fund the account

Synopsis of Senate Amendments

1. Remove authority for the Firefighters' Retirement System to use funds in its funding deposit account to provide cost-of-living increases.

Digest of Bill as Finally Passed by Senate

Present law (R.S. 11:105 and 107) grants certain statewide retirement systems the authority 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.

Proposed law retains present law.

Present law applies to the Assessors' Retirement Fund, Clerks' of Court Retirement and Relief Fund, Municipal Employees' Retirement System, Parochial Employees' Retirement System, and Registrars of Voters Employees' Retirement System. Proposed law adds the Firefighters' Retirement System (FRS) to this list.

Present law (R.S. 11:107.1) establishes a "funding deposit account" in each statewide system that has the authority to require additional employer contributions. Funds collected pursuant to present 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.

Proposed 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.

Present law (R.S. 11:107.2) grants FRS and the Municipal Police Employees' Retirement System the authority to increase required employer contribution rates only if doing so does not cause the employer contribution rate to exceed 15%. Requires that funds collected in excess of actuarially required employer contributions shall be applied to one of the following:

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

Proposed law removes FRS from present law (R.S. 11:107.2).

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))