Pearson (HB 1131) **Act No. 716**

Existing law (R.S. 11:102) provides generally for employer contributions for state retirement systems, including the Teachers' Retirement System of La. (TRSL). Provides that employer contributions shall be equal to the sum of the following:

(1) The employer's normal cost (the cost of the current year's benefit accruals) for the fiscal year.

(2) An amortized payment toward the unfunded accrued liability (UAL) existing on June 30, 1988.

(3) An amount necessary to amortize the previous fiscal year's over or underpayment.

(4) An amortized payment necessary to pay for changes in actuarial liabilities resulting from: (a) cost-of-living adjustments; (b) changes in the method of valuing assets; (c) changes in actuarial funding methods or assumptions; and (d) legislation.

Under existing law (R.S. 11:102(C)), the La. State Employees' Retirement System (LASERS) is required to calculate each of the above costs for each subplan (or class of employees) within LASERS to provide an individualized contribution rate for each subplan provided for in existing law.

New law, similar to LASERS subplan provisions, requires TRSL employers to pay individualized normal cost payments and amortization payments depending on which plan within the system its employees fall into. For purposes of new law, the individual TRSL plans shall be as follows:

(1) Persons employed in K-12 education in a position covered by TRSL.

(2) Persons participating in Lunch Plan A.

(3) Persons participating in Lunch Plan B.

(4) Employees of a postsecondary education institution, the Board of Regents, or a postsecondary education management board except those who are employed for the sole purpose of providing instruction or administration services at the primary or secondary level. (This includes persons participating in TRSL's Optional Retirement Plan, which is only open to persons employed in the postsecondary education arena.)

(5) Any other specialty retirement plan provided for a subgroup of system members. Provides for Public Retirement Systems' Actuarial Committee to provide for application of new law to any such plan when the legislation is silent on application.

New law provides specifically for calculation of the required employer contribution rate for each plan. Includes provisions for calculation of a particularized normal cost rate for each plan and a particularized unfunded accrued liability rate for each plan based on actuarial changes, gains, and losses attributable to one or more of the plans. Calculation of the employer contribution for each plan is based on these rates and the shared unfunded accrued liability rate and the shared gross employer contribution rate difference. Provides for calculation of these rates also.

New law provides that each entity funding a member's salary shall fund the employer's contribution at the contribution rate provided by new law.

New law specifies that it is applicable to the June 30, 2011, system valuation and applicable beginning with FY 2012-2013.

Further requires the Public Retirement Systems' Actuarial Committee (PRSAC) to meet as soon as practicable to adopt a revised actuarial valuation for TRSL and to adopt a revised employer contribution rate taking into account all changes to the law enacted by the legislature in the 2012 R.S.

Further authorizes PRSAC to adopt an actuarial valuation or revised employer contribution rate proposed by the division of administration to be utilized in the FY 2012-2013, which has been prepared by a qualified actuary, from the American Academy of Actuaries.

Effective upon signature of governor (June 11, 2012).

(Amends R.S. 11:102(B)(1), (2)(intro. para.), (b)(intro. para.) and (ii), and (c), (3)(a) and (d)(vii), (4), and (5)(b); Adds R.S. 11:102(D))