

Regular Session, 2014

HOUSE BILL NO. 42

BY REPRESENTATIVE PEARSON

RETIREMENT/SCHOOL EMPS: Provides for application of remaining funds in the La. School Employees' Retirement System's experience account, after payment of a permanent benefit increase to eligible retirees and beneficiaries, to specified debt of the system

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(3)(d)(vi), relative to the liabilities of the Louisiana
3 School Employees' Retirement System; to establish accounts for the full or partial
4 payment of such liabilities; to provide for credits to such accounts; to provide for
5 application of funds from certain accounts toward such liabilities; to provide an
6 effective date; and to provide for related matters.

7 Notice of intention to introduce this Act has been published
8 as provided by Article X, Section 29(C) of the Constitution
9 of Louisiana.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:102(B)(3)(d)(vi) is hereby amended and reenacted to read as
12 follows:

13 §102. Employer contributions; determination; state systems

14 * * *

15 B.

16 * * *

17 (3) With respect to each state public retirement system, the actuarially
18 required employer contribution for each fiscal year, commencing with Fiscal Year
19 1989-1990, shall be that dollar amount equal to the sum of:

20 * * *

1 (d) That fiscal year's payment, computed as of the first of that fiscal year and
2 projected to the middle of that fiscal year at the actuarially assumed interest rate,
3 necessary to amortize changes in actuarial liability due to:

4 * * *

5 (vi)(aa) Effective July 1, 2004, and beginning with Fiscal Year 2000-2001,
6 the amortization period for the changes, gains, or losses of the Louisiana School
7 Employees' Retirement System provided in Items (i) through (iv) of this
8 Subparagraph shall be thirty years, or in accordance with standards promulgated by
9 the Governmental Accounting Standards Board, from the year in which the change,
10 gain, or loss occurred. The outstanding balances of amortization bases established
11 pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year 2000-
12 2001, shall be amortized as a level dollar amount from July 1, 2004, through June 30,
13 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter, the
14 outstanding balances of amortization bases established pursuant to Items (i) through
15 (iv) of this Subparagraph shall be amortized as a level dollar amount.

16 (bb) The unused balance remaining in the experience account on June 30,
17 2013, after payment of a permanent benefit increase pursuant to the provisions of
18 R.S. 11:1145.1, shall be credited in an amortization conversion account from which
19 annual contributions required pursuant to the Act that originated as Senate Bill No.
20 14 of the 2014 Regular Session of the Legislature shall be funded in whole or in part
21 for the years July 1, 2014, through June 30, 2019. Effective June 30, 2019, all funds
22 remaining in the amortization conversion account shall be amortized as a gain in
23 accordance with Subitem (aa) of this Item.

24 * * *

25 Section 2. This Act shall take effect and become operative if and when the Act
26 which originated as Senate Bill No. 14 of the 2014 Regular Session of the Legislature is
27 enacted and becomes effective.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Pearson

HB No. 42

Abstract: Establishes an amortization conversion account to which experience account funds left over after the system grants a permanent benefit increase to retirees and beneficiaries pursuant to present law shall be credited. Requires application of account funds to offset in whole or in part the required employer contribution rates for July 1, 2014 through June 30, 2019.

Present law (R.S. 11:1145.1) provides for funds to be deposited into the experience account at the end of each fiscal year if the system attains certain funding targets. Proposed law credits to an amortization conversion account the residue of experience account funds remaining from the July 1, 2013, balance after payment of a permanent benefit increase to qualifying system retirees and beneficiaries.

Proposed law requires money from the amortization conversion account to be used to fund in whole or in part employer contribution rates for the years July 1, 2014, through June 30, 2019. Further requires that on June 30, 2019, all funds remaining in the account be accounted for actuarially as a gain in accordance with present law.

Effective if and when the Act which originated as SB 14 of the 2014 R.S. becomes effective.

(Amends R.S. 11:102(B)(3)(d)(vi))

Summary of Amendments Adopted by House

House Floor Amendments to the engrossed bill.

1. Removes provisions that consolidate specific debt schedules of LSERS, apply any remaining funds in the system's experience account after the system grants a permanent benefit increase effective July 1, 2014, to such consolidated debt, and then reamortizes those liabilities.
2. Adds provision establishing an amortization conversion account to which the unused funds in the system's experience account after the system grants a permanent benefit increase effective July 1, 2014, shall be credited.
3. Requires funds in the account to be used to fund in whole or in part any annual employer contributions required between July 1, 2014 and June 30, 2019, and credited as a gain to the system thereafter.