

Regular Session, 2014

SENATE BILL NO. 673

BY SENATOR GUILLORY

RETIREMENT BENEFITS. Repeals provisions ruled unconstitutional related to Act 483 of the 2012 regular legislative session. (6/30/14)

1 AN ACT  
2 To amend and reenact R.S. 11:62(4)(introductory paragraph), (5)(introductory paragraph),  
3 and (11)(introductory paragraph), 102(B)(1) and (3)(a) and (d)(v), (vi), and (vii),  
4 542(A)(2)(a), 883.1(A)(2)(a), and 1145.1(A)(1)(a), (C)(4)(a)(introductory  
5 paragraph), and (E) and to repeal R.S. 11:62(4.1), (5.1), and (11.1), 102(C)(1)(m),  
6 542 (C)(4)(d)(iii) and (e)(iii), 883.1(C)(4)(d)(iii) and (e)(iii), 1145.1(C)(4)(a)(iii) and  
7 (b)(iii), and Chapter 7 of Subtitle II of Title 11 of the Louisiana Revised Statutes of  
8 1950, comprised of R.S. 11:1399.1 through 1399.7, relative to the cash balance plan;  
9 to delete provisions referencing the plan; to provide for an effective date; and to  
10 provide for related matters.

11 Notice of intention to introduce this Act has been published.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 11:62(4)(introductory paragraph), (5)(introductory paragraph), and  
14 (11)(introductory paragraph), 102(B)(1) and (3)(a) and (d)(v), (vi), and (vii), 542(A)(2)(a),  
15 883.1(A)(2)(a), and 1145.1(A)(1)(a), (C)(4)(a)(introductory paragraph), and (E) are hereby  
16 amended and reenacted to read as follows:

17 §62. Employee contribution rates established

1 Employee contributions to state and statewide public retirement systems shall  
2 be paid at the following rates, except as otherwise provided by law:

3 \* \* \*

4 (4) Louisiana School Employees' Retirement System ~~members in Tier 1:~~

5 \* \* \*

6 (5) Louisiana State Employees' Retirement System ~~members in Tier 1:~~

7 \* \* \*

8 (11) Teachers' Retirement System of Louisiana ~~members in Tier 1:~~

9 \* \* \*

10 §102. Employer contributions; determination; state systems

11 \* \* \*

12 B.(1) Except as provided in Subsection C of this Section for the Louisiana  
13 State Employees' Retirement System and Subsection D of this Section for the  
14 Teachers' Retirement System of Louisiana and except as provided in R.S. 11:102.1,  
15 102.2, and in Paragraph (5) of this Subsection, for each fiscal year, commencing with  
16 Fiscal Year 1989-1990, for each of the public retirement systems referenced in  
17 Subsection A of this Section, the legislature shall set the required employer  
18 contribution rate equal to the actuarially required employer contribution, as  
19 determined under Paragraph (3) of this Subsection, divided by the total projected  
20 payroll of all active members ~~including cash balance plan members~~ of each  
21 particular system for the fiscal year. Each entity funding a portion of a member's  
22 salary shall also fund the employer's contribution on that portion of the member's  
23 salary at the employer contribution rate specified in this Subsection.

24 \* \* \*

25 (3) With respect to each state public retirement system, the actuarially  
26 required employer contribution for each fiscal year, commencing with Fiscal Year  
27 1989-1990, shall be that dollar amount equal to the sum of:

28 (a) The employer's normal cost for that fiscal year, computed as of the first  
29 of the fiscal year using the system's actuarial funding method as specified in R.S.

1 11:22 and taking into account the value of future accumulated employee  
 2 contributions and interest thereon, such employer's normal cost rate multiplied by the  
 3 total projected payroll for all active members ~~including cash balance plan members~~  
 4 to the middle of that fiscal year. For the Louisiana State Employees' Retirement  
 5 System, effective for the June 30, 2010, system valuation and beginning with Fiscal  
 6 Year 2011-2012, the normal cost shall be determined in accordance with Subsection  
 7 C of this Section. For the Teachers' Retirement System of Louisiana, effective for  
 8 the June 30, 2011, system valuation and beginning with Fiscal Year 2012-2013, the  
 9 normal cost shall be determined in accordance with Subsection D of this Section.

10 \* \* \*

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

14 \* \* \*

15 (v) Effective July 1, 2004, and beginning with Fiscal Year 1998-1999, the  
 16 amortization period for the changes, gains, or losses of the Louisiana State  
 17 Employees' Retirement System provided in Items (i) through (iv) of this  
 18 Subparagraph shall be thirty years, or in accordance with standards promulgated by  
 19 the Governmental Accounting Standards Board, from the year in which the change,  
 20 gain, or loss occurred. The outstanding balances of amortization bases established  
 21 pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year  
 22 1998-1999, shall be amortized as a level dollar amount from July 1, 2004, through  
 23 June 30, 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year  
 24 thereafter, the outstanding balances of amortization bases established pursuant to  
 25 Items (i) through (iv) of this Subparagraph ~~and for any changes, gains, or losses~~  
 26 ~~attributable to the cash balance plan~~ shall be amortized as a level dollar amount. For  
 27 the Louisiana State Employees' Retirement System, effective for the June 30, 2010,  
 28 system valuation and beginning with Fiscal Year 2011-2012, amortization payments  
 29 for changes in actuarial liability shall be determined in accordance with Subsection

1 C of this Section.

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

14 (vii) Effective July 1, 2004, and beginning with Fiscal Year 2000-2001, the  
15 amortization period for the changes, gains, or losses of the Teachers' Retirement  
16 System of Louisiana provided in Items (i) through (iv) of this Subparagraph ~~and for~~  
17 ~~any changes, gains, or losses attributable to the cash balance plan~~ shall be thirty  
18 years, or in accordance with standards promulgated by the Governmental Accounting  
19 Standards Board, from the year in which the change, gain, or loss occurred. The  
20 outstanding balances of amortization bases established pursuant to Items (i) through  
21 (iv) of this Subparagraph before Fiscal Year 2000-2001, shall be amortized as a level  
22 dollar amount from July 1, 2004, through June 30, 2029. Beginning with Fiscal Year  
23 2003-2004, and for each fiscal year thereafter, the outstanding balances of  
24 amortization bases established pursuant to Items (i) through (iv) of this Subparagraph  
25 shall be amortized as a level dollar amount. For the Teachers' Retirement System of  
26 Louisiana, effective for the June 30, 2011, system valuation and beginning with  
27 Fiscal Year 2012-2013, amortization payments for changes in actuarial liability shall  
28 be determined in accordance with Subsection D of this Section.

29 \* \* \*

1 §542. Experience account

2 A.

3 \* \* \*

4 (2) The experience account shall be credited as follows:

5 (a) To the extent permitted by Paragraph (3) of this Subsection and after  
6 allocation to the consolidated amortization bases as provided in R.S. 11:102.1, an  
7 amount not to exceed fifty percent of the remaining balance of the prior year's net  
8 investment experience gain ~~attributable to Tier 1 assets~~ as determined by the system's  
9 actuary.

10 \* \* \*

11 §883.1. Experience account

12 \* \* \*

13 A.

14 \* \* \*

15 (2) The experience account shall be credited as follows:

16 (a) To the extent permitted by Paragraph (3) of this Subsection and after  
17 allocation to the consolidated amortization bases as provided in R.S. 11:102.2, an  
18 amount not to exceed fifty percent of the remaining balance of the prior year's net  
19 investment experience gain ~~attributable to Tier 1 assets~~ as determined by the system's  
20 actuary.

21 \* \* \*

22 §1145.1. ~~Employee Experience account~~ **Account**

23 A.(1) The ~~experience account~~ **Employee Experience Account** shall be  
24 credited as follows:

25 (a) To the extent permitted by Paragraph (2) of this Subsection, an amount  
26 not to exceed fifty percent of the prior year's net investment experience gain  
27 ~~attributable to Tier 1 assets~~ as determined by the system's actuary.

28 \* \* \*

29 (C)

\* \* \*

(4)(a) Except as provided in Subparagraph (c) of this Paragraph, in order to be eligible for the cost-of-living adjustment, there shall be the funds available in the ~~experience account~~ **Employee Experience Account** to pay for such an adjustment, and a retiree:

\* \* \*

E. Effective July 1, 2007, the balance in the ~~experience account~~ **Employee Experience Account** shall be zero.

\* \* \*

Section 2. R.S. 11:62(4.1), (5.1), and (11.1), 102(C)(1)(m), 542 (C)(4)(d)(iii) and (e)(iii), 883.1(C)(4)(d)(iii) and (e)(iii), 1145.1(C)(4)(a)(iii) and (b)(iii), and Chapter 7 of Subtitle II of Title 11 of the Louisiana Revised Statutes of 1950, comprised of R.S. 11:1399.1 through 1399.7 are hereby repealed.

Section 3. In the event of any conflict between the provision of this Act and the provisions of another Act of the 2014 Regular Session, the provisions of the other Act shall supercede and prevail.

Section 4. This Act shall become effective on June 30, 2014; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on June 30, 2014, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Margaret M. Corley.

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DIGEST

Guillory (SB 673)

Present law contains provisions enacted by Act 483 of the 2012 Regular Session which was later ruled unconstitutional.

Proposed law restores the statutes to their previous form.

(Amends R.S. 11:62(4)(intro. para.), (5)(intro. para.), and (11)(intro. para.), 102(B)(1) and (3)(a) and (d)(v), (vi), and (vii), 542(A)(2)(a), 883.1(A)(2)(a), and 1145.1(A)(1)(a), (C)(4)(a)(intro. para.), and (E); repeals R.S. 11:62(4.1), (5.1), and (11.1), 102(C)(1)(m), 542 (C)(4)(d)(iii) and (e)(iii), 883.1(C)(4)(d)(iii) and (e)(iii), 1145.1(C)(4)(a)(iii) and (b)(iii), and Chapter 7 of Subtitle II of Title 11 of the La. Revised Statutes of 1950, comprised of R.S. 11:1399.1 - 1399.7)