

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 6 by Representative Pearson

RETIREMENT/TEACHERS: Establishes a minimum employer contribution rate for the Optional Retirement Plan in the Teachers' Retirement System of Louisiana

Synopsis of Senate Amendments

1. Adds restriction that the legislature shall not allocate additional funding above the funding levels provided for in the governor's Executive Budget for Fiscal Year 2014-2015 and requires existing revenue sources to be utilized to fund the provisions proposed law.

Digest of Bill as Finally Passed by Senate

Present law establishes the ORP for higher education members of TRSL. Provides that the total employer contribution rate for participants in the plan is equal to the employer's rate for regular plan members.

Present law provides that upon receipt of this contribution, TRSL shall forward an amount equal to the regular plan normal cost as determined by the Public Retirement Systems' Actuarial Committee to the participant's ORP provider company for credit to the participant's account.

Proposed law retains present law through June 30, 2014.

Beginning July 1, 2014, proposed law authorizes each higher education board created by the constitution to establish by resolution the contribution rate it will remit to TRSL for its ORP participants. From July 1, 2014, through June 30, 2018, the portion of such contribution that will be credited to a participant's account may be set equal to or greater than the normal cost of the regular retirement plan. Beginning July 1, 2018, such amount shall be at least 6.2% of pay. Regardless of the rate selected pursuant to proposed law for credit to the ORP accounts, the total employer contribution is required to include payments calculated pursuant to present law to cover Unfunded Accrued Liability (UAL) payments.

Proposed law generally requires the resolution establishing the contribution rate to be received by TRSL prior to June 1 of each year; however, for the first year of implementation, such resolution must be received by July 15, 2014.

Proposed law provides that for any employer that is not a higher education board established by the constitution, beginning July 1, 2014, the portion of the contribution rate to be credited to the ORP accounts of its employees shall be 6.2%. Requires the total contribution rate to include payments calculated pursuant to present law to cover UAL payments.

Present law provides for amounts remitted by employers to the system in excess of the amount credited to the employee's account to be applied to the UAL of the system. Proposed law retains present law.

Proposed law provides that the legislature shall not allocate funding above and beyond the funding levels provided for in the governor's Executive Budget for Fiscal Year 2014-2015 and requires existing revenue sources to be utilized to fund the provisions of proposed law.

Effective June 30, 2014.

(Amends R.S. 11:927(B))