
DIGEST

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HB 49 Original

2016 Regular Session

Ivey

Abstract: Requires members of state retirement systems first hired on or after July 1, 2017, to share certain retirement costs equally with employers.

Present law establishes the state retirement systems—the La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Retirement System (STPOL)—and establishes rates of employee and employer contributions to cover the costs of such systems. Proposed law retains present law.

Present law establishes two main components of a state retirement system's costs:

- (1) The normal cost (NC), which is generally the cost of the benefit the member accrued that year.
- (2) The cost of debt payments.

Proposed law retains present law.

Present law (R.S. 11:62) establishes a set rate for employee contributions, which varies depending on retirement system, date of hire, and plan provisions. For example, rank-and-file members in LASERS, TRSL, and LSERS first hired on or after Jan. 1, 2011, pay 8% of their pay in employee contributions. Members of STPOL and Hazardous Duty members of LASERS first hired on or after Jan. 1, 2011, pay 9.5% of their pay in employee contributions. The amount that employees are required to pay pursuant to present law covers part of the NC, regardless of the amount being paid and the plan the member belongs to. The employer contribution is calculated to cover the remaining portion of the NC and all of the debt payment costs for that year.

Proposed law (R.S. 11:102.3) provides that for a member of a state retirement system whose first date of employment making him eligible for membership in a state system occurred on or after July 1, 2017, the member must pay half of his NC and half of the cost of debts attributable to an augmentation of the member's benefit during his period of active service.

Present law (R.S. 11:102) requires that any over or underpayment of contributions be amortized as a credit or debit against the employer contribution rate calculation over a five-year period. Proposed law prohibits the inclusion of any amounts attributable to employee contributions to be utilized in this calculation, beginning July 1, 2018. Further requires that any over or underpayment of employee contributions received on or after July 1, 2018, be calculated and factored into the employee

contribution rate calculation as a credit or debit over a five-year period with level-dollar payments.

Proposed law requires the Public Retirement Systems' Actuarial Committee to meet as soon as practicable after proposed law becomes effective and to adopt revised valuations for each state retirement system containing employee and employer contribution rates calculated pursuant to proposed law to be utilized in the fiscal year beginning July 1, 2017.

Effective if and when the proposed amendment of Article X of the Constitution of La. contained in the Act which originated as House Bill No. ____ of this 2016 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 11:62(4)(b), (5)(a)(ii) and (iii), (b), (c)(ii), (e)(ii), and (g), (10)(b), and (11), 102(B)(1) and (3)(a), (c), and (d)(vi)(aa)(I) and (viii)(aa)(I), (C)(4)(a), (b)(i), and (c), and (D)(4)(a) - (c), and 102.3; Adds R.S. 11:62(4)(c), (5)(a)(iv) and (v), (c)(iii), and (e)(iii), and (10)(c) and 102.4)