DIGEST

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HB 35 Original | 2021 Regular Session | Charles Owen

Abstract: Provides relative to employer contributions and cost-of-living adjustments for the Municipal Police Employees' Retirement System(MPERS).

Present law authorizes certain statewide retirement systems, including MPERS, to hold employer contribution rates above the minimum that is actuarially required in certain circumstances. Generally, in a year in which the required contribution rate would otherwise decrease, the systems are authorized to set the contribution rate anywhere between the new lower rate and the previous year's higher rate.

Proposed law retains present law, except that for MPERS, the maximum contribution rate is the midpoint between the new lower rate and the previous year's higher rate.

Present law, applicable to MPERS, prohibits such a rate increase if it caused the contribution rate to exceed 15%. Proposed law repeals this prohibition.

Present law, which is not applicable to MPERS, establishes a funding deposit account in most of the statewide systems that have the authority to require additional employer contributions. Funds collected pursuant to present law in excess of the actuarially required employer contributions are credited to this account and may be used by the board of trustees of the system for the following specific purposes:

(1) To reduce system unfunded accrued liabilities.

(2) To reduce future employer contributions.

(3) To pay cost-of-living adjustments.

Present law, applicable only to MPERS, requires that funds collected in excess of actuarially required employer contributions be applied to one of the following:

(1) Reducing system initial unfunded accrued liabilities.

(2) Reducing certain outstanding amortization charges.

Proposed law repeals present law that is applicable only to MPERS. Proposed law makes present law applicable to other systems applicable to MPERS except that MPERS is not authorized to use funds in the funding deposit account to pay cost-of-living adjustments.

Present law authorizes the MPERS board of trustees to use interest earnings in excess of normal requirements to provide a cost-of-living increase for retired members, survivors, and beneficiaries in an amount not to exceed 3% of the original benefit or not to exceed 3% of the benefit being received at the time

Proposed law repeals present law and provides instead that the board of trustees may set the employer contribution rate .85% higher than the amount otherwise required by present law and authorized by proposed law. Provides that the proceeds of such additional contributions shall be deposited into a cost-of-living adjustment prefunding account and that increases may be paid when there are sufficient funds in the account.

Proposed law does however authorize payment of one cost-of-living increase from excess interest earnings if no such increase has been funded from the cost-of-living adjustment prefunding account and the system meets funded ratio targets established by present law.

Proposed law provides that cost-of-living increases are paid only to retirees and beneficiaries who are 67 years of age or over in an amount not to exceed 2% of the lesser of the benefit that was originally paid to the beneficiary or the average monthly benefit in payment to service retirees as of the end of the preceding fiscal year.

(Amends R.S. 11:107.1(D)(4)(c) and 107.2(B); Adds R.S. 11:107.1(A)(7) and 2225.5; Repeals R.S. 11:107.2(A),(C), and (D) and 2225(A)(7))