

Regular Session, 2011

SENATE BILL NO. 6

BY SENATOR GAUTREAUX

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TEACHERS RETIREMENT. Provides for continued payment of the unfunded accrued liability portion of employer contributions after participation ceases. (6/30/11)

1 AN ACT

2 To enact R.S. 11:887.1, relative to the Teachers' Retirement System of Louisiana; to provide
3 for payment of unfunded accrued liability by an employer that withdraws some or
4 all of its employees from the retirement system; to provide for all other withdrawal
5 liabilities of such employers; to provide for determination of amount of withdrawal
6 liability payment and collection of same; to provide an effective date; and to provide
7 for related matters.

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

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:887.1 is hereby enacted to read as follows:

11 **§887.1 Unfunded accrued liability; payment by employing agency**

12 **A.(1) Notwithstanding any other provision of law to the contrary, if an**
13 **employing agency is authorized by law to terminate its participation in the**
14 **retirement system and terminates participation for all of its employees, such**
15 **employing agency shall remit to the retirement system its proportionate share**
16 **of any unfunded actuarial accrued liability of the retirement system, as further**
17 **provided in this Section.**

1 **(2) Notwithstanding any other provision of law to the contrary, if an**
2 **employing agency terminates its participation in the retirement system for some**
3 **of its employees by eliminating positions held by such employees through**
4 **privatizing, outsourcing, contracting the service with a private employer, or any**
5 **other means, the employer shall remit to the retirement system its proportionate**
6 **share of any unfunded actuarial accrued liability, as further provided in this**
7 **Section.**

8 **(3) Notwithstanding any other provision of law to the contrary, if a**
9 **school or entity under an employer's jurisdiction is converted to any other**
10 **governance model or transferred to any other entity, the receiving entity shall**
11 **remit to the retirement system the proportionate share of any unfunded**
12 **actuarial accrued liability, as further provided in this Section.**

13 **B.(1) The amounts required to be remitted pursuant to this Section shall**
14 **be determined by the actuary employed by the retirement system as of June**
15 **thirtieth immediately prior to the respective date of the termination of**
16 **participation, elimination of positions, or conversion or transfer of the school**
17 **or entity, and shall account for any legacy costs attributable to the employing**
18 **agency's retirees.**

19 **(2) The amounts due pursuant to this Section shall, at the option of the**
20 **employing agency, be paid either in a lump sum or in equal monthly payments**
21 **with interest at the retirement system's actuarial valuation rate amortized over**
22 **ten years or less.**

23 **C. Should an employing agency fail to make payment pursuant to this**
24 **Section timely, the amount due shall be collected in the same manner as**
25 **authorized by R.S. 11:886 and 887.**

26 Section 2. The provisions of this Act shall apply to any employing agency
27 participating in the retirement system in any plan year ending on or after June 30, 2011.

28 Section 3. This Act shall become effective on June 30, 2011; if vetoed by the
29 governor and subsequently approved by the legislature, this Act shall become effective on

1 June 30, 2011, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren B. Bailey.

DIGEST

Present law does not provide for a mechanism for an employer to withdraw some or all of its employees from the Teachers' Retirement System of Louisiana (TRSL).

Proposed law relative to TRSL provides that if an employing agency is authorized by law to terminate its participation in the retirement system and terminates its participation for some or all of its employees, such employing agency shall remit to the retirement system its share of any unfunded accrued liability (UAL) of the retirement system existing on the June 30th immediately prior to the date of the employing agency's termination.

Proposed law provides that the amounts due shall be determined by the actuary employed by the system and shall be paid in a lump sum or amortized over ten years or less in equal monthly payments with interest either at the retirement system's actuarial valuation rate, at the option of the employer. Provides that the calculation shall account for any legacy costs attributable to the employing agency's retirees.

Proposed law provides that should an employing agency fail to make payment the amount due shall be collected in the same manner as authorized by present law (R.S. 11:886 and 887).

Effective June 30, 2011.

(Adds R.S. 11:887.1)