

Regular Session, 2010

SENATE BILL NO. 119

BY SENATOR B. GAUTREAUX

PAROCHIAL EMPLOYEES RET. Provides for funding of the Parochial Employees' Retirement System. (7/1/10)

1 AN ACT

2 To amend and reenact R.S. 11:1939, 2011, and 2014(C), and to repeal R.S. 11:1903(H) and
3 2012(D), relative to the Parochial Employees' Retirement System; to provide relative
4 to plans within the system; to provide for funding of such plans; to provide for
5 proper contributions for funding purposes; to provide relative to the funds to which
6 system assets are credited; to provide for interest and penalties; to provide for an
7 effective date; and to provide 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. 11:1939, 2011, and 2014(C) are hereby amended and reenacted to
11 read as follows:

12 §1939. Persons not properly enrolled **or properly contributing** as members

13 **A.** Any person whose membership in the system was a mandatory condition
14 of employment but was not enrolled as a member due to administrative error, may
15 upon application receive credit for the time such person was otherwise eligible for
16 membership. The person's employer ~~must~~ **shall** certify the inclusive dates of
17 employment and the salary earned by the member during these dates, or the person

1 shall submit such other evidence in lieu thereof as shall be requested by the board.
2 The person, his employer, and any other person submitting evidence on his behalf,
3 shall certify all evidence by an affidavit in authentic form. Should any facts or
4 evidence not be true which would disqualify him from benefits, the person shall lose
5 all rights to any benefits from this system. In order to receive this credit the person
6 and the employer shall pay the greater of: an amount equal to the employee and
7 employer contributions which would have been paid had the person been enrolled
8 at the time of employment, plus interest as determined by the board, which shall be
9 not less than ~~seven percent~~ **the system's actuarial valuation rate** compounded
10 annually, or an amount which, on an actuarial basis, totally offsets the increase in
11 accrued liability of the system resulting from the receipt of the credit by the person.
12 The amount payable shall be calculated by use of the actuarial funding method,
13 assumptions, and tables in use by the system at the time of the person's application
14 for credit.

15 **B. Any member who was properly enrolled, but who was not**
16 **contributing on his full rate of compensation due to administrative error, may**
17 **upon application receive credit for the amount of earnings which would**
18 **otherwise be used to determine the member's final compensation. The**
19 **member's employer shall certify the inclusive dates of employment and the**
20 **salary earned by the member during these dates. The member, his employer,**
21 **and any other person submitting evidence on the member's behalf, shall certify**
22 **all evidence by an affidavit in authentic form. In order to receive this credit the**
23 **member and the employer shall pay the greater of: an amount equal to the**
24 **employee and employer contributions which would have been paid using the**
25 **member's correct rate of compensation at the time such compensation was**
26 **received by the member, plus interest at the current system actuarial valuation**
27 **rate, or an amount which, on an actuarial basis, totally offsets the increase in**
28 **accrued liability of the system resulting from the receipt of the credit by the**
29 **person. The amount payable shall be calculated by use of the actuarial funding**

1 method, assumptions, and tables in use by the system at the time of the
 2 member's application for credit. A member who does not purchase the
 3 additional credit relative to his full rate of compensation shall be given full
 4 eligibility service credit, however, he shall be given pro rata service credit based
 5 on the percentage of salary reported to the retirement system relative to his full
 6 rate of compensation for benefit computation purposes.

7 * * *

8 §2011. General

9 All of the assets of the retirement system shall be credited according to the
 10 purpose for which they are held to one of ~~thirteen~~ twelve funds, namely the annuity
 11 savings fund A, the annuity savings fund B, the annuity savings fund C, the annuity
 12 reserve fund A, the annuity reserve fund B, the annuity reserve fund C, the pension
 13 accumulation fund A, the pension accumulation fund B, the pension accumulation
 14 fund C, ~~the~~ Deferred Retirement Option Plan Fund A, the ~~Deferred Retirement~~
 15 ~~Option Plan Fund B, and the~~ Deferred Retirement Option Plan Fund C, and the
 16 ~~expense fund.~~ Expenses for the entire system shall be paid from the pension
 17 accumulation fund from Plan A. Annually, a transfer of funds from Plans B
 18 and C shall be made to reimburse Plan A for the pro rata expenses attributable
 19 to each fund.

20 * * *

21 §2014. Payment of contributions; delinquency penalty; agreement to deductions

22 * * *

23 C. Payments due under Subsections A ~~and B, above,~~ of this Section shall
 24 be considered delinquent when not received by the system within fifteen days after
 25 the close of each fiscal quarter as determined by the Board. Delinquent payments
 26 ~~may~~ shall, with interest at the rate of one and one-half percent per month
 27 compounded monthly, become due immediately upon determination of
 28 delinquency by the board and may be recovered by action in a court of competent
 29 jurisdiction against the employer liable therefor or shall, upon due certification of

1 delinquency and at the request of the board, be deducted from any other ~~moneys~~
 2 monies payable to such employer by any department or agency of the state. The
 3 board may request its actuary to compute the accrued liability of the system
 4 resulting from the delinquent receipt of these payments. If, pursuant to that
 5 calculation, it is determined that the payment of interest, as specified in this
 6 Subsection, is insufficient to pay the amount which, on an actuarial basis, totally
 7 offsets the increase in accrued liability of the system resulting from the receipt
 8 of the credit by the employee for the delinquent payments, the board shall also
 9 collect an additional amount, sufficient, on an actuarial basis, to totally offset
 10 the increase in accrued liability. This sum shall be due and owing and may be
 11 recovered as specified in this Subsection. The amount payable shall be
 12 calculated by use of the actuarial funding method, assumptions, and tables in
 13 use by the system at the time of the person's application for credit.

14 Section 2. R.S. 11:1903(H) and 2012(D) are hereby repealed.

15 Section 3. This Act shall become effective on July 1, 2010; if vetoed by the governor
 16 and subsequently approved by the legislature, this Act shall become effective on July 1,
 17 2010, 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 (R.S. 11:1939) provides that any person whose membership in the Parochial Employees' Retirement System (PERS) was a mandatory condition of employment but was not enrolled due to administrative error may, upon application receive credit for the time such person was otherwise eligible for membership. Present law requires proof of inclusive dates of employment and the salary earned by the member during these dates. Provides that to receive this credit the person and the employer shall pay the greater of: an amount equal to the employee and employer contributions which would have been paid had the person been enrolled at the time of employment, plus interest thereon, or an amount which, on an actuarial basis, totally offsets the increase in accrued liability of the system resulting from the receipt of the credit by the person.

Proposed law retains present law.

Proposed law provides that a member who was properly enrolled, but who was not contributing on his full rate of compensation due to an administrative error may apply to receive credit for the amount of earnings which would otherwise be used to determine the member's final compensation for benefit calculation.

Proposed law provides that if member fails to purchase the additional credit relative to his full rate of compensation he will be given pro rata service credit based on the percentage of salary reported to the system relative to his full rate of compensation.

Proposed law retains present law provisions regarding proof of dates of employment and salary earned, and providing for actuarial calculation of payment amount.

Present law provides that all assets of PERS shall be credited to one of thirteen funds, including an annuity savings fund, an annuity reserve fund, a pension accumulation fund and a Deferred Retirement Option Plan fund for each of the system's three retirement plans, and the system's expense fund.

Proposed law reduces the total number of funds in the PERS to twelve by terminating the use of the expense fund.

Proposed law provides for all expenses of the system to be paid from the pension accumulation fund from Plan A with an annual transfer of funds from Plans B & C to reimburse Plan A for the pro rata expenses attributable to each fund.

Present law provides that each employer participating in PERS shall pay employer and employee contributions into the appropriate fund by the due dates determined by the Board. Provides that employer contributions shall be considered delinquent when not received by the system within 15 days after the close of each fiscal quarter.

Proposed law retains present law.

Present law allows delinquent payments plus interest to be recovered by action in a court of competent jurisdiction. Present law mandates delinquent contributions to be deducted from any other monies payable to such employer by any department or agency of the state, upon due certification of delinquency and at the request of the board.

Proposed law retains present law. Proposed law specifies that delinquent payments plus interest become due and payable upon determination of delinquency by the board.

Proposed law provides that if the dollar amount of employer contributions plus interest calculated pursuant to present law is insufficient to fully fund the actuarial liability caused by the delinquency PERS shall demand additional payments which, on an actuarial basis, totally offset the accrued liability of the system.

Present law (R.S. 11:1903) provides that, on and after July 1, 1997, all plans submitted for approval shall be enrolled in Plan A or Plan C.

Proposed law repeals present law.

Effective July 1, 2010.

(Amends R.S. 11:1939, 2011, and 11:2014 (C); repeals 11:1903(H) and 11:2012(D))