



## TREASURER OF THE STATE OF LOUISIANA

**John Neely Kennedy**  
State Treasurer

P. O. Box 44154  
Baton Rouge, LA 70804  
(225) 342-0010  
www.latreasury.com

February 15, 2011

# REVISED

## MEETING NOTICE of the

### FUNDING REVIEW PANEL

Established by Act No. 448 of the 2005 Regular Session

Revised by Act No. 93 of the 2010 Regular Session

**TO:** Members of the Funding Review Panel  
**FROM:** John Neely Kennedy, State Treasurer, Chairman of the Panel  
**DATE:** Thursday, February 24, 2011  
**TIME:** 9:00 a.m.  
**PLACE:** House Committee Room 6, State Capitol, Baton Rouge, LA

### AGENDA

- I. Call to order & roll call
- II. Approval of minutes of December, 2010 and January, 2011 meetings
- III. Presentations and discussion regarding providing increased actuarial soundness and an affordable benefit for the Firefighters' Retirement System, the Municipal Employees' Retirement System, and the Municipal Police Employees' Retirement System
  - A. Presentation and consideration of proposed Findings to be included in the Report to the Legislature
  - B. Consideration of Proposals 1 through 12 for inclusion in the Report to the Legislature.

#### PROPOSAL NO. 1

Increase the insurance premium assessment on insurance premiums sold in the state contained in R.S. 22:1476 from 1% to 1.2% with the additional 0.2% of proceeds to be dedicated to the four public retirement systems as currently provided in that statute.

PROPOSAL NO. 2

Allow dedicated funds from the proceeds of the assessment in R.S. 22:1476 in excess of one year's allocation to remain available for future funding of the retirement systems named in the statute.

PROPOSAL NO. 3

Increase the employee contribution rates fixed by law.

- (A) Provide a permanent fixed employee contribution rate that is greater than the current rate.
- (B) Provide a fixed employee contribution rate that is greater than the current rate, together with a schedule of automatic reductions triggered by decreases in the actuarially-required employer contribution rate.
- (C) Replace the fixed employee contribution rate with a scheme in which the employee and employer share specified plan costs with the employee paying a fixed percentage of such costs and the employer funding the remainder.
  - (1) Provide for employees to share in a fixed percentage of normal cost only.
  - (2) Provide for employees to share in a fixed percentage of normal cost and payments for the unfunded accrued liability created after some future date.
  - (3) Provide for employees to share in a fixed percentage of normal cost and payments for all unfunded accrued liability, created in the past as well as the future.

PROPOSAL NO. 4

Increase the actuarially-assumed rate of return for fire and police from 7.5% to 8.0%.

PROPOSAL NO. 5

Relieve employers from contributing on supplemental pay.

- (A) Exclude supplemental pay from earned compensation and benefit calculation.
- (B) Shift responsibility for funding the employer contributions attributable to supplemental pay to the employees or to the state.

PROPOSAL NO. 6

Prevent inter-employer cost-shifting for large pay raises.

PROPOSAL NO. 7

Provide a reasonable mechanism for employers to withdraw from fire and police systems without leaving legacy costs to be funded by the remaining employer participants or members.

PROPOSAL NO. 8

Reduce future benefit accruals.

PROPOSAL NO. 9

Reduce compensation used to calculate benefit payments.

- (A) Subject the three systems to a 15% anti-spiking provision.
- (B) Exclude supplemental pay from earned compensation.
- (C) Exclude pay increases mandated pursuant to R.S. 33:1992(B) from earned compensation.
- (D) Cap annual earned compensation at \$106,800, indexed to social security requirements.

PROPOSAL NO. 10

Add members to the boards of trustees for police and municipal employees.

PROPOSAL NO. 11

Allow fire and police to maintain the employer contribution rate at the existing level in any year in which the net actuarially-required contribution would otherwise function to reduce the rate, with the additional funds to be applied to reduce the system's unfunded accrued liability.

PROPOSAL NO. 12

Review methods for valuation of system assets.

- C. Presentation and consideration of any other matter proposed for inclusion in the Report to the Legislature.

Page 4  
February 15, 2011

- IV. Discussion of future meetings, schedule, and topics for consideration
- V. Other business
- VI. Adjournment

*For further information or questions, please contact Laura Gail Sullivan at (225) 342-1196.*