SENATE BILL NO. 6

BY SENATORS PRICE, FIELDS, HENSGENS, ROBERT MILLS, MIZELL, PEACOCK
AND TALBOT AND REPRESENTATIVES ADAMS, BOYD,
DEVILLIER, ILLG, JEFFERSON, LAFLEUR, LARVADAIN,
NELSON AND TARVER

AN ACT

To provide a permanent benefit increase to retirees and beneficiaries of the 'Teachers'
Retirement System of Louisiana; to authorize payments funded by the retirement
system's experience account; to provide for qualifications for receipt of such
payments; to provide relative to the amount of such payments; to provide for an
effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. The legislature finds that the experience account of the
Teachers' Retirement System of Louisiana was created for the purpose of
accumulating money sufficient to provide actuarial funding of permanent
post-retirement benefit increases for certain retirees and beneficiaries of the
system. The legislature further finds that the experience account is credited with
a portion of the system's investment gain in excess of certain thresholds and
with interest on funds in the account; provided, however, that the amount in the
experience account shall in no event exceed the reserve necessary to grant one
permanent benefit increase until the system is at least eighty percent funded.

Section 2. The legislature finds that permanent benefit increases funded
by the experience account monies are payable to regular retirees who have been
retired for at least one year and who have attained the age of sixty years; to
disability retirees who have been retired at least one year regardless of age; to
beneficiaries of retirees who would have met the applicable criteria to receive
the increase if they had survived; and to nonretiree beneficiaries who have been
receiving benefits for at least a year and whose benefits are derived from service
of deceased members who would have attained age sixty. The legislature further
finds that any increase payable in 2022 shall be calculated on an amount not to
Section 3. The legislature finds that, in accordance with the provisions of R.S. 11:883.1, the board of trustees of the Teachers' Retirement System of Louisiana at its November 4, 2021, meeting adopted a resolution recommending to the president of the Senate and the speaker of the House of Representatives that the legislature grant a permanent benefit increase to the eligible retirees and beneficiaries of the system in accordance with the provisions of R.S. 11:883.1 and Article X, Section 29(F) of the Constitution of Louisiana.

Section 4. The legislature finds that the resolution presented to the presiding officers of this body is expected to contain a recitation of the statutorily required conditions and specification of the satisfaction of each as follows:

(A) For the plan year that ended June 30, 2021, the Teachers' Retirement System of Louisiana earned an actuarial rate of return of twelve and sixty-five one-hundredths percent, which exceeded the board-approved actuarial valuation rate of seven and forty-five hundredths percent.

(B) The provisions of R.S. 11:883.1(D) provide for a permanent benefit increase that does not exceed the lesser of two percent or the increase in the Consumer Price Index for All Urban Consumers, U.S. city average under certain conditions, including:

(1) The system earned an actuarial rate of return that exceeds the board approved actuarial valuation rate.

(2) The system is at least sixty-five percent funded but less than seventy-five percent funded.

(3) The legislature has not granted a benefit increase in the preceding fiscal year.

(C) The system actuary has determined that the actuarial liability created by providing a permanent benefit increase of two percent is approximately three hundred sixty-nine million dollars. The system actuary
computed the balance in the experience account to be three hundred sixty-nine
million dollars, an amount sufficient to fund a benefit increase up to two percent
on an actuarial basis.

Section 5. The legislative auditor has confirmed that the legislative
auditor's actuary is in the process of determining whether he agrees with the
determinations of the system actuary.

Section 6. The Consumer Price Index for All Urban Consumers, U.S. city
average for all items as prepared by the U.S. Department of Labor, Bureau of
Labor Statistics for the twelve-month period ending June 30, 2021, is five and
four-tenths percent, which exceeds two percent.

Section 7. Contingent upon satisfaction of all necessary conditions
contained in R.S. 11:883.1, the first sixty-eight thousand three hundred
ninety-six dollars of the current benefit of each retiree and beneficiary of the
Teachers' Retirement System of Louisiana who meets the eligibility criteria
contained in the statute and provided in this Act shall be increased by two
percent effective July 1, 2022.

Section 8. The cost of this Act shall be funded with monies from the system's
experience account. Any additional cost of this Act shall be funded with additional employer
contributions in compliance with Article X, Section 29(F) of the Louisiana Constitution.

Section 9. This Act shall become effective on June 30, 2022; if vetoed by the
governor and subsequently approved by the legislature, this Act shall become effective on
June 30, 2022, or on the day following such approval by the legislature, whichever is later.

______________________________________________________________
PRESIDENT OF THE SENATE

______________________________________________________________
SPEAKER OF THE HOUSE OF REPRESENTATIVES

______________________________________________________________
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: ________________