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: ____________