RÉSUMÉ DIGEST

ACT 227 (SB 17) **2026 Regular Session** **Talbot**

Existing law authorizes certain statewide retirement systems, to grant increases in the monthly benefits, commonly called cost-of-living adjustments (COLAs), to retirees and other beneficiaries. Prior law also established eligibility requirements, timing, and benefit amounts for COLAs and limited authority based on the system's funding level and time elapsed since the last COLA.

Existing law, applicable to certain statewide systems, authorizes the board of trustees to set employer contribution rates above the actuarially required contribution rate calculated in accordance with existing law (R.S. 11:103).

Existing law, applicable to certain statewide systems, provides for a funding deposit account (FDA) for accumulation of the additional employer contributions collected as a result of the board setting an employer contribution rate above the actuarially required rate and specified the purposes for which the money in the FDA may have been used, one of which was providing COLAs.

New law retains existing law for certain statewide retirement systems but repeals applicability to ROVERS.

Prior law authorized the ROVERS board of trustees to use excess investment earnings to provide a COLA of up to 3% of the original benefit to members who have been retired at least two years.

New law makes the ROVERS (FDA) the sole authorized funding source for COLAs by removing the authority to use excess investment earnings and provides that the COLA begins on July first following board approval.

Existing law limites the authority of certain statewide system boards to grant a COLA by authorizing the board to grant a COLA only if the system met one of the following criteria:

(1) At least 90% funded and no COLA was granted in the last fiscal year.

(2) At least 80% but less than 90% funded, and no COLA was granted in the last two years.

(3) At least 70 % but less than 80% funded, and no COLA was granted in the last three years.

New law retains existing law for other systems and adds authorization for the ROVERS board to grant a COLA in any year in which the system is more than 100% funded. New law further defines the funded ratio as the ratio of the actuarial value of assets to the level percentage of payroll entry age normal actuarial accrued liability, excluding the money that will fund the COLA.

Existing law provides that, unless the legislature or the system board specified otherwise, a COLA had to be an increase of the monthly benefit of each recipient in the dollar amount equal to (A) the total of the number of years of credited service accrued at retirement or at death of the member or retiree plus (B) the number of years since retirement or since death of the member or retiree. Existing law further provides that if there were not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years (A+B), then the rate was to be reduced in proportion to the amount of funds that were available to fund the COLA.

New law allows the ROVERS board to grant a COLA of a dollar amount based on a multiplier or fraction of (A) the years of service credit and (B) the years since benefit payments began but prohibits the increase from exceeding the actuarial present value of a COLA that increases each recipient's benefit by 3%. New law otherwise retains existing law for the other retirement systems.

Existing law, applicable to certain statewide systems, authorizes the board of trustees to use excess investment income to provide a supplemental COLA equal to 2% of the original benefit to all retirees and beneficiaries who are 65 years of age or older if the actuarial rate of return exceeded the valuation interest rate. Existing law, governing the FDA, allows FDA money to be used to fund any COLA otherwise authorized by law.

New law authorizes the ROVERS board to grant a COLA of up to 2% of the current benefit to recipients who are 65 years of age or older funded by money in the FDA. New law further provides that this may be in addition to any other COLA granted. New law otherwise retains existing law for the other retirement systems.

Effective May 15, 2026.

(Amends R.S. 11:2073; adds R.S. 11:2145; repeals R.S. 11:105(A)(6), 106(A)(4), 107(A)(5), 107.1(A)(5), 242(B)(6), 243(A)(6), and 246(A)(6))