

SENATE BILL NO. 2

BY SENATOR PEACOCK

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AN ACT

To grant a permanent benefit increase to retirees and beneficiaries of the Louisiana State Police Retirement System in conformity with the statutory provisions governing the system's experience account.

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 Louisiana State Police Retirement System 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 2018 shall be calculated on the first sixty-one thousand five hundred eighty-eight dollars of a

1 retirement benefit only.

2 Section 3. The legislature finds that, in accordance with the provisions of R.S.
3 11:1332, the board of trustees of the Louisiana State Police Retirement System has sent
4 a resolution recommending to the president of the Senate and the speaker of the House
5 of Representatives that the legislature grant a permanent benefit increase to the eligible
6 retirees and beneficiaries of the system in accordance with the provisions of R.S.
7 11:1332 and Article X, Section 29(F) of the Constitution of Louisiana.

8 Section 4. The legislature finds that the resolution presented to the presiding
9 officers of the legislature contains a recitation of the statutorily required conditions and
10 specification of the satisfaction of each as follows:

11 (A) For the plan year that ended June 30, 2017, the Louisiana State Police
12 Retirement System earned an actuarial rate of return of eight and twenty-three one-
13 hundredths percent, which exceeded the board-approved actuarial valuation rate of
14 seven percent, and was seventy-two and ninety-one one-hundredths percent funded.

15 (B) For any year in which the system's rate of return is at least seven percent,
16 R.S. 11:1332(C), provides that if the system is at least sixty-five percent funded but less
17 than seventy-five percent funded and the legislature has not granted a benefit increase
18 in the preceding year, a permanent benefit increase shall not exceed the lesser of two
19 percent or the increase in the consumer price index, U.S. city average for all urban
20 consumers, as prepared by the U.S. Department of Labor, Bureau of Labor Statistics,
21 for the twelve-month period ending on the system's valuation date preceding the
22 increase.

23 (C) The consumer price index, U.S. city average for all urban consumers, as
24 prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve-
25 month period ending June 30, 2017, was determined to be one and six-tenths percent,
26 which is less than two percent.

27 (D) The system actuary has determined that the actuarial liability created by
28 providing a permanent benefit increase of one and six-tenths percent is approximately
29 five million two hundred sixty thousand dollars. The system actuary computed the
30 balance in the experience account to be over five million two hundred sixty thousand

1 dollars, an amount sufficient to fund a benefit increase up to one and six-tenths
2 percent.

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

6 Section 6. Contingent upon satisfaction of all necessary conditions contained in
7 R.S. 11:1332, the first sixty-one thousand five hundred eighty-eight dollars of the
8 current benefit of each retiree and beneficiary of the Louisiana State Police Retirement
9 System who meets the eligibility criteria contained in the statute and recited herein
10 shall be increased by the applicable 2017 consumer price index of one and six-tenths
11 percent effective July 1, 2018.

12 Section 7. This Act shall become effective on June 30, 2018; if vetoed by the
13 governor and subsequently approved by the legislature, this Act shall become effective on
14 June 30, 2018, 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: _____