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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by LG Sullivan.

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SB 438 Original	DIGEST 2022 Regular Session	Price
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Present law, for any new rank-and-file state employee, requires La. State Employees' Retirement System (LASERS) membership in a defined benefit (DB) plan known as the "Regular Employee 4 Plan" (Regular 4) as a condition of employment. Provides for retirement, disability, and survivor benefits subject to certain conditions.

Proposed law provides automatic enrollment in a New Retirement Plan (New Plan) for rank-and-file state employees hired on or after Jan. 1, 2024, with a defined contribution (DC) component and a DB component. Allows the employee to make an irrevocable election to transfer from the New Plan to the LASERS DB plan within the first two years of enrollment in the New Plan.

Present law requires employee contributions of 8% of pay. Provides for retirement with five years of service at age 62 without benefit reduction or with 20 years at any age with an actuarially reduced benefit. Requires employer contributions to be actuarially determined.

Proposed law generally retains present law. Provides for employee's 8% New Plan contribution to be allocated, 4% to the DB plan and 4% to the DC component. Requires actuarial determination of employer contributions to include a 3% contribution to the DC component.

Present law provides for the Regular 4 retirement benefit to be calculated as a percentage of "final average compensation" (FAC). FAC is based on earnings in the 60-month period during which average earnings were the highest. Provides for a benefit calculation formula of 2.5% x years of service credit x FAC.

Proposed law generally retains present law and provides for a benefit calculation formula of 1.8% x years of service credit x FAC.

Proposed law provides for automatic 2% cost-of-living adjustments in every odd-numbered year, payable on the monthly benefit being received.

Proposed law provides a DC account. Allows the LASERS board to select providers. Requires certain investment choices to be available to the member for investment of account funds. Provides a schedule for vesting of the funds in the account in excess of the member's employee contributions. Allows the member to receive a distribution of the account balance if he separates from service. Provides for the balance to be annuitized upon retirement.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 11:102(C)(3)(a), 471(A), 532(A)(1), 533(A)(1), 538, and 542(B)(2)(a); adds R.S.

11:102(C)(6)(e), 102.1(E), 471(G), 537(G) and (H), and 641-658 and R.S. 24:36(N))