

SENATE BILL NO. 18

BY SENATORS PRICE, BARROW, BERNARD, BOUDREAUX, BOUIE, CARTER, CATHEY, CONNICK, CORTEZ, DUPLESSIS, FIELDS, FOIL, HARRIS, JACKSON, LAMBERT, POPE, SMITH, TARVER AND WOMACK AND REPRESENTATIVES ADAMS, BACALA, BOURRIAQUE, BOYD, BRASS, BROWN, CARPENTER, ROBBY CARTER, WILFORD CARTER, FISHER, FONTENOT, FREIBERG, GLOVER, HUGHES, ILLG, IVEY, JEFFERSON, JENKINS, TRAVIS JOHNSON, LACOMBE, LARVADAIN, MARCELLE, DUSTIN MILLER, MOORE, NEWELL, PHELPS, PIERRE, SELDERS, STAGNI, TARVER, WHITE, WILLARD AND ZERINGUE

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(1), (2)(a), and (3)(e) and to enact R.S.  
3 11:102(C)(6)(e), (D)(6)(e), (E)(5), and (F)(4), 542(G), 547, 883.1(G), 883.5,  
4 1145.1(F), 1145.6, 1332(G), and 1332.1, relative to the funding mechanism for and  
5 payment of benefit increases to persons receiving benefits from the state retirement  
6 systems; to provide for the determination of required employer contributions; to  
7 provide relative to eligibility to receive an increase; to provide for an effective date;  
8 and to provide for related matters.

9 Notice of intention to introduce this Act has been published.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:102(B)(1), (2)(a), and (3)(e) are hereby amended and reenacted  
12 and R.S. 11:102(C)(6)(e), (D)(6)(e), (E)(5), and (F)(4), 542(G), 547, 883.1(G), 883.5,  
13 1145.1(F), 1145.6, 1332(G), and 1332.1 are hereby enacted to read as follows:

14 §102. Employer contributions; determination; state systems

15 \* \* \*

16 B.(1)(a) Except as provided in R.S. 11:102.1, 102.2, 102.3, 102.4, and 102.5  
17 and in Paragraph (5) of this Subsection, for each fiscal year, commencing with Fiscal  
18 Year 1989-1990, for each of the public retirement systems referenced in Subsection  
19 A of this Section, the legislature shall set the required employer contribution rate for  
20 each system or plan equal to the **sum of the following:**



1 following:

2 \* \* \*

3 (e) The cost-of-living adjustment account funding contribution rate.

4 (i) Effective July 1, 2023, the rate provided for in this Subparagraph,  
5 referred to in this Subsection as the "AFC rate", shall be zero.

6 (ii) Notwithstanding any other provision of this Section to the contrary,  
7 except the provisions of Item (iv) of this Subparagraph, effective for the June  
8 30, 2023 system valuation and beginning July 1, 2024, for any fiscal year in  
9 which the projected aggregate employer contribution rate decreases, the  
10 maximum AFC rate shall increase by the lesser of one-half of the amount of the  
11 decrease in the projected aggregate employer contribution rate determined  
12 under this Section or the amount necessary for the maximum AFC rate to equal  
13 two and one-half percent. Any increase in the maximum AFC rate shall be  
14 permanent. The maximum AFC rate shall not exceed two and one-half percent.

15 (iii)(aa)(I) Notwithstanding any other provision of this Subparagraph to  
16 the contrary, through Fiscal Year 2038-2039, the sum of the AFC rate and the  
17 projected aggregate employer contribution rate for any given fiscal year shall  
18 not exceed the projected aggregate employer contribution rate determined for  
19 Fiscal Year 2023-2024 in the June 30, 2022 system valuation. If the sum of the  
20 maximum AFC rate and the projected aggregate employer contribution rate  
21 exceeds the projected aggregate employer contribution rate determined for  
22 Fiscal Year 2023-2024, the AFC rate to be applied shall be reduced from the  
23 maximum, for that fiscal year only, by the lesser of the amount by which the  
24 sum of the maximum AFC rate and the projected aggregate employer  
25 contribution rate exceeds the projected aggregate employer contribution rate  
26 determined for Fiscal Year 2023-2024 or the amount of the maximum AFC rate.

27 (II) Notwithstanding any other provision of this Subparagraph to the  
28 contrary, for fiscal years 2024-2025 through 2027-2028, if the projected  
29 aggregate employer contribution rate for Fiscal Year 2024-2025 is more than  
30 three percentage points lower than the projected aggregate employer

contribution rate determined for Fiscal Year 2023-2024 in the June 30, 2022 system valuation then the AFC rate to be applied for a particular year will be the lesser of the rate determined under Subsubitem (I) of this Subitem or the corresponding rate for that year in the following table:

<u>Fiscal Year</u>	<u>AFC Rate</u>
<u>2024-2025</u>	<u>1.50%</u>
<u>2025-2026</u>	<u>1.75%</u>
<u>2026-2027</u>	<u>2.00%</u>
<u>2027-2028</u>	<u>2.25%</u>

(bb) Notwithstanding any other provision of this Subparagraph to the contrary, beginning in Fiscal Year 2039-2040, the sum of the AFC rate and the projected aggregate employer contribution rate for any given fiscal year shall not exceed twenty-two percent. If the sum of the maximum AFC rate and the projected aggregate employer contribution rate exceeds twenty-two percent, the AFC rate to be applied shall be reduced from the maximum, for that fiscal year only, by the lesser of the amount by which the sum of the maximum AFC rate and the projected aggregate employer contribution rate exceeds twenty-two percent or the amount of the maximum AFC rate.

(iv) Notwithstanding any other provision of this Subparagraph to the contrary, if the Original Amortization Base established in R.S. 11:102.1 is liquidated in Fiscal Year 2022-2023, the provisions of this Item shall apply.

(aa) The maximum AFC rate shall be equal to the following:

<u>Fiscal Year</u>	<u>Maximum AFC Rate</u>
<u>2024-2025</u>	<u>1.50%</u>
<u>2025-2026</u>	<u>1.75%</u>
<u>2026-2027</u>	<u>2.00%</u>
<u>2027-2028</u>	<u>2.25%</u>
<u>2028-2029 and thereafter</u>	<u>2.50%</u>

(bb) Through Fiscal Year 2038-2039, the sum of the AFC rate and the projected aggregate employer contribution rate for any given fiscal year shall

1 not exceed the projected aggregate employer contribution rate determined for  
 2 Fiscal Year 2022-2023 in the June 30, 2021 system valuation. If the sum of the  
 3 maximum AFC rate and the projected aggregate employer contribution rate  
 4 exceeds the projected aggregate employer contribution rate determined for  
 5 Fiscal Year 2022-2023, the AFC rate to be applied shall be reduced from the  
 6 maximum, for that fiscal year only, by the lesser of the amount by which the  
 7 sum of the maximum AFC rate and the projected aggregate employer  
 8 contribution rate exceeds the projected aggregate employer contribution rate  
 9 determined for Fiscal Year 2022-2023 or the amount of the maximum AFC rate.

10 (cc) Notwithstanding any other provision of this Subparagraph to the  
 11 contrary, beginning in Fiscal Year 2039-2040, the sum of the AFC rate and the  
 12 projected aggregate employer contribution rate for any given fiscal year shall  
 13 not exceed twenty-two percent. If the sum of the maximum AFC rate and the  
 14 projected aggregate employer contribution rate exceeds twenty-two percent, the  
 15 AFC rate to be applied shall be reduced from the maximum, for that fiscal year  
 16 only, by the lesser of the amount by which the sum of the maximum AFC rate  
 17 and the projected aggregate employer contribution rate exceeds twenty-two  
 18 percent or the amount of the maximum AFC rate.

19 (v) Notwithstanding any other provision of law to the contrary, the  
 20 contributions required by this Subparagraph shall not be considered actuarially  
 21 required contributions for the purposes of Paragraph (B)(3) of this Section or  
 22 Article X, Section 29(E) of the Constitution of Louisiana.

23 \* \* \*

24 D. \* \* \*

25 (6) For each plan referenced in Paragraph (3) of this Subsection, the  
 26 legislature shall set the required employer contribution rate equal to the sum of the  
 27 following:

28 \* \* \*

29 (e) The permanent benefit increase account funding contribution rate.

30 (i) Effective July 1, 2023, the rate provided for in this Subparagraph,

1 referred to in this Subsection as the "AFC rate", shall be zero.

2 (ii) Notwithstanding any other provision of this Section to the contrary,  
3 except the provisions of Item (iv) of this Subparagraph, effective for the June  
4 30, 2023 system valuation and beginning July 1, 2024, for any fiscal year in  
5 which the projected aggregate employer contribution rate decreases, the  
6 maximum AFC rate shall increase by the lesser of one-half of the amount of the  
7 decrease in the projected aggregate employer contribution rate determined  
8 under this Section or the amount necessary for the maximum AFC rate to equal  
9 two and one-half percent. Any increase in the maximum AFC rate shall be  
10 permanent. The maximum AFC rate shall not exceed two and one-half percent.

11 (iii)(aa)(I) Notwithstanding any other provision of this Subparagraph to  
12 the contrary, through Fiscal Year 2038-2039, the sum of the AFC rate and the  
13 projected aggregate employer contribution rate for any given fiscal year shall  
14 not exceed the projected aggregate employer contribution rate determined for  
15 Fiscal Year 2023-2024 in the June 30, 2022 system valuation. If the sum of the  
16 maximum AFC rate and the projected aggregate employer contribution rate  
17 exceeds the projected aggregate employer contribution rate determined for  
18 Fiscal Year 2023-2024, the AFC rate to be applied shall be reduced from the  
19 maximum, for that fiscal year only, by the lesser of the amount by which the  
20 sum of the maximum AFC rate and the projected aggregate employer  
21 contribution rate exceeds the projected aggregate employer contribution rate  
22 determined for Fiscal Year 2023-2024 or the amount of the maximum AFC rate.

23 (II) Notwithstanding any other provision of this Subparagraph to the  
24 contrary, for fiscal years 2024-2025 through 2027-2028, if the projected  
25 aggregate employer contribution rate for Fiscal Year 2024-2025 is more than  
26 three percentage points lower than the projected aggregate employer  
27 contribution rate determined for Fiscal Year 2023-2024 in the June 30, 2022  
28 system valuation then the AFC rate to be applied for a particular year will be  
29 the lesser of the rate determined under Subsubitem (I) of this Subitem or the  
30 corresponding rate for that year in the following table:

1	<u>Fiscal Year</u>	<u>AFC Rate</u>
2	<u>2024-2025</u>	<u>1.50%</u>
3	<u>2025-2026</u>	<u>1.75%</u>
4	<u>2026-2027</u>	<u>2.00%</u>
5	<u>2027-2028</u>	<u>2.25%</u>

(bb) Notwithstanding any other provision of this Subparagraph to the contrary, beginning in Fiscal Year 2039-2040, the sum of the AFC rate and the projected aggregate employer contribution rate for any given fiscal year shall not exceed sixteen percent. If the sum of the maximum AFC rate and the projected aggregate employer contribution rate exceeds sixteen percent, the AFC rate to be applied shall be reduced from the maximum, for that fiscal year only, by the lesser of the amount by which the sum of the maximum AFC rate and the projected aggregate employer contribution rate exceeds sixteen percent or the amount of the maximum AFC rate.

(iv) Notwithstanding any other provision of this Subparagraph to the contrary, if the Original Amortization Base established in R.S. 11:102.2 is liquidated in Fiscal Year 2022-2023, the provisions of this Item shall apply.

(aa) The maximum AFC rate shall be equal to the following:

19	<u>Fiscal Year</u>	<u>Maximum AFC Rate</u>
20	<u>2024-2025</u>	<u>1.50%</u>
21	<u>2025-2026</u>	<u>1.75%</u>
22	<u>2026-2027</u>	<u>2.00%</u>
23	<u>2027-2028</u>	<u>2.25%</u>
24	<u>2028-2029 and thereafter</u>	<u>2.50%</u>

(bb) Through Fiscal Year 2038-2039, the sum of the AFC rate and the projected aggregate employer contribution rate for any given fiscal year shall not exceed the projected aggregate employer contribution rate determined for Fiscal Year 2022-2023 in the June 30, 2021 system valuation. If the sum of the maximum AFC rate and the projected aggregate employer contribution rate exceeds the projected aggregate employer contribution rate determined for

1 Fiscal Year 2022-2023, the AFC rate to be applied shall be reduced from the  
 2 maximum, for that fiscal year only, by the lesser of the amount by which the  
 3 sum of the maximum AFC rate and the projected aggregate employer  
 4 contribution rate exceeds the projected aggregate employer contribution rate  
 5 determined for Fiscal Year 2022-2023 or the amount of the maximum AFC rate.

6 (cc) Notwithstanding any other provision of this Subparagraph to the  
 7 contrary, beginning in Fiscal Year 2039-2040, the sum of the AFC rate and the  
 8 projected aggregate employer contribution rate for any given fiscal year shall  
 9 not exceed sixteen percent. If the sum of the maximum AFC rate and the  
 10 projected aggregate employer contribution rate exceeds sixteen percent, the  
 11 AFC rate to be applied shall be reduced from the maximum, for that fiscal year  
 12 only, by the lesser of the amount by which the sum of the maximum AFC rate  
 13 and the projected aggregate employer contribution rate exceeds sixteen percent  
 14 or the amount of the maximum AFC rate.

15 (v) Notwithstanding any other provision of law to the contrary, the  
 16 contributions required by this Subparagraph shall not be considered actuarially  
 17 required contributions for the purposes of Paragraph (B)(3) of this Section or  
 18 Article X, Section 29(E) of the Constitution of Louisiana.

19 \* \* \*

20 E. \* \* \*

21 (5) In addition to the actuarially required employer contribution rate  
 22 determined pursuant to Subsection B of this Section, the legislature shall set the  
 23 permanent benefit increase account funding contribution rate as provided in  
 24 this Paragraph.

25 (a) Effective July 1, 2023, the rate provided for in this Paragraph,  
 26 referred to in this Subsection as the "AFC rate", shall be zero.

27 (b) Notwithstanding any other provision of this Section to the contrary,  
 28 effective for the June 30, 2023 system valuation and beginning July 1, 2024, for  
 29 any fiscal year in which the projected aggregate employer contribution rate  
 30 decreases, the maximum AFC rate shall increase by the lesser of one-half of the

1 amount of the decrease in the projected aggregate employer contribution rate  
 2 determined under this Section or the amount necessary for the maximum AFC  
 3 rate to equal two and one-half percent. Any increase in the maximum AFC rate  
 4 shall be permanent. The maximum AFC rate shall not exceed two and one-half  
 5 percent.

6 (c) Notwithstanding any other provision of this Paragraph to the  
 7 contrary, the sum of the AFC rate and the projected aggregate employer  
 8 contribution rate for any given fiscal year shall not exceed the projected  
 9 aggregate employer contribution rate determined for Fiscal Year 2023-2024 in  
 10 the June 30, 2022 system valuation. If the sum of the maximum AFC rate and  
 11 the projected aggregate employer contribution rate exceeds the projected  
 12 aggregate employer contribution rate determined for Fiscal Year 2023-2024, the  
 13 AFC rate to be applied shall be reduced from the maximum, for that fiscal year  
 14 only, by the lesser of the amount by which the sum of the maximum AFC rate  
 15 and the projected aggregate employer contribution rate exceeds the projected  
 16 aggregate employer contribution rate determined for Fiscal Year 2023-2024 or  
 17 the amount of the maximum AFC rate.

18 (d) Notwithstanding any other provision of law to the contrary, the  
 19 contributions required by this Paragraph shall not be considered actuarially  
 20 required contributions for the purposes of Paragraph (B)(3) of this Section or  
 21 Article X, Section 29(E) of the Constitution of Louisiana.

22 F. \* \* \*

23 (4) In addition to the actuarially required employer contribution rate  
 24 determined pursuant to Subsection B of this Section, the legislature shall set the  
 25 permanent benefit increase account funding contribution rate as provided in  
 26 this Paragraph.

27 (a) Effective July 1, 2023, the rate provided for in this Paragraph,  
 28 referred to in this Subsection as the "AFC rate", shall be zero.

29 (b) Notwithstanding any other provision of this Section to the contrary,  
 30 effective for the June 30, 2023 system valuation and beginning July 1, 2024, for

1 any fiscal year in which the projected aggregate employer contribution rate  
 2 decreases, the AFC rate shall increase by the lesser of one-half of the amount  
 3 of the decrease in the projected aggregate employer contribution rate  
 4 determined under this Section or the amount necessary for the AFC rate to  
 5 equal two and one-half percent. Any increase in the AFC rate shall be  
 6 permanent. The AFC rate shall not exceed two and one-half percent.

7 (c) Notwithstanding any other provision of law to the contrary, the  
 8 contributions required by this Paragraph shall not be considered actuarially  
 9 required contributions for the purposes of Paragraph (B)(3) of this Section or  
 10 Article X, Section 29(E) of the Constitution of Louisiana.

11 \* \* \*

12 §542. Experience account

13 \* \* \*

14 G.(1) Effective for the system valuation in which the original  
 15 amortization base established in R.S. 11:102.1 is liquidated, after the experience  
 16 account is credited and debited in accordance with Subsection B of this Section,  
 17 the remaining balance in the experience account shall be allocated to the COLA  
 18 account established pursuant to R.S. 11:547, and the experience account balance  
 19 shall be zero.

20 (2) After the allocation of funds provided for in Paragraph (1) of this  
 21 Subsection, the provisions of this Section shall terminate.

22 \* \* \*

23 §547. Cost-of-living adjustment funding account

24 A. Effective July 1, 2023, the balance in the cost-of-living adjustment  
 25 funding account, referred to in this Section as the "COLA account", shall  
 26 be zero.

27 B.(1) The COLA account shall be credited as follows:

28 (a) Any amount allocated to the COLA account in accordance with R.S.  
 29 11:542.

30 (b) To the extent permitted by Subparagraph (d) of this Paragraph, all

1 employer contributions paid pursuant to R.S. 11:102(C)(6)(e).

2 (c) To the extent permitted by Subparagraph (d) of this Paragraph, an  
3 amount not to exceed that portion of the system's net investment income  
4 attributable to the balance in the COLA account at the end of the prior year.

5 (d) In no event shall a credit be made to the COLA account that would  
6 cause the balance in the account to exceed the reserve necessary to grant two  
7 cost-of-living adjustments of two percent in accordance with the provisions of  
8 this Section. Any contributions received from payment of the account funding  
9 contribution rate in compliance with R.S. 11:102(C)(6)(e) that would cause the  
10 account balance to exceed this reserve if deposited in the account shall be  
11 applied as provided in R.S. 11:102.1.

12 (2) The COLA account shall be debited as follows:

13 (a) An amount equal to that portion of the system's net investment loss  
14 attributable to the balance in the COLA account at the end of the prior year.

15 (b) An amount sufficient to fund a cost-of-living adjustment granted  
16 pursuant to the provisions of this Section.

17 (c) In no event shall the balance in the COLA account fall below zero.

18 C. In accordance with the provisions of this Section, the board of trustees  
19 may recommend to the president of the Senate and the speaker of the House of  
20 Representatives that the system be permitted to grant a cost-of-living  
21 adjustment to retirees, beneficiaries, and survivors when the conditions in this  
22 Section are satisfied. The board of trustees shall not grant a cost-of-living  
23 adjustment unless the cost-of-living adjustment has been approved by the  
24 legislature. Receipt of future cost-of-living adjustments, as provided for in this  
25 Section, shall not be an accrued benefit. Retirees, beneficiaries, and survivors  
26 shall have no right to receive a cost-of-living adjustment until the cost-of-living  
27 adjustment has been approved by the legislature.

28 D.(1) Any cost-of-living adjustment granted pursuant to the provisions  
29 of this Section shall begin on the July first following legislative approval and  
30 shall equal up to two percent, unless the legislature provides for a different rate

1 or amount in the legislative instrument approving the cost-of-living adjustment.  
2 If the balance in the COLA account is not sufficient to fully fund the cost-of-  
3 living adjustment on an actuarial basis as determined by the system actuary in  
4 agreement with the legislative auditor's actuary, no adjustment shall be  
5 granted.

6 (2) The calculation of any cost-of-living adjustment paid under the  
7 provisions of this Section shall be based on the benefit being paid to the  
8 recipient on the effective date of the adjustment and shall be limited to and shall  
9 be payable based only on an amount not to exceed sixty thousand dollars of the  
10 recipient's annual benefit.

11 E. A benefit recipient shall be eligible to receive a cost-of-living  
12 adjustment if the recipient is one of the following:

13 (1) A regular retiree who has received a benefit for at least two years and  
14 is at least age sixty-two.

15 (2) A disability retiree who has received a benefit for at least two years  
16 regardless of age.

17 (3) A beneficiary of a deceased retiree who, if the retiree were alive,  
18 would meet the eligibility criteria in Paragraph (1) or (2) of this Subsection.

19 (4) A non-retiree beneficiary who has received a benefit for at least two  
20 years and whose benefits are derived from the service of a deceased member  
21 who would be at least age sixty-two if the member were alive.

22 \* \* \*

23 §883.1. Experience account

24 \* \* \*

25 G.(1) Effective for the system valuation in which the original  
26 amortization base established in R.S. 11:102.2 is liquidated, after the experience  
27 account is credited and debited in accordance with Subsection B of this Section,  
28 the remaining balance in the experience account shall be allocated to the PBI  
29 account established pursuant to R.S. 11:883.5, and the experience account  
30 balance shall be zero.



1 increase to retirees, beneficiaries, and survivors when the conditions in this  
2 Section are satisfied. The board of trustees shall not grant a permanent benefit  
3 increase unless the permanent benefit increase has been approved by the  
4 legislature. Receipt of future permanent benefit increases, as provided for in  
5 this Section, shall not be an accrued benefit. Retirees, beneficiaries, and  
6 survivors shall have no right to receive a permanent benefit increase until the  
7 permanent benefit increase has been approved by the legislature.

8 D.(1) Any increase granted pursuant to the provisions of this Section  
9 shall begin on the July first following legislative approval and shall equal up to  
10 two percent, unless the legislature provides for a different rate or amount in the  
11 legislative instrument approving the permanent benefit increase. If the balance  
12 in the PBI account is not sufficient to fully fund the permanent benefit increase  
13 on an actuarial basis as determined by the system actuary in agreement with the  
14 legislative auditor's actuary, no increase shall be granted.

15 (2) The calculation of any permanent benefit increase paid under the  
16 provisions of this Section shall be based on the benefit being paid to the  
17 recipient on the effective date of the increase and shall be limited to and shall  
18 be payable based only on an amount not to exceed sixty thousand dollars of the  
19 recipient's annual benefit.

20 E. A benefit recipient shall be eligible to receive a permanent benefit  
21 increase if the recipient is one of the following:

22 (1) A regular retiree who has received a benefit for at least two years and  
23 is at least age sixty-two.

24 (2) A disability retiree who has received a benefit for at least two years  
25 regardless of age.

26 (3) A beneficiary of a deceased retiree who, if the retiree were alive,  
27 would meet the eligibility criteria in Paragraph (1) or (2) of this Subsection.

28 (4) A non-retiree beneficiary who has received a benefit for at least two  
29 years and whose benefits are derived from the service of a deceased member  
30 who would be at least age sixty-two if the member were alive.

1 \* \* \*

2 §1145.1. Experience account

3 \* \* \*

4 F.(1) Effective for the system valuation in which the account funding  
 5 contribution rate equals the maximum allowable pursuant to R.S.  
 6 11:102(E)(5)(b), after the experience account is credited and debited in  
 7 accordance with Subsection A of this Section, the remaining balance in the  
 8 experience account shall be allocated to the PBI account established pursuant  
 9 to R.S. 11:1145.6, and the experience account balance shall be zero.

10 (2) After the allocation of funds provided for in Paragraph (1) of this  
 11 Subsection, the provisions of this Section shall terminate.

12 \* \* \*

13 §1145.6. Permanent benefit increase funding account

14 A. Effective July 1, 2023, the balance in the permanent benefit increase  
 15 funding account, referred to in this Section as the "PBI account", shall be zero.

16 B.(1) The PBI account shall be credited as follows:

17 (a) Any amount allocated to the PBI account in accordance with R.S.  
 18 11:1145.1.

19 (b) To the extent permitted by Subparagraph (d) of this Paragraph, all  
 20 employer contributions paid pursuant to R.S. 11:102(E)(5).

21 (c) To the extent permitted by Subparagraph (d) of this Paragraph, an  
 22 amount not to exceed that portion of the system's net investment income  
 23 attributable to the balance in the PBI account at the end of the prior year.

24 (d) In no event shall a credit be made to the PBI account that would  
 25 cause the balance in the account to exceed the reserve necessary to grant two  
 26 permanent benefit increases of two percent in accordance with the provisions  
 27 of this Section. Any contributions received from payment of the account funding  
 28 contribution rate in compliance with R.S. 11:102(E)(5) that would cause the  
 29 account balance to exceed this reserve if deposited in the account shall be  
 30 applied as provided in R.S. 11:102.3.

1           **(2) The PBI account shall be debited as follows:**

2           **(a) An amount equal to that portion of the system's net investment loss**  
3           **attributable to the balance in the PBI account at the end of the prior year.**

4           **(b) An amount sufficient to fund a permanent benefit increase granted**  
5           **pursuant to the provisions of this Section.**

6           **(c) In no event shall the balance in the PBI account fall below zero.**

7           **C. In accordance with the provisions of this Section, the board of trustees**  
8           **may recommend to the president of the Senate and the speaker of the House of**  
9           **Representatives that the system be permitted to grant a permanent benefit**  
10           **increase to retirees, beneficiaries, and survivors when the conditions in this**  
11           **Section are satisfied. The board of trustees shall not grant a permanent benefit**  
12           **increase unless the permanent benefit increase has been approved by the**  
13           **legislature. Receipt of future permanent benefit increases, as provided for in**  
14           **this Section, shall not be an accrued benefit. Retirees, beneficiaries, and**  
15           **survivors shall have no right to receive a permanent benefit increase until the**  
16           **permanent benefit increase has been approved by the legislature.**

17           **D.(1) Any increase granted pursuant to the provisions of this Section**  
18           **shall begin on the July first following legislative approval and shall equal up to**  
19           **two percent, unless the legislature provides for a different rate or amount in the**  
20           **legislative instrument approving the permanent benefit increase. If the balance**  
21           **in the PBI account is not sufficient to fully fund the permanent benefit increase**  
22           **on an actuarial basis as determined by the system actuary in agreement with the**  
23           **legislative auditor's actuary, no increase shall be granted.**

24           **(2) The calculation of any permanent benefit increase paid under the**  
25           **provisions of this Section shall be based on the benefit being paid to the**  
26           **recipient on the effective date of the increase and shall be limited to and shall**  
27           **be payable based only on an amount not to exceed sixty thousand dollars of the**  
28           **recipient's annual benefit.**

29           **E. A benefit recipient shall be eligible to receive a permanent benefit**  
30           **increase if the recipient is one of the following:**



1 attributable to the balance in the PBI account at the end of the prior year.

2 (d) In no event shall a credit be made to the PBI account that would  
3 cause the balance in the account to exceed the reserve necessary to grant two  
4 permanent benefit increases of two percent and two supplemental permanent  
5 benefit increases of two percent in accordance with the provisions of this  
6 Section. Any contributions received from payment of the account funding  
7 contribution rate in compliance with R.S. 11:102(F)(4) that would cause the  
8 account balance to exceed this reserve if deposited in the account shall be  
9 applied as provided in R.S. 11:102.4.

10 (2) The PBI account shall be debited as follows:

11 (a) An amount equal to that portion of the system's net investment loss  
12 attributable to the balance in the PBI account at the end of the prior year.

13 (b) An amount sufficient to fund a permanent benefit increase, including  
14 a supplemental permanent benefit increase, granted pursuant to the provisions  
15 of this Section.

16 (c) In no event shall the balance in the PBI account fall below zero.

17 C. In accordance with the provisions of this Section, the board of trustees  
18 may recommend to the president of the Senate and the speaker of the House of  
19 Representatives that the system be permitted to grant a permanent benefit  
20 increase to retirees, beneficiaries, and survivors when the conditions in this  
21 Section are satisfied. The board of trustees shall not grant a permanent benefit  
22 increase unless the permanent benefit increase has been approved by the  
23 legislature. Receipt of future permanent benefit increases, as provided for in  
24 this Section, shall not be an accrued benefit. Retirees, beneficiaries, and  
25 survivors shall have no right to receive a permanent benefit increase until the  
26 permanent benefit increase has been approved by the legislature.

27 D.(1) Any increase granted pursuant to the provisions of this Section  
28 shall begin on the July first following legislative approval and shall equal up to  
29 two percent, unless the legislature provides for a different rate or amount in the  
30 legislative instrument approving the permanent benefit increase. If the balance

1 in the PBI account is not sufficient to fully fund the permanent benefit increase  
2 on an actuarial basis as determined by the system actuary in agreement with the  
3 legislative auditor's actuary, no increase shall be granted.

4 (2) The calculation of any permanent benefit increase paid under the  
5 provisions of this Section shall be based on the benefit being paid to the  
6 recipient on the effective date of the increase and shall be limited to and shall  
7 be payable based only on an amount not to exceed sixty thousand dollars of the  
8 recipient's annual benefit.

9 E. A benefit recipient shall be eligible to receive a permanent benefit  
10 increase if the recipient is one of the following:

11 (1) A regular retiree who has received a benefit for at least two years and  
12 is at least age sixty-two.

13 (2) A disability retiree who has received a benefit for at least two years  
14 regardless of age.

15 (3) A beneficiary of a deceased retiree who, if the retiree were alive,  
16 would meet the eligibility criteria in Paragraph (1) or (2) of this Subsection.

17 (4) A non-retiree beneficiary who has received a benefit for at least two  
18 years and whose benefits are derived from the service of a deceased member  
19 who would be at least age sixty-two if the member were alive.

20 F. In addition to the permanent benefit increase provided for in  
21 Subsection D of this Section, the board of trustees may grant a supplemental  
22 permanent benefit increase to all retirees and beneficiaries who are at least age  
23 sixty-five and who retired on or before June 30, 2001. This supplemental  
24 increase shall consist of an amount equal to two percent of the benefit being  
25 received on the date of the increase. In order to grant the supplemental  
26 permanent benefit increase, the board of trustees shall recommend to the  
27 president of the Senate and the speaker of the House of Representatives that the  
28 system be permitted to grant the supplemental permanent benefit increase to  
29 retirees and beneficiaries when the balance in the PBI account is sufficient to  
30 fully fund the benefit on an actuarial basis, as determined by the system's

1           actuary. If the legislative auditor's actuary disagrees with the determination of  
2           the system's actuary, the supplemental permanent benefit increase shall not be  
3           granted. The board of trustees shall not grant a supplemental permanent  
4           benefit increase unless the supplemental permanent benefit increase has been  
5           approved by the legislature. Any supplemental permanent benefit increase shall  
6           be limited to and shall be payable based only on an amount not to exceed sixty  
7           thousand dollars of the recipient's annual benefit. Any permanent benefit  
8           increase granted pursuant to the provisions of this Subsection shall begin on the  
9           July first following legislative approval.

10           Section 2. The cost of this Act shall be funded with additional employer contributions  
11           in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

12           Section 3. This Act shall become effective upon signature by the governor or, if not  
13           signed by the governor, upon expiration of the time for bills to become law without signature  
14           by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
15           vetoed by the governor and subsequently approved by the legislature, this Act shall become  
16           effective on the day following such approval.

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_