

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:**

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(i) **The** actuarially required employer contribution, as determined pursuant to the provisions of this Section, divided by the total projected payroll of all active members of each particular system or plan for the fiscal year. **When calculated for a system as a whole, without regard for particularized rates for separate plans within the system, this rate shall be known as the "aggregate employer contribution rate"**.

(ii) Any account funding contribution rate determined pursuant to the provisions of this Section.

(b) Each entity funding a portion of a member's salary shall also fund the employer's contribution on that portion of the member's salary at the employer contribution rate specified in this Section.

(2)(a) At the end of each fiscal year, the difference between the actuarially required employer contribution for the fiscal year, as determined pursuant to the provisions of this Section, and the amount of employer contributions actually received for the fiscal year, excluding any amounts received for the extraordinary purchase of additional benefits or service **and any amount attributable to an account funding contribution rate**, shall be determined.

* * *

(3) With respect to each state public retirement system, the actuarially required employer contribution for each fiscal year, commencing with Fiscal Year 1989-1990, shall be that dollar amount equal to the sum of:

* * *

~~(e) Beginning in the first fiscal year in which the projected aggregate employer contribution rate, calculated without regard to any changes in the board-approved actuarial valuation rate, will not increase, the **The** projected noninvestment-related administrative expenses for the fiscal year.~~

* * *

C. * * *

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

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>

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

18 **(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>

25 **(bb) Through Fiscal Year 2038-2039, the sum of the AFC rate and the**
 26 **projected aggregate employer contribution rate for any given fiscal year shall**
 27 **not exceed the projected aggregate employer contribution rate determined for**
 28 **Fiscal Year 2022-2023 in the June 30, 2021 system valuation. If the sum of the**
 29 **maximum AFC rate and the projected aggregate employer contribution rate**
 30 **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 (2) After the allocation of funds provided for in Paragraph (1) of this
 2 Subsection, the provisions of this Section shall terminate.

3 * * *

4 §883.5. Permanent benefit increase funding account

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

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

8 (a) Any amount allocated to the PBI account in accordance with R.S.
 9 11:883.1.

10 (b) To the extent permitted by Subparagraph (d) of this Paragraph, all
 11 employer contributions paid pursuant to R.S. 11:102(D)(6)(e).

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

15 (d) In no event shall a credit be made to the PBI account that would
 16 cause the balance in the account to exceed the reserve necessary to grant two
 17 permanent benefit increases of two percent in accordance with the provisions
 18 of this Section. Any contributions received from payment of the account funding
 19 contribution rate in compliance with R.S. 11:102(D)(6)(e) that would cause the
 20 account balance to exceed this reserve if deposited in the account shall be
 21 applied as provided in R.S. 11:102.2.

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

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

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

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

28 C. In accordance with the provisions of this Section, the board of trustees
 29 may recommend to the president of the Senate and the speaker of the House of
 30 Representatives that the system be permitted to grant a permanent benefit

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

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

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

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

10 * * *

11 §1332. Experience account

12 * * *

13 G.(1) Effective for the system valuation in which the account funding
14 contribution rate equals the maximum allowable pursuant to R.S.
15 11:102(F)(4)(b), after the experience account is credited and debited in
16 accordance with Subsection A of this Section, the remaining balance in the
17 experience account shall be allocated to the PBI account established pursuant
18 to R.S. 11:1332.1, and the experience account balance shall be zero.

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

21 §1332.1. Permanent benefit increase funding account

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

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

25 (a) Any amount allocated to the PBI account in accordance with R.S.
26 11:1332.

27 (b) To the extent permitted by Subparagraph (d) of this Paragraph, all
28 employer contributions paid pursuant to R.S. 11:102(F)(4).

29 (c) To the extent permitted by Subparagraph (d) of this Paragraph, an
30 amount not to exceed that portion of the system's net investment income

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: _____