

Regular Session, 2013

HOUSE BILL NO. 46

BY REPRESENTATIVE PRICE

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

RETIREMENT/COLAS: Authorizes a cost-of-living adjustment for certain retirees of the La. School Employees' Retirement System and their beneficiaries

1 AN ACT

2 To enact R.S. 11:1145.2, relative to the Louisiana School Employees' Retirement System;
3 to authorize a cost-of-living benefit adjustment for certain retirees and their
4 beneficiaries; to provide for eligibility for, funding of, and limitations on the
5 adjustment; and to provide for related matters.

6 Notice of intention to introduce this Act has been published
7 as provided by Article X, Section 29(C) of the Constitution
8 of Louisiana.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:1145.2 is hereby enacted to read as follows:

11 §1145.2. Cost-of-living adjustment authorized

12 A. The Legislature of Louisiana does hereby authorize a cost-of-living
13 adjustment for retirees and beneficiaries who are eligible for such an adjustment
14 pursuant to R.S. 11:1145.1 if the retiree meets one of the following criteria:

15 (1) He retired prior to July 1, 2001.

16 (2) He entered the Deferred Retirement Option Plan prior to July 1, 2001,
17 and retired prior to July 1, 2012.

18 B. The cost-of-living adjustment authorized by this Section shall not exceed
19 three and three-quarters percent of the benefit being paid to the recipient on the
20 effective date of the adjustment.

1 C. Except as provided in this Section, the benefit adjustment shall be granted
2 in accordance with R.S. 11:1145.1.

3 Section 2. The cost of this Act, if any, shall be funded with funds from the Louisiana
4 School Employees Retirement System Employee Experience Account, in compliance with
5 Article X, Section 29(F) of the Constitution of Louisiana.

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

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Price

HB No. 46

Abstract: Authorizes a cost-of-living benefit increase for certain retirees in the La. School Employees' Retirement System (LSERS) who retired prior to July 1, 2001.

Present law provides that the board of trustees of LSERS may recommend to the president of the Senate and the speaker of the House of Representatives that the system be permitted to grant a cost-of-living adjustment (COLA) to retirees and beneficiaries whenever the balance in the LSERS Employee Experience Account is sufficient to fund such benefit.

Present law provides the board of trustees shall not grant a COLA unless such COLA has been approved by the legislature by concurrent resolution adopted by the favorable vote of a majority of the elected members of each house.

Notwithstanding present statutory law providing for legislative approval by resolution, present constitution provides that benefits from public retirement systems may only be altered by legislative enactment. Present constitution further requires a 2/3 vote of the legislature to pass any such change in benefits that has an actuarial cost.

Present law provides that a retiree who has received a benefit for at least one year and who is at least 60 is eligible for a COLA; also provides for eligibility of nonretiree beneficiaries. Proposed law authorizes a COLA for LSERS retirees and their beneficiaries who meet the requirements of present law if the retiree retired prior to July 1, 2001, or entered the Deferred Retirement Option Plan prior to July 1, 2001, and retired prior to July 1, 2012.

Present law provides for a COLA not to exceed the lesser of 3% or the Consumer Price Index (U.S. city average for all urban consumers (CPI-U)). Proposed law authorizes a COLA of up to 3.75% for those retirees and their beneficiaries who meet the requirements of proposed law.

Present law provides further that any such COLA shall be limited to and shall only be payable based on an amount not to exceed \$85,000 of the retiree's annual benefit but provides for increases in this maximum based on the CPI-U. Provides that a COLA begins on July 1 following legislative approval and is payable annually. Proposed law retains present law and provides that except as provided by proposed law, the COLA authorized by proposed law shall be granted as provided by present law.

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

(Adds R.S. 11:1145.2)