

Regular Session, 2013

HOUSE BILL NO. 57

BY REPRESENTATIVE PEARSON

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

RETIREMENT/STATE SYSTEMS: Provides relative to the actuarial liabilities of state retirement systems

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(2)(c)(ii), (3)(a), and (5), 403(5), 450(B),  
3 531(A)(1)(c), 558(D), 701(5)(a) and (b), 927(A), 1002(6), 1143(D), and 1310(A), to  
4 enact R.S. 11:63, and to repeal R.S. 11:612(1), relative to the actuarial liabilities of  
5 state retirement systems; to provide with respect to payment of such liabilities; to  
6 provide with respect to the calculation of such liabilities; to provide with respect to  
7 system funding; to provide for application; to provide an effective date; and to  
8 provide for related matters.

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

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 11:102(B)(2)(c)(ii), (3)(a), and (5), 403(5), 450(B), 531(A)(1)(c),  
14 558(D), 701(5)(a) and (b), 927(A), 1002(6), 1143(D), and 1310(A) are hereby amended and  
15 reenacted and R.S. 11:63 is hereby enacted to read as follows:

16 §63. Additional employee contributions; certain state retirement systems

17 A. The provisions of this Section shall apply to all members of the following  
18 retirement systems:

19 (1) The Louisiana State Employees' Retirement System.

20 (2) The Teachers' Retirement System of Louisiana.



1 Paragraph (3) of this Subsection or pursuant to Subsection C of this Section for the  
2 Louisiana State Employees' Retirement System or Subsection D of this Section for  
3 the Teachers' Retirement System of Louisiana, shall be determined and applied in  
4 accordance with the following provisions:

5 \* \* \*

6 (ii) Except as provided in Paragraph (5) of this Subsection, annual  
7 contributions required in accordance with this Subsection, or the constitutional  
8 minimum if greater, may be funded in whole or in part from the employer credit  
9 account, provided the employee contribution rate or rates for the system as set forth  
10 in R.S. 11:62 and 63 as applicable has or have been reduced to an amount equal to  
11 or less than fifty percent of the annual normal cost for the system or the plan as  
12 provided in Subsection C or D of this Section, rounded to the nearest one-quarter  
13 percent.

14 \* \* \*

15 (3) With respect to each state public retirement system, the actuarially  
16 required employer contribution for each fiscal year, commencing with Fiscal Year  
17 1989-1990, shall be that dollar amount equal to the sum of:

18 (a) The employer's normal cost for that fiscal year, computed as of the first  
19 of the fiscal year using the system's actuarial funding method as specified in R.S.  
20 11:22 and taking into account the value of future accumulated employee  
21 contributions and interest thereon except for employee contributions remitted  
22 pursuant to R.S. 11:63, such employer's normal cost rate multiplied by the total  
23 projected payroll for all active members including cash balance plan members to the  
24 middle of that fiscal year. For the Louisiana State Employees' Retirement System,  
25 effective for the June 30, 2010, system valuation and beginning with Fiscal Year  
26 2011-2012, the normal cost shall be determined in accordance with Subsection C of  
27 this Section. For the Teachers' Retirement System of Louisiana, effective for the

1 June 30, 2011, system valuation and beginning with Fiscal Year 2012-2013, the  
2 normal cost shall be determined in accordance with Subsection D of this Section.

3 \* \* \*

4 (5)(a) Notwithstanding the provisions of this Section, the ~~gross~~ employer  
5 contribution rate for each plan in the Louisiana State Employees' Retirement System  
6 and the Teachers' Retirement System of Louisiana shall not be less than fifteen and  
7 one-half percent per year until such time as the unfunded accrued liability that  
8 existed on June 30, 2004, is fully funded. Upon the complete funding of such  
9 unfunded accrued liability, the employer contribution rate for each plan in the  
10 Louisiana State Employees' Retirement System and the Teachers' Retirement System  
11 of Louisiana shall not be less than fifteen percent per year, unless the system is at  
12 least ninety percent funded.

13 ~~(b)~~(i) At the end of each fiscal year, the difference, if any, by which the  
14 amount of contributions received from payment of all employer contributions at the  
15 fixed minimum employer contribution rate established pursuant to this ~~Paragraph~~  
16 Subparagraph exceeds the greater of the minimum employer contribution required  
17 by Article X, Section 29 of the Constitution of Louisiana or the statutory minimum  
18 employer contribution calculated according to the methodology provided for in Items  
19 (3)(d)(i) through (iv) of this Subsection or in Paragraph (C)(4) of this Section for the  
20 Louisiana State Employees' Retirement System or Paragraph (D)(4) of this Section  
21 for the Teachers' Retirement System of Louisiana shall be accumulated in an  
22 employer credit account for the respective system.

23 ~~(c)~~(ii) The employer credit account shall be adjusted annually to reflect any  
24 gain or loss attributable to the balance in the account at the actuarial rate of return  
25 earned by the system.

26 ~~(d)~~(i)(iii)(aa) Except as provided in R.S. 11:102.1 and 102.2, the employer  
27 credit account of a system shall be used exclusively to reduce any unfunded accrued  
28 liability of that system created before July 1, 2004, and shall not be debited for any  
29 other purpose.



1 final twelve months shall not exceed one hundred twenty-five percent of the earnings  
2 of the thirteenth through the twenty-fourth month. Nothing in this Subparagraph,  
3 however, shall change the method of determining the amount of earned  
4 compensation received.

5 (b)(i) ~~"Average compensation"; for a member whose first employment~~  
6 ~~making him eligible for membership in the system began on or after July 1, 2006,~~  
7 ~~and subject to the limitations provided in this Subparagraph,~~ means the average  
8 annual earned compensation of a ~~state employee~~ member for the sixty highest  
9 months of successive employment or for the highest sixty successive joined months  
10 of employment where interruption of service occurred; however, average  
11 compensation for part-time employees who do not use sixty months of full-time  
12 employment for average compensation purposes shall be based on the base pay the  
13 part-time employee would have received had he been employed on a full-time basis.  
14 ~~This Item shall also be applicable to any judge, court officer, governor, lieutenant~~  
15 ~~governor, clerk or sergeant-at-arms of the House of Representatives, secretary or~~  
16 ~~sergeant-at-arms of the Senate, or state treasurer whose first employment making~~  
17 ~~him eligible for membership in one of the state systems occurred on or after January~~  
18 ~~1, 2011.~~

19 (ii)(b) The earnings to be considered ~~for persons to whom Item (i) of this~~  
20 ~~Subparagraph applies~~ for the thirteenth through the twenty-fourth month shall not  
21 exceed one hundred fifteen percent of the earnings of the first through the twelfth  
22 month. The earnings to be considered for the twenty-fifth through the thirty-sixth  
23 month shall not exceed one hundred fifteen percent of the earnings of the thirteenth  
24 through the twenty-fourth month. The earnings to be considered for the thirty-  
25 seventh through the forty-eighth month shall not exceed one hundred fifteen percent  
26 of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for  
27 the final twelve months shall not exceed one hundred fifteen percent of the earnings  
28 of the thirty-seventh through the forty-eighth month. The limitations on the  
29 computation of average compensation contained in this ~~Item~~ Subparagraph shall not

1 apply to any twelve-month period during which compensation increased by more  
 2 than fifteen percent over the previous twelve-month period solely because of an  
 3 increase in compensation by a uniform systemwide increase adopted by the state  
 4 Department of Civil Service and approved by the governor or because of a pay  
 5 adjustment enacted by the legislature. ~~This Item shall also be applicable to any~~  
 6 ~~judge, court officer, member of the Louisiana Legislature, governor, lieutenant~~  
 7 ~~governor, clerk or sergeant-at-arms of the House of Representatives, secretary or~~  
 8 ~~sergeant-at-arms of the Senate, or state treasurer whose first employment making~~  
 9 ~~him eligible for membership in one of the state systems occurred on or after January~~  
 10 ~~1, 2011.~~

11 (iii) ~~The provisions of this Subparagraph shall not apply to any person who~~  
 12 ~~receives an additional benefit pursuant to R.S. 11:444(A)(2)(b) or (c), 557, 582, or~~  
 13 ~~602 or R.S. 24:36 whose first employment making him eligible for membership in~~  
 14 ~~one of the state systems occurred on or after January 1, 2011.~~

15 \* \* \*

16 §450. Termination of participation

17 \* \* \*

18 B. Upon termination of participation in the plan but not employment, credits  
 19 to the account shall cease and no retirement benefits shall be paid to the participant  
 20 until employment is terminated. The balance in the participant's subaccount shall be  
 21 placed in a self-directed subaccount in the name of the participant as provided for in  
 22 R.S. 11:451.1, and the participant shall then be bound by the provisions of said  
 23 Section. No payment shall be made based on credits in the subaccount until  
 24 employment is terminated as defined in this Section. The participant may continue  
 25 employment after termination of participation in the plan for the sole purpose of  
 26 accruing a supplemental benefit, and employer and employee contributions shall  
 27 resume. ~~Correction officers, probation and parole officers, and security officers of~~  
 28 ~~the Department of Public Safety and Corrections; peace officers of the Department~~  
 29 ~~of Public Safety and Corrections, office of state police, other than state troopers, as~~



1 §701. Definitions

2 As used in this Chapter, the following words and phrases have the meanings  
3 ascribed to them in this Section unless a different meaning is plainly required by the  
4 context:

5 \* \* \*

6 (5)(a) "Average compensation" ~~subject to the other provisions of this~~  
7 ~~Paragraph~~, for any teacher ~~whose first employment making him eligible for~~  
8 ~~membership in one of the state systems occurred on or before December 31, 2010,~~  
9 ~~means the average earnable compensation of a teacher for the three highest~~  
10 ~~successive years of employment, or the highest three successive joined years of~~  
11 ~~employment where interruption of service occurred. For any teacher whose first~~  
12 ~~employment making him eligible for membership in one of the state systems~~  
13 ~~occurred on or after January 1, 2011, "average compensation" means his average~~  
14 ~~earnable compensation for the five highest successive years of employment, or the~~  
15 ~~highest five successive joined years where interruption of service occurred. The~~  
16 ~~computation of such average compensation shall be in accordance with the following~~  
17 ~~guidelines:~~

18 (i) The amount for the first through the twelfth month shall not exceed the  
19 compensation for the immediately preceding twelve months by more than ten percent  
20 for a teacher whose first employment making him eligible for membership in one of  
21 the state systems occurred on or before December 31, 2010, or by more than fifteen  
22 percent for a teacher whose first employment making him eligible for membership  
23 in one of the state systems occurred on or after January 1, 2011.

24 (ii) The amount for the thirteenth through the twenty-fourth month shall not  
25 exceed the lesser of the maximum allowable compensation amount or the actual  
26 compensation amount for the first through twelfth month by more than ten percent  
27 for a teacher whose first employment making him eligible for membership in one of  
28 the state systems occurred on or before December 31, 2010, or by more than fifteen



1 §927. Contributions

2 A. Each participant shall contribute monthly to the optional retirement plan  
3 the same amount which he would be required to contribute to the regular retirement  
4 plan of the Teachers' Retirement System of Louisiana if he were a member of that  
5 retirement plan, except that R.S. 11:63 shall not be applicable to such participants.  
6 Participant contributions may be made by employer pick-up in accordance with the  
7 provisions of Section 414(h)(2) of the United States Internal Revenue Code or any  
8 amendment thereto. The entirety of each participant's contribution, less any monthly  
9 fee established by the board to cover the cost of administration and maintenance of  
10 the optional retirement plan, shall be remitted to the appropriate designated company  
11 or companies for application to the participant's contract or contracts.

12 \* \* \*

13 §1002. Definitions

14 As used in this Chapter, the following words and phrases shall have the  
15 meanings ascribed to them in this Section unless a different meaning is plainly  
16 required by the context:

17 \* \* \*

18 (6)(a) ~~"Average compensation", for a member whose first employment~~  
19 ~~making him eligible for membership in the system began on or before June 30, 2006,~~  
20 ~~shall be based on the thirty-six highest successive months of employment, or on the~~  
21 ~~highest thirty-six successive joined months of employment where interruption of~~  
22 ~~service occurred; however, the average compensation amount to be considered for~~  
23 ~~the first through the twelfth month shall not exceed the compensation for the~~  
24 ~~immediately preceding twelve months by more than ten percent. The amount for the~~  
25 ~~thirteenth through the twenty-fourth month shall not exceed the lesser of the~~  
26 ~~maximum allowable compensation amount or the actual compensation amount for~~  
27 ~~the first through the twelfth month by more than ten percent. The amount for the~~  
28 ~~twenty-fifth through the thirty-sixth month shall not exceed the lesser of the~~  
29 ~~maximum allowable compensation amount or the actual compensation amount for~~

1 ~~the thirteenth through the twenty-fourth month by more than ten percent. The~~  
2 ~~limitations on the computation of average compensation in this Paragraph shall not~~  
3 ~~apply to any of the twelve-month periods where compensation increased by more~~  
4 ~~than one hundred ten percent over the previous twelve-month period solely because~~  
5 ~~of an increase in compensation by legislative act or by a city/parish system-wide~~  
6 ~~salary increase.~~

7 (b) ~~"Average compensation", for a member whose first employment making~~  
8 ~~him eligible for membership in the system began on or after July 1, 2006, whose first~~  
9 ~~employment making him eligible for membership in one of the state systems~~  
10 ~~occurred on or before June 30, 2010, shall be based on the sixty highest successive~~  
11 ~~months of employment, or on the highest sixty successive joined months of~~  
12 ~~employment where interruption of service occurred; however, the average~~  
13 ~~compensation amount for the thirteenth through the twenty-fourth month shall not~~  
14 ~~exceed the actual compensation amount for the first through the twelfth month by~~  
15 ~~more than ten percent. The amount for the twenty-fifth through the thirty-sixth~~  
16 ~~month shall not exceed the lesser of the maximum allowable compensation amount~~  
17 ~~or the actual compensation amount for the thirteenth through the twenty-fourth~~  
18 ~~month by more than ten percent. The amount for the thirty-seventh through the~~  
19 ~~forty-eighth month shall not exceed the lesser of the maximum allowable~~  
20 ~~compensation amount or the actual compensation amount for the twenty-fifth~~  
21 ~~through the thirty-sixth month by more than ten percent. The amount for the forty-~~  
22 ~~ninth through the sixtieth month shall not exceed the lesser of the maximum~~  
23 ~~allowable compensation amount or the actual compensation amount for the thirty-~~  
24 ~~seventh through the forty-eighth month by more than ten percent. The limitations~~  
25 ~~on the computation of average compensation contained in this Paragraph shall not~~  
26 ~~apply to any twelve-month period during which compensation increased by more~~  
27 ~~than one hundred ten percent over the previous twelve-month period solely because~~  
28 ~~of an increase in compensation by legislative act or by a city/parish system-wide~~  
29 ~~salary increase.~~

1           (c) "Average compensation"; ~~for a member whose first employment making~~  
2           ~~him eligible for membership in one of the state systems occurred on or after July 1,~~  
3           ~~2010,~~ shall be based on the sixty highest successive months of employment, or on  
4           the highest sixty successive joined months of employment where interruption of  
5           service occurred; however, the average compensation amount for the thirteenth  
6           through the twenty-fourth month shall not exceed the actual compensation amount  
7           for the first through the twelfth month by more than ten percent for a member whose  
8           first employment making him eligible for membership in one of the state systems  
9           occurred on or before June 30, 2010, or by more than fifteen percent for a member  
10           whose first employment making him eligible for membership in one of the state  
11           systems occurred on or after January 1, 2011. The amount for the twenty-fifth  
12           through the thirty-sixth month shall not exceed the lesser of the maximum allowable  
13           compensation amount or the actual compensation amount for the thirteenth through  
14           the twenty-fourth month by more than ten percent for a member whose first  
15           employment making him eligible for membership in one of the state systems  
16           occurred on or before June 30, 2010, or by more than fifteen percent for a member  
17           whose first employment making him eligible for membership in one of the state  
18           systems occurred on or after January 1, 2011. The amount for the thirty-seventh  
19           through the forty-eighth month shall not exceed the lesser of the maximum allowable  
20           compensation amount or the actual compensation amount for the twenty-fifth  
21           through the thirty-sixth month by more than ten percent for a member whose first  
22           employment making him eligible for membership in one of the state systems  
23           occurred on or before June 30, 2010, or by more than fifteen percent for a member  
24           whose first employment making him eligible for membership in one of the state  
25           systems occurred on or after January 1, 2011. The amount for the forty-ninth  
26           through the sixtieth month shall not exceed the lesser of the maximum allowable  
27           compensation amount or the actual compensation amount for the thirty-seventh  
28           through the forty-eighth month by more than ten percent for a member whose first  
29           employment making him eligible for membership in one of the state systems



1 provided by the legislature over and above that set by the Civil Service Commission,  
2 received for the year ending on the last day of the month immediately preceding the  
3 date of retirement or date of death or for any one-year period, whichever is the  
4 greatest. For the purposes of computation, "average salary" shall not include  
5 overtime, expenses, or clothing allowances.

6 (2)(a) ~~With respect to persons becoming employed on and after September~~  
7 ~~8, 1978, and whose first employment making them eligible for membership in one~~  
8 ~~of the state systems occurred on or before December 31, 2010, the~~ The term "average  
9 salary" as used in this Chapter for the purpose of determining pension payments and  
10 retirement is the average salary including any additional pay or salary provided by  
11 the legislature over and above that set by the Civil Service Commission, received for  
12 the ~~thirty-six~~ sixty month period ending on the last day of the month immediately  
13 preceding the date of retirement or date of death or for any ~~thirty-six~~ sixty  
14 consecutive months, whichever is the greatest. For the purposes of computation,  
15 "average salary" shall not include overtime, expenses, or clothing allowances.

16 ~~(b)(2)~~ (2) The earnings to be considered for the thirteenth through the  
17 twenty-fourth month shall not exceed one hundred twenty-five percent of the  
18 earnings of the first through the twelfth month. The earnings to be considered for the  
19 twenty-fifth through the thirty-sixth month shall not exceed one hundred twenty-five  
20 percent of the earnings of the thirteenth through the twenty-fourth month. The  
21 earnings to be considered for the thirty-seventh through the forty-eighth month shall  
22 not exceed one hundred twenty-five percent of the earnings of the twenty-fifth  
23 through the thirty-sixth month. The earnings to be considered for the final twelve  
24 months shall not exceed one hundred twenty-five percent of the earnings of the  
25 ~~thirteenth through the twenty-fourth month~~ thirty-seventh through the forty-eighth  
26 month. Nothing in this Subparagraph, however, shall change the method of  
27 determining the amount of earned compensation received.

28 \* \* \*

29 Section 2. R.S. 11:612(1) is hereby repealed in its entirety.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 Section 3. The provisions of this Act shall not cause the average compensation or  
2 average salary, as applicable, expressed in dollars of any member retiring or entering the  
3 Deferred Retirement Option Plan on or after January 1, 2014, to be less than such member's  
4 average compensation expressed in dollars as it existed on December 31, 2013.

5 Section 4. The provisions of this Act shall not apply to any person whose date of  
6 retirement or entry into the Deferred Retirement Option Plan occurs on or before December  
7 30, 2013.

8 Section 5. This Act shall be implemented according to the provisions of this Section.

9 (A) For transitional purposes, the provisions of R.S. 11:403(5), 701(5), 558(D),  
10 612(1), 1002(6), and 1310 as amended by this Act shall be phased in as follows:

11 (1) For members retiring before January 1, 2014, the provisions shall apply as they  
12 existed before the effective date of this Act.

13 (2) For members who prior to the effective date of this Act were eligible for a thirty-  
14 six-month average final compensation and who retire on or after January 1, 2014, but on or  
15 before December 31, 2016, the period used to calculate monthly average final compensation  
16 shall be thirty-six months plus the number of whole months since January 1, 2014.

17 (B) For transitional purposes, the provisions of this Act as applied to R.S. 11:450(D),  
18 789(D), and 1152(J) shall be phased in as follows:

19 (1) For members who prior to the effective date of this Act were eligible for a thirty-  
20 six-month average final compensation and who enter the Deferred Retirement Option Plan  
21 before January 1, 2016, the period of additional service required and utilized to calculate a  
22 revised average compensation for the supplemental benefit after Deferred Retirement Option  
23 Plan participation shall be equal to thirty-six months plus the number of whole months from  
24 January 1, 2014, to the date of Deferred Retirement Option Plan entry.

25 (2) For members who prior to the effective date of this Act were eligible for a thirty-  
26 six-month average final compensation and who enter the plan on or after January 1, 2016,  
27 the provisions of this Act shall apply.

28 Section 6. Any final judgment, rendered by a court of law, declaring the provisions  
29 of this Act to be unconstitutional as applicable to members of any state retirement system

1 who have attained a vested right with regard to the benefit provisions applicable to such  
 2 members on the effective date of this Act, shall cause the provisions of this Act to be  
 3 applicable solely to members of such system who have not attained such a vested right on  
 4 the effective date of this Act.

5 Section 7. This Act shall become effective on January 1, 2014.

#### 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)]

Pearson

HB No. 57

**Abstract:** Provides the following for the benefit of liabilities of state retirement systems: (1) a five-year final compensation or average salary, as applicable; (2) a minimum employer contribution rate until the system is at least 90% funded; and (3) increases employee contributions, such amounts to be dedicated to the payment of post-1989 liabilities.

#### EMPLOYEE CONTRIBUTIONS

Present law establishes the four state retirement systems: (1) the La. State Employees' Retirement System (LASERS); (2) the Teachers' Retirement System of La.; (3) the La. School Employees' Retirement System; and (4) the La. State Police Retirement System. Proposed law retains present law.

Present law (R.S. 11:62) establishes the employee contributions required from each member of a state retirement system. Such contributions are remitted to the respective system for investment. Benefits from each system are paid from a combination of employee contributions + employer contributions + interest earned on those contributions. Proposed law retains present law.

Proposed law (R.S. 11:63) provides that for all members of each of the state retirement systems, additional employee contributions shall be required, as follows:

- (1) Beginning July 1, 2015, 1% above the amount required by present law.
- (2) Beginning July 1, 2017, an additional 1% above the amount required by present law and proposed law.

Proposed law further provides that all such additional amounts remitted to LASERS and TRSL pursuant to proposed law shall be applied only to the unfunded accrued liability of each respective system accrued after July 1, 1989.

Proposed law further provides that proposed law shall not apply to any member participating in the Optional Retirement Plan in TRSL.

## EMPLOYER CONTRIBUTIONS

Present law (R.S. 11:102) generally provides the method for actuarially determining the employer contribution rate for state retirement systems every fiscal year. Such employer contribution shall be a percentage of the total payroll of active members in a given system. Requires each employer paying a portion of a member's salary to fund the employer contribution on that portion of the member's salary. Further provides that employee contributions shall be applied to the total normal cost for a particular fiscal year to reduce the employer portion of the normal cost.

Proposed law provides that the employee rate increase in proposed law shall not be applied toward reducing the employer portion of the normal cost.

Present law (R.S. 11:102(B)(5)) provides a minimum employer contribution rate for LASERS and TRSL. Provides that until all the unfunded accrued liability that existed at each system on June 30, 2004, is fully paid off, the employer contribution rate for that system cannot fall below 15-1/2%.

Proposed law retains present law and further provides that after such time as the unfunded accrued liability that existed at LASERS and TRSL on June 30, 2004, is paid off, the employer contribution rate cannot fall below 15%, unless the system is at least 90% funded. Proposed law further establishes a minimum employer contribution of 15% for LSERS and La. State Police Retirement System, unless the system is at least 90% funded.

## AVERAGE COMPENSATION/SALARY

Present law generally provides for a benefit calculation formula for members of each state system typically consisting of: (years of service) x (accrual rate) x (final average compensation).

## LASERS AND TRSL:

Present law (R.S. 11:403(5) and 701(5)), relative to LASERS and TRSL provides varying periods of FAC ranging from three to five years. FAC periods for LASERS and TRSL are as follows:

- (1) LASERS: Rank-and-file members hired on or before June 30, 2006, have a three-year FAC. Rank-and-file members hired after such date have a five-year FAC.
- (2) LASERS: Special groups such as the governor, lieutenant governor, and legislators, hired on or before Dec. 31, 2010, have a three-year FAC. Such members hired on or after January 1, 2011, have a five-year FAC.
- (3) LASERS: Certain hazardous duty groups hired on or before Dec. 31, 2010, have a three-year FAC. Such members hired on or after January 1, 2011, have a five-year FAC.
- (4) TRSL: Members hired on of before Dec. 31, 2010, have a three-year FAC. Members hired on or after Jan. 1, 2011, have a five-year FAC.

Proposed law provides that every member of LASERS and of TRSL shall have a five-year FAC.

Present law provides that members of LASERS hired on or before June 30, 2006, have a 25% antispiking cap on the calculation of compensation that can be taken into account each year when the "average compensation" calculation is performed. Proposed law changes this cap from 25% to 15%.

Present law provides that members of TRSL hired on or before Dec. 31, 2010, have a 10% antispiking cap on the amount of earnings that can be considered each year in the "average compensation" calculation. Further provides that members of TRSL hired on or after Jan. 1, 2011, have a 15% antispiking cap. Proposed law retains present law.

LSERS and State Police:

Present law (R.S. 11:1002(6) and 1310) relative to LSERS and La. State Police Retirement System provides varying periods of FAC for members of those systems ranging from one to five years. FAC periods for LSERS and State Police are as follows:

- (1) LSERS: Members hired on or before June 30, 2006, have a three-year FAC. Members hired between July 1, 2006, and June 30, 2010, have a five-year FAC. Members hired on or after July 1, 2010, have a five-year FAC.
- (2) La. State Police Retirement System: Members hired on or before Sept. 8, 1978, have a one year "average salary". Members hired between Sept. 8, 1978, and Dec. 31, 2010, have a three-year "average salary". Members hired on or after Jan. 1, 2011, have a five-year "average compensation".

Present law provides that members of LSERS hired on or before June 30, 2010, have a 10% antispiking cap on the amount of earnings that can be considered each year in the "average compensation" calculation. Further provides that members of LSERS hired on or after July 1, 2010, have a 15% antispiking cap calculation. Proposed law retains present law.

Present law provides that members of the La. State Police Retirement System hired on or before Sept. 8, 1978, do not have antispiking restrictions in their "average salary" calculation. Further provides that members hired between Sept. 8, 1978, and Dec. 31, 2010, have a 25% antispiking cap on the amount of earnings that can be considered each year in the "average salary" calculation. Proposed law applies the 25% antispiking cap on all members of the La. State Police Retirement System hired on or before Jan. 1, 2011.

Present law provides that members of the La. State Police Retirement System hired on or after Jan. 1, 2011, have a 15% cap on the amount of earnings that can be considered each year in the "average compensation" calculation. Proposed law retains present law.

Proposed law further provides, as a transition provision, that proposed law shall not cause the average compensation of any member retiring on or after the effective date of proposed law to be less than such member's average compensation as it existed under present law.

Proposed law further provides for a phased-in transition for current 36-month average compensation employees to the new average compensation or average salary as provided in proposed law:

- (1) For members retiring on or after Jan. 1, 2014, and on or before Dec. 31, 2016, the period used to calculate average compensation or average salary as applicable shall be 36 months plus the number of whole months since Jan. 1, 2014.
- (2) For members entering DROP before Jan. 1, 2016, the period of additional service required and used to calculate a revised average compensation or average salary as applicable shall be 36 months plus the number of whole months from Jan. 1, 2014, to the date of entry into DROP.

Proposed law provides that if proposed law is declared by a court to be unconstitutional as applied to vested members of a state retirement system, proposed law shall only apply to nonvested members.

Effective Jan. 1, 2014.

(Amends R.S. 11:102(B)(2)(c)(ii), (3)(a), and (5), 403(5), 450(B), 531(A)(1)(c), 558(D), 701(5)(a) and (b), 927(A), 1002(6), 1143(D), and 1310(A); Adds R.S. 11:63; Repeals R.S. 11:612(1))