
DIGEST

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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 one-time 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. Further provides that such COLA shall take effect July 1, 2013.

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. Further provides that the cost of the COLA cannot exceed the funds in the experience account. Requires the legislative actuary to review the system actuary's determination regarding funding of the proposed COLA. Prohibits the COLA from being granted unless the legislative actuary and the system actuary agree.

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. Proposed law retains present law. Proposed law further provides that no further action to approve the proposed COLA shall be required by the

legislature 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)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Provides that the authorization for granting a COLA in proposed law is a one-time authorization.
2. Requires the cost of the proposed COLA not exceed the funds in the experience account.
3. Requires the legislative actuary to review the determination of the system's actuary regarding funding the COLA. Further prohibits a COLA from being granted until the legislative actuary and the system actuary agree on a determination.