The original instrument was prepared by Margaret M. Corley. The following digest, which constitutes no part of the legislative instrument, was prepared by Laura Gail Sullivan.

DIGEST

Present constitution (Art. X, Sect. 29(E)(1)) provides that the legislature shall establish, by law, the particular method of actuarial valuation to be employed by each state or statewide retirement system for purposes of attaining and maintaining the actuarial soundness of such system.

Present law (R.S. 11:4(A)(1)(a) and (b)) provides that the La. State Employees' Retirement System (LASERS) and the Teachers' Retirement System of La. (TRSL) are state retirement systems.

Proposed law retains present law.

Present law (R.S. 11:22(B)(6) and (13)) provides that LASERS' and TRSL's valuation method shall be projected unit credit.

Proposed law changes the valuation method of each system to entry age normal, effective with the adoption by the Public Retirement Systems' Actuarial Committee of a valuation for that system utilizing that method.

Present law provides for payment of the unfunded accrued liability of the systems, including payments on the original amortization base and the experience account amortization base and for allocations to the system experience account when system investment earnings exceed a certain threshold.

Proposed law specifies that allocations to the original amortization base, the experience account amortization base, and the experience account are made only from earnings in excess of 8.25%. Provides that this 8.25% threshold shall be used in each system's June 30, 2013, valuation.

Effective June 30, 2013.

(Amends R.S. 11:22(B)(6) and (13), 102.1(B)(4) and (C)(4), 102.2(B)(4) and (C)(4), 542(A)(2)(a) and (F), and 883.1(A)(2)(a) and (G))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill

1. Specifies that credits to the original amortization base, the experience account

amortization base, and the experience account are made only from earnings in excess of 8.25%.

2. Requires each system to prepare and the Public Retirement Systems' Actuarial Committee to adopt a valuation utilizing the new valuation method and including changes to the actuarially-assumed rate of return, the salary assumptions, and the method of valuing assets before the entry age normal method statute becomes effective.

3. Provides an effective date of June 1, 2013, for the requirement that the Committee adopt a new valuation and the 8.25% threshold for application of excess returns to the three funds.

<u>Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill</u>

1. Deletes the requirement that the Public Retirement Systems' Actuarial Committee adopt a valuation that includes changes to the actuarially-assumed rate of return, the salary assumptions, and the method of valuing assets before the entry age normal method statute becomes effective.

2. Provides an effective date of June 30, 2013, for the 8.25% threshold for application of excess returns to the three funds.

3. Requires the 8.25% threshold for application of excess returns to the three funds to be utilized in the June 30, 2013, valuation.