
DIGEST

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Pearson

HB No. 41

Abstract: Provides for application of funds remaining in the State Police Retirement System (STPOL) experience account, after payment of a permanent benefit increase to eligible retirees and beneficiaries, to the oldest outstanding debt of the system.

Present law (R.S. 11:1332) provides for funds to be deposited into the experience account at the end of each fiscal year if the system attains certain funding targets. Proposed law applies the residue of experience account funds remaining from the July 1, 2013, account balance to the oldest outstanding debt of the system. Proposed law does not affect any funds that may enter the account after July 1, 2013.

Present law (R.S. 11:1332) further authorizes a permanent benefit increase to be paid to certain retirees and beneficiaries of STPOL if there is sufficient money in the experience account. Authorizes such an increase at the rate of the lesser of:

- (1) 3%.
- (2) The CPI-U for the last year.

Further authorizes a supplemental permanent benefit increase of 2% to retired members who are age 65 or older.

The CPI-U, as calculated by the U.S. Dept. of Labor, Bureau of Labor Statistics, for last year was 1.5%.

Present law (R.S.11:102) provides the formula for establishing the employer contribution rate for STPOL. Part of the employer contribution rate is an amount to cover the amortization payment due on outstanding debts of the system. Proposed law retains present law.

Proposed law applies toward the oldest outstanding debt of STPOL any remaining funds left in the system's experience account after payment of a permanent benefit increase to eligible retirees and beneficiaries. Proposed law prohibits reamortization of the debt after application of the funds pursuant to proposed law.

According to the latest system valuation prepared by STPOL's actuary, the amount of the oldest outstanding positive amortization base of the system is \$19,248,610.

Effective June 27, 2014.

(Adds R.S. 11:102(E))