

Regular Session, 2014

SENATE BILL NO. 21

BY SENATOR GUILLORY AND REPRESENTATIVE ROBIDEAUX AND SENATORS ALARIO, ALLAIN, APPEL, BROOME, BROWN, BUFFINGTON, CHABERT, CLAITOR, CORTEZ, CROWE, DONAHUE, DORSEY-COLOMB, HEITMEIER, KOSTELKA, LAFLEUR, LONG, MARTINY, MILLS, MURRAY, NEVERS, PEACOCK, RISER, GARY SMITH, JOHN SMITH, TARVER, THOMPSON, WALSWORTH, WARD AND WHITE AND REPRESENTATIVES HENRY BURNS, BURRELL, GUILLORY, HAZEL, HILL, HOFFMANN, PRICE AND RICHARD

TEACHERS RETIREMENT. Grants a permanent benefit increase to eligible retirees in accordance with statutory procedure. (2/3 - CA10s29(F))(6/30/14)

1 AN ACT

2 To grant a permanent benefit increase to retirees and beneficiaries of the Teachers'
3 Retirement System of Louisiana in conformity with the statutory provisions
4 governing the system's experience account.

5 Notice of intention to introduce this Act has been published.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. The legislature finds that the experience account of the Teachers'
8 Retirement System of Louisiana was created for the purpose of accumulating money
9 sufficient to provide actuarial funding of permanent post-retirement benefit increases for
10 certain retirees and beneficiaries of the system. The legislature further finds that the
11 experience account is credited with a portion of the system's investment gain in excess of
12 certain thresholds and with interest on funds in the account; provided, however, that the
13 amount in the experience account shall in no event exceed the reserve necessary to grant two
14 permanent benefit increases.

15 Section 2. The legislature finds that permanent benefit increases funded by the
16 experience account monies are payable to regular retirees who have been retired for at least
17 one year and who have attained the age of sixty years; to disability retirees who have been

1 retired at least one year regardless of age; to beneficiaries of retirees who would have met
2 the applicable criteria to receive the increase if they had survived; and to non-retiree
3 beneficiaries who have been receiving a benefit for at least one year and whose benefits
4 originate from service of deceased members who would have attained age sixty. The
5 legislature further finds that any increase payable in 2014 shall be calculated on the first
6 ninety-three thousand seven hundred fifty-five dollars of a retirement benefit only.

7 Section 3. The legislature finds that, in accordance with the provisions of R.S.
8 11:883.1, the board of trustees of the Teachers' Retirement System of Louisiana is expected,
9 at its monthly meeting in February, to adopt a resolution recommending to the president of
10 the Senate and the speaker of the House of Representatives that the legislature grant a
11 permanent benefit increase to the eligible retirees and beneficiaries of the system in
12 accordance with the provisions of R.S. 11:883.1 and Article X, Section 29(F) of the
13 Constitution of Louisiana.

14 Section 4. The legislature finds that the resolution presented to the presiding officers
15 of this body is expected to contain a recitation of the statutorily-required conditions and
16 specification of the satisfaction of each as follows:

17 (A) For the plan year that ended June 30, 2013, the Teachers' Retirement System of
18 Louisiana earned an actuarial rate of return of thirteen and forty-one one-hundredths percent,
19 which exceeded the board-approved actuarial valuation rate of eight and one-quarter percent.

20 (B) For any year in which the system's rate of return is at least eight and one-quarter
21 percent, R.S. 11:883.1(C) provides that a permanent benefit increase shall not exceed the
22 lesser of three percent or the increase in the consumer price index, U.S. city average for all
23 urban consumers, as prepared by the U.S. Department of Labor, Bureau of Labor Statistics,
24 for the calendar year immediately preceding the increase.

25 (C) The system actuary has determined that the actuarial liability created by
26 providing a permanent benefit increase of one and six-tenths of one percent is approximately
27 two hundred sixteen million six hundred thousand dollars. The system actuary computed
28 the balance in the experience account to be over two hundred nineteen million dollars, an
29 amount sufficient to fund a benefit increase up to one and six-tenths of one percent on an

1 actuarial basis.

2 Section 5. The legislative auditor has confirmed that the legislative auditor's actuary
3 is in the process of determining whether he agrees with the determinations of the system
4 actuary.

5 Section 6. The consumer price index, U.S. city average for all urban consumers, as
6 prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the 2013 calendar
7 year, released January 16, 2014, was determined to be one and one-half of one percent,
8 which does not exceed one and six-tenths of one percent.

9 Section 7. Contingent upon satisfaction of all necessary conditions contained in R.S.
10 11:883.1, the first ninety-three thousand seven hundred fifty-five dollars of the current
11 benefit of each retiree and beneficiary of the Teachers' Retirement System of Louisiana who
12 meets the eligibility criteria contained in the statute and recited herein shall be increased by
13 the applicable 2013 consumer price index of one and one-half of one percent effective July
14 1, 2014.

15 Section 8. If any of the instruments which originated as Senate Bill No. 16, Senate
16 Bill No. 18, Senate Bill No. 19, or House Bill No. 1225 of the 2014 Regular Session of the
17 Legislature does not become effective, this Act shall be null and void and of no effect.

18 Section 9. This Act shall become effective on June 30, 2014; if vetoed by the
19 governor and subsequently approved by the legislature, this Act shall become effective on
20 June 30, 2014, or on the day following such approval by the legislature, whichever is later.

The original instrument was prepared by Laura Gail Sullivan. The following
digest, which does not constitute a part of the legislative instrument, was
prepared by Cathy R. Wells.

DIGEST

Guillory (SB 21)

Present law, relative to the Teachers' Retirement System of Louisiana (TRSL or Teachers'), provides for the accumulation of certain system funds in an "experience account". Provides for utilization of these funds for permanent benefit increases (PBIs), sometimes referred to as cost-of-living adjustments or COLAs, for retirees, survivors, and beneficiaries of the system. Provides for determination of eligibility for and the amount of an increase paid with these funds.

Present law provides for notification of the legislature by the TRSL board of trustees that the conditions for granting a PBI contained in present law have been met.

Present law requires the legislature to approve any PBI.

Proposed law retains present law and approves a PBI to be paid July 1, 2014, pursuant to the provisions of present law.

Proposed law states that if any of the instruments which originated as Senate Bill No. 16, Senate Bill No. 18, Senate Bill No. 19, or House Bill No. 1225 of the 2014 Regular Session of the Legislature does not become effective, then proposed law shall be null and void and of no effect. These bills are for the retirees of State Police Retirement System, Louisiana State Employees' Retirement System, and Louisiana School Employees' Retirement System.

Effective June 30, 2014.

Summary of Amendments Adopted by Senate

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

1. Makes the COLA for Teachers' effective only if the COLA for the other three state retirement systems are effective. The three other state retirement systems are State Police Retirement System, Louisiana State Employees' Retirement System, and School Employees' Retirement System of Louisiana.

Senate Floor Amendments to engrossed bill

1. Adds House Bill No. 1225 to list of legislative instruments that must be enacted in order for the provisions of Senate Bill No. 16 to become effective.