

2015 Regular Session

HOUSE BILL NO. 42

BY REPRESENTATIVES JONES, ABRAMSON, ANDERS, ARMES, ARNOLD, BADON, BARRAS, BARROW, BERTHELOT, BILLIOT, WESLEY BISHOP, BOUIE, BROADWATER, BROWN, HENRY BURNS, BURRELL, CARMODY, CARTER, CHANEY, COX, DANAHAY, DOVE, EDWARDS, FOIL, FRANKLIN, GAINES, GISCLAIR, GUILLORY, GUINN, HALL, HARRISON, HAVARD, HAZEL, HENRY, HENSGENS, HILL, HODGES, HONORE, HOWARD, HUNTER, HUVAL, JACKSON, JAMES, JEFFERSON, ROBERT JOHNSON, TERRY LANDRY, LEBAS, LEGER, LEOPOLD, MACK, MIGUEZ, MONTOUCET, MORENO, NORTON, ORTEGO, PIERRE, POPE, PRICE, PUGH, PYLANT, REYNOLDS, RICHARD, RITCHIE, SCHEXNAYDER, SEABAUGH, SHADOIN, SMITH, ST. GERMAIN, THIBAUT, THIERRY, ALFRED WILLIAMS, PATRICK WILLIAMS, WILLMOTT, AND WOODRUFF

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

RETIREMENT/COLAS: Authorizes payments funded by state retirement system experience accounts to certain retirees and beneficiaries of such systems

1 AN ACT

2 To enact R.S. 11:542.2, 883.4, 1145.3, and 1331.2, to authorize payments funded by state  
3 retirement system experience accounts to certain retirees and beneficiaries of such  
4 systems; to provide qualifications for receipt of such payments; to provide relative  
5 to the amount of such payments; and to provide for related matters.

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

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:542.2, 883.4, 1145.3, and 1331.2 are hereby enacted to read as  
11 follows:

12 §542.2. Permanent benefit increase; payable July 1, 2015

13 A. Notwithstanding any provision of R.S. 11:542 to the contrary, the board  
14 of trustees of the Louisiana State Employees' Retirement System may pay a

1       permanent benefit increase, payable July 1, 2015, to the following retirees and  
2       beneficiaries:

3               (1) Any retiree, other than a disability retiree, who has attained at least age  
4       sixty and who has received a benefit for at least one year.

5               (2) Any nonretiree beneficiary is eligible if benefits had been paid to the  
6       retiree or the beneficiary, or both combined, for at least one year and if the retiree  
7       would have attained age sixty.

8               (3) Any disability retiree or a person who receives disability benefits from  
9       the system based on the death of a disability retiree is eligible if benefits have been  
10       received for at least one year.

11               B. Any benefit increase paid pursuant to the provisions of this Section shall  
12       be paid from the funds in the system experience account.

13               C. The amount of the increase authorized by this Section shall be an amount  
14       determined by the system's actuary that is supported by the funds in the experience  
15       account after any credits or debits to the account pursuant to R.S. 11:542(A)(2) or  
16       (B)(1), as applicable, up to a maximum payment of one and one-half percent of the  
17       benefit amount. The funds in the account shall be sufficient to fund such benefit  
18       fully on an actuarial basis. If the legislative auditor's actuary disagrees with the  
19       determination of the system's actuary, a permanent benefit increase shall not be  
20       granted.

21               D. The increase provided for in this Section shall only be payable on the first  
22       sixty thousand dollars of a retiree or beneficiary's benefit.

23                               \*       \*       \*

24       §883.4. Permanent benefit increase; payable July 1, 2015

25               A. Notwithstanding any provision of R.S. 11:883.1 to the contrary, the board  
26       of trustees of the Teachers' Retirement System of Louisiana may pay a permanent  
27       benefit increase, payable July 1, 2015, to the following retirees and beneficiaries:

28               (1) Any retiree, other than a disability retiree, who has attained at least age  
29       sixty and who has received a benefit for at least one year.

1           (2) Any nonretiree beneficiary is eligible if benefits had been paid to the  
2           retiree or the beneficiary, or both combined, for at least one year and if the retiree  
3           would have attained age sixty.

4           (3) Any disability retiree or a person who receives disability benefits from  
5           the system based on the death of a disability retiree is eligible if benefits have been  
6           received for at least one year.

7           B. Any benefit increase paid pursuant to the provisions of this Section shall  
8           be paid from the funds in the system experience account.

9           C. The amount of the increase authorized by this Section shall be an amount  
10           determined by the system's actuary that is supported by the funds in the experience  
11           account after any credits or debits to the account pursuant to R.S. 11:883.1(A)(2) or  
12           (B)(1), as applicable, up to a maximum payment of one and one-half percent of the  
13           benefit amount. The funds in the account shall be sufficient to fund such benefit  
14           fully on an actuarial basis. If the legislative auditor's actuary disagrees with the  
15           determination of the system's actuary, a permanent benefit increase shall not be  
16           granted.

17           D. The increase provided for in this Section shall only be payable on the first  
18           sixty thousand dollars of a retiree or beneficiary's benefit.

19                           \*           \*           \*

20           §1145.3. Cost-of-living adjustment; payable July 1, 2015

21           A. Notwithstanding any provision of R.S. 11:1145.1 to the contrary, the  
22           board of trustees of the Louisiana School Employees' Retirement System may pay  
23           a cost-of-living adjustment, payable July 1, 2015, to the following retirees and  
24           beneficiaries:

25           (1) Any retiree, other than a disability retiree, who has attained at least age  
26           sixty and who has received a benefit for at least one year.

27           (2) Any nonretiree beneficiary is eligible if benefits had been paid to the  
28           retiree or the beneficiary, or both combined, for at least one year and if the retiree  
29           would have attained age sixty.

1           (3) Any disability retiree or a person who receives disability benefits from  
2           the system based on the death of a disability retiree is eligible if benefits have been  
3           received for at least one year.

4           B. Any benefit increase paid pursuant to the provisions of this Section shall  
5           be paid from the funds in the system experience account.

6           C. The amount of the increase authorized by this Section shall be an amount  
7           determined by the system's actuary that is supported by the funds in the experience  
8           account after any credits or debits to the account pursuant to R.S. 11:1145.1(A)(1)  
9           or (B)(1), as applicable, up to a maximum payment of one and one-half percent of  
10           the benefit amount. The funds in the account shall be sufficient to fund such benefit  
11           fully on an actuarial basis. If the legislative auditor's actuary disagrees with the  
12           determination of the system's actuary, a cost of living adjustment shall not be  
13           granted.

14           D. The increase provided for in this Section shall only be payable on the first  
15           sixty thousand dollars of a retiree or beneficiary's benefit.

16                           \*       \*       \*

17           §1331.2. Cost-of-living adjustment; payable July 1, 2015

18           A. Notwithstanding any provision of R.S. 11:1332 to the contrary, the board  
19           of trustees of the State Police Retirement System may pay a cost-of-living  
20           adjustment, payable July 1, 2015, to the following retirees and beneficiaries:

21           (1) Any retiree, other than a disability retiree, who has attained at least age  
22           sixty and who has received a benefit for at least one year.

23           (2) Any nonretiree beneficiary is eligible if benefits had been paid to the  
24           retiree or the beneficiary, or both combined, for at least one year and if the retiree  
25           would have attained age sixty.

26           (3) Any disability retiree or a person who receives disability benefits from  
27           the system based on the death of a disability retiree is eligible if benefits have been  
28           received for at least one year.

1 B. Any benefit increase paid pursuant to the provisions of this Section shall  
2 be paid from the funds in the system experience account.

3 C. The amount of the increase authorized by this Section shall be an amount  
4 determined by the system's actuary that is supported by the funds in the experience  
5 account after any credits or debits to the account pursuant to R.S. 11:1332(A)(1) or  
6 (B)(1), as applicable, up to a maximum payment of one and one-half percent of the  
7 benefit amount. The funds in the account shall be sufficient to fund such benefit  
8 fully on an actuarial basis. If the legislative auditor's actuary disagrees with the  
9 determination of the system's actuary, a cost of living adjustment shall not be  
10 granted.

11 D. The increase provided for in this Section shall only be payable on the first  
12 sixty thousand dollars of a retiree or beneficiary's benefit.

13 Section 2. Any cost of this Act not funded by payments made pursuant to the  
14 provisions of Section 1 of this Act shall be funded with additional employer contributions  
15 in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

16 Section 3. In the case of any conflict between the provisions of this Act and the  
17 provisions of any other Act of the 2015 Regular Session of the Legislature, the provisions  
18 of this Act shall supercede and control regardless of the order of passage.

19 Section 4. This Act shall become effective on June 30, 2015; if vetoed by the  
20 governor and subsequently approved by the legislature, this Act shall become effective on  
21 June 30, 2015, or on the day following such approval by the legislature, whichever is later.

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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)]

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HB 42 Engrossed 2015 Regular Session Jones

**Abstract:** Authorizes payment of permanent benefit increases, up to a maximum of 1.5%, for certain retirees and beneficiaries of the four state retirement systems—La. State Employees' Retirement System (LASERS), Teachers' Retirement system of La. (TRSL), La. School Employees' Retirement System (LSERS), and State Police Retirement System (STPOL).

Present law, relative to the four state retirement systems, establishes an "experience account" within each system for the accumulation of certain system funds. Provides for utilization of these funds for benefit increases, commonly called "cost-of-living adjustments" (COLAs), for retirees, survivors, and beneficiaries of the system. Provides that the following classes of retirees and beneficiaries are eligible for a COLA paid pursuant to present law:

- (1) Any retiree who has received a benefit for at least one year and who has attained at least age 60.
- (2) Any nonretiree beneficiary who has received a benefit for at least one year (aggregated with any time the deceased member may have received a benefit) if the deceased member would have attained age 60.
- (3) Any disability retiree or any beneficiary who receives benefits based on the death of a disability retiree if benefits have been received for at least one year.

Proposed law retains present law.

Present law provides that a COLA may only be granted every other year. During the 2014 R.S., the legislature authorized payment, payable July 1, 2014, of a COLA for retirees and beneficiaries of each of the four state retirement systems.

Proposed law provides a COLA, payable July 1, 2015, for the retirees and beneficiaries of each of the four state retirement systems. Uses the funds from the system experience accounts to fund such a payment.

Proposed law provides that retirees and beneficiaries who would qualify for a COLA under present law qualify for receipt of the COLA authorized by proposed law.

Proposed law provides that the amount of the COLA shall be an amount supported by the funds in the system's experience account, after all required credits and debits to the account under present law, up to a maximum payment of 1.5% of the retiree or beneficiary's benefit amount.

Proposed law provides that the benefit increase shall only be paid on the first \$60,000 of a retiree or beneficiary's benefit.

Proposed law provides that any cost of this Act not funded by payments made from the system experience account shall be funded with additional employer contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

Proposed law provides that in the case of any conflict between the provisions of proposed law and the provisions of any other Act of the 2015 R.S., the provisions of proposed law shall supercede and control regardless of the order of passage.

Effective June 30, 2015.

(Adds R.S. 11:542.2, 883.4, 1145.3, and 1331.2)