

2016 Regular Session

HOUSE BILL NO. 50

BY REPRESENTATIVE IVEY

RETIREMENT/STATE SYSTEMS: Establishes a tiered accrual rate for new members of state retirement systems whose first employment making them eligible for membership in a state system occurs on or after July 1, 2018

1 AN ACT

2 To amend and reenact R.S. 11:444(A)(1)(a), 614(B)(2)(b), 615(A), 768(B)(1), 779.1,
3 1144(B)(2)(a) and (4), and 1345.5 and to enact R.S. 11:444(A)(1)(c), 461(C),
4 471.1(I), 621(D), 1144(B)(5), 1147(D), 1151.1(K), and 1323(J), relative to new
5 members of state retirement systems; to provide with respect to the accrual and
6 calculation of benefits for such members; and to provide for related matters.

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

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:444(A)(1)(a), 614(B)(2)(b), 615(A), 768(B)(1), 779.1,
12 1144(B)(2)(a) and (4), and 1345.5 are hereby amended and reenacted and R.S.
13 11:444(A)(1)(c), 461(C), 471.1(I), 621(D), 1144(B)(5), 1147(D), 1151.1(K), and 1323(J) are
14 hereby enacted to read as follows:

15 §444. Computation of retirement benefit

16 A.(1)(a)(i) A member who retires effective on or after July 1, 1973, whose
17 first employment making him eligible for membership in a state retirement system
18 occurred on or before June 30, 2018, shall receive a maximum retirement allowance
19 equal to two and one-half percent of average compensation, ~~as determined under~~
20 ~~R.S. 11:231~~, for every year of creditable service, plus three hundred dollars.

1 (ii) ~~Any~~ Notwithstanding any provision of law to the contrary, any member
 2 whose first employment making him eligible for membership in one of the state
 3 systems occurred on or after January 1, 2011, shall receive an additional benefit
 4 equal to one percent times the number of years of creditable service as a judge in a
 5 position specified in R.S. 11:553(1), (3) through (5), (7), and (10) through (15) times
 6 his average compensation.

7 * * *

8 (c) A member whose first employment making him eligible for membership
 9 in a state system occurred on or after July 1, 2018, shall receive a maximum
 10 retirement allowance calculated in accordance with this Subparagraph:

11 (i) The maximum retirement allowance for every year of creditable service
 12 less than five years of service shall equal one and one-half percent of average
 13 compensation.

14 (ii) The maximum retirement allowance for every year of the fifth through
 15 the ninth years of creditable service shall equal one and three-quarters percent of
 16 average compensation.

17 (iii) The maximum retirement allowance for every year of the tenth through
 18 the fourteenth years of creditable service shall equal two percent of average
 19 compensation.

20 (iv) The maximum retirement allowance for every year of the fifteenth
 21 through the twenty-fourth years of creditable service shall equal two and one-half
 22 percent of average compensation.

23 (v) The maximum retirement allowance for every year of the twenty-fifth
 24 through the twenty-ninth years of creditable service shall equal three percent of
 25 average compensation.

26 (vi) The maximum retirement allowance for every year of the thirtieth
 27 through the thirty-fourth years of creditable service shall equal three and one quarter
 28 percent of average compensation.

1 (vii) The maximum retirement allowance for the thirty-fifth year of
2 creditable service and for each year of creditable service thereafter shall equal four
3 percent of average compensation.

4 * * *

5 §461. Eligibility; certification

6 * * *

7 C. Notwithstanding any provision of law to the contrary, benefits paid
8 pursuant to the provisions of this Section to members whose first employment
9 making them eligible for membership in a state system occurred on or after July 1,
10 2018, shall be calculated using the accrual rate for members whose first employment
11 making them eligible for membership in a state system occurred on June 30, 2018.

12 * * *

13 §471.1. Survivors' benefits; members hired on or after January 1, 2011

14 * * *

15 I. Notwithstanding any provision of law to the contrary, benefits paid
16 pursuant to the provisions of this Section to survivors of a member whose first
17 employment making him eligible for membership in a state system occurred on or
18 after July 1, 2018, shall be calculated using the accrual rate for members whose first
19 employment making them eligible for membership in a state system occurred on
20 June 30, 2018.

21 * * *

22 §614. Eligibility for retirement

23 * * *

24 B.

25 * * *

26 (2)

27 * * *

28 (b) Any member of this plan who elects to retire under the provisions of R.S.

29 11:441(A)(2)(b)(i) shall receive a retirement benefit ~~equal to two and one-half~~

1 ~~percent of his average compensation for every year of creditable service~~ calculated
2 pursuant to R.S. 11:441(A)(1).

3 * * *

4 §615. Retirement benefit calculation

5 A.(1) Except as provided in Subsection B of this Section, a member whose
6 first employment making him eligible for membership in a state retirement system
7 occurred on or before June 30, 2018, shall receive a retirement benefit equal to three
8 and one-third percent of average compensation for every year of creditable service
9 in the Hazardous Duty Services Plan, not to exceed one hundred percent of the
10 member's average compensation.

11 (2) Except as provided in Subsection B of this Section, a member whose first
12 employment making him eligible for membership in a state retirement system
13 occurred on or after July 1, 2018, shall receive a retirement benefit calculated in
14 accordance with the provisions of this Paragraph, as follows:

15 (a) The maximum retirement allowance for every year of creditable service
16 less than five years of service shall equal two percent of average compensation.

17 (b) The maximum retirement allowance for every year of the fifth through
18 ninth years of creditable service shall equal two and one-half percent of average
19 compensation.

20 (c) The maximum retirement allowance for every year of the tenth through
21 fourteenth years of creditable service shall equal three and one-quarter percent of
22 average compensation.

23 (d) The maximum retirement allowance for every year of the fifteenth
24 through nineteenth years of creditable service shall equal three and three-quarters
25 percent of average compensation.

26 (e) The maximum retirement allowance for every year of the twentieth
27 through twenty-fourth years of creditable service shall equal four percent of average
28 compensation.

1 (f) The maximum retirement allowance for the twenty-fifth year of creditable
2 service and for each year of creditable service thereafter shall equal four and one-half
3 percent of average compensation.

4 * * *

5 §621. Survivors' benefits for former or retired members

6 * * *

7 D. Notwithstanding any provision of law to the contrary, benefits paid
8 pursuant to the provisions of this Section to the surviving spouse of a deceased
9 member whose first employment making him eligible for membership in a state
10 system occurred on or after July 1, 2018, shall be calculated using the accrual rate
11 for members whose first employment making them eligible for membership in a state
12 system occurred on June 30, 2018.

13 * * *

14 §768. Retirement allowances

15 * * *

16 B.(1)(a) Upon service retirement, a person who became a member on or after
17 July 1, 1999, shall receive an annual benefit which provides a total allowance equal
18 to two and one-half percent of his average earnable compensation multiplied by the
19 number of years of creditable service.

20 (b) A member whose first employment making him eligible for membership
21 in a state system occurred on or after July 1, 2018, shall receive a maximum
22 retirement allowance calculated in accordance with this Subparagraph:

23 (i) The maximum retirement allowance for every year of creditable service
24 less than five years of service shall equal one and one-half percent of average
25 compensation.

26 (ii) The maximum retirement allowance for every year of the fifth through
27 the ninth years of creditable service shall equal one and three-quarters percent of
28 average compensation.

1 (iii) The maximum retirement allowance for every year of the tenth through
2 the fourteenth years of creditable service shall equal two percent of average
3 compensation.

4 (iv) The maximum retirement allowance for every year of the fifteenth
5 through the twenty-fourth years of creditable service shall equal two and one-half
6 percent of average compensation.

7 (v) The maximum retirement allowance for every year of the twenty-fifth
8 through the twenty-ninth years of creditable service shall equal three percent of
9 average compensation.

10 (vi) The maximum retirement allowance for every year of the thirtieth
11 through the thirty-fourth years of creditable service shall equal three and one quarter
12 percent of average compensation.

13 (vii) The maximum retirement allowance for the thirty-fifth year of
14 creditable service and for each year of creditable service thereafter shall equal four
15 percent of average compensation.

16 * * *

17 §779.1. Allowance on disability retirement; members hired on or after January 1,
18 2011

19 A. Any member whose first employment making him eligible for
20 membership in one of the state systems occurred ~~began~~ on or after January 1, 2011,
21 shall receive a maximum disability retirement benefit which shall be equivalent to
22 the regular retirement formula without reduction by reason of age. Selection of a
23 retirement option shall be made when application for disability is filed. If the
24 disability retiree dies, the option selected upon disability retirement shall be applied
25 to his disability retirement benefit.

26 B. Notwithstanding any provision of law to the contrary, benefits pursuant
27 to the provisions of this Section for members whose first employment making them
28 eligible for membership in a state system occurred on or after July 1, 2018, shall be

1 calculated using the accrual rate for members whose first employment making them
2 eligible for membership in a state system occurred on June 30, 2018.

3 * * *

4 §1144. Retirement allowance; regular, minimum, and supplemental

5 * * *

6 B. Minimum allowance.

7 * * *

8 (2)(a) The provisions of this Paragraph shall apply to any member who
9 retires on or after July 1, 2001, but shall not apply to any member to whom
10 Paragraph (4) or (5) of this Subsection is applicable.

11 * * *

12 (4) The provisions of this Paragraph shall apply to any member whose first
13 employment making him eligible for membership in one of the state systems
14 occurred on or after July 1, 2010, and on or before June 30, 2018. The minimum
15 allowance for such members shall be no less than an amount which provides a total
16 allowance equal to two and one-half percent multiplied by the total years of
17 accredited service and multiplied by the average compensation for such person as
18 provided in R.S. 11:1002(6)(c).

19 (5) The provisions of this Paragraph shall apply to any member whose first
20 employment making him eligible for membership in a state system occurred on or
21 after July 1, 2018. The minimum allowance for such a member shall be no less than
22 an amount which provides a total allowance equal to the member's total years of
23 accredited service multiplied by the average compensation for such person as
24 provided in R.S. 11:1002(6)(c) and multiplied by the following applicable percentage
25 or percentages:

26 (i) The maximum retirement allowance for every year of creditable service
27 less than five years of service shall equal one and one-half percent of average
28 compensation.

1 (ii) The maximum retirement allowance for every year of the fifth through
2 the ninth years of creditable service shall equal one and three-quarters percent of
3 average compensation.

4 (iii) The maximum retirement allowance for every year of the tenth through
5 the fourteenth years of creditable service shall equal two percent of average
6 compensation.

7 (iv) The maximum retirement allowance for every year of the fifteenth
8 through the twenty-fourth years of creditable service shall equal two and one-half
9 percent of average compensation.

10 (v) The maximum retirement allowance for every year of the twenty-fifth
11 through the twenty-ninth years of creditable service shall equal three percent of
12 average compensation.

13 (vi) The maximum retirement allowance for every year of the thirtieth
14 through the thirty-fourth years of creditable service shall equal three and one quarter
15 percent of average compensation.

16 (vii) The maximum retirement allowance for the thirty-fifth year of
17 creditable service and for each year of creditable service thereafter shall equal four
18 percent of average compensation.

19 * * *

20 §1147. Disability retirement

21 * * *

22 D. Notwithstanding any provision of law to the contrary, benefits paid
23 pursuant to the provisions of this Section to a member whose first employment
24 making him eligible for membership in a state system occurred on or after July 1,
25 2018, shall be calculated using the accrual rate for members whose first employment
26 making them eligible for membership in a state system occurred on June 30, 2018.

27 * * *

28 §1151.1. Survivor benefits; members hired on or after July 1, 2010

29 * * *

1 K. Notwithstanding any provision of law to the contrary, benefits paid
 2 pursuant to the provisions of this Section to the survivors of a member whose first
 3 employment making them eligible for membership in a state system occurred on or
 4 after July 1, 2018, shall be calculated using the accrual rate for members whose first
 5 employment making them eligible for membership in a state system occurred on
 6 June 30, 2018.

* * *

8 §1323. Death of employee not in performance of duty; employees hired on or after
 9 January 1, 2011

* * *

11 J. Notwithstanding any provision of law to the contrary, benefits paid
 12 pursuant to the provisions of this Section to the survivors of a member whose first
 13 employment making them eligible for membership in a state system occurred on or
 14 after July 1, 2018, shall be calculated using the accrual rate for members whose first
 15 employment making them eligible for membership in a state system occurred on
 16 June 30, 2018.

* * *

18 §1345.5. Retirement benefit

19 A. A member whose first employment making him eligible for membership
 20 in a state system occurred on or before June 30, 2018, shall receive a retirement
 21 equal to three and one-third percent of average compensation for every year of
 22 creditable service in the plan, not to exceed one hundred percent of the member's
 23 average compensation.

24 B. A member whose first employment making him eligible for membership
 25 in a state system occurred on or after July 1, 2018, shall receive a retirement
 26 allowance calculated in accordance with this Subsection:

27 (1) The maximum retirement allowance for every year of creditable service
 28 less than five years of service shall equal two percent of average compensation,

1 (2) The maximum retirement allowance for every year of the fifth through
2 ninth years of creditable service shall equal two and one-half percent of average
3 compensation.

4 (3) The maximum retirement allowance for every year of the tenth through
5 fourteenth years of creditable service shall equal three and one-quarter percent of
6 average compensation.

7 (4) The maximum retirement allowance for every year of the fifteenth
8 through nineteenth years of creditable service shall equal three and three-quarters
9 percent of average compensation.

10 (5) The maximum retirement allowance for every year of the twentieth
11 through twenty-fourth years of creditable service shall equal four percent of average
12 compensation.

13 (6) The maximum retirement allowance for the twenty-fifth year of
14 creditable service and for each year of creditable service thereafter shall equal four
15 and one-half percent of average compensation.

16 Section 2. This Act shall become effective on June 30, 2016; if vetoed by the
17 governor and subsequently approved by the legislature, this Act shall become effective on
18 June 30, 2016, or on the day following such approval by the legislature, whichever is later.

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)]

HB 50 Original 2016 Regular Session Ivey

Abstract: Establishes a tiered accrual rate based on years of creditable service for all new members of state retirement systems whose first employment making them eligible for membership in a state system occurs on or after July 1, 2018.

Present law establishes the four state retirement systems—the La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Retirement System (STPOL)—and provides for the payment of benefits from each system to qualifying retirees and beneficiaries. Proposed law retains present law.

Present law generally requires application of the following formula for the payment of retirement benefits:

$$\text{Years of Service} \times \text{Accrual Rate} \times \text{Average Compensation}$$

Pursuant to this formula, for each year of service the member accrues a certain percentage of his average compensation.

Present law further establishes different accrual rates for different plans and systems, as further explained below. Proposed law establishes a new tiered accrual rate based on length of service to be used in the calculation of benefits for new members whose first employment making them eligible for membership in a state system occurred on or after July 1, 2018, (hereafter referred to as "new members").

Regular Retirement Benefits

TRSL, LSERS, and Rank-and-File LASERS Members

Present law provides that members of TRSL, LSERS, as well as rank-and-file members of LASERS (including judges) shall have an accrual rate of 2.5% for each year of service.

Proposed law provides that for such new members the accrual rate shall be as follows:

- (1) For every year of creditable service less than five years the rate shall equal 1.5% of average compensation.
- (2) For every year of the 5th through the 9th years of creditable service, the rate shall equal 1.75% of average compensation.
- (3) For every year of the 10th through the 14th years of creditable service, the rate shall equal 2% of average compensation.
- (4) For every year of the 15th through the 24th years of creditable service, the rate shall equal 2.5% of average compensation.
- (5) For every year of the 25th through the 29th years of creditable service, the rate shall equal 3% of average compensation.
- (6) For every year of the 30th through the 34th years of creditable service, the rate shall equal 3.25% percent of average compensation.
- (7) For the 35th year of creditable service and for each year of creditable service thereafter, the rate shall equal 4% of average compensation.

Present law provides that judges shall receive an additional 1% of average compensation for each year of service as a judge. Proposed law retains present law.

Hazardous Duty Members of LASERS

Present law provides that members of the Hazardous Duty Services Plan within LASERS shall have an accrual rate of 3.33% if such member retires pursuant to the Hazardous Duty Services Plan provisions.

Proposed law provides that for new members of the Hazardous Duty Services Plan, the accrual rate shall be as follows if the member retires pursuant to the Hazardous Duty Services Plan provisions:

- (1) For every year of creditable service less than five years the rate shall equal 2% of average compensation.
- (2) For every year of the 5th through the 9th years of creditable service, the rate shall equal 2.5% of average compensation.
- (3) For every year of the 10th through the 14th years of creditable service, the rate shall equal 3.25% of average compensation.

- (4) For every year of the 15th through the 19th years of creditable service, the rate shall equal 3.75% of average compensation.
- (5) For every year of the 20th through the 24th years of creditable service, the rate shall equal 4% of average compensation.
- (6) For the 25th year of creditable service and for each year of creditable service thereafter, the rate shall equal 4.5% of average compensation.

Present law further provides that if a Hazardous Duty Services Plan member elects to retire under the rank-and-file member provisions, his accrual rate shall be the rank-and-file accrual rate. Proposed law retains present law.

STPOL

Present law provides that members of STPOL have an accrual rate of 3.33% for each year of service.

Proposed law provides that for new members, the accrual rate shall be as follows:

- (1) For every year of creditable service less than five years the rate shall equal 2% of average compensation.
- (2) For every year of the 5th through the 9th years of creditable service, the rate shall equal 2.5% of average compensation.
- (3) For every year of the 10th through the 14th years of creditable service, the rate shall equal 3.25% of average compensation.
- (4) For every year of the 15th through the 19th years of creditable service, the rate shall equal 3.75% of average compensation.
- (5) For every year of the 20th through the 24th years of creditable service, the rate shall equal 4% of average compensation.
- (6) For the 25th year of creditable service and for each year of creditable service thereafter, the rate shall equal 4.5% of average compensation.

Death and Disability Benefits

LASERS

Rank-and-File Members and Judges

Present law, for rank-and-file members of LASERS, provides that disability benefits for such members, if disabled while in active service, shall be calculated using the regular retirement formula, without reduction for reason of age and without regard to the minimum number of years required to receive a benefit. Proposed law requires that the accrual rate for performing such calculation for disability benefits for active new members shall be calculated using the same flat 2.5% accrual rate as for current members.

Present law for LASERS further provides that disability benefits for deferred vested rank-and-file members shall be calculated using a flat 2.5% accrual rate. Proposed law retains present law.

Present law for rank-and-file members of LASERS provides that survivor benefits for members hired on or after Jan. 1, 2011, shall be calculated using the regular retirement formula. Proposed law requires that survivor benefits for beneficiaries of new members shall be calculated using the same flat 2.5% accrual rate as for current members.

Hazardous Duty Members

Present law for members of the Hazardous Duty Services Plan within LASERS provides that disability benefits are calculated as a percentage of average compensation, therefore not requiring an accrual rate in the calculation. Proposed law retains present law for all Hazardous Duty members, regardless of the date of hire.

Present law for members of the Hazardous Duty Services Plan within LASERS provides that survivor benefits for beneficiaries of such members who are killed in the line of duty are based on average compensation, and do not require application of an accrual rate for the determination of the benefit amount. Proposed law retains present law for all Hazardous Duty members, regardless of the date of hire.

Present law for members of the Hazardous Duty Services Plan within LASERS provides that survivor benefits for beneficiaries of such members who are not killed in the line of duty are based on the regular retirement formula. Proposed law requires that the accrual rate to be utilized for calculating benefits for such new member beneficiaries is the same flat 3.33% accrual rate as for current members.

TRSL

Present law for TRSL provides that survivor benefits are calculated using a flat 2.5% accrual rate. Proposed law retains present law for new member survivor benefits, regardless of the date of hire.

Present law for TRSL provides that disability benefits for members hired on or after Jan. 1, 2011, are calculated using the regular retirement formula without reduction by reason of age and without regard to the minimum number of years of service required to receive a regular retirement benefit. Proposed law requires that disability benefits for new members be calculated using the same flat 2.5% accrual rate as for current members.

LSERS

Present law for LSERS provides that disability benefits for members hired after July 1, 2010, to be equivalent to the regular retirement formula without reduction by reason of age and without regard to the minimum number of years of service required to receive a regular retirement benefit. Proposed law requires that disability benefits for new members be calculated using the same flat 2.5% accrual rate as for current members.

Present law for LSERS provides that survivor benefits are calculated as a percentage of the regular retirement benefits the deceased member would have received, without reduction by reason of age and without regard to the minimum number of years of service required to receive a regular retirement benefit. Proposed law requires the survivor benefit calculation for new members to utilize the same flat 2.5% accrual rate as for current members.

STPOL

Present law for STPOL provides that survivor benefits for beneficiaries of members who are not killed in the line of duty who were hired on or after Jan. 1, 2011, are calculated as a percentage of the regular retirement benefit the member would have received had he retired on the date of his death, regardless of years of service or age. Proposed law requires the survivor benefits for such new members to be calculated using the same flat 3.33% accrual rate as for current members.

Present law for STPOL members hired on or after Jan. 1, 2011, provides that survivor benefits for members who are killed in the line of duty is based on a percentage of the deceased member's average compensation, and does not require application of an accrual rate to determine the benefit amount. Proposed law retains present law for all such members, regardless of the date of hire.

Present law for STPOL members hired on or after Jan. 1, 2011, provides that disability benefits for members who become disabled in the line of duty are based on a percentage of average compensation and do not require application of an accrual rate to determine the benefit amount. Further provides that disability benefits for members who become disabled for reasons other than service in the line of duty shall have a disability benefit based on

average salary and does not require application of an accrual rate to determine the benefit amount. Proposed law retains present law for all such members, regardless of the date of hire.

Effective June 30, 2016.

(Amends R.S. 11:444(A)(1)(a), 614(B)(2)(b), 615(A), 768(B)(1), 779.1, 1144(B)(2)(a) and (4), and 1345.5; Adds R.S. 11:444(A)(1)(c), 461(C), 471.1(I), 621(D), 1144(B)(5), 1147(D), 1151.1(K), and 1323(J))