

RÉSUMÉ DIGEST

ACT 512 (HB 32)

2016 Regular Session

Jones

Existing law, relative to 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)—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 existing 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.

Existing law authorizes payment of a COLA every other year when a system is below 80% funded. The last COLA paid from the experience accounts was in July of 2014.

Existing law further provides that the amount of a COLA paid pursuant to existing law is the lesser of:

- (1) An amount determined by the system's funded ratio.
- (2) The CPI-U for the preceding year.

New law authorizes, notwithstanding existing law limitations, payment of a COLA for the retirees and beneficiaries of each of the four state retirement systems. Requires use of experience accounts to fund such payments.

New law provides that retirees and beneficiaries who would qualify for a COLA under existing law qualify for receipt of the COLA authorized by new law. New law further provides and clarifies that a disability retiree or a person who receives benefits from the system based on the death of a disability retiree is eligible if benefits have been paid to the retiree or the beneficiary or both combined for at least one year.

New law provides that the amount of the COLA shall be an amount supported by the funds in the system's experience account up to the following maximum amounts:

- (1) For LASERS, 1.5% of the benefit amount.
- (2) For TRSL, 1.5% of the benefit amount.
- (3) For LSERS, 2% of the benefit amount.
- (4) For STPOL, 2% of the benefit amount.

Existing law for STPOL further authorizes payment of a 2% supplemental COLA to retirees and beneficiaries who are age 65 or older. New law authorizes payment of such a supplemental COLA if the retiree retired on or before June 30, 2001. Provides that the amount of the supplemental COLA is an amount supported by the funds in the experience account after payment of the general COLA authorized pursuant to new law but not exceeding 2%.

New law provides that the benefit increases authorized by new law shall be paid only on the first \$60,000 of a retiree's or beneficiary's benefit.

New law provides that any cost of the Act not funded by payments made from the system experience account shall be funded with additional employer contributions in compliance with Art. X, §29(F) of the Constitution of La.

Effective June 30, 2016.

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