
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Margaret M. Corley.

SB 14 Engrossed DIGEST Peacock
2018 Regular Session

Present law provides certain benefits for any person whose first employment making him eligible for membership in the Louisiana State Employee' Retirement System (LASERS) began on or after July 1, 2006. Provides for three different benefit structures for judges, hazardous duty members, and rank-and-file members. All rank-and-file members have the following defined benefit structure:

- (1) Employee contribution of 8% of pay.
- (2) Employer contributions actuarially determined.
- (3) Eligibility for retirement with an unreduced benefit with five years of service at age 60 or age 62 if hired after June 30, 2015.
- (4) Lifetime annuity calculated according to the formula:
(2.5%) x (years of service) x (average compensation of highest 60 months).

Proposed law establishes a mandatory Hybrid Retirement Plan (HRP) for rank-and-file LASERS members who are hired on or after January 1, 2020, with the following benefit structure:

Defined Benefit Component (DBC):

- (1) Employee contribution of 4% of pay.
- (2) Employer contributions actuarially determined.
- (3) Eligibility for retirement with five years of service at age 65.
- (4) Lifetime annuity calculated according to the formula:
(1.5%) x (years of service) x (average compensation of highest 60 months).

Defined Contribution Component (DCC):

- (1) Employee contribution of 4% of pay.
- (2) Employer contribution of 3% of pay.
- (3) Account balance, including employee and employer contributions and investment earnings, fully vested in 48 months according to a schedule.

- (4) Eligibility for retirement with five years of service at age 65.
- (5) Minimum of 75% of the DCC account annuitized at retirement and the remaining balance paid in a lump sum.

Proposed law authorizes any rank-and-file member of LASERS hired on or after July 1, 2006, and on or before Jan. 1, 2020, to make an irrevocable election to join the HRP on or before Dec. 31, 2020. Allows any such member to retain the retirement age (of 60 or 62) the member has in the current plan.

Present law provides for eligibility for and calculation of disability and survivor benefits for rank-and-file members hired before July 1, 2006, and on or after July 1, 2006.

Proposed law retains present law, makes present law survivor provisions for those hired before July 1, 2006, applicable to HRP members, and makes present law disability provisions of those hired on or after July 1, 2006, applicable to HRP members.

Proposed law provides for eligibility for and calculation of members' accrued benefits in the HRP and another LASERS plan. Uses the accrual rate of the plan in which the service credit was earned to calculate the portion of the benefit attributable to that service credit.

Present law provides for certain earnings of the system to be deposited in an experience account for the purpose of funding permanent benefit increases (PBIs) for retirees.

Proposed law retains present law and provides a formula to assure that earnings attributable to HRP assets are not deposited in the experience account. Excludes HRP members from receiving PBIs from the experience account.

Proposed law provides for a 2% PBI to be granted to certain HRP retirees or beneficiaries in every odd-numbered year in which LASERS is at least 65% funded.

Present law generally provides for conformity with the Internal Revenue Code including provisions for lump-sum distributions.

Proposed law retains present law.

Effective June 30, 2018.

(Amends R.S. 11:62(5)(a) and (c), 102(B)(1) and (C)(3)(a), 403(9), 471(A), 471.1(C)(1), 532, 533, 538, and 542(B)(2)(a); adds R.S. 11:102(B)(6), 102.1(E), 471(F), 537(G) and (H), 641-657, and R.S. 24:36(N); repeals R.S. 11:461(B)(3) and 471.1(B)(2) and (D)(2))