

2022 Regular Session

SENATE BILL NO. 6

BY SENATORS PRICE, FIELDS, HENSGENS, ROBERT MILLS, MIZELL, PEACOCK
AND TALBOT AND REPRESENTATIVE LARVADAIN

TEACHERS RETIREMENT. Grants a permanent benefit increase to eligible system retirees and beneficiaries. (2/3 - CA10s29(F)) (6/30/22)

1 AN ACT

2 To provide a permanent benefit increase to retirees and beneficiaries of the Teachers'
3 Retirement System of Louisiana; to authorize payments funded by the retirement
4 system's experience account; to provide for qualifications for receipt of such
5 payments; to provide relative to the amount of such payments; to provide for an
6 effective date; and to provide for related matters.

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

8 Be it enacted by the Legislature of Louisiana:

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

1 Section 2. The legislature finds that permanent benefit increases funded
2 by the experience account monies are payable to regular retirees who have been
3 retired for at least one year and who have attained the age of sixty years; to
4 disability retirees who have been retired at least one year regardless of age; to
5 beneficiaries of retirees who would have met the applicable criteria to receive
6 the increase if they had survived; and to nonretiree beneficiaries who have been
7 receiving benefits for at least a year and whose benefits are derived from service
8 of deceased members who would have attained age sixty. The legislature further
9 finds that any increase payable in 2022 shall be calculated on an amount not to
10 exceed sixty-eight thousand three hundred ninety-six dollars of a retirement
11 benefit.

12 Section 3. The legislature finds that, in accordance with the provisions
13 of R.S. 11:883.1, the board of trustees of the Teachers' Retirement System of
14 Louisiana at its November 4, 2021 meeting adopted a resolution recommending
15 to the president of the Senate and the speaker of the House of Representatives
16 that the legislature grant a permanent benefit increase to the eligible retirees
17 and beneficiaries of the system in accordance with the provisions of R.S.
18 11:883.1 and Article X, Section 29(F) of the Constitution of Louisiana.

19 Section 4. The legislature finds that the resolution presented to the
20 presiding officers of this body is expected to contain a recitation of the
21 statutorily required conditions and specification of the satisfaction of each as
22 follows:

23 (A) For the plan year that ended June 30, 2021, the Teachers' Retirement
24 System of Louisiana earned an actuarial rate of return of twelve and sixty-five
25 one-hundredths percent, which exceeded the board-approved actuarial
26 valuation rate of seven and forty-five hundredths percent.

27 (B) The provisions of R.S. 11:883.1(D) provide for a permanent benefit
28 increase that does not exceed the lesser of two percent or the increase in the
29 Consumer Price Index for All Urban Consumers, U.S. city average under

1 certain conditions, including:

2 (1) The system earned an actuarial rate of return that exceeds the board
3 approved actuarial valuation rate.

4 (2) The system is at least sixty-five percent funded but less than
5 seventy-five percent funded.

6 (3) The legislature has not granted a benefit increase in the preceding
7 fiscal year.

8 (C) The system actuary has determined that the actuarial liability
9 created by providing a permanent benefit increase of two percent is
10 approximately three hundred sixty-nine million dollars. The system actuary
11 computed the balance in the experience account to be three hundred sixty-nine
12 million dollars, an amount sufficient to fund a benefit increase up to two percent
13 on an actuarial basis.

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

17 Section 6. The Consumer Price Index for All Urban Consumers, U.S. city
18 average for all items as prepared by the U.S. Department of Labor, Bureau of
19 Labor Statistics for the twelve-month period ending June 30, 2021, is five and
20 four-tenths percent, which exceeds two percent.

21 Section 7. Contingent upon satisfaction of all necessary conditions
22 contained in R.S. 11:883.1, the first sixty-eight thousand three hundred
23 ninety-six dollars of the current benefit of each retiree and beneficiary of the
24 Teachers' Retirement System of Louisiana who meets the eligibility criteria
25 contained in the statute and provided in this Act shall be increased by two
26 percent effective July 1, 2022.

27 Section 8. The cost of this Act shall be funded with monies from the system's
28 experience account. Any additional cost of this Act shall be funded with additional employer
29 contributions in compliance with Article X, Section 29(F) of the Louisiana Constitution.

1 Section 9. This Act shall become effective on June 30, 2022; if vetoed by the
2 governor and subsequently approved by the legislature, this Act shall become effective on
3 June 30, 2022, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Angela L. De Jean.

DIGEST

SB 6 Engrossed

2022 Regular Session

Price

Present law (R.S. 11:883.1), relative to the Teachers' Retirement System of La. (TRSL or Teachers'), provides for accumulation of money in an experience account for the purpose of funding increases in benefit payments to eligible recipients. Provides for determination of whether an increase is payable, the amount of the increase, and the eligibility criteria for receiving the increase.

Proposed law, pursuant to the provisions of present law, grants a 2% benefit increase on the first \$68,396 of the annual benefit to each:

- (1) Regular retiree who has been retired for at least one year and is at least age 60.
- (2) Disability retiree who has been retired at least one year regardless of age.
- (3) Beneficiary of a retiree who would have met the eligibility criteria if the retiree were alive.
- (4) Nonretiree beneficiary who has been receiving benefits for at least a year and whose benefits are derived from service of a deceased member who would have attained age 60.

Proposed law provides for the increase to be payable July 1, 2022.

Effective June 30, 2022.