

SENATE BILL NO. 6

BY SENATORS PRICE, FIELDS, HENSGENS, ROBERT MILLS, MIZELL, PEACOCK
AND TALBOT AND REPRESENTATIVES ADAMS, BOYD,
DEVILLIER, ILLG, JEFFERSON, LAFLEUR, LARVADAIN,
NELSON AND TARVER

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.

18 Section 2. The legislature finds that permanent benefit increases funded
19 by the experience account monies are payable to regular retirees who have been
20 retired for at least one year and who have attained the age of sixty years; to
21 disability retirees who have been retired at least one year regardless of age; to
22 beneficiaries of retirees who would have met the applicable criteria to receive
23 the increase if they had survived; and to nonretiree beneficiaries who have been
24 receiving benefits for at least a year and whose benefits are derived from service
25 of deceased members who would have attained age sixty. The legislature further
26 finds that any increase payable in 2022 shall be calculated on an amount not to

1 exceed sixty-eight thousand three hundred ninety-six dollars of a retirement
2 benefit.

3 Section 3. The legislature finds that, in accordance with the provisions
4 of R.S. 11:883.1, the board of trustees of the Teachers' Retirement System of
5 Louisiana at its November 4, 2021, meeting adopted a resolution recommending
6 to the president of the Senate and the speaker of the House of Representatives
7 that the legislature grant a permanent benefit increase to the eligible retirees
8 and beneficiaries of the system in accordance with the provisions of R.S.
9 11:883.1 and Article X, Section 29(F) of the Constitution of Louisiana.

10 Section 4. The legislature finds that the resolution presented to the
11 presiding officers of this body is expected to contain a recitation of the
12 statutorily required conditions and specification of the satisfaction of each as
13 follows:

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

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

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

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

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

28 (C) The system actuary has determined that the actuarial liability
29 created by providing a permanent benefit increase of two percent is
30 approximately three hundred sixty-nine million dollars. The system actuary

1 computed the balance in the experience account to be three hundred sixty-nine
 2 million dollars, an amount sufficient to fund a benefit increase up to two percent
 3 on an actuarial basis.

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

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

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

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

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

 PRESIDENT OF THE SENATE

 SPEAKER OF THE HOUSE OF REPRESENTATIVES

 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____