The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Laura Gail Sullivan.

DIGEST

Present law provides, after allocation of $200 million for accelerated reduction of certain unfunded accrued liabilities (UAL) of the Teachers' Retirement System of Louisiana (TRSL), 50% of the net investment experience gain of TRSL shall be credited to the system's experience account, which is used for funding retiree benefit increases.

Present law provides that the remaining 50% of gain forms an amortization credit used to reduce the required employer contribution over the 30-year amortization period.

Proposed law provides for 50% of the net investment experience gain of the system to be credited to the system's experience account before allocation to reduce the UAL or for forming an amortization credit.

Present law provides for permanent benefit increases to be paid to retirees of TRSL when the balance in the experience account is sufficient to provide full actuarial funding of the increase.

Proposed law retains present law.

Present law provides that, for any increase payable on or after July 1, 2009, an eligible benefit recipient shall be drawing a benefit based on the service of a retiree who has or would have attained the age of 60 on the date the increase is payable.

Proposed law provides eligibility for an increase for recipients whose benefits are based on the service of retirees who have or would have attained the age of 55 on the date the increase is payable.

Present law prohibits an increase in benefits from experience account funds in any year in which the system's actuarial rate of return fails to exceed the board-approved actuarial valuation rate (currently 8.25%) and in which the system is less than 80% funded.

Proposed law deletes these prohibitions and allows a benefit increase in years in which the system is below 80% funded and fails to exceed the valuation rate of return.

Proposed law provides that the cost of proposed law shall be funded with additional employer contributions.

Proposed law provides that the provisions of proposed law shall be applied to the preparation of any annual actuarial valuation for the system on or after the effective date.

Effective August 15, 2011.

(Amends R.S. 11:102.2(B)(4) and 883.1(A)(2)(a), (C)(4)(a)(intro. para.), (b)(intro. para.), and (c)(i), and (G); repeals R.S. 11:883.1(C)(4)(d) and (e))