SLS 13RS-11 ORIGINAL

Regular Session, 2013

SENATE BILL NO. 10

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BY SENATOR GUILLORY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT SYSTEMS. Provides funding criteria a statewide retirement system must meet before granting a benefit increase. (6/30/13)

AN ACT

2	To amend and reenact R.S. 11:2178(M)(1)(a)(ii) and to enact R.S. 11:242(F), 243, and
3	2178(M)(1)(d), relative to statewide retirement systems; to provide for cost-of-living
4	adjustments and permanent benefit increases; to provide for an effective date; and
5	to provide for related matters.
6	Notice of intention to introduce this Act has been published.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 11:2178(M)(1)(a)(ii) is hereby amended and reenacted and R.S.
9	11:242(F), 243, and 2178(M)(1)(d) are hereby enacted to read as follows:
10	§242. Cost-of-living adjustments; permanent benefit increases; restrictions
11	* * *
12	F. The power of the governing authority of a system listed in Subsection B of
13	this Section to grant benefit increases pursuant to the provisions of this Section shall
14	cease when the governing authority makes an irrevocable option pursuant to R.S.
15	11:243(B)(1) to have future benefit increases for retirees, survivors, and beneficiaries
16	governed by R.S. 11:243.
17	* * *

1	3243. Cost-of-nying adjustments, permanent benefit mercases, restrictions,
2	<u>funding criteria</u>
3	A. The provisions of this Section shall apply to the following retirement
4	systems:
5	(1) The Assessors' Retirement Fund.
6	(2) The Clerks' of Court Retirement and Relief Fund.
7	(3) The District Attorneys' Retirement System.
8	(4) The Municipal Employees' Retirement System of Louisiana.
9	(5) The Parochial Employees' Retirement System of Louisiana.
10	(6) The Registrars of Voters Employees' Retirement System.
11	(7) The Sheriffs' Pension and Relief Fund.
12	(8) The Municipal Police Employees' Retirement System.
13	(9) The Firefighters' Retirement System.
14	B.(1) On or before December 31, 2013, the governing authority of each
15	of the retirement systems listed in Subsection A shall in a public meeting make
16	an irrevocable election to have future benefit increases for retirees, survivors,
17	and beneficiaries governed by R.S. 11:242 or this Section. In the event that the
18	governing authority takes no action by the specified date, the provisions of this
19	Section shall not apply and the benefit increases of that system shall continue
20	to be subject to the provisions of R.S. 11:242.
21	(2) After the governing authority has made its election, the board of
22	trustees shall inform the speaker of the House of Representatives, the president
23	of the Senate, and the Louisiana Law Institute of its election in writing.
24	C. The provisions of this Section do not repeal provisions relative to
25	cost-of-living adjustments or permanent benefit increases contained within the
26	individual laws governing the systems listed in Subsection A of this Section.
27	However, the provisions of this Section are to be controlling in case of any
28	conflict with the individual laws.
29	D. The power of the governing authority of a system covered by this

Section to provide a cost-of-living adjustment or permanent benefit increases shall only be effective in a calendar year during which the legislature fails to enact legislation granting a cost-of-living adjustment, unless in the legislation granting the cost-of-living adjustment, the legislature specifically authorized the governing authority to provide an additional cost-of-living adjustment to retirees, beneficiaries, or survivors of retired public employees of that system.

E. No governing authority to which this Section applies shall provide a cost-of-living adjustment or permanent benefit increases to any retiree, beneficiary, or survivor during any calendar year prior to the final adjournment of the regular session of the legislature and shall not do so during the same year within which the legislature has granted an increase, unless in the legislation granting the increase, the legislature specifically authorizes the governing body to provide an additional increase, beneficiaries, and survivors of that system. The restrictions contained in this Subsection shall be inapplicable with respect to any system for which the legislature has failed to grant an increase.

F. Disability retirees and surviving children or surviving spouses shall not be subject to the restrictions set forth in this Section.

G.(1) Notwithstanding any other provision of law to the contrary, no system covered by this Section shall provide a cost-of-living adjustment or permanent benefit increase during any fiscal year until the lapse of at least one-half of the fiscal year, and unless either the funds for such increase are provided as authorized from a credit balance in that system's funding deposit account or the actuary for the system and the legislative auditor certify that the funded ratio of the system meets the requirements of one or more of the Subparagraphs in Paragraph (3) of this Subsection. If the legislative auditor disagrees with the determination of the system's actuary, the matter shall be determined by majority vote of the Public Retirement Systems' Actuarial Committee.

1	(2) For purposes of this Subsection, a system's "funded ratio" as of any
2	fiscal year end shall be the ratio of the actuarial value of assets to the actuarial
3	accrued liability under the funding method prescribed by the office of the
4	legislative auditor. The actuarial value of assets and actuarial accrued liability
5	for a system shall be those amounts reported to the office of the legislative
6	auditor in the Annual Report for Public Retirement Systems.
7	(3) The governing authority of a system covered by this Subsection may
8	grant a benefit increase to retirees, survivors, and beneficiaries if any of the
9	following apply:
10	(a) The system has a funded ratio of ninety percent or more and has not
11	granted a benefit increase to retirees, survivors, and beneficiaries in the most
12	recent fiscal year.
13	(b) The system has a funded ratio of eighty percent or more and has not
14	granted a benefit increase to retirees, survivors, and beneficiaries in either of
15	the two most recent fiscal years.
16	(c) The system has a funded ratio of seventy percent or more and has not
17	granted a benefit increase to retirees, survivors, and beneficiaries in any of the
18	three most recent fiscal years.
19	* * *
20	§2178. Disability benefits; retirement benefits; death benefits
21	* * *
22	M.(1)(a)(i) * * *
23	(ii) The cost-of-living adjustment shall be payable in a monthly amount not
24	to exceed three two and one-half percent of the normal monthly benefit payable to
25	the retiree, disability recipient, or survivor on the date the increase is granted, as
26	provided in Subsection K of this Section, but shall not be less than twenty dollars per
27	month. The dollar amount of such adjustment for any recipient shall not exceed
28	five percent of the average monthly benefit in payment to service retirees as of

the end of the preceding fiscal year.

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however, it shall not grant cost-of-living adjustments pursuant to both of these

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(d) The board, in any one fiscal year, may provide a cost-of-living

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adjustment pursuant to either Subparagraph (a) or (b) of this Paragraph;

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Subparagraphs within the same fiscal year.

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Section 2. The provisions of this Act shall become effective on June 30, 2013; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on June 30, 2013, 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 Margaret M. Corley

DIGEST

<u>Present law</u>, applicable to statewide retirement systems, provides the authority to grant retirees of a system a cost-of-living adjustment (COLA) based on the funded status of that system in 1986, and its progress towards 100% funding by 2016.

<u>Present law</u> provides that the statewide retirement systems are:

- (1) Assessors' Retirement Fund,
- (2) Clerks' of Court Retirement and Relief Fund,
- (3) District Attorneys' Retirement System,
- (4) Firefighters' Retirement System,
- (5) Municipal Employees' Retirement System of Louisiana,
- (6) Municipal Police Employees' Retirement System of Louisiana,
- (7) Parochial Employees' Retirement System of Louisiana,
- (8) Registrar of Voters Employees' Retirement System, and
- (9) Sheriffs' Pension and Relief Fund.

<u>Proposed law</u> retains <u>present law</u>; however, <u>proposed law</u> allows the board of a statewide retirement system to make an irrevocable decision by December 31, 2013, to be governed by the provisions of <u>proposed law</u> rather than <u>present law</u>.

<u>Proposed law</u> provides authority for the boards of those systems which opt into <u>proposed law</u> to grant a COLA according to the following criteria:

(1) The system has a funded ratio of 90% or more and has not granted a benefit increase to retirees, survivors, and beneficiaries in the most recent fiscal year.

- (2) The system has a funded ratio of 80% or more and has not granted a benefit increase to retirees, survivors, and beneficiaries in either of the two most recent fiscal years.
- (3) The system has a funded ratio of 70% or more and has not granted a benefit increase to retirees, survivors, and beneficiaries in any of the three most recent fiscal years.

<u>Present law</u> provides the Sheriffs' Pension and Relief Fund the authority to grant a COLA not to exceed 3% of the monthly benefit. <u>Proposed law</u> allows the Fund to grant a COLA not to exceed 2½% of the monthly benefit. <u>Proposed law</u> also provides that the dollar amount of such adjustment for any recipient shall not exceed 5% of the average monthly benefit in payment to service retirees as of the end of the preceding fiscal year.

Effective June 30, 2013.

(Amends R.S. 11:2178(M)(1)(a)(ii); adds R.S. 11:242(F), 243, and 2178(M)(1)(d))