

Regular Session, 2013

SENATE BILL NO. 10

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)

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AN ACT

To amend and reenact R.S. 11:2178(M)(1)(a)(ii) and to enact R.S. 11:242(F), 243, and 2178(M)(1)(d), relative to statewide retirement systems; to provide for cost-of-living adjustments and permanent benefit increases; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:2178(M)(1)(a)(ii) is hereby amended and reenacted and R.S. 11:242(F), 243, and 2178(M)(1)(d) are hereby enacted to read as follows:

§242. Cost-of-living adjustments; permanent benefit increases; restrictions

\* \* \*

**F. The power of the governing authority of a system listed in Subsection B of this Section to grant benefit increases pursuant to the provisions of this Section shall cease when the governing authority makes an irrevocable option pursuant to R.S. 11:243(B)(1) to have future benefit increases for retirees, survivors, and beneficiaries governed by R.S. 11:243.**

\* \* \*



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

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

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

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



1 \* \* \*

2 **(d) The board, in any one fiscal year, may provide a cost-of-living**  
3 **adjustment pursuant to either Subparagraph (a) or (b) of this Paragraph;**  
4 **however, it shall not grant cost-of-living adjustments pursuant to both of these**  
5 **Subparagraphs within the same fiscal year.**

6 \* \* \*

7 Section 2. The provisions of this Act shall become effective on June 30, 2013; if  
8 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
9 effective on June 30, 2013, or on the day following such approval by the legislature,  
10 whichever is later.

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

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#### DIGEST

Present law, 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.

Present law 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.

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

Proposed law provides authority for the boards of those systems which opt into proposed law 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.

Present law provides the Sheriffs' Pension and Relief Fund the authority to grant a COLA not to exceed 3% of the monthly benefit. Proposed law allows the Fund to grant a COLA not to exceed 2½% of the monthly benefit. Proposed law 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))